12 May 2016

4QFY16 Results Update | Sector: Textiles

Arvind

BSE SENSEX	S&P CNX
25,790	7,900

Bloomberg	ARVND IN
Equity Shares (m)	258.2
M.Cap.(INRb)/(USDb)	77.8 / 1.2
52-Week Range (INR)	366 / 216
1, 6, 12 Rel. Per (%)	9/4/24
12M Avg Val (INR M)	588
Free float (%)	56.2

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Net Sales	84.5	95.4	109.4
EBITDA	10.7	11.9	13.6
PAT	3.7	4.3	5.2
EPS (INR)	14.0	16.5	20.0
Gr. (%)	6.3	17.8	20.8
BV/Sh (INR)	112.8	125.2	140.5
RoE (%)	12.9	13.9	15.0
RoCE (%)	14.8	15.7	16.7
P/E (x)	21.5	18.3	15.1
P/BV (x)	2.7	2.4	2.1

Estimate change

TP change

Rating change

CMP: INR302 TP: INR350(+15%) Buy

Roadmap to FY20 with ambitious plans for brands & retail

- **Results beat estimates:** Arvind reported revenues of INR23.2b (est of INR22b) marking a YoY growth of 13.7% on the back of strong growth in brands and retail business (B&R) of 31% YoY to INR 7.7b. Brands posted a 44% YoY growth while MegaMart revenues de-grew 4%. L2L growth for brands stood at 2.7% while power brands grew 31%. Textiles grew 4% to INR13.6b with garments posting strong growth of 27% and woven fabrics growing 4% YoY. EBITDA stood at INR3b (est INR2.7b) as against INR2.6b in 4QFY15. EBITDA margins for 4QFY16 stood at 12.8% (est 12.3%) against 12.7% in 4QFY15. EBITDA margins in B&R saw expansion of 380bp to 7.9% while margins in textiles contracted 70bp to 16.2%. Margins in Power Brands expanded 270bp to 14.4%. Adjusted PAT for 4QFY16 stood at INR1.1b (est INR921m). Revenue growth guidance for FY17 is 15-16% with 8-9% growth in textiles and 24% in B&R.
- **Ambitious plans for B&R of USD1b turnover and doubling of RoCEs by FY20:** Management outlined a three pronged strategy focused on asset-light approach and return ratios for brands & retail: a) Consolidate and grow existing brands and ramp up growth brands (now EBITDA positive v/s negative EBITDA of 20% few years back), that can become INR5-10b opportunities, b) Maintain a dynamic portfolio and look to add only large opportunities that can become INR5b in five years and EBITDA positive in two years, pursue niche categories like beauty, footwear amongst others that shall also complement digital platform, c) OMNI-commerce through launch of NNNOW.com. ARVND expects this to drive a revenue CAGR of 20-25%, operating leverage kicking in with a PAT CAGR of 30-35% and doubling of RoCEs to 18-20% by FY20
- **OMNI-commerce through NNNOW.com:** ARVND launched its OMNI-channel platform NNNOW.com that will connect digital shoppers to every product across ~50 brands, more than 1,200 stores across 200 cities. Management expects this to add about 8-10% of revenues to annual B&R revenues.
- **Valuation and view:** We expect revenues to post a CAGR of 14% and EBITDA to post a CAGR of 13% over FY16-18E. Our estimates remain largely unchanged. We value the stock through SOTP on EV/EBITDA basis ascribing 6x to textiles segment and 18x to brands & retail, arriving at a PT of INR350. Maintain Buy.

Quarterly Performance (Consolidated) (INR Million)

Y/E March	FY15				FY16				FY16	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4QE	(%)
Net Sales	17,726	19,646	20,737	20,405	18,769	20,964	21,575	23,196	22,038	5
YoY Change (%)	18.9	14.3	16.9	8.6	5.9	6.7	4.0	13.7	8.0	
Total Expenditure	15,496	17,225	17,855	17,809	16,504	18,351	18,770	20,229	19,327	
EBITDA	2,230	2,421	2,882	2,596	2,266	2,614	2,805	2,967	2,711	9
Margins (%)	12.6	12.3	13.9	12.7	12.1	12.5	13.0	12.8	12.3	
Depreciation	489	516	558	560	628	614	654	664	680	
Interest	962	1,011	1,018	956	1,025	947	895	945	900	
Other Income	249	303	150	230	248	320	188	208	150	
PBT before EO expense	1,028	1,197	1,456	1,310	861	1,373	1,445	1,566	1,281	22
Extra-Ord expense	-2	-33	-25	-484	-29	-38	-13	0	0	
PBT	1,026	1,165	1,432	825	832	1,335	1,432	1,566	1,281	22
Tax	125	242	350	360	268	406	386	458	384	
Rate (%)	12.1	20.8	24.4	43.6	32.2	30.4	26.9	29.2	30.0	
MI & Profit/Loss of Asso. Cos.	-3	-10	-9	-13	-16	19	13	5	-25	
Reported PAT	905	933	1,091	478	580	910	1,033	1,103	921	20
Adj PAT	907	959	1,110	751	600	937	1,042	1,104	921	20
YoY Change (%)	16.4	2.9	8.4	-20.0	-33.8	-2.3	-6.1	47.0	22.7	
Margins (%)	5.1	4.7	5.3	2.3	3.1	4.3	4.8	4.8	4.2	

E: MOSL Estimates

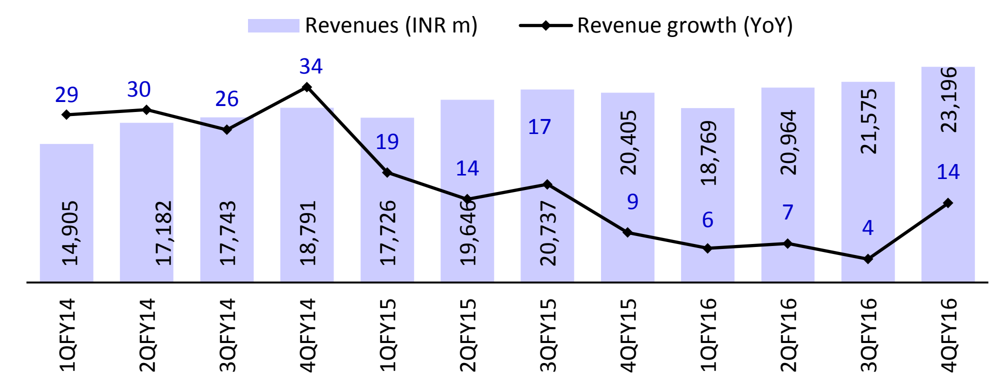
Niket Shah (Niket.Shah@MotilalOswal.com); +91 22 39825426

