Ref. No. CS/S/L-494/2021-22 **2nd June, 2021**

To:	To:
The Listing Department **NATIONAL STOCK EXCHANGE OF INDIA LIMITED** "Exchange Plazza" Bandra-Kurla Complex Bandra (E), Mumbai – 400 051 **Scrip Code: VMART** Fax: 022-26598120 Email: cmlist@nse.co.in	The Corporate Relationship Department **THE BSE LTD** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 **Scrip Code: 534976** Fax: 022-22723121 Email: corp.relations@bseindia.com

Sub: Audio Recording and Transcript of the Conference Call held on May 31, 2021

Dear Sir/Madam,

With reference to our letter dated May 28, 2021(Ref. No. **CS/S/L-490/2021-22)** intimating you about the conference call with Analysts and Investors held on May 31, 2021, please find attached the transcript of the aforesaid conference call and further the audio recording of the same can be accessible through the link: https://www.vmart.co.in/nimda/product_image/invester/ICI0420210531135220.mp3

The above information is also be available on the website of the Company: www.vmartretail.com

Request you to kindly take the same on record.

Thanking you,

Yours Truly
For V-Mart Retail Limited

ANAND AGARWAL
Digitally signed by ANAND AGARWAL
Date: 2021.06.02 17:09:58 +05'30'

Anand Agarwal
Chief Financial Officer

Encl: As below

"V-Mart Retail
Q4 FY2021 Post Results Conference Call"

May 31, 2021

ANALYST:	**MR. KRUPAL MANIAR – ICICI SECURITIES** **MR. DARSHIT SHAH – ICICI 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**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY2021 Earnings Conference Call of V-Mart Retail Limited hosted by ICICI Securities. 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 would now like to hand the conference over to Mr. Krupal Maniar from ICICI Securities. Thank you and over to you Sir!

Krupal Maniar: Thank you. Good afternoon everyone. On behalf of ICICI Securities we welcome you to the Q4 FY2021 and FY2021 Earnings Conference Call of V-Mart Retail Limited. On the call, we have with us, Mr. Lalit Agarwal, Chairman and Managing Director and Mr. Anand Agarwal, the CFO of the Company. At this point of time, I will hand over the floor to Mr. Lalit Agarwal for his opening remarks, which will be followed by interactive Q&A. Thank you and over to you Sir!

Lalit Agarwal: Good afternoon everyone. Thank you so much for coming on to this call. Very, very challenging times that we have and that the world has and this is the second wave that we saw actually was a very, very impactful and wishing everyone a safe environment around. These are not the greatest times for the community and we always had similar challenges which everyone else posed friends and relatives, people, customers all part of the stakeholders where somewhere or the others were affected, the family members were affected, lot of emotional trauma around and as a team, we were quite alert in fact empathetic in trying to provide whatever support, whatever food, in which we could help the community, our people, ourselves in managing both the psychological as well as physical health so that we are able to get back to normalcy as soon as possible.

There has been in this particular quarter or even now there is definitely a lot of impact, but we are able to see in the market almost all the markets are closed. We had actually seen a very good quarter in the last year. The industry actually saw and the economy overall saw a great fourth quarter last year and everyone were hoping that things are back to normal and things will become back to normal by the Q1. The Holi period was very good. We saw almost most of the customers coming back. We saw a great movement in the market both from the economy perspective, our industry perspective, every retail had got back some kind of growth or some kind of almost similar number that they had in 2019, but towards the end of the month, we started seeing some trends, but we were very bullish and most of the markets was bullish. We saw a huge growth in the commodity prices. There was a kind of shortage in the market in terms of the availability of products, at the right prices, there were a lot of commitment failures which happened, so vendors and the purchases were all aligned in a very, very dynamic manner and people or even we were anticipating or forecasting a higher growth in the coming quarters. We all went upbeat during the end of the month and the whole industry was upbeat and so that is where we were at the end of the year.

During the start of the year, in April, there is definitely news which crippled in and which moved so fast, but as an industry and as our own business, we reacted very fast. We took the position which was little more conservative and we went down and we immediately took all the measures that we had taken in the first wave and learnt in the first wave, but otherwise, numbers and the data, which is coming in from the ground is good. The monsoon has been great. The agriculture income has been very good. People in the smaller towns and rural side, actually were earning very well. People were anticipating lot of marriages in this particular quarter which some happened, but some did not materialize and in fact could not do, so they will happen over a due course of time. We are still anticipating a very good come back. We are anticipating a better come back compared to the last year, compared to the last pandemic first wave that we had. We are anticipating because the government has been very good. The government's approach has been better. They will definitely not keep it so difficult because their learning will bring in better convenience to retailers and to the consumers.

