

Q3 FY2018 Review Note

31st January 2018

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Agenda

- **Q3 FY18 Performance**
- **Business Analysis**
- **Outlook**

Executive summary of Q3 FY2018 performance

INR crores

	Q3 FY2018	Remarks
Revenues	2706 (+16%)	
Textiles	1524 (+9%)	Fabric volume grew from 56mn to 60mn
Branded Apparel	961 (+24%)	~15% adjusting for TH, CK and GST Power Brands LTL 8% ,
EBITDA	248 (9.2% vs 10.1%)	
Textiles	14% (vs 17%), 13% in Q2	Reduction in drawback rates, rupee appreciation
Branded Apparel	7% (vs 4%)	Margin improvement in Unlimited, Power Brands and Specialty Retail
PAT	90 (+14%)	
Net Debt (31 st Dec 2017)	3521	

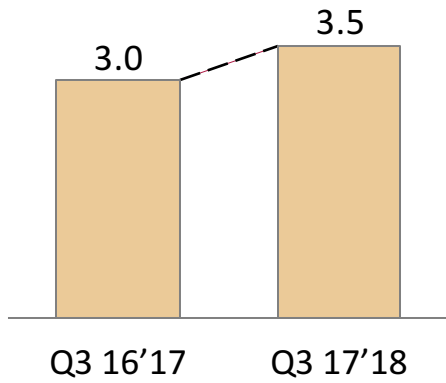
P&L Summary – Q3 and 9M FY17-18

<i>All Figures in INR Crs</i>	Q3 1718	Q3 1617	Change	9M 1718	9M 1617	Change
Revenue from Operations	2,706	2,335	16%	7,809	6,771	15%
EBIDTA	248	236	5%	668	713	-6%
Profit Before Taxes	100	106	-5%	268	318	-16%
Tax	11	28		48	87	
Minority Interest	0	-2		0	2	
Share of Profit / Loss in JV	1	-2		2	1	
Profit After Tax	90	78	14%	222	230	-3%
Less : Exceptional Item	11	3		22	9	
Net Profit	79	76	4%	201	221	-9%

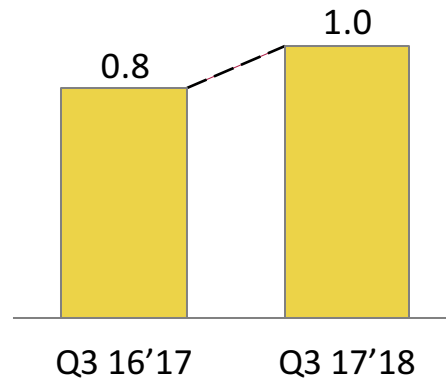
- Exceptional Item - Retrenchment compensation includes payments under Voluntary Retirement Schemes

