

# SHOPPERS STOP

SEC/10/2026-27

May 11, 2026

To,

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

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 April 29, 2026 bearing ref. no. SEC/04/2026-27, informing about the analyst / investors conference call scheduled on Wednesday, May 06, 2026 at 11:00 a.m. IST to discuss the corporate performance for the quarter and financial year ended March 31, 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 Saini**  
**Vice President – Legal, CS & Chief Compliance Officer**  
ACS No: 20257

**Encl: aa**

**Confidential**

**Shoppers Stop Limited**

Registered & Service Office : Umang Tower, 5<sup>th</sup> Floor, Mindspace, Off. Link Road, Malad (W), Mumbai 400 064, Maharashtra.  
T 022- 42497000 CIN : L51900MH1997PLC108798. Email : [customercare@shoppersstop.com](mailto:customercare@shoppersstop.com) Website: [www.shoppersstop.com](http://www.shoppersstop.com)  
Toll Free No.:1800-419-6648 (9 am to 9 pm).

SHOPPERS STOP  
“Shoppers Stop Limited  
Q4 & FY’26 Earnings Conference Call”  
May 06, 2026

SHOPPERS STOP

**dentsu**



- 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:** **Mr. Pranay Premkumar** – Dentsu One Investor Relations

**Moderator:** Ladies and gentlemen, good day, and welcome to the Q4 and FY’26 Earnings Conference Call of Shoppers Stop Limited. 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 an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Pranay Premkumar from Dentsu One Investor Relations team. Thank you, and over to you, Mr. Premkumar.

**Pranay Premkumar:**

Thank you, Michelle. Good morning, and thank you all for joining us on the Shoppers Stop Q4 and FY'26 Earnings Conference Call. Today we have with us the senior management represented by Mr. Kavindra Mishra, Customer Care Associate, Managing Director and Chief Executive Officer; 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 the 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, Pranay. Good morning, all. I've joined on the call along with Biju, in addition to my colleagues from finance team, Pankaj, who's our new CFO, JP and Rohit. We have uploaded the investor presentation on our corporate and Stock Exchange website.

Let me start with talking about the key highlights for the year, followed by highlights for the quarter and subsequently on the current operating environment and our focus for the coming financial year. The departmental store business crossed INR 5,000 crores revenue for the first time, which is a big milestone for us. At the start of the year, we had given a guidance of mid-single-digit LFL, and I'm very happy to share that we ended the year with a 4.7%, which is our highest ever LFL in a decade, particularly after two consecutive flattish LFL sales for FY'24 and FY'25.

We reversed the continuous decline in customer entry by recording 3.8% customer entry growth in like-for-like stores, which augurs well for us in terms of our premiumization strategy. We had the highest ever additions to our first season loyalty program with 9.4 lakh new recruits.

The premium end of our loyalty, which is our Black Card program, has reported the highest ever 67,000 new recruitments and highest ever renewals of 66,000 with the renewal rate being impressive 74%. Demonstrating deep value proposition from a customer perspective besides personalized service standards helped us to increase the loyalty base at 13.5 million and the total contribution during the year was at 84% with a repeat rate of 69%.

Both the above have helped us to move the premiumization contribution in stores by 3.6%. Now we are at 69% and the ATV for the year has gone up by 7%, showing core operational

strength. Our Personal Shopper program, which is central to our experiential retail strategy recorded a 4% increase in contribution this year, taking the contribution up to 26% from 22% last year. Sales generated through Personal Shoppers grew by 24%, and it touched INR1,257 crores of revenue last year.

Overall, non-apparel business continues to outperform, following non-apparel power categories posted robust growth, which has helped us in driving overall growth and premiumization. Watches grew by 16% Y-o-Y. We sold close to 6 lakh watches during the year, which translates into 70 watches sales per hour. Similarly, fragrances grew by 12% Y-o-Y. We sold close to 12.1 lakh units during the year, which is equivalent to selling 150 units of fragrances every hour. Handbags grew by 10% Y-o-Y. We sold 4.7 lakh bags, which was approximately 60 bags per hour.

Now let me talk about the private brand business. Private brand business continues to be a key strategic pillar in terms of offering differentiated range and covering the gap for set of categories. It has a very good performance in terms of profitability, driven by improved productivity, lower discounts and premiumization. During the year, we reduced the inventory by INR40 crores. We have also identified additional spaces in the box-in categories where private brands have a role to play.

We believe that men's ethnic, western womenswear, women's Indian wear and kidswear are categories where private brands have got a very important role to play. And hence, we are expanding current brands like Kashish and Bandeya. We also have just launched FRATINI Girl, premium apparel line for young girls, which is now expanded to 69 stores. We will continue to elevate the product offering to higher mix of premium and natural fabrics enhanced design language and styling and swift launch of prevailing trends.

Let me talk about the Beauty business. The company's Beauty business, including Global SS Beauty, delivered revenue of INR 1,281 crores during the year, registering a healthy year-on-year growth of 17%. We deeply engage with customers through social media interactions, makeovers and master classes revolving around expression, engagement and education to drive consumption.

Beauty category followers base crossed 1.6 million on Instagram and 440,000 on YouTube. Our Beauty distribution business continued its strong growth trajectory, generating revenue of INR426 crores, which is equivalent to INR 650 crores of GMV with a stellar 81% growth Y-o-Y and delivering a 3-year CAGR of 90%, which would make us the largest beauty distributor in the country.

During the year, GSSBB has introduced 20-plus new and exclusive premium brands to the Indian market, strengthening its premium Beauty portfolio and further differentiating its value proposition. To name a few, in full-line brands, we had Shiseido and Serge Lutens. In fragrances, we launched Versace, Michael Kors, Steve Madden, Montblanc and Tory Burch. And in skin care, we launched Sisley.

During the year, we launched one boutique store each of Armani and NARS, taking the total number of premium boutique stores to seven. The performance underscores Beauty as a strategic pillar for Shoppers Stop aiming high growth through strategic partnerships, digital acceleration and store expansion.

Now let me talk about the INTUNE business. INTUNE had a slow start. However, with focus on improving productivity and unit economics over the past 2 quarters have helped us stabilize the business and position it for sustainable growth. Key callouts for the INTUNE for the year were we recorded a revenue of INR 282 crores, which was a growth of 46% Y-o-Y.

We opened 14 stores during the year. Total store count now stands at 84 stores across 39 cities. Relentless focus on inventory freshness through in-season clearance, online accessibility helped us to reduce inventory by INR 36 crores Y-o-Y.

Through structured CRM outreach, we were able to drive improvement in key KPIs. Repeat customer mix improved from 35% to 45% and items per ticket sustained at 3.8 during the year. We have seen a turnaround in LFL trajectory from February '26 onwards. April also continues to see a LFL momentum in INTUNE.

Now let me talk about the e-com business. During the year, the company invested in technology to upgrade both UI/UX with a mandate to have robust omnichannel experience. As we speak, large part of the investments have already taken place and in this financial year, focus will be on scaling volumes and improved profitability.

With improved customer intake for the month of April '26, we have seen a 60% growth Y-o-Y driven by improvement in conversion. In this journey, we are also planning to integrate ssb.in into ss.com as a micro site to sweat marketing investments favorably.

