November 19, 2024

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Fax No.: 022-26598237/38

<u>Sub: Transcript of Investor Conference Call dated 13.11.2024</u>

Dear Sir/Ma'am,

With reference to captioned subject, we hereby enclose the transcript of Investor Conference Call held on November 13, 2024 at 04:00 PM.

This is for your information and further dissemination.

Thanking You,
Yours Sincerely,

For Cantabil Retail India Limited

POONAM CHAHAL

Digitally signed by POONAM CHAHAL
Date: 2024.11.19 13:38:00 +05'30'

Poonam Chahal
Company Secretary & Compliance Officer
FCS No. 9872
Encl: as above

"Cantabil Retail India Limited Q2& H1 FY-25 Earnings Conference Call"

November 13, 2024

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the Company's website will prevail

MANAGEMENT:	**MR. VIJAY BANSAL – CHAIRMANAND MD,CANTABIL RETAIL INDIA LIMITED** **MR. DEEPAK BANSAL – WHOLE-TIME DIRECTOR,CANTABIL RETAIL INDIA LIMITED** **MR. BASANT GOYAL – WHOLE-TIME DIRECTOR,CANTABIL RETAIL INDIA LIMITED** **MR. SHIVENDRA NIGAM – CFO, CANTABIL RETAIL INDIA LIMITED** **MRS. POONAM CHAHAL – CS, CANTABIL RETAIL INDIA LIMITED**
MODERATORS:	**MS. RENUKA – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Q2FY25 and H1FY25 earnings conference call of Cantabil Retail India Limited hosted by PhillipCapital PCG desk.

Before we begin, a brief disclaimer:

The presentation which Cantabil Retail India Limited has uploaded on the stock exchange and the website, including the discussion during the call, contains or may contain certain forward-looking statements concerning Cantabil Retail India Limited business, prospects and profitability which are subject to several risks and uncertainties and actual results could materially differ from those in such forward-looking statements.

As a reminder all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*'then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Renuka from PhillipCapital (India) Private Limited. Thank you and over to you ma'am.

Renuka: Thank you. Good afternoon, everyone. On behalf of PhillipCapital Private ClientGroup, I welcome all of you to the Q2 and H1 FY25 Earnings Conference Call of Cantabil Retail India.

From the Management today we have Mr. Vijay Bansal – Chairmanand MD, Mr. Deepak Bansal – Whole-Time Director, Mr. Basant Goyal– Whole-Time Director, Mr. Shivendra Nigam – CFOand Mrs. Poonam Chahal – CS.

Now I hand over the conference toMr. Vijay Bansal for his "Opening Remarks"and then we will open the floor for Q&A. Over to you sir.

Vijay Bansal: Good evening, everyone.

On behalf of Cantabil Retail India Limited, I welcome everyone to the Q2 and H1FY25 Earning Conference Call of the Company.

Joining me on this call is Mr. Deepak Bansal – Whole-Time Director, Mr. Basant Goyal – Whole-Time Director, Mr. Shivendra Nigam – CFO, Ms. Poonam Chahal – CS and Marathon Capital, our Investor Relation Advisors.

I hope everyone had an opportunity to look at our Results. The "Presentation"and "Result Release"have been uploaded on the Stock Exchange and our Company website. We are pleased to report a good beginning to FY25, with our Company achieving an impressive 15.5%

volume growth in H1FY25. This success was accomplished despite challenging market conditions. Our strategic agenda is focused on enhancing customer experience, reinforcing our brand promise and driving growth through expanded reach into newer markets and diversification across categories.

Let me conclude by reiterating our key focus areas:

- Increasing detailed presence.
- Enhancing manufacturing capacities.
- Improving efficiencies.

We are committed to solidifying our position in the fashion apparel sector. I now hand over the call to Mr. Shivendra Nigam for giving update on the "Financial"and "Operational Performance" for the quarter. Thank you.

Shivendra Nigam: Thank you, sir. Good evening and a very warm welcome to everyone.