Key indicators – Q3 1718 Vs Q3 1617

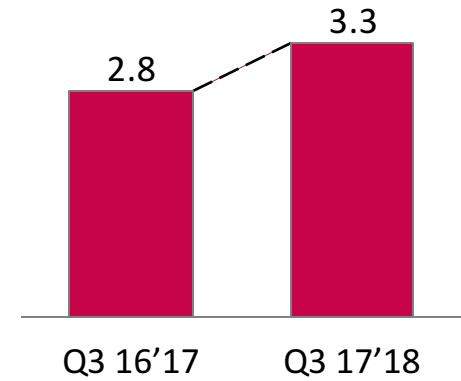
EPS



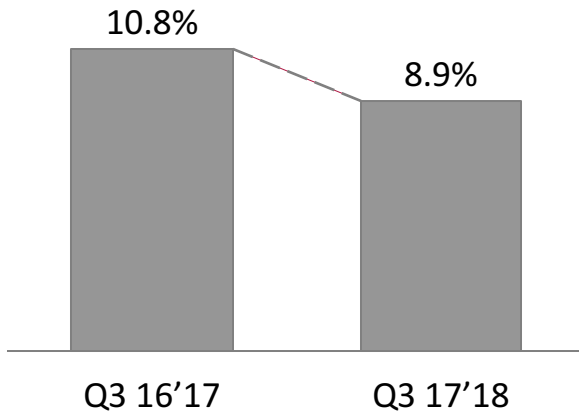
Debt / Equity



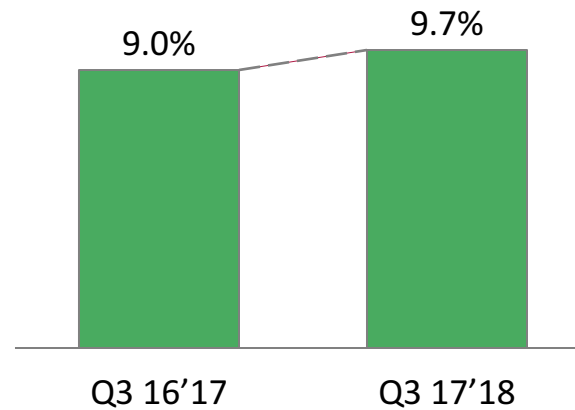
Debt / EBIDTA



ROCE



ROE



Agenda

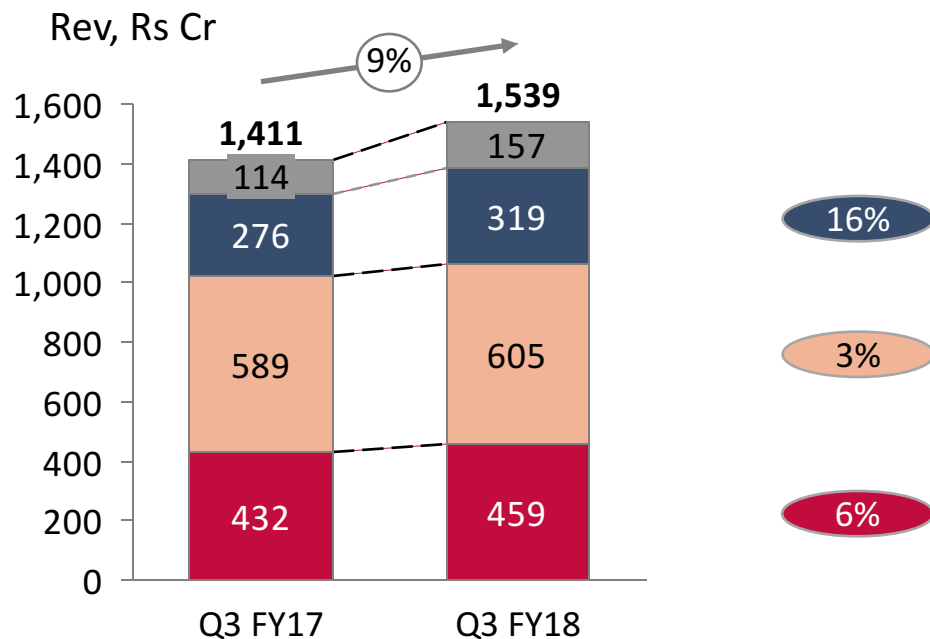
- **Q3 FY18 Performance**

- **Business Analysis**

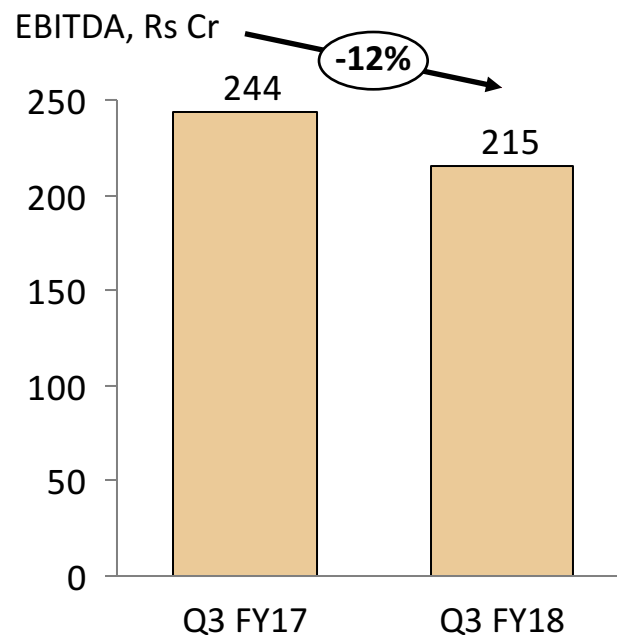
- **Outlook**

Textiles saw volume growth, profitability suffered as a result of duty drawbacks and strong rupee

Revenues growth led by Garments



Profitability Reduced



- Fabric volumes improved from 56 M meters to 60 M meters primarily driven by Exports
- Garment volumes grew by 22%

