



REDTAPE LIMITED

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June 02, 2026

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Scrip Code: 543957	NSE Symbol: REDTAPE

Sub: Transcript of Investor's Meet for the 4th Quarter and year ended March 31st, 2026

Dear Sir/Ma'am,

In furtherance to our intimation dated May 21st, 2026, and pursuant to Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, We hereby enclose the transcript of Investor's meet for 4th Quarter and Year ended March 31, 2026, held on Tuesday, May 26, 2026.

The transcript is also available on the Company's Website
<https://about.redtape.com/Transcript.php>.

You are requested to kindly take the above information on your records.

Thanking you,

Yours faithfully,
For **REDTAPE Limited**

AKHILENDRA Digitally signed by
A BAHADUR AKHILENDRA
SINGH BAHADUR SINGH
Date: 2026.06.02
14:34:10 +05'30'

Akhilendra Bahadur Singh
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Encl: as stated above

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“RedTape Limited
Q4 & Full Year FY26 Earnings Conference Call”

May 26, 2026



**MANAGEMENT: MR. ARVIND VERMA – WHOLE-TIME DIRECTOR –
REDTAPE LIMITED
MR. VIVEK AGNIHOTRI – CHIEF FINANCIAL OFFICER
– REDTAPE LIMITED**

MODERATOR: MS. KASTURI SHARMA – EY

Moderator: Ladies and gentlemen, good evening and welcome to RedTape Limited Q4 and Full Year FY26 Earnings Conference Call hosted by EY. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Kasturi Sharma from E&Y. Thank you and over to you, Ms. Sharma.

Kasturi Sharma: Thank you so much, Yousuf. Good evening to all the participants on the call. Before we proceed, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties and other factors. It must be viewed in conjunction with our business risks that could cause future results, performance or achievement to differ significantly from what is expressed or implied by such forward-looking statements.

Please note, we have mailed the results and earnings collateral and the same are also available on the company's website. In case you haven't received the same, you can write to us and we will be happy to send them over to you. To take us through the results and answer your questions today, we have the management of RedTape Limited represented by Mr. Arvind Verma, Whole-Time Director, and Mr. Vivek Agnihotri, the Chief Financial Officer. We will start the call with a brief overview of the year, followed by the Q&A session.

With that said, I'll hand over the call to Mr. Verma. Over to you, sir.

Arvind Verma: Thank you, Kasturi. Good evening, everyone, and thank you for joining us on the call today. Before we discuss the performance for the year, I want to take a step back to dwell on the years gone by. FY26 has been a year worth reflecting on. When the year started, the environment was not without its uncertainties of input costs, a mixed first half, some consumer hesitation around the GST transition, to name a few.

And yet, as we stand here today, having closed the year, what comes through clearly is that the business has held its shape through all of that and then accelerated. That does not happen by chance. It happens when the fundamentals of how you have built the business are sound, and I think FY26 gave us real validation of that.

Let me walk you through some important highlights of Q4 first, and then talk about the full year, post which we can then open it up for questions. The year did not start evenly. While the first half had its moments of softness, the second half and particularly Q3, carrying into Q4, showed us clearly that the underlying demand for branded footwear and lifestyle apparel in India is very much intact.

The Indian consumer, especially in Tier 2 and Tier 3 towns where the majority of our stores sit, is making a clear and steady shift towards organized branded product. The GST reduction on footwear below INR2,500 was a meaningful volume catalyst for us, specifically because nearly all of our products sit in that bracket.

What I want to emphasize though is that the volumes we saw were not simply a one-time GST led pull-forward. Wedding season demand was strong, footfalls in our stores were healthy, and our same-store numbers reflect genuine consumer engagement. That is the environment, in which the results for the Q4 and the full year were delivered.

And it is an important context before I walk through the numbers. With that, let me highlight some key business updates for Q4 and full year FY26. Our SSSG, which is the same-store sales growth was 17.8% in Q4. Our existing store base is getting materially more productive, which is the number I track most closely. Footwear contributed 63% of FY26 revenue.

Footwear remains the anchor of the business and the primary driver of store footfall. Casual and athleisure subcategories continue to perform within this segment. Our apparel has contributed to 34% of FY26 revenue, reflecting both strong consumer uptake and the benefit of new range launches. This is the segment we are most actively investing for FY27 also.

Our accessories has contributed 3% of FY26 revenue. Sunglasses, hard luggage, and grooming categories are performing well, and growing faster than the other two segments on a percentage basis, albeit from a very small base. Across the full year, our three segments performed as follows. Footwear has achieved a number of INR1,535 crores.

