

The Arvind logo is rendered in a red, serif typeface. It is positioned in the upper right quadrant of the slide, set against a light cream-colored background. The left side of the slide features a dark, abstract, wavy pattern in shades of blue and purple.

# **Transformation February 2012**

## **Arvind Limited**

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[www.arvind.com](http://www.arvind.com)

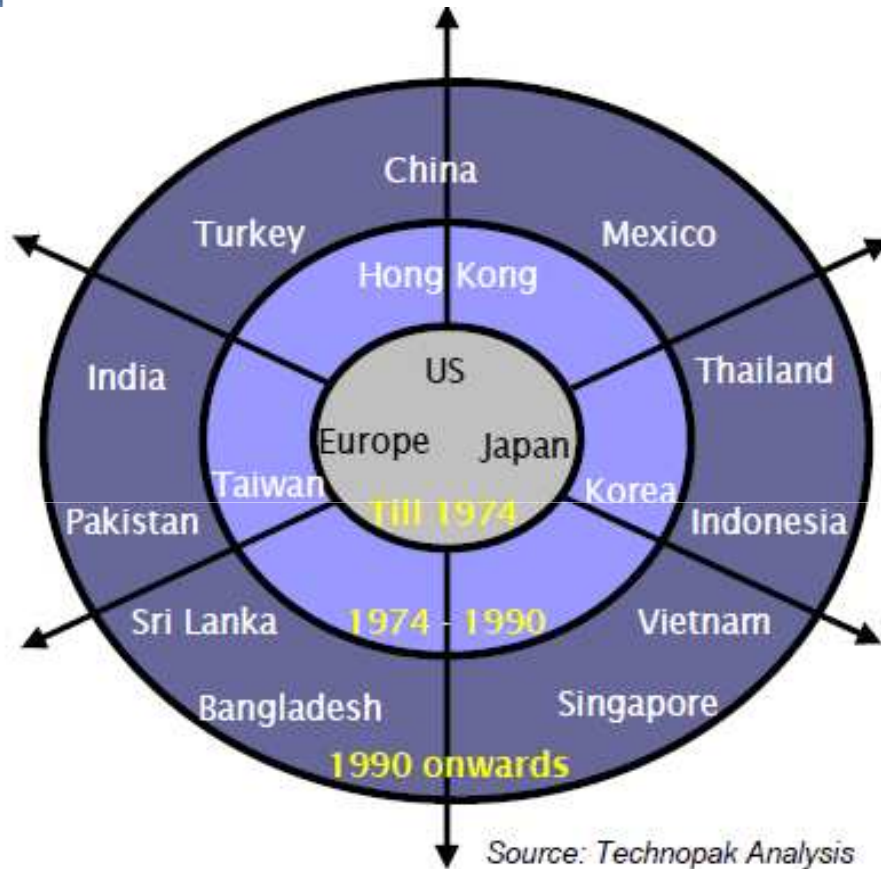


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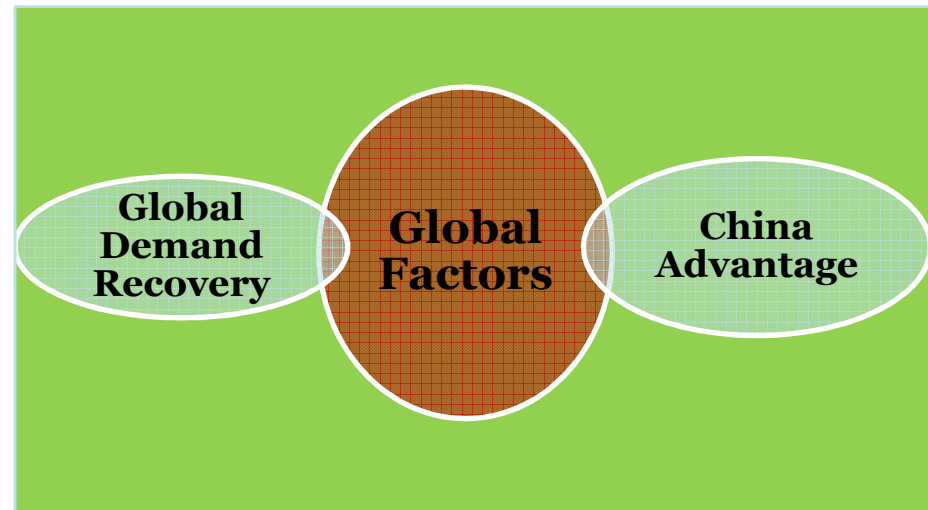
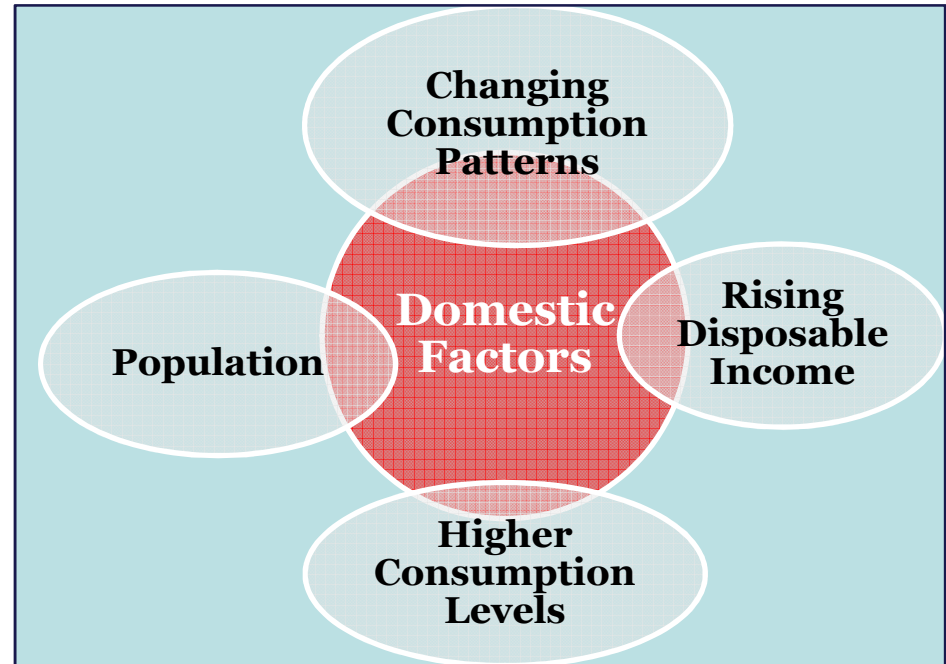
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Certain statements in this release concerning our future growth prospects are forward-looking statements within the meaning of applicable securities laws and regulations, and which involve a number of risks and uncertainties, beyond the control of the Company, that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Arvind Ltd. may, from time to time, make additional written and oral forward looking statements, including our reports to shareholders. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company. Certain figures in this release have been worked out from information available to the company and in some cases by making several assumptions which may not be entirely verifiable or can be interpreted differently with different set of assumptions. The Company also expects the media to have access to all or parts of this release and the management's commentaries and opinions thereon, based on which the media may wish to comment and/or report on the same. Such comments and/or reporting maybe made only after taking due clearance and approval from the Company's authorized personnel. The Company does not take any responsibility for any interpretations/ views/commentaries/reports which may be published or expressed by any media agency, without the prior authorization of the Company's authorized personnel.

## Evolution of Textile Industry



## Growth Drivers - Textiles, Retail & Brands Industry



## Evolution of Arvind

**2010**

- The Arvind Store, - Best fabrics, brands and bespoke styling and tailoring solutions under one roof.

