GO COLORS!
GO FASHION (INDIA) LIMITED

November 04, 2026

BSE Limited Scrip Code: **543401**	**National Stock Exchange of India Ltd.** Trading Symbol: **GOCOLORS**

Dear Sir / Madam,

Subject: Transcript of Earnings call – Q2 FY 2026-27

We hereby enclose the transcript of earnings call for the financial results for the quarter ended 30th September, 2026.

This is for your information and records.

Thanking You,
For **Go Fashion (India) Limited**

GAYATHRI KETHAR
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Gayathri Kethar
Company Secretary & Compliance Officer

“Go Fashion (India) Limited
Q2 FY '27 Earnings Conference Call”

October 30, 2026

MANAGEMENT: MR. GAUTAM SARAOGI – CHIEF EXECUTIVE OFFICER, GO FASHION (INDIA) LIMITED
MR. R. MOHAN – CHIEF FINANCIAL OFFICER, GO FASHION (INDIA) LIMITED

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 30th October 2026 will prevail.

Moderator: Ladies and gentlemen, good day and welcome to Q2 and H1 FY '27 Earning Conference Call of Go Fashion India Limited.

This conference call may contain forward-looking statement about the company which are based on the beliefs, opinion and expectation of the company as on date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

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 "*", then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Gautam Saraogi - Promoter and CEO from GoFashion India Limited. Thank you and over to you, sir.

Gautam Saraogi: Thank you. Good evening and a warm welcome to everyone present on the call.

Along with me, I have Mr. R. Mohan - our Chief Financial Officer and SGA, our Investor Relations Advisors. I hope you all have received the investor deck by now. For those who have not, you can view them on the Stock Exchange and the company Website.

Q2 and H1 FY '27 saw us build further on the 5 strategic priorities we outlined at the start of the year. Even as the quarter was shaped by the late festive calendar and higher RM costs, let me take you through where we stand on each of these priorities at the halfway mark of the year and then speak about the quarters and the way ahead.

1. **Priority one was turning SSSG positive:**

   Turning SSSG positive remains our single most important commitment for the year. After turning positive in Q1 at 0.6%, same-store sales worth for our EBOs in Q2 was broadly flat. This needs to be seen in the context of the late festive calendar.

   With the festive season starting later this year, a part of the pre-demand festive that falls in September last year has moved to October. As we said last quarter, one quarter does not make a trend in either direction. Our focus remains on delivering positive SSSG for FY '27 as a whole and the festive quarter will be an important one of that journey.

2. **Priority two, mitigating to larger store formats:**

Our transition to larger format stores continued through the quarter. During Q2, we have opened 9 new stores and closed 23 smaller format stores in catchments where we already have or are opening a larger store nearby.

For H1 FY '27, this takes us to 24 openings and 89 closures for the 6 months and we ended September with a grand total of 737 EBOs across 196 cities. Importantly, even with the lower store count, our total retail space increased to approximately 4.4 lakh square feet as on 30th September 2026 compared to 4.34 lakh as on 31st March 2026. There is an addition of roughly 14,220 square feet during half of the year as we opened larger stores and enlarged existing ones wherever additional space were available. Our average EBO size stands at about 608 square feet.

Our larger format stores continue to do well and outperform the smaller stores in the network which reinforces our conviction in this strategy. These stores hold our full range and give customers a significantly more premium shopping experience.

Our store expansion strategy will continue to remain calibrated and selective with a clear focus on adding high potential locations across Tier-1, Tier-2 and Tier-3 cities. Over the next 5 years, we aim to significantly expand our footprint with the potential to nearly double our square feet in terms of size.

3. **Priority three is to refresh the product portfolio and the brand:**

We continue to refresh our product portfolio with new styles aimed at younger trend-conscious consumers and remain on track to add new products through FY '27. Our value-added non-leggings portfolio now contributes to 70% of the revenue reflecting the steady premiumization of what Go Colors offers.

On the brand front, our first campaign featuring Shraddha Kapoor, who came on board as a Brand Ambassador in July, went live during the quarter and it has been very well executed and seen some good results.

It has given the brand a fresh, younger and connect heading into the festive season and together with our influencer-led initiatives, we believe it will support stronger customer acquisition in the coming quarters.

4. **Priority four is to expand our dailywear concept:**

We continue to scale our dailywear concept and now have 21 operational stores compared with 15 in Q1. We remain committed to our target of 25-30 daily stores by the end of FY '27. The unit economics continue to hold up well and the festive quarter will give us a good read on how these stores will perform in the peak season.

