



VEDANT FASHIONS  
- LIMITED -

“Vedant Fashions Limited  
Q4 FY26 Earnings Conference Call”

May 11, 2026



VEDANT FASHIONS  
- LIMITED -

Aventus<sup>^</sup>



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

**MODERATOR:** **MR. TEJAS SHAH – AVENDUS SPARK INSTITUTIONAL  
EQUITIES**

**Moderator:** Ladies and gentlemen, good day, and welcome to Vedant Fashions Limited Q4 FY26 Earnings Conference Call hosted by Avendus Spark. 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Tejas Shah from Avendus Spark. Thank you, and over to you, sir.

**Tejas Shah:** Thanks, Nirav. Hello, everyone. On behalf of Avendus Spark, I would like to welcome you all to Vedant Fashions fourth quarter FY26 Earnings Conference Call. From the management today, we have with us Mr. Vedant Modi, Chief Revenue Officer; and Mr. Rahul Murarka, Chief Financial Officer. Thank you, and over to the management for opening remarks.

**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 quarter 4 and financial year '26 results.

I hope you've got an opportunity to go through our financial results and investor presentation, which have been uploaded on the stock exchange as well as the company's website.

Vedant Fashions is India's leading wedding and celebration wear company. During the fourth quarter of FY26, retail sales, that is, the sale of our customers, stood at approximately INR561 crores, reflecting a growth of 7.8% over Q4 FY25 with SSG of approximately 4.6%. FY26 marked an important milestone for the company as retail sales of our customers crossed the INR2,000 crores mark, reaching INR2,008 crores and reflecting a growth of 6.1% over FY25.

Our strategic focus on enhancing customer experience, retail training, data-driven merchandising and replenishment, omnichannel integration and disciplined KPI management drove a same-store sales growth of approximately 2.7% for the full year. We are pleased to report that our retail KPIs have improved in a healthy and sustainable manner, both for the quarter and on annual basis.

Consistent with our stated priorities, our focus this year has been on strengthening the quality of retail as foundation for sustained long-term growth. Reflecting this philosophy and in the context of prevailing market conditions and an evolving retail landscape, we adopted a focused and disciplined approach to network expansion, prioritizing strategic sustainable store openings.

During the year, we selectively added new stores while also rationalizing underperforming locations, resulting in a net addition of about 4,200 square feet to our retail area. We also successfully expanded our Twamev brand through a new EBO during the financial year. As of March 2026, Vedant Fashions EBO network stands at about 1.79 million square feet, spanning across 669 stores in 252 cities and towns globally.

Across the quarter and throughout the year, we executed a powerful and wide-ranging marketing initiatives, spanning multiple brands and channels, seamlessly integrating digital and traditional platforms to elevate brand visibility, sharpen positioning and foster deeper consumer engagement.

Our efforts encompass celebrity-fronted campaigns, a podcast and a lifestyle series offering wedding planning guidance featuring real couples and celebrity guests, category-specific campaigns, social media activations, new wedding collection unveilings, festive and occasion-driven outreach, in-store events and influencer partnerships, all working in concert to reinforce brand equity and strengthen our connection with consumers.

A defining highlight of our marketing calendar was the launch of the landmark Made for Each Other campaign, featuring Rashmika Mandanna and Vijay Deverakonda. Conceptualized as a high-energy musical rom-com by celebrity composer, Amit Trivedi, the campaign beautifully captures the couple's playful dynamic around wedding attire, celebrating how their differences make them perfectly matched, a narrative that mirrors the modern stylish fusion embodied by Mohey and Manyavar.

The campaign resonated powerfully with audiences, surpassing 1 billion-plus views and becoming the most liked organic branded collaboration on Instagram in India, generating more than 11 million likes, a testament to the strength and cultural relevance of our brands. This was also one of the fastest campaign turnarounds that we've ever done from receiving the confirmation from the celebrities to production in just 6 days.

We further deepened our consumer connect during the year through the launch of the Manyavar Shaadi Show, a 6-episode YouTube podcast, hosted by renowned celebrity, Karan Johar. The show brought together multiple personalities, including Kriti Kharbanda, Pulkit Samrat, the Mohan Sisters, Vishal Punjabi alongside many industry experts.

The idea was to explore modern Indian wedding planning through humour, candid conversations and expert insights, spanning themes from wedding fashion and styling to photography and evolving consumer expectations. The show garnered strong viewership and an overwhelmingly positive audience response, further strengthening brand equity and deepening our connect with the modern Indian wedding consumer.

Adding to this momentum, our Manyavar social media campaign, featuring cricketer Rinku Singh, amplified brand visibility and engagement across platforms, complemented by the successful launch of Aranya Collection.

