Date: May 21, 2025

BSE Limited,
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai - 400 001

Scrip Code: **544243**

National Stock Exchange of India Limited,
Exchange Plaza, Plot No. C-1, G Block, Bandra-Kurla
Complex, Bandra (East), Mumbai - 400 051

Trading Symbol: **STYLEBAAZA**

Dear Sir/Madam,

Subject: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is further to our letter dated May 15, 2025, whereby the Company had submitted the link to the audio recording of the conference call with Investors/Analysts, held post announcement of Financial Results for the quarter and financial year ended March 31, 2025.

Pursuant to Regulation 30 read with Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed herewith the Transcript of the said conference call, for your information and records.

The transcript of the conference call is also available on the Company's website at:

https://stylebaazar.in/wp-content/uploads/2025/05/Transcript-of-Earning-Call-Q4_-FY-25.pdf

We request you to kindly take the aforesaid information on record.

For Baazar Style Retail Limited

ABINASH SINGH

Digitally signed by ABINASH SINGH
Date: 2025.05.21 12:46:48 +05'30'

Abinash Singh
Chief Compliance Officer,
Company Secretary and
Head - Legal & Compliance

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“Baazar Style Retail Limited Q4 & FY ‘2025 Earnings Conference Call”

May 15, 2025

MANAGEMENT: MR. SHREYANS SURANA – MANAGING DIRECTOR, BAAZAR STYLE RETAIL LIMITED
MR. NITIN SINGHANIA – CHIEF FINANCIAL OFFICER, BAAZAR STYLE RETAIL LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Baazar Style Retail Limited Q4 and FY '25 Earnings Conference Call.

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 and operator by pressing "*" then "0" on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Suyash Samant from Stellar IR Advisors. Thank you and over to you, Mr. Samant.

Suyash Samant: Thank you. Good evening, everyone, and thank you for joining us today.

I have with us today the senior management team of Baazar Style Retail Limited, Mr. Shreyans Surana – Managing Director; and Mr. Nitin Singhania – Chief Financial Officer, who will represent Baazar Style Retail Limited on the call.

The Management will be sharing operating and financial highlights for the quarter and year ended March 31, 2025, followed by a question-and-answers session.

Please note this call may contain some of the forward-looking statements which are completely based upon the Company's beliefs, opinions and expectations as of today. These statements are not a guarantee of the Company's future performance and involve unforeseen risks and uncertainties. The Company also undertakes no obligation to update any forward-looking statements to reflect developments that occur after a statement is made.

I now hand over the conference to Mr. Shreyans Surana. Thank you and over to you, sir.

Shreyans Surana: Good evening, everyone. Welcome to our Q4 and FY '25 earnings call. Our presentation has been uploaded on the Stock Exchange and the Company's Website, and I hope you had a chance to go through it.

At the outset, let me highlight that the past fiscal, that is FY '25, has been a remarkable year in the growth journey of our Company with the successful listing of the Company equity share in September 2024, highest ever store addition of 52 stores versus initial expectation of 35 to 40 stores to make it to a total of 214 stores spanning a total area of 19.21 lakh square feet as on 31st March 2025.

Crossing Rs. 1,000 crores mark in revenue by posting a 38% year-on-year growth to highest ever revenue of Rs. 1,344 crores, surpassing our revised growth guidance of 30% for FY '25. And our robust SSSG of 13%, which stood above our expectation.

The performance is a result of our team's well thought out and implement business strategy comprising of our focus on offering value fashion in Eastern region of India, which offers huge growth potential on account of being underpenetrated, rapid shift from unorganized to the organized.
Secondly, our comprehensive product offering across categories providing one-stop family experience.
Third, our cluster-based approach, which enables improved operational efficiencies and enhanced brand visibility, helps us to have a better site selection, better understanding about the catchment, helping in faster achievement of economies of scale.
Fourth, our focus on growing private label shares, speaking of which, I am pleased to announce that our portfolio of 10 private level contributes 45% of our total revenue, that is Rs. 600 crores in FY '25, which forms our robust CAGR of 64% over the past three years. Of this, almost Rs. 200 crores were contributed by one of our brands, Square up, and the other two labels, Miss19 and Awaya, are close to Rs. 100 crores mark. Going ahead, we aim to remain steadfast on our growth strategy and look forward to our continued trajectory. In the current fiscal, we target to add 40 to 50 new stores in core and focused states, and SSSG of around 7% to 8%, which is considered healthy in any retail business, and a revenue growth of 20% to 25%.

Now coming to the profitability:

Before we delve into the numbers, let me inform you that while we report our performance in accordance in Indian Accounting Standards, we believe that a pre-IndAS offers a clearer and more accurate reflection of our underlying expense, and thereby profitability. Since IndAS requires a creation of ROU asset when leasing an underlying asset, the treatment of lease rental and other related expenses are recorded below EBITDA in the P&L, as against recording it as other expenses above EBITDA under pre-IndAS.

This difference in treatment of lease rental expenses leads to a significant gap between the reported IndAS and pre-IndAS figures, specifically from a PBT cash flow and tax perspective. For example, our reported IndAS EBITDA in FY '25 stood at Rs. 29.6 crores, while pre-IndAS PBT stood at Rs. 52.4 crores. Therefore, we suggest looking at pre-IndAS numbers for a better understanding of business performance.

I am happy to report that on pre-IndAS basis EBITDA for FY '25 stood at Rs. 94.4 crores, and including other income it stands at Rs. 97 crores, marking a strong 31% year-on-year growth and meeting our guidance of 7% to 8%. Similarly, PBT grew at a robust 33% year-on-year to Rs. 52.4 crores in FY '25. The profit after tax grew 7% year-on-year to Rs. 31.7 crores after exceptional losses. Adjusted PAT stands at Rs. 39.75 crores, which grew by 35% over FY '24. Please note that this growth is despite us being in an accelerated growth phase, requiring front loaded expenses at store as well as corporate level.

Considering the future growth aspect, we have increased our office space, doubled our warehouse capacity, and increased the manpower at back end operation, procurement, technology level and supply chain. Our results reinforce our position as a growth oriented Company, committed to driving sustainable and healthy EBITDA expansion.

