



# Arvind Fashions Limited

Q2 FY22 Results Presentation

*November 2021*

# Agenda

Q2 FY22 Performance Highlights .....



Q2 FY22 Results with IndAS .....



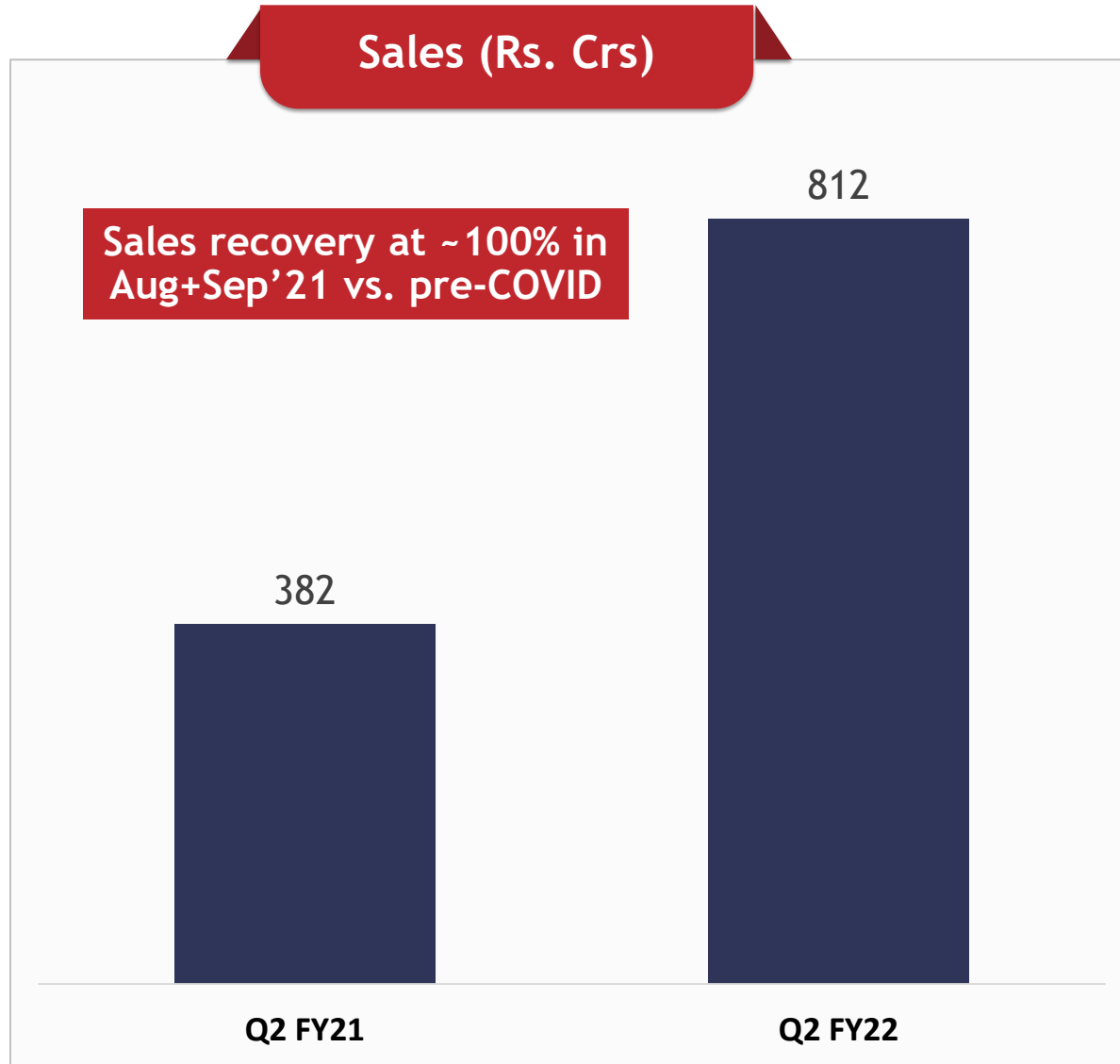
Way Forward .....



