

SWEET DREAMS

November 20, 2025

To,
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra East, Mumbai-400051

Symbol: SDREAMS

Subject: Submission of Transcripts of Earnings conference call held on Thursday, November 13, 2025 at 03:30 P.M.

Dear Sir/ Madam,

Pursuant to Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is hereby submitting transcript of Earnings Conference call held on Thursday, November 13, 2025 at 03:30 P.M to discuss the Company's Unaudited financial results for the half year ended September 30, 2025 with Investors and Analysts.

Kindly take the same on your records.

Thanking You,

Yours Faithfully,

For S D RETAIL LIMITED

POOJABEN SHAH
COMPANY SECRETARY & COMPLIANCE OFFICER
Membership No.: A73158

S D RETAIL LIMITED

(Formerly known as S D Retail Private Limited)

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CIN NO : L52520GJ2004PLC056076

SWEET DREAMS

“S D Retail Limited
H1 FY26 Earnings Conference Call”

November 13, 2025

SWEET DREAMS



MANAGEMENT: **MR. HITESH RUPARELIA – CHAIRMAN AND MANAGING
DIRECTOR – S D RETAIL LIMITED**
**MR. UTPAL RUPARELIA – MANAGING DIRECTOR – S D
RETAIL LIMITED**
**MR. RITESH SARAOGI – CHIEF FINANCIAL OFFICER –
S D RETAIL LIMITED**

MODERATOR: **MR. GANESH – KIRIN ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to the S D Retail Limited H1 FY 2026 Results Conference Call hosted by Kirin Advisors. As a reminder, all participant lines will be in a listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ganesh Sir from Kirin Advisors. Thank you and over to you, sir.

Ganesh: Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of S D Retail Limited. From management team, we have Mr. Hitesh Ruparelia, Chairman and Managing Director; Mr. Utpal Ruparelia, Managing Director; and Mr. Ritesh Saraogi, Chief Financial Officer.

I now hand over the call to Mr. Utpal Ruparelia. Over to you, sir.

Utpal Ruparelia: Good afternoon, everyone. I am Utpal Ruparelia, Managing Director of the company. Thank you for joining us today for the S D Retail Limited earnings call for the first half year financial year 2026. It's a pleasure to connect with you and share our performance highlights, strategic progress, and outlook as we continue building Sweet Dreams into India's most trusted sleepwear brand.

At S D Retail, we believe sleepwear is more than apparel, it's a daily ritual of comfort, expression, and care. Our mission is to make sleepwear an essential part of every Indian household, lending thoughtful design, inclusive sizing, and practical elegance for all age groups.

Over the past few years, we have transitioned from a trade-led model to a modern consumer-first brand with a robust retail and digital presence. Today, Sweet Dreams reaches customers across India through exclusive brand outlets, multi-brand outlets, large format stores, and leading e-commerce platforms.

We operate in a category that is deeply personal, yet underpenetrated. Sleepwear is worn nearly 70 hours a week, but occupies less than 10% of wardrobe space. This gap represents one of the most compelling opportunities in Indian apparel, and we are committed to bridging it through design innovation, immersive retail experiences, and storytelling.

I now request our Chairman and Managing Director, Mr. Hitesh Ruparelia, to take the call forward.

Hitesh Ruparelia: Thank you, Mr. Utpal. I, Hitesh Ruparelia, will be sharing our performance highlights, key developments, and future outlook with you during this session. Performance highlights. For H1 FY 2026, we reported revenue of INR78.30 crores, a year-on-year growth of 9.23% compared to INR71.68 crores in H1 FY 2025.

Driven by higher revenue contribution from EBOs, gross-margin improved to 55.53% in H1 FY 2026, up from 48.82% in H1 FY 2025. EBITDA stood at INR 2.18 crores versus INR 2.43

crores last year, while PAT turned positive at INR 0.13 crores, a significant improvement from a loss of INR 0.53 crores in the same period last year.

