

VISHAL MEGA MART LIMITED

(Formerly known as Vishal Mega Mart Private Limited)

Corporate & Regd. Office: 5th Floor, Platinum Tower, Plot No. 184

Udyog Vihar, Phase – 1, Gurugram, Haryana-122016, India.

Phone: +91-124-4980000 Fax: +91-124-4980001

Email: secretarial@vishalwholesale.co.in, Website: www.aboutvishal.com



CIN: L51909HR2018PLC073282

Date: May 05, 2025

To National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 NSE Scrip Symbol: VMM	To BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 Scrip Code: 544307
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Dear Sir/ Madam,

Subject: Transcript of Earnings Conference Call on results of the Company for the quarter and year ended March 31, 2025

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Earnings Conference Call on results of the Company for the quarter and year ended March 31, 2025, held on Wednesday, April 30, 2025. The copy of transcript is also available on the Company's website at <https://aboutvishal.com/>.

Kindly take note of the same.

Thanking you.

For **Vishal Mega Mart Limited**

Rahul Luthra

Company Secretary & Compliance Officer

ICSI Membership No: F9588

Encl: As above



“Vishal Mega Mart Limited Q4 FY '25 and FY '25 Earnings Conference Call”

April 30, 2025

E&OE. This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on April 30, 2025, will prevail.



**MANAGEMENT: MR. GUNENDER KAPUR – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER
MR. AMIT GUPTA – CHIEF FINANCIAL OFFICER**

Moderator: Ladies and gentlemen, good day and welcome to the Vishal Mega Mart Limited Q4 FY '25 and FY'25 Earnings Conference Call.

As a reminder, all participant lines will be in the listen only-mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*", then "0" on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Shikha Puri from Strategic Growth Advisors. Thank you and over to you, ma'am.

Shikha Puri: Thank you. Good afternoon, everyone. And thank you for joining us on Vishal Mega Mart Limited's Q4 FY '25 and FY '25 Earnings Call. We have with us Mr. Gunender Kapur – MD and CEO; Mr. Amit Gupta – CFO.

I hope everyone got an opportunity to go through our Financial Results and Investor Presentation uploaded on the Company's Website and the Stock Exchanges. We will begin the call with opening remarks from the management, following which we will have the forum open for question-and-answer session. Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature, and a disclaimer to this effect has been included in the earnings presentation shared with you earlier.

I would now like to invite Mr. Gunender Kapur, MD and CEO, to give his opening remarks. Thank you and over to you, sir.

Gunender Kapur: Well, thank you very much, Shikha. Very good afternoon, ladies and gentlemen. A very warm welcome to this call. What I will do very briefly is to speak about the Quarter 4 results and the quarter and the full year '25 results very briefly, give you a glimpse of some of the highlights, and then very quickly I will open the call for questions.

Firstly, on Quarter 4 '25, the Company did a revenue of Rs. 2,547 crores. This was a growth over last year, 23%. And in terms of same store sales growth, we achieved a number of 13.7%. (Note: This is Adjusted SSSG). The gross profit was Rs. 720 crores. The EBITDA was Rs. 357 crores. The Adjusted EBITDA, which is IndAS 116 adjusted, and pre-ESOP was Rs. 208 crores. Likewise, the PAT was Rs. 115 crores. Now, these are a lot of numbers. I am sure you have seen the numbers. The PAT grew by 88% over last year. The PAT margin was 4.5%. And the PAT number adjusted for ESOPs was Rs. 128 crores, more than 100% growth over last year and 5% margin.

Very quickly moving on to the full year performance. The Company did a revenue of Rs. 10,716 crores, which means the same store sales growth for the full year of 12.3% (Note: This is Adjusted SSSG). Likewise, the gross profit was Rs. 3,052 crores, an improvement of 23.8% over last year. And as a percentage of revenue, the gross profit was 28.5%. The EBITDA was Rs. 1,530 crores, which was a 22.6% growth over last year and an EBITDA margin of 14.3%. Likewise, pre-ESOP and as per IndAS 116 the EBITDA was Rs. 1,033 crores, a growth of 38.7%

over last year, and represented a margin of 9.6% as a percentage of revenue. So, you will see that this clearly grew by 128 bps vis-à-vis last year. The PAT was Rs. 632 crores, which represents 5.9% margin, 36.8% growth over last year. And finally, PAT adjusted for ESOPs was Rs. 676 crores, a growth of Rs. 45.5 crores over last year and represent a percentage margin of 6.3%.

Now that's a very brief and rather quick snapshot of the numbers. I would be very happy to clarify any of these numbers during the course of the call. Over the year, we accelerated our new store opening plan and we opened 90 new stores. Now we are present in 458 cities in India and we occupy a trading area of 12.2 million square feet, which is, let's say, slightly over 1.2 crore million square feet. As you know, our own brands, private brands are a very important and crucial part of our business, and in fact, one very important dimension of differentiation vis-à-vis everyone else. The private brands' contribution grew to 73.1%, which is a clear 135 bps improvement over the last year. The category mix remained broadly the same or similar. Clothing contributes to 43.9% of our business, general merchandise 28.2%; and FMCG 27.7%.

