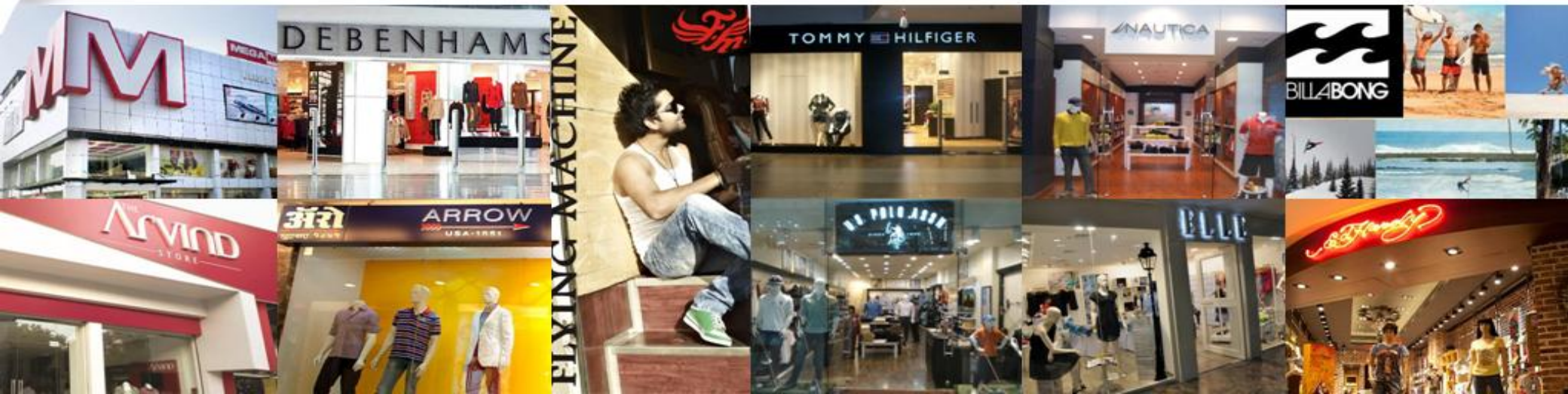


Arvind



Arvind Limited – At an Inflection

23rd May 2013, Ahmedabad



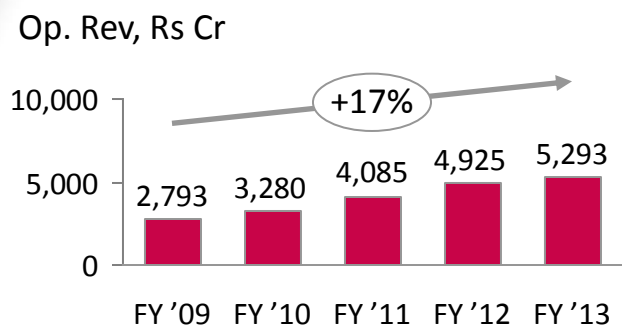
Agenda

- Snapshot of Arvind – A Changing Picture
- Overall Vision and Division-wise Growth Plans
- Summary and Conclusion: Overall Value Creation Path

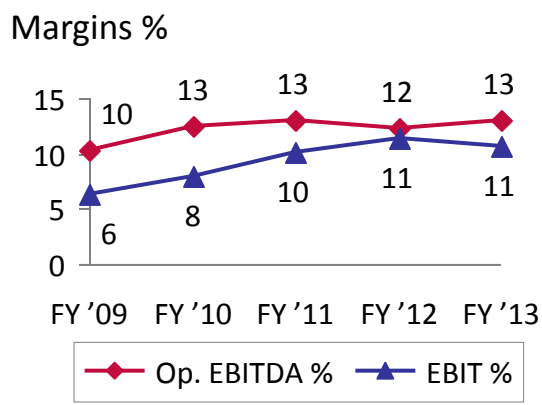


Arvind Limited – At a Glance

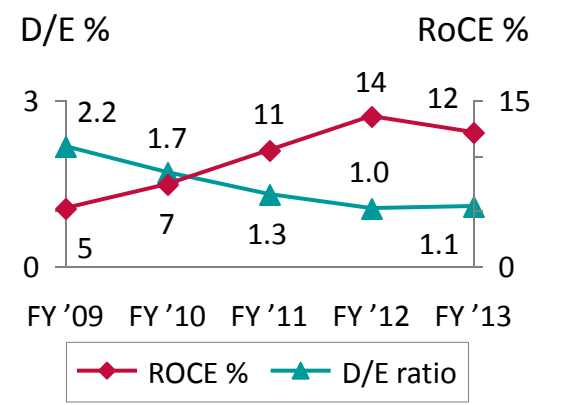
17% topline growth over the last 5 years



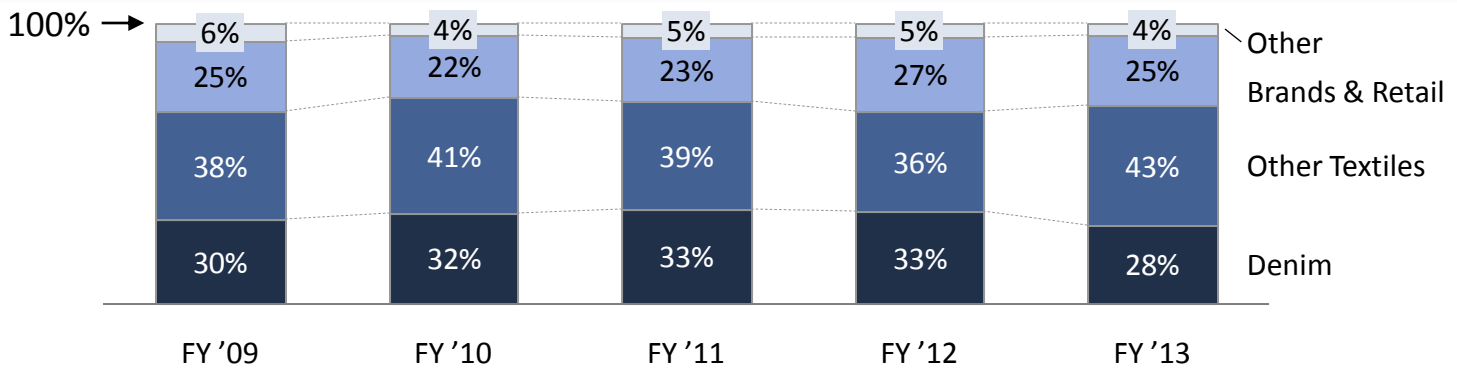
Coupled with rising margins...



