

31st May, 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 – Q4 & FY16

We are pleased to submit herewith a copy of the Investor Presentation of Nandan Denim Limited for the fourth quarter and year ended 31st March, 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, Shivranjani Cross Roads, Satellite, Ahmedabad - 380 015
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NANDAN DENIM LIMITED

Q4 & FY16 RESULTS UPDATE

May 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.

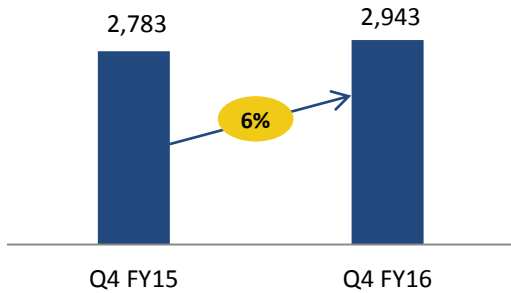
These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond Nandan Denim’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those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

- ❑ **Q4 & FY16 Results Highlights** 04 – 05
- ❑ **Q4 & FY16 Financials & Summary Outlook** 06 – 09
- ❑ **About Us** 10 – 20
- ❑ **Appendix** 22 – 24

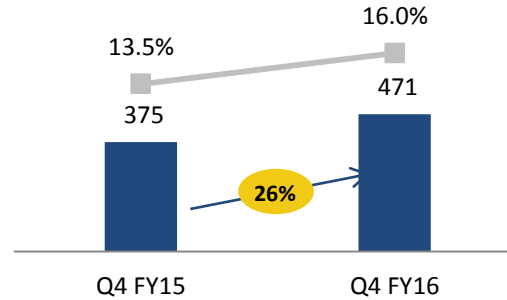


Q4 FY16 RESULTS – YoY Analysis

