Investor Presentation

Q3 FY 2022

Iris Clothings Limited




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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

Flipkart

hopscotch

amazon

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)

120
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.
- Launched a dedicated infant wear vertical (0-5 years) in December 2021.

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 the accessories line of the infant wear vertical and sports wear by Q1FY23
- Foraying into the kids' undergarments space
- Expanding its product offerings to provide greater choice to customers.

History

- **2004** – Commenced business as a proprietorship firm **'M/s Iris Clothings'**
- **2005** – DOREME: Launched DOREME brand for Kids Wear
- **2011** – Acquired proprietorship firm "M/S IRIS CLOTHINGS" including its brand name DOREME
- **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.
- **2016** – Started sale of products through online e-commerce channels such as 'FirstCry'
- **2018** – Crossed the ₹50 crores turnover milestone
- **2018** – NSE: Listed as an SME under NSE
- **2020** – Migrated from SME portal of NSE to Main Board of NSE
- **2020** – Deepened our penetration by entering new Tier II & III cities

Investor Presentation

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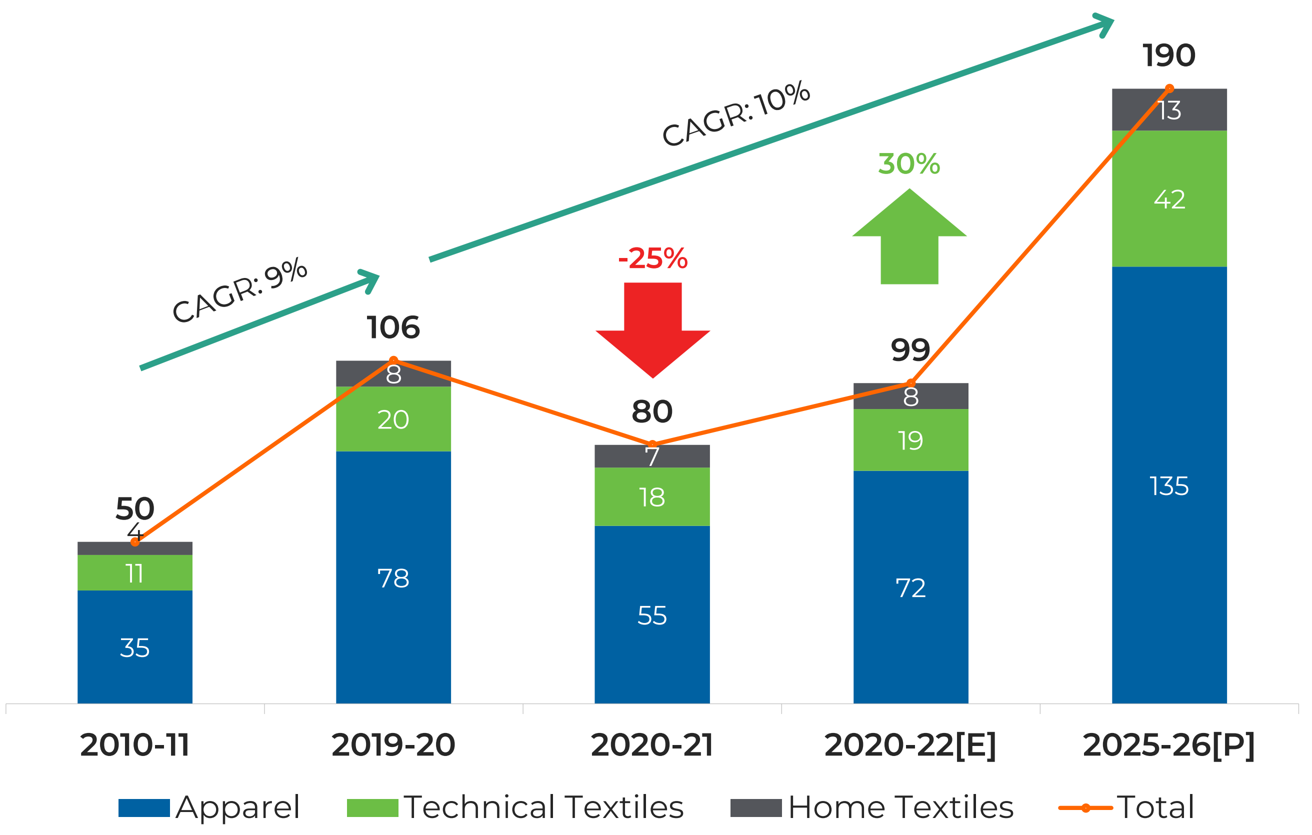
Market Opportunity

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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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.

