

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 : 91-80-41550651
Website: <http://www.arvindfashions.com>

May 27, 2022

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 of Arvind Fashions Limited (“the Company”) held on May 27, 2022.

Ref: Regulation 30 and 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”)

Further to our letters dated May 19, 2022 for intimation of Board Meeting, and in accordance with the provisions of Regulation 30 of the SEBI LODR Regulations, this is to inform that the Board of Directors of the Company, at its meeting held today (i.e., on May 27, 2022) has, *inter alia*, considered and approved the following business:

1. The Audited Standalone and Consolidated Financial Results of the Company for the quarter and year ended on March 31, 2022.
2. Appointment of Ms. Lipi Jha as Company Secretary & Compliance Officer of the company.

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

1. Audited Standalone and Consolidated Financial Results of the Company for the quarter and year ended on March 31, 2022, along with Auditors’ Reports with an unmodified opinion issued by the joint statutory auditors of the company i.e M/s. Deloitte Haskins & Sells and Sorab S Engineer & Co.
2. A copy of the press release being issued by the Company in respect of Audited Financial results for the quarter and year ended on March 31, 2022.
3. Investor Presentation for Q4 issued in this regard.
4. Brief profile of Ms. Lipi Jha, Company Secretary & Compliance Officer of the company.



ARVIND FASHIONS

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

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The meeting of the Board of Directors commenced at 11:30 a.m. and concluded at 03.45 p.m.

You are requested to take the above on your record and bring this to the Notice of all concerned.

Thanking you,

For Arvind Fashions Limited

Lipi Jha
Company Secretary

Encl: As above.



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Arvind Fashions Limited

Q4 FY22 Results Presentation

May 2022

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.

Agenda

Q4 and FY22 Performance Highlights



Q4 and FY22 Results with IndAS



Way Forward



FY22 Priorities - What we had set out for ourselves at the start of the year

	Targets	Achievement
1. Portfolio Rationalisation	<ul style="list-style-type: none"> Absolute focus on our high conviction brands Exit of loss making and marginal brands; financial impact to complete within H1 FY22 	<ul style="list-style-type: none"> Robust operational performance with 30%+ sales growth in H2 FY22 despite Covid impact Discontinued brands exit completed; no losses post H1 FY22. EBITDA growth of 30% in H2 to Rs. 200 Crs
2. Working Capital Optimization	<ul style="list-style-type: none"> Efficient working capital management and significantly improved inventory turns Flexibility in the supply chain to react quickly to changes in demand 	<ul style="list-style-type: none"> Tighter inventory controls with 4x inventory turns (based on H2 revenues); highest in recent history Improved inventory freshness along with sharper retail execution led to better gross margins, industry leading LTL growth and full price sell-thru's
3. Leadership in online channel	<ul style="list-style-type: none"> Building omni-channel capabilities Significant scaling up of online business 	<ul style="list-style-type: none"> 800+ omni-enabled stores Online became ~1000 Crs profitable revenue channel