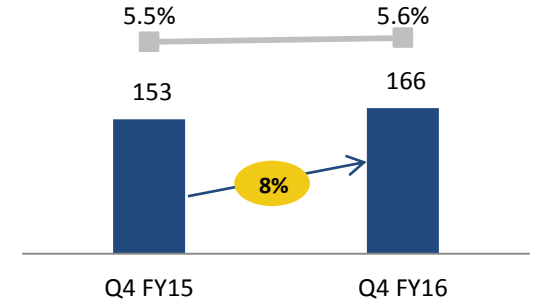
REVENUES



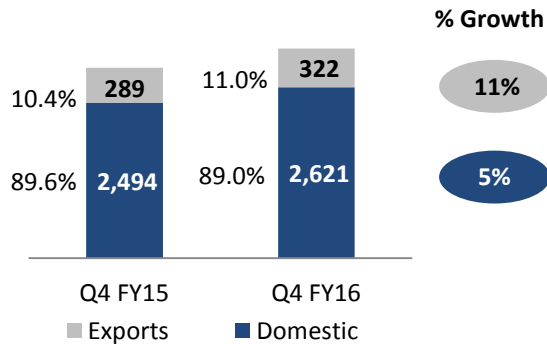
EBITDA & EBITDA MARGIN



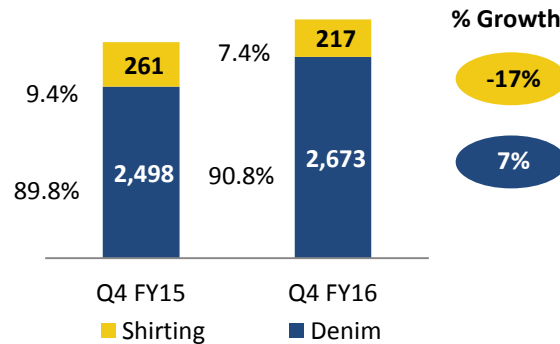
PAT & PAT MARGIN



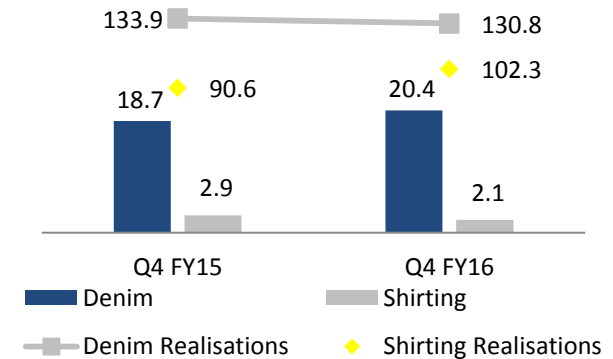
REVENUES MIX



REVENUE MIX

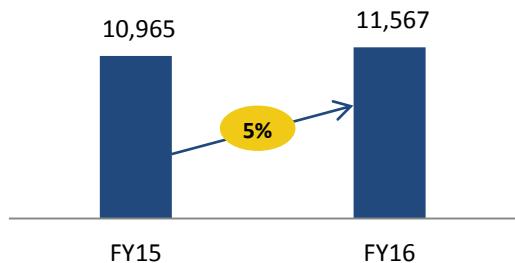


VOLUMES & REALISATIONS

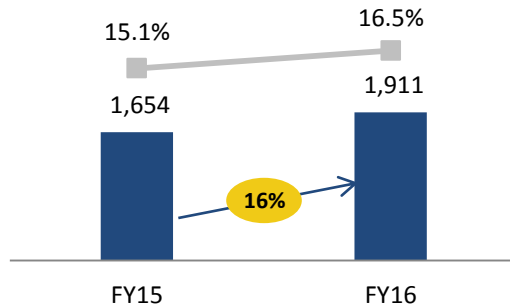


In Rs Mn, Volumes in Mn Metres, Realisations in Rs/Metre

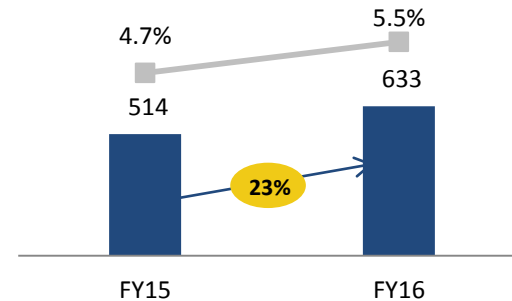
REVENUES



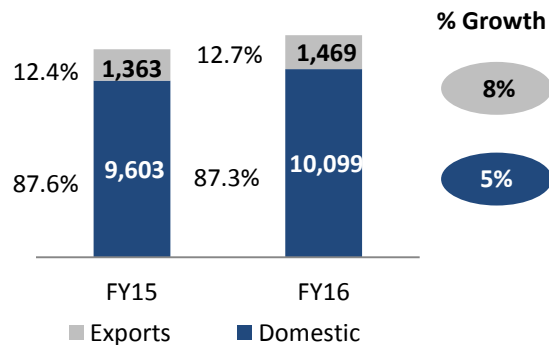
EBITDA & EBITDA MARGIN



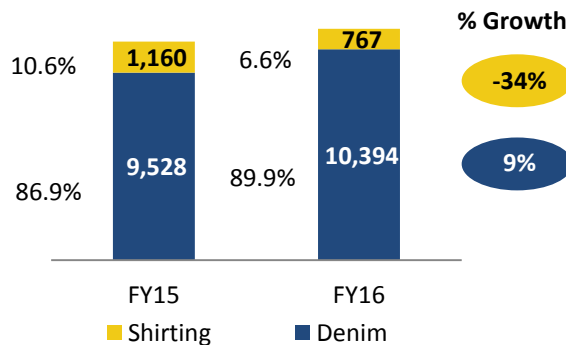
PAT & PAT MARGIN



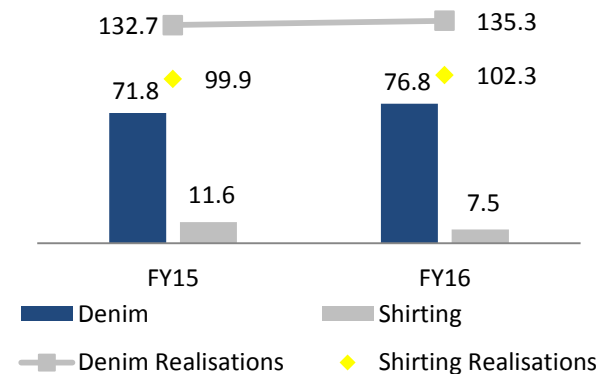
REVENUES MIX



REVENUE MIX



VOLUMES & REALISATIONS



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

Q4 & FY16 P&L STATEMENT

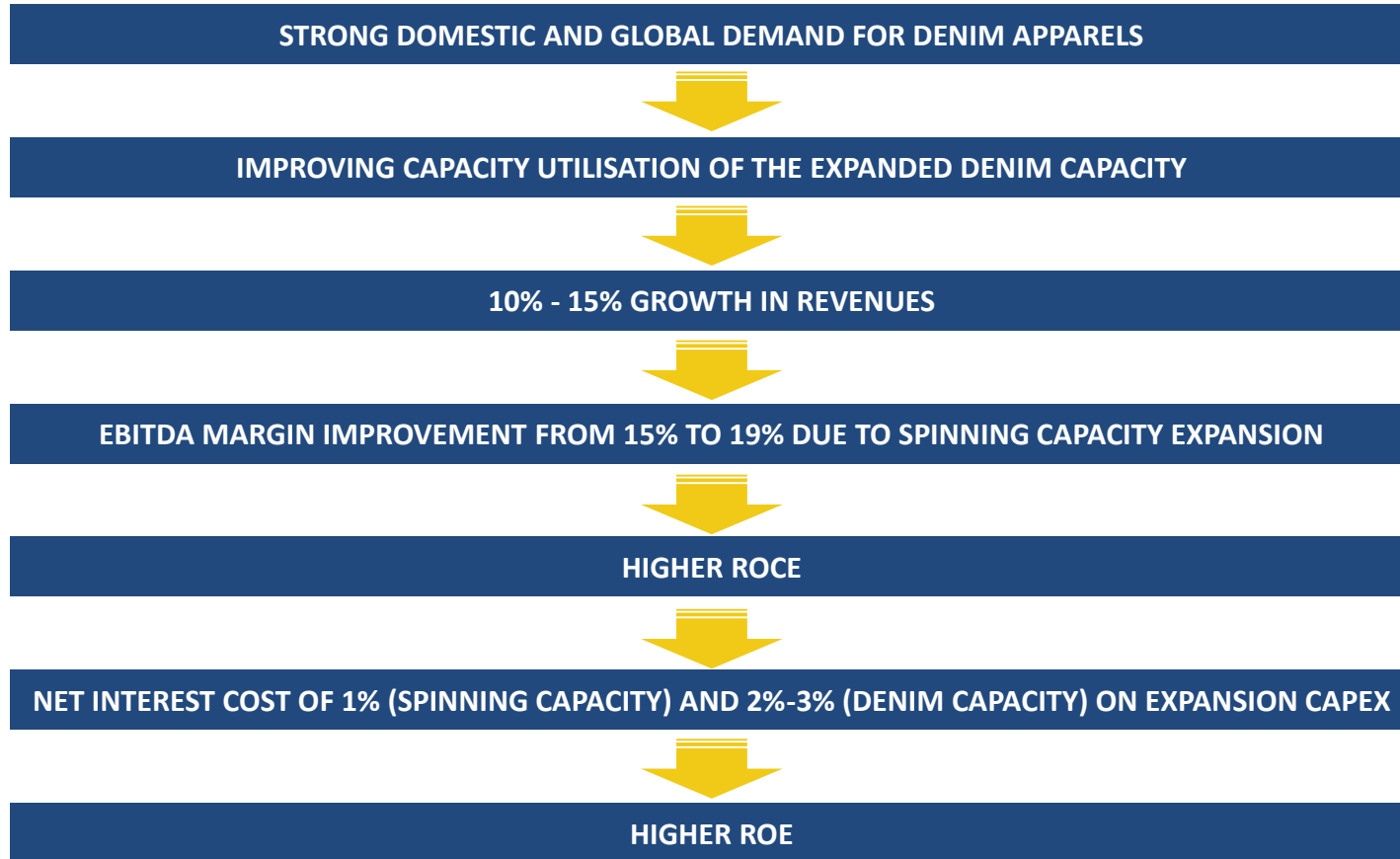
	Q4 FY16	Q4 FY15	YOY%	Q3 FY16	QOQ%	FY16	FY15	YOY %
Sales from Operations	2,943	2,783	5.8%	2,874	2.4%	11,567	10,965	5.5%
