

Sarathi Capital Advisors Private Limited

Bridging the Gaps



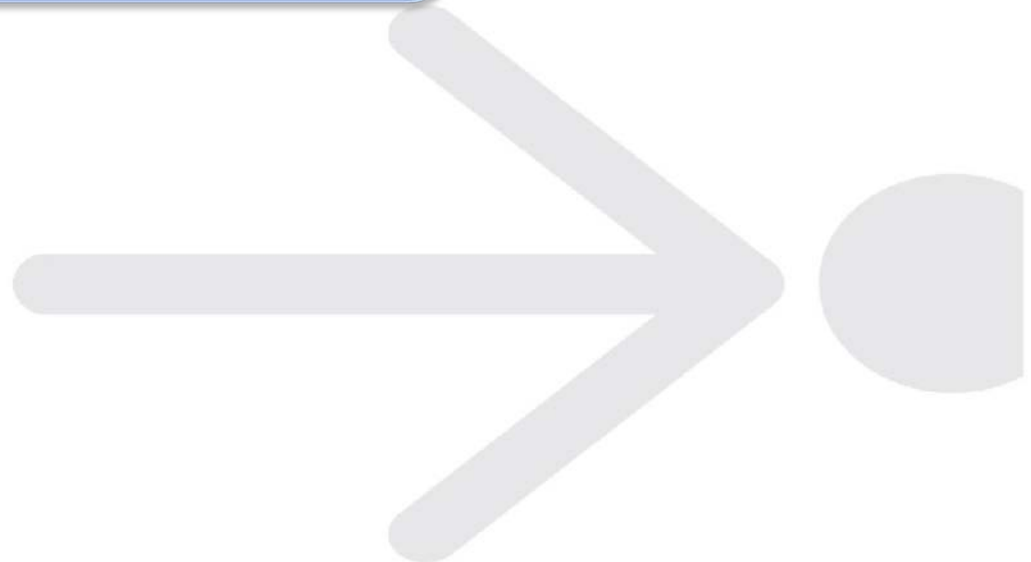
Brand Concepts Limited

Investor Presentation

August, 2018
Privileged and Confidential

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Corporate Overview





About the company

- Brand Concept Limited is Indore based company, founded in the year 2007.
- The company is engaged in designing, manufacturing and marketing of fashion and lifestyle products which includes premium international and domestic brands like TOMMY HILFIGER, HEAD, GLOBALDESI, AND, ROADIES, in India across various states through all POS namely COCO, FOCO, MBO, Online etc.
- Its products comprise of travel gear and accessories in India, ranging from small leather goods, ladies handbags, travel gear, backpacks and others.
- Company caters to consumers across multiple age groups and offer a large range of categories.

Exclusive License

- Company has exclusive license for premium international brands such as TOMMY HILFIGER, HEAD, AND, GLOBALDESI and ROADIES.
- The company has also created its own brands like SUGARUSH and THE VERTICAL, which are performing well and generating steady revenues.

Pan India Presence

- Brand Concept has Pan India presences across various states with total of 568 POS (Point of Sales) including 241 distribution channel through retailers and MBO's, 184 large format stores, 122 Company Flagship Stores, 8 FOFO, 8 COCO outlets and 5 online selling platform.



2017-18	   	Exclusive Brand Outlets Count Crosses 15 Best Category Award in Tommy Hilfiger Travel Gear in Myntra Tech Threads Added more locations in Central Chain of Stores and placed AND, Global Desi, Sugarush & The Vertical Got Jacqueline Fernandes, Aditi Rao Hydari, Siddarth Malhotra for Brand promotions	
2016-17	   	5 Crores of Private Equity Funds inducted From Same Investor Group @ 80 Cr Enterprise Valuation Acquired License of AND & GLOBAL DESI in Woman Handbag Category Entered Large Format Central Chain of stores for Tommy Hilfiger Luggage & SLG Entered in Top 3 Travel Gear Brand at Shoppers Stop	 Sales over Rs 60 cr
2015-16	  	2 Crores of Private Equity Funds inducted @ 50 Cr Enterprise Valuation No. 1 Backpack Brand in Flipkart's Big Billion event in Oct-15	 PE Investment
2014-15	 	Launched its own brand, Sugarush for Women's Handbag Launched its own brand, The Vertical for Men's Backpack	 Sales ~Rs 40 Cr
2012-13	 	Opened First Bagline Store in Ludhiana Became Category Leaders in SLG Segment in Shoppers Stop & Lifestyle Stores	
2010-11	 	Acquired License of Tommy Hilfiger in Travel Gear Category Opened First Tommy Hilfiger Travel Gear Store (Express Avenue Chennai)	
2009-10	 	Acquired License of Tommy Hilfiger in Small Leather Goods (SLG) Category	
2007-08	 	Incorporated as Brand Concepts Pvt Ltd	

Tommy Hilfiger



AND



HEAD



Global Desi



The Vertical | Roadies by The Vertical



CG RD., AHMEDABAD



Sugarush



Licensed Brands

TOMMY  HILFIGER



AND

globaldesi

Owned Brand

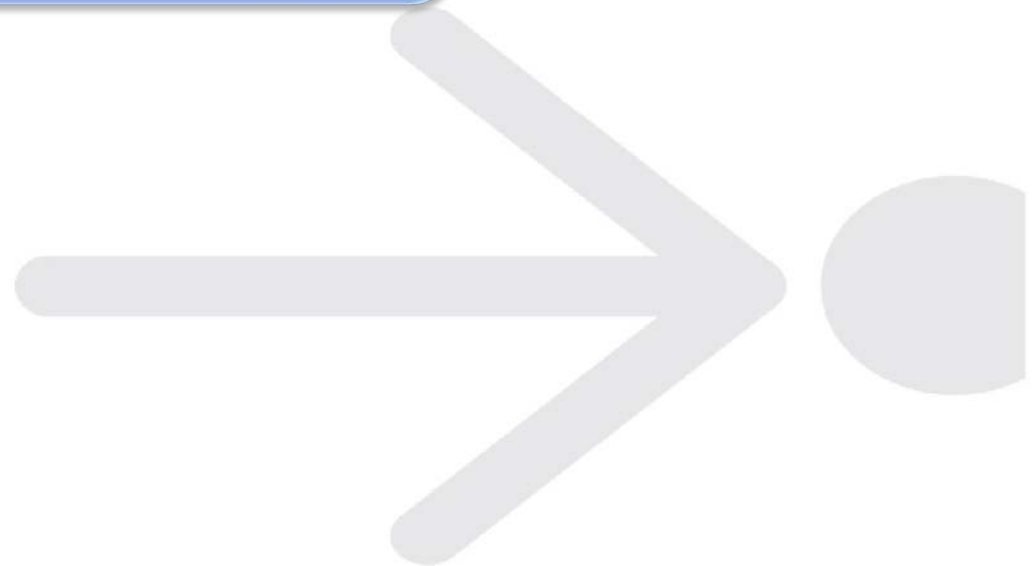

SUGARUSH

 **THE
VERTICAL**

Co-branded with
ROADIES



Operational Overview





- **Prateek Maheshwari (Managing Director)** aged 35 years Qualified MBA from S.P. Jain Mumbai young dynamic team oriented person involved in managing affairs of the company. He is having vast experience in the field. He is new age marketer, spear heading the Brand Licensing business to become the pioneers in the bags/travel gear market in India.



