CREDO BRANDS MARKETING LIMITED
(fka Credo Brands Marketing Private Limited)
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Andheri (E), Mumbai - 400093. INDIA
Tel. No.: +91 22 6141 7200 Email: helpdesk@mufti.in
Website: Corporate: www.credobrands.in
Ecommerce: www.muftijeans.in
CIN : L18101MH1999PLC119669

November 05, 2024

To	**To**
BSE Limited	**National Stock Exchange of India Limited**
Phiroze Jeejeebhoy Towers	Exchange Plaza, C-1, Block G
Dalal Street, Mumbai – 400 001	Bandra Kurla Complex
	Bandra (E), Mumbai – 400 051
Scrip Code: 544058	**Scrip Symbol: MUFTI**

Dear Sirs,

Sub: Transcript of the investor/analyst conference call

Pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the investor/analyst conference call held on October 29, 2024, on unaudited financial results of the Company for the quarter and half year ended September 30, 2024, is enclosed herewith.

The same is also available on the Company's website at https://www.credobrands.in/investors/financials/#acc_42.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For **Credo Brands Marketing Limited**

Sanjay Kumar Mutha
Digitally signed by Sanjay Kumar Mutha
Date: 2024.11.05 13:04:02 +05'30'

Sanjay Kumar Mutha
Company Secretary and Compliance Officer

Encl. As above

"Credo Brands Marketing Limited

Q2 FY '25, Earnings Conference Call"

October 29, 2024

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 29th October 2024 will prevail."

MANAGEMENT:

MR. KAMAL KHUSHLANI - CHAIRMAN AND MANAGING DIRECTOR
MR. RASIK MITTAL - CHIEF FINANCIAL OFFICER

INVESTOR RELATIONS ADVISORS:

STRATEGIC GROWTH ADVISORS

Moderator: Ladies and gentlemen, good day and welcome to Credo Brands Marketing Limited Q2 and H1 FY'25 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involves risks and uncertainties that are difficult to predict.

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 the star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kamal Khushlani, MD and CEO of Credo Brands Marketing Limited. Thank you and over to you, sir.

Kamal Khushlani: Thank you. Good afternoon, everyone. I have with me Mr. Rasik Mittal, our Chief Financial Officer and SGA, our Investment Relations Advisors. I hope you all have received the investor's deck. If not, you can view them on the Stock Exchange or the company website. Mufti's revenues in Q2 FY'25 grew by 12% to INR186 crores with gross margins remaining stable year-on-year, mainly due to cost optimization measures we have been taking. Please note that this growth is after making an increased provision of 3% for the goods returned as compared to the same period last year. So, the growth actually has been 15% year-on-year.

The market for premium and mid-premium branded apparel continued to be subdued due to consumer behaviour influenced by several external factors, including reduced number of wedding dates, extended monsoon rains in the months of September as well as October, and generally also due to subdued discretionary spending in this premium to mid-premium category. However, going forward, we are anticipating higher demand in the coming months, driven by the festive season and upcoming marriages. In H1 FY'25, we added 17 new stores gross to our portfolio, whereas on a net basis, we added 2 stores, taking our total store count to 427.

Given the softer demand environment, we have been very selective about our store openings and have been focusing on high quality signings. Going forward, as the demand begins to pick up, we expect to further ramp up our store openings and plan to open 20-25 new stores in the second half of the year. We intend to open new stores with the aim of improving market share, brand recognition and achieve economies of scale.

EBO's are central to our growth strategy, with them offering a holistic in-store brand experience and help enhancing brand visibility. Coming to the inventory front, we have maintained our focus on efficient inventory management, because of which we have been able to achieve a reduction in the inventory levels. Our inventory days have decreased from 77 days in March 2024 to 69 days in September 2024 in 6 months.

Our receivable days have recently increased, primarily due to the crisis in Bangladesh. The supplies were delayed and these delays in the shipment of our products subsequently caused delays in deliveries to our customers. However, in October we have started receiving these payments as per our payment terms and due dates.

We aim to significantly enhance our brand's presence on digital platforms, with a clear focus on growing our market share within the D2C space. To achieve this, we are dedicated to building a distinctive and memorable brand identity by implementing a cohesive advertising strategy and launching a series of targeted marketing campaigns. By leveraging these initiatives, we seek to engage with our audience more effectively, increase brand awareness and a lasting connection with our customers across various digital touchpoints.