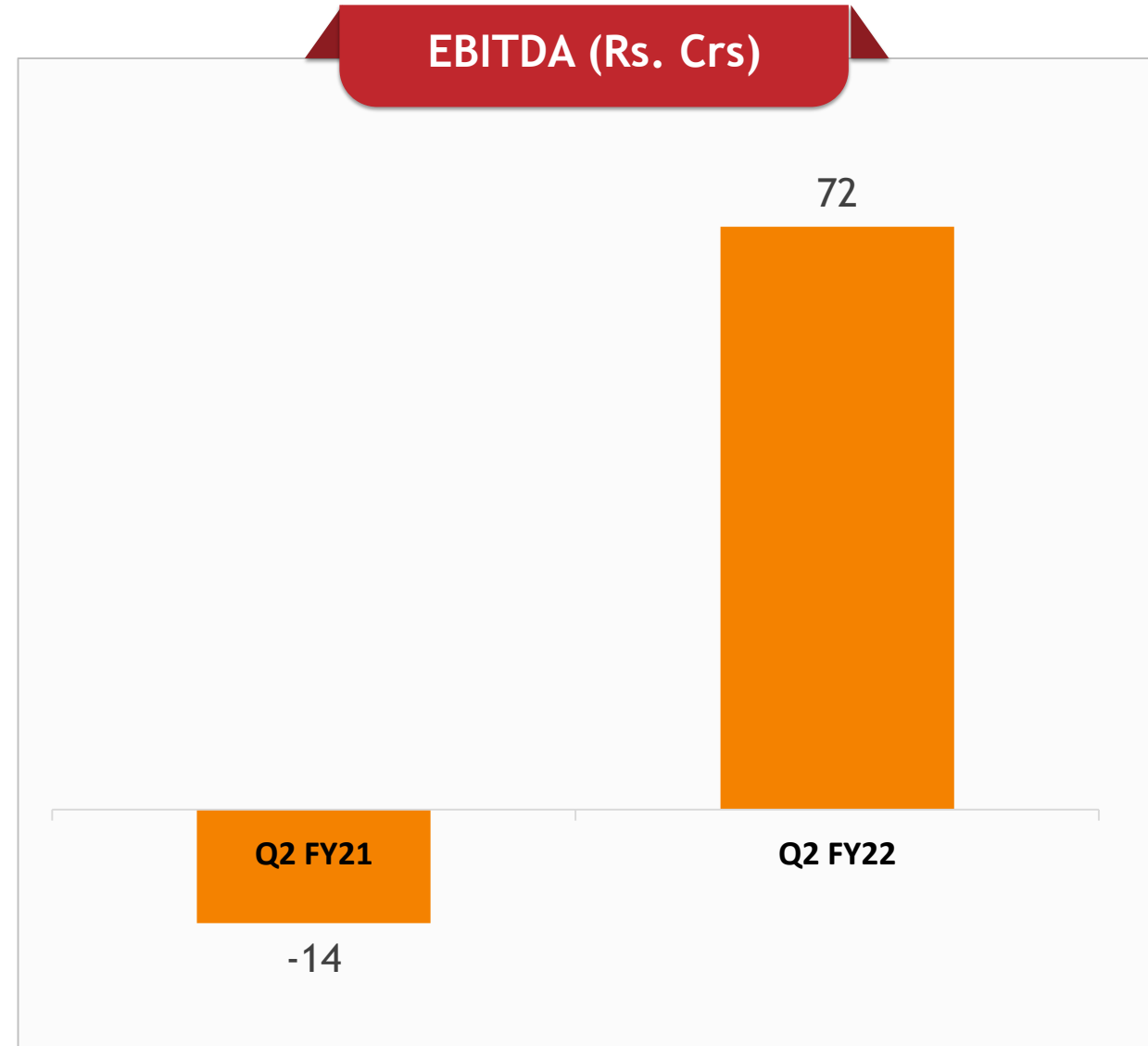
## Q2 FY22 Highlights

- 1 Sales : Strong growth of **2.13x** over Q2 FY21; **90%+** recovery pre-COVID (Q2 FY20)  
Power Brands : Grew by **~2.45x** leading to significant improvement in EBITDA; USPA back to **double digit** margins (pre-IndAS)
- 2 EBITDA : **Rs. 72 Crs** compared to Rs. 14 Crs loss in Q2 FY21  
Turned **cash break-even** for continuing business (pre-IndAS)
- 3 Digital initiatives backed by omni-channel capabilities continue to scale up rapidly; online growth of **55%+** and **90%+** (compared to Q2 FY21 and Q2 FY20 respectively); **40%+** channel contribution in Q2
- 4 Continued focus on working capital helped inventory reduction of **Rs. 183 Crs** (vs Sep'20); better footfalls led to improvement in inventory turns
