

SHOPPERS STOP

SEC/ 88 /2025-26

January 27, 2026

To,

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

Sub: Transcript of Earnings Conference Call – Q3 26

We refer to the analyst / investors conference call held on Wednesday, January 21, 2026 at 11:00 a.m. IST to discuss the corporate performance for the quarter and nine months ended December 31, 2025 (“Earnings Conference Call”) and our letter in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ref. no. SEC/79/2025-26 dated January 13, 2026, intimating of the call and providing the link for joining the Earnings Conference Call.

In respect of the same and as required under Regulation 30, we are pleased to submit herewith the transcript of the said Earnings Conference Call. The same is simultaneously being made available on the website of the Company.

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, 5th Floor, Mindspace, Off. Link Road, Malad (W), Mumbai 400 064, Maharashtra.
T 022- 42497000 CIN : L51900MH1997PLC108798. Email : customercare@shoppersstop.com Website: www.shoppersstop.com
Toll Free No.:1800-419-6648 (9 am to 9 pm).

SHOPPERS STOP

“Shoppers Stop Limited

Q3 and 9-Month FY '26 Earnings Conference Call”

January 21, 2026

SHOPPERS STOP



Management: **Mr. Kavindra Mishra** – Customer Care Associate,
Managing Director and Chief Executive Officer –
Shoppers Stop Limited
Mr. Karunakaran M – Customer Care Associate, Chief
Financial Officer – Shoppers Stop Limited

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

Moderator: Ladies and gentlemen, good day, and welcome to Q3 and 9-Month FY'26 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 touch-tone phone. Please note that this conference is being recorded.

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

Pranay Premkumar: Thank you, Ranju. Good morning, and thank you all for joining us on the Shoppers Stop Q3 and 9Months 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. Karunakaran Mohanasundaram, 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's performance and to strategic questions only. Housekeeping questions can be dealt with separately with the IR team.

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

Kavindra Mishra: Thank you, Pranay. Good morning. I have Karuna, JP and Rohit with me. Biju and Devang will join me later. We have uploaded the investor presentation on our corporate and stock exchange website.

Let me start by talking about the operating environment during the third quarter, which quite frankly was more sluggish and muted than what we had initially expected going into the festive season. Consumer sentiment throughout the quarter remained cautious. We saw demand getting impacted by a combination of factors.

One key issue, especially in North India, was the high pollution levels during parts of the quarter, which kept customers indoor and had a direct impact on footfalls and discretionary spending in some of our important markets. We had also expected a stronger demand pickup during GST reduction. While there was a visible spike immediately after the reduction, that momentum did not sustain beyond the initial period.

The broader uplift we were anticipating did not really play out over the rest of the quarter. If I break the quarter down month by month, October post Diwali was relatively soft. Diwali demand itself was reasonably good, but the festive season shifted earlier into October this year. Once Diwali was over, demand tapered off sharply as a result of which our like-to-like sales declined in October. November showed some improvement. The first half of the month was slow, reflecting an overall market slowdown post festivity.

However, demand picked up meaningfully in the second half of November, driven largely by events like Black Friday, which helped drive footfalls and conversion. This resulted in a like-to-like growth for the month. December, however, was a disappointment. Given the early Diwali, we had expected a stronger December, but that did not materialize. Consumer spending stayed muted and December ended up being largely flat on a like-for-like basis.

So overall, for the quarter, like-for-like sales declined in October, grew in November and were largely flat in December, resulting in a flat sale for the quarter. The early festive shift, the broader market slowdown in the first half of November, along with economic factors and environmental issues like pollution effectively weighed on demand during the quarter. This also impacted our overall business.

Similar to previous quarter, I will start with the core performance, and then I will dwell upon INTUNE and new businesses, Capital allocation, including working capital and way forward for the fourth quarter and beyond on our recovery plans in detail.

Let me talk about the core businesses. As I mentioned last quarter, our premiumization journey has been progressing really well, and that momentum continued throughout this quarter. *India Weds with Shoppers Stop* was a huge success and along with the introduction of several new premium and premium plus brands helped us move the premiumization mix from 65% to 69%.

What we focused on in Q3 was building on what we had already put in place while also adding a few incremental initiatives to further strengthen the premium play. We see a steady increase in the share of non-apparel categories, which tells us that customers are increasingly engaging with us beyond just apparel and trusting us across a wider set of lifestyle needs.

From a profitability standpoint, we are encouraged to see consistent improvement in GMROF for both premium and premium plus brands. This reflects better brand selection, sharper buying and improved inventory productivity. Overall, these efforts are helping us elevate the customer proposition and position the business as a more premium multi-category destination while continuing to drive healthier returns.

Let me give you some snippets and the results of what we did. We launched India Weds with Shoppers Stop, It has gone really well. Sales from this campaign came in at Rs 104 crores, which was up by around 160% over last year. When you walk into our stores now, the vibe is just better. More international brands on the shelves, fixtures that look sharper and services that feel more personal.

Our personal shoppers have played a big part in this with the contribution climbing from 23% to 27%. And of course, our First Citizen membership keeps growing strong, driving loyalty sales that now stand at 84%, proving how much they value being part of the family. Our First Citizen members cumulatively stand at 13.3 million as of end of quarter 3.

Let me share some numbers that reflect our execution strength. Customer entries grew by 5% despite a challenging operating environment. New customer acquisition remained strong at 40% of total customers. Key KPIs continue to show healthy trends with ATV at plus 7% and ASP plus 7%, while IPT remained stable.

The loyalty saw its highest ever enrollments during the quarter for Black Cards, which was around 38,000, while Silver Cards' sign-ups were at 220,000 cards, which was 8% growth over last year. We launched several new brands during the quarter, including DKNY in watches, Prada Eyewear, Marks & Spencer and Hugo in apparels, Everlite and Sennes in jewellery, among others. Overall, premiumization improved by 6% during the quarter. Despite the above, our sales largely remained flat due to operating environment, which I discussed a few minutes back.

Our EBITDA before one-off costs dropped by 24%, mainly because we have been spending more on customer acquisition, running bigger marketing campaigns and putting extra money into improving the tech behind our website. While that hit our short-term numbers, these are deliberate investments aimed at driving growth and strengthening the business for the future.

