



Arvind Fashions Limited

Q1 FY22 Results Presentation

August 2021

Agenda

Response to Covid-19



Q1 FY22 Performance Highlights



Q1 FY22 Results with IndAS



Way Forward



Covid-19 impact and response

- Second COVID wave was very challenging due to its severity
- Created Safety Council, launched volunteer network and rolled out SOPs across operations against COVID
- Organised oxygen pipeline, tele consultation, counselling services, free RT PCR test, hotel tie ups & COVID medical cover and increased insurance cover for employees and their families
- Enhanced financial assistance for COVID affected employees and financial as well as non-financial support to the families of the deceased, including financial rebuild support



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Q1 FY22 Highlights

1

Sales : Strong growth of **340%+** over Q1 FY21; **48%** recovery pre-COVID (Q1 FY20)
Power Brands : Growth stood at **~400%** leading to significant reduction of losses Y-o-Y

2

EBITDA : **Rs. 25 Crs loss** compared to Rs. 33 Crs loss in Q1 FY21; despite lower rent concession (pertaining to future quarters) of Rs. 6 Crs vs Rs. 26 Crs in Q1 FY21

3

Digital initiatives backed by omni-channel capabilities continue to drive sales recovery; online growth of **4.2x** and **1.6x** (compared to Q1 FY21 and Q1 FY20 respectively)

4

Sharper inventory control and debtors management led gross working capital reduction of **Rs. 30+ Crs** (vs Mar'21) despite lower revenues on account of 2nd wave; lower by **Rs. 425+ Crs** (vs June'20)

5

Gross debt reduced further by **Rs. 30 Crs** (vs Mar'21) to **Rs. 913 Crs**; lower by **Rs. 430 Crs** (vs June'20)

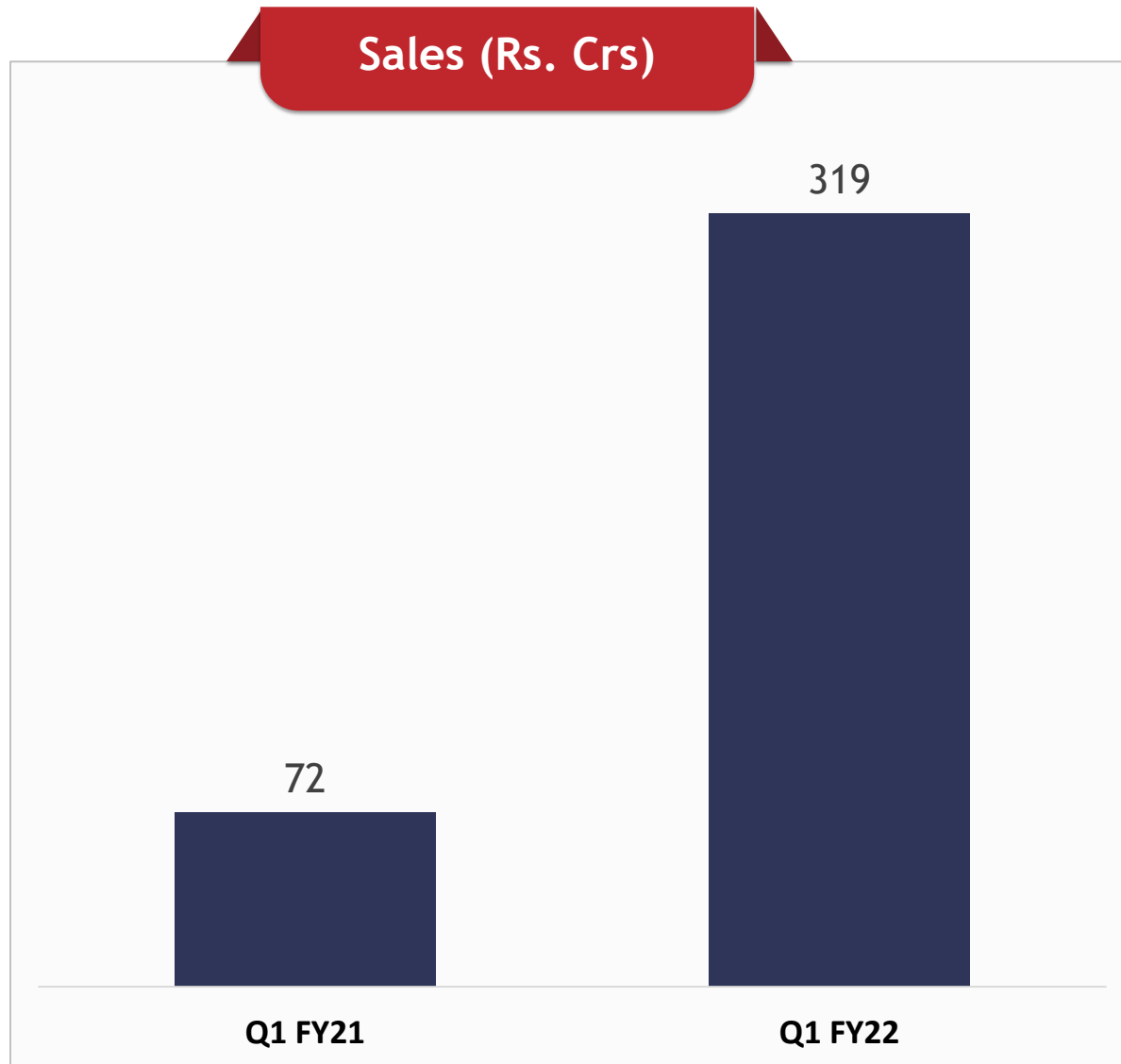
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Unlimited : Signed definitive agreement for strategic sale of assets of 'Unlimited' retail business to V-Mart Retail Ltd. in an **all cash deal** in July'21

