VISHAL MEGA MART LIMITED

(Formerly known as Vishal Mega Mart Private Limited)
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Date: July 28, 2026

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

Dear Sir/ Madam,

Subject: Transcript of Earnings Conference Call on results of the Company for the quarter ended June 30, 2026

Pursuant to Regulation 30 read with Para A of Part A of Schedule III to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Earnings Conference Call on results of the Company for the quarter ended June 30, 2026, held on Thursday, July 23, 2026. The copy of transcript is also available on the Company's website at https://aboutvishal.com/.

You are requested to kindly take note of the same.

Thanking you.

For **Vishal Mega Mart Limited**

Rahul Luthra
Digitally signed by Rahul Luthra
Date: 2026.07.28 13:12:08 +05'30'

Rahul Luthra
Company Secretary & Compliance Officer
ICSI Membership No: F9588

Encl: As above

"Vishal Mega Mart Limited
Q1 FY27 Earnings Conference Call"
July 23, 2026

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on July 23, 2026, will prevail.

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

Moderator: Ladies and gentlemen, good day, and welcome to Vishal Mega Mart Limited Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

Shikha Puri: Thank you. Good afternoon, everyone, and thank you for joining us on Vishal Mega Mart Limited's Q1 FY27 Earnings Conference Call. We have with us Mr. Gunender Kapur, MD and CEO; Mr. Amit Gupta, CFO. I hope everyone got an opportunity to go through our financial results and investor presentation uploaded on the company's website and the stock exchanges.

We will begin the call with opening remarks from the management, following which we will have the forum open for question-and-answer session. Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature, and the disclaimer to this effect has been included in the earnings presentation shared with you earlier.

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

Gunender Kapur: Well, thank you very much, and a very good evening, ladies and gentlemen. A very warm welcome to this call. I'll briefly take you through the quarter 1 '27 results and some of the key highlights, and then we will open the call for questions. Well, we've had a good start to FY27. In this quarter, we did a revenue from operations of INR 3,727 crores. This was a growth of 18.7% over last year, and this was backed by a strong same-store sales growth of 10%, a clear proof of the resilience of our business model in this very dynamic and uncertain operating environment.

Operating EBITDA was INR 387 crores, which was a growth of 19.3% over last year, and our operating margin (Operating EBITDA margin) improved from 10.3% last year to 10.4% this year. Profit after tax was INR 259 crores, which is a 25.6% growth over last year, and the PAT margin improved from 6.6% last year to 6.9% this year.

Our superior merchandise, operational excellence and customer-first approach helped us deliver consistent results even when the broader environment remained very challenging. Our total store opening momentum remains strong with the addition of 27 new stores in the quarter. This takes the total store count to 819 as of June '26 end and our presence in 559 cities.

Of the new stores opened, 10 were opened in South India, a market where we continue to see strong momentum. And now we have further 16 small stores and 3 were opened this quarter, and the small store format agenda is making good progress.

Our total trading area stands at 13.8 million square feet. Our private brands continue to see strong customer traction, contributing 75.2% to revenue growth or rather our revenue in quarter 1 FY27. Our quick commerce expanded to 767 stores across 520 cities in the country. The total number of registered consumers on quick commerce crossed 1.4 crores people.

With elevated inflation weighing on demand environment in quarter 1, we expect the impact to taper down in the subsequent quarters. We remain confident and excited about the journey ahead, underpinned by strong fundamentals of our business and continued excellent execution of our growth strategy.

With these very brief comments, I would request the moderator to open the floor for questions. Thank you very much.

Moderator: The first question comes from the line of Videesha Sheth with Ambit Capital.

Videesha Sheth: Small store format, what is the kind of store addition that we can anticipate under this format beyond the 80 to 100 store guidance that you all have given?

Gunender Kapur: Your question is regarding the small format.

Videesha Sheth: The small store format Yes, that's right.

Gunender Kapur: Okay. So let me explain our opinion on the small format. The fact is that the small format is half the size of a regular format. And in terms of absolute revenue and absolute margin its, again, exactly the half of a normal format. So our approach to the small format would be as follows.

