Shoppers Stop

Operator: Ladies and gentlemen, good day and welcome to the Q4 and FY26 earnings conference call of Shoppers Stop 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. 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 – Dentsu One Investor Relations: Thank you, Michelle. Good morning and thank you all for joining us on the Shoppers Stop Q4 and FY26 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 quarterly 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.

Management: Thank you, Pranay. Good morning all. I am joined on the call along with Biju, in addition to my colleagues from the finance team, Pankaj, who is our new CFO, Mr. JP, and Rohit. We have uploaded the investor presentation on our corporate and stock exchange website. Let me start by 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 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 am very happy to share that we ended the year with 4.7%, which is our highest ever LFL in a decade, particularly after two consecutive flat-ish LFL sales for FY24 and FY25. 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 Citizen 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 an impressive 74%. Demonstrating deep value proposition from a customer perspective besides personalized service standards helped us to increase the loyalty base to 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 ABV 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 1,257 crores of revenue last year. Overall, the 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% year-over-year. We sold close to 6 lakh watches during the year, which translates into 70 watch sales per hour. Similarly, fragrances grew by 12% year-over-year. 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% year-over-year. We sold 4.7 lakh bags, which was approximately 60 bags per hour.

Now let me talk about the private brand business. The private brand business continues to be a key strategic pillar in terms of offering a differentiated range and covering the gaps for a set of categories. It had a very good performance in terms of profitability driven by improved productivity, lower discounts, and premiumization. During the year, we reduced the inventory by 40 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 women's wear, women's Indian wear, and kids wear are categories where private brands have a very important role to play and hence we are expanding current brands like Kashish and Mandya. We also have just launched Pretty Girl, a premium apparel line for young girls, which is now expanded to 69 stores. We will continue to elevate the product offering to a higher mix of premium and ethnic fabrics, enhanced design language and styling, and the swift launch of prevailing trends.

Let me talk about the beauty business. The company's beauty business, including Global SS Beauty, delivered revenue of 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 masterclasses revolving around expression, engagement, and education to drive consumption. The 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 426 crores, which is equivalent to 650 crores of GMV, with a stellar 81% growth year-over-year and delivering a three-year CAGR of 90%. This would make us the largest beauty distributor in the country. During the year, GSSB 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 skincare 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 for high growth through strategic partnerships, digital acceleration, and store expansion.

Now let me talk about the InTune business. InTune had a slow start. However, the focus on improving productivity and unit economics over the past two quarters helped us stabilize the business and position it for sustainable growth. Key call outs for InTune for the year were: we recorded a revenue of 282 crores, which was a growth of 46% year-over-year. We opened 14 stores during the year. The total store count now stands at 84 stores across 39 cities. Relentless focus on inventory freshness through in-season clearance and online accessibility helped us to reduce inventory by 36 crores year-over-year. Through structured CRM outreach, we were able to drive improvement in key KPIs. The 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 2026 onwards. April also continues to see 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 and UX with a mandate to have a robust omni-channel experience. As we speak, a large part of the investments have already taken place and in this financial year, the focus will be on scaling volumes at improved profitability. With an improved customer interface for the month of April 2026, we have seen 60% growth year-over-year driven by improvement in conversion. In this journey, we also plan to integrate ssbeauty.in into shoppersstop.com as a microsite to sweat marketing investments favorably.