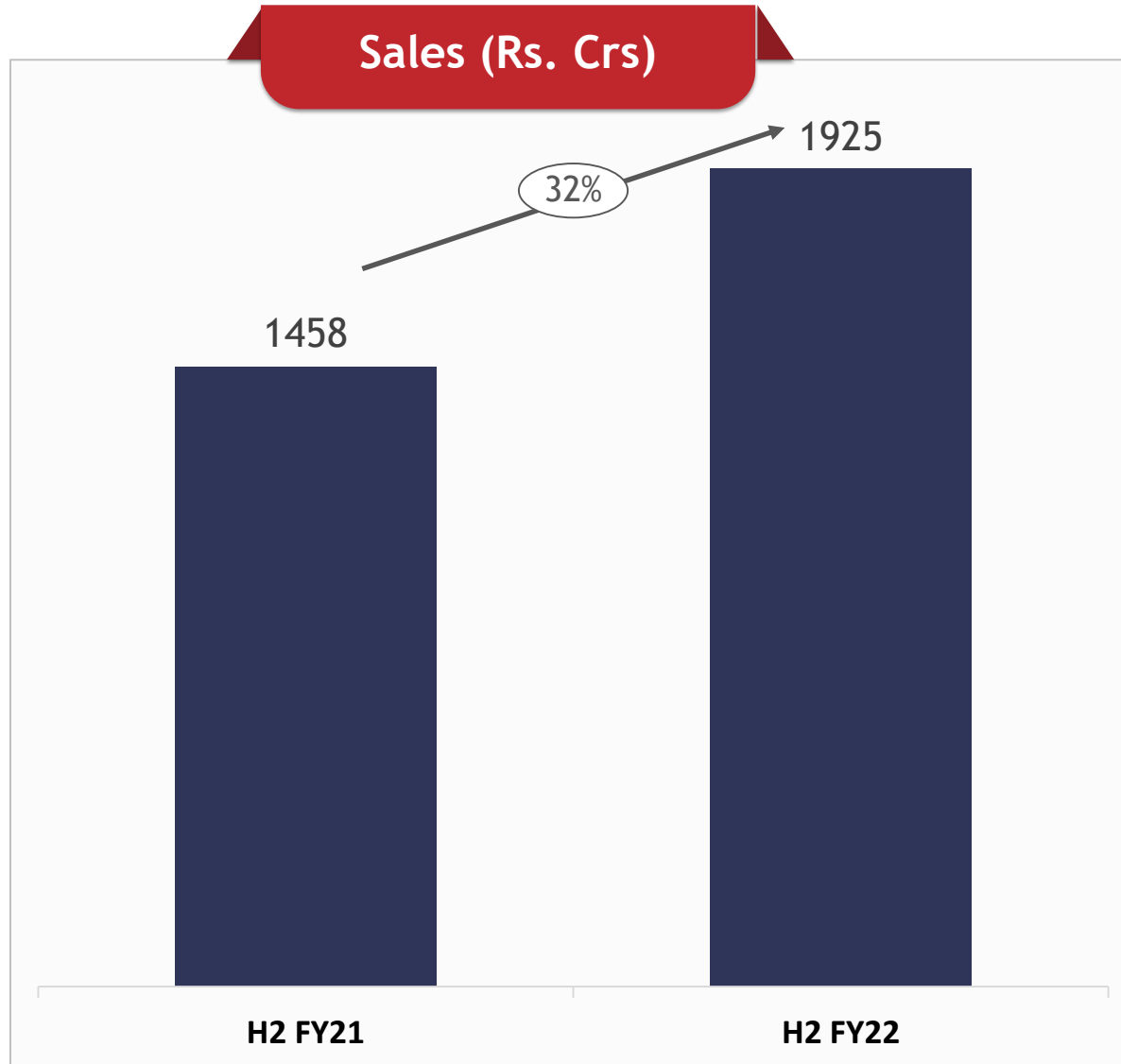


FY22 Priorities - What we had set out for ourselves at the start of the year

	Targets	Achievement
4. Re-capitalisation of the business & de-leveraging	<ul style="list-style-type: none"> Reduction in debt to ~600 Crs by year-end Adequately capitalizing balance sheet to fund growth 	<ul style="list-style-type: none"> Net debt at <400 Crs as of Mar'22 Significant strengthening of balance sheet through equity raise and cash flow; cash profit of ~Rs. 75 Crs in H2
5. Under performing brands - Turnaround or Exit	<ul style="list-style-type: none"> Make Arrow a more desirable & updated brand with product refresh, new retail identity etc. Strategic solution to 'Unlimited' 	<ul style="list-style-type: none"> Structural turnaround of Arrow completed; marginal impact on account of 3rd Covid wave Sold 'Unlimited' retail business to V-Mart Retail
6. Bolder and better AFL 2.0	<ul style="list-style-type: none"> Become PAT positive in FY23 New capabilities Transformational projects Stronger team and talent 	<ul style="list-style-type: none"> Achieved PAT positive milestone in H2 FY22 Evolution of central sales structure Supply chain, inventory turns, cost control Built highly experienced management team

