May 13, 2026

To,
BSE Limited
Listing Dept. / Dept. of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

Security Code : 542484
Security ID : ARVINDFASN

To,
National Stock Exchange of India Ltd.
Listing Dept., Exchange Plaza, 5th Floor
Plot No. C/1, G. Block
Bandra-Kurla Complex
Bandra (E)
Mumbai - 400 051

Symbol : ARVINDFASN

Dear Sir/Madam,

Subject: Earnings call Transcript of the conference call with Analysts and Investors for the fourth quarter and year ended on March 31, 2026

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are attaching herewith the transcript of the conference call with Analysts/Investors held on Thursday, May 7, 2026 at 02:30 P.M IST, to discuss the financial performance of the Company for the fourth quarter and year ended on March 31, 2026. The same is being uploaded on the website of the Company.

This is for your information and records.

Thanking you,

Yours faithfully,

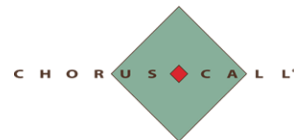
For Arvind Fashions Limited

Lipi Jha
Company Secretary

"Arvind Fashions Limited

Q4 FY '26 Earnings Conference Call"

May 07, 2026



MANAGEMENT: **MR. KULIN LALBHAI – VICE CHAIRMAN AND NON-EXECUTIVE DIRECTOR**
MS. AMISHA JAIN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER
MR. GIRDHAR KUMAR CHITLANGIA – CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day and welcome to the Arvind Fashions Limited Q4 & FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen mode only and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Girdhar Chitlangia. Thank you, and over to you, sirs.

Girdhar Chitlangia: Thanks, Swapnali. Hello, everyone. Good afternoon. Thank you for joining the Arvind Fashions Limited earnings call for the quarter and year ended March '26. I'm joined here today by Mr. Kulin Lalbhai, Vice Chairman and Non-Executive Director; and Ms. Amisha Jain, Managing Director and CEO.

Please note that results, press release, and earnings presentation have been mailed across to you, and these are available on our website, www.arvindfashions.com. I hope you've had the opportunity to browse through the highlights of the performance. We will commence the call with Kulin providing his key strategic thoughts on our quarter and year's performance. Post that, Amisha will cover the financial performance and the business highlights. At the end of the management discussion, we will have a Q&A session.

Before we start, I would like to remind you that some of the statements made or discussed on this call today may be forward-looking in nature and must be viewed in conjunction with risks and uncertainties we face. A detailed statement of these risks is available on the quarter's earnings presentation. The Company does not undertake to update these forward-looking statements publicly.

With that said, I would now turn the call over to Kulin to share his views. Thank you, and over to you, Kulin.

Kulin Lalbhai: Thanks, Girdhar. A very good afternoon to you all. Thank you for joining us for the Q4 results. FY '26 continues our trajectory of impressive growth and high-performing business outcomes. I am very happy to share that this quarter we have again achieved a very strong growth of 14.8% and a full-year growth of 14%.

This highlights our disciplined execution across all growth drivers, enabling us to successfully deliver our FY '26 objectives that we had set at the beginning of the year. The demand environment remains stable. Investments in brand and people and our consistent and superior retail execution have enabled us to deliver a very healthy LTL growth of 7.8% in retail and over 40% growth in the online direct-to-consumer channel.

Our EBITDA grew by 19% with a 50-bps margin expansion. Our PAT on a comparable basis has grown by 56% in Q4 and 62% in FY '26, which shows strong operating leverage in our business. We have also achieved the milestone of generating more than 23% return on capital employed, which remains our North Star metric, and this is likely to improve going further. The

seamless transition to new leadership has ensured continued growth momentum and sets the Company up for its next phase of growth and transformation.

Moving forward, we remain committed to maintaining our growth trajectory through investments in marketing, technology, and the AI initiatives whilst keeping consumer at the core and continuing to drive operating leverage and stronger cash flows. We continue to stay focused on our mantra of profitable growth, which should result in further improvement in return on capital employed.

I would like to now hand it over to Amisha Jain to take us through the specifics and more details about our financial performance.

Amisha Jain: Good afternoon, everyone, and a warm welcome to our investor call for Q4 and the full year ended March 31, 2026.

Let me start with key highlights. **FY '26 was a year of profitable broad-based growth with 14% revenue growth, 40 bps EBITDA margin expansion, PAT up 62% on a comparable basis, and ROCE crossing 23%.** Importantly, this was not driven by a single channel or brand. It was execution across the Board.

Three things I would like for you to take away from today's call:

1. **Our D2C engine is compounding**. Direct channels now account for 56% of sales, up 300 basis points year-on-year. Online B2C alone grew 40% in Q4.

2. **Profitability is structural**. Gross margin is up, EBITDA is up, ROCE at a new high, and the inventory is the freshest it has ever been.

3. **We are entering FY27 with confidence**. We expect to sustain mid-double-digit growth with another 30 -40 basis points of EBITDA margin expansion, despite a more uncertain macro.

Coming back to Q4 performance.

