sweet dreams

May 23, 2026

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

ISIN: INE0X6F01017
Symbol: SDREAMS

Sub.: Transcript of the Conference Call for Audited Financial Results for the Half year ended and year ended March 31, 2026

Dear Sir/Madam,

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the Conference Call with analysts and investors held on May 19, 2026 in respect of the Audited Financial Results for the Half year ended and year ended March 31, 2026.

Please take the same into your records.

Thanking You

Yours Faithfully

For S D RETAIL LIMITED

SHAH POOJABEN

Digitally signed by SHAH POOJABEN
Date: 2026.05.23 13:32:13 +05'30'

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

“S D Retail Limited

H2 and FY '26 Results Conference Call”

May 19, 2026

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 NALAWADE – KIRIN ADVISORS PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the S D Retail Limited H2 and FY '26 Results Conference Call hosted by Kirin Advisors Private 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 and zero on your touchtone phone.

I now hand the conference over to Mr. Ganesh Nalawade from Kirin Advisors Private Limited. Thank you and over to you, sir.

Ganesh Nalawade: 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.

With that, I now hand over the call to Mr. Utpal Ruparelia, Managing Director of the company for the opening remarks. Over to you, sir.

Utpal Ruparelia: Good afternoon, everyone. I'm Utpal Ruparelia, Managing Director of the company. Thank you for joining us today for the S D Retail Limited Earnings Call for the half-year and financial year ended March 31, 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, blending thoughtful design, inclusive sizing, and practical elegance for all age groups.

Over the past few years, we've successfully 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 our Exclusive Brand Outlets (EBOs), Multi-Brand Outlets, Large Format Stores, and leading e-commerce platforms.

We operate in a category that is deeply personal yet highly 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 continuous design innovation, immersive retail experiences, and powerful brand storytelling.

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

Hitesh Ruparelia: Thank you, Utpal. Good afternoon, everyone, and welcome. I, Hitesh Ruparelia will be sharing our performance -- key developments and future outlook with you during this session. I'll start with operational highlights. Moving on to our operational highlights, retail continues to be our primary growth engine. I am pleased to share that as of March 31, 2026, our retail footprint has expanded significantly to 75 exclusive brand outlets, up from 51 stores in FY '25.

This rapid scale-up reflects the successful execution of our expansion strategy across both COCO (Company-Owned, Company-Operated) and COFO (Company-Owned, Franchise-Operated) formats. Furthermore, several additional locations are already under fit-out and are scheduled to launch in the coming months.

Our total EBO retail area now exceeds 36,371 square feet, strategically diversified across high-footfall formats 46 stores are located in premium malls, 21 stores on high streets, and 8 stores in major airports.

These stores are delivering robust productivity, achieving an impressive annualized sales per square foot of ₹16,549, while maintaining healthy gross margins exceeding 60%. Beyond our standalone stores, our pan-India footprint remains highly accessible, spanning over 2,500 Multi-Brand Outlets (MBOs) and nearly 55 points of sale across Large Format Stores (LFS) and regional chains.

In terms of financial performance for this segment, our EBO revenue grew by 111% during the full year and by 104% during the second half. Total EBO revenue for the year stood at 46.45 Crore in FY25-26, compared to 22.04 Crore in FY 24-25.

On the digital front, the substantial investments we made toward growing our e-commerce website are yielding strong results. Our D2C platform delivered a revenue of 4.83 Crore in FY26, up from ₹2.83 Crore in FY25, representing a robust growth of 70%. This digital momentum strongly complements our physical retail engine as we build out our unified omnichannel ecosystem.

Now I'll turn to financial performance. Let me now take you through the financial performance. For the full financial year 2025-26, our total revenue from operations stood at ₹ 195.97 Crore, representing a year-on-year growth of 13.25%. EBITDA for the full year came in at ₹ 16.53 Crore with an EBITDA margin of 8.4%, compared to ₹ 14.3 Crore in FY25. Our Profit After Tax (PAT) was recorded at ₹ 9.78 Crore, as against a Profit After Tax of ₹ 8.56 Crore in the previous financial year.

