BRAND CONCEPTS LIMITED
CIN – L51909MP2007PLC066484
140/2/2, Musakhedi Square, Ring Road, Indore 452001 (M.P) INDIA
Phone: 91-731-4223000, Fax- 4221222/444
Email: info@brandconcepts.in

Date: 21st August, 2023

To,
National Stock Exchange of India Limited
Listing & Compliance Department
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra East, Mumbai - 400051,

To,
BSE Limited
Listing & Compliance Department
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001

Symbol: BCONCEPTS **Scrip Code: 543442**

Sub: Transcript of the analyst/institutional investors conference call as held on 17th August, 2023 for Q1 FY 24

Dear Sir/Madam,

With reference to the above captioned subject, We Brand Concepts Limited, herewith attaching the post result conference call transcript for the investors meet as held on 17th August, 2023 for Q1, FY 24.

You are requested to kindly take the same on your records.

Yours Sincerely,
For Brand Concepts Limited,

Swati Gupta
Digitally signed by Swati Gupta
Date: 2023.08.21 12:50:13 +05'30'

Swati Gupta
Company Secretary & Compliance Officer
Mem No. A33016

BRAND CONCEPTS LTD

Q1FY24

POST RESULT CONFERENCE CALL

Management Team

Abhinav Kumar – Whole Time Director & CFO

Call Coordinator

Strategy & Investor Relations Consulting

MANAGEMENT: Abhinav Kumar - Whole-Time Director and Chief Financial Officer

Presentation

Vinay Pandit: Ladies and gentlemen, I welcome you all to the Q1 FY '24 Post Earnings Conference Call of Brand Concepts Limited. Today on the call from the management we have with us, Mr. Abhinav Kumar, Whole-Time Director.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements which may involve risks and uncertainties. Also a reminder that this call is being recorded.

I would now request the management to detail us about the performance highlights for the quarter that went by, the growth plans and visions for the coming year post which we will open the floor for Q&A.

Over to you, Abhinav.

Abhinav Kumar: Hi, very good afternoon to everyone. So very happy to present that we've continued our growth story in this quarter as well. So if compared to the last year, we've shown a good growth both in terms of our footprints as well as in terms of the overall revenue. And we hope that we shall continue this even going in the future quarter-on-quarter. So I think all the performance highlights we've already mentioned in the investor presentation and I hope that everybody would have gone through. So I would straightaway like to get into the Q&A part because that is the one which takes the maximum time. So we could start taking questions straight away, Vinay.

Moderator: Sure, Abhinav. We already have a hand raise from Swapnil. Swapnil, you can go ahead and ask your question.

Swapnil Kabra: Yeah, sir am I audible?

Abhinav Kumar: Yes, Swapnil.

Swapnil Kabra: Sir, congratulations firstly on great set of numbers. So when we were guiding for 30% growth rate and we delivered approximately 80% growth rate, it is commendable.

Abhinav Kumar: Thank you.

Swapnil Kabra: My only concern was with respect to the merger that we were talking about in the previous con call. So I did some research and I got to know that IFF Overseas is actually a loss making entity and the debt levels are also very high, and also it is mainly into contract manufacturing which has got very less EBITDA margins. So the main question was that if in future we merge these two entities, so will there be huge impact on our EBITDA margins? Will it be EPS dilutive, I mean I want to know more about the merger part.

Abhinav Kumar: Yeah. So see IFF Overseas as of last year, if you see it was a profitable company and the losses that you're seeing are during the COVID times. Otherwise historically also it has been a profit making company. And yes, it is into contract manufacturing and this year again, we anticipate that it will again be into healthy profitability and healthy EBITDA margins.

It's a private limited company. So I wouldn't like to comment exactly on the percentages of the EBITDA. But I could say that, yes, it is a healthy margin. It's not that the margins are not healthy over there. So the margins are healthy. The merger also is not happening this year. So the effective merger date is going to be 1st of April, 2024, and by then I think the company's performance is going to grow further better as in the strength is going to continue in IFF Overseas as well. Whether it'll be a dent or something to the company, I don't think so.

In fact the reason for merger is not that whether I wanted to capitalize on their balance sheet or whether the debt also that you had mentioned. So whatever high cost debt was there was paid off already. So now the debt which is there is not a bad debt from a debt structuring perspective.

So I find that the balance sheet is now healthy and clean and that is something that I had mentioned earlier on that before going on with the merger, I would like to clean up the balance sheet, and hence we took a little extra time. We've cleaned up the balance sheet. Things are looking positive and now is the time when we would love to go ahead with the merger. The merger is going to give us a lot of advantages and that entire pros, cons, advantages, disadvantages were weighed upon and presented to the Board. Finally, when the Board saw merit to it is when we got the approval of going ahead with the merger. So I hope I've been able to answer your question, Swapnil.

Swapnil Kabra: Yes. Just a follow-up on that. Can you give me a range of EBITDA margin that IFF Overseas would see likely in a year or so, because as far as I know the contract manufacturing …

Abhinav Kumar: Double-digit.

Swapnil Kabra: Okay. And sir we would be manufacturing for other brands like Samsonite and all, because IFF is actually doing that business, we would be doing that.

Abhinav Kumar: So we will continue to do that. It's not that suddenly we will change everything and bring everything in house. But yes, if you ask me from a long-term perspective, yes, we would like to occupy as much as capacities for our resident business as possible, because it gives us a huge advantage of supply chain management.

But at the same time, the idea is not that we will always be closed on third-party contract manufacturing. In fact, there is a division that we are starting even in Brand Concepts, which I'm not typically calling it more as a third-party contract, calling it more as a PMS, it is a product management service. So today we have a lot of know-how when it comes to product design, development, manufacturing, merchandising.

But there are a lot of brands who actually want these kind of services. And looking at the current position of China and all of that, a lot of international brands also reach out to us, where we could probably help them in creating their entire range. So it could open up a lot of opportunities for us, Swapnil. So we will never be shut to the idea of not doing anything for other brands. We will never be shut to that.

Swapnil Kabra: Okay, so any new brand that we are potentially looking to work with?

Abhinav Kumar: Brand hunt is a constant endeavor. So I can say that, yes, constantly, we are in touch. So sometimes we keep getting opportunities, sometimes we hunt for opportunities. It's a constant endeavor.

Swapnil Kabra: Thank you so much for answering the questions.

Abhinav Kumar: Thank you.

Moderator: A request to all the participants, since we have a lot of people in the question queue. We would request you to ask only two questions initially, so everyone can get addressed. We'll take the next question from Trusha Doshi.

Abhinav Kumar: Yes, Trusha.

Trusha Doshi: Thank you for the opportunity. So I had two questions. Firstly, if you could give us some view on the vision for the next five years in terms of top-line and margins?

Abhinav Kumar: So the vision for the next five years, if I would say, five years Trusha becomes a very long time. Though we have, we make all the plans and everything, we keep updating all of them. But it's a very, very dynamic world five years, there is a generation shift which happens, right. So business will open up on a lot of opportunities.

