

Cantabil Retail India Limited
Result Update Presentation
Q1 FY21



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Company Overview



Business Overview

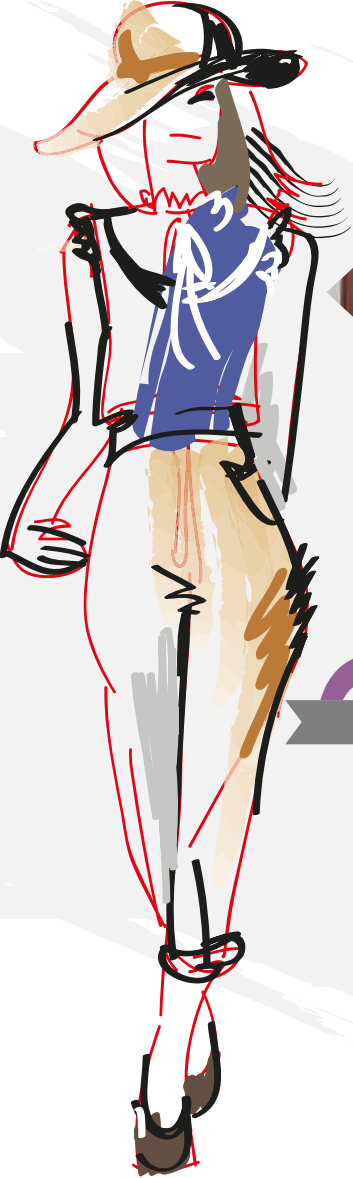


Industry Overview



Way Ahead





Financial Highlights





Management Comment



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

"The COVID-19 pandemic followed by nationwide lockdown impacted the business, as at the start of first quarter production as well as the stores were not functional. Gradually after 4th of May the Company saw momentum in its operations as stores began to open in certain areas. This quarter we could not match our quarterly targets, but we have done decent in view of the current situation, registering a total revenue of Rs. 12.81 crores.

The pandemic has caused disruption in the industry due to which initial growth was a little slow but now as festivals approach, it has uplifted our sales. We are positive that this growth is sustainable and will increase over the months. I would also like to share that we have resumed majority of our operations and 279 out of 299 stores are functional based on the restrictions implied in respective areas in terms of days and timings. Recently, we have also entered online space through Flipkart, Amazon, Snapdeal and Paytm at the most crucial hour which will gain traction over the current financial year. We are continuously evaluating the impact of the pandemic and are fully prepared to face all the challenges that come along the way.

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."



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 recovery in operational store count and sales



Sales

- Sales has recovered approx. 60% Y-o-Y in August 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

Continued Consumer Engagement

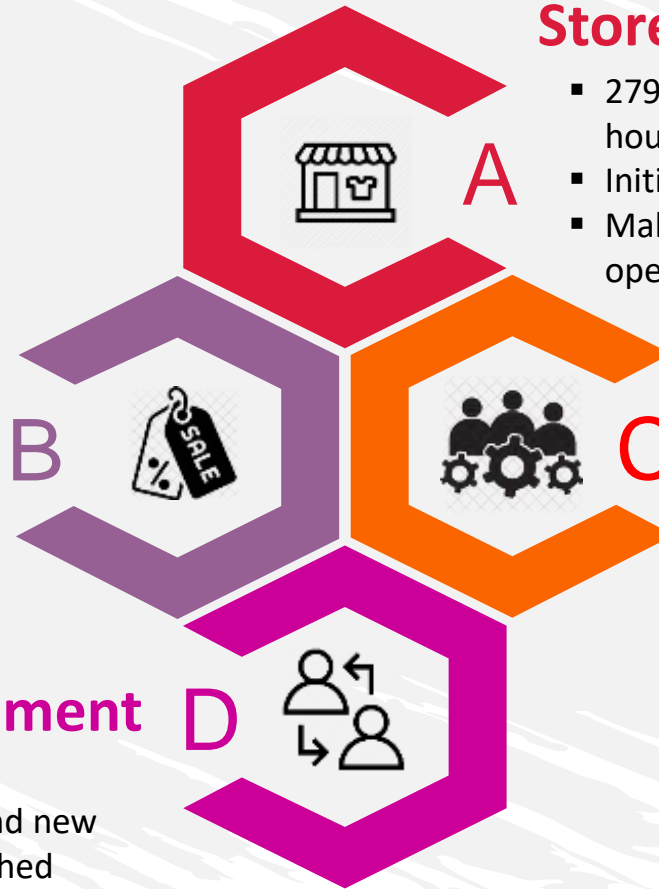
- Continuous updates given to customers regarding deals and new products and designed launched through SMS campaign
- Customers are also educated about all necessary precautions taken at store

Store Opening

- 279 stores out of 299 stores are open – days and no of hours of operation depends area wise
- Initially majority stores opened only on alternate days
- Malls in few geographies including Maharashtra just opening

