



BOMBAY RAYON FASHIONS LIMITED

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INTEGRATING
FIBRE • FABRIC • FASHION • FUTURE

INVESTOR PRESENTATION

March 2013

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PRESENTATION OUTLINE

A India's Leading Integrated Garment Manufacturer

B Key Investment Highlights

C Key Financial Parametres and Performance Metrics

D Appendix



BOMBAY RAYON FASHIONS LIMITED

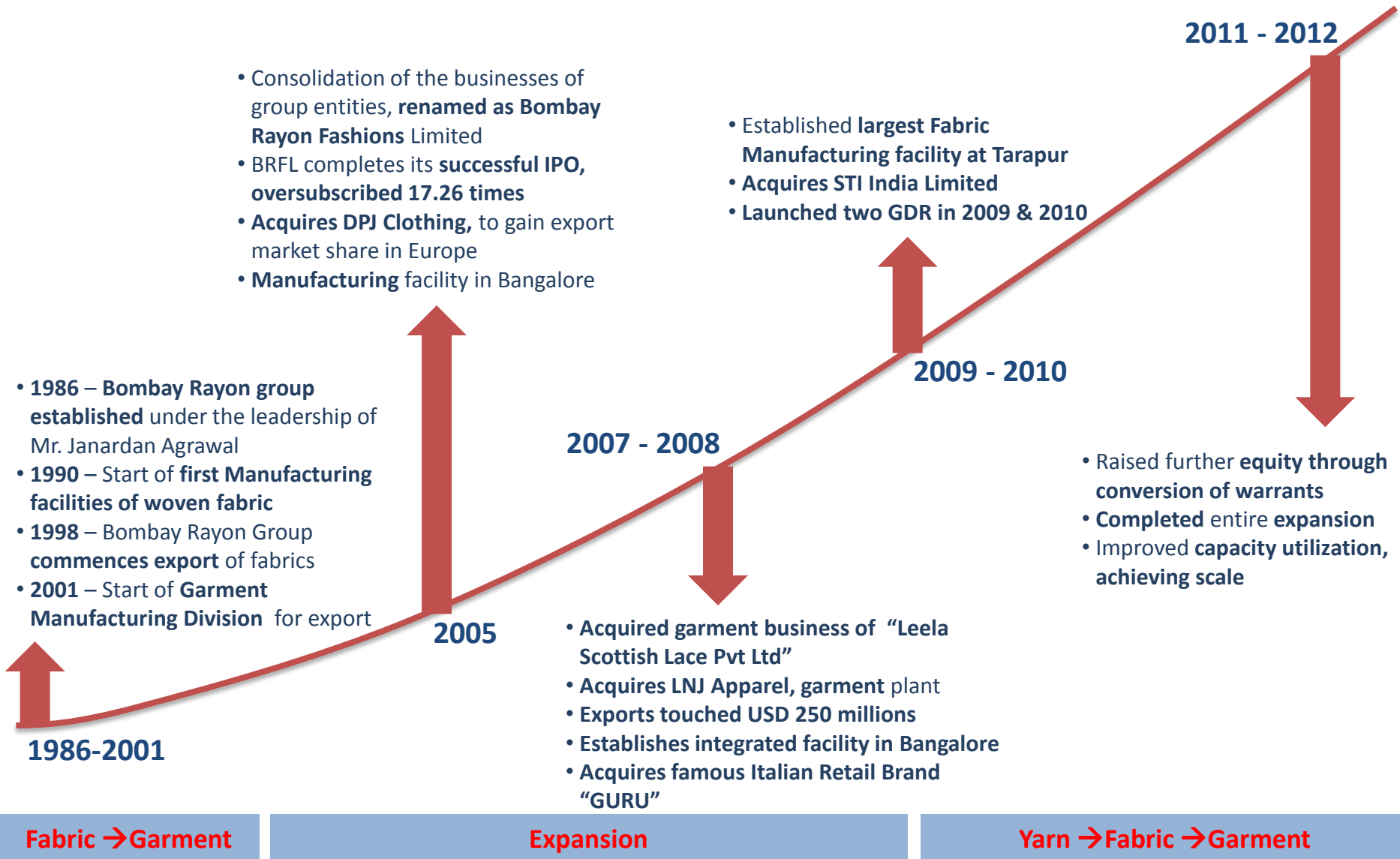
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India's Leading Integrated Garment Manufacturer



