SEC/36/2026-27 July 28, 2026

To,

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001. **Stock Code : 532638**	National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. **Stock Symbol : SHOPERSTOP**

Dear Sir / Madam,

Sub: Transcript of Analyst/ Earnings Conference Call – Disclosure under regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

We refer to our intimation dated July 15, 2026 bearing ref. no. SEC/27/2026-27, informing about the analyst / investors conference call scheduled on Thursday, July 23, 2026 at 11:00 a.m. IST to discuss the corporate performance for the quarter ended June 30, 2026 ("Earnings Conference Call").

In continuation of the above and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the transcript of the said Earnings Conference Call.

The transcript is also available on the corporate website of the Company and can be accessed using the link https://corporate.shoppersstop.com/investors/transcript-conf-call/.

Kindly take the same on records.

Thank you.

Yours faithfully,
For Shoppers Stop Limited

RAKESHKUMAR SANWARMAL SAINI
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“Shoppers Stop Limited
Q1 FY27 Earnings Conference Call”
July 23, 2026

Management:	**Mr. Kavindra Mishra** – Customer Care Associate, Managing Director and Chief Executive Officer – Shoppers Stop Limited **Mr. Pankaj Chaturvedi** – Customer Care Associate and Chief Financial Officer – Shoppers Stop Limited
Moderator:	**Ms. Deepali Kumari** – Arihant Capital Markets

Moderator: Ladies and gentlemen, good day, and welcome to the Shoppers Stop Limited Q1 FY27 Earnings Conference Call hosted by Arihant Capital Markets Limited. As a reminder, all participant 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Ms. Deepali Kumari from Arihant Capital Markets. Thank you, and over to you, ma'am.

Deepali Kumari: Thank you. Good morning and thank you all for joining us on Shoppers Stop Q1 FY27 Earnings Conference Call. Today, we have with us the senior management represented by Mr. Kavindra Mishra, Customer Care Associate Managing Director and CEO; and Mr. Pankaj Chaturvedi, Customer Care Associate and Chief Financial Officer.

We will begin the call with the opening remarks from the management, after which we will have the forum open for the interactive Q&A session. I must remind you that the discussion in today's earnings call may include certain forward-looking statements and must be viewed, therefore, in conjunction with the risks that the company faces. Please restrict your questions to the quarter performance and to strategic questions only. Housekeeping questions can be dealt with separately with the IR team.

I would now request Mr. Kavindra Mishra for the opening remarks. Thank you, and over to you, sir.

Kavindra Mishra: Thank you, Manav and Deepali. Good morning, all. I'm joined with Biju and Mahesh in addition to our colleagues from finance team; Pankaj, our CFO; JP and Rohit. We have uploaded the investor presentation on our corporate and stock exchange website.

Let me start with talking about the current operating environment. We have seen a pickup in demand from mid-February and it sustained through Q1, and the momentum continues in July as well. While geopolitical uncertainties persist, consumer demand trends remain encouraging and resilient. When we spoke last time, we had anticipated a more significant supply chain disruption in Q3.

However, I'm happy to share that it looks better than what we had initially thought. All our key brand partners are well secured with their supplies and providing confidence in inventory availability and readiness for the festive season, which I think is a very, very important and significant development for us.

We'll now move to the key highlights for the quarter and then talk about the way forward. I'm pleased to report that the consolidated top line for Q1 FY27 grew by 10%. The EBITDA grew by 40% and most importantly, PAT turned positive at Rs 5 crores versus a loss of Rs 4 crores in Q1 FY26. Our last year results, basis GAAP included one-off gain of Rs 5 crores in other income on account of reversal of ROU liability attributed to store closures. Excluding this, the loss reduced by Rs 7 crores Y-o-Y.

Let me talk about the individual verticals, starting with update on departmental store business. The LFL business for departmental stores grew by a healthy 6% this quarter with a total growth of 7% in spite of uncertain macroeconomic scenario. Our focus on executing the constant messaging of premiumization and experiential retailing has started striking a chord in consumers' mind. Our customer entry grew by 3% for like-for-like stores and overall growth of 8.5%.

We had the highest ever additions to our First Citizen loyalty program with 2.4 lakh new recruitment. The premium end of our loyalty, which is our Black Card program has reported the highest ever enrolment, 18,000 new recruitments and highest ever renewals of 21,000, which is a renewal rate of around 69% demonstrating deep value proposition from a consumer perspective besides personalized service standards.

The total loyalty membership base grew to 13.8 million. The total contribution the first quarter was 85%, which is the highest ever with a repeat rate of 69%. Noticeably, our numbers across the loyalty program metrics have grown over last quarter.

With constant focus, the premium portfolio contribution in stores improved by 490 basis points, and they stand now at 72%. And the ATV for the quarter has gone up by 10%, which now stands at Rs 5,704, showing core operational strength. Our personal shopper program, which is central to our experiential retail strategy is now contributing 26% to our revenue. Sales generated through personal shoppers grew by 12% with total sales reaching Rs 321 crores.

