

Q4 FY2019 Review Note

17th May 2019

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Agenda

- Q4 & FY19 Summary Financial Performance
- Business discussion
- Outlook

Q4 2019 Executive summary: Good overall performance despite head-winds for Denim

INR Crs	Q4 FY2019	Remarks
Revenues	1859 (+1%)	
Textiles (note below)	1484 (-3%)	Strong woven volumes partially helped offset dip in Denim volumes
Advanced Materials	198 (+52%)	Growth in Human Protection, Composites
Others	179 (-1%)	
EBITDA	184 (9.9% vs 9.5%)	
Textiles (note below)	10.5% (vs 13.1%)	Impact of volumes, delays in new garmenting revenues
Advanced Materials	12.5% (vs -6.8%)	Select businesses starting to mature
Others	10% (vs 7%)	
PAT (before exception items)	68 (+14%)	
Net Debt (31st Mar 2019)	2619 (vs Rs. 2642 Mar'18)	

NOTE: Revenues include Rs 54 crores from sale of raw materials to ancillary units for conversion (which gets bought back as purchase). Excluding this item, textiles revenues would be lower at 1429 cr (-7% YoY) and EBITDA margin would be higher at 10.9%

FY 2019 Executive summary: Strong performance by Wovens and Advanced Materials helped offset Denim dents

INR Crs	FY2019	Remarks
Revenues	7142 (+5%)	
Textiles (note below)	5919 (-1%)	Woven revenues grew ~11% driven by 35% growth in vertical business
Advanced Materials	630 (+29%)	Strong performance in line with plan
Others	614 (+67%)	Revenue from ETP projects in Africa
EBITDA	717 (10% vs 9.9%)	
Textiles (note below)	11.3% (vs 13.7%)	Lower volumes, project delays, re-structuring of retail business
Advanced Materials	10.4% (vs -1.4%)	Several businesses reaching scale and turning profitable
Others	5.6% (vs -8.4%)	
PAT (before exception items)	282 (+1%)	
Net Debt	2619 (vs Rs. 2642 Mar'18)	

NOTE: Revenues include Rs 146 crores from sale of raw materials to ancillary units for conversion (which gets bought back as purchase). Excluding this item, textiles revenues would be lower at 5772 cr (-3% YoY) and EBITDA margin would be higher at 11.6%

Q4 and FY 19: Profit and Loss summary

<i>All figures in INR Crs</i>	Q4 FY19	Q4 FY18	Change	FY19	FY18	Change
Revenues from Operations	1,859	1,843	1%	7,142	6,794	5%
EBIDTA	184	176	5%	717	674	6%
Profit Before Tax	79	87	-9%	345	350	-1%
Profit After Tax	68	60	14%	282	277	2%
Less : Exceptional Item	4	1		46	23	
Net Profit	64	59	8%	236	254	-7%
Profit / (Loss) from Discontinued Operations	0	50		-10	55	
Profit for the Period	64	109		226	309	

- Exceptional Item - GST credit Write Off due to change in regulations Rs 27.6 Cr & Retrenchment compensation Rs.18.4 Cr for 2018-19
- PBT & PAT of Discontinued business for current quarter are not comparable

Q4 & FY 19: Performance by segments

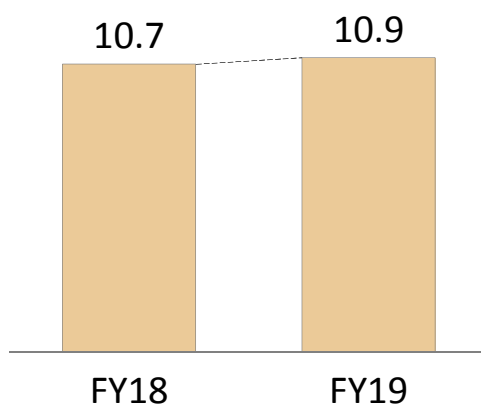
Rs Cr Business	FY19			FY18		
	Revenue	EBIDTA	EBIDTA%	Revenue	EBIDTA	EBIDTA%
Textiles	5919	671	11.3%	5946	814	13.7%
Advanced Material	630	65	10.4%	486	-7	-1.4%
Others	614	35	5.6%	369	-31	-8.4%
Un Allocable	0	-55		0	-100	
Other Income		84			74	
Consolidated Knock Off	-21	0		-7	-2	
Total	7142	800	11.2%	6794	748	11.0%
Rs Cr Business	Q4 FY19			Q4 FY18		
	Revenue	EBIDTA	EBIDTA%	Revenue	EBIDTA	EBIDTA%
Textiles	1484	156	10.5%	1535	201	13.1%
Advanced Material	198	25	12.5%	130	-9	-6.8%
Others	179	19	10.5%	181	12	6.8%
Un Allocable	0	-12		-1	-23	
Other Income	0	20		0	20	
Consolidated Knock Off	-2	-4		-2	-5	
Total	1859	203	10.9%	1843	196	10.7%

