November 17, 2022

To,
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C-1,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400051

NSE Symbol: MANYAVAR

To,
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai – 400001

BSE Scrip Code: 543463

Dear Madam / Sir,

Sub: Transcript of Conference Call of Q2 FY 2023

Ref: Our Letter dated November 08, 2022 regarding prior intimation of Conference Call for Q2 FY23 financial results of the Company

In accordance with Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), we are enclosing herewith the transcript of the Conference Call organized and held on Monday, November 14, 2022 regarding discussion on operational and financial performance for the Quarter and Half-year ended September 30, 2022 (Q2 FY 23).

The transcript can also be accessed on the Company's website from the given link:
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**

NAVIN PAREEK
Digitally signed by NAVIN PAREEK
Date: 2022.11.17 16:52:25 +05'30'

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

"Vedant Fashions Limited Q2 FY-23 Earnings Conference Call"

November 14, 2022

MANAGEMENT:	**MR. VEDANT MODI – CHIEF MARKETING OFFICER, VEDANT FASHIONS LIMITED** **MR. RAHUL MURARKA – CHIEF FINANCIAL OFFICER, VEDANT FASHIONS LIMITED**
MODERATOR:	**MR. GAURAV JOGANI – AXIS CAPITAL LIMITED**

Moderator: Ladies and gentlemen good day and welcome to the Vedant Fashion's Q2 FY23 Earnings Conference Call hosted by Axis Capital Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Gaurav Jogani. Thank you and over to you sir.

Gaurav Jogani: Good afternoon, everyone. On behalf of Axis Capital, it's my pleasure to welcome you all and Vedant Fashions management for today's conference call. We have with us today Mr. Vedant Modi – Chief Marketing Officer and Mr. Rahul Murarka – Chief Financial Officer. The management will start the call with a brief about the quarter and then we can open the floor for the Q&A. Thank you and over to you.

Vedant Modi: Thank you Gaurav. Good afternoon and a warm welcome to all the participants. I'm Vedant Modi, Chief Marketing Officer of the Company. Thank you for joining us today to discuss the Vedant Fashions Limited Quarter 2 and H1 2023 results. I'm 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 quarter ended and half yearly performance. We delivered another good quarter. In this quarter we increased the number of EBOs which is the dominant channel for the Company. As of September 2022, VFL's EBO area stands at 1.34 million sq ft spanning 626 stores in 244 cities and towns globally. The national EBO footprint tally is at 612 stores spread across 235 cities and towns. In Quarter 2 we opened net square feet area of around 62,000 sq ft and 23 exclusive brand outlets in India. We have also opened one new international store in the US in Chicago, and we now have 14 international stores spanning across three countries.

We're also happy to share that we have a strong and healthy pipeline for new rollouts planned for the remaining part of the financial year. Our overall customer sales growth stands at 73.1% over Quarter 2 of financial year 2020 and 20% over Quarter 2 of financial year 2022. The SSSG growth has been 35.1% over Quarter 2 of financial year 2020 which was pre-COVID levels. If we exclude the stores under renovation, we saw SSSG growth which stood at about 4.1% which is including the stores under renovation and at about 6.7%, If we exclude the renovations which is in comparison to Quarter 2 FY22.

In addition to the network expansion, I would like to highlight our marketing and branding campaign with Mr. Ranveer Singh during the quarter. The '#TaiyaarHokarAaiye' campaign was built around saving the truest sense of a wedding in your favorite Indian attire. The campaign was targeted to connect with the wedding attendees and close family members of bride and groom. The overall idea is to drive a behavioral shift in Indian men to catch up for Indian weddings. In this quarter we also ran a 360-degree Rakhi campaign which targeted the non-wedding occasions and the festival market. We received a positive response from the market and this was a good step towards reinforcing Manyavar as a celebration wear brand.

Overall, we can see that the fundamentals of the business have been sound, robust and the Company has been encompassing growth. 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 now like to highlight the key financial performance for the quarter and half year ended 30th September 2022 based upon the consolidated financial statements.

