KHADIM

August 23, 2023

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 Friday, August 18, 2023.

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 ended June 30, 2023.

Kindly take the same on record.

Thanking You,

Yours faithfully,

For **Khadim India Limited**

ABHIJIT DAN Digitally signed by ABHIJIT DAN
Date: 2023.08.23 17:37:28 +05'30'

Company Secretary & Head- Legal
ICSI Membership No. A21358

Encl: As above

"Khadim India Limited Q1 FY24 Earnings Conference Call"

August 18, 2023

MANAGEMENT:	**MR. RITTICK ROY BURMAN – WHOLE-TIME DIRECTOR, KHADIM INDIA LIMITED** **MR. INDRAJIT CHAUDHURI – CFO, KHADIM INDIA LIMITED**
MODERATOR:	**MR. SUMEET KHAITAN – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY24 Earnings Conference Call of Khadim India Limited hosted by Orient Capital.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

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

Sumeet Khaitan: Good evening, everyone. Welcome to the Conference Call to discuss the Results for Quarter 1 FY24 of Khadim India Limited. Today from the management, we have Mr. Rittick Roy Burman – Whole-Time Director and Mr. Indrajit Chaudhuri – CFO.

Before we start the call, I would like to give a small disclaimer that this conference call may contain some forward-looking statements, which are based on the beliefs, opinions and expectations of the Company as on date. Actual results may differ materially. A detailed Safe Harbor statement has also been published in the Company's investor presentation, which was uploaded on the Stock Exchange today. I hope everyone had a chance to go through the results and the presentation before this call. I would now like to hand over the call to the management for their opening remarks. Over to you, sir.

Rittick Roy Burman: Good evening, everyone. On behalf of Khadim India Limited, it is my pleasure to welcome you all to this conference call to discuss the Q1 FY24 results.

FY23 was a good year for us in terms of sales, profitability and store expansion. Our sales grew by 11.7% in FY23 compared to the previous year. We expect this growth momentum to continue this financial year as well. We are able to maintain quarterly business performance mainly because we are able to offer products within an affordable price range. The softening of raw material prices resulted in healthy growth in gross profit margins by 360 basis points year-on-year. The campaign 'Cholche Khadim Cholbe Khadim,' which we started in last quarter is getting a good response from customers leading to increase in footfall across our outlets.

During the quarter, retail sales contributed 62%, while distribution contributed 34% to the total revenue. We added 13 new stores in the quarter, taking our retail store network to 848 stores. As we move ahead, we plan to add 70 to 80 stores in financial year 2024 and we aim to add 90 to 100 more retail stores by FY25. Our distribution network is getting stronger as we added 44 new distributors in Q1, taking our total count to 732 distributors. Our retail and distribution business are currently present in 27 states and 4 union territories as of June 2023.

Now as a part of the corporate restructuring, we are in the process of demerging our distribution business as a going concern into a Company to be incorporated as a wholly-owned subsidiary of Khadim India Limited as of now. Going forward, the new entity would function as an independent listed Company wherein the eligible shareholders of Khadim India Limited would be allotted shares in proportion to their shareholding in Khadim India Limited. It will be the mirror image of Khadim India Limited. The details of the demerger would be shared with you in due course of time.

As you may be aware, the Central Government has issued quality control orders for footwear to be covered under BIS norms effective 1st July 2023. We are closely monitoring the situation and complying with the orders to ensure that we are compliant.

Now I'm moving forward to the Q1 FY24 financial highlights. Q1 FY24 revenue is at ₹ 158 crores. It has degrown year-on-year by 5%. Gross margin for the quarter stood at 45%, which is up 360 basis points year-on-year as higher contribution from retail sales led to favorable product mix. EBITDA for the Q1 FY24 stood at ₹ 18 crores, up by 7%. EBITDA margins for the quarter stood at 11.6%, up by 130 basis points year-on-year. PAT for the quarter stood at ₹ 1.6 crores, down 51% year-on-year. PAT margins for the quarter stood at 1% down 100 basis points year-on-year.

With this, I now open the floor for question and answers. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Nakul Doshi, an individual investor. Please go ahead.

