

November 15, 2025

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 Tuesday, November 11, 2025.

Pursuant to the provisions of Regulation 30 of the Listing Regulations, we enclose herewith the concall transcript of the said Meeting w.r.t. Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and half year ended September 30, 2025.

Kindly take the same on record.

Thanking You,

Yours faithfully,

For Khadim India Limited

ABHIJIT
DAN

Digitally signed by
ABHIJIT DAN
Date: 2025.11.15
15:05:55 +05'30'

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

Encl: As above



“Khadim India Limited
Q2 & H1 FY '26 Earnings Conference Call”
November 11, 2025



MANAGEMENT: **MR. RITTICK ROY BURMAN – MANAGING DIRECTOR –
KHADIM INDIA LIMITED**
**MR. INDRAJIT CHAUDHURI – GROUP CHIEF
FINANCIAL OFFICER – KHADIM INDIA LIMITED**

MODERATOR: **MR. OMKAR BAGWE – MUFG INTIME**

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 and H1 FY '26 Earnings Conference Call of Khadim India Limited hosted by MUFG Intime. 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. Omkar Bagwe from MUFG Intime. Thank you, and over to you, sir.

Omkar Bagwe: Thank you. Good evening, everyone, and welcome to the Q2 and H1 FY '26 Earnings Conference Call of Khadim India Limited. Today to discuss the results, we have with us from the management: Mr. Rittick Roy Burman, the Managing Director; and Mr. Indrajit Chaudhuri, the Group CFO. They will take you through the results and business performance, after which we can begin the question-and-answer session.

Before we begin the conference, I would like to mention that this conference contains certain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. The actual results may differ materially. These statements are not guarantee of the future performance of the company and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to the management.

Rittick Roy Burman: Yes. Thank you. Hi. Good evening, everyone. On behalf of Khadim India Limited, I am pleased to welcome you all to today's conference call, where we will be discussing our Q2 and H1 FY '26 results. We sincerely appreciate your time and continued interest in the company's performance, and we hope you have reviewed the financial results and investor presentation available on the Stock Exchanges.

The second quarter of FY '26 witnessed a continuation of mixed demand trends across markets. While consumer sentiment remained cautious in certain regions due to persistent inflationary pressures, early signs of recovery were visible in urban and semi-urban areas aided by improving footfalls. Despite these dynamics, we continue to execute our strategic priorities with discipline, focusing on product innovation, brand building and strengthening our retail network.

During the quarter, the company also implemented GST successfully across its network, ensuring a smooth transition with the benefits effectively passed on to the consumer. Our partnership with Skechers announced earlier is progressing well. The initial phase of integration has been encouraging with strong consumer response across the select pilot stores. The association is expanding our reach into the premium and lifestyle footwear segment, complementing our existing portfolio.

The Athleisure range launched in the previous quarter has also gained healthy traction, supported by the growing consumer preference for style. We are now scaling up the product line, and expanding its availability across key stores. And both our sub-brands, British Walkers and

Sharon continued their steady performance during the quarter. British Walkers maintained its growth momentum in the men's formal and semiformal segments, while Sharon continued to build strong connect with women customers through its refreshed product range and sharper in-store presentations. We are also seeing encouraging results from localized marketing initiatives and improved visual merchandising in our stores.

As we approach the festive season, which started early this year, our focus remains on maximizing the opportunities through enhanced product availability, marketing activations and franchisee engagement. We have strengthened retail preparedness by optimizing inventory and refreshing store layouts to further elevate the consumer experience.

Now let me take you through the financial performance for the quarter and the half year ended 30th September 2025. For Q2 FY '26, revenue from operations stood at INR1,016 million. Gross profit was INR478.7 million, translating to a gross margin of 47.1%. EBITDA came in at INR137.9 million, reflecting an EBITDA margin of 13.6%, while profit after tax stood at INR16.8 million with a PAT margin of 1.7%.

For H1 FY '26 revenue from operations stood at INR1,973 million with a gross profit of INR935 million and a gross margin of 47.4%. EBITDA for the first half was INR261.2 million, delivering an EBITDA margin of 13.2% and profit after tax stood at INR25.4 million, resulting in a PAT margin of 1.3%.

At the end of the quarter, our retail footprint stood at 893 stores comprising 210 company-owned outlets and 683 franchise-operated outlets. Sales through e-commerce channels are doing decently, and we remain confident in our strategy of building a balanced and scalable retail network while deepening brand relevance across consumer segments. Our focus continues to be on driving profitable growth through product innovation, disciplined cost management and sharper execution across channels.

