May 22, 2023

The Manager
Corporate Relationship Department
BSE Limited
Floor 25, Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001

BSE Scrip Code- 533267

Fax No.: 022-2272 3121/1278/1557/3354

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

NSE Scrip Symbol: CANTABIL and Series: EQ

Fax No.: 022-26598237/38

<u>Sub: Transcript of Earnings Conference Call for the quarter and year ended March 31, 2023</u>

Dear Sir/Ma'am,

With reference to captioned subject, we hereby enclose the transcript of Investors call regarding Q4 & FY 23 results which was hosted by the company on May 16, 2023 at 4:00 P.M.

This is for your information and further dissemination.

Thanking You,
Yours Sincerely,

For Cantabil Retail India Limited

POONAM
CHAHAL

Digitally signed by POONAM CHAHAL
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Poonam Chahal
Company Secretary & Compliance Officer
FCS No. 9872
Encl: as above

“Cantabil Retail India LimitedQ4 FY23 Earnings Conference Call”

May 16, 2023

MANAGEMENT: MR. VIJAY BANSAL – CHAIRMAN AND MANAGING DIRECTOR, CANTABIL RETAIL INDIA LIMITED
MR. DEEPAK BANSAL –WHOLE-TIME DIRECTOR, CANTABIL RETAIL INDIA LIMITED
MR. BASANT GOYAL- WHOLE-TIME DIRECTOR, CANTABIL RETAIL INDIA LIMITED
MR. SHIVENDRA NIGAM – CHIEF FINANCIAL OFFICER, CANTABIL RETAIL INDIA LIMITED
MS. POONAM CHAHAL – HEAD (LEGAL) &COMPANY SECRETARY, CANTABIL RETAIL INDIA LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Cantabil Retail India LimitedQ4 FY23maiden 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 the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Smit Shah from Adfactors. Thank you and over to you, sir.

Smit Shah: Good evening everyone. This is Smit Shah from AdfactorsPR. We represent Investors Relations for Cantabil Retail India Limited.

On behalf of Cantabil Retail India, I welcome you all to our maiden Earnings Conference Call for Q4 and FY23. We will have a brief opening remark from the management followed by a question-and-answer session.

Please note that certain statement made during this call may be forward looking in nature, such forward looking statements are subject to certain risks and uncertaintiesthat could cause our actual results or projections to differ materially from those statements. The Companywillnot be in a way responsible for any actions taken based on such statements and undertake no obligationto publicly update this forward-looking statement.

I would now like to hand over the call to Mr. Vijay Bansal – Chairman and Managing Director, for his opening remarks. Over to you, sir.

Vijay Bansal: Hello to everyone, on behalf of Cantabil Retail India Limited, I welcome and thank you all to the Earnings Conference Call of Quarter 4 and FY22-23 of the Company.

Joining me on this call Mr. Deepak Bansal – Whole-Time director, Mr. Basant Goyal – Whole-Time Director, Mr. Shivendra Nigam – Chief Financial Officer, Mrs. Poonam Chahal – Company Secretary.

We have uploaded the "Results Release and our Investor Presentation"on the stock exchange and our Company's website and I hope that everyone had the opportunity to look at our Results.

Our Companyhas achieved a milestone and we have crossed Rs. 500 crores markfor the first time and that increased the EBITDA and PAT in FY23.

This is the first concall of Cantabil, so I want to tell you in little detail. Cantabil was established in 1989 and in 2000 we launched the Cantabil brandand opened its first showroom in Rajouri Garden, Delhi and after that we opened in Karol Bagh, Connaught Place, South Extension**.** After opening 5 showroomslike this way, the idea came that we should develop this brand as chain of stores and we started opening showrooms. Then in 2013 we came with the IPO and there was a recession in the market immediately after IPO and many of the competitive brands were closed. This way we struggled for the last 3 years, but our intensions were strong, we enhanced our product quality, reduced the discount, concentrated on visuals so that we can give our customers a world class shopping experience. Gradually things started to improveand now we are growing with a CARG growth of 23%.

