



May 5, 2023

To,  
Listing Department  
**National Stock Exchange of India Limited**  
Exchange Plaza, Plot No. C-1, Block-G,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400051

NSE Symbol: MANYAVAR

To,  
Dept. of Corporate Relations  
**BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street, Fort,  
Mumbai – 400001

BSE Scrip Code: 543463

Madam / Sir,

**Sub : Transcript of Conference Call of Q4FY23 and FY23**

**Ref : Intimation under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") for schedule of meeting with analyst(s)/institutional investor(s) in relation to our earlier intimation dated April 27, 2023**

In accordance with Regulation 30 read with Schedule III of the Listing Regulations, this is to inform you that the transcript of the Conference Call organized and held on Tuesday, May 02, 2023 in relation to the financial performance for the quarter and year ended March 31, 2023 ("Q4FY23 and FY 23") is hereby enclosed and the same is being made available on the Company's website.

The transcript can be accessed on the Company's website from the link given below:  
<https://www.vedantfashions.com/investor-presentation>

We request you to kindly take the aforesaid information on record and disseminate the same on your respective websites.

Thanking you,

For, Vedant Fashions Limited

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**Navin Pareek**  
Company Secretary and Compliance Officer  
ICSI Memb. No.: F10672

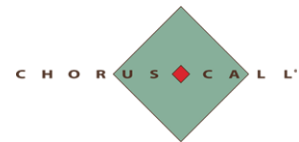
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**VEDANT FASHIONS**  
- LIMITED -

**“Vedant Fashions Limited  
Q4 FY’23 Earnings Conference Call”**

**May 02, 2023**



**MANAGEMENT: MR. VEDANT MODI – CHIEF MARKETING OFFICER –  
VEDANT FASHIONS LIMITED  
MR. RAHUL MURARKA – CHIEF FINANCIAL OFFICER –  
VEDANT FASHIONS LIMITED**

**MODERATOR: MR. NIHAL JHAM – NUVAMA WEALTH MANAGEMENT**



**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 FY23 Earnings Conference Call of Vedant Fashions Limited hosted by Nuvama Wealth Management. 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 and will be for a duration of 45 minutes. I now hand the conference over to Mr. Nihal Jham from Nuvama Wealth. Thank you and over to you.

**Nihal Jham:** Yes, thank you so much. On behalf of Nuvama Institutional Equities, I would like to welcome you all to the Q4 FY23 Earnings Conference Call of Vedant Fashions Limited. From the management today, we have Mr. Vedant Modi, Chief Marketing Officer, and Mr. Rahul Murarka, Chief Financial Officer. I would now like to hand over the call to Mr. Vedant Modi for his opening remarks. Over to you Vedant.

**Vedant Modi:** Thank you very much Nihal. Good afternoon and Namaskar to all the participants. I am Vedant Modi, the Chief Marketing Officer of the company. Thank you for joining us today to discuss the Vedant Fashions Limited Quarter 4 and Financial Year 2023 results. I am joined by Mr. Rahul Murarka, the Chief Financial Officer of our company. I hope everyone got an opportunity to go through our financial results and investor presentation which have been uploaded on the Stock Exchange as well as the company's website.

Let me take you through the fourth quarter and full year performance. We are pleased to report that we have achieved strong growth in the financial year. Our growth strategy is focused on expanding our retail outreach both domestically and internationally. We have expanded our international presence and we are now present in four international countries USA, UAE, Canada and the UK. In this quarter we increased our exclusive grand outlet footprint which is the dominant channel for the company.

As of March 2023, VFL's EBO area stands at 1.47 million square feet spanning 649 stores in 257 cities and towns globally. The national EBO footprint tallies at 633 stores spread across 245 cities and towns. In this quarter we have opened net square feet area of around 75,000 square feet which includes 7 EBOs in India and 2 international EBOs. In financial year 2023 we expanded our retail footprint by 2.04 lakh square feet with 54 net EBOs opening. This expansion highlights the commitment to provide our consumers with the best possible shopping experience thereby increasing our market share with the largest share of the consumer's wallet.

In financial year 2023 our overall consumer sales growth stands at 26.3% over financial year 2022. Our SSSG growth has been 18.1% in financial year 2023 over financial year 2022. In quarter four financial year 2023 our overall consumer sales grew by 21.2% over quarter four financial year 2022 and the SSSG growth has been 14% over quarter four of last year. In financial year 2023 our consumer sales growth stands at 47.1% when compared to pre-COVID financial year of 2020 while the financial year 2023 SSSG growth has been 17.6% over the pre-COVID financial year of 2020. In the fourth quarter of the financial year 2023 our overall consumer sales growth stands at 45.8% compared to quarter four financial year 2020.

