

SEC/17/2022-23

May 04, 2022

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001. Stock Code : 532638	National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. Stock Symbol : SHOPERSTOP
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Sub: Transcript of Earnings Conference Call – Q4 FY22

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had filed letters ref. no. SEC/10/2022-23 dated April, 22, 2022 in respect of the analyst / investors conference call and ref. no. SEC/ 15/2022-23 dated April 29, 2022 in respect of Audio Recording of analyst / investors conference call, on Friday, April 29, 2022 11:00 a.m IST to discuss the corporate performance for the quarter and financial year ended March 31, 2022.

In respect of the same and as required under Regulation 46, we are pleased to submit herewith the transcript of the earnings conference call held on April 29, 2022. The same is simultaneously being made available on the website of the Company.

Kindly take the same on records.

Thank you.

Yours faithfully,
For Shoppers Stop Limited



Vijay Kumar Gupta
Vice President- Legal, CS & Compliance Officer
ACS No: 14545



Encl: aa

SHOPPERS STOP

“Shoppers Stop Limited
Q4 FY2022 Analyst Conference Call”

April 29, 2022

SHOPPERS STOP



**MANAGEMENT: MR. VENUGOPAL NAIR – CUSTOMER CARE ASSOCIATE,
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER –
SHOPPERS STOP LIMITED
MR. KARUNAKARAN MOHANASUNDARAM – CUSTOMER
CARE ASSOCIATE, CHIEF FINANCIAL OFFICER –
SHOPPERS STOP LIMITED
MR. JAIPRAKASH MAHESHWARI – CUSTOMER CARE
ASSOCIATE, VICE PRESIDENT (FINANCE & ACCOUNTS)
– SHOPPERS STOP LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Q4 FY2022 Analyst Conference Call of Shoppers Stop 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. I now hand the conference over to Ms. Mamta Samat from Perfect Relations Private Limited. Thank you and over to you Madam!

Mamta Samat: Good morning and thank you for joining us on the Shoppers Stop’s Q4 FY2022 Earnings Conference Call. Today we have with us the senior management represented by Mr. Venugopal Nair, Customer Care Associate, Managing Director & Chief Executive Officer, Mr. Karunakaran Mohanasundaram, Customer Care Associate and Chief Financial Officer and Mr. Jaiprakash Maheshwari, Customer Care Associate, Vice President Finance & Accounts. We will begin the call with the opening remarks from the management after which we will have the forum open for the interactive Q&A session. I must remind you that the discussion in today’s earnings call may include certain forward looking statements and must be viewed therefore in conjunction with the risk that the company faces. Please restrict your questions to the quarter and yearly performance and to the strategic questions only. Housekeeping questions can be dealt with separately with the IR team. I would now request Mr. Venugopal Nair for the opening remarks. Over to you Sir!

Venugopal Nair: Thank you Mamta. Good morning friends. Thanks for joining us today to discuss the Shoppers Stop financial results for the Q4 and the full year of fiscal year 2022 that ended on March 31, 2022. Along with me, I have our CFO Karuna and Jaiprakash our FPA lead. We had shared our Q4 results, the investor deck, and the press release with you, and I am sure you would have gone through the same. I will now take you through on our Q4 performance, progress on the strategic pillars and the way forward.

Q4 was the story of two halves due to the third wave of COVID. Sales improved dramatically in the second half with March being particularly good witnessing double digit growth across all channels while the most of January and half of February had been impacted by COVID. Fortunately, the impact on people was almost negligible which helped in increasing consumer confidence. I must add that the strong momentum from March has continued into April. We had a reasonably strong quarter post COVID and the highlights are as below.

Sales grew by 8% versus last year, but does not convey the strong momentum that we have now. To give you the perspective our sales declined by 14% in January. It grew by 8% in February and 40% in March. As you are aware January is the second highest month for us and due to the festive and seasonal phase it has a very high sensitivity overall for us. Any impact in January is felt over the entire quarter and that is what happened camouflaging our

growth and impacting the profitability for Q4. To illustrate this in numbers we would have had a 28% growth in Q4 sales if January sales had been the same as last year. Our ASP that is the average selling price and the average transaction value grew by 17% further substantiating the strong consumer demand, particularly in the premium and bridge to luxury categories that outperform during the quarter. Our digital sales continue to be robust with a growth of 5% on a significantly higher base. For the full year, our digital sales grew by 60%. In my last speech, I had spoken about wardrobe reboot. Customers making choice on apparel or assortment of clothing wherein they bring the latest taste and preferences. We continue to curate depending upon the seasons. With offices, schools and social life opening, we are now witnessing an office reboot which is also the campaign that we ran in our stores and online at the end of March and beginning of April. We curate our ranges to the latest fashion trends and bring this within our stores and offering the latest trend to our customers helping them to build their wardrobe with confidence and feel good is what we do and that curation is an important role that we play and we believe the focus and attention that we have given to this area is leading to substantial results for us.

On the operational costs we saved Rs.42 Crores out of which we invested a substantial portion for our future investments such as new stores and ecommerce. Before I move on to the EBITDA, I need to discuss the onetime costs which we had to incur and that significantly impacted our profits for the quarter. We had implemented SAP last year which was a massive change in the IT application from the earlier Oracle MMS. This was done in June 2020 at the height of COVID and that was the call we took to use that down time to make this transition. As you know COVID has surged over the last two years. We have a perpetual inventory control system called PICS and we have a complete inventory verification once in a quarter. While PICS was done partially in the earlier quarters due to COVID closures and festive seasons, a complete wall to wall inventory check was possible only in Q4 of this year. This led to a significant increase in inventory shortage of Rs.9 Crores. We have revisited the process, strengthened the same significantly and put a separate team in place to monitor this on a weekly and monthly basis to ensure that our PICS process continues to be as robust as before. I must call out that this is an area where Shoppers Stop has been particularly strong in and over the last many years our shrinkage or PICS has been consistently 0.3% or lower and which is what we believe we will be able to achieve going forward as well. We have now got an external agency as well to verify our revised process to confirm that this is in order. Our e-com operations also had sales returns higher than offline. While reconciling our stocks we took cognizance of the sales returns which were damaged in transit. As a prudent and conservative company we decided to provide Rs.6 Crores for the same. Last but not the least, for some of the stores we delayed our opening from the earlier quarters to this quarter due to COVID. We negotiated with the landlords and agreed for a time settlement of Rs. 6 Crores for this delay as these expenses during the closure period. That explains the onetime expenses that we have provided for this quarter.

