

June 05, 2024

The Manager  
The Department of Corporate Services  
BSE Limited  
P. J. Towers,  
Dalal Street, Mumbai - 400 001  
**Scrip Code - 540775**

The Manager  
The Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East), Mumbai - 400 051  
**Symbol - KHADIM**

Dear Sir / Madam,

**Ref: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")**

**Sub: Outcome of Investor Meet**

This is with reference to Investor Meet held on Wednesday, May 29, 2024.

Pursuant to the provisions of Regulation 30 of the Listing Regulations, we enclose herewith the concall transcript of the said Meeting w.r.t. Audited Standalone and Consolidated Financial Results of the Company for the quarter and financial year ended March 31, 2024.

Kindly take the same on record.

Thanking You,

Yours faithfully,

For **Khadim India Limited**

**ABHIJIT DAN**  
Digitally signed by  
ABHIJIT DAN  
Date: 2024.06.05  
16:27:36 +05'30'

**Company Secretary & Head- Legal**  
ICSI Membership No. A21358

Encl: As above





“Khadim India Limited  
Q4 & FY '24 Earnings Conference Call”  
May 29, 2024



**MANAGEMENT: MR. RITTICK ROY BURMAN – WHOLE-TIME  
DIRECTOR – KHADIM INDIA LIMITED  
MR. INDRAJIT CHAUDHURI– CHIEF FINANCIAL  
OFFICER – KHADIM INDIA LIMITED**

**MODERATOR: MR. SUMEET KHAITAN – ORIENT CAPITAL**

**Moderator:** Ladies and gentlemen, good day and welcome to Q4 and FY '24 Earnings Conference Call of Khadim India Limited, hosted by Orient Capital. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sumeet Khaitan from Orient Capital. Thank you, and over to you, sir.

**Sumeet Khaitan:** Thank you, Aditya. Good evening, everyone. Welcome to the conference call for Khadim India Limited. Today, from the management, we have Mr. Rittick Roy Burman, Whole-Time Director; and Mr. Indrajit Chaudhuri, CFO.

Before we start the call, I would like to give a small disclaimer that this conference call may contain certain forward-looking statements, which are based on beliefs, opinions and expectations of the company as on date. Actual results may differ materially. A detailed safe harbour statement has also been published on the company's investor presentation, which was uploaded on the Stock Exchange today. I hope everyone had a chance to go through the results and presentation before this call.

I would now like to hand over the call to the management for their opening remarks. Over to you, sir.

**Rittick Roy Burman:** Yes. Thank you. Good evening, everyone. On behalf of Khadim India Limited, it is my pleasure to welcome you all to this conference call to discuss the Q4 and FY '24 results. We appreciate your time and interest in our company's performance. I hope that everyone had an opportunity to go through the financial results and investor presentation, which have been uploaded on the stock exchange.

The global economic environment has been challenging with inflationary pressures and changes in consumer spending behaviour impacting our sales this quarter. Additionally, demand continues to remain weak in Q4. Despite these challenges, we managed to maintain our margins, which stood at 46.2% for the quarter, an increase of 180 basis points and 45.4% for the full year, an improvement of 350 basis points year-over-year.

Looking ahead, we expect our margins to improve with the softening of key raw material prices. Retail sales contributed 61% in Q4FY24 and 65% for the full fiscal year. During the year, we added 94 stores bringing our total count to 868 stores in FY '24. Breaking it down by model, our COO store count stands at 223 stores, while the franchisee model had 645 stores.

Our Distribution business contributed 35% to revenues in Q4 and 31% for the whole FY '24. Our distribution network includes 753 distributors with an addition of 81 distributors this year. The east zone remains particularly strong with 482 distributors. Our retail and distribution business are present in 27 states and 5 Union territories as of FY '24.

We are closely monitoring the market situation regarding BIS regulations on various footwear categories. And our demerger process is on track, and we are awaiting approvals from regulatory bodies. We are confident in our long-term strategy to return to growth and deliver value to our shareholders. We believe in the strength of our brand, the loyalty of our customers and the potential for growth in the footwear market.

