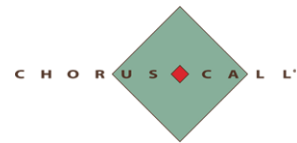




“Kewal Kiran Clothing Limited Q4 & FY'25 Earnings Conference Call”

May 13, 2025

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**MANAGEMENT: MR. HEMANT JAIN - JOINT MANAGING DIRECTOR -
KEWAL KIRAN CLOTHING LIMITED
MR. PANKAJ JAIN - PRESIDENT RETAIL - KEWAL
KIRAN CLOTHING LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Kewal Kiran Clothing Limited Q4 and FY25 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. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone.

Please note that this conference is being recorded. Before we begin, a brief disclaimer. The presentation which Kewal Kiran Clothing Ltd. 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 Clothing Ltd. business prospects and profitability, which are subject to several risks and uncertainties, and the actual result could materially differ from those in such forward-looking statements. I now hand the conference over to Mr. Hemant Jain, Joint MD, Kewal Kiran Clothing. Thank you and over to you, sir.

Hemant Jain: Thank you. Good morning everyone. It is our pleasure to welcome all the participants to the earnings conference call for Q4 and Financial Year ending 2025. Joining me on this call, Mr. Pankaj Jain, President, Retail and Marathon Capital, our Investor Relations Advisor. I hope everyone had an opportunity to go through our investor presentation and results release that we have uploaded on the exchange and our company's website.

Financial Year 2025 marks a significant milestone for our company, with the consolidated operating revenue surpassing INR 1,000 crores mark. This achievement underscores our relentless pursuit for growth and excellence. As we build on this momentum, this milestone lays a robust foundation for our future endeavors, positioning us for sustained success and further expansion.

Before diving into Q4 and FY '25 performance, as mentioned during our previous concall, we would like to outline our roadmap - Vision FY 2028, driven by our management strategic direction. This framework underscores our ambitions, key priorities and strategic initiatives providing context for our future growth trajectory.

India's fashion market is evolving rapidly and KKCL is poised to lead this transformation. With a clear vision to reach INR1,500 crores revenue by FY 2028 while maintaining a healthy operating margin between 17%-18%, we are rebuilding a high-growth capital-efficient business that balances skill with sustainability.

Retail will remain at the core of our expansion strategy. We aim to grow our EBOs from 609 to over 900 coupled with deeper penetration in Tier 2 and Tier 3 markets through cost-effective formats like SIS and MBOs, while our large-format stores presence will continue to expand in premium zones. In parallel, e-commerce will become a strong growth engine through digital, first-consumer engagement and AI-driven personalization.

Product-wise, we are scaling from being a dominant menswear force to become a full-lifestyle house. While denim and casual wear will continue to anchor our portfolio, we are actively

growing into womenswear, kidswear, athleisure and accessories, building wardrobe ownership across categories and consumers.

What truly sets KKCL apart, it is integration of in-house manufacturing strength with emerging technology. Our brownfield expansion plan will enhance capacity with AI-led forecasting, smart inventory planning and digital trend mapping will bring us closer to our consumers with precision and speed. Financially, discipline will continue to define us. With a sharp target of working capital cycle of 125-135 days and strong internal accruals, we will fund growth while protecting profitability.

We are also actively exploring inorganic opportunities to enter new categories or acquire strategic brands. Internationally, we see significant export potential for our flagship brands like Killer and Kraus, especially in markets with a strong youth and diaspora connect. By 2028, we aim to establish ourselves as a credible Indian fashion voice on the global stage.

We at KKCL are set to redefine the way we design for our consumers. Today, the biggest challenge that the industry faces is to predict the right consumer demand. Forecasting what is going to keep our consumers interested and define their fashion age is what would be our top priority at KKCL. We are evolving beyond traditional consumer insight, leveraging our rich history of understanding our consumers to anticipate their needs. Now, we plan to take a step further by predicting personalized preferences for special occasions as well as everyday wear, ensuring our offerings resonate with their unique taste and lifestyle. Today, consumers are seeking products tailored to their unique preferences and will not want to buy what you make. By adopting generative AI tools, KKCL aims to deliver customized solutions that precisely meet individual consumer needs, ensuring a more personalized and satisfying experience. Further revamping our strategy for the Lawman brand is an integral part of this roadmap, ensuring group robust presence across the entire fashion spectrum. Evolving Lawman as a fast fashion D2C brand, shifting from a me-to-approach to a distinct identity coupled with expanding EBO strategy would help in driving quicker engagement with our end consumer.

Further, with higher integration of our women's casual wear focused Kraus brand and growth of our kidswear for boys focused Junior Killer brand coupled with a winding product offering will be key enabler for us to achieve the target revenues. Our vision is clear. To transform KKCL into a future-ready, omni-channel, multi-category fashion powerhouse that reflects the aspirations of new India and commands respect across consumer, investor and global peers.

Unlike growth fuelled purely by discounting or capital burns, KKCL's model is fundamentally sustainable. We have built this company on unit-level profitability, prudent capital allocations and working capital discipline, and that DNA will define our next leap.

On the performance from the quarter-ending FY 2025, it is heartening to see the strategic initiative playing out positively resulting in a robust growth of 31% year-on-year for Q4 FY 2025 with EBITDA margin of 18.1% within our guided range.

