



VEDANT FASHIONS
- LIMITED -

**“Vedant Fashions Limited
Q3 FY'26 Earnings Conference Call”**

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MODERATOR: MR. GAURAV JOGANI – JM FINANCIAL

Moderator: Ladies and gentlemen, good day, and welcome to the Vedant Fashions Limited Q3 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 the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Gaurav Jogani: Hello, everyone. On behalf of JM Financial, I would like to welcome you all to Vedant Fashions' Q3 FY '26 Earnings Conference Call. From the management today, we have with us Mr. Rahul Murarka, CFO; and Mr. Niraj Saraf, GM FP&A and Head Investor Relations. Thank you, and over to you, sir.

Rahul Murarka: Good afternoon, Namaskar, and a warm welcome to all participants. I'm Rahul Murarka, the Chief Financial Officer of the Company. I'm accompanied with Mr. Niraj Saraf, GM, FP&A and Investor Relations. Thank you for joining us today to discuss Vedant Fashion Limited Q3 and 9-month FY '26 results. I hope you've had an opportunity to go through our financial results and Investor Presentations, which have been uploaded on the Stock Exchange as well as the Company's website.

During the quarter, sale of our customer was around INR 692 crores. And during 9-month period, it was around INR 1,447 crores with a growth of around 5.4%. Further, SSSG during the 9 months of FY'26 stood at 1.8%. As highlighted in our earlier discussion, this year, our focus remains firmly on strengthening the quality of our retail business. This is reflected in the improvement across our retail KPIs during the quarter as well as 9 months period.

Our continued strategic emphasis on enhancing customer experience, deepening design offerings, introducing attractive price points, strengthen retail training, leveraging data-led merchandising and replenishment and maintaining disciplined KPI management has collectively supported an improvement of key retail KPIs and also improved inventory turns.

In line with this calibrated approach, we pursued selective store expansion while rationalizing smaller format and underperforming locations, resulting in net addition of approximately 5,500 square feet during the quarter.

Additionally, we launched another flagship store, Twamev exclusive brand outlet of 9,000 square feet in Mumbai, which further strengthened our premium retail presence. During the year, we executed an integrated marketing strategy across our brands and channels, leveraging a balanced mix of digital and traditional platform to enhance brand visibility, sharpen brand positioning and deepen consumer engagement. Our initiatives included category-led campaigns, new wedding collection launches, festive and occasion-based promotions, store level activations, and influence collaborations.

A key highlight during the quarter was the successful launch of “The Manyavar Shaadi Show,” a 6-episode YouTube podcast hosted by famous celebrity, Karan Johar. The series explored interesting take on modern India wedding planning, blending humor, celebrity conversations, and expert insights.

It features well-known celebrity personalities, industry experts, celebrity couples like Kriti Kharbanda and Pulkit Samrat, covering themes across wedding fashion, styling trends, photography, bridal entry, and evolving customer expectations.

The series also explored topics such as real wedding stories, the evolution of wedding fashion, the growing influence of social media and the importance of preserving wedding memories. The show has delivered strong viewership and very positive feedback, which further strengthened long-term brand equity through celebrity-led storytelling, reinforcing our connect with the modern Indian wedding customers.

Additionally, we continue to strengthen our brand portfolio through focused campaigns across levers. Mohey carried forward its “Mohey, Rang Do Campaign” , celebrating its India's vibrant festive spirit and Twamev built further momentum around its “Truly You” proposition through new collection launches and influencer-led storytelling.

Mebaz launched its new campaign “Celebration begin with Mebaz” and Diwas executed targeted digital and social media initiatives during key festive periods to expand reach and engagement across marketplaces. Collectively, all these efforts have enhanced brand positioning and consumer appeal across platforms with a positive impact expected to play out sustainably over the long term.

Now, I would like to highlight the key financial performance metrics for the quarter and 9 months period 31st December 2025. Starting from Q3 FY'26 performance update. Revenue from operations during the period was around INR 492 crores. The Company continues to report healthy gross margin of 65.7% and healthy EBITDA margin of 44.6%.

The Company reported best-in-class PAT margin of around 27.4% and the profit after tax stood at around INR135 crores. Now coming to 9 months period, the Company reported revenue from operation of INR1,036 crores with a growth of around 1.7%. The Company continued to report healthy gross margin of around 66% along with healthy EBITDA margin of around 44%. The EBITDA during the period stood at around INR 453 crores.

