

Review Note Q1 2017-18

4th Aug 2017 | Ahmedabad

Safe harbour statement

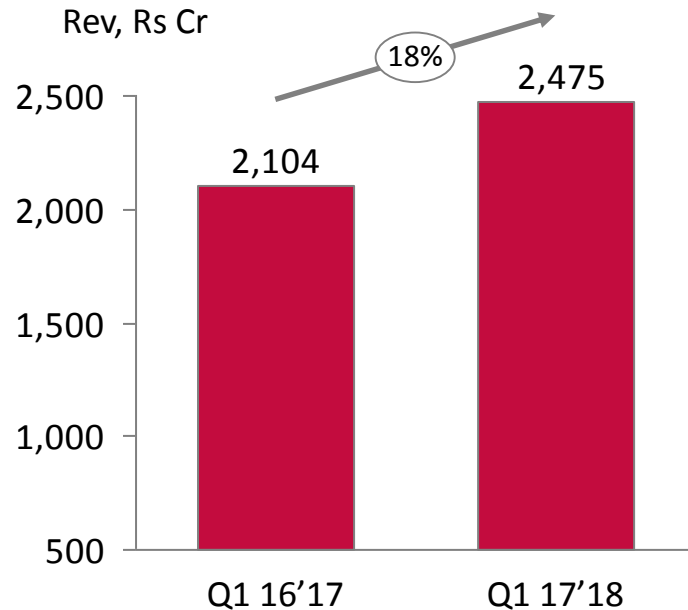
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Agenda

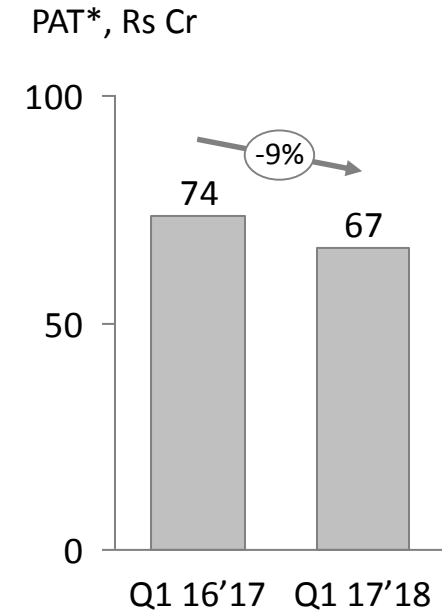
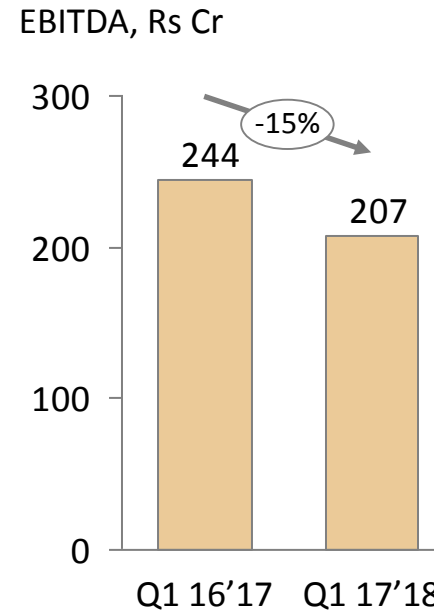
- **Q1 FY18 Performance**
- **Business Analysis**
- **Outlook**

Consolidated Financial Performance: Q1 2017-18

Revenues grew by 18%



EBITDA fell as margins declined



Business Highlights: Q1 2017-18

Moderate growth

All Figures in INR Crs	Q1 1718	Q1 1617	Change
Revenue from Operations	2,475	2,104	18%
Raw Materials	1,140	975	
Project Expenses	3	3	
Employees' Emoluments	312	266	
Others	829	693	
Stock (Increase) / Decrease	-9	-74	
Forex (Gain) / Loss	-6	-3	
EBIDTA	207	244	-15%
Margin	8.4%	11.6%	
Other Income	16	17	
Interest & Finance Cost	61	89	
Cash Accruals	162	172	-6%
Depreciation	86	69	
Profit Before Taxes	76	103	-27%
Tax	14	32	
Profit After Tax	67	74	-9%
Less : Exceptional Item	7	0	
Net Profit	60	73	-19%
Other Comprehensive Income (net)	3	62	
Total Comprehensive Income after tax	63	135	

