SRL:SEC:SE:2025-26/13

May 21, 2025

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C/1, G-Block
Bandra-Kurla Complex
Bandra (East),
Mumbai – 400 051
(Symbol: SPENCERS)

BSE Limited
Phiroze Jeejeebhoy Tower
Dalal Street
Mumbai – 400 001
(Scrip Code: 542337)

Dear Sir/Madam,

Sub: Transcripts of the Q4 (FY24-25) Post Results Earnings Conference Call

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Q4 (FY24-25) Post Results Earnings Conference Call held with Analysts on Friday, May,16, 2025 at 3:00 P.M. (IST).

This information is available on the website of the Company at www.spencersretail.com.

You are requested to kindly take the aforementioned information on record and oblige.

Thanking you.

Yours faithfully,
For Spencer's Retail Limited

NAVIN KUMAR RATHI Digitally signed by NAVIN KUMAR RATHI Date: 2025.05.21 16:54:45 +05'30'

Navin Kumar Rathi
Company Secretary & Compliance Officer

Encl: As above

"Spencer's Retail Limited Q4 & FY '2025 Post Results Earnings Conference Call"

May 16, 2025

MANAGEMENT: **MR. ANUJ SINGH – CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR**
MR. SANDEEP BANKA – CHIEF FINANCIAL OFFICER
MR. ANAND KUMAR – GROUP HEAD INVESTOR RELATIONS
MR. PANKAJ KEDIA – VICE PRESIDENT INVESTOR RELATIONS

MODERATOR: **MR. AKHIL PAREKH – BATLIVALA & KARANI SECURITIES INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Spencer's Retail 4Q FY '25 Post Results Earnings Conference Call, hosted by Batlivala & Karani Securities India Private Limited.

As a reminder, all participants' lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*", then "0" on your touchtone phone.

I now hand the conference over to Mr. Akhil Parekh from Batlivala & Karani Securities India Private Limited. Thank you and over to you, sir.

Akhil Parekh: Thanks, Rutuja. On behalf of B&K Securities, I welcome you all to the Q4 FY '25 Conference Call of Spencer's Retail.

We have with us. Mr. Anuj Singh – CEO and MD; Mr. Sandeep Banka – CFO; Mr. Anand Kumar – Group Head (Investor Relations); and Mr. Pankaj Kedia – Vice President (Investor Relations).

Without taking much time, I would hand over the call to Anuj sir for his opening remarks, post which we will open the floor for Q&A session. Over to you, sir.

Anuj Singh: Thank you so much. And good afternoon, everyone. And welcome to the Spencer's Retail Limited Q4 earnings call. I truly appreciate your participation and your time.

What I will do is, I will start with a brief commentary on both Q4 and FY '25 and then open it up for Q&A. So, starting with the commentary, look, it is going to sound repetitive and boring, but it's consistent. As we had talked about in the last two quarterly calls, in FY '25, particularly in H2, we had embarked on an efficiency-led EBITDA transformation, specifically in Spencer's that involved a strategic ramp down exit from two regions, which is north and NCR, involving a closure of 47 stores. That was affected in Q2, by the end of Q2. So, we have now seen two quarters play out post the execution of that. And I think the results have started flowing in, and therefore really the story of FY '25 in some sense is the story of two halves, H1 and H2. But I will not get into H1, H2, I will give you a brief commentary on where we ended up for the full year.

So, we ended up the full year at a top line, both at a consolidated level say of about Rs. 2,000 crores, Rs. 1,995 crores, versus Rs. 2,345 crores in the previous year, which was in FY '24. So that's about a 15% drop in top line, but that's attributed to the closure of stores. If you look at it at LFL level, like-for-like operating regions in Spencer's, it was relatively flat and so was Natures Basket where there was no exit from stores or regions.

What it really helped us do was to really control our operating expenses and reduce our losses. So, at the full year FY '25 consol level, we had an Rs. 50 crores reduction in operating costs versus FY '24. This was largely driven by Spencer's. So, Spencer's operating expenses for the full year were Rs. 76 crores lower than the previous year, which was a combination of cost avoided by store closures but also a round of optimization. Quite a significant optimization of overhead costs and support costs, which was done at the corporate office.

