



Arvind
FASHIONING POSSIBILITIES

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USA 1861

**WHERE
BEAUTY
BEATS**

SEPHORA

HILFINGER



UNLIMITED



Arvind Limited

Investor Review Note

11th May 2017 | Ahmedabad

Safe harbour statement

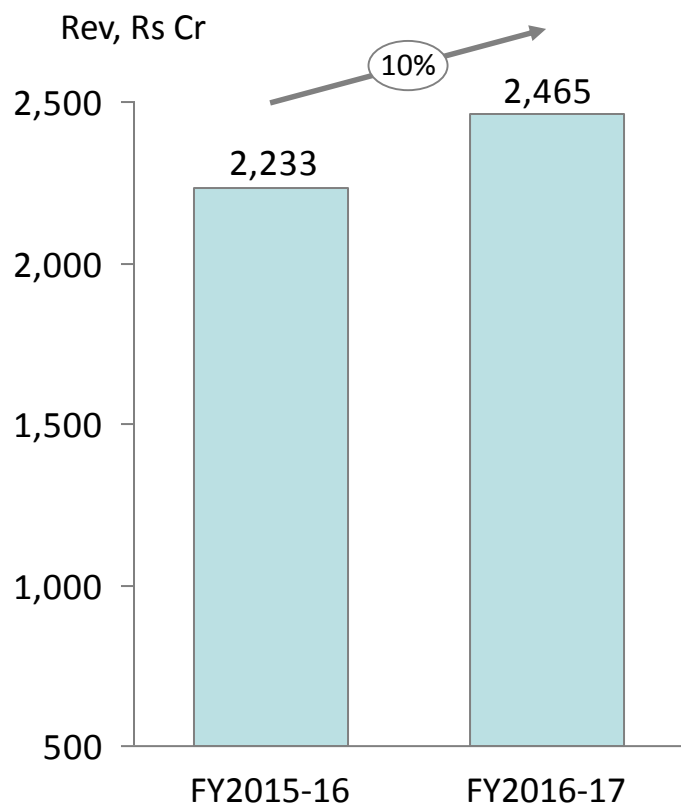
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Financial Performance - Consolidated

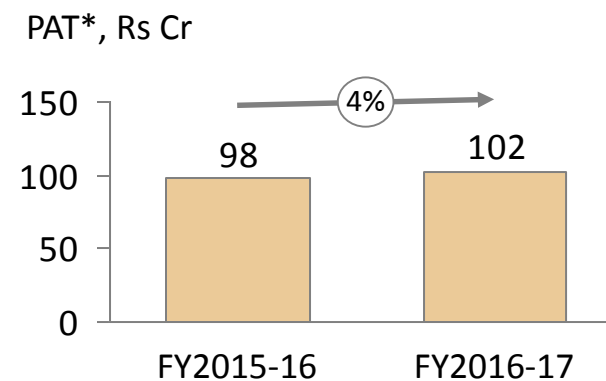
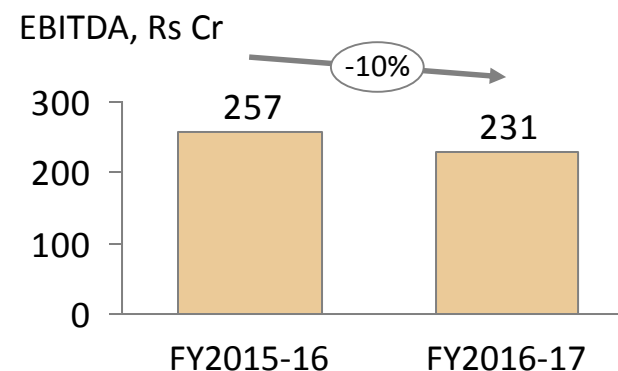
Financial Performance: Q4 2016-17

