

Baazar Style Retail Limited

20th November 2025

Preponement of Durga Puja led to better than expected growth

In Q2 FY26, Baazar Style Retail Ltd (BSRL) delivered a strong performance, with revenue rising 71% on YoY basis, supported by rapid expansion of store base and due to the early onset of Durga Puja. Private label contribution stood at ~58% (vs 45% in Q2 FY25), continuing to support healthy gross margins of ~30%. Operating leverage from higher footfalls and maturing stores drove a sharp improvement in EBITDA margins (Post-Ind AS), up by 184% on YoY basis. Key operating metrics remained robust, with ATV steady at Rs 1,005, bills issued saw a jump of 69% on a YoY basis, and units sold grew by 63% on a YoY basis. The Company continues to invest in backend capabilities for better inventory management, warehouse management, and business intelligence & analytics.

Preponement of Durga Puja

The preponement of Durga Puja into September gave Q2 FY26 an early festive boost. However, management believes Q3 FY26 will remain the strongest quarter of the year, as over 120 stores depend heavily on Diwali and Chhath Puja. Winter and wedding-season trends are also encouraging, with strong traction already visible in winter merchandise.

Guidance for FY26 improved and long term guidance remains intact

Management has now raised its FY26 revenue growth outlook from 25% to 30%, supported by 6-7% SSSG and the planned addition of 45-50 stores for the year. However, management maintains their stance for long term topline growth to be ~25% for the coming years.

Update on insurance money to be received

On the insurance front, the Company has received ~Rs 34.8 Mn (out of ~Rs. 42.5 Mn) in Q2 FY26 related to asset losses. The inventory-related claim remains under review, with no fixed timeline. Management plans to use the insurance proceeds to strengthen working capital rather than accelerating store expansion.

View & Valuation

Given BSRL’s strong store expansion plans, sustained SSSG, and increasing focus on private-label offerings, we project revenue to grow at ~25% over FY25–27E. This growth is expected to be supported by higher revenue per store and continued new store additions. We also anticipate slight EBITDA margin expansion, driven by a rising share of private labels and operating efficiencies due to store maturity. Based on these factors, we have revised our estimates and maintain our BUY rating on BSRL, valuing the Company at 12x EV/EBITDA on FY27E, implying an upside potential of ~24%.

BUY

CMP Rs. 297

TARGET Rs. 368 (+24%)

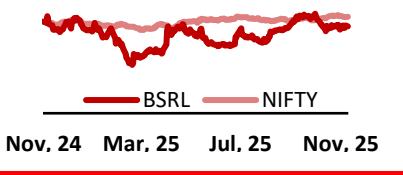
Company Data

Bloomberg Code	STYLEBAA IN
MCAP (Rs. Mn)	22,161
O/S Shares (Mn)	75
52w High/Low	392/181
Face Value (in Rs.)	5
Liquidity (3M) (Rs. Mn)	96

Shareholding Pattern %

	Sep 25	Jun 25	Mar 25
Promoters	45.71	45.6	45.57
FIIs	3.13	2.4	2.53
DIIIs	10.31	11.3	11.1
Non-Institutional	40.84	40.7	40.8

BSRL vs Nifty



Source: Keynote Capitals Ltd.

Key Financial Data

(Rs Mn)	FY25	FY26E	FY27E
Revenue	13,437	18,069	21,677
EBITDA	1,894	2,584	3,143
Net Profit	147	499	325
Total Assets	17,420	20,888	23,177
ROCE (%)	7%	6%	8%
ROE (%)	6%	12%	7%

Source: Company, Keynote Capitals Ltd.

