

# Q4 & Full Year FY2020 Review Note

27<sup>th</sup> June 2020 | Ahmedabad

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## Agenda

- Q4 & FY20 Summary Financial Performance
- Business discussion
- Impact of Covid-19, and outlook ahead

## Executive summary of results and highlights

INR Crs	Jan-Feb FY20	11 Month	Mar 2020	FY2020
<b>Revenues</b>	<b>+6.7%</b>	<b>+8%</b>	<b>-42.0%</b>	<b>+3% (7369 cr)</b>
Textiles	+10.5%	+10%	-40%	+5% (6205 cr)
Advanced Materials	+7.4%	+20%	-38%	+13% (713 cr)
<b>EBITDA margin</b>	<b>9.6%</b>	<b>9.4%</b>	<b>9.8%</b>	<b>9.4% (692 cr)</b>
<b>PAT</b> (before exception items)				<b>-48% (146 cr)</b>
<b>Net Debt</b>				<b>2371 cr (2619 cr Mar'19)</b>

- Textile and AMD revenue growth- Jan & Feb and YTD Feb was tracking as planned
- Stoppage of production and logistics in second half of March resulted in 42% drop for month
- Management estimates of loss of Rs. 250 cr on topline, and Rs 75 cr in EBITDA, in addition to Rs. 36 crores of exceptional losses on FX, bad debts, impairments
- Despite severe setback in March, Net debt reduced by 248 crs during the year
- The working capital turns sharply improved from 3.9 in FY19 to 5.1 in FY20

## Q4 and FY20: Profit and Loss summary

<i>All figures in INR Crs</i>	Q4 FY20	Q4 FY19	Change	FY20	FY19	Change
<b>Revenues from Operations</b>	<b>1,642</b>	<b>1,859</b>	<b>-12%</b>	<b>7,369</b>	<b>7,142</b>	<b>3%</b>
<b>EBIDTA</b>	<b>158</b>	<b>184</b>	<b>-14%</b>	<b>692</b>	<b>717</b>	<b>-3%</b>
<b>Profit Before Tax</b>	<b>37</b>	<b>79</b>	<b>-53%</b>	<b>220</b>	<b>345</b>	<b>-36%</b>
<b>Profit After Tax</b>	<b>35</b>	<b>68</b>	<b>-49%</b>	<b>146</b>	<b>283</b>	<b>-48%</b>
<b>Less : Exceptional Item</b>	<b>47</b>	<b>4</b>		<b>50</b>	<b>46</b>	
<b>Net Profit</b>	<b>-12</b>	<b>64</b>	<b>-119%</b>	<b>96</b>	<b>237</b>	<b>-60%</b>

Exceptional item includes

- Retrenchment compensation – Rs 19 Cr,
- MTM Forex Losses (cancellation of contracts resulting from reduced export sales given Covid 19) – Rs 11.4 Cr,
- Impairment of Investment in subsidiaries – Rs 11.8 Cr,
- Write off in receivables and others due to Covid-19 – Rs 13.2 Cr
- Reversal of GST Write off – Rs 4.9 Cr )

## Q4 and FY20 performance by segments

Rs Cr Business	Q4 FY1920				Q4 FY1819			
	Revenue	EBIDTA	EBIDTA%	ROCE %	Revenue	EBIDTA	EBIDTA%	ROCE %
Textiles	1352	126	9.3%	8.0%	1486	156	10.5%	11.8%
Advanced Material	179	24	13.4%	15.3%	198	25	12.5%	15.1%
Others	117	-9			177	18		
Un Allocable	0	13			0	-12		
Other Income	0	9				20		
Inter segment	-7	4			-1	-3		
<b>Total</b>	<b>1642</b>	<b>166</b>	<b>10.1%</b>	<b>6.9%</b>	<b>1859</b>	<b>204</b>	<b>11.0%</b>	<b>10.2%</b>

Rs Cr Business	FY1920				FY1819			
	Revenue	EBIDTA	EBIDTA%	ROCE %	Revenue	EBIDTA	EBIDTA%	ROCE %
Textiles	6205	664	10.7%	12.9%	5919	671	11.3%	13.4%
Advanced Material	713	92	12.9%	14.6%	630	65	10.4%	11.6%
Others	536	0			614	35		
Un Allocable		-35				-55		
Other Income		55				84		
Inter segment	-51	5			-21	0		
<b>Total</b>	<b>7403</b>	<b>782</b>	<b>10.6%</b>	<b>9.4%</b>	<b>7142</b>	<b>800</b>	<b>11.2%</b>	<b>13.6%</b>
Less : One time Write Off	-34	-34			0	0		
<b>Reported Number</b>	<b>7369</b>	<b>748</b>		<b>8.8%</b>	<b>7142</b>	<b>800</b>		<b>10.2%</b>

