Q4 FY2018 Review Note

9th May 2018

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Agenda

- Q4 & FY18 Performance
- Business Analysis
- Outlook

Q4 2018: Executive summary – strong all round growth; margin improvement in Branded Apparel and Engineering

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In Rs Crore

	Q4 FY2018	Remarks
Revenues	2,990 (+21%)	
Textiles	1,584 (+8%)	Fabric vol grew from 56mn to 60mn
Branded Apparel	1,073 (+27%)	Strong revenue growth despite negative LTLs; ~11% adjusting for TH, CK and addition of new business
Engineering	84 (+31%)	
EBITDA	291 (9.7% vs 9.1%)	
Textiles	13% (vs 13%)	Reduced drawback rates; strong rupee
Branded Apparel	8.3% (vs 4.9%)	Improved margins as expected
Engineering	30% (+6%)	
PAT (before exception items)	110 (+7%)	
Net Debt (31st Mar 2018)	3,323	

FY2018: Executive summary – robust growth story

In Rs crore

	Q4 FY2018	Remarks
Revenues	10,826 (+17%)	
Textiles	6,147 (+7%)	Fabric vol grew from 225mn to 230mn Garments grew from 27mn to 31mn
Branded Apparel	3,852 (+31%)	~14% adjusting for TH, CK and addition of new business; Power Brands, Specialty Retail delivered strong double digit growth
Engineering	224 (+25%)	
EBITDA	965 (8.9% vs 10.1%)	
Textiles	14% (vs 16%)	Reduced drawback rates; strong rupee
Branded Apparel	6.1% (vs 3.7%)	Margin improvement in Unlimited, Power Brands and Specialty Retail
Engineering	24% (vs 27%)	Increased commodity prices
PAT (before exception items)	332 (+0%)	
Net Debt (31st Mar 2018)	3,323 (+357)	Rs 143 cr (first time consolidation of TH-CK), balance because of funds blocked in GST

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P&L Summary – Q4 and FY18

All figures in INR Crs	Q4 FY18	Q4 FY17	Change	FY18	FY17	Change
Revenues from Operations	2,990	2,466	21%	10,826	9,258	17%
EBITDA	291	226	29%	965	940	3%
Profit Before Tax	142	118	21%	410	436	-6%
Profit After Tax	110	102	7%	332	333	0%
Less : Exceptional Item	1	9		23	18	
Net Profit	109	93	17%	309	315	-2%

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

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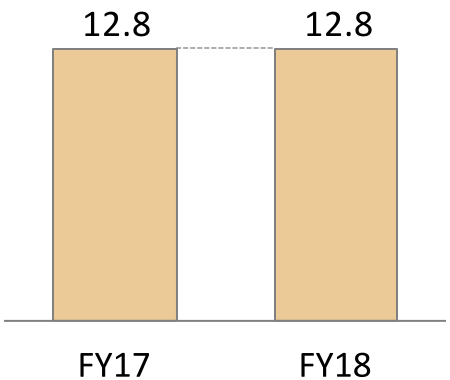
Consolidated Balance Sheet, as at Mar 31st 2018

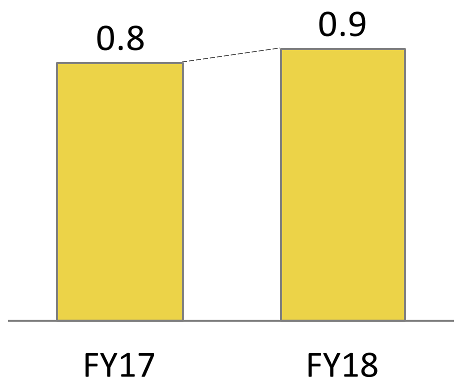
Rs Cr	As at 31st Mar 18	As at 31st Mar 17
Shareholders' Fund		
Share Capital	259	258
Reserves & Surplus	3524	3309
long Term Borrowings	849	757
Short Term Borrowings	2264	2025
Long Term Liability Maturing in one year	210	144
Borrowings	3323	2926
Other Liabilities	2834	2024
Minority Interest	305	151
Total	**10245**	**8668**
Assets		
Fixed Assets	4078	3768
Non Current Investments	76	277
Long term Loans & Advances	3	3
Other Non Current Assets	562	537
Current Assets	5526	4083
Total	**10245**	**8668**