Natures Basket, the operating expenses went up in FY '25 versus FY '24, largely on account of new store openings. So, overall, I think what it helped deliver for the company was an EBITDA of Rs. 60 crores for the full year '25 versus Rs. 14 crores in FY '24. So that is small, but significant in terms of the trajectory. So, you could say it's a 400% increase in EBITDA but going up from Rs. 14 crores to Rs. 60 crores. And that really reinforces our decision of really focusing on a few geographies as far as Spencer's is concerned and driving efficiency. And I will come back to what our continued outlook is.

But really for us it has reset our base in terms of what geographies we operate in. It's also helped us in terms of building the right support costs for the scale of the current business. And therefore, intrinsic operating KPIs have been improved. The ongoing focus is now how to drive growth. And I will discuss about the growth drivers for both SRL and NB. But overall, for FY '25, I think the EBITDA improvement was significant. Now this allowed us to narrow our PBT losses which were Rs. 266 crores in FY '24 and they came down by Rs. 20 crores in FY '25.

At a Q4 level, Q4 is always a little softer in the industry compared to Q3. So, we reported sales of Rs. 412 crores versus a number of Rs. 547 crores for Q4 last year. But Q4 last year included all operating regions of Spencer's. If you look at it from an LFL level at Spencer's Q4 this year over Q4 last year was flat. Natures Basket, we had some headwinds, and I am going to talk about Natures Basket separately. So, we had headwinds in the Natures Basket business in Q4 and NB we reported a minus 13% sales versus the previous year's Q4. But like as I said, Q4 saw also a sharp reduction in our operating expenses, largely led by Spencer's So, overall, Rs. 30 crores reduction in operating cost.

EBITDA for us at a consolidated level for Q4 was breakeven, which was minus Rs. 8 crores in Q4 of last year and the losses, the PBT was Rs. 68 crores versus Rs. 81 crores last year Q4. So, I think that's the overall commentary. Like I said, look, it's a tale of two parts, both H1 and H2, but also Spencer's and Natures Basket. So, I will talk about Spencer's first and then I will come to Natures Basket.

As far as Spencer's was concerned and I will give the commentary now for the 12-month period, because that's captures everything which we have done in H1 and H2. So, for Spencer's, look, the whole ramp down of the regions helped us to exit from higher loss-making stores, operate in regions where we have relatively competitive presence and our operating matrices are better than what they were in the regions where we decided to shut down operations.

So, revenue from operations for Spencer's for FY '25 are Rs. 1,700 crores versus Rs. 2,049 crores in FY '24, which is a 17% decline. Margins were 80 basis points down but again; this is largely attributed to the drop in margins which happened in Q2 as a result of the liquidation when we were shutting down 47 stores. We had to do a judicious liquidation of inventory which was there, rather than carrying that inventory and bringing it to the other regions. So, the margins for Spencer's were at 18.1%. The expenses which had covered earlier, the expenses were Rs. 76 crores lower in operating costs, which resulted in an EBITDA for Spencer's for the full year to be Rs. 53 crores versus breakeven last year. So, I think this EBITDA represents about 3.1% of sales and gives us confidence that that's the right trajectory for Spencer's.

What we also announced in Q3 end and in Q4 beginning was that we had launched our remodeled E-commerce proposition as a quick delivery proposition titled Jiffy. And really Q4 was setting up the Jiffy business for scaling it up in the current fiscal. Our ambition for the current fiscal is to double the scale of the business. What we have achieved in Q4 is impressive in terms of the traction. Currently, this Jiffy proposition, which is a 30-minute delivery proposition, is there in Calcutta where we have a large density of stores. So out of the 42 stores which are there in Calcutta, 29 stores are equipped to handle the e-commerce operations. We have not set up an extensive network of dark stores because with this footprint of stores we can service most of the PIN codes in Calcutta at a 30-minute delivery frequency.

The year-on-year Q4 of FY '25 versus FY '24 we saw 58% year-on-year user growth, which is close to 70,000 monthly transacting users. Our order growth has been in the order of 47%. So, we do an average of about 1.8 lakh bills per month. The ambition is to quickly take it to 2 lakhs and then get to a number which is exit the year by 3 lakh orders a month, which is approximately 10,000 orders a day. Our AOV have come down a bit, obviously, because of the whole quick commerce number of bills go down but still is at a very healthy AOV is 760, which if those of you who tracked quick commerce, that's 1.5x of what the quick commerce peers do.

