

VISHAL MEGA MART LIMITED

(Formerly known as Vishal Mega Mart Private Limited)

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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 financial year ended March 31, 2026

Pursuant to Regulation 30 read with Para A of Part A of Schedule III to 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 financial year ended March 31, 2026, held on Friday, May 15, 2026. The copy of transcript is also available on the Company's website at <https://aboutvishal.com/>.

You are requested to 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’26 Earnings Conference Call”

May 15, 2026

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on May 15, 2026, will prevail.



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

Moderator: Ladies and gentlemen, good day, and welcome to the Vishal Mega Mart Limited Q4 and FY'26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

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

Shikha Puri: Thank you. Good afternoon, and thank you all for joining us on Vishal Mega Mart Limited's Q4 FY '26 and FY '26 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 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 would be forward-looking in nature, and the disclaimer to this result has been included in the earnings presentation shared with you earlier.

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

Gunender Kapur: Very good afternoon, ladies and gentlemen. A warm welcome to our earnings call. I will very briefly take you through the quarter 4 and full year performance and some highlights, and then we will maximize the time for Q&A.

Firstly, I'll start with quarter 4. In quarter 4, our revenue from operations was INR 3,114 crores. This was a growth of 22.2% over the previous year quarter 4. Our same-store sales growth for quarter 4 was 13.2%. The operating EBITDA in the quarter was INR 275 crores, which was a growth of 32.3% over last year.

And our adjusted EBITDA margin was 8.8% vis-a-vis 8.2% of last year. The profit after tax was INR 168 crores, which is a 45.9% growth over last year, and the PAT margin was 5.4% vis-a-vis 4.5% of the last year quarter 4.

I will now quickly shift gears to full year '26 highlights. In full year '26, the company did revenue from operations of INR 12,906 crores. This was a growth of 20.4% over last year. Our same-store sales growth was 11% for the full year. Operating EBITDA for full year was INR 1,321 crores, which is a growth of 27.8% over last year, and the adjusted EBITDA margin was 10.2% vis-a-vis 9.6% of last year.

The profit after tax number was INR 839 crores, which is a 32.8% growth over last year, and the PAT margin was 6.5% vis-a-vis 5.9% in last year. Our store expansion strategy remains firmly on track. We opened 25 stores during quarter 4 and 105 stores during the full year. In full year '26, we added 77 new cities to our network, in line with our agenda of deeper penetration into India. This takes the total store count to 795 as of March '26, and we are now present in 535 cities across the country.

Of the 105 stores that we added last year, 47 new stores were opened in South India, which is the states of Kerala, Andhra Pradesh and Karnataka. We added 5 new stores in Gujarat and 3 new stores in Maharashtra during the year. This is consistent with our growth strategy that we had outlined earlier. We have now 13 small format stores, 3 were opened in quarter 4 of FY '26, and the small format store agenda is progressing quite well.

Our trading area now stands -- at the end of March stood at 1.34 crores square feet. Our private brands contribute 74.1% to our revenue in full year '26, which is a 100-bps improvement year-on-year. Two of our private brands are now INR 1,000 crores plus in revenue, and another 6 private brands are INR 500 crores plus in revenue.

Our category mix was on similar lines. Our quick commerce operation expanded to 745 stores across 505 cities in the country, and our registered users on quick commerce grew to 1.3 crores people.

We look ahead at full year '27 with excitement. We wish to be a strong contributor to India's growing consumption story. India's emerging retail landscape offers exciting and evolving opportunities across offline and digital commerce. With our extensive network and strong fundamentals, we are very well positioned to participate in these. We are specifically monitoring the macro environment very closely and the evolving geopolitical developments, and navigating the situation with agility.

With this, I will close my opening statement, and we can now progress to the Q&A session.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Vivek Maheshwari from Jefferies.

Vivek Maheshwari: Two questions. First on the SSSG bit and a couple of subparts to that. The first one is what drove the acceleration in this quarter, GK? Was there some bit of prebuying that you see given the concern around the geopolitical situation or anything specific, because this was a number which was quite strong in the last several quarters?

