"Vedant Fashions Limited

Q4 FY '24 Earnings Conference Call"

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MODERATOR: **MR. VARUN SINGH - ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Vedant Fashions' Q4 FY '24 Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Varun Singh from ICICI Securities. Thank you, and over to you, sir.

Varun Singh: Yes. Thank you, Sagar. On behalf of ICICI Securities, it's our pleasure to host Vedant Fashions' Earnings Conference Call. So today, we have with us from the management, Mr. Vedant Modi, Chief Revenue Officer; and Mr. Rahul Murarka, Chief Financial Officer. We can kick start this conference with the results discussion followed by Q&A. So yes, that's it from my side. Thank you, and over to you, Sagar.

Vedant Modi: Thank you. Thank you very much. Good afternoon, and a warm welcome to all the participants. I am Vedant Modi, the Chief Revenue Officer of the company. Thank you for joining us today to discuss the Vedant Fashions Limited Quarter 4 and Financial 2024 results. I'm joined by Rahul Ji, who is the CFO of our company. I hope everyone got an opportunity to go through our 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 and full financial year performance. In this quarter, we continued with our retail network expansion strategy, which is the dominant channel for the company and have successfully rolled out approximately 62,000 square feet of net retail area in the fourth quarter.

We are pleased to announce that we have successfully launched the first EBO of Mohey brand, measuring about 7,500 square feet in the city of Bengaluru. It is a unique piece of architecture that provides an ideal blend of tradition and contemporary state-of-art thereby enhancing the shopping experience of our consumers. We have also launched another EBO of Twamev in this quarter.

In the financial year 2024, we have successfully expanded our retail footprint presence by about 2.34 lakh square feet. This expansion highlights the commitment to provide our consumers with the best possible shopping experience. As of March 2024, Vedant Fashions' EBO area stands at 1.7 million square feet spanning across 676 stores in 268 cities and towns globally. The national EBO footprint tally is 660 stores spread across 255 cities and towns.

In the fourth quarter of FY '24, our overall customer sales grew by 5.9% over quarter 4 financial year '23. In this quarter, we continue to run our flagship marketing campaign with Mega Star Ram Charan, built around the timeless tale of the relationship between a father and his son. We also launched across channels, a 360-degree campaign with Bollywood actress Kiara Advani, highlighting the theme of Dulhan wali feeling that embodies the spirit of a bride and executes the charm a bridal lehenga holds in every women's life.

We also partnered with India's leading celebrity stylist, Tanya Ghavri, for a campaign on #DreamDulhanLook, where she guides brides to be through the perfect ensemble choices across a wide range of products with different draping styles to be unique, timeless and being oneself. We have also launched several campaigns across platforms on various festivals celebrated across different geographies of India, thereby strengthening us as a celebratory wear brand.

With the introduction of our Vivaham collection, that is Panchakacham and Veshti, we have successfully extended our reach to authentically embrace the cultural richness of South India. These initiatives reinforce our brand's dedication to diversity and inclusivity. This has been a one-off year, and our performance was majorly impacted due to significantly lower weddings coupled with muted sentiments of consumers and higher base effect of last year, which was post COVID.

However, we are confident as a business entity and our preparedness in terms of every aspect of business including market consciousness, like network expansion, multidimensional and multiregional marketing, adequate and appropriate inventory and merchandising backed with a robust auto replenishment system and back-end dynamics. These have helped us effectively maintain strong financial margins and profitability in matrices, reflecting resilient fundamentals of our business.

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 financial performance metrics for Q4 and FY '24 based upon the consolidated financial statements. Starting from Q4 FY '24 performance update. The company has reported revenue from operations around INR363 crores, delivering a growth of 6.3% as compared to Q4 of FY '23. The company continues to report industry-leading gross margin of around 67.1%. The EBITDA margins were around 49%, and the EBITDA stood at around INR178 crores.

The company reported best-in-class PAT margin of 31.9% and the profit after tax stood at around INR116 crores with a growth of 6.4% compared to Q4 of FY '23. Sale of our customer is around INR511 crores with a growth of 5.9% as compared to Q4 of FY '23.