Consolidated revenue growth of 10% and PAT growth of 4%

Moderate growth in revenues



Decline in margins



*PAT before exceptional Item

Business Highlights: Q4 2016-17

Moderate growth

All Figures in INR Crs	FY 17	FY 16	Change
Revenue from Operations	2,465	2,233	10%
Raw Materials	1,228	982	
Project Expenses	4	2	
Employees' Emoluments	259	239	
Others	783	738	
Stock (Increase) / Decrease	-33	12	
Forex (Gain) / Loss	-7	4	
EBIDTA	231	257	-10%
Margin	9.4%	11.5%	
Other Income	28	19	
Interest & Finance Cost	59	90	
Cash Accruals	200	186	8%
Depreciation	83	63	
Profit Before Taxes	118	123	-4%
Tax	13	27	
Minority Interest	-4	0	
Share of Profit / Loss in JV	1	2	
Profit After Tax	102	98	4%
Less : Exceptional Item	9	0	
Net Profit	93	98	-5%

Key highlights

Revenue growth of 10% achieved due to

- 22% top-line growth in Brands & Retail
- 28% top-line growth in Garments

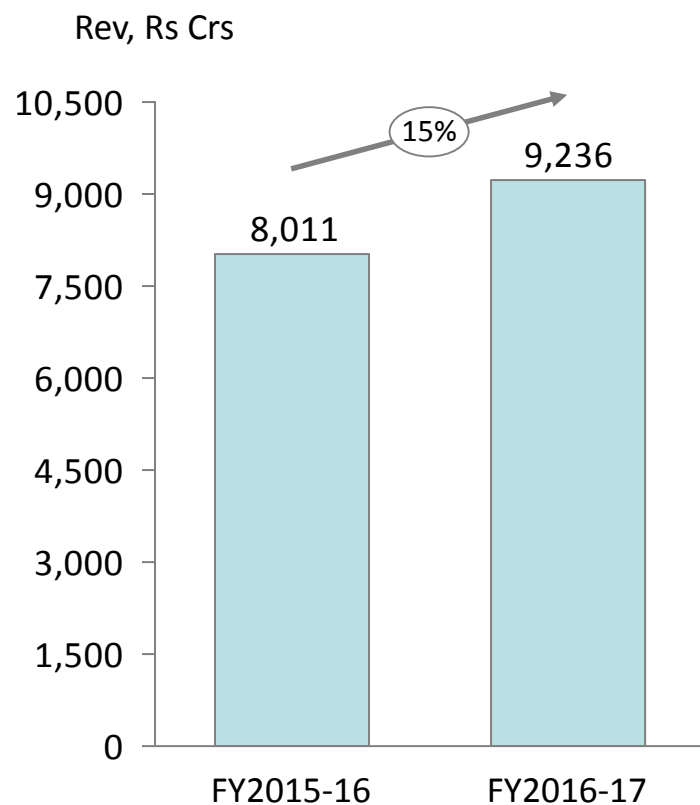
PAT growth 4%

Exceptional items includes retrenchment compensation and settlement of a disputed liability

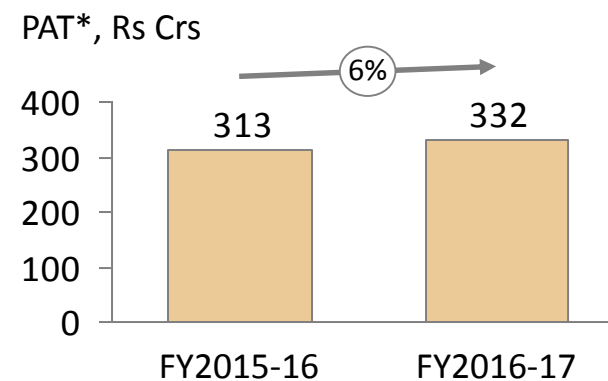
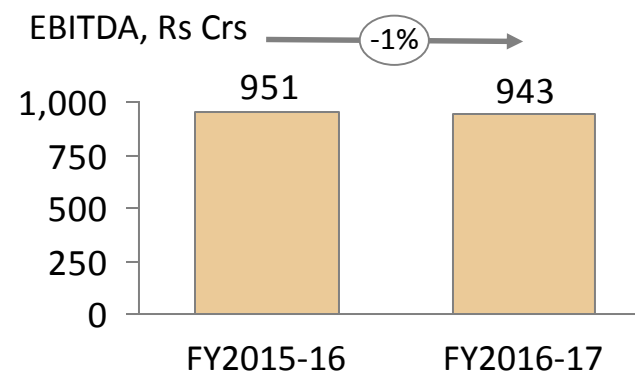
Financial Performance: FY 2016-17

