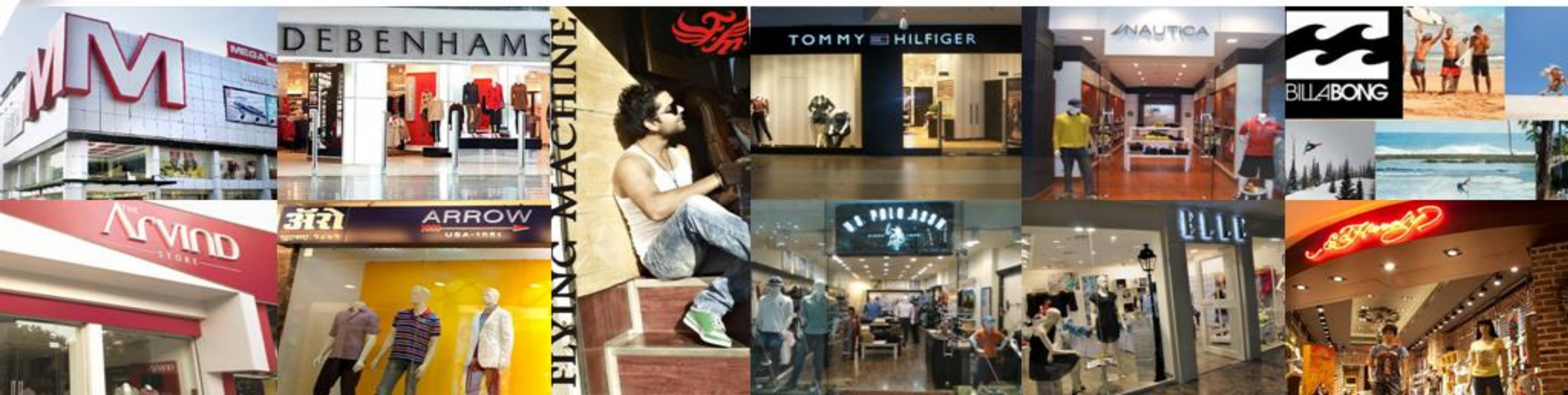

# Arvind Limited – Review Note Q4 & 2012-13

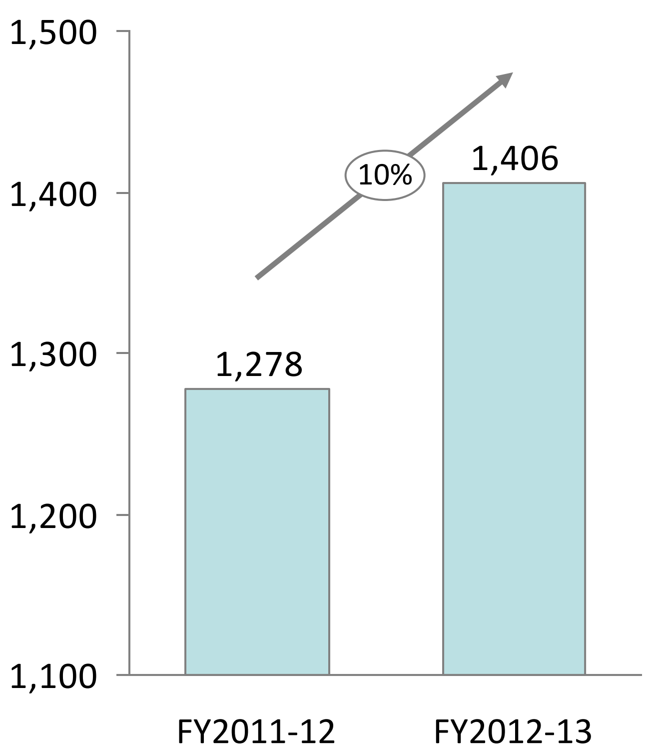
16th May 2013, Ahmedabad



# Highlights Q4 – 2012-13

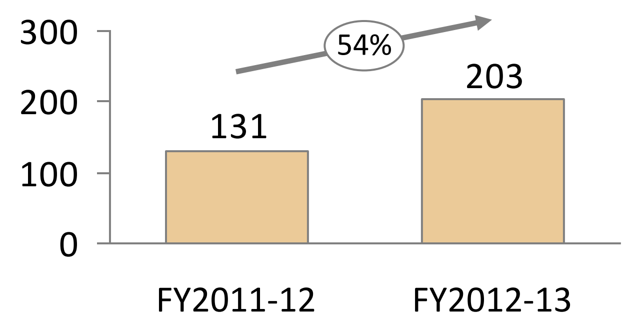
**Moderate revenue growth**

Rev, Rs Cr

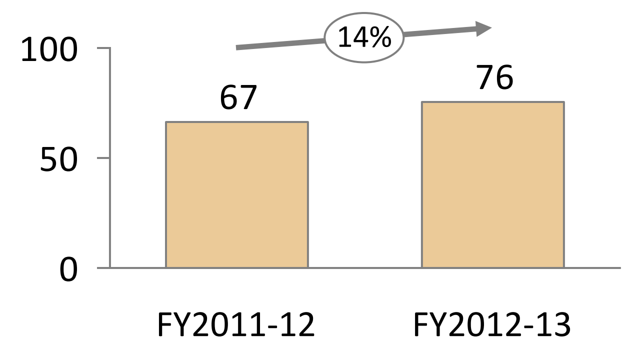



**Strong profitability improvement**

EBITDA, Rs Cr




PAT, Rs Cr



# Financial Performance Q4 – 2012-13

Rs Cr

| | Q4FY13 | Q4FY12 | Change |
|---|---|---|---|
| Revenues | 1,406 | 1,278 | 10% |
| Raw Material Consumed | 610 | 594 | |
| Project Expenses | 47 | 49 | |
| Employees' Emoluments | 149 | 116 | |
| Others | 481 | 412 | |
| (Increase) / Decrease in Stock | -83 | -24 | |
| EBIDTA | 203 | 131 | 54% |
| Margin | 14.4% | 10.3% | |
| Other Income | 20 | 41 | |
