

6th November, 2018

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,
BKC, Bandra (East),
Mumbai – 400 051.

Scrip Symbol: NDL

Dear Sir,

Subject: Submission of Investor Presentation – October 2018

We are pleased to submit herewith a copy of the latest Investor Presentation of Nandan Denim Limited for the month of October 2018 (post Q2 & H1 FY19 results).

Dickenson Seagull IR is the Investor Relations Advisor to **Nandan Denim Limited**.

You are requested to kindly take the same on record.

Yours faithfully,
For NANDAN DENIM LIMITED


Purvee Roy
Company Secretary
(Mem. No.: F8978)



Nandan Denim Limited
(CIN:L51909GJ1994PLC022719)

Registered Office

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Q2 & H1 FY19 RESULTS UPDATE

OCTOBER 2018

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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Q2 & H1 FY19 Results

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Annexure



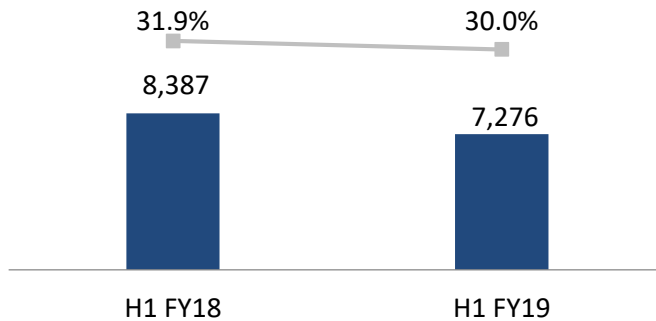
Q2 & H1 FY19 RESULTS UPDATE



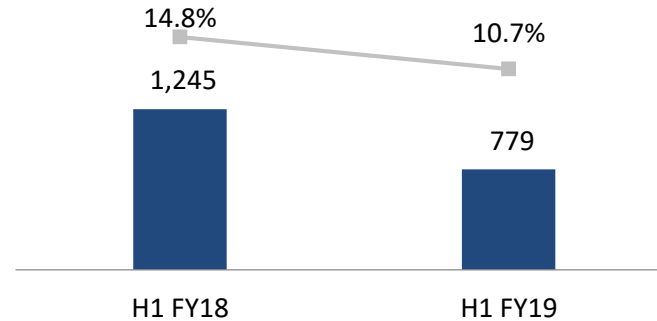
H1 FY19 Results – Financial Highlights

In Rs Mn

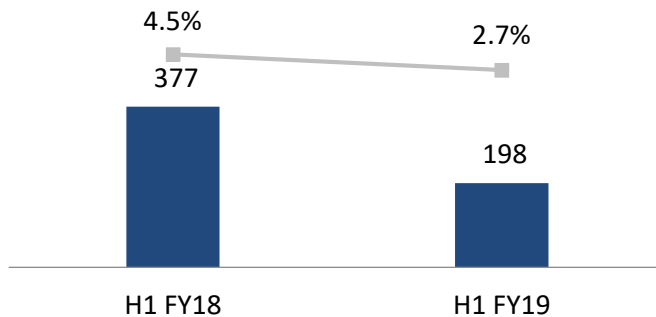
REVENUES & GROSS MARGIN



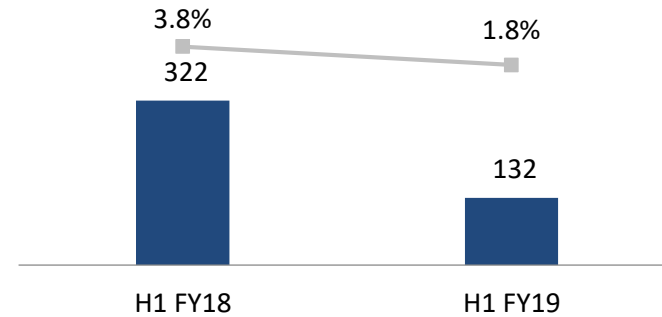