**2005 - 2007**

- Unique one-stop shop service on a global scale, offering garment packages to brands
- Ranks amongst the top 3 players in Apparel Brands & Retail segment

**1993 - 1997**

- Launches Us brand Arrow in India
- India's largest state-of-the-art facility for shirting, gabardine and knits is set up at Santej.

**1980 - 1991**

- Changing the business focus from local to global, towards a high-quality premium niche market | First Indian Company to enter Denim | Becomes 3<sup>rd</sup> largest Denim producer in the world

**1931-1980**

- Arvind Mills Limited promoted by Kasturbhai, Narottambhai and Chimanbhai Lalbhai | Acquires leadership position in Indian Textile

Arvind



## Size

Revenue : \$ 1 billion

EBIDTA: \$ 150 million

Market Cap : \$ 531 million

(14<sup>th</sup> Feb 2012)

## Business Segments

Fabrics : Denim| Woven|Knits

Garments : Jeans | Shirts

Branded Apparel | Value Retail

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Today

## Unique Strengths

Present across entire value chain

Largest producer of Denim in world

Largest portfolio of domestic & foreign  
licensed apparel brands

Designing capabilities

Large land bank available for  
monetization to reduce leverage

## Medium Term Strategic Plan

Grow @ CAGR of 20% | Brands &  
Retail to drive the future growth

Achieve ROCE of 18% p.a.

Bring down financial leverage

Develop future growth engines

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# Financial Performance April 2011 – December 2011 (9 Months)

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## Arvind's Consolidated Financials

Particulars	Actual Up to Q3	31st March		% of FY 2010-11
		2011	2010	
Revenues	3655	4090	3262	89%
EBITDA (Operating Profit)	534	556	412	96%
Margin	14.6%	13.6%	12.6%	
Other Income	64	37	21	
Interest & Finance Cost	294	245	212	
Cash Accrual	304	348	220	87%
Depreciation	120	173	173	
Profit before tax	183	176	47	
Profit after Tax	178	165	53	108%

Particulars	31.12.2011	31.3.2011	31.3.2010
Shareholder's Funds	1894	1695	1283
Borrowed Funds	2174	2211	2202
Fixed Assets	2903	2685	2489
Investment	51	44	44
Net Current Assets	1136	1215	981
Capital Employed	4096	3944	3513

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## Arvind's Consolidated Financials

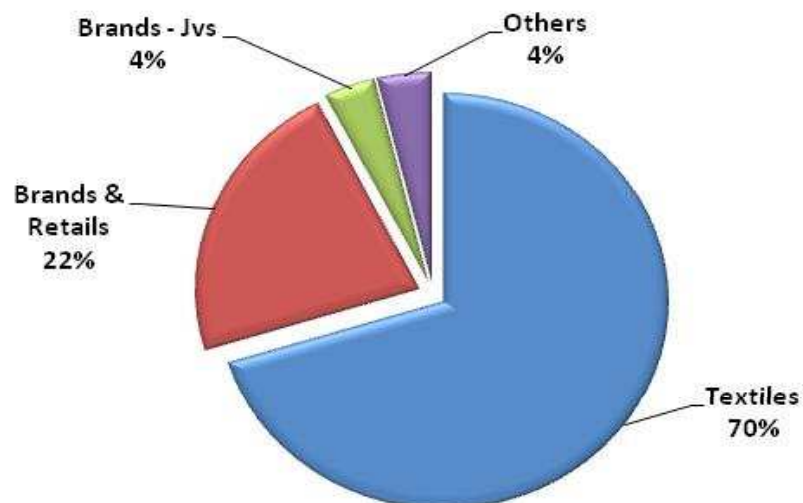
### Key Ratios

Particulars	2010-11	2011-12
		Upto Q3
EPS	6.5	6.8
Debt / Equity	1.3	1.1
Debt / EBIDTA	3.7	2.7
ROCE	10.6%	15.5%
ROE	8.4%	12.4%
Revenue Growth	25.0%	26.5%

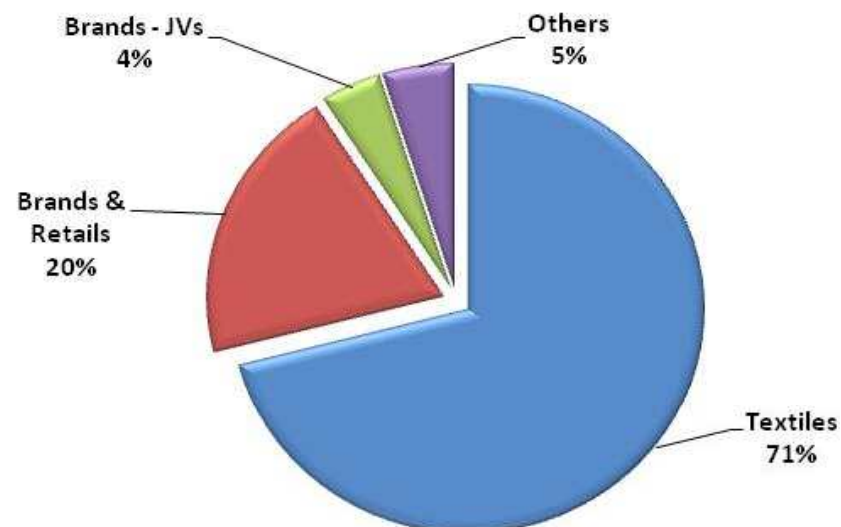


# Upto Q3 - 2011-12- Revenue

**2011-12 (upto Q3)**



**2010-11 (upto Q3)**



■ Compared FY 2009-10

■ Textile Business grew by 25%

■ Brands & Retail Business grew by 40%

■ Share of apparel & fabric retailing grew to 33% from 31%

■ Share of domestic revenue grew to 68% from 67%

## Business Performance – 2010-11

Rs. crores

Segment	Upto Q3 2011-12			Upto Q3 2010-11			2010-11			2009-10		
	Rev.	EBIDTA	ROCE	Rev.	EBIDTA	ROCE	Rev.	EBIDTA	ROCE	Rev.	EBIDTA	ROCE
Textiles	2564	454	20.3%	2086	328	13.1%	2934	467	15%	2410	351	9%
Brands & Retail	945	73	11.7%	693	68	12.5%	935	76	10%	713	37	2%
Others	135	6	0.4%	112	-21	-2.3%	221	13	1%	140	23	3%
Other Income	20	63		0	73	0.0%	37			21		
<b>Total</b>	<b>3644</b>	<b>596</b>	<b>15.4%</b>	<b>2891</b>	<b>448</b>	<b>10.5%</b>	<b>4090</b>	<b>593</b>	<b>11%</b>	<b>3262</b>	<b>432</b>	<b>7%</b>

<u>Business</u>	<u>Upto Q3 2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Denim	1,220	1,359	1051
Wovens	842	987	819
Garments	350	458	526
Voiles	173	211	179
Knits	110	109	56
Brands & Retail	955	935	731
Engineering	67	107	96
Real Estate	1	30	0
Telecom	43	48	36
Others	19	36	<b>7</b>

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## Key Parameters- upto Q3 - 2011-12-Textiles

	Denim		Shirting & Khakis	
	2011-12	2010-11	2011-12	2010-11
<b>Exports (Mn Mtrs)</b>	29	32	12	10
<b>Domestics (Mn Mtrs)</b>	42	39	33	34
<b>Total</b>	<b>71</b>	<b>70</b>	<b>45</b>	<b>44</b>
<b>Avg Price (Rs/ Mtr) (Q3)</b>	159	139	153	148
	Cotton		Gas	
<b>Major Cost Components</b>	2011-12	2010-11	2011-12	2010-11
<b>Cost - Rs / Kg (For Q3)</b>	120	99	19	16