A FOCUSED JOURNEY TOWARDS INTEGRATION



PRESENCE ACROSS THE VALUE CHAIN

YARN MANUFACTURING



- Operating through STI India Limited, a listed subsidiary.
- Total capacity of 68,018 spindles in Indore
- State of the art facility having quality production with "Vision Shield" machines

YARN DYEING



- The Yarn dyeing facility of the company is present in Tarapur and Bangalore with a total capacity of 58,206 kg/day
- In-house research capability to develop dyes to suit the needs of the customers

WEAVING & PROCESSING



- Weaving facility in Tarapur, Bangalore and Islampur
- Fabric Processing facility of 790,000metres/day in Tarapur and Bangalore

GARMENTING



- Total Capacity of 296,000 pieces per day spread across Bangalore, Trivendrum, Latur, Osmanabad, Islampur, Ichalkaranji and Bangalore
- Primary focus of Garment manufacturing of Men's shirts & Ladies Tops.

An Integrated Garment Manufacturer with Industry Leading Capacity



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Key Investment Highlights



KEY INVESTMENT HIGHLIGHTS

✓ Positive Industry Scenario

A

- Strong Industry dynamics, Reducing Chinese domination benefiting India
- Strong opportunity in Fabric & apparel segment for India

✓ Attractive Backward Integration Facility

B

- Backward Integration driving value, making BRFL a global player
- Delivering speed & quality, reducing lead time for apparel manufacturers

✓ Synergistic Acquisitions & Successful Executions

C

- Synergistic Acquisitions, successful execution capability of management delivering Volume & Margin

✓ Capable Management & Strong Strategic Partner

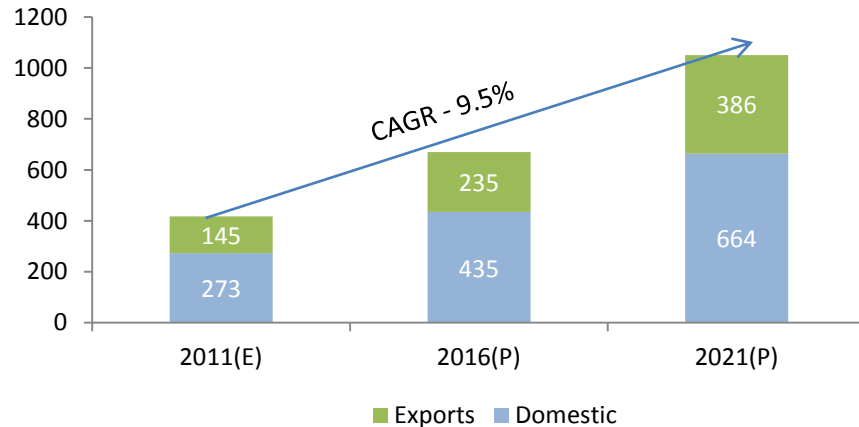
D

- Strong and capable management lead by the visions of Mr. Janardan Agrawal
- A strong Strategic Partner in Bestseller Group – A Global Apparel Player