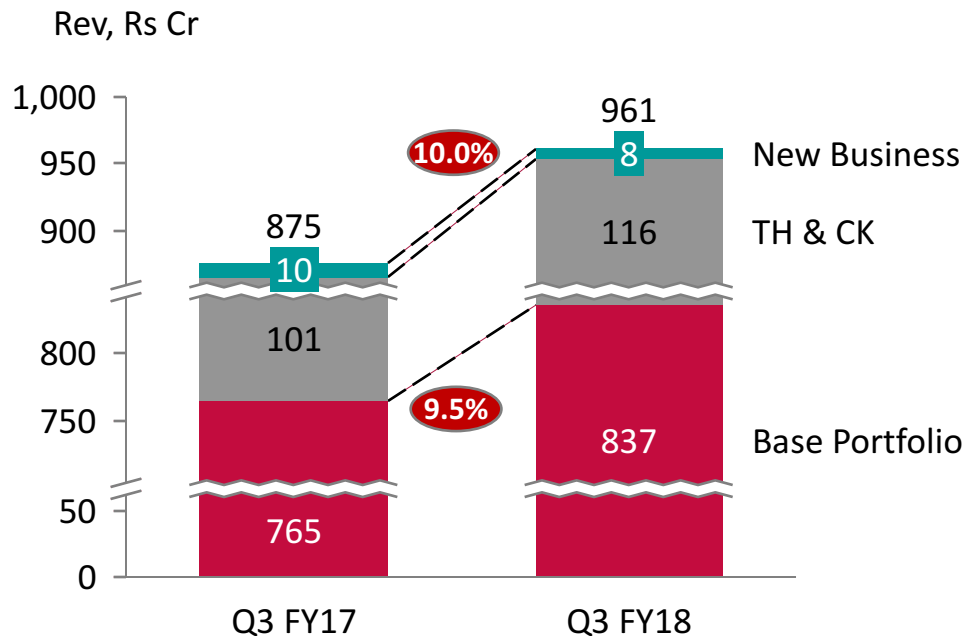
Key Parameters: Q3 & 9M 2017-18 – Textiles

	Denim		Woven	
	Q3 17-18	Q3 16-17	Q3 17-18	Q3 16-17
Exports(Mn Mtrs)	13	10	10	8
Domestic (Mn Mtrs)	12	12	25	25
Avg Prices	181	192	164	169
Major Components	Cotton			
Cost in Rs / Kg	113	120		
	Denim		Woven	
	9M 17-18	9M 16-17	9M 17-18	9M 16-17
Exports(Mn Mtrs)	39	33	26	25
Domestic (Mn Mtrs)	36	40	69	71
Avg Prices	181	185	171	170
Major Components	Cotton			
Cost in Rs / Kg	118	110		

- Reduction in the average realisation due to sharp appreciation of rupee and reduced duty drawback rate
- Sales prices and cotton prices for Q3 FY17-18 are excluding GST, whilst they include VAT in the previous year

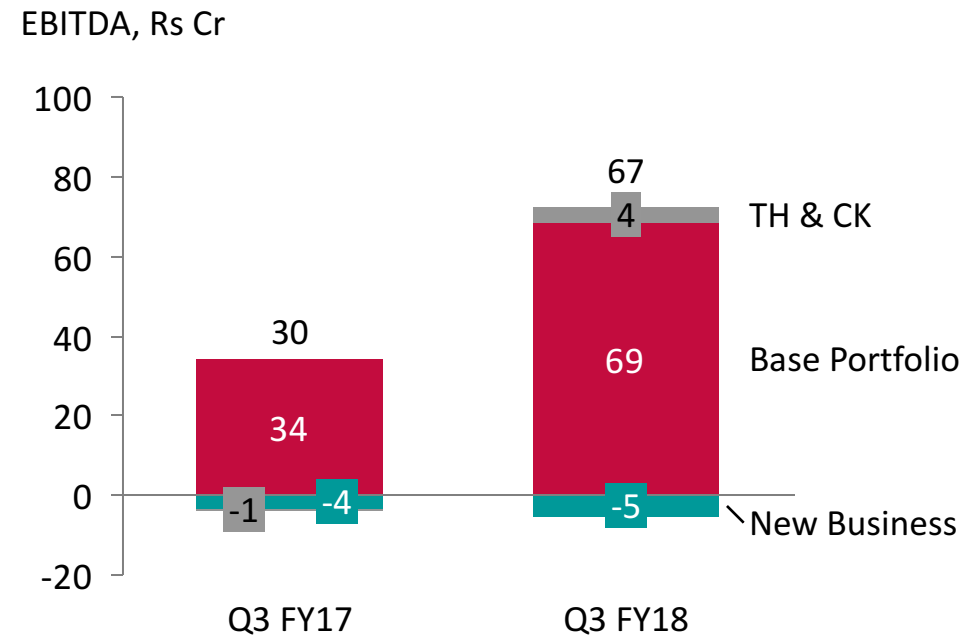
Brands & Retail Business grew topline by 24% in Q3 2017-18

