Transformation
June 2011

ARVIND

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Textiles, Retail & Brands Business in India are on upswing

- Indian Textiles Industry is on upswing
  - **Sharp increase in domestic demand for apparel** (brands & retail business growing by about 30% since last 12 months) leading to increase fabric demand
    - Most of the fabric manufactures have full order book
  - **Global demand** recovery following reduced inventories and improved sales
  - Apprehending that **Chinese** costs will rise due to wage & interest rate increases as well as **Yuan** appreciation, several large buyers have not only expressed interest but started purchasing textile products from India

- Indian Apparel Brand & Retail business is on upswing
  - Set to grow at 25% + over next 3-4 years on account of
    - Burgeoning middle and higher middle class
    - Improved sentiments on account of improved macro-economic factors and positive forecast
    - Significant addition to organized retail space : reasonable rent
    - Negative – Continuous inflation is a concern

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Arvind Poised for Sustained Growth and Value Creation

Revenue: Rs 4090 Cr. | **EBITDA: Rs 593 Cr.** | **Market Cap: Rs 1859 Cr**

Textiles & Garments

- Fabrics : Denim | Shirtings | Khakhis | Voiles | Knits
- Garments : Jeans | Shirts | Knits
- Robust domestic demand and improving international environment
- Emphasis on retailing products through dedicated outlets and provide customized clothing solutions – Arvind Store!
- Improve margins across categories and increase market share

Branded Apparel & Retail

- Largest portfolio of Owned & Licensed – foreign brands
- MegaMart : Value Retail
- Target CAGR of 33% for the next 5 years
  - Increase own retail stores and share in department stores
  - Introduce new brands in both own and licensed segments
  - Roll out MegaMart stores in new markets and strengthen private brands portfolio

Real Estate – A Capital Employed Reduction Plan

- Arvind has a large land bank which it does not require for growth of its other businesses
- Company sold some land as well as formed JV with TATA Housing
- Land portfolio is likely to fetch at least Rs. 1,000 Cr over next 4 years which will be used to cut down debt levels /capital employed

- Revenue to grow by CAGR 20% over next 5 years
- ROCE set to double from current 11% to 18% over next 2 years as capital employed reduces and margins improve

Arvind – India's leading player, well placed to participate in the upside due to improving domestic consumer sentiment and favorable dynamics for Indian players.

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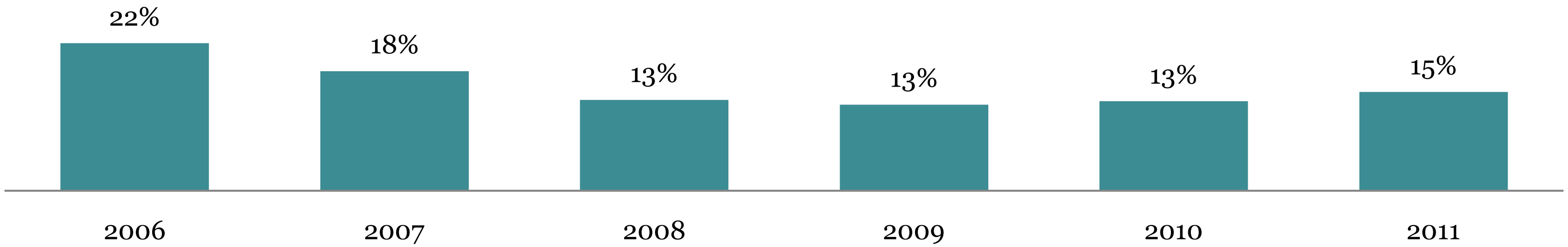
Top Line

Revenue (Rs Crores)

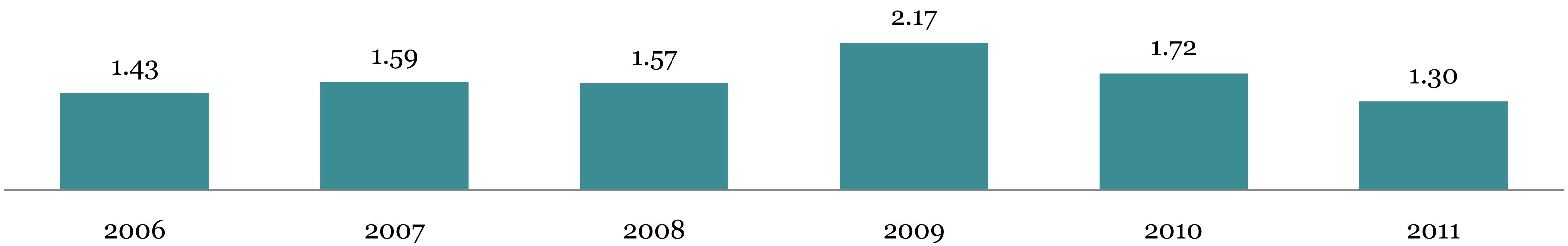
Bottom Line

EBITDA Margin %

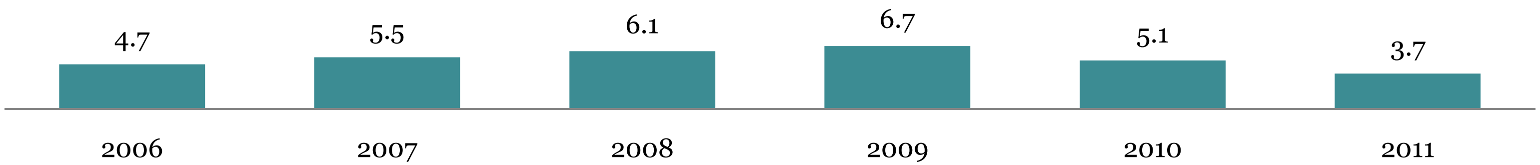


Balance Sheet

Debt/Equity



Debt/EBITDA



Financial Performance
FY – 2010-11

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Arvind's Consolidated Financials

Balance Sheet (Rs in crores)

	31.03.2011	31.03.2010
Shareholders' Funds	**1695**	**1283**
Borrowed Funds	**2211**	**2202**
Fixed Assets	**2685**	**2489**
Investments	**44**	**44**
Net Current Assets	**1215**	**981**
Capital Exployed	**3944**	**3513**
***Borrowed Funds**		
Term Loan	1140	1147
Working Capital	1071	1054

Income Statement (Rs in 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%
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 Interest	165	50	227%

