



Review Note Q1 2012-13
26th July, 2012

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Financial Performance- Consolidated



Q1 witnessed buoyancy in Textile business |Financial results got impacted on account of unforeseen event of Strike by workmen

- In the month of June 2012, the strike affected operations at Arvind Limited’s Naroda Road plant for 26 days and that of Ankur unit for 12 days.
 - Apart from the strike, there was a minor incident of fire which affected the shirting plant at Santej in May 2012.
- The financial impact of the Strike as per our internal estimates:

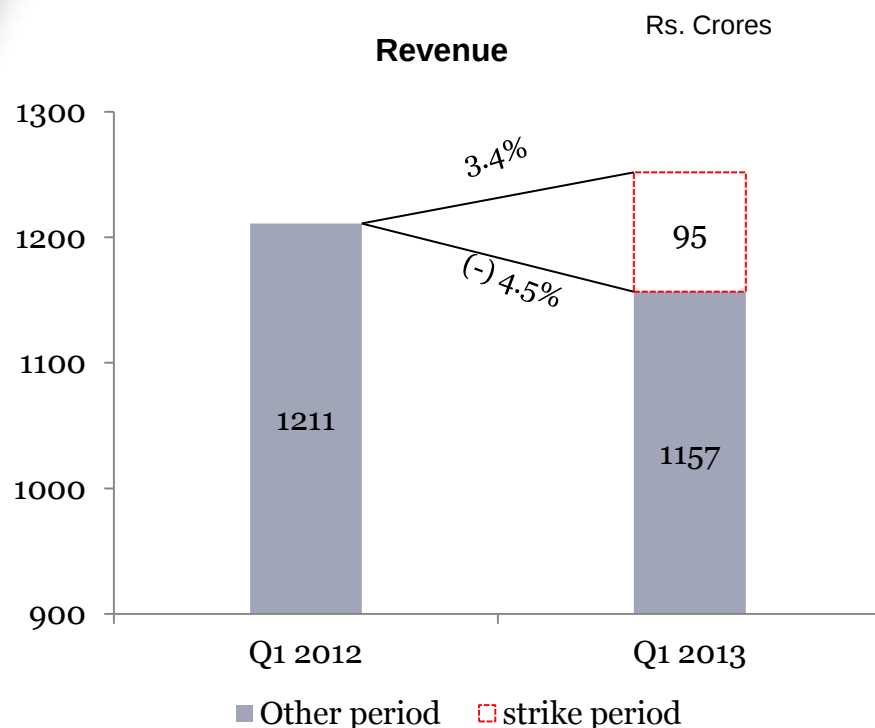
Particulars	Denim	Others	Total
Volume Loss - Mn Mtrs	4.3	1.8	6.1
Revenue Loss - Rs Crs			95
EBIDTA Loss - Rs Crs			35
ROCE - Annualised			3.6%

- In the subsequent slides, wherever applicable, the company has given its own estimates of impact of these events to facilitate the analysis of numbers

While there has been one time financial impact on account of the Strike, there has been no loss of customers.