...and higher returns with lower leverage

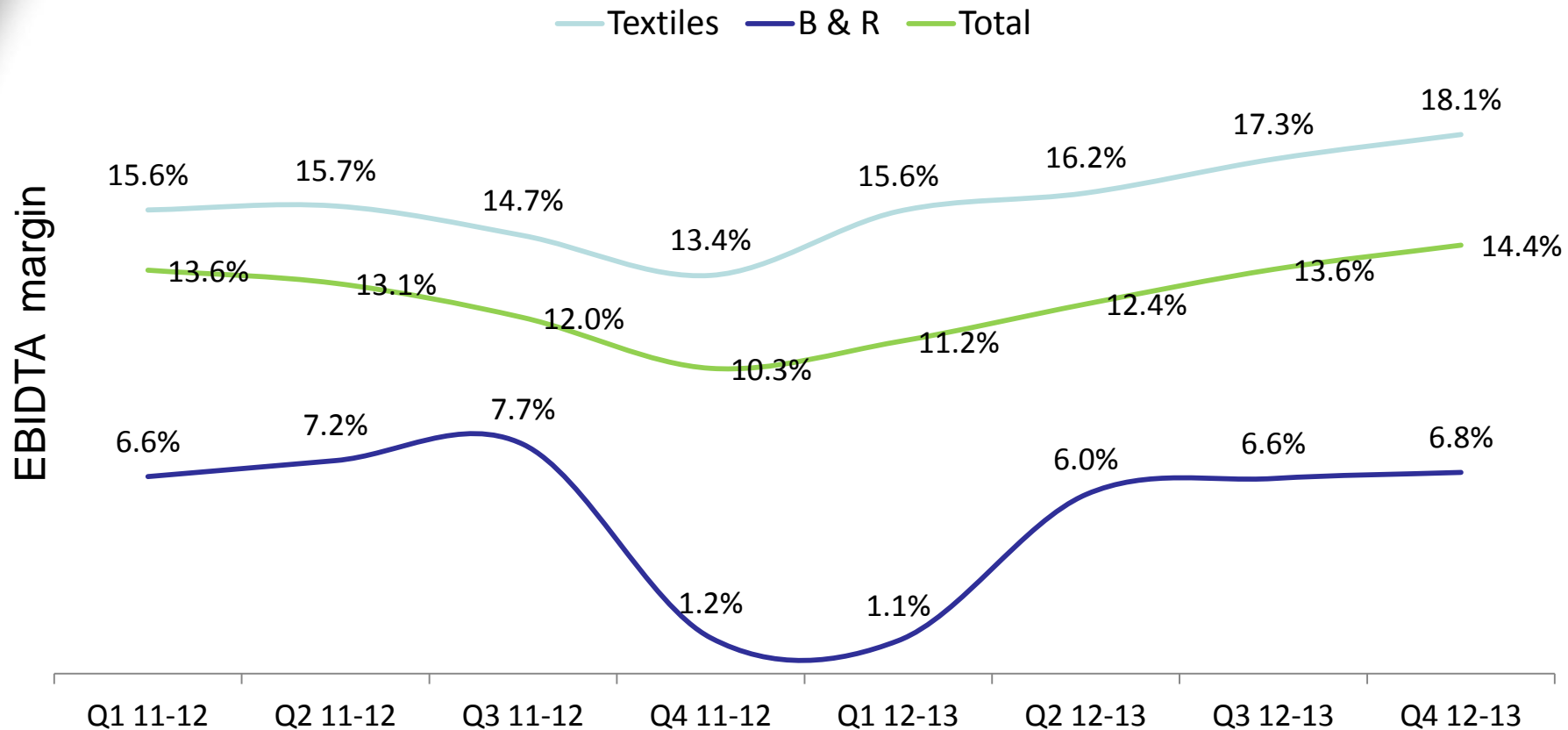


Largely stable mix of businesses over this period – to balance investment needs in new businesses with internal cash flow accruals