Our brand building momentum extended confidently across our wider portfolio as well. Mohey deepened its cultural resonance through Mohey Rang Do campaign, while Twamev advanced it's Truly You proposition through fresh collection launches, influencer-driven narratives and curated experiential activations.

Mebaz reinforced its positioning through the Celebrations Begin with Mebaz campaign, keeping the brand firmly anchored in its core wedding and occasion wear identity. Diwas executed sharp

targeted digital and social media initiatives during the key festive windows, broadening reach and driving meaningful engagement across marketplaces.

Collectively, these initiatives have significantly strengthened our brand presence and deepened consumer engagement across our entire portfolio. As we look ahead, we remain confident in the strength of our business and firmly committed to our core strengths of brand equity, operational efficiency and customer experience.

Our robust store network, relevant inventory and designs, multidimensional marketing initiatives, efficient auto-replenishment systems, all anchored by a strong back-end infrastructure, position us well for long sustainable growth and value creation for all our stakeholders.

This confidence is further reinforced by our strong structural moats, a resilient business model, a disciplined approach, overall giving us significant advantage of cross-brand leverage across our portfolio.

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

**Rahul Murarka:**

Thank you, Vedant. Namaskar, and good afternoon, everyone. I would like to highlight the key financial performance metrics for the fourth quarter and full financial year ended 31st March, 2026.

Starting from Q4 FY26 performance update. Revenue from operation during the quarter was around INR399 crores with a growth of 8.7% over Q4 of FY25. The company continued to report industry-leading gross margin of 65% and healthy EBITDA margin of 45.6%.

The company also reported strong PAT margin of around 28.6% and the profit after tax stood at around INR114 crores with a growth of around 13% over Q4 of FY25. Moreover, sale of our customer during the quarter was around INR561 crores with a growth of 7.8%, while SSG grew by 4.6% over Q4 of FY25.

Now coming to full financial year FY26 performance update. The company reported revenue from operation of around INR1,436 crores with a growth of around 3.5%. The company continued to report industry-leading gross margin of around 65.7%, along with healthy EBITDA margin of around 44.3%. The EBITDA during the period stood at around INR636 crores. The company also reported healthy PAT margin of 26.2% and the profit after tax stood at around INR376 crores.

Moreover, during FY26, the company reported strong cash conversion ratio of approx. 98%, which has been computed based upon operating cash flow to PAT, excluding finance income. Sale of our customer during the year was INR2,008 crores with a growth of around 6.1%, while SSG during FY26 grew by 2.7% over FY25.

As we look ahead, we remain firmly committed to our core strength, brand equity, operational efficiency and customer experience, supported by a range of strategic initiatives designed to drive sustainable and long-term value creation for all our stakeholders.

Now we can move to the Q&A session.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rahul Agarwal from Ikigai Asset Managers.

**Rahul Agarwal:** Three quick questions. Firstly, on your outlook, Vedant, on how do you see the SSG continuing the momentum going into next year, fiscal '27 and the new store openings, if you could just comment on that? How are you thinking and what's the plan ahead?

Second question was on input inflation. Just wanted to know your thoughts in terms of how are we booked on fabric and other input materials for the festival season going forward? How should we look at gross margins?

Apart from the mix in GST, I understand that's going to be a favourable thing going forward in terms of base, but just incrementally, just from an input cost inflation perspective, if you could just guide us on gross margins and operating margins? Guidance, as in, not like looking at specific numbers, just directionally, how does the company deal with it?

And third was on the gap between the retail sales and net sales. I see the gap is increasing on a full year basis, fiscal '26 over '25. This number has almost gone up to 29%. Just wanted to know what is changing here. So these are my 3 questions. Thank you.

**Vedant Modi:** Sure. I think you've covered majority of the questions for the entire earnings call, but thank you for those. So starting off with SSG. As a company, I think we are very optimistic, and we always remain very optimistic. So our goal is to work on everything that we can internally, starting from working on footfalls by continuing to make campaigns similar to the ones we made with Made for Each Other, working on improving our conversion rate through multiple tech initiatives we've actually taken on the ground level.

One thing which I would like to reflect on is that due to the kind of pressure we were feeling in the last 2 years, our ASPs have not moved as quickly as they've typically moved in the past. So this is one thing which we will be changing as we move ahead and focusing on improving our ASPs that would also help us improve SSGs. And finally, continuous investment in terms of training to improve our average basket size.

So while I can't give you a particular guidance on what SSG do we aim to achieve for the next financial year, what I can tell you is that anything and everything which we should be doing as a company to achieve better SSG numbers is something which we are targeting.