5. **Priority five is our LFS channel recovery:**

   LFS revenue in Q2 was impacted because of festive timing. Dispatches to our LFS partners typically take place in September ahead of the festive season and move to October this year. This is a shift in timing rather than demand and the supply chain with the key LFS partners remains normalized. We continue to work closely with our partners on assortment, placement and sell-through and LFS contributed about 23% of our sales in H1 FY '27. So, while the Q2 numbers were affected by the festive timing and raw material inflation, the underlying progress on our five priorities remain on track.

Coming to the financial performance:

Revenue for Q2 FY '27 de-grew by 3% largely on account of the festive dates that I just spoke about. Gross margins for the quarter stood at 60.8%. As I mentioned on the last call, fabric prices have gone up due to the geopolitical situation, and this higher-cost inventory has started flowing in Quarter 2. We intend to pass on the raw material inflation through calibrated pricing actions which will help restore gross margins in the coming quarters. During the quarter, we recognized an exceptional expense of Rs. 3.4 crores taking the total of our H1 FY '27 to Rs. 9.9 crores. This exceptional expenditure is a write-off of capital expenditure on account of store closures which has happened through the 6 months. It is a direct consequence of our network consolidation strategy and it is a one-off item. Full price sales ratio for H1 FY '27 stood at a healthy 93% and our average selling price for EBOs is at Rs. 827.

On the balance sheet side:

We continue to make good progress. Working capital days stood at 134 days, with inventory days improving to 94 days from 100 days at the end of Q1, now within the 90-100 day range which we had guided earlier this year. Operating cash flow on a pre-end year basis stood at a healthy Rs. 52.6 crores.

Looking ahead, the festive season has started on a decent note and we will be better placed to assess the full impact once the period concludes. Priorities for FY '27 remain unchanged, sustaining SSSG momentum, accelerating our transition to larger format stores, refreshing our product range and scaling our dailywear and international initiatives. We remain confident that these efforts will translate into stronger performance through the year.

The company continues to maintain a strong competitive strength as one of the most recognized bottomwear brands with a clear emphasis on quality, comfort and fit. Our deep category expertise and brand recall position us well within the women's bottomwear segment. Given the still low penetration of organized players, the bottomwear category offers a meaningful long-term growth opportunity.

With this, I would like to hand over the call to our CFO – Mr. R. Mohan for the update on Q2 and H1 FY '27 Results and Financials. Thank you.

R. Mohan: Thank you, Gautam and good evening, everyone.

I will now give you the financial highlights for Q2 FY '27:

Our revenue stood at Rs. 218 crores, a decline of 3% Y-o-Y. Gross profits stood at Rs. 132 crores with a gross margin of 60.8%. EBITDA before exceptional expenses stood at Rs. 56 crores. EBITDA margin before exceptional expenses stood at 25.8%. PAT stood at Rs. 9 crores.

Now, I will give you the financial highlights of half yearly H1 FY '27:

Revenue stood at Rs. 440 crores, a decline of 1.5% year-on-year. Gross profit at Rs. 272 crores with a gross margin of 61.8%. EBITDA before exceptional expenses stood at Rs. 123.4 crores with EBITDA margin of 28.0%. Cash flow from operations pre-Ind AS 116 stood at Rs. 52.6 crores. Our ROCE and ROE excluding Ind AS in fact stood at 8.9% and 6.7% respectively for the half H1. Cash and cash equivalent stood at Rs. 211.4 crores as on 30th September 2026.

With this, we will now open the floor for question and answers.

Moderator: Thank you so much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. First question comes from the line of Aabhash Poddar with Aionios Alpha Investment Management. Please go ahead.

Aabhash Poddar: Hi. Thanks for taking my question. Sir, just wanted to understand a couple of things. One, if you could just talk a bit more about the other expenses on the cost side. I understand that you explained the one-off, but I would have thought if I look at Y-o-Y numbers, we have had a net closure of 75 odd stores and these are the smaller format stores which are giving us less of profitability. I would have thought we would still have lower costs, but I understand you would have made certain investments as well. So, if you could just talk a bit about that in detail just to help us understand what has exactly gone on in the last year. Because I would have thought the savings would have outgrown the expenses? That is question number one. And question two is just a smaller one. In the gross margin, are you planning to take a price hike or have you already taken a price hike to offset the cost increases that you have seen? Just these two questions.