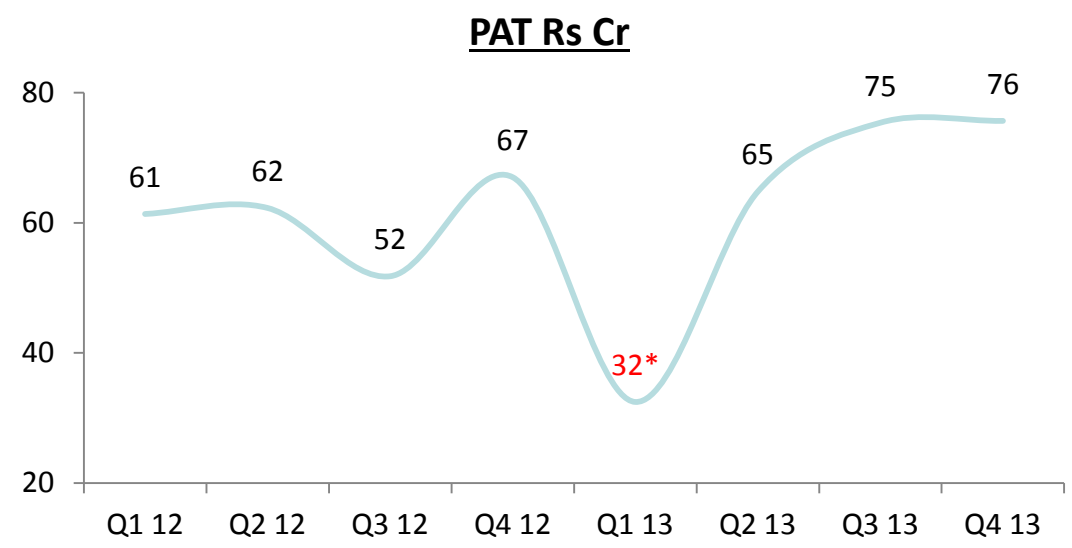
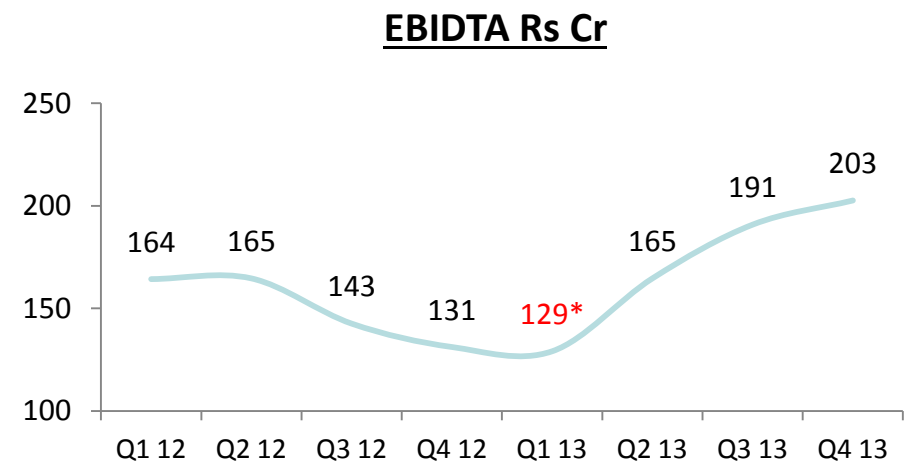
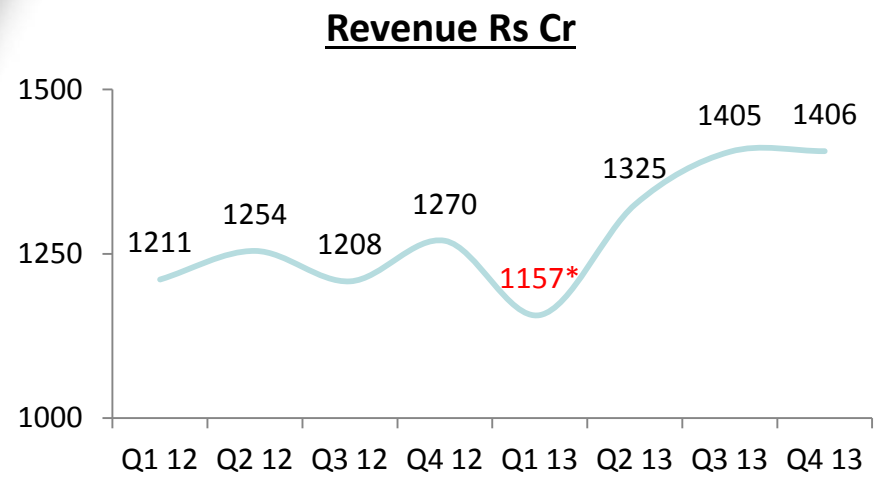
Continued Q-o-Q improvement in margins for both Textiles as well as Brands & Retail businesses



Margins in B&R improving even after including losses from the newly acquired brands



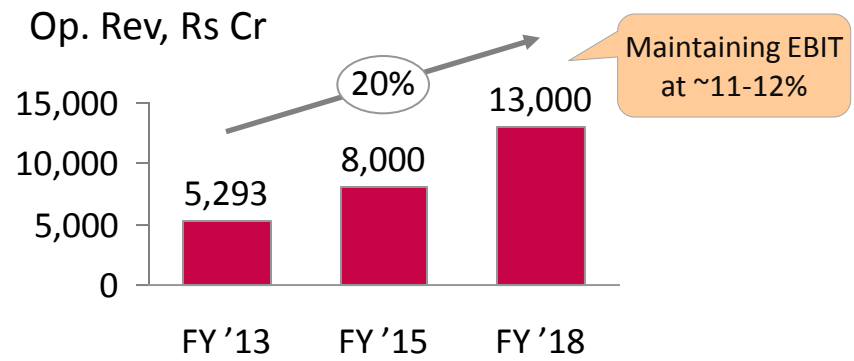
Revenue, EBIDTA and PAT are at all-time high



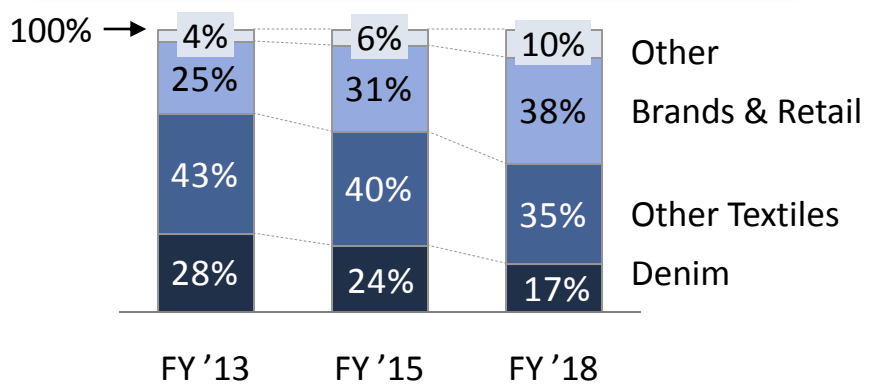
* Strike period

Arvind Limited – A Changing Picture

Overall, 20%+ growth targeted over the next 5 years with stable margins...