To achieve this, we have partnered with Google and Meta. For the full year, we plan to spend approximately 5% of revenues on branding and advertising. For FY'25, our company is aiming for a 10%-12% revenue growth as of now, driven by the expansion of new store locations across both new and established markets, depending upon a rebound in the industry, demand for premium and mid-premium brands, laid by the coming festive and wedding season.

Additionally, we are focusing on enhancing profitability by implementing cost efficiency measures and reducing working capital days, which will contribute to strengthening the company's overall financial health. As usual, we shall focus on growing the company through the profitability lens. We are confident in our capability to handle short-term fluctuations and achieve sustainable and consistent growth in the future.

With this brief, I'd like to hand over the call to our CFO, Mr. Rasik Mittal, for the update on the financial performance. Thank you, everyone.

Rasik Mittal: Thank you, Kamal. Good afternoon, everyone. First, I will give you the financial highlights of Q2 FY'25.

Revenue for Q2 FY'25 grew by 12% year-on-year to INR185.6 crores. Our SSSG for Q2 stood at negative 3.37% year-on-year, mainly due to subdued demand in the market. Gross profit grew by 7% year-on-year to INR102.2 crores, with a gross profit margin of 55.1% for the quarter. EBITDA for Q2 FY'25 stood at INR57.6 crores, that is a growth of 1% year-on-year. Our EBITDA margin stood at 31.1%. Profit after tax for the quarter stood at INR26.5 crores, that is a degrowth of 5%.

Next, I will give you the financial highlights for H1 FY'25. Revenue for H1 FY'25 grew by 9% year-on-year to INR309.5 crores. Our SSSG for the half-year stood at negative 1% year-on-year, mainly due to subdued demand in the market. Gross profit grew by 8% year-on-year to INR174.8 crores, with a GP margin of 56.5% for the half-year. EBITDA for H1 FY'25 stood at INR91 crores as compared to INR87.3 crores in H1 FY'24, that is a growth of 5%.

Our EBITDA margin for H1 FY'25 stood at 29.4%. Profit after tax for the quarter stood at INR36.2 crores. Our inventory days have decreased by 8 days to 69 days as on 30th September 2024. As mentioned earlier, we continue to aspire to manage our inventory prudently. Our cash flow from operations was INR64 crores for H1 FY'25. ROCE and ROE stood at 20.4% and 20.9% respectively. Our net debt levels to equity stand at 0.05X. With this we will now open the floor for question-answer. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Niraj from ProsperoTree AMC. Please go ahead.

Niraj: Thanks for the opportunity. I am attending this conference call for the first time, Mufti. Sir, I would like to ask three or four questions only, if you permit me. Sir, my first question is related to same-store sales growth. See, in this quarter, it is reported that the same-store sales growth is negative. And then also the company has reported the 12% growth in the revenue term?

If the same-store sales growth will not be reported, not registered, then how the company will increase their profitability? Because the inflation is around 5% to 6%, so overall, even the store maintenance cost will increase. In that case, if the revenue will not grow, how our profitability will grow?

Then the only possibility to grow the revenue and the property is to increase the number of stores. But I think if the same-store sales growth at least maintains the inflation rate or more than the inflation, then the profitability will look nice, and it will be in a double digit. Please explain?

Kamal Khushlani: Sure, Niraj. So, Niraj, as we had said in our earlier earnings call, that looking at the market scenario over the last two, three seasons, we had moderated our growth plans for this year, and we had focused on improving our profitability and also improving our costs. From that point of view, we have decided to shut down some stores which have been unproductive and open new stores which are more productive.

So, you do see a de-growth of 3.37% in Q2. However, in the entire year, H1, it's at minus 1%. But this is business as usual. In a year when things are bad, sometimes you do experience a fall in same-store sales growth. However, what has happened at the same time due to the stores that we have closed and the new ones that we have opened, even though our SSSG appears lower, but the overall revenue per store for all the 427 stores put together has gone up by 1%. The revenue per store has gone up by 1% over the same period year-on-year.

So, in bad years, sometimes it does happen that your same-store growth goes down, but you have to look at the growth of a store if all stores are profitable. You have to look at the growth of those stores over a period of 4, 5, 6 years, over the lifespan of a store. Coming to your point of how will we increase the profitability is like as long as the overall productivity per store goes up and we maintain a control on our expenses.

