VISHAL
FABRICS LTD

RISING HIGHER.
DELIVERING MORE.

INSIDE THE REPORT

CORPORATE OVERVIEW

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To know more about the company scan the QR Code

Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forwardlooking statement, whether as a result of new information, future events, or otherwise.

For long, businesses believed in profitability as the only measure of success.

But true success comes with patience and resilience.

And our story chronicles a tale of endearing value and ambitious growth, coloured with an optimism to go beyond norms and set new standards of excellence.

We are tirelessly working to expand our horizons, multiplying opportunities and aspiring to rise higher, while fulfilling expectations – relentlessly!

ABOUT CHIRIPAL GROUP

Chiripal Group is one of the leading manufacturers and exporters of Textile and BOPP Film products in India with a group turnover of more than ₹ 6,000+ crore.

We started operations in 1972 with a few power looms and have over the years evolved into multifaceted textile conglomerate producing fiber to apparel under one roof. Our extensive experience of over four decades enabled us to create a sustainable business empire spanning across varied fields ranging from Petrochemicals, Chemicals and Infrastructure to Spinning, Weaving, Knitting, Fabric Processing, BOPP Film manufacturing and Educational Initiatives. Our quest for innovation and excellence enables us to set new benchmarks across operational verticals. Banking on the expertise of our team and our state-of-the-art facilities, we have established a significant presence for our businesses in domestic as well as international markets.

2,000+ crore

Combined Net worth of all group companies

More than

₹6,000 crore

Group revenue for FY 2019-20

20,000+

Number of employees in the group

Group Company	Line of Business	Details
Nandan Denim Ltd.	Textile	The Company is India's leading denim fabric manufacturer, engaged in the manufacture of denims, cotton fabric and yarn.
Chiripal Industries Ltd. (Fabric Division)	Textile	The Company has diverse operations comprising of Process Division, Woven Fabrics Division, Knitting Division, Polar Fleece Division, Flock Division, Cotton Hosiery Division, Embroidery Division and Chemical Division.
Vishal Fabrics Ltd.	Textile	One of the leading textile fabrics processing and manufacturing companies producing a wide range of products for men, women and kids.
Chiripal Industries Ltd. (Petrochemical Unit)	Yarn & Petrochemicals	The Company produces superior quality yarn in its state-of-the-art manufacturing facilities and delivers a wide variety of customized products to meet diverse customer requirements.
CIL Nova Petrochemicals Ltd.	Yarn & Petrochemicals	One of the leading producers of POY, FOY, PTY, and DTY yarns. The Company's extensive experience in processing various fabrics enhances its ability to meet high quality standards and successfully expand its presence in international markets.
Chiripal Poly Films Ltd.	Packaging Solutions	A leading manufacturer of flexible packaging solutions, CPFL produces BOPP films, BOPET films, and PET resin chips to provide tailor-made packaging solutions.
Vraj Integrated Textile Park Ltd.	Textile Park	Vraj Integrated Textile Park has been designed as a modern textile hub. It offers comprehensive and integrated textile manufacturing solutions for various manufacturing processes and helps to deliver excellent quality products at highly competitive rates.
Shanti Educational Initiatives Ltd.	Education	One of the fastest growing education companies, it plans, builds and manages educational institutions from play school to grade 12.

ABOUT VISHAL FABRICS

A flagship company of the Chiripal Group, Vishal Fabrics Limited is a leading denim manufacturer. With over 35 years of experience, the Company leverages its state-of-the-art manufacturing facility, with a capacity of over 100 MMPA, to deliver premium fabrics that effortlessly match global standards.

The Company passionately believes in 'delivering more than expected' and relies on innovation and technology to emerge as a pioneer in the textile industry, delivering end-to-end fabric solutions for a growing clientele.