Nakul Doshi: So, I have a couple of questions. My first question is in the last quarter, as you had mentioned that you would be spending around ₹ 15 crores on advertising and promotions for the year. So, for the first quarter, how much is the spend and if you could provide our offline versus online marketing expenditure for the quarter?

Indrajit Chaudhari: We have spent around ₹ 4 crores in the current quarter. And out of that, 85% is in the offline and 15% in online.

Nakul Doshi: So, the guidance remains the same of around ₹ 15 crores for the year or we can expect more as the festival season would come?

Indrajit Chaudhari: Guidance would be around ₹ 15 crores. If the sales grow, then only we'll expend more, but till now we are within our budget of ₹ 15 crores. In the second quarter, it will be high because of the festive season, but in 3rd and 4th quarter, it will taper down.

Nakul Doshi: And in terms of overall performance of our stores, how are the existing stores performing? Are we seeing increase in the sales and also what are our current SSG levels?

Indrajit Chaudhari: The SSG level is almost the same level as we were in FY23, with a minor degrowth.

Nakul Doshi: And in terms of new store openings, what is the average size of that?

Indrajit Chaudhari: Average size of the store for COCO is 1000 square feet and in franchisee, it's 700 square feet. It is same as it used to be previously.

Moderator: Thank you. The next question is from the line of Ninaad Subnis, an individual investor. Please go ahead.

Ninaad Subnis: So, I would just like to understand from you what would be the CAPEX guidance for FY24? And the margin guidance for FY24 and FY25?

Indrajit Chaudhari: CAPEX would be around ₹ 15 crores for FY24. And margin guidance, we will try to improve the margin. As we've seen in the past quarter, the margin has improved in a long way, but would be around 100 to 115 basis points year-on-year. In the next year also, we will try to increase the margin in the same level.

Ninaad Subnis: Also, could you provide us with the store opening and the store closures which have happened during the Q1 and any like which is on the higher side?

Indrajit Chaudhari: No. We have opened 13 retail outlets in Q1 and 11 stores were closed because of the reason of inactiveness of the store and non-profitable stores we have closed.

Moderator: Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri: So, in terms of the revenue guidance, what do we see this year may be next year like what kind of revenue growth do we see because we had a bit of a degrowth in this current quarter. So, how do we see it going forward?

Indrajit Chaudhuri: In the retail front, we are still upbeat on growing 10% to 12% and in distribution front, since we are taking steps on tightening the credit norms because in distribution, there is lot of credit. If you want to expand in more than 15%, it will be you have to release the credit, but we are tightening the credit. So, the guidance would be around 12% to 15% in distribution. But as Rittick has already mentioned about the restructuring, so in FY25 there will be a retail Company which will be operating as KIL and distribution Company and it will be a separate Company. So, in that year, the guidance for retail would be the same, but in distribution we will be restructuring the business and we'll try to concentrate on products which are more profitable, thereby to make the distribution Company profitable, maybe the sales will reduce, but the Company would be profitable.

Darshil Jhaveri: Ok Sir, So, maybe we can assume around 12% growth for the full year currently. And then FY25 after demerger that we could see separately, but 12% growth would be a fair assumption, correct sir?

Indrajit Chaudhuri: Yes, in this year.

Darshil Jhaveri: Yes, in this year and I just also wanted to ask sir in terms of margin, as you're saying, you'll see improvement. So, that's been driven majorly by raw material price reduction or premiumization or both. So, could you just maybe some give color on what's going to keep on driving our margin?

Indrajit Chaudhuri: This quarter, margin expansion is mainly because of raw material softening and mainly this is the reason because our ASP has remained in retail same level as compared to last year. So, mainly it has increased due to raw material softening both in retail and in distribution.

Darshil Jhaveri: So, what was the ASP this quarter?

Indrajit Chaudhuri: 627 in retail.

Darshil Jhaveri: So, the 100-basis points margin improvement is going to be driven majorly by raw material price reduction, correct, sir?

Indrajit Chaudhuri: Raw material and also maybe in the festive, you can see a price increase in the festive season.

Darshil Jhaveri: And how much would that be, sir? Rough range would also be fine.

Indrajit Chaudhuri: Around 4% to 5%.