EBITDA & EBITDA MARGIN



PBT & PBT MARGIN

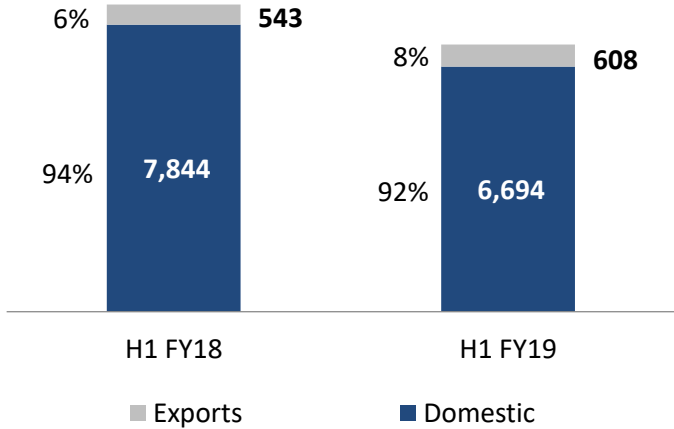


PAT & PAT MARGIN

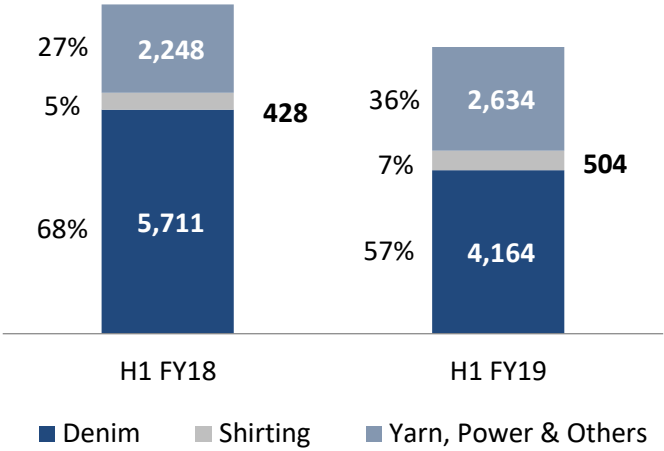


H1 FY19 Results – Revenue Mix

REVENUE BREAKUP – DOMESTIC Vs. EXPORTS



REVENUE BREAKUP – PRODUCT WISE



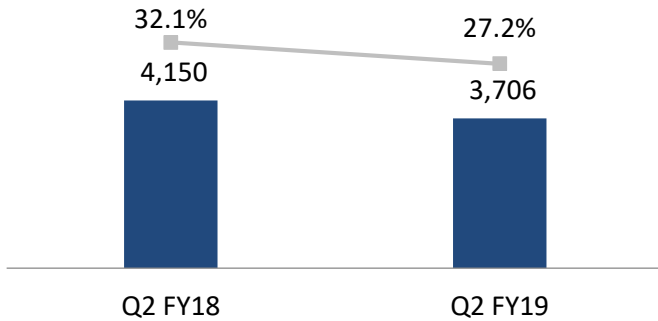
H1 FY19 Performance Highlights

- During H1 FY18, Nandan Denim has reported an operating revenue of Rs. 7,276 Mn Vs Rs. 8,387 Mn in corresponding period of previous financial year.
- Denim capacity utilisation for H1 FY19 stood at 61% in line with industry and realisation at Rs 122/meter.
- H1 FY19, Gross Margin stood at 30%, declined by 189 bps due increase in price of key raw materials such cotton, power (higher coal price) etc.
- Employee Expenses and other operating expenses marginally changed by 2.2% and -3.4% respectively in H1 FY19.
- During H1 FY19, the company reported an EBITDA of Rs. 779 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 77.4% from Rs. 294 Mn in H1 FY18 to Rs. 66 Mn in H1 FY19. As the company booked a subsidy income on interest cost of ~Rs. 210 Mn under the Gujarat State Textile Policy, 2012.
- The Company reported PBT of Rs. 198 Mn and PAT of Rs. 132 Mn during H1 FY19.

