

Baazar Style Retail | BUY

Investing for the future; outlook remains robust

Baazar Style reported robust 37% YoY revenue growth led by area expansion (41%) as SSSG remained weak at -3% with flat SPSF to ~INR 7,970 due to shift of the Eid festival from 1QFY26 to 4QFY25 (normalised SSSG at 11%). EBITDA was 7% above our estimates led by ~300bps YoY expansion in gross margin owing to higher full price sales and better general merchandise mix, setting off the pain from higher cost of retailing. Underlying demand conditions remains healthy going into the festive season which will entirely fall in Q2 this time. FY26 guidance is maintained - (i) ~25% revenue growth led by 7-8% SSSG, (ii) 7-8% Pre-Ind AS EBITDA margin, (iii) 3-4% Pre-Ind AS PAT margin, and (iv) 40-50 store addition. ARS and WMS system will help the company to optimise inventory and reduce the requirement for incremental working capital despite addition of stores. It targets to reduce its debt from INR 1.6bn as of Jun'25 to INR 1.2bn by Mar'26. We marginally tweak our EPS estimates to adjust for upfront investments in manpower and technology, which, we believe, will help to prepare the company for a higher revenue pool and bolster its balance sheet. We maintain BUY with a revised TP of INR 450 (INR 400 earlier) as we roll over to Jun'27 EPS (30x P/E).

- **Expansion-led growth as store addition remains healthy:** The company reported strong revenue growth of 37% YoY to INR 3.8bn. Growth was led by ~41% area expansion offset by -3% SSSG due to shift of Eid from 1QFY26 to 4QFY25 (11% normalised SSSG) as sales density was largely flat YoY at INR 7,968 (annualised). The company added 18 new stores in 1QFY26, taking the total store count to 232 (Retail area - 2.1mn sqft). Average store size of new stores increased by ~20% to 10.7k sqft in 1Q.
- **Beat on margins despite weak SSSG:** Reported EBITDA grew 39% YoY to INR 582mn (11% above estimates) as EBITDA margin expanded ~20bps YoY to 15.4% (JMFe: 13.9%) led by gross margin expansion of ~300 bps YoY to 35.9% (JMFe: 33.2%), offset by an increase in employee expense (~50bps YoY) and higher other expenses (~240bps YoY). The increase in gross margin is attributed to higher full price sales of 92% vs. 89% in 1QFY25, and 60bps YoY higher general merchandise sales. **Pre-Ind AS EBITDA grew 14% YoY to INR 250mn (7% beat to JMFe)** as margin contracted by ~130bps YoY to 6.6% due to ~160bps higher incremental rental expense. Adjusted profit declined 63% YoY to INR 28mn due to 67%/62% higher interest/ depreciation expense YoY and 8% YoY lower other income. The company's insurance claim amounting to INR 43mn was settled for INR 35mn, leading to an exceptional loss of INR 8mn. **Pre-Ind AS PAT grew 3% YoY to INR 97mn (10% beat to JMFe).**
- **Bill cuts remain strong; private label share increased ~820bps YoY:** Bill cuts per store increased by ~4% to ~19k bills per store while the transaction value per bill declined ~5% to INR 900. ASP also fell by ~6% YoY to INR 251, resulting in ~1% YoY increase in items per basket to 3.6 items. Private label share increased by 820bps to 60.7%. Repeat purchases stood strong at 66%. Focus markets saw increased traction, up ~400bps YoY to 19.2% of total revenue.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	9,729	13,437	17,985	22,602	28,069
Sales Growth (%)	23.5	38.1	33.8	25.7	24.2
EBITDA	1,421	1,896	2,735	3,555	4,549
EBITDA Margin (%)	14.6	14.1	15.2	15.7	16.2
Adjusted Net Profit	219	227	308	472	858
Diluted EPS (INR)	2.9	3.0	4.1	6.3	11.5
Diluted EPS Growth (%)	330.1	3.6	35.7	53.2	81.6
ROIC (%)	15.1	14.9	18.3	26.5	37.2
ROE (%)	10.8	7.4	7.4	10.3	16.4
P/E (x)	94.9	91.6	67.5	44.1	24.3
P/B (x)	9.7	5.2	4.8	4.3	3.7
EV/EBITDA (x)	15.9	11.8	7.9	5.9	4.4
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 04/Aug/2025



