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13th May, 2026

<p>To: The Listing Department NATIONAL STOCK EXCHANGE OF INDIA LIMITED "Exchange Plaza" Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Scrip Code: VMART Fax: 022-26598120 Email: cmlist@nse.co.in</p>	<p>To: The Corporate Relationship Department THE BSE LTD Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Scrip Code: 534976 Fax: 022-22723121 Email: corp.relations@bseindia.com</p>
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Subject: Transcript of the Conference Call held on May 08, 2026

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and amendment thereof, in reference to our letter dated April 29, 2026 (Ref. No. CS/S/L-958/2026-27) regarding the intimation of the conference call with Analysts and Investors held on May 08, 2026, please find enclosed the transcript of the aforementioned conference call.

The above information is also available on the Company's website: www.vmart.co.in.

We request you to kindly take the above information on record.

Thanking You,

Yours Truly
For V-Mart Retail Limited

Megha Tandon
(Company Secretary & Compliance Officer)

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**“V-Mart Retail Limited
Q4 FY26 Earnings Conference Call”**

May 08, 2026



MANAGEMENT:

**MR. LALIT AGARWAL – MANAGING DIRECTOR –
V-MART RETAIL LIMITED
MR. ANAND AGARWAL – CHIEF FINANCIAL
OFFICER – V-MART RETAIL LIMITED**

MODERATOR:

**MS. VAISHNAVI MANDHANIYA – ANAND RATHI
SHARE AND STOCK BROKERS LIMITED**



Moderator: Ladies and gentlemen, good day, and welcome to the V-Mart Retail Limited Q4 FY26 Earnings Conference Call hosted by Anand Rathi Shares and Stock Brokers Limited. 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 the star then zero on your touch-tone telephone.

I now hand the conference over to Ms. Vaishnavi Mandhaniya from Anand Rathi Share and Stock Brokers Limited. Thank you, and over to you, ma'am.

Vaishnavi Mandhaniya: Hi. Thank you. Good morning, everyone. On behalf of Anand Rathi Shares and Stock Brokers, it's our pleasure to host the Q4 FY26 Earnings Conference Call of V-Mart Retail Limited. From the management side today, we have Mr. Lalit Agarwal, Managing Director; and Mr. Anand Agarwal, CFO.

I'll now hand over the call to the management for the opening remarks, followed by the Q&A session. Thank you.

Lalit Agarwal: Thank you, Vaishnavi. Good morning, everyone. Thank you so much for being on the call. So the story continues. The consumption in India for us looks quite healthy. We have seen a better quarter in the last quarter, definitely which is supported by the overall macro picture. So the macro picture that I can see here is positive. We definitely have controlled inflation. We definitely have a better per capita income that we are visualizing for the customers.

So I think there are definitely positive vibes coming, except the last quarter, we also had this war scenario, which was erupting, which definitely gave a little bit of -- I mean it was just -- there was no real life problem. But perceptually, there was a pressure that the consumer had. Perceptually, they were into a fear factor. People wanted to hold their expenses, largely in urban India, we saw not especially in Tier 2, Tier 3 towns. So those still look good. Our footfalls have been growing.

There was definitely a little bit of mixed weather times, because the last quarter, early part of the quarter, we saw winter being very low and then suddenly winter came up and then it sank in very fast. So winter was weak, but summer came up very early, but our organization prepared very well. We prepared very well for launching the summer well in advance in time, which where we took the benefits versus the market and those benefits actually accrued some results to us as well.

And then post that, we saw some geopolitical challenges. We definitely saw some cities and some towns where we saw some crisis of oil. There was 1 or 2 or 3 days of some crisis piece, which we saw coming in and then maybe that created a concern. There is definitely big piece on in terms of the whole crude oil price rise, which is happening. And there are directly, we don't see fuel costs getting risen. But indirectly all the raw materials, all the products, all the services, which are all getting affected because of the crude oil prices going up. And so largely our apparel business, non-apparel business, we see almost 70% -- 60% to 70% consumption of polyester yarn or poly-based product lines, which have or will get impacted because the earlier orders that



we had given was already being secured for April-May deliveries. But for all those deliveries which are going to come in June, July, August. So we will see some impact there also.

We have tried to block our orders well in advance, keeping in mind and then keeping the -- or taking the use of the existing inventories of yarn and fabric and the apparel that vendors have. So there is a lot of good work that we are trying to do with the vendors in terms of trying to nullify the impact of the rise in the yarn prices rise or rise in the polyester prices.

So definitely there is a rise of almost 10% to 15% in the yarn prices, which effectively converts to almost 5% to 7% in the apparel prices. With some negotiation in certain products, we have to absorb 1% to 2% to the cost of the future deliveries. But in certain cases, we have also passed it on to the consumers, but very, very controlled way.

So overall, there is some disruption we are able to see that in terms of both availability of raw material as well as the prices of raw material. So that is one thing which is a little difficult to consume. That certainly will impact the consumer sentiment or could impact the consumer sentiment as well because the inflation expected, has to come up because in the last quarter, we did not see those things happening.

Suddenly in the end of the month, in the quarter which is the March month, we saw some prices going up of oil or certain product lines where the consumers got impacted little bit but not too many things. I think there's not too many change which has happened. We still see footfall, better footfall. We still see consumers coming out to buy and open because last month or this month also, we saw some footfall coming in from the -- for the marriage season when the marriage was there.