In quarter four financial year 2023 the SSSG growth has been 16.2% over the quarter four of financial year 20. We continue to run our flagship campaign built around the theme #TaiyaarHoKarAaiye. The campaign features Ranveer Singh in a new avatar and was targeted to wedding centric audience. We ran the campaign across all channels, and it was a 360-degree campaign. In addition to this I would also like to highlight that we have launched Kiara Advani as the new face of the brand Mohey.

We ran a campaign featuring around the theme #DulhanWaliFeeling and it depicts the saga of a modern-day bride and how weddings are a big day for them. This campaign beautifully encapsulates the theme and strongly connects with all modern-day brides. We saw tremendous performance across the digital channels that we made this campaign lighten. With this I will now hand it over to Mr. Rahul Murarka to take you through the financial performance of our company. Thank you.

**Rahul Murarka:**

Thank you, Vedant. Namaskar and good afternoon, everyone. I would like to highlight the key performance for the fourth quarter and financial year ended March 23 based upon the consolidated financial statement. Starting from Q4 of FY23 performance update, the company has reported revenue from operation of INR342 crores in Q4 of FY23, delivering a growth of around 15.3% compared to Q4 of FY22. The company continues to report industry-leading gross margin of around 66% during Q4 of FY23. The EBITDA margins were around 50.2% and the EBITDA stood at INR171 crores during Q4 of FY23 with a growth of around 17% compared to Q4 of FY22.

The company reported best-in-class PAT margin of 31.9% and the profit after tax stood at 109 crores during Q4 of FY23 with a strong growth of 23% compared to Q4 of FY22. Our sale of our customer was around INR 483 crores during Q4 of FY23 with a significant growth of 21.2% over Q4 of FY22 along with strong SSG growth of 14% in Q4 of FY23 over Q4 of FY22. Now comparing our Q4 FY23 performance with Q4 of FY20 whose figures have been considered basis internal management MIS. The revenue from operation significantly grew by approx. 31% and we witnessed very strong growth in PAT by approx. 53% compared to Q4 of FY20.

Sale of our customer grew by approx. 46% over Q4 of FY20 and we recorded SSG growth of 16.2% in Q4 of FY23 over Q4 of FY20. Now I would like to summarize FY23's full year performance. The company reported revenue from operation of INR1,355 crores during FY23 delivering a very strong growth of 30% compared to FY22. The company continues to report industry leading gross margin of 67.4% during FY23 with an improvement of 0.5% compared to gross margin of 66.9% in FY22. The EBITDA margin was around 50% and the EBITDA stood at around INR678 crores during FY23 with a strong growth of around 30% compared to FY22.

The company reported best in class PAT margin of around 31.7% and the profit after tax stood at INR429 crores during FY23 with a significant growth of around 36.3% compared to FY22. Moreover, the PAT generated during the year is approx. 140% of net working capital deployed as on 31st of March 2023. With optimization in working capital, we have been able to achieve industry leading ROCE of approx. 95.3% during FY23. The company has a track record of generating significant cash driven by a healthy cash conversion ratio. The company continues to

generate high cash conversion ratio of around 83% in FY23. This has been computed based upon operating cash flow over PAT during the period. Moreover, the operating cash flow generated during the year is 116% of net working capital deployed as on 31st of March 2023. The company also witnessed improvement in net working capital days from 94 days in FY22 to 83 days in FY23 which is computed based upon internal MIS. The sale of our customers was around INR1,861 crores during FY23 with a significant growth of around 26.3% over FY22 along with a very strong growth of around 18.1% in SSG compared to FY22.

On comparing our performance with figures of FY20, basis internal management MIS, revenue from operation significantly grew by approx. 48% and we witnessed very significant growth in PAT by approx. 81% in FY23 over FY20. Sale of our customers also significantly grew by approx. 47% along with SSSG growth of around 18% over FY20. Thank you and Namaskar everyone. We can now move to the Q&A session.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Tejash Shah from Spark Capital. Please go ahead.

**Tejash Shah:** Hi, thanks for the opportunity. So, first question pertains to largely kind of trying to reconcile your SSG numbers with the traditional method of store addition or square footage expansion which is 16% and if I reduce the revenue growth from there then the SSG does not actually look very high number. So how should we reconcile this number with what you have given?

**Rahul Murarka:** Hi Tejash. So basically, as far as reconciliation is concerned, the pure maths would never work because the square foot area which we add upon in a particular year is around the year, it's not in the beginning of the year. So, the revenue which also gets generated is for a part of the year in that year in which you open the store, and the full year revenue comes in the next year only. So, if you see the trend of store opening like in FY23, out of 2,04,000 square feet which we opened in the entire financial year, 75,000 which is a big chunk will be opened in Q4 only.

