



Arvind FASHIONS

Fashioning Possibilities

Annual Report 2019

Arvind Fashions Limited
CIN : L52399GJ2016PLC085595

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Board of Directors

Mr. Sanjaybhai Shrenikbhai Lalbhai	- Chairman & Non-Executive Director
Mr. Suresh Jayaraman	- Managing Director & CEO
Mr. Kulin Sanjay Lalbhai	- Non-Executive Director
Mr. Punit Sanjay Lalbhai	- Non-Executive Director
Mr. Jayesh Kantilal Shah	- Non Executive Director
Ms. Nithya Easwaran	- Non-Executive Director
Mr. Nilesh Dhirajlal Shah	- Non-Executive Independent Director
Ms. Abanti Sankaranarayanan	- Non-Executive Independent Director
Mr. Nagesh Dinkar Pinge	- Non-Executive Independent Director
Mr. Achal Anil Bakeri	- Non-Executive Independent Director
Mr. Vallabh Roopchand Bhanshali	- Non-Executive Independent Director
Ms. Vani Kola	- Non-Executive Independent Director

Audit Committee

Mr. Nagesh Dinkar Pinge	- Chairman
Mr. Nilesh Dhirajlal Shah	- Member
Ms. Abanti Sankaranarayanan	- Member
Ms. Nithya Easwaran	- Member

Nomination and Remuneration Committee

Mr. Nilesh Dhirajlal Shah	- Chairman
Mr. Jayesh Kantilal Shah	- Member
Ms. Nithya Easwaran	- Member
Mr. Achal Anil Bakeri	- Member

Corporate Social Responsibility Committee

Mr. Jayesh Kantilal Shah	- Chairman
Mr. Nilesh Dhirajlal Shah	- Member
Mr. Kulin Sanjay Lalbhai	- Member

Stakeholders Relationship Committee

Mr. Jayesh Kantilal Shah	- Chairman
Mr. Nilesh Dhirajlal Shah	- Member
Ms. Nithya Easwaran	- Member

Risk Management Committee

Mr. Jayesh Kantilal Shah	- Chairman
Mr. Nagesh Dinkar Pinge	- Member
Mr. Nilesh Dhirajlal Shah	- Member
Ms. Abanti Sankaranarayanan	- Member
Ms. Nithya Easwaran	- Member

Committee of Directors

Mr. Sanjay S Lalbhai	- Member
Mr. Kulin Lalbhai	- Member
Mr. Jayesh K Shah	- Member

Chief Financial Officer

Mr. Pramod Kumar Gupta

Company Secretary

Mr. Vijay Kumar B S

Auditors

M/s. Sorab S. Engineer & Co.
902, Raheja Centre, Free Press Journal Marg,
Nariman Point Mumbai 400-021
Phone: 022-22824811, 22040861
E-mail: sbchokshi@ssec.in

Bankers to our Company

ICICI Bank Limited	Yes Bank Limited
HDFC Bank Limited	State Bank of India
IDFC Bank Limited	IndusInd Bank
Kotak Mahindra Bank Limited	RBL Bank Limited

Registered Office

Main Building, Arvind Limited Premises,
Naroda Road, Ahmedabad – 380025 Gujarat, India.
Website: www.arvindfashions.com

Registrar And Transfer Agent

Link Intime India Pvt. Ltd
506 – 508, Fifth Floor, Opp. Municipal Market
Amarnath Business Centre – 1 (ABC-1),
Beside Gala Business Centre,
Near St. Xaviers College Corner,
Off. C. G. Road, Navrangpura,
Ahmedabad -380009.
Phone & Fax No : 079-26465179
Email :ahmedabad@linkintime.co.in
Website: www.linkintime.co.in

Message from the Chairman



FY19 marks a landmark year for all of us, as your trusted company Arvind Fashions Limited (AFL) was listed on NSE & BSE in early March 2019 after the demerger from the parent – Arvind Limited during the year. My heartfelt gratitude to our employees and business partners who made this possible! Having built an unparalleled portfolio of credible and loved lifestyle brands over the years, we are very excited about the medium to long term prospects of your company.

The Indian fashion industry remains one of the biggest and the most promising consumer segments with a market size of \$50 billion. As a nation we are at the cusp of crossing a per capita income of \$2000 and as seen in other emerging economies such as China and Brazil, this is likely to be an inflection point for the already promising and expansive fashion market.

