# Karnika Industries Limited

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**Date : 19.11.2025**

**To,**
**The Manager,**
**National Stock Exchange of India Ltd.,**
**Exchange Plaza, Bandra Kurla Complex,**
**Bandra (East),**
**Mumbai – 400 051**

**NSE Symbol: KARNIKA**
**ISIN: INE0MGA01012**

**Subject: Submission of Transcript of the Earnings Conference call held on Monday, November 17, 2025 at 04:30 P.M**

**Ref: Regulation 30(6) read with Schedule III Part A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").**

**Dear Sir/Madam,**

With reference to our intimation dated November 12, 2025 related to the Earnings Conference call, the Company is submitting the transcripts of Earnings Conference call of the analyst/investor conference call which was held on Monday, November 17, 2025 at 04:30 P.M to discuss the Unaudited Financial Results of the Company for the Quarter and Half Year ended 30th September 2025.

Submitted for your kind information and necessary records.

Kindly take the same on your record.

Yours Faithfully,

**For Karnika Industries Limited**

NIRANJAN MUNDHRA
Digitally signed by NIRANJAN MUNDHRA
Date: 2025.11.19 21:35:34 +05'30'

**Niranjan Mundha**
**Managing Director**
**DIN: 05254448**

# “Karnika Industries Limited Q2 and H1 FY'26 Earnings Conference Call”

## November 17, 2025

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| **MANAGEMENT:** | **MR. NIRANJAN MUNDHRA- MANAGING DIRECTOR, KARNIKA INDUSTRIES LIMITED**<br>**MR. KRISHAN KARNANI- CHIEF FINANCIAL OFFICER, KARNIKA INDUSTRIES LIMITED**<br>**MR. JAY VARMA - DIRECTOR, KIDCITY**<br>**MR. MAYANK VARMA - DIRECTOR, KIDCITY** |
| **MODERATOR:** | **MS. CHANDNI - EQUIBRIDGEX ADVISORS PRIVATE LIMITED** |

**Moderator:** Ladies and gentlemen, good day and welcome to the Karnika Industries Limited Q2 and H1 FY'26 Earnings Conference Call hosted by Equibridgex Advisors Limited.

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

I now hand the conference over to Ms. Chandni from Equibridgex Advisors Private Limited. Thank you and over to you, ma'am.

**Chandni:** Thank you, Muskan. A very good evening to everyone. Welcome to the Q2 and H1 FY'26 Earnings Call of Karnika Industries Limited.

From the management team, we have with us Mr. Niranjan – Managing Director; Mr. Krishan – CFO; Mr. Jay Varma and Mr. Mayank Varma from Kidcity – Directors. We will have opening remarks from the management team. Post, we will open the floor for Q&A.

With that, I would like to hand over the call to Mr. Niranjan for the opening remarks. Niranjan sir, over to you.

**Niranjan Mundhra:** Yes. Hello to all the shareholders, investors and well-wishers. I would like to thank you all for joining this call today. Before talking about the numbers, plans and achievements, I would like to say something very important. Karnika Industries' success is not because of an individual or a department. It is the trust of all those people, your trust, which has given us the strength to move forward. Karnika has always thought of doing things that last for a long time. Strong products, strong team and strong relationships. We have upgraded our production capabilities. We have built new-age development studios, strengthened the design team and made the leadership ready for the future.

With this thought, I would like to take a very transformative step. For a long time, we have been preparing to enter the retail and direct-to-consumer space in a meaningful way. Then we came across a brand called Kidcity. It is a brand that caught the attention of young Indian parents and industry fraternity. It made a different mark in the startup space. It is a brand that made a strong impression with its freshness, colors and child-friendly design. It ran more than 35 shopping malls in two countries. From Spencer to Bihar and Jharkhand, it has made new strides with a lot of big retailers.

By the end of this financial year, we are moving forward with the aim of becoming 75 plus counter. The union of our team and their team is not just a partnership. It is a commitment to write a big vision of two philosophies and two organizations. Today, I can say with complete confidence that Karnika is moving forward as India's biggest kidswear brand. Manufacturing, trading, export, corporate supply, D2C and a strong offline retail presence. Karnika is expanding into a new product category. We are increasing our capabilities and making our presence stronger in India's value retail landscape. I am happy to say that we have recently received big orders from some leading retail houses. Our negotiations with them are ongoing and the trust in the market is getting stronger every day. And nothing ever changes between all of them, like the love of our customers. Lakhs of parents and children choose our colourful, comfortable and trendy kidswear. Their trust is our biggest strength.