And last but not the least, we had during the IPO presentation, spoken briefly about our quick commerce platform. So the progress there also has been consistent and good. Now our quick commerce initiative is available to the customers who live in the catchment of 656 stores across 429 cities in the country. And now registered users on quick commerce have increased to 8.7 million folks around the country.

So that's very brief, again, highlights of the various initiatives which we had spoken about in the past. I will stop at this place now and I will be, along with my colleagues, I will be very happy to take the questions that you have.

Moderator: Thank you, sir. We will now begin with the question-and-answer session. The first question comes from the line of Jignesh Kamani from Nippon Mutual Fund. Please go ahead.

Jignesh Kamani: Yes. Hi, Gunender and Amit. Congratulations for a good set of number. Just on the gross margin, we have seen close to around 80 basis points improvement on the Y-o-Y for the full year. So, if you take about few of the lever, like a higher set of private label, you can say strong brand pull, better sourcing, anything, so just can you highlight what are the key levers and which are the key reasons which contributed to gross margin improvement?

And just adding to that on private label, which is close to 73% for you, we have seen a strong brand pull from many of the private brands. And right now the private level is close to 40% to 50% discount to national level brands. So are you seeing there, because of strong brand pull, there is a scope to reduce some of the discounting in some of the key brands and hence improve the gross margin? Thanks

Gunender Kapur: Sure. Thank you very much for both the questions, they are great. Firstly, on the 80-bps improvement in gross margin, I will tell you three or four reasons which have contributed to this. The first and the obvious one is that our business is growing well, resulting in greater leverage with us in terms of sourcing and buying. So that's an important component of what's led to that

margin improvement. Secondly, as I mentioned slightly earlier, and you also alluded to that, the private label contribution has gone up by 135 bps over last year and that has also contributed to improvement in gross margin. Lastly, as we spoke earlier, we are always trying to move customers from the lower price points to higher price points, and that is a continuous process. So that shift of a certain number of customers to higher price points has further led to an improvement of gross margins. So. these three factors put together add up to 80 bps, and that's the improvement in the gross margin.

So. your second question was that, in view of the fact that our private brands are making great progress, are we looking for reducing the discount at which we are selling these brands vis-à-vis national leaders? Not immediately as yet, because you see, there are two factors which go into the pricing of private brands. One of course is, as you mentioned, the discount over the market leaders and so on. Secondly, our goal is also to drive penetration in these categories which still have no penetration. And one element of pricing is completely focused on seeing what is the price point at which they will become affordable for a significantly large number of consumers and customers. So. it's a combination of these two. It's too early for us to claim that we have driven penetration to or saturated any of these categories in any significant way. So. we are not really looking at reducing the discount just as yet.

- Jignesh Kamani:** Understood. And follow-up question on growth wise, 13.4% kind of healthy SSSG for the full year, is there a growth across board? Or UP is doing very well versus South, Karnataka, or any sense on any diversion between various clusters?
- Gunender Kapur:** Firstly, our same store sales growth, just minor correction, is 12.3% for the full year, for Quarter 4 it is 13.7% (Note: these are adjusted SSSG). Secondly, our growth across all our three businesses is pretty similar and in the same ballpark. And lastly, you will be happy to know that we have not seen any significant divergences of growth between East, Northeast, South and West. Of course, there are minor and insignificant differences, but nothing which is significant. They have all grown at the same ballpark.
- Jignesh Kamani:** Okay. Thanks a lot.
- Gunender Kapur:** Thank you.
- Moderator:** The next question comes from the line of Vivek Maheshwari from Jefferies Group. Please go ahead.
- Vivek Maheshwari:** Hi, good afternoon GK and Amit.
- Gunender Kapur:** Hi, good afternoon.
- Vivek Maheshwari:** A couple of points that I want to get more clarity on. So. first on the store additions, last year 90, what do you think you should be doing in FY '26 as well as let's say in the next three years on an annual basis?

