



**VEDANT FASHIONS**  
— LIMITED —

**“Vedant Fashions Limited  
Q2 FY'26 Earnings Conference Call”**

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VEDANT FASHIONS LIMITED  
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**MODERATOR: MR. DHIRAJ MISTRY – ICICI SECURITIES LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Vedant Fashion Limited Q2 FY '26 Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note this conference is being recorded.

I now hand over the conference over to Mr. Dhiraj Mistry. Thank you, and over to you, sir.

**Dhiraj Mistry:** Good afternoon, everyone. On behalf of ICICI Securities, we welcome you all to Vedant Fashion Earnings Call. We have with us Mr. Vedant Modi, Chief Revenue Officer; Mr. Rahul Murarka, CFO.

Without further ado, I would like to hand over the call to the management, and over to you, sir.

**Vedant Modi:** Good afternoon, Namaskar, 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 Vedant Fashions Limited Q2 and H1 FY '26 results. I hope you have 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.

During the second quarter of FY '26, sales of customers were INR3,494 million, reflecting a growth of 4.6% over quarter 2 of FY '25. The quarter saw significant operation transition following the government's GST rate rationalization effective of 22nd September. We responded swiftly with comprehensive system in stock realignments, process integrations, barcode updates ahead of the peak season. Although dispatches were briefly affected during the transition, operations have since normalized, strengthening our long-term efficiency.

During H1 FY '26, sales of our customers was at INR7,551 million, reflecting a growth of 13.8%. Further, SSG during the first half of FY '26 stood at 8.2% compared to the first half of FY '25. With our continued strategic focus on enhancing customer experience, strengthening retail training, driving data-led merchandising and replenishment, fostering omnichannel integrations and disciplined KPI management has driven consistent improvement in key retail performance matrices.

In line with prevailing market conditions and evolving retail landscape, we pursued a focused and disciplined approach to expansion, prioritizing strategic and sustainable store openings. While we continue to open new stores and expand our footprint, we also undertook selective rationalization of underperforming locations, leading to a modest net addition of 3,500 square feet in retail area during the quarter.

We also strengthened our international presence with 2 new stores in Australia and the UAE. As of September 2025, Vedant Fashion's EBO footprint stands at 1.79 million square feet across 671 stores in 257 cities and towns globally.

During the quarter and first half period, we deployed a comprehensive suite of marketing initiatives across multiple brands and channels, leveraging both digital and traditional platforms

to amplify brand visibility, strengthen positioning and deepen consumer engagement. These initiatives included category-led campaigns, new wedding collection launches, festive and occasion-based marketing, store-level events and activations and influencer collaborations, thereby collectively reinforcing brand equity and consumer connect.

Mohey's latest campaign, "Mohey Rang Do", themed celebrating every shade of Mohey, celebrates the brand's rich colour palette from Coral pink and midnight blue to Dusty, Cerulean and Mini Green, symbolizing self-expression and India's vibrant festive spirit. The campaign strengthened Mohey's positioning as the go-to destination for expressive colourful fashion, contributing to its strong performance during the quarter and the first half period.

Manyavar further reinforced its category leadership in wedding wear through high-impact campaigns such as "Aap Kab Ban Rahe Hain Manyavar" deployed across outdoor and digital platforms, supported by the launch of the "Aranya collection" and engaging programs like "Manyavar Wedding Ambassadors". These initiatives deepened brand affinity, boosted recall and cemented Manyavar's identity as the definitive wedding wear brand.

In the premium segment, Twamev continued to build momentum by amplifying its Truly -- you brand proposition through product is king storytelling and curated experimental activations. This included marquee events such as wedding Asia and Art Brew at select stores. These efforts translated into strong and encouraging performance for the brand during the period.

The Diwas marketing initiative executed across digital and social platforms during key festivals such as Raki, Ganesh Chaturthi, Navratri, Durga Puja, Diwali and Chhath Puja successfully celebrated the spirit of festivity while expanding brand reach and engagement. This approach significantly enhanced visibility, deepened consumer connection and contributed a solid performance across the period.

Collectively, these initiatives built on our core strength of a well-curated inventory, distinctive designs and efficient replenishment systems have enhanced our brand positioning, reinforced our leadership within the category and deepened consumer engagement, thereby reinforcing Vedant Fashions as the definitive house of brands for all wedding and celebration wear needs, while paving the way for the next phase of evolution and growth.

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 metrics for the quarter and half year ended 30th September 2025. Starting from Q2 of FY '26 performance update, the company achieved growth of 4.6% in sales of our customers compared to Q2 of FY '25.

The reported revenue from operations was approx. INR263 crores and the profit after tax stood at around INR56 crores. This quarter also witnessed a significant operational transition following the GST rate rationalization implemented by the government effective 22nd September 2025.

We completed all the actionable in relation to implementation of GST rate changes, including revised MRP tag in the warehouse and stores, which was really a challenging aspect considering the upcoming season. Due to this, our dispatch process were impacted for about 15-20 days, affecting our reported revenue for the quarter.

Now coming to H1 of FY '26 performance update. During H1 FY '26, the company reported revenue from operation of around INR544 crores with a growth of around 7.2% over H1 of FY '25. During this period, the company continued to report industry-leading gross margin of around 66.1%, along with healthy EBITDA margin of around 43%. The company also reported healthy PAT margin of 23.2%, and the profit after tax stood at around INR126 crores.

