Investor Presentation

Q2 & H1 FY 2024

Iris Clothings Limited

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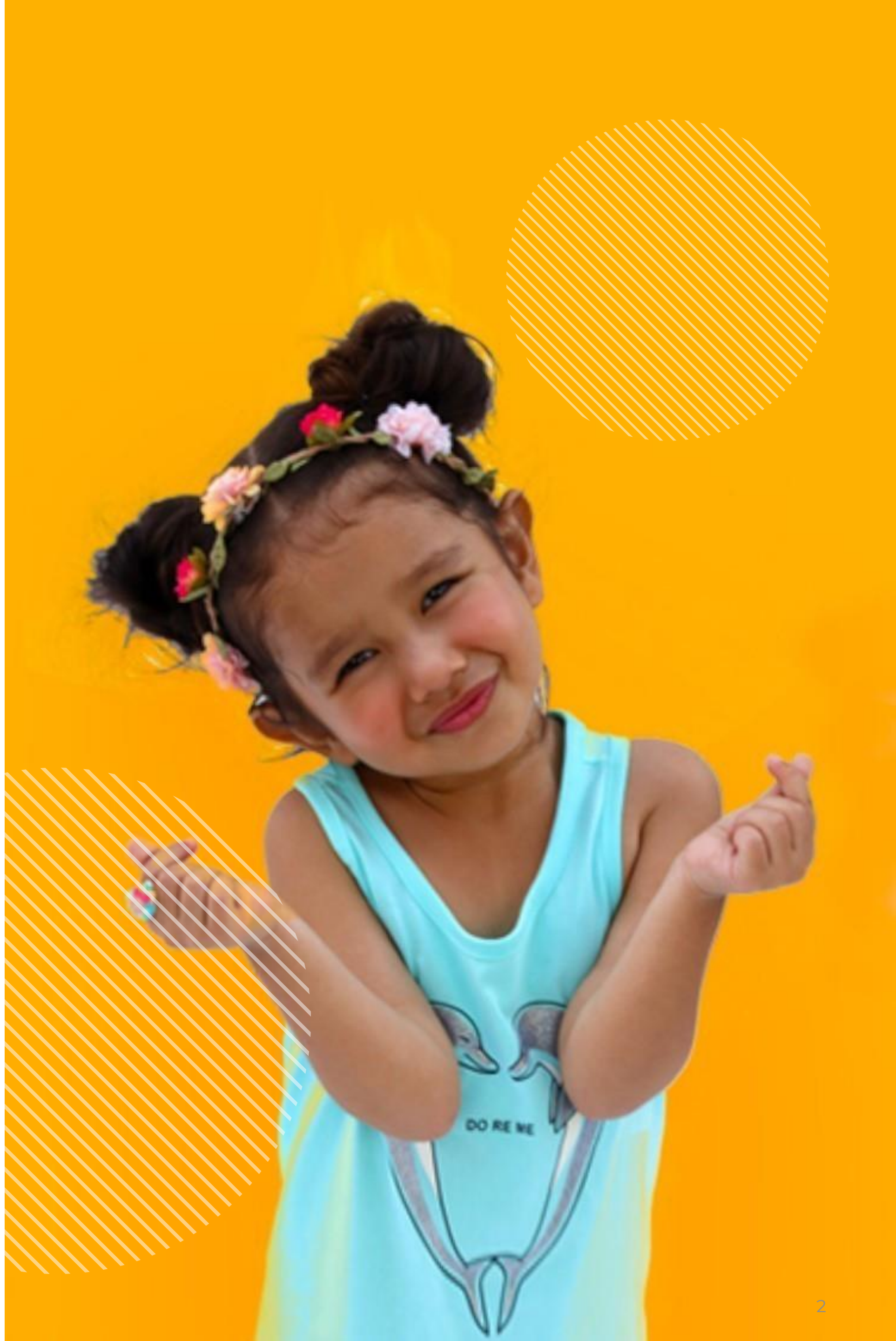
Financial Highlights & Business Updates

Iris Clothings Limited



Q2 FY24 Highlights

Business Update & Future Plans

- Inaugurated the first Exclusive Brand Outlet (EBO) in September 2023 in Howrah near Kolkata; festive season acted as a boost
- Performance of EBO has been as per expectations
- Three more EBOs are in pipeline; looking at locations in West Bengal for now
- Added 7 new distributors during the quarter; entered Nagaland and expanded our presence in Maharashtra and West Bengal.
- Seeing strong traction in infant wear; expected to contribute 15-20% in FY24
- Received good response for Disney designed apparels

