



Purple United Sales Limited

(Formerly known as Purple United Sales Private Limited)

Corporate Office: Tower 2, Ground Floor, Candor TechSpace, Plot No. 20 & 21, Sector 135, Noida, Uttar Pradesh
- 201304 Ph: +91-9667792635/ 36, Email: info@purpleunited.com

21st May, 2026

The Manager

National Stock Exchange of India Limited

Exchange Plaza, C-1, Block-G,
Bandra-Kurla Complex, Bandra(E),
Mumbai- 400051

NSE SYMBOL: PURPLEUTED

ISIN: INE0P5R01014

Subject: Transcript of the Earnings Call held on 15th May, 2026 at 04:00 P.M.

Dear Sir/Madam,

In continuation to our letter dated 12th May, 2026 and pursuant to Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of Analysts / Investors Earnings call held on 15th May, 2026, on the financial results of the Company for the H2 & Financial year ended 31st March, 2026. The said transcript is also available on the Company's website at

https://cdn.shopify.com/s/files/1/0709/8400/7851/files/EARNINGS_CALL_TRANSCRIPT_FINAL_1.pdf?v=1779361921

Please acknowledge and take the same on your record.

Thanking You,

Yours Faithfully,

For Purple United Sales Limited

Ayati Gupta

Company Secretary & Compliance Officer

Encl.: As above.

EARNINGS CALL H2 & FY26

TRANSCRIPT



Friday
15th May, 2026



04:00 PM onwards



SPEAKERS:

Mr. JD Seth

Managing Director

Mr. Naresh Kumar

Chief Financial Officer



PURPLE UNITED

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LET'S CONNECT ►

✉ ir@finportal.in ✉ ir@purpleunited.com

EARNINGS CALL TRANSCRIPT

Purple United Sales Limited

H2 & FY26 Earnings Conference Call

Hosted by Finportal

Moderator (Finportal): Good day, everyone, and welcome to the half year ended and Fiscal Year 26 earnings call for Purple United Sales Limited. Thank you for joining us today. This call will cover the company's operational and financial performance for the half and the full year, followed by an update on strategic priorities going forward. Please note that this call is being recorded and also may contain certain statements which are forward-looking in nature, based on management's current expectations and assumptions. These statements are subject to risk, and participants are advised to exercise due caution and not place undue reliance on such statements.

Representing Purple United Sales Limited, today we have with us:

Mr. JD Seth - Managing Director

Mr. Naresh Kumar - Chief Financial Officer

Mr. Sridhar - DGM-Finance

I now invite the management team to share their opening remarks. We will subsequently open the floor for the Q&A session. Thank you, and over to you, sir.

Mr. JD Seth (Managing Director):

Thank you very much. Thanks for the introduction. Good afternoon, everyone, and thanks for joining the earnings call for H2 and FY26.

For those who are new to the system or have recently invested in our company or are planning to invest in our company, I would like to brief about who we are, what we are currently doing.

So Purple United Kids is into **kids' fashion, in the premium fashion space, in the age group of 0 to 14 years**. And where we are following an **omnichannel strategy**. We are into our own EBOs. Currently, we have **111 EBOs spread across 22 states**, we have presence in 50 plus cities with a retail footprint of roughly **1.65 lakh square feet**, servicing this through over 30,000 square feet warehouse based out of Delhi NCR.

We have more than **650 styles**. Now, we have 650 plus in our strong portfolio.

And most importantly, in our retail, the **repeat customer rate is 26%**.

So, we are trying to redefine kids wear as kids' fashion, and extensively focusing on speed in our retail. From 43 retail stores in the last financial year ending FY25, we have reached around 111 stores as we speak, and many more are in the planning stage.

So, you are aware of our board members and board of directors. Myself and Mrs. Seth manage the company along with the 650 plus strong team. So, we have people from different industries heading the respective functions, whether it's for sourcing, footwear, apparels, e-commerce, distribution, key accounts, and retail. So, the retail team contributes the major chunk of employees we have.

Key Operational Highlights (FY 2025-26)

So, these are the key highlights of the operational year 2025-26. As I mentioned, we expanded from **43 stores as on 31st March 2025** to around **111 stores as at 30th April, 2026**.

We have followed a **clustered approach** so that we can have better connectivity with our customers whenever a customer moves in the same city or in the same vicinity. And that has really helped us in scaling the brand or helping us getting a better or decent repeat customer rate.

We have recently been rated by **CRISIL**, which will be **BBB- Stable rating**, which is an investable grade rating. So, it will definitely help us in maintaining a decent balance of debt-equity ratio.

We have identified **footwear as one of the key areas** in our business model, and we are hopeful that and we do not see any well-established kid's footwear brand and we are hopeful that we'll be able to make our mark in footwear as a category. And we're doing a lot of innovation and sub-categorization of words, creating sub-brands for footwear.

And on the e-commerce side, we are heavily focusing on our **D2C website** along with the marketplace. And strategically, we are focusing on **never out of stock discipline**, trying to build NOS, so that we can have a decent daily number for product selected catalog.

So, these are the workloads. And we do all sorts of efforts in the boys, girls, or infants' category. And this includes t-shirts, shirts, trousers, denims, etc. Similarly, for girls, we have dresses and tops, etc. And we get to do that in infants also.

We have a dedicated party wear section in our retail stores, and plus there is a dedicated footwear and toys section. Our little footwear section is really going at it. Just in case, we'll discuss as and when we go forward in the presentation.

Sub-Brands Under the Purple United Umbrella

As I mentioned, we have a couple of sub-brands under the Purple United umbrella. And Toothless by Purple is into footwear. Most of you must be knowing that we started our journey with footwear initially, and the footwear was started under Toothless by Purple United, as I mentioned, to give ourselves an edge.

In various sub-categories of footwear, we have introduced **two new sub-brands**. One is **Striders**, and second is **Boltzy**. Striders is a brand-new to the open footwear and focusing on **comfort and color styling for kids**.

Boltzy is primarily into the **sports and active footwear**, and it's built around that theme.

And the partywear section, we do under the sub-brand of “**THS**” That's Her style and That's His Style.

And this is how currently we have structured our brands. most of them are our registered trademark & some of them are at the TM Stage.

Omnichannel Presence

So, we, as I mentioned, we try to give an omnichannel experience to a customer, whether it's through our own EBOs or our distribution channel. And in another, D2C website or e-commerce marketplace. And when we come to individual sections, I'll throw some more light on these sections.

This is our Pan-India presence and we are now in 22 states and going at a very decent pace. And you'll see a lot of things happening in the coming quarters. And we are very hopeful that we'll overachieve your expectations and whatever we have delivered in the recent past.

We have opened three stores because most of you might be from Mumbai or one of the major metros. We have recently opened three stores in Mumbai one in Inorbit Vasai, Belapur, and Vasai and we have signed a couple of more properties also.

Similarly, in Bangalore, we are on the main high streets of Jayanagar and HSR, and we have opened a destination store at Hoskote, Bangalore.

And many more properties we have signed, and you'll see more and more retail operations starting in your city or in your vicinity.

Retail Snapshot

So, coming to the retail snapshot.

I think there is some typo the contribution is overall **64% is apparel and 36% is footwear**. But in retail, the footwear contribution is around **18%**, which is the overall one.

If you see, then, as I mentioned, we have **1.65 lakh square feet of retail space** currently operational. And we are present both at high street and mall also, and the 3rd category is what we call **destination stores**. They primarily come on the high street. But these are stores with large façades having a decent new-age catchment area.