Gautam Saraogi: Thank you, Aabhash, for your question. So, I will answer your first question. On the cost side, a lot of our costs have got rationalized, but there are some expenditure. Obviously, we have spent more because of our advertising increase as well. If I take in our overall expenses or employee salaries and rent are the two major line items. So, because we have shut down many smaller stores, opened larger stores, we have seen our employee salaries stabilizing. I will give you an example in Quarter 2. Last year, Quarter 2, our employee salaries was about Rs. 45.75 crores and in Quarter 2 this year, it was Rs. 46.3 crores. And this is after increment. Usually, we give

increments to our staff every April. So, even after increments, we have seen that the employee costs this year versus last year has been pretty much flat and there is no growth in that cost. Rents, we have seen a slight increase. This is on account of opening larger stores and rent escalation. And we have obviously closed many stores. So, we have had savings on the rent part. But at the same time, many stores continue to escalate every year. So, the rent cost is an absolute amount has increased. The rent was, last year in Q2 was about Rs. 36 crores. This year, it is about Rs. 37 crores. So, it is more or less stayed flat what it was last year's number. So, if I take the overall other expenses of the business, the major spike has come because of marketing and advertising. So, if I take H1, last year, we spent about Rs. 7.85 crores on advertising. And this year, we have spent about Rs. 12.63 crores on advertising because we have got a brand ambassador on board. So, the increase in other expenses is largely because of the marketing and advertising expense. In the other expenses, there is one more line item. Obviously, there is an exceptional expenditure, where we have done store write-offs. Last year for H1, it was Rs. 1.73 crores. And this year, because of the store closure, the one-off expenditure write-off is Rs. 9.87 crores. So, the two line items which have pushed the bottom-line expenses on the higher side, one is advertising and the other is the exceptional expenditure.

Now, your second question on gross margins. We have done price hike for certain articles, we have just recently done. And we are in the midst of doing price hike for some other articles as well. So, I think the offset against the gross margin will take a couple of quarters. But I think it will stabilize in the next 2 quarters. So, we have done some increase now, and we are going to be doing some increase post festive.

R Mohan: Gautam, one more thing to add is that the other expenditure is not only store write-off, it will also have store renovation. We have done a couple of stores renovations?

Gautam Saraogi: Yes. So, we have also taken some store renovations this year. I don't have the exact number handy for what is the value of the store renovation, but that could have also spiked the amount a little bit. But if I see largely the other expenses, it is mostly on the store closures and the advertising.

Aabhash Poddar: Understood. Thank you. Thank you so much. All the best.

Gautam Saraogi: Thank you, Aabhash.

Moderator: Thank you. Our next question comes from the line of Ankit Kanodia with Zen Nivesh Advisors Private Limited. Please go ahead.

Ankit Kanodia: Thank you for taking my question. So, we have 737 EBOs. and even though total revenue from EBOs might be flat, but if I have to break it down into, say, 3-4 segments, like there would be some large stores which would have opened in the last few months or maybe quarters, which are still to mature. And there would be some large stores which would have come last year, which would have shown good numbers. And then there would be some stores which are smaller and

still doing well and we continue to keep them. And then the last one would be where stores which are getting shut down. So, if you can give some color as to how each of these four, as in, I am not looking for a definite number, but something more color into all these 4 buckets, how they are performing, how this 0% growth is coming. I think some would be doing really well and some would be doing really bad and net-net it would be 0, right?

Gautam Saraogi: See, yes. Thanks, Ankit, for the question. I think, look, the newer stores which have opened, the newer stores usually take time to settle down. And that is usually for any store to start performing well, it at least takes 12-15 months for it to reach some sort of maturity level. So, whatever newer stores we have opened, we have not opened many new stores, but whatever we have opened over the last 12 months, they are growing steadily and we are seeing decent efficiency also in those newer larger stores.

As far as the smaller stores are concerned, rightly you said many smaller stores continue to do well, because it might not have any other larger store in that vicinity and maybe that mall and high streets are doing well. So, some smaller stores still continue to do well, unlike some other smaller stores. The third bucket of stores, which are even our daily concept stores, which are about 21 of our stores. The 21 stores where we have kept topwear and little bit of menswear have actually picked up speed and done well over a period of time. Like I mentioned in my previous calls, we continue to deliver about Rs. 1,000 of sales per square feet per month, which is a good number for us, which we think to begin with. We have reached 21 stores, we have seen good traction. We are going to be adding another 8-9 stores. So, the sample set of 30 stores, it will tell us what should be our future strategy as far as expansion is concerned for this format.