VISION

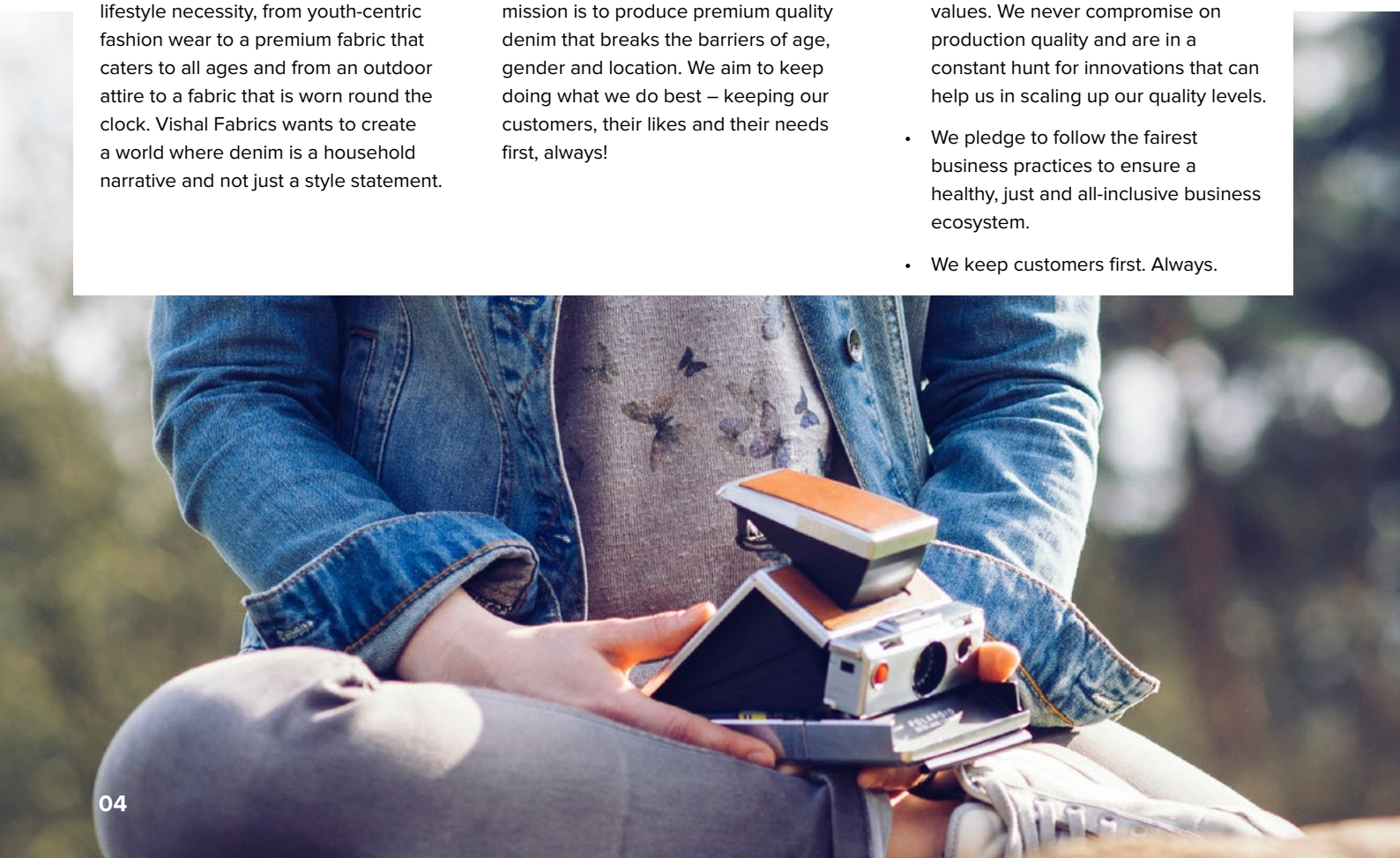
To promote Denim from an occasional lifestyle product to a fully accepted lifestyle necessity, from youth-centric fashion wear to a premium fabric that caters to all ages and from an outdoor attire to a fabric that is worn round the clock. Vishal Fabrics wants to create a world where denim is a household narrative and not just a style statement.

MISSION

For us, denim is a fabric that weaves people together in a thread of unity. Our mission is to produce premium quality denim that breaks the barriers of age, gender and location. We aim to keep doing what we do best – keeping our customers, their likes and their needs first, always!