Chintan Modi (Chintan.Modi@MotilalOswal.com); +912239825422/**Kaustubh Kale** (Kaustubh.Kale@MotilalOswal.com); +912230102498

Results beat estimates

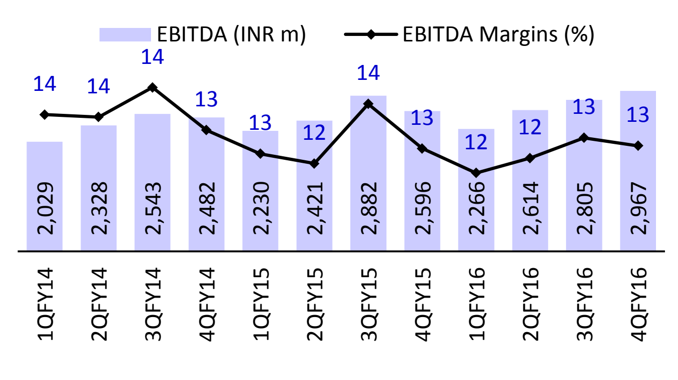
- Arvind reported revenues of INR23.2b (est of INR22b) marking a YoY growth of 13.7% on the back of strong growth in brands and retail business of 31% YoY to INR 7.7b.
- Brands posted a 44% YoY growth while MegaMart revenues de-grew 4%. L2L growth for brands stood at 2.7% while power brands grew 31%.
- Textiles grew 4% to INR13.6b with garments posting strong growth of 27% and woven fabrics growing 4% YoY.
- EBITDA stood at INR3b (est INR2.7b) as against INR2.6b in 4QFY15. EBITDA margins for 4QFY16 stood at 12.8% (est 12.3%) against 12.7% in 4QFY15.
- Margins were lower on account of higher share of brands & retail. EBITDA margins in brands and retail saw robust expansion of 380bp to 7.9% while margins in textiles contracted 70bp to 16.2%.
- Margins in Power Brands expanded 270bp to 14.4%.
- Management highlighted that Arvind Lifestyle Brand Limited has become PBT positive in-line with earlier guidance in FY16.
- Adjusted PAT for 4QFY16 stood at INR1.1b (est INR921m) as compared to INR751m in 4QFY15.

Exhibit 1: Quarterly revenue trend



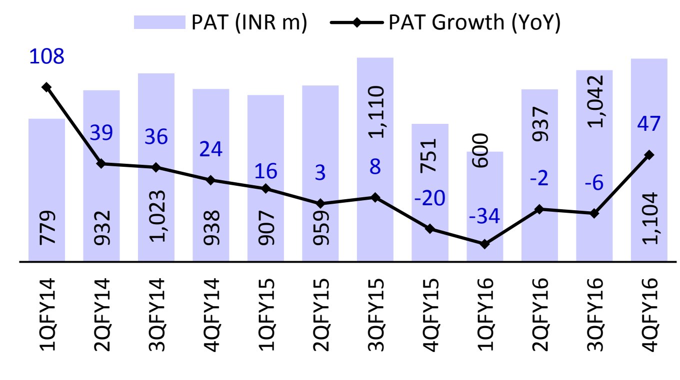
Source: Company, MOSL

Exhibit 2: Quarterly EBITDA trend



Source: Company, MOSL

Exhibit 3: Quarterly PAT trend



Source: Company, MOSL

Textiles revenue grew 4% while brands & retail posts 31% growth YoY

- Brands and retail segment grew 31% YoY to INR 7.7b.
- Brands posted a 44% YoY growth while MegaMart revenues de-grew 4%.

- L2L growth for brands stood at 2.7% while power brands grew 31%.
- Textiles grew 4% to INR13.6b with garments posting strong growth of 27% and woven fabrics growing 4% YoY.
- Denim volumes de-grew by 4% on account of bottlenecks in capacity, and debottlenecking is done now, and operational from 1QFY17.
- EBITDA margins in brands and retail saw robust expansion of 380bp to 7.9% while margins in textiles contracted 70bp to 16.2%.
- Margins in Power Brands expanded 270bp to 14.4%.
- Management highlighted that Arvind Lifestyle Brand Limited has become PBT positive in-line with earlier guidance in FY16.
- Total stores as at 4QFY16 for MegaMart & Unlimited stood at 92 while for others it was 957.
- Restructuring of MegaMart was completed which saw gross margins expanding 500bp with close of loss making stores and launch of value retail 'Unlimited'.
- Management expects recently launched specialty retail formats – GAP, TCP, Sephora and Aeropostale to contribute significantly to future revenue growth.
- It plans for 200 store openings and are not looking to add any brands in FY17.

