

February 20, 2026

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 Monday, February 16, 2026.

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 nine months ended December 31, 2025.

Kindly take the same on record.

Thanking You,

Yours faithfully,

For **Khadim India Limited**

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

Encl: As above



**“Khadim India Limited  
Q3 and 9 Months FY '26 Earnings Conference Call”  
February 16, 2026**



**MANAGEMENT: MR. RITTICK ROY BURMAN – MANAGING DIRECTOR –  
KHADIM INDIA LIMITED**

**MR. INDRAJIT CHAUDHURI – GROUP CHIEF  
FINANCIAL OFFICER – KHADIM INDIA LIMITED**

**MODERATOR: MR. OMKAR BAGWE – MUGF INTIME INDIA PRIVATE  
LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Khadim India Limited Q3 and 9 Months FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone 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:** Yes. Thank you. Good evening, everyone, and welcome to Q3 and 9 Months FY '26 Earnings Conference Call of Khadim India Limited. 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 Mr. Rittick. Thank you, and over to you, sir.

**Rittick Roy Burman:** Thank you. Good evening, everyone. On behalf of Khadim India Limited, I welcome you all to today's conference call to discuss our Q3 and 9 months FY '26 results. We appreciate your continued engagement with the company and trust you have reviewed the financial results and investor's presentation submitted to the stock exchanges.

The third quarter of FY '26 was marked by a relatively subdued demand environment, particularly in value-driven segments amid continued pressure on discretionary spending. While urban markets demonstrated pockets of resilience during the festive period, overall consumption trends remained measured. In this backdrop, we stayed focused on disciplined execution, prudent inventory management and calibrated marketing initiatives to protect margins and sustain brand visibility.

Our partnership with Skechers continues to progress positively during the quarter. Skechers recorded a sequential doubling of sales, reflecting strong consumer acceptance and improved throughput across pilot locations. This reinforces our strategy of strengthening presence in the premium and lifestyle footwear segments while maintaining balance within our portfolio.

The athleisure portfolio continues to witness steady consumer interest, and we are selectively expanding distribution based on store-level performance metrics. Among our sub-brands, British

Walkers delivered a healthy year-on-year growth of 9.9%, led by consistent traction in the men's formal and semiformal categories.

Sharon maintained stable performance with continued emphasis on refreshed designs and improved in-store merchandising. We are also intensifying localized marketing efforts and enhancing visual merchandising standards to drive higher conversion. Operationally, we remain focused on optimizing costs and improving working capital and efficiencies.

Inventory was closely aligned with demand patterns to mitigate markdown risk, particularly during the extended festive cycle. Franchise engagement remains strong. We continue to work collaboratively to drive throughput and profitability at the store level.

Let me now take you through the financial performance for the quarter and the 9 months ended 31<sup>st</sup> December 2025. For Q3 FY '26, revenue from operations stood at INR86.2 crores registering a decline of 21.8% year-on-year. EBITDA was INR11.1 crores, down by 31% with an EBITDA margin of 12.8%. We registered a minor loss of INR0.2 crores during the quarter.

For the 9 month FY '26, revenue from operations stood at INR283.5 crores, reflecting a decline of 12.5% year-on-year. EBITDA was INR37.2 crores, down by 24.5% with an EBITDA margin of 13.1%. The decline in PAT during the period was primarily attributed to the impact of the revised Labor Code implementation and changes in recent government norms, which resulted in higher employee-related costs and compliance adjustments.

As of the end of the quarter, our retail footprint stood at 864 stores comprising 195 company-owned outlets and 669 franchise-operated outlets. E-commerce sales continued to contribute steadily and we remain committed to building a balanced omnichannel presence.

Looking ahead, we remain cautiously optimistic. Our priorities remain unchanged, driving profitable growth through sharper product duration, disciplined cost management, brand investments and continued expansion in high potential segments. We believe our diversified portfolio, strong distribution network and focused execution will position us well as demand conditions gradually improve.

I conclude my remarks and would be happy to take your questions.