Coming to the "Financials Performance Highlights" for Q2FY25:

Revenue from operations for Q2FY25 grew by 12% to 151.2 crores as compared to 135.1 crores in Q2FY24. EBITDA for Q2FY25 stood at 34.6 crores as compared to 29.6 crores in Q2FY24. EBITDA margin for Q2FY25 stood at 22.8% as compared to 21.9% in Q2FY24. PAT for Q2FY25 stood at 6.6 crores as compared to 7.5 crores in Q2FY25. PAT margin for Q2FY25 stood at 4.3%.

"Performance highlights" for H1FY25:

We have achieved revenue from operations for H1FY25 which has grown by 13% to 279.1 crores as compared to 246.9 crores in H1FY24. EBITDA for H1FY25 stood at 73.9 crores as compared to 64 crores in H1FY25. Our EBITDA margin for half year FY25 stood at 26.5 crores as compared to 25.9 crores in H1 FY24. PAT for H1 '25 stood at 118 crores as compared to 19.8 crores in H1FY24.

On the "Expansion Front":

The Company accelerated its store expansion strategy by opening 23 stores net during H1FY24. The Company operates through 556 retail stores out of which 425 are the Company owned at 135 by franchisee operated. The retail area, we are now serving at (+7) lakhs square feet which will stand on September 30th 2024.

We will now begin the question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session.The first question is from the line of from.The first question is from the line of Shrinjana Mittal from RatnaTraya.

Shrinjana Mittal: I have a couple of questions. So, one is on the same store sales growth, for this quarter our reported same store sales growth is around 3.48% as per the presentation. So, firstly, can you help me understand the calculation for that like how do we calculate? Actually, like it's not very clear. I think I asked in the last call also. But it's not very clear because we have added about 15% to the store growth and our sales growth is around 12%. But the newer stores, I'm assuming it would take time for the new stores to become mature. So how is the calculation done for the same store sales growth?

Vijay Bansal: The same store sales growth, we first completely remove the new stores. Then there are two kinds of stores. One which has completely run for the 12 months last year also and same period this year also. But the store which have come in between last year and this year, they are running for the full time. So, this year we are reducing that period for which the operated extra in the previous year. So that's how we are making completely life to life growth. So, there is no error in it means there is no error in it.

Shivendra Nigam: And also, the same store sales growth what you are taking it, that is 3.4% negative side minus 3% for this quarter. It's an apple-to-apple comparison. Whatever the store in the month of June was operating fully, they have been considered same in the July and all this kind of thing that's like July.

Shrinjana Mittal: Shivendra ji, what I'm asking is like whyit is surprising to me is because if it's negative 3% so that means that old stores have not grown, old stores as in stores which were opened last year as well. So, the growth which has come which is in total sales which we see about 12% that is entirely from the store additions from the new stores.

Shivendra Nigam: You're right. Whatever the expansion is being done because considering the market scenario specifically on north first quarter, if you have seen were being (+1.3%) in value and the volume was actually (+ 4%). In this quarter also the volume is good, we are just (- 0.8%) in terms of volume. So that is considered in this. So new is whatever the growth has come from new stores and (- 3%) for the quarter overall 6 months (- 1.2%). That's it.

Shrinjana Mittal: And like just one more clarity on this, same store sales growth like if I just look at the formula for that and like so for this year, this quarter September '24, when we are calculating in the denominator, we will take the stores which were opened in September '23 or September '22 or like which one would that be?

Shivendra Nigam: Same store which have been opened in the last year as explained opened in the last year that has been considered this month also.

Vijay Bansal: Like I explained by an example, if some store has been opened in July-August last year. So, we remove the four-month period of this year also, then we will consider the sale of this year from August only and compare Apple to Apple.

Shrinjana Mittal: When we were initially in the start of the year,we were targeting 4% to 5% in the same store sales growth. So now that like this half we have been short on that. How do we see the year closing? Like do we see some improvement in the same store sales growth in the second half or would it be in the similar range?

Vijay Bansal: So, considering the market scenario as well as peers if we take the period for the festivity everyone is hoping, and we are also one. So, the post Shraddha period, Shraddha to exactly the Diwali day, 28 days, we have seen a very decent growth in terms of sale in same stores sales growth in these 28 days, Apple to Apple like to like comparison. And going forward this season is also going good. So, we are hoping, yes, there is a 1.34% negative side. But still, we are not revising our any estimate 4% to 5% what we are on a totality basis for the year should come. Yes, we understand for this achieving 4%-5% number we need to have it 7% to 8% growth for the remaining six months and which are very hopeful that should come. Maybe the plus minus 4% is a different thing but positive, the year should be ended with a positive note.