So currently **25% of our stores are in malls** and the rest are on the high streets **75% on the high street**.

Channel-Wise Contribution

So, channel-wise contribution if I say retail, we have seen a **70% jump in our retail contribution**. Now it is **40% of our overall top line**. And going forward, we are projecting that almost more than half of the sale will come from our retail.

Those that were not open in the last financial year now, it will be the full financial year for them, and they will continue running at that top line.

And strategically, we are more focusing on retail and our online. Online, you can say, the contribution is relatively less. This is on account of certain reasons. I'll explain it as I move to this section.

Distribution is **38%** and key accounts is **20%**. Going forward, the distribution contribution will come down slowly and slowly, and the focus will be more on the retail. Number one will be retail, second will be the online, and third part will be key accounts.

Because the industry is also changing. You can see, from FY 2021-2025. The retail contribution is **40%**, distribution has come down from **71% to 38%**, and key accounts has matured from **5% to 20%**.

So, some of our stores I was mentioning about the Inorbit Vasai Mall. You can see the image of the Inorbit Vasai Mall. And on the left-hand below corner is the Belapur Vasai store.

You can see how we have created a denim section in some of our premium stores to give ourselves a better customer engagement and competitive customer experience.

Website & E-Commerce

So, coming to our website, we have revamped our website. Please have a look at our website. We have changed the platform we have changed the technology. Earlier it was in Magento, now it is in Shopify. And a very interesting UI. And we are extensively promoting our website through various social media channels.

And if we talk of numbers, we are getting daily orders of roughly **300 orders per day**, and we are very hopeful that in another 3 to 4 months we will be touching a 4-digit order number from our website only.

And marketplace also, it's running aggressively. Currently, the overall orders that we are getting from our e-commerce businesses are **1,000 to 1,200 per day**, that is the current traction. And after revamping our website, we have seen a **59% growth in our revenue, quarter to quarter**.

And accordingly, our ASPs have also increased by around **35-40%** in the D2C business only. So, we are very hopeful that we'll be having four-digit orders from our website only, and accordingly, the other channels, like Myntra and Firstcry, will also increase.

So, we keep on interacting with our customer on various platforms, and very recently, we did a fashion show in collaboration with Delhi Times. We keep on participating with events such as Kukdukoo, etc.

We have different social media handles like Instagram, Facebook, etc. And at micro and macro level, we interact with various influencers to promote our stores regionally. So, to give ourselves some marketing edge.

Currently, I think we have around **67K followers on our Instagram handle**, and these are growing at a decent rate.

Growth Prospects & Industry Landscape

What are the growth prospects?

Kids market has been mostly into the **unorganized segment**, and as per the summary research data, **50% of the market is still in the organized segment**. So, there is an opportunity for an organized player to have a major chunk of this market. And that's what we are currently trying to do.

And the potential to grow our plan in Tier 1 and Tier 2 is immense. So again, that is an opportunity that we have seen, and we are not only expanding in the mature market, but we are focusing on big towns like Indore, Bhopal, Cities of Punjab, etc.

So, comparatively, the rentals are relatively lesser, and we are able to get decent properties with bigger façades. So, it gives us an opportunity to have a better connection with our customer in that region.

As I mentioned, that we wanted to redefine kids wear as kids' fashion, and focusing towards that objective.

In my understanding, omnichannel will be the key seamless, giving a seamless experience to our customers through the EBO channel, marketplace, and other offline channels.

And just to give you an update, around five, six months back, we installed a **CRM in our system** so that we can do the customer funneling for our D2C as well as our retail customers. Currently, we have around **2 lakh customer bases**, and we are hopeful that in another 5 to 6 months we will be having a database of roughly **1 million customers** for better customer engagement.

So that is our objective. With our brand positioning in the premium fashion space, we are trying to create awareness about the kids' fashion. And if you get some time, please visit our stores, please visit our website. On YouTube also we have lots of many interesting videos. Please have a look to understand what kind of activities we are currently doing.

Last but not least, technology is going to play a very important role. We are in talks with a couple of retail planning and retail predictive software to strengthen our retail planning, because inventory management is key in our business.

I'm migrating from Excel to these AI-oriented predictive tools. A couple of options are available in the market. We are exploring that. Hopefully, when we meet at the next earnings call, all these things will be implemented.

And otherwise also, trying to automate certain operations seamlessly using the technology for future growth.

So, it was around **US\$ 11.1 billion**. It's growing at a CAGR of **4.90%**, and by 2034, we are expecting about **US\$ 17.4 billion**.

So, what is happening? There is a focus towards the premium segment. These are the findings of certain research studies.

And a shift towards more organized retail, where it's organized high streets or organized malls, and this is really helping us.

Higher disposable income. So, what we have seen, particularly all the cities are expanding, we have seen new-age colonies developing.

For example, Mumbai has spread to Navi Mumbai. Similarly, Delhi has spread to Noida or Gurgaon. So, in these cities, in such malls or such high streets, young population working in the corporate or the relevant IT sector also. So, they are our target audience, and they have decent monthly income also, and they don't mind spending on the one or two kids that they have.

So, this is our target group or target audience that we are currently focusing on.

So, again, our focus will always remain on the **quality, safety, and design**, and that's how we want to interact with our customers.

And the focus will be on the digital-led discovery by expanding our reach into Tier 1 and Tier 2 cities may be in Tere 3 where the reach is very much limited, and the options are limited to the end customers.

So, this is the overall industry landscape how the kids' market is segmented.

In the recent past, we have seen a lot of traction coming in the kids wear industry, whether it's from the domestic space or even from the international brands. For example, GAP Kids is now very aggressive. The same thing is with USPA. Mother care is now a thousand-crore brand as per the data I have.

Then there are sports and activewear brands. Those are focusing in their respective niches. And then we have the value or the mass segment like Firstcry, Max, etc. This is how the overall industry is segmented.

One of the **USPs that we have** most of these brands do not serve **0 to 14 years of age**, and that between both boys and girls equally contributing. And most of them are not in the **footwear space**. So, these are the two USPs that we have. And we want to capitalize as and when moving forward in our business model.

Financial Performance

Coming to the financial numbers, this year has been really good for us. From ₹103 Cr, we have done a top line of ₹170 Cr with 65% growth. Accordingly, EBITDA has grown from ₹20.73 Cr to ₹36.58 Cr a jump of 76%. PAT is for this financial year of 15 CR. And in H2, there has been a growth of 51% in the top line. We can come to these numbers as and when during your Q&A section.

So, this is our balance sheet. Net worth is around ₹75 Cr. And with growth, there is a certain increase in our borrowings also. And that we have funded through support from our existing bankers.

So, I think, after this point, **revenue has grown by 65%, PAT by 45%, EBITDA by 76% AND EBITDA Margin by 6%**

So now we are 100 plus stores strong. If you're not aware, we opened our 100th store at Lawrence Road, which is one of the premium high streets in that region, and got a very decent mileage for that opening. I think this slide depicts that.

And we also launched a Style Icon MR. PUK during that launch. And you can see the right bottom corner is about the Style Icon. And some of the news clippings that we have covered during that event.

So some more events. We did some CSR activity also, and participated in the Delhi Times fashion week. And 100 Stores celebration that I've mentioned.

So, this is it. And, this is the disclaimer, that you can please go through it, and I think the IR team has also briefed about it.

If you have any query, you are most welcome to forward it to the below-mentioned email ID. Thank you very much for your time and patience. And over to you.