Revenue growth of 15% and PAT growth of 6%

Strong revenue growth



Margins remained flat



**PAT is before exceptional Item*

Business Highlights: FY 2016-17

Moderate growth

All Figures in Rs Crs	FY 17	FY 16	Change
Revenue from Operations	9,236	8,011	15%
Raw Materials	4,560	3,574	
Project Expenses	13	10	
Employees' Emoluments	1,096	898	
Others	3,002	2,680	
Stock (Increase) / Decrease	-363	-107	
Forex (Gain) / Loss	-15	6	
EBIDTA	943	951	-1%
Margin	10.2%	11.9%	
Other Income	78	82	
Interest & Finance Cost	288	359	
Cash Accruals	733	674	9%
Depreciation	297	241	
Profit Before Taxes	436	434	0%
Tax	99	125	
Minority Interest	-6	5	
Share of Profit / Loss in JV	2	-2	
Profit After Tax	332	313	6%
Less : Exceptional Item	18	-1	
Net Profit	314	314	0%

Key highlights

Revenue growth of 15% achieved due to

- 26% top-line growth of Brands & Retail
- 10% top-line growth of Textiles

PAT growth of 6%

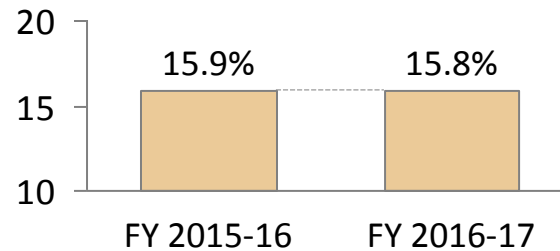
Brand & Retail margins improved led by Power Brands; Textile margins fell due to ~15% increase in cotton prices in Q4

