V2 Retail Limited

06th November, 2026

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

National Stock Exchange of India Ltd.
Listing Department
Exchange Plaza, C-1, Block- G,
Bandra Kurla Complex
Bandra (East) Mumbai–400 051
NSE Symbol: V2RETAIL

Sub: Transcript of Earnings Call Q2 H1 & FY 2026-27 - 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 Q2 H1 & FY 2026-27 Financial Results of the Company conducted through digital means on Friday, November 06, 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

RAM CHANDRA AGARWAL
Digitally signed by RAM CHANDRA AGARWAL
Date: 2026.11.06 14:31:35 +05'30'

RAM CHANDRA AGARWAL
CHAIRMAN AND MANAGING DIRECTOR
DIN: 00491885

Encl.: As above

“V2 Retail Limited

Q2 & H1 FY27 Conference Call”

November 04, 2026

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MANAGEMENT: MR. AKASH AGARWAL –DIRECTOR AND CHIEF EXECUTIVE OFFICER – V2 RETAIL LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to V2 Retail Limited Q2 and H1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Before we begin, a brief disclaimer.

The presentation which V2 Retail Limited has uploaded on the stock exchange and their website, including the discussions during today's call, contains or may contain certain forward-looking statements concerning V2 Retail Limited business prospects and profitability, which are subject to several risks and uncertainties, and the actual results could materially differ from those in such forward-looking statements. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note this conference is being recorded.

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

Akash Agarwal: Good afternoon, ladies and gentlemen. I, Akash Agarwal, welcome you all to our Q2 and H1 FY27 earnings conference call. Thank you for your continued trust in V2 Retail, India's leading value fashion retailer for Bharat. V2 was founded with a simple mission to democratize fashion by offering high-quality, trendy apparel at affordable prices to value-conscious customers. Today, we proudly serve India's growing neo-middle class and middle-class populations across Tier 2 and Tier 3 cities.

As of 30 September, 2026, we operate 427 stores across 27 states in more than 340 cities, covering about 4.6 million square feet of retail space. We have a complete value chain from an in-house design team of 60 designers to dedicated job workers to 3 warehouses, 22 hubs to our own fleet that refills inventory at stores every alternate day.

Our motto, value and variety comes to life through this. This was a quarter of aggressive expansion with short-term pain for long-term gain. In Q2 FY27, we opened 49 new stores and closed 3, taking a total to 427 stores.

In the first half of FY27, we opened 106 stores and closed 4. This is our highest ever H1 addition. 60% of these new stores are in core states, UP, Bihar, MP, Odisha and Assam, where our brand recall is very strong. Second, volume-led growth. Despite muted consumer sentiment, we delivered strong volume growth.

In the second quarter, volume growth was 31% year-on-year. In the first half of FY27, volume growth was 43% up year-on-year. This shows our value proposition is working. Customers are buying more from us. Three, same-store sales growth.

The FY27 SSSG showed minus 14.9%, but normal SSSG was plus 0.5% because Q2 last year had an early Durga Puja and an extended wedding season, while this year, the festive season shifted to quarter 3. If we adjust for this, we are 0.5% positive. The first half SSSG was minus 3.7% calendar basis. Our sales per square feet per month was INR700 in the second quarter versus INR933 in the second quarter of FY26 and INR785 in the first half of FY27 versus

INR948 in the first half of FY26. This drop is expected because we have opened 106 stores in 6 months.

New stores take up to 2 to 3 years to mature and also because of the shift of the festive season. Our mature stores, which are older than 2 years, are still doing INR1,000 plus PSF. Four, customer metrics remain strong. Our average bill value was INR917 in the first half of FY27 compared to INR900 last year. Our average selling price was around INR307 in the first half of the year versus INR309 in the first half of the last year.

Full price sales was 91% in quarter 2 and H1 versus 92% last year. We are not a discount retailer. We sell at MRP. Revenue mix remained primarily the same, men' s wear about 40%; ladies, 29%; kids, 22%; and lifestyle, 9%. Now I will take you through our consolidated financial performance.

Revenue from operations was INR905.6 crores in the second quarter versus INR708.6 crores in the second quarter last year, registering a growth of 28%. This growth is entirely volume-led. Gross profit was INR281.3 crores versus INR198.2 crores, a growth of 42%. Gross margin improved to 31.1% versus 28.0% last year, an expansion of 310 basis points. EBITDA with Ind AS was INR120.3 crores versus INR85.4 crores, a growth of 41%.

EBITDA margin stood at 13.3% versus 12.1%. EBITDA pre-Ind AS, our real cash EBITDA was INR53.4 crores versus INR44.4 crores last year, growth of 20% with a margin of 5.9%. PAT was INR18.2 crores versus INR17.2 crores, a growth of 6%. The PAT margin was 2%. PAT growth is lower than EBITDA because of higher depreciation, INR68 crores of depreciation versus INR37 crores of depreciation last year from right-of-use assets for the 106 new stores.

