



ARVIND LIMITED

Review of financial results for the period
ended March 31, 2009

PRIVATE & CONFIDENTIAL
29th May 2009



Quarter & Year ended 31ST MARCH 2009

FINANCIAL PERFORMANCE

2008-09 – A difficult year

Key Drivers which went wrong

- A two way currency movement
 - Company's revenues were hedged at Rs. 40
 - Sharp depreciation of rupee led to significant MTM losses on short term borrowings- loss of Rs. 55 cr. as compared to gain of Rs. 32 cr. in previous year
- Non availability of gas:
 - Average cost of power for the year was Rs. 7.2 per unit which when compared with the external cost of power, resulted in a loss of Rs. 43 cr.
- Cotton cost
 - Cotton prices were higher by 25%
- Effect of global meltdown
 - Demand of fabrics (particularly denim) was severely affected. YOY drop of 6 % in volume

Company's initiatives

- Focus on higher priced/margin business
 - Denim realization increased 13%
 - Garments price growth 10%
- Focus on improved productivity
 - Garments volume growth 18%
- Cost rationalization
 - Fixed overheads reduced by Rs. 25 cr. p.a.
- Expanding customer base
 - Added new customers like J C Penny (Denim),
 - improved business with Old Navy, H & M ,
 - Refocused domestic market with product strategy

EBIDTA margin dropped from 12.7% to 11%
MTM loss Rs. 55 cr. compared to gain of Rs. 32

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Arvind Limited-Q IV

- Sales lower by 11% due to reduced revenue in Brands & Retail business by Rs. 27 cr. and discontinuation of Cotton exports activity (Rs.96 cr. Q4 : previous year)
- Lower EBIDTA on account of reduced margin in Brands & Retail Business. EBIDTA margin in brands & Retail business -QIV
 - 2007-08: 11%
 - 2008-09: 0.5 %

Particulars	Quarter 4		
	2008-09	2007-08	Change
Net Sales/Income from Operations	587	619	-5%
Other Operating Income	3	47	-93%
Total	590	666	-11%
Raw Material Comsumptions	243	307	-21%
Employee Cost	64	56	14%
Power & Fuel	57	67	-15%
Stores Consumption	47	47	0%
Other Expenses	120	115	-4%
Sub Total	530	592	12%
Operational EBIDTA	60	74	25%
Operational EBIDTA (%)	10%	11%	
Other Income	4	6	42%
EBIDTA	64	81	26%
Interest & Finance Cost	49	38	-23%
Foregin Exchange Loss(Gain)	(4)	(3)	
Cash Accruals	19	45	
Depreciation	33	31	-6%
Profit /(Loss) before tax from ordinary activities	(14)	14	
Exceptional Items	5	8	55%
Profit/(Loss) before tax	(20)	6	
Tax	1	0	
Profit /(Loss) After Tax	(20)	5	



Arvind Limited – Profit & Loss Account

- Despite increase in revenue, EBIDTA margin dropped from 13% to 11%, as a result of significant increase in energy cost due to non availability of gas and higher raw material costs
- MTM losses on account of FX rate fluctuation for the year were Rs. 55 cr. compared to gain of Rs. 32 cr. in the previous year

Particulars	2008-09	2007-08	Change
Net Sales/Income from Operations	2319	2182	6%
Other Operating Income	26	109	-76%
Total	2345	2290	2%
Raw Material Consumptions	919	907	1%
Employee Cost	245	230	6%
Power & Fuel	271	215	26%
Stores Consumption	198	208	-5%
Other Expenses	456	438	4%
Sub Total	2088	1999	
Operational EDBIDTA	257	291	-12%
	11%	13%	
Other Income	52	16	234%
EBIDTA	309	307	1%
Interest & Finance Cost	167	163	3%
Foregin Exchange Loss(Gain)	55	(32)	-274%
Cash Accruals	87	176	
Depreciation	122	137	-11%
Profit before tax from ordinary activities	(35)	39	
Exceptional Items/Prior Period Adj.(net)	11	9	14%
Profit before tax	(46)	30	
Tax	2	2	
Profit After Tax	(48)	27	

