

Cantabil Retail India Limited
Result Update Presentation
Q3 & 9M FY21



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Company Overview



Business Overview

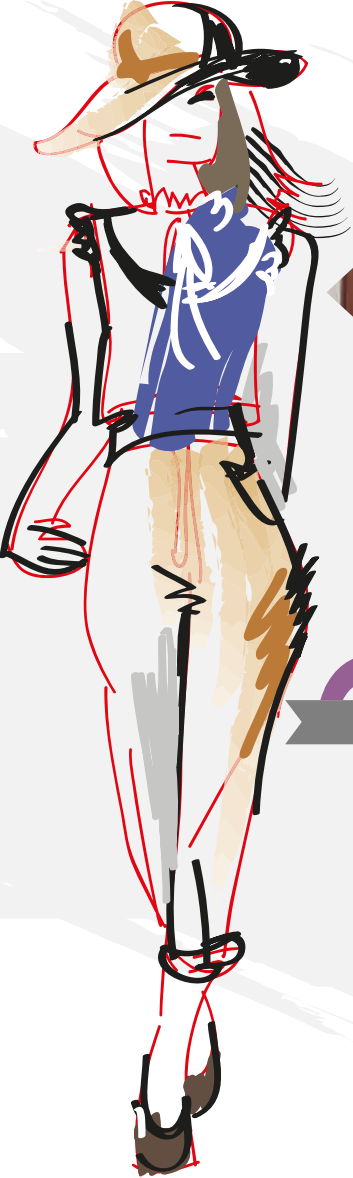


Industry Overview

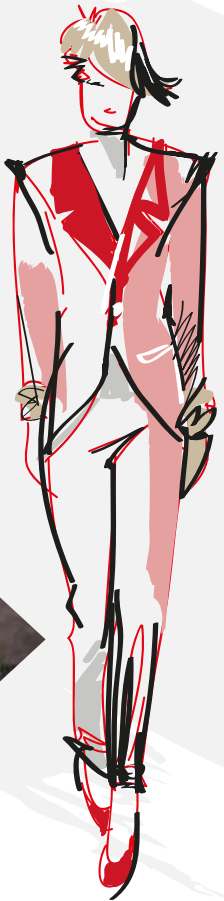


Way Ahead





Financial Highlights





Management Comment



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

“We are happy to share that this quarter’s performance has been better than the first half of the year, indicative of things gradually getting back on track post the lockdown due to pandemic. As for our financial performance for nine months ended 31st December 2020, we have delivered a revenue Rs. 158.81 crores, 12.18% EBITDA Margin (w/o IND AS 116)

We are delighted to inform that the factory is now running at full capacity. We have done decent sales during the quarter and are at about 94% of last year’s sales. The footfalls have also increased gradually leading to increase in conversion rate and more number of bills. Our strategy of moving to tier 2 and tier 3 cities has paid off well. Along with tier 1 cities even tier 2 and tier 3 cities have shown smart recovery. The Company is now confident and restarted its expansion plan by opening 13 new stores during the quarter making it a total of 311 stores in 17 states, out of which 224 stores are company owned company operated and 87 stores are franchise owned franchise operated.

I thank the entire team of ‘Cantabil Retail India Limited’ for their untiring hard work, sincerity and high dedication. Also, I would like to thank our valued stakeholders, 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.”



Who We Are?



- Company was established in year 1989, is in business of designing, manufacturing and retailing of readymade garments with 20 year long well established success story in Mid Premium Segment
- Company has state of art fully integrated production facility spread over 3 acre plot with 1.5L Sq. ft. of floor area in Bahadurgarh, Haryana equipped with imported and latest technology machines, which has capacity to produce 1L garments per month – it is one of most specialized suit plant in India
- Cantabil believes in Value for Money and offers high quality latest fashion apparel at affordable pricing – ‘Cantabil’ is one of preferred brand among millennials and aspirational class
- Cantabil caters to all three segments and wide range of products under one roof in Men’s category like Shirts - formal/casual, Trouser, Denim, Suit, Blazer, Jacket, Woollen & Accessories, Ladies wear and Kids wear to make it complete family brand
- Brand presence in 17 States, 150 + Cities and around 300 + profit making exclusive brand outlets with 3.40 L Sq. ft. of retail space – majorly in Tier II and Tier III cities and yet untapped area offers 3-4X wide scope of expansion of Retail footprints Pan India
- Company has also entered into E-commerce space through Market place model with leading players like Flipkart, Amazon, Snapdeal etc. - offering enormous scope of expansion beyond physical geographies
- Company has very fine balance of manufacturing, fabrication and FOB procurement to fulfil its complete production requirement due to its long and strong tie-ups with dedicated fabricators and trading vendors for FOB procurements - approx 60% in-house production
- Company’s strong financials has made it viable for expansion and opening of new stores through internal accruals only without increasing debt
- Company has been allotted “BBB+ outlook Stable” rating from ICRA even under most complex times of Covid
- Company’s compliance oriented approach - all operations are under surveillance of reputed Independent Auditors - Statutory Audit, Secretarial Audit, HR Audit and Inventory Audits. Grant Thornton (GT), one of top rated Auditors/consultants are Internal Auditors of the Company
- Company has also become a Dividend paying entity and distributed a final dividend of 10% of face value for FY20



COVID-19 Impact on Business



- Sharp reduction of footfalls in multiple geographies



March First Half

- Continuation of reduction in footfalls and gradual closure in areas highly affected
- Last week onwards -no business activities conducted - office, stores and warehouses shutdown due to nationwide lockdown
- Used this opportunity to upgrade our organization – develop skills of employees, educate and train them

March Second Half Onwards



- Interaction with customers to help them understand safety measures taken at store level
- Gradual opening of stores in non-red zone areas
- End of May around 100 stores were operational all over India, numbers kept increasing as and when cities entered orange and green zone
- We also entered online space at most crucial hour which will gain traction in coming financial year



Mid May Onwards

- Stores opened on alternate days and for certain hours depending on area wise restrictions
- Malls could open, hence majority of stores in malls are now open
- Over 285 stores were operational by the end of July

June - July



- Most stores were operational on daily basis for entire day
- Stores started gaining traction – festivals around the corner



August Onwards



Progressive continual recovery in operational store count and sales



Sales

- Sales has recovered approx. 80% Y-o-Y in January of pre COVID-19
- Stores in areas less impacted by COVID are normalizing and sales is catching up like before
- Sales in high street markets are more than malls

Store Opening

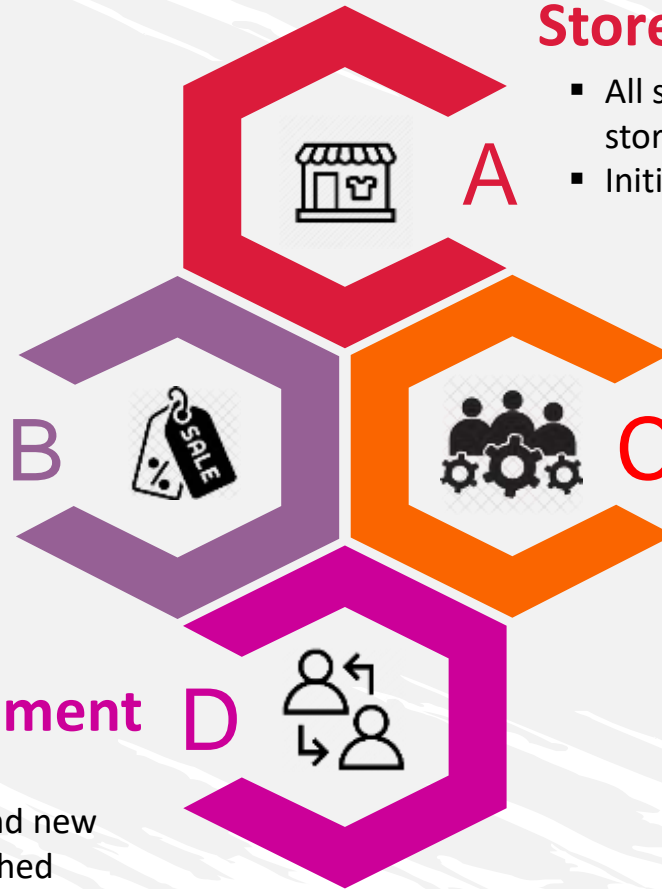
- All stores are now open on daily basis – high street stores as well as in malls
- Initially majority stores opened only on alternate days