The Company has continued to demonstrate strong financial metrics and returns during this period. Starting from H1 of FY23 update, the Company reported revenue from operation of Rs. 572 crores during H1 of FY23 delivering a strong growth of 59% compared to H1 of FY22. The Company continues to report industry leading gross margin of 67.8% during H1 of FY23 as compared to 66.1% in H1 of FY22. The EBITDA margin was around 49% and the EBITDA stood at Rs. 281 crores during H1 of FY23, a growth of around 60% compared to H1 of FY22. The reported PBT during H1 of FY23 is Rs. 228 crores which has significantly increased by 72% compared to H1 of FY22. The Company continued to report best in class PAT margin of around 30% and the profit after tax stood at Rs. 170 crores during H1 of FY23 with a significant growth of 73% compared to H1 of FY22.

The Company had a track record of generating significant cash driven by a healthy cash conversion ratio. Based on TTM (trailing twelve months) September '22 the Company continued to generate high cash conversion ratio of approx., 85% which has been computed based upon operating cash flow over PAT. With optimization in working capital, we have been able to achieve industry leading trailing 12 months ROCE of approx., 84% during 12 month's period ended September '22. Scale of our customer was around Rs. 793 crores during H1 of FY23 with a significant growth of around 68% over H1 of FY22 along with a SSG growth of around 54%.

Due to COVID FY22 was an abnormal year, having an impact on performance across all the quarters. Hence it is relevant to compare our performance with pre-COVID level figures of FY20 basis internal MIS. Our revenue from operation significantly grew by approx., 70% and we witnessed significant growth in PAT by approx., 140% in H1 of FY23 over H1 of FY20. Sale of our customer also significantly grew by around 65% along with a strong SSG growth of around 28% over H1 of FY20.

Now coming to Q2 of FY23 performance update:

The Company has reported revenue from operation of Rs. 247 crores in Q2 of FY23 delivering a very strong growth of around 23.5% compared to Q2 of FY22. The Company continued to report industry leading gross margin of around 66.5% during Q2 of FY23 against 65.9% in Q2 of FY22. The EBITDA margin was around 47% and the EBITDA stood at 116 crores during Q2 of FY23 with a growth of around 21% compared to Q2 of FY22. The reported PBT during Q2 of FY23 is Rs. 92.5 crores which has increased by around 30% compared to Q2 of FY22. The Company reported best in class PAT margin of 28% and the profit after tax stood at Rs. 69 crores during Q2 of FY23 with a strong growth of 30% compared to Q2 of FY22. The sale of our customer was around Rs. 294 crores during Q2 of FY23 with a growth of over 20% over Q2 of FY22, along with SSG growth of around 4.1%. The SSG growth excluding impact of certain stores under renovation during the period was around 6.7%. Net EBO store area of 62,000 sq ft was added in Q2 of FY23 with total presence of 1.34 million as on 30th September 2022.

Now I'm comparing our Q2 FY23 performance: With pre-COVID level of Q2 of FY20 whose figure has been considered basis internal management MIS. Our revenue from operation significantly grew by around 89% and we witnessed significant growth in PAT by approx., 359% over Q2 of FY20. Our sale of customers also significantly grew by approx., 73% with a strong SSG growth of around 35.1% over Q2 of FY20.

Thank you and Namaskar everyone. We can now move to the Q&A session.

Moderator: Thank you very much. We will now begin with the question-and-answer session. We take the first question from the line of Mr. Nihal from Nuvama.

Nihal: I had three questions. First was on the quarter, just on the gross margin improvement you've seen, I know it's 60 bps versus YOY. Just wanted to understand is that a mix driven improvement or some price hikes you may have taken in the quarter versus the last one?

Rahul Murarka: So, our Q2 FY23 gross margin was 66.5% compared to 65.9% which was there in Q2 of FY22. If you see our historical trend of gross margin, we have seen improvement in gross margin due to the efficiencies we have been able to build over the model. That is the main reason, efficiency is not only in one aspect but in various aspects, we have been improved efficiency and as a result of it which we are seeing improvement in gross margin but on a quarter level it can vary. It is always better to look at an annual level which is around 66%-67% historically which we saw.