We also saw summer coming because summer was a little late because initially summer got launched in January, February. But once again, in the March month, we saw a little bit of winter chill happening, a little bit of rains coming in. That rains also disturbed the market a little bit in terms of the seasonal need. So the seasonal need picked up in April only and that is continuing in May.

We have marriage seasons coming in. But yes, there will be 1 month of stale also which will happen because of Adhik Maas, which comes in our Hindu calendar. But overall, I see good news coming in from agricultural side also. There could be some futuristic challenges which could come in. But as of now, we see good agricultural output coming in.

Consumers are actually coming out to spend the money. There were a few instances of rains, which actually created some havoc in certain farm area, which is largely in the Northern belt. So we saw some impact. But otherwise, most of the areas we saw good things coming up.

Festivals and seasons, Eid and Holi were 2 big festivals in the last quarter. We saw good traction both, Eid was very good. Even Holi was okay, not great, but okay. But apart from that, post-Holi or post-Eid we saw a good jump as well because of the early launch of our product lines.

So overall, I think we have strengthened our business verticals. We have strengthened our Unlimited business. Our Unlimited South stores and the performance in the South store looks



good. We have now got a good grip over it. So we are firing. We are trying to open up more new stores in that particular market.

Our LimeRoad strategy also has been very fruitful. We have been able to create a lot of efficiency, a lot of execution discipline, a lot of technological changes and utilization of AI, which really has given us a lot of benefit in terms of the loss prevention, because we have almost -- cut down almost 70% of the losses in that business from the last year perspective.

So that we are very confident on that particular side of the business because almost half of the business coming from that area is mostly omni. And omni is a good piece that we are trying to focus on. Where the consumers who are buying both online and on offline, we are seeing very promising results from there.

There's a lot of work happening in the entire product lines, product development piece, vendor development piece, the design departments, trying to bring in a lot of analysis, bring in lot of design elements, integrate with or have partnerships with vendors, trying to work with mills, explore also the international markets.

So there's a lot of work which has happened in the product areas in rationalizing the product, in creating a better freshness in the product, in liquidating the entire old merchandise and all of those things. So that has also given a lot of benefits in the last quarter.

So overall, our strategy remains very clear. We will keep focusing on the similar area of market. We keep focusing on giving better fashion, attracting newer generation consumers, definitely making the family look more younger, more sweet and more cuter. So that is our focus area. We will do it, all of these through definitely a lot of intervention of AI.

We are focusing as an organization a lot of all these large language models, the AI and agentic workflows and stuff. So there's a lot of work and there is a lot of discussion and a lot of debate happening and a lot of new introduction of certain smaller things are happening. So certainly, some of these will yield more results, make us more scalable, make us more efficient and also make us more intelligent in terms of serving the consumers.

So those are the areas we are trying to work on both impacting the front end as well as the back end. So that some of these things will certainly help us over the market. We feel we can. We've got a good grip over the business. We've got good team now. We have recently moved into a new office in Gurgaon, so the team has all come together. This makes us once again more scalable and more better in terms of collaboration as well.

So a huge round of applause for our teams, our stakeholders who've been there, been working with us. Certainly, we have seen some upswing also in the competitive space. The competition has got good targets, where they're trying to open up a lot of stores in the coming quarters and coming year as well.

So we will see good things coming in. But yes, we certainly have seen the impact of all these activities are getting nullified. Now we are not seeing too much of impact coming in even if the stores are opening, because already the market is occupied with many stores.



One additional store or 2 additional stores now opening up doesn't give any more big impact on our existing store sales. So I think that side is becoming more controllable. We are definitely able to counter a lot of these competition.

We are also able to yield the benefit from the little bit of, I would say, improper execution or improper presentation of their product in the market from the earlier successful retail organization. So some of those benefits also we are trying to achieve because some of those competition when they opened up the stores in the first 1 or 2 years, they actually peaked up their sales. They actually attracted certain consumers.

Now the customer base has become wider. The organized customer base has become wider. So we are trying to attract more footfall of those customers who were earlier going out to those competition stores. That is our strategy to try and bring in those consumers even if the market looks a little poor or weaker in terms of the demand. What our strategy will be largely to increase our own market share from the earlier times.

So but anyway we'll take up the questions ahead. I hand it over to Anand. He will take you detailed into the numbers. Thank you so much.

Anand Agarwal:

Thank you Lalit, and good morning everybody. I'll quickly take you through the numbers and some commentary around them, and then we can open the house for questions. So quarter 4 has been a great growth quarter for us, with actually our highest ever quarterly new store additions as well as good like-to-like same-store sales growth, leading to a total sales growth of 24%. We opened 29 new stores and also delivered an LTL of 12% with V-Mart at 12% and Unlimited at 9%.

Overall, this marks the 10th consecutive quarter of sustained like-to-like growth, reflecting the continued progress on planned merchandising and product upliftment, disciplined expansion and automation-led systematic process improvements across the organization.

The new stores that we opened are delivering actually better than network throughput, which reinforces the confidence in both site selection discipline and brand relevance across Tier 2 and Tier 3 markets. The South market under Unlimited format continued its strong momentum, delivering a 28% revenue growth and a 63% increase in EBITDA, supported by strong throughput of new stores added and continuous operational efficiencies.

We remain confident in scaling in South markets where results remain encouraging. The sales per store and the sales per square foot matrices continue to improve in line with SSSG. We also saw apparel ASPs grow 5% this quarter, primarily due to the better festive mix, lower discounting and improved full price sell-throughs.

