



**VEDANT FASHIONS**  
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**“Vedant Fashions Limited Q1 FY‘26  
Earnings Conference Call”  
July 31, 2025**



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**MANAGEMENT: MR. VEDANT MODI -- CHIEF REVENUE OFFICER,  
VEDANT FASHIONS LIMITED  
MR. RAHUL MURARKA -- CHIEF FINANCIAL OFFICER,  
VEDANT FASHIONS LIMITED**

**MODERATOR: MR. GAURAV JOGANI -- JM FINANCIAL LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to Vedant Fashions' Q1 and FY'26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes.

Should you need assistance during this conference call, please signal an operator by pressing “\*”, then “0” on your touch-tone phone. Please note that this conference is being recorded.

I now hand over to Mr. Gaurav Jogani from JM Financial. Thank you and over to you sir.

**Gaurav Jogani:** Good afternoon, everyone. On behalf of JM Financial, I would like to welcome you all to Vedant Fashions' Q1 FY '26 Earnings Conference Call.

From the management, we have with us today, Mr. Vedant Modi, Chief Revenue Officer; and Mr. Rahul Murarka, Chief Financial Officer.

Thank you and over to you.

**Vedant Modi:** Good afternoon, and a warm welcome to all the participants. I am Vedant Modi, the Chief Revenue Officer of the Company. Thank you for joining us today to discuss the Vedant Fashions Limited quarter one Financial Year 2026 Results. I hope everyone got an opportunity to go through our financial results and investor presentation which have been uploaded on the stock exchange as well as the Company's website.

Vedant Fashions is India's leading wedding and celebration wear Company. The 1st Quarter of financial year '26 saw a rebound in wedding calendar compared to the same quarter last year. Sales of our customers for the quarter ended 30th June 2025 was Rs. 4,057 million, which grew by around 23% over Q1 of FY 2025. In Q1 FY '26, we continued the momentum built over the past few quarters of our sustained focus on enhancing customer experience, retail training, data driven merchandising and replenishment, omni-channel integration, and KPI monitoring, which has further contributed to strong SSG growth of approximately 17.6% over the same quarter in the last financial year. We are pleased to report that our retail KPI has also grown in healthy and sustainable manner.

With respect to our rollout expansion strategy, in light of the current retail environment, we anticipated a measured pace of retail openings during the period, to ensure that our openings are both strategic and business sustainable. As of June 2025, Vedant Fashions EBO retail area network stands at about 1.78 million square feet globally. During the quarter, we strategically scaled up our marketing efforts across multiple channels including social media and our various other brands, which contributed to our performance. Our focus on digital marketing alongside traditional mediums further supported this growth. Notably, our category specific initiative, the



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Rajwada collection targeting grooms and the groom squad has helped establish a sustainable category growth strategy.

Additionally, we successfully executed campaigns for Mohey, leveraging influencers and in-store activations aimed at brides and bridesmaids, reinforcing the brand's position as a go-to wedding wear choice for all women. The launch of our Twamev Sunset Soiree Collection, supported by extensive digital and extensive digital and social media campaigns and select in-store events, further bolstered both brand and category. We also ran successful social media campaigns for Diwas, emphasizing celebration, expanding our reach.

Collectively, these marketing initiatives have played a key role in enhancing our brand positioning and appeal across platforms with the positive impact reflected in the performance. Looking ahead, we remain firm focused on our core strengths, supported by well-prepared inventory and designs, comprehensive marketing initiatives, efficient auto replenishment systems, and a robust store network. A strong backend infrastructure has positioned us well for sustained long-term growth ahead.

With this, I will now hand it over to Mr. Rahul Murarka to take you through the financial performance of the Company. Thank you.

**Rahul Murarka:**

Thank you, Vedant. Namaskar and good afternoon, everyone. I would like to highlight the key financial performance metrics for the quarter ended 30th June, 2025.

During Q1 of FY '26, the Company witnessed a rebound in wedding season as compared to Q1 of FY '25. The Company reported revenue from operation of around Rs. 281 crores, delivering a healthy growth of 17.2% over Q1 of FY '25. The Company also witnessed healthy growth in sale of our customers and SSG by 23% and 17.6%, respectively, as compared to Q1 of FY '25. The Company continues to report industry leading gross margin of 66.9%, and healthy EBITDA margin of around 43.2%. The Company also reported a healthy PAT margin of around 25% and the profit after tax stood at around Rs. 70 crores with a growth of 12.4% compared to Q1 of FY 2025.

Thank you and namaskar, everyone. We can now move to the Q&A session.

**Moderator:**

Thank you. We will now begin the question-and-answer session. The first question is from the line of Tejas from Avendus Spark. Please go ahead.

**Tejas:**

Hi. Thanks for the opportunity. First question pertains to Vedant you partly answered that other expenses has sharply increased this quarter. So, is this now from here on structural in the sense we need that much investment to keep the brand and business or the momentum going in our favor?