Moderator: Thank you. The next question is from the line of Sachin Kasera from SVAN Investment. Please go ahead.

Sachin Kasera: Sir, when we do the demerger, I joined a little late, I am not sure if you already answered, but post demerger what happens to the debt? Will it remain in the distribution Company or that will be part of the retail business?

Indrajit Chaudhuri: The debt will remain in the retail business. The distribution Company will be without debt, maybe small amount of 1 crore or 2 crore working capital loan.

Sachin Kasera: Sure. And sir, in terms of getting confidence from either the bankers or the key employees or the unions, have you spoken to them because that normally is also something that is required because...

Indrajit Chaudhuri: Yes, we are in that process because in-principle approval has come from the board, next month a detailed approval, formal approval will be there and we are also preparing all the documents relating to that. Banks, we have unofficially spoken, there would be no such problem and the employee of the distribution business will be transferred at the same benefit which they are getting in KIL. And since Mr. Burman and Rittick is there, so that will also give them confidence to work in that Company.

Sachin Kasera: I'm seeing that now that it's going to be 2 distinct businesses, can you give us some sense on how the margins will look in distribution versus the retail business?

Indrajit Chaudhari: Retail, it will be around 16%. Distribution would be around, at present if we segregate now, it will be around 5% to 6%, but as I have mentioned that we will try to improve the profitability by structuring the business in such a way that we sell only the products which are having more gross margin thereby to increase the EBITDA in that Company and to make it profitable.

Sachin Kasera: Sure. And once we demerge the companies, do you think that from FY24, FY26 onwards, the retail business can then grow much faster because it will have a lot of cash flows in the business as of now because the distribution is not making so much money. So, there's some sort of a burden on the retail business versus separate, can we aspire to grow in the retail business much faster, say more like 18% versus 10%-12% that we are looking this year?

Indrajit Chaudhuri: See one thing in retail is that SSG is very muted. The growth mainly is coming, from premiumization and opening new stores. So, we will definitely open more, as Rittick has mentioned, from 70-80 stores, we will open around 90 to 100 stores. That will be a positive in the sales improvement and as you mentioned that there will be free cash flows, we'll try to reduce the debt also so that our debt comes down to around ₹ 50 crores in the next 3 years. That is also a target of the management.

Moderator: Thank you. The next question is from the line of Rahul Jain from Credence Wealth. Please go ahead.

Rahul Jain: Sir, you shared some details on some strategic measures which we have taken post Namrata ma'am leaving. What exactly are the strategic changes which we are doing in the Company overall? Are we changing some particular focus areas? What exactly are the changes which we are trying to incorporate?

Indrajit Chaudhuri: The main changes that we are doing is in the product. Rittick can highlight on that.

Rittick Roy Burman: So, the main changes that we have done over the last one year is that our products which had become a little, the designs had become a little alienated from our customers, so we are making those products which are more saleable to our customers and I can say that the designs are working well because right now our festive orders are going on and it's a very good compared to last year. This year, the amount of orders that we are receiving from our franchisees and all are much better. So, we expect during festive seasons and holiday seasons the sales to improve from both COCO and EBOs. So, that's one of the strategic changes and in certain merchandise categories because right now, there is a price sensitive sort of an environment in all merchandise categories like chappals or shoes, formal shoes or even the sport shoes. We are trying to keep very few entry price point products which were missing by which we will try to arrest the pairage degrowth and all that had happened. So, this is how we aim to achieve the 10%-12% of sales growth that Indrajit just mentioned. We aim to achieve that in this way.

Indrajit Chaudhuri: Another strategic change that we have already mentioned is the demerging of the distribution business.

Rittick Roy Burman: And another change is also that we are finding out stores because we are strong in East and South. So, there are still many markets. So, we have like pushed our team to find out good markets in West Bengal and the Eastern zone as a whole and we are trying to open as many stores as possible for the next 2 or maybe even 3 years in the Eastern zone. Along with, other zones also we'll open, if we get the first opportunity, we will be given to the Eastern zone stores because we have seen that if you open a store in West Bengal, it just starts giving a good profitable sales from the very first month itself. So, that's why we want to focus on that also. So, these are the focus points that has been done and to increase ASP also, we are focusing what we have launched many sport shoe designs which has already started going to the shops. So, during the festive season, we are very confident that these sport shoes that we have launched, which starts from ₹ 999 MRP and goes up to ₹ 2,699 even ₹ 3,000 MRPs. These sport shoes were not there with us before, so this will also aid in increasing ASP, which is kind of muted right now, the ASP growth is fine. It should increase the ASP 4%-5% from the festive season.