# Textile Business

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- Arvind's Textile business is Rs. 2935 growing at 15%

Particulars	Capacity	Volume
Fabrics	As on Date	2010-11
Denim	108 mn mtrs	96 mn mtrs
Woven	84 mn mtrs	65 mn mtrs
Knits	4800 MT	4158 MT
Volies	38 mn mtrs	34 mn mtrs
<b>Total Fabric</b>	<b>238 mn mtrs</b>	<b>212 mn mtrs</b>
Garments	10 mn pcs	13 mn pcs



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# Arvind Textile Business

## Key Customers

- **Denim:** GAP | Miss Sixty | Diesel | Armani Exchange | Ann Taylor | Hugo Boss | Polo Ralph | Jack & Jones | Levi's | Lee | Wrangler | Zara | Esprit | H & M | Quick silver
- **Woven:** GAP | Banana Republic | Brooks Brothers | Ann Taylor | Hugo Boss | Calvin Klein | Polo Ralph | Eddie Bauer | Express | J Crew | Louis Phillip | Van Heusen | Arrow | Color Plus | Esprit | Paul Smith | Park Avenue | Color plus

## Major Competitors

- **Domestic (Denim):** Raymonds | KG Denim | LNJ Denim | Malwa Industries | Bhaskar,
- **Domestic (Woven):** Bombay Rayon Fashions | Nahar | Alok
- **Global (Denim):** Travex-S. America | Artistic -Pakistan | Cone-N.America | Isko-Turkey | Orta-Turkey | Atlantic Denim-Thailand
- **Global (Woven):** Luthai-China | Smart Shirt-China

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# Textile Business | Growth Strategy



- Arvind is one of the largest producers of denim in the world
- With market share of over **13%**, Arvind is the largest player in domestic market in India.
- Arvind has about **50%** market share with leading national & international brands in India.
- Growth Strategy
  - Grow denim business by ~10% p.a
  - Planned capacity by 2015 140 M



- With over 72 Million fabric manufacturing capacity, Arvind is the largest producers of shirting & Khaki fabrics in the country
- Growth Strategy
  - Grow Wovens capacity by 15 % p.a
  - Planned capacity by 2015- 100 M

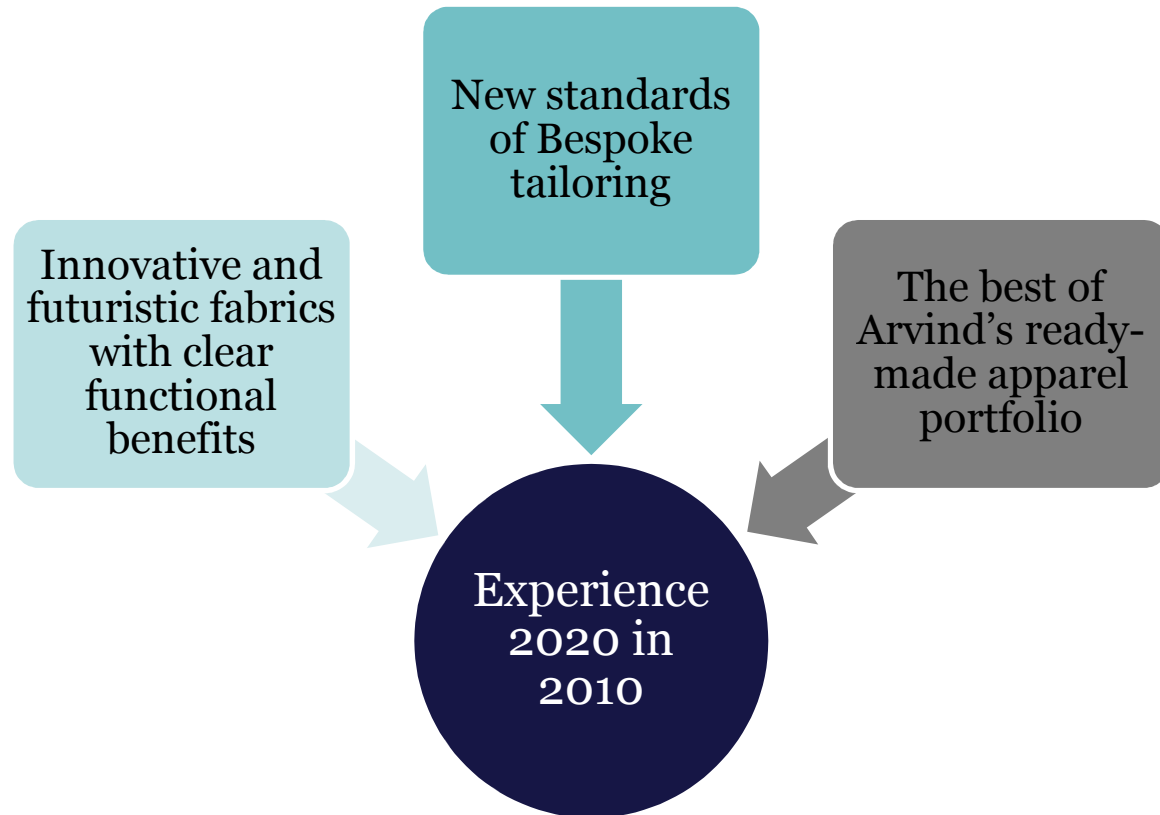
**Domestic Focus | Develop strong B2C model in India**

**ARVIND**

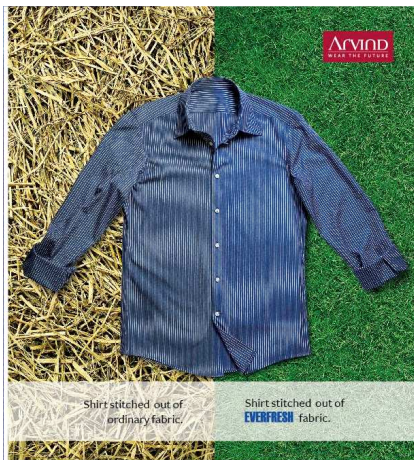
## B2C Business Model for retailing fabric in India

### The Arvind Store

- Strong presence in the traditional retail market through Shop-in-Shop concept
- Setting-up exclusive Arvind Stores across the Country



ARVIND



Shirt stitched out of ordinary fabric.

Shirt stitched out of **EVERFRESH** fabric.

**Fabric that remains brand new, wash after wash.**



Fashined in Italy. For the powers that be.

**TRESCA**



# The Arvind Store



zer**0**care  
17

It styles immaculately yet remains wrinkle free. It drapes like silk but doesn't cost as much. It's styled for daily wear yet is low maintenance. It's not a dream. It's zer**0**care from Arvind.



COMFORTABLE LIKE COTTON.

FEELS LIKE SILK.

EASY-CARE LIKE POLYESTER.

**NEW**

ARVIND PRESENTS  
FOR THE FIRST TIME IN INDIA  
**3-IN-1 MIRACLE FABRIC.**

**Arvind hatric**  
3-IN-1 MIRACLE FABRIC



Arvind presents  
**FRESHCOT**  
the most comfortable cotton fabric ever. Made from 100% natural fibres, FreshCot breathes effortlessly, absorbs water rapidly and remains odour free. Enjoy the freshness!



Shirt stitched out of ordinary fabric.

Shirt stitched out of **special fabric**.

