

August 08, 2025

To  
**BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai - 400 001

To  
**National Stock Exchange of India Limited**  
Exchange Plaza, C-1, Block G  
Bandra Kurla Complex  
Bandra (E), Mumbai - 400 051

**Scrip Code: 544058**

**Scrip Symbol: MUFTI**

Dear Sirs,

**Sub: Transcript of the investor/analyst conference call**

Pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the investor/analyst conference call held on August 01, 2025 on unaudited financial results of the Company for the quarter ended June 30, 2025, is enclosed herewith.

The same is also available on the Company's website at [https://www.credobrand.in/investors/financials/#acc\\_42](https://www.credobrand.in/investors/financials/#acc_42).

Kindly take the same on record.

Thanking you,

Yours faithfully,  
For **Credo Brands Marketing Limited**

\_\_\_\_\_  
**Sanjay Kumar Mutha**  
Company Secretary and Compliance Officer

Encl. As above



“Credo Brands Marketing Limited  
Q1 FY26 Earnings Conference Call”  
August 01, 2025



**MANAGEMENT:**

MR. KAMAL KHUSHLANI	- CHAIRMAN AND MANAGING DIRECTOR
MR. RASIK MITTAL	- CHIEF FINANCIAL OFFICER

**INVESTOR RELATIONS ADVISORS:**  
**STRATEGIC GROWTH ADVISORS**

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on August 01, 2025 will prevail.

**Moderator:** Ladies and gentlemen, good day and welcome to Credo Brands Marketing Limited Q1 FY '26 Earnings 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kamal Khushlani, Promoter and MD of Credo Brands Marketing Limited. Thank you, and over to you, sir.

**Kamal Khushlani:** Thank you, Bhavya. Good morning, everyone. I have with me Mr. Rasik Mittal, Chief Financial Officer and SGA our Investment Relation Advisors. I hope you all received the investor deck. If not, you can view them on the stock exchange or the company website. The retail industry in India has been undergoing a significant transformation, shaped by evolving consumer preferences, rapid digital adoption and rising aspirations for premium experiences.

One of the most notable shifts has been the substantial increase in spending on branding and marketing as companies strive to build stronger emotional connections with consumers and enhance brand recall in an increasingly competitive landscape. Additionally, there is a clear trend towards premiumization with brands focusing on elevating the customer experience through superior store design, curated product offerings and enhanced service standards.

We've broken down this speech that I'm about to give into five or six different pieces. So I'll start with the Mufti retail transformation. We, at Mufti are entering into a phase of transformation, which is anchored by our vision to position the brand firmly within the premium segment of the Indian apparel market.

Recognizing the evolving preferences of today's consumers who are increasingly seeking experience-led shopping over transactional retail. So we are reinventing our stores, redefining the brand experience and reigniting the spark for the brand. Coming to product evolution, we are looking to elevate the fashion relevance. Mufti has sharpened its fashion sensitivity to align with the evolving tastes of the new Indian consumer.

We continue to introduce trend-sensitive product strategy, featuring seasonal collections with contemporary silhouettes, expressive color palettes and elevated fabric choices targeted to enhance Mufti's appeal among style-conscious consumers and reinforce its positioning in the premium menswear segment, ensuring the brand remains influential and aspirational. Now coming to the digital marketing.

Mufti began its strategic partnership with Google and Meta somewhere last year to strengthen its digital marketing capabilities and amplify brand storytelling. This collaboration is now reaching an inflection point as we scale both our content creation capability and marketing investments to communicate Mufti's transformation effectively.

We will continue to leverage these platforms to connect with consumers across multiple touch points. This digital push supports our omnichannel retail strategy, enabling seamless discovery and conversion across both online and offline channels. With hyper-targeted campaigns and

rising consumer engagement, digital sales through Mufti's website have more than doubled over year-on-year, underlining the impact of these initiatives.

This also validates our belief in our capability to scale up the brand in the D2C space in future, being an omnichannel player. Coming to our retail footprint strategy. To make Mufti's brand transformation visible and experiential for consumers, we have developed an entirely new store design and identity to deliver a shopping experience that enables customers to experience the style and quality of the Mufti brand in a more premiumized environment.

