

# Vishal Mega Mart

28 January 2026

**Operator:** Ladies and gentlemen, good day and welcome to the Q3 FY26 earnings conference call of Vishal Megamart Limited. As a reminder, all participant lines will remain 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 the operator by pressing star, then zero on your touchtone telephone. Please note that this conference is being recorded. I will now hand the conference over to Miss Shikha Puri from Strategic Growth Advisors for opening remarks. Thank you and over to you, Shikha.

**Management:** Thank you. Good afternoon everyone and thank you for joining us on Vishal Megamart Limited's Q3 FY26 and nine-month FY26 earnings conference call. We have with us Mr. Gunender Kapoor, MD and CEO, and Mr. Amit Gupta, CFO. I hope everyone got an opportunity to go through our financial results and investor presentation uploaded on the company's website and the stock exchanges. We will begin the call with opening remarks from the management, following which we will have the forum open for a question-and-answer session. Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature and the disclaimer to this effect has been included in the earnings presentation shared with you earlier. I would now like to invite Mr. Gunender Kapoor, MD and CEO, to give his opening remarks. Thank you and over to you, sir.

**Management:** Well, thank you very much and a very good afternoon ladies and gentlemen, a very warm welcome to this call. I will very briefly take you through the Q3 FY26 and nine months of FY26 results and some of the highlights and then we will open the call for Q&A.;

Firstly, on the Q3 FY26 highlights, in this quarter the company did revenue from operations of 3,670 crores. This was a growth of 17% over last year. Our adjusted Same Store Sales Growth (SSG) for Q3 was 9.6%. This is after accounting for the fact that the Durga Puja sales this year fell in Q2 whereas last year they fell in Q3. So it is the adjustment of 2.1% we had which we had also mentioned in the Q2 call.

The EBITDA for the quarter was 605 crores, which was 19.8% growth over last year and our EBITDA margin stood at 16.5% vis-a-vis 16.1% last year. PAT was 313 crores, which is a 19.1% growth over last year, and PAT margin stood at 8.5% vis-a-vis 8.4% last year.

Now I will quickly move to the first three quarters highlights, the nine-month highlight. Now you would recognize that in the nine-month numbers, all seasonality gets equalized between the two years, so those are totally comparable numbers. In nine months of FY26 the company did a revenue from operations of 9,792 crores. This was a growth of 19.9% over last year. Our same store sales growth adjusted stood at 10.3%. So this is the real number for the first nine months because the impact of Durga Puja or any other festival shifting from one month to the other has been completely neutralized in the same store sales growth number of 10.3%.

EBITDA was 1,459 crores, which was a 24.4% growth over last year, and an EBITDA margin of 14.9% vis-a-vis 14.4% last year. PAT was 671 crores, which is a 30% growth over last year, and PAT margin stood at 6.9% vis-a-vis 6.3% last year.

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We sustained our accelerated new store opening momentum and this quarter in Q3 we opened 29 new stores. 12 of these were in South India in the states of Kerala, Andhra Pradesh, and Karnataka. We also opened two new stores in Gujarat where we have a total of six stores now and two in Maharashtra where we have a total of four stores now. This is consistent with the growth strategy that we had articulated.

We further opened four new format stores. We have a total of 10 small format stores and these are doing quite well. For the nine-month period total new store openings stand at 80. You would recall that at the time of our IPO, we had guided to 80–100 new stores every year. So for the current financial year we will end at the upper end or slightly over 100 stores vis-a-vis the guidance.

Our total store count now stands at 771 as of December end and we are present in 517 cities in India. We added 24 new cities in this quarter. Our trading area stood at 13.2 million square feet. Our own brands' contribution to revenue has further gone up by 100 basis points and now stands at 74.5% for the first nine months of the year. Further, our quick commerce initiative has expanded to 723 stores across 485 cities in the country and our registered users on quick commerce have increased to 12 million people across the country.

We believe that India is poised for the next wave of consumption growth, aided by initiatives such as GST rate rationalization and reforms in direct taxation, and are very optimistic about the positive impact that these changes could have on our business in the years to come. With these brief opening remarks, I would now turn to the moderator to start the Q&A session and I would be very happy to answer any and all the questions that you may have.