Moving on to operational costs, we continue to save over FY2020. In Q4, we saved Rs. 42 Crores. We are nearly debt free though January and partly February was impacted by COVID. With the strong sales and tight control on costs, we reported an EBITDA of Rs.97 Crores as per GAAP financials and a small loss of Rs.13 Crores as per non GAAP reporting. We continue to invest in our business. The investments are to grow our digital commerce capabilities and to expand into new stores along with refurbishment of some of our older stores. We have invested Rs.59 Crores in Q4 and Rs.154 Crores in FY2022. At this stage, 40% of our entire store estate is now less than three years old either as new or refurbished and this number will continue to grow over the coming four quarters. We are expanding rapidly. We opened 5 department stores, 12 beauty stores and 2 airport stores aggregating to 19 stores, the highest in the last several years. We also invested Rs.46 Crores as capex in the last quarter and cumulatively Rs.101 Crores for the full year. Our capex has been funded through our internal resources only. We have also significantly reduced our working capital by Rs.100 Crores despite the growth of 45% in the last one year.

From operations I will now move on to the performance of our strategic pillars. Our first citizens continue to contribute at a healthy share of 79% in offline and 37% in online. We have been witnessing a steady increase in the first citizen share over the year, particularly in the last quarter. Our new enrolments increased from 7% to 16% and had lead to an overall improvement in our first citizen contribution. I am extremely happy to say that our first citizen black card enrolments recorded 173% growth in the last one quarter. In our online business, first citizen online sales grew by 21% over last year with 37% contribution. On repeat online shopping, this increased by 38% again over last year. This is still a small percentage of our total online space and hence a huge opportunity for us to grow our sales through our first citizen customers. As always our personal shopper contribution has been consistent and has contributed to 10.7% of our sales. The personal shoppers is a unique offering that Shoppers Shop has for its customers across stores and online where they offer personalized service and engage with customers at a far higher level than normal. This is illustrated by the average ticket size continuing to be three times higher than the normal ticket size. We have done several local events to spread the awareness of the personal shopper. Our other initiatives such as wide glove, whatsapp calling, etc., continue to have contribution in our overall sales. While our initiatives are continuing I would like to call out the landmark events that happened in March 2022. HDFC Bank, India's largest private sector bank and we joined hands to launch cobranded credit cards. These credit cards will be available to over 9 million first citizen customers along with HDFC Bank customers with an endeavour to provide an elevated and rewarding shopping experience. The partnership draws on HDFC strength as India's issuer of credit cards and our position as a reputed retail brand. I should say that this is the first time HDFC has associated with a retail company to launch a cobranded credit card. This will also give us the benefit of being able to reach out to a larger universe and also get it significant insight into our customers shopping habits.

Our co branded cards with HDFC will bring unmatched benefits to our first citizen. They will be able to avail discounts and offers provided by the bank and redeem points at our stores. This is a win, win proposition for both HDFC and for our customers. The credit cards will be available in two categories, Shoppers Stop HDFC Bank credit card and Shoppers Stop black HDFC Bank credit card. The reward points will differ depending upon the card with black card ensuring higher loyalty points.

Moving on to the next strategic pillar of Private Brands. During the quarter private brands grew by 9.4%. Private brands continue to outperform the other brands and increase the overall share. The average selling price increased by 6% during the quarter. Kids continue to grow within private brands by 40% versus last year. Our private brand contribution is at a healthy 13.2% at an overall level and within apparel it is at 19%. Our online contribution of private brands increased to 20%. I must add that in Q4, the private brand contribution was impacted by the sales in January where most of the sales were significantly muted and it tends to be the second highest month for private brands particularly and hence the overall percentage and contribution to stores did not grow as it has done in the previous quarters and it was muted. We have been focusing on women Indian and Western wear and these have had a healthy growth in our lead brands with “Kashish” and “Insense” leading at 56% and 83% respectively. Our occasion wear for men’s “Bandeya” has been received well with an annual run rate of Rs.25 Crores now. Our D2C brand “Infuse” has also been growing steadily.

Moving to our third strategic pillar of Beauty, our beauty grew by 9.1% with the mix at 17.6% to our total sales. During the quarter, we launched 24 brands and close to 100 brands during the year. Our own private brand Arcelia launched 85 new options. Arcelia is in the top 10 brands within fragrances in our stores and continues to be within the top three embarked body and accessories. There were global supply chain issues during the quarter especially from international brands due the disruption caused by COVID and the Ukraine crises. This is getting streamlined now. We have opened 12 beauty stores during the quarter and this is an area we are focusing on to grow our presence in the beauty segment to offer our beauty customers a great experience. Within those 12 were six standalone beauty stores, three of them being SS beauty, which is our standalone beauty format that we are continuing to invest into. With masks now going away, we expect sales on beauty to get even stronger. As you are aware beauty is key strategic pillar for us. We have taken higher targets in beauty and have aggressive strategic plans for the next three years. To achieve this we need to offer a best in class experience for our customers, particularly the digital related ones. For this content plays a crucial role in driving side traffic and building brand authority and improving conversions. This is an area we are investing in to improve the experience for our customers. At this juncture, I am pleased to share that we have a new Chief of Content and Webcom Officer Ms. Madhavi Irani who joined us a few weeks back.

Madhavi has over 25 years of great experience in content and website management. Madhavi has worked in Nykaa from its inception and has also worked in the Times of India group in the past. Her expertise lies in content to commerce, Omni channel strategy, user experience and engagement all of which will drive growth. This is a big addition to our team and helps us to focus in improving the customer experience especially for the digital initiatives and also the experience for our customers across online and offline.

Moving on to our fourth strategic pillar of Omni channel, digital sales continue to be robust and grew by 5.1% on Q4 FY2021 which had a large base due to the beginning of the second wave in March 2021. We are now recognized as an Omni channel retailer with shoppersstop.com firmly established as a shopping destination. Last time when I spoke to you I had mentioned to you about the improvements on our app for customer service the UI/UX of shoppersstop.com. The first phase had just been rolled out in December. I am pleased to share that in the last quarter the second and third phase of the UI/UX have now been rolled out and this has further improved the customer experience and this is illustrated by the improvement in our sales conversions on the app. As you would appreciate Omni channel is an area where we are investing in. In the last quarter, we invested Rs.13 Crores and in total Rs.53 Crores for the full year. Generating customer insights and using the same for better customer targeting is now a regular practice for the business team. The data that we are invested into earlier is now starting to bear fruit aiding us in personalizing our communication to our first citizen customers and again improve our conversion due to that.