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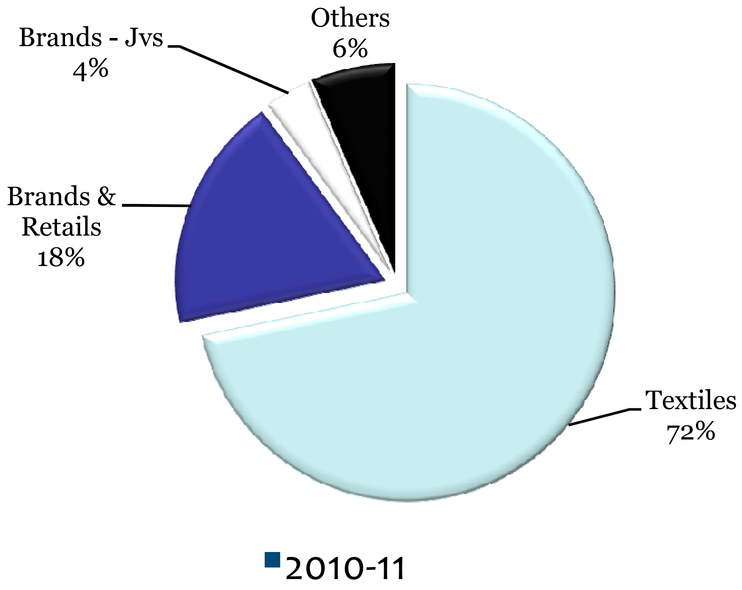
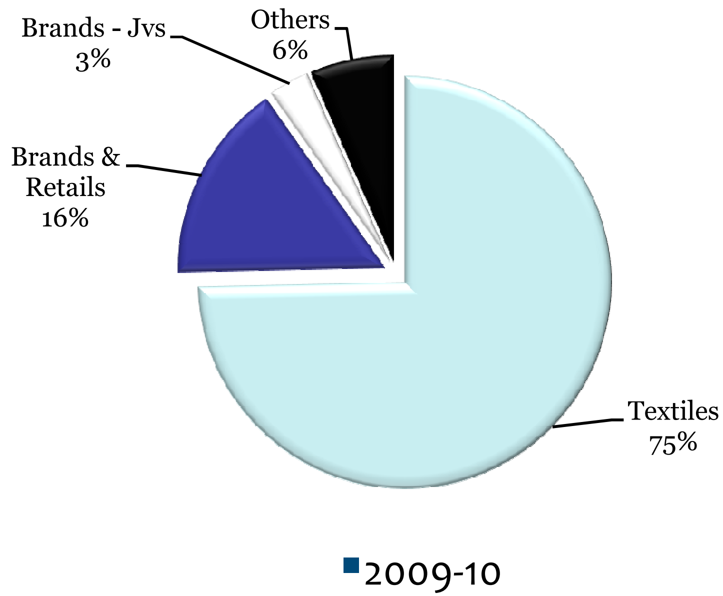
2010-11- Revenue





- Compared 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%**

Business Performance – 2010-11

Rs. crores

	2010-11			2009-10		
Segment	Revenue	EBIDTA	ROCE%	Revenue	EBIDTA	ROCE%
Textiles	2934	467	15%	2410	351	9%
Brands & Retail	935	76	10%	713	37	2%
Others	221	13	1%	140	23	3%
Other Income		37			21	
Total	**4090**	**593**	**11%**	**3262**	**432**	**7%**

Business	**2010-11**	**2009-10**
Denim	1,359	1051
Wovens	987	819
Garments	458	526
Voiles	211	179
Knits	109	56
Brands & Retail	935	731
Engineering	107	96
Real Estate	30	0
Telecom	48	36
Others	36	**7**

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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

Textile Business

Arvind's Textiles Business

Rs. 2935 crores, growing at 15%

200 Million meters. Fabric- Denim, Shirting, voiles, khaki, knits

20 Million Pieces garments manufacturing – Jeans, shirts, Knitwear

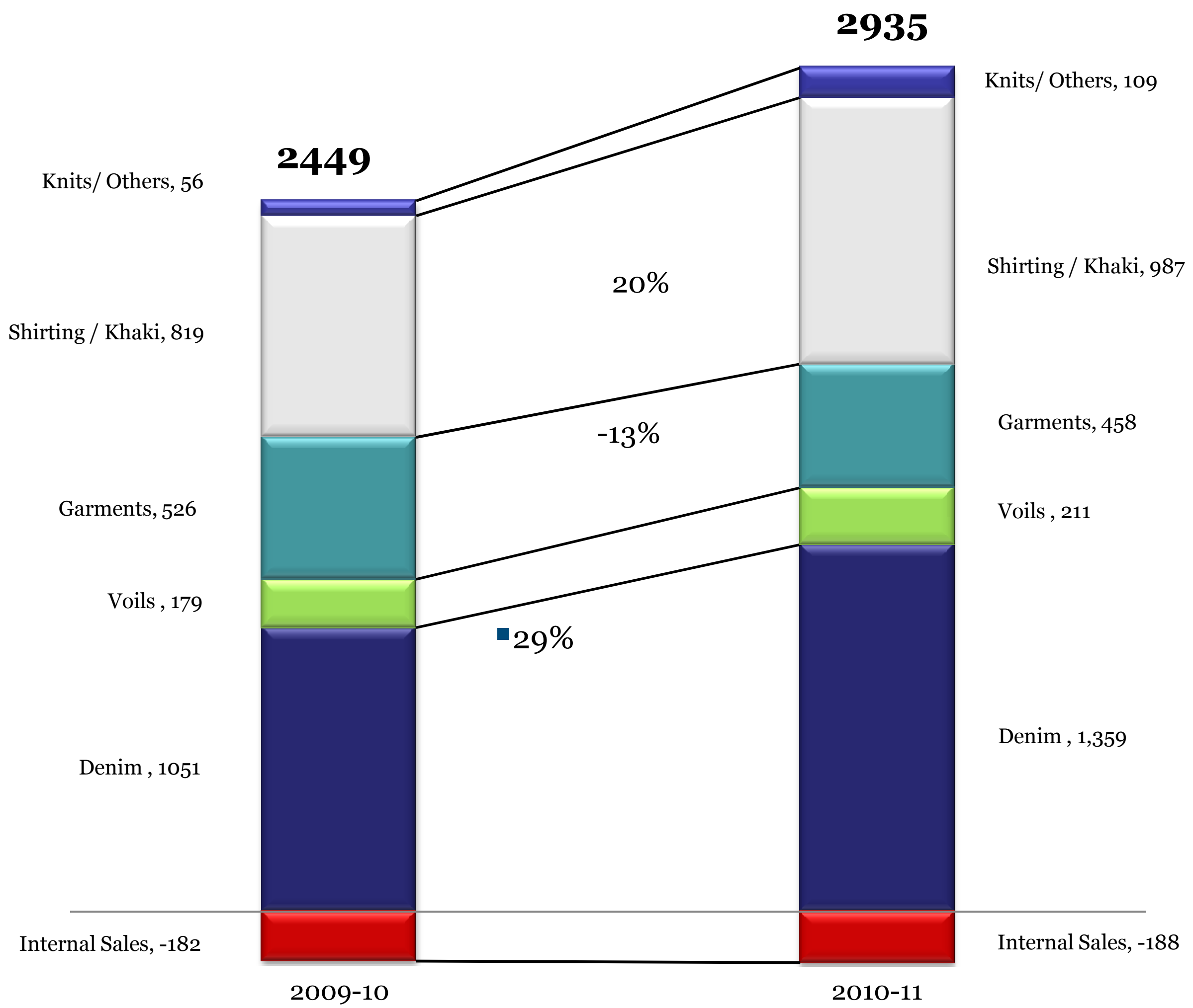
Product design is our strength

30 designers across the global- based in India, US, Japan, Italy, Spain, Taiwan

Textiles Business- Revenue Mix

2009-10		2010-11		
in mn Meters	in mn Meters	in mn Meters	in mn Meters	
Installed Capacity	Production	Installed Capacity	Production	**Products**
96	88	108	96	**Denim**
34	39	50	44	**Shirting**
20	10	20	17	**Knits**
19	19	10	13	**Garments (PCS)**
22	13	22	21	**Khakis**
38	31	38	34	**Voiles**
190	**181**	**238**	**212**	**Total**

	Fabric Category		
Capacity	Denim	Woven	Voiles
Mn. Mtrs / p.a.			
Current	96	66	36
Expansion in FY 11	12	6	12
Expansion in FY 12	9.6	12	0
Proposed by FY 12	117.6	84	48
% growth	23%	27%	33%




DENIM

Denim

Our size

- With over 100 Million denim fabric manufacturing capacity, Arvind is one of the largest producers of denim in the world.