Gaurav Jogani
gaurav.jogani@jmfl.com | Tel: (91 22) 66303085

Mehul Desai
mehul.desai@jmfl.com | Tel: (91 22) 66303065

Tanuj Pandia
tanuj.pandia@jmfl.com | Tel: (91 22) 66303051

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	450
Upside/(Downside)	61.5%
Previous Price Target	400
Change	12.5%

Key Data – STYLEBAA IN

Current Market Price	INR279
Market cap (bn)	INR20.8/US\$0.2
Free Float	30%
Shares in issue (mn)	74.6
Diluted share (mn)	74.6
3-mon avg daily val (mn)	INR96.4/US\$1.1
52-week range	431/181
Sensex/Nifty	81,019/24,723
INR/US\$	87.7

Price Performance

%	1M	6M	12M
Absolute	-5.9	7.9	0.0
Relative*	-3.1	4.2	0.0

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Quarterly consolidated performance (INR mn)

Particulars (INR mn)	Quarterly			Chg (%) YoY	Chg (%) QoQ	JMFe		Pre AS 116 Q1FY26	Full Year		Chg (%) YoY
	Q1FY25	Q4FY25	Q1FY26			Q1FY26E	Chg (%)		FY24	FY25	
Store Count (#)	166	214	232	66	18	232	-	232	166	232	66
SSSG (%)	5	20	(3)			(3)		(3)	10%	13%	
Net operating revenues	2,758	3,454	3,779	37	9	3,777	0	3,454	9,729	13,437	38
Material cost	(1,851)	(2,310)	(2,423)	31	5	(2,523)	(4)	(2,310)	(6,471)	(8,895)	37
Gross Profit	907	1,143	1,356	50	19	1,254	8	1,143	3,258	4,542	39
Employee cost	(233)	(321)	(337)	45	5	(320)	5	(321)	(845)	(1,160)	37
Other expenses	(254)	(423)	(436)	72	3	(410)	6	(706)	(991)	(1,486)	50
Total expenditure	(2,338)	(3,055)	(3,196)	37	5	(3,253)	(2)	(3,337)	(8,307)	(11,541)	39
EBITDA	420	399	582	39	46	524	11	117	1,422	1,896	33
Other income	31	18	29	(8)	63	20	45	9	99	90	(10)
Interest	(141)	(217)	(235)	67	8	(225)	4	(51)	(494)	(690)	40
Depreciation	(209)	(294)	(340)	62	16	(315)	8	(83)	(735)	(999)	36
Pretax profits	101	(94)	36	(64)	(138)	4	NM	(8)	292	296	1
Tax	(25)	30	(8)	(68)	(126)	(1)	685	8	(73)	(69)	(5)
Adj. PAT	76	(64)	28	(63)	(144)	3	NM	0	219	227	4
Extraordinary items	(81)	-	(8)			-			-	(81)	
Net profit (reported)	(4)	(64)	21	(589)	(132)	3	NM	0	219	147	(33)
Recurring EPS	1.1	(0.9)	0.4	(65)	(144)	0	NM	0	3.1	3.0	(3)
Pre Ind AS 116											
EBITDA	220	117	250	14	115	234	7		723	944	30
PAT	95	0	97	NM	NM	88	10		295	398	35
EPS	1.4	0.0	1.3	NM	NM	1	10		4.2	5.3	26
% of operating revenues											
Gross margin	32.9	33.1	35.9	299 bps	277 bps	33.2	268 bps		33.5	33.8	31 bps
EBITDA margin	15.2	11.6	15.4	18 bps	385 bps	13.9	153 bps		14.6	14.1	-51 bps
Material cost	67.1	66.9	64.1	-300 bps	-278 bps	66.8	-269 bps		66.5	66.2	-32 bps
Employee cost	8.5	9.3	8.9	46 bps	-36 bps	8.5	45 bps		8.7	8.6	-6 bps
Other expenses	9.2	12.3	11.5	235 bps	-72 bps	10.9	69 bps		10.2	11.1	86 bps
Income tax rate (% of PBT)	24.4	31.9	21.7	-266 bps	-1012 bps	25.2	NM		24.9	23.3	-163 bps
Pre Ind AS Margins (%)											
EBITDA margin	8.0	3.4	6.6	-135 bps	324 bps	6.2	43 bps		7.4	7.0	-42 bps
PAT Margin	3.4	0.0	2.6	-87 bps	257 bps	2.3	24 bps		3.0	3.0	-7 bps