Q4 revenue grew 14.8% with NSV at INR1,365 crores versus INR1,189 crores in the same quarter last year. EBITDA, excluding other income, was INR189 crores versus INR159 crores, a 50-basis points margin improvement. PAT came in at INR47 crores versus a loss of INR93 crores in Q4 last year; on a comparable basis, that is 56% growth, Q4 marked another strong quarter for us driven by consistent execution in our direct-to-consumer channels. These together account for nearly 56% of sales - 300 basis points higher than same quarter last year. Our gross margin improved 20 basis points in Q4. Inventory freshness is at an all-time high. Despite the channel mix shift to D2C carrying slightly more inventory, working capital has been well controlled.

On Channel performance:

- We delivered a robust LTL of 7.8% in retail, with overall retail growing at 14%. Retail growth was impacted by a transitory GST rate change impact on PVH brands for a few weeks. **That dip is behind us----both brands are back to double-digit growth.**
- Online B2C grew over 40%, taking its share to 14% from 11%, which is in line with our intent to pivot away from B2B online.
- Wholesale and department stores delivered strong double-digit secondary sales growth as well.
- 50 EBOs were added in the quarter.

On Brand performance.

- USPA led the pack, delivering its highest-ever growth this quarter.
- PVH brands and Flying Machine each grew over 10%.
- Arrow was subdued due to a onetime model change and a weak wedding calendar. Both are timing-related and not structural.

I'd like to highlight that Flying Machine deserves a special mention. Flying Machine clocked retail LTL of double digits and a B2C growth of 70%. We have sharply positioned Flying Machine as a unisex denim-anchored, on-trend youth brand, and that has shown good early traction. Flying Machine is now live across multiple e-commerce platforms. We will also launch flyingmachine.com in H2 fiscal '27 to build a direct community of consumers.

Full-year fiscal '26.

Our revenue grew 14% with growth across every channel. Retail LTL was remarkably consistent at 8.1% for the year, and overall retail was in mid-double digits, reflecting strong execution rather than a single quarter tailwind. We added more than 1.4 lakh net square feet of retail space.

Other categories (beyond men's apparel) now contribute 24% of our business and were a meaningful growth driver.

On profitability:

- EBITDA margin is at 13.4%, up 40 basis points year-on-year;
- PAT at INR124 crores, up 62% on a comparable basis;
- ROCE at 23% plus is a multiyear high, and in my view, the single best indicator of how our business is consistently improving.

FY 27 Outlook & Vision

As we enter fiscal '27, I would like to take the opportunity to talk about 2 things.

First is on the macro- Government measures around GST, interest rates, and income tax have supported demand. The West Asia situation is a watch item for us. We expect mild pressure on

certain raw materials, forex, and capex over the medium term, with the risk of a consumption slowdown due to supply-led inflationary pressures. Our mitigation actions are already in motion. A couple of points to highlight there.

- We bought inventory slightly ahead of the curve for SS26, locking in costs before the increase.
- For AW26, we are actively monitoring and hedging where required.
- Sourcing remains predominantly India-based, and we are deepening that further.
- Lastly, to navigate the volatility, we plan to remain nimble. We intend to double down on our cost control measures, and we will selectively implement price increase while safeguarding growth.

Vision & Way Forward:

Our strategy rests on 5 pillars. I will list out the 5 pillars:

1. **Portfolio diversification**. We aim to deepen our leadership in menswear by establishing a top position in the country's 5 largest apparel categories: shirts, polos, denim, t-shirts, and blazers, while doubling down on adjacencies like footwear and innerwear that are already contributing 24% of our business.

2. **Building a differentiated brands of scale and desire**. Our portfolio of 5 brands has meaningful headroom to grow. The unlock is sharper positioning, deeper consumer connection, and a strong merchandising grid led by innovation across our brands. Hence, we expect growth from each of our brands. As we had said earlier, we will continue to invest more towards marketing. **3.**

3. **Building a world-class direct-to-consumer organization**. We will continue to double down on our D2C journey with a vision to take the share of D2C to 65%. Driving retail excellence and building a digital powerhouse remains our priority.
   - **Offline retail:** we will continue our expansion and upsizing journey with a relentless focus on LTL and conversion driven by right product, brand experience and service.
   - **Building a digital powerhouse through our dotcom and marketplace partnerships**: We expect each brand to have its own dotcom and app live this fiscal year, which will be the foundation for great brand experience and commerce.

4. **Transforming with data, analytics and AI**. This is a key growth driver for us and not a back- office initiative. Our investments will target 2 outcomes:
   - **Leveraging AI to drive cost efficiencies** across functions;
   - **Leverage analytics and AI to drive front-end effectiveness**. Retail excellence, pricing, assortment, marketing effectiveness are some of the examples of the same.

5. **A nimble supply chain that sits closer to demand**, which should yield shorter cycles, faster reads, and less inventory risk.

I also want to highlight the fact that in line with the above strategy, we have already put a few things in motion over the last 2 quarters.

