



**“V-Mart Retail Limited
Q3 FY2021 Earnings Conference Call”**

January 25, 2021



ANALYST:

MS. GARIMA MISHRA - KOTAK SECURITIES

MANAGEMENT:

**MR. LALIT AGARWAL - CHAIRMAN AND MANAGING
DIRECTOR - V-MART RETAIL LIMITED**

**MR. ANAND AGARWAL - CHIEF FINANCIAL OFFICER
- V-MART RETAIL LIMITED**

MR. GIRISH GARG - V-MART RETAIL LIMITED



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Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY2021 Earnings Conference Call of V-Mart Retail hosted by Kotak Securities 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. Garima Mishra from Kotak Securities. Thank you and over to you!

Garima Mishra: Thank you Rituja and good afternoon everyone. On behalf of Kotak Securities, I welcome you to Q3 FY2021 Earnings Call of V-Mart Retail Limited. From the management team we have with us Mr. Lalit Agarwal, Chairman and Managing Director and Mr. Anand Agarwal, Chief Financial Officer. I now hand over the call to the management team for their opening comments following which there would be a Q&A session. Over to you!

Lalit Agarwal: Good afternoon everyone. Thank you so much for coming out for the call. It is a good time to be here and certainly post Q3 as we all know, which is the strongest quarter for V-Mart and strongest quarter for fashion industry. We have seen the economy, the whole COVID situation; even the industry situation improving at all angles. We have seen in the markets in this particular quarter very good improvements post the second quarter. We saw people being excited about the festival. We also saw some celebrations happening, definitely it was not year as usual, so celebrations, gatherings, occasions, social events, they all were not in great numbers, and they were all may a dampened mode definitely because of COVID and largely we saw these are need based buying, which happens in small town, so we saw a good amount of excitement in customer coming in. They came in at lesser frequency, but they brought a little extra and that is what we saw in the market happening.

People had little fear, definitely came out of their home, but did not come out on huge numbers, we had fewer members of family coming into the store, but yes, converting more and buying a little more than usual is what phenomena we saw. Overall economy, I think, yes, both rural as well as urban has been improving, especially rural has improved a lot because of the crop has been very good. The income in the hands of the farmer is good, but yes, the spendings have been reduced. We are seeing they are having a little more fear about what will happen in the future, will this be retained that is a question mark that they all ask. Their feel-good factors are not so great because the future does not seem very secured. Their asset prices are not increasing, so definitely there is a concern on those feel good factors, but yes, largely we see rural income, which is supported by farmer income for farm income that is one good side, which is a positive news, which we have seen and that has got transferred into other businesses and other parts of the economy, which exist in this particular territory. We also saw a little betterment in the urban side even in the town and cities where we operate. We saw even business coming back to little bit to normalcy. We saw even customers coming back to normalcy.



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We also started seeing people from villages coming to the cities to shop. We also started seeing people coming out from work from home and going to offices, so there is a change, which is happening, but it is still taking more time. There was a large winter onset that we saw during the festivals, which also gave us good demand led by the seasonality, which also came in, definitely, marriages were there in these particular months, we saw marriages happening in large numbers, but yes, the gathering and the number of people attending the marriages were less. Largely V-Mart business is to cater to attendees in the event, not the bride and groom, so we have seen response, but not to that level because the number of attendees have drastically got reduced to maybe 20% of what it was usually.

But, yes, largely there was excitement in the market and we saw a very good November coming in and I think even the industry has performed similarly little up and down. There has been in the industry multiple type of reaction that we have seen with the moment top retailers with the regional retailers and with the organized or the nationalized retailers or the e-commerce. What we have saw is the moment top retailers have normally been little fearful. They have not been able to give that kind of experience to the customer, they have not been able to plan their product and purchases very well because they could not go to the bigger cities and towns to the manufacturers to source their product normally what they do. They did not had confidence on their supply chain and were not able to also handle supply chain. They also had an impact because of the social distancing norms because their store sizes were small and are small, so social distancing norm could not be maintained in those kinds of stores, so that is why customers also preferred lesser to go into those stores that is what we saw. So overall we have seen them their liquidity also going down, their ability to provide fresh fashion and fresh product were also little down and their ability to attract customers and give those kinds of social distancing and hygiene environment were also little low, so overall they have not been able to give out as big opportunity in the market.

