



May 20, 2025

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Sub: Transcript of Earnings Conference Call dated 16.05.2025

Dear Sir/Ma'am,

With reference to captioned subject, we hereby enclose the transcript of Earnings conference call held on May 16, 2025 at 11:30 Hrs (IST)

This is for your information and further dissemination.

For Cantabil Retail India Limited

**POONAM
CHAHAL**

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“Cantabil Retail India Limited
Q4 & FY’ 25 Earnings Conference Call”
May 16, 2025

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the Company’s website will prevail



**MANAGEMENT: MR. VIJAY BANSAL – CHAIRMAN AND MANAGING
DIRECTOR – CANTABIL RETAIL INDIA LIMITED
MR. DEEPAK BANSAL – WHOLE-TIME DIRECTOR –
CANTABIL RETAIL INDIA LIMITED
MR. SHIVENDRA NIGAM – CHIEF FINANCIAL OFFICER
– CANTABIL RETAIL INDIA LIMITED
MS. POONAM CHAHAL – COMPANY SECRETARY –
CANTABIL RETAIL INDIA LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Cantabil Retail India Limited Q4 and FY '25 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 stars and zero on your touch-tone phone. Please note that this conference is being recorded.

Before we begin, a brief disclaimer. This presentation, which Cantabil Retail India Limited has uploaded on the stock exchange and their website, including the discussions during this call, contains or may contain certain forward-looking statements concerning Cantabil Retail India Limited 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. Vijay Bansal, CMD, Cantabil Retail India Limited. Thank you, and over to you, sir.

Vijay Bansal: Good morning, everyone. On behalf of Cantabil Retail India Limited, I welcome everyone to the Q4 and FY '25 Earnings Conference Call of the company. Joining me on this call is Mr. Deepak Bansal, Whole-Time Director; Mr. Shivendra Nigam, CFO; Ms. Poonam Chahal, CS; and Marathon Capital, our Investor Relations advisors. I hope everyone had an opportunity to look at our results. The presentation and results release have been uploaded on the stock exchange and our company website.

FY '25 has been a historic year in terms of performance. We are operating with 600 showrooms now, and our company reported highest ever revenue and PAT, setting new benchmarks. The SSG for the year stood at ~4%, the achievement of a historical high in revenue and profit after tax despite a challenging market environment, is a testament to our customer-centric approach, highlights the brand's competitive advantage and its potential for sustainable growth. To further capitalize on the brand acceptance, we have outlined a vision 2027 of achieving INR1,000 crores turnover by FY 2027.

I now hand over the call to Mr. Shivendra Nigam for giving update on the financial and operational performance. Thank you.

Shivendra Nigam: Thank you, sir, and a very warm welcome to everyone. Coming to the financial performance. Stand-alone performance highlights for FY '25. Revenue from operations for FY '25 grew by 17% to INR721 crores as compared to INR615.6 crores in FY '24. Company reported its highest ever yearly revenue during FY '25. EBITDA for FY '25 grew by 26% to INR205 crores as compared to INR162.7 crores in FY '24. EBITDA margin for the company for FY '25 stood at 28.4% as compared to 26.4% in FY '24.

PAT for the company for FY '25 grew by 20% to INR74.9 crores as compared to INR62 crores in FY '24. PAT margin for FY '24 stood at 10.4% as compared to 10.1% in FY '24. Here also, the company has achieved a highest ever PAT during FY '25.

Now I come to the stand-alone performance highlights for Q4 FY '25. Revenue for operations for Q4 FY '25 grew by 13% to INR219 crores as compared to INR194 crores in Q4 FY '24. EBITDA for Q4 FY '25 grew by 31% to INR58.6 crores as compared to INR44.8 crores in Q4 FY '25. Our EBITDA margin stood for quarter 4 FY '25 stood at 26.8% as compared to 23.1% in Q4 FY '24. PAT margin for quarter 4 for the company FY '25 grew by 23% to INR22.5 crores as compared to INR18.4 crores in Q4 FY '24. PAT margin for company for quarter 4 stood at 10.3% as compared to 9.4% in Q4 FY '24. With this, we may now begin the Q&A session. Thank you.

