Arvind Limited – At An Inflection

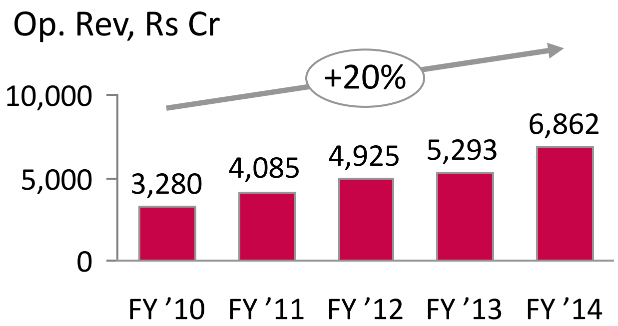
June 2014, Mumbai

Agenda

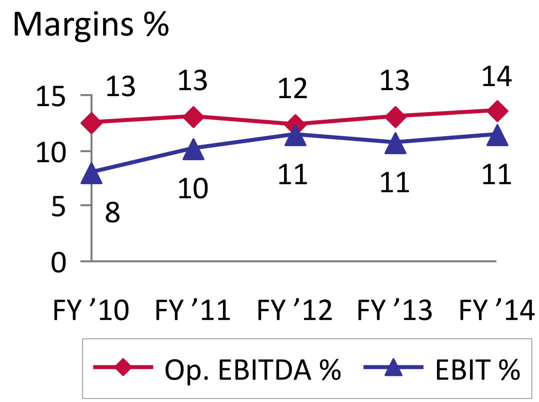
- Overall Growth Vision
- Division-wise Roadmap
- Summary and Conclusion

Arvind Limited – At a Glance

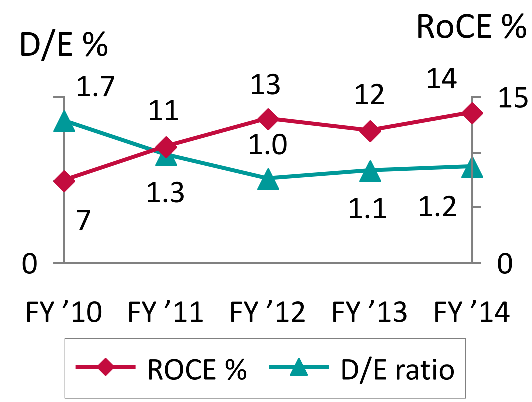
20% topline growth over the last 5 years



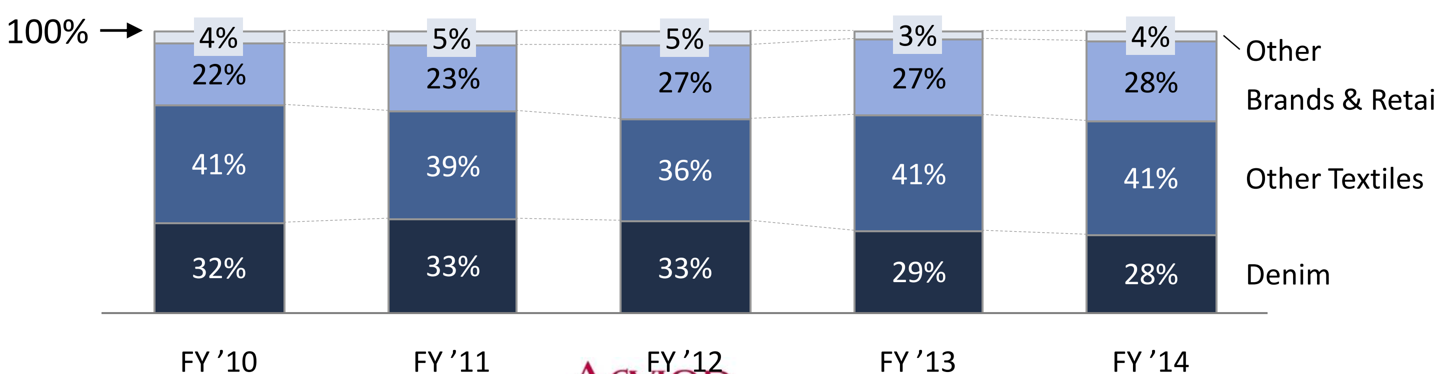
Coupled with rising margins...