This is the anchor of the portfolio and it has continued to grow at a strong pace. Casual, semi-formal, sports, adjacent categories all perform well. Footwear is what brings the consumer in through the door and keeping the range fresh is what brings them back. Apparel contributed INR805 crores. Apparel is the category that widens our addressable market and lifts basket size.

We are investing meaningfully behind women's apparel as well and we'll push this further in FY27. Accessories gave us a revenue of INR75 crores throughout the year, small in absolute terms today, but growing the fastest and carrying the highest margin profile. Sunglasses, hard luggage, and grooming products are categories where a trusted brand name travels well and where we are building the range steadily.

The consumer who already trusts RedTape for footwear does not need a lot of convincing to pick up a bag or a pair of sunglasses at the same store. The one thing FY26 reinforced for us is that the multi-brand architecture we have built over the years is genuinely starting to work for us, and it's starting to work the way we intended.

Each brand is serving a distinct consumer occasion, and that clarity of positioning is what allows us to grow the portfolio without brands cannibalizing each other. RedTape is our flagship brand

and it continues to be the primary driver of both revenue and brand equity. RedTape sits in the premium casual and lifestyle segment.

It is the brand that built this company and it remains the anchor of everything we do. We have built a new brand name Ozark. It is a rugged, outdoor and adventure brand and it has been getting better than anticipated response. The consumer appetite for a credible Indian brand in the performance outdoor category is larger than we initially estimated, and we are scaling the Ozark retail footprint accordingly.

Bond Street and Mode are two other homegrown brands, which we have launched in the financial year 2026, serving the occasion wear and formal consumer and the casual wear too at an accessible price. Both brands continue to hold their ground during the year in what is a very competitive segment.

While Q4 usually is a softer quarter, this year it was not, which tells you something about the underlying health of the business. On the specific numbers, Q4 revenue is reported at INR674 crores, a gross margin is 43.4%, EBITDA is 19.4% versus 19% standalone in Q4 FY25, and a standalone PAT of INR71 crores.

Moving to the full year, revenue came at INR2,415 crores, a growth of 19.6% over FY25. What this year really proved is that the margin improvement we have been working towards is structural not episodic. Our EBITDA margins expanded from 17.5% in FY25 to 19% in FY26, and this was on the back of operating leverage and cost efficiency measures.

The PAT story this year is particularly sharp. For the full year, standalone PAT came in at INR244 crores, up from 32.4% over FY25. On our network, we ended the year with 223 exclusive showrooms across 161 cities. It is not the store count that we are chasing. Every location we open has to clear our return thresholds from day one.

We are pleased to announce that the Board has recommended a final INR2 per equity share on the face value of INR2. Over the course of financial year '26, we have been investing behind three brands; brand, people and technology. Our marketing investments in the brand have driven measurable improvement in both new customer acquisition and repeat purchase rates.

We hosted the RedTape 10K Run in Delhi and Chandigarh and we have put our brand right in the middle of the active lifestyle communities of our country. Since the introduction of SAP, we have seen improvements in the overall reporting systems. We have made meaningful progress in upgrading our systems across merchandising, supply chain and customer engagement as well.

As we enter financial year '27, the structural shift from unorganized to organized retail in both footwear and apparel continues to work in our favour. Consumer sentiment in our core segments, particularly casual, athleisure and activewear, has remained resilient. The Tier 2 and

Tier 3 opportunities are far from played out and RedTape's brand equity in those markets is strong.

The opportunity in front of us is significant. India's banded footwear and lifestyle apparel segment remains deeply underpenetrated relative to its eventual potential. RedTape with 30 years of brand equity, an omnichannel presence across 300 cities and a family lifestyle positioning is well-poised to capture a meaningful share of that growth. Having said that, I am now happy to take questions. Thank you very much.

Moderator: Thank you very much sir. We will now begin the question-and-answer session. First question is from the line of Sameer Gupta from IIFL Capital. Please go ahead.

Sameer Gupta: Hi, good evening, sir. And thanks for taking my question. I haven't really studied the company in detail, so some of the questions might sound naive. Please forgive me for that. Firstly, sir, what is our channel mix in terms of own retail stores, online, general trade, any other, if it is there?

Arvind Verma: So, our retail stores, which we term as the offline business, it contributes almost 70%, close to 70%, and 30% of the turnover comes from our online business, which is e-commerce and quick commerce put together.

Sameer Gupta: And 30% online, is it our own platform, or do we sell via marketplaces?

Arvind Verma: It is primarily through the Flipkart's and Myntra's of the world.

