



Q4 FY25 RESULTS PRESENTATION

ARVIND fashions

May | 2025

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AGENDA



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Q4 & FY25 Performance
Highlights



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Q4 & FY25 Results



03

Way Forward

Q4 FY25 PERFORMANCE HIGHLIGHTS

MARKET & ECONOMY UPDATE



Consumer demand environment stays muted

Premiumization across categories continues to drive differentiated proposition

Consumer choices gravitating towards stronger & established brands

Early onset of EOSS leading to higher discounting across industry

Changing weather patterns impacting consumer buying behavior

FY25 OBJECTIVES - WHAT WE HAD SET FOR OURSELVES AT THE START

	Objectives	Achievement
Sales & Profitability	<ul style="list-style-type: none"> Aspiration to grow revenues by double-digit with focus on profitability Maintain cost control focus & operating leverage to aid EBITDA & PAT margins expansion 	<ul style="list-style-type: none"> Segment leading growth of ~8.5%, despite challenging demand environment EBITDA growth of 17%, margin up 100 bps Y-o-Y. Comparable PAT growth of 70%+
Improve brand salience	<ul style="list-style-type: none"> Continued investments in advertisement to drive market share gains Product innovation 	<ul style="list-style-type: none"> Increased advertising spends during the year Multiple product innovation across brands
Retail ops & key performance indicators	<ul style="list-style-type: none"> Maintain focus on superior retail ops, aiding better customer experience, sell-thru's and lower discounting Expand new retail format(s) for existing brands & scale adjacent categories 	<ul style="list-style-type: none"> Sharp rigor on retail experience resulted in retail LTL of 5.5% and gross margins increase of 130 bps Expanded to 4 Club A stores, deepened USPA womenswear presence
Accelerate store expansion	<ul style="list-style-type: none"> Gross opening of ~150 stores, largely through FOFO route Significant net sq. ft. addition over FY24 	<ul style="list-style-type: none"> Opened 120 stores, largely through FOFO route EBO count stood at 977 comprising ~11.94L sq ft. Net sq ft. addition of ~1.22L
Working capital, debt & return ratios	<ul style="list-style-type: none"> Higher free cash flow generation through continued working capital efficiency and asset-light approach De-leveraging to continue Further improvement in ROCE & ROE 	<ul style="list-style-type: none"> NWC days remained stable at 58 days; stock turn of ~4x Gross debt lower by 76 Crs Y-o-Y Achieved milestone of ROCE of 20%+



Q4 FY25 BUSINESS HIGHLIGHTS



QUARTERLY SALES

Witnessed revenue momentum with **~9%** growth Y-o-Y; despite muted market conditions

Retail LTL of **5.2%**; aided by sharp execution driving superior customer experience & lower emphasis on EOSS

Consistent financial performance across all the brands



GROWTH DRIVERS

Adjacent categories like **womenswear & innerwear** witnessed strong growth

Premiumization across brands continues to drive differentiation

Gross addition of **30 EBOs**; net sq. ft. at **~11.94L sq. ft.**



CHANNEL-WISE PERFORMANCE

~15% growth in retail channel with healthy LTL & lower discounting; revenue mix higher at 42%

Online direct-to-consumer business (marketplace + NNNow) grew **>20%** Y-o-Y

Slower growth in wholesale channel Y-o-Y



EBITDA & PAT

EBITDA at **₹ 170 crores**; **~15%** growth Y-o-Y

EBITDA margins higher by **~80 bps** through better channel mix & lower discounting

PAT (from continuing business)* grew **~8%** to **₹ 27 crores**; growth of **70%+** in FY25



WORKING CAPITAL & ROCE

NWC days remained stable; inventory lower by **3 days** and stock turns **~4x**

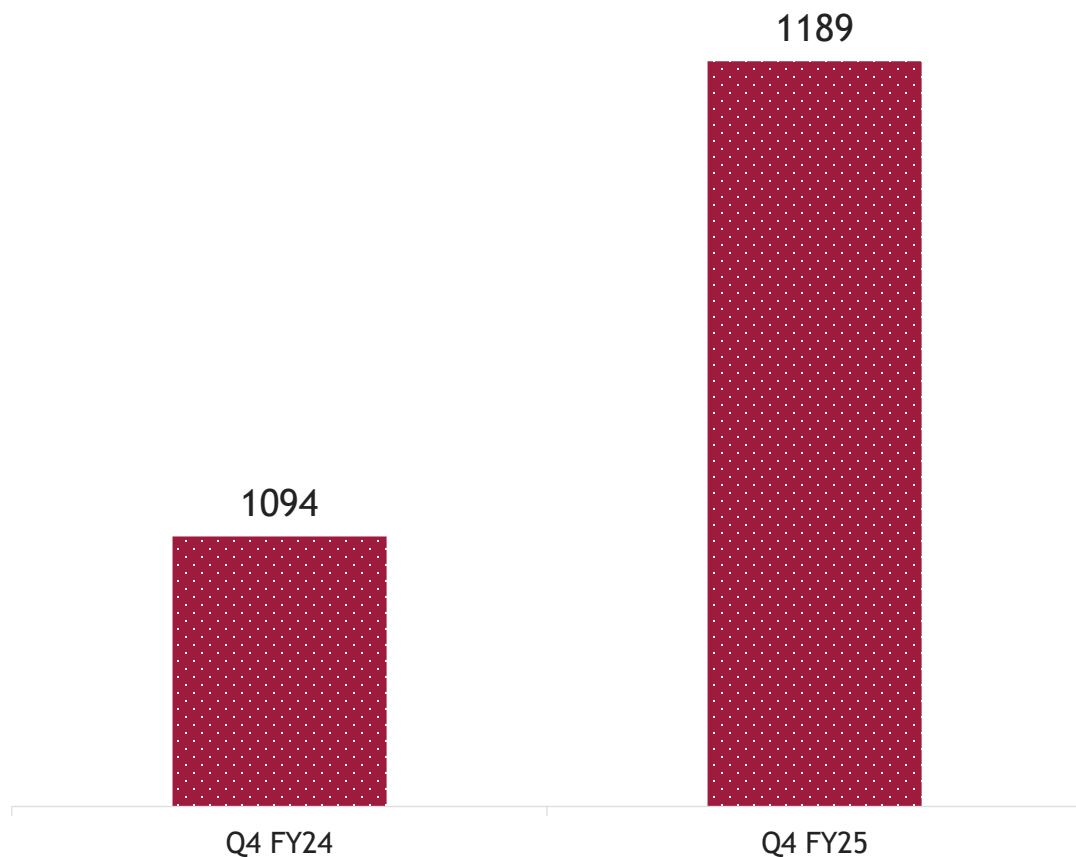
Achieved guidance of **ROCE >20%**, despite tough growth environment during the year