Gunender Kapur: Vivek, our SSSG in the quarter was indeed very encouraging. One, we saw a general uptick in consumption, which was not entirely unexpected. If you would recall, in the last quarter also we had said that we are optimistic that the impact of the income tax rationalization and the reduction in GST rates would be positive for consumption. And indeed, that started playing out. So that was heartening to see. I must also mention that we have invested more in the quarter, as you would see, in growth. So, it was the cumulative impact of both these factors, Vivek.

Vivek Maheshwari: Okay. And GK, with the level of inflation and the price hikes that we are seeing across different industries, what would be your outlook for FY27? Because my hunch is that with inflation going to impact more, leaving aside the volume part, and I would love to know your views on volume side, but do you think SSSG will stay at an elevated level until -- at least for the first half or the next few quarters?

Gunender Kapur: So, Vivek, I'll give you my generic view and then specific to Vishal. As you know, the petrol and diesel prices have gone up overnight by INR 3. And while that is the case, it's very difficult to speculate on the macro and specifically the West Asia situation. And therefore, it's very difficult to model as to how will that pan out in the coming months.

Having said that, our business, in difficult inflation and demand situations, in the past has continued to perform and outperform. And the reason for that is that 75% (This is an approximate number, actual number is 74.1%) of our revenue is now from private brands. And that gives us an ability to cushion our customers and consumers from the impact of very serious inflation. So, it will be our endeavour to ensure that we continue to provide that cushion to our consumers and customers. And at the same time, be more efficient and productive in terms of cost to be able to sustain that objective. So, at this stage, whilst it's very difficult to speculate, we remain optimistic and positive about this year also.

Vivek Maheshwari: Okay. And one last bit, which was incidentally on your own label. What would be your thought process on the pricing? So, let's say, the leader brands are taking up prices. Will you maintain a bit of discount to those, or you will say that in these times, you should actually go through price hikes, and maybe the discount with the leader brands actually goes up, because that's where you will end up having more volume? So how are you thinking about this aspect? And that's my last question.

Gunender Kapur: Yes. Vivek, our discount vis-a-vis the market leaders on private brands will at least remain the same. That will be our endeavour. So currently, if there is a price discount of 40% vis-a-vis the leader brand, even if we have to tinker with pricing, we will ensure that the discount will at least be 40%, and if possible, obviously, it will be our endeavour to make it more.

Vivek Maheshwari: Got it. Wish you and your team all the best.

Gunender Kapur: Thank you very much, Vivek.

Moderator: Thank you. Our next question is from the line of Jignesh Kamani with Nippon Mutual Fund. Please go ahead.

Jignesh Kamani: Congratulations for another good set of numbers. Just on the apparel side, so when you discuss with your vendor, what kind of price hike they are asking currently increase in the current environment? And second thing, if you just want to understand the past, like in 2021, '22, when cotton price rallied from, say, INR 40,000/KT to around INR 1 lakh/KT, what kind of price increase we have witnessed and how you tackled it in terms of a price hike and any impact on SSSG or gross margin? What was witnessed in the past? Just some colour on that, so we can understand it much better how you handled it?

Gunender Kapur: Sure. So firstly, we did not see any significant -- of course, there was minor here and there, but there wasn't any significant input price increase in the beginning of April, because there was pipeline stock everywhere. But towards the end of April and more specifically in May, we are seeing an inflation in the input prices, obviously, specifically in all petroleum derivative products and so on. So that's happening now.

And my feeling is that it's just about reaching the consumers and customers, as we speak, in several cases. So, I suppose the full impact of the West Asia crisis will play out in the balance period of May and more in June. That's why we've not seen any impact on demand so far.

Now on your second question, you're absolutely right. We had seen significant cotton inflation at the time of Ukraine war. At that point in time, we had actually taken a slight beating on the margin, but we had cushioned our customers and consumers to a very, very large extent.

Jignesh Kamani: So then, large part you absorbed it and consumer was protected, right, on the price hike?