As a part of our premiumization strategy, we have always talked about the 5 power categories. The top 5 power non-apparel categories continue to outperform. Watches grew by 24% Y-o-Y, handbags grew by 18%, fragrances by 17%, sunglasses by 12% and footwear by 9%. We opened 2 departmental stores during the quarter: Inorbit Vizag and Pavilion Mall. And we have had one more store opening in July, which is at Sindhu Bhavan in Ahmedabad, taking the YTD store openings to 3. In line with our strategy, these are upmarket stores with elevated designs, modern ambience and premium assortment.

Now let me talk about the private brand business. Private Brands continues to be a strategic key pillar for us in terms of offering differentiated range and covering the gap for a set of categories. We shall continue to focus on driving productivity and improving profitability through premiumization and rationalizing discounts.

In my earlier quarter speeches, I had spoken about launching of FRATINI Girl as a premium private brand. The success of the same has now encouraged us to drive premiumization in brands like Kashish and Bandeya, and we'll see a positive impact of the same in coming festive season.

We have launched Premium Bandeya 2.0 collection in 25 stores, and initial results are very encouraging. Interestingly, we'll also be announcing a major collab with one of the leading fashion houses for one of our private brands. We will be talking about it in the coming quarter. During the quarter, we also optimized our private brand inventory by 11% vis-a-vis last year.

Let me talk about the Beauty business now. The company's Beauty business, including Global SS Beauty, delivered revenue of Rs 327 crores during the quarter, registering a healthy year-on-year growth of 15% led by fragrances, which grew by 34%. With consistent efforts and new initiatives, including MAC loyalty program and pushing exclusive services, we saw a turnaround in Estée Lauder business with a 4.3% like-for-like after 5 consecutive quarters of LFL decline.

Our Beauty distribution business continued its strong growth trajectory, generating revenue of Rs 129 crores, which is equivalent to Rs 200 crores of GMV with a stellar 53% growth Y-o-Y. During the quarter, we launched 1 boutique each of NARS and Shiseido, taking the total number of premium boutiques to 9. We right now have 4 Armani, 3 NARS, 1 Prada and 1 Shiseido stores.

The performance underscores Beauty as a strategic pillar for Shoppers Stop, aiming high growth through strategic partnerships, digital acceleration and store expansion.

With all these concentrated efforts across verticals, the core business delivered an EBITDA of Rs 48 crores, which is showing an increase of 18% Y-o-Y.

Now let me talk about the new initiatives, starting with INTUNE business. Our continuous commentary last year on INTUNE was that we need to stabilize the operations, improve the unit economics and liquidate the old inventory before we start seeing the growth in business. I'm happy to share that the execution of the business has started showing initial pickup. We recorded revenue of Rs 82 crores with a Y-o-Y growth of 21%, while the like-for-like growth was at 10% after 4 consecutive quarters of decline.

Relentless focus on inventory freshness through in-season clearance and online accessibility helped us in reducing inventory by Rs 34 crores Y-o-Y and a further reduction of Rs 11 crores vs March '26. Business is currently operating at an optimal inventory level of 13 weeks cover. We are confident of having a similar discipline in coming months, driven by improved full price sell-through, robust supply chain and more frequent drops.

The structured CRM outreach drove improvement in key KPIs. Repeat customer mix improved to 45% and items per ticket sustained at 3.8. I'm also happy to share that Mahesh Nagadev has joined us as Head of INTUNE business, with extensive experience at Trent and Max, he brings deep retail expertise and I'm confident he will lead INTUNE through its next phase of growth, scale and profitability.

Let me talk about the E-comm business. Our investments and efforts over the last year on improving the UI/UX and integrating the site have started showing initial results. We grew by 58% over Q1 last year. Interestingly, we are seeing the impact of premiumization online as well.

Our average bill value grew by 6% and power categories like watches led growth, reflecting the premium behaviour of our consumers across channels, both offline and online. As planned, we have completed the integration of SSBeauty.in with ss.com platform, which will deliver significant cost savings and operating leverage in the coming quarters.

Now I will talk about the store expansion and financial discipline. We maintained a disciplined and prudent capital allocation approach during the quarter with a strong focus on driving returns and strengthening the balance sheet. During the quarter, we opened 8 stores, 2 departmental stores, 4 Beauty and 2 INTUNE alongside, 2 M.A.C shop-in-shops. Total inventory was optimized by Rs 80 crores Y-o-Y and by Rs 36 crores vs March '26. As stated before, we are on track to be debt-free by end of FY27.

Let me throw some light on the usage of AI. Over the past couple of years as an organization, we have been working a lot on both machine learning language and AI in various parts of our business. Within Shoppers Stop, we look at AI with 2 perspectives: Revenue generation and Cost. Under revenue generation, our focus is on personalization and targeting the customer activation. Usage of camera vision to improve conversions and store layouts and recommendations and focusing on the personal shopper app.

Under cost mitigation, our focus is on sharpening the back-end systems and processes. And lastly, the inventory planning and optimization through demand forecasting. We'll keep on discussing the impact of AI and how it is improving our efficiencies as we go forward in the coming calls.

In the last, let me talk about the way forward for business. First is we'll continue to double down on premiumization as a strategy. Premiumization as a strategy has started delivering results on ground for us. As we see, we have become the first port of call for almost any premium brand coming to India, and we are using this strength to work with strategic partners to drive efficiency. We'll be launching 2 exclusive Swiss watch brands within Shoppers Stop in the coming quarter, which is quarter 2, which demonstrates our commitment to the strategy.

