

May 06, 2026

<b>BSE Limited</b> Scrip Code: <b>543401</b>	<b>National Stock Exchange of India Ltd.</b> Trading Symbol: <b>GOCOLORS</b>
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Dear Sir / Madam,

**Subject: Transcript of Earnings call – Q4 FY 26**

We hereby enclose the transcript of earnings call for the financial results for the quarter ended 31<sup>st</sup> March, 2026.

This is for your information and records.

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

**Gayathri Kethar**  
**Company Secretary & Compliance Officer**

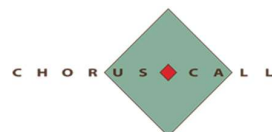
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“Go Fashion (India) Limited  
Q4 FY26 Earnings Conference Call”

April 30, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 30th April 2026 will prevail.



**MANAGEMENT: MR. GAUTAM SARAOGI – CHIEF EXECUTIVE OFFICER  
– GO FASHION (INDIA) LIMITED  
MR. R. MOHAN – CHIEF FINANCIAL OFFICER– GO  
FASHION (INDIA) LIMITED  
SGA - INVESTOR RELATIONS ADVISORS – GO FASHION  
(INDIA) LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Go Fashion (India) Limited Q4 and FY '26 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not guarantee of future performance and involve risks and uncertainties that are difficult to predict.

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

I now hand the conference over to Mr. Gautam Saraogi, CEO of Go Fashion (India) Limited. Thank you, and over to you, Mr. Saraogi.

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

FY '26 has been a year that has tested our resilience, challenged us in numerous ways, and ultimately reinforced our conviction in the long-term opportunity that lies ahead for Go Colors. The bottom-wear industry has undergone a transformation and Go Colors has consistently evolved alongside these changes.

When Go Colors began its journey in 2009, it started out with leggings churidars were the cornerstones of the offering. This is no longer the case. Today, our portfolio mix has changed dramatically. Approximately 70% of our revenues now come from the value-added bottom-wear portfolio, which are the non-leggings range. This includes trousers, palazzos, joggers, treggings, jeggings, athleisure wear, fusion styles and many more.

This shift is not incidental. It is a result of a deliberate design investment, consumer insight and the courage to expand in our defined category. We continue to strengthen and diversify our product portfolio to stay aligned with emerging market trends and consumer preferences. Over FY '27, we plan to add 10 to 12 new refreshing products especially bottom-wear products for our customers, not just line extensions, but genuinely new formats that opens up new purchase occasions and customer cohorts. Our aspiration is clear, to be the definitive one-stop destination for women's bottom-wear in India.

Now coming to our store network strategy. Our store expansion strategy has undergone a significant evolution this year, and I want to walk you through the thinking behind in some detail because it is central to how we unlock the next phase of growth. On the store network, we have added 43,000 square feet of retail space over the last year, a growth of 11%, primarily driven by our aspect on shift to larger EBOs.

As the bottom-wear category broadened with more and more products coming in and more SKUs coming, our smaller stores have actually increasingly become inadequate from a consumer

experience standpoint. A customer walking into a small store today cannot see the entire full breadth of what Go Colors offers. This store is limiting the conversion between the brand and the consumer.

In line with our new strategy, we now firmly focus on increasing consumer experience through larger EBO stores of 700 square feet and above. These stores allow us to display our entire full range of inventory and create dedicated sections for different product categories and deliver a meaningful better in-store experience.

We have reviewed our portfolio of stores comprehensively. In FY '26, we have shut down 50-plus stores in our overlapping catchment areas. And over the next 3 months in quarter 1, we plan to shut another 50 such small stores. These are deliberate consolidations; 2 or more small nearby stores being merged into a single larger, for a better equipped store with a larger and more display of inventory.

Our store expansion strategy will continue to remain calibrated and selective with a clear focus on entering high potential locations, predominantly Tier 2 and Tier 3 cities where penetration of our organized bottom-wear market is low. Over the next 5 years, we significantly aim to expand our footprint with the potential to nearly double our scale in terms of square feet. The new business strategy will lead to revenue maximization and cost optimization.

Now, coming to brand building and customer engagement. FY '26 has seen us invest meaningfully in brand visibility and customer engagement, particularly among the younger consumer cohorts, which represent our future growth opportunity. To drive improved store performance, we have undertaken 2 initiatives centered on product freshness and customer engagement. We are accelerating the launch of new designs and expanding our product range to cater to a wider customer base.

In Jan 2026, we had collaborated with a leading influencer to launch a new collection, specifically aimed at enhancing brand visibility and relevance among younger audience. This was a deliberate effort to see Go Colors brand in a cultural and digital context that resonates with the millennials and the Gen Z consumers.

Looking ahead in June 2026, we will have a brand ambassador for our products. This is a significant step for Go Colors, one that we believe will meaningfully amplify our brand salience, support stronger top-of-the-mind awareness and generate improved traction at a store level. A brand ambassador will help us create more consistent and more emotional storytelling around Go Colors' identity, particularly as we expand into newer markets and formats.

Coming to our new business initiatives. First is our Daily Wear concept. This initiative designed to capture everyday casual wear and utility-driven segment of men's and womenswear market is demonstrating healthy unit economics in the early stages. We believe that this concept complement our core portfolio as well. By the end of FY '27, we plan to expand the Daily Wear concept to about 25 to 30 stores, which as on 31st March 2026 is 10 stores. It will give us strong read on scalability, consumer adoption across different markets.