...and higher returns with lower leverage



Largely stable mix of businesses over this period – to balance investment needs in new businesses with internal cash flow accruals



Arvind future story built on two growth drivers, with a strong value creation logic

Opportunity

- Pivoting domestic consumption in apparel brands & retail

- Large global opportunity in textiles & clothing world trade

Arvind growth model

Brands & Retail: Build a breakthrough growth portfolio of Power Brands & Specialty Retail
- Build strong power brands
- Clear portfolio logic of growth brands
- Develop fast fashion specialty retail
- High operating leverage
- Strong retail discipline

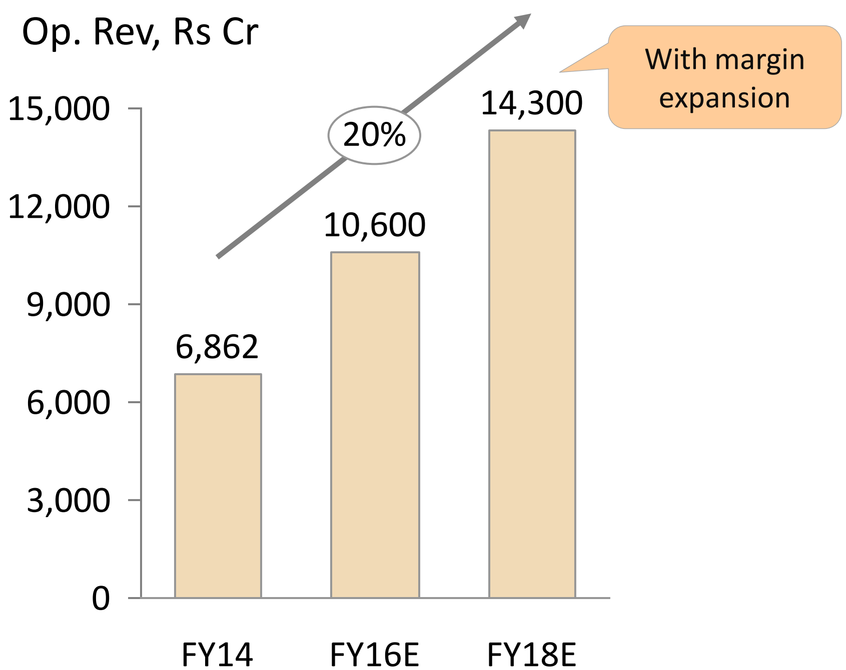
Textiles: Build an asset-balanced textiles & garments play across denim, woven, knits
- Vertical garmenting with dormitories model
- Consistently growing wovens business
- Stable and differentiated denim business
- Profitable knits business
- Differentiation and de-risked model
- Optimal asset efficiency

Value creation logic

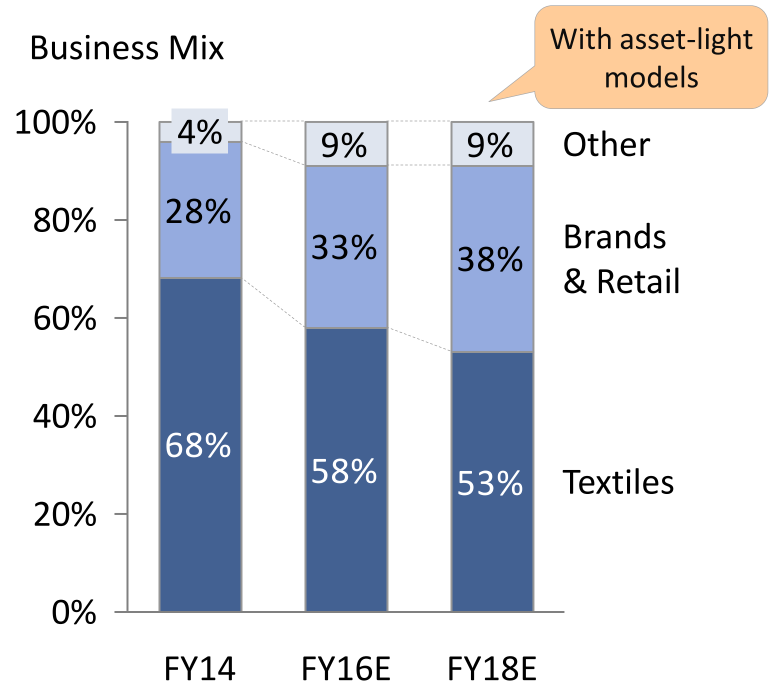
- Portfolio of high growth and moderate growth businesses
- Expanding margins
- Capital balance, reducing leverage over a period
  - High growth in asset-light B&R
  - Asset-balanced growth in textiles and garmenting
- Strong focus on target RoCE 20%+

Arvind – The Future Vision

Strong topline & bottomline growth



...and shift towards more B2C portfolio



Emphasis on three imperatives:

Robust growth, margin expansion and asset efficiency with strong RoCE focus

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Three pillars of Arvind strategic growth vision

Asset-efficient play across high-growth and medium-growth businesses

1 Brands & Retail
- Brands
- Retail

2 Textiles
- Garmenting
- Wovens fabric
- Denim fabric

3 Select other bets
- Technical textiles
- Online platforms

Arvind has an unmatched portfolio of owned and licensed Brands and retail formats

BRANDS & RETAIL

Product Brands (Licensed)

ARROW
GANT U.S.A. 1949
BILLABONG
U.S. POLO ASSN. SINCE 1890
NAUTICA
IZOD
Ed Hardy
Hanes
Wonderbra
Moschino
CHEROKEE
ELLE
GEOFFREY BEENE