So, on Jiffy we are consolidating our presence. We have launched an interesting campaign, ATL campaign to spread awareness. Our cost of acquisition of new customers is quite competitive. But given the fact that A, we are targeting a lot of our offline customer base and getting them to use Jiffy as a through-the-month top up kind of a consumption option. We have a campaign which is vernacular plus English, the SAP line of Jiffy is, Joh Bhi Chao Jhat se Pao. So, it's a 30-minute delivery proposition. And we have seen good traction of it in Calcutta.

We are extending this to Lucknow and Varanasi again, on the premise that both cities have a good concentration of stores. And therefore, we will be able to service a large part of the city infrastructure with the store network which we have. So, as we speak, in Lucknow we have enabled e-commerce fulfillment from 9 stores. We have a network of 18 stores in Lucknow. We have 8 stores in Banaras which all 8 will become e-commerce fulfillment points. So that's the progress on Jiffy.

We have also tried; we piloted a dark store in a part of Calcutta where we felt that our store reach was not allowing it for us to deliver within 30 minutes. That dark store is in an area called Tollygunge in Calcutta, and it came online in January. We are doing about 700 orders a day and the whole fulfillment time is less than 25 minutes on that. And of course, that's something which we will do. We are not, like I said, the plan is not to open dark stores but to leverage our infrastructure of existing stores to do it.

The plan next year is, of course, the growth ambitions of SRL are strongly pinned on driving this proposition, because that's where consumer behavior has evolved moving towards. So, we will make the right investments. The investments have been done last year, and as far as the development of the tech stack is concerned, bringing on board a team which will run this whole, whether it be the growth part of it, whether it be the analytics part of it, or the operations part of it. So, all of that is done and we are looking at doubling our top line as far as Jiffy is concerned for the Financial Year '26.

So, I think that's a bit on Spencer's. Now coming to Natures Basket, I will just end with the fact that Spencer's today has a base of total we have about 89 stores which are operational. And we are looking at adding selectively a few more stores in the current fiscal. These stores will not be in new cities but will be in the existing geographic clusters. So, we are looking at 3-4 stores in Calcutta, we are looking at 3-4 stores in Lucknow and then 1 in Banaras and 1 in Allahabad and potentially 1 in Gorakhpur. So, I think that will be the plan as far as new store additions are concerned.

We have set fairly high benchmarks for evaluating any investment recommendations for opening the stores, because we want all stores to be profitable in the first six months. Because this whole journey which we have embarked upon focusing on geographies and driving store level profitability, that's something which we do not want to slip by opening stores and then incurring losses in the new stores. So, it is going to be a calibrated, careful, concentrated expansion of stores as far as Spencer's is concerned in FY '26.

Now coming to the Natures Basket. Look, let me be upfront, Natures Basket had some headwinds in the business last year. So, if you look at the full year results, top-line was almost flat. So, we did Rs. 294 crores versus Rs. 296 crores last year. The number of stores is at 32. While we opened a few stores, we also shut a few high loss-making stores. We believe that we are at the right level of store given the fact that we are largely concentrated in 2-3 cities. Our largest presence is in Bombay, followed by Bangalore, and then we have Delhi, NCR region we have three stores, Calcutta we have three stores, and in Pune we have one store, and in Ahmadabad we have one store. So, Natures Basket was some internal challenges, we had availability issues.

As you know a lot of the product assortment is imported gourmet stuff and we had some supply chain issues in Q4 linked to the availability of these products. And as a result of that availability, we saw softer sales. A lot of our clientele come in for this very differentiated imported gourmet premium, including many offerings. And in the absence of that, the whole basket drops. That was one impact and that impact we saw both on top line as well as margins getting impacted. Also, some of the stores which we had opened were not able to deliver the top line as far as what the initial startup period was there. It was slower than expected ramp up, which also impacted.

However, the team there has taken quick corrective actions. We have intensified our local area marketing activation. In Q4, there was a membership program called Elysium which was introduced. And that has demonstrated strong traction amongst the users. As you know, this is a very demanding, refined, sophisticated clientele with a pretty high repeat and fairly high average monthly spending. So, this membership program is designed to reward, repeat, and to build loyalty. In the first three months of operation, we have had 4,300-odd members who enrolled, and really the goal is to drive up to 15,000 members by the end of this fiscal. And we expect about 25% of the overall revenues to be accounted for by this set of loyal repeat customers who will be covered under the Elysium program.

