

The Arvind logo is rendered in a red, serif typeface. The letters are closely spaced, and the 'A' and 'V' are particularly prominent due to their height and the sharp points of their respective shapes. The logo is positioned in the upper right quadrant of the page, set against a light, off-white background that is partially framed by a dark blue, abstract, wavy shape on the left side.

Review Note Q2

28th October 2010

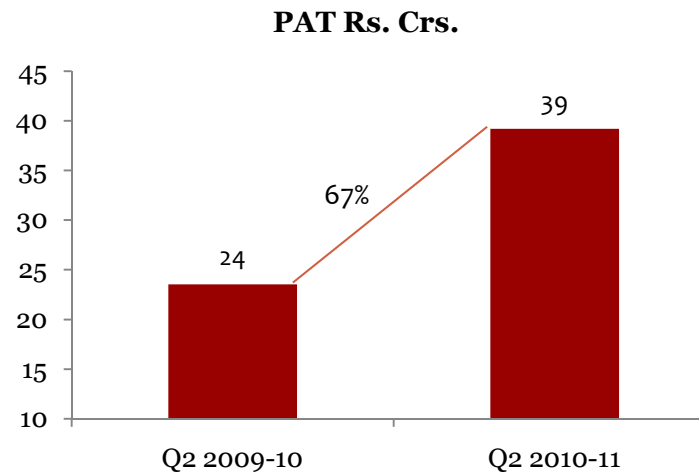
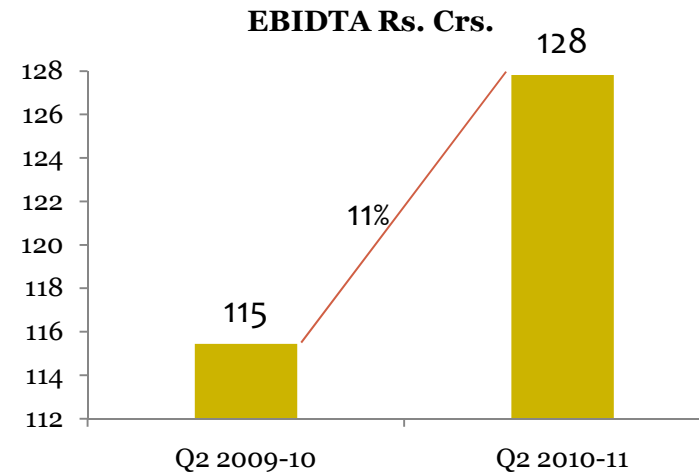
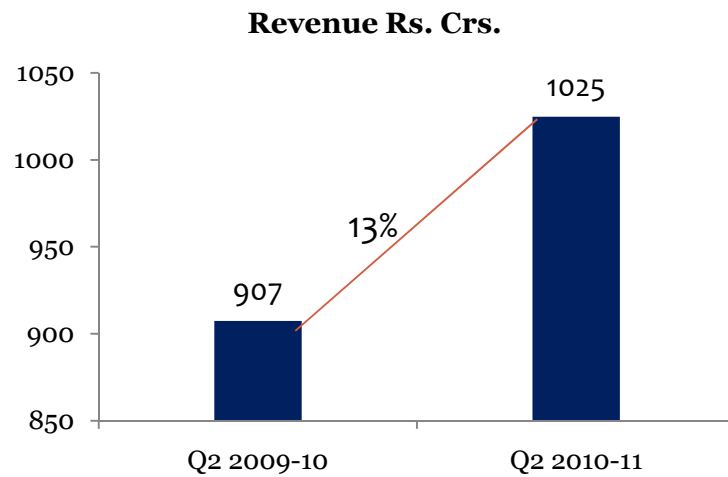
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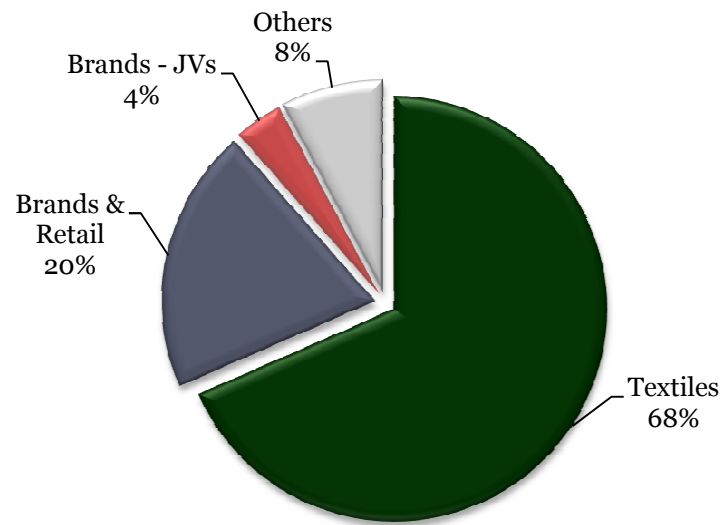
Financial Performance- Consolidated

