



# V2 Retail Limited

31<sup>st</sup> May, 2025

BSE Ltd.  
Corporate Relation Department,  
Listing Department,  
Rotunda Building, PJ Towers,  
Dalal Street, Mumbai – 400 023.  
Scrip Code: 532867

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Listing Department  
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Bandra (East) Mumbai–400 051  
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**Sub: Transcript of Earnings Call Q4 & FY 2024-25 - Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

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 Q4 & FY 2024-25 Financial Results of the Company conducted through digital means on Wednesday, May 28, 2025.

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 Q4 FY-25 Earnings Conference Call”

**May 28, 2025**

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**MANAGEMENT: MR. AKASH AGARWAL – WHOLE-TIME DIRECTOR, V2 RETAIL LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to the V2 Retail Limited Q4 and FY25 Conference Call.

As a reminder all participants' 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 '\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

Before we begin, a brief disclaimer:

The presentation which V2 Retail Limited has uploaded on the Stock Exchange and the website, including the discussions during this call, contains or may contain certain forward-looking statements concerning V2 Retail Limited business prospects and profitability which are subject to several risks and uncertainties and the actual result could materially differ from those in such forward-looking statements.

I now hand the conference over to Mr. Akash Agarwal – Whole Time Director, V2 Retail. Thank you and over to you sir.

**Akash Agarwal:** Thank you. Good morning, everyone. It's a pleasure to welcome you all to V2 Retail's Quarter 4 and FY25 earnings conference call. This year has not just been about growth; it's been about transformation. FY25 has been a defining year for us, a year where our strategy, execution and agility came together to deliver the strongest performance in the company's history.

**Let me walk you through the highlights and the momentum that we are building on:**

Some headline numbers that speak for themselves. Revenue crossed an all-time high of 1884.5 crores growing 62% from last year. Profit after tax surged to INR 72 crores marking a 159% growth from last year and it is our highest ever. EBITDA stood at INR 257.8 crores growing 74% with margins of 13.7%. Same store sales growth for FY25 was 29% even on a high base. Volume growth came in at 43% reinforcing customer traction. Full price sales stood strong at 89% up from 87% in FY24. ROE improved to 23.2%, a clear reflection of our capital efficiency.

**Some operational highlights:**

We added 74 stores and closed two during the year reaching 189 stores by 31<sup>st</sup> of March 2025. As of today, we have already crossed the 200 stores mark with 207 stores live. Our stores are profitable from the very first month with breakeven sales at just Rs. 500 per square feet per



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month. Sales per square feet for the year rose to Rs. 1,017 per square feet per month up from Rs. 854 last year.

**Product and brand lend differentiation:**

85% of our business is private label and we are doubling down on it. Our own design products contributed about 35% to 40% this year and we target it to reach around 60% by the summer of 2026 and 80% by 2027. This means better margins, unique fashion, less discounting and customer loyalty. We reduced old inventory that is more than 1 year old inventory from 18% to just 5% ensuring freshness and relevance.

CAPEX per store is INR 2.2 crores inclusive of inventory. Our inventory is at 90 days and creditors are at 45 days maintaining a lean working capital cycle. What's next in FY26 & 27, we guide for a revenue growth of 45% to 50% driven by new stores and a same store sales growth of 8% to 10%. We guide for an EBITDA margin at pre-IndAS level of 8% to 9%. We are expanding rapidly across high performing clusters like UP, Bihar, Odisha, Jharkhand and now also entering Punjab, Bengal, Rajasthan and the South. We are not in a race for store count alone but for profitability, scalability and brand dominance.

FY25 proves that V2 is no longer just a retail company. It's a fast-moving platform for aspirational India. We have built a brand that understands small town India, yet offers fashion with a flair that rivals any urban retailer. And this is just the beginning. With a robust model, consistent store performance, strong internal accruals and an unbeatable value proposition, we are confident that FY26 will raise the bar even higher.

Thank you once again for your time and trust. We are now happy to take your questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Abhishek from AB Capital. Please go ahead.

**Abhishek:** Congratulations on a great set of numbers. Every con-call I seek and a big one first. All you amaze us with the numbers. Just wanted to ask, can we be PAT positive this year in all quarters?

**Akash Agarwal:** Yes, that is the target. And I think even this year we were EBITDA positive in all the four quarters. But for this coming years now, even with the seasonality, we expect to be PAT positive in all the four quarters.

**Abhishek:** Do we have a PAT margin number in mind that we want to achieve?



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- Akash Agarwal:** We target a pre-IndAS EBITDA margin of 8% to 9%. So, I think which translates to about 4% to 5% of PAT.
- Abhishek:** And in a TV interview you had divulged that you will open 100 stores this year. So, is that still in force?
- Akash Agarwal:** Yes. So, we have already opened 17 stores this quarter. So, we are on track to open 100 stores this year.
- Abhishek:** We don't need to raise any funds for this, mostly for internal accruals it will come.
- Akash Agarwal:** So, to open 100 stores we do not need any funds. Our internal accruals are sufficient. But we are very excited because the performance of our new stores is giving us confidence that we can increase the store count. So, we are internally making a detailed cash flow and a business plan for the same. So, if we feel that, we don't want to compromise on store performance as well as return ratios. So, if we increase the store opening guidance, then we might raise some capital.
- Abhishek:** And this year our SSG was amazing at 29%. But did I hear you correctly, you told 8% to 9% SSG guidance for next year?
- Akash Agarwal:** Yes. So, for the last 2 years, first we showed SSSG of 31% in FY24, then 29% in FY25. So, our base is more than Rs. 1,000 per square feet per month now. So now we will be very happy with 8 to 10% SSSG also.
- Abhishek:** And do you think we can get operating leverage next year like this year also?
- Akash Agarwal:** Yes, definitely. Because the head office and warehousing cost together is about Rs. 55 to 60 per square feet. Now that would be spread over a larger retail space, so we should get a leverage.
- Abhishek:** And finally, I wanted to ask, you have become CEO. So, is this a long-term thing or we are in a lookout for somebody and this is just a transient thing?
- Akash Agarwal:** No, it is a long-term thing. So, I have assumed all the responsibilities. But definitely we are always in the lookout for good people because to grow at 40% to 50% for the next 5 years, we need to build a very strong foundation.
- Abhishek:** Thank you and all the best.
- Akash Agarwal:** Thank you.



