KEWAL KIRAN CLOTHING LIMITED

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To,

Date: August 20, 2024

National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra(East), Mumbai-400051 **NSE Code -** KKCL	**BSE (Bombay Stock Exchange) Limited** "Phiroze Jeejeebhoy Tower", Dalal Street, Mumbai-400001 **BSE Code -** 532732

Dear Sir/Madam,

Sub: Transcript of the conference call on Q1'FY25 held on Wednesday, August 14, 2024.

In continuation to our letter dated August 09, 2024 and pursuant to the applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please be informed that the Company had convened and participated in the conference/analyst call, details of which is as follows :

Day, Date & Time	**Subject / Type of Event**
Wednesday, August 14, 2024 - 10.00 a.m (IST)	Q1'FY25 Conference Call

We now enclose herewith the transcript for the said conference call. The same is also available on the Company's website at

https://www.kewalkiran.com/investors.php#Press%20Release%20/%20Conference%20Call%20Recording%20&%20Transcript

Kindly take the same on record
Thanking you.

Yours Truly
For Kewal Kiran Clothing Limited

Abhijit Bhalchandra Warange
Digitally signed by Abhijit Bhalchandra Warange
Date: 2024.08.20 15:36:51 +05'30'

Abhijit B. Warange
Vice President – Legal & Company Secretary

Encl.: a/a

"Kewal Kiran Clothing Limited
Q1 FY'25 Earnings Conference Call"

August 14, 2024

Disclaimer: E&OE - Some portion of the concall audio spoken in language other than English has been translated in English language in this transcript for ease of reading. Further, in case of discrepancy, the audio recordings uploaded on the website of the Company will prevail.

MANAGEMENT: **MR. HEMANT JAIN - MANAGING DIRECTOR - KEWAL KIRAN CLOTHING LIMITED**
MR. PANKAJ JAIN - PRESIDENT RETAIL - KEWAL KIRAN CLOTHING LIMITED
MR. RAVI PUNJABI – MANAGING DIRECTOR - KRAUS CASUALS

Moderator: Ladies and gentlemen, good day, and welcome to Kewal Kiran Clothing Limited Q1 FY '25 Earnings Conference Call. 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.

Before we begin a brief disclaimer. The presentation, which Kewal Kiran Clothing Limited has uploaded on the stock exchange and their website, including the discussions during this call contains or may contain certain forward-looking statements concerning Kewal Kiran Limited business prospects and profitability, which are subject to several risks and uncertainties, and the actual results could materially differ from those in such forward-looking statements. Should you need assistance during the conference call please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to the management of Kewal Kiran Clothing Limited. Thank you, and over to you, sir.

Pankaj Jain: Good morning, everyone. It's a pleasure to welcome all the participants to the earnings conference call of FY '25. This is Pankaj Jain, President, Retail. Joining us on this call is Hemant Jain, Managing Director, KKCL; Ravi Punjabi, Managing Director, Kraus Casuals; and Marathon Capital, our Investor Relations advisor. I hope everyone had an opportunity to go through our investor deck and results release that we have uploaded on the stock exchange and the company's website.

At KKCL we have navigated an impressive strategy from denim-centric origins to becoming a vibrant lifestyle brand company. By integrating unconventional design capabilities and advanced manufacturing techniques, the company has been able to offer high-quality, stylish and competitive price products, significantly shaping the country's menswear fashion culture through its iconic offering and established brands. This approach has not only boosted consumer demand, but also ensured that KKCL remains at the forefront of fashion trends in the menswear apparel segment.

In the move to further accelerate growth and solidify our position in the apparel industry, across gender and age, we are today anchored by the focus and multi-facet growth strategy. In line with this, we have -- let me provide you some updates on our key strategic initiatives.

First, it gives me immense pleasure to announce that we have successfully consummated the acquisition of 50% stake in Kraus Casuals Private Limited engaged in the business of women, denim wear and casual wear category. Pursuant to this acquisition, Kraus has become a subsidiary of our company, and we believe that this is likely to have an overall positive impact on revenue and profitability.

