

Price: 381

Recommendation: Buy

Industry: Garments & Apparels

Sector: Consumer Discretionary

Report Date: 28-Apr-2025

Arvind Limited, a global leader in textiles and advanced materials, excels in innovation, sustainability, and operational efficiency. With robust growth across woven fabrics, denim, garmenting, and advanced materials, the company drives diversification and automation. Strategic investments, sustainability initiatives, and a customer-centric approach position Arvind for long-term success and market leadership.

Sales		Profit & Loss		Profitability Matrix	
Current Year	7537 Cr	Operating Profit(Year)	745 Cr	Operating Profit Margin	9.88 %
Previous Year	7723 Cr	Operating Profit(Quarter)	205 Cr	EBITDA Margin	10.88 %
Current Quarter	1927 Cr	PAT (Year)	322 Cr	Net Profit Margin	4.53 %
Previous Quarter	2023 Cr	PAT (Quarter)	97.1 Cr	EPS	8.37
Revenue (QYoY)	1754 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	42.4	Sales Growth	9.11 %	Sales Growth	-4.75 %
PEG Ratio	7.66	PAT Growth	0.31 %	Sales Growth QYoY	9.86 %
EV/EBITDA	14.2	EPS Growth	-27.84 %	PAT Growth	664.57 %
P/B	2.91	Dividend Yield	0.98	PAT Growth QYoY	6.47 %
Capital Allocation		Holdings		Leverage	
RoE	9.50 %	Promoter	39.6 %	Debt/Equity	0.44
RoA	4.90 %	FII	18.7 %	Debt	1483 Cr
RoCE	12.8 %	DII	18.1 %	Market Cap	9980 Cr
RoIC	10.4 %	Public	23.6 %	Enterprise value	11437 Cr
		No of Shares	26.2 Cr	Cash Equivalents	26.7 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

Arvind Limited's Q3 FY '25 earnings call highlighted the company's robust performance across its business segments, emphasizing its commitment to innovation, sustainability, and operational efficiency. The textile division achieved double-digit growth, with woven fabric volumes reaching a three-year high of 35 million meters and denim fabric registering a 19% year-on-year growth despite seasonal challenges. The garmenting division continued its upward trajectory, delivering 9.3 million pieces, a 21% year-on-year increase, driven by capacity utilization and a focus on knitted products. The Advanced Materials Division (AMD) posted a 9% growth, impacted by product mix changes and order deferments, but remains on track for a long-term 20% growth trajectory. Consolidated revenue and EBITDA grew by 11% and 10%, respectively, with EBITDA margins at 11.3%, reflecting operational improvements and strategic investments.

The company is actively pursuing diversification and verticalization strategies to enhance its business model. In garmenting, Arvind is focusing on automation and industrial engineering to reduce labor dependency and improve scalability, targeting a capacity of 60 million pieces by FY '27. AMD is expanding its product portfolio, including human protection and industrial applications, while exploring new segments like outerwear and industrial shirts. The woven fabric business is being strengthened to support AMD's growth, with investments in capacity expansion and differentiated product offerings. Additionally, the PurFi joint venture for fabric recycling underscores Arvind's commitment to sustainability, with plans to scale this innovative technology to meet growing customer demand.

Future growth is underpinned by strategic investments and capacity expansions across divisions. The company has allocated INR350 crores for capex in FY '25, with a focus on garments and AMD. Garmenting capacity is expected to grow to 48-49 million pieces next year, while AMD aims to achieve 20% growth through organic and inorganic initiatives. Arvind is also diversifying its geographic footprint, with new facilities in Ranchi and Varanasi, and leveraging its expertise in automation and process optimization to address labor challenges. The company remains confident in its ability to navigate macroeconomic uncertainties and capitalize on opportunities in domestic and export markets.

Arvind's proactive approach to innovation, customer-centricity, and sustainability positions it well for long-term success. The management's focus on building a high-performance culture, enhancing operating efficiencies, and expanding into high-value segments reflects a clear vision for growth. With strong financial performance, strategic investments, and a commitment to creating shareholder value, Arvind is poised to strengthen its leadership in textiles and advanced materials while exploring new avenues for diversification and scaling.

