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Dalal Street, Mumbai – 400 023.  
Scrip Code: 532867

**National Stock Exchange of India Ltd.**  
Listing Department  
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NSE Symbol: V2RETAIL

**Sub: Transcript of Earnings Call Q4 & FY 2025-26 - Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), please find enclosed the transcript for the conference call with the Analysts/ Investors for the Q4 & FY 2025-26 Financial Results of the Company conducted through digital means on Friday, May 29, 2026.

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

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

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



## “V2 Retail Limited Q4 FY'26 Earning Conference Call”

**May 29, 2026**

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

**Moderator:** Ladies and gentlemen, good day and welcome to the V2 Retail Limited Q4 FY '26 Earning 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 '\*\*' then '0' on your touchtone phone. Please note that this conference has been 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 not contain certain forward-looking statements considering V2 Retail Limited business prospects and probabilities which are subject to several risks and uncertainties and the actual result could materially differ from those in such forward-looking statement.

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

**Akash Agarwal:** Good afternoon, everyone and a very warm welcome to the V2 Retail Limited Q4 & FY '26 Earnings Conference Call. Thank you for joining us today. We trust you have 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 4<sup>th</sup> 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, gives us confidence in sustaining momentum into the FY '27 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 FY '26, 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 major milestone in our journey.

**Moving on to some key updates for the quarter and for the whole financial year:**

1. 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 Rs. 5.77 crores and this has resolved the earlier audit qualification.
2. We have been consistently sharing pre-IndAS numbers to provide better transparency on our operational performance and we will continue to do so going forward. Our annual business plans, budgets, cash flows, store-level metrics, and incentive structures are all aligned to pre-IndAS numbers. Our revenue and profitability guidance is also communicated on this basis.
3. We are now focusing on retail business only and have moved away from in-house manufacturing operations.
4. The impact of new Labor Code is not material and has already been recognized in our financial results.
5. Lastly, due to geopolitical tension, we have increased our safety stock in the month of March for seamless availability of stock which has resulted into 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 90-100 days and creditors at 45 days.

**Now moving on to some performance highlights:**

Revenue for the 4<sup>th</sup> Quarter grew at 60% year-on-year to Rs. 797 crores. The EBITDA for the quarter stood at Rs. 109 crores as compared to Rs. 57.5 crores in the corresponding quarter last year, registering a stellar growth of 89% and EBITDA margins stood at 13.7% as compared to 11.6% in the corresponding quarter last year. PAT for the quarter stood at a record Rs. 17.5 crores compared to Rs. 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 SSSG for Quarter 4 stood at 7.74%. There was a robust volume growth of 53% in the quarter. The full price sales contributed 89% in the 4<sup>th</sup> Quarter.

**Now, consolidated performance highlights for the whole financial year:**

Revenue for the year grew 63% to Rs. 3,067 crores. EBITDA for the year stood at Rs. 455 crores compared to Rs. 258 crores in the corresponding period last year, registering a stellar growth of 77% year-on-year. EBITDA margins 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 Rs. 162 crores compared to Rs. 72 crores in FY '25, 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 FY '26. Our ROE continues to improve and now stands at 26% compared to 23.2% in FY '25 and around 10.7% in FY '24, reflecting disciplined capital allocation and strong operating leverage.

**Now moving on to Pre-IndAS reporting:**

For Q4 FY '26, revenue remained the same at Rs. 797 crores, 60% up year-on-year. Gross margin was 30.3% compared to 27.6% in the corresponding quarter last year. EBITDA was Rs. 54 crores, up 98% year-on-year, with an EBITDA margin of 6.8% in 4<sup>th</sup> Quarter. PAT came in at Rs. 25 crores, up 118% year-on-year.

**Now the full financial year highlights on the Pre-IndAS basis:**

Gross margin improved to 30.2% from 29.2% last year. EBITDA was Rs. 277 crores, up 83% year-on-year, with an EBITDA margin of 9%. PAT stood at Rs. 162 crores, up 87% year-on-year. Further, it is important to note that the company has achieved a PAT of Rs. 173 crores on a standalone basis.

Looking forward, our priorities remain clear; profitable growth, capital efficiency, and 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.

**Moderator:**

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

**Priyanshu Jain:**

Hi, Akash. Congratulations on a good set of results. The last two years have been really great for us. You and the whole team have contributed a lot in this. Kudos to that. I have a few

questions. First, we will be on the store side. Last year, we opened around 136 stores. How much are we planning for this year? Around 170-180, we guess?

