

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, restructuring 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

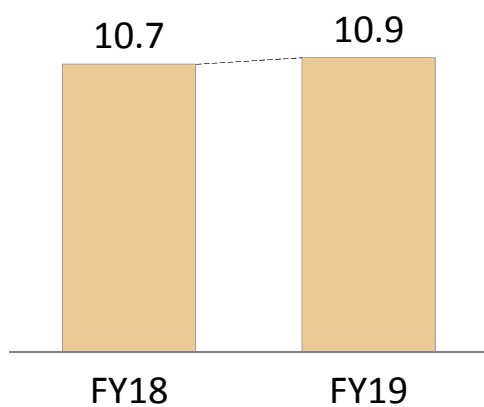
| Rs Cr Business | FY19 | | | FY18 | | |
|------------------------|-------------|------------|--------------|-------------|------------|--------------|
| | Revenue | EBIDTA | EBIDTA% | Revenue | EBIDTA | EBIDTA% |
| Textiles | 5919 | 671 | 11.3% | 5946 | 814 | 13.7% |
| Advanced Material | 630 | 65 | 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

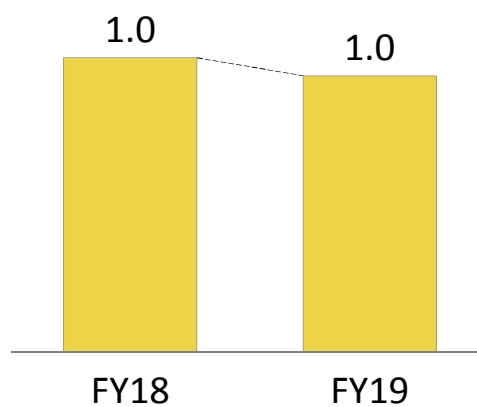
| Rs Cr | As at | |
|--|-------------|-------------|
| | 31st Mar 19 | 31st Mar 18 |
| Shareholders' Fund | | |
| Share Capital | 259 | 259 |
| Reserves & Surplus | 2492 | 2302 |
| Minority Interest | 86 | 82 |
| | | |
| long Term Borrowings | 935 | 808 |
| Short Term Borrowings | 1601 | 1733 |
| Long 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