Operations

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

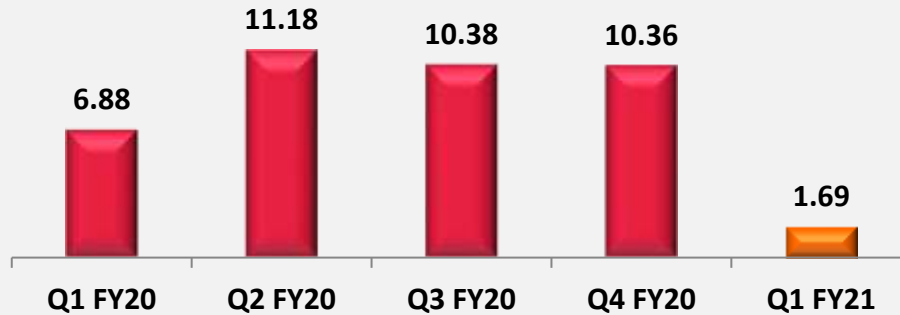




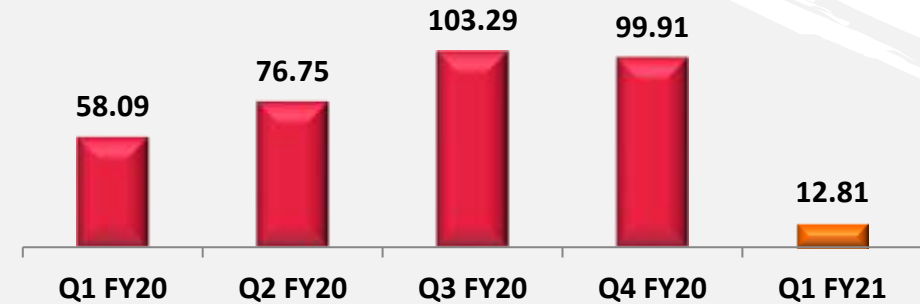
Financial Highlights



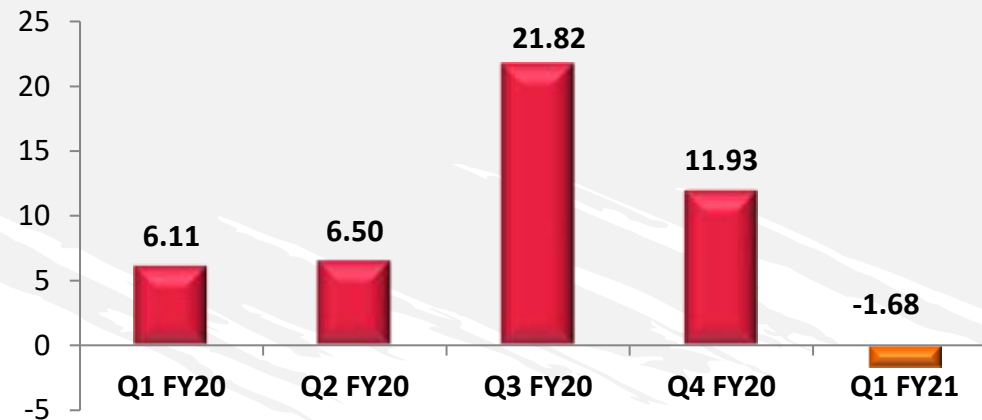
Sales Qty (pcs in Lacs)



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	Q1 FY21* (With IND- AS 116)	Q1 FY21 (W/O IND- AS 116)	Q1 FY20* (With IND- AS 116)	Q1 FY20 (W/O IND- AS 116)	Y-o-Y(%) (With IND- AS 116)	Y-o-Y(%) (W/O IND- AS 116)	Q4 FY20 (With IND- AS 116)
Revenue from Operations	12.81	12.81	58.09	58.09	(77.94%)	(77.94%)	99.91
Raw Materials	1.89	1.89	12.71	12.71			44.23
Employee Cost	4.23	4.23	13.94	13.94			15.12
Job Work Charges	1.62	1.62	7.16	7.16			6.62
Lease Rentals	0.40	2.54	0.23	8.84			0.28
Commission	1.03	1.14	2.31	2.89			5.60
Other Expenses	3.08	3.08	6.40	6.43			7.02
Total Expenditure	12.25	14.50	42.75	51.97			78.87
EBITDA	0.56	(1.68)	15.34	6.12	(96.35%)	(127.48%)	21.05
EBITDA Margin%	4.37%	(13.12%)	26.40%	10.54%	(2203 bps)	(2366 bps)	21.07%
Other Income	5.98	1.30	0.97	0.97			0.36
Depreciation	10.08	2.30	9.48	2.35			13.02
Interest	6.20	1.10	6.72	2.02			1.11
Profit Before Tax	(9.74)	(3.79)	0.11	2.72			7.27
Tax	(2.68)	0.95	(0.30)	(0.46)			2.72
PAT	(7.06)	(2.84)	0.42	2.26	(1798.22%)	(225.56%)	4.56
PAT Margin%	(55.08%)	(22.15%)	0.72%	3.89%	(5580 bps)	(2604 bps)	4.56%
Basic EPS in Rs.	(4.32)	(2.27)	0.25	1.39	(1828.00%)	(263.31%)	2.79

*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.

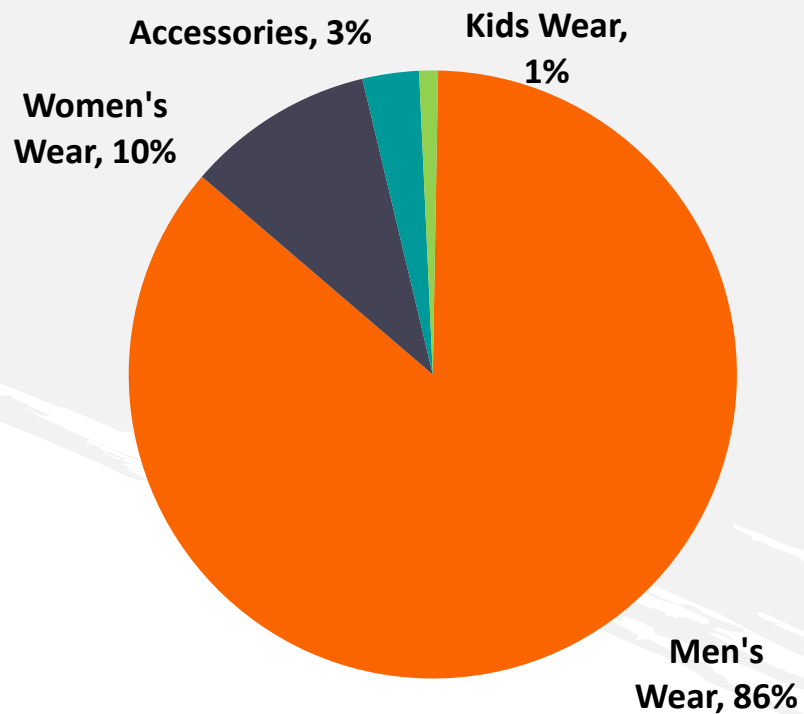
- Company has faced issues due to nationwide lockdown in terms of achieving sales, leaving its impact on EBITDA and PAT as well
- On the upscale, as festivals approach Company is seeing gradual increase in Average Ticket Size (ATS) month on month basis – Aug'20 ATS has crossed 95% of Aug'19 ATS
- Average capacity utilization with respect to existing manpower of plant has crossed 75% as of August'20



