

Q2 FY2017 Review Note

8th Nov 2017

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Agenda

- **Q2 FY18 Performance**
- **Business Analysis**
- **Outlook**

Executive summary of Q2 FY2018 performance

INR crores

	Q2 FY2018	Remarks
Revenues	2,628 (+13%)	
Textiles	1,438 (+1%)	19% growth in garment Revenues: Fabrics domestic volume lower
Branded Apparel	1,032 (+35%)	20% adjusting for TH, CK and GST Strong Sep LTLs, esp Unlimited
EBITDA	212 (8.1% vs 10.0%)	9% lower than 232 for Q2FY17
Textiles	13% (vs 17%), 14% in Q1	4 mn meters drop in domestic volume due to impact of GST; cotton prices were higher
Branded Apparel	6% (vs 4%)	Margin improvement in Unlimited and Specialty Retail
PAT	66 (-15%)	

Q2 FY18 P&L summary (Consolidated)

Topline grew, profitability suffered

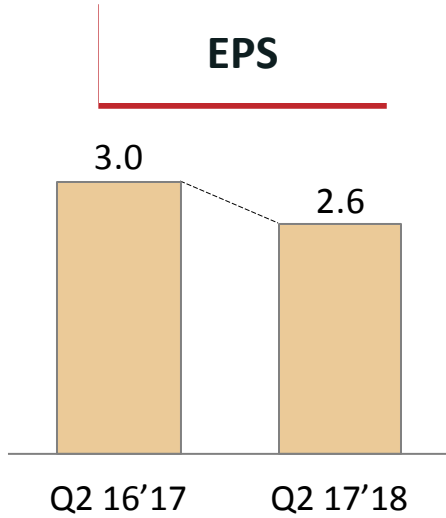
<i>All Figures in INR Crs</i>	Q2 1718	Q2 1617	Change
Revenue from Operations	2,628	2,331	13%
Raw Materials	1,449	1,259	
Project Expenses	2	3	
Employees' Emoluments	329	284	
Others	805	746	
Stock (Increase) / Decrease	-169	-193	
EBIDTA	212	232	-9%
Margin	8.1%	10.0%	
Other Income	26	22	
Interest & Finance Cost	62	73	
Cash Accruals	176	181	-3%
Depreciation	83	72	
Profit Before Taxes	93	109	-15%
Tax	24	27	
Minority Interest	3	5	
Share of Profit / Loss in JV	0	1	
Profit After Tax	66	77	-15%
Less : Exceptional Item	4	6	
Net Profit	62	71	-14%
Other Comprehensive Income (net)	-27	-15	
Total Comprehensive Income after	34	57	

Consolidated Balance Sheet, as at Sept 30th 2017

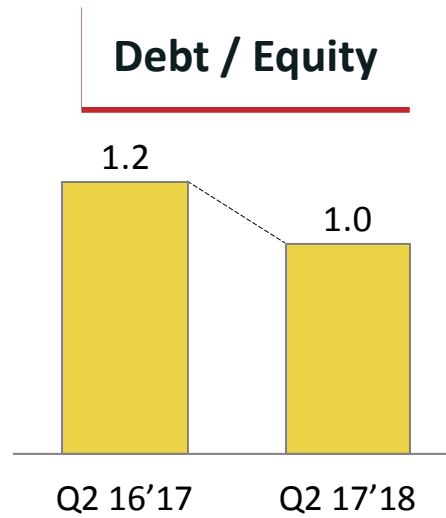
Rs Cr	30th Sept 17	30th June 17
Shareholders' Fund		
Share Capital	259	259
Reserves & Surplus	3360	3379
long Term Borrowings	864	713
Short Term Borrowings	2458	2388
Long Term Liability Maturing in one year	170	157
Borrowings	3492	3258
Other Liabilities	2424	2108
Minority Interest	284	215
Total	9819	9218
Assets		
Fixed Assets	3998	4001
Non Current Investments	85	109
Long term Loans & Advances	2	3
Other Non Current Assets	569	545
Current Assets	5164	4561
Total	9819	9218