**Moderator:** The first question is from the line of Rutuja from MKSD Advisors.

**Rutuja Gohil:** Am I audible?

**Moderator:** Yes.

**Rutuja Gohil:** Sir, you indicated...

**Moderator:** Ma'am, can you please be a little louder? We can't hear you.

**Indrajit Chaudhuri:** You are not audible.

- Rutuja Gohil:** Am I audible now?
- Indrajit Chaudhuri:** Yes.
- Rutuja Gohil:** Okay. Sir, you indicated double-digit growth in premium sub-brands. So what percentage of total retail revenue do these now contribute?
- Rittick Roy Burman:** Sub-brands?
- Rutuja Gohil:** Yes.
- Rittick Roy Burman:** So sub-brand would be about 60% and 40% is the mother brand Khadim's.
- Rutuja Gohil:** Okay. And what is the margin differential versus Khadim's mother brand? Can the premium become like a 20%, 25% of the mix in the next 4 years?
- Indrajit Chaudhuri:** No, the margin is slightly higher in sub-brands, 2% to 3%. But what Rittick has mentioned here is that the growth in British Walkers, out of the sub-brands, there is a growth in the British Walkers, which is a premium leather men's formal shoes. So there, we have seen growth and also in Sharon.
- Rittick Roy Burman:** Sharon also, we have seen growth.
- Indrajit Chaudhuri:** Sharon is around 10% to 15% of the total sales of the company.
- Rutuja Gohil:** Okay. Sir, like can this be like 20%, 25% of the mix in the next 3 to 4 years?
- Indrajit Chaudhuri:** Yes, we are already focusing on the premium brands. And we are giving it to the location in retail. So in order to increase these 2 premium brands, more products have been -- this year, new products have also been built on these 2 sub-brands. Hopefully, by -- as you call 3 to 4 years, these two will contribute around 20% to 25%.
- Rutuja Gohil:** Okay sir. And I last question on the Skechers partnership, can you please help us understand the revenue contribution so far and store rollout plan?
- Indrajit Chaudhuri:** It's a very pilot project we have done this year. So it's around INR1.5 crores to INR2 crores. But hopefully, in next year, we will increase and now I think it's around 20 stores.
- Rittick Roy Burman:** Yes. Right now, we are giving it to only 20 stores. So before we were giving to 10 stores, now we have increased it to 20 stores and around INR1 crores to INR2 crores of turnover is coming from it. So we are, meeting the Skechers team, we have gone for their displays and everything. So gradually, we'll increase the range as we deem it fit.
- Moderator:** The next question is from the line of Riya Malik from RMK Capital.
- Riya Malik:** Am I audible?

- Moderator:** Yes, Riya. Please proceed.
- Riya Malik:** I meant to ask that the revenue declined 21.8% year-on-year in Q3 and 12.5% in 9 months, while the gross margins are also compressed. Can you break quarter 3 performance into volume decline versus price declines versus store closures impact?
- Rittick Roy Burman:** See, what I can say about the decline is. See, I also mentioned in my opening speech that we are doing a lot of -- we are trying to make our working capital in a better situation. So especially in this quarter 3, what we did is we did skewed inventory purchase, like we didn't purchase so much of inventory. So maybe because of that, some amount of sale would have got affected because this year, the Puja festival got over in September 30 itself.
- So after that, October, November, December, we wanted to have a healthy inventory situation and even our creditors day situation because the market is also a bit subdued. So we curtailed our purchase. So because of which there was -- you can say some amount of the reduction in sales is because of that. Reduced inventory purchase and apart from that, we also closed a lot of unprofitable stores in the past 2 years. So because of that reason also, some of our sales declined. So it's a culmination of both these things.
- Indrajit Chaudhuri:** Around 7% to 8% decline is because of the store closure. And also here, as Rittick pointed out, the creditors days has come down from 131 days in September 2025 to 117 days. So we are -- by March end, we will again reduce the working capital with creditor and inventory days. So we have consciously done this.
- But however, from the next year, then after reduction of inventory, we will now fill up with the inventory that are moving and hope that the sales reduction because of inventory will not be in the next quarters. However, there is a challenging situation in the market also. So we are taking other avenues like the e-commerce format to generate more revenue.
- Riya Malik:** Okay, sir. Got it. And sir, what would be the underlying like-for-like volume growth, excluding closed COCO stores?
- Indrajit Chaudhuri:** Volume growth, I mean it is a 2% degrowth is there in volume.
- Rittick Roy Burman:** Volume, like last year, there used to be a huge volume degrowth, now it's 2%.
- Indrajit Chaudhuri:** Like-to-like store.
- Rittick Roy Burman:** Like-to-like stores. And if you take closed stores, then it would be higher. But yes, that's this thing.
- Riya Malik:** Okay. And sir, now that the GST reduction has been fully operational for a quarter, what has been the elasticity response in the INR500 to INR1,500 segment?
- Indrajit Chaudhuri:** Not much impact has come because this quarter is not a major because we have taken -- we have already -- you have seen the sales degrowth. We have taken a hit in the inventory. So I think in