Source: Company, JM Financial

Exhibit 2. We cut our Pre Ind AS EPS estimates by 1-2% over FY26-28E

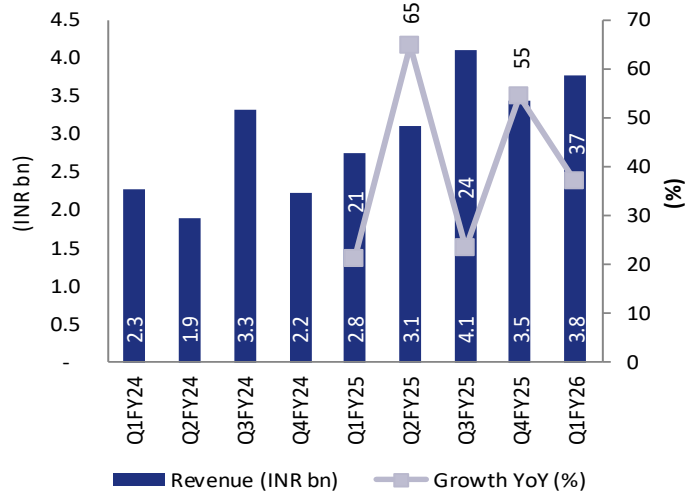
	FY26E			FY27E			FY28E		
	Revised	Earlier	Chg (%)	Revised	Earlier	Chg (%)	Revised	Earlier	Chg (%)
Net revenues	17,985	17,281	4.1	22,602	21,441	5.4	28,069	26,548	5.7
EBITDA	2,735	2,619	4.4	3,555	3,327	6.9	4,549	4,233	7.5
EBITDA margin (%)	15.2	15.2	5bps	15.7	15.5	21bps	16.2	15.9	26bps
APAT	308	316	(2.5)	472	484	(2.3)	858	888	(3.4)
EPS (INR/share)	4.1	4.2	(2.5)	6.3	6.5	(2.3)	11.5	11.9	(3.4)
Pre IND AS									
EBITDA	1,394	1,366	2.0	1,838	1,804	1.9	2,394	2,381	0.5
EBITDA margin (%)	7.8	7.9	-16bps	8.1	8.4	-28bps	8.5	9.0	-44bps
APAT	690	702	(1.6)	999	1,013	(1.4)	1,424	1,447	(1.6)
EPS (INR/share)	9.2	9.4	(1.6)	13.4	13.6	(1.4)	19.1	19.4	(1.6)