Financial Update & Outlook

- Total Income was ₹322 Million; up 1% YoY & 33% QoQ
  - Driven by volume uptick, partially offset by low selling price as we passed on the benefit of reduced raw material prices
  - Expect H2FY24 to be better; growth will be volume driven combined with improvement in average sale price through product enhancements
- EBITDA margin stood at 24%; up 221 bps YoY & down 280 bps QoQ
  - Due to increased employee expenses; additional hiring to kick start the operations of EBOs and to ramp up production
- PAT margin stood at 11%; up 40 bps YoY & down 138 bps QoQ
  - Due to increased finance cost as we took on additional debt to finance our working capital
  - Began building summer wear inventory a month prior than usual, as we expect to see robust demand in Q4FY24
  - Finance cost to reduce FY25 onwards

P&L Statement

Particulars (in ₹ Mn)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)	H1FY24	H1FY23	YoY (%)
Total Income	321.9	317.9	1.2%	241.9	33.1%	563.7	551.1	2.3%
Expenses	246.3	250.3	(1.6%)	178.3	38.1%	424.6	440.9	(3.7%)
EBITDA	75.6	67.6	11.8%	63.5	18.9%	139.1	110.1	26.3%
EBITDA Margin (%)	*23.5%*	*21.3%*	*221.4 bps*	*26.3%*	*(279.5) bps*	*24.7%*	*20.0%*	*469.1 bps*
D&A	14.8	13.2	12.1%	14.0	5.9%	28.8	26.3	9.7%
EBIT	60.7	54.4	11.7%	49.5	22.6%	110.3	83.8	31.5%
Finance cost	10.3	7.1	43.6%	8.3	24.2%	18.5	13.2	39.8%
PBT	50.5	47.2	6.9%	41.3	22.3%	91.8	70.6	30.0%
PAT	36.6	34.9	4.9%	30.8	18.7%	67.4	52.4	28.7%
PAT Margin (%)	*11.4%*	*11.0%*	*39.5 bps*	*12.7%*	*(137.6) bps*	*12.0%*	*9.5%*	*245.1 bps*

Expansion Strategy

1 Established Offline Presence

Built a pan India presence through

150+
Distributors

10k+
Retailers

2 Direct Online Portal

Launched own D2C Ecommerce website

www.doreme.in

3 Exclusive Brand Outlets

Inaugurated two own stores in Kolkata with three more in pipeline to enhance brand recall

Developments in Disney

Nov-22	Signed licensing agreements with UTV Software Communications ("Disney") to design apparels using Disney & Marvel movie characters.
Jan-23	Conducted a successful sample launch of Disney designed apparels.
Apr-23	Dispatched our first batch of orders of T-shirts designed with Mickey characters of the Disney universe to Rajasthan, Maharashtra, Gujarat, Delhi, among others.
May-23	Facility at Uluberia was licensed by Facility and Merchandise Authorization (FAMA) to manufacture and distribute products bearing the intellectual property of Disney.
Jul-23	Launched and dispatched winter wear apparels designed with Mickey and friends' characters across India.

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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

firstcry.com

DOREME GETS YOU GOING

www.doreme.in

We have been growing our presence online by increasing e-commerce listings and launching our own D2C platform.

DOREME GETS YOU GOING

1
Brand

26
States of presence

9
Units
Manufacturing (7)
Dispatch (2)

155
Distributors

25,000
Pieces
manufactured/day

1,458
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
GETS YOU GOING

- 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.
- Expanded its product portfolio by launching a dedicated infant wear vertical (0-5 years) in December 2021, the accessories line of the same vertical in June 2022 and sportswear in December 2022.
- Enhanced their collection by signing a licensing agreement with UTV Software Communication Pvt Ltd. ("*Disney*") to be able to launch apparels designed with Disney and Marvel movie characters under DOREME brand.

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 in FY24.
- Plan to launch Disney designed apparels for every product starting with T-shirts, bottom wear and nightwear in a phased manner.