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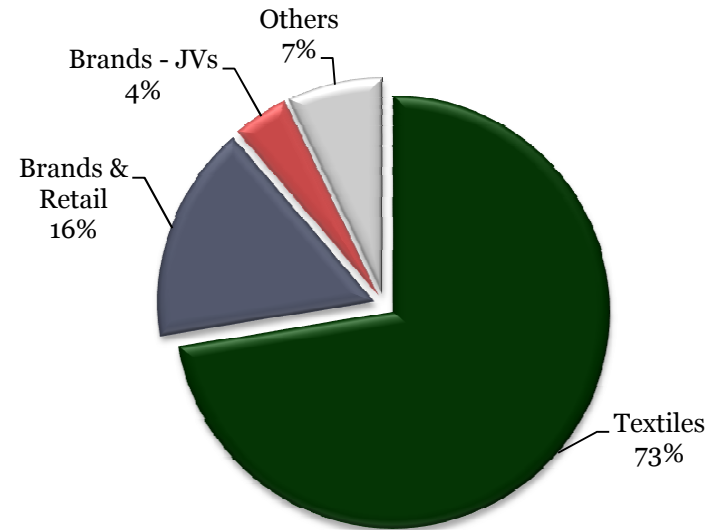
Highlights Q2 2010-11



Q2- Revenue



2010-11



2009-10

Compared to Q2 2009-10

Textile Business grew by 7%:

Brands & Retail Business grew by 40%

Share of apparel & fabric retailing grew to 34% from 29% of revenue

Share of domestic revenue grew to 70% from 64% of revenue

Q2- Earnings

- EBIDTA grew by 11% to Rs.128 cr.
 - Textile EBITA margin grew from 12.7% to 15.8%
 - Brands & Retail margins grew from 8% to 8.9%
 - Overall EBIDTA margin was 12.5% as compared to 12.9% as Q2 2009-10 contained income from cancellation of Fx contracts
- Profit After Tax grew to Rs. 39 crores up 67% compared to Q2 2009-10

Financial Performance – Q2 2010-11

Rs crores

	Q2- Sept 30	2010	2009	Change
Revenues		1,025	907	13%
Raw Material Consumed		404	313	
Purchase of Finished Goods		89	133	
Employees' Emoluments		95	93	
Others		311	283	
(Increase) / Decrease in Stock		-2	-30	
EBIDTA		128	115	11%
Other Income		15	12	
Intrest & Finance Cost(Net)		58	62	
Cash Accruals		85	66	29%
Depreciation		45	41	
Profit Before Tax		40	25	
Profit After Tax		40	23	
Less : Adjustment on account of consolic		1	-1	
Net Profit after Minority Interest		39	24	67%

Financial Performance H1 – 2010-11

	H1- Sept 30	2010	2009	Change
Revenues		1,894	1,689	12%
Raw Material Consumed		754	597	
Purchase of Finished Goods		174	204	
Employees' Emoluments		189	173	
Others		564	538	
(Increase) / Decrease in Stock		-37	-38	
EBIDTA		250	215	16%
Other Income		24	16	
Intrest & Finance Cost(Net)		123	123	
Cash Accruals		151	107	41%
Depreciation		91	84	
Profit Before Tax		61	23	
Profit After Tax		60	20	
Less : Adjustment on account of consolic		-1	-3	
Net Profit after Minority Interest		60	23	158%



Balance Sheet

Rs cr.