But at the same time, yes, I would like to maintain the same thing that earlier, whatever I had given as a guidance of 30%, 35%, kind of a CAGR for the next three to four years, I would like to maintain that. So if you do the Maths, yes, we had given that in my last statement, I had said that in the next four years we aim to cross INR 500 crores based on the same calculation.

Trusha Doshi: Got it. Another thing was, did I understand if you are looking at hiring professionals or strategic consultants for the sustainability of the organization in terms of achieving this term?

Abhinav Kumar: You're not very clear, Trusha. I'm sorry, I missed you in between.

Trusha Doshi: Hello. So I was asking that if you are looking at hiring strategic consultants which will help in sustainability of the organization in order to achieve the top-line growth and the margins?

Abhinav Kumar: What kind of consultants?

Trusha Doshi: So, professionals or strategic consultants.

Abhinav Kumar: We have a lot of that on Board. So, for example, to open up stores, we have a consultant in place who is helping us opening stores. We have whatever commercial financial consultants are required. We have all those consultants in place. Now, in terms of strategic business growth or something, I think that's an inherent internal so if we were to have consultant for everything then what am I doing? What is my team doing? And then we have a very strong Board.

So if we feel that there is a Board Member, which is a gentleman who is very, very strong, whom we need to add on the Board, we already have very good members on our Board. And I would love to add more people if I see a merit in adding them onto the Board.

Trusha Doshi: Okay. Thank you.

Abhinav Kumar: Thank you, Trusha.

Moderator: Thanks, Trusha. We'll take the next question from Abhi Jain.

Abhi Jain: Good afternoon, sir. I hope I'm audible.

Abhinav Kumar: Good afternoon. Yes, Abhi, please.

Abhi Jain: Firstly, I'm just new to the company, so I just wanted to understand from you that in certain documents of the company, I see your designation as CFO. In certain documents, I see it as a CEO. Is there some confusion around it or was it because this is just an ideal question. Nothing to point out over here.

Abhinav Kumar: No, officially, if you look at from the designation perspective, yes, I am the Whole-Time Director and CFO. However, I operate more in the capacity of a CEO and we have a Finance Head. We are yet to him as the CFO and hence only for the need of that.

Abhi Jain: That's fine. I just wanted to tell you that I got interested because of the candor and truthfulness that you have displayed over the earnings call. I mean financials one thing aside, but just the candor and just the frankness that you display on earnings call is commendable and I hope that you continue doing that. So, just two very basic questions.

One is that since we have seen this 80% growth in the first quarter itself, and you have guided for a 30% to 40% annual revenue growth, so have we seen that a part of the orders or the part of our sales has been upfronted in H1, and hence a decline in H2 to achieve that 30% to 40%? Or has this additional 40% come on top of the 30% to 40% annualized growth that we are looking at?

Abhinav Kumar: Yes, please go ahead.

Abhi Jain: And just second question and just a hygiene question that as the company is growing and I'm sure that it is capturing market share and it will become a dominant player in the industry, I just wanted to understand what are your thoughts on having a more renowned auditor on Board? It just helps bring in institutional and serious investors and from a long-term perspective also, it just settles all the issues related to auditing, et cetera? So just these two questions from my side. Thank you.

Abhinav Kumar: Yes. So answering the first one, yes, if you compare Q1-to-Q1 yeah, I see that it's an 80% kind of a growth. But if I compare it more from the perspective of the run rate, right, so if I compare it from the run rate perspective last year about 165, we were at a run rate of about 40, 41. That's the run rate that I will consider. So I will not consider. So Q1 probably again, because of whatever reasons, everyone last year Q1 was a little muted, because Q4 supply chain issues were not completely sorted out.

So hence I wouldn't consider that last year's Q1 was the absolute benchmark. The absolute benchmark started coming from Q2, Q3 onwards when you had your supply chain issues also sorted out to a large extent.

So if I see that, how much have we grown from the average benchmark? It's about 30%, right and hence I am giving the guidance again of 30%, 35%. But the endeavor is that to better that, but at least the guidance would like to remain in that 30%, 35% kind of a guidance, doesn't mean that Q1 80%, 82%. Q2 again would be 80%, 82% of the last year's Q2, right. So we should ideally not look at it like that. Having said that. Now, on the next, I hope I have answered your first question.

Abhi Jain: Yes, sir.

Abhinav Kumar: The second question is on the auditor. So on the auditor, yes, we are. So with the auditors, you get locked in for a five-year period, right? And hence that five-year period, I think would be coming up for renewal pretty soon. And once that happens, and though the current auditor also is from Indore standards, from our city standards, if you ask me, is a very, very renowned name. But going forward, once it comes up in renewal, we have something in mind, there's something which is under discussion.

Abhi Jain: Thank you so much, sir. And I hope you continue with your candor and your frankness. That is the USP of the company, as far as I can tell. Thank you.

Abhinav Kumar: Thank you, Abhi.

Moderator: Thanks, Abhi. We'll take the next question from Devvrat. Devvrat, you can unmute and ask your question.

Devvrat Himatsingka: Hi, Abhinav.

Abhinav Kumar: Hi, Devvrat.

Devvrat Himatsingka: Fantastic set of numbers.

Abhinav Kumar: Thank you.

Devvrat Himatsingka: Just have a few questions around the plans now. So far you've been delivering what you've promised, in fact, over delivering. But I would like to understand what the sustainability of these numbers is, because just correct me if I'm wrong or correct my wrong understanding, but just trying to understand whether Q1 was so good because of -- does the fact that people start school play a role out here, because backpacks are sold. So would that play a big role? And Q2, Q3 would be more of say season time, right for us. So I would expect the sales in Q2, Q3 to be much better than Q1, if I had to extrapolate that. Is my understanding correct?

Abhinav Kumar: To a certain extent, yes, the understanding is correct. And would like to add upon a few things over there. So Q1, so first of all, are these numbers sustainable? Yes, they are. The numbers should be sustainable, number one. Number two, if you look at Q1 generally for if you study the two listed entities in Travel Gear space specifically. If you study VIP and Safari, even for the past 10 years, quarter-on-quarter, every year, their Q1 has been biggest. And then Q2 did take a dip, right? That's been the trend, when I at least saw their results for the past 10 years, when I was comparing.

Now, why is Q1 big? Q1, because of April, May, June being the travel season, traditionally long holidays, summer holidays, people travel a lot, and that's when the luggage shopping happens. Last year Q1, if I say, as I answered during one previous question, that our supply chain was coming out of Omicron, coming out of all of that, China was not completely sorted, India was not coming up to age, Indian manufacturers are not coming up to age. So all those things, we've been working in the background trying to resolve all of that. And with a decent supply chain coming into place now, we've been able to capitalize some more over there.