As part of this strategy, we are accelerating the transformation of our retail footprint by opening 20-odd premium stores, some of them flagships in FY '26, located in premium malls and premium high streets across India and closing underperforming stores as well. So this may not increase the store count, but it will improve the productivity of our retail network.

In parallel, we are investing in refurbishing some existing outlets. This retail network transformation and rationalization will be continued in FY '27 also. These initiatives are planned to drive higher footfall, deepen brand engagement and reignite consumer excitement around Mufti and enhance the salience of the brand, ensuring we remain competitive and influential again in a rapidly evolving market.

Coming to the investment in brand building and the impact it will have on Mufti's cost structure and long-term profitability. We are making deliberate investments to position and strengthen the Mufti brand within the premium fashion segment to realize the full potential of this opportunity. We recognize that this transformation will impact our cost structure as we build the capabilities required for sustained growth.

These efforts will also lead to an increase in rental costs for premium locations. Our early success in some locations, however, some premium relocated locations and the digital engagement activity has reinforced our confidence in the brand's initiatives. Through initiatives of enhancing our digital brand presence and building our retail footprint with premium flagship stores.

We expect our advertising and marketing spend to increase to 6% to 7% in FY '26 and go up to 8% to 10% in FY '27. While these initiatives may create a short-term pressure on profitability due to higher operating costs, we consider them to be strategic investments essential for driving sustainable long-term growth and profitability.

We anticipate the benefits of these efforts to begin materializing from FY '28 onwards, by which time the advertising and marketing spends are expected to stabilize. This will enable us to achieve the desired outcomes in terms of both revenue and expansion and improved profitability. Coming to the quarterly performance overview.

During this quarter, revenues remained steady at approximately INR120 crores, reflecting the continued softness in discretionary spending, particularly across Tier 2 and Tier 3 markets, where consumer sentiment remains muted. Despite these headwinds, we achieved a notable improvement in gross margins expanding by 290 basis points year-on-year.

This margin growth underscores the enduring strength of the Mufti brand and the sustained consumer preference for our differentiated offerings in quality, fit and comfort. The broader apparel industry is currently navigating through a phase of macroeconomic uncertainty and cautious consumer behavior.

Nevertheless, Mufti is resilient and positioned for long-term success. Our strategic initiatives for premiumization and digital acceleration are expected to enhance brand equity and drive sustainable growth and profitability. We are also encouraged by the recent budget's emphasis on boosting middle-class purchasing power through tax relief measures, which we believe will positively influence consumer sentiment and stimulate demand in future.

Looking ahead, we are confident in our long-term strategy and committed to our vision of establishing Mufti as one of India's leading premium menswear brands, resonating with the modern consumer across both physical and digital touch points. With this brief, I'd like to hand over the call to our CFO, Mr. Rasik Mittal, for the update on the financial performance. Thank you, everyone.

**Rasik Mittal:** Thank you, Kamal. Good morning, everyone. I will give you financial highlights for Q1 FY '26. Revenue for the quarter stood at INR119.9 crores. Gross profit stood at INR73.8 crores with a GP margin of 61.6% for the quarter. EBITDA stood at INR31 crores. Our EBITDA margin stood at 25.9%. Profit after tax for the quarter stood at INR6.3 crores. Our PAT margin stood at 5.3% for the quarter. With this, we will now open the floor for question and answer. Thank you.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Nilesh Doshi from Prospero Tree Financial Services.

**Nilesh Doshi:** Sir, just you mentioned that you are reinventing the stores and design. So what is the capex plan for the reinventing the design store? And how many stores are you going to reinvent or redesign? And within what time it will be completed?

**Kamal Khushlani:** So -- Nilesh, right?

**Nilesh Doshi:** Yes, sir.

**Kamal Khushlani:** So these are new stores that have just been planned and they are in the pipeline, and we got very encouraging responses when the first time we put it up at the Phyigital Retail Convention, where we met all our trade partners, mall partners, landlord partners. So currently, they are in the working, but roughly, they are expected to be about 30% higher in cost than what we were earlier spending.

Earlier, our capex cost was around INR25 lakhs. So this is roughly expected to be in the range of INR32 lakhs to INR35 lakhs.

**Nilesh Doshi:** Yes. But is there any number of stores to be reinvented? Have you planned anything? And will it be only from the internal accrual or do we require to raise any debt?