Our Customers

Miss Sixty | Diesel | Replay | Armani Exchange | Ann Taylor | Hugo Boss | Calvin Klein | Polo Ralph | A & F | Jack & Jones | Levi's | Lee | Wrangler | Gap | Zara | Esprit | H & M | Quick silver |

Our market share in India

- Arvind sold over 44 Million meters in India in FY 2009-10 and 48 Million in FY 2010-11-
- 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.

Denim growth

- Arvind's denim volume grew by 31% in FY 2009-10 and 9% in FY 2010-11.
- Grow denim business by ~10% p.a
- Current capacity 108 M.
- Planned capacity 2015 – 140 M

SHIRTINGS AND BOTTOM WEIGHTS

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Shirting and Khakis Fabrics

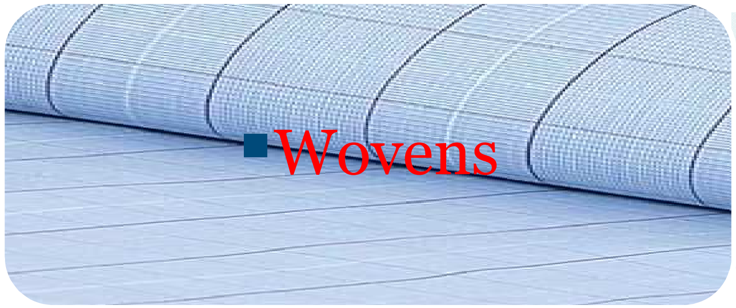
Our size

With over 72 Million fabric manufacturing capacity, Arvind is the largest producers of shirting & Khaki fabrics in the country.

Our Customers

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

Growth



Grow Wovens capacity by 15 % p.a
Current Capacity 72 M
Planned capacity 2015- 100 M

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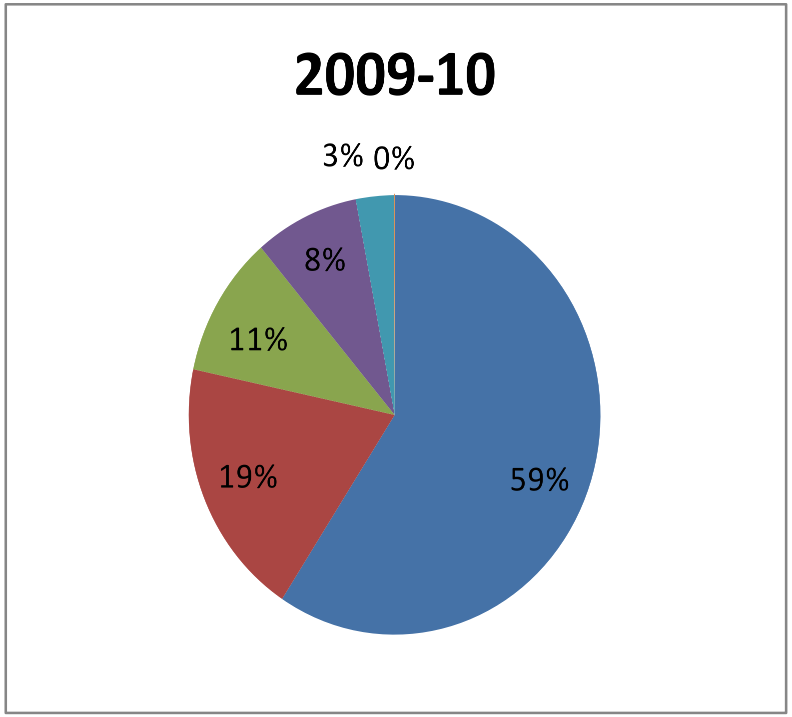
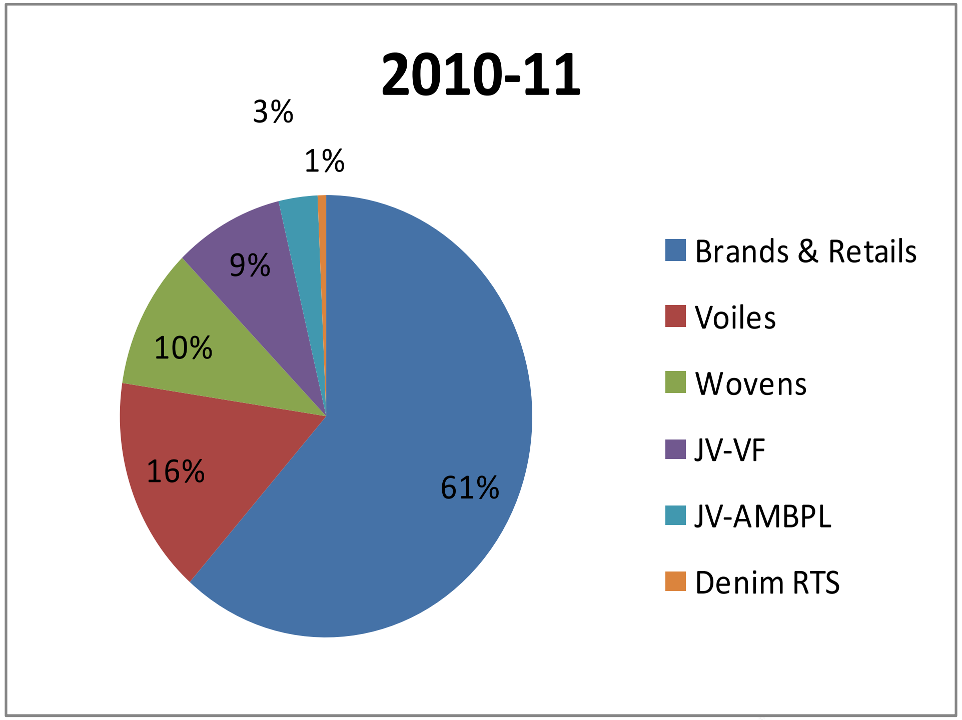
Retailing of Fabrics & Introduction of Innovative Products

- Arvind, while continuing to rapidly add SIS, plans to have 100 exclusive stores
- Of these 100, 9 stores are already opened in the year 2010-11.

Arvind's Revenue from Fabric Retailing to grow to Rs. 800 cr from current Rs. 355 cr





▪**Retail Sales Break-up**

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The Arvind Store

The Arvind Store brings together the best of Arvind under one roof

New standards of Bespoke tailoring

Innovative and futuristic fabrics with clear functional benefits

The best of Arvind's ready-made apparel portfolio

Experience 2020 in 2010

Welcome to the Future….