Other Operating Income	-	-	-	-	-	-	-	-
Total Sales	2,943	2,783	5.8%	2,874	2.4%	11,567	10,965	5.5%
Cost of Goods Sold	1,959	1,959	0.0%	1,924	1.8%	7,666	7,578	1.2%
Gross Profit	984	824	19.5%	950	3.7%	3,901	3,388	15.2%
<i>Gross Margin %</i>	<i>33.4%</i>	<i>29.6%</i>	<i>386 bps</i>	<i>33.0%</i>	<i>40 bps</i>	<i>33.7%</i>	<i>30.9%</i>	<i>283 bps</i>
Employee Expenses	167	115	44.8%	130	28.9%	545	438	24.4%
Other Expenses	346	333	4.0%	340	1.9%	1,445	1,295	11.6%
EBITDA	471	375	25.5%	480	-1.9%	1,911	1,654	15.5%
<i>EBITDA Margin %</i>	<i>16.0%</i>	<i>13.5%</i>	<i>252 bps</i>	<i>16.7%</i>	<i>-70 bps</i>	<i>16.5%</i>	<i>15.1%</i>	<i>144 bps</i>
Depreciation	160	137	16.5%	167	-4.2%	660	596	10.8%
Other Income	15	4	288.7%	12	32.2%	42	30	36.6%
Profits Before Interest and Taxes	327	242	35.0%	325	0.5%	1,293	1,089	18.7%
Interest Expense	113	81	39.6%	97	15.8%	412	377	9.2%
Profits Before Taxes	214	161	32.6%	228	-6.1%	881	712	23.7%