Turning to the second half of the year, for H2 FY26, we reported revenue from operations of ₹ 117.68 Crore representing growth of 16.1% over H2 FY25 revenue. EBITDA for H2 stood at ₹ 14.35 Crore, translating into an EBITDA margin of 12.2%. Profit After Tax for the half-year stood at ₹ 9.65 Crore, with a PAT margin of 8.2% as against 9.0% in H2 FY25. This margin compression was primarily driven by intentional upfront investments in corporate and operational manpower to fuel our future growth, alongside an increase in other overhead costs.

From a channel perspective, our Exclusive Brand Outlets (EBOs) delivered the highest growth and emerged as a massive standout. EBOs contributed 23.7% of our total revenue—up significantly from 12.7% last year. This stellar performance was driven by both our aggressive footprint expansion and a healthy, double-digit Same-Store Sales Growth (SSSG).

Strategic direction. Our growth roadmap remains firmly anchored in our proven "3W Framework"—focusing on Wear-Time, Wardrobe Share, and Wallet Share.

When you look at the numbers, sleepwear occupies nearly half of a consumer's week in terms of hours, yet it currently accounts for just a single digit of wardrobe volume, and an even lower percentage of overall apparel spend. We view this gap as a major structural opportunity. Our focus is on shifting dated sleepwear habits into style-led, comfort-driven adoption across all consumer segments.

To capture this, our product architecture now spans mood-based collections with increasing relevance for gifting, travel, and family occasions. We are seeing exceptionally strong momentum in North and West India. Ultimately, our brand's emotional and functional appeal—whether for pajama parties, lounging, or self-care rituals—continues to deepen across all ages and life stages.

Market dynamics and financial resilience. Reflecting on the macro environment, FY26 saw muted discretionary consumption across India, driven primarily by inflationary pressures. Increase in fuel prices and other directives issued by government of India it seems that discretionary consumption will be under pressure in the year ahead also and will need continuous financial prudence and cost optimisation to steer the business positively in such challenging environment.

Despite these dynamic external challenges over the past year, we remained aggressively focused on executing our core strategic priorities and driving efficiencies across the value chain. Our emphasis on disciplined cost management, product cost optimisation, store network optimization helped us maintain strong financial stability, while targeted product expansions laid a solid foundation for future growth.

While the broader demand environment remained challenging, we continuously strengthened the factors within our control. We enhanced product quality, introduced improved designs, and expanded our style portfolio to better address evolving consumer preferences. Simultaneously, we invested heavily in building and empowering our internal design team to stay well ahead of market trends. This balanced approach of innovation and operational consistency has enabled S D Retail to remain closely aligned with the needs of a diverse, growing, and loyal consumer base.

Geographic footprint and store experience. Our North and West zones remain our primary strongholds, currently housing 63 stores, while the South zone is gaining steady traction with 11 operational Exclusive Brand Outlets (EBOs), complemented by our initial footprint of 1 EBO in the East zone.

These physical locations function as crucial brand experience centers where customers directly engage with the Sweet Dreams lifestyle. To maximize store productivity, we continuously refine our retail operations through highly efficient formats, inclusive sizing options, and mood-based visual merchandising designed to evoke warmth and relaxation.

Every store environment is meticulously optimized with curated lighting, tactile fixtures, and brand storytelling that specifically resonates with the consumer mindset between 8 PM and 8 AM. To maintain high operational standards and a consistent brand image across all regions, we have formalized strict visual merchandising protocols supported by regular retail audits, while simultaneously leveraging real-time customer feedback to directly inform and adapt our product design and range planning.

Technology and digital strategy. Technology remains central to our growth strategy, underscored by the complete migration of our core systems to a cloud-native infrastructure that enables real-time data visibility and faster, more informed decision-making.

On the digital front, we are actively strengthening our proprietary e-commerce platform to deliver a seamless, unified omnichannel experience by fully integrating inventory management, reducing delivery turnaround times, and offering highly personalized content.