Gunender Kapur: Yes. And we had implemented several cost initiatives. And I can just give 1 or 2 which come to my mind. For example, from our formal shirts, I think we had removed all the poly bags, they came packed in polybags, except for the white shirts, which continued to be in the polybags. Our apparel used to travel in cartons. Instead of cartons, we had started using gunny bags for our apparel.

Another example which comes to my mind is footwear, where we had started shipping shoes without the outer carton, and the shoes were basically tied at the laces during transit. Another initiative which comes to my head is when you cut a roll of fabric, we had started using extensively computer-aided design, so that we reduced the wastage in that process. And there would be a few others.

So, if we are faced with inflation, which is significant, we would be undertaking these and more cost initiatives also.

Jignesh Kamani: And this helped us to maintain the strong same-store sales momentum?

Amit Gupta: So Jignesh, just to add, in fact, all these initiatives helped us to maintain the consumer prices and we got the benefit in terms of very strong same-store sales growth.

Jignesh Kamani: Yes, understood. So once the inflation stabilizes, say, maybe six months, nine months down the line, you see healthy SSSG and footfall growth, because then consumer will start rewarding you by the time, because they compare to others as to kind of price hike while you are much more fairer. So, have you seen the post stabilization of inflation, healthy growth in the footfall or the SSSG in past?

Gunender Kapur: We are hoping for that, Jignesh. That's clear -- and we are optimistic. Yes. So yes, absolutely.

Jignesh Kamani: Thanks a lot.

Moderator: Thank you. Our next question is from the line of Nihal Mahesh Jham with HSBC. Please go ahead.

Nihal Jham: Good afternoon, GK and Amit. Congratulations on the strong performance. Two questions. The first one was again on inflation. So, three parts here. At least -- I've prima facie understood, looking at the ASP of it, would it be fair to say that a big share of your RM [Inaudible 0:17:47].

Second is, if I'm looking at our FY '21 gross margins, as you just called out that you had taken the hit, I don't see much of an impact versus FY '20. So, was it that the cost-saving initiatives sort of negated the cotton hike? And if you could just say that what is the kind of price hike that your vendors are sort of telling you in April and May that you just mentioned?

Gunender Kapur: So, we had actually succeeded in largely mitigating the impact of inflation in that period from what I recall. And we had also possibly taken some minor price adjustments, but not on the opening price points, in the high fashion price points. But I'm leaning on my memory right now in saying that. At this point in time, the inflation that we are seeing is clearly on the petroleum derivatives. So, plastics, polyester, the inputs which go into detergents, detergent powders and so on and so forth.

So, it is clearly correlated with crude pricing in that sense. And plastic pricing, as you know, is announced every day or every other day by the largest manufacturer in the market. And that is inflationary at the moment, understandably so because of the increase in crude prices. So, these are the areas where we've already started experiencing inflation. Now with the current -- or today's increase in petrol and diesel pricing, we have yet to see the impact.

Nihal Jham: So very quickly, what would be the polyester contribution in our apparel mix?

Gunender Kapur: It's relatively smaller. I don't think it's the majority, but I don't have the number right now, although I can get it for you.

Nihal Jham: Sure. I'll check that separately. Second question was, most of our stores, as the data reports also, are coming in Tier 3 and beyond cities. Different apparel retailers are sort of having different strategy. You seem to be sort of working to more increase the count of cities and going deeper. Just wanted to understand what is sort of the productivity and the unit economics that you're sort of facing in these cities versus the current average that you're operating?

Gunender Kapur: So, it is consistent with what the rest of the network is delivering. Specifically, I can confirm to you that the small format stores, which are going deeper, they are delivering the same level of store EBITDA. And their revenue per square foot, not the absolute, per square foot is also similar to our stores in larger towns. And finally, our return on capital employed is also similar. So that is the outcome which is giving us confidence to progress faster with this initiative. And you would see we've opened several stores in the last quarter, and we would continue to open.

Even in terms of expansion, our outcomes in Kerala and in Gujarat and Maharashtra have been similar to the rest of the network. Obviously, in Gujarat and Maharashtra, as I mentioned earlier, we have fine-tuned our format a little bit to account for the fact that the expenses and rentals could be higher. But at this moment, with the limited 6 stores that we have in Gujarat and 6 we have in Maharashtra, we are achieving similar outcomes.