The Company also reported healthy PAT margin of 25.2% and the profit after tax stood at around INR 261 crores. Moreover, during the trailing 12 period December'25, the Company reported strong and healthy cash conversion ratio of 95%, which has been computed based upon operating cash flow to PAT excluding finance income. During Q3 of FY'26, our overall performance was significantly impacted due to December month, on account of fewer wedding dates in December and no wedding dates in January, coupled with muted consumer sentiment...

Moderator:

Sorry to interrupt sir. Sir, your voice is breaking.

Rahul Murarka: However, we have had positive overall L2L sales growth in view of festivities and weddings during the period. Furthermore, our premium brand Twamev is doing very well with an overall growth of 40% in Q3 and YTD along with SSSG growth of 12% in Q3 and around 16% in the YTD. Encouraged by the robust traction and rising premiumization trend, we plan to further accelerate and scale this segment faster in the future.

Going forward, we remain firmly focused on our core strength, supported by various ongoing initiatives to drive sustainable long-term growth. We are optimistic that various government initiatives already undertaken will support a revival in consumer sentiment over the coming periods, and we are fully prepared to capitalize on the improving demand environment.

Now we can move to the Q&A.

Moderator: The first question is from the line of Tejash Shah from Avendus Spark.

Tejash Shah: We have seen compression in gross margin without commensurate acceleration in growth. So if you can start by kind of sharing your thoughts on gross margin compression and how to think about this trade-off that, let's say, if gross margin goes down, can we expect some acceleration in growth or both are not related at least in the current market construct?

Rahul Murarka: Thank you for the question, Tejash. So in the earlier periods, Tejash, we have been able to achieve exceptional gross margin. This time in the current Q3, the gross margin got impacted majorly because of GST because as we have discussed earlier, in 90% of our products, GST rates have increased from 12% to 18%. However, following a balanced approach from a consumer lens and consumer perspective, we have not increased MRP of all the products.

And hence, we wanted to deliver products which are aspirational yet value for money. So accordingly, there is some level of onetime GST impact, which has come on our revenue as well as margins and profitability, which we believe that will get normalized to a large extent in the upcoming period. As far as growth is concerned, we are working on different aspects.

We are taking a lot of initiatives around designs, varieties, price points to be more competitive and how we can bring more fresh products for the consumer, how we can improve their consumer experience. And we are doing different things. We are also taking lot of marketing initiatives, like we started the Manyavar Shaadi Show with Karan Johar. We have also started a new campaign with Rinku Singh. So we are doing lot of new initiatives which we were not doing historically, which we feel will help in improving the brand positioning, brand visibility.

On gross margin, I'll just start from the beginning to be more relevant. So on gross margin, in the earlier period, we have been able to achieve exceptional gross margins. And during Q3 and this period, the gross margin was impacted because of GST. And you are all aware that in our segment, GST has increased from 12% to 18% in 90% of our products. However, we have not increased our MRP to that extent, considering the balanced consumer approach and to ensure that we deliver products which are aspirational get value for money.

And as a result, there has been onetime impact of GST in our revenue as well as profitability, which we feel will get normalized to a great extent in the upcoming periods. However, as a management from a gross margin perspective, we are very confident that we'll be able to achieve 65% plus of gross margin as we have informed earlier as well.

Tejash Shah:

Sure, sure. Second question on so we don't have a like-to-like peer set as such. But when we see names or numbers of Aditya Birla Fashion's ethnic portfolio or Sai Silk..... at least from context of that peer set, it seems that we are losing market share. So how would you frame your relative market position in this context? And is this divergence more cyclical, regional or execution led? How would you kind of try to explain that?

Rahul Murarka:

Sure. So on competition, one part is that we have a lot of market surveys at the ground level, and we have been closely monitoring competition at our end. What we see is that there has been overall multiple level of consolidation at the industry level.

Because what we're seeing are the organized two players who have started very recently 1, 2 years in recent times. But at the industry level, we are actually witnessed lot of multiple consolidations, even we have seen few players having 5, 10 stores at Pan-India level winding up their business.

So we are very confident on our moat which we have, and we feel that as far as competition is concerned, we fundamentally should go forward in terms of our growth. And as for the few players which you mentioned, the base is very low for them. And as a result, at a low base with, you know, new stores opened in the last 1-2 years, I mean, it is very obvious that the L2L growth or the numbers will show very positive.

But from our perspective if you ask me, like, you know, also if you talk about Tasva you know, one of the brands you have been mentioning. So we'll talk about premiumization to a bit extent. So look, currently what we see, when we talk about consumer sentiment, premiumization is actually in play.

