

Investor Presentation

Q1 FY25 | August 2024



Iris Clothings Limited



Iris Clothing Limited - Investor Presentation



Investor Presentation

Q1 FY25

Financial Highlights & Business Updates



Q1 FY25 Highlights

Business Updates & Future Plans

- Geographic expansion continued with the addition of 5 new distributors with total distributors aggregating to 170.
- Launch of exclusive kids' winter sportswear, featuring lightweight, warm fabric, demonstrating commitment to quality and innovation.
- Positive distributor response to new product line, enhancing both B2B and B2C channels.
- Opened 4 new Exclusive Brand Outlet in Dhanbad, Kolkata and Siliguri malls, expanding children's wear collection in response to demand.
- Confident to launch 15+ EBOs during FY25.
- New outlets expected to drive sales growth, increase brand loyalty, and affirm commitment to market leadership.

Financial Update

- Total income rose to ₹314.7 million a growth of 30% YoY; though margins were affected by higher variable costs; recovery expected in future quarters.
- The EBITDA for the quarter stood at ₹59.6 million compared to ₹63.5 million in Q1FY24; EBITDA margin stood at 19% in Q1FY25.
- The PAT for the quarter stood at ₹24.2 million compared to ₹30.8 million in Q1FY24.
- The profitability margins were subdued because of increased overhead costs associated with the newly launched Exclusive Brand Outlets (EBOs), which are expected to stabilize in the upcoming quarters.

P&L Statement

Particulars (in ₹ Mn)	Q1FY25	Q1FY24	Q4FY24
Total Income	314.7	241.9	421.4
Expenses	255.0	178.3	350.4
EBITDA	59.6	63.5	71.0
<i>EBITDA Margin (%)</i>	<i>19.0%</i>	<i>26.3%</i>	<i>16.9%</i>
D&A	17.1	14.0	15.9
EBIT	42.6	49.5	55.1
Finance cost	9.8	8.3	9.7
PBT	32.8	41.3	45.4
PAT	24.2	30.8	34.9
<i>PAT Margin (%)</i>	<i>7.7%</i>	<i>12.7%</i>	<i>8.3%</i>

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Company Overview



Iris Clothing at Glance



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



www.doreme.in

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

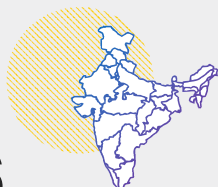


1

Brand

26

States
of presence



10

Units
Manufacturing (8)
Dispatch (2)