Q&A SESSION

Moderator (Finportal):

Thank you, sir, for those comprehensive opening remarks. We will now begin the question-and-answer session. Participants who wish to ask a question, please use the raise-hand feature. To ensure that we are able to cater to as many queries as possible, we request each participant to restrict themselves to two questions.

We have the first question from Ms. Bhavika Singhi.

Question 1 (Ms. Bhavika Singhi)

Ms. Bhavika Singhi:

Hello, am I audible?

First of all, congratulations for a good set of numbers.

Mr. JD Seth:

Thank you.

Ms. Bhavika Singhi:

Can you share with me the metrics of stores, like, what's the numbers of your mature growth MOM? And, if you can explain the whole metrics, like how your stores are doing the mature one and the new one?

Mr. JD Seth:

Okay, let us take the 42 store numbers, which were operational as of **31st March 2025**.

So, in the financial year 2024-25, the **average sale per store per month was roughly ₹4 lakhs**, and in 2025-26, these 42 stores achieved a **monthly average of ₹9 lakhs**. So, this is the growth that we have achieved from FY24-25 to FY25-26.

If we talk of Q1 to Q4, these stores I'm talking the monthly sales average per store per month from **₹6 lakhs in Q1 to ₹8 lakhs in Q2**, and then to **₹10 lakhs in Q3**.

And normally Q3 and Q4, the numbers are flat in our industry, because Q3 is the biggest season, Q4 there is a transition from winter to summer. And so **Q4 also we did around ₹10 lakhs**. So, this is the 42 mature stores 42 stores that were operational on day one of the financial year. These are the numbers.

And if we talk of the same growth for stores where those who have seen the journey for, let's say, last two years or three years taking full-year operations 2023-24. And in that case, in 2025-26, we have achieved growth of **26% vis-à-vis 2024-25**. So, this is and I think number, I can just count here, 12 to 14 stores I'm talking about. **14 stores have done the growth of 26% vis-à-vis last financial year**. So, this is the overall figure that we have achieved.

So, if you want me to highlight on the store performance for recently opened stores just to give you a glimpse, 17 stores were opened in Q4 FY25.

And if we talk if we ignore Q4 and tell you the operational performance of these 17 stores: in Q1 they did **₹5 lakhs per month**. In Q2, it's **₹7 lakhs**. In Q3, it's around **₹8 lakhs**, and Q4 is around **₹7 lakhs**. So, this is the trend for the stores that started operations in Q4. There is other data also, but it will not be relevant, because the period is very small for the stores opened in Q1 or Q2 or Q3.

Ms. Bhavika Singhi:

You got it. And, just want to know that from the 100 stores which we opened this year, how many are owned stores and how many are the mature, like, the franchisee model one? And also, I just want to know the break-even, in what time we achieve like each store achieves the break-even?

Mr. JD Seth:

So, so normally, if we talk of first of all, asking you, we carry around **8 to 10 stores are franchisee stores.**

Coming to the break-even, suppose, again, it's a subjective portion, it's not if we open, normally we have 3 kinds of concepts. One is the high street, second is the malls, and third is the destination store.

So again, in that, if we are going to a mature mall or a mature high street, because we get the footfall right from day one. We do not have to wait for the footfall to generate. Normally, we can say it takes around **4 to 6 months** for the store to begin and come to the EBITDA-positive level.

And on the other side also, if we open certain high street destination stores if you have seen, maybe I can show you some of the images. Allow me a minute, I'll just show you.

So, you can see that this is the Lawrence Road very large façade, two-story store. Similarly, you can see this Bhopal and Haldwani store. So now, as I briefly mentioned, these are the destination stores. New-age colonies, new markets, new high streets.

So, we are taking risk because rentals are low, and the catchment area increases because of the new-age developments or high-wage developments happening in these areas. So sometimes they perform right from day one, and for example, Haldwani has been able to perform from the second or third month.

Haldwani is on the main Nainital Highway Road, so we get a lot of tourist visits on that also. Similarly, we experimented with this store also this Hoskote, Bangalore. So, it's profitable from day one.

So, it's a very subjective thing, but on an average, you can say it takes **four to six months** for a store to come above the break-even level. Having said that, if we open the store before the winter, so it's very likely that store will be EBITDA positive because of the higher ASP in the winter season, or the second half being the festivity season.

I hope I've answered your questions.

Ms. Bhavika Singhi:

Yeah, just one follow-up on this, that how many stores had, like, we were not able to perform well and had to close out of the?

Mr. JD Seth:

We have not closed any store so far. We have done some correction. From lower ground, we have gone to upper ground. We have increased the size of the store. In fact, just to give and the store was, you can say, on the back side in the mall, we brought it to the front atrium. That was one lease agreement that was about to expire. So, we have relocated those.

So, these are the kind of corrections. We have not closed any store. Rohini, we Rohini, one of the examples in one of the malls, we opened a larger store and relocated the store. So, only the corrections are happening. **We have not closed any store.**

And if we talk of the overall are seeing, and I think, Sridhar ji, can you throw some light on the EBITDA percentage store-wise?

Mr. Sridhar:

Yeah. So, as of late, as on 31st March, we have **109 stores**. If you the total EBITDA of these stores is average is **16%**.

If we analyze, if I exclude last 6-month stores, then the EBITDA comes to around **20%**, and stores with vintage of above 1 year, the EBITDA is at **22%**.

Ms. Bhavika Singhi:

Okay. Yes, I got my answer, thank you so much.

Mr. JD Seth:

Thank you. Thank you.

Question 2 (Mr. Priyansh)

Moderator (Finportal):

Thank you, we'll take the next question from Priyansh.

Mr. Priyansh:

Yeah. Am I audible, sir?

Mr. JD Seth:

Yes, please go ahead.

Mr. Priyansh:

Yeah, sir, first, very congrats for such an awesome set of numbers, like, management. I recall very vividly, like, last year at the start, you promised for 100 stores. And I was quite skeptical, but ultimately your team delivered almost 109 by end of the year, so that is very commendable, sir.

Mr. JD Seth:

Thank you. Excellent. Thank you.

Mr. Priyansh:

Sir, I just want to understand, what is our guidance going ahead for next one year or two years? And, one more, sir, just part of this question, like, region-wise, I see most of your stores are concentrated on the North India part of it, like, can we see more stores in, like, Maharashtra and southern part of India?

Mr. JD Seth:

So, so I'll just take you through. Now you can see we are in **22 states**. So, yes, North we started with North. Now, if you see MP, we already have **13 stores** and a lot of stores are in the project stage.

And so, Haryana, we already have **eight stores**. So, Bangalore, we have already opened three stores, and we are hopeful that you'll see many more stores in the coming months. Mumbai also, we are expanding. Pune, we have already opened two stores, many more in the pipeline.

So, guidance is very, very interesting. I cannot tell you the exact numbers, but we are very hopeful, very confident that we'll be able to **overachieve what we have committed**, so far.

Mr. Priyansh:

Okay, sir.

Mr. JD Seth:

So, we are not now region-specific. **We want to be a Pan-India brand**, and we have a decent store base now in the Northeast also. And we have opened in Bihar we opened in Northeast also. We're in Assam, we are in Calcutta. So, you'll see a lot of stores coming in, all the major cities.

Mr. Priyansh:

Okay. Sir, is there any internal target set for number of stores, sir? Not guidance in terms of revenue, EBITDA, but number of stores, maybe?