Key indicators – FY17-18 Vs FY16-17

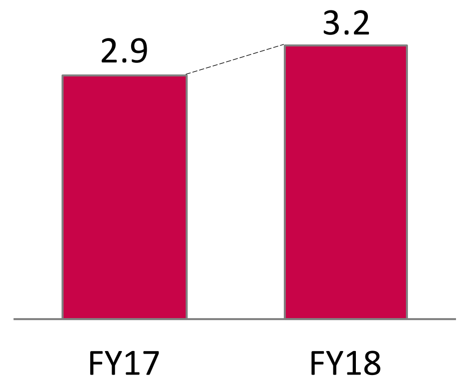
EPS



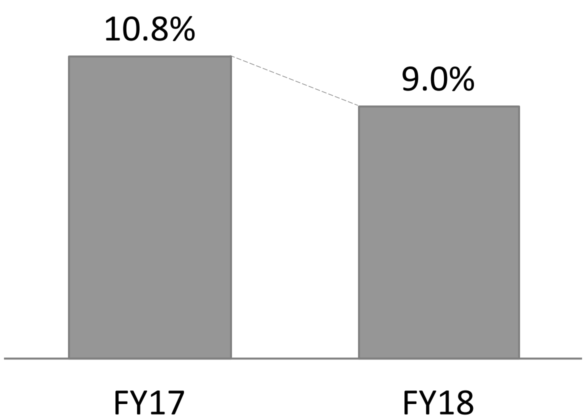
Debt / Equity



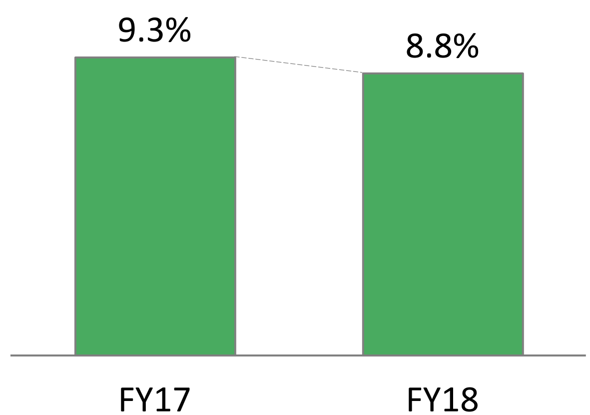
Debt / EBIDTA



ROCE



ROE



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Agenda

- Q4 & FY18 Performance
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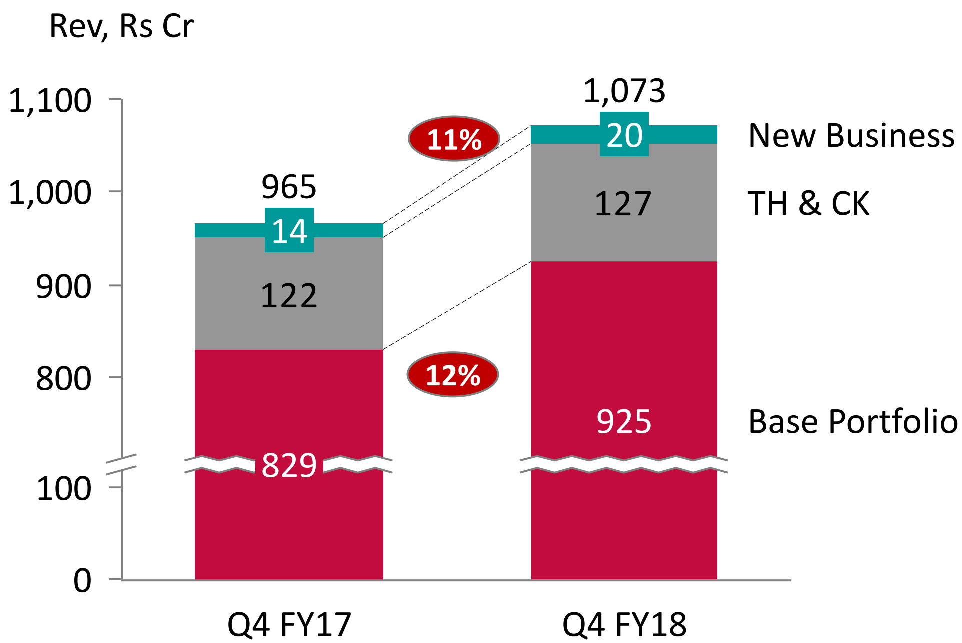
Key businesses delivered strong performance during the financial year

	Branded Apparel	Engineering	Textiles
FY17-18 Revenue (Growth %)	3,852 Crs (31%)	224 Crs (25%)	6,750Crs (7%)
FY17-18 EBITDA	235 Crs	54 Crs	677 Crs
EBITDA Margin	6.1%	23.9%	10.0%
RoCE	5.3%	24.0%	10.0%
Current Debt/Cash	745 Crs	46 Crs (Cash)	2,578 Crs
Shareholders Equity	1,217 Crs	209 Crs	2,551 Crs