Today the Company has 453 showrooms in 19 states and 220 cities. Today Cantabilis a mid-premium segment brand which has a huge market in India. We are providingpremium quality products to our customers at a competitive price. Today we are making men's wear, ladies wear, kid's wear in which we have a product range like formal wear, casual wear, T-shirt, denim, woolen, jacket and suit and for accessories we have a quite big range liketie, belt, socks, hanky, undergarment, deo, perfume, towel, leggings andflip-flops which has a good acceptance in the market. This way Cantabil has become a lifestyle brand. Cantabilhas its own state-of-the-art unit in Bahadurgarh in Delhi NCR**,** it has a capacity of 1.5 lakhs piece per month, from this we make suit, blazer, formal pant, formal shirt and casual pant. 1,400 workerwork here.As of today we have 4000 workers working in our company.

Today our rating from ICRA is A-, we have ERP from Microsoft, we have internal auditors from Grant Thorntonand Suresh Gupta& Associates is ourstatutory auditors.

The Company has been paying dividendfor the last 3 yearsand today the Company is almost debt-free.All the showrooms that are being opened today are from internal accruals only and in future also whatever will be done, will be done through internal accruals only**.** And in next 3 years with 25% CAGR growthwe aim to do sales worth of Rs. 1,000+ crores. Today we have a strong team network which is capable of taking the Companymore forward.

Now I am handing over the call to Mr. Deepak Bansal.

Deepak Bansal: Thank youVijay sir. Good evening and a warm welcome to everyone presenton the call. It is my pleasure to share with you the remarkable growth we have experienced over the past few years.

Our store count on 31st March 2022, was 378. We have opened 69new stores in the last financial year and now our store count stands at 447 as on 31st March 2023.Out of which 70% are Company stores and 30% are franchise stores. We planto open 6 to 7 new stores every month. As purchasing power has evolved tremendously in this Tier-2 and 3 towns in the last few years, so majority of our new stores will be coming inthese towns. All new expansion will be done through internal accruals.

Currently we have20%storesworking in Tier-1 town, 40% in Tier-2 towns and 40% in Tier-3 towns.

The total retail area under operation is around 5.25 lakhs. Our average size per store is 1,200 square feet approximately. Our e-commerce business is also growing well.

Now I will hand over it to Mr. Basant Goyal to throw some light one-commerce business.

Basant Goyal: Thank you Deepakji and good evening everyone.

We started our e-commerce operations in the year 22-23 and our net sale crossed Rs. 13.5 crores which is 2.5% of the total turnover. We see e-commerce as a growing business and we targetexponential growth this year, so we will target an overall turnover to reach around 6 to 7% of the total turnover in the financial year 23-24 and further8 to 10% in the FY24-25. We are currently listed in all the leading market places from Myntra, AJIO, Tata CLiQ, Flipkart, Amazon and Nykaa.

We have recently launched our own website and we are trying to attract more customers on our platform. We have also successfully implemented the Omnichannel system for faster deliveries and a seamless shopping experience for the customers.

I would now like to pass the call to Mr. Shivendra Nigam who will take you through the key financials of the Company. Thank you.

Shivendra Nigam: Thank you Basantji. Good evening and a warm welcome to everyone. It gives me immense pleasure to overview the Company's exceptional financial number for the Quarter and Financial Year Ended 2023.

I will start with the Quarter 4 numbers and then I will come back on FY23 as a whole.

For Quarter 4, we have been able to register Rs. 173 crores of sales as compared to Rs. 133 crores of sales for last year that is 29.90% of the growth. EBITDA Rs. 41.73 crores for Quarter 4 FY23 against Y-o-Y of Rs. 33.82 crores for FY22 that registered a growth of 33.39%. PAT Rs. 16.88 crores as compared to Rs. 8.12 croresthat is 9.77% with a growth of 107.88% in PAT.

