



**“V-MART Retail Limited Q1FY 2016
Results Conference Call”**

August 3, 2015



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Moderator: Ladies and gentlemen good day and welcome to V-Mart Q1 FY 2016 results conference call hosted by India Infoline Capital 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 “*” and then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Avi Mehta from India Infoline Capital Limited. Thank you and over to you Sir!

Avi Mehta: Thank you Darryl. Good evening everyone. On behalf of IIFL, I would like to welcome all of you to the Q1 FY 2016 conference call for V-Mart Retail. From the company, we have with us the key senior management including Mr. Lalit Agarwal, Chairman and MD and Mr. Deepak Sharma, CFO. I would now like to hand over the call to the management for their comments. Over to you Sir!

Lalit Agarwal: Hi, this is Lalit Agarwal. Welcome back. Thank you once again for being there on the call. We have once again seen a consistent growth in our performance in the last quarter, which is not so far very outstanding, but yes we have been able to sustain the growth rate and we are seeing a lot of good things from the system and good things from the market and there are some average news which is there from the industry. So overall let me give you a macro look so far, which is looking, I am not very positive, seems to be on the average, demands looks a little on the lower side once again cash in the pocket of the customers are not effective much more, has not changed, they do not have too much of spending, no good things happened for the customer for last quarter or this quarter and range is smaller at the district level. So we have identified that the target segments that we are tracking up typically this season is segment of BCD category where the income levels are not very high and then for them relatively the apparel consumption is a necessity and we very well understand that so far, understanding the whole requirement, we believe that the quantitative consumption will remain almost stable or it will go up. The value may go down a little but overall we are seeing better monsoon so we should see a good aspirations in sales in the third quarter. There are some adverse report in the states of Bengal, Orissa and some states of Bihar and Eastern UP, we are seeing Eastern Bihar having little lesser rainfall and Bengal and Orissa then flooded, so our pipeline stores are getting affected from those, but overall the positivity from the industry is being seen, most of the retailer is reporting good sales growth and people are working hard and we are seeing even the raw material prices being almost constant in this quarter from the last quarter. We have gone up by a bit, but if we compare year on year the overall raw material prices have gone down, which is also reduced the average selling price of our products at our end. So far typically we are seeing good inputs from the customer side towards the organized retail, people are accepting more organized retail, we will also be seeing a better e-commerce sales, which is coming up from the market, industry is positive towards everything. I think for V-Mart yes once again the fundamentals are intact, we are working very highly on the back-end side of V-Mart, which we have been concentrating and repeatedly saying for the last four quarters and six quarters and then we are once again focusing



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on similar things. We are trying to do more of training, learning and development, internal development. We had a huge round of appraisal during the month of April and May. So lot of such interval activities are going on. We are trying to reduce the head counts and increase the productivity or the capabilities of the people, trying to work on their overall take home, trying to work on their incentivization plan, trying to work on lot of smaller issues which will actually given effect overall at the end of the day. So Q1 we do not open any stores relatively we shifted one store from one location to other, so there is lack of opening too many stores. We have decided this in the third quarter last year that we would go a little slower for next six months, but yes we have plans to open up stores during the year, so we have a lot of stores in pipeline. So I think we should be able to catch up on the store openings and we are seeing the current features does not look too good. Q2 being the low quarter for us and then we are seeing lesser demand one due to lesser so-called auspicious days, the Hindu calendar generally follows auspicious days and no festivals, no occasions, no marriages happens on non-auspicious days, so because of the Adhik Maas period for one month between 12th or 15th of June to 15th July, there was relatively lesser number or no marriage dates and because Diwali being late this time in the mid of November, so marriage dates have also got shifted. So relatively the consumption pressure may occur during these two, three months, but overall we are seeing aspirations going up in the market, youngsters are buying more, youngsters who are college goers and then youth who want to freak out and have the aspiration to look good because social media is impacting their consumption. So those aspirations are visualized as being visible in the smaller towns also and then we are seeing good attraction of the youth product primarily casual wear and upper wears, which are relatively lower priced product, people want to buy more and consume more. So we expect similar growth rate if not more. We should be able to maintain a healthy grow in this quarter also. We have been doing good in the inventory. We have been trying to manage inventory well, trying to do a lot of activities on the inventory rationalization part, trying to better the days of inventory, quality of inventory, supply chain on the inventory side, so working on lot of areas in the inventory management at the supply chain level, in the warehouse management level. So plans are on still will take more time for us to go around those, trying to do lot of development in the merchandising and vendor rationalization and trying to reduce the vendor numbers and increase the depth in the assortment, increase the depth in the quantitative availability at the store, trying to better the visual merchandize at the store. So multiple areas, lot of activities are going on, recently roped in advisor called Gartner with us on the IT side, so we want to have a better technological standpoint of this, so yes the whole team is very charged up, very eager, had a couple of meetings on strategy, trying to work lot on these things. Anyway I think things will improve. So I am going to hand over to Deepak. He will take you on the numbers and some details can be then answered in Q&A session.