| Finance Cost | 82 | 66 | |
| Cash Accruals | 141 | 106 | 33% |
| Depreciation | 64 | 41 | |
| Profit Before Tax | 76 | 65 | 17% |
| Net Profit after Minority Intere | 76 | 67 | 14% |

## Key highlights

**Revenue Growth of 10%** achieved due to

- 29% volume growth in shirting/khaki textiles business
- 17% topline growth in Brands & Retail business
- 15% price growth in Denim leading to 4% topline growth despite 10% volume decline

**EBIDTA Margin**

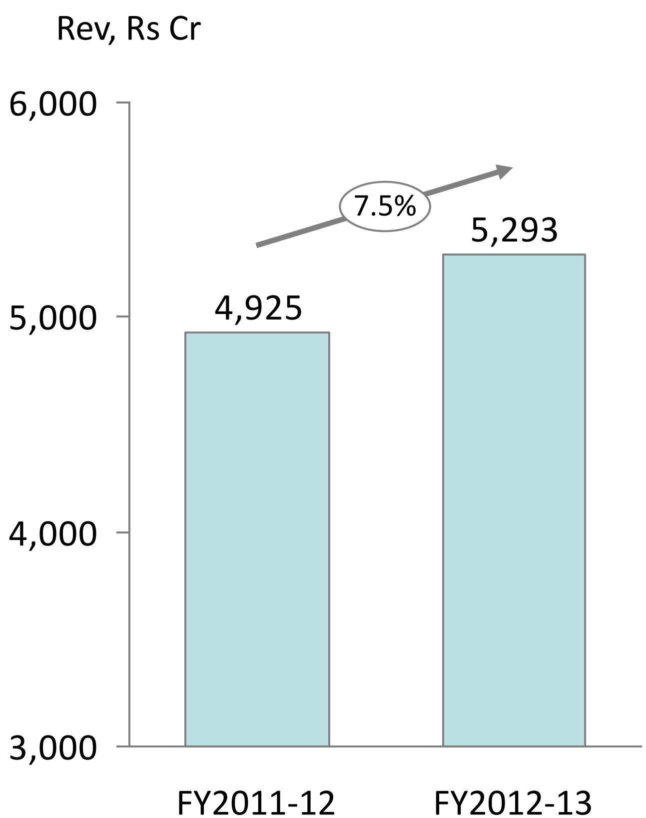
- EBIDTA margin improvement across all textiles as well as brand & retail verticals

**One-time Depreciation charge Rs 7.6 Cr**

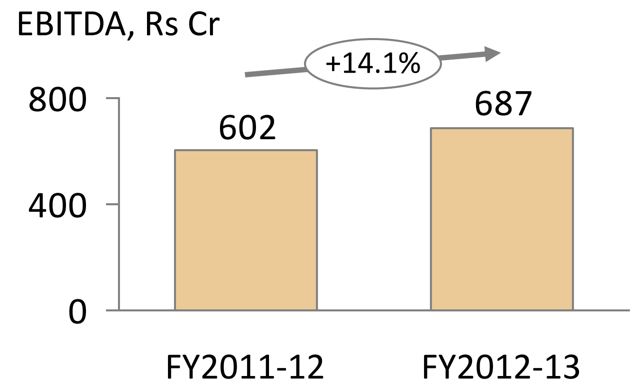
- As company decided to increase depreciation from about 7% to 15% in Brands & Retail assets

