

Q3 FY19 Result Update

February 2019

NANDAN DENIM LIMITED

Safe Harbour Statement

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These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond Nandan Denim’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of Nandan Denim. In particular, such statements should not be regarded as a projection of future performance of Nandan Denim. It should be noted that the actual performance or achievements of the company may vary significantly from such statements.



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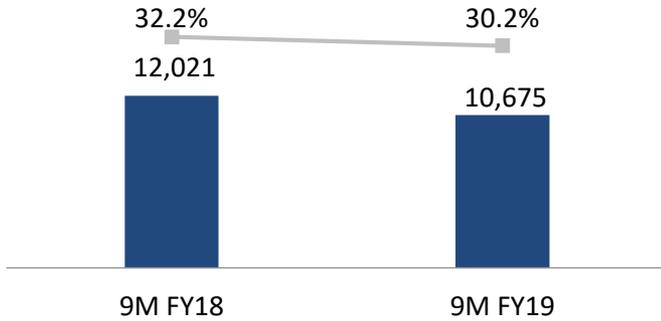


Q3 & 9M FY19 RESULTS UPDATE

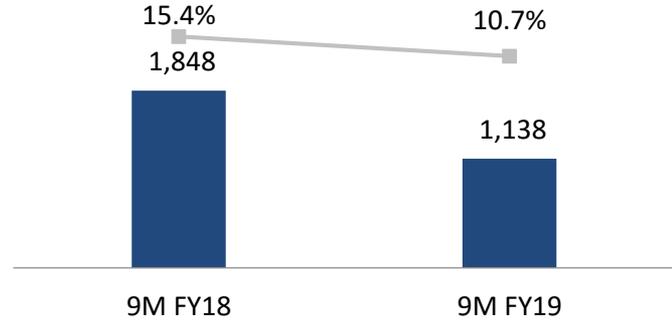


9M FY19 Results – Financial Highlights

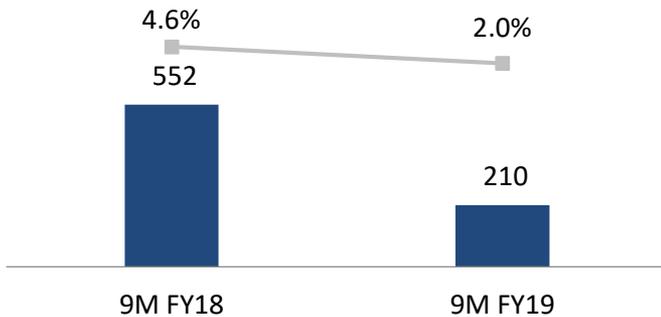
REVENUES & GROSS MARGIN



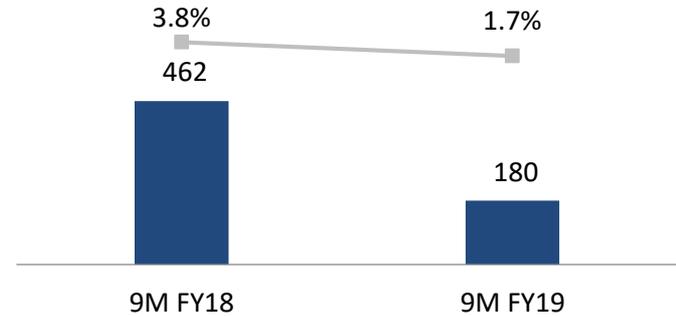
EBITDA & EBITDA MARGIN



PBT & PBT MARGIN

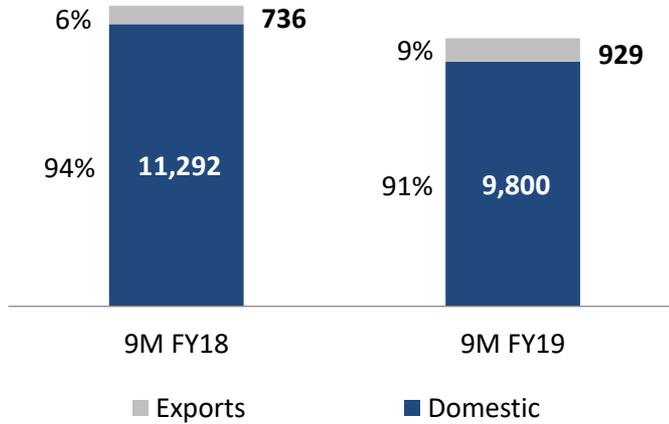


PAT & PAT MARGIN

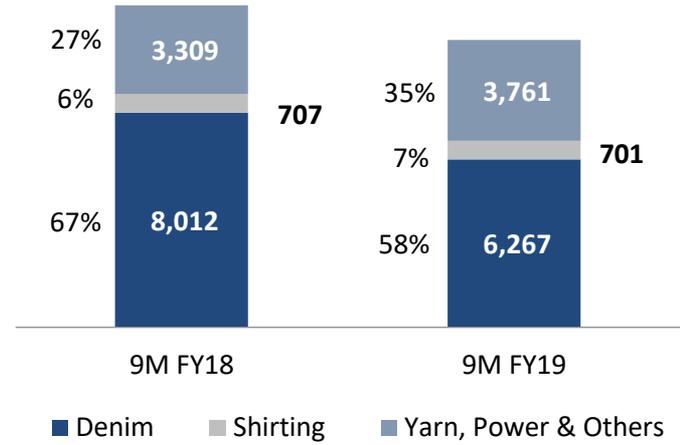


9M FY19 Results – Revenue Mix

REVENUE BREAKUP – DOMESTIC Vs. EXPORTS



REVENUE BREAKUP – PRODUCT WISE



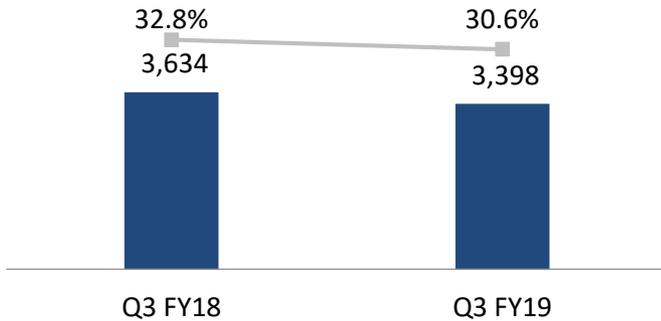
9M FY19 Performance Highlights

- During 9M FY18, Nandan Denim has reported an operating revenue of Rs. 10,675 Mn Vs Rs. 12,021 Mn in corresponding period of previous financial year.
- Denim capacity utilisation for 9M FY19 stood at 63% in line with industry and realisation at Rs 122/meter.
- 9M FY19, Gross Margin stood at 30.2%, declined by 199 bps due to lower sale realisation and relatively higher price of key raw materials such cotton, power (higher coal price) etc.
- Employee Expenses and other operating expenses marginally increased by 3.2% and 3.3% respectively in 9M FY19.
- During 9M FY19, the company reported an EBITDA of Rs. 1,138 Mn and EBITDA margin of 10.7%. As the industry is facing temporary oversupply, aggression in pricing and higher credit period, which have impacted the volumes, realisation and profitability of the company as well as denim industry.
- Net Finance cost declined by 52.8% from Rs. 430 Mn in 9M FY18 to Rs. 203 Mn in 9M FY19. As the company booked a subsidy income on interest cost during Q2 FY19 under the Gujarat State Textile Policy, 2012.
- The Company reported PBT of Rs. 210 Mn and PAT of Rs. 180 Mn during 9M FY19.

