



“Arvind Limited Quarterly Q3 & Financial Year 2017-
2018 Results Conference Call”

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**MANAGEMENT: MR. JAYESH SHAH - DIRECTOR AND CFO, ARVIND LIMITED.
MR. J. SURESH – MANAGING DIRECTOR, ARVIND BRANDS BUSINESS.
MR. ANKUR ARORA – HEAD OF IR, ARVIND LIMITED.**

Moderator: Good day ladies and gentlemen and welcome to the conference call for discussion of quarterly results for Q3 and financial year 2017-2018 Arvind Limited. The speakers for today's call are Mr. Jayesh Shah - Director and CFO, Arvind Limited, Mr. J. Suresh – Managing Director, Arvind Brands business, Mr. Ankur Arora – Head of IR.

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 this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone.

I now hand the conference over to Mr. Ankur Arora. Thank you and over to you, sir.

Ankur Arora: Thank you, Mallika. Good evening, everyone and welcome to the third quarter earning call for Arvind Limited. Joining me on this call is Mr. Jayesh Shah - CFO and Executive Director of Arvind Limited and Mr. J. Suresh - MD of Arvind Brand Business.

To begin with let me give you a brief on the apparel industry in the third quarter. Let me start with the textile space:

As you may be aware government has reduced the duty draw back rate and other export incentives for textile industry with effect from 1st October. The sharp reduction in incentive structure has impacted the profitability of the export driven textile business. Also, Indian Rupee continues to remain strong which has an impact on the exporters such as ourselves. Even on demand front domestic market has remained subdued with muted growth trends being seen in the industry.

On the branded apparel side, we again saw some mix trend. Festive season was slightly slower and industry struggled with lackluster demand. In addition, the wholesale channel continues to remain weak as it continues to adjust their business as per the new tax laws. However, on the retail level demand was fairly okay. Demand in the non-festive season remains strong and we saw strong growth trends in the month of November and December post festive season.

In this backdrop, Arvind Limited delivered good set of numbers. In our textile business, we grew our revenue by around 9% on the back of 16% growth in the garmenting business. The EBITDA margins for the quarter was lower on the Y-on-Y basis primarily led by continuous appreciation of Indian rupee, lower exports incentives and also higher share of garmenting revenue. On a quarter-on-quarter basis however, our EBITDA margin improved by around 100 basis point due to better efficiency and marginal fall in cotton prices. Please note that current quarter cotton prices given in the review note does not include the tax component which was included in the cost of cotton last year. So, the Y-o-Y prices of cotton are not strictly comparable.

Our brand business delivered a strong growth with 24% growth in revenue. Again, note that current quarter results included revenue for Tommy Hilfiger and Calvin Klein which were not

consolidated in the last year's result. Adjusting the contribution from these new edition revenue growths to the brand business stood at around 10%.

As we have discussed earlier, move towards the GST has had an impact on the way the numbers are being reported. Adjusting for the impact of GST, the revenue growths to the quarter would have been higher by around 5%. LTL growth of quarter for the brand business was healthy at 5.7%. However, our value retail business Unlimited registered a negative LTL of 4.3% during the quarter. This negative LTL in case of Unlimited is on very high base of last year when during the demonetization quarter it delivered a stupendous LTL of 27% although at the cost of margin. As an environment has now return to normalcy the growth and margin have readjusted this year. Also, with Diwali being early this year a lot of sale got advance to September. So, while September registered at strong LTL of 37% for Unlimited, this quarter the LTLs were weak. We continue to remain positive on our value-added business and continued to invest behind it.

Our engineering business, Anup Engineering also registered strong growth and delivered revenue of Rs. 68 crores during the quarter. For the first 9 months the revenue has grown by around 21% to 139 crores and the business has delivered an EBITDA of Rs. 28 crores. EBITDA margin for the business has fallen during the first 9 months of this year due to higher commodity prices. On a full year basis, however we expect our engineering business to delivered around 25% growth and margins in the range of around 23% to 25%.

On the consolidated basis we delivered a growth of 16% driven by strong growth in our brand business and pick up growth in our textile business. Overall EBITDA margin fell from 10.1% to 9.2% on account of drop in textile margin and lower earnings in few smaller businesses as compared to last year.

