

# Redtape

26 May 2026

**Operator:** Good evening, and welcome to Redtape Limited Q4 and full year FY26 earnings conference call hosted by E&Y. 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 Ms. Kasturi Sharma from E&Y. Thank you, and over to you, Ms. Sharma.

**Kasturi Sharma - E&Y:** Thank you so much, Yusuf. 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 them, 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 will hand over the call to Mr. Verma. Over to you, sir.

**Management:** 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 year 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, and 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 businesses are sound, and I think FY26 gave us a 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 products. The GST reduction on footwear below 2,500 was a meaningful volume catalyst for us, specifically because nearly all 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 Q4 and the full year were delivered. 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.

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Footwear remains the anchor of the business and the primary driver of store footfall. Casual and athleisure sub-categories 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 a segment we are most actively investing for FY27 also. Our accessories category 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 1,535 crores. This is the anchor of the portfolio and it has continued to grow at a strong pace. Casuals, semi-formals, and sports adjunct categories all performed well. Footwear is what brings the consumer in through the door, and keeping the range fresh is what brings them back. Apparel contributed 805 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 will push this further in FY27. Accessories gave us a revenue of 75 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 is 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 up a new brand named 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 FY26, serving the occasion where a formal consumer and a casual wear consumer meet 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 674 crores. Our gross margin is 43.4%. EBITDA is 19.4% versus 19% standalone in Q4 FY25. Our standalone PAT is 71 crores. Moving to the full year, revenue reached 2,415 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 244 crores, up from the previous year.

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 clearly pass our return thresholds

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from day one. We are pleased to announce that the board has recommended a final dividend of Rs 2 per equity share on the face value of Rs 2. Over the course of FY26, we have been investing behind three pillars: 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 FY27, the structural shift from unorganized to organized retail in both footwear and apparel continues to work in our favor. Consumer sentiment in our core segments, particularly casual athleisure and activewear, has remained resilient. The tier-2 and tier-3 opportunity is far from played out, and Redtape's brand equity in those markets is strong.

The opportunity in front of us is significant. India's branded 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.

**Operator:** Thank you very much, sir. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. First question is from the line of Sameer Gupta from IIFL Capital. Please go ahead.

**Sameer Gupta - IIFL Capital:** 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, and general trade, or any other if it is there?

**Management:** Excuse me, can I have your question again, please? I missed the last part.

**Sameer Gupta - IIFL Capital:** I am just looking at the channel mix of our business in terms of own retail stores, online, and general trade, or any other channel which is there.

**Management:** Our retail stores, which we term as the offline business, contribute close to 70%, and 30% of the turnover comes from our online business, which is e-commerce and quick commerce put together.

**Sameer Gupta - IIFL Capital:** And for that 30% online, is it our own platform or do we sell via marketplaces?

**Management:** It is primarily through the Flipkarts and Myntas of the world.

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

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**Management:** No. We run our own marketplace warehouses. We have seven warehouses in India. The primary business is through marketplace. We do not sell anything outright to these e-commerce portals. We follow a marketplace model. Hence, whatever sales you see on our online portals is actually B2C, direct to the consumer.

**Sameer Gupta – IIFL Capital:** Okay, got it, sir. The second question is on the inventory. I noticed that we have 170 to 175 days of inventory on sales, and on COGS, if I look at it, this number is higher than 300. With a lifestyle category where freshness becomes an imperative in terms of getting consumers and footfalls, this number is significantly higher when I look at other peers, such as Metro or Bata. What is the reason for it to be high, and are there plans to reduce it in a material way?

**Management:** You are absolutely right. If you have watched our company for the last couple of years and the kind of growth we have envisioned and achieved, you must have also noticed that our inventory days are significantly coming down. In fact, we had reached a high of 250 days plus, and we are significantly bringing it down. The buildup of inventory was to further help us expand very fast in the offline arena. We had also opened multiple marketplace warehouses in India, moving from two warehouses to seven warehouses and building up all the capacity to test the market with the potential of getting volumes up. Opening stores in the offline arena in tier-2 and tier-3 cities required having sufficient stock for them to perform. Of course, that led to higher inventory, but now it is significantly coming down as we planned and as we improve our planning.