Taxes	48	8	490.9%	71	-32.3%	248	198	25.3%
<i>Tax rate</i>	<i>22.5%</i>	<i>5.1%</i>	<i>1748 bps</i>	<i>31.3%</i>	<i>-874 bps</i>	<i>28.1%</i>	<i>27.8%</i>	<i>36 bps</i>
Profits After Tax	166	153	8.2%	156	5.9%	633	514	23.1%
<i>PAT Margin %</i>	<i>5.6%</i>	<i>5.5%</i>	<i>13 bps</i>	<i>5.4%</i>	<i>18 bps</i>	<i>5.5%</i>	<i>4.7%</i>	<i>78 bps</i>
EPS (Rs.)	3.64	3.36	8.2%	3.44	5.8%	13.90	11.28	23.1%

FY16 BALANCE SHEET



Particulars in Rs Mn	FY15	FY16
Shareholders Funds	2,588	3,472
Long Term Debt (incl. CPLTD)	3,257	3,722
Short Term Debt	1,451	1,462
Total Debt	4,709	5,184
Other Long Term Liabilities	249	229
Sources of Funds	7,546	8,885
Fixed Assets	4,474	5,702
Other Non-Current Assets	249	189
Inventory	1,409	1,951
Trade Receivables	1,472	1,222
Cash & Bank Balances	601	649
Other Non-Current Assets	393	464
Trade Payables	683	757
Other Current Liabilities	370	535
Net Current Assets	2,823	2,994
Application of Funds	7,546	8,885