As soon as the regulations are liberalized and regulations or the kind of opening up staff happening more and more, which we have been hearing, which has started coming in today and they started giving out some new rule and other states have also started giving out some relaxation in terms of opening of retail, the business should come back to normalcy very, very soon is what we expect, but yes definitely first quarter has been or is almost washed out. We should not expect too much on this. We should expect some relief in the second quarter onwards and we should just hope of better consumption. People are anticipating that this time the comeback may be a little slower, people are anticipating, people have suffered more, people had gone down with their economic or their financial positions in the family because of their health issue, people may want to save for the third wave, but on the other side, I just told in the morning in CNBC that on the other side, people also want to live a life and life is too short that they have realized. People do not want to miss out on that opportunity. Consumption brings them happiness and people need happiness at this moment of time.

So, we expect a higher consumption, we expect more spending on aspirational side. In fact, we did want to come back strongly, consumption will come back strongly. This is what we anticipate. It may take some time at the end of second quarter or the third quarter we should expect better philosophy of our fundamental will be the same. We will definitely open up new stores because the new stores that we are opening up will be for the future, we will try to invest more in technology as we have been doing that. We have really taken digital transformation, very, very aggressively. We have about enough on automation, analytics and bringing in new technology. We have worked on digital transformation itself in terms of E-commerce, omnichannel, trying to map our customers on that, attract new customers on that, bring in more attraction for our apps, bring in more convenience to our online shoppers, give them multiple experience of whether video shopping or whether online shopping, doing some part of home deliveries and stuff. So, we have initiated a lot of these things. We are really bringing in lot of digital transformation. We are talking lot more on bringing further automation and furthermore adoptability of technology in our organization. So, we will keep that very, very focused, we will keep that very, very strong and we believe this will be the driving force in the future.

There is some business. There is some share which should definitely go on this side so we will have to be prepared for roping in the new challenges which are going to come in, in the future in terms of the customer behavior, in terms of the human behavior and the change in the consumption pattern as a buying philosophy. So, we are getting prepared for that. Anand will give you a brief about the financials of the last years and the numbers and then we could have the questions. Thank you.

Anand Agarwal: Thank you Lalit. Good evening everybody. Looking back at the quarter under review, we had a good upswing in business led by fresh inventory, fresh season merchandize and a lot of pent-up demand and also near normalcy in the consumer behavior after almost a year's time.

Let me just take you through some of the key highlights on the quarter and also last year and then as Lalit said, then we can open the house for questions. Q4 traditionally is one of the smaller quarters in any year but owing to the strong pent-up demand seen almost across all parts of the country and in particular the key markets of Uttar Pradesh, Bihar, Jharkhand and also West Bengal, coupled with resurgence of consumers out on the streets to get new wardrobes refilled, we saw a very good recovery. This also helped us achieve even M2M growth of March.

Definitely the numbers of prior years were impacted by the national lockdown but at the same time, even in the current year it was not a fully normalized operations with footfalls still trailing at 37% of last year and the quarter. While the last quarter, Q3 was more around festive and marriages but still significantly impacted by the pandemic. Q4 was towards the path of recovery and normalcy. The upbeat consumer mood in the quarter was visible across all states and all Tiers of passes although early resurgence of COVID towards the latter part of March did impact operations in Gujarat, Rajasthan, Madhya Pradesh, and Jammu where there were local restrictions put in place impacting the operations.

If I look at the sales at 110% of last year, we had one of the best quarters this year despite continued poor footfalls, which were made up by a 19% higher units per transaction and also an 8% higher average bill size. Strategically keeping in view the higher demand for leisure’s or comfort wears the company had introduced new merchandized collections at more economic price points to hive of sales per volumes which led to a slight decline in ASP by 9% for the quarter while the full year ASP still was up by 3% on the back of a stronger product mix in Q3.

As far as the online operations are concerned, we continue to build the base strongly, improve the offerings, improve the products assortments, customer interactions, offer guaranteed deliveries and use a lot of digital transformation tools to understand customer preferences. We also did a lot of digital marketing, increased our focus on online presence in all forms. While our numbers keep increasing at a rapid pace, we are gearing up to get the online share of the overall business mix to at least 5% in the next two to three years if not more. In fact, I will invite you all to have a look at the vmartretail.com and give us your feedback and how we can improve this even further.

Coming to the margins and inventories, gross margins improved by 130-basis points in the quarter and while for the full year it was a 50-BPS improvement, reflecting a stronger wholesale sales and customer confidence as the part of the offering. Doing healthy fresh inventory and customer focused price points also helped promotions during the quarter. While we have started to stock up for the upcoming summer peak sales, and the heat season and the marriage season in a big way, but despite that the inventory remains very healthy at 90-days as of quarter end.

Still looking at the ongoing second wave induced lockdowns we have taken conservative measures to further aggressively provide for any possible markdowns against inventory over and above the normal provisions carried out as a policy. So therefore overall shrinkage, which includes write offs, losses, and provisioning climbed up to 2% of sales for the full year on a lower sale base. Despite the slight upstocking in inventory for the next festival and marginal cycle in April and May we remain comfortable on the overall inventory situation and the working capital cycle and are working closely with our vendor ecosystem to efficiently ride through this next wave.