Resultant of our efforts especially towards improving our inventory management practices coupled with successful integration of Kraus casual have helped us to achieve an annual growth of 16.5% in FY 2025 in our operating revenue which stood at around INR 1,003 crores with EBITDA of 19%.

Our growth momentum was not only fuelled by consolidation of Kraus, reflecting the effectiveness of our strategic initiatives but also on the back of strong volume expansion. Even on stand-alone basis, we delivered positive double-digit volume growth in Apparel showcasing the effectiveness of our design capabilities.

In line with our policy to widen our presence through brand-led EBOs, we have aggressively added stores through the financial year resulting in a net addition of 121 EBOs across our key brands and the tally stands at 609 EBOs as on March 31, 2025.

With encouraging response to our trade show for Autumn-Winter 2025, collection of Killer, easies, Kraus and Junior Killer brand, we are confident in achieving robust growth in the coming financial year. With a clear laid-out pathway of growth, we will continue to diversify our product offering, leverage the lifestyle appeal of our brands and strengthen our position as a leading lifestyle house catering to all genders and ages.

With this, I would like to conclude and open the forum for questions.

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

Tejas Shah: Sir, you have guided for INR 1,500 crores revenue by FY '28 from INR 1,000-odd in FY '25. So, just wanted to know what are the key growth drivers? Will it be volume-led pricing, new formats or geography expansion? How are we planning to reach there?

Pankaj Jain: So, okay, we have forecasted that all our brands will have a separate strategy. Okay. Killer being on the auto mode perspective, it will be led by volume as well as the price growth structure. Kraus, okay, there are a lot of channels which are yet to be explored. So, there will be a channel expansion going on there. And Lawman and Integriti would be more LFS-led and Lawman would be more D2C perspective.

Hemant Jain: We have 600 stores today. So, in the next 3 years, we are planning to open 900 stores, EBOs. Plus, we will widen it a bit. For example, we are not available in a lot of places in the last format. So, we will increase the stores. We will increase the EBOs. All channels, like online channels where we are only working with Flipkart, like other channels, if there is a balance, so all put together, we are plans to achieve INR1,500 crores in the next 3 years. Like I told you before, 3 years ago, I said that we will achieve INR1,000 crores in 2025 and we will maintain EBITDA of 17% to 18%. And we have achieved that our goal.

Tejas Shah: Perfect. Hemant bhai, I just wanted to know that EBO expansion, what you spoke about, 600 to 900, will it be mix of EBO and -- sorry, COCO and FOFO or will it be only FOFO?

- Hemant Jain:** COCO and FOFO both. We have a strategy that we should have a COCO model of 15% to 20% and a FOFO model of 80%. So, our target is that we will work on COCO model of 15% to 20% and 75% to 80% on FOFO model.
- Tejas Shah:** Perfect. And second point on that, usually -- obviously expansion is a very good strategy here, but are we doing anything to increase the revenue throughput per store or per square footage of the existing store? So, what are we doing to increase the pull effect of the brand? Push is clear.
- Hemant Jain:** You know you can't work on only one thing on this, you have to do everything. You will in future see some of store sizes will increase, we will increase our advertisement budget from 5% to 6.5% to 7%. See, end of the day, you need business and you should be making profit. It can happen by increasing the store size, by opening new stores. Today, we have Killer, we have Junior. In future, we will have ladies. So, it is possible to open departmental stores. It all depends on where and how you are going to open.
- Pankaj Jain:** So, Tejas, if you are asking me for an SSG growth, our like-to-like retail format growth, in the last quarter has been close to around 13%.
- Moderator:** The next question is from the line of Manasvi Shah from ICICI Prudential AMC. Please go ahead.
- Manasvi Shah:** Sir, two questions. One is on working capital. So, if I look at your inventory and debtor days, both, we have significantly increased versus last year. So, how should we think about working capital going ahead? And, like, what are the key reasons for this increase? I'm sure Kraus acquisition will be one of them. But, like, how should we think about working capital?
- Pankaj Jain:** I understand, Manasi, there has been a growth in the working capital value structure, as well as the number of days. We feel that going forward, it will stay between 125 to 135-odd days. Basically, the reason for the growth in the working capital has been, one, because of the Kraus integration, okay, where the working capital cycle is higher as compared to Kewal Kiran. That's one. Okay. Secondly, you are comparing at the base of last year's number where the absolute inventory was around INR 82 crores, which has drastically increased this year.
- Manasvi Shah:** So, 125 to 135 net working capital. That is the number that we should leave.
- Pankaj Jain:** So, I feel, okay, that we'll be able to bring Kraus working capital also to that limit. Okay, but it will take at least two quarters to do that.
- Manasvi Shah:** Okay, okay. And, so, my second question is related to the land parcel. So, you know, you had made the changes in your articles of association two quarters back...
- Pankaj Jain:** Sorry, sorry.
- Manasvi Shah:** Yes, sorry. The second question was regarding the land parcel. And, you know, you had made changes in the articles of association, I think two quarters back related to the same. Any updates, sir, on, you know, potential land sale or anything like that?