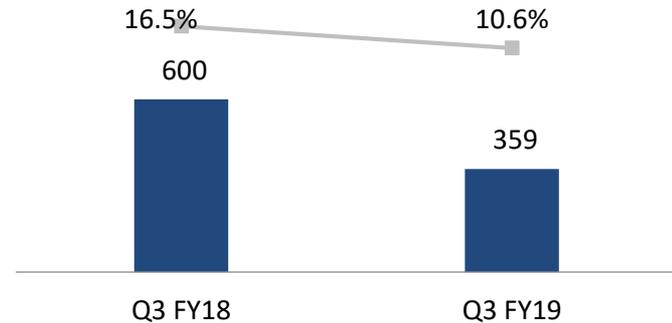
Q3 FY19 Results – Financial Highlights

In Rs Mn

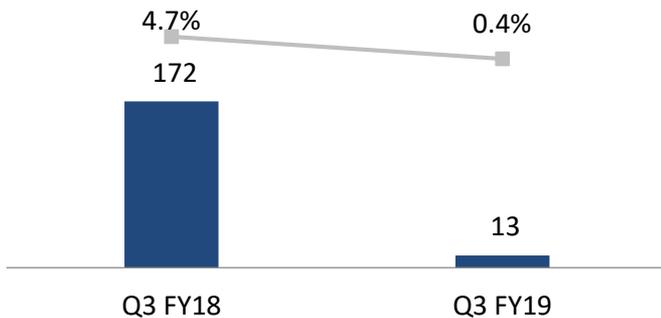
REVENUES & GROSS MARGIN



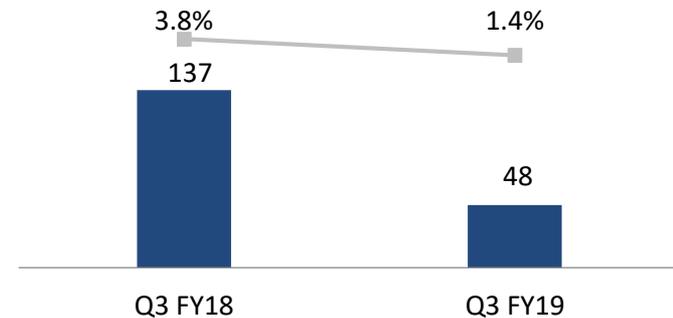
EBITDA & EBITDA MARGIN



PBT & PBT MARGIN

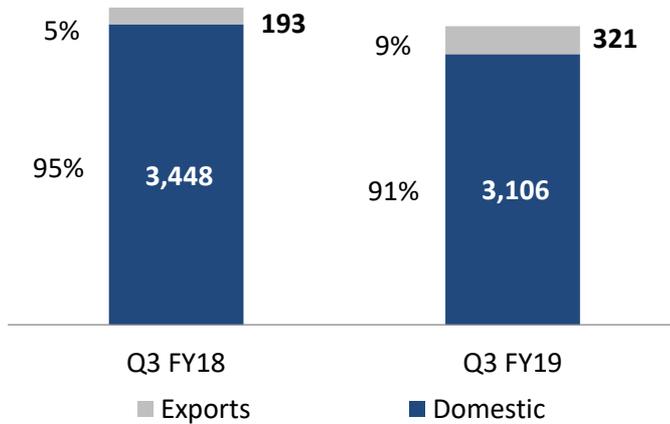


PAT & PAT MARGIN

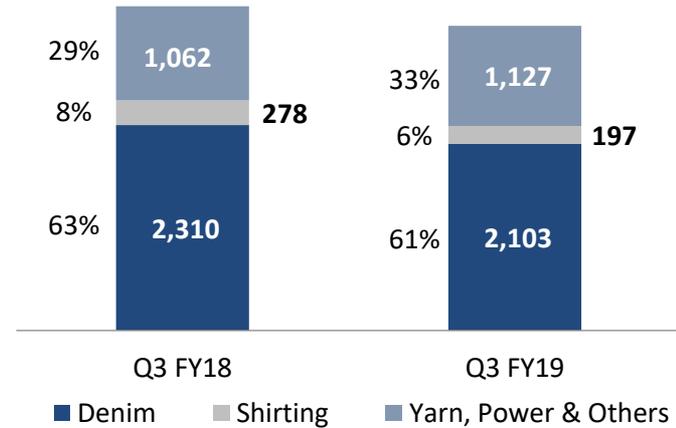


Q3 FY19 Results – Revenue Mix

REVENUE BREAKUP – DOMESTIC Vs. EXPORTS



REVENUE BREAKUP – PRODUCT WISE



Consolidated Profit & Loss Statement

Particulars (Rs. in Mn)	Q3 FY19	Q3 FY18	YoY%	9M FY19	9M FY18	YoY%
Revenue from Operations	3,398.4	3,634.1	-6.5%	10,674.5	12,020.8	-11.2%
COGS	2,359.5	2,441.8	-3.4%	7,454.0	8,155.3	-8.6%
Gross Profit	1,039.0	1,192.3	-12.9%	3,220.5	3,865.5	-16.7%
Gross Margin %	30.6%	32.8%	-224 bps	30.2%	32.2%	-199 bps
Employee Expenses	202.8	195.2	3.9%	625.8	606.2	3.2%
Other Expenses	477.6	397.0	20.3%	1,456.9	1,411.0	3.3%
EBITDA	358.6	600.1	-40.2%	1,137.7	1,848.4	-38.4%
EBITDA Margin %	10.6%	16.5%	-596 bps	10.7%	15.4%	-472 bps
Depreciation	237.5	299.4	-20.7%	848.9	886.3	-4.2%
Finance Cost	136.7	136.5	0.2%	203.2	430.2	-52.8%
Other Income	28.3	7.3	284.7%	124.6	19.8	528.2%
PBT	12.7	171.6	-92.6%	210.3	551.7	-61.9%
Taxes	-35.7	34.3	-204.2%	30.2	90.1	-66.5%
PAT	48.4	137.3	-64.7%	180.1	461.6	-61.0%
PAT Margin %	1.4%	3.8%	-235 bps	1.7%	3.8%	-215 bps



ABOUT US



About Us: Chiripal Group – Emerging Conglomerate

<ul style="list-style-type: none"> • Nandan Denim Ltd • Chiripal Industries Ltd (Processing Division) • Vishal Fabrics Ltd 	<ul style="list-style-type: none"> • Chiripal Industries Ltd (Chemical Division) 	<ul style="list-style-type: none"> • Chiripal Poly Films Ltd 	<ul style="list-style-type: none"> • Shanti Developers • Dholi Integrated Spinning Park • Viraj Integrated Textile Park 	<ul style="list-style-type: none"> • Shanti Educational Initiatives Limited
<ul style="list-style-type: none"> • Fully integrated facilities for manufacturing range of products viz. woven fabrics, circular knitted fabrics, polar fleece fabrics, cotton hosiery, denim etc. 	<ul style="list-style-type: none"> • Operates two major division – Adhesives & Speciality Performance Chemicals. • Equipped to provide world class solutions to the paints, papers leathers, packaging & textiles industries. 	<ul style="list-style-type: none"> • World class two imported Biaxial orientation of polypropylene (BOPP) lines from Brukner, Germany (capacity of 77,550 MTPA) and two Metalizer for producing metalized films. • Implemented BOPET Line capacity of 37,800 MTPA. • Installed 220,000 MTPA Polyethylene terephthalate (PET) Resin Plant. 	