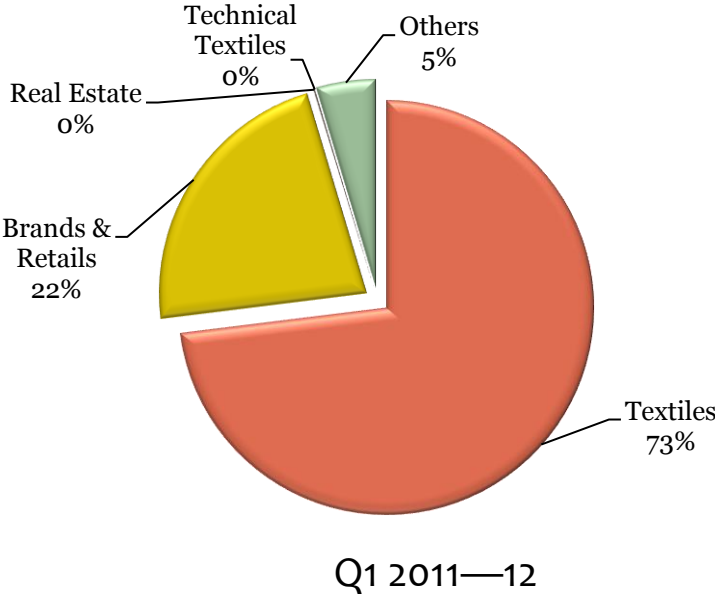
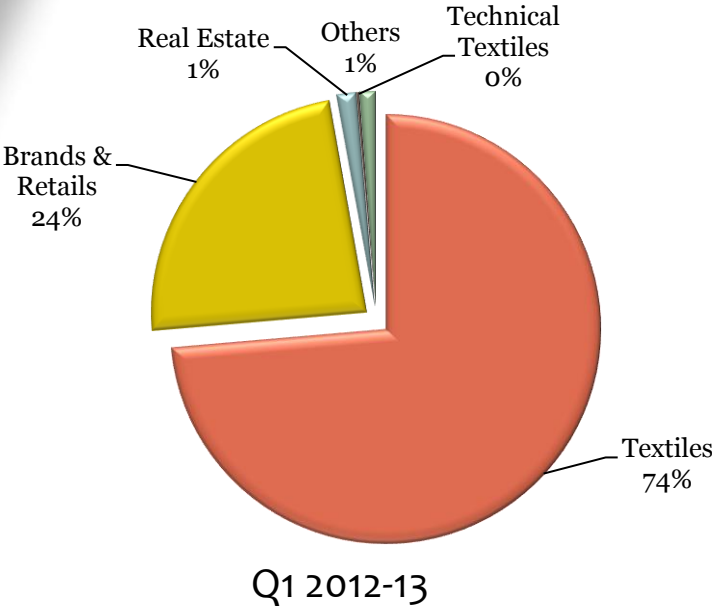
Volume growth in textile products led to high revenue despite price contraction



- Despite reduction in selling prices by 10%-14% in various textile products, caused by fall in cotton prices, revenue for Q1 was strong on account of
 - Robust growth in textile volumes
 - 9 % increase in revenue of brand & retail business



Q1 2012-13- Revenue



Compared Q1 2011-12

Textile Business reduced by 5.1% (could have increased by 4.9% but for the strike)

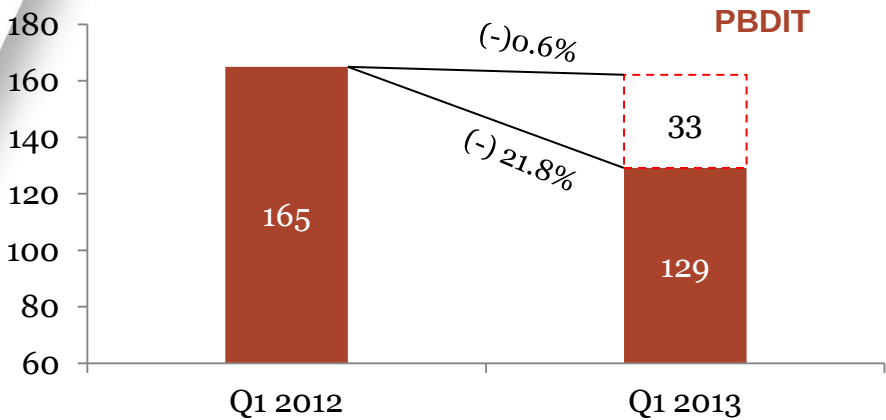
Brands & Retail Business grew by 9%

Share of apparel & fabric retailing grew to 33% from 28%

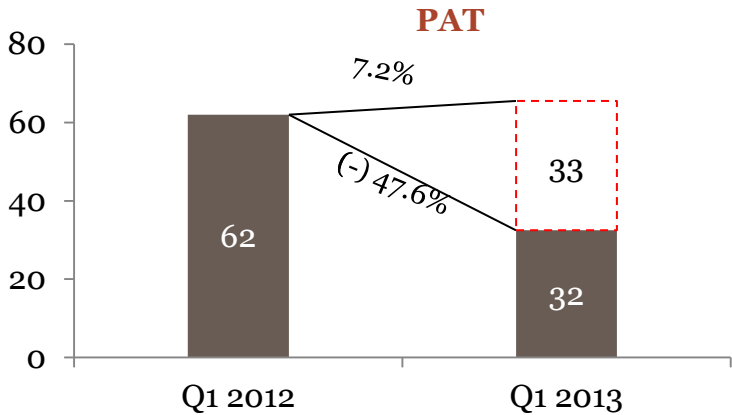
Share of domestic revenue grew to 67% from 65%