**Kamal Khushlani:**

We don't need to require any -- raise any debt. We will be able to do it from our internal accruals. And currently, we have about 20-odd stores in the pipeline to open in this year and similar number to even close. What we are looking to do is reduce the tail at the end and close some underperforming stores and replace them with opening better and new stores in more premium and influential markets.

In the past, we have been a little conservative as retailers. But as the times are changing today, what we see is that there are some important markets to strengthen our position and to put a foothold as a premium brand in the market. There are some malls and some retail sites that we must be present and we must make a larger statement.

So there are some flagship stores also that we will open, and we will also renovate between this period and this year, I think we will also renovate between 10, 15 to 20 stores. But these are not things that we decide today. We're going to take them -- we look at the season and the period, which is slightly lean because that's the time we use to renovate it.

So we will test the stores that we are opening now, see them, and we will renovate stores in the month of March. Roughly 15 to 20 stores also, we will end up renovating.

**Nilesh Doshi:**

Okay, sir. So can I say that we are presenting ourselves in the premium mall and premium high street to showcase our premium product or we would like to create our brand as a premium brand amongst the youth. Is it the right understanding?

**Kamal Khushlani:**

Absolutely right.

**Nilesh Doshi:**

Sir, you have also mentioned that you are going to increase the marketing expenses from -- by 6% to 7% in current year and in next year, 7% to 8%. Okay, that's fine. We are increasing the reinventing cost. We are increasing the marketing cost. But do you not expect any revenue increase because on the one hand, our GP margin is increased by almost 3%.

And so if there is a revenue growth, we can generate the higher GP. And so that higher GP will match these higher costs. And so there will be no effect on the PBT level. Is it the right understanding or do you expect the expenses will be higher than the GP growth?

**Kamal Khushlani:**

See, the expenses will certainly be higher, but it will not be higher than the GP growth. The GP that you're seeing higher, please don't look at our GP on a Q-on-Q basis. By the end of the year, this will get rationalized to the normal GP that we make, which is around 57%, 56%. So this will come down to that.

Quarter-on-quarter is a reflection because this year, looking at the market conditions and how the market was going, there were -- footfalls were very low in the market. So our discount sales started 2 weeks later. Hence, the GP seems to be higher. And it did not make sense to start putting discounts earlier because even though we would put discounts, we would have ended up losing margins, but we were not getting the footfalls. We couldn't see that happening.

So therefore, in line with the competition and how the market moves, we delayed our discounts by two weeks. Therefore, it looks like that. This GP will get rationalized by the end of the year.

Now coming to your sale part, when you start making these investments, particularly in the digital space, etcetera, it takes some time for them to start paying back. It's not a call-to-action investment where I'm -- if you put out an advertisement saying that I'm flat 50% off, come and buy two and get two.

These are advertisements which give you immediate responses. They are call-to-action advertisement. However, when you are premiumizing a brand, it requires a certain reach that we reach enough number of people. Hence, we have to increase the spend and create awareness of just say, Mufti 2.0, Mufti in the new version that people should experience.

So we have to increase the reach. And once we reach, then we have to frequently hit them x number of times before a consumer gets to realize the changes and that start driving footfalls. Hence, we are being a little conservative and practical. We don't want to put any kind of high expectations. However, from FY '28 onwards, as we say, we certainly see that we should start - these investments should start paying back.

**Nilesh Doshi:** Sir, I'm not an industry person. So my next question is like that there is Zudio, there is Trends, which are selling the product very cheap...

**Moderator:** Sorry to interrupt, sir. Sorry to interrupt, sir. Mr. Doshi, there's an echo from your line.

**Nilesh Doshi:** Now is it okay?

**Kamal Khushlani:** Yes, it's okay, Nilesh, go ahead.

**Nilesh Doshi:** Okay. Sir, what I would like to say that I'm not an industry person. So there is Zudio. Zudio is opening more and more number of stores. There is Trends from the Reliance industry, Reliance Retail.

So are we facing any tough competition from these two major retail chain because it is very difficult to classify the premium product amongst the economy product or because they are offering a higher discounting, they have some new scheme. Are we facing any tough competition from these 2 guys or anything like that from -- in the industry?

**Kamal Khushlani:** See, Nilesh, brands like Zudio and retailers like them are very different and trying to appeal and cater to a different audience. Maybe for some time, these brands could have some kind of impact on other brands. But there is no relation between -- we are trying to build a completely different brand from what Zudio is doing. Zudio is at a completely different price point for a completely different consumer.