Consolidated Balance Sheet, as at Mar 31st 2019

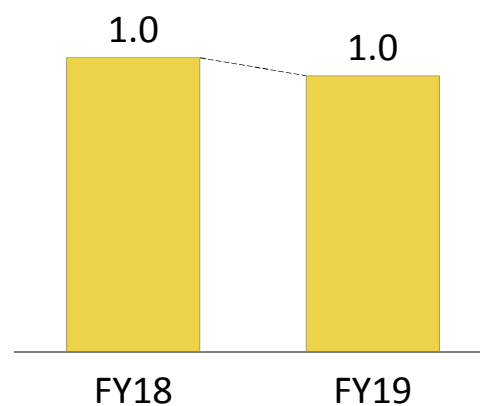
Rs Cr	As at	
	31st Mar 19	31st Mar 18
Shareholders' Fund		
Share Capital	259	259
Reserves & Surplus	2492	2302
Minority Interest	86	82
long Term Borrowings	935	808
Short Term Borrowings	1601	1733
Long Term Liability Maturing in one year	164	137
Borrowings	2700	2678
Other Liabilities	1797	1607
Total	7334	6927
Assets		
Fixed Assets	3683	3425
Non Current Investments	78	79
Long term Loans & Advances	1	2
Other Non Current Assets	80	115
Current Assets	3490	3307
Total	7334	6927

