

PRESS RELEASE

Arvind Fashions strengthens balance sheet and continues to make robust progress towards normalcy post COVID

Bengaluru, September 02, 2020: Arvind Fashions Limited (AFL), India's leading casual and denim player, has declared its financial results for the first quarter ended June 30, 2020.

Key Points

- FY21 Q1 sales & financial performance was significantly impacted by disruptions on account of lockdowns caused by the COVID pandemic
- 70% of stores were operational at the end of Q1 FY21. Currently, ~80% of stores have opened. Overall, we have reached 46% of sales in Aug'20, compared to same month last year
- Balance sheet strengthened in Q2 FY21 through infusion of Rs. 660 Crores of non-debt funds
 - Strategic investment by Flipkart in Flying Machine will provide significant growth impetus to this youth focused brand, especially in terms of omni-channel retail approach
 - Rights Issue for Rs. 400 Crores which was oversubscribed 1.4 times
- Implemented deep cost rationalization across various fixed cost-heads; reduced Q1 FY21 costs by 63% compared to Q1 FY20 and reduction of 57% compared to Q4 FY20. On track to realize 35-40% reduction in fixed costs during FY21
- Digital transformation journey is making significant progress, creating seamless omni-channel solutions backed by strong supply chain capabilities. Overall online channel consumer offtake has increased by 30%; 3.5x growth in NNNow.com sales post unlock

Commenting on the performance of the company, **Mr. J Suresh, MD & CEO** said "This quarter was challenging for business operations with near complete closure in April & May. While COVID had a significant impact on the financial performance, we have utilised the opportunity provided by this disruption to reshape our business through increased investments in upgrading our digital capabilities along with significant cost optimisation and multiple actions to control gross working capital. These actions combined with our inherent strengths in categories recovering faster, AFL is well positioned to emerge stronger when normalcy returns"

Consolidated Financial Performance Summary (Incl. IndAS 116 impact)

Rs. Crore	Q1 FY21
Revenues	104
EBITDA	(54)
PAT	(197)

Q1 FY21 was the toughest quarter as the entire world and Indian economy was hit by the unprecedented COVID pandemic, with its attendant human suffering and economic impact. Apparel retail industry is one of the worse impacted industry by COVID. After certain hesitant relaxations in May, economy started gradually opening up from June post Unlock 1.0, though the opening up has been staggered and uneven, with occasional localized rollbacks and operational disruptions.

During this tough time, the company has pursued strategic initiatives around capability building, cost restructuring, cash conservation and strengthening the balance sheet, apart from focusing on restart and ramp up of the operations and ensuring safety of its employees and customers. In addition, special actions have been taken to realize cost savings for Q1 and Q2 to mitigate the COVID impact on



business. We believe that the structural initiatives will help the Company become more digital, agile and resilient, and deliver longer term benefits as business returns to normal.

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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