From a business development point of view with regards to new store openings, the period we are currently, in the cycle of the company, we feel the main goal for us right now is to focus on SSG, which is what we have been doing. So while gross openings will remain stable in the next

financial years, and we continue to -- we will continue to open a decent number of stores, some level of consolidation will remain.

So one thing which I would like to emphasize on is the quality of new stores that we open will be much better than the quality of the stores that we will close. So net-net, the quality of retail should actually improve quite a lot. So this is broadly what I would like to speak on in terms of SSG and business development.

And there are also a lot of plans in terms of further improving our business when it comes to our other channels such as multi-brand outlets through the SIS format and also working extra hard on our online segments, especially with Diwas now starting to scale up there.

Moving to your second point, which was on the cost and the -- how are we looking at the cost inflation, majorly on account of the war. Typically, fabric is a very large part of COGS for most companies. In our case, one good thing is that fabrics as a component is not a very large part of our overall COGS.

So I'll give you an example. A product of INR100 MRP, fabric will typically be INR8 to INR10 of the overall cost. So in our case, we do anticipate about 50 to 150 basis point increase in the total sort of this number, which is, let's say, on a INR100 product, we can see an impact of INR1 to INR1.5 on the cost. But I think, with time, we will be able to manage this pretty well.

Finally, I would let Rahul ji take the question on retail sales versus net sales.

**Rahul Murarka:** Sure. Thank you, Vedant. So typically, as we have been mentioning that this year, after revised GST rules were -- rates were rolled out in September '25, that has affected our sales and PAT both, including the gross margins. So the difference which we are looking at between the primary sales and the secondary sales, 71% and 73%, it is majorly on account of the GST aspect, which we understand will get normalized to a great extent from the upcoming financial year.

**Rahul Agarwal:** Got it. So basically, that means the gap will go back again to like 25% -- 26%, 26.5%, right? That was the past average, right?

**Rahul Murarka:** No. So basically -- look, I mean, the right way to look at it is that how much is my growth in primary and secondary? Generally, in all financial years, you will see that it was moving in the same direction. But this year, there's a gap of 2% to 3%, 2.5%, 3%. It is mainly because of GST only.

The margin aspect which you are mentioning, it is a combination of our 2 models. One is 18% and 29.5% plus GST. So it all depends upon which store we are opening at what percentage. And majorly, it is 18% store we are opening and 29.5% also. So that does not play a big role. It is important that the GST aspect, which I mentioned, that is the main reason why we see a difference, which should get normalized from the upcoming financial year.

**Vedant Modi:** So I'll just add on to that. So basically, what happens is consumer sales minus the GST component and the franchisee margin is our reported revenue. Now the average, pre-GST change, was -- approximately 10% was our blended GST, which has now increased slightly.

And hence, this difference is here to stay now between the 2 numbers at a decent level. But the growth levels will now start to follow the same trend is what Rahul ji is trying to say.

**Moderator:** Next question is from the line of Rishi Mody from RDM Advisory.

**Rishi Mody:** Yes. Hi, Vedant. Can you hear me?

**Vedant Modi:** Hi. Yes.

**Rishi Mody:** Yes. So a few questions from my end. Just continuing on the store addition piece for the coming year, right? Should we expect the net addition growth to be similar as this year? And secondly, the inventory quality or the inventory ASP in the new stores, is it higher than the company average today?

**Vedant Modi:** Sure. So to answer your first question, the way I would say is that we will see net openings happening in the coming -- in the new financial year. However, majority of our growth will stem from SSG. That is the kind of stance we've taken as a company, that we want to focus on improving the quality of retail and really focusing on driving much higher throughputs.

Even though at a gross level, we will have a lot of openings happening in important parts of India where we currently don't have a store, we do feel that from a net perspective, next financial year is when things will get a lot better.

To answer your second question, there is definitely a slight advantage when it comes to our newer stores. There, our ASPs on average are better. This is also because the kind of stores that we are opening now are slightly larger, allowing us to carry Mohey in a lot of these stores. So there are many nuances that comes to this answer. But yes, on average, a new store has a much better ASP.

**Rishi Mody:** Okay. And the willingness for franchisees to invest in the coming year is also there, given the lack of wedding dates in the coming year?

**Vedant Modi:** Rishi, honestly -- to be honest, there is no challenge in terms of wedding dates. If you ask me, when we analyse the entire financial year, May as a month carries Adhik Maas. So May will be slightly impacted. But hopefully, June should take care of that because July has wedding dates versus last year not having any wedding dates in July.

From second half perspective, last year had an early Navratri. So we had Navratri in September, which is typically very good for us. And this year is normalized with Navratri now happening in October. So these are the 2 big differences. But at a core level, there are not any large wedding date challenges that I would say.