Moreover, during the trailing 12 months period of September '25, the company reported healthy cash conversion ratio of approx. 79%, which has been computed based upon operating cash flow to PAT, excluding finance income. During H1 FY '26, the revenue from sale of our customer was around INR755 crores with a growth of 13.8%, while our SSG grew by 8.2%, respectively.

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

**Moderator:** Thank you very much. We will now begin the Q&A session. Is from the line of Sameer Gupta from India Infoline.

**Sameer Gupta:** First, just a clarification. I didn't get the 15-20 days disruption. Can you just repeat and probably elaborate a little as to what exactly happened?

**Vedant Modi:** Sameer, thank you for the question. So basically, as you're aware that GST rates across all our products sort of got changed. So this sort of impacted the price change across the company. And what we had to do is remove the barcodes physically in the warehouse on each and every product. We had more than 1 million pieces and put new fresh barcodes on that. And hence, this process took us a lot of effort to change.

**Sameer Gupta:** I'm sorry, I'll just interrupt you. Your voice kind of is echoing. I'm sorry. I'm not able to really get what you're saying.

**Vedant Modi:** Is it fine now?

**Sameer Gupta:** Yes, it is fine.

**Vedant Modi:** Okay. Sorry, I'll repeat it again. So as you're aware that GST rates got changed from 22nd September. And what we had to do is because majority of our products were affected by this, we had to actually physically change the barcodes of all our products in the warehouse. So last 15, 20 days, our dispatches were sort of hampered.

Hence, this is sort of reflected in the difference in primary revenue and secondary revenue growth by about 6%-odd. There's a delta. And one of the main reasons for that is the barcode changing in the warehouse and overall dispatches being slow during that period.

**Sameer Gupta:** Got it.

- Vedant Modi:** Didn't affect secondary revenue at all.
- Sameer Gupta:** So suffice to say that you've grown at 5% on a secondary revenue basis. If this disruption wouldn't have happened, net sales would be close to 5%...
- Vedant Modi:** Absolutely. Absolutely, that's right.
- Sameer Gupta:** Okay. Fair enough. Now coming to my questions. So there is a gross margin contraction of around 270 basis points. Now I have asked this question earlier quarters also, and this is being persistent now. Like for the last 3 quarters, we have seen a contraction. This quarter, the quantum is a little higher.
- So I mean, just understanding what are the reasons here? Is it changing mix in favour of Mohey Diwas, higher inventory markdowns, any write-offs taken? Is it a function of store closures? I mean, if you give these like major reasons which is leading to this? And how should we look at it going forward?
- Rahul Murarka:** Sure. Thank you, Sameer, for your question. I'm Rahul Murarka. So gross margin, quarterly, it can vary due to various factors, including product mix, wedding, non-wedding aspect, quarter, etc. This year, Q2 was a normal non-wedding quarter, while Q2 of previous year had weddings in July. And hence, the gross margin for both periods are actually not comparable. So it is better to look at H1. If you look at H1 period, we have been able to achieve gross margin of 66.1%...
- Sameer Gupta:** Which is still a contraction on a base first half, right? And I would assume the first half is still comparable?
- Rahul Murarka:** So first half, look, I mean, again, it can always change because last year, first half, this year, first half was different, Sameer. And if we look at a full financial year basis, generally, that is the best thing to do. Like if I talk about first half of H1 FY '24, which was there, right, then the gross margin was around 66% plus only. However, by the year-end, it improved. So I'm saying quarterly or H1-wise, the gross margins can always vary. So it is always better to look at the full financial year level.
- Sameer Gupta:** Fair. So my limited point is that it has got nothing to do with the changing mix or anything of inventory markdowns. It's a normal vagary which can reverse in future. That's the implication that you're stating, right?
- Rahul Murarka:** Yes, absolutely, yes.
- Sameer Gupta:** Got it. Fair. Sir, second question is on the EBO addition part. So this quarter, we have seen a net closure of 13 EBOs. I remember last year, we had a large store consolidation exercise. And the indication at that time was that usually happens in around 3, 4 years' time where you take a large consolidation.
- And going forward, you do not envisage any larger store closures. So just wanted to reiterate, this is more of a normal store consolidation exercise? Or is there something more that one should, see? And going forward, how do you see the EBO store addition panning out?

**Vedant Modi:** Yes. So Sameer, as we've been discussing in the past couple of quarters earnings call as well, is that we are really in a journey of improving the overall quality of the retail that we open. And that has resulted in a few sorts of closures that are not performing or where markets have changed, where they've moved from one market to another.

So that's majorly the kind of store closures we've taken. If I talk about this quarter, particularly, majority of that net is a result of SIS doors moving back to MBO doors. So that's the core reason. So one challenge that we also see when explaining these numbers is of the 13-odd net difference, 9 of that is actually SIS stores. So that's also an important point to be taken.

**Sameer Gupta:** And how many out of the total are now SIS?

**Vedant Modi:** So it's broadly 150, but I'll get back with the exact numbers to you.

**Moderator:** The next question is from the line of Gaurav Jogani from JM Financial.

**Gaurav Jogani:** Rahul and Vedant, my first question is with regards to the overall the industry scenario. Now we have been seeing that the industry has kind of struggled over the last couple of years, especially post the COVID surge that we have seen and then the competitive intensity has also increased then.

