

Date: 10th November, 2025

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

Dear Sir/Madam,

Sub: Transcript of Earnings Conference Call of the Company- Q2 & H1FY26

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

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Group Earnings Conference Call held on 7th November, 2025, at 2:30 p.m. for discussing operational and financial performance for the quarter and half year ended 30th September, 2025.

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

We request you to kindly take this on record.

Thanking you,

Yours Faithfully,

For Iris Clothings Limited

Santosh Digitally signed
by Santosh Ladha
Ladha Date: 2025.11.10
15:28:33 +05'30'

Santosh Ladha
Managing Director
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“Iris Clothings Limited Q2 and H1 FY’26 Earnings Conference Call”

November 07, 2025



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

Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY'26 Earnings Conference call for Iris Clothings Limited.

As a reminder, all participants' 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 touch-tone 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 everyone. Good afternoon and thank you for joining our Earnings Call for the 2nd Quarter and First Half of Fiscal Year 2025-26. We appreciate your presence as we review the company's performance for this period.

I am pleased to report that during Q2, Iris Clothings has delivered healthy top-line growth. This performance reflects the success of our strategic initiatives, thoughtfully planned and effectively executed by our dedicated team. We anticipate that the upcoming winter season will serve as an additional growth catalyst, positioning us to achieve strong results in the next quarter of FY'26. We remain confident in our ability to sustain growth while preserving profitability.

Commenting on our operational performance, we are pleased to share that Q2 witnessed notable progress, particularly within the B2B segment. We successfully expanded our distributor network by onboarding eight new distributors, taking the total count to 202, a strong testament to our expanding market footprint and the confidence our partners continue to place in the Doreme brand.

In addition, we launched a new collection of travel coord- sets for kids, which has received an overwhelming market response, further strengthening our product portfolio and brand appeal.

We also completed the transition of our ERP system from Tally to SAP Business One, a strategic move that will enhance operational efficiency and support our growth ambitions by enabling faster, more scalable business processes.

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 infant gift set offering and the new innerwear line, reinforcing our commitment to innovation and quality. We anticipate strong growth driven by organic demand and new capacity additions, while also focusing on enhancing our D2C segment to accelerate our growth trajectory and create value for our stakeholders. Iris Clothings remains committed to strengthening the Doreme brand and driving the company towards its next phase of growth.

We sincerely appreciate your continued support and look forward to an exciting year of opportunities ahead.

I will now hand over the call to Niraj Agarwal – our Chief Financial Officer, who will walk us through the Q2 FY'26 Financial Numbers. Thank you and over to you, Niraj.

Niraj Agarwal:

Good afternoon, everyone. Thank you, Harsh. It is a pleasure to share with you the financial performance of our company for the 2nd Quarter and first half of the Financial Year 2025-26.

During the quarter, our total income grew by 7% year-on-year, reaching 443 million compared to 414 million in the same quarter last year. For the first half of the year, total income stood at 818 million, reflecting a 12% growth over the corresponding period of the previous year. This growth demonstrates the contribution of our business fundamentals and the steady demand for our products and services.

Our EBITDA for Q2 FY'26 was 70 million, while for the first half it stood at 123 million. EBITDA margins were 15.9% for the quarter and 15.1% for the half year, compared to 19.5% and 19.3% respectively in the previous year. The moderation in margins was primarily due to investment in growth initiatives. Despite this, we continued to maintain our healthy profitability. Our profit after tax increased 7% year-on-year to 41 million in Q2 FY'26 and 8% year-on-year to 67 million in H1 FY'26. PAT margins remained stable at 9.3% for the quarter and 8.3% for the first half, underscoring our disciplined approach to cost management and operational efficiency.

Looking ahead, we remain focused on driving sustainable growth, innovation, operational excellence, and expanding our market presence. We are confident that our ongoing initiatives will help us enhance profitability and deliver long-term value to our stakeholders.

With this, we can now open the floor for questions. Thank you.

Moderator:

Thank you very much. We will now begin the question and answer session. The first question is from the line of Nish Shah from Stellar AMC. Please go ahead.