**Sameer Gupta – IIFL Capital:** Where do you see this number settling, sir?

**Management:** Anywhere between 120 to 150 days.

**Sameer Gupta – IIFL Capital:** Okay. And what is our aging provision policy? How do we do provisioning on the inventory?

**Management:** We do not do any provisioning as such in the inventory because if you see our organization over the last 30 years since the company has been public, we have never sold anything below cost. I would be happy to have a detailed discussion on this if you send us a query, but we have never sold anything below our cost.

**Sameer Gupta – IIFL Capital:** Sure, sir. I look forward to that discussion. That is all from me. Let me come back in the queue if there are any follow-ups. Thank you.

**Operator:** Thank you. Before we move to the next question, a reminder to the participants: to ask a question, you may press star and one. Next question is from the line of Manasvi Shah from ICICI Prudential AMC. Please go ahead.

**Manasvi Shah – ICICI Prudential AMC:** 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. What we have been seeing is that our gross margins have been consistently coming down. This year, there is almost a 250 bps plus compression. While on the other hand, we have done very good work on other opex this year, and it is actually flattish on a year-on-year basis. I just wanted to understand how we should think about gross margins and overall opex.

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**Management:** Hi Manasvi. I will try and answer your question to my very best. Regarding the first part about gross margins, the change in our e-commerce business is that the kinds of rebates which entities like Flipkart and Myntra work on in India changed mid-year. Those rebates were being given and our top line was being adjusted against them. The exact sale happening to the consumer is not being recorded in our books because the rebate is being adjusted against the top line. Hence, the gross margin shrinkage came because of the top line adjustment and not because of anything we had done differently operationally this year. Consequently, if you see our PBT and final results, there is no impact.

**Manasvi Shah – ICICI Prudential AMC:** So then that is also adjusted in your other opex, and we should look at EBITDA margins?

**Management:** Exactly. That is the best way to look at it.

**Manasvi Shah – ICICI Prudential AMC:** Okay. And if we look at EBITDA margins then, versus FY25 there is a significant improvement, but if I look at it slightly more medium-term versus FY23 or FY24 where you used to do around 15.5% to 17% EBITDA margins, that number has come off. How should we think about that, or should we just look at a 10–12% PAT margin as a steady state?

**Management:** Hi Manasvi, this is Vivek here. Basically, the EBITDA margin hovers around 16% to 18%. The EBITDA margins are higher as compared to the last year because we have worked on sales volume and a favorable shift in the sales mix, along with reduced operating and other fixed expenses like marketing, rent, and employee overheads. This gives a picture of the operational efficiency which we have achieved. EBITDA margins will generally hover around 16% to 19%.

**Manasvi Shah – ICICI Prudential AMC:** Okay. Noted. And sir, are we seeing any or have we taken price hikes now that there is sharp inflation in most raw materials both in footwear and apparel?

**Management:** Not really as of now. Although there is some pressure in the market, we work on a system where there is a 6-month design-to-production ratio. When the POs are released almost 6 months in advance, and once we have opened an LC, the vendor cannot come back and say there is a shift in the price range. That will not impact us much in the near future. Post-September will be a better time to judge it. As of today, we are not increasing any MRPs.

**Manasvi Shah – ICICI Prudential AMC:** Okay. And sir, just one last question. There is a sharp reduction in payable days. We used to operate on a sales basis at around 90 days plus, and that has reduced to 55 days versus last year. Is there anything to read into this?

**Management:** I think we will have to get back to you on that specific point.

**Operator:** Thank you. Next question is from the line of Kanishk Gupta from SS Family Office. Please go ahead.

**Kanishk Gupta – SS Family Office:** Yes, sir, a very good evening. May I know why Mr. Rashid and his son are not on the call with us today?

**Management:** There is no specific reason. Ultimately, we are moving from a family-run business to a professionally managed organization. As the younger generation in management, we are here to

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handle the business discussions.

**Kanishk Gupta – SS Family Office:** Sure, sir. My first question would be that despite strong revenue growth, operating cash flow remains under pressure due to higher inventory levels. Could you help us understand what normalized inventory levels should look like and when the business can consistently generate positive operating cash flow?

