



REDTAPE LIMITED

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November 24, 2025

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Scrip Code: 543957	NSE Symbol: REDTAPE

Sub: Transcript of Investor's Meet for the 2nd Quarter and half year ended September 30th, 2025

Dear Sir/Ma'am,

In furtherance to our intimation dated November 12, 2025, and pursuant to Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, We hereby enclose the transcript of Investor's meet for Q2 & H1 FY 26, held on Monday, November 17, 2025.

The transcript is also available on the Company's Website
<https://about.redtape.com/Transcript.php>.

We request you to take the above information on records.

Thanking you,

Yours faithfully,
For **REDTAPE Limited**

Akhilendra Bahadur Singh
Company Secretary & Compliance Officer
M.No.: A54305

Encl: as stated above

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“RedTape Limited
Q2 FY '26 Earning Conference Call”
November 17, 2025



**MANAGEMENT: MR. ARVIND VERMA -- WHOLE-TIME DIRECTOR --
REDTAPE LIMITED
MR. VIVEK AGNIHOTRI -- CHIEF FINANCIAL OFFICER
-- REDTAPE LIMITED**

MODERATOR: MR. AARYA KOTECHEA -- NUVAMA WEALTH

Moderator: Ladies and gentlemen, good day and welcome to the RedTape Limited Q2 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that event is being recorded.

I now hand the conference over to Aarya Kotecha from Nuvama Wealth. Thank you and over to you ma'am.

Aarya Kotecha: Thank you. Good morning, everyone and on behalf of Nuvama Wealth, I thank the management of RedTape Limited for the opportunity to host their Q2 FY26 earnings call. We have with us today; Mr. Arvind Verma, the Whole-Time Director; and Mr. Vivek Agnihotri, the Chief Financial Officer for RedTape Limited.

I will now hand over the call to the management to walk us through the quarter, post which we will have the Q&A session. Thank you all and over to you, sir.

Vivek Agnihotri: Hi, good morning to all of you. Now let's start with the overview of the company. By 2025, we are about INR2,000 crores companies. Myself, Vivek Agnihotri, as the CFO of RedTape Limited, let me continue. By 2025, we are about INR2,000 crores company. But more than the size and profitability and the scale, I think what this company has is a set of most powerful brands that this country has seen.

With RedTape after demerger in 2023, a very humble beginning with INR468 crores in 2023, INR1,831 crores in 2024, and INR218 crores in 2025 has grown to become a leading player in the fashion and footwear industry, with multiple product connections, new launches, especially in the accessories over the medium-term. Economy, which is set to grow in per capita GDP as consumers came into that space, then they start consuming discretionary category once per capita goes beyond INR2,500 or INR2,700.

We believe as a country we are in the cusp of next consumption boom, reflected in size of consumption economy, which is set to reach almost INR4 trillion and the third largest in the world over the next few years.

One of the large shifts that we have done as a company is to look at how India and its consumers are going to be shaped over next 20 years. As you all know, it's one of the youngest demography that we have the benefit of. India is also one of the most digital savvy, which gives boost to the e-commerce and the quick commerce platforms.

Let us go through where our passion comes as a full circle. We have total number of stores as 623 retail stores, out of which 303 online stores in 171 cities, 186 offline stores, exclusive showrooms in 134 cities, 6 factory shops in three cities, 9 shop-in-shop outlet in eight cities, and SIS model of 119 stores in 58 cities, which makes a total of 623 retail stores.

As moving towards the performance highlights for the Q2, 2025/2026, we have maintained a capital light business model by collaborating with vendor partners, enabling rapid turnaround

from design to market, efficient sourcing and cost optimization across categories. The company strengthened its presence with 513 exclusive stores across 328 cities in 23 states and three Union Territories, further deepening its penetration in both metro and emerging markets.

Total standalone income standouts at INR501 crores and total expenditure grows to INR458 crores and the PBT stands at INR42.19 crores, with paid-up share capital INR110 crores and reserves in surplus of INR747 crores. The consolidated profit after tax rose to INR27 crores, a 9.85% growth. The standalone PAT grew to INR27 crores, which is an increase of 8.8%, reflecting improved cost efficiency, steady margins and strong retail interaction. This completes my presentation of Q2 financials.

Moderator: Yes, sir. Should we open the floor for Q&A?

Vivek Agnihotri: Yes.

Moderator: Thank you. We will now begin the question-and-answer session. First question comes from Sucrit D. Patil with Eyesight Fintrade Private Limited. Please go ahead.

Sucrit D. Patil: Good morning to the team. I have a forward-looking question. As the fashion and footwear industry shifts towards more premium products, omni-channel retail and global expansion, how are you planning to position the company to build a lasting edge beyond just store additions or seasonal launches?

Is there a deeper plan of action, which is going to take into place? So, beyond the quarter numbers, basically, I wanted to understand what is the bigger plan for the company going high? Thanks. That's my first question; I'll ask my second question after this.

Arvind Verma: Okay. Thank you. Hi, I am Arvind. I'll like to take this question. We at RedTape have already implemented several things to enhance our ASPs and bring in some premium products, which can further enhance the look and feel of the store also and bring in some efficiencies in ASPs also.

So, we have recently launched a brand name Ozark, which is an outdoor brand aimed at trekking, mountaineering and everything. The ASP for this brand is on the tune of INR2,100 to INR2,500. Our open footwear range is instead of basic EVA slides; we are adding more value to it, we are doing that. We are in fact going away from basic EVA shoes to ETPU shoes. We have also launched a premium leather collection very recently, which is also taking the ASP further up.