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- Moderator:** Thank you. The next question is from the line of Palash Kawale from Nuvama Wealth. Please go ahead.
- Palash Kawale:** Hello. Thank you for the opportunity. First of all, congratulations for the good set of results and being appointed as a CEO Akash. My first question is related to inventory. So, it has come down and you have guided to open 100 stores. So, do you expect it to go down further or it shall remain at same level or there could be rise because of the store addition which is very aggressive for this year?
- Akash Agarwal:** So, see what happens with inventory is the capacity of the store remains constant. So, when you increase your per square feet sales, the inventory number of days comes down. So, if you are able to continue this trend, then of course there is still some gap to reduce it further.
- Palash Kawale:** And my next question on the same line again, even if I take the same revenue per square feet for next year and take into account 100 stores additions, even then the growth comes out at more than 50%. So, is that the right assumption from my side or am I missing something?
- Akash Agarwal:** So, the complete assumption is based on how many stores are opened in which month. So, you must have taken an average. So, when we put it in our model where we open a lot more stores in September-October season, then it gives us this 50% growth number.
- Palash Kawale:** Got it. And on warehouse side, how much is the warehouse space right now and any plans to add further since you will be adding stores at a very aggressive rate?
- Akash Agarwal:** So, the current warehouse is good to service another 70-80 stores. We have finalized another zonal warehouse in Calcutta. So definitely with the new stores' acceleration, we will finalize more warehouses.
- Palash Kawale:** And what is the CAPEX per square foot for warehouse?
- Akash Agarwal:** So, for a 1 lakh square feet warehouse, the CAPEX is around 20 crores.
- Palash Kawale:** And the last question from my side. Last year Q1 was again very good and you will be on a high base in I think Eid and all like festive demand would not be there because it was there in Q4. So, do you still expect Q1 to be very good and how are the trends for Q1?
- Akash Agarwal:** So Q1 has the main wedding season, of course the Eid was preponed and it shifted to Q4. So, there will be a slight impact. But we have seen very good traction and we have seen very good



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performance of the new stores as well. So, it gives us very good confidence and hopefully it continues throughout the year.

**Palash Kawale:** So, is it in line with the guidance of SSSG that you have given?

**Akash Agarwal:** Yes, it's in line with the guidance that we are giving for the future years.

**Palash Kawale:** That's it from my side. Thank you for your answers.

**Akash Agarwal:** Thank you.

**Moderator:** Thank you. The next question is from the line of Onkar Ghugardare from Shree Investments. Please go ahead.

**Onkar Ghugardare:** Good morning. Congrats for the great results once again. My question was regarding earlier you mentioned that you would be growing at 40% to 50%. I mean your endeavor is to grow at 40%-50% for the next 4-5 years and again you mentioned at the beginning of the call that you would be targeting margin expansion in '26 and '27. So, coupled with both of this, what kind of EBITDA growth you would be targeting? Maybe a margin level can help on 40%-50% revenue growth.

**Akash Agarwal:** So, because the new stores are slightly below in terms of per square feet sale because it takes about 2 to 3 years for them to mature. So, there might not be a huge expansion in EBITDA margin. But like I mentioned before, there will be a slight operating leverage. If we get a very good SSSG like the last couple of years, then there will be an EBITDA margin expansion. But otherwise with opening 100 new stores, we will target around pre-IndAS 8% to 9% EBITDA

**Onkar Ghugardare:** Right now, what is the EBITDA pre-IndAS?

**Akash Agarwal:** So pre-IndAS EBITDA is 8%.

**Onkar Ghugardare:** So somewhere you are expecting the similar kind of margins for the next couple of years?

**Akash Agarwal:** Yes, the expansion would be within a 1% mark because the newer stores, they absorb the extra EBITDA because there per square feet is about 20% to 25% lower than the old mature stores.

**Akash Agarwal:** So, do you think that your size is helping us to give you the guidance of say 40%-50% for the next 4-5 years or obviously the market is itself the retail category is growing, but I mean can you expand a bit more on that?



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- Akash Agarwal:** I didn't understand your question, sorry.
- Onkar Ghugardare:** I mean you are targeting 40%-50% growth. So, I am asking whether this is based on the size at which you are, the base at which you are or else it is also because of the market growing and you are a small base in that market.
- Akash Agarwal:** No. So the total addressable market is huge. But we just made a model where we open at least 100 stores every year and get an 8% to 10% SSSG. And we felt that this is achievable because we opened 74 stores last year and we have proved that we can grow at that level also. So, the scope to grow is much faster than this also. But like I said, if our performance keeps improving like it has in the last 2 years and the new stores keep giving encouraging results then we might accelerate the store growth and it might be 50% to 60%.
- Onkar Ghugardare:** So, you are targeting 100 stores each year for next 4-5 years, is that correct?
- Akash Agarwal:** Yes.
- Onkar Ghugardare:** And this last question, everything looks so bullish. What can be the downside here?
- Akash Agarwal:** I think the biggest downside can be poor execution because the addressable market is there. India is a consumption giant; you can just imagine the next 10 years is going to be what happened in China from 2000 to 2010. So, in terms of macroeconomic factors, in terms of the sector that we are in, in terms of the total addressable market, nothing is amiss. The only thing that can go wrong is poor execution and we not sticking to our strengths and not giving the right product to the consumers.
- Onkar Ghugardare:** All right. Thanks. Best of luck.
- Akash Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Ashish from Leo Capital. Please go ahead.
- Ashish:** Hello. Congratulations on a good set of numbers. I have two questions. So, my first question is what is the rental cost on a pre-IndAS basis for the current year and the previous year?
- Akash Agarwal:** So previous year it was Rs. 56 per square feet per month and current year it's around Rs. 52 per square feet per month.
- Ashish:** And for a store greater than one year what sort of sales per square feet are we currently at?





