

May 05, 2025

<b>BSE Limited</b> Scrip Code: <b>543401</b>	<b>National Stock Exchange of India Ltd.</b> Trading Symbol: <b>GOCOLORS</b>
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Dear Sir / Madam,

**Subject: Transcript of Earnings call – Q4 FY 25**

We hereby enclose the transcript of earnings call for the financial results for the quarter ended 31<sup>st</sup> March, 2025.

This is for your information and records.

Thanking You,  
For **Go Fashion (India) Limited**

**Gayathri Kethar**  
**Company Secretary & Compliance Officer**

Encl: As above



Go Fashion (India) Limited  
April 30, 2025



“Go Fashion (India) Limited  
Q4 FY '25 Earnings Conference Call”  
30th April, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 30th April 2025 will prevail



**MANAGEMENT:**

- **MR. GAUTAM SARAOGI – PROMOTER AND CHIEF EXECUTIVE OFFICER – GO FASHION (INDIA) LIMITED**
- **MR. R. MOHAN – CHIEF FINANCIAL OFFICER – GO FASHION (INDIA) LIMITED**



*Go Fashion (India) Limited*  
*April 30, 2025*

**Moderator:** Ladies and gentlemen, good day and welcome to the Go Fashion (India) Limited Q4FY25 Earnings Conference Call.

This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions, and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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 this conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Gautam Saraogi from Go Fashion (India) Limited. Thank you and over to you sir.

**Gautam Saraogi:** Good evening and a warm welcome to everyone present on the call. Along with me, I have Mr. R. Mohan, our Chief Financial Officer and SGA, Investor Relations Advisors.

I hope you all have received the investor deck by now and for those who haven't, you can view them on the stock exchange and the company website.

At Go Colors!, we continue to deliver robust financial performance despite a challenging demand environment. During Q4FY25, revenue surged by 13% YoY to Rs.205 crores, EBITDA stood at Rs.62 crores, a growth of 16% on a YoY basis. Q4FY25 witnessed a recovery in SSSG which stood at 2.1% for Q4FY25. This performance is in line with our efforts on improvising business efficiency and implementing store cost control measures.

For FY26, our aim is to improve our SSSG and SCSG (1:50) and achieve positive SSSG in FY26.

Over the years we have evolved from leggings and churidhars focused brand into a comprehensive bottom-wear brand. This transformation is reflected in the growth of our average selling price, which stood at Rs.769, mainly driven by the shift in our product mix. We have maintained a strong full price ratio at 95.4%, highlighting both the strength of our pricing strategy and continued acceptance of our products in the market.

Our strategy continues to center on positioning ourselves to be the go-to-destination for all of women's bottom-wear needs by offering a wide range of products at accessible price points and catering to a diverse customer base.

Moving to Operational Metrics for Q4 and FY25:



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In FY25, we added a net total of 62 new stores, bringing our total store count to 776 stores. Some of our planned store openings in Q4 FY25 were delayed and shifted to the next quarter due to store getting prepared and some delay in that.

We have already mapped out and finalized over 30 stores in Q1 FY26 ensuring that we are well positioned for a strong start of the year.

During Q4 FY25, we also focused on rationalizing our store portfolio and all our store closures have been completed. With these closures done, we aspire to do an addition on a net basis 120 stores annually, starting FY26.

During Q4 FY25, we achieved a low single digit SSSG of 2.1% while the broader environment remains somewhat challenging. We're beginning to see some early signs of gradual improvement in demand at the ground level. Encouraging by the trends, we believe the momentum will continue to build and we expect further strengthening of demand as we move forward.

Our teams remain focused on delivering superior customer experience and driving operational excellence, which positions us well to capture the emerging opportunities.

Our advertising and promotional spend as a percentage of revenue stood at 2% for FY25, which is in line with our previous commentary.

Coming to our Working Capital and Cash Flows:

A disciplined inventory management has resulted in maintaining our inventory days at 102 days. We believe that there is room to optimize this further by a few days, which will contribute to a stronger balance sheet and support long-term sustainable growth.

I am pleased to share that we successfully achieved our target of converting 50% of our pre IndAS EBITDA into operating cash flows during FY25. As we look ahead, we are confident of sustaining this performance driven by a disciplined approach towards inventory management and our strong focus on working capital efficiency.

I am also pleased to share that we are on track to open our inaugural store in the Middle East in partnership with Apparel Group. We expect our first store to open either by May end or by the June end marking an exciting milestone in our international expansion. This store is going to be planned to open in Silicon Central Mall in Dubai.

Now, coming to New Business Update:



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Our main business remains firmly rooted in women's bottom-wear and we continue to lead this category with a strong focus on quality and customer satisfaction. Our customer recognizes Go Colors! as a very core, functional and everyday wear brand and now we take this opportunity to extend Go Colors! to new categories of women's everyday wear and a few categories of men's everyday wear. These will include products like basic kurtis, shirts, dresses, and all day everyday casual clothing of women as well as selected men's apparel such as Polo Shirts, Chinos, Lounge Pants and Casual Shirts. These products would remain functional in nature and are designed to stay in fashion for long periods of time with minimal prints and timeless styles, distinguishing them from fast fashion prints. These new categories are being introduced as a pilot with only a carefully selected range of SKUs. We would be looking to have 15-stores of this new concept in the first six months phase and 10 stores in the second six months' phase.

Since some of our existing bottom wear stores are already above 1,500 square feet in size, we will be using the first 15 stores of our existing network by adding these new categories in these stores with Go Colors! seamlessly extending to become a one-stop destination for all everyday clothing.

The objective here is to increase the wallet share of customers who already visit for bottom-wear by offering them complementary products inside the store.

We are utilizing our existing store network for these newer offerings under the same brand, ensuring seamless customer experience.

While we are in the early stages of this pilot, we continue to be optimistic and bullish about the potential of our main business, which is our bottom-wear business with 120-plus new store expansion in the coming FY26. We look forward to evaluating the success of these offerings and opportunities that may unlock in the future.