Exhibit 4: Strong growth in Brand business

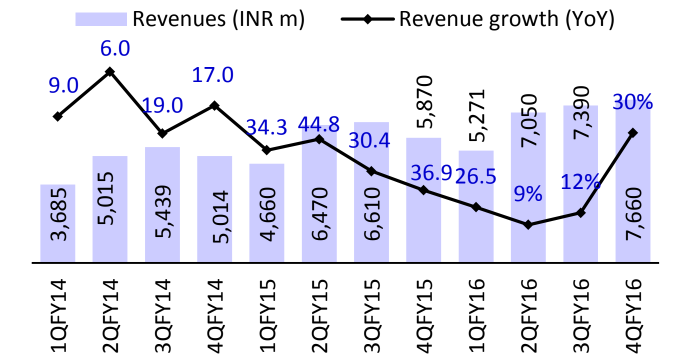


Exhibit 5: EBITDA margin trend in brand business

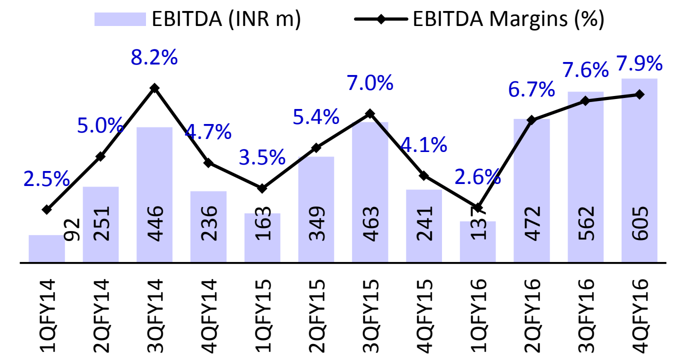
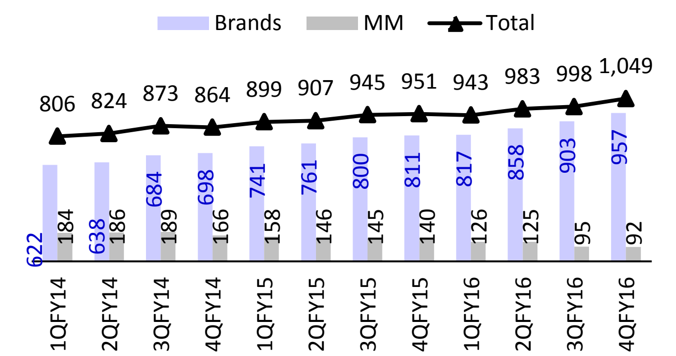
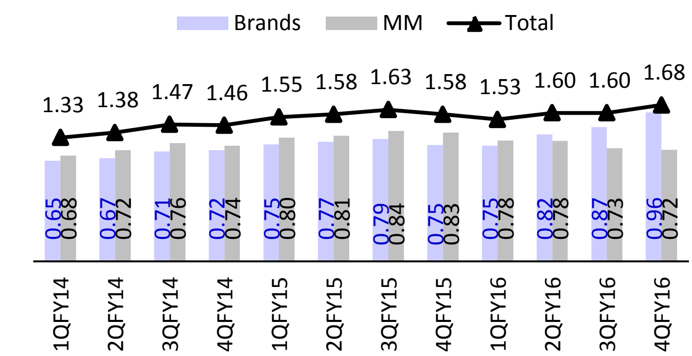


Exhibit 6: Store addition continue to be strong



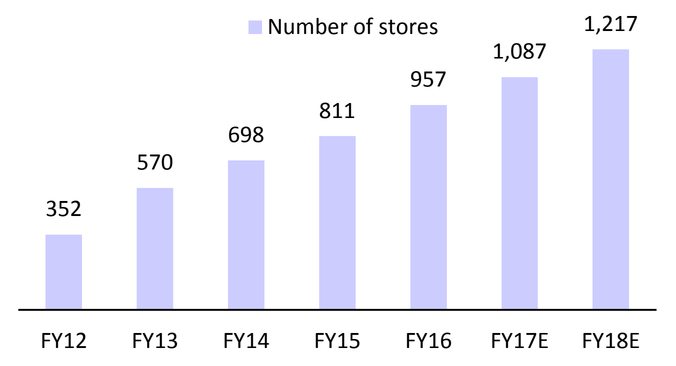
Source: Company, MOSL

Exhibit 7: Space addition (msf) trend



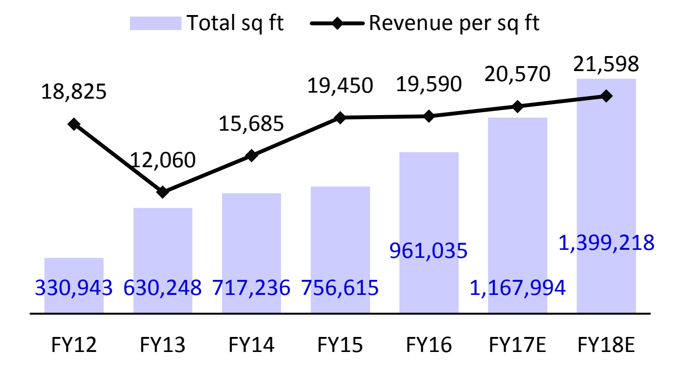
Source: Company, MOSL

Exhibit 8: Total stores in brands segment (ALBL)