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- Vedant Modi:** Sorry, is this question in regard to marketing?
- Tejas:** Yes, so it is part of other expenses, right? So other expenses also.
- Vedant Modi:** Yes. So Tejas, you know actually this quarter the marketing spend was in line of how much we have always spent historically. The reason why it looks higher than the same spends in the 1st Quarter of last year, is because if you remember, the 1st Quarter of last year and the second quarter of last year had negligible wedding dates. So, last year we had taken a strategic call of spending close to no money on marketing in the first two quarters. Hence, even though the number looks larger compared to the last financial year, it is actually in line with how much we have been spending at a quarter level, usually. So, this is the kind of spends that we have typically done and even though slightly more than last year, at a financial year level, it should not change at a percentage level.
- Tejas:** Very clear. Second question is on our store count and our footprint and square footage. So even though sequentially we have increased the store count, but square footage has gone down. So, any rethink on our store size?
- Vedant Modi:** So, we are going to continue with our strategy of focusing more on the concept of flagship stores. The reason why this quarter's data looks like this is majorly on account of a larger number of SIS stores opening. So, because these counters are typically about 150 square feet to 200 square feet, that is why you see a higher number of store openings vis-à-vis still slight bit of de-growth in terms of retail square feet.
- Tejas:** Got it. Any guidance or numbers you would like to share for this year or coming period on store expansion?
- Vedant Modi:** So, this year, strategically, the focus is to really ramp up our SSG. That is the core KPI for the Company. That said, we will still be quite healthy in terms of the gross openings that we do this year. So, we are still targeting to open a good number of stores. However, on the other side, we are also sort of consolidating a lot of the older stores and some of the different kind of concepts we tried in the past two years to three years, which have not worked for us. So, at the end of the year, while the net square feet expansion will not be a very large number, the quality of stores that we operate will have significantly improved. So that is the major focus for the year along with delivering good SSG numbers which is what we are focusing on.
- Tejas:** Got it. And last one, if I may squeeze in, if you can share your observation on current competitive landscape and demand outlook in general.



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- Vedant Modi:** So, overall, I think the consumer sentiments remain weak across the mid premium industry. This is something which we hope that bounces back in a couple of few quarters. However, we have not seen any positive shift yet. It continues to be how it was till let us say about last quarter.
- Tejas:** Got it. That is all from my side and all the best for coming quarters.
- Vedant Modi:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Prerna Jhunjhunwala from Elara Securities. Please go ahead.
- Prerna Jhunjhunwala:** Thank you for the opportunity. Just wanted to understand demand more in detail in terms of footfalls, conversion percentages that you are witnessing, bride versus guest purchases, how they are panning out. That would be my first question.
- Vedant Modi:** Thank you for the question. So, I would say footfalls was in line with the kind of growth we delivered, and conversions also were in a uptick, having improved just slightly by a few basis points compared to the last financial year. At the same time, given that there were very few wedding dates in the last year same quarter, we did see our groom business improve faster than the non-groom business, majorly on account of better wedding dates. So, all in all that is where we stood. ASP also slightly increased, and the remaining growth came, the majority of the growth came in terms of volume.
- Prerna Jhunjhunwala:** Okay. And if the mix was better, I am just trying to understand why margins were under pressure in this quarter versus last year?
- Vedant Modi:** See, again, margins can slightly shift by about 80 basis points from one quarter to another. But at a financial year level, there is no change at all.
- Rahul Murarka:** So, the PAT margin when you compare, we had 25% this quarter vis-à-vis 26.1% in Q1 FY 2025. The major reason is the marketing cost. This year the marketing cost was 5.6% of revenue and last year Q1 it was 2.3% of revenue. So, that is the major reason basically. But overall if you see, then we have a very healthy margin metrics.
- Prerna Jhunjhunwala:** Okay. Last question, if I can squeeze in, in terms of Andhra Pradesh and Telangana regions, have they started to bounce back for you or they still remain under constraint?
- Vedant Modi:** I would say one of the best positives of the 1st Quarter was seeing a sharp rebound in AP, Telangana, which has led the growth momentum for the Company in this quarter. So, that was a big positive for us to see.



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**Prerna Jhunjunwala:** Okay. Thank you and I will come back to question queue for any further questions. Thank you so much.

**Vedant Modi:** Thank you very much.

**Moderator:** Thank you. The next question is from the line of Archana Menon from Morgan Stanley. Please go ahead.

**Archana Menon:** Hi. Thank you for the opportunity. So, my first question was on the growth side. While there are nuances on the wedding day calendar shifting and things like that. But if you look at, the FY '25 numbers even from a little longer-term lens, say from a three-year, four-year CAGR, that number is a little, still a little low. So how do you assess them? I mean, what do you think are the major challenges that you face? And is there any change in your expectation for steady state growth?

**Vedant Modi:** Thank you for the question. You know, like I was mentioning, even though the numbers from an absolute level compared to last year look decent, we would have liked to do better in all honesty. And one of the core reasons why we feel that the growth could have been better is because consumer sentiments remain to be subdued as we witness across mid premium discretionary companies. And that is something once it rebounds, that is which will allow us to, sort of get to much higher growth levels.

From a Company's perspective, there are three to four things which we can really work on. One of the major elements being product, there has been a very large focus on having a lot more variety. As I was mentioning in the last earnings call as well, almost 2.3x to 2.4x the number of variety, compared to last year is something we have worked on, which has enhanced our conversion rates and lovability.

The second lens being marketing. So, there is again a large shift both in terms of the teams we have internally and the kind of campaigns we do. So instead of doing one big campaign for a brand, we are breaking it down into multiple mini campaigns run digitally, allowing us to be a little more viral and have a larger word of mouth spreading throughout the quarters and the year.

