GO COLORS!
GO FASHION (INDIA) LIMITED

November 14, 2025

BSE Limited Scrip Code: **543401**	**National Stock Exchange of India Ltd.** Trading Symbol: **GOCOLORS**

Dear Sir / Madam,

Subject: Transcript of Earnings call – Q2 FY 26

We hereby enclose the transcript of earnings call for the financial results for the quarter ended 30th September, 2025.

This is for your information and records.

Thanking You,
For **Go Fashion (India) Limited**

GAYATHRI KETHAR
Digitally signed by GAYATHRI KETHAR
Date: 2025.11.14 12:34:04 +05'30'

Gayathri Kethar
Company Secretary & Compliance Officer

“Go Fashion (India) Limited
Q2 & H1 FY’26 Earnings Conference Call”
November 07, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 7th November 2025 will prevail

MANAGEMENT:

- **MR. GAUTAM SARAOGI – PROMOTER AND CHIEF EXECUTIVE OFFICER – GO FASHION (INDIA) LIMITED**
- **MR. R. MOHAN – CHIEF FINANCIAL OFFICER – GO FASHION (INDIA) LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Go Fashion (India) Limited Q2 and H1 FY26 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. The statements are not the guarantee of future performance and involve risks, uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Gautam Saraogi. Thank you and over to you, sir.

Gautam Saraogi: Good evening and warm welcome to everyone present on the call. Along with me, I have Mr. R. Mohan, Chief Financial Officer and SGA, our Investor Relations Advisors. I hope you all have received the investor deck by now. For those who haven't, you can view them on the stock exchange and the company website.

During quarter 2 FY26, revenue stood at INR224 crores, a growth of 7% on a Y-o-Y basis. EBITDA stood at INR67 crores and witnessed a growth of 5%. PAT stood at INR22 crores and witnessed a growth of 6%. We are seeing signs of recovery, which have extended well into festive season. The response during the festive season has been positive across key markets, reflecting an improvement in consumer sentiment and strong traction across our core categories.

The ongoing government measures to stimulate consumption are also aiding a broader revival in demand. During the first half of FY '26, we added 36 new stores on a net basis, taking our store count total to 812. We followed a selective and measured approach to expansion, focusing on high-potential locations aligned with evolving demand trends. While the pace of expansion in H1 was moderated, we expect H2 to remain measured as well, and we plan to open around 80 to 90 stores on a net basis for the full FY '26.

Our approach to store expansion remains disciplined, prioritizing profitability, catchment quality and brand salience. During the quarter, our same-store sales growth remained muted. We are currently channelling our efforts towards strengthening our design and product development capabilities.

As part of this, we have structured our design function to treat bottom wear and top wear as two distinct segments, each supported by their own dedicated design teams. This sharper focus will help us drive greater innovation, variety and consumer relevance within each category. We are also in the process of refreshing our product portfolio with new sizes in bottom wear and category extensions that align with the evolving customer preferences.

Several exciting bottom wear launches are lined up for the second half of FY '26, which are expected to further enhance the appeal and relevance of our collections.

Moving to new businesses. We are encouraged by the early response we have received and are excited about their potential. Both the pilot launches in new categories and our international stores' foray in Middle East are witnessing promising traction.

Way forward, our first step would be to achieve low single-digit SSSG and improve store-level productivity and throughput. Second would be, to grow our footprint by increasing the number of stores in our portfolio. In FY '26, we aspire to open 80 to 90 stores net addition basis, which was earlier 120. But looking at the market conditions, we have revised it to 80 to 90 stores for FY '26.

Lastly, our focus would be to maintain strong check on inventory levels, leading to a healthy balance sheet and trying to improve overall ROCE and efficiency of the company. Our strategy continues to revolve around positioning Go Colors as a one-stop destination for women's bottom wear, catering to a diverse range of age groups and style preferences from everyday essentials to occasion wear. The steady improvement in our ASP reflects our evolution into a holistic bottom wear brand with a strong message across categories.

With this, I would like to hand over the call to our CFO, Mr. R. Mohan, for the update on Q2 and H1 FY '26 results and financials. Thank you.

R. Mohan: Thank you, Gautam, and good evening, everyone. First, I'll give you the financial highlights of Q2 FY '26. Our revenues for the quarter stood at INR224 crores as against INR209 crores in Q2 FY '25, a growth of 7% year-on-year. Gross profit stood at INR140 crores, a growth of 7% Y-o-Y, with a GP margin of 62.6% for the quarter. Our EBITDA for the quarter stood at INR67 crores as compared to INR64 crores in Q2 FY '25, a growth of 5% Y-o-Y.

Our EBITDA margin stood at 29.7%. Profit after tax for the quarter stood at INR22 crores and witnessed growth of 6% Y-o-Y. PAT margin stood at 9.7%. Coming to the H1 FY '26 performance, revenue stood at INR447 crores in H1 FY '26 as against INR429 crores in H1 FY '25, a growth of 4% Y-o-Y. Gross profit stood at INR289 crores, a growth of 5% Y-o-Y with a GP margin of 62.8% for the half year ended.