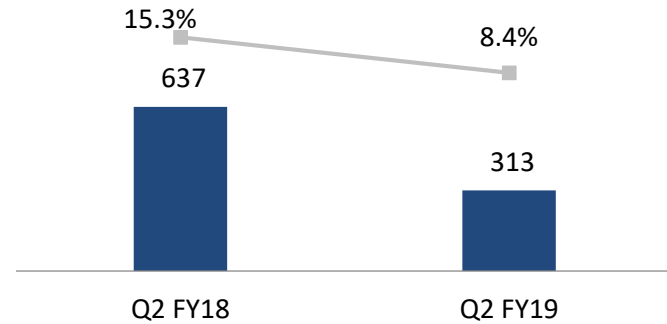
Q2 FY19 Results – Financial Highlights

In Rs Mn

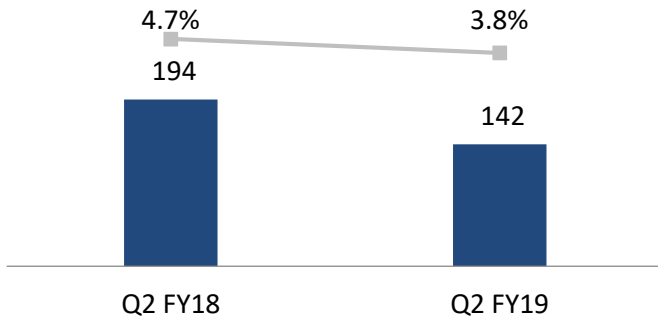
REVENUES & GROSS MARGIN



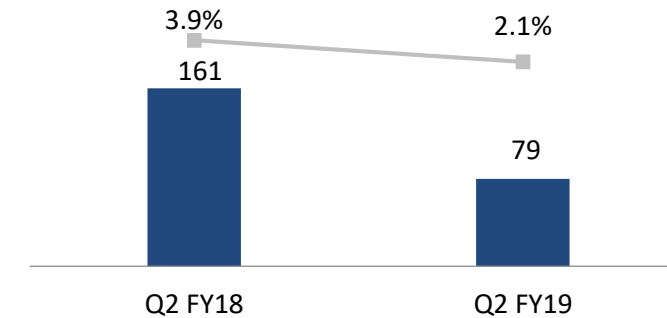
EBITDA & EBITDA MARGIN



PBT & PBT MARGIN

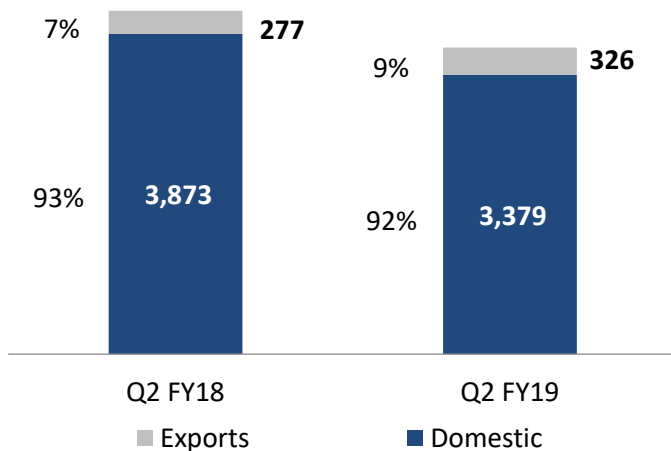


PAT & PAT MARGIN

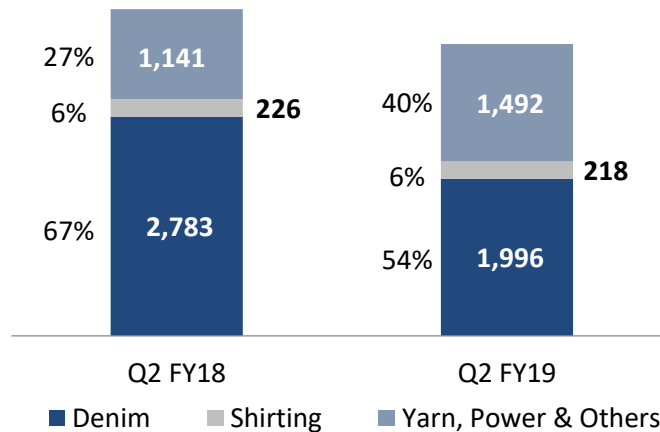


Q2 FY19 Results – Revenue Mix

REVENUE BREAKUP – DOMESTIC Vs. EXPORTS



REVENUE BREAKUP – PRODUCT WISE



Consolidated Profit & Loss Statement

Particulars (Rs. in Mn)	Q2 FY19	Q2 FY18	YoY%	H1 FY19	H1 FY18	YoY%
Revenue from Operations	3,705.5	4,149.8	-10.7%	7,276.1	8,386.8	-13.2%
COGS	2,698.9	2,818.0	-4.2%	5,094.6	5,713.5	-10.8%
Gross Profit	1,006.6	1,331.8	-24.4%	2,181.5	2,673.2	-18.4%
Gross Margin %	27.2%	32.1%	-493 bps	30.0%	31.9%	-189 bps
Employee Expenses	219.1	201.1	9.0%	423.0	414.1	2.2%
Other Expenses	474.9	494.1	-3.9%	979.3	1,014.0	-3.4%
EBITDA	312.6	636.6	-50.9%	779.1	1,245.1	-37.4%
EBITDA Margin %	8.4%	15.3%	-690 bps	10.7%	14.8%	-414 bps
Depreciation	316.4	293.7	7.7%	611.4	587.0	4.2%
Finance Cost	-75.0	153.7	-148.8%	66.4	293.7	-77.4%
Other Income	70.7	5.1	1297.2%	96.3	12.5	671.4%
PBT	141.9	194.3	-27.0%	197.6	377.0	-47.6%
Taxes	62.6	33.1	89.4%	66.0	54.7	20.5%
PAT	79.3	161.2	-50.8%	131.6	322.3	-59.1%
PAT Margin %	2.1%	3.9%	-175 bps	1.8%	3.8%	-203 bps

Consolidated Balance Sheet

Particulars (Rs. in Mn.)	Sep-18	Mar-18
Equity & Liabilities		
Shareholder's Funds	4,831.8	4747.9
Share Capital	480.5	480.5
Reserves & Surplus	4,351.3	4267.4
Non-Current Liabilities	3,605.2	3922.0
Long-term borrowings	3,397.4	3718.8
Deferred tax liabilities (Net)	205.9	201.3
Other long term liabilities	1.9	1.9
Current Liabilities	4,071.5	4783.1