- We took up deep consumer work to map the market opportunity and consumer demand landscape, which is now informing our portfolio and where to play choices.
- We are putting structured investment in tech and AI with a dedicated specialist team built over the last 2 quarters, which is now working towards tech, AI, consumer analytics, and growth.
- We have also reorganized ourselves into a business unit structure for sharper accountability and speed while centralizing consumer brand marketing, digital, and data AI initiatives to build deep leverage capabilities. These things are already in motion.

To summarize, with a clear strategy and right organizational design now in place, we are reasonably confident of sustaining mid double-digit growth in fiscal '27 with 30 to 40 basis points of EBITDA margin expansion. With the unifying goal of one team, one mission, driving cohesiveness and collaboration in Arvind Fashions Limited, we are poised to embark on the next phase of growth.

Thank you so much. We're now happy to take your questions.

Moderator: Thank you very much. We will now begin with the question and answer session. We have the first question from the line of Deep Shah from Equirus Securities.

Deep Shah: Congratulations on a good set of numbers. First of all, on the guidance which you have given around mid-double-digit growth, I just wanted to know if you can help me and give me some colour around the brand-wise performance, because this year, if we see U.S. Polo has been a standout performer throughout the year for us, should we expect the same sort of growth for U.S. Polo continuing in the years to come? And how do we see growth brand wise coming in the future period?

Amisha Jain: Thanks for your question. I think as we have seen our portfolio, and like I mentioned earlier, we are committed to building a portfolio of differentiated brands, and each of our brands have a very specific role to play. As w have seen, U.S. Polo is obviously ahead of the curve, and it has now reached its potential with product innovation, right product-market fit, a great retail presence, and it continues to clock solid growth across our channels.

Having said that, our PVH portfolio is really well poised to service the premium end of the consumer demand, and we expect that this portfolio will continue to clock growth as well.

What we are bullish about is also Flying Machine with the positioning getting deeper and sharper. With it being a denim-oriented youth brand, which is on-trend and unisex, we believe that Flying Machine will continue to clock solid double-digit growth as well.

Having said all of that, for us, Arrow is our unique position in terms of the formal workwear market and we believe that with some of the measures around store expansion, the right merchandising grid, and the right store format, we should see, again, a solid growth coming out of Arrow. All in all, I think what we believe is that with this diversified portfolio that we have, we should see consistent growth across our brands.

Deep Shah: Just a follow-up over here. See, if I'm not wrong, U.S. Polo would be roughly around INR2,400 - to INR2,500 crores of top line, and what I wanted to understand here is that on this base, do we expect U.S. Polo continue to grow at 13% to 14% CAGR in the next 3 -4 years? Or should we say, we should look for a lesser growth over here?

Amisha Jain: We expect our brands to grow at mid-double digits.

Deep Shah: Second question is on the margin side. While it's extremely positive that we are guiding for 30 to 40 basis points of EBITDA margin expansion. But what I understand is that the cotton prices are on the uptrend plus we are focused on investing behind A&P and all. So shouldn't we consider margins to remain under pressure? And how confident are we of achieving this 30 to 40 basis points of EBITDA margin expansion? And how will we drive this EBITDA margin expansion?

Amisha Jain: As I mentioned earlier in my opening remarks, our sourcing remains predominantly India-based, and we are deepening that further. And secondly, we're also watching overall this environment very closely. And to navigate the volatility, we do plan to remain nimble. While on one hand, we will double down on our cost measures. But at the same time, we will be selective in driving price increases where required while protecting our growth as well.

Deep Shah: One last question, if I can squeeze in. So on the store side, we have been constantly seeing new store addition. But on the other hand, we are seeing store closures as well. So this quarter as well, we have closed down somewhere around 45-odd stores. So, can you just give some colour, which are the brands for whom we are closing down the stores? And are we done with this store closure initiative or not?

Amisha Jain: I think store closing of stores is a journey of retail. I think broadly speaking, as we continue to build retail, this journey will continue. We should see approximately about 5% closures going forward. And I wouldn't say it's higher in one brand over the other. This is just how overall the retail journey will look like.

Moderator: Thank you. We will take the next question from the line of Kaustubh Pawaskar from ICICI Direct.

Kaustubh Pawaskar: Congrats for a good set of numbers. My question is on online B2C business. So that part of our business is doing extremely well. This quarter also, we have seen strong growth. So, considering the competition building around in this space or in this channel, do we see this growth momentum to continue or what is helping us to be a standout player in this particular channel, and are we doing extremely well in terms of growth?

Amisha Jain: Thanks for your question. I think one thing I'd say broadly is D2C is a core channel strategy for us. Like I said, that overall, as we look forward, building a world-class D2C organization that is built of retail and online is a priority for us. We have key initiatives in place to drive our D2C.

So, whether you think about product, the way our brands show up, how we control our pricing, and how we manage our last mile, these are the certain few things that is actually driving growth for us. Over the years, we've also been able to actually drive full-price sell-through and reduce our discounts on our online channels as well.