Finally moving on to expansion and this is specific to brick and mortar. We opened five department stores, 12 beauty stores and two airport stores. Overall we opened eight department stores in the financial year and our pipeline of new stores is strong for the coming year where we expect to open between 12 to 15 department stores in FY2023. In summary, we have grown in the last four quarters and as I speak we have seen a strong April. While we have taken aggressive targets for this fiscal and we have a strong team now in place with resources and plans to achieve this, we continue to fire on all cylinders on our strategic pillars and are confident that it will contribute significantly to our overall growth. Thank you and we will open up for questions.

We have already received a few questions so Mamta I would suggest that we will start with those questions first. I will read out the question and then also give the answers to the same.

So the first one that we got is can you explain the inventory loss of Rs.9 Crores in detail not clear on change in IT application part?

I think I have clarified that during the speech in detail. I assume that is now clear.

The second one is understanding on Rs.21 Crores one off and Rs.40 Crores EBITDA loss of January 2022. Does operating PBT and reported PBT include adjustment of both the points or only one?

Yes it does.

Can you explain the integration with Unicommerce and how it will benefit Shoppers Stop?

Unicommerce is a middle wear and we have now linked that up with our own system and it helps us to integrate with other brands to grow our drop ship model substantially. What Unicommerce does is to get a real time inventory of the brand that we associate with and through that we are able to offer a much wider set of brands to our customers. This is an area where we expect to see significant growth in the number of brands that we work with and to aid that we have actually put a separate team in place.

The next one is on details about the acquisition plans of new D2C brands as seen in media. How many brands, when and at what value, etc. Also mentioned about SS beauty app. We already have mac.in and other sites how will it help?

On the acquisition what I had said and this was to a specific question on whether we are considering acquisitions and what I had my reply was that if there are good opportunities we will consider. We normally do not make any speculative statements and there is nothing at this point that we would like to share on that. On the second part of that question about the SS beauty app this is to go with the SS beauty stores that we have launched to offer an environment for the beauty customers. The SS beauty app will have all the brands that we would have in our stores and a significantly larger number as well which will be online only. This app will be great on customer experience, driven through content, social commerce and extremely interactive with innovative features built into that. I would talk about more about the SS beauty app in the next quarter, which will be around the time that we will be ready to go live with this. Even as we speak the team internally are working extensively to bring this to live. It is different to mac.in and the other ELCA sites, because mac.in is specific to mac. Similarly the other ELCA websites are specific to that brand only.

The next question is on Shoppers Stop beauty if you can share more details here. How has been the performance so far? What are the differentials offering here versus the other beauty stores?

We have recently opened three stores in addition to the three stores that are already existing in Hyderabad and Bengaluru. The performance of new stores is too early to comment but the existing stores the three that have opened earlier have higher sales and profitability. As far as the SS beauty is concerned we have three distinct features in our stores. First and

foremost is the “Assortment” and we bring a slightly different assortment and we intend to have a number of brands which will be available only in our stores. Further the assortment would be tailored based on the location and there would be three, I would not call it a format but three different types of assortment that we would offer which internally we call it as luxury, premium and hybrid. That is really on the assortment. The second point of difference would be the “Customer Engagement” such as make over skin care and also digital engagement tools that will be there in the stores and the third is of course the “Look and the Feel” of the store itself, which is significantly premium and inviting to our beauty products that we cater to.

Next question athleisure demand trend. Remember last quarter you saw moderation probably on account of people gearing up for post COVID life.

Athleisure and an active categories are continuing to show good growth 150% growth as we are building the base on this category. Work wear related categories formal and semiformal have shown a 10% growth over the business and talking to one of our sports wear partners who have a lot more insight and data into this area while formal has grown, the growth on athleisure has not significantly slowed down. There is a slight shift from pure sports wear to more casual wear so that people can use for both occasions along with sport but overall the casual part of the business is definitely continuing to be strong.

The next question is on prices, cotton prices on an uptrend how are we planning to respond to the situation. FMCG companies have highlighted stress on consumer wallets therefore will taking price hike in such situation lead to demand erosion?

We have taken selective price increases in January on our products to retain the margin. The price increases on raw material were substantial which is why we had to take this increase. What we have seen and again this is going by the **past** when we look over the last many years what are our data tells us that whenever there have been increases in prices due to cost pressures we have done well. Shoppers Stop has done well and the reasons we believe that this happens is because customers prefer to trade up and prefer with trusted brands like Shoppers Stop and that is why we do not see demand erosion. In the three months we have not seen a drop in overall demand due to the price increase.

Next question, in the press release it is mentioned that the company will grow in line with retail industry at double digit pace. Can you share any guidance on margins for FY2023?

We do not normally give any margin guidance however we do expect it to be higher than the pre COVID levels.

Next question, we are spending a significant amount for renovating stores and plan to renovate eight stores in FY2023, what is the incremental revenue that our renovated store brings in?

Investment on store renovations was only Rs.25 Crores. Total capex for the year was Rs.101 Crores. For store renovations payback period tends to be around 2 years.

Next question is on Omni channel. Omni channel growth rate has moderated in Q4 any reason for the same?

As I mentioned in my opening statement part of this was because of the base and the other reason that this has caused is also a shift in our category focus to more on apparels where the return rate tend to be higher and hence impact on the net sales.

Next question, online sales grew only 5% year-on-year with overall sales at only 500 million what contribution as a percentage of sales can be expected by FY2025 and what will be the levers for the same?

For the Q4 it was on an increased base as I just said. For the full year, we achieved Rs.226 Crores a growth of 59%.

Next question is on Arcelia. Could you share revenue contribution of Arcelia to beauty segment, how has the brand fared over the last year?

Arcelia is still in its infancy and the entire assortment is not yet launched. So far we have launched bath and body. We have launched fragrance and deodorants and we are just in the process of launching nails, which was to launch in Q4. It got launched at the end of March. Further we will be launching nails and finally face and that is when the entire assortment will get mixed so I would say at this stage it is a bit early. The overall contribution is small but we do expect this to go up considerably over the next year. Karuna will take the next question.

Karunakaran M:

Thanks Venu. There are a few more questions which have been given to us. What I thought I will answer that and then we will open the question and answer session to the people who are waiting.

The next question is employee expenses have seen a 21% increase in Q4 while revenue has increased only by 6% any reasons for the same?