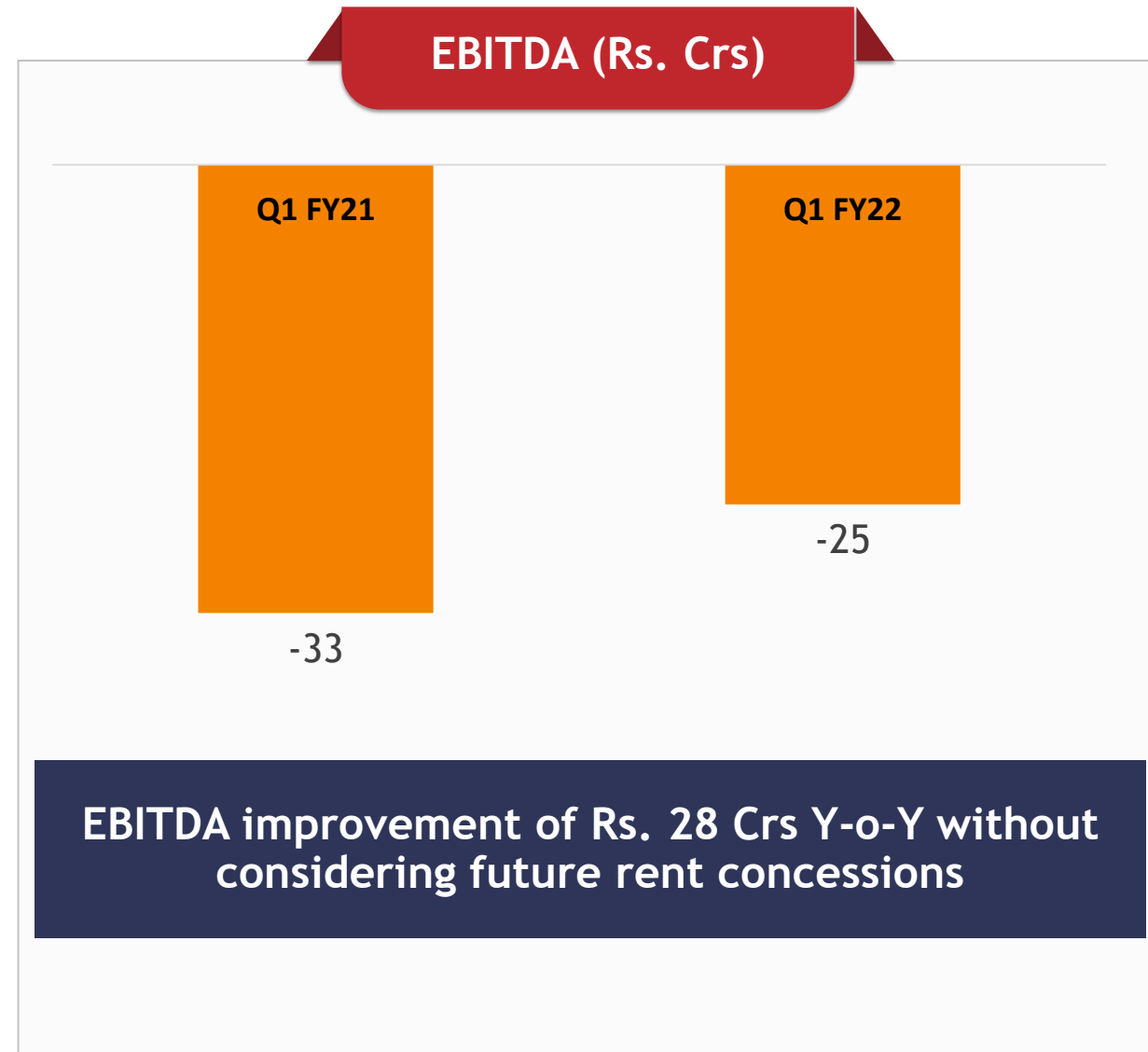
Details on the 'Unlimited' transaction

- Signed definitive agreement for strategic sale of assets of 'Unlimited' retail business to V-Mart Retail Ltd. in an all cash deal in July'21
- 'Unlimited' operates a chain of 74 value fashion retail stores across South and West India and retails fashion apparel and accessories for men, women and children at affordable prices
- Includes assets of the 74 retail stores, warehouses, inventory and the 'Unlimited' brand to V-Mart at its book value
- Expected to receive cash consideration estimated at about INR 150 Crores upon the closure of transaction; fully recovering the capital employed in the business
- Intends to utilize the funds received for repayment of debt and for working capital purposes
- Contingent earn-out of additional Rs. 30-40 Crs, based on sales density achievement by V-Mart over next few years for these stores
- Transaction to get completed by early Sept'21