- 5 Preferential Allotment : Raised **Rs. 400 Crs** through marquee investors & promoters; significantly strengthened the balance sheet and insulating from any near-to-medium term uncertainties
- 6 Gross debt as of Sep'21 stood at **Rs. 843 Crs**; reduced by **Rs. 70 Crs** (vs June'21)  
Net debt of **Rs. 420 Crs** as end Oct'21 through utilization of preferential issue proceeds and strong festive demand
- 7 Successfully completed strategic sale of assets of 'Unlimited' retail business to V-Mart Retail Ltd.

## Higher sales growth led to significant improvement in profitability

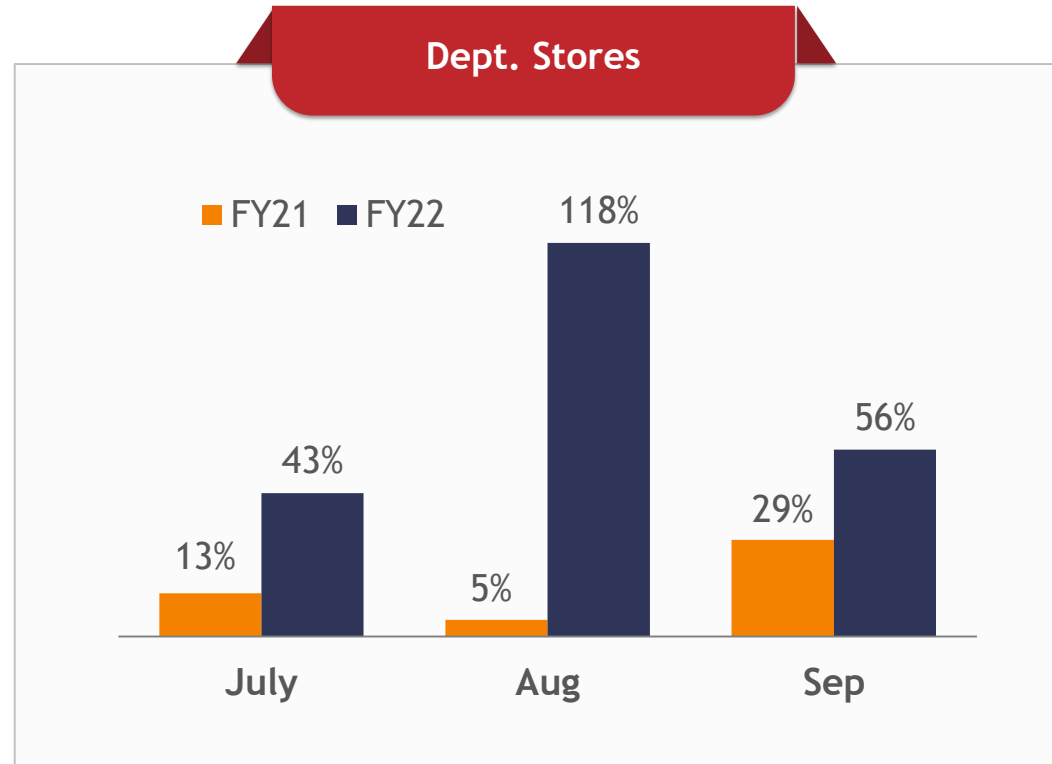
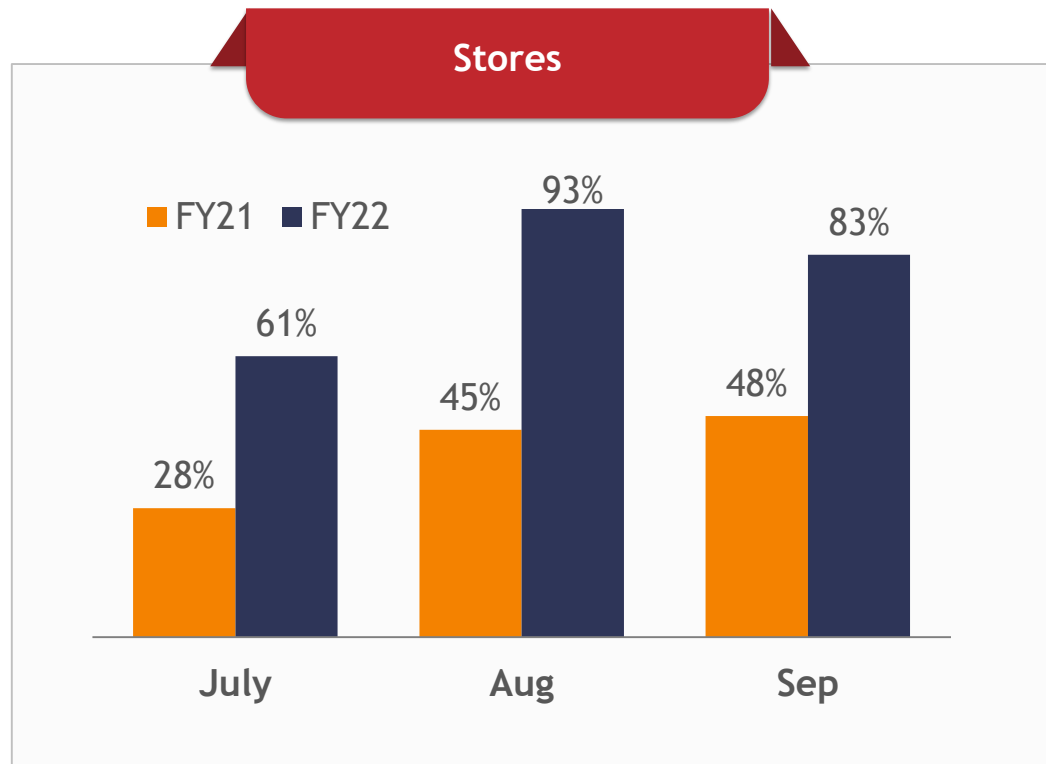


