



## Q4 FY19 Result Update

May 2019

**NANDAN DENIM LIMITED**

# Safe Harbour Statement

*This presentation and the following discussion may contain “forward looking statements” by Nandan Denim Limited (“Nandan Denim”) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of Nandan Denim about the business, industry and markets in which it operates.*

*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.*



# DISCUSSION SUMMARY



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Annexure

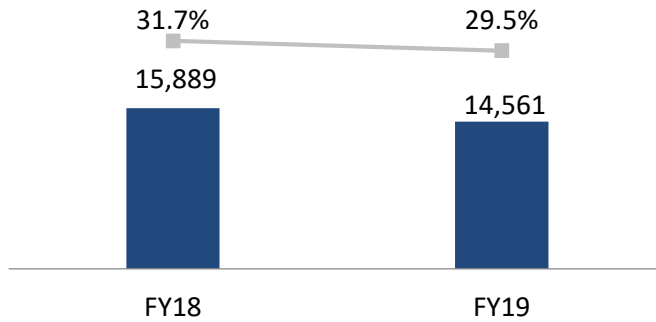


# Q4 & FY19 RESULTS UPDATE

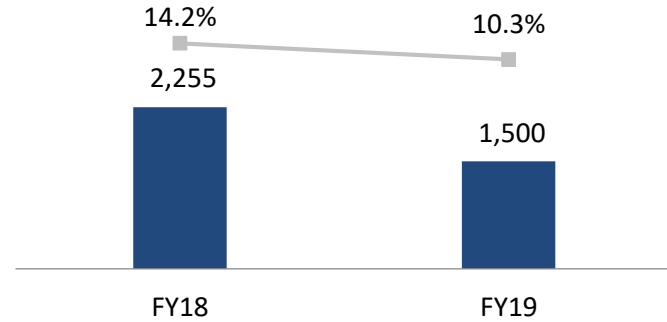


# FY19 Results – Financial Highlights

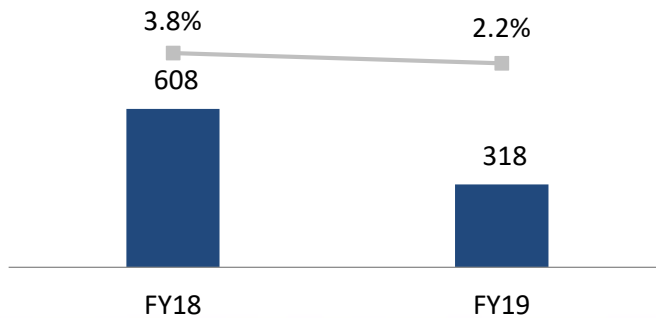
## REVENUES & GROSS MARGIN



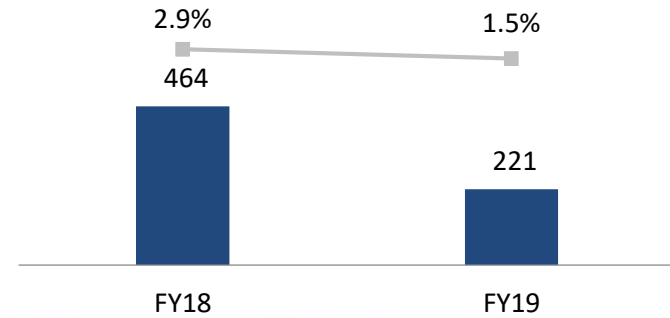
## EBITDA & EBITDA MARGIN



## PBT & PBT MARGIN

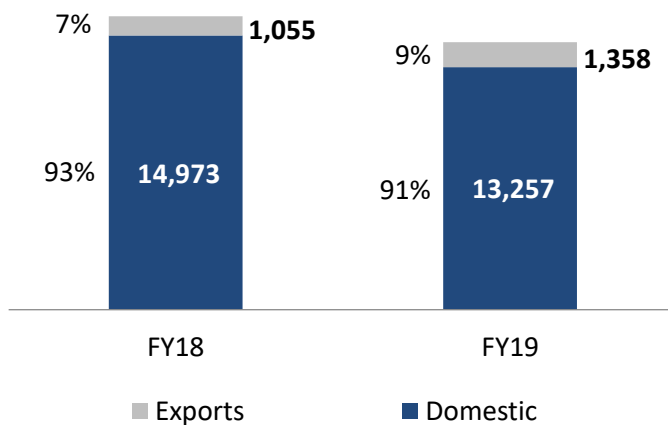


## PAT & PAT MARGIN

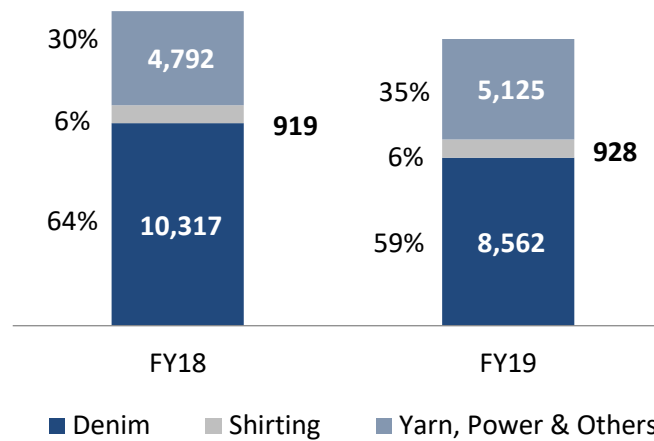


# FY19 Results – Revenue Mix

REVENUE BREAKUP – DOMESTIC Vs. EXPORTS



REVENUE BREAKUP – PRODUCT WISE

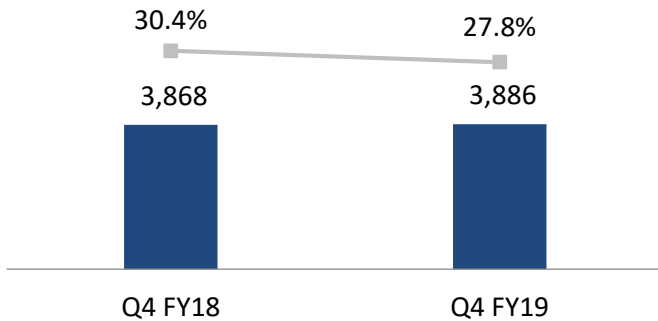