Now consolidated financials for the first half of the year. Revenue stood at INR1,902.8 crores versus INR1,340.9 crores, a growth of 42%. Gross profit grew from INR384.4 crores to INR566.4 crores with a 29.8% margin. EBITDA grew from INR172.7 crores to INR259.7 crores, a growth of 50%. Pre-Ind AS EBITDA grew from INR96.9 crores to INR132.8 crores with a growth of 37%.

And the PAT grew from INR41.9 crores to INR60.1 crores with a growth of 43%. As of September 30, 2026, Inventory stands at INR1,447.8 crores versus INR1,141 crores at the end of March 2026. The increase of about INR306 crores of inventory is for the 106 new stores, advanced festive stocking for quarter 3 and the new store pipeline for quarter 3. Our festive inventory is already at stores. Borrowings stood at INR528 crores, of which INR45.6 crores is non-current and INR483 crores is current versus INR253 crores in March 2026.

The increase is to fund growth. The net working capital increased to 88 days versus 81 days in FY26 due to higher inventory. This will normalize in quarter 3 after the festive sale. Long-term track record. So from FY22 to FY26, our revenue grew from INR629 crores to INR3,067 crores, almost 5x.

EBITDA grew from INR65 crores to INR455 crores, and PAT from a loss to INR162 crores at the end of FY25. We have demonstrated a profitable scale up. So friends, we are at an inflection

point. Why did we open 106 stores in the first half of the year? We have reached a stage where our back end, which is the design, sourcing, warehousing and talent can support 150-plus stores per year.

The demand for value fashion in Bharat is huge. The market is shifting from unorganized to organized. We want to capture this first. It has put short-term pressure on SSSG and PSF, but history shows that our new stores break even in the first month and achieve company average sales within 2 to 3 years. Quarter 3 will be our biggest quarter ever.

Durga Puja, Dussehra, Diwali, the wedding season all fall in quarter 3 this year. Our inventory is ready. We expect a strong recovery in SSSG and PSF. We plan to open only 60 to 70 stores in the second half of the year, focus on consolidating operations and sweating our existing 427 stores. With gross margin now at 30%, we aim to sustain around 29% to 30% gross margin and 13.5% to 14.5% EBITDA margin for the full year.

As festive inventory sells, net working capital should come back to around 75 to 80 days by March 2027. We remain committed to our mission to provide affordable, high-quality fashion to every Indian.

With this, I open the floor to questions and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Vaibhav from Haitong India Securities.

Vaibhav: Akash sir, my question was on our LFL growth for Q2. We have posted a negative growth because of the shift of festive season. I wanted to get more color on this number in terms of breakup in our four festival-related states and other states where there is a lesser dependency on festivals. Can you break up this number, like how other states have performed where there is a lesser dependency on festival sales? That's my first question.

Akash Agarwal: So I won't have that number on hand, but I can tell you that almost 260 of our stores are Puja impact stores, where there's an impact of Durga Puja, and it ranges from about 30 days before the festival to about 15 days before the festival. And that is why we always give a normalized SSSG whenever there's a festival shift.

Vaibhav: Understood. And related to this, how would be our performance in Q3? Can you give some more color? How has the October fared so far? And how are the initial traction has been in November as well?

And what kind of SSSG do you expect to book in Q3? And you also had cut your guidance to 5% to 7% same-store sales growth after the Q2 business update. Do you foresee now with the Q3 demand to surpass this guidance in FY27?

Akash Agarwal: So you need to understand that already 6 months of the year had passed, and in the first 6 months, our SSSG calendar basis was minus 3.7%. So even if we achieve the target that we had set initially of 8% to 10% for the rest of the year, then the whole year SSSG would be 5% to 7%.

So there was no change in guidance per se. It was just because the first 6 months of the year was a bit muted. That is why the whole year guidance changed.

But looking at October, so if you look at calendar to calendar, then of course it's a double-digit SSSG growth. But if you look at period to period, it is again a flat SSSG growth. But quarter 3, winter is a big, big part of quarter 3, and Diwali is also still pending. So I think we'll be able to comment more and give more color by the end of November or around 15 December. It all depends on how the winter goes.

Vaibhav: But how has been the Puja sales in October?

Akash Agarwal: So if you look at calendar to calendar, it's more than a double-digit growth. But if you look at period to period, it's been flat.

Vaibhav: Understood. Perfect. Lastly, on the store addition, you mentioned that you will be adding 60 to 70 stores in H2 and focus on improving the performance of existing portfolio. I remember you were saying more than 100 leases, MOUs were signed for H2. So, is there a shift of some of the stores which were planned to be opened in H2 to next year? That's how we look at it?

