KEWAL KIRAN CLOTHING LIMITED

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Date: January 25, 2024

To,

National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra(East), Mumbai-400051 **NSE Code -** KKCL	**BSE (Bombay Stock Exchange) Limited** "Phiroze Jeejeebhoy Tower", Dalal Street, Mumbai-400001 **BSE Code -** 532732

Dear Sir/Madam,

Sub: Transcript of the conference call on Q3 & 9M FY24 held on Tuesday, January 23, 2024.

In continuation to our letter dated January 12, 2024 and January 20, 2024 and pursuant to the applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please be informed that the Company had convened and participated in the conference/analyst call, details of which is as follows :

Day, Date & Time	Subject / Type of Event
Tuesday, January 23, 2024 - 12.30 pm (IST)	Q3 & 9M FY24 Conference Call

We now enclose herewith the transcript for the said conference call. The same is also available on the Company's website at

https://kewalkiran.com/investor.html#Press+Release+/+Conference+Call+Recording%20&%20Transcript

Kindly take the same on record
Thanking you.
Yours Truly
For Kewal Kiran Clothing Limited

ABHIJIT BHALCHANDRA WARANGE
Digitally signed by ABHIJIT BHALCHANDRA WARANGE
Date: 2024.01.25 16:49:18 +05'30'

Abhijit B. Warange
Vice President – Legal & Company Secretary
Encl.: a/a

“Kewal Kiran Clothing Limited
Q3 & 9M FY2024 Conference Call”

January 23, 2024

Disclaimer: E&OE - Some portion of the concall audio spoken in language other than English has been translated in English language in this transcript for ease of reading. Further, in case of discrepancy, the audio recordings uploaded on the website of the Company will prevail.

MANAGEMENT:	**MR. HEMANT JAIN – JOINT MANAGING DIRECTOR – KEWAL KIRAN CLOTHING LIMITED** **MR. PANKAJ JAIN – PRESIDENT RETAIL – KEWAL KIRAN CLOTHING LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Kewal Kiran Clothing Limited Q3 & 9M FY2024 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 '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. Before we begin a brief disclaimer - The presentation which Kewal Kiran Clothing Limited has uploaded on the stock exchange and the website including the discussions during this call contains or may contain certain forward-looking statements concerning Kewal Kiran's business prospects and profitability which are subject to several risks and uncertainties and the actual results could materially differ from those in such forward-looking statements. I now hand the conference over to Mr. Hemant Jain – Joint Managing Director. Thank you and over to you Sir!

Hemant Jain: Good afternoon everyone. On behalf of Kewal Kiran Clothing Limited, I welcome everyone to the Q3 & 9M FY2024 Earnings Conference Call of the Company. Joining me on this call is Mr. Pankaj Jain and our investor relation team. I hope everyone had an opportunity to look at our results. The presentation and result release have been uploaded on the stock exchanges and our Company's website. I am pleased to inform that we have demonstrated resilient performance despite muted consumer demand and challenging market condition. It is important to highlight that we have witnessed double digit growth in volumes as well as value across product categories of the denims, shirts, T-shirts and trousers showcasing the strength of the Company's brand to connect with consumer and the designing capability of the Company. The growth was affected on account of the winter wear segment which saw slower pick up on account of delayed onset of peak winter. We have been able to surpass our budgeted profitability despite overall general slowdown witnessed in the market on the account of lower footfall and warmer winter.