Source: Company, JM Financial

Key highlights from concall

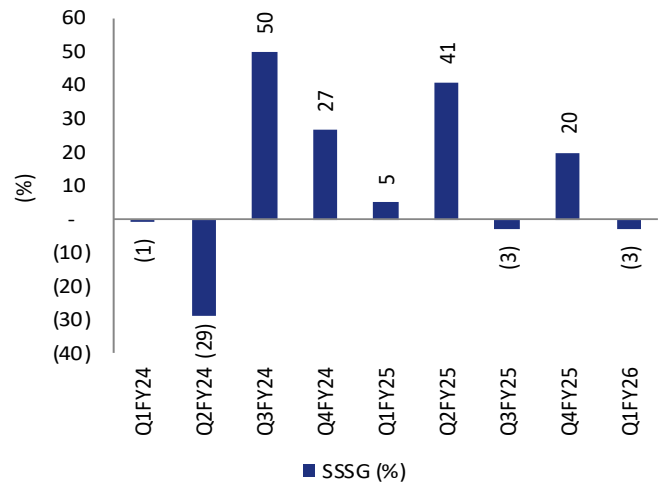
- **Demand:** The management highlighted that underlying demand remains strong. 1Q was impacted on account of advancement of the Eid festival from 1QFY26 to 4QFY25. There has also been a slowdown in some pockets of East India on account of a reduction in demand from people visiting from Bangladesh to Kolkata. It expects demand to pick up in the coming quarters led by a healthy festival season.
- **Guidance for FY26:**
 - **Revenue and Margin** – The company maintains its guidance of (i) 20-25% revenue growth led by 7-8% SSSG, (ii) 7-8% Pre-Ind AS EBITDA margin, (iii) 3-4% Pre-Ind AS PAT margin. On a Post-Ind AS basis, the management expects 14-15% EBITDA margin and 2-3% PAT margin.
 - **Store** – The management is on track to open 40-50 stores; 75-80% of the new store openings will be in Tier 2 and below towns.
 - **Capex** of INR 0.9bn-1bn expected in FY26.
- **Balance sheet** - Debt currently stands at INR 1.6bn and the management targets to reduce it down to INR 1.2bn by end-FY26. It plans to reduce payable days on COGS from 120 to 90 by FY27-28.
- **Payback period:** The company incurs INR 22.5mn-25mn to add one store; INR ~12.5mn towards capex and INR 10mn-12mn for inventory. In Metro and Tier 1 cities, the payback period is ~18 months, while the entire store cost is paid back in 33 months. In Tier 2 and below regions, it usually takes 2-3 months more for the investment payback.
- **Inventory:** Old inventory (2-years old or more) accounts for 2% of the total inventory and is sent back to the warehouse and sold as scrap.

