Ref. No. CS/S/L-995/2026-27 **30th July, 2026**

To:	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	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

Subject: Transcript of the Conference Call held on July 27, 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 July 20, 2026 (Ref. No. CS/S/L-986/2026-27) regarding the intimation of the conference call with Analysts and Investors held on July 27, 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
Digitally signed by MEGHA TANDON
Date: 2026.07.30 17:12:55 +05'30'

Megha Tandon
(Company Secretary & Compliance Officer)

"V-Mart Retail Limited Q1 FY '27 Earnings Conference Call"

July 27, 2026

MANAGEMENT:	**MR. LALIT AGARWAL – MANAGING DIRECTOR, V-MART RETAIL LIMITED** **MR. ANAND AGARWAL – CHIEF FINANCIAL OFFICER & CHIEF OPERATING OFFICER, V-MART RETAIL LIMITED**
MODERATOR:	**MR. SAMEER GUPTA – IIFL CAPITAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to V-Mart Retail Q1 FY 2027 earnings conference call hosted by IIFL Capital Services 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sameer Gupta from IIFL Capital Services. Thank you and over to you, sir.

Sameer Gupta: Hi. Good evening, everyone, thank you for joining today's Earnings Call with the Management of V-Mart Retail.

From the Management side, we have Mr. Lalit Agarwal – Managing Director, and Mr. Anand Agarwal, CFO & COO.

Without taking more time, let me hand it over to the Management. Over to you, sir.

Lalit Agarwal: Thank you. Good afternoon, everyone. Thank you, IIFL Capital, Sameer, for hosting the call. Thank you for our investors and analysts for joining us today.

We definitely have started this new financial year on a better, healthy note. More importantly, this particular quarter is another step for us in the forward direction, for improving the quality and the consistency of our execution. We definitely are not only working on adding new stores but definitely driving more sales from the existing ones with better products, customers, or relevant fashion and the stronger performance in our zones, which are very important, along with the tighter discipline that we want to definitely adopt while operating the store.

Anyway, let me just give you a little bit of what I am seeing in the market. The sentiments in the Bharat definitely remains positive. I would not call it uniform across the markets, but yes, it is definitely looking very positive from our perspective as of now. There is sensitivity on the household budget, no doubt about it. There are definitely comparisons that people are doing in both prices as well as the quality.

But yes, I think due to the war scenario, due to the crude oil prices, due to all of these situations, we believe that there is inflation which has kicked in for the consumers. There is an upward revision of prices that we are seeing with multiple FMCG companies and that definitely is getting now passed on to the consumers as well. And consumers are feeling the pinch. There is a sensitivity on that particular part. But still, we are seeing customers and consumers buying.

Affordability is still very important. The value has to be visible and convincing. So, that is very important, otherwise we don't see a consumption coming in.

So, the reasons for consumption are certainly going up, are increasing, then we saw Adhik Maas also in this particular quarter where we had expected the Adhik Maas to be little bad because in the past, we have seen that Adhik Maas usually is not by the buying month. Yes, this year we saw a little better Adhik Maas, and after and before that, weddings, festivals or even family functions or travel, and the school holidays. These smaller celebrations are also now creating more occasions for the customer to buy and that is something which is becoming good. Consumption definitely has been occasion-led and will always be. The younger family members, which we see, the Gen Zs, the younger audience for them, it is also about the influencer or the influencing mechanism of the trend and the fashion, which is also coming out very strongly, both in smaller towns as well the larger towns.

I think the younger consumers definitely see their trends much faster and they want that newness more frequently. I think they are becoming more confident, and they want to only wear what they want to wear. That is what we are able to see from the younger audience, and that is what continues even in smaller towns. That is good news which is driving consumption. The monsoon and the agriculture outlook definitely has been little hazy. We are receiving multiple news in terms of lower monsoon, the El Niño effect and all of that. Even as of now, we have a little deficiency in the rain, maybe around 30%. But I think some part of it that is getting covered. It started with 35%, 40%, there is a lot of coverage which has happened in the later part of the month of July.

