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**BSE Ltd.**  
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**Listing Department,**  
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**Dalal Street, Mumbai – 400 023.**  
**Scrip Code: 532867**

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**Bandra (East) Mumbai–400 051**  
**NSE Symbol: V2RETAIL**

**Sub: Transcript of Earnings Call Q3 FY 26 - Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sr,

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), please find enclosed the transcript for the conference call with the Analysts/ Investors for the Q3 FY 26 Financial Results of the Company conducted through digital means on Wednesday, February 04, 2026.

The transcript shall also be uploaded on the website of the Company. You are requested to kindly take the above on record.

Thanking you,  
**YOURS FAITHFULLY,**  
**FOR V2 RETAIL LIMITED**

**SHIVAM AGGARWAL**  
**COMPANY SECRETARY & COMPLIANCE OFFICER**

Encl.: As above



# “V2 Retail Limited Q3 FY 2026 Earnings Conference Call”

**February 04, 2026**

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**MANAGEMENT: MR. AKASH AGARWAL -- DIRECTOR AND CHIEF EXECUTIVE OFFICER, V2 RETAIL LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the V2 Retail Limited **Q3 & Nine Month FY 2026** Conference Call.

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.

Before we begin, a brief disclaimer. The presentation which V2 Retail Limited has uploaded on the stock exchange and their website, including the discussion during this call, contains or may contain forward-looking statements, concerning V2 Retail Limited's business prospects and profitability, which are subject to several risks and uncertainties, and the actual results could materially differ from those in such forward-looking statements.

Should you need assistance during this conference call, please signal an operator by pressing "\*" then "0" on your touchtone phone.

I now hand the conference over to Mr. Akash Agarwal, Director and CEO, V2 Retail. Thank you and over to you, Mr. Akash.

**Akash Agarwal:** Thank you. Good afternoon, everyone. A very warm welcome to the V2 Retail Limited Quarter 3 and Nine Month FY 2026 Earnings Conference Call. Thank you for joining us today. We trust you have had the chance to review our results. The earnings presentation and the press releases are available on the stock exchanges and also on our website.

We are pleased to report a very strong quarter, reflecting continued momentum across our business. In Q3 FY 2026, we delivered a 57% year-on-year revenue growth, significantly outpacing the broader market. This performance once again demonstrates the scalability, resilience and execution strength of our operating model, even on a high base.

Our ongoing investments in analytics-driven merchandising, supply chain responsiveness, and operational discipline have further strengthened our ability to scale efficiently in India's value fashion segment. Customer traction across categories remain healthy. This reflects the continued relevance of our price value positioning and product refresh cycle. A steady flow of trend appropriate assortment, combined with strong quality standards and competitive pricing, has supported growth across our store network.

On the expansion front, our focus this year has been improving our geographic coverage through a balanced mix of rural market entry and deeper penetration in Tier-II, Tier-III cities. This approach has helped us broaden our customer reach, and improve regional alignment through localized assortments and stronger store level execution.

During the first nine months of FY 2026, we added 105 new stores and our pipeline planned openings remain robust. Backed by a strong merchandising and inventory management team, we remain focused on disciplined expansion, efficient inventory deployment, and sustainable

operating performance. Looking ahead, we continue to stay focused on profitable growth, capital efficiency, and disciplined execution, with a clear emphasis on enhancing shareholder value.

Now, moving on to some key updates for this quarter and the nine-month period of FY 2026:

1. The company successfully raised approximately Rs. 400 crores through a QIP with marquee investors.
2. We completed a physical verification of property, plant, and equipment and reconciled this with the fixed assets register. As a result, we have written-off assets with a carrying value of Rs. 5.06 crores, and this has resolved the earlier audit qualification.
3. We have been consistently sharing pre-IndAS numbers to provide better transparency on our operational performance, and we will continue to do so going forward.

While we fully comply with accounting standards for statutory reporting, the economics of retail operations are best understood when rent is included at the EBITDA level rather than below EBITDA. Our annual business plan, budgets, cash flows, store-level metrics, and incentive structures are all aligned to pre-IndAS profit numbers.

Our revenue and profitability guidance is also communicated on this basis. In line with industry practices and to better reflect the true profitability of our business, both under pre-IndAS reporting and IndAS 116 reporting, we reassessed the lease terms for our store leases. This reassessment reflects the evolving nature of our store portfolio and our strategic plan.

As a result, we re-estimated lease tenures to better align with the period over which we expect to operate these stores. This led to a change in the measurement of our right-to-use assets and lease liabilities, resulting in an exceptional gain of Rs. 27.69 crores with a tax impact of Rs. 6.97 crores. As of October 1st, 2025, ROU assets and lease liabilities were reduced by Rs. 484 crores and Rs. 499 crores, respectively.

Lastly, the impact of the New Labour Code is not material and has already been recognized in our financial results for the quarter and nine months ended December 31st, 2025.

Now, moving on to the key highlights of our performance for the 3rd Quarter:

Revenue in Q3 grew 57% year-on-year to Rs. 929 crores. EBITDA in Q3 stood at Rs. 174 crores compared to Rs. 112 crores in the corresponding quarter last year, registering a growth of 56% year-on-year. EBITDA margin stood at Rs. 18.7%. PAT for the quarter stood at Rs. 102 crores compared to Rs. 51 crores in the corresponding quarter last year, representing a growth of 99% on a Y-o-Y basis; and also, surpassing the record FY 2025 full year PAT.