- **Abhinav Kumar (CEO and Director)**, post graduate from Symbiosis Pune, Abhinav Kumar started his career with Advertising. After that he moved on to head the marketing activities of Tommy Hilfiger India during his tenure with the Murjani Group. He was not only instrumental in launching 10 different categories under Tommy Hilfiger brand, but was also the part of the core team which brought in the other brands Calvin Klien, FCUK, Jimmy Choo, Gucci, Bottega Venetta in India under the Murjani stable.

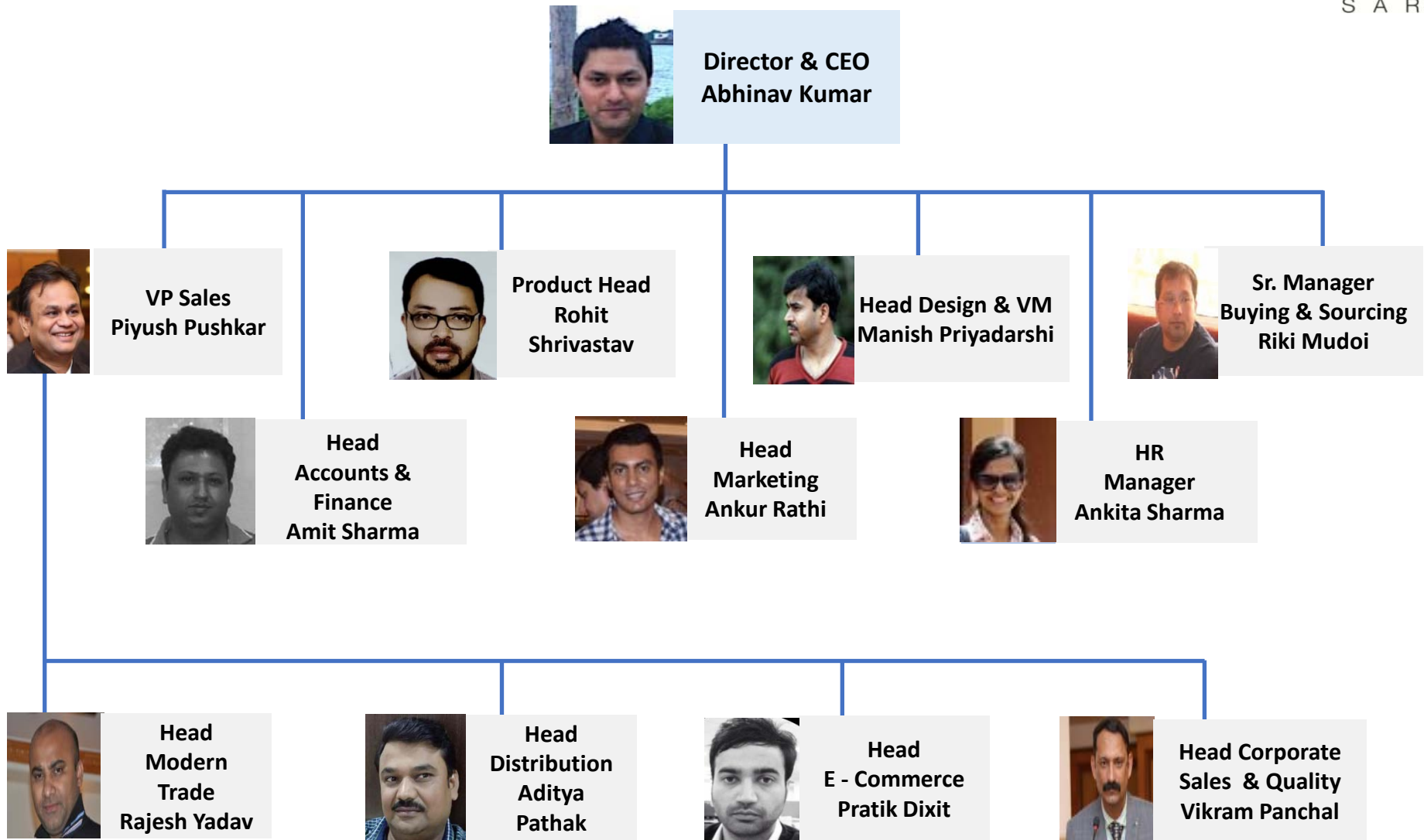


- **Annapurna Maheshwari (Director)** aged 61 year qualified Graduate (B. HSC.) having vast experience of 31 year in IFF Group Companies. She is actively participating in board of directors of IFF Group Companies. • In early 80s when working women were a rarity in India, she started a garment factory by name of Sunny Selections for children's-wear. Joined on the board of directors of IFF Group in 1994 with her core strengths being Designing & Production.

Organisation Structure



S A R T H I



TOMMY HILFIGER



- Tommy Hilfiger is one of the most successful fashion brands in the world with presence in over 90 countries,
- A range of Small Leather Goods (SLG) and Travel Gears (TG).
- PAN India presence through 526 POS (185 TG & 341 SLG) which includes retail chains like Shopper Stop and Lifestyle
- Travel gear and SLG is present across 16 Brand Concept stores,
- Exclusive License agreement till 2023, subject to renewal, to design, manufacture, market & retail the product categories of Travel gear and SLG
- License fee is 12%+ service tax (incl. 2% marketing fee)

- Founded in 1950, Head is a popular Dutch brand endorsed by famous tennis players like Novak Djokovic and Maria Sharapova,
- Travel gear, Duffel bags, Gym Bags, Small Leather / Non Leather Goods (SLG),
- Exclusive agreement till Dec 2021, subject to renewal, to design, manufacture, market & retail the product categories of Backpacks, SLG, Non- SLG & Travel Gear
- License fee is 8% +service tax

AND



- Founded in 1995 by Anita Dongre, House of Anita Dongre Limited (HOAD) (formerly known as And Designs India Ltd) is one of India's leading fashion houses today,
- A range of Small Leather Goods (SLG) that includes belts, purses & wallets for women, Women Handbags (Rs 1300-4500) Targeting classy, confident urban class in the mid range women handbags segment,
- Initiated presence across 6 Brand stores & various online channels
- Exclusive License agreement till March 2026, subject to renewal, to design, manufacture, market & retail the product categories of Purses, handbags & small Non leather goods,
- License fee is 8%+ service tax

global desi



- Part of House of Anita Dongre Limited (HOAD), launched first International Global Desi store in 2013 in Mauritius. Global Desi is an India-inspired young, colourful, boho-chic brand with global appeal.
- A range of Small Leather Goods (SLG) that includes belts, purses & wallets for women.
- Present in **200+ POS | 100+ Exclusive Brand Outlets** in more than 100 cities in India,
- Exclusive License agreement till March 2026, subject to renewal, to design, manufacture, market & retail the product categories of Purses, handbags & small Non leather goods,
- License fee is 8%+ service tax