All of this is already seeing an uptick of 18% from the earlier 12% to 13%. So, we are very confident that our premium collection and ASP will be going higher in the coming days, especially with the marriage season coming up.

Sucrit D. Patil: Thanks. My second question, again a forward-looking one. When costs are going to rise, whether it is through raw material, marketing or distribution, how do you make sure the margin stays steady without slowing growth? Is there a system you have built or you will be putting into place, maybe like smarter sourcing, pricing discipline that will keep the profits stable, even when

sometimes things get out of control, or there are some things, which you haven't planned for but eventually happen. I just want to hear your view on this. Thanks.

Arvind Verma: So, with respect to cost efficiency program, it's an ongoing process, which we continue doing so. The primary thing is with respect to our contract manufacturing facilities, wherein, we earlier used to source raw materials from outside, they are now doing a backward integration, which is bringing the pricing down.

And I would like to add that this is not a one-time thing it becomes only through the backward integration or something, because this is an ongoing process in every department of our organization, wherein, every department looks into it, how does the cost efficiency increase with respect to not only better volume, link pricing, wherein, we have more negotiation power because our volumes have grown up very highly, more stable long-term relationships with our vendors, and with respect to backward integration.

I think this is with respect to everything, which is with respect to the factory and sourcing, and with respect to financing and capital working, already the financing is already working on it. The content is ongoing process. Thank you.

Sucrit D. Patil: I think that is good guidance from your part. I wish the team best of luck for Q3.

Arvind Verma: Thank you so much.

Moderator: The next question comes from the line of Shivam Singh, an Individual Investor. Please go ahead.

Shivam Singh: Sir, I have a few small questions. Sir, what was the same-store sales growth?

Arvind Verma: Sorry, can I have your question again?

Shivam Singh: Sir, what was the same-store sales growth?

Arvind Verma: With respect to SSSG, our Q2 has seen a very -- because this year, since Diwali was earlier, so we mask in the glory of it, we are already seeing an uptick of 10% in the SSSG category, especially in footwear.

Shivam Singh: Okay, sir. And sir, how is our lease liability lower this year than it was last year, even after opening new stores?

Arvind Verma: Sorry, come again. Can you repeat the question, please?

Shivam Singh: Sir, our lease liability for H1 26 is lower than H1 2025, even after opening new stores. How is that possible?

Arvind Verma: Because we have opened -- we do have opened some stores, but we have also closed some non-performing stores. So, maybe that impact has come in. We will come back to you on this.

- Shivam Singh:** Okay, sir. And, sir, there was another question I wanted to ask. Sir, our inventory has increased a lot. So, how much of that is because of opening new stores and how much of that is dead stock, any clarity on that?
- Arvind Verma:** Yes. So, if you see, the inventory days have definitely gone up, but this is a general trend in the retail and online, because we are primarily focusing on our retail stores and the online business. Generally, there is an uptick of inventory. There are a couple of reasons for that. First, if you see this year, because the season is early, the Diwali was early and the marriage season is early and it's a long period we are getting.
- So, we wanted to keep our inventory levels high just to ensure that we don't lose any numbers and we don't lose any customers due to the long season. Second, with respect to the online division, we have opened some multiple warehouses because we want to be closer to the customers, because in this world of quick commerce and everything, you have to be closer to the customers.
- So, we have opened some new online warehouses in Ludhiana, Hyderabad, Howrah and this is also taking up some base stock of inventory and everything. And last year, because we faced this problem last year, because last year we did not have enough stocks going into the season because of two factors.
- One was BIS, because that troubled a lot and second, because there was a turmoil in Bangladesh. So, last year in the same period, if you see, our inventory level was very low. The reason for that is we did not have enough stock and hence the last year's sales also was not very great in what we had thought it would be. So, this year, we are already seeing a very good uptick in the season. We are seeing some very good numbers coming in and this is because of the inventory. So, inventory levels will definitely go down in the next quarter and the subsequent quarters.
- Shivam Singh:** Okay, sir. And sir, our net capital working days, will it be stable or will it be going down again because there is a 62 days increase in it?
- Vivek Agnihotri :** Yes, it will definitely go down, because as and when more sale growth we can see in the next quarter and subsequent quarters, then working capital days will also go down.
- Shivam Singh:** Okay, sir. And sir, there is one more question I want to ask. Sir, how much of our sales is at MRP and how much of it is discounted? I want to know it as a branding sense, like is our brand value growing, or is the sales-only discounted?
- Arvind Verma:** So, we are a brand, which offers discounts all year long. We don't sell anything on MRP. So the strategy is the customer gets 70% off on everything. So, we internally term 70% off as our MRP. The strategy is such that the MRP is jacked up and the 70% off is a constant factor for our customer. So, for us internally, 70% off is our MRP.
- Shivam Singh:** Okay, sir. Do we have any incremental pricing every year?