Higher sales growth leading to reduction in losses

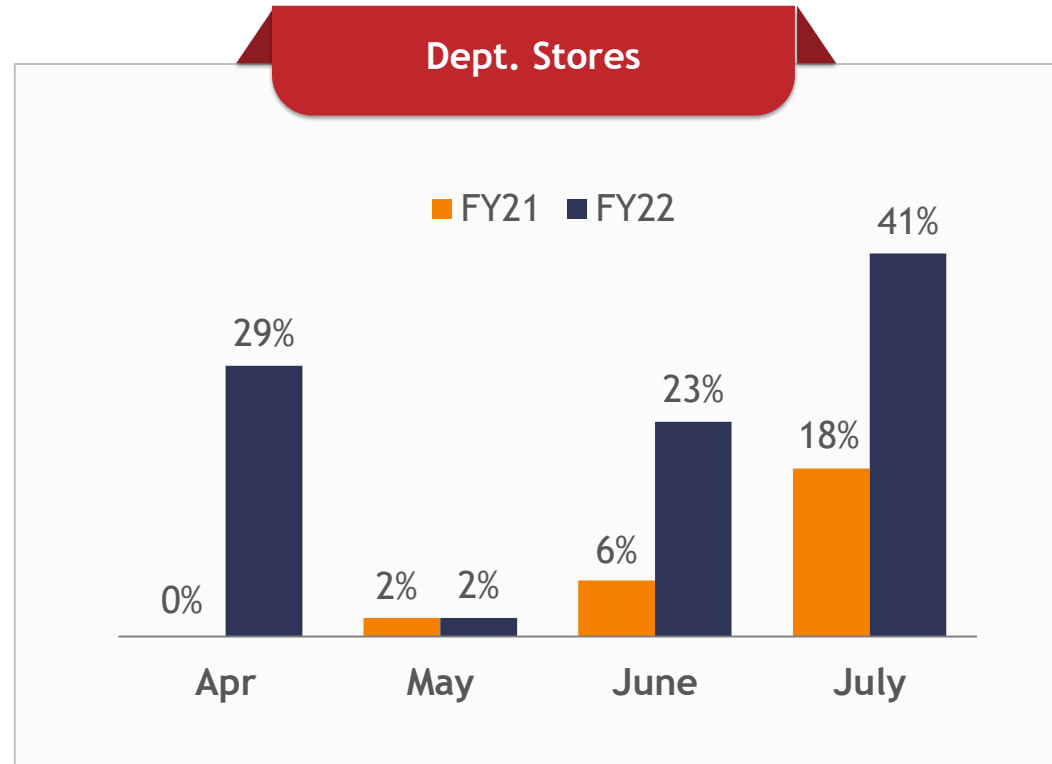
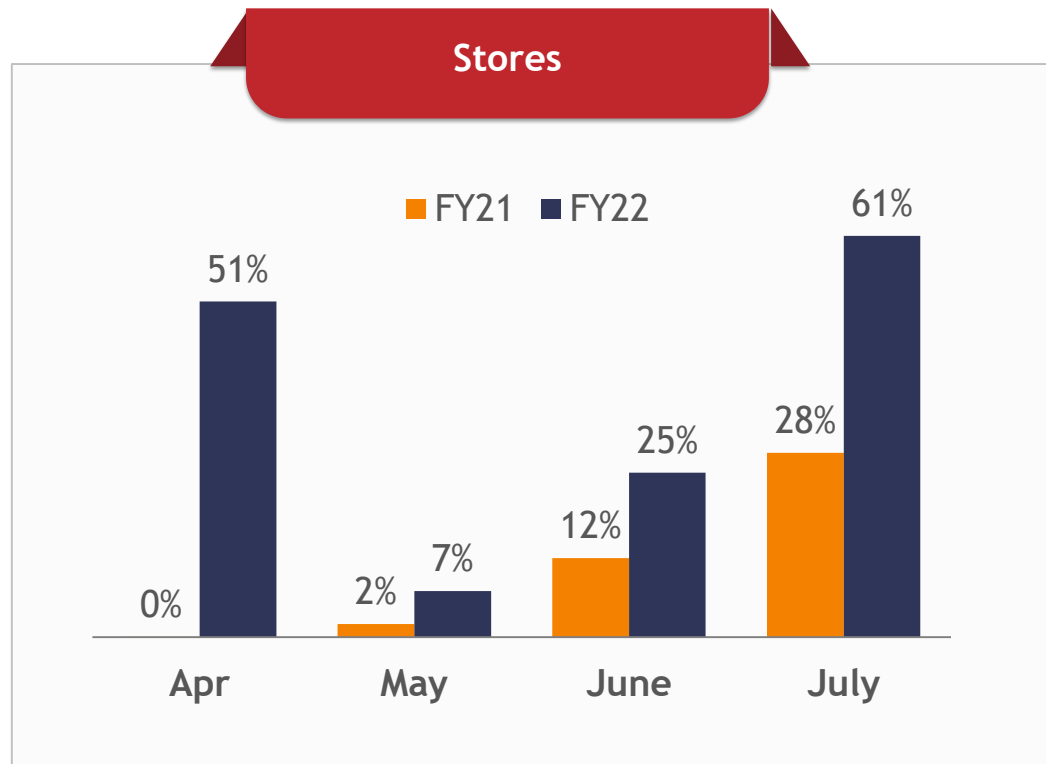