Secondly, our recently introduced Kidswear Clothing through our focused brand Junior Killer started seeing encouraging results on ground dispatches and sales. We believe the acquisition of Kraus for womenswear along with focused brand of Junior Killer for kidswear clothing, coupled with our established brands like Killer, Easies, Lawman and Integriti, will help us to get closer to our ultimate aim of creating a diversified product portfolio and transforming into a powerhouse across gender and age.

Financial year '25 started on a muted note with sales of INR151 crores and an EBITDA of around INR28 crores. The performance was primarily impacted due to the continued slowdown in the consumer sentiments. The same got aggravated due to prolonged heatwave conditions, particularly in the North India, leading to a lower footfall during the period. The lower number of weddings also impacted the performance for the quarter.

We remain optimistic about the upcoming quarters anticipating market improvement driven by the upcoming festive and the promising wedding season. Further, the government focus on consumption revival alongside a normal monsoon, are also positive indicators for the overall apparel sector. We believe the strength in the economy, supported by rising income levels provided -- provides for a huge potential for resurgent of consumer demand in the sector.

In response to the evolving market dynamics and positive potential, we are not only expanding our presence in the LFS channel which has broadened our national footprint but also focusing on an increased retail presence through brand-led EBO to enhance brand visibility. As of 30 June 2024, there has been a net addition of 17 EBOs in quarter 1 of FY '25, bringing the total to 505 EBOs, including over 350-plus Killer EBOs. Furthermore, KKCL's in-house manufacturing capabilities supported by state-of-the-art technology and decades of experience demonstrate our commitment to excellence.

Our robust supply chain management positions us advantageously in the current geopolitical climate reinforcing our confidence in the positive future. We are conscious about working capital and don't believe in filling or pushing inventory in the channel of sales for the sake of short-term growth.

With an encouraging response to our July '24 trade show for Spring/Summer '25 collection, including Killer, Easies, Kraus and Junior Killer, we are confident in achieving the robust growth in the coming months. We will continue to diversify our product offerings, leverage the lifestyle appeal of our brands and strengthen our position as a leading lifestyle house catering to all genders and ages.

With our growth levers in pace and despite a muted Q1, we anticipate improved consumer sentiments in second half of the year. This will drive positive growth for FY '25 with an overall consolidated growth expected to be in double digits.

With this, I would like to conclude and open the forum for questions. We can now begin the Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sameer Gupta from IIFL Securities.

Sameer Gupta: Firstly, sir, I just wanted to clarify, are there any write-offs or return back during this quarter, which may have impacted performance. We've added around 17 EBOs. And generally, when

EBOs are added, there is a large sell-in that takes place. So, the growth is also despite that decline. So, I just wanted some clarification on that part.

Pankaj Jain: Sameer, there has not been any write-offs during the period.

Sameer Gupta: No returns, I mean, more than ordinary.

Pankaj Jain: Nothing which is not in the ordinary course of business or an exception.

Sameer Gupta: Okay. Got it. I mean above the provisions, I mean, that's the only thing. No returns which are above the provisions that you generally make.

Pankaj Jain: Right.

Sameer Gupta: Okay. Got it, sir. Secondly, sir, this double-digit growth expectation for FY '25. Just wanted to get it clarified. This is without Kraus right?

Pankaj Jain: This is -- when I say double-digit growth, it will be a consolidated growth.

Sameer Gupta: So would it include the inorganic portion of Kraus?

Pankaj Jain: That will include inorganic portion of Kraus.

Sameer Gupta: It would. Okay, okay. Because -- fair enough. Lastly, sir, just a clarification. Now looking at your PPT, there is an increase in the salience of others, which is largely accessories, I believe, 6.4% to 9.4%, but share of apparel volumes is also up from 60% to 70%. So just wanted to understand this in a better perspective.