the first quarter, we can -- first quarter because this quarter also in the fourth quarter also, there would be inventories less compared to the last year. So the full we can see the GST impact in the first quarter of FY '27. I mean the GST impact is there, the margin has improved, but the volume is not yet coming.

**Riya Malik:** Okay, sir. Got it. And sir, last question. Sir are you seeing any recovery in the ticket size or only footfalls? and also, is secondary growth stronger than the primary billing currently?

**Indrajit Chaudhuri:** See, our retail is a secondary sale. So whatever we are seeing degrowth in retail, we are also seeing the degrowth in our franchisee stores for which our primary is also reduced. So there is a degrowth in footfall, but hope that we cannot stop because its impact is in total market. But whatever we are doing is we are trying to increase the UPT and also try to -- not to degrow in volume.

So these 2 steps we are taking, but we are more aggressive in our e-commerce business because that is generating growth more than what we are expecting. However, in this offline channel, will open new franchisee and some new COCO in strategic location. These 2 will be the growth factor for the next year.

**Moderator:** The next question is from the line of Anupam Jain from Indira Securities.

**Anupam Jain:** Sir, your other income was higher this quarter. Can you please explain?

**Indrajit Chaudhuri:** Since we have closed some shops in this quarter, so this is mainly because of the impact of the liability written off for the Ind AS thing. So for that reason, it has increased.

**Anupam Jain:** Okay. So this won't be the sustainable number going forward?

**Indrajit Chaudhuri:** No, no. That's one-off numbers.

**Anupam Jain:** And second is, so you had a GST input tax credit of somewhere around INR23 crores in FY '25 -- ending FY '25. What is your number? Have you used that credit?

**Indrajit Chaudhuri:** During -- from April to September, the credit has been utilized now, it will be around INR13 crores, INR14 crores lying in our input tax credit.

**Anupam Jain:** INR13 crores, INR14 crores still left till now, 9 months?

**Indrajit Chaudhuri:** But since now, again, the GST has reduced, so utilization will be less compared to what it was previously.

**Anupam Jain:** What will the time period...?

**Indrajit Chaudhuri:** You need to have stock of INR100 crores, then it will be -- because that stock is GST paid stock. So the GST input will remain there. Because your input will only go down if you have zero stock, then your input will be less. But as and when you purchase, the input is high, and since in the last 3 -- last quarter, we -- our purchase is less, so our input utilization was higher.

