



Arvind



Performance Review Note

Q2 FY2014-15

7th Nov 2014, Ahmedabad

Agenda

- Financial Performance: Consolidated
- Financial Performance: Standalone
- Business Analysis

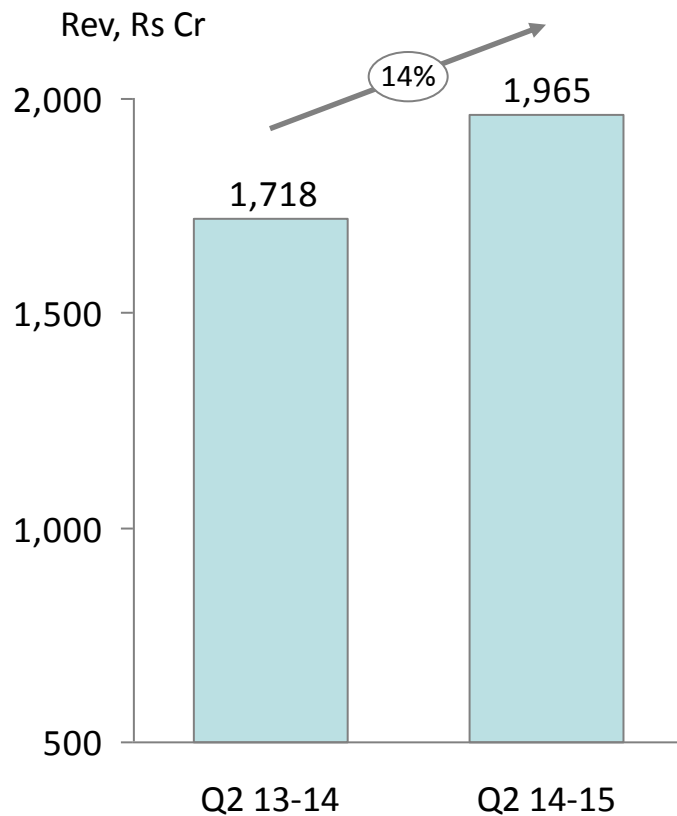
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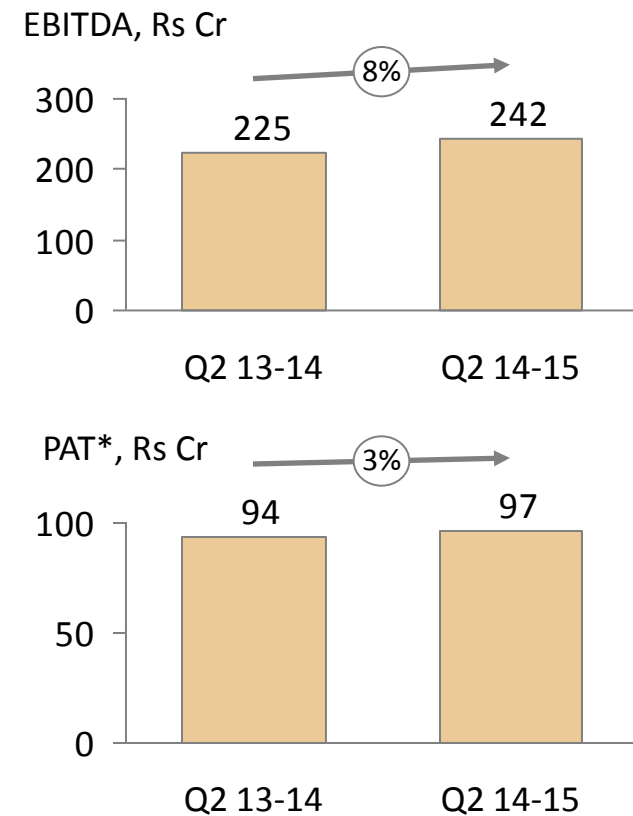
Financial Performance: Q2 2014-15

Consolidated Revenue growth of 14% and EBITDA growth of 8%

Strong growth in revenues...