**Fabric that remains white, wash after wash.**

**Arvind**



# Welcome to the Future....



18

**Opened 40 stores so far**

Ahmedabad	Borivali	Guntur	Hyderabad	Karim Nagar	Nadiad	Porbandar	Secunderabad	Surat	Vishakapatnam
Anand	Chennai	Haldia	Jaipur	Khammam	Nalgonda	Pune	Siligury	Vadodara	Vijaywada
Bangalore	Durgapur	Hanamkonda	Kakinada	Mancherial	Nashik	Rajkot	Srikakulam	Vidhyadhar Nagar	Vizianagaram

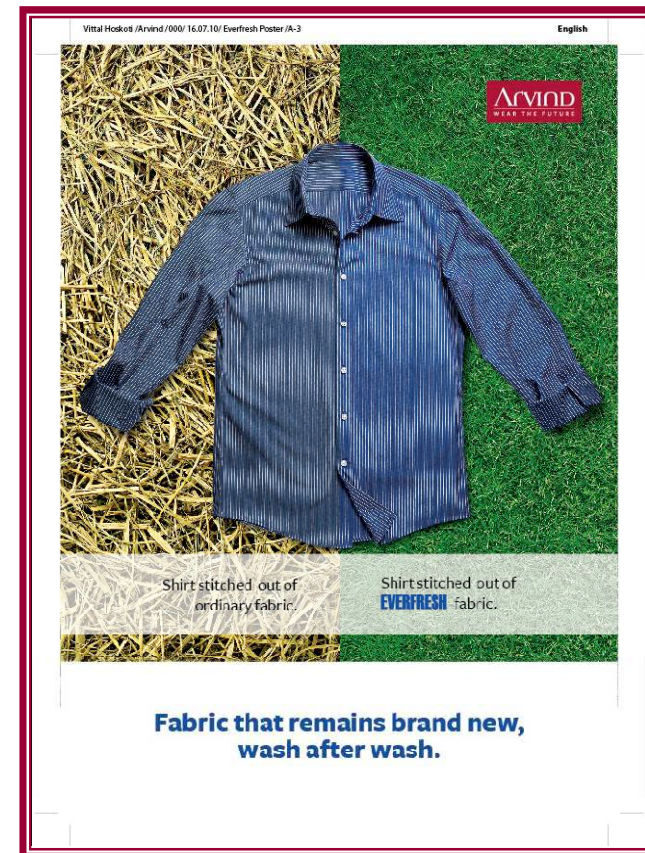


# Innovative Fabrics

## Three in One Miracle Fabric



## Ever Fresh



Arvind



*Personalised Styling Solutions  
by Studio Arvind*

MITERED CUFF  
ROUND CUFF

CHOOSE  
YOUR STYLE OF  
CUFFS

CUT AWAY COLLAR  
BUTTON DOWN COLLAR  
REGULAR COLLAR

CHOOSE  
YOUR STYLE  
OF COLLAR

CHOOSE  
YOUR STYLE OF  
FIT

SLIM  
COMFORT  
RELAXED

**A new world of Bespoke tailoring**



## Emerging as Largest Retailer of Fabric & Apparel in India

SIS

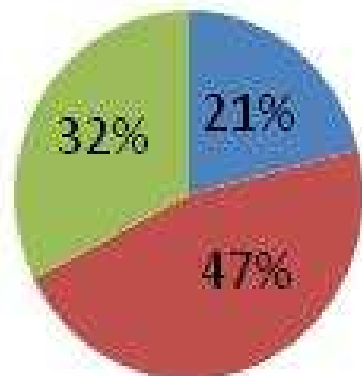
Arvind  
Store

Branded Apparel  
Retailing

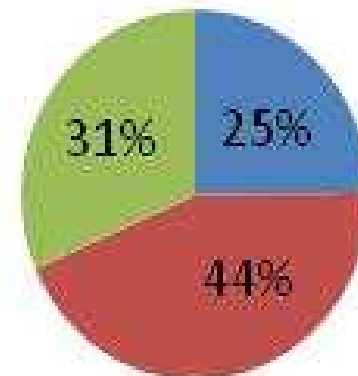
Value  
Retail

Arvind's revenue from Retailing of Fabric & Branded Apparel has grown to Rs. 1213 Crores (upto Q3) making it one of the largest Retailer of Fabric & Apparel in India