Operations

- Office, warehouses and third-party manufacturing units operational with proper precautions in place
- Business backed by appropriate cash reserves

Continued Consumer Engagement

- Continuous updates given to customers regarding deals and new products and designed launched through SMS campaign
- Customers are also educated about all necessary precautions taken at store

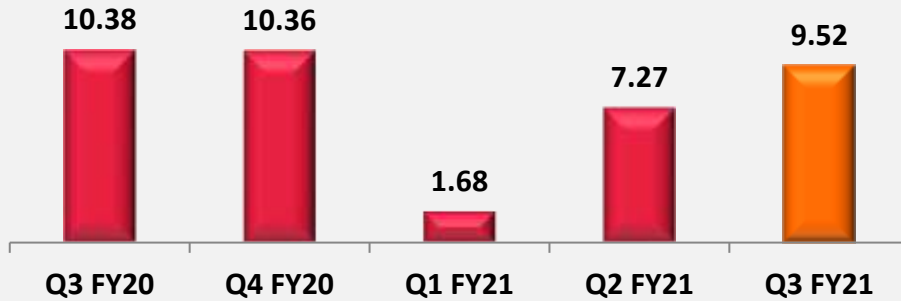




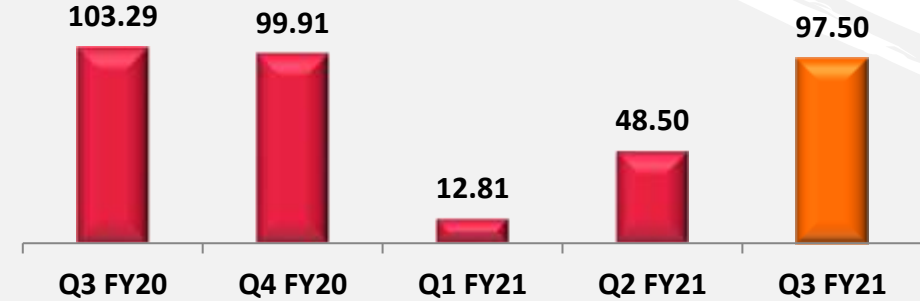
Financial Highlights



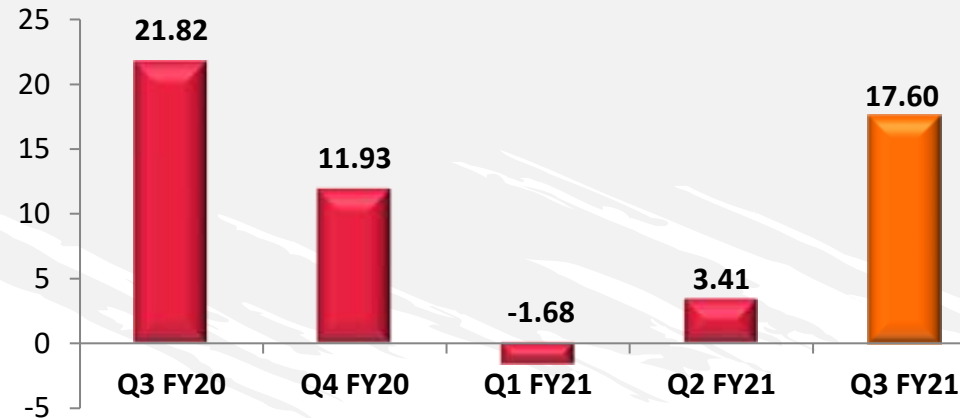
Sales Qty (pcs in Lacs)



Revenue from Operations (Rs. Cr)



EBITDA excluding Other Income (Rs. Cr)



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



Financial Highlights



Rs. Cr	Q3 FY21* (With IND- AS 116)	Q3 FY21 (W/O IND- AS 116)	Q3 FY20* (With IND- AS 116)	Q3 FY20 (W/O IND- AS 116)	Y-o-Y(% (With IND- AS 116)	Y-o-Y(% (W/O IND- AS 116)	Q2 FY21* (With IND- AS 116)
Revenue from Operations	97.50	97.50	103.29	103.29	(5.60%)	(5.60%)	48.50
Raw Materials	37.11	37.11	34.95	34.95			15.44
Employee Cost	13.09	13.09	15.67	15.67			9.59
Job Work Charges	4.88	4.88	7.42	7.42			4.52
Lease Rentals	0.33	6.96	0.66	10.26			0.34
Commission	6.37	6.69	4.91	5.52			3.13
Other Expenses	11.17	11.17	7.63	7.63			5.64
Total Expenditure	72.95	79.90	71.25	81.47			38.65
EBITDA	24.56	17.60	32.04	21.82	(23.35%)	(19.32%)	9.84
EBITDA Margin%	25.19%	18.06%	31.02%	21.13%	(583 bps)	(307 bps)	20.30%
Other Income	3.94	0.58	1.70	1.70			4.71
Depreciation	9.59	2.39	10.79	2.97			9.47
Interest	6.20	1.28	6.87	1.68			6.09
Profit Before Tax	12.72	14.52	16.07	18.87			(1.00)
Tax	2.59	3.11	4.77	5.58			(0.31)
PAT	10.13	11.41	11.30	13.28	(10.39%)	(14.12%)	(0.69)
PAT Margin%	10.39%	11.70%	10.94%	12.86%	(55 bps)	(116 bps)	(1.42%)
Basic EPS in Rs.	6.20	6.99	6.92	8.14	(10.40%)	(14.13%)	(0.42)

*reported numbers are as per IND-AS 116, consequently operating lease expenses have changed from rent, commission and other expenses to depreciation & amortization expenses, finance cost and other income.