That's how we intend to improve our profitability. And just to give one more nuance to this, we have taken an additional GR provision of 3% this year compared to the same period last year. If you add that back to revenues, then you would have seen improvement in profitability also. So, once that has been normalized now, so we will see this going forward.

Moderator: Sorry to interrupt, sir. Mr. Niraj has been disconnected.

Kamal Khushlani: Okay.

Moderator: The next question is from the line of Megh Shah from ProsperoTree Financial Services. Please go ahead.

Niraj: Yes, I'm Niraj here. My line was disconnected, unfortunately, and I listened to your answer also.

Kamal Khushlani: Okay.

Niraj: The second question is related to the, we have increased some provision, higher provision for the sales return. So, I would like to understand the accounting treatment of the sales return and the higher number of sales return. Does it reflect the non-acceptance of our product because of the design or fabric or pricing? What is the reason and what will be the overall guidance for the sales return?

Rasik Mittal : Yes, the higher provision has been taken because the demand has been subdued for last three, four seasons, basically. It's only temporary. If the demand picks up, whenever the demand picks up, the returns will be reduced and accordingly the provision will be rationalized accordingly.

Kamal Khushlani: So, last year, you know, the provisions were being taken at 22%. As we could see that the returns were higher due to subdued demand. Rasik our CFO, spoke with the auditors and they revised the provision to 25% so that there is a more standardized and consistent image of the numbers throughout the year.

Otherwise, in every quarter, it appeared up and down. So, we've taken it at 25% and as Rasik said, depending on the market conditions, as this improves, they'll get rationalized going forward.

Niraj: So, when you say 25%, does it mean that suppose our sale is INR100, then we are expecting that INR25 goods will be returned and that we made the provision? It is like that?

Kamal Khushlani: Yes.

Niraj: So, we have to dispose of debt INR25 of the goods in another Channel, not from the EBOs, because in the fashion world, it becomes something like outdated, if my understanding is correct?

Kamal Khushlani: Absolutely right, Niraj. So, whatever goods we receive, we are able to clear it out through the e-commerce partner channels and through our factory outlets. There is a separate ecosystem that we have created to clear these goods. And everything that we produce, fortunately, so far, we have always managed to sell everything profitably. We are able to liquidate that at a profit, in spite of offering discounts on these 25% that we receive.

That is how we tow a very, very tight rope, and we manage our inventory levels such and do not discount too high, so that the value of the brand does not get eroded. And hence, we are able to maintain our margins and grow the business profitably, which is what we have been doing. In the history of the company, we have never had any material write-offs on account of inventory, or account of bad debts either, for that matter.

Niraj: So, does it mean the aging of the inventory is not more than the one year, any day? So, out of the total inventory, whatever the goods we receive return is the part of that inventory, and the age of that inventory is not more than the one and a half years?

Kamal Khushlani: No, some of it could be, but that is a very, very small percentage.

Niraj: Okay. And sir, how is the current festival season?

Kamal Khushlani: So far, it is below our expectations, Niraj, but we are hoping for things to revive. In the just in the last one week, we can say it has come to our expectations, and let's hope this momentum continues, because going forward, it is a very good wedding season all the way until June of next year. So, we are hoping that demand sustains.

Niraj: Okay, that is nice. Sir, if you permit me, last question. Sir, it is mentioned in the annual report that the EBOs set-up cost is around INR28 lakhs, and revenue per EBOs is INR75 lakhs. So, what is the payback period for that capex? Suppose we are spending INR28 lakhs to set up one new EBOs, and the revenue from that EBOs is only INR75 lakhs, and our GP margin is 50% to 55 %, or rather 55% to 57 %, and less other operating expenses.

Then what is our payback period? And in that situation, suppose we have to close down that EBOs, we have to write off that balance portion, which we have not covered. So, what is the payback period generally whenever we open the new EBOs?

Kamal Khushlani: So, for payments, typically, you know, we take payments in advance from our franchises, which are lying with us as deposits. So, payments are covered. And whatever payments, I mean, they keep making payments to us…

Rasik Mittal: So, Niraj, see, typically, the store that we open breaks even between 6 to 12 months. And the payback period for capex is generally 15 to 18 months. We are able to recover our capex in 15 to 18 months.

