

Investor Presentation

Q4 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



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

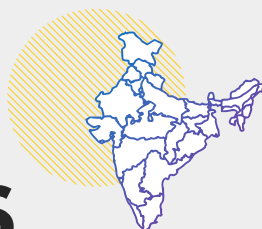
DOREME

1

Brand

26

States
of presence



9

Units
Manufacturing (7)
Dispatch (2)



125

Distributors



22500

Pieces
manufactured/day



~1380

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 in Q1FY23
- Expanding its product offerings to provide greater choice to customers.

History



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



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



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



Crossed the ₹50 crores turnover milestone



Migrated from SME portal of NSE to Main Board of NSE

2004

2005

2011

2012

2016

2018

2020

2021

DOREME

Launched DOREME brand for Kids Wear



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



Listed as an SME under NSE



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



Deepened our penetration by entering new Tier II & III cities



Launched the infant wear vertical

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Market Opportunity

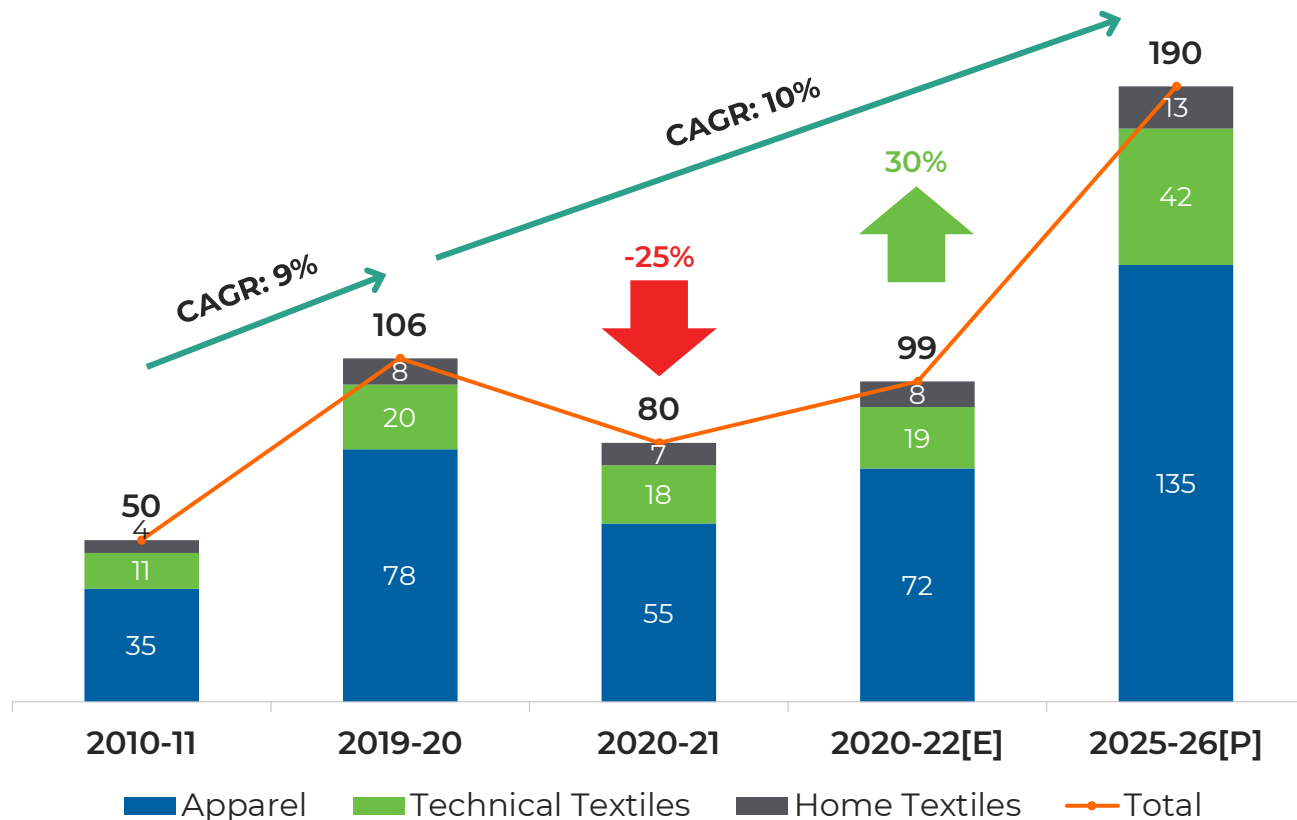


Iris Clothings Limited



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

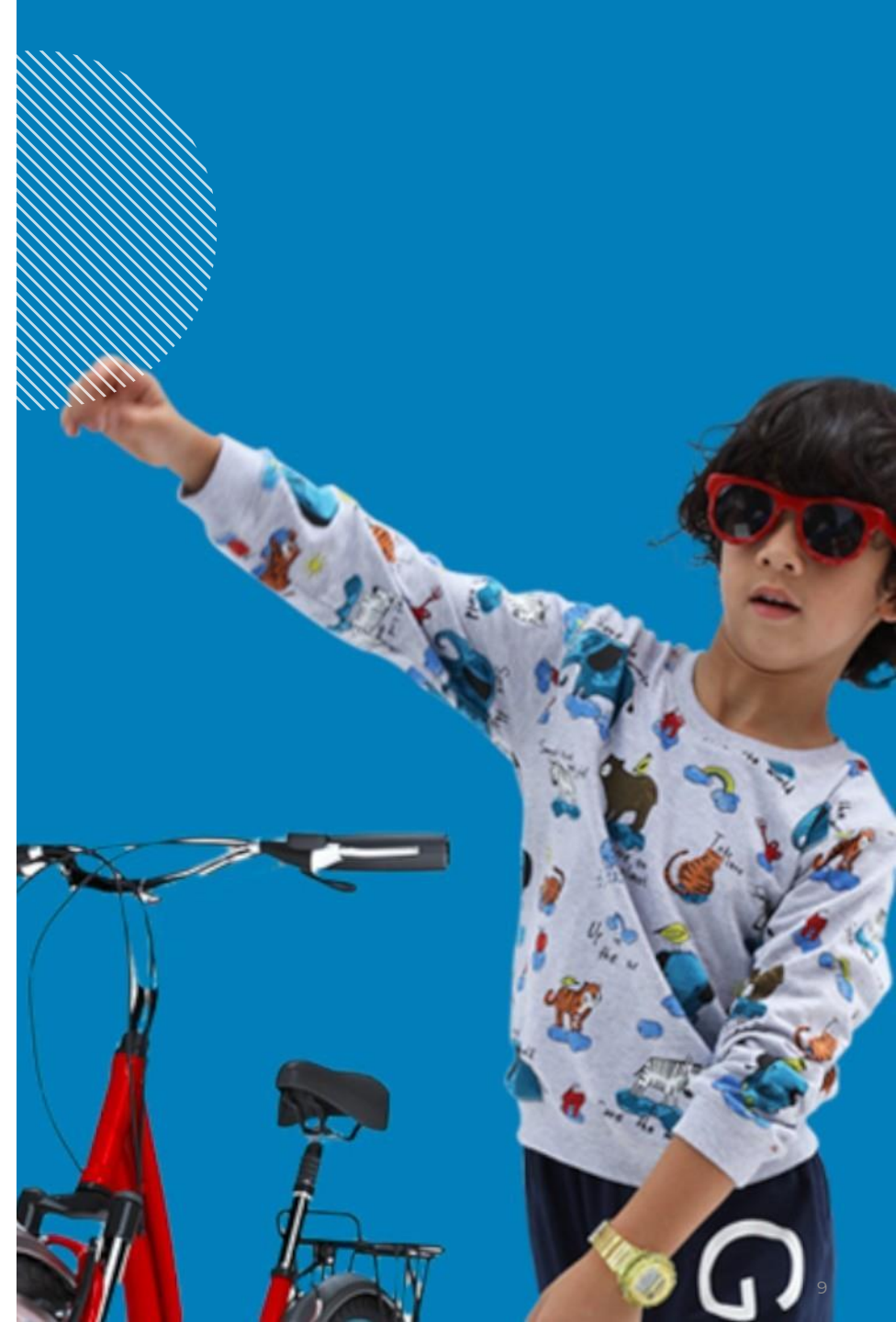


Increasing personal disposable income and **growing** working population are key growth drivers

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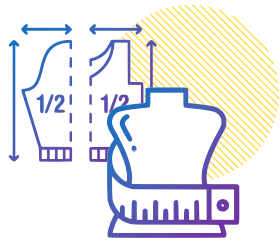
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Our Value System



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.