On the margin front, gross margins actually for the quarter decreased year-on-year by 1%. This was on account of provision taken on inventory as per our consistent long-standing policy and also a 12% decline in the LimeRoad commission income, which actually flows 100% into the gross margin line, but now forms a smaller share of the overall revenue.



The important highlight actually was the improved inventory health that should result in better gross margins going forward, which will -- or should be driven by higher proportion of fresher merchandise on shelves, lower discounting intensity or requirement of lower discounting and improved product mix. Overall, our days of inventory also improved by 3 days, which is on a 5-quarter rolling average basis, along with per store inventory reduction of 13% year-on-year.

The inventory betterment should continue as we will further rationalize assortments, display densities and gain benefits from improvements making from supply chain efficiencies on replenishment cycles and warehouse dispatch optimizations.

Coming to operating expenses. The total expenses increased by 8%, largely led by a planned significant drop in expenses in the LimeRoad vertical, drop in ESOP expense year-on-year and lower offline marketing spends as we continue to drive loyalty-based traffic to stores through more digital interventions.

As a result of the sustained operational efficiencies, EBITDA grew by 56% year-on-year to INR106 crores with margins expanding by 220 basis points to 10.9%, reflecting better cost absorption and productivity gains.

The EBITDA growth translated into significant growth in adjusted PAT to INR10 crores. We have actually normalized the PAT numbers for exceptional gains to reflect the real operating profits for better comparison and reflection of year-on-year sustainable business improvements.

For the quarter, we have reassessed and reduced the onetime exceptional charge of INR2.1 crores provided for in the last quarter by almost INR1 crores in this quarter. So thereby the full year impact for the Labour Code-led impact is limited now only to INR1.2 crores, which is related to the estimated provision on account of these Labour Code implementations.

LimeRoad loss -- marketplace loss reduced significantly year-on-year, continuing the sustained improvement in the operating metrics for the online marketplace business. The marketplace business remains profitable at CM3 levels in high single digits and has now begun to contribute meaningfully by increasing the customer loyalty, higher bill sizes and much higher repeat rates for the growing omni customer base, reflecting validation of the original investment thesis in LimeRoad.

As a culmination of all the improvements and efforts on a full year basis, PAT has grown by 6x to INR124 crores, reflecting consistency rather than quarter specific effects. This is our highest ever PAT and the PAT percentage at 3.3% is also now almost reaching the similar levels of PAT of around 4%, 4.5% that we used to enjoy pre-COVID.

Inventory on the -- moving on to capex and cash flows. capex for the quarter stood at INR37 crores, INR159 crores for the full year, primarily towards new store additions, old store refurbishments and technology-led investments.

For the next year, the capex is estimated at roughly around INR170 crores, INR180 crores. On a YTD basis, the business generated positive cash flows of INR33 crores versus a negative cash -- free cash flow of INR33 crores in the last year. There is no long-term debt on the books, and



we remain comfortable on the cash front with ample working capital limits available to leverage future growth, which will be financed through internal accruals.

Coming to store expansions. We opened 29 stores this quarter and 92 in the full year with 12 closures. The guidance for the next year remains the same at 13% to 15% area addition every year, net of 1% or 2% mistakes that may need closures year-on-year.

With a healthy store pipeline, improving throughput across both mature and new stores and disciplined inventory and cost management, we believe the business is well positioned now to maintain momentum into the coming quarters while sustaining profitability and cash generation. So that is all from my side and I now request Farah to open the house for questions.

Moderator: Thank you very much, sir. The first question is from the line of Sameer Gupta from India Infoline. Please go ahead.

Sameer Gupta: Congrats on a good set of numbers and thanks for taking my question. So firstly, you did mention in the commentary, but a little bit more clarity on this aspect. So there is inflationary pressure across the board and not -- particularly in the petrochem-based raw materials, but yes, yarn and cotton also have gone up.

So just trying to understand the impact on V-Mart. So if you could give any idea as to how much RM inflation currently we are facing or any kind of sensitivity where linked to crude, if crude goes up like, let's say, 10%, our RM basket goes up by how much? Any sense on that would be great, really helpful.

Lalit Agarwal: Yes. So Sameer, we've already -- I've already narrated mostly. See, definitely, there is a direct correlation with the crude prices. The proportion of fabric of the proportion of the yarn or the cost of yarn that gets into the apparel making varies from 33% to 50%. A lower priced product would have a higher percentage of yarn, or a higher priced product would have a lower percentage of yarn. And then it is just not about the yarn...

Sameer Gupta: When you say yarn, you mean polyester?

Lalit Agarwal: When I say yarn, I'm saying polyester or cotton or whatever the yarn it is, whether it is a viscose or it is a polyester or it is a poly cotton. So ultimately, there are yarns which are mixed in nature. There are single yarn in nature, so now that every in a higher priced product, you would have cotton more and lesser polyester. In a lower priced product, you would have more polyester and lesser cotton.

So when you look at the lesser priced product, the impact becomes a little more higher, the yarn -- if the yarn or the crude increases by around 10%, it gets translated to around 5% of increase in the yarn. And in the apparel cost, it goes down to 1.5% to 2%.

So that's how the matrix flows. What is the level of because if the overall crude prices that we see has grown by almost 30%, 35%, it has translated to almost cost of 10% -- 8% or 9% in yarn cost, and which has resulted into 3% to 4% of apparel or garment cost. That is 100% yarn-based or polyester yarn-based product. If it is a mix product, it comes down a little more percent.