Our EPShas got for the quarter Rs. 10.34 that is 107.63% growth Y-o-Y for Q4 FY22. Now coming to the whole financial year 23 numbers, we have been able to register tremendous sales of Rs. 552 crores against Rs. 383 crores for the last financial yearthat is 23.96% of the growth.

Now coming to EBITDA:

Rs. 163.65 crores EBITDA for the financial year 23 as compared to FY22 Rs. 110.12 crores registering a growth of 28.61% in EBITDA. Our PAT has grown to Rs. 67.24 crores as compared to Rs. 38.06 crores for FY22 that is 12.19% PAT this year with a growth of 76.67% as compared to last year. Our EPShas crossed Rs. 41.18 that is 76.66% growth as compared to last year.

Now coming to ROE and ROCE:

Our ROE for the Financial Year 23 has crossed 30% that is coming 30.38% and ROCE is 47.22%.

With this end of numbers, I will request moderator to open the floor for question-and-answer session.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. We take our first question from the line of Kapil Jagasia from Nuvama Wealth Research. Please go ahead.

Kapil Jagasia: Congratulations for great set of numbers. Sir my first question is regarding your 30% revenue growth, can you just break it up for us regarding what would be the same-store sales growth for you this quarterand also any price hike or product mix improvement on that?

Shivendra Nigam: As far as sales is concerned for the quarter as I mentioned, we have registered a Rs. 173 crores of revenue, so overall same-store sales growth is exceptional for this year and we have been able to register 13 plus percent in the same-store growth as far as total value is concerned as well as volume has also been grown from 3.5% to 3.75%, so that is the specific same-store growth and contribution in Q4 for the financial year I am just telling.

Kapil Jagasia: What would be the volume number for us?

Deepak Bansal: Volume sales for the whole year is around 50 lakhs. 50 lakhs pieces have been sold.

Kapil Jagasia: And for this particular quarterQ4 how much it would be?

Shivendra Nigam: Financial year just a number. It is for financial year

Deepak Bansal: around 45,000 pieces have been sold in this last quarter.

Kapil Jagasia: And in terms of your revenue per store for the entire year it has come to around Rs. 1.4 crores and for this particular quarter it is upwards of around Rs. 1.6 crores, so like what would be the potential going forward like would it be peak or we can see further upward movement from here like what would be your though process on this?

Deepak Bansal: Like I have mentioned the 1.40 is average revenue per store and we are targeting 5% to 6% same-store sale growth in the next financial year as well. So definitely therevenue per stores is going to increase by the same percentage.

Kapil Jagasia: And if we see from the 3 to 5 year perspective, what would be the potential here? Can we see around Rs. 1.8 crores to Rs. 2 crores revenue per store? Is that a possibility?

Deepak Bansal: Yes, we are targeting 5 to 6% same store-sale growth for every year, so if we count43 then it will 15% growth, so the 15% means around Rs.1.80 crores we can touch after 3 year per store.

Kapil Jagasia: And sir my final question would be on the operating margin we already have seen 30% post-IndASEBITDA margins, but now like in this year we opened 70 stores, going forward we are looking to open 80 stores, so what would be the impact on margins for the coming FY24 and alsobeyond what would be the margin levels that we can foresee?

Shivendra Nigam: Post-IndASmargin whatever the growth would concern, so what we are being expecting in this EBITDA margin, so chances of being taken from the 1 or 2% because mostly the cost is fixed in nature and the moment my topline will increase I will be able to generate more margin to safer side. Pre-IndASwe are targeting for 20%, post-IndAS 30% and there is the potential to increase it to 1 or 2% year-on-year basis.

Kapil Jagasia: Are we looking for some price hikes in this coming year?

Shivendra Nigam: Price hike you have asked right.

Kapil Jagasia: Yes.

Deepak Bansal: No, we are not looking for any price hikes, means price will almost be remaining same.