Key indicators – FY19 Vs FY18

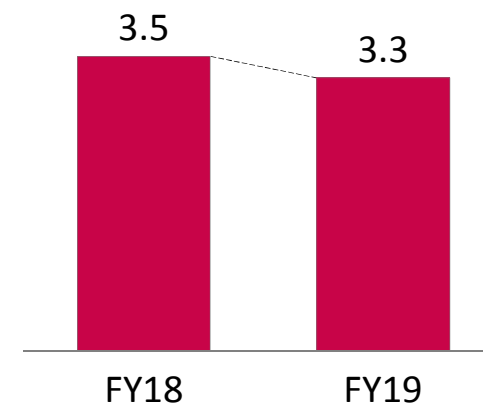
EPS



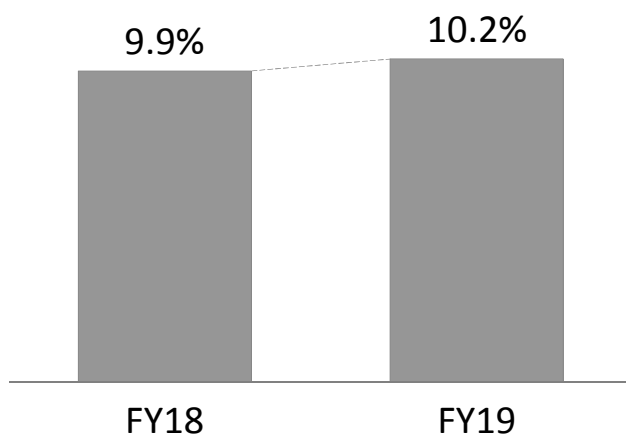
Debt / Equity



Debt / EBIDTA



ROCE



ROE



* Net Debt is considered for Debt / EBIDTA

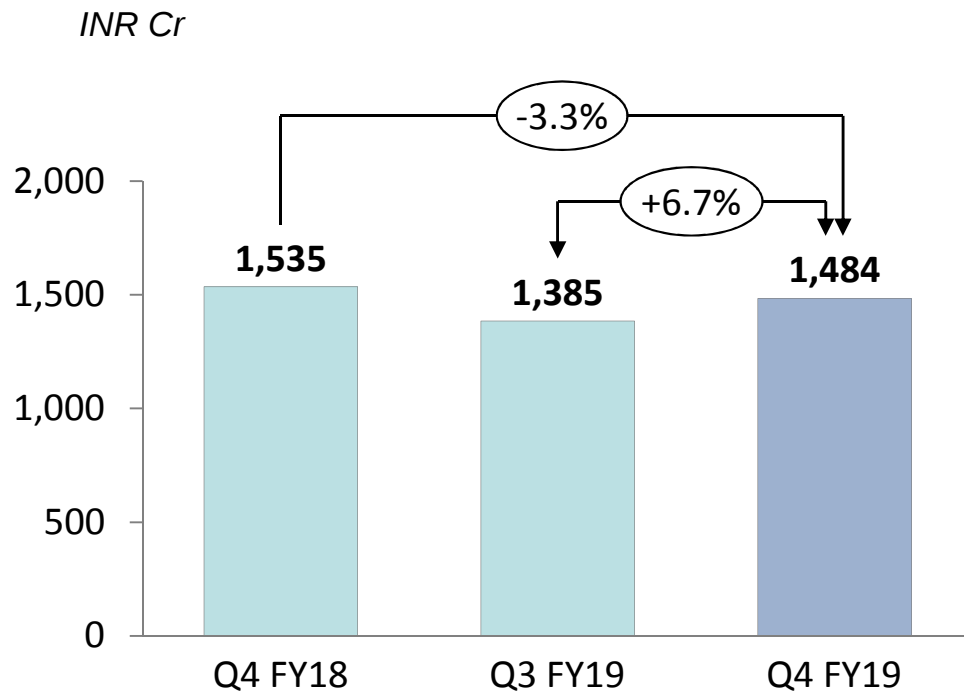
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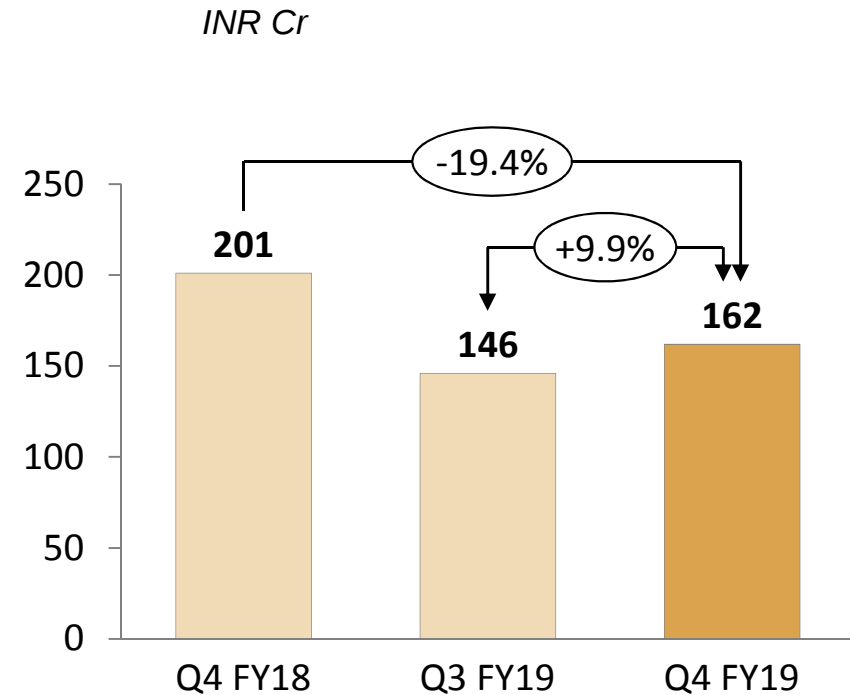
Textiles and Advanced Materials

Q4 2019: Textiles business showed clearly improving trajectory vis-à-vis Q3, though softer performance compared to Q4 FY18