Focus on growing consumer walk-ins. We have built on this in Q1 and past quarters, and we'll continue to work on the same. To make Shoppers Stop brand aspirational and stand out for experience innovation is something which we'll continue to work on with all our GTMs, which we keep on talking about. Drive expansion of the brand in key markets in premium malls.

I'm delighted to share that our repositioning efforts have started yielding results, and we are increasingly becoming a department store of choice with some of the leading mall developers. We are on track to reduce losses in INTUNE business substantially. The same will be reflecting from Q2 onwards. And finally, we remain committed to inventory optimization and operational rigor. Our commitment to become debt-free by end of FY27 remains in place, and we are 100% sure to achieve that.

With this, I would like to open the floor for an interesting Q&A session. Thank you.

Moderator: We have our first question from the line of Sucrit Patil from Eyesight Fintrade.

Sucrit Patil: I have 2 questions. The first question to Mr. Mishra. Just to understand the forward guidance, what is Shoppers Stop's strategic road map for balancing its premium brand positioning with the need to attract younger audience, value-conscious customers, especially given the challenge of rising competition from online platforms and changing consumer habits? That's my first question. I'll have the second question after this.

Kavindra Mishra: Sucrit,if I understand correctly, the question was how are we balancing our premiumization strategy with competition online? Is that the question -- if that's the question, as I correctly understand, then our stated intention is to be the aspirational bridge to luxury departmental store, omnichannel store for the young Indian family, right, which means that we'll continue to premiumize.

We will continue to bring more and more exclusive brands within the ambit of Shoppers Stop. So, I don't see where we are actually directly competing with the e-com players because a lot of consumer behaviour is very different from what we are trying to drive.

We are looking at a little bit more mature customer, maybe the age which is around 30-ish year of age, and that's the young family we are targeting as a strategic thing. For our younger customers, we want to be relevant. So, our current association with HYBE, which is one of the -- which is the leading group, which has created brands like BTS and yes, like leading Korean brands.

So, we obviously are working with them to create that particular consumer and be attractive to them. But fundamentally, as a business, we want our customers to come to us to satisfy the aspiration which are rising and which are more towards the premium side of business rather than only a value or around that piece as well.

Sucrit Patil: My second question to Mr. Pankaj is again, a forward-looking one. With store expansion, omnichannel investment and rising operating costs, what are the key financial levers you are using to sustain profitability while funding growth?

Pankaj Chaturvedi: See, we are very focused on our capital deployment. So, if you see, we have grown our cash from operations for EBITDA on a Y-o-Y basis. We've given our guidance of opening 9 to 10 department stores every year. We also mentioned that we'll go cautious on our value format, which is INTUNE. Once we stabilize the profitability, get the unit economics right, then we'll expand on that.

On the online part, we are optimizing the cost by integrating our various online platforms. So, you will see a turnaround there as well. As far as the funding is concerned, our internal accruals are going to be sufficient to meet this expansion strategy that I just mentioned.

And apart from that, we are also investing in our subsidiary company, which is GSSBB, which is also doing very well. So, the returns on that investments are also very healthy. So even with all the capital deployment that I spoke about, the investments that we continue to do in stores and the subsidiary companies, we plan to be debt-free by the year-end. Did I answer your question?

Sucrit Patil: Yes, yes.

Moderator: We have our next question from the line of Sameer Gupta from India Infoline.

Sameer Gupta: First of all, congrats on a good set of numbers. First question, sir, is on Beauty. Now if I exclude the distribution revenues, the beauty sales is flat. And if I even look at the last year or a few years before that, the contribution has actually not increased. In fact, if I look at 2 years back, it was slightly higher than what it is today.

So, I just wanted to understand, I mean, this is a category where premiumization as a lever probably is higher. We have had a head start in this category creating it. Is it like online -- the large bulk of the audience has now shifted online and the online players like Nykaa, they are able to market it better with influencers or how to use categories, etcetera, where we are lacking? Or is it just Estée Lauder an issue?

I heard you said that it has finally come to LTL growth after 4-5 quarters. So, is it a brand-specific issue or something lacking in our proposition? Any turnaround that you can basically guide towards will be helpful.

Kavindra Mishra: Thank you, Sameer, for the question. So, I think there are 2 or 3 parts of this, how I would like to address it. So obviously, let's assume that we are keeping the GSSB business aside for a minute, and we're only talking about the retail business, right?

Now if I look at the retail business, which basically means the departmental store business and then the business which is there in our stand-alone Estée Lauder doors, so the departmental store business continues to grow. In fact, the non-ELCA business for us is growing by around 10%. So, we see a healthy growth there.

When you look at the base of Estée Lauder stand-alone doors, there are 2 parts of it. One is we have shut around 14-odd stores over the last year or so, which sits in the base and where you don't see a growth. But if I look about stores which are existing, we are actually growing by 4% like-for-like.