- Anupam Jain:** Okay. Purchase was less, input utilization was higher?
- Indrajit Chaudhuri:** Because when you purchase, the input GST accumulate in your GST ledger. So if you reduce the purchase, then the input accumulation is lower and your output utilization is higher.
- Anupam Jain:** Output utilization. Okay. So when can we expect this to be set off? This whole amount would be utilized? Because this will directly, why I'm asking is this will directly help in our working capital cycle.
- Indrajit Chaudhuri:** But this will not, I mean, set off completely because you will have stock you will have INR90 crores to INR100 crores stock in your company. So that stock, we have to pay the GST and bring the stock. Everywhere, it's a GST paid stock. So input credit will remain. Until every stock is cleared, it will remain.
- Anupam Jain:** Okay. And then what is the amount that sustainably that will be in ITC credit that we will have -- that will be stuck in there?
- Indrajit Chaudhuri:** Around INR12 crores to INR13 crores because it was -- when the GST was implemented it was there that GST will this -- because previously in the VAT regime for stock transfer, you don't have to pay GST. But now for stock transfer, you have to pay GST. So GST, wherever there is a stock lying, there will be GST input lying there. This is the logic of GST.
- Anupam Jain:** Okay. And in Punjab government, what is the case update? Any update on that?
- Indrajit Chaudhuri:** It's pending in the high court, and there are 2, 3 dates already. We have our hearing done, maybe within next 2 to 3 months, some hearing output will come.
- Anupam Jain:** Okay. So your margins have declined because in the last 9 months, you have guided that you want volume growth? Not a lot of volume growth has come, but your margins have declined. Can we see this increasing in FY '27?
- Indrajit Chaudhuri:** In third quarter, the margin has improved. Again, in the next year with the premium product being sold -- the percentage is higher, the margin will definitely improve.
- Anupam Jain:** Okay. Any guidance that you want to give?
- Indrajit Chaudhuri:** Right now, means, we are fixing the new margin for our new product for the -- I think by the end of this quarter, we can guide a picture for the next financial year.
- Anupam Jain:** New product is? Your new product is?
- Indrajit Chaudhuri:** The SS26 and AW26.
- Anupam Jain:** That's it? Sorry, I didn't get it.
- Indrajit Chaudhuri:** This is the new product that we create for our spring/summer season and for our Puja.

- Anupam Jain:** Okay. And what will be your debt guidance because as you're looking to cut down your working capital. Will this also be reduced -- your debt will be also be reduced this year?
- Indrajit Chaudhuri:** This year, I mean, debt will remain because we have reduced the stock. So again, some stock we require. So it will be more or less in the INR110 crores range. Whatever we have in December, around INR114 crores, we will be having INR110 crores debt.
- Anupam Jain:** Okay. So it will be almost flat to a slight growth?
- Indrajit Chaudhuri:** Yes.
- Moderator:** The next question is from the line of Viral Jain from SMFG.
- Viral Jain:** I've got a couple of questions. So my first question was with regards to the inventory. So just wanted to know, has the inventory cleanup largely concluded?
- Indrajit Chaudhuri:** Inventory, we have reduced the inventory, as I told from inventory days of 131, it has come down to 117 days now. And by next quarter, we'll be landing up around 105 to 107 days. But after that, when we are cleaning up inventory, we are also have to build some inventory for the new product. So that will be there, but we'll be ranging in this -- within these days in inventory levels.
- Viral Jain:** Got it, sir. And my next question was with regards to the sales. So what percentage of sales in Q3 came from the promotional discounting?
- Indrajit Chaudhuri:** Around 20% to 22% in our COCO.
- Viral Jain:** Okay. 20% to 22%. Got it. And are the franchises still under the margin pressure?
- Indrajit Chaudhuri:** Franchisee margin, because of their sales reducing, they have some margin pressure. But we are trying to increase their secondary sales so that their margin pressure is sorted out. And also they are like us reducing the cost, they are also in the efforts to reduce their costs.
- Viral Jain:** Got it. And now that the franchisee share is 76% of the network. So what is the ROCE difference between the COCO and the franchise model?
- Indrajit Chaudhuri:** Can you get it back?
- Viral Jain:** So as we saw that the franchise share is up to now the 76%. So what can be the ROCE difference?
- Rittick Roy Burman:** Store count. You are talking about store count is 76%?
- Viral Jain:** Percentage of network.
- Rittick Roy Burman:** Yes. Store count. That means store count.
- Viral Jain:** Yes, yes.