So, I think definitely we are encouraged with the demand environment. But yes, we remain watchful because the impact of the monsoon could be little non-uniform because there could be states where we would see higher rain causing floods. There may be states where you would see a little bit of higher deficiency in monsoon, which we are already witnessing. Which could create a little deficiency in the demand pattern as well.

Overall, we believe the geopolitical situation definitely has been making us very watchful and we are seeing that there is a lot of volatility in the raw material and the supply chain cost which has and can influence the sentiment or even our pricing. But yes, our approach remains very practical and very cautious, and that is what is driving our confidence as well.

I think overall we did grow, overall, our growth of 23% with 9% like-for-like growth has been there, which is what we would call is the 11th quarter in the consecutiveness where we are delivering positive like-for-like growth. That is definitely coming with a lot of initiations internally, a lot of development internally. The important point for us is the combination behind these numbers. The growth is not dependent only on opening new stores.

We have opened our new stores as well but it is supported definitely by our sustained productivity and from our existing stores through better merchandise, sharper price architecture because we have really worked very highly on what kind of price architecture should work, what kind of product line should work, improving the store executions, more disciplined expansion. The expansion has been very good. There has been a lot of discipline which we have driven there.

But definitely this has given us more confidence in the quality of growth, because the quality of growth this time has been very good. It has not been one-sided. We have to really work more as we go too deeper into it. We see more opportunities coming our way. There is a lot of work to be done. We should not be judged from one quarter to other quarter, and that is what we have been always speaking about. But I think our focus will remain on maintaining this consistency rather than chasing short-term growth or driving a headline growth. We at V-Mart have always been very clear on these things.

I think, yes, our major focus still continues to be on product, on our customer proposition. We definitely want to bring much more fresher fashion, better newness, which we have reflected also in our days of inventory. Our days of inventory have been continuously reducing. That gives us a very clear confidence as well, and that is also driving. Even the price laddering plays a very important part in our value delivery in our business. So, that is also something that we have been very watchful of.

We have been always looking at the very deeper into assortment, deeper into price points, and then how do we distinguish between customer what demanding enough variety or demanding more depth? How do we avoid decluttering or overloading the stores with unproductive choices or so. We are actually working on these areas, which is driving some better customer experiences as well.

We are really working hard to improve our full-price sales through, reducing our dependence on the discounts or sales or end-of-season sales. That is something that we have been driving. That is also because of our healthier inventory cycle, or that will drive healthier inventory cycle as well. The objective is not simply to increase the gross margin, but our objective is to improve the rupee gross margin, absolute profitability, better throughput, faster fashion, and healthier sell-through. I think that is where we are really working hard on. You will see these things coming out as a picture. You will see that because even our inventory prudence is very hard, and our shrinkages have grown because of that.

I think regional relevance is something that we have been also working on. We believe India is divided into so many states with so much of cultural mix. That is also very important, and preference as it changes state by state. We are trying to derive, and we are trying to really work hard on better analytics so that we are able to make a little more relevant assortment for our customer segment and that is how we are integrating our AI piece and stuff.

On the other side, on supply chain side, we are also trying to integrate with our designers, fabric mill owners, the vendors, and how do we integrate ideas that can move faster from trend identification to the stores and that is where we are really working hard. For us, as a market,

South India has been a very good market. Unlimited has continued to show very encouraging results. That is something which has been a highlight of this quarter. We still believe new store is an important area. Our performance in the new store has been very encouraging, especially in Southern India. The new stores that we opened last year as well as this year have been giving us very good results. That supports our confidence in our site selection process and in relevance of our format and underserved market. I think that is very important.

So, we will still have very disciplined expansion. We will evaluate every store, every opportunity through the quality of catchment, the rentals, the ROI, expected throughput. All of those are very important. We do not want to take any hasty decision which we have to repent later on. Then we have seen in our market. We have seen our competitors also, the competition, taking such kind of activity, doing such kind of things. But at times we also feel that we should also get swayed away with this thought process of opening little more faster and little more aggressive in stores, but we want to be correct rather than repent later.

Yes, we certainly believe, as we have done earlier also, selective refurbishment is also very important, and refurbishment also has really helped us a lot to become more relevant and become more charming in the market.