EBITDA for H1 FY '26 stood at INR135 crores. Our EBITDA margin stood at 30.3%. PAT for H1 FY '26 stood at INR44 crores. Our PAT margin stood at 9.9%. ROCE and ROE excluding Ind AS impact as on H1 FY '26 stood at 16.4% and 12.7%, respectively. Cash and cash equivalents stood at INR259 crores as on 30th September, 2025. With this, we will now open the floor for question and answers.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Devanshu Bansal from Emkay Global.

Devanshu Bansal: Gautam, checking if you can share some takeaways from the industry study that you mentioned in the previous quarter, maybe some insights around your growth comparison versus industry, new entrants, market shares? Any change in consumer preferences in terms of pricing, product channel, etcetera, any incremental thoughts there?

Gautam Saraogi: Yes. Thanks, Devanshu. So Devanshu, that study actually got a little delayed, which we were supposed to receive. We have received it now, and we are just internally studying it. So as far as that Technopak report is concerned, maybe after a couple of weeks, I'll be able to give better clarity on that particular report as far as market share and other market studies is concerned. But from what we have been noticing over the last few months….

Gautam Saraogi: So I was saying, Devanshu, the market study, what we had done through Technopak, we have just received it, and it got a little delayed from our end. We are studying it. Maybe in the next couple of weeks' time, we'll be able to give a better clarity on specific data like market share, other brand studies related to bottom wear. I think we'll be able to come back on that study in a couple of weeks' time.

But from what we have been looking at, as management, what we are seeing in the industry, I think demand has revived. Some players actually have done well. And so the responses in the industry has been mixed. So, we've been speaking to many LFS partners and other brands as well. Some of them have actually done well over the last couple of quarters. So, there is definitely some sort of improvement in the overall demand scenario.

Devanshu Bansal: Sure. Secondly, I wanted to check if you would be uploading this research study, it's a request if you could share that in the public domain so that it remains helpful for analyzing the industry?

Gautam Saraogi: I'm not sure about that, Devanshu. Let me just check internally and come back to you on that.

Devanshu Bansal: Sure. Gautam, you mentioned a strong start to the festive. Checking if you've seen some improvement on the volume front as well. The volume specifically has been weak for quite some time. So strong festive, is this sort of resulting into better volumes also for us? I wanted to check on that?

Gautam Saraogi: Yes, it has actually shown on volumes. See, this festive has actually been good in certain pockets. Some states have struggled also during festive and some of them have done well. Like example, Tamil Nadu has done fairly very well for us during festive. So, some key markets during festive have done well. And we have also seen the positive impact on the volumes as well. It's just not driven by ASP. It's also reflecting on volumes.

Devanshu Bansal: Sure. Last bookkeeping question from my end. Mr. Mohan, there is some INR15 crores to INR16 crores increase in other current assets in the balance sheet. This increase was not there last year in H1. So, any specific thing that has led to this, if you could help us better understand that?

R. Mohan: Which one? From the other?

Gautam Saraogi: Current assets.

Devanshu Bansal: Yes. Other current assets. Other current assets have risen from INR30.7 crores to INR46.4 crores. So, I wanted to understand what has led to this?

R. Mohan: Mainly, we have some advances for fabrics, which we'll be closing now when the imports are being done. That is the basic difference. It will be closed within a very short time.

Devanshu Bansal: So should this be treated as inventory investments or how should we take this?

R. Mohan: We cannot take it as inventory until the inventory is landed on us. It should be only advances. It is advances.

Devanshu Bansal: From analysis perspective, I'm asking. So is this advance for inventory or for capex?

R. Mohan: Yes, it is advance for inventory. Yes.

Moderator: The next question is from the line of Gaurav Jogani from JM Financial.

Gaurav Jogani: My first question, sir, again is with regards to the conditions. You have given a quite upbeat outlook in terms of demand, especially for the festive season. So, would you mind to share what has been the growth for October month for you, to better appreciate the growth that you are seeing?

Gautam Saraogi: Yes. See, October, we are still analyzing because this time, though Diwali this year and last year were in the same month, but this time, Diwali came a lot earlier by a week or two. And post-Diwali, we've seen a sharp fall in sales. So the real way we'll be able to come down to a conclusion as far as festive is concerned after we analyze 45 days of data.

So, I think the real picture of festive, we will know post November 15. However, like I was telling Devanshu that in certain markets, key markets of us, we saw a very good positive uptick in sales during Diwali, like I gave the example of Tamil Nadu. Tamil Nadu has done fairly very well. Maharashtra also did fairly very well for us. So, certain markets have done well and certain markets were average. So, I think we'll get a clearer picture about festive post November 15.

Gaurav Jogani: Okay. Sure. Sir, second question is more a bit bookkeeping kind. We have seen during this quarter that the depreciation actually has come down and also the interest cost has kind of come down. In addition, we have also seen the rentals also not increasing that much. So, would you want to highlight any initiatives that you have taken, maybe closure of some loss-making non-profit stores have led to...