What we are trying to do is how do we accommodate this 3% to 4% either with certain innovation in fabric or trying to use certain different kind of fabrics, which could actually nullify maybe a little more lightweight fabric which could nullify a little more negotiation in terms of the overall make -- and cut make finish of the garment.

How we are trying to manage those costs, but still we are seeing 1% or 1.5% increase in the overall price or the cost of the product that we are sourcing, which certain part of it we are trying to pass it on to the consumer.

But certain part of it, we are also trying to retain, which could increase the inward margin a little bit. But I think effectively, we will want to bring in more efficiency so that the delivered margin and the outward margins do not get affected through this. I hope it is clear.

Sameer Gupta:

Yes. Very clear, sir. Thank you so much. And if you could also allude to roughly our fabric mix in terms of polyester and cotton that would complete this puzzle.

Lalit Agarwal:

See, what we are looking forward is the festive period and the winter period. So in that festive and the winter period, what we see the poly mix comes -- goes up to almost 80% -- 75% to 80%. But during summer, it is the cotton mix comes up to be almost around 50%. But when we are moving towards the forward season and the winterish season, the polyester mix goes up. That is why your polyester mix would be around 70%, 75% of the total sourcing that we are doing in the forward period.

Sameer Gupta:

Got it, sir. This is very clear. Second question, and let's just exclude the war and the crude impact when we are answering this. Now this year, excluding LimeRoad, the company has clocked a 6.6 pre-IndAS EBITDA margin, which is up 120 basis points Y-o-Y. And again, in the base I'm excluding LimeRoad, this is at a 5% LFL. And this is despite a relatively higher area growth this year.

Now if a mid-single-digit LFL were to repeat, all else equal and when I say all else equal, let's just assume there is no crude or inflation impact, then logically, a 120 basis points margin expansion at least should happen in FY27. What are the constraining factors here? Is there any competitive threat that you are looking at?

Again, we don't know what is going to happen on the war and stuff on inflation. So if you could just highlight the thought process here, if it is correct or there are any issues in there?

Lalit Agarwal:

Sameer, please talk to Anand and come and help my FP&A team, so that they can actually project such kind of good numbers. I'm pretty happy about you, what you're saying. But yes, certainly, efficiencies bring in benefits. It is just not the same-store sales growth, but how efficiently are you able to sell-through your buy or sell-through your inventory.

So that is also one of the biggest factors which gives you margins. So I think it is more about efficiency generation. It is definitely also about mid-digit or a little higher than mid-digit same-store sales growth. So I don't see it lot of constraints.



I see there are constraints in terms of the overall inflation, overall labour cost also going up because what happened recently in Haryana, or Noida and all of this certainly has led to a little bit of -- could lead to a little bit rise in the labour cost that again could be detrimental. But otherwise, I don't see any challenge whatever that you are thinking, whatever you are projecting, we also believe that similar things could be derived if we are able to achieve 6% to 7% of like-for-like growth.

Sameer Gupta: Superb sir. That's all from me. I'll come back in the queue for any follow-ups, unless Anand wants to add to this.

Anand Agarwal: No, Sameer, I think I'm good with what Lalit is suggesting. I think we -- all things remaining equal, we remain optimistic and buoyant for a similar kind of growth. But as Lalit suggested, I think all things currently do not look equal. So let's wait and see how well we can leverage and optimize this.

Moderator: Thank you. The next question is from the line of Tejas Shah from Avendus Spark. Please go ahead.

Tejas Shah: Congrats on a good set of numbers. Lalitji, you spoke in detail, but just wanted to double-click on it on demand scenario. So a lot of -- and not only your results, but if I see consumption results in general, I would say that after a long time, there is some broad-based recovery, which is visible. So just wanted to know -- so there's one disruption which has come from external environment, which is the whole crude-related inflation?

Looking at your own data and then your field on the ground, do you believe that we can pass on the inflation to customer without hurting this momentum, which we have seen for the last, let's say, 4, 5 months or for us, it was actually much more longer, which can actually continue. And even if we have to pass on the inflation, whatever the proportion you just spoke about, it won't disrupt the demand momentum?

Lalit Agarwal: So Tejas, it is just not our inflation. It is just not our price increase or whatever it is we are passing on. It is the basket inflation that the consumer spends their earning to. So almost what we see, almost 60% of consumer's basket is need-based. 60%, 65% is need-based and out of that, almost 70%, 75% of their basket could get affected.

Because if I look at the entire piece, even the agriculture prices, the whole fertilizer, the whole pesticides or even the logistic cost or their day-to-day power cost or electricity cost. So what we see the impact could go to all these extent and could actually get affected.

So the consumer may find it difficult to manage their inflation and that could be a reality. And that is what we are caring about, that all of our consumers who are largely need-based consumers whose their income, but one respite we are able to see is the increase in minimum wages or the overall earning capabilities that is going to increase by the government.

So I think some of these things can actually give some benefit. But otherwise, if this continues, I mean, it may throw a little bit of challenge in terms of the consumer sentiment. But overall,



from our side, we are being very, very sure on this. We do not want to pass it on blindly. We do not want to pass it on like we did it in '22, '23.

So we don't want to do that same mistakes again. We may absorb some margin. We may change certain product lines. But some of these where we feel the consumer can actually pay and where the design factor is much more larger and the consumer will be easier for them to pay, that is where we will try to take it up.