So, we have seen more rational regional players opening stores. Customer expectation also rising. This is definitely both, as per me, more retail stores bringing in opportunity as well as challenges in the market. Opportunity in terms of more consumers coming into the organized fray of mind, but challenge is always whenever there is a new store opening, there is some amount of experimentation, some amount of research that the customer will do on these things. But yes, for us we believe there is a lot of markets which are still to be served, underserved by organized retailers. So, there is a long-term opportunity, which still remains very significant.

For us, our omnichannel drive, our LimeRoad direction remains very clear. The marketplace losses have been reduced. We continue reducing that particular side. The team is really working hard to generate higher efficiency, better or greater financial and economic aggregation discipline. We definitely are not pursuing revenue, but still our revenues have grown this year with our sustainable economics, wherein we have reduced our losses. This is the first year. So, we definitely are using the platform to build our online and offline capabilities together and understand the omnichannel customer more deeply.

So, the LimeRoad team, their team's digital or analytical and technology capabilities are also contributing to the growth of wider organization. Then, as you believe the sales, we are reporting separately the LimeRoad as a number, but ultimately it is also affecting our V-Mart and the overall businesses or Unlimited business actually.

We are seeing customers increasingly moving from online discovery to offline and even offline to online. So, there is both the sides that we are seeing is becoming increasingly present and is becoming very valuable.

So, we definitely are doing lot on technology and AI. They are not separate projects for us, but very-very important to us. They are practical enablers for better retail decisions. We are using them. We are applying data and technology across a lot of areas, demand forecasting, design, trend identification, or even assortment planning or replenishment. So, there are various things that we had been doing, we are doing, and we are trying to do in a much better way, whether it is customer communication or CRM management or store productivity increments. Lot of areas are there where we are trying to work on this. Our aim is to definitely make the organization faster, more analytical, and more responsive.

So, there is definitely lot of work. We have also completed an important leadership transition. Anand has taken over the responsibility of the business also. He is the COO in addition to his role. The transition has really played out well. Remains fully aligned. I am closely involved in the overall direction, the performance, and the long-term development of the company. There is definitely lot of work. The team has really grown up. I wish the parting COO – Vineet a very well for his future, and I would definitely like to thank our store team, merchandising, sourcing, our partners, who has really worked hard, and the entire digital technology teams who are really working with us. I think they are very important to our success and our growth. We will definitely continue.

I will pass on this to Anand and let Anand continue with the detailed explanation of the results in this specific quarter. Over to you, Anand.

Anand Agarwal: Thank you, Lalit, and good evening, everybody.

Let me take you through some of the key highlights from this quarter, and then we can open the session for questions.

Quarter 1 has been a very strong broad-based growth quarter, with overall revenues growing 23% year-on-year, and the SSG is also growing 9%. Overall, this marks the 11th consecutive quarter of sustained growth, reflecting continued progress on planned merchandising and product upliftment, disciplined store expansion, and also sharper operating controls, with V-

Mart actually delivering 8% same-store sales growth and Unlimited significantly outperforming with 13% same-store sales growth.

The continued execution of strategic projects around merchandising and operations through technology and process-led improvements continues to power us as we look forward to sustainable healthy growth and move ahead with healthy network expansion without diluting any productivity.

When I look at the sales, the summer season started late in April. In fact, May was also impacted by Adhik Maas, which Lalit also talked about. The wedding season, in fact, was also relatively shorter this year by three days versus last year. But despite this, the customer engagement remained healthy, with footfalls up 39% and the memo count also up by 18% year-on-year. The apparel ASPs also grew by 2%, reflecting better customer connect, which was led by product improvements and also improved operations.

The Unlimited format in South India continued its strong momentum, delivering 33% revenue growth and 40% EBITDA growth for the quarter, with sales per square feet reaching INR 710 per square feet, which is also up 18% year-on-year. This performance reinforces our longstanding confidence in scaling the format further across the Southern markets, as the new stores opened in the last one to two years have started to deliver significantly better Sales per square foot (SPSF) numbers than the acquired legacy stores.

As we have been speaking about this for the last four years, it is just a matter of time where the new stores averages start to take over the old legacy store numbers, and we should see continued progress coming in from South India and Unlimited.