- Gunender Kapur:** In FY '26, I would not give any specific guidance, Vivek, if you can understand that. But we will be in the same ballpark. And for the next three years, I would say that our endeavor is to add more and more stores every year. So, I would be optimistic on the next two year period beyond full year '26. And '26 we would be in the same ballpark.
- Vivek Maheshwari:** Okay. So. we can basically work with 90 what you have done last year, and project the next couple of years at least?
- Gunender Kapur:** I would believe that to be very sensible, Vivek.
- Vivek Maheshwari:** Okay. And GK, of these 90 stores, let's say, in the next couple of years, how do you think about, let's say, getting into new markets, whether it's Kerala or Maharashtra versus the existing markets especially, let's say, UP, Assam and Karnataka? Do you have a sense, or can you rather give us a sense in terms of new versus existing territories within which, of course, the top three?
- Gunender Kapur:** Sure, Vivek. And you picked up all the right territories which I had spoken about earlier in the IPO presentation. I am very happy to inform you that we have double digit stores in Kerala now, and we are moving with speed in terms of expansion into Kerala. At the same time, we have also started small pilots which will just be rolled out, I suppose, in the next 30 to 60 days, both in Gujarat and Maharashtra, to learn about that those two markets, because as you know, historically we have not been there. So even those small pilots in these two states are in the final stages of finalization and will come to fruition definitely in the next two, three months. Kerala is going ahead with full speed at the moment.
- Vivek Maheshwari:** Got it. And what are your views from the existing top three markets?
- Moderator:** I am sorry to interrupt, Vivek, those were your two questions. I would request you to join back the queue. Thank you. The next question comes from the line of Sheela Rathi from Morgan Stanley. Please go ahead.
- Sheela Rathi:** Thanks for taking my question. Just a follow-up on the store expansion plans. And GK, you talked about piloting in markets like Maharashtra and Gujarat, so when you talk about the expansion plans for the next three years, does that incorporate the expansion into these two markets also? Or this will be beyond the existing plans of pursuing a expansion in the existing markets? Just wanted a clarification on that.
- Gunender Kapur:** So. Sheela, it does include the expansion into Kerala. Maharashtra and Gujarat, as I mentioned, we are going for the first time, and therefore we have to establish our, both, relevance and viability in these two markets. So, I would say that the Maharashtra and Gujarat numbers are not, in any aggressive sense, fully baked in. But Kerala numbers are.
- Sheela Rathi:** Understood. Thank you for that. Sir my second question is on the e-commerce bit where you talked about hyper local delivery, and we have 9 million users there already. Just want to understand, especially from Tier-2 markets, because that's our forte, where are we seeing a pickup in terms of e-commerce demand coming for us?

- Gunender Kapur:** Sheela, again, I am happy to say that the response from the Tier-2 and even Tier-3 markets has been very encouraging. Obviously, the response in the markets, which are somewhat underserved in terms of quick commerce, has been better because we are the only and the first folks in towns to deliver the quick commerce benefit. So, in those markets we are touching, I would say, let's say, 3% to 5% of our total store revenue from e-commerce. Whereas in the more saturated, I mean saturated is not the right word, but the markets where all the other folks are also serving customers. Our contribution of quick commerce to the total revenue would be in the ballpark of 1.5% to 2%, at the moment. But it's growing every day, it's growing month after month. So. I would say that it's a very consistent performance that we are seeing across the country.
- Sheela Rathi:** And one quick bookkeeping question --
- Moderator:** Sorry to interrupt you, Sheela, those were your two questions. I would request you to fall back into the queue.
- Sheela Rathi:** Sure.
- Moderator:** Thank you. The next question comes from the line of Jignanshu Gor from Bernstein. Please go ahead.
- Jignanshu Gor:** Hi. Thank you for the opportunity. Hi, GK. Congratulations on a good set of numbers. I had two questions, one macro and one micro. So the macro question is, given we have a very spread out network in terms of Tier-1/2 and 3, I wanted to understand, while you mentioned all the four regions are doing broadly similar, is there a difference in their demand environment, maybe especially for apparel that we are seeing, which is different in let's say the larger cities which are Tier-1 versus Tier-3. I think that's question one.
- Gunender Kapur:** Now Jignanshu, fair observation, but we have not seen any significant differences between Tier-1, Tier-2 and Tier-3 in terms of growth, and specifically the same store sales growth, pretty much in the same ballpark across the country. And yes, I mean, that's been true of all our categories actually.
- Jignanshu Gor:** Okay. Alright. Then the second question is, over the last three years we have seen a reduction in the size of new stores which we are opening, right. As a result, the network average of stores has also reduced. So, how should we read this trend and think about it in the future?
- Gunender Kapur:** So, Jignanshu, what's happening is that as we are going more and more into Tier-2 and Tier-3, specifically Tier-3 smaller towns, we fine tune the size of our stores typically to a smaller size to ensure that the viability of the store stays intact. So. what you have said is absolutely correct, as we are going deeper and deeper into the country, we are fine tuning our store size to ensure the viability of the stores. Because, quite honestly, in smaller towns the total revenue opportunity from a store in an absolute sense is smaller than what it is in the larger towns. So, to ensure that we are consistent in terms of revenue per square foot, we fine tune the square footage, the size

of the store. So. your observation is absolutely correct. I wouldn't specifically give any forward-looking guidance, but I mean as we go deeper into India, that's inevitably going to happen.

Jignanshu Gor: That's a fair point, and I presume it will be counterbalanced by Maharashtra, Gujarat, Kerala, where your new directory, so you are targeting larger cities first in some shape.

Gunender Kapur: Yes.

Jignanshu Gor: Fair. I will come back in the queue. Thank you.

Gunender Kapur: But you have asked only one question, Jignanshu.

Jignanshu Gor: Okay, I am happy to ask a third.

Gunender Kapur: My colleague corrected me saying that you asked two. I am so sorry.

Jignanshu Gor: No, I will come back. Thank you.

Moderator: Thank you. The next question comes from the line of Gaurav Jogani from JM Financial. Please go ahead.

Gaurav Jogani: Thank you for the opportunity, sir. And congratulations on a great set of numbers. Sir, my first question is with regards to the tiering again. If you can help us out, given that you are going to add 90, 95 stores every year going ahead, in which Tier-towns you would be adding these stores, if you can help us with?