Retail continues to be our growth engine. As of September 30, 2025, we operate 64 EBOs, up from 51 at FY 2025 close, with accelerated store openings expected in H2 FY 2026. We reached 68 EBOs as of October 31st by adding four new stores in the last month. Several additional locations are under fit-out and scheduled to launch in the second half.

Now, I will speak about Market Dynamics. The first half saw muted discretionary consumption across India, driven by anticipation of GST rate reductions and inflationary pressures. However, with the GST revision now in effect, cooling inflation and an early onset of winter in northern markets, we expect a strong rebound in consumer demand in H2.

Geographic Footprint and Store Experience. Our north and west zones remain dominant, housing 56 stores, while the south zone is gaining traction with eight operational EBOs. These stores serve as a grand experience centres, spaces where customers engage with the Sweet Dream lifestyle. We continue to enhance store productivity through efficient formats, mood-based visual merchandising and inclusive sizing.

Our stores are designed to evoke warmth and relaxation and optimized lighting, tactile fixtures and storytelling that resonates with consumers between 8 p.m. and 8 a.m. To ensure consistency, we formalize Visual Merchandising protocols and conduct regular audits. Real-time customer feedback now directly informs product design and range planning.

Role of Technology and Digital Strategy. Technology remains central to our growth. We have migrated all our core systems to a cloud-native infrastructure, enabling real-time visibility and faster decision-making. Our teams now leverage over 20 custom low-code and AI tools across operations, recruitment, marketing and design.

On the digital front, we are strengthening our own e-commerce platform to deliver a seamless, omnichannel experience, integrating inventory, reducing delivery times and offering personalized content. This integration is expected to drive growth across our website and marketplaces like Myntra. We are also exploring data-led collaborations with lifestyle platforms and event partners to expand customer touchpoints.

Now I will highlight people and processes. Our journey is powered by our people. We continue to recognize our EBO managers and ground teams who embody the Sweet Dreams ethos. We have expanded our retail and operations teams, bringing specialists across merchandising, customer insights and visual merchandising to ensure flawless execution. Operationally, we have simplified documentation and processes, reducing store-level escalations by 30%. These steps are helping us scale with discipline and consistency.

As we move forward, our focus remains on scaling Sweet Dreams into a truly national brand, both in reach and resonance. We aim to deepen our EBO footprint in Tier 1 and 2 markets, targeting airports, high streets and malls that lack dedicated sleepwear destinations. Our vision is a Sweet Dreams story in every major shopping district.

We are building a unified omnichannel ecosystem with integrated stock visibility, loyalty benefits and faster fulfillment. Our design teams are working on climate-responsive collections, coordinated sets and fabric innovations tailored to India's diverse lifestyle. A unified CRM and loyalty programme will soon be rolled out to deepen customer relationships and enhance lifetime value.

We believe the sleepwear category is at an inflection point. With our focused strategy, differentiated product line and technology-led retail model, SD Retail is well-positioned to lead this transformation.

Before I conclude, I want to extend my sincere thanks to our shareholders, customers, partners and the entire team for their continued trust and commitment. The first half of FY26 has reinforced our belief that the future of sleepwear in India is bright, and the Sweet Dreams will continue to be at the heart of it. Thank you and we now welcome your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Vipul Lamba, who is an Individual Investor. Please go ahead.

Vipul Lamba: Yes. Thanks for taking my question. Sir, I think the numbers look encouraging versus how it was in the last year. But now I think for first half, 25% of our revenue is coming from EBOs, right?

Hitesh Ruparelia: Yes.

Vipul Lamba: So, for the overall, on a whole-year basis, can we consider it will remain 25% versus 18%, I think, which you guided earlier?

Hitesh Ruparelia: See, our business model is that our H2 for the other channels is fairly large. So, we expect the 25% to bring down to close to 20% by the year end. But yes, the growth of EBO has been quite significant.

Vipul Lamba: Okay. Because last year, I think first half and second half both remained 13%. So, that is why I was asking. Last year, it was both - first half was also 13% and second was also 13%. So, you're saying this time it will remain 20%.

