

V2 Retail

29 May 2026

Operator: Ladies and gentlemen, good day and welcome to the V2 Retail Limited Q4 FY26 earnings conference call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on a touch-tone 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 their website, including the discussion during this call, contains or may contain certain forward-looking statements considering V2 Retail Limited's business prospects and profitabilities, which are subject to several risks and uncertainties, and the actual results could materially differ from those in such forward-looking statements. I now hand the conference over to Mr. Akash Agarwal, Director and CEO of V2 Retail Limited. Thank you and over to you, sir.

Management: Good afternoon everyone and a very warm welcome to the V2 Retail Limited Q4 and FY26 earnings conference call. Thank you for joining us today. We trust you've had a chance to review our results. The earnings presentation and the press release are available on the stock exchanges and also on our website.

Our Q4 results reflect the continued momentum across our business and the ability of our teams to execute with discipline and agility. Even on a high base, we have demonstrated that our model can scale effectively while maintaining resilience in dynamic market conditions. The 60% year-on-year revenue growth for the fourth quarter significantly outpaces the broader market. Importantly, we have consistently delivered growth in excess of 60% for two consecutive years, underscoring the strength and sustainability of our operating model.

In addition to our strong top-line performance, I want to highlight the strategic investments that are reinforcing our ability to scale efficiently in India's value fashion segment. Our ongoing focus on analytics-driven merchandising, supply chain responsiveness, and operational discipline has strengthened our operating leverage and positioned us to capture growth at scale. Customer traction across categories remains healthy, reflecting the continued relevance of our price-value positioning and product refresh cycle. A steady flow of trend-appropriate assortments combined with strong quality standards and competitive pricing has supported growth across our store network. This validates our approach of balancing affordability with fashion relevance, ensuring that we remain the preferred destination for value-conscious consumers.

As we look ahead, we will continue to deepen our investments in technology, expand our store footprint, and enhance our customer engagement. These initiatives, together with our disciplined execution, give us confidence in sustaining momentum into FY27 and beyond. On the expansion front, our focus this year has been on improving geographic coverage through a balanced mix of rural market entry and deeper penetration in Tier 2 and Tier 3 cities. This approach has helped us broaden our customer reach and improve regional alignment through localized assortments and strong store-level execution. During FY26, we added 136 stores and our pipeline of planned openings remains robust, backed by a strong merchandising and inventory management team. We remain focused on disciplined expansion, efficient inventory deployment, and sustainable operating performance. Importantly, our current store footprint has crossed 350 stores nationwide, marking a

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major milestone in our journey.

Now moving on to some key updates for the quarter and the whole financial year. First, we completed the physical verification of property, plant, and equipment and reconciled this with our fixed assets register. As a result, we have written off assets with a carrying value of 5.77 crores and this has resolved the earlier audit qualification. Second, we have been consistently sharing pre-Ind AS numbers to provide better transparency on our operational performance, and we will continue to do so going forward. Our annual business plans, budgets, cash flows, store-level metrics, and incentive structures are all aligned to pre-Ind AS numbers. Our revenue and profitability guidance is also communicated on this basis. Third, we are now focusing on retail business only and have moved away from in-house manufacturing operations. Fourth, the impact of the new labor code is not material and has already been recognized in our financial results. Lastly, due to geopolitical tension, we have increased our safety stock in the month of March for seamless availability of stock, which has resulted in higher inventory levels in the month of March. Once the situation normalizes, we will reduce our safety stock. We are looking to maintain inventory at 90 to 100 days and creditors at 45 days.

Now moving on to some performance highlights. Revenue for the fourth quarter grew at 60% year-on-year to 797 crores. The EBITDA for the quarter stood at 109 crores as compared to 57.5 crores in the corresponding quarter last year, registering a stellar growth of 89%, and the EBITDA margin stood at 13.7% as compared to 11.6% in the corresponding quarter last year. PAT for the quarter stood at a record 17.5 crores compared to 6.4 crores in the corresponding quarter last year. We opened 33 new stores and closed 2 during the quarter and achieved a net addition of 136 stores in the whole financial year, taking our total store count to 325 stores with approximately 3.5 million square feet of retail space. The SSG for Q4 stood at 7.74%. There was a robust volume growth of 53% in the quarter. The full price sales contributed 89% in the fourth quarter.