Through greater focus on B2C portfolio and relatively asset-light businesses



Arvind at the inflection of accelerating growth in B2C businesses

- Critical mass across major businesses to fund growth largely through internal cash flows
- Target higher growth in differentiated B2C businesses of brands and retail, in an asset-light manner
- Focus on lean management of high-asset businesses, with scale advantage
- Further optimization of cash flows through opportunistic monetization of real-estate

Agenda

- Snapshot of Arvind – A Changing Picture
- **Overall Vision and Division-wise Growth Plans**
- Summary and Conclusion: Overall Value Creation Path

Arvind is uniquely positioned to leverage the immense India and global opportunity in clothing



Huge India consumption story

- Rising disposable incomes
- Younger earning population
- Catching up with western trends
- More quality conscious, more brand conscious

Platform of strong P&L and Balance Sheet

- Critical mass across major businesses to fund growth vehicles largely through internal cash flows
- Lean management of high-asset businesses, with scale advantage and greater differentiation



Sweet spot of global textile and apparel competitiveness

- Cotton production
- Availability of young low cost workforce
- Increasing competitiveness Vs China
- Proximity and conducive business environment to Bangladesh

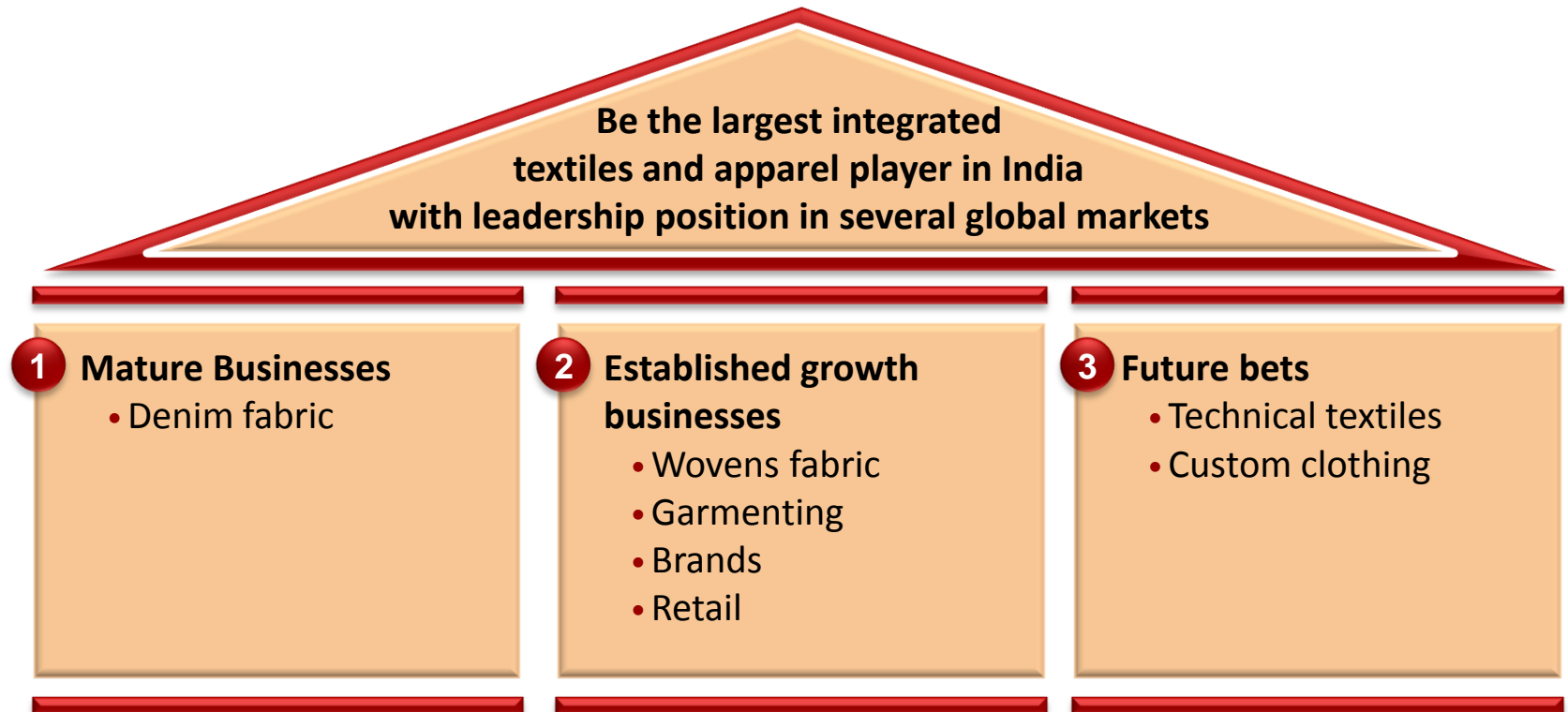


Uniquely positioned to leverage the massive opportunity

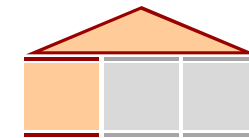
- Integrated value chain capabilities
- Ability to manufacture with best cost-quality-design, build great brands, and sell globally
- Strong track record of success

Strategy statement: Pivot around the unique position to diversify into less cyclical, more differentiated B2C businesses with asset-light growth, while protecting the core and making select large bets for the future

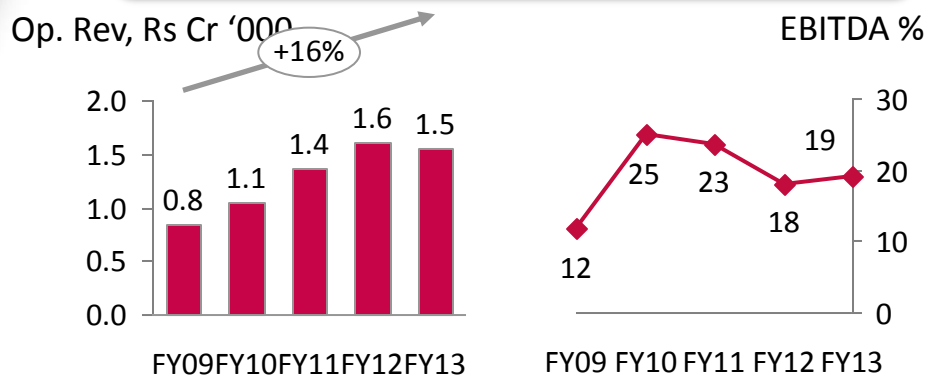
Three pillars of Arvind strategic growth vision



Denim business in strong health, with robust cash flows and moderate growth plans



Strong overall growth trajectory while stabilizing at high margin levels



Reached a dominant global position in denim manufacturing

- **Position:** 13% market share in India, 50% market share with leading domestic and international brands in India
- **Strengths:** Cost leadership, strong design capabilities, ability to differentiate
- **Opportunities:** Maintain higher than industry contributions with steady growth

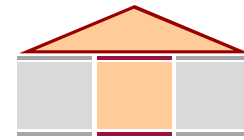
Future strategy

- **Mid-term plans:**
 - Grow topline by steady 8-10% p.a.
 - Target volume and margin improvement through technological breakthroughs
 - Capacity addition in line with planned growth, target 140 Mn Mtrs capacity by FY18, from current 93 Mn Mtrs
 - Lean cost and asset management