Textile Margins improved as expected



■ Other period ▤ strike period



■ Other period ▤ strike period

EBIDTA margin was 11.2% (could have been 13.1% but for the strike)

Textile Business margin improved from 14.6% to 14.75% (could have increased to 16.8% but for the strike)

Brands & Retail margin reduced from 6.6% to 1.1%

Profit After Tax was Rs. 32 crores down 47% compared to Q1 2011-12

Profit after tax could have been Rs. 66 crores but for the strike

Financial Performance Q1 – 2012-13

	Q1 Rs in Crs		Change
	2012-13	2011-12	
Revenue from Operations	1,157	1,211	-4%
RawMaterials	548	609	
Employees' Emoluments	127	107	
Others	387	357	
(Increase) / Decrease in Stock	-44	-28	
Foreign Exchange Loss /(Gain)	10	1	
EBIDTA	129	165	-22%
Margin	11.2%	13.6%	
Other Income	22	14	
Finance Cost	75	78	
Cash Accruals	76	101	-25%
Depreciation	45	41	
Profit Before Taxes	32	60	
Profit After Tax	32	62	
Net Profit	32	61	-47%

- Revenue growth is – ve on account of the Strike
- MTM loss in FX was about 10 cr which impacted the margin.
- Other Income includes profit from sale of land of Rs. 15 Crs.
- Figures are not comparable as the Q1 of 2011-12 included figures of our share in our JV, VF Arvind Brands Pvt Ltd.



Comparative Financial Performance

Rs. Crores

	2011-12		2012-13	
	Q4	Q1	Q1	Q1
			Actual	figures after removing the estimated negative impact of strike
Revenues	1278	1211	1157	1252
EBIDTA	132	165	129	164
PBT	67	60	32	66
PAT	67	62	32	66

Ratios

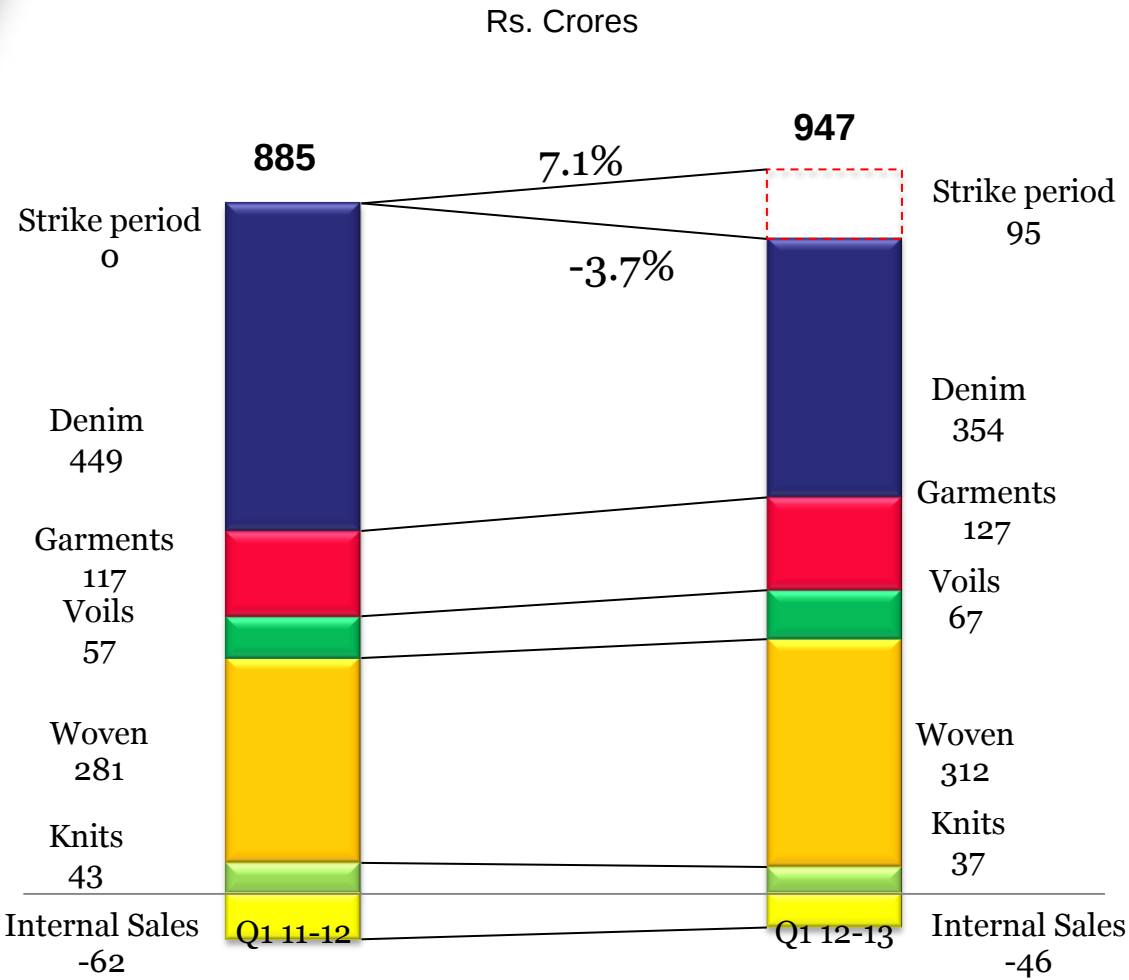
	2010-11	2011-12	2012-13	Q1 12-13	Q1 12-13
			Plan	Actual	Adjusted for strike
EPS	6.5	9.5	10.5	1.3	2.6
Debt / Equity	1.3	1.0	0.9	1.0	1.0
Debt / EBIDTA	3.7	2.9	2.7	3.2	2.7
ROCE	10.6%	13.2%	13.4%	10.8%	14.3%
ROE	8%	12.1%	13.5%	6.6%	12.9%
Revenue Growth	25%	21%	15%	-4%	3%



