

11th August, 2016

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

Scrip Code: 532641

To,
National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G – Block,
Bandra Kurla Complex,
Bandra (East),
Mumbai – 400 051.

Scrip Symbol: NDL

Dear Sir,

Sub.: Submission of Investor Presentation – Q1 FY17

We are pleased to submit herewith a copy of the Investor Presentation of Nandan Denim Limited for the first quarter ended 30th June, 2016.

You are requested to kindly take the same on record.

Thanking You,

Yours sincerely,
For **NANDAN DENIM LIMITED**


Purvee Roy
Company Secretary
Mem. No. A26925



Nandan Denim Limited
(Formerly known as Nandan Exim Limited)
(CIN:L51909GJ1994PLC022719)

Plant & Regd. Office:

Survey No. 198/1, 203/2, Sajipur-Gopalpur, Pirana Road, Piplej, Ahmedabad - 382 405
Ph.: +91 9879200199 Website: www.nandandenim.com Email: info@nandandenim.com

Corporate House:

Chiripal House, Shivrani Cross Roads, Satellite, Ahmedabad - 380 015
Ph.: 079-26734660/2/3 Fax: 079-26768656

NANDAN DENIM LIMITED

Q1 FY17 RESULTS UPDATE

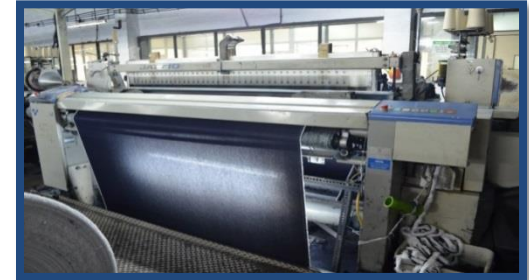
August 2016



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.

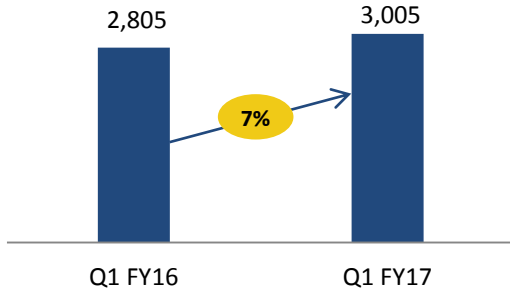
These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond Nandan Denim’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those 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.

| | |
|--|---------|
| ❑ Q1 FY17 Results Highlights | 04 |
| ❑ Q1 FY17 Financials & Summary Outlook | 05 – 07 |
| ❑ About Us | 08 – 18 |
| ❑ Appendix | 20 – 22 |