Moderator: Thank you. We take our next question from the line of Himanshu Nayyar from Systematix. Please go ahead.

Himanshu Nayyar: Congratulations on great set of numbers. Firstly, can you talk a bit I mean we are doing quite well on our inventory, so can you give us some more granularities there? As to how much potential do we see if any further improvement? And how do we account for the inventory? Basically,if you can give some more details on the freshness of our inventory which is there in the books currently?

Shivendra Nigam: So as far as inventory is concerned,we have our inventory of this around 140 days and net working capital is coming across 113 days, so yes for last year because of the new initiative has been taken in the business, launching of new product as well as slightly higher expectations on the sales some inventories being there. However, the overall inventory we are targeting to control in terms of inventory between 130 to 135 days and taking the working capital in between 95 to 100 days, so it will take 2, 3 more quarters to come up, but this is the target we have being taking to manage the inventory. As far as freshness is concerned, Deepakji will let you know about the store inventory volume.

Deepak Bansal: The freshness is about we have 2 collectionsin seasons like Spring-Summer and the Cold-Winter, so now Spring-Summer collection is in the stores. So the system is we use to send fresh inventories to stores around 2.5 to 3 times in a month, so every store is receiving in the same ratio 2 to 3 times and we are adding ladies and kid's wear also in the new stores, so right now we are around 46% the men's stores, 32% in men's and ladies stores, 18% are the family stores and 1% are the ladies and the kid's exclusive stores. So inventory is added in all the stores in the same manner and in the End of Season Sale, we also use to add inventory in that time also, so in the End of Season Sale also we have the good collection and the fresh collection available in the stores.

Himanshu Nayyar: Understood and the second bitif you can talk a bit on our,given that we are generating a good amount of cash so I was taking about the CAPEX plan if you can give us some color our capital allocation, apart from the store expansion that we are looking at, any other areas are we looking at in terms of CAPEX for the next 2 years in terms of strengthening our supply chain, warehousing or any of the other major areas?

Vijay Bansal: This year we are building our office within 1.5 lakh square feet, 11 story buildingCantabil House and our CAPEX worth Rs. 45 croreswill be invested there in the coming times in which around Rs. 25 crores to Rs. 30 croreswill be done this year financial year and the rest will be in the next financial year.

Himanshu Nayyar: So including the store CAPEX how much of total CAPEX should webudget, sir for the next 2 years?

Shivendra Nigam: That equation is very simple for our capital expenditure, if we are being making a store the CAPEX cost is coming in Rs. 2,000 per square feet, so the average store size as of now coming is 1,200 square feetand Rs. 2,000 per square feet is going to be invested in the CAPEX for the store, if we can take 70-80 stores we are opening for the year out of which 70-30 ratio is being there in terms of franchise store as well as Company owned stores, you can multiply very simply 50 to 55 stores are being opened for the Company and since we are opening the bigger stores now, so 25 to 30 lakhs per store you can take it for the CAPEX for the store and as Bansal sir said therefore the future planning when we are going to double and triple the business that the CAPEX for the patternwe are being investing, so that is the total CAPEX investment projections plan for next 2 years of the Company.

Moderator: Thank you. We take our next question from the line of Kunal from Dalal AndBroacha Stock Broking Limited. Please go ahead.

Kunal: Sir I just want to ask in terms of CAPEX, so as you mentioned the total CAPEX for this coming year would be Rs. 25 crores and another Rs. 25 crores for FY25 if I am not wrong?

Shivendra Nigam: Correct.

Kunal: And that would be purely for store or there is any other CAPEX which we are looking for?

Shivendra Nigam: There are 3 things being there as we told, number 1 CAPEX is going for the expansion plan which we are doing continuously then this warehousing cum office facility just Bansal sir what he has explained plus also we are enhancing the capacity in our production facility some part of that would also be there, so broadly these are the 3 CAPEX plan for the Companyfor coming 2 to 3 years.

Kunal: Sir in terms of the amount of units sold, this quarter you mentioned that is approximately 450,000 if I am not wrong?