And finally, coming to operations, we have spent a lot of money on investing in modern age technology. The big project being the VFL Parivaar app where we train our fashion advisors almost for two minutes to three minutes on a daily basis, instead of focusing on the two to three times training per year, which was typically done in the retail industry. On top of that, we are also investing more in terms of the omni-channel and endless aisle technologies to improve conversion rates alongside better and enhanced training through the use of AI intelligence.

So, we are trying to do as much as we can from a Company's perspective by focusing on these initiatives alongside building the newer brands that we focus on, Mohey, Twamev, and Diwas.



But given the weaker consumer sentiments, overall things have been relatively slower than we would have liked them to be.

**Archana Menon:**

Understood. Thanks, Vedant for the detailed response. Just for continuation to this, do you think that the benefit of some of these initiatives that you have taken has already been reflected in your growth? Or do you think that even if we assume that the consumer demand environment remains as is, we should see a growth pickup in the quarters ahead as these initiatives start helping you?

**Vedant Modi:**

This is a very tricky question to answer because one thing, which I have learnt over the last couple of years of working, is no initiative is sort of a ceteris paribus. So, an initiative which we as a Company take can take three years to show us results, whereas something can show us results in the first month itself. So, it is a very difficult question to answer. But that said, the goal is to do as much as we can in terms of investing in our people, in our technology, investing in great customer experiences to satisfy the needs of all. And if we are supported by the macro, then no doubt the growth should be tremendous.

**Archana Menon:**

Understood. The second part of the question was in the margin side, because for the last four quarters we have seen your other expenses growing quite sharply. So, one aspect of it is marketing, but is there any other element which is taking that number up?

**Vedant Modi:**

So, if we talk about the last financial year, then I would say it was majorly on account of operating leverage, because of the lease costs, because these costs are fixed. So, if the SSG number is not what we anticipate, then that kind of hurts the margins. But from the 1st Quarter perspective, I would say it was a very positive quarter in terms of margins, because all the operating leverage kicked in. Marketing, which is a variable cost, which is something we actually plan at an annual level, not at a quarter level, is the major reason why almost 300 basis points extra was spent on marketing. So, I would request you to not look at that at a quarter level, but to look at something like marketing at an annual level.

**Archana Menon:**

Got it. Actually, what I was trying to check was, has there been any impact of say, you opening more stores under the model wherein you guys pay the lease over the franchise, or any strategic change that is getting reflected in these numbers?

**Rahul Murarka:**

So, there are two things which are important as far as our PL margins are concerned. One is the gross margin, which has been pretty stable across, and another is the lease cost, which comes under lease cost as well as under ROU depreciation. Now, as you are aware that we have been opening stores in last couple of years, but the revenue has not grown to the extent it should have. So that is the reason there is a negative operating leverage which is there on account of the lease cost. So, once we are back with our normal revenue levels, then of course the margins would improve. And of course, the lease cost is another element apart from the gross margin, which is important.



- Vedant Modi:** And lastly, to your question, yes, there has been a slight shift, not large enough, where the percentage would have moved slightly towards stores where we bear the lease cost versus where the partners bear the lease cost.
- Archana Menon:** Got it. Thank you so much for this. Just last question from my end. Strategically, Do you think that there is an opportunity for you , because your EBITDA margins are still very healthy, I would say, is there a strategic decision between growth and margin that you can make in terms of spending more and if you think that could drive up more growth? How do you think of growth versus margin?
- Vedant Modi:** Well, it is again a very interesting question. So, I think we are a highly growth focused Company. Now, there are two - three kinds of things when it comes to margins. So, there are things which are more long-term in nature, let us say lease cost, for example. So, these are areas where we would not want to sacrifice our operating leverage. But on the other hand, there can be a dynamic need where a marketing campaign really works for us, and we would like to spend a lot more money than we had anticipated. We will absolutely push the pedal and make that investment. So, depending on, if the action, long-term margin, destructive or accretive, those decisions and calls will be made. And if anything makes sense from a long-term perspective, we will absolutely take those calls for growth.
- Archana Menon:** Understood. Thank you so much.
- Vedant Modi:** Thank you.
- Moderator:** Thank you. The next question is on the line of Gaurav Jogani from JM Financial. Please go ahead.
- Gaurav Jogani:** Hi. So Vedant, my question is with regards to the competitive intensity, and it is more so not from the organized players, but from the unorganized player lens. If you can highlight how the competitive intensity has been over the past quarter and has it seen any change versus the previous periods?
- Vedant Modi:** So, like we have been mentioning, over the last 8 quarters - 10 quarters, we have definitely seen a large number of store openings. However, given how closely we track them and monitor them, majority of these Me-too brands, the performance is something which makes us question if the intensity of openings can keep up. So, we have already seen it slow down, and our common sense would tell us that this slowness in terms of the openings should be there from now on.
- Gaurav Jogani:** Sure. So, you expect the competitive intensity to moderate going ahead, if that is the right understanding?



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**Vedant Modi:** So, again, while I cannot give you an objective answer, qualitatively, we feel the intensity of the store openings would definitely slow down.

**Gaurav Jogani:** Sure. And Vedant, would like to have your comments on the other brands' performance, like Mohey or even the freshly launched Diwas. How have they been trending? How are their KPIs trending, if some color you can throw on there.