Moderator: Our next question is from the line of Percy Panthaki from IIFL Securities.

Percy Panthaki: Congrats on a good set of numbers. My first question is on your non-apparel private label business. So, things like FMCG, general merchandise, etcetera. Now what we see in inflationary times is that FMCG companies do not pass on the full price increase to the customers, and their gross margin actually gets impacted to a material extent. They try and cushion the impact by cutting ad spend. EBITDA margin is impacted to a lesser extent.

So, my question is, in this kind of a scenario where national brands are sort of taking a hit on their gross margins, how easy or difficult it is for you to maintain your gross margins on those private label products? Because if you try to maintain the gross margin, then your discount will sort of go down versus these brands. So just some clarity on how you approach this FMCG and general merchandise private label business in such periods?

Gunender Kapur: Yes, good to see you, Percy. I can once again confirm that at the very least, we will maintain our discount over the market leader brands, the third-party brands. And I'm saying at the very least, because our endeavour would be not to stop there, because the challenge of inflation that we are going to face and have started facing, our customers and consumers also face exactly the same challenge. So, it is not any easier for them than it is for us. So, we are very, very clear that our level of discount will at least remain the same.

We also have a few levers to pull. And I gave a few examples, Percy, early in the call. But for example, we have our own promotions in terms of multi-buys and so on and so forth. So, we also take a look at our promotions and see whether this is the right time to encourage our customers to buy more than one piece and instead should we not pass on the pricing on one piece itself, so that more people can afford to buy it. So, we also do all that stuff. So, I can confirm that our discount will remain at least the same vis-a-vis third-party brands.

Percy Panthaki: And on apparel, what is the price elasticity there? So, what I'm trying to say is that if you, let's say, take a 5% increase in the pricing of your apparel, does the total sales growth also increase by 5%? Does it not increase at all because there is an equivalent volume backlash, etc.? So, what is the equation there in terms of impact on total sales growth of apparel on the basis of price increase?

Gunender Kapur: So, Percy, what we do not do is that if we have to take a 5% price increase, we do not, in an Excel sheet, apply 5% on all the price points, that we do not do. We would never tinker with the opening price points and the lower price points in these difficult times, because those are the customers who are the most vulnerable in inflationary situations.

Equally, we would be slightly more relaxed about the higher or very high fashion price points, because those are not commoditized. Hopefully, our level of fashionability and quality would be able to absorb a slightly greater or at least 5% growth. So yes, we would not apply it uniformly across all the price points. We would also not apply it uniformly across all merchandise categories in apparel. So, it is done in as thoughtful a fashion as we can do it.

Percy Panthaki: That I understood, GK. All I'm asking is, are price increases incremental, neutral, or decremental to the total sales growth of the apparel portion?

Gunender Kapur: Our endeavour is always to keep them neutral, because, as I mentioned, on the high fashion, high price points, the price elasticity of demand is lesser, i.e., a price increase does not immediately and automatically lead to lesser volume.

Percy Panthaki: And lastly, on dividend, what is your policy now, because you are generating -- even after capex, you are generating a free cash flow of about 70%, 75% of net profit. You have a significant cash balance also now, and you will keep generating this kind of cash flow in the future also. Till now, I think you have not given any significant dividend. Do you plan anything for the next year?

Gunender Kapur: So Percy, your observation is absolutely valid. We have a very healthy balance sheet with a significant amount of cash, which, as you can see, we are deploying for all growth initiatives. But to comment on this, I will have to rely on my Board, because I cannot express any view independent of the Board, on this matter.

Moderator: Our next question comes from the line of Michael Sell with Alquity.

Michael Sell: Thank you for taking my question. It's in two parts. Firstly, if we see a weaker rural economy this year due to poor monsoons, do you think, based on your experience, that will have any impact on you? And secondly, congratulations on a very strong same-store sales number. Do you think you are also gaining share from other value retailers such as V2, V-Mart, etc.?