And it's not us. We are very, very confident about the brand and the future potential that the country holds and how people's aspirations rise. And as people's aspirations rise, people want to wear brands which are premium and more aspirational and not necessarily go for economy brands or products.

However, at all times, there will be consumers who will get attracted to economy. But at the same time, there will always be enough consumers who have aspirations and these aspirations

rising in India to consume more and more premium products. So we are readying ourselves for that.

However, currently, the macroeconomic conditions have been challenging. So that's what we are facing in the mid-premium to premium space at this time. But we are very confident that we should be able to face this very, very strongly in the future and be able to grow the brand and put our foothold very strongly as a premium brand in India.

**Moderator:** The next question is from the line of Apurva Mehta from AM Investments.

**Apurva Mehta:** Yes, sir. Just wanted to ask you why Q1 was quite weak for us, but we are having some peers which have done really well. Any particular reason behind this weakness for a company which is smaller in size also? Any particular reason that we could convey that why this weakness was there?

**Kamal Khushlani:** Apurva, Kamal Khushlani here. So good question. So what we feel in hindsight, Apurva, is a little bit that the fashion brands during this season have been hit a little more than the basic ones. So it's been a learning for us. But there's a business as usual, Apurva. It happens many times.

Year-on-year, we have been seeing this. But this time, the fashion brands we see in the market have been hit a little bit harder. The consumers' preference has been towards the basic. So we are taking our learnings from that, and we will be implying all of those learnings in spring/summer '26.

**Apurva Mehta:** And what changes are we doing to, again, scale up our top line or anything which we can do differently to scale up the top line and make our brand more visible or agile or more consumer-friendly or what the consumer likes? Is there anything different we are trying to do? I know that 20 flagship stores we are going to do such an excellent thing.

But any other things like product changes we are trying to do or bringing new kind of products which are wearable or which are visible. I don't know what we should do?

**Kamal Khushlani:** So Apurva, see, we've been in this business for more than 30 years, and the brand existed for 27 years now. So we have been through a lot of fashion cycles, changes, markets, ups, downs, disruptions and a lot of things that we have seen that we have experienced in these 27 years. Now where we are today and with all our trade partners, we still remain one of the largest brands in the country.

And what we are seeing, the changes that are happening in the industry today is that some D2C players have become now and they are emerging even in the offline space and successfully emerging in the offline space, I would say. And what we see is that some of their marketing spends have been very huge and disproportionate compared to us, particularly in the digital space.

Now transforming from a D2C to an offline is one thing, transforming from an offline toward - moving toward D2C is another and having challenges at our end. And we were doing this on a slow and steady basis. However, we realized that whether it's our MBO partners or our large

format store partners or wherever, we are doing absolutely fine. Even in our stores, we are doing well.

Besides this little merchandise glitch in terms of consumers suddenly not accepting fashion, which has probably hit us by 4, 5 percentage points or something. Besides that, we are doing absolutely fine. But we need to take some really big and bold steps in terms of increasing our expenditures in marketing to communicate our new identity and for consumers to change their perception and recognize the brand and its new avatar.

Therefore, in our presentation this time, we've even put out our advertising and marketing content that we are generating now, and that's all what we have put out of only one season. So we are learning all those changes, making those. And now we are at an inflection point where we believe that we need to make our retail stores even better than what they are.

So that's the new version that we are creating. And at the same time, we are looking to increase our marketing spend so that people can see us in that new avatar, experience us, like I earlier said, reach out to new audiences and then frequently touch them again and again with our new content for them to see and understand that the brand has changed. And we are very confident and bullish that this will drive new footfalls into our stores.

**Apurva Mehta:** So Q1 was bad, but current 1 month has passed. What are your feelings of future demand recovery or still it is the same old story?

**Kamal Khushlani:** Apurva. In fact, we don't see a demand recovery. It's not been a good season. In fact, we also see Q2 to be flattish more in like last year, it's not been a good season. Hence, we are -- in fact, this year and the next year, we don't expect things to rise a lot, but the investments that we make will certainly pay off in future.

**Apurva Mehta:** And for the full year, what kind of numbers we can see? Anything which we can just foresee or it's very difficult to judge or something like that?

