

PRESS RELEASE

Arvind Fashions declares its FY20 Q4 and full year results

Bengaluru, July 09, 2020: Arvind Fashions Limited (AFL), India's leading casual and denim player, has declared its financial results for the fourth quarter and fiscal year ended March 31, 2020.

- Arvind Fashions Limited continued its progress on key initiatives during Q4 completing the exit from non-strategic emerging brands and market corrections in trade sales
- Pre-Covid its power brands achieved 7% like to like growth during January and February 2020
- During January and February, company was on track to meet its internal plan. However, revenue was severely hit in March as Covid19 impacted sales across the channels. This has adversely impacted the reported Q4 FY20 revenues and profitability
- After the lockdown, our stores have gradually opened, and currently 75% of our stores are operational
- Board has approved launch of company's rights issue from June 29th, which was earlier deferred in March'20. The size of the rights issue has also been increased from ~Rs. 300 Crore to ~Rs. 400 Crore. The rights issue will close on 17th July, 2020

Commenting on the performance of the company, **Mr. J Suresh, MD & CEO** said "Completion of the key strategic steps during the year have lent fundamental strength to our business. While COVID has been an unprecedented event which has significantly impacted the entire retail industry, as a leading casual wear company with a portfolio of brands with leading market positions and key capabilities in digital and omni-channel, we expect to gain market-share as business get back to normal."

Financial performance Summary

Rs. Crore	Q4 FY20		Q4 FY19	
	Revenue	EBITDA	Revenue	EBITDA
Reported Results (Incl. IndAS 116 impact)	710	(10)	1,169	85
Results (Excl. IndAS 116 impact)	710	(92)	1,169	85
Normalized Results *	1,052	43	1,169	85
<i>Continuing brands</i>	<i>1,050</i>	<i>48</i>		
<i>Discontinued brands</i>	<i>2</i>	<i>(5)</i>		

* Normalized revenue and EBITDA are internal estimates of the company based on estimated revenue and EBITDA losses arising out of Covid19

Rs. Crore	FY20		FY19	
	Revenue	EBITDA	Revenue	EBITDA
Reported Results (Incl. IndAS 116 impact)	3,866	231	4,644	288
Results (Excl. IndAS 116 impact)	3,866	(117)	4,644	288
Normalized Results *	4,207	18	4,644	288
<i>Continuing brands</i>	<i>4,200</i>	<i>91</i>		
<i>Discontinued brands</i>	<i>7</i>	<i>(73)</i>		

COVID Update

Arvind Fashions Ltd is India's leading casual and denim player, a lifestyle powerhouse with a strong portfolio of fashion brands catering to consumers across sub-categories and price points. The Company has a network of 1,290 stores, presence across approximately 10,000 multi-brand outlets with 3,700+ point of sales in department stores across India.

Impact of COVID-19 on the business

- COVID-19 pandemic has had a significant negative impact on the economies, businesses and lives around the world. Operations of the company have been impacted by the various COVID-19 pandemic related developments. With the outbreak of COVID-19, while footfalls had started getting impacted from early March, malls were already being asked to close by mid-March, a complete lockdown implemented across the country starting March 25th. This led to full shutdown of the store network, offices and warehouses. These developments have had a significant adverse impact on revenue and profitability for Q4.
- Company has taken proactive measures to ensure the safety and wellbeing of our employees and customers. The store staff have been enabled to operate with higher hygiene while maintaining social distancing norms and the company transitioned the corporate staff to work from home (WFH) leveraging appropriate technology.

Current status and response to the situation

- Post lockdown, the company has been progressively reopening its stores following due regulatory guidelines and following due safety and hygiene SOPs and ensuring appropriate social distancing norms. Currently 75% of our stores are operational, though footfalls and revenue remain well below pre-Covid levels. In the meantime, company has invested behind and scaled up its digital and omni capabilities and good traction is being achieved in this important channel.
- Situation continues to remain fluid on the ground and we continue to assess its impact on company's operations on an ongoing basis.
- While in the short run, there would indeed be disruptions, AFL is a leading casual and denim player with a strong portfolio of fashion brands catering to consumers across sub-categories and price points. Company expects that strength of its brands, coupled with launch of new relevant product and investments in digital and omni-channels will help it overcome the challenges and react to evolving situation faster.
- Company has put in place a comprehensive cost management plan that covers significant reduction in costs during the lockdown period and until sales normalize. In addition, structural reductions have been effected in the cost structure that will have the impact of reducing company's breakeven levels by 35%. Actions have also been initiated to conserve cash by cutting down capex, reducing inventory levels, controlling immediate buys and bringing a strategic flexibility in the buying process
- We continue to engage continuously with our entire operational ecosystem (including vendors, franchisee, rental partners etc.) to be ready to operate at full scale of operations, as the business normalcy happens. We have also been able to resume the operations across all our warehouses and have significantly increased our fulfillment capacity

Outlook

The company has a strong portfolio of brands and is a leading casual wear player in the industry. It possesses multi-category play across premium casual and denimwear, kidswear, innerwear and prestige beauty which provides exciting growth opportunities. As market re-opens post the lockdown, we are well-positioned to resume our full operations at the earliest. With sharpened product portfolio suiting to customer requirements, entrenched distribution network along with capability build-up in analytics for demand planning and fulfilment as well as omni-channel, AFL is strongly placed to recover faster from the impact of ongoing pandemic.

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.

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