

# ARVIND MILLS LIMITED

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TEXTILES

LALBHAI

Chairman: Arvind N. Lalbhai

SEC: Mr. R. V. Bhimani

AUD: Sorab S. Engineer & Co.

Yr of Inc	B. Code	BL. Code	F.V.	Price	% ch 1-m	% ch 12-m	P/E	P/CF	Yield	Mkt cap	Vol.	ISIN
1931	500101	ARVND.IN	10	51.6	-23.3	-52.6	12.6	3.8	1.9	10,803.9	1,026.3	INE034A01011

## SHAREHOLDING

		FX Transaction (FY06)	
Indian Promoters	: 33.7%	Exports (fob)	Rs m 7,274
Foreign collaborators	: 0.0%	Imports (cif)	Rs m 1,572
Indian inst/Mut Fund	: 15.6%	Fx inflow	Rs m 7,274
FII's/GDR	: 25.9%	Fx outflow	Rs m 2,170
Free float	: 24.8%	Net fx	Rs m 5,104
Shareholders	: 170,609		

	No. of months	12	12	12
	Year ending	31/03/04	31/03/05	31/03/06

## EQUITY SHARE DATA

High	Rs	71	140	144
Low	Rs	19	43	89
Sales per share	Rs	79.2	99.1	101.7
Earnings per share	Rs	4.7	6.0	4.1
Cash flow per share	Rs	14.2	15.3	13.7
Dividends per share	Rs	0.00	1.00	1.00
Dividend yield (eoy)	%	0.0	1.1	0.9
Book value per share	Rs	53.0	58.8	69.9
Shares outstanding (eoy)	m	195.38	195.38	209.38
Bonus/Rights/Conversions	WC	-	-	GDR
Price / Sales ratio	x	0.6	0.9	1.1
Avg P/E ratio	x	9.6	15.2	28.4
P/CF ratio (eoy)	x	3.1	6.0	8.5
Price / Book Value ratio	x	0.8	1.6	1.7
Dividend payout	%	0.0	16.6	24.4
Avg Mkt Cap	Rs m	8,729	17,877	24,393
No. of employees	'000	5	5	5
Total wages/salary	Rs m	1,414	1,544	1,938
Avg. sales/employee	Rs Th	3,093.0	3,873.8	4,260.8
Avg. wages/employee	Rs Th	282.8	308.8	387.6
Avg. net profit/employee	Rs Th	182.4	234.8	171.6

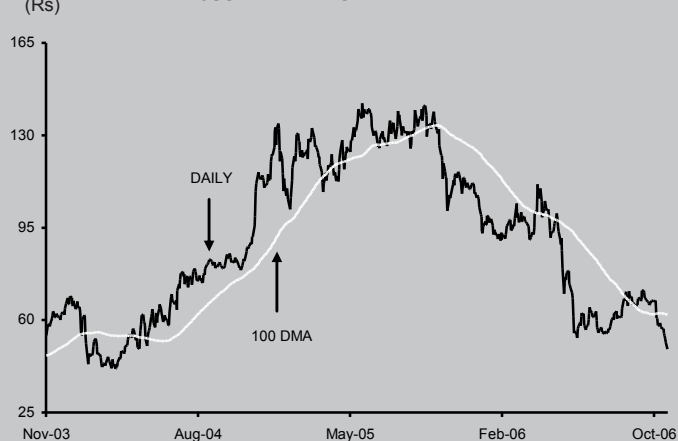
## INCOME DATA

Net Sales	Rs m	15,465	19,369	21,304
Other income	Rs m	361	96	375
Total revenues	Rs m	15,826	19,465	21,679
Gross profit	Rs m	3,566	3,845	3,791
Depreciation	Rs m	1,861	1,815	2,001
Interest	Rs m	1,147	1,003	1,235
Profit before tax	Rs m	919	1,123	930
Minority Interest	Rs m	42	72	34
Prior Period Items	Rs m	0	-1	0
Extraordinary Inc (Exp)	Rs m	0	0	0
Tax	Rs m	49	20	106
Profit after tax	Rs m	912	1,174	858
Gross profit margin	%	23.1	19.9	17.8
Effective tax rate	%	5.3	1.8	11.4
Net profit margin	%	5.9	6.1	4.0