Nish Shah:

Hi, sir. Thanks for the opportunity. Sir, I have a question. My first question is on the margin side. In the last quarter, you guided that from Q2 onwards, margins will stabilize around 19% to 20%. So, we are still at around 16 odd percent. Why is it so much less?

Harshvardhan Sarda:

So, primarily, the moderation in margins has been because of some changes in raw material prices and our product mix as well, the kind of products that we have been purchasing. So, that is the primary reason for margins being 16%. But going forward, in the next couple of quarters, we look at margins being stabilized somewhere around 18% to 19%.

Nish Shah:

So, we need two to three more quarters to stabilize around 18% to 19%?

- Harshvardhan Sarda:** The next two quarters will be somewhere in the 18% to 19%. Yes.
- Nish Shah:** Okay. So, on the overall year basis also, it would be around 16% to 17%?
- Harshvardhan Sarda:** Yes, overall, it would be around 17% to 18%.
- Nish Shah:** Okay. And also, in opening remarks, you said you also invested in some of the growth initiatives. So, can you please throw some light on that?
- Harshvardhan Sarda:** So, for growth initiatives, primarily, one important growth initiative that we have taken is we are expanding our production capacity. In the next two quarters, we have added a small stitching facility to enhance that production. Secondly, we are getting into new products of length, like infant wear gift sets is something that will come up in the next quarter. Product categories is something, a couple product categories that we did infant wear last year. So, we are growing that segment as well. And in terms of distributors, we are expanding our reach via distributors for the growth in the next coming quarters.
- Nish Shah:** Okay. So, this new product category, how much capacity is for that?
- Harshvardhan Sarda:** So, initially, we start with 3000 pieces per day for the new product categories overall, but essentially scale it as we go forward.
- Nish Shah:** And what market are we targeting for this?
- Harshvardhan Sarda:** Similar to the distributor markets what we currently **cater to**, they will absorb the same products.
- Nish Shah:** Okay. And also, we recently, there is a right issue of Rs. 47 crores. So, and from that fund, we will be allocating it to working capital, EBOs and everything. Right. So, how much funds have been used from that?
- Harshvardhan Sarda:** So, the funds have been deployed for working capital and these new capacity additions that we have done.
- Nish Shah:** Yes. And on the EBOs side, we guided earlier that we would be opening five to six new EBOs in FY'26 and H1 has already been passed. So, and no new EBO has been out. So, are we still on with that guidance of five to six new EBOs?
- Harshvardhan Sarda:** So, EBOs is something that we are still exploring the exact model for EBOs, but I think we will stick to somewhere around that number.
- Nish Shah:** Okay. And on the last part, you said your primary focus is Mumbai market. So, you are still targeting that or any new market that you are exploring?

- Harshvardhan Sarda:** No, we are stable with that.
- Nish Shah:** Okay. And also, you guided a revenue guidance of 50% in FY'26. With H1, almost we crossed just Rs. 80 crores. So, still on with a 50% guidance?
- Harshvardhan Sarda:** Not really. I think that would be slightly moderated given the market demand that we currently have. So, I think guidance will be able to give you a better guidance at the end of next quarter.
- Nish Shah:** Okay. Can we expect 40%, 45%?
- Harshvardhan Sarda:** We cannot comment on this right now, but because market conditions have been slightly unstable during the last quarter.
- Nish Shah:** How is our export market currently?
- Harshvardhan Sarda:** The export market has been stable. We will do around 4%, 5% of export this year.
- Nish Shah:** Okay. Thank you. That is it. Thank you.
- Harshvardhan Sarda:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Deepali Kumari from Arihant Capital Market. Please go ahead.
- Deepali Kumari:** Yes. Hello. Am I audible?
- Moderator:** Yes, you are audible.
- Deepali Kumari:** Yes. So, actually I have some questions. If Disney products are strong demand in winter wear, so what about the Disney contribution in H1 FY'26? And like what is the target of Disney by FY'27 and the royalty cost?
- Harshvardhan Sarda:** So, Disney overall is somewhere in the 3% to 4% of our overall revenue. In the overall year, guidance will be around 3% to 4%. And the royalty is somewhere around 12% for Disney.
- Deepali Kumari:** Okay. So, like current utilization is 75%. So, like 34,000 pieces per day. So, the brownfield plant targets 10% plus utilization through debottlenecking. So, what is the CAPEX per incremental of 1,000 pieces per day?
- Harshvardhan Sarda:** I am sorry, Deepali. Can you come up with the question again?
- Deepali Kumari:** Yes. Like what is the CAPEX per incremental of the