Deepak Sharma:

Thank you Mr. Agarwal. Hello everybody, thank you for being on the call. As always I will focus a little bit on the fundamentals of the business side and then we will quickly get on to the Q&A session. Overall sales growth has been about 24% and we have managed to do this by ensuring that the fundamentals of the business measured by footfalls and conversions remain



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healthy. We have been able to do this by offering people, because the quarter was a slightly weak quarter, to ensure that we continue to maintain a healthy top line growth, we have to sacrifice a little bit by focusing on goods which were on the lower ASP side and this add us to give away a couple of basis points in terms of GP; however, on an overall basis, we always focus that for the company, the business fundamentals are the most important aspect. During this quarter, our focus was again on ensuring that we improve on the inventory parameters. So we took this course of offering products with a smaller ASP, so that the inventory in terms of per square feet and in terms of base of sales both improved. As a consequence there has been a very marginal impact on our overall GP percentages. Expenses have been more or less in line. There are two accounting changes in terms of the disclosure requirements, which I would like to highlight. First of all, there is element of consumable items, which were being reported as a part of other expenses, which we have moved up to above the line in terms of adding it to the COGS and finance cost in terms of bank charges which are directly attributable to the operations have been moved from finance cost as a part of EBIT section again to other expenses. So two movements one of consumables going from other expenses to COGS and finance cost moving from finance cost to other expenses. If we normalize the impact for this by and large, we are more or less on the same numbers in terms of GP, there is a 6 basis points difference of this normalization and in terms of EBITDA there is a drop of 60 basis points primarily on the back of higher costs for rentals and manpower cost. We will delve on the subjects during the Q&A session. I will hand over the floor now back to Avi.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Chintan Seth from SKS Capital & Research. Please go ahead.

Chintan Seth: Thanks for taking my question. Just wanted an update on some article in the media space wherein they are claiming that companies trying to get into online retail using the current 108 stores we have in a hub and spoke mode, just an update on it?

Lalit Agarwal: We had a strategy meeting internally and now we thought of because the way the visual media is doing and the way the youths of India are also trying to take an attention on the digital side of business. So we see there is something an element of interest from our side also where we should also be available on the digital side of the space channel and then we would like ourselves to get into the youth category mode where we develop a small e-commerce platform or a mobile commerce platform. We are right now on the discussion mode with the advisors and then I am trying to understand what kind of model can we build up and we would like to penetrate into those areas in the context of the products that we are selling and the customer segment that we have. We are trying to build up a model which should be able to give convenience to the existing customers and also add onto the sales channel.

Chintan Seth: Any timeline or the mobile product you were seeing the app, platform basically. Is it in a development stage or we are still working on it?