With this, I conclude my remarks, and would be happy to take any questions.

- Moderator:** The first question comes from the line of Arnav Sakhuja from Ambit Capital.
- Arnav Sakhuja:** So is there any update on the listing of our distribution subsidiary, KSR Footwear Limited?
- Indrajit Chaudhuri:** It is very near to listing, maybe early next week, it will be listed. We are very close to the listing thing.
- Arnav Sakhuja:** Okay. So you said by early next week it will be listed.
- Indrajit Chaudhuri:** Yes.
- Arnav Sakhuja:** Okay, sure. And just coming to my next question. So we connected some channel checks which indicated that the discount that we offered in Q1 fell in Q2, but yet in our numbers, we haven't seen the gross margins improve quarter-on-quarter. So now that the GST cut has been implemented, can we expect some gross margin improvement in the second half?

- Indrajit Chaudhuri:** Yes. Because the GST was implemented in the last 9, 10 days of this quarter. So this year -- this quarter, we'll have the full quarter of the GST thing. Yes, we expect a margin improvement from the first and second quarter in third quarter.
- Arnav Sakhuja:** Any other specific reason as to why the gross margins didn't improve quarter-on-quarter?
- Indrajit Chaudhuri:** Mainly, we have given discount in July, August also. In September, we have pulled out the discount in the Eastern region. But in other regions, the discount continued because of the low muted demand. So that's why the margin remains same. But in the third quarter, it will definitely improve.
- Arnav Sakhuja:** And since the GST cut has been implemented, are we seeing better footfalls in the stores?
- Indrajit Chaudhuri:** Till now, I mean, during the Puja time, there was footfall. But after Puja in the Eastern part of the country, we have not seen the better footfall in the Diwali times and all here. But however, during this -- this month is the season of marriage, we expect the footfall to grow in this month from 15th November to 15th December. And after that, there is a winter season coming up. And there also, we expect a good footfall.
- And also, the prices has been reduced. We have already -- from last year, we have started this price reduction. In GST also, we have reduced the prices. So now the price reduction is more or less complete. Now we expect that footfall will rise in the lower category market. We have seen, as Rittick has told, premium brand is growing both in British Walkers and Sharon, but impact is coming in the mid segment. But with the GST cut down, we expect that there will be a growth in this region also.
- Moderator:** The next question comes from the line of Deepan Sankara Narayanan from TrustLine Holdings.
- Deepan S. Narayanan:** So firstly, the price cuts happened at mother brand Khadim is also one of the key reasons for drop in gross margins year-on-year?
- Indrajit Chaudhuri:** Yes. There was a drop in the prices of Khadim mother brand. So that has reduced the prices. But with the GST improvement, we expect that it will be better in the third quarter.
- Deepan S. Narayanan:** Okay. Okay. And how has been the performance of COCO and franchisee stores for Q2?
- Indrajit Chaudhuri:** Q2, more or less the sale if compared to last year, the sales has come down. both in COCO and franchisee. So last year second quarter, we have done around INR109 crores compared to INR101 crores this year. So there is a challenge.
- There was also store closure during this last year, around 30 COCO, the loss-making COCOs has been closed. So that has also impacted the lower sales in this quarter. But if you compare the Puja to Puja, we are almost at par with our last year Puja sales.
- Rittick Roy Burman:** Yes. We are almost at par in spite there was a - week before the Puja for 2, 3 days, there was almost like a flood-like situation also in our city in Calcutta. So water and all have little bit entered our shops also, some of the shops, not all. So there was a scene like that also this time

when Puja. But due to our expansion and our product innovation and everything, if we compare Puja to Puja, our sales have been almost similar to last year.

Deepan S. Narayanan: Okay. And so what happens for this KSR listing? Now I heard that it's coming next week. But what has been the key reason for such a long delay, right? So we are not seeing any of the companies putting such a delay in demerger. So any specific reason why this kind of delay has happened?

Indrajit Chaudhuri: No, firstly, the delay in the last - con call, I have already told that there was a shift of this authorized capital from Khadim India to KSR. So that took time from the ROC and also from the Ministry of Corporate Affairs. So that took around 2 to 3 months' time for that transfer. Otherwise, there was an expenditure in relation to the increase of authorized capital in KSR.