Akash Agarwal: So we have already opened about, I think, 18 stores out of those. And 60 to 70 we are going to open. And I think the rest will be shifted to April because there are some project delays in some of the sites.

Moderator: Next question is from the line of Kushal Goenka from Mangal Keshav.

Kushal: My first question was that, Akash, you have been mentioning that you want to be the best paymasters in the industry. So like, my question is if I need to compare 2 scenarios between keeping the money longer in the business versus paying the creditors early and getting better prices, can you please quantify the gross margin benefit will outpace the working capital requirement?

Akash Agarwal: So see, here it's not a very simple answer because when we are becoming the best paymaster or paying our vendors early, it's not just the benefit in gross margin or the discount that we get from our vendors. It's also the increase in on-time delivery, increase in the priority given to us by our vendors in terms of supplies, in terms of quality, which gives you some factors which are, I would say, not quantifiable.

That is why we always like to have some extra cash on the books, even if we have to borrow, so that whenever our vendor are in need, they can get any bill discounted so that it helps them with their working capital, so that we always have a very high fill rate in our stores and our DCs, because the opportunity loss of an empty shelf is a complete sale loss basically. That is much, much higher than any interest cost that you will be paying on the borrowings.

Kushal: Okay. So can you give any guidance on the creditor days going ahead?

Akash Agarwal: So I think -- see, our average credit days is around 65 to 70 days, and whatever prepayment we do is completely dependent on the situation in that particular season or month. So whatever extra

cash flow we generate, we give the prepayment. So it should be between, I would say, about 45 to 65 days, the credit days, depending on the availability of funds.

Kushal: So it might also reduce going ahead also?

Akash Agarwal: Correct. If we have extra cash on the books, we will always pay our vendors earlier than when their bills are due.

Kushal: Okay, okay. And my second question is, Akash, that you have been promising to include your core team members of 6 to 7 people since the last 2 quarters, and I have not been able to get that information. I tried to search the annual report also, and I am not sure if it's mentioned there. So it would be great if you could mention it here, the names and roles. And also, second part to that question is, are we actively looking for more CXOs? Because we do have an ambitious target to reach 2,500 stores. So how are we planning to strengthen the core team?

Akash Agarwal: So what we do now is we keep a probation of at least 6 months whenever a senior key managerial person joins the organization before we send it out to the investors in our deck, because we want to see the culture fit, we want to see if they're the right fit for the organization. But definitely, a lot of them have passed the 6-month benchmark, and we'll share it on the presentation. And yes, we are on the look for more CXOs. We're looking at the paths that we are on. We are always on the lookout for good professionals, experienced professionals who can help us in our journey.

Kushal: But if you could just let me know, like some people who are there with you, say, like since last 5 years, if you can mention their names or their roles who are closely working with you because...

Akash Agarwal: Sure. We will add that to the presentation. You'll get it.

Kushal: Sure. Please, if you can do that. I've been asking you since the last 2 quarters.

Akash Agarwal: Sure.

Moderator: Next question is from the line of CA Vikas from Serene Alpha.

Vikas: My question on guidance side, like FY27 guidance, we guided around 50% growth. So in H1, we already achieved around 42%, and about 28% in quarter 2. To reach that 50% growth guidance, so we need to do H2 around 56% growth. Do you still maintain this 50% growth guidance or is there any change in this? Or how much of H2 growth do you expect from new stores and how much of existing stores? That was my question.

Akash Agarwal: Yes, I think we are not changing our guidance in terms of revenue growth. I think we should still surpass the 50% guidance that we had for the whole year. And talking about old store versus new store, in the second half of the year, I think old stores should grow at 7% to 9% SSSG, and new stores will be the rest. So if the second half of the year, we are expecting almost 60% sales growth, 7% to 9% will come from old stores, the rest will come from new stores.

Vikas: Okay, sir. So the company opened 106 stores in H1. So are you on track to open 170 to 200 stores for full year?

Akash Agarwal: Correct. So I think we already opened 115, 116 stores, and we are going to open 60 to 70 more.

Vikas: And for FY28, do you still expect revenue growth around 50% or any other guidance, sir?

Akash Agarwal: So, for FY28, our current guidance would be anywhere between 120 to 150 stores. It will completely depend on the rest of the year's performance, how we change that target.

Moderator: Next question is on the line of Ankush Agrawal from Surge Capital.

Ankush Agrawal: So Akash, firstly on this SSSG, even if we adjust for the festive shift, like the SSSG is 0.5% and then you have also maybe commented calendar to calendar, like period to period, it is still flat, when you made the comment on Durga Puja. So I wanted to understand what is more happening?

Like it's not just the festive shift that is impacting the SSSG, I think underlying something else is also happening. So have you sort of done any analysis as to what is happening? Maybe some of the newer store cohorts that you would have added in the last 1.5 years, they are not giving the same level of throughput. So I wanted to know more on this.

