

Investor Presentation

Q1 FY 2023



Iris Clothings Limited



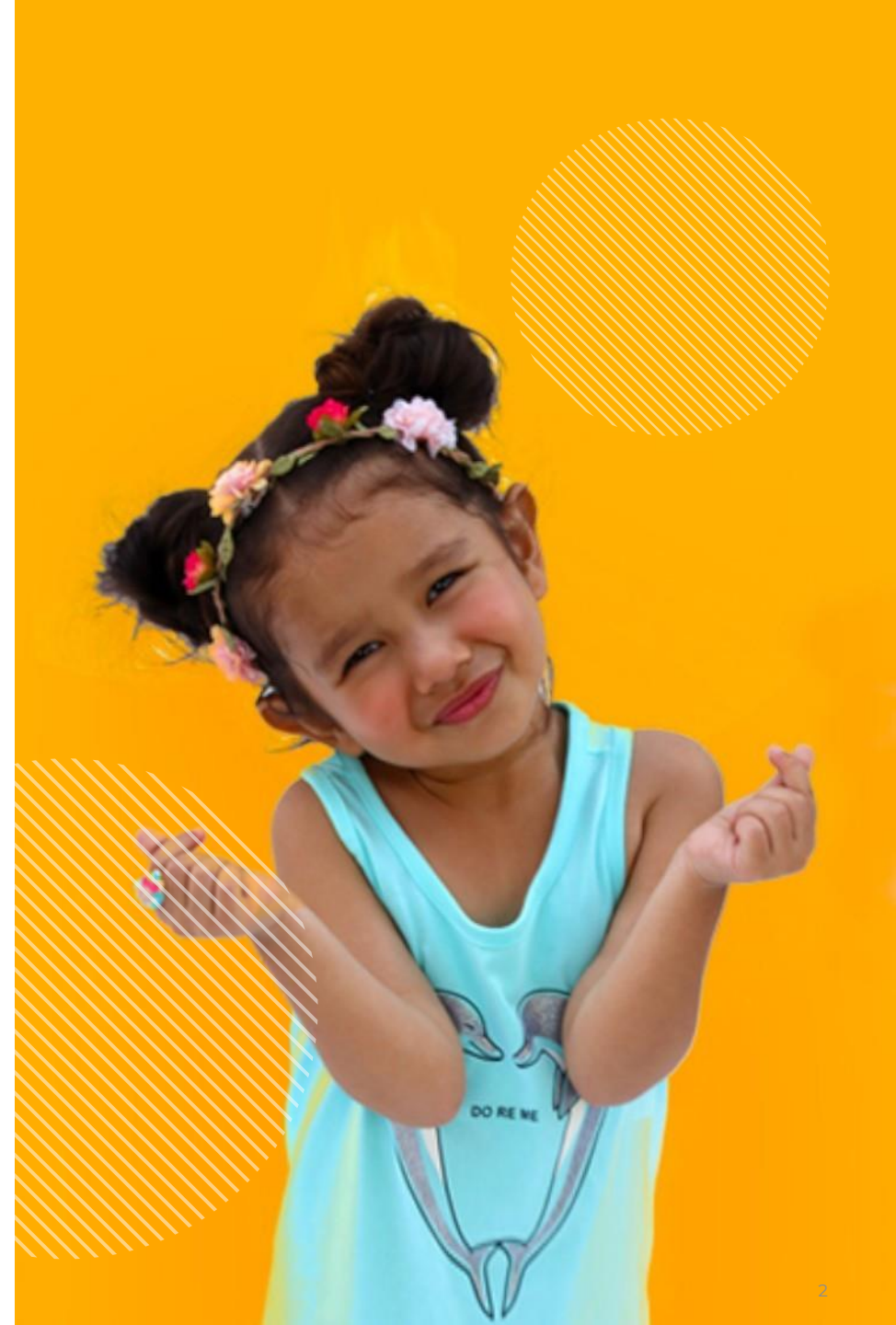
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Financial Highlights