<ul style="list-style-type: none"> • Operates a fully equipped industrial park for enterprises in the textile sector. • Has made a successful foray in the area of residential infrastructure as well. 	<ul style="list-style-type: none"> • Runs schools under the brand “Shanti Asiatic” across the country with over 3,700 students. • Present in management education space having strength of 200 students. • Successfully running over 180 pre-K franchise – Shanti Juniors with over 10,000 students.
<p>TEXTILES</p>	<p>CHEMICALS</p>	<p>PACKAGING</p>	<p>INFRASTRUCTURE</p>	<p>EDUCATION</p>

About Us: Company Overview

STRONG PEDIGREE

- NDL is a part of a leading conglomerate, Chiripal Group, established in 1972 and is currently diversified across Textiles, Chemicals, Packaging, Infrastructure and Education.
- NDL commenced its operations in 1994 with textile trading business and forayed into textile manufacturing in 2004 and currently engages in manufacturing of denims, cotton fabrics and khakis.
- NDL is run by a professional management team with an average experience of more than two decades.

LEADING INTEGRATED DENIM MANUFACTURER

- Nandan Denim has one of the largest denim fabric manufacturing capacities in the world.
- The company expanded its denim fabric capacity from 71 MMPA to 110 MMPA.
- The company has completed backward integration by expanding its spinning capacity from 54 TPD (tonnes per day) to 141 TPD which will result into higher operating margins.
- The company also owns a captive power plant of 15 MW.

STRONG FINANCIAL PERFORMANCE

- Consolidated Revenues and EBITDA were Rs 15,889 mn and Rs 2258 mn in FY18 having grown at CAGR of 15% and 14% over FY14 - FY18.
- Stable EBITDA margins of around 14% - 16% over FY14 - FY18.
- FY18 Debt : Equity was 1.3:1.

About Us: Integrated Denim Fabric Facility

FIBRE



Ginned Cotton

70% of cotton requirement is met from Gujarat

YARN



Spinning

Spinning Capacity
141 TPD

FABRIC



Weaving & Processing

Denim – 110 MMPA
Shirting – 10 MMPA

KEY HIGHLIGHTS

- One of the largest denim fabric facility in the world and largest in India.
- Machinery with latest technology from Germany and Japan, capable of producing wide range of denim fabrics.
- ~10% domestic denim fabric market share.
- Sufficient power through 15 MW captive power plant.