- Indrajit Chaudhuri:** Store count, but in our sales, 60% comes from our COCO. So where the margin is more compared to the franchisee. Because franchisee, there are 2 types of franchisee. One is the EBO franchisee where we sell the product. Where there is also commission-based franchisee, where the stock is in our books, we give them commission where the margin is slightly lower compared to COCO and EBO.
- Viral Jain:** Got it, sir. And as we saw that the store count has been reduced from 893 stores in Q2 FY '26 to 864 stores. So what is the total number of the stores in the COCO model in FY '26?
- Indrajit Chaudhuri:** Around 195 is COCO and balance is franchisee.
- Viral Jain:** Got it. And what will be the average store level EBITDA loss of those closed stores?
- Indrajit Chaudhuri:** Store closed is around ranging from INR5 lakhs to INR25 lakhs in a year.
- Viral Jain:** EBITDA loss per year?
- Indrajit Chaudhuri:** Yes, EBITDA loss.
- Viral Jain:** Okay. And sir, my last question was with regards to the future prospects. So are we moving towards a largely asset-light model over the next 3 to 5 years?
- Indrajit Chaudhuri:** Yes. Obviously, asset-like model seems, we'll expand more through franchisee and in case of COCO, we'll only open where there is a strategic point and there is profitability.
- Moderator:** The next question is from the line of Pratik Shah from Investing Alpha.
- Pratik Shah:** Sir, my first question is, so East India remains our strongest region. So the expansions in the South and West, are they delivering better growth than the core East region? What is the comparison there?
- Indrajit Chaudhuri:** Still, East India is giving better growth than South and West. West we are not opening new store now. We are opening franchisee in East and some parts of South. So our concentration for the next 2-3 years will remain in East and South.
- Pratik Shah:** Okay. Any divergence in demand between metro city versus Tier 2 or 3 markets?
- Rittick Roy Burman:** Franchisees are doing slightly better than what we call the COCOs. So COCOs are mainly in Tier 1, metro type of markets and franchisees are in smaller markets than that. So that trend, we can say is there.
- Pratik Shah:** Okay. And another question was on the P&L side, like the 9 months of gross margins have declined to 48.2% versus 53.1% last year. So how much of this decline is structural or just temporary basis?
- Indrajit Chaudhuri:** See, the gross margin for the first 2 quarters declined because as we told, we sold lots in the ESS and continued the ESS for 6 months. And also, there was -- we have taken a price cut in the last

year. We have reduced the prices. We have also reduced prices during the GST cut. So more or less, we have seen around 20%-25% of the sales are discounted sales where the margin is impacted and also around 3% to 4% has been because of the price cut. So both these taken together has made the decline in the gross margin. However, in third quarter, the gross margin improved compared to first 2 quarters.

**Pratik Shah:** And so what will be the normalized steady-state gross margins for FY '27?

**Indrajit Chaudhuri:** I think around 49%, 50% will be the steady state of gross margin in FY '27.

**Pratik Shah:** Okay. Got it. And EBITDA margin is now about 13%, and it was 15% or more than 15% earlier years. So post pricing reset and GST benefit pass-through, what is the realistic EBITDA margin band over the -- to the coming years, like 2 years in the period?

**Indrajit Chaudhuri:** See, the EBITDA margin declined because of the decline in sales. We have tried to reduce the cost, but the reduction of sales is more compared to the reduction of costs. However, I think based on the cost structure and the sales and the margin for the next year, we can expect in FY '27 around 14% to 14.5% EBITDA.

**Pratik Shah:** Okay. And 1 last question. Can premium brands lift blended margins meaningfully?

**Indrajit Chaudhuri:** Yes, we have seen the margins in British Walkers and Sharon is higher. And if the composition of sales shifts towards the premium brand, obviously, the margin will improve.

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

**Devanshu Bansal:** You have captured what I'm going to ask in previous questions, but as our management, there has been a big demerger that has happened, right, in our company. If you could lay down your strategy for the demerged entity Khadim in terms of growth, margin, balance sheet that would be really helpful for us to appreciate and track your performance, right?

So -- but here, maybe from a 3-year, 5-year outlook perspective, as in how you are trying to expand the network in terms of products, what are your key focus areas in terms of gross margin, EBITDA margin, etc., then it will give us a better picture as in how to track your performance.

So tepid queries, clarifications, etcetera, though are really helpful, but if you could lay down from a strategic thought process perspective, how are you shaping the next 3 to 5 years for Khadim that will be really helpful? Maybe if you would like to answer now through a detailed PPT that's up to you, but I guess I thought and just make this case in this call to get a better clarity on the next 3 to 5 years.

**Indrajit Chaudhuri:** See, I can give you a brief answer to this question. As I've already told that we have already closed some 60-65 stores. So now it has reached to a level where now we are trying to fix the same number of stores. And for the last 3 years, we have seen a decline in our sales. So what we are trying to reach in FY '27 is that there is no dip in the sales.