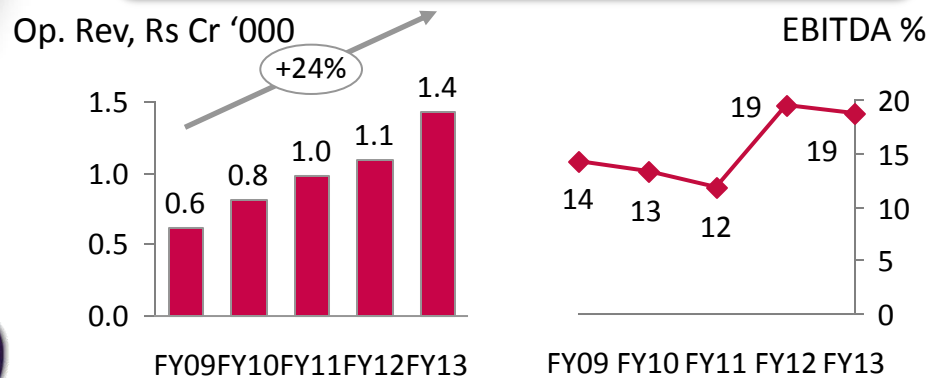
- Moderate growth with margin protection
- Strong cash flows, low investments
- Differentiation with strong pricing power and design innovations



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



Very strong topline growth while stabilizing at high margin levels



Built a critical mass in shirtings and khakis towards a strong global play

- **Position:** Leader in the domestic market, and slowly gaining global position of strength
- **Strengths:** Short length order production, short lead times, wide range of finishes and design capabilities
- **Opportunities:** Significant growth through unmatched order fulfilment and design capabilities, expansion of global GTM

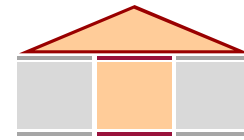
Future strategy

- **Mid-term plans:**
 - Grow topline by 12-15% p.a.
 - Target strong volume growth through greater penetration of global market
 - Develop more expansive global GTM
 - Capacity addition in line with planned growth, target 140-150 Mn Mtr capacity by FY18, from current 87 Mn Mtrs

- Strong growth with global GTM
- Strong cash flows, moderate investments
- Differentiation with strong pricing power and design innovations

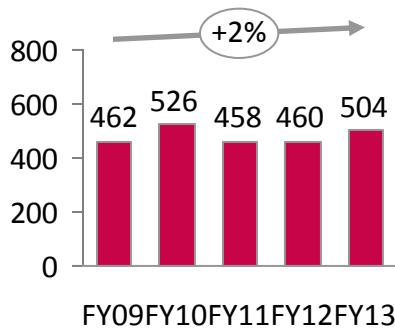
WOMENS

Garmenting strategic to increase vertical business with global and Indian apparel brands

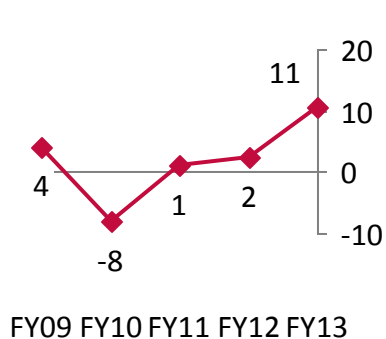


Focus on turnaround & consolidating position over the last few years

Op. Rev, Rs Cr



EBITDA %



Now stable operations ready to take off with strong opportunity set

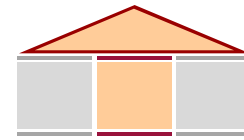
- **Position:** Stable and strong management team, achieved profitable operations
- **Strengths:** Quick turnaround and high service levels, strong customer relationships with global majors from fabric operations
- **Opportunities:** Capture greater share of vertical market, exploit opportunity to leverage manufacturing in Bangladesh

Future strategy

- **Mid-term plans:**
 - Grow topline by 20-25% p.a.
 - Build operations of a global buying house headquartered in Bangladesh
 - Set up a Greenfield denim garments plant in Bangladesh
 - Set up a Greenfield suit manufacturing unit in India in collaboration with a world-renowned Japanese company

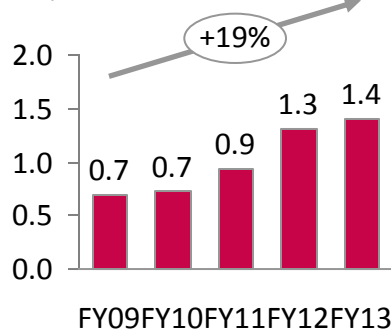
- Target strong growth with stable margins
- Leverage fabric opportunities for vertical demand
- Strengthen global supply chain

Brands & Retail with breakthrough topline growth opportunity and strengthening margins



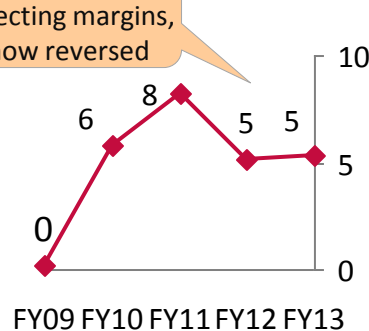
Fast overall growth, with retail business model evolving

Op. Rev, Rs Cr '000



Excise duty affecting margins, now reversed

EBITDA %



Achieved a unique portfolio position, poised for breakthrough growth

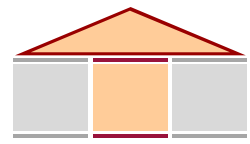
- **Position:** Unmatched portfolio of owned and licensed brands, mix of retail formats
- **Strengths:** Differentiated offering for all segments, brand building capabilities, bargaining power with channel, leveraged sourcing and shared services
- **Opportunities:** Develop many 'Power Brands' and dominant retail formats

Future strategy

- **Mid-term plans:**
 - Grow topline by 25-30% p.a. leveraging both the organic and inorganic routes
 - Partner with global players to bring unique brands and formats to India
 - Build many 'Power Brands', leveraging unmatched brand and retail capabilities
 - Strengthen value retail format and step up on specialty retail opportunities

