

Investor Presentation

September 2021



Iris Clothings Limited



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About the Company



Company Overview



We are a **fast-growing kids apparel company** that is engaged in **designing, manufacturing, branding and selling garments**. Our sustained pursuit of design and innovation has made us a **preferred fashionable kids' brand**.

Presence in Ecommerce platforms

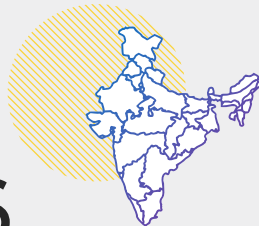


We have been growing our presence online by increasing e-commerce listings.



1

Brand



26

States
of presence



9

Units
Manufacturing (7)
Dispatch (2)



114

Distributors



22500

Pieces
manufactured/day



1400+

Employees

Product Portfolio

Iris' brand DOREME offers a wide range of apparels for infants, toddlers, and junior boys and girls that suit both their indoor and outdoor requirements.



DOREME

- Tops
- T-Shirt
- Trousers
- Shorts
- Dresses
- Loungewear
- Accessories
- Sweatshirts
- Hoodies
- Polyfil suits
- Padded suits
- Nightwear

Currently

- Established DOREME as a reputable and trusted brand.
- Has solidified its position in the kids segment mainly through its top-notch quality and design.

Future Outlook

- Iris aims to sharpen its existing product mix under the brand DOREME to meet the rising demand for their products
- Intends to launch a dedicated infant wear vertical with a broad range of products
- Foraying into the kids' undergarments space
- Expanding its product offerings to provide greater choice to customers. In line with this intent, we are further amplifying our acumen beyond kids wear, to craft products for men and women under the brand Oxegen.

History



Commenced business as a proprietorship firm
'M/s Iris Clothings'

2004

2005

DOREME

Launched DOREME brand
for Kids Wear



Acquired proprietorship firm
"M/S IRIS CLOTHINGS" including
its brand name DOREME

2011

2012

Incorporation of IRIS
CLOTHINGS PVT LTD as a
private limited concern.



Acquired land at Pachla,
Howrah, West Bengal – a major
step towards increasing
manufacturing capabilities.

2016

Started sale of products
through online e-commerce
channels such as 'FirstCry'



Crossed the
₹50 crores
turnover milestone

2018



Listed as an SME
under NSE

Investor Presentation

September 2021

Market Opportunity

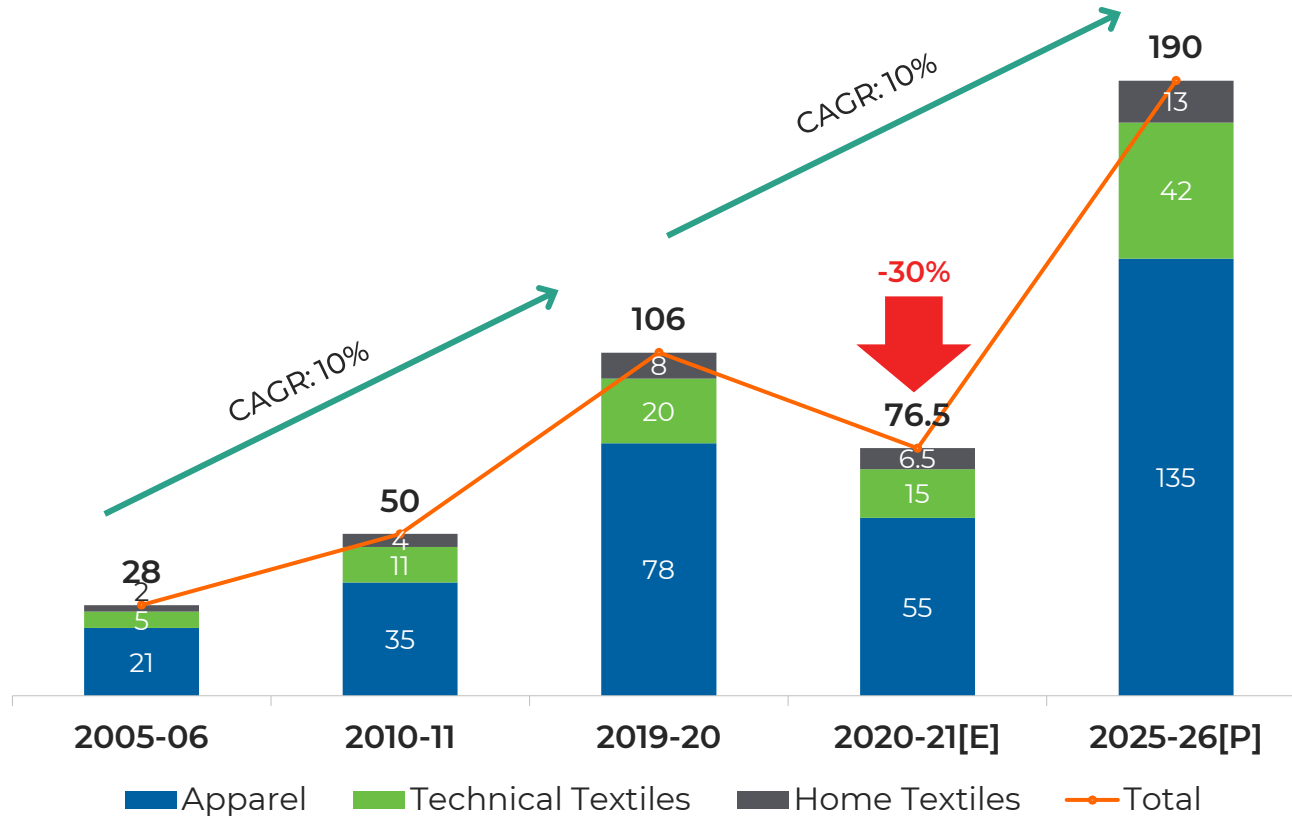


Iris Clothings Limited



Indian Textile & Apparel Industry

India's Domestic Textile and Apparel Market Size (US\$ in Bn)