Nihal: The second was comparing your SSG of 35% versus 4% on a YOY, it gives us a sense and it was known also that last year there was a bunch up of weddings which would have seen a strong Q2 of last quarter. Is it that the last Q3 also saw a significant bunch up of weddings or say the festive period which could potentially have an impact on the YOY growth as we're looking at this quarter, just to understand that better?

Vedant Modi: So, Nihal, just to answer your question, the relevant way of looking at this would be that when we compare the numbers to FY20 Quarter 2, were able to see SSSG growth of almost 35% and that on a CAGR basis also at 10.5%. So, if we look at it that way the health of the business seems very right. Looking at how Q3 goes given that weddings start at 22nd November, once we start seeing the trend, we will be in a much better position to answer this question in the next earnings call. For now, all we can say is that Quarter 2's performance has been very encouraging for us given the kind of CAGR numbers we've been able to witness based on a pre-COVID level as well.

Nihal: Absolutely Vedant. If I just ask for Q2 also, as you rightly said there's a 35% works out toa CAGR of ballpark 10%-11% kind of SSG and last year was 4% even if you say not considered the stores which were under renovation. It basically says that Q2 of last year would have been a very strong performance and now we're seeing a reasonable performance. That's what I just wanted to understand that. Is that inference right when I'm comparing these two numbers that you've highlighted or there is something that I would want to know about?

Vedant Modi: Sure, that's one way to look at it. That last year was really good and that's why we see numbers like these this year. On the other hand, I would also just like to mention that because we have come out of COVID, there's a large fleet that was under renovation in Quarter 2. That's why we also mentioned that if we exclude the stores that were under renovation, the actual SSSG numbers comes to be 6.7%.

Nihal: I just have one last question. If it is possible to give any qualitative or quantitative commentary on Mohey, how it has performed and any metrics in terms of how the business is progressing?

Vedant Modi: In terms of Mohey, the SSSG again has been beating the Company level and we've been seeing very good positive feedback from the customers on the store level. Each and every metric that we track from a retail point of view has been improving be it conversions, be it productivity. We are very excited about the brand and the Manyavar Mohey concept, which is of having Mohey in the flagship Manyavar stores has proven to be a success and we continue to roll that out. While on the other front, like we discussed in the last earnings call as well, we are also working out on the standalone Mohey concept which we plan to roll out very very soon in the coming quarters. You will start to see these stores going live in the coming quarters and we're excited about witnessing the results of those and then taking a call on how fast you want to scale up the standalone model from that point on.

Nihal: Just very quickly one last thing, the SIS count for Mohey and the EBOs if possible, to share that.

Vedant Modi: For Mohey, there would be no SIS. That is not something which we do. In terms of overall store count in the range of (+100) stores. It would be somewhat about 103 odd stores.

Moderator: We take the next question from the line of Percy Panthaki from IIFL.

Percy Panthaki: My question was also on Mohey. Just wanted to understand the optimism that you're having in the brand is when Mohey is selling inside your Manyavar store, I mean, side by side or whatever you call it. Do you have any test or a pilot where Mohey is a separate standalone store and what kind of experience you have or what kind of KPIs does that store kind of generate? Do you have that yet or not?

Vedant Modi: Percy, we do have what we call an exclusive brand outlet store on Mohey in Kolkata. However, the catch there is that it's next to a Manyavar store. That's why from a metric point of view, what you're requesting, I don't find it correct to refer to this store. This particular store would only happen once the standalone stores open starting quarter four of the current financial year. This is what we are working on currently in the pipeline and you will start to see these stores coming up in quarter four and that is what we intend to study and how scalable that as a model would be, once we have actual data of those stores coming in.

Percy Panthaki: What are the parameters you would track for these standalone Mohey stores to decide whether they are ramping up properly or not?