170

Distributors



6

EBOs



25,000

Pieces
manufactured/day

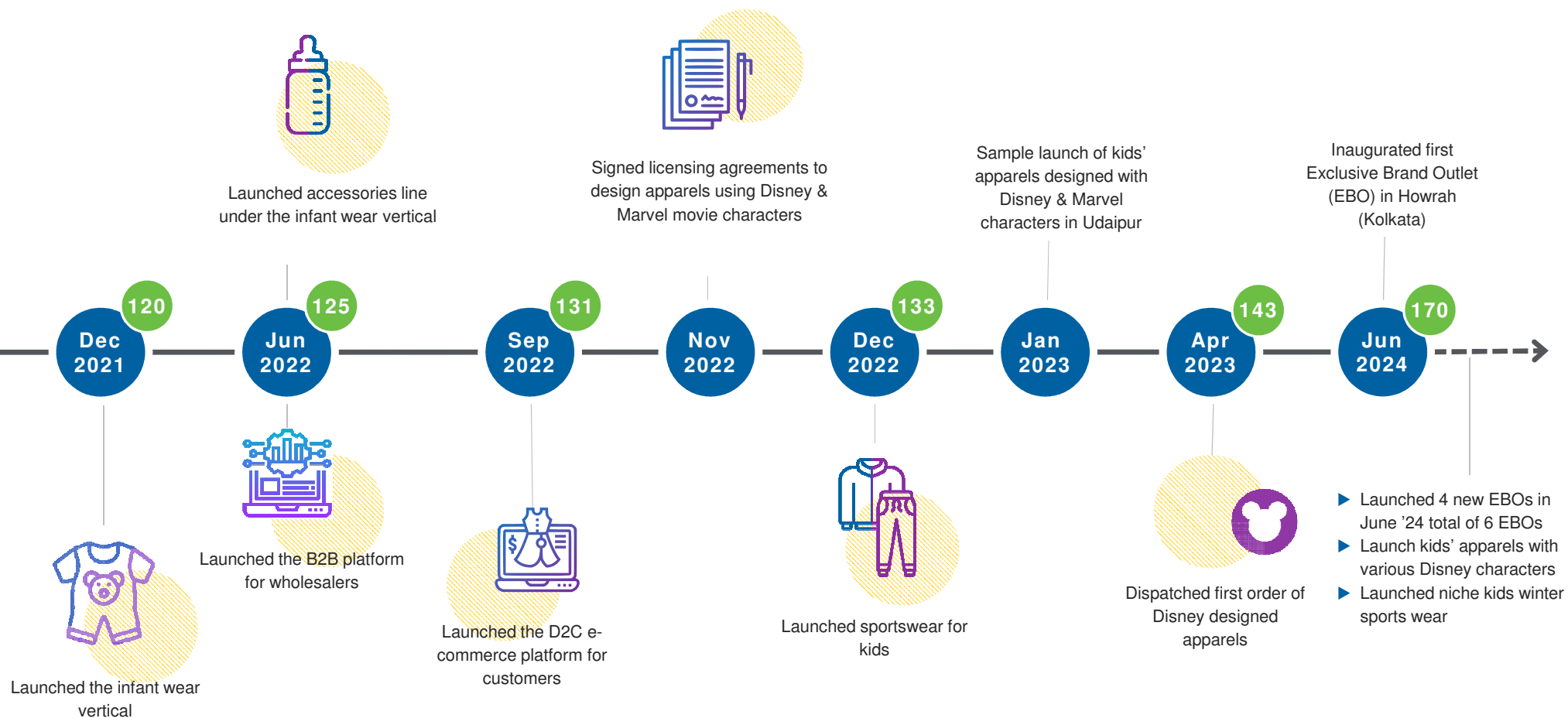


1,438

Employees



Key Milestones

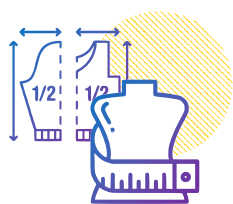


We expanded our product portfolio, grew the distribution base and transformed digitally over the past months. Going forward, our focus towards building the DOREME brand will pave the path of growth.