Now consolidated performance highlights for the whole financial year. Revenue for the year grew 63% to 3,067 crores. EBITDA for the year stood at 455 crores compared to 258 crores in the corresponding period last year, registering a stellar growth of 77% year-on-year. EBITDA margin improved to 14.9% compared to 13.7% in the same period last year. Profit after tax for the financial year stood at a record 162 crores compared to 72 crores in FY25, registering a strong growth of 125% year-on-year. Same store sales growth for the financial year stood at approximately 8.6%. Robust volume growth of 47% in the whole financial year. The full price sales contribution was 90% in FY26. Our ROE continues to improve and now stands at 26% compared to 23.2% in FY25 and around 10.7% in FY24, reflecting disciplined capital allocation and strong operating leverage.

Now moving to pre-Ind AS reporting. For Q4 FY26, revenue remains the same at 797 crores, 60% up year-on-year. Gross margin was 30.3% compared to 27.6% in the corresponding quarter last year. EBITDA was 54 crores, up 98% year-on-year, with an EBITDA margin of 6.8% in the fourth quarter. PAT came in at 25 crores, up 118% year-on-year. Now the full financial year highlights on a pre-Ind AS basis. Gross margin improved to 30.2% from 29.2% last year. EBITDA was 277 crores, up 83% year-on-year with an EBITDA margin of 9%. PAT stood at 162 crores, up 87% year-on-year.

Further, it is important to note that the company has achieved a PAT of 173 crores on a standalone basis. Looking forward, our priorities remain clear: profitable growth, capital efficiency, and

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disciplined execution. With sustained revenue momentum and improved inventory operating leverage, every initiative is directed towards one ultimate goal: enhancing long-term shareholder value. With that, I will now open the floor for questions.

Operator: Thank you, sir. We will now begin the question and answer session. The first question is from the line of Piyush Jain from Growth and Infinity. Please go ahead.

Piyush Jain – Growth and Infinity: Hi Akash, am I audible?

Management: Yes.

Piyush Jain – Growth and Infinity: Hi Akash, congratulations on a good set of results. Last 2 years have been really great for us, and it is just you and the whole team that has contributed a lot to this. Kudos to that. I have a few questions. First will be on the store side. Last year we opened approximately 136 stores. How many are we planning for this year? Around 170 to 180, I guess.

Management: For this year, the target would be anywhere between 170 to 200 stores, completely dependent on how we are performing and how the momentum continues.

Piyush Jain – Growth and Infinity: And we are able to manage store openings through our internal accruals only, using the cash on the balance sheet, right?

Management: Yes. For at least this financial year, we are covered with internal accruals and the cash on the balance sheet.

Piyush Jain – Growth and Infinity: And for the upcoming 2 to 3 years, will we have to do another QIP for that?

Management: No, our debt-to-equity ratio is very healthy, so we have the option of getting more debt on the books. I think that will be our first preference even if we need some cash for future expansion.

Piyush Jain – Growth and Infinity: I have another question on the SSG side. As you mentioned we are maintaining around 8% to 10%, going forward, we want to ensure this does not go below 8%. What kind of strategies are we using on our existing stores so that we can achieve 8% to 10%? I just have two more questions. First will be on the geopolitical tensions that have increased commodity prices. Are we capable enough to pass on a 3% to 4% price increase to the customers so that it won't impact our margins going forward?

Management: Yes, we have seen some movement in yarn prices and that would have to be transferred to the customer. We will maintain our gross margins and prices might go up in the future by 3% to 4%.

Piyush Jain – Growth and Infinity: Okay, and just lastly on the capex side. As of today, I think last quarter we required around 2 crores to 2.2 crores per store. Is that maintained right now as well?

Management: It is about 2.6 crores and it will increase because of the price increase, so it will become around 2.7 crores to 2.8 crores now. That includes capex and inventory. The capex would be about 1.2 crores to 1.3 crores and the rest would be field inventory.

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Piyush Jain – Growth and Infinity: Okay, thank you. Thank you and all the best for the future.

Management: Thank you.