Now, the larger question of large store versus small store. If I look at my overall network of large store versus small store, my largest stores are SSSG positive. So, if I take stores which are greater than 750 square feet, they are about 2%-3% or higher SSSG, whereas my smaller stores continue to be negative. So, when I read the different types of data, it is very clear that we need to pivot from a smaller to the larger concept. However, obviously, because we are on a very big base of 737 stores, the transition takes time. So, we will continue the transition of smaller to larger stores in the quarters to come. But it is very difficult to give a definitive number on how many small stores I will be shutting and how many larger stores I will be opening. So, that is purely on the basis of what real estate we find.

Ankit Kanodia: Got it. That was very helpful. So, I am not asking for, again, a definite number, but just looking at the pattern, as in we closed around 40 stores in FY '25 and we closed around 54 stores in FY '26. And in H1 FY '27, we have closed 89 stores. Is it fair to assume that in terms of closing down of stores, the heavy lifting has been done in H1 and from H2 onward, the direction should be lower, as in it should be lower?

Gautam Saraogi: Considerably lower, Ankit. Now, look, if you see Q2 versus Q1, the number of stores have reduced, the closures have reduced. In Q1, I think we had more than 58 or 59 closures. In Q2, you can see it is 23. In Q3, it will be even lower. So, directionally, now the margins in the P&L

will start going up by virtue of lower closures. And directionally, I think the ratio of closures will considerably come down. And the margins also start improving on that basis.

Ankit Kanodia: Right. One last question, if I may. Sir, if I look at last year, second half, so I am talking about FY '26, H2. So, from there onwards, our revenues have dipped a little. Prior to that, we were doing really good. Now, when we have this base effect here in terms of the festive season being shifted to Q3 rather than Q2, and how we are positioned and also in terms of the price hike, which we have taken, is it fair to assume that, again, not asking for a definite guidance, but year-on-year numbers from H2 should be much better than what we have seen in H1?

Gautam Saraogi: Certainly, yes, Ankit. Q3 should deliver a good number for us.

Ankit Kanodia: So, if in the tough time, if we had managed 0.2% SSSG, directionally, we should be able to achieve our target of closing the year with a positive SSSG, right?

Gautam Saraogi: We are keeping our fingers crossed. Hopefully, we should be going in that direction.

Ankit Kanodia: Yes. Thank you so much. That was all from my side and all the best for the future.

Gautam Saraogi: Thank you, Ankit. Thank you.

Moderator: Thank you. Our next question comes from the line of Avinash Karumanchi with Motilal Oswal Financial Service Limited. Please go ahead.

Avinash Karumanchi: Thank you, sir. And my question is regarding the gross margins. So, if you look at it like this quarter, actually, LFS, which is a low margin channel that has declined and EBOs continuing to do well. Despite this, we are seeing RM pressure, which is why the margins were down. So, my question is like, how much of the inventory with the new RM prices were reflected in this current quarter sales? Like, it will be a general process like where the inventory will be spread over. You will be already sitting on a good amount of old inventory. I am just trying to understand how much of the impact will be coming in?

Gautam Saraogi: Yes, how much more? See, it is very difficult to judge that. And I will tell you why. As the RM prices have increased, we have also done the increase in MRP in some of our articles. So, it is very difficult to judge what is going to be the further impact on gross margins. My estimate is, this quarter, we had 200 basis points impact on our GM. I think the next Q3, we should be having a gross margin impact of anywhere between 100 and 200 bps is my estimate. Difficult to judge this. But roughly, I feel our GM impact should be about 100-200 bps in quarter 3.

Avinash Karuvanchi: And if I look at the ASP, it is up by 6%. Is it a reflection of the price hikes that you have already taken? Or is it just the channel of our product that is happening?

Gautam Saraogi: It is a combination of many factors. Maybe a little bit of price hike. The price hike wouldn't have shown now because we have just done the price hikes recently. So, it wouldn't show up in the ASP that soon. In bottomwear, we have come out with many value added products, which are of that 800-900 selling price. Also, because our dailywear concept also has picked up and it has become 21 stores, the topwear in these 21 stores are obviously of a much higher ASP. So, there will be a small impact of that as well. So, I think it is a combination of new bottomwear products and some of the topwear also selling well in the 21 stores.

Avinash Karuvanchi: It is mostly product mix led changes?

Gautam Saraogi: Yes, it is not a price hike led mix yet.