Followed by regional retailer, there have been few retailers who look at being in trouble both from inventory management and their cash flow management. There are also other side of some regional retailers who have been consistent in their approach and who have relied and banged heavily on their new purchases and have been able to maintain some part of their sales. From the national retailers point of view, we have seen inception of many more retailers and many more outlets of those retailers coming in. We have also seen them spreading their wings and growing. We have seen them not doing a very good plan. They were not able to especially in the winter wear seasonal, we have not seen them planning as great as they could have done, so they also acted little more in fear and little more in the probability manner, so they did not do as great as they could have done, but yes, there is definitely a lot of focus in opening in smaller town that they have done. We have also seen the big bang from e-commerce market players, but yes, their ability to convince the customer in fashion business has not been that good, they have been certainly focusing very highly in giving huge discounts to the customer and attracting footfalls, which they have relatively also done better, but yes, conversion over fashion has not been great is what we are learning. So that is the overall market industry situation, but in V-Mart we have



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continued believing in our philosophy, our policy of giving the value to our customers, stakeholders in an ethical manner, in a sustainable manner, in a honest manner and that is what has been our key, which we have done in whatever way our team has done and huge kudos to our team who has really done a great job both in keeping our people, customer, stakeholder, vendor community happy contributing towards them and also able to handle their inventory and their expenses very well, so kudos to the team, they have done a great job, which brings a lot of confidence for me in the team, which we should be able to see lot of good things coming out of the team in the future. That is how I place it. Mr. Anand, if you have some details or commentary about the numbers and how the quarter go, please go ahead.

Anand Agarwal:

Thank you, Mr. Lalit. It has been a good recovery in the past few months and as we look forward to more normalization, let me just take you through some of the key highlights from this quarter and then we can open the session for questions. As Mr. Lalit mentioned, Q3 is not only the biggest, but also the most profitable quarter for us historically and with the backdrop of COVID, the anticipation for us also in this quarter was very, very high. We were very apprehensive on how the whole situation was going to flow especially given the fact November saw some of the highest number of COVID cases that the country had seen. Although we have seen improvement in business sentiments throughout and the customer started to come out to shop albeit only when they had a need as such whenever there was a social location to celebrate like a festival or a marriage or any social get together, we did see demand getting picked up, but in times where there has been no need for the customer to wear new fashion or to go out, the demand has remain constrained.

The smaller markets of tier 2, tier 3 towns have seen slightly better recovery versus the bigger metros inline with the COVID spread and also the fear apprehension that has been much higher in the bigger markets and concentrated urban areas. Almost 100% of the stores remained opened, there were also slightly disturbances for periods of time in Gujarat and Uttarakhand where we saw curfews and even night curfews for some weeks. Apart from restrictions of early closure of stores in the peak festival period even in October and November. The festive period of Durga Puja also did not see a huge turnout as celebrations were muted significantly minimizing the requirements of customers to wear more fashion and also gift as is the usual norm, as a result we saw very muted festive period especially in October; however, with Deepavali celebrations in full sway and Chhath in eastern part of the country, Bihar and Jharkhand, we saw a very strong momentum getting build up and also very ably aided by good marriage season. As we recall May, June marriage season was definitely extremely muted because of the COVID fear and a lot of marriages were postponed for November marriage calender and that gave rise to a very good amount of demand recovery in most of the markets.

We saw a very good turnout of customers in November across almost all geographies and most of the markets saw growth over last year during this period. Early winters in north and east India also aided a strong growth momentum but post the marriage season I think in December again, we are seeing some bit of slow down in footfalls and they still remain slightly subdued. As far as



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the sales are concerned, I think the sales achievement for the quarter climbed up to 84% versus the same quarter last year on the back of a strong demand in almost all parts of our markets and also very strongly aided by a very good and fresh product lineup at the stores. If I could relate to the inventory levels compared to last year, we went into Q3 last year with almost 550 Crores of inventory as at the end of September and this year we went into Q3 with only around 360 Crores of inventory, so there was a huge downsizing of inventory, but despite that the quality of the inventory and the quality of the product that our teams were able to source and place very timely at all the stores made sure that we had a very strong pickup from customers and we were able to reduce also our discounting or achieve very high sell through for the inventory during the quarter.