Operator: Thank you. The next question is from the line of Avinash Karumanchi from Motilal Oswal. Please go ahead.

Avinash Karumanchi – Motilal Oswal: Hi sir, good afternoon. Congratulations on a good set of numbers. My first question is again regarding the gross margins. This year, partly because of higher coal prices and other factors, we have seen a good improvement in the gross margins. How should we see this number going forward, in the near term and mainly because of the yarn and cotton prices that you have indicated?

Management: We started focusing a lot on inventory management and freshness of inventory, and we started doing inter-store transfers of inventory as well. We also focused on a better product mix at stores. That all led to a better gross margin this year. Going forward, you can expect us to maintain this gross margin anywhere between 28% to 30%. As I mentioned earlier, all the price increases in raw materials will be passed on to the customer and there will be an increase in MRP while maintaining the margins.

Avinash Karumanchi – Motilal Oswal: Because I am asking this, other competitors have said they do not want to pass on the full increase to the customers. They want to retain some part and take a hit on the margin. How do you see that?

Management: I do not want to comment on any competitors, but our strategy is that we won't absorb it in our gross margins because a 3% to 4% increase is not significant. If our average selling price is 300 rupees, that translates to about 10 to 12 rupees additional MRP. I do not think it is a significant impact. So, we would look to maintain our gross margins at 28% to 30%.

Avinash Karumanchi – Motilal Oswal: Okay sir, that clarifies. Thank you. I will get back in the queue.

Management: Thank you.

Operator: Thank you. The next question is from the line of Palash Kawle from Nuvama Wealth. Please go ahead.

Palash Kawle – Nuvama Wealth: Hi sir, thank you for the opportunity. Sir, what gives you confidence that despite all these uncertainties on a global front, demand will be good and you will be adding 170 to 200 stores, which is higher than what you had guided earlier?

Management: What we are building today is not for the near term. We are building for our 20-year vision, which is to be one of the top value fashion retailers in the country. Hopefully, what is happening around the world is temporary. India is poised to grow at 5% to 6% GDP in the next 20 years and if you look at organized retail, it is poised to grow at 9% to 10%. We want to capture most of that market. That is why these kinds of short-term hindrances do not sway us from our long-term plan.

Palash Kawle – Nuvama Wealth: And sir, won't this put any pressure on your near-term margins?

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Management: We have seen a little bit of sales impact in May because of the war, but I think overall with what we have seen in March and April, we can continue the positive momentum and it will not have a huge impact, especially in Tier 2 and Tier 3 towns.

Palash Kawle – Nuvama Wealth: Okay. Two more questions. One is, what is the quantum of more than 6-month and 1-year-old inventory? And will you be able to grow at 50% despite everything?

Management: Our more than 1-year-old inventory is less than 5%. More than 6-month-old inventory is less than 24%. Approximately 76% of our inventory is less than 6 months old. Out of that, about 50% of the inventory is less than 3 months old.

Palash Kawle – Nuvama Wealth: Okay. And sir on growth, any comment?

Management: We are guiding for at least 50% revenue growth over the next 2 years.

Palash Kawle – Nuvama Wealth: Okay. That is it from my side sir. Thank you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Raj Shah from Fidant AMC. Please go ahead.

Raj Shah – Fidant AMC: Hi, thank you for the opportunity. This year I noticed we have opened quite a few new stores in several new states. We have entered Gujarat and Maharashtra and increased our presence to 8 states total. What is the strategy for future geographical expansion?

Operator: Sorry to interrupt Mr. Raj Shah, could you please move to a network area? Your voice is breaking, sir.

Raj Shah – Fidant AMC: Can you hear me now?

Management: Yes, much better. Thanks.

Raj Shah – Fidant AMC: I was saying that we have entered several new states in this financial year, particularly in the western region. Going forward, what is our strategy? Are we going to go deep into these states, particularly Gujarat, Maharashtra, and Rajasthan, in terms of new store expansion? Which geographical area will expansion be largely concentrated in?