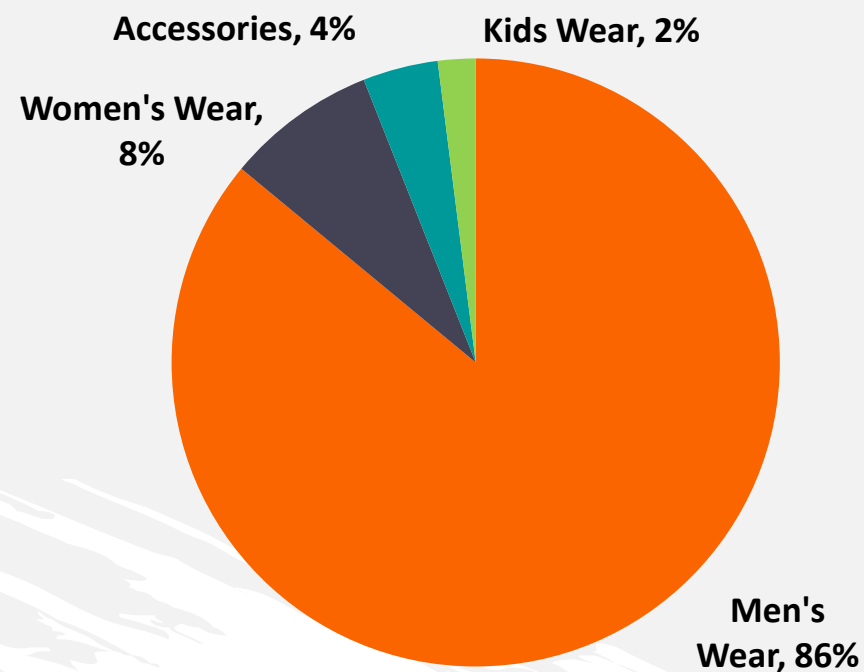
Revenue Break Up – Segmental



Q1 FY20



Q1 FY21



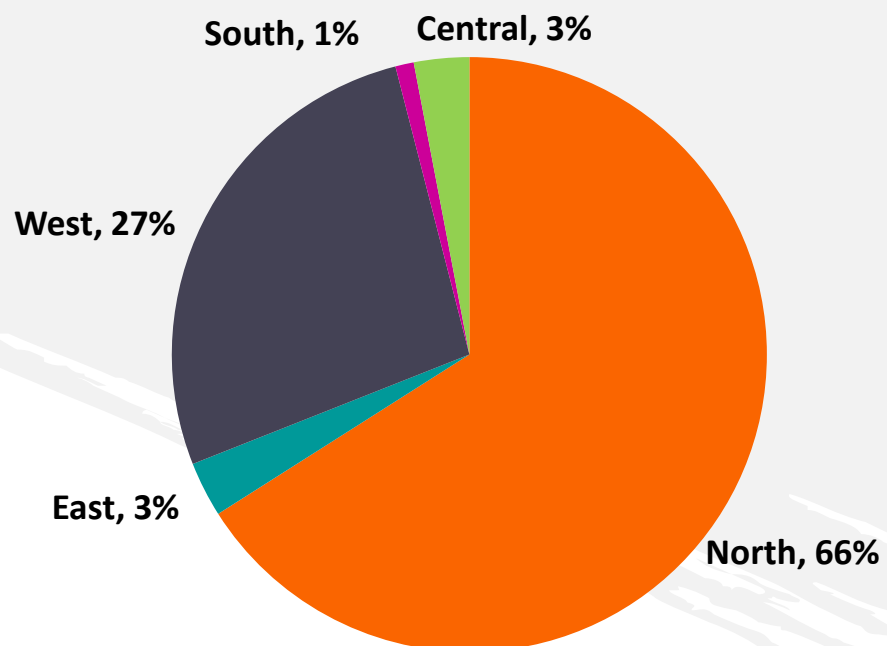
Kid's wear brand - "LiL' Potatoes" launched in Nov'18