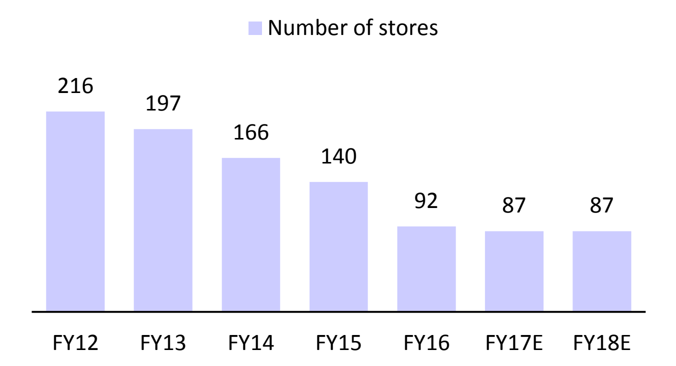
Source: Company, MOSL

Exhibit 9: Total sq ft and revenue per sq ft



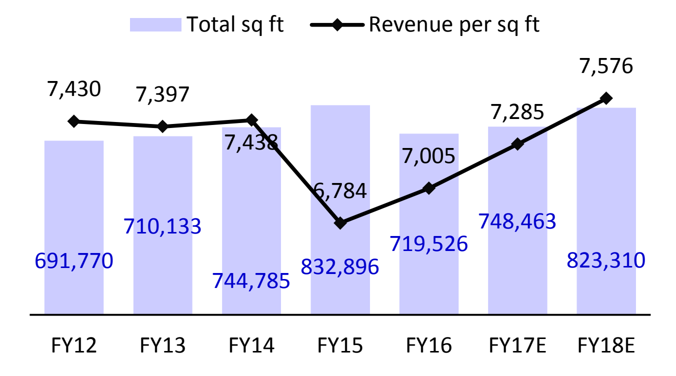
Source: Company, MOSL

Exhibit 10: Total Megamart stores



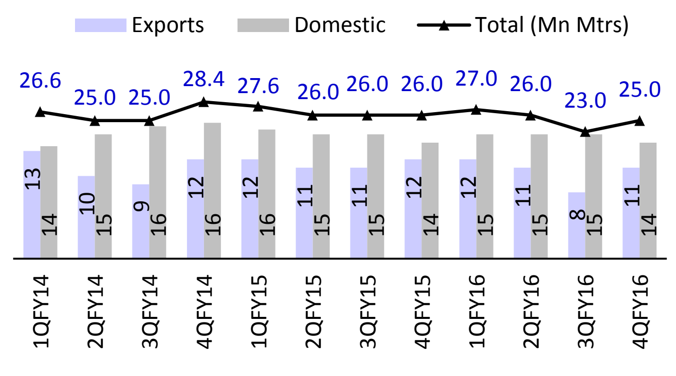
Source: Company, MOSL

Exhibit 11: Total sqft area for Megamart



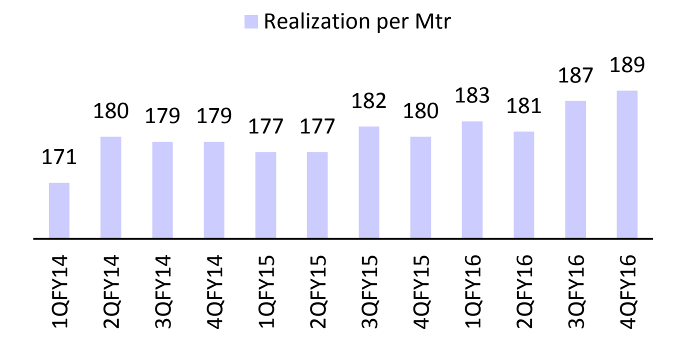
Source: Company, MOSL

Exhibit 12: Denim volume growth



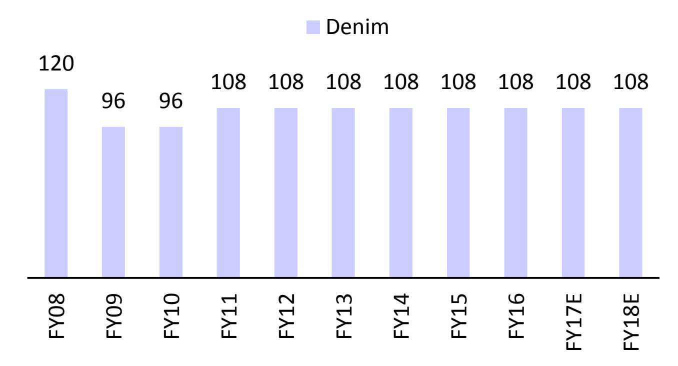
Source: Company, MOSL

Exhibit 13: Denim realization trend



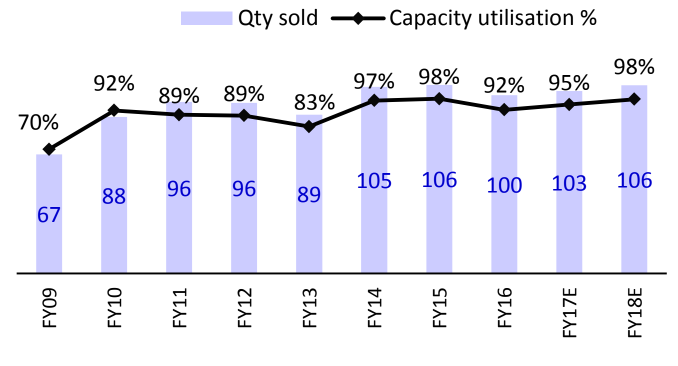
Source: Company, MOSL

Exhibit 14: Denim Installed Capacity (m mtr)