Sameer Gupta: And the way we account revenue is that we book the whole of the revenue here, or we sell outright to these marketplaces?

Arvind Verma: No. We run our own marketplace warehouses. We have seven warehouses in India, and the primary business is through marketplace. So, we don't try and sell anything through these e-commerce portals. We do a marketplace mode. So, hence, whatever sales you see in our online portals is actually B2C.

Sameer Gupta: Direct to the consumer. Okay. Got it, sir. So, the second question, sir, is on the inventory. Now, I noticed that we have 175 days of inventory on sales. And on COGS, if I look at it, this number is higher than 300. Now, with the lifestyle category where freshness becomes an imperative in terms of getting consumers and footfalls. And this number is significantly higher when I look at your peers such as Metro or Bata. So, first of all, reason for it to be high, and are there plans to reduce it in a material way?

Arvind Verma: Yes. So, you're absolutely right. If you watched our company for the last couple of years, the kind of growth we have envisioned and done, you must have also noticed that our days are significantly coming down. In fact, we had reached a high of 250 days plus also. And we are significantly bringing it down.

The build-up to the inventory was to further help us expand very fast in the offline arena. And then we had also opened multiple marketplace warehouses in India. So, from a two warehouse to a seven warehouse and building up all the capacity and trying to test the market with the potential of getting the volumes up and opening stores in the offline arena in Tier 2 and Tier 3 cities and having the good stock and sufficient stock for them to perform. Of course, that led to a higher inventory, but now it is significantly coming down as we plan better.

Sameer Gupta: And where do you see this number settling at, sir?

Arvind Verma: Anywhere between 120 days to 150 days.

Sameer Gupta: Okay. And what is our aging provisions, how do we do provisioning on the inventory?

Arvind Verma: We don't do as such any provisioning, because if you see our organization chart for the last, I think, 30-odd years when the company is public, we have never ever sold anything below cost. So, we would be happy to have a detailed discussion on this, and you can send us a query and we can have a detailed discussion on this. But we have never sold anything below our cost.

Sameer Gupta: Sure, sir. I'll look forward to that discussion. That's all from me. Let me come back in the queue, if there are any follow-ups.

Arvind Verma: Thank you.

Moderator: Next question is from the line of Manasvi Shah from ICICI Prudential AMC. Please go ahead.

Manasvi Shah: Yes. Hi, team, and congratulations on a very good set of numbers for the quarter and for the year. I have two questions. One is on margins. So, what we've been seeing is that our gross margins have been consistently coming down. This year also, there's also a INR250 plus sort of a compression. While on the other hand, we've done a very good work on other effects this year, and it's actually flattish, I think, on a year-on-year basis. So, just wanted to understand how should we think about gross margins and overall effect?

Arvind Verma: Hello, Manasvi. So, I'll try and answer your questions to my very best. The first part, with respect to the gross margins, what happened in our e-commerce business is the, kind of, rebates and everything with the Flipkart and the Myntra's of the world work on in India, they had changed some accounting mid of the year, wherein, the rebates were being given and it was being adjusted against the top-line.

So, the exact sale, which was happening to the consumer, it is not being written in our books because the rebate is being adjusted against it. So, the gross margin, you can see the shrinkage came because of the top-line, and not basically because anything we had done differently this year. Hence, our net result, if you see our PBT and everything, there's no impact on that.

- Manasvi Shah:** So, then that's also adjusted in your other opex's, basically and you should look at EBITDA margins/
- Arvind Verma:** Yes. That's the best way to look at it.
- Manasvi Shah:** Okay. And if you look at EBITDA margins then, I mean, of course, versus FY25, there is a significant improvement, but if I look at it slightly more medium-term, if I look at versus FY23, '24, where we used to do somewhere around 16.5% to 17% sort of EBITDA margin, that number has come off. So, how should we think about that, or should we just look at basically 10% to 12% PAT margin as a new steady-state? How should we think about margin from a more medium-term perspective?
- Vivek Agnihotri:** Hi, Manasvi this is Vivek here.
- Manasvi Shah:** Yes.
- Vivek Agnihotri:** Hi. Manasvi basically the EBITDA margins was around, 16% to 18%, right? And, basically, the EBITDA margins are higher as compared -- vis-à-vis to the last year because we have worked on the sales volume, and also the favorable shift in the sales mix also and the reduced operating and other fixed expenditures like marketing, rent and employee overheads. So, this is basically giving the picture of the operational efficiency, which we have achieved. So, EBITDA margins always hovers around 16% to 18%, 19%.
- Manasvi Shah:** Okay, noted. And, sir, are we seeing any or have we taken price hikes now that there is a sharp increase in most of the raw material both in footwear as well as apparel sites?
- Arvind Verma:** So, not really as of now, although there is some pressure in the market, but we don't see it, because, see, we work on a system where there is a six-month design to production ratio when the POs are released almost six months in advance. So, once you have released a PO and you have opened an LC and you have done all of that.
- The vendor cannot come back and say that there is a shift in the price range or something. So, that will not impact us so much in the near future, still we are keeping a close eye on it, and post-September it will be a better time to judge it. As of today, we are not increasing any MRPs or nothing. We are doing nothing of that sort.
- Manasvi Shah:** Okay. And just one last question. Sir, there is a sharp reduction in payable days. We used to operate, I think, at around, on days of sales basis, it used to be somewhere around 90 days plus. That has reduced to 55 days versus last year. Anything to read into this?
- Arvind Verma:** I think, we'll have to come back on this. We'll have to come back on this.
- Manasvi Shah:** Okay. Sure, sir. Thank you and all the best.