So, it's a solid channel, which delivers profitability as well. Now in terms of your question, when you said that online B2C competition is increasing, in fact, we are seeing this channel stabilizing. We have seen advent of certain B2C brands, but with the brands that are there in our portfolio, the product innovation and the offering that we bring to the table along with the pricing, I think our brands are pretty solid.

And from a competition point of view, what we're seeing is that the offtake in the market is actually much better. Hence, we continue to drive that through brand experience, great assortments, and overall last-mile service as well. Hope that answers your question.

Kaustubh Pawaskar: So, should we expect this momentum of 30% to 40% kind of growth to continue in the coming years, and that will help us this mix to further improve towards online B2C?

Amisha Jain: Yes. for us, online B2C, like I said, continues to remain solid, and we expect that over the years, this should continue to be at 20% plus.

Kaustubh Pawaskar: My second question, again, is on the margins, like you just mentioned that we are expecting 30 to 40 bps improvement in the margin. This is despite the fact that currently there is uncertainty related to volatility in the commodity prices. And you mentioned in your comment that you are focusing more on sourcing from India and you also have good cover in terms of the raw material prices, which will take a large part of your season.

So however, if this volatility uncertainty continues, should we expect some deceleration in what you have guided or should we -- whatever uncertainties it would be, you will still manage to clock 30% to 40% EBITDA margins expansion?

Amisha Jain: See, at this point in time, like I had mentioned earlier that while we are seeing mild pressure on raw materials, forex, capex over the medium term, we do expect that there could be a potential risk of a consumption slowdown due to the inflationary pressures. Having said that, we are

reasonably certain about our mitigation actions. And given that, we are -- at this point in time, cautious and at the same time, optimistic about our guidance.

Moderator: We will take the next question from the line of Avinash Karumanchi from Motilal Oswal Financial Services Limited.

Avinash Karumanchi: Congrats on good set of numbers. So this year, both Flying Machine and USPA have seen a very significant rebound. So what are the things that you could highlight for this rebound? What are the changes that have happened in these 2 brands, Flying Machine in particular?

Amisha Jain: Sure. Thank you so much. I think I'll talk about both the brands - one at a time. So when we look at Flying Machine, as you know that we've just gone through a very recent, sharper positioning and deeper work with Flying Machine. Hence with that, the one thing that we've done is actually gone deeper with how we drive consumer connect. Flying Machine is now positioned as an on-trend youth brand, which is more focused on denim and also pivoting towards a unisex offering.

Now what that does is what we have seen is that in initial season which we've launched there is a great offtake across our channels. The other thing was with us taking over Flying Machine fully. We've now been able to make sure that this brand is available to our consumers across the channel of their choice.

So, you will find Flying Machine distribution now in retail and across various e-commerce platforms. We've actually seen a pretty healthy growth across the Board, both in retail and online. So, with those measures, with a great product positioning, we believe that Flying Machine is actually well poised to grow. From an overall youth and Gen Z point of view, if you look at it in the denim space, there isn't a strong player out there barring one.

And we believe that Flying Machine has a very, very strong positioning. And with that we should be able to take on a much larger market share over a period of time. So that's about Flying Machine.

In terms of U.S. Polo, I think U.S. Polo has been on a fabulous journey. The way U.S. Polo is set up across the consumer landscape, it caters to various occasions for men's apparel. With our leadership in Polo shirts and as you can see in denims, U.S. Polo is actually very well poised in terms of the way we are expanding ourselves across various channels, both online and offline.

We've been able to bring great innovation in U.S. Polo, across the pricing merchandising grid and at great price points we've seen good offtake across the Board. So, I think all in all, if I were to look at it, all 3 pillars in terms of product merchandising, the way the brand is connecting with the consumer, and the strong spread we have from a channel point of view, we believe that U.S. Polo is actually set for a very strong trajectory ahead.

We do believe that there is potential for us to expand the network from a retail point of view and also drive uspolo.com and our marketplace presence in a much stronger way. So we expect and we remain bullish on U.S. Polo going forward as well.

Avinash Karumanchi: And regarding the channel mix, how does the channel mix vary for brands like Arrow or Flying Machine? U.S. Polo, it's already at 400 stores, and you are adding larger stores with a different outlook there. But how does this channel mix look like in case of Flying Machine and Arrow?

Amisha Jain: So I think each brand has its own channel journey. And like I said for us, the channel mix is more coming from consumer demand and where we believe that there are pockets of growth. U.S. Polo is a brand which addresses a certain demand and it has got a much wider distribution in terms of stores. We do believe that there is a lot more potential for our network to actually expand from where it is.

Similarly, Arrow and Flying Machine are on the beginning of their journey, and we believe that as we go and we rethink the product line, expand the product mix and drive assortment in a certain way, both these brands will see an evolution of their retail further. So you should expect expansion of retail in both. At the same time, we will go much deeper with our online business in both these brands.

Avinash Karumanchi: And the next question is to Mr. Girdhar regarding the capex and debt. So if you look at it, like this year, the capex was around INR110 crores. Can you give us a breakup for that?