Strong revenue growth



- Due to GST implementation, y-o-y numbers are not strictly comparable. Adjusting for GST impact, growth would have been higher by 5%

Improving EBITDA



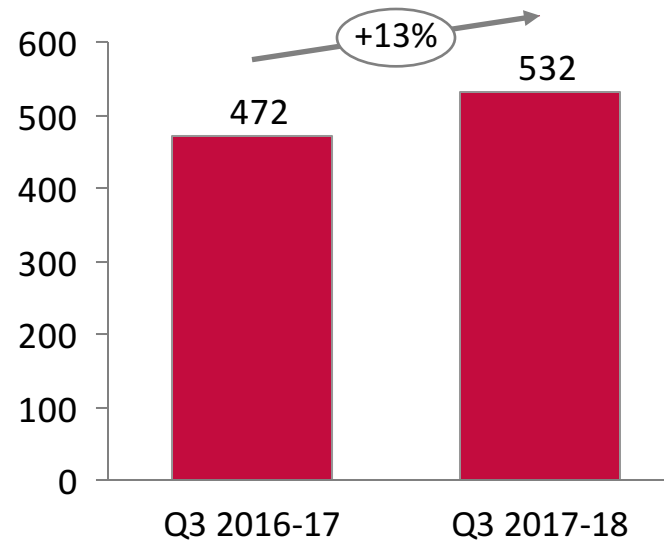
- Margins improved across the portfolio
 - Base Portfolio margin improved from 4.4% to 8.2%

Power Brands 'powered' the top-line and margins for Brands & Retail

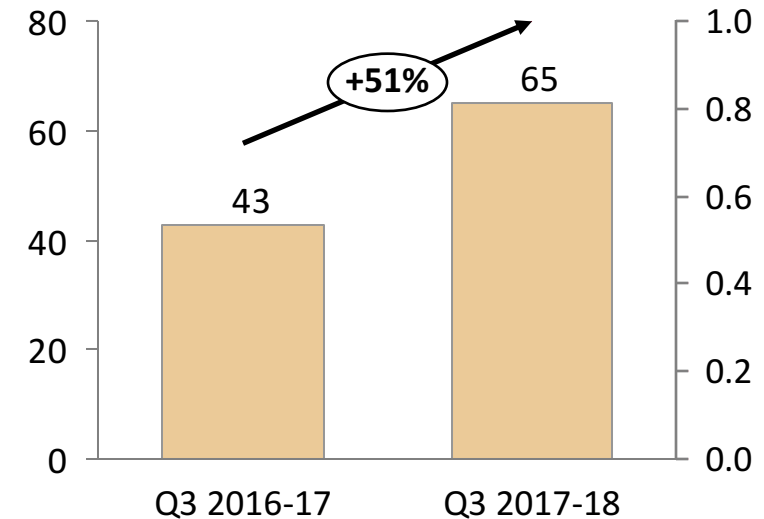
Q3 17'18 performance



Revenues Rs Cr



EBITDA Rs Cr



EBITDA %

EBITDA
Margin (%)