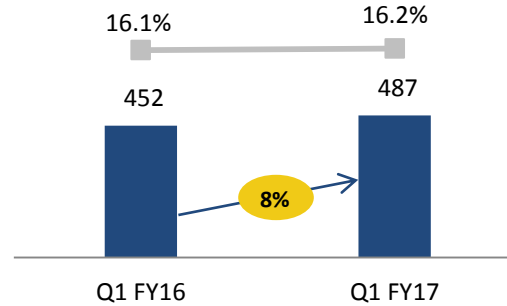


Q1 FY17 RESULTS – YoY Analysis

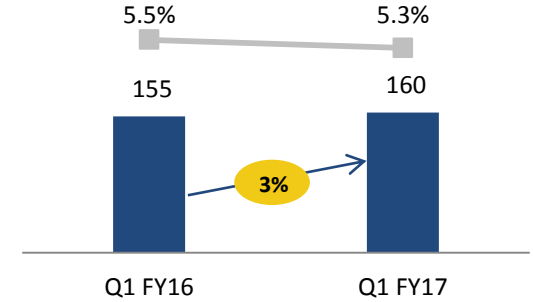
REVENUES



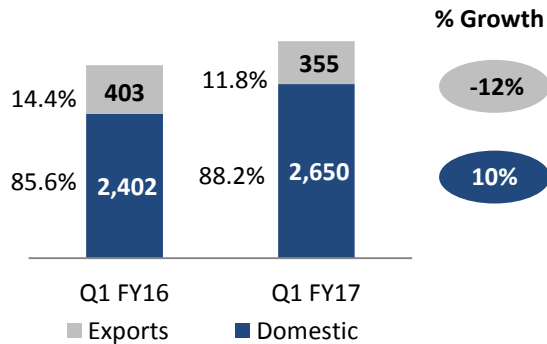
EBITDA & EBITDA MARGIN



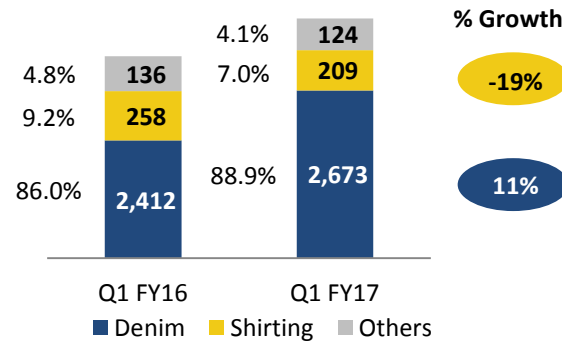
PAT & PAT MARGIN



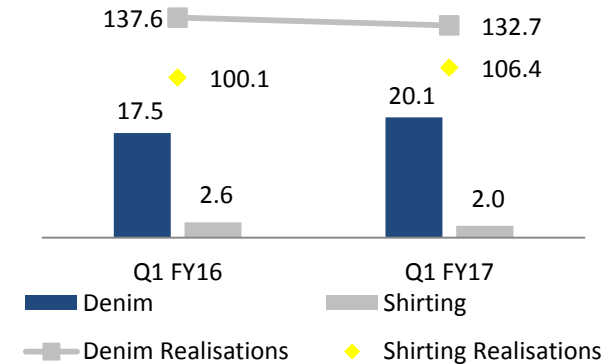
REVENUES MIX



REVENUE MIX



VOLUMES & REALISATIONS

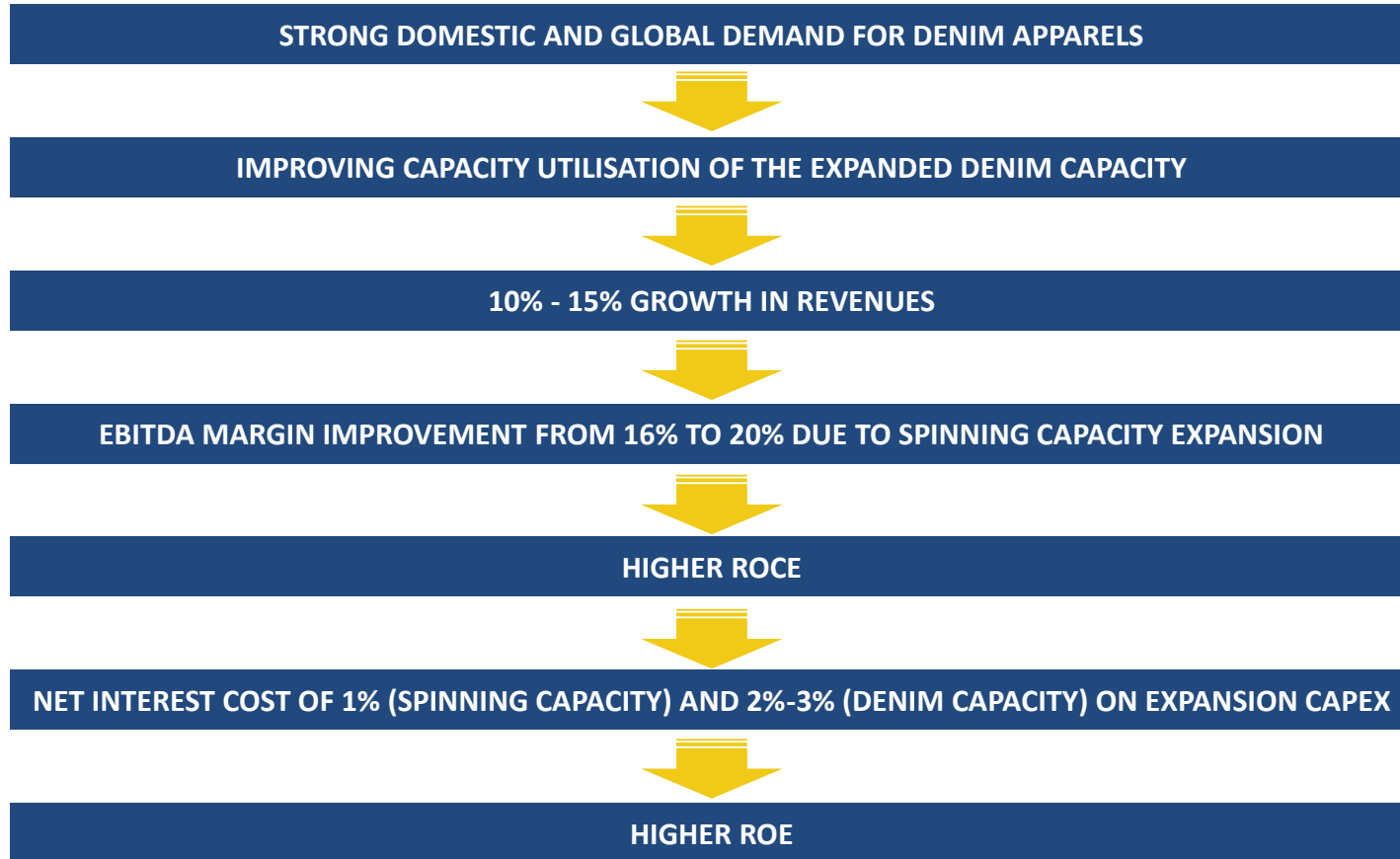


In Rs Mn, Volumes in Mn Metres, Realisations in Rs/Metre

Q1 FY17 P&L STATEMENT

| | Q1 FY17 | Q1 FY16 | YOY% | Q4 FY16 | QOQ% | FY16 | FY15 | YOY % |
|--|--------------|--------------|-----------------|--------------|----------------|---------------|---------------|----------------|
| Sales from Operations | 3,005 | 2,805 | 7.1% | 2,943 | 2.1% | 11,567 | 10,965 | 5.5% |
| Other Operating Income | - | - | - | - | - | - | - | - |
| Total Sales | 3,005 | 2,805 | 7.1% | 2,943 | 2.1% | 11,567 | 10,965 | 5.5% |
| Cost of Goods Sold | 2,010 | 1,873 | 7.3% | 1,959 | 2.6% | 7,666 | 7,578 | 1.2% |
| Gross Profit | 995 | 932 | 6.8% | 984 | 1.1% | 3,901 | 3,388 | 15.2% |
| <i>Gross Margin %</i> | <i>33.1%</i> | <i>33.2%</i> | <i>-11 bps</i> | <i>33.4%</i> | <i>-34 bps</i> | <i>33.7%</i> | <i>30.9%</i> | <i>283 bps</i> |
| Employee Expenses | 149 | 111 | 33.8% | 167 | -10.9% | 545 | 438 | 24.4% |
| Other Expenses | 359 | 368 | -2.6% | 346 | 3.6% | 1,445 | 1,295 | 11.6% |
| EBITDA | 487 | 452 | 7.8% | 471 | 3.4% | 1,911 | 1,654 | 15.5% |
| <i>EBITDA Margin %</i> | <i>16.2%</i> | <i>16.1%</i> | <i>10 bps</i> | <i>16.0%</i> | <i>20 bps</i> | <i>16.5%</i> | <i>15.1%</i> | <i>144 bps</i> |