**Kamal Khushlani:** You're talking about Q2?

**Apurva Mehta:** Yes, Q2 and the full year today, this year, full year, we were expecting 15% growth during Q4 last year...

**Kamal Khushlani:** Yes. We realigned that to being flattish or very small single-digit growth for this year.

**Apurva Mehta:** And on the EBO side, what kind of new additions, are we looking to add new EBO or we would be only being flattish kind of EBO side?

**Kamal Khushlani:** We expect that also to be flattish for the next couple of years. We intend to open much better doors and shut some of the underperforming doors. So -- and -- but a lot of these doors that we look to open are called -- we call them wildcards internally, and we call them wildcards because these are highly demanded malls and premium high street locations where locations are unavailable.

But when they are available, there are more than enough people to take them. But we are very, very aggressively chasing those ourselves. And it's very promising because I said we were quite conservative in our approach, but we have changed that. We are being a little aggressive in our approach to go and acquire these locations and we are very confident we will be able to acquire them.

Coming back to your question, we expect the store count to remain flattish this year and probably even the next year. However, having said that, when we see the market opening up and wherever we see opportunities, certainly, we will increase them. But as of now, our feeling is this. We want to increase our output from the same stores.

**Apurva Mehta:** And what kind of margin hits you will take for the next 2 years?

**Kamal Khushlani:** Margin?

**Apurva Mehta:** Yes. So we were at close to like 29%, 30% kind of margins -- EBITDA margins. Is that there will be a sizable hit on the margin because of these changes?

**Kamal Khushlani:** Yes, certainly, because of the increase in rental cost and increase in the marketing spend for these next couple of years, certainly, there will be a hit in our margins. But these are very clear increase in investments that we can see in brand building that will cause these in the short term.

**Moderator:** The next question is from the line of Naitik from NV Alpha Fund.

**Naitik:** Sir, my first question is if you could give some sort of economics for the new flagship stores that we are trying to open in terms of are we going to change the sizes of the stores, what sort of revenues we would be expecting? And what would be the rent from these stores?

**Kamal Khushlani:** So very difficult to answer that question right now, Naitik. But like we said, our cost of rental will certainly go higher. Now that will depend from location to location. So it's very difficult to put an exact number because the rental at a Linking Road of Mumbai would be very different compared to the rental of a Linking Road in, say, Bhopal, the important high street of Bhopal.

So having said that, rentals will certainly go higher, and we expect the sales to go up in future. So to give a rough number, we expect our sales to be more than INR1 crores from these stores that we open and some of the stores that we will end up shutting will be less than half of those sales or things like that. So we are going to go a little aggressive.

We will not only look at profitability for the next couple of years. We will look at image enhancement and brand building. That's going to be the focus of the brand very clearly.

**Naitik:** Right, sir. Got it. And sir, my second question is, we have seen some dip in online sales. If I look at your Y-o-Y while you also mentioned that our website sales have doubled, but online sales as an absolute number has seen some dip. So just wanted to understand why is that?

**Rasik Mittal:** So Naitik, see, basically, online sales on our own website has gone up. But on the other partner websites, basically, it depends on the market conditions.

**Kamal Khushlani:** And also, these are stock numbers, which reflect what has gone out and depends on when it got supplied. By the end of the year, it will be in line with what was next year -- last year.

**Moderator:** The next question is from the line of Devesh Advani from Reliance General Insurance.

**Devesh Advani:** So my first question is that as far as earnings are concerned, so there is a major decline in this quarter and also in terms of top line. So was there any volume growth in this quarter?

**Kamal Khushlani:** You're not clear, Devesh. Can you repeat what you're saying? The voice is a little muffled.

**Devesh Advani:** Yes. So actually, as far as your earnings are concerned, so there is a decline in this quarter. And even in terms of top line, there is a decline. So has any volume growth been registered in this quarter? And how do you define the demand trends from -- particularly from Tier 2 and Tier 3 cities? You said that there was some softness in demand. So do you see any recovery?

**Kamal Khushlani:** There is an overall softness in demand, Devesh, and we expect that to continue even over the next quarter. We are very hopeful that autumn/winter this year should be much better, but the Diwali is sooner. So we are going to see and witness that season as we go ahead into it, but we don't see a recovery in demand immediately. And as I earlier also mentioned to Apurva that the next quarter also would be flattish. And we have not seen a growth in volume.