**Management:** I answered this previously, but we are seeing a significant reduction in inventory days. Over the last couple of years, it has come down from almost 250 days to 170 days now. The ideal situation is to keep it at 150 days. That is our target. You have to understand that we are in the retail and e-commerce business. In e-commerce, we run our own marketplace warehouses. We have seven warehouses across India and plan to open two more. For that, you have to keep inventory. It is not an outright sale model, so you cannot compare us to a distribution channel organization where inventory lies with the distributor. You will see inventory on our books, but we are trying to bring it down to 150 days.

**Kanishk Gupta – SS Family Office:** Approximately when do you plan to achieve that 150-day target internally?

**Management:** In the very near future.

**Kanishk Gupta – SS Family Office:** Okay. And the second question would be on the debt. Short-term borrowings have slightly increased alongside working capital requirements. What is the plan to reduce dependence on short-term debt, and should we expect debt reduction through better cash generation and inventory normalization?

**Management:** If you look at our numbers, our debt outstanding has considerably gone down by 200 crores from September to March. Also, operating cash flow has increased; we currently have 175 crores in operating cash flow. As far as the inventory is concerned, we are planning to get it down to 150 days. When inventory goes down, everything will be normalized regarding cash flow and working capital debt. The working capital is basically for the stocks. We pay for importers and suppliers, which requires working capital, but that has gone down considerably, which makes the cash flow positive.

**Kanishk Gupta – SS Family Office:** Got it, sir. Approximately what is the revenue target you want to achieve internally over the next 5 years?

**Management:** That is a forward-looking question, but I would just like to say that we will continue in the same vein we have been doing in the last couple of years.

**Kanishk Gupta – SS Family Office:** Okay, sir. Thank you and all the best.

**Operator:** Thank you. Next question is from the line of Piyush S from Equint BV Ventures. Please go ahead.

**Piyush S – Equint BV Ventures:** Hello sir, congratulations on a good set of numbers. Can you explain the other income in detail? We see 133 crores this year, and there is some restatement of other income for FY25. What does this actually entail?

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**Management:** Regarding the other income, the basic component is the rebates and discounts which we get from e-commerce platforms. That accounts for around 88 crores. Other parts of that income include claims we receive from the e-commerce platforms, which brings it to 133 crores this year.

**Piyush S – Equint BV Ventures:** So the majority chunk would be these discounts?

**Management:** Yes, these are rebates we get from the e-commerce platforms.

**Piyush S – Equint BV Ventures:** So the last year's restatement also refers to an accounting change?

**Management:** Yes, that is just an accounting change. We have taken that effect into account for the last year as well.

**Piyush S – Equint BV Ventures:** Okay sir, that is great. Thank you so much.

**Operator:** Thank you. Next question is from the line of Devesh, who is an individual investor. Please go ahead.

**Devesh – Individual Investor:** It is a good result, sir.

**Operator:** Yes, Devesh, we can hear you. Please go ahead with your question.

**Devesh – Individual Investor:** Sir, I have a suggestion. Do you not issue coupons for old investors? For example, if someone has a holding of over 50,000 shares, they could get a 1,000 rupee discount coupon to use on your website.

**Management:** Yes, we have heard your question. We will think about this and give you a response soon. Thank you so much.

**Operator:** Thank you. Next follow-up question is from the line of Sameer Gupta from IIFL Capital. Please go ahead.

**Sameer Gupta – IIFL Capital:** Hi sir, thanks again. I just heard that your other income includes rebates and discounts or claims from e-commerce players. Can you explain this in a slightly simpler manner? What exactly is happening?

**Management:** When we run discounts on the e-commerce platforms, they give us a certain amount of rebate in terms of credit notes. That income is what we have reinstated into other income.

**Sameer Gupta – IIFL Capital:** So when you are selling on a marketplace model, you are in control of the price the consumer sees. Where then is the rebate coming from? Is the e-commerce platform giving a discount over and above what you are selling at?

**Management:** Generally, whenever there is a big event on an e-commerce platform, like a "Big Billion Day" on Flipkart or a "Big Fashion Festival" on Myntra, they want to pass on some extra discounts. They usually offer a special rebate to brands that bring a lot of traffic to them. They might offer a rebate on commissions, logistics, or other charges, which they suggest we can pass on as a discount to the consumer. That is what we usually do.

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**Sameer Gupta – IIFL Capital:** Got it. So basically your sales are reduced by that amount and you still book the full commission but you get rebates later?