Now let me talk about store expansion and financial discipline. We maintained a disciplined and prudent capital allocation approach during the year with a strong focus on driving returns and strengthening the balance sheet. I am very happy to state that because of strong operational efficiency, we were able to generate cash from operations of 301 crores. This is the highest in the last 8 years, supported by working capital optimization of 155 crores. During the year, we opened 27 stores: 8 departmental stores, 3 beauty, 2 HomeStop, 14 InTune, and we renovated three stores including our Juhu store with state-of-the-art design offering premium and aspirational assortment, with a capital investment of 115 crores. The total inventory optimized for the year was 153 crores. Shoppers Stop has also made focused investments across infrastructure, network, and security, delivering tangible business and operational outcomes. These include the highest NIST maturity score in Indian retail which is 3.6, early adoption of DPDPA 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 disruption. Operational KPIs continue to improve with an ATV, or average ticket value, growing by 8% and the ASP growing by 11%. Most importantly, the customer entry grew by 3.2% like-for-like and we are seeing three consecutive 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 under this delivered strong customer engagement and traction which reached 165 million and had 282 million views. The non-apparel category reported 13% growth reflecting growing consumer preferences for premium offerings. Also, it is a reflection of our strategy which pivots heavily around non-apparel. We opened four departmental and one HomeStop during the quarter. We launched several new premium brands during the quarter; to name a few, we launched Baume & Mercier, a premium Swiss brand with an average ASP of 1.5 lakhs in watches. We launched Brooks Brothers, Juicy Couture, Hugo Boss, and Charles Tyrwhitt. We also launched Vinyas and Crystal Bohemia in the home category. The core business, which is the departmental store business, delivered an EBITDA of 50 crores, up by 52% year-over-year. It excludes the one-off gain of 22 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 revenue of 309 crores, which grew by 17% year-over-year led by fragrance which grew by 37%. The overall contribution of beauty now stands at 21% of the revenue. GSSB recorded revenue of 114 crores, which is a 69% year-over-year growth, 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 sales of 67 crores which grew by 24% year-over-year. Improvement in sales trends has been witnessed since February onwards and the momentum continues in April. We introduced a new price point of 1,299 across categories and the initial response is very encouraging. On the gross margin side, we have seen improvement quarter-on-quarter led by improved intake margin and lower discounting. We opened four InTune stores during the quarter.

Now let me address the current operating environment and then I will talk about the way ahead for the business. We have seen a pickup in demand from mid-February and it sustained through April as well as the first few days of May. A strong wedding calendar, growing local travel, and general buoyancy in the economy are favorable triggers for demand in the coming quarter. Having said that, we do foresee a challenge on two fronts. First being on fuel price and raw material-led inflation which may impact demand in the short term. As Shoppers Stop is already on a premiumization journey, we expect the impact to be relatively limited compared to mid-segment players. Second is on 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 effectively managing and mitigating this risk.

Way ahead for the business. The first important thing is that we are going to double down on premiumization as the strategy has started delivering results on the 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. Continuously working on the brand mix and churn to make space for high performers is key. We will 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. We will drive expansion of the brand in key markets in premium malls. I am delighted to share that our repositioning efforts have started yielding results and we are increasingly becoming the departmental store of choice with some of the leading mall developers. We plan to add 9 departmental stores and 35 to 40 InTune stores in this financial year.

This includes the 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 five stores this year with our new premium identity. All these are marquee stores.

Let me talk about InTune. This is the year where we will be able to see major improvement in the InTune business driven by improved productivity, gross margin expansion, and optimizing the cost base. We have come out of the inventory issues and the overall EBITDA loss should be curtailed to half of the FY26 loss. Our focus will be on driving efficiencies and turning around unit economics for 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 break-even at the business level in InTune in FY28.

Let me talk about the investments and the cash flow. In FY26, we have been able to generate high operating cash flow with tight controls on working capital and have retired 109 crores of debt. On a similar line, we will continue to focus on high internal accruals in FY27 through the following initiatives: a strong surge in profitability driven by LFL growth and productivity improvement; rationalization of losses from new businesses, which I spoke about in my speech; tight control over costs; and continuous working capital optimization.

These internal accruals shall be utilized towards investments for growth. Opening of new stores is essential and we are in the process of opening some very marquee stores, as well as the refurbishment of our top stores. I think that is super important for us. There will be additional capital infusion to enable beauty distribution business growth. We will be debt-free by Q4 FY27, which I think would be a major plus for us over the last 2 years. Unfortunately, Devang is not here today on the call because of some personal exigency, so I will be addressing any queries regarding InTune. My speech is over now and we can now open the floor for the Q&A session. Thank you.