**Vedant Modi:** So, with Mohey, we have had a strategic shift in terms of how we look at the brand. So, we have invested a lot in terms of moving, from it being a bridalwear brand from it being a wedding wear brand. That has really worked in our favor. We have continuously being beaten the Company average when it comes to Mohey's SSG, and overall growth has also been positive. So, with this strategy in mind and the evolved digital marketing strategy, we feel we are poised to continue growing Mohey. And I think the way the stores are now looking; we have just come back from a store visit in Hyderabad. We seem very confident about the brand overall, and how it is going to perform in the next couple of quarters as well.

In terms of Diwas, the last festive was when the brand was launched. It did decently well although at a very small base. We saw very positive response in terms of the trade shows we have recently done in the last two months. So that was a great thing to see for Diwas. But the real test for Diwas is going to be in the upcoming festive season, when we will actually be prepped from an inventory perspective, and we will see the power of the brand on the multiple marketplace channels where we operate and our own D2C website.

Finally, coming to Twamev, again from an SSG perspective, it is been doing very well. We will also have one, very strategically important EBO opening in this financial year for Twamev in the heart of Bombay. So, with all of these things running, I think with Twamev as well, we are very confident about our product mix and portfolio and continued growth momentum.

**Gaurav Jogani:** Sure, Vedant. Thanks. That is all from me.

**Vedant Modi:** Thank you very much.

**Moderator:** Thank you. The next question is from the line of Rahul Agarwal from Ikigai Asset. Please go ahead.

**Rahul Agarwal:** Hi. Very good evening. A few questions and I am sorry I joined the call a bit late, so if it is not repetitive, I will read up the transcripts.

**Vedant Modi:** No worries.

**Rahul Agarwal:** On AP, Telangana, what is your assessment in terms of the growth bounce back? I mean, should we assume right now, is this the time to assume that this growth, obviously not 17%, but in terms



of direction, this growth should be sustainable going forward or was there some seasonal impact or maybe some state behavior which caused this?

**Vedant Modi:**

So, there are two - three aspects here. We have actually just come back from a visit to Telangana. And the kind of numbers we saw in Telangana in 1st Quarter were actually much better than the Company average itself. So, there is definitely the impact of having weddings in this quarter versus not having weddings in the 1st Quarter of the last financial year. But given the intensity of growth, we would feel there are other macroeconomic elements as well which have led to the growth in walk-ins. So, this is something we would like to see for one or two more quarters before commenting on this. But the 1st Quarter numbers, and I would even go on to say the current quarter two numbers which we see in July, have also been decent for AP, Telangana.

**Rahul Agarwal:**

Got it. So, it needs like couple of more quarters for even the right assessment in terms of the direction to call out. Is that correct?

**Vedant Modi:**

Absolutely.

**Rahul Agarwal:**

Got it. Second question was on these emerging brand. I think Gaurav already asked that. But just in terms of the thought process, like scale and size, let us say five years out, Mohey obviously is going to be the largest one out of Mohey, Diwas and Twamev. But just on Diwas and Twamev, what is the visions here? Let us say if we talk about three years to five years. Could you just help in terms of the thought process, what you have, where do you see these brands in terms of scale and size?

**Vedant Modi:**

Great question. So, in terms of Twamev, I would say the real goal from a three year to five-year perspective for us to have a large market share in the bridge to luxury category. This is the market where typically boutiques and small designers operate today. And given the unorganized nature of working, the kind of product being delivered and at the kind of price point, we feel we can do a much better task at having better products at better price points because of the supply chain we have. And so, the goal is to open the best store in the top 30 to 40 markets of India, and have a large market share of those markets. So, this is something we are focused on in terms of Twamev and to carry a big brand legacy of a premium brand as we sort of move on with this journey.

In terms of Diwas, we want to be the flag bearer of Indian wear when it comes to anything and everything festive. If you look at India, there are 50 plus festivals that India celebrates. At an individual level, each individual in India celebrates four to five festivals. Yet, when you look at the men's Indian wear industry, it is still very small. So, majority of Indians are not even buying a single piece of Indian wear annually today. With Diwas, we want to change that. We want to ensure that every Indian has the ability to afford and celebrate the festival of their choice, wearing the right product for that festival.



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So, given the channels that we have chosen, very focused on the e-commerce route through marketplaces, through diwas.com, along with the multi-brand outlets and SIS route which we are taking, we feel we can really change the aspect of the festival game in India when it comes to a three year to five year perspective. So currently, for the next one year to two years, the goal is to have a much higher market share of marketplaces. But as we grow the brand, we want to improve the industry's market share of festive wear. That will be the larger focus for Diwas.

**Rahul Agarwal:**

Got it. There are just two follow-up questions on the same question. So essentially how do you achieve this? So, let us say if we have to achieve a higher industry market share for every celebration through Diwas, how do we change that behavior, as in terms of go-to-market, right? If you could share a couple of examples, that would help.

And the second is, both for Twamev and Diwas, in terms of obviously the TAM, we are talking about very large numbers, but from a Vedant Fashions perspective, would you have or could you share something on, let us say, you foresee Twamev or Diwas as a Rs. 500 crores brand, five years out, three years out, something like that. If you could quantify that, that will help and give a direction to us.