Now, coming to Q4 FY '25:

Revenue grew 55% year-on-year to Rs. 345 crores. The SSSG saw a growth of 20% in Q4 FY '25, mainly due to preponement of Eid in Q4 FY '25 by almost 11 days, as mentioned on the last call, too. Last year Eid was in the month of April on 10th April, and therefore its benefit was accrued in Q1. However, this year the positive impact of Eid festival sales have been captured early on in Q4 FY '25 itself. As a significant portion of our L2L stores are located in the states of Bengal, Assam and Tripura, where sales are influenced by Eid season, the SSSG in the season was positively impacted in Q4 FY '25.

Consequently, the upcoming Q1 FY '26 will be on a high base year-on-year as well as quarter-on-quarter and should be assessed accordingly. While local festivals and events may cause seasonal variance in quarterly performance, they tend to normalize over the full fiscal year where our financial performance consistently reflects the strength of our business model. We therefore urge you to analyze the Company's performance on a trailing 12 months or a full year basis. The gross profit in Q4 FY '25 grew 59% year-on-year to Rs. 114 crores and EBITDA on pre-IndAS basis grew 139% year-on-year to Rs. 12 crores. The Pre-IndAS PAT improved year-on-year from loss of Rs. 3.606 crores to a profit of Rs. 3 lakhs.

In terms of key operational metrics:

Sales per square foot stood at Rs. 679 per month in Q4 FY '25 versus 19% up year-on-year Rs. 721 in FY '25, up 12% year-on-year. That total number of bills stood at 3.7 million in Q4 FY '25 and 14.4 million in FY '25, the highest level ever recorded. The average transaction value stood at Rs. 995 in Q4 FY '25 and Rs. 997 in FY '25. Private level contribution was at 47% in Q4 FY '25 versus 42% in Q4 FY '24, and 45% in FY '25 versus 38% in FY '24. Our inventory per square feet was reduced by Rs. 239 compared to last year from Rs. 2,954 per square feet in the previous year to Rs. 715 per square feet in FY '25.

Lastly, as highlighted earlier, the shift towards an organized retail chain is gaining momentum, serving as a significant tailwind for our business. This evolving consumer preference, marked by growing brand consciousness and a demand for value driven pricing continues to align perfectly with our core proposition. With the scale that we have achieved at Rs. 1,344 crores of revenue size, backed by healthy share of private labels, and our successful cluster-based approach, we believe that we are well placed and ready for the next leg of growth.

We remain focused on accelerating our store expansion by deepening our presence in core markets and stabilizing new clusters in key focus region. With a clear strategy in place, we are confident in our ability to create long-term value and are excited about the strong result we aim to deliver in the upcoming quarters.

With that, I would like to conclude my opening remarks and request the moderator to open the floor for questions. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Bhavik Narang with Bastion Research. Please go ahead.

Bhavik Narang: Yes, hello. Thanks for taking my question. I just had a few quick ones. First on the private label front, I believe there were initial efforts entered into the ecommerce or quick commerce channel, so how's that initiative going?

Shreyans Surana: In terms of private label, as I have mentioned in the last call also, regarding the e-commerce our focus is mainly on the offline business. But yes, on the e-commerce side we are delving into two strategies, one is on the omni-channel account, which is from the store the deliveries to the residence or the office of the consumer, which is going very well. This year we have registered almost Rs. 2.5 crores of revenue around that. And the second was to launch private labels on quick commerce platforms like Blinkit, which we started two months back and it is also going well. We are not displaying all the products that we have in our range of Style Baazar, but whatever we think is suitable for the quick commerce platform, we are just building that assortment on the quick commerce platforms.

Bhavik Narang: Okay. So going forward, is it expected to become a substantial part of our revenue?

Shreyans Surana: No, I do not think. I think e-commerce or quick commerce will always be a channel for us. And in the next three years I see around 2% to 3% of the total revenue coming from all the platforms, including omni-channel, quick commerce and e-commerce.

Bhavik Narang: And secondly, could you provide an update on the fire insurance payment that we were expected to receive in this quarter? Or maybe any recent developments on the GST order that we have received previously?

Shreyans Surana: So on the insurance side, we acknowledge that the amount is substantial and recognize the significance to the business. But please be assured that we are actively and consistently following up with the insurance Company to expedite the processing of our claim. However, at this stage, it is challenging to provide a definitive timeline for the litigation. We remain optimistic about our outcome. We have submitted all the requisite documentation in support of our claim. And we believe it is compliant with the terms of the policy. We will continue to keep you informed of any material development as they arise. We are just awaiting their revert on the entire thing.

And regarding GST, in February we have received the GST order from the Additional Commissioner, Kolkata North. The order was in reference to a showcase notice covering the period from March 19 to May 19, with the total demand of Rs. 10.66 crores comprising Rs. 97.23 in tax and Rs. 9.69 crores and penalties. We have filed the writ petition against the order in the Honorable Court of Kolkata.

Bhavik Narang: Okay. And lastly a bookkeeping clarification, could you just share the SSSG and ATV for Q4 FY '24?

Nitin Singhania: SSSG was 20.4% for Q4 and for the entire year it was 12.69% ~13%, and ASP is Rs. 304 for this financial year.

Bhavik Narang: No, I meant Q4 last year.

Shreyans Surana: Last year Q4 ASP was 309, this year Q4 FY '25 ASP is staying at 312.

Bhavik Narang: And SSSG?

Shreyans Surana: SSSG for last year?

Nitin Singhania: SSSG for last year was 26.6% for the quarter and 9.5% for the financial year.

Bhavik Narang: Okay, got it. Thank you.

Moderator: Thank you. Next question comes from the line of Palash Kawale with Nuvama Wealth. Please go ahead.

Palash Kawale: Yes, sir. Thank you for the opportunity. Sir my first question is, what was your inventory per square feet for the full year?

Nitin Singhania: Inventory per square feet is Rs. 2,715 for the whole year.

Shreyans Surana: Rs. 2,715, which last year was Rs. 2,954. And going forward also we are seeing, because see we are a Eastern India focused business where there is a lot of fluctuation every quarter in terms of sales. So always there will be a inventory fluctuation going with every quarter. But every year if you see, almost for last two years we are reducing our inventory by almost Rs. 200, in December quarter also we reduced it by Rs. 200, in March also we have reduced it by Rs. 200. And with all the technological advancements that are taking place in the organization, we are expecting this momentum to continue for this year also.