Now I would like to summarize FY '24 full year performance. The company reported revenue from operation of around INR1,368 crores and sale of our customer revenue is around INR1,853 crores. The company continued to report industry-leading gross margin of around 67.2%. The EBITDA margins are around 48.6% and the EBITDA stood at around INR664 crores.

The company continued to report best-in-class PAT margin of 30.3% during FY '24 and the profit after tax stood at INR414 crores. Moreover, PAT generated during FY '24 is about 126% of the net cost of working capital employed computed based upon internal management MIS. On comparing our performance in FY '20, which was a normal period not having an impact of pent-up demand. The company's revenue from operations grew by around 49% and PAT grew by around 75%. The company has been able to efficiently maintain working capital at 88 days and has been able to achieve healthy ROCE of approx. 85.3%.

The company has a track record of generating significant cash driven by a healthy cash conversion ratio. During FY '24, the company reported healthy cash conversion ratio of approx. 81.4%, which has been computed based upon operating cash flow over PAT and based on internal management MIS. The cash conversion ratio, excluding finance income from PAT is approx. 96% computed based upon internal management MIS.

During FY '24, the company's overall performance was impacted due to significant lower weddings nationally, muted consumer sentiment, coupled with higher base effect of last year post COVID. However, the company has been able to effectively maintain strong financial margins and profitability metrics, reflecting resilient business fundamentals.

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

Moderator: Thank you very much. The first question is from the line of Sameer Gupta from India Infoline. Please go ahead.

Sameer Gupta: I have 2, and I'll come back in the queue for any follow-ups. So firstly, I noticed that the receivables on a full year basis have gone up from around 130 days to around 150 days this year. Any change in policy regarding credit for the franchises? Or is it just that you had a better March versus previous year EBITDA, any other factors I might be missing out?

Rahul Murarka: Thank you, Sameer, for your question. So as far as internal MIS, receivable days is around 64 days as of the year end. It has increased compared to last year because of the new square feet area which we have added around 234,000 during the year. However, the improvement in revenue was not to that extent. And hence, we can see the net receivable days increasing.

If you will see our increase in primary revenue and secondary revenue are in the similar direction. And also, the operating cash flow/PAT is around 81.4%. And we have been able to efficiently maintain working capital at 88 days. So that is the overall reason we wanted to explain.

Sameer Gupta: Rahul, just a follow-up there, since primary and secondary revenues have grown in a similar way, receivable should also typically grow in a similar rate, but there has been an acceleration, just wanted that clarification.

Vedant Modi: So, I'll just add on to that, Sameer Ji. If you look at the way we function as a company, the business fundamentally is we take a security deposit from our franchises and they pay us as and when the actual product gets sold in the store. As this was a weaker financial year and our SSSG degrew, basis that receivables have increased because the product is at the store level. And at the same time, we've opened about 234,000 square feet net area in this financial year that adds receivable on top of this.

So that's the overall business logic. At the same time, as a company, we have worked very hard on ensuring that inventory days are made more efficient. And that is why while we had a weaker year, our overall working capital days only moved from 83 days to 88 days despite having a weaker year, and that is why we have been able to maintain a PAT of -- PAT/working capital of about 125%.

Sameer Gupta: Got it. Got it. I'll probably come -- take it offline. Second is the -- second question is that I noticed there, the rent from computed from the cash flow statement and the ROU assets in the balance sheet they've also seen a higher growth versus overall retail area that you have added. So, is there an increase in the proportion of stores where you basically pay the rent? Or am I reading this data incorrectly?

Rahul Murarka: No, you're right. So basically, whatever square feet addition we have done on that basis, majority, I would say, or more than 80% has been on account of the lease stores. So that is why you are right. You can see that impact.

Sameer Gupta: So right now, as a total area, how much proportion of revenue or proportion of stores is where Manyavar is paying the rent?