Rahul Jain: Sure. And sir, how are we working to improve the SSG because that has been a painpoint for some time now?

Indrajit Chaudhuri: You see in the SSG, the growth that we are seeing coming is the renovation of the stores. The stores if you renovate, the SSG makes the growth of around 7% to 8%. So, once this demerger is done, then our focus will be to renovate as many store as we can because there will be free cash flow and another thing that increases your SSG is the premiumization of the product. So, these are the 2 measures that are taken to increase the SSG and obviously if the economy, we operate in the middle class and the lower middle-class segment where the disposal income of the consumer has gone down after the COVID. So, once these things improve that will again in the macro sense, but in the micro sense, the renovation of the store and premiumization with our sub brands.

Rahul Jain: And just as a longer term strategy say with regards to these 2 companies, so how do we look at these 2 companies differently? One is the retail, one is the distribution and typically we will have a separate CEO going ahead then for one of these companies or Mr. Rittick himself will look at both the companies separately, just trying to understand probably much more details in terms of how 2 different companies are going to be managed and probably the rationale to separate the distribution arm?

Rittick Roy Burman: Yes. So, see, the promoters, they will be focused on both the companies, retail and this distribution Company also. But the teams for the retail, we will focus on like retail is we are born retailers like, we already have a very experienced team in retail. So, they will continue to work in retail and the distribution also we have got a decent team now. We have been doing this business for last 10-11 years. So, we'll restructure the team a bit. Promoters will oversee both the companies, but both these companies will have separate persons. Maybe not something as heavyweight as a CEO or something in the especially in the distribution business, but there will be an important person in the distribution wing and retail it already has. So, like that, we wish to run both the companies. The distribution Company will be restructured and tried to be run in the most profitable way possible. And retail as we all know once this happens, then the retail

EBITDA margin and everything is already very good, but once the demerger happens, the retail will perform as a separate Company by itself, giving that 16% EBITDA and around 5% of PAT, these things and distribution Company, we'll see.

Indrajit Chaudhuri: As I have mentioned, Distribution Company, we will try to structure it and make it a little volume means lower in volume, but more in profitability.

Rahul Jain: And with regards to the promotional marketing advertisement spend, as a strategy do we keep a limit as a percentage of sales? What kind of percentage of sales are we comfortable with regards to advertisement?

Indrajit Chaudhuri: No, we don't have a specific percentage, but as I mentioned earlier that it would be around ₹ 15 crores mainly for ATL and BTL activities and that would be focused on the retail front.

Moderator: Thank you. The next question is from the line of Abhishek Getam from Alpha Invesco. Please go ahead.

Abhishek Getam: I missed the point. So, debt will be moving to retail entity right after demerger?

Indrajit Chaudhuri: Yes.

Abhishek Getam: Yes. So, but all of our land bank is for the distribution business, right, all the assets because for retail we outsource?

Indrajit Chaudhuri: No. In distribution, we have 2 factories. Out of that, the machinery and moulds and all these are in the distribution Company. But the land of one factory in Panpur, which is our own land, that is owned by our group Company, Khadim Estate, so land bank will not be moving to that Company. Land will remain with Khadim Estate and the machinery and all the things will go to this distribution Company. And another factory is run on a lease, that lease will move to that distribution Company.

Abhishek Getam: And what will happen to the receivables of UP from UP Government that will move to which entity?

Indrajit Chaudhuri: No, UP Government receivable has already come, so that will remain with Khadim India Limited. So, already by this quarter, all the UP Government receivables will be received. We have already received around ₹ 22 crores and ₹ 10 crores is left that will come within September.

Abhishek Getam: Received ₹ 22 crores?

Indrajit Chaudhuri: Yes.