Girdhar Chitlangia: Yes, I'll take that, Avinash. The capex includes - besides investment in stores, it also includes investment in MBO, the department stores. It also includes deposits that we give to the landlords where we sign up COCO stores. So, if you look at the breakup, it could be --store deposit for about 50 COCO stores which we opened plus investment in department store, MBO. We also invested in IT and admin capex.

Avinash Karumanchi: And regarding the other point of debt. So how should we see the net debt going forward?

Girdhar Chitlangia: See, in the quarter just ended, our debt was higher because we took some borrowing to fund the Flipkart transaction. I think apart from that, we have been quite efficient. Hence this basically changes our goal of becoming a net debt zero Company in about maybe in 9 to 12 months. I think we are in the right trajectory and apart from this one-off transaction, we are in line to reduce our debt on a year-on- year basis.

Avinash Karumanchi: And a little bit of the debt also sits in payables in the form of acceptances. So how does it move going forward?

Girdhar Chitlangia: You see, this business always has purchases from small suppliers and small MSME and we all know that there is a cash cycle mismatch that has to be managed. Hence, we use some kind of funding to manage that purchases. But usually, it is there to manage our payables. There is nothing extraordinary. It has always been there and have been reported as part of our annual report.

Avinash Karumanchi: I mean, should we see like -- historically, if I look at it, like it is somewhere around 5% to 6% of the sales. So, are you planning to reduce that debt as well? Or that would continue going forward?

Girdhar Chitlangia: As there is cash generation, the primary objective is to reduce the debt, which is the term loan. And then secondary, of course, is to reduce the working capital financing.

Moderator: Thank you. We will take the next question from the line of Abhijeet Kundu from Antique Stock Broking.

Abhijeet Kundu: Congratulations on a great set of numbers. One was on the overall macroenvironment in the sense that we have been seeing that premium brands have been growing at a better rate. There has been some amount of pressure on the value brands and some amount of pressure on the mid-premium price brands.

So wanted your view on that and how the overall scenario has evolved because March Quarter, there has been some amount of recovery -- perceived recovery in apparel and fashion brands. So just wanted a view on that. And then secondly, you have been -- I mean, out of all the denim brands, a single brand has done very well in the last 7, 8 years.

That gives you a very strong ground on how to revive the Flying Machine brand. Through our channel checks, what we understood is what you did other brands, you have brought down the SKUs or the designs or the most -- dropped down to the most-selling designs in Flying Machine, and hence, you have done a lot of restructuring.

So just how much is the confidence that Flying Machine will revive from this level because Flying Machine used to be a very strong brand 20 to 25 years back? So yes, just a view on that. And I have my second question after.

Amisha Jain: Thank you so much. I think on your first part, premiumization has been a trend for us, and we've seen that both across our brands something that has paid off very well for us. Our brands have actually premiumized while at the same time ensuring great value at fabulous prices.

So from that point of view, all our brands, when you look at our PVH brands or you look at U.S. Polo, Arrow, Flying Machine, from a premiumization trend point of view, we're definitely seeing that consistently quarter-over-quarter. So the question that you asked first, I think that trend is something that we expect to continue.

Coming back to Flying Machine, we're actually quite bullish on Flying Machine. If you look at it and I think you have already touched upon this, Flying Machine has a fabulous equity. With the latest consumer work that we've done, we've found is that consumers actually resonate really well with the equity.

For us, the question has been about how do we go and drive this brand much deeper, bring great products, and ensure that we drive much deeper consumer connect as well. So we've gone in

and done some work on Flying Machine. From a brand positioning point of view, here are the few things that we're driving. Number One - We believe that this equity is actually well poised and it connects really well with the youth and the Gen Z consumer.

The second is we also strongly believe that it has a potential to drive both for men and women, and you'll see that coming out of Flying Machine. The third being that Flying Machine has always been a very strong denim equity, and we are going much deeper with that, offering really great products for the consumer from a Gen Z point of view.

And if you look back at the point you made, I think this is, again, a very strong anchor for Flying Machine. The last part I'll touch upon is that the one thing that I feel that the Flying Machine will bring to the market and again connecting back to its equity is ensuring that it is on-trend because that's what this consumer is seeking.

We believe that given our strength in denim, given the strength in product and innovation, we are very well poised to bring that to the market. We will definitely cater to the consumers through their preferences.

The one thing that we're doing is actually staying very close to the ground, ensuring that we understand what are the trends they're seeking, the price points they're seeking, the silhouettes they are looking for, and making sure that our offering is tight, and our product assortment is actually rightsized for the right product mix and pricing as well. So with that, we believe that it has a very unique position that it can take in the market.

Abhijeet Kundu: And so, 2 things here. One is in Arrow, we one year back in the last 3 3 seasons, a lot of new products were launched in the semi-casual segment which were looking extremely great. What would be the -- I mean, in the last 2 years and after you have joined, what have been the changes in Arrow and what has been the progress there?

And secondly, in terms of profitability in these 2 brands, I don't know your figure, but has there been a profitability improvement in Arrow as well as Flying Machine? Because this is one of the very frequent questions asked by the investor community?