Key highlights

Revenue growth of 18% achieved due to

- 40% top-line growth in Branded Apparel (21% excluding revenue of TH & CK businesses which got consolidated this year)
- 17% top-line growth in Garments

PAT de growth 9%

Exceptional items includes retrenchment compensation

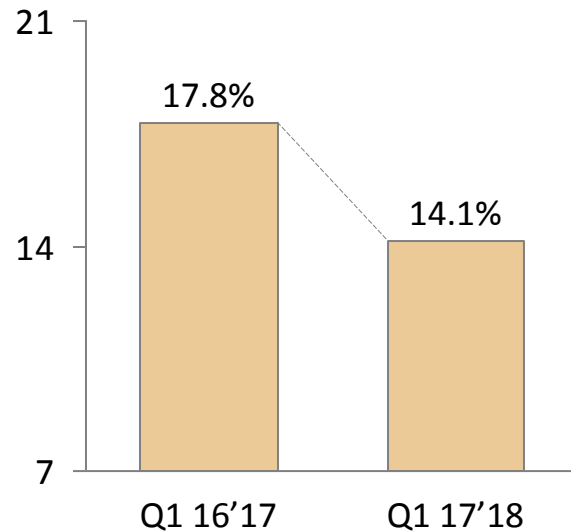
Mixed trends on margins; textile margins declined due to high raw material prices; Brands and retail improved margins

Textiles

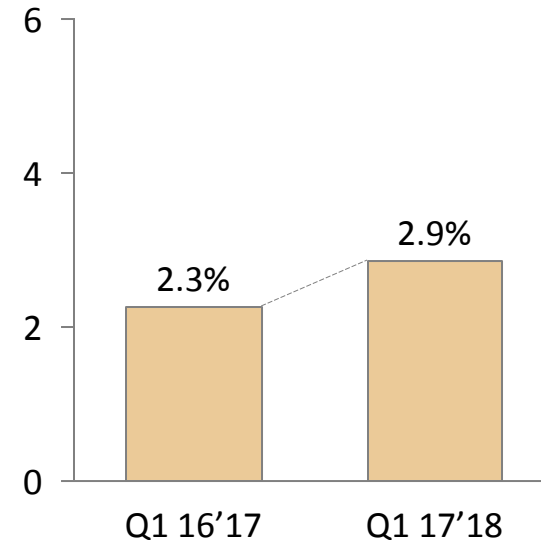
Brands & Retail

Q1
comparison
Vs LY

EBITDA %



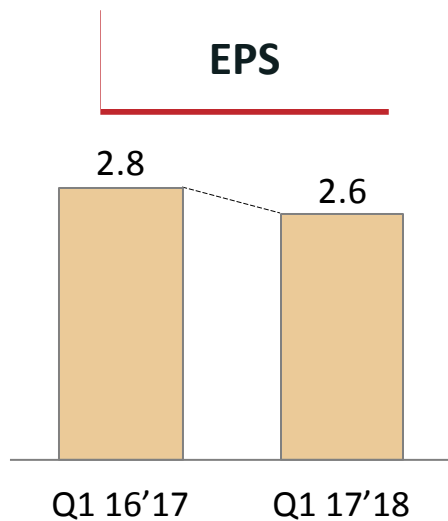
EBITDA %



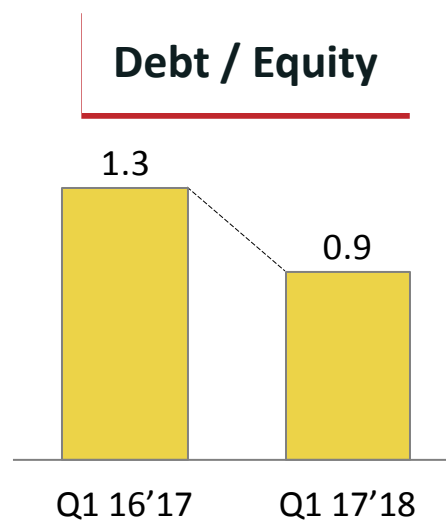
- 3.7% drop in Textile margins (though increased sequentially from 12.7% to 14.1%)
- 0.6% increase in Branded Apparel despite advancement of EOSS & destocking in wholesale channel