On our international foray, Go Colors opened its first international store in the Middle East during FY '26, making a significant milestone in our brand's journey. This early response has been encouraging, and we are studying the unit economics and consumer responses carefully. Our approach will remain measured and data driven as we scale this channel.

Coming to the LFS business. The LFS business has been volatile in FY '26. As noticed earlier, Q3 was significantly impacted by a key LFS partner pausing fresh inventory intake for approximately 45 days. This was an operational disruption, not a reflection of end consumer demand for Go Colors' products, but it materially affected our revenue and channel efficiency for the quarter.

We have since resumed supply to this partner and have put in place a strong engagement protocols to ensure that we do not face this recurrence again. More broadly, the LFS channel has faced structural challenges around footfall recovery and secondary sales velocity over the past several quarters.

Our focus going to FY '27 is on improving product assortment and placement with partner stores, ensuring consistent secondary sell-through and deepening our engagement with all LFS partners to maximize our visibility and consumer access at each touch point. We expect the LFS channel to stabilize and show meaningful recovery in FY '27.

Looking ahead to FY '27, our priorities are very clearly defined. First and foremost, we are committed to turning SSG positive and ending FY '27 with a positive full year same-store sales growth. This is not just a financial metric. It is a proxy for brand health, consumer traction and store productivity.

Every initiative we are taking; larger stores, fresher products, brand ambassador, influencer partnerships, the Daily Wear concept, improved store aesthetics is ultimately aimed to driving the SSG positive outcome. We have a clear internal road map for moving from negative SSSG of FY '26 to a positive number by the end of FY '27.

Second, we will successfully migrate to a new store format strategy, continuing to close smaller stores in overlapping catchments and replacing them with larger 700-plus square feet stores. We will simultaneously invest in improving the look and feel of our existing stores, bring in more premium and aspirational products that matches the evolving expectation of the consumers. We want every customer to walk into a Go Colors store to feel that they are engaging with a brand that truly understands them.

Third, we will refresh our product portfolio with new additions, targeting new purchase occasions and consumer sentiments and ensuring Go Colors remains the most innovative and comprehensive women's bottom-wear brand in the country.

Fourth, will be our Daily Wear concept – where we will open 25, 30 stores by the end of FY '27, building on the healthy unit economics we have already seen in the 10 stores what we've opened before 31st March. We will continue to focus on the LFS channel recovery, working closely with our partners on assortment, placement, sell-through to ensure that the channel continues meaningfully to our overall growth.

Through all this, we remain committed to maintaining a healthy working capital position and generating sufficient internal cash flows for further expansion, keeping our balance sheet strong as we invest in the future.

Before I close this, I want to speak on the longer-term opportunity because I feel it's easy to lose sight in a difficult year like what happened we just experienced now. The company continues to maintain a strong competitive position in one of the most recognized women's bottom-wear brands in India with a clear emphasis on quality, comfort and fit.

Our category expertise, long-standing relationships and brand default position us exceptionally well within the women's bottom-wear segment, which itself remains significantly underpenetrated by organized players. Given the still low penetration of organized retail in the country, the bottom-wear market offers a meaningful and long-term opportunity for the brand with our depth of presence and heritage. With this, I would like to hand over the call to our CFO, Mr. R. Mohan, for the update on Q4 and the full year's results and financials. Thank you.

**R. Mohan:**

Thank you, Gautam, and good evening, everyone. First, I'll give you the financial highlights for Q4 FY '26. Our revenues for the quarter stood at INR196 crores. Gross profit stood at INR123 crores with a GP margin at 62.9%. Our EBITDA for the quarter stood at INR50 crores. EBITDA margin stood at 25.3%. Profit after tax for the quarter stood at INR8 crores.

Coming to FY '26 performance. Revenue stood at INR838 crores. Gross profit stood at INR529 crores with a GP margin of 63.2%. EBITDA is at INR237 crores and EBITDA margin is at 28.3%. PAT is at INR59 crores. ROCE and ROE, excluding Ind-AS impact, as on FY '26 is at 11.5% and 8.9% respectively. Cash and cash equivalent stood at INR181 crores as on 31st March 2026. With this, we'll now open the floor for questions-and-answers.

**Moderator:**

The first question is from the line of Sameer Gupta from India Infoline.

**Sameer Gupta:**

Gautam, firstly, if you were to exclude the stores that have been closed during the year or during the quarter and there is a sizable number of closures is what we see. Could you help us with what kind of SSS growth the rest of the stores have clocked in the system?.

**Gautam Saraogi:**

Yes. Thanks, Sameer. See, I was just having a look at the data also. See in Q4, if I exclude those stores and if I see how many stores have delivered positive SSSG. Out of our total network of stores, there have been about 275 stores which have delivered positive SSSG in Q4, that's an average SSG of about 10% to 11%.

So there are many stores which are actually doing well and many of the larger stores which are more than 300 square feet and about 275 stores have been actually positive. So I think it's a mixed bag of stores. I think if you exclude the closed stores I'll have to just see if the reported SSG is before closed stores or after closed stores. My hunch is that it is excluding the closed stores of the year. This is SSSG based on live stores through the year. So the closed stores have actually not been considered.

**Sameer Gupta:**

Okay. So basically, even if you exclude the closed stores, it's still a 3%, 3.5% decline.