1. Conceptualization of Design & Development
2. Raw Material Procurement
3. Manufacturing & Branding+
4. Sold to Wholesalers

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

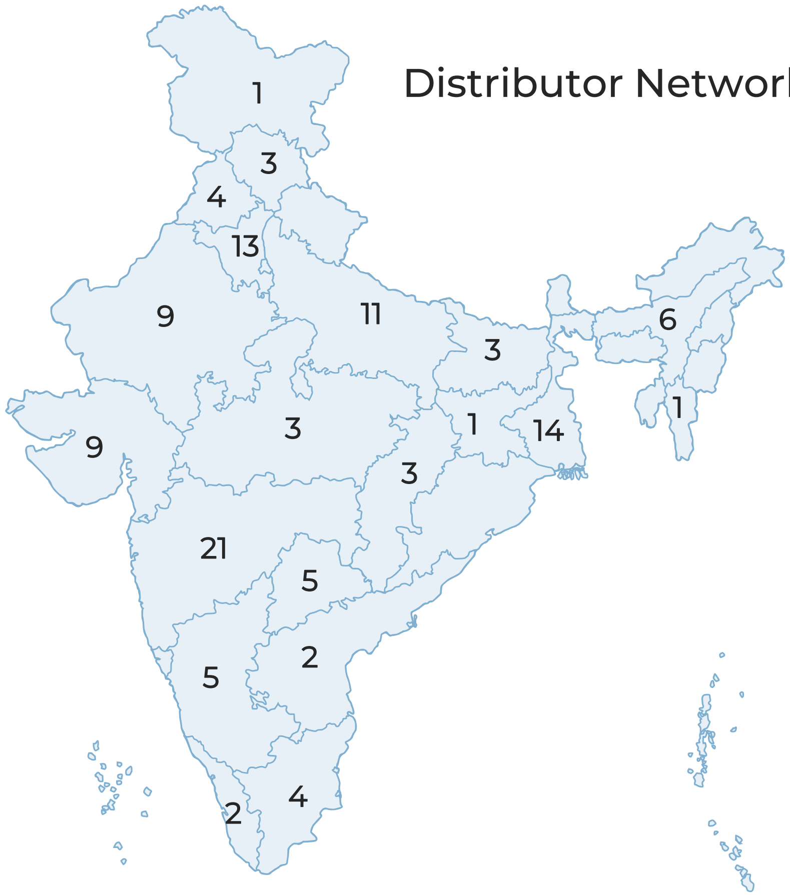
Srijjan Industrial Park, Bombay Road

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

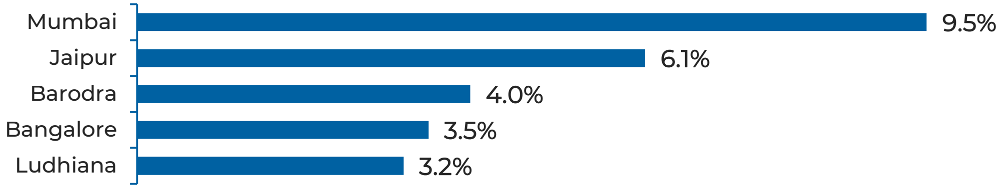
15x manufacturing capacity growth in 16 years