THE VERTICAL



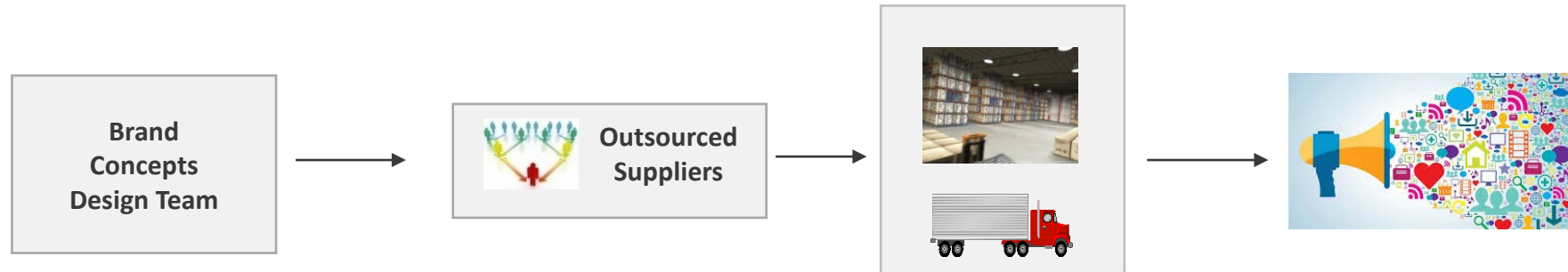
Roadies by the Vertical

- In-house brand of company started in 2014 with Sugarush to cater to outdoor bag pack segment
- Co-launched recently in partnership with Roadies,
- Recently signed Ali Fazal, a famous Indian actor for brand promotion,
- Belts & Wallets (Rs 700- 1400), Bag packs (Rs 1000- 3000) , Rucksacks (Rs 3000- 6000)
- Gym bags, Rucksacks, Small Leather Goods (SLG) that includes belts and wallets for men,
- Soon to launch in 60+ POS including retail chains like Shoppers Stop & Central,
- Currently present across 6 Brand Concepts stores & various online channels,

- Roadies by The Vertical is launched taking the biker centric lifestyle forward
- Travel gear, Duffel bags, Small Leather / Non Leather Goods (SLG) including belts and wallets for Men.
- Currently present across 6 Brand Concepts stores & various online channels.
- Exclusive License agreement till Dec 2019, subject to renewal, to design, manufacture, market & retail the product categories of Backpacks, SLG, Non- SLG & Travel Gear
- License fee is 8% + service tax



- In-house brand of BCPL started in 2014
- Launched recently exclusively on Amazon.in with great styles & attractive prices,
- Recently signed Aditi Rao Hydari, a famous Indian actress for brand promotion.
- Women handbags (Rs 900- 3000)
- Small Non Leather Goods that includes belts and wallets for women,
- Targeting consumer in the lower price range which are socially active with limited spending capacity
- Product is placed at a discount to Lavie but in the similar price bracket to Caprese and Baggit
- Soon to launch across 60+ POS including retail chains like Shoppers Stop & Central
- Currently present across 6 Brand Concepts stores & various online channels



Product and Design

- The product team analyses the brand, competitive landscape & prepares a product brief for the design team
- The design team prepares the design which is send for sampling

Supplier Coordination

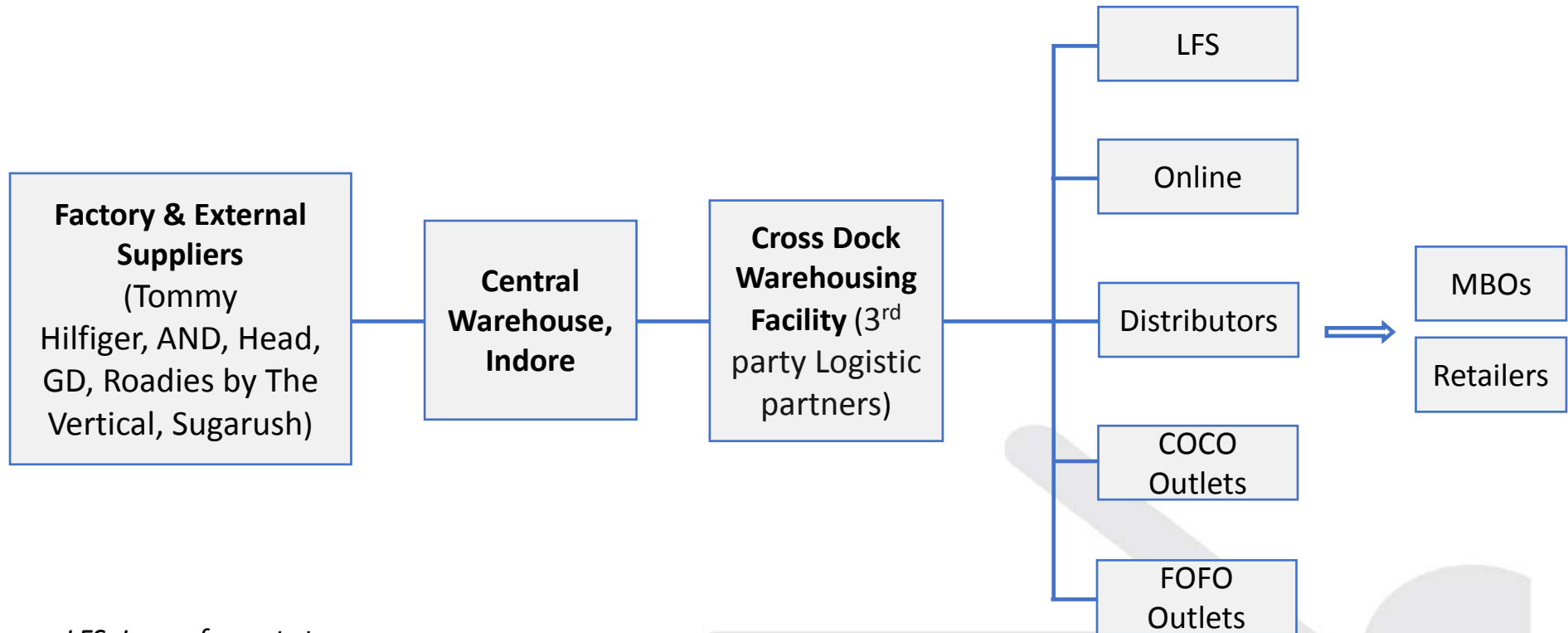
- Buying team coordinates to get the samples, inspects them & place order
- Once the products are ready with suppliers , buying team gets it to the warehouse