Palash Kawale: So how SAP implementation is going on? When can we expect it to be operational?

Shreyans Surana: So, I will just tell you about the entire technological advancement, including SAP. So we have planned to invest around Rs. 20 crores to Rs. 25 crores in technological advancement this year. And the key advancement will be the integration of SAP in retail which we have already started. It may take around 9 to 12 months, so maybe SAP will go live maybe in the calendar year 2026, maybe in the last quarter or maybe in the first quarter of the next financial year.

Advancement, the integration of SAP in retail is majorly for enhancing the efficiency, reducing the manual process, and the real time data-driven decision. We are also deploying in-force system for warehouse management to bring more transparency and accuracy across the supply chain. I think these are the two factors. And apart from that, we are also working on ARS and inventory management tool which will further reduce our inventory per square feet in the stores.

Palash Kawale: Okay. And then for account-keeping purposes, what can be a post-IndAS profit margin for you next year on a growth of 20% to 25% sale? Because there is a huge difference between pre and post-IndAS, I just wanted to clarify what can be the PAT margin on IndAS basis.

Shreyans Surana: So, as you rightly said that there's a huge gap between the pre-IndAS and IndAS, and I think for us it's almost around 45% on the PBT levels. And going forward, we expect on the PAT side pre- IndAS 3% to 4% as guidance for the PAT for the next coming year, and 2% to 3% will be the guidance for the IndAS numbers at the PAT side.

Palash Kawale: So yes, 2% to 3% for FY '26 and '27 would be good assumption to make on IndAS basis, right?

Shreyans Surana: Yes, yes. And 3% to 4% will be on the pre-IndAS basis.

Palash Kawale: Yes. Okay. And sir, you have already added nine stores, and you are guiding for 40 to 50 stores, so is this safe to assume that you are keeping the guidance conservative and you might be going beyond the guidance?

Shreyans Surana: So, whenever we start a financial year, we take a target that we can achieve and then we focus to beat that target, that is always the stride that Company strives for. But as of now, yes, the guidance would be 40 to 50 stores only. And the revenue guidance would be around 20%, 25% only.

Palash Kawale: Okay, okay. And sir, how is the competition going on in the new area that you are entering? Are you able to gain market share, take the market share away from the incumbents in that area?

Shreyans Surana: So, I will not say whether we are able to take that, but the SSSG growth for the focused states looks very good and promising. Rather if the average SSSG for the entire Company is 12.7%, whereas the SSSG for only focused states could be higher than that. So I think we are gaining traction in the focused states.

Palash Kawale: Okay. That's really helpful, sir. Yes, that's it from my side for now. All the best. And thank you for the answers. Thank. Thank you very much.

Shreyans Surana: Thank you.

Moderator: Thank you. Next question comes from the line of Tanuj with JM Financial. Please go ahead.

Tanuj P.: Good afternoon, sir. Congrats on the great set of results, sir. Sir just wanted to know how is the current demand for the month of April and May for us?

Shreyans Surana: In terms of current demand, as I said that because of the Eid shift from 10th April to 31st March, there has been a shift of sales from April to March. But on ground, May looks good to me as of now. And overall, this looks good to me in terms of the demand that we see on ground.

Tanuj P.: Okay, sir. There were some protests in one of our stores which led to the closure of that store also. So, what was that impact in the Q4 business? And how long was that impact, like was the store closure for one or two days or that was a long closure and how is the situation now?

Shreyans Surana: So that incident took place in Murshidabad and that was in Q1, it was on around 12th or 11th April. So, one of the stores in Murshidabad district it suffered a significant damage because of a mob lynching incident and resulted in an estimated Rs. 25 lakhs loss in inventory and Rs. 15 lakhs in assets. A joint survey was promptly connected by our insurance Company and the team, and I think we have completed all the necessary formalities including regulatory compliance and license renewal for operations. The store is expected to reopen in the first week of June.

Tanuj P.: We have repaid around Rs. 20 crores of debt in FY '25, am I right? So, how much do we expect to repay in FY '26 and '27?

Nitin Singhania: So the total debt in our books is Rs. 166 crores, out of which bank borrowings is Rs. 122 crores. So coming years debt will be Rs. 80 crores and Rs. 40 crores will be bill acceptance. So, Rs. 120 crores against the Rs. 166 crores will be the total borrowings in our books in coming year.

Shreyans Surana: That is our target.

Tanuj P.: Okay. Thank you, sir. That's all from my side. Thank you.

Moderator: Thank you. Next question comes from the line of Arvind Arora with ASquare Capital. Please go ahead.

Arvind Arora: Hello. Could you please repeat your growth guidance? You mentioned 25%, correct? Can you please give us break-up of how much you are achieving through SSSG and how much we can achieve through new store expansion?

Shreyans Surana: So 20% to 25% would be the overall guidance, and 7% to 8% will be the SSSG.

Arvind Arora: And remaining would be due to new store, correct?

Shreyans Surana: Yes.

Arvind Arora: So last time when we discussed, you mentioned like the SSSG store is like 4.5% to 5%, then the store would be able to absorb the inflationary braces, correct?

Shreyans Surana: Correct.

Arvind Arora: So, if we go like for the Q4, and if we see SSSG growth in the Q4 is like 20% and then I see private level sale is also at 47%, correct, but still we are in PAT negative in quarter four, could you please share the reason why?

Shreyans Surana: See, historically Q4 is always a dull month for our Company. But because in March it was Eid and the Holi put together, so March month was very good. But January and February, because of late arrival of winter led to a huge discount in winters in the month of January, because we do not want to carry winter stocks for the entire year. So we generally tend to give a huge discount, so the discounts which were supposed to start from maybe 10th or 12th of January, we had to start from the 1st January itself, because of the late arrival of winter. As a result, January was, I can say, EBITDA killer. While saying that, if you compare our data from last year to this year, from a loss of almost Rs. 3.06 crores, we have been able to come to profit of Rs. 3 lakhs. And I think in coming years, if the arrival of winter is good and if we do not have to give too much discount in January, we can have a better quarter in Q4 in terms of profitability.