So our brand Twamev, also has been doing exceptionally well during Q3 as well as the YTD period, which is a premium segment. And it is, of course, a base is low as the other competitors also you mentioned. So when we talk about our brand Twamev, which is a premium segment and doing pretty well, exceptionally well, I would say.

In Q3, we report 12% SSSG growth. In YTD, we reported 16% SSSG growth. And overall, we reported 40% overall growth. And with the kind of figure which we have, it is very encouraging, and we have plans to faster expand it in the near future. So that is how we look at competition as of now.

Moderator:

The next question is from the line of Sameer Gupta from India Infoline.

Sameer Gupta:

Sir, firstly, I understand there has been a peculiarity due to wedding days this quarter. But even when the quarter started, you would not have expected a decline in sales. So there would be some more additional factors that have come in this quarter. Would it be helpful if you could

highlight some of those as to what exactly has happened apart from, of course, the wedding dates mismatch?

Rahul Murarka:

Sure. So I'll give the entire conversation on the Q3, why Q3 got impacted and which will cover the other factors also, Sameer. Thank you for your question. So basically, our Q3 performance got impacted because of January month. Because this year, there were no weddings in January at all, no single date of weddings vis-a-vis last year, there were 11 wedding dates in January.

Furthermore, in December also, this year, there are only 3 days till 6th of December, wherein last year, it was pretty staggered till 14th of December, and there were 6 wedding dates. So of course, there has been a major impact of December month because overall, when we look at our October plus November performance, we have done decent business and our business performance was positive.

Furthermore, what has happened is that this time, festivities have started very early. So like Navratri last time started in October. This time, Navratri started at the end of September only. So as a result, some part of revenue also got booked in September. So if you look at our business performance from September to November, again, we were able to do very decent good business positive both L2L and overall growth.

However, it is the month of December, which got so significantly impacted that the overall Q3 performance got impacted. But the good part is that with all these happening, we are all retail KPIs, say ABS, ABV, everything has been doing very well because of the hard work which we have done at the ground level. So that is a very positive sign from business fundamental aspect.

Now what more important factor which is playing, as you mentioned, Sameer, that what we were not knowing is that the impact of consumer sentiment. Like this was one thing. This again, we felt that with all the initiatives that government has taken on the GST and various other things, we were also very optimistic that the consumer sentiment would drastically go up or will significantly go up, I would say.

However, we did not see any major shift in that consumer sentiment, especially in the middle-class segment because Manyavar is catering to the middle-class segment. So we have seen that the value and premium are still doing very well. But middle class is a segment which is getting affected where Manyavar is getting affected.

So if you look at our brand like Twamev, which is a premium segment brand. So that has done exceptionally well because premiumization is in play. So these are the various aspects which have impacted. But the point that is, as a management, we have been doing a lot of hard work at a ground level.

We have taken a lot of initiatives for price point design, marketing initiatives. And we feel that once the macro level environment gets better in upcoming periods, whatever hard work we have done as a management, as a Company, should show that positive results going forward.

Sameer Gupta:

Great, Rahul. That's very helpful. Second question, so I mean, this is the third consecutive year of subpar performance. Now I'm not asking particularly for this quarter, but if you analyze data over the past 3 years, you would have identified some pain points. So just wanted to understand like what are those pain points that you have identified? You mentioned the middle class is seeing a challenge.

Is that kind of being validated in your data that it is the mid-end where the growth has been slower? Or is it entry price points? Is it non-wedding merchandise, smaller stores, stores where there is competition that has come up nearby? Is it certain geographies that are lagging behind? Any kind of analysis on this will be helpful.

Rahul Murarka:

Sure, sure. So look, on the in last 2, 3 years, last 1 year, at least what we have witnessed is that, as we discussed, that the middle-class consumer sentiment has actually been muted, and it has affected all the consumer companies, and we are also one of them. And because we also are wedding-based discretionary.

So while when wedding happens, of course, the bride and the groom will wear. But what happens is that the other attendees and the family members, that is where the impact starts coming and which is affecting us also. That is on the consumer sentiment, which has been affecting us for last at least 1 year, I would say.

On the competition, as I explained that, of course, after we did the IPO, lot of stores have opened, more than organized, I would say, unorganized, a lot of players have opened. But we are seeing a lot of consolidation, multiple level of consolidation also at the ground level, which we are already seeing and even the new players, even the organized players who started opening 2-3 years back stores, even they have closed the stores.

But major consolidation has already been started happening at the ground level for the unorganized player and overall industry level. So of course, competition would have some impact. But when we monitor performance of our store where competition is there and where competition is not there, we don't see any major delta.