Sales & Distribution

- Merchandisers takes control and in coordination with the sales team starts planning product placement in the market

Marketing & Advertising

- Sales team get in touch with marketing team for support
- National-level advertising thru OOH & Print



LFS: Large format stores

Distributors: Sales channel including retail and MBO's

MBO: Multi Brand Outlet

COCO: Company Owned Company Operated

FOCO: Franchise Owned Company Operated

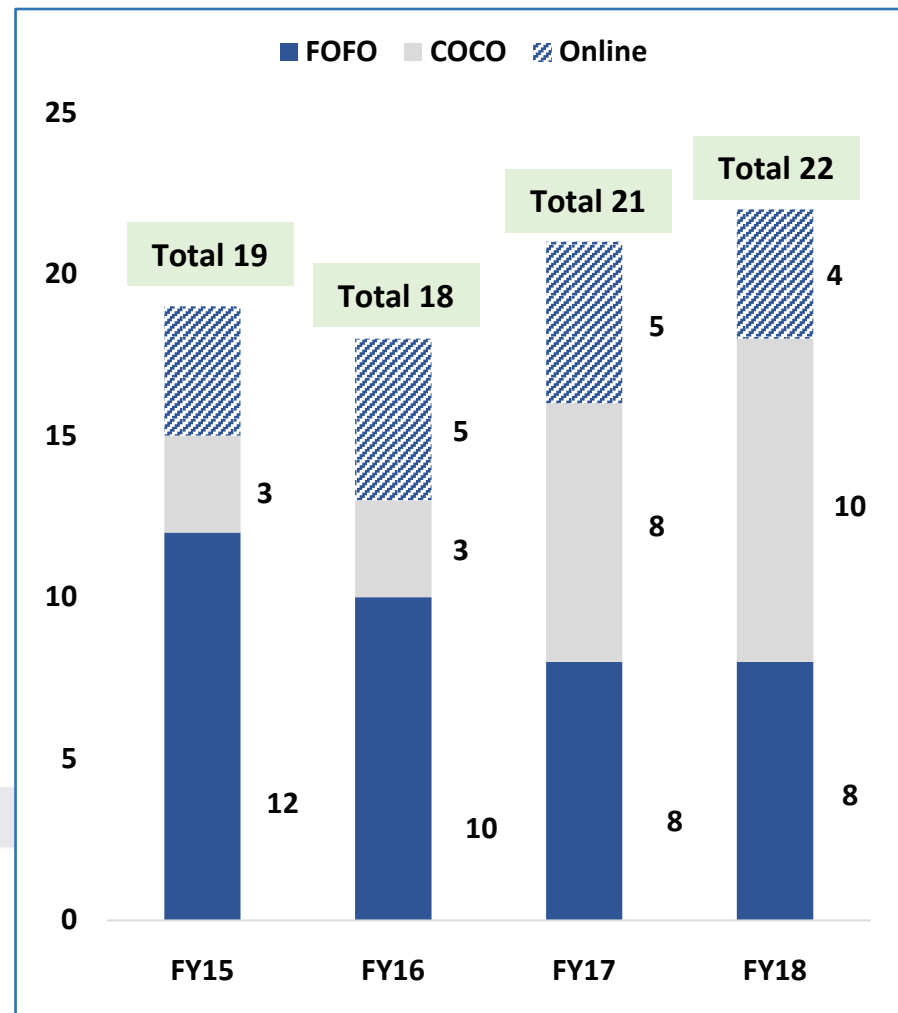
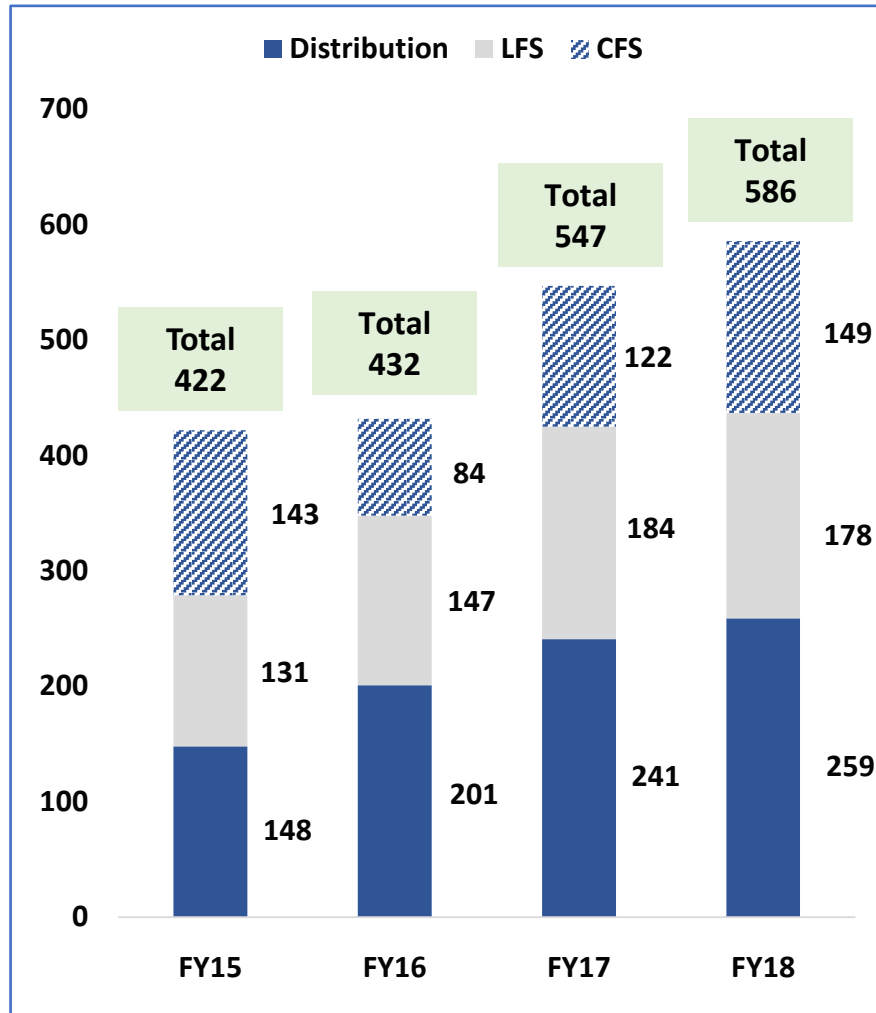
Manufacturing Facility and Warehouse