Branded Apparel

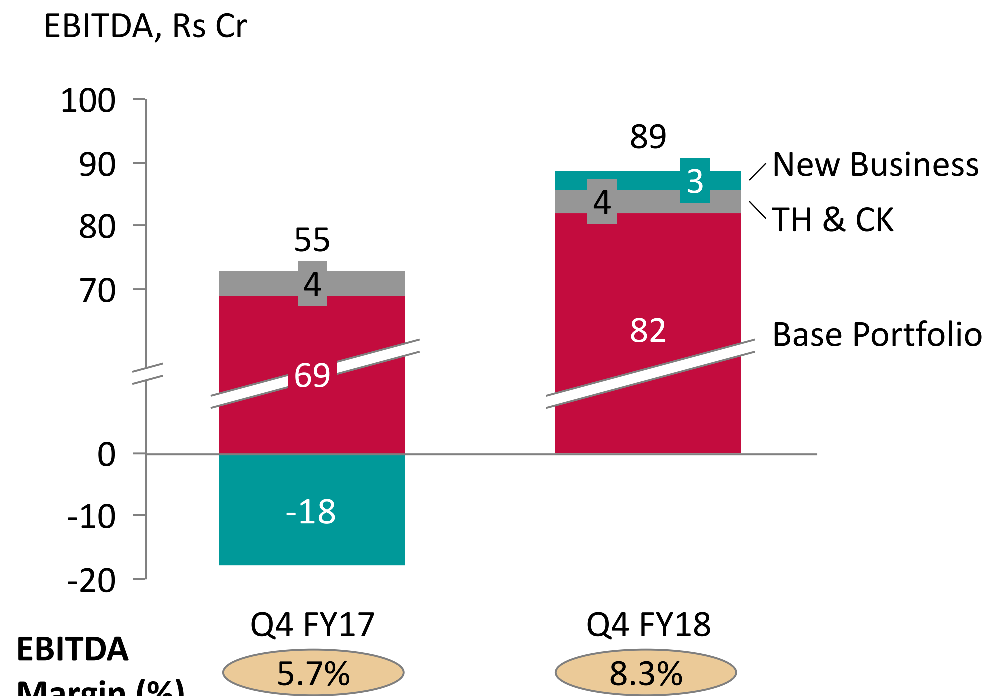
Q4 FY2018: Branded Apparel grew by 11%, and saw 260 bps margin improvement in a difficult market

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 4%

Strong improvement in EBITDA

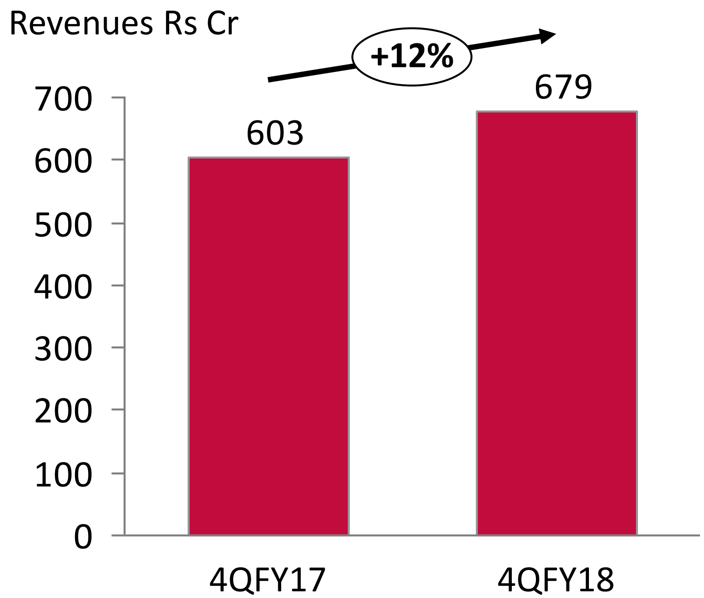


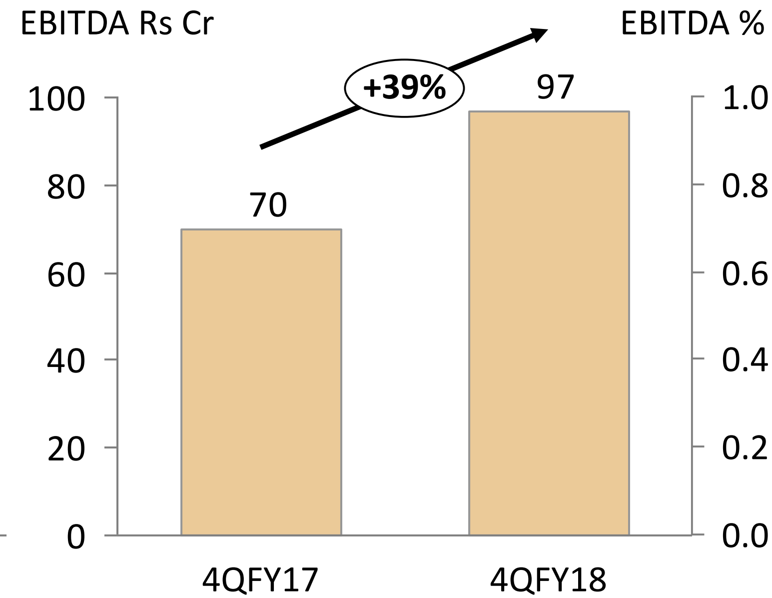
- Margins improved across the portfolio
  - Base Portfolio margin improved ~50bps to 8.9%