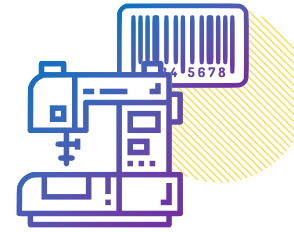
Conceptualization of
Design & Development

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



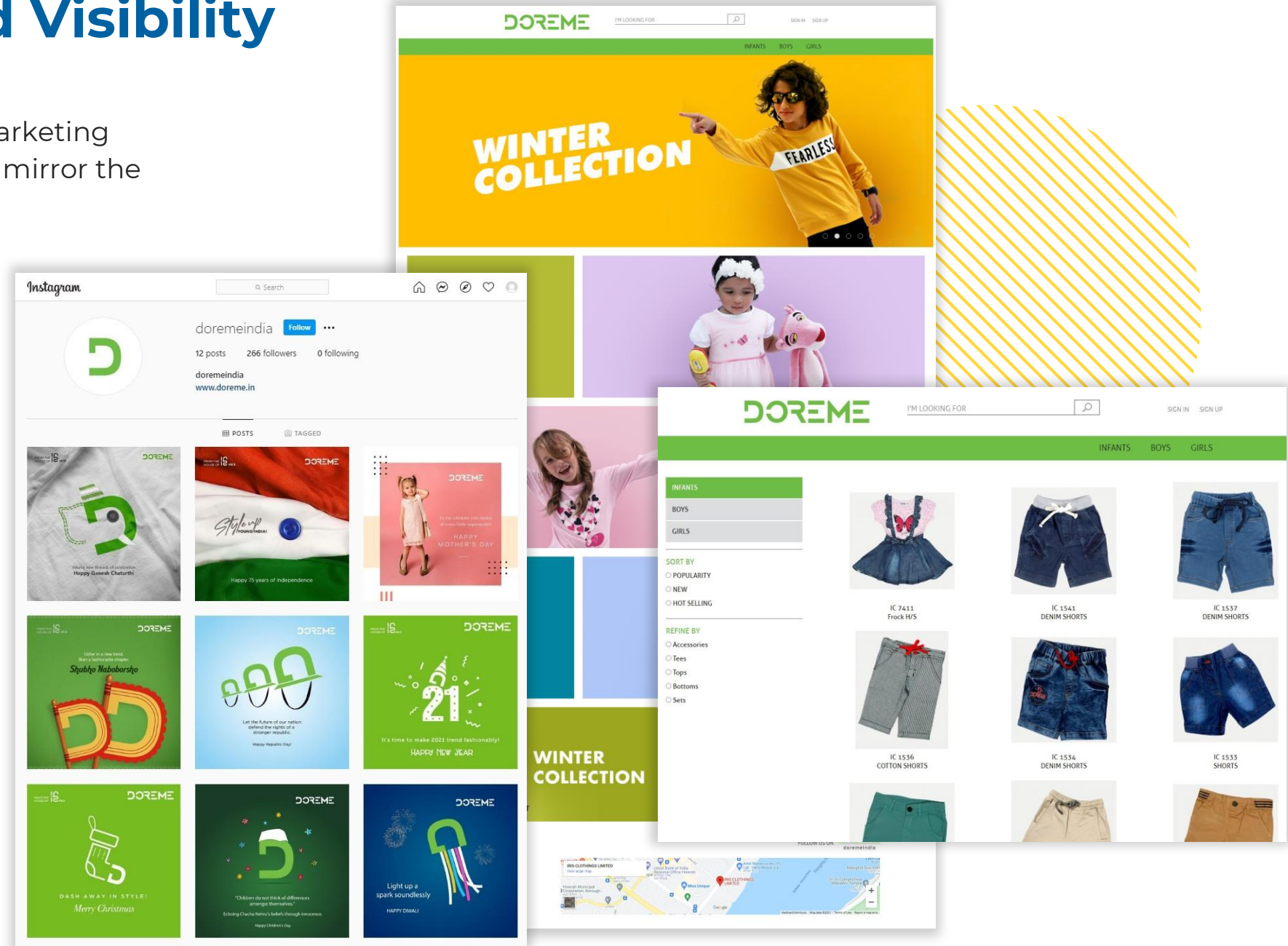
**Srijan Industrial Park,
Bombay Road**

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

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

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