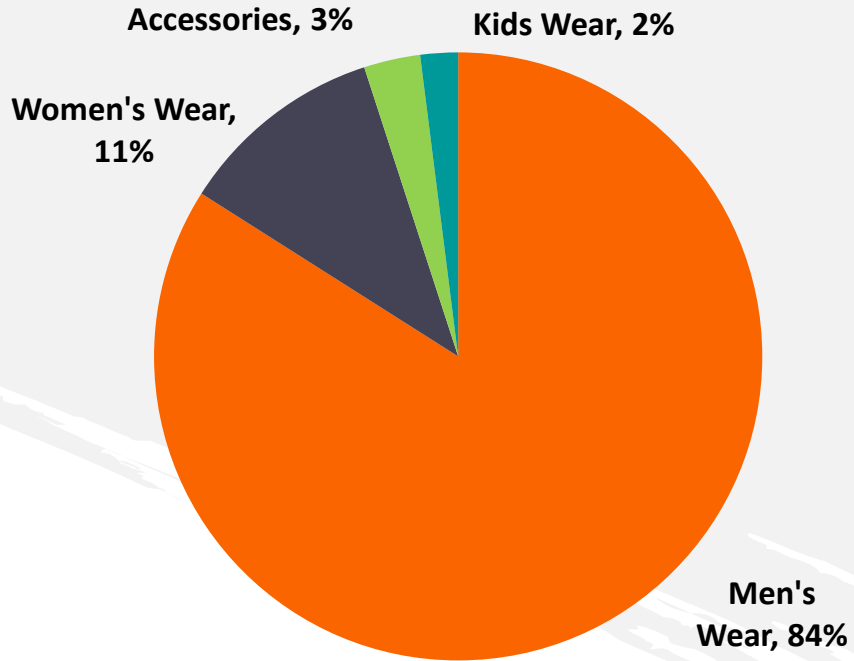
- Company has achieved Revenue 94% Y-o-Y in terms of sales
- Converted footfalls have reached over 85% of pre COVID level
- Revenue also includes sales from e-commerce
- Company adopted aggressive marketing tactics during quarter to attract higher footfalls
- Re-negotiated lease rentals downwards resulting in lower expenses
- Above measures enabled Company to nearly achieve pre-COVID EBITDA Margins



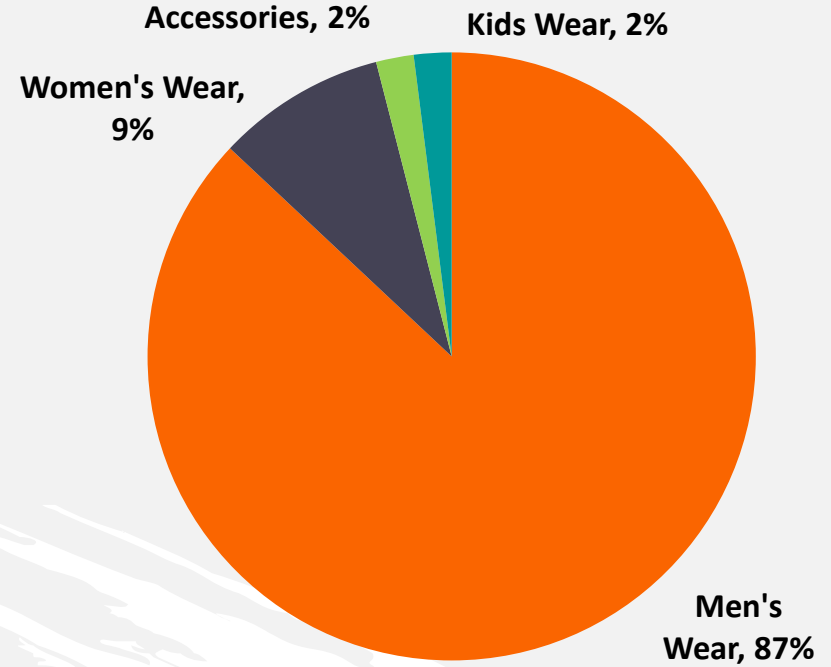
Revenue Break Up – Segmental



Q3 FY20



Q3 FY21



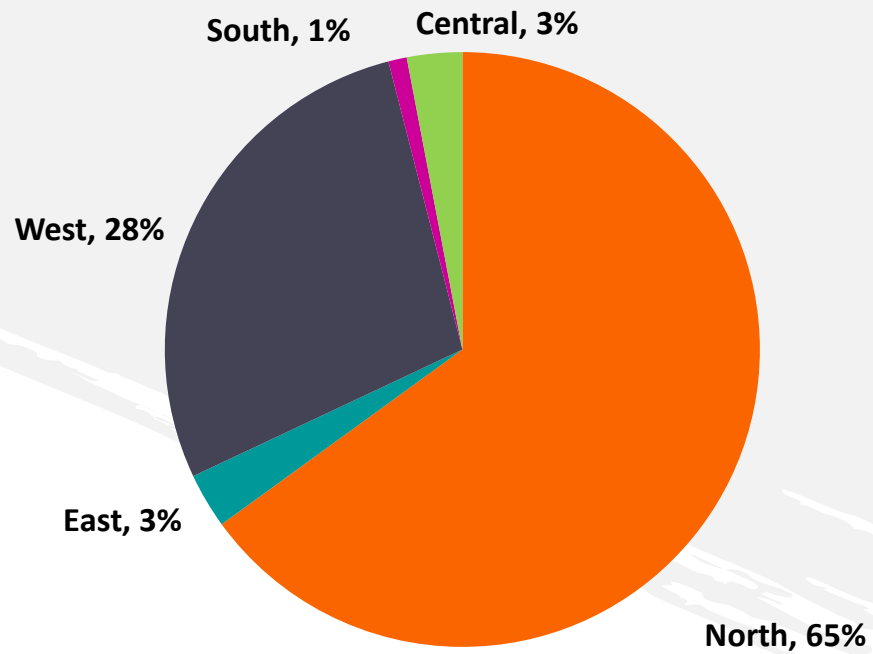
Entered e-commerce market in June'20 – already contributing 1% to revenue