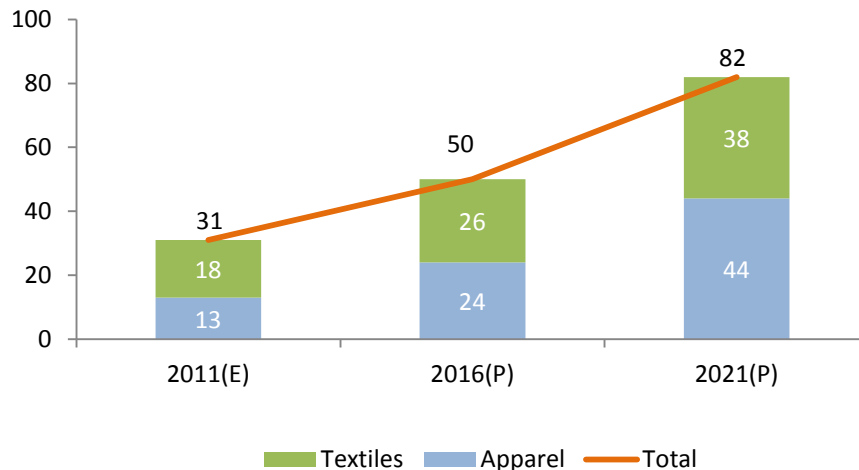


TEXTILE INDUSTRY TO CONTINUE ITS STABLE GROWTH ACROSS SEGMENTS

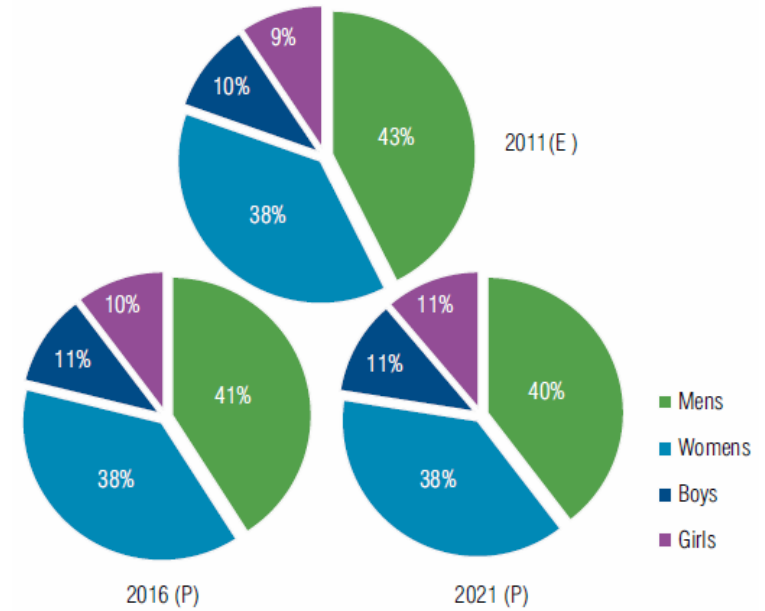
STABLE GROWTH FOR THE INDIAN TEXTILE INDUSTRY



EXPORT GROWTH DRIVEN BY APPARELS



SEGMENT SPLIT



- Textile and Apparel Industry size to grow from INR 4.2 trillion to INR 10.5 trillion at a CAGR of 9.5% over the 2011-2021
- Men's Apparel form the largest share of the market and expected to grow at a CAGR of ~8%
- Exports from India are expected to grow at 10% CAGR
- Apparels to remain the primary contributor for growth

CHINESE DOMINATION TO REDUCE, INDIA TO BENEFIT

MACRO FACTORS FAVOURING INDIA

India

China

Economic Transition

- Textile remains one of the largest employer, strong support from government

- Growing economy & focus on heavy engineering taking sheen off Textile sector

Increased Consumption

- Rising production, India is well positioned to capitalize on export opportunities

- Increased consumption, China's import of Textile has increased to 13.5%

Currency

- Rupee depreciation helped reduce effective cost for importers

- Renminbi appreciation impacted the effective cost for Chinese exports

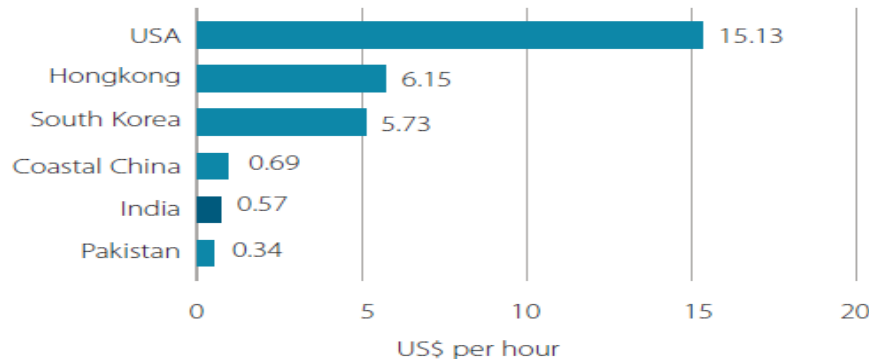
Rising Labour Cost

- Average India Labour cost is much lesser compared to other countries

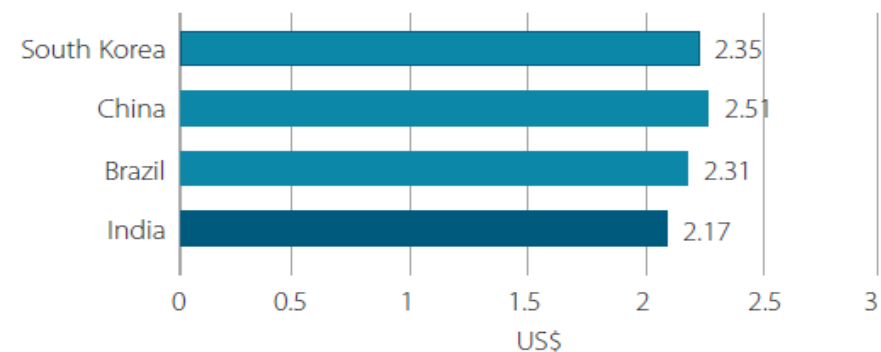
- Losing comparative benefit due to rising labour cost and wage inflation