Exhibit 3. Revenue grew 37% YoY to INR 3.5bn



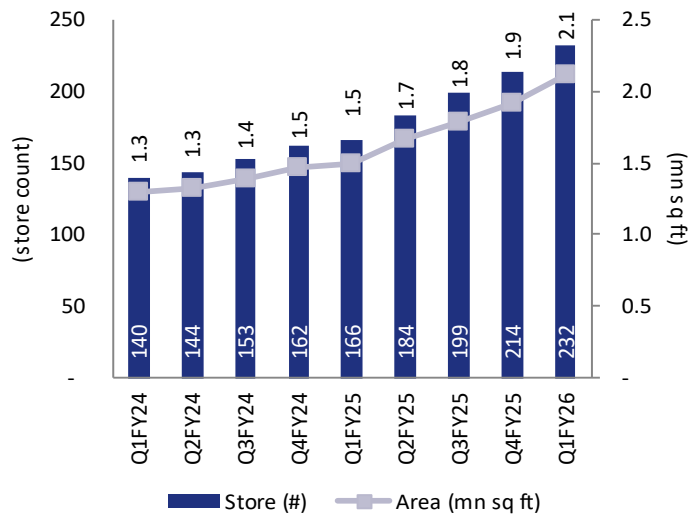
Source: Company, JM Financial

Exhibit 4. SSSG declined 3% in 1Q



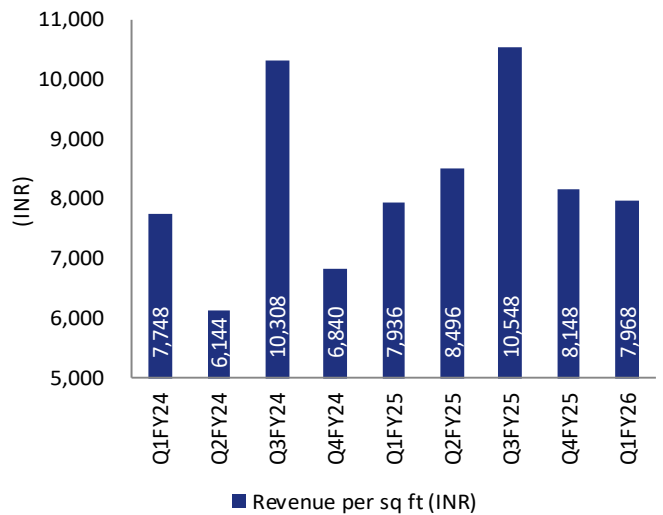
Source: Company, JM Financial

Exhibit 5. Added 18 stores in 1Q



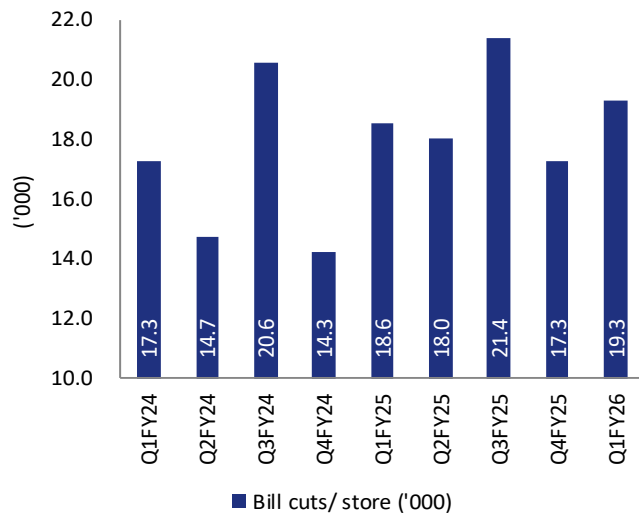
Source: Company, JM Financial

Exhibit 6. Revenue/ sqft remained flat YoY to INR 8k



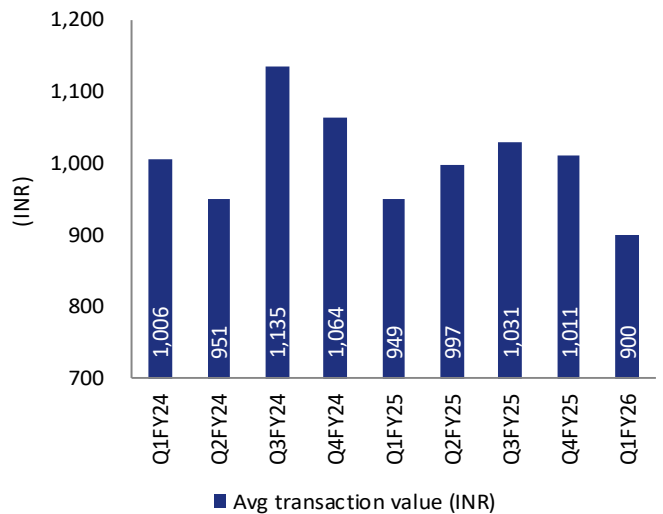
Source: Company, JM Financial

Exhibit 7. Bill cuts per store grew 4% YoY to 19k bills



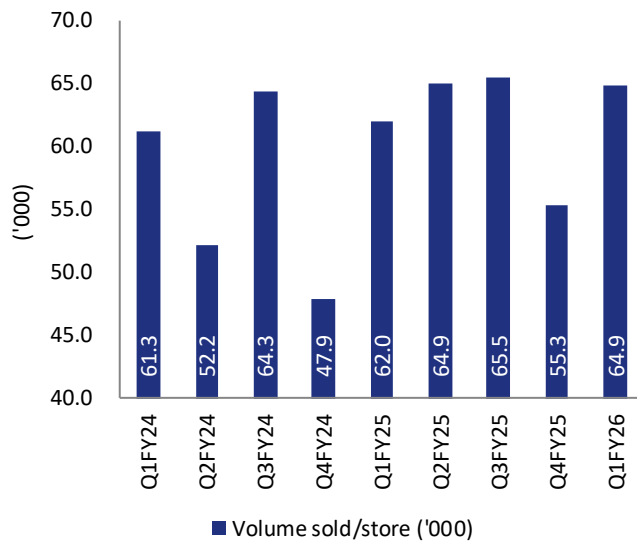