In any particular state, once we are in a situation where we have almost exhausted the entire opportunity for the larger format, then we would start expanding into the small format stores, quite obviously, because the larger formats give double the revenue and double the margin in absolute sense.

So, at this moment, UP and Haryana are the 2 states where we have stores, I wouldn't quite say exhausted, but we have quite a significant number of stores in almost the entire state. So we are doing the small format at this moment only in these 2 states, and we will continue to grow in these 2 states.

In the fullness of time, as more and more states reach that situation, we will then explore them for the smaller formats. But at this moment, the small format is focused in UP and Haryana, where we have, to a large extent, exhausted the opportunity for the larger format. Does that answer your question?

Videesha Sheth: Second question on gross margin...

Moderator: Sorry for interrupting. Your voice is breaking. Can you come in the range and talk? No, your voice is still breaking. We cannot hear you. Alright please come back in the queue. Thank you. We will take the next participant, that is Jignesh Kamani with Nippon Mutual Fund. Please go ahead.

Jignesh Kamani: Yes, hope I am audible?

Moderator: Yes, please go on.

Jignesh Kamani: So just coming to this what Videesha asked on the small format. There were two kinds of strategy. One was to penetrate in the existing market where we have had a number of store and also in the smaller city or town where population is less than 1 lakh or 50,000, smaller store may be viable, which large store may not be viable?

So -- and now as you say, you have much more confidence of the revenue per square feet and everything. So why the expansion is still slightly slow? Like if you take our third quarter, we opened 2 stores, fourth quarter also, we opened 3 stores. In the first quarter also, we opened 3 stores only because smaller town can take up 50 to 70 square foot per store in 1, 1.5 years also. So any reason you are going slow on that?

Gunender Kapur: So firstly, I must say that to begin with, we were experimenting with a smaller format, and we wanted to ensure that the results are exactly in line with our expectations. Our target was twofold. Firstly, to ensure that the relevance of the small format is established in smaller towns, and we have pretty much established that with revenue per square foot, not the absolute revenue, the revenue per square foot in line with that of the larger format.

The second was to establish that the financial outcomes are the same and as attractive as the larger format. And again, we've been able to establish that the return on capital employed in the smaller format stores is pretty much the same as the larger format.

Now we are at a stage in 2 states where we can start expanding more rapidly in the smaller format. But I must say that while we are opening the small format stores in these towns, we equally are opening large format stores also because while the opportunity is largely exploited in these places, it is not completely finished.

So, for example, this quarter, while we are looking at small format Uttar Pradesh, we've opened 5 large-format stores also. And similarly, while we've opened new stores in small formats in Haryana, we've opened 2 large format stores also, and this will continue in the future also.

We will further accelerate the opening of small format stores. And I'm totally aligned with the spirit of your question, we can see an opportunity of almost 3,000 small format stores in the country. And as we progress forward, you will see increased momentum on the small format.

Jignesh Kamani: Understood. Second question on the supply chain side initiative, which we have started on the RFID side since last 1, 1.5 years, we started experimenting on this. So what stage right now, how many stores we have rolled out or planning to roll out? And by when you see that entire store and back end will be implemented with RFID and some initially result in some of the stores where, how is the productivity improvement or throughput improvement or any reduction in the manpower or employee? Any softer aspect you want to highlight?

Gunender Kapur: So at this moment, I think I had mentioned the last time that we were experimenting with 2 stores in Delhi NCR. At this moment, we are rolling out RFID into all the stores in Delhi NCR. So that is the current status. And we will go one state at a time because the way we are rolling out is that we have to first put RFID tags on all the existing stocks in the stores.

And then we will need to maintain a separate supply chain for the RFID tag stores because those stocks will go to the stores with RFID tags, whereas the rest of the network will continue to get stocked without the RFID tags. So at this moment, we are doing Delhi NCR. Again, we want to be 100% sure that it's working very well, and we keep rolling it out. But I think the entire rollout will slightly exceed 1-year time frame.