- Pankaj Jain:** There is no intention of land sale as of today. Okay, we have already acquired it so that, okay, the head office could actually be shifted to that land parcel and the current property where the head office is, we could explore the opportunities for the current property.
- Manasvi Shah:** I'm talking about the current property, which is where the current headquarters are...
- Pankaj Jain:** So, if you see that, okay, last quarter, if you see that we have already acquired one of the land parcels, which is closer to the current head office.
- Manasvi Shah:** Okay. So, like, so, land sale...
- Pankaj Jain:** We'll shift our head office and then monetize the current land parcel.
- Manasvi Shah:** So, any timelines for that?
- Hemant Jain:** Manasi, it is too early to say. Because now there will be construction and then shift, so it will take some time.
- Pankaj Jain:** But we have already in discussions with a lot many people regarding how to go ahead with it. So, right, but I will not be able to comment until things get freed up.
- Manasvi Shah:** Okay, okay. Sure, sir. Thank you so much.
- Hemant Jain:** Thank you. Thank you.
- Moderator:** Thank you. The next question is from the line of Lakshminarayanan from Tunga Investments. Please go ahead.
- Lakshminarayanan:** Thank you. I hope I'm audible. KKCL has always been known for low discounting and also managing low inventory. Now, I think there has been little flexibility on that in the last 1 or 2 years. Can you just talk about what has been your 100%, I mean, what has been the discounted sale in the overall scheme of things?
- And then, there has been an increase in the inventory as we see in the balance sheet. Can you just talk a bit more about it? Is it one-off or how you think about it? Because you answered for the previous participant on working capital. Just want to listen that part.
- Pankaj Jain:** Lakshminarayanan, firstly, okay, we will see, okay, from last year's comparison scenario, okay, a year before, the inventory was up to date and we were able to match our targets. Last year, we tried to reduce the inventory to go on a real-time basis, which we felt that, okay, we could not achieve. And that's the reason the inventory cycle, inventory has gone up. That's one of the reasons. Secondly, is that, okay, because of the consolidation, also, the inventory cycle looks on a higher side. Okay?
- Lakshminarayanan:** And what is a normalized inventory days you would actually expect and by when it would actually come to that level?

- Pankaj Jain:** We feel on -- okay, the working capital should stay between 125 to 135 days old.
- Lakshminarayanan:** Okay. On the first one, in terms of discounting?
- Pankaj Jain:** First question, when you asked, yes, we have in detail -- we have had our norms relaxed in terms of discounting. So we do -- do discounting and will participate in the discounting aspect. But still, our fresh sell-throughs have been more than 60%.
- Lakshminarayanan:** And can you just tell me how it has moved in the last 2, 3 years? So this year, it is at 60% and last year, what it was in the previous year?
- Pankaj Jain:** The discounting percentage may vary, but, okay, sell-throughs have been similar to 60%.
- Lakshminarayanan:** Got it. The second question is, I mean, the third question is, in terms of cross-acquisition, can you please highlight the areas where you are positively surprised and where you think, and what are the areas where you think after acquisition, you think there is a lot of hope of improvement?
- Pankaj Jain:** So we feel there has been a successful integration, okay, where there was a robust sale of close to around 162 odd throws for this nine-month period. When we acquired it, it was close to around 175 for an annualized basis. First focus was increasing the EBITDA margins and we feel that it has aligned with our group targets, closing to around 16% to 18%, okay?
- We have been able to introduce, Kraus in the export markets for the current year, okay. We have also started working on widening its distribution in the distribution channel. The next phase would be on realigning or refining the working capital limits there.
- Lakshminarayanan:** Got it. And I see that you have around 12 to 13 stores in Kraus. What is your plan to enhance that reach?
- Pankaj Jain:** Yes, okay. We have seen there has been a significant -- okay, in fact, the retail numbers look very exciting for Kraus, okay. So going forward with the number of stores, there will be a healthy number of stores improvement. In a vision perspective also, if you'll see that we have seen that in the next 3 years, at least there should be at least close to around 50 odd stores for Kraus.
- Lakshminarayanan:** Got it. And just from the outlook point of view in the near term and the little long term, how do you think, as we stand now, the year would look like for you in terms of volume growth and value growth?
- Hemant Jain:** As of now, Mr. Lakshminarayanan, if we plan this year, there will be double digit growth.
- Lakshminarayanan:** Okay.
- Hemant Jain:** The market is positive. I cannot say that the market is bad. The market is positive. As we are doing the treasury map, April was very good. May is fine now. So I am thinking that this year is going to be good.