Pankaj Jain: I couldn't get the question. Can you repeat it?

Sameer Gupta: Got it, sir. So, your others portion, which is largely accessories, I believe, is up from 6.4% to 9.4%, the share. And the share of apparel volumes within overall volumes is also up from 60% to 70% because others would be non-apparel, right? So just wanted to understand what is happening.

Pankaj Jain: Yes, other would be non-apparels.

Sameer Gupta: But both the salience should not be going up, right? If the non-apparel portion is up, the apparel portion should be down Y-o-Y right? Maybe I'll take it off-line, sir. No worries.

Pankaj Jain: Yes.

Moderator: The next question is from the line of Tejas Shah from Avendus Spark.

Tejas Shah: First, you spoke about -- Pankaj-ji that sentiments are bad and the demand was muted for multiple reasons. So just wanted to understand what's your feel on the ground. How soon you feel that demand can revive? Second, last year, around the same time, there was overhang of Adhik Maas, so festive season starts later and hence, primary bookings were delayed. Considering that festivities will start early this time and then looking at our 1Q numbers, how should we think about build up for the festive season?

Pankaj Jain: Tejas, I feel the quarter 2, okay, it's been a mixed response for most of the people and the entire quarter can also be divided into 2 halves. So you can presume that okay, second half of the -- second half of the second quarter would have a better -- or a better consumer sentiment.

Tejas Shah: Okay. But my question was largely that around same time last year, we had this pushback of Adhik Maas also coming through. So every -- I'm assuming that primary billing also would have got delayed by a month or so. But considering that this time, it's early and some market would have or investors would have thought that you will see that on a lower base, we'll have a better number this quarter. Is this a reflection of very tepid or very poor demand sentiment than what numbers suggest on ground?

Pankaj Jain: Tejas, I still feel that quarter will be on a flat structure I don't think there is going to be much growth expected in this quarter structure, but quarter 3, we expect a positive result.

Tejas Shah: Okay. And second question was on Kraus. How should we think about the synergies playing out there in terms of distribution. So what percentage of our existing distribution versus -- or basically Killer or KKCL's distribution is where Kraus is present today? And how do we plan to ramp it up in, let's say, this year or next year?

Ravi Punjabi: Yes. This is Ravi. So, we have just had a stage show and we had a very positive feedback from all the customers across all regions. Since even in large format stores, we are present across all regions. So the brand is already known to trade. So the results as in the -- inquiries were very positive. So first season, we will take it a little slow because we are studying the market. From next autumn winter is when we will see some bigger traction.

Tejas Shah: Okay. Okay. And last one on Junior Killer, what is our go-to-market strategy? And how are we trying to kind of position ourselves? And this is considered to be a very hypercompetitive market. Especially from B2C and private labels of large format stores. So what will be our strategy in terms of pricing, positioning and go-to-market approach, if you can share anything on that?

Pankaj Jain: I think Tejas there is still a vacuum for premiumization in this category structure. Our competition is not with unorganized sector. or I would say it's more with competition like U.S. Polo Kids. Your price in that category, I think there is still vacuum for a lot many brands to enter that price bracket.

Tejas Shah: Okay. And then route to market Pankaj-ji? Will you be selling it through online, off-line, what will be strategy there?

Pankaj Jain: The first primary channel would be LFS. Second would be distribution.

Tejas Shah: Okay. And then will we put it in our EBOs also?

Pankaj Jain: We have not yet planned for it okay? We have not yet planned for it. Okay, the first channel which we are trying to explore is LFS and distribution only. Since, it gives them a space in a family owned store. KKCL -- Killer stores being more of men's genre, we have not yet thought of starting it in our own EBOs.

Hemant Jain: Tejas, we are just initially starting, that we will try out 3-4 stores first, because we don't know, Kids is very new for us also. We will try out 3-4 stores, but we cannot say that we will be able to take a call after that that how many stores we will open. Like I told you last time that at least we need 3 seasons to set the new theme. See we started in April so it will take another 1 or 2 seasons.

