

August 9, 2023

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400001

BSE Code: 500264

Dear Sir / Madam,

Sub: Investor Presentation for Q1 of FY 2023-24.

Pursuant to Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, we enclose herewith Investors Presentation for the quarter ended on 30th June 2023 (Q1 of FY 2023-24).

The aforementioned Presentation has been uploaded on the Company's website viz., www.mafatlals.com.

We request you to kindly take the same on record.

Thanking you,

Yours faithfully,
For Mafatlal Industries Limited

Amish Shah
Company Secretary
Encl.: a/a



ARVIND MAFATLAL GROUP
The ethics of excellence



TRANSITIONING TODAY
TRANSFORMING TOMORROW

MAFATLAL INDUSTRIES LIMITED
INVESTOR PRESENTATION
Q1FY24



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This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

This presentation contains certain forward-looking statements concerning the Company’s future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and abroad, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions regulations, interest and other fiscal costs generally prevailing in the economy. The Company does not undertake to make any announcement in case any of these forward-looking statements become materially incorrect in future or update any forward-looking statements made from time to time by or on behalf of the Company.

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COMPANY BRIEF



ABOUT US

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Year old textile company part of the Arvind Mafatlal Group, has triumphed as a leading and highly trusted brand name in the textile industry. Part of Promoter Group of NOCIL Ltd with ~15.16% stake



Major Revenue is from the outsource led asset light business model



Product and category innovation through its rich experience and strong channel partner relationship allowing to explore new opportunities and categories

Witnessing a turnaround following asset light model under the experienced management

FY23 INR Cr	1,415.6 Total Income Highest Revenue in 10 years	1,370.5 Revenue from operations	73.9 Reported EBITDA	40.7 Operating EBITDA	37.5 PAT Highest Revenue in 10 years	Significant turnaround in its RoCE
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The company has set the stage for sustainable growth by

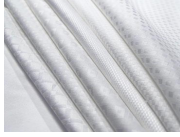
Transforming the Management

Embracing an Outsource - led Asset Light model

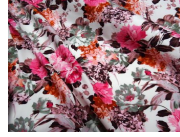
Expanding Horizons

Empowering & Engaging Workforce


Textile




Whites




Prints



Voile



School Uniform



Institutional Uniforms

Health & Hygiene



Baby care products

Female Care

Adult care products

CURRENT BUSINESS MODEL

Leader in Uniform Fabric & Garments in branded space

- Outsourcing, branding & distribution play
- School and corporate uniform
- Supply to institutions

Supplier of Printed Fabric, Voiles, Traditional Woven Fabric & White fabric

- Manufactured in-house and outsourced
- Voiles are exported
- Printed Fabric is a B2B Play
- Caters to semi-urban/ rural markets with White fabric

Supplier of Healthcare (surgical care) & Hygiene Products

- To governments & hospitals
- Direct sales via branding & distribution network
- Online channel



Aggregator & Suppliers to various State Government

- Through government tender process
- Textiles, healthcare & hygiene products

Digital Infrastructure

- Hardware Solution for Digital Classroom
- Institutional solutions for hardware

Unique Consumer Demand Driven Business

Asset-light, Outsourcing & Aggregator led Business Model

Branding & Distribution led model with B2B & B2C Play

Foray into health & hygiene & educational led technology products

Government and Institutional forms ~50% of customers

INITIATIVES FOR TRANSFORMATION



STRENGTHS FORMING BASE FOR OUR GROWTH

Transforming the Management

- › Strategic reshuffling of the leadership to navigate to the transformative path to success
- › Diversified Board with emphasis on responsible governance
- › Flat & lean organization structure which brings speed & nimbleness in management processes



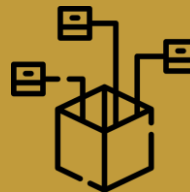
Embracing an Outsource – led asset light model

- › In highly capital intensive & with high operating leverage textile industry, adopted the outsource led asset light model approach for a better growth
- › Focusing on strengthening its outsourcing-led product portfolio, catering to demands coming from Government/ institutional segments



Expanding Horizon

- › Going beyond traditional textile and diversifying product portfolio by entering new sectors such as health & hygiene and digital infrastructure
- › These strategic initiatives are aimed to optimize resource utilization, streamline systems, and align with broader growth vision



Empowering & Engaging workforce

- › People-centric approach has been fundamental to century-long success
- › Low attrition rate, decreasing average employee age, and conducive policies are testament to dedication to workforce and enduring relationships
- › Right sizing of permanent labor strength at manufacturing operation leading to cost efficiency



INITIATIVES FOR TRANSITING TO GROWTH



Asset Light Model

- › Increase in focus on outsourcing than manufacturing
- › Outsourcing model gives flexibility to widen product portfolio and pursue growth opportunities
- › Reduction in incremental investments in fixed assets
- › Optimization of working capital requirement



Cost rationalisation

- › Significant debt reduction and interest cost optimization by monetizing non-core assets
- › Sold properties forming part of non core asset
- › Aggressive streamlining of workforce through VRS
- › Leveraging non core assets and investment book for raising working capital facilities at competitive ROIs