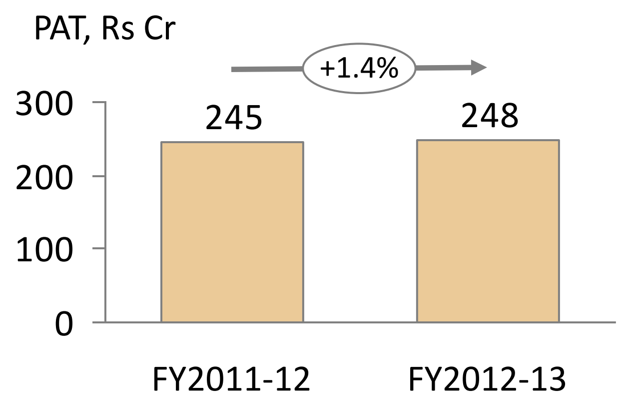
# Highlights FY 2012-13

## Moderate revenue growth




## Strong improvement in operating margins



# Financial Performance – FY2012-13

| | Rs Cr | | |
|---|---|---|---|
| | 2012-13 | 2011-12 | Change |
| **Revenue from Operations** | **5293** | **4925** | **7%** |
| RawMaterials | 2512 | 2349 | |
| Project Expenses | 110 | 100 | |
| Employees' Emoluments | 566 | 451 | |
| Others | 1687 | 1458 | |
| (Increase) / Decrease in Stock | -285 | -55 | |
| Foreign Exchange Loss /(Gain) | 15 | 19 | |
| **EBIDTA** | **687** | **602** | **14%** |
| Margin | 13.0% | 12.2% | |
| Other Income | 81 | 117 | |
| Interest Cost | 315 | 309 | |
| **Cash Accruals** | **453** | **410** | **10%** |
| Depreciation | 204 | 161 | |
| Profit Before Taxes | 248 | 248 | |
| **Profit After Tax** | **248** | **245** | **1%** |
| Extra Ordinary Item** | 0 | 191 | |
| Net Profit | 248 | 436 | |