So, in our minds, the challenges are more towards -- or we have taken out the nonperforming stores of Estée Lauder focusing on what we have and growing that business, that's one. The non-ELCA business actually is growing really, really well. So, we spoke about the fragrances business, the overall growth there. I think in the departmental stores -- the non-ELCA business is growing around 10%. So, we see strong growth there.

Sameer Gupta: Sorry, I didn't get that term that you're using. It's just departmental stores that you're talking about, right, which are going well.

Kavindra Mishra: Yes. So, the department stores are doing well. The non-Estée Lauder business is growing well by 10% or so. Estée Lauder business has also turned around and now is growing. The reason why you see there is no growth or the numbers look flattish is because we have shut around 14 stores over last year, which are sitting in the base.

Sameer Gupta: All I can remember is that department store still used to be like 80%-90% of our beauty sales at some point in time. So, is that still the case? Or has the salience kind of in between gone up for the SIS or the stores?

Kavindra Mishra: So, I think, Sameer, there is some I mean, maybe there's some misunderstanding there. The Estée Lauder stores actually and especially for the Estée Lauder business, the stand-alone doors always had a 50-50 kind of contribution.

Sameer Gupta: Yes, maybe I'm misconstruing. I think the overall revenue piece was 90%, not just beauty, sorry about it. But is this 50-50 now materially shifted towards department? Or is it like still a healthy 60-40 or something like that?

Kavindra Mishra: No. So it is, a, shifting towards department; we are also within the department store building the non-Estée Lauder business. So, while the Estée Lauder continues to be an important partner for us, and we are growing that business. As I said that we are not seeing a like-for-like growth there. We are also building the non-Estée Lauder portfolio to balance the whole mix.

Sameer Gupta: Sure. And just last one bookkeeping here. If you could also give me the salience of Estée Lauder versus non-Estée Lauder within Beauty across the whole, I mean, whichever way you analyse?

Kavindra Mishra: So, it will be around 60% would be non-Estée Laude and around 40% would be Estée Lauder.

Sameer Gupta: Okay. Okay. And when you say 40% Estée Lauder, it will include the Estée Lauder, which is sold across department stores also?

Kavindra Mishra: Across departmental stores, across stand-alone doors. So, what's happening now is that the non- Estée Lauder piece anyway is growing very fast. The Estée Lauder business within departmental store is growing, but we are also seeing a turnaround in the Estée Lauder stand-alone doors.

Sameer Gupta: Got it. And the marketing of these brands is not under you. They are individually marketed by the brands themselves in India?

Kavindra Mishra: Yes, of course.

Sameer Gupta: Okay. Got it. Fair enough.

Kavindra Mishra: Like other partnership with any other fashion player, for example, right?

Sameer Gupta: Yes, yes. I just remember that at one point of time, it was an exclusive partnership with Shoppers, but of course, times have changed. Yes. Second question, I'm sorry, I took a long time on this. If I can squeeze another question with your permission.

Kavindra Mishra: Yes, please ask.

Sameer Gupta: So, second is on INTUNE. So last quarter, we had said that we need a sales throughput to go up by around 25% to 30% for us to be back in terms of store additions spree. And first half, probably we would not see any store addition. Now this quarter is 10% healthy LFL. Is there any change in the strategy here? Or are we still saying that it's still a wait and watch in terms of store additions and you probably would want to look at this full year before committing any store additions here? Or like is there any change? I mean, that's the question.

Kavindra Mishra: Okay. So, 2 parts to that, Sameer. As you rightly said, we have grown by 10% like-for-like, right, in Q1. We had said that we should be doing around 20%. So, there are parts of it. So, the mall stores for us and the like-for-like stores actually are very close to what we wanted. It is the high street where we need to still see that pickup happening to the extent which we want.

My sense is, as we initially guided in the last call is that we will take the first 6 months to stabilize and see the operational pieces are in place before we take a call on this. I think the guidance remains same on that. We are focusing on improving the productivity. And with Mahesh coming also, I think there's a lot of action happening there. We would be in a much better space to answer this question in the next call, but we are in the right direction.

So, the problems which INTUNE had over the last year, which was the inventory specifically the inventory and then operational issues, I think we have been able to link those. The inventory is much fresher. The operational strength has come in place.

We are seeing that the KPIs, which are an important reflection on whether you are running the business well or not are all in a much more positive sense. So, we are in a good direction. I think we have got a good set of sourcing. We have got around 90 stores right now. That's a good number to fix these things.

And we will see this business is important, and it will see a big growth from our side. We just need one more quarter to demonstrate internally that what we are doing is right and that we are there. Once all those problems are fixed, which my sense is where we are, but we want to wait for another quarter or so before giving a guidance on store openings in INTUNE.

Sameer Gupta: Only one follow-up here, Kavindra. So basically, why I'm asking this is because, let's say, in first half, all your metrics are satisfied. But would you still want to wait for an autumn/winter season before going ahead plus you are targeting a net cash by FY27.

So, from a company perspective, also you might be in a better position or a comfortable position in accelerating store additions here from next year onwards rather than middle of this year. That was the only thing, even if you achieve the metrics that you're targeting, that was the thought.