We will keep surprising you with better performance, strong results and a big road to the future. Now our CFO Krishan Karnani will tell you about our numbers and financial performance. After that, the father and son of Kidcity, Jayji and Mayank will tell you about their joint future plan, which is being prepared with Karnika Group.

Thank you.

**Krishan Karnani:** Good evening, everyone. Krishan this side, CFO of Karnika Industries Limited. It is my privilege to present the financial performance of Karnika Industries Limited for H1 of FY'26. I will keep my remarks focused on numbers, efficiency and what this trend indicates for our future. Especially as we are now aligned with Kidcity for the next phase of growth.

For the first half of FY'26, a period of strength and margin expansion. For the first half of FY'26 Karnika delivered a healthy, resilient performance. Total income stood at Rs. 10,404.55 lakhs, reflecting a 5.6% year-on-year growth. EBITDA came in at Rs. 2,046.48 lakhs, a 24.5% increase YOY basis, demonstrating our continuous focus on operational discipline. EBITDA margin improved significantly to 19.67%, an expansion of 299 basis points. However, net profit for the half-year reached Rs. 1,246.44 lakhs, a robust 20.5% growth. Net profit margin improved to 11.98 up by 148 basis points from last year. These numbers show a business that is not only growing, but growing more efficiently.

These operational highlights support financial performances:

A few factors continue to support this stability. First, 90% of revenue comes from long-term repeat clients. Second, strong order inflows across India ensure visibility for future quarters. Third, our kids wear manufacturing and job worker verticals continue to deliver steady volume and healthy utilization. Fourth, working capital cycles remain well-managed, supporting margins despite market fluctuations. Karnika today is financially stronger, structurally cleaner, and strategically positioned for scale.

Now, we are entering a new growth phase with Kidcity. Before I conclude, I want to briefly highlight how Kidcity's projections create a powerful future landscape for us as a combined entity. Kidcity's financial outlook for the next three years shows revenue growth from Rs. 3,000 lakhs in FY'26 to Rs. 12,000 lakhs by FY28, PBT rising from Rs. 411 lakhs in FY'26 to Rs. 1,700 lakhs in FY'28. If we combine both the projections, Karnika and Kidcity, this comes around revenue for FY'28 would around approximately Rs. 24,500 in FY'26 which will goes up by Rs. 42,500 by FY'28.

Similarly, profit before tax combined entity would be Rs. 3,400 lakhs in FY'26 which may rose up to Rs. 6,200 lakhs by FY'28. Along this, a high-velocity growth in inventory turnover, receivables, and retail throughput reflecting a scalable retail D2C, a strong improvement in reserves and surplus demonstrating sustained profitability and reinvestment capacity. With Karnika's manufacturing depth and Kidcity brand momentum, we are entering a phase where growth of both the companies strengthens the balance sheet of our unified group. This alignment gives us expanded revenue visibility, a bigger addressable market, stronger vertical integration, better margin control, and a clear path towards becoming India's largest Kids wear ecosystem across retail, D2C, manufacturing, exports, and corporate supplies.

Now, I conclude my statement. I want to assure all the stakeholders that the financial foundation of Karnika is stronger than ever. Margins are expanding, cash flows are strengthening, and our acquisition of Kidcity adds a high growth engine to our portfolio. The next few years will be transformative. As your CFO, I am confident that with this discipline, integration, and scale, we will continue to deliver superior returns and sustainable long-term values for our all stakeholders. Thank you so much.

Now, I would like to continue with Mayank about the future projections of Kidcity.

**Mayank Varma:** Good evening, everyone. Thank you so much, Krishan**,** for the welcome. Basically, today, I want to speak not just about Kidcity's growth in particular, but what Kidcity has become since Karnika Industries has come on board as our strategic partner.

So, basically, for the first time, Kidcity has something that every young Indian brand dreams of. That is the heart of a startup, I believe, supported by the strength of a listed company like Karnika Industries. And I really thank, from the bottom of my heart, Mr. Niranjan Mundhra and Mr. Krishan Karnani for having the belief in us.

