TRIDENTGROUP™
Being different is normal

E-212, Kitchlu Nagar
Ludhiana-141001
Punjab, India

Talk: +91 161 5039999
Fax: +91 161 5038800
Visit: tridentindia.com

TRIDENT/CS/2018
October 17, 2018

The Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block Bandra Kurla Complex, Bandra (E) Mumbai – 400 051	The Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001
Scrip Code:- TRIDENT	Scrip Code:- 521064

Dear Sir/ Madam

Sub: Industry Outlook & Earnings Frequently asked questions

Pursuant to Regulation 30 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that to remain committed and transparent towards our stakeholders and maintain high corporate governance the company is providing herewith the latest updates on the Financial Results for Quarter ended on September 30, 2018, industry outlook, way forward and response to the specific questions that may be helpful to answer the queries regarding the business and financials of the company.

The document is attached herewith for your information and records please. A copy of the same is also available on the official website of the company at:

www.tridentindia.com/webroot/reports/5bc6c1596396f_1539752281_Trident_Q2H1_FAQs.pdf

This is for your information and records please.

Thanking you

Yours faithfully
For **Trident Limited**

TRIDENT LIMITED * SANGHERA-148101, INDIA * TRIDENTGROUP™ Being Different is normal

(Ramandeep Kaur)
Company Secretary
ICSI Membership No.: F9160

Encl: As above

Trident Limited Q2 & H1 Financial Year 2019

"Industry Outlook & Earnings Frequently Asked Questions"

Disclaimer: *Certain statements that are made or discussed may be forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Trident Limited will not be in any way responsible for any action taken based on such statements and discussions and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.*

Business Performance and Outlook:

We willbeproviding you with the latest updates on the financial results, industry outlook and then answer specific questions that may be helpful to answer the queries regarding the business and financials of the company and way forward. This information has been collated by taking inputs from the senior management, including the business leaders who have the ownership of their business performance therebypresenting you with financial as well as insightful and pragmatic data points.

We remain committed and transparent towards our stakeholders and always maintain high corporate governance. To augment,we have started disclosing monthly production figures for each business divisionwhich is available on the stock exchanges and on our website.

Further, if you have any queries, please feel free to get in touch with the Investor Relations team.

Let us start by what we have mentioned in the last quarter of the earnings con call that despite unfavorable circumstances we have seen in Financial Year 2018, India will continue to hold the competitive advantage in Home Textile business with the reason well known to all of us. While eight months (January – August) Otexa bath linendata Y-o-Ydoes not suggest being upbeat because of the base effect but recovery is evident on M-o-M basis and we hope that this trend will continue for rest of the calendar year as well.

In short span, our Bed Linen business has grown Q-o-Q both in volume & realizations and has achieved 60% capacity utilization*(shown below)* in Q2 FY19 despite huge de-stocking which the industry witnessed last year.Nowwith de-stocking behind us, things have already started to turnaround and we have been able toachieve highest ever volumes in both Bed Linen and Bath Linen segment in this quarter. We are very optimisticto sustain this growth in Home Textile business and going forward we should be able to meet the guidance on Revenue and Margins in this fiscal.

Capacity Utilisation:

Business Segment	FY18 (Full Year)	FY19		
		Q1 FY19	Q2 FY19	H1 FY19
Bath Linen	45 %	45 %	53%	49 %
Bed Linen	44 %	55 %	61 %	58 %
Yarn	95 %	97 %	97 %	97 %
Paper	89 %	87 %	90 %	89 %

Production:

Business Segment	Unit	Q2 FY 19
Bath Linen	Metric Tons	11864
Bed Linen	Million Metres	6.63
Yarn	Metric Tons	28067
Paper	Metric Tons	39421

The company showcased new products and innovations at recently held textile week in New York last month and we have also boosted our presence by appointing experienced executives at our US office in Sales and Marketing, Design and Operations domain. We arecontinuously evaluating and improving our approach to serve this market.

In terms of financials for the quarter:

- **Net Revenue in Q2 FY 19 grew by 24% Y-o-Y to INR 1391.5 crores** compared to the same period last year, which is largely driven by jump in volume in the Home Textile business and growth in realizations in the Bed Linen category.
    - **Y-o-Y Bath Linen business sales volume grew by 29.6% and Bed Linen sales volume grew by 32.5%**
    - **Captive consumption of Yarn stood at42% in Q2 FY 19**
- Adj. EBITDA without other Income and Forex stood at INR 316.9 Crores which translates to 22.8% margin. If we compare it with Q2 FY 18, the margins jumped by 730 basis points.
- The employee cost has gone up by 9% Y-o-Y due to wage revision in certain slabs. The run rate will be around INR 140 – INR 145 crores on a quarterly basis going forward.
- **Finance cost has come down by 18.4% Y-o-Y to INR 26 crores.**
- **Profit after tax** for the **current quarter**stood at **INR 109.1 crores** translating to **EPS of INR 2.14**.
- **Gross Debt come down by INR 271 Crores from 30th March 2018 to INR 2527 Crores** as on 30th September 2018;Net Debt to Equity ratio stood at 0.7x and Net Debt to Adj EBITDA at 1.6x.
    - Reduction in Long Term debt of INR 160 in H1 FY 19 to INR 1539 Crores as on 30th September 2018.