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- Akash Agarwal:** It's more than Rs. 1,100 per square feet.
- Ashish:** I just wanted a confirmation. I think in the beginning you mentioned that the old inventory of which is greater than 1 year is around 5%, Is that correct?
- Akash Agarwal:** Yes.
- Ashish:** Got it. Thank you.
- Akash Agarwal:** It used to be 18%.
- Ashish:** Thank you.
- Akash Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Niraj Mansingka from Whitepine Investment Management Private Limited. Please go ahead.
- Niraj Mansingka:** Thank you. Akash, just one question. On the new stores that you are adding, can you give some color because they are not a part of SSG. Can you give a color on how they are performing because the reason I am asking is that your store addition has increased a lot. So why don't you just know on the color on how the revenue per square feet on a blended basis would come up in years from, so a new store color would be very useful on that side.
- Akash Agarwal:** Sure. So, I will just give you a comparative number so it will be easier for you to understand. So about 2 years back when the company per square feet was around Rs. 650 per month. The new stores did around 40% lower than the old stores, that was the benchmark. But now the stores that we opened in the last 1 year, they are doing 26% lower than our old stores. So, the new stores performance has improved a lot. So, if my old stores are at Rs. 1,000 even the new stores are starting at 750 to 800, which is a very encouraging figure. And it takes around 2 to 3 years for a new store to mature because they grow at a faster rate than the mature stores. So, in a 3 years' time they come at par with the stores that are aged more than 1 or 2 years.
- Niraj Mansingka:** And the second question is on the geographical areas, are you going to newer markets and how is the adoption on those sites like in the new states or the new regions that you are going?
- Akash Agarwal:** Yes, so we entered Punjab, we entered Andhra Pradesh, we also entered Rajasthan. And we have got good response across these new states. We are collecting more data; we are trying to gauge what kind of assortment sells in that particular market. And the next stores that we open in that



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market will be adjusted accordingly. But wherever we are entering because of the value proposition that we offer to the customers, we are getting an amazing response because we don't really have much competition in these new areas in the price segment that we operate in. So, the traction has been really good.

**Niraj Mansingka:** On the blended of these new states of Punjab, AP and Rajasthan, how would the revenues per square feet share right now?

**Akash Agarwal:** So, it's at par with the new stores' revenue per square feet, around 750 to 800.

**Niraj Mansingka:** I got it very much. And do you see the cost increasing because of the new stores because the you can't agglomerate the cost or divide the cost because they are at some further distance. Any comment on that side?

**Akash Agarwal:** No. So Rajasthan and Punjab is very close to our distribution center. So logistic costs are negligible. And for the south we were already present in Karnataka so we can leverage on the existing routes. So there has not been any increase in cost. In fact, we have been able to reduce the cost because the average rental of the newer stores is lesser than the company average.

**Niraj Mansingka:** Great. Thank you. I will come back in the queue.

**Akash Agarwal:** Thank you.

**Moderator:** Thank you. The next question is from the line of Akash Jha from AJ Wealth. Please go ahead.

**Akash Jha:** My first question is how is the demand trend shaping up in Q1 so far? I mean, given the recent discussions around a possible slowdown.

**Akash Agarwal:** So, if you compare from period to period because Eid was preponed and it shifted from Q1 to Q4. So otherwise, if you look period to period, we are getting a double digit SSSG Q1 and we have seen a very good response. And all the stores also that we opened in the current quarter, we are getting very good traction.

**Akash Jha:** I want to know actually what is exactly working for V2? We have already grown 40% last to last year, then this year we have grown around 60% and now you are guiding for another 45%-50% growth. So, what is exactly driving this performance? Because when I look at other players with a similar kind of model, they are not able to actually match our level of growth, so could you give us more clarity on that?



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- Akash Agarwal:** I think our name stands for the core values that we believe in. So V2 stands for value and variety. So, we feel we give maximum value to the customer. So, in a sense that means that we are the cheapest in that quality benchmark. And the second is variety, in terms of number of options, we are the leading retailer. So, you can benchmark us with any of our competitors. We have almost 2X the number of options offered to the consumers. So, these two added up with the kind of assortment that we have at the stores. I think all these three together becomes the perfect mix to have, we now hold a leadership position in this price segment which is an ASP of about 300 because our per square feet sales are at least 25% to 30% higher than our nearest competition.
- Akash Jha:** Thank you.
- Akash Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Naitik from NV Alpha Fund. Please go ahead.
- Naitik:** Hi sir. Thanks for taking my question and congratulations on a very good set of numbers. So, my first question is, we have seen significant improvement in our working capital overall. So is the only reason increase in sales per square feet, that's the only reason or have we taken some steps consciously which has led to a reduction in working capital?
- Akash Agarwal:** So, we have taken a lot of steps to actually optimize inventory, and we did a lot of knowledge transfer and training to our vendors. So earlier our on-time delivery used to be just 40% and it has now increased to around 70% to 75%. So, before we had to carry a 30-day safety inventory in our warehouses so that our shelves wouldn't be empty. Now we have been able to reduce that a further 10 days. So that is why you are seeing an efficient inventory cycle also. And we have focused a lot on different processes in terms of supply chain and picking process, put away process and the picking and put away at the store as well. So, all those combined together has led to a much more efficient balance sheet. And this is an ongoing process, so it will continue to happen in the next couple of years as well.
- Naitik:** But if I look at your creditors also, creditor days are also significantly increased. So, is that because we are being able to better negotiate the terms with them or what?
- Akash Agarwal:** So, credit days have increased because the share of the subsidiary goods. So, we have a subsidiary V2 Smart, which has our manufacturing units. So that contribution used to be out 18%-19% and it is reduced to 5%. So there the credit days were zero. So as the proportion of those goods are decreasing, the credit days are increasing. As per vendors we have not increased any credit days. It has remained constant at around 50 days.