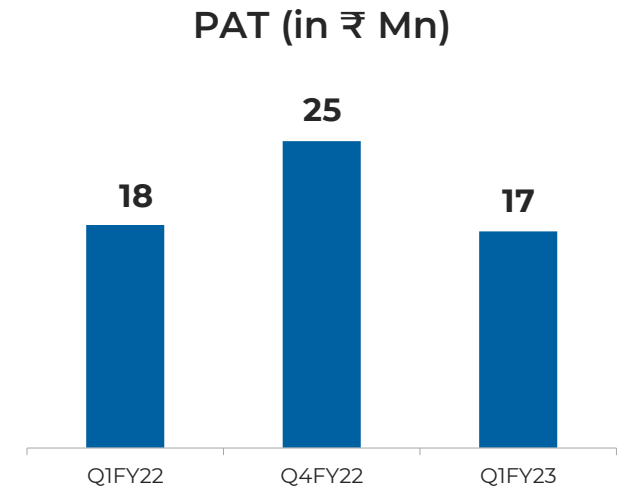
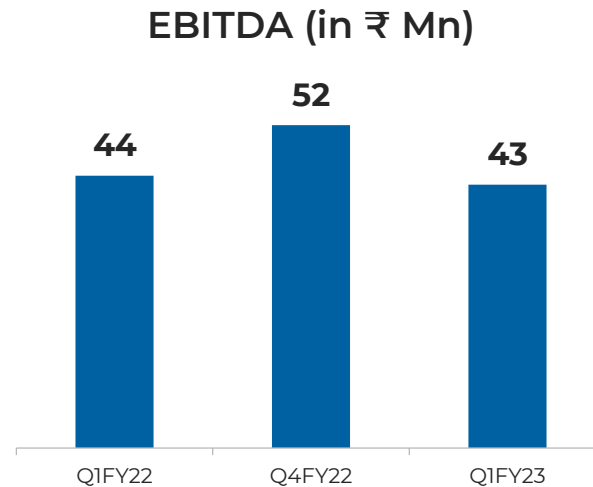
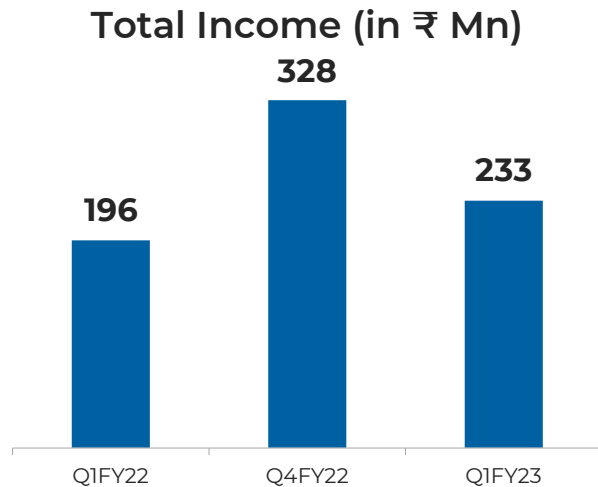


Iris Clothings Limited



Key Developments

- Launched the B2B platform for wholesalers, that is expected to improve our sale efficiency
- Launched the accessories line under the infant wear vertical
- High stock pile-up was on account of winterwear, and our new verticals - undergarments and sportswear which will hit the markets in the coming quarters. Winterwear will be sold in Q2FY23.
- Our B2C e-commerce portal will be launched in FY23
- We focussed on ramping up the recently launched infant wear vertical



P&L Highlights

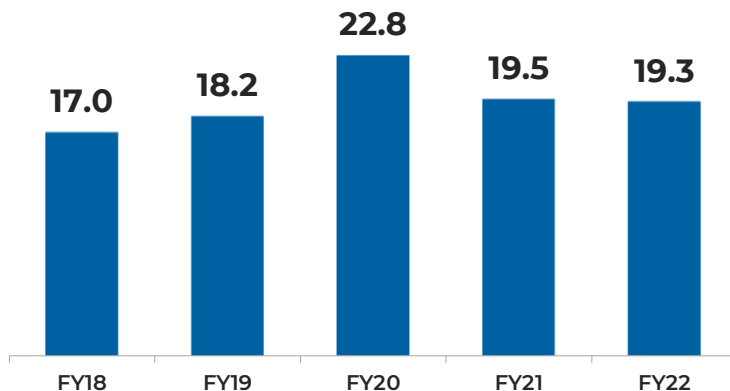
Particulars (in ₹ Mn)	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)
Total Income	233	196	19.2%	328	(28.9)%
Total Expenses	210	171	22.4%	295	(29.0)%
EBITDA	43	44	(3.2)%	52	(18.3)%
EBITDA Margin (%)	18.2%	22.5%	(422) bps	15.9%	235 bps
D&A	13	14	(3.6)%	14	(3.9)%
EBIT	29	30	(3.1)%	38	(23.4)%
Finance cost	6	6	(1.6)%	6	0.3%
PBT	23	24	(3.4)%	32	(27.9)%
PAT	17	18	(2.8)%	25	(29.4)%
PAT Margin (%)	7.5%	9.2%	(170) bps	7.6%	(6) bps

