

# Investor Presentation

Q2 & H1 FY 2023



Iris Clothings Limited



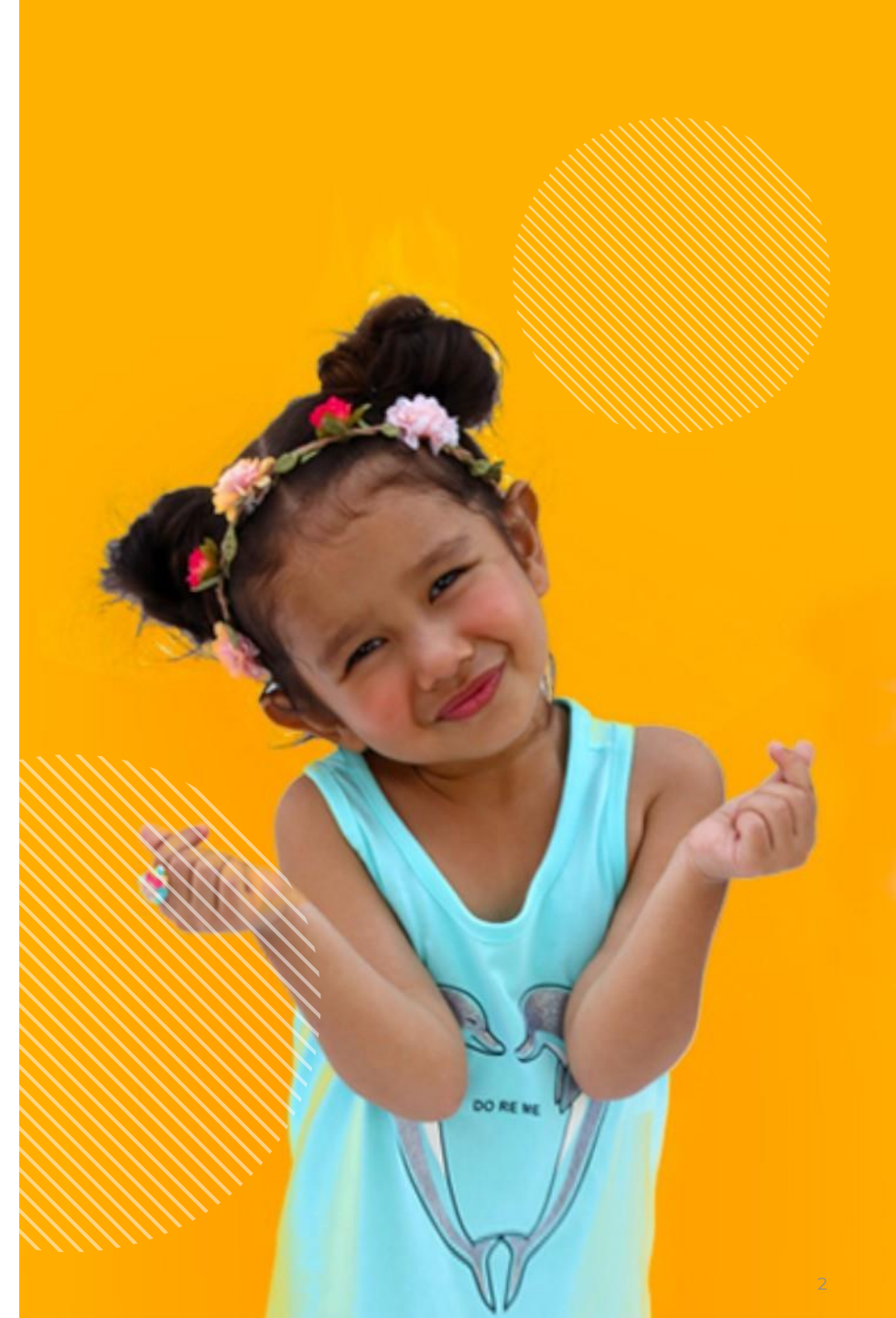
# Investor Presentation

Q2 & H1 FY 2023

## Financial Highlights



Iris Clothings Limited



# Q2FY23 Update

## Business Update

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- Launched the D2C e-commerce platform – [www.doreme.in](http://www.doreme.in) to sell products under our DOREME brand.
- Both, the e-commerce website and the B2B platform for wholesalers is seeing an encouraging response from stakeholders.
- We added 6 new distributors in Q2FY23 in Jammu & Kashmir, West Bengal, Chhattisgarh, Rajasthan & Tamil Nadu. We remain focussed on expanding our reach in Tier II/III cities domestically and export to newer markets globally.
- Our average production capacity has increased from 22,500 pieces/day to 24,000 pieces/day. We target to produce 24,000-27,000 pieces/day by end of FY23.
- While our infant wear vertical launched in December 2021 is seeing good traction, our undergarments and sportswear vertical will be launched by the end of FY23.

## Financial Update

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- Total Income stood at ₹318 Mn, down 7.5% YoY due to lower sale volumes.