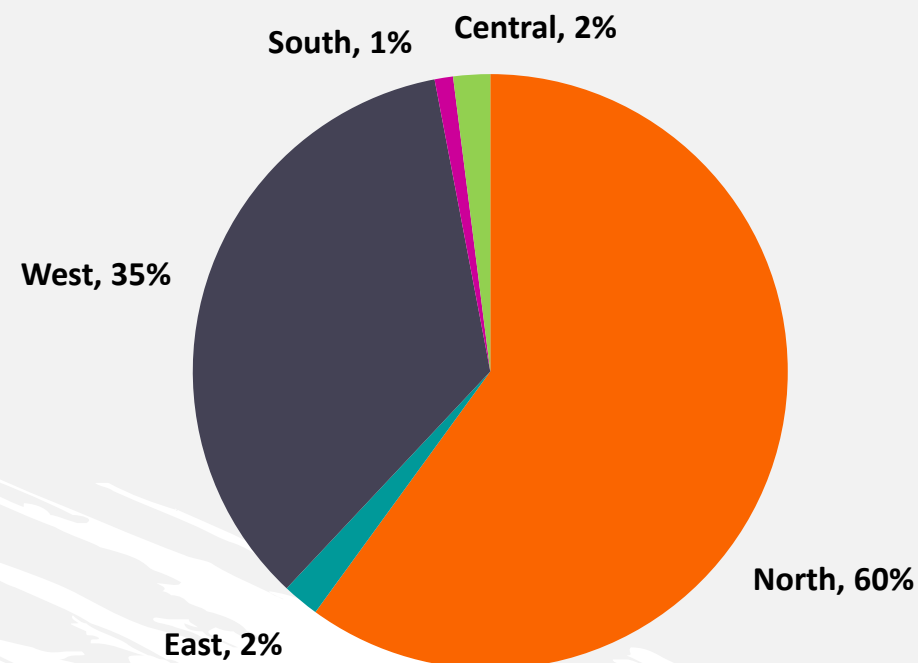
Revenue Break Up – Regional



Q1 FY20

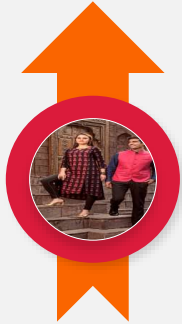


Q1 FY21



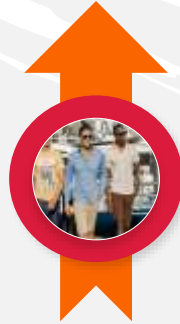


Financial Highlights – FY20 vs FY19



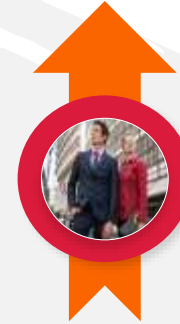
17.15%

Revenue from Operations
Rs. 338.04 Crore



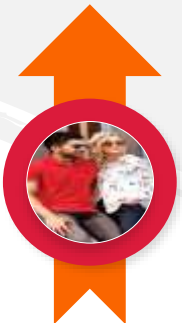
56.63%

EBITDA
Rs. 46.37 Crore



346 bps

EBITDA Margin
13.72%



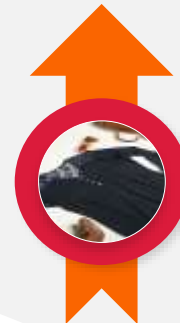
83.01%

PAT
Rs. 22.88 Crore



244 bps

PAT Margin
6.77%



82.90%

Basic EPS
Rs. 14.01 vs. Rs. 7.66 FY19

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



Financial Highlights



Rs. Cr	FY20* (With IND-AS 116)	FY20 (W/O IND-AS 116)	FY19	Y-o-Y(%) (With IND-AS 116)	Y-o-Y(%) (W/O IND-AS 116)
Revenue from Operations	338.04	338.04	288.55	17.15%	17.15%
Raw Materials	119.06	119.06	136.26		
Employee Cost	59.94	59.94	51.47		
Job Work Charges	28.95	28.95	10.18		
Lease Rentals	1.45	37.55	27.31		
Commission	15.76	18.05	10.21		
Other Expenses	28.02	28.12	23.52		
Total Expenditure	253.19	291.67	258.95		
EBITDA	84.85	46.37	29.61	186.61%	56.63%
EBITDA Margin%	25.10%	13.72%	10.26%	1484 bps	346 bps
Other Income	4.06	4.06	4.00		
Depreciation	44.19	10.41	8.89		
Interest	20.71	6.92	8.52		
Profit Before Tax	24.01	33.10	16.19		
Tax	7.58	10.23	3.69		
PAT	16.43	22.88	12.50	31.44%	83.01%
PAT Margin%	4.86%	6.77%	4.33%	53 bps	244 bps
Basic EPS in Rs.	10.06	14.01	7.66	31.33%	82.90%

- Increase in Revenue from Operations of **17.15%** mainly driven by sales from existing stores as well as addition of 61 stores on net basis
- EBITDA growth on account of higher sales and better operational efficiencies
- Increase in PAT on account of better EBITDA and higher operational leverage

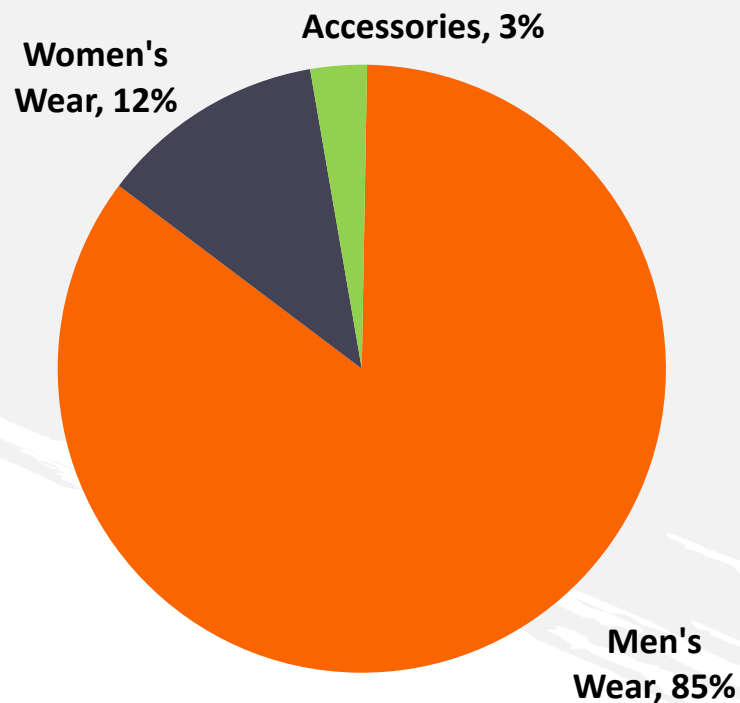
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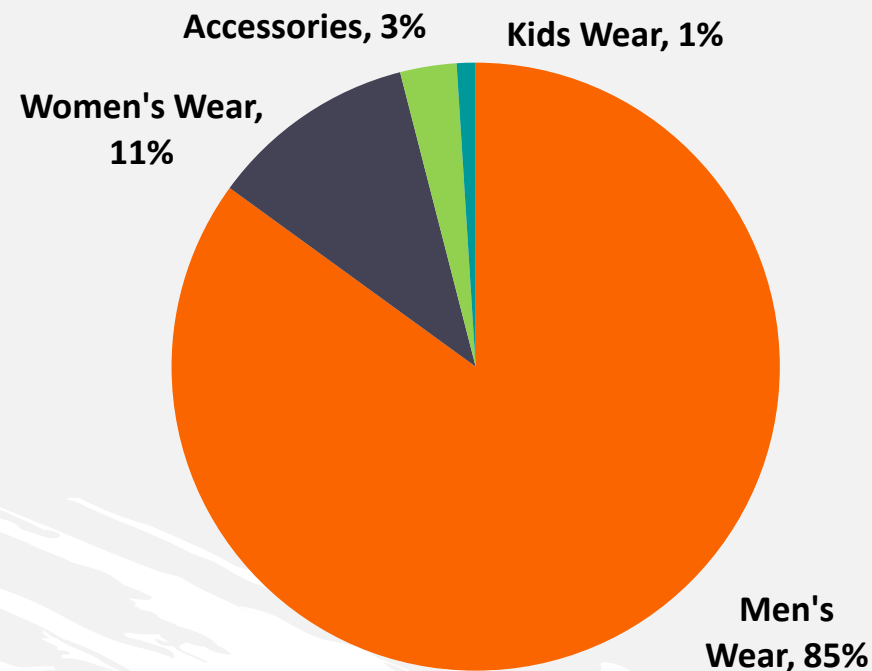
Revenue Break Up – Segmental



FY19



FY20



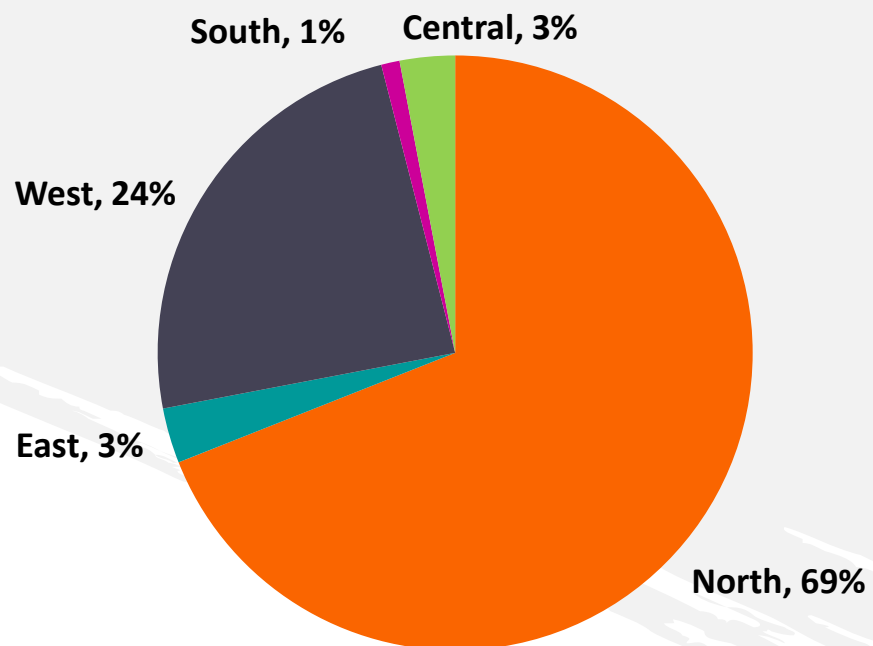
Kid's wear brand - "LiL' Potatoes" launched in Nov'18