| Depreciation | 170 | 166 | 2.0% | 160 | 6.1% | 660 | 596 | 10.8% |
| Other Income | 6 | 10 | -40.3% | 15 | -60.8% | 42 | 30 | 36.6% |
| Profits Before Interest and Taxes | 324 | 296 | 9.4% | 327 | -0.9% | 1,293 | 1,089 | 18.7% |
| Interest Expense | 89 | 97 | -8.6% | 113 | -21.1% | 412 | 377 | 9.2% |
| Profits Before Taxes | 235 | 198 | 18.2% | 214 | 9.7% | 881 | 712 | 23.7% |
| Taxes | 75 | 43 | 72.3% | 48 | 55.3% | 248 | 198 | 25.3% |
| <i>Tax rate</i> | <i>31.9%</i> | <i>21.9%</i> | <i>1002 bps</i> | <i>22.5%</i> | <i>937 bps</i> | <i>28.1%</i> | <i>27.8%</i> | <i>36 bps</i> |
| Profits After Tax | 160 | 155 | 3.0% | 166 | -3.6% | 633 | 514 | 23.1% |
| <i>PAT Margin %</i> | <i>5.3%</i> | <i>5.5%</i> | <i>-21 bps</i> | <i>5.6%</i> | <i>-31 bps</i> | <i>5.5%</i> | <i>4.7%</i> | <i>78 bps</i> |
| EPS (Rs.) | 3.41 | 3.40 | 0.3% | 3.64 | -6.3% | 13.90 | 11.28 | 23.1% |

- Q1 FY17 Revenues grew by 7.1% YoY –
 - Healthy growth in Denim volumes (+15% YoY) driven by healthy demand in the domestic markets.
 - The company focussed on driving growth in the denim business by utilizing the weaving capacity for manufacturing denim fabrics as the shirting demand continued to remain weak.
- Q1 FY17 Gross Margin remained largely stable at 33.1%
- Q1 FY17 EBITDA margins expanded by 10 bps YoY to 16.2%
- Q1 FY17 PBT increased by 18.2% YoY to Rs 235 mn driven by lower finance costs.
- Q1 FY17 PAT grew by 3.0% YoY to Rs 160 mn. PAT growth was disproportionate to the growth in PBT primarily due to higher tax rate.



