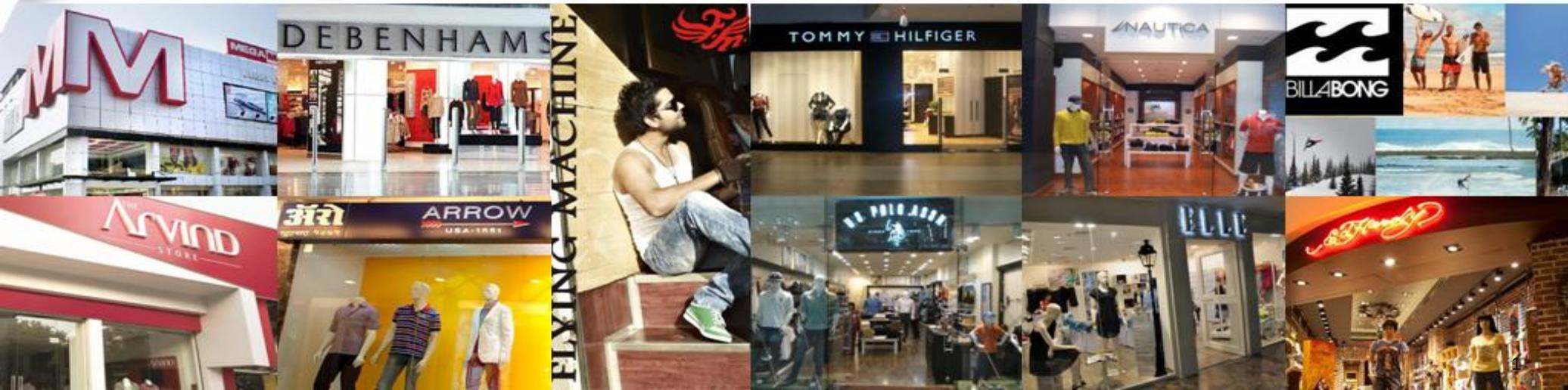


Arvind



# Arvind Limited Q4 and Annual Results 2013-14

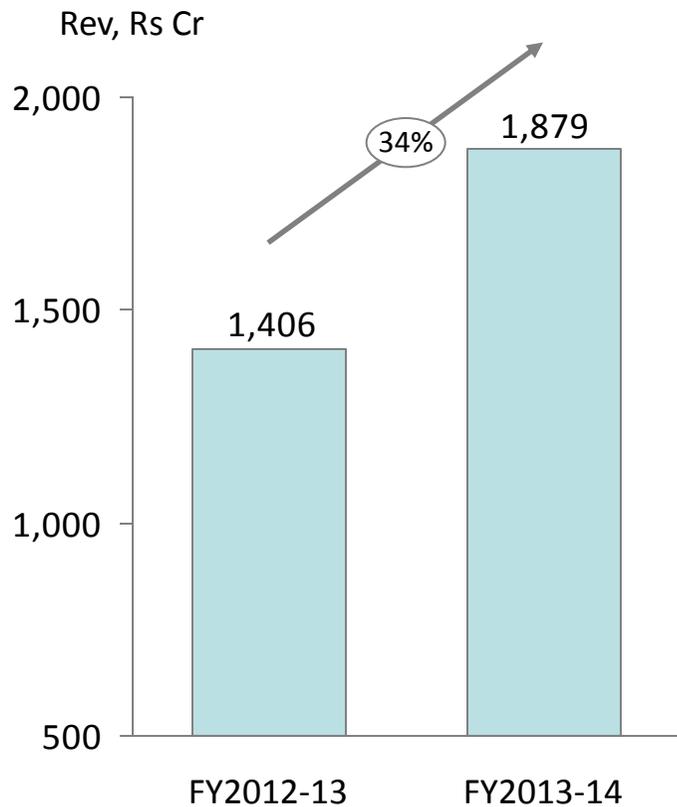
15th May 2014, Ahmedabad



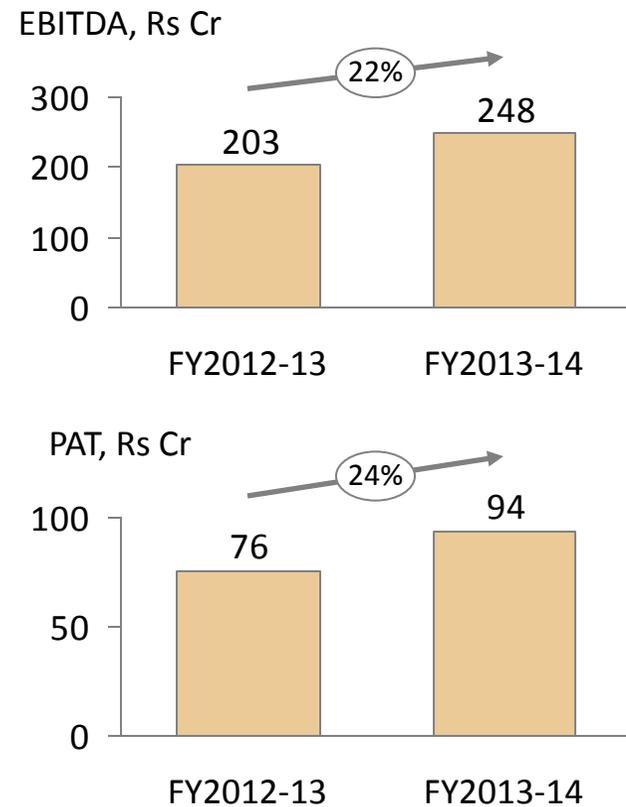
# Financial Performance: Q4 2013-14

Consolidated revenue growth of 34% and PAT growth of 24%

## Strong growth in revenues...



## ...as well as margins



# Business Highlights: Q4 2013-14

Strong top-line growth with moderated bottom-line

	Q4 Rs Cr		Change
	2013-14	2012-13	
Revenue from Operations	1,879	1,406	34%
RawMaterials	852	610	
Project Expenses	45	47	
Employees' Emoluments	167	149	
Others	544	486	
(Increase) / Decrease in Stock	19	-83	
Foreign Exchange Loss /(Gain)	5	-5	
EBIDTA	248	203	22%
Margin	13.2%	14.4%	
Other Income	18	20	
Interest & Finance Cost	99	82	