- EBITDA margin was up 168 bps YoY and stood at 21.3% in Q2FY23 on the back of softening of raw material prices.
- PAT margin stood at 11.0%, against 10.2% in Q2FY22, up 82 bps YoY.

# P&L Statement

Particulars (in ₹ Mn)	Q2FY23	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	H1FY23	H1FY22	YoY (%)
<b>Total Income</b>	318	344	(7.5)%	233	36.4%	551	539	2.2%
<b>Total Expenses</b>	271	297	(8.7)%	210	29.1%	480	468	2.7%
<b>EBITDA</b>	<b>68</b>	<b>67</b>	<b>0.4%</b>	<b>43</b>	<b>59.0%</b>	<b>110</b>	<b>111</b>	<b>(1.0)%</b>
<b>EBITDA Margin (%)</b>	<b>21.3%</b>	<b>19.6%</b>	<b>168 bps</b>	<b>18.2%</b>	<b>302 bps</b>	<b>20.0%</b>	<b>20.6%</b>	<b>(64) bps</b>
<b>D&amp;A</b>	13	14	(7.8)%	13	1.3%	26	28	(5.8)%
<b>EBIT</b>	<b>54</b>	<b>53</b>	<b>2.7%</b>	<b>29</b>	<b>84.5%</b>	<b>84</b>	<b>83</b>	<b>0.6%</b>
<b>Finance cost</b>	7	6	22.0%	6	16.9%	13	12	9.8%
<b>PBT</b>	<b>47</b>	<b>47</b>	<b>0.3%</b>	<b>23</b>	<b>102.2%</b>	<b>71</b>	<b>71</b>	<b>(1.0)%</b>
<b>PAT</b>	<b>35</b>	<b>35</b>	<b>0.0%</b>	<b>17</b>	<b>99.4%</b>	<b>52</b>	<b>53</b>	<b>(1.0)%</b>
<b>PAT Margin (%)</b>	<b>11.0%</b>	<b>10.2%</b>	<b>82 bps</b>	<b>7.5%</b>	<b>347 bps</b>	<b>9.5%</b>	<b>9.8%</b>	<b>(30) bps</b>

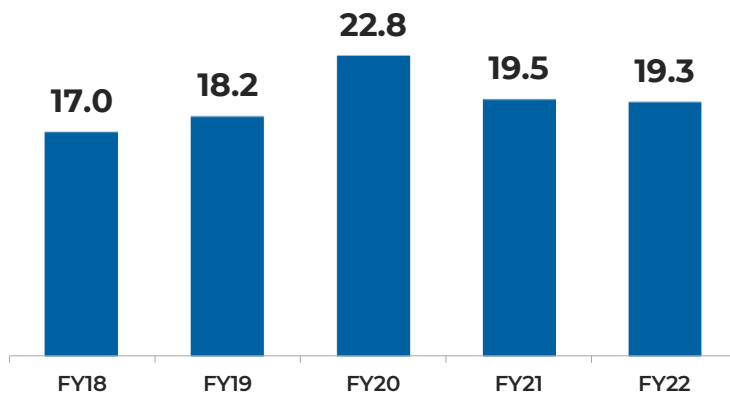
# Balance Sheet

(in ₹ Mn)