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- Lalit Agarwal:** Right now it is only on the discussion stage, it has not started development. We are on a discussion stage, trying to understand which will work good for the company, what is the trend that company would have ; because these models are basically, as of now the way the markets are moving, we are not earning models as of now; it would not create a lot of income for the company, but yes the capability enhancement is important for the company for the future period which is coming in, we do not know what would come next the way visual media is going in, so we should get prepared even the customer would require that information and even the availability of the products so that he can buy, so we are right now working to build up a model, which is unique in itself.
- Chintan Seth:** Second thing is Sir on the inventory rates, you delve upon, listening to your strategy to improving the inventory cycles basically and we did see some improvement on your apparel this quarter, overall it showed 80 days to 82 days, was its management's target to keep the inventory on two three years horizon basically to keep?
- Deepak Sharma:** I will take that question gentleman. Actually the management is not targeting any number per se. However, we realized that this is one of our key parameters of efficiency of the back end completely because as we have talked on earlier calls also that the inventory in terms of days of sales is the end result of starting from the planning to the procurement, to the merchandising to the warehousing to replenishment, to logistics and finally to the sales. The aggregate of efficiencies on all these domains is reflected on that one single number, so from the management side the thought process is very clear that if we have to sustain our business on a long term basis, we need to continuously improve this single number, however we do not have any targets per se in terms of that.
- Chintan Seth:** But it is a continuous process to improve or maintain it at a current rate, that will be the target?
- Lalit Agarwal:** Yes, you are correct, that is correct.
- Chintan Seth:** That is also useful and Sir, last I just wanted to understand the presentation on the first slide, key highlights, your average selling price has improved 3% and sales volume has also improved 12%, but realization we are seeing average selling price for the fashion has declined which Sir has explained that due to the raw material decline, there was some realization getting passed on to the customer, so that is the only understanding?
- Deepak Sharma:** You have rightly pointed out. We have this segment called one is Fashion and second is Kirana, as you know that we have been reducing Kirana and we have not opened any more store with Kirana in the last two years. So now there are some stores where if the Kirana is not doing, they are closing down also and the FMCG items primary have a very lower price point and a very low average selling price, so any reduction in these items typically affects the sales price, one there is a presentation which is there the average selling price is basically based on the total sales not on the same store sales growth and even after the increase in volume and the increase in total overall



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price of the product, we are still seeing a decline in this because there is a huge decline in the apparel segment, so apparel segment has declined 8%, the average selling price has declined 8%, but overall we are seeing up because the FMCG, so the calculation is there and this is what it is.

Chintan Seth: As we are seeing there is a lot of decline in pricing from the textile company as well because of the fall in both the cotton as well as man-made fibres, so they are passing on to their sales have been impacting, but the margins are very healthy, so we will also end user side, we will also benefit from that?

Deepak Sharma: Yes, that is what we have done, so we have got the benefit and we have passed on those benefits to the customers. We believe that we should create value to the customer that is important that is our core philosophy, so here we are trying to create value for the customer so whatever reductions raw material prices that we have incurred and got, we have passed on all those discounts and all those lesser prices to the customer. We do not want to retain those prices because we want to increase the volume first and then we can command over the price.

Chintan Seth: Any discounting period due to lean season coming in Q2?

Deepak Sharma: Yes, this quarter we will see lot of discounts and this quarter sale have started and then the sale will continue for another one month, so I think we will see lot of discounts in this quarter, so typically this quarter is a low GP quarter.

Chintan Seth: You maintain your target for 20 to 25 store addition this year?

Lalit Agarwal: We have been opening around 19 stores, 20 stores every year. We should be able to do that is what we can aspire.

Moderator: The next question is from the line of Abdul Karim from HDFC Securities. Please go ahead.

Abdul Karim: Thanks for taking my question and congrats for best set of numbers. I just want an update on about couple of initiatives which have taken place last year, like vendor development portal and consolidation warehousing to single one, can you please put some color on the same?