Upto Q3 2010-11



Upto Q3 2011-12



■ Fabric  
Retailing

■ Branded  
Apparel

■ Value  
Retailing

■ Retail Sales Break-up

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ARROW

IZOD

FLYING MACHINE

MEGA MART

## Arvind Lifestyle Brands Ltd & Arvind Retail Ltd : Brands & Retail Powerhouse in Apparel space



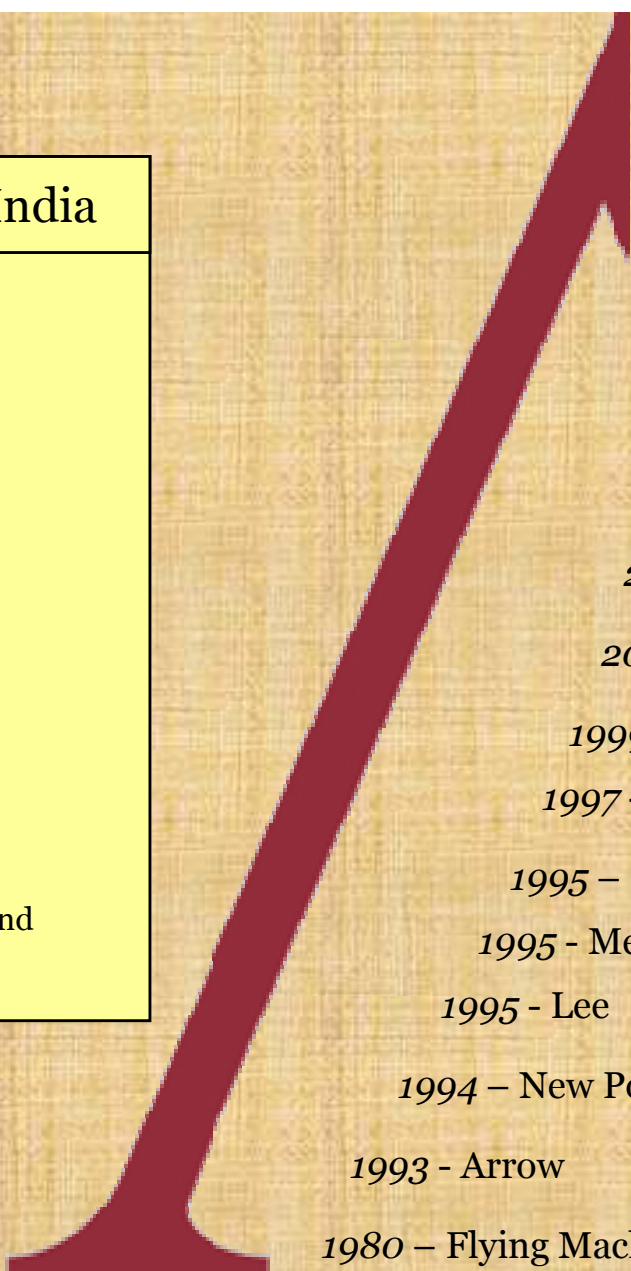


# *Arvind is the pioneer in the Apparel Brands & Retail Space in India*

## Arvind's Firsts in India

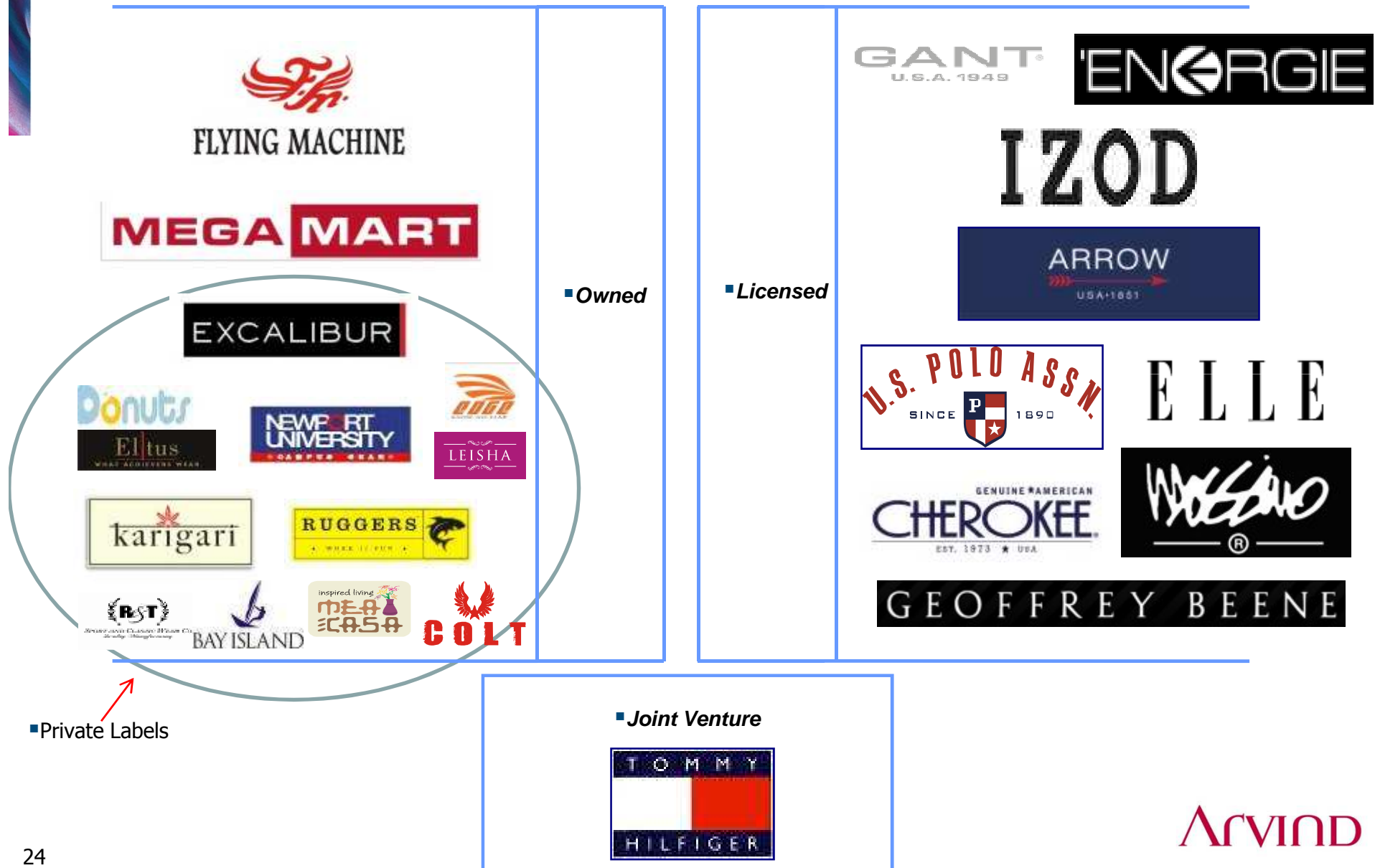
- First Denim Brand
  - Flying Machine
- First International Brand
  - Arrow
- First Exclusive Brand Outlet
  - Arrow Store
- First Mass Market Brand
  - Ruf n Tuf
- First Factory Outlet
  - Megamart
- First Designer Premium Brand
  - Tommy Hilfiger

## Brand Launch Calendar



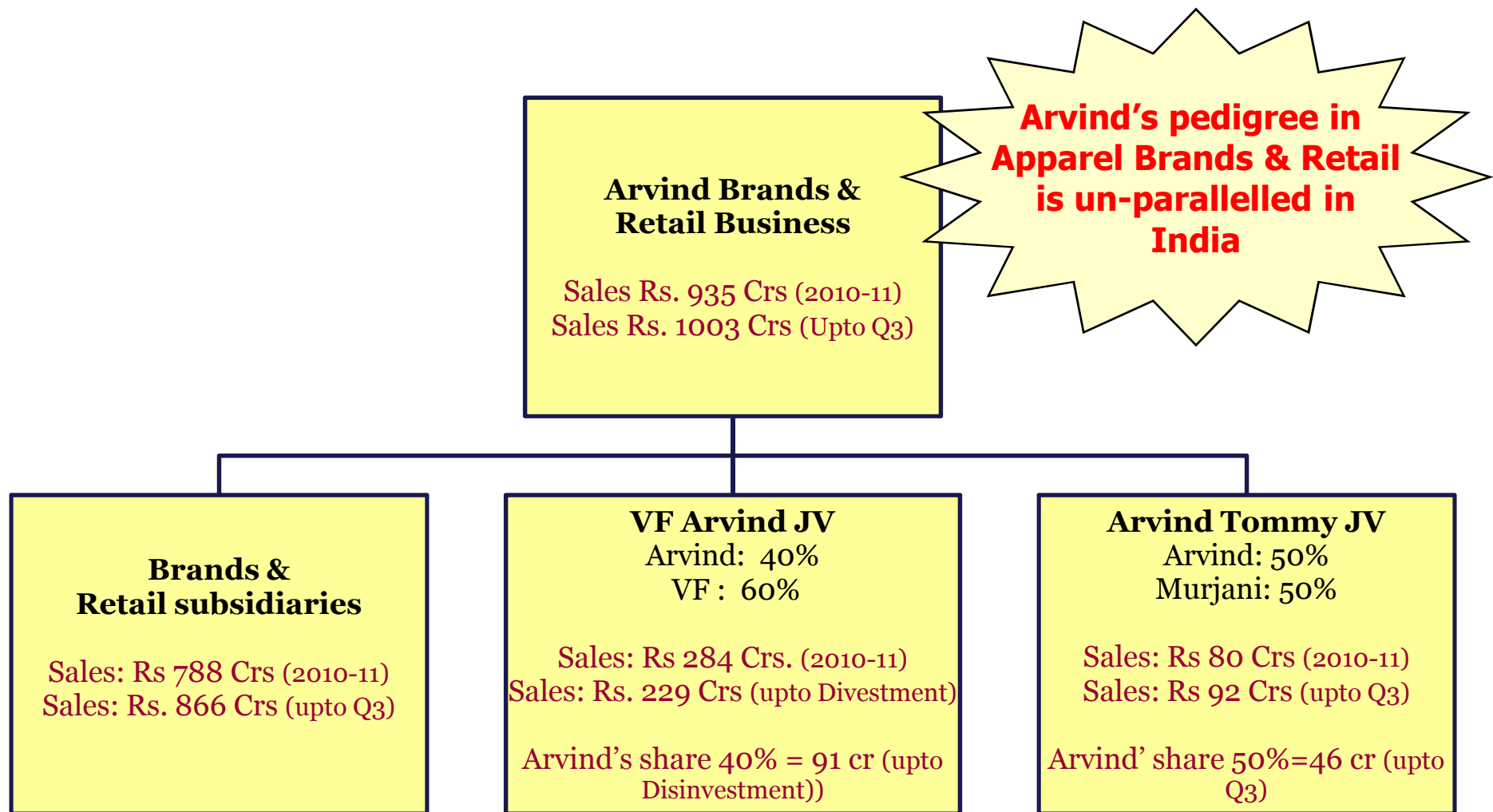
2011 - Elle  
2011 - Mossimo  
2010 - Energie  
2009 - USPA  
2007 - Cherokee  
2007 - Megamart Large Format  
2006 - Gant  
2004 - Tommy Hilfiger  
1999 - Wrangler  
1997 - Excalibur  
1995 - Ruf n Tuf  
1995 - Megamart  
1995 - Lee  
1994 - New Port  
1993 - Arrow  
1980 - Flying Machine