Particulars	FY 2021	FY 2022	H1 FY2023
<b>Total non-current assets</b>	<b>325</b>	<b>329</b>	<b>305</b>
Inventories	253	337	469
Trade Receivables	149	237	245
Cash & cash equivalents (incl. bank balances)	15	14	14
<b>Total Current Assets</b>	<b>434</b>	<b>609</b>	<b>766</b>
<b>Total Assets</b>	<b>759</b>	<b>938</b>	<b>1,071</b>
<b>Equity</b>	<b>388</b>	<b>487</b>	<b>539</b>
Lease Liabilities	68	66	62
<b>Total Non-current Liabilities</b>	<b>68</b>	<b>66</b>	<b>62</b>
Short-term Borrowings	203	255	252
Trade Payables	84	108	205
<b>Total Current Liabilities</b>	<b>303</b>	<b>385</b>	<b>470</b>
<b>Total Equity &amp; Liabilities</b>	<b>759</b>	<b>938</b>	<b>1,071</b>

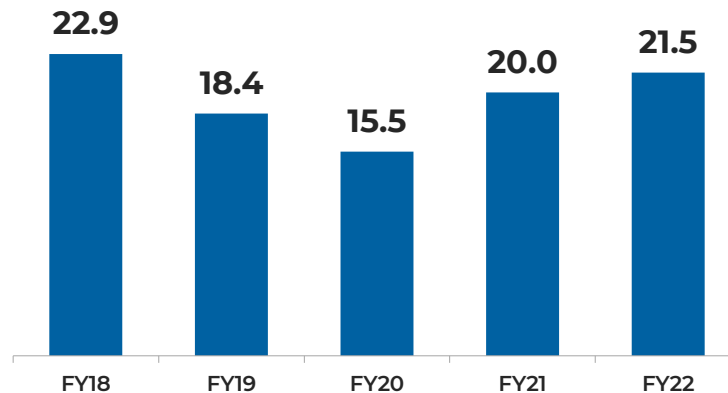
# Ratio Analysis

## EBITDA Margin (in %)

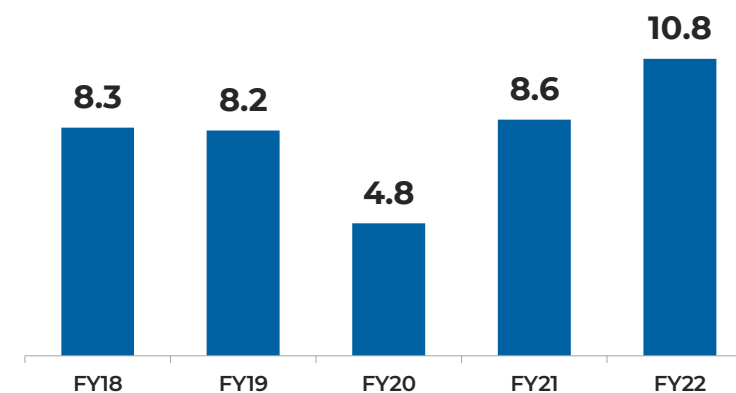


Decrease in the ratio has been due to significant increase in raw material costs.