Management: Our strategy remains the same. Whenever we enter a new state, we open about 4 to 5 stores there just to get data points in terms of what assortment, sizes, and colors sell there. Then we make an optimum model. For future expansion, it all depends on the performance of each state. We are tracking that every month. For example, we entered Karnataka and now we have almost 15 to 16 stores there. The future expansion would completely depend on how the stores in each state are performing. Looking at the data now, Gujarat is performing very well for us. All the southern states, including Andhra, Karnataka, and Goa, have been performing well. In Maharashtra, we have opened 3 stores and 2 of them are performing phenomenally. We are looking to open 30% to 40% of our new stores in the newer regions that we have entered, and of course 50% to 60% will come from our core strong regions.

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Raj Shah – Fidant AMC: Understood. Secondly, on our SSG growth, it has been close to 7% to 8%, but the sales per square foot has declined by close to 7% to 8%. What explains this? Is it because we are opening larger stores?

Management: We opened 130 new stores and the new stores start at about 70% of the sales per square foot of old stores. If you look at only old store PSF, those have increased by 8.5%, equal to the SSG. But because we have opened so much new area this year, it brings the overall company per square foot sales down. As they mature, you will see the growth in company PSF as well.

Raj Shah – Fidant AMC: Understood. If your sales per square foot improves from here on because the expansion in terms of percentage of new stores opened slightly comes down, do we see your EBITDA margins on a pre-Ind AS basis improving further? On a standalone basis, we closed at around 9.4%. Can we reach close to around 11% in the next 2 years?

Management: Because we are guiding for opening more than 50% new area, it becomes a challenge to increase the company-level PSF and expand EBITDA margins along with 50% growth. You are right that in a year when we only add 20% new area, you can expect that. But for the next 2 years, we want to add 50% new area and have 50% revenue growth. So, we are guiding for similar margins and similar PSF.

Raj Shah – Fidant AMC: Understood. Okay, thank you. That is it from my side.

Management: Thank you.

Operator: Thank you. The next question is from the line of Anupa from Ratnatraya Capital. Please go ahead. Mr. Arvind Arora from First Quad Capital, please go ahead. As there is no response from Mr. Arvind Arora, the next question is from the line of Kushal Gomke from Mangal Keshav Financial LLP. Please go ahead.

Kushal Gomke – Mangal Keshav Financial LLP: Hi sir, congratulations on a good set of numbers. My first question is about how the management looks at venturing into related verticals or opening new format stores. This is just to extrapolate from the likes of Trent, which created different brands under one umbrella. I know immediately it might not be as wise because you have a lot of scope to expand, but what are your views? Have there been discussions in board meetings about this, and at what scale do we start thinking about it?

Management: I think we do not want to dilute our focus until we have at least 2,500 V2 stores. We have built a very strong model and we want to reach every part of the country because good fashion at affordable prices is still not available to most middle-class consumers in India. We want to capture that blue ocean first and then we might think about other strategies.

Kushal Gomke – Mangal Keshav Financial LLP: That is helpful. My second question is for Akash. From an investor perspective, we seem to be a one-man show. However, it is the whole team that is delivering such stellar results. My question is, if tomorrow hypothetically you are not able to attend a conference call, who in the organization would be able to answer? I would love to know the people who know the company inside and out and work closely with you.

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Management: There would be at least 6 people who would be able to take the call if I am not available. Most of them have been with us for a journey of more than 10 years now. It is just that I have been the face for the investors and the community, but all the business leaders and senior management people have the necessary data because most of our reviews and performance appraisals are data-driven. Most of the decisions we take are based on data. That is how we have built the culture around the company.

Kushal Gomke – Mangal Keshav Financial LLP: Just a suggestion, if you could include the management team and people working closely with you in the presentation as well, so we can have a view on that.

Management: Sure, that is noted. We will do that.

Kushal Gomke – Mangal Keshav Financial LLP: And just a last small clarification. There was a minuscule pledge creation of some 3.5 lakh shares. Is there any reason behind that?

Management: No, that was only for working capital needs because we provide a lot of prepayments. Even the QIP proceeds were used for prepayments, and you will see that our creditor days have come down. We want to be the best paymasters in the industry and the priority vendor for all our suppliers. We want to work with them and help them with their working capital.

Kushal Gomke – Mangal Keshav Financial LLP: Thank you so much. That is helpful. Best of luck.

Management: Thank you.

