



Arvind Limited

Q1 Performance Review Note

04 August 2016 | Ahmedabad

Contents

- Q1 FY 2017 performance
- Business analysis

In line with the IndAS, business segments have been redefined

Earlier Reporting Segments

1. Textiles
 - Fabrics
 - Garments
2. Brands & Retail
 - Branded garments
 - Specialty retail
 - **Fabric retail (The Arvind Stores)**
3. Others
 - Technical textiles
 - Agricultural produce
 - EPABX and One to Many radio
 - Engineering
 - Water treatment
 - **Creyate**
 - **Internet**
 - Others (incl. newly commenced businesses)

New Segments

1. Textiles
 - Fabrics
 - Garments
 - **Fabric retail (The Arvind Stores)**
2. **Branded Apparel**
 - Branded garments
 - Specialty retail
3. **Arvind Internet**
 - **Internet**
 - **Creyate**
 - **Online private label business**
4. Others
 - Technical textiles
 - Agricultural produce
 - EPABX and One to Many radio
 - Engineering
 - Water treatment
 - Others (incl. newly commenced businesses)

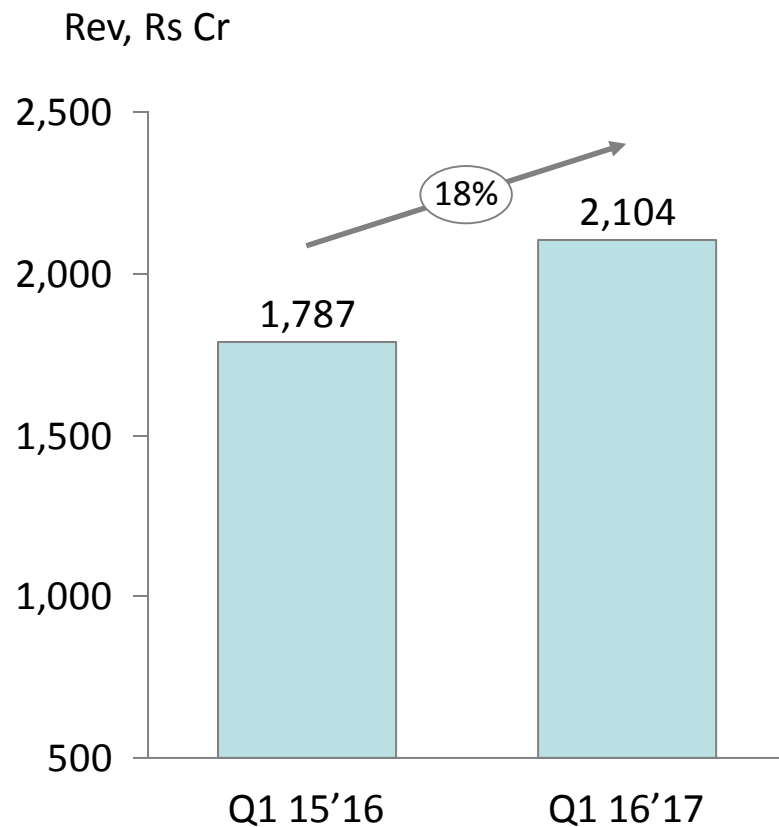
Re-categorized | new/renamed

Key differences between IGAAP & IndAS for Arvind

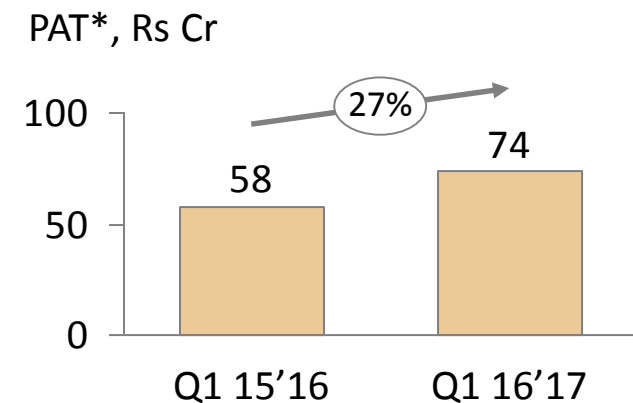
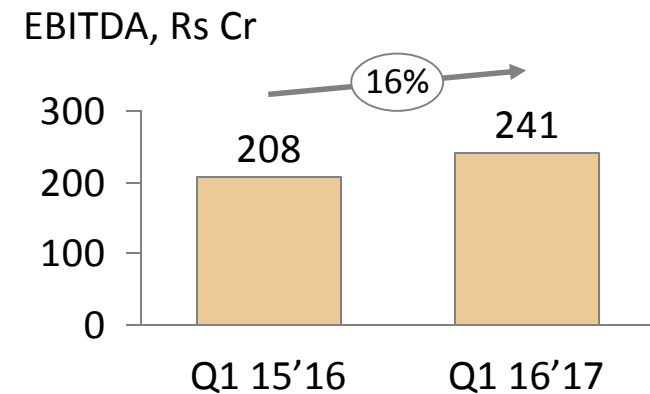
1. Revenue, Expenses, EBIDTA and PBT of Joint Venture Companies where Arvind has joint control will now not get added to those of other businesses/companies. Only PAT will be added in consolidated PAT of the Company
 - Arvind Tommy Hilfiger, Premium Wholesale Garments (CK), Arya Omnitalk (one to many radio and GPS business) and Smart Value (JV with Tata for township development) are the four businesses where Arvind does not have controlling interest.