Shrinjana Mittal: I just have one other bookkeeping question. So, we used to report job work charges in the PPT, for this quartercan you share that number?

Shivendra Nigam: I'll share with you offline.

Moderator: The next question is from the line of Prateek Kothari, an individual investor.

Prateek Kothari: First and foremost, just wanted to check with you in terms of the market scenario right now. We've been hearing that there is some sort of kind of sluggishness in the market of consumer demand. Did you see that as well in the past quarter and do you see that currently as well and do you see it improving in the forthcoming quarter? Just wanted to take a sense from you on that.

Vijay Bansal: No, the sluggish demand, yes, we saw in Quarter 1 and 2, Quarter 2, it was more and Quarter 1 it was less but in Quarter 3 in the running period we are not seeing the sluggish demand. There is upbound in the demand and in Quarter 2 also the demand was sluggish because there was a preponement of the Shradh period in which the people used to refrain from the shopping activity and there was a preponement in the Raksha Bandhan festival also, last year it was on the 30thAugust and this year it came on the 20thAugust. So, 10 days period was sluggish in August also. So now currently the market is upbound.

Prateek Kothari: Obviously, congratulations on good volumes that you've shown the growth on. But any particular reason if I do a comparative year-on-year, any particular reason for the fall in margins both on EBITDA and PAT levels? If you could highlight any particular reason which you've seen where margins have seen contraction.

Shivendra Nigam: So in our earlier commentary as well we are continuously saying, we have been focused Company in terms of managing our gross margin. So the gross margin has also been improved this side. Yes, once the same store sales growth is slightly under pressure, so the cost is same. So that is why EBITDA margin is on a percentage basis is slightly on the lower side. So that is the main reason. Plus, we are opening the new store so that will also take time to get mature. So that is what the scenario mainly is. Expenses are there but same store sales growth would come that would be required.

Prateek Kothari: Over the last some back-to-back quarters we have seen that SSG growth has kind of been in the single digit kind of thing. Obviously there has been good volume growth but that is primarily on account of the new stores opening is what we believe. Is that the right reason or you believe that the SSG growth is robust enough for to contribute to the higher EBITDA margin?

Vijay Bansal: No, the quantity in like to like also for the first six months there has been increase in the 1% in the quantity in the like-to-like sales and there has been value wise we have decreased by 1.25%. So purely the quantity is not attributed to the new store opening. The old stores have quantity wise and volume wise, they have grown from the last year in the H1. So, for the next few next two quarters we are really hopeful.

Prateek Kothari: And so last question is generally on the inventory means. Do you think that the inventory levels continue at the levels of currently or because of the festivities in Q3, the inventory levels would be different on account of means obviously, this is relating to the sales itself of Q3, how do you see the inventory panning out over the next six months?

Shivendra Nigam: Correct. You rightly pointed out, whenever you have seen our balance sheet for the 30thSeptember, you have seen inventory on a higher side because my winter inventory has been piled up now. So out of this increased inventory, my cash flow for the first half is majorly goes towards the inventory as on the 30thSeptember because my obviously winter inventory has been piled up. So, the bifurcation for this is approximately whatever the cash flow was, new stores inventory as well as majority in the winter inventory. That's existing basis store on you can say 2% has been increased. So, this will be rectified, and this will be corrected at the end of the year. But overall inventory days, what we have been communicated earlier as well, approximately 120 days would remain.

Prateek Kothari: The last question basically in terms of the festivities right now, basis your preliminary analysis, you've seen the growth coming in from Tier-II, Tier-III kind of towns or more of rural demand which is kind of built up. Can you throw some light around that, is just helping us to do the analysis in terms of where the growth is coming-in from as well?

Vijay Bansal: The growth is coming from both urban and the rural areas. So, there is no dearth of demand in the rural areas now, demand is equally upbound in both the urban and the rural areas.

Moderator: The next question is from the line of Giriraj Daga from Visaria Family Trust.

Giriraj Daga: My first question is, did you mention the number of SSG before Diwali like-to-like period, what was that in October? I'm not taking October because festive actually there was a 10 days delay or ahead last year Diwali was 10 days later. So, I like to like let's say from Navaratri till Diwali what was the SSG?