Gunender Kapur: Well, thank you very much. In the current situation, I would say that the reason for weaker global economy, if it is entirely because of the higher crude prices, we would certainly see an impact in our country, because we are dependent, as far as our energy needs are concerned, on imports. So higher crude prices, any depreciation in our currency will certainly fuel inflation and could impact the demand as well.

Now, we believe that our performance would not get impacted in the same proportion, because 75% (This is an approximate number, actual number is 74.1%) of our revenue is coming from private brands, which, let's say in the case of food and grocery would be 30% to 50% cheaper than the third-party brands and the market leaders.

Now what we have seen in the past is that in these difficult situations, we get more footfall in our stores, because people are struggling to make ends meet and consequently if they can buy everything 30% to 50% cheaper with a guaranteed quality from our side.

That option becomes really very attractive for them, because then they can continue to consume all the categories that they were consuming earlier and which they cannot afford to consume right now. So that has been the experience of the past, which is why I'm quite committed to ensuring that in this situation our discounts vis-a-vis the national third-party brands remain at least the same.

And I'm quite confident that we will experience the same phenomenon, which can be loosely called down-trading and we will be the beneficiaries of that. On your second question of same-store sales growth of the 11% number that we have reported for last year, let me share the key components of that and then share with you my hypothesis of market share gain.

So of that 11%, 7% has come because of new customers and new transactions in our store. 2% has come because our existing customers have bought more number of things. And the balance 2% has come because our customers have bought a higher price point. So therefore, there's been premiumization, but that's our endeavour every day of the year to upgrade people to higher price points. Now the fact that 7% of 11% has come from new customers makes me believe that we are gaining market share.

Michael Sell: Thank you, sir. And just one follow-up. You have been very clear on the economic environment impact. If there was a poor harvest, would the answer be the same or do you have any greater sensitivity to that?

Gunender Kapur: I would believe that we would have greater sensitivity to that, because that is going to directly impact the incomes of mass market consumers, well to the extent that they are dependent on agriculture. Now I must say that whilst it will have an impact on incomes, the contribution of agriculture to our economy has been coming down over the years. And at this point in time, the numbers suggest that it won't be so significant so as to create any significant impact on our business.

Michael Sell: Thank you, sir.

Moderator: Thank you. Our next question comes from the line of Shrinarayan Mishra from Baroda BNP Paribas Asset Management Company. Please go ahead.

Shrinarayan Mishra: Thanks. My first question is on the stores that have not been considered for SSG calculation because, of course, there are 15 months and other criteria we don't include those stores in SSG. If you can qualitatively comment on how the performance has been in these stores and related to that, how are we performing in newer geographies?

Gunender Kapur: Okay. So firstly, we take 15 months criteria only to make it comparable.

Shrinarayan Mishra: I completely understand it. I just wanted a flavour on how this segment is doing, newer segment, sir?

Gunender Kapur: So, our new store performance is totally in line with how we had performed earlier with the new stores. And the 53 out of 105 stores or maybe slightly more are coming from states where we already have a lot of presence. So, states like UP, Karnataka, Andhra Pradesh, Telangana, MP, and so on. We already have stores in all these places, and we've had a very good experience so that continues.

I think your second question is more important for us that how are we performing in the newer states that we have gone to. So, I would confirm to you that Kerala has been better than average and Gujarat and Maharashtra have been totally consistent with our performance nationally for the network. And lastly, the small format stores which we are opening are performing on a per square foot basis, not on an absolute basis, because obviously, they are smaller, the same as the large format stores. And that's why we are now opening more and more.