Operator: Thank you. The next question is from the line of Aman Bansal from PESB. Please go ahead.

Aman Bansal – PESB: Hello, am I audible? Sir, congratulations on an excellent set of results. I had two questions. The first one is, in the last conference call, you mentioned you do not want to increase the prices of our clothes and want to remain at the same price point. But this year we saw volume growth of 47% while our revenue for the entire year grew by 63%. What was the main driver for that and how do you look at prices going forward?

Management: That insight is not entirely correct. It is mainly due to the product mix. We have seen that categories like kurtis, men's woven pajamas, and men's casual shirts were the highest growing categories for us. We gave them more space in our stores. What that does is reduce the quantity of lower price point items like kids' bermudas. Everything else is attributed to a different product mix. The primary ASP increase within categories is only inflationary, which I think is around 4% to 5%.

Aman Bansal – PESB: Just to understand, between men's, ladies, and kids, what would be the ideal ratio?

Management: Men's wear would be about 41-42%, women's wear is about 27%, and kids' wear is about 25%.

Aman Bansal – PESB: Okay, so we are basically where you want to be in the segment. You mentioned that every new store starts at about 70% of the throughput of mature stores. How long

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does it take for these new stores to become EBITDA positive?

Management: It is EBITDA positive from the first month itself because the break-even point is around 500 rupees per square foot of sales and they start at about 700 to 750. But to mature and reach the level of old stores, it takes about 3 to 4 years.

Aman Bansal – PESB: Okay, that's amazing. Thank you so much.

Management: 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. Can you share the sales per square foot for the older stores and new stores separately for FY24?

Management: Our old stores were at 1,124 rupees per square foot for the whole year, and new stores were at 750 rupees per square foot. New stores are any stores that opened after FY24.

Ankush Agarwal – Surge Capital: All right. We are continuing to see that new stores are starting at more than 70% of the old stores' throughput, which is why we continue to scale up aggressively on new stores, right?

Management: Yes, of course, it changes month to month, but it is at a very respectable level. As I said, it is already at a 750 rupees per square foot sales level, which contributes to the company EBITDA from day one. I think we have a good margin of error for the new stores, which is why we continue expanding.

Ankush Agarwal – Surge Capital: Secondly, you mentioned that the increase in inventory is partially because you are stocking up due to geopolitical uncertainties. What quantum of inventory would be due to that early sourcing?

Management: According to our closing area in March, we look to maintain about 2,500 to 2,600 rupees per square foot of inventory. That is around 900 crores of inventory that we need. We have additional inventory of about 125 to 150 crores for the 60 stores we have planned to open this quarter. Another 100 to 150 crores is for the early GRC we did because we saw supply chain disruptions and we were opening many new stores. We had a festival coming up in April and the wedding season, so we wanted to have extra safety stock rather than empty shelves. If you include new stores and this together, it will be about 300 crores of inventory.

Ankush Agarwal – Surge Capital: Okay. Got it. That was helpful. Thanks.

Operator: Thank you. The next question is from the line of Smit Kala from RSPN Ventures. Please go ahead.

Smit Kala – RSPN Ventures: Thank you for the opportunity. My first question is that while we have been outperforming peers in SSG growth through the first three quarters, in this fourth quarter specifically, the SSG growth was slightly under par compared to peers. Can you provide some color on that and how we expect to go back to outperforming our peers?

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Management: I think you have to look at it through the lens of the base we are talking about. The SSG we are calculating is on a base of 1,000 rupees per square foot of sales. Growing at 8.5% on a base of 1,040 rupees per square foot means our old stores are now at 1,125, which is at least 40% to 50% more than our peers. As the base increases, you cannot consistently keep being number one in terms of percentage growth. But if you look at the full-year SSG growth, we are still at the top even with a higher base. If you look at the profitability and EBITDA numbers, our ultimate aim is highest per square foot GP, highest per square foot EBITDA, and highest return on equity. I think we beat our peers on all those metrics that matter most.

Smit Kala - RSPN Ventures: So we continue to guide for 8% to 10% SSG for the future?

Management: Yes.

Smit Kala - RSPN Ventures: One bookkeeping question. Depreciation has increased materially sequentially, while our stores increased sequentially by 11% to 12%. Is there a one-time item there?