We have also considered an additional cost of approximately INR17.5 crores arising from the revision in labor codes. Given the maturity of the impact, it has been included as an extraordinary expense in line with recently published ICAI guidelines.

Let me talk about the new businesses, starting with INTUNE. I've said this earlier, we are consciously investing in product, sourcing and brand building, and we are encouraged by the way the business is shaping up. Having said that, the broader value segment saw a fairly tough quarter with muted demand conditions across the market. Post the festive period, there was a noticeable and sharp drop in conversion, which did weigh on overall performance. The marketing environment also remained challenging with higher noise, deeper discounts and pressure on spends.

Despite these headwinds, our festive period performance was resilient, delivering a 4% like-for-like growth. While the near-term environment remains uncertain, we remain focused on strengthening the fundamentals and are confident about the medium to long-term opportunity.

Let me clarify our New Businesses, including both INTUNE and the new website on Beauty. The losses include for both with nearly 1/4 of losses coming from SSBeauty.in family due to tech and customer acquisition costs. As I mentioned earlier, the short-term losses we are seeing do not reflect the true potential of the business.

These are the functions of that investments we are making at this stage to build scale and capability. I will share a more detailed view on our plans and the way forward in my concluding remarks.

Let me talk about the Beauty business. Beauty sales grew by 14%, driven primarily by fragrances, which grew 12%, along with strong performance from the distribution business, which supported overall growth. As in previous years, we continue to engage actively with

consumers through multiple initiatives during the quarter. We also expanded our physical footprint by opening 8 shop-in-shop locations, enhancing accessibility and brand visibility.

Looking ahead, our focus remains on delivering a personalized customer experience through technology. Let me talk about the distribution business now. Our distribution business delivered a very strong performance during the quarter with revenue of INR122 crores, growing by 58%, reflecting both the strength of our portfolio and improved execution.

We achieved revenue of Rs 122 crores in Q3, which effectively means a run rate of Rs 500 crores and above per annum. GSSB continued to expand its brand offering with the addition of new brands such as “Playboy” in fragrance and “SIMIHAZEBEAUTY” in Makeup, which have been well received in the market. E-commerce remains a key growth driver for the business, and we are further strengthening this channel by expanding existing brands across new platforms while also onboarding additional platforms.

We're also seeing deeper penetration with our existing customer base, which is helping drive consistent growth. The launch of “Euroitalia brands” in September have been encouraging with healthy sell-through so far, reinforcing our confidence in the long-term potential of the distribution business. This marks a significant milestone in our strategic focus on Beauty as a high potential growth engine for Shoppers Stop.

Capital allocation. We have been quite disciplined and cautious on capital allocation this year, keeping a sharp focus on returns and balance sheet strength. During the quarter, we opened 3 departmental stores, 3 INTUNE stores and 1 HomeStop store. As a result, the total capex incurred stands at approximately Rs 90 crores, all of which has been funded through internal accruals.

Looking ahead to Q4, we plan to open another 4 to 5 departmental stores, 3 INTUNE stores and 2 Beauty stores, taking the total number of new departmental stores adding during the year to 9. I'm happy to share that all the departmental stores opened during this year have performed exceedingly well and are tracking ahead of our expectations.

On the balance sheet front, our net debt currently stands at around Rs 90 crores, which lower by Rs 159 crores versus the year-end position. We expect the net debt to close the year in the range of Rs 150 crores to Rs 160 crores, which would be nearly Rs 100 crores lower than last year. This improvement is largely driven by a focused effort on reducing inventory, which is reduced by Rs 122 crores across verticals without compromising on availability of growth.

Going forward, we'll continue to balance growth with prudent capital deployment, maintain tight controls on working capital and ensure that the new store additions and investments are aligned with long-term value creation.

Way forward. I will start by saying that we are very clear that Q3 has been an exception due to festive shift and higher level of pollution. We are confident of bouncing back from here.

We have seen this play out before. Even in FY'25, sales declined in the first 2 quarters, but we saw a strong recovery over the next 4 quarters, and we believe a similar trajectory is possible this time as well.

Let me address the elephant in the room on INTUNE and the way forward. We have been getting a lot of calls asking whether we'll continue with this business or not. And the short answer is yes. We genuinely believe the worst is behind us and more importantly, value-fashion business will drive meaningful profitability gains while more importantly, building a strategically important portfolio for Shoppers Stop.

Let me talk about inventory first. We have made solid progress. We started the year at around Rs 100 crores, which is now at about Rs 70 crores. And by the year-end, we should be close to Rs 60 crores in inventory, so a big part of the risk has already been taken out.

Secondly, we have already absorbed most of the inventory-related pain. We took roughly Rs 10 crores of provisions mainly in the first half. Those numbers have come down quite sharply now, which tells us the legacy issues are largely done.

Third, and this is important, we are entering Spring-Summer with completely fresh inventory. Stores will be filled with new merchandise, and that changes the story materially in terms of sell-through and margins. Fourth, we have gone store by store on profitability. Where we feel the turnaround will take too long, we will take clear calls on closures before mid next year. We don't want capital stuck in the wrong places.

We believe that the value fashion market itself is large and still underpenetrated. But to be clear, we did face demand issues as well, driven by the product mix, freshness and price value equation. With fresh inventory and sharper assortment, we believe demand will normalize.

From a number standpoint, yes, this year we'll close with a loss of about Rs 60 crores, but Q3 losses have reduced significantly versus quarter 2 despite the festive shift. Next year, we expect that to come down meaningfully to around Rs 20 crores to Rs 25 crores even after overheads, and from FY'28, we expect the business to turn profitable. For us, we believe that Q1 FY'27 is really the inflection point and both the Board and the management are confident that the story will start looking very different from here onwards.

Now I will discuss the Core Business.

We continue to execute our strategy meaningfully to elevate our store portfolio with a clear focus on the premium and bridge-to-luxury segments. The launch of our Juhu store on January 14 marked a key milestone positioned as one of India's most premium experiential retail destinations.

It reflects our long-term commitment to curate a differentiated customer experience. Looking ahead, we will further expand our premium footprint with the opening of state-of-the-art

stores at Pune Pavilion and Zora Raipur in Q4, supporting sustainable growth and brand elevation.