Source: DGCI&S and Wazir Analysis



India is the **second-largest producer** of textiles and garments in the world



Contributes **2.3%** to the country's GDP



Employs **45 million** workers in the textile sector



Apparel constitutes **~73%** share of the Indian T&A market

Despite a 30% drop in 2020-21, the market is expected to recover and grow at 10% CAGR till 2025-26

Kids Wear - the Fastest to Recover

Kids wear is expected to grow at a CAGR of 8.76% between 2021-2026



Party, Evening & Occasion Wear



Formal Wear



Denim



Ethnic wear



Kids wear



Casual wear



Inner wear



Loungewear



~365 million Indians are below the age of 15 years. Hence, a large customer base



Kids wear registered a 200% growth despite a 4% drop in overall online fashion order volumes in FY2021



Significantly High replacement cycle within children's clothing as kids outgrow their clothes faster

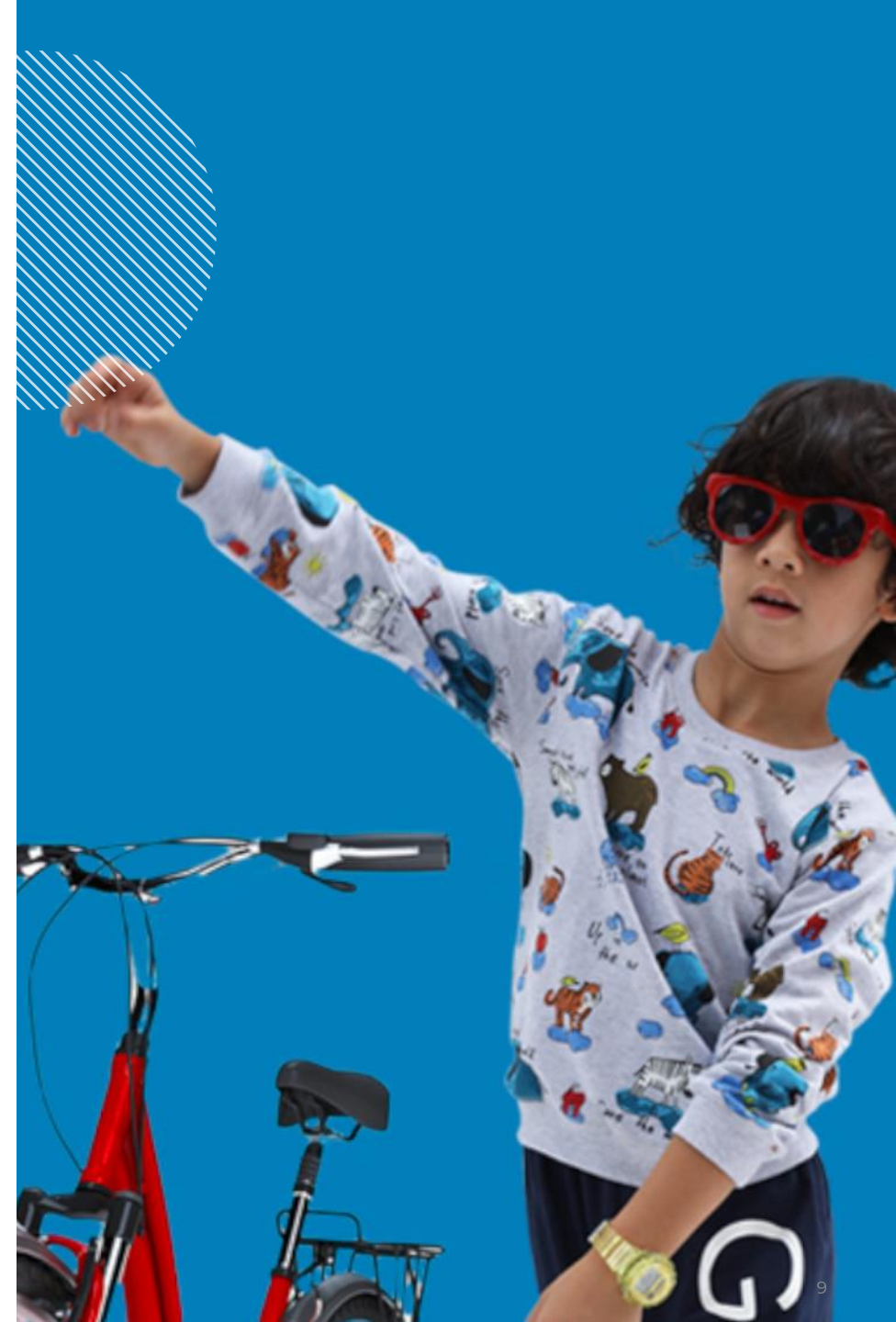


Increasing personal disposable income and **growing** working population are key growth drivers

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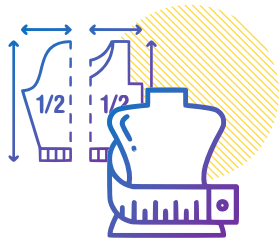
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Our Value System



Integrated Operations

Iris has a complete in-house integrated infrastructure right from design conceptualisation to manufacturing to branding and selling of finished goods to wholesaler.