Vedant Modi: The important measures for the standalone stores would be the most important one, which kind of talks about the scalability of the business would be productivity. While there are a lot of other supply chain measures which we would take into account such as inventory turnover ratio and what kind of conversion levels we are able to see at this store level, which all leads to a better productivity in some sense or the other. The idea is to make sure that our franchisees are getting good ROI and that the business is also profitable if we have good supply chain efficiencies built in. These would be the kind of ratios we would monitor and track.

Percy Panthaki: What has changed in the Mohey brand over the last 12 or 18 months to give you more confidence that now we are getting it right.

Vedant Modi: See, I mean, as a business we've always been confident and it's just a result of improved merchandising mix and improved conversion rates at the store level, which has just been a result of better data efficiency and better data management that leads us to having better merchandising at the store level. As we've been explaining across the IPO process and across the earnings call that, our entire supply chain is very tech driven and that basically results in the more data we have, the better we can perform at a brand level, which is what we are able to now witness with the Mohey brand as well.

Percy Panthaki: Second question on your overall store rollout, can you give me some idea in terms of square feet, what is the percentage addition that you would target every year for the next two, three years?

Vedant Modi: So, the way we look at it, in the past we've been able to grow our retail footprint at a CAGR of 16% odd. We are quite confident that we will continue scaling up our retail footprint at a similar kind of growth level when we look at it at a CAGR level. So, 16% CAGR is what we expect to see over the next two to three years.

Percy Panthaki: What stops you from taking an accelerated path here that for the next two to three years you accelerate your store roll out and thereafter you ratchet it down? Why not front end it?

Vedant Modi: See, it's a matter of both planning the demand and planning the supply chain. We have to as a business, I have to look at all sides of things and only grow stores at a level we're able to supply, number one. Number two, it's also a matter of being very controlled from a cost point of view also. We want to open stores that are very profitable, and that can only happen when we understand areas better, and that is why we are comfortable saying 16% sure. If we can grow faster, we'll try to do that as well.

Percy Panthaki: And last quick question, if I might. Any comments on the competitive landscape and any changes in the competitive landscape that you're witnessing with some of the large players having big ambitions in the ethnic wear space or wedding space?

Vedant Modi: We have access to our own data and that shows us that business health is extremely positive. We've been able to grow very well both from SSSG and from an overall fleet perspective. Given the kind of industry we operate in, so the overall Indian ethnic market is about 1.8 lakh crores where there is room for definitely more than one player. And the way we see it is that there's a lot of moats in our industry, given that Indian wear takes a lot of time to produce. So, demand planning has to be done six months in advance. And given the kind of data we've collected over the past two decades; we have an advantage on understanding consumer preferences of India which varies every 50 kms given the dynamic cultural nature of our country. And these are the kind of moats that our Company enjoys. Furthermore, with the Manyavar brand, it's a brand that has almost become synonymous with the category given the kind of branding initiatives we've taken over the past decade. So, with all of these things said, sure there is room for more than a player, but we are very confident about our brand continuing to scale up.

Moderator: We take the next question from the line of Priyanka Trivedi from Antique Stock Broking.

Priyanka Trivedi: My first question would be on our international business. If you could give a sense on how is the demand scenario has been in that market and could be the contribution of this business?

Vedant Modi: Our international business has been doing really well and has been growing fantastically. The growth has been almost triple digit when we talk about quarter two compared to FY20. We've been growing about 128% if the growth level compared to financial year 20, quarter two. All of these metrics are very positive in terms of international business. While at an overall level the contribution from our international business is still pretty low, we are still working out on different strategies, how do we convert it into an omni business and take the international business forward from that point on. Multiple new stores are in the pipeline and soon to be rolled out. And franchisees continue to enjoy a very high ROI from an international perspective as well. So, we are very confident of the international business and see it growing quite rapidly.

Priyanka Trivedi: My second question would be on what has been the price led growth and the volume led growth over the pre-COVID and on year-on-year basis also.

Vedant Modi: When we see from pre-COVID, we were able to achieve 35% SSSG level, of which there was a fair balanced mix between volume and ASP. So, that is the kind of growth we saw at a Company level. That is how the SSSG was derived.