Mr. JD Seth:

We are trying our footprint will be able to **double in this year**, that's what we are focusing for.

Mr. Priyansh:

Okay, more than 200 then, okay.

Okay. Sir, one question on product part. So, like you said, right, like, different segmentation is there, luxury, our brand falls into mass premium, right? So, is there any strategy in place to actually move into luxury part of it, maybe above 14 years of age? Another is, are we also looking into expand, sir? Like, Firstcry, that is one of the closest competitors that we have, right? So, they're already experimenting with the Dubai expansion. So, what is our plan? Brand-wise expansion and geographical?

Mr. JD Seth:

We participated in an event in the Middle East also, and we would have loved to expand in the Middle East, but the current market dynamics, current macro environment is not supporting. Let the things stabilize, I think then we'll be able to take a call on that.

Yes, but we did some initial reiki of Middle East as a country, but it's too early to comment on them. But let the things stabilize because of the current war situation, then we'll take a strategic call on that.

Mr. Priyansh:

Okay, that's it. One last question on the working capital. As we expand our working capital, and also, we recently initiated our online portal also, right? So, do you have any guidance on the net working capital? Like, will it further decrease going ahead, or do you see it stabilized at current level, and we might require some additional funding?

Mr. JD Seth:

See, the business model will be reducing our reliance on distribution. And we'll be more on retail, and we are very clear that we'll be focusing on depth instead of width, because the returns to the display capacity is very much fixed how many styles we can display. So, we are following these kinds of retail ops.

Thanks. So, with receivables coming down and the focus will be more on the controlled inventory and the controlled environment that is our retail or D2C, and working in depth, we are hopeful that we'll be able to better our deployment of working capital.

Mr. Priyansh:

Yes, thank you. Okay, thank you, sir. I will join back on the queue for further questions. Thank you.

Moderator (Finportal):

Thank you, sir, we'll move to the next question.

Question 3 Mr. Vishal**Moderator (Finportal):**

We'll take the next question from Mr. Vishal.

Mr. Vishal:

Oh, thank you so much. Thank you, and again, congrats on the great performance. Can you hear me?

Mr. JD Seth:

Yeah, yeah, we can hear it. Thank you very much.

Mr. Vishal:

So, yeah, so I think my question was on inventory days. I think I saw the inventory days have gone to around 389, so that was a bit concerning as an investor. And also, I wanted to know, how many inventories turns, because this business is also a lot about inventory management. So, how many inventories turns you target in an outlet typically? Because when the customers come, they want to see new fashion, new products every time. So, I think if you can educate us on the inventory turns. Whether the number of 389 days is correct, because that will mean only one inventory turnover the whole year, and what is the inventory turns you're targeting? And how much inventory you carry in an outlet, typically, which is doing 8 to 10 lakhs of monthly sales.

Mr. JD Seth:

Okay, great. I'll answer your query. So, number of days, Mr. Sridhar will confirm after, because he has the numbers. I'll just overall give you an idea.

See, in our business, normally **March and September are the season launches**. So ironically, we have to report these numbers also. But if you see the December inventory numbers, it will be much below that what you have seen in our balance sheet as of currently. So, the reason is very clear. March, we have to launch the season new season, there are 6 to 8 sizes in each article, and we have to dispatch entire bouquet of products to our channel partners also.

So, inventory building happened during that point of time, and so that is the reason you see, and there's a lot of inward also happening because of that. Suppose in one SKU, we have produced 1,000 pieces so 500 will be dispatched to respective locations, but 500 will be there to service the cut sizes in the next 4 to 5 months.

So, so it's a part and parcel of our industry. We have to maintain that kind of inventory. Plus, let's say we have around 30, 35 stores planned in Q1, new stores, or around 30, 35 stores, let's say next three months, for example. So, we have to plan for the new stores inventory in advance. So, you see, because we are in the growing stage, so you see this inventory also adding up in our overall inventory.

Seasonal impact is one thing, second is the new inventory to be planned in advance for the new stores, that is also one thing. So, these two factors, and we have to have additional inventory for **forward selling in next four to five months**.

Usually, we address it normally we divide the inventory into three parts. One is **all-season**, second is **spring and summer**, and **autumn and winter**. So all-season is available across the 12 months. So, there's no risk involved in that inventory. We keep on refilling the cut sizes, as I mentioned, as the sales are there.

And in our business model, you asked about the question, the fast fashion and all see, in this case, visual merchandising plays a very important role. It's not only that you have to introduce new style every fortnightly or every month. Obviously, certain capsule is introduced periodically because normally 70-80%

inventory is launched at the time of the season launch, then 20 to 30%, there are capsule range of fillers, as in the month closes.

So VM plays a very important role how you dress up your window. If you have a decent repeat customer, so that customer can understand that there are some new collections and something new is coming. It's a very basic tool of visual merchandising instead of launching every new SKU every week, focuses more on these retail ops aspects.

But yes, in our business model, at least we have to **maintain store-level inventory of at least 3 to 4 months**. I think we were doing one calculation on that also.

And plus, how the funding is done for the inventory if there are any leftovers there, it goes to the factory outlet also. In our business model, we plan one factory outlet for every 5 EBOs. So, this is how the funding happens, so that freshness comes to the main store of the premium store.

But this is how it happens. If you want to add something, you can add basically.

Mr. Vishal:

Yeah. So, Mr. Seth, are you saying typically on a, let's say, 8 to 10 lakhs per month outlet sales, you keep 3 to 4 months of inventory, like 30-40 lakhs?

Mr. JD Seth:

See, **four to five months you can average**, you can say, because we are expanding across country. So, there is a lead time also. But normally 4 to 5 months is the ideal figure for maintaining the inventory for any store.

Mr. Vishal:

And also, so in a way, let's say if it's 4 to 5 months, so typically we are saying 2 turns, maybe two terms, so you are saying instead of 389 days, if the inventory days were closer to, let's say, 160, 170 days, you'll be comfortable.

Mr. JD Seth:

Yeah, so, can you just mention what was the inventory level in December?

Mr. Sridhar:

It is, see, if you look at the inventory to the total sales, okay, it is coming to **123 days**, and it is increased in March to **156 days**.

The reason is very clear. We added **66 stores**, and also inventory will increase accordingly.

Mr. Vishal:

Wait, 156 is okay, but I think at least on screener, I saw the inventory days was 389 days.

Mr. JD Seth:

I think there might be some because I was also not sure, when you mentioned about the 389 days. No, no, it is not. So, I think there might be some confusion in that.

Mr. Vishal:

Yeah. But at any point in time, if I may ask, like, let's say as of today, if you have to calculate all the company's inventory, right? Like, what would be the inventory at cost basis you think you might have? Because the gross margin would be more typically 60-70% right?

Mr. JD Seth:

Yes, sir, yes, yeah. Yes, sir. Yeah, **60% gross margin**. See, we are in a growing state and March being the season launch, plus we have to keep inventory for the new stores. March numbers will always have I think we have roughly inventory of **₹70 Cr**, Naresh, if I'm not wrong, for the March figure. So, I think in December it was around **₹48 Cr** if I'm not wrong. So, you can see the jump.

Mr. Vishal:

Maybe on an average, if not, let's not take 50 or 70, let's take 60. So, on a sale of, let's say, maybe probably, you know, 150 crores also, 160 crores. Probably one-third, but at any point, you will have to carry 50, 60 crores of inventory, right?