Now let me talk about store expansion and financial discipline. We maintained a disciplined and prudent capitalization approach during the year with a strong focus on driving returns and strengthening the balance sheet. I'm very happy to state that because of strong operational efficiency, we were able to generate strong cash from operations of INR 301 crores. This is the highest in the last 8 years, supported by working capital optimization of INR 155 crores.

During the year, we opened 27 stores, 8 departmental stores, 3 beauty, 2 HomeStop, 14 INTUNE and we renovated 3 stores, including a Juhu store with state-of-the-art design offering, premium and aspirational assortment with a capital investment of INR 114 crores. The total inventory optimized for the year was INR 153 crores.

Shoppers Stop has also made focused investments across infrastructure, network and security, delivering tangible business and operational outcomes. These include the highest NISC maturity score in Indian retail, which is 3.6, early adoption of DPDP compliance and a

material reduction in system outages and service ticket volumes, resulting in 100% uptime and system availability.

Now let me talk about the highlights for Q4. Let me address the departmental store business first. The departmental store recorded a 4.6% like-for-like sales growth despite a challenging environment marked by global disruptions. Operational KPIs continue to improve with the ATV or average bill value growing up by 8% and the ASP going up by 11%.

And most importantly, the customer entry, which grew by 3.2% like-for-like, and we are seeing a consecutive 3 quarters of LFL customer entry increase. We continue to strengthen the emotional connect with customers through our proprietary Gifts of Love brand IP. The Valentine's Day campaign has delivered strong customer engagement and traction, which has a reach of 165 million and a view of 282 million.

Non-apps category reported 13% growth, reflecting consumer preferences for premium offerings. Also, it's a reflection of our strategy, which pivots a lot around non-apparel. We opened 4 departmental and 1 HomeStop during the quarter. We launched several new premium brands during the quarter. And just to name a few, we launched Baume & Mercier, it's a premium Swiss brand with average ASP of INR1.5 lakhs in watches. We launched Brooks Brothers, Juicy Couture, Hugo Boss, Charles Tyrwhitt. We also launched Viners and Crystal Bohemia in home category.

The core business, which is the departmental store business delivered an EBITDA of INR50 crores, up by 52% Y-o-Y. It excludes a one-off gain of INR22 crores recorded last year from the reversal of excess prior-year provisions.

Let me talk about the Beauty business now. The total Beauty segment recorded a revenue of INR309 crores, which grew by 17% Y-o-Y, led by fragrance, which grew by 37%. Overall contribution of Beauty now stands at 21% of the revenue. GSSBB recorded revenue of INR114 crores, which is up 69% Y-o-Y and sustaining the growth momentum. We onboarded several new premium brands as well, and we added 20 new points of sale. So right now, the total presence is 565 points of sale across 27 retailers.

Now let me talk about INTUNE. INTUNE recorded a sale of INR67 crores, which grew by 24% Y-o-Y. Improvement in sales trends witnessed from February onwards is what we have seen and the momentum continues in April. We introduced a new price point of INR 1,299 across the categories and initial response is very encouraging. On gross margin side, we have seen improvement quarter-on-quarter by -- led by improved intake margin and lower discounting. We opened 4 INTUNE stores during the quarter.

Now let me address the current operating environment, and then I will talk about the way ahead for business. We have seen a pickup in demand from mid-February, and it sustained through April as well, and it's sustaining in the first few days of May. Strong wedding calendar, growing local travel and general buoyancy in the economy are the favorable triggers to

demand in coming quarters. Having said that, we do foresee a challenge on 2 fronts: First one being on fuel price and raw material led inflation, which may impact demand in short term. As Shoppers Stop is already into premiumization journey, we expect the impact to be relatively limited compared to mid-segment players. Second is the supply chain uncertainties. They may cause some intermittent disruptions in merchandise availability, particularly in H2. However, given our diversified sourcing and scale, we are confident of relatively managing and mitigating this risk.

Way ahead for our business. I think the first important thing is we are going to double down on premiumization as the strategy has started delivering results on ground for us. As we speak, 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 business. So continuously working on the brand mix and churn and make space for high performers is the key.

Focus on generating consumer walk-ins. One of the big wins for us last year was the increase in customer entry, and we are investing in building on the same both through brand marketing as well as loyalty. Our investments in partnership with HYBE is one such effort to do differentiated programs and get a new audience coming to Shoppers Stop.

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 easily becoming a departmental store of choice with some of the leading mall developers. We plan to add 9 departmental stores during the year.

Renovation of marquee stores. We have seen with both Inorbit Malad and Juhu that once we renovate our marquee stores, the throughput really increases. We have seen an amazing uptick there, and we will be renovating 5 stores this year with our new premium identity and all these are marquee stores.

Let me talk about INTUNE. This is a year where we will be able to see major improvement in INTUNE business, driven by improved productivity, gross margin expansion and tightening the cost base. We have come out of the inventory issues and overall EBITDA loss should be reduced to half of FY'26 loss.

Our focus will be on driving efficiencies and turning around unit economics of existing stores in H1. And thereafter, we shall evaluate expansion. We are also putting investments in technology, and we are right now piloting RFID for INTUNE stores. We are looking at breakeven at business level in INTUNE in FY '28.

Let me talk about the investments and the cash flow. In FY'26, we have been able to generate high operating cash flow with tight controls on working capital and have retired INR109 crores of debt. On a similar line, we will continue to focus on high internal accruals in FY'27 through following initiatives: strong surge in profitability driven by LFL growth and productivity

improvement, rationalization of losses from new businesses, and I spoke about them in my speech, tight control over costs and continuous working capital optimization.

These internal accrual should be utilized towards investments towards growth. I think opening of new stores is essential, and we are in the process of opening some very marquee stores and refurbishment of our top stores. I think that's super-important for us. Additional capital infusion to enable beauty distribution business growth, and we will be debt-free by Q4 FY'27, which I think would be a major plus for us over the last 2 years. Unfortunately, Devang is not there today in the call because of some personal exigency. So, I would be addressing any queries, if any, about INTUNE.

My speech is over now, and we can now open the floor for interesting Q&A session. Thank you.

**Moderator:** The first question is from the line of Sameer Gupta from India Infoline.

**Sameer Gupta:** Firstly, sir, I'm looking at the core business in FY'26 and the EBITDA margin on a gross sale on non-GAAP sale that you record is around 4%, this is in a year of a 5% LFL and strong cost control exercised over the years. Now we have had a guidance of a high single-digit margin for this business. Just wondering that we would still need like 3, 4 years of sustained LFL to be in that ballpark. Are there any other levers that can result in better margin performance like in the foreseeable future? Or this is a correct thesis or correct assessment?

**Kavindra Mishra:** So, I think, Sameer, thanks for the question. No, you are right. I think it will take a couple of years for us to reach there. Having said that, there are a lot of initiatives in terms of -- we have shut around 7 stores last year. We are in the process of premiumization. I think there are a lot of projects which we are driving to ensure that the GMROF for us grows substantially. So, while I think it might take a couple of years, but the general direction is what we are focusing on.