**Vedant Modi:**

Very interesting question. So, when it comes to the overall go-to-market strategy, this is something we have delivered in the past with Manyavar. So, two decades ago, organized Indian wear did not exist as an industry. So, if you go to our YouTube page of Manyavar, and I love to do this sometimes, and I go sort of looking at the videos from the oldest videos to the newest, there is a sort of journey to organize that industry and to make Indian wear aspirational along with making it value for money, which democratized the aristocracy of India, making sherwani's affordable for a lot of Indians. So, that is one journey we have done with Manyavar, which has to be done with the kurta wear industry for festive wear, which is what we are attempting with Diwas.

Now there will be a big marketing strategy behind that, but if I give you one example of Calcutta, which is where we live, if you walk around the city in Poila Baisakh, you will see majority of the people here wearing a yellow kurta. The city being cultural, we have kept up with those values. And if the same values were to replicate in each city of India, for their respective festive occasions that they celebrate, that is all we have to do. And this is one thing which we truly believe from our hearts, adds so much cultural value to the country. The kind of happiness that can be felt across the city when something like this happens, is also truly beyond words.

So, this is something which we will truly work hard towards as we build the category and build the supply chain to cater to the amount of people we want to. Again, to your second part, which was to give numbers, this is something which we do not do. We would not like to give any guidance as such. But the goal is to be much larger in terms of both Twamev and Diwas, where



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we stand today, and also, while we build those brands, increase the TAM of those brands also significantly.

**Rahul Agarwal:**

Got it. And just last thing, on the same store sales growth, the retail area additions, where are we on the store consolidation journey and how should we think about new store additions? Coupled with that, the question was also on lease rentals because you mentioned that overall lease rentals still in metro markets are higher and even Twamev will need top 30 cities - 40 cities will have that kind of impact. So, both things together, in terms of how do you think about new store additions? And how are the lease rental trends and what should we expect for Vedant Fashions overall?

**Vedant Modi:**

So, to your second part, retail inflation continues to remain high. So, while we see some pockets, the inflation slowing down, these are the pockets where we are again going strong on expansion. But where the inflation continues to be very high, where we do not see that sort of rental yield for us overall, rental lease cost makes sense, those are the markets we are sort of still slow on in terms of expansion.

Secondly, to your question of the overall growth numbers, I feel again at the end of this year we will have decent growth in terms of gross numbers, which is opening newer stores. However, when it comes to closure, there is definitely consolidation of older stores. But on top of that we are also rectifying some of the strategic, sort of new things we tried in the past 2 years to 3 years which did not work for us.

I will give you one small example. Rajouri Garden as a market is strategically very important for us. But inside the market, the stores are very old and there are no large stores. So, we had a small store doing very good business for us. So, we took a call where we opened a 15,000 square feet to 16,000 square feet store right outside the market. However, that is something which did not work for us. So, now we are moving back into the market with a store which is half the size of this flagship we had opened, so about 7,000 square feet to 8,000 square feet, which is still the largest store inside the market.

So, while we have cut down in terms of square feet inside Rajouri market, we will still do much better in terms of revenue. So, these are some of the mistakes we want to clear out, where square feet number might reduce, but the quality of business will actually improve by a lot.

**Rahul Agarwal:**

Got it. So, from a gross addition perspective, is there a count here or how should we think about that?

**Vedant Modi:**

So, again, I do not want to give a particular guidance as such, but ballpark from a gross number, it should be between 8% to 10% of where we stand at the end of the last financial year.



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- Rahul Agarwal:** Perfect. And with much more higher throughputs, which will help overall sales to be higher despite the net ads being lower. Got it.
- Vedant Modi:** Absolutely. So the goal is to improve the quality of retail significantly.
- Rahul Agarwal:** Perfect. Thank you so much for the patient answers, Vedant, and wish you all the best for the rest of the year. Thanks.
- Vedant Modi:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Aliasgar Shakir from Motilal Oswal Mutual Fund. Please go ahead.
- Aliasgar Shakir:** Yes. Thanks for the opportunity. Just a question on growth, follow up on the last question. So, now that you are indicating that, while gross number will be initially at least 10%, but will have a lot of closures, so, net numbers may not be there.
- So, I think growth will be more led by, as you mentioned, SSSG. So, just if you can share some more color on how the SSSG trends keeping up this quarter because there will be multiple levers in play, right. One is the restructuring of the non-performing stores. Second is that we have seen now two years of negative SSSG, your base will be low and there were very weak wedding season also. So, that benefit should also be there.
- But when I see from a very short-term point of view, I think last year, probably, September and December quarters were very good. So, maybe you may be impacted from there. So, if you could just share some color in terms of how we are looking at the SSSG performance and each of these levers playing out in your favor because that I think will be the lever of growth for you this year.
- Vedant Modi:** Thank you for the question. So, again, we do not give any guidance as such. But from a qualitative perspective, the goal every year is to do decently well in SSG. So, firstly, there is the lever of ASP where we want to grow by about 3% to 4% within each of the categories we operate in. Alongside the category improvement because the share of Mohey and Twamev is increasing in the Company, there is again a 80 basis points to 90 basis points jump in ASP at a Company level, every single quarter because of this. So, that is one big lever which we have.
- Aliasgar Shakir:** Sorry, how much did you say?
- Vedant Modi:** So, 3% within the categories and I would say 70 basis points to 80 basis points because of a larger share of Mohey and Twamev of the Company.
- Aliasgar Shakir:** Okay.