Akash Agarwal: Yes. So we checked the data and nothing stands out in particular. If you look at ABV is maintained, ASP hasn't changed a lot. If we looked at state-wise SSSG, we looked at cohort-wise SSSG. So the slowdown or the delta is throughout. And when we did competitor benchmarking also, we found out the same results. So it's hard to put a particular factor to that, because nothing stands out from the data.

Ankush Agrawal: Okay. So in light of this, assuming that SSSG remains muted going ahead, how are we looking to sort of adjust our growth ambitions? Because again, then if we continue to aggressively add more stores, then downstream entries again impact the overall profitability of the business.

Because at 7%, 8% SSSG, we were adding 50%, 60% store growth, that was working out. But I think at lower SSSG, that might not be sustainable. So are we looking to sort of adjust that growth ambition in light of this lower SSSG?

Akash Agarwal: Yes, correct. So if this trend continues to the third quarter, then next year we'll only open 100 stores, which initially the target was 150 to 200.

Moderator: Next question is from the line of Onkar from Shree Investments.

Onkar: Yes. My question was regarding the depreciation in this quarter. So will this continue in the Q3 and Q4 or there will be a slight reduction going forward?

Akash Agarwal: No, it's going to continue now because the base of the stores have increased. So the depreciation is going to continue in the third and fourth quarter.

Onkar: Okay. So overall speaking, like, have you seen any demand slowdown overall or just something else? Because you yourself mentioned that there are no particular reasons you can see for the reduced SSSG.

Akash Agarwal: Yes, but I have also always mentioned that the macroeconomic, the demand scenario only has like a delta of plus or minus 5%. So I think definitely we have performed less than our expectations. But again, we are hopeful for the winter season. But in the last 3 months, definitely we saw some sort of a demand slowdown.

Onkar: Okay. And this store expansion which you have said of 100 stores if things don't work out, like, then what will be the sales figure for FY28? Will it be a 50% kind of growth or you have to lower it down again?

Akash Agarwal: No. So if we open only 100 stores, then the sales growth will also reduce from 50%.

Onkar: So that should be how much then? If at 150 to 200, if it would be about 50, then at 100, how much?

Akash Agarwal: I think it would be around 35%, 35% to 40%.

Onkar: Okay. When approximately at what time you will decide that, like you have to reduce the store expansion?

Akash Agarwal: I think it will be at the end of the third quarter. How we do in the third quarter, because this is the biggest quarter for us. It has a lot of festivals plus the winter season, so we will get a much better idea at the end of the third quarter.

Onkar: Correct. And can you mention the mature stores' SSSG for the first half?

Akash Agarwal: We don't give that breakup out, but maybe from next time we will start giving that out also.

Onkar: For the next half, you are mentioning that you will be growing that around 7% to 9%, right?

Akash Agarwal: That's our target, yes.

Onkar: Yes. But I think since you are mentioning for the second half, at least you can give for the first half, right?

Akash Agarwal: You're talking about actual SSSG for old versus new, right?

Onkar: Correct, correct. For the mature stores, you said you will be doing around 7% to 9%, so I was asking you can you share the data for the SSSG of mature stores for the first half?

Akash Agarwal: That's what I'm saying. I don't have it on hand. Maybe we'll share it from the next time.

Moderator: Next question is from the line of Amish Kanani from Knowise Investment Managers.

Amish Kanani: Sir, maybe the question is asked, but just was wondering if there are any nuances to pick up. One, in terms of festive season versus winter sales, are we kind of seeing any different trends? And whatever sales number growth that we have had for the month of November, if you can give us some sense of what is kind of affecting the sentiment and what are we doing to see that

it may not affect us for the rest of the months, especially the November, December and January, sir?

Akash Agarwal: So I already mentioned about Durga Puja. Durga Puja period to period was flat. But what we are seeing the early trends of winter, we are seeing a very positive uptake in demand and sales, but it's too early to call. But in terms of preparation, like I already mentioned, our winter fill rate is almost 20% better than last year because a lot of goods were received late. So we are much better prepared for the winter season this year. So hopefully this trend continues through November and December, and we can get back on track.

Amish Kanani: And sir, about the pricing trend, the inflation and pass-through of inflation. Is it something which is, one, what is the actual trend? And have we passed on the inflation, and that's the reason why we are seeing this kind of a softer trend or anything to read there and you can update us what's the average inflation and how much is passed?

Akash Agarwal: Yes. So there was a rise in raw material prices, and we have increased the MRPs for those products. But if you see the ASP, the ASP has actually come down 3% in the first half of the year. So how we manage that is by a better product mix.