- Gautam Saraogi:** Minus, which is the reported number is after excluding closed stores.
- Sameer Gupta:** So, the stores which are closed is not the problem in terms of SSG, we would still need something else to fix the problems there?
- Gautam Saraogi:** No, because there are still many smaller stores in the network. And we have still 100-plus stores which are smaller stores in the network, which has to be eventually migrated into larger stores. I'll tell you the main problem of the negative SSG is because we've been going from store to store, meeting customers.
- Many of the smaller stores don't have that kind of shelf space and size to accommodate all the newer products what we are launching. And because of that, product discovery in the smaller stores become a problem. And that has been one of the reasons why our overall EBO SSG has been negative. So as we transition in FY '27, we see this recovery happening.
- Sameer Gupta:** Got it. Got it, sir. And these 275 stores, is there any analysis on their store size or their vintage age, something like that?
- Gautam Saraogi:** Yes. See I was just having a yes, these 275 are across vintage. It's not that all of these stores are new stores. They're across vintage. Out of these 275 stores, approximately close to 200 plus 200, 210 stores are stores which are more than 300 square feet or more than 400 square feet. So, even our data is suggesting very clearly that positive SSG is more common in these stores.
- Sameer Gupta:** And when you say 100-plus smaller stores, what would be their average store size?
- Gautam Saraogi:** No, these are all store size below 300, the 100-plus stores.
- Sameer Gupta:** Okay. Got it. And by any chance, would you be able to share the net store addition that you expect for FY '27?
- Gautam Saraogi:** See, right now, it's very difficult to give a guidance on the number of stores we are going to be adding on a net basis because we are going to be looking to close many small stores and open larger stores. So it's difficult to give a net number as far as store additions are concerned. But on a square feet basis, I can tell you how much square feet we'll be deploying. We would be adding at least more than 10% more square feet in the coming year.
- Sameer Gupta:** And this is net?
- Gautam Saraogi:** Net, correct.
- Sameer Gupta:** Okay. And 100 plus smaller store...
- Gautam Saraogi:** In FY '26, we delivered about 11%. So I'm hopeful that even in FY '27, we'll be at least minimum giving 10% to 11% of square feet increase.
- Sameer Gupta:** Okay. And these 100-plus smaller stores you're mentioning is after the cleanup in 4Q. So there's still 100-plus more stores...

- Gautam Saraogi:** Yes, but that will happen over a slightly longer period of time. See, what we have done is, we are consolidating some of the smaller stores in Q1 as well, which I just mentioned in my speech, right? Those already have larger stores nearby. So the business is likely to move to the larger stores. Having said that, there will be still a tail of small-sized stores that will happen over a period of time. As and when we are opening larger stores in those markets, we'll be shutting those very small stores.
- Sameer Gupta:** Got it. Got it. Fair.
- Gautam Saraogi:** But it's very difficult to give a time frame for when and how we'll be closing those stores.
- Sameer Gupta:** Fair, sir. No worries. Secondly...
- Gautam Saraogi:** And also Sameer, one more thing what we do sorry, Sameer. See, one more thing what we have done is when we are signing 700-plus square feet stores, right? We don't want to be in a situation where after 3 years, we feel 700 is also less. So from a 700-plus square feet store size, we are able to say that in the long-term future as well, we will not have a situation where the store has started turning out to be small for us. So we are calculatedly signing stores which will last from a longer-term perspective.
- Sameer Gupta:** Fair, sir. Great. This is good. Secondly, I'm sorry, taking some more time.
- Gautam Saraogi:** No, please go ahead Sameer.
- Sameer Gupta:** So, the positive SSS growth expectation or ambition for FY '27 versus 3% decline, now you have stated the broad plans. But what I noticed is that the key strengths that we associated with Go Colors, which was lower store sizes, less fashion quotient, ability to stack up products rather than having it on racks, which resulted in higher throughput and superior store economics.
- Now when we are moving to larger stores and having a higher fashion quotient, more influencer marketing, I believe the risks also increase if SSS growth doesn't come through. So we had a lot of inventory write-offs, higher operating leverage.
- Gautam Saraogi:** So, Sameer, I'll clarify on that. I'll clarify on that. That's a good point. See, I'll tell you, from a unit economics and return on capital employed perspective and payback period perspective, a 700 square feet store and a 300 square feet store does not behave differently. See, even when we're having positive SSSG in our unit economics, we had larger stores also and smaller stores also and both had similar unit economics.
- It's not that we've never had 700-plus square feet stores in our ecosystem and network of stores, right? So stores, 2,000 square feet where it's a single box 1,000 square feet follow the same unit economics. So from a payback period and return on capital employed, it's not going to change much. Now as far as stacking and display is concerned, it is not that we are entering into the fashion category.
- The bottom-wear category is always going to be a core and basic category. The only problem what I'm facing today is that my smaller stores cannot accommodate the new styles. See, once I

start opening a larger store, there is a display space to stack them and hang them. So from that perspective, the inventory risk does not increase because I'm not entering the fashion space. It is just because my line of products have increased, which are again very basic and core in nature, I just need shelf space to display.

So my fundamentals of our business, of our EBO giving certain throughput, giving certain EBITDA without inventory risk, it will continue the same way even in our 700 square feet store because we've had 700 square feet store in the past, in our current ecosystem as well.

**Sameer Gupta:** Got it. Fair. This answers the question. Lastly, if I may squeeze in. Inventory increase, is it just a function of changing mix? Or is there something else? And if it is...