Lalit Agarwal: The initiatives that we are taking up is one we did introduce the vendor portal in our system wherein the vendors are given a online website where they can access the information related to their orders and information related to their sales performance and inventory status of the products that they are supplying to us vis-à-vis the industry or V-Mart and also we are able to have a command over the deliveries of those products and then trying to streamline those because they generally put in advance shipment notice, they get a confirmation over the online and then we can actually visualize what is the status of the product so that our supply chain management is effectively better and we have a better number of inventory days, because if we are able to visualize the onset of inventories and so whenever we do not want we can also stop the inventory



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for some period and we can hold the inventory available and if the inventory is not coming up we can make certain other processes which can actually improve the supply chain management, so all these inventory days, improvement in inventory days is also visualized, so right now people are enrolling themselves from the vendor portal, almost 85% of the enrolment has happened in the last year. So I think these initiatives should help the company going ahead in going days and also we have started working on some WMS i.e., Warehouse Management Software, so we have signed up with some company and we are trying to install a warehouse management software at the warehousing end so that once again we can better our inventory replenishment to the store, the quality and the quantity and the time taken to replenish the product to the store. Even we are trying to hire the replenishment cost because that is also important and we are trying to maximize that and also trying to bring in the scalability factor in place because scalability is a major concern going ahead. Because the store expansion is very easy but typically trying to map the back end along with the store expansion is important criteria. So we are trying to build up a lot of capabilities on the back end, there are a lot of small initiatives of these kinds at various end and trying to work similarly on all those.

Abdul Karim:

How do you see a demand impact over the next one to two quarters in UP and Bihar because of raining and upcoming state assembly election in Bihar, these areas the core and where you are focusing more?

Lalit Agarwal:

You are right, whenever the elections typically at the start towards the campaigning period generally the consumption goes down a little because there is a lot of disturbance also in the towns and the cities that we operate, so relatively we see a lesser footfalls during those period even women also do not come out very openly because there are lot of at times disturbance in the market, but effectively post the elections we see people getting richer and then there is more money in their pocket because of the politicians distributing money, so we should keep our fingers crossed and we should see that the consumption should rise apart from the generic feeling that I gave you, every three years because of Adhik Maas there are lesser number of auspicious days in this year, so we would have a little lesser consumption on those primary high value ticket items because of the lesser wedding days. But overall the consumption yes the initiatives that the government also should hold out and then we should see some results in the coming quarters. As of now, we are seeing a little lower demand typically in this July month and now, we are seeing a little lower demand in the previous quarter.

Abdul Karim:

Last quarter post results conference call you had highlighted that you are expecting to see on a long term average 10% SSG for the coming quarters at least, you reported, I think 8.7% this quarter, so is there any concern for the same?

Lalit Agarwal:

I think Abdul these are anticipations and we should anticipate looking at the performance, so yes April month was very good and we thought that it would continue, but because due to some consumption issue and also this due to adhik mas, we could not get on to that, but I think this is fairly good and we have been able to track a good number in the last quarter at least. We hope we



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are able to do this. It looks little grim in this quarter, so let us hope it continues. We can only aspire and we can only anticipate that is what we can.

Deepak Sharma: I would like to supplement Mr. Agarwal's comments Abdul for Q1 usually the same store sales worth number that we report are about 8.8 to about 9%. I think even in this dull environment if we have managed to clock about 8.7% it is a fairly good achievement on our part. However, the 10% growth rate, which Mr. Agarwal may have mentioned may have been in the context of the overall scenario and we hope that by the year end we would be around those numbers.

Moderator: Thank you. Next question is from the line of Rajat Budhiraja from Banyan Capital. Please go ahead.

Rajat Budhiraja: Thanks for taking my questions. My first question is in the expansion plans you are saying 19 to 20 stores per year, so I want to understand which territory or state we would see most of the stores coming?