Coming on the cash side, the full year cash flow stands at 110 Crores mainly driven by optimisation in inventory and working capital management. Capex for the full year was at 40 Crores with 20 new stores getting opened and some refurbishment of existing stores, some technology investment and also commitments made towards our new warehousing facilities being set up near Gurgaon.

We closed the year with a total of 279 stores, 20 new opened and closure of 7 old stores. We continue to remain optimistic on the overall growth opportunity and we will keep investing in new stores at a regular normalized pace in the coming year with a caveat of the pandemic disrupting movement of material and people just like last year.

During the quarter, we also raised fresh capital of 375 Crores by way of QIP in early February which has further strengthened the cash reserves and will help us fast track planned expansion projects speedily. These include setting up our new warehousing facility, expanding stores, refurbishment of stores and also fast tracking the technology investments particularly around online.

Coming on to expenses side, the last two quarters have been near normal as far as business operations and therefore expenditure go. With regular promotions and full year at the end of March marketing was near normal as were most of the overhead expenses during the quarter. As a result, the overall expenditure for the quarter was broadly in line with last year but for the full year the total expenses were down by 31% year-on-year mainly due to the savings and optimization done during the first two quarters of the year.

As a net summary, the company closed the year with its first ever loss at 6 Crores for the full year and as we base ourselves to for the new challenges, we look forward to restarting the operations with full vigor just as soon as this next second wave subsides.

On the future outlook we will still remain cautiously optimistic as we continue to strongly support our ecosystem in handling the second wave which has left lot of us in many families. While April and May was almost a complete shutdown we should see some gradual opening from mid of June and then we can definitely hope for some normalcy to return in the operations cycle. We have been working tirelessly to help support our community either by way of setting up COVID care centres or contributing in medical help across the country, apart from helping our employees to help us on centralized resource skews. We are focused on the well being of our employees and their families at present while strengthening the back end to capture the larger opportunity post the pandemic. With increased vaccination over the coming months, we expect consumers to bounce back towards the latter part of the year.

On the business side, we will continue to optimise cost efficiently manage cash and keep reinventing ourselves digitally as we battle the dual challenges of the pandemic and also cost inflation across our key input lines. With the gradual recovery in footfalls and consumption, I am sure we will emerge stronger on the other side of this crisis. So that is all from my side. I now request the moderator to open the house for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take the first question from the line of Percy Panthaki from IIFL. Please go ahead.

Percy Panthaki: Good afternoon everyone. I just wanted firstly to understand the impact of the pandemic. Would you be able to give some idea on how many stores you plan to open in FY2022? And also since FY2021 and FY2022 might be on the lower side due to pandemic and assuming that the pandemic is sort of gone by end of FY2022 would FY2023 see an accelerated…?

Anand Agarwal: As of now I think we still remain on the normal trajectory for FY2022. As I said earlier, unless there is some unforeseen circumstance which forces us to change the course, while Q1 has definitely been washed away significantly but for the rest of the year we still maintain trajectory for opening 40+ stores and in the past we have normally averaged 22% on the base of new openings and that is what we will still hope to gun for this year. There may be small minor corrections as we move along depending on how the broader environment behaves but as of now we are not changing or reducing our plans significantly for new store openings. As far as FY2023 goes, I think we will still remain on course of the normal trajectory and not go overtly aggressive but maintain the full year kind of rate of growth for the new store openings. There may be a small minor adjustment here or there, but at an overall level, we will maintain the same trajectory of growth.

Percy Panthaki: Also in terms of the second wave impact on the full year of FY2022 I understand Q1 is sort of going to be impacted very badly but how do you look at the rest of the year in the sense that like for example in paints we have seen that whatever demand destruction happened in the first half of FY2021 that was actually sort of replenished in second half and the year as a whole, really did not see much of an impact. Now in apparels that has not happened in FY2021 but any chance you are seeing that a similar thing can happen in FY2022 so that despite Q1 being a washout the full year impact is negligible?

Lalit Agarwal: Apparel business is not a paint business and once it is once gone immediately you need it, it is not that way. So this is more activation. The business is more to show off also. There is some part which is need based but the other parts are more showoffs and definitely if the wardrobe is getting older and older at some point of time, people will want to buy in more, but as of now what is happening the wardrobe may get older, but it is not getting used. So when it is not getting used and things are lying in the wardrobe, there is a tendency to not buy. So that is how it will not come back fully, but some part of it definitely what we saw earlier also last time also with some kind of spurt in the buying initially which happens and our customers comes out to buy there is a lot of like child clothing. So children's are growing, so their older clothes may not be used. So, there is opportunity where we would actually sell some of these and those are need based buying which should be there and we should see some kind of, some percentage which will come back.