We opened 35 new stores during the quarter and achieved a net addition of 105 stores in the nine months of FY 2026. Taking our total store count to 294 stores with approximately 31.9 lakh square feet of retail space. Reported SSSG for Q3 stood at 2% and normalized SSSG adjusted

for the Durga Puja shift stood at 12.8%. We recorded a 48% volume growth in Q3, with full price sales contributing 92%, which reflects the strength of our proposition and reduced dependence on discounting.

Now, let me briefly cover our performance for the first nine months of FY 2026:

Revenue for the nine months grew 64% to Rs. 2,270 crores. EBITDA for nine months stood at Rs. 346 crores compared to Rs. 200 crores in the corresponding nine months of last year, registering a growth of 73% year-on-year. EBITDA margin improved to 15.3% compared to 14.4% in the same period last year. PAT stood at a record Rs. 144 crores compared to Rs. 66 crores in the corresponding nine month period last year, registering a very strong 119% year-on-year growth.

Same store sales growth for nine months FY 2026 stood at approximately 8.6%. Our ROE continues to improve and now stands at 24.5% compared to 23.2% in FY 2025 and 10.7% in FY 2024, reflecting disciplined capital allocation and strong operating leverage.

Now, let me share our pre-IndAS performance for the quarter and the nine month FY 2026:

For Quarter 3 FY 2026, on a pre-IndAS basis, revenue was 57%, up year-on-year and moved to Rs. 929 crores. Gross margin was at 32.4% compared to 32% last year. EBITDA was Rs. 126 crores up, 50% year-on-year with an EBITDA margin of 13.5%. PAT came in at Rs. 82 crores, up 47% year-on-year.

For the first nine months of FY 2026, our pre-IndAS performance reflects these. Revenue was Rs. 2,270 crores, up 64% year-on-year. Gross margin improved to 30.2% from 29.7% last year. EBITDA was Rs. 223 crores, up 80% year-on-year with an EBITDA margin of 9.8%. PAT stood at Rs. 138 crores, up 83% year-on-year.

Lastly, in line with our disciplined expansion, we have already added 10 net new stores in the current quarter, taking our total store count to 304 as of today.

With that, I will now open the floor for questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ankit Babel from Subhkam Ventures. Please go ahead.

**Ankit Babel:** Good afternoon, Akash. Congratulations for a great set of numbers. I have a few questions. First question is if you can explain in simple language regarding what changes you have made in your lease accounting, and how is it compared to the industry practice?

**Akash Agarwal:** So, to answer your question, firstly, we always focus on pre-IndAS numbers, because the IndAS should not apply to retail businesses like us. But we obviously followed the accounting policy.

But it showed a very big difference, because our industry peers use this lease accounting policy that we just moved to, where our lock-in for every location is around one year, whereas the lease period on the lease is 9 years to 12 years. So, we have an option of reassessing whether we want to continue running the store or not.

So, now we have linked it to store sales performance. So, every year there will be a review of the store yearly performance and that is how their lease period will be reassessed and updated in the accounting system. So, everyone including Trend, Vishal Mega Mart, Style Bazaar, V-Mart, they all moved to this new accounting standard. So, we wanted to be at par with our peers and so, we took a decision along with our auditors to move to the same.

**Ankit Babel:** So, your pre-IndAS numbers would not change because of this?

**Akash Agarwal:** No, the pre-IndAS numbers remain the same. Only the post-IndAS numbers change.

**Ankit Babel:** So, is it fair to assume now that from now onwards the difference between your pre-Ind and post-IndAS numbers would reduce significantly?

**Akash Agarwal:** Yes, that is correct. Especially because we are expanding and opening so many newer stores, the impact of pre-IndAS versus post-IndAS was much higher on our books. That should be diminished now.

**Ankit Babel:** Okay, great. Second is on your working capital. What I observed was that your inventory days are stable, but there seems to be a sharp decrease in your payable days, which has resulted in a slight increase in your working capital. So, what was the reason for it? And was it by choice or was there any compulsion?

**Akash Agarwal:** So, we raised around Rs. 400 crores from our QIP proceeds and the needs of those funds for capital allocation would have been over the period of the next 12 months. So, we always have a bill discounting feature available to our vendors. So, we prepaid our vendors about Rs. 300-odd crores because we want to be the best paymasters in the industry and we always want to be in their number one priority. So, we helped our vendors by giving them the bill discounting feature.

**Ankit Babel:** So, is it fair to assume that this line of credit from your payables will always be available to you whenever you require it?

**Akash Agarwal:** Yes, that is correct. So, as and when we start using the funds for capital allocation and opening newer stores, you will see the credit term back to 55 - 60 days.

**Ankit Babel:** Okay. Next question is on the difference in your numbers in your standalone and consolidated statement. So, why is the difference and as investors, we should focus on which numbers, basically, standalone or consolidated?

**Akash Agarwal:** So, because now, we have shut down three manufacturing units. So, the numbers we should focus on for the future is standalone, but we are still liquidating the inventory left in our subsidiary and those inventory is being converted from fabric and accessories into finished goods. So, I was saying we are going to merge both the entities now. So, going forward, we should always focus on the standalone numbers, because we have almost liquidated and converted all the inventory. There is some left which will be done in the next six months.

**Ankit Babel:** So, basically, there is no business in the subsidiary, the whole retail business into the standalone numbers and the subsidiary numbers, as you said, you will merge and then we should focus only on standalone numbers. Is it the conclusion?

**Akash Agarwal:** Yes, that is correct.

**Ankit Babel:** Okay. And sir, lastly, what is your outlook on the demand side, both in the near-term and medium-term? And how is the response from the stores you have opened in the last couple of quarters? Are the PSF of those stores in line with your expectations? Or you have any other thing to tell me?