Key indicators – Q2 1718 Vs Q2 1617

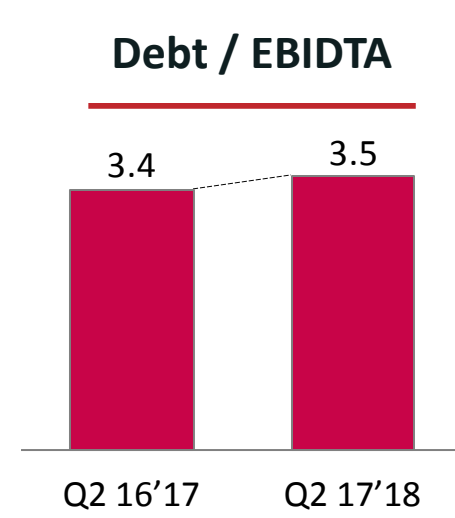
EPS



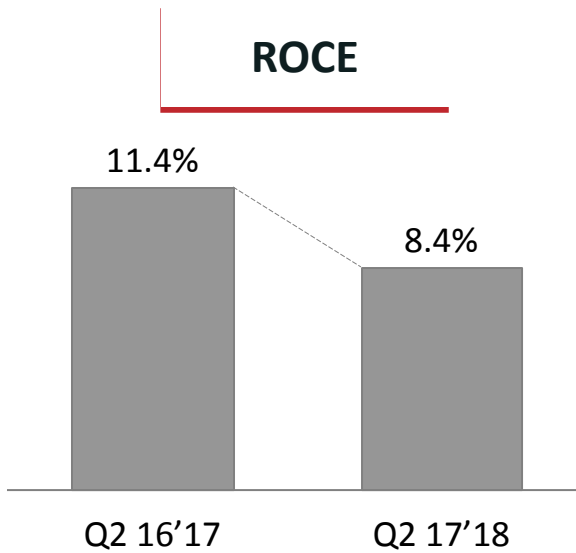
Debt / Equity



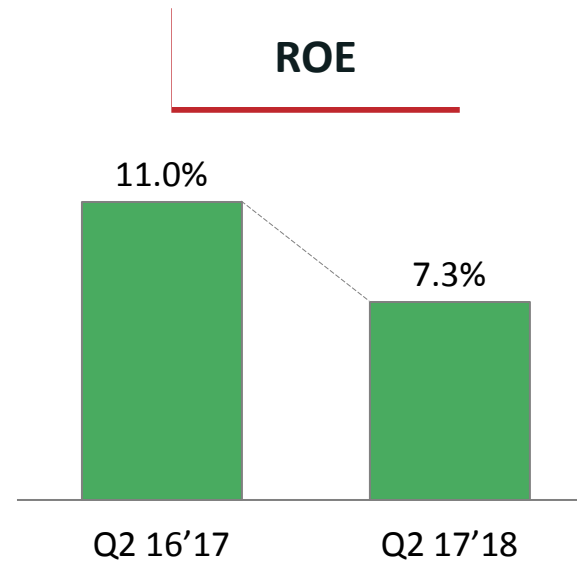
Debt / EBIDTA



ROCE



ROE



Agenda

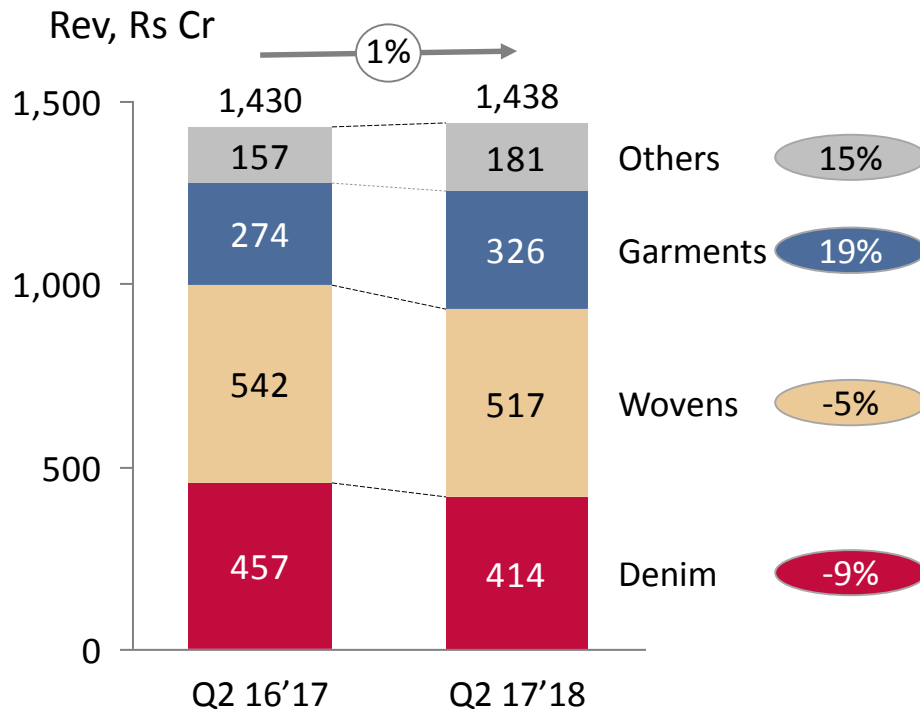