**Operator:** Thank you. Ladies and gentlemen, we will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use their handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We take the first question from the line of Devanshu Bansal from MK Global. Please go ahead.

**Devanshu Bansal – MK Global:** Hi, thanks for the opportunity. GK, the normalized SSG as you mentioned is closer to 10%. I wanted to check if this is the run rate that we should consider or there was additional short-term weakness due to delayed winters at the start of the year in Q4. So I wanted to check if there were some additional weaknesses in this nine-month performance.

**Management:** Nothing significant. I would say that the first nine-month SSG of 10.3% is broadly our average achievement in terms of SSG and we see no weakness around that number. Of course, every quarter there are these minor issues which impact the business either positively or negatively. For example, last quarter there was some delay in winter, specifically for the month of December. So that may have had some small impact on our business. But overall, I must also tell you that our winter merchandise same store sales growth was also double digit for the full quarter.

**Devanshu Bansal – MK Global:** Understood. Just a small follow-up here, can you split your growth in terms of transactions and bill size? How of this 10% is broadly divided?

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**Management:** Majority of this is because of an increase in transactions and slightly less than half of that was because of improvement in average bill value. As you have seen in the earlier quarters also, majority of our growth is driven by transactions and consequently new footfall in the store because we are probably gaining market share from our competitors and the mom-and-pop stores. Of our total growth, you can assume that about 70% has come because of improvement in transactions and 30% has come from increase in bill value.

**Devanshu Bansal – MK Global:** The intent of asking this question was because there was this GST decrease, so ideally your average bill value should have improved. So that is yet to play out, right?

**Management:** Those are the exact numbers.

**Devanshu Bansal – MK Global:** Last question from my end, we did a winter marketing campaign with Manushi this time around. What is the intent behind such campaigns? Was this undertaken to improve our growth profile with recruitment of new consumers or was it related to focus on improving gross margin with premiumization of our options?

**Management:** It is to dramatize our proposition amongst our consumers which is to make aspirations affordable. Manushi is aspirational for our mass market consumers in two ways. One is that she is an extremely fashionable young upcoming actress, but equally she has a lot of commitment to activities which are aimed at doing good to other people and also to the society at large. She started several campaigns and several initiatives in the area of CSR.

So Manushi in that sense was a good spokesperson for our promise of "do good, look good" because she represented both the ideas. The campaign has been extremely successful.

**Operator:** Thank you. We take the next question from the line of Percy from IIFL. Please go ahead.

**Percy – IIFL:** Hi sir, just wanted to understand the deceleration in growth that we've seen from 22.5% last quarter to 17% this quarter. Is that entire 500–550 basis points change just because of the timing change or is there some other reason for it?

**Management:** Largely it is a festive timing change, Percy. We have itemized the impact of the prepolent of Puja this year and that impact was 2.1%. Now that has a further impact on the EBITDA numbers for the quarter and the PAT numbers for the quarter. I would say that it was almost entirely because of the change in the festive timings.

Further, if you look at our numbers for Q2, growth in same store sales was 12.8%. Adjusted for this one-time impact it was 10.7%. We have spoken about our EBITDA view where we said that we will grow our EBITDA by about 25% year-over-year. In Q2 we grew that by 30.5%. Likewise we had guided that our PAT will grow at 30% and PAT had grown by 46.5%. Now we can attribute all these incremental numbers reported in Q2 to the fact that the Puja festival this year fell in Q2 whereas last year it fell in Q3.

If you look at the nine-month numbers, the first nine months of the year till December, all this gets equalized. Then a change from Q2 to Q3 doesn't matter. If you look at our first nine-month same store sales growth, it is indeed 10.3% and our EBITDA growth for the first nine months is 24.4% and our PAT growth for the first nine months is 30%.

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**Percy – IIFL:** Understood. So basically average Q2 and Q3 SSG is around 10%. Is that what we can expect in the near future as well, around a 10% kind of SSG? And on the total sales growth, again it would be about 19–20% on an average. Is this something that we can take going forward in the near to medium term?

