

PIONEER INSTITUTE OF PROFESSIONAL STUDIES



DILIGENCE & EXCELLENCE

SWOT Analysis of Arvind Limited

INTRODUCTION

The Arvind Ltd. was founded in 1931 and has since then grown into one of the world's largest denim producer.

Arvind Ltd. The flagship company of the lalbhai group, is one of the india's leading composite manufacturer of textiles. It manufactures a range of cotton shirting, denim, knits and bottomweights (khakis) fabrics.

- Key statistics about Arvind Limited:-
 - Industry – textiles
 - Headquarters- Ahmadabad
 - Employees – 2600
 - Website – www.arvindmills.com

PROMOTERS

- Anang lalbhai – MD, arvind products
- Milind hardikar- projects
- Sharad mehra- COO, knits garments
- PD chawla - president lifestyle fabrics, voiles
- Sandeep chablani – COO ,lifestyle apparel, jeans
- Bala S. – COO , lifestyle apparel, shirts



Vision and mission

‘We will enable people to experience a better quality of life by providing enriching and inspiring lifestyle solutions’.

PHILOSOPHY

WE BELIEVE

In people and their unlimited potential. In content and focus in problem solving.

In teams for effective performance. In intellect & its power.

WE ENDEAVOUR

To select, train and coach people to obtain higher responsibility. To nurture talent to build leaders for tomorrow’s corporation. To reward, celebrate and activate all intellectual business contributions.

WE DREAM

Of excellence in all endeavours. of mutual benefit and prosperity. Of making the world a better place to live in. wemake things happen.

PRODUCT MIX

- Denim
- Shirtings
- Khakis
- Knitwear
- voiles

Merger , joint venture, & take over

- Jan 04 1995- Arvind Mills acquired in denim division (DD) from Lauffenmuehle (LM) in the formation of a joint venture to be named Big Mill.
- 1979 - The group took over a sick company called laxmi cotton mills co. ltd. And merged with arvind ltd. And unit was renamed as Ankur textiles.
- 2010- Textile and retail major arvind mills , entering in a joint venture with b. safal group. It plans to form a 50:50 joint venture with B. safal group promoted by Mr. Rajesh brahmbhatt.
- Sep 01 2006VF Corporation , a global leader in branded lifestyle apparel, has establish a joint venture with Arvind Mills, Ltd. to design, market and distribute VF branded products in India. VF will own 60 percent of the joint venture, and Arvind Mills, Ltd. will own 40 percent.
- 15 may 2007 The Italian luxury denim and casual fashion brand has entered into a joint venture agreement with Arvind Mills to create a new company called Diesel India Fashion Arvind Pvt. Ltd. It will be a 51:49 joint venture with Diesel having the larger stake.
- 1996- Rohit mills ltd. Mergerd with arvind ltd.



Top Management

- **SANJAY LALBHAI – CEO**
- **JAYESH K. SHAH - CFO**

Location of Manufacturing Units

- Lifestyle fabrics- denim, naroda road, Ahmadabad , Gujarat
- Lifestyle fabrics- shirting & khakis, santej, PO khatrej,dist. gandhinagar, Gujarat
- Lifestyle fabrics- knits, santej, PO khatrej,dist. gandhinagar, Gujarat
- Lifestyle apparel- shirts , 55 puttappa industrial estate, whitefield road,mahadevpura, Bangalore
- lifestyle apparel- jeans, 26/2,27/2 , kenchenhaili mysore road, Bangalore