Arvind Arora: Okay. Could you please quantify the numbers like due to the discount loss that we have offered?

Shreyans Surana: See, I cannot quantify the number right now, but I can just tell you in terms of January because the discounts is almost 50% on the winter articles, and the EBITDA, as a month it's a loss-making month for us and because of that the entire quarter numbers tend to change.

Arvind Arora: Okay. And moving further, so if you talk about FY ‘26 guidance, like you are giving the guidance of 20% to 25%, correct?

Shreyans Surana: Correct.

Arvind Arora: Last time we discussed for the Q3 you gave the guidance like from 25% to 30%. And then when we closed the revenue, it's 38%, correct? So is it like we are like highly conservative or our targets, like internal target is very low. I would rather not say conservative, it's like very low. And then so just trying to understand how we like failed the target.

Shreyans Surana: See, internally we often tend to take a target which may be higher, but as a Company we decide that, yes, we have to stick to the numbers that we will be 100% able to achieve. Post that there's always, as I said, everyone works towards higher numbers so that we can relate that higher number. But as practice, from not only post-IPO but as practice we tend to take numbers on account while discussing with the entire team. And we take those numbers which are easily achievable. So, the pressure to achieve higher will be there, but again if we are able to achieve the numbers on which we make our business plan, we will be able to have a higher profitability.

Arvind Arora: Okay, understood. Okay.

Moderator: Thank you. Next question comes from the line of Tanmay with Bank of India mutual funds. Please go ahead.

Tanmay: Yes, thanks for the opportunity. Sir, my question is that what should be the optimum cost of retailing per square feet we can expect in next year, including rent?

Shreyans Surana: See, there is no optimal cost of retailing because it tends to change from city-to-city, so metro would be having higher cost per square feet. But in our scenario if I say, so our average for the entire financial year of FY '25 is around Rs. 176 per square feet.

Tanmay: So we should expect around 7%, 8% increase on that?

Shreyans Surana: In terms of inflation cost, yes, you can consider that.

Tanmay: 7%, understood. Okay, sir. So 8% SSSG and 7% increase in cost, we should expect around 50 bps or 100 bps increase in EBITDA margin pre-IndAS basis for FY '26?

Shreyans Surana: Yes, mathematically yes, you are correct. That's why our guidance is also 7% to 8% only for this year for EBITDA. This year we have achieved around 7.2% including other income, and our guidance is also 7% to 8%.

Tanmay: Understood, sir. Sir, if I look at the cash flow statement, there is a increase in financial assets of around Rs. 75 crores. Is that due to the security deposits?

Shreyans Surana: Yes.

Nitin Singhania: There is two accounts for that. One is the insurance receivable for which the amount is yet to be received by the insurance Company, so Rs. 47 crores amounts to that. And remaining Rs. 18 crores to Rs. 20 crores is against the total deposits which we have given during the year.

Tanmay: So sir, Rs. 47 crores will be received from insurance Company and another what you said?

Nitin Singhania: Security deposits given to landlords for opening these stores during the year was Rs. 20 crores, approximately.

Tanmay: Understood. Okay. If I look at the cash flow statements, if I adjust the rentals also, would it be suffice for the next year we would be opening 40 to 50 stores internal accrual or do we need external borrowings or fund raise?

Shreyans Surana: So, we do not need to have any borrowings further on account of opening new stores. I think the internal accrual will be sufficient for that once we receive the insurance fund.

Tanmay: Okay. So Rs. 47 crores would be sufficed for the new store additions, and Rs. 2.5 crores per store is basically your store addition cost, if I am not wrong?

Shreyans Surana: Rs. 2.25 crores to Rs. 2.5 crores.

Nitin Singhania: And that is including inventory.

Shreyans Surana: Inventory and asset put together.

Tanmay: Understood. Okay, sir. Thanks a lot.

Shreyans Surana: Welcome.

Moderator: Thank you. Next question comes from the line of Devesh Advani with the Reliance General Insurance.

Devesh Advani: Sir, on EBITDA margin front, the margins have declined by 50 basis points for the whole year, right? And also if you will see post-IndAS figures for profit before tax, it has just increased by 1% since the top line has increased by 38%. So how should we look at the figures? Should we look at pre-IndAS the PBT is coming at 33% growth, so how do we look at the figures? And also, going forward, how do you see profit growing in FY '26?

Shreyans Surana: So, in terms of more accurate view, I think pre-IndAS gives you a clear picture. As you rightly said that our EBITDA has reduced by 0.4% from last year, but majorly on the account of corporate overheads that we have built. If you see our margins, EBITDA margins at the store has increased from last year from 12.7% to 13%, but the corporate overhead has increased by 0.7% as I have already mentioned on the call on the account of doubling of our warehouse capacity, doubling of our office capacity, and hiring a lot of professionals for the future growth. So that is the decision and, I think in the next coming two, three years we will start getting the operating leverage of all the expenditures that we have built this year. And coming to the current financial year, if I say, so as I said, our guidance is to grow around 20%, 25% revenue with the pre-IndAS EBITDA of 7% to 8% and with a PAT margin of 3% to 4% on pre-IndAS.

Devesh Advani: Okay. If you could also define post-IndAS figures?

Shreyans Surana: So post-IndAS, again, the revenue remains same, 20%, 25%, whereas EBITDA would be 14% to 15%, and the PAT will be 2% to 3%.

Devesh Advani: Okay. Alright. Thank you. Thank you so much.

Shreyans Surana: Thank you.

Moderator: Thank you. Next question comes from the line of Naitik with NV Alpha Fund. Please go ahead.

Naitik: Hi sir, thanks for taking my question. Sir, I just wanted to understand the cash flow a little better, and when we IPOed we were around Rs. 150 crores, Rs. 160 crores of debt, we raised around Rs. 180 crores during the IPO, and now we are again back at Rs. 180 crores of debt on a full year basis, despite fundraising. Now we have only spent, I understand we have expanded, and we have spent Rs. 100 crores on the CAPEX and still we are sitting at the same levels of debt that we were at before IPO. So sir, how are we thinking about this and what is the reason for this, sir?