**Management:** That is what we expect Percy and that would be our endeavor.

**Percy – IIFL:** Can you just tell us a little bit more about what you are doing specifically and differently versus the industry in order to keep the SSG at close to a double-digit number? If we look at the retail space overall, you are clearly outperforming that. Just wanted to understand the initiatives you have put in place and how you are differentiated.

**Management:** Conceptually speaking, our proposition is extremely relevant for the Indian consumers at this moment, which is to focus on making aspirations affordable. Aspirations, mostly led by digital penetration or the penetration of smartphones, are growing exponentially, whereas from time to time there are affordability challenges. The fact that we bridge that gap is extremely relevant.

Our same store sales growth has three components. First, the most dominant component is upgradation from mom-and-pop stores and market share gain. Then the second bucket is the increase in the average bill value of existing Vishal customers. They buy one or two more items. Last but not the least is an improvement in our average selling price. For the first nine months of the year, our highest price points grew at 14% on an SSG basis. Our mid-price points grew at 9% and our opening price points grew at 6%. We get approximately 2% growth because of the continuous upgradation of customers from opening price points to mid and from mid to higher price points.

At this point in time, we are finding that the biggest impact driving our growth positively is volume growth led by us gaining market share.

**Percy – IIFL:** My second question is on competition. Do you find that in your strongholds the pace of competition opening stores has accelerated over the last year or does it continue at the same pace?

**Management:** It keeps changing from time to time but in the last nine or 10 months, I would assume that the pace of store openings is pretty much the same.

**Operator:** Thank you. We'll take the next question from the line of Manish Poddar from Invesco AMC, please go ahead.

**Manish Poddar – Invesco AMC:** Hi GK sir. I just had two questions. First is this point which you mentioned about higher price point growing faster than mid and lower. Is this a market phenomenon or is this because of company interventions?

**Management:** This is totally because of company interventions, Manish. Every season we introduce one higher price point where the fashionability and functionality is significantly better. Equally, we maintain our gross margins at the same level and all the buying savings that accrue to us because we are buying more volume get invested in either quality improvement or pricing action. We keep improving the quality of merchandise even in our existing price points and take deliberate

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promotion initiatives to get customers to try the higher price point. This is totally deliberate.

**Manish Poddar – Invesco AMC:** But would you say the market is actually moving the other way around? If the market is going in the other direction, then the 10% outcome is a great outcome.

**Management:** Manish, there is no real data for me to come to a definitive conclusion on that. In the earlier quarters where there was talk in the consumer industry about consumption pressures, it is unlikely that people were buying more expensive price points. But quite honestly, I don't have any data on that.

**Manish Poddar – Invesco AMC:** Are you sensing players across the industry doing materially higher discounting compared to last year? And on the rental side, are landlords now preferring larger, more organized players compared to new players?

**Management:** On discounting, there is some evidence that is happening. In the Puja festival, we had a certain situation in Assam for six to seven days during the peak period where a popular leader and singer unfortunately passed away, because of which the state was virtually shut. Assam is one of the largest states for the Puja festival. When you have a shutdown for several days in the very last peak period of Puja, it does impact everyone. Consequently, people make efforts to promote or discount more for the balanced period so they are not stuck with very large inventory.

Likewise, in December specifically, the onset of winter was delayed by at least a couple of weeks. People then tend to discount more aggressively to ensure they are not carrying forward seasonal merchandise. However, our winter sales for the entire season grew at strong double-digit SSG.

On rentals, we are not seeing any significant pressure. There are some micro-markets where if there is a sudden increase in the number of retailers, the rentals go up for a short period. But by and large, it remains the same because there are also markets where store closures make rentals softer.

**Operator:** Thank you. We take the next question from the line of Manoj Menon from ICICI Securities. Please go ahead.

**Manoj Menon – ICICI Securities:** Hi GK, Amit, and team. Just one aspect I want to check with you. In the last decade plus of your experience, is the seasonality playing out as per your historical understanding or is there something different this year?

