

CANTABIL
International Clothing

Cantabil Retail India Limited

Result Update Presentation

Q1 FY20



Disclaimer



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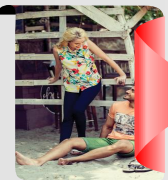


Table of Content



Financial Highlights



Company Overview



Business Overview



Industry Overview



Way Ahead





Financial Highlights

Management Comment



Financial Highlights - Quarterly

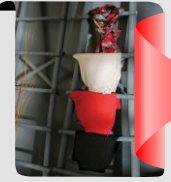


Financial Highlights - Annual



Balance Sheet Highlights





Management Comment – Q1 FY20



**Commenting on the results,
Mr. Vijay Bansal, Chairman &
Managing Director, Cantabil Retail
India Limited said :**

“It gives me immense pleasure to share with you the performance of our Company for the first quarter ended 30th June 2019. I am happy to share that we have demonstrated good growth. We have delivered 9.65% revenue growth, 10.52% EBITDA Margin and 3.90% PAT Margin (not taking into account IND-AS 116). This is mainly driven by addition of new stores, higher per unit realizations, better procurement strategies and less discount pass on to customers.

We plan to continue focusing on expanding our network of stores and increasing per-store sales and efficiencies. In line with this, we opened 21 new stores across India during this quarter, bringing our total store count to 262. In addition to this geographical expansion, we also strive to periodically enhance our product offerings. This would not only enable us to deeply penetrate the market, but also keep us on the forefront of changing fashion trends.

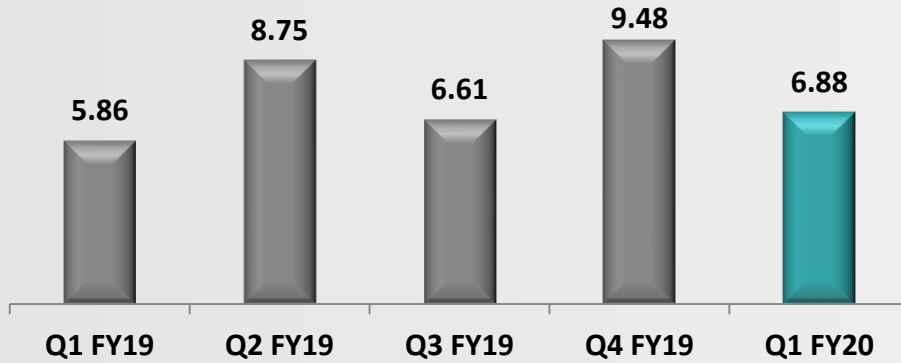
I thank the entire team of ‘Cantabil Retail India Limited’ for their untiring efforts, hard work, sincerity and high dedication. Also, I would like to thank our valued Shareholders, whose support and faith in our Company along with their critical inputs has given us the determination and ambition to grow from strength to strength.”



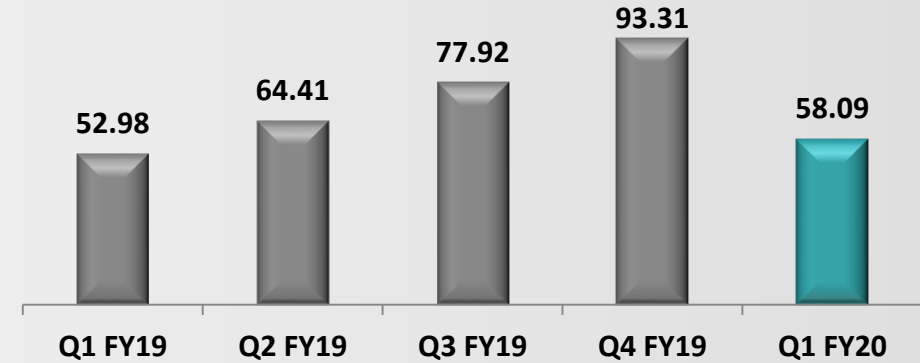
Financial Highlights – Q1 FY20



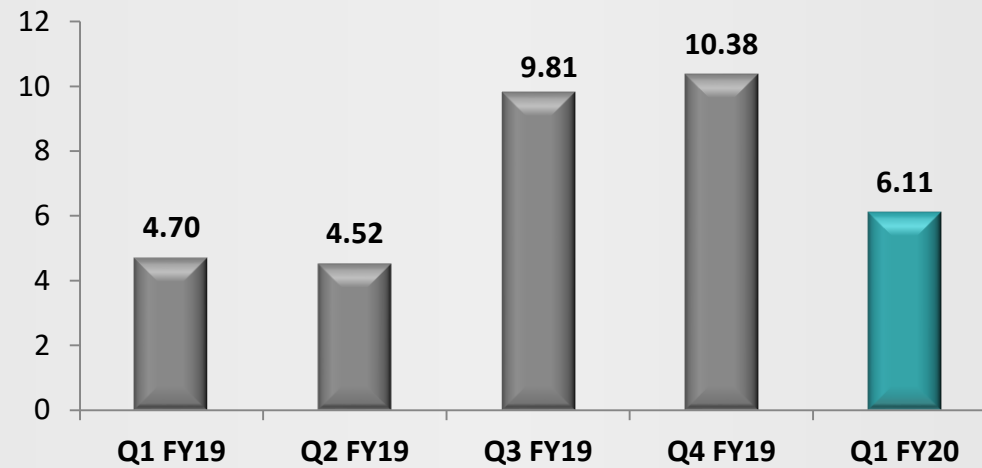
Sales Qty (pcs in Lacs)



Revenue from Operations (Rs. Cr)



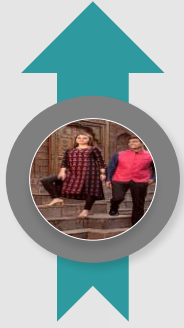
EBITDA excluding Other Income (Rs. Cr)



• The above numbers are without taking into account IND-AS 116 effect



Financial Highlights – Q1 FY20



9.65%

Revenue from Operations
Rs. 58.09 Crore



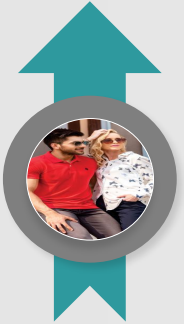
30.01%

EBITDA
Rs. 6.11 Crore



164 bps

EBITDA Margin
10.52%



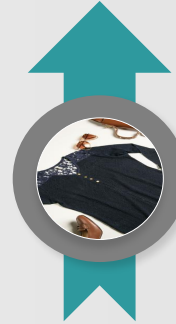
64.15%

PAT
Rs. 2.26 Crore



130 bps

PAT Margin
3.90%



65.48%

Basic EPS
Rs. 1.39 vs. Rs. 0.84 Q1 FY19

• The above numbers are without taking into account IND-AS 116 effect



Financial Highlights – Q1 FY20

Rs. Cr	Q1 FY20* (With IND-AS 116)	Q1 FY20 (W/O IND-AS 116)	Q1 FY19	Y-o-Y(%) (With IND-AS 116)	Y-o-Y(%) (W/O IND-AS 116)	Q4 FY19
Revenue from Operations	58.09	58.09	52.98	9.65%	9.65%	93.31
Raw Materials	12.71	12.71	20.99			51.43
Employee Cost	13.94	13.94	10.78			15.47
Job Work Charges	7.16	7.16	2.22			3.54
Lease Rentals	0.23	8.84	7.14			3.04
Other Expenses	8.71	9.33	7.15			9.46
Total Expenditure	42.75	51.98	48.27			82.93
EBITDA	15.34	6.11	4.70	226.17%	30.01%	10.38
EBITDA Margin%	26.40%	10.52%	8.88%	1752 bps	164 bps	11.12%
Other Income	0.97	0.97	0.50			2.14
Depreciation	9.48	2.35	2.03			1.95
Interest	6.72	2.02	1.60			3.05
Exceptional Item	0.00	0.00	0.00			0.00
Profit Before Tax	0.11	2.72	1.57	(92.77%)	73.13%	7.52
Tax	(0.30)	(0.46)	(0.19)			2.51
PAT	0.42	2.26	1.38	(69.87%)	64.15%	5.00
PAT Margin%	0.72%	3.90%	2.60%	(188 bps)	130 bps	5.36%
EPS in Rs.	0.25	1.39	0.84			3.06