From a franchisee perspective, to be very honest, the way our company functions is that we are the ones that sign majority of the stores. So there has not been a single case where we've signed a store and faced an issue with franchisees. So that is something which does not exist at all.

The challenge fully lies in the current real estate market where rentals are so high that we want to actually sign stores that we are confident we can sustain for the next 12 to 15 years at the

rental levels we are signing them on. So that's the big challenge and not at all anything like around franchisee partners.

**Rishi Mody:**

Okay. All right. Got it. Second, on the marketing piece, right? We've tried all 3 types of marketing in this quarter, especially, right? You've got the influencer marketing, you've got the YouTube series and then you've gone kind of back to the traditional way of us doing our marketing with, say, movie stars and a slightly festive way of doing it on the more generic platforms. What would you say has contributed to the SSG? And is there something that we are planning for the next year, basis this observation?

**Vedant Modi:**

So this is a very difficult question to answer because, in our case, every time we've done marketing mix modelling, we've gotten very funny answers, so to say. So the way I would break it down is that something like -- campaign like Vijay-Rashmika helps us for the next 5 to 6 years, similar to the Virat-Anushka campaign we did in 2017.

So these are those big milestone campaigns that keep us on top of mind of any consumer that could potentially come in our TG in the next 2 to 3 years. So these campaigns should continuously happen in a period of every year or 2 years.

From a -- the wedding podcast, which we did with Karan Johar, the idea behind that was that today, all modern wedding couples do a lot of research online. So how can we be a central part of that. So the goal was that people who don't really have a great way of researching about how to do a wedding can actually watch our podcast to get this information, and this also keeps Manyavar top of their mind.

Finally, we do a lot of influencers, etc. But one thing I would say that we invest a lot now on is the search keywords because anyone in market is typically searching for a sherwani, or searching for an Indo-Western. So that is also one place where we spend heavily. So it's a mix of everything that keeps us top of mind and helps us drive people to the stores.

**Rishi Mody:**

Okay. Final, just a quick question. Diwas, any plans of adding physical stores?

**Vedant Modi:**

Sorry? For Diwas?

**Rahul Murarka:**

Adding physical stores.

**Rishi Mody:**

Yes.

**Vedant Modi:**

So regarding this, I think currently, for this financial year, we are not planning to do anything. Maybe we do a pilot just to have concept ready internally, but there are no plans of opening these properly as of now. But what we are going to pilot is kurta stores but under the Manyavar brand.

So this is something which we are actively working on where there are a lot of opportunities in, let's say, high-throughput neighbourhoods of Bangalore, where we want to open a 1,000 square feet Manyavar store, but we want to do it in a slightly differentiated manner where we primarily

keep kurtas and jackets as categories. So this is something which we are actively working on right now.

**Rishi Mody:** And these will be, say, associated with some sort of quick commerce like, I don't know, Zilo or something? Like I don't know how that model works, but I'm assuming it works well for this.

**Vedant Modi:** Unfortunately, no quick commerce companies are willing to use our stores' inventory. So typically, be it a Zilo or a Blinkit, everyone wants to keep Manyavar products in their own warehouse. So that is the model that all of these work in today. If we do someday decide, then we will have to launch our own quick commerce service on our website or make an app out of it to enable all our stores to act as dark hubs as well.

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

**Gaurav Jogani:** Vedant, my first question is with regards to the revenue.

**Moderator:** Gaurav, sorry, we are not able to hear you. Your voice is feeble.

**Gaurav Jogani:** Hello. Am I audible now?

**Moderator:** Yes.

**Vedant Modi:** Yes. We can hear you, Gaurav.

**Gaurav Jogani:** Yes. So sir, my first question is with regards to the revenue growth for the quarter. Despite Jan being a non-wedding month, still we were able to report an 8% kind of a growth. So just wanted to know what led to this, how progressively the growth has come by? And is it still sustaining? So that is the first question.

**Vedant Modi:** Thank you for the question. So, if I speak about the quarter, majority of the quarter growth actually came from March itself, which actually was a tremendous month for us. And overall, we saw that footfalls had improved pretty decently. And this also gave us a lot of excitement for the upcoming financial year. And overall, April has also been decent as a follow-up to March.

But what is interesting now to see is how would May work for us, given that there is Adhik Maas, but June should again then be exciting, given weddings in July. So that is how we are looking at things. Overall, I think consumer sentiments were turning to be positive as the quarter progressed.

But given that the war started in the later parts of end of Feb, early March, that's when I feel that consumer sentiments, not to a large extent, but then again became sort of neutral. So we'll have to see how these things pan out. And if things continue to be the way they are, we could potentially have decent green shoots in the upcoming financial year.