Now, what this partnership means to us is, basically, Kidcity was born with a simple belief that every child in India deserves a good quality, comfortable, and a stylish every day wear at prices that parents can trust and they can afford. Something that is high in value, high in quality, and great in value. So, Karnika brings all three in this journey of Kidcity. It is not just the capital support, not just the factory support, but the shared commitment to building India's one of the most lovable kids wear brands. The future that we are building together is defined on three discipline phases, that is scale, speed, and structure. We are focusing on a couple of three key components, that is rapid national SIS expansion, that is shop-in-shop. Currently, how Kidcity operates is, we take the shop-in-shop spaces of the high value of high footfall MBO stores across the tier 2, tier 3 markets. We have a bigger and better retail identity now and plus strengthening the value for money promises. We are into the home wear, casual wear product line in Kidcity. We are creating a brand that speaks to young India, that is a brand with personality. With

Karnika's support, we will invest in regional advertising, stronger in-store branding across key cities. The current cities that we are present in is in Bihar, Jharkhand, Eastern UP, and Bengal. Cities and towns like Patna, Hajipur, Muzaffarpur, Begusarai, Bhagalpur, we are in Ara, we are in Forbesganj, in Araria, in Kishanganj, and in Jogbani, and in Eastern UP, we are in Gorakhpur, in Vararasi, in Bhadohi. Now, we are going from there to Bengal and Jharkhand and Ranchi and Hazaribagh as well. Now, we are preparing for the next stage of Kidcity's growth, that is into the D2C and the Omni-channel presence. The current D2C, we have just launched our website on 1st of November, that is www.kidcity.shop and our Omni-channel presence is in 5 marketplaces, that is Amazon, you can view our Kidcity products on Amazon, on Flipkart, on Ajio, on Myntra, and on Flipkart.

Now, I would just hand over this call to Mr. Jay Varma, he is my co-founder and Director of Kidcity as well. Thank you so much.

**Jay Varma:** Yes, thank you, Mayank, Niranjanji and Kishan. I take this call forward to speak about Kidcity. I, being the co-founder, along with my son Mayank, in this journey of Kidcity for the last 4-5 years, we have always had a strong conviction that kids wear being sold as a brand is expensive for the pockets of the Indian market. So, we decided to create a new category altogether, that is premium products at value prices. Since so far you have heard about the roadmap of Karnika, data and accounting part from Krishanji, let me speak about Kidcity and the journey forward.

Kidcity has a vision that how to make the premium clothing, the quality clothing accessible to everyone in the country. And we have got a phenomenal response, very big response from across the board. Today, we are present in 3 states as Mayankji said and we are on the verge of expanding very deeply into the other part of the country. The foundation of Kidcity is quality without confusion, styles without fringe and price without the pressure. And today, once Karnika has come on board with us, we being one, I would proudly say the journey onwards will be smoother, stronger, bigger and bolder. This partnership is historic in many ways than one. Number one, the Karnika has come on board with a strong supply chain foundation. They have factories, they have compliance units, they have strong product strength and Kidcity has got the frontend part, that's the retail part, the direct-to-consumer part. So, this alignment is not overlapping any one of our vertical but creating us as a larger perspective, a bigger role to play from the production till the retail. Now, future of the Kidcity looks bright to me, looks bright to everyone who knows us, who knows our strengths, the market experience, the expertise. We are here to set new benchmarks. We are here to show what an Indian kids wear brand can achieve when heart and discipline works together. I want all stakeholders, all investors, all partners to remember this, watch out us for next 24 months and you will see us creating history in this industry. I would love to say thanks to every one of you who has been on board with us on this call and the team of the Karnika and everyone.

Thank you very much. Thank you.

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

**Sahil:** Sir, I have some specific questions that you can address. Sir, in the upcoming season of H2, how are we going to increase the collections, especially for the second half of the year?

**Krishan Karnani:** I'll take that call. Already, we have made our designing studio, our designs are ready. We are in the production pipeline cycle also. So, from the next month onwards, we'll be ready for dispatching our goods to our wholesalers, to our partners.

**Sahil:** Okay, sir. So, those talks are already there. We are about to launch them in the next half of the year.

**Krishan Karnani:** Definitely. Our structure is like this only. We are almost 2-3 months prior to what exactly the season calls for. Like, the summer season is fully fledged running for us. Because we dispatch summer goods from the end of December to the end of February. So, that it goes by wholesaler to retailer and then end consumer.

**Sahil:** Okay. And sir, what is the current capacity utilization? How much are we utilizing?

**Krishan Karnani:** Currently, we are utilizing around 80%-85%. Again, our model is for job workers. We don't manufacture 100% in-house capacity. So, for ourselves, the limit is abundance. We can create whatever we can achieve. So, the limit is not an issue.