Gautam Saraogi: See -- so Gaurav, whatever consolidation we did last year and maybe little bit in quarter 1 and ending of quarter 4 last year, that has started reflecting in the P&L of the business. So, I think rent cost in general has stayed stable purely on the basis of the consolidation what we did last year. And also, as management, we've also got many initiatives where we've actually reduced rent also with certain landlords. So, that has also helped a little bit from a rent stability perspective.

Gaurav Jogani: Sure. And these levels, should we expect you to sustain, I mean, going ahead, these kind of savings that we are seeing now?

Gautam Saraogi: From a absolute rental perspective, absolute rental is going to definitely increase because we are adding new stores. The percentage of rental as a revenue to ratio, we are trying to reduce by increasing and pushing our revenue. So once we are able to push our revenue and start getting positive same-store sales growth, the employee cost and the rental cost as a percentage of revenue will start stabilizing. But to your direct question on absolute rental, the absolute rental will definitely increase because we are adding new stores.

Gaurav Jogani: Sure. And my last question is on your 2 new initiatives. One on the MBO front. We are seeing the MBO revenues also growing quite handsomely. And on the other hand, your initiative on the top wear and the women's, men's side, if you can highlight something there?

Gautam Saraogi: See, I think, look, the MBO part is doing well. Qualitatively, we're growing the business, and we are seeing a healthy double-digit growth in that business. But it's early days because the base of the MBO is very small. But the initial responses, what we have got has been quite encouraging.

So, I think that business will do well in the future. And our aim was to obviously acquire customers through the MBO market, and it's been working very well for us. So, early signs of MBO doing well. We'll have to keep waiting and watching how it keeps growing. As far as the new concept, what we had launched for everyday wear, essential wear basically for women and men, we've opened two stores.

So, both stores are in Chennai, where we have expanded our current store. The second store opened just a couple of weeks back. The first store opened in the middle of August. So, we've had 2 months of good data to see and the signs are very good. We are achieving more than INR1,000 a square foot of sales per month, SPSF, which is the number what we targeted. We are doing higher than that. So the response has been very encouraging. So hopefully, now the next set of pilot stores, which we launch will see similar responses.

Gaurav Jogani: Sure. And this INR1,000 per square feet, I'm assuming it will be per month number?

Gautam Saraogi: Yes, it's a per month number. So annualized, it will be INR12,000 per square feet.

Gaurav Jogani: Okay. But because it has been opened during the festive season, would there be some seasonality also within this? Or...

Gautam Saraogi: Well, in festive, we did a lot higher than INR1,000. I'm taking this basis on the number of what we've achieved in September. So on the September number, we have seen that we have done slightly better than 1,000, which was our initial target.

Of course, festive being festive, I can't take October number and give it too much of importance because that will obviously be a much higher number. September number was quite reasonable and met our target. But this business, we'll have to see a full cycle. See, we'll have to see how this does on a quarter-on-quarter basis and a Y-o-Y basis. So, I think the next 9 months will give us very good clarity of how this concept is doing. It's still very early days.

Moderator: The next question is from the line of Avinash Karumanchi from Motilal Oswal Financial Services Limited.

Avinash Karumanchi: So, my question is regarding the store additions. So, we have trimmed down our store guidance from 120-odd stores to 80, 90 stores. So, what is the reason for that?

Gautam Saraogi: Yes. so, Avinash, we saw that -- obviously, you can see in our sales numbers also, growth has been very slow. And when growth is slow, we have to be a little careful because we don't want to add stores which can create a big impact on the P&L as well. So, we are being a little measured in our store expansion.

We've added about 36 stores in H1. And in H2 also, we'll look at as a 40, 45 number, so we'll be around that 80, 90 store mark. Once we see -- if we start seeing some recovery in our revenue numbers, then I think we'll ramp up the store expansion. Because at the same time, when we are doing expansion, we want to be very qualitative.

Looking at growth, we don't want to damage the P&L margins. So, we are being a little cautious and measured. So in the coming quarters, once we start seeing some kind of growth levers coming in and SSSG improving, we will definitely ramp up the store expansion. And that's why we revised our 120 estimate to 80.

Avinash Karumanchi: My question is that -- I mean, is it like the gross additions are lower? Or are we going to see further store closures from this level?

Gautam Saraogi: No. I don't think we will see any store closures. I think majority of the consolidation, what we had done was completed last year. So, I don't see any major closures. Whatever closures will happen, which happen in the normal course of business, but we are not going to see any consolidation type of closures.

But as far as additions are concerned, we will be measured and we will be very careful of what we are going to be adding at least for the next couple of quarters. And we expect that in the next quarter and the quarter after that, I think our growth rate should be back. I think the business also will start doing very well because we are introducing also new bottom wear products, which we are very excited about. So, I think the next couple of quarters, I think business will start reviving.

Avinash Karumanchi: Got it, sir. And this is in general regarding to the industry. I mean, when we had done our channel checks even at the competition level also, the core leggings as a category that is witnessing some kind of slowdown, while the rest of the categories, be it nightwear or tee, denims, these are doing well at the store level. So is it like -- I mean, the category is going through any turnaround scenario? Or what is the situation right there?