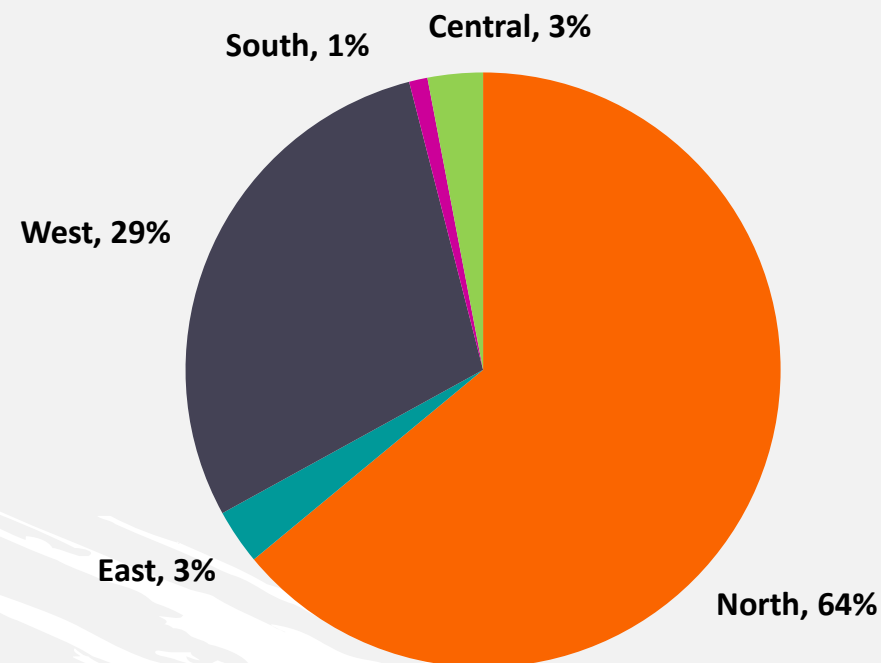
Revenue Break Up – Regional



FY19



FY20



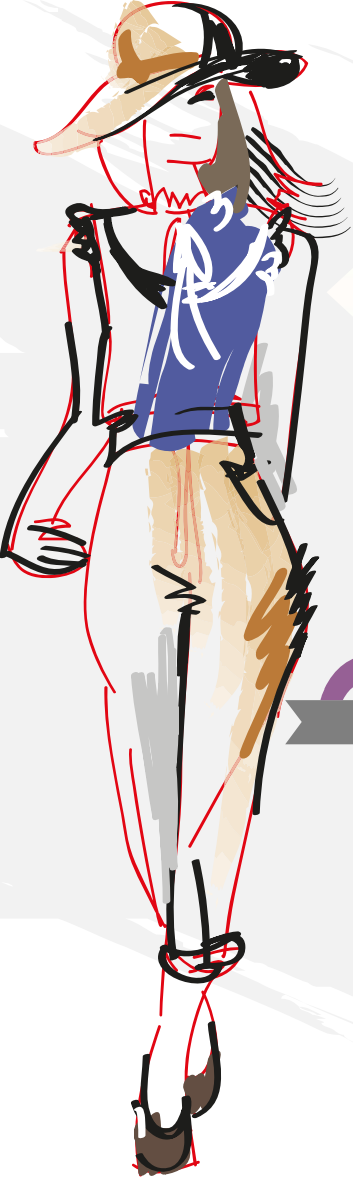


Balance Sheet Highlights – FY20



Rs. Cr	As on 31 st Mar'20	As on 31 st Mar'19
Shareholder's Funds	118.07	114.30
Share capital	16.33	16.33
Other Equity	101.74	97.97
Non-current liabilities	226.78	15.31
Financial Liabilities		
(a) Borrowings	2.39	4.29
(b) Lease Liability	206.80	0.00
(c) Other Financial Liabilities	9.56	5.52
Provisions	3.70	2.77
Other Non - Current Liabilities	4.33	2.73
Current liabilities	104.56	95.52
Financial Liabilities		
(a) Borrowings	33.60	34.56
(b) Trade Payables		
(i) Total ostd dues of micro & small	4.79	7.83
(ii) Total ostd dues of creditors other than above	33.67	41.30
(c) Lease Liability	18.19	0.00
(d) Other Financial Liabilities	8.52	7.53
Provisions	3.03	2.36
Other Current Liabilities	2.77	1.94
Total Equities & Liabilities	449.41	225.13

Rs. Cr	As on 31 st Mar'20	As on 31 st Mar'19
Non-Current Assets	299.09	94.75
Property, Plant and Equipment	60.26	59.36
Capital work in progress	0.71	0.34
Right of use Asset	198.12	0.00
Investment Property	3.64	3.70
Other Intangible Assets	0.35	0.36
Investments	0.12	0.15
Other Financial Assets	0.72	0.13
Loans	8.29	6.67
Deposits with bank	0.00	0.00
Deferred tax assets (Net)	18.92	16.90
Other non-current assets	7.95	7.14
Current Assets	150.33	130.38
Inventories	128.05	96.90
Investments	0.04	0.06
Trade Receivables	4.52	18.45
Loans	0.76	0.56
Cash & Cash Equivalents	4.05	2.57
Other Financial Assets	4.27	4.18
Current tax assets (Net)	1.10	0.23
Other Current Assets	7.52	7.44
Total Assets	449.41	225.13



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 16 states with 299 EBOs as on 30th June 2020
- Sales floor area - 3,22,963 sq. ft. as on Jun 30, 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

- 299 Exclusive Brand Outlets
- Out of 299 EBOs - 220 stores are Company operated and 79 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