... Giving Significant Comparative Advantage

SUBSTANTIALY LOW LABOUR COST



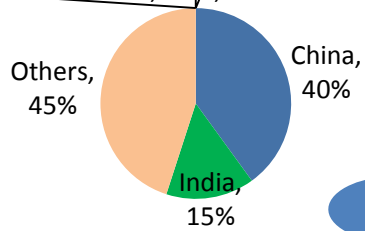
OPEN ENDED YARN PRICE



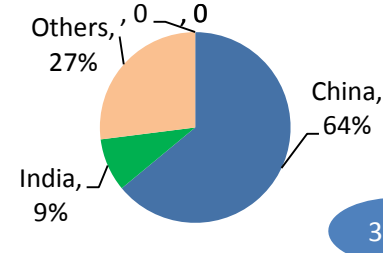
FABRIC & APPAREL – POTENTIAL SEGMENTS WITH LOW EXPORT PENETRATION

GLOBAL PRODUCTION

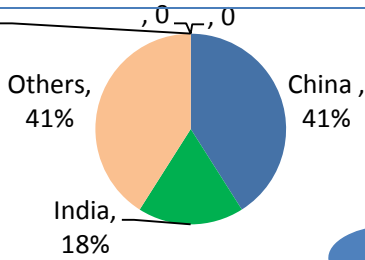
Fibre



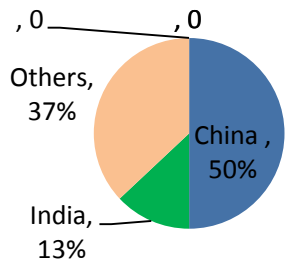
Yarn



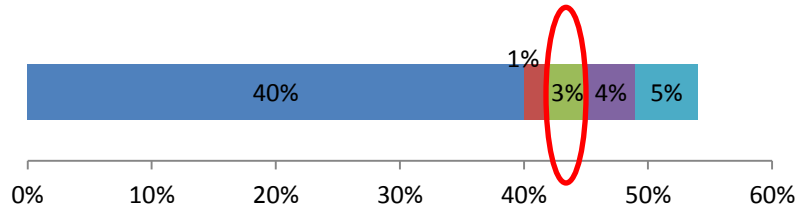
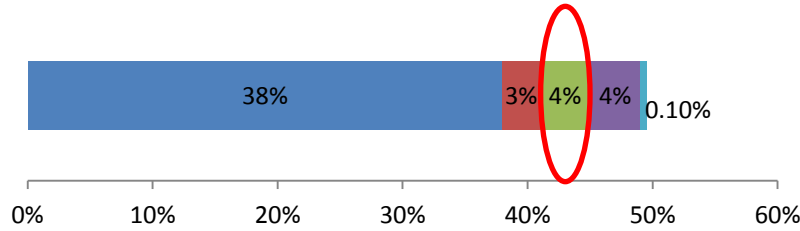
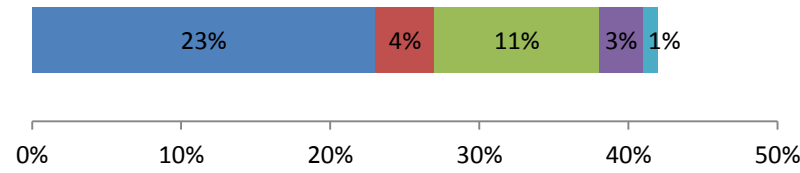
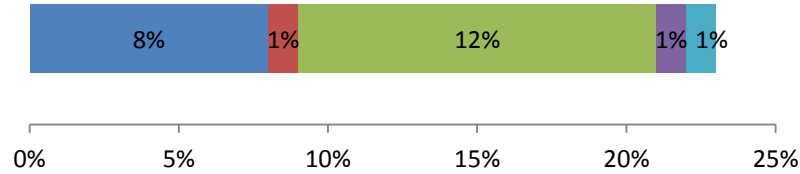
Fabric