In fact, I mean, the data which we come across of a store where just nearby competition has come up, we see a slightly positive delta also, which also surprises in a way. So that is where we understand that there's something else which is there apart from the competition. And of course, so that is why consumer sentiment is something which we felt.

And as far as price point is concerned, look, as I mentioned that we have taken a lot of initiatives on ensuring that we have entry price point also we have done a lot of work like I'll give you an example like for Kurta-set and jacket. There's one price point call INR 2,624. We have strengthened a lot in this price point to ensure that our products are very competitive at a very attractive price point.

So after GST, it was good for us also and more helpful for the consumers. So we have done a lot of market surveys on the price point and how we can improve ourselves from a price point

and from a designing prospect also and have done a lot of groundwork at the ground level so that whenever things improve, we will be in a position to leverage that positivity.

Sameer Gupta: So just a follow-up here. So competition is consolidating, your efforts are in place, but recovery on growth still is contingent on overall macro pickup. Is that a fair understanding?

Rahul Murarka: Absolutely. Absolutely.

Sameer Gupta: Or you feel there is like confidence now that next year, you will probably add retail area, which has been missing this year.

Rahul Murarka: Yes, that is another thing. You have rightly highlighted that, Sameer, because this year, strategically, we were focusing on improving the quality of our retail footprint to improve the overall quality of our business from a long-term sustainability perspective. But we feel that our store expansion should start normalizing from next 2-3 quarters.

So of course, from the upcoming financial year, we expect that the store openings should also start normalizing. So that will be another lever of growth for us, because strategically, we were not focusing on that, it was not there. So that will also help a lot in future.

Moderator: The next question is from the line of Priyadarshee from FIL.

Priyadarshee: So I would once again like you talk about the growth aspect. So I mean, I just want to ask if we look at our performance over a year, over trailing 12 months or something, I think within that period, the number of trading would be normalized, right? I mean that should be our assumption. So I think if we are still not able to grow, is it because the category itself is losing relevance and trends that we used to mention that we are moving to more traditional wear during weddings, etcetera. And that sort of that trend has stalled.

And secondly, in this GST environment, are the unorganized players at an advantage given that, you know, they I don't know, I mean, whether they would be keeping properly or something like that, because of which and there would be discounting more? Are these factors also playing out? Thank you.

Rahul Murarka: Thank you for your question. So as far as the trend of traditional wear is concerned, we have been the lead player motivating people for encouraging people to wear Indian wear over the years. And that has really played a lot positively across. And that is where we can see a lot of competition also coming up.

So, if we also look at recent high-profile weddings, then we have seen that even foreigners are wearing Indian wear and attending the weddings and 99% plus people attendees are wearing Indian wear. So from an industry perspective, Indian wear is actually into play, and it is doing really well, not only in wedding, but also across festivities and celebration.

And thankfully, we have been able to have those campaigns, which have helped in bringing improvement in sentiment and overall motivating everyone to wear Indian wear over the years. So from an industry prospect, and that is where so many players we see both organized and

unorganized coming and opening this store in this industry. So from an industry prospect, it is a very growing industry, and there is no challenge at all.

Now as far as unorganized player is concerned, look, what we did earlier, we got a survey done a few years before, 80% of our market is unorganized player. And of course, in last 3, 4 years, a lot of stores have opened in the unorganized segment. And we acknowledge that there would be some impact of competition in our business.

But having said that, the major reason of the business performance, which we see in last 1 year or so is because of the consumer sentiment and macro aspect, which has played a more important role and a major role in our business performance rather than competition.

And as far as competition status is concerned, while many unorganized players have opened the stores in the last 3 years, but we have seen a lot of consolidation also at the ground level and at the industry level. As I mentioned, there are also a few players which were having 5 to 10 stores at pan-India level, they have also wind up all the stores.

So our industry is a very challenging industry. There are various moats which are required, and we are very confident on our moat, what we have been able to develop in the last 2 decades because understanding customer taste and preference across pan-India, working on the supply chain and also look retail, generally, retail and apparel work from discounting mode.

Earlier, there was only 1, 2 months in a year where discounting used to happen in the EOSS. But now you would say a normal apparel play retail players having discounting EOSS across the year. Now in other segments, EOSS is something which generally doesn't give more benefit to any other retail player because if you put Sherwani in 50% discount, nobody is going to buy unless there's a wedding.

So there are a lot of challenges in our industry, which is not possible for any unorganized player to cope up with. And they are having very small working capital. So obviously, in 1, 2 years, it looks exciting. But once the overall liquidity gets stuck because the inventory is not moving because EOSS discount doesn't play a role, that is where the consolidation starts.