Depreciation	58	64	
Profit Before Taxes	109	76	43%
Net Profit	94	76	24%

## Key highlights

**Revenue growth of 34%** achieved due to

- 38% top-line growth in Brands & Retail
- 24% volume growth in Denim fabrics and 29% increase in revenues
- 10% volume growth in Woven fabrics and 21% increase in revenues
- 41% volume growth in garments and 53% increase in revenues

**EBIDTA margin % moderated** due to

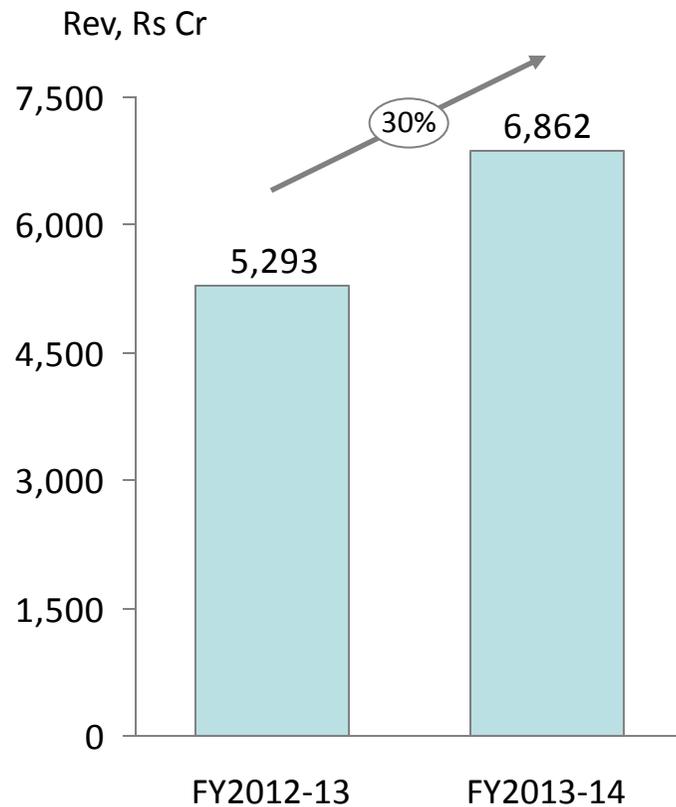
- FX loss of Rs 5 Cr in Q4 2013-14 as against FX gain of Rs 5 Cr in Q4 2012-13
- MegaMart performance was weaker than expectation

**Profit After Tax % moderated due to higher tax liability**

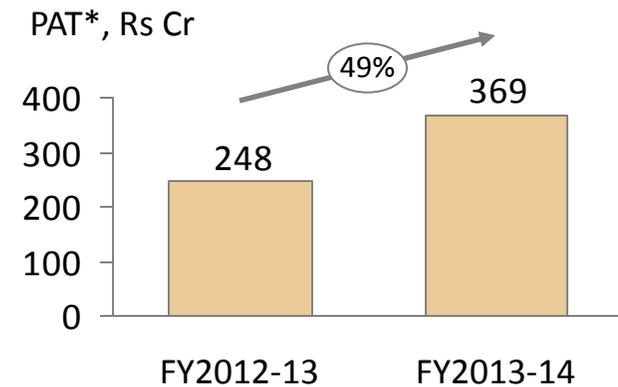
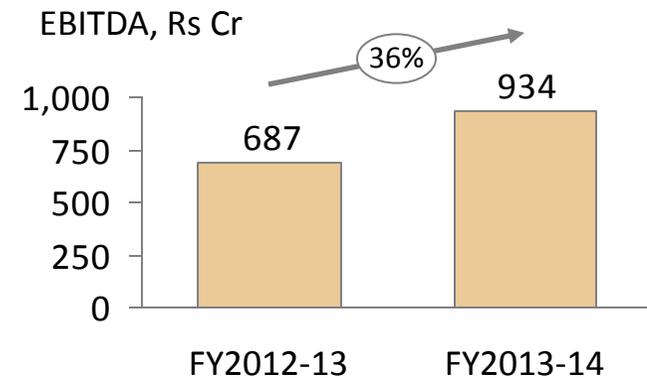
# Financial Performance: FY 2013-14