We remain at the same sales because we have reduced the cost and we are further trying to reduce the cost. So our main objective is to keep the sales at least the volume. There is no volume degrowth. And with the price, there is an increase in the ASP, there might be some growth in our sales and we'll try to make a margin, as I've told you, our gross margin of around 49% to 50%. And we'll try for EBITDA margin of around 14% to 14.5% in FY '27.

So FY '27 will be a benchmark here where we'll caliber everything and try to improve from that part. So what have we done, we have corrected our inventory. We have taken a call on our stores. We have closed the store, which were bleeding. So we have changed our product profile. We have now implemented British Walkers, Sharon premium brands to bring in some margin. We are concentrating on e-commerce, so that some part of the lost sale comes from e-commerce.

We are trying for some institutional sales from there also generate margins. So what we have seen, if we are able to generate sales, our margin in the EBITDA level will improve and will definitely give us good results. And based on that, yes, we are preparing our budget for this year. I can give you a detailed analysis of that in future mail or I can share you our PPT. So you better give a mail to our IR consultant. We'll provide you with the detailed data.

**Devanshu Bansal:** Sure, sir. And just what I could gather is, from a top line perspective, FY '27 should be more like a INR350 crores kind of a top line with 14%, 14.5% EBITDA margin. And then what is the PAT that you are anticipating, sir, PAT margin? Should it be like 2% or how...

**Indrajit Chaudhuri:** Around 2% to 2.5%.

**Devanshu Bansal:** 2% to 2.5%. Okay. And on the balance sheet front, sir, as in, how much are you planning to invest or maybe that optimization that we have done in FY '26, would it continue in FY '27?

**Indrajit Chaudhuri:** So, we will keep the inventory we have already optimized. Now we are taking up debtors optimization. So I think some improvement in working capital will come from the debtors end. Some money has been stuck in our institutional, we will try to generate that money. Once that money come, our working capital will be sorted out and also through good sales and EBITDA margin, total efficiency of the business will be improved.

**Devanshu Bansal:** Sure, sir. And out of total stores, which are 864, you said about 200 stores are COCO and for the rest, 660 stores, there are stores where in some component, the stock is with us. So what is that number as in for how many franchisee stores, the stock is with us?

**Indrajit Chaudhuri:** Around 70 stores.

**Devanshu Bansal:** Okay. So broadly, for 70 stores ballpark, the stock is with us. For rest all, it is with franchisees, right?

**Indrajit Chaudhuri:** Yes.

**Devanshu Bansal:** Okay. Great, sir, just -- I'm sorry, I'm repeating this, but if you could lay down your next 3- to 5-year growth trend margin road map in your next PPT that would be really helpful in terms of

tracking our performance and there's a good corporate practice as well, which will be really appreciated.

**Indrajit Chaudhuri:** Okay, Devanshu.

**Moderator:** The next question is from the line of Ankit Shah, an Individual Investor.

**Ankit Shah:** Sir, you mentioned that the inventories reduced to 117 days and which you are looking to further reduce to 105 days. So in absolute amount, what would this be? And also, if you could give a similar number for the debtors also, what has been the reduction?

**Indrajit Chaudhuri:** Now the inventory is around INR123 crores compared to INR140 crores-INR145 crores previous quarters. So definitely, we'll try to reduce it to INR110 crores to INR115 crores. And in debtors, we have -- as you told, in third quarter, there is no improvement in debtors. But from the fourth quarter, we will try to reduce the debtor to the extent possible. And in FY '27, we'll try to reduce the debtors to a normalized level.

**Ankit Shah:** So within these debtors only, say, INR20 crores, INR25 crores is Punjab. The rest is all your franchises, right?

**Indrajit Chaudhuri:** Yes, it's franchise. INR32 crores is from Punjab, balance is -- once the Punjab payment comes, then debtors will reduce drastically.

**Ankit Shah:** Okay. But so basically, if I look at your current run rate, it's around, say, INR380 crores, INR400 crores of that 40% is, say, roughly, say, INR150 crores is your franchisee revenues. Okay. And so -- but -- so we are actually carrying debtors which are more than 1 year of our revenues.