**Akash Agarwal:** So, the benchmark that we use for newer stores is they should be within 30% sales PSF of older stores. So, our older stores this year have already touched Rs. 1,200 per square feet of sales, which was the next ideal milestone for our business. And all the new stores that we opened last year, as well as all the new stores we have opened this year, both cohorts are performing better than Rs. 720 - Rs. 730 per square feet of sales. So, they are contributing to EBITDA from the first month of operations itself.

And talking about demand, so there is a huge wedding season coming up. And hopefully, with the GST trickle down effect and government trying to ramp up consumption, because it has been a little damp for the last two years to three years, we always try to have a positive outlook. And hopefully, the decisions by the government also helps boost demand. So, we are taking an 8% to 10% SSSG target for next year also, and adding 150 more stores next year also.

**Ankit Babel:** Any view on the gross margin side because your margins are way below compared to your peers at the gross level. I understand that EBITDA levels, you might be better than them. But at the gross level, your margins are way below their industry peers. So, any thought on that? Is there a scope for improvement? Or you feel that these would be, these would remain at these levels next year also?

**Akash Agarwal:** So, our gross margin strategy is by design. We want to pass on most of the benefits to the consumer. So, we like having a metric that most matter to us is EBITDA margin. So, we would rather have more EBITDA margin by higher sales per square feet than higher gross margin. So, going forward also, we target a gross margin of 28% - 29%. And all the margin expansion should happen from operating leverage and from higher sales per square feet.

**Ankit Babel:** Okay. That is it from my side. If I will have anything, I will get back into the queue. Thank you.

**Moderator:** Thank you. The next question is from the line of Palash Kawale from Nuvama Wealth. Please go ahead.

**Palash Kawale:** Yes, thank you for the opportunity, sir. So, continuing from the question of the last participant, again, I would like to shed some more color on this metro setup. So, let us say when you started expanding, like in eight quarters, you have added around 190 stores. So, how are those older stores performing on margins and PSF? And how are new stores performing?

**Akash Agarwal:** So, there are three cohorts to talk about. So, one would be the stores that we had at the end of 31st March, 2024. Then there are about 72-odd or 74-odd stores that we opened in FY 2025; and then there are the 116 stores that we have opened in FY 2026. So, like I already mentioned, the cohort of stores that are mature that we had at the end of 31st March, 2024 they are already at a level of Rs. 1,200 per square feet of sale per month. And both the other cohorts FY 2025 new and FY 2026 new, they are at a level of Rs. 730 per square feet - Rs. 740 per square feet of sale per month on average.

**Palash Kawale:** And on margins, sir, how are the margins for the mature stores, who are at Rs. 1,200 PSF?

**Akash Agarwal:** So, the cost at company level is the same. The cost is around Rs. 190 per square feet and the gross margins are 28% - 29%. So, you can calculate the margins because the costs remain constant for new or old stores.

**Palash Kawale:** Okay. Yes, that is helpful. And sir, good slide on states. So, going forward, expanding, where is your focus? Is it on emerging states or new states or states which are already mature? Like in percentage terms, how do you see it?

**Akash Agarwal:** Yes, we entered about seven new states this year. So, the whole expansion strategy depends on the performance of each geography. So, to give you an example, Karnataka was a relatively new market for us, but it was performing so well, now, we have 14 - 15 stores in Karnataka. The same goes for West Bengal. So, 60% - 70% of our new stores will come in existing strong clusters for us, where V2 is already performing well. And the rest, 30% - 40% of the stores will come in new geographies that are performing very well for us.

**Palash Kawale:** And sir, any difference in the geographies where you are entering where players are already present or if you are a new player there? So, any difference in the performance of the stores there?

**Akash Agarwal:** I think out of 304 stores that we have now, there would be less than 20 stores where we do not have any organized competition. Because competition has become the new reality. So, it is not an external variable anymore. So, it is about surviving with multiple retailers around you. So, it is about focusing on your strengths and delivering that value proposition to the consumer.

- Palash Kawale:** Okay. And sir, last question. Your employee expenses, if I calculate on per square basis, have come down. So, any reason for that or is it just a seasonal?
- Akash Agarwal:** So, if you look at consolidated numbers, whatever we used to make in our subsidiaries, a lot of the manufacturing cost used to be employee expenses. So, whenever you compare employee expenses, you should do it as a standalone level. And even at a standalone level, it has come down because we are adding more area. So, we are getting operating leverage because the same head office is now servicing to 50% - 60% new area. And we will continue to get this as we expand to more and more stores.
- Palash Kawale:** Okay, sir. Yes. Thank you. Thank you so much. That is it from my side. Thank you. And all the best for the upcoming quarters.
- Moderator:** Thank you. The next question is from the line of Rehan Saiyyed from Trinetra Asset Managers. Please go ahead.
- Rehan Saiyyed:** Yes, good afternoon to the team and thanks for giving me the opportunity. So sir, my most of the questions have been answered. So, I just want a clarification regarding your mens wear. So, sir, you mens wear continue to contribute 41% of revenue while kids wear remains 28% - 24%. So, are you seeing faster traction in any specific sub-segment like winter wear, vacation wear that could structurally alter the category mix for the next three years to three years?
- Akash Agarwal:** There would not be any significant change. But what we have seen over the last two years is definitely our women's wear category has been growing the fastest. And that is because of the kurti department and the kurti category growing the fastest. But if you talk about any significant differences, I do not see any significant differences coming in the future. It will be very similar to the product mix that we have right now.
- Rehan Saiyyed:** Okay. And second, on the Average Bill Value (ABV) increasing to Rs. 964 in Quarter 3 FY 2026, so is this being driven more by higher basket size or premiumization with the categories and/or either that management sees hope to push Average Bill Value (ABV) further without diluting the value proposition? Just want an understanding regarding this.
- Akash Agarwal:** No. So, if you see historically, Quarter 3 Average Bill Value (ABV) is always the highest. It is because of winter garments. So, the winter garments, ASP is much higher than summer garments. So, because we sell jackets, sweaters. So, that is why you see a bump in Average Bill Value (ABV) during the 3rd Quarter.
- Rehan Saiyyed:** Yes. So, you are saying it is a seasonal effect or it is like a category which is attracting more Average Bill Value (ABV)?
- Akash Agarwal:** Yes, correct.