Tejas Shah: Got it. Got it Hemant bhai. So basically, perhaps by next spring-summer or autumn-winter, we will have some idea next year.

Hemant Jain: It's very experimental. Just like we started in the last format, distribution is going on, we are opening 2-3 stores now, so that we can get a response from somewhere, only after that we can take a call.

Tejas Shah: Got it. Got it. Very clear. Thanks, and all the best for coming quarters.

Moderator: The next question is from the line of Aejas Lakhani from Unifi Capital.

Aejas Lakhani: Pankaj, my first question is that if you look at the non-retail decline, which is effectively MBO largely. Could you just speak about what happened in that channel there? And any color more on the MBO channel?

Pankaj Jain: It's generally the MBO responds very closely with the market sentiment. And that's the reason I feel okay, the non-retail percentage was lower in this quarter.

Aejas Lakhani: Okay. Is it specific to any geography in the MBO channel? Or was it a weakness all across?

Pankaj Jain: It was throughout, not related to one particular area or one particular zone.

Aejas Lakhani: Okay. And what is the channel inventory levels today? Is there any need for any discounting in the existing stock?

Pankaj Jain: If you will see the inventory levels, okay, KKCL's inventory level has also gone down. So there is -- I don't think there is a push inventory or inventory line down in the channel structure or in the entire pipeline.

Aejas Lakhani: Okay. So what you're saying is channel inventory is very normal and that restocking cycle can be there once demand picks up?

Hemant Jain: If you see, if you check the inventory compared to the last year the inventory is very low -- if you see on the channel too there is not much inventory. So we are working very near to the season, so we are also not building the inventory.

Aejas Lakhani: Got it. So you are saying that as demand picks up channel inventory will pick up and that will help our sales?

Hemant Jain: And we don't have any excess inventory, where we will get any pressures for discounting.

Aejas Lakhani: Got it sir and sir what is the gross margin from an EBITDA perspective is that possible to be disclosed or shared?

Hemant Jain: We work on a 15%, 14% to 15% EBITDA.

Aejas Lakhani: Okay. And Mr. Punjabi, is there any scope to improve that to KKCL's level? And if yes, what are the levers for doing that?

Ravi Punjabi: We have just actually got into this partnership. So there are a lot of levers actually. So one is we'll have economies of scale. So my purchases, my cost of production should go down. That is the first thing. The second is that the MBO network is a higher-margin network, which we are not present in at all. In fact, large format is the lowest margin network across formats for all brands. For us, large format is 90% of sales.

Now that we get into MBOs and EBOs aggressively, margin has a substantial improvement over the next couple of years is what we see, so we should get close to the current KKCL one.

Aejas Lakhani: Got it. And Hemantji, could you also share the -- how is the athleisure portion doing. Now I think will be in a third season -- third full season this year around, right?

Hemant Jain: It is like this, athleisure is a fashion that you are saying is we are not as what the sports brands are. So, athleisure is one category for us. And we are doing good. Meaning if you compare sports with any other athleisure, then we are not making a sports product. The product we are making is fashion-co-related. So, they are doing well. And as I am telling you, we will see growth in the future.

Aejas Lakhani: Okay, sir. And Pankaj, just one query. To the opening question, you said that you expect growth. So I just wanted to understand that what you're saying is that you're expecting recovery in the second half for core KKCL revenues? And added on top of that will be Kraus revenues. Is that the right way to think about the revenue?

Pankaj Jain: That's true Aejas. I expect that, okay, the consumer sentiment will improve from this month itself, okay? But we are looking forward that, okay, quarter 3 and quarter 4 would be better.

Hemant Jain: And even our trade shows, we are getting very good response in our trade show. We feel that the business will build well. And we are getting positive sentiment in the market..

Aejas Lakhani: Okay. sir, in trade show Kraus was displayed as KKCL's brand now.

Pankaj Jain: Yes.