**Devesh Advani:** Okay. And what is the guidance for the full year for FY '26 or '27, if you want to -- as far as earnings is concerned or as far as top line is concerned, any guidance that you want to give?

**Kamal Khushlani:** It's flattish or very small single-digit growth is what we expect.

**Devesh Advani:** In the top line?

**Kamal Khushlani:** Yes.

**Devesh Advani:** Okay. And you said that no stores -- you will be opening no stores in this year is what you said, right?

**Kamal Khushlani:** We will be closing a few stores and opening a few stores. We would not be adding to the overall tally of stores, Devesh. We've overall improved the performance per store.

**Moderator:** The next question is from the line of Manish Jain from Wealth Wise Securities.

**Manish Jain:** Sir, my question was regarding there are a lot of value brands now in the market and the competition is intense in the unorganized as well as the organized market. The move which has prompted you -- the strategic decision which you have taken, is this the reason for that?

**Kamal Khushlani:** See, that's not the reason. It's about creating your own space in the market and what you want to be as a brand. So we, as a brand, are a bridge to the international premium brands. Now when you talk about competition from economy brand or you talk about competition from the unorganized market, this has always been there.

This is not something that has happened, which is new. It has happened today and it was not existing 5 years earlier or 10 years earlier or 20 years earlier.

**Manish Jain:**

But at present it has been intense, sir. Don't you think so?

**Kamal Khushlani:**

Let me complete. That's exactly what I'm saying, that's always been present. And right now, we are talking about it being intense. But the overall size of the market, if you look at what it was 20 years back or 10 years back or 5 years back to what it is today, has also overall grown. So it's not that these brands that have come in, so they are economy brands and they are going to eat away the market of the mid-premium brands.

Then everything -- every other premium car should stop selling, every premium mobile should stop selling and all of those should stop selling and only economy products should be selling. So it's a tough time where discretionary spending is being impacted, particularly in the mid-premium to premium fashion segment, but we expect that to recover and revive in times to come and to strengthen our position there.

That's what we said that we are creating our presence to be felt more. And hence, we are making some very, very bold -- taking bold steps and making huge investments in marketing as well as our retail environment to reinforce our position as a premium brand and which we will end up doing in the next couple of years.

**Manish Jain:**

No, no. I entirely understand, sir, what you are telling because I do track this sector, and I know what you are telling. It's a very bold move and it's a very strategic move, and I understand that. But just wanted to ask with some curiosity that just have you done some survey or have you been -- it can't be an immediate or a drastic decision to do this and that also for the next 2 years.

So I just wanted to -- and I just congratulate because I know this sector and what you are telling, I also understand that and I heard the call from the start. So I just wanted to ask you that have you done some like pre-survey -- and I think it can't be a drastic move, and I think you should have been on this for some 1 or 2 years and you must be watching all these things. And then I think you are coming to this. That's what I wanted to ask?

**Kamal Khushlani:**

Yes, absolutely right, Manish. We have been watching this for the last couple of years. And like we were looking at transforming ourselves from the position that we are moving towards the D2C space and increasing our investments there. But I earlier also said even last year, at the right time when we see it's an inflection point, we will enhance those investments.

And we see that this is the right time to do it because as far as the product is concerned, the brand is concerned, it's sacrosanct. But now it needs the backdrop to be propelled into the next phase for the consumers to see it. So two backdrops that we are banking on; one is the retail environment that we are changing.

Second is the new avatar and the new identity, which is being communicated to the consumers through our content that we are generating now, and we will have to make huge investments in that to reach out to enough number of customers, Manish. So we are very, very confident about it, and we've been studying this over the past year altogether.