Short-term Borrowings	2,279.0	2005.2
Trade Payables	650.8	1661.1
Other Current Liabilities	1,041.8	1072.8
Current Tax Liabilities (Net)	82.0	31.6
Short-term Provisions	17.9	12.4
Total Equity & Liabilities	12,508.5	13,453.0

Particulars (Rs. in Mn.)	Sep-18	Mar-18
Assets		
Non-Current Assets	6,886.6	7416.9
Fixed Assets	6,772.1	7362.6
Capital WIP	89.1	0.0
Financial Assets	19.1	22.6
Other Intangible Assets	5.7	7.8
Other Non-current assets	0.5	23.9
Current Assets	5,621.9	6036.1
Inventories	1,679.9	2475.0
Trade Receivables	3,061.1	2724.5
Cash & Cash Equivalents	153.6	270.3
Short-term loans and advances	4.3	2.6
Other Current Assets	723.1	563.7
Total Assets	12,508.5	13,453.0



ABOUT US



About Us: Chiripal Group – Emerging Conglomerate

BUSINESS DIVISION	GROUP COMPANIES	DETAILS
Textiles	Nandan Denim Ltd. Chiripal Industries Ltd. (Processing Division) Vishal Fabrics Ltd.	<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.
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 has also implemented BOPET Line (capacity of 37,800 MTPA) to cater to wide demand for BOPET Products. The Company has installed a 220,000 MT per annum Polyethylene terephthalate (PET) Resin Plant.
Infrastructure	Shanti Developers Dholi Integrated Spinning Park Vraj Integrated Textile Park	<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.
Education	Shanti Educational Initiatives Ltd.	<ul style="list-style-type: none"> Runs schools under the brand “Shanti Asiatic” across the country with over 3,700 students. Present in the management education space having student strength of 200 students. Successfully running over 180 pre-K franchise – Shanti Juniors with over 10,000 students.