ABOUT US: CHIRIPAL GROUP – EMERGING CONGLOMERATE



| BUSINESS DIVISION | GROUP COMPANIES | DETAILS |
|-----------------------|---|--|
| Textiles | Nandan Denim Ltd. | |
| | Chiripal Industries Ltd. (Processing Division) | <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. |
| | Vishal Fabrics Ltd. | |
| Petrochemicals | Chiripal Industries Ltd. (Petrochemicals Division) | <ul style="list-style-type: none"> Offers integrated range of products ranging from POY – 50-250 denier and FDY – 50-150 denier. Employs latest and fully automated machinery operated with Japanese and German technology. |
| | CIL Nova Petrochemicals Ltd. | |
| Chemicals | Chiripal Industries Ltd. (Chemicals Division) | <ul style="list-style-type: none"> Operates two major divisions – Adhesives & Speciality Performance Chemicals. Equipped to provide world class solutions to the paints, paper, leather, packaging & textile industries |
| Packaging | Chiripal Poly Films Ltd. | <ul style="list-style-type: none"> World Class two imported Biaxial orientation of polypropylene (BOPP) lines from Bruckner, Germany for manufacturing films capacity of 77,550 MTPA. In addition, CPFL has two Metalizers for producing metalized films. The company is also implementing BOPET Line to cater to wide demand for BOPET Products. |
| Infrastructure | Shanti Developers | |
| | Dholi Integrated Spinning Park | <ul style="list-style-type: none"> Operates a fully equipped industrial park for SME enterprises in the textile sector Has made a successful foray in the area of residential infrastructure as well. |
| | Vraj Integrated Textile Park | |
| Education | Shanti Educational Initiatives Ltd. | <ul style="list-style-type: none"> Runs 5 schools under the brand “Shanti Asiatic” across the country with over 3,000 students. Present in the management education space having student strength of 560 students. Successfully running over 185 pre-K franchise – Shanti Juniors with over 10,000 students. |



STRONG PEDIGREE

- Nandan Denim Limited is a part of a leading conglomerate, Chiripal Group, which was established in 1972 and is currently diversified across several businesses like Textiles, Petrochemicals, Chemicals, Packaging, Infrastructure and Education.
- Nandan Denim commenced its operations in 1994 with textile trading business and forayed into textile manufacturing in 2004. The company currently engages in manufacturing of denims, cotton fabrics and khakis.
- The company 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 99 MMPA in FY16.
- The company plans to backward integrate by expanding its spinning capacity from 70 TPD (tonnes per day) to 124 TPD in FY17 resulting into higher operating margins and improved return ratios.
- The company also owns a captive power plant of 15 MW.

STRONG FINANCIAL PERFORMANCE

- Consolidated revenues, EBITDA and PAT were Rs 11,567 mn, Rs 1,911 mn and Rs 633 mn in FY16 having grown at CAGR of 19%, 23% and 36% over FY12-FY16.
- Stable EBITDA margins of around 14% - 16% over FY12-FY16.
- Return ratios have improved over last five years driven by improving asset turnover.
 - ROCE – 11.7% in FY12 to 15.7% in FY16.
 - ROE – 12.3% in FY12 to 20.9% in FY16.
- FY16 Debt : Equity was 1.5:1.

* Post complete expansion

ABOUT US: INTEGRATED DENIM FABRIC FACILITY



FIBRE

Ginned Cotton

70% of cotton requirement is met from Gujarat



YARN

Spinning

Ring Spinning – 20 TPD
Open End Spinning – 44 TPD



FABRIC

Weaving & Processing

Denim – 110 * MMPA
Shirting – 10 MMPA

KEY HIGHLIGHTS

- One of the largest denim fabric facility in the world and second largest in India.
- Machinery with latest technology from Germany and Japan, capable of producing wide range of denim fabrics.
- ~10% domestic fabric market share.
- ~80% denim capacity utilisation.
- Sufficient power through 15 MW captive power plant.

