



PIONEERS
IN THE **INNERWEAR**
CATEGORY

SINCE 1971 VIP Clothing revolutionised the inner wear category with branded comfort.

Investor Presentation
February 2019



Safe Harbor

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Q3 & 9Months FY19 Financial Highlights



Q3 & 9Months FY19 Financials

₹ millions

Particulars	Q3 FY 19	Q2 FY19	Q3 FY 18	9M FY19	9M FY 18	FY 18
Revenue from operations	495.5	466.9	463.1	1,672.3	1,667.3	2,223.8
Gross Profit	201.9	200.1	209.0	678.1	704.3	940.4
GP Margin (%)	40.7%	42.9%	45.1%	40.5%	42.2%	42.3%
EBDITA	18	(17)	33	29	102	105
EBDITA Margin (%)	3.6%	-3.7%	7.1%	1.7%	6.1%	4.7%
Other Income	0.5	11.6	1.5	14.2	9.2	12.8
Depreciation and amortization expense	8.3	8.3	8.3	25.0	25.3	33.5
Finance costs	22.6	21.9	31.5	65.7	89.9	109.3
PBT before Exceptional Item	(12.4)	(36.1)	(5.3)	(47.9)	(4.0)	(25.1)
PBT Margin(%)	-2.5%	-7.7%	-1.2%	-2.9%	-0.2%	-1.1%
Exceptional items	0.0	0.0	(3.5)	0.0	(3.5)	(0.2)
Profit / (Loss) from continuing operations	(11.4)	(34.8)	(8.3)	(45.2)	(5.3)	(29.9)
Profit / (Loss) from discontinuing operations	0.0	-	(0.3)	-	(0.4)	(0.9)
Profit / (Loss) for the year (Total)	(11.4)	(34.82)	(8.6)	(45.2)	(5.7)	(30.7)



Balance Sheet as per Ind AS

Particulars	₹ million	
	H1FY19	FY18
EQUITY AND LIABILITIES		
Equity		
Equity Share capital	165	165
Other equity	1,758	1,782
Non-current liabilities		
Financial liabilities		
Borrowings	3	3
Other financial liabilities	56	53
Provisions	8	9
Deferred tax liabilities (net)	539	540
Current liabilities		
Financial liabilities		
Borrowings	824	798
Trade payables	204	241
Other financial liabilities(other than specified above)	25	21
Provisions	43	21
Other current liabilities	2	3
TOTAL - EQUITY AND LIABILITIES	3,627	3,636

Particulars	₹ million	
	H1FY19	FY18
ASSETS		
Non-current assets		
Property, plant and equipment	399	410
Intangible assets	1,248	1,251
Financial assets		
Investments	0	0
Others	12	12
Other non-current assets	4	4
Current assets		
Inventories	1,121	1,135
Financial assets		
Trade receivables	648	652
Cash and cash equivalents	1	0
Bank balances other than above	55	51
Loans	4	2
Other	0	0
Current Tax Assets (Net)	1	1
Other current assets	134	118
TOTAL - ASSETS	3,627	3,636



Company Overview



Company Overview

01

VIP Clothing Limited was incorporated in the year 1991 to satiate the discerning taste of Indian Consumer.

02

Engaged in Business of Manufacturing and selling innerwear, the Company went Public in year 1993.

03

VIP has in-house manufacturing facility located in Gujarat and Tamil Nadu. Accredited with TUV- ISO 9000 certificate that reflects its emphasis on Quality Management System, designing, manufacturing and delivery.



One of India's leading intimate apparel company providing intimate wear to consumers across various segments under different brands. VIP enrich and expand fashion quotient in multiple trends and style from inner comfort to fashionable garments

04

The Company possesses one of the widest and largest sales and distribution network for innerwear products

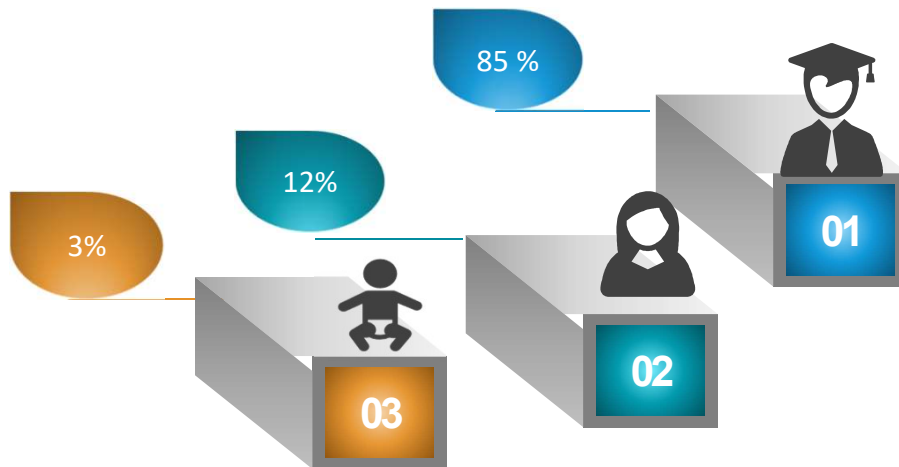
05

The Company focus is to become an International Symbol of Excellence through continuous customer satisfaction, innovation, manpower development, productivity improvement, quality improvement, cost reduction and time management