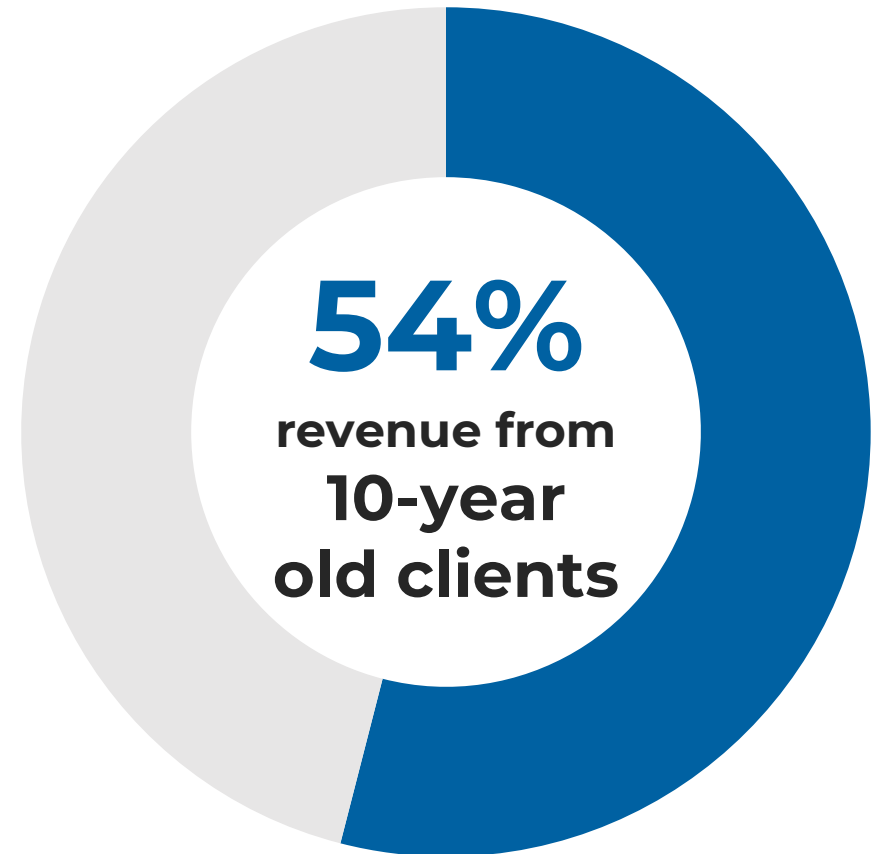
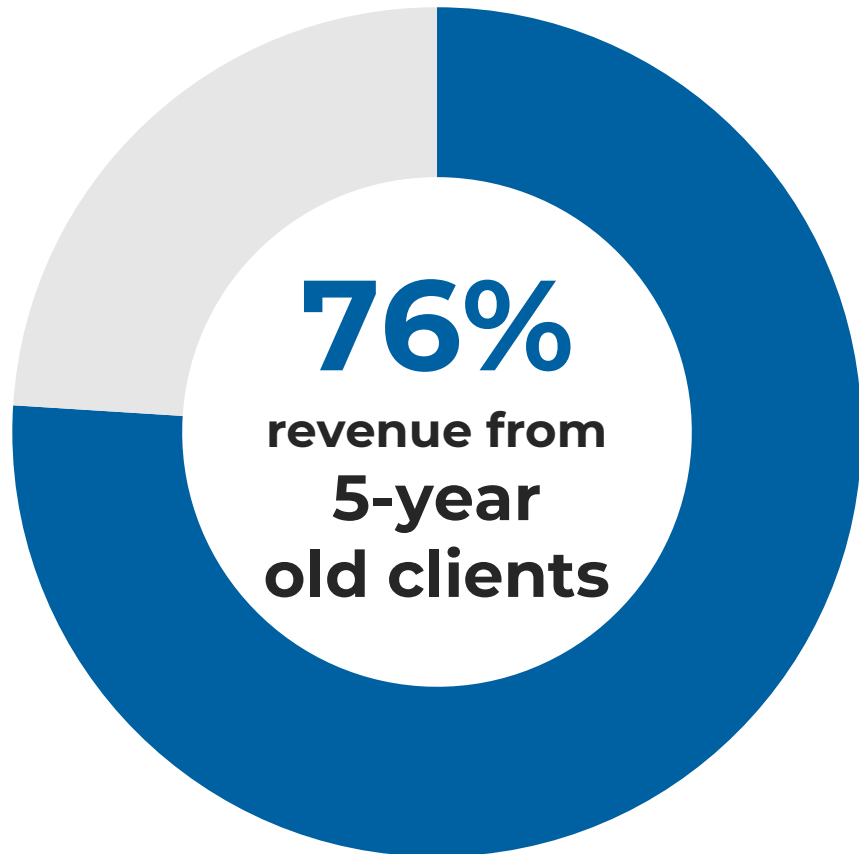
"Our association with DOREME is since its inception. We have the privilege to introduce their quality products in Maharashtra and since then our journey of growth has been phenomenal for both of us. We congratulate them and wish them many more successful years of togetherness."