Operator: Thank you very much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. Anyone who wishes to ask a question may please press star and 1 on their touchtone phone. If you wish to withdraw yourself from the question queue, you may press star and 2. Participants are requested to use only handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Sameer Gupta from India Infoline. Please go ahead.

Sameer Gupta – India Infoline: Hi, good morning everyone and thanks for taking my question. Firstly, sir, I am looking at the core business in FY26 and the EBITDA margin on a gross sale or non-GAAP sales basis that you record is around 4%. This is in a year of 5% LFL and a strong cost control exercise over the years. We have had a guidance of a high single digit margin for this business; I am just wondering if we would still need 3 or 4 years of sustained LFL to be in that ballpark. Are there any other levers that can result in better performance in the foreseeable future, or is this a correct thesis or assessment?

Management: Thanks for the question, Sameer. You are right; it will take a couple of years for us to reach there. Having said that, there are a lot of initiatives in place. We shut around seven 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 GMROIs for us grow substantially. So, while I think it might take a couple of years, the general direction is what we are focused on.

Just to give you a sense, when we looked at our business and our spaces dispassionately, there are a couple of categories where we believe we can build space. For example, within HomeStop in Shoppers Stop, we have identified spaces in the box where we can release it and use it more efficiently for national brands. Similarly, we are driving a heavier non-apparel mix because watches are really firing well for us along with fragrances, beauty, and handbags. As we premiumize, we will see the journey becoming faster. Having said that, I think 2 years is a fair assumption.

Sameer Gupta – India Infoline: Got it, sir. Thanks for the detailed answer. The second question is on the gross margin. Looking at it again on non-GAAP sales, it is down 100 bps this quarter and for the full year it is down 60 bps. I wanted to understand what is driving this and if higher LFL is linked to the margin weakness in the gross margin line in any way?

Management: No, I think this has more to do with the one-offs in the gross margin cases we mentioned. If I talk only about operations, I think there is a positive movement. If I just look at business as usual and I remove the one-offs, the gross margins have actually improved by 50 bps. The reason you do not see it in the P&L right now is because it is colored with a one-off.

Sameer Gupta – India Infoline: So, what exactly is this one-off? I probably missed it.

Management: This side is Pankaj. I will just take this. This one-off is nothing but on account of prudent accounting where we have had some provisions on our COGS side. Last year, after due assessment when we did not need these provisions, we did the unwinding. That was significant last year. It is 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, we are just calling this out.

Sameer Gupta – India Infoline: So, it is a provision write-back in the base?

Management: Yes, absolutely.

Sameer Gupta – India Infoline: Okay, that settles it. Lastly, you mentioned the guidance on departmental stores but I missed it on InTune. Can you elaborate on your plans for expansion on that front?

Management: Sure. In the case of InTune, as I mentioned, right now we are not looking at opening stores in H1. I think we have just emerged from the operational and inventory issues in InTune. Right now, the trajectory is very positive. I want that to continue for the next two quarters before we start opening InTune stores again. So, the focus and the investments in InTune remain, but I just want this year to be a cleaner year where we are able to build operational efficiencies and build throughputs from the stores before we move ahead.

Sameer Gupta – India Infoline: So, it is a fair assessment that it is still a work in progress and we are still assessing the strategy here?

Management: Sameer, it is a 2-year-old business. Any 2-year-old business will have some development. Shoppers Stop after 31 years is a work in progress business because things change and customers change. So, I think it is just natural that it is a work in progress business. Having said that, whatever steps we had to take to get the product, the operations, and the store learnings are in place. We just need to ensure that we drive efficiencies. All businesses are work in progress; I do not think there is any harm in admitting that because that is the nature of business. Customers change, markets change, and you work on them.