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

4QFY18: Power Brands saw a sharp improvement in margins

Q4 17'18 performance



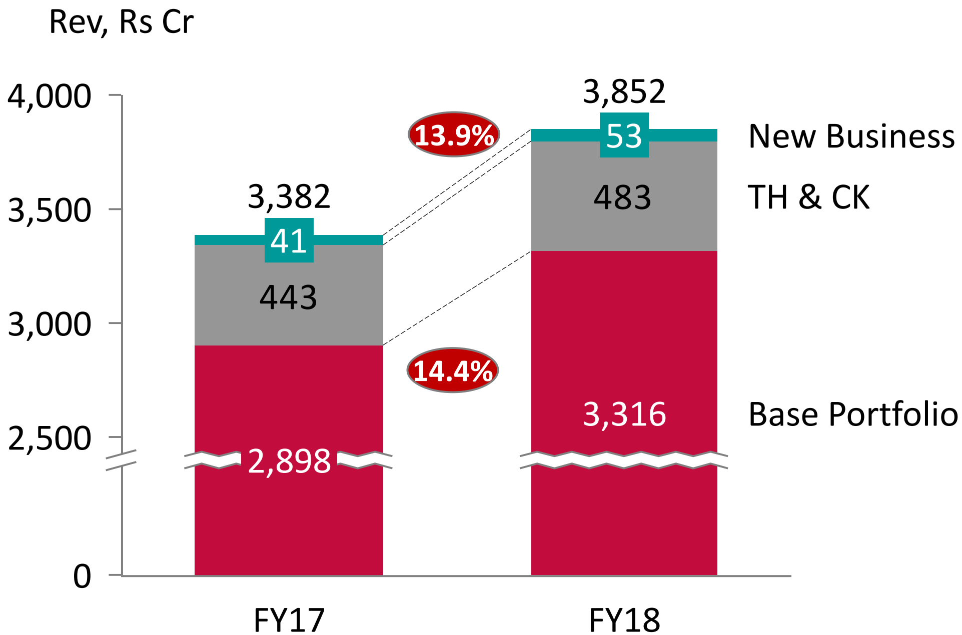


	4QFY17	4QFY18
EBITDA Margin (%)	11.6%	14.2%

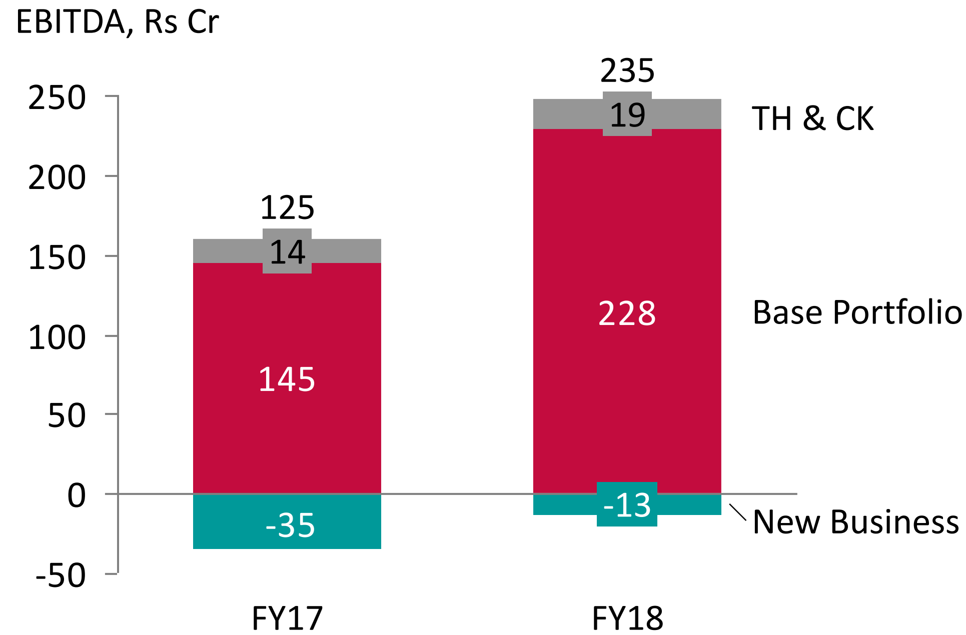
*for comparison purposes, TH revenue are included for both the periods

FY2018: For the full year, topline growth was 14%; margins improved more than 240bps to cross 6%