Shreyans Surana: So in terms of debt if I say, so first, it's Rs. 167 crores of debt lying in the book, out of which Rs. 44 crores accounts for the bills discounting. So the actual debt is around Rs. 122 crores only. Out of Rs. 122 crores, Rs. 18 crores is the bank balance, cash in bank that we have in our books, so net debt becomes around Rs. 104 crores. Out of Rs. 104 crores, Rs. 47 crores is lying with the insurance Company, because we are awaiting the payment from insurance coming that way. And the balance payment has been used, I can say, the debt has been used for opening stores because initially our expectation was to open only around 35 stores to 40 stores, but we have opened 53 stores in terms of net addition. And in terms of pure opening stores, we have opened 58 stores. So I think on that account this debt is there, because we have expedited our growth.

Naitik: Alright, sir. Got it. Sir, one more clarification regarding the fire incident that was, if I remember correct, March or in last year, right, FY '24 March around.

Shreyans Surana: 20th May.

Naitik: May, sorry May 20th, and we did not take any provisions for that in the September balance sheet. But come to March again now we have taken. So, any particular reason for not taking any provision back then?

Shreyans Surana: So we have not taken anything in the March, rather in September when we published our results, then Q1 itself we have taken a hit of around Rs. 10 crores in the exceptional loss account. That is why after that exceptional loss hit, Rs. 47 point something crores is pending from the insurance Company. So the hit was in Q1 itself. And in the current quarter, we have not taken any hit.

Naitik: No, sir, I meant in terms of balance sheet, you mentioned the Rs. 47 crores is lying with the insurance Company because the debt in September was not as high, right, rate is higher by Rs. 50 crores because the Rs. 50 crores we have taken is balance from the insurance Company which we have taken in March, not in September. So I was just trying to understand any reason we did not take it in September.

Nitin Singhania: Because 6th of September IPO was there, and out of the funds which we have received from IPO and the sale proceed from Durga Puja, we have not taken any further loan or increased our loan.

Shreyans Surana: Actually, that time is the peak season, so the cash flow from the sales was very high during that period. And till that time a number of stores that were opened was around also around 20 only for this year. So I think on both accounts, as a result, the debt was not there. But post September was the season got over and we started opening stores and started paying off the entire that Rs. 47 crores of inventory that was lying in the store, that creditor needs to be paid so we started paying that off. So gradually we required the debt for the same, we had to use our working capital.

Naitik: Got it, sir. Got it. Sir, just one more question. Have you seen our rental cost escalating during this quarter? Because I compare our rents have been slightly higher, the difference between pre and post-IndAS?

Shreyans Surana: In terms of rental cost for the entire financial year last year also FY '24 it was around 7.3%, and this year also it is around 7.3%, including corporate overheads and along the store. In terms of per square feet cost, rental cost has increased from Rs. 44 to Rs. 49, but largely on account of opening more stores in the metro cities.

Naitik: Got it, sir. That's it for now, sir. Thank you.

Shreyans Surana: Thank you.

Moderator: Thank you. Next question comes from the line of Siddharth Jain with Yes Securities. Please go ahead.

Siddharth Jain: Hi, sir. Good evening. Sir, coming back to the cash flows only, right now we have a cash balance of Rs. 18 crores. And if I understood it correct, you said that Rs. 47 crores is lying with the insurance Company. So, I mean, is this a deposit that we have given or is this a receivable that we are expecting because the insurance claim?

Shreyans Surana: It's just a receivable that we expect.

Siddharth Jain: Correct. Got it. So the Rs. 47 crores if and when we receive, so that we will be using for the store expansion that we planned?

Shreyans Surana: Correct.

Siddharth Jain: So right now the break up that you gave of the debt that you currently have, so out of the Rs. 104 crores that you just explained, if we use this entire Rs. 47 crores for the store expansion, so the Rs. 104 crores of debt that we have stands as it is. Am I understanding that correct, sir?

Shreyans Surana: Yes, your understanding is correct.

Siddharth Jain: So I mean, do we have any plans to reduce this? So, like you also mentioned that we plan to reduce the debt further from Rs. 122 crores of bank borrowing we will go down to Rs. 80 crores, that's around Rs. 42 crores. So how do we plan to do that, sir? Because even if you take a 40 store expansion and Rs. 2 crores, Rs. 2.5 crores of cost per store, that will equate to around Rs. 80 crores of total fund requirement. If out of that Rs. 47 crores comes from the insurance claim, balance Rs. 40 crores I assume will be from the internal accrual, and then there will be a Rs. 40 crores of debt repayment. So, do we anticipate an internal accrual of around Rs. 80 crores to Rs. 100 crores next year?

Shreyans Surana: Technically you are right.

Nitin Singhania: So one more point to be added. As Shreyans ji already said during the opening remarks, that inventory per square feet is getting reduced year-on-year. So that reduction in inventory will also increase our cash inflow.

Shreyans Surana: So, on all the three fronts the efficiency is driving the cash inflow part. Rather on the CAPEX part, as I also already mentioned, also there will be a CAPEX of around Rs. 15 crores to Rs. 20 crores on the technology side also. So even if you consider that, with the reduction in inventory and with the internal accruals that we plan, we will be easily able to achieve the numbers that you just said.

Siddharth Jain: So Rs. 15 crores to Rs. 20 crores of technological investment will happen in FY '26. So I mean, I am hopeful and I am wish that we can achieve this Rs. 100 crores of internal accruals because that will be a great significant milestone for us. And just one more thing on the revenue guidance that you mentioned, so 20%, 25%, I mean, like other participants also mentioned, because when we do the math of 7% to 8% SSSG, so last year also we almost added 30%, like the store count increased by 30%, this year also we are targeting a store count increase of around 20%, 25%. So, are we being conservative in giving the revenue guidance? Or are we expecting a slow ramp up on those stores?

Because 30% store addition in FY ‘25, 20%, 25% store addition in FY ’26, and the revenue guidance for FY ‘26 being 20%, 25%, which includes the SSSG of 7% to 8, so the balance which we are getting from the new store addition, so out of 260 or 270 store that we will end this year with, 100 stores have approximately been added in the last two years. So is there the ramp up is that the ramp up will be slow or how is it, because I mean it's not adding up well?