Coming to margins:

Gross margin for the quarter declined 80 bps to 34.5%, primarily on account of a mix change and regular provision on aged inventory, which in fact, Lalit has also spoken about, where we are very stringent on how we handle our inventory. The inventory provisioning is as per our consistent policy, the benefits of which will get reflected in the upcoming quarters as the older inventory gets liquidated.

Irrespective, the inventory productivity continued to improve with overall days of inventory reducing by 8% year-on-year to 86 days. In fact, the inventory per store also decreased by 5% to around INR 1.5 crore at quarter end. The inventory remains very healthy and should continue to get better as the sales productivity increases with the similar inventory base improving days of inventory and lowering working capital utilization even further.

Moving on to expenses:

Total expenses increased by 15%, well below the 23% revenue growth, providing a comfortable 150 bps operating leverage, which more than made up for the gross margin contraction. This was delivered through continued discipline on rent, manpower, and other costs even as we scale the network.

The LimeRoad marketplace also continued to improve, with losses reducing by 39% year-on-year and 7% quarter-on-quarter, despite an 18% increase in NMVs. This is the first time in the last eight quarters wherein we have seen a healthy increase in NMVs while simultaneously reducing the EBITDA loss, which has already come down to a very insignificant and manageable range. As a result of a healthy SSG and sustained operational efficiency, our pre-IndAS EBITDA grew 36% year-on-year to INR 83 crore, with margin expanding to 7.6% from 6.9%.

On a reported basis, post-IndAS EBITDA grew 27% year-on-year to INR 161 crore, with margins expanding by 50 bps to 14.8%, reflecting better cost absorption and productivity gains. This translated into a 39% year-on-year growth in PBT to INR 60 crore and 41% year-on-year growth in PAT to INR 47 crore.

CAPEX for the quarter stood at INR 38 crores, primarily towards new store additions and selective refurbishments. The business generated positive cash flows of INR 76 crores.

We continue to run an asset-light, debt-free balance sheet with bank limits utilization down to near-nil levels and continued zero long-term debt.

On the new store additions, we added 15 stores for this quarter and closed one, taking our total network strength to 591 across 335 cities, encompassing now 51 lakh square feet. Our expansion guidance for the year remains unchanged at 90+ as we continue expansion with a healthy store pipeline in place. While remaining slightly aggressive on new store openings, we shall still remain very disciplined on rentals, space productivity, and profitability rather than focusing on only store count additions to ensure delivery of sustainable growth.

On the upcoming quarter, while Quarter 2 is a small quarter and with Durga Puja also shifting by 19 days, thereby falling into Quarter 3, there should be a negative impact on both sales and margins for the quarter versus last year. This is purely a timing issue and should be recovered very well with good festive to festive growth in Quarter 3.

So, that is all from my side, and I now request Sanya to open the house for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Videesha Sheth from Ambit Capital. Please go ahead.

Videesha Sheth: Yes. Hi. My first question was on the gross margins. If you could elaborate on the mix change point that is with the certain price points of particular categories underperformed or outperformed during the quarter.

Lalit Agarwal: I think because of the gross margin, there may not be a particular category mix change. Gross margin is largely an outcome of the price at which you buy versus the price at which you sell, and the schemes or promotions that you run during the year, or the provisions that you do. But yes, there is a little bit of mix change in terms of the product lines. As for the fashion need or the fashion trend, there are areas where we have worked a little more better, which has resulted into a better ASP as well. The ASP is not an inflationary ASP, it is more related to the mix change of product lines. For example, instead of one kurta or one lower, we would sell more combination of sets, which could increase, or we sell little more combo products, which could increase the ASPs. Similarly, the mix change has resulted in those areas and those betterment.

Videesha Sheth: Sure. Of the 80 basis points of compression, did both mix change and provision contribute equally or if you could share the breakdown, please.

Anand Agarwal: Hi, this is Anand this side. It's not equal proportion. It will vary from time to time. But the mix change is more from a customer perspective. We have not changed the stock mix deliberately to inflict a gross margin change. It's just customer preference, which is happening from time to time, which is also dependent on how the festive change is, how the season change is, how the demand patterns change across regions. The provisioning is a very thought out and a very longstanding, more than 10, 15-year-old consistent policy, which happens every quarter. While the proportion may not exactly be the same, not very significant difference between the two.