About Us: Strategic Location Of Manufacturing Facilities

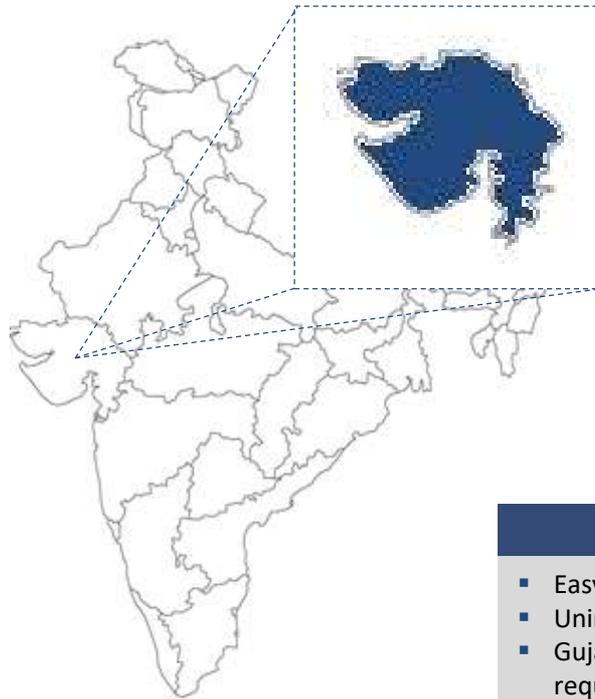
THE GUJARAT ADVANTAGE

GUJARAT TEXTILE HUB OF INDIA

- Largest producer of denim fabric (65-70%) in India and third largest in the world.
- Largest producer of cotton in India.
- Textile hub of India housing the entire textile value chain.

GUJARAT TEXTILE POLICY – BENEFITS

- Interest Subsidy (in addition to Central subsidies) for 5 years:
 - 7% - Spinning & garment facilities
 - 6% - Technical textiles
 - 5% - All other facilities
- Power tariff subsidy @ Rs 1/unit for 5 years.
- GST reimbursement for 8 years.



SUPERIOR CONNECTIVITY

- Located in Ahmedabad, the financial capital of Gujarat.
- Superior infrastructure connectivity through roads, rail, airport and ports.

PROXIMITY TO MARKET

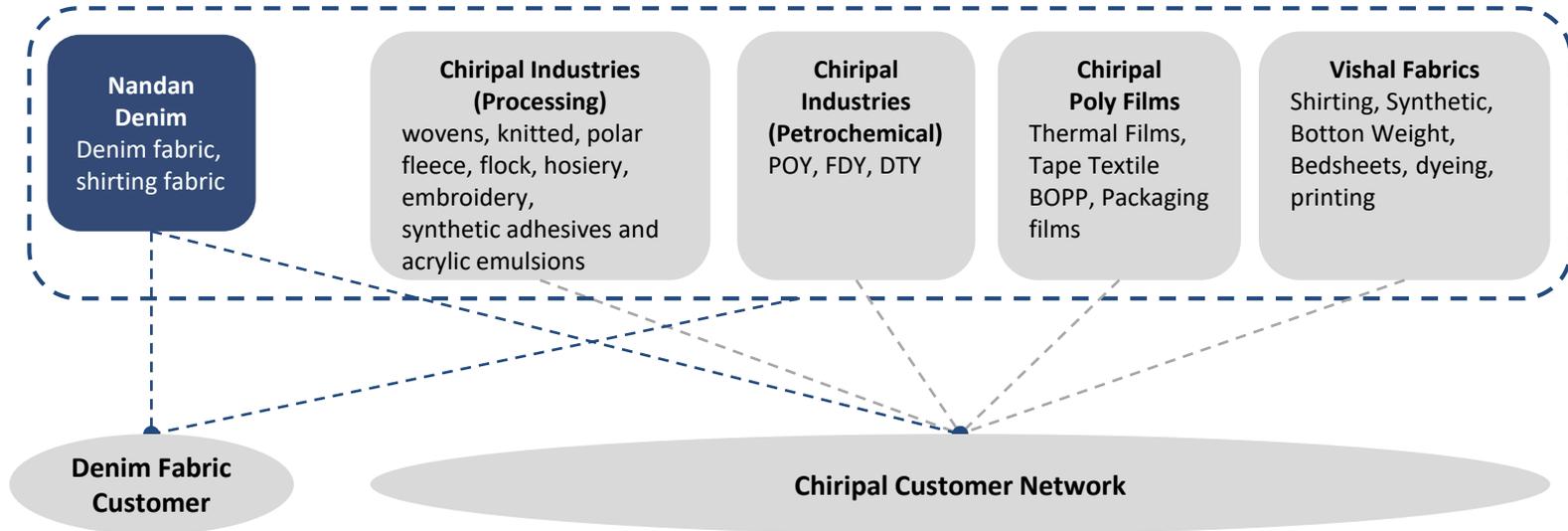
- Close proximity to machinery vendors, fabric dealers and leading garment manufacturers resulting in faster delivery and service.
- Lower marketing and transportation overheads.

