



# V2 Retail Limited

19<sup>th</sup> November, 2025

**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 26 - Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sr,

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 26 Financial Results of the Company conducted through digital means on Monday, November 17, 2025.

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**

Encl.: As above



“V2 Retail Limited  
Q2 and H1 FY '26 Conference Call”  
November 17, 2025

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the Company’s website will prevail



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

**Moderator:**

Ladies and gentlemen, good day, and welcome to the V2 Retail Limited Q2 and H1 FY '26 Conference Call, hosted by Marathon Capital. 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 this conference call, please signal an operator by pressing star then zero on your touch-tone phone.

Before we begin, a brief disclaimer. The presentation which V2 Retail Limited has uploaded on the stock exchange and their website, including the discussion during this call, contains or may contain certain forward-looking statements concerning V2 Retail Limited's business prospects and profitability, which are subject to several risks and uncertainties, and the actual results could materially differ from those in such forward-looking statements.

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

**Akash Agarwal:**

Good morning, everyone, and a very warm welcome to V2 Retail's quarter 2 and the first half of FY '26 earnings conference call. We trust you've had the opportunity to review our results. The earnings presentation and press release are available on the stock exchanges and also on our company's website.

We are very pleased to report a very robust performance for the second quarter of FY '26, reflecting the strong momentum across our business. With 86% year-on-year revenue growth, we continue to substantially outpace the broader market while demonstrating the scalability, resilience and execution strength of our operating model even on a high comparison base.

FY '25 laid a very solid foundation and our encouraging performance in the first half of FY '26 further reinforces our confidence in delivering sustained growth and long-term value creation. Innovation, flawless execution and unwavering customer trust continue to be the heart of our strategy, and we remain deeply committed to strengthening these pillars as we scale.

At the core of our success is our highly skilled and passionate team of designers, merchandisers and inventory specialists. Their ability to anticipate trends, curate targeted assortments and manage inventory with precision enables us to remain agile, customer-focused and operationally strong in a rapidly evolving retail environment.

We are encouraged by a strong customer response to our distinctive and competitively priced product portfolio. By consistently offering fresh, trend-aligned assortments rooted in quality and value, we are driving broad-based and sustainable growth across our expanding store network.

Our strategic expansion into underserved rural markets, combined with deeper penetration in Tier 1 and Tier 2 cities is helping us build a large and demographically diverse customer base. Our deep understanding of regional preferences reflected through localized assortments and personalized in-store experiences continues to strengthen our competitive edge.

Now moving on to some key updates. Let me take you through the key highlights of our performance. So revenue for the second quarter grew 86% year-on-year to INR708.6 crores. We opened 43 new stores during this quarter and achieved a net addition of 70 new stores in the first

half of the financial year, taking our total store count to 259 stores with 28 lakh square feet of retail space.

Additionally, we have added 16 net new stores so far in the current quarter, taking the total of 275 stores as of today. Reported SSSG for quarter 2 stood at 23.4% and normalized SSSG adjusted for the Durga Puja shift from quarter 3 to quarter 2 stood at 10.3%. The same-store sales growth for the first 6 months of the financial year stood at 13.3%. We recorded a 58% volume growth in the second quarter of FY '26 with full price sales contributing 92%.

Our ROE continues to show consistent improvement, standing at 22.9% in the first half of this year, reflecting disciplined capital allocation and strong operational leverage. While we fully comply with the relevant accounting standards for statutory reporting, the economics of retail operations differ significantly. Therefore, it is important to understand how we track internal performance and decision-making metrics.

Store level profitability can only be measured when rent is included at the EBITDA level and not below EBITDA. Our annual business plans, budgets, cash flows and store operation metrics are all prepared on a pre-Ind AS basis. All team productivity metrics and incentive structures are aligned to pre-Ind AS numbers. Our revenue and profitability guidance is also communicated on a pre-Ind AS basis.

Given this, I will now share our pre-Ind AS performance for this quarter and the first 6 months of the year. Revenue grew 86% year-on-year to INR708.6 crores. Gross margin grew from 27.2% to 28% from the corresponding quarter last year. The EBITDA grew from INR7.9 crores to INR44.4 crores, which is a 465% year-on-year growth in the second quarter. The EBITDA margin grew from 2.1% to 6.3% and the PAT grew from INR70 lakh to INR25.3 crores, which is a growth of 3,561%.

Now talking about the performance of the first 6 months on a pre-Ind AS basis. The revenue for the first 6 months grew 69% to INR1,340.9 crores. Gross margin grew from 28.2% to 28.7%. The EBITDA grew from INR40.1 crores to INR96.9 crores, which is a growth of 142%. The EBITDA margin grew from 5% to 7.2%.

The profit after tax grew from INR19.6 crores to INR55.9 crores, which is a growth of 185%. We have been consistently sharing pre-Ind AS numbers for improved transparency around operational performance, and we will continue to report these metrics going forward as well.

With this, I now leave the floor open for questions.

**Moderator:**

The first question is from the line of Harsh Dubey from LFC Securities.