I don't think we will see a lot of challenge in terms of the demand. But yes, overall, the demand could get impacted a little bit. But as I said earlier also, the organized market has also become bigger. So for us, it is more a challenge where we could pull in how could we pull in more sales from our peers, from our competitors, so that we are actually able to grab and grab that opportunity in spite of a weaker market, if at all happens.

Tejas Shah:

Perfect. Very clear. And second on market competitive landscape. So usually -- and you called out that there is not only pricing issue of raw material, but availability issue also. So does it mean that the smaller players kind of get shafted or cornered in securing raw material at right prices versus, let's say, an established player like us. And hence, it can be a very good opportunity for us to get market share in this environment?

Lalit Agarwal:

So I just don't want to raise my hopes because as of now, we are also struggling. Our team is also trying to grab on to all of these to secure the production. It is just not securing the order, but also securing the actual inventory for the vendor because the vendor should also have that raw material well in his house before he is able to deliver.

So I think, I mean, it's not over, but things are going to be for us also a tough period because all the vendors and the entire supply chain, there is so much of difficulty which is getting affected because of the whole gas issue also has impacted the production lines of certain vendors in certain processes.

So there are challenges. The whole election pieces which happened in Bengal and Tamil Nadu. There also the labour workforce has got reduced. There has been a challenge in terms of the availability of the labour. So some challenges have been erupted, but I hope those challenges will be met.

And certainly, I mean, see obviously, people who are little inefficient, people who have a little lesser brand image or even the payment terms or even the capability to secure the product line will face challenges. So we know it is an immediate situation. We are dealing it as an emergency situation and we are not leaving anything unturned.

So we are trying to get deeper into it. Wherever we feel there is a challenge here, we are also exploring of bringing things from China or some other places. So some of these things we are trying to do, so that we can integrate our arc of supply chain well in advance.

Tejas Shah:

And last one, so Anand you kindled our hope by saying that we are kind of moving towards that pre-COVID PAT margin direction. So with whatever sector is available, where are we today?



Do you think that with the hope of the goal that we have of 5%, 7% percent SSSG, can we achieve that number at PAT margin level this year?

Anand Agarwal:

So, Tejas, I think the direction is right. Our efforts are very genuine and sustained. And we are seeing results emanating out of these sustained efforts. Now to set a timeline, whether this will happen in the next year or the year after that, I can't see that. Or I cannot predict that.

But definitely our intentions are obviously towards securing that kind of margins in the medium term. It may happen next year. I don't know. There are so many different factors which will influence that. But definitely our intention is obviously to get to that level very fast.

Moderator:

Thank you. The next question is from the line of Rehan Syed from Trinetra Asset Managers. Please go ahead.

Rehan Syed:

Sir, I have just only 2 questions. First, I just want to get understanding regarding your apparel ASP remain broadly flat while footfall increased sharply. So just our customers currently preferring lower-ticket products or is this more because of higher mix contributions from entry-price categories? This is my first question.

Lalit Agarwal:

Rehan, can you just repeat the last piece you said that our customers preferring what?

Rehan Syed:

Like I just want to understand this customer currently preferring lower ticket products or this is more because of higher mixed contribution from entry price categories? Just a clarification.

Lalit Agarwal:

No. See, what is happening is gradually the -- I mean, not only ours, but the availability in the market to all the organized players, value organized players is becoming larger and larger. So certainly the average spend per piece by the consumers which they used to pay earlier, they definitely want more efficiency, more value here. But it is not the fact that they are trying to pay or go for a lower ASP or lower price product.

We are expecting a little bit of a mix change as well as focusing on little bit more on the better product. Because the consumers are certainly asking for a better quality product, asking for better product in general. But yes, as and if we see inflation coming in, there could be some impact that the consumer will face.

Here both the things would happen. The higher consumer, which is the brand buyer, and then the consumer which buy premium products, would move down and could buy a little better product from our offerings. And there could be certain lower line customer base where they will struggle, they could either not buy or want to buy a little more entry price kind of products.

So I think largely we see these products, the ASP coming out in the balancing mode. We are not seeing very high growth in the entry price kind of product as well. So we are seeing that similar and even good products coming out on the central, good products are also coming out as good.

Rehan Syed:

Okay, okay. Thanks for the clarification. And my second and last question is around your geographic mix that we have seen about the southern market. So there you have seen Uttar Pradesh and Bihar together now contribute a very large portion of the store network. So how



does the management view the long-term growth opportunity in South India especially after seeing traction in Tamil Nadu and Karnataka?

Lalit Agarwal:

No, I think we have been focusing very highly on that particular market. See, our philosophy is also to build a sustainable return on capital or the ROC business -- from the business. We just don't want to go and open out the stores. The property prices in those markets are also a little higher. So we have to be little more conscious in terms of our expansion. We just want to open stores which remain profitable for a longer term. So that is how we are trying to do.

We have created our team there in South India has been strengthened, they are trying to acquire. But for us every market there is a large opportunity. A market like Uttar Pradesh or Bihar where we are almost there in all the districts. We still see a 50% to 70% growth rate which could come in from these markets in terms of our number of stores getting expanded in the next 5 years.

So I think there is a long opportunity which is available in all of these markets. The population rate in the upper area or our core market that is very, very high. But there is an opportunity in entire India and that is how we have divided our organization structure so that every zone or every state is being given a sufficient time and sufficient energy so that we are able to expand.