- Arvind Verma:** Yes. We are already seeing an incremental pricing every year like I previously explained, our ASPs are going up and we are already seeing an uptick in 8% to 10% in footwear.
- Shivam Singh:** Okay, sir. And sir, our store expenses, operating expenses, how much of that is different than an online platform channel, the commissions we are giving them? Is there a percentage difference or is it similar?
- Arvind Verma:** I think the expenses are normally the same in online or offline. The only benefit we get in online is that we get some rebates and everything, then the cost structure changes. And currently also the e-commerce channels have changed their billing structure and the pricing structure. So, the rebates make a difference, but normally the expense level, if you see the retail and online operate on the same margin, almost on the same margin.
- Shivam Singh:** And sir, regarding the data we are storing on the offline stores, do we have any data around how much of that is repeat sales and how much is new customers, percentage of sales?
- Arvind Verma:** We do not measure as such. There is no method to measure as such, but our general understanding is that a footwear consumer comes back to us after every 60 days or so and our apparel customer comes back to us every 30 days, because if you visited our RedTape store, we introduce almost 50 new styles of footwear every month. So, hence our repeat customer business is a little higher than other peer brands.
- Shivam Singh:** Okay, sir. Thank you, sir.
- Arvind Verma:** Thank you.
- Moderator:** The next question comes from the line of Sanjay Munjal, an Individual Investor. Please go ahead.
- Sanjay Munjal:** Okay. So, my first question is regarding the EBITDA margins. So, in this quarter specifically, Q2 FY '26, we saw a margin dip from 47% or 46% to 39% of gross margins. And in the EBITDA margins we saw a dip from as compared to Q1, 18% to 16.49%. So, is there any specific reason for this gross margin and EBITDA margin dip?
- Vivek Agnihotri:** See, basically, it's the effect of e-commerce, whereby there is a reduction in the gross profit, but corresponding expenses in the e-commerce like commission, etc has also been reduced, giving no impact on net profit. Normally, what happens if GP goes down, it means increase in the COGS, but if the same decrease in GP is compensated by reduction in operating expenses, the NP has no effect. But GP decreases is offset by the decrease in operating expenses. The company has managed operating expenses to maintain the EBITDA margin, actually.
- Sanjay Munjal:** Okay. And we recently saw a GST cut and for the 1,000 to 2,500 price range products, GST has been reduced from 18% to 5%. So, do we see any benefit from this because our major product line falls in this range?
- Arvind Verma:** Yes. So, GST has come as a benefit for us, definitely. And I will not say some. I think 99% of our products come under this, under the 2,500 category. And because of this, the ASPs have

already gone a little down. So, I will tell you one strategy which we adopted is before the GST drop, we were offering 70% off. And post the GST drop, we did a 74% to 76% and in some cases we even went up to 80%.

So, that dip also did an uptick in repeat customers and customers willing to buy more. And we also had a scheme of buy one and get one free and all of that, so that benefited in the post GST era. I think GST benefit in the longer run is going to be very beneficial to -- for the whole country and not only us as a brand.

Sanjay Munjal: Yes that I agree. -- .

Moderator: Mr. Sanjay, could you please come up with a question again?

Sanjay Munjal: Okay. So, my second question is on the export strategies like we recently entered FTA agreement with the UK market and we I think, the Red Tape brand does export in UK market. So, do we plan to re-enter the UK market again or we concentrate on Indian market only?

Arvind Verma: So, we have recently re-entered UK market through Amazon. Also, it's a very start. And with respect to the FTA agreements, please understand that it has not yet come under effect. It is not, as we believe that it will be -- it will come into effect from 1st April 2026 and not now. But that will definitely give some headwind getting into UK market to gain some traction. We are already there in the UK market.

We are there in Amazon, but we also need to understand that the Western countries are not doing very good in terms of their own economy and the cost of living in these countries have become very, very unsustainable. So, there are going to be a lot of tailwinds in this country. So, we will not be very focused on this market.

We want to explore India first because India and neighboring countries, we see a lot of traction. We want to explore South and North -- and South and West India and all of that. But having said that, export is definitely on our agenda and we will, in the coming years, in the coming, I think, two to five years, we'll see 10% of the business coming from export.

Sanjay Munjal: Okay, fine that's clear. One last question and that will be over from my side. My last question is regarding our long-term growth strategy. So, we are doing good organically in the Indian market. We are increasing our retail footprints. So, do we plan to grow inorganically too? Like, do we plan to acquire any other brands or any strategic partnership, distributed partnership with any brands, so any side on inorganic growth?

Arvind Verma: So, I'll answer this question in two parts. First, I don't think organic, there's no scope for organic growth in our brand because we only have 500 stores and in a country with a population of 140 crores, 500 stores is nothing. So, primarily our stores are currently based out of North India.

We are now increasing our store count in South, West and East India. In fact, we are seeing some good traction coming in from Hyderabad and Kerala markets and Bihar, in fact, which was quite surprising for us.

Secondly, we are not in the business of acquiring brands or taking over brands or having any outside brand in our kitty. We -- our strength is that we can make our own brand and we are already working on that strategy. We have recently launched Ozark, which is a mountaineering trekking brand and the response is very good.

We are also doing, relaunching our brand named Bond Street and Mode. This will be primarily footwear and this will also bring in some -- we are targeting these brands to be in the 500 to 1000 retail scenario brands. I think these will bring in some volumes also and add to our turnover.

And third, we are also increasing our category, subcategories within our brand with respect to sunglasses and luggage, hard luggage and undergarments and belts, wallets, sunglasses, etcetera. So, that will also give some headwinds.

Sanjay Munjal: Okay. Thank you. One thing on this sunglasses and the hard luggage. We recently launched hard luggage and the sunglasses. Is it getting good customer traction? Like, is it getting good response from the customers?

Arvind Verma: Good would be an understatement.

Sanjay Munjal: Okay. Okay. Thank you very much. That's all from my side and all the very best to the management for the group. Thank you.