Now moving on to Q4 and FY '24 financial highlights. Firstly, quarterly performance. On quarterly performance, revenue from operations, Q4 FY '24 stood at ₹ 143.6 crores as against ₹ 159.2 crores same period last year, down by 9.8% year-on-year. Gross margin for the quarter stood at 46.2%, up by 180 basis points year-on-year as higher contribution from retail led to favourable product mix.

The EBITDA for the quarter stood at ₹ 16.8 crores, registering a growth of 2.6% year-on-year. Operating EBITDA margin for the quarter stood at 11.7%, up by 140 basis points year-on-year. The net profit for the quarter stood at ₹ 1.05 crores, down by 75.5% year-on-year. PAT margins were 0.7%, down by 200 basis points year-on-year.

Now on to the FY '24 financial highlights. Revenues for operations for FY '24 stood at ₹ 614.9 crores as against ₹ 660.3 crores in FY '23, a decrease of 6.9% year-on-year. Gross margin for FY '24 stood at 45.4%, up by 350 basis points year-on-year. EBITDA for FY '24 stood at ₹ 71 crores as against ₹ 72.5 crores in FY '23, a degrowth of 2.1% year-on-year. EBITDA margins for FY '24 stood at 11.5%, up by 50 basis points year-on-year.

Profit after tax was at ₹ 6.3 crores for FY '24 versus ₹ 17.5 crores in FY '23, a decrease of 63.9% year-on-year. PAT margins for FY '24 stood at 1%, down by 170 basis points year-on-year. We appreciate your ongoing support and confidence that our proactive approach will yield positive results in the coming quarters.

With this, I conclude my speech and open the forum for questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Deep Shankar from Trust Line PMS.

**Deep Shankar:** Congratulations for good retail performance. So firstly, my side, so how do we see footwear demand improving for FY '25 on the background of this BIS implementation? We have seen many of the footwear peers also reported a drop in revenue growth. So how do we see demand improving in FY '25?

**Indrajit Chaudhuri:** In regard to demand in retail, it is muted, still, there are 2-3 reasons for that. One is the macroeconomic conditions, other is that we are basically in the eastern part of the country, where in the month of April, the continuous period of heat wave going on, which has really restricted the footfall in the stores. Second, there is a month long process of votes going on throughout the country, which has also hindered the sales. So basically, there is muted demand in the market for the retail sector.

- Deep Shankar:** Okay. Okay. So do we expect the flattish kind of run rate to continue in FY '25 also, even for industry?
- Indrajit Chaudhuri:** I think after the election is over, I think some amount of demand will come back that is expected. And also in the festive season, the demand comes. But during the year after this lull period a long time, I think the macroeconomic condition for footwear will improve and some demand will come back.
- Deep Shankar:** Okay. So have we taken any price hike during the quarter?
- Indrajit Chaudhuri:** We have not taken any price hike because, since the demand is muted, again, taking a price hike may also impact the volume. So, we have kept the price -- I mean, we have changed some products -- new product has come in AW -- when the festive thing with the new price range. But basically all the older products, which are running products, we have not taken a price hike seeing the lull in the demand and the volume degrowth. So we have kept the price for the running products intact.
- Deep Shankar:** Okay. So what is the kind of number we have seen in COCO and franchisee stores in retail?
- Indrajit Chaudhuri:** For which period?
- Deep Shankar:** For the last quarter, Q4?
- Indrajit Chaudhuri:** In the fourth quarter. So, we have around ₹ 93 crores sales in the franchise / retail and around ₹ 50 crores in distribution.
- Deep Shankar:** Okay. And this drop in Distribution business seems very high. So, have we consciously reduced any product categories or we have concentrated any region specific to improve margins?
- Indrajit Chaudhuri:** Yes, in distribution I think last year -- from last year, we have -- the sale has reduced around ₹ 30 crores in Distribution. This is a genuine call taken by us to reduce our receivables also. But this year, I think the product category also changed. We have introduced new products and in the Distribution that product is in demand. So, I think this year, we will be able to do a sale of what we have done in FY '23. And I think this loss of Distribution will drastically come down.
- Moderator:** Our next question is from the line of Abhishek from Alpha Invesco.
- Abhishek:** We have seen good performance in retail division, and also the bounce back and Distribution margins. Sir, my question is regarding sports and athleisure. So how has -- so are we to understand that there is a 18-20% contribution from the segment? So can you talk more on this how -- build up in Q4? And what are the new designs you are introducing, or the SKUs or anything on casual wear also.
- Rittick Roy Burman:** Yes. So sports and athleisure remains to be a good contributor. I mean, like the ladies sports shoes category has also done very, very well. The boy's sports shoe has also done very, very

well if we compare on a year-on-year basis. So we are trying -- we are launching a lot of designs in every kind of business.