Textiles

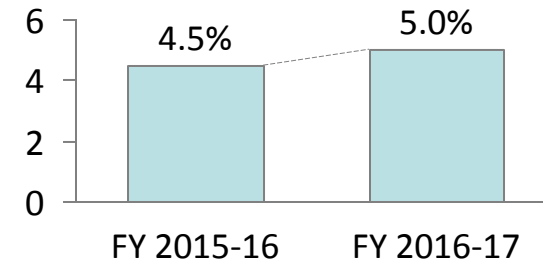
Brands & Retail

**FY
comparison
Vs LY**

EBITDA %

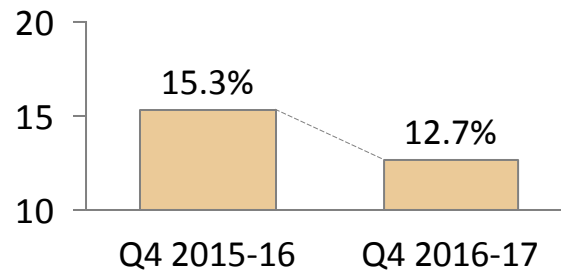


EBITDA %

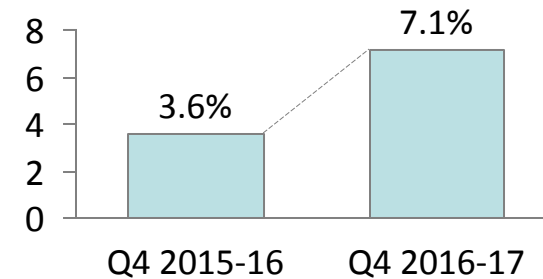


**Q4
comparison
Vs LY**

EBITDA %



EBITDA %

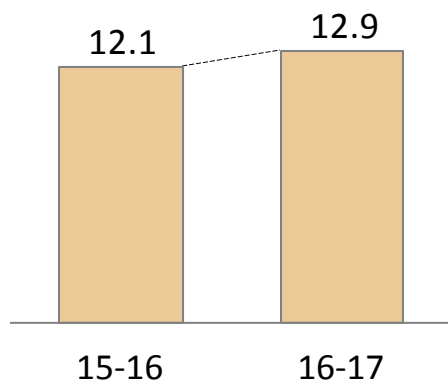


Consolidated Balance Sheet, as at Mar 31st 2017

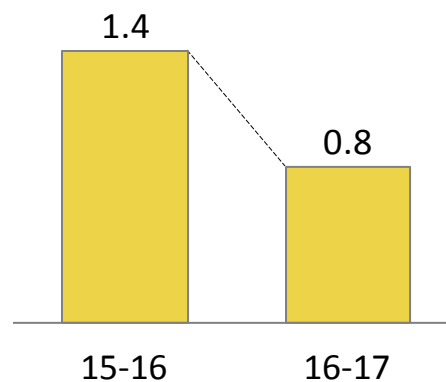
Rs Cr	As at	
	31st Mar 17	31st Mar 16
Shareholders' Fund		
Share Capital	258	258
Reserves & Surplus	3310	2388
long Term Borrowings	757	1493
Short Term Borrowings	2065	1995
Long Term Liability Maturing in one year	144	331
Borrowings	2966	3819
Other Liabilities	1985	1671
Minority Interest	151	56
Total	8670	8192
Assets		
Fixed Assets	3768	3624
Non Current Investments	277	424
Long term Loans & Advances	3	3
Other Non Current Assets	539	469
Current Assets	4084	3672
Total	8670	8192

Key indicators

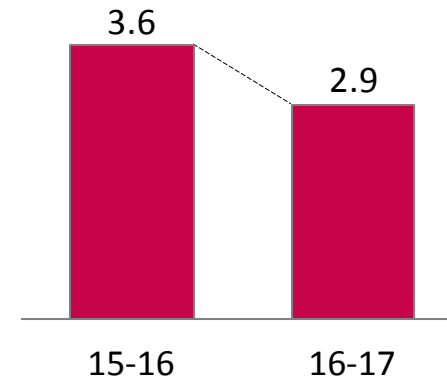
EPS



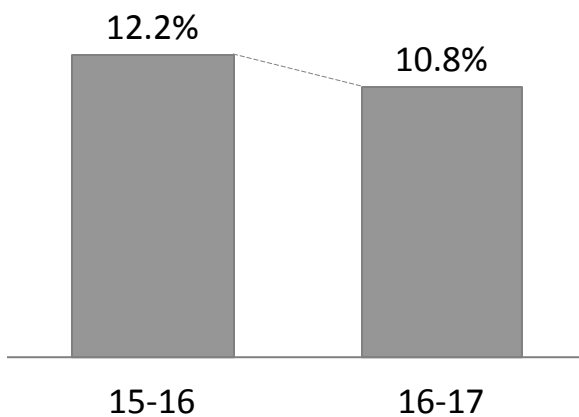
Debt / Equity



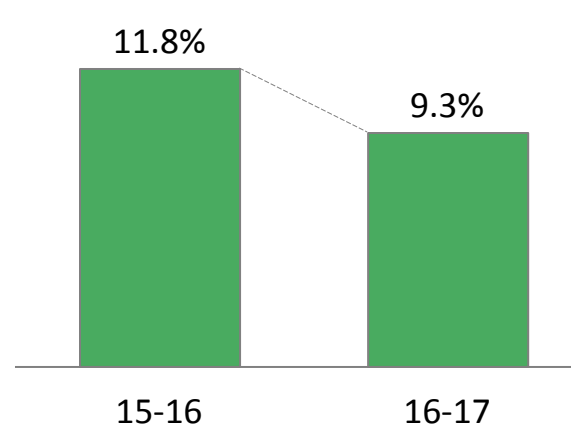
Debt / EBIDTA



ROCE



ROE



Indian GAAP and Ind-AS differences: Reclassification & Re-measurement (12 Months' Impact)

(INR Crs)