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- Naitik:** Got it. So, my second question is, you mentioned your rent cost per square feet which is actually declined. So also wanted to understand, how is that actually declining?
- Akash Agarwal:** It just depends on the set of stores that you finalize. And another thing that works very well for us is we don't look for locations right in the center of the market. What we prefer is a larger flow plate, a big frontage, good parking. So, we focus more on the customer experience because we know our brand has enough pull for the customers to come 1 km extra from the market. So those things also work for us. And it really depends on the kind of markets that we are focusing on. It's mostly Tier II and Tier III. So, we have been able to get properties at a very good price.
- Naitik:** Because my question was in context of other players actually sort of saying that rentals are actually increasing and they are not finding suitable places because they are also expanding Tier II and III cities which have limited sort of properties where they can open stores.
- Akash Agarwal:** I cannot comment on what other people have been saying, but we have seen something very different because lot of properties have been converting into commercial properties in these cities and there's a lot of scope for new commercial buildings. So, we always get multiple options in each city before finalizing a store.
- Naitik:** Right. So, safe to assume newer stores, we are going to sort of find rentals which would be at current rate or lower only it's not going to increase in terms of per square feet.
- Akash Agarwal:** Yes, correct.
- Naitik:** Right. Got it. So that's it from my side. Thank you.
- Akash Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sparsh Mittal from ICICI Bank.
- Sparsh Mittal:** Good morning, sir. Congratulations for the wonderful result. I have two questions. One is a follow up question to the answer that you just gave. That is the internal procurement has reduced from 19%-20% to 5%. Any specific reasons for that? That's one. And second, V2 Retail has had a history of corporate debt restructuring when it was known as Vishal Retail and the reasons for that were the increase in stores. The company increased stores from like 49 to 170 from 2007 to 2009 with the help of an IPO and borrowings to the tune of about 500 crores and in the current scenario as well, the company is increasing store numbers at an even kind of higher, at a more aggressive rate. So, the question being, I mean what is the company doing different in comparison to the 2019-10 scenario wherein we were forced to go ahead for corporate debt



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restructuring which kind of concluded till 2017-2018. Only in 2018 annual reports was the restructuring story kind of removed from the annual report. So those are the two questions.

**Akash Agarwal:**

Sure, I will answer your first question first. So, the contribution of the subsidiary goods have reduced from 18% to 5% because the volumes are increasing and the capacity of the manufacturing units was fixed. So, we opened the manufacturing units just to get transparent cost of making each and every category so that we could negotiate with the vendors better. There were no plans to expand that business or open more units. So as the volumes of the business will increase, that contribution will keep coming down to very insignificant levels. Now answering the second question. The scenario that you are comparing from is totally different. If you look at the financials, if you look at the numbers, you will understand that because during Vishal we never we were generating so much cash flow. We were never generating EBITDA at a percentage of almost 8%. We did not have an ROE of 23%. Our per square feet sales was less than Rs. 500 per square feet. So, it is not an Apple-to-Apple comparison. And even last year we opened stores all through internal accruals and we can open 100 stores this year also with just internal accruals. So, I don't think it's a right comparison. And because of the learnings we had from the previous company, now we have cash flows made every week. We make store level EBITDAs. So, if you look at more than 1 year old stores, we don't have a single EBITDA level bleeding store in the company, which I think historically is the first time that has happened. So, there are certain checks and processes that we have built where we don't want to compromise on profitability just to chase a growth number or just to open lot of stores. It's only because we have built a competitive advantage, we are ahead of the competition, we have built a leadership position. And the last 4 years was a period of consolidation where we were spending our model, we were trying to make our product offering better, we were working very hard on processes. So now I think it's the time to reap the rewards of it. And when you are getting very encouraging performances and there's a huge acceptability of the products and because whenever we are opening a store, we are getting very good traction. So that means that our model is strong and that is why it gives us confidence to be able to open 100 stores and grow at the rate that we are talking about.

**Sparsh Mittal:**

Alright. Thank you, sir.

**Akash Agarwal:**

Thank you.

**Moderator:**

Thank you. The next question is from the line of Niraj Mansingka from Whitepine Investment Management Private Limited. Please go ahead.