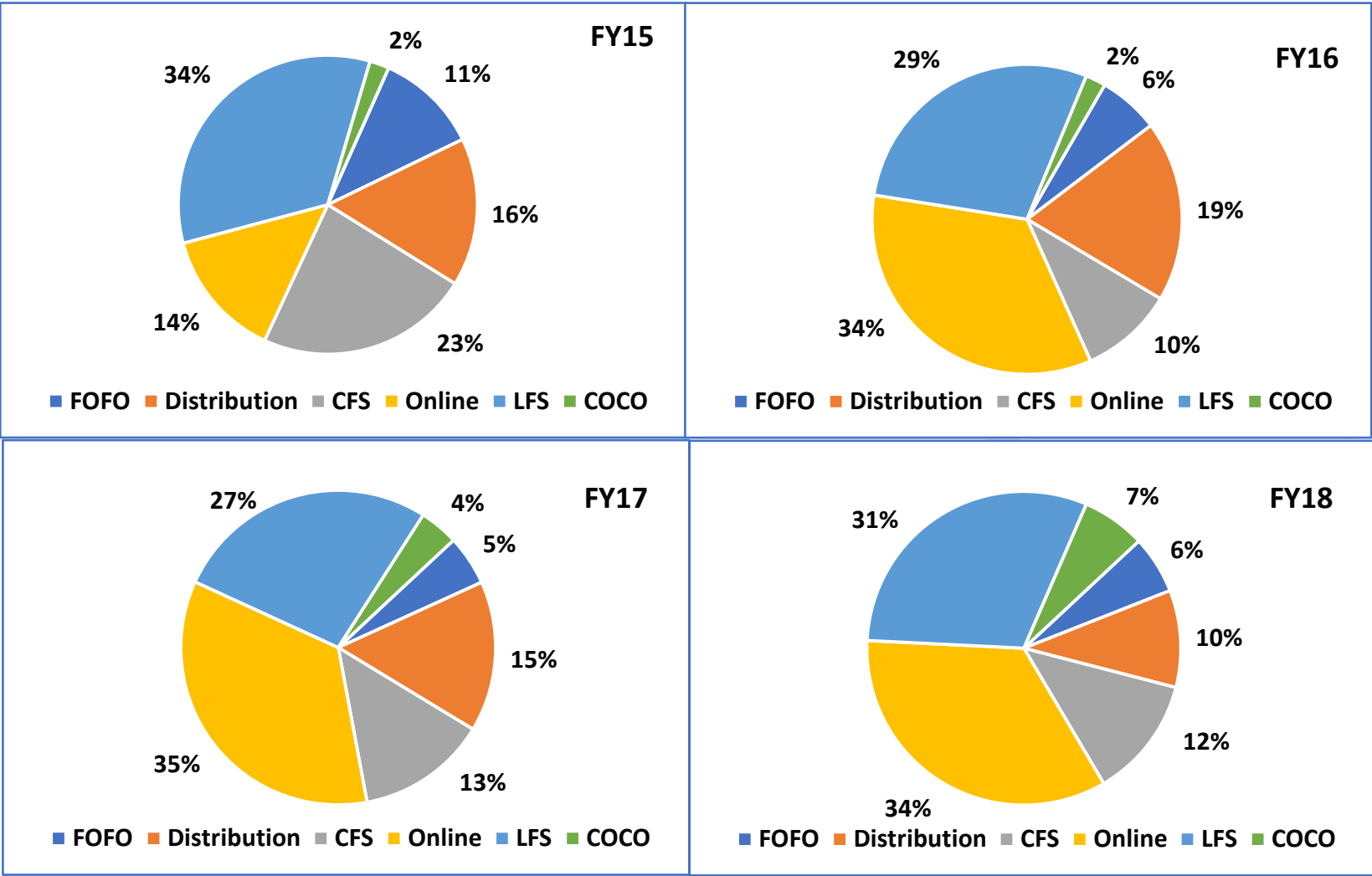


Point of Sales – Growth

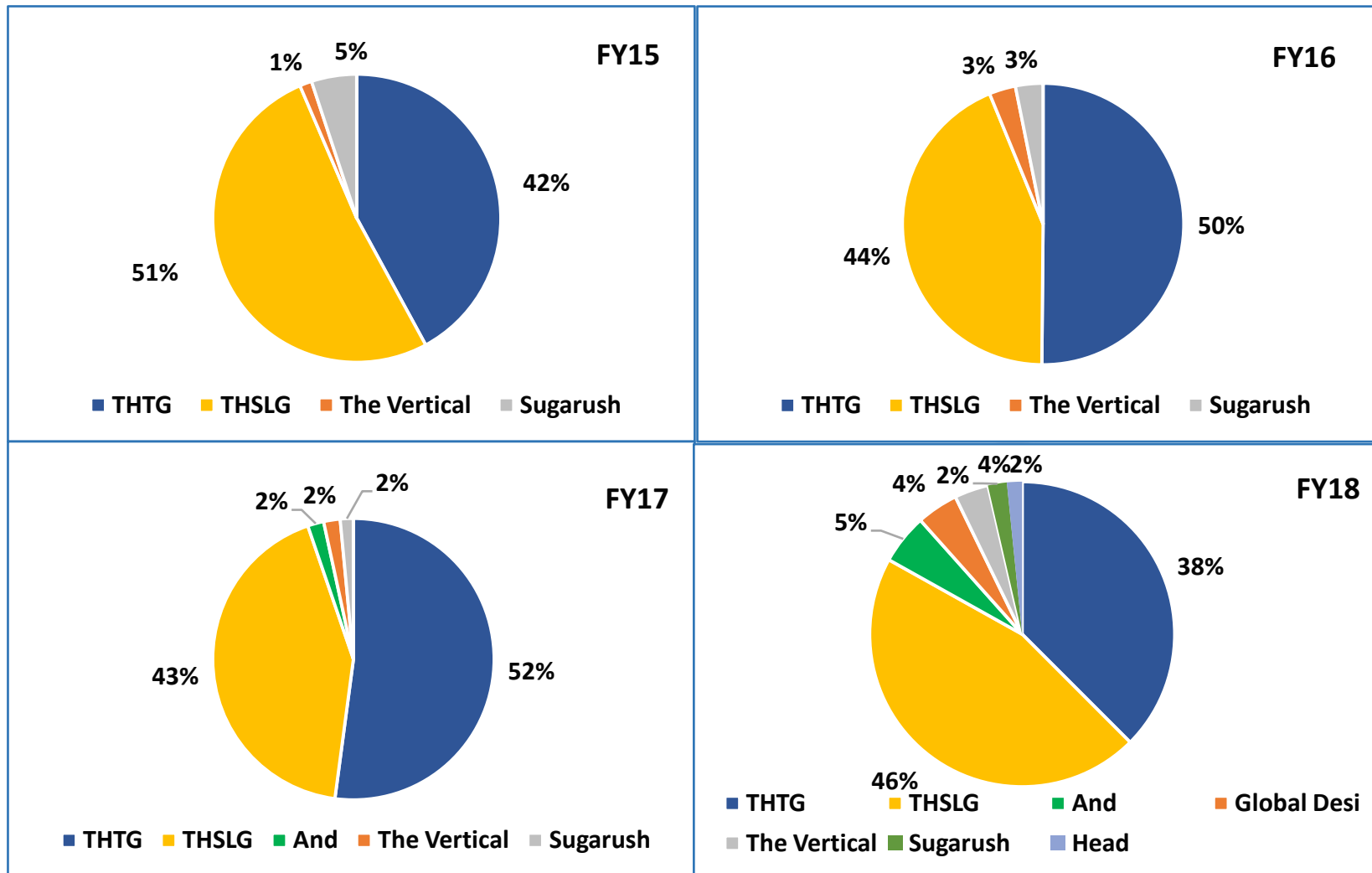


S A R T H I



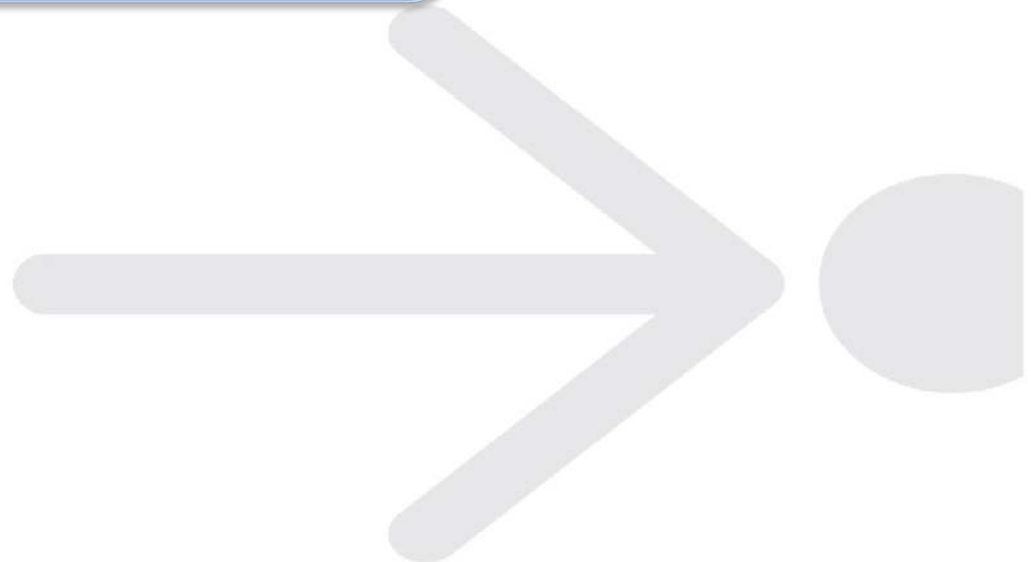


Brand Wise Sales Contribution



THSLG: Tommy Hilfiger Small Leather Goods
THTG: Tommy Hilfiger Travel Gear

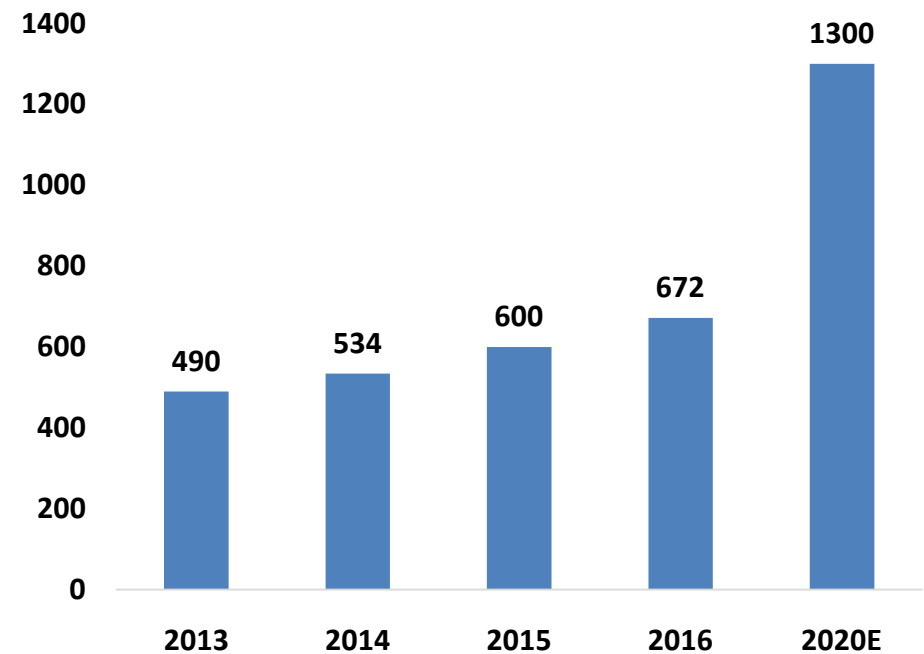
Industry & Business Outlook



Indian Retail Market

- The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world's fifth-largest global destination in the retail space.
- India's retail market is expected to grow at a Compound Annual Growth Rate (CAGR) of 10 per cent to US\$ 1.6 trillion by 2026 from US\$ 641 billion in 2016.
- The Indian retail industry is one of the fastest growing in the world. Retail industry in India is expected to grow to US\$ 1.3 trillion by 2020, registering a Compound Annual Growth Rate (CAGR) of 16.7 per cent over 2015-20.
- India's population is taking to online retail in a big way. The online retail market is expected to grow from US\$ 6 billion to US\$ 70 billion during FY15-FY20.

Retail Market Size in \$ billion



Indian Luggage Market

- The segment – which is growing around 18% CAGR – is extremely streamlined and is looking at a good next few years. According to a report by Ken Research, the Indian luggage industry will reach Rs 102,857 million by FY'2018.
- The overall luggage market in the country stood at between Rs 3,000 crore to Rs 4,000 crore in 2016, according to market estimates, with approximately 50% of this dominated by organised players.
- Samsonite, V.I.P and Safari constitute approximately 95% of the total organised sector of the luggage industry. Brands like Da Milano, Delsey, Tommy Hilfiger constitute the rest. V.I.P is the leader with an almost 47% market share, followed closely by Samsonite (45%). Safari accounts for the rest.

Women's Handbag Market

- The total fashion accessory retail market is worth Rs 15,557 crore, growing at 18 per cent to 19 per cent and is expected to touch Rs 25,306 crore by 2017 according to India Retail Report 2015.
- The presence of brands is extremely limited in this sector as the most of the market is dominated by unbranded players. However, with an eye on the rapid growth in this sector, brands like Louis Vuitton, Hermès, and Swarovski have launched their exclusive accessory line in India.
- Apart from the home grown brands like Hidesign, Da Milano, Caprese, Holii, Lino Perros, Esbeda, Baggit, Blue & Blues, international brands like Michael Kors, Guess, Gucci, Burberry, Hermès, and Louis Vuitton are strengthening their footprint in the retail sector.

