

Date: 20th May, 2025

To
The Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, Plot No. C/1, G Block,
Bandra- Kurla Complex,
Bandra(E),
Mumbai-400051
NSE Symbol - IRISDOREME

Dear Sir/Madam,

Sub: Transcript of Earnings Conference Call of the Company- Q4 & FY25

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Group Earnings Conference Call held on 16th May, 2025, at 11:00 a.m. for discussing operational and financial performance for the quarter and year ended 31st March, 2025.

The above information is also available on the website of Company at www.irisclothings.in.

We request you to kindly take this on record.

Thanking you,

Yours Faithfully,
For Iris Clothings Limited

Santosh Digitally signed
by Santosh Ladha
Ladha Date: 2025.05.20
12:13:31 +05'30'

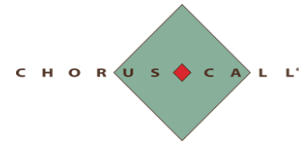
Santosh Ladha
Managing Director
(DIN: 03585561)

Iris Clothings Limited

103/24/1, Foreshore Road, Howrah 711 102, India
+91 33 2637 3856 / 2640 4674 | info@irisclothings.in
CIN: L18109WB2011PLC166895



“Iris Clothings Limited
Q4 & FY25 Earnings Conference Call”
May 16, 2025



MANAGEMENT: **MR. SANTOSH LADHA – MANAGING DIRECTOR**
MR. HARSHVARDHAN SARDA – BUSINESS HEAD
MR. NIRAJ AGARWAL – CHIEF FINANCIAL OFFICER

MODERATOR: **MR. ABHISHEK BHATT – ERNST & YOUNG**

Moderator: Ladies and gentlemen, good day and welcome to Iris Clothings Limited Q4 & FY25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhishek Bhatt from EY Investor Relations. Thank you and over to you, Mr. Bhatt.

Abhishek Bhatt: Thank you. Good morning, everyone. On behalf of Iris Clothings Limited, I welcome you all to the company's Q4 & FY25 earnings conference call. The results and investor presentation are available in our filings with the exchange. To discuss the business performance during the quarter and outlook, we have with us today, Mr. Santosh Ladha, Managing Director, Mr. Harshvardhan Sarada, Business Head, and Mr. Niraj Agarwal, CFO of Iris Clothings Limited.

Before we proceed with the call, a disclaimer. Please do note that anything said on this call during the course of the interaction and in our collaterals, which reflects the outlook towards the future, or which should be interpreted as a certain forward-looking statement, must be viewed in conjunction with the risks the company faces and may not be updated from time to time.

More details are provided at the end of the Investor Presentation and other filings that can be found on our website. Should you have any queries or need any further information, at the end of this call, you can reach out to us at the email addresses mentioned in the company collaterals. With that, I would like to hand over the call to Mr. Harsh. Thank you and over to you, sir.

Harshvardhan Sarada: Good morning, everyone. Thank you for joining us today for our earnings call. I am excited to share our progress and achievements over the past year as well as our strategic vision for the future. I am pleased to announce that Iris Clothings has witnessed robust revenue growth throughout the year. We have remained on track for recovery and have seen significant improvements in our operational profitability.

Despite facing margin pressures from higher input costs, particularly in the fourth quarter. I am happy to announce that the Board has approved the issuance of bonus equity shares to existing shareholders in a one-to-one ratio, offering one fully paid-up bonus equity share of INR2 for each existing fully paid-up equity share.

Now coming to our FY25 updates, our strategic expansion has been a key focus as we successfully added a total of 21 new distributors throughout the year, bringing our total distributor count to 186. This growth in our B2B segment has been helpful in enhancing our market presence and ensuring that we can effectively serve our customers.

In addition to expanding our distributor network, FY25 marked the successful launch of a new line of winter sportswear for kids, which has been very well received for its quality and innovation. This strategic introduction reinforces our ambition to establish ourselves as India's leading kidswear brand while also strengthening our presence across channels.

Furthermore, the opening of five new exclusive brand outlets during the year reflects steady progress in our retail strategy and a continued focus on enhancing customer engagement. In April 2025, we successfully concluded a rights issue that garnered significant interest from our valued shareholders, resulting in a capital raise of INR47.5 crores. The proceeds will be strategically deployed to enhance our operational efficiency and accelerate business growth, allowing us to grab new opportunities in the market.

