



“Iris Clothings Limited
Q1 FY '26 Earnings Conference Call”
August 11, 2025



MANAGEMENT: MR. HARSHVARDHAN SARDA – BUSINESS HEAD – IRIS CLOTHINGS LIMITED
MR. NIRAJ AGARWAL – CHIEF FINANCIAL OFFICER – IRIS CLOTHINGS LIMITED

Moderator:

Ladies and gentlemen, good day, and welcome to Iris Clothings Limited Q1 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Harshvardhan Sarda, Business Head. Thank you, and over to you, sir.

Harshvardhan Sarda:

Thank you, Shubam. Good afternoon, and thank you for joining our earnings call for the first quarter of fiscal year '25-'26. We appreciate your presence as we review the company's performance for this period.

I'm pleased to report that during Q1, Iris Clothings has achieved decent top line growth, with an outcome of our strategic initiatives, which have been meticulously designed and implemented by our dedicated team. We anticipate the forthcoming fall/winter season to be a driver for additional growth, positioning us to achieve robust results in the forthcoming quarters of FY '26. We maintain our confidence in our capacity to drive growth while maintaining our profitability.

Commenting on our operational business, we have seen significant developments, particularly in the B2B segment. We have expanded our distributor network by adding eight new distributors during the quarter, increasing our total to 194. This expansion is a clear indication of our growing market presence and the trust that our partners place in our brand.

Recently, we have also successfully raised capital through a rights issue totalling INR47.5 crores, which will be strategically allocated to support our growth initiatives. Also, company has allotted bonus equity share in the ratio of 1:1 to the members of the company on 7th of July 2025.

Now looking ahead to the forthcoming quarters, we plan to expand our production capacity to 38,000 pieces per day. We are excited to introduce our new inner wear line and enhance our sportswear offerings, reinforcing our commitment to innovation and quality.

We recently launched a travel wear collection, which has been very well received by our distributors, and we expect it to contribute to our commitment to expansion of product offerings for our customers. We anticipate strong growth driven by organic demand and new capacity additions while also focusing on enhancing our retail D2C segment to accelerate our growth trajectory and create value for our stakeholders.

Iris Clothings remains dedicated to elevating the DOREME brand and advancing the company to the next level of growth. We are grateful for your continued support and look forward to an exciting year ahead.

I will now hand over the call to Niraj Agarwal, our Chief Financial Officer, who will walk us through the Q1 FY '26 financial numbers. Thank you, and over to you, Niraj.

Niraj Agarwal:

Good morning, everyone. Thank you, Harsh. Thank you all for joining us today. I am pleased to share that we have delivered robust performance in Q1 FY '26. Talking about the key financial highlights for Q1, our total revenue witnessed a remarkable increase of 19% year-on-year,

reaching INR37.4 crores, up from INR31.4 crores in Q1 FY '25 while our EBITDA for the quarter was INR5.3 crores. Additionally, profit after tax for the quarter was INR2.6 crores as against INR2.4 crores in Q1 FY '25. PAT grew by 8.7% in Q1 FY '26.

To summarize our financial performance, we remain focused on driving operational excellence and executing our strategic initiatives that support long-term growth opportunity. With this, we can now open the floor for questions. Thank you.

Moderator: Thank you very much. The first question comes from the line of Deepali Kumari from Arihant Capital Markets Limited. Please go ahead.

Deepali Kumari: Thank you for the opportunity. Sir, I just wanted to ask what's your revenue guidance for FY '26 and '27. And like where do we stand on the current capex cycle in terms of commencing time line and what incremental assets are achievable post-stabilization?

Harshvardhan Sarda: Hi, Deepali. Good morning. Thank you for your question. So Deepali, our revenue remains in line with what we have communicated before, in line with our current growth numbers. We expect revenue to grow at around 50% for this year.

Deepali Kumari: Okay. And sir, like with the recent volatility in input cost and currency. So what's your pleas to sustain the EBITDA margin at the current levels?