Rahul Murarka: Around 65% of proportion of revenue comes from stores where we are paying the rent.

Sameer Gupta: And this number was 60% last year.

Rahul Murarka: No, no. It is around 65% consistently. This year, it may be 67%, last year it was around 65%.

Vedant Modi: Broadly, if you look at this year as a whole, what we saw as a trend is that Tier 1 was outperforming Tier 2, Tier 3. Even from a business development perspective, that is why there was a higher focus on entering core markets of India that give us results now. And that is why a majority of these stores that we don't pay the lease in -- are in Tier 2 minus Tier 3, Tier 4 towns. So, it's also a result of the overall fundamentals of the way the economic cycle has been happening in the country across tiers of towns as well.

Sameer Gupta: And a large part of your store addition has happened in Tier 1 this year, is it?

Vedant Modi: It's a mix of both, but this year, you could say that a lot of growth has come in Tier 1 and Tier 2 plus cities where the stores are in our own lease.

Sameer Gupta: Got it. I'll come back in the queue for any more questions.

Moderator: Our next question is from the line of Gaurav Jogani from Axis Capital.

Gaurav Jogani: So, my first question is with regards to the overall demand environment. If you can just give a sense of how the demand environment panned out in the last quarter? And how are you looking the demand environment in the year coming ahead?

Vedant Modi: Thank you for your question. So overall, as per our understanding, if we comment on the full financial year, there were a mix of 3 elements playing for us. One is overall lower number of weddings happening in the country. Secondly, there was also weaker consumer sentiments in the particular target audience we cater to. And lastly, the base effect of the previous year.

So, these were the 3 things that were happening overall in the financial year. We are quite hopeful the way India is growing, the way the mid- to long-term of India looks like, I think we are very confident about the business from that perspective. Broadly, Q2 onwards, we feel that things should hopefully normalize. But given the scale our company operates at, this is something we will have to look and understand.

Gaurav Jogani: Sir, just a follow-up. Generally, we as an analyst look at the total number of weddings in a particular year and then correlate it with the total number of weddings. So, would that not be a right assessment given that last year the number of wedding days were higher?

Vedant Modi: Apologies, Gaurav. I couldn't fully listen to your question.

Gaurav Jogani: So, I will just repeat that. What I was trying to ask is, last year, that is FY '24, the number of wedding days were higher. And I think despite that, the number of weddings were lower. So, is this a unique phenomenon that you noticed last year? And given that in FY'25, relatively, the number of wedding days would be lower. So how possibly this could impact the revenue growth for FY'25?

Vedant Modi: Gaurav, as we mentioned, while there is definitely a correlation between wedding dates and the number of weddings happening in India, it's not 100% directly proportional. The big change when you look at last year is that FY'23, because the country had come out of COVID, there were a lot of weddings. And that is why when we look at last year, the number of weddings look to be slightly weaker when compared to FY'23.

Hence, it has also got a big connect to coming out of COVID and that whole relationship playing out, which is something we saw for the first time in our sort of history with the company. The way we look at things moving forward is FY'24, the base has definitely normalized. And as we move into FY'25, while Q1 as a particular quarter has almost no weddings, but after we move out of Q1 and move into H2, Q3 and Q4 have a good number of wedding days. So, we are quite hopeful about how things move into the future.

Gaurav Jogani: Sure. And my second question is with regards to the Mohey store that you added. What gave you the confidence to go ahead and open the Mohey store? And if you can give any first early nuances of the Mohey stores how the operational metrics have been? And how these are panning out in that particular brand?

Vedant Modi: Sure. So, with Mohey, even in the newer Manyavar-Mohey stores which we are opening, Mohey is continuing to perform much better than it had ever done. That gave us the confidence that if the layout and the overall store is created of thinking of a woman in mind, this can yield too much better results. Hence, with Mohey EBO being piloted, we have already seen great sort of consumer feedback at the store level even the sort of conversion numbers we are seeing are very positive, and we are quite happy with the way the store has been performing.