Garments



GLOBAL EXPORT SHARE of TOP 5 NATIONS




■ China ■ Pakistan ■ India ■ Turkey ■ Bangladesh

✓ Apparel & Fabric export demand are primarily driven by the manufacturers ability to provide integrated solution

✓ Value addition in Fabric and Garment level helps the manufacturers realise higher value

✓ India's share in Apparel & Fabric export is much lower compared to its presence in Fibre & Yarn

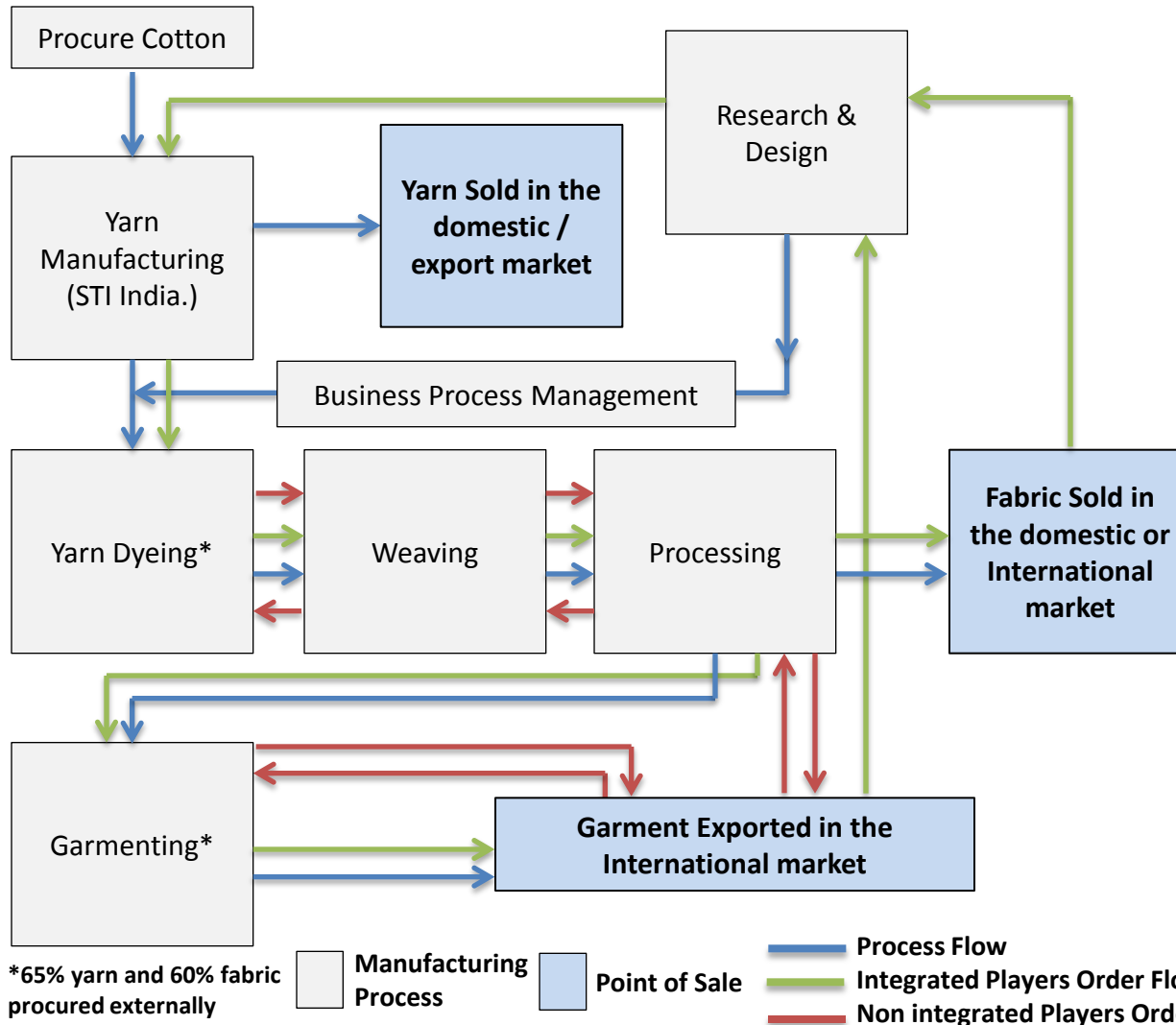
✓ A potential area for growth as China is losing comparative advantage