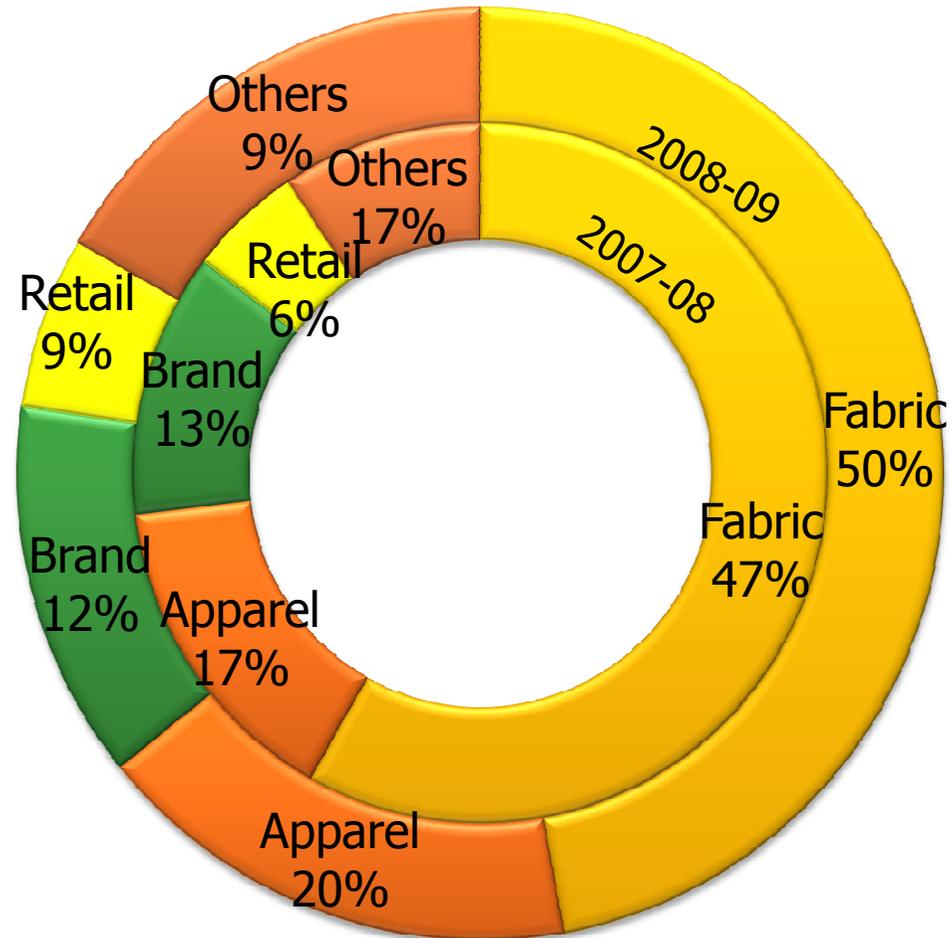
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Debt Profile

	Rs. In Crs					
	In Rupees	Rate of Int	In FC	Rate of Int	Total	Rate of Int
Long Term Debt	1085	9.57%	108	5.14%	1193	9.17%
Working Capital Debt	636	10.19%	167	8.25%	803	9.79%
Total	1721	9.80%	275	7.03%	1996	9.42%
Borrowing Proportion	86%		14%			