Our immediate priority is improving conversion. With customer entries already trending up, even a modest improvement in conversion can drive overall sales in a geometric progression, and this remains a key area of action for us.

We will continue to drive the business through personal shoppers and plan to invest further in the capability this year. We expect the contribution from personal shoppers to improve by at least 200 to 300 basis points over time. A critical area for us is improving its supply chain efficiency in our private brands, particularly Indian womenswear. This was the primary reason for the dip in revenue and profitability in Q3 and corrective actions are already underway.

Non-apparel continues to be a strong growth engine for us, having grown at nearly double-digit rate for the last few quarters, and we are continuing to sharpen our efforts in this category. Customer acquisition has been strong, and we intend to build on the momentum through multiple programs and initiatives to further widen the funnel.

Our loyalty program has delivered excellent results, growing significantly over the last year. We believe that this remains as a key pillar of our strategy, and we will continue to strengthen it and drive it over the coming year.

On capital allocation, finally, we'll remain prudent and disciplined. Alongside growth in investments, we will continue to reduce working capital. As I mentioned earlier, the stores opened during this year have been performing exceptionally well, which gives us confidence in our expansion strategy.

To conclude, I would like to reiterate that Q3 was an exception. We are confident that with the actions underway, we will see a clear turnaround over the next 2 quarters. Thank you.

Moderator:

Thank you. We will now begin the question-and-answer session. The first question comes from the line of Sameer Gupta with India Infoline.

Sameer Gupta:

Firstly, on department stores, I mean, we have had around 5 closures this year, if my calculations are correct. And last year, this number was 9 closures. Now persistently with the exceptions of a few years, we have had a fairly decent number of closures every year in department stores.

Now could you first elaborate the reasons for these 5 closures that happened this year? Because I remember last year, we had said that we are towards the end of the journey of closing stores. And going forward, the closures will be more like in the normal course of business. And if these are the normal course of business, going forward also, should we expect similar number of closures?

- Kavindra Mishra:** Okay. Sameer, thank you for your question. I think as I mentioned last time as well, we are in the process of cleaning up of the tail, right, which we felt are important because the stores which are of a certain size and profitability don't make sense for us to continue.
- So, I think we made a lot of corrections there. We definitely have made corrections this year as well. But if I talk about, for example, we have shut our Ludhiana store, but we have opened a larger and a better store in the same market. So, some of these actually like the Bata Chowk, Faridabad or Ludhiana are stores in the same city or catchment, we have opened a better-looking store and replaced this store.
- So, I think when we see these 4 stores being closed, a few of them come from that perspective. We have a very active mechanism of looking at the stores which profitability sense or not. I think as I mentioned last time, the heavy lifting has been done, Sameer, 3 to 4 stores are quite a possibility in a business where markets keep on changing or we keep on getting a better opportunity in the same market, like we did in case of Ludhiana or in case of Faridabad.
- Incidentally, wherever we are opening or shutting the old rundown store and opening a new store, the performance continues to be more accretive both in terms of profitability and returns to the business. So now what you are seeing is also a correction of the market. This is not that we are vacating the market. We are opening a better store and opening stores which were at one point of the time relevant in some markets, which are now moving out.
- Sameer Gupta:** Sir, if these are largely relocations, then I should only be looking at the net store addition. And there also, we have actually not done I mean, we are down to by 2 department stores this year, if you look at the net one. So, I mean, if a large part of the additions is happening via relocations, we are then not really adding a lot of stores, right?
- Kavindra Mishra:** So, as I mentioned, the stores which we have opened this year, and if I can take you through them, Ludhiana is a replacement, okay? Sainikpuri is a completely new store. We have opened a store in Hubli, which is a complete market. We have opened Rajahmundry, which is a completely new market. And the balance 4 stores which are opening between January and March are all new stores.
- Sameer Gupta:** Got it, sir. And these relocations are largely your high-street stores because malls I mean, there's no real point of relocation unless the mall is shutting down, right?
- Kavindra Mishra:** Yes. So, if you take, for example, Faridabad was a high street and we opened in the mall. But on the other hand, the Ludhiana, which we did, we moved to a stronger high street because the mall had become irrelevant at some point of time.
- Sameer Gupta:** Got it. And if I can just ask you the mix of high street versus mall stores in department, would you have it handy?

Kavindra Mishra: It would be, I think, 80% mall stores and 20% high-street stores. One thing which I wanted to maybe for your comfort and for everybody who's on the call, the quality of stores which we are opening in terms of the mall stores or any stores which are opening now have the potential to be far higher than the averages which have opened in the recent past.

So, we are now signing up stronger, bigger properties, which have the right to win in the markets in which they are. So, I think that is looking on one mix we have now changed, and you would see that playing out very nicely over the next few quarters.

Sameer Gupta: Sure, sir. All the best for that. I think 35,000 square feet is what you have mentioned in the PPT.

Kavindra Mishra: Yes.

Sameer Gupta: Okay. And second question, last one for me. Gross margin contraction of around 111 bps this quarter. Now in a quarter where premium has done well and winters in general have been harsher, plus you mentioned INTUNE provisions have come down. What really explains the GM contraction this quarter?

Karunakaran M: Thanks, Sameer. That's a fabulous question. Though the INTUNE provisions have come down, the end-of-season sale in INTUNE started earlier this year. And out of this 110 basis points, almost 50 basis points is because of the INTUNE lower margin this year.

Last year, INTUNE, end-of-season sales started in the last few days of December, whereas we started almost 19, 20th of this year, and that's one. Second one, the private brand because of the reasons what Kavi explained, both the overall mix and there has been a slightly higher provision in private brand, and that impacted almost 40 to 50 basis points, Sameer. These are the 2 large reasons of 110 basis points drop versus last year.

Sameer Gupta: Got it, sir. And one last question, if I may squeeze with your permission. So, when I look at department stores, footfall growth is decent, average ticket value is growing. So, the problem then the only thing left is conversion. And for a retailer, which is largely third party, improving conversion is not really in your hands, right? I mean people come to your store with the Shoppers Stop pull is to drive footfalls.