Management: Yes, it is a one-time accounting change. A lot of small items like nuts, hard tags, and hangers that we used to capitalize earlier are now being depreciated because we want to expense them off.

Smit Kala - RSPN Ventures: What was the quantum of that one-time hit this quarter?

Management: It would be about 6 to 7 crores.

Smit Kala - RSPN Ventures: Okay, that was helpful. That's all from my side.

Operator: Thank you. The next question is from the line of Deepak Guruthi from Wealth with Wisdom. Please go ahead.

Deepak Guruthi - Wealth with Wisdom: Hi Akash, great set of numbers. What was our marketing spend in FY26?

Management: It was about 0.3%.

Deepak Guruthi - Wealth with Wisdom: And what is the marketing budget for the coming year, FY27?

Management: It is a similar number. Most of that marketing happens for newer stores. For older stores, our product is the biggest ambassador and word-of-mouth marketing has been working for us. We have been more targeted and efficient with marketing. Going forward, it will be less than 0.5%.

Deepak Guruthi - Wealth with Wisdom: What do you do with off-season inventory? If you are left with winter season inventory, how do you dispose of it?

Management: Approximately 15% of every season's inventory is left with us. We sell it the next season. We do not dispose of any inventory because the winter season is so short at only 3 months. We take it back to our warehouse, re-process it, re-pack it, and send it out in the next season.

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Deepak Guruthi – Wealth with Wisdom: Okay. Thank you, those were my questions. All the best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Anupa from Ratnatraya Capital. Please go ahead.

Anupa – Ratnatraya Capital: I have a question regarding expectations for SSG growth next year, considering the number of stores we are opening.

Management: SSG has no relation to the number of stores we are opening because the SSG we declare is only for the older stores. We guide for 8% to 10% SSG going forward.

Anupa – Ratnatraya Capital: Okay. And you said new stores open at 750 revenue per square foot. How many years does it take to reach a mature revenue per square foot of 1,100?

Management: It takes about 3 to 4 years.

Anupa – Ratnatraya Capital: Three to four years. Okay, thank you.

Operator: Thank you. The next question is from the line of Shumanu Bangal from Three Head Capital. Please go ahead.

Shumanu Bangal – Three Head Capital: Good afternoon team. I have one question on operating leverage. You mentioned your margin will not increase and your old store PSF has stabilized around 8% to 10%. How will we get operating leverage going forward?

Management: Because we are opening so many new stores and adding almost 50% to 60% new area, and they start at about 70% of old store PSF, we cannot get operating leverage at the company level. Old stores' EBITDA is around 11% to 12% and new stores' EBITDA is around 5% to 6%, so the blended EBITDA remains the same. But if you look at old stores in isolation, there is operating leverage because per square foot costs come down and with an SSG of 8.5%, the store-level EBITDA also increases. It will take a few years to see this at the company level because we are adding so much new area.

Shumanu Bangal – Three Head Capital: Does that mean in FY27 we will see no operating leverage at the consolidated level?

Management: In FY27, you will see similar EBITDA margins and similar company PSF numbers.

Shumanu Bangal – Three Head Capital: Got it, thank you. Best of luck.

Management: Thank you, good luck.

Operator: Thank you. A reminder to all participants that you may press star and one to ask a question. The next question is from the line of Arvind Arora from First Quad Capital. Please go ahead.

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Arvind Arora – First Quad Capital: Hi Akash. First of all, congratulations. In the current quarter, is our sales growth from newer stores comparable to Q4 of the previous year? Our SSG growth in the current quarter is 7.7%, and in the previous year's quarter it was 24%, yet we are still able to accelerate our GP margin by 270 basis points. Is my understanding correct?

Management: No, GP margin is not related to new or old stores. The gross margin expansion was because we did less discounting during the winter season and had a better product mix, and we did a lot of inter-store transfers.

Arvind Arora – First Quad Capital: So Q4 is comparable to Q4 of the previous year. If my SSG growth was not as high as the previous year's Q4, which was 24%, my margin still expanded?

Management: That is because of a better product mix and more full-price sales. The gross margin across both old and new stores was higher. Because the gross margin was higher, the EBITDA margin was higher.