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- Niraj Mansingka:** Thank you. Just wanted to know some color, you started V2 Smart, so how much you were able to reduce the cost from the vendors and what is the proportion of peak revenues from those company and how much is it right now? Some small color would be useful.
- Akash Agarwal:** Again, Niraj, like I said that contribution is very insignificant now. So, there is a cost saving about 6% to 7%. But now the sales contribution from that business is less than 5% and it is a very capital-intensive business. So, in order to grow and procure for the big scale that we are talking about, the way to go is having vendor partners, having contract manufacturers who can give us at very similar prices. So, one thing beneficial out of this that came was now we have been able to negotiate better prices with our vendors by showing them the transparent costs that we are getting in our factory. So, I think it has served its purpose and now we have been able to renegotiate and get much better prices from our vendors itself.
- Niraj Mansingka:** How much of the peak revenue from V2 Smart?
- Akash Agarwal:** Peak revenues would be about 8 lakh pieces a month. So that's about 150 crores.
- Niraj Mansingka:** 150 crores a year?
- Akash Agarwal:** Yes.
- Niraj Mansingka:** And you achieved a saving of almost 6%-7% because of that compared to what it was started?
- Akash Agarwal:** So, see, this saving was achieved towards the latter part of the year. Because it all depends on the efficiency of the manufacturing units. When you are setting it up, you are actually getting higher costs. So that has not yet been translated into numbers.
- Niraj Mansingka:** And what did you do with those machines? Are you still holding them or you sold them?
- Akash Agarwal:** We are giving them to our vendor partners because we are increasing the business with certain vendor partners by almost 2x or 3x. So, they needed machines so we have been giving it to them.
- Niraj Mansingka:** And any guidance for the EBITDA margin on the pre-IndAS side for FY26?
- Akash Agarwal:** It should be between 8% to 9%.
- Niraj Mansingka:** For the entire FY26, right?
- Akash Agarwal:** Yes.



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- Niraj Mansingka:** Great. Thank you. I will come back.
- Akash Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Rajesh Vora from Jainmay Venture. Please go ahead.
- Rajesh Vora:** Congrats Akash and the team on wonderful setup. It's good to know, Aakash that all new stores are EBITDA positive here. On that line what is the CAPEX per store and what is the payback period on an average for a new store for your company?
- Akash Agarwal:** So, the CAPEX per store is 1.1 crores. And if you include the inventory, it's around 2.2 crores. That's your investment. And if we get a Rs. 1,000 per square feet of sale with a gross margin of 28% and the cost structure that we have which is Rs. 190 per square feet per month, we get an EBITDA of 1,08,00,000 crores for the whole year. And if you take out the net profit is around Rs. 60 to 65 lakh for the whole year on an investment of 2.3 crores. So, you get an ROE of about 23%-24%. So, the payback period is 4 years.
- Rajesh Vora:** Got it. And another thing I noticed is that on 4<sup>th</sup> Quarter of '25 gross profit margins have come down a bit from 28% a year ago and 32% in third quarter. So obviously third quarter is the best one. But what changes with less than 100 crores delta change reduction in revenue from 3<sup>rd</sup> Quarter to 4<sup>th</sup> Quarter. The swing in gross profit margin is very huge which should be more variable for us. Could you please explain that?
- Akash Agarwal:** So, it's because of the end of season sales for winter and pre winter goods. So, winter and pre winter season is only for 3 to 4 months. And if we don't clear out that inventory in January then we have to carry it for another 9-10 months. So that is why always the 4<sup>th</sup> Quarter has the lowest margin. And in terms of sale because it's cyclical, there are no weddings in the 4<sup>th</sup> Quarter and January and February is the dullest months usually throughout retail for consumption. So that is why you see that dip.
- Rajesh Vora:** What this end of season sale would cost in terms of revenue, roughly about maybe a couple of percentage, how should we read it?
- Akash Agarwal:** It's more, so during the end of season sale the gross margin drops by more than 6%-7%.
- Rajesh Vora:** Got it. Great Akash. Congrats on good set of numbers and all the very best for the next year.
- Akash Agarwal:** Thank you.



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- Moderator:** Thank you. The next question is from the line of Gaurav Jogani from JM Financial. Please go ahead.
- Gaurav Jogani:** Thank you for the opportunity and Akash, congratulations on a great set of numbers. Akash, I just wanted to understand one thing, if you look at the cash flow for FY25 and our implied cash flow for the year comes to be flat given that there is also a CAPEX of around 100 odd crores that we have incurred on these store openings. So, in this light how do you expect the cash flow to emerge in FY26-27? Given that profitability will increase meaningfully and I think the epics would also increase because the store openings is also increasing.
- Akash Agarwal:** So, there are two things that we have to take into account. So, one is better inventory efficiency like we have done this year. And there was about 60 to 65 crores invested in our subsidiary. And right now, we have already been able to reduce 30 crores from that. And we will be able to further reduce another 25 to 30 crores from that. And third, the debt that we have on our books is currently used for bill discounting feature that we give to all our vendors where they can avail their payments with a certain discount. So, if any day or any month we feel, we are not able to fund or we are low on cash, we can just stop the build discounting feature and use the CC limit for our expansion. So, there are three levers that we can still use.
- Gaurav Jogani:** Sure. But I mean on annualized basis, what kind of CAPEX would you be incurring for the next couple of years?
- Akash Agarwal:** So, this year if you open 100 stores we will have to invest about 220 crores.
- Gaurav Jogani:** And that would be including the inventory or this is just the CAPEX?
- Akash Agarwal:** Including the inventory. CAPEX is 110 crores and another 110 to 120 for inventory.
- Gaurav Jogani:** Sure. And just one thing I wanted to understand from your side.
- Moderator:** Sorry to interrupt Mr. Gaurav, may we request you return to the question queue for a follow up question?
- Gaurav Jogani:** Sure.
- Moderator:** Thank you. The next question is from the line of the Divyanshu Mahawar from Dalal & Broacha Stockbroking Private Limited. Please go ahead.