**Management:** It's the same, Manoj. Our festivals follow the Hindu calendar and fall in different months almost every year. We've encountered every kind of difference over the last 10 years and we adjust our buying, promotion, and advertising plans accordingly.

**Manoj Menon – ICICI Securities:** Thank you. In your experiments expanding the total addressable market, are any of these "laboratory experiments" finding scalability? Relatedly, what are the learnings from quick commerce in the last few months?

**Management:** In Kerala, we continue to make great progress. We have 19 stores operational there and another 20 odd stores in Tamil Nadu. In Maharashtra, we've expanded our pilot to four stores and in Gujarat to six stores. We will watch the performance over the spring-summer season before coming to a conclusion.

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In our small format pilot, we added four more stores for a total of 10, and they are performing decently. On quick commerce, we have expanded to 485 cities and 723 stores. Revenue and contribution to store revenue continue to grow, and we will continue to build this systematically.

**Operator:** Thank you. We take the next question from the line of Garima Mishra from Kotak Securities. Please go ahead.

**Garima Mishra – Kotak Securities:** Hi, thank you. Just a quick question on the store addition numbers. You said you are on track to surpass your earlier guidance of 100 stores for the year. How should we look at this number for next year? Does the organization have the capability to add a much larger number of stores per year?

**Management:** Garima, we are retaining a guidance of 80–100 because the most important input is the availability of properties that can become profitable. While this year has been good and we will be at the upper end of the guidance, we do not think we should chase targets irrationally and open stores that lack growth opportunity. We have increased our capacity, so if the opportunity arises to open 110 or 115 stores, we would be able to execute them.

**Garima Mishra – Kotak Securities:** You mentioned in the notes that there was practically no impact from the new labor codes. I would have thought there would be plenty of fixed-term contract workers. Could you explain that?

**Management:** The impact has not been negligible, but it is not material for our results. The impact has been around 8.4 crores so far, which is included in our results. Most of our store employees are already on our roles and covered in the 50% gratuity bracket. The impact stems largely from management staff and corporate employees, and that has been assessed and provided for. It's accounted for over a nine-month period as we keep on providing every month.

**Operator:** Thank you. We take the next question from the line of Jignesh Kamani from Nippon India Mutual Fund. Please go ahead.

**Jignesh Kamani – Nippon India Mutual Fund:** Hi, congratulations on the performance. How is the winter inventory both at our end and the vendor end? Secondly, regarding the small format stores, are you ready to scale up from 10 stores to 30–40 stores in the next year?

**Management:** On inventory, we have achieved double-digit SSG even on winter merchandise, so we have no challenge. Vendors in general could be carrying some if December was weak, but January has been quite cold and merchandise is still selling. In our case, accurately, there is no issue.

For the small format stores, our goal was for them to be as relevant as our current format stores with similar financial outcomes. Per-square-foot revenue for small format stores is similar to our large format stores. We want to open another 30–40 such stores to get a robust validation of our hypothesis before increasing the pace of the rollout.

**Jignesh Kamani – Nippon India Mutual Fund:** Which states are you most confident in apart from Kerala, and in which states are you slowing down your strategy?

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**Management:** In Q3, of the 29 stores opened, 12 were in South India, with four in Kerala and four in Andhra Pradesh. In the North, we opened seven stores, and in the West we opened seven. Our performance has been an outlier in Kerala and the North-East where we continue to outperform. Generally, our performance is pretty uniform even across Tier 1, Tier 2, and Tier 3 cities.

**Operator:** Thank you. We take the next question from the line of Nihal Mahesh Jham from HSBC. Please go ahead.

**Nihal Mahesh Jham – HSBC:** Good afternoon GK and Amit. Vishal has consistently given double-digit growth even despite the overall slowdown. Historically, in which phase did Vishal see muted SSG of less than 5%?

**Management:** We have seen this level of performance for at least the last 7–8 years. The only period where we saw diminished operation was during the COVID period. Amit is pointing out that in 2014 and 2015, which were the early days after buying the business out of bankruptcy, we had single-digit SSG levels. But other than those early years and COVID, we have been at this level for a very long time.