Videesha Sheth: And the second question was on the conversion. What has driven the decline in conversion. From mid 40s to 38%-39%-odd. Because even if I account for. Newer stores being added. The impact on conversion seems a little steep.

Anand Agarwal: So. We have seen this drop in conversion. For some time now. And at least for the last one or two years. So there are two reasons. One is there has definitely been some. You know errors in the past. To count the numbers in the previous years. That is some small amount there. We pointed out that earlier as well. And the second also is that as we are seeing far. Far greater competition in the market. We are seeing customers going across the market. Moving on to more number of options available. Checking out things which are available at nearby stores. And then coming back to buy again. So, which is basically increasing the number of the footfalls. But decreasing the number of memo count. But irrespective the memo count has gone up by 18 percent. Which remains a very healthy number.

Videesha Sheth: Sure. Got it. Just last bit, if I may. How are you looking to pass the RM inflation? Are there any price hikes which have already been undertaken?

Lalit Agarwal: Definitely there has been an increase in the raw material prices. You cannot avoid it. What we had forecast and what we analyzed, the forward sales or the forward purchases that we are trying to anticipate, almost 80% of that purchase is largely impacted by crude. So, there will be a crude impact, which will come into the picture, and it has come into the picture, and already a part of the cost ecosystem. But yes, we are trying to deviate, or we are trying to nullify the effect off by trying to create efficiencies and better productivity with our vendors and trying to change the mix and trying to change the filaments or the yarn mix in the product lines by some part. But still, there has been some increase in the prices. There will be some more increase. Some part of that is definitely getting passed into the product, but it is not going to be huge and which will impact the consumption of our consumers. That is how we are being a little more cautious and rigid on how do we pass it on.

Videesha Sheth: Just to clarify, till now there have been no changes in V-Mart's pricing. Right? Going forward, you all will be taking the same to some extent.

Lalit Agarwal: Till now and going forward is all a mix of what you have bought and what you will buy or what you are buying today. So, there is always a little bit movement. What you are buying today is the orders that you have placed four months back. What you will be buying tomorrow is going to be something which is going to create more impact of the crude.

Videesha Sheth: Thanks.

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

Rahul Agarwal: Yes. Hi, good evening. Thank you so much for the opportunity. A few questions. Firstly, on the memo growth, very strong high double-digit growth last four, five quarters. Could you split that between old and new stores? Is the trend similar or is it very different? That's the first question.

Lalit Agarwal: Memo growth from a new store is all new memos. That is 100% growth, which is coming from new. Yes, the old stores definitely, as we are seeing the like-for-like growth where we are seeing 9% like-for-like growth coming in, almost 2%-3% coming out of ASP growth, which is increasing the ABS. Otherwise, everything is coming out from the memo growth. And the memo growth is coming definitely from larger inflow growth or customer footfall growth because we are also seeing a conversion being dropped a little bit. So, we are seeing real memo growth coming out of the customers who are really coming back and wanting to buy from us.

Rahul Agarwal: Okay. Let's say if the stores which have opened over the last 12 months are seeing similar memo growth versus stores which are more than 12 months old now. Is that fair?

Lalit Agarwal: Rahul, see, you have to understand this, please. Stores which have not been operative in the last year in the same month definitely had no memos. The growth is 100% there. So, we are not comparing those stores. We are comparing like-for-like memo growth here. Overall memo growth you are already seeing. So, definitely the month-on-month we don't generally chase because it's a seasonality game. So, month-on-month growth doesn't happen. It is like-for-like year-on-year. That is largely coming from like-for-like.

Rahul Agarwal: I understood that. My bad. Just on the average transaction size, last two to three quarters, I think we have seen a revival. Now there is no more declining. Is that a sustainable trend going forward?