- Manish Jain:** Absolutely right, sir. Absolutely right. Just sir, just wanted to ask some small point. Sir, in the Credo company, we have Mufti brand and you are positioning it as a premium brand. In the future, are we going to launch any other sub-brand under Credo, not Mufti, under -- any other brand in the value or the mid-segment? Have you thought about this or that will only be concentrating on the premium brand?
- Kamal Khushlani:** No. So we did -- we do have a Capsul brand called 400050, which we launched last year, but that's more to the oversized and fashion forward -- for the fashion-forward consumer. It's street wear -- elevated street wear, so to say. But that's a very small capsule that we have launched for our stores. In future, we look to make all improvements and changes in Mufti, and there's lots to do here. We are not, in the immediate future, looking to launch any economy or brand.
- Manish Jain:** And sir, just one final question about that pushing the brand and just backing it because in the past also, if you -- and you might be knowing that very well, the brand Zodiac, which was a very premium brand, but there was no backing from the company and the brand was very less visible.
- And so the brand really got faded away however products are quite good. I think whatever you are telling me that you want to push the brand, sir, what will be the comparable domestic peer brand for us, sir?
- Kamal Khushlani:** What will be the?
- Manish Jain:** Comparable domestic peer brand?
- Kamal Khushlani:** Domestic peer brand. So the brand -- kind of peer brands are Levi's, Pepe, Spykar, U.S. Polo, Rare Rabbit, these are the brands that kind of compare with us.
- Manish Jain:** Premium brands? These are the premium brands which we directly compete?
- Kamal Khushlani:** We don't directly compete with any premium brand. We have a very unique offering, Manish. And for that, only if you visit our stores and you see how our merchandise and the offering that we have for our consumers, how it is curated is very different from what the other brands offer. Even all the peer brands that I mentioned to you, our offering is unique and different from all of them as well. And it's very well accepted with our audience and that tribe will grow with the new initiative that we take in the digital marketing.
- Manish Jain:** Okay, sir. And it's a very strategic and a bold move.
- Moderator:** The next question is from the line of Subhanu Bangal from 3Head capital.
- Subhanu Bangal:** Sir, how many EBO stores in Tier 3?
- Kamal Khushlani:** Yes, you are
- Subhanu Bangal:** How many EBOs in Tier 3?
- Kamal Khushlani:** About one-third are in Tier 3.

**Subhanu Bangal:** One-third. Following on are you seeing any market share losing from value retailers in Tier 3?

**Kamal Khushlani:** Sorry, Subhanu, your voice is very muffled.

**Subhanu Bangal:** Can I assume, are you losing market share in Tier 3 for value retailers?

**Kamal Khushlani:** No, we are not losing market share in Tier 3. Some of these markets are not behaving as though they are conducive for mid-premium to premium brands. So those are some markets. We're not losing market share as such.

**Subhanu Bangal:** Most of value retailers are going in Tier 3 very fast because -- but your SSSG in Tier 3 almost negligible, not grown?

**Kamal Khushlani:** So that's something that we are going to evaluate. That's why I said that we will be shutting down some of our stores, which is the tail for the brand and we are going to open new and more premium stores where we may look at our business a little differently from being a little less conservative over the next year or two going forward and taking bolder steps in opening higher rental locations. We believe in we are looking for a brand and that's what will pave our path to future growth.

**Subhanu Bangal:** Sir, my second question on online mix. Your online mix is currently 11%?

**Moderator:** Sorry, Subhanu sir, you audio quality is not clear.

**Subhanu Bangal:** Perfect. Current is perfect.

**Moderator:** No, sir.

**Subhanu Bangal:** Hello.

**Moderator:** Yes, sir, please continue.

**Subhanu Bangal:** Currently, your online mix is 11%. Going forward, what is your guidance on online mix because your ad on marketing spend increase in FY '26 and FY '27 also. What is your going forward online mix target?

**Kamal Khushlani:** So for '26, it could be similar, slightly higher. In '27, it would certainly be much higher than that. However, we don't have an exact finger on the pulse to be able to tell you how much higher it would be. Wherever it will go over there, we will go a little bit carefully in terms of not wanting to burn too much money there.

**Subhanu Bangal:** Any target?

**Kamal Khushlani:** Sorry?

**Subhanu Bangal:** Any target on the online mix?

**Kamal Khushlani:** See, we don't have a target like that for online mix because even today, online continues to be a channel driven by discount. So we are slowly going on increasing there. However, slow -- our

base is small. We more than doubled in this quarter over the same quarter last year. So we will grow fast, but this is -- we are going to assess it very, very carefully and grow that business in a profitable manner.

So we've not kept ourselves targets over there that we want to grow at this stage or that stage. However, we intended to double our business on our own website this year, which we will end up doing. And once this year is gone, towards the end of the year, we will decide on what's the business we should aim for in the next year, looking at how it is spread, what's the consumer acquisition cost for our online business.