Also, the other thing besides the membership program, Natural Basket has also looked at the whole out-of-store, which is basically e-commerce plus the phone delivery channel for Natures Basket. While it is a very strong premium experience-led shopping but herein also we have witnessed that these consumers also want a convenient option of ordering on the app or on the phone. So, there was a revamp, a relaunch of the company's mobile application. That did have an impact in Q4, but that's fully executed now and has gone live from April 1st. So, that is going to drive a lot of growth as well. Currently the share of the out-of-store business in Natures Basket is about 13% and we expect that to go up to 18% in the next year.

Also, besides the membership and the E-commerce, the team is constantly looking at the product assortment with a complete evaluation of the product portfolio from a point of view of optimizing sales and space efficiency. So, while we carry a wide assortment, the width is there. We are also looking at how this inventory performs, which are the best sellers, where do we get the highest GMROI and GMROF and therefore really carry and buy an inventory which has higher turns and therefore it helps us to manage working capital and be more efficient.

This we expect will also result in gross margins expansion. So, the slight depletion in gross margins, 90 basis points depletion in gross margins which we experienced in FY '25, that is going to be built back and the team is quite confident of getting to levels which are going to be closer to the 30% mark as far as Natures Basket is concerned.

Besides this, as we did in Spencer's for FY '24, we are also looking at areas where we can look at optimizing our operating cost as far as NB is concerned. And therefore, we are looking at store operating expenditure being optimized. We are looking at corporate overhead costs, looking at some level of optimization there and looking at what kind of synergies we can have with the support organization, which is there at Spencer's, whether it be in terms of finance, supply chain, HR and obviously also on the supply chain.

So, clearly, really the mandate is, how do we drive top line. Our top line and specifically from sales per square foot we do not give the numbers, but there is going to be a concerted effort using membership, using assortment strategy, looking at PD plus e-commerce to drive growth from existing stores. So, unlike the last two years where we were looking at expansion in stores, this year is about; first, driving higher level of sales through the same number of stores. We have 32 stores right now, there are 2 more stores which were shut last year for renovation, which will come on board. So, we will come back to 34 stores in this fiscal year very soon.

And we believe that we can drive turnover in the range of about Rs. 320 crores for the next fiscal year. And drive it with the existing number of stores, with margins around 30%, with operating costs which should be lower; and therefore, target getting to a level of store EBITDA which a premium business like this should be generating an EBITDA which should be in the level of about 8%. So that's the plan for Natures Basket. So, a lot of work on Natures Basket on driving both sales and optimizing cost.

So, if I were to kind of summarize FY '25 and the outlook for FY '26. FY '25, clearly efficiency-led EBITDA of transformation where some tough calls were taken were executed, largely with respect to our operating cost on Spencer's side of the business. On Natures Basket, it was whatever work had to be done on opening stores and renovation of a few stores. But really the focus now is having achieved a certain level of reset of the business and other things. The focus for FY '26 for both businesses is to drive top line growth.

We want to target mid-single digit growth as far as Spencer's and Natures Basket is concerned, driven by online in both parts of the business, but also driven by same store growth in both the businesses. And we will keep the operating costs at the same level as we have in Spencer's and drive for optimization in Natures Basket. And where we are quite confident that having set the cost structures, now the single-minded focus for the business is to drive growth, and that's what we have geared up for FY '26.

So, yes, overall, FY '25 there has been an improvement in the EBITDA levels. But I think going forward, we need to drive further improvement, and that is not going to come from cost optimization but that is going to come from top line addition which will come through growth. So that's the narrative for both FY '25 and FY '26.

With that I will take a pause and then open it up for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Parikshit Gupta from Fair Value Capital. Please go ahead.

Parikshit Gupta: Thank you very much for the opportunity and for the presentation. My first question is on Natures Basket actually. You mentioned that EBITDA levels were negative because of two main reasons. One, there were supply chain issues in the gourmet food as well as the newly opened stores did not perform well. Can you please share a little more detail about these challenges with the newly opened stores? Is it footfall driven, ticket size driven or any color on it, please?

Anuj Singh: So, I think, for Natures Basket, the commentary was around the fact around, yes, there were some supply chain disruptions in Q4. And on the new stores which had opened in the year, the ramp up which we had expected had not come through. And it's a combination of two things, one is of course we did not have the right availability of the assortment in a new area, plus driving footfalls in an environment where people are going less and less to physical stores and doing it online.