We are continuing with our strategy of vertical integration in our textile business. We believe garmenting would be an integral part of our textile story as this allows us to provide complete end-to-end solution to our customer. In line with that we are restructuring our business a little bit and going forward we would be consolidating garmenting revenue in each textile segment. So, Denim garmenting revenue would be consolidated under Denim segment and similarly shirt garmenting revenue would be consolidated under the woven segment. We would be providing numbers as per the new reporting structure as well as the old reporting structure in the next quarter to help you all with these transition.

Now moving on to our guidance for the full year. As discussed earlier GST implementation has had an impact on our revenue reporting especially in our brand business. In the current tax regime revenues are reported after taking out the GST rate. The corresponding impact is in reduced cost as that is also reported excluding any taxes. So to that effect the revenue is lower but the absolute EBITDA does not get impacted as much. This implies lower expected revenue for the full year as well slightly better margins. We expect our fashion business should lever revenue growth of around 15% to 17% for the full year without incorporating the impact of CK and Tommy integration. On the margin side, we now expect margins to improve by around 175

basis points for the full year as against our earlier guidance of around 150 basis points. However, the margin of our textile business is likely to be lower than last year due to lower incentive and stronger Indian currency.

With this, I open the floor for Q&A. We have both Mr. Jayesh Shah and Mr. Suresh with me to answer any questions that you may have. Mallika, you can open the floor.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. We have the first question from the line of Niket Shah from Motilal Oswal. Please go ahead.

Niket Shah: Few questions from my side. Just first thing wanted to understand the overall guidance of consolidated revenue growth of about 11% to 12% means the fourth quarter should have a single digit topline growth, is that a right assumption?

Ankur Arora: No, the guidance essentially is not incorporating the addition of the two brands in the brand business that is Tommy and CK. So, if you adjust for that, the actual growth would be higher than that.

Niket Shah: So, what would be the number if, so because you are looking at the consolidated entity, right, so

Ankur Arora: It will more like 15% to 16%.

Niket Shah: The second question was on the margin expansion part of it. Bulk of the margin expansion in the brands and retail has obviously come from Power brands. Bulk of the newer brands continued to remain lesser contributor or some turnaround perspective. So, any sense by when can we see because ideally one would have love to seen in this quarter given the fact that cotton prices were lower?

Ankur Arora: So, you are talking about textile or you talking about brand?

Niket Shah: Brands.

J. Suresh: See, Niket I think the first cotton prices I think has no impact on our profitability and more so on the short term. So, we will let us keep aside the cotton prices. I think we have had a very good quarter in terms of improving profitability because we have always said that the focus is now on improving profitability as you registering some good growth rates. It is not just a Power brands which has given improved profitability. We have improved profits on Unlimited as well as speciality retail and some of the emerging brands, of course there are still some brands which are negative on the emerging brands which we feel that we are substantially reduce the negatives on emerging brands in the current quarter. But going forward we expect, I think with some of the emerging brands will also get benefited because of GST because they had an import component which had attracted CVD which is not there going forward. So, we are expecting all

the emerging brands to turn close to break-even buy quarter 4 and going forward next year except one or two brands all the brands will be profitable. So, the expansion is the combination of Power brands, the retail, Unlimited as well as some of the emerging brands.

Jayesh Shah: One point to what Suresh said is that between the quarter 2 and quarter 3 we would have written off especially in the specialty retail and some of the emerging brands where we continue to import sizeable amount of money may be close to 12 crores to 15 crores overall on account of the negative CVD cost that we had which we did not get a set off for. So, I do not think it is left anything is left now because we are out from the old stock into the new season but the impact do not separate, it is not easy to separate it out, so we are not calling it out separately but all of that has been impacted. Just for information, Power brands we practically import nothing. It is more in the emerging brands and in the retail that the import impact was rare which gotten written off in the two quarters that have passed by.

Niket Shah: And if you have to just exclude the GST impact on margins because your topline would look lower in the GST but your margins will optimally higher, so how much of the margin benefit was account of GST from a reporting perspective?

Jayesh Shah: So, again it is, if you look at the current numbers it is all mixed up because there is also a negative that is getting written off as I just said. So, if I were to ignore all these and say how would they look like when obviously there is a 5% reduction that has taken place in the sales and to that extend if my margin were to be proportionately should go up and 95 I should earn same Rs. 5 what I was earning on 100.