**Gaurav Jogani:** Okay, sure. And just on the multiple campaigns and the multiple initiatives that you have taken not only towards rationalizing the nonperforming stores or the quality of the poorer stores, at the same time launching new merchandise, new collection, et cetera, so has that helped you improve the conversions or the footfalls? Have you seen any changes in both of these metrics that gives

the confidence to you for the future coming years that your actions are panning out the way you are envisaging?

**Vedant Modi:** Yes, absolutely. So if you look at it from 2, 3 different perspectives, if I speak about just the last quarter, we saw footfalls improving by low single digits. Although that low single digits looks like a low number, it's -- after many quarters, we saw that increase happening.

Conversions on the other hand, have remained stable. They're already very high. So as the competitive intensity in this industry has escalated quite a lot, just because we've been so quick with our merchandising and been doing almost 2.5x designs now last financial year, it has helped us remain at the same conversion levels, which has always been very high. So broadly, these are 2 points. And at the same time, our average basket size also improved by about 1.5%, further helping us achieve better volumes in the last quarter.

**Gaurav Jogani:** Sure. Thanks. And just last one from me is on the competitive intensity. I know, as you highlighted, that it has been a bit escalated over the past couple of years. So how do you see that now? There was a view quite some time back that, given that the majority of these pop-up stores will struggle, given that they come in, come out and profitability is not really there. So have you seen the intensity in any way fading or moving as per your expectations that you had thought before?

**Vedant Modi:** So we track any competition in any market very closely. And what we've seen in the last 7 to 8 months is that the players who had entered in 2022, they have started to close down, whereas players who entered recently in the last 1 to 2 years have still continued to add stores at a pan-India level. So all in all, what we saw is that, net, quite a few stores closed, but also a few stores opened, but in a consolidated manner, net new openings didn't exist in the industry. So that is one aspect.

My understanding about the regional competition -- I can't comment on the larger national groups because their dynamics are very different, but the regional players, and there are many, many of them, is that typically, when they open a new store, the first year is very exciting because it's a new store, new investment that they've put in.

Second year, when sales are not coming to their expectations, that's when they invest even more money in the form of marketing, in the form of investment into new types of merchandising. Third year, due to all the pain, they start to have heavy discounts, try to liquidate. And fourth year is typically when the store closure happens.

That is my understanding of how regional players who don't have a lot of equity backing typically function. So this is what we have understood from the ground, and this is a cycle that is sort of natural in retail.

**Moderator:** Next question is from the line of Sameer Gupta from IIFL Capital.

**Sameer Gupta:** So firstly, if you -- so improving retail quality is an aspect that you have highlighted. If you break down the performance of stores which you would classify, let's say, as newer or better quality, are you seeing any big delta in the SSS growth versus those that you intend to replace?

And how many such stores typically are still existing in the system? And a follow-up to this is, how much was the gross retail area addition in FY26?

**Vedant Modi:** Sure. So I'll answer the last question first. So we added about 1 lakh-odd square feet at a gross level in the last financial year. To your second question, I will give you a broad understanding. At a broad level, revenue per square feet of the new stores that we open versus the ones we closed is about 85% better. So any closed store versus any new store. So that's the difference in the revenue per square feet that we see.

And thirdly, to answer your question, I would say, right now, we would have about 5% to 6% retail area that falls in that category, which we don't love. In any retail company, I would say the normal rate of closure is typically 2% to 3% because markets within cities can move, creating this requirement every financial year. But currently, we sit on about, let's say, 5%, 5.5% of our entire retail area being in that category.

**Sameer Gupta:** So just a follow-up on this. So when you say 85% better, let's say, the store that you're trying to close is 100, then new store that you open with a better area or something is 185 on a higher area -- on a revenue per square feet basis?

**Vedant Modi:** Correct. Correct.

**Sameer Gupta:** And this is from day 1?

**Vedant Modi:** I am giving you averages. So for example, all the stores that we opened in FY26, their average revenue per square feet versus the stores that we closed in FY26, their average revenue per square feet.

**Sameer Gupta:** Got it. Got it. Fair. Second question is, when you say ASP increase, that is one thing you'll focus on, is it larger stores, which is resulting in better mix, as you highlighted to one of the participants? Or are you also looking to take price increases in the portfolio?

**Vedant Modi:** I would say neither from that perspective. So category mix is something which we drive through training. And that is an endeavour that we continuously have where we want to cross-sell Manyavar consumers to become Twamev consumers or Manyavar consumers to buy more Mohey products with both these brands actually having higher ASP than Manyavar.