The benefits we've been able to establish quite clearly for the RFID tags, the first and the obvious benefit is better inventory management. So earlier, for example, counting the entire store stock in clothing would be an overnight exercise. With the RFID tags, we can count the entire store and the clothing stock in 4 to 5 hours, and therefore, we can do a stock count almost every week.

Secondly, with the stock count, we can also get all the details of what the merchandise is, its ageing and so on and so forth. So the quality of information available would be of a significantly higher order. Thirdly, and quite obviously, we expect the shrink to come down in the RFID tagged stores.

For example, the RFID tags that we are using, after a lot of development, is a tag which cannot be removed unless the merchandise has been checked out. So as we can appreciate, once the merchandise is checked out, it can be assumed that it has been paid for and it is not stolen merchandise and only then can the RFID tags be removed. Otherwise, they cannot be removed. And so on and so forth.

There is a lot of analytics that we can generate from the RFID tagged stores. So we have quite clearly established all these benefits in our pilot and experimentation. And we are progressing with RFID maximum possible speed. But one has to appreciate that to launch RFID in a store, the first step is to put RFID tags in all the existing stock in that store.

And then set up a supply chain from the distribution center, which is separate for these stores because the stock from the distribution center to the store will be moved only after putting the RFID tags. So yes, it will take us slightly over 1 year to complete the network.

Moderator: Next question comes from the line of Nihal Mahesh Jham with HSBC. Please go ahead.

Nihal Mahesh Jham: Three questions. The first is in the last quarter, we had this discussion around the potential cost inflation. And we noticed that despite that both on a yearly and sequential basis we've seen an improve in...

Moderator: Sorry for interrupting. Mr. Jham, your voice is breaking. Can you come in the range and talk? It's still breaking, Mr. Jham. We have lost the line of Mr. Jham. We will promote the next. That is Mr. Vivek. Please go ahead.

Vivek Maheshwari: Hi, good evening, GK. Am I audible?

Gunender Kapur: Yes, Vivek, you're audible. Good evening.

Vivek Maheshwari: A couple of questions. First, on the -- I think that's what Nihal was probably asking. On the -- can you just...

Gunender Kapur: Vivek, your voice is not coming through.

Moderator: We have lost the line of Mr. Vivek. We'll promote the next. That is Nihal Mahesh Jham.

Nihal Mahesh Jham: Yes. Hi, moderator. Am I audible?

Gunender Kapur: Yes. Now you are.

Moderator: Yes.

Nihal Mahesh Jham: Sure, Mr. GK. Three questions. First was gross margin. We've seen an improvement despite our discussion on cost pressures starting from May. So if you could just highlight on that.

Moderator: Mr. Jham, sorry for interrupting. Your voice is breaking. Can you come in the range and talk?

Nihal Mahesh Jham: I'm actually trying to -- if I'm audible then can you hear me now?

Moderator: Yes, please.

Amit Gupta: Nihal, we can hear you and we got your first question. Can you go to the next one, please?

Nihal Mahesh Jham: Sure. Second was, we've seen an organization structure change where obviously Mr. Manoj moved on. I think Mr. Sashi Gumma has obviously moved in as a Chief Operating Officer. Just if you could highlight the current organization structure and how, say, the responsibilities are going to be incrementally distributed between the COO?

The third question, in your release today, you mentioned about a foreign capping of 49%. So is it just to do with the FEMA regulations or anything more related to that?

Gunender Kapur: Okay. Good. So I will take the first 2, and I'll request Amit to come in for the third. On the gross margin, the improvement that you've seen this quarter from 28.4% to 28.7% is largely because of the fact that our promotional expenditure has been lower than the previous year.

Our focus this quarter has been to ensure that we maintain prices and to ensure that all the numbers add up, etcetera, the impact of maintaining prices has been pretty good on our same-store sales growth, as you can see from the numbers. And therefore, we've had to promote less as compared to the last year same quarter. So that's on the first question.

Secondly, yes, Sashi has replaced Manoj. Manoj is moving on from the company. As you know, Manoj has been with us for more than 10 years and has played an excellent role in the evolution of our business. And now he's moving on.

As a consequence of that, there has been no change in the org structure. It is just that Sashi is going to replace Manoj in the same role. And I will request Amit to take on the third question quickly.

