

V2 Retail

14 August 2026

Operator: Ladies and gentlemen, good day and welcome to V2 Retail Ltd. Q1 FY27 conference call. As a reminder, all participant lines will be in 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 that V2 Retail Ltd. has uploaded on the stock exchanges and its website, including the discussion during this call, contains or may contain certain forward-looking statements concerning V2 Retail Ltd.'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 the operator by pressing star and then zero 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, sir.

Akash Agarwal – Director & CEO: Good afternoon, everyone, and a very warm welcome to V2 Retail Ltd.'s Q1 FY27 earnings conference call. We trust you have had the opportunity to review our financial results. The earnings presentation and press release are available on the stock exchanges and on the company's website.

As we begin FY27, we do so with strong momentum and a clear sense of purpose. The company is operating from a position of strength, supported by continued innovation, agile execution, and the deep trust we have built with millions of customers across the country. We delivered an amazing 58% year-on-year revenue growth in the first quarter while maintaining healthy returns. This performance reflects the strength of our business model, disciplined execution, and the resilience of customer demand in India's value fashion segment.

India's retail landscape continues to undergo a structural transformation, creating significant opportunities for organized value fashion retailers. Consumption is expanding beyond the metros, organized retail is gaining market share, and consumers in smaller cities are becoming increasingly connected, aware, and willing to spend on better-quality products. We believe India's value fashion market still has significant headroom for organized retail penetration. Our focus remains on continuously improving our product offering, maintaining a compelling price-value proposition, opening stores in the right markets, and building a scalable business without compromising on operational fundamentals.

Alongside our strong top-line performance, we continue to make strategic investments that strengthen our ability to scale efficiently within India's value fashion segment. Our focus on analytics-led merchandising, supply chain responsiveness, technology, and operational discipline is helping us improve productivity, strengthen operating leverage, and capture growth at scale. Customer traction across categories remains healthy, demonstrating the continued relevance of our price-value proposition and product refresh strategy. A consistent flow of trend-relevant assortments, supported by strong quality standards and competitive pricing, has helped us drive growth across our store network. This validates our approach of combining affordability with fashion relevance and enables us to remain a preferred destination for value-conscious consumers.

Going forward, we will continue to invest in technology, expand our store footprint, strengthen customer engagement, and further improve our operating capabilities. Together with disciplined

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execution, these initiatives give us immense confidence in sustaining our growth momentum through FY27 and beyond.

During the quarter, we continued to expand our store network in a disciplined manner. We added 56 stores on a net basis during the first quarter, taking our store count to 381 as of June 30, 2026. Subsequently, we crossed the milestone of 400 stores nationwide. Every new store is evaluated carefully, with a focus on catchment potential, store economics, and the ability to generate sustainable returns. Our approach to expansion remains consistent: grow the network, protect store-level economics, manage working capital prudently, and keep return metrics at the center of our decision-making.

Now moving on to some key updates. As of June 30, 2026, the company operated 381 stores covering approximately 40.7 lakh square feet of retail area. During the first quarter, we opened 57 stores and closed one store. The SSG for the first quarter stood at approximately 7.5%. We delivered robust volume growth of 56% during the quarter. Full-price sales contributed approximately 90% of sales in the first quarter, reflecting healthy demand and disciplined inventory management.

Lastly, due to geopolitical tension, we have increased our safety stock in the warehouse for seamless availability of stock, which has resulted in higher inventory levels. Once the situation normalizes, we will reduce our safety stock. We are looking to maintain inventory at around 100 days and creditors at around 45–50 days.

Now moving on to some consolidated performance highlights. Revenue grew 58% year-on-year to 997 crores. Gross margin stood at 28.6% compared with 29.5% in the first quarter last year. EBITDA stood at 139.5 crores compared to 87.2 crores, representing 60% year-on-year growth. EBITDA margin improved to 14% compared with 13.8% in the corresponding quarter last year. Profit after tax stood at 41.9 crores compared with 24.7 crores, representing 70% year-on-year growth. Overall, the quarter reflects healthy operational leverage, strong revenue growth, and continued improvement in profitability.