**Harsh Dubey:**

Congratulations on good set of numbers. I just wanted to understand that we are expanding in various markets. So what is your plan for the South Indian markets? Like I see that we are present in Western markets, in Central India as well. But our South presence is somewhat like we can expand there as well. So what is your take on that, sir? First question.

- Akash Agarwal:** Yes. So we entered Karnataka a few years back. And now we have 18 stores in Karnataka, and it has become one of our core strong markets. Similarly, we had entered Goa, now we have 2 stores in Goa. And this year, we have entered Andhra Pradesh, and we are getting a very good response in that state also. So South is a very big focus market for us. And a good chunk of our future expansion will come from that region.
- Harsh Dubey:** Okay. So sir, so you are planning to enter into South Indian markets like, for example, in Tamil Nadu as well, because it is also like a good market for retail and there are a lot of competitors that are already present.
- Akash Agarwal:** So our aspiration is to be a national level retailer. Our aspiration is to be in all the states of India in the next 2 to 3 years. So definitely, we will be present in Tamil Nadu as well.
- Harsh Dubey:** Okay. Okay. The second question is that -- so if I get it right, so we are mostly on a basis of brick-and-mortar, right? So what I wanted to understand, are we planning some omnichannels like quick commerce, e-commerce, just like DMart has for DMart Ready? Are we planning something in fashion and for our products later?
- Akash Agarwal:** Yes, we are exploring different technologies where we can leverage the same store inventory and add another channel, which is online to sell to the customers in that particular city so that it doesn't have any additional costs and we can leverage the existing inventory and cater to more customers. But we haven't found a suitable technology partner yet. But hopefully, soon, we'll be able to do that.
- Harsh Dubey:** So sir, any time line on that, like approximately how much time do you expect that would be online?
- Akash Agarwal:** I think it would be in the next financial year.
- Harsh Dubey:** Okay. Okay. And sir, just one last question, if you may allow. When we talk about our stores, so how is our breakeven? So how much time does it take for our stores to be breakeven?
- Akash Agarwal:** So our stores -- our new stores start from around INR750 to INR800 per square feet and the breakeven point is around INR500 per square feet. So our stores start from the first month itself, and it breaks even from the first month itself. And it takes about 2 to 3 years for a new store to mature. So it grows faster than your mature stores and then it comes back to company base.
- Harsh Dubey:** So just to clarify, so first of all, INR500 is of a breakeven point. So like within the first month itself, we break even and then the store becomes mature in like 2, 2.5 years. Is that right?
- Akash Agarwal:** Yes.
- Moderator:** The next question is from the line of Aditya Bansal from Motilal Oswal.
- Aditya Bansal:** Congratulations for a very strong set of numbers. My first question is around the demand environment. Like how has been the trends in Diwali and so far in 3Q? So can you share some light on that?

- Akash Agarwal:** I can just say that the momentum is continuing, and we are very, very happy with the kind of response we're getting both from our old stores and all the newer regions and the newer stores that we've opened. And we are beating our own expectations. So we are very bullish, and we have a very positive outlook for the future.
- Aditya Bansal:** Sure. And any changes to the store addition guidance after the QIP, like what are the current targets now?
- Akash Agarwal:** So our initial target was 100 stores, 100 new stores. And we've already added 86 this year. So we have actually increased that 100 number to 130 stores. So I think we'll add around 130 stores this year. And if our store operating and profitability metrics remains robust and as strong as it is, we will open 150 stores next year. Our objective is to achieve an ROE of more than 20%.
- Aditya Bansal:** Okay. And lastly, can you talk about the warehouse investments and any investment in the team that you will require for meeting such an accelerated store expansion, like anything qualitatively as well as on the quantitative as well?
- Akash Agarwal:** So to open 150 stores, we would need a capex plus inventory investment of around INR350-odd crores and additional warehousing cost would be around INR25 crores to INR30 crores.
- Aditya Bansal:** This will include the regional warehouses that you were trying to do hub-and-spoke model?
- Akash Agarwal:** Yes.
- Moderator:** The next question is from the line of Ankit from Subhkam Ventures.
- Ankit:** Congrats for excellent set of numbers. My first question is the usage of QIP money, which you have recently raised, how have -- how you have used it till date?
- Akash Agarwal:** Yes. So our aim is to be one of the best paymasters in the industry for our vendors. So we have raised QIP primarily to repay the debt of INR135 crores. We are using INR165 crores for our working capital and INR100 crores for general corporate purpose. So raising capital helps us achieve both in terms of supporting vendors ecosystem by providing enough liquidity and also reduce our product cost by availing bill discounting and also because it is helping us increase our store opening targets.
- Ankit:** So can you throw some more light on by paying your creditors early, what kind of savings you would be making? And how profitable would it be for you?
- Akash Agarwal:** Yes. So even today in India, access of capital for MSMEs is still a big challenge. So our vendors, as we are growing, they are growing with us. So they all need -- in need of working capital. So we get around 1.5% to 2% per month bill discount from them. So that is directly added to the bottom line if we pay them their bills earlier.
- Ankit:** So is it fair to assume that going forward, your working capital would look increased, but it is by choice?
- Akash Agarwal:** Yes. So you will see a drop in our creditors and increase in our working capital days.