Gautam Saraogi: No, I think, look, our leggings and churidar sales even in quarter 2 have given us the same kind of percentages proportion share what it was giving earlier. So, we have not seen a dip in our leggings and churidar sales. Having said that, our other value-added products, which have been doing very well for us, they have also done really well. So, I've not really seen a dip in our main core leggings business.

Moderator: The next question is from the line of Sameer Gupta from India Infoline.

Sameer Gupta: So on the same-store sales, it has been kind of flat for 10 consecutive quarters. This is a large period, and I'm sure you would have analyzed data over this period. Any consistent trend that you can highlight where the problem area is a little more exaggerated. So is it an older vintage store, which is not doing well?

Is it metro Tier 1 where there is a disproportionate difference between rest of the pack? Is it geography, South and West? Anything on that? Is it price points? Entry-level price points are not doing well versus mid and premium? And any data that you can share? I'm sure you would have also tried to slice and dice data over the period to get to the...

Gautam Saraogi: Yes. So, I'll give you some data points, Sameer. I think this is very helpful. So, what we do basically when we arrive at SSSG, right, we look at it financial year wise. So, our oldest store which started in FY '14 or '15 versus the newest store. So when I see the data, our oldest store also is mid-single digit or low single-digit SSSG.

So, I think the SSSG is very uniform across stores of all the financial years. See, it's not that my newest stores are growing at 30% and my older stores are degrowing at 30%, so I'm having a flattish number. I think the number is very consistent across all financial years. Of course, the stores which have opened in the last 2 financial years will have a positive growth rate because they are new stores.

But if I look at data keeping the last 2 financial years aside and if I look at stores right from FY '14 onwards, all the stores of each financial year bucket are in mid or low minus SSSG, which is actually not a bad thing because when tomorrow our numbers start picking up, it will be consistent across all the stores of all the financial years. So, that is one cut of data which we see every quarter.

The second data, what we are seeing is we see SSSG region-wise. So for us, West India has consistently done well, like Maharashtra even now has been positive SSSG. Gujarat has been positive SSSG. North also has done well for us. South obviously has been a little bit of a drag and slowness as far as like-to-like is concerned. But West India and North India have done fairly well, and West especially has been positive on the SSSG front, especially Maharashtra.

Sameer Gupta: Okay. But anything on tier price points?

Gautam Saraogi: See, I think from a Tier 1 versus Tier 3, we've not seen much disparity. Like how I told you, we have seen region-wise disparity. From a rural versus urban, we've not seen disparity. It's not that price points have really made an issue. Our price points are pretty sharp even today. So, our experience from a demand perspective, rural and urban has been very similar.

Sameer Gupta: And within the suite of products that you sell, let's say, the entry level, INR500, INR600 products versus, let's say, INR1,500 products, any disparity there in growth rates?

Gautam Saraogi: No. It's been consistent and both price segments have done very well for us in our data.

Sameer Gupta: Okay. Got it. And I think on repeat and new customer data that you have, like repetition rates are going up over a period of time, which means new customers...

Gautam Saraogi: No. New customer acquisitions are healthy and above 20% in our overall EBO network, what we are seeing and repeat rates are in the same range of 40% to 45%.

Sameer Gupta: Got it.

Gautam Saraogi: The new customer acquisition above 20% was up till June. Q2 is still yet to be updated. So, we'll get the Q2 number in a few weeks' time.

Sameer Gupta: Got it. No, Gautam, see, the idea behind asking this question is that if we don't know or we are not able to diagnose the problem, well, we can't come up with a solution, right?

Gautam Saraogi: See, I think, Sameer, what we have done right, so as management, we have been visiting so many stores over the last 6 months. We've also started getting a fair idea of what will work for us over the next couple of quarters. I think, look, our entire focus is bottom wear because that is the main business.

In bottom wear, I think we have a lot of exciting new products coming up in the next quarter and the quarter after that. I think we have a good number of new products lined up. I think the kind of products which we are introducing in bottom wear, that is going to drive a certain amount of volumes of sale. And I think over the next couple of quarters, we will see things turning positive for sure. I'm very bullish on that.

Sameer Gupta: Got it. Fair enough. Best of luck on that. Just a bookkeeping question. Percentage of portfolio, which is between INR1,000 to INR2,500 price points?

Gautam Saraogi: From a sale perspective?

Sameer Gupta: Yes.

Gautam Saraogi: From a contribution perspective, 70% to 80% will be less than INR1,000.

Sameer Gupta: And I'm assuming the rest will be below INR2,500 in any case?

Gautam Saraogi: Yes, we will never have an 18% hit on our product portfolio, unlikely because all our price points are much lower.

Sameer Gupta: But 20% to 30%, that price point is that...

Gautam Saraogi: It will be still under 5%.

Sameer Gupta: 12% to 5%?

Gautam Saraogi: So it's going from 12% to 5%, correct.

Sameer Gupta: So there will be some benefit, which can be expected because of that, at least?

Gautam Saraogi: Well, maybe in the long run, yes. But as of now, the products where we had the change from 12% to 5%, we have passed on the entire benefit to the consumer.

Sameer Gupta: Correct. But naturally, some volume can see an uptick. So it's a price cut for the consumer. So at least some part of it will flow through in terms of higher volumes?