The footfalls for the quarter remained in the range of around 70% versus last year, as I mentioned discounting definitely remained low, deliberately we did not push any kind of discounting during the quarter, in any case normally Q3 is usually a full sales month, but our promotions also remained low. We did run advertising and promotion campaigns but compared to last year we refrained from giving out too much price offers to the customers. As a result, our ASPs went up by 2%, the average billing size also went up by 16%, both of the KPIs indicate a very strong feedback of the customer on the product and the strength and the loyalty that the customer has with the brand. Mr. Lalit already spoke about the competitive scenario in the market, but I think the numbers speak for themselves. We were able to definitely get a much better response on the inventory, the fresh inventory and the product that we were able to showcase and as a result achieve much better margins across categories.

The conversion rates remained high at 62% in general across towns and in particular the core markets of north India and UP, east also did significantly better than previous years along with UP, which remains our flagship market.

If I look at the margins, we improved our margins by 40 basis points in the quarter on the back of lower ASPs in the previous quarters and the apprehension that the customers will buy lower price goods and there might have been discounting I think the improvement in the margins definitely outscore the quality of inventory that the company holds and that has led to much better pricing power that we were able to get from the customers. Inventory also is lowest if I compare it to many, many quarters in the past, at a first store inventory level, we have reduced the inventory by almost 35% to 40% in the quarter. There were no distress sales, there was no liquidation required, we down stocked the inventory 37% year-on-year and by almost 170 Crores since March. Inventory days also at 106 days in the quarter as the quarter end versus 72 last year although look high, but at an absolute level, the inventory remains extremely healthy and it also help us in making sure that as we get into fresh seasons going forward we need to rely less on discounting or liquidation. The shrinkage also reduced to 0.9% and on a YTD basis it is at 2.3%, which is as compared to 1.6% last year, but this is on the base of a lower sales YTD this year, but at an absolute level, this remains absolutely in a comfortable range and comparable range as on the previous years.



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We remain very comfortable on the overall inventory situation and also on the working capital cycle and also happy to reiterate just like last quarter we also have currently one of our lowest table outstanding because as a result of robust sales and very efficient inventory planning by the team, we were able to see very, very good cash flows for the quarter. While the capex for the quarter was at around 11 Crores on a full year YTD basis, we have spent around 17 Crores on capex. Good news is that we ended quarter with almost 100 Crores plus of cash in bank, which has been a very welcome change compared to past many, many years because this being a peak season we have normally relied on having some working capital utilization during this time, but robust sales and efficient inventory planning led us to reach to this target pretty early on. On the expenses side, we have restarted our normalization of expenses as we expect customers also to normalize theirs and while the overall expense level still is down by 21% for the quarter versus last year, owing to the strong corrections that we took in Q1 and Q2 on a YTD basis, we still are down at around 41% versus last year on the expense line.

The rental savings so far for the year have been at around 21 Crores, which would roughly translate to around 20% for the full year. We had reflected 19 Crores till Q2 and 2 Crores addition has happened in this quarter. There is no more addition expected for the fourth quarter because most of the agreements and documentation is already being completed. On the EBITDA side owing to all these cost reduction efforts and the impact of the rental savings, we stand at an EBITDA of 104 Crores, which is only down by around 11% since last year and as we continue to build the base for more efficient structure going forward. On the new stores, we opened 11 new stores during the quarter, closed one and net tally stands at 274 stores and as we continue to look forward to add more. On the online business, we continue to build and scale up the operations. We have not spent too much of marketing dollars behind the online business. This business still is a promising business, we are still streamlining operating, we are still not present on market place, we are still fine-tuning our operations and logistics because we have a very strong belief in the overall trajectory of this business and this will become important business as we move forward in the years to come. As of now, they still remain less than 1% of our overall sales mix. So, that is all from my side. I now request the moderator to open the house for questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Thanks for the opportunity. Sir, considering pent-up demand of two quarters, festive season, bunching up of marriages also and timely winter and above all for us rural demand tailwinds also, so should one read 84% recovery as a good number or it also tells you sign of still underlying weakness and fear in the market and it should be seen as distant recovery and full recovery is sometime away?