You may remember we have opened 8 new stores and 14 beauty stores. That almost contributed Rs.4 Crores to Rs.5 Crores. In addition to that we also strengthened beauty,

Omni and private brands for increased growth in the coming years. That we invested almost Rs.3 Crores on that. Last year we had capitalized due to SAP and that is almost Rs.2 Crores plus we also had inflation this year so these are all small, small items but that contributed almost 21%. That is the reason for the employee expense increase.

The next question is capex for the new stores seems higher at Rs.148 Crores for 12 departmental stores and 15 beauty stores. In FY2022 the company added eight departmental stores and four beauty stores and the capex was mere Rs.64 Crores why such high capex for FY2023 on per sq. ft. basis assuming all new stores will be 25,000 to 30,000 square feet?

What we said is we will open 12 new stores whereas the capex is considered for almost 20 to 23 stores because some of the stores will be on work in progress and it will be opened in Q1 of FY2024. That is the reason the capex is around about Rs.148 Crores.

The next question is overall the sales growth is 9%. Strategic pillars growth Private brands grew by 9%, beauty by 9% and Omni grew by 5%. Personal shopper is on a decline. Ideally strategic pillar growth should be higher than overall company growth given the investment behind these initiatives. What are we missing here?

Venu just explained in detail about the private brand. Predominantly what happened was our sales in January were very low and that impacted our private brand overall growth. Similarly, beauty we have just opened a number of new stores in the month of March and you will see a significant higher growth in the months to come. Personal shopper is consistently at 10% and it has not changed at all.

The next question is out of 8.7 million first citizen customers how many are active users and what is the average ticket size?

Our active user are at about 25% to 30% who have actively shopped in the last 12 months of course there are others who shop probably once or twice in the last one year and our average ticket value is around 4500. It is significantly higher than the walk-in customers.

The next question I will just read the question. Venu has already replied to it. The contribution from private brand and beauty continue to remain steady at 13% and 18% of the sale how the company is planning to increase sales contribution from these verticals? We have already replied to that. PB had a higher impact due to January closure slowdown. On beauty again I have said we have opened 12 new stores, signed up 100 new brands and we are planning to open 10 new stores next year. We are also discussing with other international brands for a possible tie up.

The next question is on depreciation, why it is higher in this quarter? Is this due to store renovations? What kind of quarterly run rate can be built here?

Depreciation if you see the idea it has both ROU right to use asset depreciation as well as a normal depreciation for the fixed assets. I would suggest you should go through our non GAAP income statement which normally we publish on the left hand side of the income statement and if you see it the depreciation is approximately Rs.35 Crores for this quarter. the depreciation for our fixed assets and in the last three quarters it was ranging between Rs.30 Crores to Rs.35 Crores. This quarter it is marginally higher by a few Crores because we have opened 8 stores in the last six months and that is the reason it is higher.

The last question was employee other expenses has increased due to store additions on year-on-year basis but it still cannot explain some 20% and 12%? We could not understand the question. Probably the question is why the employee and other expenses have increased.

We have given a slide in the investor presentation. Our total expenses have increased by 11% that is in cash terms around Rs.30 Crores. This is last year. This is primarily due to onetime expenses which we spoke about almost Rs.12 Crores and inorganic cost for the new stores. We almost spent Rs.15 Crores to Rs.18 Crores on the new stores. These are the two large breakup for the increase in expenses.

The last question is please share Ind-As 116 rent expenses and EBITDA on GAAP reported basis?

Again we have given it in the investor presentation. Our rent including cam and variable rent is around about Rs.133 Crores. Rent that is allocated in Ind-As for GAAP is around Rs.91 Crores and in the reconciliation we have also mentioned that. EBITDA on GAAP is Rs.97 Crores. So we will now open to questions Mamta.

Moderator:

Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press “*” and “1” on their touchtone phone. If you wish to remove yourself from the question queue you may press “*” and “2”. Participants are requested to use handsets while asking the question. The first question is from the line of Nihal Jham from Edelweiss. Please go ahead.

Nihal Jham:

Thank you so much and good morning to the management. Sir three questions from my side. Sorry to repeat but just for the one off that you have given I just wanted to confirm that I assume the inventory write off that would have reflected in terms of higher cost right is that the right understanding?

Karunakaran M:

Nihal that is the right understanding and thanks for your question.

- Nihal Jham:** And what about the receivables write off where would that reflect in the P&L just to be sure about that?
- Karunakaran M:** The other operating expenses.
- Nihal Jham:** Similarly, for the lease one off that would have ideally shown up as a higher other income or how does that show?
- Karunakaran M:** That is shown again it is not an income. It is an expense were we paid the lease rental. It is included in other operating expenses.
- Nihal Jham:** So basically other operating expenses are higher by Rs.12 Crores than what the ideally should have been and your cost is higher by Rs.9 Crores so that is the way this has been accounted in the P&L?
- Karunakaran M:** Absolutely right 6 + 6, 12. 12 + 9, Rs.21 Crores you right.
- Nihal Jham:** That is absolutely clear. The second question was that in your presentation and in terms of your store opening also we do see that most of your stores that you opened last year are mainly are tier 2 and tier 3 cities and even for the pipeline ahead of the 12 stores I think 10 you are planning in the tier two and tier three cities? Just wanted to get a sense that how has the store economics for these stores which I am guessing are smaller in terms of pickup and are there any specific aspects which better or worse than the existing set of stores which are more tier one city focused?
- Venugopal Nair:** So on the store economics these tend to be, you are right that a larger proportion of the total stores tend to be in the tier one or tier two and I am separating the metro and tier one when I say that. The overall store size tends to be trimmer and we are now looking at between 25,000 to 30,000 square feet in a tier one or tier two store. Because of this the trade intensity is very healthy and the lease cost is on a lower side. Further we are also able to get capex contributions from the landlords which again helps in our overall investment. In terms of sales, the productivity is at par or in many cases better than what we have seen in some of our larger stores and overall because of this payback tends to be around the two to two and a half years.
- Nihal Jham:** If I just to ask would that be around 4 years say for stores we have traditionally opened in the key cities, metro and tier one cities.
- Venugopal Nair:** No around two years.