Key indicators

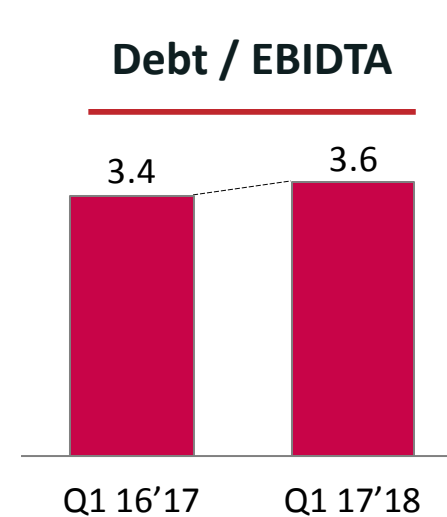
EPS



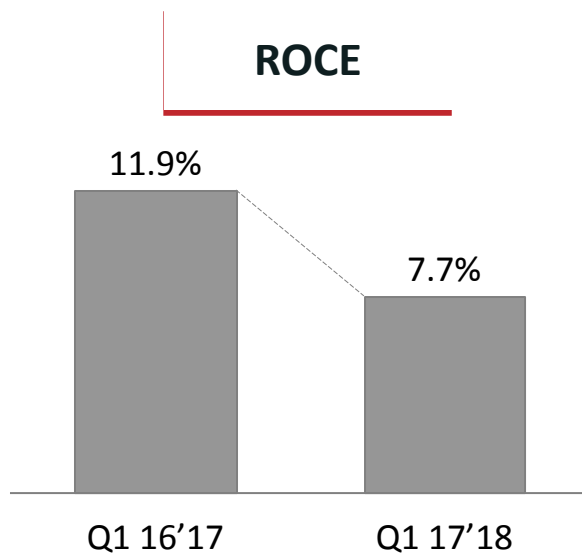
Debt / Equity



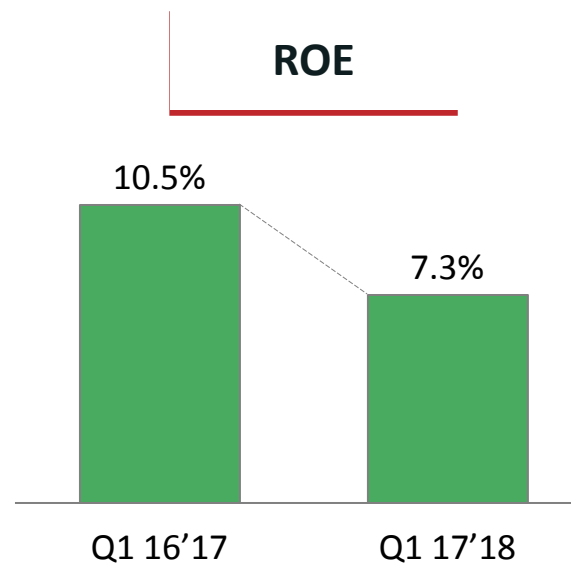
Debt / EBIDTA



ROCE



ROE



Financial Performance Q1 17'18 (standalone)

<i>All Figures in INR Crs</i>	Q1 1718	Q1 1617	Change
Revenue from Operations	1,613	1,466	10%
Raw Materials	733	589	
Project Expenses	3	3	
Employees' Emoluments	207	187	
Others	515	458	
(Increase) / Decrease in Stock	-23	13	
Foreign Exchange Loss /(Gain)	-4	-3	
EBIDTA	182	218	-17%
Margin	11.3%	14.9%	
Other Income	19	24	
Interest & Finance Cost	51	71	
Cash Accruals	150	171	-12%
Depreciation	50	44	
Profit Before Taxes	100	128	-22%
Tax	20	40	
Profit After Tax	80	88	-8%
Less : Exceptional Item	7	0	
Net Profit	74	87	-16%
Other Comprehensive Income (net of tax)	-19	33	
Total Comprehensive Income after tax	55	121	