Lalit Agarwal: Yes, Tejas, definitely what you are saying is true and full recovery is definitely away, it is not there right now and as I said there are lesser number of gatherings, lesser number of events,



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lesser number of participants attendance, no outings, no holidays, even offices lot of locations and lot of people, so it is definitely not actually the same environment for at least fashion consumption and fashion you will only buy when you want to showoff, when you do not want to showoff why will you buy fashion, so it is definitely not 100% normal for fashion business.

Tejas Shah: Sir, do you expect...

Lalit Agarwal: I do not want to give you an expectation, you also know what I know, and we are also waiting because we are seeing all sort of news coming in from multiple countries and multiple locations, but definitely position in India is improving and it has really come up to a very good level, so we should see a faster recovery coming in.

Tejas Shah: Sure, and Sir, any update on fund raise plan, that is the last one from my side?

Lalit Agarwal: We definitely have a resolution, but today, we do not want to take any question on those and we will not be able to answer any of those questions, we still wait for our board meeting to get decided and board to decide it.

Tejas Shah: Thanks. I will come back in queue.

Moderator: Thank you. The next question is from the line of Ali Ashgar Shakir from Motilal Oswal. Please go ahead.

Ali Ashgar Shakir: Thanks a lot for the opportunity, Sir. In fact you gave a very, very detailed explanation on the market trends and the current situation on ground. I just want to try to compare other discretionary category, you just mentioned that customer is doing a lot of need based buying, but honestly when you compare with other discretionary categories a lot of other results of other companies have come, I mean consumer is wishing to buy consumer durable products, those companies have done good, but somehow it seems as if apparel is one product where consumer is not really keen to buy, I understand the point you mentioned that weddings have been low, but do you think there is anything else to read in this. Do you think there is any signs of respectiveness to online growing too faster for us to have impact, it is not specific to just V-Mart, but honestly all apparel retailer companies are seeing this issue and I think even you becoming more aggressive on online, so from that point of view do you think that retail apparel is seeing some kind of impact because of those reasons?

Lalit Agarwal: No, I definitely want to make you very clear that definitely people who have stayed in home are trying to make their home better, are definitely not going out to eat, so want to bring in lot of equipment in their kitchen and their home, have definitely lot of work from home, kids are studying from home, and the parents watching televisions and need various equipments for various people if they are living more in home definitely they are able to see their friends coming out they want to improve the look and feel of their house and that is what is happening, home,



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everything related to home equipment, home appliances and maybe vehicle if they require will definitely grow, which is once again a need right now. I do not think there is a long-term impact on any of apparel buying or ways of apparel buying, as I said in my opening remarks also even in the online business, apparel consumption and apparel sales have not grown to that degree and it is only about the other things, which has grown, so I do not think there is any other challenge, but yes, definitely digitalization is something, which is more and which is definitely a part of the life and has really accelerated post the pandemic, so that is going to be broader and broader, bigger and bigger, so one is to keep thinking about the strategy as an opportunity not as a defensive strategy one should always keep focusing on more on how to better the digital option of the customer.

Ali Ashgar Shakir: Got it, this is a very, very useful. Thank you so much. I have more question, I will come back in the queue.

Moderator: Thank you. The next question is from the line of Percy Panthaki from IIFL. Please go ahead.

Percy Panthaki: Sir, good evening. My question is on the regional competition, there are a few giants such as V-Bazaar, 1-India Family Mart, etc., who if I look at their operating and financial metrics, they are very similar to yours in terms of sales, margin, ROIC, etc., so two questions regarding this, one is basically what is in your business model, which is unique compared to these two or three other chains, which are operating in the same area as you and secondly, now with COVID impact and capital markets being easy to access, do you see on the ground that there could be some increase in their aggressiveness in terms of store additions, etc., which will obviously affect your opportunity size, which you plan to target over the next few years?

Lalit Agarwal: Anand, you will take it?