Harshvardhan Sarda: So we are very confident that by working with our partners and trying to book early in terms of raw material costs and driving efficient sales mechanisms, we are very confident that we'll maintain EBITDA margins as the specified levels.

Deepali Kumari: Okay. And sir, what is your capex for this year? And can you give some outline of new product development and what will you launch this year or after some...?

Harshvardhan Sarda: So as already identified that we recently launched a very interesting collection, which has been very well received by our distributors who launched the travel wear collection. Similarly, in line with that, we are very eager to enhance our sportswear offerings for this season as well. We did a winter wear collection for sportswear.

We are also looking at adding product categories to our infant wear collection. So overall, we are looking at expanding our product categories and our offerings to our end consumers. So that we are more connected to the brand that we invest.

Deepali Kumari: Okay. And sir, how many EBOs you are targeting for FY '26?

Harshvardhan Sarda: That is something that we are still figuring the strategy out, but we are definitely targeting around five to six EBOs for this year.

Deepali Kumari: Okay. And is there any EBOs which is breakeven or like profitable?

Harshvardhan Sarda: So for the current year, we have two EBOs, which have definitely broken even, which has been for more than a year. It's almost 1.5 years. And those two EBOs have broken even for us. And

we are confident that going forward, we'll have a very interesting strategy to work around with our EBOs.

Deepali Kumari: Okay. Okay, sir. That's it from us. Thank you so much.

Harshvardhan Sarda: Thank you, Deepali.

Moderator: Thank you. The next question comes from the line of Nish Shah from Stellar AMC. Please go ahead.

Nish Shah: Hi, sir. Thanks for the opportunity. Sir, I just want to ask some questions. First question on -- a follow-up on previous. So are you looking for the EBOs you said five, six for this year. So any new areas or geographies you're looking for, or just Kolkata for now?

Harshvardhan Sarda: No. For this, we are looking at Mumbai for now because Mumbai being one of our biggest markets for the brand as of now. We are looking at expanding into Mumbai for our EBOs.

Nish Shah: Okay. And one more thing, why are the gross margins being so less? Is there any onetime impact also?

Harshvardhan Sarda: So this is a onetime impact. It was a big sales promotion event that we did and multiple other factors, but we expect our EBITDA margins to remain around the 19% to 20% level.

Nish Shah: So for Q2 onwards, it will be stabilized around 19%?

Harshvardhan Sarda: Yes, yes.

Nish Shah: We should look at a year-on-year basis?

Harshvardhan Sarda: No. I think Q2 onwards, we'll look to stabilize with around 19%.

Nish Shah: Okay. And one more thing, you said the capital allocation will be for the growth initiatives. So can you please elaborate something on that?

Harshvardhan Sarda: I'm sorry, can you come again? I think I missed your question.

Nish Shah: You said in the earlier comments that capital allocation, which you raised capital, will be towards your growth initiatives. So can you elaborate on that?

Harshvardhan Sarda: So currently, we are allocating capital, as discussed, was primarily to drive working capital initiatives and just some general corporate purposes to expand our team, to expand our new initiatives that we are looking at. For example, EBO is one. B2C is one initiative. Expansion of our product categories is one initiative. So embroidery machines. We're expanding our capex by adding embroidery machines to our portfolio. We are adding printing machines to our portfolio. So enhancing production and upgrading our technology and production as such.

Nish Shah: Okay. And you said on that 4,000 capacities, it will be added per day manufacturing. So how much will that cost in the capex?

Harshvardhan Sarda: So additional capex will be somewhere around INR7 crores to INR8 crores for the new additions.

Nish Shah: And when will it get operational?

Harshvardhan Sarda: Within this year. Within the next few months. Yes.

Nish Shah: Okay. Okay. Thank you, sir. That's it from my side. Thank you. All the best.

Harshvardhan Sarda: Thanks.