06

Sales & Distribution

Sales Mix



Network



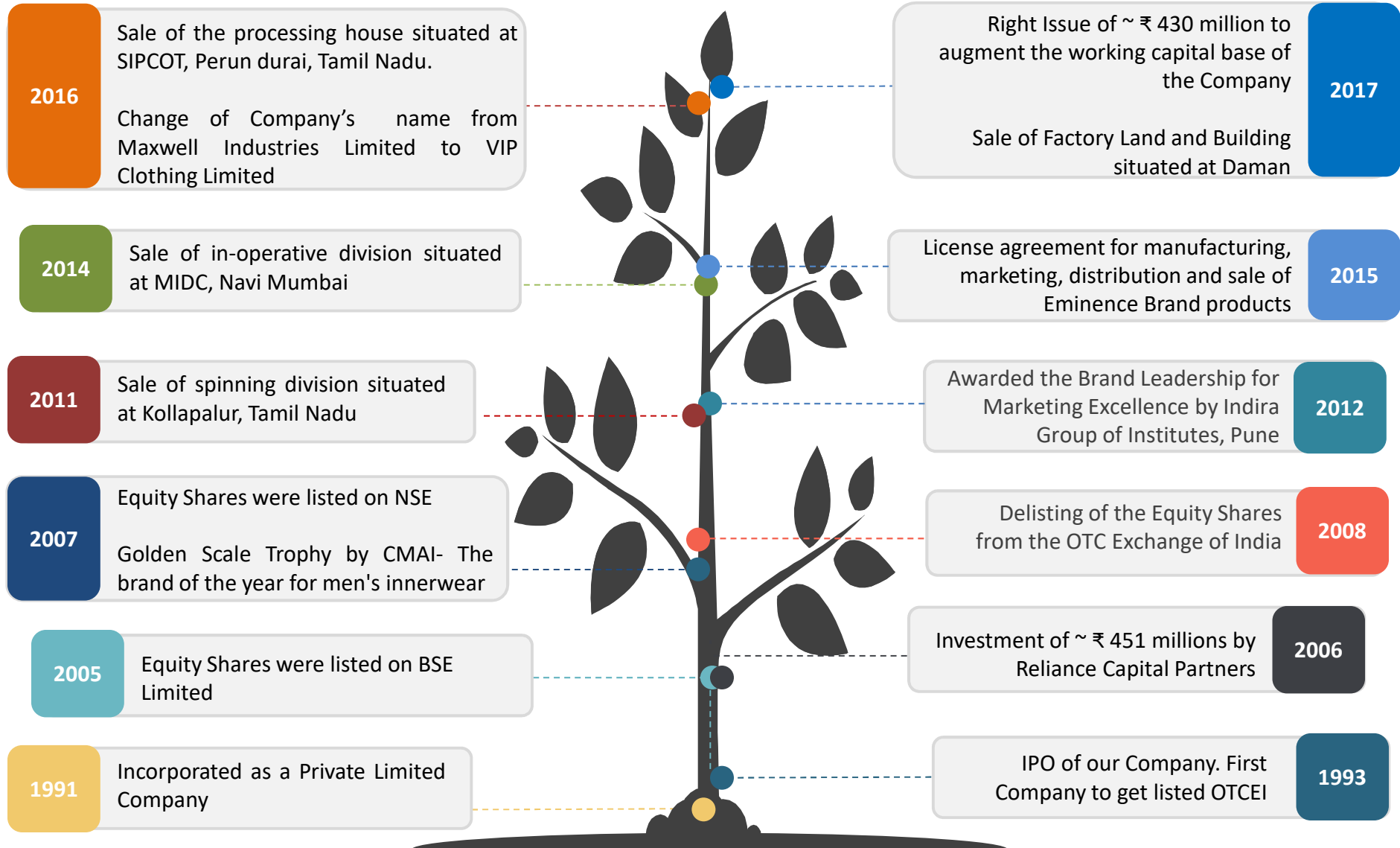
VIP has Pan India Presence with largest distribution network

- Distributors & Wholesalers - 330
- Retailers – 35,000
- Sales & Marketing Professionals - 221
- Brand Outlets – 2
- Warehouses – 2

The globe is our canvas today. We enjoy long- standing relationships with our customers. We enjoy leadership position in our chosen geographies. Leveraging years of experience, we have developed a keen perception of the markets we operate in. Consequently our varied product profile has always been bolstered by unique strategies that go a long way in forging an indelible market presence.