Amisha Jain: Thank you so much for asking that. When you look at Arrow from our portfolio point of view, it is actually one of our brands that is all set to cater to the innovation and the workwear market in a much sharper way, actually pivoting towards how the modern professional seeks to go about his day.

As we've looked at this brand closely, we've looked at the consumer demand, done some deep work around consumer, and we are sharpening the offering in Arrow. So the one thing that you will see happening is that we're relooking at the line, and we're actually simplifying the merchandising grid and going much more sharper in terms of the benefits that the consumer is seeking on a day-to-day basis.

The other thing is, as you look at our stores, you'll see a little more simplification and navigation happening at our retail and online as well. Third, we are also relooking at the store formats to see that if it is allowing us to cater to the consumer, the navigation and all of those pieces in a much tighter way.

All of this should yield much better better full-price sell-through, and with that, we expect that the profitability will only improve. So all in all, again, like I said, I think this is one brand that we believe is actually very well positioned to cater to the formal workwear market and some of the special occasions as well.

Moderator: Thank you. We will take the next question from the line of Swapnil Gupta from White Pine Investment Management.

Swapnil Gupta: Just a bookkeeping question. Why our reserves have declined Y-o-Y by about INR13 crores?

Girdhar Chitlangia: Because we did this transaction with Flipkart and there was some equity adjustment because of that.

Moderator: We will take the next question from the line of Naveen from Nuvama AMC.

Naveen: Congratulations on a great set of numbers. Just wanted to check on what is our store expansion plans for FY '27. And secondly, in terms of our adjacencies, we are already at 24%. So, from here on, while you're guiding for mid-double-digit growth for FY '27, but is it the fourth portfolio which will have to do the heavy lifting from now on, considering that on adjacencies, we are already at 24% or do you think that adjacencies will continue to grow?

Amisha Jain: So, the first question you asked is around the store expansion for the next fiscal year?

Naveen: Yes.

Amisha Jain: Like I mentioned earlier, when you look at our store fleet, we do believe that there's a great opportunity for us to expand our store fleet, at the same time, upsize our stores as well, because our offering is increasing and our consumer offtake of some of our brands is also great.

So we expect to drive about 1.5 lakhs net square feet addition over the next fiscal year across our portfolio. That's answering your question number one.

On your second question, see, the way we look at our brandswhat we are seeing is that there is a significant potential for us to grow even in just the men's apparel space.

And we've set a goal for ourselves to establish a strong leadership position across the top categories in the market. So there is a significant opportunity for us to grow just within that. Secondly, we've also identified that there is opportunity for us to grow across other categories - footwear and innerwear being the key ones that we're driving. Over a period of time, we will also start scaling womenswear as well.

So to answer your question, we do expect that growth to come through our brands and through the network. At the same time, the adjacencies will continue to clock growth as well. So we're quite confident about the mid-teens that we've talked about.

Naveen: If I can just add in one more question. So in the past, you've said that beyond these 5 brands, you aren't really actively looking to expand the portfolio. Do we still hold on to that position? Or are we in active evaluation of new brands?

Amisha Jain: I think what we've maintained is that obviously, our 5 brands are key, and we see significant headroom of growth. Having said that, over a period of time, if something comes up, which strategically makes sense from a portfolio point of view, we will be open to looking at it.

Moderator: We will take the next question from the line of Muskan from Svan Investments.

Muskan: Just wanted to know that what is the size of the business we have for footwear in FY '26? How many stores we opened in FY '26 and how many stores do we plan to open in the coming year FY '27-'28 and how many stores are there for Stride…

Amisha Jain: I think broadly speaking, if I were to talk about the adjacency growth, our adjacent category has grown at 25%, and it is now sitting at about a 24% share of our business. Hence we expect the adjacent parts of their categories also to continue to grow as well. In terms of our growth, like I said, we are expecting to expand at a portfolio level to about 1.5 lakh net square feet addition next year. We don't give out brand-wise numbers, so hopefully, the 1.5 lakh net square feet helps you.

Muskan: Okay. If you can help me with the footwear side, the size of the footwear business that we will begin at the end of the year?

Amisha Jain: See, footwear also for us is an expansion through our U.S. Polo Footwear stores and our Stride format. We currently have 19 stores of Stride. And we will look at it from an opportunity and a catchment point of view, and we will continue to expand. I would also want to highlight that for us, online is a very important channel for footwear, and that will continue to be the case.

Moderator: We will take the next question from the line of Ankit Kedia from Phillip Capital India.

Ankit Kedia: Inventory days have increased by nearly 20 days over the last 2 years. So what is leading to this inventory day increase, while at the same time, you are commenting that the inventory is the freshest ever? So what's changed out here?

Girdhar Chitlangia: Ankit, Girdhar here. You see inventory days is a function of channel mix. And as we will increase our channel towards more D2C, which is basically retail and B2C, the inventory will sit in our books. In a wholesale business, it actually moves out of our books. So correspondingly, if you see, while our inventory days has gone up over last 2 years, receivable days also has correspondingly reduced.