 = Global Demand CAGR

Source : Technopak

BACKWARD INTEGRATION MAKING BRFL A GLOBAL PLAYER

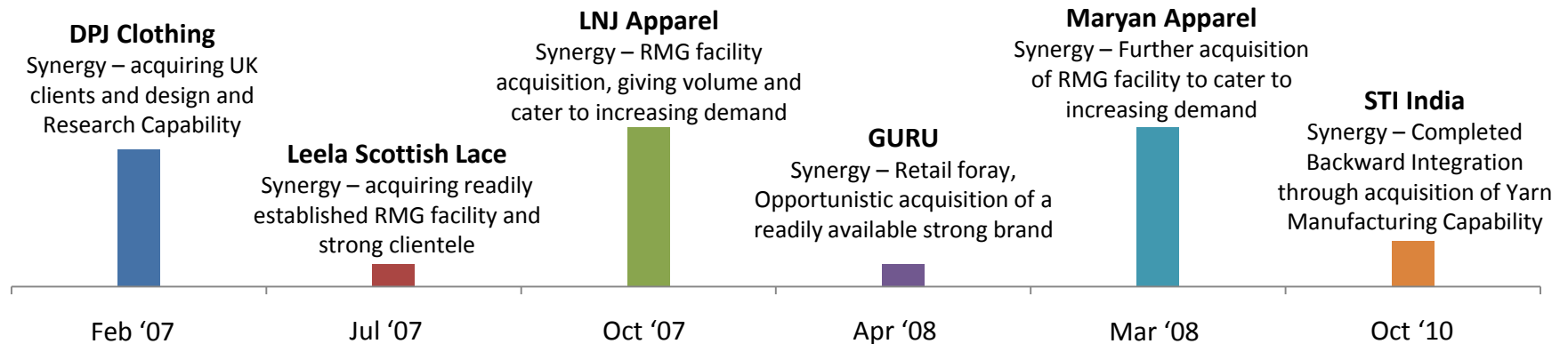
DELIVERING SPEED & INTEGRATED SOLUTION TO THE GLOBAL RETAILERS



- ✓ Complete backward integration helps BRFL in providing a single point solution for design, fabric and garmenting to international retailers
- ✓ After plant audit, once a order is placed the international players have the comfort on quality and process
- ✓ The business model with large capacity helps BRFL trade off and decide on the appropriate mix of fabric and Garmenting based on the realisation available in the market

SYNERGISTIC ACQUISITIONS & STRONG EXECUTION DELIVERING MARGINS

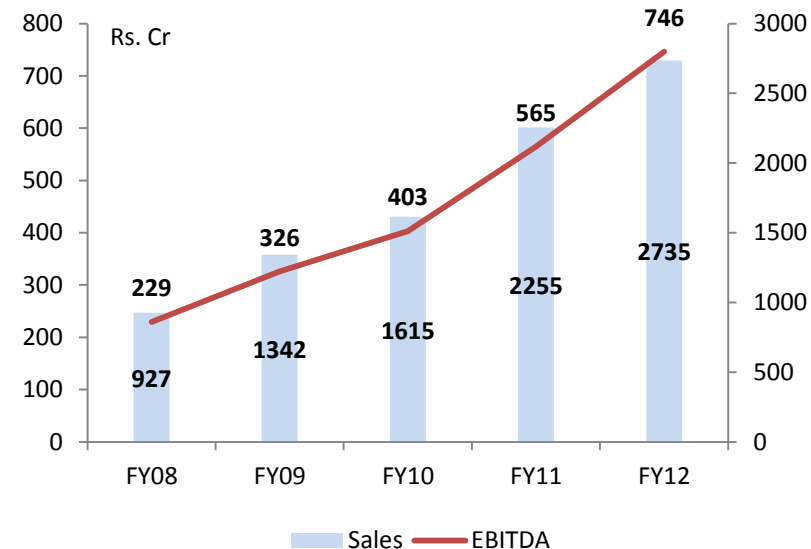
ACQUISITIONS HELPED ACQUIRE CUSTOMERS AND CAPITALISE ON OPPORTUNITY



CREDIBLE PROJECT EXECUTION HISTORY

Particulars	Facilities	Location
Phase I	Yarn Dyeing, Weaving, Processing, Garmenting	Karnataka
Phase II & III	Yarn Dyeing, Weaving, Processing	Maharashtra
Phase IV	Garmenting	Maharashtra
Phase V & VA	Yarn Dyeing, Weaving, Processing	Maharashtra