Lalit Agarwal: We had been continuing our expansion plan on similar concept and psychology of cluster-based approach wherein we do not open the stores farther than 150 kilometers from the store that we have, so we will continue the philosophy, we will continue to open the stores in those territory which are nearer to our stores presently. In the same concept we are also traveling to a new state, so we have announced that we would travel to Bengal and Orissa where we have finalized couple of stores and we should see those stores rolling out in the next quarter. Apart from them we would still continue to open in the states of Bihar, Uttar Pradesh and also may be some stores in Madhya Pradesh.

Rajat Budhiraja: What is the reason like we are not so heavy in Haryana, which is the neighbor state, we already have UP and Delhi covered?

Lalit Agarwal: What we typically do is we prepare a list of 50 stores or more, which are near to all our location and we try to map out with the consumption at the acquisition levels of areas that we have and try to map out the projected business plan for those stores and wherever we see a higher return on capital employed which generates a higher return, we generally like to go to that particular location. We have visualized Haryana, Rajasthan, Madhya Pradesh, have little lower on the acquisition level right now on the apparel side, in our old stores and outside the market, so there are some surveys, which are done by our project team and our development team from where we got the feedback that these states are very big states and can be commutable, but primarily we may be able to get a better returns in other territories. So we do not deny that, we did not open any stores here, but the first primary target will be something where we will get higher return.

Rajat Budhiraja: In terms of number of the stores: since the base is increasing so the number of stores to maintain that kind of sales growth would also increase, so I want to understand with the current



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management bandwidth, how many stores per year you can handle with the efficiency that you are creating right now?

Lalit Agarwal:

We have been targeting the core philosophy to try and maintain a CAGR growth of 30% and above, trying to work towards that. One from the existing store including same store, sales growth, maximizing the potential of the existing assets and two opening up newer store in a newer territory I believe that there a lot of potentiality in the market and there is a lot of opportunity in the market to open up more store and we have also sufficient reserved sale. We are trying to build up more resources, trying to better our supply chain management, better our capability to handle store, better our marketing, better our merchandising, so trying to work parallelly with expansion plan on the back end which we have been repeatedly saying and we are still working on those and I think with the increase in the pace, our efficiency and our tools that we get to handle more store should be there and it is all a matter of time. We had a rest for the last six, seven months, we did not open too many stores, now we are trying to target up once again and we would open up more store, so we are trying to increase our bandwidth and the capabilities in the organization, which will take care of even further acceleration of opening of store, but as of now we are trying to average out the similar numbers that we are going ahead, we should target more.

Rajat Budhiraja:

In terms of your sales per square foot right now it is in 20s and I want to understand this number for the matured stores, you can give some colors, what is the sale per square foot for the matured store sale three years from now?

Lalit Agarwal:

There are mixed bag in this, what we categorize is the stores which are greater than five years stores, which are between three to five years and store which are one to three years old and so what we have seen is we have stores greater than five years. There are certain stores where the sales per square feet has gone down and is not on those numbers and there are certain stores, which are excellently doing good in those numbers also. On the mixed bag side so we have seen greater than five year stores are typically in the range of Rs.700 per square feet around Rs.720, Rs.750, three to five years are better than, they are something around 850 plus and something around these one to three years are also relatively around 820 on the average.

Rajat Budhiraja:

What is the reason behind the matured stores being lower than three to five years?

Lalit Agarwal:

There were some stores in the past that we had opened up which were little bigger size and they were little off areas, so like we have stores of 15,000 square feet, 14,000 square feet, 12,000 square feet also, so which relatively does not give us that kind of sales per square feet. Now we are very much aligned to 8,000 to 9,000 square feet format, so trying to improve the efficiency in those areas is better and there are few stores which are relatively not doing good may be because of stores getting older or even there are certain areas where the competition has grown a lot and so there is a saturation which happens, but effectively we are also seeing a same store sales



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growth in those stores there has been a consistent sales of steady growth for around 6% to 7% even in those stores.

Rajat Budhiraja:

I understand your point, but do we track EBITDA per square feet also?