Looking ahead to FY26, we plan to expand our production capacity to about 38,000 pieces per day. We are excited to introduce our new innerwear line and enhance our sportswear offerings, reinforcing our commitment to innovation and quality. We anticipate strong growth driven by organic demand and new capacity additions while also focusing on enhancing our retail segment to accelerate our growth trajectory and create value for our stakeholders.

Iris Clothing's remains dedicated to elevating the DOREME brand and advancing the company to the next level of growth. We are grateful for your continued support and look forward to an exciting year ahead. I will now hand over the call to Niraj Agarwal, our Chief Financial Officer, who will take us through the Q4 & FY25 financial numbers. Thank you and over to you, Niraj.

Niraj Agarwal:

Thank you, Harsh. Good morning, everyone. Thank you all for joining us today. I am pleased to share that we have delivered strong performance in Q4 & FY25. Talking about the key financial highlights of Q4FY25, our total income was INR40.3 crores compared to INR42.1 crores in Q4FY24. Consolidated income during FY25 witnessed a significant growth of 20.1% year-on-year, reaching INR146.6 crores against INR122 crores reported in FY24.

EBITDA during the quarter grew by 15.8% year-on-year and stood at INR8.2 crores as against INR7.1 crores in Q4FY24 with an EBITDA margin of 20.4%. EBITDA for FY25 was INR28.3 crores as compared to INR26.4 crores in FY24, EBITDA margin of 19.3% in FY25.

Additionally, profit after tax for the quarter witnessed robust growth of 28.6% year-on-year from INR3.5 crores in Q4 FY24 to INR4.5 crores in Q4 FY25. During FY25, net profit was INR13.1 crores compared to INR12.2 crores in FY24, growth of 7.5% year-on-year basis.

Tax margin was 9.9% for FY25. To summarize our financial performance, we remain focused in driving operational excellence and to capitalize on growth opportunities. With this, we can now open the floor for questions. Thanks.

Moderator:

The first question comes from the line of Deepali Kumari with Arihant Capital Markets Limited.

Deepali Kumari:

Sir, I have some questions. Can you please specify the revenue from EBO and distributor for FY25 with margin breaker? Also, how much revenue have you generated from one EBO?

Harshvardhan Sarda:

So, since we have opened, we have around 7 stores and 5 stores have not completed the entire year. So, most of our revenue has come from the distributor segment. There is not a lot of data entirely. Since most of our stores have not completed an entire year of operations, we do not really have the entire data because they have to book at least the entire season. Yes.

Deepali Kumari:

Okay. And sir, how many more distributors are you targeting this year?

- Harshvardhan Sarda:** So, we plan to take the count from 186 to around 210-215 by the end of this year.
- Deepali Kumari:** So, your e-commerce and exports revenue, numbers for that?
- Harshvardhan Sarda:** So, for e-commerce most of our revenue comes through FirstCry, which stands around about 10% for this year. And exports have been steady around the 3% mark as for last year.
- Moderator:** Next question comes on the line of Resha Mehta with Green Edge Wealth.
- Resha Mehta:** So, I think you just mentioned that exports is around 3% of our revenues. If I recall correctly, we were planning to ramp it up to around 7%-8%. So, what is the kind of growth that we are seeing there? Have we been adding new countries? If you could just comment on that?
- Moderator:** Speakers, we cannot hear you.
- Harshvardhan Sarda:** So, primarily this year most of the growth has been in Saudi Arabia. A lot of our exports, which we started like customers, which we engaged with last year. And Saudi and Dubai.
- Resha Mehta:** If you could repeat your answer, that would be great.
- Harshvardhan Sarda:** So, Resha, talking about exports. Since a lot of our exports is inbound interest coming from retailers, we are trying to build that depth in countries like UAE, Dubai, Saudi Arabia, Mozambique. And we have quite a lot of interest coming in. And we expect exports to be around 5% this year for us.
- Resha Mehta:** All right. Got it. And did I just hear that right? So, sales via FirstCry is around 10% of our revenues for FY25?
- Harshvardhan Sarda:** Yes.
- Resha Mehta:** Got it. And e-commerce is basically only FirstCry, right?
- Harshvardhan Sarda:** Primarily FirstCry, yes.
- Resha Mehta:** Got it. And, you know, the financials, right? So, revenue growth on Q4, we saw that the numbers were flattish. And for the full year, we were up by plus 20%. While 20% revenue growth on a full year basis is good, but we are on a very small base, right? So, at around, let's say now, around INR150-odd crores revenue.
- So, from here on, how do we think about growth? Because on this base we exclude, one would have expected, because I think also a year ago, you had mentioned that 30%-40% revenue growth is what we are aiming for. So, if you could just highlight that on a small base, even if the demand is weak, would that really impact so much from a growth standpoint?
- And if it was not the external factors what were the internal factors? What were the gaps in our execution which led to a subdued kind of a growth in Q4? And even for the full year on a small base, 20% seems slightly on the lower side in terms of growth. Just your thoughts here would be helpful.