Sales recovery at 90%+ pre-COVID (Q2 FY20)



\* Continuing Business

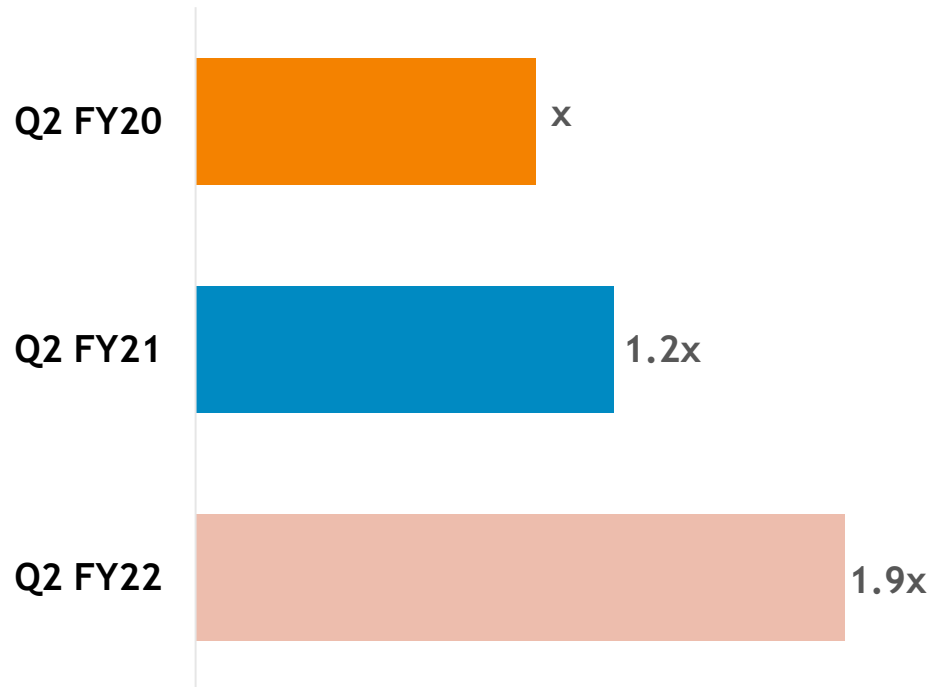
## EBOs witnessed ~90% recovery in Aug & Sep'21 compared to pre-COVID