So, it was a combination of both. I cannot break out the components say that, look, where was the bigger impact because these are intertwined. If you do not have the right level of availability at a given point of time, specifically for a new store, then it does impact people who come in for the first time and then people who come back. But I think this is something which is a problem which is has been addressed. Its solvable, it's a largely internal operational issue and we will get there with that.

Parikshit Gupta: Understood, this is helpful. Second question on the balance sheet please, if I understand it correctly, the net debt right now is at around Rs. 860 crores, which limits the capability to further take on debt in order to grow for any other CAPEX required. However, I do acknowledge the fact that you have mentioned that there are available lines of credit. But can you talk a little more about the balance sheet, how you are looking to deleverage that in the next couple of quarters with a large chunk of the long-term debt also maturing in FY 26?

Pankaj Kedia: The debt position obviously remains high and we are aware of that. Last one year we took a board enabling resolution to raise some equity and we are actually constantly exploring various options to raise equity. But the fact that market capitalization is not supportive at the moment is something which has a bearing on our mind. Having said that, obviously, this is part of a large industrial house and lines of credit are available, which is getting utilized. And as debts mature, obviously we will be looking at refinancing them.

But at the same time, what we have been trying to do constantly in the last one year is set the house in order in terms of operating numbers. And Anuj took lot of time in a detailed explanation of that part where whatever we did in this entire FY '25 has resulted in a significant loss reduction. And the fact that today the EBITDA margin from zero percent is upward of 3%, we are looking at further expansion in our margin profile this financial year which will be a combination of both sales growth and cost optimization. And we believe that this will help us to get into a situation where we would be able to raise capital. When and how, and the quantum of that obviously you would understand would be difficult for us to define at this moment but the entire team is working towards that side.

Parikshit Gupta: Understood. And just talking about the financial profitability, it includes a large chunk of it is because of the other income and most of it was because of the reversals of the store closure. This support likely would not be there in FY '26, so are we confident about maintaining profitability even on a financial metric?

Anuj Singh: Yes. I think you spotted it right. I think the EBITDA gains were also because of other income. We do not expect the same quantum of other income coming in but please remember that this number includes H1 where we had high loss-making stores. So, we are quite confident that on both businesses for FY'26 at an operational EBITDA level, which is your pre-IndAS level, we will be able to get to a breakeven level and I think that's the pursuit, your cost structures have been brought down. So yes, you will not see that large other income coming in but your expenses and your margins have all been calibrated at that level where we will see a breakeven at the EBITDA level.

And I think that's something which is also linked to your previous question, that anything which we need to execute in terms of a potential restructuring of the balance sheet will get accelerated the moment the business has delivered on the operational turnaround. Like I said, it's not that we have not started the journey. We are two quarters into the journey. Last year we had mentioned that it will take us between 12- 18 months to get to a truly breakeven at an EBITDA level, which is the pre-IndAS level.

I think if you calculate the true operational EBITDA last year versus this year, there has been a Rs. 50 crores improvement. At an operational EBITDA level, we are still negative, this is the financial EBITDA. And we are quite confident that next year both in Spencer's and in Nature Basket, we will be able to breakeven at the operational EBITDA levels. Once that happens then it's, put simply, we are not losing money from operations. Then it's a question of your interest in your debt repayment. And that I think is a strong signal for us to put into motion anything which we need to do from a capital restructuring point of view.

It will give a lot of confidence to internal and external stakeholders that the business is, at an operational level, not losing money. Yes, the large debt burden has to be serviced, but once we can consistently show over two or three quarters that operational EBITDA is breakeven or positive, then I think that will be set into motion. If you recollect, in Q3, for Spencer's, we were at an operational EBITDA level which is pre-IndAS we were breakeven. So, I think that is something which we will need to deliver over the next four quarters. And that's what the whole team has signed up to and we will deliver that. And that's not just on Spencer's, but also on Natures Basket.

Parikshit Gupta: Understood. Just my final question, if I may. Are there any tentative plans on liquidating any part of the business in the next one or two quarters?

Anuj Singh: No, there are no plans to liquidate any part of the business. We have three parts of the business, we have the Spencer's business, we have Spencer's online, which is Jiffy and Natures Basket. And all three are integral to our plans of driving top line. I think whatever surgical reset we had to do with the high loss-making regions and the exit from one part of the business, which is Spencer's, has been done. And the mandate for us and the management team is to now grow the top line from this level in all three parts of the business.