But now are you seeing any signs of the competitive intensity going down? And in addition to this, you have also worked a lot on improving the quality of the retail also the merchandise, etc. So what has been the initial signs or things that you're seeing, if you can comment on that?

**Vedant Modi:** Thank you for that question. So something which I've repeatedly sort of said is we are extremely confident about our moats from across directions. That said, we've been very closely monitoring competition, stores that have opened up across India from all aspects. And like I mentioned, just thinking out loud from a common-sense perspective, what was happening earlier with the amount of openings didn't make a lot of sense.

So all the players that we track from our end, we've seen around overall number of stores staying flat quarter-on-quarter. So overall, no -- at a net level, no new stores have opened from an industry perspective is what our reading is at least for now, which makes sense given the kind of financial pressure most of them were facing. And finally, your merchandising, etc., questions was for our company, right?

**Gaurav Jogani:** Yes.

**Vedant Modi:** Yes. So like I've mentioned earlier as well that from a merchandising angle, we are taking a lot of inputs from across the market, and we've almost 2.5x the number of designs we test in a given financial year. So teams are working extra hard to ensure that we don't miss out on any design language that the company should be attempting to try and really trying to make the most out of whatever we can do.

**Gaurav Jogani:** Sure. So the question is we know all these things. Are you seeing any green shoots in that sense that is the competitive intensity now abating and probably that should help you to grow better?

And also what has been the results of this merchandising 2.5x new designs being introduced? What kind of results are you seeing? If you can quantify that or maybe any qualitative answer on that?

**Vedant Modi:**

Sure, sure. So to your first point, I mean, this is something we'll have to see given it's just started to slow down. So I think it's better to comment on this maybe after a quarter or 2. And to your second point around merchandising, I think definitely, our repeat customers feel that our overall design sense has improved.

Our overall quality has improved over the last couple of 3 to 4 years. And at the same time, conversion rates are also improving by certain basis points every single quarter. So overall, these things are quite positive to see.

**Gaurav Jogani:**

Okay. And my second question is with regards to the -- just on the balance sheet side. We have seen this quarter around, there is some capex of around INR11-odd crores. So specifically, just wanted to understand what is that regarding to? And the other bit on the thing is why I see that the inventory has come down from March level. However, the receivables still continue to be a bit higher. So anything specific that you can call out there?

**Vedant Modi:**

So I'll take the first part, and Rahul you can take the second. So coming to your question around the capex of INR11 crores. So for a while, we wanted to experiment on running a few retail stores that are flagship stores by the company. And this is a pure outcome of trying out a lot of experiments, which can be very costly to run in some cases.

And this was one of the ideas and themes that we wanted to do. So we've taken over a few stores in Bangalore, which we wanted to experiment with. So that's where the capex of INR11 crores comes from. And Rahul, we can explain the second.

**Rahul Murarka:**

So net receivable days, Gaurav for TTM September '25 is around 79 days. And in FY '25, it was around 77 days. So there is no major increase in the net receivable days. The main thing is about the revenue thing. As soon as we get back to the revenue growth trajectory, then we don't -- we will not see the increase which we are seeing now. So majorly, it is because of the primary revenue, wherein we see that the debtors have slightly increased. So nothing major increase we have seen in that.

**Gaurav Jogani:**

Okay. And just a clarification. So when you see that a few retail the factory floors. So for that, I think the capex that is done by -- I mean, this would be kind of a COCO store investment...

**Vedant Modi:**

Correct. Correct. So strategically, we remain a COCO company. We've done just a few COCO stores in Bangalore to test out things rapidly to see if something is working, then we can actually ask our franchisees to roll it out pan-India.

**Gaurav Jogani:**

Got it. So would you -- any guidance that you would give on the capex for this year, given this experiment has been done?

**Vedant Modi:**

No, no, that's about it. There will be nothing in addition to this.

- Moderator:** The next question is from the line of Resham Mehta from Green Edge Wealth.
- Resham Mehta:** So the first question is, while you did explain the gap between the reported revenue growth and the primary sales for the Q2. But even if we look at Q1, there is a significant gap of almost 500 basis points. So what is that attributed to typically the gap between the primary sales and the retail sales and the reported revenue growth?
- Rahul Murarka:** So the reason is same actually, if you look at Q2, it was moving towards the same direction. So it is because of the Q2 September dispatch, which was impacted we can see that 6% gap, majorly, I say. So the major reason is that only.
- Resham Mehta:** No, no, I'm asking for Q1. So a similar gap is seen in Q1 also. Q2, you have explained that it is because of the GST transition. But even in Q1, we see a similar gap, like the reported revenue growth was 17%, while the retail sales growth was around 23%?
- Vedant Modi:** So actually, to be very honest, if we look at it at an annual level, these numbers always end up falling in place. So sometimes what happens is our supply chain teams have a very core KPI, which is to improve inventory turns. Higher inventory turns at store means that you have slightly less products left at the store, but doing better business.
- So sometimes what happens is in a quarter if we get something right, we can actually do lower primary but better customer revenue. And from a business angle, that's an amazing thing to be - for us to be achieving because our cash flows would stay in line with how our secondary revenue is doing. So the core KPIs for us is secondary revenue growth. And sometimes it can vary, but at an annual level, things will again move back to being very similar.
- Resham Mehta:** Other thing, if you could elaborate on -- so I was not being able to understand the divergence between the men and women ethnic wear demand, right? So if you look at the saree-based retailer in South, they've done almost 35% revenue growth in H1. And if you look at one of our other listed peers and even us, the kind of H1 revenue growth that we've done is much lower than the 35% growth that the women's sari wear retailer has reported.
- So is it that there is a divergence in terms of wedding wear demand across men and women because I believe that the wedding calendar was decently good in H1. So if you could just comment on this? And also, is it that, let's say, because they are South, the demand was much better in AP Telangana. And if that is the case, then did Mebaz perform better for us because it's more AP Telangana heavy. Your thoughts here would be very helpful.
- Vedant Modi:** Absolutely...
- Resham Mehta:** Sorry, your voice is breaking. Sorry to interrupt.
- Vedant Modi:** Hello, can you hear me?
- Moderator:** Yes, now it's better.
- Vedant Modi:** Okay. Sorry. So again, I'll also reiterate a point that for us, South too, which is AP and Telangana, did extremely well as well. So I would not go down into one level of breaking it down into men