- Ankit:** But it is because -- but it is as per your choice, this is not compulsory.
- Akash Agarwal:** Yes. Because we are paying our vendors earlier. So our average credit days would go down from about 50, 55 days to around 30 to 35 days.
- Ankit:** Okay. And any other benefit you get by paying your creditors early other than the discounts, any preference from them while they supply the material or any other soft aspect?
- Akash Agarwal:** Yes. So V2 becomes their priority. V2 becomes their retailer of choice. And we have already converted about 15 to 20 of our vendors as exclusive vendors to us. And hopefully, becoming even better paymasters helps us get more vendors under this umbrella who are only supplying to us and not supplying to our competitors.
- Ankit:** Okay. And my second question is on the -- how is the traction from the new stores which you have opened, especially which you have opened outside your core markets of UP, Bihar, Assam and Odisha. I mean these are your core markets -- so core markets. So I mean, the new stores opened outside these states, how is the traction there? How is the PSF and everything there?
- Akash Agarwal:** So very encouraging numbers here. There are 2 things here. So first of all, our benchmark for new stores is it should be within a 70% range in terms of sales throughput of the old stores. So they are currently at around 72% to 73%. So they are well within the range. And in terms of new regions, so new stores in old regions versus new stores in new regions, the difference is only 2% in terms of per square feet sales. So even in the newer geographies where we have entered, whether it's Maharashtra, whether it's Gujarat, whether it's Rajasthan, whether it's Punjab, all the new stores are already performing at the level of our new stores in the core markets.
- Ankit:** Okay. And going forward, when you are targeting 130 stores this year and around 150 next year, I mean, would the focus be again on these 4, 5 states where you already have presence in so many years? Or it will be a mix? I mean, what will be the mix? I mean, outside these states, how many stores you'll open and how many would be in these core markets?
- Akash Agarwal:** So see, we are only committing to the next 5 months of the stores that we want to open because from the day we finalize the store till the day the store opens, it's a period of about 3 to 4 months. So everything depends on the traction that we get. So for example, Karnataka was such a good market for us and the traction that we got for every new store and old store was very encouraging. That's why now we have 18 stores in Karnataka.
- So similarly, now we have entered Punjab, Rajasthan, Andhra Pradesh, Chhattisgarh, Haryana. So if we feel any of those markets are showing exceptional numbers, then we will focus more on those markets. But if you want to talk about prima facie, I think 70 -- 60% to 70% of the stores will be in existing core markets and 30% to 40% will be in the newer geographies, which are performing well.
- Ankit:** Okay. Interesting. And lastly, how many stores currently would be under 500 PSF on a consistent basis -- set for consistent for 2, 3 months?

- Akash Agarwal:** So if you take out -- okay, at the company level, there's only one store that is below breakeven point currently. And that is also a store that has opened in the last 3 to 4 months. So we don't judge a store's performance before it has at least passed 1 year of sales. So if you talk about stores that are at least 1 year old, all those stores are EBITDA positive.
- Moderator:** The next question is from the line of Palash from Nuvama Wealth.
- Palash:** Congratulations on very good set of numbers. Sir, my first question is on gross margin. So when will we see gross margin expanding on account of bill discounting?
- Akash Agarwal:** So you should start seeing it from the third quarter.
- Palash:** Okay. Okay. And given the aggressive growth plans that you have for next, let's say, for FY '26 and FY '27, would it be possible that you will be able to achieve 10% kind of pre-Ind AS EBITDA margins by FY '28?
- Akash Agarwal:** We always guide for the same EBITDA margin because we are promising a very healthy growth number, which is more than 50%. So because new stores start at 70% of old stores and it takes time to mature, and we are adding 60%, 70% new square feet area. So we always guide for the same pre-Ind AS EBITDA margins moving forward. But definitely, when the stores mature, when the new stores that you open becomes only 10%, 20% or 25% of your area, then the expansion of EBITDA margin should also happen.
- Palash:** Okay. And sir, for -- let's say, for next 18 months, is 10% kind of SSSG possible?
- Akash Agarwal:** That is what we target. So even for mature stores, I think 8% to 10% SSSG is our target. And if we do our execution well, if we plan our assortment well, I think it is possible.
- Palash:** Okay. Okay. And sir, what kind of stores are you planning to add in states of Maharashtra and Gujarat? And how are those 2 stores performing? Because last time you told us that those stores are doing very well. So any color on those 2 states? And what kind of plans you have on store addition front for next, like, say, FY '27?
- Akash Agarwal:** So whenever we enter a new geography or a new state, we open 1 to 5 stores there because we believe in collecting a lot of data. And that data that we collect ensures that we build an optimized store model that fits that particular region or that state. So both Gujarat and Maharashtra store -  
- so Gujarat store is doing more than INR1,200 per square feet of sales.
- But again, it is only 1 store each in both the regions. It's a very small sample size. So unless -- until we have 3 to 5 stores there to collect that data to see the performance, it's very hard to comment what will be the future expansion strategy in those states.
- Moderator:** The next question is from the line of Yash Kothari from CRK EQ Research.
- Yash Kothari:** Firstly, congratulations on a set of results, sir. And just wanted to know the unit economics of our stores per se, like what's the per store cost depending on the region, if there is a way to give me that? And also the margin guidance after new stores open, like how -- what's the time line for like certain margins, how they increase in certain areas?



