Baazar Style Retail | BUY

Strong all round performance

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Q2FY26 Performance

- **Revenue -** Baazar Style reported strong **revenue growth of 71% YoY** to INR 5.3 bn. Growth was led by the early on set of festivities leading to a SSSG growth of 22% YoY (19% adjusted for early festive) and ~39% area expansion. Sales density remained robust and grew 22% YoY to INR 10,380 (annualised).

- **Margin** – Reported EBITDA grew 1.8x YoY to INR 691 mn (9% below estimates) as EBITDA margin expanded ~520 bps YoY to 13% (JMFe: 14.3%) primarily led by leverage benefits leading to 170bps/260 bps lower staff cost and opex coupled with 90 bps YoY gross margin expansion to 30.5%. The increase in gross margin is attributed to increase in private label share by 1,270 bps to 57.7% despite 100bps YoY lower general merchandise sales which are margin accretive. **Pre-Ind AS EBITDA grew 10x YoY to INR 333 mn as margins expanded by ~520 bps YoY to 6.3%.**

- **Adjusted profit** was at INR 101 mn led by 73% YoY higher other income despite sharp 88% increase in depreciation expense (higher on account of change in lease accounting) and 7% YoY higher interest cost. The Company during the quarter changed its lease accounting policy leading to an exceptional gain of INR 552.6 mn (INR 413.5 mn net of tax impact) leading to reported PAT of INR 515 mn. **Pre Ind AS PAT stood at INR 155 mn.**

- **Store:** The company added 18 new stores in Q2FY26, taking the total store count to 250 (Retail area – 2.3 mn sq. ft). Average store size of new stores increased by ~8% to 10.2k sq ft in Q2.

Other highlights

- Bill cuts per store increased by ~25% YoY to ~22.5k bills per store while the transaction value per bill increased by ~1% to INR 1,005.

- ASP increased 5% YoY to INR 273.

- Items per basket declined 4% YoY to 3.69 items.

We will come out with a detailed note post the concall scheduled on 11th November, 2025 at 12:00 hours India time. Dial in detail: +91-22-6280 1143/+91-22-7115 8044. Diamond pass

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Exhibit 1. Consolidated quarterly performance

Particulars (INR mn)	Quarterly			Chg (%)	Chg (%)	JMFe		Pre AS 116	Half Year		Chg (%)
	Q2FY25	Q1FY26	Q2FY26	YoY	QoQ	Q2FY26E	Chg (%)	Q2FY26	H1FY25	H1FY26	YoY
Store Count (#)	**184**	**232**	**250**	**66**	**18**	**250**	**-**	**250**	**184**	**250**	**66**
SSSG (%)	**41**	**(3)**	**22**			**22**		**22**	**21**	**10**	
Net operating revenues	**3,109**	**3,779**	**5,317**	**71**	**41**	**5,319**	**(0)**	**5,317**	**5,867**	**9,096**	**55**
Material cost	(2,188)	(2,423)	(3,696)	69	53	(3,697)	(0)	(3,696)	(4,039)	(6,119)	51
Gross Profit	**921**	**1,356**	**1,621**	**76**	**20**	**1,622**	**(0)**	**1,621**	**1,828**	**2,976**	**63**
Employee cost	(291)	(337)	(405)	39	20	(360)	13	(405)	(524)	(742)	42
Other expenses	(387)	(436)	(524)	35	20	(500)	5	(882)	(641)	(960)	50
Total expenditure	(2,866)	(3,196)	(4,625)	61	45	(4,557)	2	(4,983)	(5,204)	(7,822)	50
EBITDA	**244**	**582**	**691**	**184**	**19**	**762**	**(9)**	**333**	**664**	**1,274**	**92**
Other income	22	29	38	73	30	20	88	28	53	67	25
Interest	(159)	(235)	(170)	7	(28)	(242)	(30)	(42)	(300)	(405)	35
Depreciation	(225)	(340)	(422)	88	24	(355)	19	(113)	(434)	(762)	76
Pretax profits	**(119)**	**36**	**137**	**NM**	**279**	**185**	**(26)**	**206**	**(18)**	**173**	**NM**
Tax	29	(8)	(35)	NM	348	(47)	(26)	(51)	5	(43)	NM
Adj. PAT	**(89)**	**28**	**101**	**NM**	**259**	**138**	**(27)**	**155**	**(13)**	**130**	**NM**
Extraordinary items	-	(8)	414			-			(81)	406	NM
Net profit (reported)	(89)	21	515	**NM**	2,405	138	**273**	155	(94)	536	NM
Recurring EPS	**(1.2)**	**0.4**	**1.4**	**NM**	**259**	**2**	**(27)**	**2**	**(0.1)**	**1.7**	**NM**
Pre Ind AS 116											
EBITDA	32	250	333	927	33	427	(22)		252	584	131
PAT	(55)	97	155	NM	NM	225	(31)		40	253	525
EPS	(0.7)	1.3	2.1	NM	NM	3	(31)		0.6	3.4	439
% of operating revenues											
Gross margin	**29.6**	**35.9**	**30.5**	**85 bps**	**-541 bps**	**30.5**	**-3 bps**		**31.2**	**32.7**	**156 bps**
EBITDA margin	**7.8**	**15.4**	**13.0**	**516 bps**	**-241 bps**	**14.3**	**-133 bps**		**11.3**	**14.0**	**269 bps**
Material cost	70.4	64.1	69.5	-86 bps	540 bps	69.5	2 bps		68.8	67.3	-157 bps
Employee cost	9.3	8.9	7.6	-173 bps	-131 bps	6.8	85 bps		8.9	8.2	-77 bps
Other expenses	12.4	11.5	9.9	-259 bps	-169 bps	9.4	45 bps		10.9	10.6	-36 bps
Income tax rate (% of PBT)	24.7	21.7	25.7	102 bps	398 bps	25.5	NM		26.4	24.9	-155 bps
Pre Ind AS Margins (%)											
EBITDA margin	1.0	6.6	6.3	522 bps	-36 bps	8.0	-177 bps		4.3	6.4	211 bps
PAT Margin	(1.8)	2.6	2.9	467 bps	34 bps	4.2	-131 bps		0.7	2.8	209 bps

Source: Company, JM Financial

APPENDIX I

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Rating	**Meaning**
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	**Meaning**
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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.

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