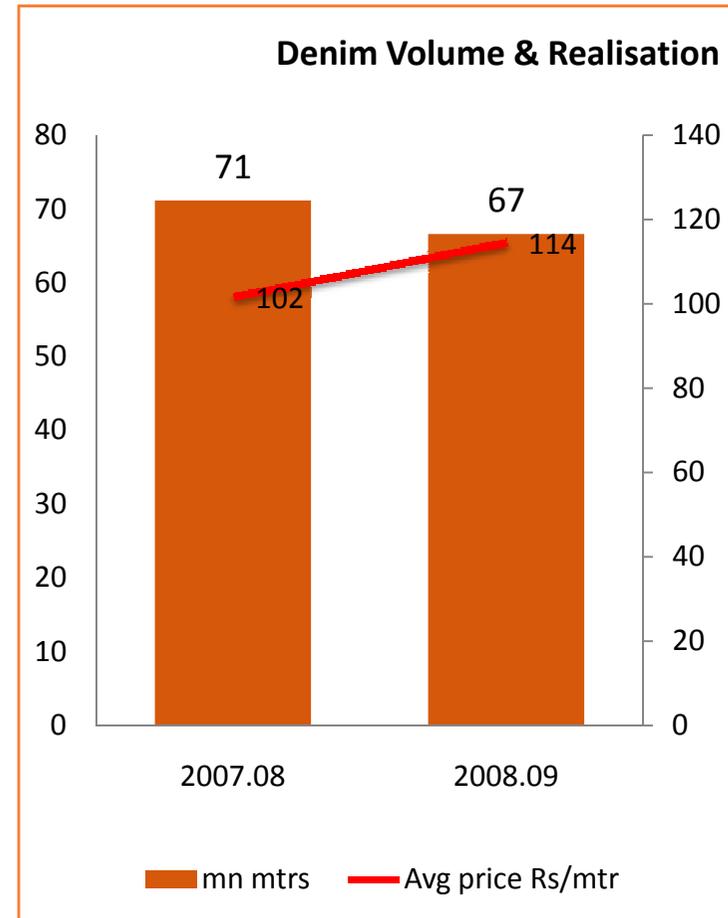
- TUF LOANS OUTSTANDING - Rs. 250 Crores FY 08-09

Arvind Ltd- Revenue Mix



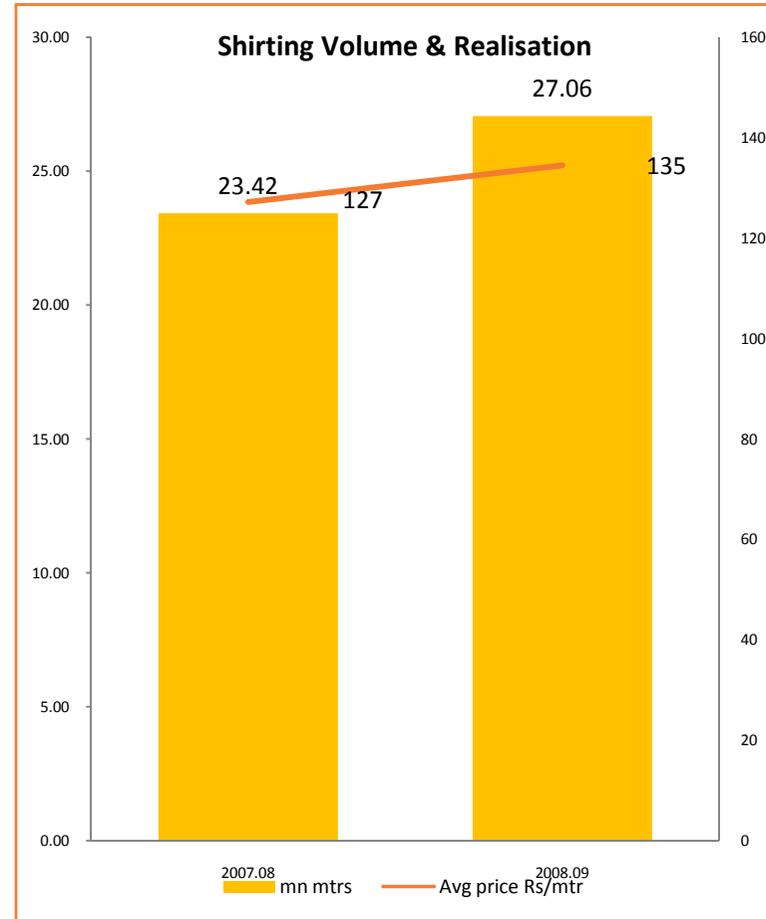
Denim

- Exports Volume under pressure for first three qtr
- Recovery signs from later part of 4th qtr ,
- Domestic volumes increased by 28% during the year which helped in containing overall volume fall at 6 % for the year.
- Sales realization for 2008-09 improved by 13% compared to previous year