**Gautam Saraogi:** So, it's a combination of 2 reasons, Sameer. One is because we've had a revenue softness, inventory days is showing higher. Second, because our pilot also has gone live with 10 stores, there's slightly increased inventory over our bottom-wear inventory because of the pilot of Daily Wear concept. We've started seeing the sales, but the sales have not picked up velocity for the inventory to be efficient towards the sale for the Daily Wear concept.

So the slight elevation of inventory is largely on the basis of softness in bottom-wear sales and the Daily Wear concept products which have entered this year in our inventory, where the sales have just started picking up now. So this inventory level what we have currently at 4 months; in FY '27, it will stabilize again back to 3 months, what was our previous number.

**Sameer Gupta:** But both the factors are going to be there, right? I mean SSG you're targeting to I mean the same-store sales growth if at all will be low single digits and Daily Wear as a part...

**Gautam Saraogi:** No, no, no. See no, as far as inventory is concerned, our inventory sourcing is dynamic, Sameer. Now since there has been softness in sales, our inventory will auto correct in bottom-wear. So there will not be a situation where my inventory levels are continuing to rise dramatically. So, this year, yes, we will grow. We will have positive SSSG. But even the inventory levels as far as daily-wear is concerned and bottom-wear is concerned, it will autocorrect.

**Moderator:** The next question is from the line of Deep Shah from Equirus Securities.

**Deep Shah:** Sir basically, 2 questions from my side. Over the last couple of quarters, if we see we have been taking initiatives in terms of improving customer experience. We have been closing down smaller stores. We have been launching new products. However, when I see number, nothing has been flowing to that side. So, first of all, if you can comment upon how has been the demand trends, what's happening in the industry, if you can throw some colour over here? Then I'll ask the second question.

**Gautam Saraogi:** Sure. Thank you Deep. So, Deep, see, very clearly, it's very reflected in our numbers. We are also going through an internal transition. When we are going through an internal transition, we have identified where the pain points are. So, now we know what actions have to be taken. And when we are taking those actions, the results always takes a little bit of time.

So I know it's not reflected in our quarterly number, what efforts we are putting in, but I'm very hopeful that in the coming quarters, all repair actions what we are taking, it will finally show good results for us. So I think if we wait a little more, be patient a little more, we will start seeing the green shoots.

As far as demand scenario is concerned, I think overall demand is not as weak maybe as how it was maybe 6 months or a year back. Quarter 4, when I speak to my peers, many retail companies, apparel companies have given positive commentary around demand scenario. So, I think from a demand perspective, probably it's not as weak as it was earlier, and we have seen improvement in demand in the industry.

**Deep Shah:** Okay. Got it, sir. And sir, secondly, on the margin side, we have somewhere in the ppt, you mentioned that there was INR5 crores of impact due to the Reliance credit note. So if I adjust that to my gross margins, we have seen some 114 basis points of gross margin expansion on a Y-o-Y basis. So, first of all, can you comment upon the nature of this expansion? And secondly, see, considering over last 2 months' cotton prices have seen a very sharp rally, so any outlook for the gross margin on FY '27 gross margins?

**Gautam Saraogi:** Yes. I think we've maintained similar gross margins. I think we'll maintain between that 62.5% and 63.5% gross margin, what we've been delivering. See, the one good thing in our P&L, right, even in a very tough year, we have not moved and pivoted to discounting. We have kept our no-discounting policy intact. Our gross margins have been rock solid intact. So even in the coming year, we see similar gross margins to what we've been delivering. I don't see an expansion, but will be similar gross margins.

**Moderator:** The next question is from the line of Avinash Karumanchi from Motilal Oswal.

**Avinash Karumanchi:** So my question is regarding the ASP. So if I look at it like, there is a steady increase in the ASP and also the number of products that are priced below INR1,000, their share has gone down from 80% to 70% in the last 4 quarters. So is that one of the steps that you're looking to drive the SSG growth, which will help you going forward?

**Gautam Saraogi:** See, from an ASP perspective, Avinash, look, we are careful on premiumization. Yes, we want to introduce products of our higher ASP, but we don't want to become so premium that we start becoming a very expensive product, right, expensive product line. Currently, our ASP is around that INR800.

I think in the short term, it will be between INR800 and INR900. So we are very cognizant of that. We don't want to premiumize so much that our ASP starts crossing INR1,000 or beyond INR1,000. We always want to keep our ASP we always try keeping our bottom-wear ASP sub INR1,000.

**Avinash Karumanchi:** So this reduction in the percentage share of products below INR1,000, is it because you voluntarily moving some low-value products or...

**Gautam Saraogi:** No, I don't think the number that percentage should be given too much importance. I think we should always see a blended average of our ASP. Yes, 70% of the products are less than

INR1,000, but we are also introducing products which are more than INR1,300 as well. So the way, as management, we are looking at is that what is our blended ASP which comes into our business.

So the blended ASP right now is between INR800 and INR811. So I think that's a very decent healthy ASP. And we would like to maintain our ASP. From a long-term perspective, we would like to maintain it under INR1,000.

**Avinash Karumanchi:** Okay. Got it. And the other question was regarding the LFS sir. So when you said last time that this 45 days of issue that happened at one of the partners, that was supposed to be ended in third quarter, right? Even in this quarter, we have seen a decline here in case of LFS.

**Gautam Saraogi:** See, what has happened, Avinash, we've had a 15%, 16% decline in LFS revenue in Q4. If I adjust that INR5 crores, which I mentioned in my investor presentation because when we do a reversal or we get a credit note, it adds on to the LFS revenue, right, because of Ind-AS 115 standards. So if I adjust the INR5 crores, the 15% decline will come down to 7%.