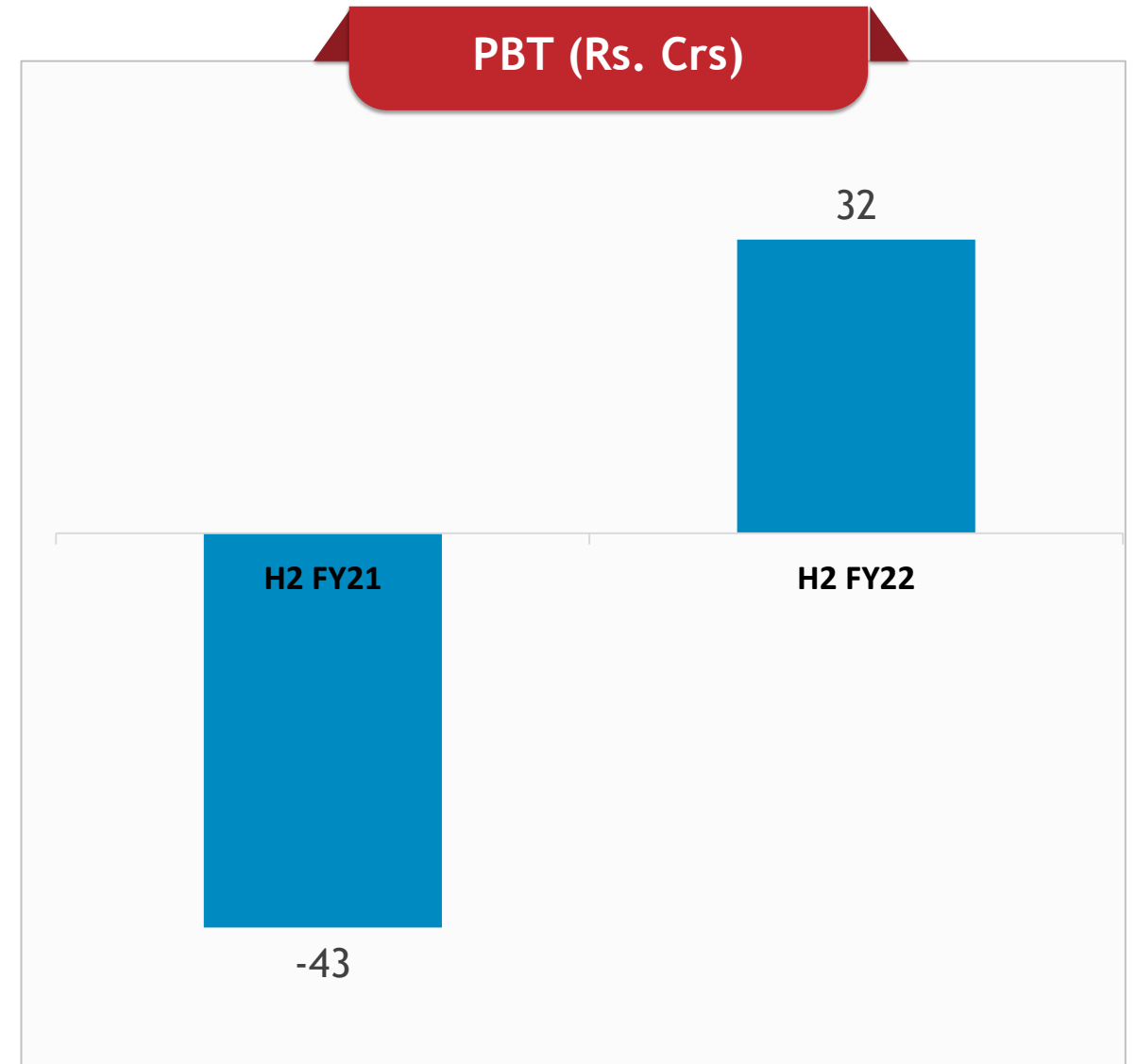
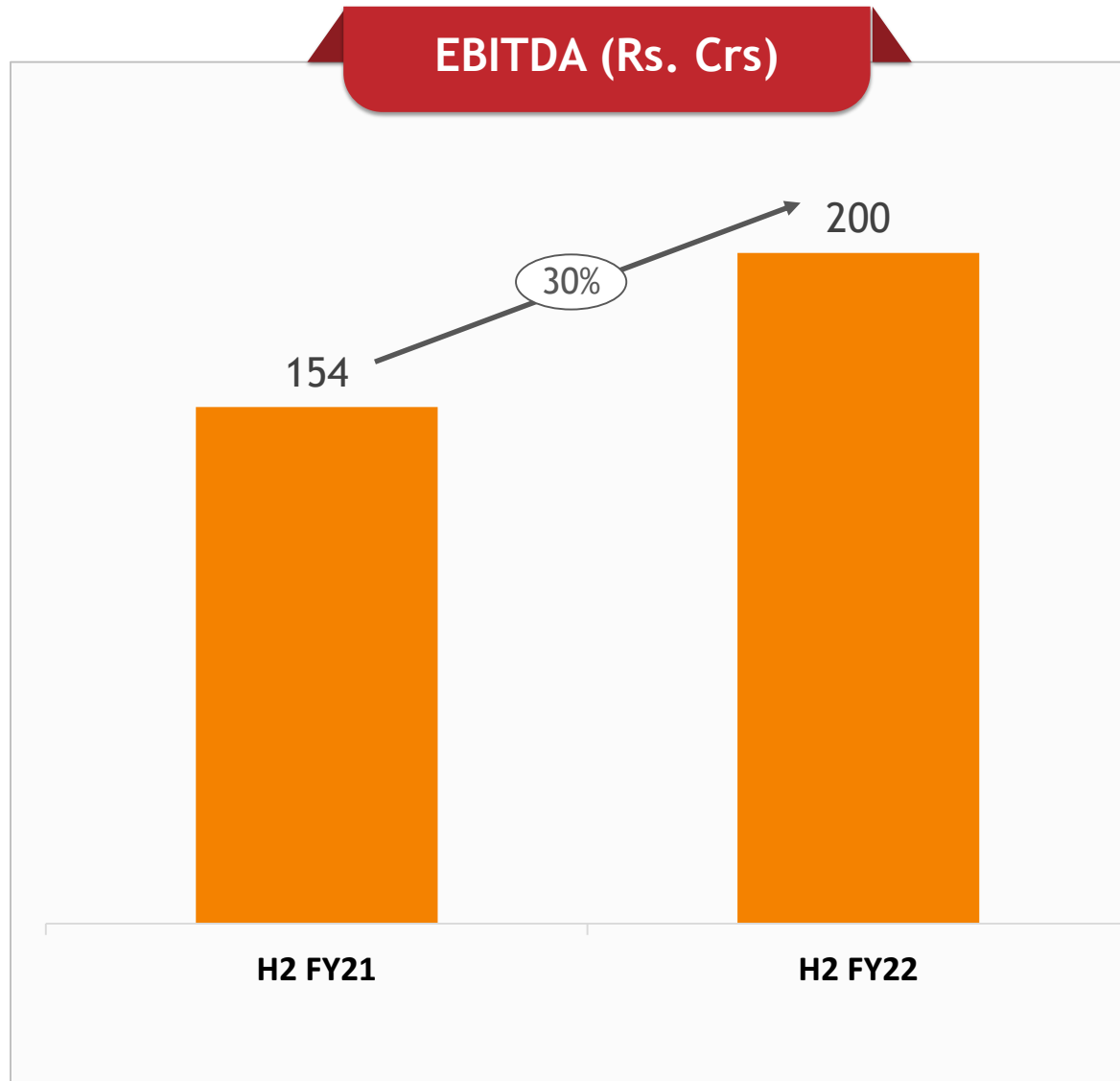