Consolidated revenue growth of 34% and PAT growth of 24%

## Strong revenue growth



## Strong improvement in operating margins



\*PAT is before exceptional item

# Business Highlights: FY 2013-14

Strong top-line growth with even stronger bottom-line growth

	FY Rs Cr		Change
	2013-14	2012-13	
Revenue from Operations	6,862	5,293	30%
RawMaterials	3,333	2,512	
Project Expenses	102	110	
Employees' Emoluments	679	566	
Others	2,001	1,687	
(Increase) / Decrease in Stock	-209	-285	
Foreign Exchange Loss /(Gain)	21	15	
EBIDTA	934	687	36%
Margin	13.6%	13.0%	
Other Income	69	81	
Interest & Finance Cost	354	315	
Depreciation	225	204	
Profit Before Taxes	424	248	
Profit After Tax	369	248	49%
Less : Exceptional Item	16	0	
Net Profit	354	248	42%

## Key highlights

**Revenue growth of 30%** achieved due to

- 37% top-line growth in Brands & Retail
- 19% volume growth in woven fabrics and 26% increase in revenues
- 18% growth in denim volume and 22% increase in revenues
- 23% growth in garments volume and 33% increase in revenues

**EBIDTA margin % strengthened** across businesses

- Textiles EBITDA % increased from 16.8% to 18.1%
- Brands & Retail EBITDA % increased from 4.9% to 5.3%

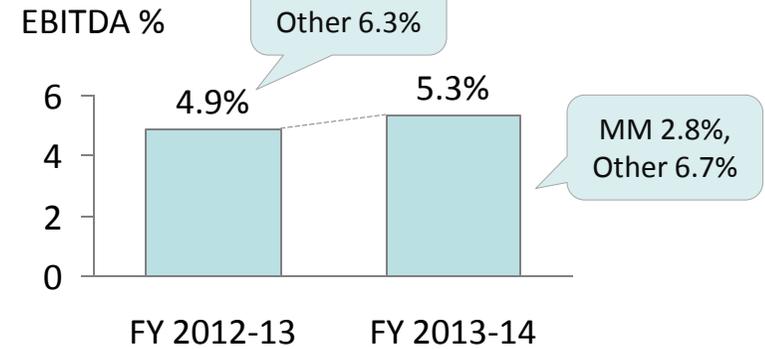
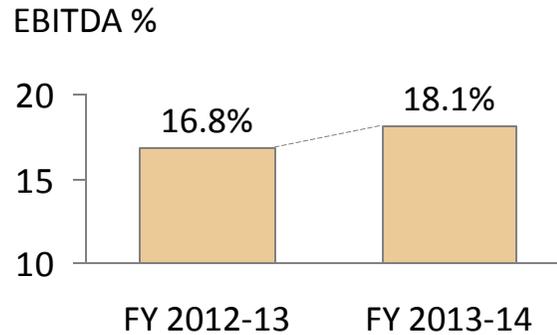
# Margin expansion seen in both key business segments in FY 2013-14

Quarterly margins lower than LY due to Forex loss and MegaMart Performance

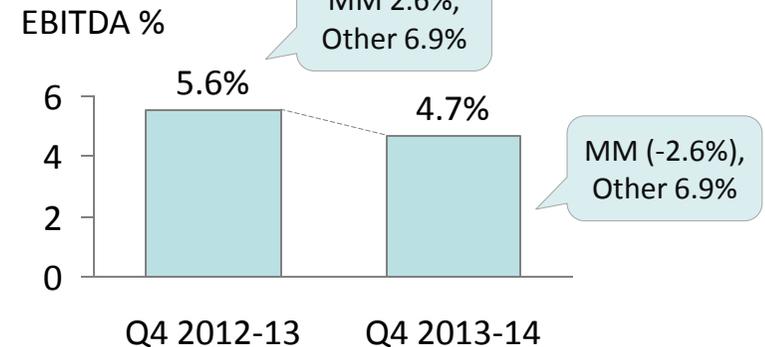
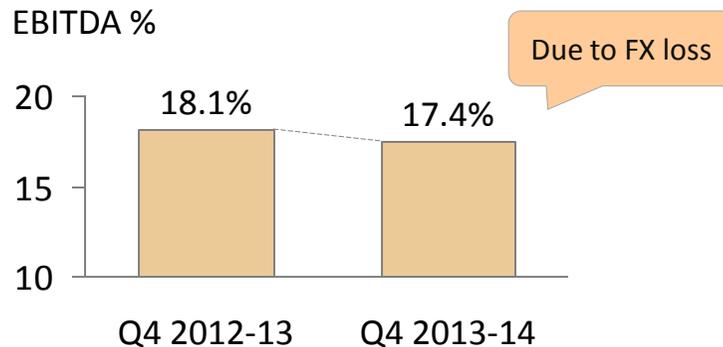
## Textiles