● No. of Distributors

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

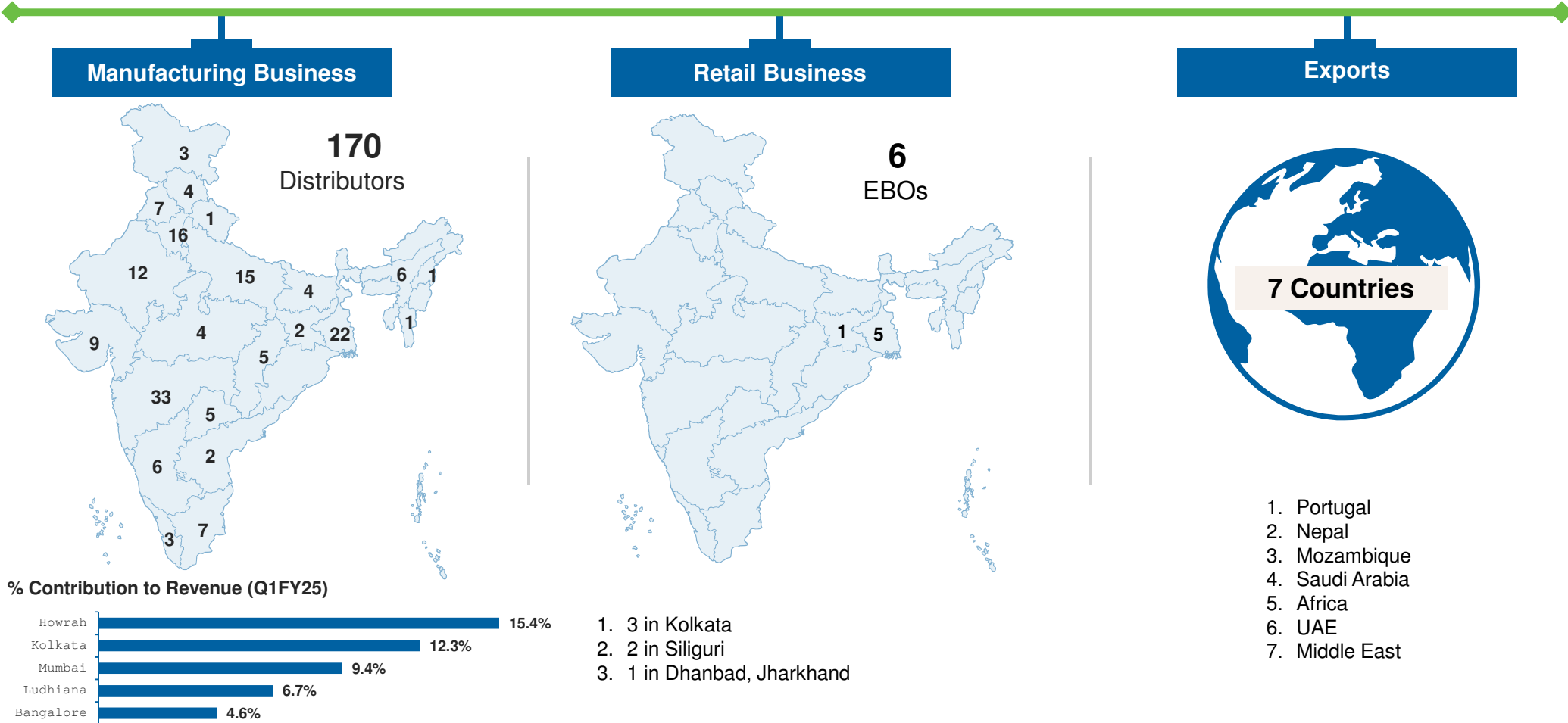


Srijjan Industrial Park,
Bombay Road

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

Total Installed Capacity: 33,000 pieces/day

Strong Distribution Network - PAN India Presence



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.



- Tops
- T-Shirt
- Trousers
- Shorts
- Dresses
- Loungewear
- Accessories
- Sweatshirts
- Hoodies
- Polyfil suits
- Padded suits
- Nightwear