* Post complete expansion

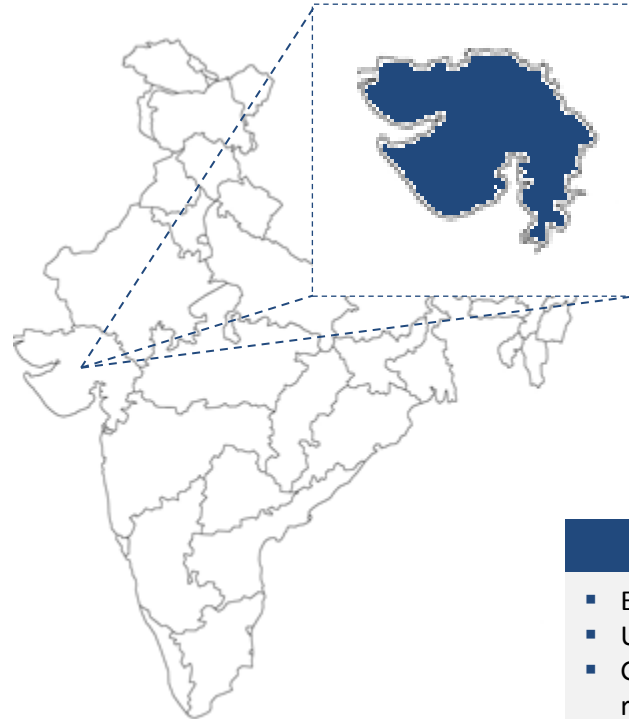
THE GUJARAT ADVANTAGE

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 with ~31% share.
- 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.
- VAT/Entry Tax reimbursement for 8 years.
- 100% stamp duty reimbursement.



SUPERIOR CONNECTIVITY

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

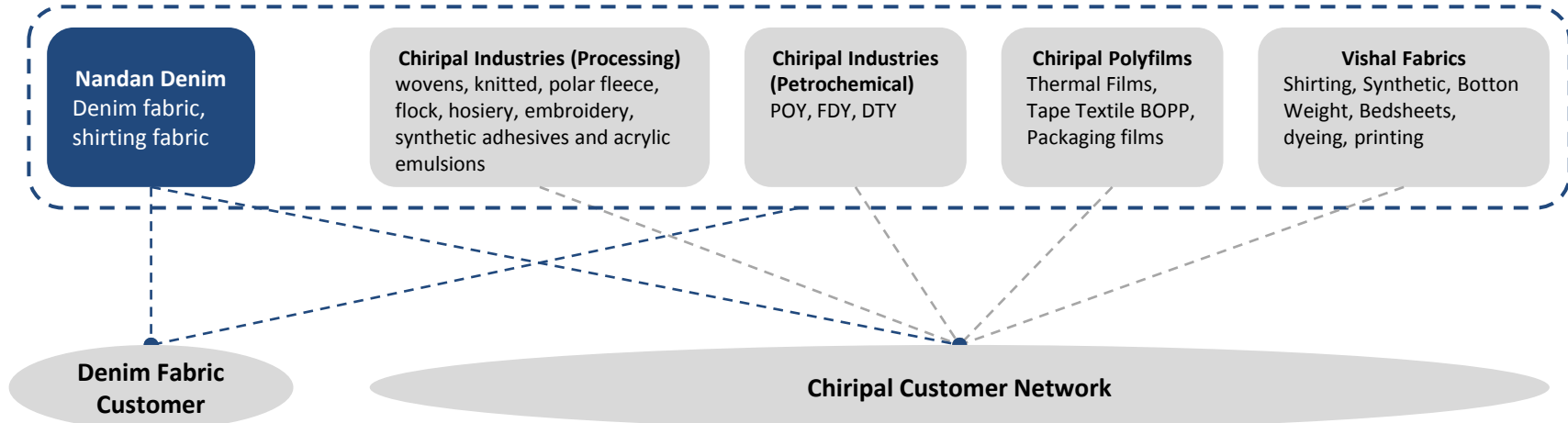
PROXIMITY TO MARKET

- 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.

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.