# FY19 Performance Highlights

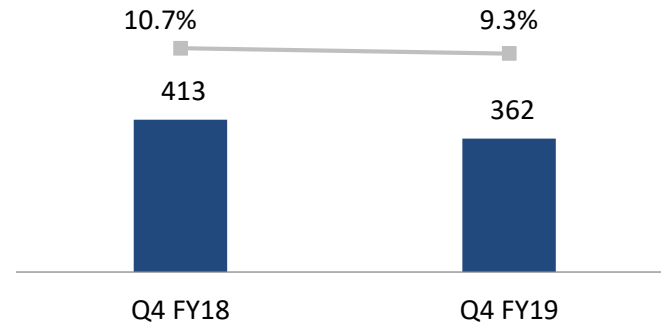
- During FY19, Nandan Denim has reported an operating revenue of Rs. 14,561 Mn Vs Rs. 15,889 Mn in corresponding period of previous financial year.
- Denim capacity utilisation for FY19 stood at 63% in line with industry and realisation at Rs 123/meter.
- FY19, Gross Margin stood at 29.5%, declined by 219 bps YoY due to lower sale realisation and relatively higher price of key raw materials (cotton, indigo colour).
- Employee Expenses and other operating expenses marginally changed by 2.9% and -0.4% YoY respectively in FY19.
- During FY19, the company reported an EBITDA of Rs. 1,500 Mn and EBITDA margin of 10.3%. As the industry is facing temporary oversupply and aggression in pricing, which have impacted the volumes, realisation and profitability of the company as well as denim industry.
- Net Finance cost declined by 53.5% from Rs. 581 Mn in FY18 to Rs. 270 Mn in FY19. As the company booked a subsidy income on interest cost in FY19 under the Gujarat State Textile Policy, 2012.
- The Company reported PBT of Rs. 318 Mn and PAT of Rs. 221 Mn during FY19.