However, overall, we expect it to be in 11%, 12%, 13% for this year, and we expect it to rise higher in the forthcoming year. But these kind of percentages and all, these could vary because also depends on what's the rise in offline business at that time, et cetera.

**Moderator:** The next question is from the line of Naitik from NV Alpha Fund.

**Naitik:** Sir, my question is, what is our marketing spend currently? And if you could also give some color on the increased marketing spend, where is it going to be more in the offline channel or online channel? And some color on how we are thinking about spending this 7%, 8%?

**Kamal Khushlani:** The majority of the spend will be in the online channel itself, not in the offline channel. And I'll just give you our spend in a second. Just allow us a minute, please. It's INR5.4 crores currently in this quarter.

**Naitik:** And for last full year?

**Naitik:** Sorry?

**Rasik Mittal:** Last year same quarter, it was INR2.4 crores.

**Naitik:** And sir, my second question is, you mentioned about the tail end of stores, which we would be closing down. So what is the count of these tail end stores we sort of have and are all of these in COCO format?

**Kamal Khushlani:** No. They would be in different formats. Roughly 20, we intend to.

**Naitik:** So only 20 we have in the tail end or there is more in the tail end?

**Kamal Khushlani:** Yes, we have some more as well, but we will probably close the year after. So we will gradually move in a market. So these are many things that come into play, Naitik. We are in a particular market. Particularly in some smaller markets, what happens is that in the smaller town, initially when you enter, the town is a little different and it changes character over the years.

What happens is that when you go after that, some other brand starts coming in and then slowly some developer in that market starts seeing potential in the market for retail and they start developing a new high street and a new market or a new mall. Now as that starts happening, that starts becoming the new destination and more expensive parts of retail.

So these are going to be a gradual process. We are in one market. We are looking at finding a store in another market. The moment we find one, we will shut this one and open the other one. It's not going to be that I will close the other doors today.

**Naitik:** Right, right. And sir, my other question is, last quarter, we did see a very, very decent growth, 15%. And now this quarter, we have come to a negative growth and these changes we are thinking about. So I'm trying to understand what exactly has changed like within a quarter? And how has it gone so bad? I mean, I'm not able to understand that part?

**Kamal Khushlani:** Sure. I think what happens, you don't have to look at our business on a quarter-on-quarter basis. It's not some of the quarter that decides anything. Like I said, it's a season. And at this point, the brands which have been a little fashion forward have been hit harder than those brands that are more basic. So that's what we saw.

And that's been a little shift and that's hit us. But it's not like that bad a hit that it can't be handled, etcetera. However, in numbers for you, I understand if you look at it, that there was a 15% growth last quarter and this year, there's a decline. So you're a little confused of where we are headed. But we recognize what we need to do for the brand for the future, and that's why we have taken the steps that we have.

**Naitik:** Right. Got it, sir. Sir, just one last question. These stores which we are going to be in premium locations, is the pricing going to be also different or a bit higher than in the other locations or it's going to be same?

**Kamal Khushlani:** The price for the locations will certainly be higher, and it's a very good question, Naitik. Thanks for asking. Because when we talk of premiumization, we are talking about premiumizing the experience of the brand. We're talking about premiumizing the look and feel and the perception of the brand. We are not going to change our prices.

At the same price points, we are going to premiumize the brand experience and premiumize the brand perception because that's where we want to see the inflection happen at these price points. For the retail locations, which are premium will definitely be higher.

**Naitik:** Sorry, I didn't get the last line, sir. Can you repeat?

**Kamal Khushlani:** I said the prices for premium retail locations will definitely be higher.

**Naitik:** So the selling prices will be higher, right? That is what you're talking about.

**Rasik Mittal:** Cost will be slightly higher, rental cost.

**Kamal Khushlani:** Rental cost. The product will be the same.

**Naitik:** My question was on the product. Got it. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, this was the last question. I now hand the conference over to Mr. Kamal Khushlani for the closing comments. Thank you and over to you, sir.

**Kamal Khushlani:**

Thank you, everyone for joining us. I hope we have been able to answer all your queries. We look forward to such interactions in the future. In case you require any further details, you may contact us or SGA, our Investor Relations Advisors. Thank you, and have a good day, everyone.

**Moderator:**

Thank you. On behalf of Credo Brands Marketing Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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