

## PRESS RELEASE

### **Arvind Fashions delivers strong performance with 106% Q-o-Q growth and cash breakeven; Continues journey of strengthening balance sheet**

**Bengaluru, February 3, 2021:** Arvind Fashions Limited (AFL), India's leading casual and denim player, has declared its financial results for the third quarter and nine months ended Dec 31, 2020.

#### Key Points

- Q3 FY21 revenue grew sequentially by 106%, driven by Q-o-Q momentum on account of stronger festive season and winter shopping, along with increased footfalls across the stores as the lockdown gradually lifted. This was further aided by continued traction in the online channel
- Overall, revenue reached 86% of last year levels in Q3 FY21. Sales recovery trajectory (Y-o-Y) was stronger across all the channels
- Power brands achieved a sales recovery of 91% with similar profitability compared to Q3 FY20, after investing behind the brands significantly and higher liquidation of old inventories to improve freshness going forward
- Unlimited achieved a positive EBIDTA for the quarter due to good sales recovery (for like-to-like stores) and the significant restructuring of costs
- Seamless omni-channel and digital solutions are yielding significant results. Overall online channel sales increased by 130% Y-o-Y in Q3 FY21; Direct to consumer online sales witnessed 3.3x growth over last year and now comprise 38% of our digital sales
- Deep execution on revenue as well as cost management enabled the company to achieve turnaround in profitability during the quarter for its continuing business, to post EBITDA (pre-IndAS) of 34 Crs in Q3 FY21 compared to 30 Crs in Q3 FY20. Continuing business achieved cash breakeven for the quarter
- Balance Sheet has been strengthened compared to Mar'20 with
  - Gross & net working capital reduction by 400+ and 250+ Crs respectively in YTD FY21 through efficient inventory management and new ways of buying
  - Reduction in net debt by 300+ Crs

Commenting on the performance of the company, **Mr. J Suresh, MD & CEO** said "We're quite pleased with better than expected sales recovery through improved footfalls during the festival period which has resulted in significantly improved profitability and a cash breakeven for continuing business in Q3 FY21. Our focus on digital and omni-channel initiatives and a deep cost focus continue to deliver robust outcomes. At the back of strong Q3, we expect H2 FY21 to be significantly better in terms of sales & profitability growth"

**Mr. Shailesh Chaturvedi, newly appointed MD & CEO** said, "AFL has emerged stronger from the pandemic crisis and I'm quite excited to lead our journey of providing enhanced customer experience. Our leadership positioning in casual, denim and prestige beauty segment will enable AFL to pursue accelerated growth in the long term and create value for all our stakeholders"

#### Consolidated Financial Performance Summary

Rs. Crore	Q3 FY21	Q3 FY20	Y-o-Y Growth	Q2 FY21	Q-o-Q Growth
Revenues	901	1,052	(14%)	437	106%
EBITDA	84	124	(32%)	(18)	
PBT before exceptional items	(34)	(67)		(151)	
PAT including discontinued Operations	(68)	(51)		(212)	

With the benefit of the lower inventory levels and new ways of buying resulting in improved freshness of our stock across the channels and continued normalization of customer sentiments, we remain optimistic to improve sales through for the upcoming season, barring any significant flare up in COVID 19 pandemic.

## **Rights Issue**

The Board has approved issue of equity shares for an amount up to Rs. 200 Crs on rights basis. The Board evaluated various options and is of the view that rights issue would be an equitable mode of fund raising as it gives its shareholders an equal opportunity to participate in the growth of the Company. The Company intends to utilize the funds to meet its objectives of strengthening its balance sheet and for general corporate purposes, including working capital for growth.

Subject to finalization of terms & conditions of the issue, the Promoter and Promoter Group, collectively intend to fully subscribe to their rights entitlement and have reserved their right to subscribe to any additional Equity Shares, in the event of under-subscription of the said Issue, subject to applicable laws.

## **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, 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](mailto:Ankit.arora@arvindbrands.co.in)

Direct: +91 80 4048 8814

Mobile: +91 99206 64475

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