**Vedant Modi:**

So, all in all, 3.6% - 3.7% is something which we sort of target as ASP growth, which is one lever. The second big lever for us is improving our average basket size, which, again in terms of the kind of training which we deliver, the kind of lay outing which we do in our stores, we have been able to improve it quite decently, well over the last couple of financial years.

The third aspect is to continuously improve on footfall. This is the one major area where we have lagged in the last many quarters and the last two financial years overall, which is something with both very good marketing and rebounds in the macroeconomic environment, can really help us step up the overall, sort of, footfall numbers, driving a lot more bill counts.

And finally, there is a large play in terms of our retention strategy, in terms of ensuring we are able to recall a lot of the 80 lakh to 90 lakh customers that have already purchased from us, the data with which we carry in our systems. So, these are the overall growth levers in terms of having good SSG growth.

That said, there are a lot of micro KPIs that we work on, which I have mentioned for an earlier question, which is in terms of product, in terms of marketing, in terms of the operation standards. And the real goal is to ensure that we do the best justice to every single guest walking into our store, making them feel extremely happy with what they have purchased.

**Aliasgar Shakir:**

Got it. This is very elaborate and detailed. Thank you so much. Just one quick follow-up. Last two years, we were indicating that we will have a double-digit footprint-led revenue growth. Now that this year, we are not having net level strong footprint growth, do you think that double-digit growth will be difficult or you think that SSG should be able to compensate for whatever impact we will have from lower net store addition?

**Vedant Modi:**

So, again, see the goal of the Company is to always deliver on the best financial performance. This year, we believe improving the quality of retail is more important than improving the number of square feet we operate in, which at a net level, will be much more beneficial to us. So, for any retail Company, having a tail is the worst thing possible because that means great inventory gets stuck at the back of the non-performing stores, along with the overall operating deleverage that comes with it. So, the goal is to ensure great SSG along with improving retail quality, making us poised for good growth at the end of the financial year. So, if there is any market where we do not operate in, we will absolutely open a store. There is no reason to slow down in terms of store openings. It is just we want to do it in a manner which is sustainable and has great financial outcomes in both mid-term to long-term as well.

**Aliasgar Shakir:**

Okay. Got it. Thank you so much. This is very helpful.

**Moderator:**

Thank you. The next question is from the line of Jignesh Kamani from Nippon Mutual Fund. Please go ahead.



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- Jignesh Kamani:** Yeah. Hi, Vedant, thank you. I just want to know about the, like, consumer sales grew around 23% versus reported sales growth of around 17%. So, since last seven quarters or eight quarters, consumer sales growth has been much higher than the reported sales. Generally, it moves hand in hand and if there is any deviation probably one quarter or two quarter it will reverse. So, just want to know reason behind it, are the store having very high inventory two years ago and that is why reported sales looks weak because they are clearing the inventory?
- Rahul Murarka:** So, on a full financial year basis if you look at the growth in primary and customer revenue moves in the similar direction. On a quarterly basis, it can vary depending upon what is the upcoming quarter which is coming up.
- Jignesh Kamani:** Last eight quarter it is happening.
- Rahul Murarka:** Sorry?
- Jignesh Kamani:** If you take out last eight quarters, except fourth quarter, every quarter consumer sales growth was higher than the reported sales growth.
- Rahul Murarka:** No, so that to some extent it can be. Generally, if you look at full financial year like FY '25, if you look at, it was in the similar direction. It was moving in the similar direction in FY '25. So, what is important is to look at the full financial level. Like, if I tell you last year our primary revenue growth was 1.2%, okay, and our customer revenue growth was 2%. So, it was similar. So, that is what we are saying that if you look at financial year level, it will move in the similar direction. But in any particular quarter, there can be variations because our model is auto replenishment. Every replenishment happens automatically. There is no manual intervention. And the replenishment happens based on the demand and supply, how is the season in the upcoming quarter. So, these factors play a role, and it is fully automated. There is no manual intervention at all. So, that is why we are saying, it is important to look at the full financial year level rather than quarter to quarter.
- Jignesh Kamani:** Let me ask this differently. Over the last two years or three years, have you seen increase in the inventory per store, either in number of SKU or the absolute amount? And how is it currently?
- Vedant Modi:** See, it again depends from a store-to-store perspective, at an overall level, our receivables have not changed dramatically. They might have improved for some stores where we have taken a strategic call to add Mohey and or Twamev or both. So, in those stores you would find that inventory levels in terms of MRP have increased. Because each store can only carry a certain number of pieces. But the moment we decide that we will change, let us say, 10% of the inventory from Manyavar to Twamev, the overall store's MRP value actually moves from 100 to about 130, because Twamev carries a much larger revenue. So, that is one reason why



receivables increase from a store-to-store perspective. But as a Company we love to be a Company that has very high inventory turns overall.

So the goal is never to fill up stock. We look at our stores to be beautiful retail environments. We do not want them to look like warehouses, and the goal always is to have only the optimum inventory on the floor level. But yes, when we move from Manyavar to having a little bit of Twamev or Mohey, both the receivables and the inventory lying at the store increases because of the change in ASP of the products.