- Rehan Saiyyed:** And last one more housekeeping question for my understanding. So, like you have done Rs. 400 crore QIP. So, how does management prioritize capability location between faster store rollouts or either supply chain management or balance sheet strengthening, especially considering ROE dilution in the near-term?
- Akash Agarwal:** So, that is why most of the proceeds will be used for general corporate purposes. So, that is a mix of new capital allocation for the new stores. That is a mix of additional working capital required. That is also some investment in the regional warehouses and hub-and-spoke model that we are doing. So, most of the capital is being used for expansion itself. And these are the three biggest areas where we need to make the investment.
- Rehan Saiyyed:** Okay. That is it. Good luck for the coming quarter.
- Moderator:** Thank you. The next question is from the line of Abhishek Sengupta from AB Capital. Please go ahead, sir.
- Abhishek Sengupta:** Hello. I just wanted to ask why has the sales per square feet reduced? Is it because of the new store rollout?
- Akash Agarwal:** Yes. So, new stores perform at about 70% of old stores throughput and it takes about two to three years to mature. And the share of new stores in our total portfolio has increased. That is why you see a slight dip.
- Abhishek Sengupta:** So, what will be, can you guide about the trajectory of it going forward in the sales per square feet, how it will be?
- Akash Agarwal:** So, if you talk about company blended level, we are targeting it to maintain at a Rs. 1,000 per square feet, even when we are adding 50% more area every year. So, even if we achieve that, that will be a very good target.
- Abhishek Sengupta:** Okay. And why was that one store closed?
- Akash Agarwal:** The one store that we closed this quarter, it was below the EBITDA mark and we tried to revive it. And we found a better location about two kilometers away from it. So, with a bigger floor plate, so we moved there.
- Abhishek Sengupta:** And you stick to your earlier 8% to 10% SSSG long-term guidance for next year?
- Akash Agarwal:** Yes.
- Abhishek Sengupta:** And before I had asked, now also just wanted to ask, are you facing any significant competition from low-cost online players like Meesho and all, because they are also operating in your market.

**Akash Agarwal:** So, what you need to understand about pure online players is just logistic cost itself is around Rs. 65 to Rs. 70 in India, if you move goods from state to state. And then you add customer acquisition, you add tech costs, head office costs. So, the total cost, if you are selling a Rs. 250 t-shirt, it becomes almost 50% - 60%. But cost of retailing for us is around 18% to 19%. So, pure online cannot deliver the same value that we are delivering, just because of additional costs associated with online only players.

Whereas, if we are doing omnichannel, and which we are planning to do and we will launch in the future, where you are using your store inventory as a dark warehouse and delivering from the store itself within a very small radius, then your logistic costs come down significantly. Only then, you can sustain low ASP items selling online.

**Abhishek Sengupta:** Okay. And why was the proposal to do stock split done and when it will be done?

**Akash Agarwal:** I think, now we have passed the resolution. It should be done very soon. And it has been 25 years since the company was incorporated. We started in 2001 and it is been a 25-year journey. So, we wanted to have a broad base of investors also, it should be accessible to the retail investors also. And that is why we took the decision.

**Abhishek Sengupta:** Okay. Thank you. Thank you for answering all my questions. And all the best. Thank you.

**Moderator:** Thank you. The next question is from the line of Ankush Agrawal from Surge Capital. Please go ahead.

**Ankush Agrawal:** Yes. Hi. Thank you for taking my question. So, just a clarification, you said older stores are at Rs. 1,200 sales per square foot and the newer stores are Rs. 720 - Rs. 730. So, this number is for nine months or for Q3?

**Akash Agarwal:** This is for nine months.

**Ankush Agrawal:** Nine months, okay. And like, have you changed any classification for older stores? I think earlier we had like one year old stores or older stores. But this conversation today, you have sort of mentioned older stores are those that have been opened on March 2024. So, have you done some reclassification even for SSG?

**Akash Agarwal:** No, we have always calculated SSG this way. So, for example, all the SSG that we calculated this year has been on stores that were operational throughout the last financial year. And we have used the same policy throughout our company history.

**Ankush Agrawal:** Okay. So, basically, for FY 2027, you are saying that only stores that are open till March 2025 would be considered for SSG?