**Sahil:** So, if our in-house capacity is fully utilized, you can outsource it and get it to our operations. That is what you are saying?

**Krishan Karnani:** Yes, definitely.

**Sahil:** Alright, sir. And sir, anything for the full year? You have forecasted internal targets for revenue and bottom-line? Something like that?

**Krishan Karnani:** Targets, we have spoken also. I have spoken for Financial Year '26. Combined target for Karnika and Kidcity for Financial Year '26 would be around 24,500 lakhs, for Financial Year '2026.

**Sahil:** And sir, for upcoming years '27 and beyond?

**Krishan Karnani:** For '28, we are targeting for 42,500 lakhs.

**Sahil:** Okay, sir. And sir, how will we see the margin increase in the current year?

**Krishan Karnani:** First of all, we have raised our margins with operational efficiency, with our designing studio, with inventory movements, we have already achieved that and we will continue to do so.

**Sahil:** And sir, what is the peak margin you are targeting? How are you targeting the peak margin from the current point? Is there any internal targets for margin? Like, margin will be plentiful here and from there we can see sustained margins?

**Krishan Karnani:** No, as such we don't have any such targets. We are increasing our continuous operations' effectiveness. Earlier, we used around 7%-8%. Now, we are standing around 14%.

**Sahil:** Okay, sir.

**Krishan Karnani:** So, it goes on increasing. But industry specific is max we can achieve by 20%-25%, not more than that.

**Sahil:** Okay, sir. And that target is around FY'27-'28, we are looking for 20%-25%.

**Krishan Karnani:** That we will go by FY'28.

**Sahil:** Alright, sir. Those were my questions. Thank you for answering, sir.

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

**Abhishek:** With over 90% of the revenue from long-standing customers, what factors have enabled Karnika to maintain such strong customer loyalty? And how is the Company deepening this strategic relationship? And one more point, is this a problem of concentration or not?

**Krishan Karnani:** No, this is not a problem of concentration. The customers which we enabled since inception, they are all together connected with us. We supply them the right goods what they are willing to shop. Even in future also, as you asked, how we deepen this relationship. We are going for data-driven company rather than human hunch. We are anticipating what future projections would be regarding our designing, regarding product outline. So, we are going with that only. In future, what products are going to be sold in a particular customer's area. Accordingly, we justify that and supply that product. So, that their revenue growth is always up.

**Abhishek:** The Company secured multiple orders during H1. How this strengthens the order pipeline support for the rest of FY'26?

**Krishan Karnani:** We continuously take orders from our big buyers like supply chains, value retail chains. And also continuous supply to our wholesale branding. Like what we exactly deal in our domestic market. Those orders come with our ready goods. So, we supply from that angle also. And with corporate retail chains also, we are taking the orders. Like we have secured order from Style Bazaar, Bumzy, Hopscotch. These all orders we have taken from them in H1. And we are negotiating with other supply chains also.

**Abhishek:** Okay. And EBITDA margin expanded to 19.67% in H1. Like what is the product mix that enabled this improvement?

**Krishan Karnani:** This is operational efficiency. Earlier we used to 100% outsource the garmenting. And more about giving the job worker higher rate or something like that. We have made that mix. We are strengthening our head office team through centralized sections. So, accordingly we have reduced substantial from the operational efficiency.

**Abhishek:** Okay. What are the key initiatives that are planned to support future growth in export market?

**Krishan Karnani:** For the export market, earlier we used to do Middle East only. Now, we are trying to catch up European countries, because Russia is a nowadays good channel partner with India. So, we are concentrating that also. Even with the retail chain sectors in Middle East, we are targeting them also. Like Landmark Group and Lulu. These are the quite big supply chains in Middle East countries. So, we are targeting for those supply chains also. Earlier we used only for wholesalers only. Not these value retail chains. So, from the next onwards we are targeting those clients also.

**Abhishek:** Okay. What are the PAT margins in European countries?

**Krishan Karnani:** European margins are way higher than Middle East. So, we are targeting there also. It will substantially increase our PAT also.

**Abhishek:** Okay, great. So, will you maintain the current PAT margin and EBITDA margin or it will even enhance more in that matter?

**Krishan Karnani:** It will enhance more only. There are two reasons. First is our manufacturing capacity is expanding. Our export is expanding. Another thing is we have integrated with Kidcity. So, D2C platform, then, shopping shop will also add to this.