Strong financial performance in H2 FY22 despite Covid 3rd wave impact



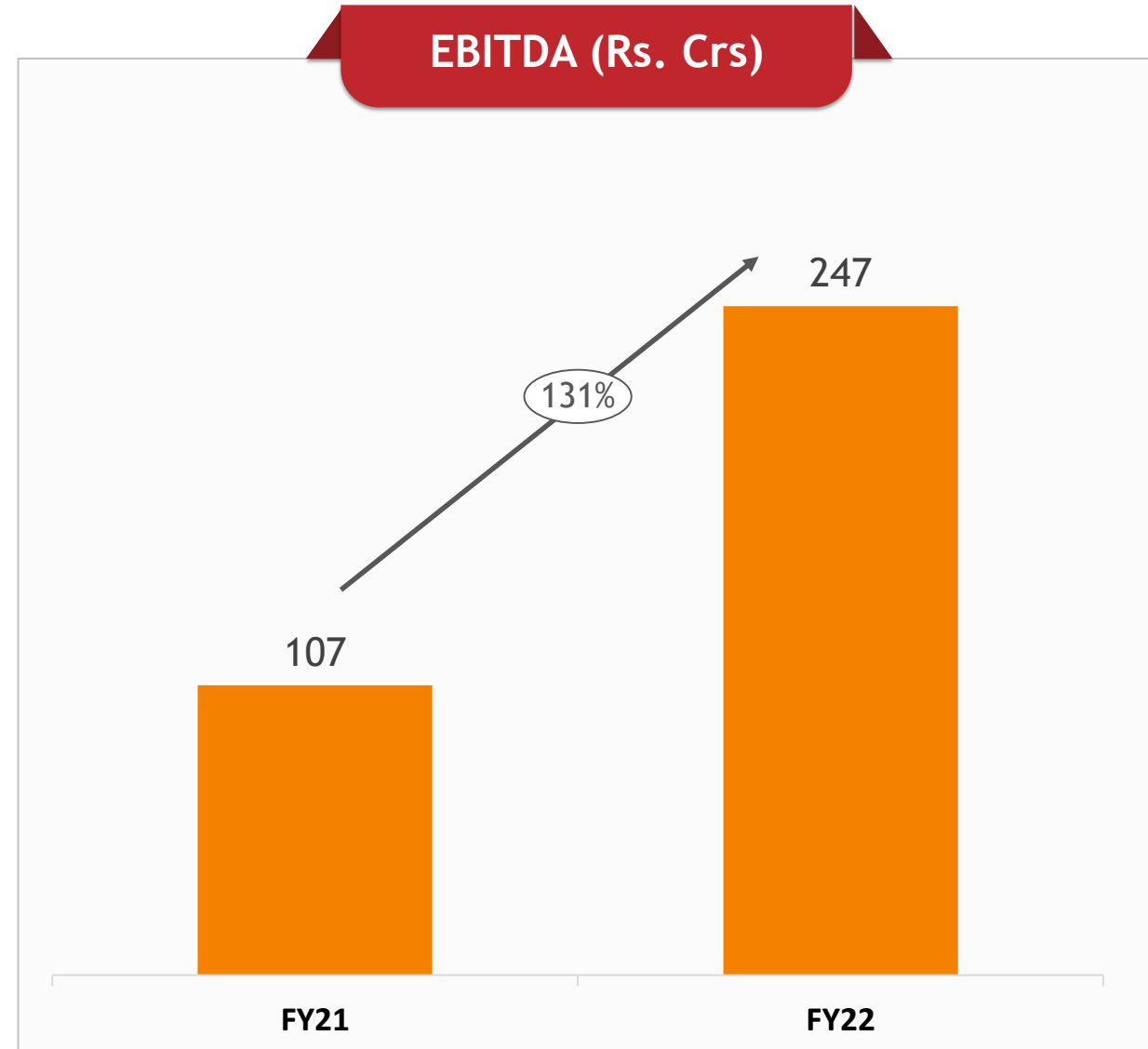
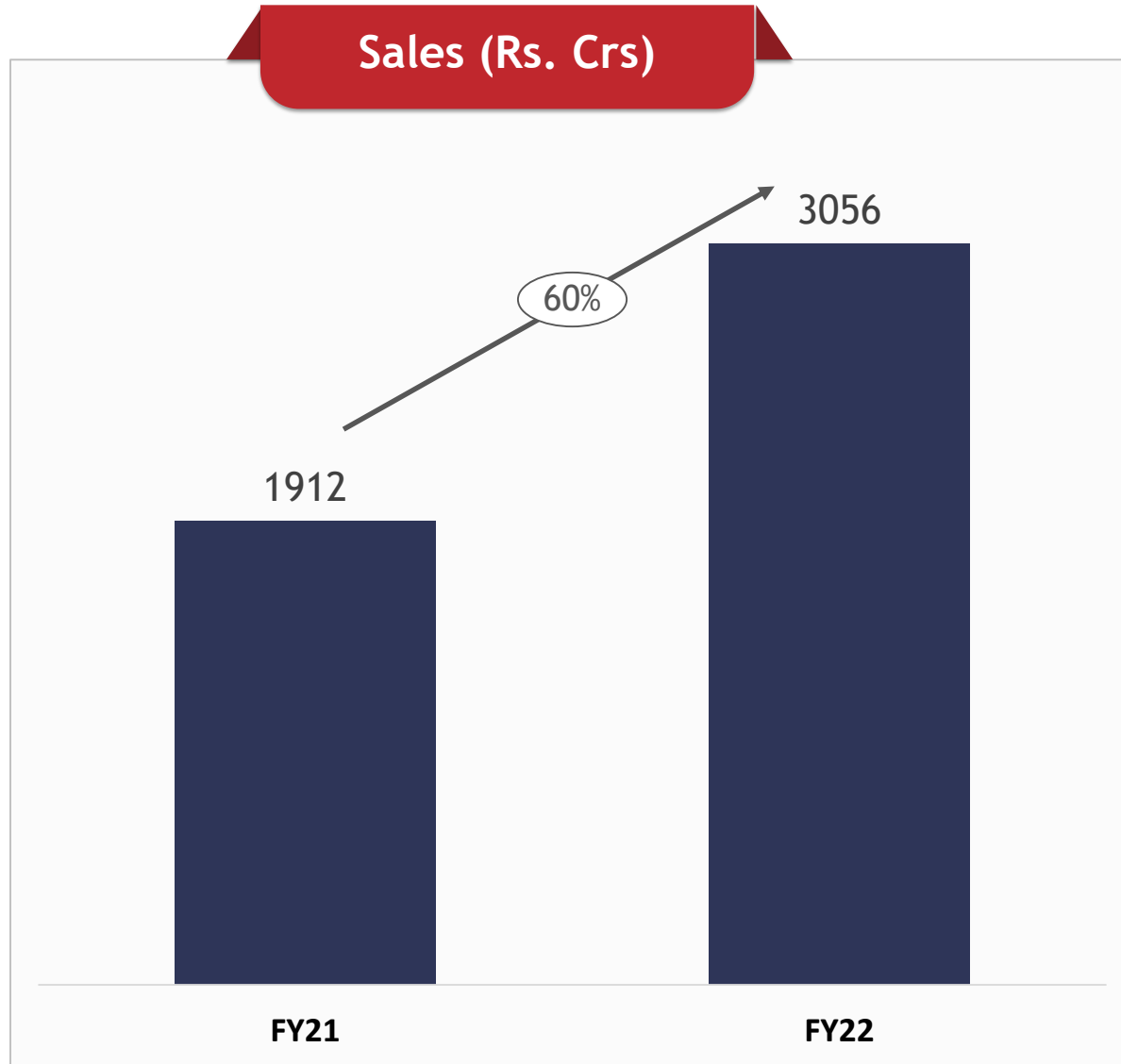
- Significant focus on core brands along with fresh brand retail identities drove higher like-to-like growth
- Strong multi-channel play
- Aggressive retail expansion across brands with addition of 150+ stores in FY22