- Nihal Jham:** Two years is for the stores you are currently opening in tier two and three cities. I was asking for the legacy stores that would have ideally been opened in metro and tier one cities.
- Venugopal Nair:** That would be three to three and half years.
- Nihal Jham:** Three to three and half years that is satisfactory. My last question before I get back in the queue is that I know you have highlighted about your digital sales obviously you are having a strong base, but you know it has now been say 24 months since COVID has happened you have seen multiple months whether there were as part of lockdown or normalized and there is a run rate that you would have seen does get established so the sense that you know I want to get is that is this run rate of 50 Crores that we saw for this quarter may be would have been slightly higher and lower if Jan would have been normal. The normalized run rate that you expect things would progress at and if not then what are the initiatives we need to do to take this higher from here because the Shoppers Stop brand and the app has been well know and existent now say for the last 18 to 24 months since we undertook the strategical initiatives.
- Venugopal Nair:** So when it comes to digital sales while we classify digital sales where it is directly brought online, we do believe and based on the data that we have that customers specifically our first citizen customers would shop offline as well even when they are looking at online. So one shoppersstop.com definitely aids in driving customer traffic both ways. In terms of the absolute base itself now while the overall number has been growing because the total sales has gone up in the year and hence the percentage looks not as almost as it would have been otherwise and going forward, the improvement that we have done in customer experience on shoppersstop.com and the SS beauty app which we are planning are the initiatives which would help us to grow our sales digitally.
- Nihal Jham:** That is helpful Venu I will come back in the queue if I have any questions.
- Moderator:** Thank you very much. The next question is from the line of Percy Panthaki from IIFL, please go ahead.
- Percy Panthaki:** Sir I just wanted to understand how have you derived this number of 40 Crores for the operating profit impact due to COVID.
- Karunakaran M:** You are talking about this January right?
- Percy Panthaki:** Yes, yes.

Karunakaran M: January ideally we do anywhere between 400 to 450 Crores revenue Percy whereas what we did was close to 280 to 285 Crores and the balance 120 Crores whatever is the profit that normally we get because the fixed expenses are fixed. I mean nothing changes there so that is the flow through we got around about 40 Crores.

Percy Panthaki: But Sir would not there be some postponement of purchase, so if a person has not purchased in January that sale is not lost for the quarter completely right. It will filter through in February or March to a large extent and that is why you have seen also March being very strong at least one of the reasons partially would be that January sales has got postponed into March.

Venugopal Nair: So that is an interesting thought now what is different in the month of Jan. Jan tends to be end of season sale month and that is where brands go heavily on sale and a big chunk of that was completely missed out because of the closure or the slow down as one might quote it and as you would have seen the sale did not get extended beyond the 15th of Feb which is normally when it closes and that is the reason a lot of what would have come through in Jan did not get postponed.

Percy Panthaki: Okay got it. Secondly I am just trying to derive a very clean profit for you excluding any one offs so basically you have done non GAAP EBITDA of 13 Crores on that if add back the 40 Crores of COVID impact, if I add back 15 Crores of omni channel investment and I add back 21 Crores of all the write offs, one offs that you have done I get about 63 Crores of profit. Now this 63 Crores of profit as a percentage of your sale of 798 Crores that comes to about 7.8% EBITDA margin. This is normalized for any kind of one off, any kind of COVID impact so basically 7.8 is the kind of margin that is sort of inherent in the business now, is that understanding correct?

Karunakaran M: Percy one thing Q4 is normally the lean quarter for us. See Q4 if you have observed after January, February and March is relatively low so to answer your question that 15 Crores is normally I think in all probability will continue next year also because as long as we have this omni we have to continue to invest in omni. I would say the EBITDA margin at that level of sales I would expect anywhere between 6 to 7% if it is done on a normal basis Percy.

Percy Panthaki: Okay, but I was like taking out the omni just to get a clean picture and where I am coming from I will just give you an idea so before COVID let us say FY2018 or 2019 on an average we used to do about 6% EBITDA margin and then you mentioned that around 200 Crores of cost saving per year would come through which are actually coming through this quarter. You did mention 42 Crores which is very close to the annualized run rate of 200 Crores so that 200 Crores as a percentage of sales works to about 5 to 6% points so if my pre COVID

margin is 5 to 6% and then I add another 5 to 6% on this we should be at a double digit level before the omni channel investment which we are not yet there.

Karunakaran M: Again very very interesting thought Percy, without omni we will be close to 8%. Please understand that omni also has a sales of 54 Crores so we are only taking this expenses and saying that this will be the number but we should remove the sales to get the ideal number. One thing Percy in quarter four we have a muted quarter four, the fixed expenses more or less same be it January and half of February remains constant so at that sale around 890 Crores in non GAAP any percentage of EBITDA will be slightly distorted. I would say take an ideal number of 1100 Crores which will be the normal Q4 and then we should calculate.

Percy Panthaki: I understand where you are coming from. Only reason I asked is because historically speaking I was just looking at your Q4 margins and they were not very different from the full year margins that is why I asked.

Karunakaran M: Yes, Got it.

Percy Panthaki: Okay Sir that is all from me, thanks and all the best.

Moderator: Thank you. The next question is from the line of Varun Singh from IDBI Capital. Please go ahead.

Varun Singh: Yes thanks for the opportunity. I have two question. First is on inflation. Sir why do you think that Shoppers Stop business will not be impacted because of such a rapid rise in inflation not just in the raw material of apparel but also I mean the general inflation that we are seeing 40 or 50 years worse inflation that everyone is facing and apparel and beauty both being a discretionary category so my question is two-fold. Why you think the frequency of buying would not be impacted as well as shift of customers from branded to private label product and also because there is so much now competitive intensity has heated up that there is an easy access more apparel retail outlets are out there as well as private label retailers are so dominant in presence so Venu if you can give your view on this.

Venugopal Nair: I think I will take your question in two parts; one is the inflation and hence the pass through that we have already impacted and we have now three months history where we have not seen a significant impact which is the reason that in the current rate we believe it has been accepted. The second factor is our loyal first citizen customer and you will remember that between 75 and 79% of our sales come from our first citizen customer and these are loyal customers who have been with us for a long time and hence would prefer to shop with us and in times like this when cost go up they choose to go to brands that they trust and that is where we benefit compared to a number of the others and the third probably factor which is

also that our target and we are in the premium segment and this target segment of our especially in retail is likely to be less impacted by the price rises compared to some of the other lower segments.

Varun Singh: Understood that is very helpful so you are saying that stickiness of the premium customer will help you with regards to not losing market share to competition.

Venugopal Nair: And hopefully gaining market share.