Coming to the detail of our financial performance highlights for the quarter and 9 months. Standalone performance highlights for Q3 FY2024. Revenue from operations for Q3 FY2024 grew by 0.6% to Rs.200.2 Crores as compared to Rs.199.1 Crores in Q3 FY2023. Gross profit grew to Rs. 86.7 Crores in Q3 FY2024 as compared to Rs.80.9 Crores in Q3 FY2023. Gross margin for Q3 FY2024 improved to 43.3% as compared to 40.6% in Q3 FY2023. EBITDA for Q3 FY2024 grew by 15.8% to Rs.38.9 Crores as compared to Rs.33.6 Crores in Q3 FY2023. EBITDA margin for Q3 FY2024 expanded by 250 BPS to an impressive 19.4% as compared to 16.9% in Q3 FY2023. PAT for Q3 FY2024 grew by 23.4% to Rs.33.3 Crores as compared to Rs.27 Crores in Q3 FY2023. PAT margin for Q3 FY2024 expanded to 15.9% as compared to 13.1% in Q3 FY2023.

Standalone performance highlight for nine months FY2024. Revenue from operations for nine months FY2024 grew by 10.5% to Rs.641.1 Crores as compared to Rs.580 Crores in nine months FY2023. Gross profit grew to Rs.275.4 Crores in nine months FY2024 as compared to Rs.241.4 Crores in nine months FY2023. Gross margin for nine months FY2024 expanded to 43% as compared to 41.6% in nine months FY2023. EBITDA for nine months FY2024 grew by 19.3% to Rs.134.8 Crores as compared to Rs.112.9 Crores in nine months FY2023. EBITDA margin for nine months FY2024 expanded by 150 BPS to an impressive 21% as compared to 19.5% in nine months FY2023. PAT for nine months FY2024 grew by 33.3% to Rs.116.9 Crores as compared to Rs.87.7 Crores in nine months FY2023. PAT margin for nine months FY2024 increased to an impressive 17.5% as compared to 14.8% in nine months FY2023.

Further, I am pleased to share the Board has declared first interim dividend for FY2023-2024 at 20% i.e Rs.2 per share. In line with endeavor to invest further on excelling our brand presence and keep a balance distribution strategy, we have almost reached our target addition of Killer brand EBOs with a net addition of 72 stores during the nine-month period and taking our total tally of EBOs to 483 as on December 31, 2023. We are also working on strategy to convert our existing K-Lounge stores to single brand store of Killer or Integriti/ Lawman.

Looking forward with the ongoing improvement in market scenario coupled with our first set of dispatch for Killer Junior - our kids wear focus brand, in Q4 FY2024, we believe to be back with around 15 to 18% revenue growth in Q4 leading to our FY2024 closing with satisfactory double-digit growth. With this I leave the floor now open for the Q&A session.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Varun Singh. Please go-ahead Sir.

Varun Singh: Thank you for the opportunity. My question Hemant Sir is on the winter wear impact on the overall revenue. So kind of two questions to this. First is what would be the like-to-like growth in the retail channel for us and secondly winter wear would be what percentage of overall revenue for us in the third quarter?

Pankaj Jain: Hi Varun, this is Pankaj here. The like-to-like growth in terms of tertiary sales of my entire EBOs stood at 4% on a nine monthly basis. Second to answer, generally winter wear's contribution in Q3 is the biggest. It contributes more than 20% of the entire quarter during that period. However, if you average it out over a period of full year it comes into single digit.

Varun Singh: Okay understood and what would be the accessories contribution to us?

Pankaj Jain: Accessories overall business of the total year contribution is around 6 to 7%.

Varun Singh: 6 to 7% right understood. My second question is on the K-Lounge store conversion so as Hemant Sir was mentioning that we would be converting it to a single brand store. So like how are we thinking about this conversion. For example 100 K-Lounge stores, I know the number is more than 100 and if we say 100 stores we need to convert what percentage of that would be converted to a Killer store, what percentage would be converted to maybe the Lawman or Integriti and what is the time period of converting all the stores to single brand?

Pankaj Jain: They are close to right now 174 odd stores of K-Lounges. Each we will look at individually. We are doing this in a phased manner. So almost it will take a year's period to complete this conversion totally, at least a year's period. Now when you are looking at which brand it will be converted to that has not yet been decided. We have been discussing, depending on the brand mix in that particular store in that particular area.