Just to give you a sense, when we look at our business and our spaces dispassionately, there are a couple of categories for example Home within Shoppers Stop, we have identified in the box. There are certain spaces where we can release it and we can use it more efficiently for national brands. So that's what we are doing.

Similarly, we are driving a heavier non-apparel mix because I think watches is something which is really firing well for us along with fragrances, beauty and handbags. So I think as we premiumize, we will see the journey becoming faster. Having said that, I think 2 years is a fair assumption, yes.

**Sameer Gupta:** Got it, sir. Second question is on the gross margin. Now I look at it again on non-GAAP sales. It is down 100 bps this quarter. For the full year also, if I look at it, it's down 60 bps. Just wanted to understand what is driving this? And is in a way, the higher LFL, is it linked to the margin weakness in the gross margin line?

- Kavindra Mishra:** So, I think this is more to do with -- so we did mention about the one-offs in the gross margin case, right? So that one-off was coming from the margin because if I talk only about the operational, there's a positive movement. If I just look at Box and I just remove the one-offs, actually the gross margins have improved by 50 bps. Why you don't foresee -- or why don't you see in the P&L is right now it is colored with a one-off, yes.
- Sameer Gupta:** So, what is exactly this one-off? Sorry, I probably missed it.
- Pankaj Chaturvedi:** Yes. So, Pankaj this side, as you state this. See, this one-off is nothing, but on account of prudent accounting, we've had some provisions in our COGS side. And last year, when -- after due assessment, when we didn't need this provision, we did the unwinding. That was a bit significant last year. It's a very normal thing that happens year-on-year, providing for certain items and then unwinding. But since last year, it was a bit more significant, hence we are just calling this out.
- Sameer Gupta:** It's a provision write-back in the base.
- Pankaj Chaturvedi:** Yes, yes, absolutely.
- Sameer Gupta:** Okay. Then that's settle sir. Lastly, if I may squeeze in. You did mention on the...
- Kavindra Mishra:** Sameer, sorry. Can I also address your first question with some more detailing on...
- Sameer Gupta:** Sure, sure.
- Kavindra Mishra:** So, while the gross margin journey is there, but I think EBITDA you will see a lot of improvements because as I have detailed through my presentation, a lot of cost initiatives have been triggered in. So, you will see substantial improvement in the EBITDA.
- Sameer Gupta:** Sure. But you still will say that 2 years is a fair assumption on the high single-digit margin expectation with the cost initiatives, right?
- Kavindra Mishra:** Yes, yes, yes.
- Sameer Gupta:** Okay. Sure. Sir, last question, if I may squeeze in. You did mention on the guidance on department stores, but I missed it on INTUNE. Can you like elaborate your plans on the expansion on this front?
- Kavindra Mishra:** Sure. So, in the case of INTUNE, as I mentioned, right now we are not looking at opening stores in H1. I think we have just got out from all the operational issues and inventory issues in INTUNE. Right now, the trajectory is very positive. I want that to be happening for the next 2 quarters before we start opening INTUNE stores again.
- So, the focus, the investments on INTUNE remain, but I just want this year to be a cleaner year where we are able to build operational efficiencies and build the throughputs from the store before we move ahead. Yes.

- Sameer Gupta:** So fair assessment that it is still a work in progress for us, and we are still assessing the strategy here? I mean, it's time to wait, but will that be a fair assessment?
- Kavindra Mishra:** Sameer, it's a 2-year-old business, okay? Any 2-year-old business will have some -- Shoppers Stop after 31 years is a work in progress business because we change, the same customers change. So, I think it's natural that it is the work in progress business.
- Having said that, whatever steps we have to take to get the product, to get the operations, to get the store learnings, I think they are in place. We just need to ensure that we drive the efficiencies. I mean all businesses are work in progress. I don't think there is any harm in committing that because that's how the nature of business. Customers change, market change...
- Pankaj Chaturvedi:** Sameer, if you refer to our presentation wherein, we are specifying new venture performance update and look at Q4 specifically for the new ventures. So, while on a full year basis the negative EBITDA has increased. But if you look at Q4, the negative is flattish. So somewhere that negative EBITDA declining has been arrested, if I can give a bit more color to that. So Q4, if you look specifically on the new ventures, which includes INTUNE, that has been quite positive for us.
- Sameer Gupta:** Sure, sir. But the problem is that if you don't add stores, competition is still adding at a very high pace, and we may just play catch-up in this journey then. So that is the concern. I understand every business is work in progress, but I think that's a lot humble commentary from your side. But yes, best of luck.
- Kavindra Mishra:** Sorry, I didn't get.
- Sameer Gupta:** I mean if you're like not adding stores and competition keeps adding, you'll probably just be playing catch-up here. That is the worry.
- Kavindra Mishra:** No, no, don't worry, Sameer. We are cognizant of what the market is doing and competition is doing. We are also aware that we need to do things in the right way. We are also aware that we need to get the unit economics right. And once the unit economics are right, then the expansion. See, expansion is one of our strengths with our ability and the resources which we have and the presence which we have, opening of stores is the least issue.
- The ability of the stores to give the throughput and provide profitability, I think it is very, very important. It's a capex-light model. I don't think that is any issue for us. For us, the focus right now is to get this.
- And I think we are on this journey. So maybe -- and a very similar discussion used and not in case of, not with you, but it was happening with private brands when I had just taken over. And we said that it takes 2 to 3 quarters to put the product, all the things right. And once it starts happening, then you start seeing the growth.

So, I'm pretty confident that we will deliver it. So, we are cognizant of that. We are aware and we will work on it. So don't worry on that, yes. The market is so vast that there is a huge space for everybody, provided the business models are right.

**Moderator:** The next question is from the line of Tejash Shah from Avendus Spark Institutional Equities.

**Tejash Shah:** I will just start with the question where the previous participant left. So you said that we'll be kind of waiting and consolidating on INTUNE for next 2 quarters. So just wanted to know what will be -- what will you qualify as a success in next 2 quarters for us to again go back on that expansion mode?

**Kavindra Mishra:** Yes. Thanks, Tejash. I think fundamentally, the SPSF is the -- or the space productivity is what we call them, is something which we need to see an incremental number there. I think we are very sure about the margin expansion because that's happening correctly. The SPSF, it should go up by another 25% to 30% for us to be confident. And that's not in 1 or 2 months, but a couple of quarters. I think that's something which we are working towards, and that's the number we are looking at Tejash.

**Tejash Shah:** Sorry, did you say 35%, 40%.

**Kavindra Mishra:** 25%, 30%.

**Tejash Shah:** And then what will -- like what are the interventions we are making to achieve that?

**Kavindra Mishra:** So, I think there are multiple interventions, right, from the freshness in the stores, which ensures that the product is not -- so weekly delivery, freshness in the stores, operational changes, making the stores a little lighter in inventory, improving the quality of the staff. I think the interventions have been made across the board.

Also, as I mentioned, we have just tested out a line at INR1,299, which is delivering at least 4x of the profit of the throughput which a normal line does because as a product is a little elevated. So, I think the intervention is happening across the board to drive that.

**Tejash Shah:** Sure, sure. And just to elaborate on that. So, what is the problem statement there? Is it that the brand has got the traction, footfalls are happening and we are not able to convert because of merchandise? Or is it that footfall itself is an issue and hence we need to work on brand also to kind of get the traction going from the footfall itself?