Mr. JD Seth:

Yeah, definitely, that will be there because not only retail, we have to service e-commerce also, we have to service our offline partners also. And so.

Mr. Vishal:

But this 50-60 crores of inventory, is it on cost basis, or the selling price level?

Mr. JD Seth:

So, it is at the **cost basis**. Most basis, cost basis.

Mr. Vishal:

Yeah. Cost basis. So, actually, if you sold this inventory, 50, 60 crores, the cost basis, actually, because the gross margin is 60%, it would be actually probably, you know, like, 100 crore number, right? So, all I'm trying to understand is, how much, really, what percentage of inventory doesn't get sold, which you have to sell at a lower price at factory outlets, and is there a remaining inventory which never gets sold?

Mr. JD Seth:

Yes. So again, first of all, whatever gross margin that or whatever the selling price is, or whatever the MRP we decide, we keep these factors into while deciding these selling prices of the MRPs.

Out of 6 months, 20% maybe 20% inventory will sell at MRP, 20% will be at some event-based discount, or 40% at some event-based discount or so, or broadly around **60% will be in the fresh season**, and **15% will be in the end-of-season sales**. So, but how the market has shaped up, even in the fresh season, we have to give certain discounts also. This is because of the e-commerce. You cannot sell everything on MRP, or we have to give certain festivity or UPT (unit per transaction) schemes also.

So, overall, selling price and the gross margin is based on all this average discounting that we have to sell during the season.

And as I mentioned, inventory is divided. There are all-season merchandise styles, so those will be carried forward. And if there is a season-specific merchandise, or there are cut sizes also, it goes to its collected from all the respective stores. It goes to the factory route also, or maybe better discounted on e-commerce.

And after that, you can say minus 2 or minus 3, there's hardly **2-3% inventory that is left over**. And there are also tools to liquidate that inventory. Maybe we can have a basket sale, and sometimes we have to do the liquidation, but normally it has not happened in our business so far. It happened last at the time of COVID.

But currently, we are always short of inventory. So, I do not foresee any challenge. But yes, fashion is there. There might be certain sizes, but for that IBT (inter-branch transfer) has to be done. Some size might be selling at some place, or some color may be selling at one location, but it might not be performing at that. So, this is, again, the retail ops call that how they move the inventory and generate the desired sales.

Because there are targets not only for the sales, there are targets for the sell-through also, and there are targets for the order value or unit per transaction also.

Accordingly, inventory management. And again, I mentioned also, for better retail planning, better inventory management also, we are in talks with certain retail practice also, and we'll be using that software to have a better discipline as far as OTB (open-to-buy) planning is concerned.

Mr. Vishal:

Yeah. Thank you. Because last question on this, Mr. Seth, because I think you are executing quite well. I think we can see, and congratulations again. But I think but the kids, I think the big challenge is, I don't know exactly what ages of kids you are serving, maybe from 3 to 14, maybe my kids and boys and girls both. So, the sizes for every age, from 3 to 4 to 5 to 10, and it's very challenging because, you know, a 7-year-old kid might come, they might like something, but the size is for 10-year-old. And also, boys and girls, what ages do you cater to? Do you find challenges because of so many sizes, so many SKUs, and in a limited store? How do you manage that, and what do you think?

Mr. JD Seth:

Yeah, good question. First of all, the overall category is divided into three parts. Infant, toddlers, and young kids.

Infant is mainly unisex, except for few colors. Toddler and young kids, again, there are boys and girls. So, in detail, the interesting part is that the display area is fixed.

And based on the historic data, we can understand what all categories are selling. So based on that, a retail plan-o-gram is prepared, and it's a detailed exercise how many t-shirt options, how many shirt options that we have to source for each store, because there is a sales target, and there is a display capacity for that particular store.

So based on that, it's more of its more of a scientific approach nowadays what kind of inventory planning has to go for each store. Obviously, stores have to be classified ABC accordingly as per the location. So, again, this predictive software that we just having negotiation, they do all these kinds of exercises.

Currently, we are doing using Excel or Power BI, etc. But now more advanced tools are available. So, this is how it is fixed. You cannot overproduce because display capacity of that particular store is fixed, and accordingly these scientific levers are there to control the inventory.

Again, going by my prior experience of working with brands like **Nike, Puma**, etc. interesting learning from Nike: **focus on depth, not on width**, because whatever you produce, produce and try to have a story around that, and create a FOMO for those hero styles or articles, and focus on depth instead of width.

So, because if you go in the width, it's very difficult to control. Then you rightly said, there are sizes. And so size group for toddler and young kids again depends upon the product setting also, whether it will fit for the toddler or it will go for the young kids also.

And again, the stress little bit of the particular style. So, in most of the cases, what we tried that, if it's a sober fashion, the style that is working in toddler also that will go into the young kids also accordingly.

Accordingly. Number of SKUs we try to control. So, this is these are the scientific methods that we work on managing this.

Mr. Vishal:

No, no, no, I think it's and if you can just say what is the divide between sales, divide between girls and boys, and clothes and shoes?

Mr. JD Seth:

So overall footwear I remember is **33%** and apparel is around **64%**, but in retail the contribution for footwear is **around 18%**, and it is growing because we have done a lot of activities as far as improving our footwear is concerned.

If you get some time, I don't know which city you're from, if you're from Mumbai, visit our Inorbit Vasai, Belapur store, you'll get an idea of what kind of action we have taken for promoting it. The idea is very simple. We have to increase the per-cart value from the footwear world.

Mr. Vishal:

So, footwear is higher gross margin, higher AOV, right?

Mr. JD Seth:

More or less, because if you go up the ladder, if you are focusing on the fashion shoes, fashion sneakers, or sports shoes, your margins are relatively better. Similarly in denim also, we get a decent margin. And focusing on certain fashion element, you can increase our gross margins.

Boys' and girls' split, I do not remember exactly.

Mr. Naresh Kumar (Chief Financial Officer):

Coming to the retail business **Girls is contributing 45%, Boys 36%, Infants 15%, and others 5%.**

Mr. Vishal:

So, Boys is 35?

Mr. Sridhar:

36%. Because yeah, Boys 36, Girls 45, balance Infant, infant. Okay.

Mr. JD Seth:

Girls' options are much wider. They have a party wear segment also. There are a lot of product innovation happening. You can see the dresses also. And so that's why you can because there are ballerinas also, fashion sneakers, also fashion footwear also.

Mr. Vishal:

In your in your typical, kids age okay, okay.

Moderator (Finportal):

Also, I would request you to get back on queue.

Mr. Vishal:

Okay, sorry, sorry. Thank you so much, thank you.

Mr. JD Seth:

Thank you.

Question 4 (Mr. Ramesh)

Moderator (Finportal):

We'll take the next question from Mr. Ramesh.

Mr. Ramesh:

Good evening, sir. Am I audible?

Mr. JD Seth:

Good evening, Mr. Ramesh.

Mr. Ramesh:

So, my question is also about the inventory management. See, as I understand, we are also growing in the next financial year in this financial year, I'm 100 to 200 stores. So, definitely, there will be a high requirement for inventory going forward. So, my question is about the operating cash flow. Although it has improved in FY26, when can we expect it to be positive? Like this year or next year, considering?

Mr. JD Seth:

So, we are very hopeful going by the past trend. So, you mentioned that we have already done an improvement. So, we are very hopeful that we should be operationally cash positive maybe **another 12 to 18 months.**

Mr. Ramesh:

Okay. The follow-up question is about the capital needs for the for driving the growth. So, is it via equity dilution, or we are going to raise debt for it?