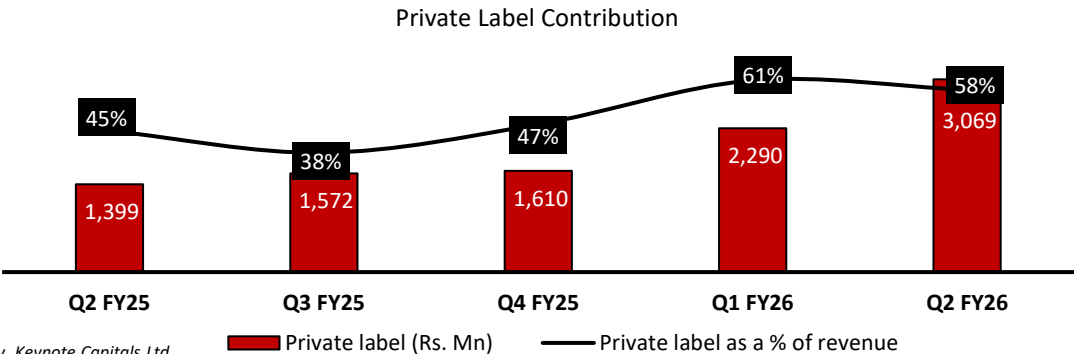
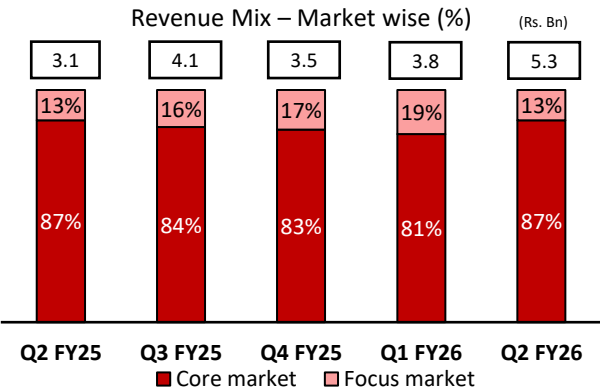
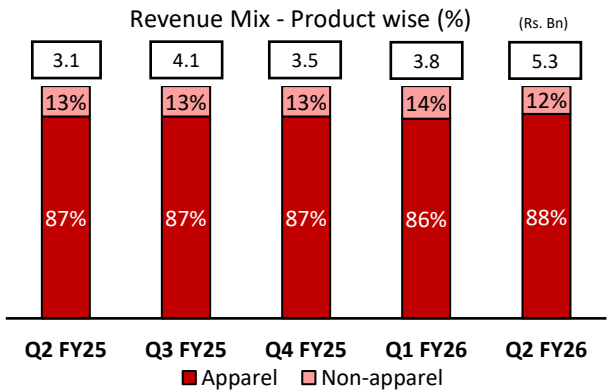
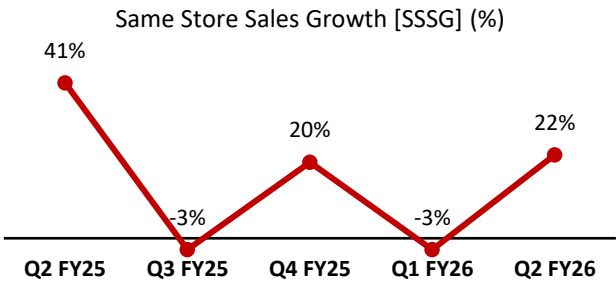
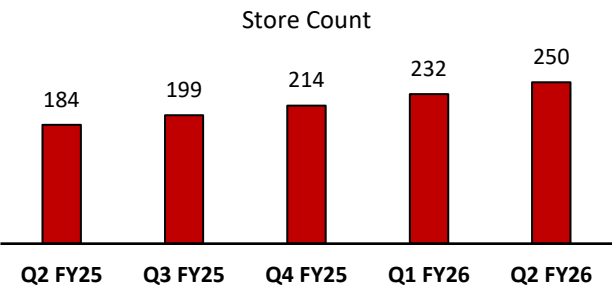
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Q2 FY26 Result Update

Result Highlights (Rs. Mn)

Particulars	Q2 FY26	Q2 FY25	Change % (Y-o-Y)	Q1 FY26	Change % (Q-o-Q)	H1 FY26	H1 FY25	Change % (Y-o-Y)	FY25
Revenue from Operation	5,317	3,109	71%	3,779	41%	9,096	5,867	55%	13,437
Gross Profit	1,621	939	73%	1,356	20%	2,976	1,846	61%	4,542
Gross Profit %	30%	30%	28 Bps	36%	-540 Bps	33%	31%	126 Bps	34%
Employee Cost	405	291	39%	337	20%	742	524	42%	1,160
Other Expenses	524	405	29%	436	20%	960	659	46%	1,486
EBITDA	691	244	184%	582	19%	1,274	664	92%	1,896
EBITDA %	13%	8%	517 Bps	15%	-240 Bps	14%	11%	269 Bps	14%
Depreciation	422	225	88%	340	24%	762	434	76%	999
EBIT	269	19	1333%	242	11%	511	229	123%	897
EBIT %	5%	1%	446 Bps	6%	-135 Bps	6%	4%	171 Bps	7%
Finance Cost	170	159	7%	235	-28%	405	300	35%	690
Other Income	38	22	73%	29	30%	67	53	25%	90
Exceptional Items	553	0	-	-8	-	545	-108	-	-108
PBT	689	-119	-	28	2327%	718	-125	-	189
Tax Expenses	174	-29	-	8	2122%	182	-32	-	42
PAT	515	-89	-	21	2405%	535	-94	-	147
EPS	6.90	-1.20		0.28		7.18	-1.26		2.02

Source: Company, Keynote Capitals Ltd.