Deepak Bansal: 45,000.

Kunal: Sir I just wanted your number of product units sold in the last quarter?

DeepakBansal: Yes, it is around 1.5 lakhs in the last quarter.

Kunal: Sir what would be the percentage of units during the year sold on EOSS,End of Season Sale?

Deepak Bansal: It is around 65% are sold in the End of the Season Sale and rest is sold in the fresh period.

Kunal: Okay, sir 65% in End of Season Sale and 35% is on full price?

Shivendra Nigam: Yes.

Kunal: Sir how long is generally our End of Season Sale for FY23 in terms of days?

Deepak Bansal: We have 2 formats. We start with the 20% discount in the fresh period and every yearwe offer buy 2 get 1. Then we gradually move to the 50% discount and later in the offer of buy 2 get 5, so in buy 2 get 1 free as a period we count as a fresh period and 50% and buy 2 get 5 period we count as the End of the Season Sale. So for the 4 months in a year the offer is running on the buy 2 get 1 free, then the 2 months we have at the 50% off and for the rest of the period we are at the buy 2 get 5, so it is 4 plus 2 plus 6 means in the 4 months we are in the buy 2 get 1, for 2 months on the 50% and for the 6 months we are on the buy 2 get 5.

Moderator: Thank you. We take our next question from the line of Rusmik Oza from Nine Rays Equity Research. Please go ahead.

Rusmik Oza: Sir I wanted to understand the per store dynamics of profitability, because A- we have averageCAPEX of Rs. 25 lakhs per store and average revenue of Rs. 1.4 crores, and in the presentation, you mentioned the breakeven is around six months to eight months, so what kind of profitability per store you get in a fiscal year? If you can just give some mechanics of this, it will be helpful?

Shivendra Nigam: So the metrics for us is very simple, whether I am taking it at a Company-level or whether I am taking asa store economics, so the 3 things we started, whatever like Rs. 1.4 crores of your sale from per store basis or on a Rs. 550 crores sale you have taken on a Company basis, my sales coming with the margins. So we have a target of keeping the 55% of the gross margin. So when we are keeping the 55% of that gross margin, then I will be able to manage that store in terms of EBITDA, Vijayjust mentioned on a 20% level, because my store cost is mainly having a renters and salaries, which is coming in the range of 30% of my retail cost. So first we have a sale, then you need deduct new GST out of that, once whatever the sale is being booked in the balance sheet, out of which 55% to 56% of the gross margin we have been earning. Then at a 30% of the retail cost would go and whatever then we left at a store level EBITDA basis, then my HO cost including depreciation and finance cost coming in the range of 8% to 9% and when you removethat, Company-level EBITDA is coming into the 20% and then I am removing by depreciation and other things, so leave the tax**,** PATpercentage will be reaching pre-IndAS approx.13%. That is the simple metrics for this one.

Rusmik Oza: Sir the second question is both FY22 and FY23 the share of men'swear has remained static at around 86%to 87%, would there be any change in this metrics going forward? Or is that the profitability here is better-off then getting too heavy in 2 other segments? Your thoughts and views on this?

Shivendra Nigam: So this is the numbers, percentage basis if you will see like today, we are having say 85% of the Men's salesand the balance is coming 9% to 10%, I am giving a range of the ladies' wear, and then it is coming to kid's wear and my accessories is giving 3%. So now the scenario is this that we have been opening because successfully model has been done, we are opening exclusive stores for ladies and kids' wear as well. We are having a 25 stores for ladies and kid's wear, so overall in absolute term, my sale is increasing for ladies wear as well as kid's wear, but when you take as an overall on a percentage basis because men'swear will also grow, so 85% would come down to say 84%, but overall the scenario in terms of total number when I am takingRs. 1,000 crore, it would be on the same parameters like 85% of men's would be at 83% to 84%, ladies share would be increased by 1% of kid's share, but overall scenario in terms of percentage would be approximately this one.