Hyderabad, Vizag, Vijaywada, Sirkakulam, Khammam, Karimnagar, Baroda, Ahmedabad

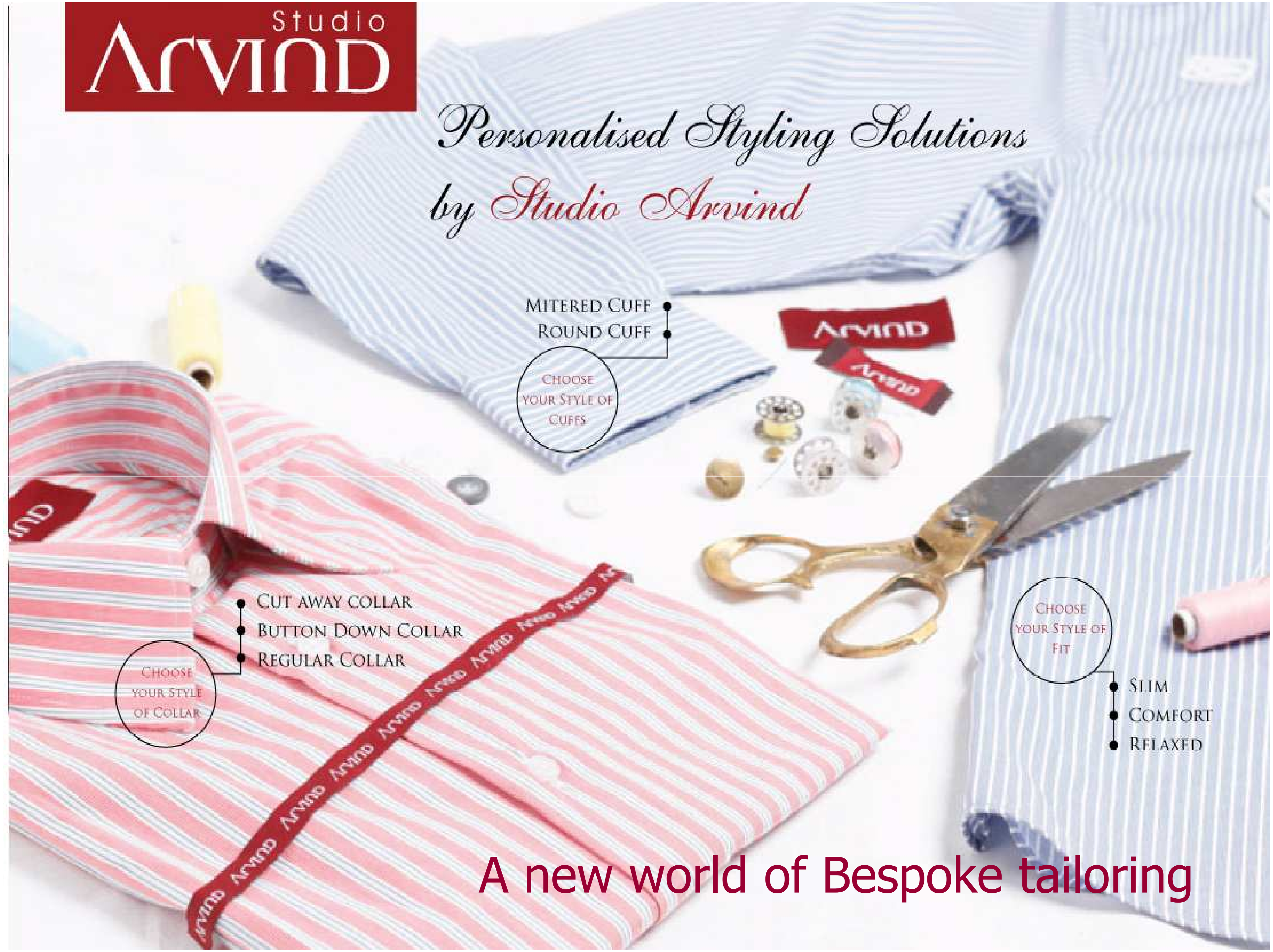
Opened 9 stores so far

Innovative Fabrics

Three in One Miracle Fabric

Ever Fresh

Arvind


Studio
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

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

Arvind's Brand Portfolio is unmatched in India

- *Owned*
- *Licensed*
- Private Labels
- *Joint Venture*

Arvind's Brands & Retail Business

Arvind Brands &
Retail Business

Sales Rs. 935 Crs

Arvind's pedigree in Apparel Brands & Retail is un-parallelled in India

Brands & Retail subsidiaries	VF Arvind JV	Arvind Tommy JV
	Arvind: 40%	Arvind: 50%
	VF : 60%	Murjani: 50%
Sales: Rs 788 crs	Sales: Rs 284 Crs.	Sales: Rs 80 Crs
	Arvind's share 40%=114 cr	Arvind' share 50%=40 cr

In the following slides, the business strategy of Arvind's Brands and Retail Subsidiary companies is discussed

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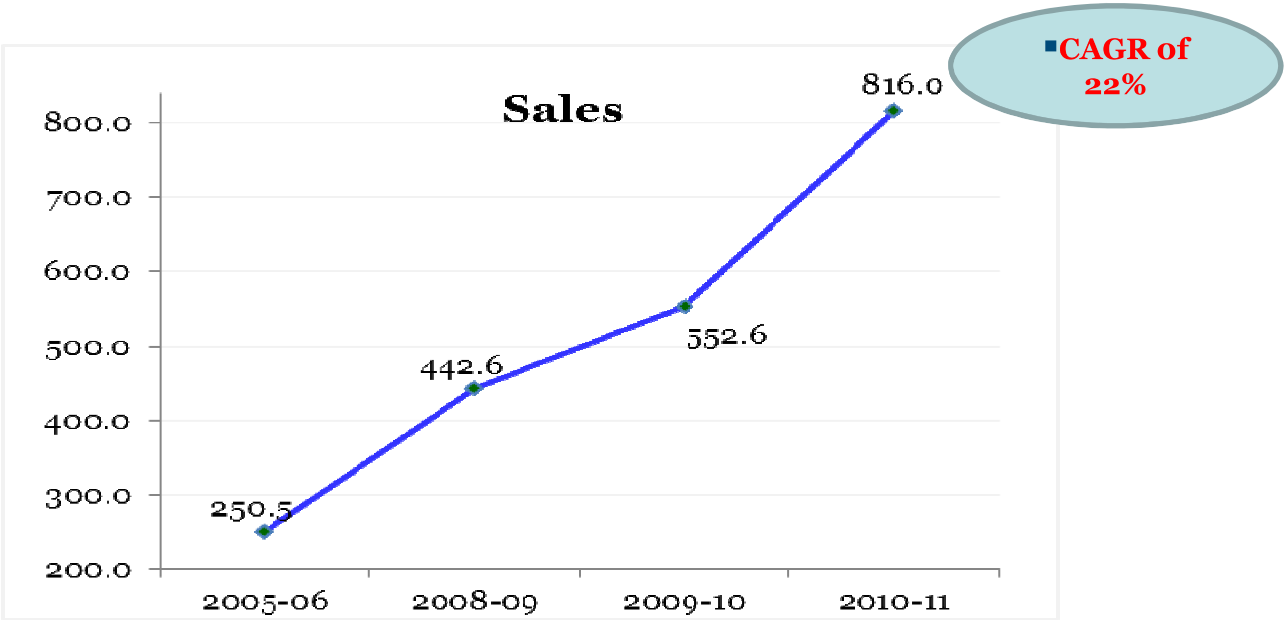
Brands & Retail Business- Distribution

	2009-10		2010-11	
	Stores	**Sq. Ft.**	**Stores**	**Sq. Ft.**
Brands	139	141,170	227	206,821
MM	143	472,155	204	625,000
Total	**282**	**613,325**	**431**	**831,821**
No. of KA Counters	**191**		**304**	