Lalit Agarwal: Definitely we want to keep that sustainable by increasing or bettering our services in the store, by bettering our product mixes, and even improving on the product lines which we believe are driving higher ASPs and are driving better or giving better products to the customer. So, I think all of that is inclusive in the ABS growth. The ticket size growth is certainly a better confidence increasing measure, wherein we are seeing some ASP growth because of mix change as well as we are seeing some UPT growth which is the unit per transaction, which is also growing.

Rahul Agarwal: Got it, Lalit. Just lastly, on this 90+ store number, this is a net number or the gross number?

Lalit Agarwal: Definitely it will be a gross number. When we are saying plus it may go a little extended. But yes, we don't intend to close down lot of stores. Yes, you may see 8 to 10 stores getting closed also this year.

Rahul Agarwal: Got it. Sorry, just the last thing on inventory. Of course, you have done a great job on optimizing that. Is there more to that number further or are we optimized now?

Lalit Agarwal: Rahul *"Dil hai ki manta nahi"* we have to work a lot and so, let us keep working, not narrate too many things.

Rahul Agarwal: All right. Thank you so much, sir, and all the best and congratulations, Anand, for your elevation and to Suraj as well. Thank you.

Moderator: Thank you. The next question is from the line of Sameer Gupta from IIFL Capital Services. Please go ahead.

Sameer Gupta: Hi, good evening, everyone, and thanks for taking my question. First of all, congrats on a good set of numbers. Sir, firstly, just wanted your color on these minimum wage hikes which have been announced in some of the states. I believe U.P. is a big state for us and even Karnataka now with Unlimited and we have seen a good quantum of minimum wage hikes announced there.

One, how much of it is already there in this quarter number, I see an acceleration in employee cost increase. How much of it is remaining to be factored in coming quarters?

Lalit Agarwal: Definitely minimum wages growth is both as an opportunity as well as a challenge in terms of cost management and opportunity in terms of consumption enhancement. We believe that opportunity should be larger in the longer term. But yes, in the shorter term immediately, the minimum wages is impacting our salary bill and our wage bill. I think out of the three months we have already taken in the wage bill of two months, already included in this last quarter. Certainly, there have been few more additions which are coming in. Karnataka still hangs in between whether it is acceptable or not acceptable. But still there will be an increase we are trying to generate betterment through either efficiency or better sales. We are trying to either create better efficiency out of the same employees or the lower employees that we have. We are also trying to generate little bit of more sales. So, as a percentage of sales, the employee cost should not grow is our focus. So that is how we are trying to balance that out.

Sameer Gupta: Got it, sir. Just a follow-up here on Karnataka. One, has these been affected or is it under stay for the retail piece? I believe the garment piece also there has been some pause over there. Still if, let's say, the worst were to happen.

Lalit Agarwal: As of now it has not been implemented. It is on stay.

Sameer Gupta: On the retail side also, on your stores also?

Lalit Agarwal: Yes.

Sameer Gupta: Okay. On the garmenting piece, sir, right now, it was not included at all, but let's say worst were to happen, what is the vendor exposure to Karnataka?

Lalit Agarwal: Not too much. Maybe less than 5%.

Sameer Gupta: Got it, sir. That's helpful. When we say it's not affected, we have not also made any provisions for it, for the increase yet in our numbers.

Lalit Agarwal: In Karnataka? No.

Sameer Gupta: Yes.

Lalit Agarwal: And it is not too material.

Sameer Gupta: Fair, sir. Second question is on the raw material basket, and I know we touched upon this last time around also, but inflation and El Niño, not a good combination. How are you looking at it?

First of all, what is the kind of RM inflation right now that we are facing in the incremental orders that we are going for? More importantly, how are you approaching this? Is it like striking a balance between growth and margins for this year or let it be because this is likely to be a one-off year, and if margins are contracted in one year, let them be, we will recover it back when things normalize so what is the approach?