But the point I was trying to make is, as a company, what we do is we upgrade our merchandising every single financial year with the goal in mind of improving ASP by about 3%, 3.5% in each of the categories we operate. So we will not be taking any price hikes in existing products, but the goal would be to upgrade our collection. So for example, if Manyavar's core kurtas -- the best kurtas exist today at INR4,000, some of the new collection that we make will be in the INR4,500 bracket, to give you an example.

**Sameer Gupta:** Got it. So it's largely mix and that too via upgradation?

**Vedant Modi:** Correct.

- Sameer Gupta:** Got it. Last question, if I may squeeze in. So gross margin contraction of around 150 basis points during the year. I understand it is still in the broad range of 65% plus. But still, if you could highlight the reasons for the contraction this year? Is it higher provisioning, mix impact, GST impact? If you can just classify it within these buckets?
- Rahul Murarka:** So the gap which we are seeing, Sameer, it is majorly on account of GST only, which has impacted our revenue and gross margin as well.
- Sameer Gupta:** Okay. So it's largely GST? Fair enough.
- Moderator:** Next question is from the line of Shravan Vohra from Morgan Stanley.
- Shravan Vohra:** I just wanted to dwell a little deeper on your comment around March. And could you just talk a little bit more about how was March and what actually changed? And any region-wise divergence that you saw in March?
- Vedant Modi:** Well, you see, I could go deeper into this, but our business is very dynamic. And certain months can perform much better also because of the way wedding dates can move between quarters. So I think that is one of the core reasons why March was much better than any other month in the last quarter.
- On the other hand, from a region perspective, what we saw is that, overall, all regions did decently well. We did see that some of the pockets that we operate in performed a little better than others.
- Shravan Vohra:** Right. Got it. And just the second question, I just wanted to understand the other expense line a little better going into F '27. This quarter, on a decent top line growth, the other expenses were down about 7%. So how should we look at this other expense deceleration that we saw in this quarter and also going into F '27? Any colour around that? What's driving this deceleration?
- Rahul Murarka:** So the other expenses comprised of a lot of things actually. The major things which were there as a result of which it has gone down. One was, if you see our inventory, we are bringing efficiency in the inventory thing. So as a result, our job expenses have gone down. Our marketing costs overall were higher than last year. But if you look at only Q4, it was a bit lower. So on account of these things, our other expenses have gone down in Q4 compared to last year's Q4.
- Moderator:** Next question is from the line of Harsh Shah from Bandhan Mutual Fund.
- Harsh Shah:** Am I audible?
- Vedant Modi:** Yes.
- Harsh Shah:** Hi, Vedant. Vedant, you mentioned about focusing on getting the SSG momentum first, right, and then thinking about store expansion. So in that sense, what would be a marker for you as to when to start pursuing store expansion? As in, would 3, 4 quarters of consistent mid-single-digit SSG be a marker, let's say for example, for you guys to start trusting and delivering that, okay, fine, you've got the SSG momentum now and this is the phase to kind of start going into expansion? So I just wanted to get a brief sense on how are you thinking on those lines as well?

**Vedant Modi:** Yes, I think that is definitely a key factor where if we are able to sustain very good SSGs, that also allows us to move faster into new markets that we have not explored. So that definitely remains as a large factor. On the other hand, rentals have become so expensive in the newer parts of India that we want to experiment with, that we've also been a little cautious.

So with improved SSGs and higher revenue per square feet that our model can then carry, this will also allow us to explore new areas and, even at higher rental levels, sign these stores. So they sort of go hand in hand, which is what I've been sort of trying to refer to. But at the same time, there are also a lot of existing areas that we want to open our store in.

If I give an example very close to majority of you, then we don't have any store in South Bombay beyond Lower Parel. I think there is definitely scope for 2 stores in that area regardless of rental levels. But our goal is that even though rentals are high, we want to get a property which really has a high visibility value. So there are also many markets in India where we have been trying to get a very good store, but it's just when an existing tenant actually quits that we will be able to get this opportunity.

**Harsh Shah:** Okay. But I just wanted a directional sense with that, as in how long would you kind of wait and see the momentum sustain before you take the call of going again into expansion mode?

**Vedant Modi:** See, I think the goal is to be at higher SSG numbers and then take those sort of calls. But broadly, if you ask me, like I was mentioning, typically, a retail company closes about 3% to 4% of their retail area in a given year. This year, we might again close 5% to 6% and still try to have net square feet positive growth. I think by next financial year, we will be in a position where openings start to normalize, and that is when things should sort of turn around in terms of openings.