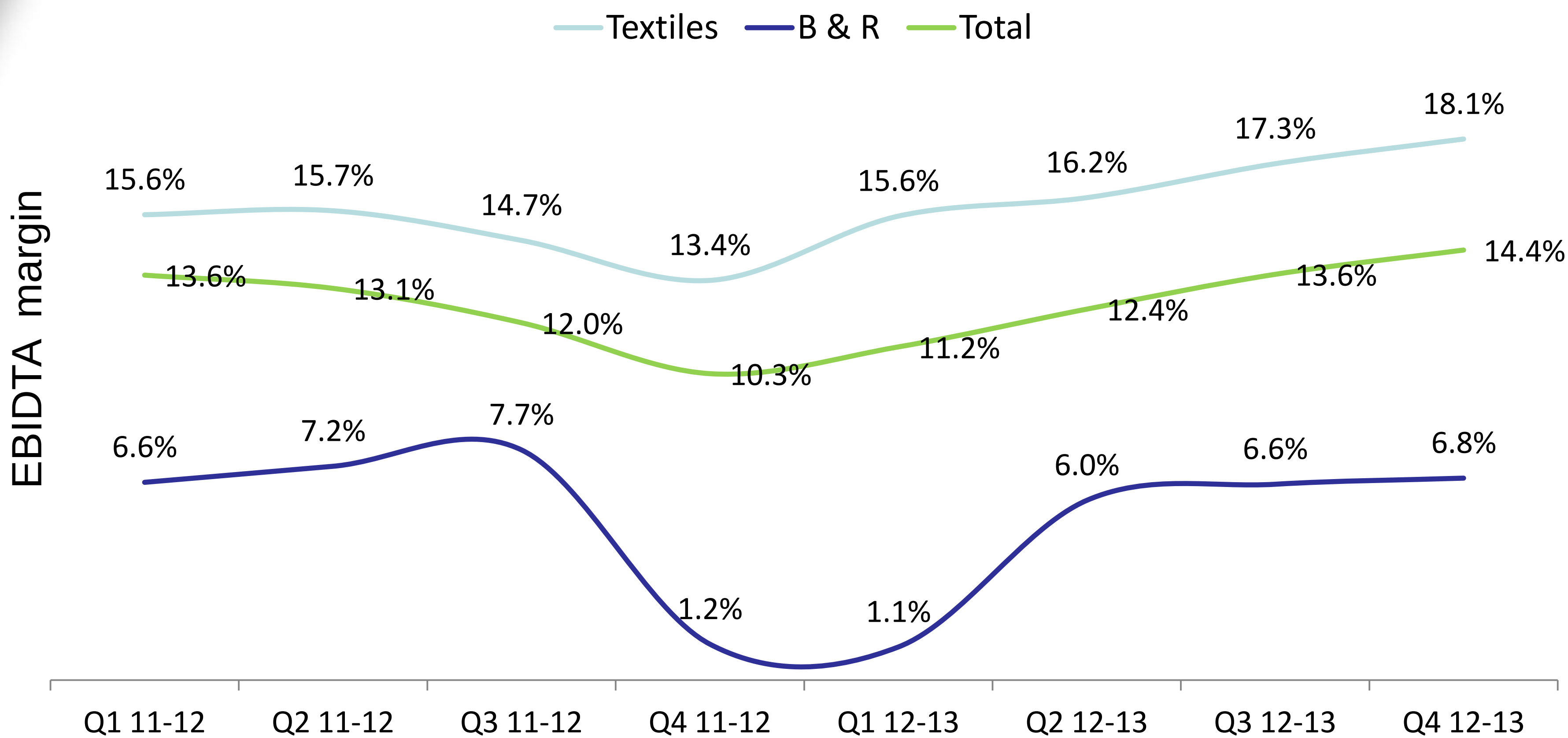
## Key highlights

**Revenue growth of 7% despite impact of strike and economic slow down**

- 28% volume growth in shirting/khaki textiles business
- 25% topline growth in Brands & Retail business
- 2% increase in revenues of MegaMart
- 7% drop in denim volume and 4% drop in revenues, largely caused by Strike during Q1

**Extra ordinary income in the last year was on account of sale of shares of VF Arvind Brands Pvt Limited

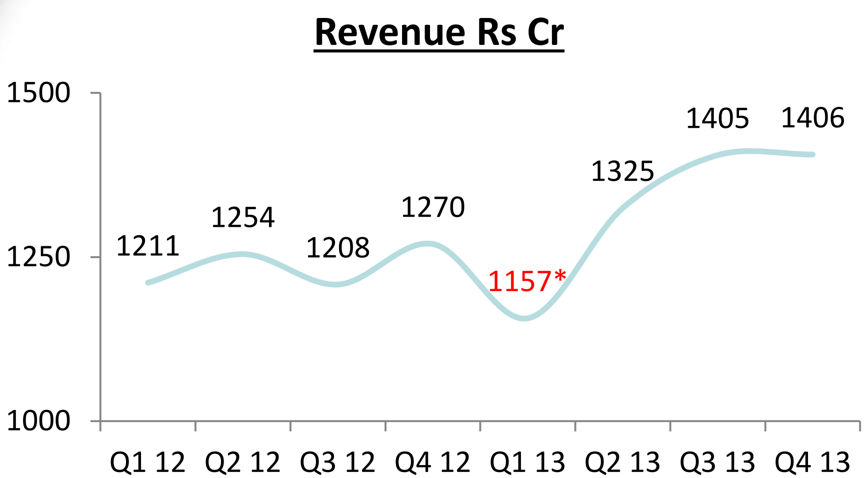
# Continued Q-o-Q improvement in margins for both Textiles as well as Brands & Retail Businesses