And from there on, conversion is a function of the merchandise. And if the merchandise from the third-party retailers is not exciting third-party brands, then it's not really in your hands. What I'm trying to ask is that, is it also a sign that brands are also focusing more on opening their own EBOs because any mall that you go, you will have a Shoppers Stop, but you will also have brand EBOs who are selling in Shoppers Stop in the same location and the merchandise available at Shoppers Stop is lacking in depth or is subpar in any way?

Kavindra Mishra: No, Sameer, I don't think that's the reason because brands continue to have multichannel. And I think if you speak to brands, they will tell you that they have grown really well with Shoppers Stop versus the other channels in which they operate, including their own.

For us, Indian wear, especially private brand Indian wear is one of the biggest recruitment categories, okay? That actually has a larger-than-life play in terms of conversion. Obviously, there are a couple of more things, how to drive your personal shopper thing. But that but we feel that somewhere we because of the stock issues there, we have been able to miss out. Obviously, there are a lot of other reasons for that. And it is more operational driven and internally and nothing to do with customer per se or the brand mix because if you ask the brands, we have performed very well for most of the brands.

My sense is that, one, the inability of our key brand in private brands in terms of stock being very, very low versus last year, I think that was a big issue for us. And I think also because as more and more new customers are coming in, and as I mentioned, 40% of the bills, which are coming are through new customers, their conversion tends to be a little lower than the thing which has happened.

So, I think it's a fundamental question of that, Sameer, rather than because brands have been opening EBOs for last so many years, right? And that doesn't answer this drop. And we are very confident that we'll be able to do that. So, we have already done some work streams to work on that to ensure that while the customer entry keeps on growing, we are also able to drive conversions up.

Moderator: Next question comes from the line of Ashutosh Jyotiraditya from ICICI Securities.

Ashutosh Jyotiraditya: So, my question is on the growth front like despite the strategic focus on premiumization and also the focus on value segment, we are not kind of seeing consistent growth, right? So somehow, we are missing that growth momentum. Even like-for-like growth also is negative. And so just want to understand what is missing here? Like by when can we see a consistent growth going forward given the strategies which the company is following?

Kavindra Mishra: Okay. Thanks, Ashutosh. So, let me step back and answer your query and break it into different businesses so that it becomes easier for us to answer your question. If I look at the departmental store, the last 3 to 4 quarters actually, if I keep Q3 aside, have been rather good. I think we have been having a consistent mid-single-digit like-for-like growth.

And even actually, the Q2 was close to 9.5%, right? We did and we had a flat Q3 for departmental store business. As I said, there were some issues on conversion, which is led more by internal operational issues. There's obviously a shift of the festival Diwali this year this quarter versus last quarter last year.

And there were some issues in North, which we mentioned. And some of our big stores, like for example, Juhu was under renovation for the entire Q3, which has also impacted part of

the business, and you will see the recovery happening there. Otherwise, actually, if you look at it, YTD we will be close to 4.5% to 5% like-for-like growth.

So, it's not that and I think when we started the year, that was one thing which we commented that we will be between 4.5% to 5% like-for-like growth for the year. I think we are sticking to it. Definitely, you are right that from the 9% or 10%, which we did last quarter, we have come down to a flattish number this time.

But as I mentioned, that is an aberration. We don't see this happening and the secular growth of 5% will remain. I think the important thing is that when will our new stores start kicking in because rightly so, the overall growth should not be limited to 5%. It should be close to the high single.

I think that's where we have to make our new stores sweat harder and whatever needs to be done to ensure that, that happens, we are doing. Beauty, we have spoken about that Beauty, the business is growing and is doing really well, powered by fragrances and Global SS Beauty. In case of INTUNE, which is actually the place where we said maximum growth should happen in terms of the top line, we did have a 22% odd growth this quarter, should have been far, far higher because the bases are very small in this business right now.

We were struggling with the inventory issue, which we have just shared. My sense is that you will see the department store business back in action from this quarter onwards. Beauty continues to be strong. And INTUNE, as we mentioned, it is Q1 of next year when we will see the profitability as well.

And I think one good initial opening sign is that for the festive, INTUNE grew by 4% like-for-like. I know these are very small wins and in the larger mix, it doesn't reflect in the right way, but very, very confident that we are in the right direction, Ashutosh.

Ashutosh Jyotiraditya:

Yes. So that is very helpful. So just to clarify, like I understand the demand situation and the festive, all those things. So just to clarify, there isn't any slowness or not slowness exactly, but any internal issue, which is impacting the growth, right? Just to clarify on that.

Because as you mentioned, just for example, INTUNE, it grew by 22%. And if we see like a peer like TRENT, their growth has also moderated, but still like on such a high base, they have like delivered almost 17% growth. So, if we compare like something is not actually adding up, right, given your focus and all those things and a very, very small base, still only 22% growth.

Kavindra Mishra:

No, no. It should be much higher. I completely agree, Ashutosh. I think we were I did mention about the inventory and not the freshness of the inventory not being there during especially for INTUNE, which I also mentioned that by this summer, we should be 100% fresh.

As we enter the season in March end, I think it's more to do with the inventory in the stores, which we are which we have been able to remove now, and we are in a much better situation

in terms of inventory as we speak. So that so you will see the growth. I think at the end of the day, for a business which is on product, if the product freshness is not there, it will definitely impact.

If you ask me, what should this number? This number should have been 65%, 70%, which should not have been 20% to 22%, right? And what I think was a similar number, which we achieved in the quarter before. So, this will go back to that number. It is a question of inventory freshness, but I think we have done a lot of heavy lifting and cleaned up the stuff.

The inventory, which was used to be in Rs 100 crores has now come down to Rs 60 crores. And that is why it has come down to that INR60 crores by liquidating old merchandise and making it fresher. I think the customers when they enter the INTUNE stores will see a far fresher and cleaner inventory and relevant inventory than carrying things which are old.

Ashutosh Jyotiraditya: Okay. Okay. Understood, sir. That is helpful. And just like one last thing. So what kind of revenue growth we should expect in FY'27, like for the overall business.

Karunakaran M: I would say we are working on those numbers. I would say, I mean, including both organic and inorganic, we would expect a mid-teen growth. Yes. Did you hear me?

Ashutosh Jyotiraditya: No, sorry, sir, I could not hear you.