...with moderate growth in weighted margins



*PAT before exception item

Business Highlights: Q2 2014-15

Strong top-line growth with moderated bottom-line

	Q2 Rs Cr		Change
	2014-15	2013-14	
Revenue from Operations	1,965	1,718	14%
RawMaterials	1,154	934	
Project Expenses	20	10	
Employees' Emoluments	203	174	
Others	625	490	
(Increase) / Decrease in Stock	-280	-127	
Foreign Exchange Loss /(Gain)	0	13	
EBIDTA	242	225	8%
Margin	12.3%	13.1%	
Other Income	30	21	
Interest & Finance Cost	101	85	
Cash Accruals	171	161	6%
Depreciation	52	56	
Profit Before Taxes	120	105	14%
Tax	24	11	
Profit After Tax	97	94	3%
Less : Exceptional Item	3	4	
Net Profit	93	90	4%

Key highlights

Revenue growth of 14% achieved due to

- 29% top-line growth in Brands & Retail
- 8% volume growth in Woven fabrics
- Garments volume flat compared to Q2 FY14, owing to postponement in shipment by a customer

EBIDTA margin % moderated due to

- Change in business mix with faster growth of lower-EBITDA brands businesses
- Textiles margins impacted by 2% lower price realizations for Denim fabrics and 2% increase in cotton costs

Other income includes

- Profit from sale of land Rs 8.55 Cr

PBT growth of 14%, PAT flat over Q2 FY14

- PBT growth in line with the topline growth
- PAT lower due to higher taxation rates

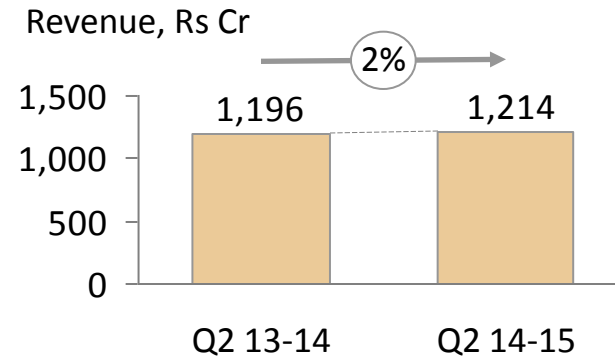
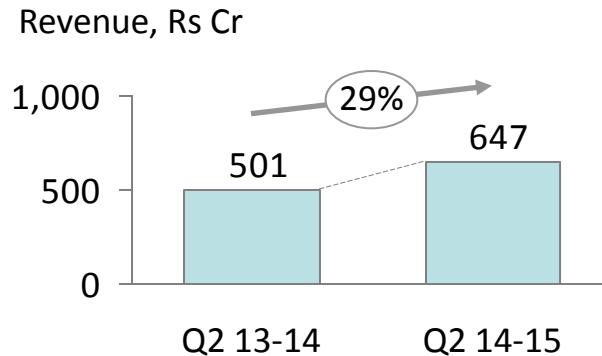
B&R business with strong growth and expanding margins

Textiles growth and margins moderated

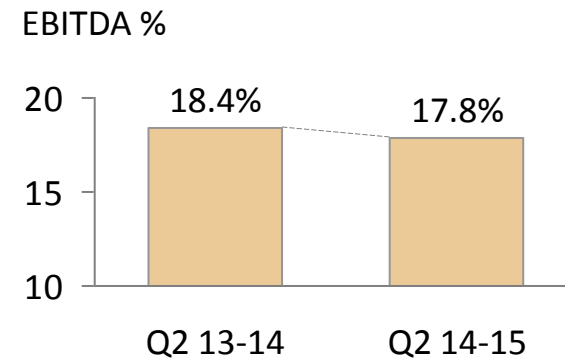
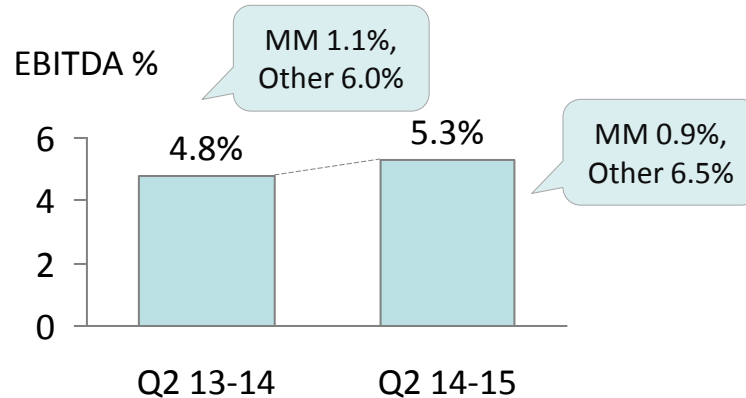
Brands & Retail