Moderator: Thank you very much. The first question is from the line of Arnav Sakhuja from Ambit Asset Management. Please go ahead.

Arnav Sakhuja: So I see in your vision 2027 that you mentioned you plan on increasing the store count to 725. So are these stores mostly going to be concentrated in Tier 2 and Tier 3 cities or more in metro cities?

Deepak Bansal: So right now, we have like presence of 20% of the stores are in the Tier 1 towns, 40% Tier 2 and 40% in Tier 3 towns. So same kind of spread we are expecting in the next 2 years.

Arnav Sakhuja: And what would be the average size of these new stores that you are planning to open?

Deepak Bansal: So last year, our average size was 1,635 square feet. So it's going to increase a little bit till 1,700 square feet per store, for the new stores. And for the average store of company today stands at 1,300 square feet.

Arnav Sakhuja: And just one last question. So these newer stores that you plan on opening, are these going to be more ladies, men's stores or a mixture

Deepak Bansal: So it will be a mix. Right now, like we have 10% of our store are ladies, kids store; 20% are the family stores; 30% are the men's and ladies stores; and 40% are the men's stores. These are our broad classification of the stores. So in the same manner, we will be going forward.

Moderator: The next question is from the line of Himanshu Bisani.

Himanshu Bisani: Sir, I actually wanted to understand that our volume growth has been impressive of 15% over the year, but our average sales price has been more or less been constant. So are we selling more of our affordable item? And what does that do to our margins? If you could throw some light on that?

Deepak Bansal: So our ASP increased by more than INR20 when compared to the last year. So we always mentioned that our USP is our average selling price because we are into the mid premium segment brand. And we are more value brand and coming into the premium segment brand. Because this space has ASP of INR1,050 is very less crowded. So we plan to be in this space only in the future also.

- Himanshu Bisani:** Yes, sir, I understand that. But just on that, because our volume growth was higher than our average sales price. So just wanted to understand, is there the range because of the comparatively lower priced products?
- Shivendra Nigam:** So actually, what I understood, probably the question is not clear. Our volume is definitely high by 15% and my overall sales is high by 17% in terms of value, right? So it's a mix. It's a slight correction and overall going in the same ratio also, or any other clarification required?
- Himanshu Bisani:** No, sir. I understood. So we are more or less planning to be in the higher premium mid premium affordable kind of category only, right?
- Shivendra Nigam:** Yes. So we are positioning ourselves as a mid-premium segment. So we are very balancedly poised in mid-premium segment. And going forward also in the same category, we are going to operate.
- Himanshu Bisani:** Understood, sir. Understood, sir. And sir, with that target of INR1,000 crores by FY '27, so that includes a CAGR of 17%, 18%. So this is what we have been doing that for last historical years as well. So is thus a very realistic target of INR1,000 crores. So are we very confident of achieving that, right?
- Shivendra Nigam:** Right. Correct. Absolutely. We are always in a believer on long-term sustainable business. You can check our history as well. So the same number we are going forward. So all the planning is accordingly.
- Moderator:** The next question is from the line of Ankit Babel from Subhkam Ventures.
- Ankit Babel:** Congrats for a decent set of numbers. A couple of questions, sir, you. I mean, the question was in continuation of your vision statement of INR1,000 crores. So what kind of SSGs are you building in while estimating this INR1,000 crores revenue for the next 2 years, '26 and '27?
- Shivendra Nigam:** So out of this, we are having 5% to 6% target to have the same-store sales growth.
- Ankit Babel:** Okay. And the revenue per store, what are your assumptions for the new stores? Because what we have witnessed historically for your company and even other companies that any incremental store you open has a lower PSF compared to your older stores. So what kind of PSFs you are estimating for the new stores?
- Shivendra Nigam:** So if you see, we have covered some PSF this year. Last year, our PSF was 800. And obviously, in our earlier commentary, we also mentioned the moment we are opening the bigger stores, theoretically per square feet dimensions have been slightly changed. So this year, we end up approximately 785 is our PSF, right? But you just mentioned the average sale per store, that has been improved from last year, INR116 lakhs to this year, approximately INR119 lakhs, right? So going forward, approximately INR800 per square foot sales we are looking at it. And this absolute number of INR119 or INR120 is going to be increased.
- Ankit Babel:** So you opened, if I'm not wrong, some 66 stores last year, okay? And how many stores you opened in FY '24?