- Shrinarayan Mishra:** Okay. And sir, because of the macroeconomic problems that we are facing, will expansion in newer geographies take a back seat for a while or you will continue with your plans?
- Gunender Kapur:** We will continue. We will not slow down our expansion at all because we are very excited about the long-term consumption story in this country and it is our hope and belief that these issues are not permanent in nature and they will go away. When is what we don't know.
- Shrinarayan Mishra:** Okay. Thank you for answering my questions.
- Gunender Kapur:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Rahul Agarwal from Ikgai Asset. Please go ahead.
- Rahul Agarwal:** Hi, very good afternoon, GK and Amit. Sir, just 2 questions. Firstly, just to extend the earlier question on new store openings. During such times when industry will obviously face some difficulty in terms of expansion further to manage their own balance sheet, I'm talking about independent stores, local chains in areas where you operate.
- Is it time to further step up the new store increase for Vishal Mega Mart? Do you think this is a market share gain opportunity, because a lot of things will actually play out, as you have explained earlier in terms of higher footfall. So, what is the thought on that for the next 12 to 18 months? That's one question.
- And secondly, on rental, we're still seeing a decent amount of operating leverage playing out. The SSG growth is higher than rental inflation, what the number you report. Does this continue ahead? And if Amit can clarify that fourth quarter, the rental number at INR 160 crores, it looks a bit lower on a Y-o-Y basis. Is that the right comparison? Those are my questions. Thank you.
- Gunender Kapur:** Well, thank you very much. Your first question is very interesting. By the way, my thought process is quite aligned with yours. So, if practically possible, we would try very hard to open more number of new stores. And just to give you some background to what I'm saying, we did not stop opening stores during COVID.
- In fact, I think, to the best of my memory, the most severe COVID period also, we opened 1 or 2 stores that month, new stores. So, I'm emotionally totally aligned with what you said. That will be our goal. I will request Amit to answer the second one. Amit, all yours.
- Amit Gupta:** Sure. Rahul, the right comparison is to see the full year basis and there the rent cost has gone up in line with the inflation and the new store opening. The quarter 4 number of last year is not comparable, because that has an impact of certain leases which got renewed in quarter 4 of last year.
- Rahul Agarwal:** Got it. Actually, the question was more structural in terms of, does this operating leverage also continue ahead where we are seeing higher SSSGs and lower rental increase in your numbers?
- Amit Gupta:** That should continue for a simple reason is that these are long-term leases and our contractual arrangement is about 15% increase every 3 years, which translates into, let's say, 5% every year.

And if we continue to have strong double-digit same-store sales growth, that should result into an operating leverage.

Rahul Agarwal: All right. That's very clear. Thank you so much and wish you all the luck for fiscal '27.

Amit Gupta: Thank you.

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

Gaurav Jogani: Thank you for taking my question, sir. First question is with regards to the availability of the products. While we understand that there has been significant inflation, but some demand checks suggest that the availability of the material has been a challenge. So have you faced any challenge in terms of your general merchandise products and also in terms of materials required for store openings, because tiles players, etcetera, even those are facing issues.

Gunender Kapur: I'll tell you, we faced a few challenges, but they did not result in any paralytic inaction from the industry. These challenges were firstly because of the gas availability, the commercial gas availability. And therefore, there are several small-scale factories which were struggling and so on and so forth.

Secondly, again, the more small and medium-scale industries faced challenges because of labor availability. There was an exodus of labor from the urban manufacturing centers, probably because of the elections in Bengal, and maybe there were some other reasons around sowing or harvesting. Now that is still getting sorted out. The labor is coming back, but I can't confirm that almost everyone has come back as yet.

So, we were facing these 2 issues very specifically on the vendor side, but they are getting better and better. In fact, the vendors have shifted to other energy forms, many of them, in the last 3, 4, 5 weeks. And as we look ahead, we will find more of the vendors moving in that direction. But it is not a situation where we are not supplying to our consumers and customers.

Gaurav Jogani: Sure. And sir, another question is with regards to the Karnataka region specifically. If I remember it right, last time you have highlighted that you had done some tweaking in terms of the store area, specifically in Bangalore area. So, if you can highlight that has been done entirely? And what the changes have helped you in improving the productivity or the desired results that you are seeking?

Gunender Kapur: So, I'm very happy to confirm that it's been done entirely. The impact of that, Amit will spend a few minutes in sharing.

Amit Gupta: Yes. Gaurav, so as GK confirmed, we have actually reduced store area in quite a number of stores. And a result of that, our PSF in Karnataka region has further gone up. Yes, so that has been done and taken care, and it's in line with the national average.

Moderator: Our next question is from the line of Videesha Sheth from Ambit Capital.