Our ongoing investments in technology and product innovation continue to keep us ahead of the industry trends. As the broader industry begins to recover, we are well positioned to deliver strong performance in the years to come.

With this, I would like to hand over the call to our CFO, Mr. R. Mohan for an Update on Q4 and FY25 Results and Financials. Thank you.

**R. Mohan:**

Thank you, Gautam, and good evening, everyone. Despite the challenging business environment, the company continues to witness a strong operating performance.

First of all, I will give you the Financial Highlights for Q4 FY25:



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Our revenues for the quarter stood at Rs.205 crores as against Rs.182 crores in Q4 FY24, a growth of 13% YoY. Gross profit stood at Rs.132 crores, a growth of 14% YoY with a GP margin of 64.3% for the quarter. Our EBITDA for the quarter stood at Rs.62 crores as compared to Rs.54 crores in Q4 FY24, a growth of 16% YoY. Our EBITDA margin stood at 30.5%. Profit after tax for the quarter at Rs.20 crores and witnessed a growth of 52% YoY, PAT margin stood at 9.7%.

Coming to the FY25 Performance:

Revenue stood at Rs.848 crores in FY25 as against Rs.763 crores in FY24, a growth of 11% YoY. Gross profit stood at Rs.537 crores, a growth of 14% YoY with the GP margin of 63.3% for the year-ended FY25. EBITDA for FY25 stood at Rs.268 crores as compared to Rs.242 crores for FY24, a growth of 11% YoY; our EBITDA margin stood at 31.6%. PAT for FY25 stood at Rs. 94 crores as compared to Rs.83 crores in FY24, a growth of 13% YoY; PAT margin stood at 11%. RoCE and ROE excluding IndAS impact as on FY25 stood at 19.2% and 15.0%, respectively. Cash and cash equivalents, including mutual funds and fixed deposits stood at Rs.249 crores as on 31st March 2025.

We will open the floor for the questions and answers.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Devanshu Bansal from Emkay Global. Please proceed.

**Devanshu Bansal:**

Hi, Gautam, congratulations on good pick up in LFS channel and thanks for taking my question. Gautam, all through the weak demand environment that prevailed over the last couple of years, right, so we remain focused on this women bottom-wear category and now when we are seeing some green shoots, we are experimenting with new categories including menswear as well. So I just wanted to sort of dive deeper into the thought process behind this experiment and do you also fear some loss of brand positioning or shopping experience for women because of this?

**Gautam Saraogi:**

Yes. Thanks. See, I think, look, the idea here to do an experiment is not to dilute the brand obviously. We feel the brand can get very well extended to other essential categories of women and very few categories of men. See, even the experiment what we are doing, 80%-85% of our product range what we're introducing are going to be in the women's space. There are some complementing products for menswear which we see can sell very well with the women's wear. So the positioning here is to create an essential everyday wear type of clothing store like I will give you a clothes example. So how you have like, UNIQLO internationally where UNIQLO resembles functional fashion around the year product for women and men, we are trying to create that in the women's wear space with a very small experiment in the men's wear space. So the positioning is going to be more from a perspective of how UNIQLO is internationally, make that more like an Indian UNIQLO version to cater to the Indian customer with everyday wear and functional clothing. So, our idea is not to become a fast

fashion brand. It's going to be on the pieces of it being core, functional, high quality, and very sharp pricing. So the pricing also what we are targeting for this is going to be between Rs.800 and Rs.1,800.

**Devanshu Bansal:** Interesting. Gautam, you have mentioned that in first year, I guess maybe experiment this in 25-odd stores, but eventually going beyond FY26, what's the exact plan -- do we plan to open larger stores?

**Gautam Saraogi:** Devanshu, right now it's just a pilot. So, for me to give a guidance on this is very difficult, but because we are doing it as a pilot, we feel a 25-store pilot will do justice. So luckily what happened when we were analyzing how much square feet we would require for this concept, in our current network of stores, we have about 15 to 20 stores which are greater than 1,500 square feet and are close to 2,000 square feet. So the best way we felt of doing piloting was that those stores are already doing very well, adding categories in those stores, the customer footfalls are already very strong. So in the first pilot, we are doing it in our existing network of stores which are greater than 1,500 square feet, so we don't incur rental costs. And based on the pilot, we will strategize on how to take it in the future.

**Devanshu Bansal:** Last question on this. Are you also sort of exiting from some of the women bottom-wear categories to free up space for this because 1,500-2,000 square feet?

**Gautam Saraogi:** No. Our bottom-wear categories in those 15 bottom-wear stores where I am going to be adding categories, the bottom-wear size will nowhere reduce... that will not get diluted.

**Devanshu Bansal:** Sir, last question from my end. EBO SSSG has definitely picked up, but in some sense, it has been led by improvement in realizations, right? So, almost like 2.3% gain in realization and 2.1% increase in SSSG. So exactly wanted to understand as volume growth remains muted, so what are the steps that we are taking to sort of improve volume growth at the same store level?

**Gautam Saraogi:** See, I think we have seen some traction in Q4, and January and February were relatively good months and even the second half of March also was good because we had the early Eid. So I think look, the consumer sentiment is improving. So the first time we are seeing some decent low single digit SSSG from a positive perspective. I think in the coming quarters as demand keeps improving, value SSSG will improve and even the volume SSSG will improve. So I think it's a matter of time when this is improved even the other will improve as well.

**Devanshu Bansal:** Understood. Any initial signs in April, sir, so far, are you seeing some improvement -

**Gautam Saraogi:** From what I see April SSSG has been flattish. So, we are expecting May and June to be good, but April has been a little slow.