Phase I

Scaling up the existing Business

- To scale up the business and footprints, company intend to sign up major distributors / dealers to get easy access to new market,
- Increase online penetration that would bring sustainability in revenues,
- Scaling up the existing product line via EBO's and MBO's,

- While continuing to scale up existing brands & categories, company would focus on adding new brands,
- There are lots of International brands that could be added to the catalogue,
- Secure licenses to may be 2-4 new international brands to increase the brand portfolio
- Continue to scale up online business.

Phase II

Adding New Brands & Products

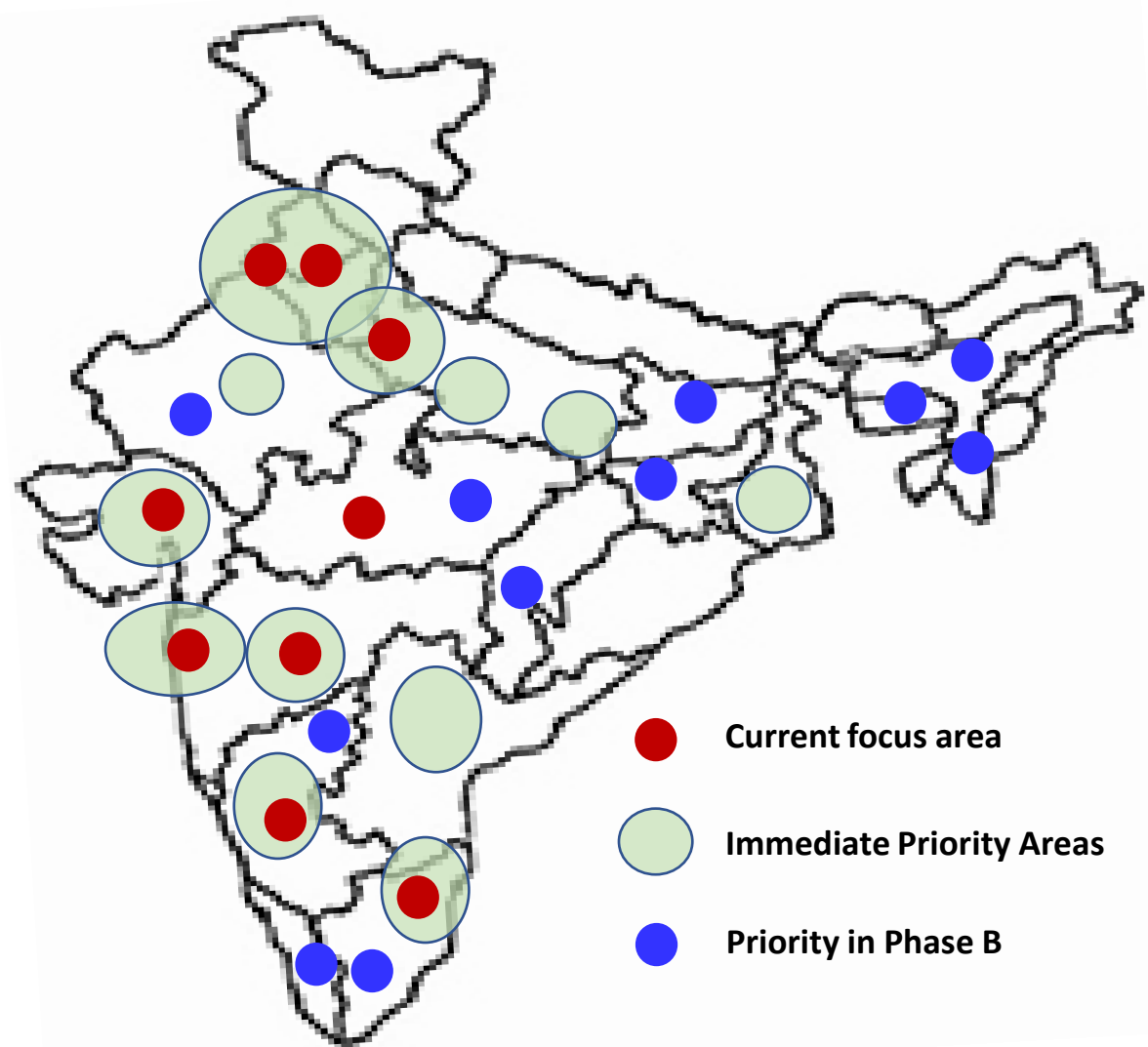
Phase III

Scaling up the existing Business

- Taking the entire business to from the current scale to a well known fashion house.
- Focus on penetration the young population through online distribution.

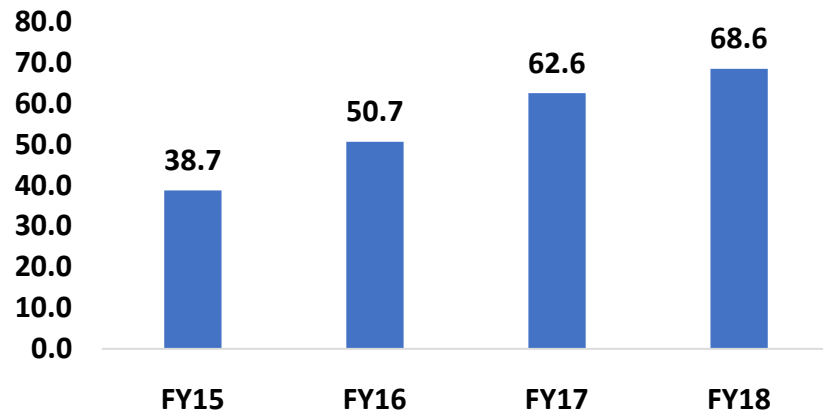


There are a lot of International Brands that could add to the catalogue over time