Karunakaran M: No, I said we are just working on those numbers for the next year budget. The initial estimate seems to be a mid-teen growth, say, 12 and 15 percentage for the next year.

Moderator: Next question comes from the line of Rehan Saiyyed with Trinetra Asset Managers.

Rehan Saiyyed: So like my most of the questions have been answered. So, I just want one more clarification on the INTUNE format. The management commentary mentioned the calibrated approach and measured expansion for the INTUNE value format due to subdued dismissive demand. So the plan for quarter 4 is to open only 3 more stores, reaching a total of 84 despite the format delivering 22% Y-o-Y sales growth this quarter.

So the question here is the moderation in INTUNE openings a permanent buy-out strategy due to unit economics not meeting the initial RR? How does the company plan to compete with other value creation retail if it is slowing down its footprint as the format gains scale?

Kavindra Mishra: Great question. I will request Devang to answer this.

Devang Parikh: Thank you, Rehan for the question. I'm sorry, if I have misunderstood, I'll try and answer as per my understanding. The growth in Q4 being restricted to 3 stores is largely on account of what Kavi mentioned in his opening remarks that we were trying to get our current operating business sorted out in terms of the legacy inventory problems being solved and the growth of the operating stores being brought back to expected levels. Once we see a quarter of our

expectations flowing through, the previous pace of expansion will again catch up. So I think this is more internal than external, if that is what your question was.

Moderator: Next question comes from the line of Ankit Kedia with PhillipCapital.

Ankit Kedia: Sir, just one clarification needed. In one of the questions, you answered that in FY '27, we are expecting INTUNE losses to be Rs 25 crores. In another question, you mentioned from Q1, we will see breakeven. So, can you clarify what will be the FY'27 EBITDA-PAT loss of INTUNE and when will the breakeven happen?

Kavindra Mishra: Ankit, I think between me and Karuna will try to answer. So, what I mentioned was that the expected losses for INTUNE for the business would be around Rs 20 crores – Rs 25 crores for FY'27. And when I said Q1 is really the inflection point is when we will start seeing a big shift in terms of the performance and consequently, the EBITDA.

So I think just to give you that sense, we expect that FY'27, the entire business would be when I say Rs 20 crores-Rs 25 crores, that includes the head office cost as well as in the entire business, not only the store profitability.

Ankit Kedia: And this is a PAT loss, not EBITDA loss, right? So, when you say breakeven, you are expecting EBITDA breakeven and not PAT, right?

Karunakaran M: That's right, Ankit. See, between EBITDA and PAT, the difference is only on account of depreciation. Other than that, yes, I mean, we can allot a notional interest. Other than that, it's only the depreciation. So it doesn't make a significant difference. It's primarily EBITDA. But to answer your question, it's an EBITDA.

Ankit Kedia: Sure. My second question is on the store opening for INTUNE. What are we planning for next year store opening? Because if I look at a 2-year back, then we may reduce it to 30, 35. Now we are going to close at mid-teen stores opening for INTUNE. So next year, if the SSG doesn't come, what we are anticipating, will the stores opening will still be sub-30 stores or we will still expand given the inventory correction has already happened?

Kavindra Mishra: So Ankit, I think 2 parts of it. One, the current focus is to get the the models across inventory and supply chain right for this set of stores, right? As I mentioned, Q1 FY'27 is where we see things playing out in the right way for us.

And this is that, I think we will have a much stronger opening plan in H2. You need to give us some time to come back on because we don't want to commit a number and then I think we have seen that experience this year. And I think we would rather be a little shy around that. I would rather get the team to deliver on what we are supposed to do as a team because that if you are able to do that 75 stores well, that itself will be a big turnaround for us in profitability.

And then with the engine of store opening we have got, I think we can open multiple stores. And I don't think that's an issue for us right now is to get the first get the inventory right, which I think very confident that end of March, we should be in that situation.

And that's the feedback I get from the operational team as well. Let me first call that out and then we move into the thing about expansion. So initially, Q1 also will be very moderated next year in terms of store opening. I see more expansions happening in H2, but I think Q1 end, we will be able to answer that question better.

Yes, and because the turnaround time for INTUNE for us is very, very short vis-a-vis a departmental store and the opportunities. And since we have already mapped the market, we know what stores to open and where. We just want the current set of stores to get fixed first.

Ankit Kedia:

Sure. My last question is on departmental store. For last 3, 4 quarters, we have focused on premiumization. If you look at the Juhu store, your Inorbit store, in Malad also, it's high end, more premium also there, right?

So what is the kind of customer profile is Shoppers Stop targeting with these premium brands coming in? And do you think the footfalls which you are garnering are youth or 30- 35 age group who have the money to spend on these brands today, while the younger audience is going towards more value fashion?

Kavindra Mishra:

So I think we are very clear, and I think, Ankit, you are bang on, on this. For us, our key customer base is 30-35. And that is where we want to focus on. The young family is what is our stated ambition and also our vision statement. And we just want to be focused on that.

Now you spoke about both Malad and Juhu. So while you will find that there are premium brands in Malad and experiences, but you also have a good mixture of bridge-to-luxury and you have got premium brands in Malad. On the other hand, Juhu, which is a more differentiated kind of a neighborhood, you have much, much more premium set of brands there.

And what we are seeing in both the cases, as we've done the renovation, and it's too early for Juhu only a week or so, but we are seeing a 35% to 40% uptick in numbers. So, I think as long as we are able to meet the customer requirement, and I think the important thing is that our customers have also grown up in the aspiration.

And we continue to ensure that we also improve the quality of brands and the kind of brands we have in our system. So young family, 30-35 years, premium, I think that's very clear as a business strategy. And I think it's working out well for us.

If you look at even this quarter, while the overall or the like-for-like for department stores is flat, for premium plus set of brands, it's like 9% or 10% and for premium brands between 2%

to 3%. So, what we are seeing is clearly, there is a set of brands which are performing better in this portfolio. And it is no longer that the premium plus is a small part. It has gone up to as high as 25% for us. So, we are seeing across. And non-apparel especially is leading that, a big change for us.