Sport shoes also has a different kind of price points, right? Some like below ₹ 1,000, some like ₹ 1,000 to ₹ 1,499, then from ₹ 1,499 to ₹ 2,000. So, there are lots of price brackets. So, we are keeping products in each of these price brackets so that none of the athleisure and sports consumers are going away from us.

Also, we are very shortly going to launch the athleisure wear, I mean the garment athletic wear type of product, gym wear, etc., under our sub-brand Pro, so that also should give us some addition in sales. So, this is how we are working on our sports shoes brand. Like I said, ladies sports shoes, boy sport shoes. Then sport shoes stores are doing well only from last year onwards. But after launching good designs in ladies and boys, girls and kids also, those are also doing pretty well. So, we are focusing on sports shoes in that way.

**Abhishek:** Understood, Sir. Can you say how much will be contributed from athleisure wear in FY '25? What type of business are we looking at?

**Indrajit Chaudhuri:** We are mainly launching the garments athleisure. We are launching in some of our top COCO and in the franchisee. It is a test case study, we will do.

**Rittick Roy Burman:** It's too early to comment how much percentage will that be of the sales, but we have kept the prices very attractive in the athleisure wear category. So, we hope that people will like it. We have shown our franchisees also and most of them look very energetic, after seeing that we are coming into some clothes also. So, that way we are optimistic, but it's too early to comment that how much percentage will that be out of the total turnover.

**Indrajit Chaudhuri:** Because our stores size are not very high store size. So, where we have space, we can utilize. So we are implementing, I think, on 20 COCO outlets and around 20 franchisee at the initial stage. Then if it clicks, then we will go and spread it more.

**Abhishek:** Specifically on -- You've already decided to roll out. In Q1, we've already started to roll out.

**Indrajit Chaudhuri:** It will be rolled out in July. We are ready with the products. It will be implemented in July, Q2 onwards.

**Abhishek:** Okay. Okay. And what are some of the price range for this?

**Indrajit Chaudhuri:** It's a very lucrative price around ₹ 500 to ₹ 750.

**Rittick Roy Burman:** ₹ 500 to ₹ 750, yes. T-shirts, Polo T-shirts, all these things.

**Abhishek:** Understood. Recently we've seen that we've been renovating a lot of stores and a lot of new stores opening also. So, what sort of volume growth do we see in FY '25, or any SSG matrix you can provide going forward for FY '25?

- Indrajit Chaudhuri:** We will be opening around 25 COCO and around 70 Franchisees. So, we expect in our value terms, around 6% to 7% growth from this expansion.
- Abhishek:** And anything on the margin side for FY '25?
- Indrajit Chaudhuri:** Margin will be more or less same because we're not taking any price hikes. We want to increase the volume. So that's why we are keeping -- in some new products, as we launch it within generally in the same margin range.
- Abhishek:** Understood. What was your ASPs for FY '24?
- Indrajit Chaudhuri:** ASP for retail, it's around ₹ 539.
- Abhishek:** Okay. So that's higher than FY '23?
- Indrajit Chaudhuri:** ₹ 528 was FY '23 and FY '24 it's ₹ 539.
- Abhishek:** Understood. Even in a lull market, we've grown by ASP. Sir, any updates on the demerger side? Should we expect a completion of demerger in the financial year?
- Indrajit Chaudhuri:** We have received approval from the BSE & NSE and now the matter is presently pending with NCLT. So, another 3 to 4 months it will take to get the demerger order.
- Abhishek:** Okay. And complete a listing of demerged entity?
- Indrajit Chaudhuri:** Yes.
- Abhishek:** In 3 months?
- Indrajit Chaudhuri:** 3 to 4 months, depending on the NCLT order.
- Moderator:** Our next question is from the line of Chirag Shah from White Pine Investment Management, Private Limited.
- Chirag Shah:** Sir, first, a very basic question, BIS has been implemented, right?
- Indrajit Chaudhuri:** Yes.
- Chirag Shah:** And now that we are into 4-5 months of implementation, I presume the excess inventory, which was people had hoarded on in November, December would have been consumed at industry level. Is it the right assumption to look or there is still inventory lying in the system? Because that could have also affected our performance in Q4, so, April, May how it has been for?
- Indrajit Chaudhuri:** No. BIS inventory, there has been time given to liquidate the stock also. So, most of the stocks have been sold. Some stocks are there. That is also we are trying to sell it out and discounts are given in the EOSS season.