# Q4 FY19 Results – Financial Highlights

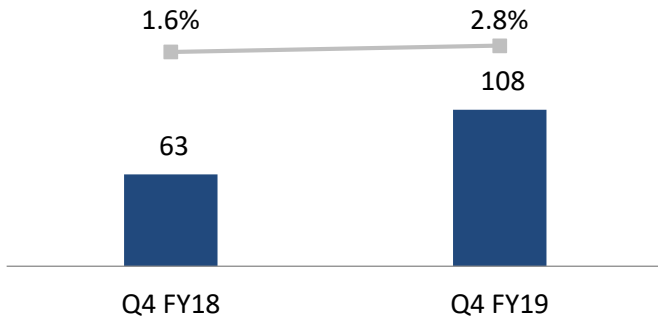
## REVENUES & GROSS MARGIN



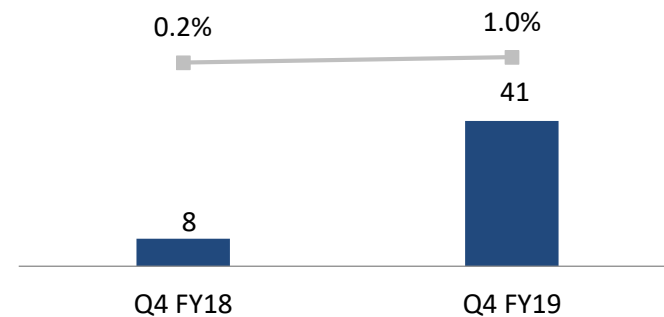
## EBITDA & EBITDA MARGIN



## PBT & PBT MARGIN



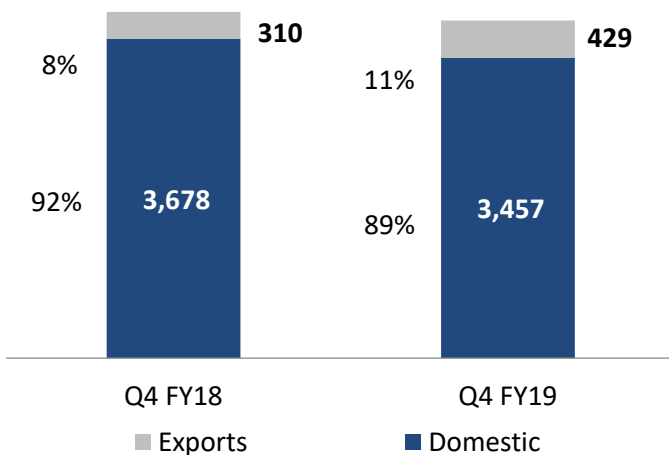
## PAT & PAT MARGIN



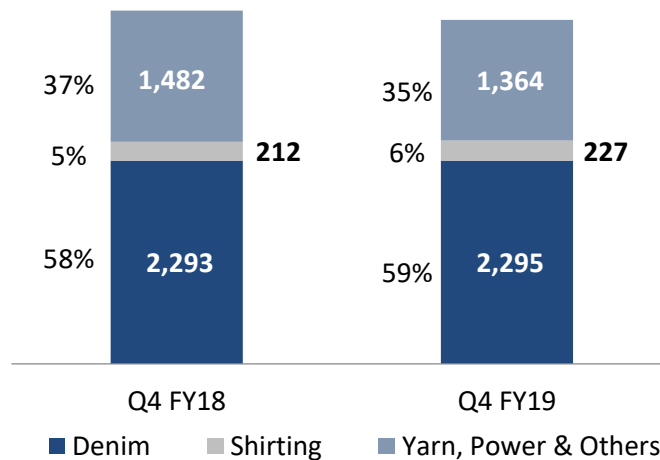


# Q4 FY19 Results – Revenue Mix

**REVENUE BREAKUP – DOMESTIC Vs. EXPORTS**



**REVENUE BREAKUP – PRODUCT WISE**



# Consolidated Profit & Loss Statement

Particulars (Rs. in Mn)	Q4 FY19	Q4 FY18	YoY%	FY19	FY18	YoY%
Revenue from Operations	3,886.0	3,868.4	0.5%	14,560.5	15,889.2	-8.4%
COGS	2,805.8	2,692.6	4.2%	10,259.8	10,848.0	-5.4%
<b>Gross Profit</b>	<b>1,080.2</b>	<b>1,175.8</b>	<b>-8.1%</b>	<b>4,300.6</b>	<b>5,041.3</b>	<b>-14.7%</b>
<b>Gross Margin %</b>	<b>27.8%</b>	<b>30.4%</b>	<b>-260 bps</b>	<b>29.5%</b>	<b>31.7%</b>	<b>-219 bps</b>
Employee Expenses	200.5	193.7	3.5%	826.3	803.0	2.9%
Other Expenses	517.8	568.9	-9.0%	1,974.7	1,983.0	-0.4%
<b>EBITDA</b>	<b>361.9</b>	<b>413.2</b>	<b>-12.4%</b>	<b>1,499.6</b>	<b>2,255.3</b>	<b>-33.5%</b>
<b>EBITDA Margin %</b>	<b>9.3%</b>	<b>10.7%</b>	<b>-137 bps</b>	<b>10.3%</b>	<b>14.2%</b>	<b>-389 bps</b>
