

ARVIND FASHIONS LIMITED

A MEMBER OF THE LALBHAI GROUP

Corporate Office: Du Parc Trinity, 8th Floor, 17, M.G. Road, Bengaluru - 560 001
Tel : 91-80-4155 0601, Fax : 91-80-4155 0651
Website : <http://www.arvindfashions.com>

August 09, 2019

BSE Limited
Listing Dept. / Dept. of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

National Stock Exchange of India Ltd.
Listing Dept., Exchange Plaza, 5th Floor
Plot No. C/1, G. Block
Bandra-Kurla Complex
Bandra (E)
Mumbai - 400 051

Security Code : 542484
Security ID : ARVINDFASN

Symbol : ARVINDFASN

Dear Sir / Madam,

Sub: Outcome of the Meeting of the Board of Directors held on August 09, 2019

Ref.: Regulations 30, 33 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to Regulations 30 and 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the following:

1. Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended on June 30, 2019, approved by the Board of Directors of the Company at their meeting held today alongwith Limited Review Reports by the Sorab S. Engineer & Co., Statutory Auditors of the Company, for the said quarter.
2. A copy of the press release being issued by the Company in respect of unaudited financial results for the quarter ended on June 30, 2019.
3. Investor Presentation for Q1 issued in this regard.

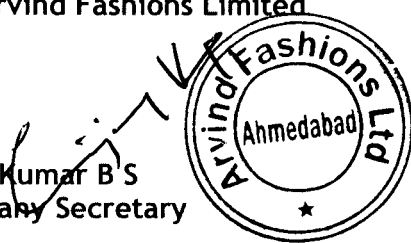
The meeting of the Board of Directors of the Company commenced at 02.30 p.m. and concluded at 03.55 p.m.

You are requested to bring this to the notice of all concerned.

Thanking you,

Yours faithfully,
For Arvind Fashions Limited

Vijay Kumar B S
Company Secretary



Encl : As above.

ARVIND

Regd Office : Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad-380 025
CIN: L52399GJ2016PLC085595

PRESS RELEASE

Arvind Fashions sharpens focus on key brands and cash flow

Bengaluru, Aug 9, 2019: Arvind Fashions Limited (AFL), India's leading casual and denim player, has declared its financial results for the first quarter ended June 30, 2019.

Arvind Fashions Limited has made progress in Q1 FY20 on its stated intention of exiting non-strategic emerging brands and improving cash flow by reducing exposure to long payment-cycle customers and aligning its primary sales more closely with secondary sales. This will set the stage for a more focused business and better capital efficiency, though this has resulted in one time exit costs during the quarter, and a drop in the reported Q1 FY20 revenue and EBITDA for the continuing brands. Financial results were also impacted by the general consumption slowdown in the country.

Commenting on the financial performance of the company, **Mr. J Suresh, Managing Director and Chief Executive Officer** said "We have taken few strategic decisions during the quarter that had a negative impact on the reported quarterly financial results, but it will set us up for consistent growth going forward. There is indeed a slowdown in consumption that is impacting the economy. Our business is inherently strong and we remain optimistic towards our future."

Financial performance for Q1 FY20:

- **Total revenues for continuing brands was INR 912 Crore. Net of brands that are planned to be discontinued, reported revenue was INR 901 Crore**
- **EBITDA was INR 20 Crore, after providing for INR 68 Crore towards brands planned to be discontinued and a benefit of INR 81 Crore in EBITDA towards lease expenses**

Figures in INR Crore		Q1 FY20 (excl. IndAS 116 impact)	Q1 FY19	Q1 FY20 (incl. IndAS 116 impact)*
Continuing Brands	Revenue	912	958	
	EBITDA	7	47	
Brands planned to be Discontinued	Revenue	(11)	49	
	EBITDA	(68)	(7)	
Total	Revenue	901	1,007	901
	EBITDA	(61)	40	20

* The Ministry of Corporate Affairs (MCA) has mandated a new Accounting Standard IndAS 116 for accounting of lease contracts. A detailed working has been included in our quarterly performance presentation in our corporate website

Business Group Highlights (for continuing brands)