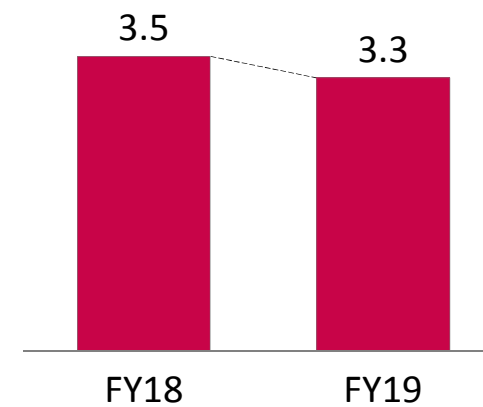
EPS



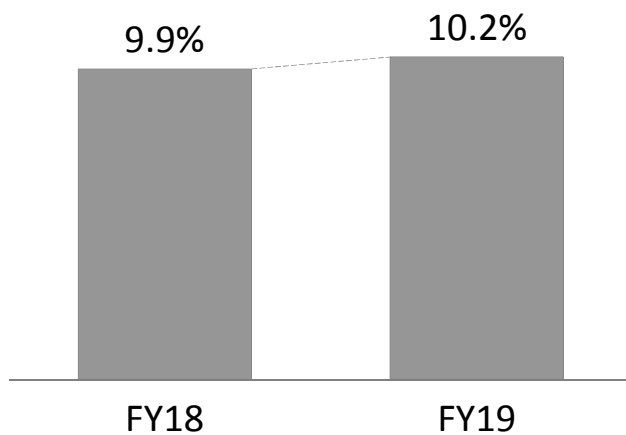
Debt / Equity



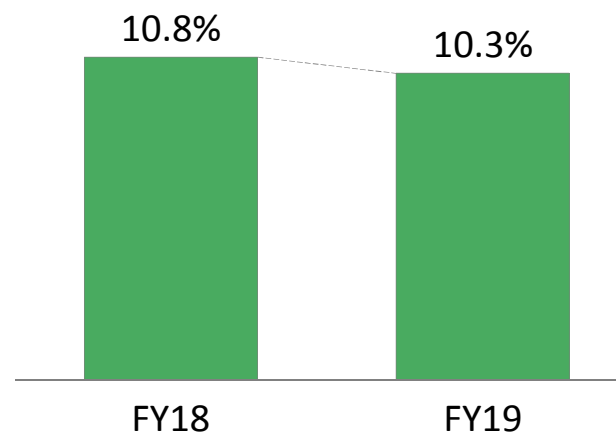
Debt / EBIDTA



ROCE



ROE



* Net Debt is considered for Debt / EBIDTA

Agenda

- Q4 & FY19 Summary Financial Performance