Depreciation	195.2	319.3	-38.9%	1044.1	1,205.6	-13.4%
Finance Cost	66.9	149.6	-55.3%	270.0	580.5	-53.5%
Other Income	8.1	119.2	-93.2%	132.6	139.0	-4.6%
<b>PBT</b>	<b>107.9</b>	<b>63.4</b>	<b>70.2%</b>	<b>318.2</b>	<b>608.3</b>	<b>-47.7%</b>
Taxes	67.2	55.7	20.7%	97.4	144.7	-32.7%
<b>PAT</b>	<b>40.7</b>	<b>7.7</b>	<b>426.8%</b>	<b>220.8</b>	<b>463.5</b>	<b>-52.4%</b>
<b>PAT Margin %</b>	<b>1.0%</b>	<b>0.2%</b>	<b>85 bps</b>	<b>1.5%</b>	<b>2.9%</b>	<b>-140 bps</b>

# Consolidated Balance Sheet

Particulars (Rs. in Mn.)	Mar-19	Mar-18
<b>Equity &amp; Liabilities</b>		
<b>Shareholder's Funds</b>	<b>4,915.6</b>	<b>4744.2</b>
Share Capital	480.5	480.5
Reserves & Surplus	4,435.1	4263.7
<b>Non-Current Liabilities</b>	<b>3,264.1</b>	<b>3922.0</b>
Long-term borrowings	3,041.9	3718.8
Deferred tax liabilities (Net)	220.3	201.3
Other long term liabilities	1.9	1.9
<b>Current Liabilities</b>	<b>4,458.2</b>	<b>4,786.8</b>
Short-term Borrowings	2,275.7	2005.2
Trade Payables	1,089.1	1661.1
Other Financial Liabilities	996.2	949.1
Other Current Liabilities	31.9	127.4
Current Tax Liabilities (Net)	37.6	31.6
Short-term Provisions	27.7	12.4
<b>Total Equity &amp; Liabilities</b>	<b>12,637.9</b>	<b>13,453.0</b>