Leading to significant improvement in all operational parameters





Gross margin improvement of 180 bps to 45.3% leading to improvement in profitability

Posts strong FY22 performance after setback due to pandemic



Revenues crossed pre-Covid levels with sharp turnaround in profitability

H2 FY22 - Groupwise Performance



	Sales (Rs. Crs)				EBITDA (Rs. Crs)	
	H2 FY22	H2 FY21	% Growth	% Growth vs H2 FY20	H2 FY22	H2 FY21
 Power Brands	1538	1201	28%	34%	180	150
 Emerging Brands	386	257	50%	36%	20	4
Total	1925	1458	32%	34%	200	154

Note:

Power Brands - US Polo Assn., Tommy Hilfiger, Flying Machine and Arrow

Emerging Brands - Calvin Klein, Sephora, Ed Hardy, Aeropostale and Others

FY22 - Groupwise Performance

	Sales (Rs. Crs)				EBITDA (Rs. Crs)	
	FY22	FY21	% Growth	% Recovery vs FY20	FY22	FY21
 Power Brands	2475	1529	62%	104%	236	116
 Emerging Brands	581	384	51%	100%	12	(9)
Total	3056	1912	60%	103%	247	107

Note:

Power Brands - US Polo Assn., Tommy Hilfiger, Flying Machine and Arrow
 Emerging Brands - Calvin Klein, Sephora, Ed Hardy, Aeropostale and Others

Strong working capital controls yielding better inventory turns and cash flow

	Figures in Rs Crs.			
	Mar'22	Mar'21	Change	Dec'21
Inventory	965	900	65	985
Receivables	572	626	(54)	522
<hr/>				
GWC	1537	1525	11	1506
Payables	1048	918	130	1088
NWC	489	607	(118)	418

- Sharp working capital management through quick actions to largely offset Covid-led impact

Q4 FY22 Highlights

Q4 FY22 Business Highlights



Strong revenue performance

- **34%** sales growth Y-o-Y; **59%** growth (vs. pre-COVID)
- **Recovered** strongly in March'22 posting LTL growth of 20% in Feb-Mar'22 and 15% in Q4; despite impact of Covid 3rd wave