# Arvind's Brand Portfolio is unmatched in India



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## Arvind's Brands & Retail Business



**Note: Arvind's 40% stake in VF Arvind Brands has been divested in November 2011 at Rs. 257 Crores**

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## Brands & Retail Business- Distribution

	2010-11		9M 2011-12	
	Stores	Sq Ft	Stores	Sq Ft
Brands	228	214844	329	303363
Retail	200	617154	219	697897
Total	428	831998	548	1001260
KA Counters	248		310	

- Sales Increase in Key Account Counters: grew by 35%



## Fastest Growing Apparel Brands & Retail Company in India

Following a 47 % revenue growth in 2010-11, the revenue grew by 43 % upto Q3 of FY 2011-12

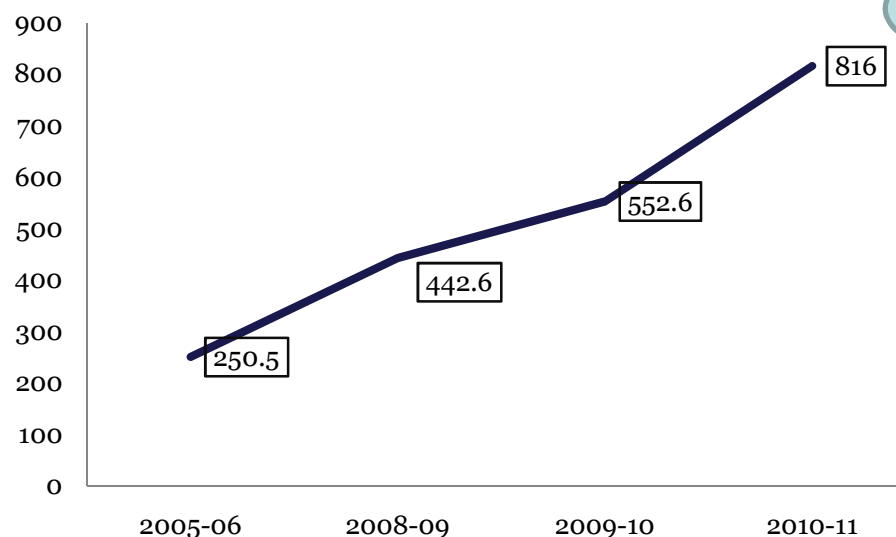
### Revenue upto Q3 - FY 2011-12

	Revenue Rs Crs	% Growth
ALBL	484	57%
ARL	382	29%
<b>Total</b>	<b>866</b>	<b>43%</b>

### Like to Like Growth...

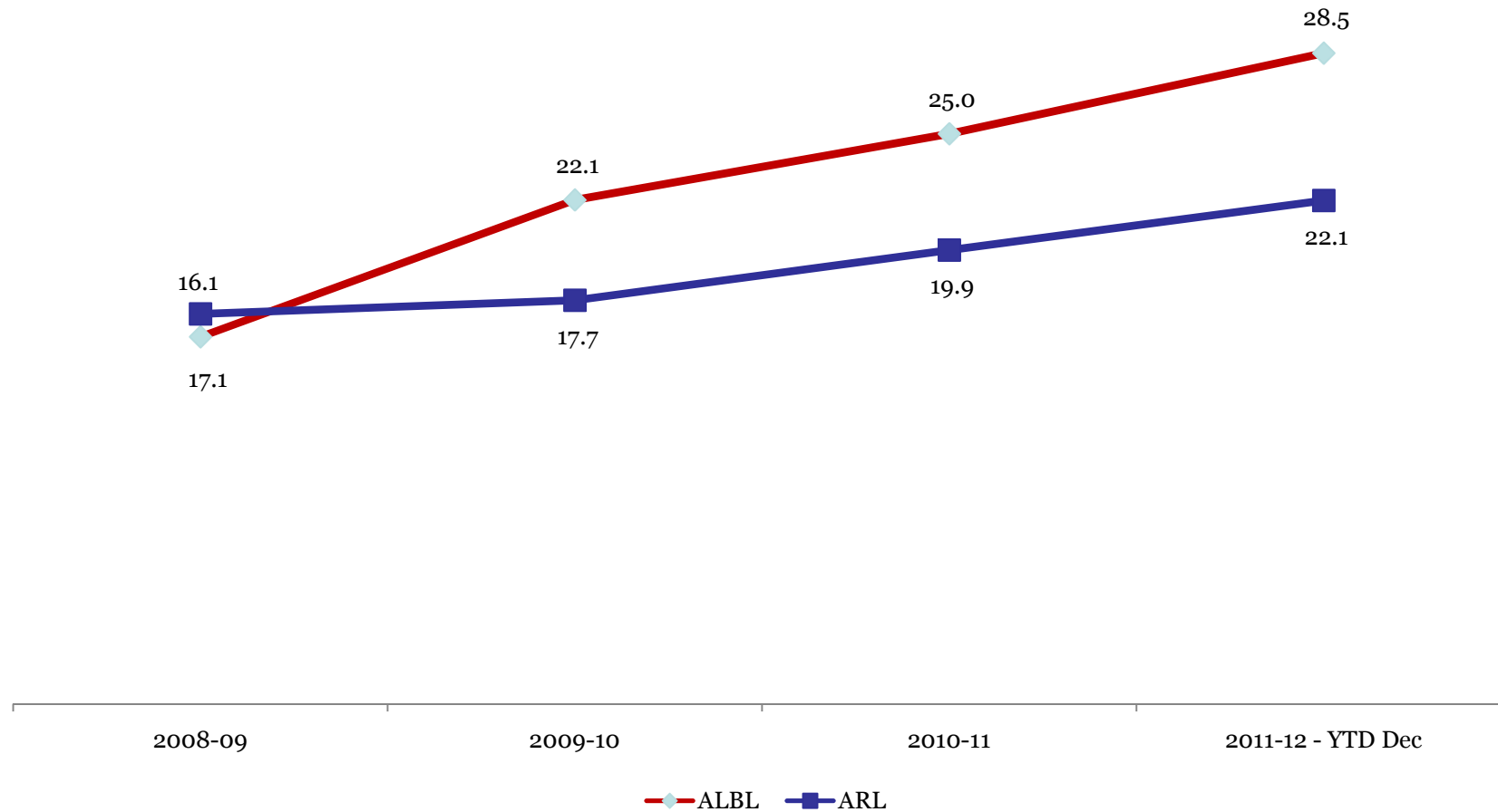
	% LTL
ALBL	15.5
ARL	4.3

Published Results of Brands & Retail Companies Indicate that Arvind is the Fastest growing Company in the Brands & Retail Space