Priyanka Trivedi: Lastly on the online share, what has been the share of online business?

Vedant Modi: So, from a share perspective, our online business directly contributes about (+) 3% odd to our total revenue. And there are multiple strategies that are in play with our online business. With our new digital initiative project still in the pipeline, we plan to launch it in quarter four. We have partnered with the best of tech companies to create one of its kind omni channel digital experience. What we're trying to achieve is that both our online business take-off from this digital project and secondly, we are able to provide a very different experience to our physical consumers as well by planning a phygital journey for them, which connects the digital world with the physical world. We plan to roll out the new experience with the new formed design sometime in quarter four.

Moderator: Next question comes from the line of Ankit Kedia from PhillipCapital.

Ankit Kedia: A couple of questions from my side. First is on the new advertising campaign. With Taiyaar Hoke Aaiye campaign, how do you see the inventory in the stores changing and how has been the initial response? Are we increasing the non-groom side of the inventory at the store level? How is the shelf area at the store changing because of that?

Vedant Modi: To answer the first part of the question, 'Taiyaar Hoke Aaiye' is a long-term play for us. What we're trying to do is drive a behavioral shift in Indian men so that they dress up to Indian weddings and the overall per capita consumption of Indian wear increases as a whole. However, that said, it's not something that would happen in the short term. So, we have to keep nudging the consumers with 'Taiyaar Hoke Aaiye' to actually be able to drive such a shift, which is a long-term play for us. On the other part, which is how does inventory move in the store? The benefit to that is that products like kurta and jackets, they don't actually require so much of a shelf space because they can be stacked. Rather, wedding inventory like a sherwani needs hanging space so they end up occupying slightly more area. And given the kind of inventory replenishment system we have, given our current fleet, we're able to manage stock very beautifully where big stores are almost replenished three to four times in a week and smaller stores are replenished one to three times in a week.

Ankit Kedia: On the kurtas, are we increasing the lower ASP kurtas say Rs. 1,000 to Rs. 1,500 range as well or we are playing in the Rs. 2,000 to Rs. 3,000-Rs. 4,000 range?

Vedant Modi: So, when we talk about the Rs. 1,000 to Rs. 1,500 kurtas the main brand that would cater for that demand would be Manthan. In the Manyavar brand we aspire for the pricing to start at Rs. 2,000 while there are some casual kurtas available below that as well. However, as you mentioned the range would be (Rs. 2,000+) in Manyavar while Manthan would continue to cater the Rs. 800 to Rs. 1,500 kurta bucket which also contributes to our online business.

Ankit Kedia: And my last question is on Twamev. We were expected to launch few EBOs this year. What is the status on that and how is the pricing strategy differential between Manyavar and because demand for premium sherwanis and groom is high at the moment. How do you plan to capture that?

Vedant Modi: So, number one with Twamev we are absolutely in the pipeline. The two stores have been signed. We are about to kind of, we are planning how to launch it. The design work has also been done. We were able to bring in a French design agency to design the entire retail experience for Twamev. So, everything has come out beautifully. We are super excited about the brand being launched sometime in Quarter 4. However, given that one of the stores is in Delhi and there are some construction prohibitions by the Delhi government, we will have to see how that store, if we are able to manage to launch it in Quarter 4 or will that spill over to Quarter 1. That is still a question based on the guidelines of the government, rest everything is aligned. From a pricing strategy perspective, the Company believes in the aspect of perceived value. We price our products based on how a consumer would perceive it. From an overall gross margin level, even though it would be slightly lower than Manyavar, we are still very confident of scaling it up to Manyavar levels in the future and at the Company level in the future. And yes, overall demand from a Twamev point of view and the conversion rate that we see in the Manyavar store gives us a lot of confidence for the brand.

Ankit Kedia: What is the shop-in-shop number overall for the Company for this quarter?

Vedant Modi: The total shop-in-shop number that we opened this quarter, in total.

Rahul Murarka: In total we are (100+) shop-in-shop as on 30th September 2022.