Another aspect of this Q1 being good is so last year, in fact, I'm sure that. If you look at the mix, there's a new kid on the block saying corporate sales or corporate institutional sales as a sales mix. Now, till last year, what we used to do was corporate sales. We used to, but it was not a very, very prime focus area for us, right? This year, we thought of making it into a complete new division, and we said we'll focus on it, we'll take a target for it, and we'll try and achieve those targets.

And so till last year, what we used to do was that every channel which used to do some institutional sales or corporate sales, we used to include that in that channel itself. This year, we've segregated that. And hence you see a big percentage coming as the corporate institutional sales. But the corporate institutional sales also that we've done are with certain channels and with certain strategies in mind, right. So they've been placed very, very strategically. So hence all of this are going to give us advantages rather than just being a one-off sale. These are going to add to the long-term benefits.

And as far as quarter-on-quarter figures are concerned, yes, I would love to see quarter-on-quarter good figures, whether it is Q2, whether it is Q3. But for sure, I believe that Q1 should not be the highest quarter for us. One or the other quarter should be able to cross these figures. But net-net, even considering the cyclical process, we would want to do better in terms of top-line projections of whatever we had given.

Devvrat Himatsingka: Okay, noted. I mean, thanks. That's helpful. I had one other question. I noticed that you're reducing a number of Tommy stores, increasing number of Bagline stores. At some point, is Tommy going to have an issue with that, since we are still mostly reliant on Tommy and our other brands have not taken off. Because if Tommy has an exclusive store vis-à-vis an MBO. If we were to call it that, then would Tommy have an issue with that? Because you're letting go of Tommy stores and replacing them with Bagline stores?

Abhinav Kumar: Yeah, no, I don't think Tommy is going to have an issue with that. So any locations for example, we converted our Baroda store to a Bagline store, right. And it doesn't mean that our Tommy's business is going to go down. See, at the end of the day, there is a certain growth. There is a certain thing that we have already sort of promised Tommy, right. As long as I'm delivering over and above that growth, they're more than happy, when it comes to the stores mix or distinct, they wouldn't mind so much.

So it is more of our strategic call or it could be a mall requirement. So malls like for example, Kolkata, Quest Mall, we had a Tommy Travel Gear store over there, but though we performed also very well. But Quest, Kolkata, they don't necessarily give permanent spaces to a lot of people. So after a 15-month period they said that, what, you've made good money. I've also made good money. We want to try another brand and now we'll have to wait and watch. Wherever our next location they give us, we'll be coming over there.

But store count will reduce. So these are all part and parcel of the game. So a mall might come back and tell you that no ground floor location or a good location. I would want to do a mono brand rather than a multi-brand. We'll open a mono brand, we'll open a Tommy store. If we get an opportunity, our first priority is to open Bagline, because that gives us obviously a big strategic advantage.

Devvrat Himatsingka: Got it. Thanks so much. Fantastic numbers once again. Hope we keep showing this and wish you all the best.

Abhinav Kumar: Thank you, Devvrat.

Moderator: Thanks, Devvrat. Abhinav, Vinay here. Before I go to the next question, there is a message which has been given to me on chat from a participant by the name of Saumitra Joshi. And she specifically told me to pass this message to you that Abhinav is known as the suitcase Shah Rukh Khan in the investing circles, and his honesty is genuinely appreciated. So thank you Saumitra for that comment.

Abhinav Kumar: Thank you, Saumitra.

Moderator: And we'll take the next question from Rahul Rama who is unable to use the option of raise hand. Saumitra is he -- by the way. Apologies. Rahul Rama. You can unmute and ask your questions.

Rahul Rama: Hello, Mr. Abhinav. How are you? Can you hear me?

Abhinav Kumar: Yes, absolutely.

Rahul Rama: First of all, congratulations on the good set of numbers. I've been tracking your company for a while now and must say really impressed with what you guys are doing there. Yeah, so I wanted to know if you have any update on the new brands that you have, like UCB and Aeropostale?

Abhinav Kumar: Yes, so I had promised that UCB had said that in my last call I had said that it takes about eight, nine months. It's almost like giving birth to a child, right. It takes almost nine months for a brand to sort of hit the shelves. But I think we've been able to better that. We have already placed the first set of products in the market.

The teams have, they've worked very, very hard. And we've been able to place first set of products. Initial response is quite good, very, very happy with the response that we are getting. And now I think by Q3 end, by this calendar year end, if I say we should have ruled out most of the categories, most of the lines, so you will start seeing a good amount of traction happening, starting to happen from there.

We aim that for example, just to give you quote you one figure. So for example, the small leather goods of Benetton, by next month we aim to have launch small leather goods in more than 200 point-of-sales across the country. So once all of this starts going out, it'll automatically start showing in the numbers. So very, very hopeful on that. Even on Aeropostale, whatever minimum guarantees or whatever minimum sales that I had committed to the brand in the first order itself, we did almost double of that, right?

So we supplied some good amount of merchandise to Myntra. Aeropostale was never known in the backpack. So what I was mentioning about the corporate sales, so we did without taking names, we did sales of a good amount of units through one of our online channel partners and instead of giving a Skybag or American Tourister or Safari or any of such brands, they decided to give an Aeropostale backpack during one of their events. And I must say that it was very, very successful for us as an activity.

Plus, what is more important for me was that at least so many thousands and thousands of people got to experience the brand, right. Okay, if I may quote the figure, we supplied more than 60,000 pieces, around 65,000, 68,000 pieces actually, to various -- to the channel partner. Now, these 68,000 pieces, or rather 68,000 people are walking billboards for me, for Aeropostale as a backpack. So that's something which went well. And now we are gearing up to launch the entire range of Aeropostale. And that also, I think within this calendar year, we should be able to roll out most of the ranges of Aeropostale as well.

Rahul Rama: Brilliant. My last question is a bookkeeping question. So regarding these related party transactions that the company has with regard to with Mr. Prateek Maheshwari, which was our promotor. So what are these, there's a column which says loan received. So is that like a loan received by the company from him or has the company given Mr. Prateek Maheshwari any loans?

Abhinav Kumar: The company can't give any loan to Prateek Maheshwari, because he's a Director. So technically, you can't give any loan. This you're referring to last year's balance sheet because or are you referring to some old balance sheet?

Rahul Rama: Sir, this is FY '22, which is like last fiscal. There's a sum of like INR 112 lakhs, it says loan received. It's on Page 139.

Abhinav Kumar: Okay, I'll have to check on that. But if it is FY '22, which means it's two years back, right?

Rahul Rama: So you haven't come out with the latest annual report, which is FY '23 so right?

Abhinav Kumar: Yeah.

Rahul Rama: Nothing major. Like we can probably take this off chance.

Abhinav Kumar: Yeah, I'll make it a point that through Vinay. We'll reply to Vinay. Vinay, you could forward the reply over there. We'll give a clarification on this.

Rahul Rama: I'll send you an email. Anyway, just wanted to congratulate you on the good numbers and more power to you, sir. Thank you.