About Us: Company Overview

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, 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 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.
- 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

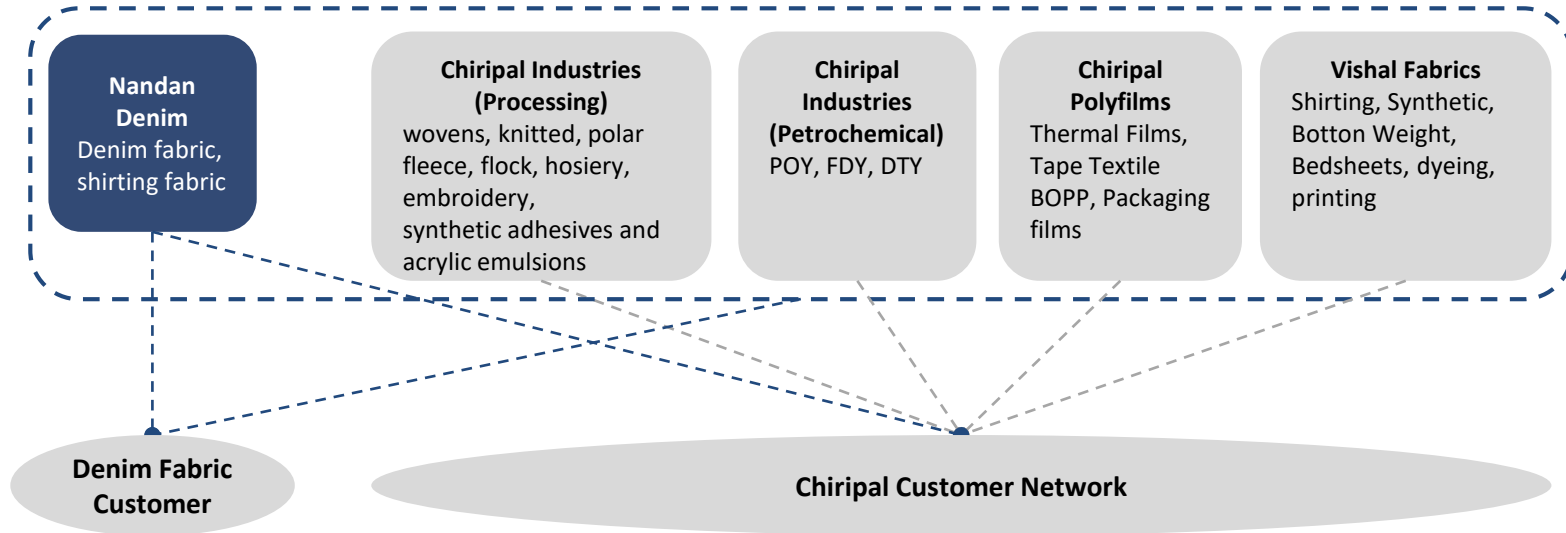
- Close proximity to machinery vendors, fabric dealers and leading garment manufacturers resulting in faster delivery and service.
- Lower marketing and transportation overheads.

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.

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 & DISTRIBUTION – DOMESTIC MARKETS