So if the premium and super premium contribution was 30% for a particular category, because the prices are increasing, we increase the options in value and economy. So overall, for the customer, in terms of price points, it doesn't change much. And their average basket size, it doesn't change much. So I don't think that has an impact on the sales currently.

Amish Kanani: Sure, sir. And the last one on the sales, average sales per square feet, which has come down to a low of 700. We have been targeting and old stores are getting 2,000. Anything that you can give us about, say, last 1, 2 months, new store is largely probably affecting this. So are we kind of -- is there any trend that we are quickly reaching there, at least say 800, 850 plus, and whether that is affecting our EBITDA margins?

So any sense on the second half EBITDA margin because of slightly lower average sales per square feet, and the new store may take some time to scale up because of which we need to worry on our margins, right, sir? Operating margins, sir?

Akash Agarwal: So new stores, historically, we've always seen they take about 2 to 3 years to mature. But because the first half was a bit muted, maybe that maturity period for our new stores that we opened in FY26 has increased to -- sorry, in FY25 has increased from 2 to 3 years to 2.5 to 3.5 years. But again, it's too early to call, and we'll only find out how those new stores keep performing and keep ramping up, because the new stores start at about 35% to 40% lower than our mature stores' PSF. And that is what brings the company-level PSF down. But if you look at EBITDA margins, even with the Durga Puja shift, our EBITDA margins, even pre-Ind AS, has gone down by only 0.2%.

Because we are getting operating leverage, we've been able to increase our gross margins by lesser discounting, better product mix. So those things are offsetting the lower per square feet from new stores.

Moderator: Next question is from the line of Avinash from MOSL.

Avinash: I just want to double-click on this gross margin only. So if I look at for this quarter, the full price sales were actually down, if I look Y-o-Y to 91%, and still there is a 300 bps of margin improvement in an inflationary scenario. So how should we see this? Is this entirely because of the faster payments to the vendors? Or how should we read this for the full year?

Akash Agarwal: So there are 3 things here. One, we give a marketing offer as a bill discounting -- sorry, a bill buster offer to our customers. That happens during Dussehra. So that happened in September last year, but that campaign will happen in October this year. Second, the major part is the lesser discounting, because if you see the quarter 1 numbers, our gross margin was 1% less.

Because of Adhik Maas, we had to start discounting earlier than expected. And when you talk about full price sales, it only gives you the quantity of goods sold at discount or sold at full price. It doesn't give you the discount -- depth of discount that you have given. So you can have the same full price sales in terms of quantity, but maybe the average discount that we gave last year was 50%, whereas the average discount that we gave this year is only 30%. So that increases gross margin.

Avinash: Okay. Got it. And generally, when I am looking at the apparel companies are facing 5% to 6% kind of RM inflation. So how are you tackling this? And what should be the margins for the full year?

Akash Agarwal: So like I already mentioned, what we are doing is we are focusing more on blended fabrics rather than 100% cotton fabrics. So we are changing the product mix in a way that my ASP doesn't change and the value proposition to the consumers don't change. But of course, all the core products, everything that we sell in quantity, the prices of that in terms of our cost has increased from anywhere between 3% to 7%. So we have increased the MRP because we are already the lowest margin retailer. We can't absorb that kind of price increases in our margin.

Avinash: Okay. So on a full year basis, margins, how should it look like gross margins?

Akash Agarwal: It should be between 29% to 30%.

Avinash: Okay, okay. Got it. And the second question is coming to the inventory. See, I understand there is a festive shift component as well, but if you look at FY26 end, we have a higher inventory because you are ramping up the stores and you added 100 stores in the first half. Now the inventory should either be stable or improve from that level, right? So I can see a further increase in the absolute inventory despite the outlook for the store additions coming down.

Akash Agarwal: But if you look at the closing retail space area, that has increased by almost 1 million square feet. So how can absolute inventory go down from March to here? So 3 things happen at the end of September quarter. So you are ramping up for winter season, so all your winter goods are coming into the warehouse. You are ramping up for the festival season, so all your festive goods are in the warehouse.

And you are planning for the 60, 70 stores that you are going to open in the second half of the year. So that is why, if you look historically, always the inventory in terms of days and levels is always highest at the end of September quarter.

Avinash: Okay. So this is only because of the festive stocking that you are seeing an instant inventory built up right now.

Akash Agarwal: No, the 1 million square feet that we have already opened. You need to understand, at the end of March, we had this inventory for the 1 million square feet that we were going to open. Now those stores are already open, so you already have that inventory in-house, plus you will have the festive inventory, winter inventory and the 70 stores that you are going to open in the second half of the year.

Avinash: Okay. Got it. And the last question is regarding the debt and the cash flows. So debt has again started to pile up to INR500 crores right now. So what's your sense on the cash flows?