- Shivendra Nigam:** FY '24 net numbers, FY '24 was opened 84.
- Ankit Babel:** So on those 84 stores, what has been the per square feet sales or upper store sales, whatever number you have compared to the company average? Was it lower? Was it higher? Was it same?
- Shivendra Nigam:** So that we see, there is a maturity period. Obviously, in the first year, the sales would not be full for those that have been opened. But over, it is going to achieve, as we said, 2 years, we are taking to the maturity. So going to the exact number, that is not readily available to me, that I can share with you separately for only those new stores.
- Ankit Babel:** Okay. And how is the performance of the 66 stores? I know it's too early, but what are the initial numbers there?
- Deepak Bansal:** So it's as per the expectations what we have targeted. So there are no bad stores as such we have to shut down or something was below expectations. It's as per the expectations.
- Ankit Babel:** Okay. And sir, how is the consumer sentiment now? Last 6 to 12 months, we have seen some slowdown in the consumer across the industry. But what we have been hearing was that this quarter is a very good wedding season. So how was your experience in April and May month so far? Did you see some pickup in the demand?
- Deepak Bansal:** Yes, there is pickup in the demand, and there is a positive sentiment and there is positive SSG.
- Ankit Babel:** I mean it's better than the Q4 and the Q3 run rate?
- Deepak Bansal:** It's better than the Q4. But yes, Q3 Cantabil exceptionally did well. Our SSG was very high. It's below Q3, but better than Q4.
- Ankit Babel:** Okay. Okay. And what's the outlook on the profitability side, say, in the next 2 years, once you achieve this INR1,000 crores revenue, will you sustain your margins at current level? Or you feel there will be an improvement or a decline, whatever?
- Shivendra Nigam:** So if you have checked our margin, EBITDA margin this year from last year, we have improved, right? The sale has been improved as well as -- they improved from 25.5% to we reached up to 28%. So as we earlier said, categorically, we mentioned earlier as well, we have taken a target to whenever reaching the INR1,000 crores, we have to maintain our gross margins approximately 55%, 56%. And then the EBITDA margin in the range of 28% to 30% is going to be maintained. So that there is no reshaping on the numbers, all on targets.
- Ankit Babel:** Okay. So this 28% now is the base for you and you will only improve from here on. So we should not be worried about a high base of 25%?
- Shivendra Nigam:** Not exactly. Not exactly. We are continuously improving ourselves. So all these are the committed numbers.
- Ankit Babel:** And this growth, whatever you are estimating, you believe can be funded through internal accruals, right? And you don't need any fundraising for that?