- Increase in Revenue on account of addition of 21 new stores in Q1 FY20 and 68 stores year-to-date ending Q1 FY20
- Increase in EBITDA mainly driven by higher per unit realizations and better procurement pricing
- PAT Margin expansion mainly due to increase in sales and better EBITDA margins

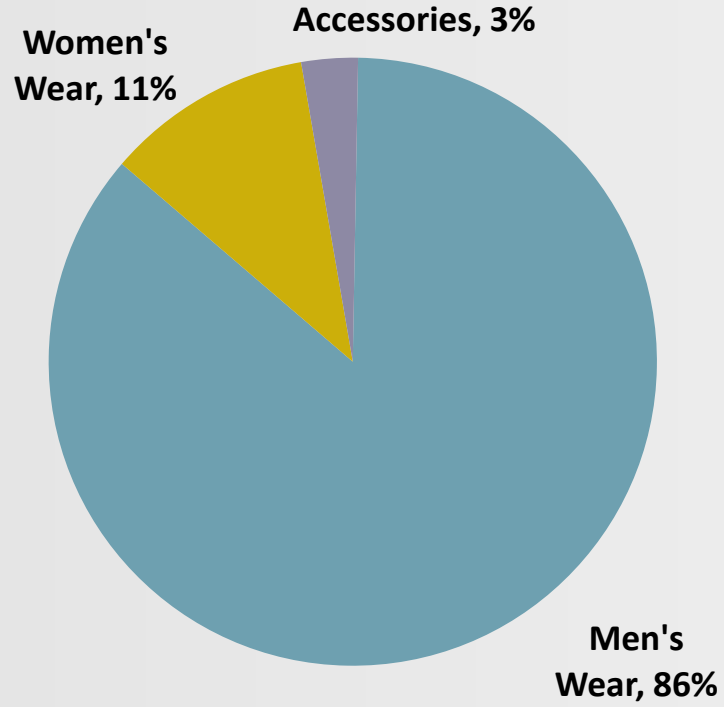
*Q1 FY20 reported numbers are as per IND-AS 116, consequently operating lease expenses have changed from rent/other expenses to depreciation and amortization expenses and finance costs. Company has adopted Modified Retrospective Approach for transition to IND-AS 116 from 1st April 2019



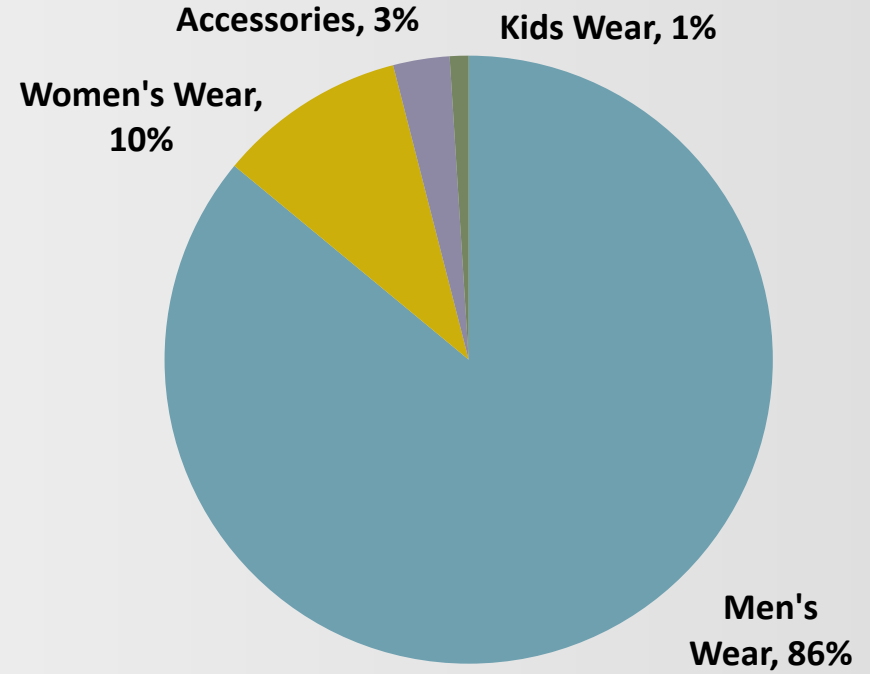
Revenue Break Up – Segmental



Q1 FY19



Q1 FY20



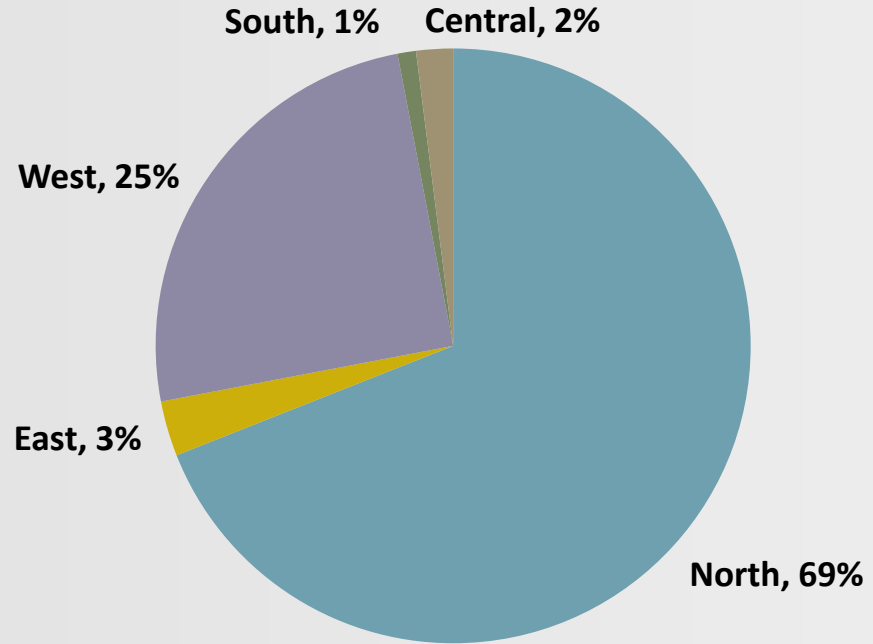
Kid's wear brand - "LiL' Potatoes" launched in Nov'18