Abhinav Kumar: Thank you, Rahul.

Moderator: Thanks, Rahul. We'll take the next question from Rizwan Patni. Rizwan, you can unmute and ask your question.

Rizwan Patni: Hi, Abhinav. Good afternoon. Instead of saying congrats, I would say thank you again for keeping up the words and for a dynamic performance from the team again. So, a few questions on the answers you have given. Just understanding on this regarding the IFF Overseas merger, is it submitted to NCLT or we will do that next year?

Abhinav Kumar: It will start now, actually so what was happening is that we had, so Brand Concepts registered office used to be Bombay, right? And IFF Overseas registered office is Indore. So we did a process of changing the registered office from Bombay to Indore, because as it is the head office was always based out of Indore. So we've changed the registered office also, so that we don't have to do the process of filing into two NCLT's. NCLT Bombay as well as NCLT Indore.

So that has taken some time and once now that is complete, we already have Merchant Banker on board. We've asked him to start preparing the documents. He's asked for whatever past year's balance sheets and all of that. So documents have been submitted as we speak. And I think the process will start in the next 10 to 15 days, whatever.

Rizwan Patni: The second one is related to the new channel or as you clarified already, it was an old channel and now, but the percentage, what's on the presentation is around 22%, which is a huge part of this. So a more detailed understanding, if you can give a few more lines on this, what exactly is this channel?

Abhinav Kumar: Yes, so essentially, a lot of companies, in fact, they do certain channel partnerships, right? And where you supply a bulk order rather than supplying in etchers which is given to or a consumer buying one, one, one, one piece. So instead of that, you do these, it could be a travel fest kind of a thing. It could be some promotional item that you're doing.

It's kind of a bulk order that you do. You also do it for so if you go to for example international airport, you buy a Chivas Regal or you buy international liquor and today they give you a suitcase along with it free, right? Now that's an unrelated channel corporate sales, so no relation to me whatsoever, but my corporate sales. We generally don't do that, because we find that it is a little brand diluting. So we don't do that, we avoid doing that.

But what we've now gone ahead and done and we've done it in the past also, but not to this magnitude, where suppose we've tied up with Shoppers Stop and we've partnered in during the main season, we partnered for a travel fest and where it was Tommy Hilfiger luggages being supplied, customers being offered.

There are certain benefits that you pass on to the consumer. So those kind of programs which are more strategic programs, which we've done this year. So hence you see a big percentage. But the reason we've clarified it separately is because I could have easily put it in large format, and I could have easily put the balance in online. But it's not correct to see the large format business in that regards, because we track the business as either it is a like-to-like, so same-store performance this year vis-à-vis last year or it is a business development.

So if you've increased the number of stores, any such activity, any such program that we're doing, we have started recording those numbers a little separately. The margins also here are a little lower Rizwan than your regular business, because here you're doing it in bulk. You're passing certain advantages to the end consumer as well, but I would say that while it would still have a little less margin, but there are a lot of strategic advantages that you get out of this.

Rizwan Patni: Yeah, the point you said was the billboard thing is, of course, a very good thought behind that bulk sales. I will request you to please allow me to continue with few questions, because maybe then I don't get the chance to…

Moderator: Rizwan, I would suggest you ask one more question, because there are a lot of people in the queue.

Rizwan Patni: Yes, okay, no problem. Regarding the brands in the previous, two questions, please. First is regarding the brands earlier, it was that you will add up one or two brands, but at this point in this presentation, it is two to three brands, which means your business is looking for something more than the previous discussion. And in this, is there any brand, like for child's like what we say maybe the Spiderman's or the Frozen or something like this, for kids backpack or something like this, is there any idea in the upcoming time?

And the last question Abhinav was the store counts. Earlier store counts were 30, and as I remember, three stores were added up. But this presentation has 32 store counts, which means one store, I think has been closed. And are we continuing with the idea of 15 to 18 stores annually for this year?

Abhinav Kumar: Yes. So I'll answer the second one quickly. Yes, the store count, there's one store which we didn't close it, we lost it, right. So it was Quest, Kolkata, as I said. And it pains because it was a very, very good performing store for us. We're still in talks with the mall, requesting them to give us another space. And hopefully, we should be able to turn it around, because we gave them very, very good numbers, very good numbers. So fingers crossed. Hopeful about that. Apart from that, yes, we continue to give the guidance that we will open 15 to 18 stores this year.

Now, coming on to the first part of the question, so see, when it comes to brands, as I also mentioned that we are at a constant endeavor of adding more brands, adding more meet. We want to become a house of brands. But at the same time, I wouldn't go every time I just give a guidance of two to three, I don't say that I'm going to add five, seven brands, because you should not bite more than you can chew.

So I don't want to make that mistake. These two brands, which we have already signed, very, very confident that the first set of products that I'm seeing, they are getting rolled out by FH '24, which is next year, I think it will start coming into the cycle. And by FH '24, I think we would be pretty much set with these two brands, so which will again open up opportunities for us to add more brands. And if I add more brand today or, say in the next three months or six months, as it is, I'm going to launch those brands next year. So the preparation which is happening today is preparation for next year so it's a constant endeavor, which we want to do and add, not taking too much at the same time, pacing it out.

On to your point of the character bags, we were in that business, I was in that business some 10, 12 years back, and in fact, we were very, very good at it. We had a huge distribution set up, but it's a very thin margin business. I wouldn't rule out the possibility of character licensing. We call it character licensing or IP intellectual property licensing. I wouldn't rule out that possibility. But it will be more from adult to teenage to adult fashion perspective rather than the kids perspective.

Rizwan Patni: Thank you so much, Abhinav.

Moderator: Thanks, Rizwan. We'll take the next question from Darshil Jhaveri.

Darshil Jhaveri: Hello. Hi, sir. Am I audible?

Abhinav Kumar: Hi, Darshil. Yes.

Darshil Jhaveri: Hi, sir. First, congratulations on a great set of results. I think most of the questions have been asked. I just wanted to ask about our operating leverage. So once we say we would be making INR 500 crore company, what kind of EBITDA margins could we probably see like, can we reach more than 15% or 15%? How would the journey of our margin acquisition be?

Abhinav Kumar: While I would love to see those kind of percentages, Darshil, but I have always maintained that when we are looking for a high growth. It always calls for something extra, right?

Abhinav Kumar: If you're looking for that kind of a high growth, generally it has seen that on high line your bottom line get hits somewhere. Your marketing expenses go up. You need to build up your infrastructure. The infrastructure in order to fuel that kind of a high growth, right, plus the brands also that we are tying up, not every brand is going to give you a very high gross margin. So we trying to operate even at a mid-level, mid-premium kind of a space which will give us good volumes.

But obviously your APT, UPT, your per average cost of the product, average sale price of the product goes down. Considering all of this in mind, I am not giving a guidance that we will increase our EBITDA margins, but it'll be wonderful if we are able to maintain this kind of a growth at the same time keeping our margins intact.