Rehan Syed:

Okay. Okay, thanks for the detail. And sir, just one last one more question if you just could allow me. Sir, like what is the medium term sustainable ROC target once the current expansion phase matures?

Lalit Agarwal:

So I think we have been always working towards acquiring around 15% to 18% of ROC giving. So right now we are around 14.5% we want to go to 18% and then maybe 20% and above 20%. So I think our investment that we had done in the last few years was largely in the warehouses or in the acquiring LimeRoad and Unlimited or even feeding you the losses of LimeRoad. Actually, took ROC, ultimately, we would want to over anything above 20%, 22%.

Moderator:

Thank you. The next question is from the line of Rahul Agarwal from Ikgai Asset. Please go ahead.

Rahul Agarwal:

Three questions. Firstly, on the macro side. When I look at this value fashion segment, right. When we look at growth, we analyse detailed numbers for each company in the listed space at least. Clearly, fourth quarter, V-Mart has been an outlier in terms of how SSSG has come through. Your new store editions have also been in sync. So very good performance.

But incrementally when you look at full year fiscal '26 or even last 3 years cumulative, we're looking at very high discipline on V-Mart in terms of how balance sheet cost is getting managed, which is again very good. But purely from a market share perspective and given what is happening on value fashion because there's too much growth in the hinterland of India, a lot of expansion happening by competitors.

Does market share actually mean anything in this industry and for you internally, do you guys discuss how are we doing in terms of our own revenue market share, 3 years, 5 years, 1 year analysis, 10 year views? So that's the first question, sir.



Lalit Agarwal:

Yes, Rahul, you are absolutely bang on. And definitely, market share is something that we keep watching on but it doesn't. Because the largeness of the Indian consumption is massive and then we actually could bring in, I mean, more consumption and the consumption is bound to increase. So in spite of all of these new additions in the value retail it has not been easing out.

There is so much of consumption left out, still more than 60% of the business is going to the mom-and-pop or the unorganized traditional retail store. So there is still a lot of opportunity left. We really believe there is certainly a shift which will happen and there will be always some part of the retailers which will have some leadership in the business.

And how do you grab onto those opportunities? And that is what we all try to do. We try to talk about it, that how do we actually create a strength within the organization which will bring in or give more value to the customer, create more better perception towards the customer, give the customer the best experience.

And that is what will bring in the market share or some share from our peers if at all they are acquiring or they are able to acquire the last few, 1 or 2 years with some store openings. So that is how we try to play about it.

But you're absolutely right. With so many number of players coming in and so many number of players available, the market share piece is not valid and should not be a big point in our area. Because this is not a product-led business where 1 or 2 companies could acquire a very high market share. So this is not those kind of businesses where such things can happen.

Rahul Agarwal:

Got it, Lalitji. And there's two more things, one for you and one for Anand, which we would cover. When we talk to your vendors, right, on the fabric manufacturing side, and we've also worked on product freshness in our stores, which actually has resulted into shorter cycle sourcing, is what we understand, and please correct me if I'm wrong. We're sourcing much more fresh products and hence the sourcing cycles are quicker, the inventory terms are faster.

Unfortunately, current environment because of that, maybe when we enter the festive season and then the winter, maybe 2Q, 3Q of the next year, which is fiscal '27. How are you looking at the advance booking? Because as you already explained that there is some inflation, something will get absorbed, something will get passed through.

But what we hear is, the advance booking from V-Mart versus some other value fashion retailers, 2 to 3 of them has -- is getting better off. So will there be a margin hiccup when we get into our seasonally strong season? That's one.

And secondly, just on the capex side, if Anand can clarify, my sense is refurbishment in new stores, INR130 crores, INR140 crores should be enough. When we look at this INR175 crores, INR180 crores number, what is that additional spend? If you could just break that down.

Lalit Agarwal:

I think, see sir, as I told earlier also, we are -- we definitely have 2 verticals. One is the vertical, which closes the final design and the other is the vertical which tries to close the fabric pieces. So we work in a longer term mindset to close our fabric needs and fabric requirement and give the perspective so that the time taken for the fabric development also is taken into account.



So there is certainly good work that the team has done. They have almost blocked 50% to 60% of our needs or our total demand till December. So there is already a blocking which has happened for the forthcoming 6, 7 months, part of which is going on, part of which is enclosed.

So there's a lot of work. I don't see a jump in margin there, but what I see is not a negation in the margin. I would see maybe availability of the product. I would see a better value being provided to the consumers if they compare it with other part of the market. So I still feel that the consumer and our consumers are very much down to our consumers who can buy only 2 or 3 times in a year.

Their earning capabilities are very low. Their average earning is around INR30,000 a month. So I think for them, creating an impact at this point of time from our side shouldn't happen. And that is what we are trying to prevent. Because they should not -- they already are in pain because of inflation. And V-Mart also offers or helps -- or doesn't help them to sustain that pain or doesn't help them to give the product at the similar prices actually makes the consumer move away from the brand.

I think that is where we want to bring in that loyalty and our loyalty is very, very important for us because for us almost 72% of our sales comes from our repeat customers and the customers who are already shopping with us. So that is the core priority. We definitely want to offer them a longer term view and being with them is more important in these difficult times.

Yes, Anand, if you want to answer on the capex piece?