Niket Shah: And the third question was on the end of sale discount seasons, have you started to see some bit of lesser aggression from some of your competitors like Aditya Birla were discounting has started to come off initially used to be about 50%. You see in end of sale having 50% discount now it is like buy 1 you get 30 or buy to get 40 and it stops at 40. So, have you started to see some of those things in the industry and that kind of really helps you over a period of next 1 year or 2 years or 1 quarter or 2 quarters going forward the next of end of sale discount as and when it comes?

Jayesh Shah: No, frankly we are not seeing too much reduction in the percentage of end of season sale. So, I am not sure some of your observation, I do not know from where you picked up but we are not seeing any drop in the percentage of industries in sales from our competition.

Niket Shah: And just any update on Arvind Internet, how much losses all that is something that we like to receive this year and an update on the Ethiopia garmenting plant as well.

Jayesh Shah: So, just to talk about Arvind Internet you would have seen that it had at on cash basis negative investment of about 8 crores this quarter compared to that it was 23 crores in Q3 last year. So it has sharply come down and we believe that it will further go down in Q4 and it will stabilize at 15 crores to 18 crores for the whole of next financial year. As far as Ethiopia is concerned we

had rather we have two sites. Site number one, where we started our operation about a year ago. The good news is that it made marginal profit in quarter 3, first time after through that entire phase of the pre-operating. The investments in the larger facility which is a place called Hawassa has begun and we have started actually dispatches in this quarter. The first dispatches have happened in this quarter. So, we would be like if you look at what will be the revenue or rather what would be the volumes generated we should be doing close to 7 million to 8 million garments next financial year.

Niket Shah: And profitability wise?

Jayesh Shah: So, it will be still, it will be the first year, so it will not represent the true profitability because we will be training people, recruiting people at the same time increasing productivity. So, it will not give any sense of the profitability we may break-even or make small profit. But when we exit the year we should be looking at close to 10% to 12% of margin.

Niket Shah: And final question, the debt side of it you have reported a debt to close to 3,500 crores?

Jayesh Shah: So, there are 3 components. So, one component number one is just the accounting withdrawals of Tommy Hilfiger and C. K which is close to slightly below to 200 crores. Apart from that there has been 2 or 3 factors which have taken away a lot of liquidity and we believe it is temporary in nature. One is that we have a large outstanding of close to about 125 crores to 150 crores on GST primarily on account of export refunds. I believe it should come in another 2 months to 3 months but that is one large item which has got built up from July onwards till now. The second one is that there is quite a bit of clogging which is there of close to 200 crores across brands and textile business in our wholesale channel in receivables that the system still there are no significant amount of over dues or rather I would not say overdue significant amount of lop sided over dues from one customer or two but across the board there has been a 15-20 days of delay which are happening in receivables and one of the reasons we would have seen that this year, this quarter the growth rate in brands particularly has been lower than what we would have liked or what we would have expected. The reason is that we had to control the sales in the wholesale channel to kind of manage the receivables not going out of hand. So, we did not want to take those risk or chances to, so we actually pull down the growth rates by couple of percentages but manage the receivables. So, these are two reasons, I believe both are not long term both should come under control one does not know when maybe 6 months from now. It should come under control. We have completed our investment program for practically for whole of year by now by December and we should not be adding to the debt if at all we may reduce debt by may be 100 crores plus by the end of the year.

Niket Shah: And for next year your CAPEX will still be about 400 crores?

Jayesh Shah: So, next year we do not, I think we will on, I mean companies may get separated but we do not believe we will add debt next year.