So around 60%-65% of the area which we opened was in H2 compared to 40% which we opened in H1. So obviously the revenue of those square feet areas additions which have happened, the full revenue would come in the next year only. So that is why the total, I mean if we add upon the square foot addition, plus the SSG will never come across, will never match with the overall revenue growth.

**Vedant Modi:** If I may add to that Tejash, if you look at it, our SSSG for financial year 23 over 22 was 18%, while consumer sales growth was at 26.3%. Now we added about 16% to our overall net area. And because that was throughout the year, if you just take half of that which is 8% and add it to the 18%, it almost adds up to your 26.3%, which is a ballpark figure of how this whole derivation works.

**Tejash Shah:** Perfect. I see SG&A efficiency in the last two, three years. It has been very good. In fact, employee cost in particular, we have again this quarter also we have reduced it Y-o-Y and sequentially both and then the same is true for the whole year as well. I just wanted to know how should we think about the SG&E efficiency going forward and where would you like it to settle so that the business also doesn't suffer but profitability also improves or remains steady.



**Rahul Murarka:** So as far as the employee cost is concerned Tejash, one of the major reasons why the employee cost decreases at a financial level is because of the restructuring of the Director's remuneration. So total, I mean, if you see the director's remuneration, the director's remuneration has reduced from 2.1% of revenue to 1% revenue in FY23. Because of the restructuring of the director's remuneration, I'll be explaining earlier. So that is one of the reasons why, on an overall level, you are seeing a decline or similar numbers of HR costs and not the growth.

**Vedant Modi:** And just adding on to that whole piece, when we talk about the overall efficiency of our company, I think we've been able to demonstrate extremely high gross margins throughout the year. And we're comfortable in saying that 66%, 67% gross margin is what we expect the long-term trend to be. When we talk about PAT margins, while we deliver 31 plus percent in some quarters, we are comfortable in saying a 30 plus percent number. And as you're aware, Tejash, these are some of the numbers in terms of efficiency are a global benchmark now. So, we've been able to do tremendous stuff. The idea is to maintain it as we move forward in the numbers just mentioned.

**Tejash Shah:** Very much clear. And the last one, if I may, looking at the healthy cash flow generation and a very capital efficient model that we have created, how do you want to allocate capital going forward? Because that question will keep on, it will gain materiality as we go forward. So how do you think about allocation of capital going forward?

**Rahul Murarka:** So, Tejash, the company is debt-free and whatever cash you are able to generate on a particular financial year, which is 83% of that significant number, that is sufficient enough to run the business per se. And you have seen that we have also believed in distributing the excess cash which we have to our shareholders. Like last time also we had declared a net of INR 5 per share. And this year also based upon the performance of the company, the Board of Directors have decided to propose INR 9 per share as dividend. So unless we have any M&A which we are not sure when it will happen or it will happen or not in future, cash we will use for the business for expansions, of course to the extent required and always the endeavour would be to give it back to the shareholders.

**Moderator** Thank you. We have our next question from the line of Varun Singh from ICICI Securities. Please go ahead. Mr. Varun Singh, your line is unmuted. Please go ahead with your question.

**Varun Singh:** Yes, sure. Thank you very much. So, my first question is on revenue growth. So, if I look at the yearly revenue numbers and compare it with FY '19 numbers, so we see that roughly 13% to 14% is the revenue CAGR which is coming up. So, Vedanta, my question is, how do you look at this number? Do you think that we could have done much better? And even going forward, how should we be looking at the revenue growth given this context?

**Vedant Modi:** Thank you for the question, Varun. So, the number which we strongly follow when we look at let's say, a three year or four-year CAGR. So, the number in our reference is currently the FY '23 to FY '20 SSSG number which was at 17.6%. So that comes to a 5.5%, three-year CAGR. Now while we may not be exuberant with that number, we are not unhappy either given the kind of environment we are operating in currently. However, the endeavour is to be a good single digit SSSG number as going forward.



**Varun Singh:** Okay. And sir, my second question is how do you see competition from, for example, ethnics in the pockets where, that the store would have opened up?

**Vedant Modi:** So, I won't be able to comment on a single organized retailer. However, in totality, with all the organized retail competition that is opening up across the country, what we've also kind of spoken in our last call, is that everywhere we are seeing organized retail open up next to our stores, the performance of that store is actually better than the state average when it comes to SSSG. So, this is a phenomenon we are witnessing across the board. And in most of the stores. So that is really fantastic to see that the overall market is growing, and it is most likely a faster shift from unorganized to organized, which is what we understand currently.