Significant Milestone





Infrastructure

Manufacturing Facility Umbergaon, Gujarat	
Location	Umbergaon, GIDC Gujarat (Garmenting Unit)
Products Manufactured	Briefs, Vests, Trunks for Men & Juniors & ladies Panties, BRA
Facility details	Garmenting unit; with fabric inspection, cutting, stitching, ironing, inspection & packing facilities
Capacity	1,60,000 boxes per month



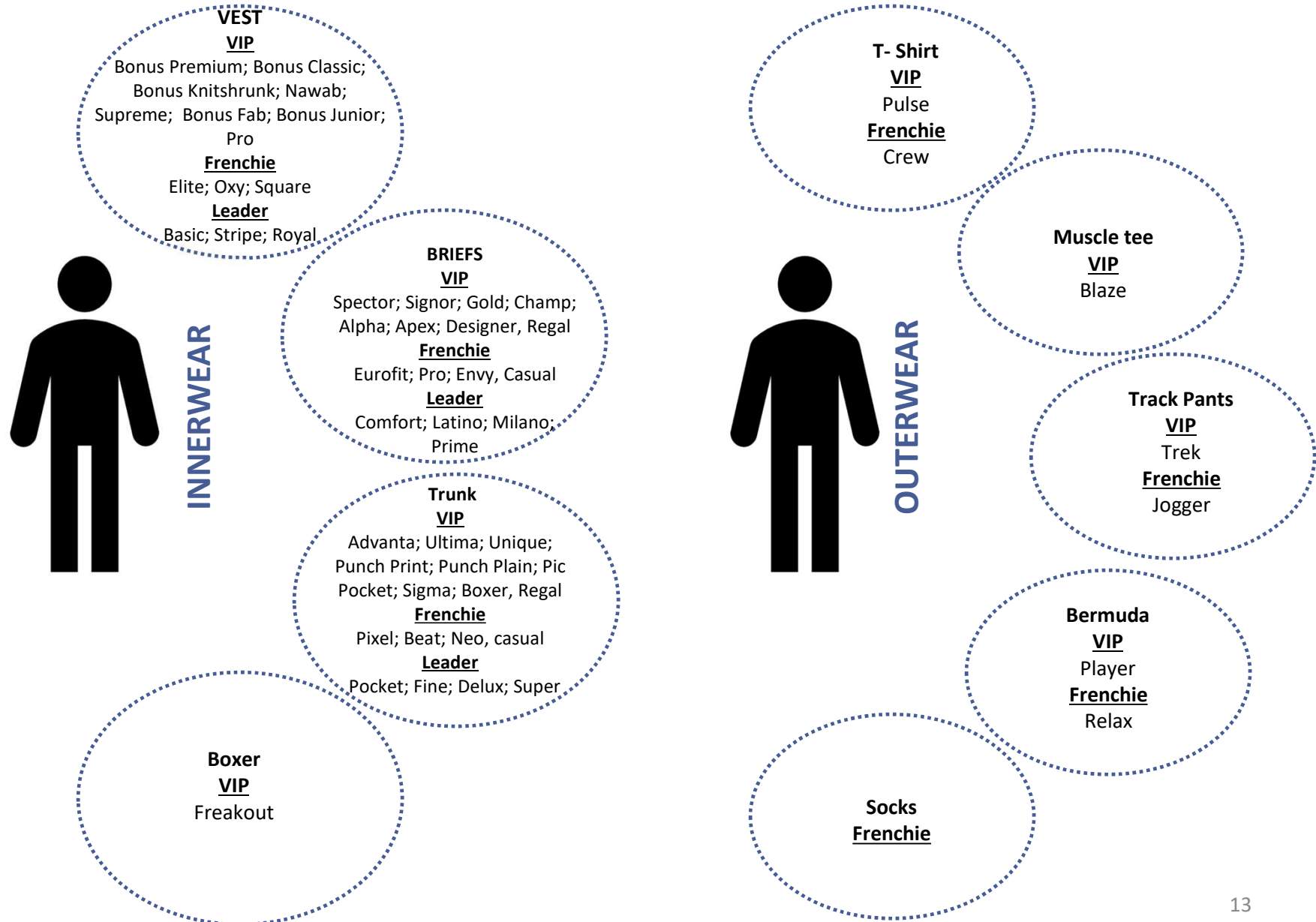
Manufacturing Facility - Thingalur, Tamilnadu	
Location	Thingalur, Tamilnadu (Garmenting Unit)
Products Manufactured	Briefs, Vests, Trunks for Men & Juniors & ladies Panties, BRA
Facility details	Garmenting unit; with fabric inspection, cutting, stitching, ironing, inspection & packing facilities
Capacity	2,20,000 boxes per month