Amit Gupta: So Nihal, this is in line with our disclosures in DRHP and the idea is to ensure that the company remains Indian owned and controlled.

Moderator: Mr. Jham your voice is breaking. Mr. Jham, sorry for interrupting. Your voice is breaking. We cannot hear you. Mr. Jham I request you to please fall back in the queue. Thankyou. We'll promote up the next, that is Vivek M. from Jefferies. Please go ahead.

Vivek Maheshwari: Am I audible now?

Amit Gupta: Yes, Vivek, go ahead please.

Vivek Maheshwari: GK. My first question is continuing with the earlier participant. So this foreign ownership, which you have mentioned, Amit, less than 50%, your disclosure says that it is because of one of the subsidiary. Apologies if it's a wrong understanding, but I thought even as a multi-brand retail because of the holding company is into that business, you still need that approval -- or sorry, you still need to restrict it to 50%. Is it not because of the holding company that you need to do this?

Amit Gupta: So Vivek, just to clarify, we were Indian owned and controlled even before the IPO and as we speak today also, our foreign holding is close to 20%. However, we want to make sure that we remain as Indian owned and controlled entity. That is the reason why we are proactively putting this cap to 49.99%.

Vivek Maheshwari: No, I understand that part, Amit, and that is clear that you are Indian owned today. My only question is you have mentioned in the release that the existing business of one of the wholly owned subsidiaries require you to do that. But shouldn't it be applicable for the holding company also or am I...

Amit Gupta: No, no, that's true. So we are doing multi-brand retailing in our wholly owned subsidiary, which is Airplaza. So obviously, that entity is into the multi-brand retailing, and that would require approval. So keeping that in mind, we have passed this resolution.

Vivek Maheshwari: Understood. Okay. So that's the first question. Second is, GK, what are the -- given how the inflation deck is, what are the kind of price hikes you would have taken in your own labels in both apparels as well as FMCG?

Gunender Kapur: So Vivek, our endeavour has been to ensure that the price hikes, two things. Firstly, they are totally minimized, as I mentioned in my response to the earlier question. And the second thing which we have ensured, without any exception at all, is that the price increase has not been affected in any of the opening price points or mid-price points.

The price increases if any, have been affected only in the higher price points. And this has not been done across the board. It has been done only in selected merchandise categories where, again, two things, the price increase to the minimum possible extent had become absolutely critical.

And again, in merchandise categories, which are extremely price sensitive, the price increases have either not been implemented, or they've been implemented to the minimum possible extent.

As we had mentioned earlier also, our effort this entire quarter has been to ensure that we become more cost efficient in every which way across the board as far as the gross margin is concerned and also to rationalize our promotion expenses, as I mentioned in the earlier answer.

So yes, so that's the way we've gone about it. We are very, very aware that our customers need to be protected from price inflation. And wherever necessary, it has to be done in a very thoughtful and sensitive manner.

Vivek Maheshwari: Got it. And just a follow-up. GK, in the current context where you have mentioned about the macro and a whole host of issues. Do you think on the FMCG side, your endeavour will be to take up prices, which will trail the leading brands, the FMCG brands in a bid to gain market share? And do you think -- or rather the share of your own labels? Is that something that will happen? Or you will still maintain a price parity or the differential with the leader brands?

Gunender Kapur: So Vivek, our firm view is that our price discount to the market leaders has to be almost in every case, actually slightly higher than earlier or at the very least, the same. Under no circumstances, would we allow a price discount to the market leader become lesser than before. So I can assure you that our private brands will be either as attractive as earlier or even more attractive than earlier for our customers.

And few merchandise categories in FMCG, where almost the entire market has taken price increases, but we have chosen not to take a price increase. So our private brands will continue to be either as attractive as before or even more attractive.

Vivek Maheshwari: Got it. Thankyou and All the Best.

Moderator: Next question comes from the line of Manoj Menon with ICICI Securities.

Manoj Menon: [Inaudible]

Moderator: Mr. Menon, your voice is breaking. Can you come in the range and talk?