ARVIND Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Arvind Ltd	9980.46	42.44	9.50%	-4.76%	9.83%	662.61%	6.51%
Indo Count Inds.	5916.86	18.05	17.52%	11.17%	61.41%	-7.44%	29.99%
Sanathan Textile	3677.47	28.00	10.87%	0.13%	-4.78%	4.94%	-0.23%
Nitin Spinners	2023.93	12.04	12.09%	1.99%	11.79%	6.21%	41.04%
Trident	14284.21	48.75	8.16%	-2.68%	-9.17%	-4.20%	-26.73%

Aspect	Commentary
Revenue	Revenue declined YoY by 2.41% to Rs.7537 Cr, reflecting challenges in market demand. However, QYoY growth of 9.86% indicates recovery momentum, driven by strong performance in woven fabrics and garmenting segments.
Profit & Loss	Operating profit margin at 9.88% shows stable efficiency. PAT grew marginally YoY by 0.31%, but EPS declined by 27.84%, signaling pressure on profitability despite operational improvements.
Profitability Matrix	EBITDA margin at 10.88% reflects operational efficiency. Net profit margin of 4.53% indicates moderate profitability. ROCE at 12.8% highlights effective capital utilization, supporting long-term growth.
Valuation Matrix	Trailing P/E of 42.4 and PEG ratio of 7.66 suggest high valuation relative to growth. EV/EBITDA at 14.2 indicates premium valuation, while dividend yield of 0.98% provides modest shareholder returns.
Growth (YoY)	Sales growth of 9.11% YoY reflects recovery in textile and garmenting segments. PAT growth of 0.31% indicates limited bottom-line expansion, while EPS contraction highlights profitability challenges.
Growth (QoQ)	QoQ sales declined by 4.75%, reflecting seasonal challenges. PAT growth surged 664.57% QoQ, driven by operational improvements. EPS growth remains subdued, signaling pressure on earnings.
Capital Allocation	RoE at 9.50% and RoIC at 10.4% indicate efficient capital deployment. Capex allocation of Rs.350 Cr for FY '25 focuses on garmenting and AMD, supporting capacity expansion and diversification.
Holdings	Promoter holding at 39.6% ensures stability. FII and DII holdings at 18.7% and 18.1% reflect institutional confidence. Public holding at 23.6% indicates balanced ownership structure.
Leverage	Debt/Equity ratio of 0.44 reflects manageable leverage. Debt at Rs.1483 Cr is supported by strong EBITDA generation. Enterprise value of Rs.11437 Cr highlights robust market positioning.

Analyst viewpoint: Arvind Limited demonstrates strong short to mid-term growth potential, supported by its robust Q3 FY '25 performance and strategic initiatives. The company achieved a 9.86% QYoQ revenue growth, driven by double-digit expansion in woven fabrics and garmenting, with denim fabric volumes growing 19% YoY. PAT surged 664.57% QoQ, reflecting operational improvements, while EBITDA margins at 10.88% underscore efficiency gains. Strategic investments, including a capex allocation of INR 350 crores for FY '25, focus on capacity expansion in garmenting and Advanced Materials Division (AMD), which is targeting a 20% growth trajectory. Arvind's diversification into high-value segments, automation initiatives, and sustainability efforts, such as the PurFi joint venture for fabric recycling, further strengthen its competitive edge. The company's ability to scale operations, coupled with its focus on innovation and customer-centricity, positions it well to capitalize on domestic and export market opportunities.

While Arvind's valuation metrics, such as a trailing P/E of 42.4 and PEG ratio of 7.66, suggest a premium valuation, its strong fundamentals and strategic direction justify the optimism. The company's manageable debt-to-equity ratio of 0.44 and stable promoter holding of 39.6% reflect financial stability and institutional confidence. However, the 27.84% decline in EPS highlights some profitability pressures, which the management is addressing through operational efficiencies and product mix optimization. Overall, Arvind's proactive approach to growth, sustainability, and innovation makes it a compelling buy for investors seeking exposure to the textiles and advanced materials sector.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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