Avinash Karuvanchi: Okay. And finally, on the last one, more of a qualitative print. So, you have partnered with a new brand ambassador. So, I am just trying to understand not only that and also the scale up of the larger stores. How are the footfalls and conversions tracking? Because when you close two smaller stores and open a big store and then you are spending on A&P, so is the footfall generally higher than what you used to see earlier and conversions also? Or how are you looking at it qualitatively?

Gautam Saraogi: See, from an advertising perspective, because the Shraddha campaign has just started post-July, we will be able to assess and gauge the campaign only after the festive period gets over, Avinash. But see, right now, whatever little bit feelers we are getting, the campaign is doing well. But on a concrete basis, we will be able to gauge the campaign only post-festive. As far as opening one large store and consolidating two stores, we have seen that a good part of the revenue of the two stores get converted into the larger store within a few months. So, I think that business moves immediately. See, I will give you an example. We have shut so many stores over the last 6 months, but we will not see a drop in turnover. So, it very clearly indicates that whenever we are shutting the smaller stores, the revenue by virtue is moving to the larger ones immediately. In fact, the entire revenue will take a little more time to move, but a good part of the revenue moves immediately. And that is why you don't see a de-growth in our turnover for H1, even after closing so many stores between last year H1 and this year H1.

Avinash Karuvanchi: Got it, sir. And one last question, if I may ask. So, this is a follow-up to the earlier participant regarding the SSSG only. So, this quarter, despite the festive shift, you are still on a flattish kind of SSSG, which is an encouraging sign compared to the last couple of quarters. So, will you see an improvement or what is driving this improvement going forward for the next few quarters?

Gautam Saraogi: Fingers crossed, Avinash. The data looks good. We have been seeing 49 days to festive. So, we basically calculate 49 days to Dussehra, 49 days to Diwali, and the number is looking decent. So, we would wait for the quarter to get over to do a full summary of how the quarter has gone by. But quarter 3 has been decent for us.

Avinash Karuvanchi: Thank you, sir. That is it from my side.

Moderator: Thank you. Our next question comes from the line of Sameer Gupta with India Infoline. Please go ahead.

Sameer Gupta: Hi, everyone, and thanks for taking my question. Firstly, Gautam, today, system of 737 stores, can you just give a color on what would be the proportion of 700 plus square feet stores now in the system? And also, what is the sense on the store closure pipeline wherever you have visibility, let us say for the next 12 months?

Gautam Saraogi: Yes, just one minute, Sameer. I am going to take the data out of what is the breakup. I don't have it handy with me. Just give me a second. I am not having the updated number for 737 stores, but I will give you a rough idea. So, just pardon me if I am wrong. But anyways, I will give the data through SGA, but I will give you a rough idea. My understanding is, the small stores are anywhere between 120-150 stores, which are less than 300 square feet. And the 700 plus square feet stores are about, if I am not wrong, it is closer to 90 or 100 stores. Again, these numbers are off my fingertips. I will send the accurate data through SGA tomorrow itself.

Sameer Gupta: Got it. And the number that you cited of SSSG negative, that is for the less than 300 square feet stores, not for the less than 700 square feet stores?

Gautam Saraogi: No. See, what happens is, when we look at SSSG, sometimes even the last store, some of the stores will be negative because that is a result of how the market and the mall are doing. So, I can't take those exceptions into account. If I have to look at a proper sample set, most of the negative stores are the ones which are the small ones. So, I would be wrong in saying that every.

Sameer Gupta: It is less than 300.

Gautam Saraogi: Yes, less than 300. Correct. So, I would say most of the negative stores would be less than 300. That would be the right way to put it.

Sameer Gupta: Got it. That is helpful. So, basically, less than 20% of the stores now are where you would say that largely the problem is 80% of my network is now where I want it to be. Of course, it will get better with time?

Gautam Saraogi: Well, not really. See, I will tell you, I agree with what you are saying logically. But see, for us, the stores which are in the 400-500 range also, even those stores, we need to increase in size and make it 700-800 square feet. Though the 400-500 is not a very big issue for us, the larger issue are the very small ones. But even the 400-500 over a period of time, we need to slightly upgrade and open a larger one.

Sameer Gupta: Let me put frame a question in a different way. Whatever in your definition is a problem area, what would be the percentage of that cohort?

Gautam Saraogi: It should be 20%-30% of the stores. Again, what I will do know, Sameer, because this is a very definitive answer. When we share the stores by bucket through SGA, I will answer this particular question of yours with that data.

Sameer Gupta: Got it. I am not looking particular number?

Gautam Saraogi: I know because this is a specific question on a particular number, I have given you a rough ballpark. Exact numbers, I will give it through SGA.