Varun Singh: And gain market share right. Second question is on beauty so please help me understand with regard to why we are obsessing about the aggression or discriminating more towards with regards to capex investment for the SS beauty store. So I have just two questions on this. The first question is why we think that aggression towards beauty I mean investment more towards beauty is more accretive for the company and second is what are the right to wins that we are creating into this category? We understand you talked about assortment and three different types of assortment that you want to curate and exclusive brand sign of that will be available to your stores only and look and feel etc., that you are focusing but still I mean I would dare to ask this question that compared to the other ramp in competition which is already there into this category what are the right to win that you think we should be creating and also I wish to know who are we idealizing so if you can name one or two companies the look alike at least we are very much inspired from so that is it from my side.

Venugopal Nair: So if I take the question on beauty at an overall level firstly beauty is 17.6% of our overall sales and on an overall turnover of four and half thousand that is 750 Crores that we do on beauty and this was pre COVID. That makes us the largest player in beauty, the largest retailer in beauty in the physical space and that is a position that we have established over a number of years now. So we are a destination for beauty and have been over the years now. As the beauty space is starting to get more mature and customers are moving and adopting beauty, the market itself is growing and that gives the opportunity to get a larger share of the market as the market itself grows. Specifically within that our right to win comes from the fact that we are focused on premium and bridge to luxury segments of beauty and this is again a category that we hold, I mean we are the largest player there. What has moved rapidly over the last two years is the advent of digital and online in beauty and that is something which we are adopting and through both ss.com as well as ssbeauty.com we would be catering to the digitally native customers who are adopting and getting into beauty. I must point out that overall online beauty players contribution has been less than 10% from premium brands and that is where we see a big opportunity. At the same time having SS beauty standalone stores gives us the opportunity to create an environment where the customer engagement is lot more personal with specific focus on makeover, skin care and these are interactive engagements where the customer would walk into the store for the

experience and that is point of difference that we are creating for ourselves. Based on the strength that we have of the strong beauty stylist and artist that we already have within our stores. This is something which is a big strength for us again because of the experience that we have in this area and that is what we are leveraging as we go into the SS beauty stores. The second factor is also with the smaller SS beauty format it helps us to grow faster because these are smaller stores and getting space is easier. We will keep tweaking the mix of brands and improve on the mix to tune further to our customer needs and requirements. I must also point out that while online has been growing when it comes to premium and luxury brand experience is very key and that is something which comes only offline and that is what would help us to increase our reach due to the small format.

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

Ankit Kedia: Sir I have a three questions and I will say all the questions together. First is on the beauty expansion for SS beauty. You have planned only 10 stores for SS beauty in FY2023, do you think this number is not very aggressive given the opportunity size you guys are targeting and some of your competitors and even some of your start up brands are actually expanding more aggressively within the 20 years we have invested in beauty and having one of the highest market share in offline, 10 stores for our brand would be less. My second question is on the A&P spend. While we have just recruited a person for content a month back and with the SS beauty app coming in, do we plan to do more influential marketing campaigns and our A&P spends in FY2023, FY2024 could see a significant jump and my third question is on the throughput for the renovated stores. While the new stores which are 25,000 square feet you know in the past you have said they do 1.3, 1.4x of the regular stores do the renovated stores also have the same throughput as the new small store format.

Venugopal Nair: I may have to ask you to remind of the questions but let me take the first one on SS beauty. It is a fair point that 10 stores would look to be soft let me put it that way. That is what we have put into our numbers for now but that is not a restrictive number. What is important for us it to create a sustainable profitable model and that is why for the first year we have taken a slightly lower number to help us get the brand mix right, the product mix right and also the assortment mix right so that is the reason that we have taken a softer number but that is not to say that we cannot go faster or we will not go faster as we see success in the area. The second was on the A&P spend. Now I think it is a very fair point and we have provided a slightly higher number for A&P for this year because of the importance of making sure that using content, using influencers, using celebrity we are able to reach to the customers and communicate better. We do believe that this will also result in higher sales and the third point that you had or the third question you had was on renovations. Yes we do see significant improvement in productivity post renovation almost like in the new

stores. In fact I could give you an example of Inorbit in Hyderabad where we actually reduced the space. We renovated the entire store, reduced the space and from almost 30% less space we are achieving the same level of sales that we had before the renovation was done. On an average we do see double digit growth after a renovation.

Ankit Kedia: That is helpful Sir, thank you so much.

Moderator: Thank you. The next question is from the line of Ali Asgar Shakir from Motilal Oswal. Please go ahead.

Ali Asgar Shakir: Thanks for the opportunity. This is Ali Asgar so I have a question on private label so could you share what would be our target over the next five years for our private label share in our overall departmental stores and also I would like to get more insight in terms of private label share space is certainly increasing from what it used to be single digit to probably now 40 to 50% in particularly smaller stores so how is the customer reacting to this we have been a departmental stores which largely provides wide range of brands to customer, now we are giving a very large proportion of private label to the customer so if you could just share some insight in terms of how does the customer reacts to this. Is there any risk to customer's response in terms of average ticket size?

Venugopal Nair: So if I take part of the question. First, the overall share of the private brand is intense if we look at only apparel 19% because we do have a large proportion of nonapparel as well. On the space provided to private brand, when we go into the tier two stores it does tend to be higher and that is because the acceptance of the private brand into the smaller stores is definitely high and that is something which we will continue to work on as we go forward.

Ali Asgar Shakir: And sorry I did not hear you clearly. What is the target we mentioned over the five years for private label share?

Venugopal Nair: Over the next five years we aim to be around the 25% mark.

Ali Asgar Shakir: That is for the overall region. I am sure apparel will be much higher. Got it. Thank you this is very helpful.

Moderator: Thank you. The next question is from the line of Mr. Gaurav Jogani from Axis Capital please go ahead.

Gaurav Jogani: Thank you for the opportunity Sir. Sir I have two questions one is with regards to the integration with Unicommerce that we have done. If you could explain it a bit more in detail as how it would help us in the overall change on the online front and second thing is the

question for Karuna Sir. We mentioned that EBITDA margins would be like 6 to 7% so that would be on the non GAAP sales or the reported sales that is it from me.

Karunakaran M: Let me take the easier one. On the EBITDA margin, whatever I have said to Percy is on non GAAP basis Gaurav.

Venugopal Nair: Unicommerce is the middle ware that we use and they have partnership with number of brands and what it does it makes the integration with our front end on shoppersstop.com much easier and provides a real time inventory on shoppersstop.com for all the brands that have worked with us. So without the Unicommerce the inventory thing would have to be done manually at the end of the day or few times during the day whereas this gives the real time strength. What it also does because of that is that the inventory need not be in our stores or in DC only. It can be in the DC or the stores of the associate partner brands that we work with it and through our logistic partner we can sell. Once we get the order pick up from wherever the inventory is and get it to our customers so it helps us to expand the number of brands that we work with.