- **Q2 FY18 Performance**

- **Business Analysis**

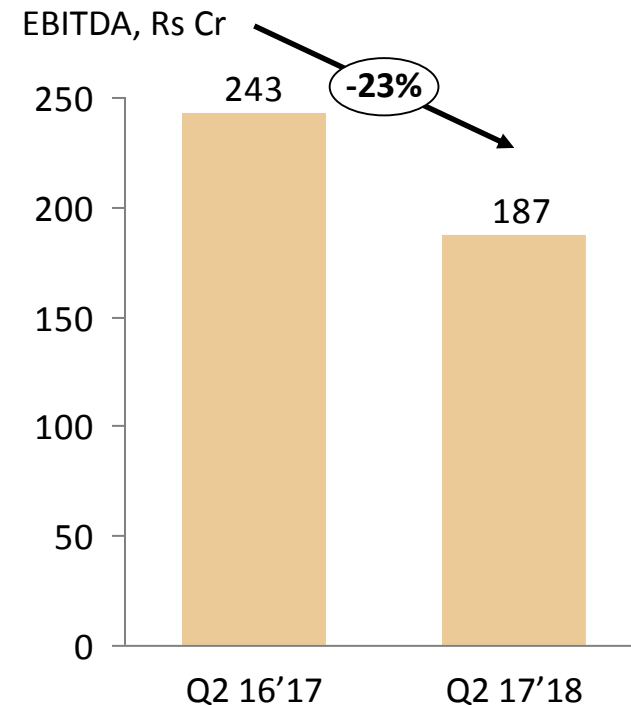
- **Outlook**

Garment volumes compensated de-growth in fabric volumes; margins suffered because of volume loss and high cotton prices