## Brands & Retail

FY comparison  
Vs LY



Q4 comparison  
Vs LY



Overall FY EBITDA margin increased from 13.0% in FY 2012-13 to 13.6% in FY 2013-14  
Quarterly EBITDA margin moderated from 14.4% in Q4 2012-13 to 13.2% in Q4 2013-14

## Consolidated Balance Sheet, as at Mar 31<sup>st</sup> 2014

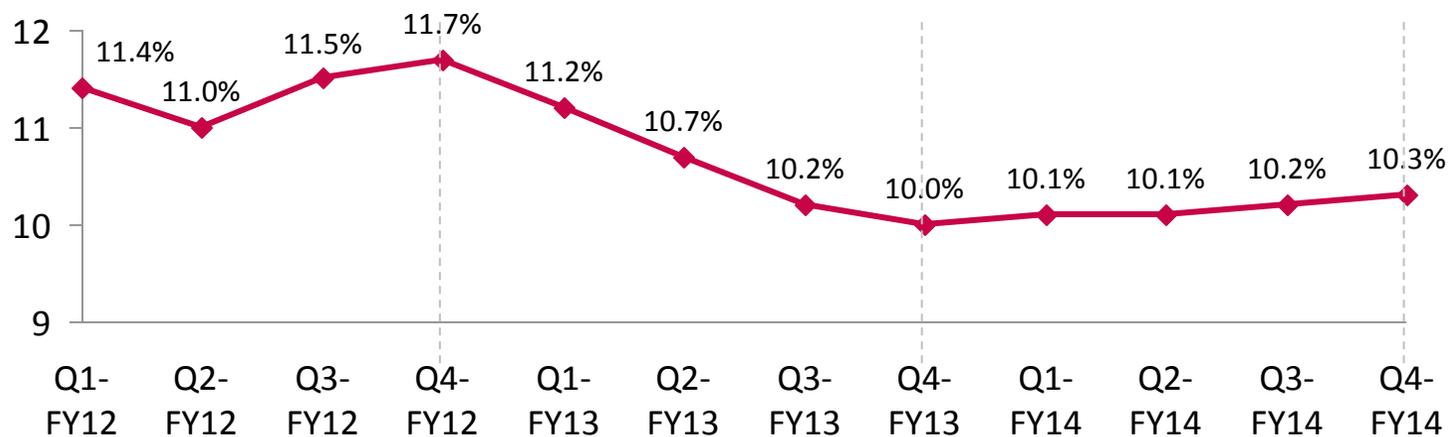
Rs Cr	As at	
	Mar 31st 2014	Dec 31st 2013
Shareholders' Fund		
Share Capital	258	258
Reserves and Surplus	2396	2248
Share application Money pending allotment	0	1
Non Current Liabilities	1437	1302
Shortterm Borrowings	1449	1607
Current Liabilities	1799	1502
Minority Interest	24	24
<b>Total</b>	<b>7363</b>	<b>6943</b>
<i>Assets</i>		
Fixed Assets	3027	2932
Non -Current Investment	128	41
Long Term Loans and Advances	560	549
Other Non Current Assets	5	4
Current Assets	3643	3417
<b>Total</b>	<b>7363</b>	<b>6943</b>

## Debt Profile, as on March 31<sup>st</sup> 2014

Rs Cr	INR Loan	Rate of Int	FC Loans	Rate of Int	Total	Rate of Int
Long Term Debt	1457	10.1%	87	11.8%	1543	10.2%
Working Capital Debt	1317	10.4%	132	10.1%	1449	10.4%
Total	2773	10.3%	219	10.8%	2992	10.3%
Borrowing Proportion	93%		7%			

- LT borrowings also include borrowing under TUF scheme amounting to Rs 403 Cr
- Interest in case of FC loans include 7% Forward Premium

Avg Rate of Interest, %



# Key Financial Ratios

Strong growth in FY 2013-14 accompanied by improvement in key ratios

	2010-11	2011-12	2012-13	2013-14
EPS	6.50	9.48	9.63	14.4
Debt / Equity	1.31	1.00	1.11	1.16
Debt / EBIDTA	3.7	3.0	3.2	3.0
ROCE	10.5%	13.1%	11.9%	13.5%
ROE	8.4%	12.0%	11.1%	14.0%
Revenue Growth	25%	20%	7%	30%
Current Ratio	2.0	2.0	2.0	2.3
Inventory Turn	3.3	4.4	3.7	4.2
Working Capital Turnover	3.8	4.3	3.8	3.4
Interest Cover	3.0	3.0	2.4	2.8
Asset Turn	1.0	1.2	1.1	1.2