Textiles

Revenue,
Q2 Vs LY

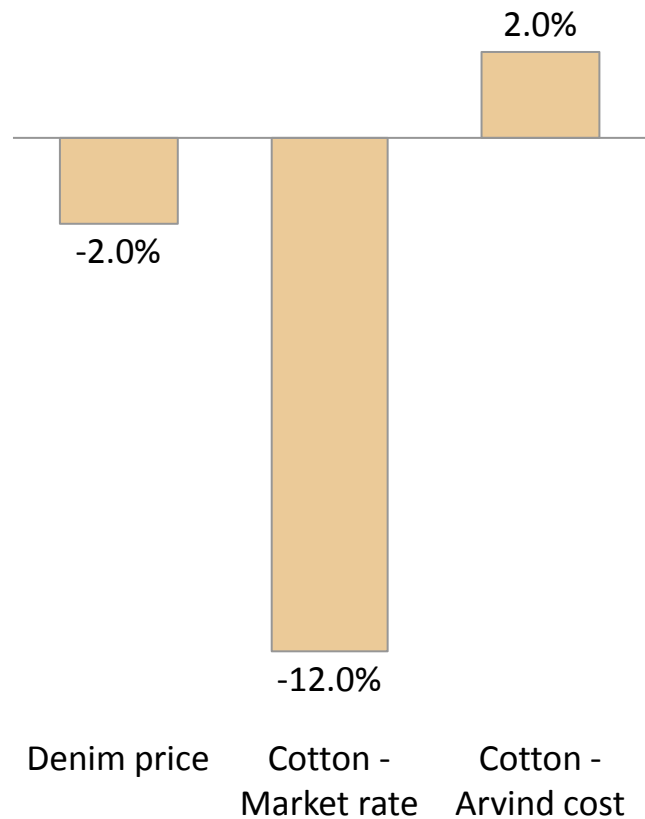


EBITDA %,
Q2 Vs LY

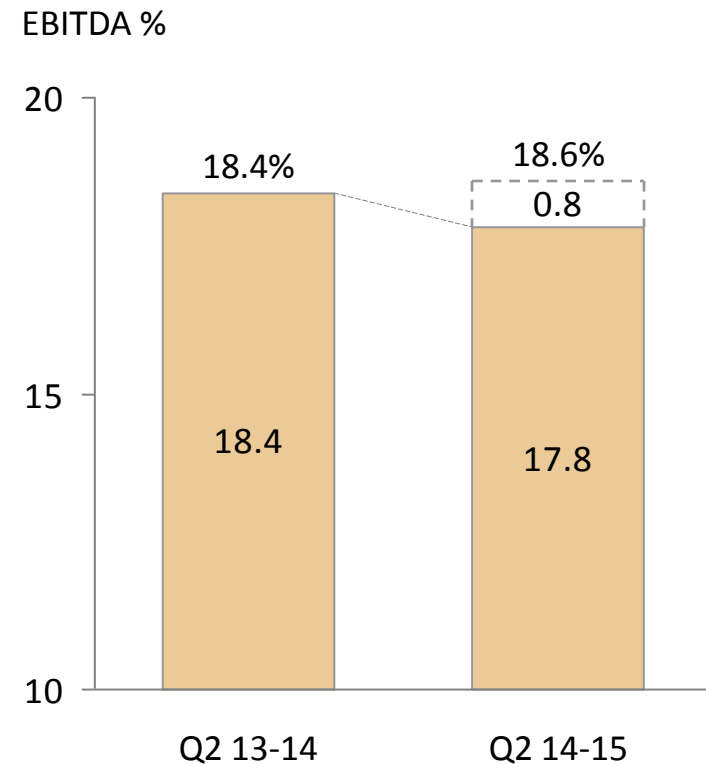


Textiles margin moderated due to Denim Price reduction and cotton cost increase (despite market rates reduction, due to inventory lag)

Change in denim prices and cotton costs



Impact on textiles margins (EBITDA %)



Consolidated Balance Sheet, as at Sept 30th 2014

	As at	
	30th Sept'14	30th June'14
Shareholders' Fund		
Share Capital	258	258
Reserves and Surplus	2328	2276
Share application Money pending allotment	0	0
Non Current Liabilities	1462	1477
Shortterm Borrowings	1767	1552
Current Liabilities	1981	2021
Minority Interest	33	23
Total	7828	7607
<i>Assets</i>		
Fixed Assets	3188	3141
Non -Current Investment	57	57
Long Term Loans and Advances	624	638
Other Non Current Assets	8	4
Current Assets	3951	3766
Total	7828	7607