**Devanshu Bansal:** Understood. Thanks for taking my questions.

- Gautam Saraogi:** Yes. No problem.
- Moderator:** Thank you. The next question is from the line of Gaurav Jogani from JM Financial. Please proceed.
- Gaurav Jogani:** Thank you for taking my question. Sorry, Gautam, but I missed on this new category thing that you mentioned what all you would be introducing, if you can help me out with that again?
- Gautam Saraogi:** Yes. Gaurav, basically what we are doing is we are entering into the women's topwear space by doing basic tops, basically, basic kurtis, basic shirt, basic dresses, and the prints and basically the design of the clothing is going to be more timeless, for example, it's not going to be fast fashion. So here the prints and the styling is going to be more core and functional in nature. So we are introducing some new categories which are more everyday wear for women and we are doing some selective styles for men's wear. So the idea here of positioning Go Colors! is more from the perspective of it becomes like a one-stop destination for functional everyday clothing, like the closest example I can give you like what UNIQLO has done internationally, right, UNIQLO has done a fantastic job internationally by attracting customers and giving them very solid, more functional products where it's not linked to fast fashion. So, we are also trying to benchmark them and trying to create like a Indianized UNIQLO version of everyday wear. So that's the thought behind it. But the idea is obviously to test it and do a pilot in 15 to 20 stores like I mentioned. And if the pilot does well, then we will strategize how to take it further.
- Gaurav Jogani:** Gautam, my next question is with regards to the Reliance credit note that you generally receive in Q4, right? How much of that has contributed in this quarter?
- Gautam Saraogi:** See, last year during the same quarter, we had received a credit note of about Rs.8 crores and this year for Q4 same quarter, we have received Rs.11 crores. So the delta difference between this quarter and that quarter would be about Rs.3 crores.
- Gaurav Jogani:** And this would be recognized in the LFS revenue, right?
- Gautam Saraogi:** Yes, of course, this would be part of the revenue in that, yes, correct.
- Gaurav Jogani:** Okay, sure. And Gautam, lastly, what would be your guidance of the LFS additions this year, also the LFS additions has been also lower. So going ahead, what kind of LFS additions that we can see?
- Gautam Saraogi:** See, it's a little hard to say right now. See, for EBOs, we are able to predict, Gaurav, but I am guessing if I have to be conservative, I think about 100 additions in the coming FY26 on a conservative basis, because I have visibility for 100, it might be more as well, but we don't have a control on LFS expansion to a very large extent. So on a conservative basis, I would say about 100 stores we should be adding in FY26. 100 stores is more from a gross perspective. See again, we don't have a control



on certain shutdowns across certain channel partners. So on a gross level, we see ourselves adding about 100 stores in LFS in FY26.

**Gaurav Jogani:** Okay. And Gautam, just lastly on the MBO bit as well. Last quarter, we did mention that you had this position. And how is the progress on this aspect?

**Gautam Saraogi:** Well, business has been doing good. In fact, we are seeing a 30%, 40% jump on a YoY basis in MBO business. But of course the base is very small. So the jump would look very large right now. But right now we are more in the stages of appointing distributors, making the infrastructure ready. So I think we have actually tied up with some very good distributors across South and North who are actually doing for other large brands as well. And I think in the coming quarters, we see good traction in India.

**Gaurav Jogani:** And would this lead to any sort of jump in the working capital and what should be the working capital cycle here?

**Gautam Saraogi:** No. See, in working capital cycle, I don't see a big change because even though we are going to be working on credit with certain distributors. Across giving that credit, we are also taking a deposit from the distributor at the same time. So, if we net off the deposit against the receivables, I don't think it's going to be a very heavy working capital business.

**Gaurav Jogani:** Thanks, Gautam. That's all from my side.

**Moderator:** The next question is from the line of Ankit Kedia from PhillipCapital. Please proceed.

**Ankit Kedia:** Gautam, just on the new category addition in the stores, taking it from pilot to expanding it across the stores, what will you monitor in KPI terms to consider it as a success to take it to the next level, what are the key monitorables for us and for you?

**Gautam Saraogi:** Ankit, see right now, very difficult to say because see currently we have been working in a template where we used to take an average of 400, 500 SFT, 30% EBITDA business with the ROI 15 months. This is the bottom where a template is right. So as far as this new concept is concerned which will require space of more than 1,500 square feet, it's very difficult for me to give a KPI guidance right now. Our obvious idea is to first at least generate decent good amount of sales per square feet and the store should be better than EBITDA breakeven. So I think it is something which we will also learn over the next seven, eight months as we open those new concepts. So, right now for me to have a KPI guidance, it's a little difficult, it is something which we will also learn as we keep opening.

**Ankit Kedia:** Given that these stores are already functional, assuming the SSSG and everything remains the same and there is no change in the business throughput despite adding new categories, will you consider that as a success or no?

- Gautam Saraogi:** I am giving you a hypothetical example, right. Suppose, the store is doing 10,00,000 a month and I am adding these new categories, so then I would say "Okay, is it doubling my sales?" If it is doubling my sale, my sale is even increasing by 50%, 60%, then I know we are heading in the right direction because I will tell you what happens; when we are going to be doing this product introduction, we are also going to make mistakes, right, because we are bottomwear specialists. Now when we are getting to topwear, we will also learn, we will make mistakes. So I think as the initial even if you are able to generate 30%, 40% additional sale over our current number of that existing store, I think then we are heading in the right direction.
- Ankit Kedia:** But these stores will also have the existing inventory, right? So current the density of the stores is X, so you will be stuffing the stores with higher inventory so that the current –
- Gautam Saraogi:** No, no. Actually what happened, Ankit, there are many stores because of location we had selected stores and the rent was in our budget. So, we happened to have about 1,500 square feet stores in our rooster. But in those very large stores, I was only using a certain section for my inventory, I was not using the balance section, I was keeping the balance section more as the storage like a backend storage for staff room and all those other things where I was not using it as part of showroom space. So now what I am doing is, I am just expanding the space for which I am already paying the rent and keeping inventory there. So, my bottom-wear inventory and size don't get diluted at that particular store.
- Ankit Kedia:** Understood. Second question to this is, typically in the men's wear and the women's wear you need separate trial rooms, right? So from a CAPEX perspective in that store, how will that look and feel change, how much more CAPEX needs to be done to incorporate men's wear? I can understand women's wear it can seamlessly be on the same claw. From a men's wear perspective, will that store have 10% inventory, 5%, do you expect women to shop for men from that inventory?
- Gautam Saraogi:** Yes. See, I will tell you. 80% of our new styles what we are launching 80% to 85% would be around women's wear because that is our forte. That is the fill. Now why do men's wear? Because we have seen that these product of menswear are complementary and can sell very well. So here by keeping that 15% or 13% inventory of men, we are also seeing that okay, look, a lot of our women customers are accompanied by men. So I think it will be a good complementary product to sell with women's wear. Our overall vision is to make a one-stop destination as far as everyday wear is concerned. But right now I can't skew my inventory where I have 40% or 45% men because men is not my specialization. So that's why I am keeping myself to my specialization I am having 85% women's inventory and having only about 15% to 13% as men's inventory. Now, coming from a CAPEX perspective, yes, we would have to undergo additional CAPEX not only for men's even for the women's space because we are extending the space in the existing store which we had blocked, right, the showroom space was less, the additional space was blocked. So when we are going to be doing the additional space, CAPEX, I think to the extent of Rs.2,000 to Rs.2,500 per square feet we would