**Kavindra Mishra:** So, if I divide this, I think it's a great question, Tejash, first of all. I think there are 2 parts to it. What we are seeing is that the person who's coming and shopping, the conversions are very strong. The IPTs are very strong and the repeat rates are very strong, right. I think the brand is still very new in its journey. So, we are spending money on marketing.

We have built the CRM muscle, which we have in Shoppers Stop, we are building the same for INTUNE as well, both in terms of ability to reach out to the customers with new lines. So I

think that's the journey. And that's why I'm saying this will take this year to -- for the customers to become coming back again and again. So, I don't think the issue is on the product or conversion or anything. It's just -- it's a very nascent brand. It will take time to settle in. I think that's where we are right now.

**Tejash Shah:** Perfect. The second very hearty performance on premiumization and then watches also. So just wanted to get some insight that in a year where urban job creation, right from IT has been under pressure, how to reconcile -- and obviously your customer might not be only from IT, but how to reconcile this premiumization trend, any one-offs, any base effect there? And do you see that kind of stretching or extending to FY'27 and beyond?

**Kavindra Mishra:** No, I think -- Tejash, I think we should also meet one-on-one. You asked very, very good questions.. Tejash, what is happening is that premiumization is a pivot which we took 2 years back, right. That was the time when we said, okay, how do we differentiate versus other players in the market?

And when you say you are premiumized, then you premiumize not only on product categories, you premium on brands, you then also discontinue a few stores, then you work on personal shoppers. So there are -- then you give us spaces and you put play areas in the store. I think we have gone through this journey in the last 2 years or so, invest money on marketing of Shoppers Stop as a brand. So premiumization, what we are seeing is consistently.

So, for example, if my weighted average growth for Shoppers Stop is, say, 4.7% for the year, my premium or premium plus categories, the growth rates are far higher. So, what we are seeing is that consistently people are coming to us for that. So, if you look at our competitive scenario, and the market scenario for anyone which is a premium department store, we are the only people who is there.

So, I think that's something which is very, very strong for us, and we are not resting on it. So, both in terms of whether it's the merchandise, which is exclusive only with us, the brands which we are launching. So, I think we are able to provide that experience to the customer, which was always a core Shoppers Stop promise when we all started this. So, I think that's something which is very strong.

The other thing is when we look at premium categories, what we are seeing is the SPSFs are quite high. So, the sales productivity is coming -- is very, very high. And in this journey of premiumization, we have identified 5 categories which are the power categories And it will be very interesting to know what are those power categories. One is watches. Other is beauty, then we talk about handbags, then we are talking about footwear and shades.

So, this amazing mix of all merchandise, there is no retailer who does it. So, I think we have been able to carve a niche. And we don't share our brand loyalty scores in this as a part of the deck. But when we are doing our brand loyalty scores, we are seeing that continuously both top-of-the-mind awareness and recall is becoming better year-on-year.

So, I think it is not only one product category, it's a mix of everything. And we believe that increasingly at the top, there won't be any -- or there are not many people who are buying for that customer, and that is where we come in with our play. So I think we have taken a stance and we have been honest to it, and it has now started showing results.

**Tejash Shah:** So last one, premiumization means you have foreign brands there? And if that's so, does that conflict with the private label ambition that we have?

**Kavindra Mishra:** No. So -- and so we have spoken about this multiple times. I don't -- see, for me, I'm a retailer first, right. So, my productivity and net GMROF is the most important KPI for me. So, when we look at Shoppers Stop, we can clearly see that there are product categories where we have the need for private brands because they become the recruiters for us.

So, for example, Indian wear or western womenswear or kidswear, the private brands have got a very big role to play because they are the recruiter brands. That might not necessarily be the case for menswear because which is a more logo-driven business or non-app, which is again a more logo-driven business.

So, I think we are very clear. There is no conflict. In fact, what we are doing is our private brands also we are premiumizing in the sense, we are making better products. So, if we used to use poly before, that blend has moved to cotton-based or linen. So premiumization is the way of life for Shoppers Stop.

Across every category, every product category, whether it's private brands or national brands, we will continue to give a better product to the customer. And I think they don't conflict. In fact, for us, Indian wear, for example, has a higher productivity than any of the national brands there. So, we know how these categories play with them, and I think they all blend together.

For me, just increasing the private brand contribution is not the -- or sales is not the benchmark which we, as a group look at. We look at the profitability of the business. So, we know which categories in private brands do well for us. We are double down on premiumization.

In fact, we just launched FRATINI Girl, which is our private brand for girls' business, doing really well. We started with 5 stores. We have expanded to 69. And there the throughputs are higher than any of the international girls brand also.

**Moderator:** We'll take the next question from the line of Avinash Karumanchi from Motilal Oswal.

**Avinash Karumanchi:** Congrats on good set of numbers from the department stores. So, my question is regarding to the Beauty. Majority of the growth in Beauty is being driven by the distribution business. If I exclude that and look at it, there is a significant closure of Beauty EBOs during this fiscal. So, what are we learning from their closures? And how do we see this going forward?

- Kavindra Mishra:** Okay. So maybe I will answer part of it and then Biju, if you can.
- Biju Kassim:** Yes.
- Kavindra Mishra:** So, if -- one, we have to look at Beauty as an overall business. We can't differentiate because that's not the way we should look at business, number one. Number two, the national brands business in Beauty continues to outperform. In fact, the growth rates are quite high there.
- And we did mention about the fragrance businesses going forward. I think in previous calls also we have mentioned about the Estee business being under pressure, that's where the stand-alone business of stores come in.
- We are doing a lot of interventions there, working closely with the brand partner to increase the walk-ins and throughput there. We are launching a M.A.C card or loyalty card, especially for Estee Lauder stores starting next week. So, there are a lot of inputs happening there. And Biju, you want to talk about beauty as a whole, especially what's happening with...
- Biju Kassim:** Sure. No, no. So great question and great observation. So, I think I will just step back a little bit to give you an overview about the landscape. See, please understand that 10 years back or 20 years back, the penetration of Beauty in each and every mall or each and every catchment was too little. And at that time, it made great sense to have a very compelling boutique or Beauty stand-alone store strategy.
- But then as we see that retail is growing, Shoppers along with all the other retail partners are growing footprint in Beauty, it is also sometimes associated by the fact that like we do in Shoppers Stop, what works well for us, we double down, and what is not working well for us, we sort of close down. So, I think we should just see it in that light and nothing beyond that.
- And as Kavi explained, the category is quite heated up. And there is a lot of, let's say, investments coming from everywhere. So, for us, as a retailer primarily, our drive and promise is to the customer, and that's where we want to, again, double down on categories that we have been quite strong, where we had strong leadership and great representation.
- So, what we are trying to do, which we have always tried to hold on is the philosophy of giving a greater expression, engagement and education to the customer, and that is something that we continue to do. And Kavi did mention that there is strong headwinds on the Estee portfolio, some of the brands which are global iconic brands, but that is something intervention-wise, loyalty-wise, we are working around.
- The other aspect, again, to agree fully with Kavi, that I think beauty, we need to see it in the overall spirit of it because at the end of the day, retail and distribution is catering to consumers. Maybe one is to the end consumer and one is to the mid consumer.
- So, we still see and we still are learning what works well for us, and that is where we are trying and bringing in more better brands, both in retail and in distribution. So, if you think

about it, if you look at the new brands that we are signing, it is also going to reinforce beauty within retail as well as the distribution landscape is concerned.