Now from a trajectory perspective, where we were at minus 30% in quarter 3, the minus 30% has become minus 7%. So the recovery has already started seeing in Q4 from an LFS perspective. So minus 15% is the incorrect number to look at. If we adjust the INR5 crores of shortfall of credit note and we look at it from that perspective, then the fall is only minus 7% or minus 8%.

So, from minus 30% in Q3 from minus 30% in Q3, it has come to minus 7% in Q4. So in Q1, you will see further improvement, but it will I'm hopeful that it will start, there will be no degrowth and there will be growth as well.

**Avinash Karumanchi:** Understood. Understood, sir. And you said in the earlier point that out of the 800 stores, somewhere around 275 stores are delivering a positive SSG. And out of -- the rest 500 stores, 100 stores would be smaller stores, which are over the near future will be closing down. And what's the commonality between the other 400 stores, which are still seeing the negative SSG.

**Gautam Saraogi:** See, the other 300 200, 300 stores are seeing negative SSG and we are studying. It's even in those stores, some of those stores have actually degrown and there are many stores which have grown. So we are looking at the reasoning of all the other stores. We have studied all the buckets of sizes. We have seen that the majority degrowth has happened in the very small stores.

Of course, from a I can't say that all larger stores have grown, but whichever stores have been positive, a major chunk of them have been the larger stores. So we have been able to when we are studying that data, we've been able to come to the conclusion that the larger stores work better than the smaller stores.

**Avinash Karumanchi:** And one last question regarding this 10% area, isn't that you would be doing. So these pilot stores, they are of a larger store, right, 2,000, 2,500 square feet kind of stores.

**Gautam Saraogi:** Correct.

- Avinash Karumanchi:** So, How many of that are you building into this 10% area growth?
- Gautam Saraogi:** I think, including that, I think, see the number of stores as far as we are adding, we are going to be adding another 10, 15 stores in FY '27, right? We are already currently at 10 stores. So the 10, 15 stores will add maybe 2% or 3% of the overall square feet. So maybe from a bottom-wear perspective, we are adding 10%. Including the Daily Wear concept pilot, maybe it will become 12%.
- Moderator:** The next question is from the line of Shyam Sundar from Franklin Templeton.
- Shyam Sundar:** Hi Gautam , so this SSG coming back to low-single-digit next year, the key insight you are mentioning is, once we do away with some of the smaller stores and with larger stores, our customers should have a better discovery potential, and therefore, that should lead to better SSG. Is that the key insight there? Did I get that right?
- Gautam Saraogi:** That is one of the main reasons.
- Shyam Sundar:** Okay. Okay. are there any other...
- Gautam Saraogi:** See, what we are doing, Shyam, we are doing 2, 3 things. One is obviously the larger stores, which is one of the key main reasons why our business also has been slowed down because of the display size. We're also launching many new products in the coming year, which are in today's time, the consumer is demanding, which like we are launching all-day pants, we're launching cloud pans. We're launching a few new products in the pant category, which is likely to do very well in the coming years.
- So some new product additions, better store experience, larger store with a brand ambassador coming on board and our marketing also gets strengthened. I think all these 2, 3 levers will have a very positive impact on the sales and performance of the business.
- Shyam Sundar:** Okay. Understood. Got it. Okay. Gautam, the next question, if you look at our clean EBITDA margin as in the pre-Ind AS EBITDA margin based on our disclosure and if we look at over a 12-quarter period, that margin has steadily dropped from 16-odd percent to 6.8% this quarter. What is your diagnosis here? And how do we intend to arrest this margin? Is there some trough margins that we can defend given our store, the quantum of stores and the cost base that we have now built into the system?
- Gautam Saraogi:** So Shyam, see the best way to look at the margins will be from a full year basis because the quarter 4 EBITDA is also impacted because of the LFS credit note. So the best way to look at it is from a full year basis. So from a full year basis, if you see our EBITDA for the full year pre-Ind AS EBITDA is 11.5% and last year was 16.8%. So there is a INR40 crores fall in EBITDA. Last year, our full year EBITDA was INR143 crores, this year it's INR96 crores, so there is a fall of about INR40 crores.
- Now the stores what we have shut and shutting, each store, revenue is more likely to move to the larger store, which is nearby for a period of time. But the cost which was incurring for these stores was more than INR25 crores. So a good chunk of cost comes down when we are shutting

these small stores. So eventually, once the business also moves to the larger stores, the EBITDA margins will start improving and start going up.

So I'm not really very concerned about the EBITDA margin because it's a function of rent and salaries, which will get corrected once the smaller stores start shutting in Q1. So the margin recovery is more likely to happen from Q2. So from Q2 financials, you'll be able to see a significant increase in our EBITDA margins, which is currently at about 11.5% for the full year vis-a-vis we were close to 16.8% in the previous year.

**Shyam Sundar:**

Correct. And in FY '23, I think that was the peak at close to 19-odd percent.

**Gautam Saraogi:**

Right, we were at about 18%, 18.5%. But this EBITDA, which is right now is at its lowest. It cannot go below than that. So from Q1, we are going to be like I just mentioned in my speech, in Q1 also, we are going to be shutting about 50 small stores. From July onwards, from Q2 onwards, once those small stores are out of the ecosystem, the entire INR25 crores plus cost reduces in the P&L and the revenue will also eventually be moved to the larger stores. So we'll get a full benefit of that flowing to the EBITDA.