Conceptualization of
Design & Development

1

Raw Material
Procurement

2

Manufacturing &
Branding⁺

3

Sold to
Wholesalers

4

Therefore, a manufacturing infrastructure that is strongly backward integrated enables us to have better control over quality and be cost-efficient.

⁺Cutting, Printing & Embroidery, Stitching, Mending & Checking, Ironing and Box Packaging

Manufacturing Prowess

Manufacturing excellence has been one of our biggest strengths.

Moreover, our state-of-the-art facilities help us increase our capabilities multifold, achieve economies of scale and provide locational synergies.



**Foreshore Road,
Howrah**

- Has 4 units for stitching and finishing with fully automated stitching machines from Japan and from a renowned indigenous brand
- 1 unit for dispatch



**Pachla,
Howrah**

- Set up its first fully modernized stitching and finishing unit with online processes
- Locational advantage in terms of skilled labour and raw material availability



**Uluberia,
Howrah**

- Consolidates all the manufacturing activities in a single location
- Installed fully automated cutting machinery from Italy and printing machinery from US and Poland
- Fully modernized stitching and finishing unit with online processes



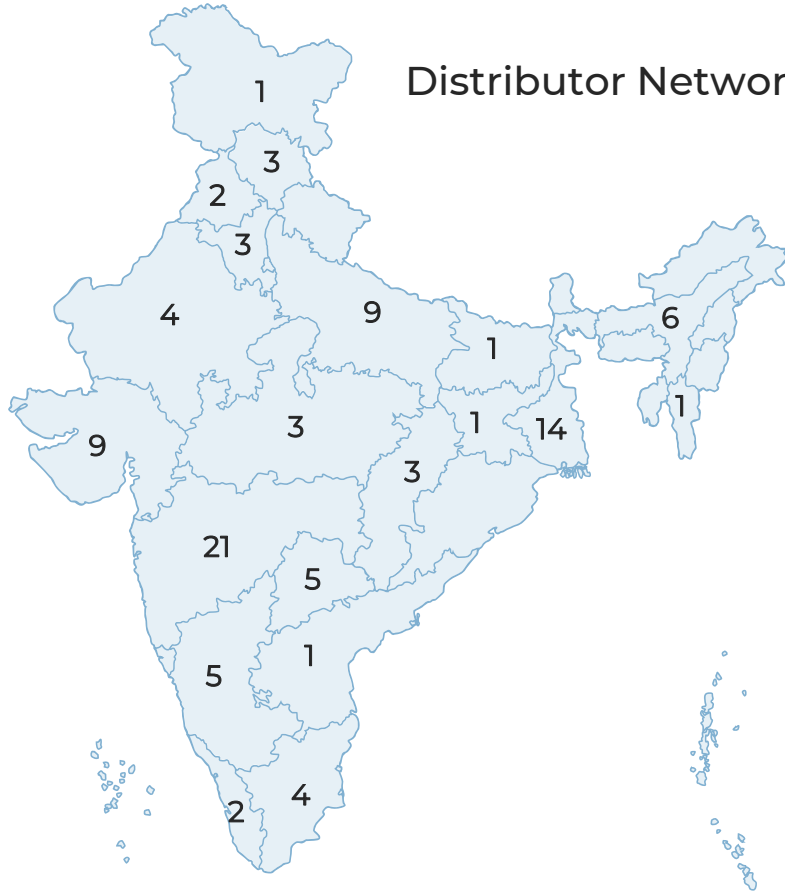
**Srijan Industrial Park,
Bombay Road**

- Set up its third fully modernized stitching & finishing unit with online processes
- 1 unit for dispatch