- Shivendra Nigam:** Not at all. No, not at all. Absolutely from the internal accruals going forward as well. We are the cash surplus company.
- Ankit Babel:** Okay. And sir, last question is on the inventory side. So what are the targets here? Is there a scope to reduce the inventory days? Or you believe that the current working capital cycle will remain for the next 2, 3 years?
- Shivendra Nigam:** So the business model, what we have, so many times we explained, so this is what the target is. Our 120 days approximately always said, we are going to be maintain, right? Last year, it was 115, due to some lesser winter, it is on a higher slightly on 120, 121 days. But we have never said it is going below 110 days. So our long-term target is to maintain somewhere between 110 to 115 days, and that is going to be.
- Ankit Babel:** Okay. So you'll sustain it at the current levels.
- Shivendra Nigam:** Absolutely. Current level would be sustainable.
- Moderator:** Next question is from the line of Bhargav from Ambit Asset Management.
- Bhargav:** Congratulations on a good performance. Sir, my first question is, is it fair to say that the rent cost for the full year will be closer to about INR80-odd crores?
- Shivendra Nigam:** Yes, sir. Bhargav, it is INR80 crores.
- Bhargav:** And the free cash flow post rent and capex will be how much, sir, for the full year?
- Shivendra Nigam:** For this financial year, right, Bhargav ji?
- Bhargav:** Yes. Yes.
- Shivendra Nigam:** So if I'll take about post my operational one. So if I take my post operation, if you are reducing, my free cash flow, if you have seen post net operating cash flow is INR148 crores, but that does not include my rentals. INR80 crores of rental has to included, to be reduced from this INR148 crores. INR148 crores is net of inventory buying and everything. So my net cash flow post operating activities, including my inventory buying and everything. Out of this INR148 crores, you need to reduce INR80 crores, which is coming in the financing cost, my rentals.
- Bhargav:** Then INR60 crores full year?
- Shivendra Nigam:** Full year, yes.
- Bhargav:** Sir, if I look at your employee cost on a per square foot per month basis, it comes to about INR160. So is there a scope to reduce it? Or you believe this is the optimum level at which we will operate?
- Shivendra Nigam:** So employee cost, per square foot, what you said, Bhargav ji, can you please repeat?
- Bhargav:** Sir, your employee cost per square feet per month is about INR160?

- Shivendra Nigam:** Right, sir.
- Bhargav:** So is it possible to reduce it or it will remain here as per your consideration?
- Shivendra Nigam:** Sir, honestly, we are trying to increase the moment we'll get our 5% to 6% continuously sales which we achieved this year, right also. So slightly it's going to be reduced, but we are not compromising anything in terms of front-end cost. So largely, it would be around this only, INR150, INR160 would have been there largely.
- Bhargav:** And out of the total employee cost, what will be the variable incentive in that?
- Shivendra Nigam:** That I need to check in terms of that, because you talked INR160 square feet. I don't have that readily figure right now available. So my overall my store cost, but I can tell you overall my store employee cost versus my incentive proportion is approximately 6% to 7%, 7% to 8%. So you can take it accordingly.
- Bhargav:** Okay. And lastly, sir, we've seen a good increase in your family stores and ladies and kids stores. So how has been the response there?
- Deepak Bansal:** Response is good in the family stores. It's as per our expectations, and that's why we are opening the bigger stores now.
- Moderator:** The next question is from the line of Tanmay, an individual investor.
- Tanmay:** Most of my question is answered, so I'm okay.
- Moderator:** The next question is from the line of Shrinjana Mittal from RatnaTraya Capital.
- Shrinjana Mittal:** The gross margins have increased in this quarter. So is that a mix impact? Can you throw some light on that?
- Shivendra Nigam:** Your voice was on mute. So can you please repeat the question, please?
- Shrinjana Mittal:** Yes. So I was saying that the gross margin has increased in this quarter. So is that a mix impact? Can you throw some light on that?
- Shivendra Nigam:** So basically, gross margin has been increased by 2%, 2% or 2.5%, right? So majority, it is by the slight increase in the correction in the prices.
- Shrinjana Mittal:** Sorry, the gross margin has increased. So that could be a mix impact or the lower discounting. That's my question.
- Shivendra Nigam:** Discounting, we have controlled to the slight portion of discounts, but there is a significant portion of correction in prices for this 2%.
- Shrinjana Mittal:** It's on the cost side.
- Shivendra Nigam:** Yes, cost side.