Strong revenue growth



Improving EBITDA



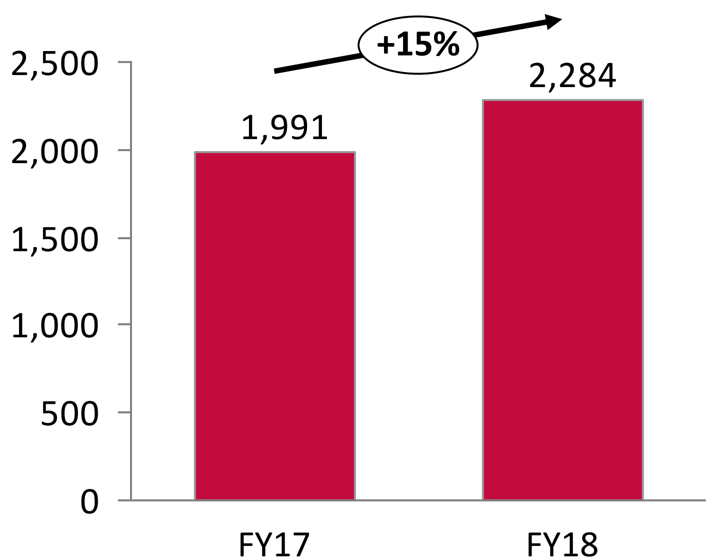
- Due to GST implementation, y-o-y numbers are not strictly comparable. Adjusting for GST impact, growth would have been higher by ~3%

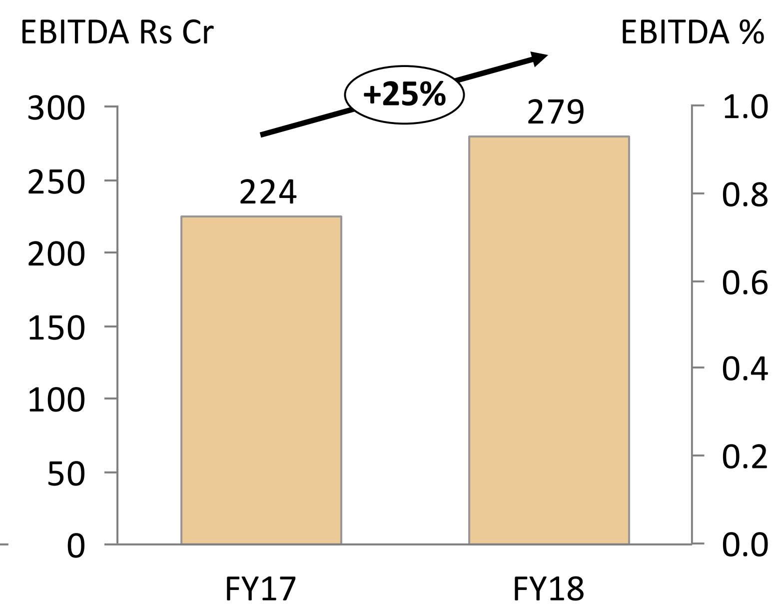
- Margins improved across the portfolio
  - Base Portfolio margin improved ~190bps to 6.9%

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

FY18: Power Brands continue to drive the top-line growth for Branded Apparel business

FY 18 performance





EBITDA Margin (%)	11.3%	12.2%

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

Weak LTL driven by advancing of EOSS to December; recovery seen in March

	Q4 FY 18	FY 18
Power Brands	-8%	3%
Unlimited	-2%	10%
Grand Total	**-4%**	**6%**

- Q4 LTL got impacted due to advancement of EOSS to Dec 17
- After a weak growth in January and February, March turned out to be a strong month across the portfolio
  - Power Brands delivered an LTL of 7% in March
  - Unlimited delivered an LTL of 13% in March

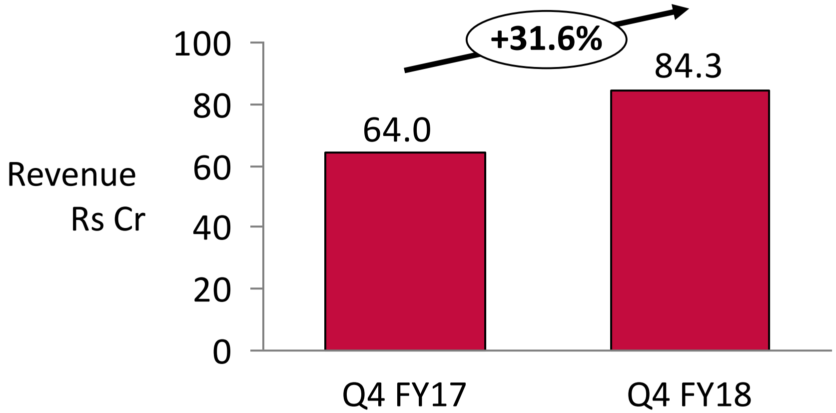
Distribution Footprint (as of 31st March 2018)