Shreyans Surana: Actually, ramp up is not slow. You have mentioned correctly, so from 162 stores we have gone to 214 stores, which is a growth of almost more than 30%. But from 214 if we add 40 stores, it's a growth of around 20%. So first, while growing at the rate of 30% in store account we have delivered growth of more than 38%, and this year we are taking guidance to around 20% growth in the overall store count, which if I take 40 as a base for this year's growth, so we are targeting 25%.

See, as I said in my previous questions also that I have told that it’s not the conservative number that we have taken and it's not like that the market is slow. It is just that as an internal policy, we have this policy where we create a number on basis of that the entire back end working happens. So in that we have taken this 25%, but we will strive for growing it further. So, historically, whenever we have given a guidance, so we have always beaten our guidance that way historically, whether it's internally before IPO also, whenever we had taken a growth we have achieved higher than that. Rather in last three years CAGR also if you see, we have grown more than 35% year-on-year, it's just that it's a new phase we are entering into the focused states also.

So just to be on the correct of phase in terms of numbers that we project, we are taking the number on the account of, you can say, little bit on the conservative side that way, because we believe that it's better to give the number that you say than to not to give that numbers whatever you commit. I think that has been one of the reasons that we are always at this end.

Siddharth Jain: Understood. So, sir, when do you all start classifying a store into like you start taking the store into consideration for SSSG, is it 18 months or how?

Nitin Singhania: It is 18 months.

Shreyans Surana: its 18 months. So any store which is over 18 months comes under the SSSG tag, same store sales growth.

Siddharth Jain: Got it. So sir, the stores which have been added in the last six months will not be a part of the 7% to 8% of SSSG for FY ’26?

Shreyans Surana: No.

Siddharth Jain: And also, the cost that we have incurred in FY ’25, like the doubling of the warehouse size and the HO cost, could you just give us the figure that what was the cost that was incurred for this?

Shreyans Surana: So corporate expense last year was around Rs. 48.7 crores, which has increased to Rs. 77 crores, that is increase of around Rs. 29 crores put together. Out of which, 50% of expenditures majorly is on the account of employee cost and on the rental cost.

Siddharth Jain: Okay. So that's the recurring expense that we are anticipating out of Rs. 77 crores, 50% is a recurring expense, balance can be a fixed expense.

Shreyans Surana: Yes. And out of that also if you see, our HO cost last year was in terms of percentage was 5%, which has increased to 5.74%. Typically in any retail chain it revolves around 5% only. So as I was saying, higher we grew in next two years, so we will be getting a good operating leverage from the cost side also, apart from the revenue and SSSG and the gross margin side.

Siddharth Jain: Sir, one thing that I noticed, our store sizes have been reducing, any strategic decision behind that?

Shreyans Surana: So, I think it's a mix of both, I will say because we are opening stores in cities also, and in cities you do not tend to get a very big carpet that way. Sometimes you get, sometimes you do not get. So as a result of mix of stores in high streets, we are getting also lower size stores, I will say, typically. And second thing, when we are going to Tier-3 Tier-4 and if we are anticipating the revenue will be limited, we ask the landlords, if possible, to reduce the size and give it to us, even if they want to charge Rs. 2, Rs. 3 extra on the rental also, but we do not take the fourth floor that way. We try to do that. This year we have been lucky because in Tier-5 - metros and all together we have been able to implement this strategy. Otherwise it's a mixed bag, Sometimes we have to take a call also to take the entire building, that way, if the site is very good.

Siddharth Jain: Understood, sir. And sir, last one question, what are internal targets for in-house brands going forward for FY '26 and FY '27?

Shreyans Surana: So 45% is the number that we are right now at for the full year, and we expect in the coming two years this numbers to reach to around 65%, in the coming two financial years.

Siddharth Jain: And what is the margin difference that we enjoy in this?

Shreyans Surana: So typically it's 1.5%, that is the extra margin that we get around private label. And the target I will say is not to increase the price on that margin, it's more of a reverse engineering which we tend to work with the vendors around for the private label. And as of now, we are just, as I said, one of our private level Square Up has already become Rs. 200 crores revenue brand, and two labels Miss 19 and Awaya are close to Rs. 100 crores. Our target right now is that all the consumers come and buy our private label, they feel the quality of the product. And then next time when they come under the umbrella of Style Baazar, they ask for those private labels. So right now we are working only with 1.5% margin in the private label category.

Siddharth Jain: What is the cost of debt that we are paying?

Shreyans Surana: It's around 8%, 8.5% WCD and 9% to 9.25% of the normal working capital limit.

Siddharth Jain: And bill discounting?

Shreyans Surana: On the similar range, depending on the quarter, it's anything between 8.5% to 9.5%.

Siddharth Jain: Thank you. Thank you so much, sir. That was really helpful.

Shreyans Surana: Thank you.

Moderator: Thank you. Next question comes on the line of Divyanshu Mahawar with Dalal & Broacha Stockbroking Private Limited. Please go ahead.

Divyanshu Mahawar: Yes. Thanks for the opportunity, sir. Is it possible to give the number for the SSSG for the core state as well as the focus state?

Shreyans Surana: So for the core state, for the full year, core state stands at 11.82% in our SSSG, and focus is around 20%. Because the number of stores will be lower in the focus states in the SSSG category. But yes, we are growing higher than the core. Put together, both the average is 12.69%.

Divyanshu Mahawar: Is it right to assume that next two to three years more expansion would be coming in more focused states? Or it would be in a similar range?

Shreyans Surana: I think the range will be, for example, this time it will be between 70:30, 70% stores are opening in the core states itself and 30% would be in the focus states.

Divyanshu Mahawar: Okay, sir. And one last question, if you look at on the demand side, do we see any benefit coming out what the government has given in terms of income tax? Do we see any repercussion or benefit in terms of demand in the Tier-2, Tier-3, Tier-4, basically Tier-3 and Tier-4?

Shreyans Surana: See, in that side, because right now I think this is just the start of the month and this is the financial year in which the effect of this we will be able to see. What I feel is that all the stores in Tier-1, specifically in metros and Tier-1 will see the benefit of this. Because as the disposable income increases in the hands of the middle-class consumers, they tend to spend more, majorly on the account of fashion and on the account of food also. Yes, Tier-3, Tier-4 typically was always in the bracket which was around 5 lakhs to 6 lakhs only. So, I do not think a lot of pent up demand going over there. But yes, in Metro and Tier-1 I see the demand coming in.

