



Arvind Limited

Review Note- Q4 & Full Year 2009-10

29<sup>th</sup> May 2010

ARVIND

## Financial Performance- 2009-10- Consolidated

	Rs. in crores		Change
	2009-10	2008-09	
<b>REVENUES</b>	<b>3280</b>	<b>2745</b>	<b>19%</b>
Raw Materials Consumed	1203	846	
Purchase of Finished goods	290	259	
Employees' Emoluments	342	306	
Others	1038	1072	
(Increase) in Stocks	(3)	(48)	
	<b>2868</b>	<b>2435</b>	
EBIDTA	411	310	33%
Other Income	20	49	
Interest & Finance Costs (Net)	212	291	
Cash Accruals	220	68	222%
Depreciation	173	161	
<b>(Loss)/Profit before Taxes for the year</b>	<b>47</b>	<b>(92)</b>	
Add/(Less) : Prior period adjustments	(0)	2	
Exceptional Items	0	(12)	
<b>(Loss)/Profit for the Year</b>	<b>47</b>	<b>(102)</b>	
Tax Expense :			
- Current Tax	15	4	
- Deferred Tax	(12)	1	
- Fringe Benefit Tax	0	2	
- MAT Credit Entitlement	(9)	0	
<b>(Loss)/Profit before Minority Interest</b>	<b>53</b>	<b>(109)</b>	
Less : Share of Minority Interest	3	(10)	
<b>Profit for the year</b>	<b>50</b>	<b>(99)</b>	<b>150%</b>

- Consolidated revenue up 19% backed by strong growth in fabrics and brands & retail business

- EBIDTA up 33%

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FINANCIAL PERFORMANCE-  
STANDALONE

ARVIND

# Financial Performance Q4

Rs crores

The figures of Q4 are not comparable with that of previous year as during the year the brands & Retail business was demerged into 100% subsidiary companies w-e-f 1-4-2010

Particulars	2009-10	2008-09	Change
	Q4	Q4	
<b>Revenue</b>	<b>576</b>	<b>611</b>	-6%
Raw Materials	254	205	
Purchase of Finished Goods	10	48	
Employee Cost	63	64	
Power & Fuel	51	57	
Stores Consumption	52	47	
Others	74	138	
(Increase) / Decrease in Stock	5	-10	
<b>Sub Total</b>	<b>509</b>	<b>548</b>	-7%
<b>Operational EDBIDTA</b>	<b>66</b>	<b>63</b>	5%
Margin %	12%	10%	
Other Income	3	-1	
EBIDTA	69	62	11%
Interest & Finance Cost	27	44	-40%
<b>Cash Accruals</b>	<b>42</b>	<b>18</b>	142%
Depreciation	27	33	
Profit before tax from ordinary activities	15	-15	
Exceptional Items/Prior Period Adj.(net)	0	-5	
Profit before tax	15	-20	
Tax	0	1	
<b>Profit After Tax</b>	<b>15</b>	<b>-20</b>	

# Financial Performance Q4

(Excluding Brands & Retail businesses- for comparison)

Rs crores

- Revenue growth of 21%
- EBIDTA growth of 7%
- Marginal drop in margin due to significant increase in cotton and yarn costs
- The price increases on finished products of the company are not fully reflected in Q4
- Lower interest cost is on account of Rs. 19.8 crores MTM gain of FX borrowing as compared gain of Rs. 4.8 crores during Q4-2008-09