MARKETING & DISTRIBUTION – DOMESTIC MARKETS

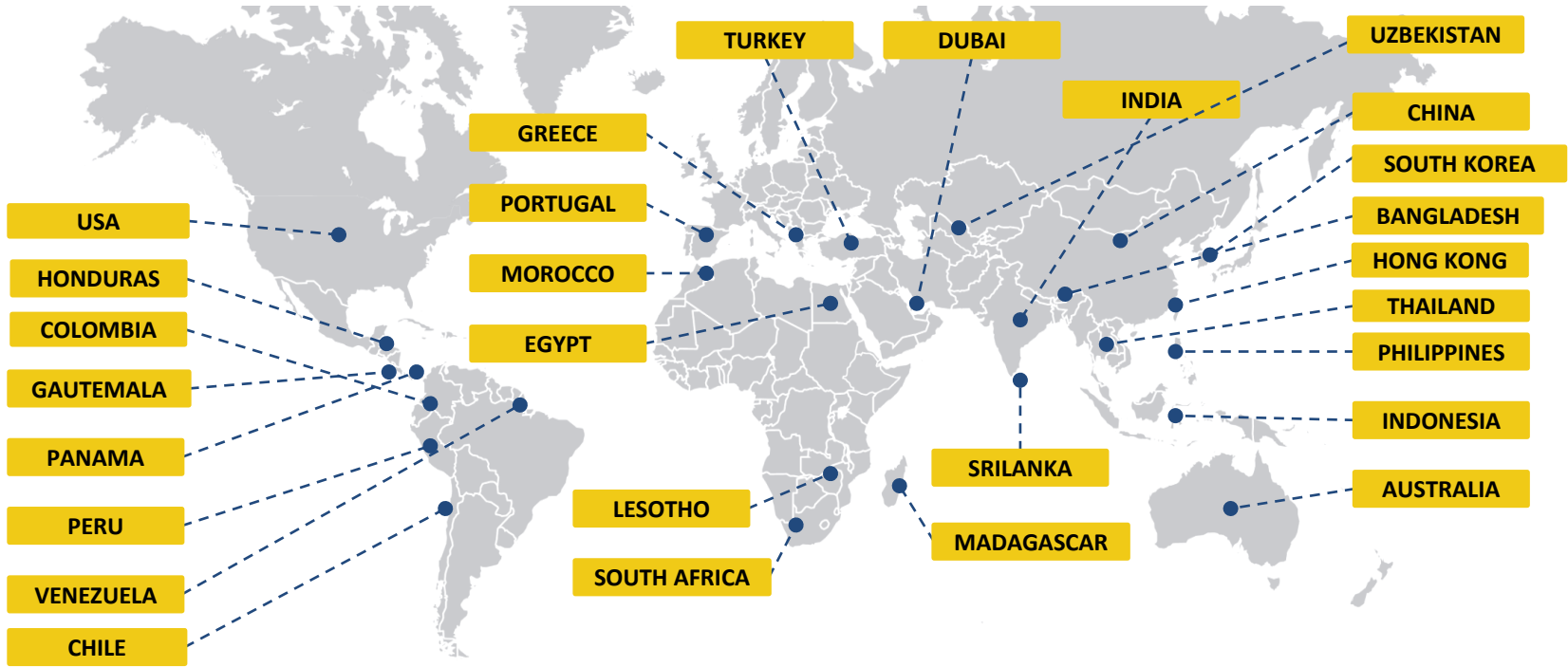
- Leveraging the strong agent-based domestic network of the Chiripal group.
- Strong pan-India network of around 35 – 40 distributors associated with the company for close to a decade.
- Strategic tie-ups with 10 firms to exclusively sell Nandan Denim's products.
- Around 2/3rd of the orders are confirmed through long term agreements involving minimum yearly quantity commitment.

MARKETING & DISTRIBUTION – EXPORTS MARKETS

- Leveraging the strong agent-based global network of the Chiripal group.
- Strong global network of around 15 distributors 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.

Despite the current over-supply in the domestic denim market, Nandan Denim has been able to grow its revenues at a CAGR of 19% (compared to industry growth of 12% - 15%) over last 5 years, while improving EBITDA margins to 16% - 17%.

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: GLOBAL ACCEPTANCE FROM LEADING BRANDS



DOMESTIC BRANDS



CHEMISTRY



GLOBAL BRANDS



ANN TAYLOR



| Capacity | CAPACITY EXPANSION | | | | |
|-----------------------|--------------------|------|------|------|-----------------|
| | FY13 | FY14 | FY15 | FY16 | Post Completion |
| Spinning (TPD) | 54 | 64 | 64 | 70 | 124 |
| Fabric (MMPA) | | | | | |
| Denim | 71 | 76 | 99 | 99 | 110 |
| Shirting | - | 10 | 10 | 10 | 10 |

CAPACITY EXPANSION:

- Capacity expansion plan to increase the denim fabric manufacturing capacity, spinning capacity and shirting capacity.
- Total capital requirement of Rs 6,120 mn to be funded with a D:E ratio of 2.4 : 1.

STRONG DOMESTIC AND GLOBAL DEMAND

- Strong domestic demand backed by majority young population (78% < 45 years), rising disposable incomes and fashion consciousness and increasing organised retail industry penetration in Tier II and III cities.
- Strong global demand and potential for being a global production hub driven by easy availability of cotton, competitive currency and low cost labour.
- Set to benefit from China's decreasing competitiveness . As per CITI estimates, if China loses 10% market share in global textiles, India's market share will increase by 80%.