**Akash Agarwal:** So I'll answer your second question first. So for margin guidance, we guide for the same margin going forward because we are growing fast. So I think we did pre-Ind AS EBITDA margin of 8% last year. So that is our future guidance for the next 2 to 3 years because we are adding so much new area. And definitely, there are levers to expand that margin as well.

So one is operating leverage by getting the per square feet cost down. One is better sales mix and better economies of scale in terms of costing that improves our gross margin. And the third is obviously a good SSSG number that increases the per square feet sale at the company level. But I think when we are adding almost 60%, 70% new area every year, we guide for the same margins going forward.

And now answering your first question, so our store economics, so capex required for the store is around INR1,100 per square feet. And the inventory required at the company level for that store is around INR2,500 per square feet, out of which -- so that's around 90 to 100 days of inventory. So half of it is paid for by us and half is the credit term that we get from our vendors. So total investment per store is around INR2.4 crores, INR2.5 crores. And the total cost at the company level is around INR190 per square feet. So this will be the calculation.

**Yash Kothari:** Any sort of funding that we're looking for in the future? I mean, I know obviously, the QIP has just happened, but like if at all, because obviously, we are expanding at such a good rate. So just wanted to know if there is any sort of thought process in that area.

**Akash Agarwal:** So there are no plans currently. But again, our main objective is to get a good ROE, a healthy ROE. And if we make a business plan, we make our cash flows. So currently, there is no plan. But in the future, if we feel that we need to raise money to open more stores and all the business metrics are very healthy, then we will do it.

**Yash Kothari:** Okay. And just to fall back on the point of the unit economics. So how you said there are 3 levers that really affect how the cost for a store comes down. So since we have been expanding at such a good rate and beating our own estimates, is there any sort of economies of scale that we are already seeing when it comes to the cost per square foot and the things that you mentioned?

**Akash Agarwal:** Yes, definitely. So we've already seen our costs come down by INR6 to INR7 per square feet if we are comparing it year-on-year. And there is a lot of scope to -- for it to further come down as we increase store area.

**Moderator:** The next question is from the line of Palash from Nuvama Wealth.

**Palash:** My question was on rental. How is rental cost panning out? And what is the guidance for next year?

**Akash Agarwal:** So our average rental per square feet is around INR52 per square feet. And I think we have already signed 80 stores MOUs. So the average of those stores is around INR48 per square feet. So our average rentals are actually coming down.

**Palash:** Okay. Okay. So this rental cost would be a big leverage along with gross margin expansion, right? Even if you open new stores?

- Akash Agarwal:** I don't understand what you mean by rental cost will be leverage.
- Palash:** Your rental cost has been continuously going down. So that could mean that margin expansion could happen on account of this.
- Akash Agarwal:** But it's a very insignificant change. So our rental cost used to be INR53 and now it's INR52. So it's a very, very insignificant change.
- Moderator:** The next question is from the line of Bhaskar from DSC Finserv.
- Bhaskar:** Congratulations to the management on excellent Q2 results. There is an article that got published in APH and our research also confirms that many senior positions at the organization includes Head of Merchandising, Head of HR, retail, planning, production, sourcing and design, they're currently vacant. The attrition is also very high and the retail head, Amit Gupta left only after 15 days. The position is now vacant.
- The HR head, Amit Bagga left after 2 months. The position is also now vacant now. The IT head Pankaj has exited recently. The inventory planning head, Pradeep, also left in August. Production head left only after 2 months. The sourcing leads, Deepak and Pawan, they also left within a year. And the merchandising category head is serving as the current CFO.
- Can the management confirm the accuracy of these details and explain why so many critical roles are remaining vacant as of now and clarify how day-to-day operations are being managed, especially given the ongoing concerns about the governance and operational continuity?
- Akash Agarwal:** Yes. So except Head of HR, all the other positions are not vacant. So I think there's a discrepancy in your research. And second, whenever we hire someone new, there's always a probation of 6 months and we always communicate with them because a lot of times, what happens is the culture with the company doesn't align with the person.
- So we always tell any new hirings that happen that the first 6 months is a probation time because they are getting to know the company, the company is getting to know them. And a lot of times, those relationships don't work. But if you talk about buying and merchandising, all our core vertical heads, even including the buying and merchandising head, they all have been with the company for more than 10 years, and they have experience in this industry for more than 20, 25 years.
- So except the Head of HR, I think all the other positions are taken care of. And that is why we believe in building a very broad-based management where nothing is dependent on one person. And there's always fallbacks, there are always backups. And because we knew we wanted to grow at such a high growth rate, we spent a lot of time building the foundation over the last 3 to 4 years. And it's a very normal part of business. If you look at attrition at the head office level, I think it is less than 15%, so which is a very, very healthy number. So I don't think it's a very -- any cause of concern.
- Bhaskar:** Sir, my second question is while the company has recorded 23% L-to-L growth in quarter 2, the SPSF figures have shown only 3% to 4% increase for the quarter 2. And there is an increase of