Arvind Verma: Thank you.

Moderator: The next question comes from Ishank Bansal with Stockbull. Please go ahead.

Ishank Bansal: So, my question is, first of all, I would like to make you congratulate that your confidence is very good about the company and I'm a very old investor since Mirza, since 2010 or 2011. So, I would like to have some questions like, in 2025 financial year, what was the store count of yours?

Arvind Verma: So, you're speaking about financial year 2025, right?

Ishank Bansal: Yes.

Arvind Verma: So, our count was 424 stores.

Ishank Bansal: 424 stores. Okay. Now, the store count is something 513, you are talking about?

Arvind Verma: Yes.

Ishank Bansal: After being the growth of almost 100 stores, 90 stores, why are the revenues just grew by 15% and still your margins are not improving and the profit line is, bottom line is same where same INR25 crores, INR27 crores, INR38 crores?

Arvind Verma: So, to answer the question, your perspective is, please understand that all the stores do not open in just one date or period. They have opened at different phases of the year. Secondly, last year,

we had a problem with respect to stocks, especially in footwear, wherein, because of BIS and the Bangladesh turmoil, took a heavy toll.

So, if you see, last year, quarter two, our stock levels actually went down, the stock cover days actually went down. That was not a scenario we wanted. Although it may look good to you, but for us, it was a very poor situation, wherein we did not have stocks to fill in the stores, right? Typically, retail in India operates at a 5.5 to 7 month stock circle to be, we needed to have that.

So, last year, with respect to stocks, it was challenging. This year, already we are seeing a good headwind and second part of this question is also, because last year, one more thing which happened was, because we are primarily based in north, the winter season did not start off well, because there was no winter as such in the northern part of the world or for India, sorry.

And this year, everything is getting placed at a very right period. Diwali was early, the marriage season already started, we are seeing an uptick of customer coming in and buying, and we have good stock. So, and one more perspective is 90% of our footwear stock inventory, which you see is less than one year old. So, that also gives an answer to your question is last year, the stock level was very low, according to us, not high.

Ishank Bansal: Okay.

Arvind Verma: And this, Q3 – Q4, the results will speak for itself.

Ishank Bansal: Okay, that's very good statement from your side. Then we expected that the last year, Diwali quarter, INR661 crores growth you have seen and INR73 crores PAT there was. So, we can, how much in the percentage sum we can expect the growth?

Arvind Verma: So, we will not like to put some numbers, because we are very finicky about numbers and sharing of numbers, but you'll be surprised and you'll be happy. We are targeting some very good numbers in quarter three and quarter four. We end on a very good figure this year. We are very sure about it.

Ishank Bansal: Okay, that's very good. Just last question I want to ask, this time you have presented the investor presentation, I would like to know some more written facts like this, different, the result should be presented in the manner of brand wise revenue, plus verticals of men, women and kids and volume growth, there should be a volume growth seen in the investor presentation, how do we know that in which sector we are voluming?

Arvind Verma: Surely, so we'll improve that, we'll definitely improve that going forward.

Ishank Bansal: And the last thing is the RedTape sports stores you have been opening. So, how much count is the RedTape sports now counting in these 513 stores?

Arvind Verma: So, currently we have about four specific stores are seven. To give an early perspective on your earlier question, I would like to just inform you that 70% of our business comes from retail stores, 30% of the business comes from online. And 55% is footwear, sorry, 61% is footwear

and 35% is apparel. But we'll give you a more depth in knowledge from next year, next time onwards.

Ishank Bansal:

Okay.

Arvind Verma:

With respect to the sports stores, we are focusing only on north of sports stores, because in north we are already very high. And there are some markets when you get smaller size stores and everything and that sports format works out perfectly well. But when we are entering the western east India markets, we are focusing on a model wherein we can showcase a better range and a bigger and with a bigger width. That's our strategy.

Ishank Bansal:

So, we will expand RedTape sports stores in north area, we are expecting?

Arvind Verma:

Yes, yes, yes.

Ishank Bansal:

Okay. And what is the criteria of kids segment, women's segment and men's segment, which were catered the most?

Arvind Verma:

Women's, we have already seen an uptick last year, women's business in online was close to 12%. But this year, it was almost 17%-18% right now. Women's share for especially for footwear is growing. We are working -- already working very strongly on the women's apparel category also. Kids business in the retail stores is very good. Kids in online is not very good. We don't, we try and not sell kids footwear in online because of the return issues and the sizing issues. But kids business in our retail stores is growing.

Ishank Bansal:

So, in the terms of unit economics, we can expect in percentage how much men, women and kids?

Arvind Verma:

So, men, women and kids would be with respect to retail in footwear. Supposedly, if you say footwear, 79% of footwear sales in our retail stores of men, 17% is contributed through women and 4% through kids.

Ishank Bansal:

Okay.

Arvind Verma:

This number will change. Our women and kids is improving.

Ishank Bansal:

Okay. So, in next two, three years, how much growth we can expect in the terms of revenue and the bottom line?

Arvind Verma:

For every year, it will be very impressive to say the least because we are targeting 20% year-on-year. So, let's say, let's hope for the best.

Ishank Bansal:

Okay. Thank you. That's all from me.

Arvind Verma:

Thank you.

Moderator:

The next question comes from Devanshu Bansal with Emkay Global. Please go ahead.

