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

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

**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**

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

**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 EBIDTA margin would be higher at 11.6%
Q4 and FY 19: Profit and Loss summary

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

- 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

<table>
<thead>
<tr>
<th>Rs Cr Business</th>
<th>FY19 Revenue</th>
<th>FY19 EBIDTA</th>
<th>FY19 EBIDTA%</th>
<th>FY18 Revenue</th>
<th>FY18 EBIDTA</th>
<th>FY18 EBIDTA%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>5919</td>
<td>671</td>
<td>11.3%</td>
<td>5946</td>
<td>814</td>
<td>13.7%</td>
</tr>
<tr>
<td>Advanced Material</td>
<td>630</td>
<td>65</td>
<td>10.4%</td>
<td>486</td>
<td>-7</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Others</td>
<td>614</td>
<td>35</td>
<td>5.6%</td>
<td>369</td>
<td>-31</td>
<td>-8.4%</td>
</tr>
<tr>
<td>Un Allocable</td>
<td>0</td>
<td>-55</td>
<td>-</td>
<td>0</td>
<td>-100</td>
<td>-</td>
</tr>
<tr>
<td>Other Income</td>
<td>84</td>
<td></td>
<td></td>
<td>74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated Knock Off</td>
<td>-21</td>
<td>0</td>
<td>-</td>
<td>-7</td>
<td>-2</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7142</strong></td>
<td><strong>800</strong></td>
<td><strong>11.2%</strong></td>
<td><strong>6794</strong></td>
<td><strong>748</strong></td>
<td><strong>11.0%</strong></td>
</tr>
</tbody>
</table>

## Q4 FY19 & Q4 FY18

<table>
<thead>
<tr>
<th>Rs Cr Business</th>
<th>Q4 FY19 Revenue</th>
<th>Q4 FY19 EBIDTA</th>
<th>Q4 FY19 EBIDTA%</th>
<th>Q4 FY18 Revenue</th>
<th>Q4 FY18 EBIDTA</th>
<th>Q4 FY18 EBIDTA%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>1484</td>
<td>156</td>
<td>10.5%</td>
<td>1535</td>
<td>201</td>
<td>13.1%</td>
</tr>
<tr>
<td>Advanced Material</td>
<td>198</td>
<td>25</td>
<td>12.5%</td>
<td>130</td>
<td>-9</td>
<td>-6.8%</td>
</tr>
<tr>
<td>Others</td>
<td>179</td>
<td>19</td>
<td>10.5%</td>
<td>181</td>
<td>12</td>
<td>6.8%</td>
</tr>
<tr>
<td>Un Allocable</td>
<td>0</td>
<td>-12</td>
<td>-10.5%</td>
<td>-1</td>
<td>-12</td>
<td>-23</td>
</tr>
<tr>
<td>Other Income</td>
<td>0</td>
<td>20</td>
<td>0</td>
<td>0</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>Consolidated Knock Off</td>
<td>-2</td>
<td>-4</td>
<td>-10.5%</td>
<td>-2</td>
<td>-4</td>
<td>-5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1859</strong></td>
<td><strong>203</strong></td>
<td><strong>10.9%</strong></td>
<td><strong>1843</strong></td>
<td><strong>196</strong></td>
<td><strong>10.7%</strong></td>
</tr>
</tbody>
</table>
## Consolidated Balance Sheet, as at Mar 31st 2019

<table>
<thead>
<tr>
<th></th>
<th>As at 31st Mar 19</th>
<th>As at 31st Mar 18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholders' Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td>259</td>
<td>259</td>
</tr>
<tr>
<td>Reserves &amp; Surplus</td>
<td>2492</td>
<td>2302</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>86</td>
<td>82</td>
</tr>
<tr>
<td><strong>Long Term Borrowings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short Term Borrowings</td>
<td>1601</td>
<td>1733</td>
</tr>
<tr>
<td>Long Term Liability Maturing in one year</td>
<td>164</td>
<td>137</td>
</tr>
<tr>
<td><strong>Other Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>2700</td>
<td>2678</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>7334</td>
<td>6927</td>
</tr>
</tbody>
</table>

| **Assets**         |                  |                  |
| Fixed Assets       | 3683             | 3425             |
| Non Current Investments | 78              | 79               |
| Long term Loans & Advances | 1              | 2               |
| Other Non Current Assets | 80             | 115              |
| **Current Assets** |                  |                  |
| **Total**          | 7334             | 6927             |
Key indicators – FY19 Vs FY18