And in addition to that, as we've mentioned, that the moats that entail in our industry are very large. Given the fragmented supply chain, the very difficult understanding of consumer preferences as it varies every 50 kilometers. And then the kind of brand moat we have created with Manyavar. So many recent studies that we conducted with one of the best market research surveyors revealed that Manyavar's in its TG has a 98% awareness, while we have a 95% to 96% consideration. So now again, from a brand perspective, these are unheard of numbers in the fashion retail space. So, we are very confident about our brand and the kind of moats we have. And as the internal numbers suggest, business is strong, and we are continuously expanding.

**Moderator:** Thank you. We'll move on to the next question from the line of Aliasgar Shakir from Motilal Oswal. Please go ahead.

**Aliasgar Shakir:** I had a question on the performance of Mohey and Twamev. So, we have done the heavy lifting over there and we've been saying that the confidence in the three-four key measurables that we have been tracking has also been doing well. I think we also now open the independent stores over there. So just want to get a sense of what is the feedback on the ground, what is the situation in those key measurables that we've been tracking in the flagship stores. How have they been doing in the independent stores? Do you see the confidence here to now scale this up very quickly in a good period of time, maybe 30 stores, 40 stores in a couple of years?

**Vedant Modi:** Thank you for the question. So, the independent stores for Twamev are planning to start doing live by end of this week. So, first flagship in Bangalore has its soft launch on Friday, with Delhi and Hyderabad being followed very closely and also Pune. So Twamev is set for four flagship stores in the coming quarter or so. While when it comes to Mohey, again, flagship stores are in the pipeline, and they will start to open extremely soon. So, I can't comment on how the performance has been on those independent stores yet because we are going to go live with them extremely soon.

However, when it comes to the performance of Mohey and Twamev within the flagship outlets, we have seen tremendous growth. And both the SSSG growths have been faster than the company average in the financial year. And all the frontline data that we're getting, which is feedback on product, be it conversion rate, inventory terms that we're able to achieve with both of these brands, they've continuously improved over the years. So, we are very confident regarding the independent store concept as well. However, there will be new interesting things that we understand in terms of how do we market the brand separately. So, we'll be able to bring

in footfalls to the exclusive stores, which would be an interesting space to kind of see over the next few quarters.

**Aliasgar Shakir:** Okay. So, scalability from here will be dependent on how these stores perform or you know, I mean, we have a pipeline to already add 30 stores, 40 stores cumulatively on these brands?

**Vedant Modi:** So, take for example we are expecting about 8 stores to 10 stores in Twamev and 10 stores to 15 stores in Mohey as the pilot and based on the results we gain from these pilots is when we take the decision on scalability of the model. However, we are very confident and what we have done with our business development strategy is divided the stores into different pockets of regions and at the same time also divided them into multiple business development strategies.

For example, trying out a high street where consumers walk versus trying out a high street where consumers enter with a car versus a mall store that is extremely famous in the city. So, trying out every single permutation and combination to understand the model as well as we can in the first few quarters itself.

**Aliasgar Shakir:** Right. And they will be in FY '24, new store additions?

**Vedant Modi:** Correct. That's the method.

**Aliasgar Shakir:** Got it. Second question is on the digital transformation we spoke in last quarter, which was likely to see a launch of Phase 1 in this quarter. So, can you share in detail about that what are the areas we should see benefit as the launch happened and things about that?

**Vedant Modi:** Absolutely, thank you for that question and the Phase 1 launch has already happened. So, if any one of you are interested, you can just go to [manyavar.com](http://manyavar.com) and see the Phase 1 come to live. And we have seen tremendous numbers on the backend. However, I don't want to comment too much on it currently because it's only two to three weeks of data where we've seen a significant rise in conversion rate, significant rise in average time spent on our website. So, we are seeing the experience having grown phenomenally.

What we are really interested in is the Phase 2 which kicks in two months to three months from now, where we will start to connect the digital and the physical world. What that will kind of entail at that time is, let's say, what we witness is a lot of grooms search the website before they end up in the store. So, what we're trying to do is create a profile of that groom which is what kind of Sherwanis are they interested in for example. Do they like brocade or which colours do they like and then we pass on this information to the store when the person ends up booking an appointment. So, all of this is going to start coming to live on our new platform in the coming two months to three months.

**Aliasgar Shakir:** Understood and the Phase 1 you mentioned will be on [manyavar.com](http://manyavar.com) where you can as a customer build your profile and things like that?