Key Financial Ratios

	2010-11	2011-12	2012-13	2013-14	Q1 14-15	Q2 14-15
EPS	6.50	9.48	9.63	14.4	3.5	3.7
Debt / Equity	1.31	1.00	1.11	1.16	1.28	1.34
Debt / EBIDTA	3.7	3.0	3.2	3.0	3.4	3.18
ROCE	10.5%	13.1%	11.9%	13.5%	13.7%	14.5%
ROE	8.4%	12.0%	11.1%	14.0%	14.3%	14.8%
Revenue Growth	25%	20%	7%	30%	17%	14%
Current Ratio	2.0	2.0	2.0	2.3	2.1	2.3
Inventory Turn	3.3	4.4	3.7	4.2	3.9	4.0
Working Capital Turnover	3.8	4.3	3.8	3.4	3.6	3.5
Interest Cover	3.0	3.0	2.4	2.8	2.6	2.7
Asset Turn	1.0	1.2	1.1	1.2	1.2	1.0

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Standalone Financial Performance Q2 14-15

	Q2 Rs in Crs		Change
	2014-15	2013-14	
Revenue from Operations	1,268	1,193	6%
RawMaterials	604	551	
Project Expenses	2	1	
Employees' Emoluments	145	130	
Others	418	334	
(Increase) / Decrease in Stock	-95	-31	
Foreign Exchange Loss /(Gain)	-1	10	
EBIDTA	195	198	-1%
Margin	15.4%	16.6%	
Other Income	38	22	
Interest & Finance Cost	82	71	
Cash Accruals	151	149	1%
Depreciation	31	40	
Profit Before Taxes	120	109	10%
Provision for Taxes - Current tax	10	23	
Tax	20	12	
Profit After Tax	100	97	3%
Less : Exceptional Item	3	4	
Net Profit	97	93	4%