Abhishek Getam: The total amount received was ₹ 70 crores right from UP Government?

Indrajit Chaudhuri: No, that is another means in Punjab and that will remain in the Khadim India limited.

Abhishek Getam: That with distribution business?

Indrajit Chaudhuri: No, retail business. Only the distribution debtors, distribution stock, factory stock and the factory creditors will move to the distribution Company. Other things will remain with the main Company, Khadim India Limited.

Abhishek Getam: Sir, after the UP Government will have ₹ 50 crores receivable from Punjab?

Indrajit Chaudhuri: No. Around ₹ 37 crores is left for UP Government, total 37 and 32 from Punjab. So, by this half yearly September, we will receive UP Government, only Punjab government would be left that will be getting in this financial year.

Abhishek Getam: Understood. Can you shed some light on what were the volumes for retail this quarter?

Indrajit Chaudhuri: We have sold around 18 lakh pairs in this quarter.

Abhishek Getam: For retail?

Indrajit Chaudhuri: Yes.

Abhishek Getam: And what would be the Q1 FY23 number?

Indrajit Chaudhuri: 20 lakhs.

Abhishek Getam: and Q4 ?

Indrajit Chaudhari: Q4, 18 lakhs.

Moderator: Thank you. The next question is from the line of Aniket Kulkarni from BMSPL Capital. Please go ahead.

Aniket Kulkarni: So, my question is a bit broad based. So, I'm trying comparison here with the closed space, so just I think whether over time due to excessive competition here, pricing power has become a big issue. So, due to this intensive competitive market, when RM prices spike even the branded players and the top players are not able to pass on prices to the same extent they did before and their margins remain volatile. So, my question is, will the intense competition not affect the shoe industry because we are seeing a lot of players are now coming into this space as the growth prospects are very high in this industry. So, going forward, if more and more players keep on coming, so are you not concerned about the pricing power diminishing and if there are too many players cutting prices on the market share, then how will we go about it? Whether we will maintain prices or we'll just have to follow what the market is doing?

Indrajit Chaudhuri: So, see in the retail business, we don't have any fear from other Company because the reach and the geographical presence that we enjoy, a new Company will not be able to have that presence and in retail, we are very much popular in East and South. So, we are concentrating our strategies on this region so that we can increase the sales. So, that is a definite edge against other new entry in this footwear segment. And again, we have seen that the government has come up with the BIS standards. So, these types of standards are maintained by the players who are already in the industry for the last 3 decades. So, that is an effective tool of edge over the new entrance in this Company. Obviously in the distribution business with small distribution Company, price cutting is there and also with the increase in distributors, there are lots of freebies and all these are given by the small companies. For that reason, I have already mentioned that we will structure the distribution business in such a way that we will generate profit in that Company with lower sales and selling profitable product portfolio.

Moderator: Thank you. The next question is from the line of Sachin Kasera from SVAN investment. Please go ahead.

Sachin Kasera: Yes, sir, you mentioned about this improvement in terms of the collection from UP Government and you also mentioned that in the second half, you're expecting even the Punjab government collections to come through. So, is it that we have on a back-to-back basis lot of creditor that need to be repaid or we can use this receivables to reduce our debt?

Indrajit Chaudhuri: UP, we have back-to-back creditors. So, we are paying off the creditors. But in the Punjab government case, there's less creditors and some funds will go for repayment of debt.

Sachin Kasera: So, net-net basis, the entire collection from UP and Punjab, how much of debt reduction could happen, sir?

Indrajit Chaudhuri: Around ₹ 25 crores.

Sachin Kasera: 25 crores. And how much of debt reduction you're planning this year from internal accruals other than this collection of dues from government?

Indrajit Chaudhuri: So, this year, the cash profit that will generate, from UP we will be giving a free cash flow of ₹ 5 crores that will be used for reducing the debt.

Sachin Kasera: No, I'm talking of sir, so these are basically the sales that we already done from the government. I'm talking of the normal operations.

Indrajit Chaudhuri: Operation things that we are also opening new shops, so funds will be utilizing that we have a target of reducing debt around ₹ 8 crores to ₹ 10 crores from our internal accruals.