And so, from EBIT perspective, what we've seen is that despite the increase in revenue from EBOs, our EBIT percentage has reduced. I understand that maybe because of new store opening upfront cost. But what do you see, when do we see uptake here from our EBIT perspective?

Ritesh Saraogi: Hello, Vipul ji. This is Ritesh here, CFO of the company. So, Vipul ji, you are absolutely right. Currently, we are investing in building up team and other expenses to escalate the business. So, we are anticipating that next year second half is when we will start seeing the differential margin gain, because we will have a substantial chunk of stores that will be active and business will start rolling out from them.

We are expecting the range of 20% to 25% of the contribution of stores by the year end. That will become much better by the end of the first half, next year. So, next year, second half, we are expecting that the margins will start improving, that you will start seeing the difference.

Vipul Lamba: Okay. So, for second half, I mean, what is the margin, which you consider will be achievable in terms of EBITDA margin? Last year, it was approximately 11.7%. So, what do you think what would look like, because I think growth margins are going up. So, any improvement in this year as well or no, or we will maintain the same or it will go down?

Ritesh Saraogi: So, there are two things. One is that we are also planning to invest in brand building. That expenses will also start increasing by the end of the year. So, we are not expecting any increase in margin this year. In the second half of the next year, you might be able to see some marginal differences coming in.

Vipul Lamba: So, that will remain or that will also go down compared to last year?

Ritesh Saraogi: That will remain same. But you see this brand building process is a two-year, three-year job, it is not a one-year job. So, as the store increases, we will have to start spending also to bring the brand to the consumers.

Vipul Lamba: Got it, got it. And so, although overall, if I see the overall pie in the first half in terms of revenue, primarily the increase has come from EBOs. For all other channels, it has been just flat, right? I mean, do you see growth in the other channels also in the second half or it will remain same, our main growth will be driven by EBOs?

Hitesh Ruparelia: So, Vipul bhai, Hitesh, this side again. Our focus will continue on EBO as a channel because that's the better gross margin channel, right? And it's closer to the customer, closer to the consumers. The other channels, we don't want to push very hard for the simple reason is the more we push hard, it will be at cost of margins, right? So, not that there is no growth available in those channels, but growth with protection of margin or growth at cost of margin is what we don't look forward to.

Vipul Lamba: Got it. And Hitesh bhai like what is the current market? We are already in, say, November and the peak season has almost started. How do you see what is the environment looking like versus last year? Last year second half was also not too good.

Hitesh Ruparelia: So probably, it looks like adversity is over. I think GST changes also pushed consumers to retail. We recorded a same-store sales growth of 24% in October. That was the highest that we have seen so far. And I think the trend in November also continues positive.

The winter season also has come in time. So, we are heavy on North India and West of India. So, winters are also very important for our business. So we are expecting that second half will be better as compared to the second half of last year.

Vipul Lamba: Got it, sir. And, I mean, can we consider like a year-on-year 20% growth in our top line? Is it achievable on a year-by-year basis?