Particulars (Rs. in Mn.)	Mar-19	Mar-18
<b>Assets</b>		
<b>Non-Current Assets</b>	<b>6,557.5</b>	<b>7416.9</b>
Fixed Assets	6,318.7	7360.7
Capital WIP	149.4	0.0
Financial Assets	29.3	22.6
Other Intangible Assets	4.8	7.8
Other Non-current assets	55.2	25.8
<b>Current Assets</b>	<b>6,080.5</b>	<b>6,036.1</b>
Inventories	2,171.0	2475.0
Trade Receivables	2,740.5	2724.5
Cash & Cash Equivalents	30.1	176.6
Bank Balance	157.3	93.7
Short-term loans and advances	1.4	0.9
Other Current Assets	971.8	564.5
Other Financial Assets	8.4	0.9
<b>Total Assets</b>	<b>12,637.9</b>	<b>13,453.0</b>



## ABOUT US



# About Us: Chiripal Group – Emerging Conglomerate



<ul style="list-style-type: none"> <li>• Nandan Denim Ltd</li> <li>• Chiripal Industries Ltd (Processing Division)</li> <li>• Vishal Fabrics Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• Chiripal Industries Ltd (Chemical Division)</li> </ul>	<ul style="list-style-type: none"> <li>• Chiripal Poly Films Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• Shanti Developers</li> <li>• Dholi Integrated Spinning Park</li> <li>• Viraj Integrated Textile Park</li> </ul>	<ul style="list-style-type: none"> <li>• Shanti Educational Initiatives Limited</li> </ul>
<ul style="list-style-type: none"> <li>• Fully integrated facilities for manufacturing range of products viz. woven fabrics, circular knitted fabrics, polar fleece fabrics, cotton hosiery, denim etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Operates two major division – Adhesives &amp; Speciality Performance Chemicals.</li> <li>• Equipped to provide world class solutions to the paints, papers leathers, packaging &amp; textiles industries.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Implemented BOPET Line capacity of 37,800 MTPA.</li> <li>• Installed 220,000 MTPA Polyethylene terephthalate (PET) Resin Plant.</li> </ul>	<ul style="list-style-type: none"> <li>• Operates a fully equipped industrial park for enterprises in the textile sector.</li> <li>• Has made a successful foray in the area of residential infrastructure as well.</li> </ul>	<ul style="list-style-type: none"> <li>• Runs schools under the brand “Shanti Asiatic” across the country with over 3,700 students.</li> <li>• Present in management education space having strength of 200 students.</li> <li>• Successfully running over 180 pre-K franchise – Shanti Juniors with over 10,000 students.</li> </ul>
<p><b>TEXTILES</b></p>	<p><b>CHEMICALS</b></p>	<p><b>PACKAGING</b></p>	<p><b>INFRASTRUCTURE</b></p>	<p><b>EDUCATION</b></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, EBITDA and PAT were Rs 14,560 mn, Rs 1,500 mn and Rs 221 mn in FY19.
- FY19 Debt : Equity was 1.2:1.