Retail Brands

DEBENHAMS
NEXT
CLUB AMERICA
megamart
THE ARVIND STORE

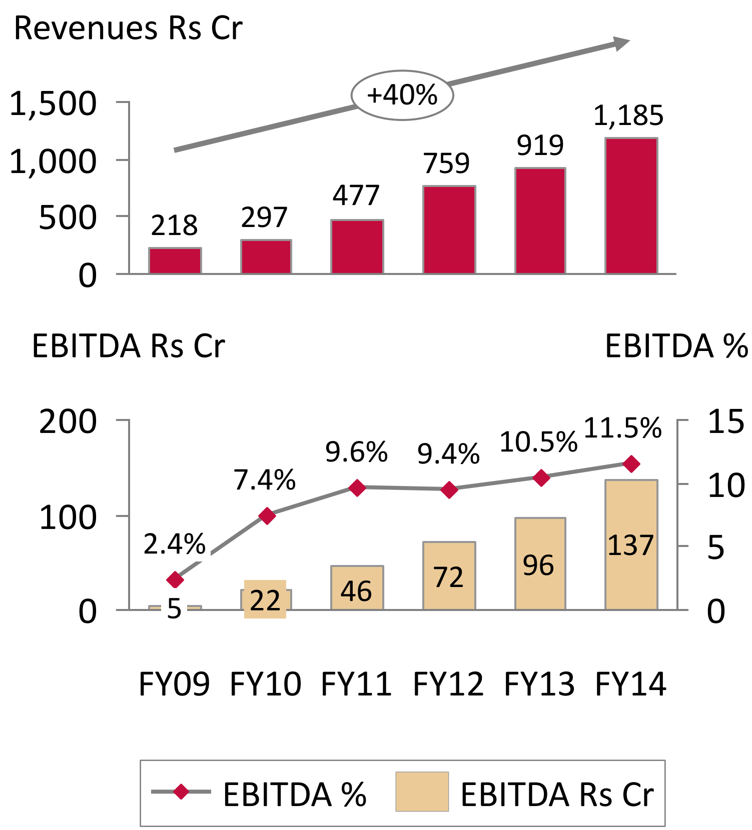
JV Brands

TOMMY HILFIGER
ck Calvin Klein

Product Brands (Owned)

FLYING MACHINE
COLT
EXCALIBUR
EDGE
Donuts
NEWPORT UNIVERSITY
ANAHI
RUGGERS
Elitus
karigari
IRIS

Strategy to create many 'Power Brands', with strong topline growth and healthy bottomline



- Among the top Indian apparel brands
- Very strong growth over a sustained period
- Operating at double digit store contributions
- Strong growth in LTL store sales, new stores viable in a short span
- Significant sourcing leverage and channel bargaining power

BRANDS & RETAIL

1. Note: Tommy Hilfiger numbers reflect 100% of topline of the JV company

Arvind

Clear logic for a diverse brand portfolio, built for a unique and advantaged play

BRANDS & RETAIL

1. Mastered the learning curve of growing strong new brands
   - 5 out of top 10 international brands in India built by Arvind
2. Ability to address diverse segments through a differentiated portfolio
   - Presence across market segments, dominant in many segments already
3. Strong distribution strength to quickly grow new brands
   - High bargaining power with channel , strong reach leading to fast ramp-up
4. Able to build strong and cost-effective supply chain
   - Sourcing leverage, well-oiled supply chain and logistics machinery
5. Able to rationalize the cost of building brands
   - Through expert team capabilities and shared services
6. Favourable contractual terms with brand Principals for long-term value creation
   - Long / perpetual contracts, local sourcing rights at scale, good commercial terms

Arvind able to address diverse segments through a differentiated brands and retail play