- Moderator:** Thank you. Next question is from the line of Nihal Jham from Edelweiss. Please go ahead.
- Nihal Jham:** Sir just taking the point forward on margins for the other growth brands in speciality retail. Have we seen a very sharp improvement and has this come in much before our expectations and in addition to the CVD is there any other factor and is this sustainable?
- Jayesh Shah:** See, I think we have planned to be profitable across all brands in the current year so it is very much in line with our plan and even in emerging brands we wanted to be profitable across all brands and there may be one or 2 brands we will have an issue otherwise I think we have turned profitable and it is in line with our plan. It is not out of line, it is not that it has come early. We have actually plan for this improved profitability in the current year.
- Nihal Jham:** Because we anyways improved our guidance and I do not think that is only to do with the change in GST ways where we have improved by 25 bps for the brand and retail segment despite the performance of Mega Mart.
- Jayesh Shah:** See purely on account of the accounting the way GST is being done it has nothing to do with the improvement more than what we are expected. It is in line with the budget estimates that we have prepared. So only thing which has happened is that we have in the Q2 and Q3 we are lost a little bit of revenue, (a) because of GST and (b) because we wanted to control the receivables in Q3. We believe that Q4 onwards the growth momentum should resume.
- Nihal Jham:** Is it that excluding Power brands and Mega Mart the margins have turned positive you can say for the combination of speciality retail and our growth brands?
- J. Suresh:** I will answer that Jayesh bhai. See it has turn positive for some other brands and not all the brands. As I told you that maybe we will end up the year with 2 to 3 brands being negative and next year none of the brands will be negative.
- Jayesh Shah:** Only thing is that if this CVD impact had not come we would have possibly exited the year without any brands having any negative in terms for profitability. But because we have lost some money on account of some of the specialty retail and one of the emerging brand will remain in the negative territory.
- Nihal Jham:** One specialty and one emerging brand will remain in the negative territory.
- Jayesh Shah:** Yes, two specialty retail and 1 emerging brand. On the extraordinary write-off that we are taking we would be fairly in a comfortable position as far as all the brands are concerned.
- Nihal Jham:** And just on Mega Mart you mention that last quarter so last year the same quarter saw an exceptional growth because of our margins being discounted but on an EBITDA basis has Mega Mart seen a growth in EBITDA on a y-o-y basis?

- Jayesh Shah:** Significant improve.
- J. Suresh:** And also I want to make one correction, I think we have now re-branded and reinvented the whole thing as Unlimited. Unlimited and I think we have seen a significant improvement in our profitability of Unlimited which will keep improving as our scale also picks up.
- Nihal Jham:** So despite the LTL growth the margins are significantly expanded and that is what is led to be EBITDA growth and all right ...
- J. Suresh:** Yes, because we are underlying gross margin we are improving quarter-on-quarter basis.
- Nihal Jham:** Just one last question on garments. If I believe we have currently around 31 million pieces of capacity and the first phase will add 4 million pieces. And finally, when the Hawassa plant will run it will be another 6 million pieces which will be commission by the end of this year, is that the right way to look at it?
- Jayesh Shah:** Yes, it is correct.
- Nihal Jham:** And by when do we expect to be reaching full utilization for these 40 million pieces that we will have post all the expansion in Ethiopia?
- Jayesh Shah:** So we are looking at even adding some more capacity even in the coming year. So I would think that if you wanted to takeout some and we are not ready with our next year's estimates as yet. If you take a 45 million garments sale next year that should be a fair number.
- Nihal Jham:** For 2019 you are saying that is what you are building it or expecting, 45 million pieces.
- Jayesh Shah:** Yes.
- Moderator:** Thank you. Next question is from the line of Tejas Shah from Spark Capital. Please go ahead.
- Tejas Shah:** Sir, GAP as a brand is not finding much mention for last few quarters in our narrations. So just wanted an update, what are we, how is that brand doing?
- J. Suresh:** See, I think we are in a very good position now in GAP. As you rightly said that last year and half we had an issue when CVD came in and as GAP 100% products are imported. So that severely impacted the entire business model of GAP but the good news now is we have now worked with GAP team to do indigenious production and in current season that is spring summer 2018. 40% of what we sell in India will be produced in India and going forward we are looking at around 80%. By end of this year we want to be 80% India production which will dramatically change the outlook on GAP going forward. I think we will now get back to the bullishness on GAP like the way we were at the time of launch of the brand 2 years back and another positive development from our point of view is we also have an approval to produce some part of the merchandise to the Indian requirements. So it can be designed in line with the Indian requirement

which I think is going to be a big boost in terms of improving the store productivity. So next year I think is going to be a good year for GAP and in addition to that we are working on some more growth drivers I think once that materializes going forward we will have very good growth as well as improved bottom-line in GAP.

Tejas Shah: And second sir, Unlimited after whatever rejig we did in expansion that is happen for last 2 years. Where do you see the SSG stabilizing for this brand, this format?

J. Suresh: SSG we are looking at around if you are able to deliver 6% to 8% kind of stable SSG year-on-year I think that should be a good one. Once we reach a sort of a base of around 130 to 150 stores.

Tejas Shah: And last question for Jayesh bhai. Jayesh bhai, what is the guidance on debt on book for this year, the March end?

Jayesh Shah: So, we do not believe it will go up from where we are. It all depends upon whether we can get the refund of the tax revenues which we have to get from government. If it that happens, and we should reduce it by 100 crores-150 crores.

