

IRIS Clothings Limited

Investor Presentation

October 2024

 DOREME



Q2 & H1FY25

Financial Highlights & Business Updates





Well Established
Brand with
PAN India
Presence...



1 Brand



173 Distributors



Present in
26 States



33,000 Pieces
Installed Capacity/Day



10 Units
Manufacturing (8)
Dispatch (2)



1,400+
Employees

...Going Direct to Consumer (D2C)



Opened
7 EBOs
in East India

P&L Statement

Particulars (in ₹ Mn)	Q2FY25	Q2FY24	YoY (%)	H1FY25	H1FY24	YoY (%)
Total Income	413.9	321.9	28.6%	728.6	563.7	29.2%
Expenses	333.3	246.3	35.3%	588.3	424.6	38.6%
EBITDA	80.6	75.6	6.7%	140.3	139.1	0.8%
EBITDA Margin (%)	19.5%	23.5%		19.3%	24.7%	
Depreciation	17.9	14.8	20.4%	34.9	28.8	21.1%
EBIT	62.8	60.7	3.3%	105.3	110.3	(4.5%)
Finance Cost	10.4	10.3	1.6%	20.2	18.5	9.2%
PBT	52.3	50.5	3.7%	85.1	91.8	(7.2%)
PAT	38.4	36.6	5.0%	62.7	67.4	(7.0%)
PAT Margin (%)	9.3%	11.4%		8.6%	12.0%	

Financial Update

- Total income rose to ₹414 Mn a growth of 28.6% YoY; Consolidated revenue during H1FY25 stood at ₹729 Mn a growth of 29.2%
- The EBITDA for the quarter stood at ₹81 Mn compared to ₹76 Mn in Q2FY24; with an EBITDA margin of 19.5% in Q2FY25. EBITDA for H1FY25 stood at ₹140 Mn with an EBITDA margin of 19.3%. The margins were impacted on account of higher input cost
- The Net Profit for the quarter was ₹38 Mn as against ₹36 Mn in Q2FY24, a substantial growth of 5%; During H1FY25 Net profit stood at ₹63 Mn

VISION 2030



Biggest

Kidswear Brand



500+




Established
Brand Outlets



20,000+

Retail Touchpoints
in India

DOREME Renowned Brand in Kids Apparel

	Establishment Phase 2004-2013	Well Established Listed Kids Apparel Brand 2014-2023	Vision 2030 Going Direct to Consumer 2024 & Beyond
Business Model	Manufacturing Retail B2B	Manufacturing Retail B2B E-commerce B2B	Manufacturing Retail B2B E-commerce B2B Retail D2C E-commerce D2C
Manufacturing Capacity	35,000 sq. ft. 8,000 Pieces Per Day	1,25,000 sq. ft. 33,000 Pieces Per Day	3,00,000 sq. ft. 1,20,000 Pieces Per Day
Market Reach	20 Distributors 13 States	170 Distributors 26 States 7 Countries (Exports)	500+ EBOs 12 Countries (Exports)
Brand			
Products Introduced	T-shirts, Dress	Loungewear, Winterwear, Bottomwear	Innerwear, Sportswear, Infant Accessories, Infant Collection

Consumer Sales

₹35+ crores in FY13

₹250+ crores in FY24

Establishment Phase

2004–2013

Manufacturer for
Kids Comfort Clothing



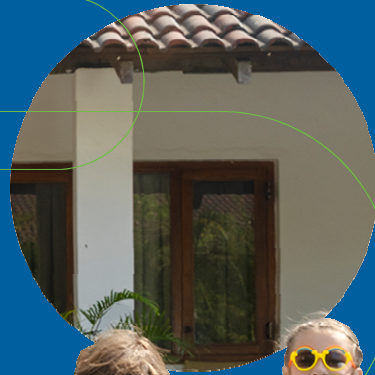
Started as Kids Clothing Manufacturer, Growing Through Focus on Quality