be incurring of that additional space. So for example if I am having a store which is 1,500 square feet and currently I am using 600 square feet for bottom-wear, the balance 900 square feet is where the CAPEX is not done, I will be incurring say Rs.2,000 to Rs.2,500 per SFT for the additional 900 square feet.

**Ankit Kedia:**

Understood. And from a provisioning perspective, right, so today we are 95% full price retailer. Going forward given that there will be some fashion element and UNIQLO does discounting of the unsold inventory, so how will you take that – do you see that change for top-wear –from provisioning, from discounting perspective because topwear is different, competitive intensity is very different there compared to bottom-wear, you are actually not competing with Jockey and others who also have similar functional products at a sharp price point. So how does that move your gross margins and provisioning and discounting?

**Gautam Saraogi:**

Yes. See, from a full price sales ratio, Ankit, your point is very well taken. Even I don't visualize that the full price sales ratio will be more than 95. It might be for all you know. But today as of now, I don't know what will be the full price sales ratio. Right now based on the research what I have done, I know it is a very high full price sales percentage category, but whether it is going to be 80%, whether it is going to be 85% or whether it is going to be close to 90%, that is something we will know only after the pilot. Here I am keeping my fingers crossed because the full research what I have done, the results show that this is a very high full price category. Only once we implemented, we will know it. So from a provisioning perspective and full price sales ratio guidance perspective, once the pilot is done, I will be able to probably answer more questions maybe in the second quarter. Now, coming to what the idea behind this, right, competing with other people like other brands like Jockey and like the good brands you mentioned, right, see the idea here is simple. Because my stores are having footfall of women's, they're coming, they're buying in bottom-wear and from the consumer research I have done those women are also seeking to buy top-wear from Go Colors!. So for me the store which is already having very high footfalls or bottom-wear purchase, if I keep top-wear as an adjacent category in that particular store, for me to sell then and there to the customer is not going to be so difficult. If I was launching a separate identity for top-wear, then driving footfall in that new store is very difficult because then you are competing with others. Here, I am basically capitalizing and tapping into my existing customers who are walking in for bottom-wear. So I would rather put it that way, it's a much safer pilot this way rather than me creating a separate identity for this concept.

**Ankit Kedia:**

Fair point, Gautam and all the best for the extension. Thank you so much.

**Gautam Saraogi:**

Thank you, Ankit.

**Moderator:**

Thank you. The next question is from the line of Shyam Sundar Sriram from Franklin Templeton. Please proceed.

- Shyam S Sriram:** Yes. Hi, Gautam. Good evening, Gautam, on this new category from our earlier conversations as well and typically in women's wear, the top-wear product is a fashion product. How does it align with our low fashion everyday essential philosophy that we are trying to pilot here, any thoughts on that?
- Gautam Saraogi:** Yes. Definitely top-wear is fashion, right? Going back to my earlier commentary on the top-wear being fashion, the bottom-wear being core. So the top-wear is fashion. I don't say no. But the kind of fashion we are trying to do is more everyday fashion where the entire thing is not seasonal, it's not fast fashion. For example, if I am introducing a print, it will necessarily not go out of fashion I say maybe for the next 12 months or 15 months as I speculate. It will not be as fast as three months or four months. So right now selling those basics tops with the bottoms, I think it's a good complementary product which we feel customers will buy. This is actually base, this entire thing started on because of the consumer research we have done. A lot of consumer research when we did with our consumers, a lot of consumers said that, "Why don't you introduce basic tops? Why don't you introduce more core products in other categories" And from there only we got this idea. So we are quite hopeful that this should sell well with bottom-wear. Right now, we also don't have many answers, frankly. So you will hear me repeat the same thing again and again, but we are quite positive that it should sell with bottom-wear.
- Shyam S Sriram:** Sure. And from an organization perspective, in terms of design, teams, are there any areas that we want to build upon to make this pilot more successful, how do we see that from an organization development needs?
- Gautam Saraogi:** See, from an organization perspective, Shyam, we have strengthened our product and developed a design development team. So we have a separate team within our product and design team which is working only on this. The bottom-wear team still continues to be separate because at the end of the day when we are doing this pilot, we cannot dilute our main business which is a fast growing business. So the bottom-wear team and the design team is separate and for this pilot it's a separate team. So, from a team perspective, we are very well equipped. This is from a product team. From the other operational team, the teams are going to be common for this and for our bottom-wear. So we don't see any dilution either way.
- Shyam S Sriram:** Understood. Got it.. And just one other point. This LFS revenue seems to have grown very well in this quarter. You made some comments there. I think I missed it. Can you just repeat that? Sorry.
- Gautam Saraogi:** The question actually what the earlier person had asked was different. So basically what has happened is we get a credit note from Reliance, our largest LFS partner every Quarter-4 and we have been getting that for the last three years. So the question was that last year we had got a credit note of Rs.8 crores, this year we got a credit note of Rs.11 crores and obviously this credit note gets added on to the LFS revenue for that particular quarter. That is what the question was actually.