Revenues



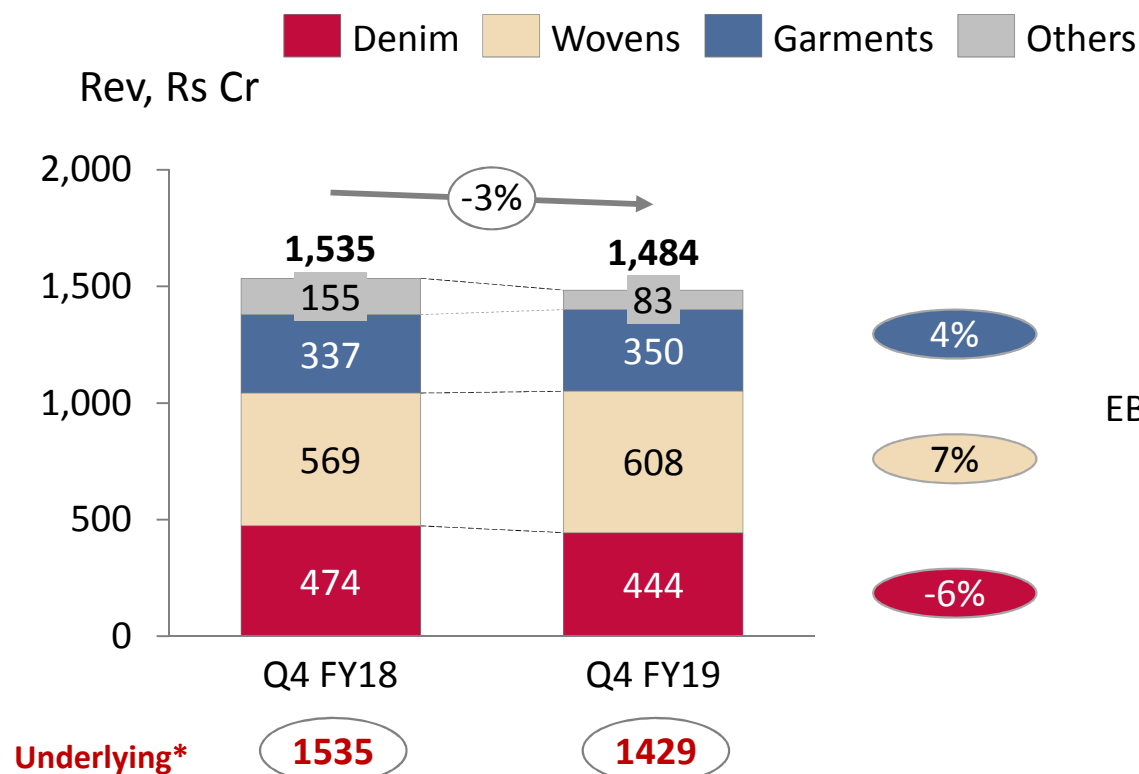
EBITDA



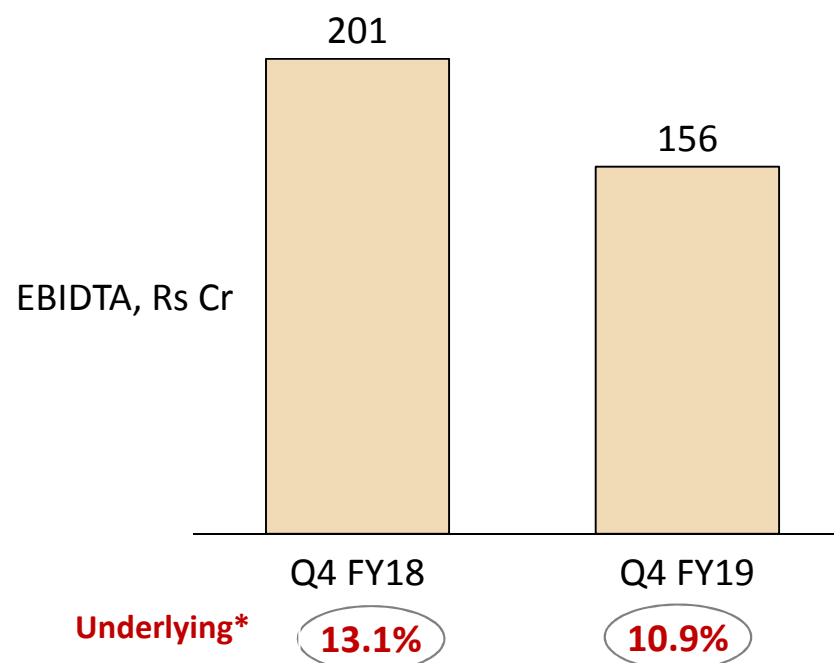
- EBITDA impact from lower sales, higher pre-ops in new manufacturing plants and write off in Arvind Stores as company decided to convert all the retail stores in to franchise operations.
- Average cotton prices were higher at Rs 122/kg vs Rs 113 /kg in Q4FY19