So that's what we would want to sort of aim to do. So I wouldn't say that, yes, operating leverage will come in, but there'll be a lot of other factors also which will come into play. And at the same time, I wouldn't want to stop only at a 30%, if I see a room for more, why will I not jump for more, right?

Darshil Jhaveri: Correct, sir. Thank you so much for your answer. So with our new brand, what kind of an impact of advertising or maybe that additional impact that comes in once we add a new brand, some kind of color on that like how does that work out? Like a year or two? Will we have higher…

Abhinav Kumar: Yes. So we are budgeting a higher distinct towards marketing, in fact this fall winter, we are planning for a big marketing push. You guys will see it. I wouldn't want to just for the fear of getting it jinxed. I will not like to reveal the name, but yeah, we sort of going ahead with our first celebrity endorsement as well. And we would be breaking out a campaign. I would love to break out the campaign during the World Cup. So that's the biggest, highest Decibel Event of the country, right? So and I pray and I hope that our Indian team reaches the finals, wins the final. In fact, I'm a big cricket fan, so hopefully that time we are again looking at creating sort of a good buzz, which should give us a lot of benefit. So, yes, we are now budgeting a little higher in terms of marketing so that there is a better growth potential that we are able to sort of achieve.

Darshil Jhaveri: Okay. Thank you so much. If one more question, how much would be the differential in marketing like last year, what we did and this year what are we planning? That's my last question, and all the best for the next result. Thank you so much.

Abhinav Kumar: I think last year we did a marketing of close to 2.5%, 3%. Let me just, I think it was about 2.5%, 3% is what we did last year. And this year I think we have budgeted close to between 4% to 5%.

Darshil Jhaveri: Thank you so much, sir. Thank you so much.

Moderator: Thanks, Darshil. We'll take the next question from Ankit G. Ankit you can go ahead.

Ankit G: Yeah, hi Abhinav. Thank you for taking my question. So, first question is, as in most of them have been answered, but in terms of corporate, you said it's a new segment, but it was already there. So how much lower will the margins be in this segment?

Abhinav Kumar: It depends, actually. But yeah, regular retail, for example. So it will be in the region of between 5% to 10%, right? If I have to answer you in the plain manner, but now I'll let you consider it in another manner.

In your regular business, you manufacture, you store and then you sell, right? Whereas in this business, you manufacture upon an order. You're not holding any inventory. Your entire working capital cycle is you take an advance against the order, right? Pass on the same advance to the factory, get the goods manufactured, delivered to the client, take the money.

So in a way you don’t have to store . He's bound to ask you for a better margin, right? So and hence you give them a better margin. So, net-net there is a 5%, 8% between 5% to 10%, depending on the size and the nature of the order. But I think from a business standpoint, it's a fair trade.

Ankit G: Got it. And next question is on the other expense, is it like high this quarter because there is some one-off related payments to UCB or Aeropostale or is it like sustainable kind of number?

Abhinav Kumar: Just a second, let me just open that up. No, if you see Q4, others was 1.44 in fact, okay. Exchange format. other expenses the nature is not only a fixed expense, it also includes your variable expenses. So the royalties and everything come under other expenses. So what you're looking at over there is a combination of fixed as well as variable. Variable is always going to go high as your sales is going to go high.

Ankit G: Right. So no one-off payment…

Abhinav Kumar: Yeah, in terms of fixed expenses, our internal this thing, the way I look at the P&L, there is no, in fact, budgets heavy.

Ankit G: Okay. And you spoke about Q1 being seasonally high last 10 years for VIP Safari. But interestingly, last year Safari as well as Brand Concepts, Q1 was the lowest of all the four quarters. So is it like something changing for the industry, as in VIP, Q1 was highest, but for Safari as well as Brand Concepts, Q1 was the lowest. So is it like something changing and can we expect the same thing to go in this year also or no?

Abhinav Kumar: If you understand the seasonality, seasonality says Q1 should be big. Then Q2 will get a little down, because Q2 months July, August, September. No big festival, rainy season. People don't like to venture out too much going out, right.

So hence, Q2 is a little subdued. Q3 October, November, December. High visibility months, Diwali happens, Durga Puja happens. All your festivities happen, generally all of us Indians like Europeans are happy in summer we are happy in October, November, December that this is our festival season. This is our best season of the year. So hence the mood is upbeat. Retail is happening, all that is happening. So hence Q3 goes up.

Q4 again by the time you start nearing March, whether it is the working class, whether it is a business class March-end, year-end, financial year-end, taxes. So, again, not the best of the season for retail, right? So typically, the cycle should be Q1, then Q2, then Q3, and then little muted Q4.

Now, if any brand is able to grow quarter-on-quarter, it is not only by like-to-like, like-to-like will always follow this trend, right? Which is the waveform only by BD, business development. If you're expanding more number of stores, more number of footprints and all of that, you'll be able to beat that waveform and go on a growth kind of a trajectory. I would really love to congratulate Safari for having done that. They've done a phenomenal job in their segment, in their price bracket, and I think beating that whole curve, they've been able to show that.

I would also love to do that. So let's see how the year pans out. But I would love to beat that seasonality just by the sheer growth momentum. But that seasonality exists. I'm digging my own grave by saying that I would love to beat that because, but that's what my wishlist is.

I have a few people have actually congratulated me for my candor and openness, and this is what I've always believed in, and I have always believed. And even in an organization, anybody can question me at any given point of time, whether I am right, wrong, if somebody has an opinion to share, we believe in absolute openness transparency . We will try and work on these mistakes.

So don't hold me by my words, but yes, we would love to beat that whole seasonality curve, at least for one or two years before we grow sizable. Safari has been able to do that at that size, so there is something that inspires us also to take that kind of a journey. I hope I've been…

Ankit G: Got it. Last question, so as in last Q2 was a good quarter and this half of quarter is passed. So are we growing at 30%, 35% that we are guiding in this quarter also?

Moderator: Ankit, we would like to avoid any forward-looking number on the call, no Director.

Ankit G: Maybe just a rough idea?

Moderator: No, Ankit, we would like to please avoid that. Please don't ask this question.

Ankit G: Sure. Thank you. Nothing else.

Moderator: We'll go to the next participant Ankur Gulati.

Ankur Gulati: Hi, Abhinav. Good to connect again. Sometimes back we were discussing some expansion of business outside India, so how is that playing out?

Abhinav Kumar: India is keeping me quite tied up, Ankur, but I've not negated that whole this thing. But I think there is a lot of opportunities and it is keeping our hands full. Trust me lot of things going on, but yes as I said we have not shelved it, but it'll happen in its due course of time.

Ankur Gulati: Okay, so that's a good problem to have. Second see from a broader five year strategy, when you have the distribution network, right? And you're adding more brands, but in the same category, which to some extent, let's say five years, six years down the line will limit you each so. Any thoughts on going into other categories?