versus women or by categories. As we all know, AP and Telangana as a region, which I mentioned in the past, did not do very well last year.

It was one of the big dragging points for us for the entire last financial year. And what I understand from the industry, it was very similar for majority of the players in that market. But this year, overall, things have been very different. And even we've done extremely well, similar to the numbers you were mentioning in the AP and Telangana market.

**Resham Mehta:** So would it be fair to say that in H1, we would have also grown by around 35%, specifically in AP and Telangana or it's not that number you can quote, then at least, let's say, north of 20% or north of 30%, something.

**Vedant Modi:** North of 20% is what we would have grown. -- in AP Telangana.

**Resham Mehta:** Got it. And any particular reason that this can be attributed to that AP Telangana saw a bounce back?

**Vedant Modi:** It's very difficult for us to describe this. In fact, a lot of members of the senior management spent almost a week in AP Telangana last quarter. And the reasons which we get from the market are very macro in nature. So it's very difficult for us to explain. From our perspective, they were all related to footfalls. Last year, footfalls were missing, and this year, footfalls are back. So from our perspective, that's the main KPI, but the reasons we were getting were too macro for us to explain right now.

**Resham Mehta:** And just the last question. So one is how do you measure customer loyalty? And do you think that in the last 2 years where the competitive intensity has increased, have these numbers come down? And lastly, the Divas brand, so it's more in the economy segment. So how is the traction there? And how are we seeing the demand pan out in the economy range?

**Vedant Modi:** Sure. Thank you for that question. So from a loyalty perspective, we have 2 core KPIs that we really monitor, rather 3 main KPIs. So the first big one here is retention rate, which is what percent of our business this year is coming from existing customers. The second KPI, which we monitor is repurchase rate, which is, let's say, if I had customer data of 100 people before the end of last financial year, how many of those 100 customers have come back this year to shop?

And finally, what are the NPS scores we are getting from every shopping experience, which basically is an indicator that they will come back in the future or not. All the 3 for us have been doing really well. Rather, I would say our customer life cycle management team has brought in the most amount of customers for us. So that's been a very positive sort of vertical for us. Sorry, what was your last question? It was on.

**Resham Mehta:** Divas brand. So it's an economy brand. So how is the traction there and the demand in the economy range?

**Vedant Modi:** So we would not call Divas an economy range. For us, it's our festive range. We feel it caters to a completely separate set of needs of our audiences. And overall, we've been very happy with the kind of performance Divas has shown us. especially because it aims at improving our other

channel business, mainly geared towards the online and MBO side of things. And overall, given the kind of festivals India celebrates, we've really been happy with the kind of performance we've seen in Q2 and the early parts of October.

**Moderator:** The next question is from the line of Aditya Sen from Findoc.

**Aditya Sen:** So sir, we understand that key metrics to measure the -- or rather forecast the demand for our products, wedding products is forecasting the number of wedding days. And in the last 2 to 3 years, we have seen a declining trend. So is it somehow possible that we, as a company, Vedant as a company can forecast the number of wedding days in order to maintain the inventory and anticipate the sales of the coming 2, 3 years?

**Vedant Modi:** So that is something which we absolutely do. It's a bread and butter for us because we sort of take wedding days as a data point in order to judge what kind of sales we would achieve in a particular quarter. So our FP&A team, along with our inventory planning teams really rely on this data.

The challenging part here is it's not I mean there's a big correlation to how many wedding dates you have. But it's not, let's say, if you have 10 wedding dates in a quarter and 20 wedding dates in a quarter means that you do double the business. There are many other factors also which make this analysis very tricky and qualitative.

So I'll give you an example, India prefers to get married in winters. So a single date in December or January will always have more wedding than a single date in April. So we'd like to ensure that all these parameters are also kept in mind when sort of judging our planning.

**Aditya Sen:** Sorry to interrupt. So your last line was not audible. Could you please go again with the last line...

**Vedant Modi:** So what I was mentioning is that given there's no absolute direct correlation. So sometimes India prefers to get married in winters. So a single date in December is actually a lot more important than a single day in April.

**Aditya Sen:** I truly understand that. perspective about it. And how reliable can our forecast be? Let's say, we forecasted, let's say, 20% growth next year. So does that come with 100% accuracy or there is some margin of error also?