- The company is currently undergoing a capex of ₹ 6,120 million which is scheduled to be completed by Q2 FY17. As of 31st March, 2016 the company has completed capex of ₹ 4,004 mn funded by Debt of ₹ 2,599 mn and Equity of ₹ 1,405 mn.
- Total Debt increased to ₹ 5,184 mn in FY16 in view of the ongoing capex compared to ₹ 4,709 mn at FY15.
- **Board of Directors have recommended 16% interim dividend of ₹ 1.6 per equity share of ₹ 10 each translating into a dividend pay-out of ~11.5% of FY16 reported Earnings per share of ₹ 13.90.**
- **The company has received entire ₹ 500 mn from conversion of warrants issued to Polus Global Fund. Out of this ₹ 250 mn were received in FY16 and the balance ₹ 250 mn were received in May, 2016. The company accordingly allotted 2.5 mn equity shares to Polus Global Fund in May, 2016**



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 Pvt. 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 64 TPD (tonnes per day) to 124 TPD in FY7 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

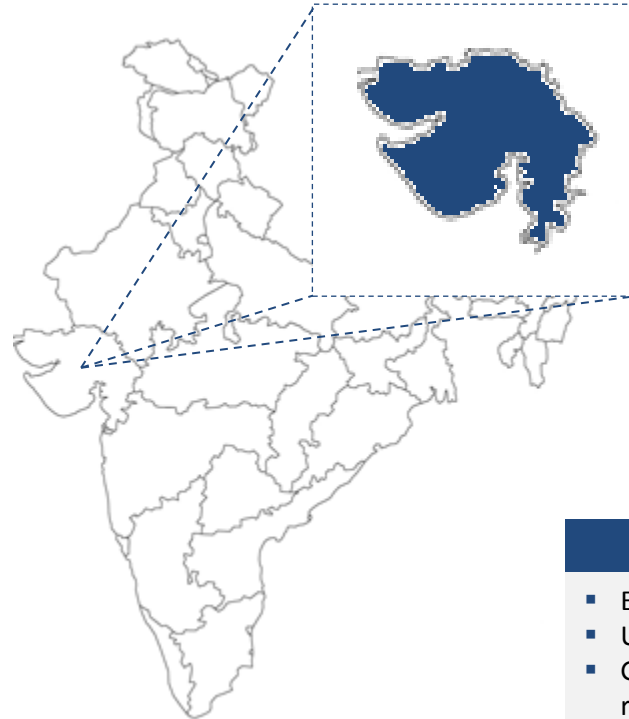
THE GUJARAT ADVANTAGE

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.