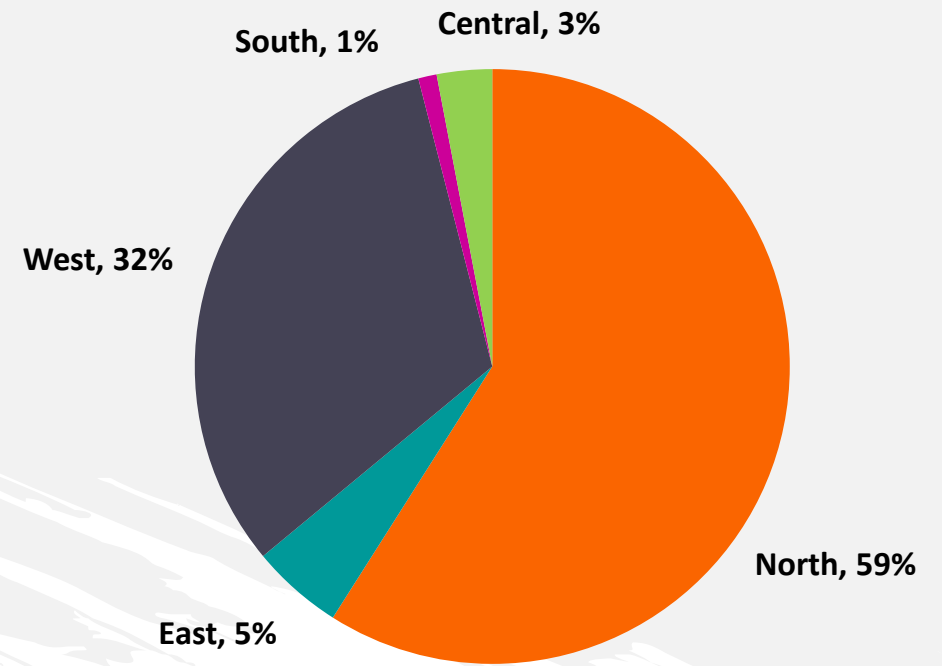
Revenue Break Up – Regional



Q3 FY20



Q3 FY21





Financial Highlights



Rs. Cr	9M FY21*	9M FY21	9M FY20*	9M FY20	Y-o-Y(%)	Y-o-Y(%)
	(With IND-AS 116)	(W/O IND-AS 116)	(With IND-AS 116)	(W/O IND-AS 116)	(With IND-AS 116)	(W/O IND-AS 116)
Revenue from Operations	158.81	158.81	238.12	238.12	(33.31%)	(33.31%)
Raw Materials	54.44	54.44	74.83	74.83		
Employee Cost	26.91	26.91	44.83	44.83		
Job Work Charges	11.02	11.02	22.32	22.32		
Lease Rentals	1.07	15.99	1.17	28.67		
Commission	10.53	11.23	10.16	12.03		
Other Expenses	19.89	19.89	21.00	21.00		
Total Expenditure	123.85	139.48	174.32	203.69		
EBITDA	34.96	19.34	63.80	34.44	(45.20%)	(43.85%)
EBITDA Margin%	22.01%	12.18%	26.79%	14.46%	(478 bps)	(228 bps)
Other Income	14.63	2.72	3.70	3.70		
Depreciation	29.14	7.01	31.17	7.90		
Interest	18.48	3.51	19.60	5.63		
Profit Before Tax	1.97	11.54	16.73	24.61		
Tax	(0.41)	2.38	4.86	7.15		
PAT	2.38	9.16	11.87	17.46	(79.94%)	(47.51%)
PAT Margin%	1.50%	5.77%	4.99%	7.33%	(349 bps)	(156 bps)
Basic EPS in Rs.	1.46	5.61	7.27	10.69	(79.92%)	(47.52%)

*reported numbers are as per IND-AS 116, consequently operating lease expenses have changed from rent, commission and other expenses to depreciation & amortization expenses, finance cost and other income.

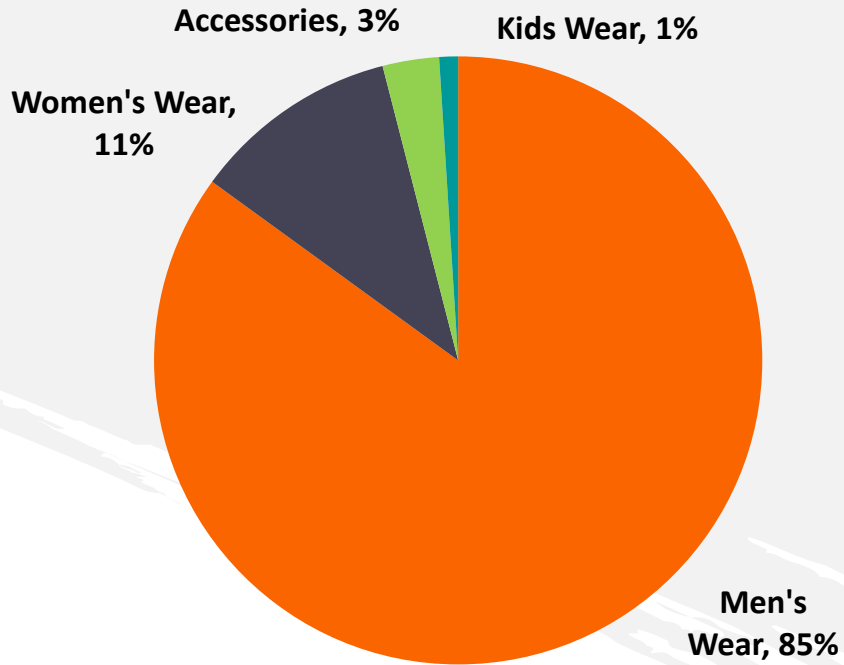
- Revenue also includes sales from e-commerce
- Nationwide lockdown in Q1 FY21 and conditions imposed on working of store days and hours in Q2 FY21 weighed upon nine monthly numbers
- Company restarted its expansion plan and opened 13 new stores in Q3 FY21
- Tier 2 and Tier 3 cities have shown smart recovery along with Tier 1 cities