 - In view of this, revenue and EBIDTA figures Arvind Tommy Hilfiger which were hitherto were being shown as part of Power Brands will no longer be included. Power Brands figures given in this document and future similar documents will contain figures of USPA, FM & Arrow.
2. Sales made on Sale or Return basis where dealers had a right to return unsold inventory have been reversed to the extent of unsold inventory at the end of the period. Similarly, margin on such sales has been reduced from the EBIDTA. Revenue now will be based on goods actually sold to the customers.

Q1 2016-17: A Strong Quarter

Robust revenue growth



..... And profitability



*PAT before exceptional items

Q1 FY2017 Result Highlights : Robust growth in Revenues and Margins

All Figures in INR Crs	Q1 FY17	Q1 FY16	Change
Revenue from Operations	2,104	1,787	18%
Raw Materials	975	748	
Project Expenses	3	1	
Employees' Emoluments	266	217	
Others	696	595	
Stock (Increase) / Decrease	-74	16	
Forex (Gain) / Loss	-3	2	
EBIDTA	241	208	16%
Margin	11.5%	11.6%	
Other Income	20	27	
Interest & Finance Cost	89	96	
Cash Accruals	172	139	24%
Depreciation	69	59	
Profit Before Taxes	103	80	28%
Tax	32	23	
Minority Interest	0	-2	
Share of Profit / Loss in JV	2	0	
Profit After Tax	74	58	27%
Less : Exceptional Item	0	3	
Net Profit	73	55	33%
Other Comprehensive Income (net of tax)	40	5	
Total Comprehensive Income after Tax	113	60	

Key highlights

Revenue growth of 18%

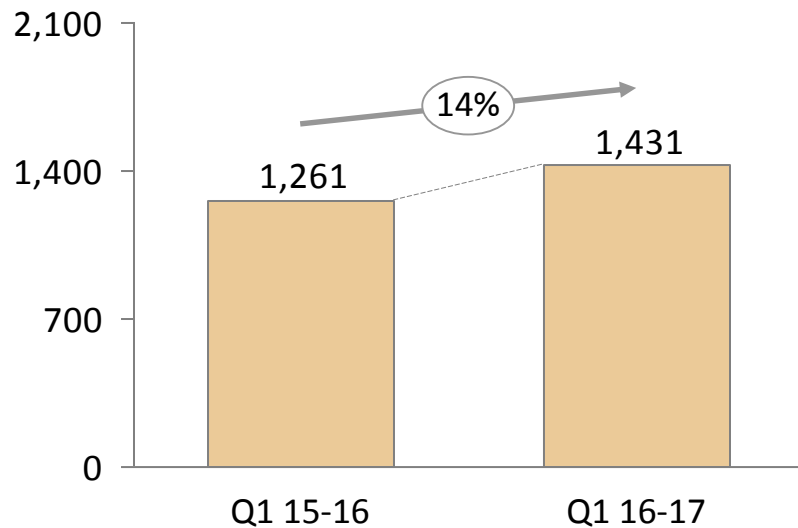
- 26% growth in Branded Apparels
- 14% growth in Textiles