Disney x DOREME Summer Collection

History

2004

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

2005

DOREME
GETS YOU GOING

Launched DOREME brand for Kids Wear

2012

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

2016

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

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

2018

Crossed the ₹50 crores turnover milestone

NSE

Listed as an SME under NSE

2020

Migrated from SME portal of NSE to Main Board of NSE

Deepened our penetration by entering new Tier II & III cities

Expanding on all Fronts

Dec 2021 (120)
Launched the infant wear vertical

Jun 2022 (125)
Launched accessories line under the infant wear vertical
Launched the B2B platform for wholesalers

Sep 2022 (131)
Launched the D2C e-commerce platform for customers

Nov 2022
Signed licensing agreements to design apparels using Disney & Marvel movie characters

Dec 2022 (133)
Launched sportswear for kids

Jan 2023
Sample launch of kids apparels designed with Disney & Marvel characters in Udaipur

Apr 2023 (143)
Dispatched first order of Disney designed apparels

Sep 2023 (155)
Inaugurated first Exclusive Brand Outlet (EBO) in Howrah (Kolkata)

Upcoming

- Launch the innerwear vertical
- Three more EBOs

We expanded our product portfolio, grew the distribution base and transformed digitally over the past months. Going forward, our focus towards building the DOREME brand will pave the path of growth.

No. of Distributors

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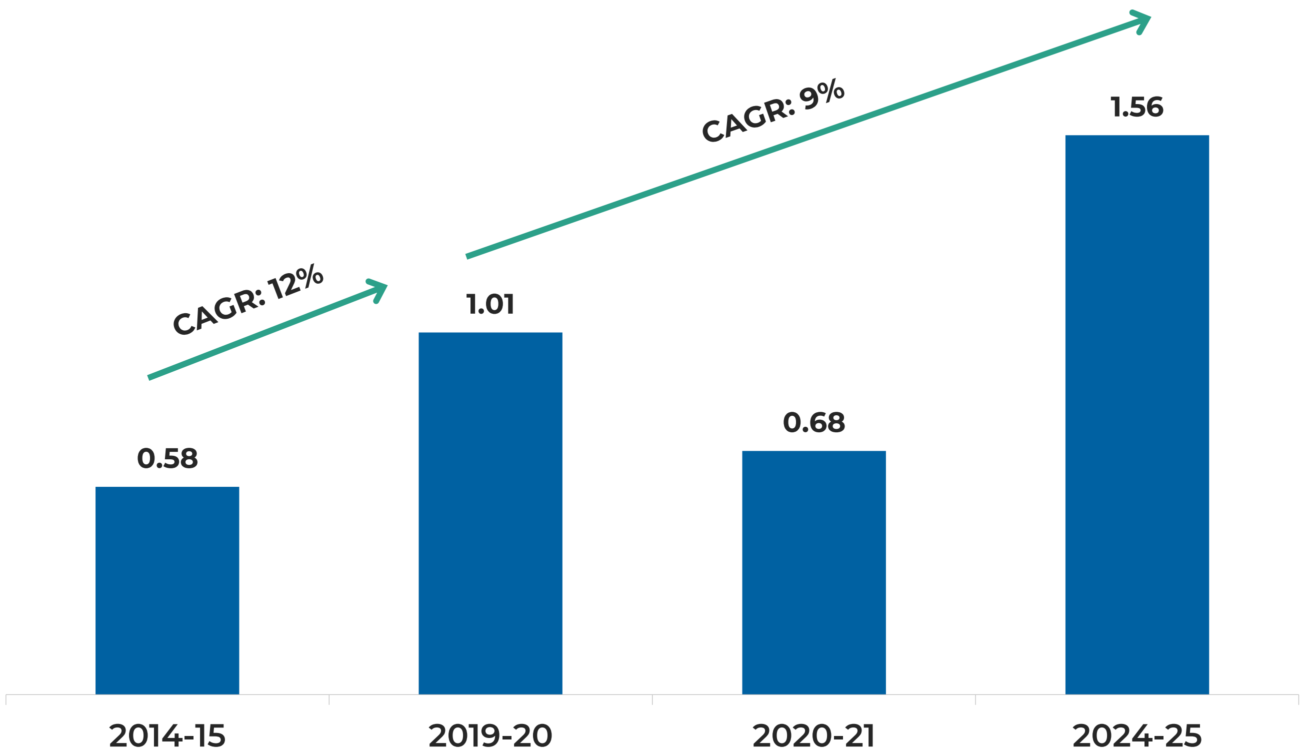
Market Opportunity

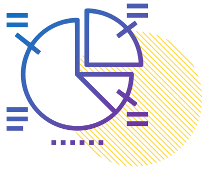
Iris Clothings Limited

Indian Kids Apparel Industry

Market size of Kids Apparel in India (₹ Tn)



Source: Statista



~26% Indians are below the age of 14 years making a large customer base to cater to

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

The market is expected to reach ₹1.6 Trillion by 2024-25.