While it has only been 30-35 days that the store has been operational. I think we would like to see a couple of more quarters to fully give you feedback on how Mohey EBOs are performing. But we are quite confident, and we would like to pilot with more stores as we move into the next few quarters.

Gaurav Jogani: Sure. And just one clarification, what is the size of this Mohey store that is added this particular quarter?

Vedant Modi: This particular store is about 7,500 square feet.

Moderator: The next question is from the line of Rishi Mody from Marcellus Investment Managers.

Rishi Mody: Rahul, just a quick question. Firstly, can you explain the other income amount. It seems to have jumped a bit this quarter versus, say, the previous 3 quarters. Any particular reason for this?

Rahul Murarka: So, it is mainly because of increase in the finance income. So, if we see the quarter-wise breakup Q4 versus Q4, it has increased by INR107 million. And the finance income actually has increased by INR113 million. So, it is mainly because of finance income, broadly because our cash balance has been improving over the years. So, the average investment has improved compared to last year. And also, the yields over the investment income has improved compared to last year. So, finance income is the main reason why we see a higher other income.

Rishi Mody: So, there is no exceptional income in this where some stores sold to franchises or some lease cancelled and nothing of that sort in there?

Rahul Murarka: Out of INR113 million -- out of INR107 million growth in other income, INR113 million is out of finance income only.

Rishi Mody: Okay. All right. Second, I wanted to understand that we are opening bigger stores now. We are opening 3x to 4x per company average size stores now, but the new stores are not coming in at productivity levels, which were coming in till FY'23, coming in at about 50% productivity versus 70% of the older stores that used to come in pre-FY'24. So just trying to understand how are you all tracking this? Or do you all see the strategy working out? Or there's not enough depth in consumption to be able to support this bigger stores?

Vedant Modi: I think there are a couple of things here. Firstly, we've not 3x-ed or 4x the size of our store. The store size has moved from an average of about -- you could say the last year average was about 2,400 or some 2,250 square feet. And the stores that we've opened this year have been at an average of about 3,050 square feet. So, it's definitely grown but about -- by about 35%, 40%.

At the same time, when we talk about productivity, while the newer stores have been lower this year, this is majorly on account of that newer stores take about 2 years to mature as we've mentioned in our previous calls. And this year being a slightly weaker year, they have taken a little more time to sort of get to their typical first year levels. But the whole understanding is that majority of the stores that we've opened are futuristic decisions and right calls. So, as we move forward and consumer sentiments bounce back, these stores should pick up and perform better.

Rishi Mody: All right. So, we can chalk it up to a one-off this year. But the concept you're saying is still viable that bigger stores will give a better…

Vedant Modi: We've definitely increased the size of the stores, but all I'm trying to say is it's not 3x, 4x. It's moved from 2,250 to the average store being opened this year being at around 3,050 square feet.

Rishi Mody: All right. Also, like last few quarters, we've opened we slowed down our run rate of new store openings. Is this just to be cautious until the market recovers or we're facing some issues from the franchise and where they're not willing to invest given the weak macro environment?

Vedant Modi: So, Rishi, if you look at it from a perspective of store openings, we comment on square feet because that's a more relevant metric in our case. So, on a base of about 1.45 million, we have opened 2.37 lakh square feet at a financial year level. So, we've continued to demonstrate robust store openings across the financial year.

We definitely did consolidate a lot of the older stores in terms of replacing them and relocating them with larger stores. So that was a strategic drive that has happened over the last 2, 2.5 years. And as we move into the future, we might continue doing the same with some of the sub 1,000 square feet stores that we have where more potential lies for our business.

Rishi Mody: All right. Okay.

Vedant Modi: However, the way next year is placed, I think we will be a little slow when it comes to the early parts of the year because, as I mentioned, Q1 is with -- has almost no wedding dates. So, the way we are looking at business development is to place a majority of our stores in later part of Q2 and early part of Q3 from an opening perspective.

Moderator: The next question is from the line of Ankit Kedia from Phillip Capital.