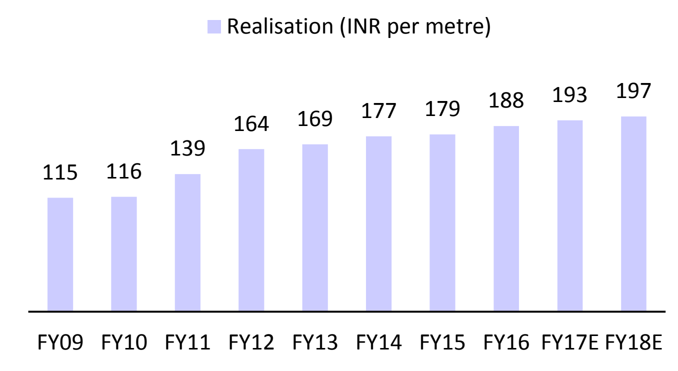
Source: Company, MOSL

Exhibit 15: Denim quantity sold and capacity utilization trend



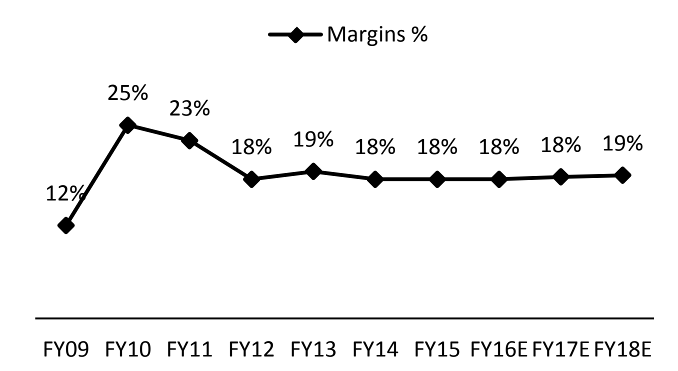
Source: Company, MOSL

Exhibit 16: Denim realizations to improve



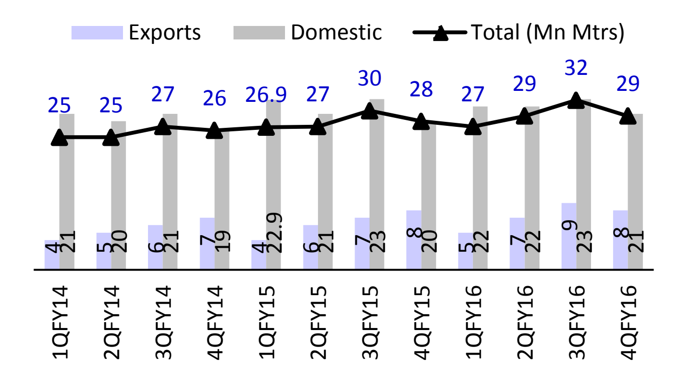
Source: Company, MOSL

Exhibit 17: Denim margins to sustain



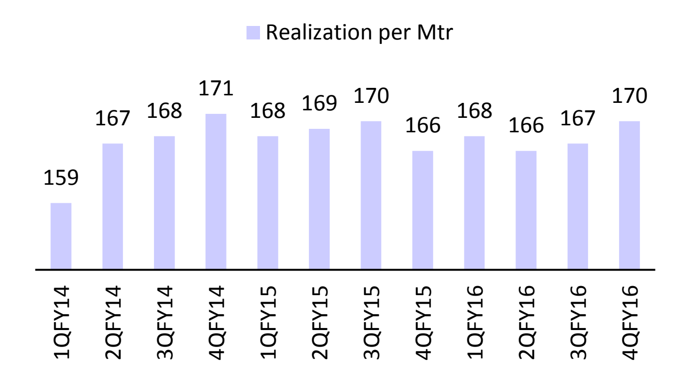
Source: Company, MOSL

Exhibit 18: Woven business volume growth



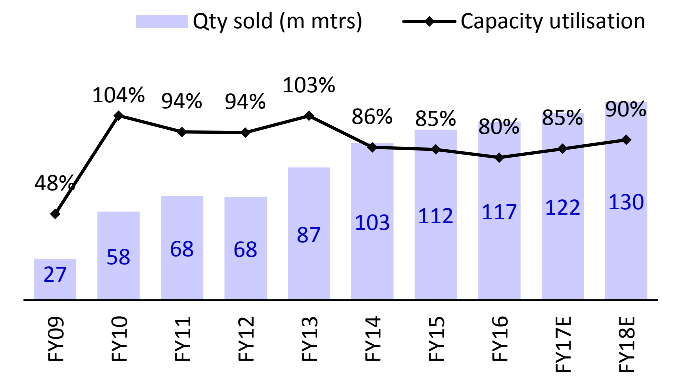
Source: Company, MOSL

Exhibit 19: Woven realizations



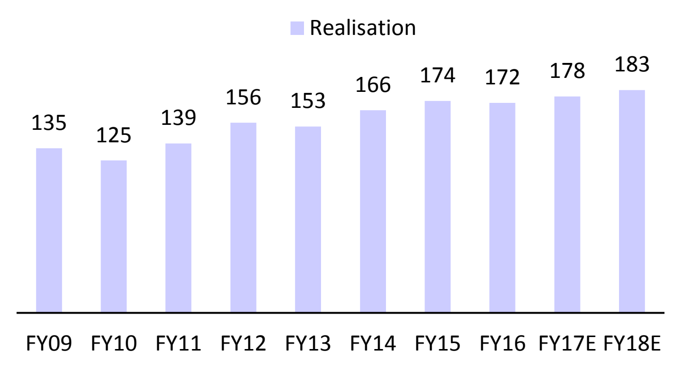
Source: Company, MOSL

Exhibit 20: Woven quantity sold and capacity utilization



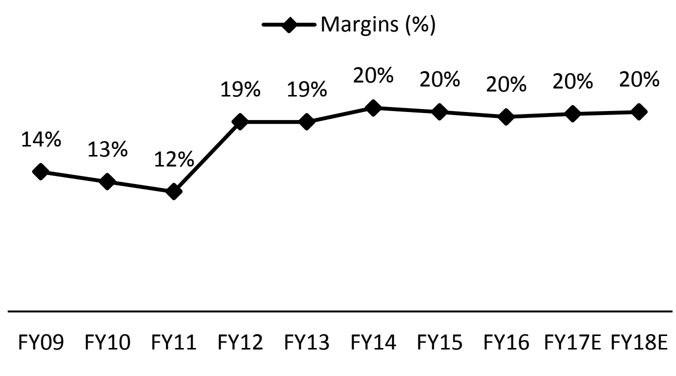
Source: Company, MOSL

Exhibit 21: Woven realizations on an uptrend



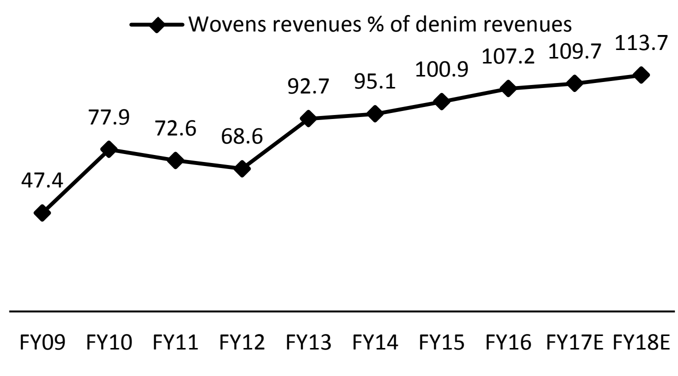
Source: Company, MOSL

Exhibit 22: Woven margins to sustain



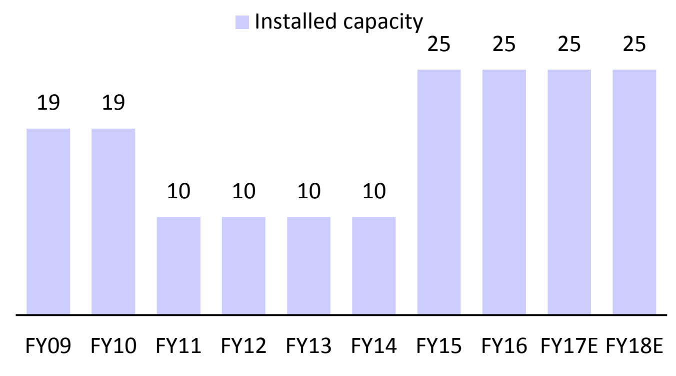
Source: Company, MOSL

Exhibit 23: Woven's now a larger segment than denims



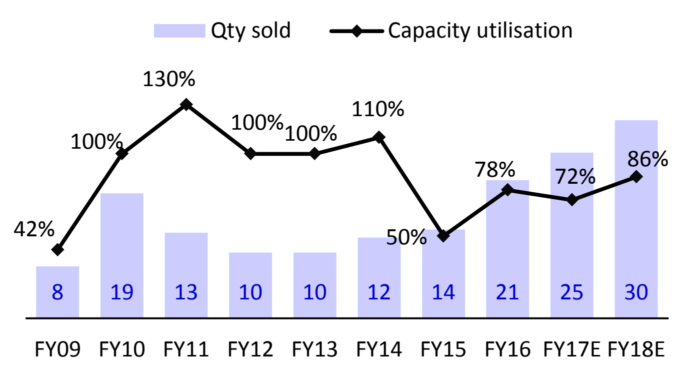
Source: Company, MOSL

Exhibit 24: Garment capacity (m pieces)