Rusmik Oza: And my last question, sir you want to increase the share of e-commerce similar to around 6, 7 or 8% going forward, is the profitability on the e-commerce, how is it compared with your EBO structure in terms of margins and absolute profitability?

BasantGoyal: Basically, this was our first year in the e-commerce base and basically we were trying to develop a team and we are trying to get entry into all the major marketplaces. But we are very clear about the fact that we want to maintain profitability in the e-commerce space as well. So this year, we were not able to achieve very good margins even though we didn't make any loss, but in the future we are very clear that we want at least 10% PAT from the e-commerce space as well.

Moderator: Thank you. We take our next question from the line of Bharat Gianani from Moneycontrol. Please go ahead.

Bharat Gianani: Sir congratulations for a very good set of numbers. Sir just two questions from my side, one is what steps are we taking to increase the same-store sales growth? So earlier in the call you said that you are targeting 5 to 6%, same-store sales growth every year. And the second point related to the same-store sales growth is that now we are targeting a slightly bigger store, as you earlier pointed out that now compared to the Company average of about 1,200 square feet store now, we are targeting to open about 2,000 square feet store, so I just wanted to understand like, first is, what the steps in general you are taking to boost the same-store sales growth? Second, given the higher store size, what steps are you taking to kind of so the SSG same-store sales growth remains constant, despite having a much bigger store size? So just wanted to ask on it?

Deepak Bansal: We have same-store sales growthwe took a number ofmeasures, first and foremost is about our KPA, that is the ticket size. We continuously focus on the average billvalue that our average billvalue should be rising in the everystore. Second is the assortmentplanning, the assortmentplanning should be the right, means, if we are coming if we are keeping the five product A, B, C, D, E, then in what quantity each category has to be placed in the store, we are always fine-tuningthe assortment planning. Third is the training and development, we have the training and development team also in-house. They provide the training and development to the front-end staff for the better numbers and incentivizing the staff is always a part of the system. So this is whatabout the same-store sales growth. And about the new stores, the bigger stores which we are doing, bigger stores we are doing of 2,000 square feet almost will be family stores. And we have recently increased all the accessories also like we are added luggage section. Then we added the perfumes andtoiletries. Sonumber of things have been added in the accessory segment, so accessory segment is also keeping a good space and we have to be give a bigger space to the accessory than the previous time. So bigger stores are somewhat a new experience, but right now 18% family stores, we have a good revenue from them. So we are increasing this 18% share of family stores. And the same-store sales growth, so the family stores also we are targeting the same numbers.

Moderator: Thank you. We will take our next question from the line of Hiten Boricha from Sequent Investments. Please go ahead.

Hiten Boricha: Sir firstly you mentioned we have sold 5 lakh pieces in FY23, what was the number in FY22?

DeepakBansal: We have sold 50 lakhs pieces, not 5 lakhs pieces, we have sold 50 lakh pieces in FY23.And we sold for some 40 lakh pieces in the FY22.

Hiten Boricha: When you say 15, one-five 15 right, sir?

Shivendra Nigam: 50 lakhsthis financial year compared to 40 lakhs last financial year.

Hiten Boricha: Sir, my question is on the CAPEX side, so when you say we are going to add 8, 9 stores per month, which is roughly around 90 stores a year, so do we have a breakup of how many stores will be Company-owned and how many will be franchised-owned? And just want to understand our franchise model, so if we are going through a franchise model, so who is spending on the CAPEX and how is the arrangement between us and the franchises? Just some color on that?

Deepak Bansal: Right now, we have 70% Company-owned stores and 30% are the franchise stores and we will be going forward with the same ratio. And for the franchise investment, there are two types of investment for the franchise, one is the security deposit against new store, which is fortotally refundable and other is the CAPEX investment only for the furniture and the fixtures. So total investment of a franchise dependent upon the size of these stores generally, ranges from the Rs. 35 lakhs to Rs. 50 lakhs and there is a fixed margin for the franchise out of which he had to incur the operating cost that is majorly the rent and the salary and miscellaneous. So, our franchiseare mostly earning well and they are happy with the Company.