Manufacturing Facilities	Market Reach	Product Branding	Strategy				
<p>Manufacturing facility in Howrah with a capacity of 8,000 pcs.</p>	<p>Added 20 distributors in the first 10 years, established presence in 13 states.</p>	<p>Started selling under our own brand </p>	<p>Focus on offering high quality at affordable prices.</p>				
<div></div> <p>Founded in Kolkata, West Bengal</p> <hr/> <p>Started as a proprietary firm engaged in contract manufacturing for other brands</p>	<div></div> <p>Expanded reach and geographical footprint at a fast pace</p> <hr/> <p>Established 2000+ Retail touchpoints</p>	<div></div> <p>Launched own brand  within a year of starting operations</p> <hr/> <p>All products are sold under the brand </p>	<div></div> <table><tr><td>Focus on offering high quality at affordable prices</td><td>High-quality printing</td></tr><tr><td>Sourcing quality raw materials for manufacturing</td><td>Revenue reached ₹18 crores in the first 10 years</td></tr></table>	Focus on offering high quality at affordable prices	High-quality printing	Sourcing quality raw materials for manufacturing	Revenue reached ₹18 crores in the first 10 years
Focus on offering high quality at affordable prices	High-quality printing						
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Focus on Offering Quality Products at Affordable Prices

Growth Phase: 2014–2023



Well Established Listed
Kids Apparel Brand
with Consumer Sales of

₹250+ crores



Manufacturing Facilities Expanded to

10
Units

Manufacturing (8)
Dispatch (2)



Manufacturing excellence has been one of our biggest strengths

Total Installed Capacity

33,000

Pieces/Day

Area of Installed Capacity

1,25,000

sq. ft.



Foreshore Road, Howrah

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

First fully modernised 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.

Imported advanced machinery from USA & Italy to minimise lead time and guarantee high printing quality for long-lasting products. Upgraded print and finish for quality and speed.



Srijan Industrial Park,
Bombay Road

3rd fully modernised stitching & finishing unit with online processes.

1 unit for dispatch.

Product Portfolio Enhanced Across Categories

Brand **DOREME** offers a wide range of apparels for infants, toddlers, and junior boys and girls that suit both their indoor and outdoor requirements.

Kids (0-5 years)



Dresses | Tops
T-shirts | Trousers
Shorts | Nightwear
Sweatshirts

Price from
₹90 to ₹1500

Girls (6-16 years)



Dresses | Tops | T-shirts
Trousers | Shorts
Loungewear | Sweatshirts
Hoodies | Nightwear

Price from
₹240 to ₹2,000

Boys (6-16 years)



Tops | T-shirts | Trousers
Shorts | Loungewear
Sweatshirts | Hoodies
Nightwear

Price from
₹240 to ₹2,000

DOREME x **Disney**



T-shirts
Sweatshirts
Nightwear
Loungewear | Hoodies

Price from
₹290 to ₹2,500

Collaboration with Disney Certifies Process & Stringent Quality Control...

Leveraging Opportunities through Disney Alliance & In-house Expertise



Licensing Agreement with Disney

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

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



FAMA Approval for Manufacturing

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

...Helps in Premium Market Positioning

Premium Pricing Capability: Exclusive nature of the licensing agreement allows customers to pay premium price for products contributing to higher profit margins.

Disney Licence Helps to:

1

Diversify product line with various Disney franchises

2

Increase sales through popular character demand

3

Enhance reputation via Disney's trusted brand

4

Boost brand recognition with Disney's global appeal

5

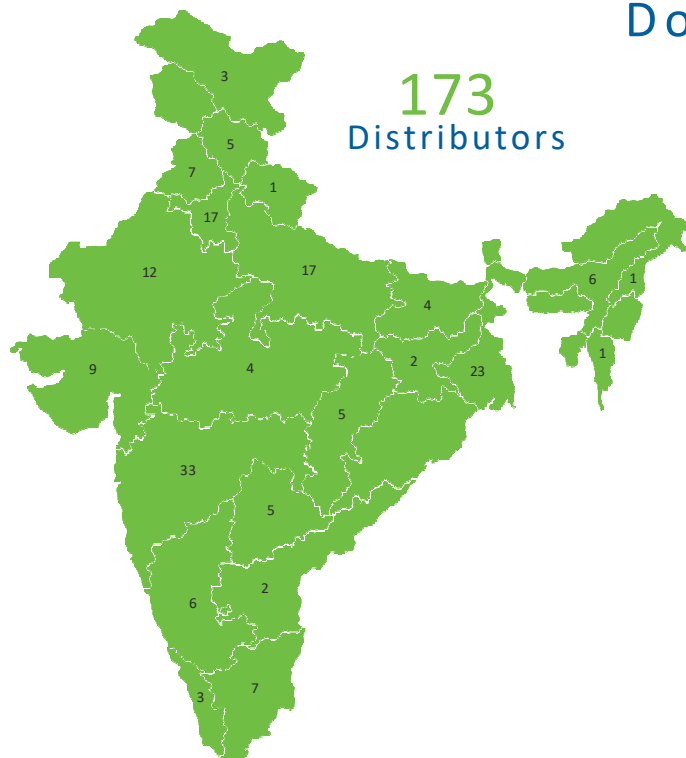
Offer competitive edge with exclusive content