VALUES

- We credit our success to the foundation of our unflinching core values. We never compromise on production quality and are in a constant hunt for innovations that can help us in scaling up our quality levels.
- We pledge to follow the fairest business practices to ensure a healthy, just and all-inclusive business ecosystem.
- We keep customers first. Always.



1,296.84 crore

Revenue from operations in FY 2019-20

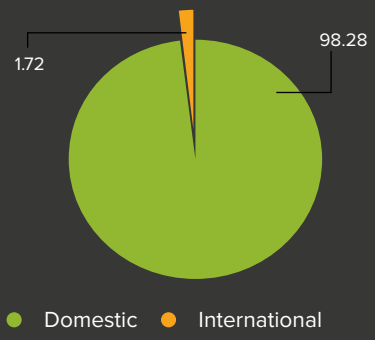
2,677

Number of employees as on 31st March, 2020

1.48

Debt-equity ratio

REVENUE %
Region



OUR OFFERINGS

Fabric Type
Denim Bottoms, Denim Shirting and Jeggings Fabric in narrow as well as wider widths

Finishes
Dyes, Desize, Mercerize, Coating and Liza finishes

Weight
3 Oz. to 15 Oz. With finest counts to coarser counts

VISHAL FABRICS LTD

Colours
Indigo, Sulphurand Darkest Deep Colour

Weaves
3/1, Various Structure, Jacquard, Dobby, Knits in rigid and Stretch fabrics

Fabric Blend
Cotton, Polyester and Lycra

OUR STORY SO FAR...

1985

Incorporation of Vishal Fabrics

1985-99

We started dyeing and fabric processing with a capacity of 105 MMPA

2014-16

- Our equity shares migrated from BSE SME Platform to BSE Mainboard Platform
- We set up Denim Fabric manufacturing and processing facility with a capacity of 80 MMPA

2016-17

- We started commercial operation of Denim Line 1-4
- We initiated a rights issue worth Rs 878 million

2017-18

We commenced commercial operations in our balance 5-8 lines

2018-19

We have strengthened our -

- Dyeing and Fabric Processing capacity –105 MMPA
- Denim Fabrics processing capacity –80 MMPA

CHAIRMAN'S MESSAGE

Dear Shareholders,

It is indeed a pleasure to share with you Vishal Fabrics' performance and our collective gains for the fiscal year 2019-20.

Your Company continues to maintain a strong market standing with its constant focus on delivering globally acceptable, premium quality products, designed to enhance customer delight. We remain firm on our virtues and values, while we keep evolving our innovative product portfolio to match a dynamic business environment.

The last fiscal proved to be immensely challenging due to multiple macro-economic factors which led to a slowdown in the global as well as Indian economy. The severe impact of the COVID-19 pandemic further worsened the situation. Several countries across the globe, including India, imposed a nationwide lockdown which resulted in temporary closure of businesses, leading to a significant decline in economic growth.

The government announced various fiscal and monetary policies aimed at reviving an ailing economy. A stimulus package of ₹ 20 lakh crore was also sanctioned by the government during the pandemic, to bring the economy back on track.

Despite several headwinds, your Company continued to grow and deliver value, reflecting the strength of its robust business model and its strategic abilities to tide through tough times. We recorded an operational revenue of ₹ 1,296.84 crores, witnessing a growth of 29.89% as compared to the previous year. The net profit also grew significantly, by 68.53%, from ₹ 17.86 crores in FY 2018-19 to ₹ 30.10 crores in FY 2019-20.

In keeping with our endeavour to become a key player in the Denim industry, your Company remains focused on enhancing its operational efficiency and strengthening its market share. We greatly emphasize investments in ultra-modern technology to ensure agility across our processes, ranging from spinning and weaving to delivering finished products. We currently have a processing capacity of 105 MMPA, while our dyeing capacity is 80 MMPA. Over the years, we have concentrated on developing our state-of-the-art manufacturing facilities and we aspire to expand them further to improve our market reach.

We are associated with some of the most renowned fashion brands in the industry and we continue to embark on opportunities to establish ourselves as a preferred partner for our valued patrons. We currently export our products to over 12 countries around the world and aim to expand our geographic presence further in the years to come.