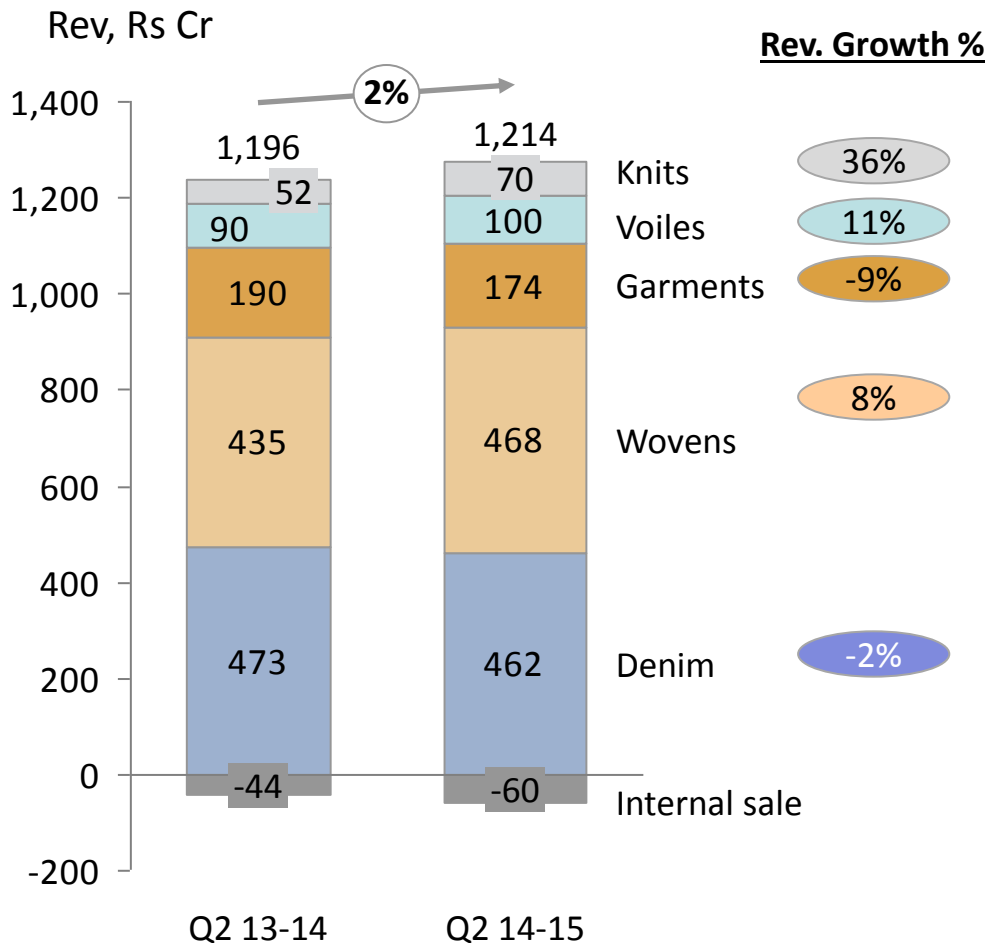
Balance Sheet, as on 30th Sept 2014

	As at	
	30th Sept'14	30th June'14
Shareholders' Fund		
Share Capital	258	258
Reserves and Surplus	2441	2381
Share application Money pending allotment	0	0
Non Current Liabilities	1257	1273
Shortterm Borrowings	1371	1203
Current Liabilities	1001	1207
Minority Interest		
Total	6329	6322
<i>Assets</i>		
Fixed Assets	2615	2585
Non -Current Investment	728	715
Long Term Loans and Advances	392	380
Other Non Current Assets	0	0
Current Assets	2594	2643
Total	6329	6322

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Textiles Business: Revenue Mix in 2014-15 Q2



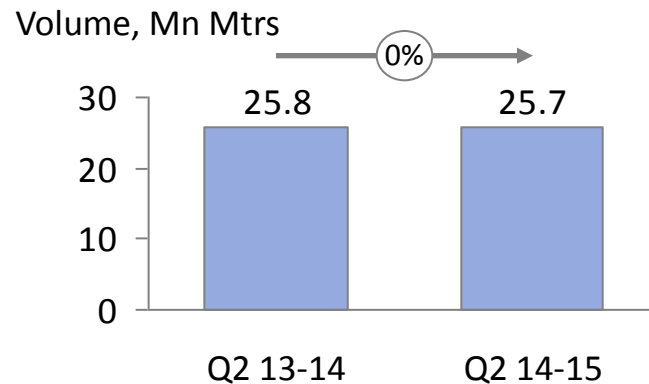
Textile revenue grew by 2%

- 8% growth in Woven fabrics
- 9% de-growth in garments
- 2% de-growth in Denim
- 11% growth on a smaller base for the voiles business

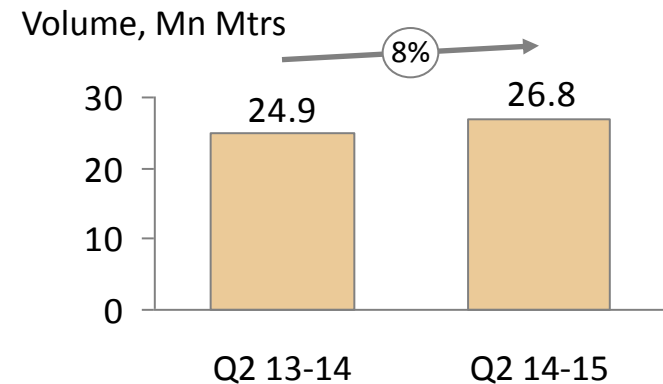
Volume growth: Denim volumes flat, while Wovens achieved 8% volume growth in H1 14-15

Q2
comparison
Vs LY

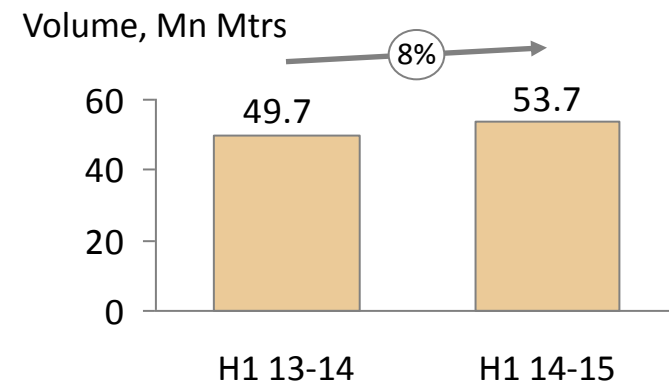
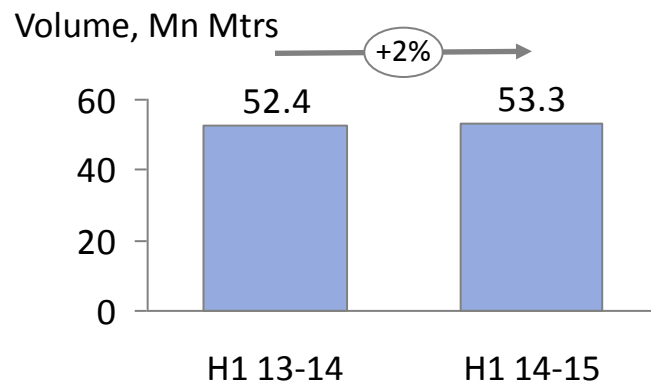
Denim