- Hitesh Ruparelia:** I think our effort is always towards achieving that and let's hope for the best.
- Vipul Lamba:** Okay. And so from an EBOs response, I mean, earlier I remember in the last call, you stated about 1.5 years as a payback period for EBOs. So, is it the same, similar kind as you open more? Looking at the response, it's the similar percentages or similar payback period you see as of now?
- Hitesh Ruparelia:** No, the payback period is going up as we open more stores, right. So, that is not constant. That was on a small footprint of stores. But otherwise, the payback is getting closer to industry standards. It's currently between 2.5 to 3.
- Vipul Lamba:** Okay. One last, sir. What is the target EBOs which we are considering as a year-end?
- Hitesh Ruparelia:** So, we have projected 36 EBOs to be opened in this financial year. We opened 13 of them in the first half. A few properties got delayed. So, we have signed in all about 33 EBOs already. All of them will come in this financial year. And we are supposed to sign three, four more which will be signing very easily. So, we'll be on target by the year-end.
- Vipul Lamba:** Okay. And sorry, one point on the payback. From 1.5 to 2.5, that's a significant change. I mean any reason behind it that such significant change would have happened? Because I remember you explained in detail that why it was like short payback period. So any reason for the significant change that has happened in there?
- Ritesh Saraogi:** Vipulji, there are two things in this. One is that if you will see the industry-wide phenomena, is that first half of the year has not been very good for any of the brands in retail. The consumer demand as such was very muted in first half, especially August and September for most of the brands have been very bad.
- So, some of the stores are also very new. Most of the stores are five-eight months old. It is too early for us to actually comment on the payback period also, because even the seasonality is playing a big role right now.
- The first six months were not good not only for us but for any consumer retail in the fashion segment, you will see the commentary. So, everybody has rebounded in October. Everybody has seen good growth in October, which is in line with what we have seen.
- November also for the first 12 days, we have seen very consistent numbers. So, we are anticipating that the numbers will improve in the second half and it will not be right for us to comment on payback period as of today. It is not right also because numbers are also premature.
- There was also a seasonality impact and our size is also not very big. We will be able to comment on that when we have sizeable numbers for a large period of time, for one year, two years when we have operated the stores, that will be the right time for us to comment on our payback period also.

One more point is that we are opening more COCO stores now. Earlier, it was COFO stores. So, the payback in terms of company, the payback was very low at that point of time because the investment was low, right?

Now, we are also investing into capex. And hence, the payback also marginally is getting delayed because of that. That is also one of the reasons. I hope I am clear to you.

Vipul Lamba: Yes, okay. That's clear—it's a significant shift. Anyway, no worries. Regarding the EBOs we've opened—excluding the online ones—how has the response been overall? Despite the broader industry slowdown, are we seeing encouraging traction? I ask because even on weekdays, I notice a decent footfall at nearby stores.

Hitesh Ruparelia: So, Vipulji, we are very optimistic and our numbers are also very optimistic. That's why if you see, we are in line with our original projections. We had given a market understanding that we will be opening around 36 stores by end of the year. And we will be following up and we will be closing that number by end of the year. If you will see our numbers of, our ASP continues to be high, 1,713. Our sales per square feet is also 16,375.

So, the numbers are encouraging, but the overall market demand was very muted in first half. It is not only for our brand, it is an industry-wide phenomena. We have seen a rebound also. We have seen a rebound in October and November is also looking very promising to us.

Vipul Lamba: Okay. And on the store expansion, can we target to something around 200-250 plus stores in terms of three years?

Hitesh Ruparelia: So, as of today, we are opening three stores a month. Our target is to open three stores a month. Hopefully, we will improve on that. I am not sure, but at least that number, we will continue with that, minimum.

Vipul Lamba: Okay, thank you.

Hitesh Ruparelia: Thank you.

Moderator: Thank you. Our next question comes from the line of Rushang Patel from Orion Global. Please go ahead.

Rushang Patel: Thank you. So, my first question is, as you position the brand in the mid-premium segment, how do you maintain the balance between quality and affordability?

Hitesh Ruparelia: Yes. So, quality comes naturally to us because we have been in business for the last 30 years and we are consistently being loved by consumers. I mean, nothing at cost of quality. Sleepwear also needs to be high quality for the simple reason that the usage of sleepwear is almost every alternate day.

The usage of sleepwear is that the entire body weight gets onto the apparel. So, if you have an inferior quality starting from yarn level to fabric level, the sleepwear will really give away very soon, very shortly, so, nothing at cost of quality.

In terms of Affordability, we are trying to position the brand as premium as possible, because we have two channels, primary two-channels. One is the Trade. Trade will always keep products affordable. Otherwise, people will stop investing into your products.

So, that is one area which always keeps us on check. And our review allows us to go premium to charge that extra money from customers who can afford and who are future forward and design forward.

Rushang Patel:

Okay. And have you observed any elasticity in customer demand when you attempt to move prices slightly up to the ladder and how does it influence your sourcing and pricing strategy?