**Abhishek:** Okay. Thanks a lot.

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

**Kanhai Mohan:** My question is with regard to debtors. So, what is our debtors turnaround time and as I have seen in the financial statement, we have increased in the debtors receivable also compared to the increase in the fees. So, how do you see on that part? I mean, how the evaluation is taking place? And what is the normal credit rate which Karnika gives? And is it within the market line or not?

**Krishan Karnani:** Yes. Currently, the situation of better receivables are definitely tightened. The position is very tightened. Although we are good from the market, but normally the receivable cycles are 90 to 120 days. We are standing on that only. But even for that also, we are targeting it to maintain 60 to 90 days in future course of action.

**Kanhai Mohan:** So, this is the normal market credit line?

**Krishan Karnani:** 90 to 120 days.

**Kanhai Mohan:** Okay, thank you.

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

**Ruchika:** Hi, sir. First of all, congratulations. So, sir, my questions are regarding the cost control initiative. Was the main driver product mix of margin expansion or cost control initiative, sir?

**Krishan Karnani:** Cost control has been driven in this for a long time. Earlier, it used to be distributed in different product lines. Now, we have centralized all the cost process in-house. So, that is a driving factor.

**Ruchika:** Okay, sir. Sir, next was raw material pricing, especially yarn. Can we expect any volatility in yarn?

**Krishan Karnani:** Currently, we don't see that.

**Ruchika:** Okay. Sir, what will be the fastest growing product in kidsware? Fastest growing group? Infants, small, teens, small kids or teens or?

**Krishan Karnani:** It will be infants only. Because in infants, scope every day is better.

**Ruchika:** Okay, sir. Sir, how do you ensure quality consistency in job work model? Especially when scale is increasing?

**Krishan Karnani:** There is a quality control system. And again, in this, cutting 100% we do in-house. Then, iron and packaging is 100% in-house. So, starting process or end process is in-house. So, whatever product finally comes to our house, quality control is done. After that, product is packed and dispatched. Simultaneously, in the job worker process, in-line QCs are appointed, who observe each and every process.

**Niranjan Mundhra:** We also send our QCs to the job workers for QCs. Who check from time to time. And when in-house product comes to our house, we check again. So, it is better.

**Ruchika:** Right, sir. Sir, how is the momentum of our new customers on-boarding? First, how is our customer base? Are institutional buyers being added?

**Niranjan Mundhra:** No, they are being added. All our wholesalers are already connected. We work with order. Orders means big house in India. They are in Calcutta. And through them we do pan India supplies. And apart from that, we are connecting with retail chain stores. We are also connecting with B2B online marketing. So, the scope of this is very big.

**Ruchika:** Okay, sir. Sir, which products are available on our online portals?

**Niranjan Mundhra:** Online? We are doing online through Kidcity. Jay Varma ji will tell you about Kidcity.

**Jay Varma:** I will take this call. In online, all our products are live on FirstCry Kidcity is live. In Ajio we are live, Flipkart is there, Amazon is there. And we have also started our own portal on Kidcity.shop. As well as, we are predominantly available on HopScotch, which is India's second largest marketplace for kidswear. So, that creates an entire ecosystem across the board. Thank you.

**Ruchika:** Okay, sir. Sir, what is the margin of our portals? For example, you mentioned FirstCry. In our portals…?

**Jay Varma:** The margin varies. But if we calculate it on MRP or selling price, it varies from 40% to 45%.

**Ruchika:** Okay, sir. Sir, my last question is how visible is the differentiation of your 7 in-house brands on the ground? How are we building brand recalls?

**Jay Varma:** The brand is Karnika. We have different brands in Karnika. For example, in Boys, we have Karnika Cool. And in Infant, we have Karnika Ring, Karnika Key, Karnika Care. There are different brands. Our main brand is Karnika. And to understand, some are given Infant, some are given Boys, some are given Girls. Like this.

**Ruchika:** Right, sir. What will be our majority city and state?

**Jay Varma:** For example, North India. We have the largest stock in North India. Rest, we have Pan India. If we look at North India, it is the most popular. For example, UP, Delhi, Rajasthan, Punjab. It is the most popular. Okay.