Management: Sameer, if you refer to our presentation specifying the new venture performance update and look at Q4 specifically for new ventures, while on a full-year basis the negative EBITDA has increased, if you look at Q4 the negative is flattish. Somewhere that negative EBITDA decline has been arrested. Q4, if you look specifically at the new ventures which include InTune, has been quite positive for us.

Sameer Gupta – India Infoline: Sure, sir. But the problem is that if we do not add stores, competition is still adding at a very high pace and we may just play catch-up in this journey. I understand every business is work in progress, but that is the worry.

Management: Do not worry, Sameer. We are cognizant of what the market and competition are doing. We are also aware that we need to do things the right way and get the unit economics right. Once the unit economics are right, then the expansion follows. Opening stores is our strength with our ability, resources, and presence. The ability of the stores to give throughput and provide profitability is very important. It is a CAPEX-light model. The focus right now is to get this right and we are on this journey.

A very similar discussion used to happen with private brands when I had just taken over; we said it takes 2 or 3 quarters to put the product and other things right, and once that happens, you see growth. I am pretty confident that we will deliver. The market is so vast that there is huge space for everybody provided the business models are right.

Sameer Gupta – India Infoline: That is all from me. Thanks and all the best for the future.

Management: Thank you, Sameer.

Operator: Thank you. The next question is from the line of Tejas Shah from Avendus Spark Institutional Equities. Please go ahead.

Tejas Shah – Avendus Spark Institutional Equities: Hi, thanks for the opportunity. I am starting with the question where the previous participant left off. You said that we will be waiting and consolidating on InTune for the next two quarters. What will you qualify as a success in the next two quarters for us to go back into expansion mode?

Management: Thanks, Tejas. Fundamentally, the sales productivity, or SPSF as we call it, is something where we need to see an incremental number. I think we are very sure about the margin expansion because that is happening correctly. The SPSF should go up by another 25-30% for us to be confident. We need to see that over a couple of quarters rather than just one or two months. That is the number we are looking at.

Tejas Shah – Avendus Spark Institutional Equities: Did you say 25-30%?

Management: Yes, 25-30%.

Tejas Shah – Avendus Spark Institutional Equities: And what interventions are we making to achieve that?

Management: I think there are multiple interventions, right from freshness in the stores which ensures the product updated through weekly deliveries. We are making operational changes, making the stores a little lighter in inventory, and improving the quality of the staff. The interventions have been made across the board. Also, as I mentioned, we have just tested out a line at 1,299 which is delivering at least 4 times the throughput of a normal line because the product is really elevated. The intervention is happening across the board to drive that.

Tejas Shah – Avendus Spark Institutional Equities: To elaborate on that, what is the problem statement there? Is it that the brand has traction and footfalls but we are not able to convert because of merchandise, or is footfall itself an issue and we need to work on the brand to get traction?

Management: I think that is a great question, Tejas. If I divide this, there are two parts to it. What we have seen is that for the person who is coming and shopping, conversions are very strong. The items per ticket are very strong and the repeats are very strong. I think the brand is still very new in its journey. We are spending money on marketing and we have built the CRM muscle. The same CRM muscle which we have in Shoppers Stop, we are building for InTune as well, in terms of the ability to reach out to customers with new lines. I think that is the journey, and that is why I am saying this year will take time for customers to start coming back again and again. I do not think the issue is on product or conversion; it is just a very nascent brand and it will take time to settle in.

Tejas Shah – Avendus Spark Institutional Equities: Perfect. Second, very heartening performance on premiumization and watches. I wanted to get some insight: in a year where urban job creation, particularly in IT, has been under pressure, how do you reconcile this premiumization trend? Is there any one-off or base effect there? Do we see that stretching or extending to FY27 and beyond?

Management: Tejas, those are very good questions. What is happening is that premiumization is the pivot we took 2 years back. That was the time when we decided how to differentiate versus other players in the market. When you say you premiumize, you do not only do so on product categories; you premiumize on brands, you discontinue non-performing stores, and you work on personal shoppers. You give space to play areas in the stores. We have gone through this journey in the last 2 years and invested money in marketing Shoppers Stop as a brand.