Currently

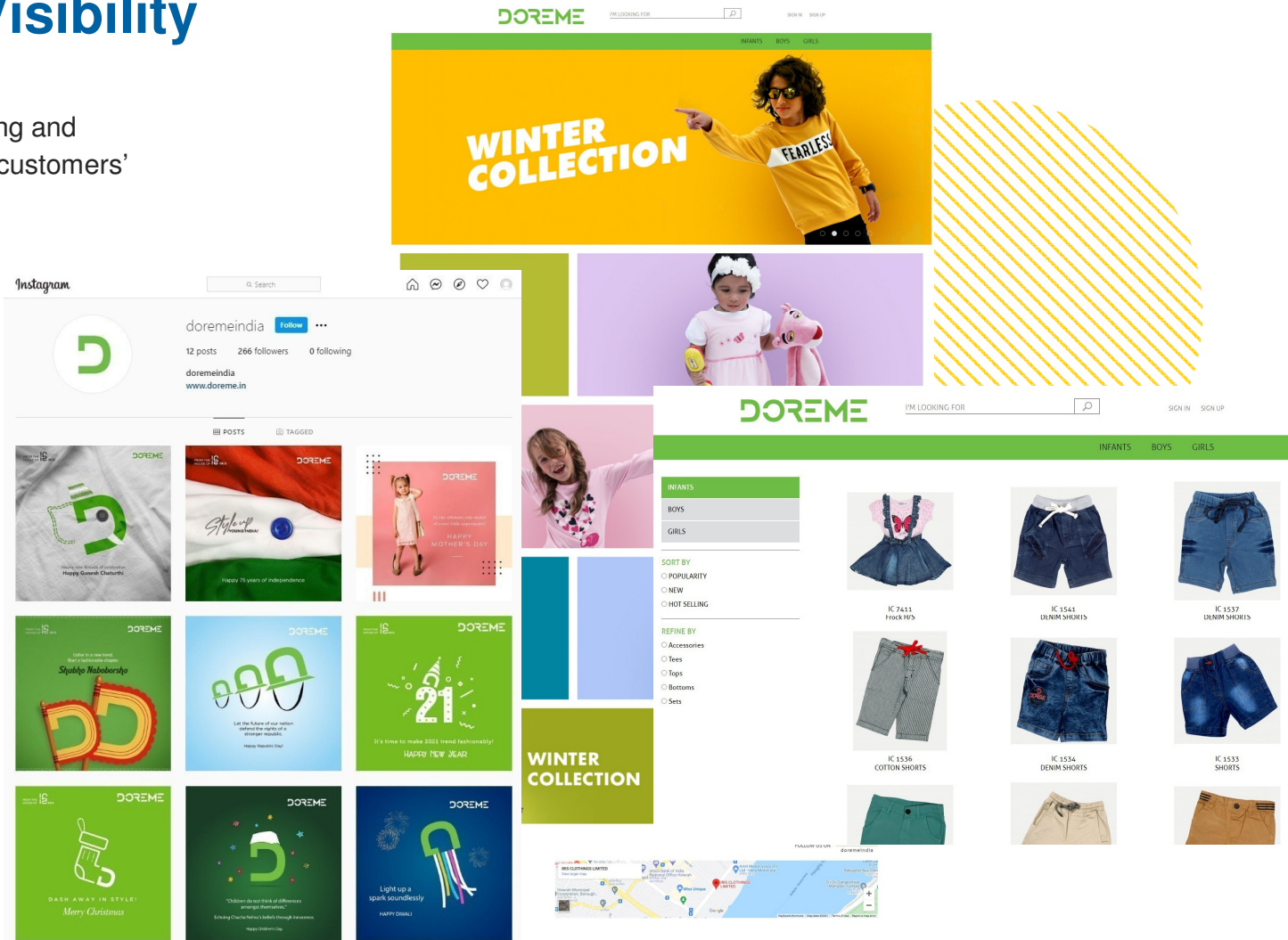
- Established DOREME as a reputable and trusted brand
- Has solidified its market position in the kids segment mainly due to design excellence, top-notch quality and brand strength
- Expanded its product portfolio by launching infant sets and winter wear range
- Enhanced their collection by signing a 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

- In FY25, plan to expand the product offerings by venturing into the kids' inner wear space, therefore enriching the product portfolio
- IRIS have a strategic expansion plan to inaugurate a total of 15+ new stores in FY25
- Due to the growing interest from retailers in franchise opportunities, evaluating to launch franchise model in H2FY25

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.



Disney x DOREME: Premium Market Positioning



Licensing Agreement with Disney

Strategic Partnership that allows IRIS to design and sell apparel featuring beloved characters from Disney & Marvel universe



Launch of Disney x DOREME Brand

Initiative aimed at enhancing customer experience, offering exclusive range of products that combine quality and style of IRIS

Leveraging Opportunities through Disney Alliance & In House Expertise



FAMA Approval for Manufacturing

Received FAMA approval to manufacture the Disney products. Opening export opportunities and collaboration with renowned brands for manufacturing



Premium Pricing Capability

Exclusive nature of the licensing agreement allows customers to pay premium price for products contributing to higher profit margins



Positive Market Feedback

Positive customer response for the new apparel line indicates a strong market demand and potential for continued success.