Note:

a) *Forex loss for the current quarter includes marked to market loss of INR 2349.2 lakhs (INR 3934.2 lakhs in first quarter ended June 30, 2018) on foreign currency forward contracts which is further adjusted from results of textile segment.*
b) *Effective August 8, 2018, the Company has adopted cash flow hedging on derivative contracts. The effective portion of changes in the fair value of the derivative contracts that are designed and qualify as cash flow hedges is recognized in the other comprehensive income.*

Coming to the segment wise performance:

Textile Segment:

- **Q2 FY 19 Revenue grew by 24.6% to INR 1143 crores compared to INR 917 crores** in Q2 FY18.EBIT jumped by 164% to INR 100.2 crores Y-o-Y.
- H1 FY 19 Revenue grew by 9.3% to INR 2059.1 crores compared to INR 1884.1 crores in H1 FY18. EBIT stood at INR 139.6 crores compared to INR 130 crores in the same period last year, witnessing growth of 7.4%.

Paper& Chemicals Segment:

- **Q2 FY 19 Revenue grew by 22.0% to INR 248.4 crores compared to INR 203.6 crores** in Q2 FY18. EBIT jumped by 21.5% to INR 92.8 crores Y-o-Y.
- H1 FY 19 Revenue grew by 11.8% to INR 463.8 crores compared to INR 414.9 crores in H1 FY18. EBIT stood at INR 170.2 crores compared to INR 148.7 crores in the same period last year, witnessing growth of 14.5%.

Home Textile Outlook:

Despite unfavorable circumstances faced by Home Textile industryin FY18, we would again like to highlight that India will continue to hold competitive advantage as our industry is characterized by high entry barriers in terms of scale, capital availability, skilled labor, customer relationships, sustainability as well as availability of raw material thereby maintaining high quality standards which is one of the key parameters for customer stickiness.Accelerated growth, higher spending power with customers in US and currency support will help us to deliver betterresults going forward.

We believe that the currency will continue to witness volatility in the near term as well. A stronger dollar can be attributed to factor such as higher growth, lowerunemployment, higher rates, fiscal spending by the government and lower taxes.

OTEXA Data:

Market share for US imports of cotton sheets						Market share for US imports of terry towels				
Country	2015	2016	2017	2018*		**Country**	2015	2016	2017	2018*
India	48%	49%	50%	49%		**India**	38%	40%	39%	39%
China	23%	22%	20%	21%		**China**	25%	23%	24%	25%
Pakistan	17%	16%	16%	17%		**Pakistan**	22%	22%	21%	20%
ROW	12%	13%	14%	12%		**ROW**	15%	15%	16%	17%

**2018 Data is of 8 Months (January 2018 – August 2018)*

As per OTEXA data While India's share has reduced slightly by 1% in cotton sheets in the current year (first 8 months) as compared to last year. But if we compare it over last 5 years India's share of Towel and Sheeting business both has been growing.

India has emerged not only the largest producer of raw cotton but also a major Cotton surplus & cotton exporting country in the recent years. This gives a distinct advantage to Indian Home Textile Manufacturers.

Home Textiles companies which have invested in terms of scale, Technology & systems are bound to consolidate& grow, leveraging their capabilities with cost effect manufacturing & strong market presence. Trident is planning to further consolidate its business by leveraging the existing customers and also adding new customers to its portfolio.

Paper Industry Outlook:

As per our understanding, the surge in demand of paper in the last couple of months could be due to the following factors:

- Increasing demand of cut size copier paper. As per the data, this segment grew by 12% during FY 2018 to 1.07 Million MTPA.
- Reduction in Imports of WPP segment considering global market demand surge thereby leading to a decrease in volumes to India.
- Post China shutting down Paper Mills, the demand for paper in China has led to shortage globally.

Going forward, we anticipate that at the start of publishing season in India (Q3& Q4 FY19), the demand is expected to further go up and the order book should remain healthy.

Cotton Outlook:

Arrival of cotton this season is slightly delayed by 15-20 days. The acreage in 2018/19 crop season is approximately 2% lower than 2017/18 crop season. In terms of numbers it should be 121 lac hectares as against 123 lac hectares in the last cotton season.