**Avinash Karumanchi:** Got it. Got it, sir. And speaking particularly of the distribution set also, if I look at it, like given the POS that you are having, revenue per POS has obviously doubled in this year. So how much could be the potential there we could further for the next coming years?

**Biju Kassim:** So, the fact of the matter is, yes, it is quite progressive and strong. But I think it is also at the phase because we have been acquiring brands, which has been launched mid-year, towards the later part of the year. So, the annualization effect is yet to come through. But to give a ballpark, I think we will continuously grow the productivity as we go.

But it also depends on the category, particularly on fragrances it's quite strong. It is also followed by a reasonably strong push on the makeup, and I think skincare will also follow. And I'm talking largely on prestige and lifestyle, not on the masstige side. So, I think the trend is here to stay, to your question.

**Moderator:** The next question is from the line of Ashutosh Joytiraditya from ICICI Securities.

**Ashutosh Joytiraditya:** So, first question is on the premiumization thing. So, you have mentioned that the premium portfolio is actually doing well. And typically, what happens is that a richer premium mix generally tends to have a better margin. But like I understood your point on gross margin, but like going forward, can we assume that the EBITDA margin should ultimately improve?

And like what would be the exact LFL threshold if like you can tell for the business which we actually need to cross the revenue momentum basically to deliver more than the operating cost. So ultimately, there should be a profitable growth, something like that?

**Kavindra Mishra:** Yes. No, Ashutosh, thank you for the question. There are 2 -- like let me address all parts of your queries. First is the premium brands need not necessarily have a higher margin. They have a higher GMROF because the throughputs are stronger. So, they obviously give us higher rupee value margin, right. So I think that's very important.

I'm sure you have been covering us for quite some time. Ours is a very high operating leverage business, right? So as the LFLs keep on growing, we will see the rupee value profitability going in very, very strongly. My sense is that for the coming year, we are looking at a performance which is going to be a little better than what we have delivered as a team in -- and I'm talking about like-for-like stores. So that's one.

Second, we are also opening some very, very good stores. In fact, we are launching one on 7th, which is tomorrow, we are launching in Vizag, then we will be launching in Goa with DLS. We are going to launch Pacific Jaipur. These are all very marquee stores and stores which will become INR75 crores INR80 crores, INR100 crore stores over the next 2 to 3 years. So what we are doing is we are changing the mix of the way we looked at business and it falls in line with strategy of premiumization.

The third thing is, I think while the margin, we will continue to be where we are, and we have given a guidance of improvement over the next 2 years, you will see a lot more initiatives on cost savings because we believe that still there is some amount of money there which we can cut. And as -- I don't know whether I have addressed INTUNE, partly we have addressed.

But to give a sense, of our new businesses, whatever losses we made in the FY'26, we will at least half it down in FY'27. So we are going to see EBITDA throughput coming through various inputs. One is obviously the revenue growth like-for-like. And since we have not shut most of the nonperforming stores, I think that will start adding up LFL plus new store openings.

We will see a better rupee gross margin coming from the premiumization strategy. We will see very, very strong and active work happening on the cost controls and removal of formats which we feel are just taking up the space and not delivering the value. So my sense is you will see a far better number as a percentage. To tell you the exact number, I don't think I would be able to tell you the exact number, how we are going to end up this year in FY'27 or -- but it should be a good number.

**Ashutosh Joytiraditya:**

Understood, understood. And my next question is on this supply chain disruption. So like I got your point on the inflationary pressure, which can be expected because of this. But I just wanted to understand like in any way, these supply chain disruptions put Shoppers Stop in a better position when compared to regional or value players in terms of sourcing the merchandise or anything? Like do you have any edge because of this?

**Kavindra Mishra:**

I agree to that. See, now look at Shoppers Stop, right? One, obviously, we work closely with a lot of big brands. And as a part of strategy, we are going deeper with brands. So even if you have to increase the space, we are working as a team with our brand partners and giving to performing brands.

So, I think what's happening is in this whole thing where the fabric is going to be a little bit of a challenge, at least for 2 or 3 months, the bigger brands will be able to get the merchandise. And because we have a deeper partnership with them, we will be able to get merchandise. So I think that's one.

Second, because we are very strong on the non-apparel part of the business versus any other format, which is primarily apparel, the impact on us is going to be lesser. Third, for our private brands business, which is around 12%, 13% of our overall business, there we have already tied up our supply chain for the next 3 to 6 months.

So, I think you will see a little bit of a consolidation happening, and that's not only for Shoppers. My sense is that across the businesses, bigger players in the market would be able to command a better or they will have a lesser supply chain disruption versus others.

Okay. Understood. And sir, one last question. So, I just wanted to understand what is the rationale for launching the SKU at INR1,299 for INTUNE, like when most value retailers usually

have it below INR1,000. So, I understand that it could be like to drive realization, but any other point to that?

No, I think -- see, at the end of the day, India is aspirational across categories, okay? So if, you have to give a good product, which is maybe a little bit more natural fabric, less polyester in India's heat, better wash, sustains after 10 washes and doesn't go away.

So, I think there is a value to the product which we need to give. So, what we are giving in INR1,299 maybe at INR2,999 in brands or even more. But our idea is to give a better product. And I think this whole INR999 and lower and this -- all this is mentally in our head. That customer for the right product and occasion would be able to buy this.

And actually, what we was -- and this is something internally we have been debating for the last 3 to 4 quarters. And finally, we said, okay, let's test this out. INR1,299 product actually has delivered higher sell-through and which is -- so we are doing close to 8% to 9% of sell-through of this product versus 3.5% or 4%.

So, it's like a 2.5x throughput. So, price is not the only concern. I think it's a product price value which we derive. And I'm a great believer in that, that if these models have to sustain, we can't be -- we have to address to all the consumers, especially the special consumer. So, I think that's where we want to do this.

And also, if you understand our repeats are very strong, and that is because INTUNE provides a great quality. So, I think that's something very, very important for us. So that's why we tried INR1,299. This was done in Indian wear because that was a category which actually landed naturally and the response has been very good.

**Moderator:**

The next question is from the line of Jignesh Kamani from Nippon Mutual Fund.

**Jignesh Kamani:**

So just happy to see that you have -- for time being, we are putting a break on the INTUNE expansion. So, what are the cash flow you are generating from the business, now a larger proportion will be utilized for the department store, which is the core of your and where the competition is virtually non-existent.

So, in that context, when you are aiming to add only 9 store next year, any reason for a lower store or weak store addition because we have just 113 store, opportunity is very large. We are generating almost INR300 crores kind of operating cash flow now. So, what limit you from expanding? And if I give the context like Westside is adding 35 stores per quarter and 50 stores in the year, which require also 25,000 to 30,000 larger square feet. So, I just want to understand on that part.