Niraj: Okay. And does company spend anything for -- other than the companies on, company operated, the franchises on, franchises are operated, in that model, company spends anything for the franchises, or the only franchises, their own expenses?

Rasik Mittal: So, see, for COCO stores, the capex is done by the company. For COFO stores, the capex also is done by the company. For FOFO stores, most of the capex is done by the franchisee. The company contributes a very small portion of INR4 to INR5 lakhs for the FOFO stores.

Niraj: And sir, are we offering any loyalty bonus to the customer to maintain the repeat customer or something like that, to maintain even the same store sales growth?

Kamal Khushlani: Yes, yes. We have a loyalty program called Muftisphere, which we have actively been operating for the last many years.

Niraj: That's all from my side. Thank you very much and all the best. Happy Diwali in advance, everybody.

Kamal Khushlani: Thank you. Happy Diwali to Niraj. Happy Diwali.

Moderator: Thank you. The next question is from the line of Devesh Advani, from Reliance General Insurance. Please go ahead.

Devesh Advani: Hello. Am I audible?

Kamal Khushlani: Yes, you are, Divesh.

Devesh Advani: Thanks for the opportunity. Sir, what I wanted to ask is that, on the margin front, company margins have declined to 31.1%. So, what has been the reason for decline in margin? And also, as far as gross margins are concerned, that has also declined. So, if you can tell me the reasons for that, and also how do you see H2, FY'25 going forward in terms of margins and gross margins?

Rasik Mittal: So, Devesh, see, basically, the seasons have been subdued. For the last, the H1, the demand has been subdued in the market, and we had to offer more higher discounts. That's why, that has affected the gross margin for the company, as well as the EBITDA has been a little lower. However, we have guided for EBITDA of around 28% to 30%, and that we've been able to achieve. And we hope to maintain that in future also.

Kamal Khushlani: So, this margin fluctuates a few percentage points, Devesh, depending upon the season, because what is important is that whatever goods we have made have to be sold profitably at the end of the day. So, while the season is on, in the end of season sale, we try to liquidate as much inventory as possible up until then. Post that, it goes into our other liquidation channel, namely the e-commerce partners and our factory outlets. So, because if a season is slightly better or worse, that is where the EBITDA margins get impacted by a few percentage points here or there.

Divesh Advani: Sir, if I may ask regarding the top line, so how do you see the top line in H2 FY '25, and how do you see the SSG growth in coming H2 FY '25?

Kamal Khushlani: 10% to 12% growth we have now moderated our growth to.

Divesh Advani: Okay, 10% to 12%, top line growth, right?

Rasik Mittal: Yes, top line.

Divesh Advani: And how do you think the SSG is going to perform in H2?

Rasik Mittal: Sorry, speak a little louder, please.

Divesh Advani: Yes, how do you think the SSG is going to perform in H2 FY '25?

Kamal Khushlani: I wish I had a Crystal ball in which I could gaze and tell you. It depends a little on the market condition. We are hoping for things to improve, as I said. Last 7 days have been good, and I'm sure we'll be able to sustain profitable growth going forward, Divesh. That's something that we have done. Our focus is going to be on improving profitability, improving our inventory days and our working capital days, which is something we have already managed and displayed over the last 6 months.

Rasik Mittal: So, Divesh, there are a lot of wedding dates in this H2. H1, unfortunately, the wedding days were very, very low, which affected the demand.

Divesh Advani: Right. Okay, got it. Thank you so much.

Moderator: Thank you. The next question is from the line of Palash Kawale from Nuvama Wealth. Please go ahead.

Palash Kawale: Hi, sir. Thank you for the opportunity. Apologies if I'm repeating the question, sir. What was the SSSG?

Kamal Khushlani: Can you speak a little louder, please, Palash?

Palash Kawale: Yes. I hope I'm audible now.

Kamal Khushlani: Yes.

Palash Kawale: Yes. So, apologies if I'm repeating the question, but what was the SSSG for the quarter?

Kamal Khushlani: Minus 3.37 %. For H1, it stood at minus 1 %.

Palash Kawale: Okay. And, sir, how is the demand panning out? Like, is it the only footfalls are down, or even average bill values are also down?

Kamal Khushlani: Average bill value is higher. The footfalls are down.