Lalit Agarwal: See, as I spoke earlier also while replying to Rahul. Basically, as I said, there is a price increase in the raw material or the yarn prices or the product prices, both from a crude perspective as well as the cotton prices have gone up. Increase in yarn is there. Increase in minimum wages is also there, increase in chemical prices, ink prices, and dye prices has also been there. There is a pressure, which is getting built up. There is certainly lot of tactical moves that we have to do in terms of managing the product lines or the cost of the product. We certainly have not tried to compromise on our margins yet with a very-very small exception. We are trying to create still more efficiency measures in trying to work on the product. There could have been a little bit of rise in the product prices also. We are seeing maybe around 10% rise in the overall raw material prices, out of which some prices are being passed on. Some prices are being discounted because of the efficiency measures that we are trying to suggest to the vendors. Overall, and maybe some margin loss that we are doing maybe to a percentage which is below 1%, maybe 0.5%-0.75% of margin compromise also that we have to do. So that is how we are trying to manage between all three.

Sameer Gupta: Got it. This 10% increase in RM includes a blended level of cotton yarn, polyester yarn, and other dyes that you mentioned?

Lalit Agarwal: Yes.

Sameer Gupta: Got it, sir. That's all from me. Thanks and all the best. I will come back in the queue for follow-ups.

Lalit Agarwal: Thank you, Sameer.

Moderator: Thank you. The next question is from the line of Ashish from Leo Capital. Please go ahead.

Ashish: Sir, congratulations on a great set of numbers. I had only one question. I wanted to know what sort of SSG does the management expect for this year?

Lalit Agarwal: Ashish, this is a very straightforward question. Very difficult for us to answer. Yes, we would definitely want to continue and better the last year's SSG that we had.

Ashish: High-single digits?

Lalit Agarwal: Mid-to-high single digit, yes.

Ashish: Okay. Thank you, sir. That's all from my side. Yes.

Lalit Agarwal: Thank you, Ashish.

Moderator: The next question is from the line of Hitendra Pradhan from Maximal Capital. Please go ahead.

Hitendra Pradhan: I hope I am audible.

Lalit Agarwal: Yes.

Hitendra Pradhan: Sir, my question is with regards to the medium-term margin trajectory. What kind of-

Lalit Agarwal: Hitendra, you are breaking a little bit. Can you go to a better network?

Hitendra Pradhan: Yes, sir. Am I audible now?

Lalit Agarwal: Yes.

Hitendra Pradhan: Yes. Sir, my question is with regards to the margin trajectory. What kind of SSSG will you be needing for the operating leverage to kick in for next two, three years? Our mature cohort is kind of high, and so far, the SSSG has been really good. Going forward, with the inflation and all the cost pressures, what kind of SSSG you are targeting so that the margin expansion can happen?

Anand Agarwal: Hitendra, see inflation is not new for India and neither for us. Historically, we have seen and we have managed inflation every year. The form of inflation may vary. Sometimes it is related to oil, sometimes it is related to something else. But historically, what we have analyzed is that 3%-4% of SSG is enough to offset the inflationary pressures that we see. There is some amount of wage hike which will happen every year. There is some amount of rental hike that will happen every year. In fact, most of the expenses that we have in the business, almost 98%, 95% of the expenses, are fixed in nature. Except for marketing, almost everything else is fixed. The inflationary pressure that we have seen is manageable whenever we have SSG of roughly around 3%-4%.

Hitendra Pradhan: Got it. Thank you, sir.

Moderator: Thank you. The next question is from the line of Avinash Karumanchi from Motilal Oswal. Please go ahead.

Avinash Karumanchi: Good evening, sir. Congratulations on the good set of numbers. Unlimited is seeming to do extremely well even compared to the core V-Mart. So, the gap between the core V-Mart and

Unlimited is coming down. So, shouldn't we see more acceleration in the store additions here because majority of the store additions so far are happening in the core V-Mart format.

Lalit Agarwal: Yes, Avinash. You are absolutely right. Unlimited business looks a little more attractive. Our ability to attract the lower mass audience or the lower age strata, the lower age group audience also has become better. Our things are working in the Unlimited market. Definitely, we would want to grow a little more larger there. It is also very challenging in Unlimited market to make a very good profitable expansion. So, we are certainly working a little more hard on trying to accelerate the rate of expansion in the Unlimited market.

Avinash Karumanchi: So, should we see a higher number of stores compared to last year? How should we see these going forward?

Lalit Agarwal: Yes. Certainly, we will have to see higher number of store opening compared to last year from the Southern market.