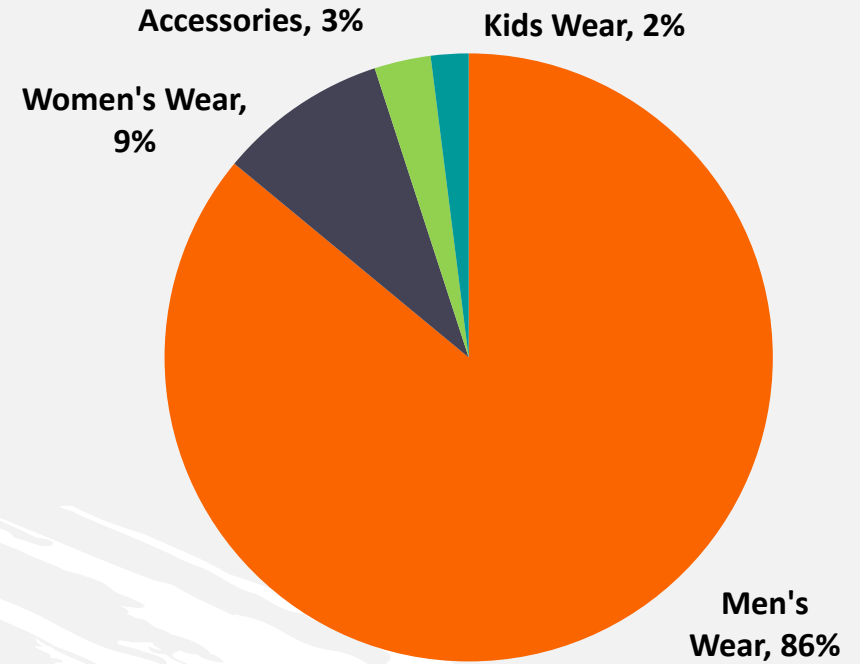
Revenue Break Up – Segmental



9M FY20



9M FY21



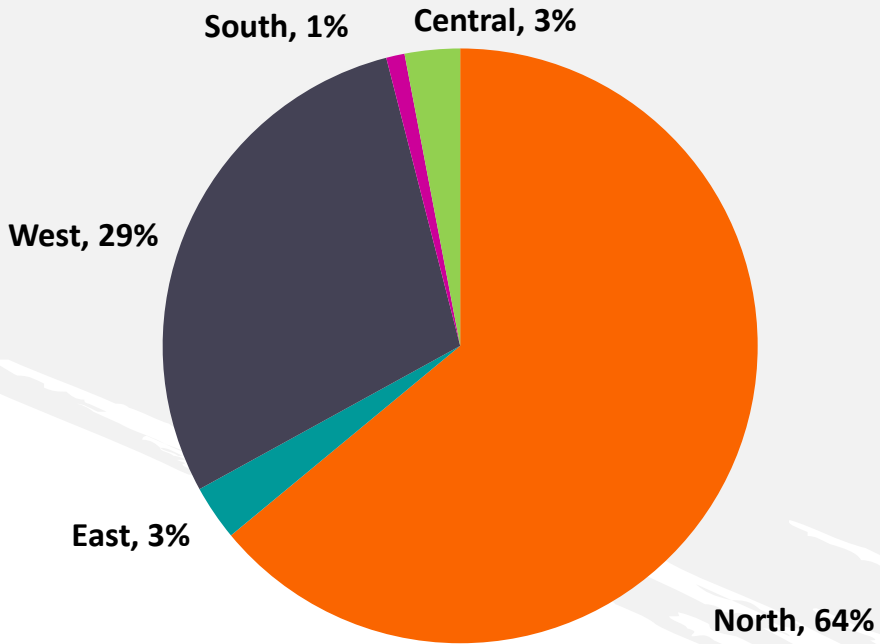
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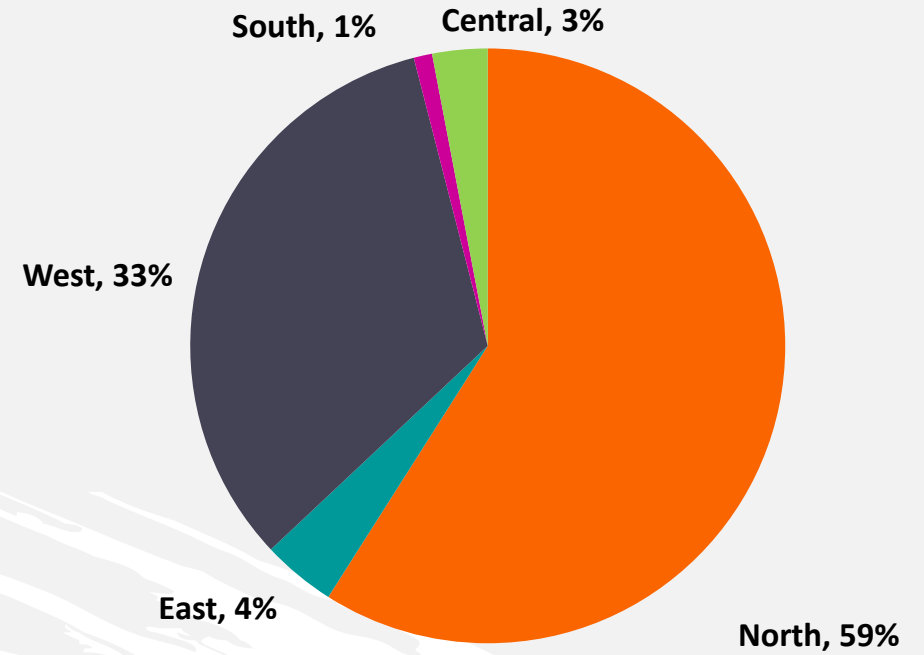
Revenue Break Up – Regional



9M FY20



9M FY21

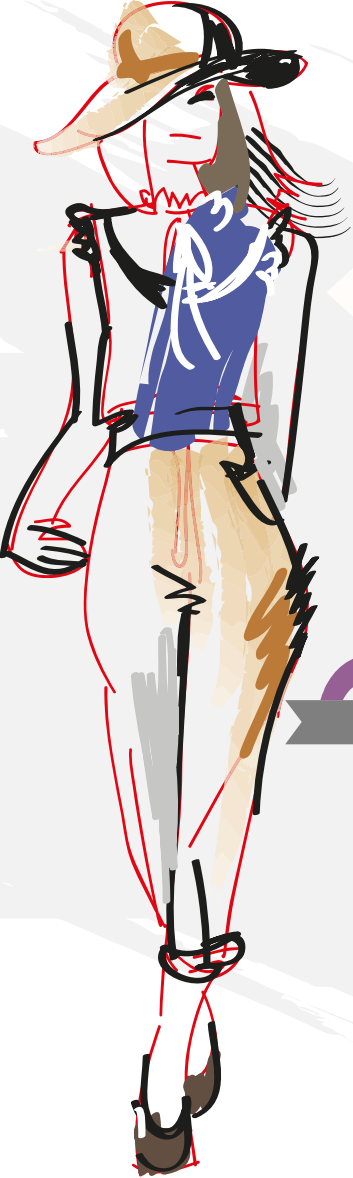




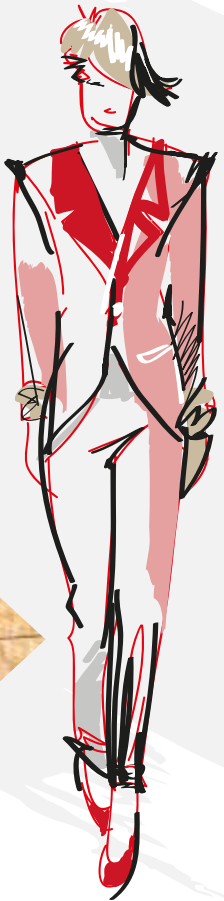
Balance Sheet Highlights



Rs. Cr	As on 30 th Sept'20	As on 31 st Mar'20	Rs. Cr	As on 30 th Sept'20	As on 31 st Mar'20
Shareholder's Funds	108.30	118.07	Non-Current Assets	285.08	299.09
Share capital	16.33	16.33	Property, Plant and Equipment	56.46	60.26
Other Equity	91.97	101.74	Capital work in progress	1.01	0.71
Non-current liabilities	215.52	226.78	Right of use Asset	184.63	198.12
Financial Liabilities			Investment Property	3.61	3.64
(a) Borrowings	2.28	2.39	Other Intangible Assets	0.33	0.35
(b) Lease Liability	195.72	206.80	Investments	0.12	0.12
(c) Other Financial Liabilities	10.22	9.56	Other Financial Assets	0.74	0.72
Provisions	3.82	3.70	Loans	8.66	8.29
Other Non - Current Liabilities	3.48	4.33	Deposits with bank	0.00	0.00
Current liabilities	111.04	103.36	Deferred tax assets (Net)	22.08	18.92
Financial Liabilities			Other non-current assets	7.44	7.95
(a) Borrowings	48.42	33.60	Current Assets	149.78	149.12
(b) Trade Payables			Inventories	130.38	128.05
(i) Total ostd dues of micro & small	3.09	4.79	Investments	0.05	0.04
(ii) Total ostd dues of creditors other than above	23.09	33.67	Trade Receivables	4.42	4.52
(c) Lease Liability	23.54	18.19	Loans	0.74	0.76
(d) Other Financial Liabilities	6.40	8.52	Cash & Cash Equivalents	2.84	4.05
Provisions	3.67	3.03	Other Financial Assets	4.26	4.27
Other Current Liabilities	2.84	1.56	Current tax assets (Net)	0.91	1.10
Total Equities & Liabilities	434.86	448.21	Other Current Assets	6.17	6.32
			Total Assets	434.86	448.21



Company Overview





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 17 states with 311 EBOs as on 31st Dec 2020
- Sales floor area - 3,39,194 sq. ft. as on Dec 31, 2020

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 and job workers



Robust Retail Network

- 311 Exclusive Brand Outlets
- Out of 311 EBOs - 224 stores are Company operated and 87 stores are Franchise operated
- Strong growing presence in tier 2 & 3 cities

Reputed Clientele

- Raymond’s, 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, Benetton etc.
- Focus on attaining highest level of customer satisfaction

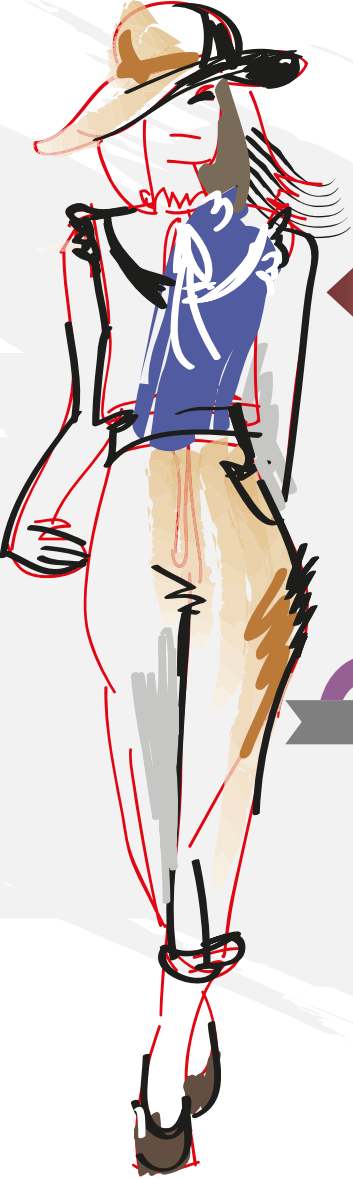
Robust Retail Presence

- Pan-India presence of 311 exclusive retail outlets with floor space of 3.39 lacs sq. ft across 17 states
- Strong growing presence in tier 2 & 3 cities

Dynamic & Experienced Leadership

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





Business Overview





Our Brands



“CANTABIL”

- Established brand with 20 years of growing acceptance
- Highly popular in middle class – over 300 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.