Akash Agarwal: So, because we preponed our growth and we've opened 106 stores in the first half of the year, that is why we needed that cash flow earlier, and it also includes the prepayment that we do to our vendors. But now, going forward, as and when we are going to open lesser stores in the future, so this level should come down.

Avinash: What is the comfortable position of the debt that you are ready to take? Like this INR500 crores, where should be, say, suppose -- I'm not asking immediately, but say, suppose 2 years down the line.

Akash Agarwal: I think any level below 0.5 in terms of debt-to-equity ratio is good for our business. It's healthy, as long as you have enough EBITDA and profit to cover your interest payments.

Moderator: Next question is from the line of Meet Mehta from Entigrity Ventures.

Meet Mehta: Congratulations on a good set of numbers. Just a confusion on the PSF side. So if I'm not wrong, our starting PSF for new stores was around INR700 and INR730 levels, but we reported the PSF of INR700 for this Q2. So, what kind of starting PSF we have and why the number have fallen from INR938 in the last quarter to INR700 kind of levels? Is it just because of the new store addition or anything to read on that?

Akash Agarwal: So whenever we talk about PSF, it's always the last 12-month average. When we talk about that new stores are doing about INR720, INR730, old stores are doing about INR1,100 per square feet. So if you look at historically also, whenever there is no festival in quarter 2, quarter 2 PSF is almost 40% to 45% lower than year average.

Meet Mehta: Got it. But our starting PSF for new stores is around INR720, INR730, and we are lower than that. So are those stores doing much lower than the INR700 kind of level? Because mature stores would be doing around INR1,000, INR1,100 kind of range. So they are doing much lesser on the new store side?

Akash Agarwal: So that's what I'm explaining. If you look at just new stores, if the year average is INR720, if you reduce 40% from that, you come with what, I think, around INR450 per square feet for quarter 2. For old stores also, if the year average is INR1,100 and you reduce 40% from that, you get at INR700 per square feet of PSF. So you are only looking at quarter 2 in isolation, which is the wrong way to look at it. Our last 12-month average for newer stores is still above INR730, INR740 per square feet.

Meet Mehta: Got it. And with the festivities and wedding demand and the winter collection going live for this quarter, this should jump for the quarter 3?

Akash Agarwal: Correct.

Moderator: Next question is from the line of Nikhil from Bliss Homes.

Nikhil: Looking at the October and starting November sales data you have so far in Q3, can we expect Q3 to be V2 Retail's best quarter ever?

Akash Agarwal: Yes, Q3 will be V2 Retail's best quarter ever. In terms of revenue, in terms of profitability, correct.

Moderator: Next question is from the line of Deepak from Wealth with Wisdom.

Deepak: Akash, just wanted to get your view on if you have done some deep dive in terms of new customer acquisition, was there a fall or the existing customers didn't -- I am sure you would be maintaining that when you register a consumer or let's say invoice a customer. So how does it look like in terms of -- can you give some color on that?

Akash Agarwal: Yes. So we always look at CRM data, and what we have seen in the last 2 to 3 years, I would say, the average frequency of our customers, repeat customers, used to be almost 5, 5.5 months, which has reduced to just 4.4 to 4.5 months now. And for our mature stores, the repeat customer sales has increased from 55% to almost 70%. And customers who come back within 1 year has also significantly improved. There is an improvement in that percentage by almost 500 basis points.

So all these metrics are improving. But in the second quarter, again, like I said, there is no number that stands out to say, suddenly the repeat customers went down or the new customer acquisition fell down. There is no number that stands out and tells us, okay, this is the problem or this was the issue.

So I think it is a mix of everything, because like ABV was 1% down and footfall was 3% down. So it's, I think, mix of a lot of factors together. But nothing stands out significantly saying that, okay, this is the reason why we are seeing a little dip in sales.

Deepak: Okay. You mentioned about recency, you mentioned about frequency, and what about the monetary value, as in the existing customers, how has been their basket size? That's also in my...

Akash Agarwal: So we don't track lifetime value, but what we see is average loyal customer for us spends around INR2,200 to INR2,500 annually with us.

Deepak: Understand. So basically, it's a...

Akash Agarwal: Because our cost of acquisition is next to nothing, because our marketing cost is less than, I would say, 0.5%.

Deepak: Yes, yes. So basically, what we are looking at, so let's say if I have to identify the problem, spell out the problem correctly with respect to last quarter, because a lot of investors are kind of taken aback by the numbers, because they were never in the habit of seeing the numbers going down from V2. So if I have to identify the problem correctly, the problem would be in terms of few percentage points here or there, right? So in terms of you said footfall has gone down by, let's say, 3%, right? And 1%, what was that remark?

Akash Agarwal: ABV, average bill value.

Deepak: Average bill value. So that would be the kind of total impact, right?

Akash Agarwal: Correct.

Deepak: Plus the festival impact?

Akash Agarwal: Correct.