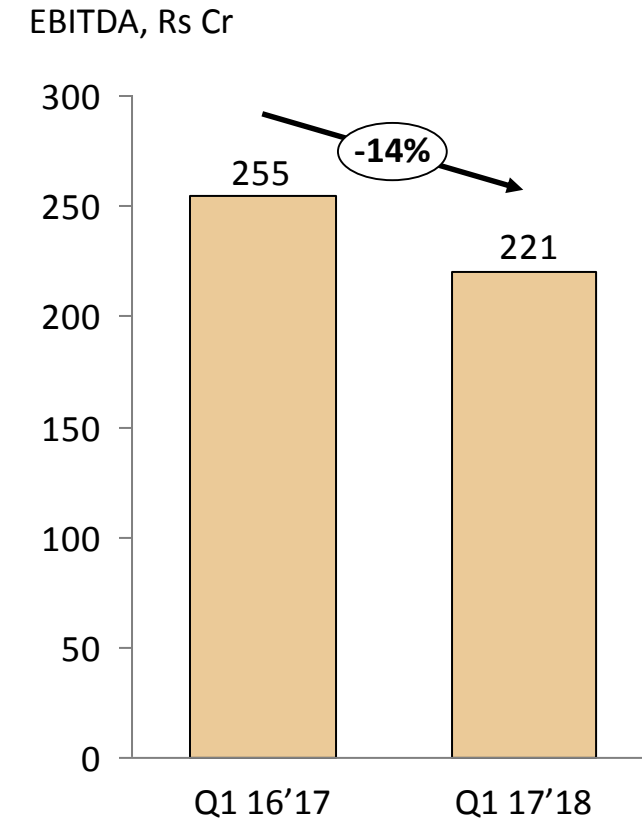
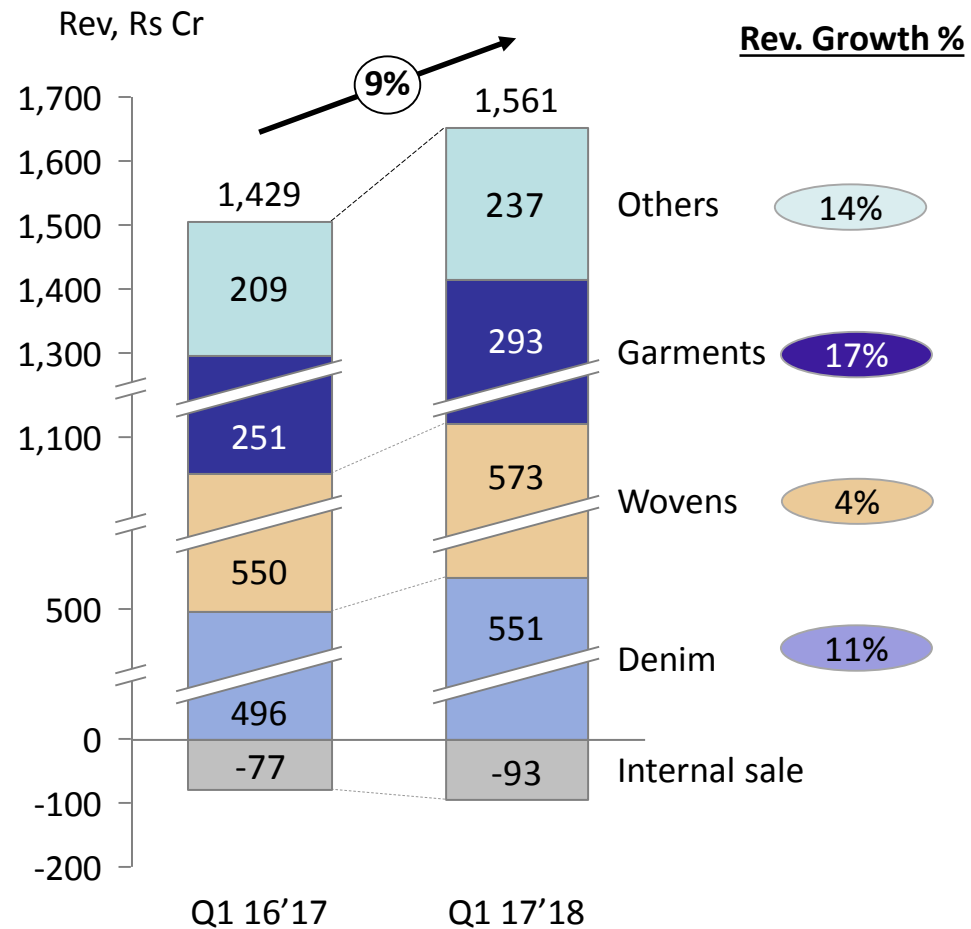
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Textiles Business: Revenue Mix in Q1 2017-18