- Vivek Agnihotri:** Historically, we are dropping from 470 day to 188 days. They settled around 171 days in the most recent financial years also.
- Manasvi Shah:** No, not in 90. Not in 90. I am asking table.
- Vivek Agnihotri:** Yes. The payable days has dropped, no? Okay. Okay. I will get back to you.
- Manasvi Shah:** Yes. Okay, sure. Thank you.
- Moderator:** Thank you. Next question is from the line of Kanishk Gupta from SS Family Office. Please go ahead.
- Kanishk Gupta:** Yes, sir. Very, good evening. Sir, may I know why Mr. Rashid and Hussain are not on the call with us today?
- Arvind Verma:** There is no specific reason. Ultimately, we are moving from a family-run business to a professionally managed organization. I think that's where we, as a young blood, come in and do more of talking and doing business.
- Kanishk Gupta:** Sure, sir. No issues. And my first question will be, despite strong revenue growth and operating cash flow remains still under pressure due to higher inventory. Could you help us understand what normalized inventory level should look like and when the business can consistently generate positive operating cash flow?
- Arvind Verma:** So, I think I have answered this in the previous, there was a previous question about this also. We are seeing a significant reduction in the inventory days. If you have watched our company for the last couple of years, it has come down from almost 250 days to 170 days right now. And the ideal situation is to keep it to 150 days. That is what we are trying to do.
- And that is what will work in a primarily retail industry, because you need to understand, we are in the retail business and we are in the e-commerce business. Even in the e-commerce business, we are running our own marketplace warehouses. We have seven warehouses across India, and we plan to open two more.
- So, for that, you have to keep inventory. It's no outright sale. Unlike, you cannot compare us to any distribution channel organization, wherein, the inventory is lying with the distributor, and they have a debt on their books. So, that is not happening for us. So, you will see a lot of inventory on us, but still we are trying to bring it down to 150 days. That's what the target is.
- Kanishk Gupta:** Sir, approximately by when the 150 days target, do you plan to achieve internally?
- Arvind Verma:** In the near future, very near future.

- Kanishk Gupta:** Okay, sir. And the second question would be on the debt. Short-term borrowings have slightly increased alongside with the working capital requirements. So, what would be the company's plan to reduce dependence on short-term debt, and should we expect debt reduction through better cash generation and as you said, inventory normalization over the next few years?
- Vivek Agnihotri:** Sir, hi. If you can see, debt outstanding has considerably gone down by INR200 crores, if you can see, from the September to March now. And also, the operating cash flow has been increased. We are actually having the INR175 crores operating cash flow. And as far as inventory is concerned, inventory we are planning to get it down to 150 days.
- So, obviously, when inventory goes down, everything will be normalized as far as the cash flow is concerned and as far as working capital debt is concerned. The working capital is basically for the stocks. So, when we used to pay for the importers, the buyers, for the suppliers, that basically requires the working capital. But it has gone down considerably to INR200 crores. That's what makes the cash flow positive also.
- Kanishk Gupta:** Got it, sir. And approximately, in terms of the revenue target that you plan to achieve internally, let's say, for over the next five years, if you could provide some light on that?
- Arvind Verma:** That's a forward-looking question. We would just like to say that we will continue in the same vein we have been doing for the last couple of years.
- Kanishk Gupta:** Okay, sir. Thank you, sir. That's it from my side and all the best for the future.
- Arvind Verma:** Thank you so much.
- Moderator:** Thank you. Next question is from the line of Piyush S from Acquaint Bee Ventures. Please go ahead.
- Piyush S:** Hello, sir. Congratulations on a good set of numbers. Sir, can you explain the other income in detail? We see INR133 crores this year, other income, INR133 crores. And also, there's some restatement of other income for FY25. So, can you explain what this actually entails?
- Vivek Agnihotri:** Basically, the other income, if you can see, the basic component of that is the discount, rebate and discount, which you get from the e-commerce platforms. So, that's just basically the INR88 crores around is that. And other incomes, you can see, the claims we received from the e-commerce platforms. So, that basically makes it around the INR133 crores this year. So, almost the majority chunk would be these discounts.
- Vivek Agnihotri:** These rebates we get from the e-commerce platforms.
- Piyush S:** So, the last year's restatement also refers to some accounting change only. Is this correct?