	2009-10	2008-09	
Particulars	Q4		Change
<b>Revenue</b>	<b>576</b>	<b>476</b>	<b>21%</b>
Raw Material Comsumptions	254	190	
Purchase of Finished Goods	10	16	
Employee Cost	63	57	
Power & Fuel	51	55	
Stores Consumption	52	42	
Others	74	78	
(Increase) / Decrease in Stock	5	-24	
Sub Total	509	414	
<b>Operational EBIDTA</b>	<b>66</b>	<b>62</b>	<b>7%</b>
Margin %	12%	13%	
Other Income	3	3	
EBIDTA	69	65	
Interest & Finance Cost	27	45	
<b>Cash Accruals</b>	<b>42</b>	<b>21</b>	<b>104%</b>
Depreciation	27	31	
Profit before tax from ordinary activities	15	-10	
Exceptional Items/Prior Period Adj.(net)	0	-6	
Profit before tax	15	-16	
Tax	0	1	
<b>Profit After Tax</b>	<b>15</b>	<b>-17</b>	

# Financial Performance-2009-10

- As stated earlier, the results are not comparable due to demerger of brands & retail business during the year

Particulars	2009-10	2008-09	Change
Revenue	2317	2353	-2%
Raw Materials	969	696	
Purchase of Finished Goods	48	258	
Employee Cost	241	245	
Power & Fuel	209	271	
Stores Consumption	203	198	
Others	320	456	
(Increase) / Decrease in Stock	19	-35	
Sub Total	2008	2088	-4%
Operational EDBIDTA	309	265	17%
	13.4%	11.3%	
Other Income	12	52	
EBIDTA	321	317	1%
Interest & Finance Cost	155	230	-33%
Cash Accruals	166	87	91%
Depreciation	114	122	-7%
Profit before tax from ordinary activities	52	-35	
Exceptional Items/Prior Period Adj.(net)	0	-11	-100%
Profit before tax	52	-46	
Tax	0	2	
Profit After Tax	52	-48	

# Financial Performance-2009-10

(Excluding Brands & Retail businesses- for comparison)

- Revenue growth of 23% backed by strong product demand
- EBIDTA growth of 25% due to improved operating leverage
- Lower other income as the previous year figures included profit on sale of property
- Lower interest cost as MTM gain on FX borrowing was Rs. 22 cr. as compared to MTM loss of Rs. 63 cr. in 2008-09

Particulars	2009-10	2008-09	Change
Revenue	2317	1878	23%
Raw Material Comsumptions	969	646	
Purchase of Finished Goods	48	77	
Employee Cost	241	219	
Power & Fuel	209	263	
Stores Consumption	203	192	
Others	320	276	
(Increase) / Decrease in Stock	19	-44	
Sub Total	2008	1630	23%
Operational EBIDTA	309	248	25%
	13.4%	13.2%	
Other Income	12	44	
EBIDTA	321	292	
Interest & Finance Cost	155	220	
Cash Accruals	166	72	132%
Depreciation	114	112	
Profit before tax from ordinary activities	52	-40	
Exceptional Items/Prior Period Adj.(net)	0	11	
Profit before tax	52	-51	
Tax	0	2	
Profit After Tax	52	-53	

# Balance Sheet – Arvind Standalone

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	Rs. Crores	
	31.03.2010	31.03.2009
<b>SOURCES OF FUNDS</b>		
Share Capital	240	260
Reserves and Surplus	1,181	940
	<b>1,420</b>	<b>1,201</b>
Loan Funds		
Secured Loans	1,729	1,921
Unsecured Loans	142	103
	<b>1,871</b>	<b>2,024</b>
Deferred Tax Liability	<b>13</b>	<b>13</b>
<b>Total</b>	<b>3,304</b>	<b>3,237</b>
<b>APPLICATION OF FUNDS</b>		
Fixed Assets	1,965	2,124
Investments	300	100
FC Monetary Item Tr.Diff a/c	(1)	7
Net Current Assets	1,039	997
Miscellaneous Expenses	0	10
<b>Total</b>	<b>3,304</b>	<b>3,237</b>

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# Key Parameters

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	Full year				Q4			
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	Denim		Shirting		Denim		Shirting	
Export Sales (Mn Mtrs)	43	34	6	4	12	7	2	1
Dom Sales (Mn Mtrs)	45	33	33	23	11	9	8	7
Avg Price Rs. Mtr	116	115	127	135	115	114	122	131
Major Cost Components	Cotton		Gas		Cotton		Gas	
Cost in Rs./Kg	64	64	15	19	68	61	13	17