Particulars (Amount in Rs. Cr.)	Arvind Ltd.			Arvind Lifestyle & Brands Ltd.			Consolidated			
	Revenue	EBIDTA	PAT	Revenue	EBIDTA	PAT	Revenue	EBIDTA	PBT	PAT
As per IGAAP	5,407	808	246	2,427	184	22	8,450	1,065	517	363
As per IND AS	5,365	790	244	2,268	104	(36)	8,011	951	435	314
Difference	(42)	(18)	(2)	(159)	(80)	(58)	(440)	(114)	(81)	(49)
Re-classification Entries	(42)	(19)	0	0	4	0	(24)	(15)	0	0
Sales incentive and loyalty points earlier reported as selling expenses, now reduced from sales	(26)	-	-	-	-	-	(26)	-	-	-
Cash discount earlier reported as interest expenses, now reduced from sales	(21)	(21)	-	-	-	-	(21)	(21)	-	-
Early Delivery Charges (Exports) earlier reported as bank charges, now reduced from sales	(3)	-	-	-	-	-	-	0	-	-
Revenue grossed up for Excise duty	8	-	-	-	-	-	26	-	-	-
Early payment discount now reduced from raw material cost instead of adding to other income	-	2	-	-	4	-	(3)	6	-	-
Re-measurement Entries	0	0	(2)	(159)	(84)	(58)	(416)	(99)	(81)	(49)
Sales de-recognized where dealer has a right to return inventory	-	-	-	(159)	(73)	(73)	(159)	(73)	(73)	(73)
*Share of JV's where Arvind does not have a controlling stake, now recognized on Equity Method	-	-	-	-	-	-	(256)	(17)	(10)	
Pre-paid advertisement expenses charged off on incurrence	-	-	-	-	(5)	(5)	-	(5)	(5)	(5)
ECL - Trade Receivable	-	-	-	-	(7)	(7)	-	(7)	(7)	(7)
Re-measurement of Defined Benefit Plan	-	3	-	-	1	1	-	5	5	5
Decrease in depreciation due to fair valuation of certain assets	-	-	1	-	-	3	-	-	14	14
DTA on reduced PBT due to above changes	-	-	0	-	-	22	-	-	-	23
Others	-	(3)	(3)	-	(0)	(1)	-	(2)	(5)	(5)

*Includes CKAFL & THAFPL: Revenue: INR 221 Cr., EBIDTA: INR 10 Cr. and PBT: INR (3) Cr.

Financial Performance - Standalone

Financial Performance Q4 16'17

<i>All Figures in INR Crs</i>	FY 17	FY 16	Change
Revenue from Operations	1,542	1,402	10%
Raw Materials	713	570	
Project Expenses	4	2	
Employees' Emoluments	188	172	
Others	509	459	
(Increase) / Decrease in Stock	-6	6	
Foreign Exchange Loss /(Gain)	-4	4	
EBIDTA	138	189	-27%
Margin	8.9%	13.5%	
Other Income	26	26	
Interest & Finance Cost	52	71	
Cash Accruals	112	145	-23%
Depreciation	49	40	
Profit Before Taxes	63	105	-40%
Tax	9	28	
Profit After Tax	53	77	-30%
Less : Exceptional Item	9	0	
Net Profit	45	77	-42%