* Excluding 120 Crs of exceptional DTA impact in Q4 FY25

STRONG SALES GROWTH DESPITE WEAK ENVIRONMENT

Sales

(₹ in crores)

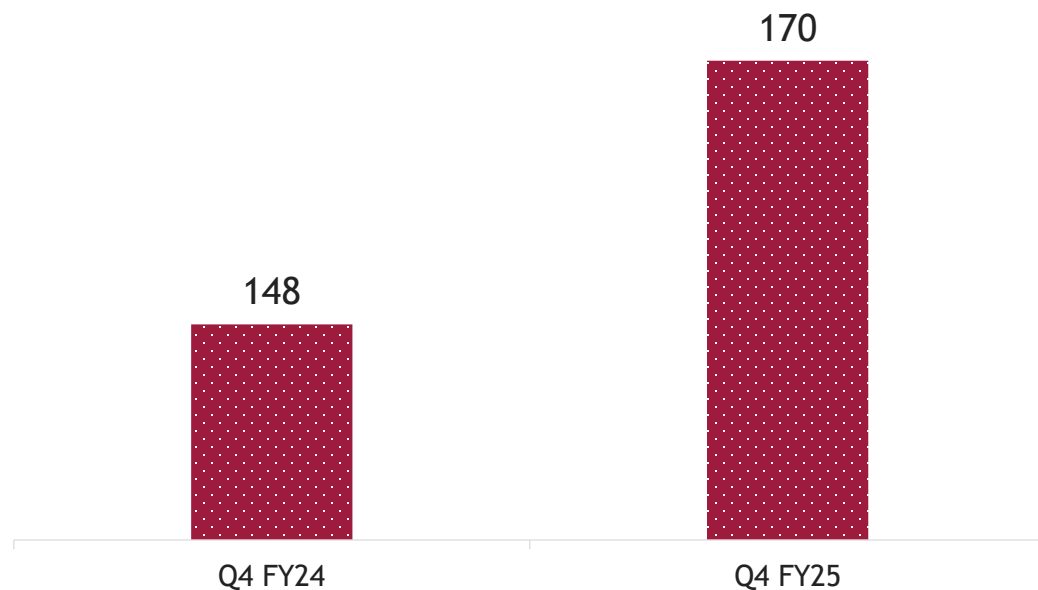


- Revenue growth of ~9%, despite muted market environment
- Direct channels continued their outperformance
 - Superior execution in retail resulted in 5.2% LTL leading to ~15% growth along with reduction in discounting. Revenue mix higher at 42%
 - 20%+ growth in online B2C channel
- Wholesale channel witnessed slower growth
- EBO count stood at 977 as of Mar'25, net sq. ft. addition of ~46k