Wide Network

Distributor Network



% Contribution to Revenue



Business Update

- Iris has 120 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

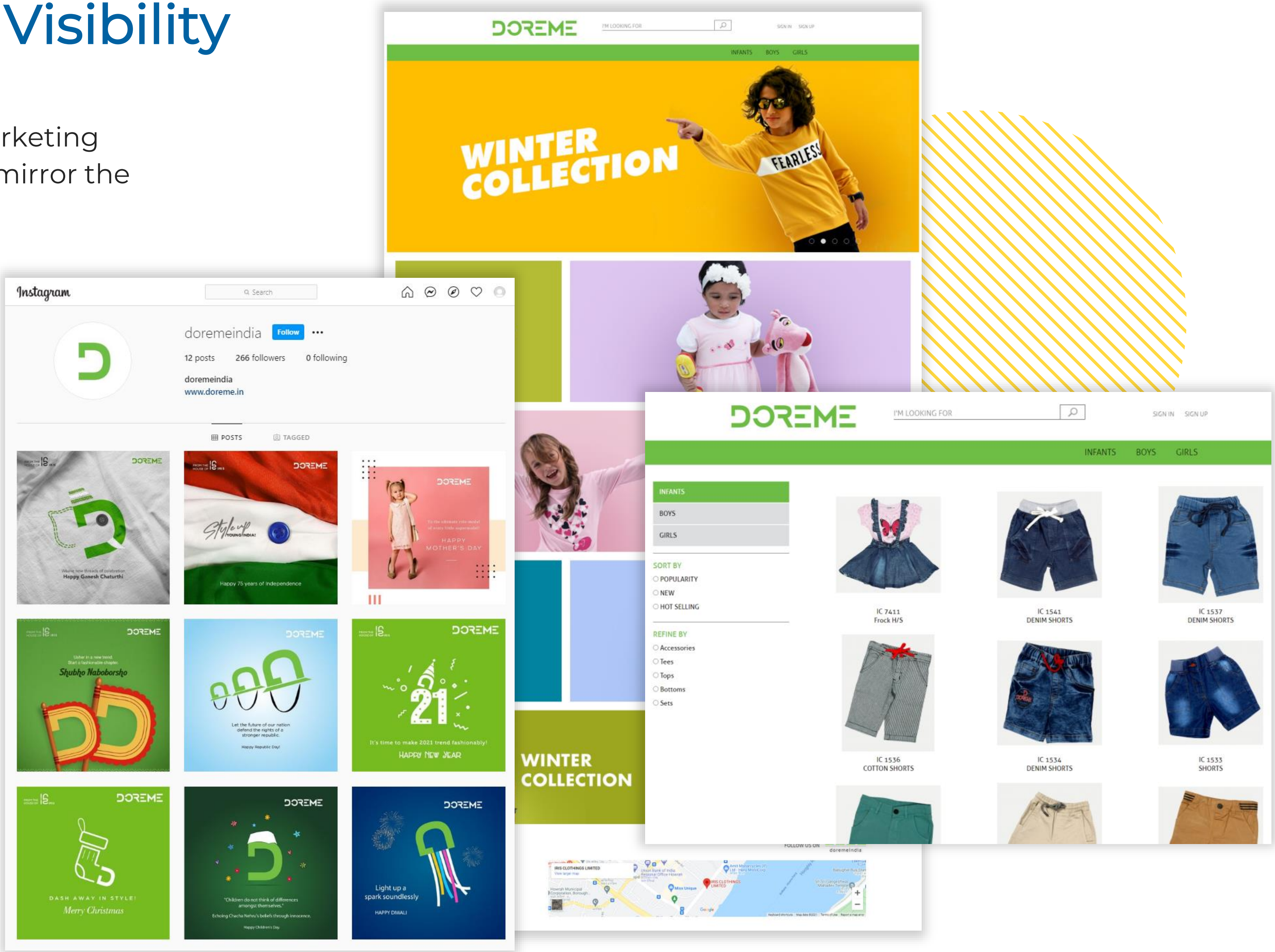
Future Outlook

- 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."