All in all, it's a balancing within the GWC section within the balance sheet. As we increase and focus our energies on the D2C business this is likely to remain like this or maybe increase a little as we go along as the channel share changes?

Ankit Kedia: So the receivable days have reduced only by 3 days versus 18 days increase in inventory. So is that the right way to look at the business?

Girdhar Chitlangia: Yes. There was a small B2B transaction done on the Tommy Hilfiger business side at the end of March. Other than that, there is a corresponding reduction in receivable days.

Ankit Kedia: Sure. My second question is regarding the stores. To the previous participant, you mentioned that there were 50 COCO stores open for which security deposit and others were paid. Now the net store opening in the quarter or the year is also 50 stores. So how many COCO stores have you closed?

Girdhar Chitlangia: Sorry, that number of 50 was for the year. I think the question was on the capex for the year and the answer was for the year, not for the quarter.

Ankit Kedia: Right. So my question is also for the year. We have net opening of 50 stores for the year and 50 were COCO stores which you opened, while gross opening is around 150. So how many COCO stores during the year have we closed?

Girdhar Chitlangia: Ankit, I don't have this data handy. We can catch up separately on this one.

Ankit Kedia: Sure. My last question is on the retail like-for-like growth. This 8% growth, which we have delivered, is it only for COCO stores or full franchisee network of full 1,000 stores? And is it the primary which we give to franchisee, does it capture that data or the consumer data?

Girdhar Chitlangia: No, this is consumer data, Ankit, and this is across our network. .If you know our business model, we are on a consignment basis on all our stores and the sale is recorded in our books when the final consumer buys out.

Moderator: We will take the next question from the line of Prakash Kapadia from Kapadia Financial Services.

Prakash Kapadia: A couple of questions. What is the share of adjacency we are targeting in the coming years? And if that share further increases, would the margin see more expansion? Is that the right understanding?

Secondly, on Tommy Hilfiger and Calvin Klein, any major cost pressures we are seeing? What is the price hike mechanism, the frequency of price changes? And something on Arrow, I think in the PPT, you have mentioned some new products in linen. So are they launched? What kind of products are we looking at, if you could give us some sense? These were my 3 questions.

Amisha Jain: To your question on gross margins, I think we do believe that with our work, overall, I'd say that over a period of time, we would like to take this to high 50s and it's not just about the adjacencies, but overall, we believe that there is some headroom for growth over here.

As we drive full-price sell-throughs through our consumer analytics, etc., we do believe that we should be able to drive that. Now coming to your question on the PVH side, there definitely was an impact of GST from a slab movement to about 18%, these are the brands that got impacted and we did see an initial and a transitory impact.

Having said that, I think both our brands, we're starting to see now a double-digit traction there as well. In terms of Arrow, I think that's a great question. Innovation has always been at the heart of everything that we do, and that is true for across our portfolio, especially talking about Arrow. We've always been one of those companies that has been known for bringing the best shirts in the market.

And with linen on trend, we've been able to capture that and bring some great products out in the market. And you would have seen that we are leading with that in terms of some of our more localized store campaign as well. So this is something that is part of our DNA, and we will continue to drive more of that as we go along.

Prakash Kapadia: And in the adjacency, U.S. Polo would have the largest contribution in our brand salience, adjacent contribution?

Amisha Jain: That's true because U.S. Polo is at a certain size and scale, we've also built out the other categories for U.S. Polo faster. So that's absolutely right. U.S. Polo is little ahead. Having said that, our PVH businesses also have a strong adjacency business as well and hence all 3 of those look in the same zone.

Prakash Kapadia: And directionally, you said you would look at 50% gross margin. So next 2, 3 years, would that be possible to achieve? Is that the direction we are working on?

Amisha Jain: We have directionally been working on delivering towards the high 50s, and that's what we will go towards the next 2 to 3 years. We'll continue to drive gross margin upwards. As our direct channel also goes up, we drive efficiencies through COGS and also reduction of discounts., We'll continue to drive that.

Moderator: We will take the next question from the line of Varun Singh from AlfAccurate Advisors.

Varun Singh: The question is, I think the previous participant has asked on growth in the inventory. So if we just compare FY '25 inventory with '26, there is almost more than 30% growth. And historically, we have not seen a similar kind of a growth given the change in the business mix and the revenue growth that we have delivered.

And honestly, I mean, if we look at FY '25 and '26, the mix of the business in terms of revenue looks not significantly different. So in front of 15% revenue growth, 30% inventory growth, please help us deconstruct maybe how to look at it?

Girdhar Chitlangia: Varun, as I said earlier, you cannot look at the full-year number. You will have to look at a quarter- on-quarter number, which is more representative of how the inventory is moving. So our channel mix has changed by 3% towards the direct, that itself is almost 6 days impact.

As we also mentioned in our investor deck as well as Amisha mentioned in her opening comments, we had an early inwards, which is also to mitigate some of our basic risks that we saw. If you recollect our previous call, we had mentioned that there were delays on account of the geopolitical issues, Bangladesh shipments, and so on and so forth. So we were really extra cautious and, inwarded a lot of our SS26 merchandise before March.