6

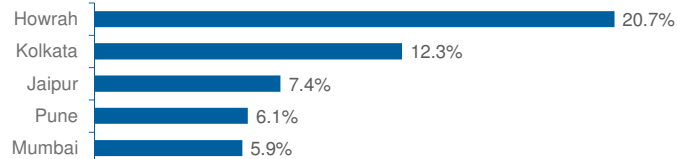
Expand marketing reach with character-driven campaigns

Strengthen Distribution Network

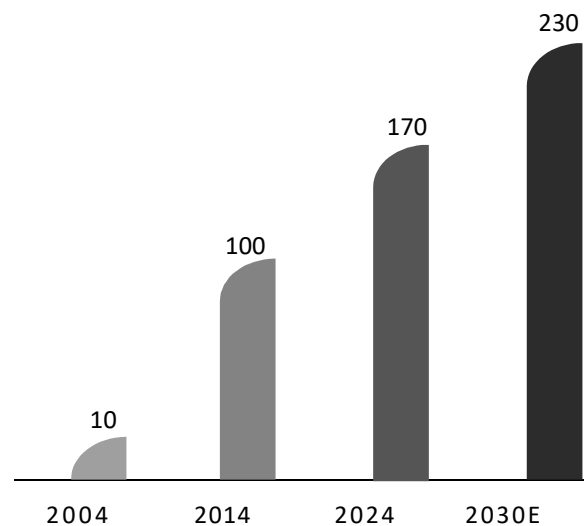
Domestic



% Contribution to Revenue (H1FY25)