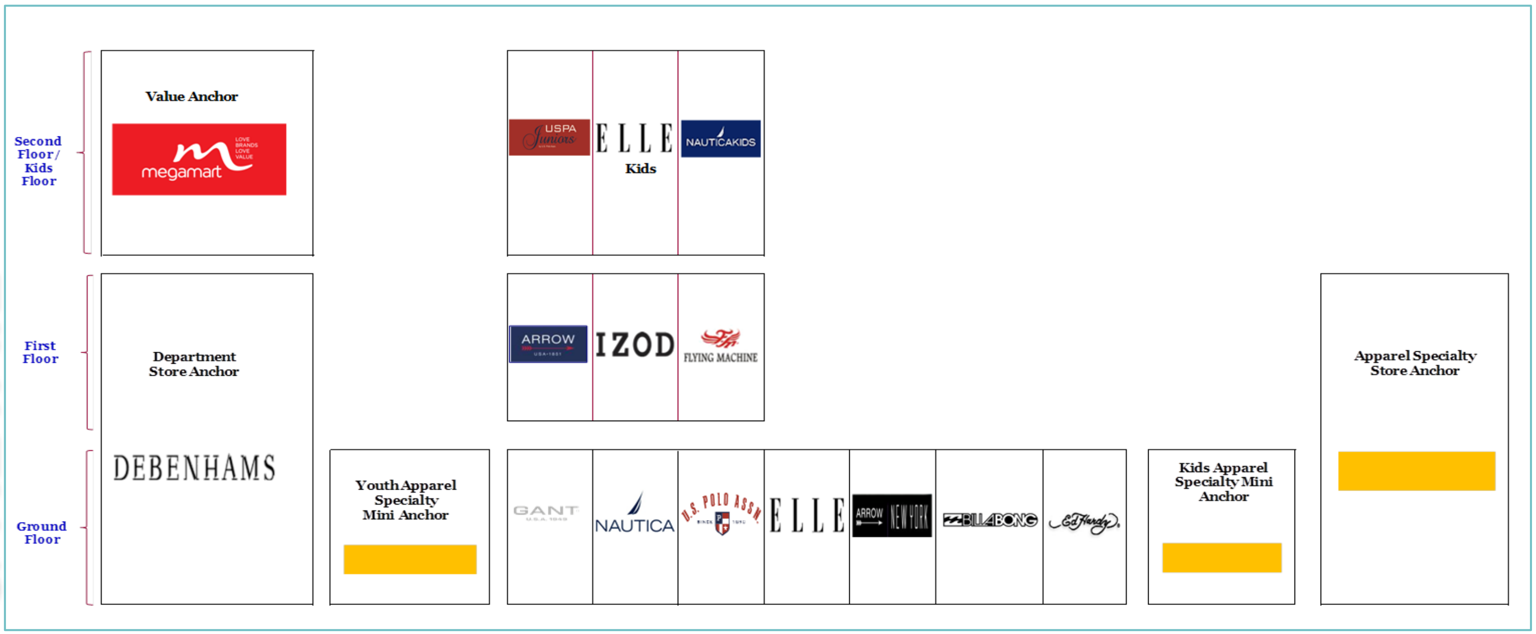
BRANDS & RETAIL

Market Size Estimates for 2015

		Menswear Rs 95,000 Cr/ $17 Bn	Womenswear Rs 72,000 Cr/$12 Bn	Kidswear Rs 44,000 Cr/$8 Bn	Innerwear Rs 18,000 Cr/$3 Bn
Brands	Bridge	Tommy Hilfiger, ck Calvin Klein, GANT, Hilfiger Denim	NAUTICA	Tommy Hilfiger Childrenswear, NAUTICA KIDS	
	Premium	ARROW, U.S. Polo Assn., Flying Machine, IZOD, Billabong, Ed Hardy	ELLE	USPA Juniors, ELLE girl, ELLE BLA BLA	Hanes, Wonderbra
	Value	Cherokee, Ruggers, Excalibur, Geoffrey Beene	Mossimo, Colt, Anahi, Karigari	Cherokee, Donuts	
Retail	Bridge	DEBENHAMS			
	Premium	NEXT, The Arvind Store			
	Value	Club America, megamart			

Arvind has exceptional leverage in malls

BRANDS & RETAIL



Mall Type	Arvind space requirement (sq.ft.)
A + Malls	~80,000
A Malls	~60,000
B Malls	~30,000

Arvind is the only player which can take anchor space, ground floor, first floor & upper floor stores in all grades of malls

Excellent distribution strength to expand its growth brands

Particulars	2012-13		Q3 2013-14		Q4 2013-14	
	# Stores	Sq ft	# Stores	Sq ft	# Stores	Sq ft
Brands	570	630248	684	709,543	698	717,236
MM	197	710133	189	762,081	166	744,785
Total	767	1340381	873	1471624	864	1462021
No of KA Exclusive Counters	532		685		692	