15x manufacturing capacity growth in **16 years**

Wide Network

Distributor Network



% Contribution to Revenue



Business Update

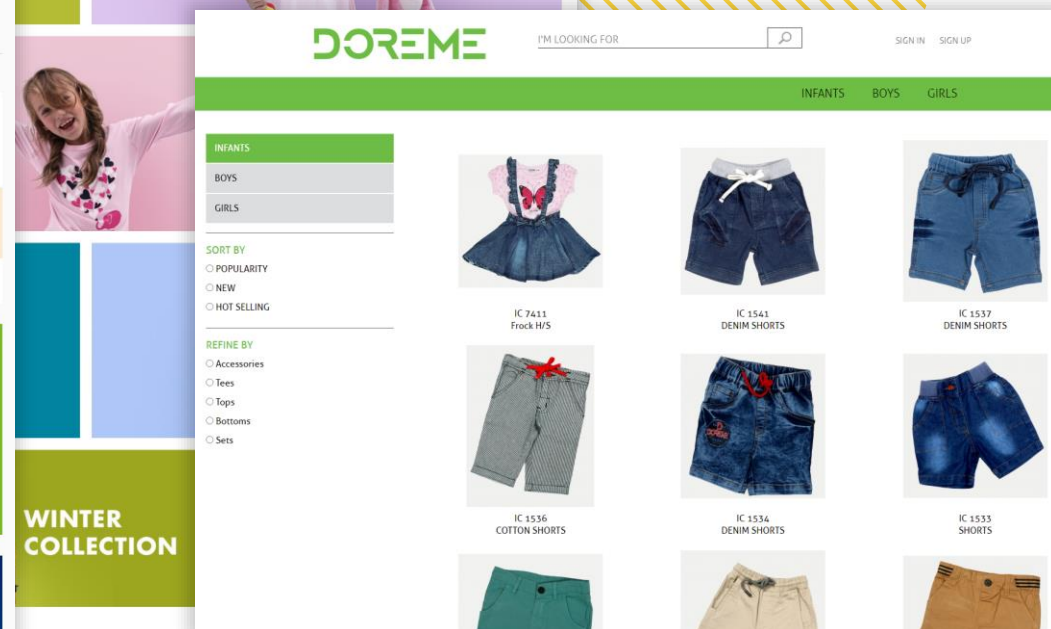
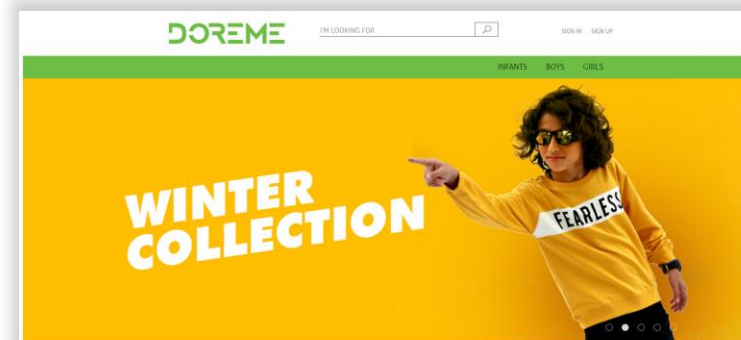
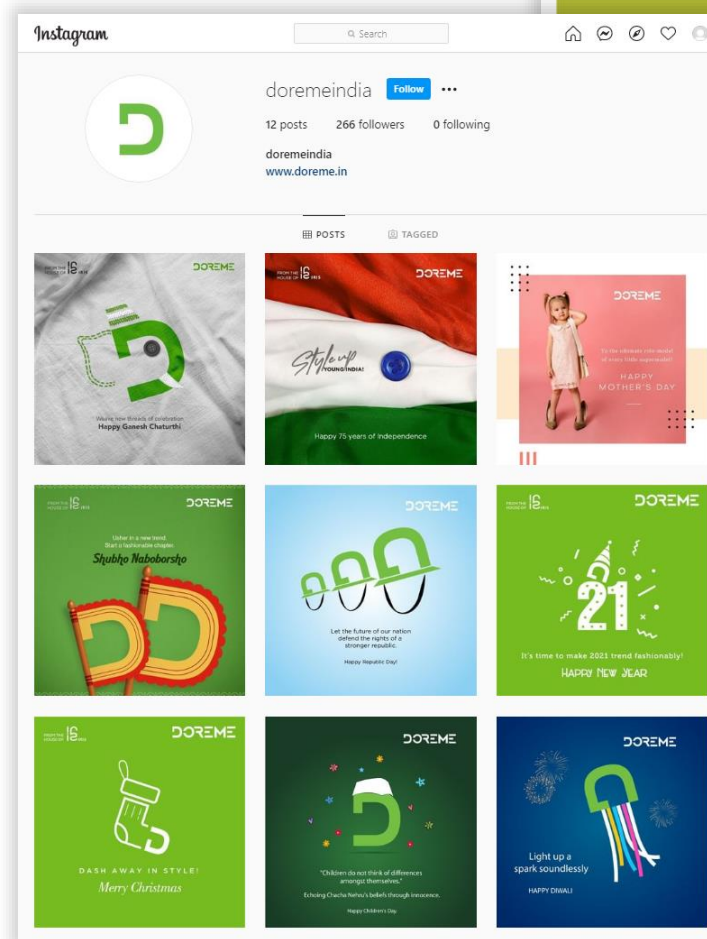
- Iris has 114 distributors
- Has an online presence across various fast-growing e-commerce channels like FirstCry, Hopscotch among others.
- Continuously expanding the distribution network to increase brand visibility
- Commenced exports to Africa under DOREME
- To boost our product reach we have been focusing on expanding our presence in Tier II & III cities

Future Outlook

- Developing an ecommerce portal on our website
- Plans to add distributors in newer geographies especially in South India, to deepen market penetration and expand reach to markets with higher potential demand.
- Planned an extensive channel partner loyalty and engagement programme to drive their stickiness and boost morale.

Enhancing Brand Visibility

- Iris plans to enhance its digital marketing and branding initiatives to better mirror the customers' fast-changing needs.
- The Company plans to undertake activities to enhance its brand recall and customer connect on social media channels. This would eventually drive traffic to its exclusive online store.



Relationship with Suppliers



Strong and trust-based relationships is of paramount importance since we source fabrics and other accessories for garment manufacturing from leading domestic suppliers. This facilitates effective inventory management, continuous supply of quality raw materials at competitive costs and on-time delivery of our products.



"I have been associated with IRIS Clothings as a distributor for the past 12 years. During this long association, I have developed a strong trust in the company due to the quality of its products and its vision. I am also very impressed by its work ethics and the level of efficiency. I wish IRIS Clothings all the very best and look forward to enjoying this good bond that we share in the future too."

ROHIT KHURANA
Khurana Clothing's Pvt. Ltd.
Jaipur



"IRIS Clothings is reliable and a professional company. It is an amazing experience to work with them."

ANKUR CHADA
Chadha Trading Co.
Ambala



"IRIS Clothings is a great company with an experienced staff and knowledge in the apparel business. They have made the most amazing and unique apparels for infants, toddlers, boys and girls."