And after that, then it took time from the NSE and BSE coming up with some queries. So hope all the queries has been met. And we have also published in the newspaper. Early next week, we will be able to get the listing done in both the stock exchanges.

Moderator: The next question comes from the line of Devanshu Bansal from Emkay Global.

Devanshu Bansal: Sir, from a macro perspective, government has sort of reduced GST significantly, at least for our category, for footwear, which is under INR2,500 has been moved to 5%. So over a medium term, how do you see this step as in was this price - because in earlier calls, you have always mentioned that there is a lot of stress on the consumer and prices, etc. But now with all this GST reduction, how do you see the consumer demand evolving.

We have reported almost 7%, 8% revenue decline in H1. How do you see maybe things for H2 and then going beyond FY '26? So just from this metric itself from GST perspective, how should the industry trends sort of evolve for you?

Indrajit Chaudhuri: See, this is a very welcome move from the government because in this segment, there was a lot of pressure due to GST on the pricing. It has been - it is a welcome move. And we expect that this will enhance both our retail business and also in our distribution business because previously, when the GST was implemented, the rate was 5% for around 3 to 4 years.

And that time, the demand -- there was no problem in the demand in relation to the product in the lower segment. But after this GST implementation after the COVID, we have seen that after this 12%, the demand in this 1,000 category has declined for not only us but for the entire industry.

So hopefully, after this GST cut down and with the increase up to INR2,500, we have also passed on the benefit and also we have reduced the prices. We'll definitely see some growth because this will give a lot of price competitiveness in the retail industry.

And we hope that the demand comes back and the volume takes up. So that is the challenge. The wedding season is coming soon, and we will definitely see some growth in this segment.

Devanshu Bansal: Sir, 2 follow-ups. One, you mentioned that when GST was 5%, you mentioned that growth was pretty impressive. So if you could just highlight what were the growth trends that we were seeing in that period of time?

And secondly, from a price competitiveness, you indicated that things have improved. So are you talking about your price comparison with, say, players who were not paying GST and they were sort of benefiting from that? So as in do you expect that there will be accelerated shift from unorganized towards players like us? So if you could just throw some light there?

Indrajit Chaudhuri: Yes. During 2017 to -- before COVID, there was a growth of -- in the retail industry of 7% to 8% we have already seen in those years. After that, COVID came in and then this into January 2022, the GST rate was increased. And from there, the demand in the lower segment has gone down.

Definitely, with the GST coming to 5% and till INR2,500, we expect that there will be demand coming back because in a lot of sectors, the demand was muted. So hopefully, means once this quarter pass, we'll have a clear picture on the demand thing. And also in regard to your -- we have also -- from the last year, we are trying to reduce the prices to make our product competitive in the market.

Yes, now since the GST is 5%, so there will be definitely the bridge between the unorganized and organized will be lower, and we can see better demand in both the -- in retail market and also in the distribution market.

Devanshu Bansal: Fair enough, sir. And secondly, on the balance sheet side, I wanted to understand. So as of September '25, I see that overall inventory plus receivable combined is about INR340-odd crores for us, right? And from a sales perspective, when we see broadly, I guess, on an annualized run rate of H1 FY '26, it's about INR400-odd crores.

So this is a fairly long inventory and receivable cycle that we have, right? So why is it so high because this is not the case with other retailers. And secondly, what are the steps that we are taking to sort of optimize this? So yes.

Indrajit Chaudhuri: See in the debtors, we have also our institutional debtors of around INR32 crores to INR35 crores, so which is in -- there is no sale of institute because we have stopped sale. So that debtors is included here, which is not a part of the sale compared to you.

And also, definitely, the stock level and debtors level is high because as you have seen in the first 2 quarters, we have reduced the stock by giving discount and flushing out the obsolete stock. Now the stock level has come down.

Yes, the debtors level is high. They are -- we are also trying to reduce the debtors because their sale is also -- the demand is -- secondary sale in the franchise is also less. So they are unable to make the payment within the time frame and within the days. Definitely, there also, we are taking control so that we can reduce the debtors. So, this year -- so, the working capital cycle is high.

We are taking measures to reduce the working capital cycle to the extent possible. Already in stock, we have done. Now we are taking serious steps in the debtors also.