**Vedant Modi:** Absolutely. So, Phase 1 is the starting point where the new skin is live, a very fast website using all the global practices. So, the Page Speed Insights, etcetera, which Google offers you, we've seen tremendous scores there. And our SEO is also improving after the launch of our first Phase.





**Moderator:** Thank you. We have a next question from the line of Sameer Gupta from India Infoline. Please go ahead.

**Sameer Gupta:** Hi, sir. And thanks for taking my question. First question is that if I look at the secondary sales growth performance on our second half basis, which is clubbing the previous quarter and this one, I see a Y-o-Y growth of only 7%. And this is over a retail area addition of 16%. So, growth has been kind of weak if you include both 3Q and 4Q, which takes in a whole wedding calendar. So how are you so confident of still achieving a high single digit SSS growth going forward? And what is going to drive this improvement in the near term?

**Vedant Modi:** Thank you for the question. We've discussed this before, that overall, what we have witnessed is that last year, Q1 was heavily impacted. That's why weddings moved from Q1 to across the year, which spilled over the dates throughout the financial year 2022. However, because financial year '23 did not have much of a COVID impact, and typically the entire year was clean, that's why weddings were happening normal in Q1, Q2 and Q3, Q4 also normalized. Typically, what we see in a given financial year is we do 36%, 37% of our business in H1, while the remaining happens in H2. However, this year, that figure moved to 42% and 58%. So, what we are expecting is those numbers will normalize and it goes a one-year thing to happen this year.

**Sameer Gupta:** That answers, so thank you. Second question is on the EBITDA margin. If I look at full year EBITDA margin, it is at 49.5% on a post-Ind AS basis. This would be around 41% on a pre-Ind AS basis. Historically, the highest. Are you comfortable with such high margins, first of all? Second is that going ahead with Mohey, Twamev-plus pricing competition, how do you look at this margin? I mean, is it safe to build some contraction at this point on such a high base?

**Vedant Modi:** So again, commenting on the PAT margins, while we've delivered more than 31%, we are comfortable in seeing a 30% in the short term as we move forward. Even with our newer brands, we've been building efficiency with scale so that the margins are able to match up to the company's average margin when it comes to gross margin. So that as these brands scale up, they're not eating away from our company's margins. On the other hand, when it comes to Manyavar, we have a very strong cost efficiency inbuilt in that brand. So, we are able to produce anything almost 25% to 30% cheaper when it comes to other organisations in the market. Now that gives us the breathing room in terms of having very tight prices, yet being able to have the kind of margins that we offer.

**Rahul Murarka:** And just to add upon, Vedanta is giving reference of PAT because post Ind AS 116, PAT has become more relevant than EBITDA. I mean your question was on EBITDA. So that's why I will just clarify that when internally also we review, we feel that it is more relevant to compare on PAT level rather than EBITDA after the introduction of Ind AS.

**Moderator:** Mr Gupta? Yes.

**Sameer Gupta:** Yes, fair enough. So yes, I'm done with my questions. Thanks.

**Moderator:** Thank you. We have our next question from the line of Priyanka Trivedi from Antique Stock Broking. Please go ahead.



**Priyanka Trivedi:** Yes, thank you for the opportunity. So, my first question is if you could give us a sense on how your international stores have been performing and what is the contribution to your revenue from these stores?

**Vedant Modi:** So, while the contribution to our revenue would be very low, it would be the 1% to 2% range. What we've witnessed over the last couple of years is very good traction when it comes to our international stores. We've grown at a 26% CAGR from pre-COVID levels. And the growth was extremely good during the COVID years. However, as we moved out of COVID, what we've seen is the international buyers coming back to India as NRIs and shopping here. So that growth has slightly plateaued, but still the kind of CAGR we witnessed, we are very confident in expanding to much newer countries and to much newer cities that we haven't explored in the international cities yet. So yes, the path from here when it comes to countries we've already entered in, such as the US and the UK, look very good to us.

**Priyanka Trivedi:** Okay. Got it. And so, my second question would be, what would be the contribution of groom versus non-groom sales during the quarter?

**Vedant Modi:** So again, during the quarter is something which we don't give out as a number which is groom versus non-room. But on a typical yearly basis about 45% to 50% of our business comes from grooms or brides.

**Priyanka Trivedi:** Okay. Got it. Yes. That's it. Thank you.

**Moderator:** Thank you. We have our next question from the line of Prerna Jhunjhunwala from Elara Capital. Please go ahead.

**Prerna Jhunjhunwala:** Thank you for the opportunity. I would like to understand the channel mix as well. How do we see the contribution from the other channels like, MBO and LFS and online channel as investing to your platform? How is that share moving?