Abhinav Kumar: See, this is a category that today, whether according to various reports point being even if it is pre-COVID levels I'm referring to a Euro Monitor Report, which claimed that this category in India is about INR 24,000, INR 25,000 crores. Bulk of it is still unorganized.

So if I see it from that perspective, I think there is enough and more for us to grow in this sector for next 10 years also. However, at the same time, as I said earlier also that we are not a typical luggage company or only a Travel Gear company. We are a fashion accessory company, which happens to be in bags and accessories market, right? So I would love to experiment with few more categories of accessories, where I foresee that these are categories which are going to grow in the next, I don't know.

So I wouldn't bet my shirt on those experiments, but we will experiment with a few more categories. But to answer your question in one line, even in the next 10 years you have a lot of potential in this category.

Ankur Gulati: Understood. Okay. Moving to IFF and feel free to dodge it, but if you can share, what is the total turnover IFF can achieve on its current capacity?

Abhinav Kumar: Last year they did somewhere around, please now don't question me on the bottom-line. Yes, the top-line is something that I can easily share. So last year we did about IFF Overseas did about INR 48 crores. And this year, if everything goes well, the team has taken a target of crossing INR 60 crores, INR 65 crores so.

Ankur Gulati: Any idea on what percentage of capacity will that take INR 60 crores?

Abhinav Kumar: Their current capacity in terms of backpacks and all, yes, it is -- it will almost at the optimum level, and we're not expanding on the backpack capacity front. Yes, there'll be efficiencies, which will be improved through which this 60 could become 66 or 70 in the next year. But from the other, this thing that we're looking at, so for example, I've spoken about the hard luggage manufacturing, which the same management, the same team will be taking over. There again, we see a huge potential. So hard luggage, soft luggage, all of this would be added capacities. In terms of backpacks, right now, I don't want to increase machines or increase capacities over there. We want to optimize that business as much as possible.

Ankur Gulati: So do you guys have existing capacity for hard luggage or you'll have to add it?

Abhinav Kumar: No, that's a new one that we're building now.

Ankur Gulati: So that's some CapEx down the line, and maybe we can pick it up next quarter if you have more details?

Abhinav Kumar: Yes.

Ankur Gulati: Okay. Vinay, can I sneak in one more?

Moderator: Yeah, please.

Ankur Gulati: Last year, how much of or let's say Q1 or F'23. What percentage of our supply came from IFF?

Abhinav Kumar: Our overall supplies from IFF was I think less than 10%.

Ankur Gulati: That's it. Thanks a lot. All the best.

Moderator: Thanks, Ankur. We'll take the next question from Pratik Dedhia. Pratik, you can unmute. We'll move to the next participant, Ajay Aggarwal. Ajay, you can unmute and ask your question.

Ajay Aggarwal: Hi, thanks. Congratulations Abhinav for good set of numbers. So Abhinav in the rest of the year. Are we looking for more takeover of brand or are we focusing more on this distribution channel for existing brands? And if we are looking for like new brands, then are we focusing on Murjani Group brands particularly or trying something different?

Abhinav Kumar: we don’t have any Murjani Group brand.

Ajay Aggarwal: Tommy Hilfiger, I think earlier they have.

Abhinav Kumar: Earlier it was there. Now it is with…

Ajay Aggarwal: So we are planning for that segment as well.

Abhinav Kumar: Mass and luxury, both extreme ends I would not like to enter. So all in between I would, so mid-premium, premium, bridge to luxury, super premium, whatever the classifications are. But I will not enter luxury and we will not enter mass also. These are two extreme ends of the bracket. So we would not like to, I don't think we are ready or geared for that.

We'll best operate in between the segments. So the concentration for this year, as I said is on increasing distribution for our existing brands, for increasing rolling out products as quickly as possible. For Benetton and Aeropostale starting to roll out into more number of doors and everything for Benetton and Aeropostale both, that's going to be our operational priority.

And as I said, signing brands, these partnerships and all of that is more from the long-term perspective. And it's an ongoing process. So there I don't necessarily occupy my team in that that is something which me and my office does that. So I'm always in process of trying and doing something new. But whatever we do, it'll take us at least two to three quarters once we've signed something to start launching those products. So whatever we sign today, the distribution of that will come next year.

Ajay Aggarwal: Okay, thanks. And one more question, like what is the renewal date for Tommy?

Abhinav Kumar: Tommy principally, everything is agreed upon. There were a few points in terms of the language of the draft, which are under discussion. So hopefully, but principally everything is done. Otherwise the contract gets over in December 2023.

Ajay Aggarwal: Okay. Last thing is this 30% revenue growth was led by like new brand particularly this UCB or it was from existing stores?

Abhinav Kumar: So it was from a lot of business development as well. There hasn't been much impact from new brands yet. There is a little bit of impact, but I wouldn't say that huge impact is not from the new brands. Those impacts we will start seeing from the next quarter onwards.

Ajay Aggarwal: Thank you, sir. All the best.

Abhinav Kumar: Thank you.

Moderator: Thanks, Ajay. Pratik Dedhia had a problem in his line. Pratik, you can unmute and ask your question now.

Pratik Dedhia: Sure. Am I audible now?

Abhinav Kumar: Yes, Pratik.

Pratik Dedhia: Yeah, thanks for giving me the opportunity. So, two parts. One on the operating margin. So if I compare year-on-year, I see a dip in operating margin. I know you mentioned about higher marketing expense, but are there any other moving parts to the higher OpEx? And also what would you guide for the rest of the year for those moving parts?

Abhinav Kumar: Two reasons as I said that yes, A, we have started budgeting and we are increasing our marketing spend. And hence one reason is that for the lower distinct. And the other reason is, as I said mentioned earlier also that once you do a corporate distinct enquiry or a corporate sales, the gross margins over there are a little lower than the gross margins that you get in the retail distinct.

So that's the impact that you see over there. However, if you look at from the PBT perspective, it's pretty much in the same region of guidance that I had given. Right now, obviously, the tax expenses are also rising because now there are no carry forward losses. There's a particular terminology which is deferred tax assets or something which has, that's the only part in accounts that I don't understand. It has a weird calculation. So some quarters apparently you can't exactly predict whether you're going to sit in the 29% tax bracket or whether you're going to sit at the 32% tax bracket. I think this quarter we are somewhere around 31% of tax, so hence you can see the effect in PAT.

Pratik Dedhia: Okay. All right, thanks. And second question, so you mentioned the startup time for a new brand has come down with a lot of good efforts from the team. Would you say that this becomes a template for the new brands, upcoming brands as well, where the time to market from your discussions goes down significantly and thus in future, we see faster impact of them being introduced in the market?

Abhinav Kumar: Once we do something good and everyone starts making it a benchmark.

Pratik Dedhia: It is commendable.