Gunender Kapur: Sure. So. let me just give you a slightly broader answer, because the town and the store that we open depends on the availability of the property. But at this moment, we have 50 towns above 1 million in India, of which we are present in 33. So there are 17 towns above 1 million where we need to go. Of which Pune, Nashik, Nagar, Ahmedabad, Baroda, Cochin and so on are the obvious large towns where we are going. So there are 17 virgin towns. In addition, in the existing 33 towns, we have an opportunity to add at least five towns per, rather five stores per town. So. that in a way defines the opportunity in towns above 1 million.

In towns lower than 1 million, there are 1,250-odd towns in India. Of which we are currently present in 450-odd towns. So, again, you can dimension the opportunity there, it will be let's say 800-odd stores. So. if you look at the 800 stores in small towns and, let's say, 160 stores in the 33 towns where we are present, and maybe 170 stores and towns where we are not present at the rate of 10 per town, it's 330 stores. So. the total opportunity in the smaller towns is 800, in the larger towns its 300 to 400. So. I guess it will be logically more in the Tier-2, Tier-3 towns.

Gaurav Jogani: Just a follow-up to this. I mean, given that the expansion will be more in the Tier-2, Tier-3 towns, and you also mentioned that these Tier-2/3 towns would have smaller store size as well. So, would it be natural to expect the sales per square feet also would be lower here? Is that a right or fair assumption?

- Gunender Kapur:** No, not really because you see, I mentioned that the absolute level of revenue from the store would be lower, but we fine tune the size to ensure that the revenue per square foot remains consistent, between large and small towns.
- Gaurav Jogani:** Okay. And my second question -- sorry, sorry, you were saying something?
- Gunender Kapur:** No, no, I said if like, I can say it one more time in detail.
- Gaurav Jogani:** Sir, the second question was largely in regards to the margins bit only. Given that you have seen good margin expansion, and there is also an increased competitive intensity on the value fashion as well as on the overall value side, so would you be using this opportunity of this margin expansion to drive higher growth or would you be using these margins or retailing these margins?
- Gunender Kapur:** See, I will tell you what our game plan is. It is pretty much unchanged. We definitely want to own the opening price point across the entire gamut of categories that we do, right. And why is that important? Because you know that upgradation from mom-and-pop stores and the shift from low consumption to consumption are still big trends in the country, especially the move from the unorganized to organized sector. So we would like to facilitate the upgradation of customers from these two parts of the market into Vishal. So that's why we will always own the opening price points.
- But at the same time we serve a very, very large segment of customers. So we will, at the same time, keep adding the higher price points on top. And that is equally important for us because our customers, as you know, spend at the time of festivals, or special occasions in the family such as weddings and so on and so forth. So we want to keep our customers in our store by making that relevant merchandise also available. And finally, we are finding that we are getting more and more new customers every day of the year. Our number of bills, new bills is growing at a very healthy pace and therefore we also wish to attract customers for whom Vishal is convenient and who are somewhat more affluent and smarter and therefore want to shop at Vishal at great pricing. So we want to keep the store relevant for them.
- So. two messages, one is that we will always own the opening price point in every single category that we deal with. Secondly, in every category that we deal with, our endeavor would be to keep adding higher price points on top in a very systematic fashion for the relevant merchandise. Does that answer your question?
- Gaurav Jogani:** Sir partly, but just the thing that I wanted to understand was given that if there is an competitive intensity increase --
- Moderator:** I am going to interrupt, Gaurav, for any or for any follow-up questions, please rejoin the queue. Thank you.
- Gunender Kapur:** I can just say one line to you, Gaurav, that when I say that we will own the opening price point, it obviously means that we will be very price competitive, depending on what the other players

in the market are doing. So, it obviously means that if somebody is owning the opening price point or has an opening price point which is lower than ours, we will react in terms of pricing.

Moderator: Thank you, sir. The participant's line has just dropped, so we will move on to the next participant. And the question comes from the line of Abneesh Roy from Nuvama. Please go ahead.

Abneesh Roy: Yes. Congrats sir. I have just one question. In terms of the FMCG, if you could talk about any down trading in any category, if you want to highlight. And in terms of the promotional intensity, say, in the tea, soaps or the oral care, again, anything you want to highlight there? And private labels in FMCG, which are the ones where I think traction is higher?

Gunender Kapur: So, thanks for the question. Firstly, I would say, I am sure you know this, but a very large part of our FMCG business is our private brands. And by value, they would be around 35%, 36%. But by volume, they are closer to 60% of our total revenue. So, therefore, if consumers and customers are looking for options which could be more affordable because of the inflationary trends or pressure on incomes or whatever reason, we have an option available in our stores which is, whilst it's lower in terms of pricing, but in terms of quality we guarantee that it's the same or better. So, that's how we have achieved a position where 60% by volume share in our stores is our private brands, which to the best of my knowledge is the highest amongst any retailer in the world. So, the purpose of private brands is to make high quality products affordable. So, yes, that option exists in the store and I am sure inflationary pressures on customers do motivate customers to shift to private brands. So, that I would support.