**Vedant Modi:** So just breaking it down into two components which is MBO and LFS one and e-comm being the other one. So as a company the dominant channel for us is EBOs. And strategically, EBOs are a much more important channel compared to MBOs and LFS because we are able to give consumers the kind of experience the brand wants to give to them and the kind of sizing of the stores that we are opening now is truly able to cater to their needs with a much higher average bill value that we have seen from any other format.

On the other hand, when we talk about online, online is a very strong channel for us when it comes to non-wedding sales such as a festive buying for Diwali or even wedding attendees buying online. So that channel is continuously growing from a business perspective. However, as we were discussing earlier with the new digital experience going live, we feel omnichannel and digital experiences will become a very big component as we move forward into the future.

So that is why manyavar.com would really hop onto all of those sorts of nuances and we have seen a 40% sort of a CAGR in our online channel over the last three years which is compared to pre-COVID levels. So that has been good and with large format stores in MBO as well, we

continue to expand yet it is relatively slow when it comes to the commitment, we have towards EBOs.

**Prerna Jhunjhunwala:** Okay, so and second thing we are opening our larger and larger format sizes. Do we see same store sales force for the company increasing much higher than today's at least in the near-term?

**Vedant Modi:** I mean the size of the store does not play any role there. As we mentioned, a high single digit, good single digit kind of a SSSG what we endeavour to achieve. And that is what our targets are. With higher stores what we are able to do is increase our average build value and provide a much better experience to our consumers. And typically, we only open larger stores in areas where we see the potential to already exist.

**Prerna Jhunjhunwala:** Okay, okay. So, this quarter this year when we have opened very large stores is the highest two than our average size is a coincidence. Maybe it will normalize next few years?

**Vedant Modi:** So strategically we are opening larger stores and that will be the strategy moving forward. So, while this quarter may have been slightly abnormal in terms of the average, however the typical average we've had of about 24-2500 square feet is also going to increase from here.

**Moderator:** Thank you. We have our next question from the line of Archana Menon from Morgan Stanley. Please go ahead.

**Archana Menon:** Hi, thanks for the opportunity. My first question was to Vedant. You mentioned market share gains in your opening remarks. So, could you share some numbers around that? Where is the market share currently and where was it say last year?

**Vedant Modi:** Yes, so in terms of market share, we don't have exact numbers, right, in terms of what kind of market share that we have. Whatever kind of referring is that with our expanding reach of stores and square footage, that is what we endeavour to do. So, while there is no exact market research report that we've done over the years, I won't be able to comment on that. But if I refer back to financial year '20 numbers, then either men industry, men's ethnic wear industry, scale and size, we were doing about 8% to 10% business. While talking about organized, we were at about 35%, 40%.

**Archana Menon:** Okay, any your sense is that could have grown from there?

**Vedant Modi:** Sorry, I couldn't get you.

**Archana Menon:** Sorry, so that number from 35% would have should have increased in the last two years?

**Vedant Modi:** That is our endeavour, however, I won't be able to comment on it exactly as we've not done any research on those lines in the current year. However, from our understanding, we always try to increase our market share.

**Archana Menon:** My second question was in the wedding season for the upcoming year. Are you seeing or expecting any seasonality there or change versus the normal in the upcoming quarter?