## Return on Capital Employed (in %)

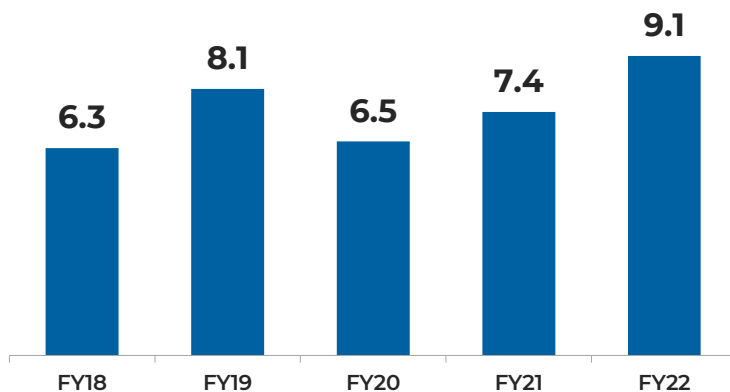


## Return on Assets (in %)

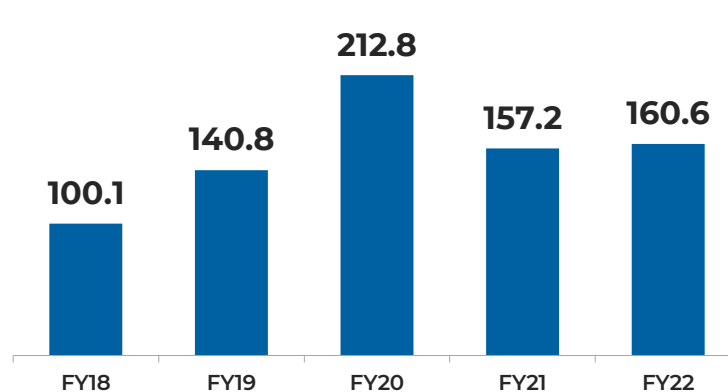


Recovery in FY21 was mainly driven by a 45% increase in revenues.

## PAT Margin (in %)

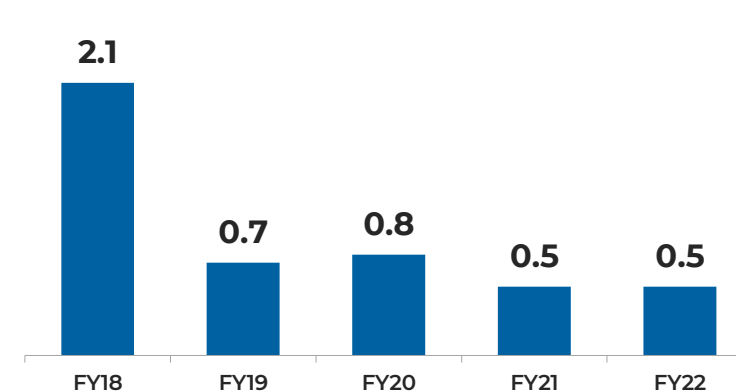


## Working Capital Days (in days)



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.

# Investor Presentation

Q2 & H1 FY 2023

## 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

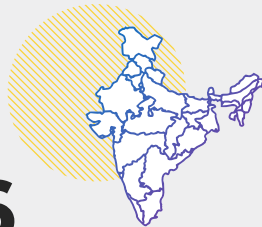


We have been growing our presence online by increasing e-commerce listings.



1

Brand



26

States  
of presence



9

Units  
Manufacturing (7)  
Dispatch (2)



131

Distributors



24,000

Pieces  
manufactured/day



1,318

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

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- 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

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- 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



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

2012



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

2016



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 D2C e-commerce platform for customers