Shivendra Nigam: I just said, its exactly 28 days post Shradh period till Diwali day. So, we have Noted a decent amount of SSG. It's a good amount of SSG we have been noted.

Giriraj Daga: Positive SSG, right?

Shivendra Nigam: Yes, it's a positive SSG and a decent number of SSG.

Giriraj Daga: Second, when I look at the numbers like this quarter, we had about to 200-300 basis point of gross margin expansion and first half also we had about 240 point of gross margin expansion. So, first question on when I look at the realization as per your volume has grown up so realization has gone down actually. So, what is driving this gross margin expansion?

Vijay Bansal: So gross margin expansion against increased mainly on the ground of some correction in prices. Earlier it gone down. So, we have taken the correction in prices, so mainly gross margin has been expanded as well as volume is also on a positive side in Q1 and very slightly minus on a second side. So mainly the gross margin increased on the pricing side.

Giriraj Daga: When you say your total revenue was down, volume was a small minus, right?

Vijay Bansal: Right, percentage. So,volume isn't on the positive side. If you say my overall sale for the 6 months has been down (-1.3%). However, my volume is (+1.03%), 1% you can say.

Giriraj Daga: Realization should be down.

Vijay Bansal: Realization is down here as average sale price has gone down. We have passed on the benefits to the customer of the raw material store correction. Our growth margins have increased because we have markup, we have increased. So, we have done revision in the markup of the products we are making.

Giriraj Daga: And this markup will sustain, right? We are not going to go back to the earlier gross margin.

Vijay Bansal: This markup is sustainable.

Giriraj Daga: Just missed the number. You're continuing with the earlier thought process of about store expansion somewhere about 80 or 200 stores addition, right?

Vijay Bansal: Yes, we have the same target. So, for 80 to 85 new stores in this year though there is some lesser numbers of stores have been open in the Q1-Q2. But in Q3 October we have only opened 10 stores and the same kind of number we are opening in November and December. So, the shortfall which we have gone into Q1 and Q2 will be covered up in Q3.

Giriraj Daga: And what is the overallCAPEX like what was the second full year CAPEX we are looking now?

Shivendra Nigam: So same CAPEX is there approximately 1700 to 1800 per square feet CAPEX is there and Q1 as well. But however, the biggest would be in opening my H1 store size of 1650 average size. So accordingly, we 70 to 80 stores we have been opening. So approximately on this basis we can take approximately 20 to 35 Cr in terms of CAPEX for store expansion the existing facility what we have been making for our warehousing that is required CAPEX as well.

Giriraj Daga: We are assuming some 20 crores to 25 croresCAPEX?

Shivendra Nigam: Yes.

Giriraj Daga: But first half only we had done about 21 crores of CAPEX, right?

Shivendra Nigam: That includes ideally the 20 crores to 25 crores is capacity expansion, one is for store expansion and what the warehousing facility cum office facility we have that will be probably closed by this financial year. So that majority CAPEX is going there as well, which will be finished by this financial year. Approximately that required Rs. 15 to 20 crores more by the end of the financial year or first quarter of next financial year.

Giriraj Daga: So, this year CAPEX probably will be about 40 crores?

Shivendra Nigam: 40 to 50 crores you can take, yes.

Giriraj Daga: We will not need any additional equity for this now?

Shivendra Nigam: No, everything from the internal accruals only.

Moderator: The next question is from the line of Prateek Kothari, an individual investor.

Prateek Kothari: So just some follow up questions. Basically, you've seen the volume growth of almost (+14%) in the quarter whereas the overall value growth was only 12%. I just wanted to kind of correlate in terms of was there any category change which saw better demand, which was lower in value or was it that you've reduced the prices? What is it that has led to the value downfall compared to the corresponding quarter of last year?

Vijay Bansal: So, quantity if we consider L2L it's (- 0.75). But overall quantity has been increased to 15%. So major contribution has been done by the new stores. So, our accessories contribution is around 5%and rest of the garments are 95%. So, the same ratio which we have been earlier, it's not due to the addition of the accessories. It's the same manner due to which the quantity has increased.