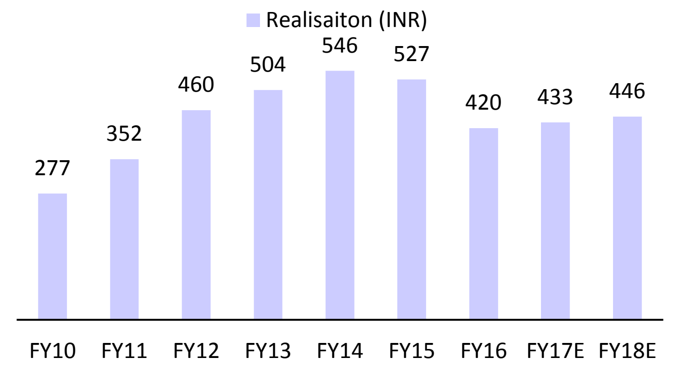
Source: Company, MOSL

Exhibit 25: Garment capacity utilization trend



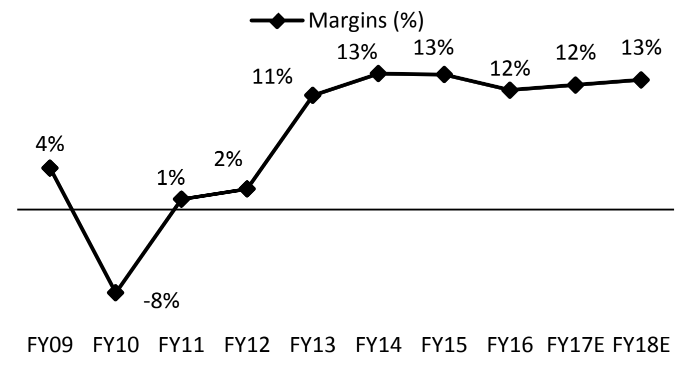
Source: Company, MOSL

Exhibit 26: Garment realization improving steadily



Source: Company, MOSL

Exhibit 27: Garment margins are expected to improve

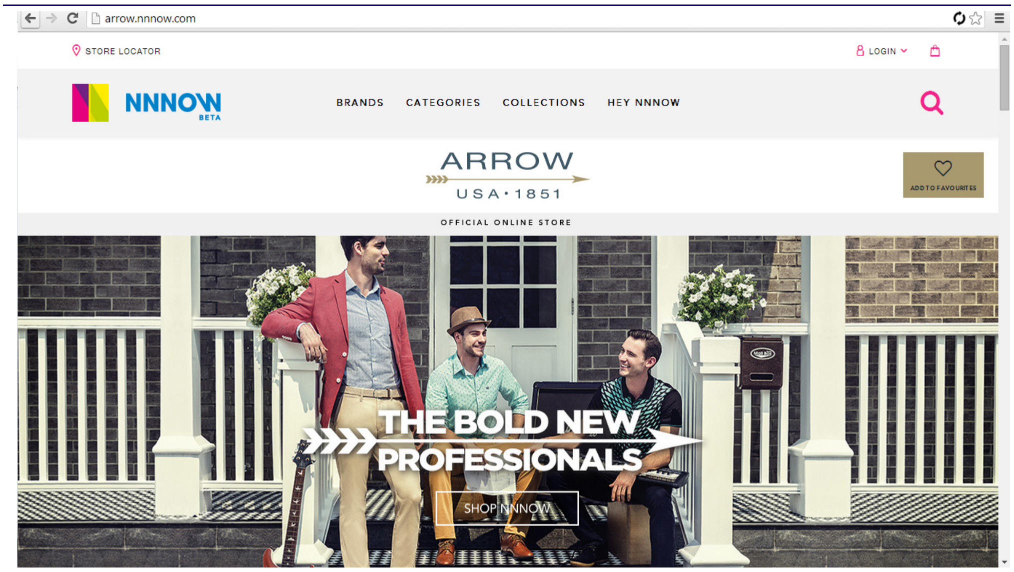


Source: Company, MOSL

Announces launch of OMNI channel NNNOW.com

- ARVND launched its OMNI-channel platform NNNOW.com that will connect digital shoppers to every product across ~50 brands, more than 1,200 stores across 200 cities.
- Management expects this to add about 8-10% of revenues to annual B&R revenues.
- New initiative is ARVND's attempt to move away from discount driven ecommerce market to brand led shopping journey.
- Mobile app to be rolled out in July.
- It has a built a team of 200 people including 70 member tech team drawn from Google, McKinsey, Jabong and Myntra among others.
- Management highlights that it might burn about USD10m of cash in the first year.

Exhibit 28: NNNOW has a dedicated portal for each brand – 'Arrow' in picture



Source: Company, MOSL

Three pronged strategy for growth

- Management outlined a three pronged strategy focused on asset-light approach and return ratios for brands & retail: a) Consolidate and grow existing brands and ramp up growth brands (now EBITDA positive v/s negative EBITDA of 20%

few years back), that can become INR5-10b opportunities, b) Maintain a dynamic portfolio and look to add only large opportunities that can become INR5b in five years and EBITDA positive in two years, pursue niche categories like beauty, footwear amongst others that shall also complement digital platform, c) OMNI-commerce through launch of NNNOW.com. ARVND expects this to drive revenue CAGR of 20-25%, operating leverage kicking in with a PAT CAGR of 30-35% and doubling of RoCEs to 18-20% by FY20.

- Power brands are continuing to grow by expanding channels, categories and operating leverage kicking in. It also expects growth brands (brands with close to INR1b turnover each) which are now EBITDA positive to move to double digit margins in next few years.
- Specialty retail is also expected to be a key driver as the four formats – TCP, GAP, Aeropostale and Sephora together clock USD20b sales globally. They are currently profitable at store level and there exists an opportunity to scale the same online.
- MegaMart is repositioned into a more family portfolio store. Good traction is expected from women’s and kidswear. Women’s wear now consists of 50% of the portfolio.
- Management also highlighted a strategy for textile that involves going vertical by selling more of garment packages over fabric. Currently garments form just 6% which it expects to increase to 20% in next few years. This entails end to end solutions and is more strategic with customer rather than a particular transaction and order. Most importantly, garments are asset light than fabrics which shall result in higher return ratios.
- Overall management expects on a consolidated basis, revenues to grow at a CAGR of ~15% over next five years with brands and retail revenues contributing 45-50% of the overall pie.
- Revenue growth guidance for FY17 is 15-16% with 8-9% growth in textiles and 24% in brands and retail. It expects weighed margins to be lower marginally due to mix change in favour of brands and retail. It expects textiles margins to be maintained and a 75-100bp expansion in B&R margin.

Valuation and view

We value the stock through SOTP on EV/EBITDA basis ascribing 6x to textiles segment and 18x to brands & retail, arriving at a PT of INR350, which we believe is justified considering:

India’s best brand portfolios’, preferred partner for foreign brands

ARVND has evolved into a brand power house catering with a portfolio of ~30 brands with 13 owned (Flying Machine, Excalibur and Ruggers etc) and 17 licensed brands (Arrow, US Polo, Gant and Hanes etc), Tommy Hilfiger, Calvin Klein (JV), The Children's Place and GAP. Having a large portfolio of brands, against running a single brand, has numerous advantages. Advantages begin from sourcing to sharing common administration costs to better bargaining while scouting for brands’ retail space. ARVND purchases 20m garments annually for its brands and retail business from 35 dedicated vendors. It is one of the few players which can take space across floors in a mall, act as an anchor tenant due to its presence across store formats and categories. Other synergies between textiles and brands segment include training, distribution, HR and IT costs. These advantages ensure ARVND being a preferred partner for global brands looking to enter India with terms favorable to ARVIND (at least 20 years license term with royalty agreements of less than 4% of revenues).