DINESH PAREKH
Nihareeka Marketing
Guwahati

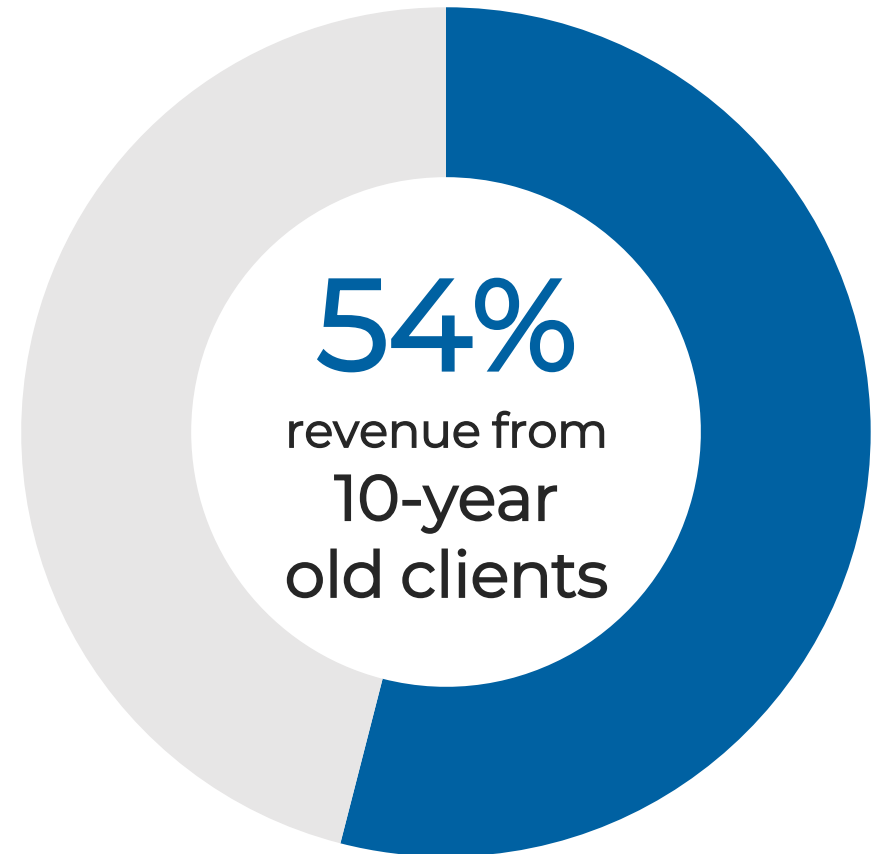
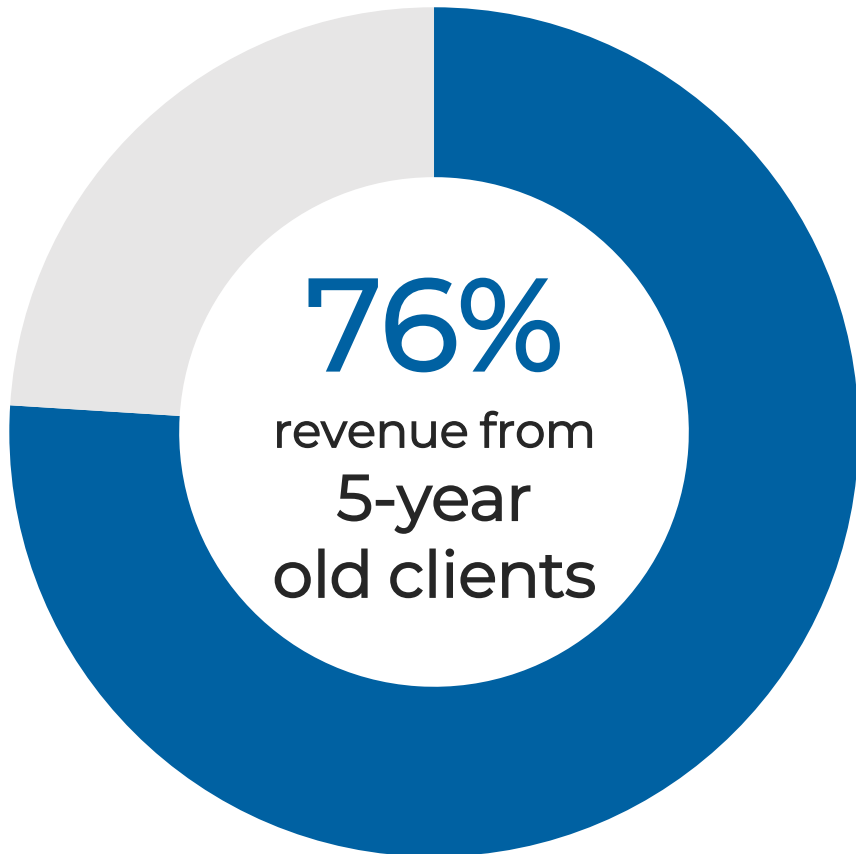


"Our association with DOREME is since its inception. We have the privilege to introduce their quality products in Maharashtra and since then our journey of growth has been phenomenal for both of us. We congratulate them and wish them many more successful years of togetherness."

HEMANT & PANKAJ PAREKH
Pamposh Marketing
Mumbai

Quality Consciousness

Iris ensures adherence to the desired standards of quality and specifications for its products and processes by undertaking adequate and stringent quality checks. This has helped the company in building strong customer trust and securing repeat business.