**Akash Agarwal:** I think for this year, the target would be anywhere between 170-200 stores, completely dependent on how we are performing and how the momentum continues.

**Priyanshu Jain:** Okay. We are able to manage store openings through our internal accruals only and the cash on the balance sheet, right?

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

**Priyanshu Jain:** For the next upcoming 2-3 years, we have to do another QIP for that?

**Akash Agarwal:** No, but our debt-to-equity ratio is very healthy. 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.

**Priyanshu Jain:** Okay. I have another question on the SSG side. Can you tell us, because we are maintaining around 8%-10%, so going forward, this doesn't go below 8%. What kind of strategies are we using on our existing stores so that we are able to achieve 8%-10% SSG going forward?

**Akash Agarwal:** I think the strategies remain the same. We are focusing on the strengths and all the strategies that have previously worked over the last 3 years. It is strengthening the product. It is making the backend more robust that includes the supply chain. That includes the visual merchandising. That includes the customer experience at the store. So, I think if you are giving a good product at the best value and it is supported by a good supply chain and good retail operations, good virtual merchandising, that itself should lead to at least 8%-10% SSSG. So, we are just doubling down on all the strategies that have previously worked on us and now investing more in technology that can future support this better.

**Priyanshu Jain:** Are we running any kind of a loyalty program or something like that?

**Akash Agarwal:** We don't have a loyalty program per se, but we have a database of about 8 crore customers and we do reach them through WhatsApp, RCS, and SMS. We give them gift vouchers and other kinds of gifts, not loyalty points.

**Priyanshu Jain:** I just have 2 more questions. First, as we are seeing recent geopolitical tensions have increased the commodity prices. So, we are capable of around 3%-4% will pass on the prices to the customers so that they won't impact our margins going forward.

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

- Priyanshu Jain:** Okay, and just last on the CAPEX side, so as of today I think last quarter we have around Rs. 2.2 crores per store we require. So, it's maintained right now as well?
- Akash Agarwal:** It's about Rs. 2.6 crores and it will increase because of the price increase. So, it will become around Rs. 2.7 crores-Rs. 2.8 crores now. That includes CAPEX and inventory. So, the CAPEX would be about Rs. 1.2 crores-Rs. 1.3 crores and the rest would be paid inventory.
- Priyanshu Jain:** Okay, thank you and all the best for the future.
- Moderator:** Thank you. The next question is from the line of Avinash Karumanchi from MOSL. Please go ahead.
- Avinash Karumanchi:** Hi sir, good afternoon. Congrats on a good set of numbers. So, my question is again regarding the gross margin. So, this year because of the higher cold prices too and all we have seen a good improvement in the gross margin. So, how should we see this number going forward, one in the near term and two mainly because of the yarn and the cotton wages that you have indicated?
- Akash Agarwal:** So, you know we started focusing a lot on inventory management and freshness of inventory and we started doing inter-store transfers of inventory also and better product mix at stores. So, that all led to a better gross margin this year. So, going forward you can look for us to maintain this gross margin anywhere between 28%-30%. And like I mentioned earlier all the price increases in raw materials will be passed on to the customer. So, that's and there will be an increase in MRP while maintaining the margins.
- Avinash Karumanchi:** Okay, because I am asking this the other competitors they have said that they don't want to pass on the full increase to the customers. They want to retain some part and take a hit on the margins. So, how do you see that?
- Akash Agarwal:** I don't want to comment on any competitors but our strategy is we won't absorb it in gross margins because 3%-4% increase is not significant and if our average selling price is Rs. 300 that translates to about Rs. 10-Rs. 12 additional MRP. So, I don't think it's a significant impact. So, we would look to maintain our gross margin at 28%-30%.
- Avinash Karumanchi:** Okay, that clarifies. Thank you. I will join the queue.
- Moderator:** Thank you. The next question is from the line of Palash Kawale from Nuvama Wealth. Please go ahead.
- Palash Kawale:** Hi sir, thank you for the opportunity. Sir, what gives you confidence that despite of all these uncertainties on a global front, you will be like demand will be good and you will be adding 170 to 200 stores which is higher than what you had guided earlier?