**Indrajit Chaudhuri:** It is mainly because in debtors, there is institutional debtors. So that has increased where there is no sales. So what -- it's more than months, and it's more than 6 months debtors is there. So that's what the reason we have taken -- we are taking one at a time. We have done inventory. Now we are focusing on the debtors. So hopefully, debtors days we'll try to reduce it to 120 days.

**Ankit Shah:** No, how much is institutional debtors out of this INR198?

**Indrajit Chaudhuri:** It's around 35-36 crores, INR160 crores would be the franchisee debtors.

**Ankit Shah:** You are right. Franchisee revenue is INR150 crores. So you're actually carrying 1 year of debtors on franchisee.

**Indrajit Chaudhuri:** Yes. But still, we'll try to -- because we have taken the call on the primary sales. That sale has been reduced and the debtors -- the payment cycle is slow. So for that reason, we are getting less sales, but still, we are trying to improve the debtors days. Once the cycle improves, the debtors days will also improve.

- Ankit Shah:** Okay. And just 1 more question. I saw your website is completely revamped, which is a much better experience than earlier. So now what is our -- if you can help, what is the online percentage of, say, out of this like, say, current run rate, if you were to say what is the -- like how much are we doing on online. And secondly, what is the margin -- net margin after logistics and the marketplace commission? What is the margins that we make on online?
- Indrajit Chaudhuri:** See, around 3% to 4% of the sales comes from online. Online, there are 2 types of sales. One is the sale from our own website and the omni sales from the retail. So there, the margin is around 10% and whereas in the marketplace, the margin is 1% to 2%. So what we have done, we have shifted the total online operation to third party with Ekart. So we are trying to reduce the cost so that we generate more profit from the online.
- Next year, we have a target of increasing the online sales to 10%. Out of that, maximum sale will come from the khadims.com and britishwalkers.com, which is our own website. We are also in a plan of launching the sportsshoe pro.com and we are focusing on -- we are increasing our marketing costs on there so that we can generate more revenue from there and get more margin.
- Rittick Roy Burman:** Yes. We are doing a lot of focus in our own websites now, which previously we didn't do much. So we are putting a lot of focus in our own website, khadims.com and britishwalkers.com. Some other websites will also come up. So we are going to have a very deep penetration through our own websites.
- Ankit Shah:** Understood. And so Ekart is basically Flipkart, right?
- Rittick Roy Burman:** Yes, that's Flipkart, Amazon and all those places.
- Ankit Shah:** No, no Ekart is owned by Flipkart, right?
- Rittick Roy Burman:** Yes, it's owned by Flipkart, but they keep the stock for all the marketplaces.
- Ankit Shah:** So basically, our own website is managed by us, including marketing, shipping, everything and only the third-party marketplace is managed by Flipkart?
- Rittick Roy Burman:** Yes.
- Indrajit Chaudhuri:** Yes.
- Ankit Shah:** But actually see Myntra, which is the biggest fashion platform today in India. On that, we don't have any presence at all like and that is owned by Flipkart. So I don't understand.
- Rittick Roy Burman:** We have some presence on --
- Ankit Shah:** Yes.
- Rittick Roy Burman:** Yes. We have -- it's not right that we don't have any presence in Myntra. We have got some presence on Myntra. But like for online also, we are developing new products so that we can have a profitable sale from these marketplaces also. What we have seen is by selling too much

also in these platforms, what you end up doing is incurring losses. That's why we are focusing a lot on our own website. And what we are doing is we are developing exclusive lines so that we can -- which are more premium looking or like we are trying to develop lines which would be profitable in marketplaces also. So that exercise we have just started.

So once we are able to provide products in that, we hope that in these marketplaces also, we can have a meaningful profitable sale. Until then, we are giving a lot of focus on our own websites and only sales. And all our own website stocks get serviced from our stores. So the shipping cost also reduces because whatever order is coming from Bangalore will get serviced from the Bangalore stores or whatever comes from Calcutta will get serviced from the Calcutta stores. So that's sort of an ecosystem we are trying to do.

**Ankit Shah:** Yes. And look, you mentioned about West and that in West, you are defocusing. So just a thought that maybe for West, you can move completely online and whatever franchisee and stores you have, there's no point now continuing if you're anyway defocusing. So why not shut the entire West region because it will release a lot of capital also.