- Sales Increase in Key Account Counters: grew to 101 cr- a growth of 79%

Fastest Growing Apparel Brands & Retail Company in India

Rs. In Crs



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

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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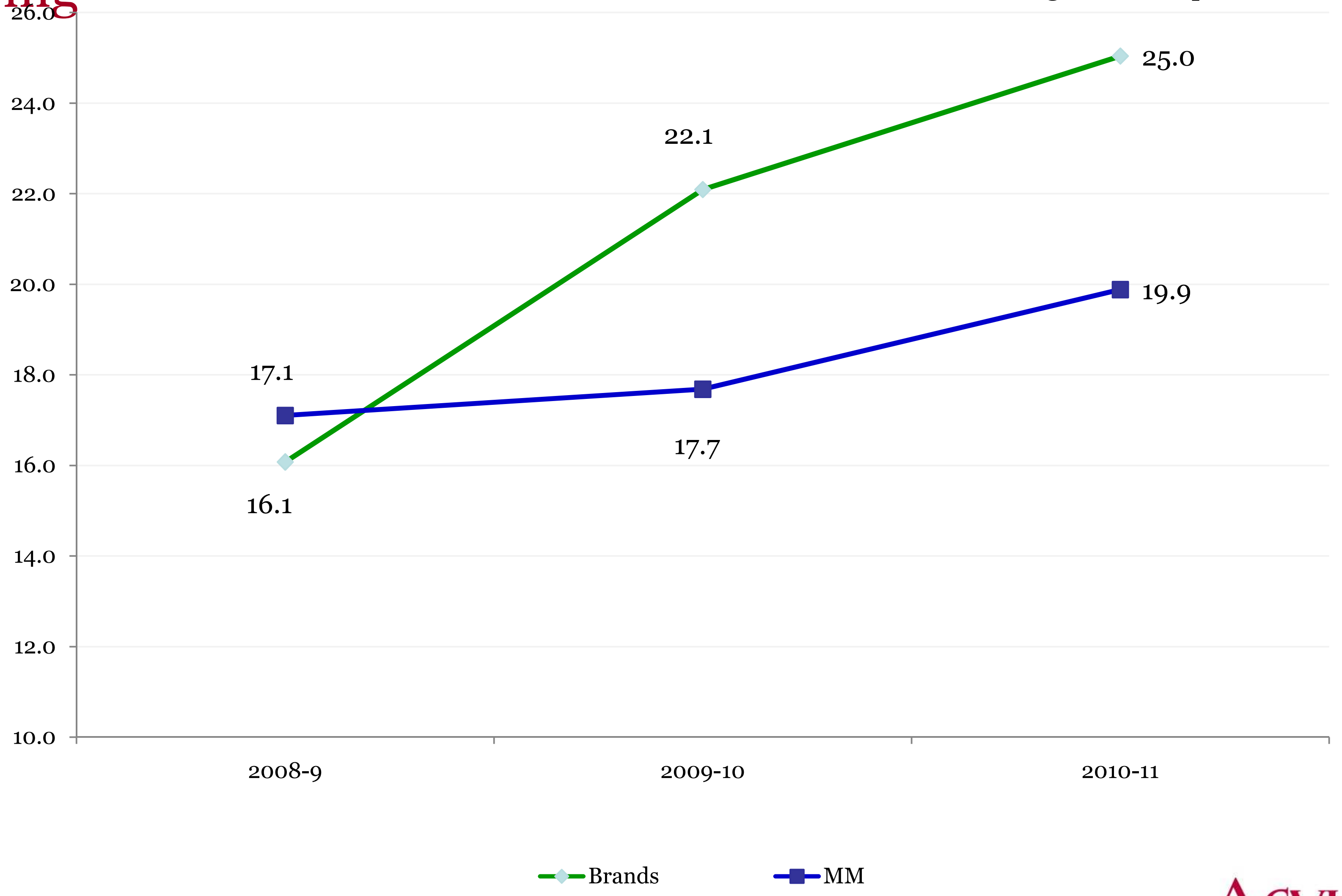
Retail Productivity on the Upswing

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**

Growth Engine 1 will be Rapid Roll out of Successful Megamart ‘ Hub & Spoke Model

Large Format Megamart
▪ 2 or 3 large format stores in tier 1 towns of the state to drive brand imagery ▪ Wide offering – 200 brands at discount under one roof for consumer convenience
Small Format MegaMart
▪ Neighbourhood stores in tier 1 towns to provide high accessibility ▪ Own stores in tier 2 & tier 3 towns ▪ Franchise stores in tier 4 towns ▪ Scope to expand to 785 towns

To add 300,000 sq ft. every year leading to Rs. 250 crs. of incremental revenue per year apart from Like to Like Growth