Prateek Kothari: So, is it fair to assume that accessory hasn't grown to the extent of what you are expecting accessory to demand to come in from the stores, means still we continue to believe that apparel will constitute to have a major pie in terms of our sales going forward as well?

Vijay Bansal: Earlier also like we expecting accessories to be in this range only around 6% maybe 7% only and it's coming in that range only. So, we never overestimated the accessories contribution in total sales. So, contribution will be something like this only in future.

Prateek Kothari: And a related point to revenues was just wanted to reconfirm the guidance for the year. Do we stand to the revenue target and profitability what we had earlier quoted?

Shivendra Nigam: Yes, we haven't revised any of the target and are very confident to achieve those numbers. So this year approximately 15%-17%-18% revenue growth would have been there.

Prateek Kothari: And in terms of profitability?

Shivendra Nigam: EBITDA margins should be in the line of 26% to 27% that is by December and 10% approximately PAT number should have been there, maintaining the gross margin (+55%).

Prateek Kothari: And coming to the store size in terms of growth, obviously we heard that basically you're going into large pocket stores in terms of size and all. How are they performing in terms of what is the response which you're getting from those kind of stores? Is it becoming value accretive for you in any manner? Is it more still in the experimental stage? What are you seeing on that?

Vijay Bansal: No, the experience we have got by opening the new store. We think it's a good idea and we are really successful where we have opened the bigger storesand even the retail cost of the bigger stores is lesser than the smaller stores if they have a better EBITDA margin the bigger stores have. So, we will be going with the bigger stores only in the future.

Prateek Kothari: So, your indications in terms of PSF on these larger stores is much better compared to your traditional size stores is what we have to estimate?

Vijay Bansal: So bigger stores tend to have a lower PSF but that's the norm of the industry because when you increase the store the PSF tends to go down. But your EBITDA margin shouldn't go down, your realization shouldn't go down. So those things are maintained and even the profitability is better in the bigger stores.

Prateek Kothari: So, on the EBITDA front you will probably see an uptick, is what you're saying on account of increase in large stores?

Shivendra Nigam: Yes, onCompany level.

Prateek Kothari: And in terms of what would be that number of bigger stores today means and if I have to put that number into perspective. How many bigger stores would have been already operational?

Vijay Bansal: We have 20 family stores. So, these are the bigger stores. We have the 30% as we mentioned, the ladies and our 45% stores are only menswear store and 5% stores we are doing ladies and kids. So, you can say 20 are the biggest stores.

Prateek Kothari: And last quick question was on the split between online and offline. Obviously in the previous calls you've highlighted your digital penetration and all, are you seeing an uptick there as well in terms of online penetration? What would be the split?

Shivendra Nigam: So, the split as of now overall guidance is same for the year but from the YOY basis, quarter-on-quarter also the growth is there. Last year out of this we have been in Q2 approximately6.5 crores, out of total revenue of 135 crores. This year out of 152 crores approximately 10 Cr has already been achieved.

Prateek Kothari: From the online?

Shivendra Nigam: E-commerce, yes, correct. E-commerce space. So overall numbers are coming as per our expectation and annual guidance is same.

Moderator: The next question is from the line of Aman, an individual investor.

Aman: My question is if we look at the organized retail sector like fast fashion is the growth engine for many of the peers. Is there any component of fast fashion kind of products in our current product portfolio or are we looking for such kind of addition in future in our stores?

Vijay Bansal: Yes, we have plans to add the fast fashion kind of products in our collection. So, we are planning to go with the like 25% of the collection which should be in the category of fast fashion. But majority of the brand is about basic fashion, minimalistic fashion. So, we can't change the DNA of the brand completely. But yes, we are inculcating the fast fashion element and components in the collection.

Aman: So basically, my idea of question was basically the fast fashion is growing about 30%-35% kind of CAGR, so that was the logic.

Vijay Bansal: No, your logic is right. So, there is no denial in that. So, we are changing ourselves a little.

Moderator: The next question is from the line of Aman Vishwakarma from PhillipCapital.

Aman Vishwakarma: I had a question on, to begin with the store addition. So, you set a target of 80-90 stores every year for the next couple of years. So what are the regions that we are planning to expand in T-III or T-IV or T-I, T-II?