Now moving on to pre-Ind AS performance. Revenue stood at 997 crores, representing a 58% year-on-year increase. Gross margin was 28.6% compared with 29.4% in the corresponding period last year. EBITDA stood at 79 crores, representing 51% year-on-year growth, whereas EBITDA margin stood at approximately 8%. PAT stood at 50 crores, representing 64% year-on-year growth. The underlying business continues to strengthen, supported by healthy customer demand, network expansion, improving operational capabilities, and disciplined execution.

As we look ahead, our priorities remain firmly focused on profitable growth, capital efficiency, and disciplined execution. We remain committed to expanding our store network in a calibrated manner, improving merchandise productivity, strengthening our supply chain, enhancing customer engagement, and leveraging technology and analytics across the business. We believe the long-term opportunity in India's value fashion segment remains significant. With a growing organized retail market, increasing consumption in smaller cities, and rising customer aspirations, we are well-positioned to participate in this structural growth opportunity.

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Our objective is not simply to build a larger company, but to build a stronger, more efficient, and more sustainable business that consistently creates value for our customers and all stakeholders. The foundation is stronger than ever, and we remain confident about the opportunities ahead. With this, I would like to open the floor for questions.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question.

Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Priyanshu Jain from Growtech Infinite. Please go ahead.

Priyanshu Jain – Growtech Infinite: Hi, am I audible?

Akash Agarwal – Director & CEO: Yes, you are audible.

Priyanshu Jain – Growtech Infinite: Hi, Akash. Congratulations on a good set of results. I have a few questions. The first will be on the realization side. Because of the recent geopolitical tension, we have taken some price hikes, right? Going forward, do we see any possibility of increasing our product prices? We mainly play a volume game, so do you think we will increase our product prices going forward?

Akash Agarwal – Director & CEO: Yes, we are seeing some rise in raw material prices, and I think we will see that come into effect around the third quarter because most of the orders until the end of the second quarter were already placed, and the yarn and fabric pipeline was already in place. I think we will start seeing that impact from the third quarter onwards, and it will be an increase of about 4–5% in the overall garment cost, which we will have to pass on to the consumer.

Priyanshu Jain – Growtech Infinite: Do we have any data on this? In the past few years, commodity prices have been at a stable level, but do we have any data on what kind of impact we face when there is a price increase? Will this 4–5% increase in prices affect our demand? Have we proven this in the past?

Akash Agarwal – Director & CEO: Historically, what we have seen is that there have been multiple instances where it might impact the volumes slightly, but it is completely offset by the increase in the ASP. Therefore, in terms of value growth, it does not have a significant impact.

Priyanshu Jain – Growtech Infinite: For this year, I think the plan is to open 170–200 stores. Are we still on track to do so?

Akash Agarwal – Director & CEO: Yes, we are on track to open 170–200 stores this year.

Priyanshu Jain – Growtech Infinite: For next year, because of the plan to open 170–200 stores, are we going to raise another QIP? Given the cash on the balance sheet, I think we require more capital to—

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Akash Agarwal – Director & CEO: No, I think the internal accruals will be enough. Currently, we are using a lot of our cash to prepay our vendors. Once we want to use that money for expansion plans, we can bring the creditor days back to normal. I think that releases almost 150–200 crores of capital, in addition to the EBITDA we will generate this year. We are also in discussions with the bank to increase the limits because our debt-to-equity ratio is still quite low, so we have some headroom there as well.

Priyanshu Jain – Growtech Infinite: That is all from my side. All the best for the future. Thank you.

Akash Agarwal – Director & CEO: Thank you.

Operator: Thank you. The next question is from the line of Equirus Securities Private Limited. Please go ahead.

Analyst1: Good afternoon. My first question is that I want to understand the forward guidance beyond the regular outlook. What are the top 2–3 execution priorities you are focusing on in the immediate quarters? Alongside that, what do you see as the biggest risk in terms of consumer demand shifts, competitive pricing, or regulatory changes? How are you preparing to mitigate them while strengthening the company's position in value retailing? That is my first question; I will ask the second after this. Thank you.

Akash Agarwal – Director & CEO: Can you repeat your first question, please? There was some disturbance on the line.