- Chirag Shah:** Okay. So, you were saying even April, May, the issue of inventory -- pre-BIS inventory was there in the system. And I presume when you say you refer to your performance, it would be similar for the industry also?
- Indrajit Chaudhuri:** Because you cannot -- in -- within 3 to 4 months, you cannot liquidate all the stock that we are holding in the month of December.
- Rittick Roy Burman:** They have given a timeline. Before that time, whatever stock you have that you don't need to worry about that, but whatever is being produced after that time, there, you have to implement the BIS. And for some small and medium -- small micro industry they have given further extension, for some more time.
- Chirag Shah:** Okay. So in your best assessment by when this BIS inventory issue, pre-BIS inventory to get out of the system? What is your best assessment or best estimate about that, another 2-3 months, another 1-2 months, or it could take longer?
- Indrajit Chaudhuri:** Because what happened that some inventory that are not sold get stuck. So ....
- Chirag Shah:** That's -- that's kind of dead stock -- I'm not even referring to that. So, in general, you are saying that stocking, which was done before the BIS, because there was good amount of imports also which has happened. So, that all has been kind of now getting addressed in last 5 months. That is a fair way to look at it?
- Indrajit Chaudhuri:** Yes, yes. But they have also now -- see, they have implemented the BIS in a mixed way because what product they implemented for micro and small, there is no BIS regulation right now, for a year. So, that when it comes, again, there will be some stock which will be pre-BIS. So that, again, will be liquidated when they come within the orbit.
- Rittick Roy Burman:** I mean -- we are continuing to produce because we are almost ready with whatever the BIS parameters were, and we are making products already. So, we are continuing making the products in BIS standards only. However, there has been an extension for a year for the smaller factories. So, there shouldn't be a problem for some time.
- Chirag Shah:** Sir, that is ₹ 5 crores, right? That's small and micro classification is up to ₹ 5 crores of annual revenue?
- Rittick Roy Burman:** Yes, yes.
- Chirag Shah:** Okay. So that was one. So, second, we -- if -- you were very focused on increasing the share of Pro/premium products. If I recollect the memory, it would be around -- it was around 20% for our last year. So, where is that percentage would have gone up this time in the last 1 year?
- Rittick Roy Burman:** For Pro or what -- or both?
- Chirag Shah:** Pro as well as overall whatever you classify as premium in terms of pricing because the pricing ladder starts from very, very low and entry level, right? So, whatever you internally classify apart from Pro as premium?



**Rittick Roy Burman:** So, when the whole sport shoes category comes, it would be around 10% to 12% of our total contribution. But under the Pro brand, there are other things also, there's sport shoes, then there is some these -- what do we call that, floaters are also there. So, Pro as a brand would be 17% to 20% but Sport shoes would be around this 10% to 12%. And like I said previously also, ladies' sports shoe have grown very handsomely, boys -- kids sports shoes and boys sports shoes have also done very well.

So -- and premium price points are also doing better than the -- like I said in previous calls and some other places also that premium price points are doing much better than below ₹ 1,000 price points at the moment, like above ₹ 1,400 whatever products we have compared to last year, there has been growth in all the products above ₹ 1,000, above ₹ 1400, with ₹ 2,000 to ₹ 2,499, we have British Walker shoes, leather premium shoes that has also seen a very handsome growth for us.

**Indrajit Chaudhuri:** The sub-brands last year was around 57% and this year, it is around 59%.

**Chirag Shah:** Sub-brand, which was around 59%, and that would be largely because of the -- sir, that is percentage. I was more focused on growth. So, these premium brands would have grown by about 5%-7% for you? Or it could be lower?