- Akash Agarwal:** So, 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 and hopefully what is happening around the world is temporary and India is poised to grow at 5%-6% GDP in the next 20 years and if you look at organized retail, it is poised to grow at 9%-10%. So, we want to capture most of that market. So, that's why these kind of short-term hindrances don't sway us from our long-term plan.
- Palash Kawale:** And sir, won't this put any pressure on your near-term margins?
- Akash Agarwal:** So, we have seen a little bit of sale impact in May because of the war but I think overall what we have seen in March, April, I think we can continue the positive momentum, and it will not have a huge impact, especially in Tier-2-3 towns.
- Palash Kawale:** And sir, two more questions. One is, what is the quantum of more than 6 months and 1-year-old inventory and will you be able to grow at 50% despite of everything?
- Akash Agarwal:** So, more than 1-year-old inventory is less than 5% and more than 6 months old inventory is less than 24%. So, about 76% of our inventory is less than 6 months old and out of that also about 50% of the inventory is less than 3 months old.
- Palash Kawale:** Okay. And sir, on growth, any comment?
- Akash Agarwal:** No, we are guiding for at least 50% revenue growth over the next 2 years.
- Palash Kawale:** Okay. That's it from my side, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Raj Shah from Fident AMC. Please go ahead.
- Raj Shah:** Thank you for the opportunity. I mean, are we going to go deep in these states, particularly Gujarat, Maharashtra, Rajasthan and in terms of new store expansion? So, I mean, which geographical area will they be largely concentrated into?
- Akash Agarwal:** So, our strategy remains the same. Whenever we enter a new state, we open about 4 to 5 stores there just to get a lot of data points in terms of what assortment, what sizes, what colors sell there. And then we make an optimum model. And for future expansion, it all depends on the performance of each state. So, we are tracking that every month. And for example, we had entered Karnataka, and now we have almost 15 to 16 stores there. So, the future expansion would completely depend on how each state stores are performing. And looking at the data now, Gujarat is performing very well for us. All the south states, Andhra, Karnataka, Goa, they have been performing well. Maharashtra also, we have opened three stores and two of them are performing phenomenal. So, we are looking to open 30% to 40% new stores in the newer regions that we have entered. And of course, 50% to 60% will come from our core strong regions.

**Raj Shah:** Understood. And secondly, on our SSG growth, SSG growth has been close to 7%-8%. But the sales per square feet has declined by close to 7%-8%. So, what explains this? Is it because we are opening larger stores? That is one of the reasons?

**Akash Agarwal:** So, we opened 130 new stores and the new stores started about 70% of old stores per square feet sale. So, if you look at only old store PSF, those have increased 8.5% equal to the SSG. But because we have opened so much new area this year, it gets the overall company per square feet sale down. But as they mature, you will see the growth in company PSF also.

**Raj Shah:** Understood. So, I mean, if your sales per square feet improves from here on, because the expansion in terms of percentage of new stores opened will slightly come down. So, do we see your EBITDA margins on a pre-IndAS basis to improve further from here on? So, on standalone basis, we closed at around 9.4%. So, can we cross close to around 11% in the next two years?

**Akash Agarwal:** Because we are again guiding for opening more than 50% new area. So, it becomes a challenge to increase the company level PSF and expand EBITDA margin along with a 50% growth. So, you are right. The year when we add only 20% new area, then you can expect that. But next two years, we want to add 50% new area, have 50% revenue growth. So, we are guiding for the similar margins and the similar PSF.

**Raj Shah:** Understood. Okay. Thank you.

**Moderator:** Thank you. The next question is from the line of Kushal Goenka from Mangal Keshav Financials LLP. Please go ahead.

**Kushal Goenka:** Hi, sir. Congratulations on a good set of numbers. My first question is, sir, how does the management look into tinkering into related verticals or opening format stores? Just trying to extrapolate from the likes of Trends, which created different brands under one umbrella. I know we would not need that because we have got a lot of scope to expand. But want your views that if there is any discussions in the board meeting, and have you thought about it about the same? And at what scale do we start thinking about it?

**Akash Agarwal:** I think we don't want to dilute our focus till we have at least 2,500 V2 stores. I think we have built a very strong model. And we want to get to every part of the country because still good fashion and affordable price is not available to most middle class consumers in India. So, we want to capture that blue ocean first. And then maybe we will think about the other strategies.

**Kushal Goenka:** Okay, that's helpful. My second question is, Akash, looking from a naked eye and from the likes of investors, you seem to be a one man show. However, it's the whole unseen team that is delivering such stellar results. My question is, if tomorrow, hypothetically, if you are not able to attend a concall, who in the organization would do so to answer? Would really love to know the people who know the in and out of the company and have a fair understanding and work closely with you? Yes, that's my second question.