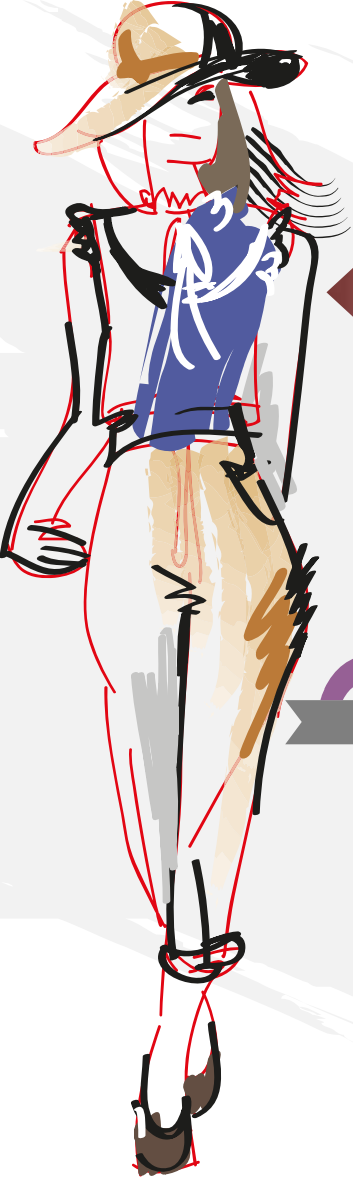
Robust Retail Presence

- Pan-India presence of 299 exclusive retail outlets with floor space of 3.23 lacs sq. ft across 16 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 – approx. 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
International Clothing



"CANTABIL"



"KANESTON"



"CROZO"



"Lil' Potatoes"





Manufacturing Plant - Haryana

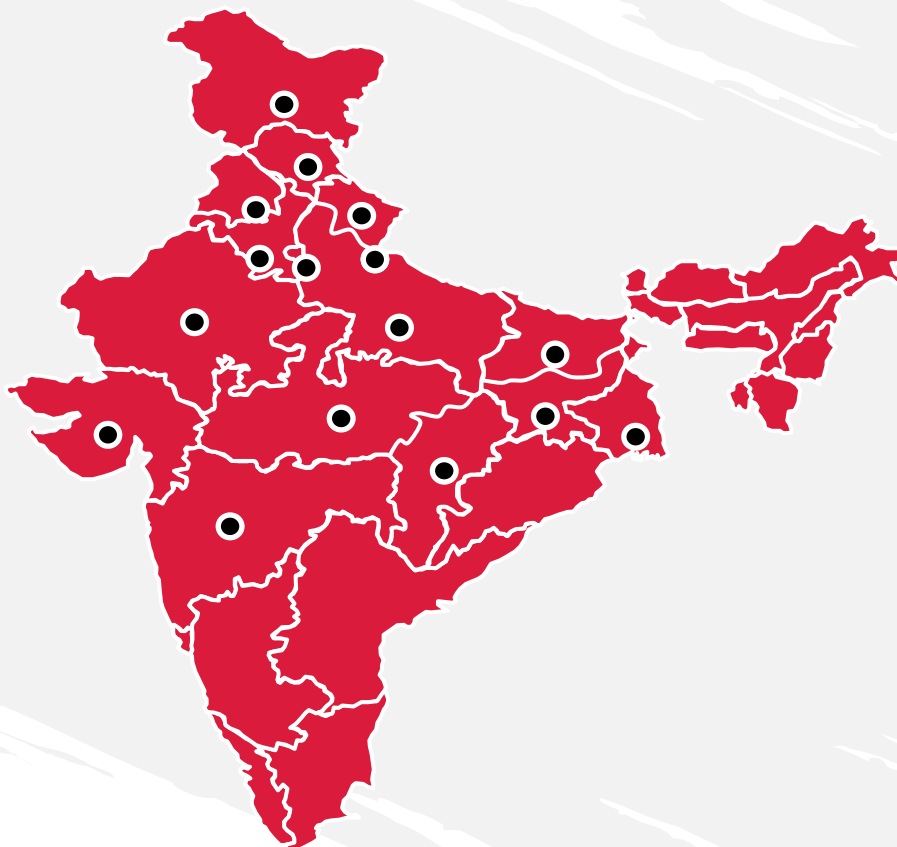


- State-of-art world class manufacturing plant across area of **1.50 Lacs sq. ft.** in Bahadurgarh, Haryana
- Fully integrated infrastructure and systems for modern manufacturing & retailing with complete automation - from cutting to manufacturing and finishing of formal and casual trousers, formal shirts & 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



- Company's strategy to expand in tier 2 and 3 cities has proven to be successful
- It has crossed over 60% of last year's footfall even during these challenging times

State	30 th Jun' 2020	31 st Mar' 2020
Bihar	4	4
Chhattisgarh	6	6
Delhi	54	55
Gujrat	19	19
Haryana	37	37
Himachal Pradesh	1	1
Jammu & Kashmir	6	6
Jharkhand	6	6
Maharashtra	37	38
Madhya Pradesh	5	5
Punjab	19	20
Rajasthan	44	44
Telangana	4	4
UP	48	48
Uttaranchal	7	7
West Bengal	2	2
Total	299	302