In addition to that, we find that many of the customers are moving to larger packs, in FMCG specifically, because there they deliver better value. And lastly, I would say that FMCG business in the current times is very price competitive with all the key players that you are aware of competing aggressively. But we have an advantage in our private brands because if you are 40% to 50% lower in the market leader, then even if they discount by 10% to 15%, we still remain very price competitive.

Abneesh Roy: Thanks, sir. That's all from my side.

Gunender Kapur: Thank you.

Moderator: The next question comes from the line of Manish Poddar from Invesco Asset Management. Please go ahead.

Manish Poddar: Hi. I just want to understand, let's say, for the full year what is the reported SSSG versus the adjusted SSSG gap?

Gunender Kapur: I would request Amit. Amit, can you explain that?

Amit Gupta: Yes. Manish, can you hear us?

Manish Poddar: Yes, you are loud and clear. I am just trying to understand if you could also tell the volume and price, if that can be shared also, that'll be great.

- Amit Gupta:** So. on your first point, the difference between reported SSSG and adjusted SSSG is the impact of cannibalization. As you would imagine that we have few stores open in the same vicinity, and as a result of that this –
- Gunender Kapur:** Refurb.
- Gunender Kapur:** Yes, of course, the refurbishment also. And because of that, the volume of the older store gets reduced and shifts to the new store, which is still not an LFL store. So. that's the difference between the adjusted SSSG and the reported SSSG. And you would see the gap between the two is not material, it's just 30 basis points difference between reported and Adjusted.
- Gunender Kapur:** There is one more factor, in a cyclical way we refurbish our old stores. So. the store which is undergoing refurbishment and therefore shut also gets adjusted in the adjusted SSSG. So there's 30 bps difference, which Amit highlighted, is a combination of both.
- Manish Poddar:** And sorry on the volume and the price bit, are you sharing the data?
- Amit Gupta:** No, we are not sharing that data.
- Manish Poddar:** Okay, okay. Just one more if I can. So, GK, we were trying the smaller format stores and it's been a while, in my understanding now it's been more than 12 months, just what is the feedback or how is the consumer response? Or any sort of qualitative inputs from that would be helpful. Thank you.
- Gunender Kapur:** So. firstly, yes, I will speak about the smaller format. But we started the new store sometime in the last quarter of last year, so currently the earliest store would be probably six months or thereabouts in terms of its aging. And I am, in a qualitative sense, happy to tell you that the response has been good. And as we speak, we have four or five of these stores, so we are expanding in the two states in which we had done the pilot. But I must quickly add in a somewhat cautious way, till the time we open 30, 40 stores and see the performance.
- Manish Poddar:** Okay. Thank you.
- Moderator:** The next the next question comes from the line of Latika Chopra from JPMorgan. Please go ahead.
- Latika Chopra:** Yes, hi. Thanks for the opportunity. So. my first question was around average bill value, would it be possible for you to give some flavor on FY '25 SSSG or revenue growth in terms of transaction growth versus increase in average bill value? If there's any qualitative flavor if you cannot give quantitative color. The second question was on, you talked about the ecommerce bit, has there been a change in your strategy or trying to get more aggressive? And are there any material changes in your approach towards like local services in terms of delivery time, in terms of specific category focus, if you could elaborate a bit on that? Thank you.
- Gunender Kapur:** Thank you, Latika. On your first question, our average bill value is, I am being quite specific, around Rs. 875 per bill, and our number of bills is growing Y-o-Y at about 10% on a same store

basis, not including the new stores. So, the number of bills is growing by 10%, the average bill value is about Rs. 875. Coming to your e-commerce question, there has been no fundamental change in our approach. It is still a very differentiated model where we deliver from the store. So the way it works is that if you log into our app, you are tagged to the closest Vishal store. And the inventory which is available in that specific Vishal store becomes visible on your app. You can place an order and we can deliver to you, if you choose for the immediate delivery, we can deliver to you in a max of 30 minutes. And if you order for more than Rs. 299, we deliver it to you free. So those are the essential elements of our quick commerce initiative. Of course, while the broad plan has not changed, we are fine tuning it every month based on our experience. And I must say that, as I said earlier, it is making consistent and good progress.

Latika Chopra:

Understood. Thank you so much.

Moderator:

Thank you. The next question comes from the line of Tejash Shah from Avendus Spark. Please go ahead.

Tejash Shah:

Hi, GK. Congrats on a good set of numbers. The first question pertains to, when we look at retail from slightly broader lens, there is very heightened activity right from quick commerce players to modern trade, obviously, the competitive intensity was always there. And we are picking from some players that some factors of production like real estate and labor are actually getting costlier, especially at the mass end. So, just wanted to pick your brain on how you are seeing some of those factors evolving for us?

Gunender Kapur:

So, I will share with you our experience, and I am quite conscious that the experience may be different depending on where you operate, what is the size of properties that you are looking at, in what kind of towns and so on. We have not experienced any incremental difficulty in getting properties in the recent past. But I must quickly add to that that the availability of retail high quality compliant properties in India has always been a challenge. Because wherever you have a suitable property there are compliance related issues. The availability of suitable properties, especially as you go into smaller towns becomes lesser and lesser. And therefore, players like us are also open to build-to-suit properties which are specifically made for us because there are no suitable properties available.