Kavindra Mishra: No, no, I think it's a good thought. I don't think even if we have to open 5 to 10 stores in Q4 of FY27, that should not be a problem for us. Because there are cost reductions and productivity happening across the board in the organization. So, if we have to invest also maybe of 5 or 10 stores with the investments which are there in INTUNE, it's a much lesser. Opening 10 INTUNE stores is equivalent to opening 1 Shoppers Stop.

So, one more Shoppers Stop. So, I don't see that as an issue, Sameer. I don't see that as an issue. Obviously, it will not open in Q3, but we already have identified the spaces and all. We are just waiting for our internal numbers to improve little more before we move into the next one.

Moderator: We have our next question from the line of Ankit Kedia from Phillip Capital.

Ankit Kedia: Sir, my first question is on Beauty distribution business. This business is continuously growing at 40%-50%. How much more investment is needed because our stand-alone entity is continuing to fund this business through equity. So, what's the medium-term target in this business? Can we see margin expansion here given that it's more of a B2B business, can the profitability of the business improve from what we are seeing today?

Biju Kassim: So, I'll take the second part of the question. The growth has been quite robust. And if you think about it, the base was small. So, I think initially, we achieved about 100% growth, but we are now settling at about 50%, 53%. It is a function of 2 sets. One is existing brands and one is new brands and existing brands are growing quite healthy as well, along with the new brands that's coming on board.

On the financial side, margin expansion, I think we are at a relatively strong and good level because we have a strong mix of organized and maybe a little bit unorganized channel. So, I would say, yes, there could be, but it's not going to be significant. The margin element will play around there.

We also have plans to invest around RS 40 crores in this year. And currently, we have healthy ROCEs of about 16% to 17%. So as of now, I think all the moving pieces are factored, and we are looking quite comfortable in terms of continuing this type of growth or maybe even slightly more as we move into the festive period.

Ankit Kedia: And from the medium term, if I have to ask, what could be the target, say, for FY29 for this business?

Biju Kassim: Well, you know what I would leave it to your judgment. This is what we have tried to achieve because there are multiple factors. So, I just don't want to cloud your judgment or our judgment based on that. It's a very strong -- it's a business that has got very strong opportunities, but it's also dependent on the macro elements and based on the industry movements. So, I think we look to have high double-digit growth. But beyond that, I wouldn't want to make a statement at this stage.

Ankit Kedia: So typically, when the brands on board, is there a time frame for these brands to be exclusive with Shoppers Stop or they can go with your competitors any time the deals can be modified for you? And how much is the lead in the sense if there are more brands which you are targeting, typically, how much time frame does it take to close the deals with this brand to be exclusive distributor partnership for India?

Pankaj Chaturvedi: So, the exclusivity element is a conscious call. There are brand partners who are long term, serious and wanting to build their brands at a very strong level in the country. And India has been globally a very, very important market. But unfortunately, the progression has been a little slow. So, it's a mixed bag.

Some of the partners who have been here for a very long period have not seen really dramatic growth. But we believe that we are at the cusp of that next big wave. So and partners also believe so because if you look at many other markets, most of the markets are either stagnant or degrowing, China under pressure. So technically, globally, all the international and important brands, serious brands see India as the next big growth engine.

Having said that, exclusivity is a norm that we prefer to get into because at the end of the day, there is so much of good work and strong work that needs to be done and we can't have distraction. So, we prefer and very, very rare, we take nonexclusive distribution.

In terms of the horizon, it's normally between 3 to 5 years because there are elements that need sustained investments. And that is the reason why we think that an exclusive midterm period is very, very important. To your point, yes, on the landscape, there are other partners, other competitors who are also pitching and bidding for brands.

But honestly, in the last 3 years, we have really managed to secure much more than what the competition has. Having said that, yes, we are quite cognizant of the landscape and beauty as an industry is really getting quite interesting. So that will always have a healthy level of competition.

Ankit Kedia: And with you any brands which you onboarded 3 years back, which have come for renegotiations, and you have won them back or you have lost them? If you can just share some examples.

Biju Kassim: Well, I can only tell you that we have continued to have good success. In fact, brand partners who started with 1 or 2 brands have given us multiple more brands. At this point in time, it's looking to be quite strong and healthy.

And as I said, fundamentally, we are as a group, we are always focused on something that is long-term sustainable, and we have believed in long-term partnerships. And this is a reflection that we give and the comfort that we have given so far makes us look like a preferred partner for the long term.

Ankit Kedia: My second question is for Kavi. Kavi, can you share some cost-saving measures for this year, which you have undertaken? One is the SSBeauty cost savings, which could come in dot com, which could come in. At the store level, I see a lot of the retail area has increased versus the back-end area in some of the stores. So how does that help in profitability with higher retail space, productivity improvement vs profitability?

Kavindra Mishra: Thanks, Ankit. This is the favourite topic, which we keep on discussing continuously within the system because for us, space is the resource and how we optimize it is something that is super important. So, if I just go 2 years back and when we started talking about private brands and the role which each of the categories play, we said for us, the GMROF is the most important criteria. So, we actually went through with a toothcomb and we looked at all our portfolio and said there are certain categories, certain brands which are not adding value to us.

For example, menswear, private brands is something except Bandeya, which does really well. We figured out that menswear is something where we need to optimize. So, we have actually converted a lot of those spaces into brands. In fact, I just hinted upon a partnership also we'll be announcing in the coming month or so with one of the leading fashion houses who will start working in our brand as a collab.