Moderator: The next question is from the line of Lakshminarayanan from Tunga Investment.

Lakshminarayanan: It will be inaugural question -- earlier, you had mentioned that we would actually grow in double digits. Now last year Kraus closed at around INR176 crores or so. So that anyway would give you a double-digit growth because if you're including the inorganic, it's already double digit. So excluding that, what is the growth you expect on the Killer, Easies, Lawman and Integriti?

Pankaj Jain: On the organic level, we'll be growing, okay, since quarter 1 was muted. Quarter 2, we estimate it would be flattish. In quarter 3 and quarter 4, we are expecting there will be a growth perspective. So overall, there will be a single-digit growth on organic level. And with -- on a consolidated revenue, it will be a double-digit growth.

Lakshminarayanan: At Kraus, what kind -- what percentage of Kraus sales in either volume terms or revenue terms come from discounts? And how much is full price?

Ravi Punjabi: Our discounting on the tertiary as on the secondary sales, the sales on the counter is around 15% for the year. On our books, it comes to around 9%. So we don't discount that heavily.

Lakshminarayanan: But for the Kraus, sir?

Ravi Punjabi: For Kraus only is what I'm saying.

Lakshminarayanan: And for us? Well, I'm talking about the ex-Kraus, which is essentially the old...

Pankaj Jain: On KKCL level spreads are close to around 60%.

Lakshminarayanan: Sorry, sir?

Hemant Jain: Sometimes it's between 60% to 65%. If the winter is good then discount becomes less. If the winter is not supporting, then a little discount increased. But it is usually between 60% to 65% of our sales.

Lakshminarayanan: Got it, sir. And what is the mix of sales from the EBOs and MBOs for the quarter?

Pankaj Jain: We generally give a mix of retail and non-retail. Quarter 1 FY '25 retail was 45%, non-retail was around 55%.

Moderator: The next question is from the line of Ankit Kedia from PhillipCapital.

Ankit Kedia: Sir, 2 questions from my side. First is on the LFS format, are you seeing some pressure from a particular retailer where the push throughs or the buying has been lower?

Pankaj Jain: Buying has not been lower on the LFS channel.

Ankit Kedia: So we have actually grown at the LFS channel level also?

Pankaj Jain: Still flattish.

Ankit Kedia: Okay. So the MBO decline has been much steeper than the reported number?

Pankaj Jain: Non-retail performed lower.

Ankit Kedia: Sure. Sir, my second question is regarding the alteration of the MOA of the company for real estate development. If you can just highlight what is the opportunity in this? How many square feet area we have and how much time can we take to monetize this land?

Pankaj Jain: Ankit, it's too early to comment anything on the real estate provision perspective. We're just looking at unlocking the potential of the real estate, and we are still exploring that idea.

Ankit Kedia: And will be done on our own. So a partner where we could sell the land also?

Pankaj Jain: Nothing is on the concrete level as of today. Can't comment anything on that right now.

Ankit Kedia: Sure. Sir, second question is on your A&P spend. You have done a tie-up with the Indian cricket team. Is that continuing? And this year, do you see given the muted demand, your A&P spend can be lower in the year?

Pankaj Jain: Ankit, that was a onetime opportunity, which we got, okay. If we get any opportunities during this period also, definitely, we'll look at such possibilities.

Ankit Kedia: So we will maintain our A&P as a percentage of sales or in absolute amount?

Pankaj Jain: Sometimes -- Ankit it's more of a deal buying structure, which happens close to the event. So I'm not too sure whether it will happen, it will not happen or will it happen related to cricket or something else.

Ankit Kedia: Okay. It's not a higher deal. It was just a one-season deal, which happened last year. Understood.

Moderator: The next question is from the line of Drashti from Thinqwise.

Drashti: Sir, what has been our SSG decline for the quarter -- SSG growth for the quarter?

Pankaj Jain: On the retail level, on the tertiary level, it has been negative close to around minus 10.