Agile with business opportunities

- › Leveraging opportunities through strong relationship with channel partners
- › Exploring opportunities adjacent to textile business that helps to widen and deepen current business model

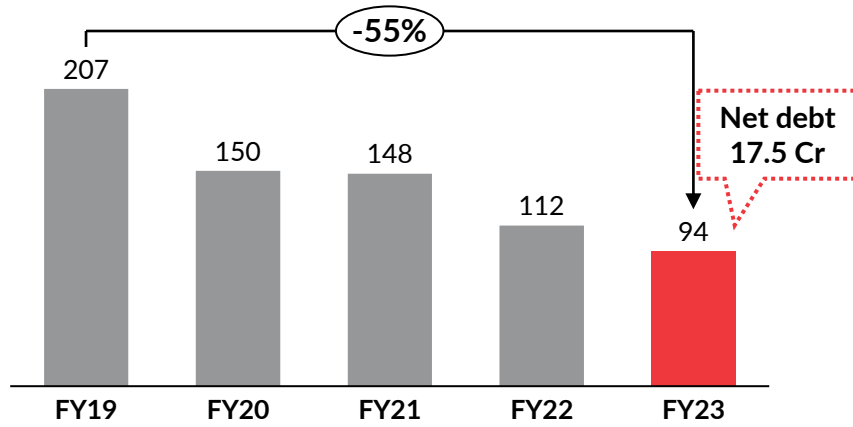
Increase distribution & deepen the reach of health and hygiene products

Substantial increase in revenue & capabilities in the next few years

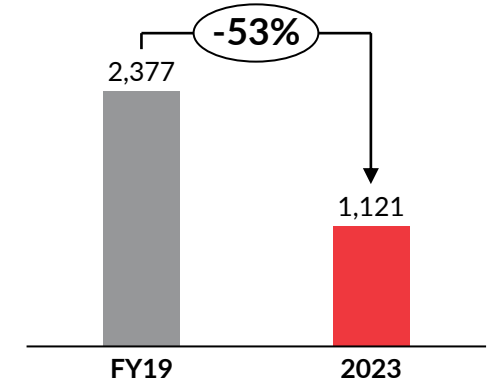
Opportunity to grow in the education led technology business

COST RATIONALISATION

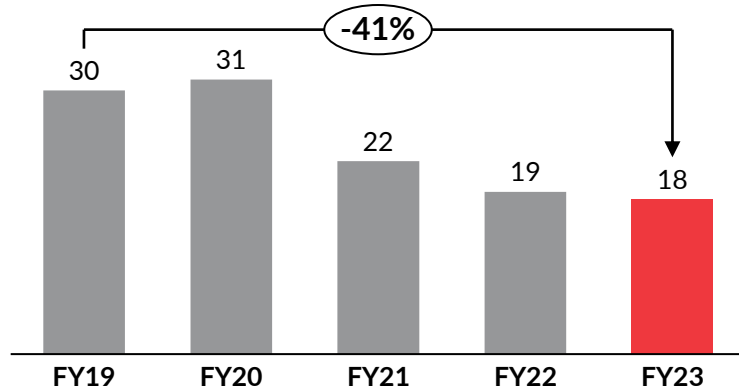
Reduction of Total Debt (INR in Cr)



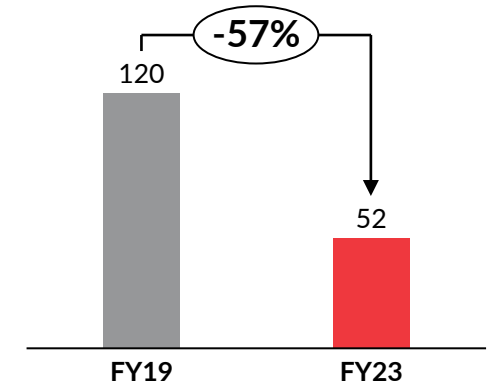
Workforce right sizing



Lower Interest Cost (INR in Cr)



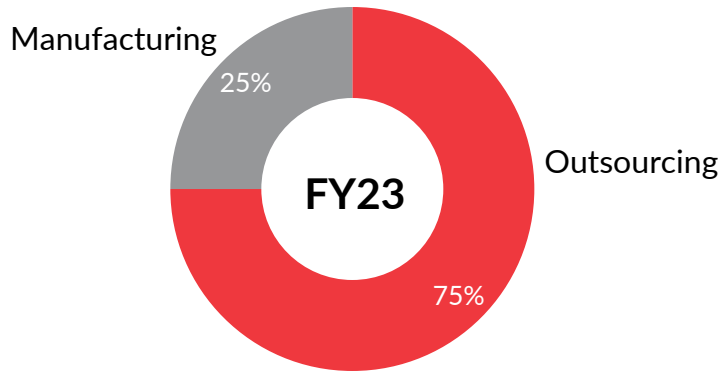
Employee Cost (INR in Cr)