Devanshu Bansal: Yes, sir. Thanks for the opportunity. Sir, generally, if we see from footwear perspective, the entire space is sharing a very pessimistic kind of an outlook, I'm referring to all the state companies. Now, GST reduction has happened. Now, trends are expected to improve. But overall, if we see over the last couple of years, the trends have been very muted. But encouragingly, your company's performance has been relatively better.

Firstly, I wanted to understand your products are always available at 70%, 80% discount, like you said. Firstly, what is the strategy here? Is there any global model which we are trying to replicate in India? Yes. So, that's the first question. I will come back for the follow-up.

Arvind Verma: So, we are not following any global model. We are creating our own. Indian consumer loves discounts and we are giving them that. So, just I -- previously as I said, 70% off for us is the MRP. For consumers, they are getting good deals.

Devanshu Bansal: Sir, don't you think this in a way also impacts your brand positioning? Because consumers may always be in a doubt whether they are purchasing at the right price or not. So, anything on those, do you feel this can impact the brand positioning?

Arvind Verma: Sir, not really. We do not think that because we are already following this strategy for the last five odd years. In fact, our numbers every year and the store counts and everything is there for everybody to see.

I think in India, just I said earlier, Indian consumers love discounts. And they are getting -- see, it's not only about discounts, it's about the products we are selling. Our product is comparable to the best in the world. So, if we're getting a good price at 70% off, a good price with respect to a good product and good styling, good design, I think that is what is working for us and that is where we are focusing also.

Devanshu Bansal: Understood. Sir, likewise in the sneakers category, again, you've done a very good job. But there are other players also now who are talking about 100% plus sort of growth in this category. And they have been investing in facilities for uppers also, which they sort of are indicating that it is the best possible in the world. So, do you think this can sort of impact our growth or maybe what's your plan to compete with such an offering once it comes into the market?

And a light question to this is now, earlier we were a major player in the value sneakers category and we were following this model. Now, that if the other players sort of come up with lower MRPs as such, do you think that customers can sort of move towards the other bank? So, yes.

Arvind Verma: So -- okay, I'll answer the second part first. Value we offer is at the price which we are selling the product is incomparable to anybody. Secondly, all the new players which are coming in, please understand that they do not have -- we are primarily a footwear company. We know how footwear works. We know how footwear is manufactured. We know how backend integration works.

The raw materials that we use for our outsole, everybody else uses EVA, we use ETPU. Our Dial Lace-up shoe, for example, we were the first to introduce our Dial Lace-up footwear in

India. We have premium PU-molded footbed. Please understand the technicalities for producing footwear is not easy. And we have an experience of almost 30 to 40 years of producing footwear.

And now through our contract manufacturing arrangements across the world, we know how to bring in the best quality at the best price. So, we do not fear any new entrants. In fact, they need to look up to us and follow us.

Devanshu Bansal:

Okay. Fair enough. Sir, but these players are also sort of having a very good historical lineage, right? So, they are not new entrants, they were also in the footwear space. So, Yes -- but I get your point. Can you just help me understand what are your key product differentiating factors? You did mention that I couldn't catch up based on your soles, uppers. So, what are the key differentiating factors for your products?

Arvind Verma:

See, it is with respect to -- First of all, it is with respect to the designing. If you see our designing, we introduce almost 15 new styles every month in our retail stores, which is a number I think nobody in India can match as of today.

Post that, the various other factors are, we do not -- we try and not use EVA soles very much. We in fact do our ETPU, which is a much better composition of the sole. It gives you more comfort. It is very comfortable.

Like we said, we use premium PU-molded footbed, we do not use a normal footbed. I think the wide range, the wide variety, which we do with respect to sneakers, athleisure, running, and walking shoes, I think that is our strength and that is what the customer is coming for at our stores.

And hence, the repeat customer, like I said earlier, of footwear, we have seen almost every 60 days a customer is coming back to our stores to buy new. I think that is also helped. With respect to apparel also, in the current new range of autumn/winter, there is a Heat Tech which we have introduced. I think we will be the second brand in India to launch Heat Tech. And it is a very good product at a very good price.

So, everybody -- everything which we do today, because of the volume -- sheer volumes which we have, our negotiation power from the factory to produce -- get the good price from the factory is very high.

To give you some head-on numbers, currently, if there is one style, one color which I have to produce of a footwear, we do not order it less than 15,000 pairs, one single color. I think that strength in itself gives us a good power to negotiate on and get the best price.

Devanshu Bansal:

Sir, just a small follow-up. When you say that you are following a shorter maybe -- the design cycle, on a weekly basis, sort of, servicing 50 new styles, so this minimum order quantity still remains so high? As in -- is your sale-through so high?

Arvind Verma: Yes, it still remains so high because we -- please understand, we are not in the repeat business. Nothing is repeated in our stores. So, when -- if there is a style which comes in, it has to go out. It cannot stay there forever. We are not in the repeat business model.

And secondly, with 500 plus stores now and seven online warehouses, where our -- because if you go to Flipkart or Myntra and Tata or AJIO anything, we are currently in the top three brands of footwear selling in their own. So, you can gauge that the volume and the number which we have and the strength we have. This number which I told you of 10,000, 15,000, 20,000 per color is not big.

Devanshu Bansal: Understood, sir. Thanks for taking my questions. All the best to the team. Thank you, sir.

Arvind Verma: Thank you so much.

Moderator: The next question comes from Vineet Jain with Siddh Capital. Please go ahead.

Vineet Jain: Yes, hi. Thank you for the opportunity. I have one basic clarification because I have been following the company for very recently. So, what do you mean by online stores and offline stores?