Arvind Arora – First Quad Capital: Understood. Are there any plans to venture into segments other than retail fashion? I have seen advertisements regarding vendor products on social media.

Management: No, we do not have any other models and no plans for any other models. We are completely focused on this model and trying to make it better and reach our next target of 1,200 rupees per square foot at the company level.

Arvind Arora – First Quad Capital: Understood. Okay, thank you. All the best, Akash.

Management: Thank you.

Operator: Thank you. The next question is from the line of Kushal Kasliwal from Incred Research. Please go ahead.

Kushal Kasliwal – Incred Research: Hi, thanks for taking my question. Akash, I wanted to understand our expansion for the next 2 years in terms of store additions. How many stores are we planning to add and what is the strategy? Will these stores be in existing locations or new locations? How do we evaluate setting up a store in a new place? What are the top important points for a locality? Just one more thing: how many times do we go wrong in terms of our new store openings and how quick are we to reverse that decision or close that store?

Management: We want to open 50% to 60% new area every year. This year we want to open at least 170 to 180 new stores. If we end the year at around 500 stores, we would want to open 250 stores next year. This is all conditional on not compromising any of our profitability or operating metrics. If the momentum continues and both old and new stores perform well, we will go ahead with this expansion.

Regarding evaluation, we have a scorecard for every location that includes at least 70 to 80 different metrics. That includes proximity to metro stations, train stations, and bus stations, floor plate, parking, frontage, road width, and traffic counts during different times of the day. There are different metrics that give us a confidence score. This also includes population density, per capita income, and sales benchmarking from unorganized and organized players in that city. That is how

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we decide to enter a city.

Regarding your question on how often we go wrong, that is a subjective number. Four years ago, that number was around 10% because the company base PSF was 650 rupees. About 10% to 12% of locations went wrong because some new stores started as low as 300 rupees per square foot. Now, because the company base level has increased to 950 to 1,000 rupees per square foot, newer stores are starting at 750. That percentage has come down to 2% to 3%. We have understood it is usually not about the location being wrong, but more about your product and the brand. Two years ago, we identified 22 stores to shut down, but 21 of those stores became profitable and we only had to shut down one. That tells you that more than location, it is about the product.

Kushal Kasliwal – Incred Research: Got it. Thank you. Thanks for answering my question.

Management: Thank you.

Operator: Thank you. The next question is from the line of Nikshit KV from KVN and Associates. Please go ahead.

Nikshit KV – KVN and Associates: Hello? Is there any plan to open stores outside India? I mean, your competitors are also entering that segment.

Management: I think India is big enough to sustain us for at least the next 5 years. We want to reach 2,500 stores, so we are not looking at other geographies.

Nikshit KV – KVN and Associates: Okay, sir, that's all from my side. Thank you.

Operator: Thank you. The next question is from the line of Amish Kani from Nuveen Investment Managers. Please go ahead.

Amish Kani – Nuveen Investment Managers: Sir, you mentioned entering first with 4 or 5 stores in a state and then expanding. I have observed that in some states you have only 4 to 7 stores, whereas in others you have 35 to 50 stores. How have you expanded state-by-state in the last 2 years and how do you see that in the next 2 years? Can you give us some flavor of your cluster-wise approach and your warehouse strategy? Second, 90% of our sales are at normal pricing. How do you ensure regular customers keep coming back?

Management: We are already present in 25 states. We previously had one central warehouse, and we have already opened a zonal warehouse in Kolkata and finalized one in the South. We will have three zonal warehouses and we already have about 18 hubs, especially in states where we are densely located.

Going forward, future expansion depends on the performance of the stores in each state. For example, we entered West Bengal and Karnataka with a couple of stores and now have 20 stores in Karnataka and 15 in West Bengal. We have entered 9 new states including Andhra Pradesh, Telangana, Maharashtra, Gujarat, Rajasthan, Punjab, and Haryana. We will judge the performance, create an optimum model, and expand where we see the best traction. We want to be present in every state in the country. Seeing good response and performance from new stores in all the new geographies gives us a tremendous amount of confidence.