**Akash Agarwal:** Exactly. Exactly.

- Ankush Agrawal:** Okay. Then technically, if we take the one year threshold then actual SSG would be higher, right?
- Akash Agarwal:** Yes. Because then you have to find out the weighted average of every new store, how many days they were operational, and the calculations become very complex.
- Ankush Agrawal:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Shreyans Jain from Svan Investments. Please go ahead.
- Shreyans Jain:** Sir, my first question is, can you help us with the absolute inventory amount at the end of this quarter? And what was this last year?
- Akash Agarwal:** I do not have the exact numbers with me, but I think the inventory is around Rs. 900 crores. But if you look at the stock turnover days, it is at a very similar level that was there last year. So, there has not been any significant increase. Whereas, we have increased the pace of expansion. So, the inventory for the stores that we are going to open in the next two months is already in the system.
- Shreyans Jain:** Okay. All right. And we have obviously done well on the employee cost per square feet. So, I am just trying to get some sense, where does this actually stop at Rs. 65 PSF is that the threshold that we should look at? Or you think there is some more room in this line item to go down? Because I am just looking at V-Mart and Vishal. So, V-Mart obviously is operating at Rs. 70 - Rs. 72 per square feet and Vishal is obviously at Rs. 45 to Rs. 50. So, I am just trying to understand with higher store addition and you are adding at what 45% - 50%. So, is there room for this number to actually go even further down?
- Akash Agarwal:** Yes. So, our head office cost currently is around Rs. 26 - Rs. 27 and that is mostly employee expenses. So, I think it has the potential to come down to around Rs. 15 - Rs. 16. So, there is a scope of Rs. 10 per square feet reduction in the future.
- Shreyans Jain:** Okay. And blended cost of retailing, you are at about Rs. 195 for Q3, and you were at about Rs. 205 last year. So, overall, , including rent and OpEx, what should the cost of retailing be as we gain size and scale in terms of store addition? What is this number that ideally, we should look at?
- Akash Agarwal:** I think we can target Rs. 180 in the near future.
- Shreyans Jain:** Okay. And sorry, just the last participant had asked, can you just clarify again, SSSG, you are calculating. So, this is for a two year period, is it? Because when you are saying FY 2027, you are looking at stores which were opened by the end of FY 2025. So, that is actually two years, so you are looking at two years, which have been in operation, is it?

- Akash Agarwal:** No, it is not really two years. So, when you are in first quarter of FY 2027, for example, you are in June. So, those stores have been operational for only 15 months that opened in March. Are you getting my point? So, it is basically all the stores that were there operational at the end of the last financial year. So, some stores will be two years, some stores will be 18 months, some stores will be 15 months, and it works like that.
- Shreyans Jain:** Okay. Got it. Thanks and all the best.
- Moderator:** Thank you. The next question is from the line of Anupama from RatnaTraya. Please go ahead.
- Anupama:** Yes. Hi. I think I missed the number on revenue per square feet, could you just repeat that for the next year, like what is your target?
- Akash Agarwal:** So, we target to maintain it at Rs. 1,000, even after adding 150 more stores.
- Anupama:** Okay. That is overall number?
- Akash Agarwal:** Company blended level, yes, including new and old stores.
- Anupama:** And you are saying old stores will be at around 1,200 - 1,100?
- Akash Agarwal:** So, old stores are at 1,200 this year, and they will have an SSSG. So, they will move even higher. But the new store contribution in the total store's portfolio will be much higher. That is why it will bring the per square feet sale at the company level down.
- Anupama:** Right. Okay. Yes. That is it. Thank you.
- Moderator:** Thank you. The next question is from the line of Videesha Sheth from Ambit Capital. Please go ahead.
- Videesha Sheth:** Yes. Hi. I am sorry if this question has been asked before, but what is the kind of demand momentum that you have observed now that we are in one month already into the quarter? And what would your outlook be for the entire fourth quarter of this year?
- Akash Agarwal:** So, the momentum has been the same. We are seeing the same kind of footfalls and demand in the fourth quarter. And that is why the next year guidance is also the same. We guide for 8% to 10% SSSG for next year, and at least a 50% revenue growth, and adding at least 150 new stores.
- Videesha Sheth:** Noted. Thank you. That is also nice.
- Moderator:** Thank you. The next question is on the line of Aryan Singh from Hem Securities. Please go ahead. Sir, you may unmute and speak.

- Aryan Singh:** Good afternoon, sir. Congratulations for great sets of numbers. So, most of my questions are already answered. I had questions related to like what will be mature stores, PSF into the future and how many mature stores we have? So, great job for future quarter, sir.
- Akash Agarwal:** Yes. So, I think I have already answered that question.
- Aryan Singh:** Yes. Thank you, sir.
- Akash Agarwal:** Thank you.
- Moderator:** Thank you. The next question is on the line of Vignesh Iyer from Sequent Investments. Please go ahead.
- Vignesh Iyer:** Hello, sir. Yes, my first question is, sorry, I missed the point where you said 150 new store additions in FY 2027, what would be the size of each new store?
- Akash Agarwal:** Average size would be the same around 10,000 to 11,000 square feet.
- Vignesh Iyer:** Average would be 10,000 to 11,000 square feet. So, what are we expecting in terms of new store addition in quarter four?
- Akash Agarwal:** So, quarter four, I think the total addition would be around 30-odd stores. 30 to 35.
- Vignesh Iyer:** 30 to 35. Yes, that is all from my side. Thank you.
- Akash Agarwal:** We have already opened 10 and we should open 20 more.
- Moderator:** Thank you. The next question is from the line of Arvind Arora from ASquare Capital. Please go ahead.
- Arvind Arora:** Hello. Congratulations, Akash and team. A very good number. So, my question is on more is like an advance that we have paid Rs. 15 crore to BCCL in April 29. So, could you please show some light like why we have paid? What is the nature of this advance and how we are planning to utilize it? Because it is like been six years when we have paid to them.
- Akash Agarwal:** Yes. So, it was an equity barter deal where they gave us this balance to use in their various publications and various channels of marketing and they took equity in the company. And we took it that time because we had a big focus. It was around COVID times where there was a huge focus on e-commerce. So, we thought we will do above the line marketing for e-commerce, but that did not work out. But now, because we are present in 25 states in India now, a lot of new states that we have entered have big Times of India prominence. So, we have started utilizing about Rs. 50 to Rs. 60 lakhs of this every quarter and the plan is to increase it to about 1 crore utilization per quarter. So, I think it should be finished in the next two years.