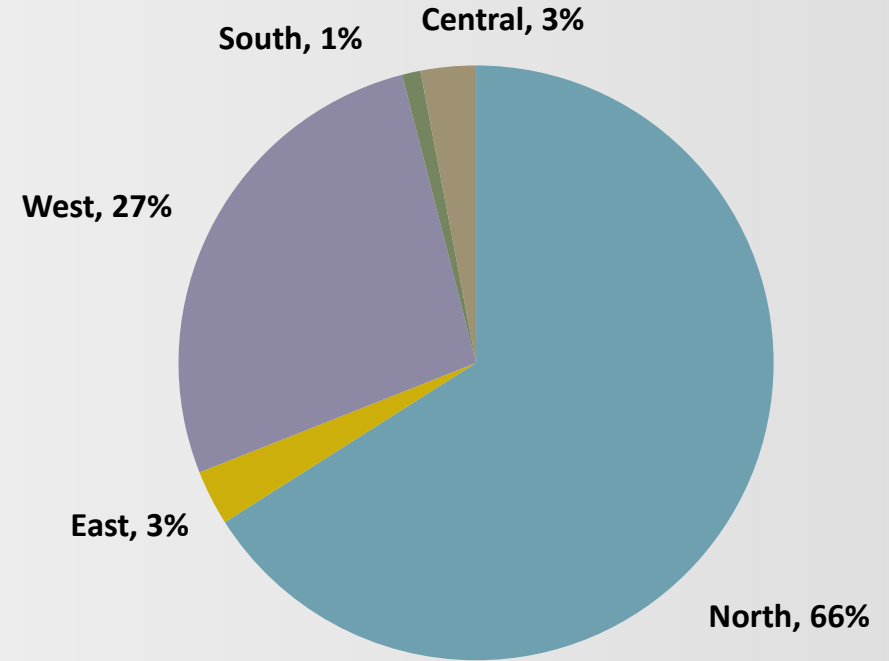
Revenue Break Up – Regional

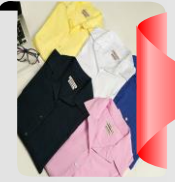


Q1 FY19



Q1 FY20

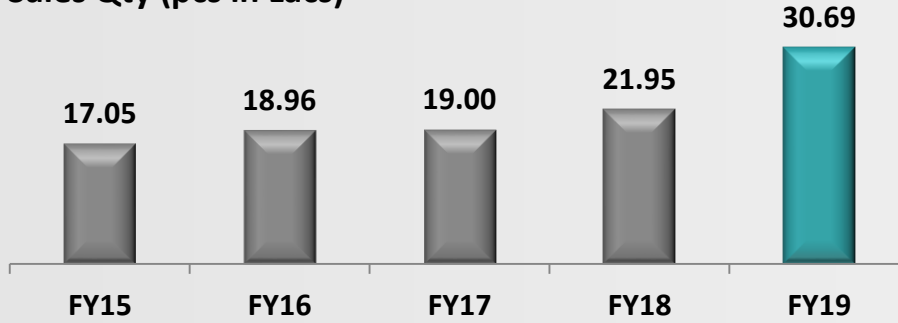




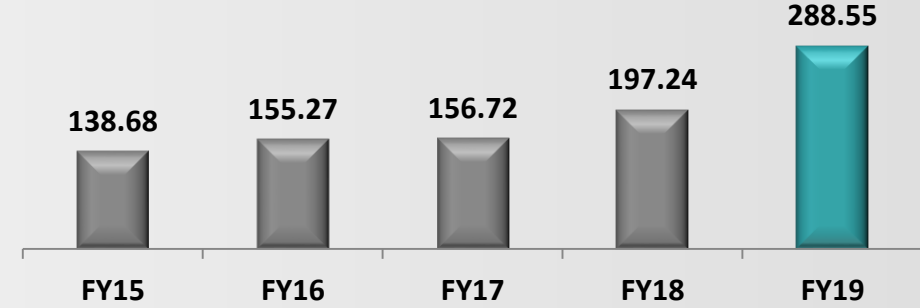
Financial Highlights – Annual



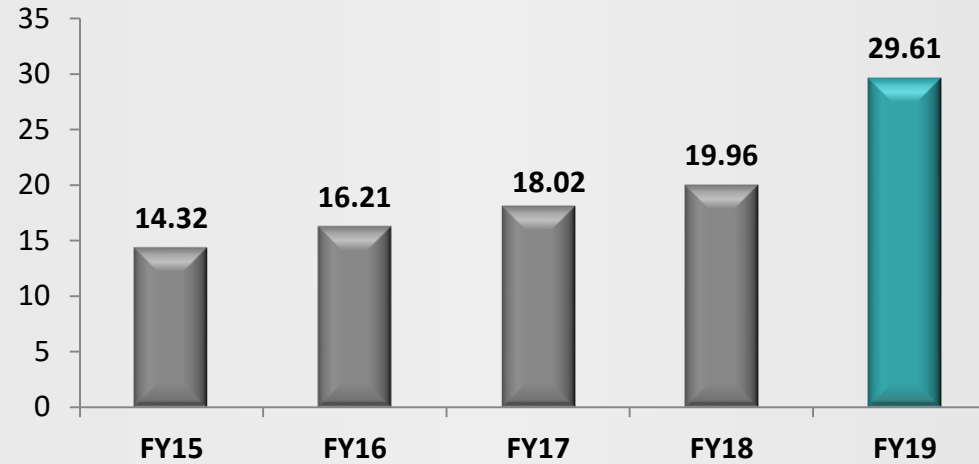
Sales Qty (pcs in Lacs)

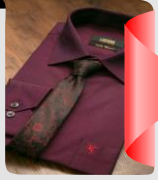


Revenue from Operations (Rs. Cr)



EBITDA excluding Other Income (Rs. Cr)





Financial Highlights – FY19



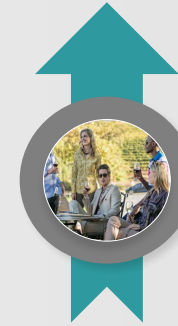
47.08%

Revenue from Operations
Rs. 288.55 Crore



48.29%

EBITDA
Rs. 29.61 Crore



8 bps

EBITDA Margin
10.26%

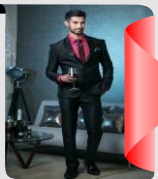
- 47% YoY growth in Revenue on account of increase in number of stores from 184 in FY18 to 241 in FY19 and higher same store sales
- Average revenue per store increased from Rs. 1.18 Cr in FY18 to Rs. 1.22 Cr in FY19
- Same store sales increased from Rs. 180.15 Cr in FY18 to Rs. 233.09 Cr in FY19



Financial Highlights – Annual

Rs. Cr	FY19	FY18	Y-o-Y(%)
Income from Operations	288.55	197.24	
Excise Duty	0.00	1.05	
Revenue from Operations	288.55	196.19	47.08%
Cost of Goods Sold	136.26	68.66	
Employee Cost	51.47	37.12	
Job Work Charges	10.18	19.60	
Lease Rentals	27.31	24.46	
Other Expenses	33.73	26.37	
Total Expenditure	258.95	176.22	
EBITDA	29.61	19.96	48.29%
EBITDA Margin%	10.26%	10.18%	
Other Income	4.00	1.41	
Depreciation	8.89	8.84	
Interest	8.52	6.80	
Exceptional Item	0.00	1.89	
Profit Before Tax	16.19	7.63	
Tax	3.69	(12.36)	
PAT	12.50	19.99	(37.46%)
Adj. PAT (for def. tax on previous losses)	12.50	8.89	40.61%
EPS in Rs.	7.66	12.24	(37.42%)

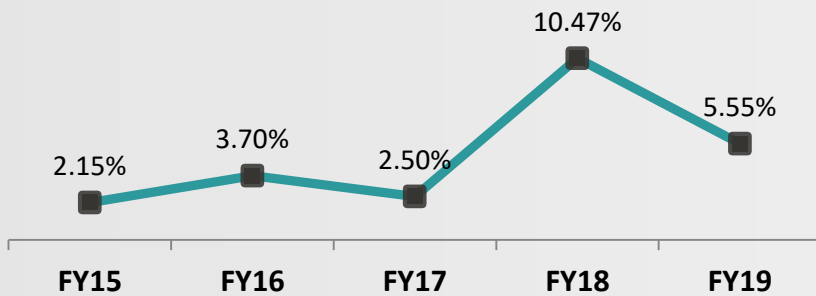
- Revenue growth on account of additional stores and higher same store sales
- Higher average revenue per store leading to incremental EBITDA
- Interest includes notional cost of Rs. 1.85 Cr in FY19 and 0.45 Cr in FY18 for Unwinding of Interest costs on security Deposits
- Adj. PAT - in compliance with provisions of Ind AS 12, one time adjustment of deferred tax asset of Rs. 11.10 Cr created in Q4 FY18 on account of carry forward losses of Rs. 40.29 Cr



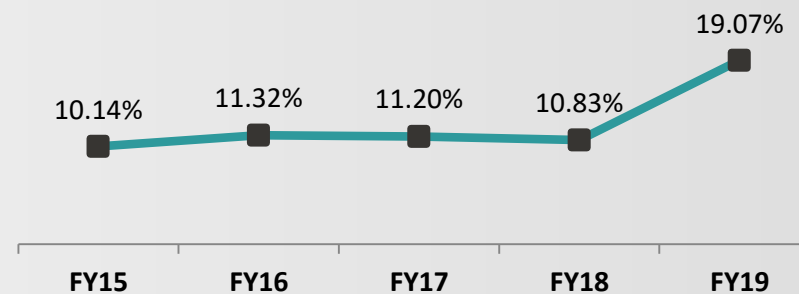
Key Financials Ratios



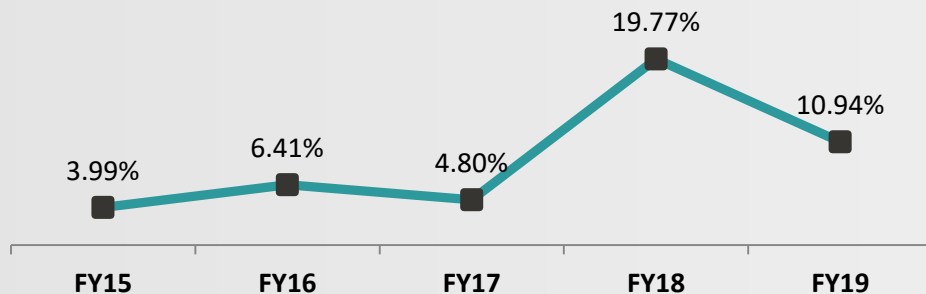
ROA* (%)