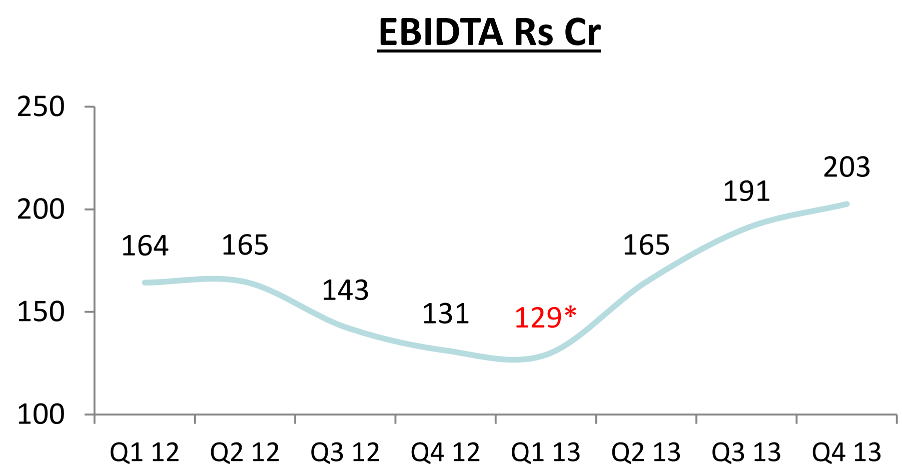


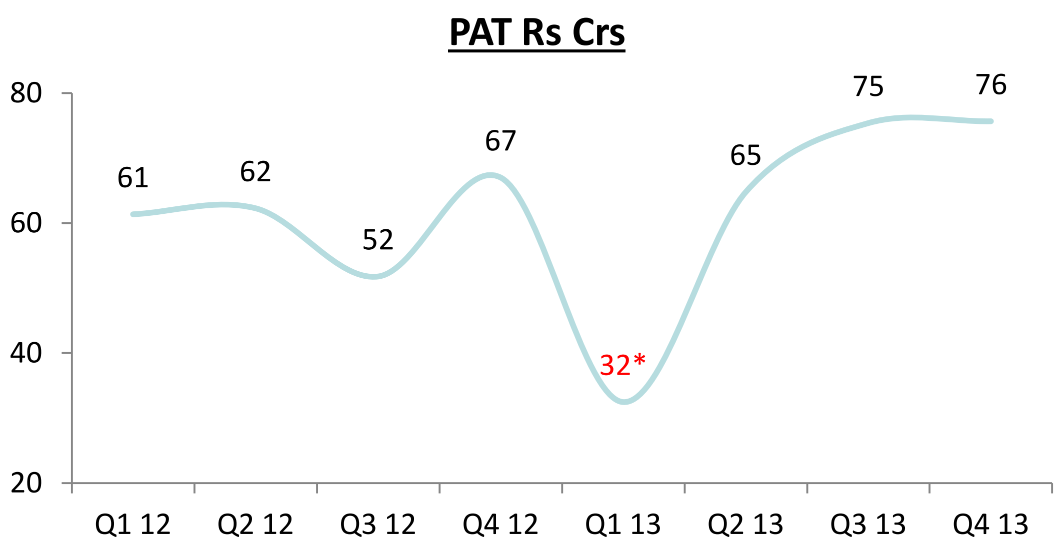

**Margins in B&R improving even after including losses from the newer acquired brands**

Arvind

# Revenue, EBIDTA and PAT are at all-time high




* Strike period

# Consolidated Balance Sheet, as at Mar 31st 2013

Rs Cr

| | As at | |
|---|---|---|
| | Mar 31st 2013 | Mar 31st 2012 |
| *Equity and Liablities* | | |
| Shareholders' funds | | |
| Share Capital | 258 | 258 |
| Reserves and Surplus | 1996 | 1770 |
| | | |
| Non-current liabilities | 1034 | 855 |
| Short term borrowings | 1281 | 1175 |
| Current Liabilities | 1654 | 1338 |
| Minority Interest | 11 | 9 |
| Total | 6233 | 5405 |
| *Assets* | | |
| Non-current assets | | |
| Fixed Assets | 2902 | 2785 |
| Non-current Investments | 57 | 42 |
| Long Term Loans and Advances | 388 | 280 |
| Other Non-current Assets | 1 | 2 |
| | | |
| Current assets | 2885 | 2296 |
| Total | 6233 | 5405 |

# Key Financial Ratios

| | 2010-11 | 2011-12 | 2012-13 |
|---|---|---|---|
| EPS | 6.50 | 9.48 | 9.63 |
| Debt / Equity | 1.31 | 1.00 | 1.10 |
| Debt / EBIDTA | 3.7 | 2.8 | 3.2 |
| ROCE | 10.5% | 13.1% | 11.9% |
| ROE | 8.4% | 12.0% | 11.3% |
| Revenue Growth | 25% | 20% | 7% |