Parikshit Gupta: Understood. This is all very helpful. Thank you very much for your answers. Good luck for the current quarter.

Anuj Singh: Yes. Thank you.

Sandeep Banka: Hi Parikshit. This is Sandeep Banka here. Just to add what Anuj has just said. Apart from the other income, there is a major junk as expenses also on account of the closing of stores.

Parikshit Gupta: Absolutely, yes, agreed.

Sandeep Banka: So, in the other income that is taken care. So, on other income, which is showing at the higher side is getting offsetted majorly because of the closure of store impact.

Parikshit Gupta: Yes, sir. That's understood. Thank you.

Sandeep Banka: So, this is a true performance actually if you be more specific.

Parikshit Gupta: Yes, thank you very much.

Moderator: Thank you. The next question is from the line of Ishani Kacholia from NV Alpha Cap Fund Management. Please go ahead.

Ishani Kacholia: Hi. I wanted to ask that, by when do you expect you to turn a profit not just at the EBITDA level but like in how many years do you expect that Natures Basket will be able to generate a profit, on the NPAT level?

Anuj Singh: Your question is only for Natures Basket or is it at a consolidated level, or is it both?

Ishani Kacholia: For both, Natures Basket and on the consolidated level.

Anuj Singh: Look, I cannot give you a concrete timeline saying in X number of months both will turn. I think what I can give you is, we will break this up into two parts. I think this is a journey which has to have well defined intermediate timeline. And the first timeline for us as the management is that by the end of FY '26 at an EBITDA level both businesses will break even. Then it's a question of how we look at recapitalizing, restructuring our debt to get to a level of PBT breakeven at the consol level.

So, I would not hazard a guess right now. And anything which I say would also, it's just a statement. I think what we need to do and demonstrate and reach the first step of the journey is to be at an EBITDA level breakeven on both businesses and that we believe is a four-quarter journey. And we will be able to breakeven at an operational EBITDA level by the end of FY '26. That's the best outlook I can give, which is in a realistic time frame. I think post that we will set into motion a lot of other things where we will be able to comment on the time frame to get to a truly at a PBT level breakeven.

Ishani Kacholia: Fair enough. Thanks.

Anuj Singh: And just to understand the magnitude, I mean, if we were to kind of breakeven at an operational EBITDA level, the PBT levels will come down to Rs. 100 crores loss from current of Rs. 200 crores. So, I think what I can tell you is that in 12 to 15 months from now, we can be looking at an EBITDA breakeven and at PBT losses coming down to half of the current level.

Ishani Kacholia: Okay. Thanks.

Moderator: Thank you. Next question is from the line of Aradhna Jain from B&K Securities. Please go ahead.

Aradhna Jain: Hi, thank you for the opportunity. A couple of questions. First on Jiffy, could you throw some light on how does the inventory for Jiffy works vis-à-vis say any other player in the market who's into the quick commerce business? And I understand that you are not opening any dark stores and you are doing through your existing store, but how does the inventory work? And going forward, do we expect the inventory to go up from the current levels because of Jiffy? That would be my first question.

Anuj Singh: Yes. So, should I answer the first question or do you want to throw all your questions?

Aradhna Jain: Yes, yes please.

Anuj Singh: Okay. So, look, a good question. The way the inventory management for Jiffy happens is, because the fulfillment is happening from the stores, there is no separate inventory being carried for Jiffy. It is the store inventory which gets reflected on the app. And so, if I am sitting here and looking at my app, it picks up the store inventory from the nearest store within my geolocation, and that inventory gets reflected and then I place an order in there. So, there's no separate inventory in that.

Now, the risk which you could run is that, if let's say you have five pieces of a particular SKU and while I am placing an order for four, there is a customer who walks into the store and at that same point of time buys those five units, then it will result in an order drop. But again, that's something which we are refining two ways. Number one, we are defining a safety stock. So, if there is anything which is less than 2-3 pieces in the store, it will not reflect on the app, so you keep that buffer.

And number two, you do real time updation of store inventory. So, the moment let's say an item gets billed at the store, from the POS that updates its e-commerce inventory dump and therefore that inventory reduces. So, I think that's how we are managing it as far as store operations because there's no other way to do it. This is a common store inventory which gets exposed.