**Rittick Roy Burman:** Figure like this ₹ 2,500 to ₹ 2,999, it's a bit hard to comment on exactly how much percentage we have grown, but the turnover is almost like ₹ 2,500 to ₹ 2,999 the products that we sell, which would mainly constitute the British Walker leather shoes and some sports shoes are also high end.

That turnover has become almost double from what it was last year. Last year, we didn't have any in this high price range. So, that turnover has almost become double. And then ₹ 1,500 to ₹ 1,999, which constitutes a lot of ladies premium type of sandals, chappals then there is -- there are some formal shoes also. That has also gone up 8% to 9% that has gone up.

But what needs to be kept in mind the lower price points have gone down more, they have gone down quite a bit. So we have to tackle both these.

**Indrajit Chaudhuri:** Last year, we had sold around ₹ 228 crores. This year, we have sold sub-brands around ₹ 230 crores. But since the retail sale has gone down and it is mainly in the Khadim category. So overall, the sales impact has not come in total. However, the higher price point increase more compared to the degrowth that has happened in the lower price point.

**Chirag Shah:** This is helpful. And sir, are you internally rethinking the strategy of the lower end? And I know your earlier strategy was to focus on volumes also which is required. But if you take a slightly longer period because this same period has been very long in general, and it appears at every level or some levels there is premiumization.

Is there a thought to or cut down the entry points and focus more on so-called premiumization? Because if entry point is not bringing in profitability or maybe making some losses at current

level or higher losses than the average performance, doesn't it make sense for you to focus your energy in trying to premiumize yourself?

**Indrajit Chaudhuri:** No. Here, I said they are not making any losses, but growth in the lower segment is not coming because what has happened when we took the price hike, we have taken price hike in the lower point also. So that has decreased the volume compared to the other -- when we used to sell more volume. So what we are thinking maybe in this -- I mean, the lower segment, we may a little bit cut down the prices and bring back the volume so that the overall sales of the company increases. Sub-brand, we keep like that really come out with new designs with the higher ASP and the higher margins.

But in the lower segment where we used to get to higher volume to get back the volume, we may -- we do some -- that is a strategy that is not finalized, but we may take some strategy in the lower price point, because we have in the Tier 3, Tier 4 and in the -- we have our franchisee who also -- because they're also dependent on the Khadim brand on the lower segment. So, for them to survive also, we have to think in different ways.

**Moderator:** Our next question is from the line of Uday Kumar from SMIFS.

**Uday Kumar:** Sir, just a follow-up on premiumization. Your share on the premium shoes is around 6%. So, any plan to increase the share overall? And how we are going to -- how we are seeing this going forward?

**Indrajit Chaudhuri:** Can you come back once more?

**Uday Kumar:** Sir, our premium brand share is around 6% right now. So, are we planning to increase the share? What are -- how are you planning to increase this share? And how are we going about this in the future?

**Indrajit Chaudhuri:** Premiumization?

**Rittick Roy Burman:** Premiumization share is not 6%.

**Indrajit Chaudhuri:** Premiumization -- we sell sub-brands of around 59%.

**Uday Kumar:** Premium, it's -- The retails to its footwear market segmentation in your slide, it's around 6% over ₹ 3,000.

**Indrajit Chaudhuri:** Okay. So see, we have sub-brands in British Walkers. We have around ₹ 3,000 -- more than ₹ 3,000. Yes, in some stores, we will bring up some prices more, but mainly our main sale comes from Tier 3, Tier 2, where we sell less than ₹ 1,000 also. So, we have to focus on that also. Maybe in the COCO, where we are in the urban city, we will come up with higher prices sub-brands.

**Uday Kumar:** That the athleisure one which you are opening right now will be for the mass market, not for the premium one?