- Target breakthrough growth in topline
- Improve bottom-line with scaling up of power brands and new brands growing to critical size, stabilized value retail format
- Opening up other exciting opportunities

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



Product Brands (Licensed)



Retail Brands



JV Brand

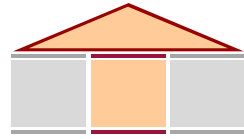


Product Brands (Owned)



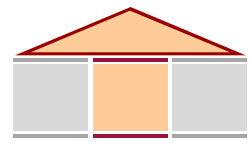
BRANDS & RETAIL

The diverse brand portfolio strategically built by Arvind, for a unique and advantaged play



- 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

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



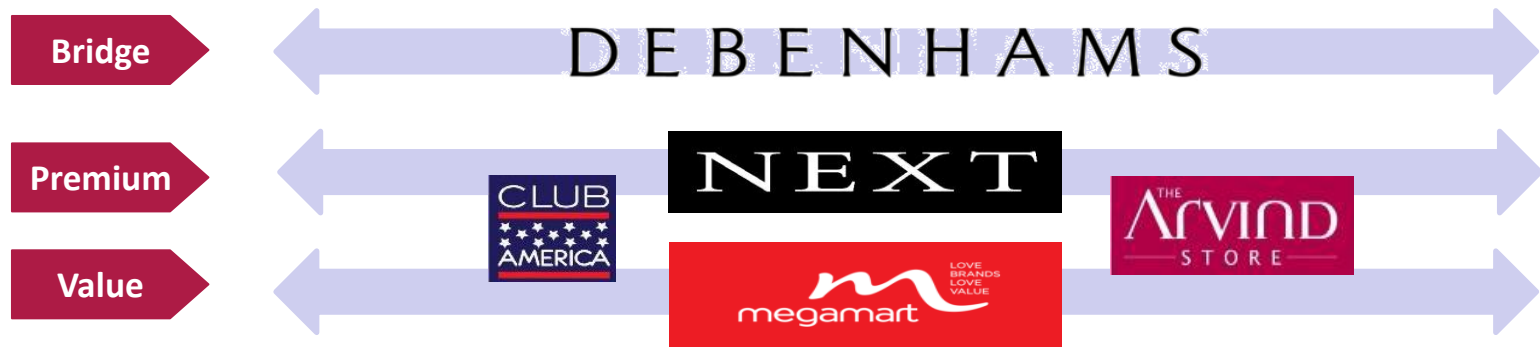
Market Size Estimates for 2015

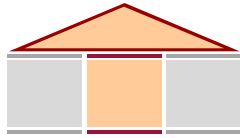
Menswear Rs 95,000 Cr/ \$17 Bn	Womenswear Rs 72,000 Cr/\$12 Bn	Kidswear Rs 44,000 Cr/\$8 Bn	Innerwear Rs 18,000 Cr/\$3 Bn
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Brands

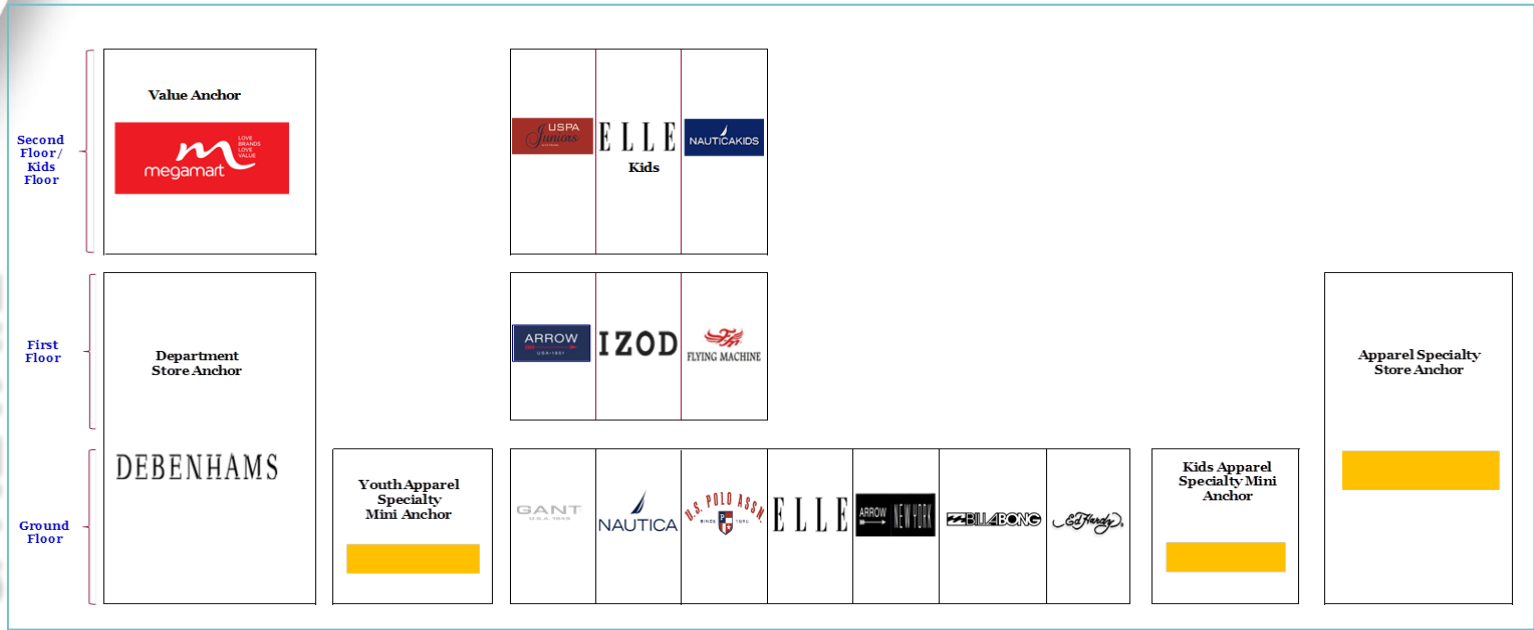


Retail





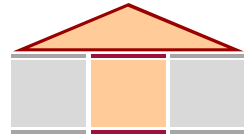
Arvind has exceptional leverage in malls