**Indrajit Chaudhuri:** No, see, there are some franchisees who are doing good business. They don't want to stop. But yes, we are at some states like Rajasthan, we have come out. In Gujarat, there are some good stores that we have, but that -- we don't want to stop now because they are doing -- they are profitable and EBITDA is also positive.

**Ankit Shah:** Understood. And just 1 last question on franchisee sales, whatever we are billing primary sales, whatever we are billing, what is our margin on that?

**Indrajit Chaudhuri:** We generate a margin of around 42% on the primary sales.

**Moderator:** The next question is from the line of Anupam Jain from Indira Securities.

**Anupam Jain:** Sir, you mentioned that Skechers do INR1.5 crores to INR2 crores. Is that for every month? Or was that for year?

**Indrajit Chaudhuri:** This is for this financial year.

**Anupam Jain:** Okay. That's very small. And how many athleisure inventory do you carry? Athleisure inventory because you're rolling out athleisure?

**Rittick Roy Burman:** Yes, athleisure, we have got around 40-50 designs and inventory would be around, say, like INR50 lakhs.

**Anupam Jain:** Okay. So are you planning for an aggressive rollout for this? Or -- and how many stores are in this, athleisure inventory currently?

**Rittick Roy Burman:** 70 stores.

**Anupam Jain:** 70 stores. So you have 45 SKUs and inventory that you're carrying is INR50 lakh.

- Indrajit Chaudhuri:** Yes.
- Anupam Jain:** Okay. Any aggressive plan to scale this up?
- Indrajit Chaudhuri:** That depends we are...
- Rittick Roy Burman:** See, the main thing about our athleisure is our pricing is very good, okay? It's a very -- it's a very, what you call that competitively priced product. So what we have seen is during the winter season, the athleisure sales drops a bit. This is our first year, okay? So -- but again, the summers and all are coming. So we hope that the sales will increase again.
- And in athleisure, it's mainly like every time you order something, you have to order new designs, okay? It's your old designs. the apparel industry works like that, that the old designs are not always available once you finish it. Some of them would be available, but not all of them. So we'll be taking it in batches like every quarter, we'll take some new designs and display and see how it goes.
- Anupam Jain:** Store rollout is you're less than 10% in your stores currently in athleisure. What I'm trying to say is what is your target to get at least 50%, 60% in your store in athleisure because your sales are dropping, 1 thing that you're trying to do is increase it in online, e-commerce.
- Indrajit Chaudhuri:** What happens in athleisure is that if you compare to our stores, there are stores which are very small, where we cannot put up the athleisure thing. So that is also a hindrance for us because we don't have a changing room. For ladies, the athleisure, we cannot give a changing room. So these are the factors that are taken into consideration. And after that, we are planning out to roll the athleisure in our store.
- Anupam Jain:** But do you have any target that we can track this?
- Indrajit Chaudhuri:** No. We will definitely increase athleisure sales, but will not go all out. Because there are a lot of store where we do not have the space to put in athleisure, and there are some problems with changing room also. We don't have any changing room because in athleisure, you require the changing room.
- Anupam Jain:** So will it be 50%, will it be 30%?
- Indrajit Chaudhuri:** I think in our COCO, we'll definitely go ahead. But in franchisee, it depends on the franchisee, whether they want to take the athleisure because out of the 660 franchisees, 50%, 60% of the stores is around 400 square feet, 300 square feet. So where athleisure will not be possible.
- Anupam Jain:** Okay. Secondly, you said when you were giving guidance that you want to do, again, you are looking for institutional sales.
- Indrajit Chaudhuri:** Institutional is not government institutional. It's institutional in the form of school institutional safety shoe to the private companies.



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- Anupam Jain:** Yes. Okay. That -- I was confused because we are already stuck with Punjab government, and we are again looking for institutional sales.
- Indrajit Chaudhuri:** No government institutions. We have stopped for the last 5 years.
- Anupam Jain:** Yes, that's what your intention was.
- Moderator:** Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Omkar Bagwe for closing comments. Over to you, sir.
- Omkar Bagwe:** 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.
- 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. Thank you.

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