**Management:** Exactly. You understood it correctly.

**Sameer Gupta – IIFL Capital:** Got it. Thank you, sir. All the best.

**Operator:** Thank you. Next question is from the line of Shubhanu Bangal from Treehead Capital. Please go ahead.

**Shubhanu Bangal – Treehead Capital:** Good evening sir. My question is on the EBITDA margin. You mentioned a target range of 16% to 19%, but this year we closed at around 19%. Why are you giving a guidance range that is essentially where we are already at or lower?

**Management:** We are taking a safe route by saying it should be in the 16% to 19% range because there are many swing factors. Advertising and promotion, employee costs, and store opex change often in the retail business according to festivals and seasons. While we try our level best to keep it higher, we want to provide a conservative estimate at the moment.

**Shubhanu Bangal – Treehead Capital:** Should I expect this 19% EBITDA margin to be the peak?

**Management:** No, it is not a peak margin. You can say it is a new normal. As we grow, efficiencies improve. When we bring new categories into the same store setup and when our SSSG grows, the EBITDA will naturally improve.

**Shubhanu Bangal – Treehead Capital:** Understood. My question is on our apparel business. Around 34% of the business comes from apparel. What was the margin in the apparel segment for FY26?

**Management:** We have not calculated the margin by category because everything for us is under the same umbrella. I will not be able to tell you right now what the gross margin for footwear and apparel is separately. We do not show it separately because we keep it intact under one umbrella.

**Operator:** Thank you. Next question is from the line of Kanishk Gupta from SS Family Office. Please go ahead.

**Kanishk Gupta – SS Family Office:** Given the rising competition from both domestic and global footwear brands, could you please elaborate on the key structural advantages that Redtape believes it has to sustain market share and margins over the next 3 to 5 years? Specifically, how do you view your positioning in terms of brand strength, pricing power, distribution reach, and product differentiation?

**Management:** Without sounding arrogant, I would say we give competition to the international brands rather than the other way around. We are a tough competitor for them. We keep our eyes on the ground and remain a very consumer-centric brand. We monitor trends closely, and our 30 years of experience in the Indian market helps us understand fashion and the Indian consumer very well. That allows us to stay ahead.

**Kanishk Gupta – SS Family Office:** As you said, you provide tough competition, but typical Indian consumers still look up to and want to own Western brands.

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**Management:** I agree they are aspirational brands, but not everyone in India can afford a 10,000 rupee or 15,000 rupee shoe. We provide the same fashion-forward statement at a much better price.

**Kanishk Gupta – SS Family Office:** But on online platforms like Myntra, many global brands are also reducing their prices significantly during heavy discounts, coming near your pricing range.

**Management:** To give context, we are the number two footwear brand today on Flipkart and Myntra. There is a host of global brands out there, but we have been retaining this position for the last couple of years.

**Kanishk Gupta – SS Family Office:** That is good to hear. My second question is about internal indicators. Beyond revenue growth, what measurable progress are you tracking in areas such as repeat purchase behavior or same-store sales performance?

**Management:** In our retail stores, we launch 40 to 60 new footwear styles every month. We believe a footwear consumer comes back to us every 4 months, and an apparel customer comes back every 5 to 6 months. That is the belief that drives us to provide freshness and new ranges at the stores. While we have not done a formal statistical survey, this is based on the feedback between our teams.

**Kanishk Gupta – SS Family Office:** But on online platforms, it is very easy to gather that data.

**Management:** On the online side, the repeat customer rate for us is as high as 55% to 58%, though it varies by portal. The data we get from Myntra and Flipkart places us in that 54% to 58% range for repeat customers.

**Kanishk Gupta – SS Family Office:** What kind of revenue mix do you want to achieve between online and offline?

**Management:** Retail is our core, but the market has shifted from e-commerce toward quick commerce now. Still, we would always want 65% to 70% of our business to come from our retail stores.

**Kanishk Gupta – SS Family Office:** But since online is growing faster, is there a potential for it to take over retail in terms of revenue?

**Management:** Honestly, despite all the surveys, India is a very large country. We have not seen e-commerce completely take over retail even in advanced countries like the US or China. We prefer to keep our focus on both.