Anand Agarwal: Yes, sure. Percy, very loaded question, but fundamentally what I can say is that what differentiates us from any of our peers or competitions has always been our consistency and our discipline on growth. I will not say that we are better than others or somebody is doing this and we are not doing that, but I just want to say that we have our own operating principles and we have perfected something that we have believed in and we continue to believe in and we still see that the market is very strong, very big and there is enough opportunity for us to keep growing in this very, very opportune market. As far as the growth objective and growth possibilities of competition is concerned, I think in the last 9 months or 10 months what we had seen on the ground is slightly a different story. There are players who definitely being impacted because of liquidity pressures, because of quality of inventory and they continue to remain impacted. We have seen more store closures of peers and competitors than we have heard about new stores opened. We will be cautious, we will still keep looking at how the market evolves, but our feet are very firmly on the ground and we still look forward to make sure that we are able to make the most of the opportunity and the business because we still believe that the market is still extremely large and we are still a very, very small players in this large space.



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Percy Panthaki: Thank you very much, Sir.

Moderator: Thank you. The next question is from the line of Nihal Jhan from Edelweiss. Please go ahead.

Nihal Jhan: Thank you so much. Sir, wanted to check, this is I think the first time in many years that you had two continuous good farm season that have come, so once COVID normalizes is it that this trend of better spending that can ideally happen sustains for a longer time or it is just up to the next Kharif season post which there is a reset again, what is that, that you have seen in your past experience?

Anand Agarwal: It is difficult to forecast and I think the worst is over and we are in the back of it. We should see betterment coming and definitely when people have not done a full fledged consumption in the past one year because of pandemic and any other factor and also last two years where we have not seen a lot of farm income betterment, so I definitely feel we should get more benefit and we should see more aspiration rolling out in form consumption in the future times.

Nihal Jhan: That is all. I will come back in the queue.

Moderator: Thank you. The next question is from the line of Ankit Kadai from Phillip Capital. Please go ahead.

Ankit Kadai: Sir, in your presentation you have alluded to two new store formats, one is fashion dial up and one is value dial up, so going forward, how would the three formats move the existing formats the two new formats and how does the store economics move because of one forma you said ASP is going to be much higher, so can you just throw some light on the two formats and the store economics?

Anand Agarwal: So, the two new formats have been works in progress for the last one-and-a-half years and these have been pilots that we have been running at 6 or 7 different locations for almost a year and the differentiation is not so much in ASPs only, it is more about the look and feel and how we make the transition into a fresher and a leaner look for the customer, so what we have done is and what we plan to do is to make sure that all the new stores that we open, we open in the new formats depending on the city or the geography, so typically the value dial up format is largely limited to 4 towns or smaller towns where there will be a little bit cap on the pricing of the inventory that we keep in the store, but otherwise the look and feel and everything else will remain very fresh, very lean, very inviting for the customer. The fashion dial up is again a look change, the inventory and everything remains exactly the same as of today. There is no change in the merchandize, there is no change in the category, there is no change in the customer proposition. The only change is in the look and feel how the customer is able to connect how fresh and how young we are able to project the image of the brand and merchandize to the customer, so the transition has already started. We will not overhaul or makeover all the stores at one go in this new format, this is a gradual process, and in any case we do a refurbishment of our stores every 4



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to 5 years and as and when the older store come into the refurbishment cycle they will get refurbished under the new format, as far as the spent on this new format is concerned this will largely remain in line with the existing capex spent that we have historically been doing, there is no major substantial change to the capex number per store while in the pilot stage there was marginally 5% to 10% or 15% slight increase in the capex cost, but we will be able to contain it within the same cost line as of the earlier stores going forward.

Ankit Kadai: Sure, Sir I can ask one more question on the employee cost, most have the cost have gone back to pre-COVID levels and near those levels, the salary cost is still 20% down year-on-year, so has the salary for the front level staffs back to pre-COVID and from Q4 we can see a normalized employee cost or this will be the run rate going forward as well?

Anand Agarwal: So, there has been no reduction in salaries, if I were to take this slightly differently, so there is no reduction in salaries since almost last 3 to 4 months, the reduction that you see is because we did not fill up some of the positions in some of the stores where the store staff had moved back to their villages or had migrated out of the cities where they were residing in due to the COVID impact and the ongoing uncertainty we did not fill those positions, but as we move forward we are and we will continue to fill these positions and get the manpower strength back to, I would not say normal, but there would be a marginal improvement in the payroll piece going forward, but it may not be as drastic as 20% that you have seen for this quarter.