Business Analysis- Textile Business



Textiles Business- Revenue Mix

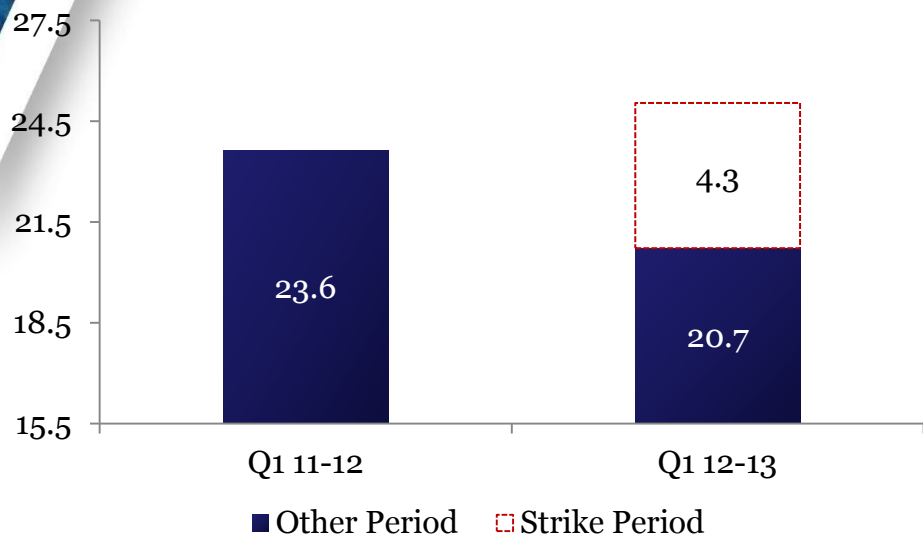


- Strong volume growth across all categories led to healthy revenues despite fall in selling prices