And good part about us is that, look, overall, all our KPIs have been increasing across year-on-year. Every year, we are seeing every quarter, while, of course, the revenue-wise overall, we have not been able to grow to a great extent. But as far as retail KPI is concerned, which is the main fundamental and basics of running retail, that is growing every quarter and every year, which is the most important thing.

And we have been able to fundamentally maintain our margins also at a pretty good level. So that is where we feel that as soon as the macro environment improves, we would be the first person, and we would be in a very advantageous situation basis whatever initiatives we have taken in last 1 year at the ground level.

Moderator:

The next question is from the line of Rahul Agarwal from Ikigai Asset.

Rahul Agarwal: Just a couple of questions, then I'll get back in the queue. Firstly, you mentioned about store consolidation still going on and then next year should look better. Could you elaborate a bit? Could you give more color? Where are we on this journey? What have we seen in this 9 months? We have seen some more shutdowns in third quarter. Just a bit of elaboration on what is the thought process right now? And how do you see next 2 years evolving on a top-down basis, that will be the same. That's the first question?

Rahul Murarka: Thank you, Rahul, for your question. So strategically, as a management, we focused on improving the quality of our retail footprint, which will result in improving the quality of our business. That would be helpful for a long-term sustainability of the business from a long-term prospect.

So that is where we were focusing on our retail footprint, which existing we have. And there were some store closures, which we have done last year and current year also because of various reasons, because if you see, our majority store expansion are having in the flagship segment.

We are opening more larger stores. So in order to improve the overall brand identity and customer experience, we have been closing smaller store of 1,000 square feet and less, including the SIS stores. So that is one reason.

Secondly, generally, because Indian environment is very dynamic, many cities in India are also dynamic. New markets are evolving. Old markets are getting old. So there are a lot of market shifts also which are happening within a city. So that is another reason what we are doing is that we are closing the markets, store in markets which are very old and now where the market is not doing so well because it has shifted to another location.

So that is another reason. And third is, of course, there are certain stores which are not very much performing as per our KPIs. So that is why we are consolidating on those things. And what we feel and I'm very confident as a management is that once this exercise is over in next 2, 3 quarters.

So to answer your question, Rahul, we feel that this exercise should get over in next 2, 3 quarters. And from there on, we feel that the quality of business and the overall productivity should be very good. And as far as store expansion is concerned, we have not seen much store expansion this year strategically. But we feel that the store expansion should start normalizing from next 2, 3 quarters.

Rahul Agarwal: Right, right. So if I look at the store count, right, I mean June '23, we had similar stores, 664-odd. This is going into next 3 quarters, are we going to see an absolute decline here? Or we're going to see though we're not going to see net additions, I understand, because it's going to be gross plus some closures, but we'll maintain this count going forward. Is that understanding correct?

Rahul Murarka: So to be very frank, how we judge and how we monitor square feet store expansion is based on square foot area. And why you see a decline in count is that because as I mentioned, we have

been opening larger stores and the closures which are happening are smaller stores, which are there.

So because 1,000 square feet and less smaller stores are closing, so that is why count-wise it is going down. But I think the kind of store opening which we do, it varies from 2,000 square feet to 20,000 square feet. So that is why the right way of monitoring, which we also do is based on square feet area rather than count to see how we are progressing on the expansion.

Rahul Agarwal:

Got it, Rahul. I understand that. I understand. And just last question on balance sheet. Given the slowdown and moving of demand between quarters, I think wedding days for Feb '26 is a very strong month, I would imagine almost double-digit wedding days. Some flow-through we have seen in January, some comments on that. And on inventory, is there anything to worry about?

Rahul Murarka:

So on the inventory side, we have built a lot of efficiency around there as a result of efficiency in supply management and inventory management and demand planning. As a result, we have seen improvement in inventory turns as well, which is actually something amazing to have from a business prospect because we are able to do much more business with lesser inventory turns. So basically, from that prospect, inventory levels have really improved at our warehouse as well as at the store.

As far as January is concerned, as we discussed, there were no wedding dates at all in January. Considering that aspect, we have been able to do decent business in the month of January.

Moderator:

The next question is from the line of Aashish from InvesQ PMS.

Aashish:

Yes. Sir, just wanted to understand because we have stalled on opening new stores. And I would assume that we are still a long way to go in terms of penetrating the markets that are available in India for our sort of products. I mean, it sounds like the ROIs on those investments may not come immediately or maybe might be lower than what your Company ROIs would be or paybacks would be.

But does it make sense to just stall the entire process because you think that the markets are not supportive enough because maybe the ROIs are not like maybe 30%, 40% or maybe it's like 20%. So as a businessman, how one would approach this?