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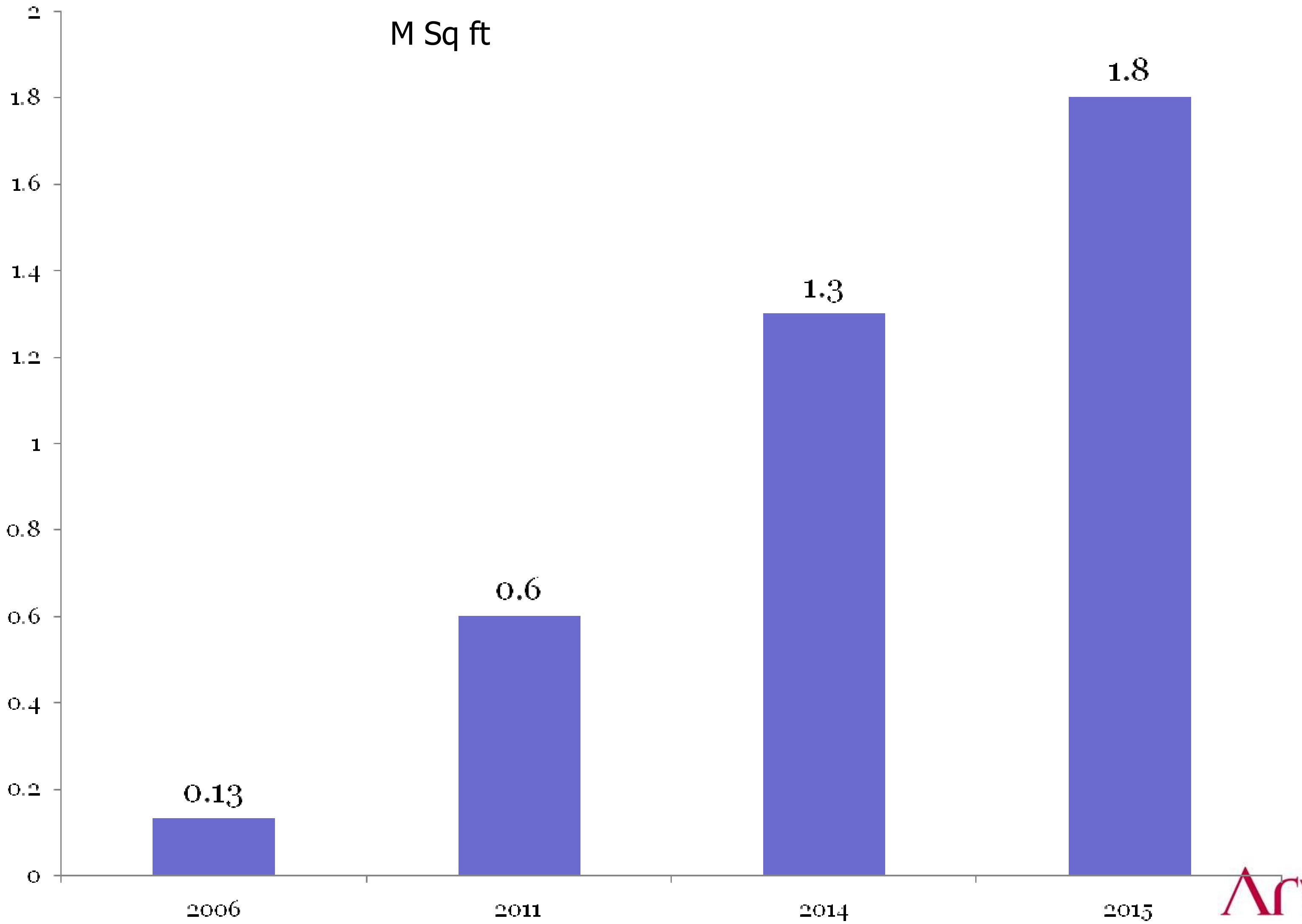
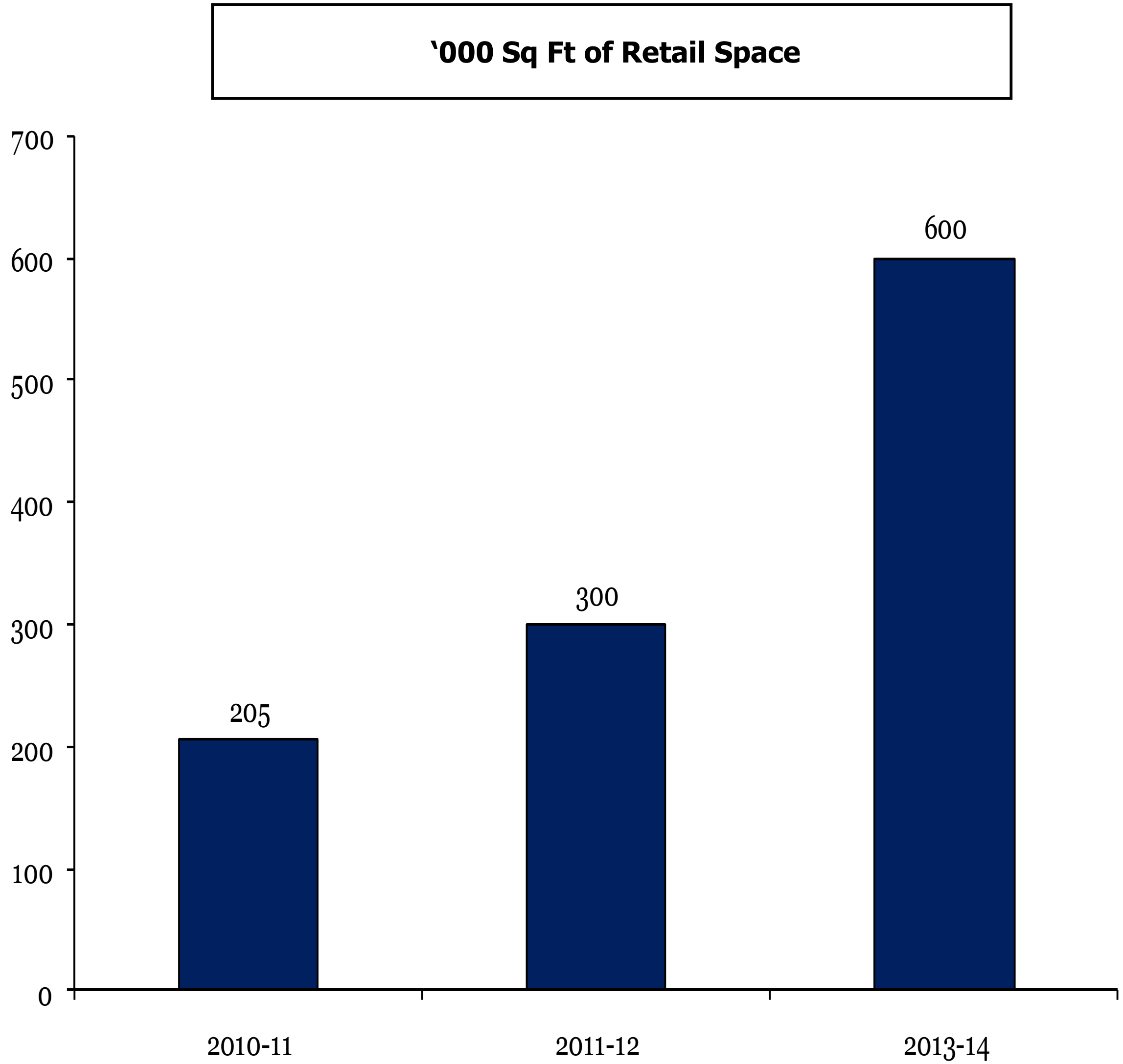
Large Format MM

MegaMart Retail Space will grow to 1.8 Million sq. ft. by 2014 - 15



Growth Engine 2 : Rapid expansion of Distribution for Brands

Distribution Expansion 1: Exclusive Brand Store Expansion



Arrow store

US POLO store

Club America

Flying Machine

Growth Engine 2 : Rapid expansion of Distribution for Brands (contd)

Distribution Expansion 2: Department Stores & Multi Brand Outlets

With its brand portfolio Arvind Brands will dominate Menswear department of Department Stores

Rs. Crs.

Categories in Menswear Department	No. of Brands stocked in Each Category	No. of Arvind Brands	% Share
Super Premium Brands in Select Stores	8	2	25
Formal	7	2	28
Sportswear	7	3	43
Denim	8	2	25
Total	**30**	**9**	**30**

	2009-10	2010-11	% Growth
Lifestyle	15.62	30.12	93
Shoppers Stop	25.04	43.95	76
Central	15.01	27.82	85
Globus	5.43	7.18	32
Total	61.10	109.10	79

Arvind Brands will occupy 30% of Menswear Departments of Department Stores

Growth Engine 2: Rapid expansion of Distribution for Brands (contd)

Distribution Expansion 3: International Expansion

Arrow introduced in Splash, the No. 1 Department Store Chain of the Middle East adding 70 new doors for Arrow in the Middle East. Arrow is also launched in South Africa. Cherokee License got extended to Middle East

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Growth Engine 3 :Category Expansion of Brands

Brand	Possible Category Extension	Launch Timeline
ARROW USA·1851	Leather Goods Footwear	Sept 2010 Feb 2011
FLYING MACHINE	Footwear	Sept 2010
U.S. POLO ASSN. SINCE 1890	Kids Footwear Luggage	Feb 2011 Sept 2010 Dec 2010
IZOD	Active Wear	To be Finalized

Growth Engine :New Brands to occupy vacant segment Opportunities

	Men: Formal	Men: Sports	Youth	Women
Bridge to Luxury		GANT U.S.A. 1949	ENERGIE	GANT U.S.A. 1949
Premium Brands	ARROW U.S. POLO ASSN. SINCE 1890 Collection	ARROW SPORT IZOD U.S. POLO ASSN.	BRAND X FLYING MACHINE	ARROW BRAND Y
Value Retail	MEGA MART			