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

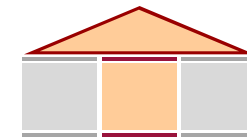
Arvind is the only player which can take anchor space, ground floor, first floor & upper floor stores in all grades of malls

Excellent distribution strength to expand its growth brands



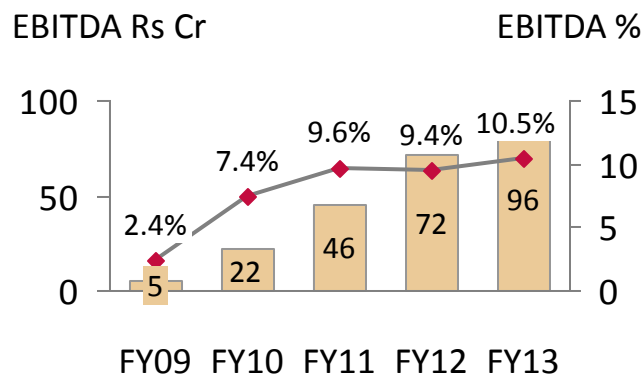
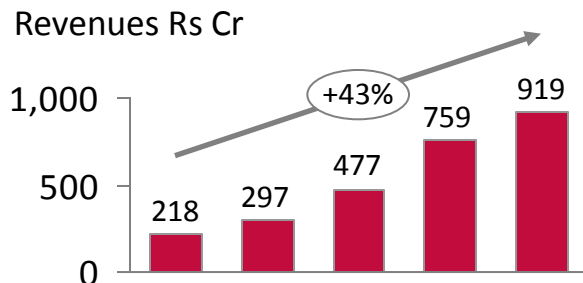
	No. of Counters / Doors
<ul style="list-style-type: none"> ▪ No. of Retail Stores in India ▪ No. of Towns ▪ Retail Space 	<p>671</p> <p>192</p> <p>1.1 Mn. Sq. ft.</p>
<ul style="list-style-type: none"> ▪ No. of Retail Stores – International <ul style="list-style-type: none"> • Dubai • South Africa 	<p>5</p> <p>2</p>
<ul style="list-style-type: none"> ▪ Department Store Counters <ul style="list-style-type: none"> • <i>India</i> • <i>Middle East</i> • <i>South Africa</i> • <i>Others</i> 	<p>656</p> <p>100</p> <p>85</p> <p>21</p>
<ul style="list-style-type: none"> ▪ Multibrand Outlets: India 	<p>1500</p>

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



BRANDS & RETAIL

Power brands

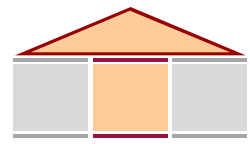


◆ EBITDA % ■ EBITDA Rs Cr ■ Revenue Rs Cr

- 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 also viable in a short span
- Significant sourcing leverage and channel bargaining power

Opportunity to significantly grow current power brands profitably, as well as to create many more power brands

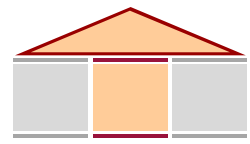
Arvind looking to fully leverage India's evolving Retail play



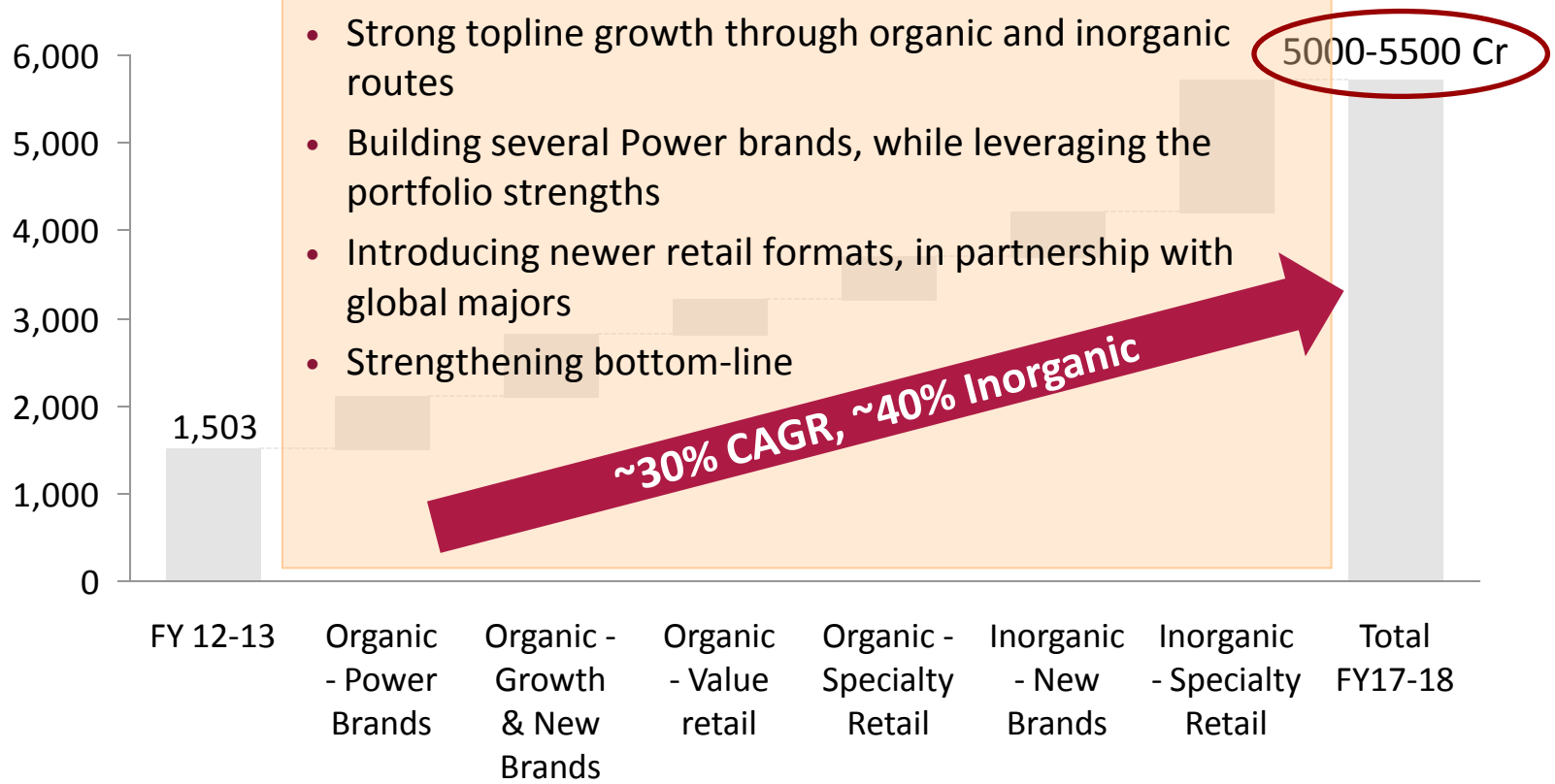
Retail Segment	Major Players (Domestic & international)	ARVIND	
		Now	Future
Bridge to Luxury Dept. Store	 	✓	
Premium Dept. Store	  		✗
Fast Fashion Specialty Retail	<i>Kids</i>   		✓
	<i>Youth</i>    		✓
	<i>Family</i>      	✓	✓
Value format	    	✓	