Power Brands

- **Continued double-digit** EBITDA margin (pre-IndAS) trajectory in USPA & Tommy Hilfiger



Profitability

- **36%*** growth in EBITDA to Rs. 94 crores; despite normalization of costs & Covid impact in Jan
- **Better** full price sell-thru's and lower discounts
- **Positive** cash flow from operations



Channel-wise

- **45%+** overall growth in retail channel in Mar'22; momentum continued thereafter
- **4.6x** growth in online channel (vs pre-COVID); **20%+** Y-o-Y growth
- Strong bounce back in department stores; sales growth of **>2.2x**



Working capital management

- Tighter inventory control despite seasonal build-up
- Strong focus on inventory turns; delivered **4x** turns (based on H2) despite sales impact due to Covid



Leaner balance sheet

- **~Rs. 400 crores** net debt; reduction of >50% compared to Mar'21
- Debt Equity ratio at **0.67x** compared to 1.81x in Mar'21

* Adjusted for rent concessions received in base quarter (Q4 FY21)



USPA : Opened the largest store with new retail identity in South market



U.S. POLO ASSN.
SINCE 1890



Q4 FY22 - Groupwise Performance

	Sales (Rs. Crs)				EBITDA (Rs. Crs)	
	Q4 FY22	Q4 FY21	% Growth	% Growth vs Q4 FY20	Q4 FY22	Q4 FY21
 Power Brands	732	555	32%	50%	87	85
 Emerging Brands	185	129	43%	75%	7	4
Total	917	685	34%	54%	94	89

Note:


Power Brands - US Polo Assn., Tommy Hilfiger, Flying Machine and Arrow

Emerging Brands - Calvin Klein, Sephora, Ed Hardy, Aeropostale and Others

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Q4 and FY22 Results with IndAS 

Way Forward 

Q4 FY22 - Performance Snapshot



	Reported (Rs Crs.)		
	Q4 FY22	Q4 FY21	% growth
Revenue from Operations	917	685	34%
Other Income	21	21	(2%)
Total Income	938	706	32%
EBITDA*	91	67	36%
Reported EBITDA	94	89	6%
Finance Costs	23	41	(44%)
Depreciation and amortisation	61	62	(1%)
PBT from continuing operations	10	(14)	-
Discontinued operations	-	(58)	-
PAT	1	(103)	-

* Adjusted for rent concessions included in other income

FY22 - Performance Snapshot



	Reported (Rs Crs.)		
	FY22	FY21	% growth
Revenue from Operations	3056	1912	60%
Other Income	65	109	(39%)
Total Income	3122	2021	54%
EBITDA	247	107	131%
Finance Costs	124	180	(31%)
Depreciation and amortisation	233	238	(2%)
Exceptional items	-	(45)	-
PBT from continuing operations	(104)	(398)	-
Discontinued operations	(133)	(198)	-
PAT	(267)	(580)	-

Balance Sheet

Particulars (Rs Cr.)	Mar'22	Mar'21
Net Worth*	996	734
Borrowings	502	903
Capital Employed	1498	1637
Inventory	965	900
Receivables	572	626
Creditors	1048	918
Net Working Capital	489	608
Net Fixed Asset	273	381
Discontinued Operations Assets	5	81
Other Assets	731	567
Capital Employed	1498	1637

* Includes Compulsorily Convertible Preference Shares issued by AYBPL and sold to FK, presented in the books as financial liability

Agenda

Q4 and FY22 Performance Highlights 

Q4 and FY22 Results with IndAS 

Way Forward 

Way forward

FY23 Priorities

- Strong revenue growth coupled with improvement in profitability & ROCE
- Significant scaling up of adjacencies across brands - footwear, kidswear, innerwear and women's wear
- Acceleration in store network expansion across brands & markets by opening 200+ stores
- Investments to maintain digital channel leadership and focusing on omni and D2C
- Continued focus on de-leveraging & driving higher inventory turns leading to improved cash flow

Short term

- Growth momentum to continue after strong bounce back in Mar'22; witnessing similar trend in Apr-May'22
- Profitability improvement through various levers including gross margin, better sell-thru's etc.
- Increase in raw material costs & inflation remains a key challenge; being managed through pricing power in focus brands and efficiencies of lower discounting and economies of scale to improve margins



Thank You