- Akash Agarwal:** So, there would be at least six people who would be able to take the call if I am not available. And most of them have been with us for a journey of more than I think 10 years now. So, it's just that I have been the face of the investors and the community. But of course, all the business leaders and the senior management people we have, they have all the gist of the data because most of our reviews, most of our performance appraisals, everything is done on data. And most of the decisions that we take is also done on data. So, that is how we have built the culture around the company.
- Kushal Goenka:** Just a suggestion, if you could just include the management team and the people who will be working in the presentations also, so that we can have a view on that.
- Akash Agarwal:** Sure, that is noted. We will.
- Kushal Goenka:** Yes, and just a last small clarification, there was a minuscule pledge creation of some subject 3.5 lakh shares, I guess. So, any reason behind that?
- Akash Agarwal:** No, that was only for working capital needs, because like we give a lot of prepayments, even the QIP proceeds we use for a prepayment, you will see that our creditor days have come down. We want to be the best paymasters in the industry. And we want to be the priority vendor for all our suppliers. And we want to work them, help them with their working capital.
- Kushal Goenka:** Thank you so much. That is helpful. Best of luck.
- Moderator:** Thank you. The next question is from the line of Aman Bansal from PESB. Please go ahead.
- Aman Bansal:** Congratulations on the amazing kind of results. I just have two questions. The first one will be, I think in the last concall, you had mentioned that you do not want to increase the prices of our clothes, basically, we want to remain in the same price. But this year, we saw a volume growth of 47% while our revenue for the entire year grew by 63%. So, like, what's the main driver for that? And how do we look at prices going forward?
- Akash Agarwal:** So, that's not a right insight. So, it's all because of product mix. So, what we have seen is products like kurtis, product like men's woven pajamas, product like men's casual shirts, these were the highest growing categories for us. So, we gave them more space in our stores. So, what that does is that reduces the quantity of maybe lower price point items like a kids Bermuda. So, it's all because of product mix, the price ASP increase within the category is only inflationary. I think that would be around 4% to 5%. But everything else is attributed to a different product mix.
- Aman Bansal:** Okay. So, just to understand, so like between men, ladies and kids, what would be the ideal ratio?
- Akash Agarwal:** Men's would be about 41%-42%. Women's wear is about 27%. And kids is about 25%.

- Aman Bansal:** Okay, so we are basically add what you want to be in this segment.
- Akash Agarwal:** Yes.
- Aman Bansal:** Okay. So, you mentioned that every new store starts at about 70% of the PSF of mature stores. So, just how long does it take to become EBITDA positive for the new stores?
- Akash Agarwal:** So, it is EBITDA positive from the first month itself, because the breakeven point is around Rs. 500 per square feet of sale. And they start at about 700 to 750. But to mature and reach old stores level, it takes about three to four years.
- Aman Bansal:** Okay, that's amazing. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Ankush Agrawal from Surge Capital. Please go ahead.
- Ankush Agrawal:** Hi, Akash. Akash, can you share sales per square feet for old stores and new stores separately for FY '26?
- Akash Agarwal:** So, our old stores were at Rs. 1,124 per square feet for the whole year. And new stores were at Rs. 750 per square feet. And new stores is any stores that opened after FY '24?
- Ankush Agrawal:** And we are continuing to see that new stores are starting at more than 70% of the old stores throughput. And which is why I think they are continuing to sort of scale up aggressively beyond new stores, right?
- Akash Agarwal:** Yes, of course, it changes month to month. But it is at a very respectable level. And like I said, it's already at a Rs. 750 per square feet of sale level, which already starts contributing to company EBITDA from day one. So, I think we have a good amount of margin of error for the new stores. That's why we continue expanding.
- Ankush Agrawal:** Okay. And secondly, you mentioned that the season inventory is partially because of huge stocking up because of geopolitical uncertainty. So, is there a number of what quantum of inventory will be because of that early sourcing?
- Akash Agarwal:** So, according to our closing area in March, if you look at like, we look to maintain about Rs. 2,500 to Rs. 2,600 square feet of inventory. So, that's around Rs. 900 crores of inventory that we need. And we have additional inventory of about 125 to 150 for the 60 stores that we have planned to open this quarter. And about 100 to 150 is the pre GRC that we did, because we saw a lot of supply chain disruptions. And because we were opening so many newer stores, and we had a good festival coming up in April and wedding season, we did early GRC and we wanted to have extra safety stock rather than empty shells at our store. So, I think if you include new stores and this together, it'll be about 300 crores of inventory.