Hitesh Ruparelia:

We follow a price laddering model in our stores and in our trade also. So, if you will go to our store, you will see the garment price starting from INR1,499 and you can see up to INR 3,500.

So, for a consumer who is walking in and who wants to start buying the sleepwear, we have the right product from where they can start. Our training to our retail executive is to take the customer to more premium and more fashionable products.

So, that's how we are also transforming our consumer journey from a mid-premium to a premium category in our stores. We will start laddering the products in the stores and in the trade also. That's how we manage it.

Rushang Patel:

Okay. But in current intensity of your competitive intensity, so where you are extracting your cost leverage to sustain margins without diluting brand perception like into vendor negotiation or market efficiency or design innovations. So, where you are exactly extracting the cost leverage to?

Ritesh Saraogi:

So, you are absolutely bang on. So, first is the design plays a very big role in accepting the cost efficiency. Second is we are very old and developed channel for vendor customer supply. We also take a lot of leverage in that, accessing that.

Also, we are moving around the globe to see which fabrics are available, which are affordable, good quality, sleepwear. We're also trying to bring back fabric to India. So, it's an overall strategy how we try to manage the product pricing how we are doing in the market.

Rushang Patel:

Okay. Great. My next question is, as you are receiving more direct product feedback from exclusive brand outlets, how has your product development process improved?

Hitesh Ruparelia:

That's one of the most significant changes that has happened in the organization because now starting from our design team to our sourcing team to our product team, they are all able to visit EBOs, understand the consumer feedback firsthand.

And we also send all the people to retail for them to actually experience the customer feedback, pushback, or appreciation, whatever it is. If there is an appreciation, they will be motivated. If there is a pushback, they will improve in their areas.

- Rushang Patel:** Okay. And any example you can share where your consumer insights from EBOs led to tangible change in your current design market strategy, any commercial outcome of that decision, any example?
- Hitesh Ruparelia:** So, we were getting insights from retail that, if we get into licensed product, that is, "Warner's of the world" or "Snoopy's of the world" there will be more traction among its consumers. So, based on that feedback, we launched, I think, almost four franchise licenses so far, and it has become a 15% additional business for us.
- Rushang Patel:** Okay. And are you integrating any structured analytics or CRM tools to capture and interpret EBO level feedback?
- Hitesh Ruparelia:** So, we look back into your product innovation and invented the same thing. So, first is, in the introductory call, management has clarified that we are in process of rollout of CRM. In this quarter, our CRM will be 100% active. So, we will start analyzing data and retargeting the consumer based on that CRM. As far as the structured data is consumed, we have our own software, which is actually currently installed across India. So every feedback that is issued from the consumer, the data is compiled centrally and we have dedicated team who is looking after that feedback, first.
- Second, we are also monitoring the gender which are walking in, the age group which are walking in. So, there is a lot of data science that is going in at our central head office. And we have developed a team who looks after that and who gives feedback on that data..
- Rushang Patel:** Okay, okay. And as I see that there are many stores you have like in Mumbai, Pune region, Nagpur,. So, which of the geographic location is more profitable or something?
- Hitesh Ruparelia:** So, North and West, both of them are equally profitable for us. South stores are little below average, but some stores have started showing very positive signs.
- Rushang Patel:** But any particular reason, because the profitability is varied amongst all the stores, it is about location or, you know, people and people's choices?
- Hitesh Ruparelia:** So, I think a profitability exponentially increases with top line. So, if a store is doing 10 lakhs and another store is doing 15 lakhs, the 15 lakhs store is definitely going to be much more profitable, right, because a lot of expenses then becomes constant, right. The variable is only the product cost. In retail, there are a lot of different components which are affecting the profitability. One, first is location. If you have the right location, then 80% of the battle is won. Second is manpower at floor. If you have the right team, they will turn it around. Third is product. So, there are a lot of things which influence profitability and we cannot denote only one single factor to different profitability.
- Rushang Patel:** Right. Are you any exploring category beyond sleepwear?
- Hitesh Ruparelia:** No, there is too much of headroom here and we are completely focused on the category.
- Rushang Patel:** Okay, that's it from my side. Thank you for answering my questions. It was a good experience.