At Vishal Fabrics, we are aware of our social responsibility and believe in nurturing mutually beneficial relationships. We continue to invest in educational endeavours and emphasize on environmental sustainability and social welfare to truly reflect our philosophy of "Thinking about others when thinking of self".

Going forward, your Company will be focusing on building strategic tie-ups with leading global retail brands for direct sales. We will also continue to work on optimising our capacity utilisation while improving operational efficiency.

With higher revenues, enhanced cost efficiency and a strong financial discipline, I am positive about the success of our future endeavours and the growth of your Company, as we move ahead. Moreover, an increased focused on superior technology and automation will ensure better outcomes and empower us to set new benchmarks in our industry.

In conclusion, I would like to express my heartfelt gratitude towards the Board and our Management for their constant guidance. I am also thankful to our employees for their hard work and dedication towards the Company. I acknowledge the support of our Creditors, Customers, Bankers and every other stakeholder for their faith and trust in our abilities.

The world at the moment continues to grapple with unprecedented challenges. While we remain cognizant of our responsibilities and duties, we are also confident about navigating through tough times and deliver sustainable returns in the days ahead. We continue to look forward with enthusiasm, welcoming another exciting year of opportunities and growth.

Thank you, everyone.

Brijmohan D. Chiripal
Chairman

CFO'S MESSAGE

Dear Shareholders,

The global pandemic continues to impact the business environment, with added pressures on credit availability and margins. However, resting on our strategic abilities, we continue to grow and improve our pro¬fitability and performance.

Vishal Fabrics reported strong financial performance in FY 2019-20 despite challenging circumstances. During the year, the Company experienced robust revenue growth of 29.88% to reach ₹ 12968.4 million as compared to ₹ 9984.9 million in FY 2018-19. Increased domestic demand and improvement in exports contributed to our growing sales. It was primarily led by a shift in consumer preference, driven mainly by favourable demographics, the growth of a fashion-conscious urban population and increasing reach of organised retail segments. Higher disposable income also helped to increase demand. The global denim jeans market is projected to grow at a CAGR of 4.6% to reach $130 billion by 2021. Taking into consideration, the acceptance of denims as a preferred fabric, we remain optimistic about exponential opportunities in this segment.

During the year, we also adopted superior technology and resorted to automated processes to reduce operational expenses and ensure cost optimization. In addition, we increased the capacity utilisation of denim manufacturing from 55% to 75% in FY 2019-20. These initiatives have contributed to better efficiency and higher EBITDA margins. During the year, we registered an EBITDA of ₹ 1034.2 million as compared to ₹ 747.6 million in the previous year, recording an impressive YoY growth of 38.33%. Besides, our EBITDA margin stood at 7.97%, in comparison to 7.49% in the last fiscal.

In FY19-20, our business segments delivered impressive results. Yarn sales improved 48% in FY19-20 and reached ₹ 7716 million against ₹ 5629 million in the previous year. Moreover, we carried forward the momentum and recorded 37% growth in the sale of finish fabrics. With sales of ₹ 3269 million during the year under review, it was significantly higher than ₹ 2213 million recorded in the previous year. Presently, our debt equity ratio stands at a comfortable 1.5x, indicating the financial prudence of our company and proving our ability to perform amidst inopportune circumstances.

Although the pandemic has largely affected the prospects of the textile industry, it is anticipated to bounce back in the near future. The government's efforts to introduce favourable policies for the textile sector and an overall impetus to boost economic activity is expected to augur well for businesses. Moreover, as the effects of the pandemic subside and things gradually fall in place, domestic as well global demand is likely to pick up. Capitalizing on such opportunities, we aim to expand our operations to newer geographies, improve capacity utilisation and ramp up margins in the days ahead. We are also looking forward to strategic alliances with global retail brands to improve our sales further.

While increasing shareholders' value remains our prime objective for formulating future strategies, we continue to focus on improving our prospects to ensure long-term growth. As we step into another fiscal, our positivity and relentless dedication to perform against all odds motivate us to confidently fulfil organisational objectives.

Regards,

Mr. Vinay Thadani