Source: Company, JM Financial

Exhibit 8. Average transaction value declined 5% YoY



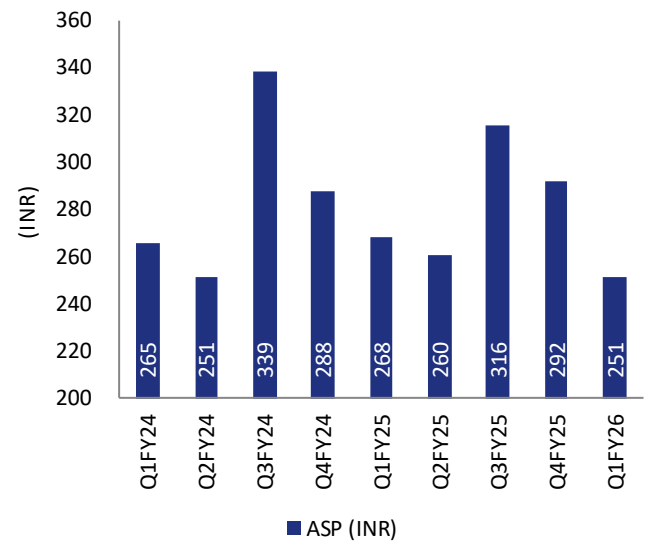
Source: Company, JM Financial

Exhibit 9. Volume sold per store grew 5% YoY



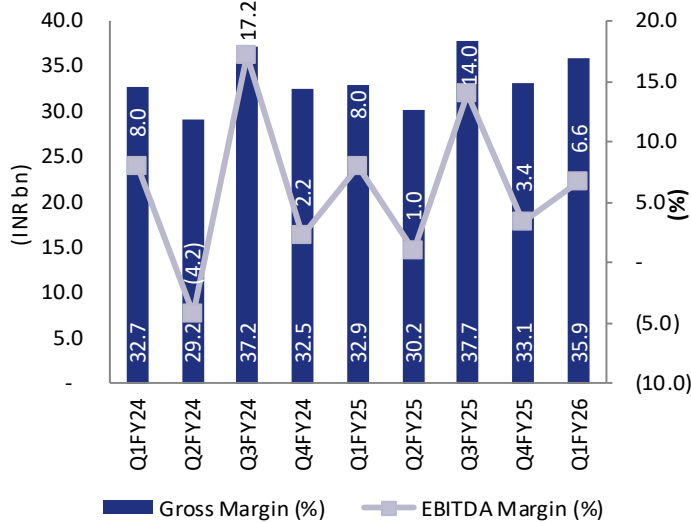
Source: Company, JM Financial

Exhibit 10. ASP declined 6% YoY



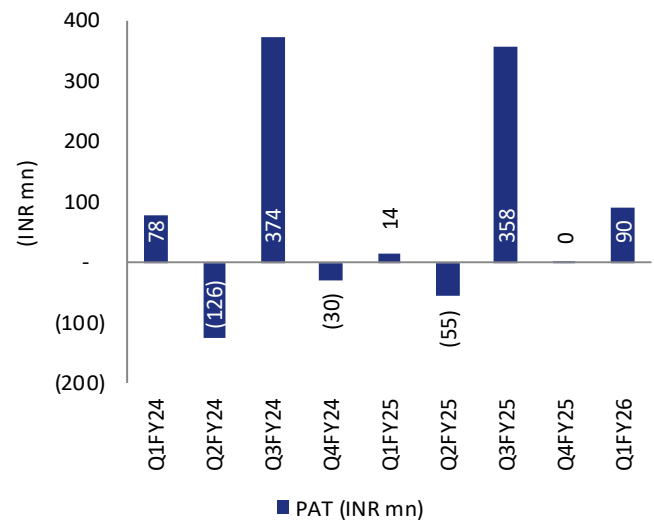
Source: Company, JM Financial

Exhibit 11. GM expanded ~300bps; EBITDAM contracted ~130bps YoY



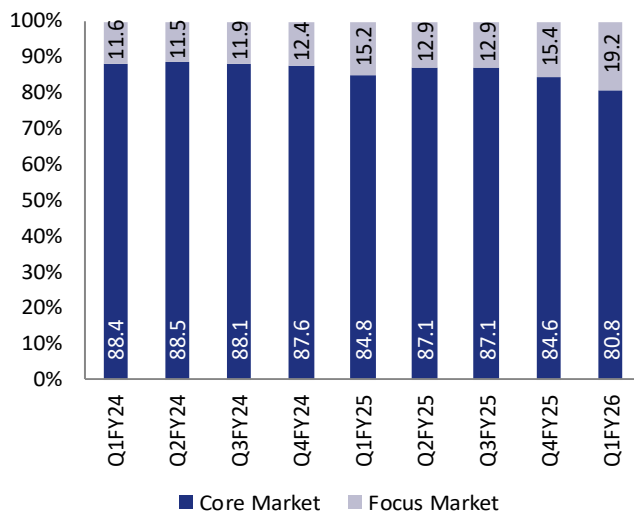
Source: Company, JM Financial; Note: EBITDA Margin is Pre Ind AS 116