Anand Agarwal: Yes, on the capex side, Rahul, we spent INR159 crores this year. And my estimate is, because we also do apart from the new store expansion as well as the old store refurbishments, we are slightly going heavy on the tech side with a lot of AI led interventions. So the budget that I have put together for next year is probably around INR170 plus crores and the differential for whatever you mentioned in the numbers is more to go towards the tech side.

Moderator: Thank you. The next question is from the line of Aliasgar Shakir from Motilal Oswal Mutual Fund. Please go ahead.

Aliasgar Shakir: Congratulations on a very good set of numbers. Just 2 questions you already have spoken on them one on the raw material already you have elaborated a lot. I just wanted to quickly understand if you can quantify, I mean, if the group prices remain where they are then what kind of price increase do you need to mitigate. And in the past, probably during COVID or post COVID, when these pricing increases were taken, we saw some impact in terms of demand. So what are your thoughts on that?

Anand Agarwal: So I think we have already narrated, Ali. And then we would not want to increase the same product's price too much. On an average, if you look at the similar like-for-like product line, the price increase may go up by 1%, 1.5%. But there could be certain price increase in the ASP that you could see from the mix change. Because like earlier times, we used to sell large amount of kurtas in women. But now we want to sell more kurta sets in women.



Now if you sell kurta sets as a mix, the ASP goes up. And that is what we are trying to do. So that how do we will bring in combination which is more in fashion? And how do you bring up the consumer lifetime value? Or how do you bring up their annual spend value at our place? That is how we are trying to position ourselves. But you would not see too much of price rise coming in from this perspective.

Aliasgar Shakir:

Got it. This is very useful. Second question on growth, you did elaborate a lot, but I just have 2 clarity, I mean questions on the growth part. One is SSSG, while now we have seen very strong SSSG performance for almost back-to-back maybe 10 quarters right. So typically we have seen the sector goes through a cycle and after maybe 2, 3 years of good SSSG you see some softening happening.

Now also after such strong numbers and store addition from the competition is also happening. So maybe there will be some probably competitive factors also. Plus you are adding a lot of stores and this also -- is there also a risk of overlap?

So just if you can share some thoughts on the SSSG trends while you have said that you would want to do and continue to do 5%, 10%. But do you see the risk on SSSG because of cyclicity, competition plus overlapping of your own stores?

Lalit Agarwal:

So I think, Ali, the work is over behind us. We have seen enough of that. As of now, all of the work that we might have done in the past 3, 4 years is trying to strengthen the organizations, strengthen the technology parameters, strengthen the analytical strength, building the whole -- integrate the whole partnership with vendors, also have that designing capability. And all of that, I think, for us, we are very confident that we would -- we should be continuing and we should be growing more. And this is the time for where we need to come back.

And we need to keep continuing on that kind of -- on that growth rate. See, the risks are always there. The risks will always continue. There will be market disruptions. There will be sudden internal disruptions which will happen. There could be some competitive-led challenges, which could get thrown away in particular markets or in particular geography or in particular towns.

So, that will keep happening. But overall, we believe -- and we are very confident that we should be able to crack and continue the SSSG growth rate which is going on. We are very, very cautious and we are also very, very optimistic on this.

Moderator:

Thank you. The next question is from the line of Lokesh Manik from Vallum Capital. Please go ahead.

Lokesh Manik:

Sir, 2 questions from my side. One is on the capex per store, which pre-COVID used to -- which was only V-Mart pre-COVID, which used to be about INR1.2 crores, INR1.3 crores. Then introduction of LimeRoad and it shot up to INR2.3 crores, this year is at INR2 crores. So in the medium term, where do you see this settling down? Maybe Anand would have a better idea on that. If he can just guide us.

Anand Agarwal:

So Lokesh, our capex per store still remains around INR1.3 crores, INR1.4 crores. For certain areas, wherever -- very isolated cases, where we have to be slightly more upmarket, there can



be exceptions, but otherwise at an overall basis, our capex per store still remains at INR1.3 crores, INR1.4 crores.

So, I think the number that you're getting is an average of total capex divided by the new store additions, but there is also a lot of store refurbishments that we do and that takes up a significant, a good amount of capex that happens after every 4 to 6 years depending on the condition of the store and the market intensity or the competitive intensity. But that is a very large project that we have undertaken in the last 2 years. So a good part of our capex spend goes towards store refurbishments.

Lokesh Manik:

So, Anand, when is that tapering off? When do you expect that to taper off?

Anand Agarwal:

I don't see that tapering off because this is a continuous evolution. We will continue to keep bettering our stores. So typically, every store will go through a refurb cycle between 4 to 6 years. Now some may go a bit earlier at 4 years, some may go by 6 years, but that is the typical range in which we like to operate. And that is the way we have constructed our business model so that the internal accruals and the store EBITDA itself and the cash flow generation is itself able to very well take care of that refurb.

Lalit Agarwal:

There will be some pressure on the capex line as well because of the increase in the raw material prices or the group prices or the market uncertainties. There could be certain pressure which could come here as well. But as of now, we haven't taken too much of pressure. We have actually reduced our capex from last year. I mean we negotiated more. Actually the sourcing team has done a great job here as well. And so we are trying to work on that as well.

But largely if you look at the entire, there are the gross addition has been 90 stores, it is not 75 to 78 stores actually. So the gross addition has been larger. There has been little larger stores also which we have created. So overall if you look at the number is first traffic, as well as the other, because you need to invest more in the backend as well. As you go in the frontend, the backend investment also has to be lined with that.