In that context I am saying that in the last six months or one year we have not seen any increase in the level of difficulty in getting properties. It's always been difficult because as you go into small towns the availability of retail property is a challenge. And then to get properties which are compliant with all the regulations which apply on properties is further addition in terms of challenge. And yes, I mean, it will continue to be challenging, but as you know, there is more and more focus coming into Tier-2 and Tier-3 over the last one, two years. So, at some stage it could become more challenging, that I do admit.

Tejash Shah:

And on labor?

Gunender Kapur:

Sorry, you are not clear. Can you please repeat?

- Tejash Shah:** Yes, on labor, getting mass end labor is also difficult.
- Gunender Kapur:** So, labor, again, the availability, as you know, of trained manpower in India is very limited in retail, because it is a very nascent industry. Therefore, for players like us who are rolling out rapidly across the country, you have to own the task of recruiting, training people on a continuous basis to provide staffing into our new stores at every level in terms of store management. So, that continues to be a challenge. And you have to own that entire human resources challenge as a Company and provide the training and experience in running stores, etc. almost on a continuous basis. Now, is your question related to the cost of labor or only the availability of labor?
- Amit Gupta:** Tejash, are you there?
- Moderator:** The participant has dropped sir, so we will move on to the next participant, that is Rahul Agarwal from Ikigai Asset. Please go ahead.
- Rahul Agarwal:** Hi, sir. Good afternoon and thank you for the question. Sir two questions, both to increase my confidence on the continuation of sales growth and margins going forward. And I will ask both together and then maybe you can answer. Firstly on the margin side, and this point obviously would have been discussed with you that till date whatever geographies Vishal Mega Mart operates in, the cost has been very benign and very supportive of what margins you are making. But incrementally if you enter new markets which are more costlier, your margins might come down. I do not know how to think about it, but if you could good give me some three, four points on how does the business shape up five years out in terms of margins.
- And similarly on store openings, real estate, obviously, we have seen delays in terms of properties being available whenever we plan to open new stores, and we are almost talking about couple of stores per week going next 12 months. So. in case there are delays in terms of your own internal planning, would you plan like higher number of stores, 100, 110 and then you are giving us a number of 90? Or we should assume (+/-10%) given the timing issues for properties across India are an issue anyway for entire retail? Those are my two questions sir. Thank you.
- Gunender Kapur:** Okay. So. firstly let me clarify, I have not really given a number for FY '26. I have said that the number of stores that we are going to open will be in the same ballpark. And by that what I mean is that it will be around the same or similar number. And I have said that specifically for the reason that we will not ever chase a specific number, and in order to achieve that number take sub-optimal properties and open suboptimal stores. So. I would repeat that that we would be in the same ballpark. The number could be a few higher, few lower, etc.
- Secondly, your comment is absolutely correct, that's the reality of real estate in India. So. what we do specifically, and I am sure each player have their own formula to deal with this. Over the years, we have experienced and quantified the number of stores which fall from the pipeline because of all the reasons that you mentioned, compliance reasons, delays, construction related issues, availability of construction label and all of that, especially during festivals when the labor tends to go back to their villages and so on. And we build that into our plan to ensure that we are in the right ballpark in terms of the total number of stores that we open. So. for example, between

properties which have been constructed and which have received occupation certificate on time. If there is a delta of 3%, we build that 3% into our plan and take 3% more properties, because we expect that kind of dropouts to happen.

Rahul Agarwal: Right. And on the margin, sir?

Gunender Kapur: On the margin front, see, I mentioned earlier that we are expanding into a new state which is Kerala where we are going very rapidly across the length and width of Kerala with an aggressive store opening plan. Now, obviously in Kerala we have tried, experimented with a model, and we have achieved good results. And that we will repeat in every new state that we go in. And once we have, only once we have fine-tuned our mix for that particular state in terms of store size, in terms of staffing, etc., only then do we go for a rapid rollout. So. I can assure you that it's unlikely that we will end up with a lot of stores in some place where we do not meet our margin targets.

Rahul Agarwal: Alright, sir. Thank you so much. And wish you all the best for the following year.

Gunender Kapur: Thank you very much indeed.

Moderator: Thank you. The next question comes from the line of Devanshu Bansal from Emkay Global Financial Services. Please go ahead. Devanshu, please go ahead with your question and unmute yourself in case if you are on mute. Since there's no response, we will move on to the next participant. The question comes from the line of Shirish Pardeshi from Motilal Oswal Financial Services Limited. Please go ahead.

Shirish Pardeshi: Yes. Hi, good afternoon. Thanks for the opportunity. On Slide #6, I was more curious, though you have given the revenue from own brands has grown about 22% to around 7,800. I was more curious these six brands what you are reporting, is the growth is much higher, and sharper as compared to other 19 brands?

Amit Gupta: Not really.

Gunender Kapur: No. Amit, you can take that.

Amit Gupta: Yes. So, no, that's not the case. The growth across all our brands is similarly in the same range, it's pretty similar.

Shirish Pardeshi: Sorry, I lost you for the last 20 seconds.

Amit Gupta: I am saying, the growth across all our brands is in similar range, is that clear, Shirish?