LEADING TO STRONG PROFITABILITY IMPROVEMENT

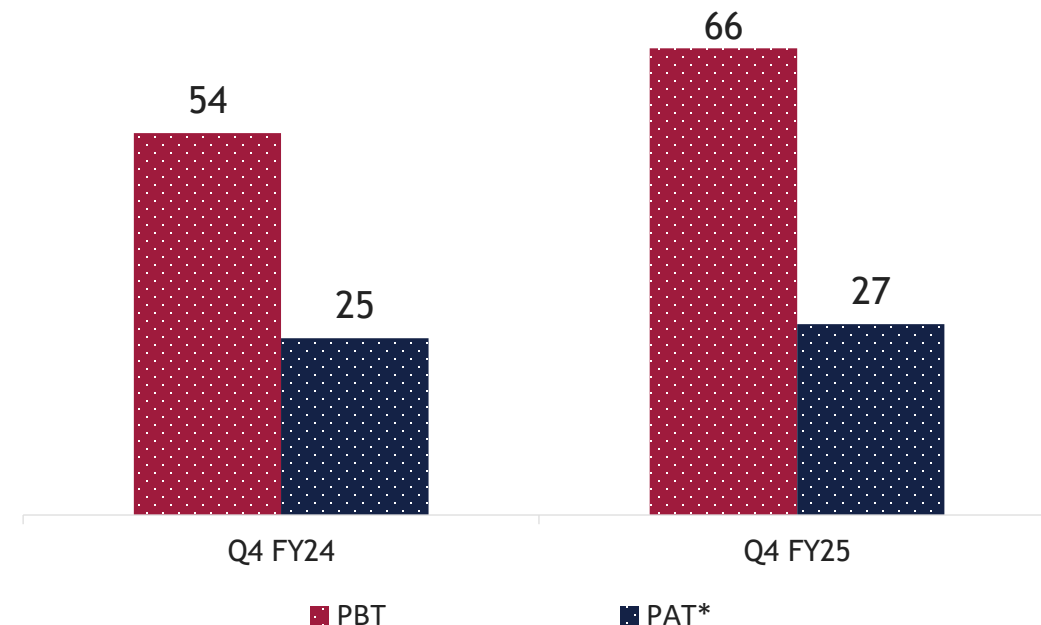
EBITDA

(₹ in crores)



PBT and PAT *

(₹ in crores)



* For continuing business excluding 120 Crs of exceptional DTA impact in Q4 FY25



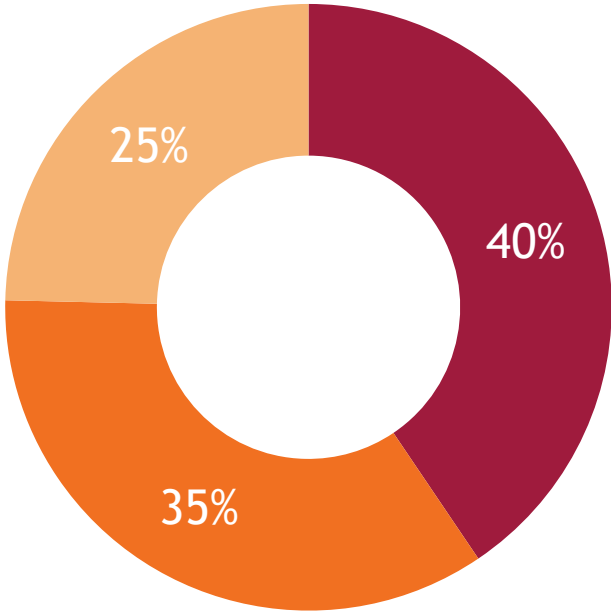
Improvement in EBITDA margins by ~80 bps Y-o-Y through better channel mix and lower discounting

DTA CHARGE EXPLAINED

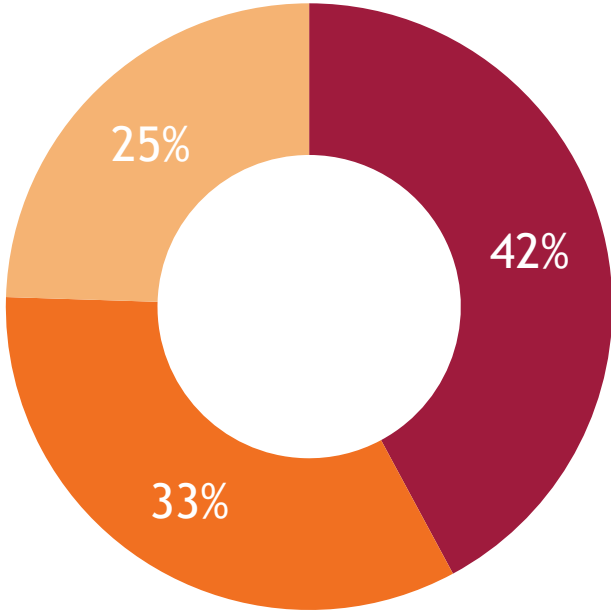
- In one of our wholly owned subsidiary, Arvind Lifestyle Brands Limited (ALBL), we had accumulated losses of prior years (during Covid etc.) on which deferred tax asset (DTA) has been created (@ 35%)
 - Management has decided to move to lower tax regime (~25% tax) instead of the current ~35%, which will help to optimize tax charge on future profits. Hence, there is a tax charge taken of **Rs. 105 Crs** in Q4 FY25. This will be ROCE accretive, going forward
 - Company absorbed significant amount of carried forward losses on account of business generating profits, however, tax amount of **Rs. 15 Crs** has expired (as of Mar 31, 2025) and hence has been charged
- In summary, at consolidated level, the total charge of Rs. 120 Crs is a **non-cash item** and hence has no impact on the cashflow of the company (AFL)
- Excluding this charge, PAT for Q4 FY25 would be Rs. 27 Crs (8% growth Y-o-Y) and Rs. 85 Crs for FY25 (70%+ growth Y-o-Y)
- Summarizing, recurring benefits going forward (as per management estimates)
 - ✓ **Saving of ~10% tax** due to movement to lower tax regime, leading to increase in reported PAT in future
 - ✓ **Increases consolidated ROCE by 150-200 bps**, due to lower capital employed