- Shyam S Sriram:** Okay. So Rs.11 crores is the credit for this quarter?
- Gautam Saraogi:** Credit note, which is come in Quarter 4, which was last year Rs.8 crores in Quarter 4.
- Shyam S Sriram:** So the difference is Rs.3 crores. Got it, got it.
- Gautam Saraogi:** One of the other reasons why the LFS growth is also large, because on a net basis through the 12 months we have added about 197 stores if I am not wrong. And because of that 197 stores, the growth also will show higher because the minute I send inventory to the 197 stores, the sale gets booked in my books as debtors. That is another reason why the LFS growth will show higher than MBO growth.
- Shyam S Sriram:** Just one last question on this MBO network, you did talk about appointing distributors and having a slightly different network approach. While this is very good, this is slightly deviation from our network strategy in terms of owning a large part of the network and having LFS as a more complementary channel, how does this having distributors and having a very different MBO channel gel with the overall network strategy, will it create any channel conflicts, that is the other part?
- Gautam Saraogi:** So, Shyam, I will tell you. What you are saying is absolutely right, and this was my earlier belief that we have to be very challenged discipline. See, the reason why we are doing MBO selectively is because we feel it's a like LFS, MBO also is a very good customer acquisition channel. So, what we are planning to do is we are qualitatively going to supply only to the very large key MBOs which refrain from discounting, and where the discounting control will be in our hands. So only to those very cream MBO stores, we are going to be supplying through distributors and those MBO stores houses many customers who are very loyal to those particular MBO stores only. So by that we are basically exposing our brand to a much larger customer database out there who eventually will actually see themselves also shopping in the EBO after getting acquired in the MBO. So here the idea is not to go and supply the product range to every MBO store in the city, but only give it to the cream and the quality ones.
- Shyam S Sriram:** Say, like Pothys, for example something like that?
- Gautam Saraogi:** Like example Pothys, Naidu Hall, Jayachandran, like a few names, right who are very disciplined in their discounting but have a very strong loyal customer base.
- Shyam S Sriram:** Got it, got it. Thank you, Gautam, I will fall back in queue.
- Moderator:** The next question is from the line of Sameer Gupta from India Infoline. Please proceed.
- Sameer Gupta:** Hi and thanks for taking my question. Sir, firstly, a little deviation from the other participants. Let's come back to the core business. So, store addition this year, again, guidance is 120 to 150. Now I

understand there are large, accelerated store closures in the last two years, but even if I adjust on a gross basis, there are around 100 store additions. Now, unless the overall demand environment has changed materially, what is the confidence of this 120 to 150 store additions in FY26?

**Gautam Saraogi:**

So, very rightly, you asked. In fact I should have clarified this earlier. See actually, if I look at our openings, right, so we have had 104 gross openings and our target was about 120 to 150. So we have fallen about 15% to 20% short than our guidance. I think look, this year some projects got delayed and because of that reason the 104 openings was a lot lower than the 120 openings. That was one reason. And also it being a tough year, we were also a little more careful in our business development approach. But I also have seen that the momentum has picked up. We have good number of stores opening in Q1. So we have more than 30 stores which are under fit out and should open in Q1. We as management are quite confident that we will open a bare minimum of 120 and maybe go even higher as the opportunity comes by. As far as consolidation is concerned, I would like to really clarify on the call that we have done with all our consolidation. We don't see any more consolidation in this coming financial year. Maximum what will happen in the normal course of business if we shut four or five stores maximum that will happen, but large consolidations of the nature of what has happened last year will not happen this year at least.

**Sameer Gupta:**

This is very helpful. One last question if I may squeeze in. Coming back to the pilot that we are talking about. So this is a pretty large step in going into a category with its own complexities. Is it like an acknowledgement that we need to diversify, we are a single format company and as this is getting more matured, 776 stores across 180 cities already, it is probably time to start incubating new categories and this is just the start here. So I mean, what is the trigger here?

**Gautam Saraogi:**

See, I will tell you. Honestly. I think as management also, we fundamentally believe that it's better to experiment and do new things when your main business is growing well and doing well. So, our main bottom-wear business if I keep the recent demand challenges aside, we have had good growth in our main business, we have added a good number of stores, operational metrics are in track, and the business is generating very strong operating cash flow. When the balance sheet hygiene is so good where the operating cash flow is much higher than the CAPEX and we are generating free cash flow and main business also is doing well, I thought it's a good time to do experiments. See, because if I do experiments, right, I will succeed, I will fail, maybe if I could try two things, maybe one thing will work, one thing will not work, right. By the time there is some sort of maturity in the bottom-wear business in the coming years, maybe something else new will become big. So, I feel looking at the financial metrics of the business and how it's doing well based on cash flow and growth, I thought it was good to do some experiments, but a calculated experiment. See, what we are doing right now, it has been in the pipeline for the last one year, we have given it a lot of thought, we have built a team that knows how to execute this. You understand? When I build a team for top-wear, it was not my existing bottom-wear designers or product development people I have used to make top-wear. I hired a separate team and expertise in my product development team. So, I am doing it as a very different

exercise rather than mixing it with my bottom-wear exercise. So it's very calculated and I think it should succeed, but yes, when we're doing experiments, certain things will succeed, certain things will fail and I think we'll have to take it and I think the pilots should do well over the next six months to a year.

**Sameer Gupta:** Okay. Let me flip the question a little. In the current scenario, you have 120 to 150 store additions in Go Colors!, the prime format and also the added complexity of managing a pilot. Is there enough fund, internal accruals, etc., to fund these new developments or overall developments, or do you also foresee taking some debt from the market to fund these projects?

**Gautam Saraogi:** No, no. So actually if you see our balance sheet is very well funded. If you see this year we have generated Rs.76 crores of pre-IndAS operating cash flow and we have generated Rs.50 crores of free cash flow. So here, the investment what I would be doing in the pilot is not going to be very high, it's going to be on the inventory part and on the CAPEX part, and I think the operating cash flow of the business is strong enough to fund this pilot.