Videesha Sheth: Most of my questions have been answered. Just two small ones. So, the first one was on the GM compression that we've seen in the fourth quarter. Now while I understand that it would probably be due to higher intensity of promotional activities, but wanted to get your perspective as to what drives this intensity of promotion? Is it that you're seeing latent demand and accordingly, you take decisive calls in order to accelerate market share gain? Or is it more of a reactionary decision due to higher competitive intensity?

Gunender Kapur: So, I'll tell you, the most dominant reason was the fact that we were entering spring/summer. And typically, in the quarters before our biggest season, we try and get rid of as much old stock as we can, so that the inventory in the store is entirely fresh merchandise, which sells at full value. So, we did do that in quarter 4, so that we have a great spring/summer, which is April, May, June season.

And this is specifically relevant for clothing business, which is our biggest business. And the second, of course, is that, as I mentioned earlier, we saw an uptick in consumption, and we were quite determined to maximize our share of that growth. And therefore, we increased the promotion intensity.

Videesha Sheth: Noted. So, my second question was also related to this. When I look at the efficiency of the inventory days, that the overall working capital cycle has become much more efficient. So, is this pertaining to the liquidation undertaken? Or should we assume that this working capital cycle is here to sustain?

Amit Gupta: Videesha, this is by and large same as last year. So that's the level at which we would like to operate.

Moderator: Our next question is from the line of Devanshu Bansal with Emkay Global.

Devanshu Bansal: Congratulations. Sir, we are investing more in the apparel category, both in terms of promotions as well as a celebrity-based marketing campaign, which itself is a bit differentiated from a value space perspective. I wanted to understand if these investments are need of the hour to sort of continue with our existing growth, maybe in light of increased competitive intensity? Or are we trying to improve our growth rate either with focus on premiumization or by gaining new customers for this category?

Gunender Kapur: So, it is all of what you mentioned. But firstly, I would like to share with you something which is interesting. Our new campaign has now been seen 1.6 billion times on Instagram, which makes it among top 10 campaigns on Instagram ever. And there are 300 million-plus unique viewers of our total population, which is on Instagram, which would be less than 1 billion, I suppose. So, it has done extremely well. 1.6 billion views is a record. So people are loving our advertising.

And I can confirm to you that we will continue to invest behind our brands, both to get new consumers and customers, specifically to get new consumers and more younger customers, because we are very relevant for them, and also to improve and increase the aspirational quotient of a brand. So, these initiatives will continue into the future also.

Devanshu Bansal: Sir, just a small follow-up here. So obviously, congratulations on the strong traction for the campaign. Is this also sort of converting into higher footfalls for you as of now? And subpart to it is, have we also worked on improving the fashionability of the product, right? So obviously, marketing has gained strong traction, but have we also improved our products, made them more fashionable, etc?

Gunender Kapur: Again, I would like to confirm to you that it is absolutely true. On your fashionability point, I can share with you -- see, firstly, you've seen that we have achieved a very strong growth in quarter 4 of 13.2%, which has been very nice. While it's impossible to attribute it arithmetically to any one thing, but of course, our advertising has played a very important role in driving growth.

Secondly, I can share with you something arithmetically, which is that in quarter 4, our entry price point merchandise grew at 11.1% same-store sales growth, our mid-price apparel merchandise grew at 13.6% same-store sales growth, and our fashionable price point, which is typically the highest 2 or 3 price points, grew at 14.7%.

So the fastest growth that we achieved, both in quarter 4 and for the full year, was in the fashion segment in terms of same-store sales growth. Obviously, this was a consequence of our merchandise becoming more fashionable and our advertising supporting that endeavour. So we are achieving the highest growth.

Devanshu Bansal: Sure, sir. Sir, just last bit from my end. So cash flows have been pretty robust. Aside of dividend and faster network rollout, which you have already commented upon, I wanted to check your thoughts on leveraging the balance sheet to add more categories. As we currently cater to only about 50% of the overall Indian retail market, so what's your thought on this will be helpful?