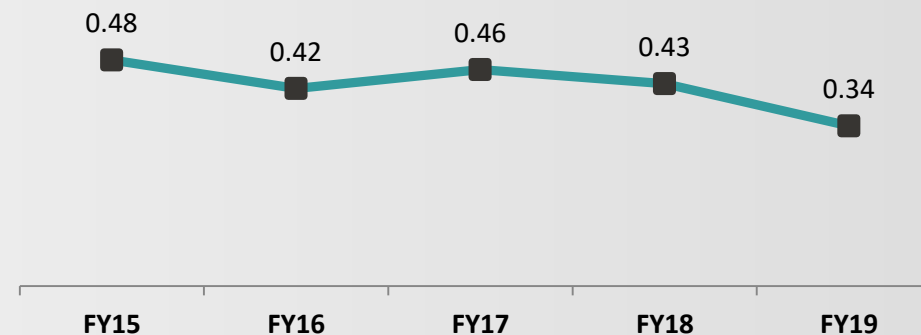
RoCE (%)



RoE* (%)



Debt to Equity



*PAT adjusted in compliance with provisions of Ind AS 12, one time adjustment of deferred tax asset of Rs. 11.10 Cr created in Q4 FY18 on account of carry forward losses of Rs. 40.29 Cr

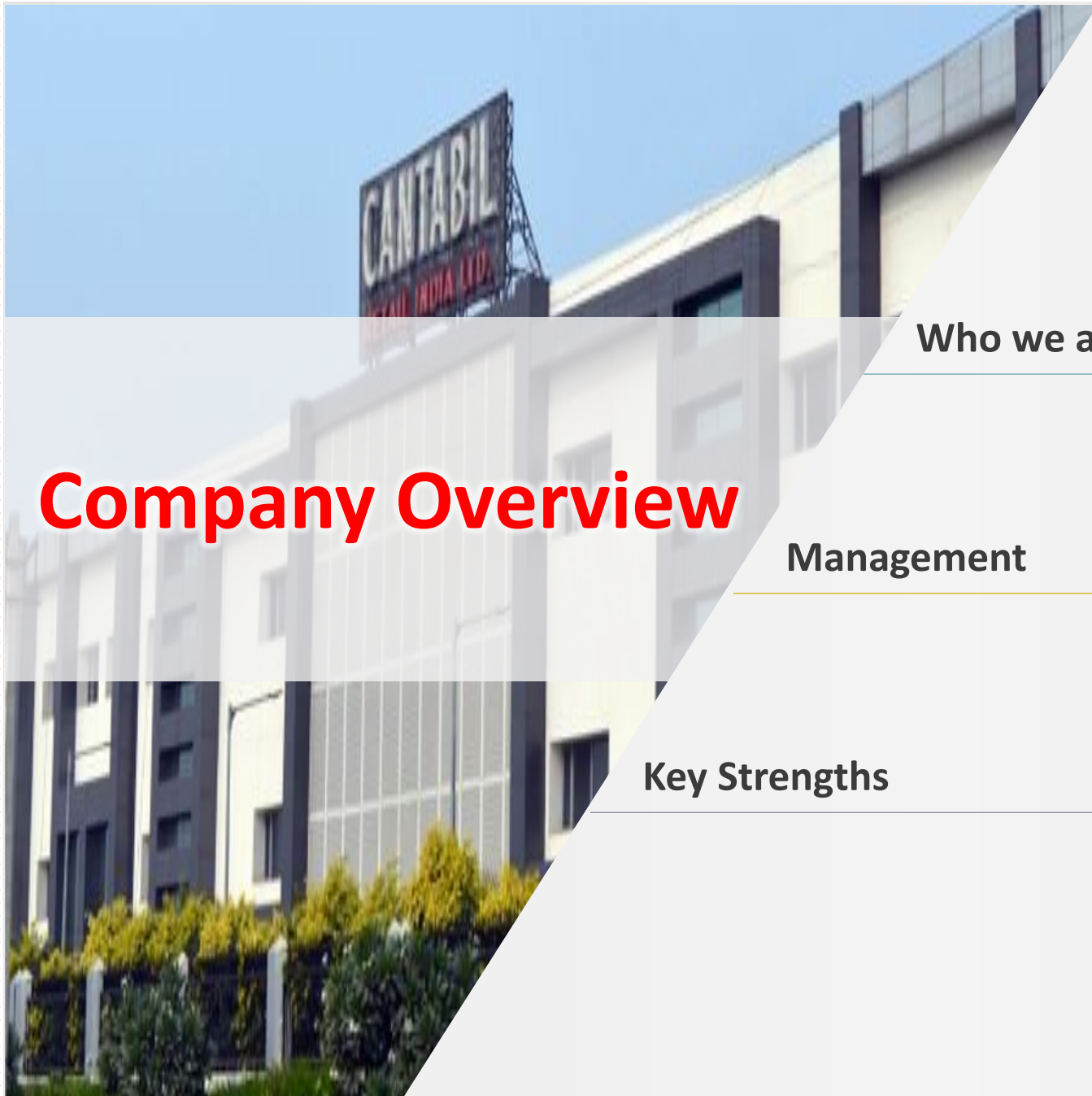


Balance Sheet Highlights - Annual



Rs. Cr	Mar-19	Mar-18
Total Equity	114.30	101.10
Equity Share capital	16.33	16.33
Other Equity	97.97	84.77
Non - Current Liabilities	15.31	14.66
Borrowings	4.29	6.98
Other Financial Liabilities	5.52	3.93
Provisions	2.77	2.29
Other Non - Current Liabilities	2.73	1.46
Current Liabilities	95.52	75.14
Borrowings	34.56	36.32
Trade Payables	49.13	26.18
Other Financial Liabilities	7.53	5.46
Provisions	2.36	2.03
Other Current Liabilities	1.94	5.15
Total Equities & Liabilities	225.13	190.89

Rs. Cr	Mar-19	Mar-18
Non-Current Assets	94.75	87.84
Property, Plant and Equipment	59.36	54.54
Capital work in progress	0.34	0.16
Investment Property	3.70	3.76
Other Intangible Assets	0.36	0.32
FA - Investments	0.15	0.10
FA - Other Financial Assets	0.13	0.11
FA – Loans	6.67	5.97
Deferred Tax Assets (Net)	16.90	17.38
Other Non - Current Assets	7.14	5.50
Current Assets	130.38	103.05
Inventories	96.90	81.06
FA - Investments	0.06	0.05
FA - Trade Receivables	18.45	10.50
FA - Loans	0.56	0.34
FA - Cash & Cash Equivalent	2.57	2.59
FA - Other Financial Assets	4.18	4.12
Current Tax Assets (Net)	0.23	0.49
Other Current Assets	7.44	3.89
Total Assets	225.13	190.89



Company Overview

Who we are



Management



Key Strengths





Among Leading Retail Brands in India



World class designing, manufacturing, branding and retailing of apparels

- Market apparels under Brands “CANTABIL”, “CROZO”, “LIL POTATOES”, “KANESTON”
- Presence across 16 states with 262 EBOs as on 30th June 2019
- Sales floor area - 2,73,757 sq. ft. as on Jun 30, 2019

Wide and Diverse Product Portfolio

- Men’s wear - Formals, Casuals, Ultra Casuals, Woollen, Knitwear & Accessories
- Women’s Wear – Formals, Casuals, Woollen/Knitwear
- Kids Wear - Casuals

State of Art Manufacturing Facility

- One owned manufacturing facility and two centralized warehouses to ensure seamless & timely logistics of quality products
- Current combined capacity - 10 Lakh pcs. of garments p.a. at Bahadurgarh factory
- Focus on customer requirement & high-quality product – driven by combination of strong vendor tie-ups for sourcing, importing from China, job workers



Strong Retail Network

- 262 Exclusive Brand Outlets
- Out of 262 EBOs - 203 stores are Company operated and 59 stores are Franchise operated

Reputed Clientele

- Raymond's, Splash (Lifestyle Group), Austin Reed (Apparel UAE), Benetton, etc.