Factory - Facilities





Product & Brand Portfolio





Product & Brand Portfolio

Fundamental Bra
Feelings
Criss-cross; Dew; Charm; Cheer-up; Breeze; Pep; Snow;
Nursing Bra;
Feelings
New mom

T-Shirt Bra
Feelings
Beam; Trendy; Glitz; Elle; Cosmo; Ornate Verve; Curve; Flair; Glam; Sparkle

Sports Bra
Feelings
Ease; Savvy; Rhythm, Evolve; Active; Vital; Edge; Zeal;

Panties
Feelings
Intimate; Dreamz; Moodz; Passion; Flora; Expression; Ultrasoft; Shy; Amelie
Leader
Sapney

Camisole
Feelings
Princess; Elegance, Innocence; Poise; Cute; Shine; Smile

Track Pants
Feelings

Capri
Feelings

T-shirts
Feelings

Leggings
Feelings

Night Suits
Feelings



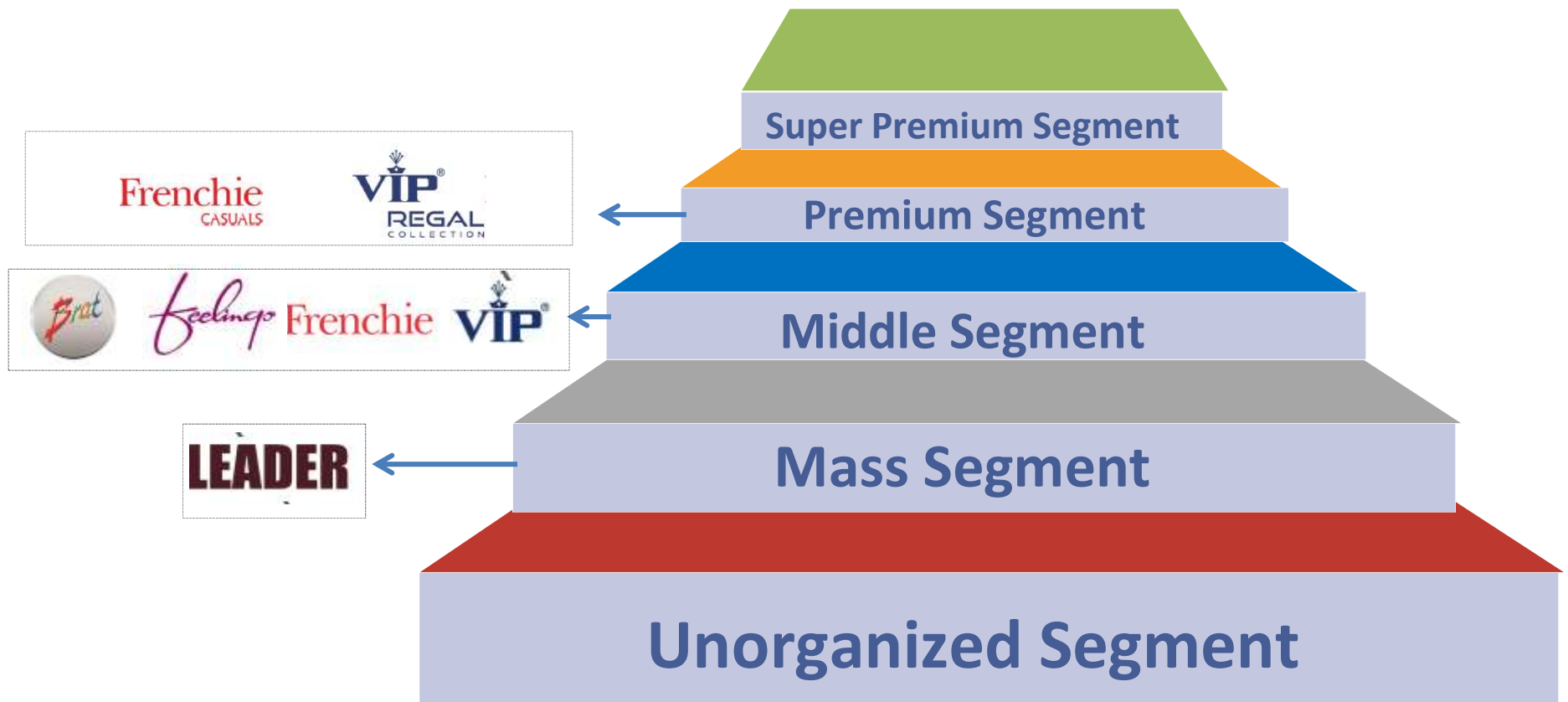
INNERWEAR



OUTERWEAR



Category Presence





Brand and Advertising

1

- Contemporary Classic' brand catering to sober tastes.
- Draw on the 40+years heritage of claiming 'authority' on underwear making.
- Advertised through mass media like TV & Print and high impact hoardings
- Use of International Models in order to be distinct from others.