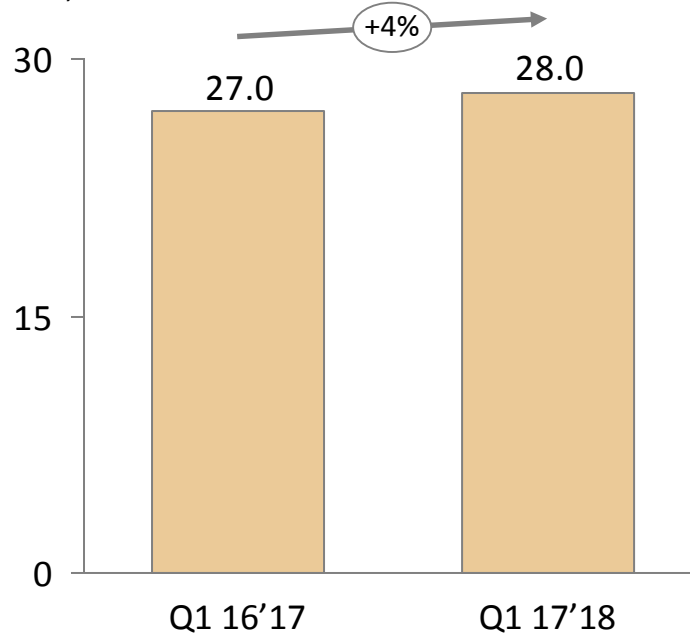
Volume growth: Wovens volume de-growth at 5% and Denim volume growth at 4%

Denim

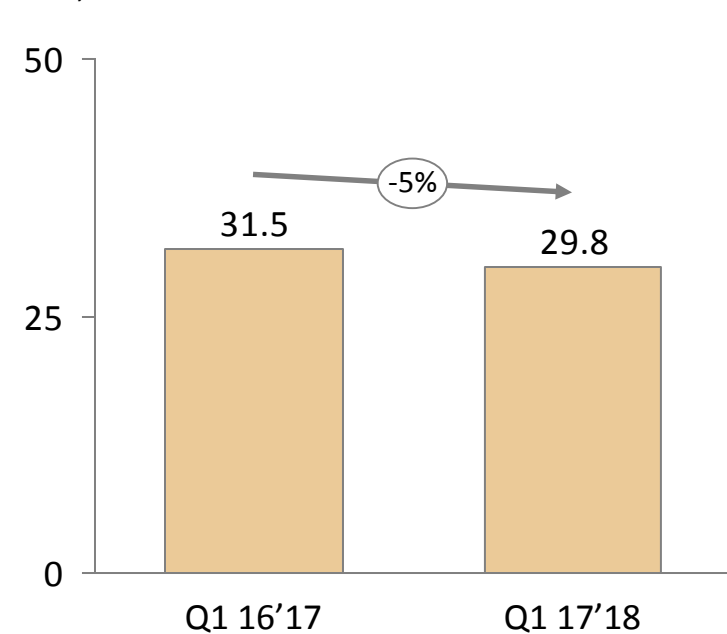
Wovens (Shirting & Khaki)