Gautam Saraogi: Yes, I think in quarter 3, we expect it. I think once we finish this quarter, we'll get a very fair understanding of how those product portfolios which were above INR1,000 and below INR2,500 do. So, I think you should get a fair understanding. I think it should definitely lead to an increase in those products in this quarter, not only for us, but for the industry as well.

Sameer Gupta: Got it, Gautam. Just one last clarification, if I may ask if there was not a limit. You mentioned about the top wear two stores. So, my understanding was we were just doing it as a pilot in existing large stores. I just want to clarify. So is it a store, which is dedicated to top wear that you have opened or...

Gautam Saraogi: No, just like what I had mentioned in my earlier call, in our existing bottom wear stores, we have made the store larger and we've introduced a new category. So it's basically not a brand-new store what we have built. It is that existing bottom wear store where we had additional space. In that additional space, we have done additional capex and introduced the new categories.

Sameer Gupta: And this INR1,000 per square feet is only for that particular area that you're dedicating?

Gautam Saraogi: Yes. Exactly.

Sameer Gupta: And how is your customer supposed to know that this particular store is now selling top wear?

Gautam Saraogi: See, right now, I don't have an answer for that because we've kept the same branding as Go Colors. Even if you see the pictures in our store, we have kept the same branding. So from the outside, maybe customers will not be able to say. But customer who's coming in to buy bottoms, she is very easily getting converted into a top wear buyer as well then and there.

Because this is a pilot, we are not creating a separate brand. Within the pilot, we are keeping it in the bottom wear stores to see how it does. So for now, the consumer will only know that the top wear products are there in a particular store only when she enters that store. But having said that, our pilot was anywhere about 18 to 20 stores, just to see how this concept does. So, I think a lot of things we will understand once we open more stores of the 18 stores pilot.

Sameer Gupta: Fair enough, Gautam. But then why am I seeing advertisements on an Instagram, which is advertising top wear. Go Colors is now a top wear destination as well because then it will create assonance?

Gautam Saraogi: No, that's just an Instagram post. Sometimes influencers do post, Sameer. So basically, they are just trying to tell the customer that this product has been launched. See, from a positioning perspective, I would like to reaffirm that we are a bottom wear brand. That is the main business.

This is just a pilot. Because even in retail, we also don't want to create confusions in the mind of the consumer and create confusions around what Go Colors brand stands for. The idea here is that, obviously, Go Colors is a bottom wear brand. These are just pilots what we've initiated. I'll anyways have a look at those Instagram posts what you're talking about. If there's something wrong there, I'll probably correct it. But the consumer is very clear that this is a bottom wear brand, and this we're obviously doing it like a pilot.

Moderator: The next question is from the line of Resham Mehta from Green Edge Wealth.

Resham Mehta: So, can you just talk about that from the time of post-COVID resurgence peak to now, how has the average age profile of our customer changed? Has she become older or has she become younger? Just some trend on that?

Gautam Saraogi: I think, look, it's been pretty similar. I mean, look, prior to COVID, if I had to see who is my target audience from an age perspective, the lady would be working ladies between the age of 27 and 33. I think we have seen that consistently stay the same. A majority of the consumers who are shopping with us are in that bucket of 27 and 33.

Of course, we have also started having a lot of younger audience also who are in their early 20s coming into the store as well. But from a proportion perspective, I think it has stayed stable that our average consumer age would be between 27 and 33.

Resham Mehta: And in conjunction to this, so how has our product mix moved? So if I recall correctly, churidars, leggings used to be almost 50% of our revenues. But then we also had fusion wear, western wear and so on and so forth. So, how has this moved over a period of time?

Gautam Saraogi: See, I think churidars, leggings historically, prior to COVID, it was 50%, 55% of the business. And post-COVID, it has slowly settled at being at about 35% because the other categories, the trousers category has done fairly really well and has picked up in volumes. So, I think it has stabilized at a 35% number for the last 1-1.5 years, which pre-COVID used to be more than 50%.

Resham Mehta: Would you say that the drop in churidars, leggings is not just because of the growth in other categories, but it's also got to do with the fact that there's been a fashion change for women in terms of...

Gautam Saraogi: Well, I think a mix of both. I think in general, women have started wearing the trousers category products a lot more, which in rural leggings are still very strong. So, I think there is obviously a fashion shift towards trousers, which has also started reflecting in our numbers. So, I wouldn't say there is a big decline in leggings and churidars. It's just that the other categories, especially trousers and pants has done fantastically very well. So, I think the change in fashion from legging to trousers obviously has played a huge role in this for sure.

Resham Mehta: And so how do we see like over a 3- to 5-year period, assuming demand scenario becomes normal? What is the runway for opening stores? And incrementally, do we still target metros and Tier 1s or are we also looking to get into Tier 2 and Tier 3? And a related question that if we are getting into Tier 2 and Tier 3, at our price point, then wouldn't value retailers also become our competition?

Gautam Saraogi: Right. So, I think from an expansion perspective, so earlier, we have given our guidance of 120 to 130 stores, and we revised that guidance to 80 stores this financial year out of the 36 we've opened. So the reason we have revised this guidance is not because we are not able to find store locations.