17% in ASP vis-à-vis 13% L-to-L growth in H1 and the SPSF has degrown. This indicates that the new stores are performing approximately 20% lower than the existing L-to-L stores, and we are getting benefit of price increase and not the quantity growth. Is that understanding correct?

**Akash Agarwal:** Your understanding is not correct there also because our contribution of apparel has been increasing over the last 2 years. So whenever you want to see whether it's an actual price increase, you should only compare ASP of apparel from last year to ASP of apparel now. So that ASP increase is only 3% because we have increased the contribution of apparel and apparel ASP is much, much higher than general merchandise. That is why you see this ASP increase.

**Moderator:** The next question is from the line of Ankush Agrawal from Surge Capital.

**Ankush Agrawal:** Just one question. Can you give a rough sense of what would be the sales per square feet per month for old stores and new stores for the quarter?

**Akash Agarwal:** I don't have that number for the quarter, but I can give you the number for last year. So last year, our old stores were at INR1,100 per square feet of sales. So the SSSG numbers for this year that you're seeing is around that INR1,100 base. And the new stores last year was around INR770, INR780.

**Ankush Agrawal:** Okay. But roughly the new stores would be doing more than 70%, which is the sort of threshold that we look for. That is continuing, you're saying?

**Akash Agarwal:** Yes.

**Ankush Agrawal:** Okay. And second thing is, I think in last year, we were talking about, say, increasing the share of our own design substantially in this summer -- upcoming summer season. And the thought was that if we are able to achieve the targeted say, 90% sort of own design, then it would be a game changer for the company. So I just wanted to know your thoughts on where we are in terms of progress in that.

**Akash Agarwal:** So we have decided to see the model is working so well that we don't want to make a significant change where we break the model because you shouldn't tweak something too much when it's working well. So what we are doing is we're trying to increase it 5% every season. So our year is broken down into 4 seasons because we want at least a 20% higher throughput in our own design compared to our vendor designs in order to increase that.

So until unless we see that competitive advantage, we won't make a significant increase. So we are only taking it a gradual increase and increasing it by 5% every season. So I think we moved up from 25% to 35%. And hopefully, next year, summer, it will be around 40%, 45%.

**Moderator:** The next question is from the line of Niraj Mansingka from White Pine Investment Management.

**Niraj Mansingka:** I just had one question. We have seen a quite early onset of monsoon. How will this impact your realization and margins for the quarter?

**Akash Agarwal:** So historically, we have seen monsoons don't have a very big impact. So what happens is there...

- Niraj Mansingka:** I'm very sorry, Akash. Instead of monsoon, I was talking winter. The winter onset is very sharp this year.
- Akash Agarwal:** Yes. So we have seen our winter contribution increase from about 40% on the last year same day to almost 55%. So that is very healthy for us because winter is, number one, you have extra margin, extra gross margin. Second, the ASP is higher. So it translates into much better sales numbers. So there's a delta of around 5%.
- Niraj Mansingka:** Delta 5% in what, like the EBITDA side?
- Akash Agarwal:** Sales.
- Niraj Mansingka:** Sales. But how much gross margin is the differential between the winter product versus non-winter?
- Akash Agarwal:** So our winter product would have a gross margin of about 34% and the normal product would have a gross margin of about 31%. So the delta is about 3% gross margin.
- Niraj Mansingka:** Okay. Got it. And you are witnessing across the sale -- higher sale across all the stores, right, the winter product?
- Akash Agarwal:** Yes. So winter has been -- yes, early onset of winter has been very good for us.
- Moderator:** The next question is from the line of Shivam, an Individual Investor.
- Shivam:** Sir, as we have done a QIP of INR400 crores and now our payables are coming down. So at least the gross margin would be going up. So why are we not increasing our EBITDA margin guidance from 8% to say, like, okay, 9% to 11%. So last year, we did 8% of EBITDA margin.
- Akash Agarwal:** Yes. But if you look at the impact, so even if we pay -- prepay INR100 crores to our vendors, that is just INR2 crores per month. So if you look at the impact, it's not a very big impact, and we don't guide for an increased EBITDA margin only because we have already opened 84, 85 new stores this year, and we are opening 130 new stores this year, which will have a per square feet sale, which is 70% of old stores. So that EBITDA margin offsets any benefit that we're getting from the SSSG of old stores.
- Shivam:** Okay. Understood. And my second question is, sir, like when I look at the LinkedIn and check for the titles of management positions, sir, I don't find them. So is it like, okay, all the management positions are held by very, very new joiners or what's the situation?
- Akash Agarwal:** No. So most of the management position is, in fact, held by old people who have been promoted from within the organization. So our retail head is a person who was a floor manager in one of our stores about 13 years back. Our business development head was a store manager. All our regional managers have also been promoted from within the organization. The buying and merchandising head used to be a subdivision head.
- So all the positions have been filled by people from within the organization. And that is why other people in the organization see that if you work hard and you achieve the targets and you

follow the company culture, there is such a big room for growth, and that's a very good career path for all the employees here.