So, I think a lot of that is happening. And how it helps us is, Ankit, it takes the productivity more or less the space -- the productivity for that space goes up by double. So, I think that's something which really is working well. And we will start seeing the impact of all of those.

So, all of these changes between H1 is what we are targeting to execute. So, we will see the full benefit of this in festive. So, I think that's something very, very important for us. The second thing what we are doing is we have also seen that around 35 or 40 stores, we had smaller Home areas, which were around 500 square feet, which were actually delivering 25% of the GMROF of the box of that particular store.

So that's also somewhere we have actually converted those spaces to national brands. So, we will see at least a doubling of the productivity, if not more. So, all these things are happening as we speak.

Finally, as a project, what we have said is we looked at our spaces and said, can we actually reduce the areas which are non-productive and increase the spaces. So, we believe that all these measured initiatives put together over the next year or so have a potential to increase the like-for-like for 3% to 4%.

So, I think that is one thing. So, it will -- on base case, it is accretive at that level. So that's one. Second is at the opex, obviously, there is a lot of work happening around that and taking care of that. Electricity, I think all our stores are now moving into IOT. So that is also working out.

For the new stores which we are opening, we have moved into a journey where we are moving into --for first 6 to 12 months, we are focusing more on the pure rev share. So, I think the productivity increases and the optimization is happening across the categories. And I foresee that H2 is something where we will -- it gives me a lot of confidence on the base level execution, which is happening.

Lastly, I think in terms of marketing, smarter use of CRM and smarter use of the personalization engine, and we see the result of that in the loyalty revenue increase. So, I think that's working well. And I mean, there's other income, which is now growing. So, we have seen around a 20% increase.

And when I say other income, I'm talking about non-GAAP, may you see it in a stronger way that, that income is also growing strongly. So, I think a lot of initiatives on cost and other streams are happening. And especially as a team, we are very, very focused and excited about the space productivity project, and you will see the benefit of that in H2.

Ankit Kedia: And any use of AI, which we are doing, which could aid productivity or profitability for us on the cost side?

Kavindra Mishra: So, I mean, we spoke about -- I did speak about or I touched upon the AI impact. I think the most important one, again, would be on the one which we are piloting on camera vision because what it does is it tells us about the hot areas of the store, which part of the stores are doing well, where the conversions are lower.

So, the way we are doing our lay outing and all. So, a lot of work is happening on that piece, Ankit. And obviously, on back-end systems and processes, we are now using it across the board, whether it's in our cataloguing, whether it's in the way we are creating the our ads and all, it's working across the board.

Ankit Kedia: Sure. And Kavi, last question. This time, festive is in quarter 3 vs quarter 2, do you foresee a significant impact in from a brand side in quarter 2 where the profitability could be impacted, footfalls are now shifted towards quarter 3 fully?

Kavindra Mishra: So, there might be some impact of that in Q2, but between Q2 and Q3. So, Ankit, our baseline when we started this year, we were talking about a 5% for this year. I think the LFL growth, my sense is after the way that after Q1 has happened, that number should be around 6% and not lower. So even if there is some impact on Q2, between Q2 and Q3, we will do really well. That's the confidence.

Moderator: We have our next question from the line of Avinash Karumanchi from Motilal Oswal Financial Services.

Avinash Karumanchi: Congrats on a good set of numbers. My question is regarding the gross margin. I mean the rest of the metrics are all tracking well and seeing a kind of improvement, but gross margin is the only one which is seeing a continuous decline. Is it because the premium brands offer an absolute higher rupee gross margin, but a lower percentage point? Or how should we see this going forward?

Kavindra Mishra: Thanks, Avinash. Great question. I was waiting for this question to come. As we change our journey towards premiumization and as we -- and I think it's a stated strategy that we will work more and more on premium brands, non-apparel. So, what will happen there is that the margins -- the gross margins might not be as a percentage point be seen as a high, but the rupee flowing, which happens because the productivity is going higher, is much higher for us.

So, you will there will always be an impact of mix, which will help us. I spoke about and Ankit had spoken about the -- what are we doing around, and I was answering about private brands and home, for example, private brand men's would have a higher margin upfront, but the productivity is much lower.

So, when you are making these changes of premiumizing and putting higher -- more higher throughput brands, the margins might not appear to be percentage-wise the same, but the flowing in terms of the growth. So, for example, from a 4.7% full last year, Q1, we ended at 6%.

And I believe that we should be at 6% for the entire year. So gross margin percentage is more than enough met by the productivity increase. And I think that's the journey in which we are on.

So, I would urge everybody to look at the overall flow of EBITDA rather than only focusing on this because we are doing a transition in the strategy. And that -- and it's not that something we have just thought about it. It's something which we have been stating quarter-on-quarter in our calls of this is the way we want to take things forward.

I remember in my first call with the entire group where we said, private brands, there's a place where we'll premiumize for women and kids and men's is something where we don't see a future. So, I think that's what we are executing. Similarly, we always said that there are 5 power categories, which is the basis of how we are going to premiumize, and that's what we are doing. So, while the percentages might be lower, the resultant throughputs are far higher, Avinash.