Certifications & Awards

- Awarded “Best Quality Design Award” for 2008
- Awarded “Best Brand Award” in 2018



Strong & Experienced Management Team



Mr. Vijay Bansal

Chairman & Managing Director

- Rich & vast experience in Apparel and Retail Business
- Founded, Promoted and launched Brand “Cantabil” in 2000
- Awarded “Delhi Udyog Ratan Award 2008” by Government of Delhi and “GLOBAL BUSINESS ICON” award by Hon’ble Union Minister of Science & Technology in June 2018



Mr. Deepak Bansal

Whole Time Director

- Graduate in mathematics from Delhi University
- 13+ years of experience in Retail Apparel Industry
- Responsible for marketing strategy and spearhead plans to expand
- Explore new markets & increasing retail footprint in India



Mr. Basant Goyal

Whole Time Director

- Graduate in Bachelor of Business Study from Delhi University
- Responsible for Production & overall Administration of Company



Mr. Shivendra Nigam (FCA)

Chief Financial Officer

- Commerce graduate and Chartered Accountant
- Extensive experience in Finance, Accounts, Administration, Management & Tactical planning and Regulatory compliances
- Responsible for ensuring financial, accounting compliances and reporting requirements



Ms. Poonam Chahal (FCS, LLB)

Company Secretary

- Holds Master’s degree in Commerce, degree in law and fellow member of ICSI
- 12 years of experience in Corporate Law, Securities Law, IPO, Due Diligence, Corporate Governance, Foreign Exchange Law & IPR
- Heads Legal and Compliance Department



Key Strengths



State of Art Infrastructure Facilities

- World class integrated manufacturing facility spread across 1.50 Lacs sq. ft. at Bahadurgarh, Haryana operating through Exclusive Brand Outlets
- All outlets at prime locations in respective markets

Wide Apparel Range with Quality Garments

- Apparel range catering to wide customer base across all segments i.e. men's, ladies and kids
- Strong in-house design and research team
- Fabrics and Fabric designs made to order as per customers' need

Reputed and Long-Term Clients

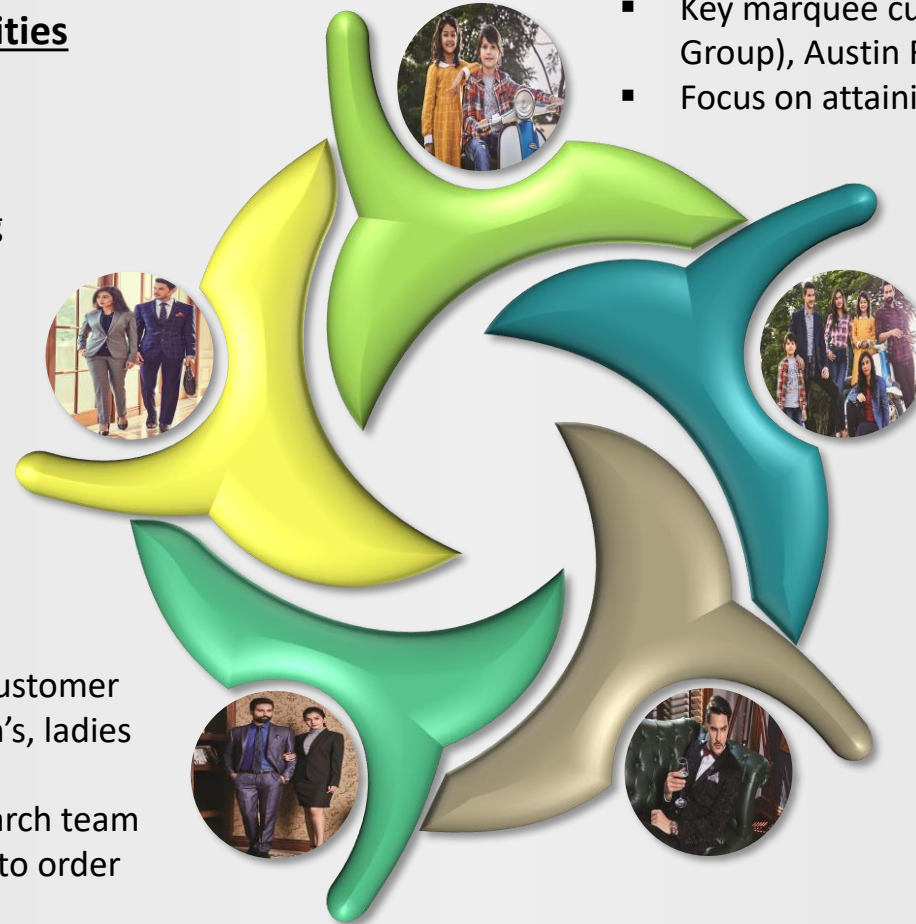
- Key marquee customers like Raymond's, Splash (Lifestyle Group), Austin Reed (Apparel UAE), Benetton etc.
- Focus on attaining highest level of customer satisfaction

Strong Retail Presence

- Pan-India presence of 262 exclusive retail outlets with floor space of 2.74 lacs sq. ft across 16 states

Dynamic & Experienced Leadership

- Strong management team with rich experience in Textile Industry
- Dedicated and skilled employee base





Business Overview

Brands



Manufacturing Plant



Exclusive Brand Outlets



Pan India Presence



Avg. Revenue Statistics





Our Brands



“CANTABIL”

- Established brand with 20 years of growing acceptance
- Highly popular in middle class - 260+ stores across India



“CROZO”

- Exclusive brand for ladies since 2012
- Complete & diverse range of fashion outfits for women - Shirts, Tops, Leggings, Kurtas, Kurtis, Capri, Pants, Jeans etc.



“Li’ Potatoes”

- Exclusive brand for kids from 3-14 years
- Comfortable clothing with high fabric quality and soft hand feel
- Exciting range of apparels- Shirts, T-shirts, denims, trousers, Culottes, dresses , tops, jeggings, shorts etc



“KANESTON”

- Five years of experience in hosiery industries
- Well-known brand in men’s accessories like Innerwears, Belts, Socks, Ties, Handkerchief & Deo



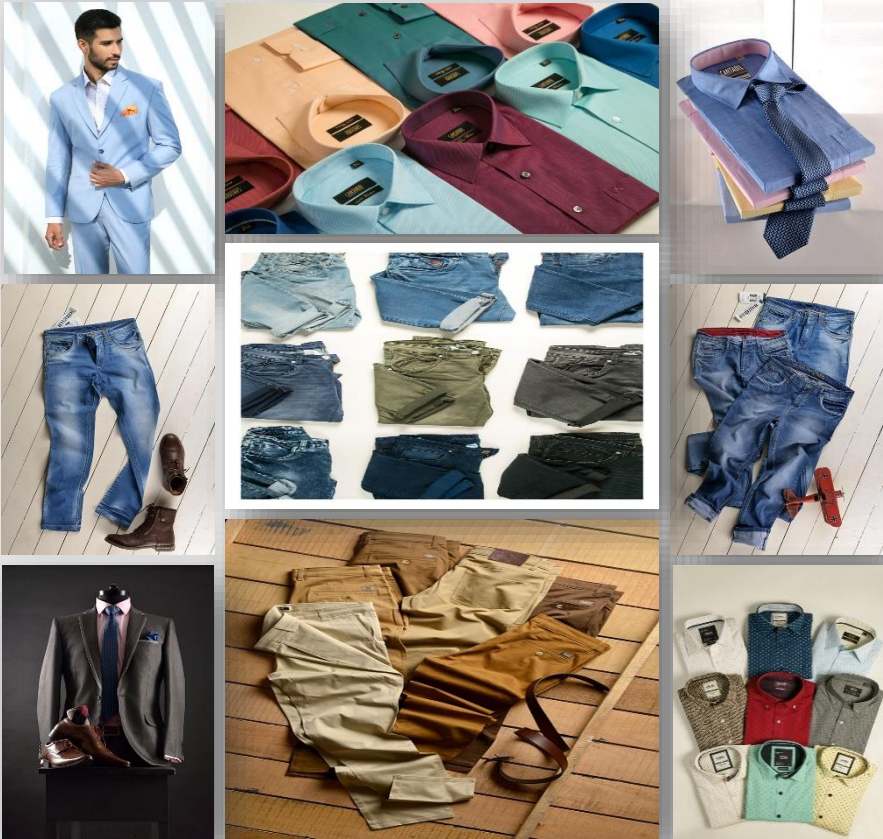


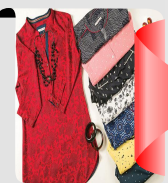
Our Brands contd...