**Shivam:** Sir, who is our CTO, by the way?

**Akash Agarwal:** So the CTO's name is Anupam and like there's a team, so our SAP -- so there's not a CTO. So there's an SAP head, there's an applications head and there's a person who takes care of the POS. So that is how we have divided the IT department.

**Shivam:** Okay. That's why I was not able to find the CTO on LinkedIn.

**Akash Agarwal:** Yes. It's about the structure of the departure.

**Shivam:** Okay. It will be very good if you can just show the structure in your investor presentation because that is creating a lot of noise around.

**Akash Agarwal:** Sure.

**Moderator:** The next question is from the line of Samarth Nagpal from Suranu Family Office.

**Samarth Nagpal:** Congratulations, Akash, on a great set. So Akash, just wanted to know -- so most of the questions have been answered. Just wanted to know that as we are scaling very rapidly, how much of an issue is finding the right manpower in Tier 3, Tier 4 cities? And how much of an attrition is a problem? So just trying to understand from a point of view that in value retail, how much is front end specific to operationally driving the store and how much it is related to sales driving? So just wanted some color on that.

**Akash Agarwal:** Yes. So for every new store, the additional manpower required is, of course, the manpower that we keep at the store because the head office and warehousing, they can be leveraged -- the existing manpower can be leveraged for the additional stores. But because most of our store staff is at minimum wage, the attrition at store level is quite high. It's I think, around 40%, 50% because they jump ships even with INR500 or INR1,000 difference.

So what we have done is we have completely moved away from being manpower-oriented to being process oriented. So we've automated a lot of processes at our store where even a new guy within a day or 2, he can get trained and he can start giving an output. So we are not relying on any of our store manpower for using his intellect or using his brain to display a particular design, display a particular color.

So everything is handled through technology and the pick list that we're giving at the store. And for the core positions like store managers, floor managers, so all of them have retention bonuses. And because our sales are good, so a big chunk of our manpower salary is variable salary. So if they are achieving their targets, they get anywhere between 10% of their salary to about 35%, 40% of their salary.

So that has also really improved attrition numbers because people are seeing that because in more than 90% of the locations, our sales are at least 40% to 50% higher than our closest competitors. So people are seeing that none of the other retailers are achieving their targets and

V2 stores are achieving their targets. So they're getting a lot of incentives also. So that is really helping us.

**Samarth Nagpal:** Got it. So Akash, on the second thing, I think we are all set for the next 2 years as you have laid out the expansion plan. So just wanted to understand, are we also looking at the prospect of a FOCO store kind of a thing in Tier 3, Tier 4 so that we don't have any more liquidation going on in the future? Or are we sticking to our stance of carrying on the FOCO stores only as of now?

**Akash Agarwal:** So we don't have any franchising plans because we don't have a very good experience with franchisee, and it actually dilutes the store experience and the brand experience for the customers. It's very hard to standardize that when someone else is handling the store. So we are not exploring that.

**Samarth Nagpal:** Got it. Got it. And on the winterwear part, I think with the early onset of winter this time around, I think the demand, as you have also laid down is pretty strong. So are we covered for the season? Or do we see that we haven't done enough of buying and there would be certain gaps coming up? So just wanted some color on that.

**Akash Agarwal:** So, I think it's a very good problem to have. So definitely, there have been some shortages, but I think it's a very good problem to have, and we look forward to always having this kind of problem where your sales are better than your estimates and there is a little bit of stock shortages. So our team has gone to different cities in India to find out if their ready stock is available, and we're buying a lot of inventory from our vendors, so they -- in their brands to cover up for the shortage.

**Samarth Nagpal:** Got it. Got it. Understood. And one final question, if I may squeeze in. So Akash, I also saw that there was a hiring call out for a CEO as well on LinkedIn. So are we looking to beef up the organization and hire a CEO as well? And then what would be your role? So some color in that direction?

**Akash Agarwal:** Yes. So the kind of growth trajectory we are on, we are always on the lookout for good people. And me and my father both, we want to hire a CEO so that we can spend more time in the long-term strategy of the business because the plan is big, and we want to grow multiple times and exponentially over the next 10 years. So of course, if we find a capable person to take care of the day-to-day operations and the running of the business, then we can move on to a more, I would say, a strategic role.