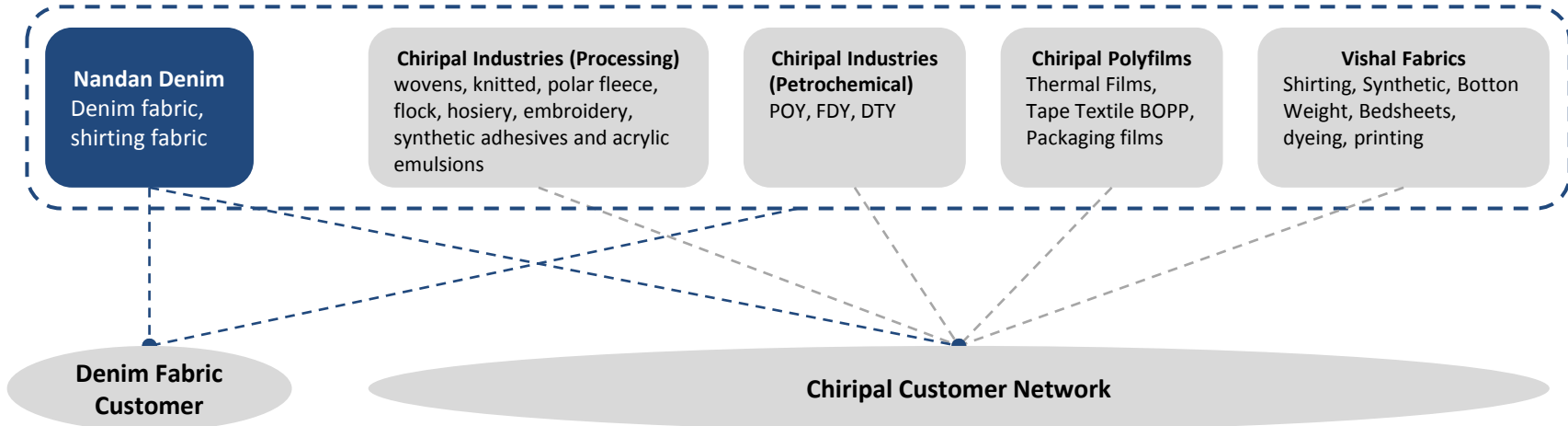
PROXIMITY TO MARKET

- 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

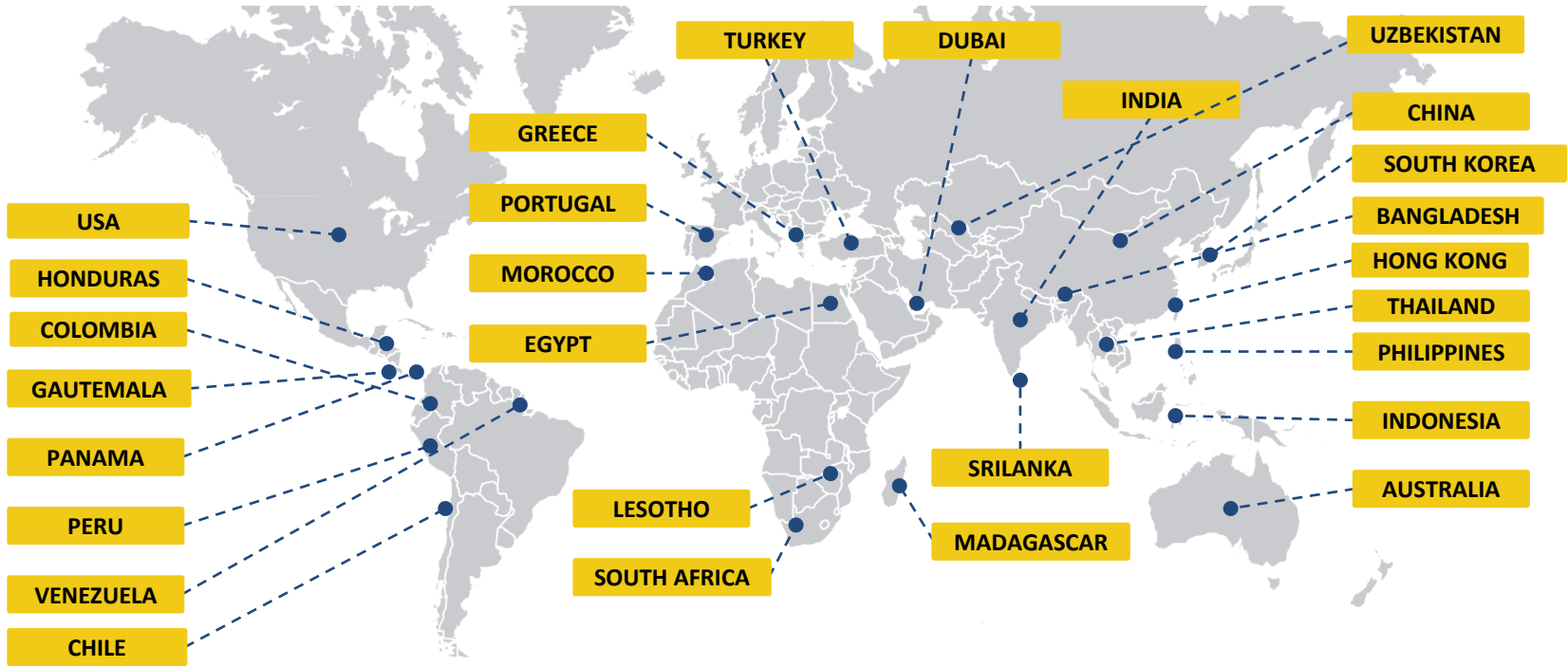
- Leveraging the strong agent-based domestic network of the Chiripal group.
- Strong pan-India network of around 35 – 40 distributors associated with the company for close to a decade.
- Strategic tie-ups with 10 firms to exclusively sell Nandan Denim's products.
- Around 2/3rd of the orders are confirmed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