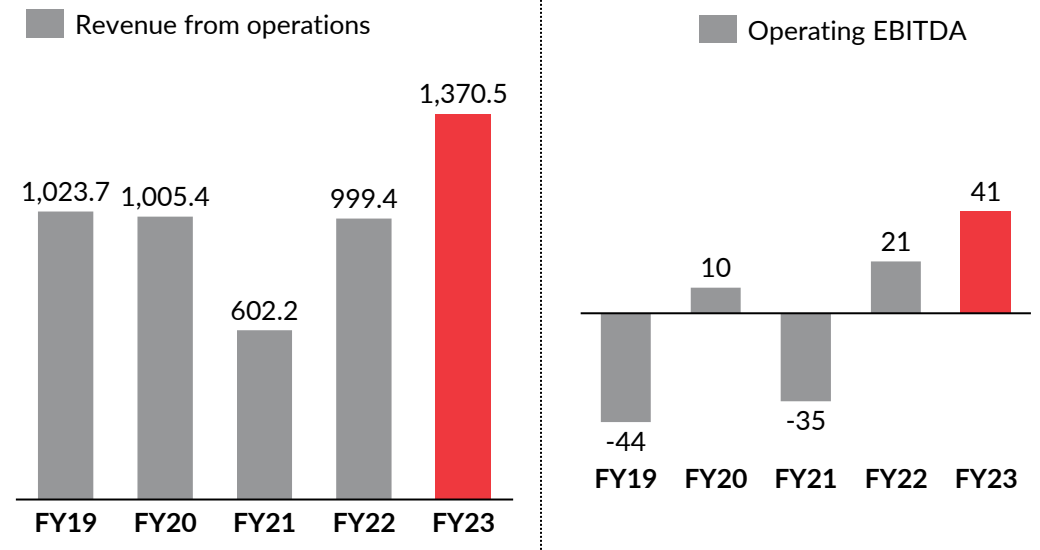
Plans to further reduce the debt with the help of proceeds from internal accruals & sale of non core assets

ASSET LIGHT & OUTSOURCING MODEL...

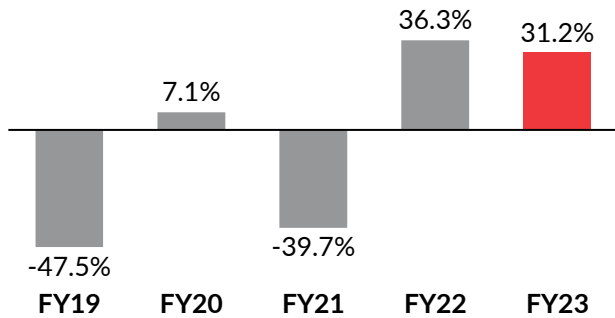
Focus on outsourcing model



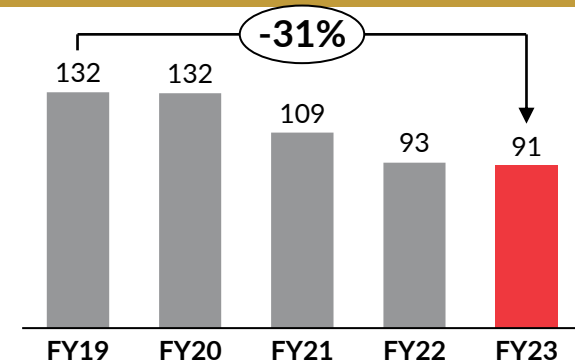
Increase in Revenue and Operating EBITDA (INR in Cr)



Improving Return on Capital Employed*



Reduction in Fixed Assets Block (INR in Cr)

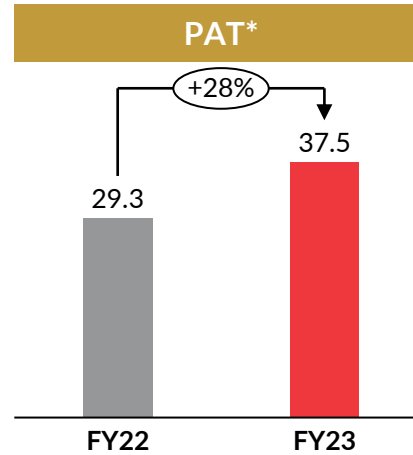
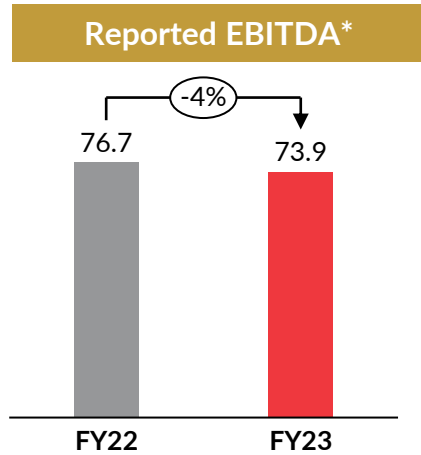
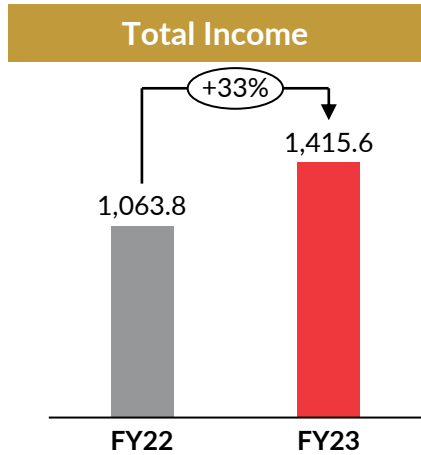