Having said all of this, we, of course, used to have a 4.0x inventory turn, but that was at a certain channel mix, which was more skewed towards wholesale channels. As we move down our path of achieving a larger business in retail and B2C, we expect our inventory turns to improve to 3.7x to 3.8x.

The last point that I want to make is while this inventory is, of course, there in our books, a large part of the late inward also gets mitigated by higher creditors. So in terms of net working capital, if you look at it, I mean, over December quarter, for example, there was hardly any change, and we continue to focus on reducing our inventory.

Varun Singh: And secondly, maybe if you could call out that full-price sale compared to the overall sale in our revenue has been how much in FY '26 compared to FY '25?

Amisha Jain: Only thing I will say is that as we continue to clock and when you look at our gross margins as well, we're looking healthy and positive, which is an indicator of the fact that our overall sell-throughs are in a good place. We expect that we will keep improving on it, and it has improved over a period of time as well.

So while we don't give out specific numbers there, but we're actually seeing a good traction in that direction. With our initiatives around pricing and analytics coming in, we will only continue to see improvement in that area.

Varun Singh: The reason I was asking that is when you call out 40 to 50 bps expansion in margin, so where exactly should we expect those margin expansion to come from? Is it only from the maybe store maturity and improving output from the existing stores or from increasing full-price sale of merchandise also? So just wanted to understand maybe how much of that journey has already been travelled?

Amisha Jain: Absolutely, we will expect to see our Gross Profit improve powered by a couple of things. So as we drive premiumization and product innovation with a great product-market fit, we're

expecting to see a better sell-through. And we're also continuing to see that with some of our initiatives around analytics, etc., our pricing and full-price sell-through will also get better.

And with further COGS improvement, all in all, we expect to see an improvement in Gross Profit. That's number one. The second is on an ongoing basis, we expect that our sell through should continue to improve as well. So all of those pieces should drive operating leverage for us.

Varun Singh: And just one last question, if I may. If you could just deconstruct the 15% growth expectation. So how much do you think you would be extracting that growth from like-to-like and how much from retail area expansion? What is our math behind the 15% growth expectation guidance?

Amisha Jain: We are expecting to see about 7% to 8% of like-for-like and the rest of it to come from an expansion, upsizing, etc.

Varun Singh: And even in like-to-like, it should be largely what mix-led, price-led or how should we expect it to be?

Amisha Jain: Again, there, I would say probably an equal split in terms of driving through pricing and volume growth.

Moderator: Thank you so much. We will take the next question from the line of Jaymin from ARDEKO Asset Management.

Jaymin: Amisha, I have one question for you. When you say you will be open to something strategic at a portfolio level, does that imply that the current portfolio alone may not be sufficient to deliver the growth momentum that you are targeting at the Company level? Also, given the capabilities of the Company, can you elaborate more on your thoughts on build versus buy strategy?

Amisha Jain: Sure. So I think one thing that I do want to highlight is that our overall plan is around driving growth through our own 5-brand portfolio and the strategy that I've just laid out in my opening comments, which is our own organic growth around 15%. That's what we've spoken about in the mid-double digit .

The only thing that I've highlighted is that the question on are we open? Yes, if something comes which is more relevant from a strategic direction point of view and it looks like something that will allow us to double down from a capability or from a future growth point of view, we might look at it. Hope that answers your question.

Jaymin Shah: Okay. But any white space you are seeing in our portfolio that you would like to fill through inorganic growth?

Amisha Jain: I think it's too early to comment on that. Like I said, we've picked up some deep consumer work, and we are very, very clear on the areas that we want to double down with our brands in terms of men's apparel space itself. We believe our portfolio is actually really well poised to service

some of those specific opportunity areas. There are a couple of spaces that we want to build, and we might still seek to build it organically.

Jaymin Shah: it's great to hear. And the last question. Right now, the demand seems to be holding up for now, and you are clearly investing behind it through the marketing investment. But you have also flagged out the inflationary pressure as a risk to consumption. In that context, can you elaborate more on the internal cost control measures that are already underway at the Company level that can help you to protect the margins in the coming times versus just simply cutting down your marketing spend?

Amisha Jain: We are always continuously looking at it from an organization point of view, and we are quite nimble about looking at cost structure across the Board. As we look at the next few months and some of the inflationary pressures, we are conscious of it, and we're just putting in cost controls in various areas. So that's something that we're looking at across the Board.

Moderator: Thank you very much. Ladies and gentlemen, that was the last question. And with that concludes the question-and-answer session. I now hand the conference back to Mr. Girdhar Chitlangia for the closing comments. Thank you, and over to you, sir.

Girdhar Chitlangia: Thank you, everybody, for joining the call today. If you have any questions, please feel free to reach out to me, and we would be happy to answer them offline. Thank you so much. Have a good day.

Moderator: Thank you, members of the managementon behalf of Arvind Fashions Limited, that concludes this conference. Thank you all for joining with us today, and you may now disconnect your lines. .