Ankit Kedia:

Sure. And one last question for Devang. Devang, market leader, Zudio, their numbers are out, seems like their like-for-like growth is high-single digit negative. We are not performing other listed players in the value fashion market, why suddenly slowdown here? Is it competitive intensity? Is it inventory like for you was an issue? Similarly for peers, where do you see the challenge lies for all the value fashion players or their new customers are tired and now wanting to go shop somewhere else?

Devang Parikh:

Thank you, Ankit. The question is quite reflective in nature. So, I'll try and give my point of view. And I will obviously not be able to comment on the competitor's performance at this stage. But I think in the near and long term, the value fashion space is very, very lucrative. I don't see the space slowing down.

There could be some hiccups in the short term. All I can say is that as far as INTUNE is concerned, we fell into that cyclical problem of legacy inventory slowing down, freshness, freshness slowing down the promise that we made to the customer, resulting in top line issues, which, as Kavi said, we've addressed. And I think towards the end of Q4 and in Q1, we will see our freshness promise really fulfilled and the numbers coming back. So, I don't see the segment itself under any kind of duress. That's my personal view.

Moderator:

Next question comes from the line of Devanshu Bansal with Emkay Global.

Devanshu Bansal:

Sir, first, I wanted to understand, you mentioned focus on working capital optimization. We understand there is a certain innerwear brand that we have exited also. Is this also more to do with the working capital management thing that you sort of alluded to? If that's the case, I also wanted to understand what is the size of business that you have sort of exited to optimize our working capital?

Kavindra Mishra:

Devanshu. So no, I think the brand, which you are referring to, it was not because of -we don't remove performing brands because of working capital I don't think we are at that stage or is there any issue of working capital there. It was more to do with the commercial terms, which we were which we had agreed to and there was a desire of the brand to change it, which we were not comfortable with.

I think the business for that brand is even less than 1% of our revenue. So, I don't think that's an issue. In fact, to add, we have also been able to successfully convert a lot of our OR brands into SOR, which has actually added to a stronger working capital statement.

And the brand whom we have removed from our thing, we have been able to replace in a lot of cases, that brand with Marks & Spencer, which is a premium brand portfolio, which we

added. But I don't think that decision was anything to do with working capital. It was more to do with the commercial terms, which we are which I think we had a different point of view, which is fine. Brands will have a point of view, will have a point of view. We have to see each other's interest and see what works or what doesn't work. So just to give you a sense. We don't take these decisions on basis on working capital.

Devanshu Bansal: Fair enough, Kavi. And is this the only brand that we have sort of exited because of the differences on opinions related to commercials or there are a few that we have exited?

Kavindra Mishra: This is the only brand, difference of commercials. Otherwise, you know what, because we, at this point of time, have the ability to have the best, and I think it's the blessing which we have from our customers. We definitely there are a lot more brands, who want to come inside and whom we don't have a space. So, as a process, what we do is we continuously continue to churn the brand. I think one of the most important things is to speak to the customers and get a feedback from them what kind of brands they want within our system.

So, to give you a sense, more than 100,000 customer voices are collected every month. We share with them the kind of brands we want to introduce, take their feedback and get them. So, I think there is the churn is something which we will continue to do. And thankfully, the brands continue to support us in a very, very strong way, given also the fact that at this point of time, for a premium, super premium bridge-to-luxury, we are the only relevant partner at this point of time.

Devanshu Bansal: Fair enough, Kavi. And last question from my end. I wanted to understand, is there a growth divergence across categories as well for you or most categories are kind of growth similar to the company average?

Kavindra Mishra: Sorry, Devanshu, again, this question got muffled. If you I'm sorry, but can you repeat this?

Devanshu Bansal: Yes, definitely, apologies if my voice is not clear. I was asking, is there a growth divergence across categories that we have that we offer to customers or most categories are seeing similar to company average growth?

Kavindra Mishra: No. So, for example, the non-apparel categories have done really well. So, if I talk about watches, handbags, have done exceedingly well. In fact, they are double-digit like-for-like. Beauty, especially fragrances has done really, really well. Women's western wear as a category has done really well.

I think one category which didn't do that well was Indian wear because of shift of festive, right? Because I think that's something which suffered. We also feel that Men could have done better, the branded men this quarter. And that's more to do with a couple of -- some amount of churn happening in the brands, I think, which I believe that is getting stabilized as we move into this quarter. So clearly, non-apps is a big winner.

- Moderator:** Next question comes from the line of Deepali Kumari with Arihant Capital Markets Limited.
- Deepali Kumari:** Sir, I have a question. The Beauty distribution business doubled its revenue to Rs 122 crores this quarter. As you scale this segment with global partners, how does the margin profile and working capital requirement for distribution compared to your SS Beauty retail...?
- Karunakaran M:** Deepali, your voice is not clear. So, are you asking that for Global SS brands, how do we manage working capital? What's your question?
- Deepali Kumari:** Yes. For distribution business, how you manage the working capital?
- Karunakaran M:** Okay. So, distribution by definition is a high-intensity working capital, Deepali. So, we do hold anywhere between 16 to 20 weeks of inventory, we are also funded largely between 6 to 8 weeks. So, the net inventory would be 12 weeks.
- And that is taken care of in the margin part. So, the churn of the inventory is also very high in Beauty business. So overall, if you see the profitability on the distribution business, you can see that it's highly profitable. And most importantly, when we import the multiplier, what we call the price what we import and the price what we sell it to our customers, there is a significant difference, and that's the way we make the profit, Deepali.
- Deepali Kumari:** Okay. Got it. And sir, like private brand sales grew by only 3% and their contribution to the apparel business stands at 17%. So, given the focus on brand portfolio and design innovation, why is this segment lagging behind the overall core business growth of 7%?
- Kavindra Mishra:** Deepali, if I understand your question is why was the PB or private brand business lower in Q3 versus the core versus the business? Is that what you are asking?
- Deepali Kumari:** Yes, sir.
- Kavindra Mishra:** Okay. Okay. So, Deepali, basically, the private brand business for us, a large part of it is driven by Indian wear. And because of the festive shift because Diwali this year versus last year, the dates were split across September, October versus entire October last year, we had a little bit of a loss of sales there. Also, as I mentioned, we had some availability issues in our leading brand called Kashish, which actually led to this. Otherwise, if I look at other parts of the business of private brand, they are more or less they did fairly well.
- Deepali Kumari:** Okay. Sir, I have one last question. What is the conversion percentage of customers entering footfall?
- Kavindra Mishra:** Okay. So, for our departmental store business, the conversion is around 18%.
- Deepali Kumari:** Okay. And for Beauty?
- Kavindra Mishra:** As in this 18% is more or less for the entire departmental stores. So, Beauty is a part of that.