Moderator: Does that answer your question Shirish? Shirish, are you there? Since there's no response, we will move on to the next participant. The question comes from the line of Nihal Mahesh from HSBC Securities. Please go ahead. Nihal, please go ahead with your question please. Since there's no response, we will move on to the next participant that is Shrinarayan Mishra from Baroda BNP Paribas. Please go ahead.

- Shrinarayan Mishra:** Yes. Thank you, sir. So. my first question again was on top six own brands, I could not hear you for last 30, 40 seconds. So. can you highlight which are these six categories and how should we expect them to grow going forward?
- Gunender Kapur:** So. I will tell you which are the categories in which we have the top six brands. The number one brand in the Company is a brand called Brink which straddles apparel and general merchandise. So the biggest category under Brink would be T-shirts. And this brand has doubled in terms of its revenue from FY '22 to FY '25. And I think currently it is significantly more than Rs. 1,000 crores in terms of our revenue. The second biggest brand is a brand called Home Select, which is essentially in general merchandise. So. all the pots and pans and buckets and all that come under Home Select brand. And this brand has grown more than twice in '25 since FY '22. And its revenue is slightly short of Rs. 1,000 crores. The third biggest brand is Yellow Hippo, which is essentially in children's merchandise. So all our kids, infant clothing is sold under Yellow Hippo brand, and some of the FMCG products like soap for babies and so on, is sold under Yellow Hippo brand. So. these are the three examples of the three biggest brands that we have.
- Shrinarayan Mishra:** Okay. And now how should we expect them to grow?
- Gunender Kapur:** I would assume that they would grow at a similar pace.
- Shrinarayan Mishra:** Okay, okay. And my second question was again on the margin. So. sir, since more and more of store expansion will be focused in smaller towns, so in terms of breakeven number of months, how would this compare with their big cities counterpart?
- Gunender Kapur:** So, our typical breakeven in 18 months, and even in the smaller towns it is in the same range. Do recognize that 70% of our stores even today, which is let's say more than 450 stores are in Tier-2 and Tier-3 towns. So. we have a very good reference point and we have very good experience with these stores.
- Amit Gupta:** Just to clarify, when we say breakeven it is the payback that we are talking about. Actually the breakeven is from the first month itself.
- Shrinarayan Mishra:** Okay, okay. Got it. Okay, thank you. Thank you so much, sir.
- Moderator:** Thank you. The next question comes from the line of Naman Maheshwari from Brescon. Please go ahead.
- Naman Maheshwari:** Hi. Very good afternoon. And congratulations on a good set of numbers. The only thing that I wanted to clarify, I might have missed it is, was there any one-time aggressive buying made by these eastern towns where the impact of Kumbh would have been possible? Were we able to witness a little aggressive buying on that front?
- Gunender Kapur:** So. your question is that were we impacted in any significant way by the Kumbh festival?
- Naman Maheshwari:** Yes, yes.

- Gunender Kapur:** So you see, inevitably, there was some positive impact in Allahabad, Varanasi, even Lucknow, etc., all the towns which are in the neighborhood of Allahabad. But it was temporary and, obviously, it's gone now. But they do not see any negative impact in any which way anywhere in the country.
- Naman Maheshwari:** Okay. So this should be like probably it is now coming onto a sustainable level even with an elevated base in these stores, which are in Allahabad and so on and so forth. Again after the Kumbh also the growth has sustained in these stores, correct, is that the correct understanding?
- Gunender Kapur:** So, firstly, as I mentioned, there was no town which was adversely impacted. And our stores, specifically in Allahabad and Varanasi, they were growing at double digit during Kumbh, they are growing at double digit even now, same store sales growth.
- Naman Maheshwari:** Got it, got it. Thank you so much.
- Moderator:** The next question comes from the line of Arpit Shah from Stallion Asset. Please go ahead. Arpit, please go ahead with your question.
- Arpit Shah:** Yes, just wanted to understand the insights on what we can build in for SSSG going ahead? Historically you have done --
- Gunender Kapur:** Yes. So, I would not give any specific guidance on SSSG, same store sales growth or any numbers specifically. But I can only say that we generally remain optimistic about our same store sales growth into the future as well. You have seen the historical trends; they are in front of you.
- Arpit Shah:** And how should we look at the quick commerce business going ahead? It's already contributing about 2% of our revenues, what kind of scale up are you looking over here and what kind of profitability you will be looking at this business?
- Gunender Kapur:** So, this business is close to a cash breakeven. We have not really established the potential, because as I mentioned earlier, the business continues to grow. I also gave you some reference point that in our best towns, which are underserved markets, the e-commerce or the quick commerce business is contributing 3% to 5% of our store revenue. And generally speaking, in the markets which are more like Bombay and Gurgaon and Delhi which are very well served, the contribution of quick commerce is 1.5% to 2%. So those are numbers that we have experienced so far.
- Arpit Shah:** The way you have experienced the margins in the last one year, how do you think the margins would be for, let's say, in the next couple of years or maybe FY '24? Or you are going to be reinvesting those margins for higher revenue growth? How should we look at margins going ahead?
- Gunender Kapur:** So, our general view on margins is that we wish to continue to grow aggressively. So, therefore, if reinvesting our sourcing benefits, which will become more and more with growth, we would generally speaking first look at the option of reinvesting them to ensure sustainability of growth,

if it does make any difference. In some cases, like you could take the example of clothing, passing on every 0.5% or 25 bps sourcing saving into pricing becomes difficult to execute, because then your pricing architecture gets ruined. So, yes, but generally speaking, if you recall our meetings during IPO, we want to maintain our margins at the current levels and keep growing fast.