Devanshu Bansal: Sir, stock, etc., you said that you have given discounts and all, right? So primary billing can happen. But if the secondary growth is not happening, then franchisees will not make fresh purchases. So, I wanted to check as in what is the growth difference between primary and secondary. Obviously, you have liquidated the stock, but that stock...

Indrajit Chaudhuri: No, no, we have stock -- we have liquidated the stock in our own COCO and also forced the franchisee to give discount so that their stocks are also liquidated. And we are now depending on their secondary sale, we are making the primary sales. For that reason also, you can see that the sales for -- in the primary has come down from the last year. So we are also taking into consideration their stock also so that their stocks are liquidated, they can repay us. So the primary.

Devanshu Bansal: Yes. What is the level that you would ideally desire it to be, right, in terms of days, how much inventory should be there, how much receivable days should be there for your business...

Indrajit Chaudhuri: See, in case of retail, around 90 days stock days should be there. And in case of franchisee, they should also have 90 to 120 days because from ours to theirs take some time of 15 to 20 days of reaching to their depot...

Devanshu Bansal: So -- and in terms of credit period as in to your vendors, typically, how much leeway do you get?

Indrajit Chaudhuri: Around 90 days.

Devanshu Bansal: From your vendors also, you get 90 days of credit period?

Indrajit Chaudhuri: Yes.

Rittick Roy Burman: 60 to 90 days.

Devanshu Bansal: This is on COGS or sales? This is on COGS or sales you're saying-- 90 days of COGS?

Indrajit Chaudhuri: This is on sales. No, no, this is on sales.

Devanshu Bansal: So you're saying your inventory -- your working capital cycle is ideally 0 then?

Indrajit Chaudhuri: No, we have stock and debtors also.

Devanshu Bansal: So you're saying -- okay. So you're saying 90 days on overall revenue, not on COCO revenue. Overall revenue you are saying inventory should be 90 days.

Indrajit Chaudhuri: This is 90 days stock, 90 days debtors and 90 days creditors. So overall, my working capital cycle is 90 days.

- Devanshu Bansal:** Okay. Okay. And sir, lastly, because 7%, 8% growth is -- would -- what's your sense is? Does the -- isn't it very conservative because the prices itself have reduced by 7%, 8%. And if you were growing at 7%, 8%, then this pricing reduction should actually add on to the underlying growth trend, right? So, the 7%, 8% seems to be very low if you're sort of indicating for a -- say...
- Indrajit Chaudhuri:** See for the last 3 years, 3.5 years, we are landing up in negative growth. So now taking up growth of 15%, is I think it is not possible. But however, if it is -- this is a retail industry, if the customer comes, if the sales happen, then it will happen. We are estimating that whatever growth we were used to do when the GST was 5%, that I have told you.
- Devanshu Bansal:** Okay. And sir, anything -- any comments on competitive landscape in the area of operations that you operate? Is it -- can you give us some confidence around market share protection or maybe whatever insights you have? Because obviously, if 2, 3 years of decline -- basically, the industry must not have seen such kind of a decline, right? So, any comments there?
- Rittick Roy Burman:** Yes. I'm coming in on that. So basically, we have been taking a lot of steps from before also. So past many years, we were seeing volume degrowth and such sort of problems. So then first, we took a price cut in our mother brand Khadims. So what happened after that is we saw a good amount of what you call that market share regainment in the below INR500 price range of products. We saw a decent amount of growth in that. I would say double-digit growth below INR 500, okay?
- And then comes the premium -- the question of premium products, which I mentioned in my opening comments also, both British Walker and Sharon, these 2 brands, they are also doing very well. British Walker is growing in double digits. And our Sharon, which is a premium ladies open footwear brand, that is also growing in double-digit ranges. We have tied up with Skechers also.
- So whatever steps we had taken, we are seeing growth in that. But yes, what Indrajit-da was saying that the mid-price point from, say, INR500 to INR1,000, INR1,500, there the products - the demand of products has been a little -- you can't really put a number. It's not what we want it to be. So now that the GST has reduced, many of these products like INR500 to INR1,000 or INR1,000 to INR1,500 because the GST has reduced, we'll be able to give a lot of different types of products, which previously used to be at a higher MRP. Consumers used to find it very expensive.
- So now we expect that once we start giving products in this range, INR500 to INR1,500, we will be able to arrest the big degrowth that is happening in this price point. I already told you INR0 to INR499, we took action. We have seen growth. Above this British Walker and Sharon, we have seen growth. Then in British Walker brand, if I talk, we have launched very good shoes at INR3,000 and above. The pricing is INR3,000 above. It goes up to INR5,000.
- It's various type of shoes, wide fit shoes are there. Then there are shoes with what we call that crushed leather shoes, which have a very premium antique -- not antique, like it has got a premium classy look, which you can wear at a party or a wedding. So there are lots of collections

like this, which we never used to have before, this crushed leather collection or the wide fit range which we used to have in British Walker always, but we have increased the lines. And we aim to increase more designs in this British Walker, also in Sharon, we used to operate with a certain number of lines, 50, 60 lines.