Sameer Gupta: Sure. And what would be your estimate of the pipeline of store closures, let us say, in the near term, 12 months from now?

Gautam Saraogi: See, again, because this number changes based on what real estate we find, the closures for Q3 from what visibility I am getting will be anywhere between 15 and 20 stores as of now.

Sameer Gupta: Got it. Fair. Second question is on the input cost inflation for your category that you are looking at in fabric costs. And, I have a follow up, but let me take that answer from you first?

Gautam Saraogi: Yes, see, look, obviously, the RM prices have gone up. We thought it will cool down in July-August. It cooled off a little, but still the prices were high. So, look, we have to take hike in some products of ours, where we feel the impact has been larger. So, like I mentioned to even Ankit also, some products we have taken the hike, some we will take post festive. So, I think over a period of time, this GM impact what has happened of 200 basis points, what you can see in our P&L, this should improve and go back to the older number.

Sameer Gupta: Got it. But I was actually asking about the quantum of inflation that you are facing. So, is it 15%? Is it 10%?

Gautam Saraogi: It is between 8% and 10% is what I understand. Because see, the yarn prices and fabric prices have changed every month. But if I have to just take a blended, I think it is about 8%-10% is what we see.

Sameer Gupta: Got it. Now, follow up to this. Basically, if I look at your end year inventory, which is largely a finished goods inventory, it is around Rs. 267 crores. And if I look at the first half COGS plus subcontracting, it is around Rs. 168 crores.

Gautam Saraogi: No. Sorry, the Rs. 267 crores is which inventory you said? Can you just repeat it?

Sameer Gupta: March ending.

Gautam Saraogi: Yes, March ending was Rs. 268 crores. Correct.

Sameer Gupta: Right. Rs. 268, sorry. And if I look at the first half COGS, the one that you report in the P&L, plus even the subcontracting charges, that is around Rs. 168 crores. So, logically, then, most of

the inventory gets used up in the first half unless the March ending inventory was itself sitting on a higher fabric cost. Why should there be any GM pressure right now in the P&L? I understand fabric costs have gone up, but that would be sitting in your inventory, right? Because you would still be using the older inventory to cover the current sales?

Gautam Saraogi: No, but see, that depends from product to product. Some fast moving products, the inventory days would be much lower. Some would be slower. So, it is very difficult to bridge the gap what you are saying. See, it would be if all my products sold at the same rate of sale, maybe what you are saying would be true. But it is very difficult to bridge what you are saying from March's number to this number.

Sameer Gupta: Got it. So, probably then you are actually sitting on a higher aged inventory as well. And you don't see that as a problem?

Gautam Saraogi: Yes, we would have older inventory at the older price, what you are saying is right. But from an impact to GM perspective, my hunch is that the impact would be anywhere between 100 bps to 200 bps in Q3.

Sameer Gupta: Got it. Great. That is all from me. Thanks and all the best.

Gautam Saraogi: Thank you, Sameer. Thank you for the questions.

Moderator: Thank you so much. Our next question comes from the line of Madhur Rathi with Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Sir, thank you for the opportunity. Sir, I wanted to understand regarding the receivable number. It has moved from Rs. 106 crores to Rs. 125 crores. And our LFS revenue has declined. So, I am not able to understand why has this increased?

Gautam Saraogi: Yes, see, it has also happened on the line of our online receivables have gone up a little bit. We have also started doing a little bit of quick commerce. So, on that basis, some of our online receivables have gone up. Even our export receivables for the Dubai store, we have some receivables pertaining to that. So, the spike is largely because of non-LFS business. I think it is more relating to online. Because we started doing quick commerce and we have also started doing online. We have also started doing on an SOR basis with Amazon. So, quick commerce and Amazon put together has caused some spike in our online receivables from March.

Madhur Rathi: So, Gautam, I wanted to understand that our small stores seem to be doing all right till FY '25. So, then suddenly, what happened that the smaller stores basically, SSSG deteriorated?

Gautam Saraogi: See, I think look, the deterioration and the SSSG obviously happens over a longer period of time. It is just that it was more visible maybe from FY '24 or FY '25 onwards. That is when we also

started noticing the trend. See, for anything to show up, it gradually takes place. It is just that it became more evident from that point of time.

Madhur Rathi: Understood. So, now, Gautam, are we totally exiting the 300 square feet stores or we will keep some of them which are anyway doing good business?