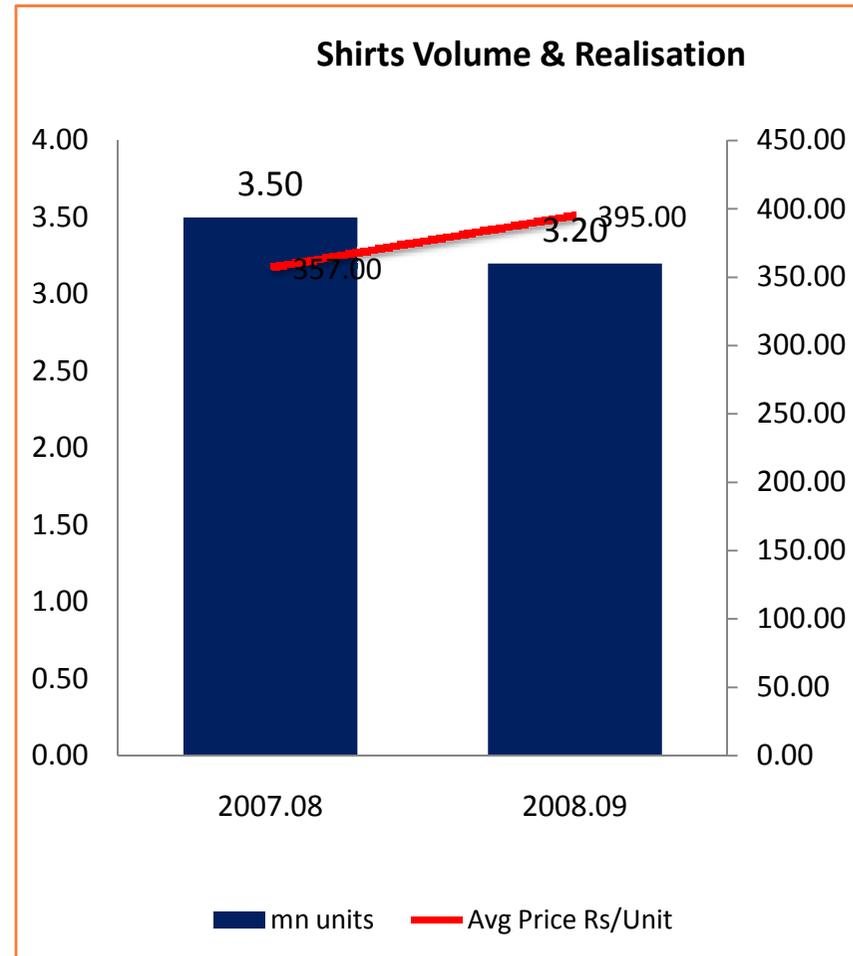
Shirting

- Company achieved 16% volume growth during the year
- For FY 2008-09 the price realization improved by approx. 6% compared to previous year