**Moderator:** The next question is from the line of Hitaindra Pradhan from Maximal Capital.

**Hitaindra Pradhan:** I hope I'm audible. My question is related to the SSSG and the normalized SSG that you mentioned. So can you just explain why there is a big difference because of the festive days, but the difference seems to be a little big.

**Akash Agarwal:** Yes. So see, it will be different because it's open to interpretation and different people use different number of days to calculate the impact. But what we have done is we have taken the

30 days before Dussehra, and we have shifted those 30 days and compared it to the same period last year.

So I think the correct number to compare all retailers would be to see the weighted average SSSG for the 2 quarters combined. So that will give a standardized number to compare SSSGs between retailers. But if you want to just look at 1 quarter, I think it's very hard to compare because some people might have only taken 5 days before the festival. So that reduces the difference by quite a lot.

**Hitaindra Pradhan:** Correct, sir. So sir, is there a way that the disclosure can be made on a trailing 12-month basis or that would be more complex because they are mature and the new store mix will also change when it comes to SSSG?

**Akash Agarwal:** That becomes more complex because then you have to calculate the number of stores -- number of days that these stores were opened in the last quarter, then you compare only those days. So we don't want to change our SSSG calculation cohort. So it's always stores that were present at the end of the last financial year. We calculate SSSG on those stores.

**Hitaindra Pradhan:** Fair, sir. And my second question is related to your outlook. You mentioned that you are targeting like 20% plus ROE beyond when the expansion and the growth plans are executed. So sir, on ROCE basis, like how do you see the mix evolving? And what are the challenges that you foresee achieving more than, say, 20% ROE, 25% ROCE because you are expanding into Tier 2, Tier 4 as well and also you have presence in metro pan-India. So -- and the competition coming in the value retail space. So sir, what are the key drivers that you think that will let you achieve the ROCE or ROE of more than 20%, beyond, say, FY '28?

**Akash Agarwal:** So I think it's all about the correct execution again, like if we have built a strong model, our ROE last year was around 27% on a pre-Ind AS basis. So that means we have established a very, very strong model. And if we continue to make -- strengthen it, continue working on the product, continue using data to come out with the right assortment. I think there's a lot of potential in the country. We can easily have 2,000 to 2,500 V2 stores. So getting ROE is all about making your model strong and replicating it and giving the customer the best experience.

**Moderator:** The next question is from the line of Ashish Soni from Family Office.

**Ashish Soni:** Sir, in terms of scaling the stores, the structure of the top management, so have we fulfilled everything or is something to be fulfilled because we are expanding almost double store count in the next 2 years, right?

**Akash Agarwal:** So last year, we were working with around 180 to 190 vendors. Now we have increased that to almost 250 vendors. And we have a list of almost 500 vendors who are willing to work with us, who want to work with us, but we are waiting for our volumes to increase to use the capacity. So in terms of manufacturing capacity, we have the outlook or the visibility for the next few years.

So in terms of availability and sourcing. So we plan a season at least 4 to 5 months before that season. So for example, this winter -- current winter season that is going on, we had closed the

orders back in May and June. So we had already planned for all the stores that we wanted to open. So all the stores are very well fulfilled. The only stock shortages that are happening are happening because the sales are better than expected.

**Ashish Soni:** In terms of management structure, I'm asking like is all the positions for this scale-up is ready internally. Manufacturing, I understood, but internal management structure, I'm trying to understand.

**Akash Agarwal:** What do you want to understand about the internal management structure?

**Ashish Soni:** Yes. So when you're scaling, sometimes you require, right, more people to oversee certain regions or whatever, right? So in terms of scaling internal management structure-wise, are we in line with whatever growth targets we have or we are still fulfilling some positions?

**Akash Agarwal:** So again, see, there are 2 things. Because when you're expanding this fast, the most pressure that comes is on the new store opening department, the business development department. So for example, our business development department used to be just 4 people. Now there are 18 people in that department. The new store opening team used to be just 3 people. Now there are 21 people in that department.

Retail operations, we used to just have 4 regional heads. Now there are 8 regional heads. So definitely, you need to keep adding more manpower because you are adding so many new stores. And again, for the next 3 to 5 years, because of the trajectory we are on and where we want to be, we are again looking for more people. And of course, every good organization needs good manpower in order to grow.

**Ashish Soni:** And with this QIP, are we set for the growth till '28 or do you think we'll require more fundraising?

**Akash Agarwal:** Again, it all depends on the execution and the performance. If our performance is as strong as it has been and the growth is strong, then we will increase our store opening target. But right now, looking at the cash flows, we are covered till the end of FY '28.

**Ashish Soni:** Okay. And one last question. What are the risks and challenges you are seeing based on your growth as well as from the competition right now, which worries you most?

**Akash Agarwal:** So see, there are 2, 3 different types of risks in this business. So the biggest risk is inventory risk. So that is why we have a lot of checks and balances around aging of inventory, inventory management. So I think no other retailer puts their slow movers on discount within 2 weeks of introduction. So we have been able to get our more than 1-year old inventory from about 24% to less than 4% now.