Sharon has got like the California construction comfort in it, then the lightweight EVA soles are there. So here, we would like to increase the number from 50, 60 to a higher number. So we hope that -- we are hopeful that these things are done, we should get a decent growth. So that's it.

Devanshu Bansal: Fair enough. Sir, I wanted to sort of ask a couple of follow-ups here. One, as you mentioned that less than INR500 and above INR1,500 are still giving you double-digit growth and the major pain point is INR500 - to INR1,500, right? So firstly, if you could provide the revenue mix for all these 3 price segments for you as of now? This is number one.

And secondly, at INR500 to INR1,500, which is the peer that is doing very well in your area of operation. So if you could just help me better understand -- that would help me better understand the market.

Indrajit Chaudhuri: I think this will provide you -- give a mail to us. We'll provide you these details. Okay?

Devanshu Bansal: Okay. And on the peers, sir, and which players are doing well in this INR500 to 1,500 brackets?

Rittick Roy Burman: See peers, we cannot comment. But all I can say is that with the GST cut and with our own product innovation from INR500 to INR1,500, which is ongoing right now, I think we would be pretty much competitive. And we would be providing a lot of value to consumers, and they should buy from us.

Because for a very long time, we were not there in the below INR500 range, and we have given -- and we have seen certain effects of that. So similar effects should be able to be seen from INR500 to INR1,500 as well because we are doing a lot of product engineering and product innovation in it. So we should be able to see some improvement in that as well.

Devanshu Bansal: Fair enough. And sir, over a medium term. This is the last question. Yes, last question.

Moderator: Mr. Devanshu, please rejoin the queue. You may ask your follow up later on. Thank you.

Devanshu Bansal: Okay. Yes.

Moderator: The next question comes from the line of Nachiket Kale, an Individual Investor.

Nachiket Kale: Rittick, you were just mentioning about the British Walkers. I believe I saw the new range of products. And of course, they have a very premium look and feel and pricing has also been on the higher side. So as to the way I see it, our ASP is usually around INR800, INR900. And we have launched these products in the INR4,000 to INR6,000 price range, which I must say they look really good.

So, what's the strategy on this premium product line going forward because British Walkers definitely is driving the premiumization. So where do we see this brand going forward, say, over the medium term?

Rittick Roy Burman:

Yes. So thanks, Nachiket. We are really hopeful with our British Walker brand. And we have seen double-digit volume growth in British Walkers in -- if we compare against last year, this brand. And British Walker is a brand where you get shoes starting from INR2,000 to -- it goes up to even INR6,000, INR7,000 now. So previously, we were more populative in INR2,000 to, say, INR4,000 range -- not even INR4,000, you can say INR2,000 to INR2,999 range.

Then what happened is since this year, we have started launching very premium shoes at INR2,999 and above. So we have shoes at INR2,999. We have shoes at INR3,599. We have shoes at INR3,799. We have certain shoes at INR4,999, and we have launched certain products at INR6,999, INR5,499. So these are -- all these products are very appealing, if I can say, appealing. And the handcrafted leather shoes, which I'm talking about, they are very appealing. You would want to wear it for any wedding or a party season, and we are seeing a good traction.

We personally track it on a daily basis how many pairs of that is getting sold in this crushed leather shoes. Then the wide fit ranges, which you have seen, which starts from INR2,999 goes up till INR5,499, INR6,999, they also are seeing a lot of likability by the customers. And there also, we are seeing a good growth. And we are quite confident that this trend will continue. And hence, we will continue to launch newer designs in this British Walker category.

We want to build this brand by creating zones within our stores itself so that it gets a separate sort of a highlight. We are already doing a lot of visual merchandising and stuff for it, but we want separate zones where this British Walker could be highlighted even further. So we believe that if this brand being so expensive also, they are growing at double digit. We want to keep this endeavor alive, and we have a lot of hopes for it in the medium term and also the long term as well.