This strategic integration is expected to drive robust sales growth across both our own website and prominent online marketplaces like Myntra. Furthermore, we are exploring data-led collaborations with various lifestyle platforms and event partners to continuously expand our customer touchpoints and deepen brand engagement.

People and processes. Our ongoing growth journey is powered entirely by our incredible people. We want to take this opportunity to recognize our store managers and ground teams who embody the Sweet Dreams spirit every single day.

To ensure flawless execution across our growing footprint, we have expanded our retail and operations teams by bringing in specialists across merchandising, customer insights, and visual merchandising.

Operationally, we have focused heavily on simplification. We have taken proactive steps that are helping us scale our business with discipline, consistency, and structural strength.

Future outlook. Looking ahead to FY27, we remain highly confident in the structural growth of the sleepwear category. As the lines between sleep, lounge, and leisurewear increasingly blur, S D Retail is uniquely positioned to lead this transformation. With an expanding EBO network, rising D2C traction, and ongoing investments in product innovation and customer experience, we are poised for long-term, profitable growth.

Our primary focus is on scaling Sweet Dreams into a truly national brand—both in reach and resonance. To achieve this, we aim to deepen our EBO footprint in Tier I and Tier II markets, specifically targeting airports, high streets, and premium malls that currently lack dedicated sleepwear destinations. Our vision is clear: to establish a Sweet Dreams store in every major shopping district.

Operationally, we are building a unified omnichannel ecosystem featuring integrated stock visibility, seamless loyalty benefits, and faster order fulfilment. On the product front, our design teams are actively working on climate-responsive collections, coordinated sets, and fabric innovations tailored to India's diverse lifestyles. To further deepen customer relationships and enhance lifetime value, a unified CRM and comprehensive loyalty program will soon be rolled out.

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

In conclusion, I want to extend my sincere thanks to our shareholders, customers, partners, and the entire team for their continued trust and commitment, reinforcing our belief that the future of sleepwear in India is incredibly bright and that Sweet Dreams will continue to be at the heart of it.

Thank you and we now welcome your questions.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Raj Shah from Shah Ventures. Please go ahead.

Raj Shah: Yes. Good evening. So I have some doubts. So you have expanded EBO count to 75 stores. Can you please help us understand like the mature stores economics versus newly opened stores in terms of sales per square feet, EBITDA contribution and payback period?

Hitesh Ruparelia: So thank you Raj for your questions. We have 2 kinds of stores, the stores which have matured over 1 year and the stores which are opened in the current financial year. So for the matured stores, we have 51 stores which were operational for the financial year '25 and the EBITDA percentage is 13.88 percentage. And payback period across is 1.5 years.

Raj Shah: Okay. And among mall stores, airport stores and high street stores, which format is delivering the best profitability currently? And how should we think about future expansion mix?

Hitesh Ruparelia: So the airport stores have highest productivity followed by mall stores and high street stores. So we have 47 mall stores as of now, 8 airport stores and 20 high street stores. Future expansion mix - we'll continue to expanding at airports and malls because these are no-brainers. High street is a very calibrated expansion for us.

Raj Shah: Okay. That's great. And also you have mentioned annualized sales per square foot of approx INR16,500?

Hitesh Ruparelia: INR16,549, yes.

Raj Shah: So is this portfolio average ? Is it improving with the scale?

Hitesh Ruparelia: Yes, so I'll tell you the sales per square foot for financial year '24 was INR10,390. It improved to INR15,998 in financial year '25 and further improved to INR16,549 in financial year '26. Our average store size which was 462 square feet in financial year '24 reduced a bit to 448 square feet and now is averaging 485 square feet across 75 stores.

Raj Shah: Okay. And also can you also give me the clarification about what is the benchmark level that management believes?

Hitesh Ruparelia: Last financial year, we were averaging INR 70 lakhs productivity per store per annum, which we have improved to INR80 lakhs per store per annum in financial year ended FY '26 and we are further going to push it another 10 percentage in current financial year.

Raj Shah: Okay, thank you, sir. That's all from my side. That's it.

Hitesh Ruparelia: Thank you, Raj.