Premiumization is what we are seeing consistently. For example, if my weighted average growth for Shoppers Stop is 4.7% for the year, my premium or premium-plus categories have far higher growth rates. People are consistently coming to us for that. If you look at our competitive scenario, as a premium departmental store, we are the only people there. That is something very strong for us and we are not resting on it, both in terms of exclusive merchandise and the brands we are launching. We are able to provide that experience to the customer which was always a core Shoppers Stop promise.

The other thing is when we look at premium categories, we see the sales productivity is very high. In this journey, we have identified five power categories: watches, beauty, handbags, footwear, and shades. There is no other retailer that does this mix. When we do our brand loyalty scores, we are seeing that both top-of-mind awareness and recall are becoming better year-on-year. It is a mix of everything and we believe that at the top, there are not many people vying for that customer, and that is where we come in. We have taken a stance and it has started showing results.

Tejas Shah – Avendus Spark Institutional Equities: Premiumization means you have foreign brands; does that conflict with the private label ambition that we have?

Management: We have spoken about this multiple times. For me, I am a retailer first. My productivity and net GMROI are the most important KPIs. When we look at Shoppers Stop, we can clearly see there are product categories where we have the need for private brands because they become recruiters for us. Indian wear, western women's wear, or kids wear are recruiter brands. That might not necessarily be the case for menswear or non-apparel, which are more logo-driven businesses. There is no conflict.

In fact, we are premiumizing our private brands by making better products. If we used to use polyester before, that blend has moved to a cotton or linen base. Premiumization is a way of life for Shoppers Stop across every product category, whether it is private brands or national brands. In fact, Indian wear has higher productivity than any of the national brands there. We look at the profitability of the business rather than just private brand contribution. We just launched InTune Girlz, a private brand for the girls' business, and it is doing really well. We started with five stores and expanded to 69, and the throughputs are higher than any of the international girls' brands.

Tejas Shah – Avendus Spark Institutional Equities: Thanks for the detailed answer and all the best for the coming quarters.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, in order to ensure that the management will be able to address questions from all the participants in the conference, kindly limit your questions to only two per participant. Should you have a follow-up question please re-join the queue. We will take the next question from the line of Avinash Karumanchi from Motilal Oswal. Please go ahead.

Avinash Karumanchi – Motilal Oswal: Good morning, sir, and congratulations on a good set of numbers from the department stores. My question is regarding beauty; majority of the growth is being driven by the distribution business. If I look at the segment closure of beauty EBOs during this fiscal, what are we learning from these closures and how do we see this going forward?

Management: We have to look at beauty as an overall business rather than differentiating. The national brand business in beauty continues to outperform, and fragrance business is growing. We have mentioned the ELC portfolio being under pressure, which is where the standalone business of stores comes in. We are doing a lot of interventions there and working with our brand partners to increase walk-ins. We are launching an ELC-specific loyalty card starting next week. Biju, do you want to talk about beauty as a whole?

Management: Sure. To give you an overview of the landscape, 10 or 20 years back, the penetration of beauty in each mall or catchment was very low, so it made sense to have a compelling boutique or beauty standalone store strategy. But as retail is growing, Shoppers along with other retail partners are growing their footprint in beauty. Like we do in Shoppers Stop, we double down on what works well and close what is not working. The category is quite heated up with investments coming from everywhere. Our drive and promise is to the customer, so we want to double down on categories where we have strong leadership and great representation. We want to give greater expression, engagement, and education to the customer. As Kavindra mentioned, there are strong headwinds on the ELC portfolio, but we are working on interventions and loyalty. We are learning what works well and bringing in better brands, both in retail and in distribution.

Avinash Karumanchi – Motilal Oswal: Regarding the distribution bit, revenue per point of sale has almost doubled this year. How much further potential is there to increase that over the coming years?