Ankit Kadai: That is helpful, Sir. Thank you so much. I will come back in the queue.

Moderator: Thank you. The next question is from the line of Aaron Armstrong from Ashmore. Please go ahead.

Aaron Armstrong: Thanks for taking my question. Similar to the last point, in terms of savings that we have seen in the last couple months cost side across the line items and then also on the inventory side as well being able to operate with a lower amount of inventory, can you talk about the extent of this in short terms and how over the next couple course where you highlighted some salary savings is one where you can see savings over the last longer term in just one or two course?

Anand Agarwal: Thank you, Aaron. Fundamentally, we are not looking at any significant shift in the economic business model that we have sort of perfected over the last many years, there has been short-term impact because of COVID and improvements in the operating cycle and efficiencies because of COVID, some of these will get retained, but these will not lead to any significant or landslide changes in the cost structures as you move forward. As business situation on the ground gets to normal level we will also want to in fact up the investment in our stores so we will want to come out back strongly in the market, also we anticipate, as we move forwards, there is going to be higher cost pressure because of raw material cost, which had been going up, there is going to be some pressure that will be built up into the system, there is also increments, etc., which have not happened for one year and there will be more investments required in the people strength as we



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start to build the next phase for V-Mart. So I am not anticipating a significant retention or cost savings as we move forward if at all it will be at the similar level as in the previous years if not more. On the inventory side, I think definitely we have been able to achieve very, very lean and the main inventory level. Again, I would want as a finance person to retain most of these efficiencies into the system, but my sense is that we have also slightly underinvested in the inventory as of now, we will want to rebuild it back to a reasonable level, may not be as high as last year, but I think we will settle for something in between. There will be improvements versus last year, but may not be as such a lean level as we are at December end.

Aaron Armstrong:

Thank you. Could I just tag on the outlet per store addition space?

Anand Agarwal:

Historically, we have been adding stores at around 20% to 25% year-on-year in terms of retail area and that is what we will maintain the long-term trajectory at, there is no shift in our strategy or stand.

Aaron Armstrong:

That is great. Thank you.

Moderator:

Thank you. The next question is from the line of Prashant Kutty from Sundaram Mutual Fund. Please go ahead.

Prashant Kutty:

Thank for the opportunity, Sir. Sorry, this was actually answered before, but trying to understand over here, how the COVID had spread and obviously it has been less prevalent at the tier 2, tier 3 markets are concerned where we are actually more present, so when we talking about consumption getting back on track, I presume the rural part of the business or the tier 2 or tier 3 part of the business, the demand has been good, has that rub off not probably worked out on, let us say your part of business as well because I presume over there it has been business as normal at tier 2, tier 3 market?

Lalit Agarwal:

Yes, Prashant, I think we have already answered that question and as you rightly said definitely it is coming back and out of the lot tier 2, tier 3 markets have been better especially rural market has been better, but still there are travel restrictions, there are travel mindset restriction also, which is there and people are not travelling now, people are not using public mode of transports very, very often, there are not regular public mode of transport, which are available, there are still lot of internal restrictions within families and within the community, which is happening, which is still not normal and it is 80% normal is what I would say leading to get this kind of numbers.

Prashant Kutty:

The reason for asking this is because if you look at, while you spoke about the travel restriction part, but we are now hearing about wedding season and all kind of actually getting back on track in the last 2 to 3 months, can we at least say that our month-on-month recovery, which we are hearing, which is there, let us say for example, it is like a December probably closer to the 100% mark or something can it be kind of put up in that fashion when we are talking about?