CHANNEL MIX

Q4 FY24



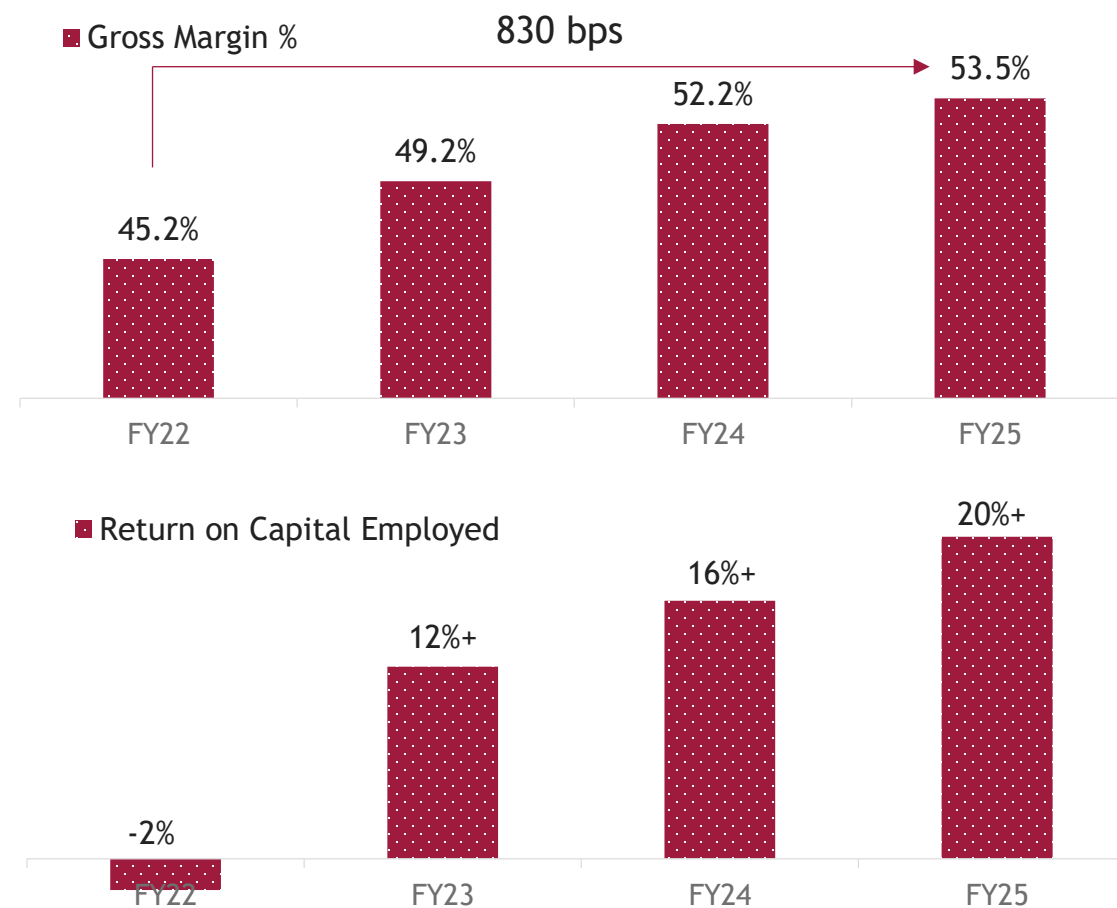
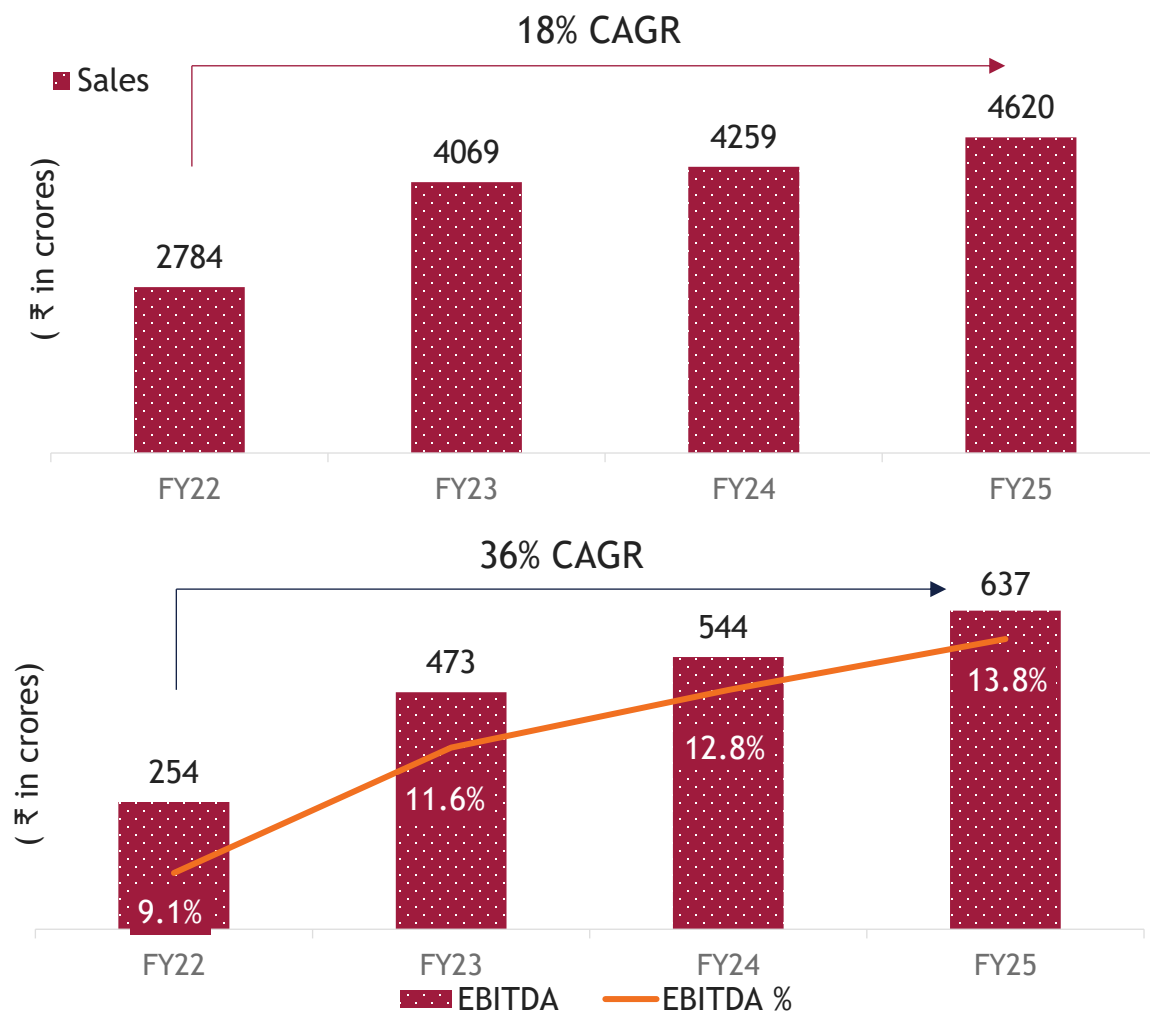
Q4 FY25