Launched the B2B platform for wholesalers



# Investor Presentation

Q2 & H1 FY 2023

## Market Opportunity

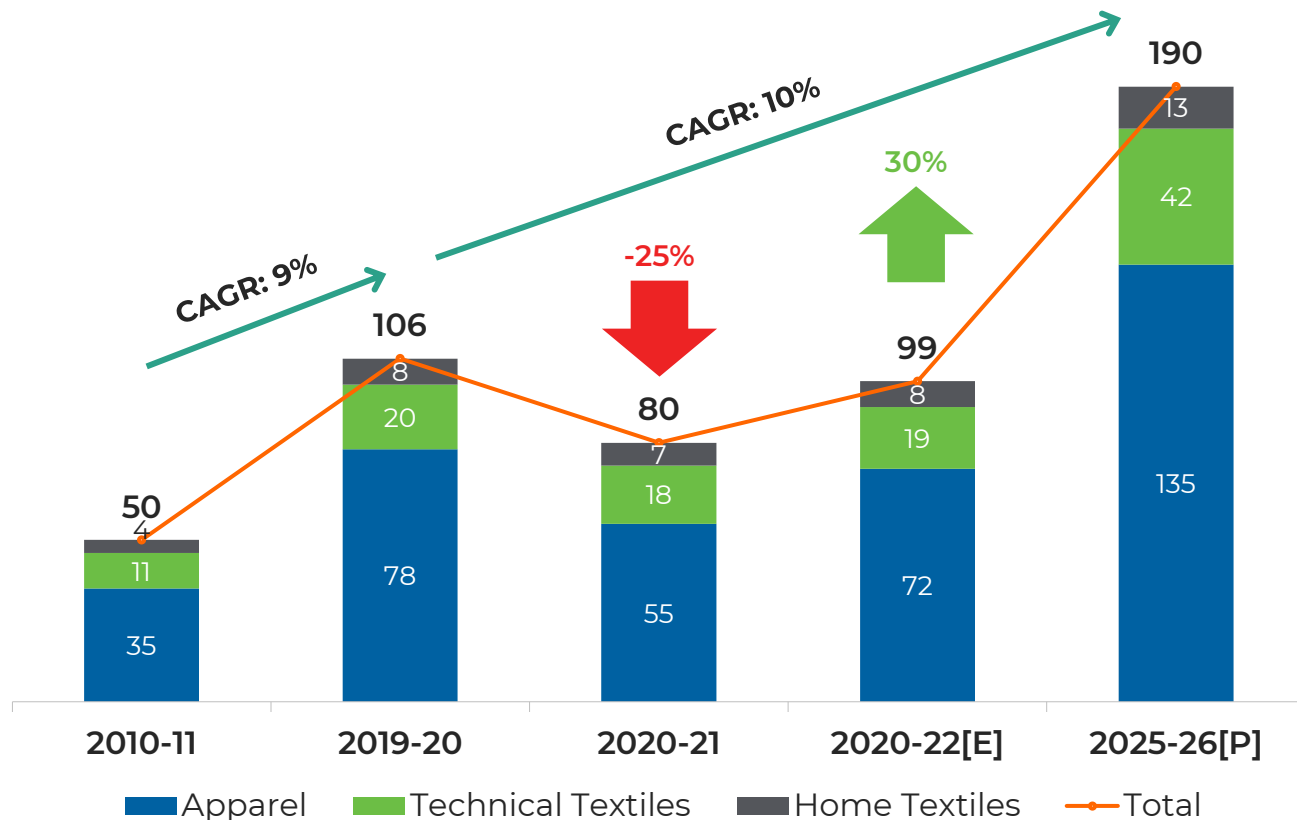


Iris Clothings Limited



# 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

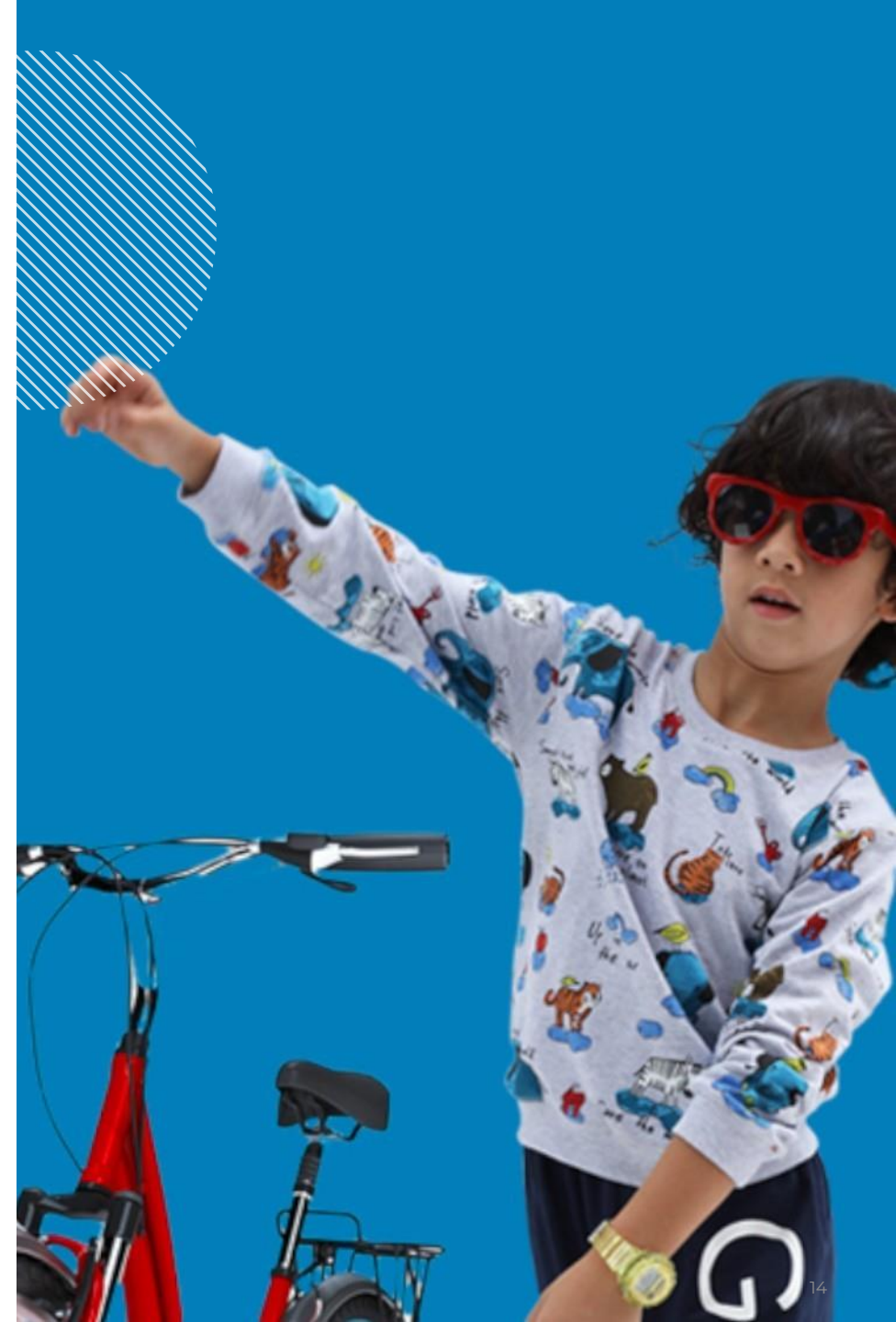


**Increasing** personal disposable income and **growing** working population are key growth drivers

# Investor Presentation

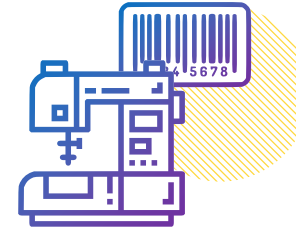