- Arvind Arora:** Okay. But it says we will be utilizing in next four months to five months. Like the agreement is still April 2026 only.
- Akash Agarwal:** So, we have a word with them. Like we have a verbal agreement with them. They have been extending our agreement for the last four years. And we have already had a word with them. And as long as we are utilizing Rs. 60 lakhs to Rs. 1 crore every quarter, they are willing to extend the agreement again.
- Arvind Arora:** Okay. And this is like an open to all other advertising. It is not only for e-commerce, correct?
- Akash Agarwal:** Yes, it is. It covers all the publication, all the company assets, everything.
- Arvind Arora:** Okay. And sir, any threat due to this quick commerce thing in the business?
- Akash Agarwal:** We have not felt any impact. And if you look at the data also, apparel is a very, very marginal or a very small contribution of quick commerce. Apparel purchase is still an experience for customers, especially in Tier-II, Tier-III towns. So, I do not think there will be any impact or any significant impact.
- Arvind Arora:** Okay. Thank you so much. And congratulations once again.
- Moderator:** Thank you. The next question is from the line of Videesha Sheth from Ambit Capital. Please go ahead.
- Videesha Sheth:** Hi, just one more question from my end. At an industry level, in the light of competitive landscape having intensified, have you also seen discounting or inched up in this end of season sales season?
- Akash Agarwal:** There is not a big significant change. We also sold more than 92% of goods at full price in this quarter. So, in fact, our full price sales have been increasing. But we have not seen at the industry level also like other retailers, because see everyone has a lot of margin pressure. So, I think putting discounts would increase that pressure.
- Videesha Sheth:** So, right. So, discounting in industry is not inched up according to you?
- Akash Agarwal:** No.
- Videesha Sheth:** Got it. And just one more question is that when you are entering into newer markets where there is an existing value retailer, what is your observation as to how are they looking to gain back the lost market share which they land up losing once you enter the new region?
- Akash Agarwal:** See, that is a very, I think, difficult question to answer because every retailer has a different strategy. There is no fixed template that everyone uses when we enter the market. Somebody

puts a special offer, somebody gives more incentives, somebody gives gifts items. But ultimately, we have seen no matter what marketing schemes you give, the retention of customer and the long-term performance of the store completely depends on the store's assortment. And that assortment is obviously a mix of quality, price, fabric, size, color. So, more than 95% of the locations, we are at least 30% higher in terms of SPSS than our peers, whether we entered that market first or whether we entered that market last.

**Videesha Sheth:** Sure. Got it. Thanks a lot for answering. Thank you.

**Moderator:** Thank you. The next question is from the line of Harshita Jain from Eterna Investments. Please go ahead.

**Harshita Jain:** Hi. My question is regarding the net working capital days. So, we have seen a steep increase from 37 to 69 and I understand this is from the creditor payment cycles that we are given better terms here. What is the sustainable level here? And do you see a corresponding improvement in gross margins due to discounting? Or how should we look at this strategy?

**Akash Agarwal:** Yes. So, whenever we have extra cash on our books, we always give a discount to our vendors. And we get a 1.5% per month bill discount from those vendors. That becomes a part of the gross margin. And going forward, like I said, as we utilize this money for capital and CAPEX, then you would see the sustainable level, the working days will go up to around 60 days.

**Harshita Jain:** Got it. So, the improvement in gross margin from 29% to 32% in Q3, is that because of the discounting? Or is this a sustainable level of gross profit you are expecting?

**Akash Agarwal:** No, that is also a part of this. But you will see a gross margin improvement in the first six months of the year also. And we have done this bill discounting for the last two years. So, of course, the quantum of it has changed in this quarter. And definitely, it also had an impact on the gross margin.

**Harshita Jain:** Okay, thank you. One more question is regarding the CAPEX per store. So, what is the maintaining CAPEX you need to incur on the already built out stores every year?

**Akash Agarwal:** That is already covered in Rs. 190 per square feet cost. It differs a lot. But yes, that is already covered in the per square feet cost expenses that we talk about.

**Harshita Jain:** Got it. Thanks a lot and all the best. Thank you.

**Moderator:** Thank you. The next question is from the line of Samarth Nagpal from Suranu Family Office. Please go ahead.

**Samarth Nagpal:** So Akash, congratulations on a great set. So just wanted to ask with the kind of store network we have right now, what is the update on the leadership hiring? I mean, are we moving in that direction?

**Akash Agarwal:** Yes. So we had about, I think, 360 people in our head office just last year. And now we have more than 600 people. So like I always mentioned, a big emphasis and focus is being given on hiring and getting good leaders. Because the growth that we are targeting, we need a very good foundation. So we have a leadership team already in place. But to reduce the workload on each one of them, and to make more broad based management, we are regularly hiring and every month, good quality people are joining our organization.

**Samarth Nagpal:** So Akash, on the leadership front only, I just wanted to understand that do we have a CEO or something to handle the operations at the 350-odd kind of stores and 500 we would be eventually having by the end of next year. So just wanted some color on that.

**Akash Agarwal:** So we have not hired a CEO, I am the CEO currently, I am handling that part. But we have a Marketing Head now, we have an HR Head now, we have an IT Head now. So all those positions are covered, and they are handling the department. But definitely, we are on the lookout for a new CEO also, so that I can take a more strategic role. But of course, finding a good CEO is a long-term challenge. We have met of certain people, but it did not work out. But definitely, we are always on the lookout for good professionals.