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- Lalit Agarwal:** No, I would not want you to feel good about it, there are no special good news right now, we still see similar levels what we have reported in Q3 that is the level or even something below than that is something which is right now being witnessed and that is what we still feel this quarter should continue, we should see some hope, now vaccine has started coming, we should see some betterment coming in from the next quarter when the festival season starts.
- Prashant Kuttu:** Sure, looking forward for the same thing and all the very best.
- Moderator:** Thank you. The next question is from the line of Anish Jobalia from Banayan Capital. Please go ahead.
- Anish Jobalia:** Good evening, Sir. Thanks for the opportunity. Sir, I have one question on competition, I missed your initial remarks, so incase my question is repeated sorry for that, but would like to understand if you can give some more understanding of the reduction of competitive intensity in our 4 markets, if you can talk a bit about that, that would be helpful and give more flavor this how many stores would have closed down in general?
- Lalit Agarwal:** I do not think we should talk lot about how did competitors market or store closed up and we do not wish they should close up and no one has closed up in large numbers, definitely pressure is there as I have spoken in my opening remarks also both with unorganized mom and pop stores, regional retailers, national retailers and the e-e-commerce players, I spoke about everyone and then that is what we feel there are different reactions coming in and they also largely depend upon the kind of infrastructure, the kind of analytics, the kind of forecast and the kind of controls and patience they used in terms of handling the situation, but everyone did the great job, lot of them did really did a great job in handling it and doing fine. There are few retailers where there is a concern, but otherwise everyone is trying to improve and has come to that level of improvement, so I do not think uniquely you would find lot of difference between them.
- Anish Jobalia:** So can it be said that reduction in competitive intensity has not been massive?
- Lalit Agarwal:** Yes.
- Anish Jobalia:** Thank you, Sir.
- Moderator:** Thank you. The next question is from the line of Sirish Pardesi from Centrum Broking. Please go ahead.
- Sirish Pardesi:** Good afternoon, Sir. Thanks for the opportunity. I have two questions, you mentioned that the sales growth on Y-on-Y basis was lower while Deepavali and the festive season has done, so I was just trying to look at what kind of, I mean you said that transaction sign has gone up, but would be able to help us what kind volume growth we have seen particularly in October, November and December?



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- Anand Agarwal:** Sirish, the volume growth definitely has been slightly lower if I were to look at because it is a very logical conclusion, if the average bill size has gone up and the average selling price has gone up and the total sales have come down, so volume growth has to be slightly lower, but having said that, I think as I mentioned in my remarks earlier on, the customer which is coming to the market is more need based and when he is coming he wants to fulfil all his requirements at one go rather coming more number of times, so therefore the footfalls also while they remain low, but the conversion rate is definitely much higher, so whatever is down in terms of volume has been made up by way of higher priced goods in terms of average selling price.
- Sirish Pardesi:** Yes, exactly that is because of the convergence rate was strong I was anticipating this question, the other question is that when you compare October, November versus December and giving some weakness showing it is not up to the mark, would you be able to indicate hypothetically if the October month is 100, what kind of decline we have seen post Deepavali or maybe December?
- Anand Agarwal:** Sirish, very difficult to put a number commentary, but definitely December was slightly weaker, I would not say it was a washout, but slightly weaker than let us October, but November being the peak season of Deepavali and Chhat also marriage season, it was definitely much, much stronger than in October.
- Sirish Pardesi:** Just last one question for Mr. Lalit, we have seen some changes in the senior management, was it planned or unplanned?
- Lalit Agarwal:** Sirish, definitely we have got a new resource as a CEO and chief operating officer, who has a very, very good experience in value retail and has been there in the retail industry for the last 17 to 18 years and definitely he is someone whom we were chasing and aspiring for and our earlier CEO some own aspirations and own personal reasons, he got some international opportunity he also wants to move on and he went into to a new opportunity, so we have done with someone whom we can connect more and somewhere we had a more connection, so that is a part of the plan.
- Sirish Pardesi:** Alright, thank you and all the best.
- Moderator:** Thank you. Ladies and gentlemen due to time constraints that was the last question for today. I would now like to hand the conference over to the management for closing comments.
- Lalit Agarwal:** Thanking once again to everyone who participated in the call. You have been there with trust and we might always try to deliver this trust, we will always try to do our best in driving and giving or creating value for the entire ecosystem and that has been our philosophy and vision. We will definitely want to beat our own standards, set our own standards and beat them regularly both in terms of delivering value as well as in terms of creating a discipline and governance structure in our format of doing business and also being sustainable and creating a social impact, so that is the final word and that is what we would want ourselves to be more and more and then look



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towards growing ourself to a better standard and we will try to keep up to your expectation.
Thank you so much for being there.

Moderator: Thank you. On behalf of Kodak Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.