LOW COST OF PRODUCTION

- Easy availability of key raw material – Cotton.
- Uninterrupted power supply in state of Gujarat.
- Gujarat meets around 70% of the cotton requirement.
- Easy availability of skilled and unskilled labour.

About Us: Leveraging The Chiripal Group Eco-System

LEVERAGE CHIRIPAL GROUP ECO-SYSTEM



- Access to the large customer network of the Chiripal Group.
- Successful customer acquisition and retention through the cross-leveraging of group capabilities and cross-selling of group offerings.
- One of the largest group level processing capacity of ~0.8 MMPD adding significant value to customers by fulfilling their printing, dyeing, bleaching, synthetic yarn and other processing requirements under one roof.

About Us: Leveraging The Chiripal Group Eco-System



MARKETING AND DISTRIBUTION – DOMESTIC MARKET

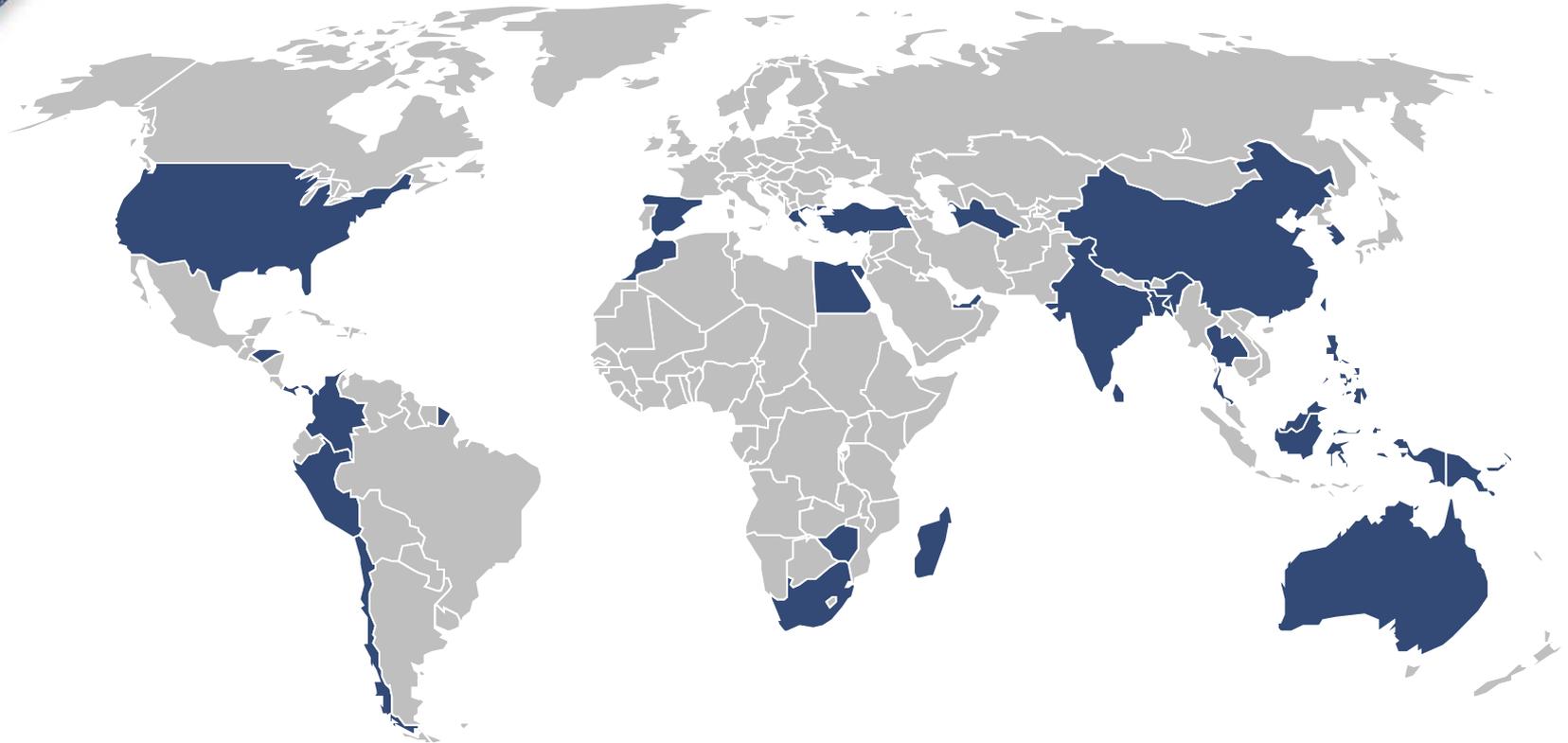
- Leveraging the strong agent-based domestic network of the Chiripal group.
- Strong pan-India network of around of more than 100 dealers & traders associated with the company for close to a decade.
- Strategic tie-ups with 10 firms to exclusively sell Nandan Denim's products.
- Around 2/3rd of the orders are confirmed through long term agreements involving minimum yearly quantity commitment.