- Lakshminarayanan:** Okay. Thank you, sir. And wonderful to see good numbers, you know, despite having a large acquisition, which you have done. Thank you so much. I'll come back in queue.
- Moderator:** Thank you. The next question is from the line of Pritesh Chheda from Lucky Investments. Please go ahead.
- Pritesh Chheda:** Yes. Hello, sir. Sir, I didn't catch your comments on working capital where you're now saying that your revised working capital base will be 125 days. Just that, you know, before the acquisition, if I take last 8-10 years average, then it used to be about, let's say, 80-90 days. So is it that even the original base business of Killer, even there the working capital has changed or the whole change is because of the acquisitions from whatever, the revised 125 days that we're talking about?
- Hemant Jain:** Pritesh, even first it has never been 90 days. Normally we used to operate in, 110-115 days but because of Kraus, it has increased. But we are trying that in 1-2 quarters we will normalize that as well. Initially when the business was small you could do fast. Now without inventory we cannot even work, so business is anyway going to increase. As you grow business, it will go back and forth.
- Pankaj Jain:** Pritesh, to answer again, if I look from a FY19 scenario, working capital has always been close to around 120 odd days scenario.
- Pritesh Chheda:** When you say 120, what you do? You take debtor plus inventory only? What do you guys do?
- Pankaj Jain:** Debtors, creditors and less, debtors, inventory, less creditors.
- Pritesh Chheda:** Okay. In Kraus, is there a higher working capital base?
- Pankaj Jain:** Yes, there is.
- Pritesh Chheda:** And by how much?
- Pankaj Jain:** Close to 180 odd days.
- Pritesh Chheda:** Okay. My second question is on your slide 10. So when you look at your slide 10, there is a very good volume growth but there is a pricing decline. So this pricing decline is to do with the Kraus coming in the mix, right?
- Pankaj Jain:** A lot of factors. One is the accessories contribution has increased. That's one. Secondly, the category mix has changed. That's two. And third, the brand mix has changed a bit. That's three. And Kraus integration. That's four.
- Pritesh Chheda:** Okay. So can you tell on the volume growth or the volume quantity sold? What will be KKCL's volume growth? So if you just remove Kraus out of this, then one can understand your base business volume growth.

- Pankaj Jain:** The KKCL standalone volume growth was around 15%.
- Pritesh Chheda:** Okay. The other question is on KKCL and the just-in-time impact, the production schedule, the delivery that you had done and in the start of the year, you had said that because of which our growth has slowed down. So when I come to this quarter also, the standalone growth is just 6%. So that impact is still experienced or when should we see KKCL standalone growing double digits?
- Hemant Jain:** It is like this Pritesh,. Just like last year the first quarter was hit, it took some time to build the inventory. If you see, quarter 1, quarter 2 was minus, quarter 3 is flat and quarter 4 is just 5% to 6% growth. If you see this quarter you will see the results. Without inventory we cannot work. What happens is inventory is seasonal, what we thought was that we will work real time. That did not happen. I commented on this as well, that we weren't successful there. So if you see this quarter's result, you will see a double digit growth.
- Pritesh Chheda:** And you have got your manufacturing capacity in place?
- Hemant Jain:** Yes. Very much.
- Pankaj Jain:** It is on an ongoing basis, Pritesh.
- Pritesh Chheda:** Okay. And my last question is on Killer Junior. So what portion of your revenue today is Killer Junior And over the next three years, when you talk about a INR1,500 crores revenue, what should be the size of Killer Jr. business?
- Pankaj Jain:** It's been a first year for us. Okay. But we have seen positive attraction from most of our clients Okay. Since it's already been two years number. Projected growth structure, it is too early to comment on it.. Next year definitely we'll come up with a target for this category also.
- Pritesh Chheda:** So these are separate stores or they're going to be available within the Killer stores?
- Pankaj Jain:** None of them are available in Killer stores. Hardly maybe one or two on an experiment basis where the size store is bigger. The major concentration is MBOs and LFS.
- Pritesh Chheda:** Okay. MBOs and LFS. Thank you very much and all the best to you, sir.
- Moderator:** Thank you. The next question is from the line of Viraj Mehta from Enigma. Please go ahead.
- Viraj Mehta:** What I wanted to understand is over the last two years we have changed our working style in terms of if I look at our history, we were looking at much higher margins. Now we're looking at much lower margins of 18%, 19% compared to our own history even though at the industry level it is still very respectable. When you talk about 15% compounded growth over the next two years, would there be again a trade-off between margins and growth if the growth of the industry does not revive? And if that will be the case, what will be the option you will choose?

- Pankaj Jain:** If you see that, okay, our vision prospectively says that our operating margin will stay between 17% to 18%. If there is a market demand -- if there is a subdued market sentiment which is going on, then the market will be still chasing growth as compared to our margins.
- Viraj Mehta:** Okay. That answers my question. Thank you.
- Moderator:** Thank you. The next question is from the line of Shaurya from Ajay Partners. Please go ahead.
- Shaurya:** Sir, you mentioned in your commentary regarding some brownfield expansions. Can you elaborate upon that?
- Hemant Jain:** As I told you, if we are going with a vision of INR1500 crores, then the expansion of the factory in Daman and Vapi, we are talking about that. As soon as you have a vision that you want to increase your business, you will have to increase the production capacity at the back end. So, we will increase those expansions in our factory in Daman and Vapi.
- Shaurya:** Sir, how much extra capacity are we adding?
- Hemant Jain:** Normally, if we see today, every day, all put together, all the categories, around 25,000 pieces we are producing today. So, as the business increases, we will have to increase the capacity.
- Shaurya:** And what is the cost of this expansion?
- Hemant Jain:** Normally, we say that year on year, it will cost us INR30-35 crores in capex. There is no need for more than that. And that too will be done through internal accrual.
- Shaurya:** Okay. And so, one more question. So, your current margins are around 19%. And you are saying like in FY28, the range will be around 17%-18%. So, is this a conservative estimate or we are expecting like a dip in margins?
- Hemant Jain:** See, like how it happens, when you take your business to an expansion mode and if you want to fast-drive, then you will have to take a margin hit. Like in earlier concall that we used to consider good EBITDA and not do discounting. But that was a theory then that we were looking at the bottom line and not the top line. But when you try to achieve the top line, then your bottom line hits a little. So, if you take EBITDA from 1% to 2%, then it has to happen. It can increase also or decrease also, it depends.
- Pankaj Jain:** Sir, to answer your question, we will be chasing growth as compared to a margin structure. So, we have given an estimate based on that only.
- Shaurya:** Okay. Okay, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Priyank Chheda from Vallum Capital. Please go ahead.