Management: It is quite progressive and strong, but we have been acquiring brands which were launched mid-year or towards the later part of the year. The annualization effect is yet to come through. We will continue to grow productivity, but it depends on the category. Fragrances are quite strong and it is followed by a strong push in makeup, and I think skincare will follow. I am talking largely about prestige and lifestyle, not masstige. The trend is here to stay.

Avinash Karumanchi – Motilal Oswal: Got it, sir. Thank you.

Operator: Thank you. The next question is from the line of Ashutosh Garud from ICICI Securities. Please go ahead.

Ashutosh Garud – ICICI Securities: Good morning, sir, and thank you for the opportunity. On the premiumization trend, you mentioned the premium portfolio is doing well. Typically a richer premium mix leads to better margins. Going forward, can we assume EBITDA margins will improve? What is the LFL threshold we need to cross for revenue momentum to deliver more than the operating cost?

Management: Thank you for the question, Ashutosh. Premium brands do not necessarily have a higher margin, but they have a higher GMROI because throughputs are stronger, so they give us a higher rupee value of margin. This is a high operating leverage business, so as LFL keeps growing, we will see rupee value profitability growing strongly. For the coming year, we are looking at a performance that is a little better than what we delivered in FY26 in terms of like-for-like stores.

We are also opening some very marquee stores. We are launching one in Vizag, then Goa with DLF, and Pacific Jaipur; these are stores that will become 75, 80, or 100 crore stores over the next 2 to 3 years. We are changing the mix of how we look at the business. We have given a guidance of 50-100 basis points improvement over the next 2 years. You will see more initiatives on cost saving. Whatever losses we made in new businesses in FY26, we will at least halve that in FY27. We will see EBITDA throughput coming from revenue growth, new store openings, and a better rupee gross margin from the premiumization strategy. We will see active work on cost controls and removal of formats that are not delivering value. It should be a good number.

Ashutosh Garud – ICICI Securities: Thank you for that. Regarding the supply chain disruption, does this put Shoppers Stop in a better position compared to regional or value players in terms of sourcing merchandise?

Management: I agree. We work closely with many big brands and we are going deeper with them as a part of our strategy. Even if we have to increase space, we are working with performing brands. Even if fabric is a challenge for a few months, bigger brands will be able to get merchandise because we have deep partnerships with them. Second, because we are strong on the non-apparel part of the business, the impact on us will be less compared to apparel-primary formats. For our private brands, which is 12-13% of our overall business, we have already tied up our supply chain for the next 3 to 6 months. Bigger players in the market will have less supply chain disruption.

Ashutosh Garud – ICICI Securities: One last question: what is the rationale for launching the SKU at 1,299 for InTune when most value retailers are below 1,000? Is it to drive realizations?

Management: India is aspirational across categories. To give a good product, you need more natural fabric, less polyester, better washes, and durability. There is a value to the product. What we are giving at 1,299 might be 2,999 or more in other brands. The 1,299 product has delivered higher sell-through. We are doing close to 8-9% sell-through on this product versus 3.5% or 4% on others. Price is not the only concern; it is the product-price value we derive. If these models have to sustain, we have to address aspirational consumers. We tried 1,299 in Indian wear and the response has been very good.

Ashutosh Garud – ICICI Securities: Understood, sir. Thank you and all the best for FY27.

Operator: Thank you. The next question is from the line of Jignesh Kamani from Nippon Mutual Fund. Please go ahead.

Jignesh Kamani – Nippon Mutual Fund: Hi Kavindra and the team. Happy to see you are putting a break on InTune expansion for now. Larger proportions of cash flow can be used for the department stores. Why are you aiming to add only nine stores next year? We only have 113 stores and the opportunity is large. You are generating 300 crores in operating cash flow; what limits you from expanding faster when competitors are adding 50 stores a year?