Varun Singh: Understood but none of the stores we will shut. I mean it will only be converted meaning that we have got the locations right?

Pankaj Jain: Some may get discontinued also because the store ageing is more than five years of most of the stores of all the K-Lounges. Some may do get discontinued but that will be hardly a proportion of the total number of stores.

Varun Singh: Yes understood. And my last question is on Killer Junior. Like if you can give us some understanding with regards to how you are budgeting or like may be from one to two years point of view what percentage of our revenue we think it is possible for this category to become for us?

Pankaj Jain: Varun it is too early to comment on Killer Junior right now. When we had gone for our order sheet structure, we have received a good response. Let the dispatch sail. Let us evaluate the secondary numbers and maybe second quarter of the next year period would be the right period to evaluate where we are standing on this.

Varun Singh: Understood. That is it from my side. Thank you and wish you all the best.

Moderator: Thank you. The next question is from the line of Himanshu Upadhyay from O3 Capital. Please go ahead.

Himanshu Upadhyay: Good afternoon. Pankaj there is one thing. Last quarter we commented on K-Lounge and its competition with MBO and MBO has evolved indoor shop and shop. Can you explain slightly more in detail because I could not understand what you were trying to explain. So sorry for that?

Pankaj Jain: I am trying to understand your question first Himanshu. Are you trying to understand why did I open K-Lounges on the initial phase structure is that what you are trying to understand or what I am going to do ahead is that what you are trying to understand?

Himanshu Upadhyay: See I got the point that initially K-Lounge was in small cities to compete with MBO. Then you stated that MBOs have evolved. So how have they evolved and what has changed in terms of MBO because of which we need to relook at our K-Lounge store strategy. So that is what I am trying to understand?

Pankaj Jain: In that period those cities which were majorly Tier-2, Tier-3 or a Tier-4 cities, those cities had not yet evolved and they did not have brand exposure. So generally all the family owned stores whatever they were selling they were selling a set of multiple brands and this is how the K-Lounge concept had come into picture that time. But now when you go to this store they have already exposed themselves. EBO stores are also coming into Tier-2, Tier-3 and Tier-4. So now what has happened, is retail has been exposed to such cities. So now those stores which were family owned stores maybe generally contributing to all categories or maybe all brands in a set format of 800 to 1000 square feet they have evolved to a 5000 or a 6000 square feet family owned store where they are selling ladies, kids wear, menswear everything together and shop-in-shop in a very organized format and this is where we are looking at taking ahead K-Lounge for.

Himanshu Upadhyay: So that is why you said the K-Lounge, the sites were also relooked and redesigned?

Pankaj Jain: K-Lounge is sizes of 800 to close to 1500 square feet, so they are apt for a retail single brand retailing now so that is the reason I am looking at conversion.

Himanshu Upadhyay: Out of these 174 stores of K-Lounge almost everyone would be in size lesser than 1500 square feet?

Pankaj Jain: Yes most of them, close to around 98 or 97% of the stores are less than 1500 square feet.

Himanshu Upadhyay: So that is why almost everyone will change to Killer or let us say Lawman?

Pankaj Jain: Killer stores they will definitely look at and I am saying that the store ageing has also been more than five years period for most of them so I was anyways looking at revamping of the stores.

Himanshu Upadhyay: So what I was saying was most of our K-Lounge and Killer brand EBOs are franchise owned, franchise operated. What are the franchise owners' thought process in terms of K-Lounge, how are they thinking and what are they saying that what sizes they think they want to do, is there any feedback they are giving on K-Lounge because we are reevaluating the whole product and we will be coming up with the K-Lounge, some thoughts on the feedback from franchisee owners and how are they thinking?