***Covid-19 disruptions in Q4 estimated to cause loss of Rs. 250 cr on topline, and Rs 75 cr in EBITDA***

Note: One time Write off of Rs 34 cr related to withdrawal of MEIS

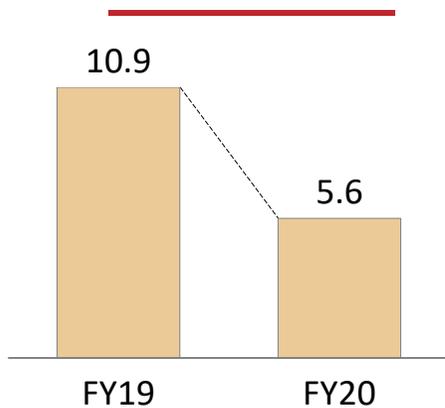
# Consolidated Balance Sheet, as at March 31st 2020

Rs Cr	As at	
	31st Mar 20	31st Mar 19
Shareholders' Fund		
Share Capital	259	259
Reserves & Surplus	2450	2492
Minority Interest	58	86
long Term Borrowings	1018	935
Short Term Borrowings	1175	1601
Long Term Liability Maturing in one year	262	164
Borrowings	2455	2700
Lease Liabilities (Current + Non Current)	185	0
Other Liabilities	1759	1797
<b>Total</b>	<b>7165</b>	<b>7334</b>
Assets		
Fixed Assets	3800	3683
ROU Assets	148	0
Non Current Investments	90	78
Long term Loans & Advances	1	1
Other Non Current Assets	89	80
Current Assets	3038	3490
<b>Total</b>	<b>7165</b>	<b>7334</b>

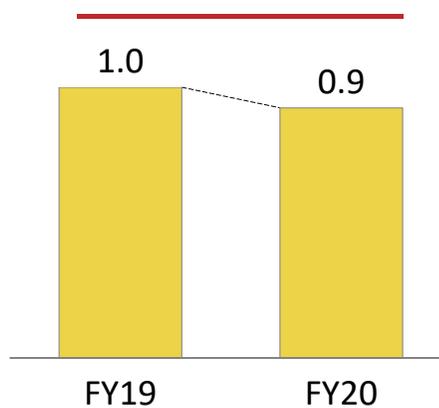
***Focused improvement of working capital turn helped reduce borrowing***