# Standalone Financial Results

## Financial Performance Q4

	Q4 Rs Cr		Change
	2013-14	2012-13	
Revenue from Operations	1,284	999	29%
Raw Materials	565	448	
Project Expenses	9	3	
Employees' Emoluments	128	120	
Others	367	298	
(Increase) / Decrease in Stock	9	-34	
Foreign Exchange Loss /(Gain)	5	-4	
EBIDTA	201	168	19%
Margin	15.6%	16.8%	
Other Income	21	23	
Interest & Finance Cost	79	68	
Cash Accruals	143	123	16%
Depreciation	39	39	
Profit Before Taxes	104	84	
Profit After Tax	95	85	12%
Less : Exceptional Item	0	0	
Net Profit	95	85	12%

## Financial Performance FY2012-13

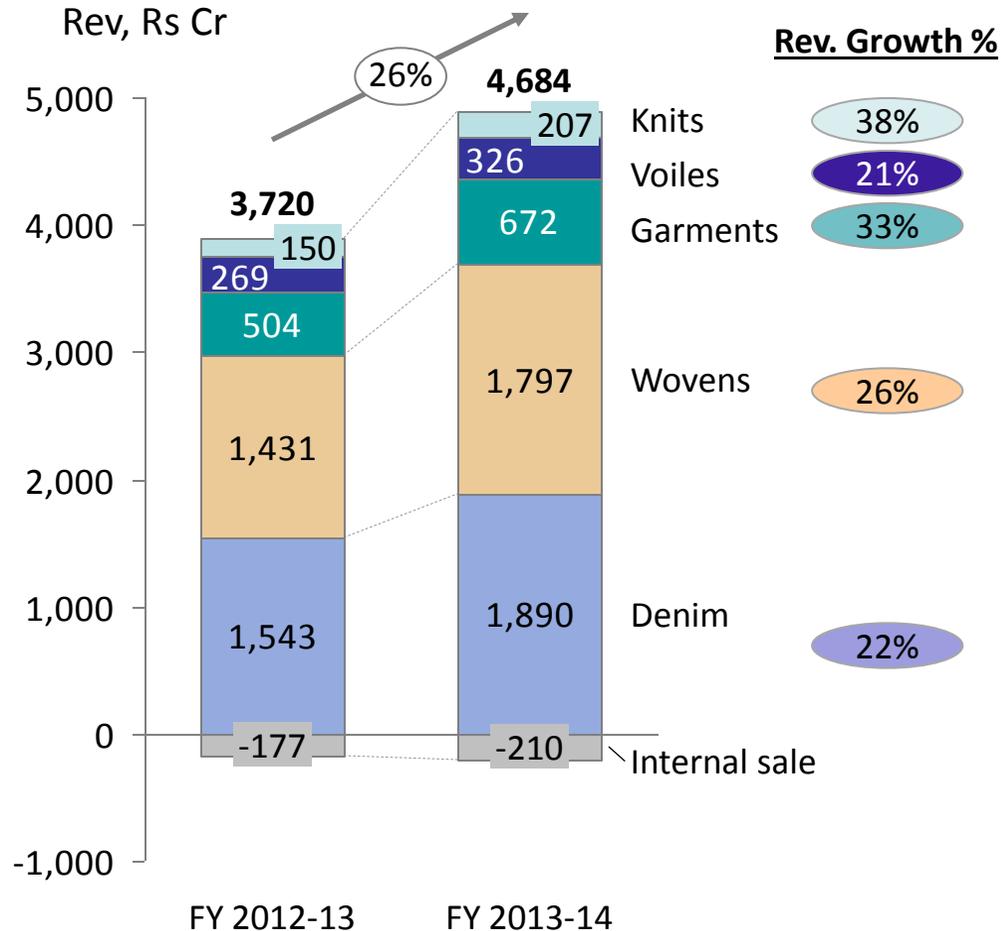
	FY Rs Cr		Change
	2013-14	2012-13	
Revenue from Operations	4,775	3,780	26%
RawMaterials	2,174	1,726	
Project Expenses	15	28	
Employees' Emoluments	509	442	
Others	1,335	1,149	
(Increase) / Decrease in Stock	-66	-166	
Foreign Exchange Loss /(Gain)	14	15	
EBIDTA	795	587	35%
Margin	16.6%	15.5%	
Other Income	84	93	
Interest & Finance Cost	296	268	
Cash Accruals	583	412	41%
Depreciation	158	150	
Profit Before Taxes	425	261	
Profit After Tax	378	261	45%
Less : Exceptional Item	16	0	
Net Profit	361	261	38%