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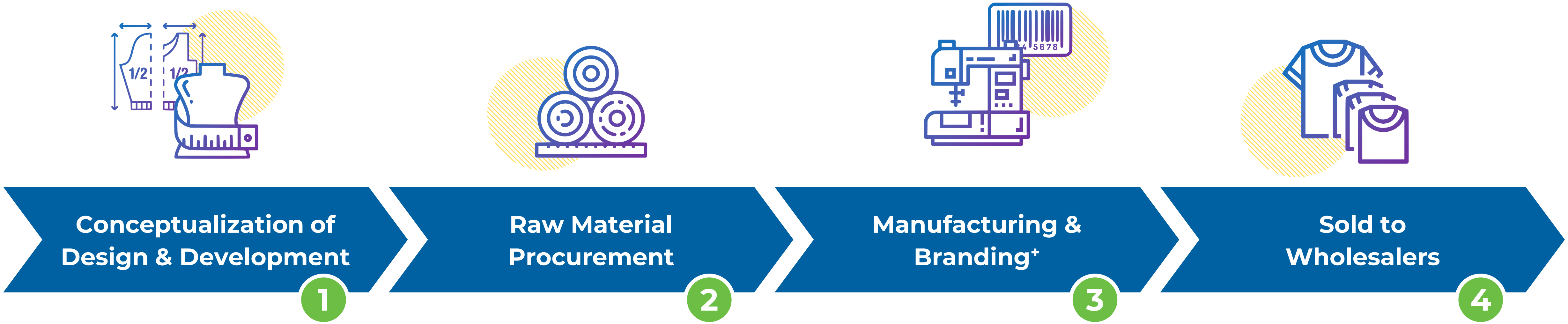
Our Value System

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.