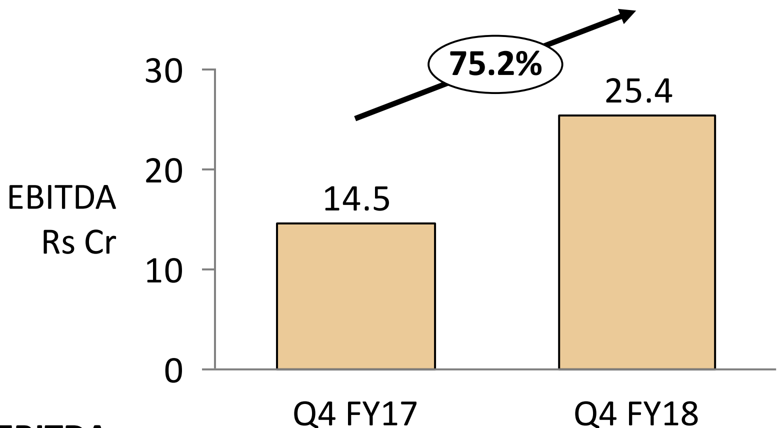
Particulars	FY17-18	
	# Stores	Sq ft (Lacs)
Brands	1,160	10.4
Unlimited	101	9.7
Specialty Retail	36	1.4
Total	**1,297**	**21.5**
No of Key Account Counters	2,715	