Deepak: Okay, okay. Any other nuances which you want to share, which you would have identified using data analytics?

Akash Agarwal: Nothing significant, but yes, definitely there were some categories where the on-time delivery was really poor. So that is why the fill rates were not up to the mark at the stores. So those categories were degrowing obviously higher than the others. But nothing too significant to explain 5% to 6% downfall in sales.

Deepak: Understand. And one last question, Akash. So let's say -- so your merchandise sells at a very economical price, right? In fact, all your Trends and your Westside and other stores, their pricing is way above yours, right? Who are your actual competition in terms of sale price?

Akash Agarwal: So see, there are 2 direct competitors. One would be obviously the unorganized retail, the local mom-and-pop stores. They are selling a very similar price point. And the second tier would be the organized players in this space. There are more than 20.

So there is V-Mart, Style Baazar, Citykart, Baazar Kolkata, M Baazar. So there are many players, and a lot of those players have more than 100 stores now. So this is the second tier of competition. So these are the 2 main direct competitor retailers to us.

Deepak: On a like-to-like basis, for example, Akash, you have a lot of presence in Bihar, Odisha, Jharkhand, and all these places, right? While, let's say, a V-Mart would have presence spread across pan-India, more in South or let's say -- I mean, you are -- in terms of your geographic presence, you are more towards the economic sections, right?

So benchmarking that V-Mart with you would also not be appropriate because the Puja impact does not impact them that significantly as it impacts you, right? So any player which is -- so let's say, you would have compared those players where the Durga Puja impact is high, right? Any stark differentiation or any insight which came out of, let's say, benchmarking?

Akash Agarwal: We look at all the retailers the same now. We are also present in 25 states, so we also look at ourselves as a national-level retailer. So out of 430 stores, 250-odd stores are Puja impacted. But now our stores are also pretty spread out. So whenever we did the benchmarking, we saw, still in most of the locations, our per square feet sale is at least 30% higher than our closest competitor.

Still, the most footfall is in our stores. You'll find most customers in our stores. And I would say we still have the best offering in terms of variety, number of options and pricing. So I think we still have that USP, we still have that edge, we still have that competitive advantage.

Deepak: No, no, your business model is the best, that I understand. Okay, okay. I don't want to stretch it anymore.

Moderator: Next question is from the line of Vaibhav from Haitong India Securities.

Vaibhav: My question was on gross margin, Akash. We mentioned that last year in Q2 we had run this bill buster offer ahead of Dussehra. So this year it will be in Q3. Would that impact our gross margins in Q3 because of this?

Akash Agarwal: I think we will still be able to maintain it in Q3.

Vaibhav: Understood. And related to this, have we received any benefit of price hikes in Q2 or price hikes would start getting reflected from Q3 onwards? And what is the quantum of price hikes that we have taken so far? And going forward, any more price hikes that you have planned?

Akash Agarwal: We have already taken the price hikes, but there is no benefit from the price hikes because we are maintaining the gross margins. So whatever cost delta we got, we are maintaining those gross margins.

Vaibhav: What is the range of price hikes taken so far?

Akash Agarwal: So I think the hike in cost was around 3% to 7%. So to maintain gross margin, we will have to increase the MRPs by 5% to 10%.

Vaibhav: Understood. And you don't plan to take any more hikes going forward?

Akash Agarwal: It all depends on the raw material prices. We want to maintain our gross margins. So if there are further price hikes in raw material prices, then we will have to take price hikes.

Vaibhav: Understood. And any guidance for the full year in terms of pre-Ind AS EBITDA margins? Should we expect any sort of expansion for the full year?

Akash Agarwal: After opening 170 to 190 stores in the whole year, I don't think we will be able to expand the EBITDA margin. It will be a great job even if we maintain it. So like we have always mentioned, I think we would be targeting a pre-Ind AS EBITDA margin of 7% to 8% for the whole year.

Vaibhav: Understood. Just on the SSSG, you had mentioned that you have seen a double-digit growth in this October. So this is you are talking about October year-on-year basis, right? And you said flattish for a period. What did you mean by that?

Akash Agarwal: So because Durga Puja moved from September to October, so when you look at calendar basis, October to October, it's showing a higher growth. But when you match it to period to period, that is Dussehra to Dussehra, it's flat.

Vaibhav: Understood. So if you have written on a calendar year basis, double-digit growth in October, and our base is also favorable, we had posted around 2% SSSG last year, can we expect double-digit growth to sustain in Q3 and then normalize back to our high-single-digit growth in Q4?

Akash Agarwal: Again, we always like to focus on normalized SSSG, that is period to period. And for that, our target is 5% to 7% for Q3 now.

Moderator: Next question is from the line of Onkar from Shree Investments.

Onkar: Yes. Earlier you mentioned that around 13.5% to 14.5% EBITDA margin you will be doing for the entire year, right?