As the market is set to grow rapidly, there are some significant trends driving the market growth, such as a shift towards casualization, a move from unbranded to branded clothing in categories like womenswear or kidswear which have primarily remained unbranded so far, and e-commerce emerging as a significant growth vehicle for fashion brands.

Your company spotted these trends early on and pioneered the casualization revolution with a portfolio of top-of-mind casual denim brands. Our portfolio includes U.S. Polo Assn. – the market leader among casual brands with a turnover of more than Rs 1000 crore, Tommy Hilfiger – the leading premium casual wear brand, Flying Machine – amongst the top three denim brands in the country, Calvin Klein – the leading premium denim brand, and GAP – the American standard for casual clothing.

AFL with its powerful portfolio of brands, strong capability platforms, distribution expansion opportunities in smaller cities and strong omni-channel capabilities is well positioned to sustain the growth momentum in the coming years and emerge as a lifestyle powerhouse.

This unmatched portfolio has delivered a growth upwards of 25% CAGR for the past many years and has helped establish your company as a leader in the fashion industry. We have a clear strategy to leverage this powerful portfolio, and continue our journey of rapid growth in the coming years.

Having identified a big opportunity in kidswear & innerwear, your company has built a strong position in both these categories through category extension of our power brands. Our kidswear portfolio which comprises of U.S Polo Assn. Kids, Tommy Hilfiger Kids along with Gap Kids & The Children's Place is unmatched in the industry and has enabled your company to emerge as a market leader in premium kidswear.

Spotting the opportunity for branded innerwear, your company entered the innerwear market through Hanes in 2014. Over time, your company has built a strong portfolio of innerwear brands like Hanes, U.S. Polo Assn., Tommy Hilfiger and Calvin Klein. We are extremely glad to report that in FY19, U.S. Polo Assn. innerwear business crossed the three figure mark in revenue in it's third year of operations, with distribution reaching 8000+ innerwear specialty stores. We are very excited with immense growth opportunity innerwear presents in future.

Online channels have redefined the reach of fashion brands, and your company recognized this opportunity quite early. Through a combination of investment in technology and building strategic alliances with third party e-commerce players, your company has built a strong position in online sales. In FY19, online sales grew close to 50%, with a low teen contribution to total revenue.

Your company is equally excited with opportunities that Sephora presents in Prestige Beauty. Since taking over Sephora India distribution, we have grown by ~10x in 3 years through store expansion and e-commerce, and clearly established Sephora as a leader in Prestige Beauty. Sephora presents huge opportunity for growth in coming years.

For the financial year ending March 2019, Arvind Fashions posted 10% y-o-y increase in revenue (underlying growth of 15%), accompanied with 80 BPS increase in EBITDA to reach 6.2% and 170 BPS improvement in Return On Capital Employed (ROCE) to reach 6.7%. Our power brands (U.S. Polo Assn., Arrow, Flying Machine and Tommy Hilfiger) grew at 9% (underlying 16%) with a healthy improvement in profitability.

AFL with its powerful portfolio of brands, strong capability platforms, distribution expansion opportunities in smaller cities and strong omni-channel capabilities is well positioned to sustain the growth momentum in the coming years and emerge as a lifestyle powerhouse.

I am filled with optimism and incredibly excited about what lies ahead for us. I am happy that we have put Arvind Fashions on the growth track and in the hands of a driven management team which will take the business to greater heights.