Financial Update

- Total Income stood at ₹233 Mn, up 19.2% YoY driven by increased volumes; down 28.9% QoQ due to seasonality and lower sale volumes
- EBITDA margin is at 18.2% compared to 22.5% in Q1FY22, down 422 bps
- Lower sale volumes and continued increase in raw material prices led to decrease in margins; expected to normalize as the pass through happens in Q2FY23
- PAT margin stood at 7.5%, against 9.2% in Q1FY22

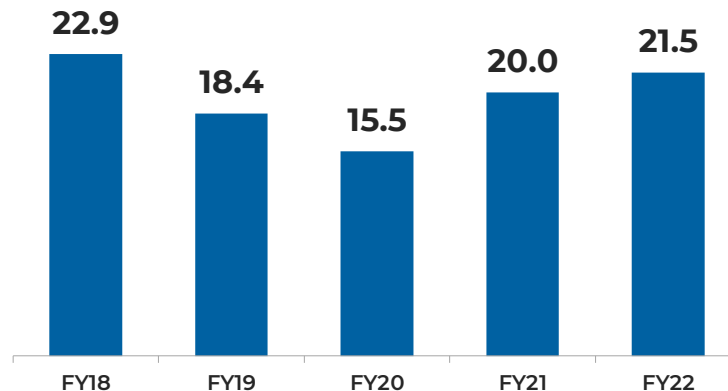
Ratio Analysis

EBITDA Margin (in %)

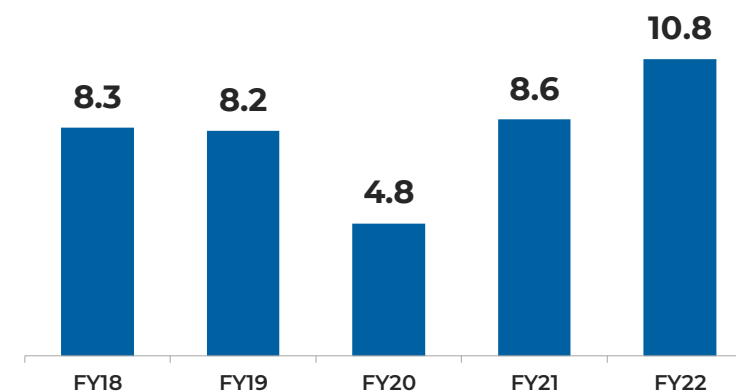


Decrease in the ratio has been due to significant increase in raw material costs.

Return on Capital Employed (in %)

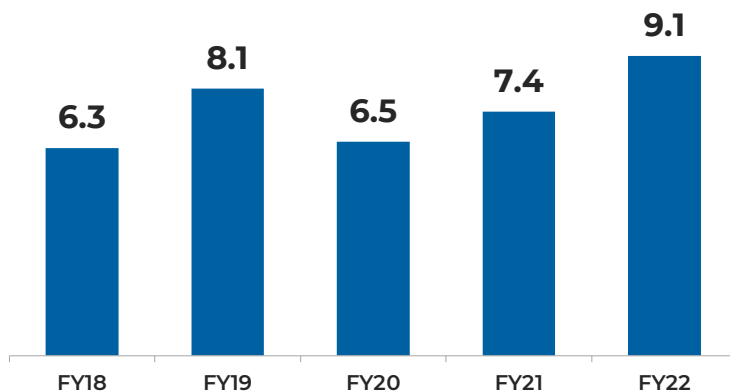


Return on Assets (in %)

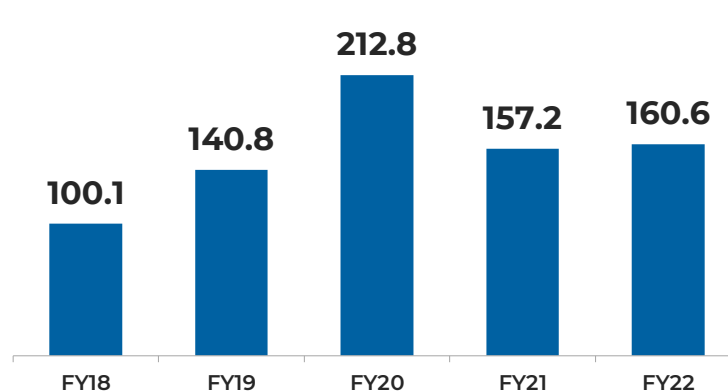


Recovery in FY21 was mainly driven by a 45% increase in revenues.