**Kavindra Mishra:**

Jignesh, thanks for the query. See, every format is different, right? And it's not only about my sense is about the size. But if we have to be premium, there are certain markets where we believe we should be there, in certain markets we will not be there, or in terms of expansion and availability of stores. That's one.

For us, when we have said guided for 9 stores, a, these are all marquee stores;, these are like very good locations, number one. Number two, we are also renovating 5 of our the largest stores. I think that's one. The third thing is this guidance which we give is primarily based on the signed properties and the visibility of opening during the year.

We have few more stores which we have signed, if they are able to come between this because a lot of cases, we -- it's also a function of building it to your requirement or the mall opening in and all. And we have seen in the past that typically these things get delayed here and there.

So, I mean, like Westside is opening 35 stores, but I think for us, if we are able to open 9 stores, which we will do on an average INR45 crores to INR50 crores, I think that's a super addition for us. So, I think that's where we are focusing on. And we are not saying that, okay, we'll only open 9 stores. If we get the right properties, we'll open more stores.

So, I think it's a function of that. But as you rightly mentioned, till the time we are fixing the operational and we are seeing the uptick in INTUNE, we will continue and build on Shoppers Stop because I think that's something where we are seeing a very good traction as on date.

**Jignesh Kamani:**

Sure. Second thing on the conversion. So, if you take about for the full year, our like-to-like growth is pretty healthy at around 5% even in current environment. But at the same time, customer entry is around 4%. So, conversion still we need to improve. So, what are the challenging we are facing where we are not able to increase the customer conversion. The footfall entry, we have already taken care of right as of now.

**Kavindra Mishra:**

So, I think if I look at the overall this thing, conversion we did actually faced a higher or a greater problem in Q3. Q4, it became a little better than where we are, and we have started seeing an improvement in April onwards. We also see that as you change the mix, you will have certain kind of customers coming in, certain coming in and going out.

So, I think it's a settling down period for us. Just to give you a sense, our ABVs actually have gone through the roof, right? So right now, 8% to 10% is where what we are experiencing and what we experienced in April as well.

So, you have multiple things coming in the play. So, I think it's a process it will settle down, Jignesh, right? Because we are changing the brand, we are changing the mix. So, there would be some settling down for this. But as long as we are able to get higher customer entry and the repeats keep on going, I think that's an important thing. For our retail teams, which are driving the whole business, I think there is a lot of focus on them to increase higher conversion.

I mean if you talk to my head of business, he will talk about some 50-root cause analysis and there are a lot of things which is happening as we speak. We're also working through some amount of activation through loyalty to ensure a couple of programs on loyalty to ensure that

the conversions go up. So, as we speak, a lot of things are happening, Jignesh. Maybe once we meet, we can take you through in detail. Yes.

**Jignesh Kamani:** Sure. And last on the working capital cycle, you already witnessed almost INR150 crores plus kind of improvement. So, all the low-hanging fruit is over or there's still juice to improve the working capital for next year?

**Kavindra Mishra:** I think there is still some juice in the working capital. And I mean, we think that another INR100 crores should definitely be there, what we are looking at in the coming year.

**Moderator:** The next question is from the line of Sucrit D. Patil from Eyesight Fintrade Private Limited.

**Sucrit D. Patil:** I have two questions. My first question is to Mr. Mishra. In your point of view, how is Shoppers Stop preparing to capture evolving demand in premium retail and omnichannel formats while carefully addressing challenges such as competition from online players and changing consumer demand? And what strategic levers do you see important for differentiating the brand amongst the peers in the coming quarters? That's my first question. I'll ask my second question after this.

**Kavindra Mishra:** Thanks, Sucrit. Okay. Let me address. So, what is our promise to the consumer. If you go to our investor deck, the promise is we aim to be the most loved premium shopping destination for aspirational young Indian family. So, I think it starts always with the TG. What is the TG you look at and what you want to drive.

Once the TG is defined, we, as an organization and as a team take steps, there are things which you will do, things which we will not do. So, in our mind, getting that customer search online and then come to the store is very important. The ability to show them the inventory of the store is very, very important. The ability to create these spaces in the store where you are actually cutting down on retail areas.

But all our stores right now, 80% of our stores right now have a kids play area. We've actually given away retail spaces and created a safe zone for families to come and leave their kids. And we are quite okay even if they're shopping in the mall, but the kids are there because I think that is the kind of thing that no one can offer you, right?

So, our focus is to create premium merchandise, to create great service, our Personal Shopper program and actually people come, engage with us. We provide them -- I mean, our Personal Shopper business last year was INR1,250 crores, which is maybe higher than most of the brands, right? So that is there.

Then shoppers is known for product authenticity. So, a lot of times in online, what you get maybe is not something very authentic, but whether it's the fragrances or the watches, what you get from us is very, very different. So, I think that's something very important.

Having said that, we understand that we need to cater to the online customer. So that's why the investments in online have happened over the last year. We are very happy with where we are, and we have started seeing the results of that. And conversion this month onwards is very, very good in online.

I think the other thing is there's also a demographic change because obviously there are younger consumers coming in. So we just tied up with HYBE, which is the group which actually created amazing brands like BTS, which is a South Korean band. So they are creating India's first girl band, and we are the retailer for them. In fact, we will start selling from our stores, the BTS albums also, and we'll be the only retailer selling it.

So, I think there are multiple levels of marketing strategy and execution, which we are doing as we speak to create differentiation. If I talk about our peers, I think there are a couple of things we are very different.

A, we are very, very premium vis-a-vis the merchandise offered by our peers. And second, the heavy pivoting which we have on nonapparel, whether it's beauty or watches, I think we stand very, very differently. So we have positioned ourselves India's only premium retailer, and we are building on it every single day.

**Sucrit D. Patil:**

My second question to Mr. Pankaj is, as Shoppers Stop continues to benefit from growth in fashion and lifestyle consumption, how are you prioritizing capital allocation between store expansion, digital investments and shareholder returns? And what long-term cost efficiencies are being pursued to safeguard margins amidst rising rental and operating costs?

**Pankaj Chaturvedi:**

See, the large part of our resources will go towards our core business, which is department stores. Having said that, we understand the potential of our new businesses as well, which is the INTUNE and Kavi spoke about it. We brought INTUNE up to a level. And right now, our priority remains that we get the unit economics right, we correct the profitability and efficiency and then we look at expansion.

Our distribution business, that also continues to grow very well. It's a very profitable business, if you see our results. That will continue to expand as well. So our capital allocation will follow the profitability part at the moment. Let me be very clear on that. And once the profitability path is established, resources are definitely not a constraint for shoppers. So the expansion will then continue.

A combination of all these, you just asked about shareholder returns. I think a combination of all this definitely leads to a profitability turnaround, which is then the ultimate return for the shareholder as well. I hope I was able to address you. If you have any follow-ups, I can take those.

**Moderator:**

The next question is from the line of Devanshu Bansal from Emkay Global.

**Devanshu Bansal:** Sir, I wanted to understand premium, obviously, it's an incremental focus for us. So, is it like the existing consumer that wanted premium products, but we were lagging behind on this space? Or is it like we are changing the consumer profile of our business and trying to bring in a new set of premium consumers?