**EPS**
- FY18: 10.7
- FY19: 10.9

**Debt / Equity**
- FY18: 1.0
- FY19: 1.0

**Debt / EBIDTA**
- FY18: 3.5
- FY19: 3.3

**ROCE**
- FY18: 9.9%
- FY19: 10.2%

**ROE**
- FY18: 10.8%
- FY19: 10.3%

*Net Debt is considered for Debt / EBIDTA*
Agenda

• Q4 & FY19 Summary Financial Performance

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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**
  - Q4 FY18: INR 1,535 Cr
  - Q3 FY19: INR 1,385 Cr
  - Q4 FY19: INR 1,484 Cr
  - Change: Q4 FY19 over Q3 FY19: +6.7%
  - Change: Q4 FY19 over Q4 FY18: -3.3%

- **EBITDA**
  - Q4 FY18: INR 201 Cr
  - Q3 FY19: INR 146 Cr
  - Q4 FY19: INR 162 Cr
  - Change: Q4 FY19 over Q3 FY19: +9.9%
  - Change: Q4 FY19 over Q4 FY18: -19.4%

- **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

Underlying* 5946

Underlying* 5772

* Please refer to the notes at Executive Summary
### Key Textile business parameters for Q4 & FY2019

<table>
<thead>
<tr>
<th></th>
<th>Denim</th>
<th>Woven</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q4 18-19</td>
<td>Q4 17-18</td>
</tr>
<tr>
<td>Exports (Mn Mtrs)</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Domestic (Mn Mtrs)</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Avg Prices</td>
<td>188</td>
<td>185</td>
</tr>
<tr>
<td>Major Components</td>
<td>Cotton</td>
<td></td>
</tr>
<tr>
<td>Cost in Rs / Kg</td>
<td>122</td>
<td>113</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Denim</th>
<th>Woven</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>18-19</td>
<td>17-18</td>
</tr>
<tr>
<td>Exports (Mn Mtrs)</td>
<td>41</td>
<td>53</td>
</tr>
<tr>
<td>Domestic (Mn Mtrs)</td>
<td>43</td>
<td>47</td>
</tr>
<tr>
<td>Avg Prices</td>
<td>189</td>
<td>182</td>
</tr>
<tr>
<td>Major Components</td>
<td>Cotton</td>
<td></td>
</tr>
<tr>
<td>Cost in Rs / Kg</td>
<td>118</td>
<td>117</td>
</tr>
</tbody>
</table>
Advanced Materials delivered a strong performance both in terms of topline and profitability

Healthy growth in revenues

**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
Agenda

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

<table>
<thead>
<tr>
<th>Revenues</th>
<th>EBITDA margins</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>7-8% top-line</strong> growth expected over the year – mostly to be <strong>realized in H2</strong></td>
<td><strong>EBITDA margin to be marginally higher due to volume growth in textiles</strong></td>
</tr>
<tr>
<td>• New garmenting plants ramping up utilization</td>
<td><strong>EBITDA to degrow in H1</strong></td>
</tr>
<tr>
<td>• Denim volumes to remain under pressure under continuing market pressure, some evolution in mix</td>
<td>Losses in new garments facilities due to lower efficiencies</td>
</tr>
<tr>
<td>• Advance Materials Business continuing to deliver robust growth</td>
<td>Comparable H1-2018-19-was relatively stronger</td>
</tr>
<tr>
<td></td>
<td><strong>EBITDA margin to increase in H2</strong></td>
</tr>
<tr>
<td></td>
<td>Due to base effect</td>
</tr>
<tr>
<td></td>
<td>Improved efficiencies in new garments plants turning them profitable</td>
</tr>
</tbody>
</table>
Thank You!