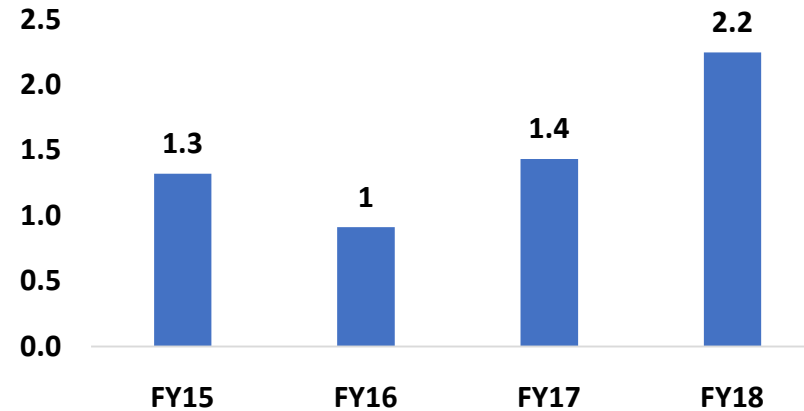


Financials

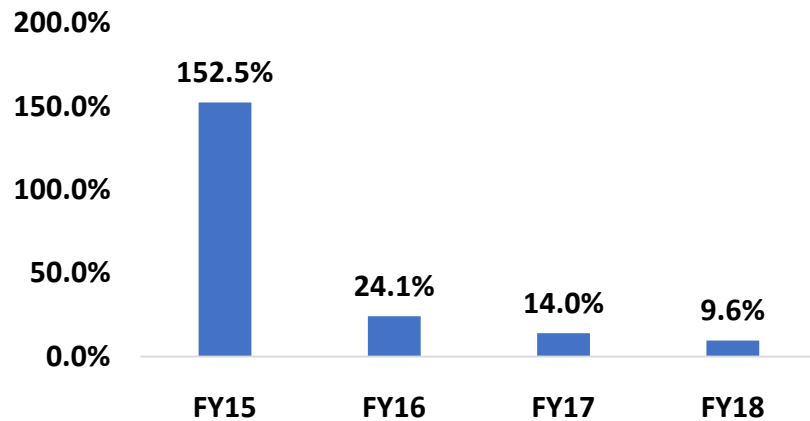
Sales in Rs cr



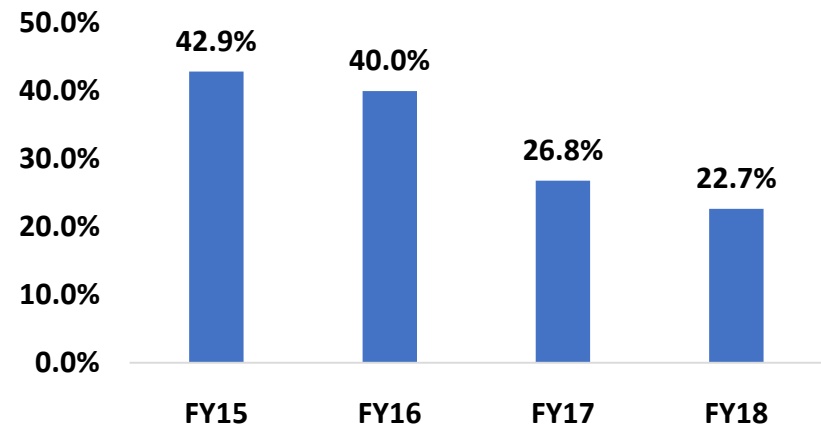
PAT in Rs cr



RoNW



RoCE



RONW and RoCE has declined due to infusion of preference capital of Rs 2 cr and Rs 5 cr in FY16 and FY17 respectively

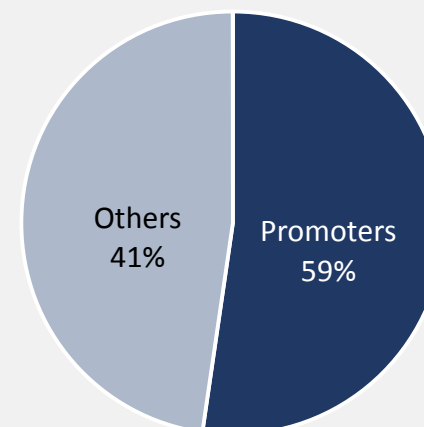
Income Statement	FY15	FY16	FY17	FY18
Sales	38.7	50.7	62.6	68.6
Expenditure:				
Operating Expenses	21.8	29.0	32.4	32.0
Employee Expenses	4.5	5.7	8.0	9.8
Other Expenses	8.0	11.1	16.0	19.1
Total Expenditure	34.3	45.8	56.3	60.9
EBITDA	4.5	4.9	6.3	7.7
Depreciation	1.3	0.8	1.0	1.3
EBIT	3.2	4.0	5.2	6.4
Finance Cost	3.0	2.7	3.0	3.3
EBT	0.2	1.4	2.2	3.0
Exceptional Item	0.0	0.0	0.0	0.0
Taxes	-1.1	0.5	0.8	0.8
PAT	1.3	0.9	1.4	2.2

Balance Sheet	FY15	FY16	FY17	FY18
Equity Share capital	7.0	7.0	7.0	10.6
Preference share capital	0	2	7.0	-
Share Capital	7.0	9.0	14.0	10.6
Reserve & Surplus	-6.1	-5.2	-3.8	12.9
Shareholders Funds	0.9	3.8	10.2	23.5
Other long term liabilities	0.5	0.4	0.3	0.3
Long Term Loan	6.5	6.3	9.3	4.7
Current Liabilities				
Short Term Borrowings	7.3	7.7	10.5	15.1
Trade Payables	6.3	10.4	12.5	14.5
Other Current Liabilities	2.6	1.9	3.8	6.9
Total Current Liabilities	16.2	20.0	26.8	36.5
Source of Funds	24.2	30.5	46.7	64.9
Fixed Assets	2.7	2.6	4.1	4.0
Loans & Advances	0.5	0.6	0.7	1.0
Deferred Tax Assets	2.4	1.9	1.2	0.7
Current Assets:				
Inventories	8.2	8.9	17.7	16.4
Debtors	9.1	15.2	21.3	37.7
Other Current Assets	1.3	1.2	1.8	5.2
Total Current Assets	18.6	25.4	40.7	59.2
Application of Funds	24.1	30.5	46.7	64.9

Ratio Analysis	FY15	FY16	FY17	FY18
EBITDA Margin	11.5%	9.6%	10.0%	11.2%
EBIT Margin	8.2%	8.0%	8.4%	9.3%
EBT Margin	0.5%	2.7%	3.6%	4.4%
PAT Margin	3.4%	1.8%	2.3%	3.3%
RoCE	42.9%	40.0%	26.8%	22.7%
RoNW	152.5%	24.1%	14.0%	9.6%
Total Debt/Equity	7.52	1.68	0.91	0.20

Price Data as on 31 st July, 2018	INR
Face Value	10
Equity Shares Outstanding (Cr)	1.06
EPS as per FY 18	2.1
Market Price	36
Market Cap (IINR Cr)	38.1
Mcap / Sales	0.55

Shareholding Pattern as on June, 2018



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HAPPY TO HELP



SARTHI CAPITAL ADVISORS PRIVATE LIMITED
Bridging the Gap

Corporate Headquarters:
Mumbai

159/11, Amar Brass Compound, Vidya Nagari Marg,
Kalina, Santacruz(E), Mumbai-400098
Landline: (022) 26528671-72, Fax: (022) 26528673

Regional Office:
New Delhi

411, Pratap Bhawan, 5 Bahadurshah Zafar Marg,
New Delhi - 110002
Landline: (011) 23739426 – 27, Fax: (011) 23739424