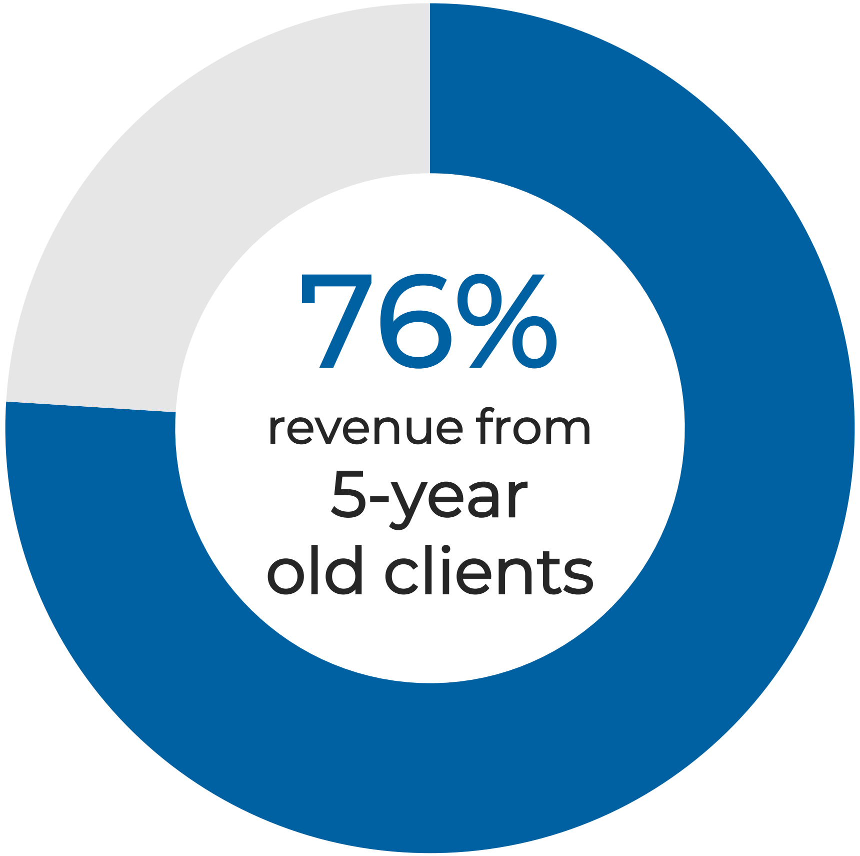
HEMANT & PANKAJ PAREKH

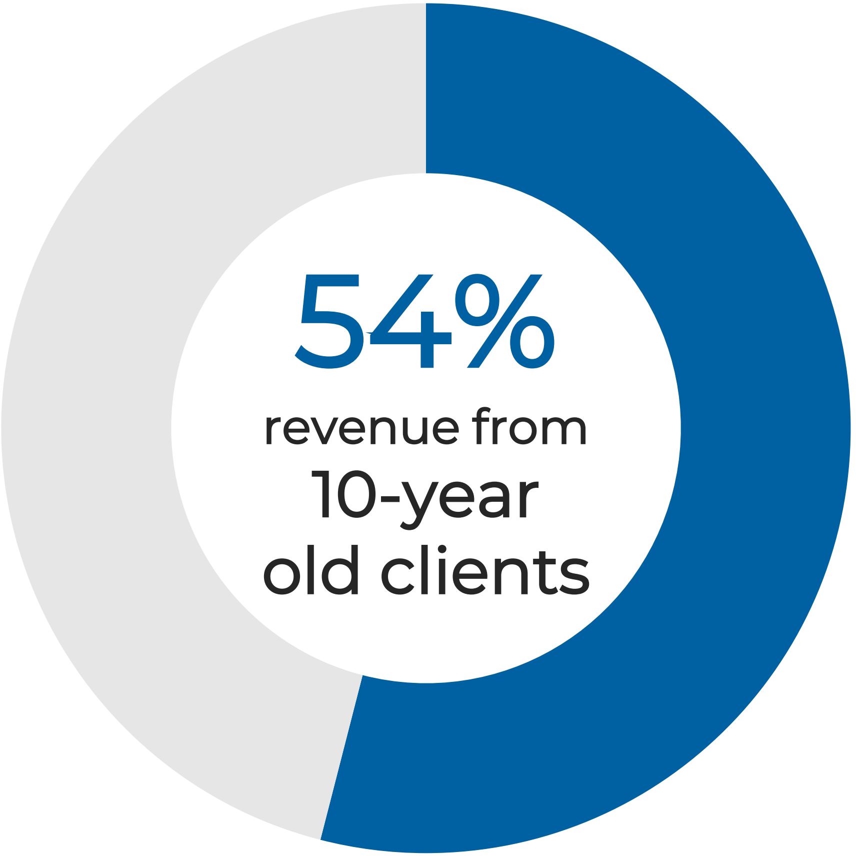
Pamposh Marketing

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

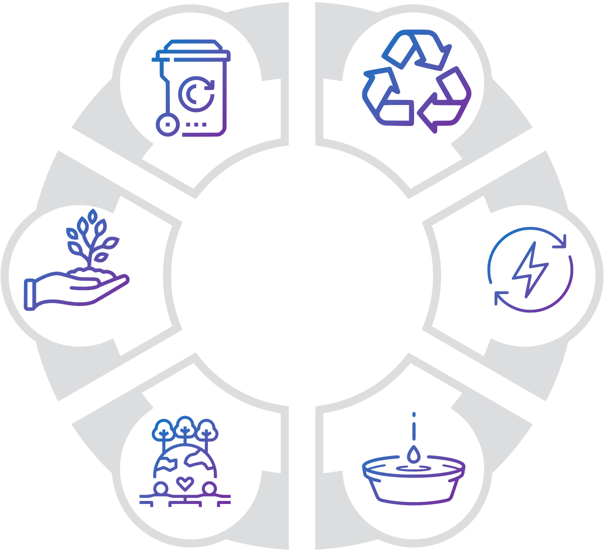
Iris follows a strict ecological policy that comprises of 6 features