LATEST UPDATE:

- Capex incurred as on March-16: Rs 4,004 mn (D:E – 1.8:1)

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



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

DICKENSON **SEAGULL** **IR**

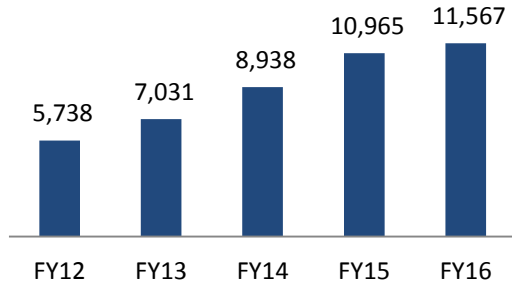
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Contact No: +91 9819576873 / 9819289131



ANNEXURE

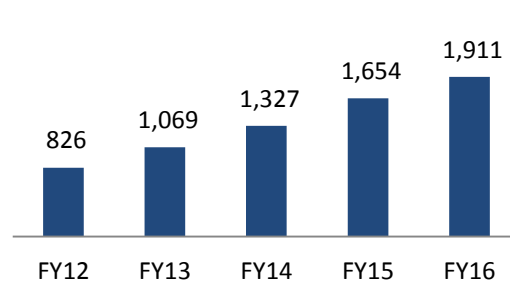
REVENUES (RS MN)

CAGR – 19.2%



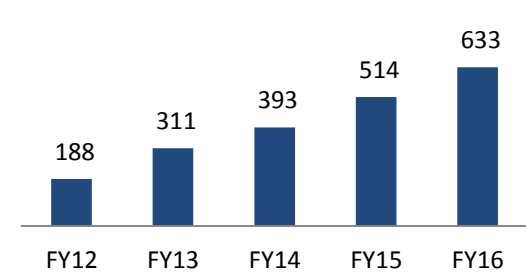
EBITDA (RS MN)

CAGR – 23.3%

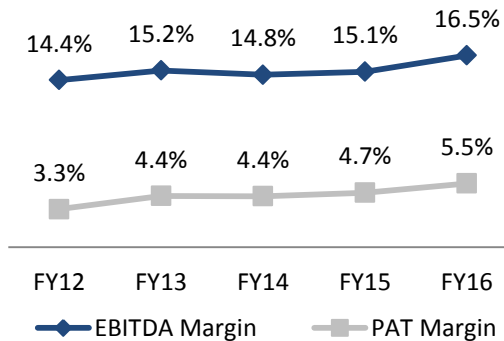


PAT (RS MN)