Tejas Shah: So, what is the current debt, gross?

Jayesh Shah: 35.

Tejas Shah: 3,500 crores?

Jayesh Shah: Yes.

Moderator: Thank you. Next question is from the line of Vaishnavi Mandhaniya from Elara Capital. Please go ahead.

Vaishnavi Mandhaniya: Sir, the depreciation expense in this quarter is higher by almost 30% on a year-on-year basis. So, what is the reason for that?

Jayesh Shah: It starts by about 10 crores.

Vaishnavi Mandhaniya: Yes, quarter-on-quarter 10 crores.

Jayesh Shah: Yes and the entire or I would say most part of the increase these on account of the expansion of retail distribution in our retail business and most part of it would get attributed to Unlimited expansion. So, as you possibly know we have been talking about the **(Inaudible) 26.10** in the growth of our Unlimited format and we are in the process and in fact last quarter 2 and quarter 3 we open 15 large format stores and we are going to open further another 6 to 8 stores in coming quarter. So, we are looking at a very rapid expansion and we have a very aggressive depreciation policy where we write-off the investments over 5-5.5 years entire investment that we made in

the CAPEX. And as a result, there is a sharp increase in depreciation but as you would understand you will not get the benefit of revenue for this investment in the year in which you spent. So, there is a lag effect, so the depreciation has gone up. EBIT has gone down as a result because have not got the revenue. But that is an investment we have done. We will do similar investment in Unlimited next year and continue to even further accelerate the growth of our Unlimited format.

Moderator: Thank you. The next question is from the line of Maulik Patel from Equirus Securities. Please go ahead.

Maulik Patel: Couple of question. First is on the overall the margin improvement what we have seen, so first 9 month the margin improvement in the brand business has close to around 160 bps-170 bps? And this probably for the full year as you are guiding that it could be around 175 bps and we know that a lot of brands which were unprofitable has turn to the profitable. But what could be the trigger for the further similar margin expansion for next 2 years and what could be the lever for that?

Jayesh Shah: Maulik, I will ask Suresh to, request Suresh to answer it but what we are earning is very small as compared to what we can earn. Because we have been in investment phase for last close to 5 years and as we have been discussing that our we had front-loaded the brand acquisition a few years back contrary to what the market would have liked or expected. It has paid off in some sense because we are ready with the portfolio when the market takes off and with the GST and implementation I think the organized players are going to significantly benefit. So, in a sense that, entire strategy of concluding the brand acquisition has paid off. Now there are quite a few levers apart from the operating leverages that kicks in every time you grow by 15%-20%-25%. But there are quite a few levers and I will ask Suresh to kind of elaborate on a few of them.

J. Suresh: I think number one is in if you take the Power brands we are already operating at a good level of EBITDA, but we are also doing something in our supply chain which is going to dramatically change the way we are going to source and the cycle time of our sourcing. As a result, we are expecting some improvement in our discounting and then savings on account of discounting and improvement in the gross margin. So, if you take the Power brands gross margin improvement is going to be a big driver going forward on a very good percentage EBITDA which we are already delivering on Power brands. Coming to emerging brands, that they were actually impacting on our profitability. Once they become break-even that will show one improvement in profitability more important is when they turn profitable. When they turn profitable, I think that is when we will see an improvement in further improvement in overall profitability and then they turn profitable and we are also looking at a double-digit EBITDA for all of these brands. And when they reach a double-digit EBITDA that will substantially improve our overall company profitability. Third, of course is the profitability of Unlimited because even with an improved performance in quarter 3, we still will be marginally profitable break-even or marginally profitable in Unlimited by end of the year. But with an expansion and certain scale kicking in, the operating leverage itself will make Unlimited will give some profits next year.

So, it is a combination of gross margin improvement in Power brands because of the way we are going to source and emerging brands turning profitable and start becoming profitable towards the double-digit EBITDA and Unlimited operating leverage. Apart from overall operating leverage because we are acquiring a certain size which will substantially improve reduce the fixed expense as a percentage. So, these are the levers of our profit growth going forward.

Maulik Patel: And sir, within that when, I think we know that the story of US Polo as the, you started sourcing in house and the margin was significantly higher now. Will this be the case similarly in GAP when you try to have in an in-house sourcing and also trying to design the some of the merchandize in house?

Jayesh Shah: Yes, correct.