- Vivek Agnihotri:** Yes. This is just accounting change. You rightly understood. The same, we have taken the effect in the last year also.
- Piyush S:** Okay, sir. That's it. Thank you, sir.
- Moderator:** Thank you. Next question is from the line of Devesh, who is an Individual Investor. Please go ahead.
- Devesh:** Sir, I have one suggestion. Can you provide coupon for the old investors, whose holding is worth [inaudible 0:26:13], can they get a discount coupon worth of INR1,000 on our website?
- Arvind Verma:** Yes. We have listened to your question. We will think about it and we'll get back to you on this soon. Thank you so much.
- Moderator:** Thank you. Next follow-up question is from the line of Sameer Gupta from IIFL Capital. Please go ahead.
- Sameer Gupta:** Hi, sir. Thanks again for taking my question. I just heard that your other income includes rebates and discounts or claims from e-commerce players. Can you just explain this in a slightly simpler manner, what exactly is happening?
- Vivek Agnihotri:** See, when you run the discounts on the e-commerce platform, they give you a certain amount of rebate in terms of credit notes. That income we have reinstated into other income.
- Sameer Gupta:** So, you are selling on a marketplace model, where you basically are in control of the price of the consumer fees?
- Vivek Agnihotri:** Exactly.
- Sameer Gupta:** So, the e-commerce platform is giving a discount over and above what you are selling at? What exactly is happening?
- Arvind Verma:** So, I will tell you what happens. Generally, whenever there's a big event of e-commerce platform, they want to pass some extra discounts. Let's say there is a BBD of a Flipkart or there is a BFS of a Myntra. They would like to pass on some extra discounts, and they would like to pass on through brands, which bring in more traffic to them.
- So, it may not happen with every single brand, but the brands, which bring more traffic to their website, they usually offer a special rebate wherein they say, we will give you this rebate on commission or logistics, or any other charges wherein you can pass on that as discount to the consumer.
- Sameer Gupta:** Got it. So, basically your sales are reduced by that amount and you still book under full commission, but you get rebates later in the year?

Arvind Verma: Correct, correct. Exactly. You got it.

Sameer Gupta: Got it. Thanks a lot, sir. All the best.

Arvind Verma: Thank you so much.

Moderator: Thank you. Next question is from the line of Subhanu Bangal from 3 Head Capital. Please go ahead.

Subhanu Bangal: Good evening, sir. Hope I am audible.

Moderator: Yes, please go ahead.

Subhanu Bangal: Sir, I am very new in the business. My question on EBITDA margin. As you mentioned, your EBITDA margin targets around 16% to 19% range, but this year we closed around 19%. Why are you giving the EBITDA margin guidance around 16% to 19%?

Arvind Verma: Yes. So, the EBITDA margin has gone up, and we are taking a very safe route of saying it should always be in the 16% to 19% range, because there are various swing factors. It's advertising and promotion, there is an employee cost, there is store capex. Since we are in the retail business, that mix changes very often and according to the festivals, according to the season, according to whatever. So, although we try our best to keep it up and up, but we want to have a very safe say at the moment.

Subhanu Bangal: Should I expect this 19% EBITDA margin as the peak margin?

Arvind Verma: So, no, it's not a big margin. You can say it's a new normal. It's not a peak. So, when we grow, efficiencies improve, and when efficiencies improve and we are bringing in new categories in the same store setup and when SSSG grows. So, obviously, the EBITDA will improve.

Subhanu Bangal: Understood.

Arvind Verma: Yes. Thank you.

Subhanu Bangal: One question on our apparel business. Around 34% business is coming from apparel, what was the margin in apparel segment in FY26?

Arvind Verma: So, we have not calculated margin as per the category, because everything for us is under the same umbrella. So, we'll not be able to tell you as of now what is the gross margin for footwear and apparel separately.