Moderator: Thank you. A reminder to all participants, if you wish to ask a question, you may press star and one. As there are no further questions from the participants, I now hand the conference over to the management for closing comments. Thank you, and over to you, sir.

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

Moderator: Sorry to interrupt you, sir.

Harshvardhan Sarda: Yes.

Moderator: We have one question. Can we take it?

Harshvardhan Sarda: Yes.

Moderator: Yes. Thank you. The next question comes from the line of Deepali Kumari from Arihant Capital Markets Limited. Please go ahead.

Deepali Kumari: Yes. Thank you for the opportunity again. Sir, can you, like, give a mix between domestic and export revenue, and how do you see this evolving over the next two years to three years?

Harshvardhan Sarda: So currently, most of our revenue comes from our domestic segment, because that is where our brand is placed at. Having said that, we have some export presence. Export is somewhere around 4% for our total revenue and we expect it to grow up to 6% -- 5% to 6% in the next year.

Deepali Kumari: Okay. And like, sir, e-commerce, how much you are doing?

Harshvardhan Sarda: So e-commerce, we are doing a bit, FirstCry. FirstCry is around 8% of our overall revenue.

Deepali Kumari: Okay. And your own website?

Harshvardhan Sarda: Our own website is something that we are still trying to strategize on how to go ahead. So there's a lot of -- not a significant part of the revenue which is coming from our own website as of now. We have not promoted the website yet.

Deepali Kumari: Okay. And sir, like, how many distributors you have currently? And like what is your plan to increase that?

Harshvardhan Sarda: So currently, we have around -- this year -- for this quarter, we have around 194 distributors and we plan to take that to around 205 distributors by the end of the year.

Deepali Kumari: Okay. So like you are more focused on B2C only.

Harshvardhan Sarda: No. We plan -- we are very, very focused on our B2B market and we want to expand that very, very strongly as well.

Deepali Kumari: Okay. And sir, like what is your targeted working capital cycle for FY '26?

Harshvardhan Sarda: That is something that we are still working around. I think we'll be able to give you a better answer at the end of next call.

Deepali Kumari: Okay. And so, like, you have said, like, 38,000 of pieces per day, and in which, sir, how much is the capacity utilization?

Harshvardhan Sarda: We are currently at around 80% capacity utilization.

Deepali Kumari: Okay. And that will be improved on...

Harshvardhan Sarda: I think it will remain somewhere around that number, because some 34,000 to 38,000 just incremental capacity. We're not doing a big capacity, big capex currently, which will have some idle capacity. So the incremental capacity would be remained at 80% capacity utilization.

Deepali Kumari: Okay. And sir, like you have like completed one year for your EBOs for two EBOs. So like can we know the revenue of that like for one year, how much revenue you have done?

Harshvardhan Sarda: So for one of the EBOs, the revenue was around INR800 per square feet per month in one area. So that is something that we -- that is in line with our expectation. Our expectation is that if our rentals come somewhere around the 25% of our -- 20% to 25% of our revenue numbers, our store level EBITDA is very profitable and we aim to improve that going forward.

Deepali Kumari: Okay. And sir, what is your average selling price as of now?

Harshvardhan Sarda: Our average selling price at the MRP level is somewhere around INR480. However, our distributor discounts are fixed rate.

Deepali Kumari: Can you like to give us the estimate for the product breakeven of all the expenses? Like how much goes to raw materials and how much goes to other expenses?

Harshvardhan Sarda: Per product, that is something that, Deepali, we will have to work and we can share it with you.

Deepali Kumari: Okay. Okay. Sir, thank you so much.

Harshvardhan Sarda: Thank you.

Moderator: Thank you. A reminder to all participants, if you wish to ask a question, you may press star and one. As there are no further questions from the participants, I now hand the conference over to management for closing comments. Thank you, and over to you, sir.



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Harshvardhan Sarda:

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

Moderator:

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