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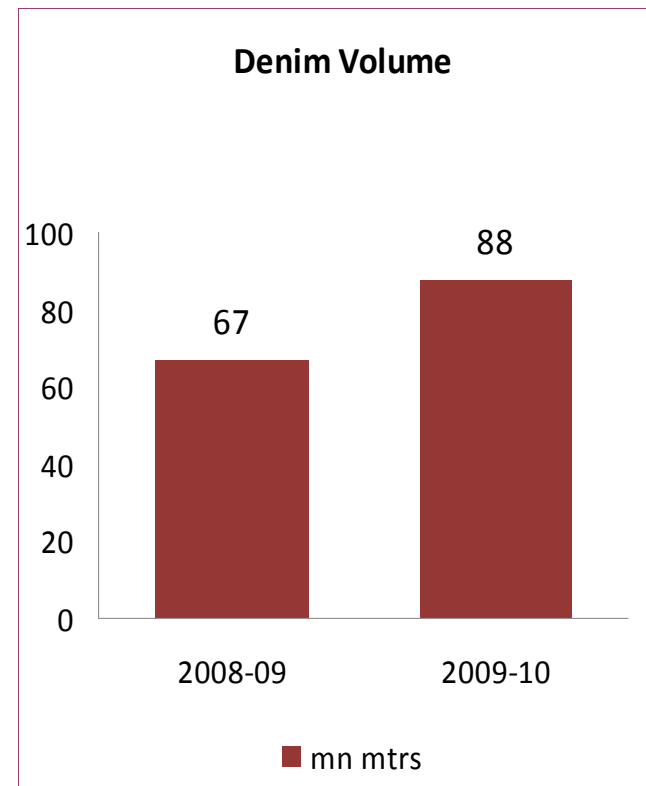
# BUSINESS ANALYSIS

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# Denim

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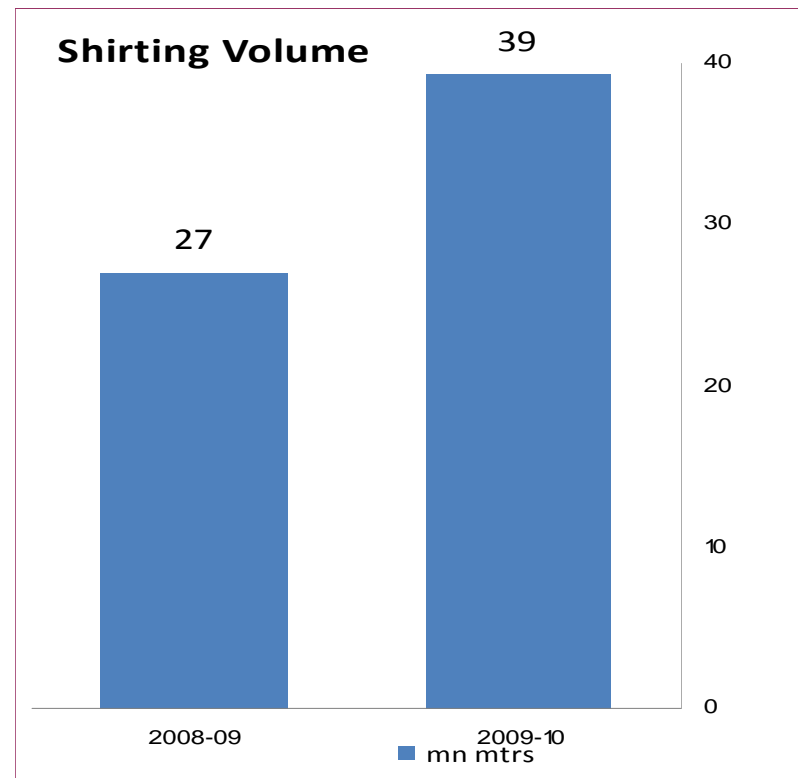
- Denim volume grew by 31% for the year :
  - Exports growth 26%
  - Domestic growth 37%
- Demand continues to be robust