PAT Margin (in %)

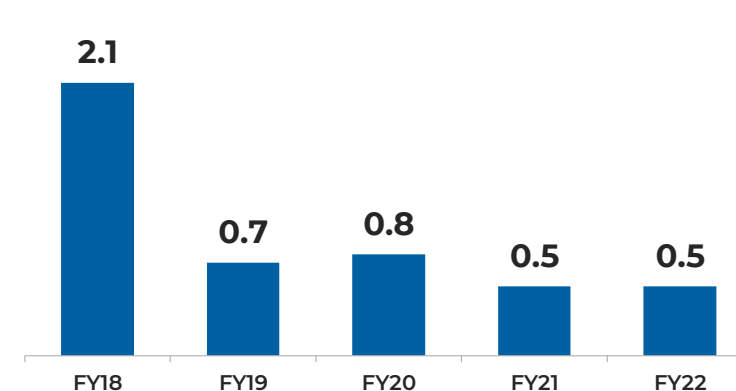


Working Capital Days (in days)



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.

FY22 Highlights – Balance Sheet

(in ₹ Mn)

	FY22	FY21
Total non-current assets	329	325
Inventories	337	253
Trade Receivables	237	149
Cash & cash equivalents (incl. bank balances)	14	15
Total Current Assets	609	434
Total Assets	938	759
Equity	487	388
Lease Liabilities	66	68
Total Non-current Liabilities	66	68
Short-term Borrowings	255	203
Trade Payables	108	84
Total Current Liabilities	385	303
Total Equity & Liabilities	938	759

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About the Company



Iris Clothings Limited



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.

DOREME

1

Brand

26

States
of presence

9

Units
Manufacturing (7)
Dispatch (2)

125

Distributors

22,500

Pieces
manufactured/day

1173

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.
- Launched a dedicated infant wear vertical (0-5 years) in December 2021, the accessories line of the vertical was launched in June 2022.

Future Outlook

- Iris aims to sharpen its existing product mix under the brand DOREME to meet the rising demand for their products
- Expanding its product offerings to provide greater choice to customers.
- Foraying into the kids' undergarments space and sportswear in FY23