Wholesale (MBO + Dept. Stores) Retail Online & Others

FY25 PERFORMANCE HIGHLIGHTS

4-YEAR JOURNEY - CONSISTENT FINANCIAL PERFORMANCE TRACK RECORD

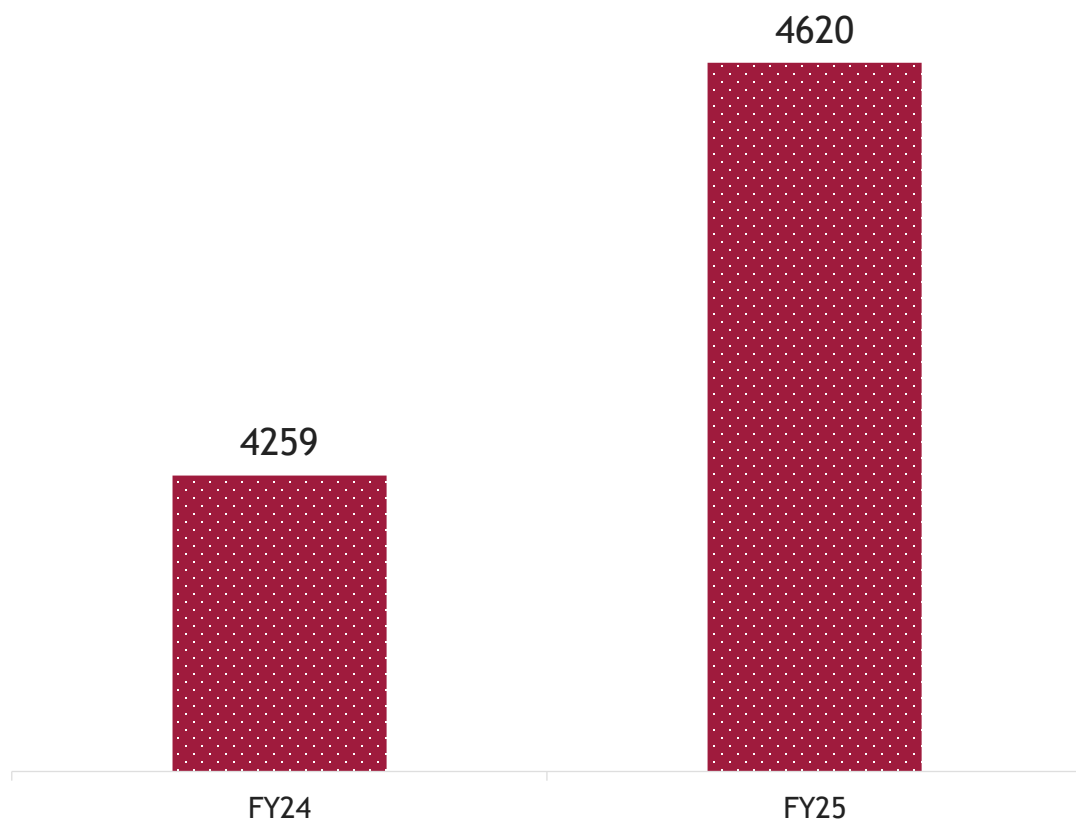


ROCE Calculation: Average TTM EBIT / Average TTM Capital Employed * 100
All figures are for continuing business and like-to-like comparable

GROWTH ACCELERATION COMPARED TO FY24

Sales

(₹ in crores)