Avinash Karumanchi: Okay. Second thing, Unlimited rentals are generally higher than the core V-Mart. This quarter, actually, we are seeing a good improvement in the margins for Unlimited as well. With this, should we assume that in the next maybe couple of years, should we see margin gap between these two at a premium level should merge?

Lalit Agarwal: The margin gap where Unlimited, from a gross margin perspective, always has been delivering better gross margin because of the pricing change that we do there. On the EBITDA lines, certainly because of the old, aged ancestor stores where their cost levels were high, it used to deliver a little lower margin. But yes, slowly and gradually we are seeing almost similar margin. We are expecting almost similar margin should come in from both Unlimited as well as the V-Mart stores.

Avinash Karumanchi: Okay. That's it from my side. Thank you.

Lalit Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Kunal Bhatia from Dalal & Broacha Stock Broking Pvt Ltd. Please go ahead.

Kunal Bhatia: Yes, sir. Thanks for the opportunity and congrats on a very strong set of numbers. Sir, just an extension to your comments on the gross margin per se. Sir, you did mention even in the last quarter that we will be doing some bit of tactical moves as far as the kind of garmenting we use or the kind of fabric we use to control the kind of gross margins we have. Sir, on an overall basis, looking at the kind of raw material impact the industry is going through, what is the kind of risk do you foresee, especially on the gross margin end for the year in general? Do you expect that we would be able to hit the same kind of gross margins which we did in the last year, or we still carry the risk of that getting impacted?

Lalit Agarwal: I think we are very confident. There may be like this quarter also we are reporting 0.9% lower gross margin. But definitely, it is not because of the cost of the product, or it is not because of the higher discounting, it is more because of the higher provisioning that we are doing for our inventory. But yes, similarly, we will always be little more buoyant on our sales or on our revenue, or on our customer proposition, or even on our freshness. We will want to retain that. We will still try to work more on the rupee gross margin rather than the percentage gross margin. That is what our focus is now, and that is what we are focusing on. Even if we are growing at a rupee gross margin by a healthy number, that is what we are trying to drive. But for us, important thing is also to drive a little better customer proposition and give the customer a little better confidence over the prices. That is also very important because we saw that in the year 2022-2023, we remember that. Where we had increased the prices, but the customer did not pay us, and then we had massively demotivated the customer in that point of time. We don't want to take a complete call. But overall, the risk over the gross margin may not be very high, but the risk over the supply chain could be little higher. That in the same gross margin, how are you able to generate or better have the consistent supply chain in the system? That is going to be a little higher because the scarcity of crude continues. The pricing remains really unstable. So, for our vendor to close the supply chain in the backward side and then integrate and deliver it to our warehouses at the right time, that should be the most important challenge that we are trying to focus on and that is the risk that we see in the forward times. We are very careful. We are very conscious of that, and we are working with teams. Our team is working with the vendors so that we are able to get our deliveries on time so as to make our festivals good.

Kunal Bhatia: Right, sir. Sir, any, say, a range which we are looking for in terms of price increases? Sir, like you rightly mentioned last time when we had taken a slightly higher price increase, the kind of customers we service to does get shifted to the other players.

Lalit Agarwal: So, we should not exceed 3%-5%. A range between 3%-5% of ASP increase is what something that we are focusing on, wherein there is a mix change also, as we have already reported 2% increase this year within this quarter. There is a mix change also which is driving this, and there is some amount of inflation which will also kick in here. Because of the inflation 2%-2.5% of price increase can come in on an overall level.

Kunal Bhatia: Okay. Perfect, sir. Thank you so much, sir, and all the best.

Lalit Agarwal: Thank you, Kunal.

Moderator: Ladies and gentlemen, that was the last question. I would now like to hand the conference over to the Management for closing comments.

Lalit Agarwal: Thank you once again. Thank you, everyone. I definitely continue to seek support from all the shareholders, from all the analysts in trying to understand our business model in the right way. We definitely are building a long-term business. We continue to learn, correct, and improve because in retail, the work is never complete, and we will continue doing all of that. Thank you so much. Have a great day.

Anand Agarwal: Thank you.

Moderator: On behalf of IIFL Capital Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.