LOCATION ADVANTAGE

- Located in Gujarat – Textile hub of India, largest exporter of denim fabric, largest producer of cotton etc.
- Easy availability of cotton (Gujarat meets 70% requirement) and skilled & unskilled labour.
- Close proximity to machinery vendors, fabric dealers and leading garment manufacturers resulting in faster delivery and service and lower overheads.

BENEFITS UNDER CENTRAL AND STATE GOVERNMENT POLICY

- **Gujarat textile policy:** 5% (7% - spinning facility) interest subsidy and power subsidy @ Rs1/unit for 5 years, VAT/Entry Tax reimbursement for 8 years, 100% stamp duty reimbursement.
- **TUFS (Central textile policy):** 5% interest subsidy and 10% capital subsidy for period of 7 years.

IMPROVED OPERATIONAL FLEXIBILITY

- Integrated facility will improve the overall operational flexibility, helping the company to absorb the increasing market demand.
- Faster delivery and timely execution due to limited dependency on external factors along the value chain.
- Achieve optimum capacity utilisation.
- Maintain consistency and high quality standards.

IMPROVED MARGINS THROUGH BACKWARD INTEGRATION

- In-house production of cotton yarn would result in ~10% - 15% savings compared to purchase of yarn from the market.
- Integrated facility to help in better management of the working capital and improve the operational efficiencies.
- Better market response, efficient capacity utilisation and cost savings on captive yarn would result in EBITDA margin improvement from current 14% - 15% to around 19% - 20%.

FUTURE IMPROVEMENT IN ASSET TURNOVER AND RETURN RATIOS

- Upfront expansion capex of Rs 6,120 mn at financing cost of only 1% - 3% (post state and central interest subsidies).
- Higher asset turnover along with improved operating margins will result in positive operating leverage and better return ratios.

FOR ANY FURTHER QUERIES CONTACT -



THANK YOU



Ms. Krishna Patel
Deputy Manager (Finance)
Email: krishnapatel@chiripalgroup.com

DICKENSON **SEAGULL** **IR**

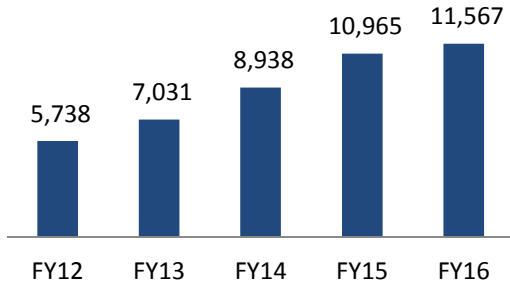
Mr. Ammeet Sabarwal / Mr. Nilesh Dalvi
IR Consultant
Email: ammeet.sabarwal@dickensonir.com
nilesh.dalvi@dickensonir.com
Contact No: +91 9819576873 / 9819289131



ANNEXURE

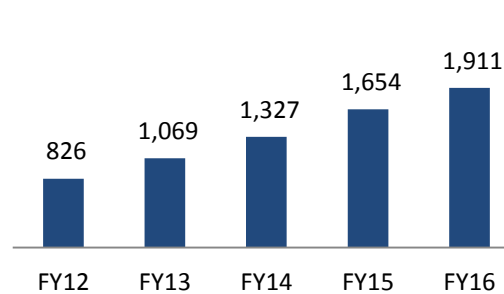
REVENUES (RS MN)

CAGR – 19.2%



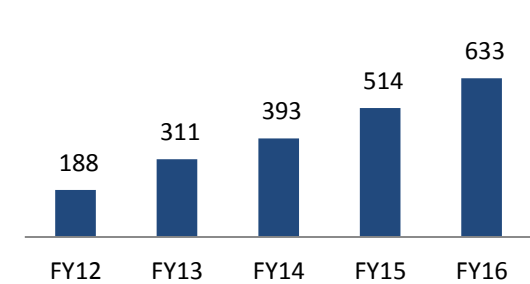
EBITDA (RS MN)

CAGR – 23.3%

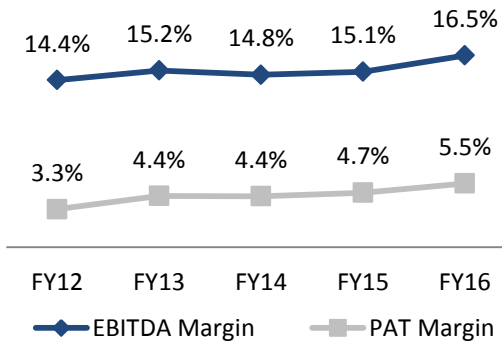


PAT (RS MN)