To Launch 2 new International Brands in the Youth & Women's Spaces in the year 2011

Efficient Organization Structure to drive exceptional growth at lower cost

Finance | **Information Technology** | **Logistics** | **Human Resources** | **Sourcing**

Shared Services

Business Groups

Senior Management with an average experience of 21 years

ESOP linked to Revenue growth & ROCE

Dress Furnishings | **Denim & Sportswear** | **Value Retail**

Design & Merchandising
Wholesale & Retail Sales Operations
Marketing
Licensing

Key Features

- Online Connectivity with Retail
- Online Pricing

Key Features

- Automated Stock Replenishment
- Warehouse Management Systems
- Strong CRM with membership of 6,00,000 +

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

- Differentiated
- Multi
- Brand Strategy

+

- Efficient
- Organization

+

- Strong Growth Engines
- Rapid Roll Out of Successful
- Hub & Spoke Model
- Distribution Expansion of Brands
- Category Expansion of Brands
- Launch of New Brands to fill up
- Market Segment Opportunities

CAGR OF 33%

For next 4 years

Arvind Brands & Retail business will invest Rs. 550 cr. over next 5 years

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Brands & Retail Business-ROCE

- Arvind Brands & Retail business, in current FY, ROCE will improve to 13% from 10%

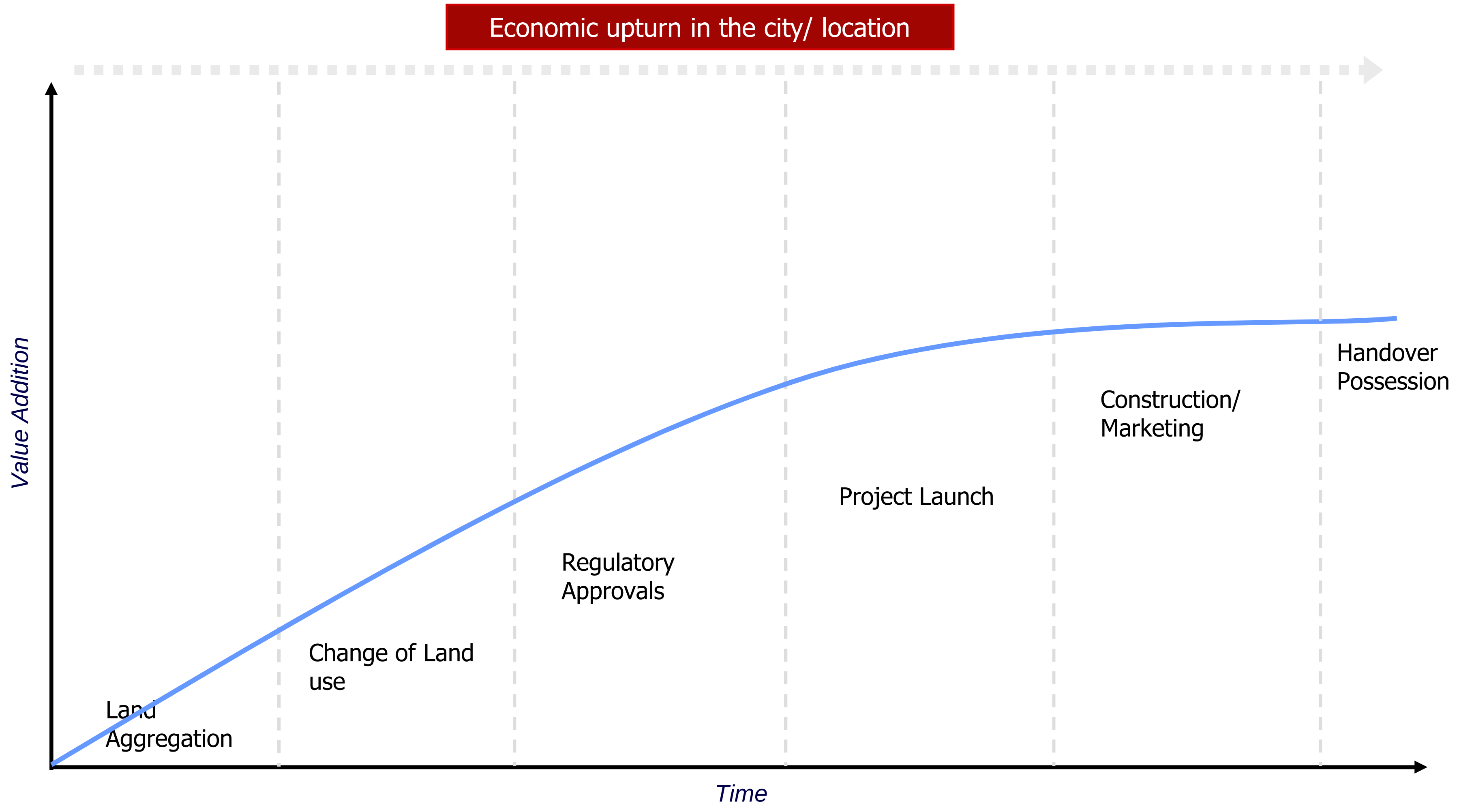
  - Improved asset turn
  - Increase in margin
    - Scale advantage
    - Gross margin improvement

- With 35% CAGR, Arvind Brands & Retail estimates its ROCE to over 20% over next 3 years:

  - Improved buying efficiency
  - Increase in same store sales
  - Operating leverage on account of rapid increase in scale
  - Further improvement in asset turns

Real Estate

Real Estate



Economic upturn in the city/ location
Value Addition
Land Aggregation
Change of Land use
Regulatory Approvals
Project Launch
Construction/ Marketing
Handover Possession
Time

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

Real Estate- Recent Developments

- Company sold some land as well as formed JV with a reputed local developer:
  - cash flow during
    - FY 2010-11 - Rs. 80 crores
    - FY 2011-12 - Rs. 200 crores (expected)
- Company's application for a township on about 135 acres of land near Ahmedabad has been approved by State government and JV with Tata Housing has been announced
  - . The total project revenue will be about Rs. 3000 crores
  - The company is looking at development of part of the land over next 2 years
  - Phase I project revenue expected to be Rs. 750 crores and net cash flow realization is expected to be Rs. 180 crores over next 2-3 years.