**Vedant Modi:** I mean there will always be some volume of error. I think it's very difficult to get planning right. But at our company, what we try to do is be very real with it. So if mid-quarter, we understand that our planning is not going correct. We will take corrective measures within the quarter itself.

So if you notice in the past 2 years, while we have not been able to meet our revenue targets, we were able to maintain our gross margins. This will typically never happen in a retail company unless they are taking day-to-day calls and understanding how inventory levels are and sort of levelling down on production if needed in some cases.

**Moderator:** The next question is from the line of Archana Menon from Morgan Stanley.

- Archana Menon:** My first question was more on the demand environment. So if you could just help us understand the demand trends in the festive period a little better. So how is the consumer sentiment this time around? Also, there's been some shift of preponement in the festive calendar now October is behind us. So if you look at festive on a like-to-like basis, how do you think the demand would have been?
- Vedant Modi:** Thank you for this question. So overall, from a demand environment perspective, while we've only seen a single month of Q3, which is October, one thing which we are seeing on the ground is there's excitement with the GST rationalization. So while our company didn't directly sort of benefit from the cuts in GST because for us, majority of the rates increased.
- However, the consumer sentiments are really good, given that 99% of India's products saw cut in GST -- so there's definitely some frenzy around that and some happiness. So I would be in a much better stage to fully give you an answer at the end of Q3. But overall, things look decent as of now. And from an October perspective, things were decent, but we would really like to stretch on that answer once Q3 is done.
- Archana Menon:** Understood. So you're kind of happy with the festive performance is what I'm taking out of this. Also Okay. Understood. Second part is just on the wedding side, firstly, a basic question, but we see a lot of wedding days in November.
- So typically, how many months in advance do you see demand coming in? And if there are a lot of wedding dates in November that we see both in terms of the calendar and anecdotally around us, would you have seen some benefits of that in October as well?
- Vedant Modi:** Yes. So typically, post Navratri, people start shopping for weddings and even during Navratri, but the biggest week for us typically is the week after Diwali for weddings because that's when the sales typically end up peaking. So if I give you sort of an answer on how many days before do people actually buy for us, men's buy 10 to 15 days in advance and women buy about 30 to 40 days in advance in our case.
- Archana Menon:** Okay. And the last 2 years have been disappointing both in terms of festive and in terms of wedding -- wedding demand because of a bunch of reasons. But do you think we are now over that base? And are you more optimistic while you can't share any numbers, but are you more optimistic about the festive and wedding season this year?
- Vedant Modi:** Archana, to be very honest, I'm always an optimistic person. So I will continue to always be optimistic. But as a company, I think we've always been on the right track, doing the right things. And if macro supports us, I'm of a very strong belief that these numbers will bounce back very strongly.
- Archana Menon:** Understood. And sorry to ask one more question on this aspect. In addition to the wedding dates itself, do the other trackers that you would be tracking in terms of either banquet bookings or some of the other elements that you would be tracking, do they also indicate towards a good wedding demand -- wedding season this year?

- Vedant Modi:** Yes. So we try to do it, but I would say we are not at a level where it's very accurate. So we do try from our local networks trying to understand how the banquet bookings are. But something which we actually now have started using is some states report the amount of marriages that have been reported to the government. So whichever states report that, this is a post-quarter analysis. So this is now something we've started to do, which is a post-quarter exercise, which also gives us a good understanding of what's happening.
- Archana Menon:** Understood. And just last question from me. On the GST side, at a portfolio level, what would be the net-net MRP increase?
- Vedant Modi:** This is a very difficult question to answer, but I'll give you a kind of explanation that will get you to a broad level. So as a company, wherever we had to pass on the benefit to the consumer, we've done that. And wherever we had to take a price hike in order to sort of make up for the 12% to 18% increase, we've done it in a calibrated way where we've judged the performance of a product, see the kind of value that product has and then increase the price.
- So in some cases, it's taken the full hike. In some cases, it's taken a medium hike. Now the reason I'm not able to answer this question to you directly, even though I have the numbers, is because after changing the GST, we have not seen how the performance of the same products has changed over that due course.
- So once that data comes in over the next -- this quarter or so, which is quarter 3, I think we'll be able to give you a much more accurate answer. But when the GST changed, majority of our products moved from 12% to 18%.
- Moderator:** The next question is from the line of Aashish from Invesque PMS.
- Aashish:** So Vedant, I mean, most of the conversation has been around macros not being good for the business for the last so many quarters. But don't you think that it's mostly to do with the competition being -- coming up and there are a few other brands in the market which are kind of coming up, which give a good competition to your business.
- And secondly, I would like to understand different brands that we have. If you could give us some sense of how these different brands are performing and anything to see, look forward to that something would help perk up the growth rates of the company because it's not been as good for the last so many quarters now. Being investors, we are kind of struggling with that question, why with your company that's happening.
- Vedant Modi:** Sure, sure. Thank you for that question. So taking your first part, while competition has increased overall across India from a number of stores perspective, what we've seen is we judge the performance of our own Manyavar stores, which are next to competition doors versus Manyavar stores when no competition has opened.
- And even in quarter 2 of this year, we see a 5% positive delta in the Manyavar stores where competition has actually opened next door. So when we look at this sort of data, it takes us back to a point that other macro pieces are hitting us more than just competition. So while competition is a factor, it's definitely not the largest factor overall from our industry perspective.