Divyanshu Mahawar: Thank you so much, sir. And best of luck.

Shreyans Surana: Thank you.

Moderator: Thank you. Next question comes from the line of Chirag with Keynote Capital. Please go ahead.

Chirag: Thank you for the opportunity. First of all, congrats for the great thread of numbers Shreyans ji and team.

Shreyans Surana: Thank you. Thank you.

Chirag: Secondly, my question is regarding, what will be the marketing spend going forward as a percentage of revenue?

Shreyans Surana: It will be ranging between 1.5% to 1.7% only. As I said that because when the customers approach, it allows us to have higher marketing spending in absolute value. But because we are opening in the core states and in a particular state we are opening more stores, so it also allows us to have liberty that way, so that typically tends between 1.5% to 1.7%, which has been for more than five years now, that has been the range for the marketing.

Chirag: That is it from my side. Thank you so much.

Shreyans Surana: Thank you.

Moderator: Thank you. Next question comes from the line of Palash Kavale with Nuvama Wealth. Please go ahead.

Palash Kavale: Thank you, sir, for the opportunity again. Sir, with all the guidance that you gave, is it fair to assume that within two to three years we will be at Rs. 10,000 revenue per square feet and pre-IndAS EBITDA margin between 8% to 10%?

Shreyans Surana: If you take the growth that we are taking right now, I think, yes, you can say that in the next few years the capacity that we have that we have, we will be reaching a mark of Rs. 10,000 per square feet. And on that, the EBITDA range that you have said, yes, it's quite possible to reach that number.

Palash Kavale: Okay. And sir, any plan to enter the neighboring states like MP or Chhattisgarh, since they are adjoining to your core states, so any plan to go there? And have you experimented with those states and any guidance or any color on that?

Shreyans Surana: Actually, as a Company strategy we have always opened stores either in the adjoining area of the states if the taste is similar to a particular state. Right now the focus is majorly on UP and Jharkhand as a territory, I will say up, UP, Jharkhand and Bihar. And still there is a lot of stores that can be opened in these areas. As I said, we are not venturing into MP or Chhattisgarh, you can say. Once we have opened a store in Rayagada which is just adjoining the Odisha border, but not because it was in Chhattisgarh, but it was the Odisha border. And that showroom didn't go well in terms of revenue, so we have also closed that store. So, there’s nothing to do with the territory, it's just that as a strategy we want to go deep in the states, we want to open more stores in the state so that we can achieve economies of scale and profitability in three to four years only.

Palash Kavale: Okay, sir. Thank you. Thank you. That's it from my side. Thank you for the answers.

Shreyans Surana: Thank you.

Moderator: Thank you. Next question comes from the line of Khushal Goenka with Mangal Keshav Financial Institution. Please go ahead.

Khushal Goenka: Hello, thank you so much sir for the question. My question was on a broader sense, since the Company got listed, there has been some news on fire then the GST notice. Also on the revenue guidance, in last quarter you had guided for 25% to 30% growth and like-to-like growth of 8% to 10%, and then after like two months you are guiding for 20%, 25% growth and 7% to 8% same store sales growth.

Also, money regarding the insurance, the CFO I guess had clearly mentioned that you will receive the money in Q4, and now you are saying you are not sure. I completely understand, sir, that many things are not in your control. But sir, like so many news and deviation from the guidance also, so just wanted to get a broader sense what exactly are we doing so that this does not happen and we stick to one kind of guidance.

Shreyans Surana: So there are two things to it. First thing, in terms of the operational guidance that we have given, I think we are happy that we are beating that guidance. Maybe last quarter I had revised the guidance from 25% to 30%, and we landed at 38%. So, it's good for the Company that we are getting higher amount of revenue or the margins that we are targeting.

Now coming to the question on the fire side, I think on the 6th September when we listed, post that the first Q1 result that was there, the entire Rs. 10 crores of loss was taken as a hit, and the fire thing was explained. What happens in the fire structure is that, see, whatever response that we get from the insurance Company we tend to present that to the market that we are expecting this thing. But as I said right now, right, I do not want to give any date for the same. We have submitted all the documents. We are awaiting their revert. And maybe it make a month's time, maybe it takes three months. But yes, as all the papers are in line with the thing and we expect this to get closed, whatever we have understood from the consultants and all thing, there is a big insurance claim certainly takes anything between 12 to 18 months. We got this fire around last May, 20th May, it has been a one-year time. And I think in next six months I hope that everything is settled, because there is no issues in the documents and everything that have been submitted to the insurance Company. We are just waiting for the surveyor's report. Once that goes through I think we will tend to --

And coming to the GST question that you have asked, see this GST demand is of around I think May 19 to June 19, which is in the I think normal course of business with the governments, either it's the income tax notice of the GST notice, which is not again in our control. And we are fighting for it. We have filed the writ repetition. Even the penalty that has been imposed under this section, which technically cannot be imposed on that section. So we are very hopeful that we have filed for the writ petition, and it will come in the favor of Company only. So this is the thing. And as per the guidance, right now also I am giving guidance of around 20% to 25% revenue, and I hope that I am able to deliver higher than that. That's my expectation. But we do not want to have a higher revenue guidance and then we do not achieve that.

Khushal Goenka: Yes, I completely understand that. My point was just like, we had our Q3 concall in January, so in that you had mentioned 25% to 30% and now you are saying 20%, 25%. I just meant to say that, it should not keep on changing. Like the insurance money also I completely understand, you can't control many things and it's the government and whatever things are happening. But I mean to say that, answer which is unique to all the quarters I think so that should be preferable, like it should not change. I just had that point. Sir my next thing was, in last quarter you had mentioned that for FY '25 also PAT margins will be around 3% to 4%, anything on that?

Nitin Singhania: Actually 3% to 4% on pre-IndAS, right. So even if I take the adjusted PAT, right, before exceptional loss, so the total profit from Rs. 31.78 crores, it will increase to Rs. 39.75 crores, which will be 3%. So we meet our guidance if we exclude exceptional losses.