- Moderator:** Thank you very much. Our next question comes from the line of Falguni Jain from Yes Securities. Please go ahead.
- Falguni Jain:** Hi. Thank you for the opportunity. So, I just had a couple of questions. What MBOs are we working with and what is the price differential or margin differential that we have in the MBOs and the EBOs?
- Hitesh Ruparelia:** Good evening, madam. So first of all, there are two ranges that we are currently manufacturing. We have around 30% of the range which is exclusively for our store, which includes some of the licensed products which we have launched in our store. So, one is that.
- Second is 70% of the merchandise is common between our MBO, SIS or an EBO. That pricing, there is no differential as such an EBO or an MBO. We follow a universal same price for all MBOs and EBOs. Secondly, we are working with almost all big MBOs that you have heard of. All big MBOs across India, we are present. Mostly, we are present. If you visit, you will be able to find our presence over there.
- As far as margin difference is concerned, there is a very huge margin difference because the gross margin in EBO is much higher as compared to our MBO. That is one of the reasons why we have moved to EBO that we are expecting the increase in not only gross margin but also EBITDA margins across the channel.
- Falguni Jain:** Okay. Thank you so much for answering my questions. All the best.
- Hitesh Ruparelia:** Thank you
- Moderator:** Thank you. Our next question comes from the line of Ankur Aggarwal from Motozak. Please go ahead.
- Ankur Aggarwal:** Hi, sir I wanted to know, like a few months back we spoke, we were running at a run rate of approximately INR 3.5 crores for the EBO business, monthly run rate. Like may I know what is the current monthly run rate?
- Hitesh Ruparelia:** We closed about INR 4 crore in October. We are expecting to close around INR 4.5 crores in November.
- Ankur Aggarwal:** And like, do you see like this 4.5 crores run rate to continue throughout this year?
- Hitesh Ruparelia:** It would average out. February, March will be a little low. December, Jan will be probably higher than 4.5 as well. February, March will be a little low. So I think you can consider anywhere between 4.25 to 4.5 will be the average for the rest of the month.
- Ankur Aggarwal:** Okay. Understood, sir. So, does it seem like we might be able to get like INR 50 crores kind of revenue from the EBOs this year?
- Hitesh Ruparelia:** Yes. Between 45 and 50.
- Ankur Aggarwal:** All right. And sir, like as of March 2025, we had 51 operational EBOs.

- Hitesh Ruparelia:** Yes.
- Ankur Aggarwal:** So, as of today, like, what is the kind of revenue we are getting? Like in the H1 period, we got approximately INR 20 crores of revenue from the EBOs. And currently, we are having 64 EBOs. So, may I know like from those 51 mature EBOs, what is the revenue we got? Like per store revenue or something like that?
- Hitesh Ruparelia:** We have noted your question. I don't have this number off-hand, but we'll come back to you or you can drop a mail to cs@sweetdreamsindia.com and we'll reply.
- Ankur Aggarwal:** No, sir. Like, internally, when we discuss like what the management's target for monthly revenue from any operational EBO, like what is the monthly target we have, sales target?
- Hitesh Ruparelia:** So, on an average, we are anywhere between INR 6 lakh to INR 6.5 lakh a month per EBO. Right. But the EBO range is far and wide. So, we have EBOs which are doing 20 lakhs and we have EBOs which are doing INR3 lakhs. Right. So, but on an average, we deliver 6.5 lakhs per month per EBO.
- Ankur Aggarwal:** Understood, sir. And, sir, the marketplace and e-commerce revenue, I think we had approximately INR13.5 crores in H1 2025. But in this half of the year, we are seeing a drop of INR 1 crores. It's like INR 12.5 crores from that channel. So, sir, are we facing any headwinds from E-com channel?
- Hitesh Ruparelia:** So, first of all, this includes marketplace sales also. So our last year revenue was INR 13.37 crores and this year, we have clocked around INR12.72 crores. If you will segregate the e-com business, in e-com, we have grown from INR1.42 crores to INR 1.92.
- So our own website we are growing. Marketplaces, we are facing a challenge that some of the brands are discounting very heavily.
- So, there APS is around 35% Myntra like to like in our category. That is one of the challenges that we are facing first half of the year. But since we are now doing Omni and we are adding our own stores to both marketplace and our own website, we are hoping that this recovery will be done through Omni in the second half of the business.
- Ankur Aggarwal:** I understood, sir. Sir, I know few brands in Jaipur, Rajasthan, you know, that are even clocking like INR50 crores to INR100 crores kind of revenue only from marketplaces, clothing brands. Sir, is there any way like just to capture this channel, we introduce some parallel line or a brand which is like, which can compete on the average selling price with other brands in the market?
- Hitesh Ruparelia:** The business which you are talking about is a very commodity-led business. So, we are not in that race. We are a fashion brand, and we will continue to be in this space. And we would rather have our set of consumers buy our products and not reach out to consumers who are only seeking value.
- Ankur Aggarwal:** Understood, sir. Okay. And sir I had a question on expenses. So other expenses part in our financial statement, so that is approximately INR 32.68 crores. Whereas in actual last year, it