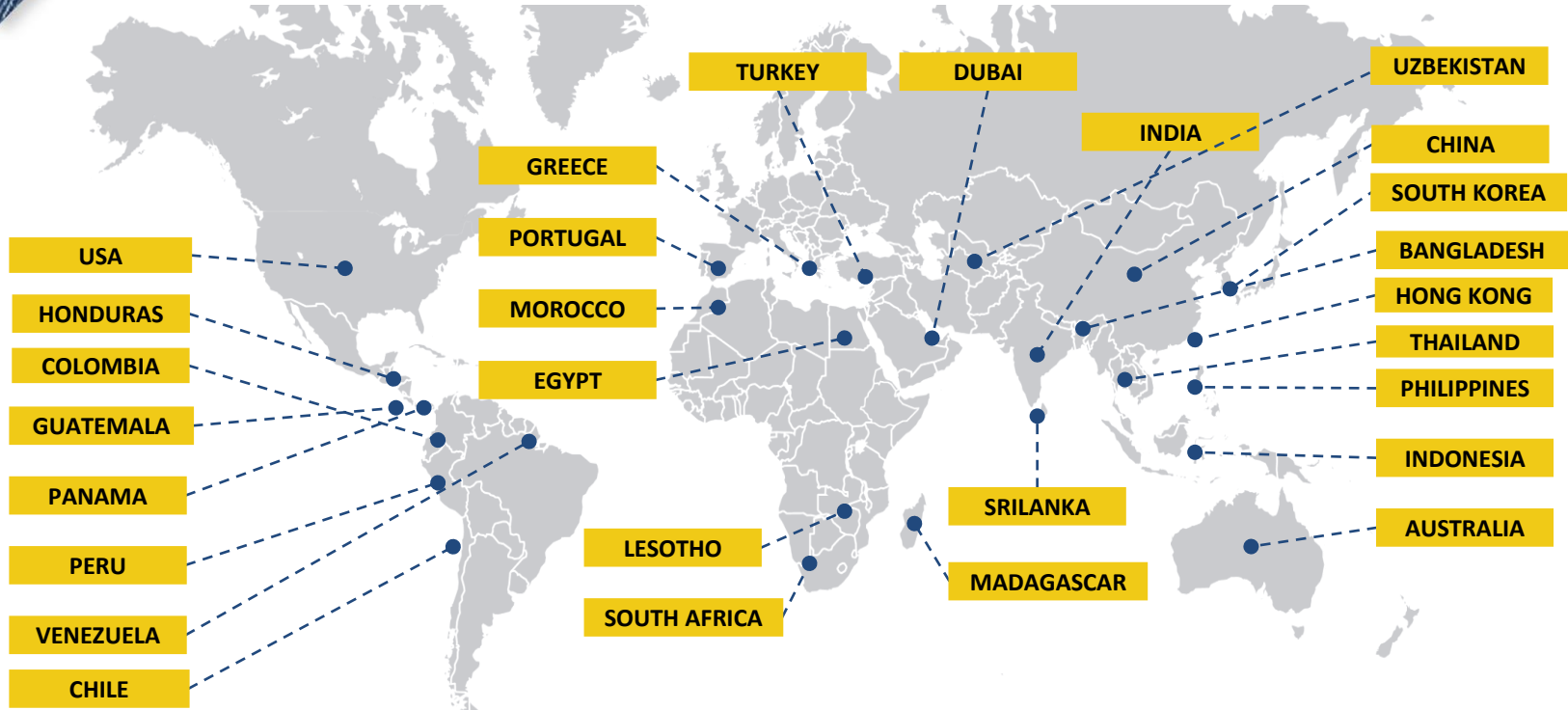
- Leveraging the strong agent-based domestic network of the Chiripal group.
- Strong pan-India network of around of more than 100 dealers & traders associated with the company for close to a decade.
- Strategic tie-ups with 10 firms to exclusively sell Nandan Denim's products.
- Around 2/3rd of the orders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

MARKETING & DISTRIBUTION – EXPORTS MARKETS

- 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.

Nandan Denim has been able to grow its revenues at a CAGR of 15% over last 5 years, with steady EBITDA margins

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

About Us: Capacity

Capacity	FY16	FY17*	FY18
Spinning (TPD)	70	141	141
Yarn Dyeing (TPD)	10	10	10
Fabric (MMPA)			
Denim	99	110	110
Shirting	10	10	10