Ankit Kedia: Vedant, just a question on store opening again. You mentioned this year, you opened stores now in metros, Tier 1 and some Tier 2 cities. So, FY'25, where do you see with geographies you're planning to open stores? And would these stores also like FY'24, 80% of the rent would be paid by the company?

Vedant Modi: So, Ankit, just on this question, some of these decisions are very dynamic. So, I can comment on a 3- to 5-year basis, we feel that -- from an overall 3- to 5-year basis, our overall openings would be split between Tier 1 versus Tier 2, Tier 3. And the mix of lease paid by us versus lease paid by franchises would continue to be at similar trends as it is now about 65%, 66% being borne by us, remaining by franchise partners. So, I think 3 to 5 years, we feel it's going to move in a similar trend. But in a single year, there are many dynamic calls that we have to make. So, it might move couple of basis points here or there.

Ankit Kedia: And the bigger stores, 15,000-plus square feet stores, is it safe to assume that the rent for all these new stores are being paid by the company because these will be flagship stores at select locations?

Vedant Modi: So broadly, strategically, the thought process is any flagship store is a store where the company bears the lease cost. So typically, majority of the flagship stores would be on our lease.

Ankit Kedia: Sure. The second question is on Twamev. Now we have seen more than one year for Twamev store being there. Anything to highlight on the feedback from the consumer, how has been the acceptance in this festive because Q4 was better than Q3. And how has been the overall response? And going forward, any change in strategy on Twamev or it continues the way it is and it's getting better?

Vedant Modi: Twamev is performing very well when it comes to the exclusive brand outlets, and the only execution task that we have to take up is to open a store in the best markets of the country. As we look for only the best properties in the best markets, and we don't want to sort of compromise at all. This might take a little more time than a typical Manyavar store does. But the idea is to be present in all the best locations with the best possible store. So, we will continue on that execution strategy and move as fast as we possibly can.

At the same time, from a consumer feedback angle, things are looking very positive for a premium brand, we've seen good conversion rates happening on the store level. We've been getting great feedback. We've understood the needs of the premium consumer a little more, having operated Twamev for a couple of quarters now. We've also changed a lot of CRM practices that we followed. And basis those, we are kind of poised to grow well with Twamev. And as in more new stores open, I think the model is quite set for us to continue growth with.

Ankit Kedia: And my last question is on the unorganized market. Are you seeing because inventory for the unorganized would have been higher given that the wedding demand has been muted in the last couple of quarters, are you seeing them deal discount and under cart organized brands and gain market share in the last few months?

Vedant Modi: So, I think there are two pieces here. So, when it comes to discounts and kind of cutting the market, I think that is something we would not be able to comment, particularly on the unorganized segment. But when it comes to the market share gain, when we look at our own MBO data, that was the most affected channel in our company. At the same time, qualitatively speaking to the top multi-brand outlet partners, everyone is severely down.

So given that the top 20, 30 people are down in the unorganized segment. From our perspective, it doesn't seem that, that market has grown at all. So, from our understanding, there is definitely not a market share gain of unorganized. However, this is based on a sample size of about 20 to 30 top MBO dealers of the country.

Ankit Kedia: And last question, if I may ask on the digital piece from Manthan where last one year, you have been doing that project, what's the status on that? And when can we see scale-up of that coming in?

Vedant Modi: We are very excited about the new strategy for Project Manthan. There is a lot of exciting work that has happened. We will be presenting it to all of you over the next 1 or 2 quarters. And we are quite well ready to take the project to the next level, and that is what the plan is. So, we are internally quite excited about the same, and there has been a lot of work that has been put into place. And we will be rebranding the whole piece and taking it forward from that point on.

Ankit Kedia: Looking forward to your Manthan.

Moderator: The next question is from the line of Sabyasachi Mukerji from Bajaj Finserv.

Sabyasachi Mukerji: So, my first question is how many ICs and the net rollout of stores in FY'24 is at 27. And if I just do a quick math, that 234,000 divided by 27 stores, average size of the store is somewhere around 8,500. So, has there been -- I mean, opening of stores, which is more than this 27 and there has been a closure as well, if you can give the number?

