Review Note
20th May, 2011

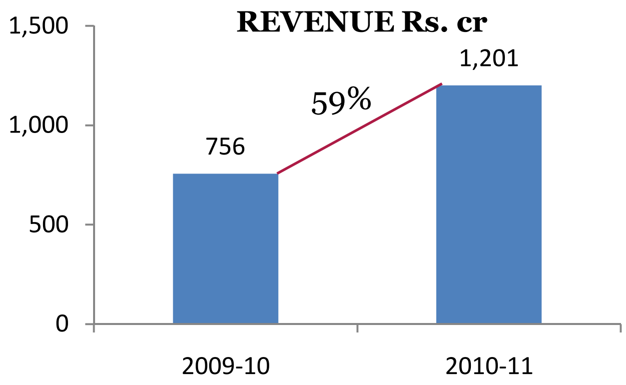
ARVIND

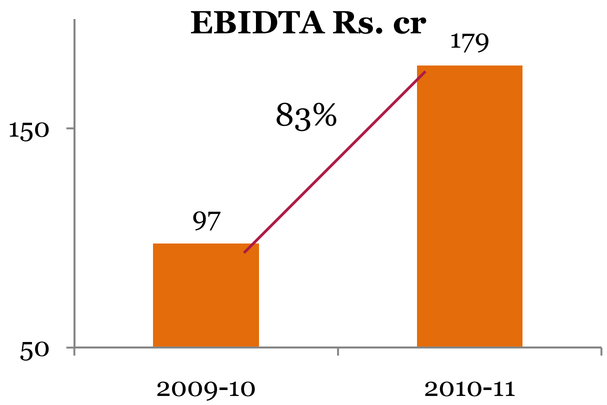
Arvind Limited

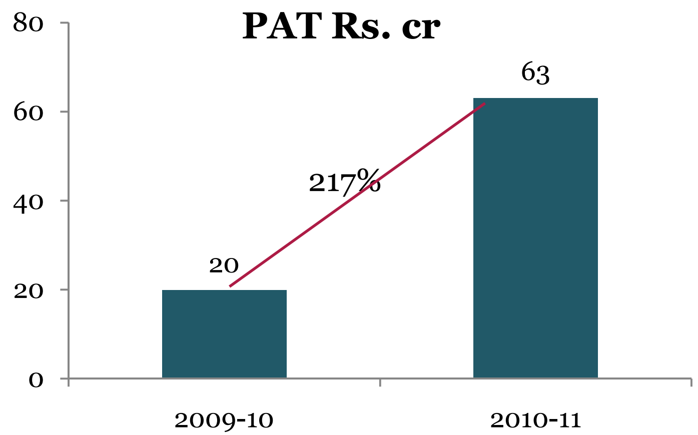
Naroda Road,
Ahmedabad-380025 (India)
Tel: +91-79-30138000
Fax: +91-79-30130630
www.arvind.com

Financial Performance- Consolidated

Highlights Q4 - 2010-11







Financial Performance Q4 – 2010-11

- Company's textiles and brands & retail segments witnessed very strong volume and price growth leading to impressive 59% growth in revenue for Q4
- EBIDTA margin improved 200 basis points to 14.9% from 12.9%
- EBIDTA margin grew by 83% on account of revenue growth and margin improvement
- Profit after tax more than tripled to Rs. 63 crores

Rs crores

For the Q4	2010-11	2009-10	Change
Revenues	1,201	756	59%
Raw Material Consumed	557	237	
Employees' Emoluments	109	85	
Others	392	257	
(Increase) / Decrease in Stock	-35	79	
EBIDTA	**179**	**97**	**83%**
Margin	14.9%	12.9%	
Other Income	-3	-4	
Intrest & Finance Cost(Net)	68	35	
Cash Accruals	**107**	**59**	**83%**
Depreciation	40	43	
Profit Before Tax	67	16	
Profit After Tax	64	26	
Net Profit after Minority Interest	**63**	**20**	**218%**