**Samarth Nagpal:** And in this segment, I mean, the kind of customer assortment we have, the kind of demographics we have, so just wanted to understand what is the kind of repeat purchase we have in value retail? I mean, what is the kind of retention we have for customers? I mean, some color from the older stores only, I mean, new stores are very skewed towards getting new customers. So any color on that? What is the kind of retention rate we have or repeat percentage?

**Akash Agarwal:** Yes, so for stores more than two years old, our repeat customer percentage on the total revenue is almost 68% and this number used to be just 56%. So the retention has improved significantly over the last three years. So the frequency, average frequency used to be every 5 months, every 5 months, 5.5 months and it has also increased, now it is every 4 months, 4.25 months.

**Samarth Nagpal:** Sure. That is very heartening to listen to. And is it also because we have any loyalty program for the customers? Or is it purely organic because of the assortment and the kind of service we have?

**Akash Agarwal:** Our gross margin, our assortment, our product, everything is the loyalty program. Because we work on such thin margins. I think, it is not feasible for us to have a loyalty program. But because we believe in true pricing, so customers know that we give the best value proposition. So that is why they come back.

**Samarth Nagpal:** Got it. Akash, on the omnichannel piece, if I can squeeze in, I think we are really doing well offline. So is it that we are making a lot of investment into the omnichannel? Or would it be a

pilot sort of a thing? Because understanding the customer only, we are doing fairly well from our stores only, so any color on that? What is the vision about omnichannel? Is it going to be some percentage of the sale only? Or are we going to scale it very rapidly?

**Akash Agarwal:** So the best thing about it is there is no additional fixed cost. There will be only variable cost and there is no huge investment because now all softwares and technology companies give their services as a software as a service, basically. So the expenses are monthly. So there will be no additional CAPEX, there will be no additional investment. And in terms of sale, we are not looking at a huge or a big chunk of sales coming from their channel. It is just to have a presence. And I think even when it matures, the sale from the channel should be around 5%.

**Samarth Nagpal:** Got it. And this time, I think Eid and Holi both are in Q4. So I hope that we are able to maintain the momentum going forward also because both the festivals are falling in Q4. So am I right in assuming that?

**Akash Agarwal:** Yes, so Q4 should be but I think Eid, most of the sales fell in Q4 of last year also. So yes, there would not be much difference. So yes, both the festivals were in --

**Samarth Nagpal:** Got it. And how has winterwear done for us? What is the percentage of sale from winterwear in Q3 compared to last year? Any color on that? How has been the winterwear response?

**Akash Agarwal:** I do not have that number ready, but winter was very good. There was an early onset of winter. That is why you are seeing this SSG and Q3 numbers because bulk of the sales come from winterwear. It is a high ASP, high margin category for us. So winter was very good for us. I think much better than last year, but I do not have the exact number of winter contribution for this quarter.

**Samarth Nagpal:** Sure, Akash. I think that is it from my end and wish you and the team the best, I mean the very best. Thank you.

**Moderator:** Thank you. The next question is from the line of Vidhi Shah from C. R. Kothari & Sons. Please go ahead.

**Vidhi Shah:** Sir, can I know what is the CAPEX per store that you incurred?

**Akash Agarwal:** The CAPEX per store is around Rs. 1.1 crore and the investment in inventory for that store is around Rs. 1.3 crores. Total investment is Rs. 2.4 crores to Rs. 2.5 crores.

**Vidhi Shah:** Okay. Can you repeat your outlook on the working capital cycle? Why it has increased quarterly?

**Akash Agarwal:** We did early payments. We prepaid our vendors. We prepaid about Rs. 300 crores of our creditors because we had that extra cash on our books. So we get a 1.5% bill discount from them

and we wanted to help them with the working capital. So as and when we start using it for our CAPEX for new stores, the working capital will come back to normal.

**Vidhi Shah:** Okay. So we can expect it to go back to 60 days - 70 days?

**Akash Agarwal:** Yes.

**Vidhi Shah:** Thank you, sir.

**Moderator:** Thank you. The next question is from the line of Prabal Jain from SM Holdings. Please go ahead.

**Prabal Jain:** Yes. Hi, sir. So sir, as you have classified your stores into three cohorts, the mature stores, right and they are at Rs. 1,200 PSF. And the new stores that you are adding, they are starting at around Rs. 750 PSF. So sir, my question is over the next two years, three years, would your new stores, which are right now at Rs. 750, would they scale up to Rs. 1,200 number? And what kind of factors do you see in contribution to this? And if not, what are the risks to this thing?

**Akash Agarwal:** So if you take out the data of FY 2023, in FY 2023, this old cohort of stores that are at Rs. 1,200, they were at Rs. 650 per square feet. So it is the same journey that the new stores will take and that is the plan. Of course, if we keep doing the things right, because more and more customers come, there is word of mouth, you retain the old customers, and your catchment area of each store increases. It is about maintaining the offering and the customer service and the assortment at the store.

Every customer should feel that when they go to a V2 store, they would get the latest trends, latest fashion that they see their celebrities wearing or their fashion influencers wearing at the best price possible. Once they get that brand positioning in their head, then the growth happens. And two years to three years it takes historically. So all these stores should move towards that number.

**Prabal Jain:** So we are reasonably confident to take this number to Rs. 1,200 PSF, in the next two years - three years for new stores.

**Akash Agarwal:** Yes, so we have done that for these stores also. So looking at that, the new store should also move in the same trajectory.

**Prabal Jain:** Do you think geographical location of the stores or anything plays any role in this growth figure from Rs. 750 to Rs. 1,200?