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- Divyanshu Mahawar:** Thanks for the opportunity, sir and congrats on the good set of numbers. I have just couple of questions. First on the cash flow side, if you look at the EBITDA to CFO conversion for this year has been on the around 90%. So, it is because mostly of the inventory efficiency. So, could you give us a highlight that what steps would we have taken on increasing our inventory efficiency from the last year? Because last year we saw the cash flow from operation being little subdued because I think it was over the inventory level. So, what steps we have taken on the inventory side to get our inventory more efficient or money blocked in the lesser inventory side?
- Akash Agarwal:** So, I think already mentioned this. There are two main things that happened. One is the increase in per square feet sale. So, the capacity of our stores remains the same. So, we keep the same amount of inventory for a higher sale so that reduce the inventory days by 6-7 days. The second biggest thing that happened was we reduced the safety stock that we keep in our warehouse. It used to be 30 days. But because we have been able to give prior planned orders and educate our vendors and get more goods on time, we have been able to reduce the safety stock also and we plan to further reduce it by 6-7 days going forward.
- Divyanshu Mahawar:** And what could be in terms of operational efficiency in these stores since what I have understood by visiting your stores is that we have the distribution centers in their stores only. And the store guy doesn't come out to be in this distribution center as well. So, is it some kind of efficiency in this store operation is also having impact on inventory?
- Akash Agarwal:** So, you asked me specifically the difference from last year versus this year. But the store distribution center that you are talking about we have been using for the last 4-5 years now. So, the delta change that has happened is happened because of the reasons I mentioned to you. But our store level inventory efficiency has always been very high because of the different virtual and physical locations that we have for inventory at the store level.
- Divyanshu Mahawar:** And one last question sir, if we look at on the store opening side. What is our thought process that are we going on the cluster wise store CAPEX or what we going towards on the whole India pan India store wise basis from now onwards? Because our growth trajectory would be changing from now onwards.
- Akash Agarwal:** So, because we know the fact that we want to be a national level retailer in the next 5 years we want to test new markets and test new waters also. So about 60%-70% of the new stores will be in existing clusters and existing markets where we are very strong in. But definitely 20% to 30% stores will be in newer markets, newer geographies and it gives us more confidence because whatever, whichever city that we have entered, whichever new state that we have entered till now, we have got a very good response.



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- Divyanshu Mahawar:** Thank you so much sir and best of luck for the FY26.
- Akash Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Abhishek from AB Capital. Please go ahead.
- Abhishek:** Just wanted to ask you had told that ROE will go north of 20 and that you have achieved. So just wanted to know like how much do you think we can reach by end of '26 next year?
- Akash Agarwal:** So, like I mentioned because we are growing at 40%-50% and newer stores don't perform at par with the older stores. So, I don't think there will be a huge delta and we are very happy with 23% to 25% ROE. And if you look at pre-IndAS basis then the ROE is 28%. So, I think even if we maintain it with such a high growth number then it's a very good performance.
- Abhishek:** I think in Q2 con-call you had told about a local level e-commerce you will do with your wherever your stores are located. So how is that line of business going?
- Akash Agarwal:** We are not happy with the technology that we were integrating with and we don't want to start it halfheartedly. So, we are still exploring what works best for us and that can be easily integrated with our SAP systems. So only then we will start. Still, it is not a concrete timeline, hopefully this year.
- Abhishek:** I am just wanting to confirm you told 4% to 5% PAT margin you are thinking.
- Akash Agarwal:** Yes.
- Abhishek:** Thank you.
- Akash Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Aditya Agarwal from Finavenue. Please go ahead.
- Aditya:** Sir, I wanted to just check with the thing like how much in house design team has expanded in the recent from past 3 months and like how do we phase store growth? So basically, do we have internal store growth team or growth officer or we are dependent on external agencies for the same?



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- Akash Agarwal:** We have a whole business development team, I think there are 8 to 9 people just in that team for finding out new sites and visiting them, filling in the formats, benchmarking them. So, to open 100 stores every year definitely we need our team and of course we take help from different agents, brokers and agencies that help us with the sites. But all the analysis and everything is done by internal team and then finalized by very management committee team.
- Aditya:** Yes sir. And we earlier we had like 3weeks policy for our inventory which was not getting cleared off. So, are we sticking to the same policy or we are doing some changes over there in the policy level?
- Akash Agarwal:** No, it is the same policy. We wait for 15 days before identifying slow movers and then putting them in the discount zone. And to answer your first question there has not been a significant increase in the product development team. And we have also mentioned this earlier because we want to take a gradual approach in increasing our product development percentage. Because we want to make sure that whatever our in-house designs are at the store level, they are giving us at least 15% to 20% higher gross profit per square feet. And we don't want to disrupt the business performance suddenly. So, we are taking a cautious approach and it's giving us good results.
- Aditya:** And sir, on the terms of PAT. Can we expect like FY26 to be a blockbuster for us with like Rs. 150 crore or 200 odd crores of final bottom line by growing at 50% --
- Akash Agarwal:** Again, hopefully it is a good year and it's looking like it's going to be a good year. But we are sticking to our strengths and trying to implement all the different 15 new projects that we have undertaken to go to the next level. So, the next target for us is Rs. 1,200 per square feet per month. So, we hope to reach there in the next 2-3 years.
- Aditya:** Thank you so much sir and best of luck.
- Akash Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Rajiv Bharati from Nuvama Wealth. Please go ahead.
- Rajiv Bharati:** Good morning, sir. Thanks for the opportunity. So, with regard to because ROEs, are ROCs are basically close to 23% and we have seen that several players have kind of solved the franchising bit recently. Are you open to franchising especially the CAPEX side of your business to expand, to release some capital?