- Vedant Modi:** So again, I think this year that we had just concluded, which is financial year 23, was again slightly, we were coming out of COVID, and things were still not normal. And the year was still, we were trying to understand how post-COVID things would impact. However, we see next year is now that we're completely out of COVID, would return back to normal terms with about 36%, 37% of our business happening in H1 and the remaining in H2. And while April has slightly low weddings, May and June have very good wedding dates in the coming quarter. And across the year, we are very confident with Q3 having good wedding dates, Q4 having good wedding dates. So, it all looks like the historical trends we've been operating in when it comes to the current new financial year.
- Archana Menon:** Got it. And would you like to share any comments on how Twamev and Mohey scale up in FY'23 in terms of numbers? Is it fair to assume that they could be between 22% to 25% of your revenues now?
- Vedant Modi:** No, so they are not 22% to 25% of our revenues because Manyavar has been scaling at a rapid pace by itself as well. When we talk about other brands, when we had done our IPO back in those days, we had given out that, at that time about 15%, 16% of our revenue came from other brands and Manyavar contributed 84%. And the other brands have been scaling faster, so that number has slightly increased. But that encapsulates Mebaz in it as well.
- Moderator:** Thank you. We have our next question from the line of Ankit Kedia from Phillip Capital. Please go ahead.
- Ankit Kedia:** Sir, do you think, in the market, we have seen in the kurtas category you have taken some price increases, the entry-level product prices have increased. So, can you just elaborate on that? Given the push we are seeing in Kurtas, why has the entry-level pricing increased in that category?
- Vedant Modi:** So, Ankit, if you refer to the entry-level pricing at a company level, we have not really increased the entry-level pricing. However, at a store level, because of the way merchandising mix changes, those entry-level prices could have changed. So, let's say a very premium store like Lower Parel, the entry-level might have moved from a ₹2,000 a kurta to a ₹2,800, ₹2,700 Kurta. However, when it comes to the whole fleet, the entry-level price points have remained the same.
- Ankit Kedia:** Sure. And, you know, you alluded to the bigger stores. Now, we are opening, 20,000 square feet stores, what we have done in Hyderabad, Delhi. So, how does the footfall in that store move and the smaller stores around in the area? How are they impacted? Because a 20,000 square feet store is really a big flagship store which will pull the crowd.
- Vedant Modi:** Absolutely. So, the typical move that we make is if the productivity of an area is extremely high, we've created a scientific understanding of how big a store we should open in that area. So, take for example, a 20,000 square feet we just opened in Jubilee Hills, and it used to have a smaller store next week and that smaller store continues to perform really well. So, while it may not be doing those tremendous numbers that it used to before, it still continues to beat the company's average when it comes to productivity.

So, the store is still self-sufficient in terms of operating itself and continues to be very profitable. And the newer stores, on the other hand, are able to attract newer consumers as well and the average value that they're able to provide is unheard of when it comes to the rest of the fleet.

**Ankit Kedia:** So, is the inventory also very different in the smaller store versus the big stores?

**Vedant Modi:** Yes. I mean, there is less inventory and, in some areas, where there is a very big store next to a smaller store, we also are taking calls of changing those stores to carry only kurtas and jackets versus having, let's say, everything from sherwani to an Indo-Western as well. And if a consumer walks in, then the staff of that store themselves take them to the newer store, which carries all the inventory.

**Ankit Kedia:** Understood. And my last question is for Rahulji. Rahulji, the other expenses in the quarter have hardly grown on a Y-o-Y basis. Can you just share, you know, given that wedding season had also shifted partly from quarter three to quarter four, have we curtailed our A&P spends in quarter four? And can you share the pre-index rent for fully FY'23?

**Rahul Murarka:** So, the quarter spend for marketing cost is 3.6% of revenue. And in the previous year also, in Q4 FY'22, it was 3.6% of revenue. So, from a percentage of revenue prospect, it has not changed. From absolute value terms, it has increased from quarter-to-quarter.

**Vedant Modi:** And Ankit, I would just like to add on top of that, it's also because marketing calendar in our organization is planned at an annual level. So, Q3 is when we kind of have all the campaign launches planned for. And we also did big events in quarter three. For example, we did a sponsorship in the World Cup as well. And thus, all of those properties carry the higher absolute value. So, at a yearly financial level, we closed A&P at about 5%, which is what we had planned for. And yes, so we don't kind of look at marketing at a quarter level, but rather at an annual level.

**Moderator:** Thank you. We have a next question from the line of Yajash Mehta from Kotak Mahindra AMC. Please go ahead.

**Yajash Mehta:** Hi, thanks for the opportunity. My apologies if I've missed this. On a quarter-on-quarter basis, we've seen the revenue go down. As per my understanding, didn't Q4 have a higher number of wedding days? And if that was the case, then why did we see a decline in revenue? And secondly, if you could just give a sense of the cash conversion cycle.

**Vedant Modi:** Thank you for the question. I'll take the first part. So, we had kind of explicitly explained this in our last earnings call as well, that people tend to actually get married in quarter three, which is the November-December period. However, because the number of wedding dates were extremely low, that's why there was a slight bit of spill over from quarter three to quarter four. Wedding dates are not exactly proportional to the number of weddings that will happen in a quarter. It's a spill over. So, that's why we had also said that the numbers might come closer, but there is no chance that Q4 would actually be higher than Q3. And this is a historical trend in the life cycle of our company where I don't think there has been a single Q4 that has done better than Q3.