Drashti: Okay. So, we have almost added 52 stores in the last 15 months. So when do we start seeing the benefit of this because despite that the retail growth has been negative 10% of growth.

Pankaj Jain: Retail was very close to the market. So as soon as the consumer sentiments pick up, I feel, okay, the scenarios will change there on that channel.

Drashti: Yes. But like sir despite adding 52 stores, we would have got the benefit of these 52 stores also, which were not there last year, which is why I'm asking this question.

Pankaj Jain: Yes. The stores have been added up okay, but the stores added up has not actually contributed to the overall revenue of the EBO channel, which we expected.

Moderator: The next question is from the line of Pavan Kumar from RatnaTraya Capital.

Shrinjana: This is Shrinjana, Pavan's colleague. I had a couple of questions. So one is that the Kraus integration that could be completed by next quarter. Is that correct?

Pankaj Jain: We have consolidation from this quarter itself. This is quarter 2.

Shrinjana: In quarter 2, so it will be consolidated -- Kraus numbers would be reflecting from Q2 onwards?

Pankaj Jain: Not for the full quarter, not for the full quarter, but it will be consolidated from quarter 2.

Shrinjana: Okay. Understood. Understood. Also, would it be possible to give some sense of what would be what -- how has the core segment -- denim segment has done in this quarter? Year-on-year basis, like what has been the events like?

Pankaj Jain: On the revenue front, denim has performed absolutely flattish.

Shrinjana: Okay. Understood. Understood. Next question is on Junior Killer. For Junior Killer, what are the price points like in jeans and T-shirts and shirts. Can you give some sense on that?

Hemant Jain: T-shirts started from INR799 onwards, INR799 to maximum INR1,499 or INR1,599. Jeans we started from INR1,699 to INR2,299 and cargos started from same INR1,899 to INR2,299.

Shrinjana: Understood. Understood, sir. Sir, also, like, do we internally have any target for Junior Killer that we aim to reach this year? Or we don't think of it like that. We are just trying to see what traction...

Pankaj Jain: We internally target, ma'am. But actually, see, it is very new for us and we are launching in this apparel only. So we are just having 2 months for -- the last quarter was very slow. So this -- I have the order in my hand. It will take 2 to 3 seasons, even in the last con call also, I said it will take 2 to 3 seasons to set any goal.

Shrinjana: Understood. Okay. Fair enough, sir. Just one last question. So in this quarter, based on the volumes that you have shared, so it looks like the apparel volume, degrowth has been lesser than the overall volume. So I believe it's the non-apparel which is the accessory segment where there is a larger degrowth. Is it fair to look at that way? Or if it is then -- which is within non-apparel, what would be -- what would be the products? Like what would be there in the accessories and all? Which have performed relatively worse?

Pankaj Jain: So definitely in the non-apparel category, the volume has fallen much below as compared to the apparel category. But since it's a composition of quantity and value structure for -- on the overall category, somewhere the realization has fallen down, somewhere the mix has fallen down. And non-apparel has all categories in where it starts at MRP of INR99 to okay a luggage, which goes to around INR5,499.

Moderator: The next question is from the line of Rajesh Jain from Jinanand Research.

Rajesh Jain: Sir, since we have seen a degrowth in this quarter, my question is, like I would like to know how long this trend will continue. And also, if you can throw some light on the inventory levels. I mean to say if there is any accumulation of inventory considering the muted season sir.

Pankaj Jain: To answer your question, I said the quarter 1 was muted first. Quarter 2, we estimate it would be flattish, and we estimate that quarter 3 and quarter 4 would be on a growth channel. Okay, that's first point. Second, okay, the inventory levels have gone down on the primary levels, which is on the KKCL balance sheet. In terms of the pipeline, which is of all the channels, I don't think there is an additional inventory line downs. There will be no need for additional discounting on those aspects also.

Moderator: The next question is from the line of Rajesh Sharma from Anand Rathi.