Wovens (Shirting & Khaki)



H1
comparison
Vs LY



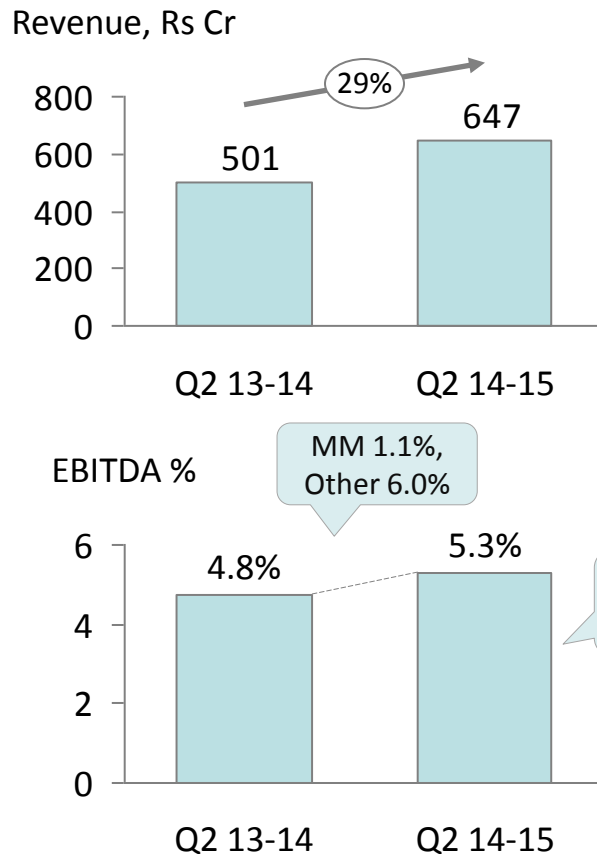
Key Parameters: FY2014-15 – Textiles

	Denim		Woven	
	Q2 14'15	Q2 13'14	Q2 14'15	Q2 13'14
Exports (Mn Mtrs)	11	10	6	5
Domestic (Mn Mtrs)	15	15	21	20
Avg Prices (Rs / Mtr)	177	180	169	167
Major Components	Cotton			
	Q2 14'15		Q2 13'14	
Cost (Rs / kg)	116		109	

Brands & Retail – Financial Performance: Q2 FY15

Strong growth in both topline as well as profitability

Strong revenue growth



Key highlights

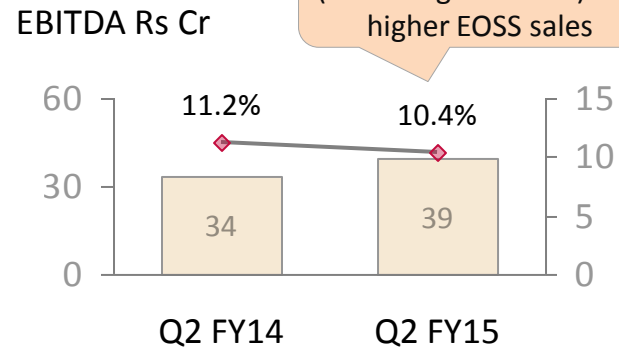
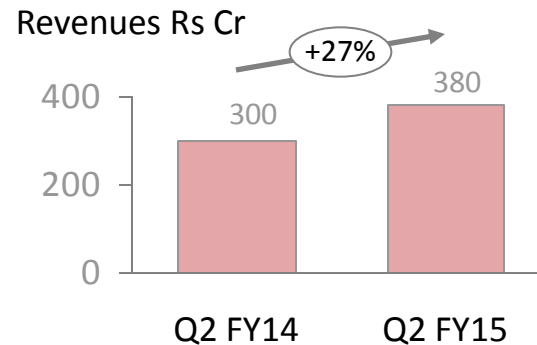
- Revenue growth of 29% achieved due to
 - 35% revenue growth in Brands /other formats
 - 13% revenue growth in MegaMart Retail, despite several old format stores being marked for closure
- Like to Like growth
 - 4.3% LTL growth in Brands
 - 2.4% LTL growth in MegaMart Retail
- Margin expansion
 - Led by brands margin expansion from 6.0% in Q2 FY14 to 6.5% in Q2 FY15