**Kavindra Mishra:** I think it's a great -- I think one of the best questions asked today, Devanshu. I will give you a data point. I think it's very interesting. So, we launched a brand, say X, in handbags. So, handbags is one category which we have chosen as a premiumization, like one of the top 5 categories for premiumizing.

We launched a brand called say X. I don't want to name brand specifically. So, I'm just using X as a nomenclature. So, when we launched that brand, it became the number one brand for us in its first year of launch. When we looked at the data, we realized that 65% of people who bought that brand used to be a Shoppers Stop customer, but they never used to buy handbags from us.

So, what we realized was that -- and that for us was an aha-moment that actually, if you are able to get the right merchandise, the customer with whom we have is whether it's a silver or a gold, they are all top-level customers. Maybe we were not keeping merchandise of the brand which they were consuming.

So, for example, they were -- they might be coming to us to buy certain apparel categories, but especially in -- they were not buying the handbags from us. So, I think what we are trying to do is to actually come closer to the customer in terms of what he or she needs. We have got this very beautiful concept called voice of customer.

So, we actually in all our stores, we have something called -- so there's a QR code. You scan it. And now what we are doing is if you have to launch any brand in any store, we actually ask the customer, do you think this brand should be launched? Based on that we have a word cloud and we decide whether we need to launch a brand or not.

We also ask our consumers, whether you want a certain brand, please name it. So, what has happened now is that, obviously we'll attract newer customers, but the customers who are shopping with us, the 13.5 million, which is our -- to whom we owe everything, we are giving them a voice to tell what they want, and we are getting those brands.

And what's happening is it's like -- this the one, energy, once you start doing it and the brand start seeing that we are respecting them and giving them the ability to display them well, it's a multiplier effect. And I think that's the journey in which we are it takes -- I mean, it has taken us some time to get us to execute the strategy. But I guess what you are seeing now would be a multiplier effect of this going forward.

**Devanshu Bansal:** Fair enough. And is it a fair assumption that you're gaining new consumers as well on the premium end?

- Kavindra Mishra:** Yes 100%. So, what we see is that 41% of the bills which we are making now is through new customers, right? So, I think that for me is very, very important. The fact that we are -- our enrollments, whether in the Black card or the Silver card, the highest ever, I think that's very, very strong. Repeat coming at 69% is very strong. So, you can see that the KPIs on recruiting newer customers and your Black customers or the customers coming for the first time, I think we are seeing an uptick across all the KPIs.
- Devanshu Bansal:** Fair enough. Sir, a small follow-up here is from a watches category perspective, we are seeing very, I would say, exponential kind of growth trends for watches specific players. I'm taking examples of Just in Time, Helios, which play in this premium to luxury watch segment. So as in what is our differentiated proposition that we are bringing to the consumer for this particular category?
- Kavindra Mishra:** So, I think the -- and you actually -- you're answering the question in the question. You're answering your own question. Everybody who you mentioned are actually watches customer only. What we are able to get is a customer who can transcend across categories, right? So that's one big differentiator.
- Second, we are right now very, very strong in fashion watches. When we talk about fashion watches, I mean, Armani, Cerruti, right. They are at a different ASP. When we talk about especially Ethos, they are all -- I think it works at a different scale. So, our focus is more around the fashion and now building on the bridge-to-luxury segment.
- But I think the biggest differentiator is the walk-ins those number of crore people are walking into the stores and watches is on the ground for around Beauty, we give the customers that choice to experience the product. I think that's a very different experience and which is the power of a department store. If you get your act right, you will get multiple customers traversing across categories.
- Devanshu Bansal:** Understood. Sir, last question from my end. Malad store, it's been some time since we renovated. So, can you comment on trends in some of these renovated stores versus the rest of the network or versus the earlier trends in these particular stores? So, on key retail metrics, what is the kind of improvement that we have seen for the renovation?
- Kavindra Mishra:** So, we are saying that once we renovate our marquee stores, our sales productivity goes up by 35% to 40%.
- Devanshu Bansal:** 35% to 40%, okay.
- Kavindra Mishra:** Yes, the sales productivity, yes.
- Devanshu Bansal:** Okay. So that translates into better margins also, right? So...
- Kavindra Mishra:** Of course. Because the cost to fix the right. And that's why we are very excited about renovating our 5 big stores this year.

**Devanshu Bansal:** And after these 5 stores, so will our network be largely in shape which we sort of envisage or there are still more...

**Kavindra Mishra:** Renovation is going to be a continuous thing.

**Moderator:** We'll take the next question from the line of Abhijeet Kundu from Antique Stock Broking.

**Abhijeet Kundu:** In terms of your premiumization initiative, as per my understanding for the last 20 years, I mean, Shoppers Stop has been at the forefront of providing premium apparels and fashion. When we look at departmental stores, there were -- anyway there were always limited options in department stores. So commendably we have done that very well. We are going to the next level of having the luxury apparels and fashion accessories.

My point is that when I look at your departmental store growth, it's in the region of 4%, 5% other businesses are the non -- I mean, the core business, department store that is growing at 4%, 5%. And within that, there is an element of the non-apparel business, which is obviously growing at a higher rate, the cosmetics and the watches business.

The apparel business, though there has been a good amount of evolution seen particularly in the last 7, 8 years in terms of premium apparels. And that is quite differentiating when we compare it with any other department store because other departmental stores anyways are not much of options. And when we compare those brands to the exclusive brand outlets, those brands are seeing a higher growth.

You rightly said that you have a bigger size of that. But why are we not able to see more growth, I mean, in the -- than the EBOs because EBOs have done better in the last 2 years when we compared to the departmental store business or maybe the estimated apparel store of yours. Is it that the value proposition within your departmental stores have not done well, only the premium apparels have done well. I mean what has been the scenario there?

Because when we look at the -- there have been companies who are grappling, but they are seeing high single digit to 10% to 15% kind of growth now. So -- and we need that 15% growth in departmental stores backed by some 7%, 8% I mean, same-store sales growth and 7%, 8% store addition, right? So where are we in that -- I mean, in that overall circumstance, scenario, that I wanted to understand.

**Kavindra Mishra:** Okay. Thanks, Abhijeet. Broadly, the question is, as I understand is, you're questioning the growth which we have in our apparel business versus that of apparel of the brands in their EBOs, right? That's what the question is. That's a fundamental part of the first question.

So, I don't think so we have to look at the data in the way you have just mentioned. All the brands which you speak about who have done a double-digit growth, actually, if you ask them how is the departmental store retail growth for them, you will find that maybe we are same or more.

When you see our profile, you will have a set of brands. So, for example, we have got 40 brands of apparels, few will grow better, few will not grow better, right? So, you look at a weighted average. But brand to brand, if you compare the performance, I think we are very much there.

That I know for sure because as partners who have got deep relationships over the last 30 years or so, we share data very, very openly, right? So, I think that's one thing. Obviously, I can't name the brands here because it's a brand's right to mention, just to tell you one, that's one.

Second, for brands itself, the departmental stores are and they continue to be one of the most profitable channels. Before I joined Shoppers, I was running brands only. And the kind of spaces which people get, the kind of walk-ins which brands get, it's very difficult for them to get in their own EBOs and obviously the rental cost which we have and the margin versus what the brands pay.