Rajesh Sharma: So, regarding what are the EBO addition targets this -- we are targeting? And another question would be how many Kraus EBO we would target. And currently, because the same is mostly available on large format stores. So what would be Kraus EBOs that would be added?

Pankaj Jain: Kraus, okay, we estimate there are 8 EBOs already, and we estimate there will be 10 more within this year. On the KKCL level, we feel the net additions would be around 50 to 70 stores.

Moderator: The next question is from the line of Manas Thakkar from NT Advisors.

Manas Thakkar: Sir, I wanted to know about like revenue guidance in absolute numbers, would you be able to give like for financial year '25.

Pankaj Jain: We're still on an estimate, Manas. As I said, quarter 1 was muted, quarter 2 looks like flattish and quarter 3 and quarter 4 will be on -- I feel there would be growth aspect. So there will be -- on the overall revenue structure, there will be growth aspect but it will be a single-digit growth on the organic level, including -- on the consolidated growth level, it will be a double-digit growth.

Manas Thakkar: So we would be able to surpass our last year's revenue at least?

Pankaj Jain: Yes. This is what our estimate is.

Manas Thakkar: And about the operating margin -- operating profit margin, would it be like sustainable of 18% to 19% operating profit margin for the year.

Pankaj Jain: Operating profit looks sustainable at 18% to 19%.

Moderator: The next question is from the line of Arpan Rathod from Insight Advisory.

Arpan Rathod: Just wanted to understand, considering that we had a muted quarter and we are anticipating a better second half. Basically, this was primarily on account of low consumer spend, which is more of external factor. But what internally we are doing in terms of which gives us confidence that we would be seeing a better second half? So what are the steps -- essentially what are the steps we have taken to improve upon the situation.

Pankaj Jain: So currently, when we had our roadshow structure, okay, the spring-summer's orders look promising to us, that's one. Secondly, there is no pushback of inventory in the channel. So I think, okay, as soon as the consumer sentiment moves up, okay, sales would definitely have a positive impact. And the number of weddings and the festivals looks better and promising in quarter 3.

Arpan Rathod: So are we also working on our inventory in terms of -- to be ready for this season. How are we structuring? Just to understand that, will there be an inventory build-up to cater to the quarter 3 and quarter 4 demand?

Pankaj Jain: It will be more of a just-in-time inventory structure for a current quarter at least.

Arpan Rathod: So my question was more for quarter 3 and quarter 4, I understand quarter 2, as you rightly mentioned, would be flattish.

Pankaj Jain: A little bit build-up happening, but we are not increasing the build-up of inventory like trying to map a scenario where okay, there is a just-in-time inventory building. Since there is the production facilities in house, we are trying to adapt if we can do that.

Arpan Rathod: Okay. And secondly, my question is on the quarter 2. Have you seen extended discounting season or the end of season there?

Pankaj Jain: It was similar to as what was in quarter 2 last year.

Arpan Rathod: So we don't foresee impacting the margin profile at least quarter 2?

Pankaj Jain: Margin would remain similar of what would have been last year. It was around 18% to 19%.

Arpan Rathod: Okay. And lastly, on the acquisition front -- best of luck for the Kraus acquisition, we hope to see good synergies coming out. But also you -- in one of your previous quarters, you did mention that we would be on a constant lookout for any other opportunities which come our way. So anything in the pipeline?

Pankaj Jain: Too early to comment on it right now.

Arpan Rathod: Okay. But curiously, which segment it would be? So now that you have kids, you have ladies, you have a credible menswear. So it would be interesting to see which new segment comes in.

Pankaj Jain: Gender-wise, see, the gender aspects we have tried to capture everything, then specialized categories start coming in gender categories or my competitor brand.

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

Hemant Jain: I would like to thank once again to all of you for joining us on this call today. We hope we have been able to answer your queries. Please feel free to reach out to our IR team for any clarifications or feedback. Thank you all.

Moderator: On behalf of Kewal Kiran Clothing Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.