# Shirting

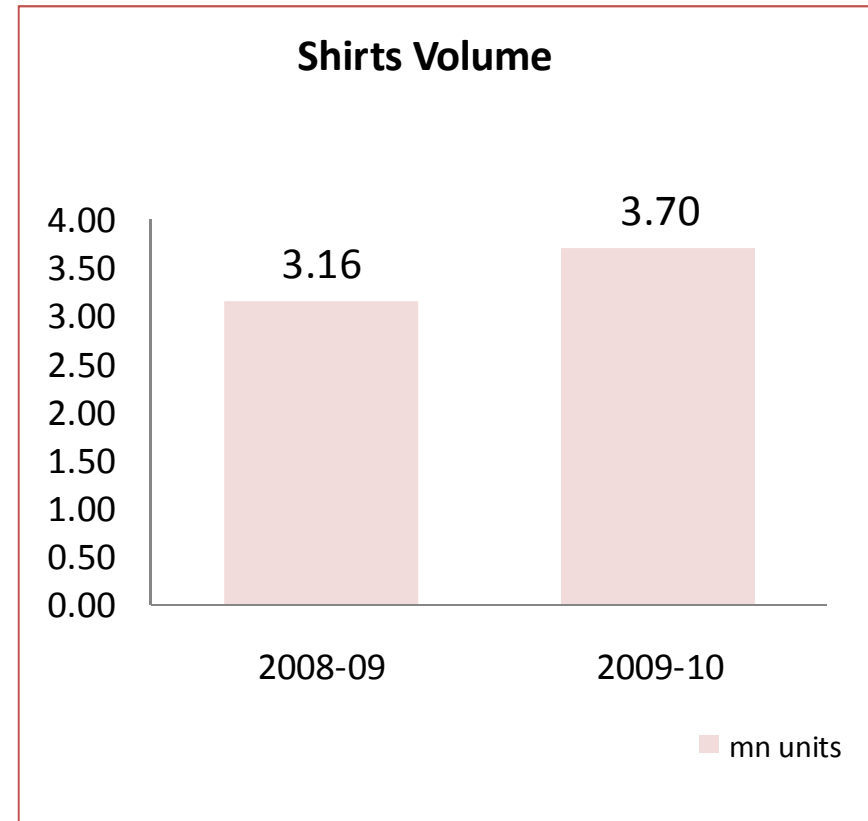
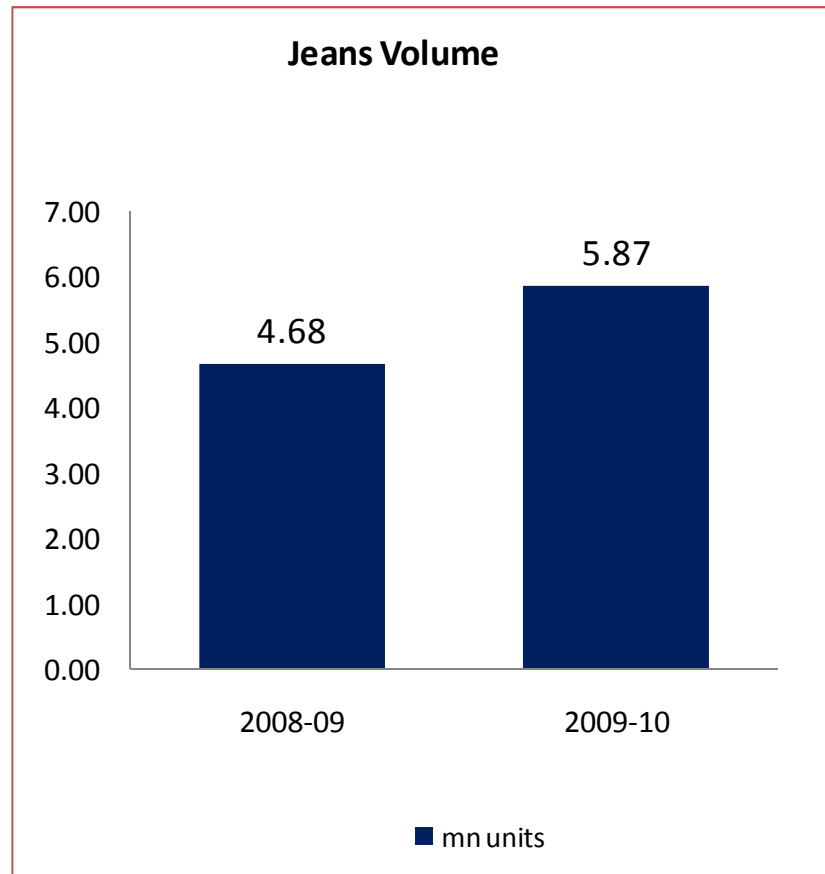
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- Shirting volume saw a 44% growth due to successful execution of company's twin strategy of rapid expansion of retail distribution and product differentiation