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

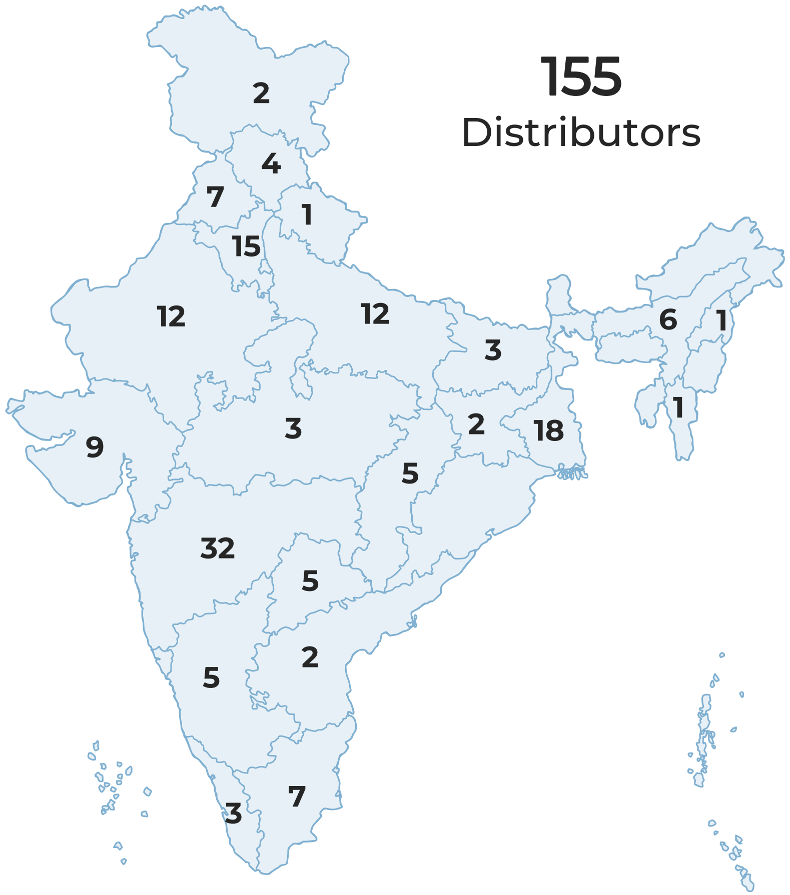
Srijjan Industrial Park, Bombay Road

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

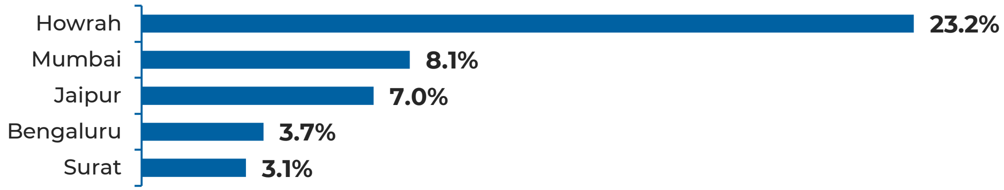
Total Installed Capacity: 33,000 pieces/day

Wide Network

155
Distributors



% Contribution to Revenue (H1FY24)



Business Update

- Has an online presence in FirstCry and through its own D2C platform www.doreme.in.
- Continuously expanding the distribution network by conducting conferences and participating in exhibitions to increase brand visibility
- Commenced exports to Portugal Nepal, Zambia and Saudi Arabia apart from Africa, KSA and UAE under DOREME
- To boost our product reach, we have been focusing on expanding our presence in Tier II & III cities
- Developed a B2B platform for wholesalers to have real time access to inventory