Avinash Karumanchi: Okay, sir. Understood. And the other one is regarding the beauty distribution. If you can look at it, like there is a continuous improvement in the productivity of POS. So, is this because you're adding newer brands and like can you exactly clarify what is a POS and what could be the potential peak revenue that a POS can generate?

Biju Kassim: Sorry, what do you mean by POS? Point of sales?

Avinash Karumanchi: Point of sales, yes.

Biju Kassim: Okay. So basically, as you know, and as I said earlier, we have a certain set of brands that are moving into the Stage 2 of accelerated growth. We also have a set of brands that are new that is adding up to the current base. So, what is also happening is that the POS is quite well diversified between multiple players in the beauty segment.

So, if I have to name a few, for example, Shoppers Stop, Lifestyle, etcetera, in the department store, Nykaa, Tira, Sephora in the specialty retail store and obviously, Myntra, Amazon, Tata CLIQ, etc, on the e-commerce play.

So, I think what is helping is also with the marketing element kicking in because technically, when you have the brand, there is -- sometimes it's a relaunch, sometimes it's a new launch. Once the marketing monies and marketing campaigns kick in, naturally, the goodness is seen on the productivity of the brand.

And that is normally, let's say, between multiple quarters and depending on the new launches. So, it's a combination of things. But for you to know, the existing brand business, which is already reaching maybe 24 months, or 36 months of business is still growing at a healthy 35% when the market is around 20% or 22% at the best.

So, I think we are doing ahead of the market, which also means that the ranking of these brands in the country is growing up and the market share also, we are growing on the market share, and we are also growing on the rankings.

So, it is also simple because we are reaching out to all the white spaces that exist because we are quite focused on the push on our support in terms of infrastructure, whether it's people, which is capex, which is Tier 2, Tier 3 cities, etc. So, I think we are starting to see a very, very strong and healthy growth for all these existing brands as well as the new brands.

Moderator: We have our next question from the line of Rehan Saiyyed from Trinetra Asset Managers.

Rehan Saiyyed: I have one question from my side. Sir, I want to understand regarding your INTUNE profitability. So, your INTUNE delivered positive like-for-like growth of 10%, reduced EBITDA losses from Rs 15 crores to Rs 10 crores. So, could you quantify how much of this improvement came from higher throughput, better gross margin and operating leverage, respectively?

Kavindra Mishra: Okay. I think the question is on INTUNE profitability, and how the losses have come down, right?

Rehan Saiyyed: Yes, yes.

Kavindra Mishra: Understood. So, the losses primarily have come down on the account of higher productivity. As I answered in the previous one of the previous questions that we needed to grow at least by 20% to 25% for us to expand the base. We had a throughput or increase of 10%. So, we believe that there is still further scope on productivity.

While the mall stores are something which are now close to that 10,000 number, which we wanted to be, the stand-alone stores are still much lower, and I think there is a scope there to go up. So yes, I mean, that's where we are in this journey right now.

Rehan Saiyyed: Okay. And sir, just continuing with this question, sir, could you please tell me what revenue run rate or store level productivity is required for the format to achieve EBITDA breakeven at the network level?

Kavindra Mishra: So, Rehan, if we are around 10,000, that's a very good number. That not only takes care of the store level productivity, but at a business level productivity as a stand-alone unit for us.

Moderator: We have our next question from the line of Shalini Gupta from East India Securities.

Shalini Gupta: Sir, I had a question. When I look at the results, basically, your depreciation and interest, it's up all the good work you have done. So, my question to you is what is -- I mean, what is the kind of expansion you are planning to go forward -- expansion in number of stores?

Pankaj Chaturvedi: Okay. So, I'll just take that question. See, the depreciation and interest that you look at is a function of our store opening and store closing. For this year, as we have said, that we will open around 9 to 10 department stores. And yes, in last year, there was a clear drive from our side on closing down the loss-making INTUNE stores. So, it's completely a function of these 2 points that I have told you. If you want, you can elaborate your question around that because you only asked about the depreciation and the expansion. Did I answer?

Shalini Gupta: Yes, but nothing to elaborate. I'm just saying that -- I mean, what is the thought process on bringing the depreciation you've said you will be debt free by the end of this year, end of financial year '27. So, my question, therefore, is just for the depreciation, I mean, what your thoughts are that you will continue to expand by 9 to 10 department stores every year. And then you will continue to open more INTUNE stores, continue to open more beauty stores. So, I mean, the depreciation remains as it is, will go up. So do you -- I mean when do you...

Pankaj Chaturvedi: Yes, yes, let me try to address that. See, depreciation is only a function of the stores that we open and the stores that we shut down. So, we should focus more on our strategy, our input parameter, which is our expansion strategy. We plan to open about 9 to 10 department stores. INTUNE stores, we will open if we see the right opportunity post the profit strategy panning out for us.

So again, the entire funding for these new stores and the capex and the expansion is through internal accruals. We are generating enough EBITDA, enough cash flows, which will take care of this expansion. The guidance that we have given on being debt-free by year-end is after considering all these factors. If you also look at our non-GAAP numbers, it will give you a comfort of the real cash that we are generating from the underlying business.