So, I don't see that as an issue. I think we are comparing subset of data of high-performing apparel brands, and I'm very sure that our performances in those would be equal or better. And that's for sure. At least for the last 2 years, I'm very, very sure.

The third thing is -- and I think you are rightly saying that we should look at a double-digit growth in departmental store, which is a mixture of the like-for-like plus new store. I think for our business, we should -- we are aiming for that kind of growth this year, just to answer that, yes.

**Abhijeet Kundu:** So where are we seeing -- so my other question or rather the main question was where are we seeing that lower growth?

**Kavindra Mishra:** I mean is it the -- we see higher growth in -- we are seeing higher growth in premium brands. We see lower growth in the low-price brands, and that's what I think we said that we are churning out brands. The other thing which we need to also understand is that most of the brand contracts and brand stores are the age is 5 years.

So, you are comparing a 3 to 5 years or 4 years like-for-like growth versus somebody like our marquee stores are 30 years old or 25 years. So, there is a -- it's not a comparable thing at all, if I look at it. So, there are 2 or 3 variables. So, we have to look at it more granularly to create a hypothesis around it.

**Abhijeet Kundu:** So, your newer stores would be having a higher growth trend? Is that conclusion right there? I mean 3 to 5 years store?

**Kavindra Mishra:** Obviously, yes.

**Abhijeet Kundu:** Okay. And has there been any underlying recovery in discretionary spend seen during the quarter? Because across the board, generally, discretionary spend -- I mean, the fashion

trends have been relatively better than what it was in the previous quarters. Have you seen something like that?

**Kavindra Mishra:** Yes. Yes. I think in my commentary also I mentioned that the fashion or the overall business has seen an improvement since February. That improvement continued in April as well. May also has started off fine. My worries are more for the Q2 and Q3 because of supply chain disruptions, if any.

**Moderator:** The next question is from the line of Tejash Shah from Avendus Spark Institutional Equities.

**Tejash Shah:** A couple of questions, partly academic in nature. Sir, did I hear you correctly, you said that once a store get refurbishment, sales productivity increases by 35% to 40%?

**Kavindra Mishra:** Yes. The new -- I think there are two very good examples. One is Malad and other is Juhu. The moment we have done it, we have seen that kind of a thing. In case of Malad though, we also reduced the space, and that also help us to grow that much of productivity. For Juhu, it's the same store size, and we are growing around 35% to 40%, yeah.

**Tejash Shah:** Sir, if we double-click on this, what leads to this? Is it that customer gets excited with the new store? Because I'm assuming the catchment area, the customer profile remains the same, the location remains the same, and I'm assuming inventory also remains the same, the merchandise.

**Kavindra Mishra:** No. So, I think, Tejash, the biggest change happens in merchandise. The store obviously looks fresher and more appealing. But I think we have changed the way. And may I invite you to visit our Juhu store because I think that would give the best answer to this question because if you see the kind of brands we have seen, for example, in Juhu, the number one brand is what we never kept in our store, that brand has become the number one brand. And it's a very big global brand.

So, what I'm trying to say is the nature of the merchandise itself changes. The way, the pricing at which we have kept because, see, these stores always had good consumer entry. Maybe we had -- because we were not renovating or whatever time it took, the stores became jaded.

And what we are seeing and experiencing is as we are renovating the stores, in case of Malad, even if I take out that one floor, we would have -- our SPSF would have grown up by 15%, 20%. In case of Juhu, completely 35% SPSF increase is only basis the newer brands which we've introduced. So, I think that's a journey.

We realize that the customer has always been there with us. We were just not giving them the merchandise which they deserved. And I think Juhu is a big testimony for all of us and learning, which we have accepted and we are working on now.

**Tejash Shah:** And sir, what is the typical refurbishment cycle?

- Kavindra Mishra:** Typical, as in how many years we do?
- Tejash Shah:** Yes, yes.
- Kavindra Mishra:** So, I think 8 -- 7 to 8 years is there, is what we take. But after seeing the Juhu success, that's where we are now focusing on our big stores, Tejash, that we see a formula which is a winning formula. We now need to execute it. And out of that I'm saying we have taken 5 of our larger stores. Also, the newer stores which are opening, the ones which are the premium ones, we are opening in a new format only so that we don't -- we are not -- we just want to take the whole experience to the next level.
- Tejash Shah:** So, sir, isn't this secret sauce there? Because if I do the math, over 7 years also, if it takes 40% jump, it actually productivity is 5% SSSG on a CAGR basis. So isn't -- it seems like that it is like every 6, 7 years if we do this then on a CAGR basis we actually achieve what we are trying to achieve with so many ones.
- Kavindra Mishra:** Agree, agree. I think you are right that we can -- we should renovate. But I think it's not only about renovation, it's also about what brands you're getting in, right? So if we are able to get the right brands and renovate, then is that number what I'm mentioning, 15% to 20% in case of Malad or 35% in case of Juhu, we have seen that growth happening. So I think that's a safe assumption. And that's why the focus this year and the coming years is on renovation of our marquee properties as well.
- Tejash Shah:** And sir, second and last, again, partly academic, you said that it was kind of discovery which we made that our customers who are coming already are buying premium brands. Now among the offline retailers, you have the most dated, most vintage data on your customers which you are collecting for last many years. Now ideally, with the data and with all the computing tools that we have, shouldn't it be like much more proactive rather than reactive.
- And why I'm saying this, when we are competing with digital channels who are using even null searches to figure out that what customers are looking for or not getting. So with that kind of competition to beat and the data that we have, shouldn't it be much more proactive to understand our customer?
- Kavindra Mishra:** No, no. Tejash, I think you misunderstood what I said. What I said was that we introduced a new brand, and we saw that we are able to attract newer customers, right? Now whether that customer in the handbag category was buying brand X or a Y, no data will tell you because we are not an online site which is offering all these brands, please understand. We have the data for shopping within the ecosystem, right? We don't have -- this shopping we were outside the ecosystem because even on our dot-com, we only sell brands which are a part of our profile. That's one.
- Once we figure that out, that's why we are now using VOC, which is the voice of customer, and it is actually done through AI, where customer can speak in 22 languages that get

converted into word cloud, tell the name of the brand which they want in the store and we launch it. So, I think we have been very proactive in this.

**Tejash Shah:**

So, you have tools to kind of engage with customers to understand?

**Kavindra Mishra:**

No. Just to give you a sense, Tejash, our loyalty program has been rated the best loyalty program and personalization program has been rated as the best program across all the departmental stores in the world, which includes Selfridges and Macy's and everybody. So I think it's a very detailed -- there's lot of information, as you rightly just sitting with us, and we continuously keep on churning on it. And we are building the personalization there.

For example, if you come to a personal shopper, he actually has an app which will have all your history, what you have shopped last time, what is the likelihood of you buying, which brands you want to buy, which what you have shopped before. And if you're shopping this brand, what are the other category brands. So, I think -- but that's all within the ecosystem. No data allows you to check the ecosystem from outside, right? So, I think that we need to be very clear on that view.

**Moderator:**

Ladies and gentlemen, that was the last question. Thank you, members of the management. On behalf of Shoppers Stop Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.