With warm regards,



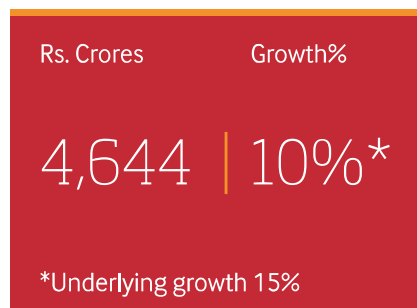
Sanjay Lalbhai,

Chairman

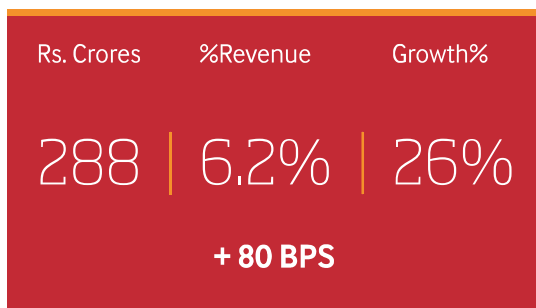
FY19 Performance Highlights



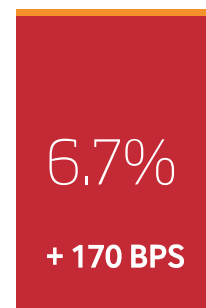
REVENUE



EBITDA

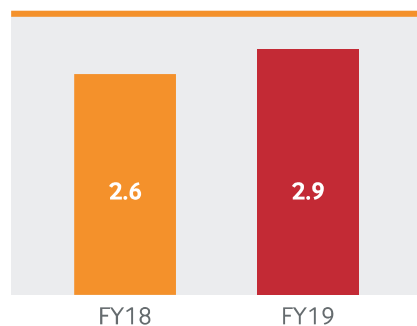


ROCE

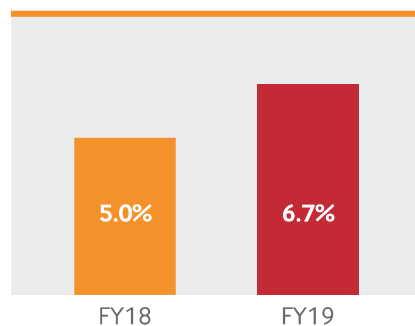


Key Indicators

EPS



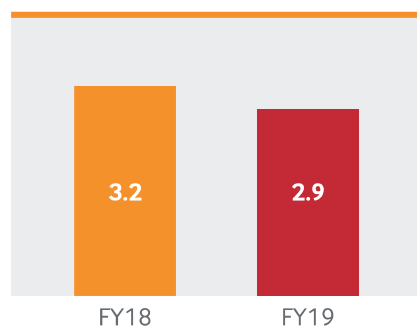
ROCE



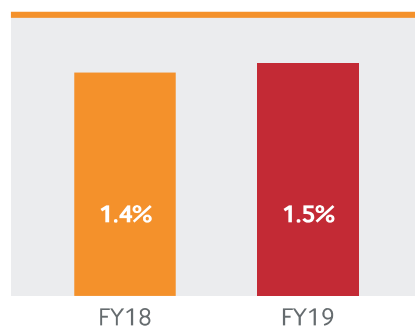
DEBT/EQUITY



DEBT/EBITDA



ROE





About
Arvind Fashions



We aspire to be India's most valuable lifestyle powerhouse defining India's fashion quotient. With a dynamic portfolio of leading global brands - we have something for everyone. From CEOs to millennials to value conscious families, and from the experimental to the conventional dressers, our brands are for the India of the present and the future.

Fueling India's booming fashion aspiration, we launched the first denim brand – Flying Machine, in India as early as 1980. With Arrow, India's first premium international menswear brand, we raised the bar of excellence. Today Arrow is the go to work wear of choice for everyone from the corporate honchos to the bold and young professionals. We also brought India's first designer brand – Tommy Hilfiger. Another of our power brand, U.S. Polo Assn., has defined casual dressing in India and is the fastest growing apparel brand reaching the revenue of Rs 1000 crore mark within 10 years of its launch.

At Arvind Fashions, we are about the people. Our 'Will Do' culture and cutting-edge HR practices attracts and retains the top talent in the country. This also makes it one of the reasons why we have been honored with 'Best Company to Work in Retail' by 'Business Today' and 'Great Place to Work' by 'Great Place To Work' institute. Customers & consumers first is our philosophy and that is the reason why we are India's first choice in fashion since our inception.