Pankaj Jain: We have been trying to explain them for this conversion but during this period, the Killer exclusive stores have also been opened in Tier-2, Tier-3 and Tier-4 cities. So I have been showing them these numbers to them and that has become easy. So that is why we said that we will be doing things in pilot ways not one at time structure. So whenever we do this we have been explaining that this has been the performance and this is your performance where you have been monitoring. So it was becoming easier for me for conversion. Some have been resilient not to go ahead with or when to take that call for and that is why we are giving them time at least they will see one phase of the people who will be shifting over and then decide on the other phase.

Himanshu Upadhyay: Generally, the larger format K-Lounge what we want to launch will these be completely different franchise owners and have you started working in markets?

Pankaj Jain: The commercial, the perspective everything will be a different format. I said that the management is still taking a call on how the entire model will be, when we are set with that definitely we will come back to you on that.

Himanshu Upadhyay: Though I understand it is still new but what is our sales or distribution strategy for Killer Junior because what we see earlier who were our distributors or MBOs and all those they were generally in small towns cater to only either men or kids wear or separate stores, so are we going initially only with our distributors who are taking the products or we are adding new distributors for kids wear or exclusive to sell only kids wear?

Pankaj Jain: First of all when you said regarding the MBO perspective kids wear the primary perspective of the channels would be MBO and LFS that is one. MBO has been growing for us and it will be a mix of all distributors, it will be mix of current distributors as well as new distributors.

Himanshu Upadhyay: So we have started adding new also?

Pankaj Jain: Yes.

Himanshu Upadhyay: Thanks, for further queries I will join back the queue.

Moderator: Thank you. The next question is from the line of Ankit Babel from Subhkam Ventures. Please go ahead.

Ankit Babel: Hi Sir, good afternoon. Couple of questions. Since last four to five years we have been witnessing great winters, now every player be it in the FMCG segment or inner wear segment selling thermal wears or even the garment players like you all have faced problems. Nowadays winter generally comes in the January month and even in the second half of January month and every players starts their EOSS in December month. So in that scenario Sir what would be your future strategy on winter products. Now assuming that winter will always be late you will have to come out with an early EOSS, so how you are going to make margins on the winter products because now it seems that this segment will always face margin pressures, so would you increase your prices to that extent that even if you have to opt for early EOSS, you can still make reasonable margins or in order to be competitive this will always be a low margin product for you and you are okay with the volatility going forward. So in a nutshell what is your future strategy on the winter products?

Pankaj Jain: Ankit first we have to answer the question is whether we can go away with this category. As a retail format as well as winter as a season, you definitely cannot go away with this category irrespective of how the business is. That is first aspect. The percentage mix can definitely vary, when you said about the price mix and structure, yes definitely there has been a shift over in terms of winter wear, in terms of the month, Here, this time maybe it was not extreme winter but the pre-winter was fantastic this time. So you have to evaluate all the checks and balances and go ahead with. Regarding the new pricing, whether the category will be there, the mix, the percentages, we are yet to take a call for the next season. Maybe Q2 would be the right period for us to define whether because we will know exactly what has been the carried forward stocks, how the winter went, what was the sell through and after getting all the trend analysis it will be better to answer that question.

Ankit Babel: I am slightly lookin at an answer to my question is that, will you assume that winters will always come in January and then you will form your strategy?

Pankaj Jain: This is not what we look at. We will definitely plan. As I said that winter wear as a category you cannot go away with that is one. Now what percentage mix you will plan is a secondary question.

Ankit Babel: So do you plan to reduce the percentage mix?

Pankaj Jain: Could be. I need to evaluate on overall basis what has been the carried forward also. This I will come to know after the season is over.

Ankit Babel: Second question is since last couple of quarters you have been discussing on some potential acquisition so what is the update on the same. Are we still contemplating it or looking out for players or what is the status on the same if you can highlight?

Pankaj Jain: We are still evaluating the perspective on that the same thing.

Ankit Babel: Still evaluating?

Hemant Jain: Our process in ongoing. It's not that we have closed the process. As and when any deal is done, we will surely make the announcement. It's not that we have stopped. For inorganic growth, what we had mentioned that we had mentioned for brand acquisition, the process is on.