Moderator: Thank you. Participants who wishes to ask a question please press star and one. The next question is from the line of Priyansh Miri from NGP Family Office. Please go ahead.

Priyansh Miri: Thank you. So sir congrats on the good set of numbers sir. My few questions are around the operation metrics. So as you mentioned, our portfolio of almost 75 EBOs has average store size of 500 square feet, right?

Hitesh Ruparelia: Yes, 485 to be specific.

Priyansh Miri: 485, yes. Sir, so I just want to understand what are the setting up costs for any store? Like what is the upfront in terms of store like interiors, racking and all this? And also what is the working capital that while opening a new EBO, the store owner has to maintain at his end?

Hitesh Ruparelia: So first I'll give you an overall metric and then we'll define in various models. So for opening assuming a 500 square feet store, the capex would be around INR20 lakhs, the deposit would vary between INR10 lakhs to INR15 lakhs and the inventory at cost will be about INR10 lakhs to INR15 lakhs.

So on an average INR50 lakhs will go as total investment for opening a store, which gives a productivity of about INR70 lakhs to INR80 lakhs of business in a financial year. This is the overall metrics.

Now if we go for a COCO store, company will have to invest all INR50 lakhs. If we do a COFO store, then a lot of heavy lifting is being done by franchisee because capex is done by them and inventory deposit is given by them.

Only the investment from company side in a COFO model is rental deposits, which will be anywhere between INR10 lakhs to INR15 lakhs or if it is an expensive mall between INR15 lakhs to INR25 lakhs. I hope this answers your question Priyansh.

Priyansh Miri: Okay. Understood sir. Sir my next question is on the operation -- operating profit seasonality. So why in our H1 -- half yearly numbers we have margin close to 3% or even, negative also right in a few times? So what was the variation like for second half, it's 12% and in first half yearly it's 3%? What is the scenario on this?

Hitesh Ruparelia: So structurally if you see our business, the H2 is always a bigger contributor than H1, right? So the H2 revenue numbers were INR118 crores as against INR78 crores for H1. So structurally the business is spread like this. H2 is always bigger historically for us. But as we move forward, as the EBO contribution keeps increasing, this will get more or less evened out on a scale of 3 to 5 years.

Priyansh Miri: Okay. So if my understanding is correct sir, second quarter being the festive season, we have a higher sale, does our fixed cost gets nullified in that quarter and hence...

Hitesh Ruparelia: Apportioned on a larger scale, yes. The fixed cost gets apportioned on a larger scale base. So usually if you see the H2 report, we report high percentage of EBITDA, PAT and all the numbers.

Priyansh Miri: Sir, one question on our business strategy. Right now we are clocking almost around 20%-25% of top line growth, right? If I envision a scenario where suppose we want to target, say 40% or like above 50% revenue growth year-on-year, so what are the key bottlenecks that you see if that gets resolved, like any -- is there a issue with regards to marketing part of it or like this industry has like 18% or 20% growth? What exactly is the reason?

Just to explain this further, why I'm asking this is the segment that we are targeting, sir, is very much fragmented one, right? So a lot of unorganized player are there. So your company being in a good niche, I just want to understand why we are not growing as like 40% to 50% numbers? Can you explain?

Hitesh Ruparelia: Our current growth is in the range of 15 percentage annualized. It's not 25 percentage. Second thing, if you understand structurally we are a large trade-led brand, right? A large portion, see the last financial year, the contribution of EBO is around 23%, right, which has gone up from 12.7 percentage previous year. So because of this exponential growth in a chosen channel, if you see EBO is a channel, we are not growing 40%-50%, we are growing at 111%.

If you take digital channel or e-commerce, we have grown by 70%. So we are in a very aggressive growth path, but when it converts to company level growth, it mutes down to about 15% and it's anywhere between 15% to 20% at company level at this point of time.

Priyansh Miri: Understood, sir. So as we scale more on EBO overall growth rate will also be increasing. That's a fair understanding.

Hitesh Ruparelia: Yes, of course, it will increase.