"CANTABIL"

"CROZO"



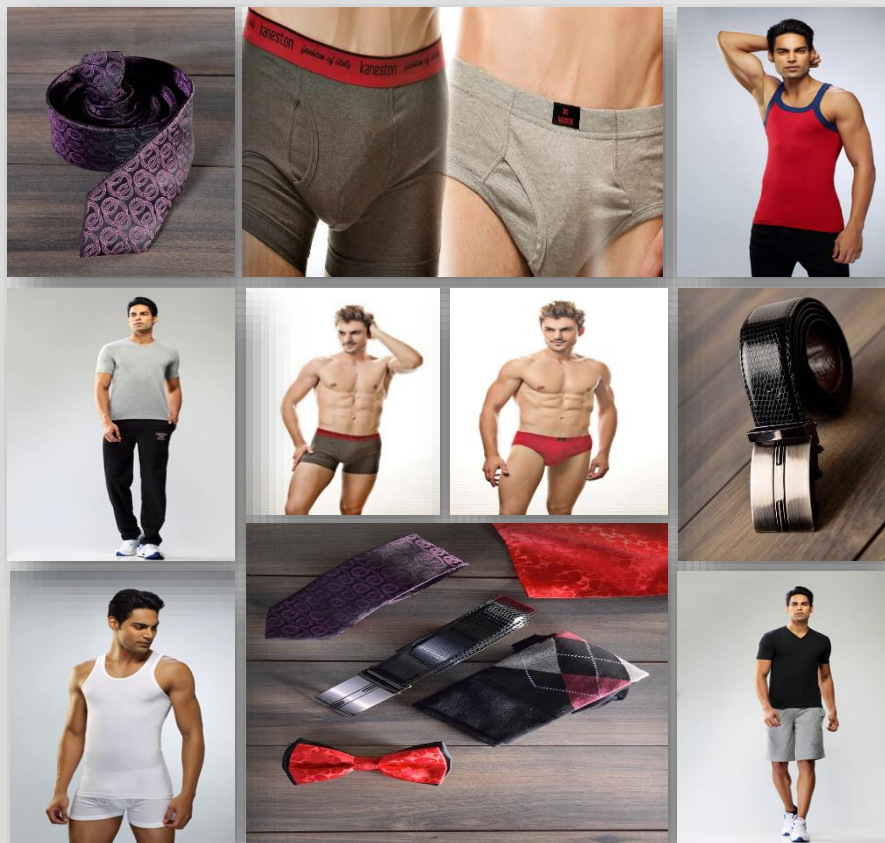


Our Brands



CANTABIL
International Clothing

"KANESTON"



"Lil' Potatoes"





Manufacturing Plant - Haryana



- State-of-art world class manufacturing plant across area of **1.50 Lacs sq. ft.** in Bahadurgarh, Haryana
- Fully integrated infrastructure and systems for modern manufacturing & retailing with complete automation - from Cutting to manufacture and finishing of formal and casual trousers, formal shirts & Men's Suits, waistcoats, blazers in Formal, Casual and party-wear range
- Current combined capacity to produce **10.00 Lac pcs.** of garments per annum with Casual trousers of **3 lac pcs**, Formal trousers of **2 lac pcs**, Suits & jackets to **2 lac pcs** and shirts to **3 lac pcs**
- Equipped with best brand machines from **JUKI, Durkopp, Brother, Ngai Shing, Kansai, Pfaff, Maier, Siruba, Sako** and latest finishing equipment using hot and cold steam foam finishers from **Veit and Macpi**
- Space and scope to double existing capacity





Pan India Presence



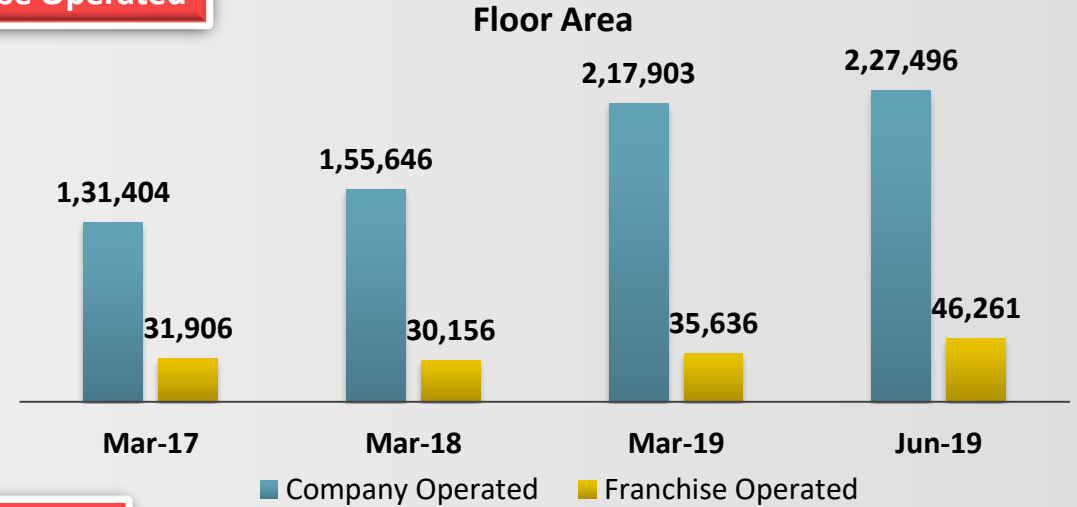
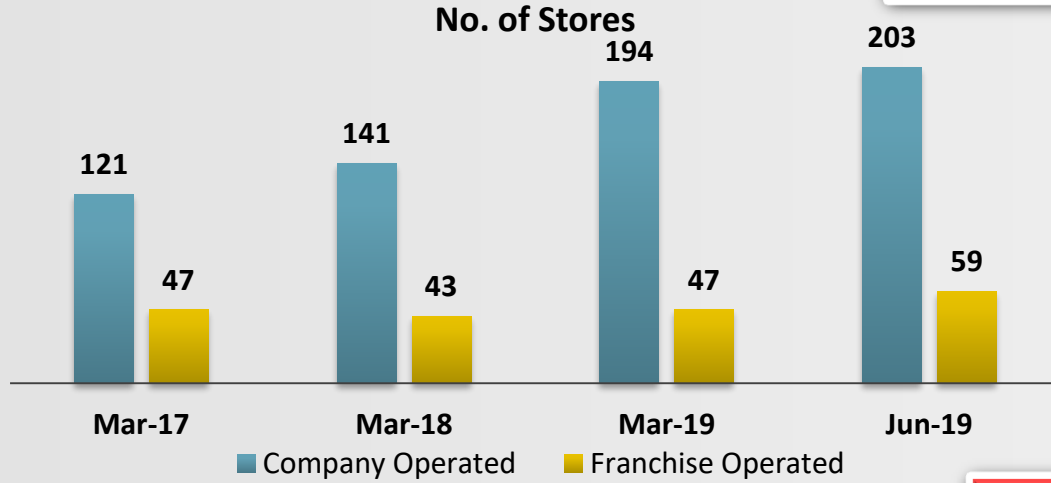
State	30 th Jun' 2019	31 st Mar' 2019
Bihar	3	3
Chhattisgarh	6	6
Delhi	55	54
Gujrat	15	13
Haryana	32	32
Himachal Pradesh	1	1
Jammu & Kashmir	5	4
Jharkhand	6	6
Maharashtra	34	29
Madhya Pradesh	3	2
Punjab	17	15
Rajasthan	33	28
Telangana	3	2
UP	42	39
Uttaranchal	6	6
West Bengal	1	1
Total	262	241