**Sameer Gupta:** We should look at CAPEX including in this operating cash flow, right, -?

**Gautam Saraogi:** So this year, the business has generated Rs.50 crores of free cash flow, which is much higher than what I would be investing in this pilot. Let me put it that way. So even after doing this pilot, there would still be free cash flow.

**Sameer Gupta:** And the 20, 30 stores extra that you would also want to open in your Go Colors!, still be net cash you are saying?

**Gautam Saraogi:** Yes, yes, our cash flows are very strong. So even after considering this pilot, we should be in a position of generating strong free cash flow. Just one thing to clarify here. The 120 to 150 stores guidance what I am giving you is for Prime Go Colors!, in my existing stores. I am doing the pilot of the 15 stores; it's not going to be a separate addition to the 120 to 150.

**Sameer Gupta:** But eventually the pilot will also become more meaningful, right? So -

**Gautam Saraogi:** Yes. I would be able to take a call only after what is the result of the pilot. If the pilot does well and we feel we want to add so that might be additional, but right now we are focusing only on the pilot.

**Sameer Gupta:** Got it. But eventually if it is successful, let's say, you would require funds, right, I mean, that's a normal -

**Gautam Saraogi:** No, I think the cash flows are strong enough. I don't think we will have a problem. I will connect with you offline and explain to you on this.



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**Sameer Gupta:** Sure, sir. Looking forward to that. Thank you.

**Gautam Saraogi:** .

**Moderator:** Thank you. The next question is from the line of Nikhil Garg from BNP Paribas. Please proceed.

**Nikhil Garg:** Hi, Gautam, many congratulations and good set of numbers. Three questions from my side. I will just ask all three and then you can answer. One, on working capital side, there is a good increase in trade receivables. If you can more light on it? Second, what is our differentiation strategy for your category expansions like menswear and all like why would anyone use it similar to colors, right, that you have more color options or what is the exact strategy which will bring customers to your store? And third, if you can throw some light on the competition, I'd heard from the market that Aditya Birla Retail which was there in bottom-wear store, a lot of those stores have closed in northern India, so if you can throw some light on the competitive intensity within the bottom-wear?

**Gautam Saraogi:** Sure. On the first question on the working capital, so the debtors have actually gone up by about 6-7 days. Nikhil, which I think will stabilize in Q1 because we have added about 70,80 stores in Q4 also and through the year we have expanded into Shoppers Shop and Lifestyle. So the debtors are slightly higher because the secondary sale is yet to fully kick in, in those stores to the magnitude of the primary sale. So I think this debtors will stabilize in Q1 or maximum by Q2. So, I don't see that from a big working capital concern from an inventory concern, see, perspective, we had about 102 days of inventory in last March and now also we are at about 102 days. Usually our inventory spikes a little bit in March because of summer season, but through the year, we target inventory days between 90 days and 95 days. Now coming to the second question what you are talking about is the new concept and the new categories we're launching. See, the fundamental what we want to be known for is our comfort, quality, and pricing. See, one of the reasons why women customers have again and again come back to Go Colors! time and again because they feel okay, yes, it's a very high-quality product from a comfort perspective and the pricing is sharp. So, as the positioning perspective, Go Colors! is known for these two things, and those two things are the things aspects what we are going to be fundamentally extending to these new categories as well. So, this is the basis on which we have made our product. Now, hopefully the pilot should do well and then we'll probably learn a lot more things. But the two fundamentals on the basis of which we should be standing aside from other people in the industry is probably our comfort and our pricing. And on the competition part, so we have seen not much competition come up recently from a bottom-wear perspective. So I think a lot of competition like you mentioned have also consolidated. So from a bottom-wear competition perspective, we don't really see any standout bottom-wear only brands, but yes as bottom-wear as the category has expanded, we have seen other players in top-wear also add bottom-wear to their existing portfolio of top-wear products, but bottom-wear only brands we have not seen much competition in recent times.

**Nikhil Garg:** Got it, got it. Thank you so much.



- Moderator:** Thank you. The next question is from the line of Varun Singh from Alfaccurate Advisory. Please proceed, sir.
- Varun Singh:** Thank you very much. My first question is in the bottom-wear segment. You called out that the category is maturing, then it is better for us to maybe have a larger addressable market, maybe that is the reasoning which quite explained this foraying into the menswear segment. So just wanted to understand that you think that maybe at 1,100 or 1,200 number of stores level the category appears to be matured, maybe 8% to 10% kind of a growth possibility, if you can throw some light on that?
- Gautam Saraogi:** No, no. I stand corrected. See, I don't say that the bottom-wear category is matured. What I meant was see right now the bottom-wear category has a lot of potential and maybe in the coming years eventually it will mature. So, my perspective was saying was that before it matures and tapers off probably it's a good time to do some experiment. So right now from a bottom-wear perspective, we stay very committed to that business because that is the bread-and-butter of our business and we see strong potential of growth in the coming years. So I don't think the bottom-wear business has reached any maturity stage. It is just what I was trying to give an example was that before the bottom-wear business reaches maturity in the coming years, it's better to do little few experiments during when your main business is growing well. That is what I meant to say.
- Varun Singh:** Sure. Understood. And secondly on the UNIQLO benchmarking that you alluded to, just wanted to get that understanding right given that UNIQLO has 10,000 square feet size retail and you highlighted about 1,500 square feet and sitting in about 30% of space for the menswear segment and maybe the pilot of 15, 20 stores incremental scale up, etc., So will that template be similar what you are doing in the bottom-wear with regards to channel strategy that we'll be selling our product through and etc., because UNIQLO is not doing so, and in that context, I mean, what do you think would be the true blue blood differentiating factor with us because I think UNIQLO and other people they compete very strongly on the design and all those things but we are saying that we want to stick to maybe essentials and not too much of fashion, because I don't know how you want to strategize the full price sale, will that be similar to what -?
- Gautam Saraogi:** See, from a size perspective, look, we're not looking to do 10,000 and all, that's very large. I think we should be able to achieve what we want out of 2,000, 3,000 square feet. I think 3,000 also will be a fit. I think our idea first is only to do between 1,500 and 2,000 square feet. At Go Colors!, we have always created a template where we take small spaces and show productivity and we are also approaching this new concept on the basis of the same template, saying that look take small sizes and get higher sales per square feet and with higher recognition cycles. So, I think we should be able to achieve what we want in this range of 1,500 or 2,000 or 2,200 square feet. So from a sizing perspective, I think this is our first step. As we do this, we'll keep learning, we will make some mistakes also, we'll keep learning and correcting those. But at a gross level, if I see, I see ourselves in this range of between 1,500 and 2,000 square feet as far as the new concept is concerned. See,