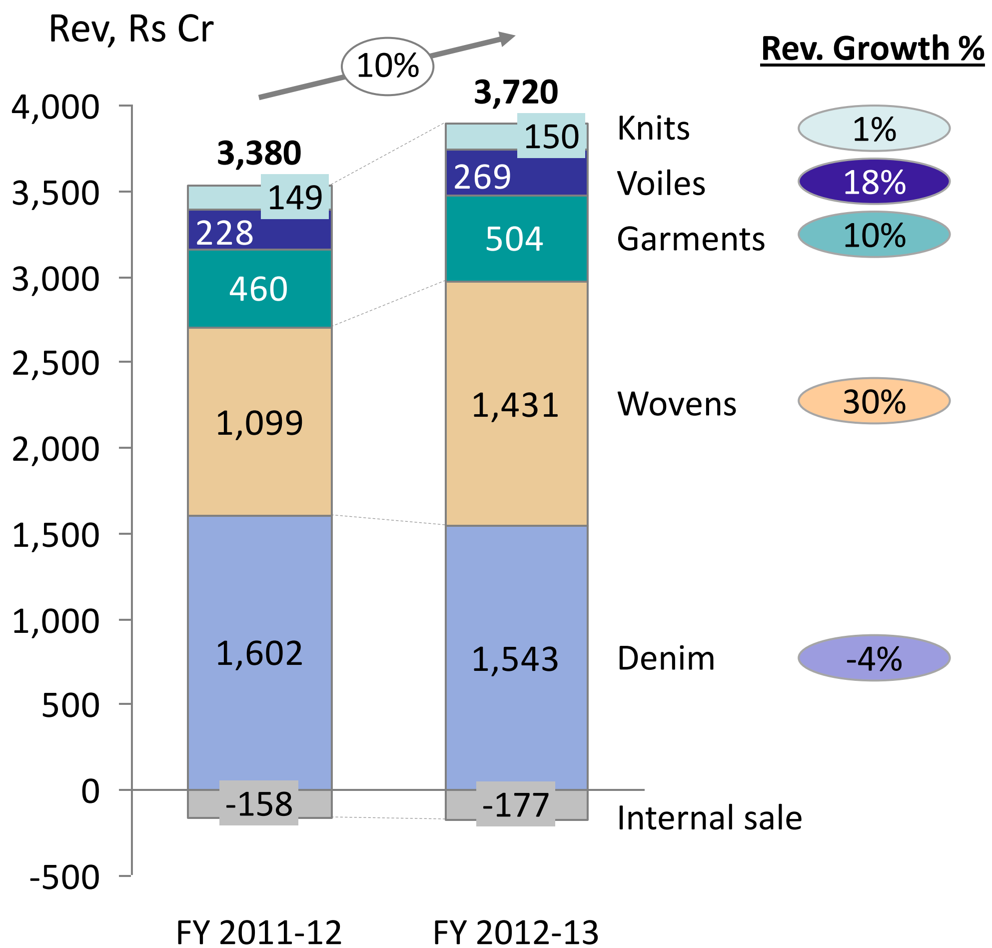
ROCE and ROE lower due to:

1) Lost contribution on account of strike in Denim plant
2) Planned losses in newly acquired Brands & Retail businesses

# Business Analysis

All numbers in this section are consolidated unless specified otherwise

# Textiles Business: Revenue Mix in FY2012-13

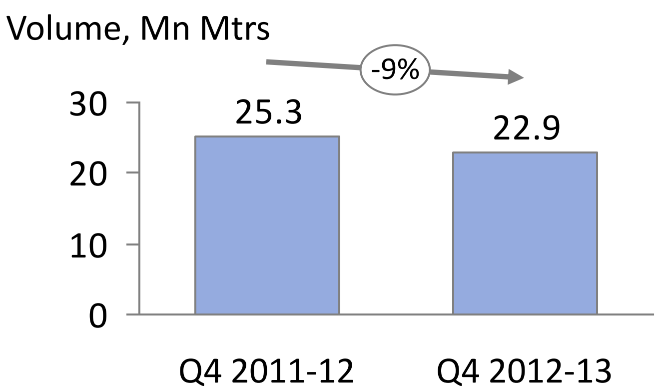


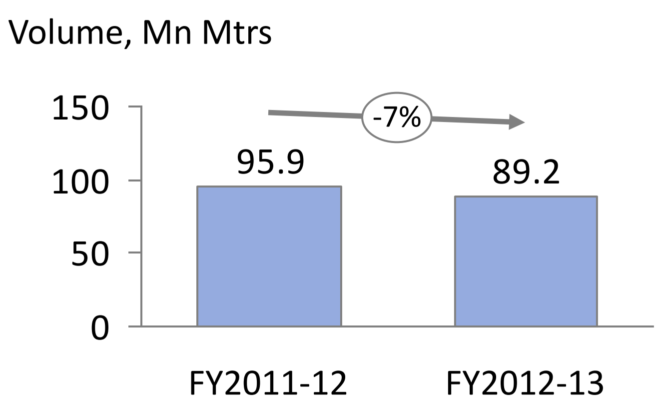

**Textile revenue grew by 10%**

- Led by robust 30% growth in shirting/khaki fabrics
- 10% growth in garments
- 7% drop in Denim volumes, partly compensated by price increase
- 18% growth on a smaller base for the voiles business