Distributors Trend



Exports

7 Countries

Portugal
Nepal
Mozambique
Saudi Arabia
Africa
UAE
Middle East



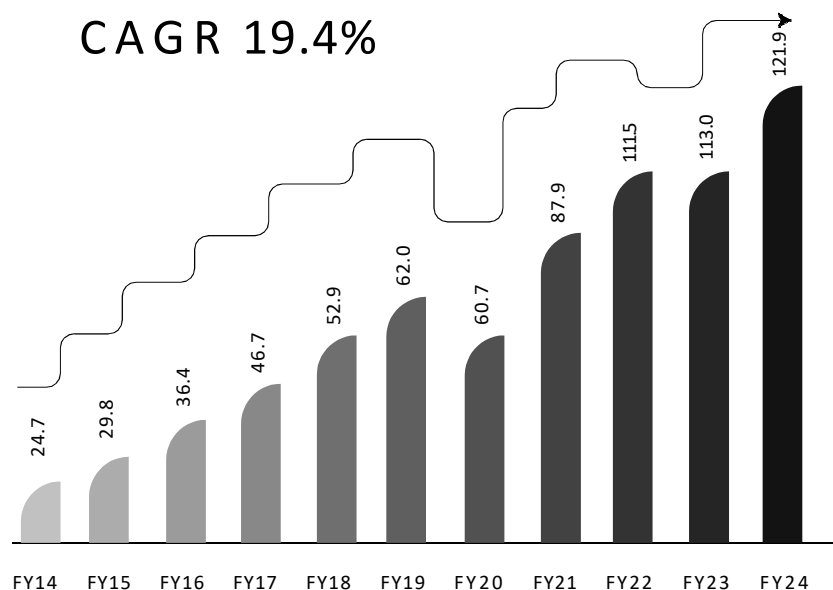
• Exports under **DOREME** Brand

• Spreading Brand Awareness

Financial Growth in-line with Business Growth

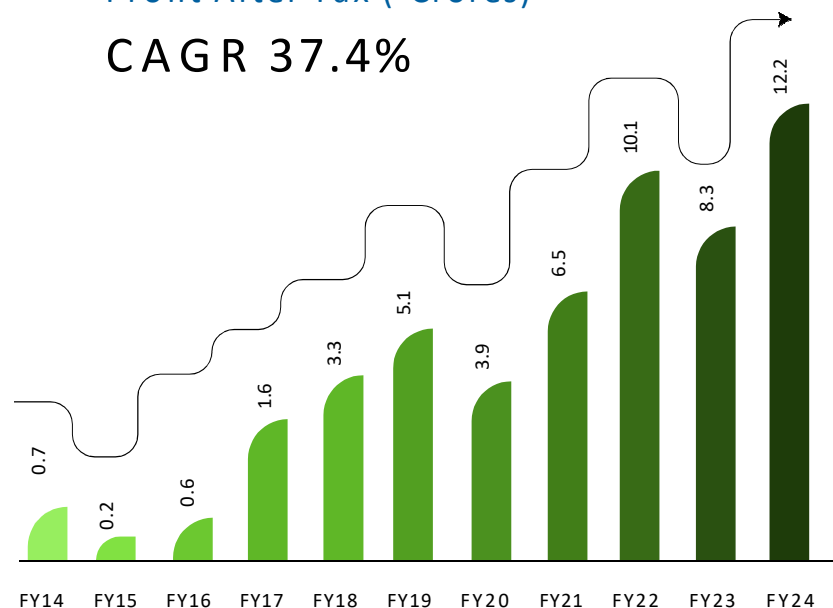
Revenue from Operations (`Crores)

CAGR 19.4%



Profit After Tax (`Crores)

CAGR 37.4%



Consumer Sales of ₹250+ crores

2024 & Beyond

Going Direct to Consumer (D2C)

VISION



Biggest Kidswear Brand

500+ Outlets



20,000+

Retail Touchpoints in India

DOREME : Retail Strategy

EBOs — Retail Business Model

EBOs in Clusters

Cluster model strategy to enhance **DOREME** brand presence citywide.

Aims to enhance brand recognition by initially opening stores in the eastern regions where presence is limited, followed by an expansion into the well established western regions.

Ownership Model (COCO & FOCO)

EBOs in Company Owned Company Operated (COCO) model to have first-hand experience of operations.

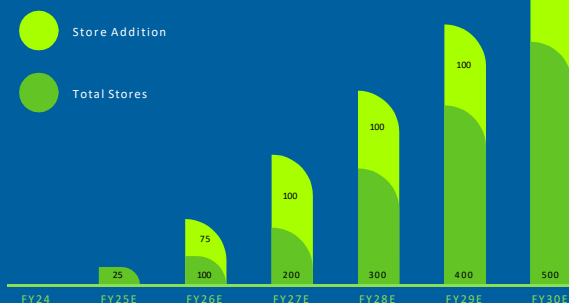
Continue with only COCO model for couple of years and/or 100 stores.

Considering high interest from existing distributors in franchise opportunities, plans to launch its franchise stores after FY26.

Franchise will be Franchise Owned Company Operated (FOCO) model.

Store Opening Plan

EBO Expansion Plan



Plan to launch stores every quarter to achieve the target of 100 stores in the next 2 years.

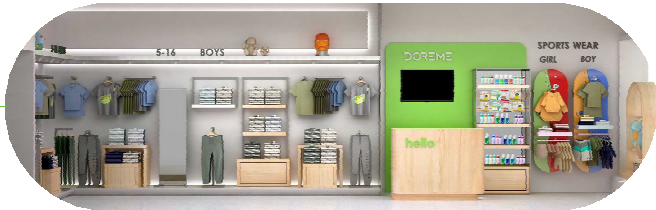
Started with 500 sq. ft. store size, currently at 750 sq. ft. To progressively increase store size to 1,000 sq. ft.

Estimated Capex per EBO is ₹30-35 lacs including inventory at store.

EBO Store Design



Standardised
store design



Better layout
identification



Improvements based on
market feedback

- Good experience in existing store, celebrating one year.



- For the past two years, there has been a focused effort on expanding the retail footprint.



This ongoing retail roll-out strategy indicates a long-term commitment to increasing the brand's presence in the market.



- Continuously updating and diversifying the range of products offered to consumers.



Enhanced Merchandise in Store

Infantwear category share to increase

IRIS has recently launched woven night suits.

Launch of new products like innerwear and nightwear in FY25.

Sportswear category share to grow

The newly introduced sportswear line in FY24 is expected to contribute higher in FY25.

Launch of niche products like kids winter sportswear.

Disney products range to expand

Category expansion in Disney products such as Disney winterwear collection, which saw strong demand, is set to boost the revenue.