*excluding dividend income and investment of NOCIL and after exceptional item

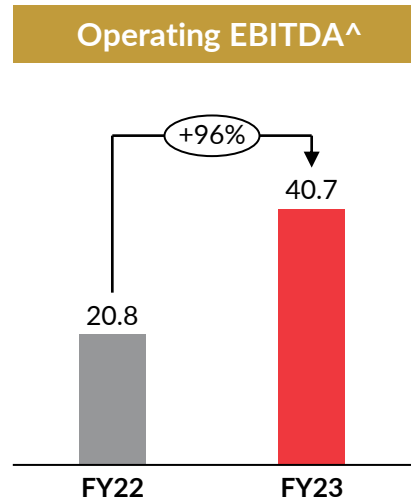
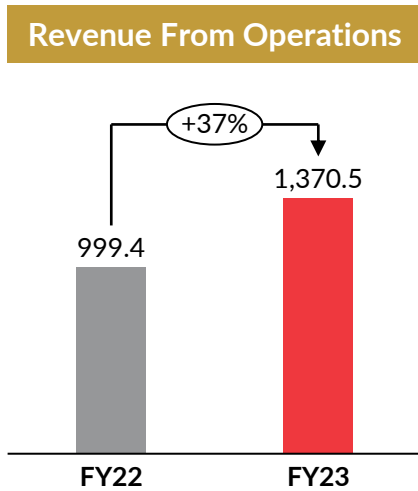
EBITDA excludes exceptional item. ^Operating EBITDA excludes income from Investments, Income from Investment Property and Income from Non Core Asset. EBITDA margin is calculated on Revenue from Operations

...STRATEGY TRANSLATING INTO NUMBERS

INR Cr



*Reported EBITDA and PAT includes other income to the tune Rs. 22.5 cr primarily arising from divestment of a non-core asset



FY23 recorded Highest revenue in 10 year

FY23 recorded PAT revenue in 10 year

The turnaround and improved return ratios gives us flexibility to leverage various opportunities

^Operating EBITDA excludes income from Investments, Income from Investment Property and Income from Non Core Asset
EBITDA excludes exceptional item.

KEY STRATEGIC INITIATIVES TAKEN



INR in Cr	FY19	FY20	FY21	FY22	FY23	Q1 FY24
Total Income	1,054.6	1,062.1	637.8	1,063.8	1,415.6	608.1
Revenue From Operations	1,023.7	1,005.4	602.2	999.4	1,370.5	585.6
Reported EBITDA	-30.3	49.8	-11.1	76.67	73.9	34.8
	-2.9%	4.7%	-1.7%	7.2%	5.2%	5.7%
Operating EBITDA[^]	-43.6	10.2	-35.3	20.8	40.7	15.2
	-4.3%	1.0%	-5.9%	2.1%	3.0%	2.6%
PAT	-180.1	-13.7	-93.8	29.3	37.5	27.5
	-17.6%	-1.4%	-15.6%	2.9%	2.7%	4.7%
Comments	<ul style="list-style-type: none"> Difficult year for the entire Denim industry Performance of denim unit reached its lowest To stop Denim unit losses, the company made the strategic decision to exit denim business and thus reduced its operations and its workforce by paying VRS 	<ul style="list-style-type: none"> Operations of the capital intensive , low return yielding Denim Unit at Navsari shut down Thus a massive reduction in the cost and reduction in losses Repaid bank liabilities pertaining to Denim unit For the repayment of banking liabilities & Ex-Gratia payment to workforce, the Company sold of surplus assets situated at Navsari and Nadiad Introducing a new product range for the Health Segment 	<ul style="list-style-type: none"> Loss of production, order cancellations & substantial loss of revenue along with the burden of high fixed cost as the school uniform and textile industry affected due to Covid Rationalize the size of the permanent workforce at the Nadiad manufacturing Strategic initiatives for reduction in fixed costs including manpower costs Expanding its range of Health & Hygiene products 	<ul style="list-style-type: none"> Resumed its spinning and weaving operations at the Nadiad unit. This helped the Company to absorb fixed costs 	<ul style="list-style-type: none"> Mr. M.B. Raghunath appointed as CEO Disinvestment in subsidiary Vrata Tech Solutions Private Limited for consideration INR 4.08 Cr Foray into the Digital Infrastructure space to capitalize on channel partner relationship 	<ul style="list-style-type: none"> Execution of large tenders from state governments which constitutes 71% of Revenue from Operations. INR 18.5 Cr included in other income is from disinvestment of non core asset i.e. property in Mumbai