Ankit Babel: So what we need to understand I understand that you must be evaluating it but the ticket size of the acquisition would it be large, small, our current cash balance would it be sufficed?

Pankaj Jain: I do not want to comment till the things are already fallen in place.

Ankit Babel: How are you looking at the current quarter growth rate considering that there would be the end of season sales in the winter products which might have some pressure on the margins but at the same time your Kids Junior products would be there on that side?

Pankaj Jain: I feel that okay we will be able to achieve for this quarter 18 to 20% growth and the EBITDA margins will also be maintained for this quarter.

Ankit Babel: EBITDA margins for this quarter again in that 18 to 20% range?

Pankaj Jain: Yes.

Ankit Babel: I was just wondering that there would be pressure on the winter wear products and at the same time you will be ramping up your kids junior products so there could be pressure on margins or you still feel that you will maintain it because last year it was around 19.6?

Pankaj Jain: We feel that okay we will be able to manage the margins.

Ankit Babel: Next year again should we look at 18 to 20% topline growth with similar margins is it fair to assume?

Pankaj Jain: Looking at the market scenario, we will evaluate in such a way that the numbers should be around 15 to 20% and we will increase the base structure there.

Ankit Babel: Thank you so much Sir. All the best.

Moderator: Thank you. The next question is from the line of Anik Mitra from Finnomics. Please go ahead.

Anik Mitra: Good afternoon. Sir my first question is related to the conversion of stores. So what kind of topline growth and impact in the margin we can witness with this conversion of stores this is my first question?

Pankaj Jain: How does that relate to the margin structure. There will be a conversion perspective where K-Lounge is already selling Killer as a major proportion, so I do not think there will be change in . . . proportional change in revenue maybe there because the performance would be a little better in terms of the ASP but I do not think there will be a change in margin.

Anik Mitra: Got it and Sir you are referring 18 to 20% growth in Q4 FY2024 in the topline?

Pankaj Jain: 15 to 18% is what I am saying.

Anik Mitra: 15 to 18% like for Q4 FY2024?

Pankaj Jain: Q4.

Anik Mitra: So is it year-on-year or quarter-on-quarter?

Pankaj Jain: Y-o-Y.

Anik Mitra: 15 to 20% for FY2025?

Pankaj Jain: Yes.

Anik Mitra: Fine thank you Sir.

Moderator: Thank you. The next question is from the line of Jatin Chawla from RTL Investments. Please go ahead.

Jatin Chawla: Hi good afternoon and thanks for the opportunity. My first question is for Q4, you have guided for reasonable pickup in revenues. So are you seeing any signs on the ground of this weak consumer sentiment that we have had for the last few quarters starting to turn around?

Pankaj Jain: There has been a sluggish movement in the consumer market but we are looking that Q4 we will still be able to achieve the numbers of 15 to 20% growth perspective.

Hemant Jain: It is like we start our supplies for Summer. So, we don't' see any challenge for 15%-20% growth. It's a fresh season, it's a start. So we think, we will be able to achieve it.

Jatin Chawla: So Sir you are banking on your own efforts rather than the market pick up.

Pankaj Jain: Market understanding has also been there. We have been closing structure. The pipeline also we are looking at and that is why we are giving a revised estimate that is why we said that okay we will be growing on the fourth quarter by 15 to 18% right.

Jatin Chawla: My commentary was just from industry perspective also that whether are we seeing any early signs of things starting to turn around. From what you are saying it seems that it is not the case. This is kind of more company specific efforts that you are putting in. My second question is the brands that you have Killer, Lawman, and Integriti. I am new to the company. If you could kind of spend two minutes just broadly explaining the positioning of each of these brands in the marketplace?

Pankaj Jain: As far as Killer is concerned, Killer caters the premium price point. Like denim prices range from 2799 to 3899, Lawman caters to fashion and party wear segment, Denim prices range from 2199 to 2999, Integriti caters to premium mass market, Denim range around 1799 to 2499 and Easies cater to casual office wear segment. All the brands have different segment, different price point and different category.