Priyansh Miri: Okay. Sir any target that you have set for number of EBOs that we are planning to open in next two financial year?

Hitesh Ruparelia: Yes, we continue to open about eight, nine EBOs a quarter.

Priyansh Miri: Eight, nine EBOs a quarter, okay. So I don't think then we'll be required to raise a equity for this right?

Hitesh Ruparelia: Yes, we have not planned equity raising immediately for any purpose.

Priyansh Miri: Okay sir. I will join back in the queue sir. Thank you for answering my question.

Hitesh Ruparelia: Thank you, Priyansh.

Moderator: Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri: Hello, good evening sir. So I just wanted to understand in terms of our growth like sir we've increased from 50 stores last year to 75. So in terms of FY 2027, like what is the term of growth that we can see because these stores that we launched are also now maturing. So can we see a significant jump in revenue this year because you know we've invested significantly in store building so how do you look at it sir?

Hitesh Ruparelia: Yes, there'll be again a significant contribution and jump this financial year as well. You're right about it.

Darshil Jhaveri: So what would be the growth rate sir like in terms of revenue how much could we expect this year?

Hitesh Ruparelia: Our aim would again be doubling from here.

Darshil Jhaveri: Okay Sir. I understand we want to increase our EBO but that would also come with some commensurate increase in revenue right, sir? So last year we grew around 13%, the year before that I think around 6%, 7%. So in FY 2027, all the investments done in last two years should you know kind of start to fructify right? So what will be the growth range in next year ?

Hitesh Ruparelia: High double digit growth. So from 7% to we have grown to 13%. So that's the trajectory you can safely consider.

Darshil Jhaveri: Okay, so high double digit I would at least take 20% as base case sir because you say 7% to 13%...

Hitesh Ruparelia: I am not supposed to quantify like this but Yes.

Darshil Jhaveri: Okay, okay. Understood sir. And sir in terms of margin sir now that you know a lot of stores would have also been maturing so sir can we look at double digit margin for the full year sir?

Hitesh Ruparelia: Company level, there is still some time to go to double digit margin. The reason being that there is a structural growth in our category. So we are investing into manpower, we are investing into technology and we are also investing into marketing. So the focus now is how soon can we accelerate this low hanging things, right and move to a faster growth trajectory instead of focusing on delivering a higher EBITDA.

Darshil Jhaveri: Okay, okay understood that sir. And sir since most of the EBOs which we will open will be franchise and we'll do a certain level of capex so what would be the capex figure that we would want to do in FY 2027 sir?

Hitesh Ruparelia: Capex figure - it entirely depends on what is the contribution of stores that are being opened in what format. If we do a COCO it will be fairly high. Suppose assuming that we open 20 COCO stores, we'll need around say INR6 crores of capex for that and vice versa if it is a COFO store, right? We also plan to open some large COCO stores in the current financial year which are bigger in size.

So our average size is 485 as of now but we would want to open some 1,000 - 1,200 square feet stores also with our own capex because in past one year we have opened about four stores which are in excess of 1,000 square feet and they are giving us good productivity overall. So our focus is going to keep increasing the size of the store, which brings operational efficiency and it also delivers higher top line.

Darshil Jhaveri: Okay, okay. So I can assume at least INR 6 to INR7 crores of investments we might do right sir?

Hitesh Ruparelia: It's all depends on market dynamics. We would want that we add on to franchise partners as long as possible because that gives an additional entrepreneur joining the business force, right? Last year we have added six franchise partners. This year also we would want to continue adding franchise partners. So it's very difficult for me to quantify the capex investment that we will be making this financial year.

Darshil Jhaveri: Okay, okay. Fair enough sir. And sir just last question from my end in terms of working capital I think our receivables are around 150 days so what can we expect going forward in terms of our working capital cycle because it's a significant cycle, right?

Hitesh Ruparelia: Yes, so our effort was to bring down the working capital cycle by 10 days. We have been able to bring it down by about nine days this financial so 169 days is now 160 approximately.

Darshil Jhaveri: Okay, okay. And will it be further down this year?