Gautam Saraogi: It is going to depend on the availability of real estate. I will give you one small example. Now, there is an Inorbit Mall in Hyderabad where we have a 200 square feet store. In that mall, that store does extremely well for us. It is an exceptional store. But there, we don't see ourselves getting a 600-700 square feet store over the next 15 months because the renewals are yet to come in. So, in such cases, where there is no real estate in that particular area, we might have to continue a smaller store till that period.

Madhur Rathi: So, but ultimately, we will exit all the 300 square feet stores?

Gautam Saraogi: Yes. Eventually. See, also one more thing, when I selected the 700 plus square feet, I don't want to be in a situation after 3 years where again I am in a situation where 700 is turning out to be tight. In a 700 plus square feet store, I have enough room from a long-term perspective to manage in that format. So, eventually, our bottomwear is going to be in the range of 700-800 square feet or maybe a little more, maybe 700-900 square feet. And eventually, over a longer time horizon, we will exit all our smaller stores. That is the plan.

Madhur Rathi: Understood. Now, Gautam, is it that the only issue is the store size or is it that all the B2C brands and fast fashion brands like Zudio, etc., that have come up in the last few years, have they basically eaten a pie and maybe that impact is also there? Or is there some issue with the merchandise that maybe ultimately the merchandise has to be attractive enough? Or is it really confined to the 300 square feet stores? I mean, Are we clear that what is the ailment and whether the diagnosis is?

Gautam Saraogi: See, I will tell you what it is. In my management view, if you look at it, it is purely to do related only with the store. Now, why that store makes such a big difference? See, for any business to continue growing, you need to have existing customers coming back to the store, you need to have new customer acquisitions, etc. When your store is very small, it carries an inherent perception that the range of what you are carrying in terms of products will be less, will be confined. So, what a larger store does, it increases the frontage of the store. See, a smaller store frontage will be anywhere between 10 and 12 feet. When you take a larger store of say, 700 square feet, it will have a minimum frontage of at least 19-20 feet. When you get a frontage of a 19-20 feet or plus store, the visual merchandising of the number of products what you are having increases dramatically. See, the customers first experiences the store, then experiences your product. So, if you ask me, the store is the real reason for our slowness. And I think the larger store is what is going to fix it. From a merchandise perspective, I can tell you. Sorry, go ahead. Please go ahead.

Madhur Rathi: No. Please go ahead, Gautam, on merchandise.

Gautam Saraogi: See, from the merchandise perspective, no brand can be perfect. Yes, there will be always gaps in every brand's product portfolio, right? But when I look at our portfolio of products, we are well diversified in today's product of bottomwear, what the younger consumer and the millennial consumer is asking for. So, I think it is not a merchandise problem. As far as competition is concerned, like you mentioned competition, competition was always there, right, Westside, Zudio, you just mentioned these big names, right? They have always had bottomwear. So, I think, even prior to COVID also, if you take all the larger formats, store-keeping, topwear also kept bottomwear. So, I don't think it is something which has dramatically increased only in the last 2 years. So, I think our problem of growth, our headwinds of growth is because of our store format rather than anything else. It is mind and management.

Madhur Rathi: So, Gautam, why have we got into menswear? Because anywhere the small store has no room to display all the merchandise of our core women wear. And then we have gone on into menswear, so basically?

Gautam Saraogi: Yes, I will clarify it. So, see, the menswear and the topwear, what we are keeping for women and the format we are keeping in, that is different from our bottomwear stores. This pilot, what we had planned, we had planned this, we had been working on this pilot for the last 2 years. Now, what happens in this pilot, we take store sizes of anywhere between 1500-2000 square feet. and in that, we accommodate bottomwear, we accommodate women's topwear, and we are given a very small space for women for menswear. That pilot and that concept is completely independent of the bottomwear story, what I am talking about. Out of the 737 stores, what we have today, 736 stores are in India. In that 736 stores, 21 stores are stores which are greater than 1500 square feet per store, closer to 2000, where we are accommodating all the other merchandise. And that is the merely a pilot, which I also mentioned the earlier calls that we will fill another 8-9 stores and see how that business is doing. If that business does well, and it clicks for us, the topwear becomes a new growth engine for us along with our bottomwear.

Madhur Rathi: So, but still, Gautam, it sounds like a knee-jerk reaction, especially getting into menswear. We can try since women are our customer. So, we can try to sell more things to women. But to get into menswear, which is altogether a different segment, somehow it doesn't sound, it just sounds kind of desperate. But in any case, since you mentioned it is a pilot, so I think we got to try many things and something will click and we will push that. So, that is totally understandable, Gautam. Now, Gautam, when we are doubling our?