9.1%

12.2%

*for comparison purposes, TH revenue are included for both the periods

Power Brands led LTL growth for Q3, 9-month LTLs are more broad-based

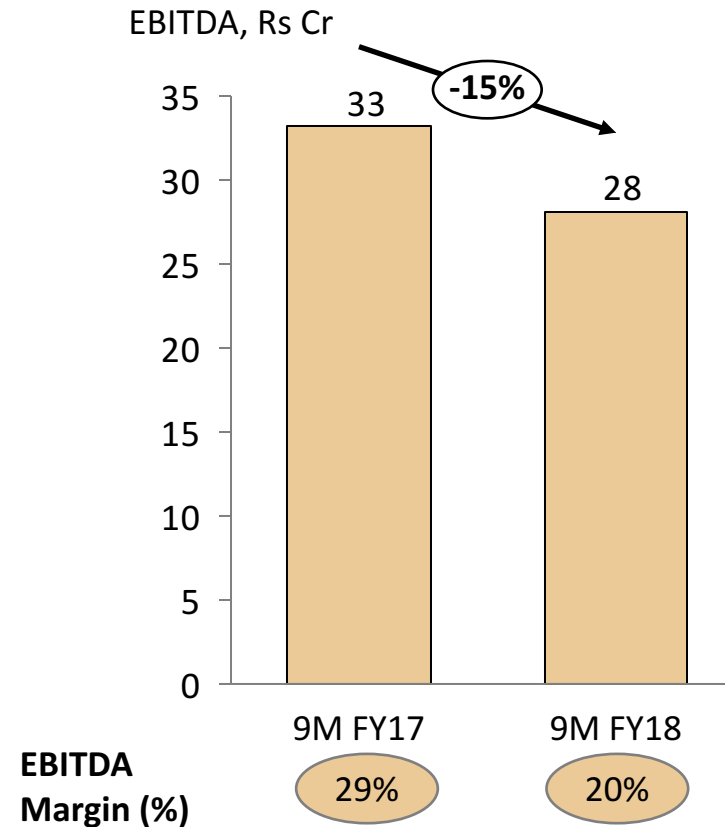
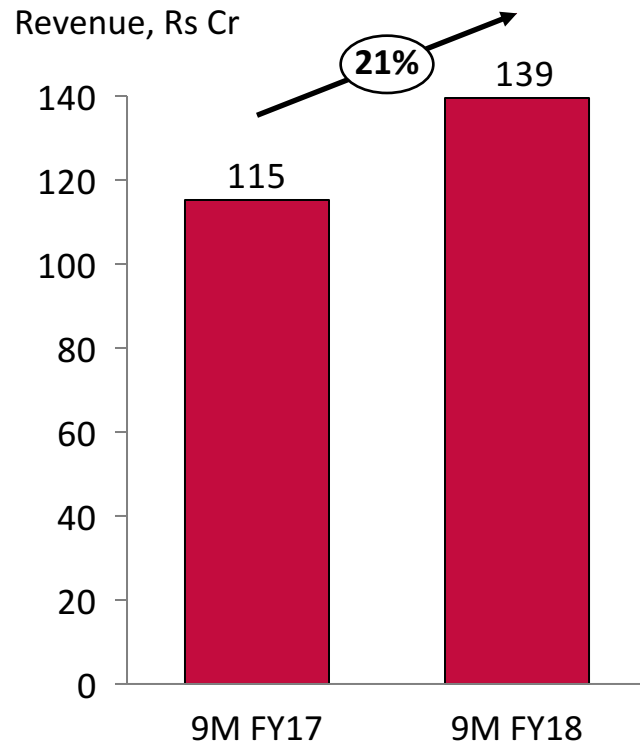
	Q3	YTD DEC 17
Power Brands	7.9%	6.9%
Unlimited	-4.3%	12.4%
Grand Total	5.7%	8.4%

- Unlimited registered a negative LTL in Q3 due to very high base of last year which was partially delivered at the cost of lower margins. Also, sales got preponed to September 2017, because of early Diwali this year
 - September Month LTL was 37%

Distribution Footprint (as of 31st December 2017)

Particulars	Q3 FY17-18	
	# Stores	Sq ft (Lacs)
Brands	1,137	10.1
Unlimited	93	8.7
Specialty Retail	32	1.3
Total	1,262	20.2
No of Key Account Counters	2,710	

Anup Engineering – Strong growth trend continues



- Engineering business registered a healthy growth of 21% in revenue in the first 9 months of the current financial year
- EBITDA Margins for the same period fell due to higher commodity prices
- We expect the business to deliver ~25% growth for the full year with margins in the range of 23-25%

Each of the three businesses have demonstrated strong performance

	Arvind Limited*	Arvind Fashions Limited	Anup Engineering Limited
9M 17-18 Revenue (Growth%)	4890 Crs (7%)	2780 Crs (~33%)	139 Crs (21%)
9M 17-18 EBITDA	548 Crs	146 Crs	28 Crs
EBITDA Margin	11.0%	5.0%	20.0%
RoCE (9M)	10%	3.0%	19.0%
Current Debt/ Cash	2,848 Crs	718 Crs	Net 45 Crs Cash
Shareholders Equity	~2,592 Crs	1190 Crs	219 Crs

*Figures under head Arvind Limited are balancing figures

Agenda

- **Q2 FY18 Performance**
- **Business Analysis**
- **Outlook**

Outlook for full year FY2018

- We expect revenue growth of ~11-12% on consolidated basis
 - Revenue growth in Textiles expected to be ~6-7%
 - Revenue growth in Branded Apparel expected at ~15-17% (adjusted for GST)
- Overall EBIDTA margin likely to be lower due to mix change & lower textile margins
 - Textile Margin will be impacted due to currency appreciation and reduction in drawback rates
 - Brand and Retail Margin to sharply go up; Due to implementation of GST, both revenue and cost have reduced leading to further improvement in margins. Expect about 175 bps improvement in margins in the base business



Thank You!