Sachin Kasera: So, ₹ 25 crores from the government receivable, ₹ 8 crores to ₹ 10 crores from internal accruals, so totally around ₹ 35 crores of debt we should be able to reduce this year?

Indrajit Chaudhuri: If the Punjab payment comes within this year.

Sachin Kasera: And you mentioned that next year onwards, you're looking at ₹ 15 crores to 20 crores reduction every year from the retail operations?

Indrajit Chaudhuri: Yes, from the free cash flow generation that comes in.

Sachin Kasera: And sir, you mentioned about 16% EBITDA margin. What would be like the PBT margin in the retail business?

Indrajit Chaudhuri: Around 7.5% to 8%.

Sachin Kasera: This is as of now and that should be improved by about 100 basis points every year, next 2-3 years?

Indrajit Chaudhuri: If the retail performs like in 10%-12%, definitely there is a scope of increase in the percentage.

Sachin Kasera: Sure. And one of the things that we've been doing is improving the product mix and hence improving our sales realization. So, do you think that next 3-4 years, we have the opportunity of continuously working on the product mix and getting a 4% or 5% higher realization that is there or there we are more or less now peaking out?

Rittick Roy Burman: No, we are not peaking out. Like I said, actually this year because the economy is bit at least in the first quarter it was like that, during the holidays and any kind of holiday be it Eid or be it like we had a wedding, Eid and then now the 15th August weekend. All these holiday times, the sales is happening, but the other times the sales is a bit subdued in the weekdays. So, we expect that whenever the festive season comes or the wedding season comes, people will pay a higher price to purchase good looking pair of sport shoes or formal shoes. So, we are investing, our designing team is investing in great range of sport shoes, formal wear for men. We have this brand called British Walkers. So, we are selling leather shoes almost ₹ 3000 nowadays, which used to be lower before like, before we used to sell below ₹ 2000 British Walkers only, but now slowly, customers are buying even British Walker leather shoes at near about ₹ 3000. So, every merchandise category, be it leather shoes for workwear for men or sport shoes or workwear for women, we are focusing on the designs in such a way that our ASP increases 4% to 5%.

Indrajit Chaudhuri: So, basically this product mix changes is a value addition that we are doing and for the next 2-3 years, it will be done because our sub brands is 60% and Khadim is 40%. We have scope of increasing the sub brand to 65% and Khadim going down to 35%. So, there also ASP growth will come.

Sachin Kasera: And the gross margins in these ones are higher or as a percentage, the gross margins are similar when you go for the higher ranges?

Indrajit Chaudhuri: Slightly higher in the sub brands compared to Khadim, so that is a double impact on the gross margin.

Sachin Kasera: And sir this volume that you gave of 18 lakh pairs versus 20 lakh, this is both retail and distribution combined, right?

Indrajit Chaudhuri: No, only retail. Distribution volume has increased. We have sold around 63 lakhs this quarter as against 58 lakhs against first quarter FY23.

Sachin Kasera: Can you repeat it, sir? Last year was 58. In this quarter was how much?

Indrajit Chaudhuri: 63.

Sachin Kasera: And this decline in retail from 20 lakhs to 18 lakhs, is this the Company's internal strategy where we are letting go of some low margin products or is that a function of loss of market share or the market being subdued or both?

Indrajit Chaudhuri: I think market subdued is one reason and another reason is that last year first quarter was a quarter which was after third wave COVID in fourth quarter of FY 22. So, that's the reason the last quarter in FY23 shown a growth in the volume, but you will see the 4th quarter this year 18 lakh pair was sold, so same 18 lakh pair was sold in the first quarter. But definitely once the economy and the subdued thing goes out, the volume will be in the range of 20 lakhs.

Rittick Roy Burman: We are trying to protect our sales from all fronts like we have certain which was not there before, like I mentioned that every merchandise category, we have introduced some entry level price points. So, we want to arrest the pairage degrowth from there, plus we are also working on some of these sport shoes and formal shoes. We are improving their look. We are also working on these comfortable plastic footwear products which are doing well now, we call it Eva products, so that is also doing very well now. Plastic footwear Crocs type of products, those we are attacking from all merchandise categories and all price points to ensure a 10%-12% growth in value and reduce the pairage degrowth.