Secondly, when I start breaking down overall the growth path for each of our brands, Manyavar has continued to be our flagship product. And as I've been mentioning, one thing which we are really trying hard is trying different marketing initiatives in order to increase our footfall significantly.

In terms of Mohey, we've really shifted our strategy from being a bridal heavy brand to doing a lot more non-bridal categories and focusing on categories like stitched suits, saris, Crop top lehenga. This has not only dramatically increased our TAM but also allowed us to cater to audiences which are a lot easier than the bright if, I must say. So these audiences have also really helped us improve the Mohey business.

Twamev is absolutely doing really well, both within the Manyavar stores and in the EBO format. And Bridge to luxury is about to become a really large market in India. And with the kind of products that we have in Twamev, with the kind of supply chain we've built for the brand, I think we are highly confident that this will be able to scale into something very good.

And finally, with Diwas, India has about 50 festivals. Given that this is just the second year of the brand, and it's not even fully completed its first year, the kind of results we've seen have been very encouraging. And I think with time, we can build it into something very, very good, mostly in terms of the volume growth we can get across India.

And one thing which keeps me very excited from a diverse perspective is if India truly starts to dress in Indian wear across all festivals, this will really change the way we look at culture. And each and every city will look a lot more festive than before.

**Aashish:**

Okay. So what takes us out of this issue of revenue stagnation to say that? I understand that as a business, you might be doing many things and with the legacy that we had in terms of building this category -- I mean, the category leader. So what will it take now? Because you've been trying so many things for the past so many quarters now, but somehow, it struggles to be -- the struggles to be an answer to all that. So help us understand that. How do we view it? Because now the base is also kind of there where growth should kick in somewhere. So anything to share on that?

**Vedant Modi:**

No, I think absolutely a right question to ask. And as management, we are really committed to bringing back footfalls. So marketing is a very key theme for us, where we are spending a lot of time trying to understand what more can we do, what can we change and hence, a complete drastic shift in marketing this year is one big pivot that we've taken, which we've never done historically.

So to give you one example, in about 10 to 12 days, we launched the Manyavar Shadi show. While I don't want to spill a lot of the secrets, I think when you see the show in the next 10 to 12 days, you'll realize what we're trying to do with marketing and how we are trying to change the game. So it's efforts like these, which I feel can add to the footfall, and that's something we are really focusing on this year.

**Aashish:** Okay. Lastly, if I may. I mean, we have so many brands. But from a customer perspective, does he recollect these brands which are -- I mean, except for Manyavar, when he has to shop for that particular attire?

Because I think it's a bit too confusing when so many brands are there, sub-brands are there. So that's what I would say as a customer that I don't recollect when I have to shop for a different maybe festivals or weddings, except for Manyavar, nothing comes to my mind actually. So that's what I struggle with. I don't know. I mean you guys might be having a idea about it...

**Vedant Modi:** Yes, again, a very interesting sort of question. So from a consumer angle, Mohey is now quite a well-known brand. So when we do an awareness campaign across our TG, we see a 70% plus sort of level for Mohey's brand awareness. So Mohey is definitely a brand which across India, people know. From a Twamev point of view, Twamev's goal is to be really famous within the top INR3 crores to INR4 crores Indians.

So that has been able to achieve now in the cities where we have stores. So in a market like Southex of Delhi, there people will talk about Twamev. So that again is going to become a big point for us in the bridge to luxury market, especially through Twamev EBOs. Finally, from a Diwas point of view, we have just started the journey.

And because the brand is called Diwas by Manyavar, it is more viewed like a subline as of now. But the plan is to, in the next 3 to 4 years, take out the By Manyavar aspect. So again, once it starts to scale across marketplaces, it will really sort of bring in that brand recollection of Diwas.

**Aashish:** Okay. Do you see H2 being better on the numbers on a growth basis?

**Vedant Modi:** So H2 for us is definitely the larger half of the financial year. And everything that we sort of from a strategy point of view, are doing in this company is to bring growth in H2. So we don't give any guidance as a company. However, all the efforts being put by everyone is to bring in growth during H2.

**Moderator:** The next question is from the line of Ankit Kedia from Phillip Capital.

**Ankit Kedia:** Vedant, if I heard you right, you said we have not taken the full price increase for the GST increase. So after the Q3 festive sales number, we could take further price increases for the categories of products we haven't taken price increase. Is that right?

**Vedant Modi:** Again, a very, very tricky question. So not exactly. We've already done the price changing in majority of the products that we had to. But when asked about the price increase, it's a very difficult question for me to answer. So if I give you one example, we've tried to see the positive in this whole change.

And if I explain Manyavar Kurtas to you, our old price point in Manyavar Kurtas was INR3,000 for a Kurta Pajama. And what we've been able to do is INR3,000, we would pay 12% GST. And inclusive of that, it would be INR3,000.

Now we've brought the entire MRP down to INR2,624, which allows us to play a much better defensive game across anyone in this industry. So we've taken such sharper calls in this whole process that to give an exact price change number is sort of difficult because the sales of each SKU will also change because of the kind of price changes we've done.

**Ankit Kedia:** Sure. So in certain product or certain SKUs, we might have absorbed the GST increase. Is that the right understanding then?

**Vedant Modi:** To a certain level, to a certain level.

**Ankit Kedia:** Understood. Second is, given that there is -- now you are playing at 18% GST, unorganized market would not be paying GST. Are you seeing that the unorganized market is more aggressive going forward and them getting market share? Because for a long period of time, you maintained that the MBOs didn't have market share gains versus you. Now that the differential is 18% in GST, do you see them making a comeback and making some dent versus organized?