Lalit Agarwal:

Yes internally we do benchmark and then we always try and capture EBITDA per square feet, at the store level we try and target something around Rs.125 per square feet, so that is our basic target at a store level, for the store expenses also.

Rajat Budhiraja:

This is target or this is the current number?

Lalit Agarwal:

Current number would be something around Rs.117.

Rajat Budhiraja:

My last question is on the IT advisor Gartner that you have right now, so can you please throw some light on that related to the cost and second point because the vendor management that has already been going on so is it only related to the e-com expansion that you are thinking of or something else also?

Lalit Agarwal:

You have to understand because of the digitalization of overall technology growing up so much, we need to buck up and we need to invest and we need to improve on the technology side in all the areas in the organization. Now every activity that we are trying to develop should not be very man heavy and very people heavy, so we should have intelligent in the system and analytics being a very big part of our whole system whether it be for marketing or for business development or for loyalty management or for opening of new stores or managing the cost or handling supply chain management or entering into digital e-commerce business, so we need to improve our technology piece in all the areas, which will improve the capability for the organization and will also decrease the cost going ahead and the manageability would be easier and better in the scalability can happen, so the overall intent of organization is to improve on the scalability part, the capability part, which overall then gives us a better view because we see the opportunities huge in the market and there are ex number of districts in India, which have not been occupied by organized retail, so there is a huge demand in the market. Purely on our side internally that how much can be managed and grow, so that is what we are trying to do, so Gartner being a good partner and has a good piece of advisory which we can literalize, so we are trying to make use of such partner, so that we plan on improve on individual systems whether it would be HR or it would be supply chain or loyalty management or it be accounting, so whatever are the ERP, so we are trying to bring in their expertise on all the areas even including in e-commerce.

Rajat Budhiraja:

When do we see the proper action plan based on their suggestion, this is my first question or is it like ongoing process that they will be with us for a very long time and they will implement different processes one by one or like how do we see it in terms of some country plans from your side or how do we see this number just thinking that what is the right way?



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- Lalit Agarwal:** Preliminary for us also we are just entering in to contract with them, so they are getting onboard, they are working on strategy piece on IT, so this is something which has to be continuous affair, development technological development has to be a consistent affair in the organization. I do not know whether Gartner will do justice to this or not, it depends purely on their performance and their ability to service us, but anyway the organization goal to make our company digital has to be there, so we need to go towards that line.
- Moderator:** Thank you. The next question is from the line of Rohit Gajare from UTI AMC. Please go ahead.
- Rohit Gajare:** Good evening sir. I have few questions sir do pardon me if they have already been answered, sir one thing is we have not added any store for the last two quarters, we have 108 stores right, if you can refresh why have not added any stores in the last two quarters?
- Lalit Agarwal:** We had taken this call three quarters back that we will go a little slow because we had opened up almost 60 stores in the last seven or eight quarters before that and so we wanted to take a call, understand, improve our process, system and try to once again build up a plan so that we can open up stores, so we have taken this as a purposeful call and now we have identified a lot of locations and there are stores in pipeline where the work is going on we should open up some more.
- Rohit Gajare:** But this was not something to do with the slightly weaker economy or was it independent of it?
- Lalit Agarwal:** Yes I think it was independent and purely internal.
- Rohit Gajare:** Your target is to at around 18 to 20 stores per year?
- Lalit Agarwal:** Yes that is what we have been doing and that is what we should continue to do.
- Rohit Gajare:** Okay, next question is on the lower growth margins. I think the gross margins have come down, even this quarter and even in March quarter they were lower year-on-year, so you mentioned about lower value items, so just help me, is there a mix shift happening or are you on purpose offering slightly cheaper products to increase the consumption or attract customers?
- Deepak Sharma:** I will take that question Rohit, two inputs on this, first of all like I mentioned that this was a conscious call on behalf of the management to maintain the fundamentals of the business. In fact we have decided to sustain the sales this quarter because of the weakness arising on account of various factors, market factors and we started pushing ASP, which were on the lower side primarily because in terms of slowdown, the customers inherent demand though continues to be there, but their budget shrinks a little bit, so to ask the customers with those lower budget size we introduced products on the lower ASP that was one which of course translates into lower GP for the company that is #1. #2 if you look at on a apples to apples comparison between previous quarter and this quarter if we normalize for the accounting changes, which I mentioned earlier on