Hitesh Ruparelia: Our effort will always be to reduce this by 10 days every passing year.

Darshil Jhaveri: Okay, okay. Fair enough Yes. I'll join back in the queue sir. I have more questions but Yes thank you so much all the best.

Moderator: Thank you. Participants who wishes to ask a question may press star and one. The next question is from the line of Devesh Jhawar, an Individual Investor. Please go ahead.

Devesh Jhawar: Congratulations on a strong year, sir. I have a couple of questions. Earlier you had guided for 90 EBOs by 2028. Currently, we are at 75 net stores. So, are we ahead of the earlier projection, or was this the number you had targeted for the close of FY26?

Secondly, I notice that per square foot revenue growth is about 4%, which is broadly in line with rental growth at most commercial spaces. How do you plan to improve per-store efficiency, since the per square foot growth looks a bit weak this year?

And one more from my side—opening new EBOs is clearly a brand-building exercise. With 75 EBOs now, Sweet Dreams has become a stronger brand. How are we leveraging this brand presence to create synergies with our traditional franchise business, which still generates more revenue for Sweet Dreams? Specifically, how is the stronger brand helping expand margins compared to the pre-IPO or pre-EBO period when brand presence was limited? Could you explain how these synergies are playing out?

Hitesh Ruparelia: Wonderful, Devesh. First of all the number of EBOs question that you had. So in the current financial year we will easily cross 100 EBOs and much more. That's the outlook for the number of EBOs.

In terms of per square foot sales, you're right that we have grown by about 5%. Generally rental increase by 15% after three years in most cases. It's not an annualized increment for us. However, we would like to make it have a double digit growth.

The second thing is same store sales growth number which has come to around 13.5% for us, right? So in the overall efficiency point of view, although that 16,000 is a 4%-5% increase, our same store sales growth is 13.5% to 14%.

In terms of your question related to brand strength, yes, with EBOs the brand strength is getting capitalized. Structurally the MBO business or the general trade business is under severe stress because there are so many formats which are being opened by corporate and there are a lot of brands which are shrinking in the channel in double digit.

But historically, if you see Sweet Dreams continues to maintain its share and the revenue from that channel is growing while the revenue from rest of the D2C channel continues to increase. So that itself is giving us an assurance that the brand stays in a position and doing in the right direction. Have I answered all your questions?

Devesh Jhawar: Yes sir. Thank you that's all from my side and best of luck for future growth.

Hitesh Ruparelia: Thank you Devesh.

Moderator: Thank you. The next question is from the line of Vinod Shah from VS Ventures. Please go ahead.

Vinod Shah: Good evening, Sir. Can you help us understand what is the average operating cost per store? Like for rentals, what is the typical leasing cost?

Hitesh Ruparelia: So various components are grouped in the cost of doing business, which is around 40%.

Vinod Shah: Okay. And like what is the typical tenure of the lease period?

Hitesh Ruparelia: Lease period generally is five years, in some cases it is nine years. We also sign some short term stores but those are exception which is called a pop-up store. Pop-up stores are generally one year but these are very exceptions. I mean, not a general trend.

Vinod Shah: Okay. And how many employees are typically required to run EBO?

Hitesh Ruparelia: We generally operate in one plus two format.

Vinod Shah: Okay. And like have there been any instances where like stores have been shut down in last 12 to 18 months?

Hitesh Ruparelia: Oh yes, it's a continuous process for us unlike see what happens is in a retail expansion when we are opening stores with such high frequency, the mistakes are bound to happen. Last year we closed four stores which were not performing and the trend will continue. I think every year, bottom 10% stores from operational stores, we would ideally exit and keep correcting the channel.

Vinod Shah: Okay. And have you considered onboarding any major celebrity or brand ambassador to accelerate this category awareness or building the overall brand of Sweet Dreams?

Hitesh Ruparelia: We are still in the expansion phase and focused on strengthening our EBO channel. At the right time we will consider this but nothing immediately is planned.

Vinod Shah: And currently do we have any brand ambassador?