## BALANCE SHEET DATA

Current assets	Rs m	9,634	14,503	17,153
Current liabilities	Rs m	1,740	2,507	2,871
Net working cap to sales	%	51.0	61.9	67.0
Current ratio	x	5.5	5.8	6.0
Inventory Turnover	Days	116	114	121
Debtors Turnover	Days	39	38	29
Net fixed assets	Rs m	19,618	18,689	23,237
Share capital	Rs m	1,954	1,954	2,094
"Free" reserves	Rs m	7,995	9,215	12,209
Net worth	Rs m	10,364	11,493	14,632
Long term debt	Rs m	10,827	11,516	13,205
Total assets	Rs m	30,224	34,572	40,787
Interest coverage	x	1.8	2.1	1.8
Debt to equity ratio	x	1.0	1.0	0.9
Sales to assets ratio	x	0.5	0.6	0.5
Return on assets	%	3.0	3.4	2.1
Return on equity	%	8.8	10.2	5.9
Return on capital	%	9.7	9.5	7.5
Exports to sales	%	35.3	39.9	34.1
Imports to sales	%	9.8	10.5	7.4

## ADJUSTED DAILY SHARE PRICE DATA



	No. of months	12	12	12
	Year ending	31/03/04	31/03/05	31/03/06

## CASH FLOW

From Operations	Rs m	2,208	654	1,149
From Investments	Rs m	-975	-1,544	-1,969
From Financial Activity	Rs m	-1,294	919	764
Net Cashflow	Rs m	-61	30	-57

## INTERIM RESULTS #

		3QFY06	4QFY06	1QFY07	2QFY07
Net sales	Rs m	3,902	3,578	3,546	3,932
Gross profit	Rs m	918	864	743	813
Gross profit margin	%	23.5	24.1	21.0	20.7
Net profit	Rs m	234	215	67	56
Net profit margin	%	6.0	6.0	1.9	1.4

## KEY DATA

Parameters	Unit	FY04	FY05	FY06
Denim capacity	MMTR	100.0	120.0	120.0
Denim sales	% of sales	66.1	63.4	52.3
Shirting capacity	MMTR	36.4	36.4	36.4
Shirt sales	%	21.9	18.8	18.5

## NOTES

Arvind Mills is India's largest denim manufacturer and exporter, with a total capacity of 120 mm. The company also ranks among the top three denim producers worldwide. It manufactures and sells textiles (34 mm capacity) and ready to wear garments. The company has also aggressively entered the garmenting and knits businesses. Through a GDR issue, the company has acquired ICICI Venture's stake in Arvind Brands. Poor performance of the denim division and forex losses has eroded the company's bottomline over the past couple of quarters.

The denim business, which accounts for more than 60% of Arvind Mills' topline, did not recover from the volume pressures in FY06. The company had earlier attributed this to huge inventory built up by the large brands in the US and Europe. Also, emergence of Pakistan and Bangladesh as strong regional competitors is acting as impediment to volume recovery. As far as the shirting segment is concerned, despite a fall in volumes and realisations, the contribution to sales marginally improved, largely due to de-growth at the topline level.

The company estimates that its market share in the domestic market will continue to contract from the levels achieved in the past and a credible alternative for selling the surplus volumes needs to be established. In 2QFY07, Arvind Brands, the wholly owned subsidiary of Arvind Mills, formed a joint venture (Arvind holding 40% stake) with VF Corporation (US) for marketing in India, the various brands owned by VF Corporation. In absence of a viable distribution network for the mid and the low priced segments, revenues of Arvind Brands have suffered significant reverses. As per the company, under the JV structure, Arvind's brands along with VF brands will be managed separately and the former will now primarily focus on growing its own brands.