Financial Performance FY2016-17

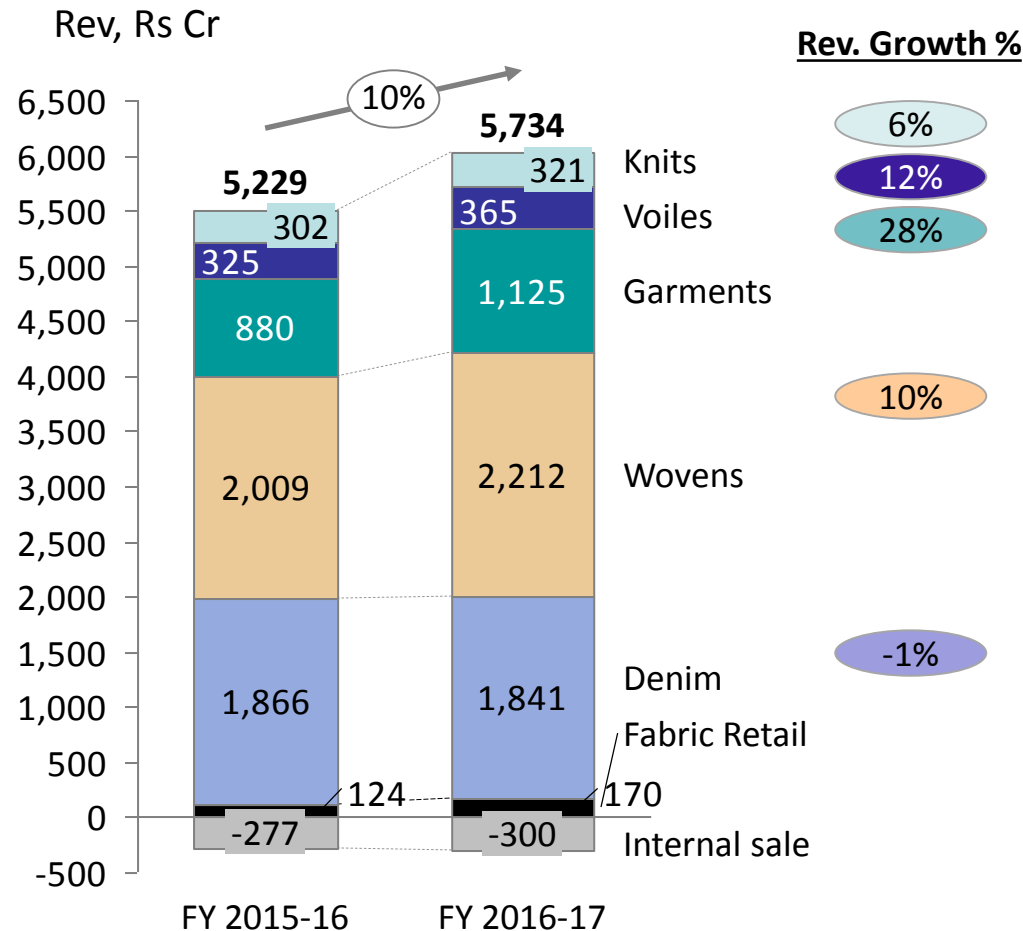
<i>All Figures in INR Crs</i>	FY 17	FY 16	Change
Revenue from Operations	5,956	5,365	11%
Raw Materials	2,632	2,194	
Project Expenses	13	10	
Employees' Emoluments	778	651	
Others	1,921	1,767	
(Increase) / Decrease in Stock	-100	-52	
Foreign Exchange Loss /(Gain)	-10	5	
EBIDTA	722	790	-9%
Margin	12.1%	14.7%	
Other Income	98	101	
Interest & Finance Cost	234	292	
Cash Accruals	585	599	-2%
Depreciation	185	149	
Profit Before Taxes	401	450	-11%
Tax	112	131	
Profit After Tax	289	319	-9%
Less : Exceptional Item	18	-1	
Net Profit	271	321	-16%

Standalone Balance Sheet, as on Mar 31st 2017

Rs Cr	As at	
	31st Mar 17	31st Mar 16
Shareholders' Fund		
Share Capital	258	258
Reserves & Surplus	2983	2728
long Term Borrowings	1085	1332
Short Term Borrowings	1750	1522
Long Term Liability Maturing in one year	100	269
Borrowings	2935	3123
Other Liabilities	977	880
Minority Interest	0	0
Total	7153	6990
Assets		
Fixed Assets	3134	3046
Non Current Investments	1265	1148
Long term Loans & Advances	2	3
Other Non Current Assets	103	98
Current Assets	2648	2695
Total	7153	6990

Business Analysis

Textiles Business: Revenue Mix in FY2016-17



Textile revenue grew by 10%

- Led by 10% growth Woven fabrics
- 28% growth in garments
- 1% degrowth in Denim
- 12% growth on a smaller base for the Voiles business