Vijay Bansal: So, we have present on all the three categories, Tier-I, II and the III. So, 20% of the stores are in the Tier-I town, 40% in Tier-II and 40% in Tier-III towns and the retail cost is lesser in the Tier-II and III towns. So that's why we have going in the Tier-II and III towns and Company has a good traction in the Tier-II, III towns and good brand awareness in these towns. And the Company's ASP is very suitable for the smaller towns. So that's why we are going in these towns.

Aman Vishwakarma: And second question would be on your fast fashion thing that you mentioned earlier. So, do we have the design capability for it and maybe the logistics that we need to go with it?

Vijay Bansal: Yes, we have design capability. We have a team of designers who are working on the fast fashion kind of stuff also. So, we will soon be introducing the fast fashion, little fast fashion categories in the collection and logistic capability is there now.

Aman Vishwakarma: And just lastly, so I see your stores being very skewed towards men's fashion. So, do you not think to some extent that limits our ability to charge a premium to the customers? So, would it not make more sense to have more occasional wear for women? That would enable us to go up the value chain and what is your thought process?

Vijay Bansal: We are not planning the occasional wear for the ladies' stuff. But yes, because Cantabil is predominantly men, and the customer sometimes don't know that Cantabil is offering ladies collection also. So, we are opening ladies and kids' exclusive stores also. So that stores are highlighting the Cantabilladies'collection, and they are providing good response to us.

Aman Vishwakarma: So, what would be the revenue share like between the two, that the ladies wear and the menswear, maybe a few years down the line, how do you see that panning out?

Vijay Bansal: So right now, we have like 83% menswear, 10% ladies wear and 5% accessories and rest is the kidswear. But in the future, we see that ladies wear component should go up like 12%-13% it should come.

Moderator: The next question is from the line of Dhiral Shah from PhillipCapital.

Dhiral Shah: Just wanted to know what is thereason for the higher depreciationin the P&L side? Since we have not opened much store in H1 and what will the run rate be going ahead?

Shivendra Nigam: So, depreciation is therefor the last 1.5 year we have opened approximately (+90) stores, approximately 100 stores and out of which (+90) are the Company owned stores. And now since the size is bigger in terms of the store, 1600 square feet. Obviously,CAPEX is more. The more CAPEX is there, the more depreciation is there. Now considering this, Ind-AS 116, the higher depreciation is accumulated because of Ind-AS-116 working. All the lease rental has been converted. So, the more we are opening the bigger stores as well as Company owned stores depreciation and finance cost would increase.

Dhiral Shah: So, will this not impact our profitability in terms of our profit after tax?

Shivendra Nigam: So yes, that is why we are giving separate slide in terms of Ind-AS, pre-Ind-AS, post-Ind-AS. Whatever the number is being shown that has been lesser 1.25 per quarter in terms of profitability. Actual profitability post-Ind-AS is (+2) crores. And then on a purely non-Ind-AS side also, the bigger stores would be there, and CAPEX would be there. So slightly depreciation would be on a higher side.

Dhiral Shah: In terms of demand outlook or on the volume side. So, are we seeing more interest coming from the Tier-II,Tier-III cities or it is also from metro and urban cities?

Shivendra Nigam: We are expecting the same up bound in the market in both Tier-I and Tier-II towns. So, there is no difference between the demand in Q2.

Dhiral Shah: So, this 13% volume growth that we have seen in Q2, so is it equally from the metro and the Tier 2 and Tier 3 cities?

Shivendra Nigam: Yes, it's equally between these.

Dhiral Shah: And so, what was the growth on the online channel side in this quarter particularly since in H1 we have seen 32% growth but particularly for this quarter in Q2 what was the growth and what is the outlook on the online sales channel going ahead?

Shivendra Nigam: As I just replied, there is an online growth as well. So last year 6.5% as compared to this quarter it's 10.5%. So definitely growth is good in terms of online and overall guidance as we said earlier, last year we did approximately 5.5 Cr. This year we have a target of approximately 7% of the total revenue that was going to be achieved.

Dhiral Shah: In the coming years, let's say over the next2 years are you planning to take it to double digit?

Shivendra Nigam: So yes, when we have been always said, we are targeting to make the Company the 1,000 crores revenue Company by FY27 and that time we have seen a contribution for e-commerce approximately 8% to 10%. So, from here onwards we will take it to the double digit.