Analyst1: Sure. I want to understand, beyond the regular outlook, what the top 2–3 execution priorities are that you are focusing on in the next few quarters. Alongside that, what do you see as the biggest risk in terms of consumer demand shifts, competitive pricing, or regulatory changes? How are you preparing to manage them while strengthening the company's position in the value retailing space? That is my first question; I will ask the second after this. Thank you.

Akash Agarwal – Director & CEO: In terms of priorities as a business, I think I mentioned this in my opening speech as well. The first and foremost priority has always been product-driven, of course. What we have started doing now is consolidating a lot of fabric purchases, tying up with mills, nominating the fabrics, and providing the tech packs to our vendors. This is already showing a lot of promise and providing us with many benefits in terms of quality standardization, as well as economies of scale because of higher volumes and the reduction in cost price.

I think one of our biggest areas of focus has been nominating the fabrics and making the product and assortment offering even better. The second major area of focus has been technology. We are using a lot of AI workflows, and we have, in fact, moved our complete data lake to an AI-enabled platform. This is really helping us get data faster. It has also enabled us to provide prompt-based analysis to many of our business leaders. I think we will continue on that path, and over the next 1 year, many workflows within the organization will be automated.

The third area of focus, I would say, is the team. We have recently announced 2 president-level hires, and that is one of our areas of focus: getting the team in place because we want to grow at a 50% CAGR for the next 2–3 years at least. Therefore, we need that foundation.

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Talking about geopolitical risks or consumer demand risks, I think we feel that the segment we are in has quite inelastic demand. We believe we are selling necessities to consumers. For example, kidswear is 25% of our sales. You have to buy new clothes for your children every year, and you have to buy winter clothes for the family every year. That is why we do not feel there are any particular challenges or risks in terms of consumer demand. It is simply about capturing as much market share as we can through the right execution and the right product offering.

Analyst1: Thank you. My second question is whether Mr. Pratik is also on the call today.

Akash Agarwal – Director & CEO: No, he is not on the call.

Analyst1: My question again, from a financial point of view, is along the same lines. What key risks or challenges do you anticipate in the coming quarters, and what specific measures are being taken to manage margins, cash flow, and balance sheet strength, especially in areas pertaining to cost pressures, receivables, and compliances? Thank you.

Akash Agarwal – Director & CEO: In terms of the balance sheet, we do not have a lot of receivables because we sell everything on a cash basis. As I already mentioned, our working capital cycle should come back to a stable 55, or 50–55, days. Currently, it appears inflated because we make a lot of prepayments. We are one of the best paymasters in the industry.

Whenever we have cash on the books, we give our vendors the facility to receive cash payments for any of their bills, and they offer us a discount on that. Therefore, in terms of balance sheet preparation, we are looking to target inventory of 90–100 days and a creditor cycle of 45–50 days. That should cover all the requirements of the business.

Analyst1: Thank you, and best wishes.

Akash Agarwal – Director & CEO: Thank you.

Operator: Thank you. The next question is from the line of Kushal Goenka from Mangal Keshav Financial Services. Please go ahead.

Kushal Goenka – Mangal Keshav Financial Services: Hi, Akash. I hope you are doing well, and congratulations on a great set of numbers. The B2C segment has been consistently growing at a very high rate, and the asset is growing bigger and bigger.

Akash, if tomorrow another large corporate house plans to invest thousands of crores and set up a value retailing business with the same model, the same growth, and the same retailing ratios, and follows the exact same model, it would have the money, people, and resources. My question is: what qualitative aspect would you attribute to the fact that the system is not only growing bigger but also getting better every day? What part of it stays with you and is learned and understood over time, which money and resources alone cannot buy?

Akash Agarwal – Director & CEO: What you are talking about is essentially the culture and DNA of an organization. I always tell people that, for any fashion company in the world, it is about creating an ecosystem where you produce designs that are significantly or marginally better than your competitors' offerings, and that translates into higher profitability and higher SPSF.

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There is no secret process or secret USP in terms of what we do because everybody knows how the complete design pipeline works. It is more about how we do it and the kind of results we achieve after the entire process. I think that is a risk that exists in any business, and we always welcome competition.