Percy Panthaki: My last question Sir is on the competitive scenario. Out of the 279 stores or actually we should look at it on a city wide basis so let us say you are present in 100 or 150 cities whatever that number is how many of those cities are national competitors like Reliance Trends or we are also present and sub question to that is if in a small town of 2 lakhs, 3 lakhs, or 4 lakhs if you are present and a Reliance Trend is also present what is your edge over the competition in the sense that what will make the consumer come to your store versus the competitors? I know obviously they will go to both stores but I just wanted to know where you differentiate and where you sort of think that you can win over the customers?

Lalit Agarwal: We are present in more than 192 towns as of now and almost 70% of the towns would have one or more nationalized retailers. So, that is almost 150 towns should have more than one or more nationalized retailer now. See there are obviously as you were talking about Reliance Trend in particular or you are talking about maybe the likes of Reliance Trend, so they are too notch up or one notch up our model in terms of pricing. So, their prices are still almost 30%, 35% higher than what we sell similar products and then number two, we are primarily a Tier 2, Tier 3 town retailer. So we have and our learning has really brought a lot of the kind of localization what would they require, they may not require, not everyone may require everything as a metro town people require, so there is a lot of those kinds of understanding where the consumers need is given and delivered and in terms of both whether it is a store experience or product experience or the product pricing and the embellishing of the product, so on an overall experience there may be a lot of differences. There are lot of differences and they may not be, so both could exist and one customer could go to both the stores. There would be lot of customers who only come to us. There may be some customers who would buy some products on a particular section from our stores and some other products from the other store. So there is definitely some advantage. There are something where the other competitors will also have an advantage. But largely, still I think there is lot that we offer, it is a lot different that we offer. These are more from the customer mindset that you have to ask and we need to conduct a survey that your question will get answered. And we do it continuously. We do get a lot of feedback on this.

Percy Panthaki: Out of the 150 towns there is a overlap of national players it is mainly the largest would-be Reliance Trends?

Lalit Agarwal: Let me not name that but yes there are. I mean as a national player if you ask, they are the largest one anyways so they will be the largest, but other than that there are many other retailers.

Percy Panthaki: That is all from me. Thanks and all the best.

Moderator: Thank you. We will take the next question from the line of Avi Mehta from Macquarie. Please go ahead.

Avi Mehta: My first question was essentially on the recent lockdown and your focus on tech investments. Now clearly that suggests that the consumer is moving a lot more online. In that realm what would be your key competition because in the typical offline sales that we are comparable with do not have an online presence. Please correct me if I am wrong if you can help explain that Sir?

Lalit Agarwal: Your question is directing towards the competition who are omni present or competition who are online?

Avi Mehta: Both.

Lalit Agarwal: There are three kinds of competition, which our customer or we are interacting and whether you directly save them or not but all the three kind of competition, 90% or 95% of the competition is from the players who are only present offline. There is 3% to 4% competition from people who are omnichannel present and there maybe 1% or 2%

competition coming in from online channel also and if I speak about the customer segmentation, so there are all the kinds of competition which are there and definitely every competition is important. People who are still not omni could become omni, people who are omni will get stronger in online and whether test all our customers, how does he prefer, when does he prefer, from whom does he prefer. So, we will have to deliver an omni experience which has to be great, which has to be good and there is a long journey that we have to cover on that which has just started. So, we will first of all focus on our own key things the basic that we have to deliver as an omni retailer and then look at what the competitor is doing and then competitor should do.

Avi Mehta: Lalit Ji, let me kind of rephrase my question what I mean. My understanding is that look, we have a very sweet spot in terms of pricing and quality. Now typically there is an offline retailer and there are many offline retailers who were giving that value experience but they are very small in terms of size and hence my thought was that they will not be able to go through this omni experience and in that kind of environment the consumer is supposed to buy online for the need based, we would be the only choice. Is there some mistake in that thought Sir if you can help me?

Lalit Agarwal: Once people do buy online definitely customers who knows these retailers are almost in the market, will definitely want to buy from these kinds of retailers will definitely see ourselves as a priority channel because they know us, they trust us and when they want to buy online, they will definitely offer someone whom they have visited and if they have visited us as well as other competitors and we are able to offer them an omni experience, they will definitely choose us over them. That is definitely a good piece that is available with us, but on the other lines online when they see a product photograph, at times, to differentiate quality is a very, very difficult subject. So, there the competition immediately changes and I may voice of Amazon or a Flipkart or Myntra would become competitors if they are able to give out specifications, content or a photograph which is in similar prices then customers may switch down to them also. So that also is one of the trends which is there. We may experience a good product; we may not experience a good product that only comes from delivery on ground.

Avi Mehta: Sir, right now that is not the case. Is that understanding correct?