- **Focus shifts from B2B to B2C; brands and retail to form 36% of revenues**

As against earlier focus on denims, currently management is committed to shifting business focus from B2B to B2C. Thus, we expect share of brands and retail to improve from 32% in FY16 to 39% in FY18. Gauging its portfolio of brands and presence across all segments (value, premium and luxury), a thrust on B2C will benefit ARVND from the rising disposable income and increased spending power across all segments and demographics of the country, and also by being a direct beneficiary of India's consumption story.

- **Return ratios at decade high**

With the right focus on more value-accretive brands and retail business, we believe capex intensity in the business will reduce going forward. Thus, we expect return ratios which are at decade high currently to improve further going forward (RoCE from 14.8% to 16.7% and RoE from 12.9% to 15% over FY16-18E), thus warranting a re-rating.

Operating metrics

Exhibit 29: Key Operating metrics

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E
Sales (INR m)									
Denim	10,510	13,590	16,020	15,430	18,900	19,270	18,790	19,817	20,852
Wovens	8,190	9,870	10,990	14,310	17,970	19,440	20,150	21,731	23,700
Garment	5,260	4,580	4,600	5,040	6,720	7,120	8,830	10,914	13,427
Brands and Retail	6,614	9,666	12,045	14,020	19,020	23,510	27,400	33,893	42,281
Other revenues	2,038	3,140	5,596	4,125	6,011	9,174	9,335	9,063	9,185
Total revenues	**32,612**	**40,846**	**49,251**	**52,925**	**68,621**	**78,514**	**84,504**	**95,418**	**109,445**
Revenue Mix									
Denim	32%	33%	33%	29%	28%	25%	22%	21%	19%
Wovens	25%	24%	22%	27%	26%	25%	24%	23%	22%
Garment	16%	11%	9%	10%	10%	9%	10%	11%	12%
Brands and Retail	20%	24%	24%	26%	28%	30%	32%	36%	39%
Other revenues	6%	8%	11%	8%	9%	12%	11%	9%	8%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company, MOSL

Financials and Valuations

Income Statement (INR Million)

Y/E Mar	2011	2012	2013	2014	2015	2016	2017E	2018E
Net Sales	**40,846**	**49,251**	**52,925**	**68,621**	**78,514**	**84,504**	**95,418**	**109,445**
Change (%)	25.2	20.6	7.5	29.7	14.4	7.6	12.9	14.7
EBITDA	**5,296**	**6,022**	**6,874**	**9,340**	**10,129**	**10,651**	**11,927**	**13,571**
EBITDA Margin (%)	13.0	12.2	13.0	13.6	12.9	12.6	12.5	12.4
Depreciation	1,725	1,614	2,043	2,252	2,124	2,559	2,910	3,212
EBIT	**3,572**	**4,408**	**4,831**	**7,088**	**8,005**	**8,092**	**9,017**	**10,359**
Interest	2,360	3,091	3,153	3,545	3,946	3,811	3,720	3,902
Other Income	547	1,185	806	694	932	964	1,018	1,162
Extraordinary items	0	2,450	0	-164	-543	-80	0	0
PBT	**1,759**	**4,953**	**2,483**	**4,073**	**4,448**	**5,165**	**6,315**	**7,619**
Tax	105	594	3	548	1,072	1,517	2,021	2,438
Tax Rate (%)	6.0	12.0	0.1	13.4	24.1	29.4	32.0	32.0
Min. Int. & Assoc. Share	5	0	-3	-13	-35	21	21	21
Reported PAT	**1,649**	**4,359**	**2,484**	**3,539**	**3,411**	**3,627**	**4,273**	**5,160**
Adjusted PAT	**1,649**	**2,202**	**2,484**	**3,681**	**3,823**	**3,683**	**4,273**	**5,160**
Change (%)	230.1	33.6	12.8	48.2	3.9	-3.7	16.0	20.8

Balance Sheet (INR Million)

Y/E Mar	2011	2012	2013	2014	2015	2016	2017E	2018E
Share Capital	2,544	2,580	2,580	2,582	2,582	2,582	2,582	2,582
Reserves	14,404	17,738	19,959	23,248	24,656	26,535	29,750	33,701
Net Worth	**16,948**	**20,318**	**22,540**	**25,830**	**27,239**	**29,117**	**32,332**	**36,283**
Debt	22,102	21,283	24,608	29,920	33,967	32,090	34,340	35,340
Deferred Tax	217	189	58	435	471	699	699	699
Total Capital Employed	**39,428**	**41,881**	**47,313**	**56,427**	**62,024**	**62,435**	**67,900**	**72,851**
Gross Fixed Assets	40,517	39,668	42,875	46,709	52,878	59,420	64,420	69,420
Less: Acc Depreciation	15,411	13,737	15,930	17,782	20,796	23,355	26,266	29,478
Net Fixed Assets	**25,106**	**25,932**	**26,945**	**28,927**	**32,082**	**36,064**	**38,154**	**39,942**
Capital WIP	898	1,918	2,076	1,347	1,000	0	0	0
Investments	610	417	678	1,293	586	726	726	726
Current Assets	**23,426**	**25,827**	**32,635**	**42,066**	**46,089**	**48,928**	**53,725**	**59,251**
Inventory	12,363	11,261	14,129	16,281	18,450	18,319	20,106	23,009
Debtors	5,018	6,422	7,547	10,093	11,658	14,173	15,685	16,492
Cash & Bank	585	709	1,856	1,663	833	651	570	650
Loans & Adv, Others	5,460	7,435	9,104	14,028	15,147	15,786	17,364	19,101
Curr Liabs & Provns	**10,611**	**12,213**	**15,021**	**17,205**	**17,733**	**23,283**	**24,705**	**27,068**
Curr. Liabilities	10,504	11,206	14,130	16,127	16,443	22,123	22,848	24,840
Provisions	108	1,006	891	1,078	1,290	1,160	1,857	2,229
Net Current Assets	**12,815**	**13,614**	**17,614**	**24,860**	**28,356**	**25,645**	**29,020**	**32,183**
Total Assets	**39,428**	**41,881**	**47,313**	**56,427**	**62,024**	**62,435**	**67,900**	**72,851**