# 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.

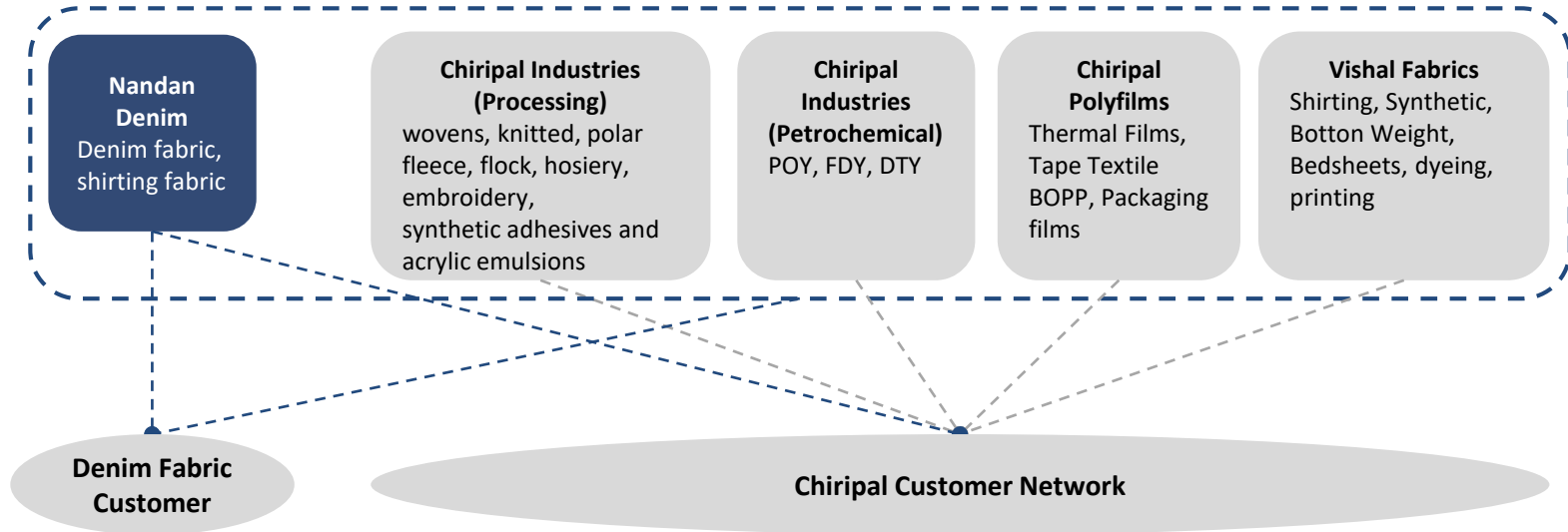
### LOW COST OF PRODUCTION

- 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

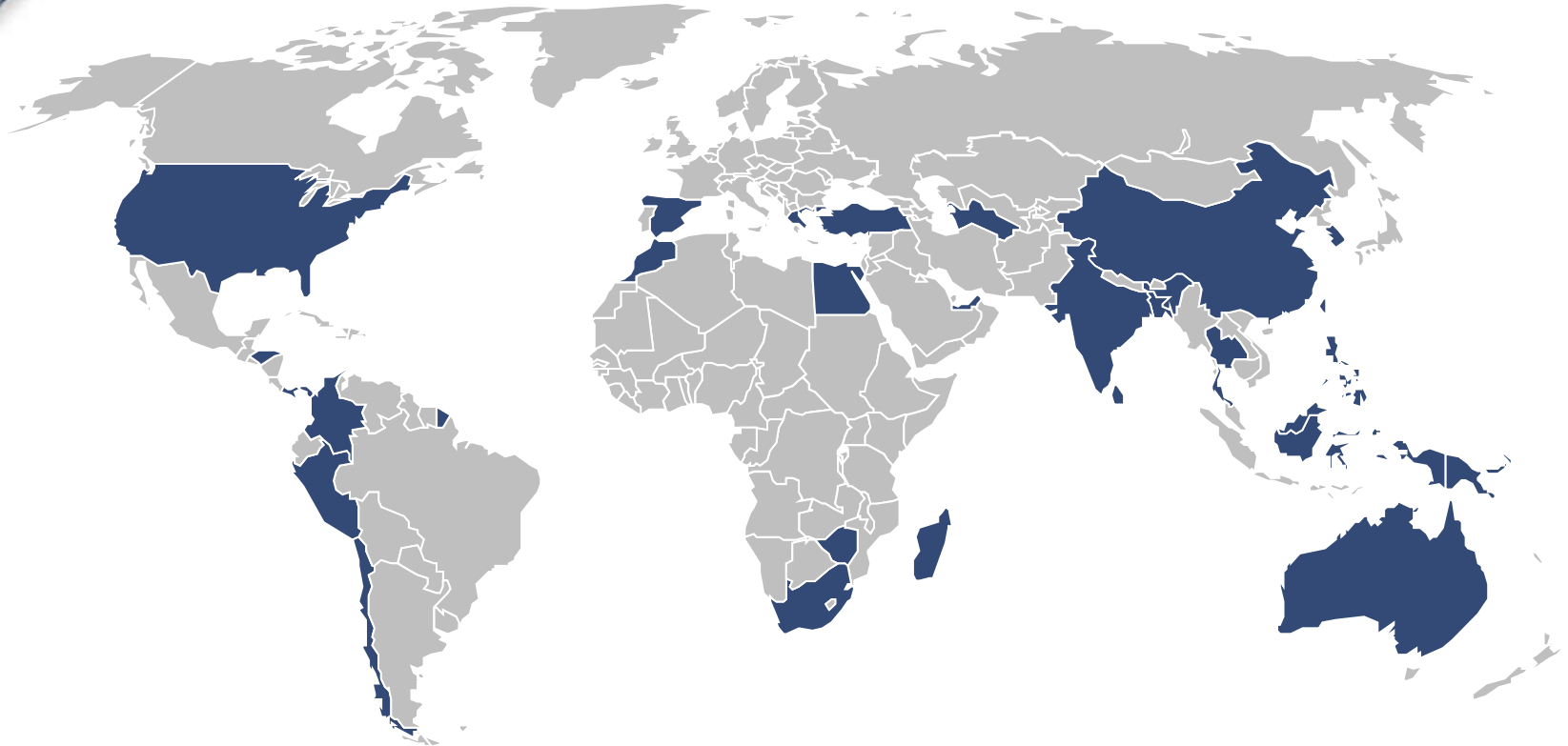
- Leveraging the strong agent-based domestic network of the Chiripal group.
- Strong pan-India network of around of more than 100 dealers & traders associated with the company for close to a decade.