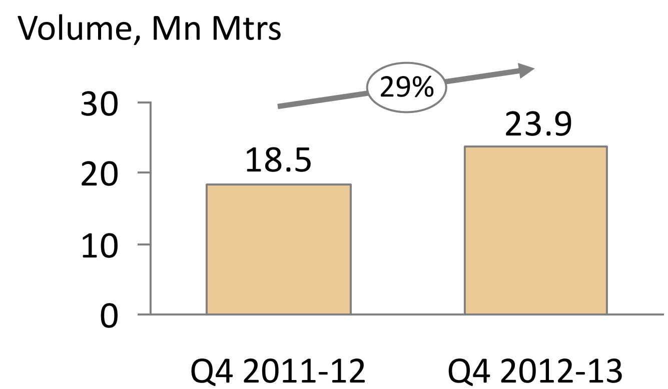
# Denim & Shirting/Khaki Volumes – FY2012-13

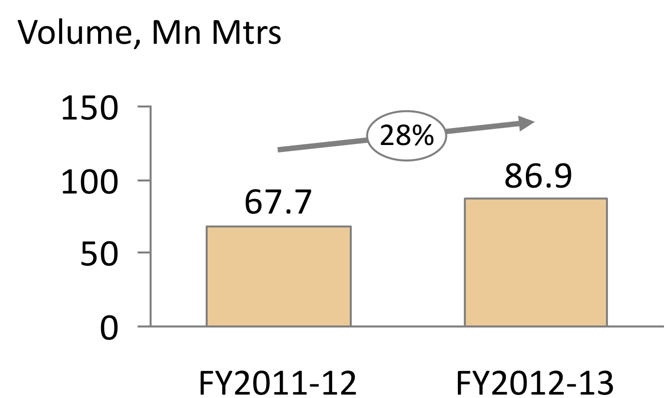
## Denim




## Shirting & Khaki



# Key Parameters: FY2012-13 – Textiles

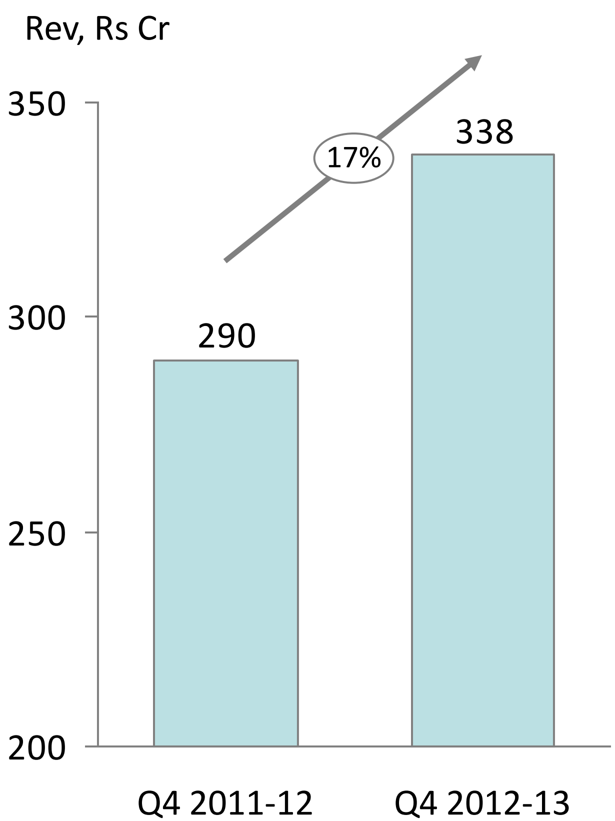
| | Denim | | Shirting / Khakis | |
|---|---|---|---|---|
| | FY 2012-13 | FY 2011-12 | FY 2012-13 | FY 2011-12 |
| Exports (Mn Mtrs) | 36 | 41 | 66 | 47 |
| Domestic (Mn Mtrs) | 53 | 55 | 21 | 21 |
| Avg Price - (Rs/Mtr) | 169 | 164 | 153 | 156 |
| Major Components | Cotton | | Gas | |
| Cost in Rs / Kg | 97.6 | 120.3 | 17.6 | 17.3 |

| | Denim | | Shirting / Khakis | |
|---|---|---|---|---|
| | Q4 2012-13 | Q4 2011-12 | Q4 2012-13 | Q4 2011-12 |
| Exports (Mn Mtrs) | 10 | 12 | 6 | 6 |
| Domestic (Mn Mtrs) | 13 | 14 | 18 | 12 |
| Avg Price - (Rs/Mtr) | 171 | 149 | 156 | 143 |
| Major Components | Cotton | | Gas | |
| Cost in Rs / Kg | 98.4 | 98.2 | 17.4 | 19.3 |