**Harsh Shah:** Okay. And when you spoke about this new India opportunity, right, what exactly -- I mean what kind of cities and towns are you alluding to here in this new -- the new India kind of remark here?

**Vedant Modi:** So broadly, if I give you one example, let's take a city like Bhopal. So in a city like Bhopal, I think we want to open a very large store. But, for example, the challenge lies in the rental levels even in markets like Bhopal, where if we expect the rentals to be x, they are currently 1.3, 1.4x.

So that is the kind of fight we're having across the country where we want to get stores at very good rental levels, and it's being very difficult to find those stores. But we continue to invest resources into ensuring we continue signing stores at rental levels which we feel are sustainable for the next 12 to 15 years for a retail store.

**Harsh Shah:** Okay. Got it. And just one question on the inflation bit. You said that there is 100, 150 basis points of RM inflation, which you would be able to absorb over time. So there might be some hit for us initially, and then probably, we'll be able to make it up for it. Is that the right understanding?

**Vedant Modi:** So the thing here is that majority of our orders for current SKUs are already placed in the existing prices. So the new products for which we are ordering the new fabric takes into account these

prices. So broadly, my understanding is that it should not affect our gross margins much. But 10, 15 basis points here and there is something which might happen. But broadly, they should not impact anything.

**Harsh Shah:** Got it. And just lastly, on this capital allocation thing for the cash balance we have with us, any kind of thoughts there in terms of returning it back to shareholders or retaining it for, let's say, inorganic expansions or something of that sort?

**Vedant Modi:** So again, a very interesting question. Up until now, what we've been doing in the history of the company after IPO is that we've been doing about 50% profits as dividends. So that is a model which we've been doing.

Regarding the current policy, this is something that we have been actively discussing internally. And while I don't have something concrete to tell you right now, I think hopefully, by next earnings call, we will have a very concrete answer on this.

**Moderator:** Next follow-up question is from the line of Rishi Mody from RDM Advisory.

**Rishi Mody:** Two questions from my end, rather quick ones. First one, any inorganic opportunities, Vedant, that you see in the market now that you mentioned players from 2022 have shut down and I'm sure there might be some stress in some regional players?

**Vedant Modi:** Sorry, did you mention inorganic opportunities?

**Rishi Mody:** Yes.

**Vedant Modi:** All right. So broadly, if you ask me, we do track every single company in the space. While there is nothing in the pipeline that we have, or nothing that we are actively exploring, the way I would put it is, overall, we do have the cash in our books to explore acquisitions, but there is nothing that we have currently in the pipeline.

Yes, we feel that the company has advantages where we could really turn around the bottom line of a company like in the case of Mebaz, which is something which we have done. So we are open to acquisitions. But again, we are not currently looking at anything or exploring anything because nothing in scale exists in the kind of sector we currently operate in. So all these players are too small where the cost of acquisition would actually be a lot higher than just opening stores in that area.

**Rishi Mody:** Okay. Understood. Second, just if you could give me the store mix, like how many Manyavar-Mohey, how many Twamev, how many Mohey standalone, how many Manyavar standalone do we have? And if you have to rank the sales per square feet by each format, how would you rank them?

**Vedant Modi:** Yes. So we have about 8 Twamev EBOs and similar number of Mohey EBOs. Broadly, from a revenue per square feet point of view, Twamev would be slightly better off than Manyavar EBOs and Mohey would be slightly lower than that, but broadly broadly all of them would be similar lines.

- Rishi Mody:** The mix between, say, Manyavar-Mohey combined versus only Manyavar?
- Vedant Modi:** You mean revenue-wise?
- Rishi Mody:** No, no. In store-wise as well, like, if you could just help me understand how many stores where there is still scope of making Manyavar-Mohey combined versus where we have only a Manyavar store?
- Vedant Modi:** Any store where we could have added Mohey, that exercise has been long completed. So it's not feasible to add Mohey in any of the existing Manyavar stores. However, what we are doing is that wherever we have very high revenue per square feet in a Manyavar store, we are actively looking for a bigger store where we can also add Mohey.
- Rishi Mody:** Okay. All right. And do we have any pipeline like where we know we want to do this?
- Vedant Modi:** Yes, of course. I mean this is an exercise which we do on a quarterly basis, where we track every store and try to understand if there is opportunity for Mohey or opportunity for a bigger store, and then we go deep into that and try to find the larger stores. So this is something which we actively do on a quarterly basis.
- Rishi Mody:** And the plan for Twamev remains the same, 30 stores pan India first, and then decide on expanding?
- Vedant Modi:** Absolutely. So the top markets of India and the best stores within these markets, that is the core strategy, and we are actively trying to sign stores in the next set of 5 to 6 stores now.
- Rishi Mody:** All right. But it won't happen in the coming year. The 8 to 30 jump won't happen in the coming year for Twamev?
- Vedant Modi:** Unfortunately, Rishi, the problem with Twamev EBOs is that majority of the properties we are signing are build-to-suit. So let's say, if we sign a property today, the store actually opens 18 months from now to 20 months from now. So there is a lag in terms of that because majority of the buildings are new and they are actually breaking down old buildings and creating new ones where Twamev is going in.
- So I hope that we will actually end the financial year with a lot of signed Twamev EBOs, but openings might be staggered over the next financial year and maybe a few in first 2 quarters of financial year '28 or '29 as well.
- Rishi Mody:** Okay. All right. So in the next 2.5 years, we should get to 30 is the target?
- Vedant Modi:** I would not say 30, but the idea is that we open quite a few stores. I would not say the word -- number 30 yet.
- Moderator:** Next question is from the line of Tejas Shah from Avendus Spark.
- Tejas Shah:** A couple of questions. Am I audible?