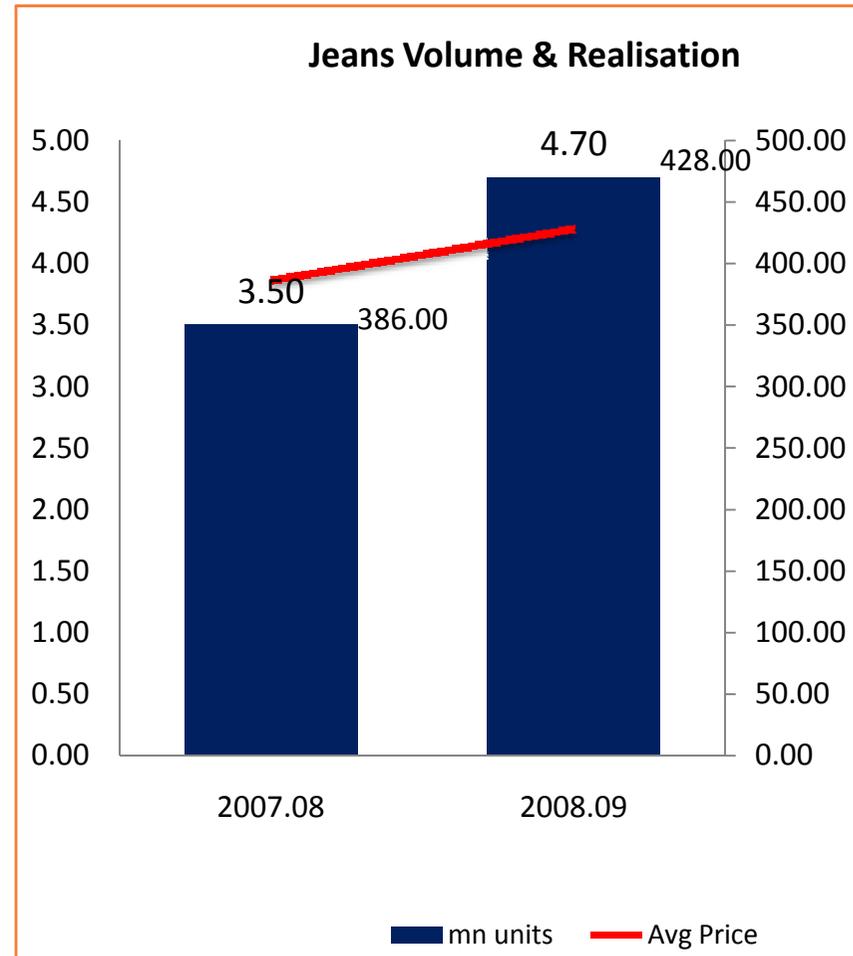
Shirts- Garments

- Volume dropped in Q2 & Q3 due to slump in the demand-Volume recovered in Q4
- Realization up by 11 % for FY 2008-09