Weighted EBIDTA margin almost flat

- business mix change in favour of Branded Apparels
- Other Comprehensive Income mainly includes MTM gain/losses on financial assets

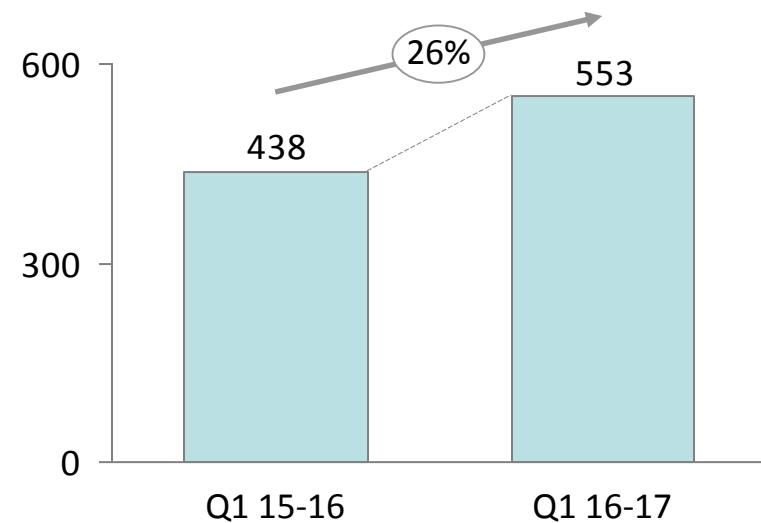
Strong Revenue growth in Branded Apparels & Textiles

Textiles Revenues



- 28% in Garments (utilization ramp-up)
- 17% in Wovens
- 2% in Denim

Branded Apparels Revenues

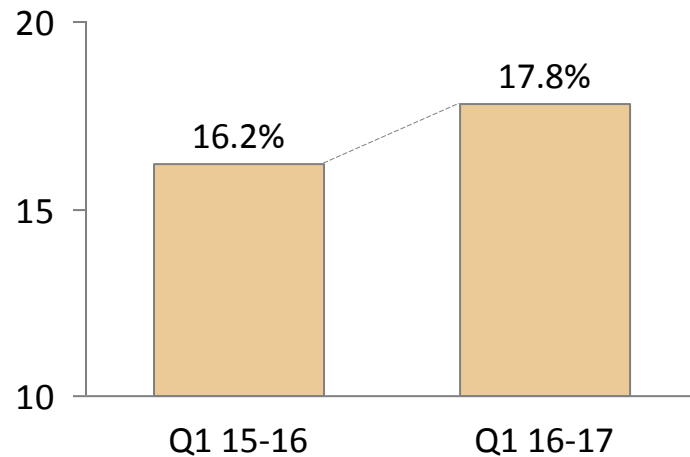


- Power brands grew by 27%
- Unlimited revenues shrunk by 7% (effect of closures of stores in H2 last year)

Margin expanded both in Textiles and Branded Apparels businesses

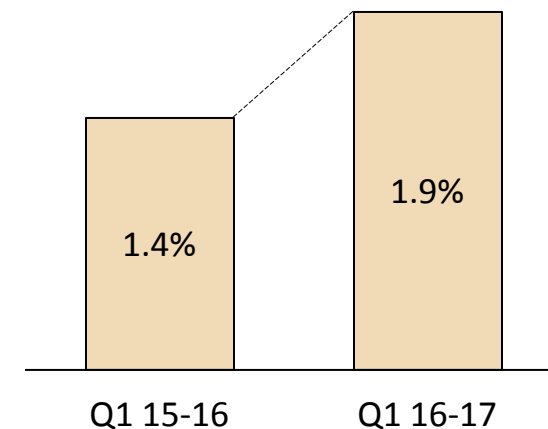
EBITDA (%)