Mr. JD Seth:

It has to be a balance of debt and equity. It will be through both the routes. And so, we'll be maintaining a healthy debt and equity ratio. So, we plan to raise equity also, and there'll be certain requirements of debt as and when the need requires.

Mr. Ramesh:

So, is there any timeline for it, like, to raise the funds? Like, we have enough funds right now, or is there?

Mr. JD Seth:

We are hopeful, as and when there is an announcement, we'll definitely update you. We are very hopeful. And we have internal timelines, and we are very hopeful that we'll be able to adhere to those timelines.

Mr. Ramesh:

Thank you. Thank you. And that's all from my side. Thank you, sir. Almost.

Question 5 (Mr. Mohan)

Moderator (Finportal):

Thank you, sir. We'll take the next question from Mr. Mohan.

Mr. Mohan:

Yeah, thank you so much, sir, for such a lovely presentation. Please pardon my ignorance I'm joining this call first time of this company, because it is recommended by one of my portfolio managers, and I'm an SPI investor.

Yeah. So, my question is on the distribution channels that you have been showing, and with regards to that, the debtor days, generally in the companies which are into the retail segment, debtor days are in single digits also, but in our case, the debtor days are probably in triple digits. So, how is the debtor days going on the higher side? Where are the payments coming from, is my first question, and then probably I have a follow-up question also.

Mr. JD Seth:

So, so, how we have evolved when we started, we started our business with distribution and e-commerce was also very bullish at the time. E-commerce, primarily B2B business. So, we also started accordingly, and when we opened our retail store in December 2019, and after that, we have seen a bit of COVID.

But strategically after COVID, we decided that we'll be focusing on the **controlled business**. That is our retail, and to some extent, D2C also. So, there has been a strategic shift in the overall business model of the company. This year our retail business is around **40%** and the distribution business has come down.

So, we are also following this model in the years to come, and we are hopeful that retail will contribute, or **retail or D2C will contribute at least more than two-thirds of the business** in the years to come.

And the reliance on distribution will slowly and slowly come down. Now, yes, we do have debtors, and now mostly these are the distributors who work with all the domestic and international brands, like definitely, they distribute our products also.

And normally the business cycle is around 3 to 4 months of receivables. They pay after 3 or 4 months also. Or they pay whenever they are able to get their funds realized from the market also. So that's why the receivable cycle is very high.

Nowadays, what is happening, even the distributors are also changing their business model, they're also opening their own store because they're also fed up with the larger debtor cycle.

So, they're also opening their own store, because they work with multiple brands, and instead of giving it to the multi-brand outlets, the regional retailers in the market. So, they prefer opening their 15, 20 stores and serving their own stores.

This is how the business model is reshaping from distribution to maybe key accounts also. And I think it will take one and a half years also that we'll be reducing our reliance on the distribution model.

We'll be focusing on our retail, and accordingly, the correction will be there in the distribution and the debtor days. So, I think we've already done some correction. I think you can see the number **the debtor days have come down**

Mr. Sridhar:

Yeah, that it is reduced from **214 days to 128 days in FY26**.

Mr. JD Seth:

So, one more thing, you see in the March balance sheet also, you see debtors on the higher side also again the same reason I just now explained because we have to launch the season also. So, bouquet of products goes to the distributors and to service their retailers in their region also.

A distributor will not take one set or two sets, they will take at least 20 sets for one particular article, because they have to also service the retailers in their region also.

So, you see this upside coming in the debtor's cycle, but we are very much aware that but overall industry dynamics is changing towards the shop-in-shop or the key accounts and the retail businesses also.

Mr. Mohan:

Okay, so, how do you define key accounts in that case? What do we mean by key accounts? In our online sales have gone down in terms of percentage. From 3 to 2. Our key accounts are what has increased along with retail.

Mr. JD Seth:

So, a key account organizes multiple outlets, whether it's a regional or Pan-India. There are retailers like Bindal, Chunmun, etc. I consider we classify them as key accounts, although they are regional, as shop-in-shop or MBO partner.

Then Reliance, for example, is a large-format store, but is classified as a key account. Then there are certain regional footwear retailers like EMart, Profit, that we classify.

Then retailers like Lulu Mall, etc., they are also classified as the key accounts. So, again, as I mentioned, most of the distributors are also opening the retail. How it is now the retail is shifting, even in the MBO business also that they give justification to each brand, give it 8 to 10 feet of dedicated space, and the brands participate and sell accordingly, with giving it due justice to whatever brand they are selling.

Again, focusing more on instead of having multiple, instead of having 100 brands, focus on limited brands, generating a sell-through from them, justification giving both to the brand, to the company, and minimizing the inventory. So that is the result of this shift.

Mr. Mohan:

So, sorry, sir, when you say two-thirds, then you're talking about retail and online should be more than two-thirds. And?

Mr. JD Seth:

Yeah, sorry, you asked about the online thing. I think it is important for all of you who are attending the call.

See, as I mentioned earlier, we were on the different platform that was **Magento** when we launched our website at the time of COVID. Now, over the year, Magento has not been able to develop the ecosystem. **Shopify** has been able to develop the ecosystem for D2C brands and D2C websites also. So, number one, we changed our platform from Magento to Shopify, so there was a migration timeline that was a problem. You see a dip in the numbers.

Secondly. If all of you, most of you must be aware, when we started Purple, we started our business model with signing agreement with the character marketers like Disney, Avengers, Barbie, etc. So, initially, about 90% of the portfolio was a character merchandise. Even 95% of the portfolio was character merchandise. And 5% was in our brand, like, Purple, Toothless, etc.

Strategically, we took all that we exited that cartoon character business. We'll be doing it in future, maybe as a marketing capsule, not as a full as a cartoon company. So, because we were not able to justify the MRPs if we wanted to have fashion element product, because we were supposed to pay around 15% royalty to these character companies, and it was hitting ours, and the markets were shooting like anything, and without doing any innovation in the garment or the footwear. So, we decided to go with it.

Well, no, we have had an inventory in the e-commerce also that was focusing on the character merchandise. We were initially inventorising, discounting that ASV accordingly review. Currently, and we were not selling apparels initially also, because the focus was to stabilize apparel in the retail first. Once it was established in retail, we after the migration, we wholeheartedly launched apparels and footwear also, and the numbers are very encouraging. Quarter on quarter, we are having a growth of **59% to 60% in the revenue**, and roughly, I think in April, we did e-commerce business of roughly **₹1.5 Cr**, and we are very hopeful that we'll be able to with a better DR and focusing on **never out of style**. And I'm very much sure that **10 to 12% contribution** will definitely come from our e-commerce channel.

Mr. Mohan:

Thank you. Thank you. Yeah, thank you so much, JD, sir. I have one last question on this. Do we have any targets internal for debtor days reduction for the next year, like from 128, you probably want to make it less than 50 or any other number?

Mr. JD Seth:

See, it's not subjectively seen, we cannot, I just want to do, we cannot ignore distribution 100% because every channel has its own customer. Even when distributors also service some very good retailers also.

So, but the part and parcel, if we talk only of the distribution business, because it will be reducing, but at least it will be somewhere between **3 to 4 months**. And since we are Pan-India, so we have to add around 20, 25 days for the supply chain part also. But yes, religiously, it should converge somewhere around **3 months** in the front. That's what we are targeting internal target that we have taken for settling the debtors only for the offline business.