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.



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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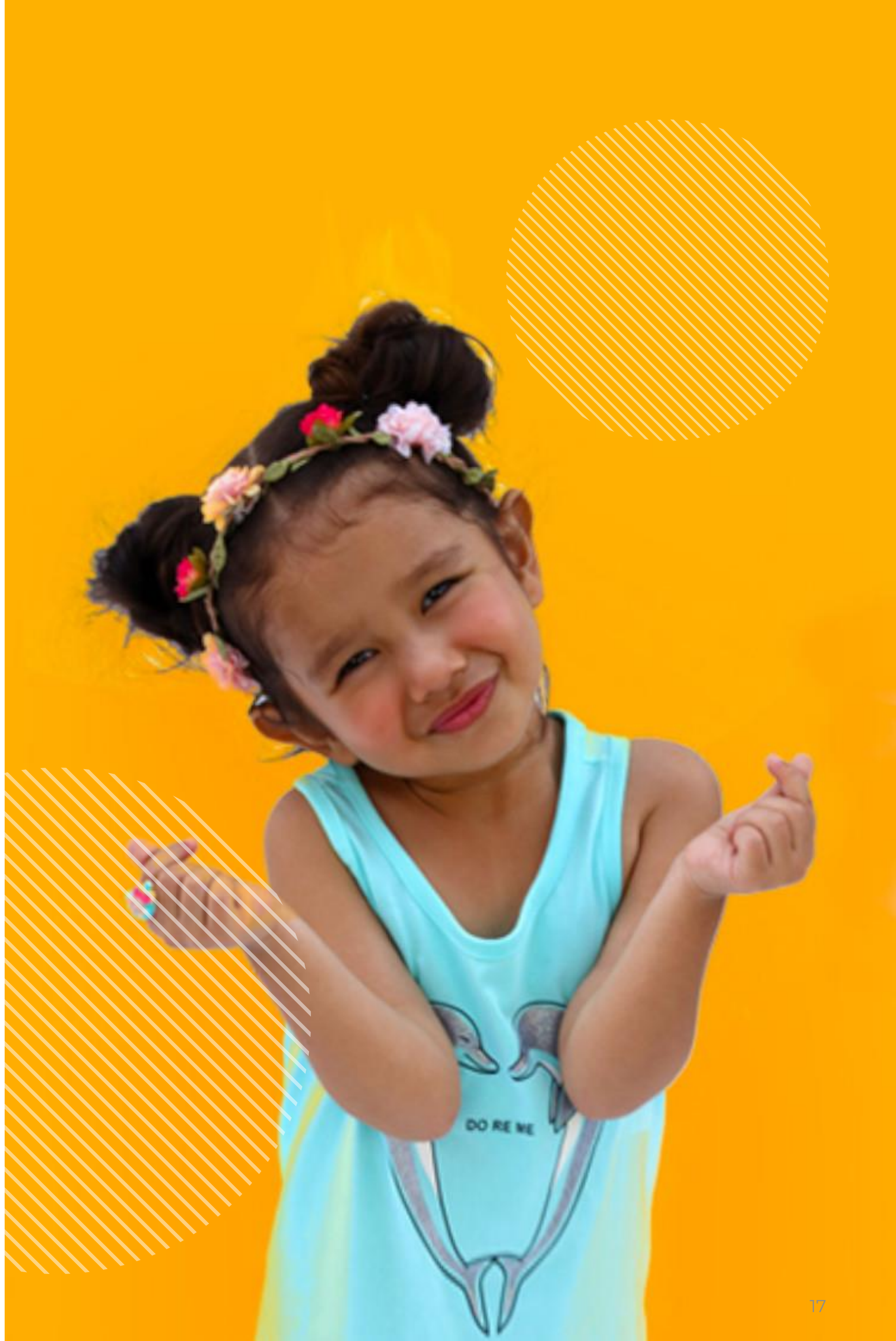
Financial Highlights