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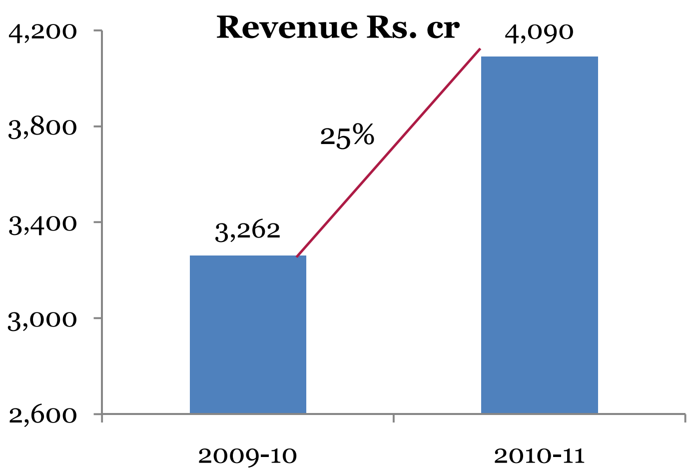
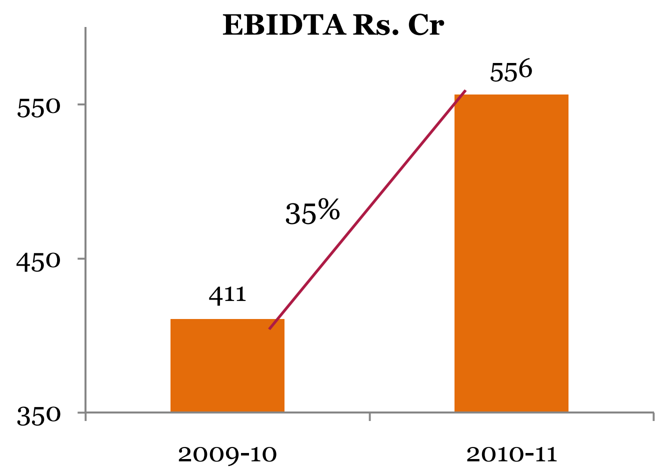
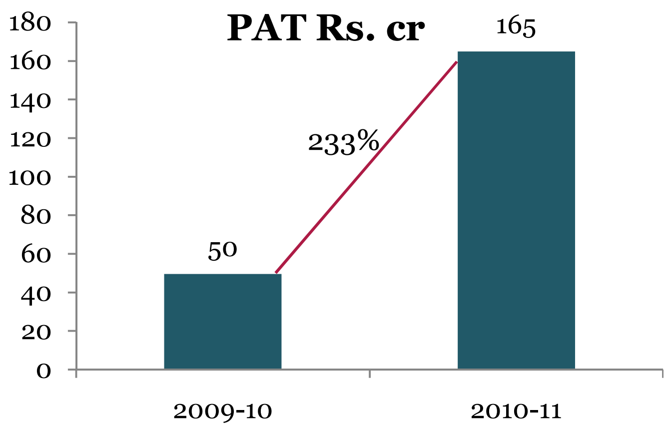
Highlights FY- 2010-11







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Financial Performance – 2010-11

Rs crores

Mar-31	2011	2010	Change
Revenues	**4,090**	**3,262**	**25%**
Raw Material Consumed	2,040	1,474	
Employees' Emoluments	395	342	
Others	1,270	1,038	
(Increase) / Decrease in Stock	-171	-3	
EBIDTA	**556**	**412**	**35%**
Margin	13.6%	12.6%	
Other Income	37	21	
Intrest & Finance Cost(Net)	245	212	
Cash Accruals	**348**	**220**	**58%**
Depreciation	173	173	
Profit Before Tax	176	47	
Profit After Tax	165	53	
Net Profit after Minority Interes	**165**	**50**	**227%**