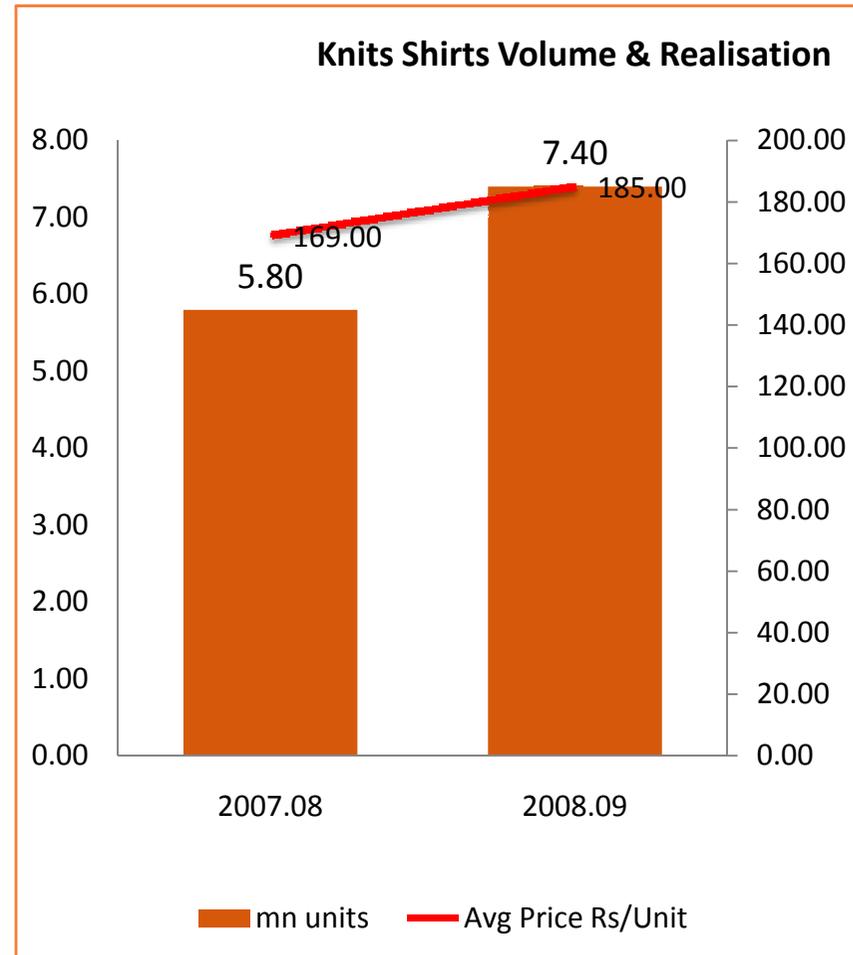
Jeans- Garments

- Overall volume increased by 32% during the year
- Realization increased by 11%



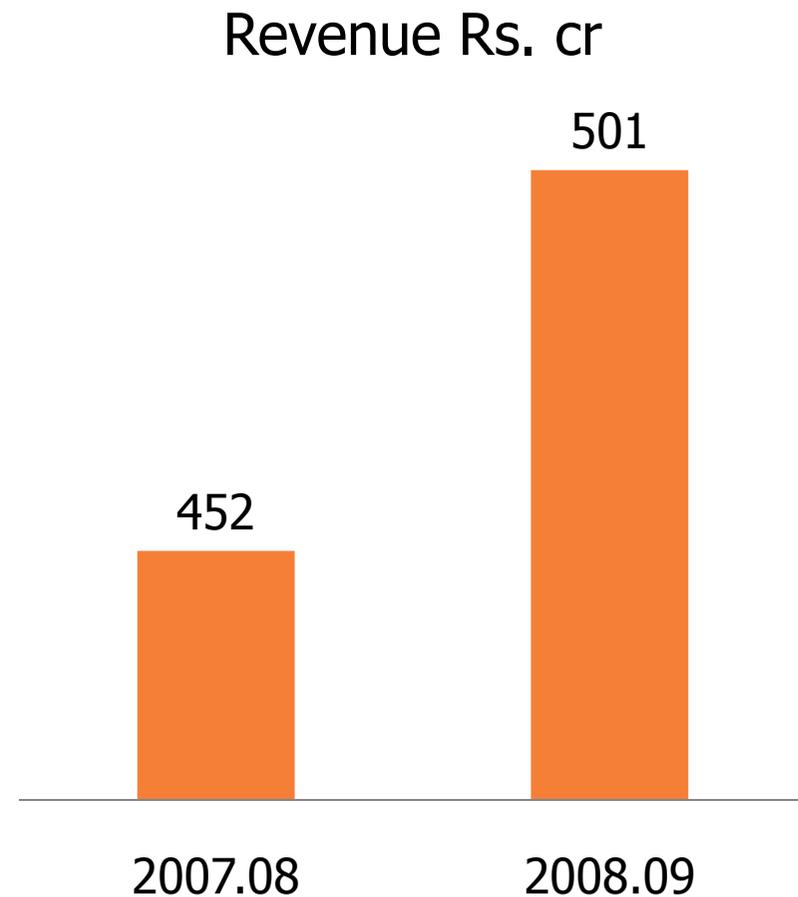
Knits

- Volume improved by 27%
- Price improved by 9%



Brands & Retail

- Overall growth of 11%
- 'Arrow' was the growth leader
- Megamart grew by 65%



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Mega Mart Key highlights – 2008-09