**Moderator:**

The next question is from the line of Devanshu Bansal from Emkay Global.

**Devanshu Bansal:**

sir, we are most likely optimizing our network by 10%, 15%, right, Q1 combined. And especially expectation is turnaround only by end of FY '27, right? So revenue for FY '27, can we assume it should be like a 10% kind of a dip, 10%, 15% kind of a dip. Is this the right way to look at it?

**Gautam Saraogi:**

No, we will not degrow in FY '27, Devanshu. The idea is to grow. And a lot of things, a lot of efforts have been happening in correcting the small stores, doing good marketing. We've signed a brand ambassador also. I think all these things are going to bring a positive result for us in FY '27. So there will definitely not be a degrowth. I'm expecting that we will grow. Difficult to give a growth guidance, but we will definitely grow in FY '27.

**Devanshu Bansal:**

So, Gautam, what I understand, so your SSG target that you're giving is a tad conservative, right? So why I'm saying so? So suppose you have given 2 examples, right, Rajasthan and Maharashtra. So if you are combining these 2 stores into 1 store, right, so your SSG should jump up, right, in that particular cluster. So why are you saying that your SSG will only become positive by year-end?

**Gautam Saraogi:**

No, no, I'll tell you what happens, Devanshu. When we are closing the store, it takes time for that revenue to move. So we are also not able to estimate within which time frame will that revenue move. So right now, from a guidance perspective, we feel that, okay, this should turn positive by the middle of next financial year or maybe end the entire year on a positive SSSG. But for us to define the time frame of how long it will take for that revenue to move from the smaller to the larger store is very difficult.

**Devanshu Bansal:**

Okay. And Gautam, so going back to the example, you're saying that 2 stores combined were having about 500 to 600 square feet, which is now getting converted into 1 large store of 900 to 1,000 square feet. So combined, how should we see the revenue and margin profile of that cluster, right?

- Gautam Saraogi:** Yes, the unit economics don't change, Devanshu. In fact, Sameer had asked the same question. The unit economics don't change. I'll tell you the reason why. Now even if I take my current network of stores, we have stores of all sizes. I have seen the larger store sizes also give the same unit economics.
- So from a unit economics perspective, if the business is likely to move to the nearby larger store, the unit economics will be the same. In fact, the question is when we are opening another large store in a fresh market of 700 square feet, it will carry the same unit economics as a 300 one.
- See, the existing store, which is there and the business is going to move to the larger store, the existing larger store, there will be improvement in revenue. But for a brand-new 700 square foot store when I open, the unit economics is going to be very similar to my 300 square feet.
- Devanshu Bansal:** No, I get it. But the example that you have provided is actually a 900 to 1,000 square feet store, right?
- Gautam Saraogi:** So, basically, the idea is suppose see, I got your question. Suppose the 2 300 square feet stores were doing INR4 lakh each. And I've opened a new larger store nearby. So that INR8 lakhs of business with some incremental business should move to the larger store.
- Devanshu Bansal:** Yes. Okay. But still you're saying only INR4 lakh, but your annual revenue per store is very high...
- Gautam Saraogi:** No, no. I'm giving you an example. No, no. I'm just giving you a hypothetical example. If 2 stores are there, they're doing say INR5 lakh each. And we are opening 1 large store nearby in that cluster. It's a brand-new store, okay, of 700, 800 square feet. Both those stores revenue should move to that larger store. And in addition to that, because it's a larger store with better experience, it should do a much higher number than what those 2 stores are combined with also.
- Devanshu Bansal:** Okay. So the unit metrics of larger stores should actually be better than...
- Gautam Saraogi:** It must be actually much better than 2 smaller stores because and I'll tell you why. Your employees also what you're going to be keeping in the 700 square feet store is going to be less compared to the total employees what you would keep in 2 small stores. So from a unit economics perspective, the viability and the it will be on par with the 300, if not better.
- Devanshu Bansal:** Fair enough. But have you seen this precedent in some of the areas already or this is just an expectation?
- Gautam Saraogi:** No, no, we have. See, I'll tell you, in many places where we've opened larger stores, we have seen deep cannibalization in the very small stores nearby. So it's very evident that the customer has a better shopping experience in our larger store. So you practically see, when you're walking into a 250 square feet store, Devanshu, the new style -- it becomes very difficult to display the new styles.
- See, ideally, as a company, we should have pivoted to larger stores and seeing this pivot a lot earlier. Today, that's why we are not repeating the same mistake by doing 700-plus square feet

store, we will not be in this position again after 3 years or 4 years. So I'm taking a 700 -plus square feet store to also keep in mind and accommodate the newer bottom-wear products what I'll launch in the future.

**Devanshu Bansal:** Understood. Understood, Gautam. Gautam, I also wanted to understand, so my understanding suggests that the core consumer, which we had was 25 to 35 years age women, right? And then our intent was to bring in that 20 to 25 years age young women, right? So now with the product launches that we are doing, right, what are we trying to do with these products? Are we sort of trying to attract 20 to 25...

**Gautam Saraogi:** See, what we're trying to do Devanshu, we want to launch products which are relevant for all age groups. See even when we launched the Prajakta Koli Associated collection, that collection was well purchased across a 20-year-old girl and a 45-year-old women also.