- Indrajit Chaudhuri:** Which one?
- Uday Kumar:** Athleisure.
- Indrajit Chaudhuri:** Athleisure is for the shops in the urban market and the shops, which have the capacity to hold that athleisure product, we have a space only in that stores we would keep athleisure.
- Uday Kumar:** And then just a margin thing in it -- any margin guidance for the athleisure, will it be higher or be the same for that athleisure?
- Indrajit Chaudhuri:** No, we are -- the margin will be lower than what we have in the footwear but we have kept this as a test case. If it will perform well, then we'll decide on the better margin.
- Moderator:** Our next question is from the line of Anshul Saigal from Saigal Capital.
- Anshul Saigal:** I noticed that our COCO has been going down and franchise has been going up over the last few years as a proportion of sales. Does this mean that there is going to be if this trend continues, there is going to be upside to margins going forward? As also there will be an improvement in working capital as we move ahead?
- Indrajit Chaudhuri:** No, we sell around, in gross numbers, the COCO sales around ₹ 300 crores average and in franchisee, we sell around ₹ 200 crores. So, we opened around 70 franchisees and we will open around 25 COCOs. So the ratio would be around -- the 60:40 ratio will continue.
- Anshul Saigal:** So the ratio won't change. It will remain in the 60:40 going forward. Even though in the last few years, if I see your presentation, we were at 61%, that are COCO and that's come down to 56% today.
- Indrajit Chaudhuri:** 56% because this year, the COCO has not grown because we have -- the number of stores opened in COCO is less compared to the franchisees. But in years to come, it will be in the range of 60:40.
- Anshul Saigal:** Okay. And what would be the impact on margins and also working capital as a result?
- Indrajit Chaudhuri:** No, margin will remain the same what we have, maybe some basis points here and there. And the working capital will bring in at the same level what is -- I mean, we'll definitely try to reduce the inventory days and the debtors days. But it will be because the ratio remains the same. So, working capital also remains the same.
- Anshul Saigal:** Okay. In your opening comments, you said that because the last few years, there has been weak demand. This year, you anticipate sometime in the middle of the year for demand to pick up. Is that simply seasonal? Or there is something that is changing on the ground which you anticipate will give a rise in demand?
- Indrajit Chaudhuri:** The demand is there when the festive comes, both we have seen in FY '23, also, in this festive time, the demand come back. But what has happened is that -- I mean during the non-festive time, the demand is not there. But in the last 2 months, we have seen a lull in the retail

segment. So, if the election is over and with the money flowing back in the system, I see the demand coming back, that is the assumption of the entire footwear industry.

**Anshul Saigal:** Right. If you take a slightly longer-term view of 3 to 5 years, our retail business, I think, is about ₹ 500 crores today. Where do you see a retail business being in, 3 to 6 years from now?

**Indrajit Chaudhuri:** We have an annual growth plan of around 12%- 15% in the retail segment. And we are having an EBITDA margin of around 16% to 17%. So with the growth coming back in the retail, we expect to be around ₹ 650 crores to ₹ 700 crores in retail and EBITDA margin of around 17% to 18%.

**Anshul Saigal:** Which is on next 3 years is what you are suggesting?

**Indrajit Chaudhuri:** Yes.

**Anshul Saigal:** Or even earlier?

**Indrajit Chaudhuri:** As we were earlier.

**Anshul Saigal:** Okay. And -- the gross margin expansion in the current year, has that been largely due to the mix change, you know what you were just, what you were just suggesting?

**Indrajit Chaudhuri:** Some ASP growth also.

**Anshul Saigal:** Some ASP growth in the premium products is what you have said?

**Indrajit Chaudhuri:** Yes.

**Anshul Saigal:** Okay. And my final question, you said that you may look to reduce the prices of the lower end products to bring in volume. Is there -- so what that indicates is that there is demand in the market at the right price and our prices are slightly higher than that -- that balance, which is why demand is not coming in. Is that a fair assessment?

**Indrajit Chaudhuri:** That is the assumption because in the price point, what I am referring, there are lots of un-organized players also. So maybe some part of the demand has gone to the un-organized sector because with the COVID generally people in the lower segment and the middle segment has changed their footwear from the -- from organized to unorganized due to price. So, that may be an impact and we are seeing, the demand in the -- our franchisee and in the Tier 3 and Tier 4 cities has gone down drastically.

So in order to protect their sales also, we may think we are not in this plan, but we are thinking -- we are taking their market research. We are going to the consumer and having a feedback from them. Based on that, let the data come, then we will take a decision on the price point of the lower segment because that is a good amount of pie in our total sales.