Gaurav Jogani: Sir if I understand it right it will help you to openly increase your assortment to the customer and also reduce on the working capital requirement as well. Is that understanding right?

Venugopal Nair: Absolutely it helps us to multiply the number of brands that will be available on shoppersstop.com.

Gaurav Jogani: Sure Sir. Thank you. That is it from me.

Moderator: Thank you. The next question is from the line of Yash Bajaj from Lucky Investment Manager. Please go ahead.

Yash Bajaj: Sir I have just one question. So seeing how there is rise in inflation which is going on for the past two months so I have read a few reports which stated that premium segment is performing comparatively better as compared to the mass segment. Like how do you see that in Shoppers Stop since we are premium segment store or a concept?

Venugopal Nair: So Yash we are in the premium segment. Our overall sales numbers are satisfactory and to that extent we are quite confident of the coming months and quarter while we have had to take an increase in our average selling price because of the increase in the input cost we have not seen a significant impact on the sales. Within our stores one comparative which we do see is that the premium brands within our stores are growing faster than the rest.

Yash Bajaj: What kind of price elasticity do we have in terms of our product which we offer?

Venugopal Nair : In terms of price elasticity we have taken an increase in our average selling price of roughly 8 to 10% and so far we are not seeing a volume drop.

Yash Bajaj: Okay Sir that is all from my side. Thank you so much.

Moderator: Thank you. The next question is from the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas. Please go ahead.

Kaustubh Pawaskar: Yes good afternoon Sir. Thanks for giving the opportunity. Sir my first question is on the working capital. We have seen reduction in working capital in this quarter despite the fact that there was destruction led by the Omicron so what led to this improvement in working capital and whether it is going to be sustainable and related question to this is that we have around 190 Crores of debt on our books so going ahead since we are expecting FY2023 to be one of the strongest years and profitability is expected to improve on better operating leverage, so considering that and with improvement in cash flow should we expect our debt to come down or the capex would largely be done through internal accruals and debt would remain at same level.

Karunakaran M: Let me answer one by one by one Kaustubh. One, see we borrowed from three banks HDFC, IDFC, and ICICI. From HDFC and IDFC we borrowed 75 Crores and we have to pay the quarterly installment that we will pay this year. Whatever debt payable we will pay. That should be around about 75 Crores for the entire full year so that should come around. ICICI we have two or three installments that is due this year so that will also come down. The term loan fund I would expect by the end of the year it will be around 105 Crores not more than that that is one. Second you also asked about the working capital. Overall for this year we had almost 120 Crores reduction in working capital. If you ask me whether this is sustainable because we are investing in private brands the kind of working capital reduction what we have this year we may not have next year but we will still see a negative working capital for next year. We also have a very, very tight control on inventory. We are planning to institute a completely different process to ensure that our inventory is under control so those things will have a negative working capital. On the last question by the end of the year we should have a net negative debt. When I say net negative debt that means our investments will be higher than the debt so that we will have a net negative debt by the end of the year.

Kaustubh Pawaskar: Okay Sir. Thanks for the answer.

Moderator: Thank you. The next question is from the line of Paresh Jain from Bajaj Allianz, please go ahead.

- Paresh Jain:** Yes hi good afternoon. Can you just update as to what is the potential dilution arising from ESOP and its impact on the P&L?
- Karunakaran M:** Normally we do not give this Paresh. I mean it is a very very insignificant number because if you are talking about the past ESOP what we have given that will be probably be 0.1 or slightly lower than that.
- Paresh Jain:** And there is some plan 2022 also which has been formed right?
- Karunakaran M:** That is right. See all these things are over a period of three to four years nothing is in one year, so even ESOP 2022 probably may see a shareholding dilution of between 1.5 to 1.8, not more than that.
- Paresh Jain:** Okay and its impact on P&L.
- Karunakaran M:** It is for four to five years.
- Paresh Jain:** Yes and the impact on P&L.
- Karunakaran M:** We are working on an agency because it also depends on what you share with the employees because it is still not got approved by the shareholders right now I would probably may not be able to share beyond this Paresh and if it gets approved by shareholders then we can share probably in the next quarter.
- Paresh Jain:** Thank you.
- Moderator:** Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** Yes thank you very much Sir for the opportunity. Sir so I just wanted to understand is there any kind of revenue growth that we are looking at in FY2023. Some direction would be helpful.
- Karunakaran M:** Of course we are looking for a revenue growth Deepak. If all goes well we should be in double digit growth. In fact at the beginning of the speech Venu did mention that we will grow in line with the retail industry so we should have a decent double digit growth for this fiscal Deepak.
- Deepak Poddar:** Okay understood and this 7000 Crores in four to five years that remains our outlook right.
- Venugopal Nair** Yes absolutely.

- Deepak Poddar:** That is it from my side. Thank you very much. All the best.
- Moderator:** Thank you. The next question is from the line of Shivaji Mehta an Individual Investor. Please go ahead.
- Shivaji Mehta:** Thank you for this opportunity. Sir cotton prices continue to increase from the current Rs.90000 per candy. Do you feel that you will be able to take price hikes without really impacting demand or you feel that this increase in the cost will have to borne by the entire textile supply chain?
- Venugopal Nair:** Definitely there is no room for constant price increase its not that elastic either so it is something which will need to be raised in and even as we speak I am aware a number of effort that is being made both by the industry associations as well by the government to reduce the overall impact and improve the supply so that the prices come down so what we are hoping is that the overall prices will not go up and if they do continue to stay up we will have to work with our partners to see how we can mitigate some of that to be able to not pass it on with our customers.
- Shivaji Mehta:** Right. Thank you so much. That is all from my side.
- Moderator:** Thank you. The next question is from the line of Binoy Jeriwala from Sunidhi Securities and Finance Limited. Please go ahead.
- Binoy Jeriwala:** Yes thank you for the opportunity. My question is on the omni channel capex. If you could just correct me that number that you shared for FY2023 is about 50 Crores and I would like to know if this number is going to be recurring in nature or is there a sunset here.
- Karunakaran M:** So Binoy we do not have any capex for omni either for FY2022 or FY2023.
- Binoy Jeriwala:** No I meant opex.
- Karunakaran M:** Yeah Opex we do have. This year we invested close to 60 odd Crores so next year also we will invest close to that because we do expect a significant jump in omni.
- Binoy Jeriwala:** And is this going to be recurring year after year or there is a sunset here by which we will not have to invest behind omni or maybe we have to invest a very marginal from behind omni.
- Venugopal Nair:** Binoy I will take that. At the moment it is an investment and I talked to you about the phase one, phase two, phase three etc., and that was something which was more of a onetime going forward and we have I would say the heavy lifting on customer experience for

shoppersstop.com done. However, we are moving on to SS beauty as I had mentioned there will be some investment going into that. Overall the capex on account of and do not expect to be very near that is the first point. Second point at the same time what I would say is technology for omni will need upgradation every one and half to two years because the pace at which tech changes that is something which we will continue to do to ensure that the overall experience that we offer to our customers and the ability to personalize and communicate to them at a one to one level remains absolutely robust.