# Retail Productivity

*Figs: Rs Per Sq. Ft. Sales Per Day*



## Multiple Growth Engines to Drive Accelerated Growth

**Growth Engine 1**

**Rapid Roll Out of  
Successful MegaMart Hub & Spoke Model**

**Growth Engine 2**

**Distribution Expansion of Brands**

**Growth Engine 3**

**Category Expansion of Brands**

**Growth Engine 4**

**Launch of New Brands to fill up  
Market Segment Opportunities**

ANVITA

## Large Format MM





Arrow store



US POLO store





Club America

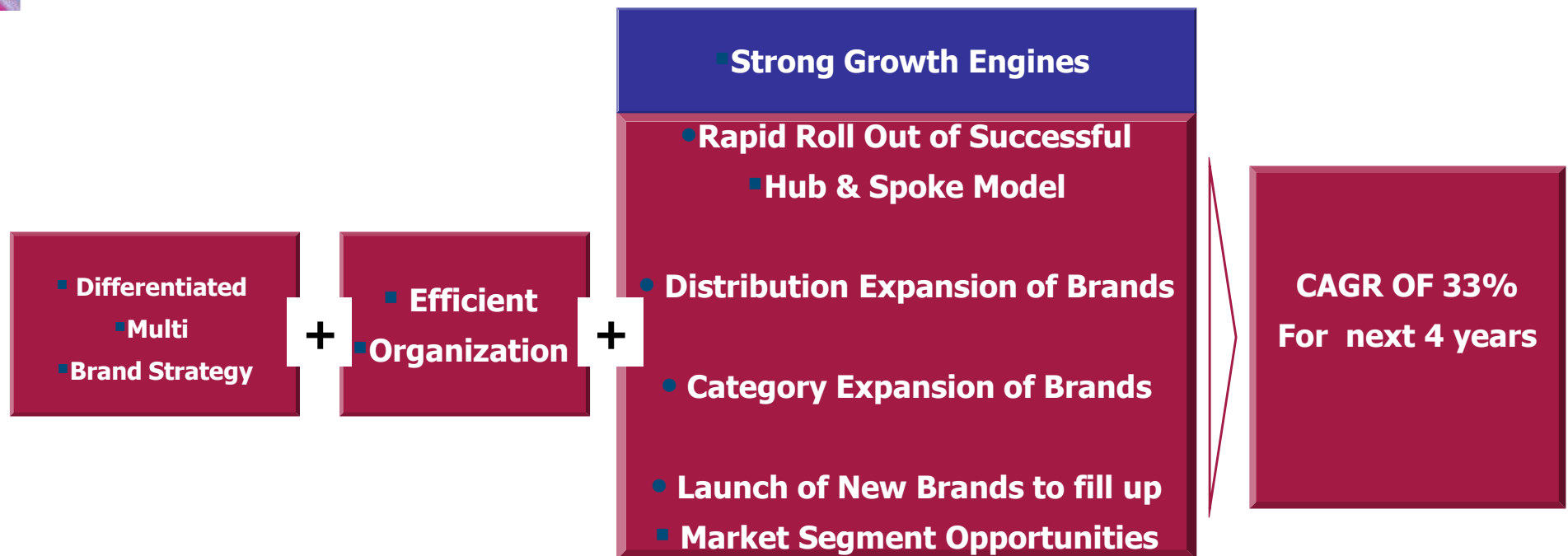


Flying Machine





## Arvind is well on its way to be Brands & Retail Powerhouse in the Apparel Space



# Real Estate

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## Real Estate

Arvind has a large land bank which it does not require for growth of its other businesses

Get Regulatory approvals to significantly increase the market value

Realize the cash flow either through sale of land or development in form of JV or on our own

Realize  
Cash flow

Develop  
Expertise  
In this business

Over 500 acres of surplus land: Expected to generate Rs. 1000 Crs.  
over next 4 years  
No incremental investment required

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# Land bank

Rs. Crores

Location	Area	Plan	Expected Cash flow	Cash flow Realized
Moti-Bhoyan, Gandhinagar (Near Ahmedabad)	135 Acres	Township (JV with TATA Housing)	569	53
Khokra, (1/3) Ahmedabad	17 Acres	Land Sale	47	47
Khokra, (1/3) (Parishkar) Ahmedabad	17 Acres	Residential & Commercial Space (JV with B Safal)	87	47
Khokra, (1/3) Ahmedabad	17 Acres	Residential & Commercial Space	125	-
Naroda, Ahmedabad	35 Acres	Residential & Commercial Space	557	-
Jethlaj, Gandhinagar (Near Ahmedabad)	220 Acres	Currently under Planning	164	-
Bangalore	2.14 lac sq ft	Commercial	49	-
Others	-	-	75	-
<b>Total</b>	<b>424 Acres</b>		<b>1672</b>	<b>147</b>

- The Company is expecting to realize the Cash flow over a period of next 7-8 years
- PV is estimated to be Rs. 1000 Cr.
- From next FY it is expected to receive the cash flow of about Rs. 100 cr every year for next 7-8 years

## New Growth Engines

### Technical Textiles

Arvind PD  
Composites Pvt.  
Ltd.

- Company had done 51:49 JV for manufacturing glass fabric with PD Group, Germany.
- Application in Automobiles & Transportation, Wind Energy, Aerospace, Ship-building and Infrastructure

### Engineering

Arvind Accel Ltd.

- EPC and water management business
- Won several contracts in last few months
- Currently have order book of more than Rs. 100 crores.
- Acquired business having Mechanical Vapor Recompression system
- Finnish technology to recover water from highly concentrated effluent

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# Investment Case

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# Transformation

## Diversified Product Portfolio

- Dependence on Denim is significantly reducing

Particulars	2009-10	2010-11	2011-12	2014-15
EBITDA - Denim	264	318	317	428
Denim Share in EBITDA %	61%	54%	42%	33%
Others EBITDA %	39%	46%	58%	67%

## Growth without raising debt

- Cash generation is significantly higher than Capex requirement

Particulars	2008-09	2009-10	2010-11	2011-12
Revenue	2,345	3,261	4,090	5,120
Growth (%)		39%	25%	25%
EBITDA	309	430	593	683
Growth (%)		39%	38%	15%
Debt	2009	2202	2211	2095
Growth (%)		10%	0%	-5%

## Higher pricing power

- Strong B2C business model

Particulars	2009-10	2010-11	2011-12	2014-15
B2C Sales	732	1,290	1,864	3,642
% Share of B2C sales out	22%	32%	36%	43%