2

- Young edgy fashion' brand meant for the fashion conscious.
- Draw on the edgy imagery of the brand earlier & make it relevant for the times.
- Advertised through mass media like TV & Print, high impact media hoardings and also extensive use of Digital media for youth connect. Use of International Models.

Frenchie

3

- Positioned as 'Real Contemporary' brand meant for the modern woman's need of 'everyday essentials.
- Will have modern contemporary classics.
- Advertised through mass media like Print / Magazines and rely on 'sampling' for inducing product trials and also extensive use of Digital media for youth connect & product range discovery.

feelings



Presence in format Stores

Large Format store tie -ups



E-commerce Tie -ups





Presence in format Stores





Key Awards and Achievements



Brand 'VIP Frenchie' as Power Brand of the year 2012.



"SUPERBRANDS" –The Economic Times – February 17th, 2012



"BRAND LEADERSHIP AWARD" for pioneering work in innerwear segment in India.



Golden Scale Trophy (2007-2008) - The Brand of the year Men's Inner Wear By CMAI



Apex Award 2007 - " The Brand of the year -Women's Inner wear " by CMAI



Apex Awards – 2006 : The Brand of the year - Men's Inner Wear By CMAI



The Board

Mr. Sunil J. Pathare, Chairman & Managing Director



Mr. Sunil J. Pathare, aged 46 years, is the Promoter and the Chairman & Managing Director of our Company.

- He holds a Bachelor's degree in Commerce.
- He looks after the overall management of the Company.
- He has been awarded the “Entrepreneurship Excellence Award” by the Small and Medium Business Development Chamber of India in 2007, Indira Group of Institutes award for Marketing excellence in March, 2012, Inside Fashion Brand Award (VIP) for excellence in Retail.

Mr. Kapil J. Pathare, Whole Time Director

Mr. Kapil J. Pathare, aged 38 years, is the Promoter and the Whole time Director of our Company.

- He holds a Bachelor's degree in Commerce and Masters in Business Administration (Entrepreneurship and Family Business).
- He looks after the overall production activities of the Company.



Mr. Robin Banerjee, Independent Director

Mr. Robin Banerjee, aged 62 years, is the Non- Executive Independent Director of our Company.

- He holds degree of Chartered Accountant , Cost Accountant and Company Secretary.
- He has over 35 years of professional experience in finance and corporate management, including strategic planning, mergers and acquisitions, corporate finance and strategic business development.





The Board

Mr. Gopal Sehjpal, Independent Director

Mr. Gopal Sehjpal aged 73 years, is the Non- Executive Independent Director of our Company.

- He holds a Master's Degree in Arts (Philosophy) and a Post Graduate Diploma in Personnel Management.
- He is also a member of the Institute of Management Consultants of India and a Life Member with the Bombay Management Association, Indian Institute of Quality Management and Consultancy Development Centre (Ministry of Science and Technology, Government of India).



Mr. Chetan Sheth, Independent Director

Mr. Chetan Sheth, aged 54 years, is the Non- Executive Independent Director of our Company.

- He holds a Diploma in Production Engineering, awarded by the Board of Technical Examinations on behalf of the Government of Maharashtra on May 22, 1987 and has over 26 years of professional experience in the manufacturing engineering and corporate management.



Mrs. Meher Castelino, Independent Director

Mrs. Meher Bruno Castelino aged 73 years, is the Non- Executive Independent Director of our Company.

- She has been associated with the Company since 2015.
- She has headed the designing departments of export as well as local fashion houses.
- She is the official writer for Lakmé Fashion Week since 2006 reporting all over the globe.
- She has appeared in over 2000 live fashion shows around the globe, many of which were conceived and directed by her.





Management Team



Mr. Ashish Mandaliya
CFO & Company Secretary

Mr. Mandaliya holds the degree of Chartered Accountant, Company Secretary and LLB.

He has an experience of more than 15 years in the field of finance and secretarial compliances.



Mr. Devendra Vyas
Chief finance Controller

Mr. Vyas is a Chartered Accountant and holds a degree of Master's in Business Administration

He has an experience of more than 17 years in variant industries

He has extensive experience in Costing, Accounting, MIS, Internal & Statutory Audit and Taxation



Key Strengths



Key Strength





Business Strategy



Capitalize on Growing Market Opportunities



Focus on Product Design

Focus on product design and development to cater to ever evolving fashion trends with stress on quality and packaging.



Expand Product Portfolio

Capitalize on the Brand Recall by enhancing our product offering in various segments.