Akash Agarwal: That is post-Ind AS. We like -- yes, you can ask.

Onkar: Yes, yes. First half you have done around 13.6% and quarter 2 you have done around 13.3% and you are guiding for around 13.5% to 14.5%. So in order to make it to the upper end of the band, I mean, do you foresee that kind of margin expansion pre-Ind AS in order to achieve that guidance?

Akash Agarwal: So we don't -- we never guide for post-Ind AS numbers. That is why we always guide for pre-Ind AS. So definitely, the pre-Ind AS EBITDA margin for the second half will be better than the first half, because the bulk of the profitability comes in the third quarter. So I think the first half pre-Ind AS EBITDA margin is about 7%. So the next half should be at least 8%. So the full year pre-Ind AS EBITDA margin will be more than 7.5%.

Onkar: So for the quarter 3 and quarter 4, do you expect the profit growth or the EBITDA growth to be higher than the sales growth?

Akash Agarwal: Again, I don't know exact number, but for the whole year, again, if you look at the whole year in picture, the revenue growth will be -- should be more than 50%, and the profit growth also should be more than 50%.

Onkar: See, either like equally or like better slightly, that's how it should be.

Akash Agarwal: I lost you there, sorry.

Onkar: I was saying, you mentioned that it should be at least equal or slightly better than that, right?

Akash Agarwal: Correct.

Moderator: Next question is from the line of Kushal from Mangal Keshav.

Kushal: Akash, you mentioned that there is some slowdown in demand, which is an external factor. My question is that an antifragile management usually don't wait for external factors to get better but do internal changes like tinkering or making the internal systems better, changes that lead to generation of new demand. So anything that V2 is doing because I have seen Ram sir's interviews, and I believe in his energy and story a lot, and just slowdown in demand should not let our vision fade away. So any thoughts on the same?

Akash Agarwal: So that is the good thing about us. We never stop innovating or trying new things or experimenting, even when we are doing amazing. So even when we were getting 31% or 29% SSSG, we were still working on 50 different projects to go to the next level. And even now, because see, 1 or 2 quarters doesn't define anything. What we are working on is the vision for the future, that is 2,500 V2 stores.

But definitely, we've always mentioned that our growth trajectory will completely depend on our performance. So if we see, because at the end of the day, your performance leads to the cash flows and the internal accruals that allow you to grow. And if we see that all the parameters, all the pointers, all the benchmarks are positive, then we accelerate more. And if we feel that, okay, there is something that we need to work on more and consolidate, then of course, we take the foot away from the pedal. But again, even today, there are 25 different projects that are going on.

So we completely went on live with hub and spoke. So all our stores are being replenished. Some are being replenished every day and most are being replenished once in 2 days, which used to be once a week. So that has really simplified store operations. We have introduced a lot more fashion quotient in our assortment.

So earlier, it used to be less than 20%. Now we are trying to take it up to 30%, where things that come in trend only for maybe 6 months, we are trying to offer those designs at our stores to attract Gen Zs.

And the biggest project that we have undertaken is application of AI. So what we are doing is putting -- making AI tools and AI agents that use OCR, that do the analysis themselves in terms of what attributes are selling, what attributes we should increase at what store. And we have completely moved our complete ARS system onto that as well. So this will keep evolving, and I think it will start giving us rewards and returns from next year onwards.

Kushal: That's great to hear. Just last thing. Any color on the V2Kart E-commerce that you have launched recently?

Akash Agarwal: So we did the pilot in 2 states. It's still going on. Again, it's a new, I would say, vertical. So there are some operational issues, because at any given point of time, there are almost 35,000 pieces

of inventory at any of our stores. And looking for 1 order or 2 order, 1 or 2 pieces of an article is becoming a little bit of a challenge.

So we don't want unfulfillable orders. So we are trying to look for solutions, how to solve that or only launch with high-depth articles or core articles, because we don't want to, I would say, compromise on customer experience. So we are just doing tinkering and doing the last-minute checks, how we can make that better, and then we will add more states to that launch.

Kushal: But you plan to go full-fledged with this V2Kart?

Akash Agarwal: Yes, correct, because it has no additional fixed cost for us. We are using our existing inventory at the stores. The technology cost is negligible. So it's all variable cost, so it always makes sense to add another channel to sell your current inventory on.

Moderator: Thank you. That was the last question for today. I now hand the conference over to Mr. Akash Agarwal sir for closing comments.

Akash Agarwal: Thank you everyone for joining us in today's call. We hope we have been able to address your questions and provide greater clarity on our performance and outlook. Should you require any other further information or have additional queries, please feel free to reach out to Marathon Capital, our Investor Relations Advisors, who will be happy to assist you. We appreciate your continued interest, confidence and support. Thank you, and we look forward to speaking with you again.

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