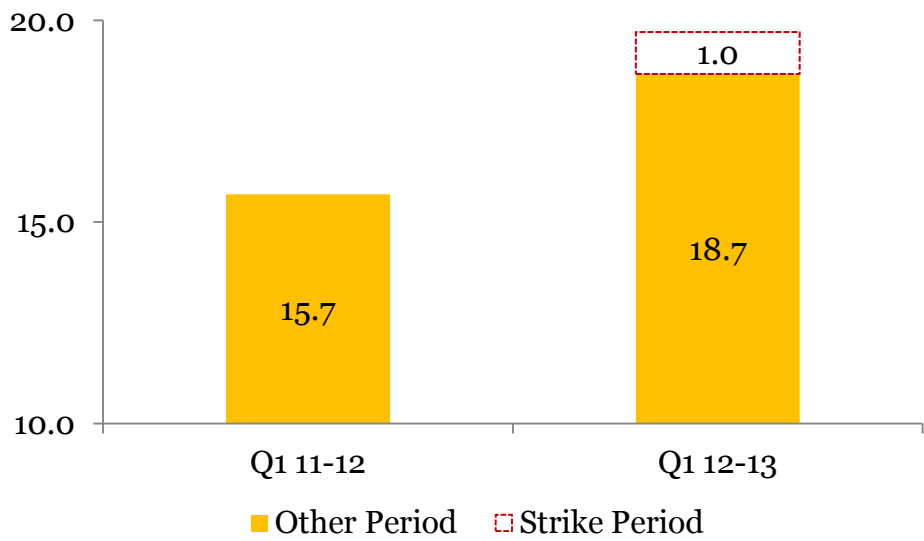


Denim & Shirting/Khaki Volumes

Denim – Mn Mtrs



Shirting / Khakis – Mn Mtrs



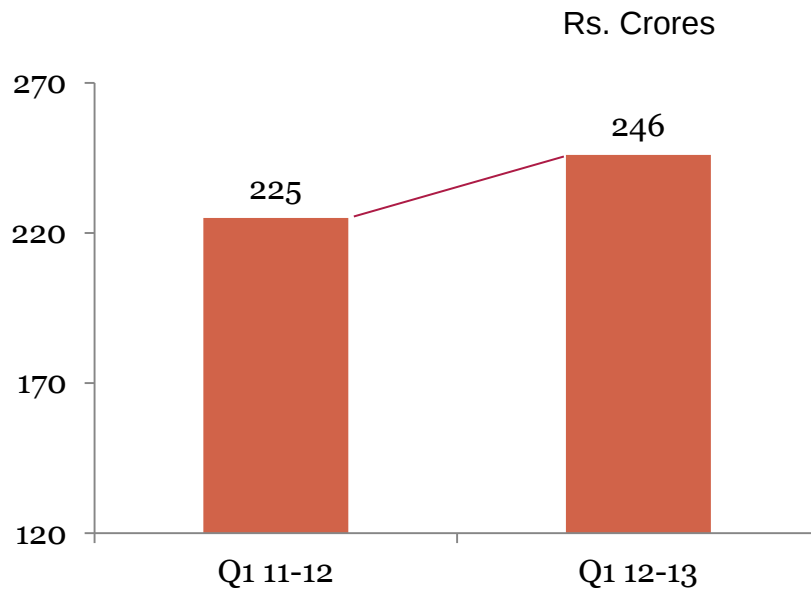
*Figures are exclusive of semi-finished fabric Sales



Business Analysis Brands & Retail Business



Brands & Retail Businesses-Revenue Q1



- Arvind Lifestyle brands & Arvind Retail Limited are subsidiaries operating in apparel Brands & Retail Businesses respectively
- Revenue increased during the quarter ~9%



After rapid growth for 8 consecutive quarters, the revenue growth rate slowed down due to poor economic conditions

The revenue grew by 9% in the current quarter, although volumes were down marginally by 2%

Revenue Q1-12

	Revenue Rs Crs	% Growth
ALBL	136	20
ARL	110	-1%
Total	258	9%

In very difficult market conditions, brands registered a modest LTL growth while MegaMart reported a negative LTL sales during the quarter

Like to Like Growth

	% LTL
ALBL	4
ARL	-6

ALBL- Brands
ARL- MegaMart Retail



Brands & Retail Business- Distribution

	2011-12		Q1 12-13	
	Stores	Sq Ft	Stores	Sq Ft
Brands	352	330943	370	347381
Retail	216	691770	209	708462
Total	568	1022713	579	1055843
KA Counters	327		362	

➤ Sales Increase in Key Account Counters: grew by 32% in Q1



Outlook

Revenue

- Revenue growth likely to be 10-12% for the year
- While reduced selling prices caused by fall in cotton prices is containing Revenue growth, the textile volumes are expected to grow by 14-16%
- Revenue growth forecast reduced marginally due to revenue loss in Q1 on account of strike and sluggish economic outlook which will impact growth in revenue for brands & retail business.
- International demand for textiles strong
- Indian retail demand sluggish resulting in lower growth for Mega-Mart and lower off-take of fabrics

Margin

- Company expects that margins for the balance year to be better than the last year due to
 - volume growth in textiles and
 - improvement in margins in brands & retail business as company is out of higher cost inventories
 - Margin expected to rise to above 5% in Q2 as compared to 1.1% in Q1

Thank You

ASVIND