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Regarding why customers keep coming back, value fashion globally is about creating an ecosystem where the assortment is fashion-forward, affordable, and high quality in terms of fabric and fit. It is about creating that brand identity. Once consumers trust that they can find the latest fashion at the most affordable price with good availability and customer experience at V2, that gets them back to the store. We do not want to be a discount store, which is why we sell more than 90% at full price.

Amish Kani – Nuveen Investment Managers: Thanks. That helps. All the best.

Operator: Thank you. The next question is from the line of Avinash from Motilal Oswal. Please go ahead.

Avinash – Motilal Oswal: Hi sir, thank you for the opportunity again. My question is regarding the right-of-use assets and lease liabilities on the balance sheet. The proportionate increase was not equivalent to the area growth. Does this mean we are signing shorter-term leases?

Management: We changed the policy last quarter. We decided we would look at at least 2 to 3 years of performance for a new store before deciding whether to continue operating it. Our lock-ins and leases are about 1 year and the vendor lock-in is 11 years. We changed that accounting policy last year in line with other retailers in the country, which also helps us reduce the gap between pre-Ind AS and Ind AS.

Avinash – Motilal Oswal: Okay sir, understood. Thank you.

Management: Thank you.

Operator: Thank you. A reminder to all participants that you may press star and one to ask questions. The next question is from the line of Omkar Gurgare from Shri Investment. Please go ahead.

Omkar Gurgare – Shri Investment: Good afternoon. My question is regarding the cash flow. In the current year, you will be opening 175 to 200 stores. Is it possible to be cash flow positive after that?

Management: If I talk about operating cash flow, that can certainly be positive. Net cash from operating activities can be positive even after opening 175 stores. You saw that last year as well when we opened 74 stores. This year, because we prepaid a lot of vendors, our creditors have come down by almost 10 days, which shows a slight increase in working capital. But as and when we need money for opening newer stores, we can stop the prepayment program.

Omkar Gurgare – Shri Investment: So you will be operating cash flow positive this year?

Management: Yes.

Omkar Gurgare – Shri Investment: You mentioned you aim to have 2,500 stores and 1,200 rupees per square foot. How does this align with your long-term vision? What is the timeline for 2,000 stores?

Management: Until we keep adding 50% new area, we won't be able to increase the company per square foot sales. But when we reach 2,000 stores, we would only be adding 500 new stores annually. That year, we will be able to expand operating leverage, EBITDA, and company-level sales

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per square foot. We are talking about two different timelines. The timeline depends on performance. We are looking to grow at 50% if we keep performing well. You can build the model to see which year we reach 2,500 if we keep growing at 50%. The capacity for V2 stores in India today, we think, is 2,500. We can grow at 50% until we reach that number. Beyond that, we would need a different model or need to enter a different country.

Omkar Gurgare – Shri Investment: Regarding EBITDA margins, for FY27, you said you will be maintaining margins. Can margins reach low double-digits in the next 2 to 3 years?

Management: There are three levels to this. One is consolidating fabric purchases. We are currently only nominating about 20% of our purchases. We have the potential to save at least 3% to 5% by centralizing and nominating fabrics. The second is operating leverage on per square foot expenses. We have already reduced it from around 200 rupees to around 190, and it should go down to 175. That adds another 1% to 1.5%. The third is SSG increasing per square foot sales. But as we are adding 50% to 60% new area, it offsets these three levels. That is why we are maintaining a high EBITDA percentage even while adding so much new area.

Omkar Gurgare – Shri Investment: So for the near term, we can expect similar growth on the top line as well as the bottom line?

Management: Yes.

Omkar Gurgare – Shri Investment: Two months of the current quarter have passed. You said May was a bit slow, so what can we expect with one month remaining?

Management: It is too early to say. April was very good for us and May has been a little slow. June is supposed to be one of the biggest months for us, and that will define the quarter. But it all looks good and we hope the geopolitical situation is short-term.

Omkar Gurgare – Shri Investment: Even with some variance in the quarter, for the year and the next couple of years, you are guiding for 50% growth, right?

Management: Yes.

Omkar Gurgare – Shri Investment: All right. Thank you, guys.

Management: Thank you.

Operator: Thank you. Due to time constraints, this was the last question. I now hand the conference over to Mr. Akash Agarwal for closing comments.

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

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

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