Sustainability

Environmental

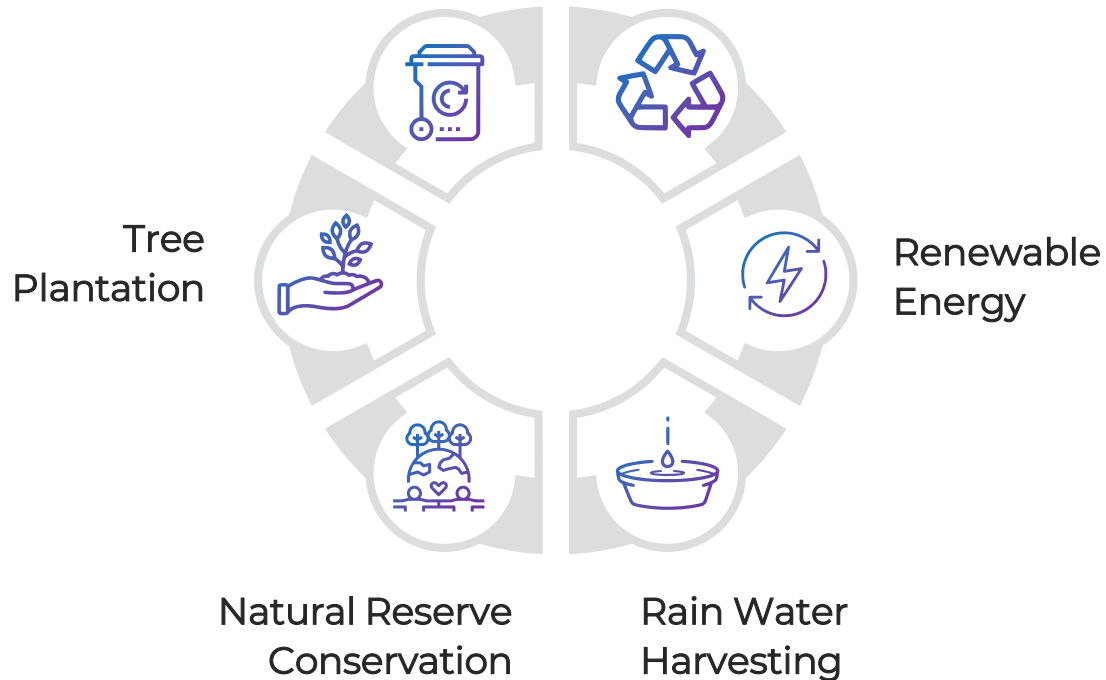
Iris follows a strict ecological policy that comprises of 6 features

Waste Reduction

Iris made an improvement in its fabric quality, which resulted in significant reduction of fabric wastage.

Recycling

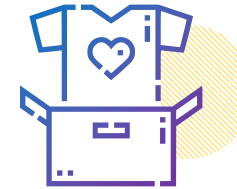
Iris uses printing materials that is eco-friendly, recyclable and devoid of lead.



Social



No Child Labour



Provided clothes to 2000+ underprivileged children

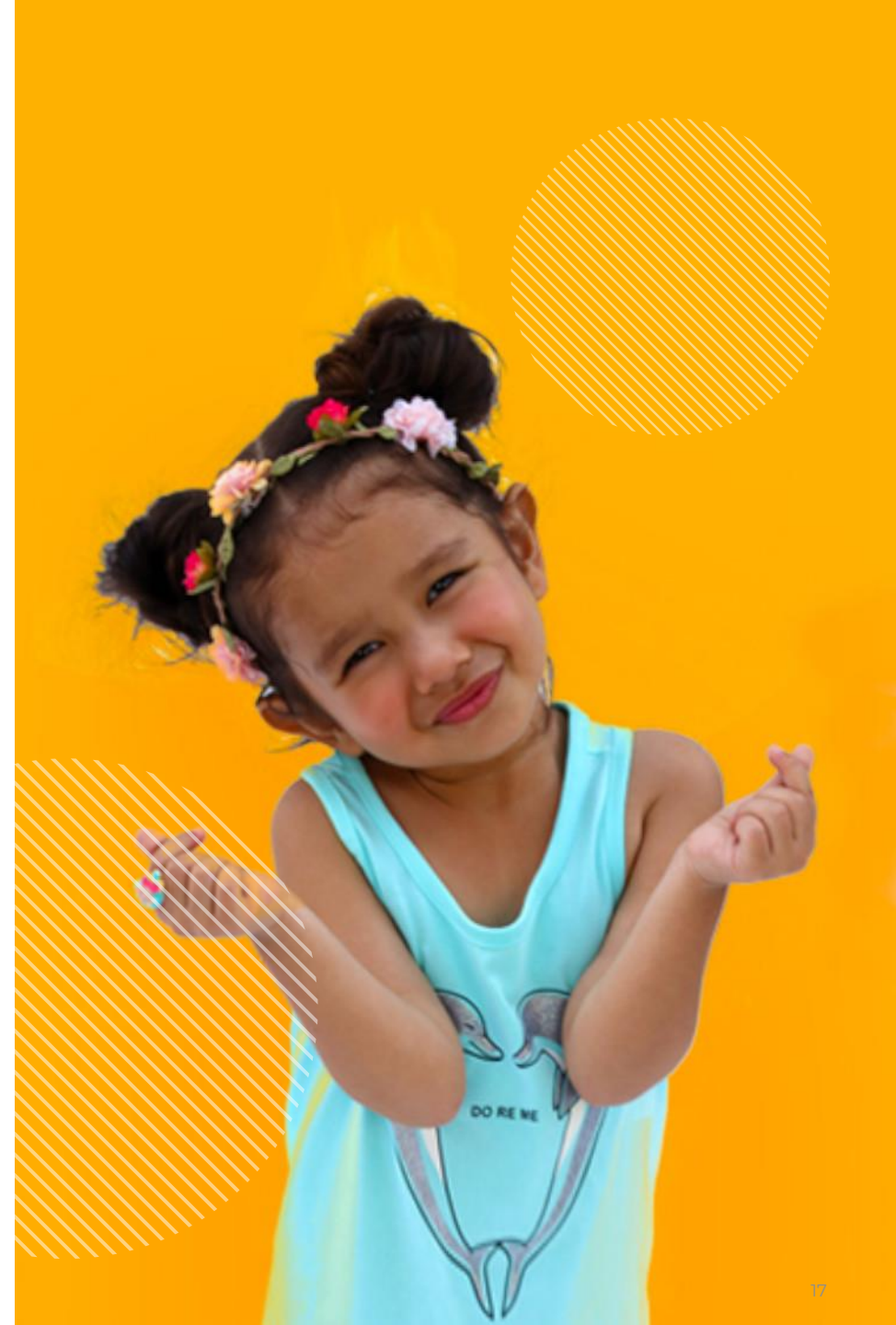


Providing sanitary pads to women workers so their working potential is not compromised