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of the consumable items, which were earlier getting reported as part of other expenses, which have now been in this quarter moved to COGS primarily. Yes so the impact if you normalize that the differential would be in the same quarter last quarter and the quarter this year is just about 6 basis points so primarily I would say that taking into account the slowdown of the industry we have seen in our geographies, I guess 6 basis points would not be too much of a major deviation from the expectations.

- Rohit Gajare:** Sir on a longer term can you tell me what should be look at the gross margin for this business?
- Deepak Sharma:** Our expectation should be in sustaining 30% kind of GP on a long-term basis. That is our internal targets internally.
- Rohit Gajare:** Similarly what should be the sustainable EBIT margin for this business?
- Deepak Sharma:** EBITDA is about 9.5% plus kind of a number.
- Rohit Gajare:** 9.5% a better number on the EBITDA basis?
- Deepak Sharma:** Yes that is correct.
- Rohit Gajare:** You mentioned that you are taking efforts to reduce the inventory sales, I just wanted to understand as you expand, as more stores open do you feel that you can improve this number further or there will be a constraint at some point that further expansion may not help you reduce, maybe you are growing into newer geographies, so that could be a headwind for improvement on this number?
- Deepak Sharma:** We are fairly sure that this number is reflective of the efficiencies at the back end and as over a period of time we have been emphasizing both the capabilities and investments doing at the back end at the various domains, which will result in efficiencies coming in. We are fairly hopeful that despite our expansion into newer geographies we would be in a position to improve the efficiencies at the back end and hence this number we are fairly sure will improve over times to come.
- Rohit Gajare:** On similar lines what other metrics that should be monitored, that can be improved as time goes by to see that capital has been employed, the productivity of the company rather increasing, is there any other matter that we should target?
- Lalit Agarwal:** We should keep targeting all the numbers in a better way because I feel the glass is half full everywhere, so we should be able to see, the core target be return on capital employed and the free cash flow generation, so we have to work similarly parallelly on both the areas, top two KPI that we take for ourselves and the CFO takes for himself. So typically trying to better these two numbers and these two numbers we want to do, we will have to plug all the holes and we should



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plug all the gaps and trying to improvise and putting efficiency at all the areas, so it has to start with sales and it has to then go down to GP and decreasing the cost and trying to maximize our resources and everything, I do not need to explain you, I think we have to work on individual pieces to get these two numbers better.

Rohit Gajare: Okay sir, since you mentioned that from capital employed what is your target level we should look at?

Lalit Agarwal: I do not know we are trying to work and we should be something around 25% plus what we expect and I think we will do it, still we have not employed the complete IPO proceeds, all our investments have not reaped the results, so we are working, please do not ask a lot of commitment and do not take in my words, so let us see and let us put an effort more and then try to show the results.

Moderator: Thank you. I would now like to hand the floor over to the management for closing comments, over to you sir.

Lalit Agarwal: Thank you everybody. Your support and your trust over us is indeed required and has been outstanding the response that I am receiving from investor fraternity give us a lot of confidence and lot of insight in doing of business, I want similar questioning to happen in the concurrent month also, so kindly continue your question session and then keep motivating us. Anything that still you want to get a clarity on and want to get back to so you can get onto maybe Avi or Deepak directly and then we will answer you those and thank you, let us look positive and keep selling. Thank you so much.

Moderator: Thank you very much sir. Ladies and gentlemen thank you for joining the call on behalf of India Infoline Capital Limited that concludes this conference. You may now disconnect your lines.