Gunender Kapur: Good. So firstly, adding more categories to the existing stores, which are legacy stores, is a bit difficult because we are growing at more than 10% every year even in the legacy stores. And as you know, majority of our growth is volume-led. So, the volume that the legacy stores are handling is already such that we will have to keep looking at options to continue that growth for the existing categories. So, inserting any new categories in the legacy stores is going to be a challenge.

But I can confirm that we are looking at, if there is an opportunity for some different formats, which will help us get to more consumers and customers in the country. It's at a very early stage, so I would not be able to provide any colour to that, but I can assure you that that's very, very active.

Devanshu Bansal: Would this be a larger format than the existing format? Or how are you planning here, sir?

Gunender Kapur: We are looking at all opportunities. And yes, I mean, I won't be able to confirm any specific outcome that this exercise may have, because it's all work in progress, consumer research, and that kind of stuff. So, let's see how it pans out.

Devanshu Bansal: Okay, sir. All the best for this new venture.

- Moderator:** Our next question is from the line of Prerna Jhunjhunwala from Elara Securities.
- Prerna Jhunjhunwala:** Congratulations on strong set of numbers. Just wanted to understand how is the growth rate in stores which are more than 5 years old versus stores which have opened recently? What could be the SSSG in these 2 categories of stores?
- Gunender Kapur:** It is similar, Prerna. So, all legacy stores in our network are growing at double digit.
- Prerna Jhunjhunwala:** Okay. Understood. And sir, given the heightened competitive intensity coming in apparel segment due to aggressive expansion in Tier 2, Tier 3 cities, either through e-commerce or through the value fashion players who are going aggressive, what is the price elasticity -- pricing strategy that you can take over to combat the inflation pressure in this category?
- Gunender Kapur:** So, our pricing is totally consumer-led. As you know, for fast fashion, which is our dominant business, the consumers are young people. And we will always ensure that our merchandise is priced in such a way that it is affordable for young people. And it is also affordable for them to look fashionable and slightly different every day. So that is how the pricing gets determined.
- In our understanding and experience, the demand damage can happen more at the opening and lower price points if one were to take a price increase. The higher and the more fashionable price points are not that commoditized. And therefore, our experience has been that there is no demand damage or significantly lower demand damage at the very high fashion price points if one were to take a reasonable price increase. Of course, if you were to be totally unreasonable in your price increases, it will get damaged across the board.
- Prerna Jhunjhunwala:** And sir, last question on supplier price increases. Hello?
- Gunender Kapur:** Yes. Yes, please go ahead.
- Prerna Jhunjhunwala:** So, suppliers of apparel, what kind of price increases they are asking in the light of current challenges, including raw material prices and other input cost increases?
- Gunender Kapur:** Yes, they are facing challenges. The suppliers are facing challenges. I can confirm that thus far, we were doing all right because of the pipeline stock. I can give you a general range of what we are experiencing as of today. So, the fabric prices are going up at about 10% to 11%. And yes, that is what we are experiencing every day now, at this moment.
- Prerna Jhunjhunwala:** Okay. Understood sir. Thank you so much and all the best.
- Gunender Kapur:** Thank you very much.
- Moderator:** Ladies and gentlemen, we will take that as our last question for today. I would now like to hand the conference over to the management for closing comments. Over to you, sir.
- Gunender Kapur:** Well, thank you very much, ladies and gentlemen. I truly appreciate the fact that all of you congratulated us. We are very, very happy and pleased about that specifically on the call. And we totally stay committed to our agenda of making aspirations affordable. The coming months and quarters could be challenging. I don't know.

But as I mentioned during our discussion that we actually do quite nicely in these challenging times, because our 75% (This is an approximate number, actual number is 74.1%) of revenue is from our private brands, which, as I mentioned, give us an ability to cushion our customers more from the damaging impact of inflation.

And just as an example, our private brands in FMCG will work very, very hard to ensure that all customers who come to our store can still afford to buy all the categories that they were consuming before the onslaught of the inflationary pressure, which we could face. So, we stay very, very committed to that. Thank you very much for your time, and we really appreciate your support.

Moderator:

Thank you. On behalf of Vishal Mega Mart Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.