

## Business Updates

- There is some uptick now visible in the mass market and there is a sense of coming back to normalization of life
- The formalization of the economy does have its impact on the trader and middlemen community which is negative
- The East & North east parts of the economy have seen consumption inching up
- There is more competition in the value retail space in the last three years and the supply is higher while demand has not grown in that sense
- There is competition from both brick n mortar and digital retailers which have taken away some market share for the company
- The management continues to believe that there is still demand for the kind of stores the company opens in multiple towns
- The omni channel model is a key to succeed in the retail channel going forward
- The average selling prices were decreased by 5% during the quarter to improve upon the footfalls in the stores
- The core thesis at “Limeroad” will be to sell instagrammable fashion at great quality and value pricing

## Participants

India Infoline

Centrum Broking

Laburnum Capital

Spark Capital

Marcellus

## QnA

- There has been pressure on revenue and EBITDA front on a lot of stores that were opened during 2019-20 era and many of those stores are being closed which are tough to bring under better control
- The focus will be to add 15-16% additional square foot area every year
- The capex on the new warehouse has been Rs 109 crores and every year around 2 stores go under refurbishment where the cost per store of refurbishment is Rs 20-30 lakhs
- The target for SSSG will be mid single digits going forward and efforts are being taken behind that

- The management has worked very hard to bring down its average selling prices and that has led to footfalls coming back and the loyal customer for the company still remains the mass at the bottom of the pyramid
- The costs at “Limeroad” primarily are in marketing and fulfillment and the team is working behind reducing costs at all these aspects
- The management is guiding that profitability at “Limeroad” should take at least two years and this will not be profitable in the short run
- The overall losses in an annual level at “Limeroad” should be around Rs 50-60 crores and not more than that
- Technically the whole consumer and category understanding are being integrated within the company
- There have been efforts behind building better design capabilities within the organization, a technical and quality department which is improving the quality of the products