Improving sales network

Augmenting the sales force and distribution network to enhance our product reach and availability



Enhance Brand Visibility

Promotion through intelligent Marketing & Advertising . Advertisement focussed towards creating a pull for our products



Smart Sales Tracking

Enhancing our digital footprints to track our sales force performance on real time basis.



Focus on Product Availability

Focus on - On Time In Full Supply. This will help us to better utilise our manufacturing capacities, improve product availability and better our inventory turnover.



Industry Overview

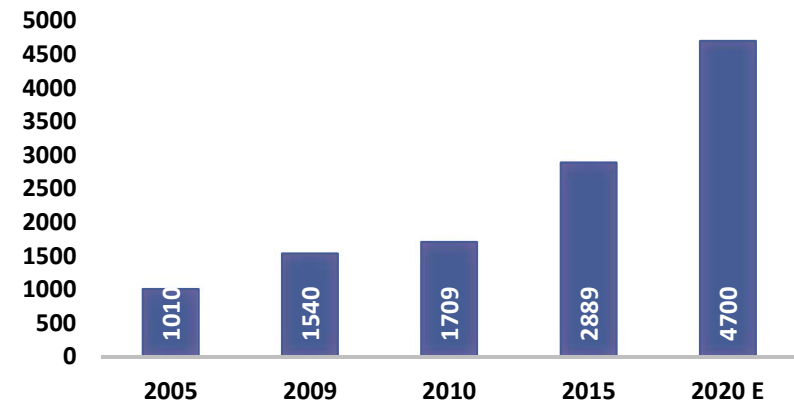


Innerwear Segment Overview

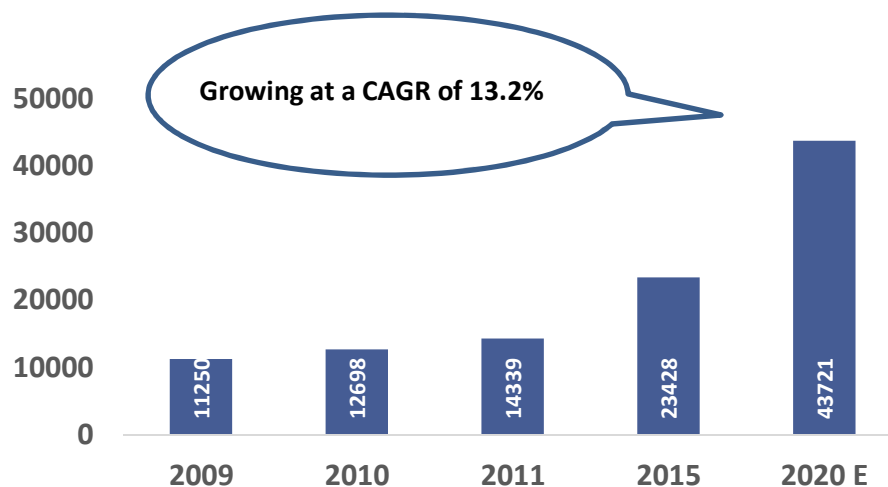
Overview

- Among the core apparel categories, innerwear appears to be a potential growth category across all segments
- The Indian apparel sector is expected to grow from ₹ 1,709 billion in 2010 to ₹ 4,700 billion by 2020E, representing a CAGR of 10.6%.
- Of this, the innerwear market currently valued at ₹ 14,339 crore (in 2011) is expected to grow to ₹43,721 crore by 2020E, growing at a CAGR of 13.2%, outpacing the growth of the overall apparel market.
- Also, the women's segment that has historically been smaller in size compared to the men's segment is expected to grow at a faster pace (CAGR of 15% over 2010-2020E as compared to 10% CAGR in the men's segment). The women's innerwear segment is likely to touch ₹30,000 crore from the current ₹8,500 crore. On the other hand, the men's innerwear segment is likely to grow from ₹5,800 crore in 2010 to ₹13,700 crore in 2020E. Improving Indian demographics and increased preference for proper fits, sizes, etc. lend credence to the growth of organised players in the Indian innerwear market