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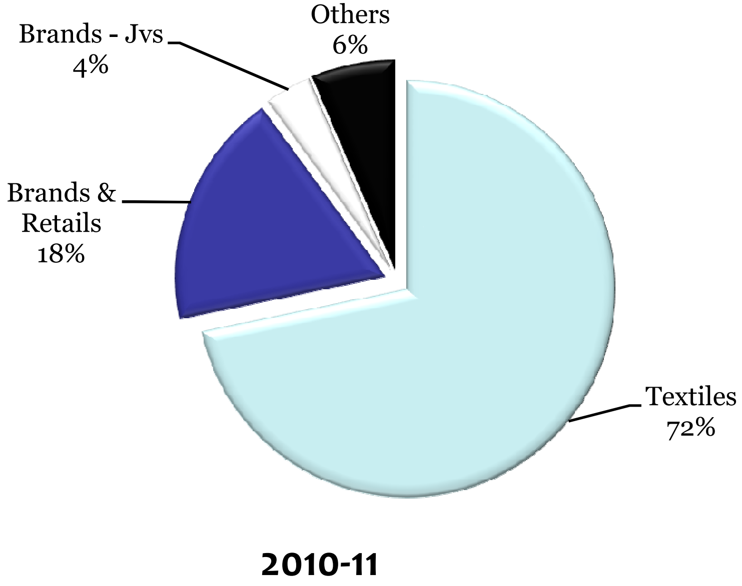
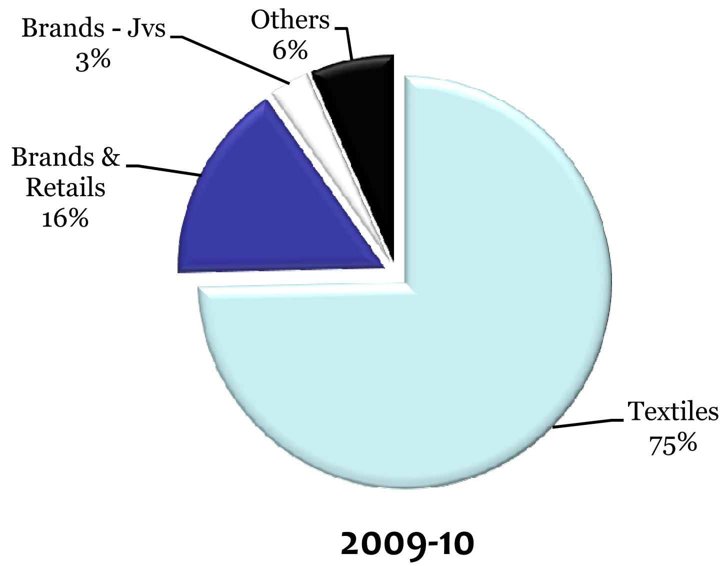
2010-11- Revenue





Compared to FY 2009-10

Textile Business grew by 20%

Brands & Retail Business grew by 47%

Share of apparel & fabric retailing grew to 32% from 28%

Share of domestic revenue grew to 67% from 62%

2010-11 Earnings

- EBIDTA grew by 35.3% to Rs.556 cr.

  EBIDTA margin improved 106 basis points to 13.6% as compared to 12.5% on account of:

  - Textile margin growth from 14.3% to 16.0%
  - Brands & Retail margin growth from 5.4% to 7.8%

- Profit After Tax grew to Rs. 165 crores up 233% compared to 2009-10

Consolidated Balance Sheet As At 31st March, 2011

Rs cr.