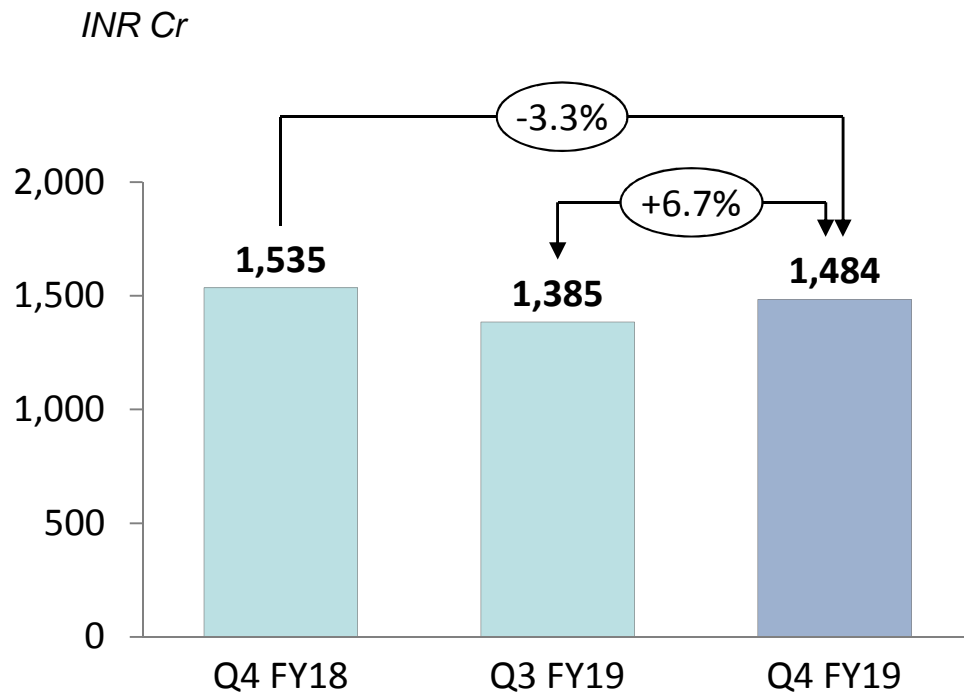
- Business discussion

- Outlook

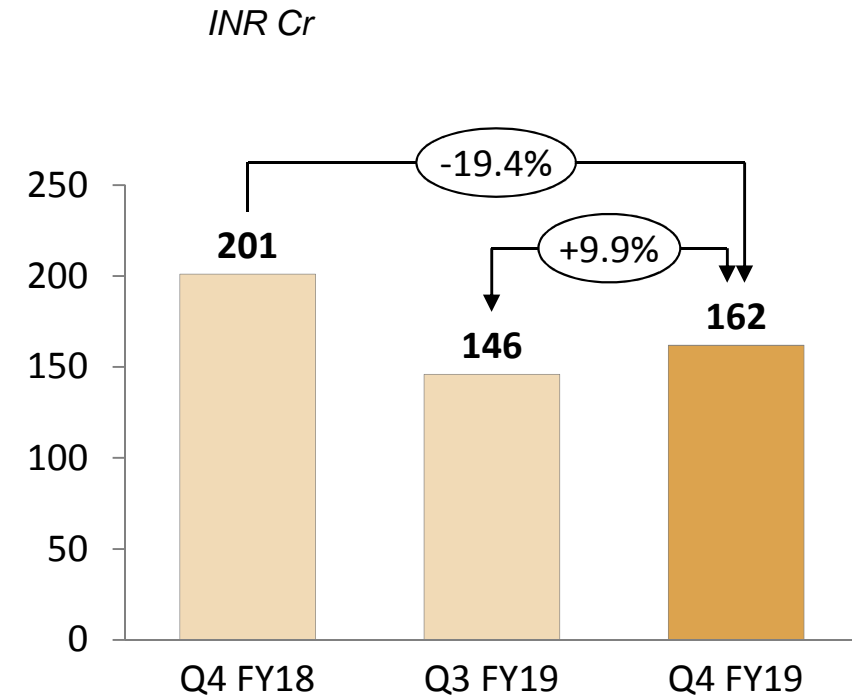
Textiles and Advanced Materials

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

Revenues



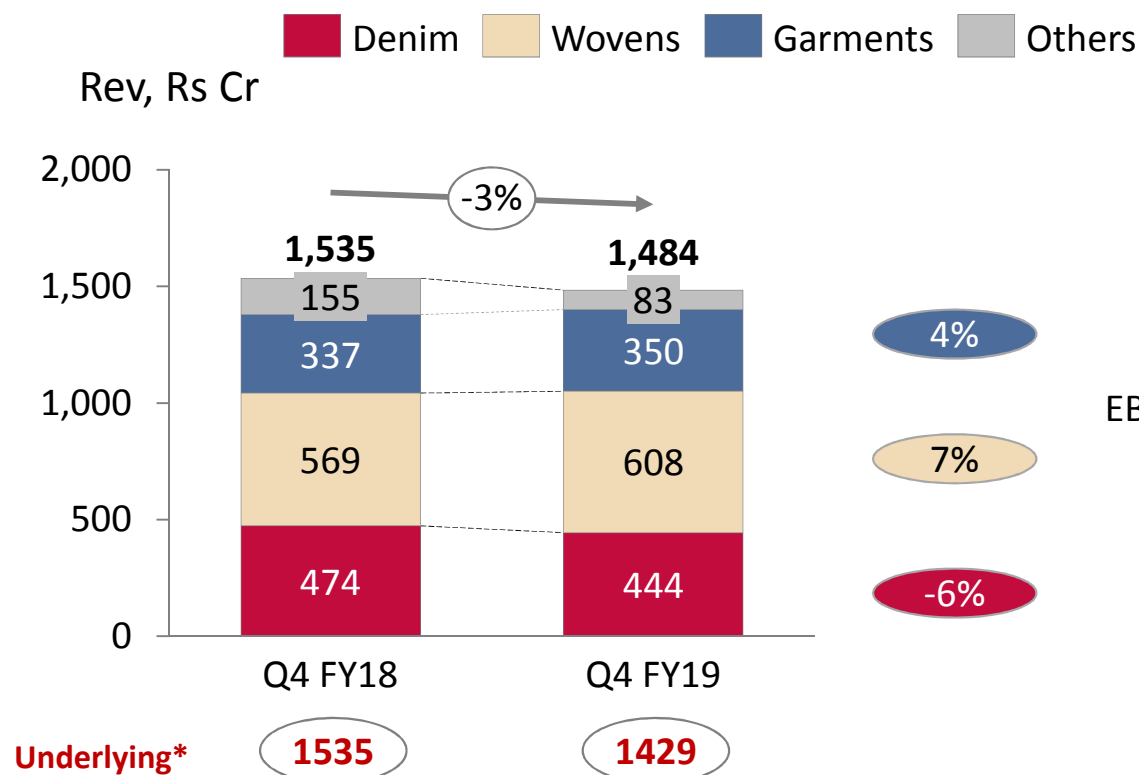
EBITDA



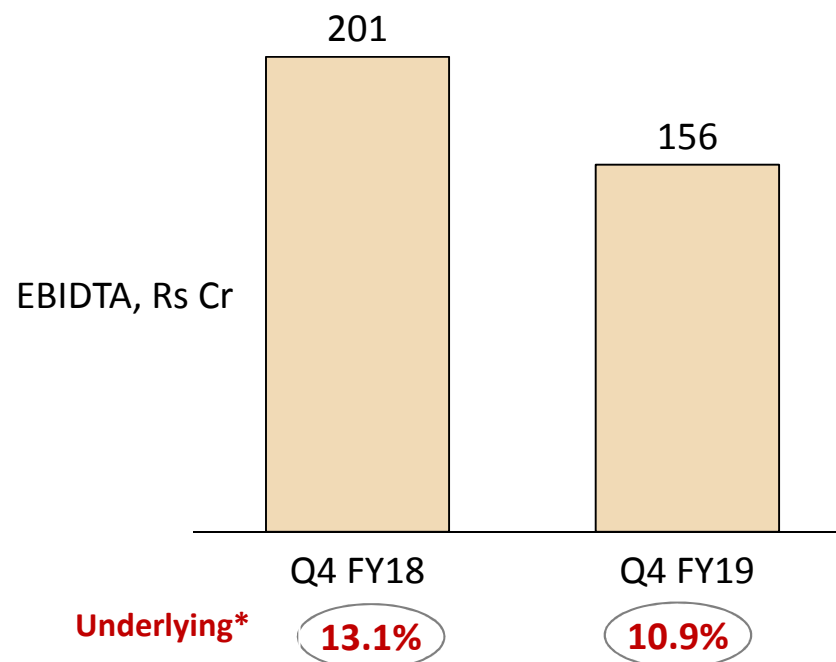
- EBITDA impact from lower sales, higher pre-ops in new manufacturing plants and write off in Arvind Stores as company decided to convert all the retail stores in to franchise operations.
- Average cotton prices were higher at Rs 122/kg vs Rs 113 /kg in Q4FY19