Rahul Murarka:

Sure. Thank you for your question. So 2 things are there. First of all, look, last year, if you look at FY '25, on a net basis, we did open 85,000 square feet. And that too is also on a net basis because there were closures also. So at a gross level in last year, we did decent openings. And we did pause on store opening acceleration. And this year also, we have opened store at a gross level, but we have closed also because of reasons we have discussed.

And as a result, on a net basis, it looks like we are just 2,000, 3,000 square feet area expansion. But we have been expanding also. And the reason we have been doing is, first of all, to improve the quality of our retail footprint so that the quality of business improves.

Secondly, 1 year back when we discussed, there were a lot of inflation in the lease rentals. Because of which also we had paused the acceleration of store expansion because whenever we enter into lease rental, it is for a very long period. It is for 10 to 15 years.

So if we enter into a commitment with a very high lease rental, then it is a long-term impact on our profitability. And that is why because of these reasons, we did pause the manner in which we were accelerating the growth of retail opening.

But having said that, the fact is that we have been still opening even last year and currently year also, we have had some gross openings. And we feel that this exercise of consolidation will get over in next around 2 quarters. And from there on, we feel that the store expansion will get normalized as it was happening earlier.

Aashish: A follow-up on that would be, would you say that the paybacks on the new stores has elongated versus what you used to see in the past?

Rahul Murarka: Not really. Actually, to avoid that, we have done this because as I mentioned that to avoid a scenario wherein we get into a very commitment of very high rental, we didn't want to get into that situation. And that is why because we are into a franchise business. So we are very cautious and we have a very proper approach on store opening so that we ensure that wherever we open stores, we ensure that not only we make money, but the franchisee also makes money.

So we open the store only with the context where both of us are able to make good amount of money. So the point is not that we were seeing that the ROI will not be good. But if you look at our store expansion, in the last 2, 3 years, we have opened at least around net on a net basis, around 7 lakh stores in the store area, which is a huge store expansion.

So we also wanted to review those ones, which we have already opened. But the question was not on the ROI. The question was how we can improve the existing fleet, which we already have and how we can wait for the right moment to come when we can accelerate our store expansion.

So store expansion is already in our hand because we have all the mappings of the market, the cities where we need to expand. It is just about the right moment we are waiting. That is there. We will accelerate that in the next few quarters, as I mentioned.

Aashish: Okay. Actually, sir, is it likely to be a problem with the festive wear category itself because there are different retail businesses having different directions because in certain mass retail, we are seeing that the SSSGs and everything is growing very well. So would you comment on that? Is it specific to category or generally, the market is not great because numbers speak something different for other people?

Rahul Murarka: So overall, this industry has been really doing very well, as we discussed. Overall, the industry has been doing very well, and that is where we see so many players coming up as well as consolidating.

But the point is that this industry itself is very difficult to work upon. It is not a very easy industry to work upon because consumer taste and preference are very different in every region, every city. India is a complex country with different taste and preference across markets, cities, and states.

So it is a very difficult industry to work and survive and grow from here on. So that is the reason we see some consolidation already happening. But from an overall industry prospect, it has been really doing very well.

When we compare with any mass or a value retail or a premium retail, as I mentioned, in India, middle class segment is something which has actually got impacted in last 1 year when it comes to consumer sentiment.

But if we talk about value or when we talk about premiumization, those are the areas which have actually not got impacted. So that is where we see, as I mentioned that our premium brand, Twamev is doing exceptionally well, while Manyavar being in the middle class, mid-premium segment has been impacted because of the current macro environment.

Moderator: The next question is from the line of Azharuddin from Sameeksha Capital.

Azharuddin: Most of my question was already answered. So just one question on we took some initiative on our COCO stores in last quarter, and we invested around INR11 crores as a capex as well. So just can you please share the initial performance insights, how are these stores performing in terms of revenue per square feet, store level EBITDA and payback period compared to FOCO stores? And based on the pilot results, do we see a larger rollout of COCO stores ahead?

Rahul Murarka: Thank you for the question. So look, as a model, we will continue with the franchise model, which we have. So from future prospect also, largely our expansion would come from franchisee store only. As we mentioned in our earlier call, we had converted some franchisee store to COCO store to do some experimentation and to try new things to see what is the outcome of that.

So from a future perspective, the expansion would be largely from franchise only and not COCO model. As far as performance of these stores are concerned, it has been doing decently well, apart from the December reason and whatever is there. But overall, when we compare to the other stores in the same region, it has done decently well. They have done in parity what other stores have done.