	Rs. in Crores As at 31.03.2011	Rs. in Crores As at 31.03.2010
SOURCES OF FUNDS		
Share Capital	254	240
Reserves and Surplus	1440	1044
Shareholders' Funds	1695	1283
Minority Interest	16	14
Secured Loans	2134	2020
Unsecured Loans	77	182
Loan Funds	2211	2202
Deferred Tax Liability (Net)	22	13
Total	3944	3513
APPLICATION OF FUNDS		
Fixed Assets	2685	2489
Investments	44	44
Foreign Currency Monetary Item Translation Difference Account (Note No. 15)	(1)	(1)
Net Current Assets	1215	981
Total	3944	3513

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Ratios

	2009-10	2010-11
EPS	1.99	6.5
Debt/Equity	1.72	1.31
Debt/EBIDTA	5.10	3.73
ROCE	7.4%	10.6%
ROE	3.9%	8.4%
Revenue growth	19%	25%

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Financial Performance-Standalone

Financial Performance Q4

Rs crores

- Strong performance of denim and shirting fabrics and price increases due to raw material cost increase led to 41% growth in revenue
- Despite sharp increase in raw material cost, the margin improved demonstrating pricing power enjoyed by the company

	2010-11	2009-10	
Particulars	Q4		Change
Revenue	**811**	**576**	**41%**
Raw Materials	400	264	
Employee Cost	74	63	
Power & Fuel	62	51	
Stores Consumption	56	52	
Others	96	74	
(Increase) / Decrease in Stock	-15	5	
EBIDTA	**138**	**66**	**108%**
Margin %	17.1%	11.5%	
Other Income	-1	3	
EBIDTA	137	69	99%
Interest & Finance Cost	53	27	
Cash Accruals	**85**	**43**	**99%**
Depreciation	29	27	
Profit After Tax	**56**	**15**	**264%**

Financial Performance 2010-11

- Strong performance of denim and shirting fabrics led to 17% growth in revenue
- Other income includes Rs. 30 cr earned on account of sale of land (Previous year Rs. 9.49 cr)

Rs crores

	2010-11	2009-10	
Particulars			**Change**
Revenue	**2691**	**2317**	**16%**
Raw Materials	1327	1016	
Employee Cost	274	241	
Power & Fuel	244	209	
Stores Consumption	193	203	
Others	336	320	
(Increase) / Decrease in Stock	-94	19	
EBIDTA	**411**	**309**	**33%**
Margin %	15%	13%	
Other Income	35	12	
EBIDTA	**446**	**321**	**39%**
Interest & Finance Cost	195	155	
Cash Accruals	**251**	**166**	**51%**
Depreciation	116	114	
Profit After Tax	**135**	**52**	**159%**

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Balance Sheet

Rs cr.

	Rs. in Crores As at 31.03.2011	Rs. in Crores As at 31.03.2010
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	254	240
Reserves and Surplus	1541	1180
	1796	1420
Secured Loans	1763	1729
Unsecured Loans	49	142
Loan Funds	1812	1871
Deferred Tax Liability	13	13
Total	3620	3303
APPLICATION OF FUNDS		
Fixed Assets	2144	1965
Investments	309	300
Foreign Currency Monetary Item Translation Difference Account	(1)	(1)
Net Current Assets	1168	1039
Total	3620	3303