STRONG SALES & EBITDA GROWTH



*Standalone Numbers

EXPERIENCED AND CAPABLE MANAGEMENT

Directors	Position	Experience
Mr. Janardan Agrawal	Chairman	The founder of Bombay Rayon with more than 35 years experience
Mr. Aman Agrawal	Vice Chairman	More than 18 years experience in textile industry, with technical expertise
Mr. Naseer Ahmed	Jt. Vice Chairman	A businessman and a established name in garment export market
Mr. Prashant Agrawal	Managing Director	More than 16 years in textile industry driving the vision for integrated facilities
Mr. A R Mundra	Executive Director – Finance	Experience more than 30 years with a core strength in fund procurement, M&A, strategic planning etc
Mr. Uday Mogre	Executive Director – Corporate	Experience more than 32 years in establishing new projects, expansion programs, marketing and SAP implementation
Dr. B S Bhesania	Director	Partner of Mulla & Mulla, Craigie, Blunt, & Caroe with more than 50 years of experience in legal and specializes in corporate law
Dr. S B Agarwal	Director	Over 44 years of experience in textile industry operations
Mr. Suresh Vishwasrao	Director	Over 4 decades of experience in banking Industry, FEMA, Debt syndication
Mr. M M Agrawal	Director	Retired DMD of Axis Bank with more than 37years of experience
Mr. Mukul Sarkar	Nominee Director (Exim Bank)	More than 20 years of experience in banking and financial section

A STRONG STRATEGIC INVESTOR

BESTSELLER GROUP – MAJOR GLOBAL APPAREL PLAYER



- Bestseller group is one of the largest apparel player based out of Europe, owned by the Povlsen family, owns 37% in Bombay Rayon Fashions Limited
- Bestseller group has 2,979 retail stores and 13,900 employees, with a turnover of EUR 2,446 million and a PBT of EUR 161 million
- Bestseller present across 46 markets in Europe, the Middle East, Asia and Canada through approximately 3,000 chain stores and 12,000 external multi brand stores

OWNER OF MAJOR GLOBAL FASHION BRANDS

OUTFITTERS  NATION

VILA
CLOTHING

JACK & JONES

ONLY

VERO MODA

SELECTED
FEMME / HOMME

name it.

OBJECT

mama-LICIOUS

pieces

[JUNAROSE]



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Key Financial Parameters & Future Strategy



STANDALONE FINANCIALS

Income Statement (Standalone)

(Rs mn)

Y/E Mar (Rs mn)	F 09	F 10	F 11	F 12	9M 13
Net Sales	13,424	16,148	22,548	27,350	22,982
EBIDTA	3,260	4,031	5,643	7,464	6,236
Depreciation	448	681	1,367	2,172	1,956
Interest	660	935	1,452	2,215	2215
PAT	1,485	1,759	2,267	2,065	1404

Balance Sheet (Standalone)

Net worth	11,894	19,296	26,652	29,818	-
Loan Funds	17,155	24,801	31,298	35,400	-
Net Deferred Tax Liability	661	912	1,657	2,611	-
Total Liability	29,710	45,009	59,607	67,829	
Fixed Assets	15,730	24,802	35,058	37,766	-
Investments	3323	4,395	2,227	1,684	-
Net Current Assets	10,657	15,812	22,322	28,379	-
Total Assets	29,710	45,009	59,607	67,829	-

CONSOLIDATED FINANCIALS

Income Statement (Consolidated)				(Rs mn)
Y/E Mar (Rs mn)	F 09	F 10	F 11	F 12
Net Sales	15,145	18,015	26,909	29,021
EBIDTA	3,191	3,722	5,219	6,928
Depreciation	513	823	1,674	2,337
Interest	686	950	1,478	2,225
PAT	1,367	1,616	2,036	1,710
Balance Sheet (Consolidated)				
Net worth	11,891	18,972	26,167	29,144
Deferred Tax	600	714	1,200	2,546
Loan Funds	18,018	24,903	31,406	35,441
Total Liability	30,509	44,589	58,773	67,131
Fixed Assets	17,893	27,117	39,130	42,086
Investments		288	453	453
CA Loans & Advances	14,553	19,595	24,662	30,748
Net Current Assets	12,395	16,963	19,027	24,157
Total Assets	32,698	47,001	64,245	73,287