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

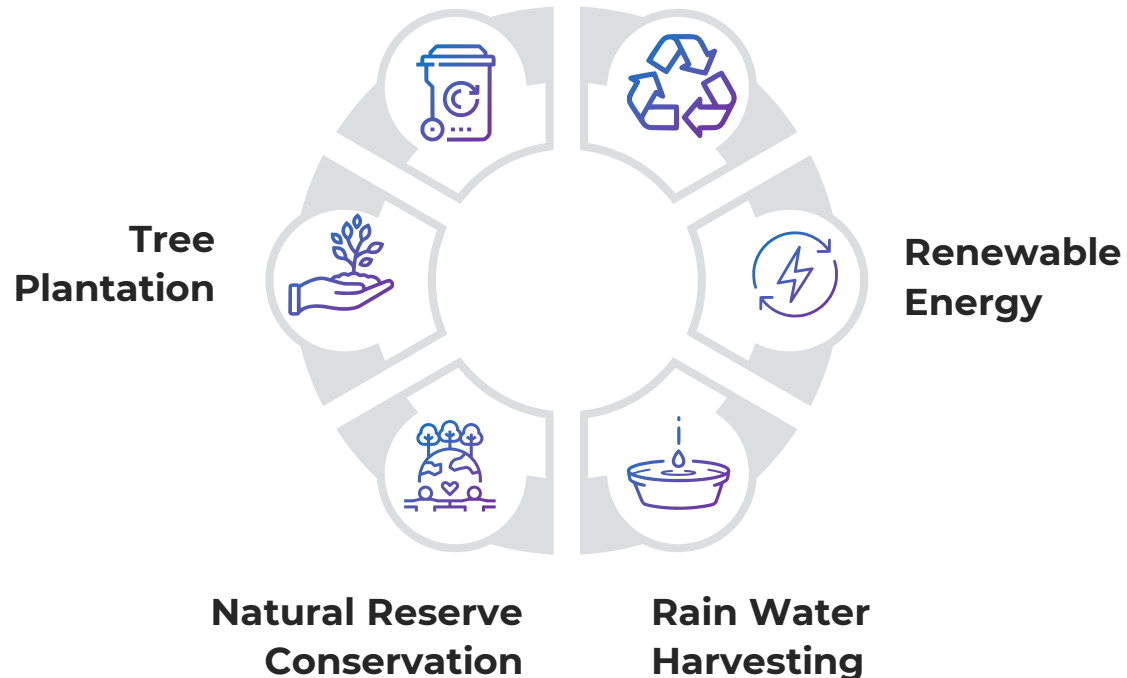
Iris follows a strict ecological policy that comprises of 6 features

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

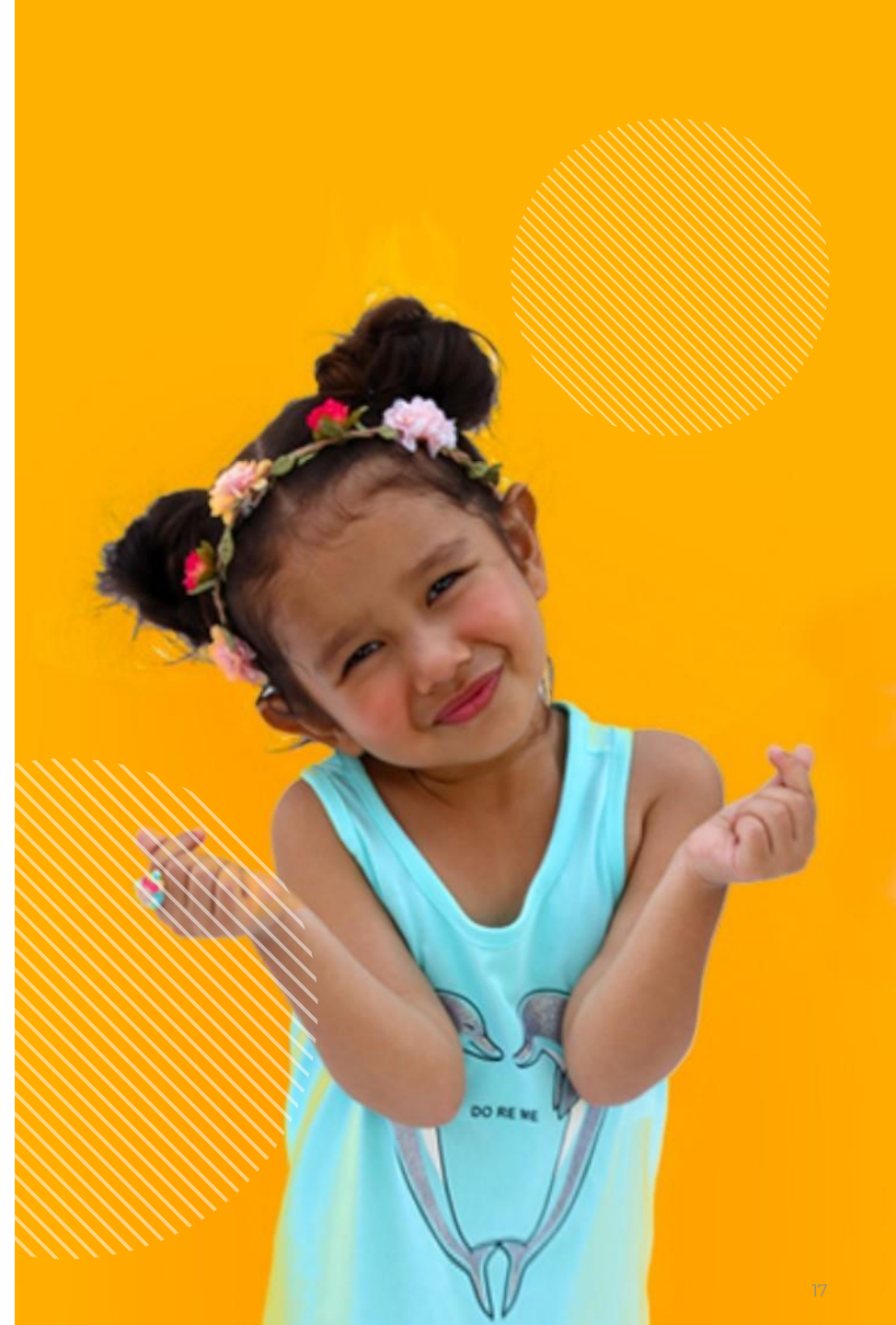
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Financial Highlights