- Priyank Chheda:** Hi, sir. I wanted to know about the performance for FY '25 brand-wise. Sir, what has been the growth in Killer? Integrity, Lawman? And going ahead, say in, INR 1500 crores of sales vision, which brand would take the faster growth pace and the priority? And what are the strategic actions required in each of the brands to be done?
- Hemant Jain:** Normally, brand-wise, we don't talk like this. Still today, Killer is the flagship brand of the company. So, our major focus is on Killer. But like as we said, if Integrity is the value retail which we want to grow in the future. So, we will spread Integrity brands on the value retail more.
- So, we say, Killer, and the focus going ahead, as we said, we will normally open 300 stores. The next 3 years is our target. The EBOs will open. And we will spread Integrity brand widely in MBOs and LFS. So, all put together, if we mix-wise, Lawman brand, we will open retail stores.
- So, all put together, Killer Junior is in expansion mode. If I include its turnover, I will do consolidations, we will open more Kraus stores. So all put together, what our vision is over next 3 years we want to do INR 1500 crores and we will going to achieve that. The focus is on growth because we have to do INR 1500 crores.
- Priyank Chheda:** Sure, sir. We understand that. In case, if it's possible, full year growth, broadly, any comments on how Killer or Integrity or Lawman has worked out in the whole year would be great.
- Pankaj Jain:** Killer Brand, it contributes to more than 60% is what I can give you.
- Priyank Chheda:** Sure. Okay, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Surya Narayan Nayak from Sunidhi Securities. Please, go ahead.
- Surya Narayan Nayak:** Okay. So, sir, I was just looking at the realization pattern and where we are seeing we are actually chasing more of the growth on the value side, so resultantly the gross margin is not inching upward but not downward. And as you said the Killer is in autopilot mode, but if you derive the jeans volume, let's say in the revenue stream, so it is nearly remaining stagnant.
- So and trouser segment is actually rising. So, in this context what I understand is that we are facing competition from the value retail so that we are more focusing on the Integrity's and all the value brands, rather than the premium brands like Easies and Killer. So, and when can we expect the upward trajectory in the gross margin maybe up to 45% or so or let's say 43% has been the highest. So, is there any chance in couple of years?
- Pankaj Jain:** Okay. Current year if you see definitely there has been a shift in consumer preferences and the preferences was more towards cargos and athleisure and that's the reason Denim was facing that pressure. Okay, but I feel okay, it has normalized now. Okay, and Denim should perform better in the current year perspective. Okay, comparing it with the value format, I would not say there has been a shift over in the category because of the price bracket. Since there has been a shift in the category mix that's one of the reasons where the gross margins have got impacted.

If there has been -- if the category mix definitely improves on the better side in terms of Denim wear, okay, there will be a better off in terms of gross margins, but not to the extent of 45% or 46%. Close to around 42%, 43% is a reasonable number which we will like to estimate at.

Surya Narayan Nayak: Okay. And especially when there has been some realignment with the admin expenses versus the staff cost, so what -- can you just clarify on that point as of...

Pankaj Jain: Sorry, I didn't get your last question.

Surya Narayan Nayak: Hello?

Pankaj Jain: I didn't get your last question. What did you ask?

Surya Narayan Nayak: So there has been some change in alignment with the -- I believe there is a change between the staff cost and admin expenses, whereas admin expenses has dropped, whereas staff expenses has risen. So is there any alignment change or..

Pankaj Jain: No change in alignment. There has not been any change in alignment. The admin expenses... The admin expenses have gone down majorly because there was recovery of some old debtors and some legal expenses and professional fees compared to the last year.

Surya Narayan Nayak: And sir when we are actually planning from 609 EBOs to 900 plus EBOs by 28, so obviously we will be more of FOFO heavy. So obviously the ROU assets will be rising?

Pankaj Jain: If you look at the number structure, killer was increasing on an overall basis, but the strategy is not yet planned in that way that there will be more COCO. We will still focus to have FOFOs. In case if we have to go more mall driven structure, it will be more COCO driven. Because of COCO, the return value of the assets will decrease, I would not put it as a statement.

Surya Narayan Nayak: Because we are not getting the geographical presence as of now because of from the presentation. So can I conclude or infer that the share of premium goods is not available or we are not present heavily and that is why we are able to push more of value retail goods. So that is why we are suffering the realization?