BUSINESS OVERVIEW



FABRICS



One of the Category Leaders in Uniform Fabric & readymade uniforms for schools and institutions corporates. It carries outsourcing, branding & distribution play in the uniform segment. Reputed bidder in government tenders



Known player in Woven White fabric including whites & Rubia catering to semi urban & rural areas. A prominent player in polyester-cotton segment addressing the demand arising out of rural and Tier III/II population clusters



One of the major voile exporter from the country to the middle eastern market



Prints remains the core strength in the domestic B2B market and the Company continues to enjoy a dominant position



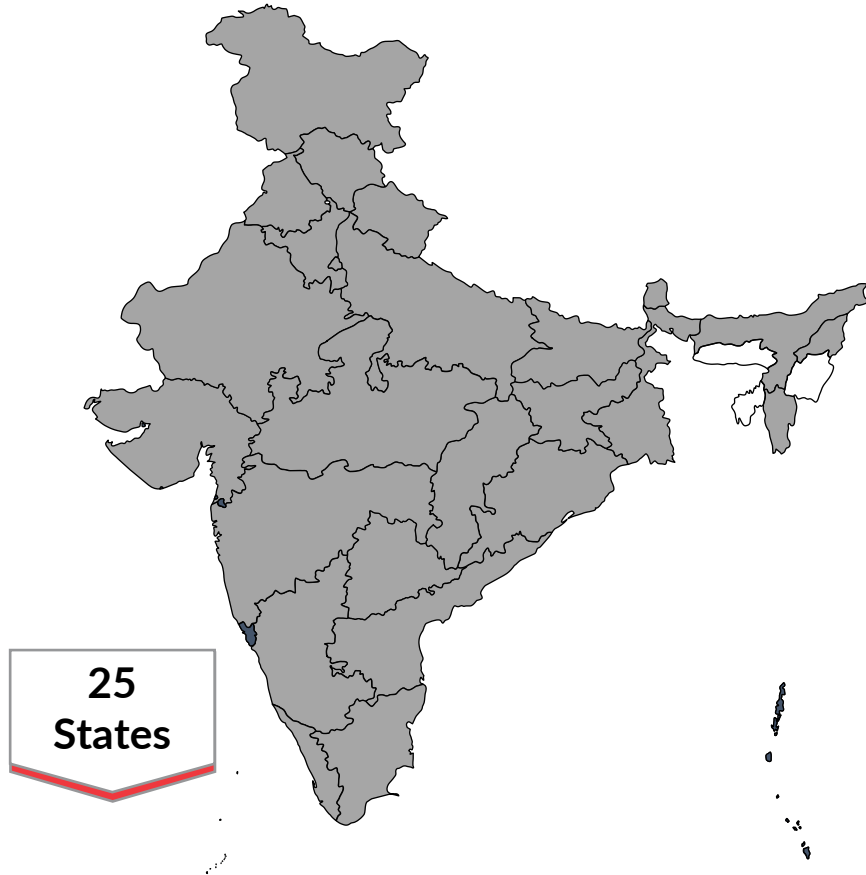
Emerging player in the home furnishing space through its products like bedsheets, pillow cover, bath linens



Emerging player in knits category for various category of uniform requirement

DISTRIBUTION NETWORK

Dealer network for readymade or uniforms fabric



Robust distribution network

~1,000
number of dealers
for traditional textile
fabrics catering 24,000 retailers

Pan India
Presence through dealer
network for textile and non
textile products

24
number of distributors
for personal hygiene products
catered by ~150 strong field
force

Entered the E -Commerce space
such as Amazon, Flipkart Ajo &
JioMart for health & hygiene and
home furnishing products

Intends to grow by widening the distribution network for consumer facing products

HEALTH & HYGIENE



Frolica : female-centric hygiene brand selling ultrathin sanitary pads, maternity pads and face wipes



WeCare : caters to medical professional by addressing their hygiene needs of surgical gowns, scrub suits, nurse tunics, patient examination gowns, disposable uniforms, masks, gloves, sanitizers, wound care, surgical packs



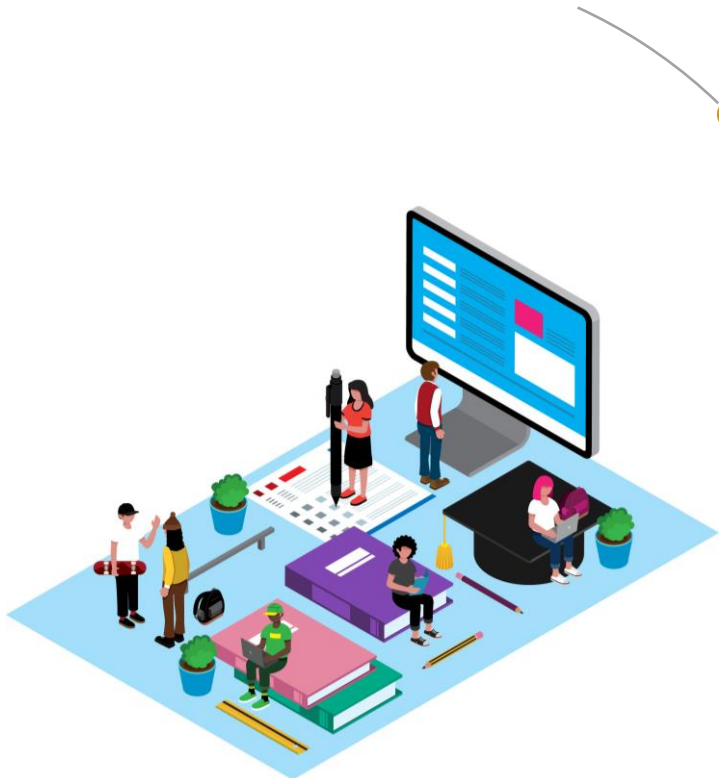
CooCoo : Baby care products such as baby pullup pants, newborn & baby tape diapers, and baby wipes