Management: Every format is different. If we want to be premium, there are certain markets where we want to be and markets where we will not be. The guidance for 9 stores is based on marquee stores in very good locations. We are also renovating five of our largest stores. This guidance is based on signed properties and the visibility of opening during the year. If other signed properties become ready, we will open them. If we can open nine stores that do an average of 45-50 crores, that is a super addition for us. We will build on Shoppers Stop because we see good traction there.

Jignesh Kamani – Nippon Mutual Fund: On conversion, full-year LFL growth is healthy at 5% but customer entry is 4%, so conversion still needs to improve. What challenges are you facing in increasing conversion?

Management: Conversion became a little better in Q4 than Q3 and we have seen improvement since April. As we change the brand mix, we will have a settling-down period. Our ABVs have gone through the roof, experiencing 8-10% growth in April as well. It is a process; as long as we get higher customer entry and repeats, that is important. Our retail teams are focused on increasing higher conversions through root cause analysis. We are working on loyalty activations to ensure conversions go up.

Jignesh Kamani – Nippon Mutual Fund: On the working capital cycle, we witnessed over 150 crores of improvement. Is there still room to improve next year?

Management: There is still some juice in working capital. We think another 100 crores is definitely there for us to look at in the coming year.

Jignesh Kamani – Nippon Mutual Fund: Thanks and all the best.

Operator: Thank you. The next question is from the line of Sukritdee Patil from Isight Fintrade Private Limited. Please go ahead.

Sukritdee Patil – Isight Fintrade Private Limited: Good afternoon to the team. My first question to Mr. Mishra is, how is Shoppers Stop capturing evolving demand in premium retail and omni-channel while addressing competition from online players? What strategic levers are important for differentiating the brand from peers?

Management: Our promise is to be the most loved premium shopping destination for aspirational young Indian families. It starts with the target group. Getting that customer to search online and then come to the store is very important. We are creating safe zones for families to leave their kids in kids' play areas. Our personal shopper program generates 1,250 crores in revenue, which is higher than most brands. Shoppers is known for product authenticity, especially in fragrances and watches. We are catering to the online customer through technology investments and have seen growth in April 2026 driven by conversion. We just tied up with Hybe to sell BTS albums exclusively. We are very premium vis-a-vis the merchandise offered by our peers and have a heavy pivot on non-apparel.

Sukritdee Patil – Isight Fintrade Private Limited: To Mr. Pankaj, how are you prioritizing capital allocation between store expansion, digital investments, and shareholder returns? What long-term cost efficiencies are being pursued to safeguard margins against rising rental and operating costs?

Management: A large part of our resources will go toward our core business, which is department stores. We understand the potential of our new businesses as well. For InTune, our priority is getting the unit economics right and correcting profitability before expansion. Our distribution business continues to grow well and is very profitable. Our capital allocation will follow the profitability path. Once that is established, resources are not a constraint. Profitability turnaround is the ultimate return for the shareholder.

Sukritdee Patil – Isight Fintrade Private Limited: Thank you and best wishes.

Operator: Thank you. The next question is from the line of Devanshu Bansal from MK Global. Please go ahead.

Devanshu Bansal – MK Global: I wanted to understand the premium focus. Is it that existing consumers wanted these products and we were lagging, or are we changing the consumer profile of the business?

Management: We launched a brand in the handbag category as part of our premiumization strategy. It became our number one brand in its first year. We realized that 65% of the people who bought that brand were already Shoppers Stop customers who just never bought handbags from us before. We were not keeping the merchandise of the brands they were consuming. We use a "Voice of Customer" QR code in all stores where customers can tell us what brands they want launched. We are attracting newer customers, but we are also giving our 13.5 million existing customers a voice. It is such an energy; once you start doing it, the brands see we are respecting them. The strategy has taken time to execute, but you will see a multiplier effect.

Devanshu Bansal – MK Global: Are you gaining new consumers as well?

Management: Yes, 100%. 41% of the bills we are making now are through new customers. Our enrollment in black and silver cards is the highest ever. Repeats at 69% is very strong.