Mr. Mohan:

Yes, sir, what is the number? I could not hear it.

Mr. JD Seth:

3 months, 3 months for the distribution, we should not go. See 3 months. Only for the distribution. And the retail will, again, it will be all cash, retail and all that. Because the retail will not — retail will not have any debtor cycle.

Mr. Mohan:

And key accounts are included in distribution, or it is also considered as retail?

Mr. JD Seth:

So, you can see around same level two and a half months for key accounts, because they are comparatively better paymasters, and three months for the distribution.

Mr. Mohan:

And sir, all of our productions are in-house, or we do some outsourcing also?

Mr. JD Seth:

So, again, I keep on telling my learning of earlier working with all the big names like Puma, Nike, etc. focus on the customer side. So, we focus on the customer side, it's who are retailers, who are D2C, and we are on an **asset-light model** as far as the sourcing side is concerned.

As far as sourcing is concerned, we work with multiple factories. We have an entire team of designers, product development, quality team, and we work with multiple factories to get better innovation, better control on our sub-categories.

And but we don't have factory. We do have a couple of factories who produce only for us. That's how currently we are working.

Mr. Mohan:

Oh, thanks! Okay, so that percentage would be yeah, just the clarification. So, is there any percentage we have, like, 10% in-house and 90% outsourced?

Mr. JD Seth:

Okay. Okay, period. So, we do not have an in-house factory, the controlled factories are there. In-house, we do not have. But yes, the controlled factories may be making around **8 to 10%**.

Mr. Mohan:

Fair enough. Thank you. Thank you. Yeah, thank you so much. Thanks.

Question 6 (Mr. Aditya)

Moderator (Finportal):

Thank you, sir. We'll take the next question from Mr. Aditya.

Mr. Aditya:

Am I audible?

Mr. JD Seth:

Yeah, yeah, you're okay.

Mr. Aditya:

Sir, my question was about premiumization. As you said that your company is slowly getting into the premium addition. So, how will you guys compete with Nike and Puma? Like, why would people be buying clothes from your stores instead of Nike and Puma. Why would they prefer you? And the other was, like, I was talking about the Firstcry, yeah. So, how will you guys compete with the Firstcry?

Mr. JD Seth:

So as part of our understanding, **Firstcry is into the value segment**. They are not into the premium segment. I'll request you to please get some time and visit our store and Firstcry. You'll see the customer experience yourself.

So that is one of the things, because that is not my feedback that is the feedback I keep on getting from a lot of parents who visit firstcry as well as our stores also. So please visit our store, please visit our website. You'll get an idea how we are differentiating ourselves as far as the customer experience is concerned.

I showed you how we have placed our one of the denim section, denim section, you can see on the screen. Left side is the denim section. This is how we are creating a customer experience in our stores.

So, if you visit our store, you'll get an idea.

Mr. Aditya:

I was just asking about the USP of your selling, like, what is the USP? Why should people prefer your stores instead of Nike's and Pumas? I was just asking this.

Mr. JD Seth:

Sure. And brands like Nike, etc., are primarily **boys-centric**. They are boys-centric brand, and they have very limited options even for boys also as well as girls also.

This denim section, which contributes maximum, which is one of the major contributors in the sale, you will not find these kinds of products in Nike. You will not find these kinds of products in other sports brands. Yes, USPA or Allen Solly may have these kinds of some of them, but still, they have a very limited offering.

If we talk of the girls' segment, or the infant as a segment, most of these brands don't have the infant. So, we are a **one-stop shop for fashion-related requirements for kids in the age bracket of 0 to 14 years**, and this is how we are positioned.

Even if we talk about the footwear, there are a lot of sub-categories that Nike or Puma or Skechers, they are not doing. They are primarily focusing on the sports shoe.

If you talk about the ballerinas, if you talk about the fashion shoes, fashion sneakers, we have a very interesting canvas shoes range is there. If you allow me, I'll just take you through this. If you get some time, I'll just show you I'll take two minutes.

Mr. Aditya:

Okay, now.

Mr. JD Seth:

So, if my screen is visible, you can see this canvas shoe, and we have done a lot of innovation research how to make it light, because normally the canvas shoes are very heavy. So, these many options, you will not see in apparel brands or in the even the brands like Nike. So, these are some of the differentiation factors.

And similarly, also, if you see the I just say you to the trouser as a category. So, sports brand will not have these kinds of categories. We're giving so many options so that we can have a better connect with our customer.

Even in footwear also, many you can see these many categories, most of these are not available in sports, right?

And instead of label in the other, but they're not getting. They are mostly **boys-centric**, they are not focusing on girls, and they're not doing footwear. So, these are the couple of USPs that we have in our business model.

Mr. Aditya:

Okay. So, after a kid segment, can you see other segment as well for brand expansion?

Mr. JD Seth:

I think, kids' market is huge maybe three years or four years down the line we can think, but not in the mid-term. There's no such thought to expand our portfolio to the Gen Z or other categories also.

Mr. Aditya:

Okay, so, how do you guys see your company in the next 5 years? Will it become a ₹5,000 / ₹10,000 Cr company? Like, what is the expected guidance you can give for next 5 years or 10 years?

Mr. JD Seth:

See, I see a very interesting future. Obviously, to reach that kind of level, you require a lot of input and a lot of growth capital. But I do not see in the next two to three years we **can easily double our revenue on a year-to-year basis**. That is very easily achievable in the next two years. For the next two years, that guidance I can give **we can easily develop the top line by 100% on a year-to-year basis**.

Mr. Aditya:

Okay, sir. Thank you, and congratulations.

Mr. JD Seth:

Thank you, thank you.

Question 7 (Participant)

Moderator (Finportal):

Thank you, sir, we'll take the next question from Mr. Saurabh.

Mr. Saurabh:

Hello, sir, am I audible?

Mr. JD Seth:

Yeah, please go ahead.

Mr. Saurabh:

Yeah, so this fashion retail business, this is all about unit economics, and companies which track the unit economics, they scale very fast, you know, all depending on the need of the capital. And we have been scaling fast, and it's really heartening to see that, you know, we have finished almost one year of

operation on, I think, 25 plus stores. And you said these stores, I think somewhere in the con-call, you said the one-year-old stores are working on 22% EBITDA margin. So just help me to understand from a unit economics perspective, and you know this is an industry where you have this whole IND-AS accounting and rental accounting and all of that. If we factor all of that on these one-year-plus stores, what is the cash profit margin we are generating on these stores, and what is the working capital days on these one-year-old stores?

Mr. JD Seth:

Yeah. I think you can just mention about the EBITDA for the one-year-olds. I think you mentioned, you can repeat please.

Mr. Sridhar:

Yeah, yeah, yeah, it is **22%**, and with the average monthly sale of **₹9 lakhs per store**. If we look at the overall sales of 43 stores, then the monthly revenue is **₹3.66 Crores**.

Mr. Saurabh:

Sir, EBITDA is more the accounting number. I'm more interested in post-accounting and post your rental, you know, rental expenses, and post your working capital. What is the operating cash flow you are generating from this?

Mr. JD Seth:

I think need some time because we declared our results on 9th only, I think, and after that we were travelling for some official work.

And maybe we'll be able to connect one-to-one and share your queries. I think team will be able to answer you if you want that thing in detail.

Mr. Saurabh:

Sure, Sure.

Mr. JD Seth:

Sure, sure, sir. Because channel-wise query, I think they need some time to answer your query.