Arvind Mills Ltd. : Share Holdings

Share Holding Pattern as on :	30/09/2010		30/06/2010		31/03/2010	
Face Value	10.00		10.00		10.00	
Share Holder	No. Of Shares	% Holding	No. Of Shares	% Holding	No. Of Shares	% Holding
PROMOTER'S HOLDING						
Foreign Promoters	0	0.00	0	0.00	0	0.00
Indian Promoters	91944518	39.13	89790082	38.71	89910082	38.76
Person Acting in Concert	0	0.00	0	0.00	0	0.00
Sub Total	91944518	39.13	89790082	38.71	89910082	38.76
NON PROMOTER'S HOLDING						
Institutional Investors						
Mutual Funds and UTI	6820733	2.90	6323992	2.73	5626018	2.43
Banks Fin. Inst. and Insurance	21428493	9.12	22105176	9.53	21652785	9.33
FII's	8803275	3.75	5824912	2.51	5074505	2.19
Sub Total	37052501	15.77	34254080	14.77	32353308	13.95
Other Investors						
Private Corporate Bodies	19475231	8.29	18935989	8.16	20387399	8.79
NRI's/OCB's/Foreign Others	2381324	1.01	2706355	1.17	2676525	1.15
GDR/ADR	0	0.00	0	0.00	0	0.00
Directors/Employees	0	0.00	0	0.00	0	0.00
Government	0	0.00	0	0.00	0	0.00
Others	615692	0.26	660692	0.28	673192	0.29
Sub Total	22472247	9.56	22303036	9.61	23737116	10.23
General Public	83510775	35.54	85630343	36.91	85977035	37.06
GRAND TOTAL	234980041	100.00	231977541	100.00	231977541	100.00

Swot analysis

Strength

human resource:-

- Skilled and Comparatively cheap labor.
- Supportive government policies.
- The new age creative and risk taking entrepreneurs
- Labs accredited by:
 - Marks & Spencer
 - Levis-Strauss & Co.
 - NEXT
 - INVISTA.
- HRD centers for worker training.

MARKETING

- Access to Export Market.
 - Growing Economy and Potential Domestic and International Market.
 - Brand endorsement.
 - Brand extension.
 - Forward integration.
 - Large and diversified segments that provide wide variety of products.
 - Huge Domestic Market consumption (due to its own population).
 - Tremendous Export Potential (Indian products are in great demand among the western importers).
 - Strong portfolio of domestic and international brands.
 - Economies of scale through complete integration.
- Wide geographical presence

PRODUCTION

- Operational Efficiency and Fast Machines
- Availability of large varieties of cotton fiber.
- Abundant Raw Material availability that helps industry to control costs and reduces the lead-time across the operation.
- Focus more on organic denim production
- Manufacturing Flexibility that helps to increase the productivity

IT SYSTEMS

- Use of latest technology which produces high quality multi-fiber raw material.
- Latest manufacturing tools.
- The Group has a strong team of highly qualified technical professionals from India's leading textile institutes.

FINANCE

- India is one of the largest exporters of Yarn in international market and contributes around 25% share of the global trade in Cotton Yarn.
- Knowledgeable top management
- The company has a logo which is registered. They have not patented and copyrighted any of their products.
- certification :- ISO 9001:2000 from BVQI
 - ISO 14001
 - Oeko-Tex-100 from Shirley Tec
 - Certified Supplier for GAP
 - Lycra Assured Partners of Du Point

Weaknesses

HUMAN RESOURCE:-

- Infrastructural Bottlenecks and Efficiency such as, Transaction Time at Ports and transportation Time.
- Lack of Trade Membership, which restrict to tap other potential market.
- Higher Indirect Taxes, Power and Interest Rates.
- The increased global competition due to WTO policies.
- Lack of fresh ideas.
- Inability to retain skilled personnel.

MARKETING

- Not doing enough to build brand equity.
- Inability to keep up with the changing market.
- Presence in only big cities.
- Inefficient supply chain management.

FINANCE

- Business Concentration leading to increased risks.
- Wrong Assumptions and Forecasts
- Higher Indirect Taxes, Power and Interest Rates.
- Less stability.
- Changing government policy. FY09 was one of the worst years for the Indian textile industry. It got impacted by a multitude of negative factors such as: (1) appreciating rupee, (2) demands low down in the export market, (3) inventory de-stocking by domestic retailers, and (4) higher depreciation

IT SYSTEMS

- Use of outdated manufacturing technology from the low end suppliers.
- Lack of Technological Development that affect the productivity and other activities in whole value chain.

PRODUCTION

- High Set-up cost of new plant
- Highly dependent on Cotton.
- There is Declining in Mill Segment.