Shreyans Surana: That was also mentioned in the last call. And yes, in terms of growth revenue target, I think that time generally around 20%, 25% is the number that we gave. I think we hope that we will achieve higher than that only, 25%. But yes, that is the guidance.

Khushal Goenka: Sure, sir. And just last thing, just wanted to confirm one thing, in the investor presentation that have been sent, I think so the profit and loss consolidated IndAS number, it's written in crores but it will be in millions I guess, because like the balance sheet is of Rs. 17,541 crores but I guess that will be in millions, but it's written in crores. So, just wanted to confirm that.

Nitin Singhania: Yes, it is an typo error. Thanks for highlighting that.

Khushal Goenka: Thank you, sir. That's it.

Moderator: Thank you. Next question comes from the line of Rahil S. with Crown Capital. Please go ahead.

Rahil S.: Hi, sir. Good evening. In your opening remarks you mentioned that your key focus has been on the eastern Indian market which is under penetrated. So, is it still the state over there, like is it still under penetrated and your focus lies there?

Shreyans Surana: Yes, I think because we are still yet to cover the large part of UP, Bihar and Jharkhand in focus states also. And still we have just reached around 30, 35 stores in Odisha, it's a big state to cover. So I think from UP to north Northeast there are 12 states almost catering to a population of more than 40 crores. I think there's a huge room to open stores in next year also over there, yes.

Rahil S.: Okay. And did I hear correctly that you plan to reduce your debt this year? So can we expect interest cost to go down, right, for FY ‘26?

Shreyans Surana: 100%. The thing is that, see, as I said majorly the fund utilization has been done on the account of the insurance because we have not received the insurance payment. So that Rs. 48 crores amount is something which we are paying the interest, but we have not received that amount. So sooner we receive that, I will say, the lower the interest cost will be that way.

Rahil S.: And sorry, my line went bad in the previous answer you gave about the PAT guidance which was 3% to 4% for FY ’25, so can you please explain how was it met, but on the results it's not showing, sir.

Nitin Singhania: So in pre- IndAS, right, the total PAT is Rs. 31.8 crores.

Shreyans Surana: After exceptional losses.

Nitin Singhania: After exceptional losses, right. So Rs. 10.76 crores we have taken as an exceptional loss. So, if we add back the exceptional loss after tax, the profit will be Rs. 39.75 crores, adjusted PAT will be Rs. 39.75 crores, and that on total income will be 3%.

Rahil S.: So it's just a difference of the exceptional loss, okay. And in the last call you had said that your target is to reach 5% PAT margin in a couple of years, can we expect the same in FY ‘27?

Shreyans Surana: We will try to reach in FY 27, that is what our expectation is, anything between 4% to 5%. Your target is around 5% only, but you take a range of 4% to 5%.

Rahil S.: Alright, thank you and all the best to you.

Shreyans Surana: Thank you.

Moderator: Thank you. Next question comes from the line of Anuj Kashyap with A3 Capital. Please go ahead.

Anuj Kashyap: Hello. Good evening, sir.

Shreyans Surana: Yes, hello. Good evening.

Anuj Kashyap: Sir, what is the breakeven for a new store?

Shreyans Surana: Generally, whenever a store opens in a financial year, on average, all the stores tend to get breakeven in the first year itself at the store level EBITDA, on average. For example, all the stores that have been opened during the financial year of '24-'25, in this year itself it will be higher than the breakeven point that way. So generally on the opening full first year it is around 5% of EBITDA that we achieve on average, when it gets into the next full year run it gives me an EBITDA of around 8% to 10%. And on the final run when it goes into the SSSG stage, it gives us EBITDA of 13% to 15% at store level.

Anuj Kashyap: And sir, you said, sir, that you are investing like Rs. 20 crores, Rs. 25 crores on technology and all this stuff. Sir, what I wanted to know is, as a company what we are planning to do is like we will have an app of the Baazar Style and that will be linked to a PIN code specific store, so that the channel could deliver the product can become omni-channel. So that is our strategy or what?

Shreyans Surana: So, we are just seeding into it, on the tech front, whatever we are doing, we are trying to build the back end very strong so that all the growth that we are looking for the next three years, we are able to achieve. So the simple thing, for example, SAP HANA retail, so SAP is a world class tool that everyone knows about. Once we are able to implement that, I think it will enhance efficiency, reduce the manual processes, and will help us in the real time data-driven decision. Similarly, on Infor, again, it's more on the back-end thing, will help us to have a better, I would say, it will bring more transparency and accuracy across the supply chain. And I think both of them put together will help us to have a faster lead time to store of inventory, which will in turn again increase the sales and reduce the cost at an overall level. On the e-com side that is not, I would say, as the investment part that we are investing anything on the omni side that way. What we have done is that there is an omni-channel partner to us who has a integration with our main ERP. And as a result, whatever individuals or customer comes into the store, and if they want to have an article which is because of maybe of size issue or maybe of the color issue but they like it, so they can order it from the store itself. And if in the cluster where the store operates, if any nearby store has got that article through logistics, it gets transferred to their home or their office.

Anuj Kashyap: Got it, right sir. So sir, at the customer service level you have brought the third party into it and the efficiency side what we are doing is investing so that the cycle becomes more efficient from store to warehouse.

Shreyans Surana: Correct.

Anuj Kashyap: Thank you, sir. Best of luck.

Shreyans Surana: Thank you.

Moderator: Thank you. Next question comes from the line of Bhavik Narang from Bastion Research. Please go ahead.

Bhavik Narang: Hi, thanks for taking my question again. I just wanted to know, of the 214 stores that we now have, how many would be the mature ones and the rest?

Nitin Singhania: So 139 stores is matured.

Bhavik Narang: Okay, got it. Thank you.

Moderator: Ladies and gentlemen, as there are no further questions, we have reached the end of question-and-answer session. I would now like to hand the conference over to Mr. Shreyans Surana for closing comments.

Shreyans Surana: Thank you, everyone, for making it to our quarterly earnings call for Q4 & FY '25. If I if there are any further queries, please feel free to reach out to Stellar IR Advisor. Thank you, everyone, have a nice day.

Moderator: Thank you. On behalf of Baazar Style Retail Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.