## Balance Sheet, as on Mar 31<sup>st</sup> 2014

Rs Cr	As at	
	Mar 31st 2014	Dec 31st 2013
Shareholders' Fund		
Share Capital	258	258
Reserves and Surplus	2449	2301
Share application Money pending allotment	0	1
Non Current Liabilities	1233	1185
Shortterm Borrowings	1095	1251
Current Liabilities	999	869
Minority Interest		
<b>Total</b>	<b>6034</b>	<b>5865</b>
Assets		
Fixed Assets	2569	2555
Non -Current Investment	700	587
Long Term Loans and Advances	351	305
Other Non Current Assets	0	0
Current Assets	2414	2418
<b>Total</b>	<b>6034</b>	<b>5865</b>

# Business Analysis

# Textiles Business: Revenue Mix in FY2013-14



## Textile revenue grew by 26%

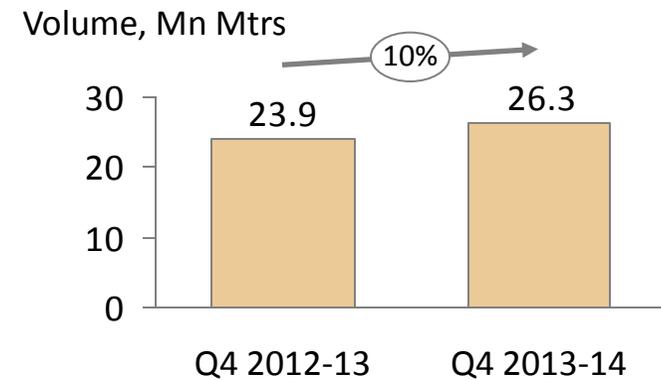
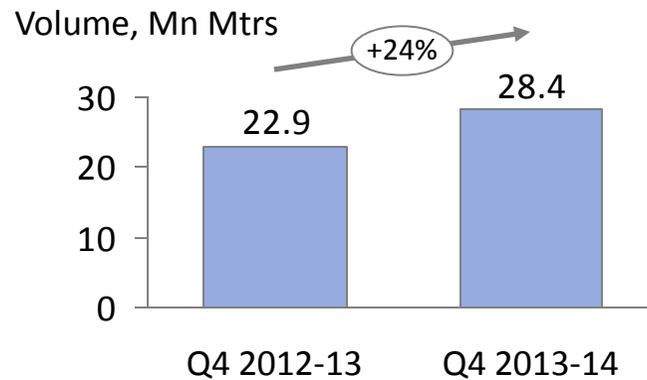
- Led by robust 26% growth Woven fabrics
- 33% growth in garments
- 22% growth in Denim
- 21% growth on a smaller base for the voiles business

# Volume growth: Denim & Wovens Fabrics both growing at 18-19% in FY2013-14 over the last financial year

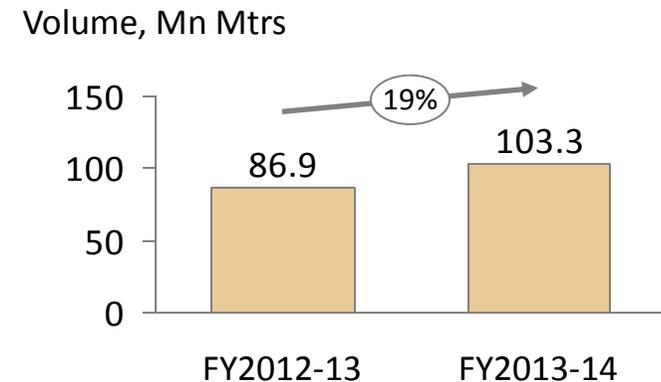
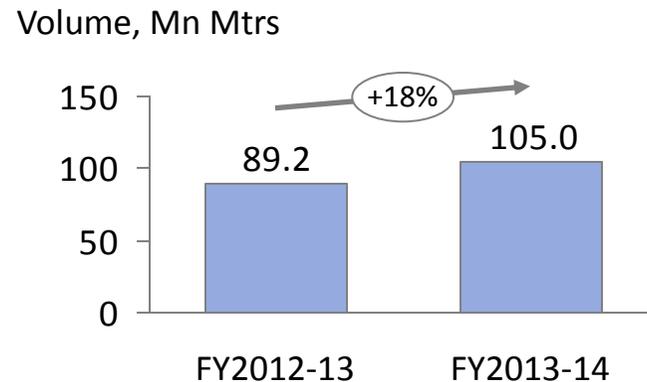
## Denim