Iris Clothings Limited



Q4FY22 Update

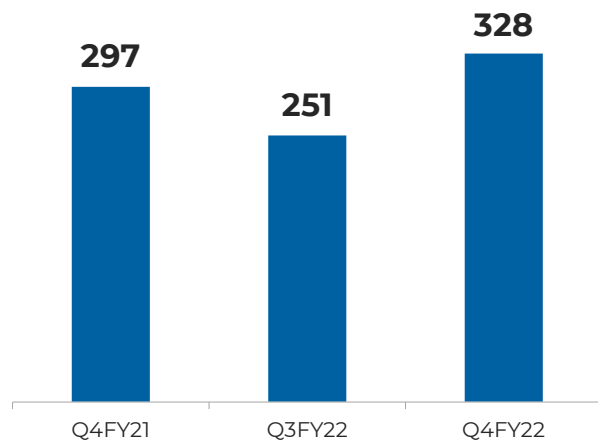
Business Update

- Revenues were up 31% QoQ on the back of growth in volumes
- Raw material prices led to decrease in margins; expected to normalize as the pass through happens in Q1FY23
- High stock pile-up was on account of undergarments and sportswear, both these items will hit the markets in June 2022
- Developing a B2B platform for wholesalers to take orders instantly that will go live in May 2022, and our B2C e-commerce portal that will be launched by June 2022
- Out of the accessories line of the infant vertical, mother bags will be launched in May 2022 and the rest of the items by June 2022
- Target capex will be ₹3 crores that will increase our production capacity by 10% by FY23

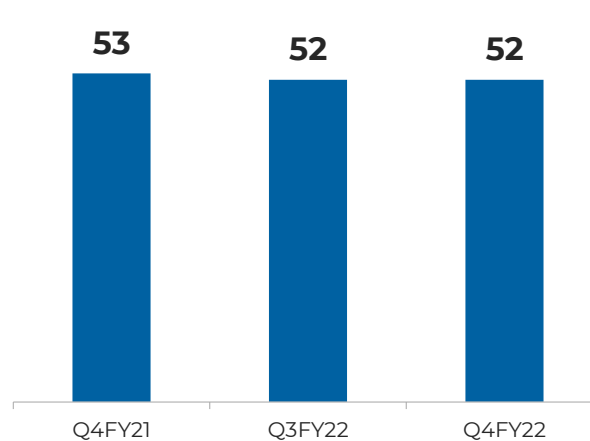
Financial Update

- Total Income stood at ₹32.8 crores, up 10.2% YoY
- EBITDA margin is at 15.9% compared to 18.0% in Q4FY21, down 206 bps
- PAT margin stood at 7.6%, against 7.0% in Q4FY21