Subhanu Bangal: Do you give separately?

Arvind Verma: No, we don't.

- Subhanu Bangal:** Okay. Okay. I don't know. Please continue.
- Arvind Verma:** That's it. We explained you. We don't do it separately. We don't show it separately, because it's under the same umbrella. So, we're keeping it intact.
- Subhanu Bangal:** Normally, margin was same or slightly different?
- Arvind Verma:** I don't think it is the right time to comment because we'll have to check. We'll have to go back and check. We'll come back to you later on this.
- Subhanu Bangal:** Okay. Thank you. That's it from my side. Best of luck.
- Arvind Verma:** Thank you so much.
- Moderator:** Thank you. Next question is from the line of Kanishk Gupta from SS Family Office. Please go ahead.
- Kanishk Gupta:** Yes, sir. Hello once again. Sir, given the rising competition from both domestic and global footwear brands, could you please elaborate on the key structural advantage that RedTape believes it has to sustain market share and margins over the next three to five years? And, specifically, how does the company view its positioning in terms of brand strength or pricing power, let's say, maybe distribution reach and product differentiation relative to peers, and as the industry moves towards more organized and premiumized consumption?
- Arvind Verma:** So, to the point of not sounding arrogant, I would say, we give competition to all international brands rather than the other way around. We are a tough competitor for them. And having said that, we keep our eyes to the ground. We see what all is going on in the market. We are a very, very consumer-centric brand.
- We keep a very strong eye on what are the trends and what are the trends, which are going to come. And all of that helps with our experience of the last 30 years. So, that shows us that we are in for the long run, and we understand fashion and the consumer of India especially very well. And that helps us keep(stay) ahead and move forward.
- Kanishk Gupta:** Sir, as you said that you provide really tough competition to the global brands, but speaking from a typical Indian consumer mindset, what I believe is that people in India still look up to the Western brands and still want to own the Western brands personally?
- Arvind Verma:** Yes, I agree. They are always the aspirational brand, but not everybody can afford a INR10,000 shoes or a INR15,000 shoes in India. And we give the same fashion forward statement along with the good price.
- Kanishk Gupta:** But on online platform, let's say, many global brands are also reducing their prices significantly, and during heavy discounts, they come near to your pricing ranges?

Arvind Verma: So, to give a context to this, I'd like to share with you that we are the number two brand today on Flipkart and Myntra. That shows there are a host of global brands out there, but we have been retaining this position for the last couple of years. We are the number two footwear brand on Flipkart and Myntra.

Kanishk Gupta: Okay, sir, good to hear that. And my second question would be that as the footwear industry becomes increasingly organized and competitive, as we just spoke, what would be the key internal indicators that you personally track to evaluate whether the customer relevance are genuinely improving in terms of the entire market? And beyond revenue growth, how are you trying to see measurable progress in areas such as maybe repeat purchase behavior, or premium products for same-store sales performance. Can you please comment on that?

Arvind Verma: So, I'll answer this question in two parts. First of all, we have not done any discrete study on the organized versus unorganized segment. Whatever we rely on all the FICCI and the CII reports, the reports say that the market is shifting more towards organized retail. And having said that, any shift towards organized, it helps us. It helps the brands and organizations like us. The second part of the question was, sorry, can you tell me what was the second part of the question?

Kanishk Gupta: Yes, sir. The second part I spoke was on the beyond revenue growth, what measurable progress within the company are you tracking?

Arvind Verma: Yes, sir, you mentioned our repeat customers and all of that. So, I'd like to try and put in a factor here. At the retail level, in our offline stores, we almost launch 40 to 60 new footwear styles every month. We strongly believe, although we have not measured, but we strongly believe that a footwear consumer comes back to us every four months. That's what our belief is.

And an apparel customer definitely comes for us every five months to six months. That is the belief we have kept. And that is how we are trying to give in more freshness at our stores and pushing newer ranges and everything in the stores, including the new categories which we do. Although, having said that, there is no dipstick model. We have not done any real-time testing, or any survey of that kind. This is all hearsay between our teams and everything.

Kanishk Gupta: But, sir, what I mean to say is that on online platform, it becomes very easy to gather data from these websites. I mean, as a brand, you really have the availability to just ask the websites to provide you with the data?

Arvind Verma: So, for our retail stores, I was keeping in mind the retail. With respect to online, the repeat customer for us is as high as almost 55%, 58%, but it varies for every portal. And we really don't know whether we should quote them or not. But the data we get from the Myntra's and Flipkart's of the world, it is anywhere between 54% to 58% repeat customers in our brand. Although, I will not be very sure about it, I'll not like to put my thumb on it and say this gospel truth or what.