Vedant Modi: Yes. Thanks for that question. So broadly, as a company, we've taken a strategic call of consolidating a lot of our smaller stores and relocating them and converting them into much larger stores wherever the opportunity exists. That is why the right way to track our company is to follow square feet.

So, like I mentioned, the average square feet of the new store that we have opened is about 3,050 square feet this year. And at the same time, we've consolidated some of the stores to sort of move into better parts of the market into larger stores. So that has been an active drive. From a pure-play closure perspective, like we do almost every single financial year and is better than the retail benchmarking, about 1.5% of our retail square feet area is pure-play closure, while the remaining is all linked to relocation into better parts of the market.

Sabyasachi Mukerji: So basically, if I divide the 234,000 divided by 3,050, the number is somewhere around 76, 77. So there has been, I mean, almost close to I think, around 50 stores, maybe relocation or closure? Is the understanding correct?

Vedant Modi: Broadly, we don't want to comment on exactly the number of stores. But majority of the stores that were closed were on account of relocation. Maybe I can get back with the exact numbers post the call with you.

Sabyasachi Mukerji: Sure. No issues. Rahul Ji, I had a few bookkeeping questions. What would be the ad spends and job charges spend for the full year FY'24?

Rahul Murarka: So, for FY'24, the ad spend was around 5.6% of revenue.

Sabyasachi Mukerji: 5.6%. Okay. And the job charges?

Rahul Murarka: Job charges for the entire year. Only job charges, are you saying?

Sabyasachi Mukerji: Yes.

Rahul Murarka: Okay. Only job charges would be around 5%, 5.1%.

Sabyasachi Mukerji: Okay. Vedant, I have a question on this ad spend. So last few years, obviously, we were spending a little lower than our normal in ad spends, and we have kind of bumped it up this year. But in an environment where there is a weaker consumer sentiment and then lower wedding days. Does this ad spend actually helped us in terms of reaching this number? I mean my question is, if we didn't do such ad spends, will our revenue would have been far lower? How should we read and your outlook on FY'25 as well on the ad spend number?

Vedant Modi: Typically, when we look at marketing and when you're trying to create a long-term brand, not doing marketing for 1 year might not make an effect. But the idea is if you continue to market, that leads to long-term growth. So, one-year marketing is almost impossible to attribute unless it's an online-based marketing for online business. But if it's marketing for the physical environment, we have to look at it from a much longer-term horizon.

As a company, we are trying to drive behavioural shift. We want Indian men attending wedding to dress up in Indian wear. So, this strategy is a 4- to 5-year strategy where we've been putting in a lot of effort and money in order to drive this change. And we have seen this. So even in our numbers, over the last 4 to 5 years, we have seen a larger growth coming in from a non-groom segment. So, marketing does play a large role in driving long-term behavioural change in driving overall customer footfalls.

Sabyasachi Mukerji: Okay. Fair point. That's all from my side. All the best.

Moderator: The next question is from the line of Atul Mehra from Motilal Asset Management.

Atul Mehra: My question is in terms of the growth, obviously, we had a flat year in FY'24, but as we look forward and maybe internally the way you guys are thinking about and budgeting for growth in this financial year, if you can walk us through what is the thought like because a lot of the low growth also is in the base and perhaps things could materially improve in Q2, Q3 and so on. So, if you can walk us through what is the internal thought process on growth for this financial year?

Vedant Modi: Thank you for that question. So, while we don't want to give any particular guidance. What I can tell you qualitatively is that over the last couple of years, we've built a very strong base of retail now standing at 1.7 million square feet. The idea is with rebounded consumer sentiments, we will be able to truly utilize the square feet that we've opened this year, coming in from a mix of all our brands. At the same time, we are continuously building for our medium-term growth in the form of Mohey and Twamev EBOs, which will bring in the next level of growth for us as a company.