**Ruchika:** Okay, sir. I will get back in queue. Thank you very much.

**Moderator:** Thank you. The next question is from the line of Dhirej Bedi from Individual Investor. Please go ahead.

**Dhirej Bedi:** I wanted to ask. Do you have any plans of moving to a quarterly financial results? Like, you currently do it on a half yearly basis. So, do you plan on moving to a quarterly basis? What are you trying to say?

**Niranjan Mundhra:** You mean, I have been trying to give results on a quarterly basis for a long time?

**Dhirej Bedi:** Yes, sir.

**Niranjan Mundhra:** Now it will go quarter wise. Now we have given September, then will give December and thus it is quarter.

**Dhirej Bedi:** December and then March will come?

**Niranjan Mundhra:** It will come quarterly.

**Dhirej Bedi:** Okay, sir. Please tell me, it is two years since the Company is running, any plan of moving to main board?

**Niranjan Mundhra:** Yes, that is why quarter result is given. And preparations are made to make it under one main board.

**Dhirej Bedi:** Sir, one more question, total target is Rs. 34 crores of PAT. In that, can you tell me the breakup of H2, how much will be the revenue and how much will be the PAT and how much will be that for Kidicity?

**Krishan Karnani:** For Financial Year '2026, Karnika would be 3,000 lakhs and for Kidcity it would be around 400 lakhs. Karnika would be around 4,500 lakhs and Kidcity would be around 1700 lakhs.

**Dhirej Bedi:** And sir, for '28?

**Krishan Karnani:** Karnika would be around 4,500 lakhs and Kidcity would be around 1700 lakhs.

**Dhirej Bedi:** Okay, sir. Thank you.

**Moderator:** Thank you. The next question is from the line of Riya Jain from Sapphire Capital. Please go ahead.

**Riya Jain:** So, how much of your capacity are you looking at for the next year? Manufacturing capacity.

**Niranjan Mundhra:** Manufacturing capacity is continuously increasing. Are you asking about production?

**Riya Jain:** Yes.

**Niranjan Mundhra:** Yes, we are expanding our production and we are also increasing the number of job workers. This will increase the volume of manufacturing.

**Riya Jain:** So, how much do you currently manufacture? You said that you don't do it 100% and you are outsourced.

**Niranjan Mundhra:** Right now, I have around 100,000 square feet of in-house space. Apart from that, we also take the material from the job workers. We ask them to make it according to their criteria. We do the checking and QC ourselves. Our team does it.

**Riya Jain:** Okay sir, and how much does Kidcity contribute to your revenue?

**Krishan Karnani:** In Financial Year '2026, Kidcity's revenue would be around 3,000 lakhs. In that, we will give approximately 20% of revenue generated from Kidcity to Karnika.

**Riya Jain:** Can you give a revenue mix of how much comes from B2B, how much comes from D2C?

**Krishan Karnani:** For Kidcity? Do you want to know?

**Riya Jain:** No, for Karnika in general.

**Krishan Karnani:** Karnika is only on B2B only. We don't deal in D2C. D2C part will be handled by Kidcity only. That's the strategic partnership that we are doing.

**Riya Jain:** Understood. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Dipika Chadda, an Individual Investor. Please go ahead.

**Dipika Chadda:** Thank you. Good evening, sir. I have two questions. Do you have any plan to reduce the concentration risk of your top 5 customers' revenue share, because there is more revenue there?

**Niranjan Mundhra:** We all have the same. We all have the same customer margin. Not more than 19%-20%.

**Dipika Chadda:** Okay.

**Niranjan Mundhra:** We also do B2B. We are also selling B2B. So, the margin and price are same. If someone's payment comes early, then we give 1%-2% extra discount. There will be a difference of maximum 2%. There is no difference than that.

**Dipika Chadda:** Okay. How much is the actual productivity gain from the automation investments?

**Niranjan Mundhra:** In which?

**Dipika Chadda:** These CAD automated cutting machines?

**Niranjan Mundhra:** Yes. The quality is good. And it takes less manpower. The machine does the work. And the quantity comes out. The whole product is cut together. Earlier, it used to consume more time. And it used to take more manpower. So, the whole expenditure is saved. The margin is also saved. The margin is saved.

**Dipika Chadda:** Okay. So, what is your comfort level for the long-term growth trajectory for the next 2-3 years?

**Niranjan Mundhra:** According to the machine, the volume is increasing. Our demand is still good. So, we have to increase the production, as much as possible. We still have the sales.