Engineering

Anup Engineering delivered a strong performance

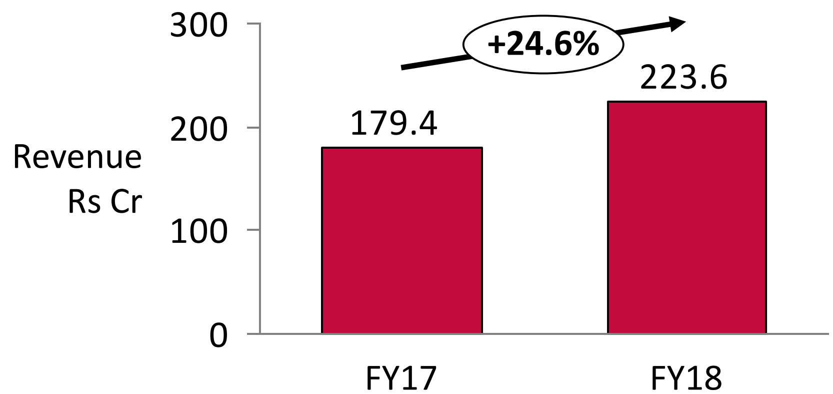
Q4 FY18 vs Q4 FY17

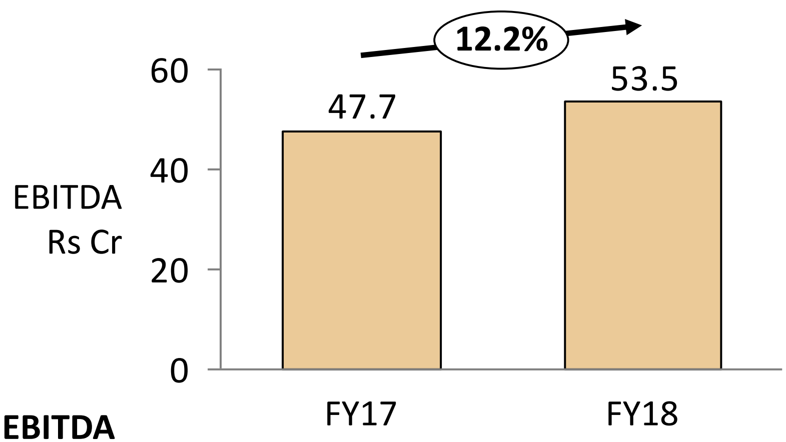




EBITDA Margin (%) 22.7% 30.2%

FY18 vs FY17





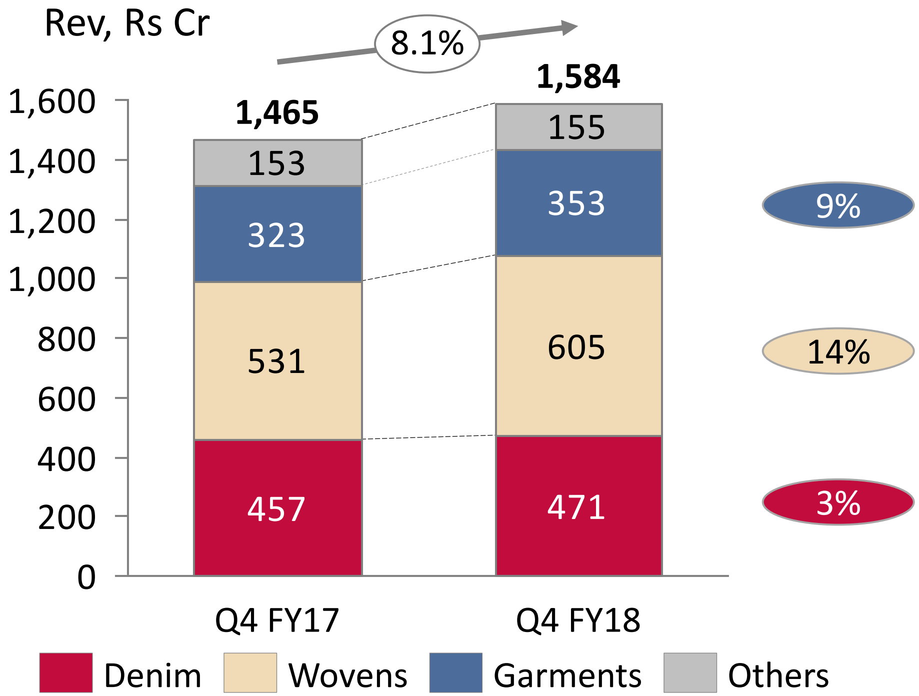
EBITDA Margin (%) 26.6% 23.9%

- Engineering business registered a healthy revenue growth of 32% for the quarter and 25% for the full year
- EBITDA Margins for the same period fell due to higher commodity prices partially compensated by stringent cost control measures and dynamic sourcing

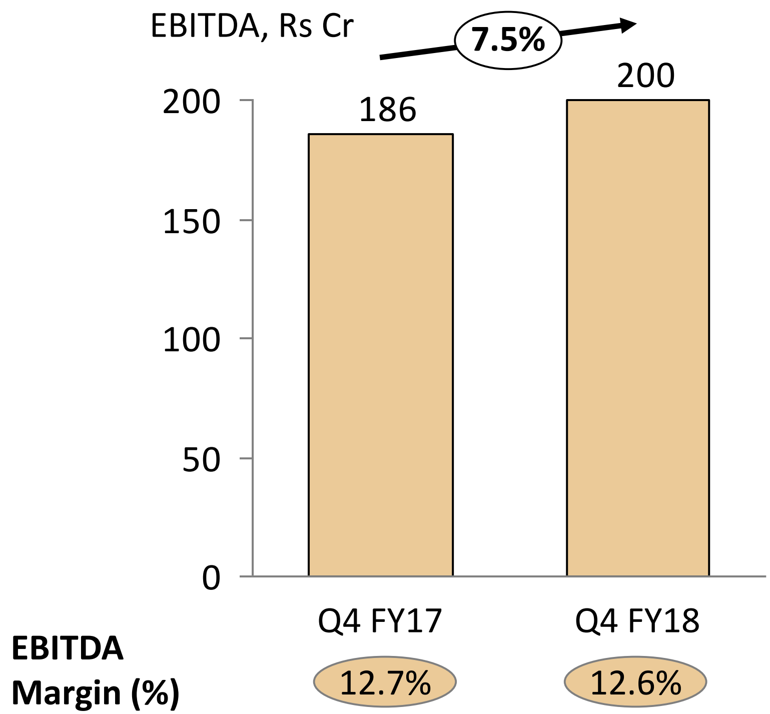
Textiles

Q4 FY18: Textiles saw volume growth, profitability maintained despite stronger rupee and draw-back reduction