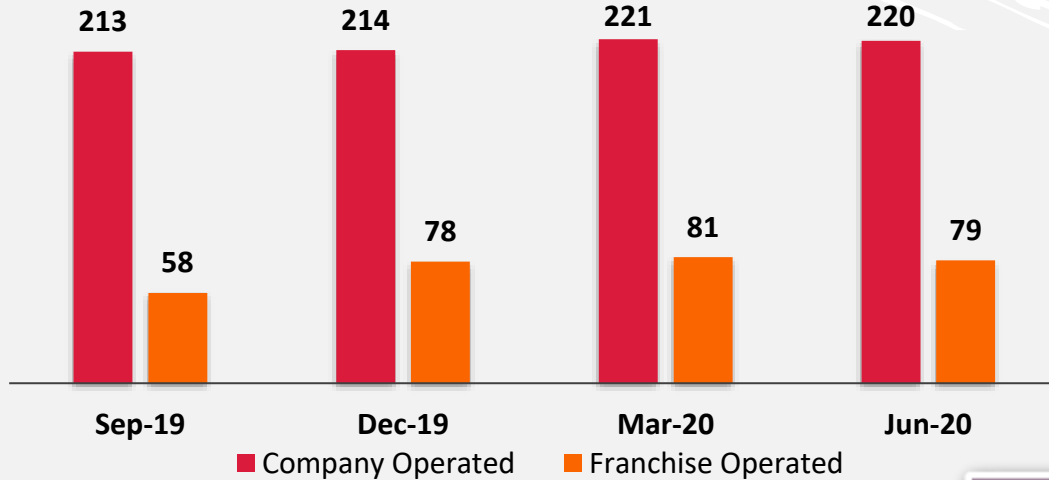


Exclusive Brand Outlets

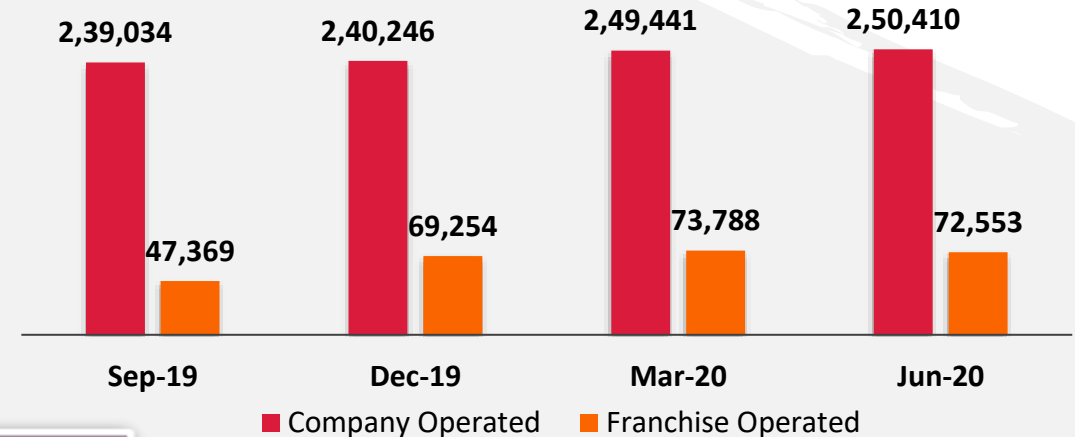


Company & Franchise Operated

No. of Stores

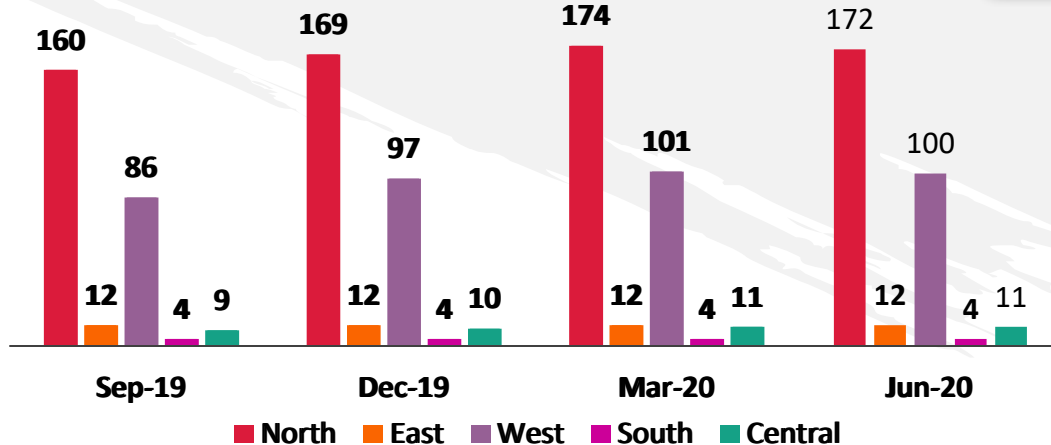


Floor Area

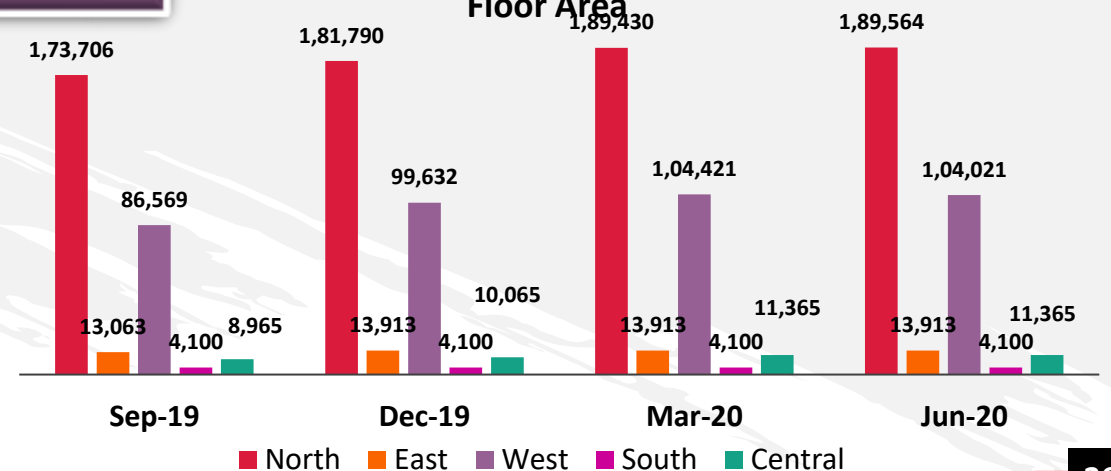


Régional Distribution

No. of Stores



Floor Area

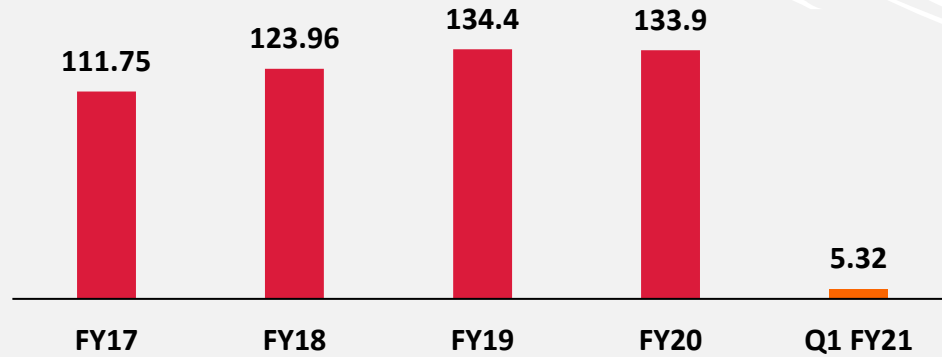




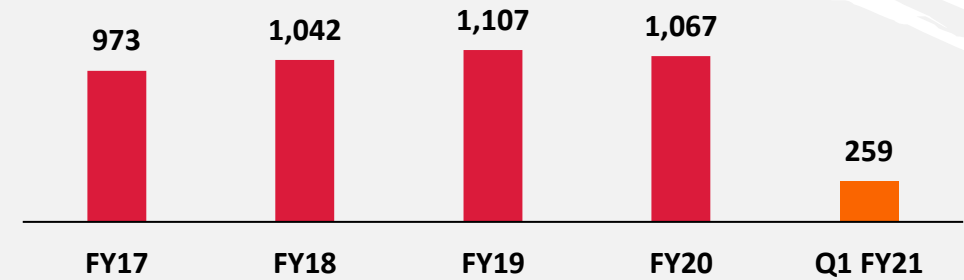
Avg. Revenue Statistics



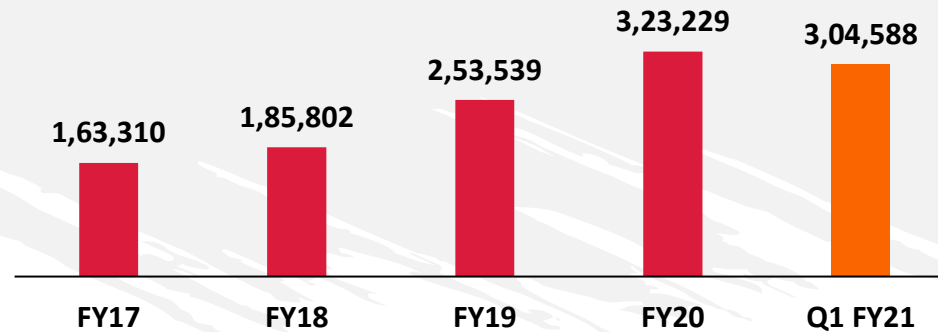
Avg Gross Revenue per Store (in lacs)