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

Minor decline in Fabrics, garments grew



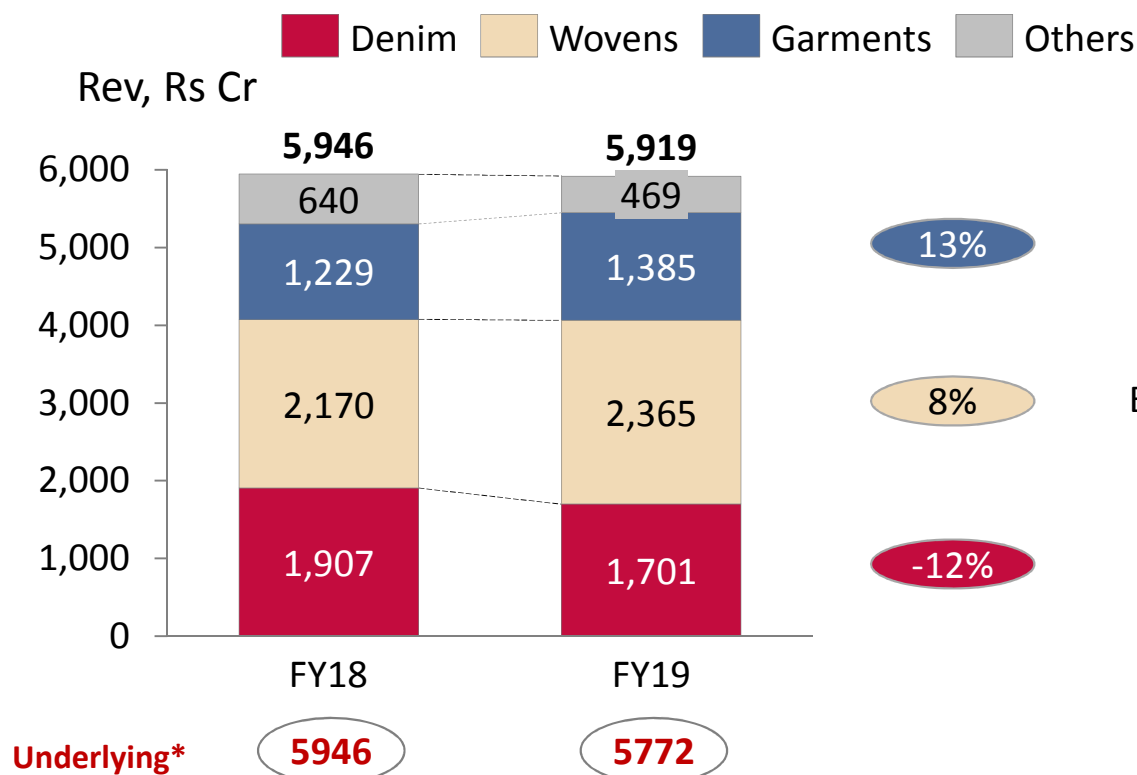
Margins got impacted



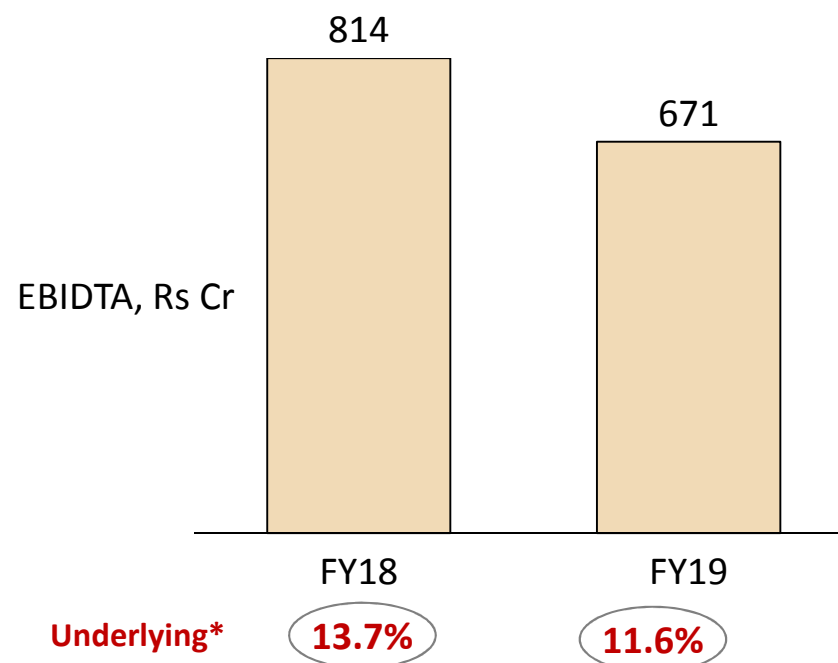
* Please refer to the notes at Executive Summary

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

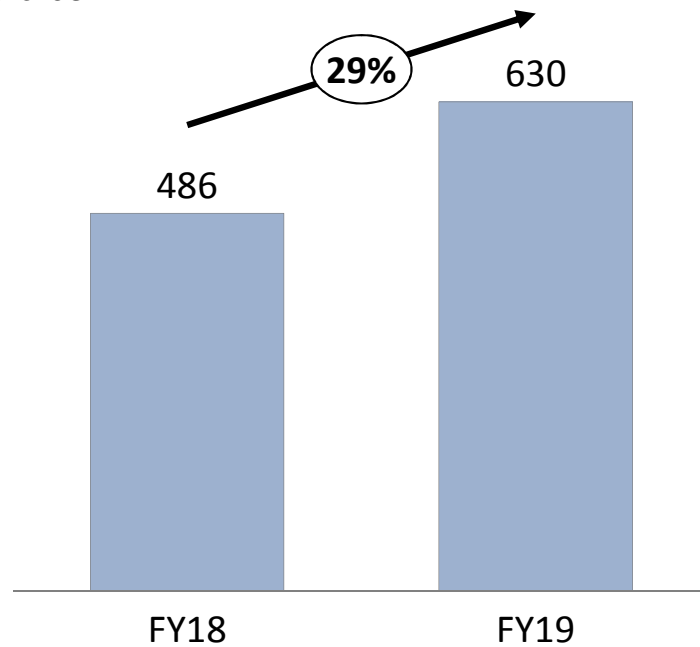
Key Textile business parameters for Q4 & FY2019

| | 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 Growth for YOY

EBITDA

-7

65

- 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!