I think the runway to open stores is huge. It's just that we, as a company, we've been a little measured and saying that, okay, we will open only good quality stores during at a time when our SSSGs are flat or negative because we also want to maintain P&L margins. And we want to be very measured in our expansion as well. But as far as finding new locations are concerned, I think the market is very big opening new stores.

So for me to give a next year's guidance or the year after that will be a little difficult. This year, we are going to be looking to add 80 stores on a net basis. And once SSSGs and our revenue numbers are increasing, we will definitely ramp up and push the acceleration button as far as store expansion is concerned.

See, that has been our strength for years to come, years earlier as well. So for us to ramp up from this to the next level of adding more number of stores wouldn't be difficult. It is just that looking at the market condition, we have been a little measured. As far as your second question on our price point in Tier 2, I think, look, our price point -- an average selling price of INR800, INR900, we've been present with many value retailers.

We've been present across so many stores of Reliance and many stores of V-Mart as well in Tier 2, Tier 3, and we are seeing very good traction for our ASP, higher ASP products as well. So going into Tier 2, Tier 3, we don't see value retail pricing as a competition because our product -- from a product perspective also is very different because our price points are different. So, selling in Tier 2, Tier 3 at an average ASP of INR800 to INR900 shouldn't be a problem. We've actually tasted decent success in all our Tier 2, Tier 3 experience.

Resham Mehta: And incrementally, the stores that we intend to open, the mix will per se remain at, say, 60%, 70% metro Tier 1 and balance?

Gautam Saraogi: I think it will be a balanced approach. I think look, metro cities also, the sizes of the cities are increasing. So, I think it's going to be an equal split between metro cities and non-metros. I don't say that rural is going to be more than urban. I think it's going to be a 50-50 expansion between the 2.

Resham Mehta: And lastly, with the demand slump over the last several quarters, so what measures have we been taking internally from a store experience standpoint or maybe from a product standpoint or a proposition standpoint to revive footfalls to revive growth basically?

Gautam Saraogi: See, I think, look, we've been doing a lot of research. And I think bringing freshness to product categories is very important. And we've also done that in our bottom wear category as well. So like I was just mentioning to the earlier question also that once we start bringing in freshness, bringing new colors, bringing new products in bottom wear, I think that will also definitely increase the footfalls in our current stores.

Yes, we are also going to be very qualitatively spending on marketing as well. Our marketing budget is about 2%. And we will maintain that 2% because we feel spending about INR20 crores a year in marketing is a good number to drive footfalls. So, spending that INR17 crores to INR20 crores, which is about 2% of revenue and bring in a new product category -- not new as in the existing bottom wear, bringing in newer products and colors and collections that will also drive.

So it's going to be a mix of both. And also opening new stores in newer markets will also increase our TAM. So it's going to be a 3-way approach. Open in newer markets where we are not present, introduce new collections in bottom wear and also spending on marketing in the right way so that we can drive footfalls to customers.

Resham Mehta: And last one, if I may, that why did we have to get into women's top wear and menswear and also expand to international markets? Is it because we've seen that the growth has slowed down in our core markets, in our core products, hence, we had to kind of expand here?

Gautam Saraogi: No, I wouldn't say that. I think the reason we wanted to do that because we wanted to have a growth engine also for the future as well, right? We see bottom wear is a growing category. Yes, our numbers have not suggested that for the last few quarters because the SSSGs have been very flattish, but we are very bullish on bottom wear.

So, bottom wear is here to stay and it's going to be the growth engine for the business in the short term and the midterm. But when I look at from a very long-term perspective, today, if we do smaller experiments, maybe it will be the next leap of growth from a long-term perspective. And honestly, I think business' balance sheet health has been very good, right?

We've been having decent working capital days with strong operating cash flow generation. So, considering the fact that our P&L and balance sheet health is very good, we felt doing smaller experiments will be very good for the long term. But from a saturation perspective, we definitely don't think that bottom wear has reached any sort of saturation. Yes, last few quarters, we haven't delivered well on that front. But from a bullishness perspective, we as a company are very bullish on the category of legwear and bottom wear.

Resham Mehta: Sure. And just last housekeeping question. So how do we measure our customer loyalty and what's been our repeat purchase? And how do you define repeat purchase? So, purchase within 1 year or is it different?

Gautam Saraogi: Yes. See, we don't have a loyalty program as such. But from what we've seen, our repeat purchase up to Q1 was about between 40% and 45%.

Resham Mehta: And has that come down over the last 2, 3 years? Not really. It's been in the range -- I think each quarter, it fluctuates. It's been in the range of 40% to 45%.

Moderator: Our next question comes from the line of Varun Singh from AlfAccurate Advisors.

Varun Singh: Most of my questions have been answered. But I just wanted to understand, I think, on this -- the problem of growth and maybe how we are looking to solve for it. I think you pointed out about venturing into top wear brand on a pilot basis and maybe moderating the store expansion and accelerating it whenever the demand revives. But you also pointed out about the freshness of the stock being one of the key driver for growth.