Exhibit 12. Pre-Ind AS PAT stood at INR 90mn



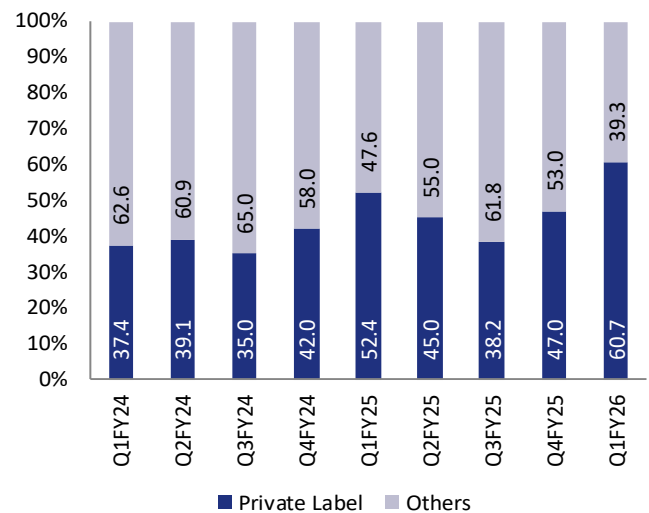
Source: Company, JM Financial; Note: PAT is on Pre Ind AS basis

Exhibit 13. Share of focus market revenue increased ~400bps YoY



Source: Company, JM Financial

Exhibit 14. Private label mix expanded ~830bps YoY



Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	9,729	13,437	17,985	22,602	28,069
Sales Growth	23.5%	38.1%	33.8%	25.7%	24.2%
Other Operating Income	0	0	0	0	0
Total Revenue	9,729	13,437	17,985	22,602	28,069
Cost of Goods Sold/Op. Exp	6,469	8,913	11,816	14,805	18,329
Personnel Cost	845	1,160	1,519	1,906	2,365
Other Expenses	993	1,468	1,915	2,337	2,827
EBITDA	1,421	1,896	2,735	3,555	4,549
EBITDA Margin	14.6%	14.1%	15.2%	15.7%	16.2%
EBITDA Growth	40.1%	33.4%	44.3%	30.0%	28.0%
Depn. & Amort.	735	999	1,433	1,767	2,143
EBIT	687	897	1,302	1,788	2,406
Other Income	99	90	106	123	158
Finance Cost	494	690	996	1,279	1,417
PBT before Excep. & Forex	292	296	412	632	1,147
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	292	296	412	632	1,147
Taxes	73	69	104	159	289
Extraordinary Inc./Loss(-)	0	-81	0	-8	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	219	147	308	465	858
Adjusted Net Profit	219	227	308	472	858
Net Margin	2.3%	1.7%	1.7%	2.1%	3.1%
Diluted Share Cap. (mn)	74.6	74.6	74.6	74.6	74.6
Diluted EPS (INR)	2.9	3.0	4.1	6.3	11.5
Diluted EPS Growth	330.1%	3.6%	35.7%	53.2%	81.6%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	273	189	412	632	1,147
Depn. & Amort.	740	999	1,433	1,767	2,143
Net Interest Exp. / Inc. (-)	485	678	970	1,241	1,345
Inc (-) / Dec in WCap.	-374	-1,299	334	17	-174
Others	-55	84	0	0	0
Taxes Paid	-32	-123	-104	-159	-289
Operating Cash Flow	1,037	527	3,045	3,497	4,172
Capex	-772	-1,028	-974	-1,025	-1,018
Free Cash Flow	266	-501	2,071	2,472	3,155
Inc (-) / Dec in Investments	0	-1	0	0	0
Others	1	1	25	38	72
Investing Cash Flow	-771	-1,027	-949	-987	-946
Inc / Dec (-) in Capital	0	1,752	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	633	-119	-565	-500	-500
Others	-808	-560	-1,465	-1,810	-2,193
Financing Cash Flow	-175	1,074	-2,030	-2,310	-2,693
Inc / Dec (-) in Cash	91	573	67	201	533
Opening Cash Balance	51	141	182	248	449
Closing Cash Balance	143	714	248	449	982