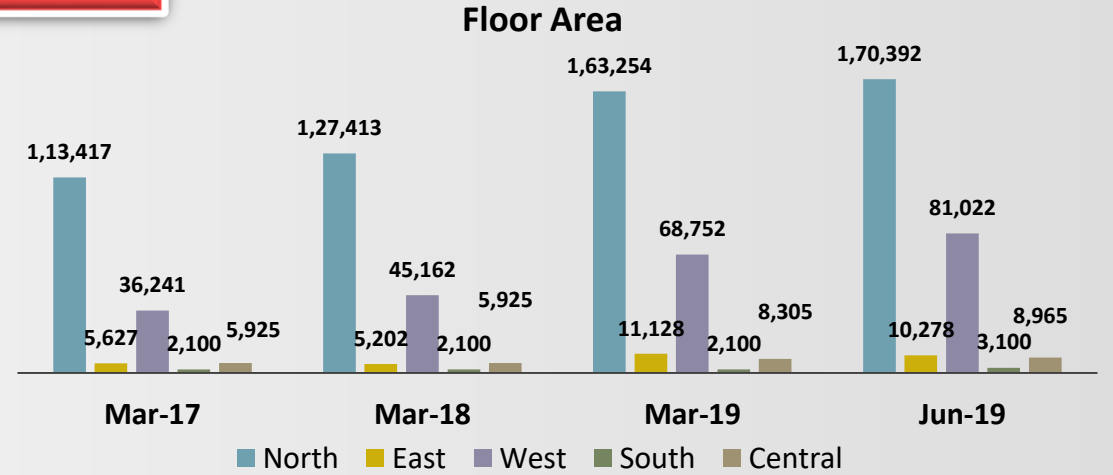
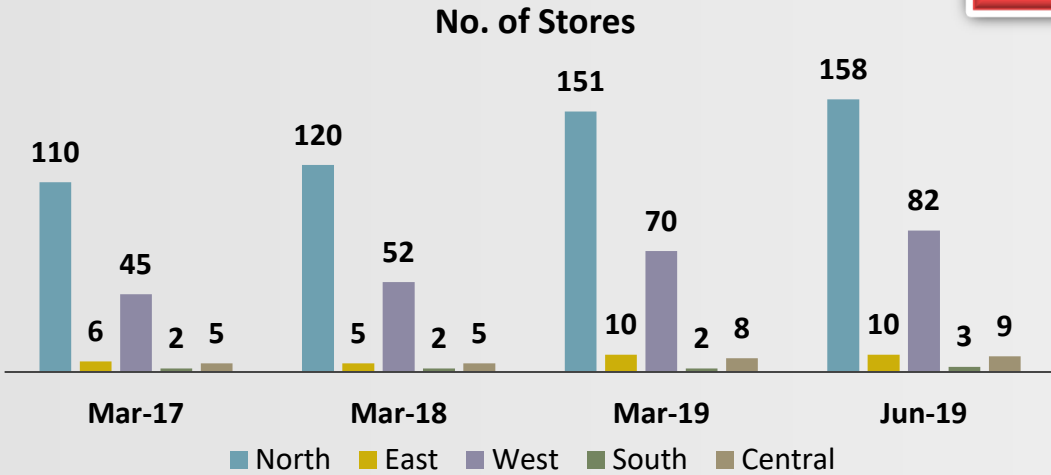
Exclusive Brand Outlets



Company & Franchise Operated



Régional Distribution

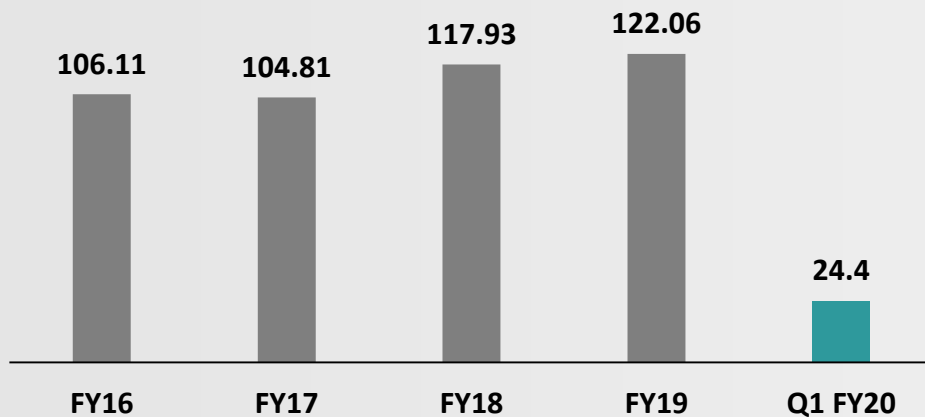




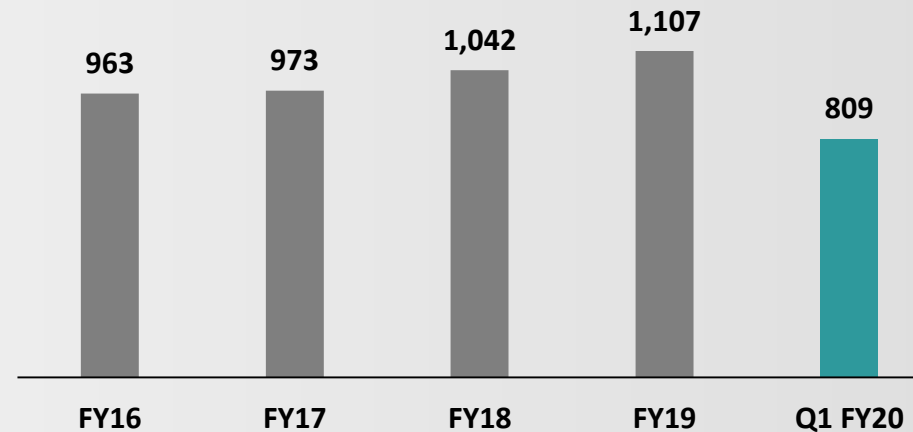
Avg. Revenue Statistics



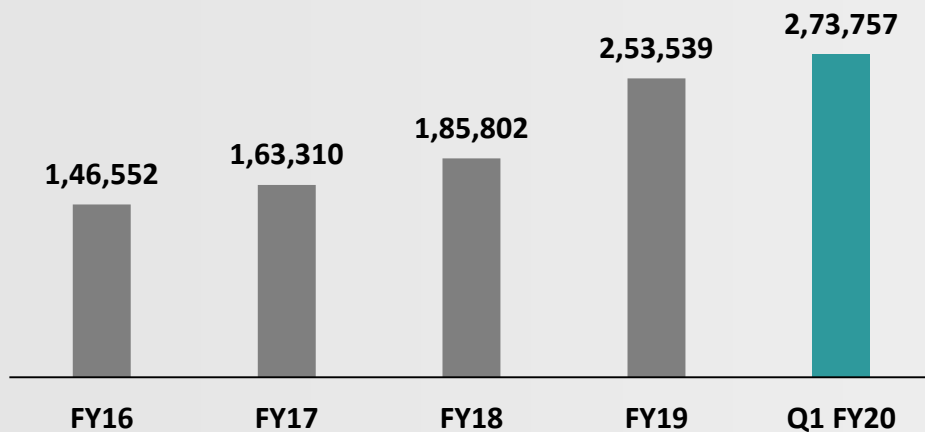
Avg Revenue per Store (in lacs)



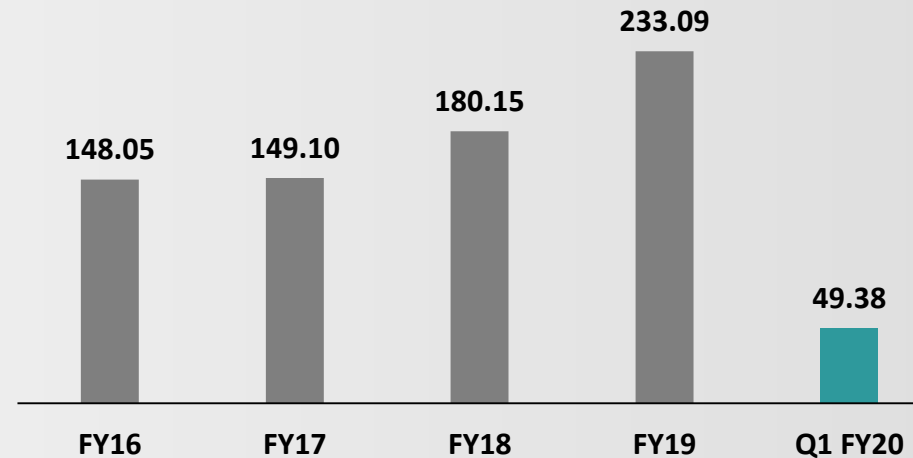
Weighted Avg Revenue per Sq.ft (in Rs.)