Jatin Chawla: Understood and in the last two to three years, we have seen Zudio really scale up very fast so has there been any impact on your kind of mass brands?

Pankaj Jain: As far as Zudio is concerned, Zudio is only in the retail chain format and their prices are different than what we are selling in the market. Our price point is different than the Zudio's price point so I do not think that there is Zudio's impact anything on our sales.

Jatin Chawla: Understood. Thanks.

Moderator: Thank you. The next question is from the line of Chirag Shah from White Pine. Please go ahead.

Chirag Shah: Thanks for the opportunity Sir. Sir my first question is with respect to your store addition. So you are closer to your phase one target of 500, 525 kind of number so how do you look at from here on and also if you can comment on your distribution. If I recollect 80 or 90 distributors serving from 3000 odd MBOs so how are you looking at that from here on. That is my first question?

Pankaj Jain: On the retail front as we said that we will be having 80 to 100 stores year-on-year perspective and we are in line with that, that is one. Secondly on the MBO perspective MBO has also been growing along with the Company.

Chirag Shah: From year-on-year, we are still looking at 80 to 100 stores that is how we should look at annual basis?

Pankaj Jain: Only on EBO basis right.

Chirag Shah: Yes, EBO basis we are looking to add 80 to 100.

Pankaj Jain: Yes.

Chirag Shah: Sir second question is if I look at your Q2 and Q3 results if you can just comment on your realization mix because in Q2 if I look at it, your jeans contribution was lower Y-o-Y and your ASPs were down. In Q3 jeans contribution has seen significant jump on Y-o-Y basis plus still ASPs are significantly lower realization that you said in your presentation. So how should one look at it if you can give a comment on that, it would be helpful?

Pankaj Jain: So if you are looking at four categories, on my core categories which are jeans, shirts, t-shirts, trouser on a nine-month basis I have been growing on all the four categories. The mix has changed in terms of winter wear and that is the reason the average ASP is giving a wrong mix structure to you.

Chirag Shah: So you are saying Q3 had a slightly adverse winter wear contribution that is what is driving this ASP?

Pankaj Jain: Winter wear category actually is a higher ASP product.

Chirag Shah: Yes that is what I am saying. So you are saying in Q3 FY2024 current quarter versus last year so this year the winter wear contribution has been significantly lower as compared to last year that is the reason your ASP have gone down from 757 to 681 that is the primary reason?

Pankaj Jain: That is one of the reasons. Second reason could also be, the total mix is a combination of apparel and accessories.

Chirag Shah: That would be another reason, fair point. Sir one last thing, you made a comment that in the markets you are looking at 15 to 20% growth next year so versus last two quarters you are turning more positive on the market scenario or what was your intent when you made that comment?

Pankaj Jain: If you look at my number structure, as I said for the nine month basis my all four categories which are my core categories have been growing and that is the reason I am saying that my first two quarters or maybe the next year period I will be growing at 15 to 20% except for winter wear which was planned for, it has changed out otherwise so whatever we have to plan is for Q3, Q2 will not be a problem.

Chirag Shah: Sir my question was more with the market rather than company. We understand that you are striving 15 to 20% kind of growth. You are saying the subdued market environment is your base assumption on which you are targeting 15 to 20% kind of volume growth that is the way we should look at no major improvement in the market outlook?

Pankaj Jain: I am saying that okay we will be at this percentage.

Hemant Jain: There are two, three things. Like we are launching Killer Junior Kids and the sales impact of that also in Q1 & Q2 next year, we will get. **S**o that is why we say we will grow by 15 to 20%. Plus see every time you cannot say that every time the market sentiment will be low. Maybe the market sentiment will be also better than what the Q3 is.

Chirag Shah: So if the market sentiment turns better then this number could actually see upward?