Textiles



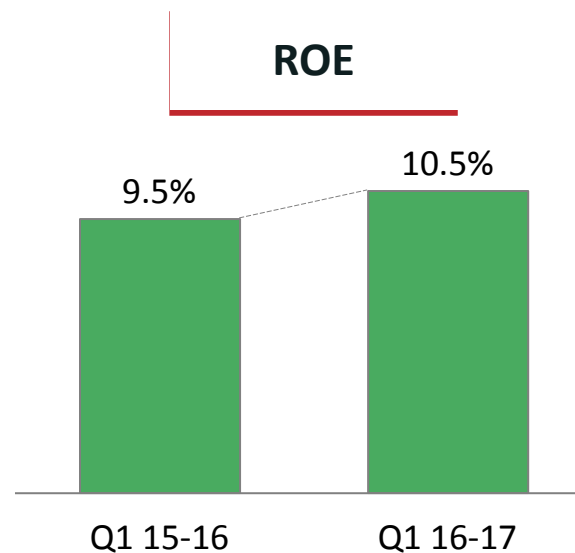
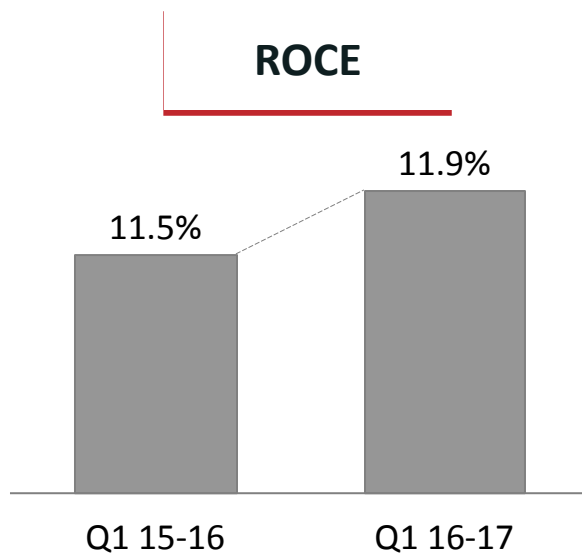
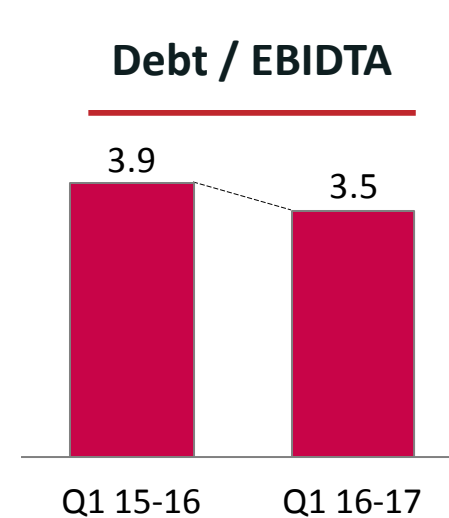
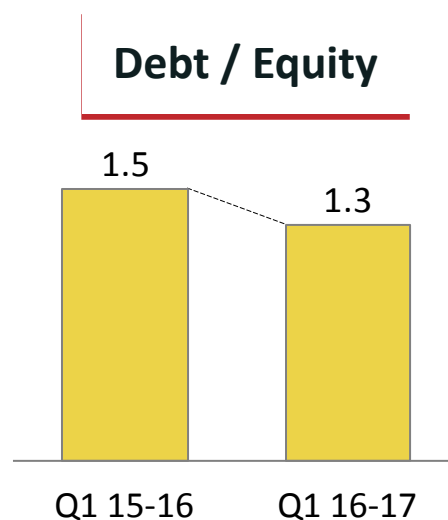
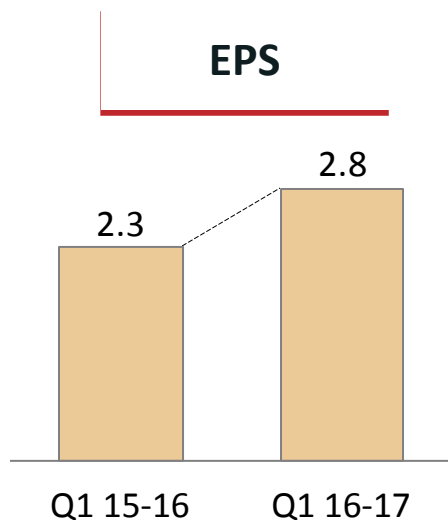
- Increased capacity utilization and higher price realization in Wovens
- Steady price realization in Denim