Iris Clothings Limited



Q3FY22 Update

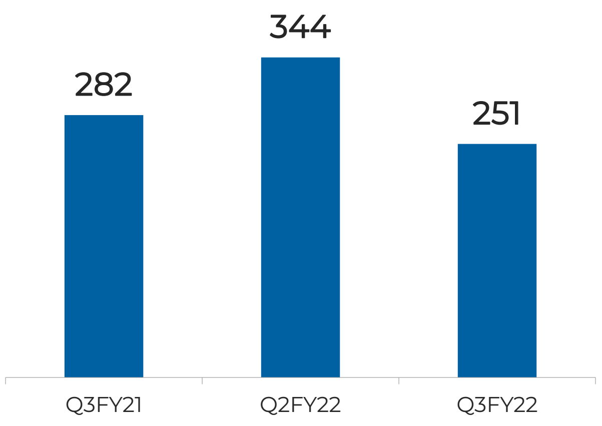
Business Update

- Revenues took a hit as we refrained from selling our goods due to the expected GST rate hike; impacted all domestic suppliers of garments
- Supply in our undergarments vertical will begin by March 2022
- Expect the ecommerce portal to go live by the end of this financial year
- In-line with our guidance, we've launched the infant wear vertical; began the supply in January 2022. Accessories line of this vertical and sportswear will be launched by Q1FY23
- Out of the total capex target of ₹3 crores, the remaining ₹0.62 crores will be employed by March 2022

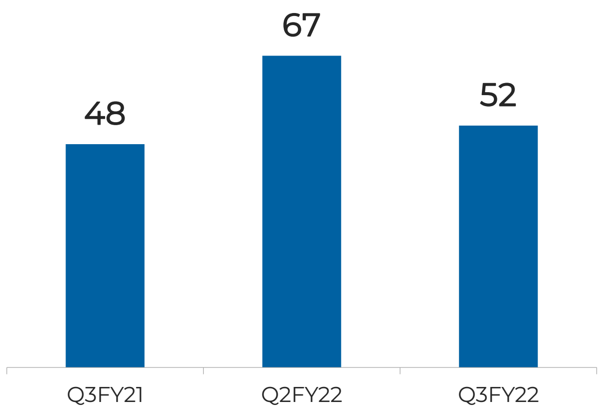
Financial Update

- Total Income stood at ₹25.1 crores, down 11.0% YoY
- EBITDA margin is at 20.9% compared to 16.9% in Q3FY21, up 392 bps
- PAT margin stood at 9.5%, against 7.1% in Q3FY21

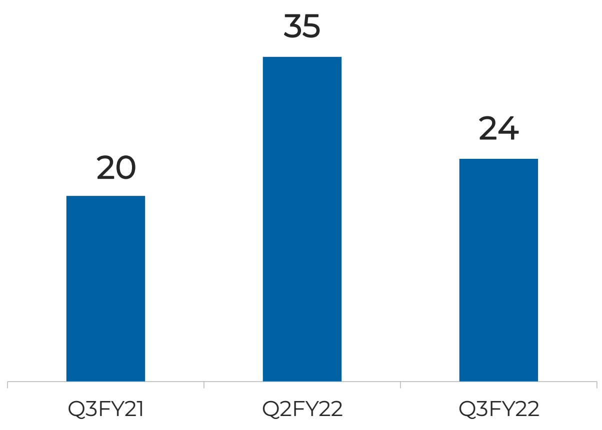
Total Income (in ₹ Mn)



