

December 26, 2019

To,
The Compliance Department,
BSE Limited,
P. J. Towers,
Dalal Street, Fort,
Mumbai – 400 001.

Dear Sir/Ma'am,

Subject: Press Release for Capacity Utilisation.
Ref.: Vishal Fabrics Limited, Scrip Code: 538598, Security ID: VISHAL

Kindly find herewith enclosed copy of Press Release titled as "Vishal Fabrics Ramped Up Capacity Utilisation from 55% to 75%".

The Press Release is self-explanatory

Please take the same on your record.

Thanking you,
For **VISHAL FABRICS LIMITED**



Deepak Vyas
Company Secretary



Encl.: a/a

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Vishal Fabrics Ramped Up Capacity Utilisation from 55% to 75%

Ahmedabad, December 26, 2019: Vishal Fabrics Limited, one of the leading manufacturers of denim fabric, reported improvement in capacity utilisation of denim manufacturing plant located at Dholi, Gujarat, from 55% in Q2FY19 to 75% in Q2FY20. Higher capacity utilisation led the company to improve its operating efficiencies; resulting into better financial performance.

Vishal Fabrics Limited has comfortably outperformed industry growth by posting a top-line growth of 30% (YoY) in H1FY20. The production of denim fabric grew by **36%** as on Q2FY20 on a Y-o-Y basis. The higher production is attributable to the commencement of four new lines of denim fabric manufacturing plant in 2018. Higher production led to a robust increase of 23% in revenue to Rs. 293 Crore in Q2FY20, while EBITDA witnessed a stellar growth of 172% to Rs. 8.6 Crore in Q2FY20 on a Y-o-Y basis.

The output growth was driven by increased purchase orders from key customers spread across different regions. For Vishal Fabrics, in India, Delhi was the key market and whereas for exports, it was Bangladesh. Higher production helped the company to achieve economies of scale in the form of lower manufacturing and overhead costs. The lower overhead cost translates into higher EBITDA margins. The EBITDA margin grew from 4.3% to 7.8% in Q2FY20 on a YoY basis. Higher capacity utilisation also makes business more competitive on the back of lower per-unit cost. Higher capacity utilisation is due to a rise in sales to Indian brands, fabric exports and domestic fabric sales. Out of 2,000 bps growth in capacity utilisation as on H1FY20, 1,500 bps is attributable to domestic fabric sales and 500 bps to exports and sales to Indian brands combined.

Vishal Fabrics Limited boasts of a state-of-the-art manufacturing facility with a total installed capacity of 80 MMPA. The denim unit is equipped with 11 warping units, 8 DR machines for dyeing, 3 singeing machines, 2 mercerising units, 1 stenter, 4 wet finishing machines, 14 inspection machines, foam finish machines and other latest technology. It allows us to meet strict timelines to deliver the product without compromising on the quality, which is a must-have for brands who are our customers. Vishal Fabrics Limited is a premier supplier of high-quality stretch denim fabric, which has a universal appeal, i.e. it is widely used and is popular among people of all ages.

Mr. Brijmohan Chiripal, Managing Director of the Company, commented, "Significant improvement in capacity utilisation has led to better efficiency and higher profit margins. Going ahead, we expect capacity utilisation to improve and also enhance our operating leverage. Superior manufacturing technology allows us to develop innovative products in line with global fashion trends. Furthermore, it enables us to produce a wide range of products. This is a source of competitive advantage and allows us to not only meet customer requirements but also delight them."

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Vishal Fabrics Limited has expanded its business into newer geographies covering the MENA region and South Asian countries. The Company caters to leading domestic and global brands. Domestic brands include Aditya Birla Fashion, Pantaloons and Future Group whereas global brands include Austin, Pepco, OVS, Inditex- ZARA Pull & Bear, The company also supplies to E-commerce portals like Myntra. While the company continues to build marquee clientele through product innovation and value additions; it continues to build sales momentum through strategic promotional activities.

About Vishal Fabrics Limited (BSE Code – 538598)

Established in 1985, Vishal Fabrics Limited (VFL), is one of India's leading manufacturers of Denim Fabric, is a part of the Chiripal Group. The company has state of the art manufacturing facility near Ahmedabad, Gujarat with an installed capacity of 80 MMPA and a processing unit of 105 MMPA. VFL is a premier supplier of top-quality stretch denim fabric, which is very popular among people of all ages.

Disclaimer

This press release and the following discussion may contain “forward looking statements” by Vishal Fabrics Limited 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 Vishal Fabrics about the business, industry and markets in which Vishal Fabrics 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 Vishal Fabrics' 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 Vishal Fabrics. In particular, such statements should not be regarded as a projection of future performance of Vishal Fabrics. It should be noted that the actual performance or achievements of Vishal Fabrics may vary significantly from such statements

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