**Vedant Modi:** Definitely not yet. I mean that's something which you don't see. Also from our own experience, every MBO I deal with, which are the larger MBOs of this country, I think not paying GST is not such a big challenge across MBOs of India right now because the kind of price points we deal with, we don't see MBOs at similar price points not in GST.

So that's an issue which I have personally not seen across the industry and our sort of price point levels. So if we talk about really an organized sector, which I'm not exposed to, I won't be able to answer it. But in our price point and the kind of people we deal with, almost everyone pays GST.

**Ankit Kedia:** And last question is, what happened in Mohey that you had to pivot from wedding to occasion wear because be it Lehenga or gowns or Saree, last multiple quarters, the commentary was very positive. But why did you have to pivot from wedding wear to occasion wear in Mohey then?

**Vedant Modi:** So I don't think it's a question of why, but more a question of how. So when we had started Mohey, we had started off with all categories. And we realized, and this is back in 2016. And within the first 3 to 6 months, we understood that what we have done is wrong. As a company, we can't do all categories at once.

So that's when we decided to only focus on lehengas. But with time when we had more data and we started to excel in Lehenga, we started piloting other categories in parallel. And once we understood those categories sometime late 2023, early 2024, that's when we really started to bump up their inventory and their stock within our stores. And then the kind of performance we've seen, we've understood that pivoting to being an entire wedding cucer for Mohey is a much more beneficial thing for the brand.

**Ankit Kedia:** So what would be the contribution of, say, Lehanga versus non-Lehanga today in Mohey?

**Vedant Modi:** Lehanga would be somewhere about 30% of our business, which is bridal Lehanga, which has moved from about 50%, 55% to being 30% now over the last 2, 2.5 years.

- Moderator:** Next question is from the line of Rahul Agarwal from IKIGAI Asset Management.
- Rahul Agarwal:** Just three quick questions. Firstly, in your sense more longer term, 3 years out in terms of growth, I think we're not talking about guidance, but what I'm trying to achieve is just your views on sustainability of same-store sales growth and new store additions. My sense is the entire rationalization exercise should be completing in the next 6 months is what I'm assuming.
- So fiscal '27, '28, do we go back to adding about 150, 2 lakh square footage? And secondly, on sustainable SSGs, you've mentioned in the past that high single digit is something which makes sense. I think this year, we're going to end about 8%, 8.5% range. Would that be a range even for more longer term? So that's the first question.
- Vedant Modi:** Thank you for the question. So starting off with SSG, I think broadly, the way we look at it is we break down SSG into 4 parameters which we want to grow in. So from an ASP level within the categories, we sort of plan to have about 2.5% to 3% increase within the categories itself.
- And given that luxury such as Twamev products and also Mohey products are having a better share of the company's pie, that is also creating a 0.5% to 0.6% shift in mix that we deal with. On top of this, what we want to grow in is volumes, both from an average basket perspective, plus increasing the footfalls that come to our store.
- And at the same time, something which I discussed in the call today is our repeat rate. So bringing in more of our repeat customers back to the stores. So all in all, the goal is to definitely from a mid- to long-term perspective, have good single-digit growth in the range of 8% to 9%. But from this year perspective, I won't be able to give you any guidance.
- And when it comes to store openings, again, from a long-term aspect, we want to grow pretty decently when it comes to square feet. But as I mentioned, this year, we are really focusing on improving the quality of retail that we have rather than focusing on just pure quantity. And hence, just a slightly different pivot we've taken.
- And I think you've rightly mentioned that 6, 7 more months is what we need for the complete rationalization, which we've been doing in the past few quarters. And post that, given that gross addition is still decent, we shall be able to continue with converting those gross into actually being net as well.
- Rahul Agarwal:** Okay. So in terms of long-term store openings, we should -- forgetting about these weak macros, sustainably, we should easily add 2 lakh square footage as a business category, right?
- Vedant Modi:** So again, I don't want to give you a particular number, but from a mid- to long term, we should definitely grow pretty well in terms of store openings. India has a lot of opportunities. So any location that has more than 1 lakh attachment for the...
- Moderator:** Sorry to interrupt, sir you are not audible.
- Vedant Modi:** So, I was saying that any market that has catchment of more than 1 lakh is fit for the brand. So there are many, many such markets that are left for us to open a store in.