Key Parameters: FY2015-16 – Textiles

	Denim		Woven	
	Q4 16-17	Q4 15-16	Q4 16-17	Q4 15-16
Exports(Mn Mtrs)	12	11	8	8
Domestic (Mn Mtrs)	12	14	23	21
Avg Prices	181	186	167	170
Major Components	Cotton			
Cost in Rs / Kg	121	103		
	Denim		Woven	
	16-17	15-16	16-17	15-16
Exports(Mn Mtrs)	45	41	33	29
Domestic (Mn Mtrs)	59	53	94	88
Avg Prices	184	184	169	167
Major Components	Cotton			
Cost in Rs / Kg	113	102		

Brands & Retail business

Brands and Retail delivered an industry leading performance in a challenging quarter

Q4 FY17 highlights

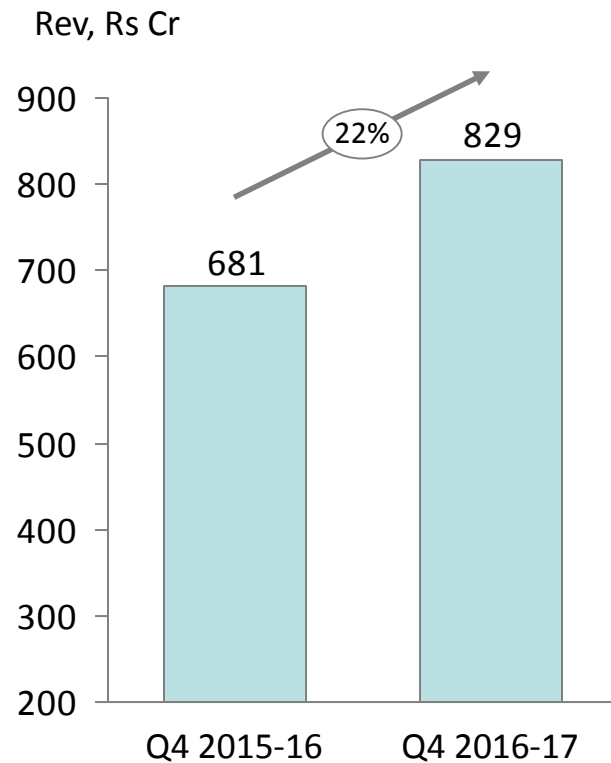
- 22% topline growth even though the effect of demonetization continued through January and February
- EBITDA grew ~2.5x over Q4 in FY16

FY17 highlights

- 26% growth in top-line
- 50 bps improvement in EBIDTA

Brands & Retail Business grew topline by 22% in Q4 2016-17

Strong revenue growth

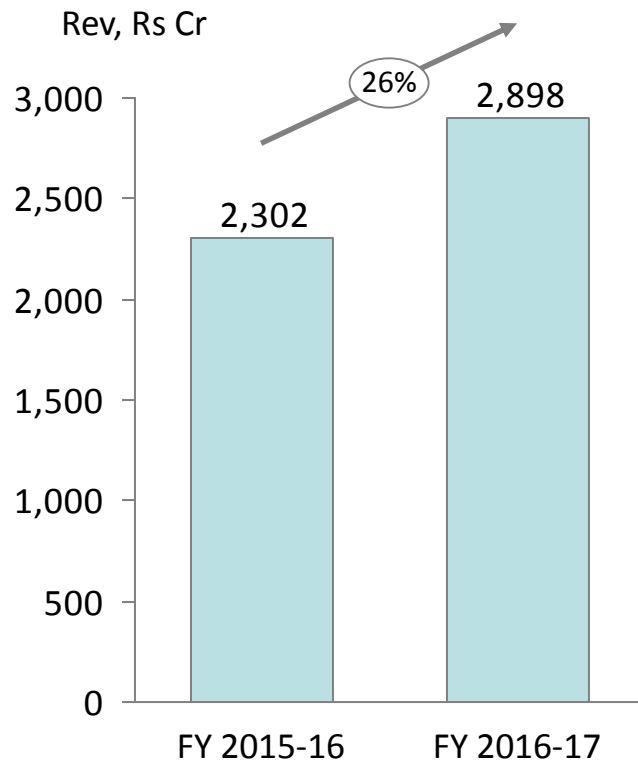


Key highlights

- Revenue growth of 22% achieved due to
 - 19% revenue growth in Brands /Retail formats
 - 29% growth revenue in Unlimited
- Like to Like growth of 9.5%
 - 5.4% LTL growth in Power Brands
 - 30.2% LTL growth in Unlimited