Revenues growth led by Wovens



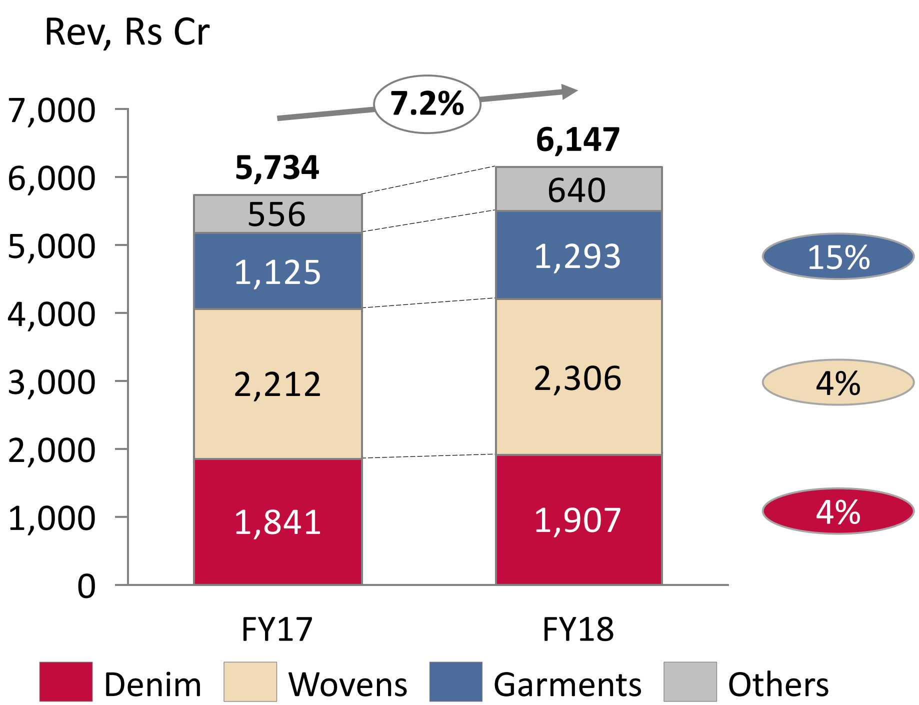
Profitability maintained



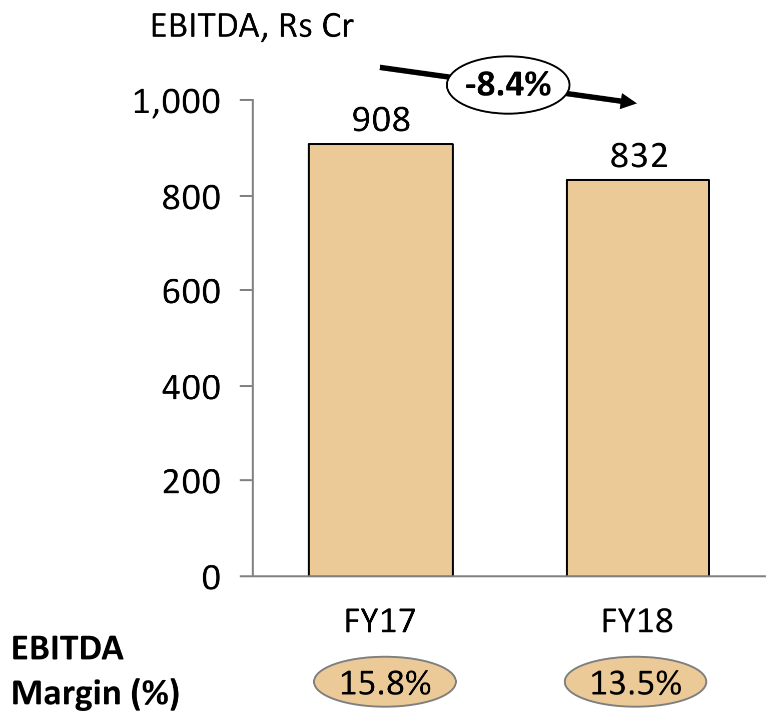
- Fabric volumes grew to 60mn meters (from 56mn) despite decline in Denim domestic volumes
- Garment volumes grew by 13%

FY2018: Garment revenues continue to grow strongly, Fabric growth was moderate

Garments continue to be the growth driver



Profitability came down



- Fabric volumes grew from 225mn to 230mn
- Garments grew from 27mn to 31mn; Both the garmenting volumes and margins were impacted due to reduction in export incentives

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Key Parameters: Q4 & 2017-18 – Textiles

	Denim		Woven	
	Q4 17-18	Q4 16-17	Q4 17-18	Q4 16-17
Exports(Mn Mtrs)	14	12	11	8
Domestic (Mn Mtrs)	10	12	24	23
Avg Prices	181	192	164	169
Major Components	Cotton			
Cost in Rs / Kg	113	122		

	Denim		Woven	
	17-18	16-17	17-18	16-17
Exports(Mn Mtrs)	53	45	37	33
Domestic (Mn Mtrs)	47	53	93	94
Avg Prices	182	184	169	169
Major Components	Cotton			
Cost in Rs / Kg	117	113		

- Reduction in the average realisation due to sharp appreciation of rupee and reduced duty drawback rate
- Sales prices and cotton prices for Q4 FY17-18 are excluding GST, whilst they include VAT in the previous year

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Outlook for FY19

Revenue

- Textile revenue expected to grow by ~10% on back of more than 35% growth in garments volume
- Brands & Retail Business likely to grow between 20-24%
- Engineering Business to grow at 10-12%
  - Order book for the current year Rs. ~150 crores.

Margins

- Textile Margins to remain flat due to mix change in favour of garments
  - While currency depreciation will help the margins; lower drawback rates for full year will offset these gains partially
- Brands & Retail Margin will continue to improve
  - About 1% improvement despite increase in marketing investment by about 0.5%
- Engineering Business likely to maintain margins at similar level.

Demerger Update

- The process of demerger is proceeding as per expectations and we expect the three companies to list separately within next 4-5 months

Thank You!