Manoj Menon: [Inaudible]

Moderator: Mr. Menon, we cannot hear you. Mr. Menon, I request you to fall back in the queue. We'll promote the next in line. The next question comes from the line of Prerna Jhunjhunwala with Elara Securities.

Prerna Jhunjhunwala: My first question is on inflation only. You've mentioned that you won't take much price hike as a response to the earlier participant. But I just wanted to understand how do the consumer behave in various categories like apparel, GM and FMCG? Can there be a mix change as per your past experience, which could impact your margins? And what could be the minimal price hike that you would eventually have to take if inflation continues at current levels? That is my first question?

Gunender Kapur: So firstly, I must clarify that, as I mentioned, wherever it became critical, we have taken price increases, but we have not taken any price increase in the opening price points in any of our categories. Opening price points are the lowest price points, and they are typically bought by the least affluent people in our consumption group.

All the price increases have been largely around the highest price points, which are purchased by the most affluent lot of our consumption target group. So those have been affected. And at this moment, we do not feel the need to take any further price increases beyond what we have already done.

This is, of course, based on the assumption that the situation will continue as is and will not get any worse. As we mentioned in the commentary in the subsequent quarters, we expect the situation to actually become slightly better.

Secondly, we know which of our categories are more price sensitive than others and categories which are extremely price sensitive. And I can give you examples like children's clothing is very price sensitive or some of the staple foods are very price sensitive. We have actually chosen not to take any price increases to protect our customers.

And last but not the least, it's important for me to highlight to you that despite these price changes, A, our total growth continues to be double digit. And secondly, the growth of our highest price points is the fastest. So for example, while our total business has grown 10% same-store sales growth, in apparel, our highest priced fashion merchandise has grown at 13.9% same-store sales growth.

So to summarize, I would say that at this moment, no further price increases. I can't say anything about the future because it's difficult as to how will that pan out. Secondly, despite the challenging environment, we continue to maintain double-digit same-store sales growth. And lastly, our highest priced merchandise, which is the fashion price points in clothing continues to grow the fastest at 13.9% same-store sales growth.

Prerna Jhunjhunwala: Understood. So sir, will it be possible for you to share SSG breakup between volume and price that would help us understand how things are moving?

Gunender Kapur: So I actually have no problem with that, but it's difficult to add the volume of apparel with FMCG and GM. That becomes a somewhat meaningless number. But I can share with you the constituents of our same-store sales growth. Our total number of customer acquisitions in the quarter has gone up by 8%.

So we have served 8% new customers in our store. And our existing customers have bought 3% more approximately in this quarter, and that's how we have achieved approximately 10% same-store sales growth. But my apologies, it's impossible to add the volumes of the general merchandise products and apparel and FMCG.

Prerna Jhunjhunwala: Understood, sir. Sir, any color that you can provide on how the transaction values have gone up. So that would also be helpful like number of bills or transaction value?

Gunender Kapur: So the transaction value for our existing customers has gone up by 3% this quarter versus same quarter last year. And as I mentioned, we have acquired 7% new customers probably through market share gain in this quarter.

Prerna Jhunjhunwala: Understood. And sir, in apparel, do you see -- this is my last question. In apparel, do you see increase in competition as a threat to growth on a longer-term basis as many value retail players are actually looking forward to expand very aggressively in the category, though our plans are also very aggressive, but the first-mover advantage that we enjoy in many cities that gets compromised as and when they tap on our cities. So any color on that and your thoughts on that, that would be helpful? Thankyou.

Gunender Kapur: Sure. So firstly, I must tell you that there is no new competitor in the market. All the players who are competing in clothing market, they've been around for a while. Of course, different players have different ambitions. But there has been no increase in the expansion pace significantly from any of the players. Of course, they're all expanding, but they've been expanding for a while, like we've been expanding for a while.

So there is no, either new competitor or new aggression in terms of expansion that we witnessed in this quarter. Of course, the spirit of your question is absolutely correct that this is a very competitive market with lots of very good quality competitors. But we've been around in this market for a while, and we've been growing at double-digit rates as we've been reporting same-store sales growth.

Prerna Jhunjhunwala: Thankyou and All the very best in this challenging environment.