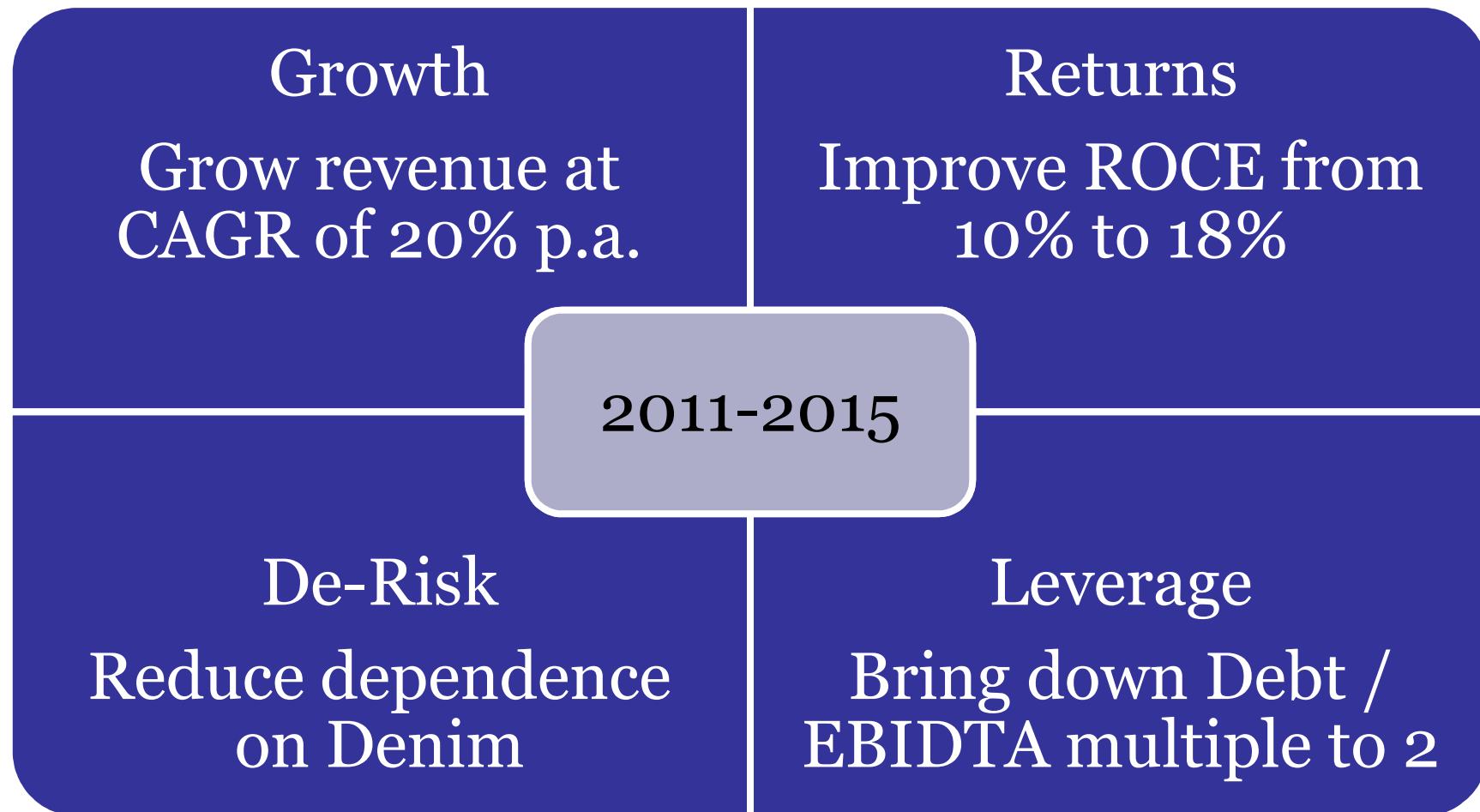
## Reduced exposure to exchange rate volatility

- Growth driven by domestic market

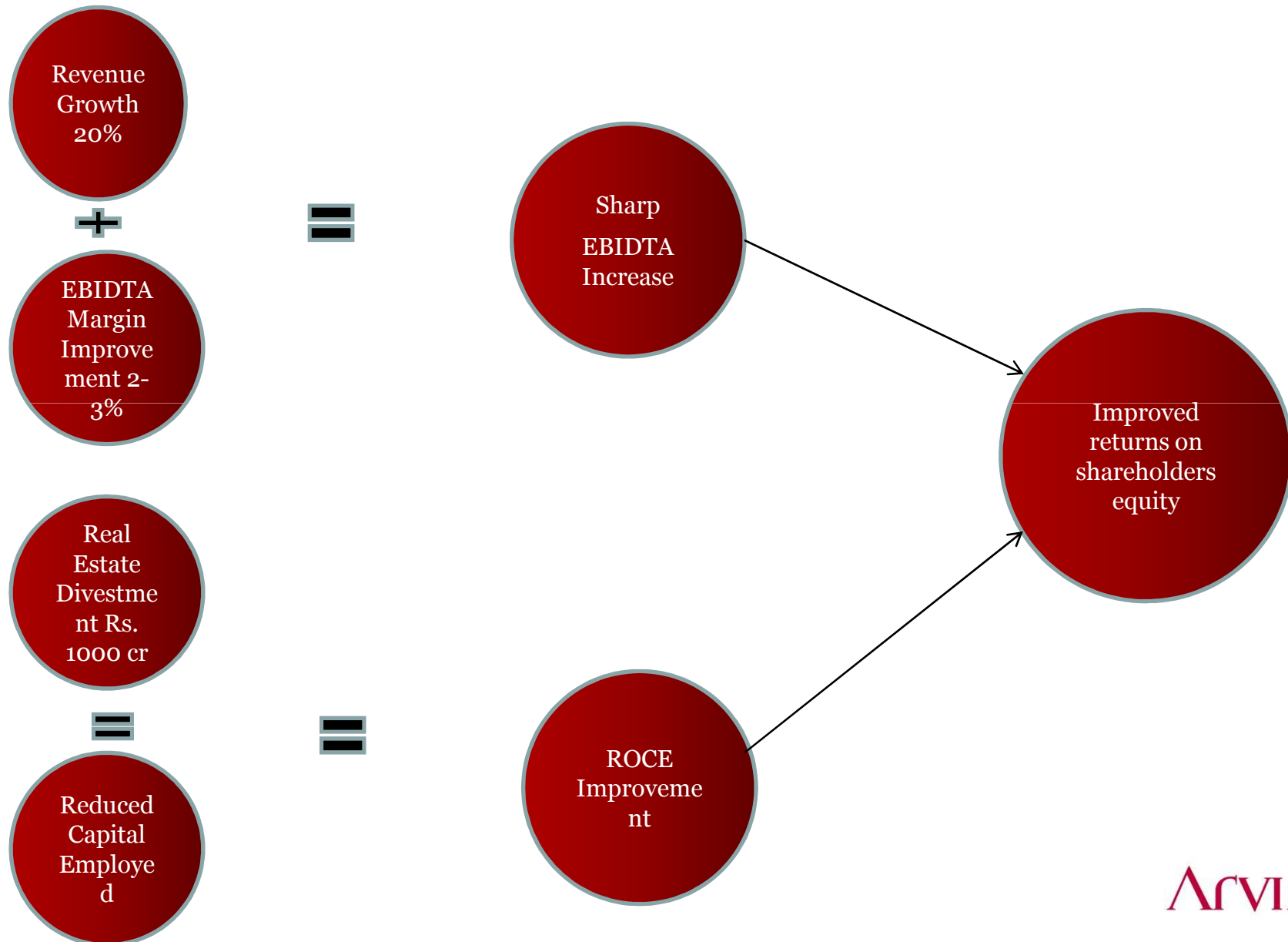
Particulars	2008-09	2009-10	2010-11	2011-12
Domestic Sales %	58%	62%	67%	68%
Exports Sales %	42%	38%	33%	32%

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## Medium term Plan



# Investment Considerations



## Forecast by Brokerage Firms

Rs. mn

Particulars	Equirius Securities		HSBC InvestDirect		Batlivala & Karani Securities	
	FY12E	FY13E	FY12E	FY13E	FY12E	FY13E
<b>Sales</b>	48275	51611	47066	53397	47701	55183
<b>EBITDA</b>	7116	7627	6421	7457	7171	7806
<b>EBITDA Margin</b>	15.0%	15.0%	13.6%	14.0%	14.9%	14.0%
<b>Net Profit</b>	2482	3401	2081	2976	2459	3480
<b>EPS</b>	9.8	13.4	8	11.5	9.836	13.92
<b>ROCE</b>	15.0%	14.0%	12.8%	14.0%	13.6%	14.4%



Thank You