Devanshu Bansal – MK Global: In the watch category, how is our proposition differentiated from players like Ethos, Just in Time, or Helios who play in the premium-to-luxury segment?

Management: Those players are watch customers only. We are able to get a customer who transcends across categories. We are strong in fashion watches like Armani or Cerruti. Our focus is around fashion and bridge-to-luxury. The biggest differentiator is the high amount of walk-ins we have. We give the customer the choice to experience the products on the ground floor along with beauty, which is the power of a department store.

Devanshu Bansal – MK Global: Regarding the Malad store, what improvement in retail metrics have we seen post-renovation?

Management: We are seeing that once we renovate marquee stores, our sales productivity goes up 35-40%.

Devanshu Bansal – MK Global: 35-40%, wow. That translates into better margins too?

Management: Of course, because that cost is fixed. That is why we are excited about renovating our five big stores this year. Renovation is going to be a continuous thing.

Devanshu Bansal – MK Global: Great, thank you for taking my questions.

Operator: Thank you. We will take the next question from the line of Abhijit Kundu from Antique Stock Broking. Please go ahead.

Abhijit Kundu – Antique Stock Broking: In terms of premiumization, we have been at the forefront for 20 years. My point is that departmental store growth is in the 4-5% region. Within that, non-apparel is growing faster, while apparel has seen good evolution but doesn't seem to grow as fast as EBOs. Are the value propositions within your stores not doing well? Is it only premium apparel doing well? Some companies are seeing 10-15% growth.

Management: Brands that have double-digit growth in their EBOs often have similar or lower growth within departmental stores. We have 40 brands of apparel; some do better than others. Departmental stores remain one of the most profitable channels for brands because of the walk-ins they get. We are comparing a subset of high-performing apparel brands, and our performance is equal or better. We are aiming for double-digit growth in the departmental store business this year as a whole. We see higher growth in premium brands and lower growth in low-price brands, so we are churning brands. Most brand contracts for new EBOs are around 5 years old, while our marquee stores are 25 or 30 years old, so it is not a direct comparison.

Abhijit Kundu – Antique Stock Broking: So, your newer stores would have a higher growth rate?

Management: Obviously, yes.

Abhijit Kundu – Antique Stock Broking: Has there been an underlying recovery in discretionary spend during the quarter?

Management: Yes. Business has seen an improvement since February and that continued in April and into May. My worries are more for Q2 and Q3 regarding supply chain disruptions.

Operator: Thank you. The next question is from the line of Tejas Shah from Avendus Spark Institutional Equities. Please go ahead.

Tejas Shah – Avendus Spark Institutional Equities: Thanks for the follow-up. You said once a store is refurbished, sales productivity increases by 35-40%. If we double-click on this, what leads to this? The location and customer profile remain the same.

Management: The biggest change happens in merchandise. We have changed the nature of the merchandise and the pricing. Juhu is a big testimony; we realized the customers were always there, we just were not giving them the merchandise they deserved. We see a 35% SPSF increase in Juhu because of adding new brands. The typical refurbishment cycle is 7 or 8 years. After seeing Juhu's success, we are focusing on our big stores. We have a winning formula and we need to execute it.

Tejas Shah – Avendus Spark Institutional Equities: Regarding data, shouldn't you be much more proactive using the data you have collected over the years compared to digital channels?

Management: I think you misunderstood. we are able to attract newer customers. No data will tell you if a customer is buying a brand outside of our ecosystem, because we only sell brands that are part of our profile. Once we figured that out, we started using "Voice of Customer" AI where customers can speak in 22 languages and that tells us the brands they want. Our loyalty program has been rated one of the best in the world. We are building the personalization layer for our personal shoppers to have the history and shopping likelihood of customers. But all that is within the ecosystem.

Tejas Shah – Avendus Spark Institutional Equities: Perfect. Thanks, that is all from my side.

Management: Thank you.

Operator: Thank you. 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.