- Northern Zone Area → This area is progressing well, and yields could be better because of good crop conditions.
- Maharashtra → There are talks of Pink Ball worm infecting the crop in this region. However, as perour understanding, things are within control and this problem persists only in few pockets. Our sense is that it will not have any impact on the overall crop in Maharashtra.

Dividend:

With strong emphasis to reward the shareholders board has declared 2nd interim dividend of INR0.60per fully paid share of INR 10 each. With this the total dividend declared till now for 2018-19 is INR 1.20 per share.

Frequently asked questions and their responses

What is total revenue from Bed and Bath Linen in H1 FY19?

➔ Bed and Bath Linen contributed more than 50% of the Total Revenue in H1 FY19 which stands at INR 1264 crores.

What was the realization (USD/INR) rate in Q2 FY 19 and how much it was in Q1 FY 19?

➔ Our average realized rate for the current quarter has been at around USDINR of 70.5and around USDINR of 67.0 in Q1 FY 19.

What utilization level are we envisaging for Bed & Bath Linen by FY 20?

➔ For both Bed and Bath Linen we are targeting between 60%-70% kind of utilization levels.

What is the hedging strategy/policy of the company?

➔ For hedging export receivables, forward covers are taken for a maturity up to 6-12 months. The hedging strategy division wise is as under:

- **Terry Towel Division**: Hedging is done on monthly rolling basis at 40%-60% of sales replenishment.
- **Yarn/ Paper division**: Hedging is done on order to order basis. Whenever any order is confirmed, it is hedged by forward cover.

Please mention the rate at which we are hedged for H2 FY 19.

➔ Average Forward Hedged Rate for H2 FY19would be around INR 71-73/USD.

As a policy when do we start hedging for FY20?

➔ We are hedging systematically. We hedgeforeign exchange based on the hedging policy approved by the BOD of 6-12 months tenor.

What is the other income besides the FOREX gain or loss that you are showing in the P&L account?

➔ New accounting standard does not allow to net the interest expenditure with the interest income. But this is broadly the treasury income in terms of our investments into Liquid / FD based current investments.

How much debt we have already raised for Power Project in Budhni as on 30th September 2018?

➔ The financial closure and legal documentation has been done. The disbursement as on 30th September 2018 is Nil.

Suddenly Trade receivable has increased from INR 477.7 Crores as on 31st March 2018 to INR 681.9 crores as on 30th September 2018,showing an increase of INR 204 Crores. Has the payment cycle changed or are we giving more credit period to our customers due to which the receivables have increased?

➔ This is largely because of higher sales revenue inQ2 FY 19. Net Revenue grew by 24% Y-o-Y and 23% Q-o-Q where we had higherquarter end dispatches, for which the receivables will be coming in the next quarter.

Under Current Liabilities, other financial liabilities have increased by INR 131.1 crores as on 30th September 2018. This is owing to?

➔ Company seeks to minimize the effects of currency risk, by using derivative financial instruments to hedge risk exposures. This increment isdue to provision of MTM loss on foreign exchange forward contracts which is duly provided in the P&L account.

Any updates on MEIS which is likely to go away?

➔ The government is supporting Textile sector and overall exports by various schemes which the government has introduced considering the need of the industry.

What kind of maintenance capex and quantum are we expecting for the entire year in FY19?

➔ We have been doing small maintenance CAPEXs in the form of de-bottlenecking/ upgradation of capacities, approximately INR 100 crores a year and that we continue to do that.

Can you please give a guidance on EBITDA & EPS for FY 19 and FY 20?

➔ We are giving guidance on Revenue and EBITDA. On a full year basis, we expect that the company's EBITDA margins will be around 18% to 22% on a sustainable basis with 10% - 15% revenue growth.

Any Capex Plans for FY19 / FY20 / FY 21. If yes, in which business and what would be the size of the capacity?

➔ No significant CAPEX, other than implementation of captive co-generation Steam (2 x 150 TPH) and Power Plant (2 x 30 MW) facility in Budni, Madhya Pradesh that is already approved by the Board and details of the same have already been provided in the Q1 FY19 press release.

How confident are we in sustaining this volume growth in Home Textile even for the subsequent quarters to come?

➔ We are working on US Distribution, Enlarging Team closer to market in United States, Product Development & Innovation, Improved Product Functionality and Branding Initiatives which should help us in sustaining the pace of growth in the forthcoming quarters also

With the rise in the raw material prices (Cotton), do you think we will be able to pass on the cost to the customer and are we passing the benefit on rupee depreciation to the customers?