Palash Kawale: Okay. And in terms of store additions, sir, how do you see, like, next year panning out?

Kamal Khushlani: In place of what? Store?

Palash Kawale: Store additions?

Kamal Khushlani: Store additions. See, like we said, we moderated our ambitions on that as well this year, and we have been well on that. And as I mentioned earlier, in spite of a bad, challenging market scenario, we have been able to increase our revenue per store by 1 %. So, looking at the market conditions going forward, we will be proactive and there is enough opportunities that we keep getting for opening new stores. Depending on market conditions, we will add them.

And for this year, in the next six months, we intend to open about 20 to 25 new stores again, depending upon market conditions and the type of opportunities that come our way. If we get good opportunities, we may even end up opening a little more than the guidance that we have given.

Palash Kawale: Okay, sir. Thank you for your answer. That's it from my side. All the best for the upcoming quarters and happy Diwali.

Kamal Khushlani: Happy Diwali. Thank you.

Moderator: Thank you. The next question is from the line of Rahul Dhruv from Pegasus Growth. Please go ahead.

Rahul Dhruv: Yes, hi. Good afternoon. I had just two small questions. One was on the churn in the stores that we are seeing this. In the first half itself, we basically added about 25 gross, but the net is only two. So, I'm just trying to understand why would there be so much churn, effectively almost 8%, 10% of your overall stores. Any specific reason for that?

Kamal Khushlani: See there are a lot of changes that keep happening in markets, Rahul. So, out of these stores, there are stores that have been relocated. There are stores where the malls shut down. There are stores where the agreements expire. There are stores where sometimes there is a payment issue from some franchisee. And there are also some stores that become unproductive over a period of time because the market may have shifted, or maybe that was a wrong choice.

So, we are very proactive in terms of shutting down stores that are unproductive. So, these are various reasons due to which they may have come down. However, as I said that we have managed to close down some stores which are unproductive and open stores that are being more productive.

Therefore, we have been able to increase our revenue per store by 1%. However, for the next 6 months going forward, there are already 18 to 20 stores that are in the pipeline for opening. Hence, we have given a guidance of up to 20 to 25 new stores that we may open.

Rahul Dhruv: Yes, sure. What I'm trying to understand is that was, has the churn rate always been this high?

Kamal Khushlani: No, during COVID it was this high. But this is business as usual, Rahul. It does happen that whenever markets shift, because what happens in smaller towns particularly, earlier the market develops in the old market that exists. And as the market evolves and the market grows, the markets get developed in newer parts of that town or city. So, the market shifts. So, the stores also shift, stores close down.

And some of them, you also when you're expanding at this rate, you end up making, sometimes some errors in judgment. But all in all, all the stores that we run, this is not always been the case. Prior to this, the previous year, we had opened, we had closed about three stores. This year, so far we've opened, we have closed higher. And in the coming 6 months, I don't think we will close more than one or two stores or there and thereabouts.

Rahul Dhruv: Okay, and just on, you mentioned Bangladesh at the beginning of the call?

Rasik Mittal: So, the store closure generally is not so high. It is a situation basically. Last year, I think we closed overall around 15 stores.

Rahul Dhruv: Okay. Thank you. Just on the Bangladesh, that you mentioned at the beginning of the call. How much of your garments are sourced from Bangladesh?

Kamal Khushlani: Can you repeat the question, please? Sorry.

Rahul Dhruv: What percentage of your sourcing is from Bangladesh?

Kamal Khushlani: We source roughly 10%-odd from Bangladesh.

Rahul Dhruv: And is it like significantly cost? Is it like very significantly cost effective to import from Bangladesh?

Kamal Khushlani: It is cost effective and it is also the design, exclusivity, etc. Various reasons for us to source out of there. We source roughly 10% to 15 % from Bangladesh.

Rahul Dhruv: And there are no problems because of what's happening over there in terms of receivables or?

Kamal Khushlani: Right now, things seem to be settling down. There was delays in supplies, but they seem to be settling down now. And our suppliers have given us enough confidence that going forward, these problems are unlikely to arise.

Rahul Dhruv: Okay. That's it for me. Thank you so much.

Moderator: You're welcome. Thank you. The next question is from the line of Apurva Mehta from AM Investments. Please go ahead.