Moderator: Next question comes from the line of Amit Agicha with H.G. Hawa.

Amit Agicha: Sir, congratulations year-on-year, quarter-on-quarter ASP is increasing. I appreciate. And sir, the question is also connected to the labor code. Like how much of the labor code impact is onetime versus recurring, the Rs 18 crores impact?

Karunakaran M: The Rs 17.5 crores is a one-time impact, Amit. The recurring impact will not be significant because having seen, I'm sure you would have read the entire labor code, right? It sits on the onetime contribution to both gratuity and leave encashment. And the leave encashment itself will be reduced to 30 days from now.

That's the rule as set. And as far as the gratuity contribution is concerned, this the onetime impact is Rs 17.5 crores, and we are working on with the management, how do we neutralize even if there is an incremental impact from the next year.

Amit Agicha: And sir, second question was like post GST reduction, like have any categories shown sustained elasticity? Or was the demand like entirely front-loaded?

Kavindra Mishra: So, to be honest, Amit, we felt that this should have been -- the demand, as I said in my opening remarks, the demand should have been throughout and not for a particular time, which is especially festive. What's happened is that we have seen that certain categories like watches, handbags and perfumes had -- still have the sustained this thing. But if you ask me apparel, whatever impact was there was only till the festive. After that, it has slowed down considerably.

Amit Agicha: Understood, understood. Sir, last question, sir, like do we do it online and digital as well?

Kavindra Mishra: Of course, we have 2 apps, Shoppers Stop app and SSBeauty.in that are these 2 apps which we have, where and I think you must have seen the investments also which we are doing in both these to ensure that -if I'm not mistaken, last quarter, we said that we will be closing the especially the ss.com change of the back end completely, which has actually happened. And I think we should see some good results coming in this quarter on that.

Moderator: Next question comes from the line of Muskan Agarwal with Svan Investments.

Muskan Agarwal: Actually, can you explain in detail the inventory problems that you highlighted for INTUNE?

Kavindra Mishra: Okay. Muskan, I will try and give the overall sense and then maybe Devang can detail it further. So, when we were launching INTUNE, I think we had a very, very aggressive plan, and we are looking at close to 100 stores launch.

And then we -because of the soft demand, we actually decided to fix that piece first. But what that ensured was that we had sort of inventory which got accumulated. Once the inventory gets accumulated and because the promise of any product business is freshness, I

think that's where we started getting hit. So, we actually did 2 things last and which we did actually one big thing, which was very different from last year was we took an accelerated inventory provision.

And we ensured that, okay, can we increase ensure that we are able to liquidate inventory as much as possible. When we started the year, we were sitting at around Rs 100 crores of inventory in INTUNE, which for the number of stores, I think, was a little bit too much.

We have been able to reduce it to 60. So, this is the this is just to give you a sense of the overall picture. Maybe Devang can add on how this inventory seize will be able to turn around this business and the throughputs.

Devang Parikh:

Thank you, Kavi. I think the inventory problem that we spoke of was largely equalized to one season, which is autumn-winter '24 over and above the soft performance that Kavi spoke about. Prior to spring-summer '25, we were launching every 2 months. It's only from spring-summer '25 that we started launching on a weekly basis.

So, combining the 3, 4 months buying period for outright private label fashion, with the 2-month drop, we kind of had a chunk which was pre-committed on a bigger base than what we realized. So, all throughout the last quarter, we are just trying to get rid of the excess from autumn-winter '24.

From spring to onwards, the excesses are not in place because we aligned our buying with the throughput that we were seeing. And I think we've seen the worst of it. I think going forward, the inventory problem is solved to a large extent and is not likely to resurface.

Moderator:

Ms. Agarwal, are you done with your questions?

Muskan Agarwal:

No, no. So actually, I also wanted to ask like what could be the reason that like apart from this inventory problem that you guys are not able to perform well in the value fashion segment, whereas other players are succeeding in the same?

Devang Parikh:

I think what we mentioned a few minutes back, the value fashion business is very dependent on consistent freshness being delivered to the customers. The freshness is a function of the right profile of inventory and not being choked with old inventory.

Since we had old inventory, we were not able to fresh launch freshness as much as we wanted, which is affecting our top line KPIs, which stands solved and we will Kavi also mentioned in his opening remarks that the spring/summer season will see the stores full of freshness.

So, we should see that cycle come back. Also keep in mind that we are practically in the second full year of operations. So, there is some bit of learning that we take as a business and

we course correct. So, maybe as we go from this year to the start of FY '27, again, re quoting what Kavi said, we will see a lot more stability in terms of business.

Muskan Agarwal: And what is the conversion ratio for INTUNE and capex per square feet?

Devang Parikh: Conversion stands around 18%.

Muskan Agarwal: And inventory per square feet, sorry.

Karunakaran M: We don't measure the inventory per square feet. The capex is Rs 1,600 per square feet.

Kavindra Mishra: Inventory, you can broadly take it at Rs 1,700 per square feet.

Moderator: Next question comes from the line of Gaurav Gandhi from Glorytail Capital Management.

Gaurav Gandhi: Sir, 2 things I want to understand. While visiting Shoppers Stop stores, of course, excluding the flagship ones, still a lot of stores are not filling as much premium as we feel while entering in stores of our competitors. And the second observation is, of course, are we curating our private brands in a serious proper, better manner as we are unable to understand how are we moving there and assortment there. So shouldn't we be more moving faster, more aggressive or more agile in terms of changing our store looks, pushing private brands? Your thoughts on this, sir?

Kavindra Mishra: Thanks, Gaurav. So I think first, you need to give a little bit detail to me that what is it that you are comparing us with because it will give me a sense to answer your observation or to address your observation. Otherwise, on an average, we do 5 to 7 stores we renovate every year.