Pankaj Jain: I would not agree to that also. Killer being a Denim wear its core competition lies around most of the Indian and international brands and it has been growing as well as the contribution of which is more than 60%. So I do not think the inference which you are making is absolutely true.

Hemant Jain: What happens when you are in fashion trade, there is a change in category mix. Like before it was Denim -- last year, if you might have seen, our focus was more on Chinos Trousers because the demand is that only. We have grown in shirts. So when someone is in fashion, if some or the other category changes then the realization may also change.

- Surya Narayan Nayak:** Sir now that I do not want to name the competitors, but a lot of value retailers have come and that is the reason why we could be facing difficulty in pushing the premium products so that is why the sales mix is getting adverse. That is my inference.
- Hemant Jain:** We are a mid price segment brand and mid premium brands and available all over India so we are not seeing much of that effect. Just that whenever category and mix changes, you will see a difference in realisation.
- Pankaj Jain:** I would agree with them, that the value players have done better this season and that is the reason we have also realigned our strategy for one of the brands of ours. We have not changed any strategy for Killer.
- Surya Narayan Nayak:** But going forward, this kind of value growth or volume chasing will be there for a couple of years. Can we expect the sacrifice of the price?
- Pankaj Jain:** We are chasing. Discounting is an end result of the sales season carried forward. So anything which is left over. So if the market sentiments are low scenario where discounting percentage goes higher which impacts your realization. We have definitely been chasing volume growth and which we have been able to achieve this year also.
- Surya Narayan Nayak:** So can you expect improvement in the realization this year?
- Pankaj Jain:** We are hopeful for that and we have seen that April, May the sentiments were better. So definitely you can estimate that it should be better.
- Surya Narayan Nayak:** And progressively we are adding more of FOFO stores, the right of use assets are also rising. So is the depreciation. What kind of depreciation figure can we expect for FY26 and FY27?
- Pankaj Jain:** Depreciation is mostly because of the amortization of the goodwill value.
- Surya Narayan Nayak:** Okay. So it is not due to the right of use assets?
- Pankaj Jain:** No, it's not.
- Surya Narayan Nayak:** Because the net block has also increased and I believe the right of use assets might have also risen?
- Pankaj Jain:** Sorry I didn't get your last question.
- Surya Narayan Nayak:** Hello.
- Pankaj Jain:** Yes.
- Surya Narayan Nayak:** Am I audible?
- Pankaj Jain:** Yes.

- Surya Narayan Nayak:** The net block also increase. So I believe along with the manufacturing capabilities the right of use assets also have also increased. So that has led to some kind of depreciation maybe some amortization part from the goodwill part also could be there?
- Pankaj Jain:** Majorly because of amortization and yes we have opened a little bit of COCO stores and that fixed assets have added in the net block.
- Surya Narayan Nayak:** Okay. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Vaishnavi from Anand Rathi. Please go ahead.
- Vaishnavi:** Hi, thank you for taking my question. I wanted to understand how is the competitive scenario now in the mid-premium Denim segment. So with the other branded players such as Pepe, Lee, Wrangler etc. So how is the competitive scenario for those players now?
- Pankaj Jain:** I won't be able to comment how they have been doing, but I have not seen much of the price decrease in their current season also.
- Vaishnavi:** So have they also been adding more aggressive EBOs or has there been any change or exit in any of these players or more from that scenario?
- Pankaj Jain:** None of the players have exited. Everyone is reworking on their strategies and I don't feel that we have been facing too much of competition. If that would have been the case, the current quarter would not have been around 13%.
- Vaishnavi:** Okay. And also you mentioned that we will look for any inorganic growth opportunities as well. So any wide gaps in the portfolio that you see that you want to fill or what should we expect from that?
- Pankaj Jain:** If you look at the vision statement, there will be a lot of vacuums there.
- Vaishnavi:** So can you please elaborate on a few of those categories if possible?
- Pankaj Jain:** If you look we have given a statement or a chart where it shows menswear, womenwear and kid wears on boys and girls. Somewhere we are already present and somewhere we are already pivoting and where there is a vacuum. So anything which falls on the pivot or maybe on the vacuum side definitely we will be happy to explore.
- Vaishnavi:** Okay. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead.
- Keshav Garg:** Sir, I'm trying to understand that out of the breakup of various denim and garments and accessories, etc., which all are we -- which all categories are we manufacturing in-house and which are we outsourcing?