Gunender Kapur: Thankyou, indeed.

Moderator: Next question comes from the line of Rehan Saiyyed with Trinetra Asset Managers. Please go ahead.

Rehan Saiyyed: Good evening sir. So sir, I have only one question about your loyalty ecosystem. The loyalty ecosystem now covers around 17.5 crores customers and contributes nearly 95% of the revenue. So how much measurable improvement have you seen in customer lifetime value and merchandising because of this data advantage? Could you please help me understand regarding this?

Gunender Kapur: So I'm sorry, I could not hear all your questions, but I could gather that it was about loyalty customers. I'll try and answer, but if I fail to completely answer, please point it out to me because it was a bit patchy for me. So we have 17.5 crores loyalty customers. And these customers are contributing ~95% to our revenue.

And they continue to grow as we acquire more and more new customers through market share gain. And our loyalty customers provide to us extremely valuable analytics which is used every day of the year for us to sell more to our existing customers. Now if I missed any part of your question because I couldn't hear it, you could please ask me.

Rehan Saiyyed: Yes, sure. Like you have answered my first part. Just wanted to clarify on the second part, like how much measurable improvement have you seen in customer lifetime value I'm asking like in merchandising receiving because of this data advantage?

Amit Gupta: I think if we understood your query correctly, the 10% same-store sales growth is testimony of the fact that we are getting a lot of value from our existing customers. So yes, I mean, it's working for us.

Rehan Saiyyed: Okay. I got it. Fair enough. And just one last question from my side, and then I'll jump back in the queue. Sir, like with 75% of your sales coming from your own brands. And so can you please share any internal KPIs comparing repeat purchase rate, basket size and profitability versus third-party brands breakup, if you want?

Amit Gupta: Maybe your query was not very clear, but what we could gather is that you spoke about 75% revenue coming from our own brands. What exactly you are looking for in that?

Rehan Saiyyed: Like I'm asking, can you share any internal KPIs comparing repeat purchase rates, either basket size and profitability versus third-party brands that you are tracking?

Gunender Kapur: So, the 75% market share that we have in private brands, the constituents of that are as follows. That will help clarify if I got your question right. 100% of our clothing business is private brands. Right, 100%. So obviously, the penetration is 100%. The buying rates are upwards of 30% of any new option that we introduce.

In general merchandise, 75% of our business is private brands. And only category where we have significant share of third-party brands, in fact, the only 2 categories. One is kitchen appliances, where we have a brand called Tandem, which has almost 50% market share. And the balance 50% is with third-party brands such as Bajaj, Prestige and so on.

Again, on the products that are present in tandem, they've been around for a while, so it's quite stable. There isn't any significant new revenue, which may have come to us through early product trials and is likely to disappear because of repeat buying rates. It's been around for a while.

The third category is FMCG, where 60% by volume of the share in our FMCG is of our private brands. Again, these brands have been around for several years now, and they're quite stable. So the idea of penetration trial and repeat buying is relevant for new things that are introduced. These are all quite stable businesses.

But when we had introduced our new brands, again, we had experienced repeat buying rates, as I mentioned, upwards of 30%, but that was quite some time back. Okay? So these are all stable, steady private brands, which have stood the test of time and are preferred by our customers, 60% by volume over the third-party brands, which are available in our store.

Rehan Saiyyed: Thankyou for the clarification sir and I will fall back in the queue.

Gunender Kapur: Thankyou very much, indeed.

Moderator: Next question comes from the line of Videesha Sheth, Ambit Capital.

Videesha Sheth: Just continuing with the questions. Sometime in the third quarter, you all had mentioned that there is another format in pipeline, but hadn't reached the pilot stage yet. So just wanted to check if there's any update or if you can appraise us of the state?

Gunender Kapur: So you're absolutely right, Videesha. We had mentioned that we are working on a new format. But I must point out to you that we will be first going in with pilot store. And then based on the response that we received in the pilot stores, and we will not have only one pilot store. We'll have more than one pilot stores.