EBITDA (in ₹ Mn)



PAT (in ₹ Mn)



Q3FY22 Update – P&L

in ₹ Crores

	Q3FY22	Q3FY21	YoY (%)	Q2FY22	QoQ (%)	9MFY22	9MFY21	YoY (%)
Total Income	25.1	28.2	(11.0)%	34.4	(27.0)%	79.0	58.5	35.0%
Total Expenses	21.9	25.4	(14.0)%	29.7	(26.3)%	68.7	53.1	29.3%
EBITDA	**5.2**	**4.8**	**9.6%**	**6.7**	**(22.3)%**	**16.4**	**11.8**	**38.6%**
D&A	1.5	1.3	8.4%	1.4	1.0%	4.2	4.0	7.1%
EBIT	**3.8**	**3.4**	**10.1%**	**5.3**	**(28.7)%**	**12.1**	**7.8**	**54.4%**
Finance cost	0.6	0.7	(17.7)%	0.6	(2.4)%	1.8	2.4	(27.2)%
PBT	**3.2**	**2.7**	**17.1%**	**4.7**	**(31.9)%**	**10.3**	**5.4**	**91.3%**
Total Tax expense	0.8	0.8	10.3%	1.2	(32.2)%	2.7	1.5	74.1%
PAT	**2.4**	**2.0**	**19.7%**	**3.5**	**(31.8)%**	**7.7**	**3.9**	**98.1%**

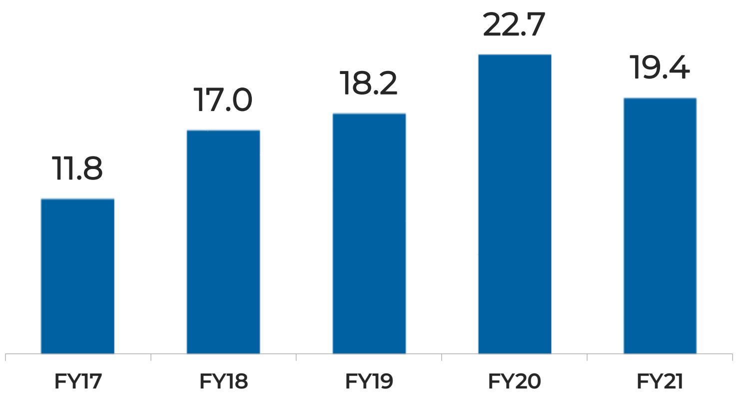
Financial Highlights

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

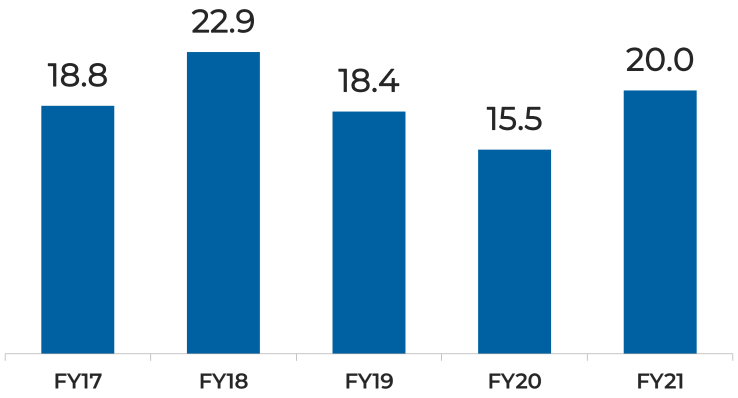
Ratio Analysis

EBITDA Margin (in %)