Ankit Kedia: And this number was 77, end of Quarter 4, right?

Rahul Murarka: It was around yes; it was around 75-80 right.

Ankit Kedia: Bulk of the store opened in this half is shop-in-shop, right? Is that a good assumption to make?

Vedant Modi: No so we opened about 17 shop-in-shops, actually 16 shop-in-shops while we opened seven exclusive brand outlets in this quarter.

Moderator: We take the next question from the line of Mr. Santosh Kumar from Shivansh Holding.

Santosh Kumar: I just want to understand that for example, if you see your quarter-on-quarter number, there's a slight decline. I just want to understand that for example, in general when there's a quarter-on-quarter improvement or there's decrease, what is the main reason which you attribute for or if you take this quarter as an example also?

Vedant Modi: If I had to explain our business, it's not a business to be looked at quarter-on-quarter. Given that our primary market is the wedding wear market currently, so our business moves as the wedding calendar moves in a typical year. To just give you an example, if we look at historical averages of how our quarterly business moves so Quarter 1 typically would give us 24% of our business, Quarter 2 13%, Quarter 3 37% and Quarter 4 26%-27%. That is a typical way our business moves and progresses. Quarter-on-quarter would not be a right metric to judge our business by and that is why what we tend to do as a business is look at it from a YoY perspective. Because last year was still, we were coming out of the shadows of COVID and we were still in shadows of COVID, we are also comparing it with FY20 quarterly numbers.

Rahul Murarka: Furthermore, what Vedant mentioned like these are approximate range numbers. It's not specific that this will be 24 or 13. There can be 2%-3% plus-minus within quarters but we have broad ranges which Vedant mentioned.

Santosh Kumar: My last question is on the Mebaz brand, so it is mainly concentrated in South India. What is going on with the brand? Can you just give some light on that?

Vedant Modi: Mebaz is a brand we acquired in 2017 and the brand has been doing very-very well. It has a very strong heritage background and a very strong cultural connect with the consumers of AP and Telangana. So yes, we've been able to witness very good SSSG growth in the brand this quarter and we continue to kind of build that brand in those markets. The strategy is to remain in AP and Telangana with Mebaz and continue its growth in those markets.

Moderator: We take the next question from the line of Anush Mokashi from Yadnya Academy Private Limited.

Anush Mokashi: My question is about this franchisee model we have, right? Essentially, I understand that we operate on 18% and 29% channel margins so just wanted to understand from you, are you indifferent in giving franchisee at 18% and 29% or is it that one of it is more beneficial to you?

Rahul Murarka: Actually, you're right, we have two models 18% and 29.5%. It's not that one model is more beneficial than another. In 18% model we are paying the lease rent and generally it happens wherever we have a strategic location, where we want to take the lease. So that is one difference and 29.5% the franchisee is having both is paying the lease as well, lease cost as well. We have derived the model in such a way that a differential margin between with or without lease cost easily takes care of the incremental lease cost. It's not about who is getting more benefited with the different franchised model. It is equally I would say computed so that it is beneficial for both the franchisee as well as the franchisor.

Anush Mokashi: So, none of it is like margin accretive. That is what I'm trying to get on to?

Rahul Murarka: Yes, it doesn't have any impact on the PL or anything like that. It has been neutral enough based upon our historical trend and experience.

Anush Mokashi: My next question was about these margins. These margins are pretty healthy and just wanted to understand from you like what is causing them to be maybe that high? Is it that a pricing which we are in play or is it a cost advantage and if you can just explain us what is the cost advantage you're having?

Vedant Modi: To put it correctly it's neither price nor cost to an exact definition. What we have been able to or what the Company’s biggest USP is its supply chain technology. We're able to plan our demand correctly and we're able to supply just enough that allows us to never have sold a single product on discount in the Manyavar brand. So, from a pricing point of view, we price our products very similar, on a similar multiple on cost as other players and other peers of the industry. Yet because we never sell a product on discount and there's high demand and there’s high demand planning efficiencies, we are able to do away with discount and that is what leads us to such good margins. That's the main reason if I have to put it that way.