Even today, I would say 80% of our stores already have at least 3–4 other value fashion retailers operating in exactly the same space. We do not shy away from competition. Our performance and growth have been achieved despite competition. We like to focus on our own strengths, and I think if we keep making that ecosystem stronger, then we do not need to worry about any large corporate house entering this space or about increased competition.

Kushal Goenka – Mangal Keshav Financial Services: That is helpful. One last thing, Akash. Last quarter, I had requested that the people who go to CBO and other senior positions be added to the presentation. It is just a request; please consider it.

Akash Agarwal – Director & CEO: Sure, I will get that added.

Kushal Goenka – Mangal Keshav Financial Services: Thank you very much, and best of luck.

Akash Agarwal – Director & CEO: Thank you.

Operator: Thank you. The next question is from the line of Ankush Agarwal from Surge Capital. Please go ahead.

Ankush Agarwal – Surge Capital: Hi, Akash. This quarter, we have seen our gross margins contract slightly year-on-year. Is there something to read into this? Last quarter, I think we had stocked up on inventory in anticipation of geopolitical disruptions, so ideally that should have provided some cushion in terms of gross margins during this quarter. I am trying to understand what happened there.

Akash Agarwal – Director & CEO: There was a 30-day period of {? additional month ?} in Q1, and I think because of that, we saw our full-price sales decline from 92% to 90%. However, we always guide for gross margins of 28–30%. It completely depends on that particular season's sell-through performance. Going forward, I think we should be able to maintain the gross margins from last year.

Ankush Agarwal – Surge Capital: Last year, because we had completed this QIP, we had a lot of cash and were able to offer significant prepayments to our creditors, which had led to some benefit in gross margins. Going forward, since we would need a lot of cash for new store openings, we might not be in a position to offer that. The 30% gross margin that we saw in {? FY23–24 ?}—do you think we will be able to reach that level in the coming years, or is that a somewhat higher number?

Akash Agarwal – Director & CEO: Again, it completely depends on full-price sales, and you can predict that only to a certain degree. I would say gross margins should be between 29% and 30%, completely dependent on sell-through and seasonal performance.

Ankush Agarwal – Surge Capital: Can you comment on the throughput of new stores? Is it still running at 70%, or has there been any change?

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Akash Agarwal – Director & CEO: The new stores' sales per square foot are about {? 74% ?} lower than those of our mature stores. Stores that are more than 2 years old are already performing at a very high level of almost {? 1,070 to 1,100 rupees ?} per square foot of sales. I think we will see the maturity journey over 3–4 years, and only then will we be able to comment more accurately, but the current level is quite respectable. All the new stores that we have opened are already operating at more than {? 730–740 rupees ?} per square foot of sales.

Ankush Agarwal – Surge Capital: That is all from my side.

Akash Agarwal – Director & CEO: Thank you.

Operator: Thank you. The next question is from the line of Samarth Nagpal from Suvarnabhoomi Family Office. Please go ahead.

Samarth Nagpal – Suvarnabhoomi Family Office: Hi, thanks for the opportunity. Congratulations, Akash, on a very steady set of numbers; we are used to this.

Akash, I have a couple of queries. Taking it from the previous participant, our full-price sell-through is normally 92–93% in Q1. Is it only because of the {? additional month ?} that we had to offer some discounts, causing it to fall to 90%, or was there any other factor, such as some slowness in the market?

Akash Agarwal – Director & CEO: I think both are related. Because of the {? additional month ?}, we saw some slowness in the market, and there were also fewer wedding days. Weddings have a significant impact on us, especially in Tier 2 and Tier 3 towns. That is why we saw a slight lag in demand. I think that is why you saw full-price sales come down slightly.

Samarth Nagpal – Suvarnabhoomi Family Office: I meant that in July and August, whenever we have the sale period as well, I think the trend has normalized in terms of demand, right?

Akash Agarwal – Director & CEO: Yes, correct. However, in Q2, all the festivals are shifting to Q3. We will have to look at Q2 and Q3 together, cumulatively, because the bulk of the demand and sales occur during the festive season. Therefore, it is very difficult to assess demand-side progress just by looking at July and August.