Gautam Saraogi: Madhur, just one question, I will just clarify before we go to the next question. I understand that menswear sounds very bizarre. But for the kind of dailywear concept we wanted to create, keeping menswear becomes important. We also understand that we are a womenswear brand. That is why in all these stores, wherever we have done the dailywear concept, the menswear space allotted is only 10%-12%. 80%-85% space or maybe more has been allotted for women. And right now, that menswear, which I am giving 10%-12% space is generating that kind of sale

from that area. So, the men who are coming with the women, these stores, they are buying. So, in the pilot, we have been very careful that we don't do it as far as menswear is concerned, because we know our strength is obviously womenswear. So, I just want to add to that question.

Madhur Rathi: Sure. So, now, Gautam that we are planning to double our square footage over the next 5 years. So, have we evaluated a FOCO strategy? And why do we want to put the rent and everything on the company's balance sheet? Aren't we getting enough people who are interested in our franchising?

Gautam Saraogi: See, so Madhur, I will tell you, your question is very right. See, franchising, non-franchising, there is no one right way to go about it. What I have seen from my past experience for a format and supply chain business like us, we feel a company owned company operated model is a better model, where we would like to have full control of the inventory at a store level. So, I wouldn't say COCO is better than FOCO FOCO is better than COCO. The strategy works differently for different brands. For our kind of supply chain, for our kind of template, we feel COCO is better. And because our payback periods have been attractive, even if we are going to be investing and doubling our square feet, from a cash flow perspective, our operating cash flow will be far higher than what we are going to be investing on store openings. So, we feel that a COCO model kind of a system is a better suited model for us.

Madhur Rathi: Understood. Now, lastly Gautam, last year we did around Rs. 182 crore LFS revenue, FY '26 I am talking about. And on that we gave a discount of Rs. 61 crores. So, is this Rs. 61 crore discount, is it only attributed to the LFS?

Gautam Saraogi: No, see, I will tell you. So, I am not very sure of the Rs. 61 crores number. I have to see the P&L to exactly know. But any discount given in LFS is largely margin to the LFS. See, what happens is most large format stores, what they will do, they will take a big part of the margin when we build a product to the large format store. About 5%-6% of margin is something which is debited on us later through the year, based on a mutual understanding on promo participation, which is not really discount. It is the promos what large format stores run at a store level for their overall marketing. So, any discounts which hits the topline for LFS is largely additional margin what we give through the year, which usually the reconciliation happens in quarter 4. So, if you notice from one of our larger large format store partners, we usually get the credit not only in the last quarter of the year as a reconciliation rate. So, to answer your question straight, it is more margin than discount.

Madhur Rathi: So, Gautam, if we compare, so FY '26 LFS sales were Rs. 182 crore versus Rs. 202 crore in FY '25. So, LFS revenues fell by around Rs. 20 crore last year, whereas the discounts increased from Rs. 44.5 crore to Rs. 61 crore. So, there is a significant delta?

Gautam Saraogi: So, Madhur, I will check up. Me and Mohan, my CFO will do. We will check up where the Rs. 61 Cr number came from and we will send a clarification note on that. But the one thing I definitely know that the reason why we had a fall in LFS revenue from FY '25 to FY '26 was

because in Q3 with one of our larger LFS partners, we had major supply chain disruptions in last year Q3. By virtue of that, we lost out on a lot of billing and sales in Q3 last year, which impacted the overall revenues of FY '26. Now, as far as discount is concerned, it cannot be a number of Rs. 60 crores. Anyways, I will go back, check and send a clarification note. The margin which will be where we have been passing a credit note to the LFS partner will be to the tune of 5%-6% of LFS sales and not any more.

Moderator: Mr. Rathi, have you done with the question? Yes, Mr. Rathi, can you hear us? Alright, it seems Mr. Rathi has disconnected. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for the closing remarks. Thank you and over to you, team.

Gautam Saraogi: I would like to thank everyone for being part of this call. We hope we have answered your questions. We are undertaking a comprehensive transformation in our store format strategy, our product portfolio, our brand investments and our new brand business initiative. The transformation will take time to fully manifest into a financial number, but the early signals are very encouraging. If you need any more information, please feel free to contact Mr. Deven Dhruva from SGA, our Investor Relations Advisor. Thank you.

Moderator: Thank you so much, sir. Ladies and gentlemen, on behalf of GoFashion India Limited, that concludes today's call. Thank you for joining us and you may now disconnect your lines.