History

DOREME

Launched DOREME brand for Kids Wear

2004



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

2005

DOREME

Launched DOREME brand for Kids Wear

2012



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

2016



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



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

2018



Listed as an SME under NSE

Crossed the ₹50 crores turnover milestone



2020



Deepened our penetration by entering new Tier II & III cities

Migrated from SME portal of NSE to Main Board of NSE



2021



Launched the infant wear vertical

2022



Launched the B2B platform for wholesalers

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Market Opportunity

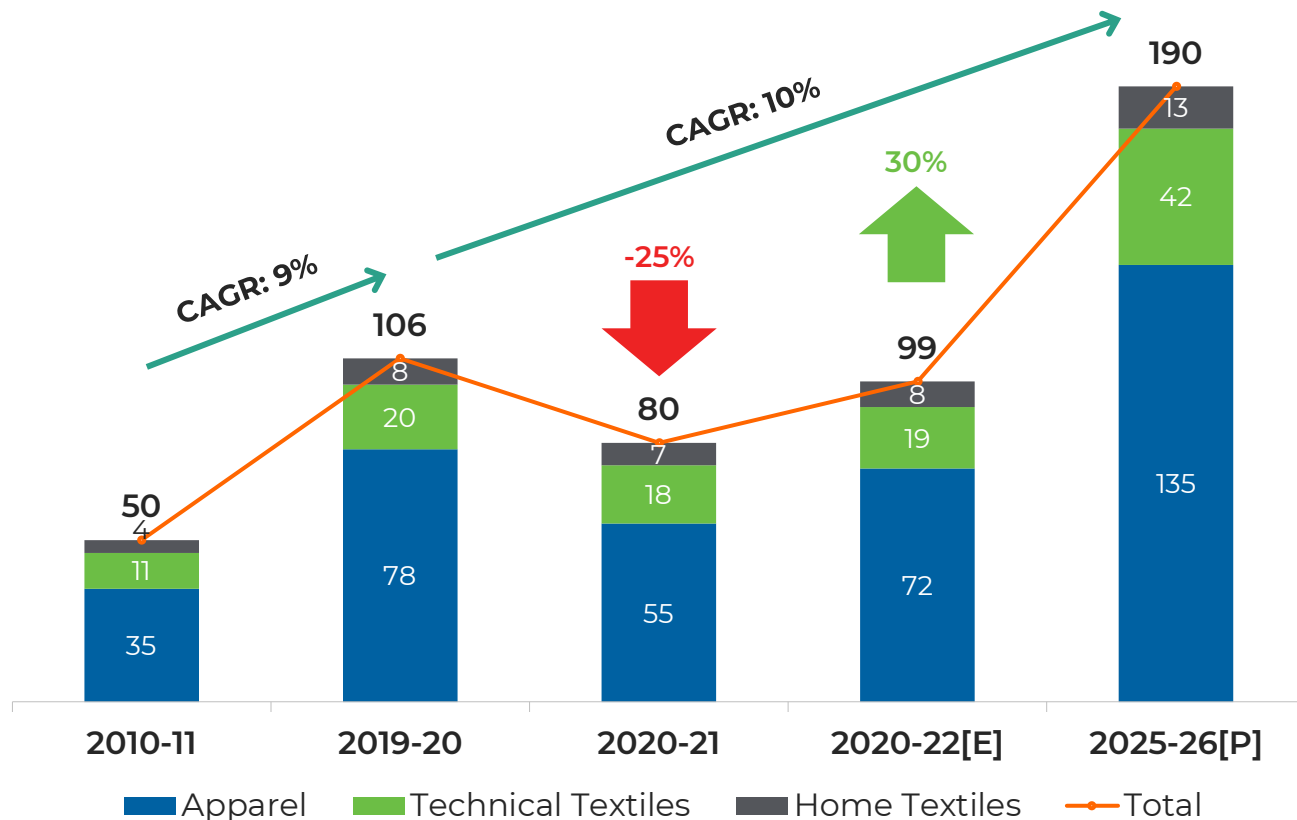


Iris Clothings Limited



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

The market is expected to recover by 30% to reach US\$ 99 bn by 2021-22 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