So, maybe you can talk a little bit more about what have you done to work on this very proposition of the freshness of the store, etcetera, what we are doing now compared to what we were doing maybe 2 years back. Anything you want to highlight or point out over here in the bottom wear category first?

Gautam Saraogi: See, yes, thank you so much for your question. See, I think, look, solving the growth problem is going to be solving only by increasing the bottom wear sales. See, the top wear, what we have done does not solve the problem for growth because it's a near pilot what we have done, and it is only for the future.

Yes, the pilot has its importance, but it's more from a very long-term perspective. And the top wear will not solve the problem for the growth of the company in the short term and midterm. The growth will come in only by reviving our bottom wear sales and bringing it up to speed and delivering healthy SSSGs.

Now, one of the very big levers which is going to help us solve this bottom wear SSSG is by introducing fresh collection. See, we've been doing a lot of research. And I feel by introducing this freshness in some collections and some colors, definitely, it will take a big uptick in our sales. And how we are going to be doing is we have strengthened our product development and design team.

Today, we have a very large team working dedicatedly for bottom wear where they are thinking about newer ideas of what is to introduce next. Yes, while doing the collection, we are not going to be moving away from the core format of how bottom wear is. We are going to be still be supporting it.

But being core also coming up with newer ideas in bottom wear is going to solve this issue. And this is going to be supported by the strong team we have in place. And after a few quarters, we have seen that we have a very settled and a big wide team in our head office here. So, I think that freshness issue is going to be resolved by that.

Varun Singh: Gautam, I actually meant to ask about more objective and measurable, maybe benchmark, for example, number of times you are dropping new products in the stores. Of course, I mean, having a good team, great team, that is a business necessity. But in terms of measurable targets how are you looking at it? How are you assessing it? How are you maybe signalling to customers that, look, the freshness has arrived or how are you giving more reasons to customers about whatever hard work that you are doing, if you can be a little bit more objective with regards to the problem that you are solving?

Gautam Saraogi: Yes. See, like I'll give you an example of festive, right? I mean, after festive now we are launching some new products in palazzos and pants over the next few weeks. And those products -- it's two or three products we have launched in smaller quantities across 200 stores, which is going to go into the shelf in the next two, three weeks.

So what happens is when we launch a product, it takes the front portion of our display when any lady walks in. So when any lady walks in, it becomes very easy for her to know what is new in Go Colors because we position it in such a way where we put it in the first display or first shelf of the store.

Secondly, our Instagram rollouts and social media rollouts also help us pushing these new products information to the consumer. And we also use many mechanisms like WhatsApp as well, which translates visual display information of sending product catalogs of what is new getting launched to our existing customers. So by these means, we are able to drive new footfall and existing footfall to the store.

Once that customer who's coming into the store sees the new product, but when they see the new product, they also end up buying the other products as well. So it's actually a balancing act. The new product drives the older products also to do well at the same time. So for this quarter, we are planning to launch -- in November, we are planning to launch 2 or 3 very key important products in pants and palazzos category, which we are quite bullish about.

Varun Singh: Maybe you can call out about at what rate the bottom wear industry has grown and maybe for FY '25, if not quarterly number you have access to? And in front of that, maybe I think that would explain a little bit more about how the growth that we are able to do for us. And I think, yes, that's it. That's the last question from my side?

Gautam Saraogi: Yes. Now once I think we are finalizing the study what we have done through Technopak, I think we'll be able to throw slightly better color maybe after a couple of weeks or maybe in the next call, I'll be able to throw better light at what rate the bottom wear industry is growing with updated numbers. So probably in the next couple of weeks' time, I'll come back with more information around the category part.

Moderator: Our next question is from the line of Devanshu Bansal from Emkay Global.

Devanshu Bansal: I just want to check that realization increase has been pretty decent for us over the last 12 months. So, do you foresee this realization to continue improving for us with better product mix or now the product mix is sort of ideal and we should see it making good sales...

Gautam Saraogi: Well, Devanshu, the ASP will grow at about 2% to 3% on a Y-o-Y basis.

Devanshu Bansal: Okay. And the driver is only a product mix change or is it like price hikes also?

Gautam Saraogi: No, we have not done any price hikes. In 1 or 2 products, we have done some price corrections, but those were lower volume products. They have not affected the ASP much. But for most of our product categories, we have not touched the pricing. And I don't think in the near future, we are looking to increase the prices. So whatever ASP is going to increase is going to increase on the basis of new products.

Devanshu Bansal: Fair enough. And secondly, Gautam, wanted to better understand this INR1,000 per square feet. So in our core category, the number is relatively higher, right, versus that number. So is it like from an inventory per square feet perspective, this category is lower versus what we see in the other category? How should we see the...

Gautam Saraogi: No, it is just -- see, right now, Devanshu, it's a little too early. I think we've just had 2 months of data. So, once full year completes, we'll have a lot more data around how that store is doing. But from the 2 months of data, what we've seen, so how do I arrive at the INR1,000 per square feet is the additional area what we have allocated for women's top wear and menswear that how much revenue does that additional area generate?

So, that's additional revenue divided by the additional square feet, and that is delivering more than INR1,000 a square foot on a monthly basis. So when I've taken that INR1,000 per month basis, I've not considered the bottom wear space and the bottom wear product revenue. I've excluded that.