Shalini Gupta: No, I have seen the non-GAAP numbers and they have improved. I will say that. It's just that I felt that if we could bring down the depreciation, probably the thing is the brand Shoppers Stop, whatever it represents will show up more in the numbers. That's where I was coming from?

Pankaj Chaturvedi: So noted your point. Depreciation anyways is not that big a cost for us. What you see in GAAP numbers and depreciation is nothing but is the lease rent because of the accounting standard, it is split between interest and depreciation.

Moderator: We have a next question from the line of Omkar from Kotak Capital Partners.

Omkar: Hello. I hope I'm audible?

Kavindra Mishra: Yes, yes, Omkar.

Omkar: Sir, my question was on your membership. I see that we.

Pankaj Chaturvedi: A little bit louder, Omkar.

Omkar: Am I clear now?

Kavindra Mishra: Yes, better. Thanks.

Omkar: Yes. So, my question is about your membership, people enrolled in your membership. You have 13.8 million people basically. How much are the active members, monthly active members or yearly active members, something that you can help us with for both Black and Silver membership cards?

Kavindra Mishra: Broadly, Omkar, that number would be around anywhere between 3.5 million to 4 million active members for the year.

Omkar: For the year. And this is for Black and Silver combined, like all the membership cards combined.

Kavindra Mishra: Out of that 13.8 million, which we discussed as a number, like around 3.5 million to 4 million would be clearly customers would be coming.

Omkar: Okay. Okay. And, now since you are also trying to move SSBeauty online with the website and all, how much of the sales are you already expecting to come from online purely stand-alone online business?

Kavindra Mishra: Yes. So, Omkar, the approach for us is not looking it as online or offline but as omni. So that's one. But we expect the online part of that omni business to be in the next couple of years to move up to around 8% to 9% of the business

Moderator: We have our next question from the line of Jeyaprakash, an Individual Investor.

Jeyaprakash: Am I audible?

Pankaj Chaturvedi: Yes, yes.

Jeyaprakash: By observing your numbers in the sales, except every December quarter, we were able to achieve RS 1,400-odd crores in the sales. Rest of the quarters, we are always around RS 1,060 crores to RS 1,200 crores. Despite you are on the expansion spree, your sales number has never gone up. So, if you are not able to show growth in the top line, how can you improve the profit and how can you give value to the retail investors like me? For 2.5 years, you are - there is no growth or negative growth further.

Pankaj Chaturvedi: Okay. So, there are 2 parts to this question. You said that we are on an expansion spree. We opened about 2 stores in Q1, and we'll continue to open stores where we see the financial feasibility.

Jeyaprakash: No, I'm talking about...

Pankaj Chaturvedi: Let me answer your question. Yes, the business has its own seasonality. On the top line growth, there is a healthy growth that we have registered, 10% overall growth, 6% like-for-like growth. So, the business is growing even for the like-for-like stores. And whatever incremental stores that we are adding is only adding to the growth. The overall EBITDA also has improved if you see our numbers. So, the cash generated from operations is also healthy. Which part of the business probably concerns you, if you could be a little bit more specific?

Jeyaprakash: No, no. You said every segment, whether it is a Beauty segment or INTUNE or everything is showing growth. But the sales numbers never go in the 3 quarters, it's never able to cross the maybe Rs 1,300 crores or Rs 1,400 crores. It's never able to push that margin. It always stagnated at around Rs 1,200 crores.

Pankaj Chaturvedi: So, see, right now, we have reported our Q1 numbers, which have shown a very good growth. There will be a specific seasonality in our business. Certain quarters will -- are typically high considering the nature of business. And I'm sure you'll see a consistent growth in the coming quarters.

Jeyaprakash: Okay. Last question that there is a monsoon it's not up to the mark. Do you see the concern for the thing?

Pankaj Chaturvedi: You said monsoon, right?

Jeyaprakash: Yes.

Pankaj Chaturvedi: No, that does not impact our business. We don't see that as a concern.

Moderator: We have our next question from the line of Sunny Bhadra from Emkay Global.

Sunny Bhadra: Sir, in your opening remarks, you talked about 2 Swiss brands, watch brands you will be launching exclusively. Just wanted a bit more colour on this, are these brands like entering for the first time in India? And what kind of price point will it play in? If you can provide some colour there?

Kavindra Mishra: Sunny Yes, so these would be exclusive in India. They are entering India for the first time. And the mean or the median pricing for them would be anywhere between Rs 1 lakh to Rs 1.5 lakhs.

Sunny Bhadra: Okay. Got it. And sir, like when are we expected to launch this brand, like in FY27 only we'll be launching?

Kavindra Mishra: No, we'll launch these in this quarter, Sunny.

Sunny Bhadra: Okay, okay. Already launched. Got it. Got it.

Kavindra Mishra: No, no, we will launch it. In Q2, we will launch. So, in the next 2 months, you will hear the announcement.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Kavindra Mishra: I just wanted to thank everybody for the listeners, the participants to join us for this conference and look forward to interacting with you next quarter. Thank you so much.

Moderator: Thank you so much, sir. On behalf of Shoppers Stop Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Pankaj Chaturvedi: Thank you.