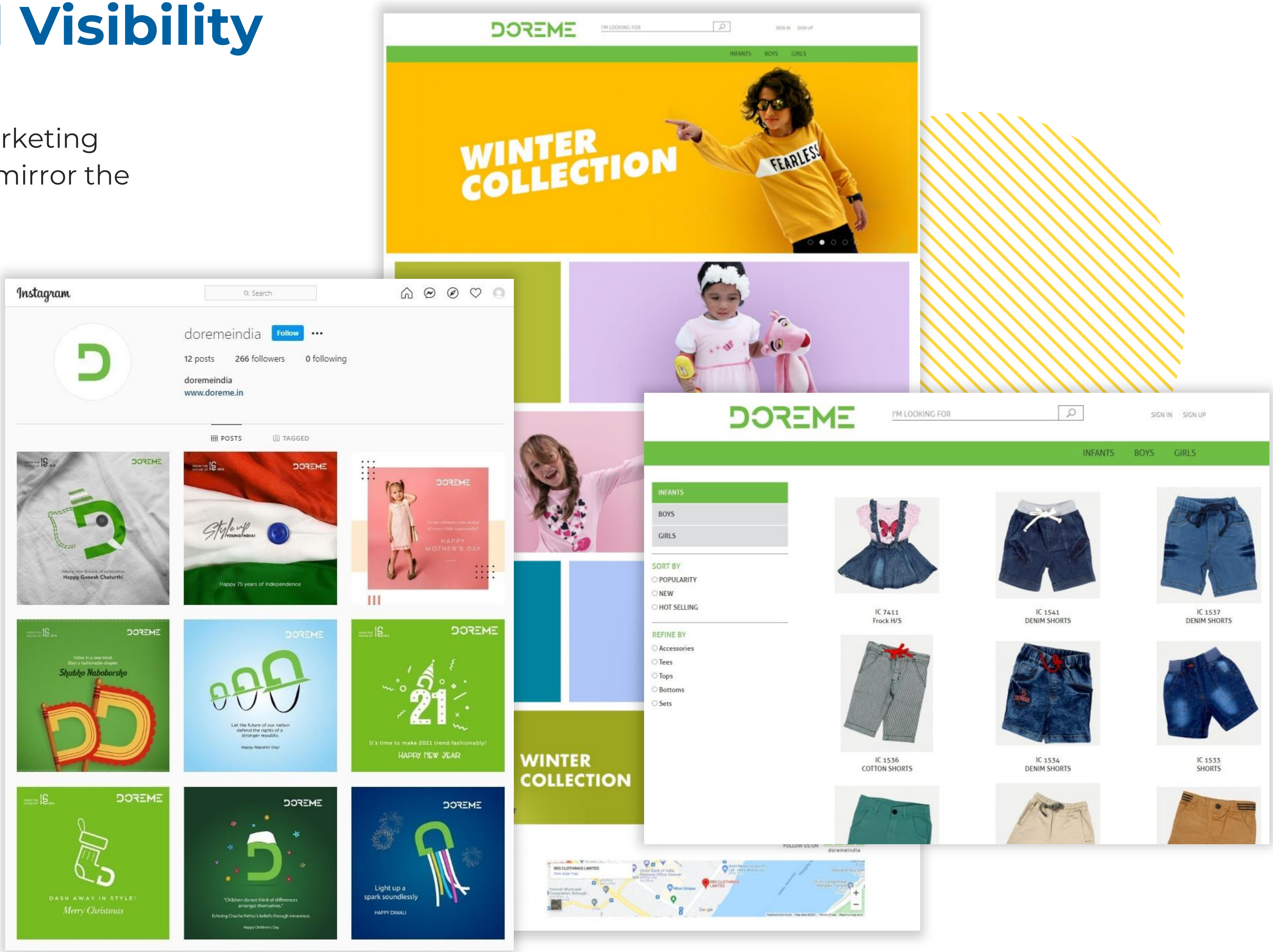
Future Outlook

- Plan to add distributors in newer geographies and pan India, to deepen market penetration and expand reach to markets with higher potential demand.
- Continue to host partner engagement programmes to drive their stickiness and boost morale.
- Focus on growing our B2B platform by reducing inefficiencies in the process and by onboarding more distributors
- Channel our offline customer base to our D2C platform allowing them to shop from our complete product range.

Enhancing Brand Visibility

- Iris plans to enhance its digital marketing and branding initiatives to better mirror the customers' fast-changing needs.

- The Company has been undertaking various activities to enhance its brand recall and customer connect on social media channels. This would eventually drive traffic to its exclusive online platform.



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.

Tree Plantation

Renewable Energy

Natural Reserve Conservation

Rain Water Harvesting

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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Annual Highlights

Iris Clothings Limited

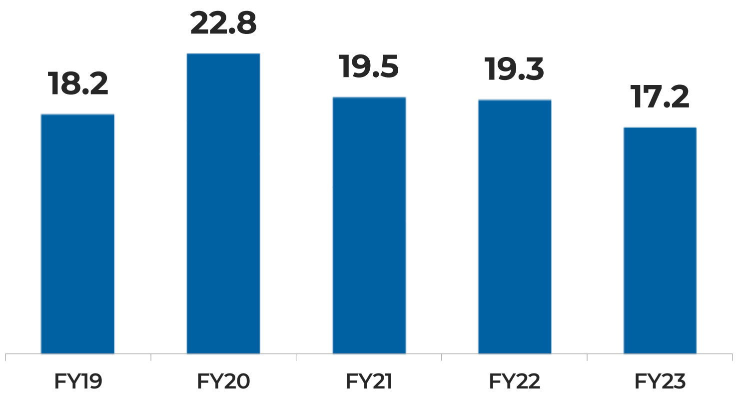
Balance Sheet

(in ₹ Mn)

Particulars	FY 2021	FY 2022	FY 2023
Total non-current assets	**325**	**329**	**289**
Inventories	253	337	449
Trade Receivables	149	237	313
Cash & cash equivalents (incl. bank balances)	15	14	15
Total Current Assets	**434**	**609**	**804**
Total Assets	**759**	**938**	**1,093**
Equity	**388**	**487**	**569**
Lease Liabilities	68	66	52
Total Non-current Liabilities	**68**	**66**	**52**
Short-term Borrowings	203	255	285
Trade Payables	84	108	167
Total Current Liabilities	**303**	**385**	**471**
Total Equity & Liabilities	**759**	**938**	**1,093**

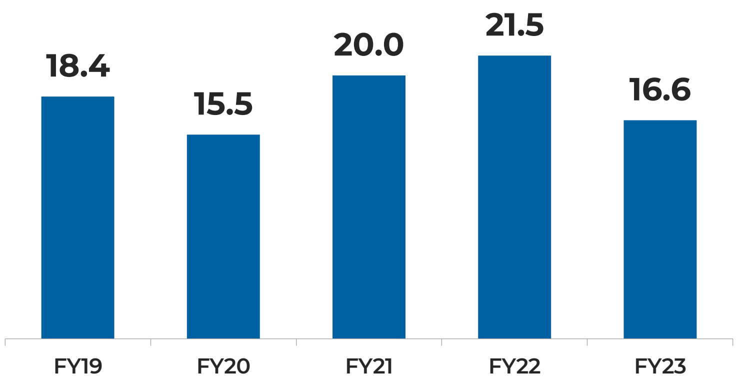
Ratio Analysis

EBITDA Margin (in %)