## Key indicators – FY20 Vs FY19

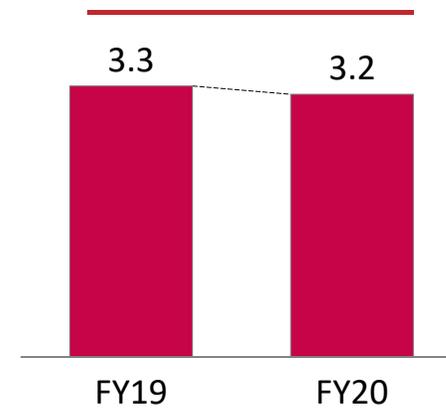
### EPS



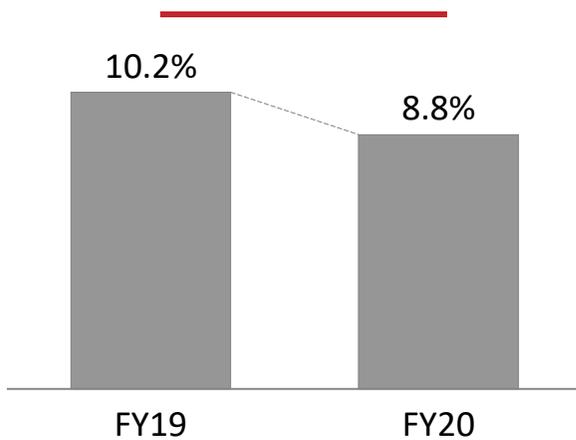
### Debt / Equity



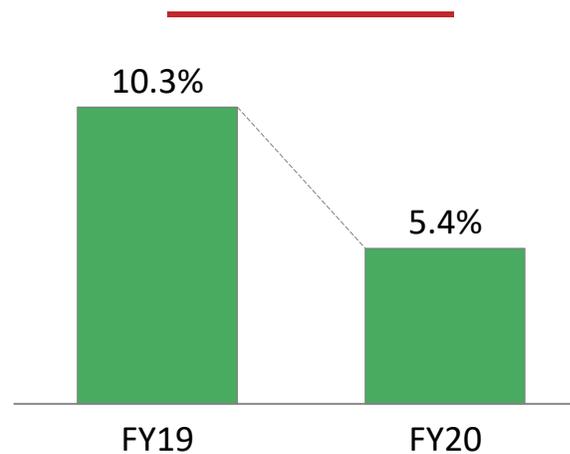
### Debt / EBIDTA



### ROCE



### ROE

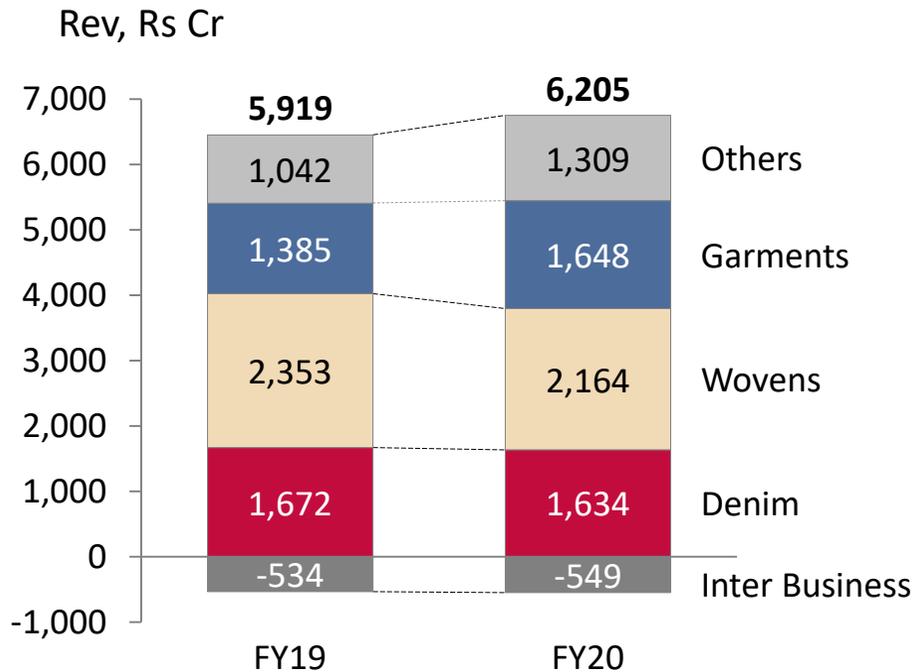


## Agenda

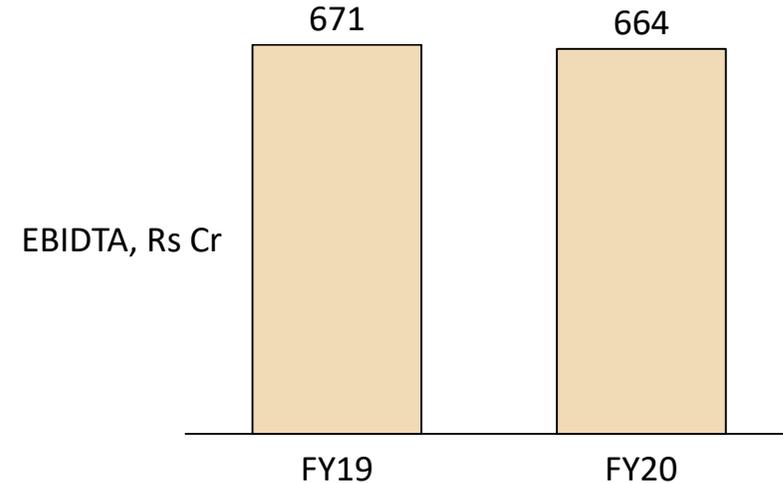
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## FY2020: Modest overall revenue growth, driven by garment volumes

### Fabric top-line declined, garmenting grew



### EBITDA margin saw slight decline



\* Others Include Voiles, Knits and trading Sales

- Fabric volumes lower by 2% (80M m for Denim and 101M m for Wovens)
- Garment volumes grew from 34 M Pcs to 42 M Pcs