- Strategic tie-ups with 10 firms to exclusively sell Nandan Denim's products.
- Around 2/3<sup>rd</sup> 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



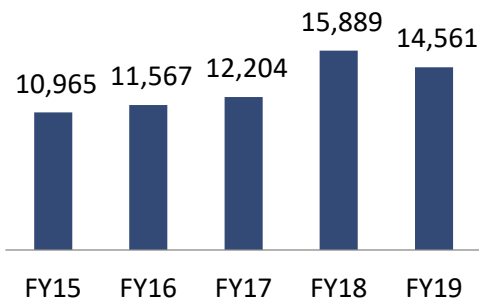


## ANNEXURE

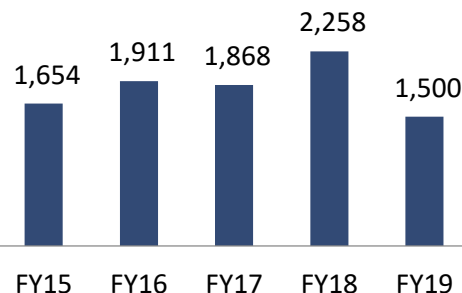


# Financial Summary

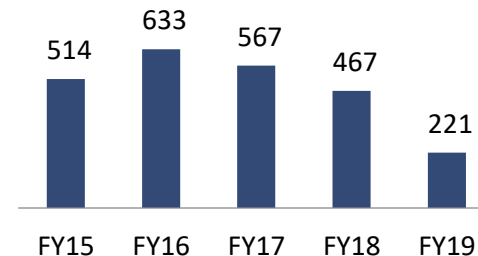
## REVENUES (RS MN)