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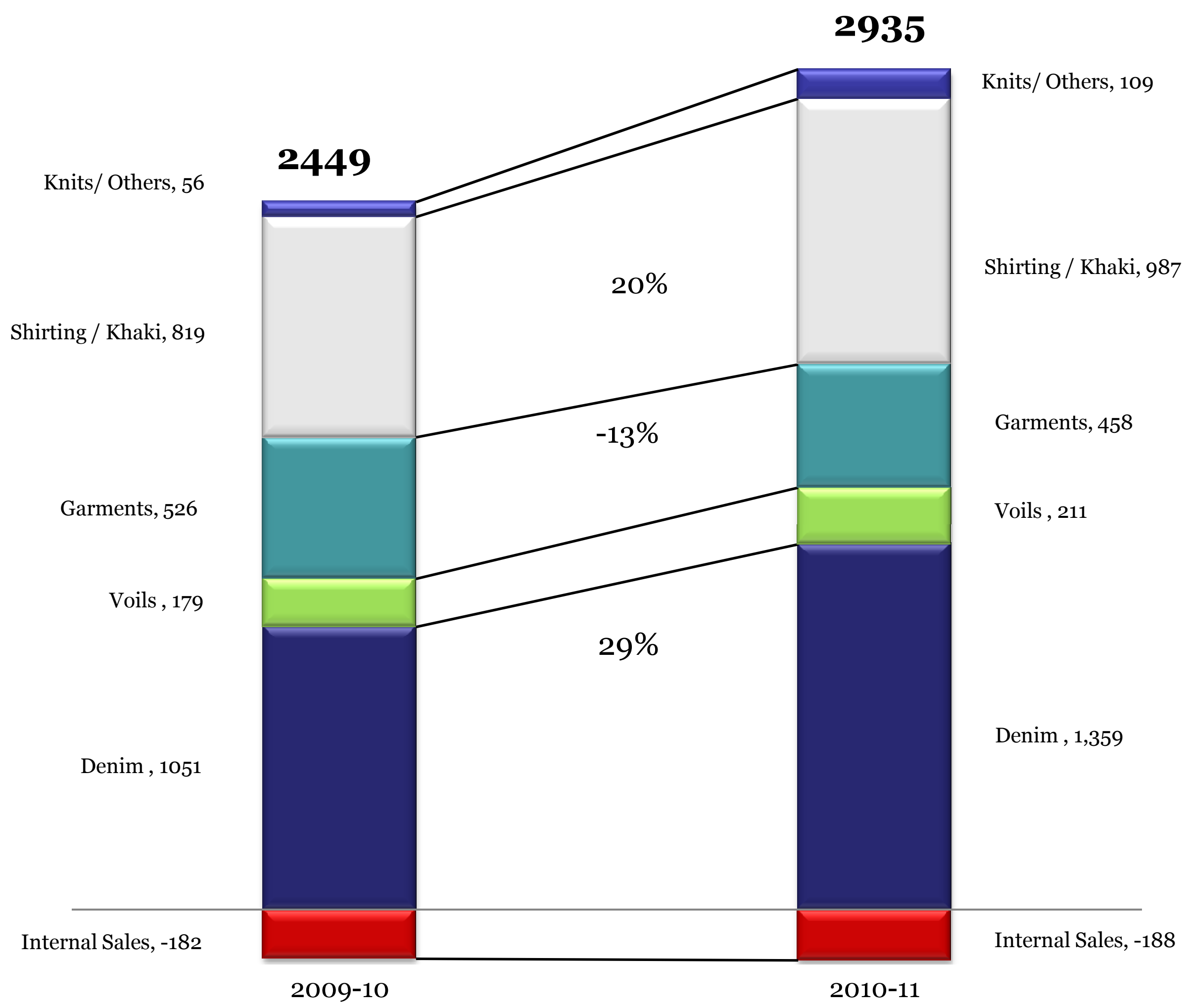
Business Analysis

All numbers in this section are consolidated unless specified otherwise

Textiles Business- Revenue Mix

Textile revenue grew by 20% led by robust 29% growth in denim and 20% growth in shirting/khaki fabrics



Key Parameters-2010-11-Textiles

	Denim		Shirting	
	2010-11	2009-10	2010-11	2009-10
Exports (Mn Mtrs)	45	43	15	9
Domestics (Mn Mtrs)	51	45	52	49
Avg Price (Rs / Mtr)	139	116	139	125
	Cotton		Gas	
Components	2010-11	2009-10	2010-11	2009-10
Cost in Rs./Kg	96	64	15	15