Arvind Verma: So, with respect to online stores and offline stores, this is a concept, a unique concept which we brought in around five, six years back, wherein -- because there is an onslaught of online, if you can recall, almost five, six years back, everybody -- every consumer which went in the retail store would compare the price with an online portal, whether it be at Amazon, Flipkart or Myntra. They would compare what is the price here, what is the price there.

So, we thought of a unique idea wherein we said we will name our stores as Red Tape Online Store wherein you can match the prices with online. So, you do not have to worry that the product -- same product which you are seeing in the store is priced at a different price point in the online arena. So, that confidence which we gave to our consumers, it still remains intact.

If the product is same across the online and the retail stores, the pricing would be same. Offline are basically smaller stores which are less than 1,000 Sq. Ft. The online stores are to the tune of 2,500 Sq. Ft. to almost 8,000 Sq. Ft. And it carries the complete range.

Vineet Jain: Okay. That's very much a good clarification. So, can you now please elaborate on the strategy on your store openings? I see that 80% of your stores are in the Tier 2 and Tier 3 cities and also can you show some clarity, what kind of stores are you looking to open in the near future and what will be the kind of count you see in two, three years?

Arvind Verma: So, if you see for the past four, five years, every year we are opening 80 to 100 stores. That is I think that we will follow that for a couple of years more because we see a lot of opportunity in the South and West and East India and our strategy would largely remain the same of opening 80, 100 stores per year and increasing our store count. Prices of the store may vary according to the region whether we are entering a Tier 2 market or a Tier 3 market or a metro market, that strategy would remain, we will be grounded to the location where we are.

Vinith Jain: So, one question on the manufacturing. How much is in-house and do we still source anything from Mirza Tannery?

Arvind Verma: 5% of the footwear is from our own factory. From Mirza, yes we take but the volume is not very big because they are primarily leather shoe manufacturers. Leather shoe share in our stores as of now is very low. We are trying to increase because of the current winter and marriage season, it will slightly grow but the buying from Mirza Tannery is very slow.

Vinith Jain: So, coming to the brand strategy, you have already spoken -- you have given your views. Why do you want to continue as a discounted brand? But for the past couple of decades, if you see RedTape positioned -- it has always positioned itself as a premium brand. And -- now, you want to position yourself as a discounted brand, but this will also restrict you from getting into large store formats in the heart of metros.

And -- so how -- what is the planning behind this or do you in the near future plan to come up with something which is more brand conscious and doesn't position yourself as a discounted brand? Discounted brand, it always is looked after as a cheaper brand. So, your views again please on this?

Arvind Verma: So, I agree to your point wherein we were always marked as a premium brand when we were primarily into the trading and distribution business. But please also understand that during that period, there was no big growth coming into our brand. Only when we moved away from the large format stores and the distribution model, we saw that there are consumers who wanted our products and they trusted our brand.

And this also helped us bringing in our apparel range and other categories and everything. Currently, if you see our business model, we are primarily focusing on exclusive retail showrooms and our online business, which is also done through our own marketplace warehouses. We have seven warehouses in India. We do not currently do any trading business. We do not currently do any distribution business. We are not there in the large format stores.

We had come out of it almost five years back and we do not intend to go back there because they restrict our sales. They restrict our numbers because that's only so much you can do in their stores. So, within our own stores, that's been our strength because whatever new category we have got into, our consumers have lapped it up, whether it is apparel, whether it is women's footwear, whether it is good kids' footwear, whether it is sunglasses, hard luggage, UGs, everything which we have done, our consumers have lapped it up.

So, we want to stay that way. With respect to the other part of the question, which is related to our premium brand and our discounted brand, please understand that's a myth. That's purely a myth today. Earlier, if you had asked this question 10 years back, I would have said, yes, it definitely will make an impact. But for today's times, it has become a myth.

With the GenZ coming in and the new consumers coming in, discounted, non-discounted, they are looking for a good product at a good price. Every brand per se, I do not wish to name any brand, but every brand per se is selling on discount online and the discounts are very deep. So,

you can get a certain big brand jeans, which is a jeans brand, you can get their product at below INR1,000 online.

And if you go to the store, nothing is priced below INR4,000. So, that is not the place we want to be. We do not, you know, that's creating a lot of confusion. We want our customers to compare our products and get it at the best possible price. I don't think a discounted brand or a premium brand, everybody has made -- has their space in the market now.

And it does not matter whether you're giving a discount or you're charging a full price or you're charging a premium on it. It is what works for you best, what works for the company's DNA best. It is how the market is going to accept you. The primary thing is the product at a good price, and that is working good for us.

Vinith Jain: Okay. Sir again, just on the store opening. You are saying that, will you be continue to -- will you continue to focus on Tier 2 and Tier 3 cities and like 80% you're right now there. So, you will keep that ratio or the ratio is going to change?

Arvind Verma: The ratio should more or less remain the same. But when we're getting into bigger markets, for example, now we are focusing on Maharashtra as well. So, there'll be a lot of stores in Mumbai, which you'll see coming up in the next one, one and a half year. So, yes -- but we'll be definitely interested in going to Tier 2, Tier 3 cities also of these states, whether it is Karnataka or whether it is West Bengal or Bihar or Maharashtra. So, I think the mix should remain the same.

Vinith Jain: Okay. Thank you very much.

Arvind Verma: Thank you.

Moderator: Thank you. The next question is a follow-up question. It's from the line of Shivam Singh an Individual Investor. Please go ahead.