- Pankaj Jain:** So 85 %, on the apparel side, okay, 85 % of the business we are manufacturing in-house. Winter wear and knitwear as a category we trade, that's one. All the accessories categories we are just trading.
- Keshav Garg:** So, basically winter wear and accessories we are buying from outside and rest everything in-house?
- Pankaj Jain:** And knitwear.
- Keshav Garg:** Okay, knitwear. Sir, also I wanted to understand that if we see then -- over the past 2 years from FY '23 the realizations have gone down from INR700 to INR595 per piece. Now sir, going forward sir, you think again we can go up to near INR700 or it will stay at this level or this trend will continue?
- Pankaj Jain:** Saying the realization is a mix of everything which includes Apparel as well as Accessories, that's one. It's a mix of category mix, and a brand mix. So all three aspects impact the absolute realization.
- Keshav Garg:** Right sir, so what is your expectation that what sales mix are you expecting?
- Pankaj Jain:** Going forward realization should definitely improve. That's our estimate for the current year.
- Keshav Garg:** And sir also, sir I am trying to understand the wisdom of running multiple brands. Sir because if you see then for example Jockey has just one mother brand. And then they have multiple categories but they sell everything under Jockey Brand. My guess is that killer brand would be having far more margins versus your other Lawman integrity etc.
- And I feel that working capital days also might be lower for killer versus the other non-core brands. So why not just focus on this killer brand and make it big rather than run multiple brands, keep multiple SKUs, inventory and then the pricing is also lower since those are not as well established brands as killer. So what are your thoughts on that?
- Pankaj Jain:** We are trying to establish KKCL as a house of brands. The killer is catering to a premium segment scenario, easies is this catering to a semi-formal brand. Okay, Lawman, we're trying to make it more D2C, integrity in a mid price bracket, Kraus would be more women wear focused. So every brand focus to either one of the gender structure or the price structure.
- Keshav Garg:** And so all of these brands are profit making?
- Pankaj Jain:** Yes.
- Keshav Garg:** And sir, in our consolidated balance sheet, there's a INR131 crores approx other intangible assets. So I'm not able to understand that we acquired 50% of this Kraus this company. And so then how come so it is showing as goodwill over the networth. So now what is this other intangible assets?

- Pankaj Jain:** It's the difference between the value paid against the net assets.
- Keshav Garg:** Right, so that is goodwill of INR119 crores. Then what is other intangible assets?
- Pankaj Jain:** Other intangible assets includes lease rights, brand and trademark, manufacturing agreement and software.
- Keshav Garg:** Okay, and sir, any plans to acquire the remaining 50% of this Kraus?
- Pankaj Jain:** Nothing for first five years.
- Keshav Garg:** Okay. And sir property plant equipment has also increased from INR97 crores to INR172 crores. So I mean, what, I mean, it's almost double. So what have we spent this money on?
- Pankaj Jain:** The current asset which we have acquired - a land parcel, which is close to the head office scenario to shift the head office and monetize the current property where the head office is.
- Keshav Garg:** So what kind of expectation, the current monetization of the current property, any ballpark number?
- Pankaj Jain:** We are exploring that possibility of what numbers can actually be arrived at and on the negotiations also.
- Keshav Garg:** And sir, what's the size of the property?
- Hemant Jain:** Which one?
- Keshav Garg:** Your current head office that you are planning to monetize?
- Hemant Jain:** In this we have two plot. If all put together, it's around 7000 meters and we have, I think, 5.5 lakh square feet for sale.
- Keshav Garg:** 5.5 lakh square feet. And sir, by when are we expecting this?
- Hemant Jain:** It's too early to say anything, boss. Till the time we can't shift, we have taken a new plot, there will be construction, office will shift over that, then we will think. In the meantime, we have started working on it, but we will not say till the time a deal is not completed, we won't even like to tell you.
- Keshav Garg:** Sir, it's been almost 3 years.
- Moderator:** Sorry to interrupt you, sir, but I may request you to rejoin the question queue.
- Keshav Garg:** Yes, thank you.
- Moderator:** The next question is from the line of Deepak Lalwani from Unifi Capital. Please go ahead.

- Deepak Lalwani:** Hi, sir. Thank you for the opportunity. Sir, first question on your long-term margin target. So, where do we see to spend these extra margins that we are earning today? Is it going to be through extra discounts and schemes or is it going to be investing in channels like EBO expansion or is it going to be on advertisements?
- Hemant Jain:** What extra margin we didn't understand?
- Deepak Lalwani:** Sir, so today we are making 19%. Our endeavor is to spend 100-200 basis points extra. So, going forward, we will be doing 17-18. So, that I am talking about.
- Pankaj Jain:** It's an estimate which we have given. If anything which adds value, we will spend on marketing. And marketing can be in both aspects, ATL, BTL or maybe in terms of COCO Stores.
- Deepak Lalwani:** Okay, sure. And, sir, secondly on the finance cost, is there any measures that we are taking to bring down the loan that we have on the books because we also have a lot of cash. So, do we plan to bring down the loans on the books? And also, the other income piece has been quite volatile. So, any plans to monetize the shares of the listed company that we own?
- Pankaj Jain:** We already did about the cost-value structure. Okay, looking at the market scenarios, as it feels feasible we will try to explore that. Okay, that's one. Two, it's been volatile only because it is right now currently M2M. Okay, because the company got listed.
- Deepak Lalwani:** Okay, and on the finance cost, sir, any plans to reduce finance cost, reduce loans?
- Pankaj Jain:** You look at the figure last year, two aspects the inventory levels have doubled almost, okay, as compared to our last year scenario and there was an acquisition. So, two aspects, it led to an increase. We don't feel forward that it will keep on increasing. And, okay, we'll be reducing in a phased-out manner.
- Deepak Lalwani:** Understood. And, last question, on your revenue acceleration, your standalone business has grown by 7%. So, assuming that the production issues are over, you know, we still see that the jeans and the MBO segment growth was on the lower side. So, what gives you the confidence to grow at double-digit going forward?
- Pankaj Jain:** Two reasons. One, okay, there is not been too much of inventory in the entire cycle, okay. So, we feel the secondary sales have been adequate up to our expectations for the month of April and May. And that's the reason we feel that, okay, the next quarter is going to be good.
- Deepak Lalwani:** Okay. And both the issues on jeans and MBO, both are improving, the inventory of jeans that they're carrying and the MBO.
- Pankaj Jain:** After the roadshow we have done, okay, we see that there has been an increase in the number of denims, okay, in terms of orders.
- Deepak Lalwani:** Okay. Thank you, sir.