**Akash Agarwal:** See, now we have moved away from trying to open a store in the middle of the market. We used to find market proximity as the number one factor. But what we realized later is what matters more is parking space, frontage of the store, floor plate, because opening in the center of the market might get you customers on the first day. But long-term sustainability matters more

where customers get the best experience. So now we look for locations, even if they are one kilometers - two kilometers away from the market, it should have a big frontage, good parking space, and good floor plates. So that is good in terms of customer experience.

**Prabal Jain:** Okay, sir. Thank you.

**Moderator:** Thank you. The next question is on the line of Deepak Pruthy from Weath with Wisdom. Please go ahead.

**Deepak Pruthy:** Hi, Akash. Congratulations to you and entire V2 Retail team for posting great set of numbers. A very elementary question, Akash. Can you help me understand, what is the store level economics that works? So let us say, you are setting up a new store, what are the costs involved? Like you said, you incur around Rs. 1 crore - Rs. 1.5 crores on setting up and then, Rs. 1 crore in putting inventory. And what are the costs involved in running a store?

**Akash Agarwal:** Yes, sure. So the CAPEX, like I mentioned, is Rs. 1.1 crores. The inventory investment is Rs. 1.3 crores - Rs. 1.4 crores. Total investment for a store is Rs. 2.5 crores. And store level cost is around Rs. 140 square feet. And head office and warehousing cost together is around Rs. 40 per square feet to Rs. 50 per square feet. That is how the costs are allocated.

**Deepak Pruthy:** I understand. So when you are, when you are saying Rs. 140 per square feet, what are the cost head?

**Akash Agarwal:** Just a basic overview in terms of employee cost, in terms of what are the cost heads involved? So rent is around Rs. 50; employee cost is around Rs. 40-odd; power and fuel is Rs. 20 - Rs. 25 and rest is marketing and other miscellaneous expenses. These are the three main heads.

**Deepak Pruthy:** Okay. And Akash, just tapping on the previous question, how much saving are we incurring on reducing payables, which we are taking less credit from our vendors. How much is the gain from that--

**Akash Agarwal:** So it depends on the, it depends on the number of days that we prepaid. But like I said, per month, it is around 1.5% that we gain from our vendors.

**Deepak Pruthy:** Perfect. One, one more last question, if I can weigh in, in terms of employee intrusion, are you seeing a big challenge there? How is it vis-à-vis your competitors or peer groups? Is it a challenge to retain people in a retail setup?

**Akash Agarwal:** So see, there are two parts to this question. One would be the floor level staff. So their retention is a challenge for every retailer in the country, because most of the staff is at minimum wage, they jump ship, even for a Rs. 500 raise. But when you talk about the crucial manpower at the head office, then our attrition is well under control. Most of them have retention bonuses, and they have been with us for a long, long time.

- Deepak Pruthy:** Okay. And in terms of definition of new store, you said, any new store will become a old store, when you consider it for a full financial year, if it has been in operation, right? Is this definition the same for all retail players on your competition? Or is it something which varies from player to player?
- Akash Agarwal:** It is very hard for me to comment. I do not know how other people do this. But we have always done this historically. If a store is old, only if it has run for a whole financial year.
- Deepak Pruthy:** I understand. Thanks, Akash. Cheers for the coming year. Thank you.
- Moderator:** Thank you. The next question is on the line of Shreyans Jain from Svan Investments. Please go ahead.
- Shreyans Jain:** Yes, Akash, just one follow-up. So when you are talking about 8% to 10% SSSG, typically matured stores and the newer stores, what is the SSSG that you kind of experience or you build in when you are talking about 8% to 10%?
- Akash Agarwal:** So see, even mature stores need to be broken down into different cohorts then there is a cohort that is stores more than 10 years old, seven years to ten years old, five years to seven years old and so on. So of course, the newer stores, the newer cohorts perform at a higher SSSG. So you can say that the newer cohorts will be at a 12%. Older cohorts will be 5% to 6, so the blended will be at 8% to 10%. That is how it works.
- Shreyans Jain:** Got it. And in your experience, stores which are more than five years – seven years old, SSSG typically gets saturated 5% - 6%. That is how we should look at it.
- Akash Agarwal:** If you look at last two years, even the stores that were more than five years old, they grew at more than 20% SSSG for us. So there is no cap or there is no limit that I can tell you, okay, this is what happens. Again, if we are able to do, the things that we have done in the last two years to three years, we might get a double-digit SSSG on those mature stores also.
- Shreyans Jain:** Got it. And can you just break that down? How have the older stores done 20%? Is it largely because of the value that you are offering at those price points? Or there is something more to it?
- Akash Agarwal:** So it is a combination of everything and most of the growth was volume growth, there were more bill cuts. So more and more customers were coming. So I think it is a mix of better supply chain, a bit of assortment, bit of pricing strategy, fabric, color, and robust backend, like it is a combination of everything.
- Shreyans Jain:** Okay. And how big would our design team be?

**Akash Agarwal:** If you talk about complete buying and merchandising, including design, there are about 180 people. And just pure design is about 45 to 50 people.

**Shreyans Jain:** Okay, got it. Thank you and all the best. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, due to time constraints, that will be the last question. And now I hand the conference over to Mr. Akash for closing comments.

**Akash Agarwal:** Thank you all for joining us today. We hope we have been able to address your questions and give you a clear view of our performance and outlook. If you need any further information, please feel free to reach out to Marathon Capital, our Investor Relations Advisors. We sincerely appreciate your continued interest and support. Thank you and have a nice day.

**Moderator:** On behalf of V2 Retail Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.