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Medium Term Plan

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Medium term Plan

Growth	Returns
Grow revenue at CAGR of 20% p.a.	Improve ROCE from 10% to 18%

2011-2015

De-Risk	Leverage
Reduce dependence on Denim	Bring down Debt / EBIDTA multiple to 2

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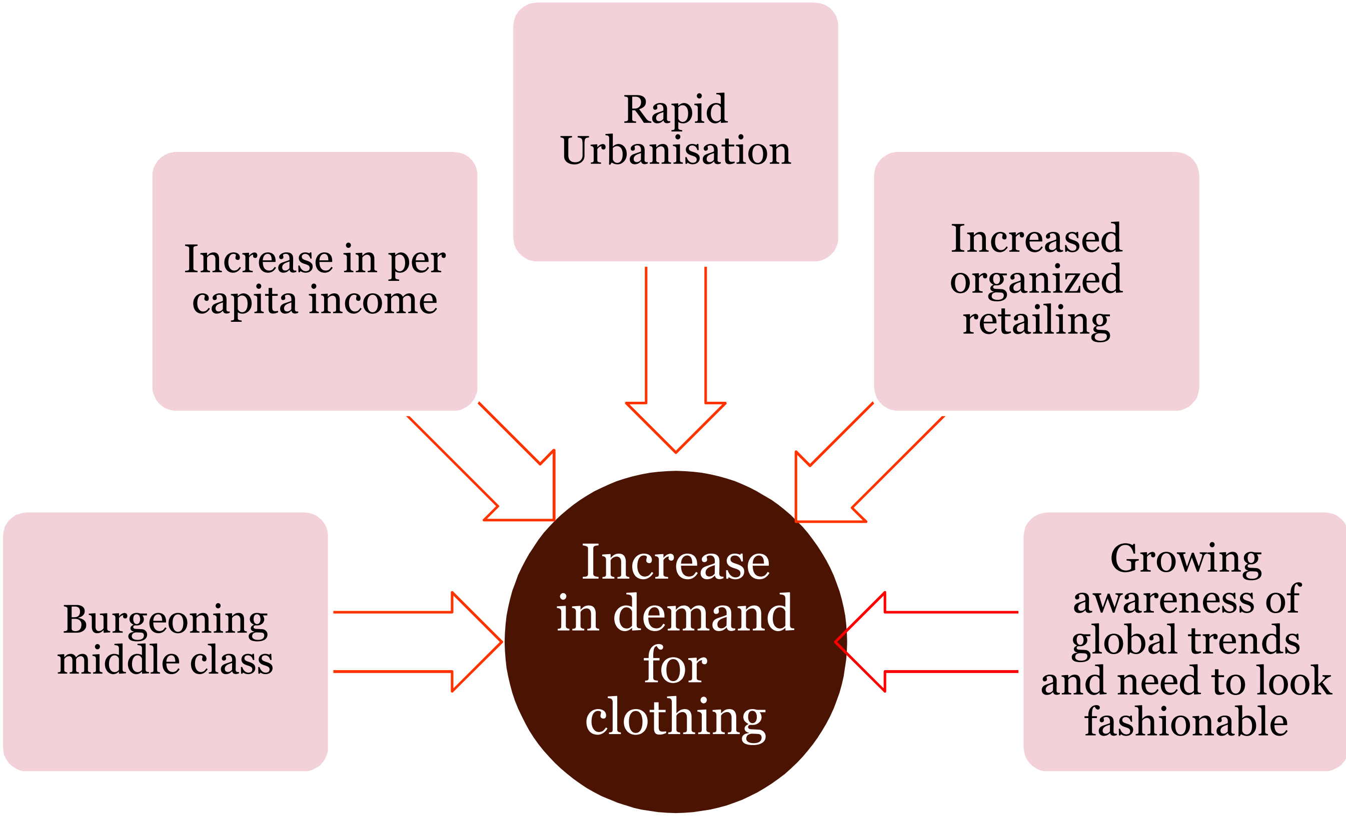
Opportunity

In India, Fabric demand rising by 11% on back of over 16% growth in apparels and 5% growth in fabric sale



Our Strengths

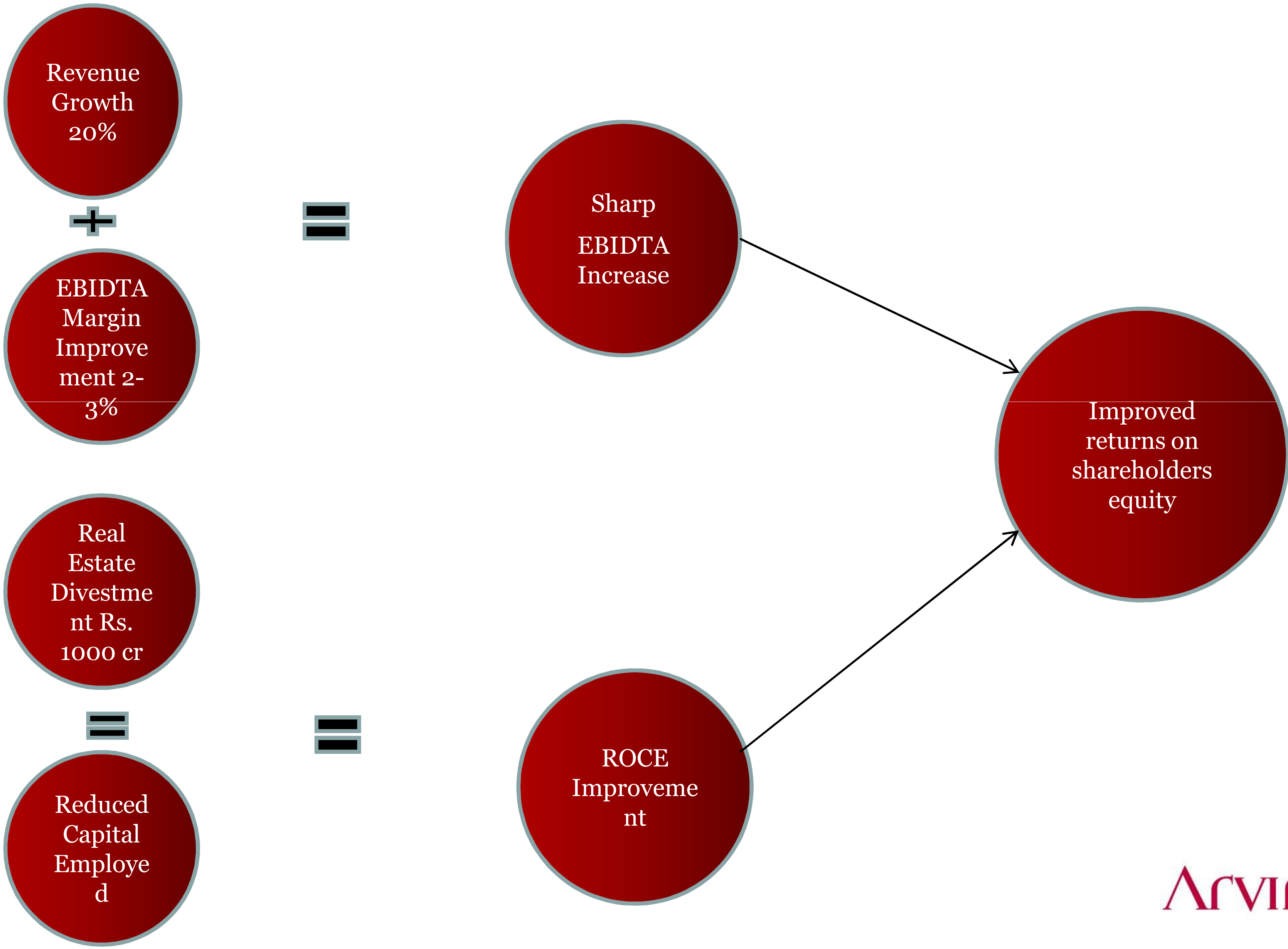
Design Capabilities

- With 30 product designers, Arvind has the largest pool of fabric designers
- Arvind has created Design studios in Ahmedabad and NY
- Dedicated development facility

Strong Distribution Net-work

- 250 distributors selling Arvind Fabrics through 25 K retail shops
  - Share risk
  - Finance
  - Provide Market trends and intelligence
  - And is Scalable

Investment Considerations



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Thank You