Anush Mokashi: Just last question is about the international business. In terms of the internationally if you are expanding then the per capita internationally is higher so are you able to price the product higher outside as compared to domestic pricing?

Vedant Modi: Yes, so given the kind of cost the franchisees have to bear outside India, we do a pricing strategy model for each of the country we open and the pricing changes for the country based on the kind of costs, the franchisee is going to incur in the country. So yes, they are definitely higher than Indian prices and as a result, we are able to maintain franchisee ROI across different countries because Indian wear as a segment is a one-on-one shopping experience. So even in the US you will find that one fashion advisor would be dealing with one customer. To deal with those reasons the price hike is taken given that employee expenses are a lot more than India.

Moderator: We take the next question from the line is Mr. Gaurav Jogani from Axis Capital.

Gaurav Jogani: My question is with regards to is it better to look at the current quarter performance more on sales per square feet metric? Because when we do it on a sales per square feet basis, it seems that your sales per square feet has increased 8% YoY despite the fact that you had a high base and also the fact that you had a large number of store openings which would have not contributed fully. So, do you think that would be a right metric that once to look at the overall performance?

Vedant Modi: Sure, so absolutely point taken that revenue per square feet which we call productivity internally is one of the most important metrics from a retail point of view and that is what leads to a good profit for the franchisee and for the Company overall and thus those numbers have been very encouraging for us. Our current productivity stands at about Rs. 13,200, which has significantly grown over the years and in fact it's even grown from the FY22 numbers which stood at about Rs. 12,700. So yes, those numbers are very encouraging for us and hopefully the idea is that we continue to grow this from here on.

Gaurav Jogani: My next question is with regards to your employee cost. If we see the employee cost, it has remained kind of flattish in an absolute level on a QOQ basis. If you can help us out how we should look at it given in the context in the first quarter, there was also some **(Inaudible)** (37.31) in the management remuneration as well that we have already took. If you can guide us how we should look at this number going ahead, what is the guideline here?

Vedant Modi: So, because the Company does not hire employees on the front end which is on the retail stores; majority of the employee cost you see is all the employees that sit out of the head office and that work at a corporate level. The major reason like you mentioned is because of lowering in director renumeration which we took in Quarter 1. In terms of guidance, we don't want to give any particular guidance however as the Company is moving forward from being a one brand, majorly led by one brand which is Manyavar to being a house of brands with five brands internally, we are building up our verticals in a similar sense now and we will start to see some of the HR costs from that aspect in the long term. But I don't want to give any particular guidance and as you know efficiency is in the DNA so we will do as much as we can to keep building on efficiencies in the business.

Gaurav Jogani: One last question from my end is in terms of we have seen that you have also added five new cities more during the quarter and even the city addition has been robust. If you can just give us some sense on how you're looking to open the stores across the various Tiers of India and how if you give some example, how the metros are performing versus the rural, the Tier III-Tier II towns kind of performance, something you can help on that part?

Vedant Modi: Sure. So overall like you said yes, we saw a very robust opening in terms of new cities. We entered some Tier II cities like Barasat and Pondicherry while the remaining were all Tier III cities, and these continue to do really well for us. From overall metro versus non-metro growth perspective, when we compare the numbers to FY20 we see that all Tiers have grown very well, pretty much equally, metros being at a slight advantage when compared to FY20. However, when we compare it to COVID impacted years then we see that the growth from Tier II and Tier III was very high in the COVID impacted years where we believe that people were staying back in their towns and cities and purchasing in those areas. However, as COVID is normalized and we are out of it, we're seeing that the trend of good share coming out of the metros has returned.

Moderator: Thank you. Ladies and gentlemen that was the last question for the day. I would now like to hand the conference over to the management for closing comments.

Vedant Modi: Thank you very much for all the encouraging words and it's always a pleasure interacting with all the analysts and looking forward to the next quarter and a very happy festive season to all of you. Thank you very much and Namaskar.

Moderator: Thank you. On behalf of Axis Capital Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.