**Dipika Chadda:** Okay. So, what is your plan for the next 2-3 years?

**Niranjan Mundhra:** For the next 2-3 years, I will make a revenue of more than Rs. 300 crores for Karnika. You can easily update the plan for Rs. 300 crores. Only for Karnika. Kidcity is different. We have taken a good stake in Kidcity. It will be a company of Karnika. It has a target of more than Rs. 100 crores.

**Dipika Chadda:** Okay, great. Utilization is at 90% now. Do you think there will be a need for capacity expansion or outsourcing scale-up?

**Niranjan Mundhra:** Yes, there will be a need.

**Dipika Chadda:** Do you have any plan for this?

**Niranjan Mundhra:** Because the place I have is fully occupied. All the places in house are occupied. I have taken another place for rent. So, the production will increase there. But it won't be enough. If I want to reach Rs. 300 crores, I need more space. So, I will go to the market. I will do my job.

**Dipika Chadda:** Thank you, sir.

**Moderator:** Thank you. The next question is from the line of Neelam from HNI. Please go ahead.

**Neelam:** Good evening, sir. Sir, I have a question. How strong are the repeat orders coming from your existing customer base?

**Niranjan Mundhra:** What is existing customer?

**Neelam:** How strong are the repeat orders coming from your existing customer base?

**Niranjan Mundhra:** We mainly have repeat customers. We have around 100 customers in B2B. So, only their orders will come to us. Maximum customer is a repeater. Every year, only 10% new customers come to us. Repeat orders keep coming. Once you buy, you have to buy again. Also, Kolkata market is the best for kids wear. If someone wants to buy kids wear, he has to come to Kolkata. He has to buy from Kolkata. In Kolkata, we lead everyone. We are at the forefront. So, he has to come to us. We have a variety of infants, kids, boys, girls. It is easy for the customer as well. So, there are a lot of repeat orders.

**Neelam:** Thank you, sir. Sir, the second question is that the topline is strong and the margins are strong. Can this trend be maintained in the next few quarters?

**Niranjan Mundhra:** Yes, it will be maintained. It will be even better. It will be maintained because we have made it in-house everything. Where there was a lot of expenditure, we brought it to one place. We have saved a lot of money from that as well. We have saved a lot of money in the system. We need to improve it further. It can easily grow 2%-3% more. Expect PAT to go up by 2%-3% more.

**Neelam:** Are there any bottlenecks in the supply chain side like yarn dyeing, finishing?

**Niranjan Mundhra:** What are you saying?

**Neelam:** Are there any bottlenecks in the supply chain side like yarn dyeing, finishing?

**Niranjan Mundhra:** No, there are no bottlenecks. Yarn is available. You can get it as much as you want. There is no problem in yarn. There is no problem in yarn, knitting, dyeing. You can get it immediately. We also pay according to that. There is a goodwill that the goods will come. Just tell the date and take the payment. We do it according to that. We get the goods first in the market.

**Neelam:** Are there any new large format retailers in the export pipeline?

**Niranjan Mundhra:** In export? Yes, there is a preparation for export as well. There was a U.S. issue in the middle. We had an agreement with the U.S. in Delhi. It was a good order from the U.S. That order is still in the pipeline. The Middle East is still going on. That is also increasing. But the demand in the Indian market is so high. If the margins are the same, then it is better to sell in the Indian market. More than export. The margins are the same in both. Whether you sell it in India or in the Middle East. The margins are almost the same.

**Neelam:** How much has the planning and dispatch accuracy improved with ERP implementation?

**Krishan Karnani:** We have already maintained the ERP implementation. Even we are going for AI data driven company. We are concentrating in that only.

**Neelam:** Is the share of e-commerce D2C led clients increasing in your mix?

**Krishan Karnani:** We have acquired Kidcity to handle that part. That part will be handled by Kidcity only.

**Neelam:** Okay, sir. Congratulations, sir. Thank you from my side.

**Krishan Karnani:** Thank you.

**Moderator:** Thank you. As there are no further questions from the participants. I would now hand the conference over to Ms. Chandni for closing comments. Over to you, ma'am.

**Chandni:** On behalf of Karnika Industries and Equibridgex Advisors, I thank everyone for taking time to join today's earnings call. If you have any queries, you can connect to us at info@equibridgex.com . Thank you once again for joining the conference.

**Niranjan Mundhra:** Thank you.

**Krishan Karnani:** Thank you so much.

**Moderator:** Thank you. On behalf of Equibridgex Advisors Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.