DOREME x Disney Brand

Mickey & Friends



New Launches



Our Strengths

Strong Merchandise Collection



Offers diverse range of appealing products

Largest Kids Brand



Providing comfort for children through quality and designs

Product Designing



Changes clothing design every 60 days, while competitors change their design in approx. 100 days

Licensing Agreement



Lucrative licensing agreement with Disney to manufacture and sell kids apparel featuring Disney and marvel characters

Fast Fashion



Bringing new trends to the market as quickly and affordable as possible

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



Natural Reserve Conservation

Rainwater Harvesting

Renewable Energy

Social



No Child Labour



Provided clothes to 2000+ underprivileged children



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

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

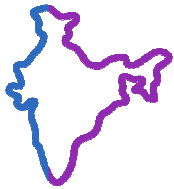
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Growth Drivers



Expansion Strategy



1

Established Offline Presence

Built a pan India presence through

170

Distributors

10k+

Retailers



2

Exclusive Brand Outlets

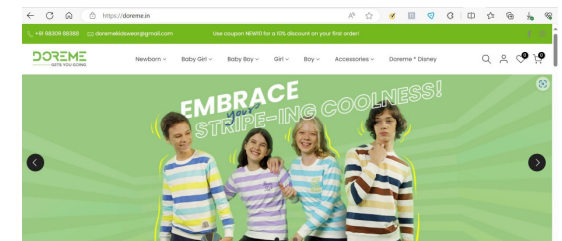
Inaugurated six own stores in Kolkata and Jharkhand with more in pipeline to enhance brand recall



3

Direct Online Portal

Launched own D2C Ecommerce website



www.doreme.in

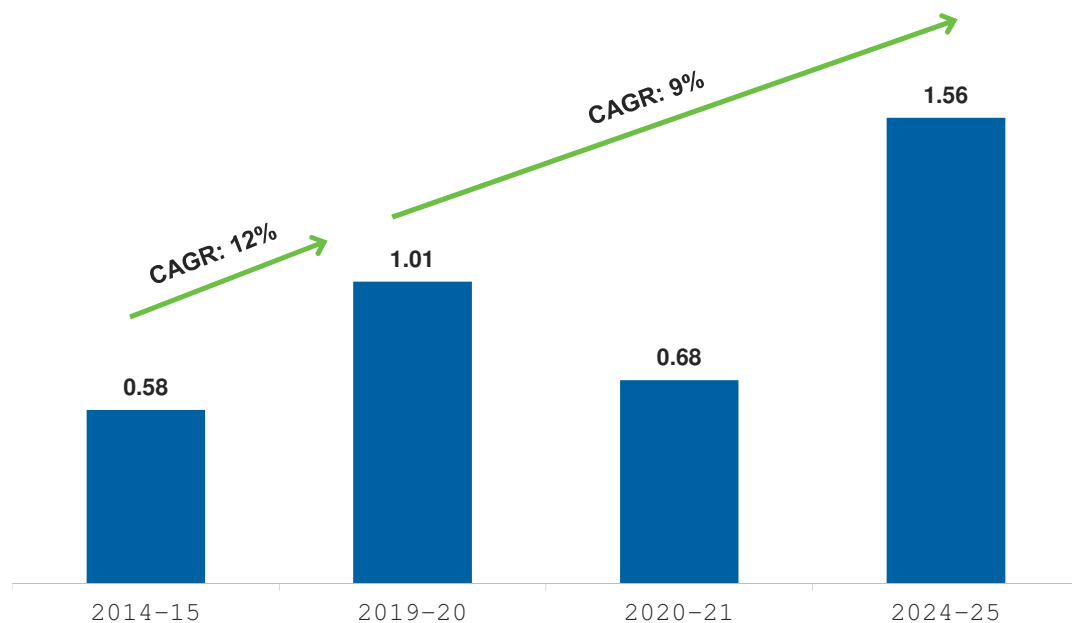
Our Differentiating Factors

Continuous **investments to expand** manufacturing capabilities coupled with high return on capital employed indicating **efficient use** of that capital



Indian Kids Apparel Industry

Market size of Kids Apparel in India (₹ Tn)



Source: Statista

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



~**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

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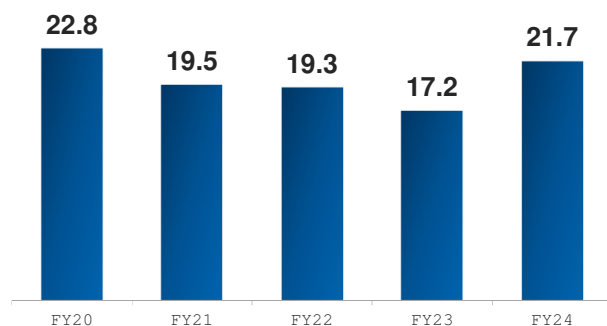
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Financial Trend