**Operator:** Thank you. Next question is from the line of Shreyansh J from Swan Investments. Please go ahead.

**Shreyansh J – Swan Investments:** Can you help us with the pre-Ind AS EBITDA margin? Secondly, how many of our stores are on a COCO basis? I see some lease liability on your balance sheet, so I wanted some sense of your unit economics for a store opening, including capex, inventory, and furniture.

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**Management:** Regarding the store model, 25% to 27% of our stores are COCO (Company Owned Company Operated) and the rest are FOFO (Franchise Owned Franchise Operated). Even in the FOFO model, the billing is ours, meaning the GST registration of that site is ours and the consumer receives an invoice from Redtape Limited. We pay a commission to the franchisee, who manages the opex of the store.

**Shreyansh J – Swan Investments:** And who pays the rent in the franchise model?

**Management:** In the franchise model, the rent, salaries, miscellaneous expenses, furniture, fixtures, and capex are all borne by the franchisee.

**Shreyansh J – Swan Investments:** Got it. And what are the pre-Ind AS EBITDA margins?

**Management:** It is around 16.4% pre-Ind AS.

**Shreyansh J – Swan Investments:** I see that last year we spent about 450 crores on capex. Where exactly did these funds go?

**Management:** We expanded our warehouse capabilities. We opened a new marketplace warehouse in Ludhiana and expanded our existing warehouse in Unnao by almost 3 lakh square feet. The rest was dedicated to retail expansion.

**Shreyansh J – Swan Investments:** Regarding the 3% accessories business, what rates are these growing at and what gives you the confidence to enter categories like sunglasses and grooming? Redtape has historically been known as a footwear brand.

**Management:** Historically, we were a leather shoe brand. Converting from being a leather shoe brand to athleisure and sneakers took effort, and then we introduced apparel. Now, 34% of the turnover comes from apparel, which shows the consumer trusts our brand. We experimented first with belts, wallets, caps, and socks, and the customer was confident in picking those up. That gave us the confidence to enter sunglasses, backpacks, and hard luggage. We want to increase the share of accessories because it allows us to get a higher wallet share from a consumer who is already in our store. It helps our SSSG and our EBITDA.

**Shreyansh J – Swan Investments:** What was the 18% SSSG for this quarter driven by?

**Management:** It is the culmination of our efforts over the last 1.5 years to bring in new products like the Ozark trekking shoes and the Bond Street range, alongside the introduction of accessories. The GST reduction and a good winter season also helped.

**Operator:** Thank you. Next question is from the line of Deepak Pruthi from Wealth with Wisdom. Please go ahead.

**Deepak Pruthi – Wealth with Wisdom:** Hi sir. Just wanted to understand what you are doing in terms of marketing campaigns to increase footfall at your retail stores.

**Management:** For retail stores, we use different activities depending on the store's location. We use influencer campaigns, SMS and WhatsApp campaigns, or hoardings. We do not follow a single set rule; we use whatever medium is best to bring in the consumer in that particular tier-2 or tier-3

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city.

**Deepak Pruthi – Wealth with Wisdom:** How many retail outlets are you planning to add this year?

**Management:** We are planning to add almost 200 to 250 stores. The size would be between 500 to 1,500 square feet. We will maintain the same ratio of 25% to 35% COCO stores, with the rest being FOFO.

**Deepak Pruthi – Wealth with Wisdom:** Which geographies are you looking to expand into?

**Management:** We are now moving into South and West India. Currently, we have crossed 550 stores, with almost 70% of those stores being in the North.

**Deepak Pruthi – Wealth with Wisdom:** How do you see the demand scenario given that the last 1.5 years have been tough for the footwear industry?

**Management:** I would not say something went wrong in the industry. The first half of last year was tough for everyone, but demand came back. The GST reduction and a good winter helped.

**Deepak Pruthi – Wealth with Wisdom:** Regarding raw material prices, do you see any challenges this year?

**Management:** We work on a cost-plus basis. For the next 3 to 6 months, we do not see a price increase for the consumer. We are covered for the next 6 months. Any volatility in prices will only affect us post-September, at which time we will evaluate and make a decision.

**Operator:** Thank you. As there are no further questions, I now hand the conference over to the management for the closing comments.

**Management:** Thank you everybody for joining us today and for the questions. We always find these conversations very valuable. If you would like to know more, you can reach out to our team at any time. We look forward to staying engaged. Thank you and have a good evening.

**Operator:** 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.