Azharuddin: Okay. And how are you tracking the, let's say, average selling price across your different brands? Let's talk about the Manyavar or Twamev or Mohey or Mebaz, so is there any data which you are tracking across your new product launch in the particular brand? I just want to know the blended realization across the brand compared to your peers.

Rahul Murarka: So, we are having a complete track of ASP brand-wise. So typically, because we have access to all the cost sales, which is happening in the franchise store. So our ERP is fully integrated for us, wherein we have full visibility of at what price, what products are being sold to which customers.

So that is not a problem. So look, blended ASP for us is around INR5,000 if you look at current YTD. And of course, the ASP of Manyavar would be below that. And Twamev would be higher, it could be in the range of INR15,000 ASP, INR15,000 to INR16,000 and Mohey would be in the range of INR7,000, INR6,000. So that would be the breakup of ASP.

- Moderator:** The next question is from the line of Miten from Fractal Capital.
- Miten:** Sir, your gross GST rate, as I understand, is about 17%. Could you help us with the...
- Rahul Murarka:** Can you please rejoin, because the voice coming very low, not able to hear properly.
- Miten:** Yes. Sir, your gross GST rate is about 17%. Can you help us with the net GST rate?
- Rahul Murarka:** So our GST rate on all products above 2,500 is 18%.
- Miten:** Yes, yes. So blended, I calculated about 90%...
- Rahul Murarka:** So basically, 90% of our products are in that bracket only. And only 10% of product would be in a bracket where the GST rates are 5%. So overall, if you ask me, maybe it would be in the range of 16% types.
- Miten:** And could you sort of give us some sense of the net GST rate after considering the benefit of input tax credits?
- Rahul Murarka:** Input tax rate in our case, the fabrics which we purchase are generally at 5%, whereas our output is at 18% for the manufacturing, which we do. So basically, at a net level, if you reduce 5%, you'll get the net GST rate for that.
- Miten:** But do you have other reasons as well, right, on rent, etcetera, you would have credit input tax?
- Rahul Murarka:** Rent?
- Miten:** Yes.
- Rahul Murarka:** No, we don't take anything on rent actually. We don't have any rental model. So there are other input credits on services if you are coming to that like lease cost and other things. So those inputs are there. But broadly, at a net level, I would tell you that it would be net of everything, it would be in the range of high single digit, I would say.
- Moderator:** The next question is from the line of Prashant Shah an Investor.
- Prashant Shah:** Just an analogy. I mean you mentioned in your earlier comments that the middle-class sentiment has not turned up as the Company would like to be. As an analogy, I mean, gold prices have gone up exponentially. But still, I mean, jewelry companies have reported fantastic numbers.
- The quantity sold has may have come down, but the realization, the design, almost all of them have reported a fantastic numbers. And so my point is and I mean, pardon me if I'm very blunt. Has there been some sort of slip up in reading the consumer sentiment, which has impacted our

quarterly sales? Or is it that, I mean, the consumer is not finding a value, which is why he is looking for alternatives and that is impacting our sales? That is my first question?

Rahul Murarka:

Sure. Thank you for your question, sir. So look, we are not an expert on jewelry companies, but the basic thing, what our understanding was is that considering the price of jewelry, which has gone up significantly in last 1 year, I mean, that would be one important aspect to consider from a growth prospect for them.

And secondly is that in India, jewelry is not a discretion, it is an investment. It is for both. I mean, even in the large Company, which we were dealing with jewelry, less than 50% is based on wedding for them. And more than that is other than wedding. And in India, people look for jewelry from an investment perspective also.

So I think I was able to explain the rush, which is there on silver and gold, which may be driving the overall growth for the jewelry players. And the jewelry as a segment is not an expense but also considered an investment from an Indian culture perspective. So not very comparable to be very frank with our segment.

So from our reading, sir, the actual reason is because we have been closely monitoring our products performance, all retail KPIs. We have been doing market surveys at the ground level. We have been discussing with various people at the market.

We have been discussing with various players also, so our understanding seems to be that the overall consumer sentiment at the middle-class level are actually impacted, which is majorly affecting our business, apart from the wedding date play, which did play a very important role.

Because if you look at overall revenue also, as we mentioned, if we exclude December month, then in the festivities and celebration, we have been able to decent business. But of course, with more positive consumer sentiment, we could have done better as well. But overall, when we talk about Q3 performance, it is majorly because of December and January wedding led (46:39), along with the muted consumer sentiment, of course.