**Ankush Agrawal:** That is helpful. Thank you.

**Moderator:** Thank you. The next question is from the line of Smith Gala from RSPN Ventures. Please go ahead.

**Smith Gala:** Thank you for the opportunity. My first question will be, throughout the year, for the first three quarters, we have been outperforming the peers in terms of SSG growth. In this 4<sup>th</sup> Quarter, specifically, the SSG growth was a bit underpowered as compared to the peers. So, any color and on that and how we supposed to go back to normalcy we are outperforming our peers?

**Akash Agarwal:** I think again, you have to look at look at it from a different lens. What the base that we are talking about, so the SSG that we are calculating is on a base of Rs. 1,000 per square feet of sale. So, growing at 8.5% on Rs. 1,040 per square feet of sale, we are all stores are now at 1,125, which is I think at least 40% to 50% more than our peers. So, as the base increases, of course, the percentage growth, you cannot keep being number one. But I think if you look at the full year SSG growth, we are still right at the top, even with a higher base. And look at the profitability numbers, look at the EBITDA numbers that for us, the ultimate aim is highest per square feet GP, and highest per square feet EBITDA and highest return on equity. So, I think we beat our peers on all those metrics that matters the most.

**Smith Gala:** Okay, so we continue to guide to 8% to 10% SSSG for the future?

**Akash Agarwal:** Yes.

**Smith Gala:** And secondly, one bookkeeping question that depreciation has increased materially sequentially while stores increased sequentially by 11%-12%. So, depreciation has taken a drastic increase. So, any is it a one-time somewhere or something like that?

**Akash Agarwal:** Yes, it is a one-time counting change. So, a lot of small items like nuts, hard tags, hangers, what we used to capitalize earlier, now we depreciated them because we want to expense it off.

**Smith Gala:** Okay, sir. What was the quantum of that one-time hit that we have taken this quarter?

**Akash Agarwal:** I think it would be about Rs. 6 crores-Rs. 7 crores.

**Smith Gala:** Okay, that was helpful. I will join back the queue.

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

**Deepak Pruthy:** Hi Akash, great set of numbers. Just wanted to understand what was our marketing spend in financial year '26?

- Akash Agarwal:** It was about 0.3%.
- Deepak Pruthy:** Okay, and what is the marketing budget for the coming year financial year '27?
- Akash Agarwal:** It's similar numbers and most of that marketing happens for newer stores. For older stores, I think our product is the biggest marketing ambassador for us and a lot of word-of-mouth marketing has been working for us. So, in fact, we have been more targeted in terms of marketing and more efficient, but going forward will be less than 0.5%.
- Deepak Pruthy:** Okay. Then one last question. What do you do with the offseason inventory? Let's say, if you are left with some winter season inventory, how do you dispose it off? I mean, so what do you do with it?
- Akash Agarwal:** So, about 15% of every season inventory is left with us, we sell it the next season, we don't dispose of any inventory. Because winter season is so short, it's only three months, we get it back to our warehouse, we reprocess it, we repack it and we send it in the next season.
- Deepak Pruthy:** Okay, thank you. Those were the questions. Thanks, Akash. All the best.
- Moderator:** Thank you. The next question is from the line of Anupama from Ratna Traya Capital. Please go ahead.
- Anupama:** Yes, so I just had a question like, what is the kind of expectation on the SSG growth for next year considering the number of stores we are opening?
- Akash Agarwal:** So, SSG has no relation to the number of stores that we are opening because SSG will only that we declare is for the older stores and we guide for 8% to 10% SSG going forward.
- Anupama:** And you said that the new stores open at 750 revenue per square feet. How many months or years does it take to reach a matured revenue per square feet of 1,100?
- Akash Agarwal:** Takes about 3 to 4 years.
- Anupama:** 3 to 4 years. Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Subhanu Bangal from 3 Head Capital. Please go ahead.
- Subhanu Bangal:** Hello. Good afternoon, team. I have just one question on operating leverage. As you mentioned, our margin will be stable at your guided level and our PSF goes around 8% to 10%. Then how can we get the operating leverage going forward?