Brands & Retail



- Operating leverage in power brands
- Unlimited stopped bleeding

Key financial ratios showed clear improvement



Indian GAAP and IndAS differences: Reclassification & Re-measurements

	Arvind Ltd			Arvind Lifestyle Brands Ltd			Consolidated			
	Revenue	EBIDTA	PAT	Revenue	EBIDTA	PAT	Revenue	EBIDTA	PAT	PAT
Rs Crores										
As per IGAPP	1311	239	79	462	17	-14	1877	251	56	58
As per IND AS	1299	234	79	437	9	-19	1787	235	54	55
Difference	-13	-5	0	-25	-8	-5	-90	-17	-2	-3
<u>Reclassification</u>										
Cash discount, earlier reported as Interest expense, now reduced from Revenue	-5	-5					-5	-5	0	
Sales incentive, earlier reported as selling expenses, now reduced from Revenue	-9						-9	0	0	
Revenue grossed up for Excise duty	1						4	0	0	
Total Reclassification	-13	-5	0	0	0	0	-10	-5	0	
<u>Remeasurement</u>										
SOR sales, where dealer had a right to return inventory, now derecognised				-25	-5	-5	-25	-5	-5	-5
Share of JVs where Arvind has joint control now accounted on equity method							-55	-4	0	
Prepaid Advertisement expenses charged off at the time of incurrance of expenses					-2	-2	0	-2	-2	-2
Decrease in depreciation due to fair valuation of some assets			0			1		0	3	3
DTA on reduced PBT due to above changes			0			3		0	2	2
Others		0	-1		-1	-1		-1	-1	-1
Total Remeasurement	0	0	0	-25	-8	-5	-80	-12	-2	-3

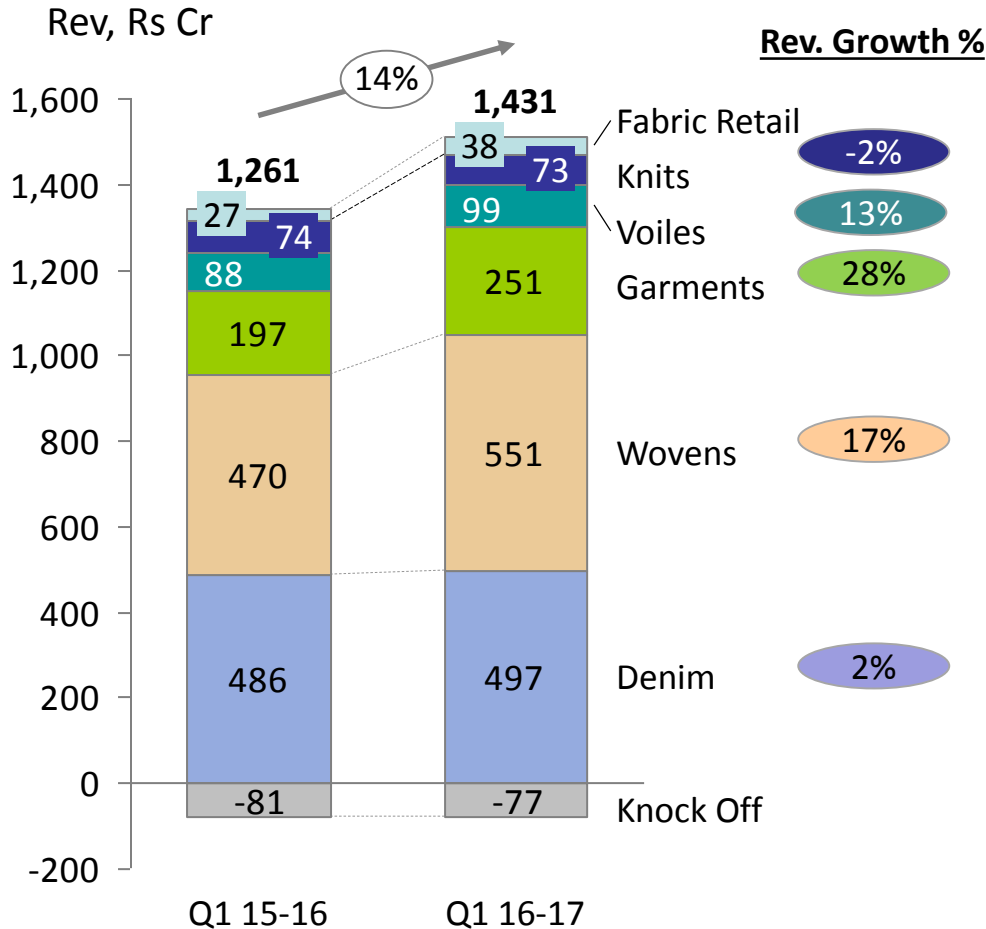
Arvind Limited –Stanalone Financial Performance Q1 16'17