Abhinav Kumar: Yeah. So see our efforts will always be to go as fast as possible. But I wouldn't want to say that it becomes a benchmark, right. Again, depends totally on brand-to-brand, how easy they are to trust you, right. So tomorrow, if I sign for example a bridge to luxury brand rather than the cycle coming down, it could very well be the case that the cycle goes up, because the kind of products that you have to develop over there, the finesse that you need, everything that you need, require could be higher.

The demand for that finesse, that quality, that everything would be higher. And the brand would also be a little more finicky in giving you the approvals. So it really depends on the brand-to-brand.

Pratik Dedhia: Okay, understood. Thanks.

Moderator: Thank you. We'll take the next question from Kashish Gandotra. Kashish, you can unmute and ask your question.

Kashish Gandotra: Yeah, congratulations on great set of numbers. Couple of questions from my side. So firstly, when we are saying we are planning to open somewhere around 15 to 18 stores this year. How many of it will be FOCO model or how much of it will be COCO model and what is an average investment which goes for the COCO store?

Abhinav Kumar: Right, so what we've thought is internally we also keep reviewing all of this and what we've thought is that all the key locations where it's a key mall, key location, there we would look at opening a COCO and all the non-malls, Tier 2, Tier 3 cities, we will look at operating through a franchisee. So it really depends on where this entire mix of these 15 stores or 12, 14 stores, whatever are pending is going to come, where we going to understand how the mix is going to be.

But if you ask me, the best distinct case scenario, it could be a 50:50 kind of a mix, because we would like to take more key locations. And the key locations should ideally be for everybody's interest, should be operating with us right as COCO.

In terms of investment, the fixturing cost is somewhere between INR 3,000, INR 3,500 per square foot. So if you're opening, say 600, 700, which is the size, now that we are looking at an opening, it's going to cost you about INR 20 lakhs, INR 25 lakhs towards furniture fixturing and all of that and whatever deposit. In terms of stocks, if you see you are already carrying those stocks in your warehouse.

So from a COCO perspective, that doesn't get into the picture. So at best, your investment is between INR 30 lakhs to INR 40 lakhs. INR 30 lakhs, INR 35 lakhs for one store. I hope I've answered your question.

Kashish Gandotra: Yeah, you have answered that. Just one more question. Second, whether we are looking for fundraise or debt raise, since they are significant investment which will be going and opening the new stores, the brand acquisition and also with the acquisition of the new company. So are we looking for raising debt or raising payers to get debt funding part done right?

Abhinav Kumar: I think we've already in the process of doing a pref round, which we've done, which we are now awaiting the BSE and NSE approval. The moment that approval comes, I think the process will start getting completed. So certain equity, we've already raised or are in the process of raising. And then whatever further distinct is supposed to be got from the bank or leveraged to debt, we shall be doing that. But the idea is, ideally this is what I believe, that after having been in the business for such a long time, ideally my working capital requirements should be met internally and long-term should be met through long-term.

So if it is a CapEx, we'll meet it through long-term, whether it is term loan, whether it is equity, a mix of that. So that's the ideal principle, obviously, deviation from the ideal behavior sometimes. But that's pretty much what I sort of believe.

Kashish Gandotra: Okay, great. Just a bit of an idea. What's the quantum of the preference round which we are trying to raise? If you can provide me with those, just a broad range?

Moderator: Just a clarification, we are not looking to raise. We've already raised it. We are awaiting the exchange approval. The total amount will be approximately INR 15 crores.

Kashish Gandotra: INR 15 crores. Okay. Thank you. That's it from my side.

Abhinav Kumar: Yeah.

Moderator: We'll take the next question from Sarvesh Bodani, who's not asked a question as yet. Sarvesh, you can unmute.

Sarvesh Bodani: Yes, sir. So, more on this preferential fundraise that we have done. So are we going to use it entirely for working capital or are we going to use it for store addition? So what exactly will be the usage of these funds?

Abhinav Kumar: Primarily, as I said earlier also working capital, I would not ideally like to deploy too much towards working capital because I feel once a company has, we've seen that entire cycle, we are cash flow positive and you should be actually asking me a question if today to fulfill my working capital need if I have to raise funds from outside. I would consider it a very, very serious distinct here. So it is not to fund only our working capital requirement for sure, it is to fund the new projects that we are looking at, right?

Existing projects, I don't think for growth, we need funds or we should need funds. The business should generate enough cash that we kind of grow. So the fund requirement, this fund primarily is going to get deployed towards new projects.

Sarvesh Bodani: All right, sir and on a quarterly basis, you seem to be a bit more confident of your growth rates in this year and the coming few years. So has the market demand surprised us or is it because we have realized our position and we are upping our marketing spend?

Abhinav Kumar: We are upping our marketing spend. The market is becoming mature, Travel Today, in fact, I was reading Economic Times on Samsonite where they also said that they witnessed a very good growth. This sector, travel as a sector is increasing, so it is pretty much insulated from. There is a slowdown which has happened in retail, there is a slowdown in retail. But travel touchwood has beaten that curve. People are traveling people have started taking quarterly vacations right post-COVID, these are the changes that we're seeing in our industry.

So all that also is coming into play. Aspiration levels are rising. Income levels are rising. Aspiration levels are rising. I was reading a report shared by one of the investors fraternity itself with me which mentioned that by 2030 it is expected that 51% of the overall population of the country is going to be more than upper middle class and above. So that again speaks volumes about rising aspiration levels. And with our brands, we are very, very rightly placed to capture such opportunities.

Sarvesh Bodani: All right. Thanks sir, and please continue the great work.

Abhinav Kumar: Thank you, Sarvesh.

Moderator: We'll take a question from Rahul Parikh. Rahul, you can unmute and ask.

Rahul Parikh: Yeah. Hi, Abhinav.

Abhinav Kumar: Hi, Rahul.

Rahul Parikh: Thanks for the opportunity and congratulations on a great set of numbers.

Abhinav Kumar: Thanks.

Rahul Parikh: My first question is, if you can help us understand in terms of what's been the volume growth in your business, whether quarter-on-quarter, year-on-year, whatever figure you would like to share and what has been the same-store sales growth for the similar period. If you track that in?

Abhinav Kumar: See this platform would be a little distinct to talk about the exact volume growth and same-store sales growth. We do track all of that internally. And I can safely tell you that we've grown both in terms of volumes. Now, we have multiple categories, right? So, in fact, I am a person who loves to drill down on the data. So the data from the volume perspective, we don't necessarily see it as the overall volume. So we'll track luggage versus luggage, backpack versus backpack. We will track wallets versus wallets, belts versus belts. So it goes down to the category level, because the ASPs are also very, very different. So wallet belt ASP is very different when it comes to comparing it with a luggage ASP.

And hence so a generalized but from the same like-to-like store growth also, if I have to mention EBOs, for example, in Q1, we've grown like-to-like also we've grown more than, I think 35%, right? So EBOs has given us a good growth, which is our own stores, Bagline stores, I mean to say. If I talk about your large formats, no just open that report, the quarterly report that we have.