“Lil’ 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, etc.



Our Brands contd...



"CANTABIL"



"KANESTON"



"CROZO"



"Lil' Potatoes"





Manufacturing Plant - Haryana

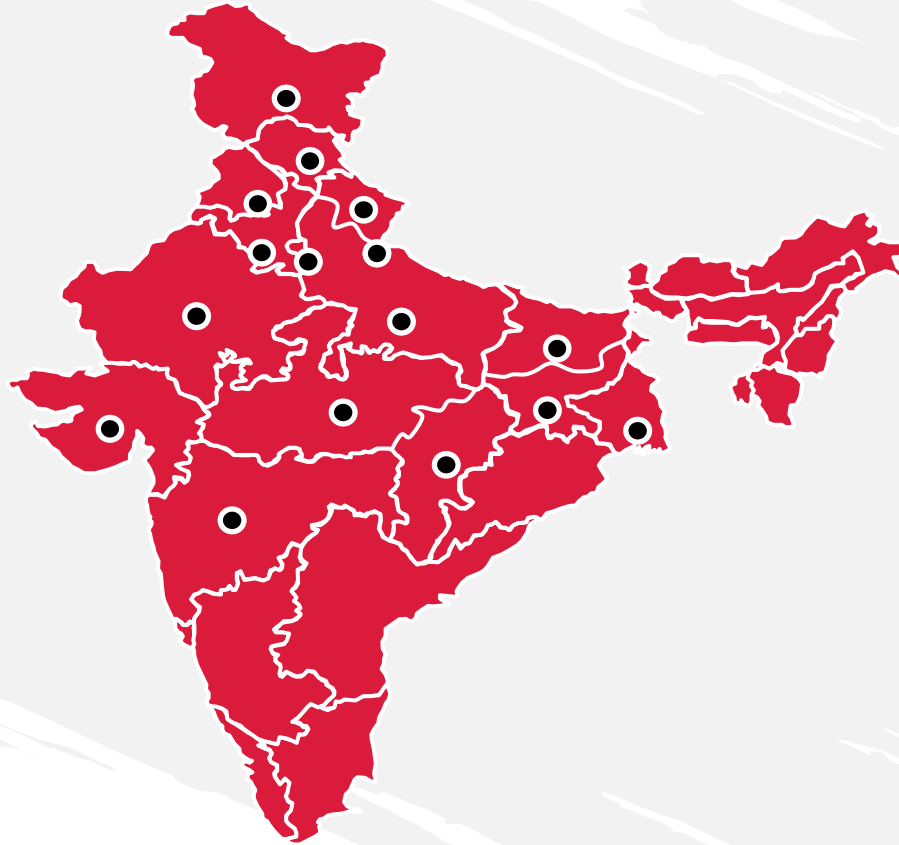


- State-of-art world class manufacturing plant across area of **1.50 Lacs sq. ft.** in Bahadurgarh, Haryana
- Fully integrated infrastructure and systems for modern manufacturing & retailing with complete automation - from cutting to manufacturing and finishing of formal and casual trousers, formal shirts & 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 - casual trousers of **3 lac pcs**, formal trousers of **2 lac pcs**, suits & jackets of **2 lac pcs** and shirts of **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	31 st Dec' 2020	30 th Sept' 2020
Assam	1	0
Bihar	5	5
Chhattisgarh	6	6
Delhi	53	52
Gujrat	19	19
Haryana	39	38
Himachal Pradesh	1	1
Jammu & Kashmir	6	6
Jharkhand	6	6
Maharashtra	39	36
Madhya Pradesh	5	5
Punjab	20	19
Rajasthan	52	46
Telangana	4	4
UP	45	46
Uttaranchal	7	7
West Bengal	3	2
Total	311	298