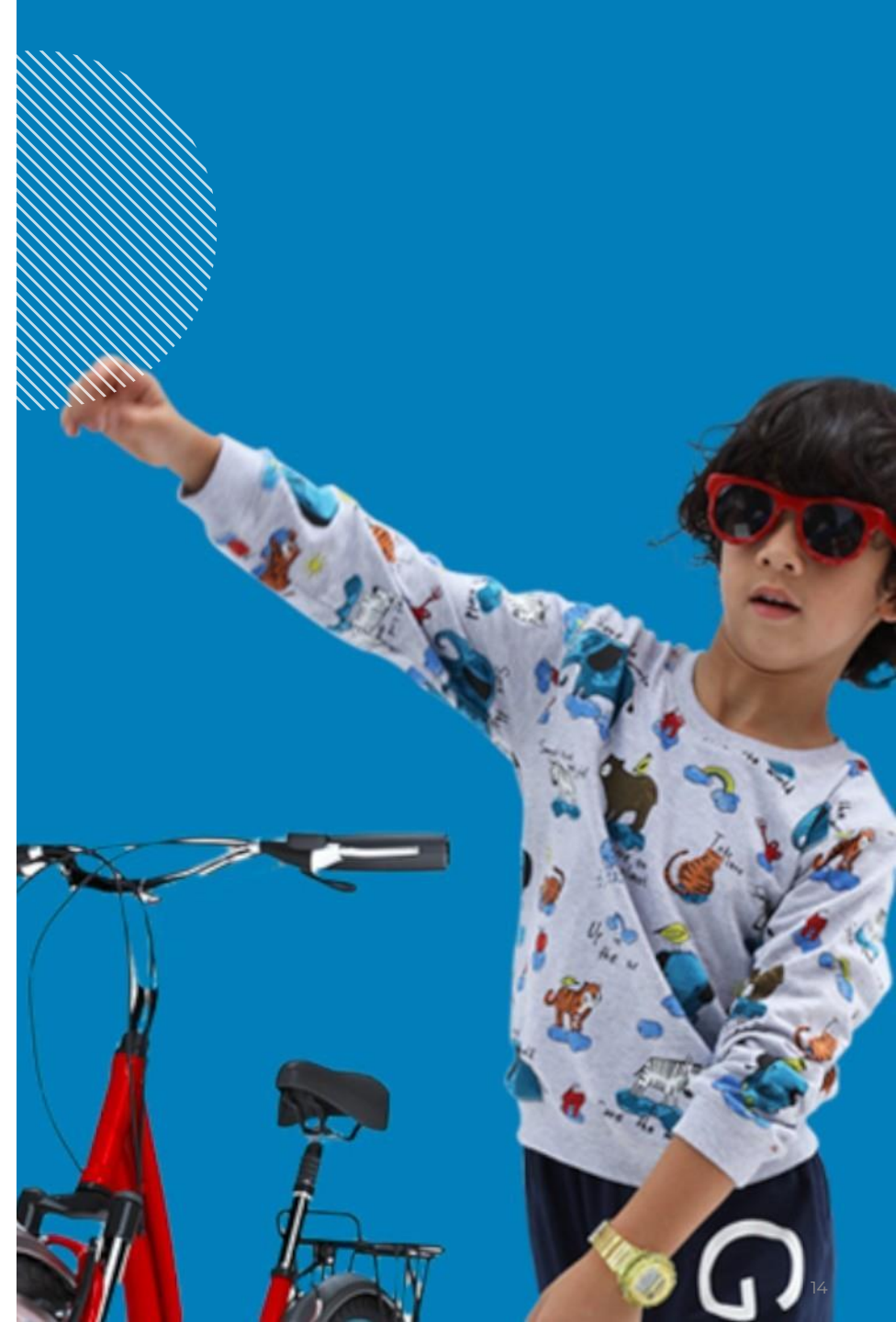


Increasing personal disposable income and **growing** working population are key growth drivers

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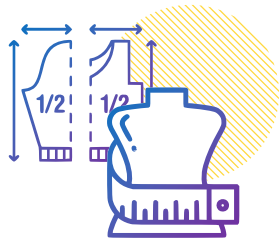
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Our Value System