Q1
comparison
Vs LY

Volume, Mn Mtrs



Volume, Mn Mtrs



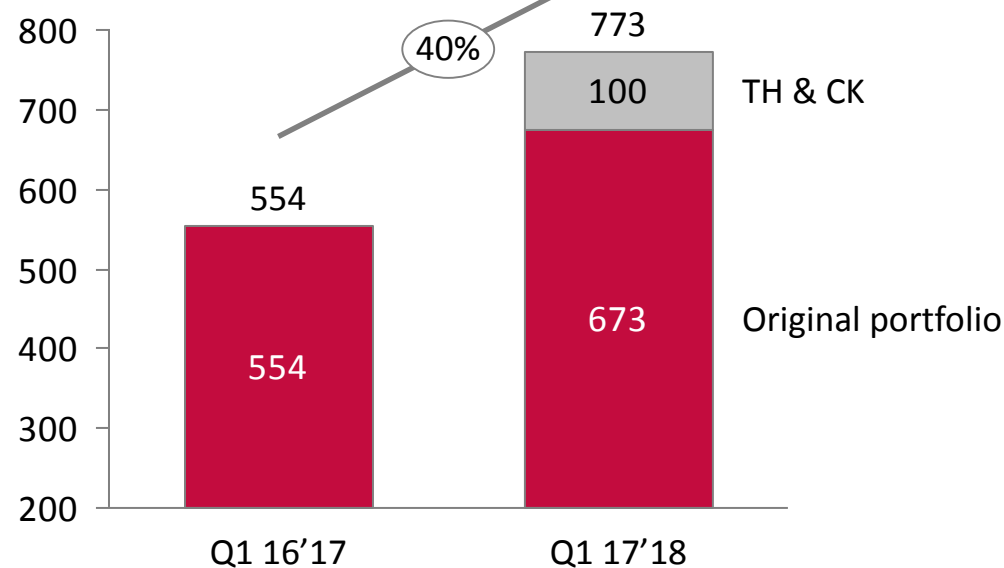
Key Parameters: Q1 2017-18 – Textiles

	Denim		Woven	
	Q1 17-18	Q1 16-17	Q1 17-18	Q1 16-17
Exports(Mn Mtrs)	14	12	7	8
Domestic (Mn Mtrs)	14	15	22	23
Avg Prices	185	181	181	171
Major Components	Cotton			
Cost in Rs / Kg	124	102		

Brands & Retail Business grew topline by 40% in Q1 2017-18

Strong revenue growth

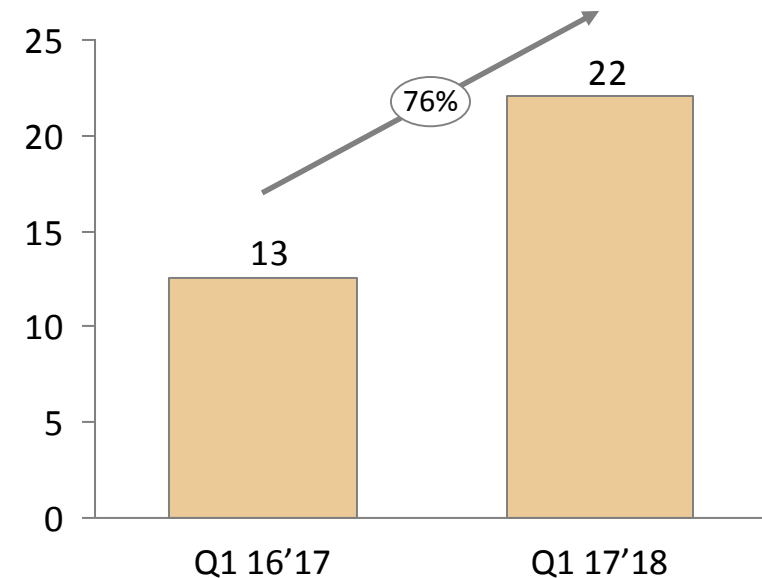
Revenue, Rs Crs



- Revenue growth of 40%
 - 36% growth revenue in Unlimited
- Like to Like growth of 20%
 - 18% LTL growth in Power Brands
 - 39% LTL growth in Unlimited