Medimaf : Caters to adult hygiene products such as diaper pants, adult tape diapers, underpads, belted sanitary pads, bed & bath wipes, and facial wipes

- Technical knowledge and experience has helped to initiate new product development
- The growth in the segment is attributed to good product quality and improved traction in direct consumer demand

DIGITAL INFRASTRUCTURE



Entered in digital infrastructure space through experience built over years

Product & Services include:

- Digital Classroom
- Hardware Solutions

Participating in various state government tenders in education led technology segment

Technology segment brings new opportunities

Clientele includes:

- Education Department Himachal Pradesh
- Education Department Maharashtra
- Education Department Orissa

OUR TEAM



EXPERIENCED BOARD OF DIRECTORS



Mr. Hrishikesh A. Mafatlal
Promoter & Chairman
Years of Experience : 30 +

- For 12 years, he served on the Board of Governors of IIM Ahmedabad
- Worked as a Vice Chairman of the Cotton Textiles Export Promotion Council (TEXPROCIL)



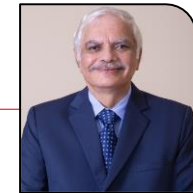
Mr. Priyavrata H. Mafatlal
Managing Director
Years of Experience : 15+

- B.M.S. in Marketing Management
- M. Com. From Mumbai University (Marketing)
- Studied Owner Management Programme at Harvard Business School



Mr. Vilas R. Gupte
Independent Director
Years of Experience : 55+

- Business Solutions Consultant
- Board Member of NOCIL Ltd (an AMG)
- Chartered Accountant
- Experienced in spanning Finance, Legal and Commercial areas



Mr. Pradip N. Kapadia
Independent Director
Years of Experience : 45+

- Experience in legal field
- On the Board of various other companies
- B.A., LLB. (advocate & solicitor)
- Senior partner in Vigil Juris, advocates and solicitors, Mumbai



Mr. Atul K. Srivastava
Independent Director
Years of Experience : 46+

- Experienced large corporates, in Finance, Accounting, Taxation and Commerce
- Science Graduate
- Chartered Accountant - B. Sc (Hons), FCA



Mr. Sujal A. Shah
Independent Director
Years of Experience : 32+

- Experienced in Valuation, Due Diligence, Corporate Restructuring, Audit and Advisory
- commerce graduate
- Member of the Institute of Chartered Accountants of India



Mrs. Latika Pradhan
Independent Director
Years of Experience : 42+

- Experienced in heading finance, legal and secretarial, internal audit and information technology functions
- Chartered accountant, cost and management accountant & company secretary



Mr. Gautam Chakraborti
Independent Director
Years of Experience : 47+

- Experienced in the fields of Procurement, Internal Audit, Business Controller, leading an Exports SBU, Mergers and Acquisitions
- Masters in Economics & MBA from IIM Ahmedabad

PROFESSIONAL MANAGEMENT TEAM



Mr. Priyavrata H. Mafatlal
Managing Director
Years of Experience : 15+

- B.M.S. in Marketing Management
- M. Com. From Mumbai University (Marketing)
- Experienced in manufacturing, marketing and general management



Mr. M B Raghunath
Chief Executive Officer
Years of Experience : 35+

- Masters in marketing management at Narsee Monjee Institute of Management Studies Mumbai
- Plethora of experience in marketing and business



Mr. Milan Shah
CFO & CHRO
Years of Experience : 35+

- B.COM, ACA, ACS Finance from H.L. College of Commerce
- Expertise in area of finance, taxation and accounting

Recalibrated the management team to bring fresh perspectives and expertise to navigate the evolving business landscape and guide company towards long-term success