Maulik Patel: Trajectory be similar one can expect that but it could be better than because right now you have on a hit in terms of last year not this year in terms of a CVD was a hit, then probably you took a pause in terms of number of store expansion which is around 12 since last couple of months. So, will these 2 will lead to the significant delta to the overall number because that was an always expectation that GAP could be a game changer for the overall business?

J. Suresh: Yes, that is what I explained to you that we are now going to get back, we want to get back to the same bullishness with which we launched the brand and it will take some time. It may not happen in the coming year but you will start seeing rapid expansion in GAP by the second half of the coming financial year because once we have now set right the business model, it is not easy to expand because we had to get the right real estate and right way to expand. So that will happen by the second half, but you are right that going forward GAP will be a very significant contributor to our top and bottom line.

Maulik Patel: Question to the Jayesh bhai. Jayesh bhai, in textile at the time of the last Analyst Meet you mentioned that we have a plan close to around 1,500 crores CAPEX in the next 2 year-3 years that is what you have mentioned. But you not said anything about which particular fabric we would like to invest. Any thoughts on that? Any update on that side?

Jayesh Shah: As we speak there are various plans which we are drawing. I think in terms of priority we would be first looking at a very rapid expansion of our garment space, the vertical integration would give us much better strategic relationship building possibility with our customers. That will give us (a) our ability to continuous selling our fabrics at the full capacity would remain, at the same time will retain and gain some of the pricing powers. So, I think it is a very critical strategic step that we are taking. With the higher allocation of capital that we would be able to do from next year onwards, in fact we are looking at a significant acceleration of garment expansion. That is where a large part of 500 crores will go in the next financial year. Apart from that we are looking at adding some of the knitted fabric facility as well as some balancing and improving or increasing capacity in our woven business. So, that is where the large part of investments will go also will be investing separately good amount of money in our technical textile business.

- Maulik Patel:** When you mentioned the garment, is it only Ethiopia or any other place within the country?
- Jayesh Shah:** So, we are looking at several places to invest. I am not sure whether you are aware, but several state governments have come up with very attractive policies favoring investments or an employment generation in their respective states. So, give you some example, I will tell you which states have come, and which states are likely to come but I will give an example of one of such states. So, Andhra Pradesh, Karnataka, Gujarat, Jharkhand, Telangana possibly and Madhya Pradesh are the likely states where this policy would come. Some of them have already come. For example, in Jharkhand we have announced a policy to give per month Rs. 6,000 of wage subsidy for a period of 7 years for every person we employ and minimum wage in Jharkhand is around 7,000-7,500. So, it is like of significant portion of the wage is being subsidized to create employment in the state apart from interest and other things that are usually given for investment in textile. So, we are looking at investing in Jharkhand, we are looking at investing in Gujarat, we are looking at investing in some other states, south states if and when the policies are announced. So, it is going to be bit of more aggressive than what you have seen stands towards verticalization which we will discuss hopefully in the next meet or a call that we will have when we completely ready with the plant.
- Moderator:** Thank you. The next question is from the line of Pratik Roy from Stewart & Mackertich. Please go ahead.
- Pratik Roy:** Sir, I have with one question, you people are planning to expand new store and large format stores. So can you give me some idea for small stores and medium stores, what are the large average revenue how much you people are earning from one store means revenue per store if you can give me a rough idea then it is good for me.
- Jayesh Shah:** Well, it is, I mean Suresh can answer it. So, Suresh they want to know what could be revenue of a large format, medium format and a small format store?
- J. Suresh:** Yes, see when we say in Unlimited we now have just one format. When we say large format what we are talking is we have a 10,000 square feet format and that is the only format we are now opening and typically the revenue will range from 60 lakhs a months to 1.2 crores a month depending on the location because we also open lot of stores in small towns where it could be 60 lakhs but for example in a mall in Tier-1 town it can be 1.2 crores to 1.5 crores as well. So, that is the range but when we have a store at 60 lakhs the cost of that store will be much lower so that the profitability will not get impacted but the productivity will be in line with the size of that particular city.
- Moderator:** Thank you. As there no further questions from the participants, I would now like to hand the conference over to Mr. Ankur Arora for his closing comments.
- Ankur Arora:** Thank you very much, everyone. Thanks for joining the call. I look forward to continued interaction with everyone over the next quarter. Thank you.



*Arvind Limited
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Moderator: Thank you very much members of the management. Ladies and gentlemen, on behalf of Arvind Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.