And then based on the response, we will either need to fine-tune the mix or roll it out. I may not be able to share with you the exact date. But I will take the liberty of telling you that we are very close to the launch of our first pilot store, which will be followed by either 1 or 2 other pilot stores. And then we will read the response and decide on the further course of action. We are quite close to the first launch.

Videesha Sheth: Got it. Thankyou. Amit, just one question for you, if you can help me with the inventory as of the quarter end?

Amit Gupta: Inventory -- sorry, inventory?

Videesha Sheth: Yes, inventory yes, inventory as on the end of the quarter, inventory level?

Amit Gupta: So you're looking for exact inventory numbers or…

Videesha Sheth: Yes.

Amit Gupta: So our closing inventory for quarter 1 is INR 1,900 crores.

Videesha Sheth: Got it. Thankyou.

Moderator: Thankyou. Next question comes from the line of Harish Advani with Axis Capital.

Harish Advani: Hi, Thankyou for the opportunity. My first question was on the quick com side. So you did mention that we are now at 5 -- sorry, 767 stores and 1.4 crores users. But can you quantify its contribution to sales and the profitability of this channel? And subpart to this, is the quick com customer demonstrating a higher purchase frequency or any incremental basket creation versus the traditional in-store customer?

Gunender Kapur: So our quick commerce, different stores are getting added at different points in time. So I can tell you the range. They are currently contributing to anywhere from 2% to 9% to the store revenue. But in majority of the places, the contribution is at least 5% to our store revenue now, which has been very encouraging for us because when we had started this journey, we had said that our goal would be 5% of store revenue. So in most places, we are achieving the 5% level. But in our best places, we are going up to 9% to 10%.

That is -- I understand your first question. The second -- on the second question, in terms of average bill value, our quick commerce customers are buying slightly more than -- but not significantly more than our offline customers. So average bill value of quick commerce customers is about INR 800.

The third fact that I can share about quick commerce is that the share of our private brands I mentioned that for our offline stores, it is 75% revenue. But in quick commerce, it's even higher than 75%. So more number of customers are trying our private brands on quick commerce and sticking with our private brands. And last but not the least and terribly exciting for us is that 20% of our quick commerce customers have never shopped at a Vishal store. And therefore, they are net incremental for the entire Vishal franchise.

Harish Advani: Thankyou sir for the detailed answer. And sir, my next and final question is on the employee cost. So if we look at it on a per square foot basis, it's up about 13% Y-o-Y. So we do understand that there has been an element of the increased minimum wage coming into this. But is this then now the steady state number that one can assume as the rate for the staff cost?

Amit Gupta: Yes, Harish. So this quarter, we have seen a significant increase in minimum wages across multiple states like Haryana, UP, Telangana, Karnataka and so on and so forth. Obviously, the base has gone up, but we will continue to look for opportunities and try and optimize as much as possible. But obviously, this is a structural change, and we'll see how much we can mitigate that.

Harsish Advani: Thankyou and All the best.

Gunender Kapur: Thankyou.

Moderator: Next question comes from the line of Sunny Bhadra with Emkay Global.

Sunny Bhadra: Hi Sir, thanks for the opportunity. Just on the gross margin front, you mentioned that the expansion is on the back of lower promotional intensity in this quarter. Just wanted to clarify like is there a component of price hike also in this?

Gunender Kapur: Not to any significant extent.

Sunny Bhadra: And sir, like this gross margin should be sustainable for the coming quarters as well, this level of gross margin?

Gunender Kapur: If the current assumptions and the current cost structure continues, we are quite confident. There is absolutely no challenge. But I'm not saying that I can see the future any better than any of us on the West Asia crisis and so on. So that piece is entirely speculative. But if the current circumstances continue and do not even improve, we do not see any significant issue.

Harish Advani: Thankyou and All the best for your next quarter.

Gunender Kapur: Thankyou.

Moderator: Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I now hand the conference over to the management for closing comments.

Gunender Kapur: Well, thank you very much for your time. And I must thank you also for joining in and taking out time from your busy schedule for our conference call. We've always been very encouraged and enthused with your consistent support, and we deeply appreciate that. So once again, thank you, all the very best and look forward to seeing you again on the next quarter call. Bye. Take care.

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