- Shrinjana Mittal:** Okay. Okay. Okay. Understood. And the second question was on SSG. This quarter, the SSG was negative 1%, right? And last quarter, the SSG was 18%. So like what is driving the SSG for us? And like what are your thoughts on, like you are targeting 5% to 6% of SSG, but if we look for like last 5, 6 quarters, the SSG, it has been on the lower side, except like if I look except the last quarter. So what are your thoughts on the SSG part?
- Shivendra Nigam:** So our overall target is to be taken on an annual basis. We are going to achieve on an annual level. A couple of quarters due to headwinds of other things as well. Like this quarter, we were going very well. But the immediately sudden post of the summer came early, right? So we have never seen a 2-month gap in summer and Holi. This time, it was there. So these kind of exceptions would be there. But overall, our target is to keep the 5% to 6% on an annual basis, and that will be achieved. Maybe a few quarters may be up and down, but overall annual target, we are working and that is achievable.
- Shrinjana Mittal:** Understood. And what is like which factor plays a role here in the seasonality aspect? Is it like primarily the winter wedding season? Or is it just general retail demand? Or is it like mix -- what is your take on that?
- Deepak Bansal:** There is two factors majorly, the season and the wedding season. Season, I mean the winter season was very poor in the Q4. That's why our SSG has gone down. So season has an impact. And the wedding season, the number of wedding dates has an impact on the sales growth and the same-store sales growth. So these are the two major factors. The rest are the force majeure kind of conditions as the one we've just seen in the over time now.
- Shrinjana Mittal:** Understood. Understood. Okay. Just one last question. In this year, like were there any stores which were closed, if you can the number...
- Shivendra Nigam:** Yes, the store closure, right? What you asked?
- Shrinjana Mittal:** Yes, store closure in this year.
- Shivendra Nigam:** 66 opening is our net number because we are having a huge number of stores now. These are 600 stores now. So obviously, now the leases for the stores are coming for, more frequent leases are coming for the renewals, right? 5% to 10% lease are coming for the renewals, right? Out of overall closure in terms of its stores was 18. Performance-based closure. Performance-based closure was 8, right, and 10 were the relocation.
- Shrinjana Mittal:** Okay. So 10 is out of the 18, 10 were relocated and 8 were...
- Shivendra Nigam:** 8 were the closures, yes.
- Shrinjana Mittal:** And these 8 stores, they were like not profitable stores, I mean how old were these stores? Some can you give just on an average, some light on that?
- Deepak Bansal:** The one which we closed down
- Shrinjana Mittal:** 8 stores.

- Deepak Bansal:** Okay. The one we closed down is generally the outdated kind of stores, where the markets get outdated or the sales have dropped a lot in the recent past. So that kind of places we used to shut down majorly. There are only very few stores which have like rental revenue ratio gets very poor, we have to shut down. So there are some malls which get outdated. There are some markets which get outdated with the passage of time, and we don't renew the store there and we like close the store there.
- Moderator:** The next question is from the line of Rajesh Jain from Jinanand Research.
- Rajesh Jain:** Congratulations for the good FY '25 numbers. I have a couple of questions. The first one is that despite good operating cash flow generation by the company, the company has not declared any dividend. Any specific reason? And the second one is in accessories, where more categories would have been near-term focus areas. The company do have any plans for entering into accessories in women's segment like beauty products and other things?
- Shivendra Nigam:** So two questions you asked. First question I'm replying for dividend. So we have a very clear dividend policy, and up to 20% we are distributing. So one interim dividend has been already been declared and paid post the result of Q3 and the final would be declared probably in the AGM. So that is very clear policy year-on-year, you can see. Your next question regarding accessories.
- Deepak Bansal:** You are telling about the accessories and the cosmetics part in the women category. So right now, we don't have plan to go in the cosmetics or beauty products. So we will be only going with the accessories category we are already doing.
- Moderator:** The next question is from the line of Yogesh Bhatia from Sequent Investment.
- Yogesh Bhatia:** Yes, sir. Congratulations on good set of numbers. So I want to know, do we categorize our sales in the different segments that we have, kidswear, menswear, womenswear?
- Deepak Bansal:** Yes. So overall contribution is like this, the 81% of the sales is coming from the menswear category, 11% is coming from the womenswear category, 5% from accessories and 3% from the kidswear.
- Yogesh Bhatia:** Okay. So going forward, when we are looking at this vision of INR1,000 crores, how will this shape up? And is there a plan to get into individual stores for women or it is going to be a mixed store? What is the strategy on that?
- Deepak Bansal:** So right now, we have like 10% are the ladies and kids exclusive stores. So we broadly manage it around 10% to 12% only. And ladies contribution in total sales will increase a bit like it's 11%. It can go to 13% in a year or two.
- Yogesh Bhatia:** Okay. And do the margins remain the same in the same lines or the margins are different in different categories?
- Deepak Bansal:** Margins are almost the same in every category.
- Yogesh Bhatia:** Margins are almost the same.