Investor Presentation

September 2021

Financials



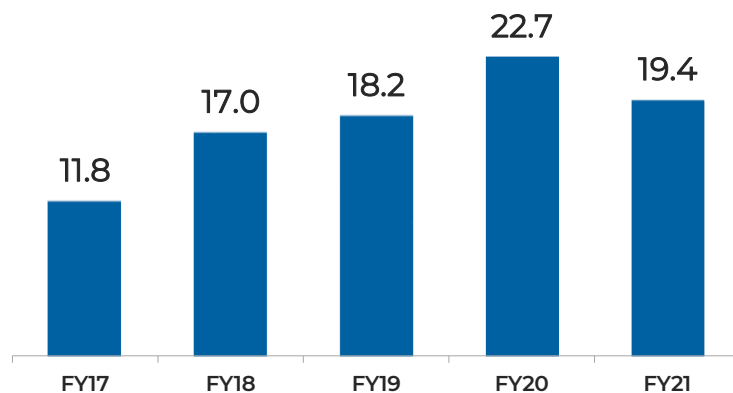
Financial Highlights

₹ in Crores

	FY17	FY18	FY19	FY20	FY21
Total Revenue	46.9	53.1	62.2	60.9	88.2
PAT	1.7	3.3	5.1	3.9	6.5
EBITDA	5.5	9.0	11.3	13.8	17.1
Net Worth	6.5	10.1	28.6	32.1	38.8
Debt	16.6	21.0	20.1	24.6	20.3

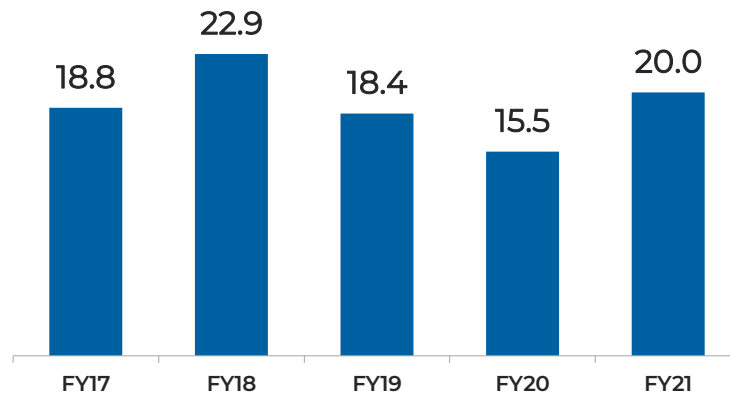
Ratio Analysis

EBITDA Margin (in %)

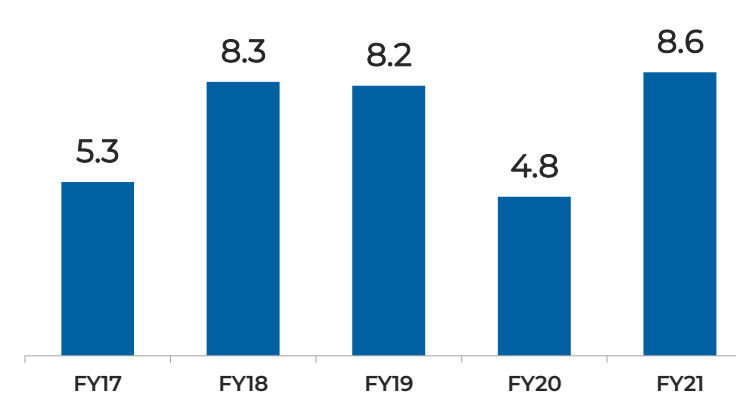


Decrease in the ratio due to significant increase in raw material costs.

Return on Capital Employed (in %)

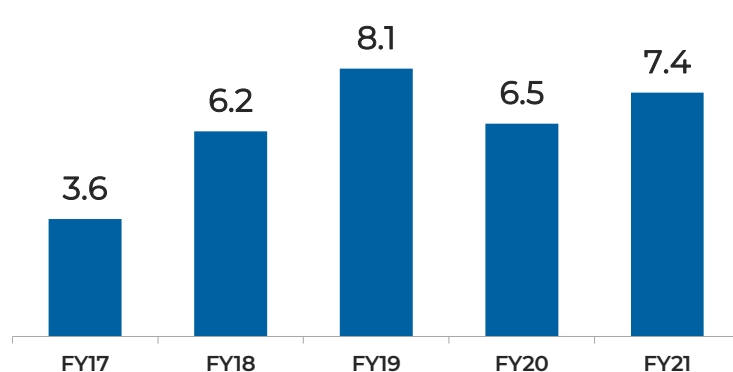


Return on Assets (in %)

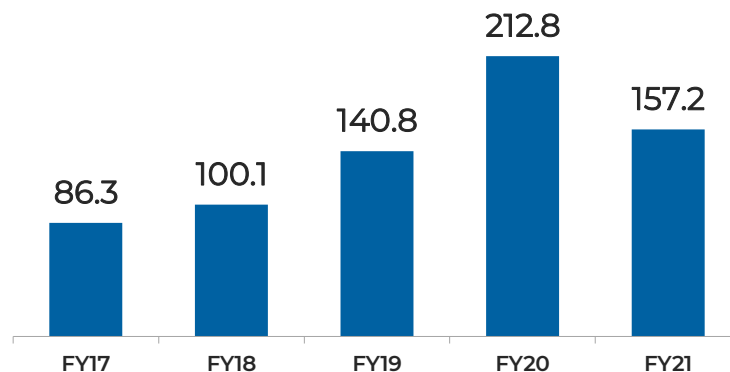


Recovery in FY21 was mainly driven by a 45% increase in revenues.