Samarth Nagpal – Suvarnabhoomi Family Office: On the inventory and product side, have we taken any price escalation because of the geopolitical crisis and related factors?

Akash Agarwal – Director & CEO: As raw material prices have increased, and for the future POs we are placing for Q3, we are increasing the MRPs by 4–5% because we want to maintain our gross margin percentage. Whatever price increases have occurred, we are passing them on to the consumer.

Samarth Nagpal – Suvarnabhoomi Family Office: You had earlier pointed out that we would have faster drops at the stores to reduce inventory in the stores so that we have a quicker inventory turnaround time. Are we seeing any benefit from the increased drops at the stores and are we able to utilize the store space in a better way rather than keeping the stock in the warehouse? Can you provide some information on that?

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Akash Agarwal – Director & CEO: It was less about inventory days or inventory quantity at the store and more about being able to react much faster. Earlier, for example, we had to forecast an article's sales and send almost 10–12 days of sales cover. If that article did not sell at that rate, we were left with 20–25 days of inventory.

Now, because of faster replenishment, we send only 2–3 days of sales cover. Therefore, that inventory risk has definitely reduced. We also converted the area previously used as a store warehouse into retail space. In terms of total inventory, it has not come down, but in terms of efficiency, it has improved.

Samarth Nagpal – Suvarnabhoomi Family Office: On the new store openings, have we seen any inflationary pressure on capex, or does it remain at a similar level to what we had earlier?

Akash Agarwal – Director & CEO: Yes, definitely. Earlier, capex used to be about 1.1 crores. Because of the {? BOM ?} and rising prices, I think it has moved up to {? 1.2 to 1.22 crores ?}. Therefore, there has been a 10% increase.

Samarth Nagpal – Suvarnabhoomi Family Office: Are we taking any measures in response to that by slowing down the pace, or is nothing of that sort happening? Will we proceed with our initial plan of opening 170–200 stores?

Akash Agarwal – Director & CEO: Correct.

Samarth Nagpal – Suvarnabhoomi Family Office: One final question, Akash. I think we have opened close to 100 or 120 stores over the last 1 year that have already completed 1 year of operations. Do you see any red flags in the new stores, or is everything in order? We are operating at 70% efficiency of our mature stores; please provide some information on that.

Akash Agarwal – Director & CEO: For the entire cohort, I think we have opened almost 260–270 stores in the last 2 years. The entire cohort is performing at a respectable level and well within the benchmark at which we would call a store a red flag. However, there are about 10–12 stores that are performing below {? 600 rupees ?} per square foot of sales. Again, it is too early to reach a conclusion on those stores, so we are taking some measures—

Management: These measures include marketing, better assortment, and more freshness. Overall, if you look at the new-store cohort, it is at a very respectable level of about 730–740 rupees per square foot of sales.

Samarth Nagpal – Suvarnabhoomi Family Office: Understood. I think that is all from my end. I wish you and the team the very best. Thank you.

Operator: Thank you. To ensure that management is able to address questions from all participants in the conference, please limit your questions to 2 per participant. The next question is from the line of Meet from Inter-Equity Ventures and Partnerships. Please go ahead.

Meet – Inter-Equity Ventures and Partnerships: Hi. Congratulations on a good set of numbers. I have a few questions on same-store sales growth, which decreased in Q1 to around 7.5%. Is this the new normal growth rate, or how should we look at it? How are stores with more than 1 year of

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operations growing, and at what rate are the new stores growing?

Management: Our base of sales per square foot has increased from about 650 rupees to almost 1,070 rupees for the old cohort of stores. The guidance for SSG has always been 8–10%. Because of the {? additional month ?}, it had a slight impact. However, for the full year, we are still targeting 8–10% SSG.

Meet – Inter-Equity Ventures and Partnerships: On the inventory side, I wanted to ask one thing. For the stores that we are going to open in the coming period, do we procure the inventory before the opening, or how does it happen? I want to understand that part.

Management: We need to have that inventory at least 2 months before the opening of the store. That is how you create a variety of 3,000 options in a store because every week we receive approximately 300 options. Therefore, about 2 months before the opening, we need to start bringing the inventory in-house, and it is kept in the distribution center before the store opens.