- Moderator:** The next question is from the line of Naitik from NV Alpha Fund.
- Naitik:** Sir, my first question is if you could give us some sense on what is our mature store sales PSF?
- Deepak Bansal:** So right now, our sales is like INR785 per square feet.
- Naitik:** No, that is at a company level. I wanted the difference in mature stores and the newer stores. What PSF are the mature stores sitting at?
- Deepak Bansal:** Right now, we don't have the specific data last to last year because one more question came almost the same that what was the average sale of the stores opened in 2023 and '24. So we can share you that specific data later on.
- Naitik:** But sir, generally, what is the PSF for mature stores? That's the only data I want.
- Deepak Bansal:** That's the only, overall is...
- Shivendra Nigam:** Yes, INR800 is there, but like we have a INR1.2 crores of average. But when I'm categorizing my stores for more than 3 years or more than 6 years, so there is a 10% to 15% is the difference, right? So a few very old stores are average is delivering INR150 lakhs and few are delivering INR1 crores, which are new. On that basis, 10% to 15% is the difference in terms of per square feet sale also for the matured store as well as older stores.
- Naitik:** Got it, sir. Sir, my second question is, are we seeing the rental escalations or rental cost increasing for our newer stores? And along with that, is our capex per store going to increase as we are opening larger size stores now?
- Shivendra Nigam:** So capex in terms of absolute cash flow, yes, definitely going to increase because my per square feet capex of INR1,700 remains same for last 2, 3 years. Last year, it was approximately same, this year also. But since we are opening the bigger stores -- since we are opening the bigger stores, so definitely, overall capex outflow for next financial year in terms of opening newer sites as well as renewals are also there. So we have allocated INR25 crores to INR30 crores. My capex will go in opening of the stores and renovation of new stores.
- Deepak Bansal:** But regarding the rental, per square feet rentals are going down. So last year, it was INR129 square feet. Last year, it was INR122, and this year, it has come down to INR120 square feet. So per square feet rental is going down due to the bigger stores because rental cost per square feet is lesser in the bigger stores.
- Naitik:** Right. Got it, sir. Sir, my next question is, if I look at our SSG growth over the last 3, 4 years, every year, it's been very volatile. So I just wanted to ask what are the initiatives that we are taking to get consistent SSG growth?
- Deepak Bansal:** So we have majorly going for the staff motivation programs. And staff motivation programs have really worked very well. And our SSG is volatile when there was a phase of COVID. If you remove the COVID phase, our SSG was like average SSG of last 4 years was 5% only, if you remove the COVID phase. So SSG in the quarters, you can say was volatile. But when you take the complete year, SSG was stable.