Shivam Singh: Am I audible?

Arvind Verma: Yes.

Shivam Singh: Sir, there was an income tax raid from September 11th to 16th. Was there any observation penalty or any follow-up steps that we need to know about?

Arvind Verma: No, sir. So, we're glad to share that there's been no penalty, no adverse remark on our company and it's an ongoing process. We are cooperating fully with them and there's no adverse remark and there's no penalty.

Shivam Singh: Was it in a store or was it in a warehouse or what was it on?

Arvind Verma: Sir, it was in our offices, registered office. It was in all our warehouses, almost all the warehouses and a couple of stores.

- Shivam Singh:** Okay, sir. And sir, given Zudio and Yousta have scaled in apparels and they're moving into footwear. Sir don't you think...
- Moderator:** Sorry to interrupt, Mr. Shivam. We are unable to hear you. Could you speak through your handset, please?
- Shivam Singh:** Yes. Sir, am I audible now?
- Moderator:** Yes.
- Shivam Singh:** Yes. Sir, given Zudio and Yousta are scaling up now and their apparel business is growing really well. They're getting into footwear. Is there a competition risk? We are ignoring, maybe?
- Arvind Verma:** See, this is a phenomenon which comes after every couple of years. I've been in this organization for almost 26 years now. I've crossed 26 years in this organization. Every couple of years, every three, four years, we see somebody making a mark. Like when Zara came, everybody said, Zara will do this and that and to the retail industry. But everybody finds a way to survive and every brand has their own DNA, their own strength.
- Zudio is doing well and we wish them well, but we are focused on our brand, and we have not seen as such any issue with respect to if there's a Zudio in the market and there's a RedTape store in the market, we are not seeing any drastic drop downs in our volumes or sales. So, it is good. The market is open. We are a large country. We are a huge country and there's a lot of space still for many more brands to come in.
- Shivam Singh:** Okay, sir. And sir, given we have expanded in a cluttered manner, because of our centralized manufacturing and our transportation, will we be doing it going ahead as well or will we be scattering our expansion now?
- Arvind Verma:** We will be scattering our expansion. With respect to warehouses also, if you see, we have warehouses all over India. We have a warehouse in Hyderabad. We have a warehouse in Howrah. We have a warehouse in Bhiwandi and more recently, we have opened in Ludhiana as well.
- So, that way, we have been always -- and in the past, if you go through the RedTape history in the past also. So, when we were doing all the large format business and the distribution business, we were primarily present in almost all across the country. So, that's not a big challenge for us. And logistics in this country is improving day-by-day. So, that's not a challenge. Okay, sir.
- Shivam Singh:** Okay, sir. And sir, how many outlets or stores of ours is profitable and how long does it take to breakeven?
- Arvind Verma:** Generally, 12 to -- I would say 12 to 34 months is when a store becomes profitable. The first part of your question was, is every store profitable? That cannot be. There are some challenges. There are market shifts. There are some challenges wherein the market shifts. In a Tier 2 City,

for example, the market shifts outside and suddenly there are clusters stores, which have gone outside the market, and that becomes a new market.

So, all of that is retail shifts to customer shift. So, you have to be there and you have to shift our stores and everything. I will not -- I do not have a number as of now which stores are -- how many stores are profitable and not, but that's a constant factor in a retail business. Some stores close and some stores shift and some stores reopen and all of that.

Shivam Singh: Okay, sir. Thank you, sir.

Arvind Verma: Thank you.

Moderator: The next question comes from the line of Pankaj Agrawal, an Individual Investor. Please go ahead.

Pankaj Agarwal: Hi. Good morning. My first question is on how effective is your -- strategy into Tier 2 and Tier 3 cities and our success rate in e-commerce? What is our revenue contribution and margin contribution in both online and offline stores growth in both channels?

Arvind Verma: So, 70% of our business comes from our retail stores. 30% is coming from our marketplace stores. The contribution from online is growing year-on-year. It is also growing year-on-year, and because -- the range is sometime -- because of the business module, sometimes you have to produce a little lower side pricing for e-commerce portal that we do.

So, the ranges are sometimes different from what you find in the store and what you find on the online business. But currently, the business is stacked at 30%. 70% comes from retail. This mix may slightly shift. It may go to, I think, 65%-35% in the coming year, next year. I think that's how the mix should change.

Pankaj Agarwal: Okay. And margin contribution in both the channels?

Arvind Verma: Margin contribution almost -- in fact, for online, it is a little low on the lower side, but that's the nature of the business. I think, but it does not -- our business is built in a way that we leverage it out and it's always a good margin.

Pankaj Agarwal: Okay. Because that feedback is slightly different from how different e-commerce companies, including in food, etcetera, where e-commerce margin is much more compared to the store margin?

Arvind Verma: No, sir. Not in our case. To be honest, not in our case.

Pankaj Agarwal: Okay. My second question is on company's long-term capital allocation plans, if any, and dividend policy and sustainability of dividend policy?

Arvind Verma: Can you repeat the question, please?