A photograph of four children sitting on a sandy beach. From left to right: a girl with long dark hair wearing large yellow and red sunglasses and a white dress with red polka dots; a girl with dark hair wearing white sunglasses and a pink floral swimsuit; a boy wearing white sunglasses and a yellow shirt with a green pattern; and a boy wearing yellow sunglasses and a yellow shirt. They are all looking towards the right. In the background, there is a blue sky, a blue ocean, and a white sailboat.

Expansion of product portfolio

- Sportswear, Innerwear, Infant Accessories, Denim Pants & Woven Pants
- Outsource few products like jeans etc.

Expansion of Manufacturing Capacity

Through Brownfield, Greenfield and OEMs

Brownfield Expansion



Focusing on debottlenecking in existing facilities to increase the current capacity utilisation of 75%



Addition of modern sewing machines every year to enhance productivity and introduce new line of apparel every year

Greenfield Expansion



Planned growth of Retail B2B business and EBOs roll out will require incremental manufacturing capacity



Planning construction of facility of 200,000 sq. ft. at an estimated capital outlay of ₹50 crores in West Bengal

OEMs



Outsourced manufacturing of certain product categories to reputed manufacturing companies to optimise investment in manufacturing

Store Economics



Average
Investments for
1EBO Store
(Incl. Inventory)

₹30 Lakhs



Average
Store Size

750 – 1,000 sq. ft.



Payback Period

15 – 18 months



Average
Bill Value

₹1,500/-



Average Yearly
Revenue Per Store

₹75 Lakhs – ₹1 Crore

Store location and
size optimised,
**ensuring the
sustainability**
of store profitability.

Strategic store
location will be
**key to driving
in-store sales.**

Product portfolio
resistant to redundancy
from vagaries of fashion
trends and seasonality
**(round-the-year
relevance).**

**High brand
recall** among
consumers is
expected to boost sales.

Driven by Excellence

Success Propelled by Leadership
& Management

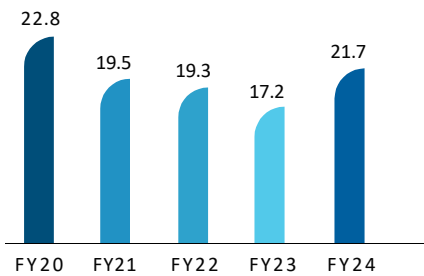
Iris Clothings Limited was steered to success by a proficient management team, led by founder and visionary *Santosh Ladha*. Powered by his expertise and dynamic approach, the dedicated team help foster innovation, inspire excellence, and lead Iris to be a celebrated name in the industry.



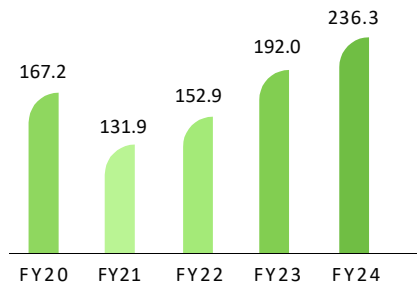
Founder & Visionary
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Ratio Analysis

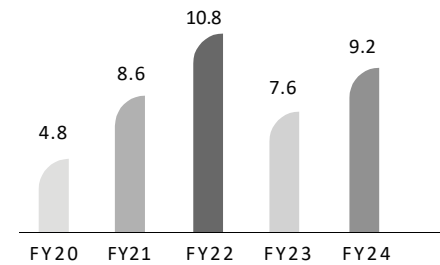
EBITDA Margin (in %)



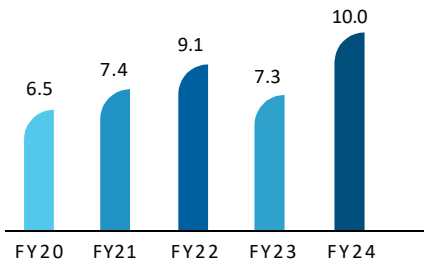
Working Capital Days



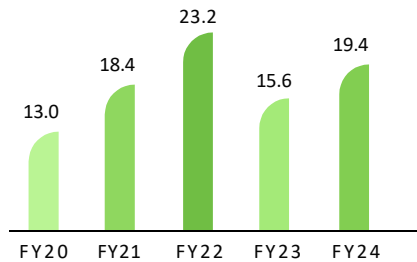
Return on Assets (in %)