Financials and Valuations

Ratios

Y/E Mar	2011	2012	2013	2014	2015	2016	2017E	2018E
Basic (INR)								
EPS	**6.5**	**16.9**	**9.6**	**13.7**	**13.2**	**14.0**	**16.5**	**20.0**
Cash EPS	13.3	14.8	17.5	23.0	23.0	24.2	27.8	32.4
Book Value	66.6	78.7	87.4	100.0	105.5	112.8	125.2	140.5
DPS	0.0	1.0	1.7	2.4	2.6	3.0	3.5	4.0
Payout (incl. Div. Tax.)	0.0	6.9	20.1	20.1	23.4	24.8	24.6	23.3
Valuation(x)								
P/E	0.0	0.0	31.4	22.0	22.9	21.5	18.3	15.1
Cash P/E	0.0	0.0	17.2	13.1	13.1	12.5	10.9	9.3
Price / Book Value	0.0	0.0	3.5	3.0	2.9	2.7	2.4	2.1
EV/Sales	0.0	0.0	1.9	1.5	1.4	1.3	1.2	1.0
EV/EBITDA	0.0	0.0	14.7	11.4	11.0	10.3	9.4	8.3
Dividend Yield (%)	0.0	0.0	0.5	0.8	0.8	1.0	1.2	1.3
Profitability Ratios (%)								
RoE	11.1	23.4	11.6	14.6	12.9	12.9	13.9	15.0
RoCE	11.1	13.9	12.7	15.1	15.3	14.8	15.7	16.7
Turnover Ratios (%)								
Asset Turnover (x)	1.0	1.2	1.1	1.2	1.3	1.4	1.4	1.5
Debtors (No. of Days)	44	47	51	53	53	60	59	54
Inventory (No. of Days)	110	83	97	87	86	79	77	77
Creditors (No. of Days)	94	83	97	86	76	96	87	83
Leverage Ratios (%)								
Net Debt/Equity (x)	1.2	1.0	1.0	1.0	1.2	1.1	1.0	0.9

Cash Flow Statement (INR Million)

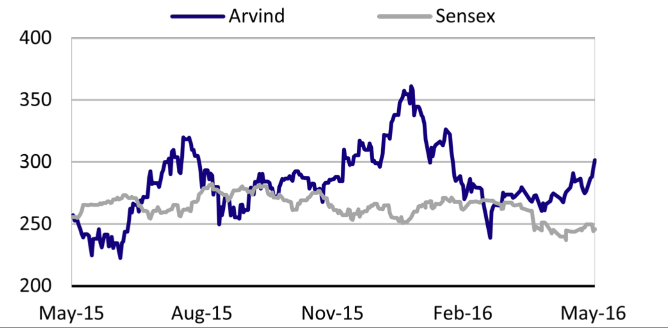
Y/E Mar	2011	2012	2013	2014	2015	2016	2017E	2018E
Adjusted EBITDA	5,296	6,022	6,874	9,340	10,129	10,651	11,927	13,571
Non cash opr. exp (inc)	285	3,331	806	297	389	964	1,018	1,162
(Inc)/Dec in Wkg. Cap.	-3,013	-1,874	-1,700	-4,486	-3,142	2,529	-3,457	-3,083
Tax Paid	-311	-839	-620	-1,078	-1,308	-1,517	-2,021	-2,438
Other operating activities	-290	-3,288	-461	-191	-483	80	0	0
CF from Op. Activity	**1,967**	**3,352**	**4,900**	**3,883**	**5,584**	**12,707**	**7,468**	**9,212**
(Inc)/Dec in FA & CWIP	-1,126	-2,324	-2,815	-3,349	-5,386	-5,541	-5,000	-5,000
Free cash flows	**841**	**1,029**	**2,085**	**534**	**198**	**7,166**	**2,468**	**4,212**
(Pur)/Sale of Invt	46	136	-281	-706	-26	0	0	0
Others	69	2,523	-213	-1,680	-462	0	0	0
CF from Inv. Activity	**-1,012**	**335**	**-3,308**	**-5,734**	**-5,874**	**-5,541**	**-5,000**	**-5,000**
Inc/(Dec) in Net Worth	260	3	0	10	5	0	0	0
Inc / (Dec) in Debt	746	-672	3,253	5,311	4,190	-1,876	2,250	1,000
Interest Paid	-2,062	-2,947	-3,342	-3,353	-3,976	-3,811	-3,720	-3,902
Divd Paid (incl Tax) & Others	248	52	-356	-308	-760	-1,661	-1,079	-1,230
CF from Fin. Activity	**-809**	**-3,563**	**-445**	**1,660**	**-541**	**-7,348**	**-2,549**	**-4,132**
Inc/(Dec) in Cash	**147**	**124**	**1,147**	**-192**	**-830**	**-183**	**-81**	**80**
Add: Opening Balance	438	585	709	1,856	1,664	833	651	569
Closing Balance	**585**	**709**	**1,856**	**1,664**	**833**	**651**	**569**	**650**

Corporate profile

Company description

Arvind Ltd, flagship of the Lalbhai group, is India's largest textile company. It is also the largest cotton textile manufacturer, with an installed fabric capacity of over 200mmtrs per annum. Company is the preferred supplier to internationally renowned brands like Polo, Armani Exchange, Diesel, and GAP among others. It makes a strong statement among international brands and retail business and has one of the robust brand portfolios in India (28) along with Megamart, the fastest growing value retail chain

Exhibit 1: Sensex rebased



Source: MOSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

	Dec-15	Sep-15	Dec-14
Promoter	43.8	43.8	43.5
DII	16.6	16.1	14.8
FII	23.1	15.2	21.1
Others	16.5	24.9	20.7

Note: FII Includes depository receipts Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
LIC of India	4.8
Dimensional Emerging Markets Value Fund	1.8
Government Pension Fund Global	1.4
Multiples Pvt Equity Fund	1.1
NA	0.0

Source: Capitaline

Exhibit 4: Top management

Name	Designation
Sanjay S Lalbhai	Chairman & Managing Director
Kulin S Lalbhai	Executive Director
Punit Lalbhai	Executive Director
Jayesh K Shah	Whole Time Director & CFO
R V Bhimani	Company Secretary

Source: Capitaline

Exhibit 5: Directors

Name	Name
Bakul H Dholakia	Dileep C Choksi
Nilesh D Shah	Renuka Ramnath
Samir Mehta	Vallabh Bhanshali

*Independent

Exhibit 6: Auditors

Name	Type
Kiran J Mehta & CO	Cost Auditor
Sorab S Engineer & Co	Statutory

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY16	14.0	13.9	0.9
FY17	16.5	17.4	-4.9
FY18	20.0	22.3	-10.2

Source: Bloomberg

NOTES

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In respect of any matter arising from or in connection with the research you could contact the following representatives of Motilal Oswal Capital Markets Singapore Pte Limited:

Varun Kumar
Varun.kumar@motilaloswal.com
Contact : (+65) 68189232
Office Address:21 (Suite 31),16 Collyer Quay,Singapore 04931

Kadambari Balachandran
kadambari.balachandran@motilaloswal.com
(+65) 68189233 / 65249115