- Shivendra Nigam:** Last year was the exception. We are the first time we have faced that because the market was really challenging. So we have did it better and only minus 4% last year. So overall -- if you see the historical data also, it is 5%, 6% constant basis SSG is there.
- Naitik:** Right, sir. Sir, my next question is we are targeting INR1,000 crores of sales. I just wanted to ask if we are prepared for it on the back end in terms of manufacturing capabilities and the corporate level and warehouse that we would need. So are we prepared for that? Or we would have to spend some of the capex on these things also?
- Shivendra Nigam:** So I'll explain you my total capex plan, what is there for next financial year, going forward also. So we are absolutely ready for all these things because -- we are just looking at the INR1,000 crores is just done, right? So we don't need much changes in our system or any of the back ending. As far as capex is concerned that you asked, so our warehousing come corporate facility is going to be complete by end of this calendar as well.
- So there is an outflow of INR13 crores to INR14 crores remaining, which is going to be there. We are enhancing Bahadurgarh facility as well. One floor is being constructed there. That is required approximately INR8 crores to INR10 crores. And as I just said, the INR30 crores is required. So total capex requirement is INR50 crores to INR52 crores for this financial year, right, which completes all my requirement of INR1,000 crores, not we are more than double it from the INR1,000 crores.
- Moderator:** The next question is from the line of Yash Bajaj from Lucky Investments.
- Yash Bajaj:** Congratulations on a good set of numbers. Sir, my first question was on the franchisee-led expansion. Last year, we had kind of kept ourselves back from expanding from the franchisee route. Any thoughts regarding that in the current financial year, considering the retail environment has become more favorable now?
- Deepak Bansal:** The franchisee, the total company proportion is right now 20% of the franchisee stores and 80% are the COCO stores. But regarding the new stores, the ratio is further less. So in the last year, we opened 66 stores, 61 were the COCO stores, 75 were the franchisee stores. So approximately around 10% were the franchisee stores. So same kind of thing is going to be there in future.
- Yash Bajaj:** Okay. Got it. And my second question is regarding the gross margin. You alluded that there was increase because of better pricing, there was a gross margin improvement this quarter. But sir, I think, the ASP has been flat or slightly lower on a year-on-year basis, both for the quarter and the financial year. So is there any other reason for the gross margin improvement?
- Deepak Bansal:** ASP has increased in the quarter also and in the yearly data also. So there is 1% increase in quarter and 1% increase in the year for the ASP.
- Yash Bajaj:** But that would not lead to a 200 basis point improvement in gross margin, right? Is there a raw material deflation? Anything around that?
- Shivendra Nigam:** So overall, if I say, my gross margin has improved probably by 2%, right? So there is a very slight percentage there in terms of controlling the discount, but mostly the correction. And there

is a very small amount of portion in the price in terms of controlling of the buying price as well. But largely, it is driven by slight correction. ASP by multiplying into the number of pieces what we sold, it is coming to approximately those numbers only. 65 lakh pieces we sold at ASP, if you calculate, largely, it is coming to near to that number.