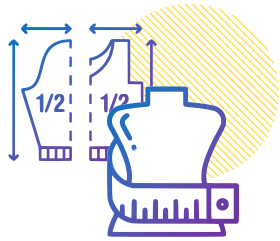
Q2 & H1 FY 2023

## 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<sup>+</sup>

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.

<sup>+</sup>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



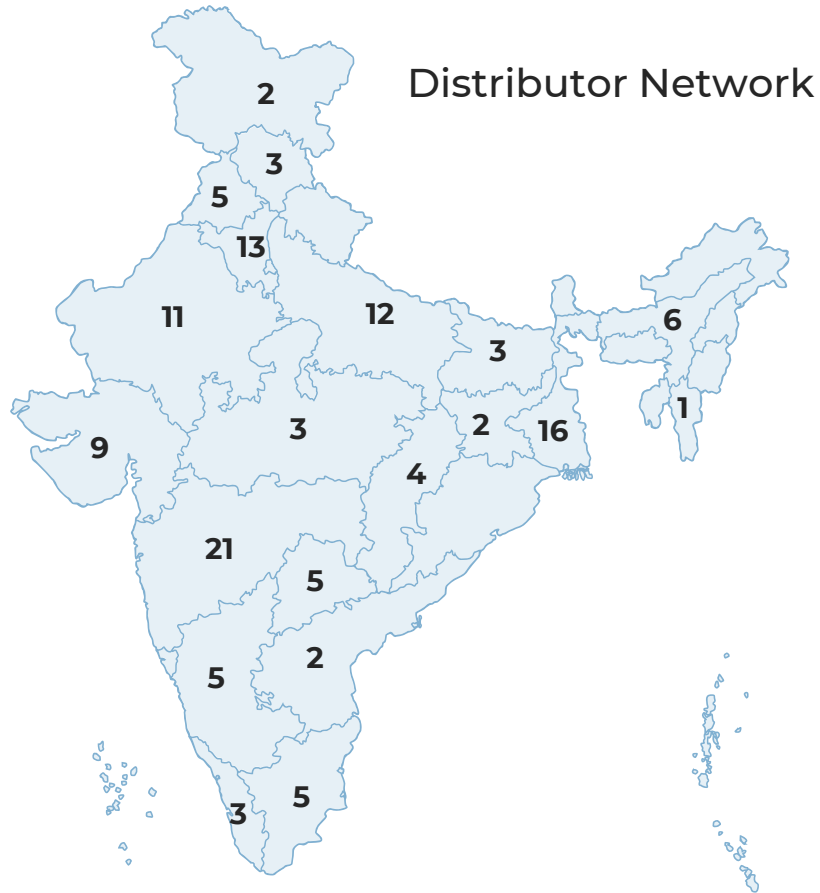
**Srijan Industrial Park,  
Bombay Road**