PAT Margin (in %)

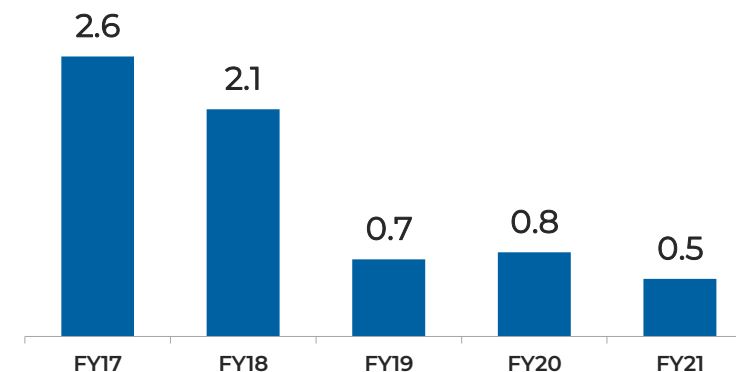


Working Capital Days (in days)



High working capital days in FY20 mainly due to high days inventory outstanding owing to unsold stock due to the pandemic.

Debt-to-Equity (in x)



Significant improvement in the ratio due to issue of fresh equity shares in FY19.

Q1FY22 Update

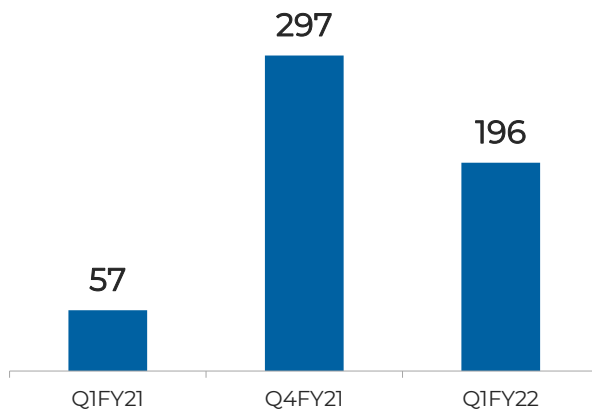
Business Update

- Revenues took a hit due to the second-wave induced lockdowns as operations ceased in Iris' largest markets in India
- Sale volumes are picking up momentum, therefore the impact is expected to not persist in the coming quarters
- Capex target for the year stands at ₹3 crores, with ₹1.2 crores already employed
- Expects the ecommerce portal to go live by the end of this financial year
- Plans to enter the kids' undergarments space by December 2021

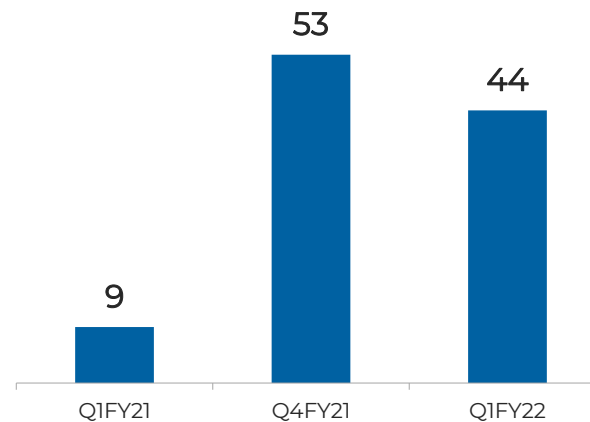
Financial Update

- Total Income stood at ₹19.6 crores, up 243% YoY
- EBITDA margin is at 22.5% compared to 16.0% in Q1FY21, up by a considerable 642 bps
- PAT Margin has been positive despite the Covid impact

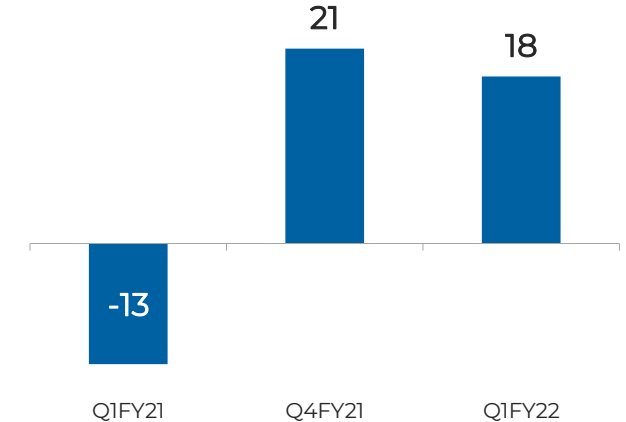
Total Income (₹ in Mn)



EBITDA (₹ in Mn)



PAT (₹ in Mn)



Investor Presentation

September 2021

Investment Rationale



Iris Clothings Limited



Our Differentiating Factors

Continuous **investments to expand** manufacturing capabilities coupled with high return on capital employed indicating **efficient use** of that capital

Catering to a **large customer segment** of ~365 million

With ~15 years of **experience**, promoters have a **strong expertise** in the industry

Established long standing relationships with suppliers

Fully integrated and automated operations allows Iris to maintain quality



IS
Iris Clothings Limited

Safe Harbour Statement

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Thank You

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