- Sales Increase in Key Account Counters: Growth of 48% in FY2013-14

BRANDS & RETAIL

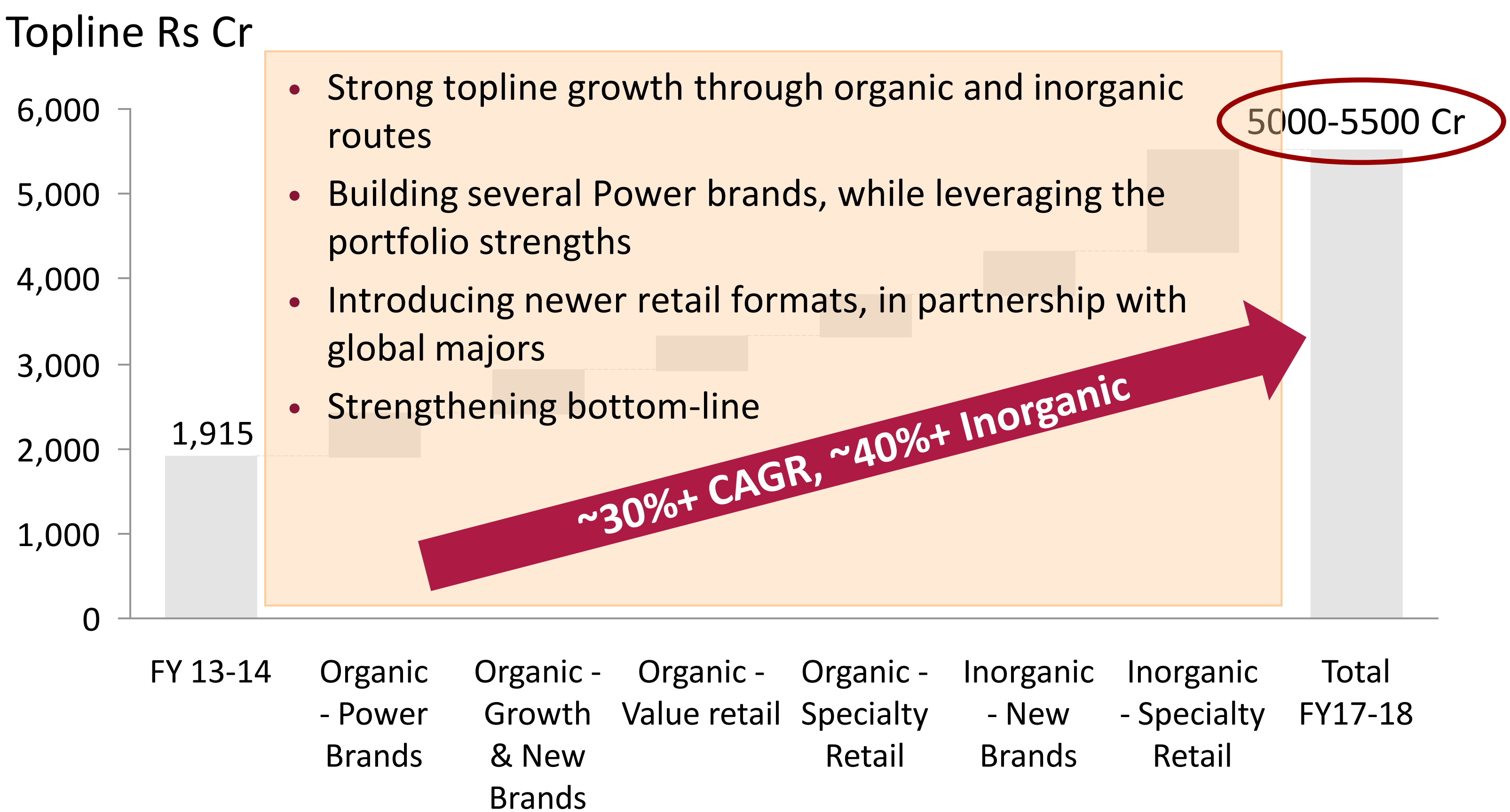
Arvind looking to fully leverage India's evolving Retail play

BRANDS & RETAIL

Retail Segment		Major Players (Domestic & international)	Arvind Now	Arvind Future
Bridge to Luxury Dept. Store		DEBENHAMS, MARKS & SPENCER	✓	
Premium Dept. Store		Shoppers Stop, Central, lifestyle, Splash	✗	
Fast Fashion Specialty Retail	*Kids*	The Children's Place, Gymboree, carter's		✓
	Youth	American Eagle Outfitters, Abercrombie & Fitch, Aéropostale, Hollister		✓
	Family	ZARA, UNIQLO, H&M, GAP, FOREVER 21, NEXT	✓	✓
Value format		megamart, max, Reliance trends, PRIMARK, MATALAN	✓	

Target to be among the Top 3 Players in the Apparel Retail Landscape

Arvind well-positioned to be a formidable brands and retail player over the next 4-5 years



- Strong topline growth through organic and inorganic routes
- Building several Power brands, while leveraging the portfolio strengths
- Introducing newer retail formats, in partnership with global majors
- Strengthening bottom-line