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

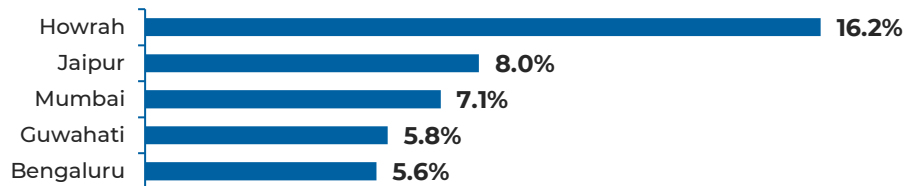
**Total Installed Capacity: 27,000-30,000 pieces/day**



# Wide Network



## % Contribution to Revenue (H1FY23)



## Business Update

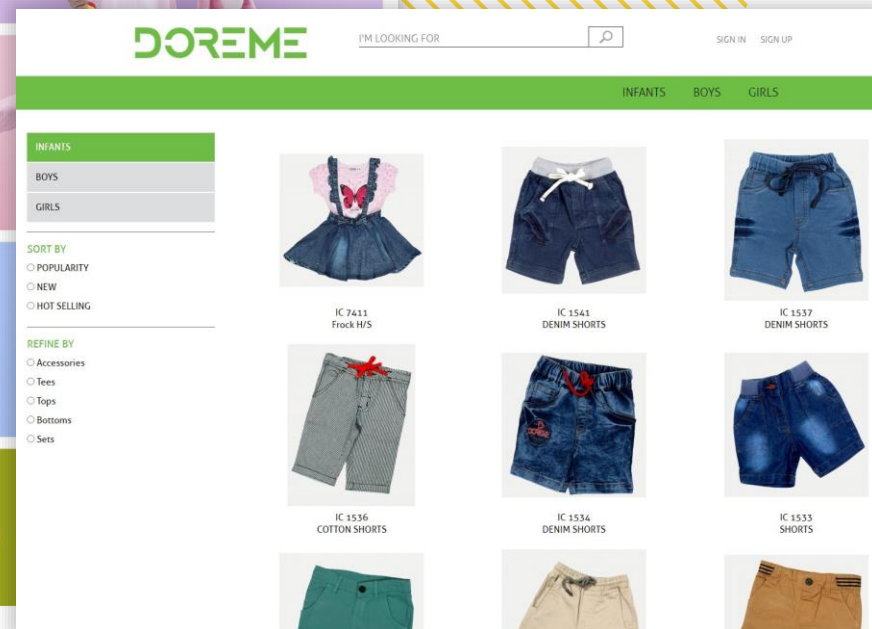
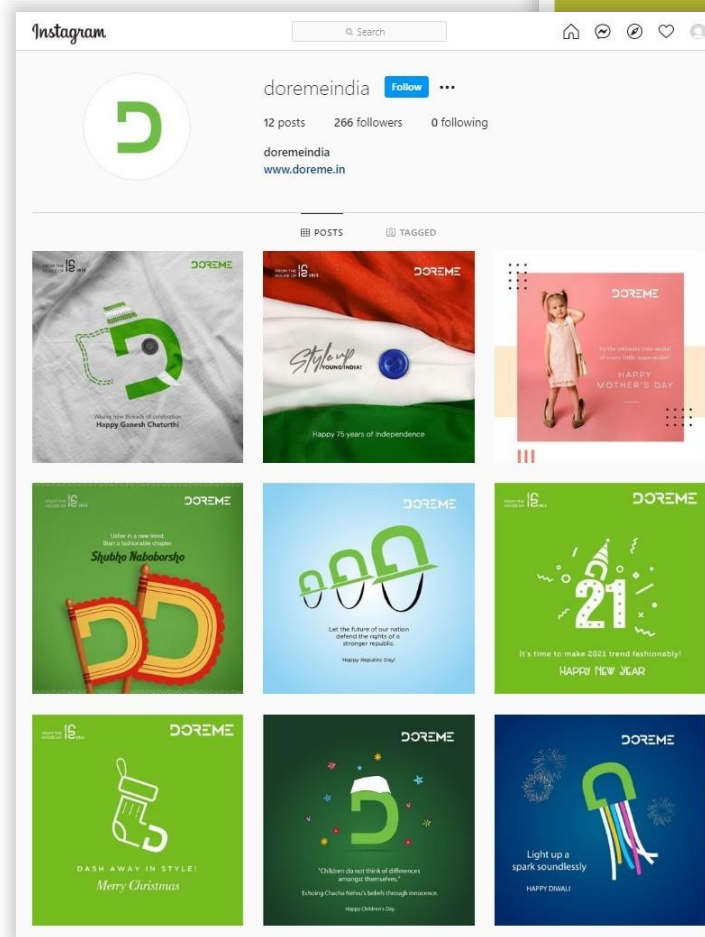
- Iris has 131 distributors
- Has an online presence across various fast-growing e-commerce channels like FirstCry, [www.doreme.in](http://www.doreme.in) among others.
- Continuously expanding the distribution network to increase brand visibility
- Commenced exports to Africa, KSA and UAE under DOREME
- 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 & a D2C e-commerce Platform for our customers