<i>All Figures in INR Crs</i>	Q1 FY17	Q1 FY16	Change
Revenue from Operations	1,466	1,299	13%
Raw Materials	589	535	
Project Expenses	3	1	
Employees' Emoluments	187	156	
Others	458	410	
(Increase) / Decrease in Stock	13	-9	
Foreign Exchange Loss /(Gain)	-3	1	
EBIDTA	218	204	7%
Margin	14.9%	15.7%	
Other Income	24	30	
Interest & Finance Cost	71	80	
Cash Accruals	171	154	11%
Depreciation	44	37	
Profit Before Taxes	128	117	9%
Tax	40	36	
Profit After Tax	88	81	8%
Less : Exceptional Item	0	3	
Net Profit	87	79	11%
Other Comprehensive Income (net of tax)	33	4.1	
Total Comprehensive Income after Tax	121	83	

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- Q1 FY 2017 performance
- Business analysis

Textiles Business: Revenues stable in denim, 17% grew in wovens, 28% growth in garments



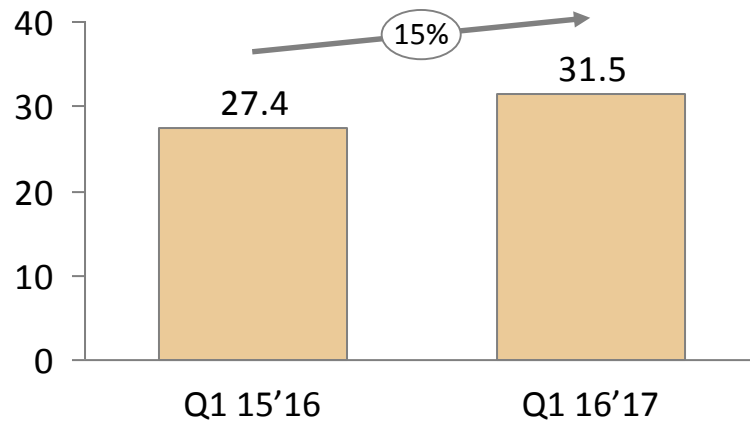
Textile revenue grew by 14%

- Led by 28% growth in Garments
- 17% growth in Wovens
- 2% growth in Denim
- 13% growth in Voiles