FINANCIAL HIGHLIGHTS – Q1FY24

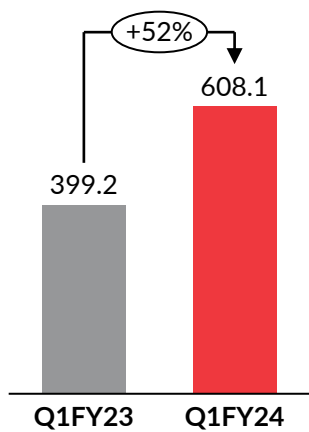


FINANCIAL HIGHLIGHTS – Q1FY24

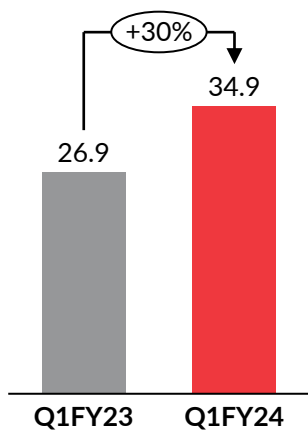


INR Cr

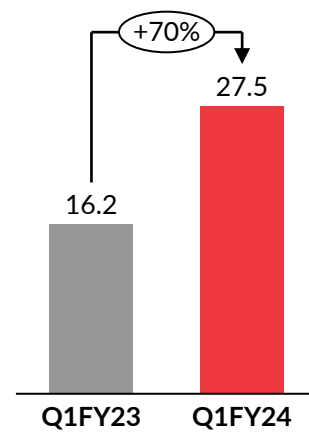
Total Income



Reported EBITDA*

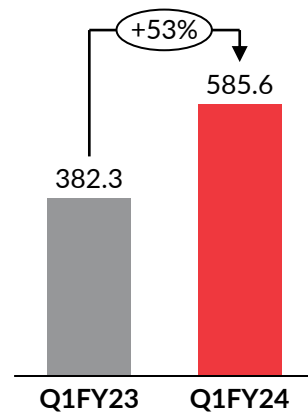


PAT*

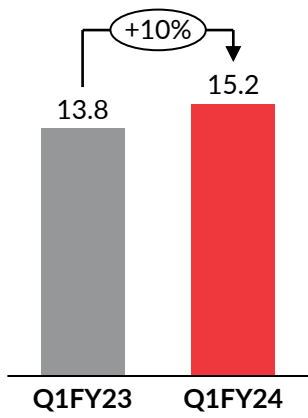


*Reported EBITDA and PAT includes other income to the tune Rs. 22.5 cr primarily arising from divestment of a non-core asset

Revenue From Operations



Operating EBITDA



- Despite the sluggishness in retail markets, Textile and other segment revenue from operations grew 53% YoY on account of execution of large tenders from state governments which constitutes 71% of Revenue from Operations
- More than 80% of the sales have been manufactured through Capital Light Outsourcing model
- During the quarter, the Company implemented hardware supply and installation project for “Orissa Adarsh Vidhyalaya – Model School” program
- The Company recorded other income of INR 22.5 Cr. A large part of the other income is non operating in nature, which included sale of a non-core asset i.e. property at Mumbai
- Gross Debt on 30th June 2023 stood at INR 85.5 Cr with a QoQ reduction of 8.6%

PROFIT AND LOSS – Q1FY24



Particulars (INR in Cr)	Q1FY24	Q1FY23	Y-o-Y	Q4FY23	Q-o-Q	FY23	FY22
Revenue from Operations	585.6	382.3	53.2%	338.3	73.1%	1,370.5	999.4
Other Income	22.5	17.0		13.0		45.1	64.4
Total Income	608.1	399.2		351.4	73.1%	1,415.6	1,063.8
Total Raw Material	471.1	313.2		248.6		1,072.6	792.3
Gross Profit	137.0	86.0	59.3%	102.7	33.3%	343.0	271.5
GP Margin (%)	22.5%	21.5%		29.2%		24.2%	25.5%
Employee Expenses	16.2	12.9		13.0		52.0	41.5
Other Expenses	86.0	46.2		69.6		217.1	153.3
EBITDA	34.8	26.9	29.5%	20.2	72.6%	73.9	76.7
EBITDA Margin (%)	5.7%	6.7%		5.7%		5.2%	7.2%
Depreciation	3.9	3.7		3.9		15.4	15.7
EBIT	30.9	23.2	33.5%	16.3	89.8%	58.5	61.0
EBIT Margin (%)	5.1%	5.8%		4.6%		4.1%	5.7%
Finance Cost	3.5	4.2		4.5		17.7	18.6
Exceptional Item	-	-		-		0.5	-10.2
Profit before Tax	27.5	19.0	44.7%	11.8	133.6%	40.3	32.2
PBT Margin (%)	4.5%	4.8%		3.3%		2.8%	3.0%
Tax	-	2.8		-		2.8	3.0
Profit After Tax	27.5	16.2	69.7%	11.8	133.6%	37.5	29.3
PAT Margin (%)	4.5%	4.1%		3.3%		2.6%	2.8%
Operating EBITDA ^	15.2	13.8	10.3%	9.1	66.5%	40.7	20.8
Operating EBITDA Margin (%) ^	2.6%	3.6%		2.7%		3.0%	2.1%

^Operating EBITDA excludes income from Investments, Income from Investment Property and Income from Non Core Asset EBITDA margin is calculated on Revenue from Operations

Other Income includes net profit on sale of investment property of INR 18.5 Cr in Q1FY24 (INR 9.86 Cr - Q4FY23, INR 15.5 Cr - FY23 and INR 5.65 Cr - Q1FY23)