## Future Outlook

- Plans to add distributors in newer geographies especially in North & 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

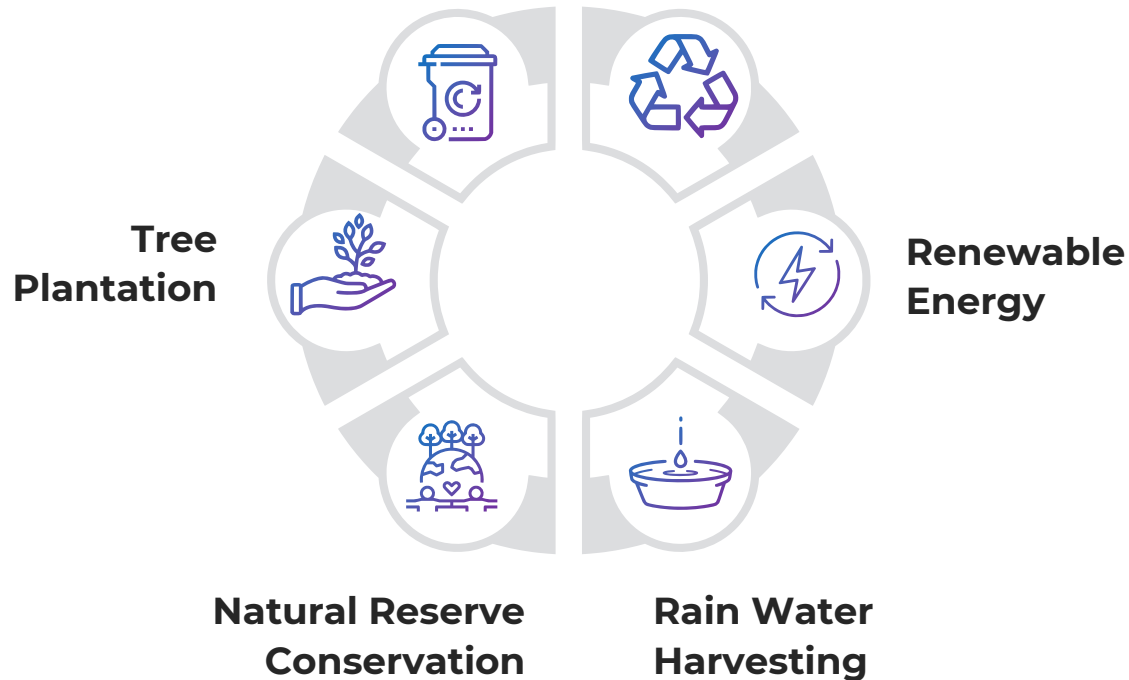
Iris follows a strict ecological policy that comprises of 6 features

### 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

# Investor Presentation

Q2 & H1 FY 2023

## 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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