Hiten Boricha: So basically what we do is maintaining and expensing everything is done by the franchisee. We only take the percentage of sales or anything like that or we also do an operation things for them? Should I repeat my question, sir?

Shivendra Nigam: The first question in terms of franchise has been answered. Any other question, because we were not been able to listen.

Hiten Boricha: Yes, sir, actually I have a follow-up question up there, so just wanted to understand when you say a franchise, so do we have an arrangement to take certain amount of sales, the percentage of sales or we also do an operating thing for that particular store?

Shivendra Nigam: So, what I got your question whether what we are selling to the franchise, is there any SOR being there, right. Am I right?

Hiten Boricha: Yes, sir.

Shivendra Nigam: So what we are selling to the franchises, all the franchises, so if you see the inventory is on all our books for all the franchises, we are not selling any of the franchiseout rightly. So that has what that might the sale is booked and debtors has been there. It is the balance sheet sale, whatever you are booking, it is over the counter sale that is the sale to the end-user. So that is why we have not been booking and whatever the real sales happened to the end user, it is being there and all the sales is being there in our GST number and all thatstocksshownin the books of account, including all the franchise stores.

Moderator: Thank you. We take the next question from the line of Kalpesh from JSN Advisory. Please go ahead.

Kalpesh: Heartiest congratulations to Cantabil team for a very strong set of numbers. Banjsalji I just had a question that probably the way we have grown in last couple of years, do you think 650 to 700 stores in next three years is an understatement? Probably we can achieve it faster than whatever we have been visualizing yet?

DeepakBansal: We have already mentioned that we will be opening around 70 to 80 stores in a year. So, we don't plan to go by bigger much faster pace, so by the next year end, we will be having around 530 stores, so again in the next year we will be adding around 80 stores, it will be coming around 610. So we will be adding around 80 stores in a year only. This is our plan.

Kalpesh: So by third year probably, we should be able to cross 700 types of levels, right, three years down the line? Three years down the line, we should be able to cross 700, right? My question is before 3 years we can cross the benchmark of 700?

DeepakBansal: No, we are targeting that only after 3 years our 700 stores can be done, before 3 years we haven't targeted and it is difficult to do 700 stores before 3 years.

Kalpesh: And, sir on the gross margin front, the way performance has been shown, do you think we have some upside possibility on the gross margin front?

ShivendraNigam: Kalpeshji, we commit safer gross margin only, this time also we have above 55%, but as the shares of e-commerce increases, we have to compromise our margins little on e-commerce,so on safer side we are targeting 55% of the margins, but yes potential is there and we will be able to do more than that. But as of now 55%, we are targeting that it should not be less than that.

Kalpesh: And my last question sir will be on your cash flow front, particularly the way we are catching up on the cash flow and with the CAPEX restricted to Rs. 25 crores, Rs. 30 crores, so there will be lot of surplus cash available in that scenario, soquestion for Bansal Ji, like would you consider a higher dividend because you are already at 74, 75% holding, do you think that possibility looks more likely in the coming years when the CAPEX will be limited to Rs. 25 crores, Rs. 30 crores and cash flow will be strong?

Vijay Bansal: Kalpeshji, as it will happen in the futurethen at that time we will think, currently what is going on according to thatbecause this timeCAPEX is required in the Company, when cash surplus happens then we will think of increasing the dividend in future.

Kalpesh: Heartiest congratulations once again.

Moderator: Thank you. We will take our next question from the line of Ashish Kumar, an Investor. Please go ahead.

Ashish Kumar: I have 1 question from debt side, today our Company is debt free and your balance sheet is showing lease liability of Rs. 286 crores? I just want to understand this.