So I think our product strategy is very clear that it should appeal to all age groups. So whatever new products we are developing, it will be not only for the Gen Z, but even for the millennials as well, if not older. See, we don't want to yes, go ahead.

**Devanshu Bansal:** So, but if we see your numbers, Gautam, right? So if we see this quarter's performance also, then actually your ASP has increased by about 9-odd percent and your volume per store has dipped by about 11%, 12-odd percent, right? So that is the broad estimate I have come up to. So your volumes are actually dipping, right? So that means your core consumer is actually not finding what the relevance of ethnic wear?

**Gautam Saraogi:** No, no, I understand. But see, I understand that we are in a volume-led business, right? I mean, see, look, there's no doubt about it that we are in a volume-led business. But I'll give you another aspect. When a consumer is shopping apparel, say, bottom-wear, they buy of a particular average transaction value. See today, our average transaction value say, is around INR1,700, INR1,800, I'm just giving an example.

So as the ASP increases, the consumer will end up buying off a particular transaction value. So sometimes I'm not saying that we should not be looking at volume. Volume is a very, very important metric in our business. But as ASP increases, it will not also completely mean that the volume growth wont keep up in pace, and the consumer purchase will keep increasing.

Are you understating? Suppose before, if a lady used to buy, say, 2 bottoms of INR500 each. Today, when she's coming in, she's probably buying INR1,300 one bottom. So she's actually from an average transaction value perspective, she's actually spent more than what she was spending earlier.

So, see, what I mean to say is, we should keep an eye on volume because ours is a volume-led business. But because there's a volume degrowth does not mean that there's a fundamental misalignment in the business. It does not necessarily mean like that.

**Devanshu Bansal:** So you're saying that your bill counts have actually not dipped to the extent your units per transactions...

- Gautam Saraogi:** Yes, my bill counts have actually not fallen. Yes, exactly. It's not to the volume degrowth what you're calculating. Absolutely.
- Devanshu Bansal:** Okay. So you're not losing consumers. It's only that they're purchasing less from...
- Gautam Saraogi:** Yes, purchasing less, because your ASP also is increasing. Today, see, when you're offering a INR1,400 product, sometimes the customer says, okay, I'll take a INR1,400 product and maybe not 2 INR500s. I'm just giving you an example. So but look, it still does not mean that we should not look at volume. At the end of the day, the entire apparel category, volume data is a very, very important data to track. But in this case, I don't think we should give too much emphasis on it. It does not really mean that there's a misalignment in the business. It's not that we are losing customers.
- Moderator:** The next question is from the line of Tejash Shah from Avendus Spark Institutional Equities.
- Tejash Shah:** Hi Gautam thanks for the opportunity, I just wanted to understand conceptually, this whole point that if we move to larger store, then SSG will improve because I'm understanding it will be a combination of our existing offerings and on that, will be a layer of new offering that you'll give. Now, the productivity-wise, the old inventory, which in any case, we are seeing that it is not driving SSG, its efficiency, both in inventory terms and per square footage term should not lead to SSG or higher SSG. And the balance is actually whatever the incremental inventory will bring, that is supposed to...
- Gautam Saraogi:** No, no, Tejash, I'll explain to you. See, when I move from a 300 square feet to a 700 square feet, my inventory is necessarily not increasing at the store. Yes, I'll tell you what happens. If I want to launch new products, I can very well keep it in the 300 square feet, put it, kept it in a folded way one behind the other. Accommodation is not the problem. The problem is the display is.
- So when I'm moving from 300 to 700, I'm going to keep the same number of units what I was keeping in a 300. It is just that they are displayed a lot more. The product discovery happens very easily when the consumer is walking around the store vis-a-vis the new product lying the shelf behind another stack. So, my inventory does not increase, I understand your question, you have a very valid point. But my inventory does not increase when I'm moving from a 300 to a 700.
- Tejash Shah:** Got it. But then one should assume that at least so inventory turn does not get compromised, but square footage efficiency, how should we think about it?
- Gautam Saraogi:** Square footage efficiency. See, in our business, though we are reporting square footage now, for us, you should see whether the absolute average per EBO is increasing and what is the SSSG. Sales per square feet, of course, is a very important metric for any brand to track, but because we are a sub-1,000 square feet brand, the right way of looking at our kind of model would be, okay, how is the average store of a Go Colors store output and throughput in a year and what is the same-store sales growth? I think these are the 2 metrics to track for us.