BRANDS & RETAIL

Arvind

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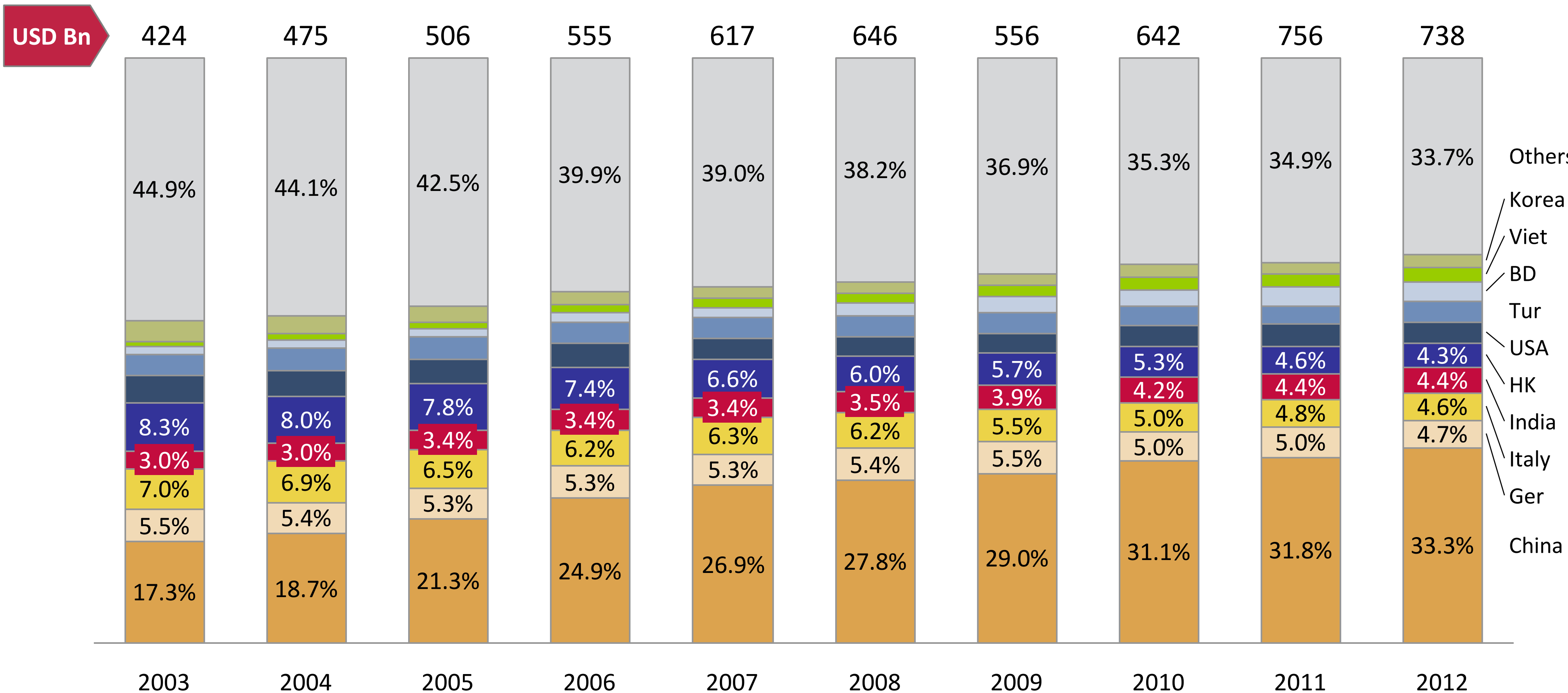
Over 2003-12, India's share of global T&C trade increased from 3.0% to 4.4%, while China share doubled from 17% to 33%

Country Mix of Global T&C trade over 2003-10 (USD Bn)



India exports CAGR (2003-2012) – 11.3%

Global Trade CAGR (2003-2012) – 6.4%

Source: Ports data, trademap.org

In 2013, India stepped up on the exports potential in textiles

Higher share of global trade

India beats Italy, Germany, is No. 2 in textile exports

TIMES NEWS NETWORK

New Delhi: India has overtaken Germany and Italy to emerge as the world's second largest textile exporter. But it lags China, whose exports are nearly seven times higher.

CHINA LEADS

Global textile exports ($bn)	2012	2013	Change in %
China	246	274	11
India	33	40	21
Italy	34	36	6
Germany	35	35	0
B'desh	24	28	17
World	738	773	5

Source: AEPC

Higher growth in value added segments, diversifying markets

'Focus beyond US, EU helped'

TIMES NEWS NETWORK

New Delhi: The textile in-

global slowdown coupled with sustained cost of inflationary inputs, we made

BACK ON TRACK

Ready-Made Garment Exports ($Bn)	2012	2013	Change in %
China	148	165	11
B'desh	22	26	18
Italy	20	22	10
Germany	19	18	-5
Vietnam	14	18	29
India	13	16	23
World	404	428	6

Source: AEPC

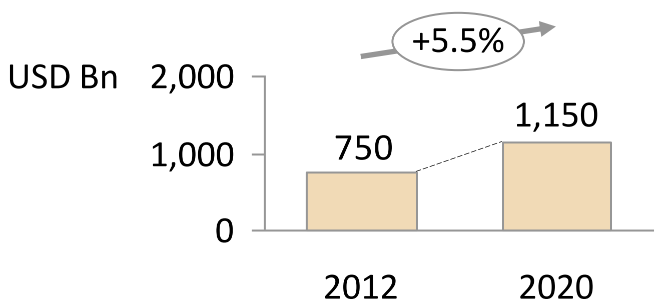
Source: Times of India, dated 03-June-2014

In the longer run, a large opportunity is expected to emerge for India in global T&C trade

Strong growth in global T&C trade

- **Key drivers:**
  1. Increasing global consumption
  2. Continued shift of production base from developed to developing economies
  3. Value growth from Inflation

- **Increase in ~400Bn USD global trade demand in T&C projected by 2020**



India poised to be a strong contender

- **Strong pointers that China will have to cede some opportunity to other SE Asian countries**
  - Strong domestic demand in China creating supply gaps
  - Reducing gap in competitiveness vis-a-vis other countries