Lokesh Manik:

Great, great. Lalit ji, my second question was on rent expense. So as a percentage of sales we were at 4.5% again earlier and we peaked out at 10%, we are at 8% percent today. Medium term what is your target and where do you see this settling down?

Lalit Agarwal:

See, I think in today's scenario and as you understand the earlier times were virgin period where we are -- we used to walk into the virgin territory, people were not so much aware, people wanted good retailers to come in. So as of now, there is definitely a lot of competition and a lot of requirement of those cases. And the construction cost has gone up, land cost have significantly gone up, the real estate prices have gone up.

The cost has really gone up. So I think we should be hovering and then we should be comfortable around say 6%, 7% to 7.5% and 7% is the ballpark figure which we want to come up with. So 7% is something that we are trying to chance and we will be there. Because most of our new stores are being planned at that particular price, so maybe less than 7%.



Lokesh Manik:

Great. My last question, Lalitji, was that over a period of time, our ASP of apparel has been more or less constant at V-Mart level and at overall level as well. So now do you see that with the inflation coming in and if you're able to crack your product mix strategy, incrementally you will see a lot of people coming to your store versus outside who will not be able to manage inflation and who will have to take a price increase. So do you see that benefit going forward?

Lalit Agarwal:

I have narrated. We can only work towards it. We will definitely want to attract them more, convert them more, make them more happier, make them more aspirational. We would definitely want to do it. But yes ultimately, at the end of the day, the amount of work that we are doing, I don't feel that my competitors are not doing.

So the entire market is getting more intelligent. The entire market is trying to work. Why did I give credit to the entire market? Because most of the value retailers are really working very hard to provide similar kind of experience to consumers, similar kind of value delivery to consumers. So I don't think there is a large piece.

Yes, certainly we have done some extraordinary work. We will want to do more because there is still a lot of room left. So I understand there are lot of room more left. You could actually deliver more benefit to the consumer. You will actually be able to yield more better efficiency from our operations as well.

Moderator:

Thank you. The next question is from the line of Jayant from 3PIM. Please go ahead.

Jayant:

A couple of questions. One is on Unlimited. I know since acquisition, we've divested a lot of stores, we've rationalized a lot of stores. Just from a sales throughput per square feet, over the let's say a medium term, do you think as new stores get added and as you've mentioned that new stores are operating at V-Mart level efficiency, we see that number going up closer to the V-Mart levels over the next 2 or 3 years? Would that be an aspiration for us?

Lalit Agarwal:

I don't think. There is a delta and the delta will remain, but we may be -- we are not, I mean there is an incremental same-store sales growth which we are getting better from there. But still the delta will be there and delta is right now there. So it is going to be, because there is a delta as of now of approximately INR140 or INR135. And we could come very closer on the delta, but still that delta will not go away because V-Mart has also lines of FMCG which we do.

The kirana business also contributes to around 10% to 12% of the customers in V-Mart business. There, the sales per square feet is also little higher. V-Mart also does a little more of value products and then those products. But Unlimited does a little more of a little bit of brands and premiums as well. So that difference is there. We are covering that the like-for-life growth should be higher in Unlimited, that is what we are trying to perceive. And that is what we are trying to work towards.

Jayant:

Sure. Thank you, sir. Just one more question on this, and you've alluded to this before. For FY27 specifically, given the exact challenges on the gross margin side, are we trying to manage that more via mix and premiumize the customer or loyal customers who are like 72% of our customers to, let's say a higher price product is that or a higher margin product is that how we want to protect our margins for FY27 given the whole impact on...?



Lalit Agarwal:

No, no, no. I think we never work towards that. Certainly, it is more about what product are we able to create. Yes, there is a finding we do want to bring in more aspirational customer also in our floor. There is new set of customer entries that we are trying to also do because we also want to acquire better customers.

Customers who are -- who were shopping in brands because now the brands are no longer relevant for them. They don't want to show off their brand. They want to really show off the product. So if they want to really use a good product, a fashionable product, we are not leaving any stone unturned for providing them those kind of products, even if the price has to go up.

So the whole mix of the range could get impacted, we would want to attract more higher product or better product mix. But that doesn't mean that we'll manage our margins through that. We will certainly want to manage our margins largely from our internal efficiency generation through our vendors or in our innovation pieces or in our cost savings that we could do over increasing the quantum of production because our production rate is also going up.

Our average order per colour which used to be around 3,000 pieces and moved to 5,000 pieces now it is going up to 7,000 to 8,000 pieces and could go 10,000 pieces. Now how do we actually bring efficiency in their production lines and in the production -- fabric production lines or garment production lines. That is what we are all trying to work where that could be transferred to our consumers.

Moderator:

Thank you. Ladies and gentlemen, that was the last question. I now hand the floor back to the management for closing comments.

Lalit Agarwal:

Thank you so much for being there. We really had a good session. We are very confident at V-Mart. Our team is super excited. We give a lot of credits to all our stakeholders, our teams who really done a great job in the last quarter. We will continue doing all of that.

We will also keep innovating and creating newer ideas and newer thought process and adopting the newer set of digitalization, which is coming into the market. So that is what we all are here for. Thank you so much. And happy, happy -- have a good day.

Anand Agarwal:

Thank you. Bye.

Moderator:

Thank you very much, sir. On behalf of Anand Rathi Shares and Stock Brokers Limited, that concludes this conference. Thank you for joining, and you may now disconnect your lines. Thank you.