Q4 2019: Growth in Garments and Wovens volumes, help off-set lower Denim volumes

Minor decline in Fabrics, garments grew

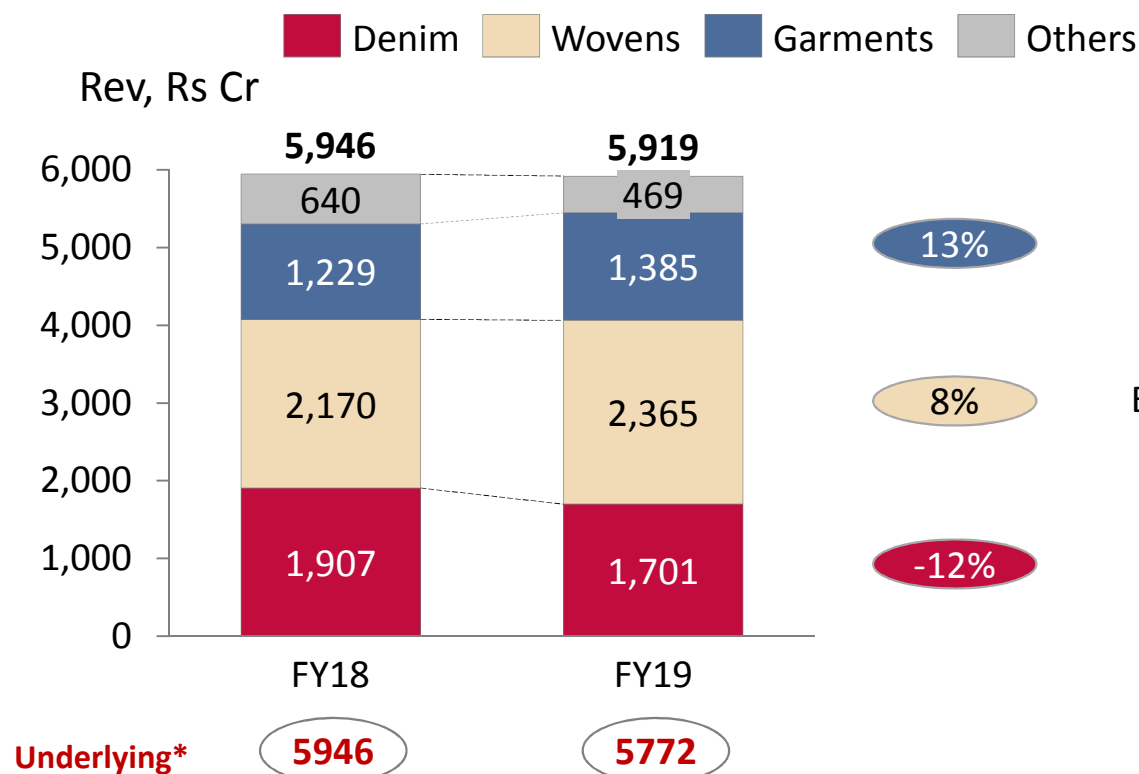


Margins got impacted

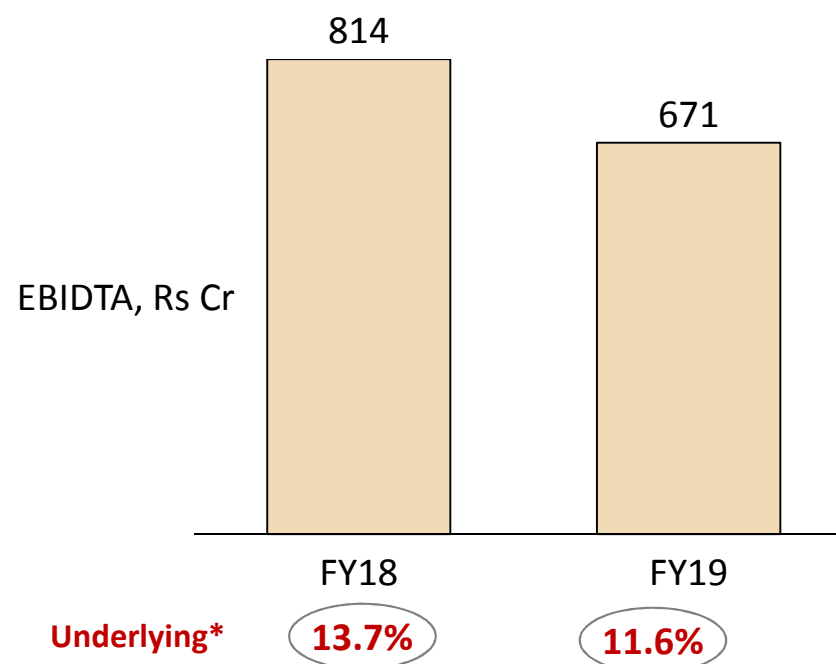


FY 2019: Garment and Woven volumes offset Denim, leading to an overall flat topline in Textiles

Fabric top-line declined, garmenting grew



Margins got impacted



* Please refer to the notes at Executive Summary

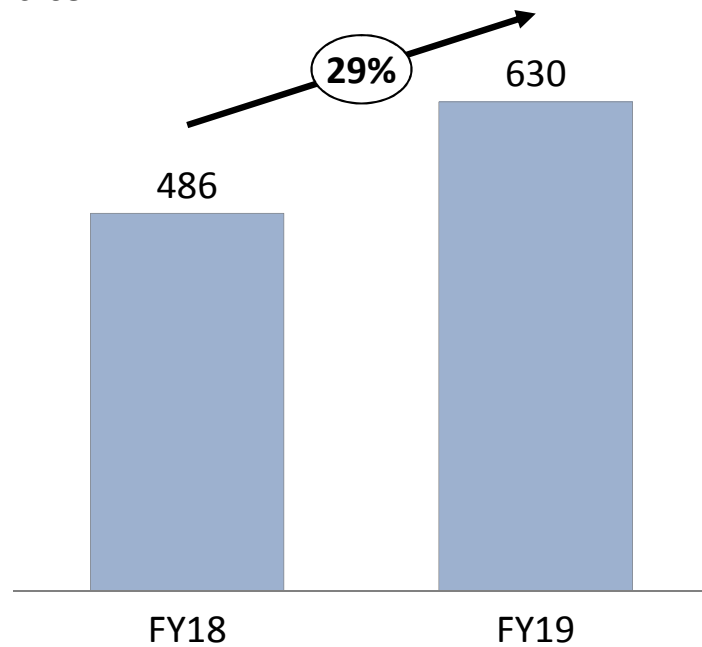
Key Textile business parameters for Q4 & FY2019

	Denim		Woven	
	Q4 18-19	Q4 17-18	Q4 18-19	Q4 17-18
Exports(Mn Mtrs)	10	14	11	11
Domestic (Mn Mtrs)	11	10	24	24
Avg Prices	188	185	170	165
Major Components	Cotton			
Cost in Rs / Kg	122	113		
	Denim		Woven	
	18-19	17-18	18-19	17-18
Exports(Mn Mtrs)	41	53	41	37
Domestic (Mn Mtrs)	43	47	97	93
Avg Prices	189	182	171	169
Major Components	Cotton			
Cost in Rs / Kg	118	117		

Advanced Materials delivered a strong performance both in terms of topline and profitability

Healthy growth in revenues

INR crores



EBITDA	-7	65
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EBIDTA Growth for YOY

- Operating leverage resulting in improving margins as mature part of portfolio starts to hit scale
- Improved realization from higher value added products

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Expecting an overall good FY2020, with H2 being significantly improved over a relatively soft H1

Revenues

7-8% top-line growth expected over the year – mostly to be **realized in H2**

- New garmenting plants ramping up utilization
- Denim volumes to remain under pressure under continuing market pressure, some evolution in mix
- Advance Materials Business continuing to deliver robust growth

EBITDA margins

EBIDTA margin to be marginally higher due to volume growth in textiles

EBITDA to degrow in H1

Losses in new garments facilities due to lower efficiencies

Comparable H1-2018-19-was relatively stronger

EBIDTA margin to increase in H2

Due to base effect

Improved efficiencies in new garments plants turning them profitable



Thank You!