- Harshvardhan Sarda:** Right. So, if you look at the numbers, right, up until Q3, we were around 28%-29% up in our revenue. So, I think overall, first three quarters, our performance was in line with what we were expecting. And similarly, the expectation was to improve slightly better, maybe achieve around 30%-32% growth in Q4 as well. But because of a sudden drop somewhere in the demand in the market.
- Resha Mehta:** Yes. So, I heard you till Q4, the demand dropped. And if you could share the outlook after that, like how are you seeing the demand recovery? What were the factors that you think that led to that demand drop? And how do you see FY26 to pan out in terms of top line growth?
- Harshvardhan Sarda:** So, we saw a decent enough recovery in April. And we see ready stores now, since we are in the winter wear production season, we see very strong demand predictions coming in from the next season onwards already. And we are very confident that we'll be able to achieve around 30%-35% growth in revenue this year.
- Resha Mehta:** Got it. And also you mentioned that the gross margin declined by around 500 bps if you look at it from a year-on-year basis. And the reason mentioned was the increase in input costs. So, can you just elaborate on what are these input costs and how is that kind of shaping up?
- Harshvardhan Sarda:** So, primarily input cost for us is yarn cost, which is raw material cost per fabric, which went up slightly in the month of, say, December, January. But that has already calmed down and we figure that it will remain somewhat flattish for the upcoming seasons. And we are trying to predict that and make some early commitments so that we can grab it at a better time.
- Resha Mehta:** And yarn would be what percentage of your raw material?
- Harshvardhan Sarda:** So, fabric is somewhere around 50% of our raw material cost.
- Resha Mehta:** Okay. And the balance being?
- Harshvardhan Sarda:** Balance being production process, process-related costs, printing, stitching, finishing, and then there's packaging, which comes with raw materials.
- Resha Mehta:** Right. And lastly, on the inventory, so typically how many seasons do you all plan? And can you just talk about your past inventory write-offs, if any? What is our policy in terms of managing inventory? Over how many days old inventory do we tend to discount or just the policy there, basically?
- Harshvardhan Sarda:** So, one very interesting trait in the kind of products that we do and the industry we operate in is we do not really have any inventory write-offs because most of our inventory, even if it is late, say, for example, summer products. If that came in the month of May because of some production delays, we are very confident that that will get sold at the same price in the month of November when the summer season starts again.
- So, we don't really have any inventory write-offs per se. Of course, there's delays in inventory in terms of production at some level, but that is something that we are trying to optimize currently.

- Resha Mehta:** And how many seasons do we plan for in a year?
- Harshvardhan Sarda:** So, we plan primarily for two seasons. One is summer and winter is kind of broken down into two seasons, pre-winters and proper winters. So, effectively, two seasons, but we look at it as three seasons.
- Moderator:** Next question comes from the line of Priyam Shah with Value Equity.
- Priyam Shah:** Thanks for the opportunity and congratulations on the good set of numbers. So, I just wanted to know that as you mentioned in your opening commentary that you are planning for a capacity enhancement. So, as we planned for this new capacity, could you guide us what would be the revenue potential that we are targeting? And how do you see yourself? What would be your revenues in the next coming two years?
- Harshvardhan Sarda:** So, the current capex that we are planning for this year is primarily incremental capex in terms of stitching capacity, where we will be doing around INR5 crores to INR7 crores of capex, which will take our production capacities from 34,000 pieces to around 38,000-39,000 pieces. And we expect our revenue growth from here to go up to, say, INR200 crores, INR210 crores this year is what we are targeting.
- Priyam Shah:** And for the next couple of years what would be the run rate that you would be anticipating from this enhanced capacity? FY27?
- Harshvardhan Sarda:** So, this enhanced capacity, since it's incremental capacity it's not a big mother capacity that we are putting on. It's incremental capacity just in terms of stitching and finishing for us. So, we expect this capacity to take us from 34,000 to 38,000, 39,000. If efficiently done, maybe 40,000 pieces. But that's about it.
- That's what this incremental capacity will do for us. But in the meanwhile, we are planning a much bigger capacity expansion, which is in talks right now, but which will take the capacity twice, 2.5x of what the overall current capacity is.
- Priyam Shah:** Okay. And another question would be, kind of an extension to the previous participant, how do you plan to sustain and further accelerate our profitability?
- Harshvardhan Sarda:** So, I think profitability, we want to remain, since we'll be pushing aggressively on revenue going forward. We expect profitability to remain somewhere around that 20% EBITDA numbers. We don't expect profitability. Maybe a basis points up and down, but that's where the expectation for us would be.
- Priyam Shah:** Okay. And we also spoke about that you are planning to foray into innerwear. So, if you can highlight what would be the rationale of that and what profitability are you targeting from the innerwear segment?
- Harshvardhan Sarda:** So, innerwear, kids innerwear is something where there's not a lot of branded organized players in that segment. And from our market itself, we have realized that there's a very strong demand