Improving EBITDA

EBITDA, Rs Crs

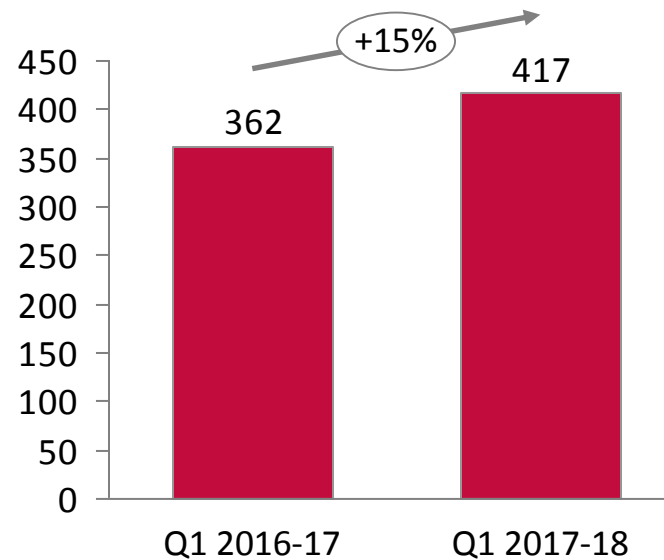


Power Brands 'powered' the top-line and margins for Brands & Retail

Q1 17'18 performance

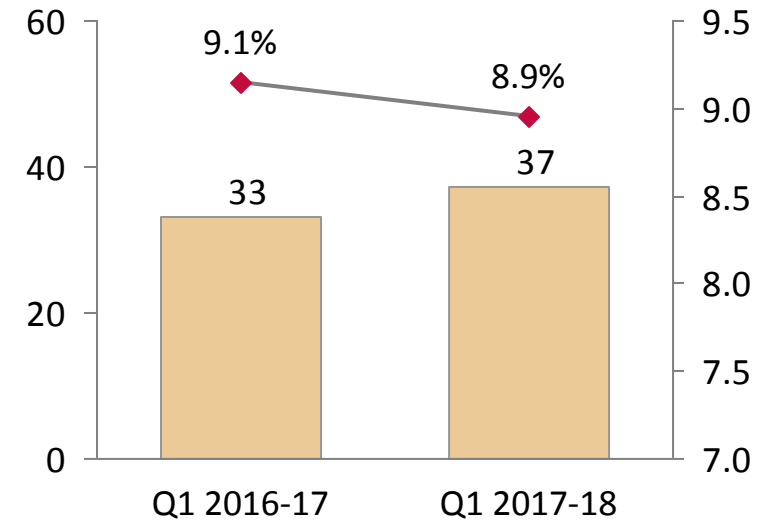


Revenues Rs Cr



Revenue (Rs Crs)

EBITDA Rs Cr



EBITDA Margin EBITDA (Rs Crs)

*for comparison purposes, CK and TH revenue are included for both the periods

Brands & Retail Business : Distribution foot-print

Particulars	Q1 FY17-18	
	# Stores	Sq ft (Lacs)
Brands	1075	9.7
Unlimited	81	7.2
Specialty Retail	31	1.3
Total	1,187	18.3
No of Key Account Counters	2,127	

* Includes store count for Tommy Hilfiger and Calvin Klein

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Outlook for full year FY2018

- We expect revenue growth of ~13% on consolidated basis
 - Revenue growth in Textiles expected to be ~8%
 - Revenue growth in Branded Apparel expected at 22-24%*
- Overall EBIDTA margin likely to be lower due to mix change
 - Textile Margin will be impacted due to currency appreciation and cotton price increases
 - Brand and Retail Margin to sharply go up; Expect about 150 bps improvement in margins
- Implementation of GST has led to sharp slowdown in the wholesale channel. While we expect the channel to come back to normal levels in the next couple of months, any continuous slow-down in this channel can have an impact on our expected performance.

* Revenue growth estimates are excluding Tommy Hilfiger and Calvin Klein



Thank You!