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



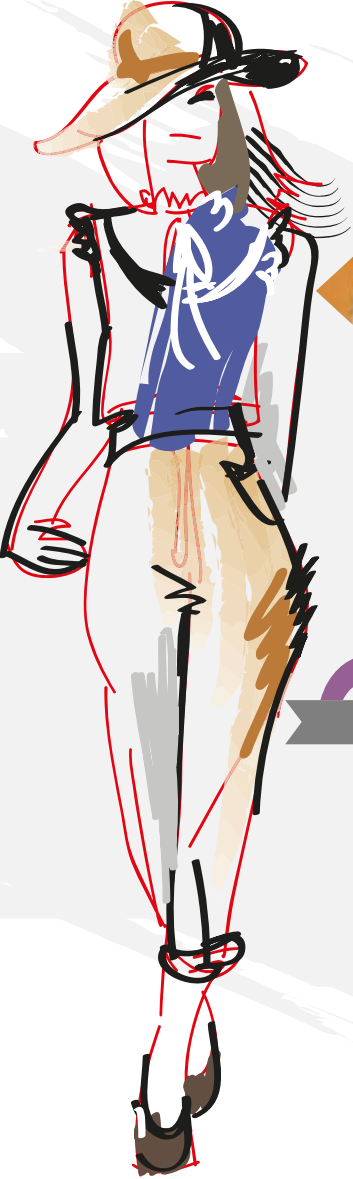
Total sq. ft.



- Calculations based on stores opened till 30th June - 279 stores opened out of 299 stores in view of COVID-19
- Stores were functional on alternate days with reduced working hours in majority states



Industry Overview



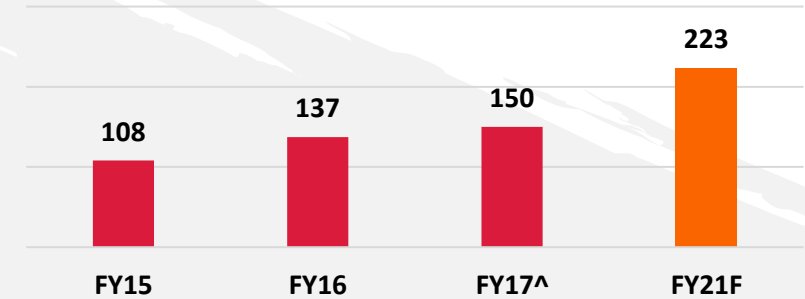


Indian Apparel Industry

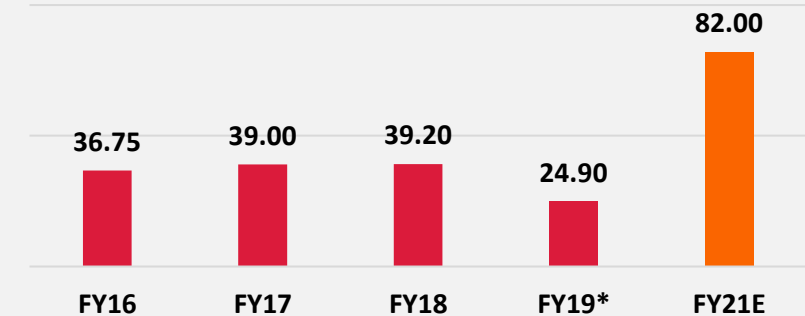


- **Second largest contributor** in retail after food and grocery industry in India
- **41% of Men's wear, 38% Women's wear and 21% kid's wear**
- Per capita expenditure on apparel expected to reach Rs. **8,000 by 2025**, rising from Rs. **3,100 in 2015**. Thereby expected to grow to Rs. **11.7 Lakh 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**

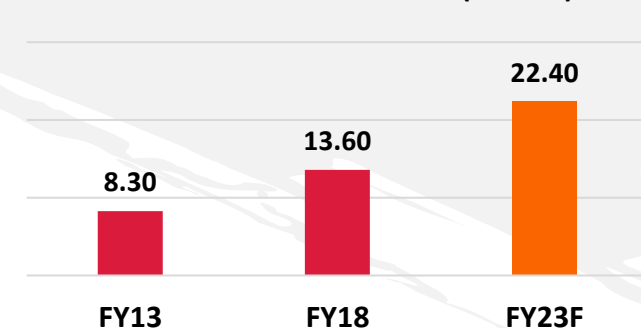
Textile and apparel industry in India (US\$ bn)

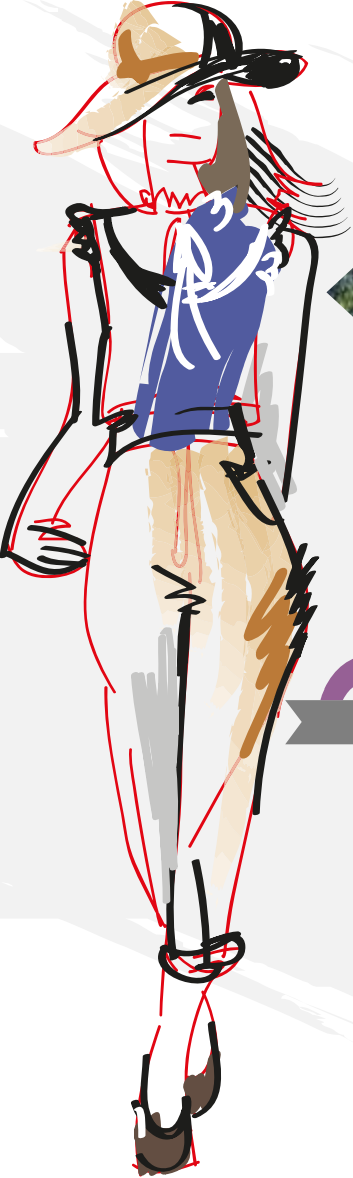


Textiles and apparel exports from India (US\$ bn)



Kids Wear Market in India (US\$ bn)





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



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



Disclaimer



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