## Wovens (Shirting & Khaki)

Q4  
comparison  
Vs LY



FY  
comparison  
Vs LY



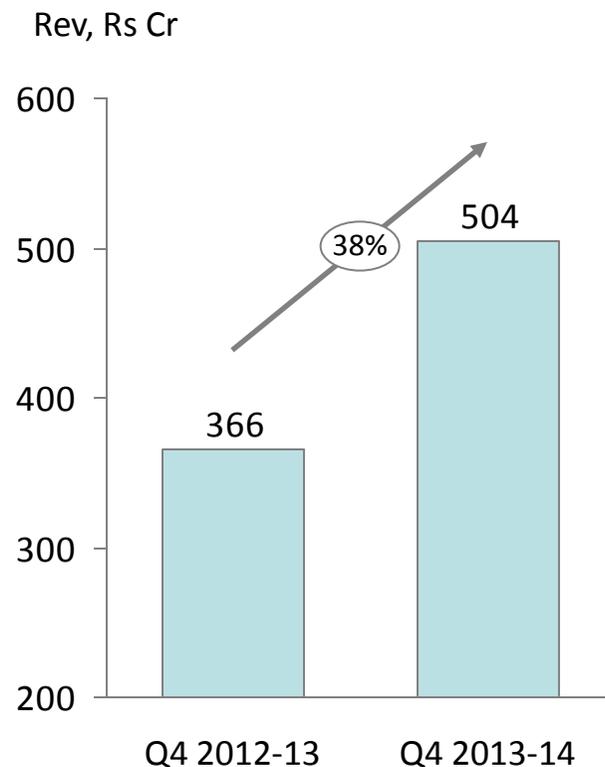
## Key Parameters: FY2013-14 – Textiles

	Denim		Woven	
	Q4 13-14	Q4 12-13	Q4 13-14	Q4 12-13
Exports(Mn Mtrs)	12	10	7	6
Domestic (Mn Mtrs)	16	13	19	18
Avg Prices	179	171	171	156
Major Components	Cotton		Gas	
Cost in Rs / Kg	113	98	23	17

	Denim		Woven	
	FY13-14	FY12-13	FY13-14	FY12-13
Exports(Mn Mtrs)	45	36	22	21
Domestic (Mn Mtrs)	60	53	81	66
Avg Prices	177	169	166	153
Major Components	Cotton		Gas	
Cost in Rs / Kg	110	98	21	18

# Brands & Retail Business grew topline by 38% in Q4 2013-14

## Strong revenue growth

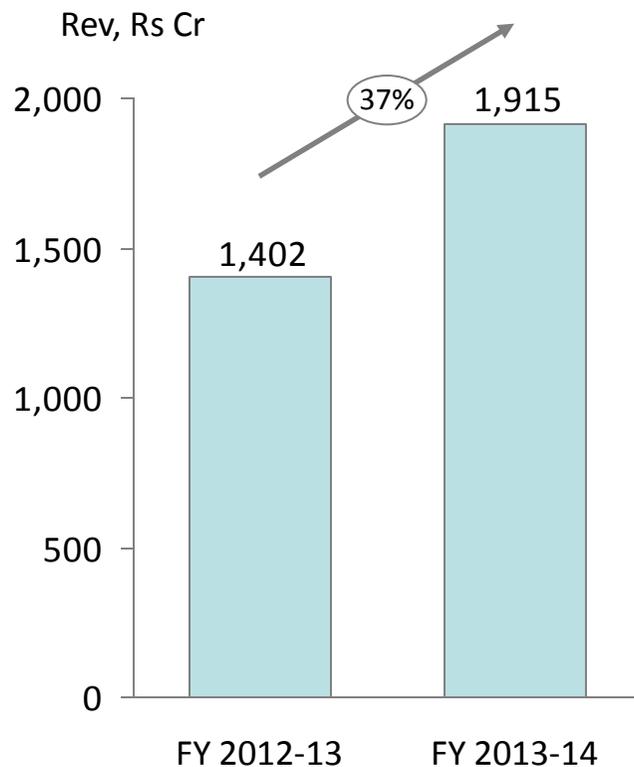


## Key highlights

- Revenue growth of 38% achieved due to
  - 38% revenue growth in Brands /other formats
  - 1% revenue degrowth in MegaMart Retail, managed low de-growth despite several old format stores being marked for closure
- Like to Like growth
  - 10.5% LTL growth in Brands
  - (-7.8)% LTL growth in MegaMart Retail, explained partly by planned store closures and further impacted by slowdown in Value retail post-Diwali