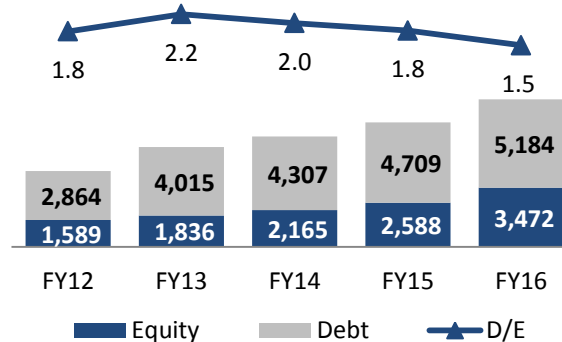
CAGR – 35.5%



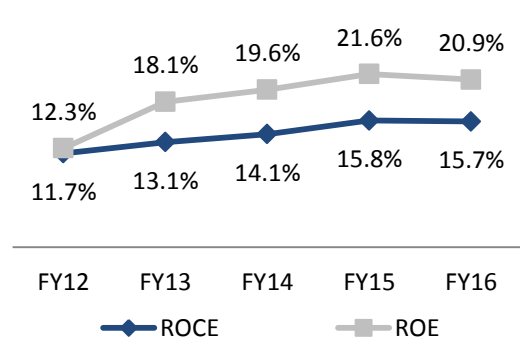
MARGIN ANALYSIS (%)



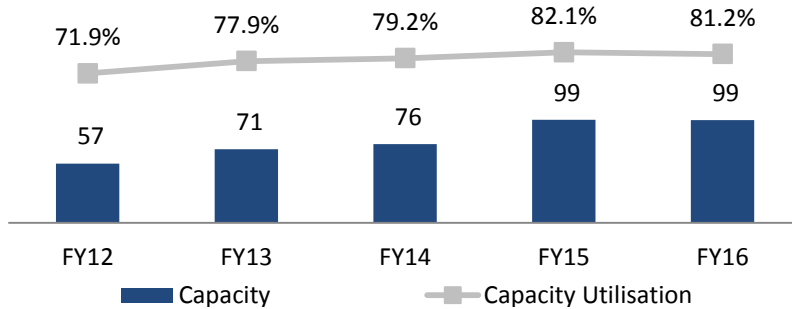
LEVERAGE ANALYSIS (RS MN)



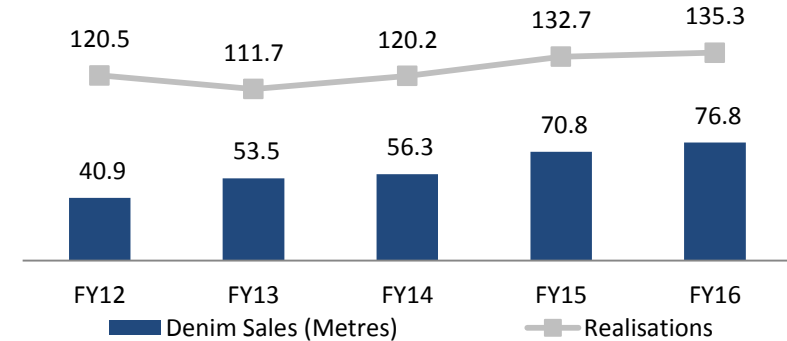
RETURN METRICS (%)



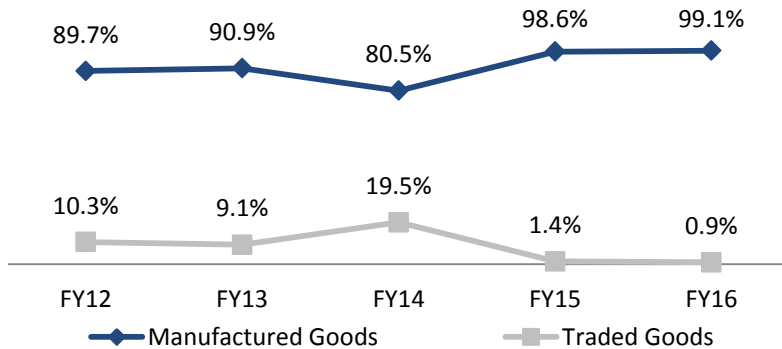
DENIM FABRIC CAPACITY (MMPA)



DENIM REALISATIONS (RS/METRE)



SALES BREAKUP



SALES BREAKUP