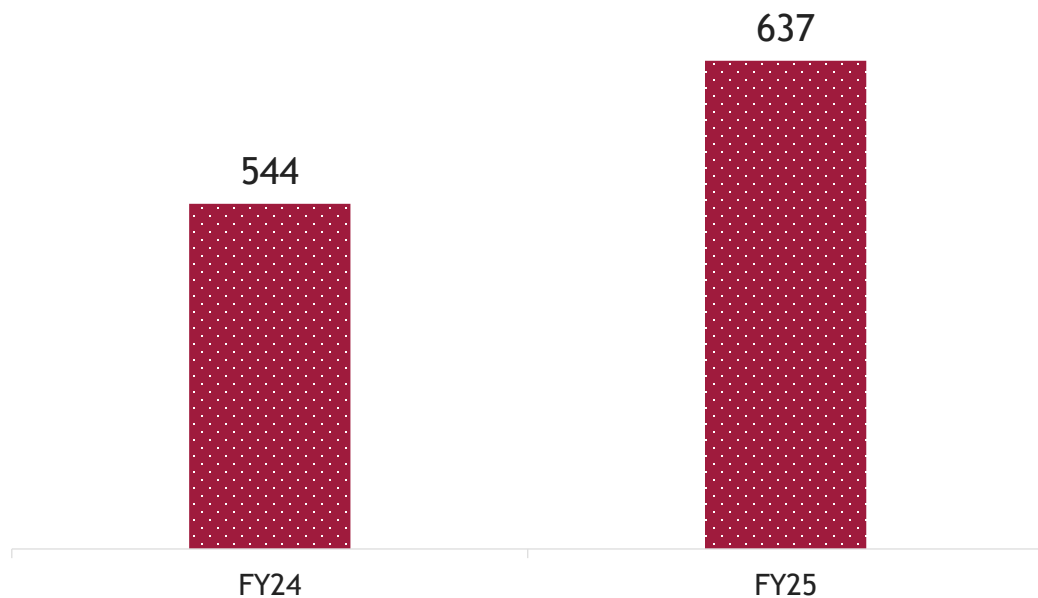


- Revenue growth of 8.5%, significantly higher compared to previous year
- Double digit growth in retail & 15%+ growth in online channel
- Slower growth in wholesale channels (Dept. stores & MBO)
- FY25 net sq. ft. addition stood at ~1.22L

LEADING TO CONTINUED PROFITABILITY IMPROVEMENT

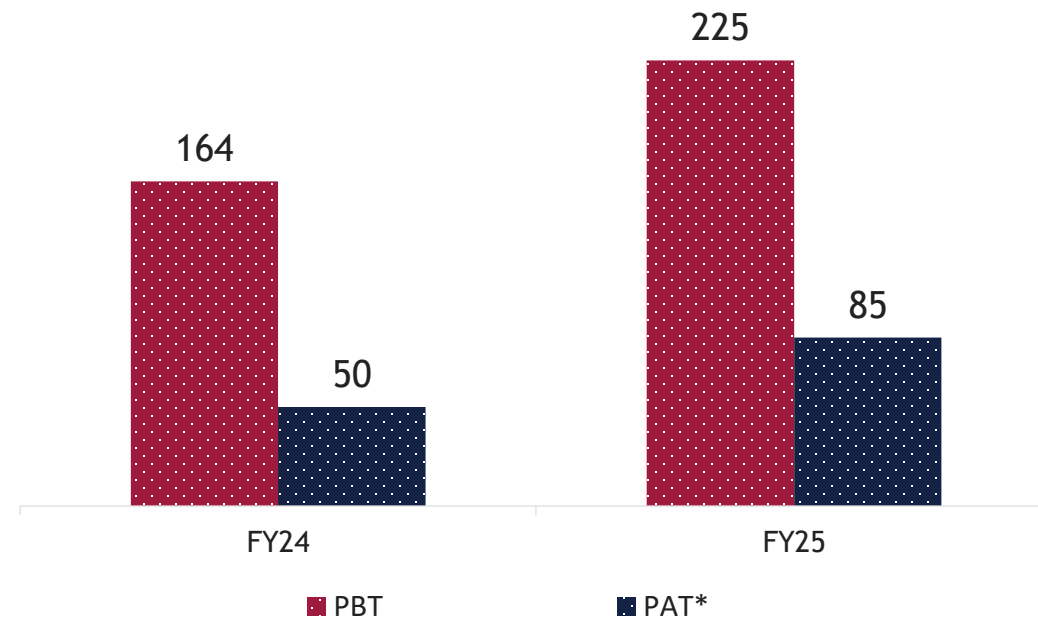
EBITDA

(₹ in crores)



PBT and PAT *

(₹ in crores)