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

## Continues strong momentum in online channel



### Revenue over same period



### Key Drivers

- **Omni-channel**
  - Omni-linkage of 150+ stores in Q2 taking total count to 750+
- **Order fulfilment**
  - 15-20% of store sales continue to get 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

## Q2 FY22 - Groupwise Performance



	Sales (Rs. Crs)			EBITDA (Rs. Crs)	
	Q2 FY22	Q2 FY21	% Growth	Q2 FY22	Q2 FY21
 <b>Power Brands</b>	674	276	144%	67	(6)
 <b>Emerging Brands</b>	138	106	30%	5	(8)
<hr/>					
<b>Total</b>	812	382	113%	72	(14)

Note:

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

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

## H1 FY22 - Groupwise Performance

	Sales (Rs. Crs)			EBITDA (Rs. Crs)	
	H1 FY22	H1 FY21	% Growth	H1 FY22	H1 FY21
 <b>Power Brands</b>	936	329	185%	55	(35)
 <b>Emerging Brands</b>	195	125	56%	(8)	(12)
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<b>Total</b>	1131	454	149%	47	(47)

Note:

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

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

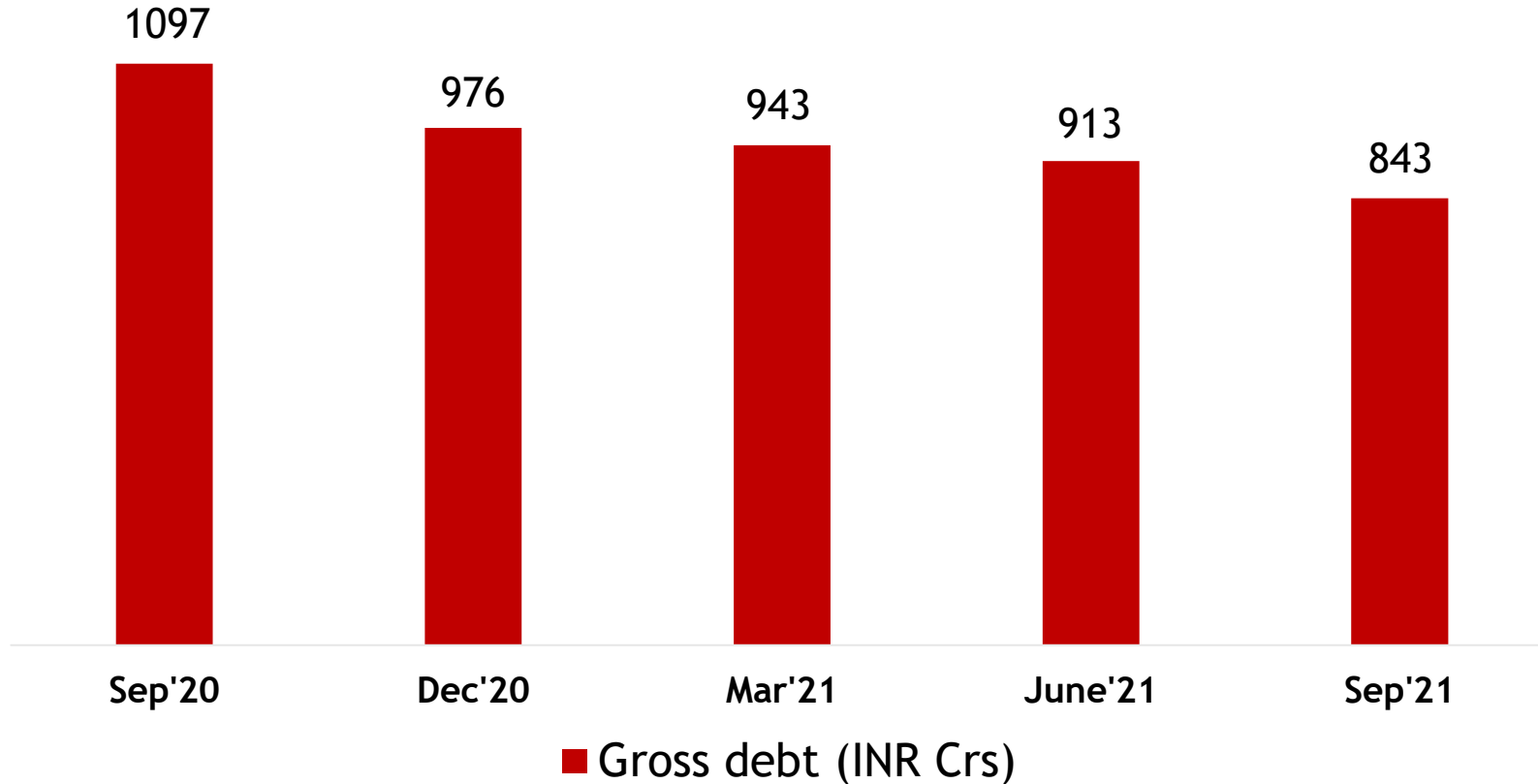


## Sharper focus on working capital management

	Figures in Rs Crs.			
	Sep'21	Sep'20	Change	June'21
<b>Inventory</b>	969	1152	(183)	1015
<b>Receivables</b>	639	636	3	578
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<b>GWC</b>	1608	1788	(180)	1593

- Lower inventory due to tighter controls coupled with Unlimited transaction
- Strong footfalls in Aug & Sep'21 resulted in improvement in inventory turns
- Debtors higher on account of better wholesale channel sales

## Debt continues to trend lower



- Proceeds from preferential allotment utilized to reduce debt further as on date

Debt to be lower by ~350 Crs by Mar'22 on Y-o-Y basis

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Q2 FY22 Results with IndAS .....



Way Forward .....