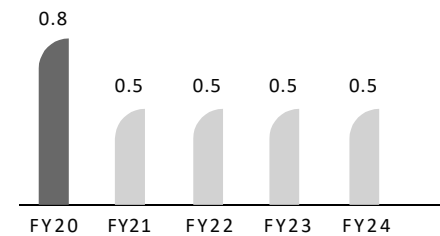
Net Profit Margin (in %)



Return on Equity (%)



Debt-to-Equity (in X)



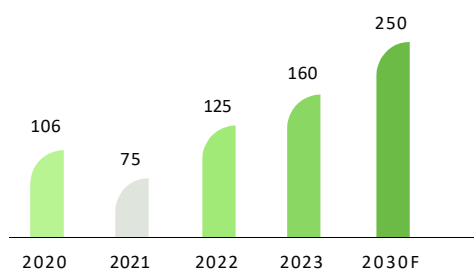


Annexures

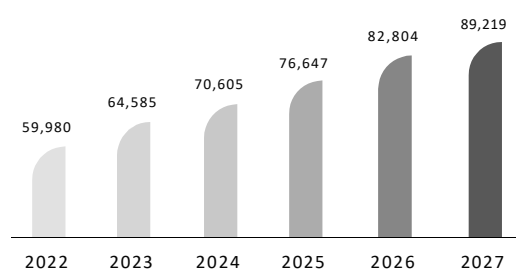
Garment Industry—Opportunities Ahead

Textile & Apparel Market to pick up post hit from macro-headwinds

Domestic Textile & Apparel Market (\$ Billion)



Indian Apparel Retail Industry Forecast (\$ Million)



Benefit for IRIS Clothings

Rapid retail expansion across India



Increase in demand of competitive new offerings by IRIS



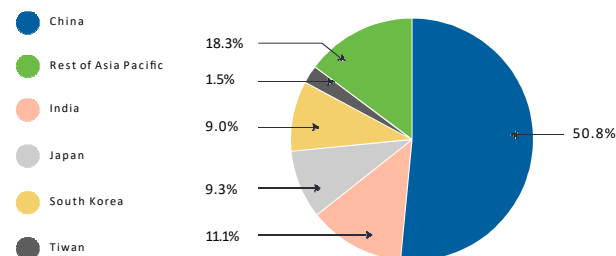
Enhancement in distributor network



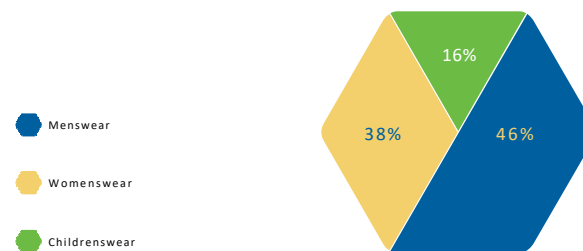
Increasing capacity utilisation by approximately ~10%



Indian Apparel Industry, Geography Segmentation



Indian Apparel Industry, Category Segmentation



Case Study

Power of Brand & Retail B2C Business (Case Study)

Carter's

Children's Apparel	>	35,000x Growth from Inception	>	Transformed from 1865 <small>Startup</small> into a Global Giant of Children's Apparel
Revenue Growth	>	From \$100,000 1865 / Startup	>	To \$3.5 Billion 2022 / Apparel Giant
Stores Growth	>	1Store 1865 / Domestic	>	1,000 Stores 2022 / Globally
B2B to B2C		From Modest Local Manufacturer Children's Apparel Industry	>	To International Powerhouse

Opportunity to grow as kids brand in India v/s Globally

Global

- Kids brand doing well
- Have established track records

India

- Unique Market Position with no Kids Brand Competitors
- Huge space, scope and opportunity to capitalise

Investing in Building a
Retail Business Gives
Robust Returns and
Growth to the Company

B2B

Strong Manufacturing
Roots in Kids Apparel

Strong Wholesale Business

Established **DOREME**
brand in Kids Apparel

B2C

Building Retail Business
Need of an Hour for
Next Level of Growth
of Company

Thank You!

For further details please contact ____ +91-80807 96083

Abhishek Bhatt ____ abhishek.bhatt3@in.ey.com

Vikash Verma ____ vikash.verma1@in.ey.com

Ernst & Young LLP

IRIS
CLOTHINGS
LIMITED 

REGISTERED OFFICE
103/24/1, Foreshore Road, Howrah 711 102
www.irisclothings.in
CIN: L18109WB2011PLC166895



 **DOREME**