# Brands & Retail Business grew topline by 37% in FY2013-14

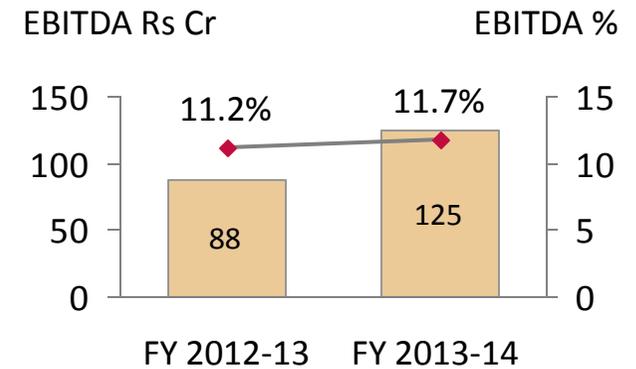
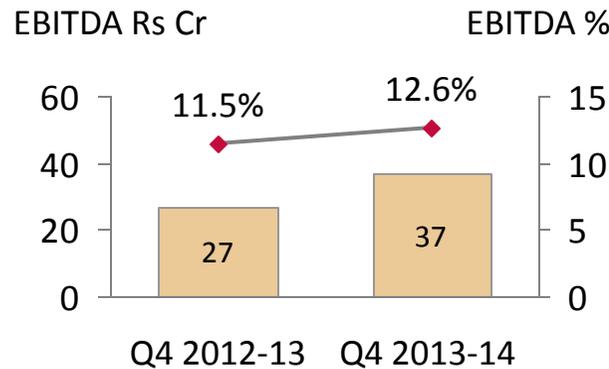
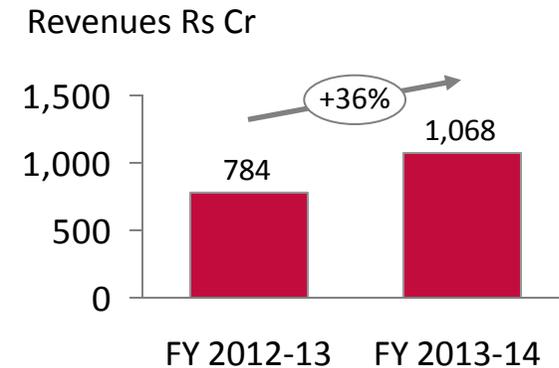
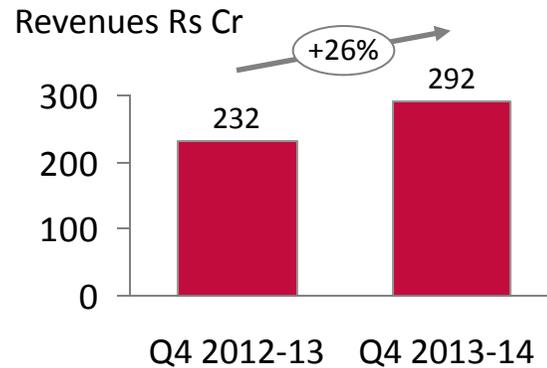
## Strong revenue growth



## Key highlights

- Revenue growth of 37% achieved due to
  - 48% revenue growth in Brands/Other formats
  - 8% revenue growth in MegaMart Retail, as business went through a repositioning and model change to consolidate operations and restore margins
- Like to Like growth
  - 10.7% LTL growth in Brands
  - Overall LTL growth of 0.8% in Megamart Retail, despite several stores being marked for closure

# Performance of Power Brands



◆ EBITDA %    ■ EBITDA Rs Cr    ■ Revenue Rs Cr

## Brands & Retail Business – Distribution

Particulars	2012-13		Q3 2013-14		Q4 2013-14	
	# Stores	Sq ft	# Stores	Sq ft	# Stores	Sq ft
Brands	570	630248	684	709,543	698	717,236
MM	197	710133	189	762,081	166	744,785
Total	767	1340381	873	1471624	864	1462021
No of KA Exclusive Counters	532		685		692	

- Sales Increase in Key Account Counters: Growth of 48% in FY2013-14

# Summary: Performance Review Q4 and FY 2013-14

## Key highlights

### Performance Review Q4 2013-14

- Revenue growth of 34% compared to Q4 2012-13
  - 38 % revenue growth in B&R (1% de-growth in MegaMart retail, 38% growth in Brands/Other Formats)
  - 24% volume growth in Denim fabrics and 29% increase in revenues
  - 10% volume growth in Woven fabrics and 21% increase in revenues
  - 41% volume growth in garments and 53% increase in revenues
- EBITDA margin moderated from 14.4% in Q4 2012-13 to 13.2% in Q4 2013-14
  - FX loss of Rs 5 Cr in Q4 2013-14 as against FX gain of Rs 5 Cr in Q4 2012-13
  - Spike in Denim volumes achieved by reducing inventory at lower margins
  - MegaMart performance weaker than expectation

### Performance Review FY 2013-14

- Revenue growth of 30% compared to FY 2012-13, business plans exceeded for most businesses
  - 37% revenue growth in B&R (48% growth in Brands/Other formats, 8% in MegaMart retail)
  - 18% growth in denim volume and 22% increase in revenues
  - 19% volume growth in woven fabrics and 26% increase in revenues
  - 23% growth in garments volume and 33% increase in revenues
- EBITDA margin % strengthened across businesses
  - Strong gains in Garments and Wovens compensating for slight reduction in Denim margins
- Overall RoCE and RoE improved while leverage constant
  - Company-wide RoCE at 13.5%, RoE at 14.0%
  - EPS improving significantly to 14.4, while Debt/EBITDA and Debt/Equity largely stable

## Outlook for FY 2014-15

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- Company expects to achieved revenue growth of 22-24%
  - 30+% growth in Brand & Retail Business
  - 15% growth in Textile Business
- Company expects to maintain overall margins



Thank You