- **Inter-Asia trade is on the rise**
  - With some parts of the value chain moving outside China

- **India best poised to benefit from the global shift in supply chain dynamics**
  - Strong combination of resources, cost, technology and infrastructure advantages

Arvind with its strong capabilities in fabric as well as garments well positioned to leverage this opportunity

Arvind is looking to develop a de-risked and capital efficient textiles business model through a vertically integrated offering

More robust business model

- More customer stickiness
- Better pricing power
- Better visibility
- Better market access
- Address issue of scalability/growth

Capital efficient growth model

- Lower capital intensity
- Better end-to-end RoCE profile
- Up-gradation in the value chain
- Model can scale up substantially while yielding free cash flows!

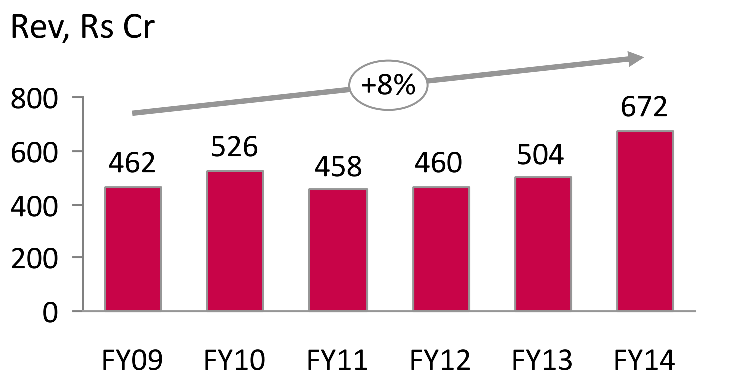
We intend to go 25-30% vertical offering from the current ~10 % in 4-5 years

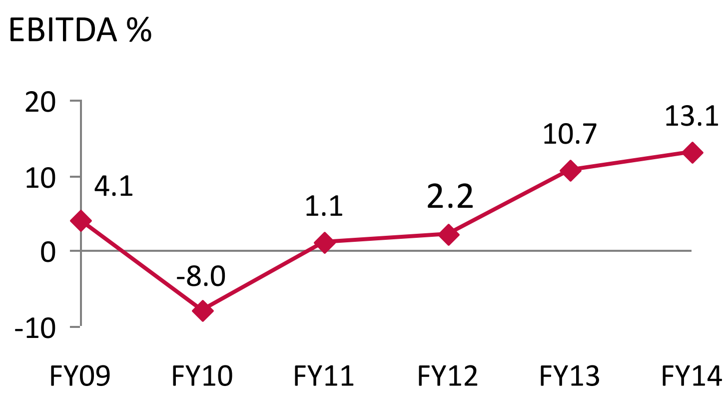
Success could also offer additional / adjacent growth opportunities in future

Garmenting strategic to build vertical business model with capital efficiency and de-risking

GARMENTS

Topline and bottomline performance





Future strategy

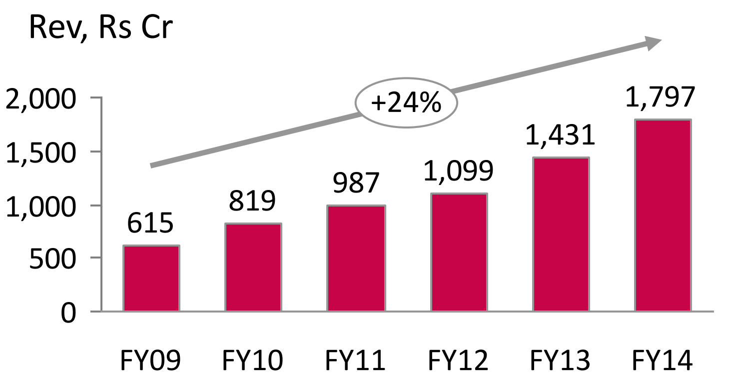
- Stable and strong management team, achieved profitable operations
- Strong customer relationships with global majors from fabric operations
- Capacity additions planned through Greenfield and Brownfield expansions
- Developing a large-scale dormitories-based garmenting model in India

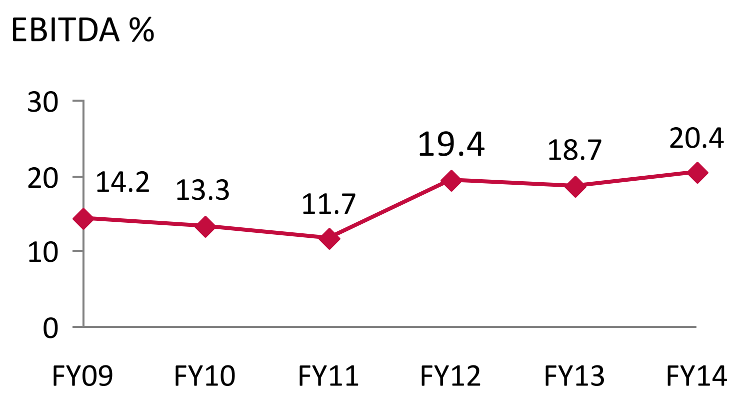
- 25-30% topline growth
- Stable margins
- Capital-efficient growth for textiles
- De-risking the business model