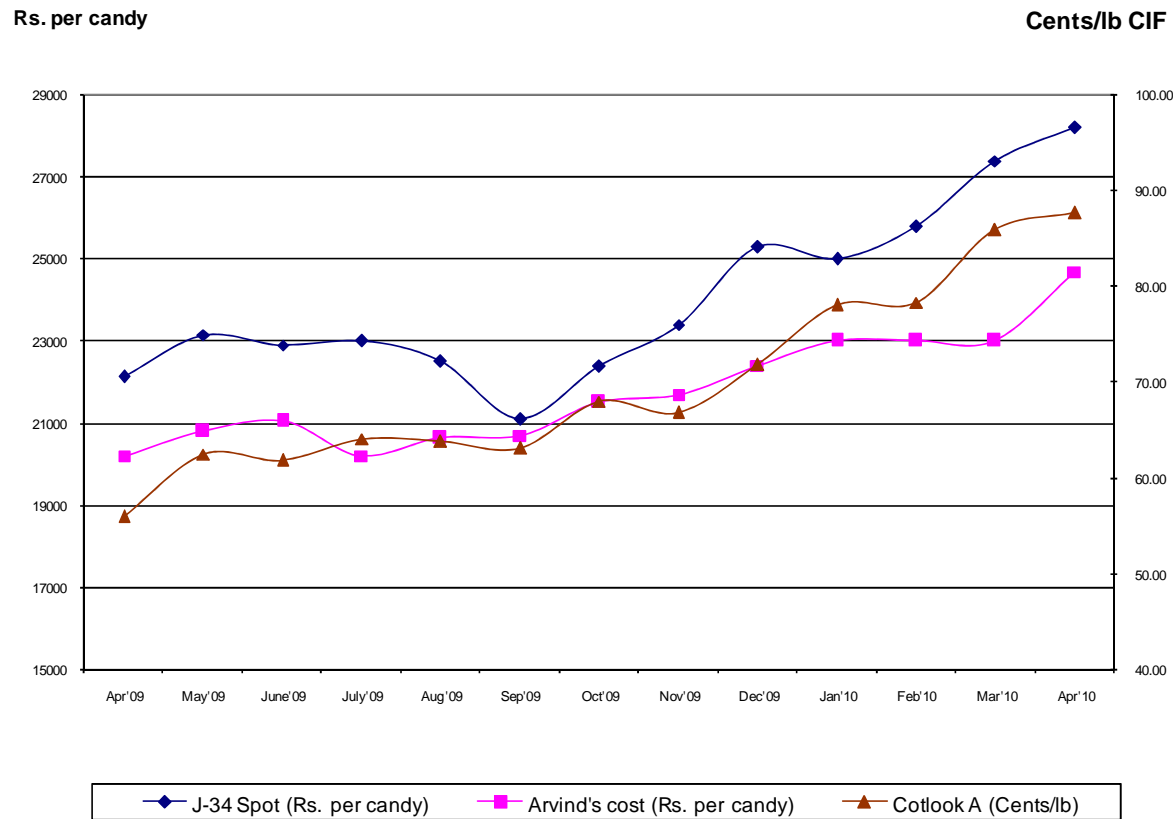


# Shirts & Denim Garments

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# Cotton cost



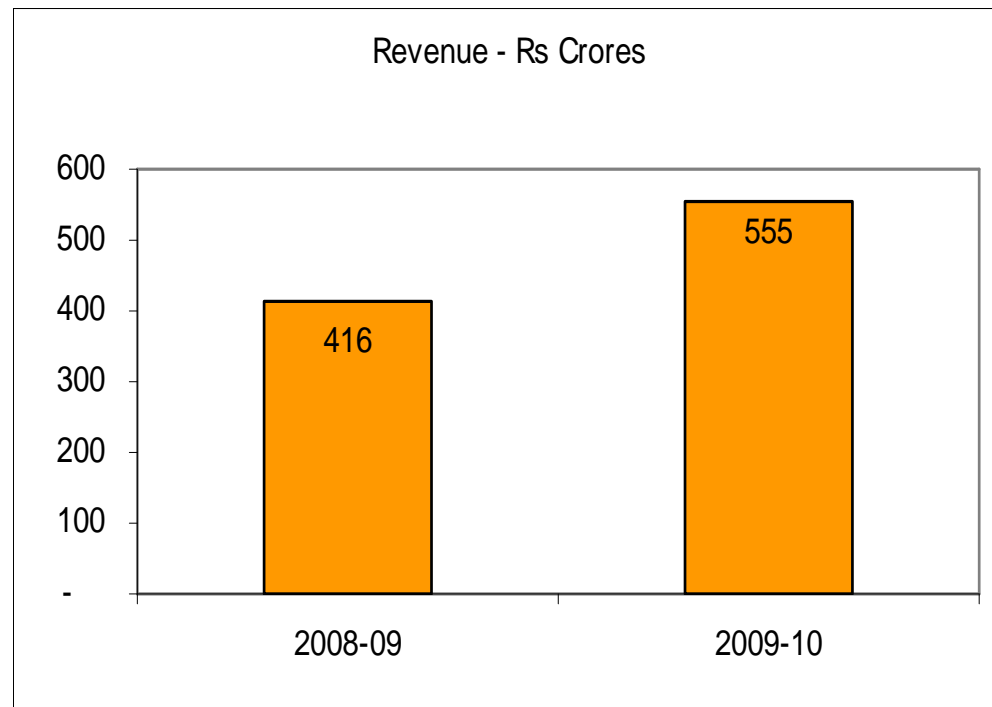
		Apr-09	Apr-10
J-34 Spot	Rs / Candy	22150	28200
Arvind Cost	Rs / Candy	20200	24700
Cotlook A	Cents / lb	56.00	87.70



# Brands & Retail Business

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- Brand & Retail Business grew by 37%
- Every segment of the business turned profitable during the year
- Brands Portfolio at the premium end was strengthened with the introduction of 2 new brands, USPA & Izod.
- Megamart continued to expand rapidly and registered 39% growth
- Brands & Retail businesses will continue to grow rapidly and will aim to reach Rs. 1000 crores revenue with double digit EBIDTA margins in 2 years.



## *Outlook 2010-11*

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### Positive:

- Robust demand for fabrics & garments
- Strong growth in Brands & Retail subsidiaries
- Expect to realize Rs. 47-48 for exports in \$

### • Negatives:

- Very high cotton & still higher yarn prices





Thank You

ARVIND