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

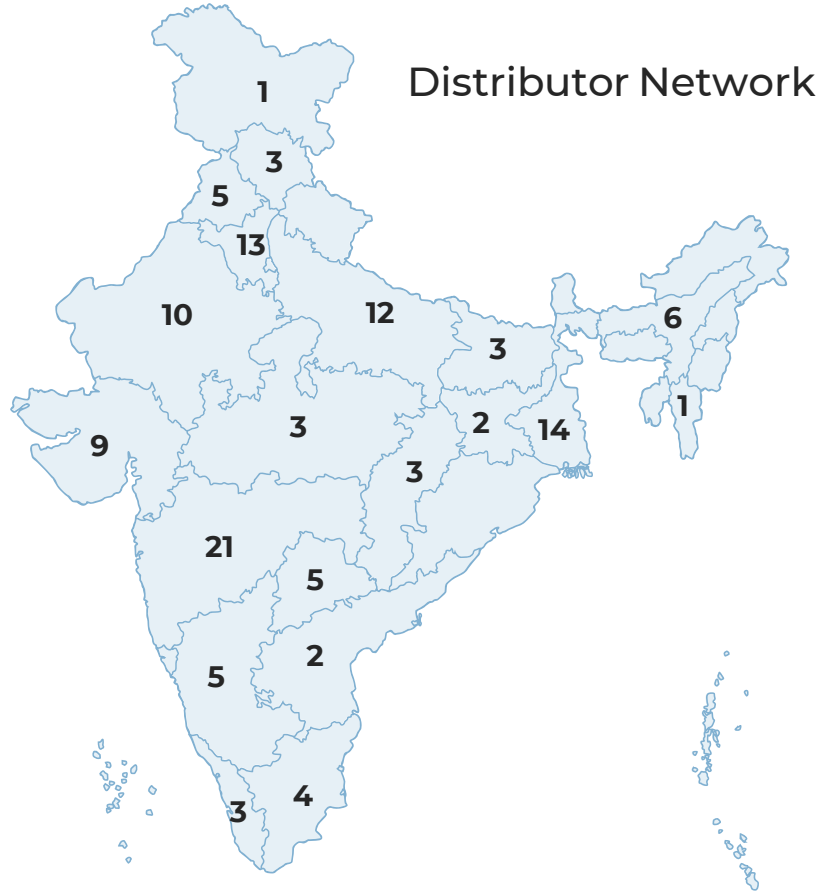


**Srijan Industrial Park,
Bombay Road**

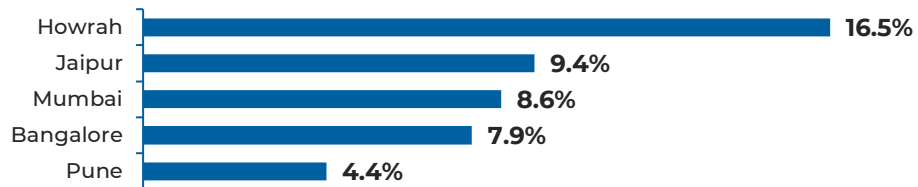
- Set up its third fully modernized stitching & finishing unit with online processes
- 1 unit for dispatch

Total Installed Capacity: 27,000-30,000 pieces/day

Wide Network



% Contribution to Revenue (Q1FY23)



Business Update

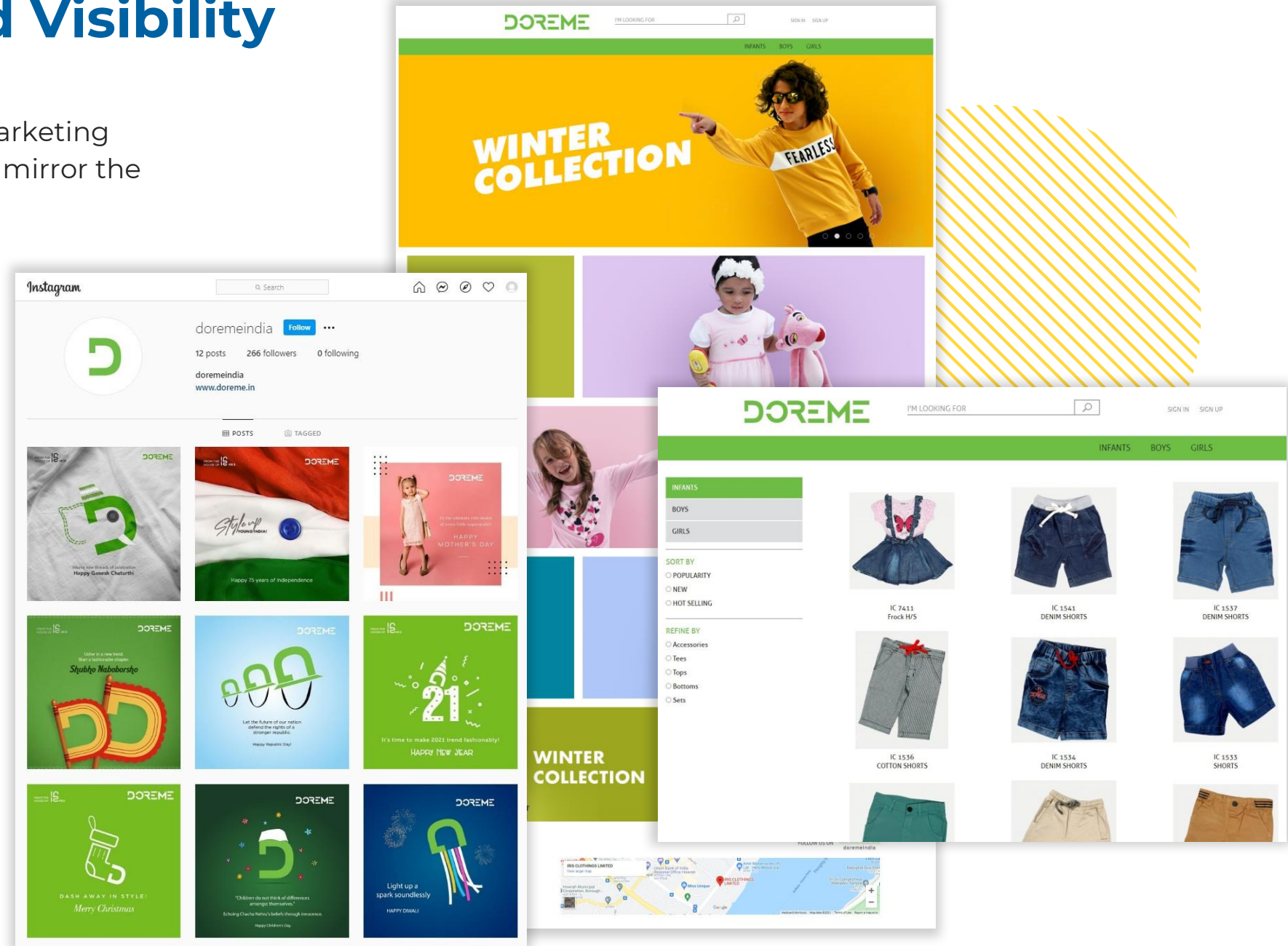
- Iris has 125 distributors
- Has an online presence across various fast-growing e-commerce channels like FirstCry, among others.
- Continuously expanding the distribution network to increase brand visibility
- Commenced exports to Africa under DOREME
- To boost our product reach we have been focusing on expanding our presence in Tier II & III cities
- Launched a B2B platform for wholesalers to take orders instantly