Prashant Shah:

Well, I mean, we'll have to go with that. But because I mean, jewelry was one example. But otherwise, if you see wedding venues, airlines, hotels, wedding coordinators, I mean, all of them seem to be doing a rolling business. But if you say so, I mean, fair enough.

I mean my second question was, in one of your earlier calls, you had mentioned that lease rental inflation, you consider at 4% per year. So a growth below 4% would be a degrowth. Is my understanding correct?

Rahul Murarka:

So, thank you for your question. I actually don't recall that we did give any commentary. What we mentioned is that we have generally lease term of 10 to 15 years. And every 3 years, generally 3 to 4 years, there's an escalation clause, which is there for around, say, 5% or plus of escalation in the lease rental.

So that is how we are. And because we enter into lease rental for a long-term basis, say, for 10 to 15 years. So if we commit - on an environment where the lease rental at a high rate, then it becomes a long-term commitment for us.

Prashant Shah: So in light of the recent -- I mean, what you just explain...

Moderator: Sorry to interrupt Mr. Prashant, may we request you to join the question queue...

Prashant Shah: Madam this is add on to that only. I mean this is the last one. Is the Company thinking of renegotiating any of the lease rentals and right, I mean, in view of the recent business trend?

Rahul Murarka: Yes, yes, absolutely. So look, I mean, we do renegotiate lease rental wherever we feel that there's an opportunity considering the overall market situation. We always do that as a normal process.

Moderator: The next question is from the line of Prerna Jhunjunwala from Elara Securities.

Prerna Jhunjunwala: Just wanted to understand the mix of cities, how the demand has been panning out, whether it is pain in some segment of cities like Tier 2, Tier 3 because you are the widest available brand in the organized space. So is there any opportunity or challenge that you see in Tier 1, Tier 2, Tier 3 that may have been affecting you in some way or is now available for opportunity? In both ways, I would like to understand the geography of our brand visibility.

Rahul Murarka: Thank you, Prerna, for the question. So at a YTD level, we don't see any gap geographically, to be very frank. But on a quarter-on-quarter basis, there are various reasons why different geographies do behave differently. Like in case of South too, we saw that overall, at a YTD level, it has done good positive business.

But when you look at Q3, it was more impacted than other regions because they have their own un auspicious period, which started earlier called Mudham, which started earlier this time in November end, which generally started in December mid. But apart from that, we have not seen much major difference geographically at a pan-India level.

Prerna Jhunjunwala: So a follow-up to this is that we're seeing difficult time across geographies given that our SSSGs have been declining. So is that a right understanding, not even for this quarter, but from a 9-month perspective as well?

Rahul Murarka: So to be honest, if we exclude the December month, which has been exceptional December month, which we have not seen at least in last 5 years, wherein there have been no weddings in January. If you look at the core wedding and festivity period, we've actually done decent positive business. But it is just because of this December month that our overall performance has got impacted in Q3. And of course, as well YTD levels have also got impacted.

As I mentioned, if you look at September to November or October to November, then we have done decent positive business, both overall as well as L2L, but the December month was so drastically impacted that it actually impacted the entire quarter.

So to be very frank, when it comes to festivity and wedding, there was another question that others are also doing well. So we have also grown only during that period. But just because of the wedding calendar, because of the December month, it got so much affected in quarter 3.

Prerna Jhunjunwala: Okay. So my second question is on brand-wise performance. Given that your premium portfolio continues to do better, could you just help us understand how the brand mix has changed over the last 3 to 4 years? And how do you foresee it going forward? And whether Manyavar as a brand, what kind of investments would you see if that percentage is declining meaningfully?

Rahul Murarka: Sure. So with the growing brand, of course, the pie of new brands, percentage of mix have been improving. And of course, we expect that to further improve along with Manyavar because Manyavar also, we are very confident that it will grow along with other brands also. But yes, of course, there has been some percentage slight, which has also overall other brand, if you see that has improved over Manyavar.

But from a future perspective, we are very confident that all our brands, along with our flagship brand will have a very strong growth potential. So difficult to comment on how the mix would change going forward. But yes, we see a healthy growth in all our brands from a future perspective.

Prerna Jhunjunwala: The current mix would help if you could share?

Rahul Murarka: Actually, I'm so sorry, but we are not currently sharing the mix percentage. But yes, in future, at some point of time, we would definitely do that.

Moderator: Due to time constraints, that was the last question. I now hand the conference over to the management for the closing comments. Over to you, Sir.

Rahul Murarka: Namaskar, and thank you, everyone. It was a great pleasure interacting with you all, with all the analysts. Thank you very much for joining. Looking forward to interact again in the next quarter. Thank you.

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