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- Akash Agarwal:** To be honest, we have not studied that growth path yet but I think we would be open to it in the future. Like I said, if we feel we want to accelerate the number of stores that we want to open and the business is continuing on the momentum and we keep getting amazing SSSG and the newer stores traction, then we would explore that route as well.
- Rajiv Bharati:** Sure. And lastly on geographical spread, so especially on something like Odisha and Jharkhand, how do they stack against on the indexation front on the sales per square feet number versus rest of the pack?
- Akash Agarwal:** So, Odisha has been very strong market for us. And I don't have the exact numbers but it's definitely higher than our national average. And same goes for Jharkhand because it also depends how many, what percentage of stores are mature stores in that particular state. So, for example, we have almost eight stores in Bhuvaneshwar. So, it's been a good market for us and that is why we are expanding more in Odisha and Jharkhand also.
- Rajiv Bharati:** So that's all from my side. Thanks a lot, and all the best.
- Akash Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Naitik from NV Alpha Fund. Please go ahead.
- Naitik:** Hi sir, thanks for the follow up question. My question is, when I look at your balance sheet your other current assets or other current financial assets have almost doubled from last year. So just wanted to understand what constitutes are sitting here in the other current affairs?
- Akash Agarwal:** I would have to check that but I think you are checking the IGAAP numbers. So, it's all related to how your rental properties are part of your assets. So, because we opened a lot of stores this year, they are added to assets and then you subtract the liability and charge interest cost on that on those rent provisions.
- Naitik:** No sir, I am talking about other current assets which has gone from 50 to 109 crores other current or other financial assets. So, I think this is different from current assets.
- Akash Agarwal:** I would have to check for that number. But it's mostly other current assets, it's security deposits and just advances. I will have to check on that number.
- Naitik:** Got advantage and security deposits majorly. Thank you.



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- Moderator:** Thank you. The next question is from the line of Anuj Lunawat from an individual investor. Please go ahead.
- Anuj Lunawat:** So basically, I wanted to ask about inventory turn. So, we have seen a very good growth in same store SSG of say whatever, 30%. But the inventory turns have been remained stagnant around 3.3-3.2. What is our plan in improving here and I heard it in the last call that we have been working with the vendors in terms of improving the ERP so that we will have to keep less inventory. So, is that in that direction, how would you like talk about the trajectory of the same?
- Akash Agarwal:** So yes, current inventory level is around 90 days, sir. And as we are able to improve the vendor ERP integration and the supply chain from the vendor part, I think we will be able to get it down to around 75 to 80 days. But there is no further scope to reduce inventory because then we might risk on loss of sales because we never want our shelves to be empty. And the added cost of 10 to 15 days inventory is much less than the opportunity cost of a lost sale.
- Anuj Lunawat:** And my one last question was about what was the sales to repeat customer?
- Akash Agarwal:** So, in the mature stores it's around 70%.
- Anuj Lunawat:** Thank you.
- Akash Agarwal:** Thanks.
- Moderator:** Thank you. The next question is from the line of Kapil Malhotra, an individual investor. Please go ahead.
- Kapil Malhotra:** Hi. I just wanted to ask that Q1 will maintain the growth rates forecasted about 45%-50%. And its assumed being one of the better quarters of Q1 and Q3 are supposed to be the better quarter. So, our PAT margins of about 4% to 5%, can we assume that for the full year?
- Akash Agarwal:** For the whole year the guidance is 40% to 50%. So yes, you should see those numbers in each of the quarters and similarly that goes for pack numbers as well.
- Kapil Malhotra:** Thank you. That's it.
- Moderator:** Thank you. The next question is from the line of Onkar Ghugardare from Shree Investments. Please go ahead.



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- Onkar Ghugardare:** You intend to become a national level player in next 4-5 years. So as of now you have not entered markets like Maharashtra and all. So, what are your plans on that front?
- Akash Agarwal:** We opened our first store in Maharashtra actually 5 days back in Ichalkaranji and we got overwhelming response. So hopefully Maharashtra becomes one of our core territories in the next 4-5 years.
- Onkar Ghugardare:** If my calculation is correct, you would be going towards 600-700 stores next 4-5 years, is that calculation correct?
- Akash Agarwal:** Yes. Hopefully before that also.
- Onkar Ghugardare:** And your long-term target for sales per square feet, you are Right now targeting around 1200. But what level can you reach to if all goes well?
- Akash Agarwal:** There is no limit. I think we want to keep testing the ceiling for that. I don't think anyone can give you a ceiling to that. I have seen stores that do Rs. 10,000 per square feet of sale also. So, I think it is limited by your own capabilities.
- Onkar Ghugardare:** If my understanding is correct for sales per square feet and for margins there is only upside we can calculate, right?
- Akash Agarwal:** Yes.
- Onkar Ghugardare:** For revenue you have already told. But for margins and sales per square feet there is only upside you are assuming.
- Akash Agarwal:** See again for guiding we say 8% to 10% SSSG. But you asked me what is the limit, so those are two very different questions. So, if you talk about limits, I think there is a scope and potential for doing much higher per square feet sale. But like I said, we have not implemented a lot of things yet that we want to implement. We don't still sell 100% of what we design or make. So, there is a huge scope for improvement and growth. But for guidance when you talk about making a model, making a business plan, it is 8% to 10% SSSG with opening 100 stores at least every year and the new stores doing 25% to 30% less than old stores. So that is how you build the business plan. But when you talk about the ceiling of per square feet sale I think the first target is Rs. 1,200. Then the next target would be Rs. 1,500 per square feet per month.
- Onkar Ghugardare:** And this 8% to 10% SSG growth you are talking about, this is because of last 2 years pace is now high. That's the only reason or I mean is there something other you are penciling in?