And same is the story with -- we have another brand called Sharon in Ladies, where also we operate from the price point of INR1,000 to INR1,499, but now we want to launch more products in INR1,499 to INR2,000 as well with premium soles, premium comfort, that should also give us a good growth as this brand is also growing in double digit.

Nachiket Kale:

Okay. Yes, especially the wide fit range in British Walkers, the level of comfort they give at that price range is unmatched in majority of the superior brands also. So this -- we are really looking forward to get these -- see these products more in the Western and Southern markets as well. I have one more question, more to do with the balance sheet side. How do we anticipate inventory levels and debt in the second half of the FY '26?

Indrajit Chaudhuri:

In inventory level will also -- we are trying to reduce our inventory to the extent possible. Already, we have reduced the inventory compared to the March.

Nachiket Kale:

Yes, there's an encouraging trend there.

- Indrajit Chaudhuri:** So by March '26, furthermore reduction in inventory will be done. We are very much taking care in our outsourcing thing so that then there is no overbuy. And also, we are taking care of this inventory, so that the right inventory is there in the right place, but there is no overburden of inventory. So that our -- this discount sales comes down in the next year.
- Nachiket Kale:** Right...Debt?
- Indrajit Chaudhuri:** Debt? Debt is around INR120 crores.
- Nachiket Kale:** So we will close the year at a similar level or...
- Indrajit Chaudhuri:** No, actually we'll close nearly less than INR115 crores like last year.
- Nachiket Kale:** Understood. Looking forward to the listing of the subsidiary as well.
- Moderator:** The next question comes from the line of Dhiraj Shah from RJ Financial Services.
- Dheeraj Shah:** Yes. So, I just have two questions. Firstly, the e-commerce contributed roughly 1.3% in the Q1. So, what was the e-commerce contribution in the second quarter and expected channel mix over the next 12 months? And perhaps any tie-ups or marketplace initiatives that you might have planned?
- Indrajit Chaudhuri:** In the second quarter, it has improved. It is around 4% -- and what was your next question?
- Rittick Roy Burman:** A tie-up. We have done -- we have not done a tie-up, but we have started working with one of these -- one agency, which has a good knowledge about this e-commerce operations. So, we hope that after tying up with this agency, we will be able to run our e-commerce operation more smoothly.
- Dheeraj Shah:** Okay. All right.
- Rittick Roy Burman:** This agency is specialist in doing e-commerce for different brands, okay? They do the e-commerce activity for different brands. So, we thought that such a partner would help us to grow our e-commerce business. So, we have just taken them, and we should see the fruits of it soon.
- Dheeraj Shah:** Okay. Understood. Understood. And secondly, our retail store count rose to somewhat 893 stores. I think it's up by 37 stores in H1. So what is the planned store addition for the second half and split between company-owned and franchisee models, if you could throw some light on that?
- Indrajit Chaudhuri:** No, in terms of COCO, we'll open less COCO. We are now opening more or less TFM and FRM sort of franchisee operated, but we have our own stock. And also, we are trying to open EBOs also. But we are taking strict decision in regard to closure of COCO if it is nonperforming. Means, if it's a loss making COCO, we are taking the steps to close it down.
- Moderator:** The next question comes from the line of Ankit Shah, an Individual Investor.
- Ankit Shah:** Yes. I just wanted to understand that since in the new GST regime already 2 weeks have surpassed. So what has been the trend so far in terms of your COCO sales because that you did

the secondary and tertiary data immediately. So just wanted to understand that part versus the same period last year?

Indrajit Chaudhuri: But we have seen more or less same level of sales in the month of October, but during this wedding season, we are expecting that there should be a growth compared to last year.

Ankit Shah: Okay. So post the Durga Puja and post the new GST rates last, whatever, 40, 45 days, you're seeing that sales have been more or less similar versus last year?

Indrajit Chaudhuri: Yes.

Rittick Roy Burman: Yes, we have shut a lot of shops also. That's also one of the things.

Ankit Shah: Because of that flood?

Rittick Roy Burman: Because of that also, we have shut loss-making stores, many. So because of that, maybe the sales are same, not growing. But if we hadn't shut the loss-making stores, some growth might have been there. But again, we have taken a very conscious call that deep loss-making stores, we will not keep.