Lalit Agarwal: Yes.

Avi Mehta: In that sense, if we were to get the omni in place and if there is a consumer movement to omni we would be the first or the key beneficiary. That is the way if someone were to see that that would not be completely wrong?

Lalit Agarwal: You are right.

Avi Mehta: That helps. The second bit I just wanted to understand from a near term lens, we know inflation is high, and there is a consumer who comes on financially on when she may come back, would it be fair on your strategy the thought would be to look at what you did in the fourth quarter, bring more fresh materials at a lower price point, at a lower position. Is that the thought or can you share what is the thought Sir?

Lalit Agarwal: Avi your understanding is correct. So, it is not just one strategy that will play out. Obviously, it will be a mix of strategies. There are a few inflationary pressures and especially on the apparel raw material side, yarn prices have been increasing consistently for the last four, five months and we have taken mitigating measures in the last four, five months or so and that is also one of the reasons why we started to stock up on inventories and we will continue to keep the freshness portion much, much more relevant as we move along and we have seen that the dividend payout in the last season March also yes your understanding is correct. We will definitely keep discounting and the promotions go to keep the value proposition intact for the lower ASP demanded by the customers.

Avi Mehta: Sir, last if I may squeeze in. You did highlight that there is not an inventory issue, despite seeing some increase if you could help explain that. Is it because of more raw materials or what is the reason for that? That is all from my side. Thank you.

Lalit Agarwal: We do not stock raw material. We always buy tailor-made inventory. The reason why I say that the inventory remains under control is that we are still at a normal and a reasonable level of inventory at a per store level and looking at the pipeline of stores that we also want to open or have already in process in pipeline, we are sitting pretty as far as in the overall health of the inventory is concerned.

Avi Mehta: Perfect. That is all from my side. Thank you very much for these answers.

Moderator: Thank you. We take the next question from the line of Shirish Pardeshi from Centrum Capital. Please go ahead.

Shirish Pardeshi: Good evening Lalit Ji and Anand Ji. Hearty congratulations. Finally we are seeing some routes getting implemented on the E-commerce and I also congratulate you on the Amazon partnership. Sir, my question is on e-commerce. Though we have taken this effort and we are saying that 800 plus buying, we are going to do our own delivery. Within the short span of time, whatever your experience is that how the traffic is moving and more importantly you alluded in the beginning that brand is very strong because of quality and trust, but I am more interested in the traffic part how is such deliveries are happening or any colour on the contribution in the month of April or May?

Lalit Agarwal: Shirish, these are early days. We definitely are excited and I know you guys are also much excited. There are definitely good traction that we see. There is a good amount of traffic that we are also seeing. But yes, there is also a lower consumption that we are seeing today because not all customers are prepared to buy online because there are lot of bunch up, majority of them are first timers, who would go first time on an app, because we are driving more organic traffic, we are driving more traffic from our stores, from our customers database who is already our customers. Majority of them who have not shopped online so they are coming in online, they are browsing, they are looking at the products, but still not able to take so much of decisions. Since we are learning and there is a lot of gaps that we also have to put in terms of technology, in terms of experience, in terms of the content or the explanation of the product, in terms of their delivery TAT, in terms of their supply chain, in terms of their recall value, there are a lot of work that we have to do, still the numbers are not those kind of number which could be demonstrated and told. So we are also trying to figure that out, but it did help in this particular time and we did bring in the entire organization in the whole mode of the omni retail so that the entire organization was believing that this is something which is the way forward and how do we really look at the process enablement, look at each individual areas of our internal processes, so that we could drive higher traffics going forward.

Shirish Pardeshi: Lalit Ji, I understand. My quick followup on that having worked this for many years very closely like security and my only suspicion at this time is that a) there is Internet traffic which is coming from this middle-class people and the second question is that the whole website is running in English, so I really want to pick up your thoughts that is there is any hesitation from the consumer side because of the nomenclature and the experience which is there?

Lalit Agarwal: That maybe one of the cases Shirish and that is the opportunity and that is what we are trying to understand as an opportunity. Shirish, as I told, we are just an infant, we just bought. So, we are getting a lot of development, lot of opportunities, there is a lot of work which is going on, there is lot of work which will rebelled out, so not everything was great, during these times, because given our online people or people who were looking at all the technology they were all affected by the pandemic. So not everything was really up to the mark, so there is a lot of and this is what our learning and even this is what you are also saying that these 100% lot of work that we could do looking at the vernacular side, looking at the kind of consumer base, what would they understand, how would they understand, what are they looking at, what are they buying, so there is definitely good things which are coming out of the analytics. There is a lot of learning which is also coming out. We are also bringing in or aligning the teams so that we will use the analytics and grow further.