- Yash Bajaj:** And so how much did we spend this year on advertisement and branding?
- Shivendra Nigam:** 1.32%, sir, is the total expenditure this year as compared to last year, approximately 1.6%. So we are controlling it now and...
- Yash Bajaj:** Okay. And last question, how much was our online sales this year?
- Shivendra Nigam:** So we closed this year 6.2% so as far as total sales from online.
- Yash Bajaj:** 6.2%. And how has that grown, sir?
- Shivendra Nigam:** INR44 crores, INR45 crores is largely the number for online sales out of INR720 crores.
- Yash Bajaj:** And what was the number for the financial year '24?
- Shivendra Nigam:** INR33 crores. INR44 crores closed this year as compared to INR33 crores online sales last year.
- Moderator:** The next question is from the line of Arpan Rathore from Insight Advisory.
- Arpan Rathore:** First of all, congratulations on a very good set of numbers and also outlining your vision statement so that everybody can track. Essentially, my first question is coming on the vision itself. You have outlined that you will be reaching INR1,000 crores top line by FY '27, which essentially translates into a revenue growth of 13% to 14%, which is lower than what you're currently doing. Any specific reason why we are estimating a lower number?
- Shivendra Nigam:** Sir, it is coming approximately 18%, what we are tracking, INR720 crores we closed this year. If you add up 17% to 18% in next 2 financial year, we are achieving INR1,000 crores. So this is not 13%, this is 17%, 18%.
- Arpan Rathore:** Yes, but still it is a little lower than your current growth rate. So is it a conservative number for us or...
- Shivendra Nigam:** So this year also, sir, we closed at 17%. Last year also was number, except if you remove the COVID number. So these are the long-term sustainable number, but maybe it will be a couple of percentage more. But as of now are the achievable numbers.
- Arpan Rathore:** Okay. Okay. Also in terms of volume, you have guided for an SSG -- higher single-digit SSG. In terms of volume, is there any number which we have thought through that we will be growing by such and such volumes?
- Shivendra Nigam:** So 50-50 always we said, like this year, 4% and 2% of volume being driven. So going forward, when I'm talking about 5% -6% SSG, 2% to 3% would be the volume and some correction would take it to 6%.

- Arpan Rathore:** Okay. Sir, my next question is on the gross margin. We've seen COGS reducing on both quarterly basis and on a yearly basis. I don't want to go into the details of it, but what would be the sustainable gross margin going forward?
- Shivendra Nigam:** So when we are going forward and achieving INR1,000 crores number, some more portion of e-commerce will go, which will dilute a little bit of margin, but it will never go less or to say 55% to 56% is the target. It is going to be 55%, 56%, 57% approximately.
- Arpan Rathore:** Great. My question is on women category. In terms of sales, you mentioned that it contributes around 18%. My question is more on a strategic perspective. We don't see any credible womenswear brand. Don't we see a scope to enter that territory and capitalize further on the brand in which we already carry. Any thoughts on improving the womenswear contribution in our overall sales?
- Deepak Bansal:** So right now, womenswear contribution is 11%. And as I mentioned, we want to improve it to 13%. And we are opening new ladies and kids exclusive stores also. So last year, 10% of the stores which were new opened were the exclusive ladies and kids stores. And in the men's and in the family stores and the men's and women's stores also, there is a portion of women's category. So definitely, women's portion is going to increase in the coming years.
- Arpan Rathore:** Okay. Great. My last question is more on balance sheet. The working capital, there has been slight increase, though 1 or 2 days to 114 days. I wanted to understand what would be the targeted level? Or should we assume that 110 to 115 is the targeted range from a company perspective?
- Shivendra Nigam:** Absolutely, sir, you answered the question itself. So long-term target is we are at 114. Last year also, it was there in terms of working capital. So considering my business model, it would be approximately 110 days.
- Arpan Rathore:** Okay. And another question on margin, sorry, coming back to the margin question. So we have guided for a higher single-digit SSG growth. Do we see EBITDA margin improving on account of that? That 28% to 30% is the guided range. Do we see a scope of improvement further from there?
- Shivendra Nigam:** We improved from last year to this year, if you say, we improved 2% approximately. So going forward, 28% to 30% is a very reasonable number, which in the current tough market, we are able to maintain. So going forward, 28% to 30% is the target for EBITDA margin as well.
- Moderator:** As there are no further questions from the participants, I now hand the conference over to Mr. Deepak Bansal for closing comments.
- Deepak Bansal:** I would like to once again thank all of you for joining us on call today. We hope we have been able to answer your queries. Please feel free to reach out to our CFO or IR team for any clarification or feedback. Thank you all.
- Shivendra Nigam:** Thank you, everyone. Thanks.



Cantabil Retail India Limited
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Moderator:

Thank you very much. On behalf of Cantabil Retail India Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.