for someone to come in with a fantastic product in kids innerwear. And that is what we have realized.

We will, of course do our research, get into it with strong research and strong product range. So, profitably, of course, initially when we launched, profitability might not be at the 20% EBITDA level, but then again, that is something that will be focused on as we go ahead and launch once we are in the market.

- Priyam Shah:** Okay. So, like, when are we going to accrue the revenues from this segment?
- Harshvardhan Sarda:** I'm sorry, Priyam. I lost your voice. Can you come again, please?
- Priyam Shah:** When are we going to accrue revenue from this segment, innerwear segment?
- Harshvardhan Sarda:** So, I think Q3 and Q4 is when we start to accrue revenue from innerwear for us.
- Priyam Shah:** And this would be the quantum? What would be the ballpark numbers that you would be adding to the top line?
- Harshvardhan Sarda:** Ballpark numbers would be somewhere around INR5 to INR7 crores for Q3-Q4. So, it will be an entry to the market to understand what it is.
- Priyam Shah:** Correct, correct. Got it. Got it. And my final question, if you can highlight your roadmap for your retail business.
- Harshvardhan Sarda:** Right. So, the roadmap for retail is something that we are also clearly watching and understanding our strategy. That is something that is in the works. We are trying to build a team. We are getting some consultants on board as well to understand what exactly should be the retail rollout strategy. I think we'll be able to answer more concretely on this in the next quarter call because that is something that we're still building on this quarter.
- Priyam Shah:** Okay. So, if there's anything, I'll get back in the queue. Thank you so much.
- Harshvardhan Sarda:** Thank you, Priyam.
- Moderator:** Thank you. Next question comes from the line of Riya Mehta with Malabar Investments. Please go ahead.
- Riya Mehta:** Yes, hello. Thanks for the opportunity and congratulations on a good set of numbers. So, my question is in regard to the EBITDA margins growth in Q4, which is 20.5%, which is a decent increase. So, can you provide some color on this? And additionally, what is the EBITDA margin EBITDA store level and how do you see this trending in the future?
- Harshvardhan Sarda:** So, for specifically for Q4, I think we got some input cost benefit because of some early processes, but we expect EBITDA margins for the overall year to remain at the 20% level, maybe a basis point up and down, but that is what our expectation from EBITDA margins will be. And speaking about store EBITDA, store EBITDA currently is at the 10% to 15% level, but we expect with more scale, we would be touching around 20% at the store level as well.

- Riya Mehta:** Okay. Thank you so much and all the best. Thanks.
- Harshvardhan Sarda:** Thank you.
- Moderator:** Next question comes from the line of Akshita Rao, an individual investor. Please go ahead. Ms. Rao, please go ahead with the question. Ms. Rao, if you have muted your line, unmute yourself and go ahead with the question.
- Akshita Rao:** Hi, good afternoon. So, I have two questions. How is the demand in our EBOs and did we see the growth in sales during the second half of the year compared to H1FY25?
- Harshvardhan Sarda:** So, since most of our EBOs, we opened five EBOs in Q2 and Q3. So, the demand in EBOs, especially since they were in the Eastern zone, there was a spike in sales, especially during the festive season of Durga Puja. That is one very good spike that we saw.
- And another spike that we are seeing at our retail stores is in the month of April because of, summer season peaking at this time. So, that is the overall spikes in sales that we saw at the EBO level.
- Akshita Rao:** Okay. And I have a second question. You mentioned that there is an increasing capacity to 38,000 pieces per day. So, what is the estimated capex for this expansion and what is your current capacity utilization out of 34,000?
- Harshvardhan Sarda:** So, currently 34,000, we are doing around 30,000 odd pieces. And for capacity expansion of around capex will be somewhere in the INR6 to INR7 crores number.
- Akshita Rao:** Okay. Understood. Thanks for answering my questions. Yeah.
- Harshvardhan Sarda:** Thank you.
- Moderator:** Next question comes to the line of Deepak, an individual investor. Please go ahead.
- Deepak:** Thank you for the opportunity. So, my question is regarding the store expansion. So, how many stores are we looking to open in the first quarter, FY26? And what will be the focus geographical area for those?
- Harshvardhan Sarda:** So, Deepak, as I said, we are looking at, you know, we are looking at retail opening very, very carefully. And we are very cautiously doing some research on which exact area should be open. But we plan to open around three to four stores this quarter, this and the next quarter. And, but then again, it's something that we will come up with because this is a strategy that we are still defining at our end.
- Deepak:** Okay. Got it. Thank you. And good luck for the future.
- Harshvardhan Sarda:** Thank you.
- Moderator:** Next question comes to the line of Priyam Shah with the Value Equity. Please go ahead.