	As at 30.09.2010	As at 31.03.2010
SOURCES OF FUNDS		
Share Capital	242	240
Reserves and Surplus	1085	1043
Shareholders' Funds	1327	1283
Minority Intrest	14	14
Loan Funds	2226	2202
Deferred Tax Liability	14	13
Total	3581	3513
APPLICATION OF FUNDS		
Fixed Assets	2428	2489
Investments	39	44
Foreign Currency Monetary Item Translation Difference Account	(1)	(1)
Net Current Assets	1115	981
Total	3581	3513

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Financial Performance-Standalone

Financial Performance Q2

Rs crores

- Strong demand for denim and shirting/khaki fabrics led to 9% growth in revenue despite drop in revenue from garments exports
- EBITDA grew by 8% and PAT grew by 86%
- Other income includes Rs. 11 cr earned on account of sale of land (Q2 2009-10 Rs. 5 cr)

	2010-11	2009-10	
Particulars	Q2		Change
Revenue	655	601	9%
Raw Materials	298	244	
Purchase of Finished Goods	12	13	
Employee Cost	66	60	
Power & Fuel	65	56	
Stores Consumption	47	51	
Others	81	88	
(Increase) / Decrease in Stock	-5	5	
Operational EBITDA	91	84	8%
Margin %	14%	14%	
Other Income	14	6	
EBIDTA	105	91	16%
Interest & Finance Cost	47	47	
Cash Accruals	58	43	34%
Depreciation	30	28	
Profit After Tax	28	15	86%

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Balance Sheet

	30.09.2010	31.03.2010
Rs cr.		
SOURCES OF FUNDS		
Share Capital	242	240
Reserves and Surplus	1203	1180
Shareholders' Funds	1445	1420
Secured Loans	1740	1729
Unsecured Loans	105	142
Loan Funds	1845	1871
Deferred Tax Liability	13	13
Total	3302	3303
APPLICATION OF FUNDS		
Fixed Assets	1905	1965
Investments	304	300
Foreign Currency Monetary Item Translation		
Difference Account	(1)	(1)
Net Current Assets	1094	1039
Total	3302	3303