What we are doing is, for the dark store, yes, the dark store will have a separate thing. But like I said, we are not currently opening too many dark stores, we just have one dark store. And for that dark store, the inventory is managed. Just like we have a distribution center for our stores, within the same distribution center which services the stores, there is a separate holding area for the Jiffy dark store.

So, that's how inventory management is happening. And I think so far that's working well. It's not that we have 100% in full as far as the order is concerned. We do have order drops. But like I explained to you, that order drop is more that 0.01% probability that you have five units. And when I am placing that order, at the same time some customer walks in and buys five units from the store. So, it's I think something which is manageable and that's the way we intend to manage the inventory. Yes, I hope I have answered that question.

Aradhna Jain: Yes. And what would be the fill rate for Jiffy currently?

Anuj Singh: So, again, the fill rate is in excess of 90%.

Aradhna Jain: Okay. So, this is the first quarter, like the fourth quarter would have been the first quarter where we would have basically launched Jiffy, right?

Anuj Singh: That's right.

Aradhna Jain: So, any sense on what sort of revenue we would have made on Jiffy? And for FY '26, any guidance on how much revenue expectation you have from this particular segment?

Anuj Singh: Yes. So, as I mentioned in Q4, if I compare Q4 of FY '25 to FY '24, we saw 58% growth as far as your unique monthly users are concerned. Our order, which is the number of bills, increased by 45%. So, as I mentioned, we do about 1.7 lakh orders a month, which is you are talking about 6,000 orders a day. And our AOV is Rs. 760 is the bill value or the order value. The ambition is to double the size of the business of what we did in FY '25. And that would mean we get to a level of close to 3 lakh orders a month, which is 10,000 orders a day at an AOV of about Rs. 750. So, you can do the math, we are talking about an exit of around above Rs. 25 crores a month.

Aradhna Jain: Got it. Also, currently 85% of our business's top line comes from Spencer's and the rest is from NBL. So, in the near future, do we see this mix to change, given that we are also going to be in the online space? So, any change in the mix that we expect going forward?

Anuj Singh: Sorry, the mix change between NB and Spencer's, or within NB the mix between offline and online?

Aradhna Jain: Actually all, basically after Jiffy coming in, how much are we expecting the online portion business plus the offline, and within the two formats that we have.

Anuj Singh: So, I will not give you exact numbers, I will give you directional broad numbers. The intent is, for both businesses, for the online part to be closer to 20% of the overall business mix. Currently, we are at 13-14%, both in Natures Basket as well as in Spencer's. So, the idea is that if we get to a level which is 80% offline, 20% online. As far as between Spencer's and Natures Basket, what's the kind of growth outlook? I think both are going for growth and look, like I said, the number which I had given you was mid-single digit growth is in both parts of the business. So, the mix contribution between Spencer's and NB would not change much. But in both businesses the online mix will go up from the current 13-14% to 20%.

Aradhna Jain: Okay. Got it, sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Bharat from Fair Value Capital. Please go ahead.

Bharat: A couple of questions from my end. So first, when we look at Jiffy, you are new to this business as such in a way, but do we see that there are some market share gains which have been taken by the E-com players in our Spencer's or in our Natures Basket segment, primarily driven by the fact that the same store sales growth has been remaining to be nearly around flat? So, can you specify around that?

Anuj Singh: Sorry, I did not get the exact question.

Bharat: I was just asking with regard to the market share gains, primarily have there been some sort of a impact because of the quick commerce play which have taken near about market share from us? Because if I look at the single or the same store sales growth, that remains to be flat.

Anuj Singh: No, so I think look, it's a fairly obvious answer, as the quick commerce penetration usage has gone up, it has resulted in an overall channel share shift between, let's say, modern trade, kirana and quick commerce. So, we operate in the modern trade format. And if you look at the industry reports, and which is what we are also seeing in our part of the business, quick commerce is gaining at the expense of both kiranas and modern trade. So yes, I mean, if we see lack of growth, that's because consumers are adopting quick commerce. And which is also the reason why we are not oblivious to that and we have refined our earlier slotted delivery proposition to a quick commerce kind of delivery proposition by launching Jiffy. So yes, clearly there is a channel share shift which has happened where quick commerce has gained share from both modern trade and kirana, and none of the players in kirana or modern trade have escaped this trend and both have lost shares.