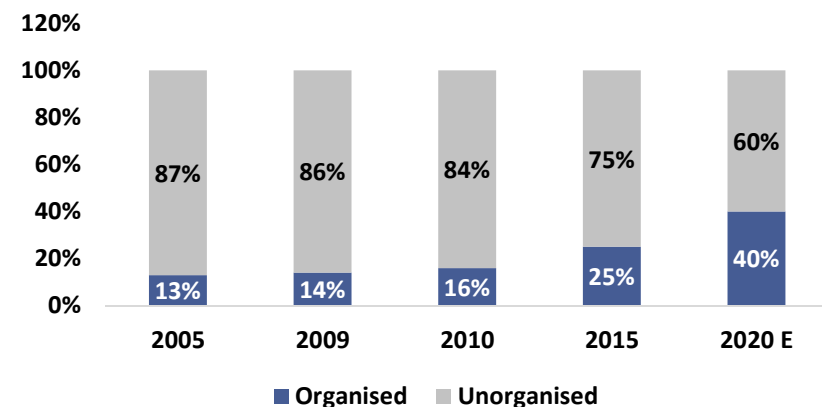
India's Growing apparel Market



INDIAN INNERWEAR MARKET



Organised & Unorganised Market



Source: ICICIdirect.com Research

Industry Overview

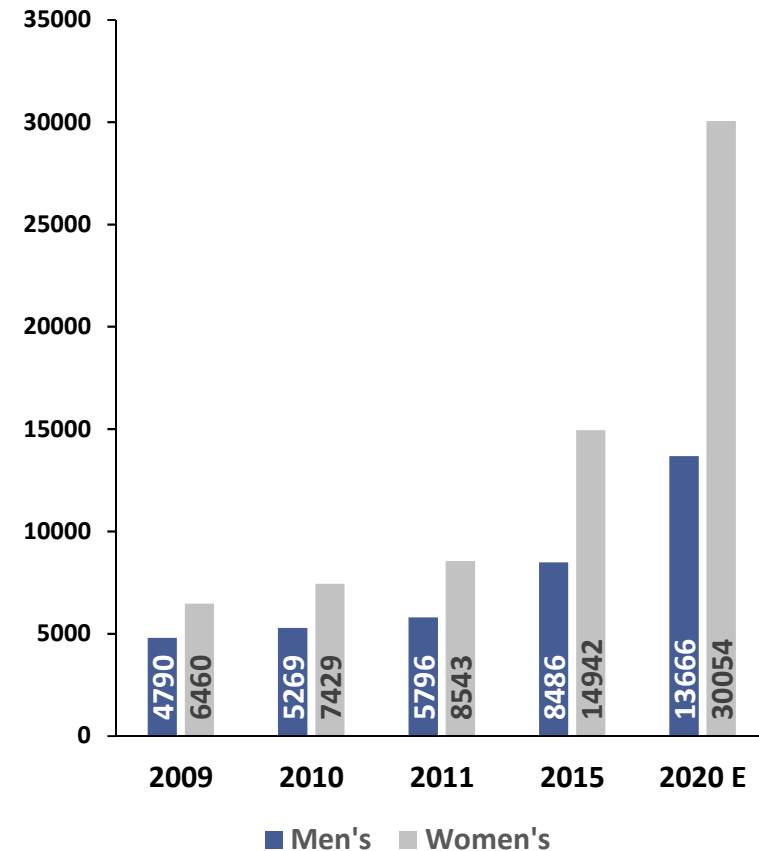
The Men's Innerwear Market

- The men's innerwear market, in India, is increasing its base size at a promising rate.
- the men's innerwear segment is likely to grow from ₹ 4,790 crore in 2009 to ₹ 13,666 crore in 2020E.
- On the basis of product pricing, this market is further subdivided into super premium, premium, medium, and economy segments. The economy segment contributes around 55% to the market, while the mid-price segment makes up 36%, the remaining 14% comes from premium and super premium segments. In these segments, the consumer seeks higher fashion orientation and higher comfort, as well as a strong brand name.

The Women's Innerwear Market

- With growing consumption and shift from low-end to high-end products, the women's innerwear segment is set to outpace the men's innerwear segment expects the women's innerwear segment to grow from 6,460 crore in 2009 to 30,054 crore in 2020E.
- When it comes to price-wise segmentation, the women's innerwear market is dominated by products of mid-price and economy segment. These segments together contribute 80% of the market, while the remaining 20% comes from the premium and super premium segments. Like men's innerwear, the mid-price and premium segments are expected to grow more rapidly within women's innerwear categories.

Women's segment set to outpace Men's segment



Source: ICICIdirect.com Research



Financial Highlights



Financial Highlights - Profit & Loss Accounts

₹ millions

Particulars	FY 18	FY 17
Revenue from operations	2,224	2,315
Gross Profit	940	906
GP Margin (%)	42%	39%
EBDITA	105	155
EBDITA Margin (%)	5%	7%
Other Income	13	12
Depreciation and amortization expense	34	34
Finance costs	109	122
PBT before Exceptional Item	(25)	11
PBT Margin(%)	-1%	0%
Exceptional items	(0)	(72)
Profit / (Loss) from continuing operations	(30)	(57)
Profit / (Loss) from discontinuing operations	(1)	(16)
Profit / (Loss) for the year	(31)	(74)
Other Comprehensive Income	0	(1)
Total Comprehensive Income for the period	(30)	(75)