- Akash Agarwal:** Because we are opening so many newer stores, we are adding almost 50% to 60% new area. And they start at about 70% of all-store PSF. So, that's why we cannot get an operating leverage at the company level. Because 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 only old stores in isolation, then of course, there's an operating leverage because the per square feet costs come down. And with an SSSG of 8.5%, the store level EBITDA also increases. But it's only because we are adding so much new area at the company level, it will take a few years to see.
- Subhanu Bangal:** That means FY '27 will bring leverage in consol level?
- Akash Agarwal:** Yes. So, FY '27, you will see similar EBITDA margins and similar company PSF numbers.
- Subhanu Bangal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Arvind Arora, A Square Capital. Please go ahead.
- Arvind Arora:** Hi, Akash. First of all, congratulations. So, Akash, is it like in the current quarter, our sales was good from new stores if I compare the previous year Quarter 4 sales number from new stores? Because if I see my SSSG growth in the current year is 7.7%, like in the current quarter. And if I compare previous year quarter, then it was 24%. Then still we are able to like accelerate our GP margin by 270 bps. Is my understanding correct?
- Akash Agarwal:** No, but GP margin is not related to new or old stores. The gross margin expansion was because you know, we did less discounting during the winter season and a better product mix and we did a lot of inter-store transfers.
- Arvind Arora:** So, Quarter 4 and Quarter 4 is comparable, correct? Previous year Quarter 4 and current year Q4?
- Akash Agarwal:** Yes.
- Arvind Arora:** And then if my SSSG growth was not so great, like if I compare with the previous year Quarter 4, which was like 24%, still my margin is expanded.
- Akash Agarwal:** Because of again, a better product mix and more full price sale. So, the gross margin across old and new stores was higher. So, because the gross margin was higher, the EBITDA margin was higher.
- Arvind Arora:** Okay, understood. And Akash, is there any plan where we are venturing into another segment other than this retail space? Because I have seen some advertisements where we are asking for

vendors to publish the product or something like that in the media, social media or something like that.

**Akash Agarwal:** No, we don't have any other model or no plans for any other model. We are completely focused on this model and trying to make this better and better and reach our next target of Rs. 1,200 per square feet at company level.

**Arvind Arora:** Okay, thank you. All the best.

**Moderator:** Thank you. The next question is from the line of Kushal Kasliwal from InVed Research. Please go ahead.

**Kushal Kasliwal:** Hi, thanks for taking my question. Akash, just wanted to understand our expansion for the next two years in terms of store additions. How many stores are we planning to add? And what is the strategy around store additions? Will these stores be within our existing locations? Or are we also entering into new locations? And just wanted to understand how do we evaluate when we kind of set up a store in a new place. what are some of the let's say top three, top five points which are most important for us to set up a store in a locality?

**Akash Agarwal:** Yes, so we want to open 50% to 60% new area every year. So, this year, we want to open at least 170-180 new stores. And again, next year, the same if we end the year at around 500 stores. So, we would want to open 250 stores next year. But again, this is all conditional that we are not compromising on any of our profitability or operating numbers and metrics. So, if the momentum continues, and if we keep performing well, and both old and new stores keep performing well, then we will go ahead with this expansion. And to answer your second question, so we have, I would say a scorecard for every location, which has at least 70 to 80 different metrics. That includes how far is it from the metro station? How far is it from the train station, bus station, floor plate, parking, frontage, the access road width, how many cars are passing every 10 minutes during different times of the day. So, there are different metrics that we put for a location that gives us a confidence score as to how that store would perform. And of course, it includes population density, per capita income, and we do sales benchmarking from the unorganized and organized players in that particular city. And that's how we take a decision to enter a city.

**Kushal Kasliwal:** Is it possible to give a, you know, basis on whatever data we collect, what is the percentage of stores where we go wrong? I mean, there are obviously new store openings. And, you know, with new store openings, there's obviously growth, but there's obviously a risk if the store opens at a wrong location. So, do you have data around, if how many times do we go wrong in terms of our new store openings? And how quick are we to kind of reverse that decision or close that store?

**Akash Agarwal:** So, see, I think that that is a very subjective number, because four years back, that number used to be around 10%. Because the company base PSF used to be Rs. 650 per square feet. So, about

10% to 12% of the locations used to go wrong because some new stores started from Rs. 300 per square feet. But now because the company base level has increased to Rs. 950 per square feet or Rs. 1,000 per square feet, newer stores are starting at 750. So, that percentage from 10% to 12% has come down to 2% to 3%. So, what we have understood is it's not about usually not about location being wrong. But it's more about your product and you as a brand. Because I think it was just two years back that we had identified about 22 stores that we wanted to shut down. And all of those stores are profitable now. Like 21 of them are profitable now and we just had to shut down one. So, that that tells you that, more than location, it's about the product.