- Added 2.2 lac sq ft of retail space
- Small format
 - 83 stores to 121 stores
 - From 31 cities to 41 cities
 - 32 Stores in Tier 2 & 3 cities
- Large format
 - Stores opened at Pune, Bangalore & Faridabad
 - Partnership with 150 brands

Consolidated Results

- On consolidated basis the company has higher net loss (as compared to stand alone loss) on account of losses in

–Arvind Products

–Asman Investments

–share of loss from VF
Arvind Brands Private Limited

- Anup Engineering has contributed positively to the consolidated bottom-line

Rs crores

Particulars	2008-09	2007-08	Change
Net Sales/Income from Operations	2717	2579	5%
Other Operating Income	20	95	-79%
Total	2737	2674	2%
EBIDTA from operations	301	348	-13%
Other Income	49	20	145%
EBIDTA	351	368	-5%
Interest & Finance Cost	227	190	19%
Foreign Exchange Loss(Gain)	56	(33)	
Cash Accruals	68	212	
Depreciation	161	175	-8%
Profit/(Loss) before tax from ordinary	(92)	36	
Exceptional Items/Prior Period adj.(n	10	10	-3%
Profit/(Loss) before tax	(102)	26	
Tax	7	7	
Profit/(Loss) After Tax before Minority Interest	(109)	19	
Less : Share of Minority Interest	(10)	3	
Profit/(Loss) After Tax	(99)	16	

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Arvind Products Ltd

- The performance of the company has been affected by following factors
 - Reduction in volumes at Arvind Intex which is a captive spinning unit for Denim business reflecting in the reduction capacity utilization
 - Khakis division has been severely affected due to lack of orders arising out of very significant increase competition
 - Higher power cost due to non availability of gas

	2008-09	2007-08	% age Change
	Rs in Cr		
Sales and Operating Inco	387	438	-12%
Raw Materials #	168	196	-14%
Direct Materials	42	48	-11%
Power, water, fuel	68	63	8%
Salaries & wages	39	37	6%
Other overheads	45	52	-13%
Total cost of sales	348	381	-9%
Operating Profit	39	57	-31%
Other Income	2	3	-40%
Net Interest & Finance Co	29	20	44%
Cash Accrual	12	39	-70%
Depreciation	35	36	-4%
Profit before tax	-23	3	-832%
Profit after Tax	-23	3	-888%



Anup Engineering Limited

- The business has done well despite sluggish demand in second half

	2008-09	2007-08	Change
	Rs in Cr		% age
Sales and Operating Income	81	63	28%
Raw Materials #	49	37	30%
Job Work Charges	12	9	32%
Salaries & wages	3	2	64%
Decrease / (Increase) in stock	-5	-5	-7%
Other overheads	6	7	-9%
Total cost of sales	65	50	31%
Operating Profit	15	13	16%
Other Income	0	0	61%
Net Interest & Finance Cost	2	1	
Cash Accrual	13	12	8%
Depreciation	1	0	152%
Profit before tax	13	12	4%
Tax	4	4	4%
Profit after Tax	8	8	5%



Outlook

Backdrop

- Macro economic factors
 - Currency
 - \$= 47-48 restores competitiveness of Indian Exports to level of China
 - Cotton prices
 - Though cotton prices have moved up in last one month, we expect that cotton prices will be lower by 5% for the whole year compared to previous year
 - Gas
 - Company has tied up gas supply for 9 years with GAIL
- Industry scenario
 - Due to cost pressures, customers are shifting sourcing more aggressively than ever before leading to higher off take from Asian countries including from India
 - Domestic market continues to perform without significant drop in volumes

Backdrop

- Growth Initiatives

- Productivity improvements:

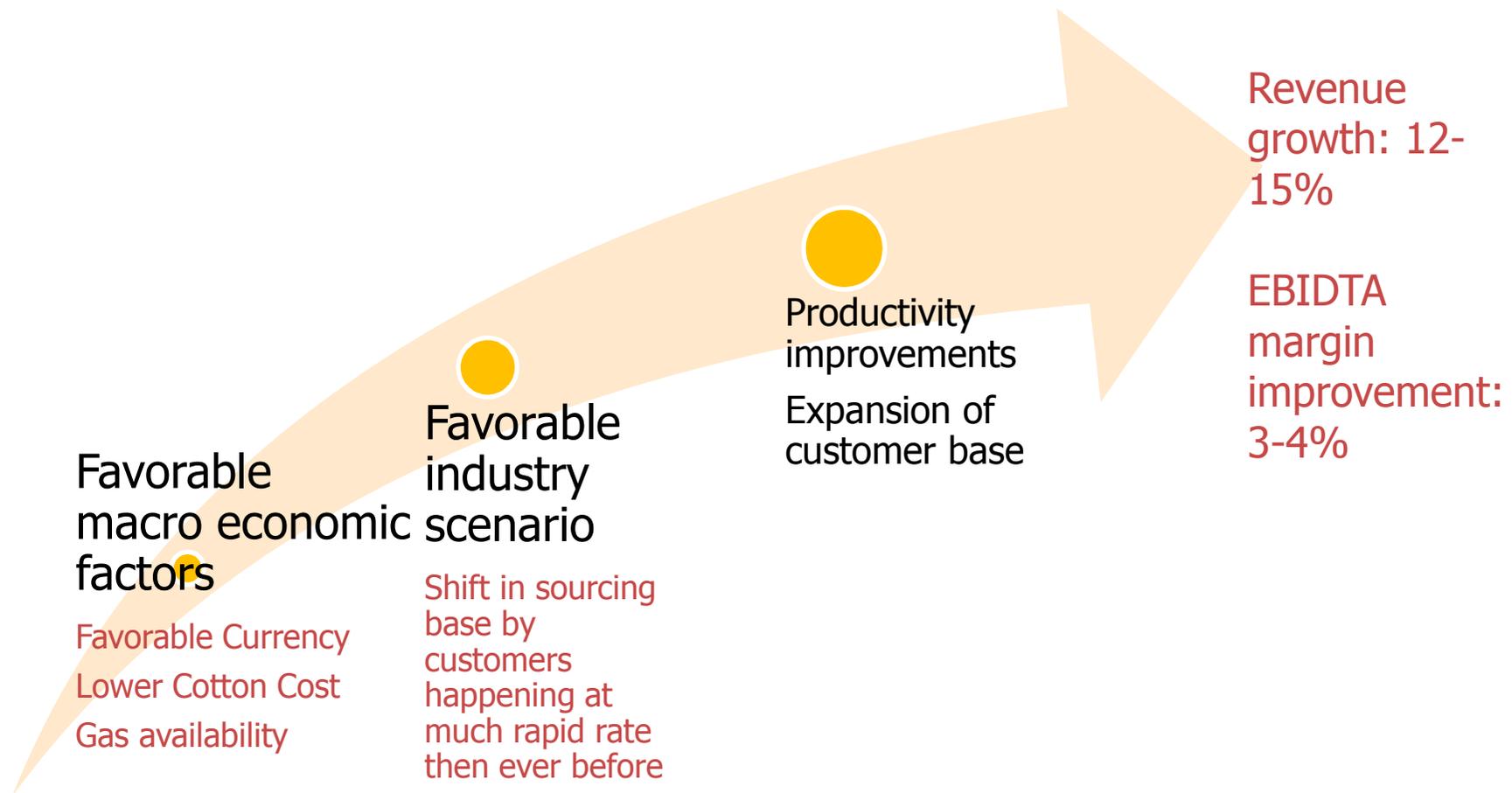
- Company has undertaken massive productivity improvement drive in its garments plants and expects over 40% growth in garments sale for the year

- “Intellifabrics”

- Company has started selling several types of performance fabrics by expanding its retail presence under the brand “Arvind”.
 - Targeting to have 600 distribution points in India by end of the current financial year

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Revenue & Margin Growth





Thank You