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

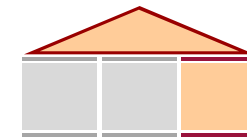
Arvind well-positioned to be a formidable brands and retail player over the next 5 yrs



Topline Rs Cr



Additionally, selective large bets being placed on potential future discontinuities



Select examples of 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



Custom Clothing

- **Rationale:**
 - Gap in the available market offerings for mid-premium custom clothing
 - 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
 - Setting up a Greenfield suits factory in collaboration with world-renowned Japanese player, apart from augmenting existing garmenting capabilities
- **Vision:**
 - Build a 1,000 Cr business in next 5 yrs, largely organically

Agenda

- Snapshot of Arvind – A Changing Picture
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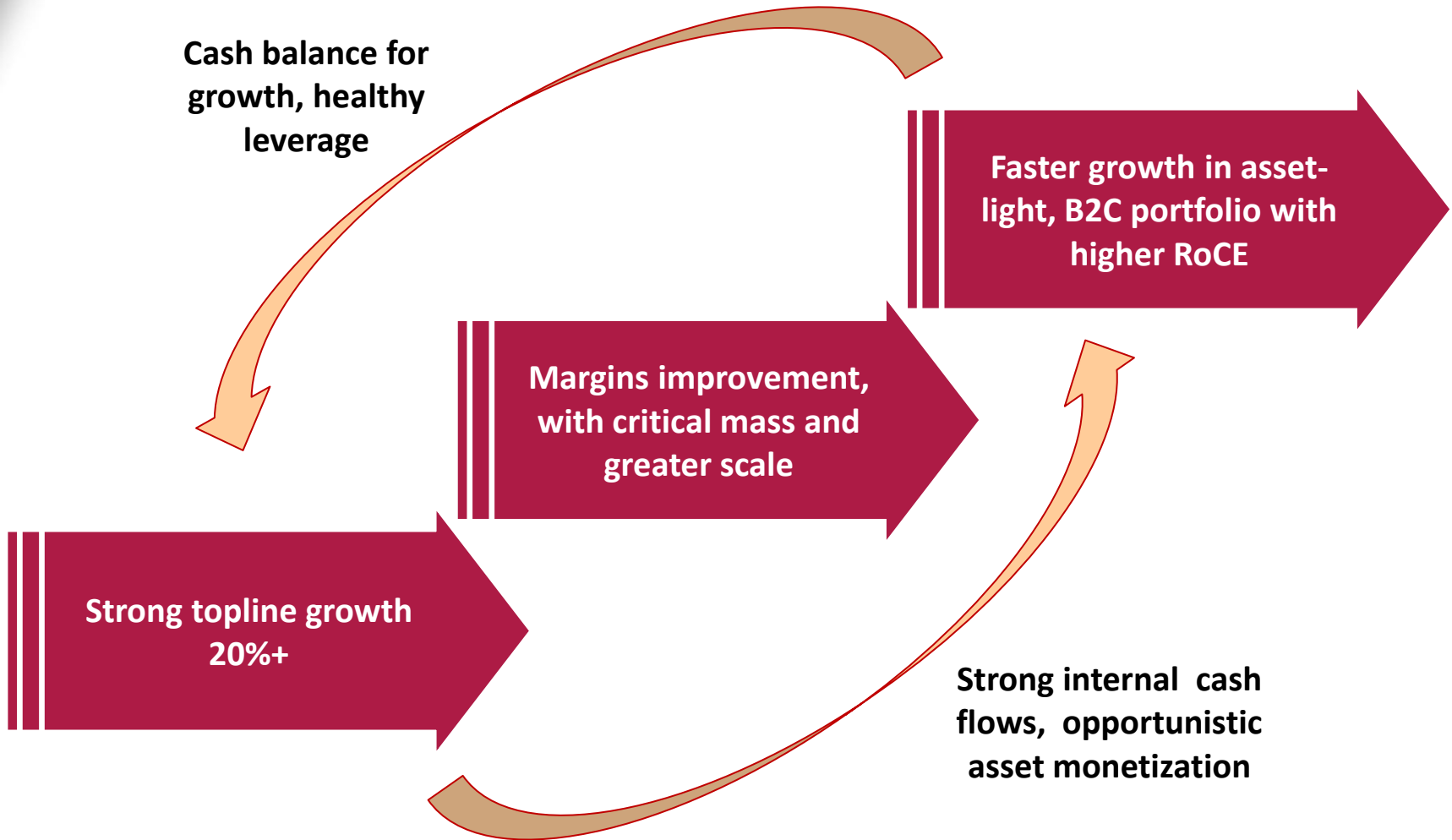
Summary: Arvind Limited is at an inflection point

- Uniquely positioned to leverage the immense India and global opportunity in clothing
- Denim business to witness moderate growth and strong cash flows with moderate investments
- Wovens and Garment operations stabilized, positioned for strong growth as well as healthy cash generation
- Brands and Retail play uniquely poised, moving towards breakthrough growth with strong profitability
- Strategic bets being placed on potential future discontinuities

These are exciting times for Arvind



Conclusion: Clear Value Creation Path



Thank You

ARVIND