**Rahul Murarka:** But on an overall level if you look at, in TTM June 2025, our receivables days are 71 days, whereas in FY '25 it was 77 days. So, it has actually come down compared to FY '25.

**Jignesh Kamani:** Yes, sure. And second question on the SSG, like last, almost two years SSG has been very soft. So are we seeing the franchising partner, you can say there is a fatigue created at their end because their pivot period has elongated and ROI has been much deteriorated because of the overall condition. And in account of that are we seeing higher number of closer or when you want to open a new store, interest from the existing franchise for the second or third store has been slightly weak now?

**Vedant Modi:** So, then I will take this question in multiple levels. So, from a workflow perspective the way we function is, our business development team signs the store and after signing a property, we look for a partner from the existing network or from outside as needed, and that has never been a challenge for us, including even now. That is rather one of the easiest part of the operations we run.

Coming to the ROI of our partners, majority of our partners are well established retailers having worked with us for many-many years. They understand what the mid-premium discretionary spend is going through. They are wary of the facts, and the best thing is that even two years ago, we operated at ROIs which were extremely high. So, while that number would have come down slightly for the partners, it is still very healthy and positive. That is the reason why there is a lot of hard work that needs to be put in by our franchisees and the Company. However, there is no sort of story of negative ROI as such. Hence, all partners remain to be committed towards the overall growth of the brand.

And finally, when I talk about closure, majority of the closures that we take up are actually led by the Company itself, which is more strategic in nature due to the reasons I mentioned. Very rarely do we have closures coming from the partner's end.

**Jignesh Kamani:** Understood. And my last question is on --



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- Moderator:** Sorry to Interrupt sir, but I may request you to rejoin the question queue for the follow up question.
- Jignesh Kamani:** Okay.
- Moderator:** Thank you. The next question is from the line of Devanshu Bansal from Emkay Global. Please go ahead.
- Devanshu Bansal:** Hi. Most of my questions are answered. You can move to the next participant. Thank you.
- Vedant Modi:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sameer Gupta from IIFL Capital. Please go ahead.
- Sameer Gupta:** Hi. Good afternoon. Thanks for taking my question. I am sorry if somebody has asked this, I joined the call a little late. I was of the impression it starts at four. First thing, on the EBITDA margin. Now, historically, if I look at EBITDA margin in 1st Quarter and full year, normally, it is in the same range. This quarter has started on a very unexpectedly lower note at 42% to 43%. Now, how should we look at it? Is it that ad spend this quarter have been disproportionately higher and you expect some phasing, or this is a normal level which you think will sustain going forward? So, just if you can elaborate on that, please?
- Rahul Murarka:** Hi, Sameer. So, this time the marketing cost is the main reason why we see a decline in EBITDA margin because last year, in Q1 FY '25, we had a very negligible marketing cost because of, there were negligible weddings last year in Q1 FY '25. So, that year in Q1 FY '25, the marketing cost was only 2.3% of revenue, wherein in this quarter, we have spent 5.6% of revenue in marketing cost. So, around 3.3% is impact of marketing cost only. So, that is a major reason where we see that the EBITDA margins are looking lower compared to last year's Q1.
- Sameer Gupta:** Understood. But if 5.6% is going to be a consistent number for the full year, that would mean that, all things equal, 43% is also going to sustain for the full year, right?
- Vedant Modi:** No, no.
- Rahul Murarka:** No. The point here is, look, there are multiple things which play a role. Another thing, one is the marketing cost. Another is, there is operating leverage as well, when we look at the full financial year, Q3 is the highest revenue generating quarter for us. So, by the time we reach a nine month period, of course, the revenue levels are very different compared to the cost, right? So, of course, the margins at EBITDA level also look different because of positive operating leverage.



- Vedant Modi:** So, just for reference, quarter one advertisement cost was 5.6%, and last year's entire year's financial year advertisement cost was also similar to that level, if not slightly higher. So, at a financial year level, advertisement costs are always at that level. It is just we have strategically decided to save money last year 1st Quarter to spend more in the second-half, which we decided not to do this year. If we remove that, then we also had operating leverage, improving the overall margins and that 80 bps that came down from a gross margin level is more of a quarterly thing, something which will fix itself in the remaining financial year.
- Sameer Gupta:** Got it. A little bit of follow-up over there. So, I am noticing the GM contraction, it is still not high, but it is happening for the last three quarters and the reasons we still are not sure. I mean it is something similar that we have mentioned last two quarters also. So, what exactly is happening over there?
- Rahul Murarka:** So Sameer, on the gross margin if you look at, in Q4 FY '25, we had 66.2% of gross margin and with current quarter we had 66.9% of gross margin. Now, our point here is, that it is always better to look at gross margin at an annual level. On your point of quarter-on-quarter we have actually improved on gross margin. But our recommendation would be to look at annual level and as a management, we are very comfortable with a gross margin of anything above 65%.
- Sameer Gupta:** Okay. So, let me ask this in a different way, I was actually looking at Y-o-Y contraction, so 80 bps is the contraction this quarter, last quarter was 90 bps, prior to that was 50 bps. This is what I was referring to.
- Rahul Murarka:** So that is what Sameer, I mean, look, at the full financial level if you look at, last year we had 67.2% of gross margin in FY '25, right? And now we are at 66.9% of gross margin in Q1, right? So, there is only 0.3% of difference which we are talking, that also can be of different reason on a quarterly basis. So firstly, it is important to look at a financial year level, that is what we are trying to say, because quarterly it can always vary.
- Vedant Modi:** I would also just like to add one thing, FY '24 gross margin was 67.2%, FY '25 gross margin was 67.2%, absolutely the same, and quarter one FY '26 is just 30 bps lower than that, 66.9%. So, all we are trying to say is, if you look at it from a full financial year level, you will hardly find things moving here and there. That said, as a Company, the goal is to improve our gross margin within each category of a brand. With Mohey, Twamev and Diwas growing its share of the pie, at Company's revenue level, managing the same gross margin we operate, is becoming more and more difficult, but somehow, we are able to manage to stick to the same levels. And that is something which I would say is a great achievement by our merchandising team. And the goal is, if we are able to maintain these numbers, that means significant improvement in the departments that are operating Mohey, Twamev and Diwas.