Wovens volumes grew by 15%; Denim by 2%

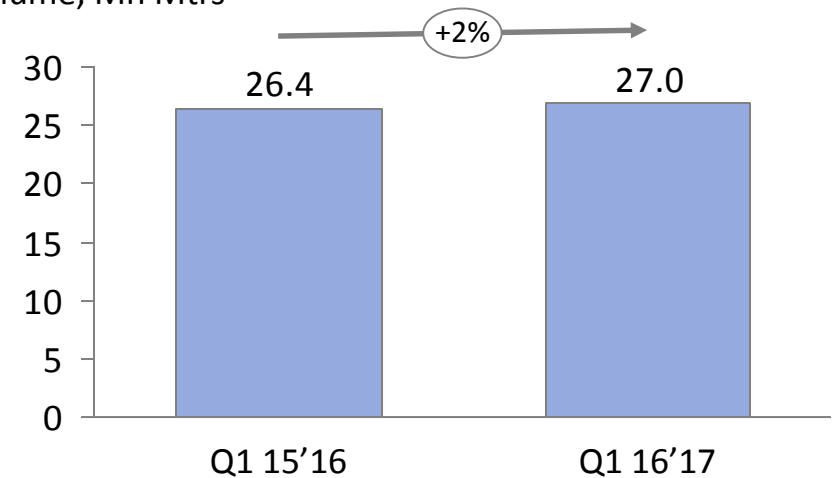
Wovens (Shirting & Khaki)

Volume, Mn Mtrs



Denim

Volume, Mn Mtrs

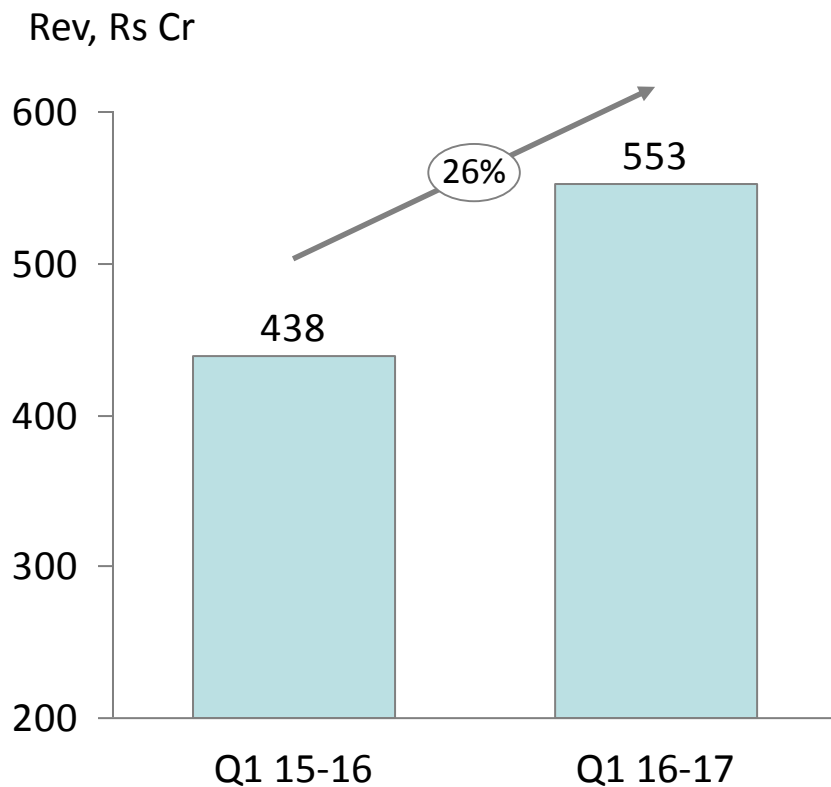


Key Parameters: Q1 16'17 - Textiles

	Denim		Woven	
	Q1 16-17	Q1 15-16	Q1 16-17	Q1 15-16
Exports(Mn Mtrs)	12	12	8	5
Domestic (Mn Mtrs)	15	15	23	22
Avg Prices	181	181	171	167
Major Components	Cotton			
Cost in Rs / Kg	102	102		