*Capacity expansion completed in December 2016

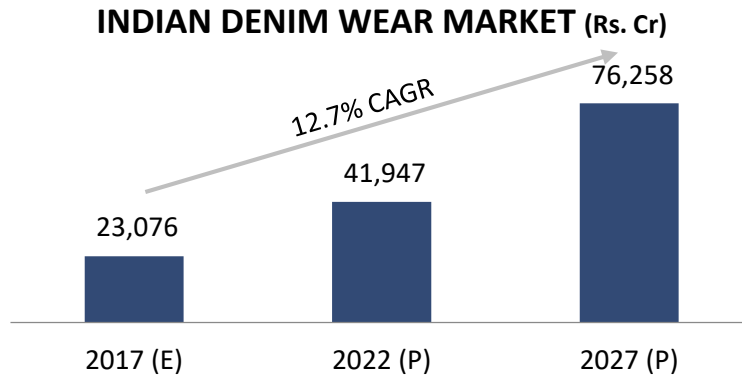


INDUSTRY OVERVIEW



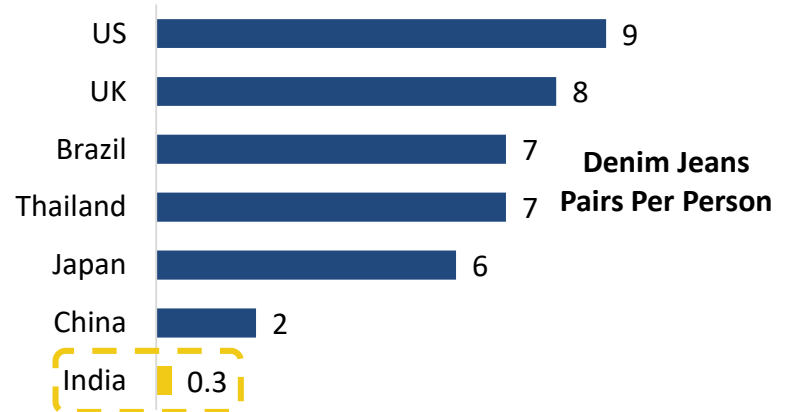
Industry Overview

- The global denim fabric market is around USD 17 bn, Asia accounts for ~70% of global denim fabric production.
- The Indian denim wear market is estimated at Rs. 23,076 cr in 2017 and it is projected to grow at robust 12.7% CAGR to reach Rs. 41,947 cr by 2022 and Rs. 76,258 cr by 2027.
- India denim industry has second largest installed capacity in the world after china, of 1.5bn meters.
- Men’s Denim segment contributes ~84% of market while Women’s and kids segment contributes to 10% and 6% respectively.



Source: Technopak

LOWEST PER CAPITA DENIM JEANS CONSUMPTION IN THE WORLD



KEY FUTURE DEMAND DRIVER

- >75% of Indian population is less than 45 years of age.
- Rising demand from women's wear segment.
- Rising disposable incomes and fashion consciousness.
- Rising acceptance of denim jeans as an office wear
- Rising demand from Tier II & III cities

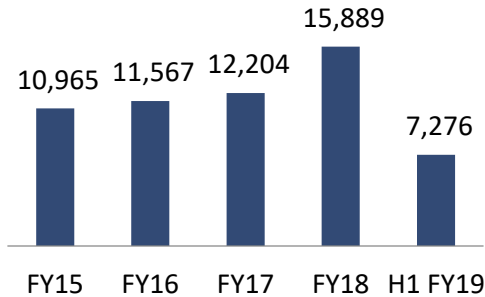


ANNEXURE

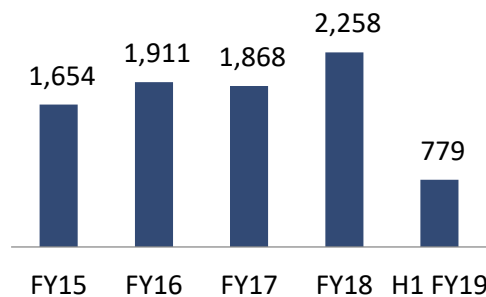


Financial Summary

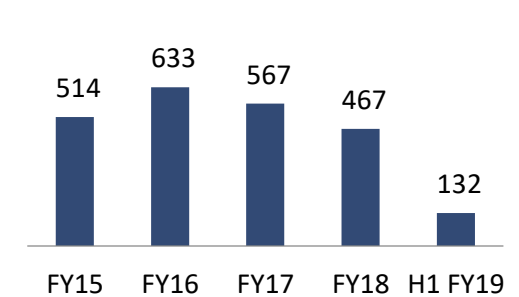
REVENUES (RS MN)