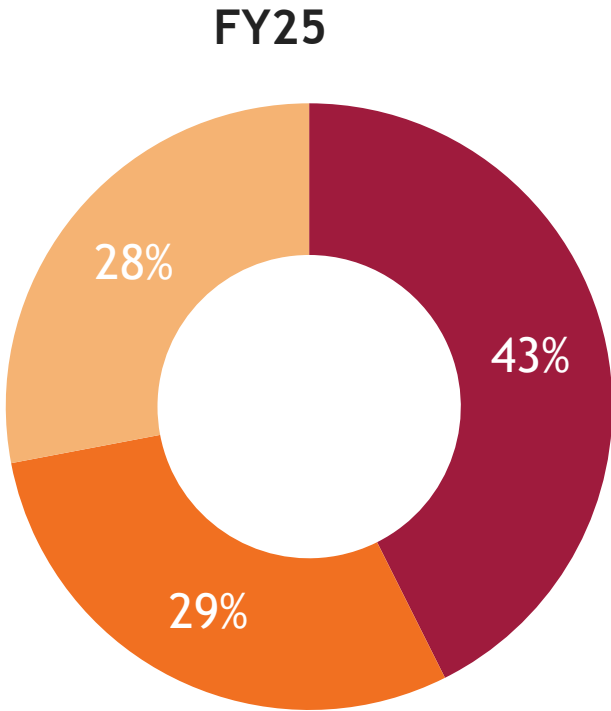
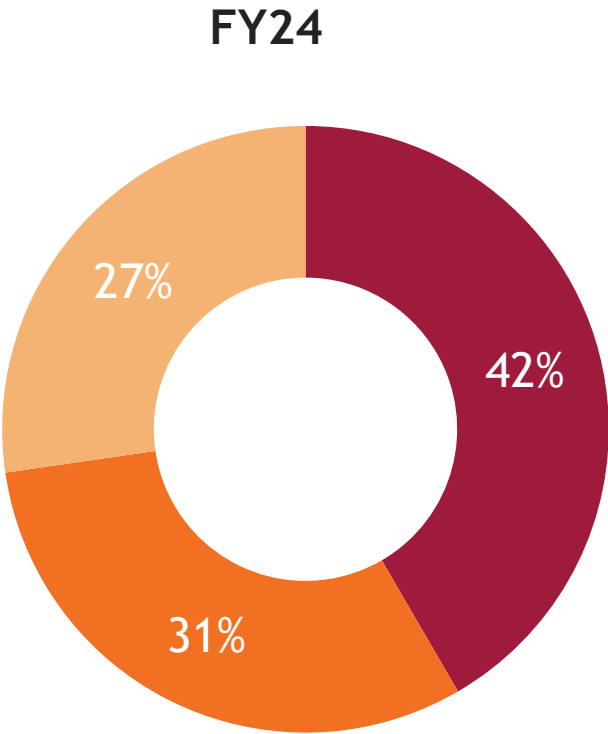


* For continuing business excluding 120 Crs of exceptional DTA impact in Q4 FY25



Improvement in EBITDA margins by 100 bps Y-o-Y aided by favorable channel mix, control over discounting & various other costs

CHANNEL MIX



 Wholesale (MBO + Dept. Stores)  Retail  Online & Others

CONTINUE TO OPEN MARQUEE EBOs



Club A, Gurgaon

CONTINUE TO OPEN MARQUEE EBOs



Infiniti Malad, Mumbai

CONTINUE TO OPEN MARQUEE EBOs



HSR, Bengaluru



U.S. POLO ASSN.
SINCE 1890



FLYING MACHINE



ARROW
USA • 1851



Q4 FY25 PERFORMANCE HIGHLIGHTS

BRAND HIGHLIGHTS

Brand Highlights



U.S. POLO ASSN.
SINCE 1890

- Witnessed strong growth momentum during the year with higher market share gains and dominant leadership position in casual lifestyle category across channels; brand touched 2,000 Crs NSV in FY25
- Significant investment in advertising during Q4 helped deliver strong LTL growth
- Continue to deepen retail presence through larger sq. ft. stores
- Adjacent categories like innerwear, womenswear & footwear witnessed strong growth momentum



Brand Highlights



- Significant improvement in EBITDA margins and other KPIs
- Continued growth agenda with emphasis on product innovation, e.g. premium Italian shirt collection
- Arrow NewYork continues to see traction while attracting younger customers
- Focus on accelerating EBOs expansion



Brand Highlights



- Delivered strong LTL in Q4 along with growth across other channels
- Brand witnessed sharp turnaround in H2 FY25
- Well poised to improve financial performance backed by growth & operating leverage over coming quarters

Brand Highlights



- Strong brand pull for this market leader, coupled with favorable tailwinds around premiumization continue to aid brand's strong financial performance
- Focus on expanding retail & online presence through innovative retail formats

Brand Highlights



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- Premiumization trend helping brand deliver industry leading sell-thru's and LTL growth
 - Strong growth & profitability in FY25 despite challenging demand environment

Q4 FY25 - GROUPWISE PERFORMANCE

(₹ in crores)									
	Sales			EBITDA			EBITDA %		
	Q4 FY25	Q4 FY24	% Growth	Q4 FY25	Q4 FY24	% Growth	Q4 FY25	Q4 FY24	
Power Brands	1189	1094	9%	170	148	15%	14.3%	13.5%	
Total	1189	1094	9%	170	148	15%	14.3%	13.5%	

EBITDA margin expansion of ~80 bps aided by higher gross margins & cost control

Note:
Power Brands - US Polo Assn., Tommy Hilfiger, Flying Machine, Arrow and Calvin Klein

FY25 - GROUPWISE PERFORMANCE

(₹ in crores)									
	<i>Sales</i>			<i>EBITDA</i>			<i>EBITDA %</i>		
	FY25	FY24	% Growth	FY25	FY24	% Growth	FY25	FY24	
Power Brands	4620	4259	8.5%	637	544	17%	13.8%	12.8%	
Total	4620	4259	8.5%	637	544	17%	13.8%	12.8%	

Revenue growth acceleration coupled with operational efficiencies led to 100 bps improvement in profitability

Note:
Power Brands - US Polo Assn., Tommy Hilfiger, Flying Machine, Arrow and Calvin Klein