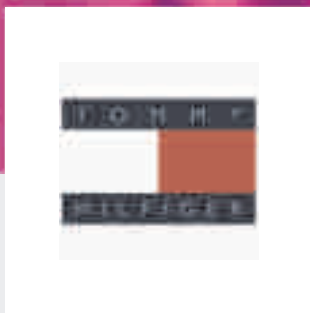
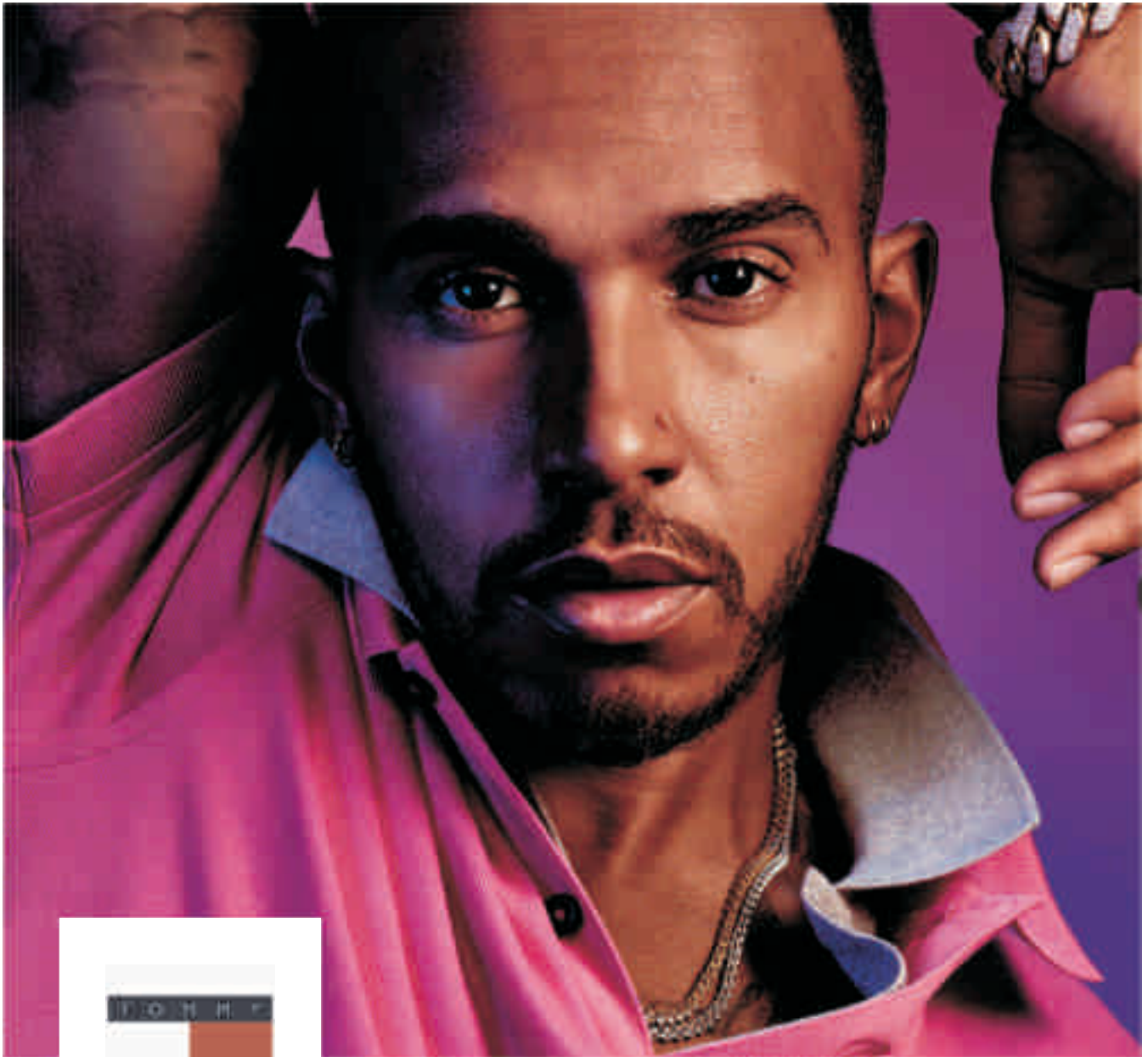


U.S. POLO ASSN.
SINCE 1890

Cities: 155

Stores: 368

U.S. Polo Assn., the sport inspired lifestyle brand is the authentic and official brand of the United States Polo Association, the governing body for the sport of polo in the United States since 1890. The brand captures the authenticity of the sport, while embracing the genuine spirit known throughout the world as Classic American Style promoting its core value as "Live Authentically". U.S. Polo Assn. offers apparel for the whole family as well as bags, accessories and footwear.



Cities: 35

Stores: 97

Tommy Hilfiger is one of the world's leading designer lifestyle brands and is internationally recognized for celebrating the essence of classic American cool style, featuring preppy with a twist designs. Founded in 1985, Tommy Hilfiger delivers premium styling, quality and value to consumers with a breadth of collections including men's, women's and children's sportswear, denim, accessories and footwear. The brand has had its presence in India since 2004.