- Tejash Shah:** Perfect. And the last one, what process led us to narrow down that, this is the problem statement? And sorry, I logged in late, but have we kind of seen early success story as that this is actually the solution which can be now scaled and...
- Gautam Saraogi:** See, I'll tell you. See, we've been visiting many stores. In the retail, you have to be on the shop floor visiting many stores. Then we visited many of our stores and because in the last few quarters and years, we have launched so many products. When we visited our stores, we saw the display when we spoke to the sales executives, we spoke to many customers. We just got a very good sense of what was happening.
- And second example, what we had that when we opened a slightly larger store, there were many stores which did really well and the new products also did very well. So when we connected the dots, we understood where the problem is. And that's how we arrived at this conclusion that this is a big factor. See, the entire bottom-wear market is moving more and more towards value-added products, right? As you keep introducing more value-added products and the shelf space is not enough to display, growth will get hampered, no?
- Tejash Shah:** Perfect. And was this not the option or not considered as an option to, let's say, buy a next door store and expand the store?
- Gautam Saraogi:** We have done that in many cases, but sometimes it's not available, Tejash. I mean, look, sometimes we are lucky to get it. Sometimes it is very difficult. So we're keeping an eye on situations like where if you are able to either get space behind the store or on the side of the store.
- Tejash Shah:** No, I was just thinking from a consumer journey and muscle memory perspective that there is some muscle memory has been built on your geo location and then suddenly if the store is not there, how quickly a customer can kind of...
- Gautam Saraogi:** It transitions very fast because see, we are also, at the end of the day, opening stores in prime location. So it's not that the customer will miss it. See, if you were opening in locations which are big, then I completely buy your point. So, in retail any which ways, even if you're not having the square feet transition what we are having, brands keep moving from location to location. The importance for discovery is that it should be a prime location.
- Moderator:** The next question is from the line of Dhananjay Jain from JM Financial.
- Dhananjay Jain:** I just wanted to understand how has been throughput of these larger stores compared to other smaller size stores? And how has been customer experience you are hearing? That's all.
- Gautam Saraogi:** No. I mean, look, once these larger stores have opened, we've also visited, we've also seen that the customer is reacting to it very differently. We have introduced a methodology where there is more self-shopping. See, typically in our smaller stores, what used to happen was when a customer used to enter, she used to get assisted by a sales girl. It's very difficult to shop in a small Go Color store by yourself because browsing is very difficult. The sales girl has to take out the folded garments and then show the product to the consumer.

In the 700-plus square feet, there is an element of self-browsing. So when there's an element of self-browsing, the self-discovery takes place. So from what we have spoken to consumers, the feedback has been very positive. In fact, we've also visited the stores, we've also seen that it's made a very big difference.

**Moderator:** The participant has left the queue. We'll move on to the next question, which is from the line of Aanchal Jalan from Lotus Wealth.

**Aanchal Jalan:** So, the company has built around a niche in women's bottom-wear, right? But competitors like Nykaa that are multi-brand platforms are growing very strong with wider offerings and customer reach. So how does the management plan to defend and grow their market share in the coming years? What is your take on this? Can you please get some road map around this?

**Gautam Saraogi:** See, I think the main objective of the company in the midterm and long term is to keep going deeper in bottom-wear because I still feel I know we had a tough year, but I still feel the bottom-wear category is huge, and there is a very, very big growth map for us left for in bottom-wear.

Having said that, to your question about other categories, we did a pilot with top-wear and a little bit of menswear as a all-day-wear category pilot we did. We've opened 10 stores, and we've seen that the unit economics are very, very positive and encouraging. So as the bottom-wear business keeps growing, if the pilot also does well and on the merit of the pilot, we'll decide the future course of that growth as well. So I think as a company, we are trying out different things like you mentioned the Nykaa example.

**Aanchal Jalan:** Okay, sir. So, basically, the company is ready to cater to other projects also, right, if there's good upside...

**Gautam Saraogi:** No, which we are doing right now through doing this pilot. But it's not because we are any less bullish on bottom-wear. We still feel that there's a lot of growth left in this niche as well.

**Moderator:** The next question is from the line of Rusmik Oza from 9 Rays EquiResearch.

**Rusmik Oza:** Sir, a small observation on numbers. FY '25, '26 and last 2 quarters also, our gross margins had been steady at 63%. But the EBITDA margin in FY '25, which was 32% has come down to 28% in FY '26 and especially in the last 2 quarters, it's averaging 25%. Similarly, if I observe your net margin, which was 11% in FY '25, goes down to 7% in FY '26.

And especially it's just been 4% in the last 2 quarters. I do want to understand based on whatever you've spoken in this call, changing the strategy and the store format and so on and so. By when you feel you could go back to that 7% to 11% net margin range going forward? That's my first question.

**Gautam Saraogi:** Definitely, we will see margin recovery from quarter 2. I'm quite sure in quarter 1, margins will continue to be little weak because we are closing about 50-odd small stores in quarter 1. But quarter 2 onwards, we should see a good recovery in margins. Difficult to give a guidance on how much percentage we will end up with, but there will be a good decent recovery from quarter 2.

- Rusmik Oza:** Okay. Okay. Because in absolute figure also, if I'm seeing 2 quarters back, previous 4 quarters, you had at least an average net profit of around INR20 crores per quarter, which is now the run rate has come down to INR7 crores, INR8 crores in the last 2 quarters. So barring Q1, if you're expecting Q2 onwards recovery, do you envisage it going back to around that INR15 crores, INR20 crores in the second half of FY '27?
- Gautam Saraogi:** Difficult to give such a narrow guidance, very difficult to give a guidance. But from where we are today, our margins are right now currently quite peak, right, from what we have delivered. From here, it's going to significantly improve. But from a guidance perspective, it will be hard to guide on how much it will become. But I can tell you this, that it will be from quarter 2 and not from quarter 1.
- Moderator:** Ladies and gentlemen, that was the last question. I now hand the conference over to the management for closing comments. Thank you, and over to you, sir.
- Gautam Saraogi:** I would like to thank everyone for taking part in this call. I hope we've answered all your questions. We are undertaking a comprehensive transformation in our store format strategy, our product portfolio, our brand investments and our new business initiatives. This transformation will take time to fully manifest into our financial numbers, but the early signs are encouraging. If you need more information, please feel free to connect to Mr. Deven Dhruva from SGA, our Investor Relations Advisors. Thank you.
- Moderator:** Thank you, members of the management. Ladies and gentlemen, on behalf of Go Fashion (India) Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.