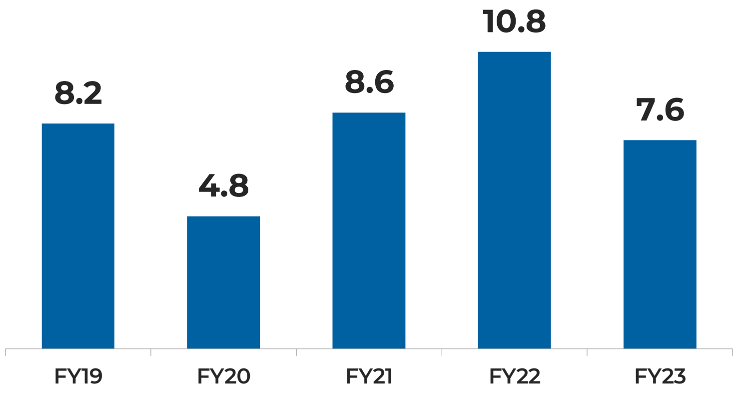


Decrease in the ratio has been due to significant increase in raw material costs.

Return on Capital Employed (in %)

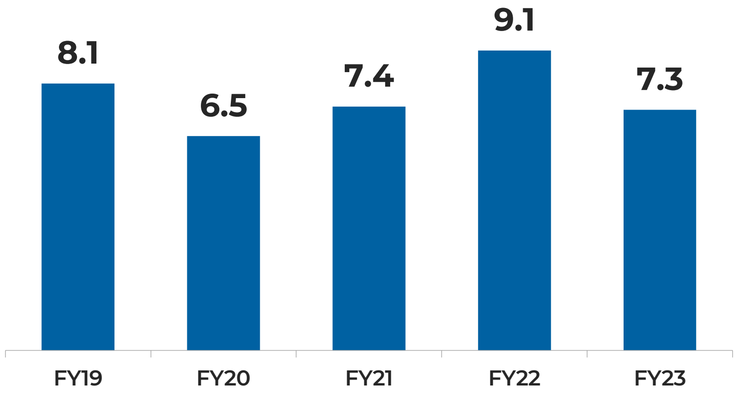


Return on Assets (in %)

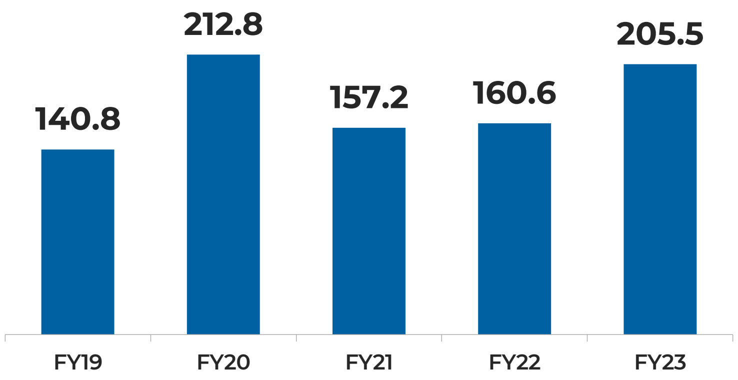


Drop in returns was due to low top line growth and high raw material prices.

PAT Margin (in %)

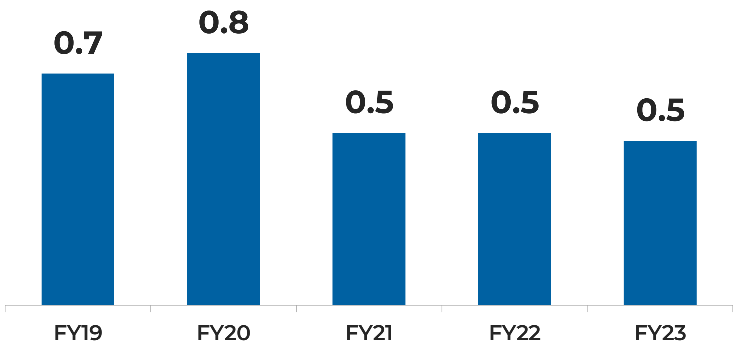


Working Capital Days (in days)



High working capital days in FY23 was due to high days inventory outstanding owing to unsold stock for summer wear that will go out in the next quarter.

Debt-to-Equity (in x)



Debt requirements have moderated since FY21.

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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

Safe Harbour Statement

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Thank You

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