- Kanishk Gupta:** Okay, no problem on that part, sir. And internally, what kind of revenue mix do you want to achieve from online and offline medium?
- Arvind Verma:** I think, retail is our core. But having said that, markets have shifted from e-commerce to quick commerce now, and we don't know what route it will take further on. But still, we would always want 65% to 70% of our business to come from retail. That's what we would always want.
- Kanishk Gupta:** But as you spoke, online is growing at a much faster rate than retail. So, at some point in time in future, the online sources has potential to take over the retail segment in terms of revenue. Is that correct?
- Arvind Verma:** See, honestly, I know most of the surveys and most of the articles say this, but I think India is a very big country. We have not seen this happen even in advanced countries like the US or China. So, e-commerce has not taken over retail as such. We would like to keep our fingers crossed on this.
- Kanishk Gupta:** Okay, sir. I really appreciate the answer. Thank you, and all the best for the future.
- Arvind Verma:** Thank you so much.
- Moderator:** Thank you. Next question is from the line of Shreyans J from Svan Investments. Please go ahead.
- Shreyans J:** Yes. Sir, can you help us with the Pre-Ind AS EBITDA margin that we will be doing? My second question is, how many of our stores are on a COCO basis? Because I'm seeing some lease liability on your balance sheet. So, just some sense there? And can you help us with the unit economics that you need for the store opening? What is the capex inventory and furniture fittings and all that?
- Arvind Verma:** With respect to COCO and FOFO, 25% to 27% of our stores are COCO, and the rest are running on the FOFO model. Having said that, even in the FOFO model, the billing is ours. So, generally, what that means is the GST registration of that site is ours. The consumer gets an invoice, which is from RedTape Limited. So, the top line is ours. The actual billing to the consumer is ours, and we pay a commission to the franchisee who runs the opex, who manages the opex of the store. So, in any case, every store, which we run today, the billing is ours. So, the top line is ours.
- Shreyans J:** Okay. And who pays the rent?
- Arvind Verma:** So, in the franchisee model, the rent, salaries, the miscellaneous expenses and the furniture fixtures, capex, etcetera is borne by the franchisee.
- Shreyans J:** Got it. And what are the Pre-Ind AS EBITDA margins that we are doing, because then obviously these margins also have some rent, which is now sitting interest and depreciation, right?

- Vivek Agnihotri:** It's around 16.4%.
- Kanishk Gupta:** Pre-IndAS?
- Vivek Agnihotri:** Yes.
- Shreyans J:** Got it, got it. And sir, I think last time we spent about INR450-odd crores on capex. Can you help us understand where these amounts have exactly gone, in which item have we invested?
- Arvind Verma:** So, we have expanded our warehouse capabilities. We have opened one new marketplace warehouse. In the last financial year, we opened Ludhiana. We also expanded our existing warehouse by almost 3 lakhs square feet in Unnao, and the rest is all the retail expansion.
- Shreyans J:** Got it. And sir, just last question is 3% accessories business. Obviously, it's a small percentage, but can you help us understand what rates are these growing at? And what gives you the confidence to get into categories like sunglasses, grooming, and what emerging segments, what are you doing there? And just some sense on these categories, because historically it has been known as a footwear brand. So, somebody to buy a sunglass or a grooming product. Just some thoughts there?
- Arvind Verma:** Yes. So, historically, I would like to course correct here. Historically, we have been a leather shoe brand. And from a leather shoe brand to convert to athleisure, sneaker, casual, that also took a lot of effort, and then we put in apparel as well. And you now see that 34% of the turnover is coming from apparel.
- So, that means the customer has a lot of trust in our brand. Everything, which we do, they are very confident, the quality and the pricing and everything will be very sharp. We are a fashion-forward brand. We started this experimenting with introducing belts and wallets and caps, and hankies and socks and everything. And the customer was very confident picking it up and, in fact, coming back to buy these categories. That gave us the confidence to get into sunglasses and backpacks, hard luggage. We even have UGs in our stores and everything.
- So, that is giving us the confidence that the customer is ready to buy through us, provided that we continue giving him a good quality at a good price, and with a fashion-forward statement. So, we are very, confident about this category. We want to increase the share of accessories, because ultimately what we are doing is, we are getting a higher wallet share of the consumer who is in many ways coming in our stores to buy footwear and apparels. So, if there is anything extra, which we are giving him, and taking a better wallet share from him, it helps us. It helps SSSG, it helps EBITDA, it helps everything.
- Shreyans J:** Got it. And this last question on the SSSG, sir, 18% SSSG for this quarter. Can you help us understand what was this driven by, and was this led by EOSS, which happens on Amazon during January? Do you have some sense on this SSSG, sir?