- Rahul Agarwal:** That. Secondly, similar question on margins. Like assuming that SSGs recover and they sustain 8% to 10%, what kind of operating leverage benefit we could see on EBITDA margins wherever we are right now, would you say that 8% to 10% SSG, I'm assuming that first half operating margins are not something which are recurring basis. I'm sure this will recover once SSGs are better. So any quantification can you give in terms of if you do like 8% to 10% SSG, what is the EBITDA margin flow-through?
- Vedant Modi:** Broadly, *[inaudible 0:53:21]* my understanding is 3% to 5% SSG...
- Rahul Agarwal:** Sorry, Vedant, sorry to interrupt, but your network is volatile, and hence your voice is not audible intermittently.
- Vedant Modi:** Sorry for this today. Get our systems changed after this call, but can you hear me now?
- Rahul Agarwal:** Yes, this is better.
- Vedant Modi:** Yes. So what I was saying is our understanding is doing an SSG of about 4% to 5% means being flat from an operating leverage perspective because rentals typically, the deals are increasing rents by 15% every 3 years. So our broad understanding is if SSG is 4% to 5% at a year level, that means you're flat from an operating leverage standpoint. So anything more means that we'll have operating leverage, anything less means we'll have operating deleverage.
- Rahul Agarwal:** Perfect. Get that. And a smaller question was because of this entire barcode changes, was there a one-off expense booked as operating expenditure, which will not be a recurring number going forward? Is there anything you can quantify?
- Vedant Modi:** No, not really. I mean the cost of the barcodes would be under a few lakhs. So nothing significant at all.
- Moderator:** The next question is from the line of Perna Jhunjhunwala from Elara Securities.
- Perna Jhunjhunwala:** Just wanted to understand the store expansion and performance as well. So if I were to see the negative same-store sales growth of 2%, and you have been refurbishing stores over the last 6 months plus. So can you help us understand what is the performance of a mature store versus a refurbished store? And how is the traction in new stores because they are coming at a refurbished rate already. So some clarity over there would help us understand the impact of the same?
- Vedant Modi:** Thank you for the question. So one thing which I want to clarify is Q2 looking at it from a pure minus to SSG perspective would not be right. Last year's Q2 had wedding dates. This year, Q2 has no wedding dates. It's been by far the best Q2 we've ever had. So I think overall, we were quite happy with the performance of Q2.
- And hence, achieving the numbers we did even from SSG standpoint overall was in line with what we had thought as a company we will achieve before the financial year had started. To your question, which is how do we look at -- let's -- I'll just break it down into 3 kinds of stores.

Typically, any store which has not been 5 years old sees higher SSG than stores which have been there for more than 5 years. And then once the stores which have been there for more than 5 years have a onetime boost once it's renovated. So these are broad 3 case scenarios that we see.

**Prerna Jhunjunwala:** Okay. So just a follow-up here. Am I audible?

**Vedant Modi:** Yes, yes.

**Prerna Jhunjunwala:** So just a follow-up here, then I'm just trying to understand, okay, if you're saying that there is - there were no wedding date in this quarter. And this is the -- so typically, on a like-to-like basis, what would have been the SSG then?

**Vedant Modi:** In what sense, sorry?

**Prerna Jhunjunwala:** Like if there were no wedding dates last year...

**Rahul Murarka:** *[Inaudible 0:57:04]...*

**Prerna Jhunjunwala:** Rahul, I cannot hear you. I'm sorry, your voice is not audible.

**Moderator:** Sorry to interrupt, sir. Your voice is not audible at all.

**Rahul Murarka:** Can you hear me now?

**Moderator:** Yes, we can hear you now, sir.

**Rahul Murarka:** Yes. So what I was trying -- what we were trying to say is that, look, in terms of SSG, I think the more relevant way to look at it would be at H1 level at this point of time rather than Q2 because Q2 of this year is not comparable with Q2 of last year. So answering to your question, I think the more appropriate manner of looking at SSG would be to see at H1 where we are at currently at 8.3% SSG.

**Prerna Jhunjunwala:** Okay. That is helpful. Sir, second question is on how do we -- like wherever we've talked about brands like Twamev is doing well, Diwas is doing well, AP and Telangana is doing well. So where are the challenges in the system to drive growth or where -- what are the challenges that you're facing, which -- or which areas the challenges are maybe brand-wise or geography-wise, that you can help us understand are dragging the numbers down?

**Vedant Modi:** No. So I mean from our perspective, H1 has been decent and Q2 was pretty good. So that is our understanding. If I talk more from a last financial year aspect, then broadly, the one big area was footfall in our men's segment was weak, which was the main sort of lag on growth driving.

**Prerna Jhunjunwala:** Okay. So is the challenge at Manyavar level is how we should see at?

**Vedant Modi:** No. So again, when I say Twamev is doing good, at the end of the day, when it's a Manyavar retail store and if a customer is buying Twamev, they think of Twamev as luxury Manyavar. So from a consumer's aspect, the way we see it internally is Manyavar plus Twamev when it's a Manyavar store. So from that angle, when we start seeing, what I would like to say is if the

footfall was slightly better by 5% to 10%, it would have solved for majority of the growth-related issues in the past financial year.

**Prerna Jhunjhunwala:** Also, one macro question at industry level, celebration wear earlier was largely growing at 20-odd percent when we got listed. Now in your opinion, as a category, what will be the growth for celebration wear...

**Vedant Modi:** Unfortunately, this number right now, I wouldn't have with me. We haven't sort of done industry research in the past 2 years. However, once we do it, I'll be happy to share it with you. But my understanding is Indian menswear is still at a very nascent stage. Even though India has so many festivals, 1 crore weddings annually, the market is hardly anything in terms of overall size.

So it will absolutely rapidly grow in the upcoming years. As India's middle class grows, there is no reason that this industry will not boom. But for that to happen, India's middle class will have to grow in big numbers.

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

**Vedant Modi:** Thank you very much to all the analysts and everyone who had joined this call. It's always great interacting with you. We will see you post a big festival calendar and all the weddings in Q3. Thank you very much.

**Moderator:** On behalf of Vedant Fashions Limited and ICICI Securities Limited, thank you for joining us, and you may now disconnect your lines.