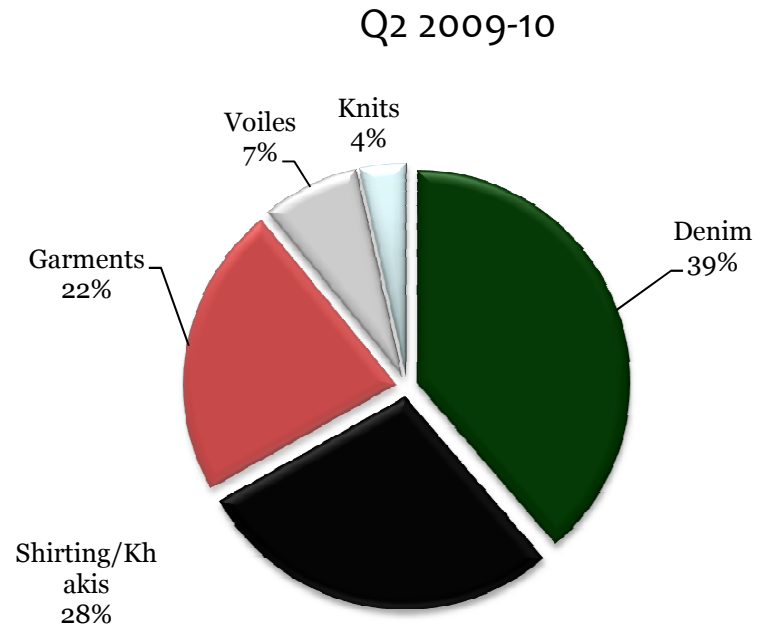
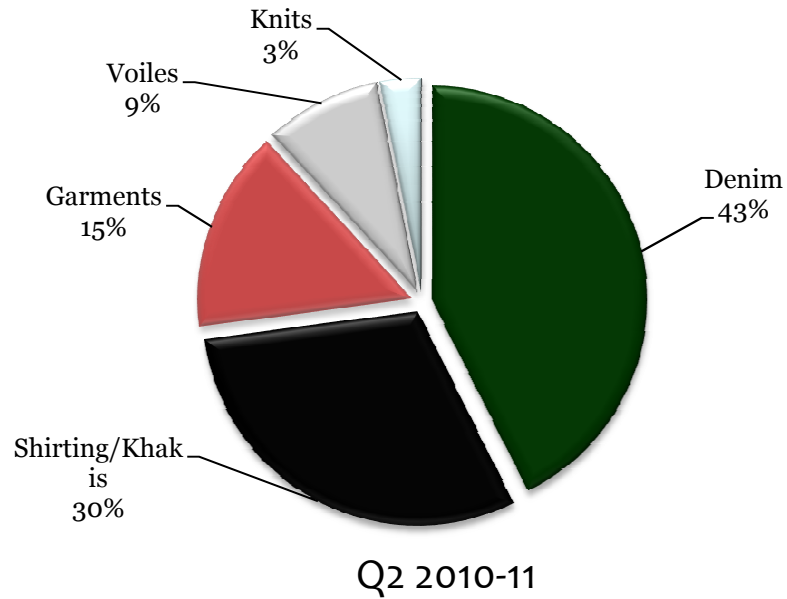




Business Analysis

All numbers in this section are consolidated unless specified otherwise

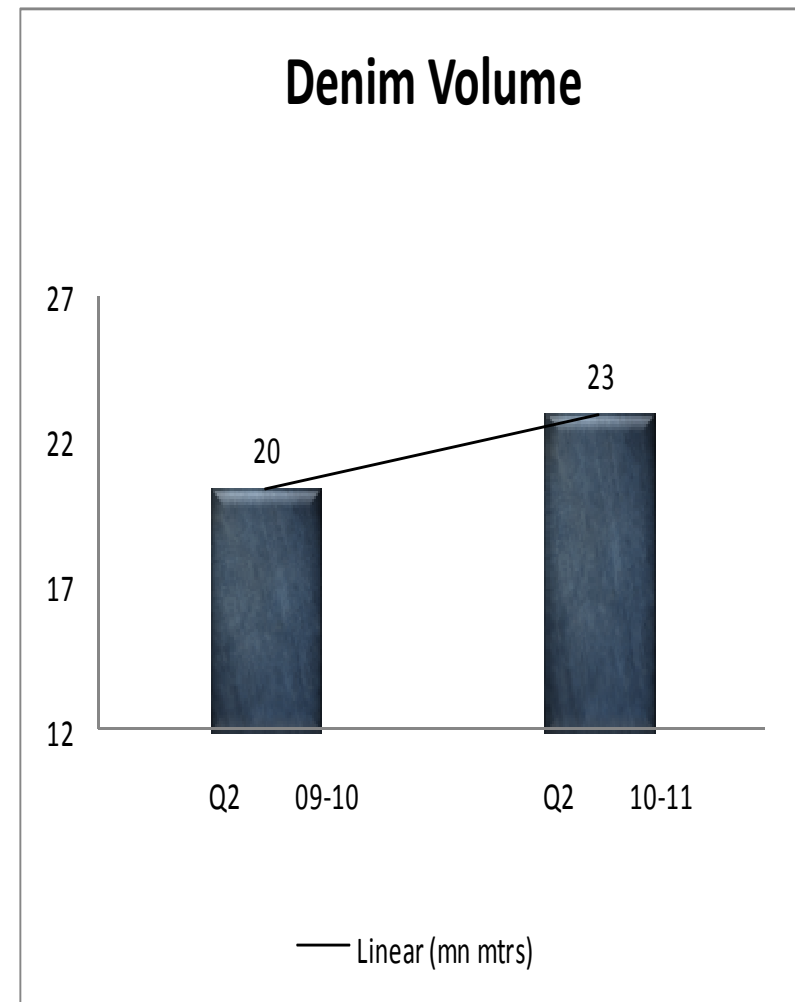
Textile Revenue



The garments revenue, as planned, fell from Rs. 146 cr in Q2 2009-10 to Rs.107 cr during the quarter