- Vedant Modi:** Yes, yes.
- Tejas Shah:** Yes, hi, Vedant. A couple of questions. So first, looking at how macro is developing and what happened yesterday in terms of government discouraging foreign travels or travel as much -- as less as possible. So just wanted to know, let's say, hypothetically this year, there are no overseas destination wedding. So such scenarios actually work in our favour or they are neutral because people in any case buy here and then go abroad?
- Vedant Modi:** To be very honest with you, my honest answer here would be anyone doing an overseas wedding, that wedding family is typically not our target audience at all. These are very premium weddings. So it should not change much for us. And on the other hand, if those weddings are happening in India and people are actually inviting guests and foreigners from across the world, that is a very strong audience for us because for them, Manyavar is a no-brainer in terms of the kind of quick turnaround that we have.
- Tejas Shah:** Perfect. Second, looking ahead on this year, what are the 2, 3 key projects or initiatives you are excited about that if they deliver as per your expectation, we can materially change the growth trajectory that we are having for the last 2, 3 years?
- Vedant Modi:** So a couple of things that we are really working on very hard is on improving our retention rate. As a company, we had never focused on working on the existing consumers. So right now, we have almost 90 lakh consumers with their data in the company. So one big goal that we have for the year is how can we call back a lot of these consumers again this financial year.
- So this is one project which I'm very excited about because the opportunity is a lot from a revenue point of view, and we've never done a lot of work for this segment. So it's a very greenfield sort of a project as well. So this is one very exciting area for us.
- The other area, which I would not speak from an excitement perspective, but which I already mentioned is ASP is something which was lagging for the last 2 to 3 financial years. That is something we will go back to, and that should also help us grow a little more within each category that we operate in.
- Finally, something which I am truly excited about, and this is something which whenever I meet analysts in person in the office, I would be very happy to show, is the kind of investments we are making in AI.
- I think AI will change the way retail companies function, and we are making significant investments across the departments to enable agentic AI where each and every function can actually have their own agents talking to each other so that the kind of communication you have in retail company between product, marketing, supply chain teams can actually become a lot better.
- So we've already taken major steps and initiatives already showing us very good results. If I give you a small example, let's say, when you do a Google campaign, there are about 20,000 line items on which you are spending on Google Search. Top 20 line items, senior management

would review. The next 200 line items, middle management would review. And maybe only the top 600, 700 line items is what any human would actually analyse.

But now we've created an AI system that is analysing all 20,000 keywords and making changes on its own. So those efficiencies, which would never exist are now possible, and we are literally working on training every member of our team to understand AI and start deploying agents across the company.

**Tejas Shah:** Interesting. And has this been deployed or in process of deployment?

**Vedant Modi:** So I think easy use cases, we've deployed them and any tough use cases, that actually have a linkage to a larger system, all of those are in progress.

**Moderator:** Thank you very much. Ladies and gentlemen, that will be the last question. I'll now hand the conference over to the management for closing comments.

**Vedant Modi:** It is always a pleasure interacting with all of you. I think we've been through a weak last 2 to 3 years in terms of overall financial performance. But as a company, we are doing everything possible to create a infrastructure in place, both in terms of back end and front end, where once the macro headwinds turn into tailwinds and we are able to also see consolidation in terms of competition, we will be set for much better growth as the company moves into the future.

I think one positive is that even though times are tough, we are able to stand our ground and not make any decisions that we feel will be wrong for long-term. So I think we, as a company, have that mindset of sticking towards making decisions that only help us grow from a long-term perspective. So thank you very much for attending the call and look forward to interacting with you soon.

**Moderator:** Thank you very much. On behalf of Avendus Spark, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.