MARKETING AND DISTRIBUTION – EXPORT MARKET

- Leveraging the strong agent-based global network of the Chiripal group.
- Strong global network of more than 15 dealers & traders spread across 8 countries – Peru, Mauritius, Hong Kong, Dubai, Thailand, Bangladesh, New York, Columbia.
- Export of denim fabric to over 27 countries across the globe.
- Merchant exports through various star export houses to give an additional boost to exports.



About Us: Building Global Presence



Nandan Denim exports its denim fabric to over 27 countries across the globe through its strong global dealer-distribution network.

About Us: Acceptance From Leading Brands

DOMESTIC BRANDS



About Us: Acceptance From Leading Brands

GLOBAL BRANDS

OVS



ANN TAYLOR



PRIMARK®

JOE FRESH



PULL&BEAR

ZARA



LPP

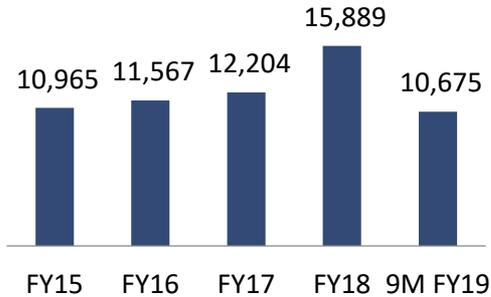


ANNEXURE

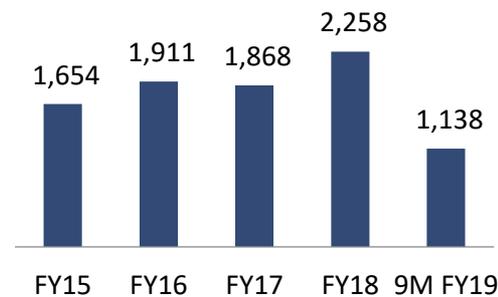


Financial Summary

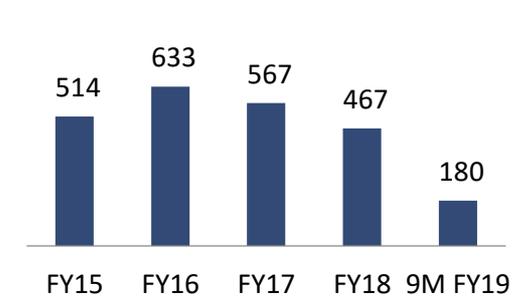
REVENUES (RS MN)