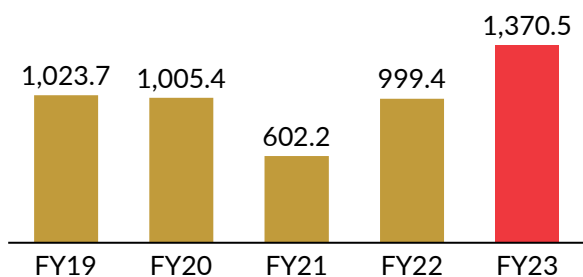
EBITDA excludes exceptional item IN FY23 - exceptional item of INR 0.54 Cr as ex-gratia compensation payable IN FY22 - exceptional item of INR 1.14 Cr as ex-gratia compensation payable & INR 9.04 Cr as current assets write-off due to covid

HISTORICAL PERFORMANCE HIGHLIGHT

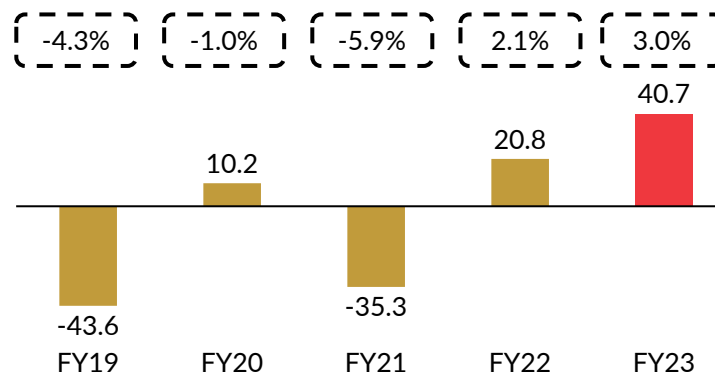


Margins INR Cr

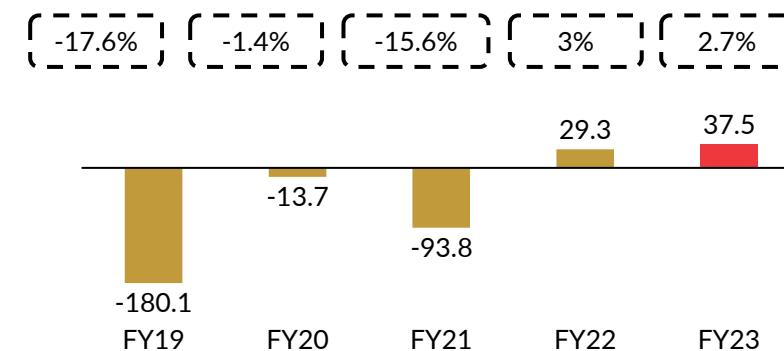
Revenue From Operations



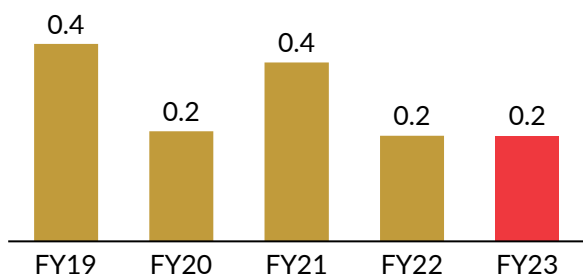
Operating EBITDA



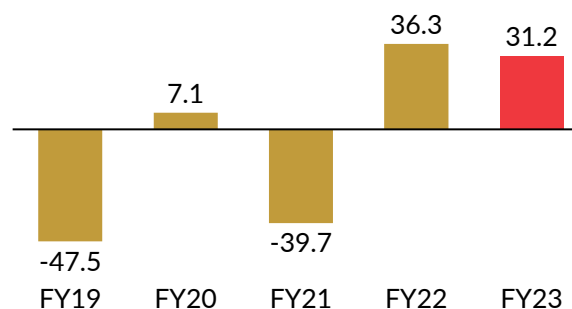
PAT



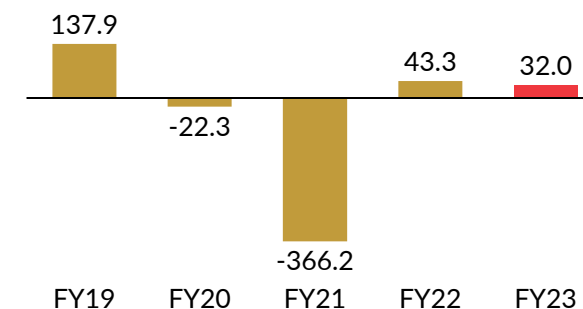
Debt to Equity



RoCE (%)*



RoE (%)*



Witnessing a turnaround following asset light model under the recalibrated management

*excluding dividend income and investment of NOCIL and after exceptional items

THANK YOU



Company

Mafatlal Industries Limited
CIN L17110GJ1913PLC000035
Smita Jhanwar
Email id: investors@mafatlals.com
Tel No: 022-6771 3800/3900



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