Shirish Pardeshi: Thank you. My second and last question on the demand side, we have also experience similar situations last year and retail was closed. In your thoughts out of the 279 stores, how many stores, I mean you gave a very brief commentary on this and also it was completely wash out, I do not think so. So, I just wanted to understand out of the 279 stores how many stores were opened in the month of April and May?

Anand Agarwal: Shirish, hardly 20 to 30 stores would be opened and that too for varying amounts of time so, very, very small business. So it would be immature to say that the stores are fully operational because the situations were even if they were opened they were opened for let us say from 10 a.m. to 4 p.m., or with local restrictions in place. The amount of business transacted would have been extremely low.

Shirish Pardeshi: Thank you Anand Ji. I have more questions; I will come back in the queue. Thank you.

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

Nihal Jham: Thank you so much. Good evening Anand Ji and Lalit Ji. Three questions from my side. The price hike that was required because of the spike in non-priority have we already taken it in this quarter or it would reflect in the inventory which is on display in the current year?

Anand Agarwal: Nihal, there is no across the board price hike. We always have believed in giving the best pricing to the customers so wherever there is a price hike in the raw material or the product that we have sourced in those products, in that particular SKUs there would have been a price hike implemented, but as we move forward, we will not hesitate in terms of making sure that we are able to fully transparently pass on the price hikes, but at the same time, remaining relevant on the average selling price and keeping the value portions very high.

Nihal Jham: But most of those hikes across whichever portfolio were taken in Q2 itself?

Anand Agarwal: Yes.

Nihal Jham: That is helpful. The second question I had was on our store part. If I notice, the year as a whole, of the net additions that we have a major part of that were in Tier 1 cities compared to T3 and T2. What I wanted to understand is a) is that an incremental trend going forward also or the 40, 45 that we are expecting to have? And any possibility of bifurcating the cities or the Tier city wise addition that we are looking at as a company?

Anand Agarwal: The way we do the store expansions, we never budget that these are the number of stores that we need to open in Tier 1, Tier 2, or Tier 3. We look at opportunities and at any point of time the Business Development Team will be working on probably 50, 60 sites and depending on their live stage of development and maturity in terms of talking to the landlords, doing the site survey, doing the other stuff done, whichever store gets to open first, we open that first. So we do not really allocate or budget that this is the ratio that we need to maintain but yes you are right in the particular quarter coincidentally there were more openings in Tier I, but that is not the trend or the precedent that will remain throughout the year.

Nihal Jham: The 40 includes the new formats, value dialogue or that is something that we are still working from the dealer value in the coming quarter?

Anand Agarwal: All it includes. So any new store will be in these new towns. Refurbishments can still happen, which we have for old stores.

Nihal Jham: Just one last question from my side, on the inventory side ideally as we understand one of the things that differentiate V-Mart from a lot of the other value retailers is our assortment or the collection that we have. If on a longer-term basis we are looking at having a lower inventory is it a possibility that that may impact the collection that we display in potentially one of our footfall revenues?

Anand Agarwal: No, I do not think so. I do not think at any point of time, we will want to compromise on the value offering to the customers whether it is by way of price points or by way of the assortment or the offerings. So, when we look at inventory optimisation we look at making the supply chain more efficient so that we are able to reach to the store and thereby to the customers faster and reduce the storage time whether in the warehouse or in the store.

Nihal Jham: Thank you.

Moderator: Thank you. The next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah: Thanks for the opportunity. Sir first question pertains to the demand environment. So, you just spoke in length that how fourth quarter was reasonably a normal quarter and considering that the base that we had with 7-days of total lockdown how should one see or one should read through on consumer sentiment based on this 6% growth because on a two-year CAGR also it is just flat at 1%.

Lalit Agarwal: Tejas, definitely what you are saying that makes sense and there is a shift, a little bit of dampening, which had been created by the first wave itself, but as I said, it was coming back to normalcy and we were expecting and people were ramping up towards that. There are definitely bad times, so initial part of the quarter which is the January and the first part of February we were not able to see that kind of benefit coming in, but yes towards the later part of the quarter it was really coming out very well, because that is the time when the consumption once again starts happening. Normally consumption starts happening with the new season. So new season were the summer season we started from February 15, 2021, till March 31, 2021. So, we saw a good new season coming in. We really saw a spike in the consumption and we were approaching, marriage season was coming in, so we were approaching that good season when the harvest money was supposed to come to the consumer's pocket and they were supposed to spend that investing. So that was how we geared the consumer sentiment. Consumer sentiment at that point of time was very bullish.

Tejas Shah: Lalit Ji, we all are now talking about third wave and it seems like hypothetically with God's grace, if we win project and we come out of it way faster and then the demand surprises us on upside, are we prepared on supply chain side to capitalize on the surge in demand or revenge buying in some global pockets we have seen it happening right now?