Hitesh Ruparelia: As of now no popular face. Because the brand before five years has moved on to an international face and it's a strategic move that we are hiring international good looking faces for the brand.

Vinod Shah: Okay. And what percentage of sales come from online?

Hitesh Ruparelia: Online is 13 percentage.

Vinod Shah: Okay. And are we available on quick commerce like Blinkit, Zepto?

Hitesh Ruparelia: We have tried quick commerce. See our biggest marketplace is Myntra followed by Amazon, Flipkart, Nykaa. But quick commerce, because of the distribution of their their dark stores we haven't found a successful launch of our category on that platform.

Vinod Shah: Okay, okay. So that's all from my side sir. Thank you.

Moderator: Thank you. Participants who wishes to ask a question may press star and one. The next question is from the line of Priyansh Miri from NGP Family Office. Please go ahead.

Priyansh Miri: Yes. Sir I have few question. First one is on the same store sales growth sir. So given that we have open few new EBOs right, if you exclude those like those who are open in financial year 25 right, what are the normalized same store sales growth for those?

Hitesh Ruparelia: This is what I said is the EBOs which have completed one year in last financial year, those only I have said is 13.5%. EBOs which are fully operational in both financial year.

Priyansh Miri: Okay, understood sir. And what are the monthly revenue that these EBOs had who are like matured for at least one year?

Hitesh Ruparelia: I wouldn't have the bifurcation but our run rate currently is around INR6 crores to INR6.5 crores as revenue from EBOs. We have 75 operational EBOs which is generating about INR6 crores to INR6.5 crores of monthly revenue as of now.

Priyansh Miri: Understood sir. Sir one more question like I was checking our number between the gross profit and our EBITDA number right. Almost more than 50% is on other expense. So I assume marketing is also included in the other expense right?

Hitesh Ruparelia: Yes, It is included.

Priyansh Miri: Yes, so what is the percentage of marketing cost out of total other expense?

Hitesh Ruparelia: Around 7 percentage of other expenses.

Priyansh Miri: 7%. Then what is the big contribution in the other expense part of it then?

Ritesh Saraogi: So we have rent, we have commission because store rental also falls below in other expenses. We are not following Ind AS we are in the I-GAAP accounting. So marketing, all repairs and maintenance, labor charges, professional consultancy fees, travel expenses, all these things fall under this.

Priyansh Miri: Understood. Okay sir. Sir one last question from product side like this night garment that we are targeting right, it is mostly for adults right? Is there any plan to extend it to children or any different categories that we are looking into from a product strategy point of view?

Hitesh Ruparelia: Currently, our line is about 64% which comes out of women, about 29% is from – 28 percentage is men gender and 8 - 9 percentage comes out of kids.

Priyansh Miri: Okay. So going ahead also our key target will be on women side of the business right?

Hitesh Ruparelia: Yes, women will continue to be the strongest segment for us.

Priyansh Miri: Okay. Sir and is there any new product line that we are also planning or we are going to just focus on EBOs and the women segment as of now? Any guidance on that?

Hitesh Ruparelia: See we have a big play area as we said, we have a time zone from 8:00 PM to 8:00 AM, right? So that's a very large time share that we have and we continuously keep on dissecting the lifestyle of people in that 8:00 PM to 8:00 AM and keep offering solutions based on emotions and moods. That's the structural uniqueness of Sweet Dreams.

So we will not add any product category as such but within the clothing needs from 8:00 PM to 8:00 AM we'll keep on innovating products, researching products and offering solutions to consumers to make them feel good and feel comfortable.

Priyansh Miri: Okay, sir. Pardon me, I haven’t looked into the exact product portfolio in detail, but I wanted to check, have we already introduced innerwear or lingerie categories, or are those yet to be added?

Hitesh Ruparelia: Our product start when you undo innerwear. So when you are back home, generally the people undo innerwear and get up to sleepwear. Right? So we don't intend to get into innerwear.

Priyansh Miri: Understood. So going ahead also, players like Clovia and others will not be our direct competitors right?

Hitesh Ruparelia: We have strength and depth in the category that we don't need to look left right.