As per Ind AS



Financial Highlights - Balance Sheet

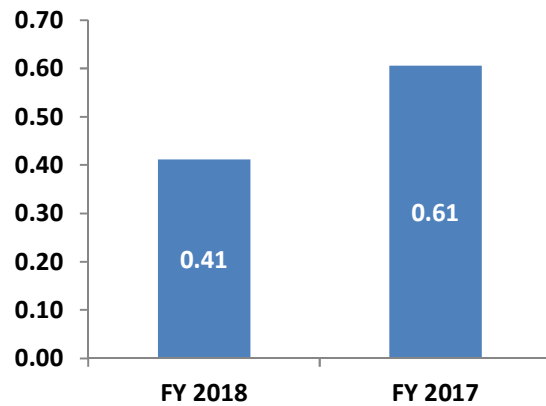
₹ million			₹ million		
Particulars	FY 2018	FY 2017	Particulars	FY 2018	FY 2017
<u>EQUITY AND LIABILITIES</u>			<u>ASSETS</u>		
<u>Equity</u>			<u>Non-current assets</u>		
Equity Share capital	165	132	Property Plant & Equipment	410	456
Other Equity	1,781	1,430	Intangible Assets	1,250	1,255
<u>Non-Current liabilities</u>			Financial Assets		
Financial Liabilities			<i>Investments</i>	0	0
<i>Borrowings</i>	3	4	<i>Others</i>	12	12
<i>Other Financial Liabilities</i>	55	50	Other Non Core Assets	4	4
Provisions	9	6	<u>Current Assets</u>		
Deferred Tax Liabilities (Net)	540	543	Inventories	1,135	1,033
<u>Current liabilities</u>			Financial Assets		
Financial Liabilities			<i>Trade Receivables</i>	652	529
<i>Borrowings</i>	798	942	<i>Cash and cash equivalents</i>	0	0
<i>Trade payables</i>	241	227	<i>Bank Balance other than above</i>	51	40
<i>Other Financial Liabilities</i>	19	47	<i>Loans</i>	2	2
Provisions	21	19	<i>Others</i>	0	0
Other current liabilities	3	9	Current Tax Assets (Net)	1	13
			Other Current Assets	118	66
Total Equity & Liabilities	3,636	3,410	Total Assets	3,636	3,410

As per Ind AS

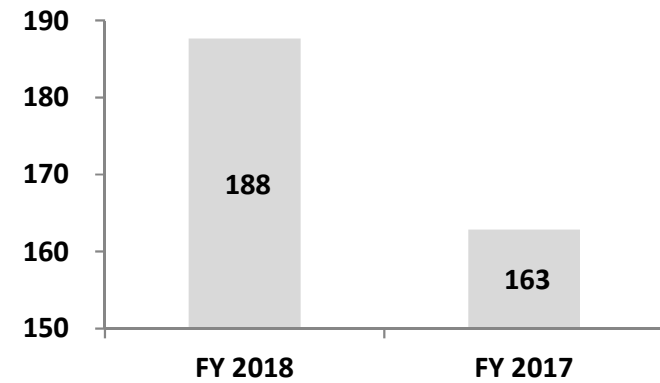


Key Operating Metrics

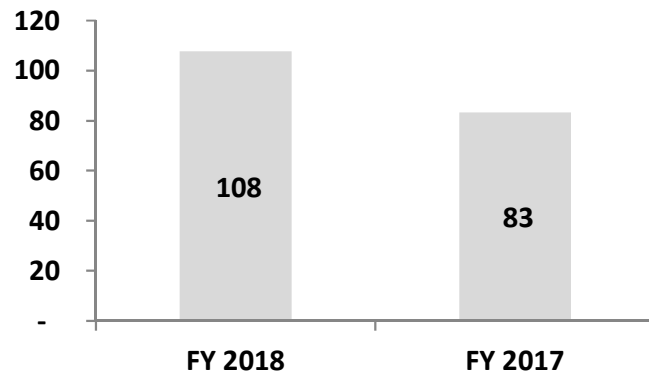
Debt Equity Ratio



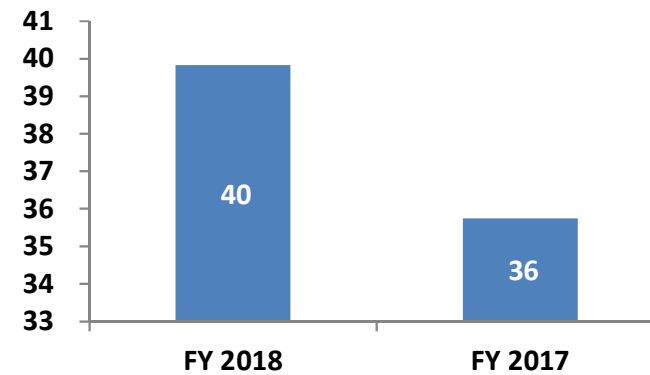
Inventory holding Days



Debtor Days



Creditor Days





For further information, please contact

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