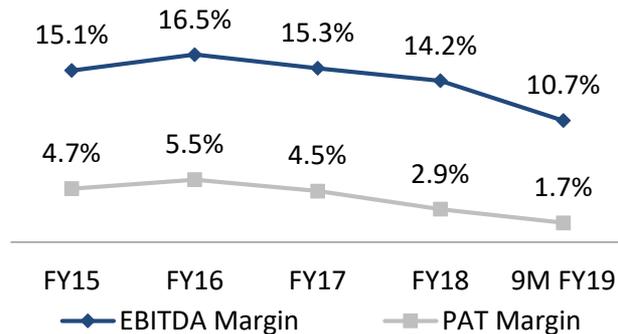
EBITDA (RS MN)



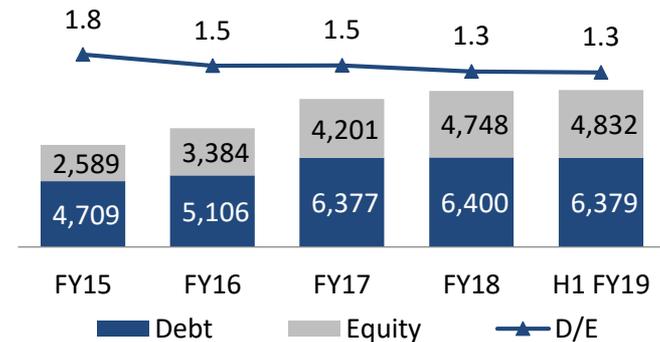
PAT (RS MN)



MARGIN ANALYSIS (%)

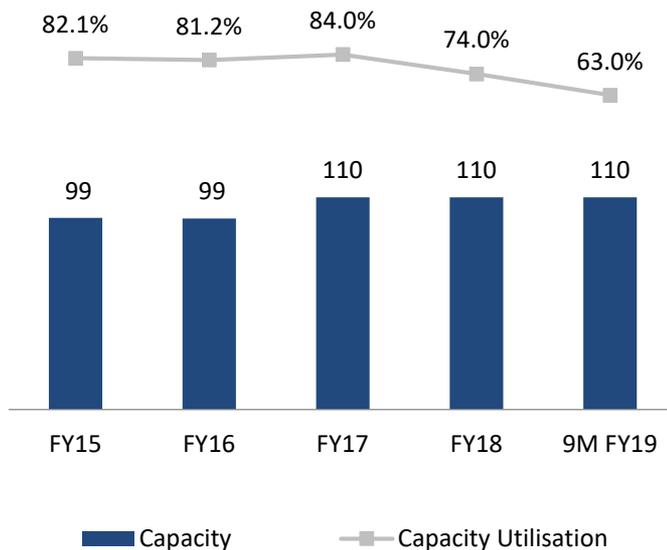


LEVERAGE ANALYSIS (RS MN)

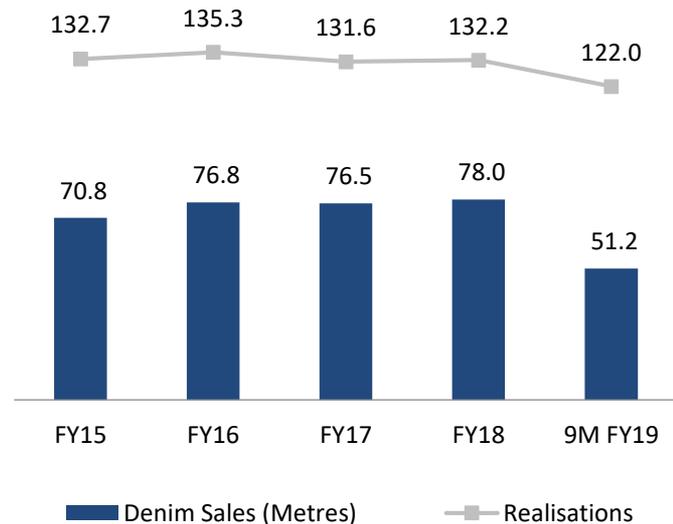


Operational Summary

DENIM FABRIC CAPACITY (MMPA)



DENIM REALISATIONS (RS/METER)



THANK YOU



Mr. Ashok Bothra (CFO)
Email: ab@chiripalgroup.com

Ms. Purvee Roy (CS)
Email: purvee@chiripalgroup.com

DICKENSON

Mr. Mitul Bhagat / Mr. Arun Prakash
IR Consultant
Email: mitul.bhagat@dickensonir.com
arun.prakash@dickensonir.com
Contact No: +91 8898214083 / 9920993892