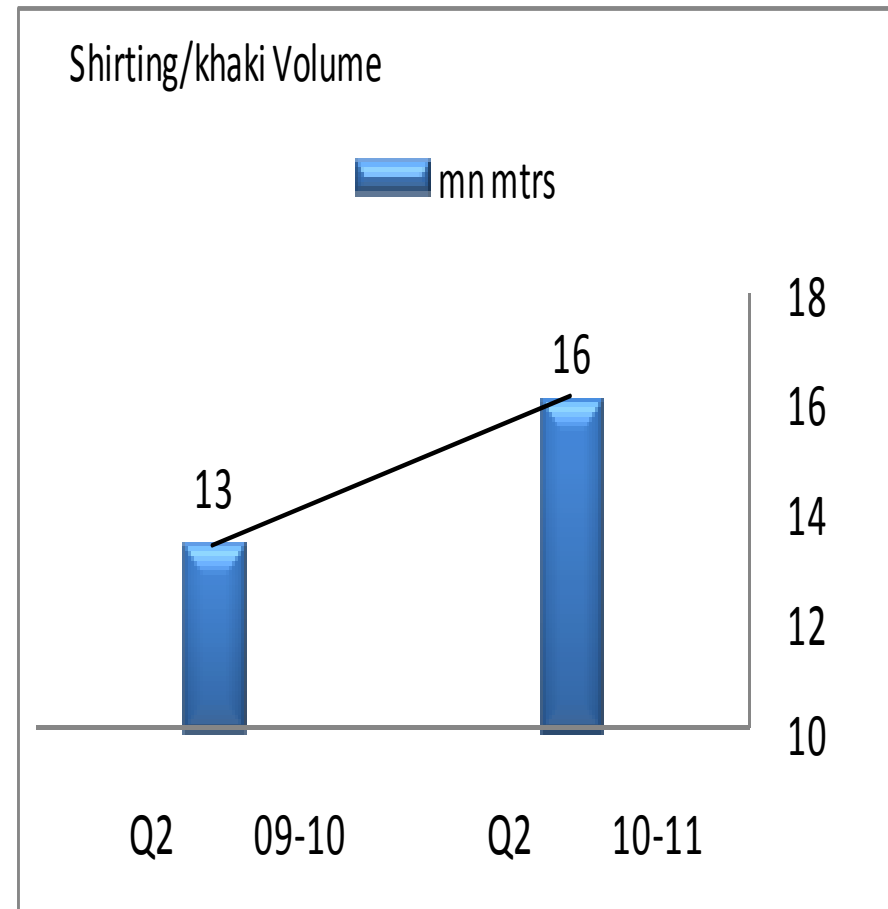
Denim

- Denim volumes grew to by 15%
- Capacity expansion by 8% in Q3

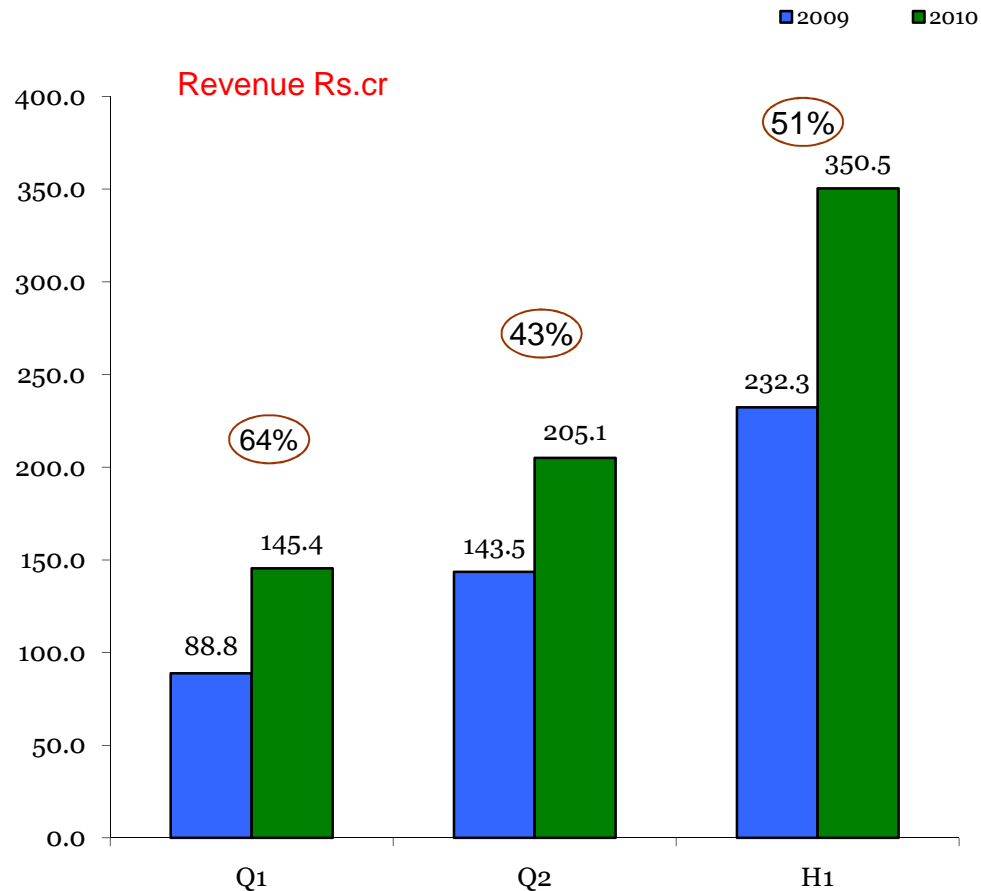


Shirting & Khaki Fabrics

- Shirting and Khaki fabric volume grew 23% to 16 Million meters
- Capacity expansion by 10% in Q3



Brands & Retail Businesses



- Arvind Lifestyle brands & Arvind Retail Limited are subsidiaries operating in apparel Brands & Retail Businesses respectively
- With 64% revenue growth in Q1 and 43% revenue growth in Q2, the business is likely to cross Rs. 800 cr. revenue this FY

Revenue Growth in H1 2010-11 has been exceptional

Following a 33 % revenue growth in 2009-10, the revenue grew by 51% in first 6 months of the current FY

Revenue- April-September 2010

	Revenue Rs Crs	% Growth
ALBL	170	83
ARL	180	29
Total	350	51

One of the key growth drivers was like to like growth.....