Brands & Retail Business grew topline by 26% in FY2017

Strong revenue growth



Key highlights

- Revenue growth of 26% achieved due to
 - 28% revenue growth in Brands/Other formats
 - 16% revenue growth in Unlimited
- Like to Like growth
 - 3.2% LTL growth in Power Brands
 - 27.8% LTL growth in Unlimited

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



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SINCE 1890

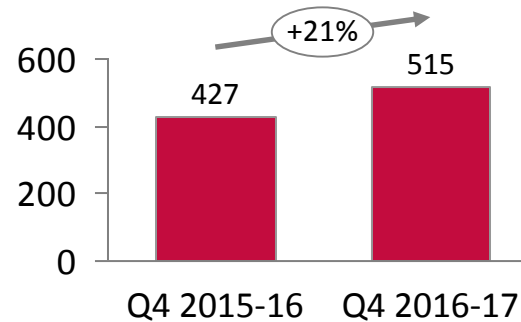
ARROW
USA 1851



FLYING MACHINE

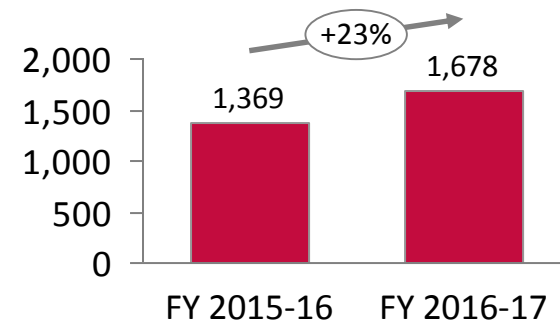
Q4 performance

Revenues Rs Cr



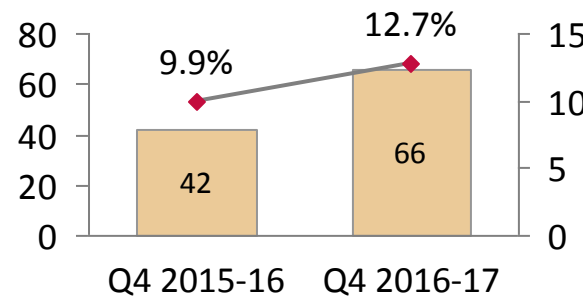
FY 2016-17

Revenues Rs Cr



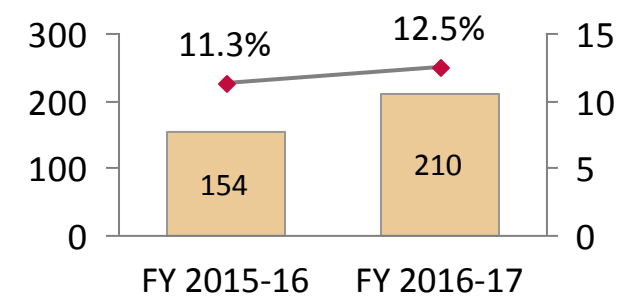
EBITDA Rs Cr

EBITDA %



EBITDA Rs Cr

EBITDA %



◆ EBITDA % ■ EBITDA Rs Cr ■ Revenue Rs Cr

Brands & Retail Business : Distribution foot-print

Particulars	FY16		FY17	
	# Stores	Sq ft	# Stores	Sq Ft
Brands	764	669,984	897	767,007
Unlimited	92	719,526	86	726,423
Specialty Retail	19	97,411	31	134,915
Total	875	1,486,921	1,014	1,628,345
No of Key Account Counters	1,567		1,945	

Outlook for full year FY2018

- Expect revenue growth of ~ 13%
 - Revenue growth in Textiles 8%
 - Revenue growth in Branded Apparel 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 basis improvement in margins
- GST
 - There is considerable uncertainty regarding GST rates, transition provisions and drawback rates
 - Once these clarity emerges, we will revise our outlook for the year



Thank You!