Lalit Agarwal: Tejas you have seen that in the last time also and as you know our model, which is so interlinked with our vendors and the way we have treated our vendors even in these times, the way we have made payments to our vendors we have used our liquidity which is an asset to us and that is definitely helping our vendors and we are re-agile of the institutional investors. We definitely have our model, which we are prepared and we are getting prepared right now also, but still we are not anticipating a 100% comeback, but we would work and forecast 70% will come back and 75% to come back today, but we will wait for the opportunity. We will wait for the trend to spike up. The moment it does, we will not leave anything where we store upfront, we will definitely meet all the opportunities which are there.

Tejas Shah: Lalit ji when you say 75% base in FY2020 or FY2019?

Lalit Agarwal: These are all the numbers for FY2019.

Tejas Shah: Last question from my side, on cost cutting initiatives that we all have taken in the last four quarters, in a big way, hypothetically growth has to normalize in FY2022 and indeed be equal to FY2020. Is it our margins higher substantially higher than in FY2020 or it is just equal?

Lalit Agarwal: As of now it is very difficult to predict, Tejas. Having said that there are inflationary pressures not only in the raw material side, but also on other inputs whether it is the transportation cost or freight cost or people cost and also there is a lot of uncertainty around the topline. You yourself just asked the question on the third wave, so if we were to look at a full normal year, I would budget for near normal margin, but because we are looking at less than a normal year, I think we should look at slightly lower margins in these kinds of circumstances.

Tejas Shah: I have a few more questions. I will come back in queue. Thanks.

Moderator: Thank you. The next question is from the line of Girish Pai from Nirmal Bang. Please go ahead.

Girish Pai: Thank you for the opportunity. I just wanted to discuss on the expansion plans considering that you are still now close to 400 Crores of cash and equivalents, I would probably expect you to grow a little more aggressively beyond 10%, 25%, you explained that the various stage of environmental, probably in your figure, what is your thought process as to why it will stem back to 20% to 25% number?

Lalit Agarwal: Girish it is not that we do not want to grow more aggressively and we will definitely do that for the right opportunities, but at the same time, we do not want to be over aggressive just because we want to open more number of stores. Retail sector in India has particularly seen a lot of downfalls especially because of over aggression in terms of both. I think we will remain aggressive and we will always remain aggressive and we have always remained aggressive, but we will never compromise on quality just on the question of growth.

Girish Pai: My second and last question is to do with rentals. The near term have we kind of started renegotiating the rentals and from a longer-term standpoint did you see yourself benefiting from any structural changes that you brought about in the rental deals that you have with your landlords?

Anand Agarwal: Girish, we already operate on one of the lowest levels of rentals in the industry and we have always treated our landlords as very important partners in our complete ecosystem and we had taken a lot of their help in the last one year. So, we did some structural savings from more than three months, more than six months and in some cases also for a year and in very, very few and rare cases, also going beyond one year but structurally I would not say that we have a lot of savings earmarked for FY2022. Having said that we are going back to our partners and requesting them for some waivers again this year but looking back at the kind of support that we were able to get last year I am not optimistic that we will be able to get an equal or a very strong level of support in this year.

Girish Pai: I am looking beyond FY2021 when things come back to normal, do you think, you will restructure the contracts in a way that back ended you will get some benefits.

Anand Agarwal: No I do not think so Girish.

Girish Pai: Thank you.

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

Ankit Kedia: Sir my question is regarding the customer footfall. Being a family store, despite having a growth we are seeing customer footfalls trending 12% lower YoY. Now are you seeing the number of people in the family visiting the stores being lower and incrementally going forward that could impact the buying of the family? You know people are coming out, are still coming out with the families, and buying and that is what we are seeing now?

Lalit Agarwal: Ankit, the fear was there and definitely these are not, even March or February was not those kinds of times when people wanted to get into the crowded areas and not everyone of the family would come out for shopping. Number one, there were a little lesser families also, which are still or which has not come in and some family they have not still opted to come in; however, even out of that there are even families who will come in, not all the members, the way they used to Dada, Dadi, grandparents and parents and then kids they all used to come in, but now definitely it has been restricted and there are lesser number of people coming in and taking higher number of products and number of visits have also reduced. So what we are seeing is the average bill value has gone up, the average ASP has also been constant. So, the number of pieces per bill has gone up, there are a fewer number of visits, but the quantum of per visit has gone up.

Ankit Kedia: That is helpful. Sir, my second question is regarding the Kirana stores, you were introducing more Kirana in some of the stores and we have seen the Kirana contribution going up in the quarter, while I can understand in Q1 if you see the Kirana contribution go up, given that it is lockdown in Kiranas are allowed but in Q4 the Kirana contribution going up have we introduced Kiranas in more number of stores and would that be double-digit going forward as well?