Like to Like Growth April-September 2010

	% LTL
ALBL	22%
ARL	21%

ALBL- Brands
ARL- MegaMart Retail

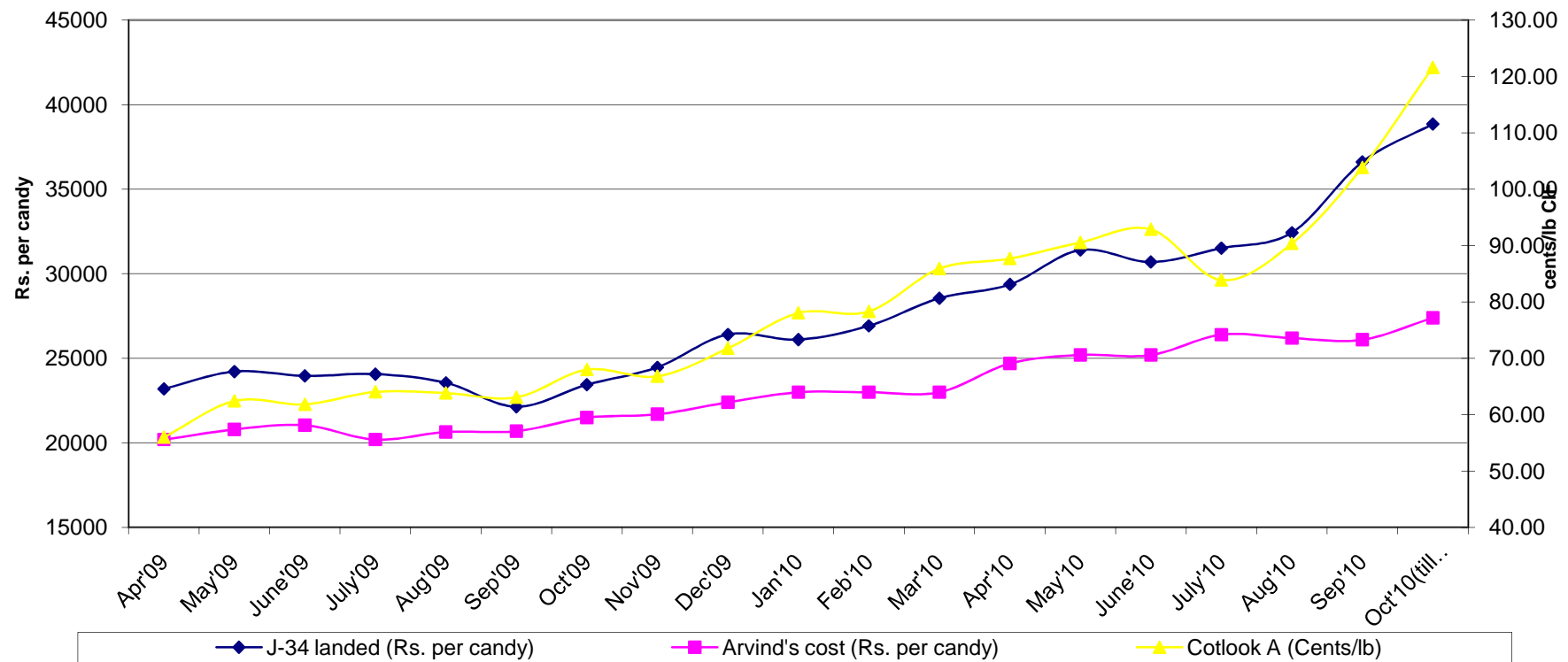


Key Parameters- Textiles

	Denim		Shirtings & Khakis	
	Qtr - II		Qtr - II	
	2010-11	2009-10	2010-11	2009-10
Exports (Mn Mtrs)	10.7	10.5	3.9	2.0
Domestic (Mn Mtrs)	12.3	9.9	12.1	11.4
Average Price (Rs/Mtr)	127	119	130	125
	Cotton		Gas	
	Qtr - II		Qtr - II	
	2010-11	2009-10	2010-11	2009-10
Major Cost Components				
Cost in Rs./Kg	78.5	60.6	16.1	16.3

Cotton cost

Trend in cotton prices



Cotton Cost

		Apr-09	Sep-10
J-34 Spot	Rs / Candy	22150	35300
Arvind Cost	Rs / Candy	20200	26100
Cotlook A	Cents / lb	56.00	103.85

- Cotton prices have shot up by 60%. Although the company has increased selling price of its products to off-set the cost push, any significant increase in cotton price could affect the margin if company is not able to pass on the cost increases
- Company does not expect cotton prices to go down in near term



Outlook for H2

Outlook 2010-11

Positives:

- Robust demand for fabrics & garments
- Capacity expansion in H2 to help top line growth
- Strong growth in Brands & Retail subsidiaries
- FX hedge to enable realize Rs. 47 for exports in \$
- Company's plan to divest real-estate is on track and it expects to divest some more land in H2

Negative:

- Very high cotton prices likely to affect margin

Thank You

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