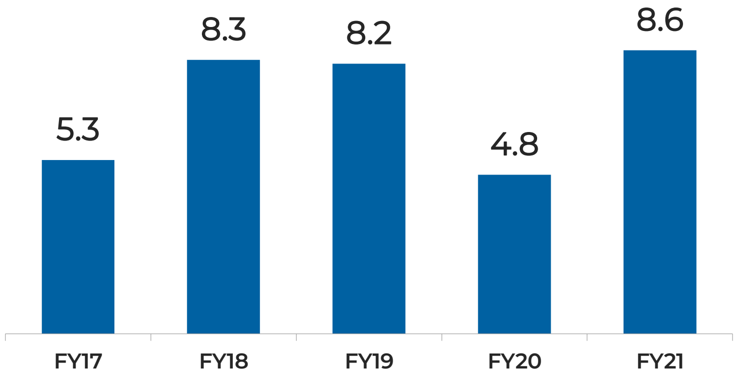


Decrease in the ratio due to significant increase in raw material costs.

Return on Capital Employed (in %)

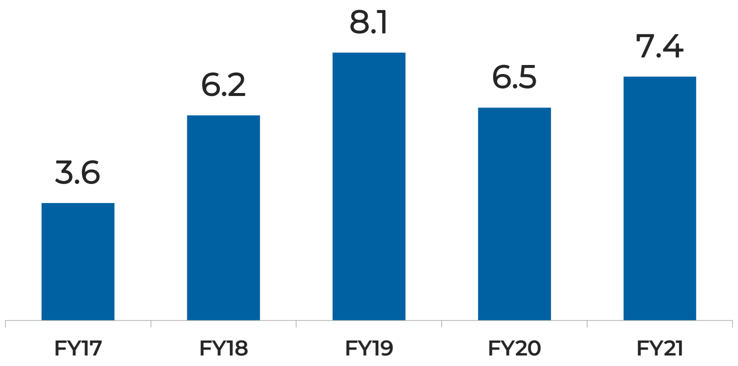


Return on Assets (in %)

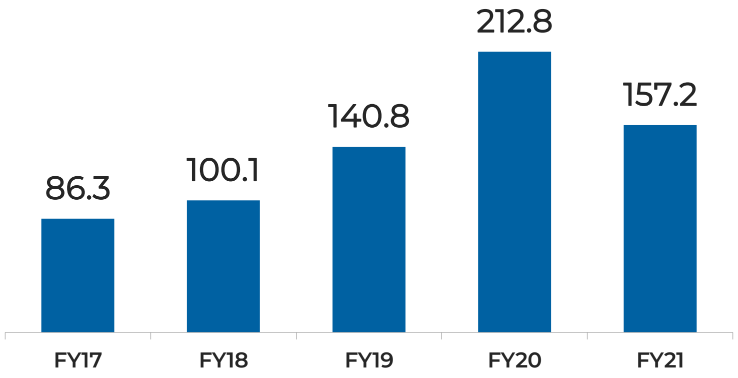


Recovery in FY21 was mainly driven by a 45% increase in revenues.

PAT Margin (in %)

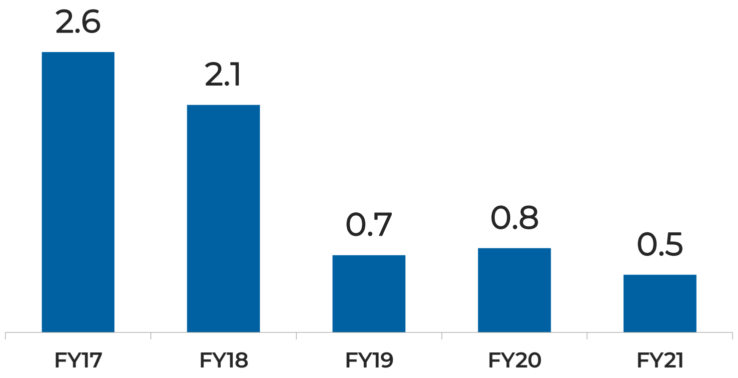


Working Capital Days (in days)



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.

Investor Presentation

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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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This presentation does not constitute any offer, recommendation or invitation to purchase or subscribe for any securities. This presentation has been prepared by the Company based on the data and information which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever of the contents of this presentation. This presentation may not be all inclusive and may not contain all of the information that you may consider relevant. Any liability in respect of the contents of, or any omission from, this presentation is expressly excluded.

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Thank You

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