If we want to open 50–55 stores every quarter, approximately 100–150 crores of inventory pertaining to those stores will already be in the system.

Meet – Inter-Equity Ventures and Partnerships: One more question on the acquisition of {? Archies Retail ?}. Was it completed in Q1?

Management: I think it happened around the end of June, so you will see that impact more from Q2.

Meet – Inter-Equity Ventures and Partnerships: Is there any formal guidance on the revenue growth rate, EBITDA margins, and gross margin?

Management: Revenue guidance remains the same. It will be at least 50%. Gross margins should be between 29% and 30%. We will try to maintain the EBITDA margin even after opening so many new areas.

Meet – Inter-Equity Ventures and Partnerships: How much time will it take to reach the payback period for the new stores? In what period do they become operationally profitable?

Management: They break even and are profitable from the first month itself. However, if you are referring to the payback period, it is about 2.5–3 years.

Meet – Inter-Equity Ventures and Partnerships: Noted. Thank you very much for the answers.

Operator: Thank you. The next question is from the line of Vedant Kabra from AVN Capital. Please proceed.

Vedant Kabra – AVN Capital: Congratulations on a wonderful set of numbers. I do not have anything to ask on the quantitative front, as management has already been very consistent on that aspect. However, I have one question on the qualitative front, specifically around customer experience at your stores.

I did some research and checked approximately 100 V2 stores across 11–12 states on Google. I tried to focus on stores with the highest number of reviews. The average rating is about 3.6 compared

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with more than 4.1–4.2 for most organized value retail peers, such as V-Mart or Zudio.

Approximately 85% of the negative reviews seem to be related to 2 things. They are either rude staff behavior or long billing queues due to understaffing. These complaints are generally not about products, pricing, or quality.

Since repeat customers are important for driving same-store sales growth, I have 2 questions. First, do we track customer experience at the store level through NPS, Google ratings, or any other KPI? Second, is this already on management's radar? If yes, what steps are being taken to improve customer experience? Should we expect these improvements to contribute to higher same-store sales growth in FY27 and FY28?

Management: Yes, that is a very good question. In fact, we do not focus on Google reviews. What we have started doing is sending an NPS link after every billing transaction at our stores. We have started a pilot in which we send the NPS link to approximately 40% of customers, and we have linked the store team's incentives to their NPS score.

We are receiving a lot of feedback about long queues in some of the high-throughput stores. Therefore, we have tied up with a company that has added an AI layer to our CCTV cameras. It sends an automatic notification. We have created a yellow line, or a benchmark indicating how long a queue can be in front of the cash counter. If more people are standing beyond that line, the area manager and regional manager receive a notification, and corrective measures are taken immediately.

However, our focus has never been Google reviews. We use our internal NPS link, through which we receive detailed feedback from customers, and actions are then taken.

Vedant Kabra – AVN Capital: Is it possible for you to provide a bifurcation of same-store sales growth for mature stores of more than 2 years compared with newer stores?

Management: The SSG of newer stores was approximately 2–3% higher than that of the old stores in Q1.

Vedant Kabra – AVN Capital: Going forward, if you could include this in the presentation, it would be very helpful. It is just a suggestion. That is all from my side.

Management: We will note it. Sure. Thank you.

Operator: Thank you. The next question is from the line of Meet Vala from ISPN Ventures. Please go ahead.

Meet Vala – ISPN Ventures: Thank you for the opportunity, and congratulations on a good set of numbers. My first question is on a general market notion. I want to understand consumer demand and the overall demand environment, particularly because of inflationary pressure and the situation, which is not normal. This is especially relevant because you operate in Tier 2 and Tier 3 cities.

Keeping aside the shift in festivals from Q2 to Q3, which will impact the numbers somewhat, how has demand or consumer behavior been in general?

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Management: Again, I would say the same thing: it is too early to assess. The bulk of sales occurs during the 2-month festive season. I do not want to mislead anyone; looking at early signals, we do not want to be too optimistic or too pessimistic.