Future Outlook

- B2C Ecommerce portal on our website which will go live in FY23
- 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

Sustainability

Environmental

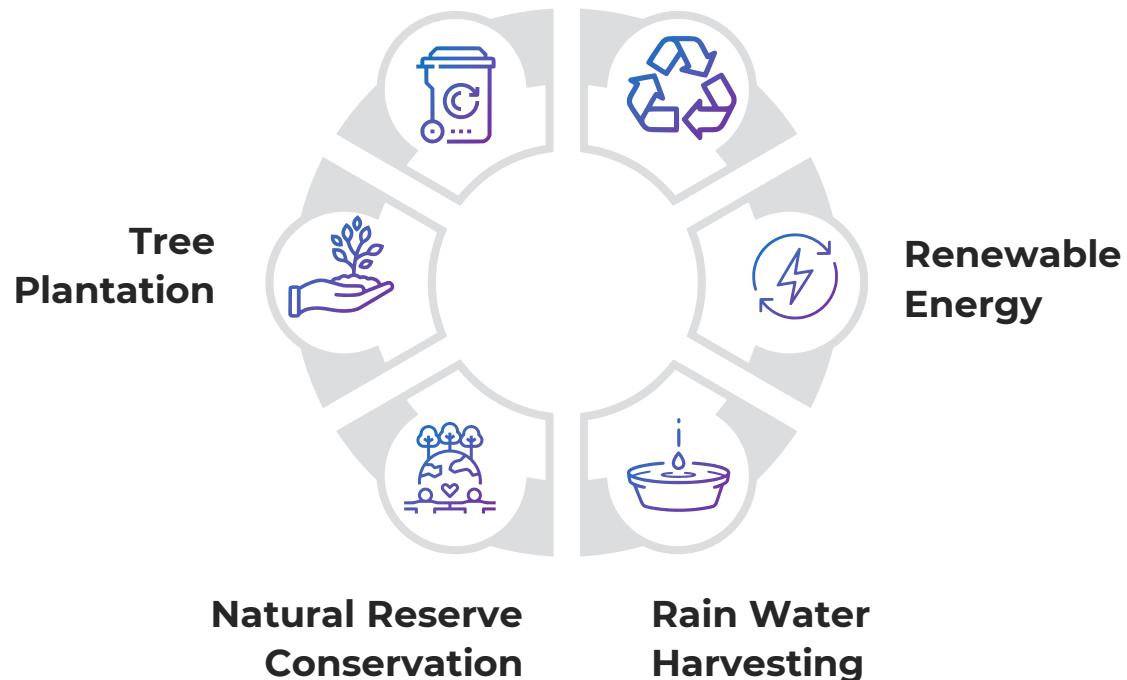
Iris follows a strict ecological policy that comprises of 6 features

Waste Reduction

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

Recycling

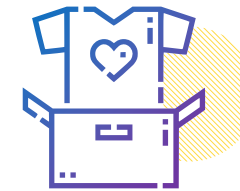
Iris uses printing materials that is eco-friendly, recyclable and devoid of lead.



Social



No Child Labour



Provided clothes to 2000+ underprivileged children



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

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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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