- Priyam Shah:** Thanks for the opportunity again.
- Harshvardhan Sarda:** Yes.
- Priyam Shah:** So, this is a slightly, you know, on a longer term, like that is particularly by 2030. How do you see the company shaping up and what kind of growth can we, you know, foresee ahead?
- Harshvardhan Sarda:** So, see Priyam, if I talk about 2030, we expect ourselves to be one of the biggest, the biggest kids wear brand, one of the biggest kids wear brand in the country. That is what our overall objective is. In terms of distributors, we expect to be around 300 plus distributors. EBOs is something that we are still, you know, cautiously taking approach, but we expect around 300 plus EBOs by the end of 2030. And again, online D2C will grow as it expands. Exports will also be a part.
- But these are the two major points where we see most of our growth coming in from, and we expect entirely most of our growth coming in from our brand DOREME. So, one very important point in this entire conversation is we are committed to expanding the brand DOREME through various channels.
- Priyam Shah:** Okay. And any number that you would like to assign to that 2030 target revenue?
- Harshvardhan Sarda:** We would refrain from talking about the exact numbers, but maybe at a later stage.
- Priyam Shah:** Okay. But the growth rate of 20-30% would be maintained, right? Top line growth rate?
- Harshvardhan Sarda:** Absolutely. We are definitely looking at 30% plus growth rate over the next few years.
- Priyam Shah:** Okay. Thank you so much, sir.
- Harshvardhan Sarda:** Thank you.
- Moderator:** Next question comes from the line of Shruti Sharma, an individual investor. Please go ahead.
- Shruti Sharma:** Hi, sir. Thank you for taking my questions. So, sir, I have a few questions. My first question is, like, how do you see the demand in Indian kids wear? How is the industry expected to grow?
- Harshvardhan Sarda:** Right. Shruti, we are very excited about the demand coming in the Indian kids wear, because you know, there's a consolidation of market happening, and we are being at the forefront of trying to organize a very unorganized market, we expect to be at the forefront of that demand pickup. So we are very excited about the opportunity shaping up in the Indian kids wear space primarily.
- Shruti Sharma:** Okay, sir. Okay. And sir, secondly, I wanted to know, like, what is the capex plan for FY26--27?
- Harshvardhan Sarda:** Also, the capex plan for this year, what we are expecting is around INR6 to INR7 crores, which is an incremental capex of stitching and finishing facilities only., This will take our capacities from 34,000 pieces to 38,000-39,000 pieces per day.

Shruti Sharma: Okay, sir. And, sir, my next question is that we have recently raised capital. So, this capital utilization would be for the capex, the extension plans we have?

Harshvardhan Sarda: So, a lot of the capital will be used for, you know, primarily working capital requirements. And we are planning to use some in general corporate affairs, like branding and maybe some incremental capex, but most of that incremental capex, we expect to serve some profits in our business.

Shruti Sharma: Okay. Thank you, sir. Thank you for taking my question. That's all from my side. And all the best.

Harshvardhan Sarda: Thank you.

Moderator: Ladies and gentlemen, as there are no further questions, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Harshvardhan Sarda: Thank you all once again for your trust in us and for being a part of our journey. We look forward to sharing our successes with you in the next earnings call. In case you have any other queries post this call or anything remains unanswered, you may please connect to our IR team at Ernst & Young. Thank you so much.

Moderator: Thank you. On behalf of Iris Clothings Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.