## Q2 FY22 - Performance Snapshot



	Reported (Rs Crs.)		
	Q2 FY22	Q2 FY21	% growth
Revenue from Operations	812	382	113%
Other Income	16	24	(34%)
Total Income	828	406	104%
EBITDA	72	(14)	-
PBT before exceptional items	(22)	(119)	-
Exceptional items	-	(45)	-
Discontinued operations	(69)	(60)	-
Current Tax & Deferred Tax (Credit)	3	(7)	-
PAT	(98)	(212)	-

- Turned cash break-even for continuing business

# H1 FY22 - Performance Snapshot



	Reported (Rs Crs.)		
	H1 FY22	H1 FY21	% growth
Revenue from Operations	1131	454	149%
Other Income	37	82	(55%)
Total Income	1168	536	118%
EBITDA	47	(47)	-
PBT before exceptional items	(142)	(268)	-
Exceptional items	-	(45)	-
Discontinued operations	(133)	(112)	-
Current Tax & Deferred Tax (Credit)	2	5	-
PAT	(274)	(409)	-

# Balance Sheet As On 30.09.2021

Particulars (in Rs Cr.)	30.09.21	31.03.21	30.09.20
Net Worth	743	591	652
Borrowings	843	903	1058
<b>Capital Employed</b>	<b>1,586</b>	<b>1,495</b>	<b>1,710</b>
Inventory	948	900	1018
Receivables	622	626	576
Creditors	1092	932	1053
<b>Net Working Capital</b>	<b>477</b>	<b>594</b>	<b>542</b>
Net Fixed Asset	297	381	422
Other Assets	770 <sup>#</sup>	439	576
Discontinued Business*	42	81	170
<b>Capital Employed</b>	<b>1,586</b>	<b>1,495</b>	<b>1,710</b>

<sup>#</sup> Includes ~400 Crs of preferential issue funds

\* Includes discontinued businesses inventory, debtors and creditors



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# Way forward

## Short term

- Expects robust business momentum to continue aided by high-teens LTL growth (over pre-COVID) witnessed in festive period in Oct'21, leading to significantly improved profitability in H2 FY22
- Exit of discontinued businesses completed; no losses from Q3 onwards
- 150+ stores to be opened in FY22
- Tighter inventory & debtor controls to drive better working capital efficiency & positive operational cashflow

## 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