Apurva Mehta: Yes. I just wanted to know the closures of stores which were there. It is that the return is also related to that, the 3 % return which you have there reported. Is it because of higher closure of stores?

Kamal Khushlani: 3 % additional returns? No, no. We are taking higher provision for returns overall. It's not due to these stores that have been closed. That's business as usual.

Apurva Mehta: And what would be the impact if we have this high number of store closures on the margins or anything on that front?

Rasik Mittal: So, Apurva, the stores are closed when they become unviable or there are other reasons basically, so it should affect the profitability of the company.

Apurva Mehta: Okay. So, any impact on that? Because if we close stores, there will be some of the safe returns will be there. There will be some other expenses will be there. There will be some other short recoveries will be there from where we had spent for the stores?

Rasik Mittal: So, generally, in our case, the receivables, there are no bad debts, but some small write-offs may be there, but they are not significant. When we take a call to close a store, all this is factored into our decision, basically.

Apurva Mehta: Okay. And the rest of the two quarters, we are hoping to add around 20 to 25 stores, which you have mentioned. And are we confident that we have all the plans in place to open that stores and you know all this?

Kamal Khushlani: Yes, yes. 20 stores are already in the pipeline, Apurva.

Apurva Mehta: Okay. And that would be predominantly on this quarter or it will be on this quarter?

Kamal Khushlani: For the next two quarters.

Apurva Mehta: Next two quarters. Okay. Thanks a lot. Yes.

Kamal Khushlani: Welcome.

Moderator: The next question is from the line of Kunal Bhatia from Dalal and Barucha Stock Broking Limited. Please go ahead.

Kunal Bhatia: Oh, yes. So, thank you for the opportunity and wish you a very happy Diwali and Dhanteras in advance. Sir, I just had one question in terms of the returns. So, if you were to consider the current H1, what will be our actual sales return and how is this comparable to FY'24?

Rasik Mittal: So, Kunal, our expected returns is in the region of around 25%. That is why we have provided for that basically. And in FY'24, March also the provision was 25%. However, year on year, H1 of FY'24 in September 23, we had taken 22%.

Kunal Bhatia: Actual returns?

Rasik Mittal: Yes.

Kunal Bhatia: Okay. And how is it currently in the current year, H1 FY '25, the actual returns?

Moderator: Mr. Kunal, does that answer your question?

Kunal Bhatia: No, no. I was asking for the current year, how much is it, H1 FY '25?

Rasik Mittal: 25%.

Kunal Bhatia: 25%. Okay. All right. Thank you.

Rasik Mittal: Welcome.

Moderator: Thank you. The next question is from the line of Sagar Sethi from Sethi Investment. Please go ahead. The current participant line has been disconnected.

We will move on to the next participant. It's from the line of Pranjal from Nivesha. Please go ahead.

Pranjal: Hi, sir. Happy Diwali.

Rasik Mittal: Thank you. Wish you the same.

Pranjal: Sir, my questions were on two fronts. Basically, what is your ideal SSSG number?

Kamal Khushlani: Ideal SSSG, Pranjal, is 2% to 3%. Because overall, what happens is, Pranjal, that you don't only open stores in new towns and new cities. You also end up opening stores in clusters.

And as the city grows to some extent, one store does cannibalize the other. So you have to look at the overall market share that you are gaining in a city over just the growth that you're gaining in every store.

Pranjal: Got it. And do you prefer to open more stores in Tier 2, Tier 3 rather than Tier 1?

Kamal Khushlani: No, no, no. Wherever there is an opportunity for mid-premium to premium men's apparel purchase, we are there, whether it is the malls or the high streets, starting from metros to Tier 1, Tier 2, Tier 3, across all types of cities. The brand is such that we have been able to penetrate and engage with all kinds of audiences across, I mean, with our target audience, across all kinds of cities, I'm sorry.

Pranjal: Got it. And Mr. Kamal, what would be your marketing expenditure for this year? How much will it be? And are you trying to bring on some kind of a brand ambassador?

Kamal Khushlani: We don't have plans for a brand ambassador as of now. But yes, we are using a lot of influencers for our marketing as ambassadors. But we intend to spend roughly around 5% of our revenue on branding and advertising.

Pranjal: This would be of total revenue or revenue from operations?

Kamal Khushlani: Total revenue.