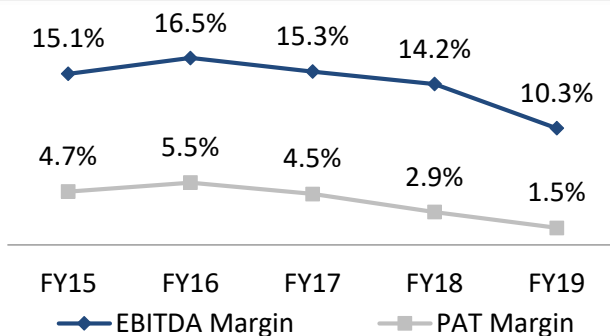
## EBITDA (RS MN)



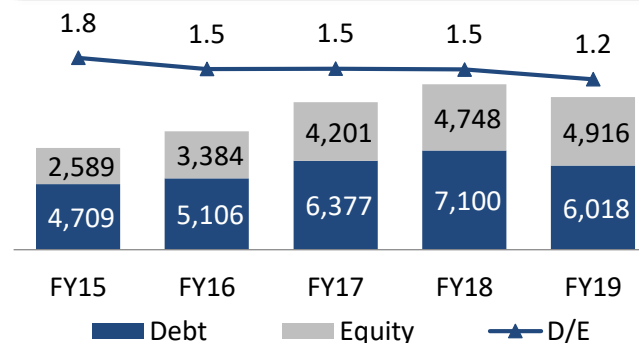
## PAT (RS MN)



## MARGIN ANALYSIS (%)

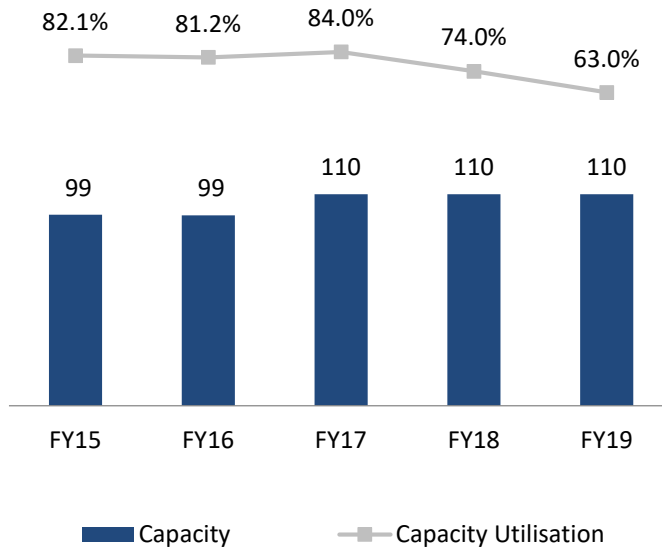


## LEVERAGE ANALYSIS (RS MN)

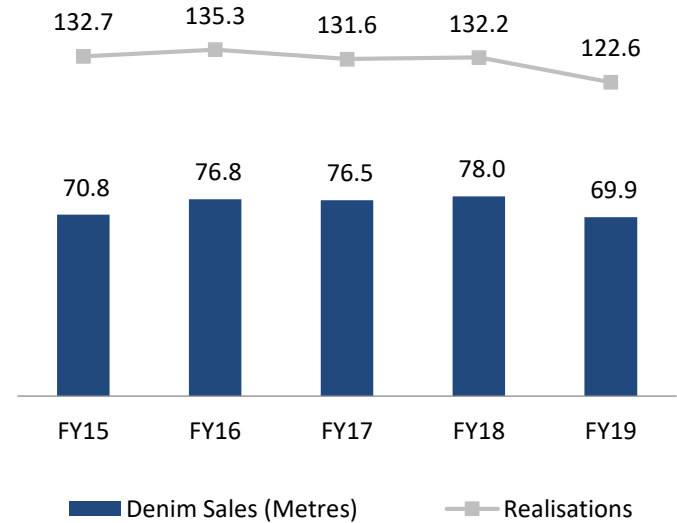


# Operational Summary

## DENIM FABRIC CAPACITY (MMPA)



## DENIM REALISATIONS (RS/METER)





# THANK YOU



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