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- Akash Agarwal:** No, of course. Like now we have increased the average revenue of a store from 65 lakhs to more than 1 crore a month. So, the percentage we have almost grown like more than 60%-70% in 2 years for the same cohort of stores. So, because of a higher base we are taking a smaller number.
- Onkar Ghugardare:** And for the next 4-5 years if you want to grow at this pace, 40%-50% you are saying, I mean would your internal cash flows be enough or like at some point of time you will have to tap the market or debt would be the strategy.
- Akash Agarwal:** So that also I mentioned before that to grow at 40%-50% we don't need additional capital. But because we have been getting such good response of our new stores. We are working on increasing, accelerating the store growth. So, then we might think about raising capital but not debt. It will be equity infusion.
- Onkar Ghugardare:** And can you tell me what is the current debt to equity ratio and what are what is the ROC return on capital employed?
- Akash Agarwal:** I don't have the ROCE figure, but debt is around 125 crores, and equity is around 360 crores, so it's 1:3.
- Onkar Ghugardare:** Any ballpark number for ROCE?
- Akash Agarwal:** No, I won't be able to. ROE is 23.2%. We will have to check for the ROCE.
- Onkar Ghugardare:** Just a final question is on the interest from the institutional side. We see very less institutional investors from your shareholding pattern. What's stopping them? It's for them to answer. But just asking you like since you are growing so much and at a profitable way, are you meeting some institutional guys or like what's your comment on that?
- Akash Agarwal:** There is regular conversation and it's a mystery to us also. I think we will have to post even more stellar results to convince them and hopefully be able to do so.
- Onkar Ghugardare:** Alright. Thank you.
- Akash Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Rohit Jain, an individual investor. Please go ahead.



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- Rohit Jain:** I just want to know one question that. Do you have any future plan regarding to cater upper category market like Westside and Zudio, do you have any future plan regarding that?
- Akash Agarwal:** No sir, we don't have any plans for that. We want to focus on this model. This model has big enough market potential so at least not for the next few years.
- Rohit Jain:** Thank you and congratulations for good set of numbers.
- Akash Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Divyanshu Mahawar from Dalal & Broacha Stock Broking Private limited. Please go ahead.
- Divyanshu Mahawar:** Thanks for the opportunity. So just wanted to understand the thought process. Suppose for example if we go to open the next 100 stores in 1 year in next FY26. So, if by in chance my 100 stores get the revenue same store sales growth, or you can say that what we wanted to get the revenue from the 100 stores if we don't get the EBITDA breakeven or EBITDA positive. So, what is the thought process that first we will focus on making profitable that 100 stores and then we expand it?
- Akash Agarwal:** Yes, definitely. So, what happens is the whole expansion that we are talking about is going to happen in multiple legs. So, if we open a next batch of 50 stores and we see that all the new stores are doing less than 50% of our old stores, then of course we will revisit our growth plan and we would not open 100 stores or 50 stores. And we will try to figure out what went wrong and try to consolidate and correct that before growing. Because I already mentioned that this time it's not just about number of stores or revenue growth numbers. This time a big focus is on profitability, on return ratios because profitability is the priority.
- Divyanshu Mahawar:** And so last one thing just wanted to understand, you mentioned in the call that our target is to get into 1500 square feet from 1200 post that it will reach it to the 1500 square feet per month. So what gives you the confidence here, what gives you the more motivation that we can do 1500? What steps we would be taking to reach that kind of square feet sales, 1500 square feet per month sales? Any steps you would be taking out that could make you a better than the competitors if you can tell us a broad.
- Akash Agarwal:** So, it is focusing on the same things that we have been focusing on. Again, it's all about product. So, working on product even more, having 100% of our own designs, making the quality better, fabric better, fits better, colors better. It's about processes, it's about demand forecasting, doing it better. So, I think it's a combination of hundred different factors that makes a secret sauce that





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has helped us get from 650 to 1000. And that is how we plan to get from 1000 to 1200 and then 1200 to 1500. There is no white or black answer or a one-word answer to that. If we knew that, we would have done it already. It's a lot of trial and errors. It's a lot of innovation and it's a lot of improvement.

**Divyanshu Mahawar:** Understood. Thank you, sir.

**Akash Agarwal:** Thank you.

**Moderator:** Thank you. The next question is from the line of Nitesh Kumar, an individual investor. Please go ahead.

**Nitesh Kumar:** Congratulations on a good set of numbers. Mr. Agrawal, it would be great if you bring some light on qualified opinion given by auditors for PPE even from the last 3 years. This is basic requirement, I guess. Please bring some light on it.

**Akash Agarwal:** So which point are you specifically talking about? Can you mention it?

**Nitesh Kumar:** Qualified opinion for PPE from the last 3 years like some machinery or something, like that.

**Akash Agarwal:** The main qualified opinion that has been there for multiple years has been the fixed assets reconciliation. So, because we did not have the fixed assets module in our ERP, it has been a challenge because we have so many multiple sites and there are more than 15,000 different articles for fixed assets and we did not want to do an accurate reconciliation. So, we had hired an external agency who worked on it for more than 1 year but we were not satisfied with the results. But now we have hired a newer one and because almost 80% done so this year, all the qualified comments would be removed by the year end.

**Nitesh Kumar:** Thank you.

**Moderator:** The next question is from the line of Akash Jha from AJ Wealth. Please go ahead.

**Akash Jha:** My question is already being answered. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, we will take this as the last questions and I now hand the conference over to Mr. Aakash Agarwal for closing comments.



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**Akash Agarwal:** Thank you everyone for joining in the call. We hope we have been able to answer your queries. For any other further communication, we request you to get in touch with Marathon Capital, our investor relation team. Thank you.

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