Instead, we are focusing on a lot on an expansion through franchisee and TFM, where if you -- in TFM, we are seeing a good growth also in the sales. It's taking some time to make up for the lost sales of the shut stores, but there's a lot of focus from the company's side to do the expansions so that we can make up for the lost sales and grow also.

Ankit Shah: And in terms of margin, like say, I think last quarter, we did more like 47%, 48% overall on retail. So from this quarter onwards, what is the trend that you are looking at from a gross margin perspective? And also a lot of your old inventory you have sort of discounted in the earlier quarters. So now I'm assuming that both with the GST plus the new inventory, what would be the like gross margins?

Indrajit Chaudhuri: It will be higher compared to the last 2 quarters. But exactly the percentage, we cannot...

Ankit Shah: Like will it go back to 53%, 55%, which is what you were at least.

Indrajit Chaudhuri: At an extent because already we have reduced prices after the GST implement, we were reducing from last year. And also, during the GST thing, we have also reduced our MRP. So taken together, we're sitting at 50% , 51%, not more than that.

Ankit Shah: In the third quarter, you're saying?

Indrajit Chaudhuri: Third quarter and fourth quarter

Rittick Burman: See, if you aim for too much of -- what I'm trying to say is that the volume growths are also there, okay, in the lower price points. We need to take that also into consideration. Then there is a previous for so many years, we were degrowing in volume at a large amount. But now in spite of closing so many stores, our degrowth and all have -- we are almost like-to-like in Puja, okay, even after shutting so many shops.

So that way, if you say gross margin definitely will increase to 50%, 52%. But then for a while, our brand had a problem of volume growth. So we have sort of arrested that because of this gross margin.

Ankit Shah: But that was also an industry-level problem, I think, because even Bata has been facing similar issues.

Rittick Roy Burman: Yes.

Ankit Shah: Some of the other distribution players are also facing volume growth issues. But I'm saying like with GST, what will happen is the same product, which was earlier available at, say, INR1,000 is now available for INR850, INR880. So of course, your elasticity of demand is there. So your demand volume growth should come directly because of just the GST cut itself, even if you were -- even if you don't reduce the prices further, the volume growth should come to...

Indrajit Chaudhuri: See, value-wise, gross margin will increase. But percentage-wise, gross margin, I don't think we will go back to 53%, 54% right now. But obviously, it will be better than the second quarter and first quarter.

Ankit Shah: And on the distribution business, since it's getting listed next week, so what are the numbers? Because, of course, in the last 2 quarters, we have not seen what the distribution business has done?

Indrajit Chaudhuri: With distribution business, where we have taken some strict calls regarding to working capital on this -- and we are really able to do good in that sense. Distribution business has clocked a turnover of around INR100 crores. So this year, we are expecting from the next financial year, the distribution business will also be a profitable business.

Ankit Shah: No, you're saying INR100 crores is what we have done in the first 2 quarters.

Indrajit Chaudhuri: Exactly. In spite of all the restrictions that we have imposed and all the cost curtailment that we have done in distribution.

Ankit Shah: Which was what your run rate was 2 years -- I mean, 1.5, 2 years back, you were doing INR200 crores?

Indrajit Chaudhuri: Around INR220 crores, INR230 crores.

Ankit Shah: So you've gone -- what you're saying is despite all the inventory, debtors, policies that you had changed, despite that and you had made it more strict. So despite that, the growth has happened versus last year?

Indrajit Chaudhuri: No, last year and this year, more or less same.

Ankit Shah: Same. Okay. But then you will be at least break even this year or no?

Indrajit Chaudhuri: Sir, we'll try to make a breakeven. Let's see.

Moderator: Thank you. In the interest of time, this was the last question for today's conference call. I now hand the conference over to Mr. Omkar Bagwe from MUFG Intime for closing comments. Over to you, sir.

Omkar Bagwe: Yes. Thank you for joining us on the call today. I would like to thank the management for sparing the time and answering all the queries. We are MUFG Intime, Investor Relations Advisors for Khadim India Limited. For any queries, please feel free to contact us. Thank you, everyone, and have a great day.

Indrajit Chaudhuri: Thank you.

Rittick Burman: Thank you.

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

Disclaimer: The Company has tried its best to prepare the exact word-to-word transcript of the proceedings of the Earnings' call. However, this may not be the exact replication of the same.