I would simply say that July and August are at par with how we view demand and how we forecast demand. However, it will completely depend on the October–November period, which will account for the bulk of sales. Therefore, I will probably be able to answer this better in the next conference call.

Meet Vala – ISPN Ventures: My next question is a bookkeeping question. Sequentially, we have seen depreciation decline from around 67 crores to 64 crores despite adding approximately 58 stores. Is there an accounting change taking place?

Management: I would have to examine the details. I think you are referring to the lease Ind AS calculations. That is why you see the decline. You should look at the pre-Ind AS numbers because that is what we focus on, and you will be able to see it clearly then.

Meet Vala – ISPN Ventures: Thank you. That is all from my side.

Management: Thank you.

Operator: A reminder for all participants: please press star and one to ask a question. The next question is from the line of Piyush Nahar from Nahar Capital. Please go ahead.

Piyush Nahar – Nahar Capital: Hi. Again, a good set of numbers. My question is on some of the previous questions regarding customer repeatability. During the last 24–30 or 36 months, have you seen any increase in repeatability, or do you see churn remaining stagnant?

Management: I would refer to the last 3 years. In fact, over the last 3 years, the proportion of people who returned to us within the first year increased from 40% to almost 55%. That is why we saw the level of SSG numbers, as well as the consistent performance and sales growth that we have been seeing.

Piyush Nahar – Nahar Capital: Do you think this number can increase further from here?

Management: One hundred percent. It is completely limited by our own capability. We have to provide customers with a better experience and a better product. Therefore, I think this can increase.

Piyush Nahar – Nahar Capital: My second question is regarding competition. Do you see any pressure on older stores due to new competition emerging, or any customer fatigue occurring in older stores?

Management: No, in fact, the opposite. We have examples of stores that were already operating at a very high level of almost 1,600–1,700 rupees per square foot of sales and have grown 18–20% in SSG. We receive all kinds of data, and we do not see anything indicating that we are experiencing saturation in older stores.

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Of course, if you look at the complete old cohort together, its SSG is definitely lower than that of the new cohort of stores because the newer stores have more headroom for growth.

Piyush Nahar – Nahar Capital: Are the highest-performing stores concentrated more in Tier 1 clusters, or do they still belong to Tier 2 and Tier 3 clusters?

Management: No, most of them are in Tier 2 and Tier 3 clusters.

Piyush Nahar – Nahar Capital: Which states will be the main focus for the new stores that are coming up?

Management: We have already signed the MOU for the next 100 stores that we are going to open. They are spread across the geographies in which we are present. We are now present in 26 states.

Every month, as we receive new data and see which areas and geographies are providing us with good returns, good {? SFSS ?}, and good customer traction, we open stores there. Every month, we finalize approximately 15–20 stores. Therefore, it completely depends on what the data tells us.

Piyush Nahar – Nahar Capital: In the last conference call, you spoke about how Karnataka was performing. I wanted to check which specific geographies are growing now.

Management: I do not have the exact numbers, but we can share next time the regions in which the upcoming stores will be located.

Piyush Nahar – Nahar Capital: Thank you for your time.

Management: Thank you.

Operator: Thank you. The next question is from the line of Amish Kanani from Nuvama Wealth Managers. Please proceed. We will take the next question from the line of Omkar from Bass Capital Private Limited. Please go ahead.

Omkar – Bass Capital Private Limited: Hello, am I audible?

Management: Yes, sir.

Omkar – Bass Capital Private Limited: Congratulations on a good set of numbers. As you mentioned earlier, you were focusing on opening stores mainly in Tier 2 and Tier 3 cities. However, we are now seeing some incremental stores opening in Tier 1 cities as well, such as Bangalore. I want to understand why these additional stores are being opened in Tier 1 cities. Do you see better margins there, or could you provide some information on that?

Management: I think there may have been some misunderstanding because we have always been present in Tier 1 cities. In fact, we have almost 11 stores in Delhi NCR. Most stores are, of course, opened in Tier 2 and Tier 3 cities, but the type of customers we serve are also present in Tier 1 cities.

Therefore, even in the future, we will be present in all the Tier 1 cities of India. The specific location will depend on where our target customers are. Tier 1 is also one of our target markets.