was like 24 Crore something, right? So may I know like, you know, how much of this is the new EBO leasing expense or some other kind of expenses ?

Ritesh Saraogi: So additional leasing expense is around INR 3.15 crores and the maintenance of the EBO is around INR 45 lakhs. And commission expenses are increased by about INR 2.35 crores.

Ankur Aggarwal: Understood. And sir you mentioned that initially you are going with a company owned franchise operated model, but now, you are also exploring what was that model COCO -- company-owned company-operated today.

Hitesh Ruparelia: We operate in all three models. We operate in COCO, COFO and we have some FOFO, very less FOFO, but the mostly it is in COCO and COFO.

Ankur Aggarwal: Understood. So, sir, like what is the reasoning behind exploring or going more into COCO model now because it is -- it requires, you know, more money upfront.

Hitesh Ruparelia: The reason for going into COCO model is there are certain malls and very highlighted properties, where having a franchisee is not going to be meaningful, it requires very high intensity supervision, monitoring and decision-taking, right. So a layer of franchisee at high rental, high opportunity malls is not in the interest of company. So we decide to go with franchise or not is based on the geography, based on the potential of business and based on our management bandwidth of managing the operation in that location.

Ankur Aggarwal: Understood, sir. Makes sense. And sir, one thing I want to ask is like you told that you will try to maintain the guidance of 20% CAGR for revenue. And sir, for doing that, we might need to do INR 125-130 crores kind of revenue in H2. And sir, how realistic does it look at this point that we might be able to hit that milestone?

Hitesh Ruparelia: So we have not given a 20% growth CAGR guideline. What we have told is that we are expecting to grow in high double-digit numbers. And we are hopeful that, that we will be able to deliver in the second half.

Ankur Aggarwal: Understood, sir. I was expecting our PAT to jump a bit more because we have such a high gross margin. Our material cost is less. But yes, we had these INR 7-7.5 crores of additional expenses. So sir, like in H2, will this expense remain same? Or will this jump leasing, maintenance and commission?

Hitesh Ruparelia: No, no. So that is basically related to the stores. So the higher the stores we add, the higher commission and the rent will go up. So this will not be stagnant. This will increase further once we add more stores. But we have to see what is the store contributing to the margin? What we are anticipating is that second half of next year, we will start seeing the difference. Also, you will also have to understand that we are also planning to invest in marketing in the coming period.

Ankur Aggarwal: Sir, what kind of marketing are we talking about? Like, some brand ambassador-led marketing or something like that?