Sales recovery at 48% compared to pre-COVID (Q1 FY20)



* Continuing Brands

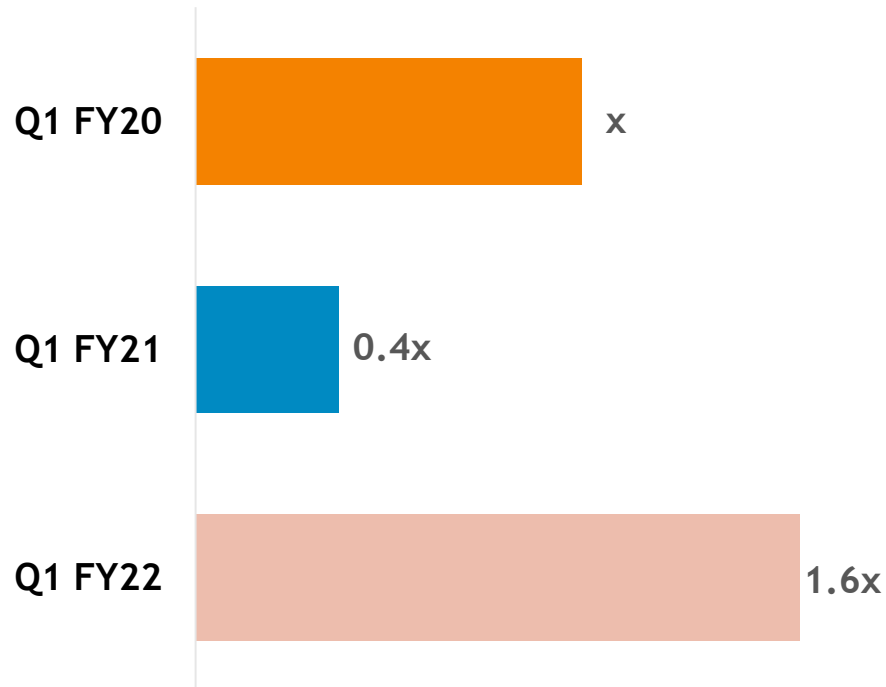
Faster sales recovery in FY22 vs FY21 (compared to pre-COVID)



Current year & last year sales as % of same months in FY20

Strong growth in online (compared to pre-COVID)



Revenue over same period



Key Drivers

- **Omni-channel**
 - Omni-linkage of 100+ stores in Q1 taking total count to 600+
 - 15-20% of store sales fulfilled through omni-channel
- **SMU strategy**
 - Specially made merchandize for online channel leading to growth in new categories
- **Marketplaces**
 - Linkage to all major third-party portals
- **Fulfilment capacity**
 - Presence of 5 dedicated B2C warehouses

Q1 FY22 - Groupwise Performance

	Sales (Rs. Crs)			EBITDA (Rs. Crs)	
	Q1 FY22	Q1 FY21	% Growth	Q1 FY22	Q1 FY21
 Power Brands	262	53	398%	(12)	(29)
 Emerging Brands	57	19	198%	(13)	(4)
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Total	319	72	344%	(25)	(33)

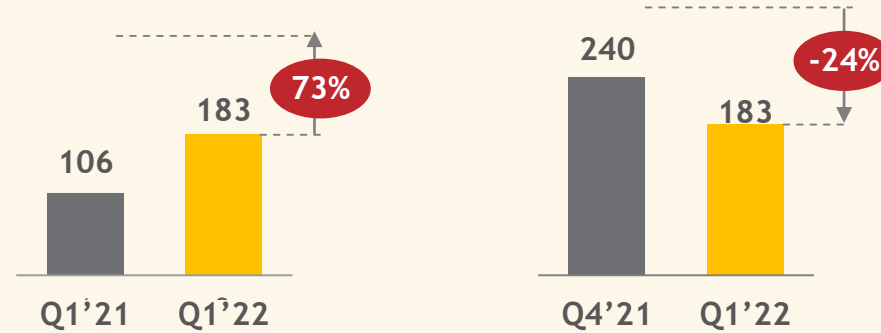
Note:

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

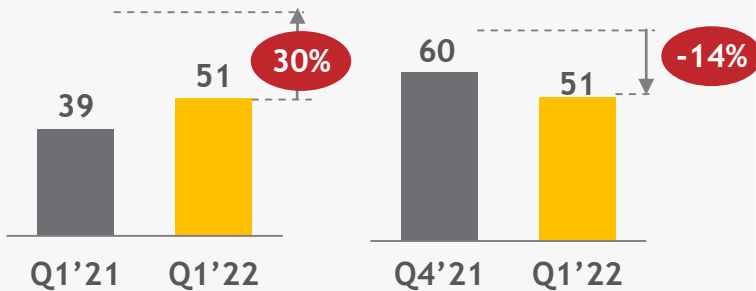
Emerging Brands - Calvin Klein, Sephora, Ed Hardy, Aeropostale and Others

Efficient cost control

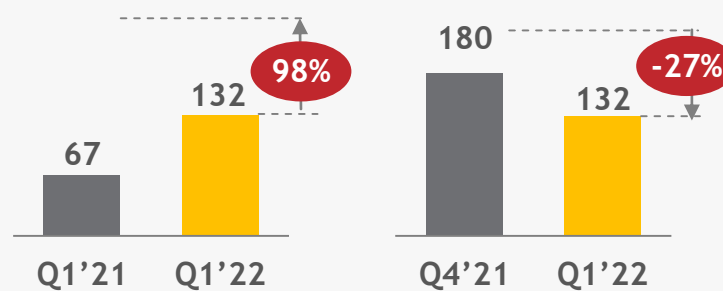
Total (Rs Crs.)



Employee Emoluments (Rs Crs.)



Other Expenses (Rs Crs.)



Rent Expenses (Rs Crs.)