Garment revenues grew



Profitability was affected



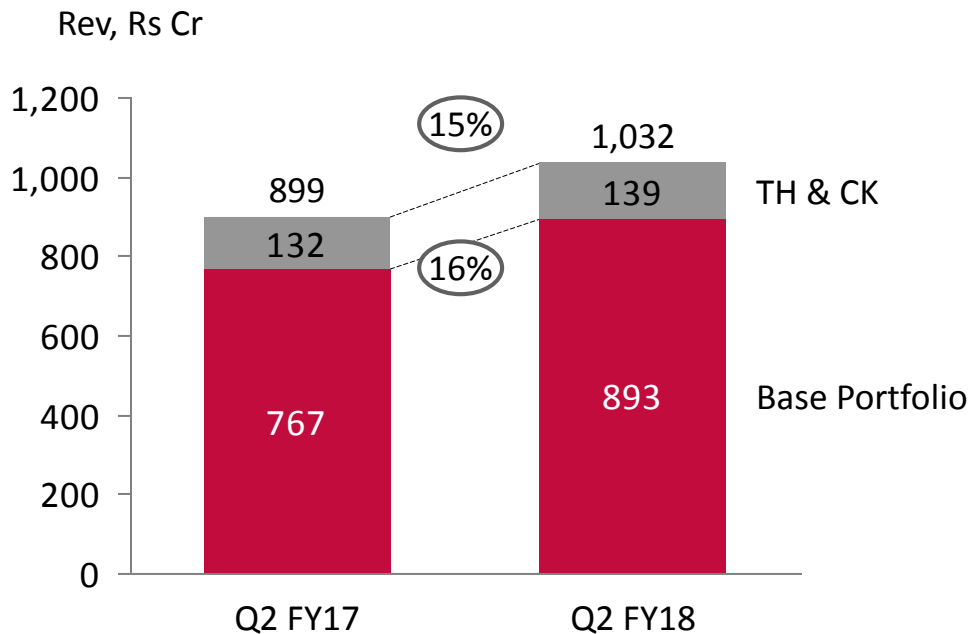
- Fabric volumes declined by 4 mn in domestic markets given impact of GST eroding 1% margin (which is likely to recover back to Q1 levels)
- Garment volumes grew by 16%

Key Parameters: Q2 & H1 2017-18 – Textiles

	Denim		Woven	
	Q2 17-18	Q2 16-17	Q2 17-18	Q2 16-17
Exports(Mn Mtrs)	11	11	8	8
Domestic (Mn Mtrs)	11	13	21	23
Avg Prices	178	184	168	169
Major Components	Cotton			
Cost in Rs / Kg	117	102		
	Denim		Woven	
	H1 17-18	H1 16-17	H1 17-18	H1 16-17
Exports(Mn Mtrs)	26	23	16	17
Domestic (Mn Mtrs)	25	28	44	46
Avg Prices	182	182	175	170
Major Components	Cotton			
Cost in Rs / Kg	121	102		

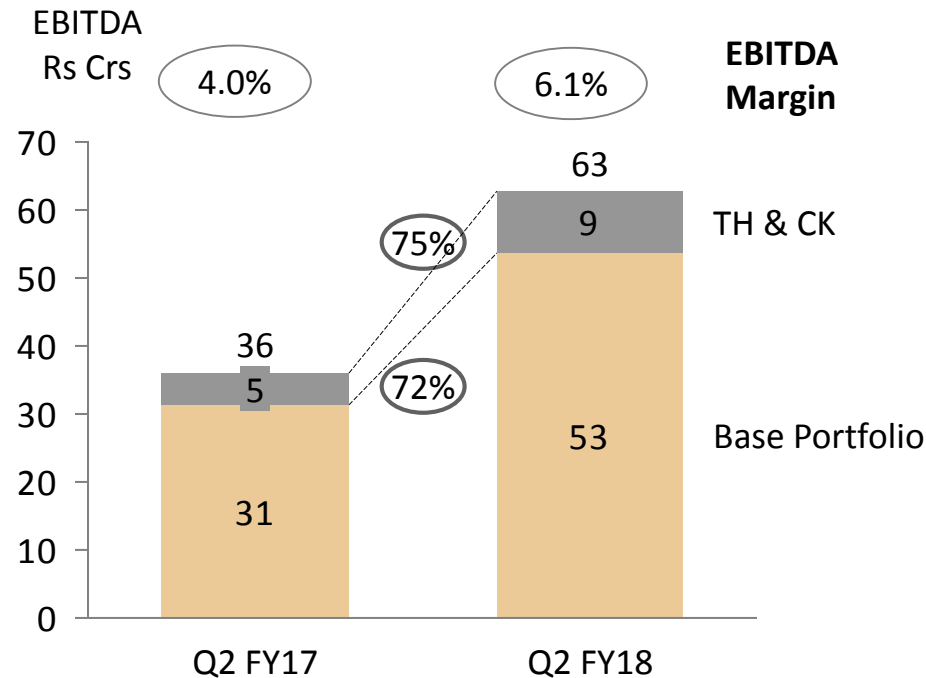
Branded Apparel delivered 15% topline growth, and 200 bps margin improvement in a very difficult market

Revenues grew ~15%*



- Due to GST implementation, y-o-y numbers are not strictly comparable. Adjusting for GST impact, growth would have been higher by 5%
- LTL: Power Brands (-) 1%; Unlimited: +20%; Overall 3%

200 bps improvement in EBITDA



- Margins improved in Unlimited and Specialty Retail
- EBITDA for the quarter was impacted by ~Rs 5 Crs due to GST implementation; similar impact would be seen in next few quarters as well.