FUTURE PLANS & STRATEGY

FOCUSED STRATEGY TOWARDS INCREASING VOLUME AND DELIVERING BOTTOMLINE

✓ Improving Capacity Utilization across products and approach new markets

- *Due to time required in building efficiency amongst the labourers it was not possible to improve the garment manufacturing capacity utilization immediately*
- *The company is slowly going up the learning curve and it is expected to increase the capacity utilization substantially over the next three years*
- *The company plans to target newer markets like China for exporting their products*

✓ To continue its focus on improving research & design capability to attract more clients

- *The company proposes to build on its strong R&D capability and provide customized solution to more clients across its product line*
- *Continuous efforts in building innovative higher margin fabrics through focused R&D*

✓ Conversion of BRFL Italia into a licensing model

- *BRFL Italia started making loss due to Economic slowdown in Europe and rising costs*
- *The company has shut down its loss making stores and in the process of rationalizing the business*
- *The company has decided to get into a licensing model , where they propose to lend the brand to multiple product manufacturers who will pay royalty and brand maintenance cost*
- *The brand maintenance cost paid by all licensees to be pooled in and used to maintain the brand and continue its brand building exercise*



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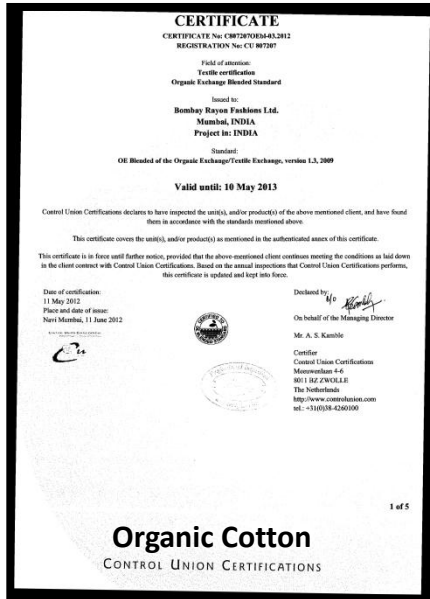
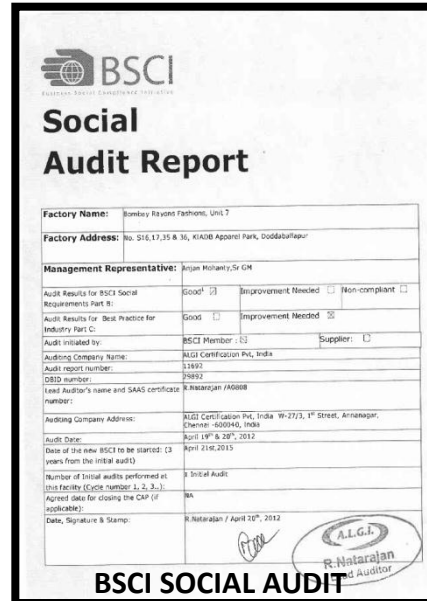
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Appendix



A FEW CERTIFICATIONS

BSCI
Business Social Compliance Initiative

Social Audit Report

Factory Name: Bombay Rayon Fashions, Unit 7
Factory Address: No. S16, 17, 35 & 36, KADAB Apparel Park, Doddaballapur

Management Representative: Rajan Mohanji, Sr GM

Audit Results for BSCI Social Requirements Part B:
Audit Results for Best Practice for Industry Part C:

Audit initiated by: BSCI Member: ☒ Supplier: ☐

Auditing Company Name: ALGI Certification Pvt. India
Audit report number: 11992
CERD number: 74952
Lead Auditor's name and SAAS certificate number: R.Natarajan / AG008

Auditing Company Address: ALGI Certification Pvt. India W-27/3, 1st Street, Annanagar, Chennai - 600040, India
Audit Date: April 19th & 20th, 2012
Date of the new BSCI to be started: (3 years from the initial audit)
Number of initial audits performed at this facility (cycle number 1, 2, 3...): 3 Initial Audit
Agreed date for closing the CAP (if applicable): NA

Date, Signature & Stamp: R.Natarajan / April 20th, 2012

BSCI SOCIAL AUDIT



- Dun & Bradstreet – Rolta Corporate Awards 2009
- BRFL is a Fair Trade certified trader
- BRFL is accredited with SA 8000 by SAI(Social Accountability International)
- BRFL is Oeko - Tex quality certified textile manufacturer



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THANK YOU

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