Company's strategy to expand in tier 2 and 3 cities has proven to be successful

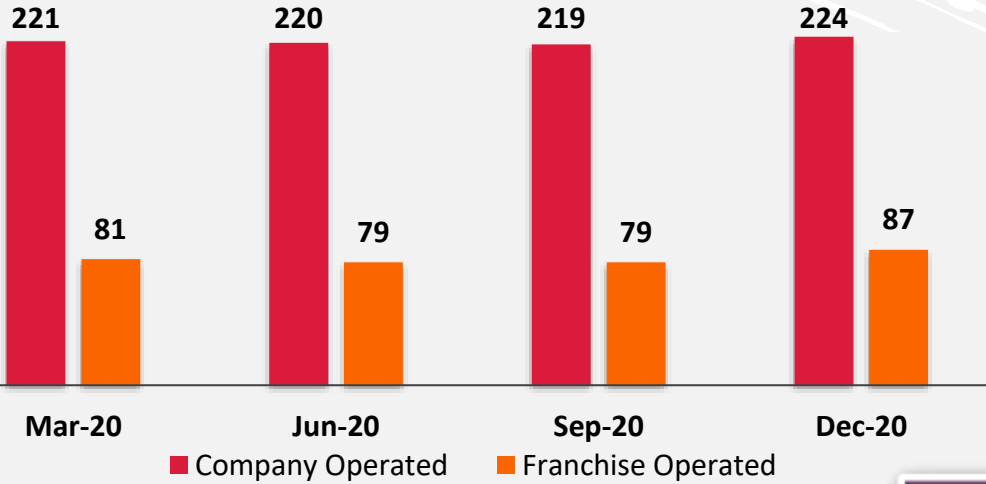


Exclusive Brand Outlets

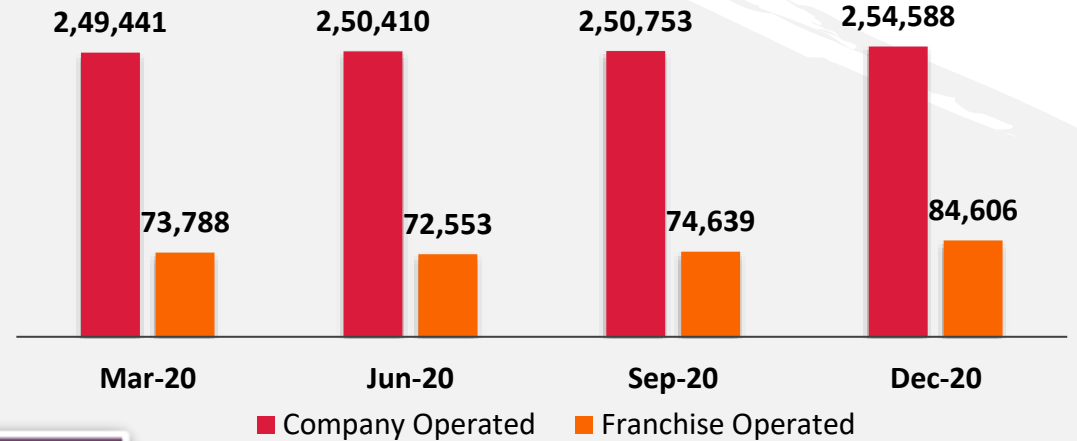


Company & Franchise Operated

No. of Stores

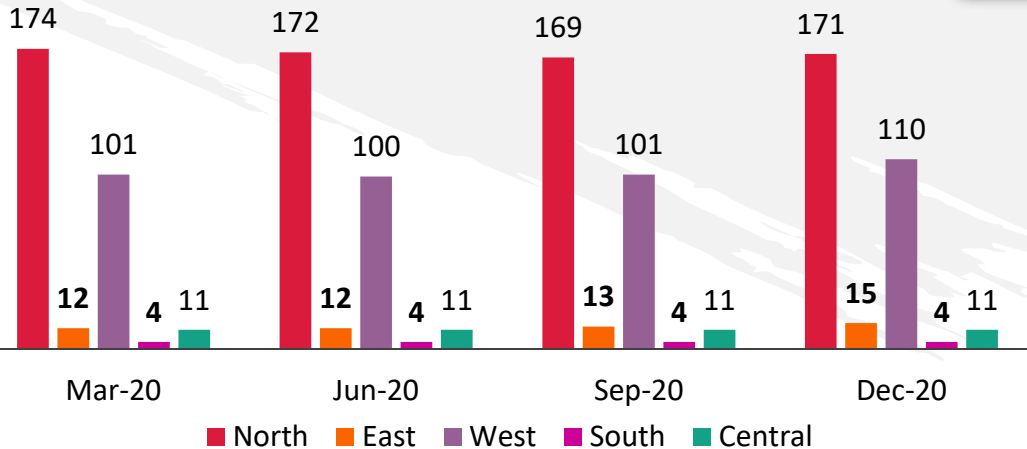


Floor Area

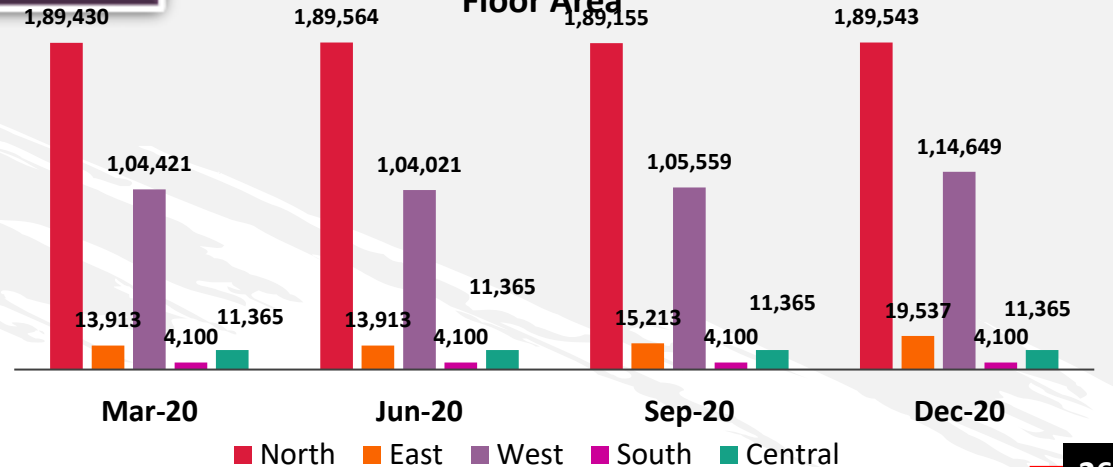


Régional Distribution

No. of Stores



Floor Area

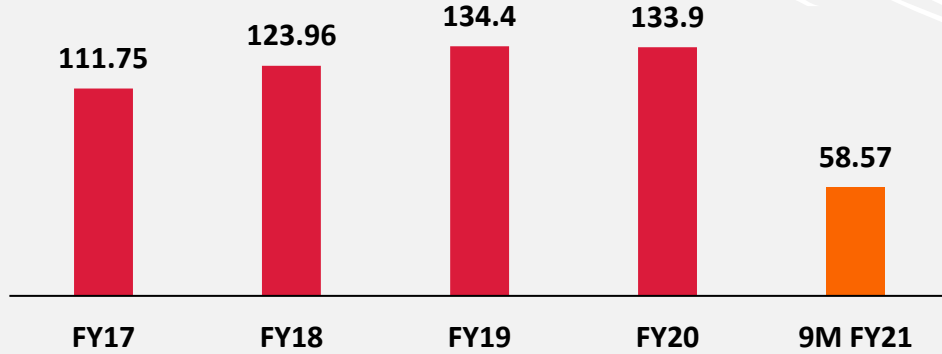




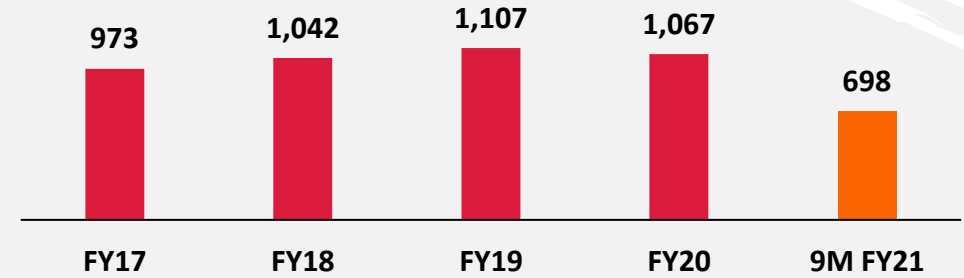
Avg. Revenue Statistics



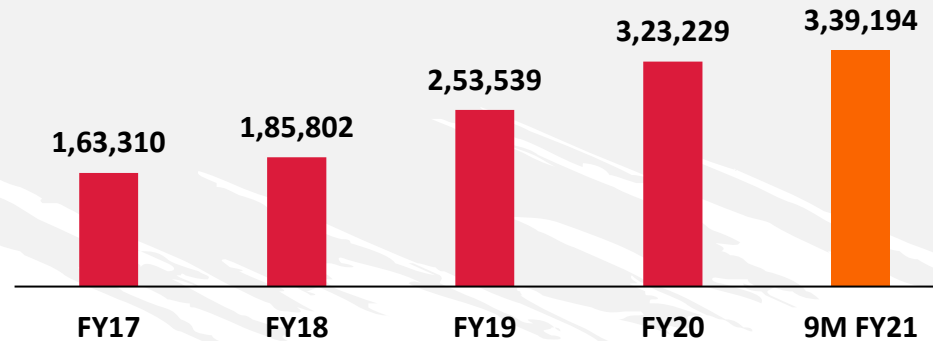
Avg Gross Revenue per Store (in lacs)*



Weighted Avg Gross Revenue per Sq.ft per month (in Rs.)*

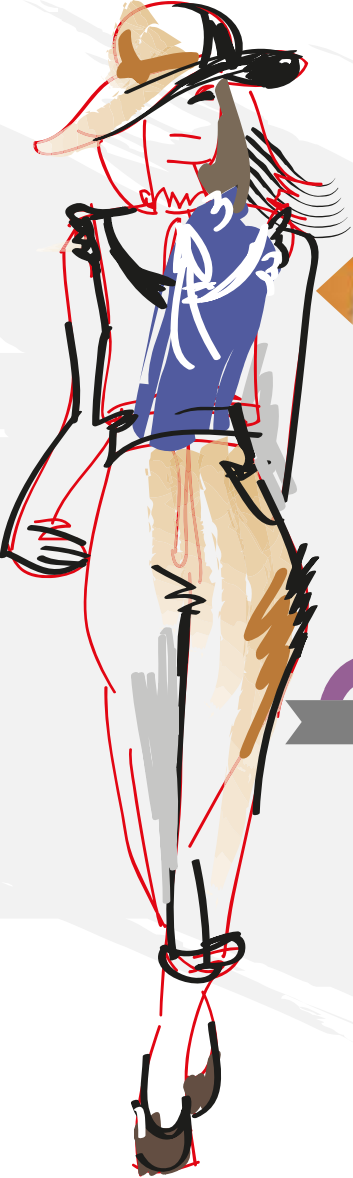


Total sq. ft.