- Rahul Murarka:** Because there are festivals also, like major festivals like Diwali, that also happens in Q3 only. So, because of the festivals and weddings, Q3 is the heaviest for us as far as Q3 comes in.
- Yajash Mehta:** Got it. Thank you. And my second question, as I mentioned, if you could just give me a sense of the cash conversion cycle?
- Rahul Murarka:** Yes. So, cash conversion ratio, the OCF by PAT is, we have been able to generate INR358 crores of operating cash flow during FY'23. And OCF by PAT has been around 83%. So, this is the cash conversion ratio which we have been able to generate in the current year and similar historically as well.
- Yajash Mehta:** Okay. Thank you.
- Moderator:** Thank you. We have a next question from the line of Aman from Carnelian Capital. Please go ahead.
- Aman:** Sir, thank you for the opportunity and congrats on a good set of results. So, my question was on the retail space. Like, currently we are going for larger new stores, like around 4000 square feet. So, if you can give a rough idea, like how much is the mix for Manyavar, Mohey, Twamev, like any idea on that?
- Vedant Modi:** Sure. Thank you for the question. So, Mohey would typically be, depending on the size of the store, somewhere between 25% to 30%-35% of a store. While Twamev is not given any specific area in the EBO, it's kept along with Manyavar products. So, Twamev does not require any spacing of its own. So, that's the kind of split we have in any flagship store that is larger than 3000 square feet.
- Aman:** Understood, sir. A follow-up question on that, sir. Like, when we are talking about around 16% kind of retail space, so like, does that include this Mohey area also, the standalone Mohey and Twamev stores we are opening? Because, if we look from just Manyavar standalone point of view, like, even with the higher number of stores, the actual retail space growth for Manyavar would be lower, right? Like, it will be in low double-digit kind of a number.
- Vedant Modi:** So, again, any retail growth numbers that we've given have always been at a company level. That's the way our format has always been up until now, which is the Manyavar-Mohey flagship concept and the standalone Manyavar concept. However, as we have more formats moving forward, we don't expect the 16% CAGR to change too much. The endeavour is always to beat that number. However, given the kind of supply side and demand side that we have to maintain and the kind of cost efficiencies we keep in mind, that's a good target that we've set for ourselves internally.
- Aman:** Understood, sir. Just one more question on demand outlook. Like, are we seeing any slowdown? Because lots of players in the consumer sector are seeing some slowdown in their businesses. So, any slowdown we are witnessing in our business?
- Vedant Modi:** It's very difficult for us to comment on any slowdown or anything on those lines. Our business is heavily dependent on wedding dates as one big factor. And typically, what we've seen

throughout the years, even in cases of a very large slowdown or a very good consumer behaviour, the change is plus minus 2% at a SSSG level, which is the kind of effect our business may have. But at an overall level, the big dependency that we have is on wedding dates, which seems very good for the overall financial year that is upcoming.

**Rahul Murarka:** So, as far as weddings are happening, we are a kind of essential category.

**Aman:** Great, sir. Thank you. Thank you for your answer, sir. It was really helpful.

**Vedant Modi:** Thank you very much.

**Moderator:** Thank you. We have our next question from the line of Rajesh Vora from Jainmay Venture Advisors. Please go ahead.

**Rajesh Vora:** Good afternoon, gentlemen.

**Vedant Modi:** Good afternoon.

**Rajesh Vora:** Congrats on a pretty good set of numbers. One question we don't think you touched upon was a non-Manyavar – Manyavar brand at the time of IPO was close to 84% of revenues. Twamev was launched in 2002 but acquired in 2017. Mebaz, Manthan. So, is there a challenge to create another Manyavar set of brands for you? How do you look at it from 30,000 feet?

**Vedant Modi:** Thank you for the question. So, again, you know, as a company, we've always been calculative in our steps, and we are focused on achieving efficiency with any of the brands. So, we don't want to scale at the cost of efficiency. So, with all the newer brands that we have, be it Mohey, Twamev, or Manthan, we've gotten them to position, especially Mohey and Twamev at this moment, but they are now ready for the next level of leap.

And that is why we've taken the strategic call of starting to open exclusive brand outlets, which will start to pour in over the next quarter. We would ideally like to study those exclusive brand outlets that we open, understand the kind of potential that this model has, kind of fix if anything requires fixing, and from that point on, move on.

And what we've really gained over the years is the synergy from the brand Manyavar. So, building Manyavar has allowed us to understand how to manage supply chain in this industry. We've built extremely strong data models that are now being able to use across our brands and therefore improve all of their efficiencies.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments. Over to you, sir.

**Vedant Modi:** Thank you very much to everyone for joining us for the quarter four earnings call. It's always a pleasure interacting with all the analysts. It's a very good learning for all of us. Thank you very much. Hope to see you next quarter.

**Rahul Murarka:** Thank you.



**Vedant Modi:** Namaskar.

**Rahul Murarka:** Thank you and namaskar.

**Moderator:** Thank you. On behalf of Nuvama Wealth Management, that concludes this conference. Thank you for joining us and you may now disconnect your lines.