So inventory management is the most important, I think, tool or the area of focus for any retailer. So that is one of the biggest risks where you get a complete season assortment wrong. So that is why we believe in using a lot of data. We use data to design almost 60% to 70% of our new season assortment. So if my data is telling me that cream color is the hottest selling color, then we will introduce more designs in cream color.



So similarly, this is done at all article attribute level. The third risk is you finalize the wrong location where there is no footfall and it's in a locality where the sales potential is not that much. So again, there, we have 4 to 5 layers of checks where the area manager goes and checks first, then the regional manager, then the retail head signs off on the project, the business development head signs on the project.

And then we have a core business committee that signs on each and every site that we finalize. So these are the main risks. But again, we've learned from our mistakes before, and that is why we built checks and balances around these risks so that we don't repeat them.

**Moderator:** The next question is from the line of Rajesh from Jainmay Venture.

**Rajesh:** Akash, congratulations on a very strong second quarter number, first profitable second quarter. The growth construct seems to be pretty much in place given the perfected business strategy that you have worked on over the last many years, 10% -- 8% to 10% SSG and close to 35% to 40% store square feet. Is that the right way to look at the growth construct for the next few years?

**Akash Agarwal:** No. So if you want to grow revenue by 50%, so 8% to 10% will come from SSSG and 40% revenue will come from new stores. But to get 40% revenue from new stores, you need to add 60% to 70% new area because new stores do about 70% of old stores PSF.

**Rajesh:** Right. Yes. Okay. I got it. You are right, absolutely. And given this massive significant expansion in the growth, one part of the equation is that would you continue to keep gross margin at the level where you are as a strategic design. Given the benefits of the operating leverage and the growth, you will continue to invest in new stores and keep the margins intact? Or would you pass it on to the customers?

**Akash Agarwal:** So our target gross margin is always 28%, 29%. We want to pass on everything to the consumer because we feel it is the time to get the maximum market share and maximum per square feet sales. So we would always prefer having a higher per square feet sale to get more EBITDA margin rather than a higher gross margin. Because when you have a higher sales per square feet, then your inventory freshness is better, then you just have a lot more margin to play with.

**Rajesh:** Okay. Okay. And the point is what is the biggest challenge to you and your dad in this journey of -- at the beginning of the opening remarks, you mentioned that design team is core and the other team is also core. So when you run at such a high speed, obviously, the software aspect, building culture, maintaining culture becomes the biggest challenge, and there are no set formulas for this. So how are you handling this maniacal pace of growth? And what are the changes you are looking to sort of -- if there are any, if you can give some color would be very useful.

**Akash Agarwal:** So I would say the biggest challenge is keeping that motivation level up. We never want our employees or us to rest on our laurels because the most important thing is to keep innovating and to keep trying to improve ourselves every day. So to have that passion, to have that motivation and to make sure that the team has the motivation is the biggest challenge.

But we are doing that because you can see we worked on 50 different projects in the last 2 to 3 years to come from INR650 to INR1,000 per square feet of sale. And now we are working on the next 50 projects because it's about building an ecosystem where product is at the DNA of the organization. It's about churning out the best products every day.

And it's about understanding data. It's about using that data. It's about understanding what the customer wants. And at the end of the day, what matters the most is the 3,000 designs that is displayed to the consumers at the store. So it's all about building that ecosystem where whatever you're churning out, the 300, 350 designs that we send to our stores every week, they have to be of the best quality. They have to be fashion forward. They have to be trendy. And of course, nobody can beat us in cost because our markup is only 55%. So it's all about creating that ecosystem.

**Rajesh:** Great. I think you have got great engine of sharing cost and economics with customers. All the very best Akash for the next decade.

**Moderator:** The next question is from the line of Abhijeet from PI Asset.

**Abhijeet:** Sir, I have one question. There is a change in GST rate in the value chain like in fabric and other raw materials. So do you think the company could retain that benefit?

**Akash Agarwal:** So we haven't seen any benefit till now because whatever GST benefit was there, the price has increased that much of the yarns. But people are saying we should start seeing the benefit from around March onwards. So it's all speculative, but we haven't seen that benefit yet. And whatever GST got reduced in our MRPs, we've already reduced the MRP. So there's no benefit there also.

**Abhijeet:** So any benefit if that incurred? So will the company -- can the company retain that benefit going forward from March onwards? Or will you be passing on that benefit to the customer?

**Akash Agarwal:** No. So I told you like we've already reduced all the prices. So we've already passed on all the benefit to consumers.

**Abhijeet:** Understood. And what percentage of revenue comes from apparels priced above INR1,000?

**Akash Agarwal:** About 6%.

**Moderator:** Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Akash for the closing comments.

**Akash Agarwal:** Thank you all for joining us for today's call. We hope we have been able to address your questions and provide a clear view of our performance and outlook. Should you require any additional information, please feel free to reach out to Marathon Capital, our Investor Relations advisor. They will be glad to assist you. We sincerely appreciate your continued interest and support. Thank you, and have a nice day.

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