

Baazar Style Retail | BUY

Strong revenue performance led by store expansion

- **Revenue growth of 37% in Q1FY26:** Revenue grew 37% YoY to INR 3.8 bn (6% above our initial estimate). It clocked -3% SSSG in Q1FY26, while after adjusting the impact of Eid, SSSG stood at 11% in Q1.
- **Sales per sq ft remains largely flat YoY:** Sales per sq ft in Q1 grew 0.4% YoY to INR 664 per month, which is INR 8k on an annualised basis.
- **Added 18 stores in Q1FY26:** Company added 18 stores in Q1FY26 to total 232 stores by the end of Jun-25 (in line vs. our initial estimate). Total rental area stood at 2.1 mn sq ft as on 30th Jun-25. Average store size of new stores increased by ~20% to 10.7k sq ft in Q1.
- **We estimate ~180 bps YoY EBITDA margin (Pre Ind AS) contraction** in Q1 to 6.2% despite ~30bps YoY gross margin expansion due to weak operating leverage. Accordingly, EBITDA (Pre Ind AS) is expected to grow 6% YoY to INR 234 mn and report a PAT of INR 88 mn (7% decline YoY). EBITDA per sq ft is expected to decline by ~22% YoY to INR 116 per quarter.



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Exhibit 1. Consolidated quarterly performance

Particulars (INR mn)	Quarterly			Chg (%)	Chg (%)	Full Year		Chg (%)
	Q1FY25	Q4FY25	Q1FY26	YoY	QoQ	FY24	FY25	YoY
Store Count (#)	166	214	232	66	18	166	232	66
SSSG (%)	5	20	(3)			10%	13%	
Net operating revenues	2,758	3,454	3,777	37	9	9,729	13,437	38
Material cost	(1,851)	(2,310)	(2,523)	36	9	(6,471)	(8,895)	37
Gross Profit	907	1,143	1,254	38	10	3,258	4,542	39
Employee cost	(233)	(321)	(320)	37	(0)	(845)	(1,160)	37
Other expenses	(254)	(423)	(410)	62	(3)	(991)	(1,486)	50
Total expenditure	(2,338)	(3,055)	(3,253)	39	6	(8,307)	(11,541)	39
EBITDA	420	399	524	25	31	1,422	1,896	33
Other income	31	18	20	(36)	13	99	90	(10)
Interest	(141)	(217)	(225)	60	4	(494)	(690)	40
Depreciation	(209)	(294)	(315)	50	7	(735)	(999)	36
Pretax profits	101	(94)	4	(96)	(104)	292	296	1
Tax	(25)	30	(1)	(96)	(103)	(73)	(69)	(5)
Adj. PAT	76	(64)	3	(96)	(105)	219	227	4
Extraordinary items	(81)	-	-			-	(81)	
Net profit (reported)	(4)	(64)	3	(171)	(105)	219	147	(33)
Recurring EPS	1.1	(0.9)	0.0	(96)	(105)	3.1	3.0	(3)
Pre Ind AS 116								
EBITDA	220	117	234	6	100	723	944	30
PAT	95	0	88	NM	NM	295	398	35
EPS	1.4	0.0	1.2	NM	NM	4.2	5.3	26
% of operating revenues								
Gross margin	32.9	33.1	33.2	31 bps	9 bps	33.5	33.8	31 bps
EBITDA margin	15.2	11.6	13.9	-136 bps	231 bps	14.6	14.1	-51 bps
Material cost	67.1	66.9	66.8	-32 bps	-10 bps	66.5	66.2	-32 bps
Employee cost	8.5	9.3	8.5	0 bps	-82 bps	8.7	8.6	-6 bps
Other expenses	9.2	12.3	10.9	166 bps	-141 bps	10.2	11.1	86 bps
Income tax rate (% of PBT)	24.4	31.9	25.2	79 bps	-666 bps	24.9	23.3	-163 bps
Pre Ind AS Margins (%)								
EBITDA margin	8.0	3.4	6.2	-178 bps	281 bps	7.4	7.0	-42 bps
PAT Margin	3.4	0.0	2.3	-111 bps	232 bps	3.0	3.0	-7 bps

Source: Company, JM Financial

APPENDIX I

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