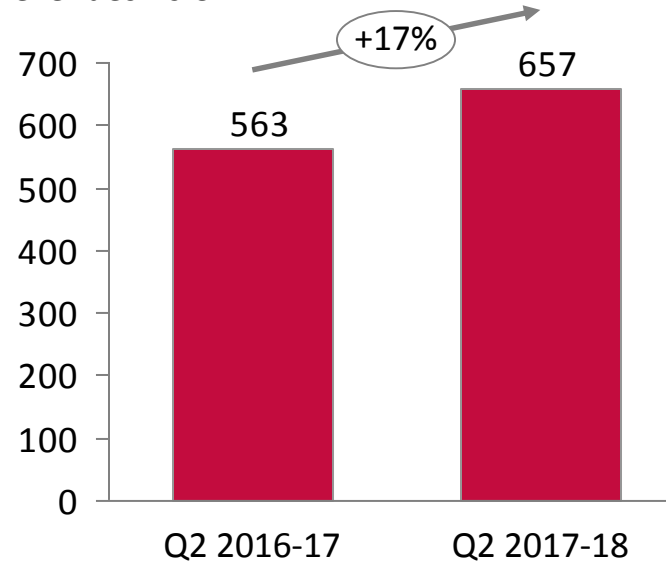
* For comparison purposes, TH and CK revenue are included for both the periods

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

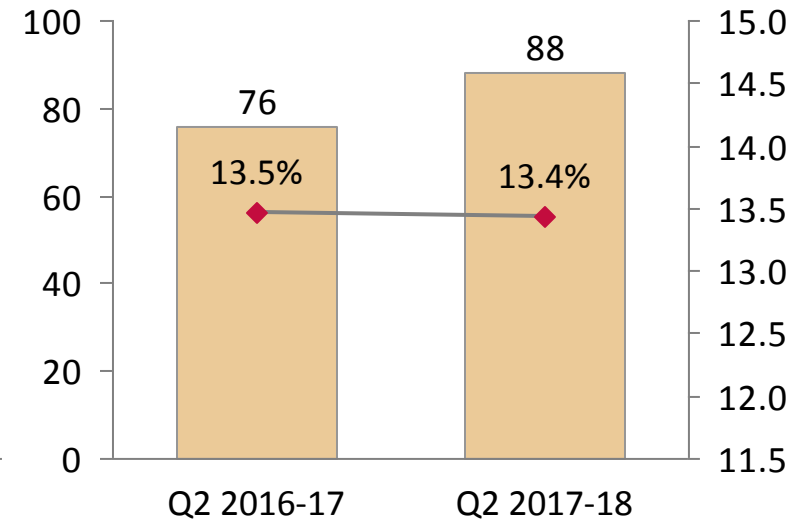


Q2 17'18 performance

Revenues Rs Cr



EBITDA Rs Cr



■ Revenue (Rs Crs)

◆ EBITDA Margin ■ EBITDA (Rs Crs)

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

Distribution Footprint (as of 30th Sep 2017)

Particulars	Q1 FY17-18	
	# Stores	Sq ft (Lacs)
Brands	1,104	9.9
Unlimited	90	8.4
Specialty Retail	30	1.2
Total	1,224	19.5
No of Key Account Counters	2,287	

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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 ~6%
 - Revenue growth in Branded Apparel expected at ~19-20%
- Overall EBIDTA margin likely to be lower due to mix change & lower textile margins
 - Textile Margin will be impacted due to currency appreciation and Likely reduction in drawback rates
 - Brand and Retail Margin to sharply go up; Expect about 150 bps improvement in margins



Thank You!