Source: Company, Keynote Capitals Ltd.

Private label (Rs. Mn) Private label as a % of revenue

Q2 FY26 Conference Call Takeaways

General highlights

- Revenue from operations grew by 71% on YoY basis to Rs 5317 Mn, driven by strong festive-season demand and continued network expansion.
- Gross margin expanded to ~30%, supported by higher private-label contribution .
- Manpower costs rose by 40% on YoY basis, largely due to the scale-up of stores and the addition of senior management talent to support future growth.
- The Company is undergoing a major tech and supply-chain uplift. SAP HANA (inventory management) implementation is expected to go live within six months. Domo (business intelligence & analytics) will go live by early December 2025, while Infor (warehouse management) is targeted for January, 2026.
- The reassessment of leases under Ind AS 116 resulted in a one-time exceptional gain of Rs 553 Mn. This is expected to narrow the gap between Pre-Ind AS and Post-Ind AS profitability from next year.
- Store-level profitability continues to improve. New stores typically generate 5-6% pre-Ind AS EBITDA in their first year, increasing to 8-10% in the second year.
- Mature stores deliver Pre-Ind AS EBITDA margin of 13-15% in Tier 2-4 cities and ~12% in metro/Tier 1 locations.

Management guidance

- Profitability expectations remain steady, with Pre-Ind AS EBITDA guided at 7-8% and Pre-Ind AS PAT at 3-4%. Post-Ind AS, the Company expects EBITDA margins of 14-15% and PAT margins of 2-3%, excluding the exceptional gain.
- For the full year, management guided that gross margin would improve by ~50 bps, reaching ~34%.
- Looking ahead, the Company continues to anchor its medium-term ambition ~25% annual revenue growth, which forms the base of its business planning structure.
- Management has also reaffirmed the target of adding 45-50 new stores in FY26, maintaining its disciplined expansion strategy.
- Operationally, the Company expects 6-7% SSSG over the next two years, supported by strong product acceptance and maturing stores.
- A key strategic priority is increasing the share of private labels, with the goal of scaling them to ~65% of sales by FY27, strengthening margins and reinforcing the value-fashion proposition.
- A planned investment of Rs. 200-250 Mn is being made this year towards building an integrated and intelligent technology backbone for digital and warehouse transformation.

Financial Statement Analysis

Income Statement

Y/E Mar, Rs. Mn	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	9,729	13,437	18,069	21,677	25,814
Growth %		38%	34%	20%	19%
Raw Material Expenses	6,481	8,913	11,925	14,285	16,986
Employee Expenses	801	1,094	1,572	1,886	2,220
Other Expenses	1,029	1,537	1,988	2,363	2,788
EBITDA	1,418	1,894	2,584	3,143	3,821
Growth %		34%	36%	22%	22%
Margin%	14.6%	14.1%	14.3%	14.5%	14.8%
Depreciation	735	999	1,671	1,783	1,889
EBIT	684	895	913	1,361	1,932
Growth %		31%	2%	49%	42%
Margin%	7%	7%	5%	6%	7%
Interest Paid	491	688	921	1,047	1,187
Other Income & exceptional	99	-18	673	120	120
PBT	292	189	665	433	865
Tax	73	42	166	108	216
PAT	219	147	499	325	649
Others (Minorities, Associates)	0	0	0	0	0
Net Profit	219	147	499	325	649
Shares (Mn)	69.9	74.6	74.6	74.6	74.6
EPS	3.1	2.0	6.7	4.4	8.7