➔ Pricing is a mix of raw material cost, labor cost, Rupee-Dollar parity & other input costs etc. Currently all players are monitoring the situation very closely as yarn prices have continued to rise in the recent times. We always try and attempt to convince the customers that despite weaker rupee there has also been equal or even more escalation in the cost during last one year. For example, following factors have hit the cost during the last about a year.

- Increase in price of raw material (Cotton & Yarn)
- Increase in cost of Dyes & Chemicals
- Increase in cost of Packing Material.
- Increase in transportation cost.

- Increase in Manpower cost
- Reduction in rate of Drawback / Export Incentives

Currently, there doesn't seem to be any possibility of passing on the escalation in raw material cost to customers immediately and apart from domestic cotton prices we also need to consider how the price of cotton in International market reacts during the season.

What are the key initiatives have been taken by marketing team on client acquisition which makes you positive on increase in capacity utilization going forward?

➔ There are multiple initiatives that marketing team is taking for acquisition of customers & improvement of capacity utilization as we go forward:

- Reviewing white spaces of retail matrix
- Bringing new differentiated products to customers.
- Tailor made 'Foot in Door' strategy for each new customer.
- Building stronger team in US to be closer to customers & market.
- Competitive pricing.

This should help us to secure new customers & grow revenue / improve capacity utilization

Are we seeing price competition amongst the Indian players when you are marketing to clients and trying to ramp-up your own capacity utilization?

➔ Regarding Price competition there lies a constant challenge not only by the domesticplayers but also by the overseas players. Weaddress it by conducting market & consumer surveys which helps us in bringingunique& innovative products to our partners & customers that helps them to grow their business & keep us ahead of competition which keeps us to remain competitive.

Is e-commerce a threat and how are we managing this transition from offline to online sales in US?

➔ Online business is a reality of today's business world & we see this as a new opportunity. Online business has opened the opportunity for us to go from "B to B" to "B to C".All Brick

and Mortar retailers are undergoing a shift in their offerings to the consumes by becoming OMNI channel retailers, where they offer multiple buying & delivery options to customers.

On our part, we have tied up with 3 PL Warehousing company in US for Drop shipment of merchandize to various e-retailers of US.We are also launching our own brands to sell directly to customers & open another channel for the generation of revenue as well as brand building.

What are the key initiatives we have taken to increase our growth and market share in EU and Japan?

➔ We are focusing on major markets in Europe;mainland including Germany, France, Netherlands & Norway, Denmark, Sweden & Poland in Scandinavia

- Exploring and focusing on Loyalty Brand Channels in Germany & UK.
- Working on the hospitality business possibilities.
- Working and focusing to enter the supermarket segment in UK to drive potential customers.

What dynamics has changed after trade tensions between two large economies? How will it impact the prices globally and in India?

➔ After recent escalation in the trade wars between US & China, Chinese Spinners have been buying lesser volumes of US Cotton and are focusing on Brazilian, Indian & Australian cotton. This may increase the Indian cotton prices to make it at par with the global prices.

What is the current market price of Cotton (Candy) and how is it going to be in the season?

➔ Currently the prices are about INR 46000 per candy and we expect MSP to support price at INR 44000-44500- per candy. Prices should be range bound unless ICE futures turn up sharply &/or exports go up during the season.

What are your views on the Cotton imports by China from India? How is it going to be in the coming season after US China Trade War and lower inventory level in China?

➔ We expect sizable increase in Indian cotton purchase by Chinese spinners and volumes could be between 300,000 to 400,000 MT.

If demand from China picks up during the season will it create any pricing pressure on domestic players like Trident?

- ➔ Yes, if Indian cotton exports cross 5 Million bales (830,000 MT), we should see tightness in Indian cotton prices and prices will match up to global prices levels, not only Trident,industry will be affected.

Are we likely to face any issues (Like Pink Ball Worm) that might increase the prices of cotton in the current season?

- ➔ Currently we do not see any serious issues involving Pink Ball Worm other than few localized incidents.

How do you see cotton price movement in the international markets and what is the current gap between Indian prices and international prices?

- ➔ We expect prices to be range bound between 74 to 84.00 usc/lb on ICE futures, while Indian prices are relatively ranging from INR 44,000 to INR 47,000 levels. Given the weak INR against USD, imported cotton prices will be higher and after Indian exportable surplus, we could see Indian prices match up to global prices.

Do we have any target to increase Copier Paper volume from current levels?

- ➔ We are focusing on maintain the copier volumes as we have done in H1 FY 19. There may be minor changes, yet no major changes are planned for the next 6 months.

For more information, please visit www.tridentindia.com OR contact:

Pawan Jain / Vipul Garg
Trident Limited
Tel: +91 161 5039 999
Fax: +91 161 5039 900
Email: pawanjain@tridentindia.com, vipulgarg@tridentindia.com