Wovens provide a great balance of high growth opportunity and strong cash flows

WOVENS

Topline and bottomline performance





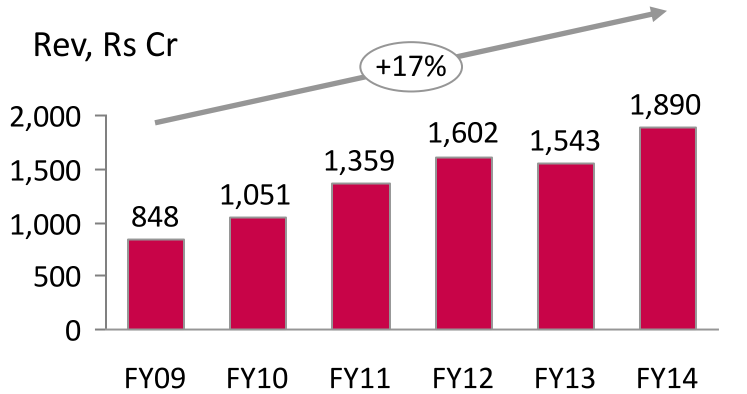
Future strategy

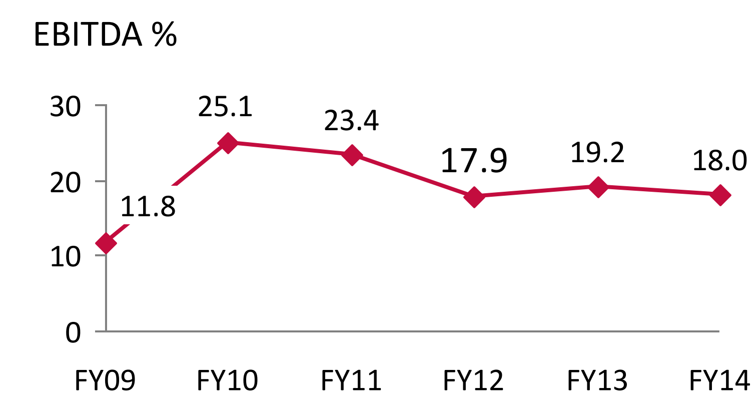
- High growth opportunity through further expansion of global GTM
- More differentiated product, less cyclical
- Less dependence on exports
- Less dependence on currency, cotton fluctuations
- Investments mainly in processing and finishing, to reduce capital intensity

- 12-15% topline growth
- Stable margins
- Moderate investments in capital-efficient parts of value chain

Denim business stable, with robust cash flows and moderate growth plans

Topline and bottomline performance





Future strategy

- Operate in differentiated segments, with 20-30% price premium
- High utilization levels while industry operates at much lower utilization, lean cost and asset management
- Moderate growth, de-risked through vertical garmenting expansion

- 6-8% topline growth
- Stable margins
- Cautious investments in capital-efficient parts of value chain, coupled with garmenting expansion

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Additionally, selective bets being placed on potential future discontinuities

FUTURE BETS

Future bets	Key activities and plan going forward



Technical Textiles

- **Rationale:**
  - High growth segments: Industrial, automotives, infrastructure, etc
  - High margins, RoCE – entry barriers, long term contracts, predictability
  - Synergies with current textiles operations, strong existing capabilities
- **Growth plans**
  - Evaluating areas of market attractiveness and capability fit
  - Selective growth in priority areas through organic and inorganic routes
- **Vision:**
  - Build a 1,000 Cr business in next 5 yrs, through organic & inorganic routes


Online platforms

- **Rationale:**
  - High-growth space, significant aspect of future of retailing
  - Potential to create a new business model with attractive margin structure
  - Strong existing capabilities, to augment with best-in-class technology
- **Growth plans**
  - Building 'brick-and-click' business model and preparing back-end
  - Combination of multiple models: online brand, integrated web platforms for existing offline brands, online marketplace
- **Vision:**
  - Build a 1,000 Cr business in next 5 yrs, largely organically

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Summary: Arvind Limited is at an inflection point

B&R | TEX | OTH

Strong growth

- Breakout growth in brands & retail
- Strong growth in textiles led by vertical model and woven fabrics growth
- E-commerce and other select bets for future growth

Margin expansion

- Significant margin expansion in brands and retail
- Margin protection in textiles, with stronger business model
- Strong margin-model for E-commerce, with cost advantages

Asset light models

- Brands and retail inherently more capital efficient
- Textiles investments only in capital-lights parts of value chain
- Resource fungibility in E-commerce

Arvind looking to balance these opportunities to maximize shareholder value creation

ARVIND

Thank You!