- Harshvardhan Sarda:** So, incremental basically, increments stitching capacity for 1,000, every 1,000 pieces per day addition. On average, Rs. 1 crore is the overall investment in CAPEX. That is the thumb rule that we follow.
- Deepali Kumari:** And if you can talk about your, what is the average store revenue and the payback period of jobs in the first year of Disney?
- Harshvardhan Sarda:** So, the average store revenue for the stores that we have currently done stays somewhere in the Rs. 750 to Rs. 800 per square feet per month is the number that we are currently receiving on the stores that we have. We target to take that to 1,000 over sometime as we increase the number of stores. But overall, we believe that 1,000 should be the ideal number for stores. And we expect a payback period of 15 to 18 months for the stores.
- Deepali Kumari:** Okay. So, how many regions you are targeting for FY'26, like in six months?
- Harshvardhan Sarda:** Yes. We are still evaluating the regions where we should open the stores and the kind of store model that we should have the sizes. So, I think we will be able to comment on this better over the next quarter.
- Deepali Kumari:** Okay. So, for distributor, like how many more distributors you will have this year? Like currently it is 202.
- Harshvardhan Sarda:** So, currently we want to, the kind of distributors that we have added, we want to expand those, the width of those distributors. But we are targeting for, with summer season in Q4, we will target around 10 distributors in addition for the overall growth.
- Deepali Kumari:** 10 distributors for H2?
- Harshvardhan Sarda:** Yes.
- Deepali Kumari:** Okay. If you can give me some idea like per distributor, like where most of the sales come from, which state?
- Harshvardhan Sarda:** So, mostly the maximum sales come from Maharashtra, second is Rajasthan, third is Gujarat and Punjab. So, overall these four states combine around 35% to 40% of our revenue.
- Deepali Kumari:** Okay. And you are not targeting any other states?
- Harshvardhan Sarda:** We are targeting, of course, that is the new additions of distributors, right? So, this is one state that we are targeting, that is one state that we have done very well in the last couple of quarters. So, we are targeting the Northern side.

Deepali Kumari: Okay. And you are not going to bring ethnics wear for children, like if you have some plan for that?

Harshvardhan Sarda: For what?

Deepali Kumari: For ethnics?

Harshvardhan Sarda: No, we do not want to get into ethnic wear for children because that is not our forte.

Deepali Kumari: Okay, got it. Thank you so much.

Harshvardhan Sarda: Thank you, Deepali.

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

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.

Moderator: Sir, really sorry to interrupt. Really sorry to interrupt. There is one participant out there for questions.

Harshvardhan Sarda: Yes, not a problem.

Moderator: The next question comes from the line of Diya from Sapphire Capital. Please go ahead.

Diya: Hello, sir. Thank you for taking my question. So, I just wanted to understand what was the reason behind the moderation in margin? One was the change in product mix. What was the other?

Harshvardhan Sarda: Yes. Primarily, it has been the change in product mix for the winter season and there have been some raw material price changes that we have done. That is the major reason for moderation.

Diya: And can you describe a little more on your new product category?

Harshvardhan Sarda: So, the product, for example, as I said, the travel coord-sets that we currently **launched**, that became a decent contributor to the overall revenue. And the fabric for that is something that we have imported and using much higher quality fabrics, much more expensive fabrics. So, hence, that is the primary reason because winter we have tried a few new products around that segment which will be a reason for the moderation.

Diya: And what is the realization that you sell to distributors?

Harshvardhan Sarda: So, our realization from the MRP of the product is 50%. So, we give, if the product which is priced at Rs. 100 MRP. Our realization from our distributor stands in the 50% margin.

Diya: All right sir. I am done with the questions.

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

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