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menswear again, look, it's a very small space which I am allotting for menswear. 85% or maybe more inventory is going to be womenswear, which is my forte. Yes, we bought in a very different flavor by adding that 14%, 15% of menswear as the pilot. We'll have to see how it goes. But since we are a strong women's brand, we have kept that product focus also on more women's wear by having it at 85%.

**Varun Singh:** Name of the store would be Go Colors! only even in this –?

**Gautam Saraogi:** Yes, absolutely. The branding, everything will be Go Colors!.

**Varun Singh:** And similar to bottom-wear we will be selling menswear through MBO and large format stores?

**Gautam Saraogi:** No, no, no, no. Right now, this new concept whatever. I thought it is going to be very, very limited to our own those 15 stores what I was talking about and maybe the website eventually.

**Varun Singh:** And similarly like 95% would be the full price sale or we are expecting it to be similar to the bottom-wear?

**Gautam Saraogi:** We don't know yet. We know it's a high full price sales category ratio, but that is something we will know only after the pilot.

**Varun Singh:** Because we will be dealing with essential in terms of -

**Gautam Saraogi:** Here I speculate and I am confident that it's going to be a high full price sales ratio category but I don't know the number yet, I will know only after the pilot. So the idea here is to do those 15 stores and maybe the website maybe after a few months.

**Varun Singh:** Understood, sir. Thank you very much and wish you all the best.

**Gautam Saraogi:**

**Moderator:** Thank you. The next question is from the line of Akhil Parekh from B&K Securities. Please proceed.

**Akhil Parekh:** Thanks for the opportunity and congratulations for you and your team for your performance in tough environment. My first question is on the marketing activities given that we are spreading now into men's functional wear as well, right, given that on the pilot stores, but I believe that there will be a certain kind of consumer association of Go Fashion brand with the women's wear. So what kind of marketing activities are we planning to increase awareness about menswear and will our marketing spends meaningfully go up six to 12 months as a percentage?

- Gautam Saraogi:** Yes. So Akhil, see, I think look, from a marketing perspective, I don't see the percentage is increasing. I think we will be at 2% and I think through the 2% we will be able to do justice for a bottom-wear and for the new pilot as well. So I don't see our AMP increasing in any way. And as far as Go Colors! being a women's brand and whether men's will buy or not, I visualize that it should not be a problem, but I think through the pilot, we will get a better understanding, but for me I am having my fingers crossed that it should not be an issue. Whatever little bit market research I have done. I studied other international brands also, who have women only and then turned men and women, looking at those case studies as well, I have done a very deep understanding of those case studies. I have a strong feeling that men should be able to buy it, but again, we will know only after the pilot, so fingers are crossed.
- Akhil Parekh:** But from an awareness perspective, any specific activities you are going to conduct?
- Gautam Saraogi:** See, right now the awareness is going to be more limiting to the redoing of the store. So we will obviously try pulling in crowds for women and men, but the focus of getting customers in will be more women-oriented.
- Akhil Parekh:** Okay. And the second and last question is you have a very few brands who have actually succeeded across both MBO and EBO channel. So unlike you are a Jockey who has a very strong brand recall value, but we are also saying that we're going to focus more on the MBO channel. So what's your thought like? Usually we are saying brand dilution when a brand -
- Gautam Saraogi:** This is a good question, Akhil and this is something which we debated internally also. See, I will tell you what our idea is not to make MBO a very large channel honestly. EBO is going to be the bread-and-butter of the business, which is going to grow the fastest followed by LFS. See, MBO again is a channel strategy like how we had adopted the LFS. It's a more of a customer acquisition channel for us. So, we will give our products only to those MBOs or key accounts where brand dilution will not happen. So it is going to be done in a very selected and qualitative manner. See, my idea here for gaining market share is not just to go and supply to every MBO in the industry, I don't want to do that. I want to give it only to the ones that matter. So the brand also does not get diluted and we acquire customers as well. But from a channel split perspective, EBOs today is 72% to 75% of the business. It is just going to go stronger from here. It is not that we are moving our channel strategy towards MBO. That's not the case.
- Akhil Parekh:** Okay. This is helpful and best of luck in the coming quarters.
- Gautam Saraogi:** Thank you so much.
- Moderator:** The next question is from the line of Rajiv Bharti from Nuvama. Please proceed, sir.