Binoy Jeriwala: My next question is on the gross margin. We have seen gross margin hovering around 31, 32 odd levels. Is there scope to improve this gross margin because the thing is being a premium player we are at the lower end of the gross margin amongst the retailers and 100 to 200 basis points improvement in gross margin will be a big flow through to the bottom line.

Karunakaran M: So Binoy there is no doubt about it. So we have 13.2% private brand and the balance 80 to 85% are the brands where we have agreed margin, so as we increase the private brand because of the mix the overall margin will increase.

Binoy Jeriwala: But there is no scope to renegotiate the margins that you have with the branded players right?

Venugopal Nair: There is a scope that is ongoing activity which is business as usual which we keep doing. Also when we introduce newer brand there tend to be at higher margins which would again help so that is a constant activity.

Binoy Jeriwala: Okay where do you see your gross margins to be once you have reached let us say a private label share of 25% in the next four to five years, where do you think the gross margins can be.

Venugopal Nair: That is something we would not want to give a guidance on at this stage Binoy.

Binoy Jeriwala: Okay my last question is on the capex. Some of the capex is also shared by the landlord. How much is the capex shared by the landlord and the 12 SS stores that we plan to open how much will be on this shared model.

Venugopal Nair: In varies quite significantly Binoy from a property to property basis and from location to location basis so there is no one fixed number that I would be able to share on that. I mean there are instances where the entire capex is borne by the landlord or the developer as the case may be and in some cases it is a percentage of the total. Obviously, our aim is to try and get as much investment from the developer as possible.

- Binoy Jeriwala:** Understood but this would in turn also lead to higher rental out flow right because landlord would want to recover this amount somehow or the other.
- Karunakaran M:** It may and may not be Binoy. I mean it all depends on what do we negotiate at the end of these period. Sometimes where we are going for a new city and Shoppers Stop being a premium store it has its own advantages and we can able to negotiate better with the landlord. As Venu said there is no fixed formula. It all depends on which city we are. What is our ability to sell, what is the landlord is willing to offer. what the competitors are offering. I mean there are many factors which determine this.
- Binoy Jeriwala:** Okay thanks so much.
- Moderator:** Thank you. The next question is from the line of Pawan from Renaissance Portfolio Management. Please go ahead.
- Pawan:** Hi Sir. Sir just one clarification this 6 to 7% margin number that was stated in the call that is like the adjusted margin for this quarter adjusted for this one of expenses and omni channel related cost. Is that right understanding. What was that number actually 6 to 7% margin.
- Karunakaran M:** Percy's question was if take all the one off and if I have a normalized January sale and if I exclude tech investments in omni will our margins be between 7 to 8% range. Yes I mean if I exclude all those things we have to exclude the sales of omni and so many other factors that is what we have said. I mean in normalized environment of our margins particularly in Q4 being one of the weak quarters would be in the range of 7 to 8%.
- Pawan:** Going ahead I mean next year we are seeing decent double digit growth. Anyways FY2022 had several issues for retailing industry so obviously this margin should increase right going ahead on annualized basis.
- Karunakaran M:** I mean internally we have plan for increase Pawan, that is right.
- Pawan:** Okay thank you so much.
- Moderator:** Thank you. The next question is from the line of Ankit Kedia from Philip Capital. Please go ahead.
- Ankit Kedia:** Sir few questions from my side. First is one of the cost savings. Do you think there is any cost saving left for us for FY2023 or broadly we have exhausted and now in an inflationary environment we will see significant inflation now versus FY2020.

- Karunakaran M:** Ankit we discussed in the past. There are cost savings that will continue even in FY2022 for example the employment cost or some of the operating cost so all these things what we did see in FY2021 when we implemented zero based budgeting, these costs will not be there and we will continue to save. What you have been seeing in the income statement is a lot of new stores have opened and lot of normal cost that has come in right now that is the reasons the savings get camouflage Ankit.
- Ankit Kedia:** Sir I was asking for FY2023 perspective going forward.
- Karunakaran M:** Yes we will still save. That is what I meant. We will still save.
- Ankit Kedia:** And Sir my second question was in the initial question and answer session you mentioned that we have actually planned capex for 20-22 departmental stores so just wanted to understand why we are guiding for 12 stores, the planned capex is for 20-22 stores so I did not get that lesson so for next year plan CWIC this year is what we will invest in is that the right understanding.
- Karunakaran M:** Yes you are right Ankit. See what happens is when we make investment the departmental stores normally takes 90 to 120 days to complete the stores from the time we sign the agreement sometimes it takes slightly longer because the landlord may have statutory approvals that has not come in so on and so forth. So our guidance for new stores we will open 12 to 15 stores and we may have almost 5 to 8 stores in the pipeline to be opened in Q1 and Q2 of next year, so the investments what that is appearing or what Venu has said includes all the capex investment of 20 odd stores.
- Ankit Kedia:** Understood. Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen this was the last question for today. I would now like to hand the conference over to the management for closing comments.
- Venugopal Nair:** Thank you Mamta and thanks to all the participants and for the questions. I think in summary what I would like to say is that we have strong growth and our growth trajectory is very good and that is something we are very pleased about. Our strategic pillars are firing on all cylinders and we are seeing the benefit of the wardrobe reboot and the office reboot combined with occasions of wedding and postponed marriages etc that are helping us. Our store expansion strategy continues to be strong and overall we are investing into talent to fill the new age skills that are required for our organization as we move to being a strong omni channel retailer.
- Karunakaran M:** Thankyou.

Moderator: Thank you very much. On behalf of Shoppers Stop Limited that concludes this conference.
Thank you for joining us and you may now disconnect your lines.