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Omkar – Bass Capital Private Limited: Thank you very much.

Management: Thank you.

Operator: Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask a question. The next question is from the line of Tushar Verma from SBG Investments. Please proceed.

Tushar Verma – SBG Investments: Thank you for the opportunity. I joined a bit late, so this may already have been covered. Could you please share the current trends in SSG for July and August?

Management: I cannot give the exact numbers, but as I already mentioned, it—

Akash Agarwal – Director & CEO: —is in line with our expectations. For the full year, our guidance is still 8-10% SSG.

Tushar Verma – SBG Investments: Thank you.

Operator: Thank you. The next question is from the line of Amish Kanani from Nuvama Investment Managers. Please proceed.

Amish Kanani – Nuvama Investment Managers: Hi, sir. Congratulations on a very good set of numbers. As you also mentioned previously, we have seen 3-3.5 times growth in our store count, from 117 in March 2024 to 380 and 400 now. Despite that, we have grown profitably. That is absolutely commendable execution, so congratulations for that.

I have a couple of questions. First, how do we structure the lease rental deals? I wanted to understand this because I have seen lease rental deals more in the range of 40-50. How long are the lease periods, and is there any rent escalation that we need to consider, given that the stores are very profitable and are located in Tier 2 and Tier 3 cities? Also, are the stores mainly standalone or in malls? I am not aware of that. Could you provide some information? Are we the crowd-pullers and therefore get deals from mall owners, or are these standalone stores?

Akash Agarwal – Director & CEO: The majority of our stores are in standalone buildings because our model requires at least 10,000-12,000 square feet. It becomes a shopping destination in itself, so we do not usually open in malls.

To answer your second question, the average lease period ranges anywhere between 9 and 11 years. The escalation ranges from 12% to 15% every 3 years. That is the standard lease format.

Amish Kanani – Nuvama Investment Managers: That is interesting. In terms of focus, SSG is slightly lower. My question is: how are we tracking these new stores where you said we are probably 35% lower than the average? Given that growth has been very high over the last 2 years, as these stores mature, there should be a good opportunity for an increase in operating leverage and operating margins.

How are we currently measuring performance there? Is it still primarily SSG, average bill value, sales per square foot, or footfall? I would like to understand how you are tracking the stores in the last 2-year cohort, which you said are in line with expectations and may mature and contribute to

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profitability.

Akash Agarwal – Director & CEO: This is completely based on the store-opening-year cohort and SPSF. We compare it with the relevant state and the relevant region. The basic differentiation is that we take all the stores we had at the end of FY24, and then we take all the new cohort of stores that we opened in FY25, FY26, and now FY27. We compare the SPSF and assess the maturity trend. The new stores should definitely be growing faster and reaching the levels of the old stores.

Amish Kanani – Nuvama Investment Managers: The number currently at 886, which was 925, should increase as these new stores mature, correct?

Akash Agarwal – Director & CEO: Correct.

Amish Kanani – Nuvama Investment Managers: Are there any early indicators of operating leverage? Would that occur by FY29, or is it too early to discuss?

Akash Agarwal – Director & CEO: Again, it completely depends on the growth we are targeting. If we continue opening more than 50% new area and growing this aggressively, then even after achieving operating leverage, expanding EBITDA margins becomes difficult because the newer stores operate at approximately 65–70% of the level of old stores.

However, once our growth rate normalizes, you will see margin expansion and operating leverage taking effect.

Amish Kanani – Nuvama Investment Managers: That is helpful. Congratulations and all the best. Thank you.

Akash Agarwal – Director & CEO: Thank you.

Operator: Thank you. Due to the paucity of time, we will take that as our last question. I now hand the call over to Mr. Akash Agarwal for closing comments.

Akash Agarwal – Director & CEO: Thank you, everyone, for joining us on today's call. We hope we have been able to address your questions and provide greater clarity on our performance and outlook. Should you require any other information or have additional queries, please feel free to reach out to Marathon Capital, our investor relations advisors, who will be happy to assist you.

We appreciate your continued interest, confidence, and support. Thank you, and we look forward to speaking to you again. Have a nice day.

Operator: On behalf of V2 Retail Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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