And I think as we renovate the old stores and as we open the new stores, you will see the premium version only. So I think that we are very clear. It's a function of what store comes when in the cycle, right? So again, I don't know which store you're comparing us with, so I cannot comment on that.

On the other part, which is of the private brands part, obviously, private brands need to be better. In fact, both in our investor deck and in our call last time, we spoke about ensuring that the premium those private brands become more and more premium. So just to give you a sense, we have just launched FRATINI Girls as a premium kidswear brand as a part of our private brand.

So I think that's something which will now move to 60 stores, okay? So I think this is something which we'll keep on doing. Now if you are comparing a Juhu or a Tapasya store, which we have, they are the flagships. But otherwise, we will see Malad and Malad-like stores coming in a lot of the stores which are renovating now.

So I mean, you're right in terms of agility, but I think there's a 5 to 7 stores, which we look at as every year, and we'll keep on renovating it. And all the new stores as we open, they will be premium ones, right? But I would love to maybe offline have a chat with you that what is the feedback of the stores where you went to and which you feel the competitor brands and maybe offline, we can have a chat on that to understand your point of view as well.

Moderator: Next question comes from the line of Karan Gupta with ACMIIL.

Karan Gupta: So just a single question, the strategy behind rationalizing the store sizes and opening up in the bigger size.

Kavindra Mishra: Understood, Karan. And maybe if you can mute because there's a lot of background noise, then I will be able to address this query of yours. So yes, you're right. I think we decided to open smaller stores. And when we opened the compact size stores, we realized that a lot of categories are not getting fit into the business.

And also the throughputs which we are getting from those kind of stores didn't make any sense because we ended up typically having stores which are Rs 18 crores to Rs 20 crores of revenue for us, which doesn't make sense because the effort which needs to drive a store is the same, whether it's a 30,000 square feet, 20,000 or 40,000 right? So that is one.

Second, as a business, I think the 2 specs on which we want to drive our business is premiumization and experience. And for both the cases, if I talk about premiumization, you need to give the right kind of space to each of the brand to express themselves well. If I talk about experiences, you need to have a kids play area, you need to have a proper personal shopper lounge because that's a strategic direction from our side, and that's what we really want to work on a gaming zone.

If you want to do all these things, give brands a size, then between 35,000 to 40,000 is what is the sweet spot for us. We are not in the game of opening too many stores at Rs 18 crores, RS 20 crores of business. We are in the game of opening a few stores, but the store should be RS 50 crores less.

So, I think as we move into that strategy, we are very, very clear that this is what we want to do. A lot of retailers and a lot of brands actually, by the way, are shutting the smaller stores and opening bigger stores and the best brands in the country simply because you need to do that and I'm talking about premium brands here.

You need to do that because you want to give a better experience to the customer. And the better experience cannot come through clogging the aisles and making very, very short stores. You don't have you can't give the customers a proper departmental store experiences, and we have realized that to our great this thing that that's always a problem.

- Karan Gupta:** Yes. can we expect in the new stores, which is bigger in size, the inventory per square feet will be the same or it will increase because you are saying that we are giving more experience kind of thing to the customer like play area, playground area and all the things? What kind of customer you are focusing on because you have luxury brands also, you have value fashion also? So, these all brands are put in a same store or it will be different kind of thing?
- Kavindra Mishra:** Karan, okay, let me address both the points. One is the inventory per square feet in a premium concept goes down, it doesn't go up, right? So that is the first point. The second point is 75% to 80% of the inventory, which is in SOR. So I don't think having a larger store and having a larger inventory is detrimental for us in any way, and especially because we use the KPI of GMROF. I think that is very clear.
- And yes, you are right. As you put more and more experience zones, you need to have a lesser number of brands and that you see in Juhu or Malad or the new stores which you are opening. That's the third point. I think the fourth thing is for us, the customer base which we have is actually the customer base, which is the First Citizen. It's a customer base, which is for a more premium and premium place kind of a thing. And to give you a sense, we don't keep value fashion products in our store. INTUNE is a brand which has its own stores. So we don't see value fashion as a business, as a concept with us, Karan.
- Moderator:** Next question comes from the line of Harsh Shah with Bandhan AMC.
- Harsh Shah:** I mean are you sure that the INTUNE's inventory per square feet is Rs 600?
- Karunakaran M:** Rs 1,700, not Rs 600. That's what we said.
- Moderator:** Next question comes from the line of Rahil S with Sapphire Capital.
- Rahil S:** Sir, just now how has been quarter 4 so far? And overall, for FY'26, then what can one expect when it comes to revenue and EBITDA margins?
- Karunakaran M:** Q4 is a bit early to say, but the first 20 days that is still yesterday have been quite decent, particularly in the South markets where we have Sankranti, performed quite well. The sales growth, we expect mid-single digit, Rahil. And the EBITDA margins would be close to in the low single digits. That's what we expect by the end of this quarter 4 .
- Rahil S:** The sales growth in single digits is for quarter 4 as well or overall, for FY'26?
- Karunakaran M:** For the Q4 as well as for the entire year.
- Rahil S:** For the entire year and EBITDA also in single digits, expect for the last quarter?
- Karunakaran M:** Yes, that's right.

- Rahil S:** Okay. So what sort of improvement do you see in the next year with the kind of double-digit mid-teens growth expecting in the EBITDA? And what will drive it?
- Karunakaran M:** Number of things, right? I think Kavi spoke in detail. One, the premiumization, what we are working on right now, plus the number of marketing campaigns, what we had and the growth, what we are getting it from the marketing campaigns.
- Third, Beauty, the Global SS Beauty, I think, again, Kavi spoke, we are already touching a run rate of Rs 500 Crs, and we have been growing more than 50 percentage. So those growth should improve. PB, the private brand, whatever that happened in Q3, that will not I mean, we are working on to improve the overall efficiency in private brand.
- And INTUNE, again, Devang spoke in detail and Kavi also spoke in detail. What INTUNE, we expect the losses to be at minimum, it will come down by 50 percentage and if not more than that. So there are a number of growth levers we are working on. And that's the reason we have said that the sales growth to be in mid-teens and the EBITDA margin should also improve next year.
- Moderator:** Thank you. On behalf of Shoppers Stop Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.