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- Sameer Gupta:** Got it. And just sorry, just to blabber on this point again. So logically, if a Mohey, Twamev or Diwas is giving higher growth versus Manyavar, there should be a natural contraction in GM, is that correct understanding.
- Vedant Modi:** See that is a correct understanding. But that is what I am trying to say, even though they have grown much better than the Company average, still the FY '24 gross margin and the FY '25 gross margin was absolutely the same. Even the current quarter's gross margin is almost the same at 66.9%. So, we are actually improving a lot on our gross margins when it comes to within the brand level.
- Sameer Gupta:** Got it.
- Vedant Modi:** So, there is a lot of improvement happening. So, the goal is to actually maintain the Company level average for which we will actually have to do a lot of hard work within the brands.
- Sameer Gupta:** This is very helpful, Vedant. Thanks for sticking around and answering this in detail. Second question, if I may?
- Moderator:** Sorry to interrupt sir, but I may request you to rejoin the question queue for follow-up questions.
- Sameer Gupta:** Sure. I will do that. Thanks.
- Moderator:** Thank you. The next question is from the line of Vishal Dudhwala from Trinetra Asset Managers. Please go ahead. The next question is from the line of Jignesh Kamani from Nippon Mutual Fund. Please go ahead.
- Jignesh Kamani:** Hi, Vedant. I just want to know more on the you can say Mohey and Twamev. There, I believe, since Manyavar is more established brand versus while Mohey and Twamev is more on the seeding stage right now. So, your revenue per square feet will be slightly weak there and as you said their ASP is 30% higher. So, your inventory amount will be higher and inventory turn might be weak. So, from the franchising point of view, ROI on the Mohey, Twamev will be slightly inferior versus Manyavar. So, are we compensating them enough for them to make it motivated because when I interact with some of the franchising partners, they were not keen to promote more Mohey, Twamev because from their perspective, they will dilute on the ROI?
- Vedant Modi:** Well, I would like to take this answer up in two parts. So, when I talk about Twamev, when we talk about having Twamev within Manyavar Mohey stores, then it will always add ROI value to any partner that operates with us because Twamev is added in the same space where Manyavar is kept.
- Jignesh Kamani:** Okay.



**Vedant Modi:** In basically nutshell, it increases the ASP of the store and also improves the average ticket value of the customers because of having better ASP products and satisfying to the already existing demand. So, it will always be improving the ROI for our partners. Now, when I talk about Mohey, what we have seen is, in the larger stores, Mohey actually has tremendous value in terms of the growth it gives to that particular store. And on the second part, when you are building a store, let us say 5,000 square feet store versus 7,000 square feet store, the amount of Capex you spend for that incremental 2,000 square feet is much lower than the average of the 5,000 square feet you are spending because there is economies of scale when you are building that store.

The second part is in the store operations as well. So, there are some larger cost components, let us say, the store manager. Now the same store manager is able to handle both Manyavar and Mohey, and you do not need to have another person doing that job. So, even from operations economies of scale, having Mohey makes so much more sense than not having it when we have a larger space. So, from an ROI perspective, when I look at Mohey as an incremental perspective to the Manyavar store that was already going to open, it will be at a very similar ROI level. So that is what our understanding is, and majority of the partners we interact with across India, everyone is now pretty happy with Mohey and very happy to have Mohey in all the new stores that are opening. Hence you will find 40% of the --

**Jignesh Kamani:** What about the existing store? Understood about the new store, but existing store which are already doing the Manyavar, there you are replacing part of the area of Manyavar with Mohey, there the ROI will get compromised, right?

**Vedant Modi:** No, because I would say two years ago that exercise was completed.

**Jignesh Kamani:** Okay.

**Vedant Modi:** So, in the last two years, we have never really transferred a Manyavar store to be Manyavar Mohey because any store where there was enough space and we could have done that, we have already done that. So that opportunity does not exist anymore.

**Jignesh Kamani:** Understood. Thanks a lot.

**Moderator:** Thank you. Ladies and gentlemen, we will take that as our last question for today. I would now like to hand the conference over to the management for closing comments.

**Vedant Modi:** It is always a pleasure interacting with all the analysts. Thank you very much for joining. Looking forward to interacting again the next quarter. Namaskar and thank you very much.

**Moderator:** Thank you. On behalf of Vedant Fashions, that concludes this conference. Thank you for joining us and you may now disconnect your lines.