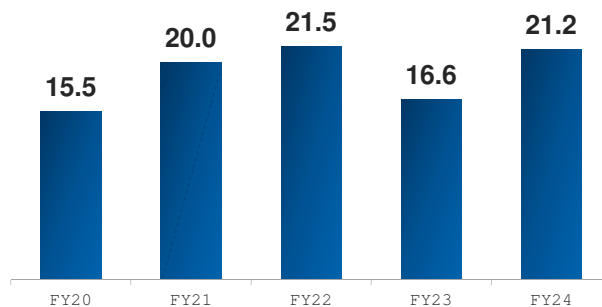


Ratio Analysis

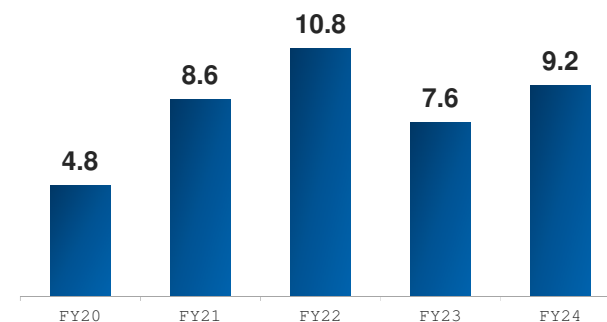
EBITDA Margin (in %)



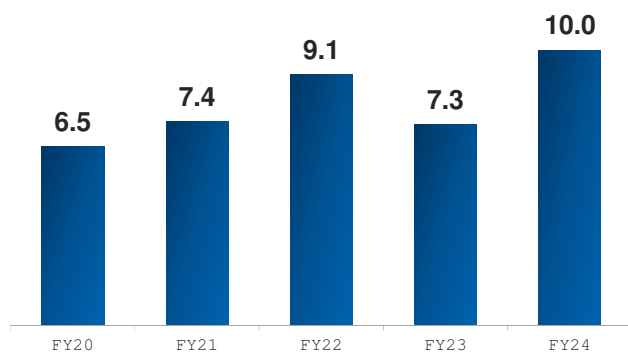
Return on Capital Employed (in %)



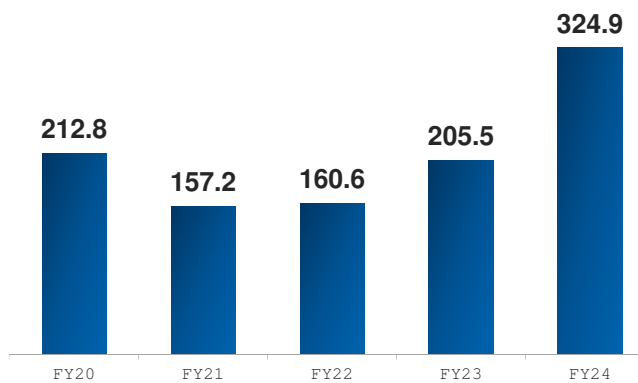
Return on Assets (in %)



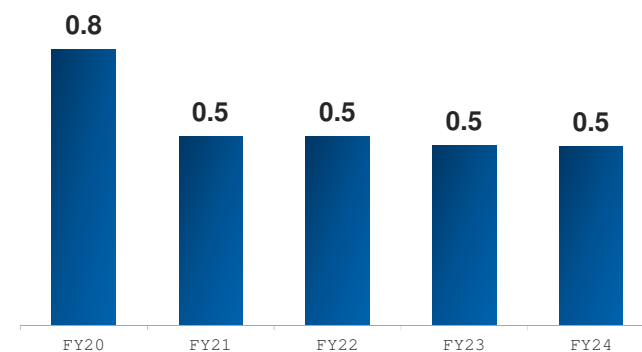
PAT Margin (in %)



Working Capital Days



Debt-to-Equity (in x)



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Thank You

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