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	2,139	4,037	4,345	4,818	5,676
Share Capital	349	373	373	373	373
Reserves & Surplus	1,790	3,664	3,972	4,445	5,303
Preference Share Capital	4,784	8,297	9,719	11,488	13,286
Minority Interest	0	0	0	0	0
Total Loans	1,786	1,665	1,100	600	100
Def. Tax Liab. / Assets (-)	-154	-213	-213	-213	-213
Total - Equity & Liab.	8,555	13,785	14,951	16,693	18,849
Net Fixed Assets	6,178	10,341	11,774	13,333	14,782
Gross Fixed Assets	2,628	3,623	4,597	5,622	6,639
Intangible Assets	13	44	44	44	44
Less: Depn. & Amort.	800	1,089	1,491	1,972	2,530
Capital WIP	4,337	7,763	8,625	9,639	10,628
Investments	0	40	40	40	40
Current Assets	5,216	6,947	7,415	8,635	10,550
Inventories	4,313	5,215	5,667	6,502	7,690
Sundry Debtors	0	0	0	0	0
Cash & Bank Balances	143	182	248	449	982
Loans & Advances	46	0	1	1	1
Other Current Assets	715	1,551	1,500	1,683	1,877
Current Liab. & Prov.	2,839	3,543	4,278	5,314	6,522
Current Liabilities	2,569	3,108	3,696	4,582	5,614
Provisions & Others	270	435	582	731	908
Net Current Assets	2,377	3,405	3,138	3,321	4,028
Total - Assets	8,555	13,785	14,951	16,693	18,849

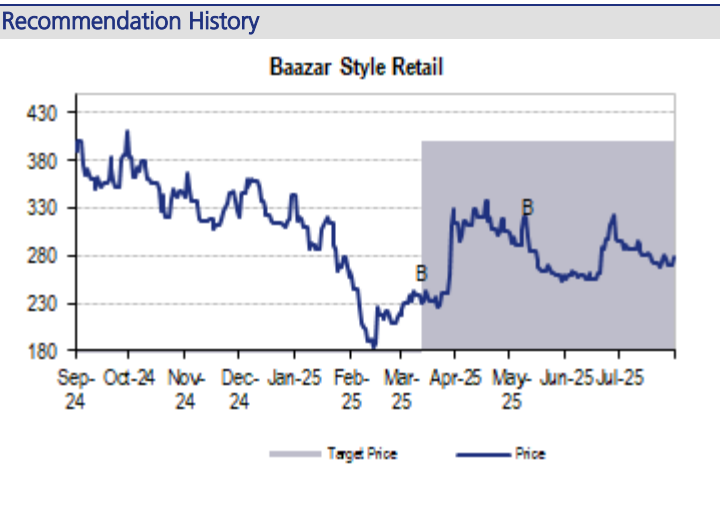
Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	2.3%	1.7%	1.7%	2.1%	3.1%
Asset Turnover (x)	1.2	1.2	1.2	1.4	1.6
Leverage Factor (x)	3.8	3.7	3.5	3.5	3.4
RoE	10.8%	7.4%	7.4%	10.3%	16.4%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	28.7	54.1	58.2	64.6	76.1
ROIC	15.1%	14.9%	18.3%	26.5%	37.2%
ROE	10.8%	7.4%	7.4%	10.3%	16.4%
Net Debt/Equity (x)	0.8	0.4	0.2	0.0	-0.2
P/E (x)	94.9	91.6	67.5	44.1	24.3
P/B (x)	9.7	5.2	4.8	4.3	3.7
EV/EBITDA (x)	15.9	11.8	7.9	5.9	4.4
EV/Sales (x)	2.3	1.7	1.2	0.9	0.7
Debtor days	0	0	0	0	0
Inventory days	162	142	115	105	100
Creditor days	96	84	75	74	73

Source: Company, JM Financial

History of Recommendation and Target Price			
Date	Recommendation	Target Price	% Chg.
17-Mar-25	Buy	400	
15-May-25	Buy	400	0.0



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Chenergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

Research Analyst(s) Certification

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