OPPURTUNITIES

MARKETING:-

- Arvind ltd.is entering into a deal with the Italian fashion denim maker-sixty group India to enter the men's premium and super premium denim segments
- Ability and willingness in India.
- Changing retail scenario.
- Rapid growth in age group of 15-44 years.
- Emerging Retail Industry and Malls provide huge opportunities for the Apparel, Handicraft and other segments of the industry.
- Increased Disposable Income and Purchasing Power of Indian Customer opens New Market Development.
- Market is gradually shifting towards Branded Readymade Garment.
- By bumper cotton crop production in India, the Indian textile industry will be in a favorable situation v/s other countries particularly China, which needs to import a significant part of its cotton requirements to meet high domestic consumption demand



HUMAN RESOURCE:-

- Cheap Labor

PRODUCTION:-

- Experts believe that the golden era of Chinese textile and apparel exports is over and the production base of global textiles is gradually shifting from China to India, Pakistan and other low cost destinations.
- Product Diversification

FINANCE

- Price Competitiveness
- Debt Restructuring
- Greater Investment and FDI opportunities are available.
- Possibility of strategic tie-ups or attracting financial investors.
- Growth rate of domestic Textile Industry is 6-8% per annum.
- Elimination of Quota Restrictions leads to greater Market Access.
- Greater Investment.
- Large, Potential Domestic and International Market

IT & SYSTEMS

- Changes in technology and market that favor your products or services.
- Changes in social patterns
- Population profiles
- Lifestyle
- Local, national, & international events increasing purchasing power.
- Large infrastructure projects.

Threats

HUMAN RESOURCE:-

- High employee iteration especially senior skilled managers
- International labor and Environmental Laws.
- Qualified labour lacking in vital areas
- Coordination and communication problem.

MARKETING

- Inability for the organization to forecast market conditions.
- Low Market Share spread Increased global competition especially from China
- Competition from other developing countries, especially China.
- Elimination of Quota system will lead to fluctuations in Export Demand.
- Threat for Traditional Market for Powerloom and Handloom Products and forcing them for product diversification.
- Geographical Disadvantages.
- Competitors like Raymond, Bombay dyeing, madhura garments.
- Cheap imports from china, Bangladesh, Thailand.
- Exice duty.
- Tough competition from local and international players.
- Competition adopting aggressive growth strategies as well as eyeing top cities.

Contd..

Entry barrier like-

- Health and safety measures: Many countries have specific rules regarding health and safety regulations.
- Existing competition in the market of those countries.
- Rules and regulations like tariffs and taxes and other policies such as WTO, FDI, etc.
- Political scenario and currency fluctuations.

FINANCE

- Complacency of management due to earlier successes
- Impact of NAFTA agreement on Tariffs
- Elimination of Quota system has led to fluctuations in Export Demand.
- Rising prices of inputs-raw material.
- Absence of trade pact with major regional trading blocks i.e. EEC, NAFTA, and ASEAN Result: higher tariff barriers and loss of competitiveness.
- Adverse shifts in Exchange Rates & Trade Policies
- Natural Disasters
- Costly New Regulations