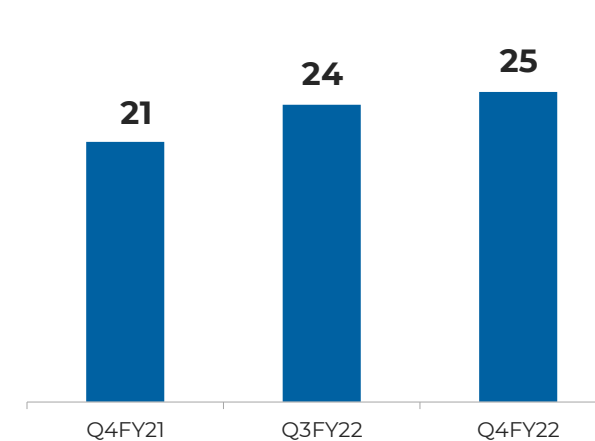
Total Income (in ₹ Mn)



EBITDA (in ₹ Mn)



PAT (in ₹ Mn)



Q4 & FY22 Highlights – P&L

in ₹ Crores

	Q4FY22	Q4FY21	YoY (%)	Q3FY22	QoQ (%)	FY22	FY21	YoY (%)
Total Income	32.8	29.7	10.2%	25.1	30.7%	111.8	88.2	26.7%
Total Expenses	29.5	26.3	12.2%	21.9	35.1%	98.2	79.4	23.6%
EBITDA	5.2	5.3	(2.5)%	5.2	(0.4)%	21.6	17.1	25.8%
D&A	1.4	1.4	0.6%	1.5	(6.4)%	5.6	5.3	5.4%
EBIT	3.8	4.0	(3.5)%	3.8	1.9%	16.0	11.8	34.9%
Finance cost	0.6	0.6	5.9%	0.6	6.5%	2.4	3.0	(20.9)%
PBT	3.2	3.4	(5.1)%	3.2	1.0%	13.6	8.8	54.0%
Total Tax expense	0.8	1.3	(42.4)%	0.8	(8.1)%	3.4	2.3	50.2%
PAT	2.5	2.1	18.6%	2.4	4.2%	10.1	6.5	55.3%

FY22 Highlights – Balance Sheet

in ₹ Crores

	FY22	FY21
Total non-current assets	32.9	32.5
Inventories	33.7	25.3
Trade Receivables	23.7	14.9
Cash & cash equivalents (incl. bank balances)	1.4	1.5
Total Current Assets	60.9	43.4
Total Assets	93.8	75.9
Equity	48.7	38.8
Lease Liabilities	6.6	6.8
Total Non-current Liabilities	6.6	6.8
Short-term Borrowings	25.5	20.3
Trade Payables	10.8	8.4
Total Current Liabilities	38.5	30.3
Total Equity & Liabilities	93.8	75.9

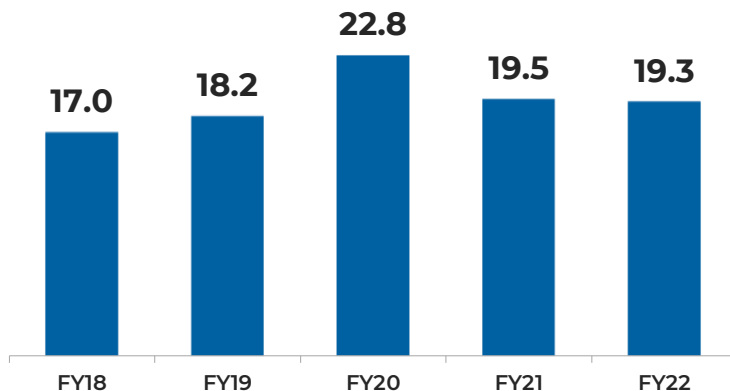
Financial Highlights

in ₹ Crores

	FY18	FY19	FY20	FY21	FY22
Total Income	53.1	62.2	60.9	88.2	111.8
PAT	3.3	5.0	3.9	6.5	10.1
EBITDA	9.0	11.3	13.8	17.1	21.6
Net Worth	10.1	28.6	32.1	38.8	48.7
Debt	21.0	20.1	24.6	20.3	25.5