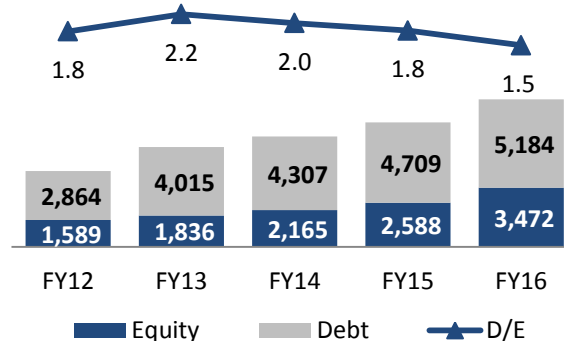
CAGR – 35.5%



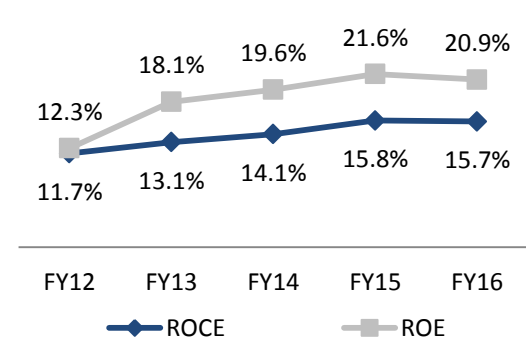
MARGIN ANALYSIS (%)



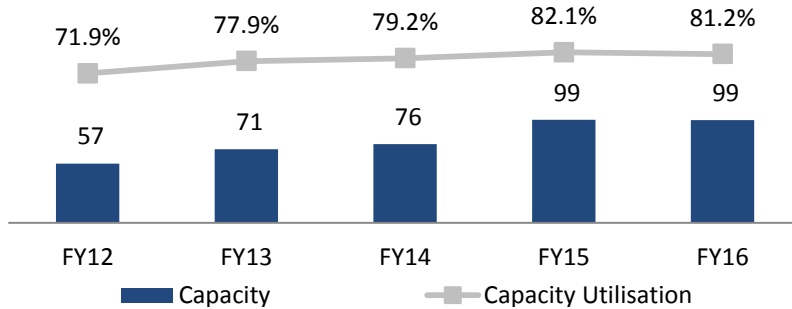
LEVERAGE ANALYSIS (RS MN)



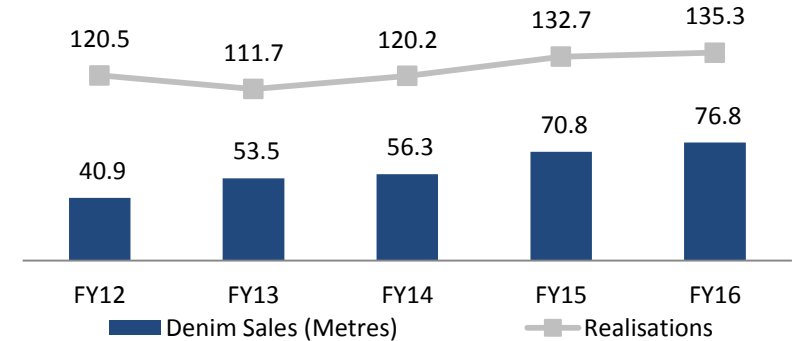
RETURN METRICS (%)



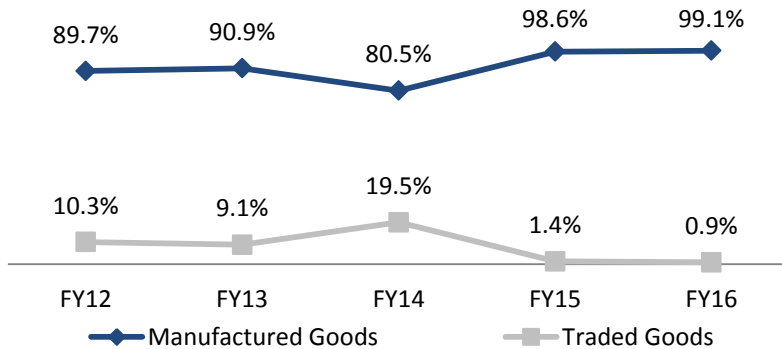
DENIM FABRIC CAPACITY (MMPA)



DENIM REALISATIONS (RS/METRE)



SALES BREAKUP



SALES BREAKUP