Arvind

# Brands & Retail Business grew by 17% in Q4 2012-13

**Strong revenue growth**

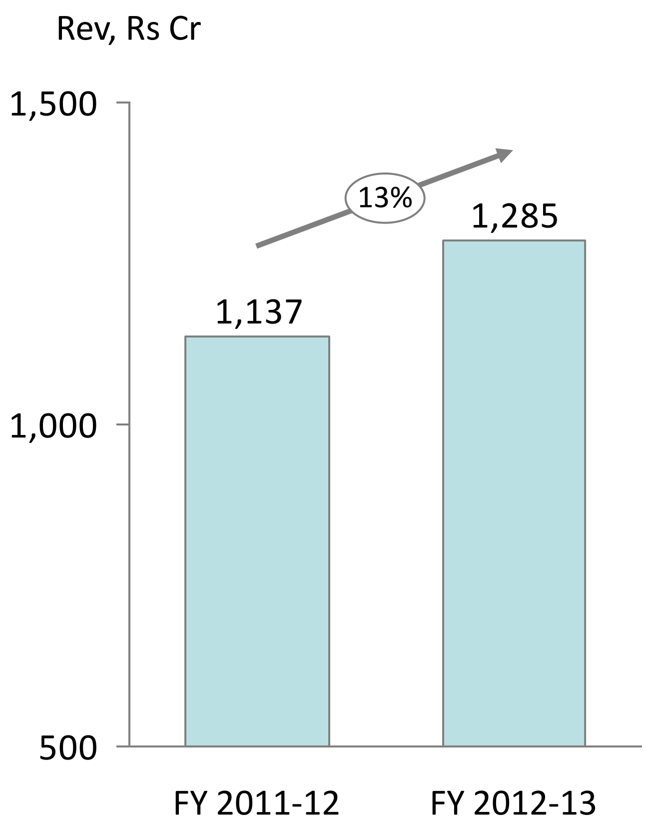



**Key highlights**

- Revenue growth of 17% achieved due to
  - 37% revenue growth in Brands (29% growth excluding newly acquired brands)
  - 9% revenue growth in MegaMart Retail, after de-growth in first 3 quarters
- Like to Like growth
  - 0.2% LTL growth in Brands
  - 5.4% LTL growth in MegaMart Retail , after registering negative LTL for first 3 quarters

# Brands & Retail Business grew by 13% in FY2012-13

**Strong revenue growth**




**Key highlights**

- Revenue growth of 13% achieved due to
  - 25% revenue growth in Brands (21% growth without newly acquired brands)
  - 2.2% revenue growth in MegaMart Retail, as business went through a repositioning and model change to consolidate operations and restore margins
- Like to Like growth
  - 1.7% LTL growth in Brands
  - Overall LTL de-growth of (3.8%) in Megamart Retail

# Brands & Retail Business – Distribution

| Particulars | FY11-12 | | FY12-13 | |
|---|---|---|---|---|
| | # Stores | Sq.ft | # Stores | Sq.ft |
| Brands | 352 | 330,943 | 487 | 504,015 |
| MM | 216 | 691,770 | 197 | 710,133 |
| Total | 568 | 1,022,713 | 684 | 1,214,148 |
| No of KA Exclusive Counters | 327 | | 376 | |
| Total KA Counters with Sub Brands | 481 | | 576 | |

- Sales Increase in Key Account Counters: Growth of 32%

# Outlook for FY2013-14

- Revenue growth expected to be over 20% on account of volume growth in both Textiles and Brands & Retail
  - Textiles: 12-15%
  - Brands & Retail: 25%+
- International demand for textiles strong: Indian retail demand sluggish
- Company expects that margins for the coming year will be maintained
  - Margin for the Textiles businesses may improve marginally
  - Margins for the Brands & Retail businesses may fall marginally due to higher investments in marketing and distribution for the newly acquired brands

# Thank You