**Anshul Saigal:** How much did that be just for our assessment?

**Indrajit Chaudhuri:** Within ₹ 500 crores, we are having around 25% of the sales.

- Anshul Saigal:** Okay, and despite this, given that our target is to reach a 16%-17% EBITDA margin in the next 3 years, despite this price decline, you expect that this year, we will see a margin uplift?
- Rittick Roy Burman:** Definitely in the sales improves because you see our -- with the degrowth in sales, our EBITDA margin has increased from 11% to 11.5% in the company level. So, definitely, with the sales growth coming, we'll definitely improve the margin by 100 basis points.
- Moderator:** Our next question is from the line of Chirag Shah from White Pine Investment Management Private Limited.
- Chirag Shah:** Sir, sticking back to the premiumization trend. So, you indicated you are seeing growth -- now I had a slightly different question. If you do a geographical split of the growth, is it coming across the country or it is coming from certain regions? And if you can just highlight which region you're seeing higher growth because -- yes, that is the question. Then I'll come to the next part.
- Indrajit Chaudhuri:** The growth is generally predominantly throughout the zone. But since our main base is in the eastern part of the country, so the bulk growth is coming from the East only.
- Chirag Shah:** Okay. So the revenue mix would be similar, right? You did not say only East is seeing growth in the premium portfolio and other parts of the country, South or -- where it's -- you are not able to grow your premium portfolio that aggressively?
- Rittick Roy Burman:** That's not an issue. Premium is the same everywhere. East is not premium-wise, also it's growing in other areas. East sales is comparatively much better. It's not degrown that much. It's almost similar actually, East sales.
- Chirag Shah:** And the second question was, you were looking to deploy the capital raised, in refurbishing the stores. So, if you can highlight where are we in that journey? And how are you looking to deploy over how many years or how much time frame?
- Indrajit Chaudhuri:** This is mainly we will refurbish the store and also for the expansion that has been taken. And mainly the store, we have planned for the next 2 years to open stores in the Eastern part, so that the profitability comes within the year. And also we're refurbishing some of the store, we have taken out where the EBITDA of the store is high and where the renovation is not done for 7 or more years. We are doing the refurbishing in that stores only, so that the revenue can be improved fast.
- Chirag Shah:** Okay. And you have identified how many stores require this kind of -- require this refurbishing?
- Indrajit Chaudhuri:** Around 22 stores will be refurbished this year.
- Chirag Shah:** In the overall scheme of things, it would be like a count 100 stores, that will require refurbishing or only 50-60 stores that require refurbishing?

- Indrajit Chaudhuri:** No. Refurbishing around -- because during the COVID time, we have not refurbished. So out of say 300 stores that require -- because the other stores which require partial renovation also. So I think around 60-70 require full renovation, 30 require partial. So, out of the 70 we are renovating 22 this year.
- Chirag Shah:** And on the expansion side, what you indicated 25 COCOs, that is where the capital is being deployed, right? That is how we should look at it?
- Indrajit Chaudhuri:** Yes, yes.
- Chirag Shah:** Okay. And generally, would it be right to assume that once you refurbish the store, 3 months down the line, we start seeing the results? Is it a fair assumption, assuming demand is stable?
- Indrajit Chaudhuri:** Yes, yes.
- Chirag Shah:** And this refurbishment will take about 2-3 months or it will take a bit longer, given some of them are 6-7 years old.
- Indrajit Chaudhuri:** We have done -- we are refurbishing also, we have planned quarterly -- so you will see in first quarter, we'll do around 8 refurbishings and see what is the impact of the refurbishing. Then again, we'll go for another 8. So we will -- during the -- out of 22, for the first 2 quarters, we'll do 16. And then we'll check how it's doing, then we'll go for the next 6.
- Chirag Shah:** Okay. This is helpful. So hopefully, by -- in second half onwards, all the tailwinds start playing out for you, right, from demand and the benefits of refurbishing. So, that is how one should look at FY '25, would it be fair, is that it?
- Indrajit Chaudhuri:** Yes, yes.
- Moderator:** Ladies and gentlemen, due to time constraint, that was the last question for the day. And I hand over to management for closing comments.
- Rittick Roy Burman:** Yes. So, I thank all the investors for joining our con-call. We are really working hard to give our offerings once the demand scenario improves, we are getting ready with all the things that are necessary. And hopefully, will bring good growth numbers in the coming times. Thank you.
- Moderator:** Thank you on behalf of Khadim India Limited that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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