Pranjal: And so how's the demand looking right now for the second half of the year? I don't think the demand has been subdued. But do you think there's a way that demand can pick up? Because there are a lot of wedding days in the next half and other things as well. The weather is getting better. So many people are trying to go out and shop.

Kamal Khushlani: So for this month and Diwali as a season, the demand is below our expectation. However, it has picked up very well in the last one week. And given the number of wedding dates, etc., that we have this year, all the way from November until June next year, we're hoping that this demand should sustain.

Pranjal: Got it. Thank you, sir. That would be all.

Kamal Khushlani: Welcome.

Moderator: The next question is from the line of Sagar Sethi from Sethi Investment. Please go ahead.

Sagar Sethi: I just want to share feedback with them. This time there's a delayed winter in northern India.

Kamal Khushlani: Speak a little louder and clear, please.

Sagar Sethi: Okay. This time there's a delayed winter in north India. Will it impact your sales?

Kamal Khushlani: You are not audible, Sagar. You need to speak a little slowly and clearly.

Sagar Sethi: Okay. This time there's a delayed winter in north India. Will it impact your sales?

Kamal Khushlani: I'm sorry. We are unable to understand what you're saying, Sagar.

Moderator: Sorry to interrupt, sir. Sagar's line has been disconnected. We will move on to the next question. It's from the line of Rishabh, an individual investor. Please go ahead.

Rishabh: Sir, I just want to ask that are you trying to plan, although you have cleared that you don't want to just go ahead with brand ambassador, but being a shareholder as well as the product user, I just want to give a certain sort of feedback that if you have a certain sort of brand ambassador in form of certain sportsman or celebrity, earlier you were having Kartik Aryan as a brand ambassador. So it would be creating a positive impact among the youth, I mean among the youngsters, I mean the age I belong to?

Kamal Khushlani: Sure, Rishabh. We have noted your suggestion, and we shall evaluate this.

Rishabh: Also, sir, regarding what are the means, I currently understand that the economy is not going well in the sense of consumer behaviour, but can we expect around 20 %to 25% growth in your brand when the means or the demand revival comes?

Kamal Khushlani: For this year, we are giving a guidance for around 10% to 12% of growth, looking at how the H1 has spanned. But going forward, certainly, we would expect higher growth.

Rishabh: And, sir, any means, a way of coming here, means, expect out the increasing same sales store growth?

Kamal Khushlani: Same store growth.

Rishabh: Yes, sir, means from the last three quarters, I'm noticing that it's clear. For the last two quarters, it would be positive, but this quarter, it has gone down. I could clearly understand that you have given all the things, but what are the measures you are taking up to, means, taking it to a positive side?

Kamal Khushlani: So lots of measures that we are taking, starting from marketing to merchandising and a lot of implementation happening at the front end in terms of staff training, etc. These are two operational things to be discussed over this call, Rishabh. There are a lot of endeavours that are done for same store sales growth.

However, as I mentioned earlier, when the market is challenging, it does happen that the same store sales growth gets impacted. But if we look at the overall sales growth of the company, that's what is more important. And we look at the same store growth of any store at a CAGR over a period of five, seven, eight years and the life cycle of the store, basically.

Rishabh: Sir, sorry to interrupt you. Just one more thing I just want to clear out, that do new stores account into these same store sales growth?

Kamal Khushlani: What stores?

Rishabh: The new stores which you open in this quarter or in the previous quarter?

Kamal Khushlani: No. That is any store which has been open for one year, same period, this year to last year.

Rasik Mittal: So, Rishabh, any store which was there last year in the quarter and which is in existence in the current year in the same quarter, we compare with those stores only.

Rishabh: Okay. Sir, maybe the ultimate last question, that would you be considering to enter kids or means the women side of the Fashion market in future?

Kamal Khushlani: Yes. But as of now, in the immediate future, we don't have plans for that.

Rishabh: Okay.

Kamal Khushlani: There is enough to do in what we are doing.

Rishabh: Okay, sir. Thank you, sir.

Kamal Khushlani: Most welcome.

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

Kamal Khushlani: Thank you everyone for joining us. I hope we have been able to answer all your queries. We look forward to such interactions even in the future. In case you require any further details, you may contact Mr. Deven Dhruva from SGA, our investor relations partners. Thank you. Happy Diwali and a festive season going forward. All the best.

Moderator: On behalf of Credo Brands Marketing Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.