Savings of Rs. 21 Crs compared to pre-COVID

Q1 FY22	Q1 FY20
28	49

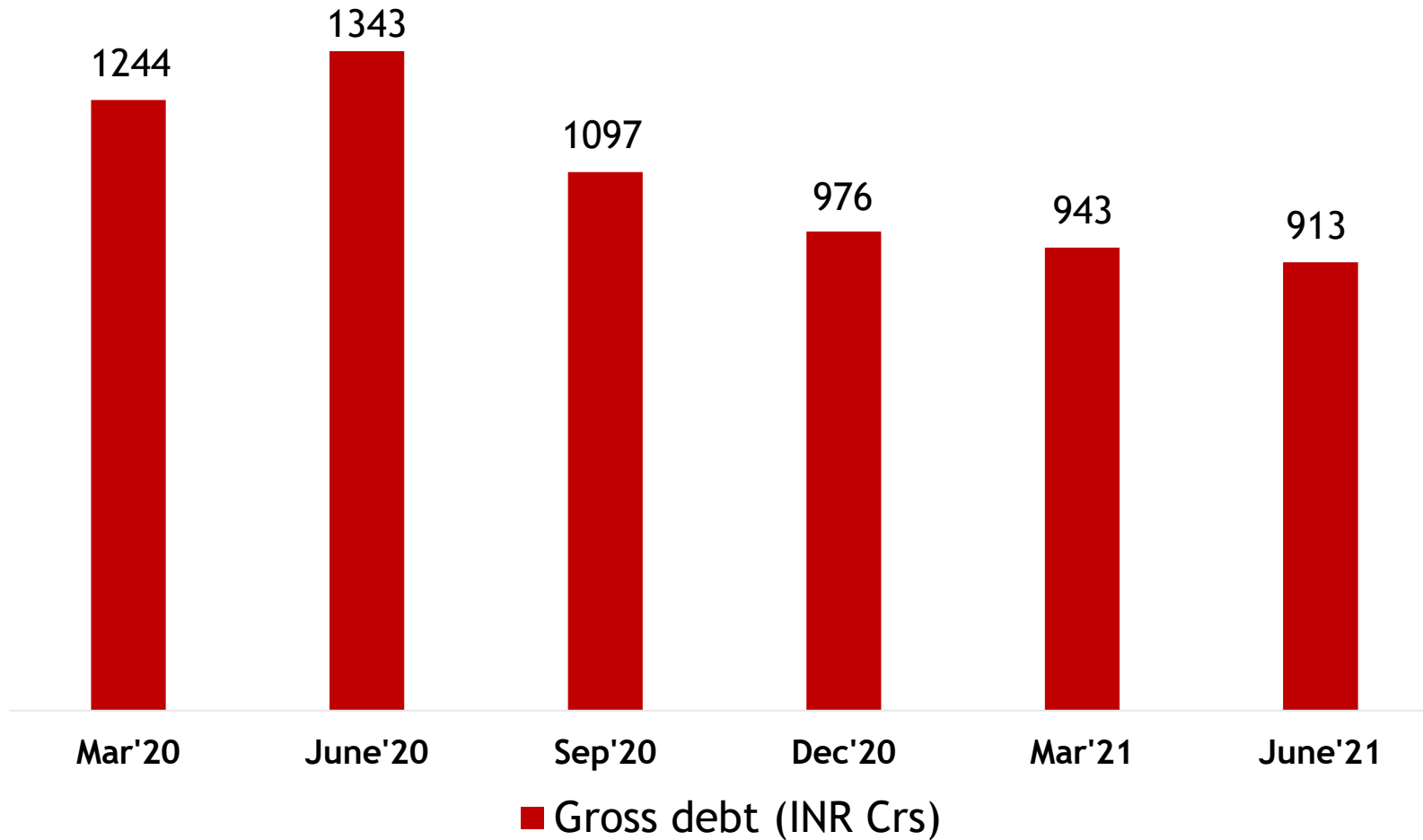
Strong focus on working capital management

	Figures in Rs Crs.			
	June'21	June'20	Change	Mar'21
Inventory	1015	1323	(308)	969
Receivables	578	696	(118)	655
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GWC	1593	2019	(426)	1625

- Gross working capital reduced on Q-o-Q basis despite impact on sales recovery due to 2nd wave
- Reduction in fresh inventory buys & strong debtor controls

* Including discontinued brands

Debt reduction journey continues led by sharper working capital control



- Reduction in gross working capital coupled with final call money received in June'21
- Proceeds from 'Unlimited' transaction to reduce the debt further

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Q1 FY22 - Performance Snapshot



	Reported (Rs Crs.)		
	Q1 FY22	Q1 FY21	Change
Revenue from Operations	319	72	344%
Other Income	21	58	(63%)
Total Income	340	130	163%
EBITDA	(25)	(33)	-
PBT	(120)	(149)	-
Discontinued Operations	(63)	(52)	-
Deferred Tax (Credit)	(1)	12	-
PAT	(182)	(213)	-

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Short term

- Expect strong business recovery to continue in Q2 resulting in positive EBITDA (pre-IndAS)
- 150+ stores to be opened in FY22
- Sharp focus on costs and tight working capital management to lead to improved cash flow & profitability

Medium term

- Focus on 6 high conviction brands leading to profitable growth
- Continued investments behind digital capabilities leading to rapid growth
- Significant scale up in growth categories like innerwear, footwear and kids wear
- Expanding the retail network into smaller towns through the franchisee model
- Continued focus on inventory turns and driving efficient working capital and higher ROCE



Thank You