Branded Apparels grew topline by 26% in Q1 2015-16

Strong revenue growth



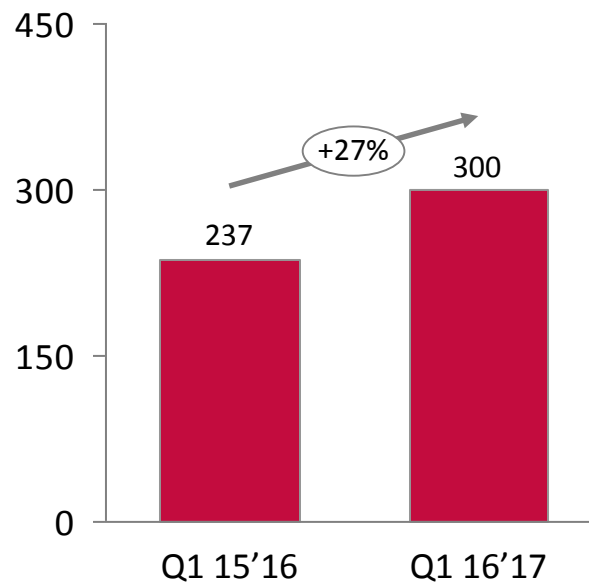
Key highlights

- Overall Brands revenue up 26%
 - LTL growth 4.3%
 - Power Brands grew by 27%
- Unlimited revenue shrunk by 7% (effect of closures of stores in H2 last year)
 - LTL growth 16%

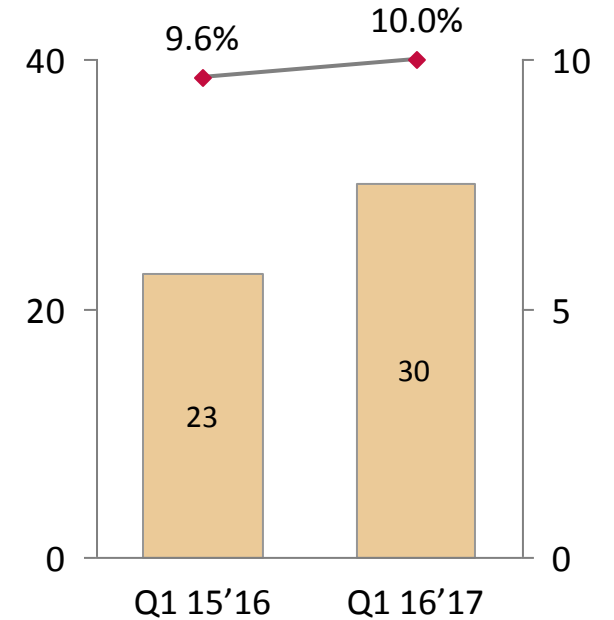
Power Brands delivered strong Revenue growth and EBITDA margins



Revenues Rs Cr



EBITDA Rs Cr



◆ EBITDA % ■ EBITDA Rs Cr ■ Revenue Rs Cr

Branded Apparels business – Distribution

Particulars	Q1 2015-16		Q4 2015-16		Q1 2016-17	
	Stores	Sq Ft	Stores	Sq Ft	Stores	Sq Ft
Unlimited	126	779,268	92	719,526	91	686,641
Others	726	630,421	857	828,647	898	889,683
Total	852	1,409,689	949	1,548,173	989	1,576,324

- Sales Growth with Key Account Counters – 23.3%

Arvind Internet Limited – highlights

- NNNow.com launched in May 2016, scaling up quickly
 - Monthly revenue run-rate crossed Rs 2 cr mark in July
 - 200+ stores digitized; plan to onboard 100 stores per month on the Omni platform
- Unit economics for both internet and store businesses better than expected
- ATL marketing including online advertising initiated
- Discussions with several 3rd party brands to join the platform in advanced stages

Outlook

- Revenue Growth likely to be between 15-16% primarily driven by volume growth in brands & retail business and Garments manufacturing :
 - Revenue Growth in Textiles 8-9%
 - Revenue Growth in Brands & Retail at about 24%
- Weighted Margins likely to be marginally lower due to mix change in favour of Brand & Retail business
 - B & R Margin likely to increase by 0.75-1%



Thank You!