Yeah. So channel wise as I can say that what actually gives me a better this thing is that we've grown almost in every channel, right? Every single channel we've grown. So that's the good part of it, if I can tell you in a nutshell.

Rahul Parikh: Okay, my next question is can you help me with the revenue split between your various categories, which is your luggages, backpacks, small leather goods, women handbags, et cetera?

Abhinav Kumar: So broadly, if I talk about, again, Travel Gear. Now, I had mentioned this last time also, that Travel Gear, we will see a much better number coming up. And there were certain missed opportunities because of supply chain issues as well. And now, pretty happy to share that Travel Gear has come of age. Travel Gear now is, I think, more than 50% of the overall sales.

So if you see the sales mix for our first quarter, the sales mix for Travel Gear has been much higher. So almost 60% of the sales has come from the Travel Gear division. When I say Travel Gear, it includes luggage, backpack, everything, right? And another 30%, 35% has still come from the small leather goods.

If you go back to my earlier calls till last year, I always used to say that our split was somewhere around 47%, 48% was small leather goods. Travel Gear was 43%, 44% and the rest was women handbags. Now the mix is changing. Now you see Travel Gear going up. So Travel Gear has taken almost 60%. Close to 30% is your 30%, 32%, 33% is your listing. And women handbags continues to be in the 5% to 7% kind of breakup.

Rahul Parikh: What's a split between Tommy Hilfiger in your mix and also any plans to grow your own brands such as Sugarush and Verticals? And how do you go about it?

Abhinav Kumar: The Tommy still continues to be, I think more than 80% of our sales. And once the other brands start kicking in, we'll see this percentage mix changing. As far as our own brands are concerned, I have again, time and again, said that Vertical and Sugarush the two brands. They are more of price fillers, category fillers, rather than being brands, brands per se. So they are more of -- we call them as private labels, right.

The idea is we keep sealing those brands continue to, it's not that they're not doing well. We've started seeing some traction happening over there also, right. But it's not that we're going to be betting huge sums over there.

Rahul Parikh: Just one clarificatory question. Our presentation talks about e-commerce initiative being in pipeline and we are talking about other brands also on baglineindia.com. So just wanted to understand, are we going to go beyond our licensee brands onto the e-commerce vertical?

Abhinav Kumar: That is something, which I have dissonance in my mind. Also can I just request Vinay, we are overshooting the time also.

Moderator: Yeah. So Rahul, let that be your last question Abhinav can answer and then we'll quickly take one question from the remaining participants.

Rahul Parikh: Sure.

Abhinav Kumar: Yeah. We started baglineindia.com which was our e-commerce venture and happy to share that, yes, we are seeing good traction over there. We've started seeing good results over there. Whether we will allow other brands also to come onto that is something, which I've personally in my mind have not been able to answer being very, very transparent and candid about it.

There's a dissonance in my mind. So till the time I am very, very clear on exactly what should we do. We are growing in that segment. We are becoming visible. Things are happening. We are servicing orders. We're servicing more than -- we're servicing a good amount of orders. I wouldn't want to make exact comments on that, but we're servicing decent amount of orders over there. But yes, on the other brands, coming onto our platform, we'll take a little time.

We are getting offers from other brands to come onto our platform, but I am not very clear of what the long-term strategy should be. So the day I am clear, I'm going to definitely come back and tell everybody.

Rahul Parikh: Thanks for your responses and all the very best.

Abhinav Kumar: Thanks, Rahul.

Moderator: We'll take one question from Kartik Mehta. Kartik, you can unmute and ask.

Kartik Mehta: Hi, Abhinav.

Abhinav Kumar: Hi, Kartik.

Kartik Mehta: Congratulations to you and your team for the good set of numbers.

Abhinav Kumar: Thanks, Kartik.

Kartik Mehta: Well, I just have one question, and that's regarding promoter stake. What I've been just observing, June 2022, it was roughly 60%, which has come down to like 51.24% in this quarter, June quarter. Can you please throw some light on that?

Abhinav Kumar: So IFF Overseas used to own certain stake and which we sold last year and there was some promoter liquidation that we had done right now also, it was a small some 3 lakh shares, which got diluted. So hence you see that percentage going down.

Kartik Mehta: So in the further quarter, do we see this number like stable or what is…?

Abhinav Kumar: There's nothing more to be sold anywhere from the promoter stake.

Kartik Mehta: Okay. Perfect. Thank you.

Moderator: Thanks. We'll take the last question from Jignesh Kamani from GMO. Jignesh, you can unmute and ask your question, please.

Jignesh Kamani: Yeah, hi Abhinav. Congratulations for good set of numbers.

Abhinav Kumar: Thanks, Jignesh.

Jignesh Kamani: Yeah. Just on the corporate side, we have witnessed one of the good breakthrough this time. So you want to understand which segment it was Travel Gear or the?

Abhinav Kumar: Travel Gear.

Jignesh Kamani: Travel Gear and annually how large this opportunity can be, you can suggest to understand and it will be repetitive or one-time just in nature.

Abhinav Kumar: No, no, it can be repetitive also. And to be honest, this is everybody else has also been doing it, Jignesh. So VIP has done it, American Tourister has done it. Safari has done it. All these guys have always done it. We've just come late to the party. We never used to do that. But we've opened up that segment from this year we've done it. It can be a long-term segment. It's not that it's going to die pretty soon or something, or one-off thing.

But at the same time, we'll have to be very, very cautious and judicious that we don't overexpose ourselves to such orders or to such distinct. But it can happen like if today you are doing it with tommy. Next time you could do it with some other brand of yours. So we'll keep it in rotation, we'll keep it in this thing. But see, always some or the other segment will keep on getting added. That's what business development is, right? That's what channel development is. So sometimes you add some channels, sometimes you add some channels. The idea is to basically keep on adding new channels, new revenue streams to your business.

Jignesh Kamani: So safe to assume that corporate channel can be a double-digit on annual basis, which doesn't exist earlier from current levels?

Abhinav Kumar: Yes.

Jignesh Kamani: Thanks a lot.

Abhinav Kumar: Thanks Jignesh.

Moderator: Thanks Jignesh. That is the last question for the day. There are two more questions, but due to shortage of time, we'll not be able to take up these questions. Would you like to add any closing remarks?

Abhinav Kumar: No, no, I think we're very, very poised for good distinct. Super confident of my team, super confident of the work that they're putting in. And I think there are further goodness, there is further goodness, good things which we'll keep seeing. So as of now, I wouldn't raise any worry flags. If there would be any worry flags, I'll come back and I'll raise it as I've shared the goodness, I'll come and share the concerns. As of now, everything good.

So thanks everyone for your support and belief in me and Brand Concepts overall as a team. So we really value our investors, and we'll continue to work for all our mandatory shareholders.

Moderator: Thanks a lot, Abhinav. And thank you to all the participants for being present on the call. You may disconnect now. That brings us to the end of this call. Thank you.

Abhinav Kumar: Thank you, guys.