Shivendra Nigam: See 2 things are there, you have asked the question that lease is coming in liability and against it if you have seen ROU, all of this is due to our IndAS 116**,** so let me brief what is IndAS 116, all of our shops are on rent, we have all the shops on rent, but IndAS 116 says that that is a notional adjustment, first let me give you the confidence that we don't have any loan and we have to keep our Company debt-free. This is the notional adjustment and this is the confidence I am just trying to give. So IndAS 116 says that whatever lease propertyyou have, all of those are long term lease minimum of 9 years or beyond that so they brought IndAS 116 before 3 years from 2020 in that, whatever amount you have to pay in 9 years in a way asset is created because landlord cannot ask you to vacate. When it is a long-term registered lease then you can consider it as your asset, set up that asset,whatever rent you have to pay in 9 years calculate its present value on the basis of debt rate which is 9% of market rate of the loanon that basis you set up your asset and against it whatever lease payment you have to make you set up the lease liability, so you would have seen whatever ROU would be coming against it only lease liability would also be coming and what will happen is that whatever asset is with you, depreciate it and whatever has to be given against it book the final cost,so it is one notional adjustment. Whatever my rent of Rs. 58 crores was there now it will not be seen in balance sheet and depreciation and finance cost will be high in that. So it is only a notional adjustment in to compliance with IndAS 116, we are debt-free and we are keeping the intent of everything to keep the Company debt free. This is our adjustment for IndAS 116.

Moderator: Thank you. We will take our next question from the line of Praveen Sharma from Sharma investment. Please go ahead.

Praveen Sharma: Congratulations on a good set of numbers. I just had a couple of questions. I missed out on the first half of the call due to some technical issues, so I may have missed out on some of the questions asked, so please, apologize, if I repeat it. Just the first question is, we see that Cantabil'sgross margins are among the best in the industry, so just wanted to understand how do you maintain it? And is it sustainable at this high level? That is one and the second one,your presentation states that there is an aspiration to achieve approximately Rs. 1,000 crores of turnover, so request if you could explain that in terms of time, that is how the margins would look at that time? And how many stores would be needed to reach those? And last in terms of models, which segments would be we actually presentin? For example, your EBOs, MBOs, online your website that is an e-commerce, any particular mix? This is all, I have to ask?

Shivendra Nigam: So three questions you asked. I wouldjust like to two question first, number one in terms of gross margin, so gross margin, we are having, so if you are taking straight away from the front page of the balance sheet you are finding in more, because my factory labor costs due to compliances has been included in the part of salaries and wages and slightly other manufacturing costs. So I will give you the exact gross margin. We are having a gross margin of 56% for this financial year as compared to 55% of the last financial year. This is what the gross margin we have been achieving and having a target to maintain this gross margin, number one.

Deepak Bansal: Number two, the next question which was about the number of stores in three years, so we are targeting that by the end of three years in March '26, we will be having 700 stores and we will be doing approximately Rs. 1,000 crores sales. And how we will be doing it is about retail format, soCantabilright now is only into the exclusive brand outlets. We are not going into the multi-brand outlets. And we will be carrying out the same phenomenon. We will be going through the exclusive brand outlets. We will be going through the online e-commerce business and through the same-store sales growth. So these are three formats and very slightly difference that some of our stores are the men's stores, some are the men's and ladies stores and some are the family stores. And recently we had experimented with the ladies and kid's exclusive storerooms also, but those are very few in number like 25 stores only. So we will be taking all the formats we have had. But ratiocan change a little bit like right now we have only 18% family stores and 1% of the ladies and kid's stores, so these two categories can increase. So by the mix of only the EBOs only we will be growing in the future.

Moderator: Thank you. Ladies and gentlemen, we have reached the end of the question and answersession and I would now like to hand the conference back over to Mr. Vijay Bansal for closing comments. Over to you, sir.

Vijay Bansal: Thank you, everyone for your question answers session.

Moderator: Thank you very much, sir. Ladies and gentlemen, on behalf of Cantabil Retail India Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.