- Rajiv Bharti:** Hi Gautam, thanks for the opportunity. So this is regarding your comparison with the UNIQLO. Now our legacy format itself has an inventory turn on let's say close to 1.3, 1.4. That's just like you are doing three times and now incremental expansion on let's say, other categories. Do you intend to carry lower inventory To address this part somehow over the inventory turn number basically on COGS rises, particularly because the optimal price increases incrementally?
- Gautam Saraogi:** See, what you are saying is right, Rajesh. The inventory turns in this new category should be higher. So, we have also been very careful with how much inventory we are buying for these newer categories. So the idea would be to have more turns than what the bottom-wear business is doing because the bottom-wear business is a very different type of supply chain. So the inventory turn in this should be much higher, but again it is all depending on how the response is. But our planning is on the basis of doing much more turns than the bottom-wear business.
- Rajiv Bharti:** And secondly, on the core business, the geographical split I mean the general senses are probably North, East is doing slightly better, but your expansion at least for the last year or so if I am not wrong EBO also has been less on the north and still slightly skewed on the South. Are you trying to address that?
- Gautam Saraogi:** It's not like that. It's just bases on what is good real estate available. See, I mean, look, we have been expanding everywhere. Whatever is relevant, what fits our requirements, so maybe it just so happen that we got more stores in the north. I don't think we are trying to concentrate more on the North and East. We are having equal importance given as far as Southwest, Northeast is concerned. Yes, the one thing that we're definitely trying to do is irrespective of the zone we're trying to also add more stores and more newer cities so that basically we are growing horizontally and not vertically. I mean look, we have always been a cluster-based expansion model, but to grow to drive some balance, we're also trying to add more stores in newer cities so that we are able to acquire newer customers also in new towns. and that is irrespective whether it is South, West, North, East.
- Rajiv Bharti:** Is it possible to call out what is in the South SSSG on the EBO side?
- Gautam Saraogi:** I think the South SSSG also has been positive with around 1%. I will come back to you on that number. Actually, I don't have it handy. But it's I think it's around 1%. But one thing I know, the North SSSG has been high, around 5% to 6%, and West SSG also is slightly higher. So I will come back to you with that data.
- Moderator:** Thank you. The next question is from the line of Prerna Jhunjunwala from Elara Capital. Please proceed.
- Prerna Jhunjunwala:** Hello. Thank you for taking my question. Hi, sir. There were a lot of questions around, but what I am just trying to understand is the core product that you are talking about because if we look at

UNIQLO, which is your benchmark there, they can go ahead because it's totally Western Wear category. It can go ahead with similar products, no problem, but when we come to Indian categories, fashion is actually a big component in the top-wear categories. So how are you going to look at the mix in western versus Indian-wear and how do you define core over there? I am just trying to understand that.

- Gautam Saraogi:** It will be a little hard for me to explain it, Prerna, because the product obviously has not hit the shelf. I think once probably the store opens when you get to see you understand it a little better, but I will try explaining it. I think it's going to be a good mix, it's going to be largely western with a little bit of fusion touch as well. So I think it's going to be more of western, little of Indian, little of fusion and the kind of way we are going to be playing with the colors and print, It's not necessary that those prints will not run for more than two years or more than one year. It should proceed to the next season as well. So, that's how we have developed the product. But look, I will be in a better place to explain the product to you once it actually hits the shelf.
- Prerna Jhunjunwala:** Yes, I understand. I was just worried on the fashion content because in the top-wear, especially Indian-wear, the fashion wear is much higher.
- Gautam Saraogi:** See, one thing, Prerna, we are very clear. We are going to stay away from occasion where our product line is not going to be occasion-wear, it's going to be under day six every day. See because we don't want to be occasion-wear brand that is not whom who we are.
- Prerna Jhunjunwala:** Okay. Any menswear also it will be larger t-shirt, track and category or it will get into formals as well?
- Gautam Saraogi:** No, not formals, more t-shirts, loungewear type of categories, polos, pink polos, round neck t-shirts, like those kind of categories.
- Prerna Jhunjunwala:** Okay. Understood. So my second question is on in the inventory. Do you see any of this inventory in this format coming in, whether you'll be able to maintain inventories at current levels or we should see some increase in inventory levels with new categories coming in?
- Gautam Saraogi:** See, I will tell you what. I am not taking a very big inventory this year. See, today because of my volume of business What I have in my main business, I have also been able to optimize on what I am buying for this new category. So even if this new category is slow to begin with, which fingers crossed, obviously, they should do well, but even in worst case scenario, if it is slow to begin with, I don't see company's inventory days going very high. So that I think will be very much in control because I know inventory is a killer in this business and retail business. So, we are very careful with how much we are buying and even in a scenario where sales are slow for this pilot and the pilot

maybe is a little slow to begin with, our inventory days will not spike so much that it affects our operating cash flow.

**Prerna Jhunjunwala:** Actually, I am not worried on pilot at all. I mean it's about the long-term goal on the inventory that could change with the new categories coming?

**Gautam Saraogi:** On the mid-term and long-term, Prerna, very difficult for me to comment because we have not started yet. So maybe if a year goes by, then I will understand what kind of terms I am doing in the newer pilot, I will be able to give a guidance on that. As far as the core bottom-wear business is concerned, I think 90 to 95 days is the business model, which you have tracked very well, which will also further optimize in the years to come.

**Prerna Jhunjunwala:** Okay. And in terms of profitability, any guidance on how profitability can be seen for the next one year?

**Gautam Saraogi:** See, without being specific on EBITDA percentages or PAT percentages, we will look to maintain margins at a P&L. From a gross margin perspective, I see our gross margins maybe in the range of 62% to 63% or maybe a little higher, but. I think maintaining gross margins and maintaining P&L margins will be our endeavor in FY26.

**Prerna Jhunjunwala:** In case you are opening more larger stores given this pilot coming in, whether this year we'll see larger stores coming in, so how what will be the CAPEX spend for the year?

**Gautam Saraogi:** See, I can tell you on a per square feet basis because I don't know how many stores I am going to be opening on this pilot because I see the catch here is my first pilot is also my existing store network, so the CAPEX is not going to be very high. But if I take on a per square feet basis, it will be about Rs.2,000 to Rs.2,500 per square feet.

**Prerna Jhunjunwala:** Any warehousing or the refurbishment requirement that could add up?

**Gautam Saraogi:** Prerna, we have been doing in our existing warehouse for some time now. See, we had a 1,00,000 square feet warehouse in Tirupur. There was some space behind which we extended. So that we had extended regardless of this pilot or not. So our current location is well equipped to handle any future growth.

**Prerna Jhunjunwala:** Okay. Understood, sir. Thank you and all the best.

**Gautam Saraogi:**



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**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference to the management for closing comments. Over to you, sir.

**Gautam Saraogi:** I'd like to thank everyone for being part of this call. I hope we have answered your questions. If you need any more information, please feel free to contact Mr. Deven Dhruva from SGA, our Investor Relations Advisor. Thank you.

**Moderator:** On behalf of Go Fashion (India) Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.