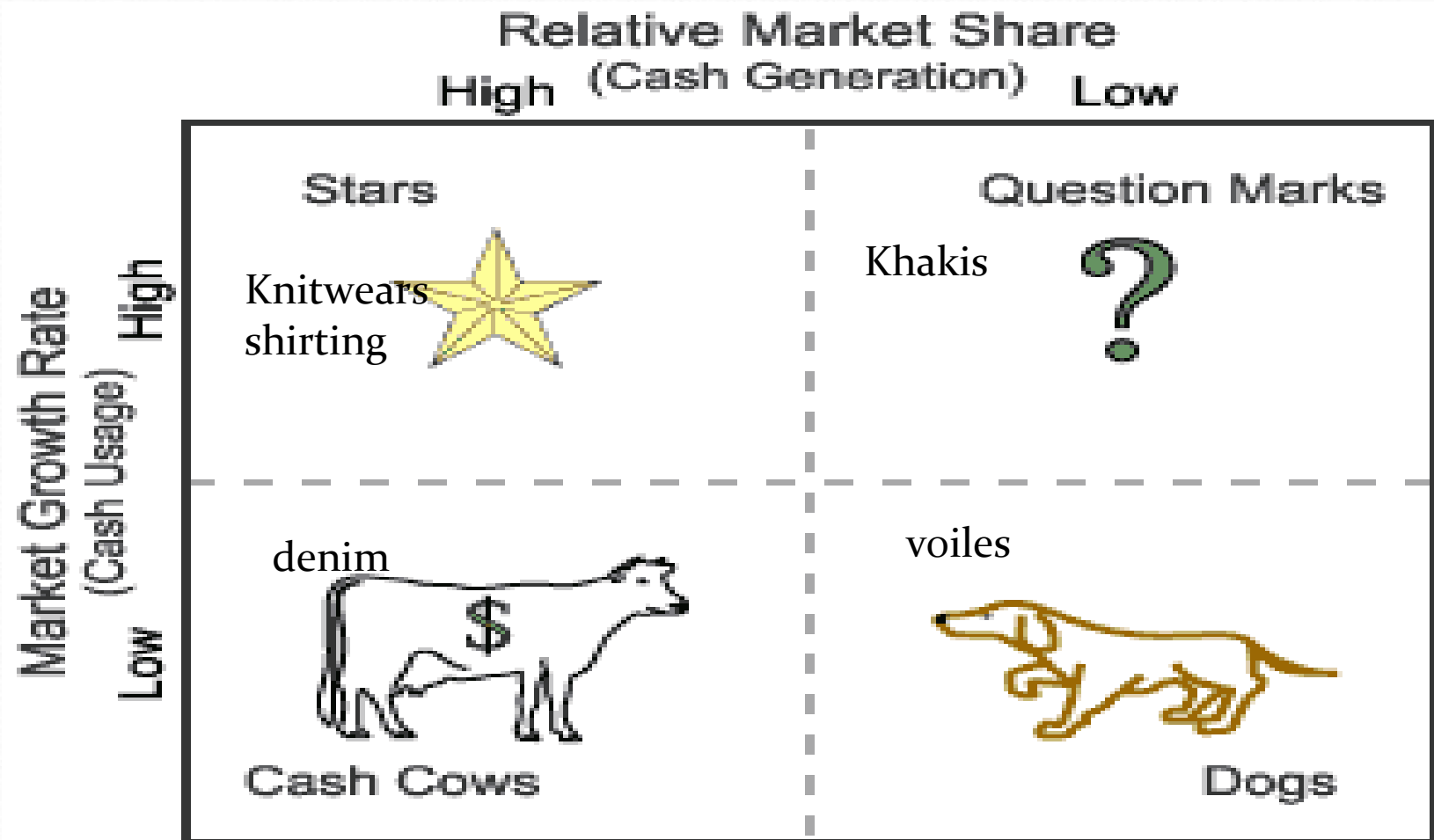
IT SYSTEMS

- Establishment of strong competitors.
- Lack of cash at household level.

PRODUCTION

- Contamination and low productivity in cotton cultivation.
- India's textile industry has urged Manmohan Singh, the prime minister, to ban cotton exports until January, complaining that local mills face serious domestic scarcity and spiraling prices after excessive exports. India, the second-biggest cotton exporter after the US, first restricted exports in April. "If cotton is exported unabated, the industry will have to reduce capacity and there will be large unemployment.
- Continuous Quality Improvement is need of the hour as there are different demand patterns all over the world.
- To balance the demand and supply.
- To make balance between price and quality.

BCG MATRIX



Recommendations

- In order to exploit the opportunities the company should focus its efforts on the following:
- Exploit its core competencies in organic chemistry for home and personal care industry.
- Greater participation in the value chain by structured business arrangements with suppliers and customers.
- Scaling up capacities to meet the regional growth needs and enhance global reach.
- Participate and hold more events in order to project its products more effectively to its Target Customers

conclusion

- Arvind Ltd. is good at a characteristic that is able to give a very significant capability such as useful skill, valuable resource of the organization, competitive capability, Training to the employees, good relationship and the giving the firm the market advantage with the achievements.