Priyansh Miri: Okay. Understood sir. Sir thank you for patiently answering my question. All the best for the upcoming quarters.

Hitesh Ruparelia: Thank you, Priyansh.

Moderator: Thank you. The next question is from the line of Ankur Aggarwal from Motozak LLP. Please go ahead.

Ankur Aggarwal: Hi sir. I wanted to understand like we have like grown our revenues consistently. So when can we see the operating leverage that our profits can move from INR9 crores - INR10 crores to INR15 crores or INR20 crores? What kind of levers we are having and when can we pull them?

Hitesh Ruparelia: Directionally, over the next two years our focus is on capitalizing on category expansion and investing in marketing. Operational efficiencies will become a priority once the market stabilizes and the scope for further category growth is limited.

The approach is straightforward—the more we grow sales and generate gross margins, the more we reinvest into marketing. It's a cycle that fuels itself. For at least the next year or two, the objective is to expand sales, build awareness, strengthen the brand, develop infrastructure, and invest in manpower. Once this foundation is in place, operational efficiencies will start to kick in, and that's when you'll begin to see significantly stronger numbers.

Ankur Aggarwal: Yes, definitely sir. So sir actually we have already like pulled a lever our gross margins are better right in this year compared to last year?

Hitesh Ruparelia: Yes.

Ankur Aggarwal: Sir, regarding the EBOs we opened this year, many are still not fully mature. Do you expect their sales to pick up during the year? If that happens, do you see operating leverage flowing into profit after tax, which in turn could provide us with more resources to drive further growth?

Hitesh Ruparelia: As I said our priority would always be in building infrastructure, hiring more professionals, marketing, right? Opening more EBOs. That would be our core focus because we see untapped potential there. There is a huge unorganized market. There are umpteen number of malls and markets where there is no destination sleepwear store, right? So these are our priorities at this point of time. And once with scale and all this kicking in, the operational efficiency will convert into numbers. That's our belief.

Ankur Aggarwal: Got it sir. Sir so these older EBOs that we have, do we see any kind of fluctuations negatively in monthly retail numbers or like they are stable and growing? I mean, do people buy once and forget for some time? How does it play out?

Hitesh Ruparelia: So if the same store sales growth is say 13.5%, this includes stores which has grown at 40% and this includes stores which have de-grown at 10%, right? There are structurally some markets suppose there is a, a new mall coming up, right? Besides the existing mall, there is structural shift of customer base. These things are part of the journey. But the overall number is very important. The overall number across stores which were operational for both the year is 13.5 percentage.

Ankur Aggarwal: Understood, sir. Sir actually my direction was like last time we were on the call, so we had a understanding that as more business shifts towards EBO, more operating leverage we'll have and you know more bottom line we can generate but our bottom line is kind of like stagnant year on year.

Hitesh Ruparelia: It has improved over last year. But the operational efficiency is too soon to kick in is our belief. I think we will still need at least one year or maybe to be fair a couple of years before the numbers start shining.

Ankur Aggarwal: So, sir, like after two years, like what kind of figure you see, where do you see the company directionally?.

Hitesh Ruparelia: We'll continue to grow at higher double digit, right? Our growth channel is EBO. Practically we are doubling EBO sales year-on-year. Our digital D2C website growth also is going to be continue at a very high percentage northwards of 50% year-on-year. Right? So you can put your own math and derive a number.

Ankur Aggarwal: So sir like what kind of EBO revenue we are targeting for this year just for the EBO or run rate?

Hitesh Ruparelia: In excess of INR80 crores.

Ankur Aggarwal: Okay we are targeting in excess of INR80 crores. That's a good number. Yes so that will maybe give us some kind of operating leverage in terms of margins and all right?

Hitesh Ruparelia: Yes, Yes.

Ankur Aggarwal: All right. Thank you. Thank you so much sir.

Hitesh Ruparelia: Thank you, Ankur.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Ganesh Nalawade for closing comments.

Ganesh Nalawade: 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 research@kirinadvisors.com. Once again thank you everyone for joining the conference.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Kirin Advisors Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.