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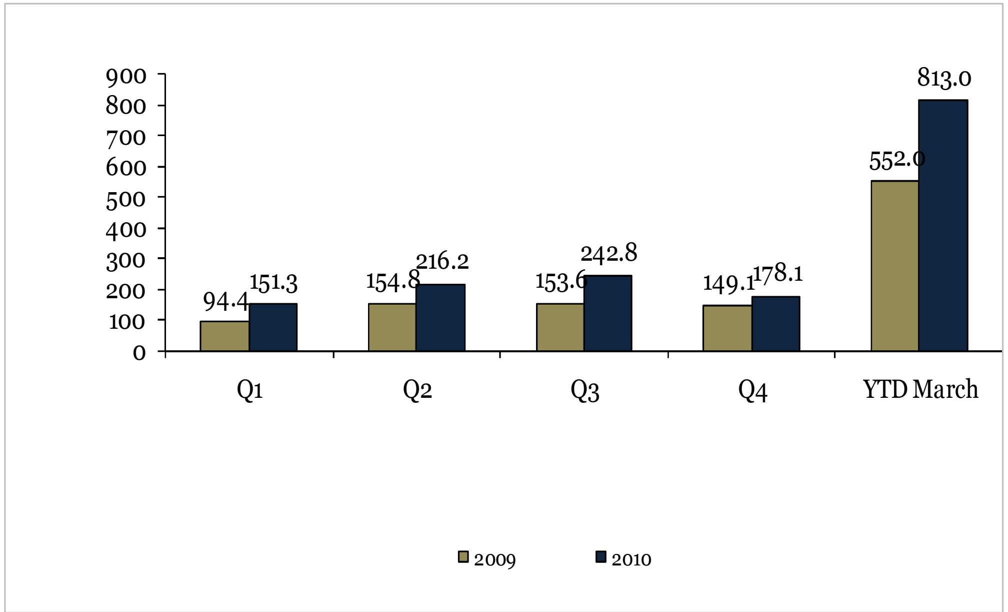
Brands & Retail Businesses-Revenue

Rs. crores



- Arvind Lifestyle brands & Arvind Retail Limited are subsidiaries operating in apparel Brands & Retail Businesses respectively
- Revenue growth achieved during the year ~47%

Above figures excludes fabric sales income of ARL & ABL

Revenue Growth in current year has been exceptional

Following a 33 % revenue growth in 2009-10, the revenue grew by 47 % in the current FY

Revenue 2010-11

	Revenue Rs Crs	% Growth
ALBL	416	65%
ARL	397	33%
Total	**813**	**47%**

One of the key growth drivers was like to like growth…….

Like to Like Growth

	% LTL
ALBL	20
ARL	20

ALBL- Brands
ARL- MegaMart Retail

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Outlook 2011-12

Positives:

- Robust demand for fabrics & garments
- Strong growth in Brands & Retail subsidiaries
- Cotton prices correcting to reasonable levels
  - Will help reduce the price of fabrics
  - Arvind has cotton stock for next few months against which it also has firm fabrics orders and hence does not expect negatives on its inventory
  - Arvind purchases 40% of its raw materials in form of yarn: The yarn prices have fallen in tandem with fall in cotton price.

Negatives:

- Increase in Interest cost as rates increase

Outlook

- 20% Revenue growth
- Margin expected to be maintained

Merger of Arvind Products Limited (APL)with Arvind Limited (AL)

- APL is a 54 % subsidiary company of Arvind and it had turn over of Rs. 621 crores.
- It is listed in ASE and BSE
- Three of the 4 units of APL have significant inter-linkages with AL
- It has been decided to merge APL with AL w-e-f 1st Jan 2011
- The exchange ratio for shares will be 1 share of AL for 11 shares of APL
- All the intercompany investment will be cancelled.
- Arvind's capital will increase by 1.34% or by Rs. 3.41 cr.
- Promoters' stake in AL will dilute by about 0.6% on account of merger
- Apart from administrative ease and reduce legal and accounting work load, the merger is expected to save about Rs. 6-7 cr p.a .

Thank You

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