Total sq. ft



Same Store Sales (in crs)





Apparel Market



Industry Overview

Retailers



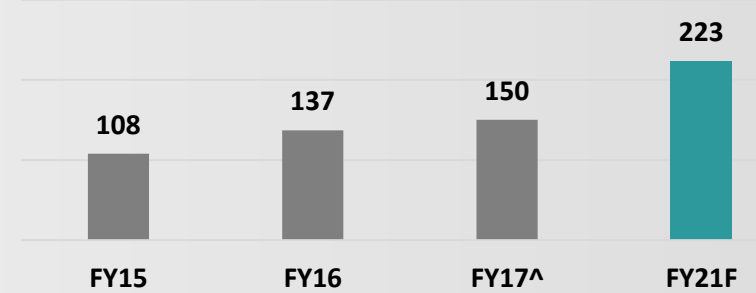


Indian Apparel Industry

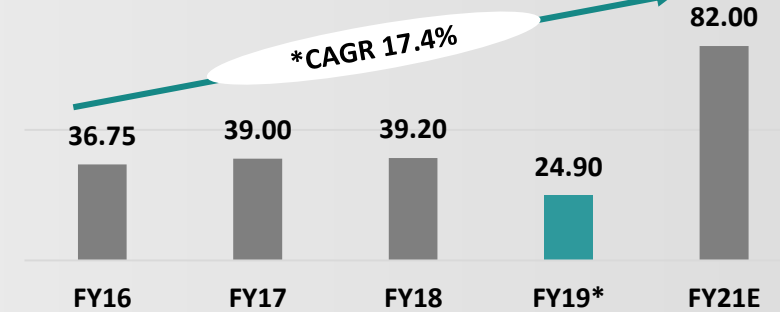


- **Second largest contributor** in retail after food and grocery industry in India
- **41% of Men's wear, 38% Women's wear** and **21% kid's wear**
- Per capita expenditure on apparel expected to reach Rs. **8,000 by 2025**, rising from Rs. **3,100 in 2015**. Thereby expected to grow to Rs. **11.7 Lakh Crores (USD 180 bn) by 2025**
- Fitness and healthcare concerns in youth to lead growth at high CAGRs of 14%, 14% and 12% in denim, active wear and t-shirts respectively
- Women's wear - Expected to grow at CAGR of 9.9% to reach US \$44 bn in 2026
- Urban areas witnessing clear shift in Women's Wear- from saree to salwar kameez, kurti's, shirts, tops, trousers and denims – expected to remain high growth product categories & grow at a CAGR of 12-16%
- Significant opportunity in branded kid's wear as currently less number of players in India - expected to reach Rs. 1,57,000 Crores by 2025 at a CAGR of approx. 10-11%.

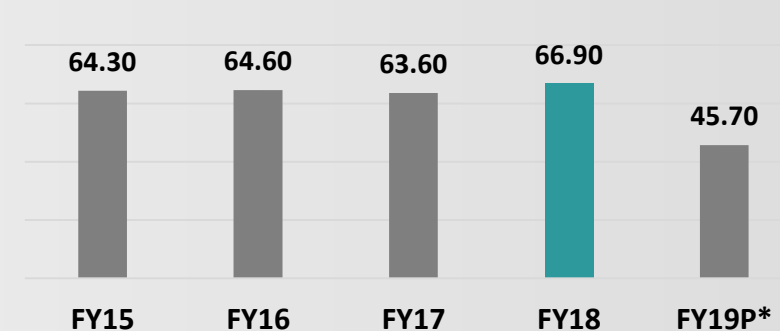
Textile and apparel industry in India (US\$ bn)



Textiles and apparel exports from India (US\$ bn)



Total cloth production in India (bn sq. mtrs)



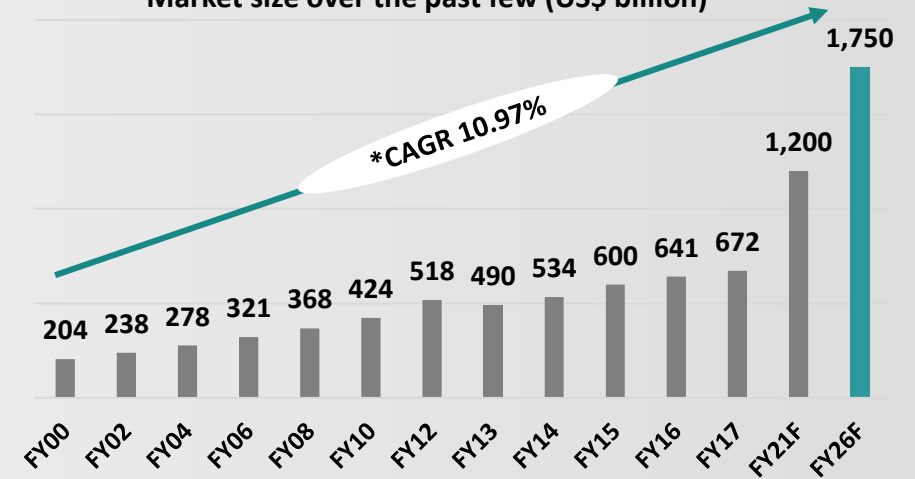


Strong Growth in Indian Retail Industry



- Total market size of Indian retail industry reached **US\$ 672 bn in 2017**. Forecasted to increase to **US\$ 1,200 bn by 2021** and **1,750 bn by 2026**
- India – fast growing market for fashion retailers on back of favorable demographics, increase in awareness of fashion trends, disposable incomes and relaxed FDI norms
- By 2021 **traditional retail** to hold major share of **75%**, **organized retail** share to reach **18%** and **e-commerce retail** share to reach **7%** of total retail market
- **Organized retail market** in India growing at a **CAGR of 20-25%** per year
- Global large retailers such as **Walmart, GAP, Tesco etc** in process of increasing their sourcing from India and moving from third-party buying offices to establishing their own wholly-owned/wholly-managed sourcing and buying offices
- **FDI in multi-brand retail** approved to **51%** and increased FDI limit to **100%** (from 51%) in single brand retail, and has plans to allow **100% FDI** in e-commerce, under arrangement that products sold must be sourced or manufactured in India

Market size over the past few (US\$ billion)



Online retail in India (US\$ billion)





Way Ahead



Way Ahead



Increasing Retail Presence

- Planned expansion to open 5 to 7 stores per month
- Expand ladies brand store network to 130 stores from existing 104 in next 12 months
- Enhancing shopping experience by providing 'Best Brand Mix'



Enhancing manufacturing capacities

- Right selection of property with building brand which includes strongest basic parameters of product – to enhance customer loyalty
- Further space and scope to gradually add an equal quantity to the existing capacity as per the increase in demand by sizeable numbers



Reduction of operational costs and achieving efficiency

- Focus on areas to reduce costs and achieve efficiencies in order to remain competitive
- Reduce wastage and control fabrication on production floor through effective supervision



Widening customer base, Adding new markets and Increasing wallet share

- Growing market opportunities available - endeavor to grow business by adding new customers in existing markets and increasing wallet share of existing customers by adding more product lines
- Increasing geographical presence - identifying new markets in India - expand and enhance across all own brands



Thank You



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For further information, please contact:

Company :

Cantabil Retail India Ltd.

Mr. Shivendra Nigam

shivendra.nigam@cantabilinternational.com

www.cantabilinternational.com

Investor Relations Advisors :

Bridge Investor Relations Pvt. Ltd.

Mr. Amit Sharma

amit@bridge-ir.com

Ms. Disha Shah

disha@bridge-ir.com

www.bridge-ir.com