- Pankaj Agarwal:** What is the company's long-term capital allocation plans, if there is any? And what is the company's dividend policy as a percentage of profit, etcetera, or sustainability of the dividend policy in long-term? Am I audible?
- Vivek Agnihotri:** Dividend policy -- Yes, Yes. As far as capital allocation is concerned, let me tell you that the capital now - as far as debt position is concerned, we are now at a very comfortable position. So, we have a good sustainable debt position in the near-terms. So, capital allocation along with equity will remain at the sustainable level. So, that will not be an issue in the coming second, third or fourth quarters. As far as dividend policy...
- Pankaj Agarwal:** I think that is comforting.
- Vivek Agnihotri:** Yes. It is already uploaded on the website, dividend policy, and giving dividend is a Board decision, actually. We've already given -- and interim dividends also, very recently.
- Pankaj Agarwal:** Yes, Yes. How sustainable do you think it is? Because it was more or less first time...
- Vivek Agnihotri:** Can you repeat the question? Because it's...
- Pankaj Agarwal:** My question is on this sustainability of the dividend policy. Are we going to sustain this dividend disbursement every year, or is it one-off? Or how do we -- to this?
- Vivek Agnihotri:** It's purely a management decision. Management decision, if we see any further -- basically, it's being a UPSI information. It's can't be shared, but it's purely a management decision. If something we will decide, the shareholders will get to know well within time. Okay?
- Pankaj Agarwal:** Okay. And my next question is on...
- Moderator:** Pankaj sir, could you please -- speak?
- Pankaj Agarwal:** Hello. Better now?
- Moderator:** Yes, sir. Please go ahead.
- Pankaj Agarwal:** Yes, Yes. My next question is on industry-specific. This quarter, we have seen different industries performing in a different level. For example, larger industries giving muted performance, smaller companies giving better growth. So, is our growth, is it in line with industry, or is it to be read as seasonality or channel sales?
- Arvind Verma:** Sir, although we have not compared, but we would like to be better than the industry. We would like to perform better than the industry.
- Pankaj Agarwal:** Sure. Thanks a lot, sir.
- Arvind Verma:** Yes.
- Moderator:** Thank you. The next question comes from the line of Sanjay Munjal, an Individual Investor. Please go ahead.

Sanjay Munjal: Yes. I have a follow-up question. Am I audible? Hello?

Moderator: Yes, sir. You are audible. Please go ahead.

Sanjay Munjal: Okay, okay, okay. I have one question on our retail footprint. We have 510 stores, approximately. So, how many stores are under the COCO and FOFO model, or all the stores are company-owned and company-operated?

Arvind Verma: So, out of the 500-odd stores which we have, almost 160 are managed by the company, and 350 stores -- approx 350 stores are managed by the franchises. But you also need to understand that in our franchise stores, the billing to the consumer is from the company's name. So, ideally, the GST registration is of the company. The stocks which are there at the franchise store, is also of the company, and the billing to the consumer is from the company.

Sanjay Munjal: Okay. And how much is the profit share with the franchise on the franchise-operated stores?

Arvind Verma: Our franchises get a fixed margin of 25%.

Sanjay Munjal: Okay, okay, okay. And one last question -- one last question. We have 30% revenue from the e-commerce. Can you please quantify the number? How much are we getting from our own website as compared to other marketplaces? Like, how much revenue are we getting from our own, RedTape, website?

Arvind Verma: From the online business, if you see only -- if I compare only the online business, our website sales are currently at 5%, which is -- we are not very happy with that. So, our target is to take it to 20%, and we already have a team in place now, and we are going to focus with respect to digital marketing and other activities, influencer marketing and everything, to bring in more traffic to our website. The target which we have given to our team is, we would like to grow it to 20% by the end of next year.

Sanjay Munjal: 20% of the 30% e-commerce revenue?

Arvind Verma: No, no, completely of the online business. So, if the online business is 100%, currently we are doing only 5% from our website. We want to...

Sanjay Munjal: Okay, okay. Okay, okay. I got it, got it. Thank you. That's it from my side. Thank you.

Moderator: Thank you. The next question comes from the line of Jay Laddha with JL Capital. Please go ahead.

Jay Laddha: Yes. Hello. Good afternoon, sir. Hello. Am I audible?

Arvind Verma: Yes.

Jay Laddha: Yes. Good afternoon, sir. Sir, the brand RedTape is very common among GenZs. So, is it like we are making this footprint only, and what is our planning for expansion in the future? What

we are going to do so that our profitability makes to the number of 20-percentage or more than 25 percentage?

Arvind Verma: So, I think you answered your question yourself. If we are being seen as a very common brand among the GenZ, I think we have done something right. To be a younger brand is always of an advantage. We do not want to be seen as an older brand, for example, and for the older people.

So, if the brand is remaining young and in the eyesight of the GenZ and the GenZ is accepting our brand, I think this is a win-win for us, because ultimately, they are the ones who are going to shop more and buy more and everything. We want to -- at all points, we want to remain young and appealing to them.

Jay Laddha: Yes, I also sent a deal of advertisement for RedTape also. Please, you can see it and reply it.

Arvind Verma: Sorry, I didn't get this.

Jay Laddha: I sent you a mail of RedTape, I mean, shoes deal. I sent it in your mail. Can you see it and respond to it?

Arvind Verma: Sure, we will do it.

Jay Laddha: Okay. Thanks for the opportunity.

Arvind Verma: Thank you.

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

Arvind Verma: Yes. Thank you. I am Arvind, and it was really pleasure speaking to you all. We at RedTape are very optimistic and very, very confident that the upcoming quarters of Q3 and Q4 will be very good to us. And we would like to reconnect with you all in the coming future with hopefully better numbers and better figures. Thank you to everybody who attended this call, and wish you a good day.

Moderator: Thank you. On behalf of Nuvama Wealth, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.