**Kushal Kasliwal:** Got it. Thank you. Thanks for answering my question.

**Moderator:** Thank you. The next question is from the line of Nikshith KV from KVN & Associates. Please go ahead.

**Nikshith KV:** Sir, is there any planning to open store in outside India? Why means your competitor also entering their segment?

**Akash Agarwal:** I think, sir, India is big enough for us to feed us for the next five years at least because we want to have 2,500 stores. So, we are not looking at any other geographies.

**Nikshith KV:** Okay, sir. Thank you.

**Moderator:** Thank you. The next question is from the line of Amish Kanani from Knowise Investment Managers. Please go ahead.

**Amish Kanani:** Sir, you have given to the previous participant in terms of entering new area. But one, if you can a bit more elaborate, you did also mention that you enter first with some 4-5 store in a state and then you expand depending on your understanding of that area and geography. So, one, where I did have observed that in few of the states we have, 4-5-7 stores and few we have penetrated well in terms of, 35 to 50 stores each state. So, one, the question is, how have we expanded state by state in last two years and how do we see that in next two years if you can give us some flavor of how we are approaching state by state or cluster wise and how are we presenting ourselves with some, say, the warehouses and stuff like that. That's question number one. And so second, I have observed that 90% of our sales you said is normal pricing. So, we are not resorting to discount sales and stuff like that. We have been a value format. The question there is, sir, how do we ensure that we keep our regular customers calling back. So, if you can give us some sense of what is working for us, even we have a very healthy same store sales growth. If you can give us some sense, it will be able to appreciate the model better. Thanks.

**Akash Agarwal:** So, I will answer your first question. So, we already present in 25 states now. And here we used to have one central warehouse, we already opened one zonal warehouse in Calcutta. And now we are finalizing one in the south. So, we have three zonal warehouses. And we already have about 18 hubs, especially in all the states there where we are densely located in. So, that's about

supply chain. And going forward, I think I already answered this question that now it all completely depends on the performance of the stores in each state. Looking at, given example, we had entered West Bengal and Karnataka a few years back with a couple of stores and now we have 20 stores in Karnataka and we have 15 stores in West Bengal. And similarly, so we have entered I think 9 new states. So, we have entered Andhra Pradesh, Telangana, Maharashtra, Gujarat, Rajasthan, Punjab, Haryana. So, we will see the performance, we will judge the performance, we will make the optimum model. And we will expand wherever we see that we are getting the best traction. And going forward, we want to be present in every state in the country. And we have seen a good response and a good performance of new stores in all the new geographies. So, that gives us a tremendous amount of confidence to actually expand further in these states. And to answer your second question about why the customer keeps coming back, I think value fashion, anywhere around the world, it's about creating an ecosystem, where the designs that you are churning out, or the assortment that you are churning out and what the customer sees at the store is something that he thinks is fashion forward, affordable, and no good quality in terms of fabric, in terms of colors, in terms of fits. So, it's about creating that brand identity in the minds of the consumers. So, once you have that trust in the minds of the consumer that okay, if you go to V2, you will find the latest fashion, you will find the most affordable price, and you will always find availability, and a good customer experience. So, I think a mix of all this gets them back to the store. And we do want to be a discount store. That's why we are selling more than 90% at full price.

**Amish Kanani:** Thanks. That helps us. And all the best.

**Moderator:** Thank you. The next question is from the line of Avinash from MOSL. Please go ahead.

**Avinash:** Hi, sir. Thank you for the opportunity again. So, my question is regarding the right of use and lease liabilities on the balance sheet. If I look at them, the proportionate increase was not equivalent to what the area growth looked like. So, does this mean that we are signing a lease for the shorter term or how should we look at it?

**Akash Agarwal:** We have changed the policy last quarter. So, what we decided was we look at least two to three years of performance of a new store before deciding whether we want to continue operating it or not. Because our lock-ins and all the leases are about one year, and the vendor lock-in is 11 years. So, we changed that accounting policy last year, in line with all the retailers in the country because that also helps us reduce the gap between pre-IndAS and IndAS.