Q4 & FY25 RESULTS

Q4 FY25 - PERFORMANCE SNAPSHOT

	(₹ in crores)	
	Q4 FY25	Q4 FY24
Revenue from Operations	1189	1094
Other Income	11	13
Total Income	1200	1107
EBITDA	170	148
PBT	66	54
Taxes	139*	13
Minority Interest	21	15
PAT	(93)	25
Profit/(loss) from discontinued operations	(0)	(1)
Reported PAT	(93)	24

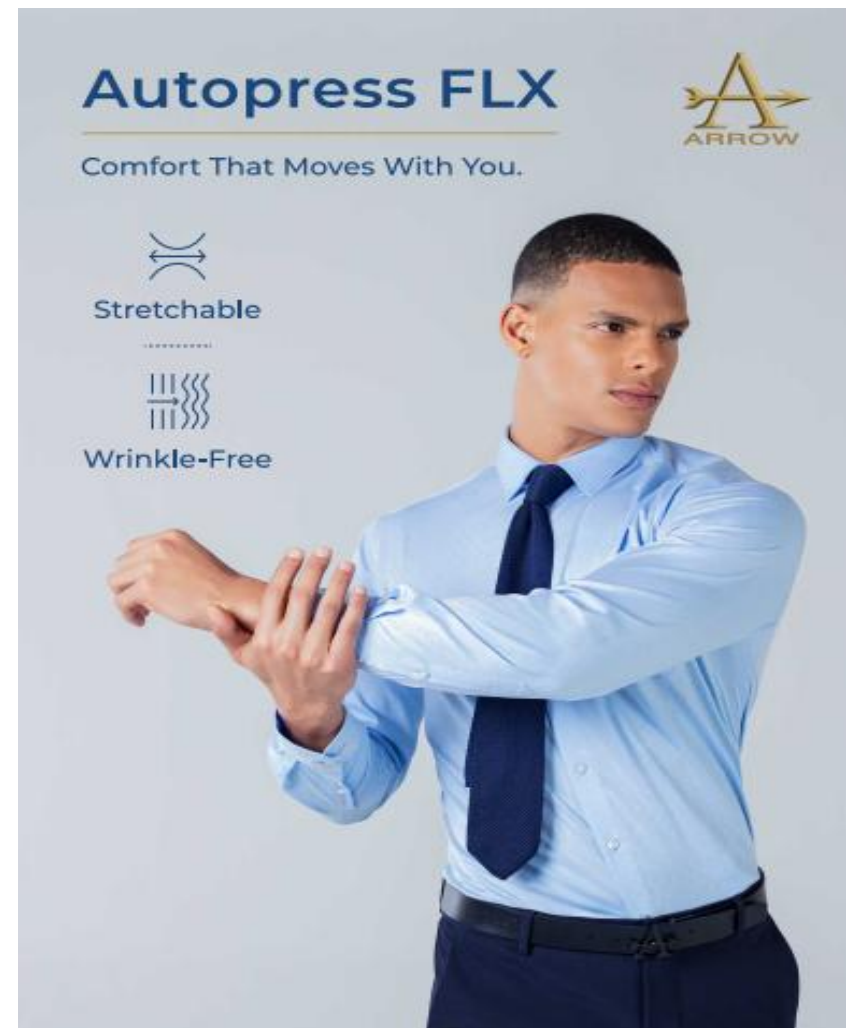
* includes 120 Crs of exceptional DTA charge



FY25 - PERFORMANCE SNAPSHOT

	(₹ in crores)	
	FY25	FY24
Revenue from Operations	4620	4259
Other Income	35	34
Total Income	4655	4293
EBITDA	637	544
Exceptional item	-	(6)
PBT	225	164
Taxes	191*	57
Minority Interest	69	56
PAT	(34)	50
Profit/(loss) from discontinued operations	(1)	31
Reported PAT	(36)	81

* includes 120 Crs of exceptional DTA charge. Comparable FY25 PAT (for continuing operations) growth of 70%+



BALANCE SHEET AS ON 31-MAR-2025

(₹ in crores)

Particulars	31-Mar-25	31-Mar-24
Net Worth	1164	1192
Borrowings	390	466
Capital Employed	1554	1658
Inventory	1259	1068
Receivables	729	647
Creditors	1172	936
Net Working Capital	817	779
Net Fixed Asset	319	275
Other Assets	440	635
Discontinued Business	(22)	(31)
Capital Employed	1554	1658



EFFICIENT WORKING CAPITAL MANAGEMENT

(₹ in crores)

	Mar'25	Mar'24	Dec'24
Inventory	1259	1068	1127
Inventory days	91	94	89
Receivables	729	647	639
Debtor days	54	47	54
GWC	1989	1715	1766
GWC days	146	140	143
Payables	1172	936	1139
Creditor days	87	81	84
NWC	817	779	628
NWC days	58	59	59

Note for days calculation, for example:
 Inventory days = Average TTM Inventory / TTM Revenues * 365

Inventory turns remained stable ~4x despite revenue growth acceleration

WAY FORWARD

WAY FORWARD

AFL

Demand environment likely to improve gradually, likely growth uptick compared to FY25

Focus on profitability improvement led by operating leverage and better channel mix

Acceleration in retail network expansion across brands through asset light approach

Committed to scaling existing brands including adjacent categories

Continue higher marketing investments for better visibility & consumer connect

Working capital control and FCF generation leading to higher ROCE

Arvind fASHIONS

THANK YOU