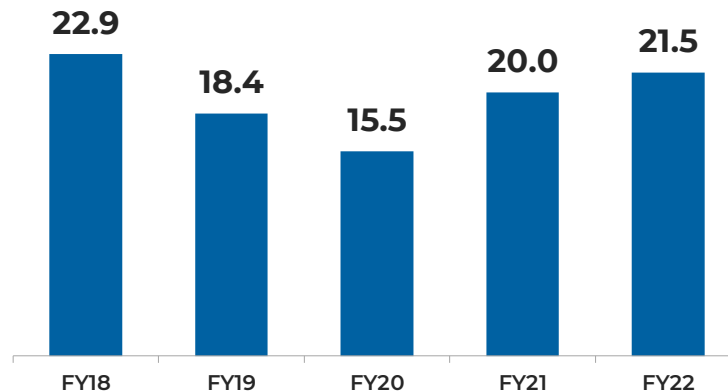
Ratio Analysis

EBITDA Margin (in %)

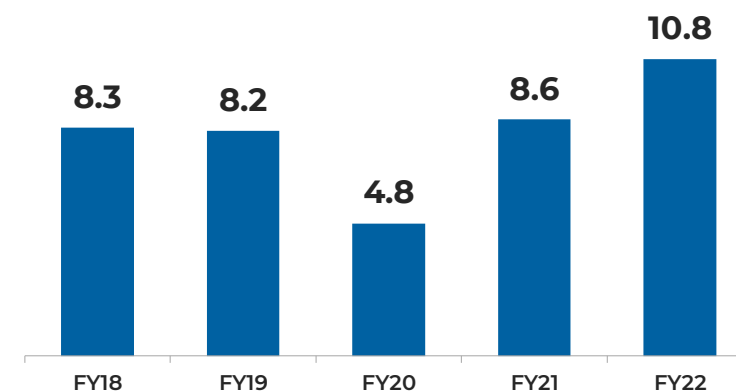


Decrease in the ratio has been due to significant increase in raw material costs.

Return on Capital Employed (in %)

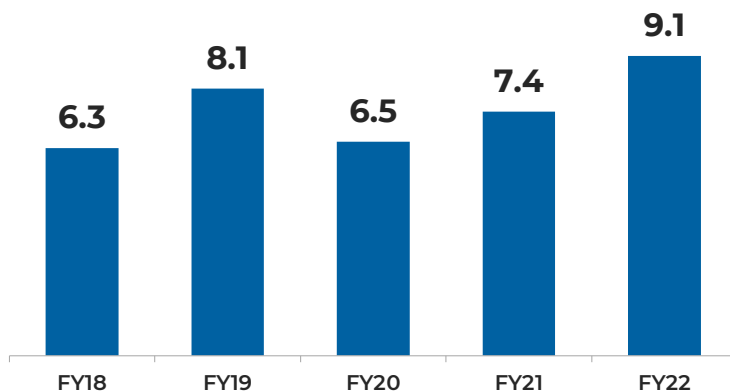


Return on Assets (in %)

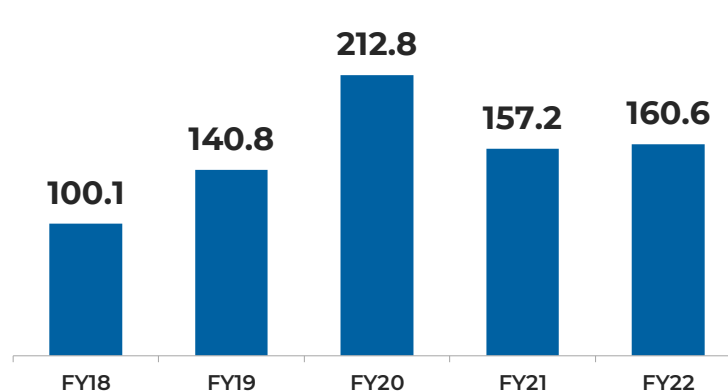


Recovery in FY21 was mainly driven by a 45% increase in revenues.

PAT Margin (in %)

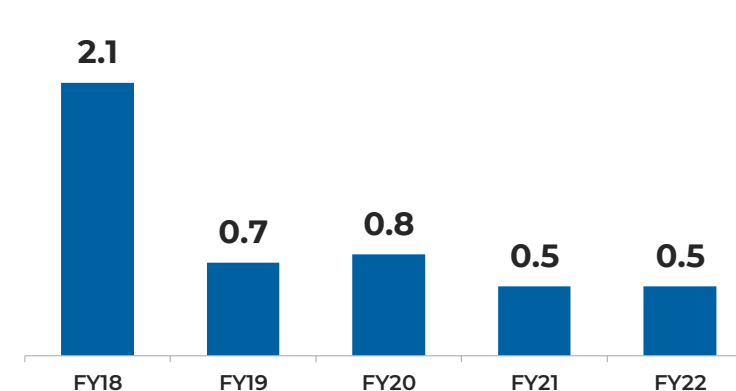


Working Capital Days (in days)



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.

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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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