**Avinash:** Okay, sir. Understood. Thank you.

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

- Onkar Ghurgardare:-** Good afternoon. My question is regarding the cash flow. So, in the current year, we will be opening around 175 to 200 stores, as you just stated. So, is it possible to be cash flow positive even after opening around 175 to 200 stores? That is the first question.
- Akash Agarwal:** As I talked to you about operating cash flow, of course, that can be positive. But when we reinvest it, so the net cash from operating activities can be positive even after opening 175 stores, yes. And you saw that last year also, when we had opened 74 stores. This year, because we had prepaid a lot of vendors, so if you look at the creditors, it has come down by almost 10 days. So, that shows an increase in a little bit of working capital. But as and when we need the money for opening the newer stores, we can stop the prepayment program.
- Onkar Ghurgardare:** So, you are saying that wouldn't be the case this year. So, you will be cash flow operating positive this year?
- Akash Agarwal:** Yes.
- Onkar Ghurgardare:** Okay. So, another question is like, you mentioned that maybe in a couple of years, or maybe 5-7 years, you plan to open around like total store count should be 2,500. And your aim is to have a Rs. 1,200 square feet. So, like, how does this both align in your long-term vision?
- Akash Agarwal:** So, both periods are different again, like I already mentioned, till we keep adding 50% new area, we won't be able to increase the company per square feet sale. But there will be a time when you know, when we reach 2,000 stores, then we will only happen to open 500 new stores. So, that year, we will be able to expand operating leverage, EBITDA per square feet sale of the company as well. So, again, we are talking about two different timelines here.
- Onkar Ghurgardare:** Correct, but this 2,000, like store count of 2,000. Like, what is the timeline for that? And after that? So, this is like a five-year time period or what you are talking about?
- Akash Agarwal:** It is completely conditional to performance. And it's just about building a model we are looking to grow at at least 50% that we keep performing well. So, you can just build the model and see like what year we reach 2,500 if we keep growing at 50%.
- Onkar Ghurgardare:** Correct, because you are earlier said that you would want to grow at least 50% for the next 10 years. So, that's why this question arises.
- Akash Agarwal:** So, again, the capacity of number of stores of V2 in India, today, we think it's 2,500. So, we can only grow at 50% till we reach that number. For beyond that to grow at 50%, we would need a different model or to enter a different country.
- Onkar Ghurgardare:** Okay, but till 2,500, you still feel confident that even after the base keeps increasing, you can still deliver a 50% growth?

- Akash Agarwal:** That's the idea. And that's what we want to target conditional to good performance and continued momentum.
- Onkar Ghurgardare:** Correct. Another question is like on the EBITDA margin front, like for FY '27, you have said that will be maintaining the margins, but like what can be the margin level? Can it go to like pre-IndAS or early double digit or low double-digit margins in next 2-3 years?
- Akash Agarwal:** So, there are three levers to this. One is of course, consolidating and purchasing fabrics, because still we are only nominating about 20% of our purchases, and vendors are buying those raw materials in silos. So, we have the potential to save at least 3% to 5% there by centralizing and nominating fabrics. The second operating leverage is of course, per square feet expenses. So, we have already been able to reduce it from around Rs. 200 per square feet of sale to around 190. And going forward, it should go down to I think 175. So, a percent or a percent and a half comes from there. And the third one is of course, SSSG that increases your per square feet sale. But because we are adding 50%, 60% new area, it offsets all these three levers. So, that is why you are able to maintain such a high EBITDA percentage even after adding so much new area.
- Onkar Ghurgardare:** Okay, so basically for near term like a similar growth on the topline as well as similar growth on the bottomline, correct? At least for the near term?
- Akash Agarwal:** Yes.
- Onkar Ghurgardare:** Okay, just a last thing. I just wanted to know, after all this long-term question, just wanted to know like, almost two months of this quarter current quarter is gone, you have said that may has been a little bit slow as compared to like, what you are guiding for or what you have delivered. So, what can we expect? Because like only a month is remaining for this current quarter. So, it should be...
- Akash Agarwal:** So, again, I think it's too early to say like I said, April was very good for us. And May has been a little slow and June is supposed to be one of the biggest months for us. So, that will define the quarter going forward. But it all looks good. And whatever is happening around the world, like I said, it's I think, hopefully short term. And we can we can end those animosities and have peace.
- Onkar Ghurgardare:** Yes, even if there is a little bit here and there for the quarter. So, for the year as well as for the next 2-3 years, you are guiding for 50%, right?
- Akash Agarwal:** Yes.
- Onkar Ghurgardare:** Okay. All right. Thank you very much.
- Moderator:** Thank you. Due to time constraint, we take this as a last question. I now hand the conference over to Mr. Akash Agarwal for closing comments.



*V2 Retail Limited  
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**Akash Agarwal:** 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.

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