Lalit Agarwal: Ankit, definitely there is little initiative that we have done in the last year lockdown and post that we had definitely increased some store with Kirana offering and we had also brought in some impulse category in the fashion store that we had spoken about. So, some of those impulse categories which are operating only in the fashion store are also doing great and even some of the new addition of stores where we did not have Kirana earlier, some space has been devoted ore given to them wherever the sales per square feet were a little low. So there has been some changes which we have done, so that we are able to give a little better outcome from the same and sell what people want when they are in the tilt of the cash counter which is a convenience to them.

Moderator: Thank you. The next question is from the line of Binoy Jariwala from Sunidhi Securities. Please go ahead.

Binoy Jariwala: Lalit Ji this question is specifically for you. Just your thoughts on in the previous year we would have done a lot of changes in terms of cost structure as well as in terms of working capital management and capex. So, just wanted to understand from a structural perspective, when I look at the balance sheet numbers the inventory has been roughly about Rs.1800 a square foot, the creditors are roughly about Rs.800, Rs.900 a square foot so from a structural perspective have we made any changes to the working capital of the business? How we are going to maybe reduce inventory or something like that or did we not see any reason to do that? Second point was related to the capex. We were earlier looking to open stores in a model where the capex is borne by the landlord so, something on that? Are we looking now at that to as a way to open more stores on that model?

Anand Agarwal: Mr. Jariwala, this is Anand this side. Let me take the second question first. So as far as the capex model is concerned we have always and we never relied on the landlord to do bulk of the investments. There are some basic civil structures that the landlord is supposed to do and that all the fills and all the fit out etc., has always been done by us and there is no change in the model. We remain on the same model. In the structure that we follow and the kind of cities that we get into it is in any case largely digital to get good size of stores first of all in the market areas and in that we expect that the landlord to fit out also is always going to be a bigger challenge than to ease out the pressure on the investment. So that model remains where it is. Second on the inventory side, if you look back at the full year, we have definitely made improvements in the inventory cycles. It is only in the Q4 and where we have slightly bumped up the inventory and the inventory bump up was more because of the preparation for the upcoming festive period and the large summer season pent up demand, which we were already witnessing in the market so thereby as I said earlier in my remarks also we are not at all worried on the health of the inventory. It is pretty much in line with what we wanted to carry and maybe 5 Crores, 10 Crores here or there, but otherwise pretty much it is very much there and we have taken a lot of efficiency measures, which are also reflected in the kind of inventory liquidation that we did in Q2 and also in Q3 and continued in Q4 also.

Binoy Jariwala: Sir Anand essentially what you are saying is that our business model that is there in COVID in terms of inventory management and capex remains the same, right?

Anand Agarwal: No. They are two different things. Capex it definitely remains the same. On the inventory side, we have made optimisation which has resulted in efficiency improvement. It may not be visible as of yearend because of the anticipated demand, but otherwise we have made improvements.

Binoy Jariwala: That is it from my side. Thank you so much.

Moderator: Thank you. The next question is from the line of Arun Baid from BOB Capital Markets. Please go ahead.

Arun Baid: You just mentioned that the new warehouse is going to come up, so what is the total capex that we have planned for this year and next year? When should be it operational?

Anand Agarwal: Arun, the total capex planned for this new warehouse will be roughly around 100 Crores in this year. The first phase we are trying to operationalize by the end of FY2022. This will be in phases. The development will be in phases, but the first phase we are planning to operationalize by the end of FY2022 itself.

Arun Baid: Sir, any adjustment we are planning again on the employee front which we did last year, because of the COVID situation we are seeing right now, is that something again going to happen?

Anand Agarwal: No nothing right now. Absolutely nothing. We remain fairly employee centric and we will want to support the community.

Arun Baid: Sir just to reiterate, our guidance could be 20 to 25 store additions would be there and virtually nothing would be on the cost front either from a rental side or from the employee side. Am I correct Sir?

Anand Agarwal: As of now yes, but as the environment and the broader situation improves or deteriorates, we will need to take appropriate calls going forward.

Arun Baid: Thank you.

Moderator: Thank you. We will take that as the last question. I would now like to hand the conference back to Mr. Lalit Agarwal for closing comments.

Lalit Agarwal: Indeed a lot of good questions. Lot of good questions for us to think back and understand but believe and understand and trust that we are not into a short-term game; we are here for a long-term game. We have developed and we have built a lot of trust in the last year. We definitely have done lot of work with our people, with our community, with the customers, with the vendors, which we will once again build better trust and more trust so that we could work in a better environment going forward. We have not here to just cut the corners and cut our cost, but we will not leave anything unturned. We will not leave anything which is possible, but those are mostly driven through relationship, those are mostly driven through efficiency driving mechanisms. So that is where we are. We definitely feel we are here building the organization's structure, the processes, our value, are here for future growth and sustainable growth. That is what we will target. Thank you so much. Thank you for being there.

Moderator: Thank you very much. On behalf of ICICI Securities Limited that concludes the conference. Thank you for joining us. Ladies and gentlemen you may now disconnect your lines.