Moderator: Thank you. The next question is from the line of Abhijeet Kundu from Antique Stock Broking. Please go ahead.

Abhijeet Kundu: Yes, hi. Thanks for the opportunity. My question was on the depreciation and amortization. What would be the ballpark amount going ahead for the next few years?

Pankaj Jain: Similar amount, close to around INR21 crores.

Abhijeet Kundu: INR21 crores, I mean depreciation and amortization taken together.

Pankaj Jain: Yes, amortization amount.

Abhijeet Kundu: Sorry?

Pankaj Jain: INR21 crores is the amortization amount. Balance is depreciation.

Abhijeet Kundu: Okay, understood. Thanks.

Moderator: Thank you. The next question is from the line of Pramod Dangi from Ratna Narayanti Investments Management, LLP. Please go ahead.

Pramod Dangi: Yes, hi, thanks. Namaskar, Hemant bhai and hi, Pankaj.

Pankaj Jain: Yes.

Pramod Dangi: First of all, congratulations. Hi. First of all, congratulations for the integration of Kraus. Hemant bhai, if we look at our core business in jeans, and Killer, which is mainly men-oriented, and when we have the Kraus, which is mainly women-oriented, is there any difference in both in terms of the seasonality, in terms of the discounting? Because I believe that women's business can be more seasonal or more volatile. Should we be ready for more volatility? Is it okay? We should prepare for that?

Pankaj Jain: So, I would say that women's category is more dynamic as compared to volatility, okay. Discounting, I again said, it's the end result of how your sales force goes, okay. The average discounting has been lower there, okay. The performance on most of the LFS has been at number 1 or number 2. So, I don't feel there is a problem there. Anything lying down as a problem there.

Pramod Dangi: No, no, not as a problem. I'm just saying that, okay, if quarter-on-quarter we see a slightly little volatility compared to the historical, is it okay? Should we prepare for that as an investor?

Pankaj Jain: So, the category is such that, okay, it is not very seasonal, okay. I have seen the last three quarters, it's been almost even out business.

Pramod Dangi: Okay. Okay, great, great. Thanks, and my other questions are answered. Thank you.

- Moderator:** Thank you. The next question is from the line of Giriraj Daga from Visaria Family Trust. Please go ahead.
- Giriraj Daga:** Yes. Hello, sir. My question is related to like FY '26 growth assumption where you mentioned double-digit growth. Just to get a bit more, hello, is it audible now?
- Pankaj Jain:** Yes, better.
- Giriraj Daga:** Yes, so I was saying that on the FY '26 growth assumption of double-digit growth, but just to get a bit granular here, so obviously one quarter of Kraus will be added to this, which is roughly about INR50, INRR55 crores. And last year one quarter was exceptionally weak quarter. So, there we will have about INR20, INR25 crores just refilling of the quarter revenue. So, like on the base we should take a INR1000 crores or surface about INR1050, INR1070 crores and 10% growth over there. What would be your thought?
- Pankaj Jain:** The overall number we are saying that okay, looking at things, okay, looking at the market scenario, overall number we see that okay, we will see a double-digit growth.
- Giriraj Daga:** Okay, okay, sure. Thank you.
- Moderator:** Thank you. The next question is from the line of Siddharth Purohit from InvesQ Investment Advisors Private Limited. Please go ahead.
- Siddharth Purohit:** Yes. Hi, sir. A lot of my question has been answered and just two clarifications. The 15% target that you are right now expecting is mostly volume-led, right?
- Pankaj Jain:** It's a mix of volume and price-led.
- Siddharth Purohit:** Okay. And so, when I check the standalone versus consolidated margins, like margins, so, it seems that the acquired company has margins of close to 16.5% this quarter. So, was there something one-off over there for, say, a kind of, you know, probably new normal for that entity...
- Pankaj Jain:** What numbers were at 16%, you said?
- Siddharth Purohit:** If I calculate the EBITDA margin separately versus consolidated and standalone and calculate it separately, then the acquired company's EBITDA margins should be something close to 16.5% to 17%.
- Pankaj Jain:** Okay, go ahead.
- Siddharth Purohit:** So, is it that 16% to 17% for that entity will be the new normal or there is potential for that to come back to our level of margins at parent level?
- Pankaj Jain:** So, when we acquired, we felt that, okay, both the margins could be at similar levels and currently also this year, okay, it was close to around 18% or 19%, not 16%.

Siddharth Purohit: Okay. I'll cross-check it, sir. Thanks.

Moderator: Thank you. We will take that as the last question. I would now like to hand the conference over to Mr. Hemant Jain 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 for any clarification or feedback. Thank you all and once again wishes for good festive season. Thank you so much.

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

Hemant Jain: Okay, thank you.