Dhiral Shah: Lastly, we had 1,000 crores kind of a revenue that we are aspiring to. So, what will be the product category mixbetween menswear, womenswear or maybe when kidswear and accessories what are we targeting?

Vijay Bansal: So, when we bring like 1,000 crores so ladies and kids category contribution will increase. So,ladies' category should be between 15% to 20% and the kids category we're expecting something like 6%-7%.

Dhiral Shah: What will be our strategy to increase the share particularly on the women's category side? Are we planning some new product launches over there to improve the pie or maybe to increase their contribution in the stores that we manage?

Vijay Bansal: So, we are adding new ladies and kids exclusive stores through which we are planning to take the contribution of ladies and kids up in the total sales.

Shivendra Nigam: So existing share if you see the bigger stores will contribute, if you see last year to last year is going 8%-9%. We are expecting 12%. So that is why bigger stores is there which includes contribution in terms of ladies more as well as exclusive stores which is approximately (+40) stores.

Dhiral Shah: When it comes to the average selling price, what would be the difference between the categories, let's say menswear, kidswear or even womenswear?

Vijay Bansal: So, ESP is more or less the same in the men's and the ladies. But yes, it's slightly lesser in the kidswear.

Dhiral Shah: Even the accessories would remain at the same range?

Shivendra Nigam: That is lower. That is obviously lower.

Dhiral Shah: Just last one question. In terms of our EBITDA margin over the next2 to 3 years, is there any room for further improvement that we may see from the current range or maybe it will remain the same even going ahead?

Shivendra Nigam: We have set our higher benchmark, so whatever the numbers we have achieved in FY23 when we are talking about 1,000 crores, we are trying to come back on those number, 26% to 27% EBITDA margin now. It can go up to 28% to 30% in coming years.

Dhiral Shah: If may I askwhat willbe the margin driver going ahead to take it to 28% to 30%?

Shivendra Nigam: So same 4% to 5% of the same store sales growth we are expecting which was obviously not there last year and this year we are more because of contribution split, we are boosting our gross margin. So, this EBITDA margin uptick would be 2% to 3% would have been there.

Moderator: The next question is from the line of Meet Raj from Equirus PMS.

Meet Raj: Two questions from my side. First is again related to fast fashion. So basically, what is the launch timeline for this category? The related question is across how many stores we are planning to introduce fast fashion, will it be only in the family stores or other stores as well?

Vijay Bansal: So, like we will be moderating our current collection, so it will be going to every store. And so, we will not be adding the like new SKU but it will be like modifying the old collection into a portion of it into a fast fashion collection. So, it will be available in all these stores.

Meet Raj: And will it be a material margin difference of fast fashion clothing versus your normal clothing?

Shivendra Nigam: Not exactly. The overall we are targeting, the (+ -1%), 1.5%-2% is any category is different and depends on the product on product. But the overall gross margin what we are maintaining that would be there 55% to 56%. That is the overall target.

Meet Raj: Second question is in terms of your FY27 revenue, when you say 1,000 crores of revenue and with higher EBITDA margin of closer to 29%-30%. So, do we still maintain our earlier guidance of 120-125 crores of net profit in FY27?

Shivendra Nigam: Percentage would be there; what I mentioned we are trying to reach that 10% as of now. So, there is always a shown in terms of PAT margin 10% to 11%, 12% and ‘26-27, we are delivering now. The moment going forward 1% to 2% uptake would have been.

Meet Raj: And the last question, in terms of accessories category. So, can you tell the exact margin of accessories? Is it materially lower than your clothing category?

Vijay Bansal: As I just mentioned, all the margins we are operating on (+50%), 52%-53%, approximately 1% or 2% margin on category wise is different but the overall margin is lying in all the categories above 50% and somewhere 55% to 56%.

Moderator: Thank you. As there are no further questions from the participants, I would like to hand the conference over to the management for their closing comments.

Vijay Bansal: I would like to once again thank you all for joining us on this call today. We hope we have been able to answer your query. Please feel free to reach out to our CFO or IR team for any clarification or feedback. Thank you all.

Moderator: On behalf of PhillipCapital(India) Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.