Devanshu Bansal: No, that's fair. I understood that, Gautam. I was just checking from a return profile that we sort of see...

Gautam Saraogi: I think return profile perspective, it's too early to comment. I think 3, 4 months down the line is once the store has 5 months of data or 6 months of data, we'll be able to better judge it. But if I just want to understand how the response is, we had estimated and kept the target of at least doing INR1,000 a square foot, which we have well crossed it. So, I think as management, we are quite happy with how the pilot has worked.

Moderator: Our next question is from the line of Ankit Kedia from PhillipCapital.

Ankit Kedia: Gautam, I don't know if you have covered this. There was an income tax search on the company a few weeks back. What were the evaluations, which came out in this income tax search operations across our plants and offices?

Gautam Saraogi: Yes. So -- sorry, I didn't brief on this. So Ankit, they basically came to our premises on October 7. And they have basically come to our office in Chennai, our office in Tirupur, the warehouse in Tirupur and the warehouse in Bhiwandi. So during this time, none of the store sales were interrupted because of the search.

The stores are running in the normal course of business. In these four, they conducted search on 7th and they concluded, if I'm not wrong, on 9th or 10th, they had concluded. As of now, from what we have seen and how they have concluded the search, there have been no major findings and nothing to be concerned about.

We have not got any summons or any queries from the income tax department yet. So in case if we do receive any queries, as per law, we will reply and we will do the needful. But as management, we have not seen any major or minor findings as much in the entire scheme of things. So luckily, things went very smooth and it concluded also smoothly.

Ankit Kedia: Sure. That's helpful. My second question is regarding your pledges. Any light on when the pledges could be reversed?

Gautam Saraogi: Yes. I'll give some light on that. So, we had increased the pledge about a couple of months back because of the fall in the price of the stock. But we are on track to reduce more than 50% of the pledge soon. So, I think the reduction on the pledge will happen soon. And whenever it does happen, we will release it to the stock exchange. So it should happen soon. We have already planned. So right now, about 56 lakh shares are pledged. So, we estimate about 25 lakh to 30 lakh shares getting de-pledged soon. So, that is our estimate.

Ankit Kedia: By soon, you mean a few months or financial year?

Gautam Saraogi: Difficult to give a guidance, but my try is going to be in over the next few months to finish it. I don't want to push it to the financial year end, but my try is going to be to finish it within the next few months.

Ankit Kedia: Sure. And my last question is regarding your cut in store opening guidance. This is the third consecutive year you have cut your guidance, sometimes in quarter 3 and luckily, this time in quarter 2 itself, given the visibility. In fact, we have increased our guidance a couple of quarters back, and now we have cut it.

So, just want to know the thought process at the start of the year, middle of the year, how is that changing from a strategy perspective? Because from a location perspective also, you would be scouting, the team would be going out and scouting location and locking them because we're already in November. So it would take 3, 4 months for that to happen. So is it in hindsight, we are cutting it because of locations or because of demand or it's something else?

Gautam Saraogi: No, not like that. I think, look, between quarter 1 and quarter 2, we realized that sales are not growing, SSSGs are weak. We didn't want to take a pressure on the P&L as well. I think to be very brutally honest, I also didn't guide well, honestly. And that's why I'm also correcting it now. So next time in the future, I will be a lot more careful with the kind of store guidance what I give in the future.

So, I think it was a little wrong guidance -- wrong is the wrong word. It was incorrect guidance what I had given. And I'll be a lot more careful in the future as far as guidance are concerned. The reason why we have reduced this guidance is purely because we want to be more measured and qualitative in our openings over the next couple of quarters till at least we start showing some kind of growth in our overall revenue and like-to-like sales.

Ankit Kedia: So assuming, this growth rate continues and we don't see a turnaround in the business, FY '27, will we continue to open 70, 80 stores or you will again aim for 120 stores?

Gautam Saraogi: No. See, I think, look, definitely I'm very bullish that over the next couple of quarters, things should revive. And if things do revive, FY '27 will be a great year for us. And maybe closer to the start of FY '27, I'll be able to give a better guidance on how many store openings I'll be doing in FY '27. So, maybe in the call what we do in April or May. For the next Q4 earnings, I'll be able to give a better guidance on what we have planned for FY '27.

Ankit Kedia: And from a margins perspective, given the revival in demand what you are foreseeing, any margin guidance for the second half you would want to call out?

Gautam Saraogi: Well, from an EBITDA perspective, it's difficult to give guidance. But I think from a gross margin perspective, things will look very steady at between 62% and 63% of gross margin.

Ankit Kedia: Fair. Thank you, Gautam and all the best.

Gautam Saraogi: Thank you, Ankit.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, that was the last question. I would now like to hand the conference over to the management for closing comments.

Gautam Saraogi: I'd like to thank everyone for being part of this call. We hope we've answered your questions. If you need any more information, please feel free to reach out to Mr. Deven Dhruva from SGA, our Investor Relations Advisors. Thank you.

Moderator: On behalf of Go Fashion (India) Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.