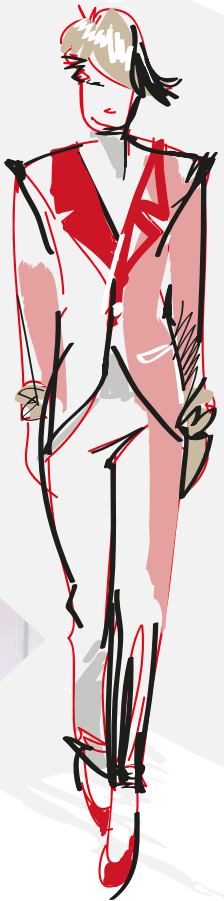


*Revenue does not include online sales

- 9M FY21 numbers are mainly impacted due to lockdown in Q1 & Q2 in many parts of India due to COVID-19 - stores were functional on alternate days with reduced working hours in majority states



Industry Overview



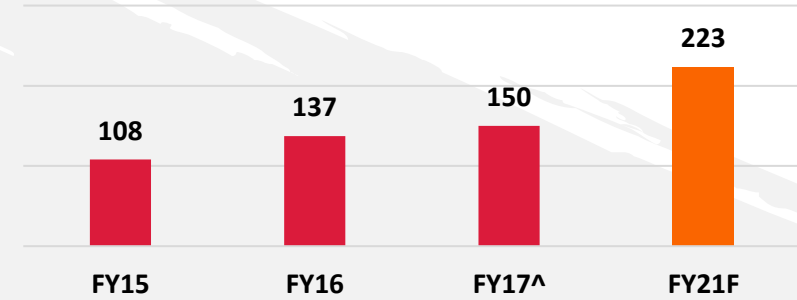


Indian Apparel Industry

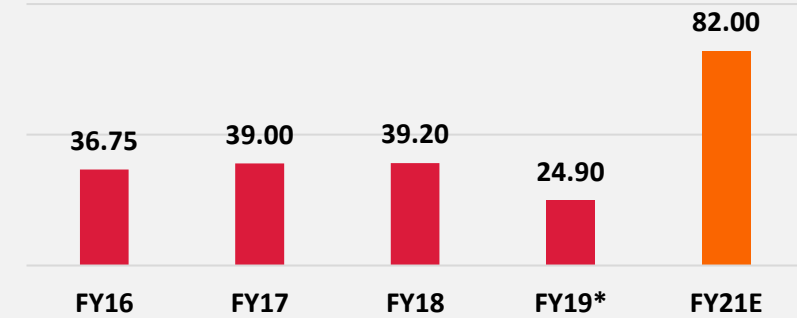


- **Second largest contributor** in retail after food and grocery industry in India
- **41% of Men's wear, 38% Women's wear and 21% kid's wear**
- Per capita expenditure on apparel expected to reach Rs. **8,000 by 2025**, rising from Rs. **3,100 in 2015**. Thereby expected to grow to Rs. **11.7 Lakh 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 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 CAGR of approx. 10-11%**
- Due to COVID-19, Indian textile industry fell – yarn and readymade garments exports **fell by 90% during April 2020**
- To survive pandemic – **about 15-20% of over 8000 exporters** in the country have resumed operations with **25-30% workforce**
- Export demand to fall further – **US and Europe account for 60% of exports**

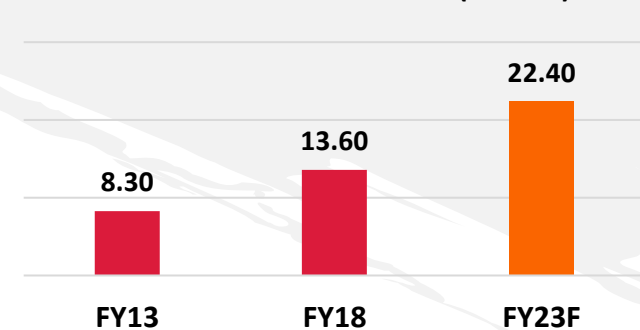
Textile and apparel industry in India (US\$ bn)



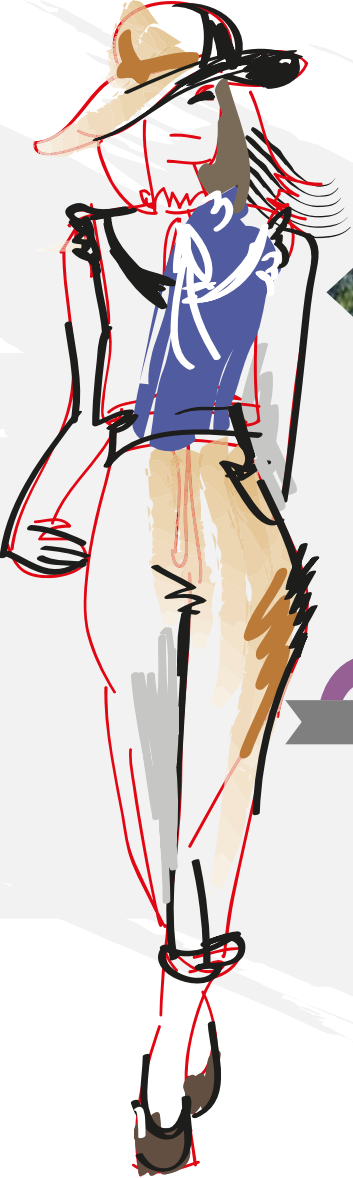
Textiles and apparel exports from India (US\$ bn)



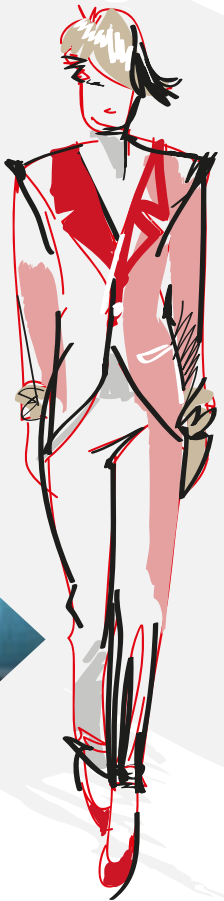
Kids Wear Market in India (US\$ bn)



Notes: E – Estimate, F – Forecast, ^ - as of November 2017, * - between April–November 2018, / Source : IBEF



Way Ahead





Way Ahead



**Increasing Retail Presence –
focus on tier 2 and tier 3 cities**

- Planned and phased expansion to open new stores (on account of COVID impact)
- Expand ladies brand store network to 200 stores from existing 165 over coming years
- Enhancing shopping experience by providing 'Best Brand Mix
- Deeper penetration in tier 2 & 3 cities
- Planned to reach over 650 stores with target turnover of Rs. 1000 crores in next 4-5 years



**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 equal quantity to existing capacity as per 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
- Widen and increase customer base in online space as well



Disclaimer



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