**Nihal Mahesh Jham – HSBC:** Successive new stores are averaging 13,000–14,000 square feet. Is this due to smaller stores or are regular stores being optimized? And does the guidance of 80–100 stores for next year include or exclude scaling up the small format pilot?

**Management:** In some cases, we are deliberately capping the size. In Kerala, the population is contiguous across the state, and we find we have to open many more stores, so we keep them at about 15,000 square feet as they are closer to each other. In Maharashtra and parts of Gujarat where costs are higher, we are trying to improve throughput from a smaller area. Also, in Karnataka, we found our stores were oversized at 24,000–26,000 square feet, so we have right-sized almost all of them. Our store addition number of 80 includes the four small format stores opened this quarter.

**Operator:** Thank you. We take our next question from the line of Gaurav Jugani from JM Financial. Please go ahead.

**Gaurav Jugani – JM Financial:** Thank you. Revenue per store in the southern market seems lower at around 4 crores this quarter compared to the North or East. Is this due to smaller store sizes and the fact that these additions are newer?

**Management:** You're absolutely right. We are adding more stores in the South and they are new, so revenue per store is lower than the system average. In the North-East, historically, we have higher revenue per store because many of those are mature stores.

**Gaurav Jugani – JM Financial:** Looking at the Pre-IND AS rental that is not recorded, it seemed to go down on an absolute basis in Q3 despite the store count increasing. Is there any quarterly variance to highlight?

**Management:** Not really. Our rent per square foot is by and large in the same range. That variance can happen because of some catch-up or correction in renewal or escalation negotiations, but there is nothing specific to call out.

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**Operator:** Thank you. We take our next question from the line of Prerna Jhunjunwala from Elara Securities. Please go ahead.

**Prerna Jhunjunwala – Elara Securities:** Thank you. Your press release mentions reported SSG for nine months is 9.1% and adjusted is 10.3%. When can we see this gap merging?

**Management:** That gap will always remain. Every 7–9 years we need to refurbish our old stores. When we refurbish, they are shut for floor tiling, fixtures, and plastering. That is a significant part of the adjustment. The second part is resizing stores, as we did in Karnataka. The third part involves infrastructure constraints, like road or flyover construction outside a store. Refurbishment activity will continue and may even get faster as markets become more competitive. At any point in time, we usually have 8–10 stores under refurbishment.

**Operator:** Thank you. We take the next question from the line of Latika Chopra from JP Morgan. Please go ahead.

**Latika Chopra – JP Morgan:** Thanks. How are you reading consumer sentiment on the ground? Is it that you have to make all the more effort to drive consumers to come in?

**Management:** I've been experiencing definite optimism because of the income tax and GST changes, but I think the full impact is yet to be seen. In the last few months, that impact has been camouflaged by delayed winter and air quality issues in North India. However, we believe consumption demand will go up because people have more money and lower prices.

Our objective of continuously upgrading customers is seeing good progress. In the first nine months, our premium price points witnessed an SSG of 14%, mid-price points saw 9%, and opening price points saw 6%. This is a sign that better products at affordable but aspirational prices are succeeding.

**Latika Chopra – JP Morgan:** In these smaller format pilot stores and new states, is there a meaningful difference in the product mix?

**Management:** In small format stores in smaller towns, higher price points are not selling as well. The contribution of lower price points is significantly higher than in larger towns, and we have fine-tuned our merchandise accordingly. Higher value-added products in FMCG also have less traction there. In Kerala, we are seeing quite good traction for our fast-fashion merchandise.

**Operator:** Thank you. Ladies and gentlemen, we take that as the last question and conclude the question-and-answer session. I now hand the conference over to the management for their closing comments.

**Management:** Well, to all the colleagues on this call, thank you very much. I really look forward to this session as it is a good learning experience for us. Thank you for your understanding and generous comments. These are very inspiring for us. Last but not the least, I wish you and your families a very happy New Year. I look forward to seeing all of you at the next opportunity. Thank you very much.

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**Operator:** Thank you. On behalf of Vishal Megamart Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

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