Mr. Saurabh:

Yes, sir, just the intent is just to understand the unit economics, because then it'll help us to understand.

Mr. JD Seth:

So, overall unit economics, I can tell you overall, if ₹100 is top line, what we target is **17% is rental**, and **17% is operational cost**. So again, EBITDA we target roughly around **20%**. If we talk of the average rental that currently we are paying, it's coming in that range only.

Although we signed stores as high as ₹3 lakhs, ₹3.5 lakhs also, or as low as ₹75,000, ₹80,000 also, or maybe in the revenue sharing also. So overall, average rental that we are paying as per strategically is around ₹1.7 lakhs. So overall, this economics for that.

And the working capital cycle and detailed cash flow we'll just prepare it after this meeting, and we'll change through IR, we can forward it to you.

Mr. Saurabh:

Sure, sir. And given now we have 100 plus stores, and when we finish FY27, you know, all these stores will be there for more than a year. So, based on your numbers, sir, I'm assuming that we should have capability to generate ₹15 to ₹20 Cr annually through our internal accruals itself?

Mr. JD Seth:

Maybe more than that, maybe more than that, that we'll be able to generate. And if you want specific numbers for retail, obviously I'll do the breakup and we'll provide you the retail specific internal accrual.

Mr. Saurabh:

Sure, sir. And let's say this ₹20 Cr, sir, if you want to open more store, from this ₹20 Cr, how many stores can be taken care in terms of capex and the starting working capital, inventory and all?

Mr. JD Seth:

So, again, roughly ₹70 lakhs are the cost per store roughly ₹30, 35 lakhs for Capex, ₹10 lakhs for security deposit, and ₹20, 25 lakhs for working capital. So, if ₹20 Cr is there, so you can

Mr. Sridhar:

around 30 stores we can open,

Mr. JD Seth:

yeah.

Mr. Saurabh:

30 stores, okay.

Okay, and I think one gentleman asked very interesting question that different age bands, the cloth size will differ. And in retail we discuss like always the female clothing has so many SKUs. So, kids' clothing also, do you see it's as challenging as female in terms of the number of SKUs, you need to maintain, or it is better than our female retail works?

Mr. JD Seth:

See, it's very plain and simple. Display capacity is fixed. Whatever the data says, which categories are selling the focus for that store, for that particular location will be on that. Obviously, giving an overall customer experience.

So, it's known it's more of a scientific driven what all historic data is there, or maybe obviously some creativity has to come in if there is some change in trends. What all storefront that we have to focus. So accordingly.

But yes, girls have more options, so that's why the contribution for girls is will always remain. Because there's a particular segment that are dresses, there are tops, there are fashion dresses. So, girls will always be high.

So retail, again, I'll say display capacity is fixed, so planning has to be done based on the store display area and the scientific data available for that particular store.

Mr. Saurabh:

Got it, got it. And sir, last question I have. So, I visited one of your stores, this is in Patna, near Danapur, and I think somewhere you're showing two stores that you are coming with stores which are areas which are, like, really developing right now, and that store also, because I know that is also a similar kind of area which will do very well. My question is

Mr. JD Seth:

You are talking about the Saguna?

Mr. Saurabh:

Yeah, Saguna Mor, sir. Saguna. Yeah.

Mr. JD Seth:

So, it's profitable right from the day one.

Mr. Saurabh:

Thank you. Thank you.

Yeah, and I really liked the whole, you know, cleanliness and, you know, the whole look and feel of the store. Only one question I have, we are expanding in multiple states, and, you know, the taste and feel of clothing, the color selection I don't know, it might differ state by state, so this whole geographical expansion, do you think that the same, you know, strategy of having the SKUs will work across the state, or you need to tackle every state, or at least North India versus South India in a different manner when it comes to the, you know, taste and selection of kids' clothing?

Mr. JD Seth:

Again, going by my learning of my prior understanding how these brands are working if you talk of any national-level brand, probably we hear about a lot of international brands, whether it's Levi's or USPA or likes of Nike, Puma. They do not make region-specific orders. They do not make region-specific.

Again, a second learning has been that we wanted to have presence across India, so we do not want to be a regional I do not want to name one or two players who started the journey like this, but they remain a regional brand. They struggled a lot expanding to other territories. So, after they were able to establish themselves in maybe in the north part of the India.

So, again, going by this, no international brand plans a separate inventory for a region-specific, even most of the cases, they have the international catalog and the retail retailers have to pick from those particular articles.

Having said that, normally, how operationally it happens whenever there is a mood board is prepared, sample set is prepared for the upcoming season, regional teams are invited for the presentation.

And they give their region-specific input if any, whether it's for the color, it's for the storefront, or etc. And suppose you have three colors in one particular SKU, they may pick two or they may pick one also, they may not pick two also because of customer liking preferences also at a point, in that region also.

So, this is one of the this is more of a subjective one. Plus, as I mentioned, that we are in the process of identifying certain retail planning software also to make it more scientific also.

But it is very difficult to have region-specific range because it may happen in the ethnic wear. But for brand DNA with all-India family, it has to have one catalog, or maybe the winter-specific products may go to that particular region where there is a heavy winter or the likely winter.

And something does happen based on the regional requirement you can add one or two more colors in the existing storefront, but not a specific category or catalog is being done for any specific so this is my learning, and I think we've been doing on these parts, these lines.

Mr. Saurabh:

Thank you. Thanks. Thanks a lot for detailed reply, sir.

And sir, last year you had told that your own website, we couldn't focus that much because the focus was on getting the retail model, and now we are migrating to Shopify. So, this year, should we expect our own e-commerce portal to get revamped, the app to get revamped?

Mr. JD Seth:

Our website currently is **mobile-friendly**. We've already done the migration, and after I mentioned, from e-commerce, we did a business roughly ₹1.5 Cr. So, we are hopeful that overall e-commerce business will contribute at least **12 to 14% overall top line** in this year.

Mr. Saurabh:

Oh, great, okay, great. Thanks, that's all we had. All the best, sir.

Mr. JD Seth:

Thank you. Thank you. Thank you.

CLOSING REMARKS

Moderator (Finportal):

Thank you so much, sir. That was the last question for the day. On behalf of Finportal, I would like to extend our sincere gratitude to the management team of Purple United for their time and detailed responses.

We also thank all the participants for their active engagement and thoughtful questions. I would like to ask JD sir, to please give closing remarks.

Mr. JD Seth:

Thank you. Thanks, everyone. Thanks for your patience and support, and hopefully I've answered all your queries. If anything remains unanswered, may I request you to please send an email to IR. We'll be happy to answer those questions.

These kids wear space is really interesting, and we have seen a lot of traction happening in the last couple of years. Many international and domestic brands are eyeing this game market share for this particular space.

And the kind of stores, façades and storefronts that we have identified for our retail operation, and how we have revamped our e-commerce website also we are very hopeful that we'll be able to deliver similar kind of results, similar kind of expectation for our investors so that they are able to realize their time investment that they have done in our company.

We are very hopeful. And for the future growth when again we'll meet, and we'll come with the next you may come with an expectation that we'll overachieve whatever guidance we have given today.

Thanks again. Thanks for your support. Thank you, thank you, IR team. Thanks for arranging this meeting. Thank you very much.

Moderator (Finportal):

Thank you, sir. Should any queries remain unanswered, the participants, we have dropped the email IDs in the chat box, you can reach out to us on those IDs. Thank you.

Mr. JD Seth:

Thank you, ma'am. Thank you. Thanks.