Balance Sheet

Y/E Mar, Rs. Mn	FY24	FY25	FY26E	FY27E	FY28E
Cash, Cash equivalents & Bank	149	221	1,574	2,861	5,078
Current Investments	0	0	0	0	0
Debtors	0	0	0	0	0
Inventory	4,329	5,215	7,751	9,285	11,041
Short Term Loans & Advances	557	712	712	712	712
Other Current Assets	58	518	518	518	518
Total Current Assets	5,093	6,666	10,556	13,377	17,350
Net Block & CWIP	6,269	10,313	9,892	9,360	8,721
Long Term Investments	0	0	0	0	0
Other Non-current Assets	200	440	440	440	440
Total Assets	11,561	17,420	20,888	23,177	26,511
Creditors	2,618	3,108	4,628	5,062	5,997
Provision	119	3	3	3	3
Short Term Borrowings	1,491	1,488	1,338	1,338	1,338
Other Current Liabilities	629	915	915	915	915
Total Current Liabilities	4,857	5,514	6,884	7,319	8,254
Long Term Debt	291	177	127	127	127
Deferred Tax Liabilities	-159	-213	-213	-213	-213
Other Long Term Liabilities	4,421	7,904	9,554	11,084	12,834
Total Non Current Liabilities	4,553	7,868	9,468	10,998	12,748
Paid-up Capital	349	373	373	373	373
Reserves & Surplus	1,802	3,664	4,163	4,488	5,136
Shareholders' Equity	2,151	4,037	4,536	4,861	5,510
Non Controlling Interest	0	0	0	0	0
Total Equity & Liabilities	11,561	17,420	20,888	23,177	26,511

Cash Flow

Y/E Mar, Rs. Mn	FY24	FY25	FY26E	FY27E	FY28E
Pre-tax profit	292	189	665	433	865
Adjustments	1,167	1,760	2,471	2,710	2,955
Change in Working Capital	-315	-1,299	633	430	930
Total Tax Paid	-28	-123	-166	-108	-216
Cash flow from operating Activities	1,116	527	3,603	3,465	4,534
Net Capital Expenditure	-846	-1,028	-1,250	-1,250	-1,250
Change in investments	0	-1	0	0	0
Other investing activities	1	1	120	120	120
Cash flow from investing activities	-845	-1,027	-1,130	-1,130	-1,130
Equity raised / (repaid)	0	1,752	0	0	0
Debt raised / (repaid)	631	-119	-200	0	0
Dividend (incl. tax)	0	0	0	0	0
Other financing activities	-812	-1,092	-921	-1,047	-1,187
Cash flow from financing activities	-181	541	-1,121	-1,047	-1,187
Net Change in cash	89	41	1,352	1,288	2,217

Valuation Ratios

	FY24	FY25	FY26E	FY27E	FY28E
Per Share Data					
EPS	3	2	7	4	9
Book Value Per Share	31	54	61	65	74
Return Ratios					
Return on Assets (%)	2%	1%	3%	1%	3%
Return on Equity (%)	12%	6%	12%	7%	13%
Return on Capital Employed (%)	10%	7%	6%	8%	10%
Turnover Ratios					
Asset Turnover (x)	1.0	0.9	0.9	1.0	1.0
Sales / Gross Block (x)	1.3	1.2	1.3	1.4	1.6
Working Capital / Sales (%)	4%	5%	13%	22%	29%
Receivable Days	0	0	0	0	0
Inventory Days	211	195	198	218	218
Payable Days	102	107	98	112	108
Working Capital Days	109	89	101	106	111
Liquidity Ratios					
Current Ratio (x)	1.0	1.2	1.5	1.8	2.1
Interest Coverage Ratio (x)	1.6	1.5	1.1	1.4	1.7
Total Debt to Equity	0.8	0.4	0.3	0.3	0.3
Net Debt to Equity	0.8	0.4	0.0	-0.3	-0.7
Valuation					
Price to Sales (x)		1.3	1.2	1.0	0.9
Price to Book (x)		4.4	4.9	4.6	4.0
EV/EBITDA (x)		14.4	12.3	10.1	8.3
EV/Sales (x)		2.0	1.8	1.5	1.2

Source: Company, Keynote Capitals Ltd.

KEYNOTE Rating History

Date	Rating	Market Price at Recommendation	Upside/Downside
5 th March 2025	BUY	216	+53.0%
20 th May 2025	BUY	285	+15.5%
7 th August 2025	BUY	290	+24.1%
20 th November 2025	BUY	297	+24.0%

Rating Methodology

Rating	Criteria
BUY	Expected positive return of > 10% over 1-year horizon
NEUTRAL	Expected positive return of > 0% to < 10% over 1-year horizon
REDUCE	Expected return of < 0% to -10% over 1-year horizon
SELL	Expected to fall by >10% over 1-year horizon
NOT RATED (NR)/UNDER REVIEW (UR)/COVERAGE SUSPENDED (CS)	Not covered by Keynote Capitals Ltd/Rating & Fair value under Review/Keynote Capitals Ltd has suspended coverage

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