At the same time, like I mentioned, Project Manthan is something that we will launch in the next 1 to 2 quarters, which again is a very exciting opportunity for us, bringing in a higher share of growth from online and also from the dealer network. And we also sort of are looking at more opportunities, horizontal opportunities in the Manyavar segment in the form of kids and accessories. So newer accessories that we launch in the market.

So broadly, we are well poised for growth. Anything that we can do internally, we are taking it up and trying to execute it in the best manner possible. And given all the retail we built up when footfalls are back to normalized levels of sort of -- that we would like to eventually see, then definitely results should be great as all the retail KPIs, even in a hit financial year like this, from conversion to average basket size, average bill value, net promotor score all were actually in the green and growing. So just with footfalls rebounding, I think we should be in a very great space.

Atul Mehra: And then 1 follow-up to that, maybe not this year, but if you think about it from a 3- to 5-year perspective, which is a more medium- to long term. If you can talk about that, like over there from a 3- to 5-year perspective, how would you think about in terms of overall growth?

Vedant Modi: The idea for us as a company is the overall mission is to be a dominant player in the entire Indian-wear segment across categories, across genders, across price. So, in order to address that the idea is that we scale up Mohey, Twamev and a new brand that we will launch to the second phase of growth and to be a little more mature.

And at the same time, over the course of 3 to 5 years, identify newer categories that we would want to get into. So, the idea really is to execute in the best manner possible for the current new brands that we have, while growing Manyavar and incubating newer brands when and if required.

Atul Mehra: All right. Got it. One just final question on Mohey. You mentioned in one of the earlier questions that the exclusive format in a way, you guys think it's more suited and it's giving you better consumer feedback. Can you talk a little bit more about that? Like do you believe that in terms of Mohey as a segment as an offering, there is a fair bit of confidence on the formats now in an exclusive format maybe some more commentary or some more thinking on that would be helpful.

Vedant Modi: I think there are 2 pieces to this. We are already very confident about Mohey in the Manyavar stores. So, this is something we've been doing for many years now, and we've seen good results coming in from this. The overarching idea behind doing Mohey EBOs was to see how the whole perception towards the brand changes from a women's angle, where they see a store with just women's product. So, we are piloting a couple of stores, and we want to see what the results are before we take a call on how much we want to scale this up. But right now, the core strategy of the company has been the Manyavar Mohey stores, which has continued to perform really well.

Moderator: The next question is from the line of Yash from Stallion.

Yash: My questions are answered.

Moderator: Next question is from the line of Prerna Jhunjhunwala from Elara Capital.

Prerna Jhunjhunwala: I had 2 questions. One, just wanted to understand the growth for next year, how we should see because the number of days as per our calculation should be lower in next year than this year. And first half, as you mentioned, may not be that great. So, what is your thoughts on growth for FY '25?

Vedant Modi: Prerna, while we don't give any guidance as such, what I would tell you is basis wedding days that we see in the Hindu calendar, Q1 is going to be weak given that there are close to no weddings happening in the first quarter of the year. However, quarter 2 onwards, we are very confident about the business, and that is when things should pick up. So that's our overall understanding. And like I mentioned for the questions earlier, given the kind of retail we've built and given the kind of growth strategies we have in place with also strong marketing efforts that we have thought of and put in place for this year, we definitely see good sort of things happening.

Prerna Jhunjhunwala: Just a follow-up on this. Have you ever seen that when there has been such a weak demand over the last 6 to 8 quarters in any particular year, and there has been no major purchases, I mean the consumer sentiment has been weak for a longer time. How much time does it generally take to pick up in the overall consumer sentiment. I mean from the wedding perspective, is there a recycle up every 2 years, 2.5, 3 years, 4 years, something on that Something on that side, that would help us.

Vedant Modi: The only relatively recent example that we have is FY '17 as a year was very weak in terms of wedding dates. And then FY '18 saw great growth in our case. However, when we look at this year, this is the first time when we've seen wedding has been weak for 5 quarters in a row. So that is something unique that we're seeing this time and how we come out of this would be something that even we see for the first time. So, it's difficult to comment, but the idea is that when we come out of 5 weak quarters, then typically the growth is better in the quarters after that.