- Arvind Verma:** So, SSSG, I would say ultimately the faith by the consumer in our brand, the extra offerings, which we have offered him which is a culmination of the last 1.5 years efforts of bringing in new stuff, even in footwear, even in apparels, like we launched Ozark, which is a truly, purely a trekking and outdoor shoe, the response has been very good. With respect to Bond Street, the response has been very good, and to bring in the accessories and everything. And, of course, there was slightly good impact of GST reduction too and good winter season helped us.
- Shreyans J:** Got it. Thanks. That answers my question.
- Arvind Verma:** Thank you.
- Moderator:** Thank you. Next question is from the line of Deepak Pruthy from Wealth with Wisdom. Please go ahead.
- Deepak Pruthy:** Hi, sir. Amazing set of numbers from you this quarter. Just wanted to understand what are you doing in terms of marketing campaigns to increase footfall at your retail stores?
- Arvind Verma:** Thank you so much. For retail stores, we work on different kinds of activities. It all depends on where the store is located, and what is the best way to reach to a consumer to bring him to our doorstep. So, it could be an influencer campaign. It could be SMS and WhatsApp campaign. It could be hoardings. It could be something out of the box, because we really don't have a very set rule. We don't follow a single thought process on this. We say whatever is the best medium to bring in the consumer in that particular Tier 2, Tier 3 city to our stores, we follow that same.
- Deepak Pruthy:** Okay. And what are your plans for expansion this year? How many retail outlets are you planning to add on?
- Arvind Verma:** We are planning to add almost 200 to 250 stores. Having said that, the square feet of the store would be around 500 to 1,500 square feet.
- Deepak Pruthy:** Okay. And is it a COCO or FOFO model?
- Arvind Verma:** We have COCO and FOFO. It's never COFO or it's never FOCO.
- Deepak Pruthy:** Okay. And what would be the ratio in terms of let's say if you have to break that 200 to 250 outlets?
- Arvind Verma:** We'll try and keep the same ratio. It should be anywhere between 25% to 35% of COCO and rest should be FOFO.
- Deepak Pruthy:** And, which are the geographies, which you are looking to expand into majorly?
- Arvind Verma:** We are now getting into South and West India.
- Deepak Pruthy:** Okay. And what is the current number of stores do you have?

- Arvind Verma:** As we speak, we have crossed 550 stores as we speak.
- Deepak Pruthy:** And in terms of geographic mix, what would be that mix in terms of North, South, East, West divide?
- Arvind Verma:** So, almost 70% of the stores are in North, and we are present in 300 cities across.
- Deepak Pruthy:** Okay. And how do you see the demand scenario, because see last 1-1.5 years, it has been tough for the entire footwear industry. Just wanted to know what are the key drivers? Is it a cyclical business, or what went wrong in the last 1-1.5 years in the footwear industry?
- Arvind Verma:** I would not say something went wrong in this industry. The first half of the last year was really tough for everybody. But I think ultimately the demand came back and GST reduction also helped, and a good winter season also helped and everything. We cannot say that it has been a complete bad year, or average year for the footwear industry. I would not like to see it that way.
- Deepak Pruthy:** Okay. And if you have time, if I can squeeze in the last question in terms of raw material price, are you comfortable? Do you see any challenges in raw material prices this year? And if there is let us say some volatility, how would you plan to counter it?
- Arvind Verma:** So, to be honest, we work on a cost-plus basis. Having said that, in the near future of three to six months, we don't see any price increase. With respect to price increase, I mean the price to the consumer. We would not like to change that, neither we will absorb. Because what we see is we are covered for the next six months. Any volatility in prices will only come to us post-September, and we will then evaluate and take the best decision according to that time.
- Deepak Pruthy:** Okay. Thank you. Thank you for accommodating all my questions.
- Arvind Verma:** Thank you so much.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to the management for the closing comments.
- Arvind Verma:** Thank you everybody for joining us today and for the questions. We always find these conversations very valuable. And if you still would like to know, or go deeper after this call, you can please reach out to us to our IR partners at EY, Ms. Kasturi and Ms. Nikita and they are available to assess anytime, and we'll make sure the right answers get back to you. We look forward to staying engaged and we'll connect soon. Thank you so much. Have a good evening.
- Moderator:** Thank you, sir. On behalf of RedTape Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.