Hemant Jain: We have also launched Killer Junior, so there will be sales impact of that also.

Chirag Shah: Thank you very much.

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

Aejas Lakhani: Hi Sir thank you for the opportunity. Sir my question were on the retail and non-retail growth if we look at our retail performance we have been down year-on-year by 8% despite adding stores. So any commentary on what is happening in the retail segment whether it is the EBOs which is pulling it down or LFS channel which is pulling our performance down?

Pankaj Jain: I beg to differ. On a nine-month perspective retail has been growing. Is it related to the quarter, right?

Aejas Lakhani: Yes.

Pankaj Jain: The EBO has been growing. EBO is not a percentage. Since retail is a mix of retail and LFS, that is the reason it has been pulled down that is the only reason.

Aejas Lakhani: So any specific comments on the LFS channel which has sort of pulled down our performance is it related to certain product as winter wear or certain stocking which has not happened with our LFS partners?

Pankaj Jain: The LFS partners have been carrying inventory in terms of winter wear that is the reason there has been a shift of month for the next seasons sale.

Aejas Lakhani: Understood and Sir if we have to compare our winter wear performance this year versus last year Y-o-Y I reckon we had also preponed some of our sales in Q2 so if we look at like-to-like number for winter wear as a category what would the growth rate be or what has the performance been?

Pankaj Jain: Winter wear this year has degrown for us.

Aejas Lakhani: So what would the numbers looks like Sir an absolute number if you have to look at?

Pankaj Jain: On a category mix we generally do not give but I am saying that okay the category mix has degrown this year.

Aejas Lakhani: Sure and are we left with any of the winter wear inventory with us which might be liquidated at a cost going forward or some discounts that you have to give in the coming quarters?

Pankaj Jain: We have some of the inventories for the winter wear stock and adequate provisions have been provided for the same.

Aejas Lakhani: Sure and Sir my next question is on your cost control measure right if we look at your employee cost and opex cost it has been in a tight band so is there anything that we are holding back on which could possibly come in the next few quarters?

Pankaj Jain: Not on the employee cost and which is the other category you said?

Aejas Lakhani: The other expenses.

Pankaj Jain: I do not think there will be a drastic change in both the sides.

Aejas Lakhani: Sure and Sir on the gross margins side we have done well versus our previous quarters so is it that you have taken some price hike in certain categories or is it the raw material benefit that we are getting, are these gross margins sort of sustainable going forward?

Pankaj Jain: The raw material prices which have gone down that is the reason you see there has been expand in terms of the GP margin. We feel that it will get normalized in the next two quarter structure.

Aejas Lakhani: So will we be passing on this benefit in terms of any schemes or discounts or reducing prices?

Pankaj Jain: Maybe I will do some marketing perspective or I may decrease the price structure or it depends on how the competitor evaluate the same also along with it.

Aejas Lakhani: Sure got it and Sir you entry into the kids segment it looks promising but as a group you must have thought of some numbers of scaling this in your business mix so if you could share some light on that, any percentage of your revenues that should come from kids wear?

Pankaj Jain: Aejas it is still under incubation stage. Let us discuss this on Q2 of the next year.

Aejas Lakhani: Sure.

Moderator: Thank you. The next question is from the line of Chirag Shah from White Pine. Please go ahead.

Chirag Shah: Sir, would it be right to comment that winter wear as a category is a lower profit margin category?

Pankaj Jain: The company manufacturers jeans, shirts and T-shirts. Winter wear as well as knit wear as a category company outsources it. That's why, definitely what you are saying is, could be considered as correct.

Chirag Shah: Thank you very much.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Hemant Jain for closing comments.

Hemant Jain: First of all thanks to all my participants. I would like to once again thank all of you for joining us on this call today. We hope we have been able to answer your queries. Please feel free to reach out to our IR team for any clarifications or feedback. Thank you all.

Moderator: On behalf of Kewal Kiran Clothing Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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