- Hitesh Ruparelia:** So it will be more focused on digital marketing. So we will have some media buyout plan. It might be different kinds of media, but not brand ambassador-led marketing.
- Ankur Aggarwal:** Understood. And sir, let's say, we add more 30-35 stores by the end of this financial year. So this leasing cost of INR 3.5 crores, like what is our projection like where could it end up by the end of this financial year?
- Hitesh Ruparelia:** INR3.5 crores is the additional leasing cost that we have incurred in the first half.
- Ankur Aggarwal:** Yes, yes. So, how much more can it increase?
- Hitesh Ruparelia:** See that completely depends on what is the size of the location, where is the location, what rental we are expecting? And whether it is COCO, there are a lot of different things involved in this. But it will certainly go up. That's what I can tell you.
- Ankur Aggarwal:** Understood, sir. Thank you so much for all the answers. Thank you, sir.
- Hitesh Ruparelia:** Sure. Thank you and goodbye.
- Moderator:** Thank you. The next question comes from the line of Dhanraj Solani from Kuber Advisors. Please go ahead.
- Dhanraj Solani:** Yes, good evening, sir.
- Hitesh Ruparelia:** Good evening, Dhanraj bhai.
- Dhanraj Solani:** I just have three- four questions with me. I'll just start with the first one. So just wanted to know like your exclusive brand outlet currently has around 64 stores. So could you talk about how the older stores are performing compared to the newer ones? Or what patterns are we seeing across store groups?
- Hitesh Ruparelia:** So, it's a very clear indication that store matures after a year's time. So, all stores which are one year aged and above, they deliver different kind of an EBITDA, much higher as compared to stores opened within last one year. There is a substantial difference.
- Dhanraj Solani:** Okay. And like with sales per square feet improving. So, what are the main things we keep doing inside the store to keep raising productivity?
- Hitesh Ruparelia:** So, inside the store -- the entire game is happening inside the store. So, first and foremost is we are focusing more on visual merchandising. How do we display our items? How can we reduce the time of fulfillment from the backstop to the customer, to the billing counter? So, that's one area.
- Second thing is we are investing on training our front-end people, right? What is the brand message? What is the story of the brand? How do we impact a mood-based sleepwear? What is the importance of creating a sleepwear wardrobe? So, all those education training is happening to our training staff.

Third thing is we do product innovation. So, earlier we used to have products with highest price point of INR 2,500. Now, the highest price point in the store has gone up to 5,000, Right? So, all those things, interventions, we continually keep engaging, innovating, and studying.

Dhanraj Solani: So, what would be the idle store rollout as the main outlets becoming the larger part of the sales? As the majority of the revenues would be coming from the major outlets, I would say. What would be the idle store rollout?

Hitesh Ruparelia: So, currently 600 square feet is our ideal store size. Okay, we are opening three stores a month, but not always we get a 600 square feet store. But the ideal store size is 600 square feet.

Dhanraj Solani: Okay when it comes to the exclusive outlets, which cities or I would say regions are showing the strongest customer demand?

Hitesh Ruparelia: North and West, classically.

Dhanraj Solani: Okay. And are we facing any changing in demand risk? Like, let's say, today, some kind of style is happening. And another movement is the style is out of operation, I would say. Are we facing some issue?

Hitesh Ruparelia: See, as long as you keep your eyes and ears close to the market, I think there is always a calculated risk, which is as part of the business, any fashion business. But we are very close to our consumers. So, we don't have any such shocking revelations happening so far.

Dhanraj Solani: So, we don't hold inventory, like, let's say, we'd be holding more inventory after some forecasting on demand, like, we are forecasting a good demand, but -- and we are holding a huge amount of inventory, and then it's going out of your time. So, what would we do?

Hitesh Ruparelia: No, no, I think we are not facing such challenges.

Dhanraj Solani: Okay. Okay. That's all from us.

Hitesh Ruparelia: Thank you.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Ganesh, sir.

Ganesh: Thank you, everyone, for joining the conference call of S D Retail Limited. If you have any further queries, you can write to us at refresh at the research@kirinadvisors.com. Once again, thank you, everyone, for joining the conference.

Moderator: Thank you. On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

Hitesh Ruparelia: Thank you. Bye.