Arpit Shah: So just to summarize Vishal Mega Mart as a business, so you would be a business which would where revenues would grow at 20%, 25% and PAT growth would be significantly higher than the revenue growth. And the business model looks like that where we have adjusted ROCE closer to 70% and the store pay back closer to 1.5 years. So. that that is the model we should be looking at even in the future, right?

Gunender Kapur: See, it's difficult for me to specifically validate any numbers for the future, but your thinking appears to be quite logical.

Arpit Shah: Got it, sir. And just a bookkeeping question, what will be the ESOP numbers for FY '26?

Moderator: Those were your two questions, Arpit. I would request you to rejoin the queue. Thank you. The next question comes from the line of Deepak from Carnelian Capital. Please go ahead.

Deepak Malik: Yes, hi. Thanks for taking my question and congratulations on the good set of numbers, sir. So. just continuing from the previous participant question, so if I have to take the outlook of the business over the next two to three years, then in terms of the same sales growth rate, we are growing at 12% to 13%. Is it fair to assume that this growth rate will continue over the next two, three years? One.

Second, in the same number of stores opening, I think they are in the range of 90 to 100 a year. Over the next two, three years also a similar kind of number should be there? That is two.

And third, in terms of private label which is currently at around 73% and which has increased over the last two years from 70% to 73%, so going forward also will this keep on increasing as the focus will be more on the private labels?

And fourth, the product mix, which is the apparel, general merchandise and FMCG, that also broadly will remain in the similar level or will that change? So. on these four things if you can give the outlook over the next two to three years, without giving the numbers, just give the color on how do we think on this?

Gunender Kapur: So, great. Thank you very much for your question. See, again, I would request you to not expect me to comment on specific numbers. My advice would be that the historical trends are all available on all the things that you have mentioned, the same store sales growth, the category mix, the margin performance, store opening numbers for full year '25 we have made available today. I would repeat that, we opened 90 new stores this year. So, whilst I cannot comment on any of the specific numbers, I would say that looking at the historical trend would be a great way to think about the future.

Deepak Malik: Okay. Thank you for that. And my second question is, it is on the industry per say. So, how big is the TAM here? Like since we already have around 700 stores and how big is the market in terms of the TAM? And second, how big is the contribution of the unorganized sector? Because I believe some parties also which is leading to growth is the shift from unorganized to organized. If you can give some color on the industry part, it will be helpful.

Gunender Kapur: So. the TAM here would be more than 1 billion people, almost entirely the population of this country. Because the way we are looking at TAM, and I mentioned this earlier, there is a part of the market which is still not in the consumption space. And it's a small part fortunately for us, they are still in these survival phase in their revolution. We consider them also to be a part of a market, and that is the reason we are absolutely determined to own all the opening price points in every category because they can facilitate the upgradation of these forms from the survival phase into consumption phase.

As you rightly said, a very large dominant part of the market in many categories is totally unorganized, in fact, in almost every single category that we operate in. But we see merit in motivating customers to shift to Vishal. And I will just take one example. If you look at folks who are buying clothing in a Vishal store, you can try the merchandise, you can see how it looks on you, any new style, new fashion., You can try which size will fit you. None of this you can do in any more in pop store. Equally then you can take a selfie and send it to your friend and get her approval or your siblings or your parents'. And last but not the least, if after doing all this you still get it wrong, you can come and return it and exchange it for something else.

And one more point which I would add is that, in Vishal, if you find that after two months your T-shirt has started fading. For quality, we have a no-questions-asked return policy. Even if you do not have your bill, you can come to a Vishal store, show that it's a Brink T-shirt where the color has faded and we will take it back and give you a fresh one or whatever. So we believe that there are lots of benefits which can accrue to our customers and consumers if they were to transition in clothing from, let's say, a mom-and-pop store into Vishal. So we are quite optimistic about the totality of the market. That's my point that people who are currently not in the organized space or not even in the consumption space, we consider them to be a part of our target.

Deepak Malik: Okay. Thank you very much, sir. And all the very best.

Gunender Kapur: Thank you very much indeed.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Gunender Kapur, the MD and the CEO, to give his closing remarks.

Gunender Kapur: Well, in conclusion, I would like to thank each one of you one more time for taking out your time and spending the last one hour with us, and also for your interest in Vishal Mega Mart. We hope that we have managed to answer all your queries. But if we have not succeeded in that, please feel absolutely free to reach out to any of us and we would ensure that your question or

clarification is fully addressed. So, enjoyed our conversation, thank you very much. And look forward to seeing you sometime.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Vishal Mega Mart Limited, that concludes this conference. You may now disconnect your lines.