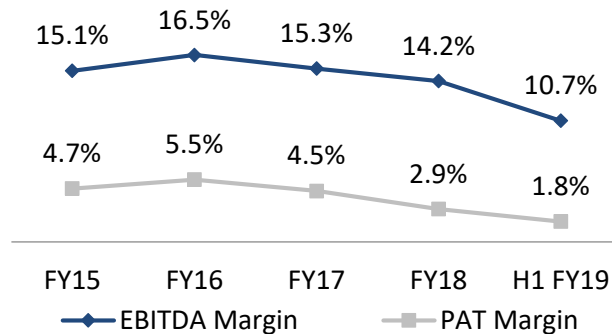
EBITDA (RS MN)



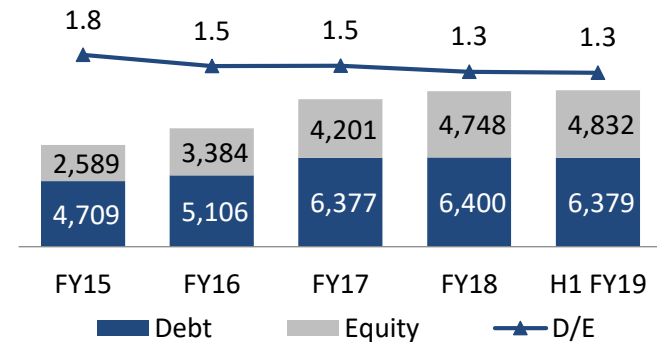
PAT (RS MN)



MARGIN ANALYSIS (%)

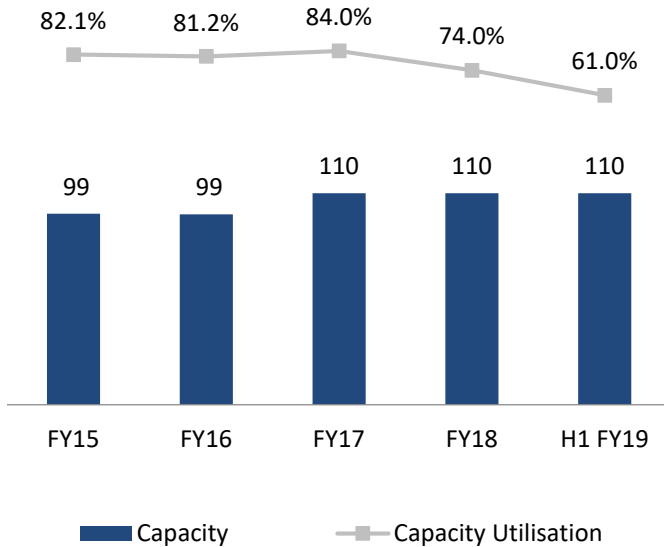


LEVERAGE ANALYSIS (RS MN)

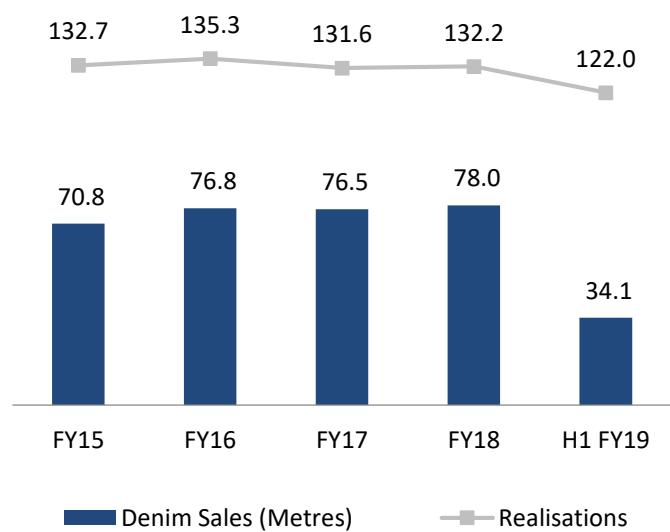


Operational Summary

REVENUE BREAKUP – DOMESTIC Vs. EXPORTS



REVENUE BREAKUP – PRODUCT WISE



THANK YOU



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