Bharat: Right. But for us, because they have the balance sheet power with them with respect to funding or even doing out the cash burn. But with respect to us, I think we are already in our vicious cycle of debt. So, I am not sure how much promotion can we do with respect to Jiffy, but in a way, it is impacting our current nature of business, right. So, what's the thought process behind it? And how the company looks out on different prospects right now with respect to debt being an overhang for us, we have to rely further on equity raise. So, what's the thought process behind the current nature of business actually?

Anuj Singh: Yes. So, I think, look, you are right, I mean, we do not have the same luxury of a large private capital available to be spent in terms of building the businesses. But having said that, we are also not going for a complete pivot where we are saying that we will drive $1 billion, $2 billion GMV. We are not saying that we will pivot ourselves from being a brick and mortar to being only online. Our expansion of our proposition is to offer our existing customers an online option so that they remain within the Spencer's, Natures Basket ecosystem. So, our cost of acquisitions will be lower, the scale at which we are operating will be lower. We are not, let me not use the word burn, but we are not investing a huge amount just to buy growth. I think this is where the difference is.

And therefore, if you look at the numbers, I mean, Rs. 300 crores aspiration for quick commerce for Spencer's in an overall context of where things are going is less than our fair share. And we believe the reason why we want to keep it at that level is because anything is higher than that, can we do Rs. 1,000 crores in a year on quick commerce in, let's say, just in East India, absolutely. But that would call for a substantial investment. And you are absolutely right, today our balance sheet does not allow us to, if I may use the word, burn that kind of money. So, we will not do that. We will do this in a calibrated manner.

So yes, our approach is very different. We are not going for top-line vanity, but we are doing it as a genuine proposition to our customers to give them a quick, convenient option. Because what we have seen is that consumers do come in at the beginning of the month, they do their monthly buying still. Maybe the basket size has gone down a little. Consumers would earlier buy grocery 3-4 times a month, now maybe they are buying 10 times a month. They buy in the beginning of the month slightly higher items in value, but then they do a lot more top-up missions during the month. And a lot more of these top up missions are happening on quick commerce.

So, as consumers we are becoming more unplanned, more instant gratification. And therefore, our proposition also has to offer that we cannot just be banking on this. So, we are looking at building our online proposition. But again, it is not to pivot, today if it is 90:10, we do not want it to be 50:50. We want this to be done in a manner which plays to both our financials as well as to our business model. We are not investing in dark stores and opening 500 dark stores. We are leveraging our network.

So, it's a very different approach from a business model and a scale ambition, but very similar in terms of what we want to offer our consumers. So, we want to give the same convenience. So, if you go to our app today, it's the same look, feel, seamless selection, discovery, checkout process, delivery within 30 minutes. So, all of that is what the consumer has become used to. But we are not going to chase growth at the cost of burning a hole in our P&L. So, I hope I have answered your question.

Bharat: Yes. Sir, last question with regards to the guidance. So, I think you mentioned and qualified that you are looking at near about Rs. 320-odd crores with respect to Natures Basket. Can you confirm with respect to the profitability across Natures Basket and with respect to Spencer's also?

Anuj Singh: Yes, we do not give an exact number. But I think I mentioned this that from an operational EBITDA which is pre-IndAS, both businesses, we want to break in, yes, that's the guidance.

Bharat: Right. That's it from my side, sir.

Anuj Singh: Thank you. Any other questions? So, do we end the call now?

Moderator: Yes, this was the last question. I would now like to hand the conference over to the management.

Anuj Singh: Yes. Thank you very much, everyone, for joining in and listening to our commentary. And again, I just want to sign off by reinforcing the fact that we are two quarters into our efficiency-led EBITDA transformation journey and in the next four quarters we will be sustaining this efficiency-led transformation and adding growth. So, it's going to be a combination of scale plus efficiency across both Natures Basket and Spencer's, across both the offline as well as the online verticals in both the businesses.

And the endeavor is to move towards a situation wherein four quarters from now we can be truly operational EBITDA positive. Which then sets the stage for us to attack the next milestone, which is how do we look at the PBT turn around. But the next four quarters are focused in terms of driving scale, growth, while sustaining the same efficiency levels to get to operation EBITDA. So, thank you for your interest. Keep watching this space. And we will be in touch. Thank you.

Moderator: Thank you. On behalf of Batlivala & Karani Securities India Private Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.