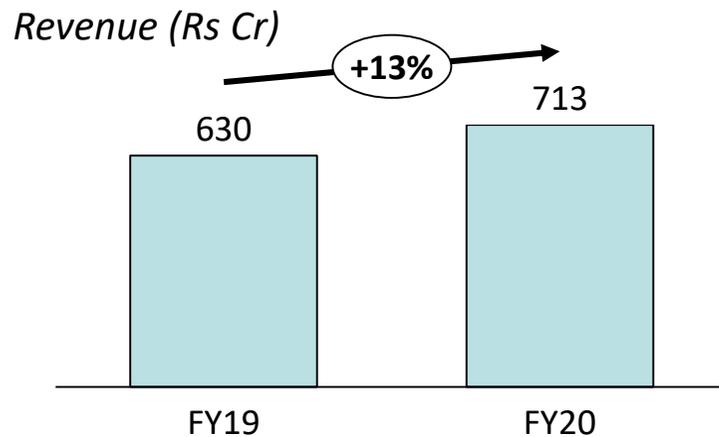
\* Textiles figures are Intrinsic numbers, excluding non recurring write off of Rs34 Cr on account of withdrawal of MEIS from Mar'19

## Key Textile business parameters for Q4 & FY20

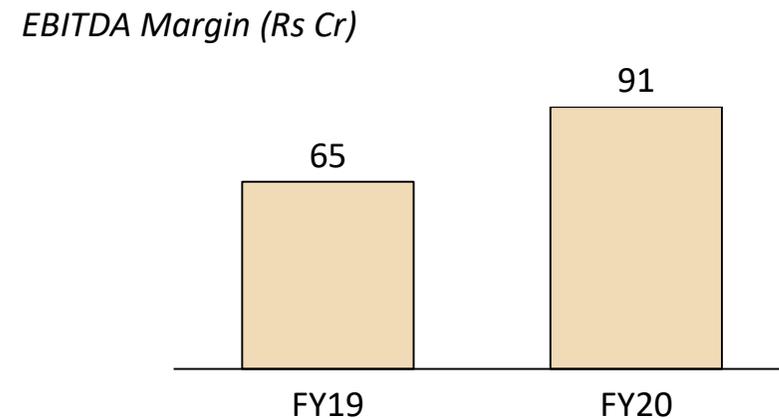
	Denim		Woven	
Qtrly	Q4 FY20	Q4 FY19	Q4 FY20	Q4 FY19
<b>Total Volume (Mn Mtrs)</b>	<b>17</b>	<b>22</b>	<b>25</b>	<b>34</b>
Export proportion	50%	47%	20%	31%
Avg Prices	184	188	156	170
9 Monthly	FY20	FY19	FY20	FY19
<b>Total Volume (Mn Mtrs)</b>	<b>80</b>	<b>85</b>	<b>125</b>	<b>138</b>
Export proportion	47%	49%	23%	30%
Avg Prices	190	189	168	171
Period	Q4 FY20	Q4 FY19	FY20	FY19
Cotton Cost (Rs/Kg)	112	122	118	118

# AMD continues to clock robust revenue growth with steadily improving margins

## Healthy top-line growth



## Coupled with strong profitability



- Operating leverage from scaling up of key AMD businesses
- Improved realisation resulting from tighter operating discipline, and improved product mix

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## Covid-19 impact

### Market situation

- Most global brands reported ~50+% drop in sales, which is now slowly recovering; domestic market severely impacted
- Shift from woven to knit products (WFH trends), core lines
- Some signs of shift out of China sourcing
- Customers asking for longer payment terms
- Demand for AMD products largely intact

### Arvind response

- Comprehensive agenda for fixed cost reduction including facilities consolidation, head count rationalization and overhead reduction
- Sharper management of working capital
- Proactive response to shifting market opportunities - aggressive ramp-up, esp. for AMD and knits products
- Expanded range of Human Protection products (added PPEs and N95 Masks)

## Q2 outlook based on near-term trends – will change as Covid-19 and business environment evolve

### Sales decline

- Expect our exports sales to key customers to recover to 60-80%
- Much slower domestic recovery (soft demand + disruption in trade)

### Margins

- Largely favourable outlook on Exchange rate and input RM prices
- Proactive cost management

### Working Capital

- Receivables may extend by 15-45 days, creditors may also increase

### Inventory losses

- Expect most FG inventory to clear with a delay
- Cotton inventory being managed actively given volatile market

### Borrowing

- Will stay near March 2020 levels (even if there are short term blips)



Thank You!