Sachin Kasera: But as per our understanding, in your key regions or key markets, there is no major loss of market share that you have seen?

Indrajit Chaudhuri: Markets are as such, if you see these products, our product segment, there is a subdued and slump in this total ₹ 1000 MRP. So, it is also evident in distribution business where the small retailers are also facing the same problem.

Moderator: Thank you. The next question is from the line of Falguni Dutta from Jet Age Securities. Please go ahead.

Falguni Dutta: Sir, what was your volume for FY23 full year both in retail and distribution?

Rittick Roy Burman: 78 lakhs was for Q1 FY23 and now Q1 FY24, the volume is 81 lakhs.

Falguni Dutta: I meant for the entire financial year FY23. What was the volume in retail?

Indrajit Chaudhuri: Retail was 76 lakh pairs in FY23 and distribution was 2,42,00,000 pairs.

Falguni Dutta: And sir, another is the basic question I just saw FY22 annual report. So, this warehouses that we have been buying, what is the objective, I mean where we get rentals also?

Indrajit Chaudhuri: No, we have shifted from the buying mode to the rental mode in warehouses.

Falguni Dutta: So we will no more be investing money in buying warehouses as we used to do earlier?

Indrajit Chaudhuri: No, we have bought warehouse in the year 2010, but after that in 2022 we have sold that.

Falguni Dutta: Yes, you sold one, you reasonable size in 22, so that strategy continues.

Indrajit Chaudhuri: Yes, we are not buying any warehouse. Neither, we are buying any retail also. Everything is on rental mode.

Falguni Dutta: And that warehouses are meant for both equally or they are more lopsided towards any particular segment be it retail or distribution?

Indrajit Chaudhuri: No, we have 2 warehouses, one in Panchla that is fully catering to the retail business. And one in Serampore, it is catering to the distribution.

Moderator: Thank you. The next question is from the line of Bharat, an individual investor. Please go ahead.

Bharat: I just want to check now that we are wanting to principally demerger, could we also expect the accounts to be like presented in a manner where we know what is segmentally going to happen like from the next quarter?

Indrajit Chaudhuri: Once demerger thing, till the court approval doesn't come, we have to keep on in our books accounts, we have to maintain both in one financial package. But we will definitely present the distribution business EBITDA margin and retail EBITDA margin from the second quarter this year in our presentation, not in accounts.

Bharat: So, I mean not on the accounts as such, but that accounts is I understand that is for what our financial presentation, but if you are intending to demerge the business, you already know what is the balance sheet of both the divisions, you may not present the balance sheet, but at least the P&L, broadly what's the P&L and the capital employed so that can be presented? I mean there's no regulatory requirement for it, but in the interest of understanding what is going to be in the demerged entity and what is going to be in the, what do you call the continuing entity?

Indrajit Chaudhuri: EBITDA level, we can definitely present, but once the demerger things happen, how much loan will go and how much will remain, what is the debtors numbers. We cannot exactly figure out the capital employed, but that will obviously once the demerger is in the process of 9 to 12 months, then we will present the accounts of both the things.

Bharat: I understand, but my personal point was like, even your EBITDA, you know exactly what is D and I in the demerged account. So, why would it not be possible like I know theoretically what you're saying is okay, but practically exactly what is the exact contribution from each business?

Indrajit Chaudhuri: The number we can show it, you can come and I can show it to you. But now since we are in this phase of demerger thing going on, we will provide you the EBITDA numbers, but ROCE and all this we can provide once this demerger is finalized.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to the management for closing comments. Thank you and over to you all.

Rittick Roy Burman: So, thank you to all the participants, all the investors. Thank you for trusting in us and this is a very strategic call that we have taken for our Company and all of us are, the entire team is working really hard to make this Company a very growth oriented and a performance oriented Company. So, this decision that has been taken by the team and the promoters, we really believe in it that it will make Khadim a very performance and growth oriented Company in the near future, quite soon it will be like that. Thank you.

Indrajit Chaudhuri: Thank you very much.

Moderator: Thank you very much. On behalf of Khadim India Limited, we conclude today's conference. Thank you for joining. You may now disconnect your lines.