Prerna Jhunjhunwala: Sorry, I lost you 5 quarters and lost you there.

Vedant Modi: Sorry, I was mentioning that while we don't have any historical example of what is happening right now, there will be 5 weak quarters in terms of weddings in a row. And the anticipation is that the next 5 quarters are quite strong in terms of weddings. So, things should be good post that.

Prerna Jhunjhunwala: Okay. Understood.

Vedant Modi: So again, this is a business where demand cannot get destroyed, but it can only move from 1 quarter or 1 financial year to another because weddings in India are poised to happen.

Prerna Jhunjhunwala: Okay. And one last is a quick bookkeeping question.

Moderator: May we request you return to the question queue as there are several other participants waiting for their turn. The next question is from the line of Chanchal from Birla. Please go ahead.

Chanchal: Just 1 thing on the demand side and probably on the competition side. I know Tasva and Raymonds I'm quoting two competition. In a category like yours, when people are getting married, marriage is once in a lifetime occasion mostly, people would go out and search and look at various options. Do you think some people has gone to competition. They probably have gone. I don't know how much conversion. How do you see competition playing out?

Vedant Modi: So majorly, I think there are quite a few players that have entered the industry. However, that said, majority of the stores that have opened are in Tier 1, while we were majorly impacted in Tier 2, Tier 3. So, I think that is one big sort of data point for us that some of the things that are happening are not on account of competition, rather, if anything, that is one of the smallest compositions in the sort of numbers that we saw.

Rather the 3 things that we mentioned, one is overall lower weddings, secondly lower consumer sentiments and thirdly the pent-up effect that we had from the previous post COVID year. So, these 3 seem to be the biggest sort of factors in our case, while definitely new players have entered from a factor perspective, it seems to be the smallest factor overall.

Chanchal: No But I don't know whether Raymond has ethnics across Tier 2, Tier 3 or they are opening exclusive stores because having seen Tier 2, Tier 3 city very closely, normally for a marriage people would go to Raymond. And there if ethnics are present people would have a look. I'm just trying to understand, if I take a 3- to 5-year view, will competition also play a role? Or one way to look at it is the organized market will grow, but the surge cost in the category we're playing is very high. So, will competition be an important thing to look at?

Vedant Modi: I won't be able to comment on any particular player, but broadly, majority of the stores that have opened up are in Tier 1 to Tier 2 plus cities. At the same time, like we mentioned before, the overall Indian wear category enjoys very high moats, given that we've operated in this industry for 2-plus decades, we truly understand consumer preferences. And that is why we are able to make relevant products for relevant pin codes of the country that allows us to have very low single-digit debt stock.

At the same time, given Manyavar brand being out there for 2-plus decades, our awareness levels are 99% plus basis last consumer market research we've done. So, with all of these strong moats that we enjoy, we are quite confident about our business. And yes, that's all I would be able to say at this point of time.

Chanchal: Sure. So that sounds very confident in thought. Just lastly, if I may, you sounded out that some categories you may look to enter. Have you made a list of other categories which may excite you? Anything you want to call it out?

Vedant Modi: Yes. So, like I mentioned one of the major things that we will do in this year is Project Manthan will be revamped and we will announce this in the next quarter or maybe 2 quarters from now. And there are more categories that we are planning to enter horizontally through Manyavar brand. As and when we do it, we will definitely announce it. But as of this moment, it is quite strategic. So, we would plan to announce it once it's actually out in the market.

Chanchal: Sure. But mostly it will be wedding related, or it can be other lifestyle category also?

Vedant Modi: It would be wedding related and also relating to accessories that could be used on a daily basis.

Moderator: Ladies and gentlemen, we would take that as our last question for today. I would now like to hand the conference over to the management for closing remarks.

Vedant Modi: Thank you very much for the interaction. It's always great interacting with all of you. Looking forward to meeting you in the next quarter. Thank you very much and Namaskar.

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