- **Power Brands** (comprising of US Polo, Arrow, Flying Machine and Tommy Hilfiger) revenues de-grew by 8% in Q1 FY20 to INR 518 Crore, on account of conscious measures to reduce our exposure to long credit cycle customers as well as aligning our primary sales more closely with our secondary sales, especially for Arrow. Resulting from the measures taken, Q1 FY20 EBITDA (excluding IndAS 116 impact) for the power brands declined to INR 23 Crore vs INR 58 Crore LY Q1. While there was de-growth on primary sales basis, inherent secondary sales continued to be strong with retail LTL growth at 5% and overall retail growth at 11%. Also, we added 30 stores during the quarter.
- **Specialty Retail** (consisting of Unlimited, GAP and Sephora) registered flat revenue in Q1 FY20 to INR 274 Crore. EBITDA margins were lower by 110 bps in Q1 FY20 vs LY Q1. GAP and Sephora continue to post robust growth with improved profitability. Unlimited improved its profitability during Q1 FY20, through multiple cost rationalization initiatives and closure of unviable stores, after a significant dip in its performance in Q4 FY19.
- **Emerging brands** (comprising of brands like Calvin Klein, Aeropostale, Ed Hardy, etc.) reported flat revenue in Q1 FY20 to INR 120 Crore. EBITDA margins were lower by 120 bps vs LY Q1. We expect to complete the exit process of brands planned to be discontinued in Q2 FY20. With focused portfolio, emerging brands are set up for profitable growth.

Outlook:

During FY20, Company will continue to focus on working capital efficiency through disciplined efforts around debtors' control, secondary sales alignment, reduction in inventory and closure of unviable brands & retail stores. This is in-line with our strategy of having a more focused business with better capital efficiency, which will set us up for accelerated growth and profitability in FY21 and beyond.

We believe that especially given the broader consumption slowdown in the economy and liquidity pressure, a greater focus on credit control and alignment of primary sales with secondary sales will lay the foundation for a healthier business.

Operationally, we continue to focus on taking the required in-market actions to improve secondary sales, add to our retail presence, expand online sales and continue accelerated growth in our leadership categories across Premium Casual and Denimwear, Kidswear, Innerwear and Prestige Beauty. Our capability build-up in Analytics for demand planning and fulfilment as well as Omni-channel is continuing and will contribute to growth, profitability and capital efficiency in future.

We continue to remain optimistic about the future of our business as we take necessary actions to make the company future ready with right capabilities and fit for profitable growth.

About AFL

Arvind Fashions Ltd is India's no. 1 casual and denim player, a lifestyle powerhouse with a strong portfolio of fashion brands catering to consumers across the sub-categories and price points. With a host of renowned brands, both international and indigenous, like US Polo Assn., Arrow, GAP, Tommy Hilfiger, Calvin Klein, Flying Machine and Sephora, it has presence across lifestyle brands, value fashion and prestige beauty.

For more information, please contact:

Ankit Arora
Head – Investor Relations
Arvind Fashions Limited
Ankit.arora@arvindbrands.co.in
Direct: +91 80 4048 8814
Mobile: +91 99206 64475

Nirali Thanawala
Corporate Communication
Arvind Fashions Limited
nirali.n.thanawala@arvindbrands.co.in
Mobile: +91 99015 66655

Disclaimer:

This document by Arvind Fashions Limited ('the Company') contains forward-looking statements that represent our beliefs, projections and predictions about future events or our future performance. These forward-looking statements are necessarily subjective and involve known and unknown risks, uncertainties and other important factors that could cause our actual results performance to differ materially from any future results or performance described in or implied by such statements. The forward-looking statements contained herein include statements about the Company's business prospects, its ability to attract customers, its expectation for revenue generation and its outlook. These statements are subject to the general risks inherent in the Company's business. These expectations may or may not be realized. Some of these expectations may be based upon assumptions or judgments that prove to be incorrect. In addition, the Company's business and operations involve numerous risks and uncertainties, many of which are beyond the control of the Company, which could result in the Company's expectations not being realized or otherwise materially affect the financial condition, results of operations and cash flows of the Company. The forward-looking statements are made only as of the date hereof, and the Company does not undertake any obligation to (and expressly disclaims any obligation to) update any forward-looking statements to reflect events or circumstances after the date such statements were made, or to reflect the occurrence of unanticipated events.