Performance of Power Brands

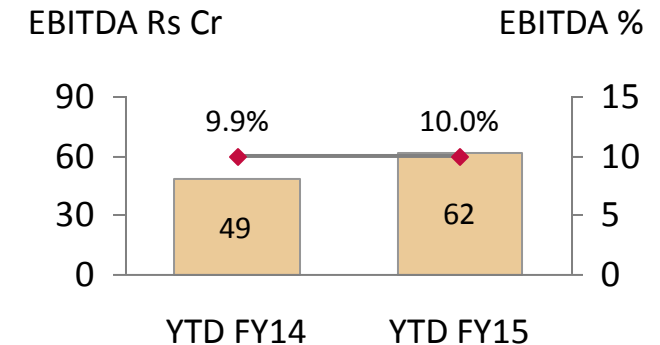
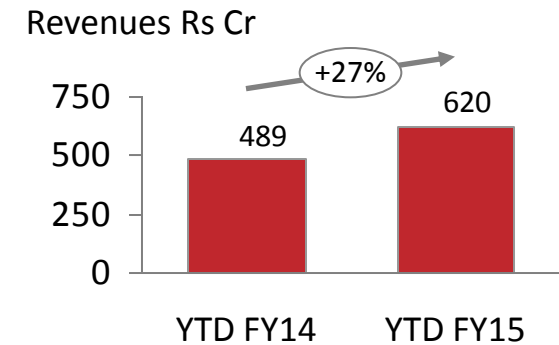
Power brands



Q2 FY15 Vs Q2 FY14



YTD FY15 Vs YTD FY14



◆ EBITDA % ■ EBITDA Rs Cr ■ Revenue Rs Cr

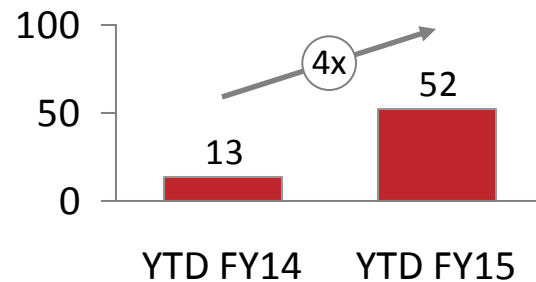
Note: 1. EOSS = 'End of Season Sale' period

2. Note: Tommy Hilfiger numbers reflect 50% Arvind share of the JV company

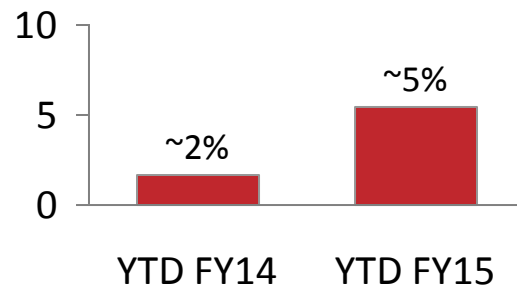
Online channel (third-party) performance : Very strong growth

Growth in third-party online business

Revenues Rs Cr



Share of business



Key positives and future outlook

Key positives

- Strong growth
- High profitability
- Allowing for liquidation of SM inventory

Future outlook

- Many interesting opportunities to further scale-up online (third-party) business
- Potential to further increase share of online channels

Brands & Retail Business – Distribution

Particulars	Q4 2013-14		Q1 2014-15**		Q2 2014-15**	
	# Stores	Sq ft	# Stores	Sq ft	# Stores	Sq ft
Brands	698	717,236	741	7,54,529	761	765,450
MM	166	744,785	158	7,96,467	146	806,143
Total	864	1462021	899	15,50,995	907	1,571,593
No of KA Exclusive Counters	692		810		819	1,571,593

- Sales Increase in Key Account Counters: Growth of 33% in Q2 14-15
- ** 2014-15 figures include Calvin Klein



Thank You!