

PRESS RELEASE

Arvind reports a baseline revenue in Q1 FY25

Highlights for Q1 FY25 :

- Overall Revenue stood at ₹1,831 Cr
- EBITDA of ₹150 Cr & margin of 8.2%
- Garmenting volume at 9.3 mn pcs, a growth of 25% on YoY basis
- Gross debt reduced by ₹55 Cr, stood at ₹1,270 Cr

Ahmedabad, 29th July 2024: Arvind Limited today announced its financial results for the first quarter of the Financial Year 2024-25.

₹ in Cr

Particulars	Q1 FY24	Q1 FY25	YoY Change
Revenue	1853	1831	-1%
EBITDA	180	150	-17%
EBITDA %	9.7%	8.2%	-1.5%
PAT	65	39	-40%

Financial numbers are not comparable due to impact of strike

The financial performance and growth of Arvind Limited in Q1 of FY25 were impacted by two unrelated events: the National general election and an illegal worker's unrest. The unrest impaired the performance at the Santej factory, our largest textile facility, for 21 days. As previously reported, the strike has been called off, and workers have gradually resumed duty, restoring normalcy to our operations.

The strike affected our main businesses, including the Woven segment, Denim segment, and the Industrial and Human Protection parts of the AMD segment. This resulted in capacity loss and challenges in executing existing orders. The strike had an approximate impact of ₹200 Cr on revenue and ₹60 Cr on EBITDA, including about ₹11 Cr in increased costs such as air freight and additional worker costs incurred to mitigate the strike's effects.

We express our gratitude to all our customers and vendor partners who stood by us during this crisis. We also thank the authorities who ensured a smooth arbitration process and helped restore normalcy, which is the best course of action. We remain

committed to providing opportunities for our employees and workers to express their views and demands within company forums and to resolving all issues amicably.

Business Highlights for Q1 FY25

The company has maintained its baseline in terms of revenue and reported a resilient quarter one with silver linings in operational and marketing performance. As guided, double-digit growth of 25% in volume was achieved by the Garmenting division. New customer addition and expansion into new categories in the knits garment were also seen in the segment, which is a result of our verticalization strategy.

The AMD division experienced partial impacts from the aforementioned strike, particularly affecting the Human Protection subsegment, which relies on the Woven segment for its fabric requirements. Additionally, it is important to note that the election season has led to the deferment of orders in some segments, such as Mass Transport, which depends on order flow from PSU customers. These deferments have resulted in lower operational and financial performance. However, the outlook for the subsequent nine months is better than expected.

Financial Highlights for Q1 FY25

The worker's unrest has led to a significant dent in the financial performance; hence the reported numbers are not comparable to earlier periods.

Overall Revenue for the quarter stood at ₹1,831 Cr. EBITDA for the reported period stood at ₹150 Cr with an EBITDA margin of 8.2%.

Negating the impact of strike, it's a double-digit growth in Revenue and EBITDA.

While the company maintained the gross margin for all the businesses, EBITDA margin had a significant reduction due to decline in volume and resultant under absorption of elevated overheads. We are taking measures to optimize cost wherever possible to safe guard the margin in quarters ahead.

The Q1 numbers specified above include revenues and EBITDA on account of sale of land (Forreste Project) of ₹47 Cr and ₹10 Cr respectively. There is a cost impact of ₹10 Cr of Donation in the above results.

Profit after tax during the quarter gone-by is in line the revenue and stood at ₹39 Cr.

Textile Division Revenue stood at ₹1,350 Cr with an EBITDA of ₹99 Cr translating in to the EBITDA margin of 7.4%.

Advance Material Division reported a revenue of ₹329 Cr in Q1 FY25 with an EBITDA margin of 13.9%.

As guided earlier this was to be a year of higher growth capex to augment our Garmenting and AMD capacity, however we have slowed down our allocation by postponing few programs by few months in view of the recent events to preserve cash. We have since restarted the investment process and are confident that we will hit the desired allocation by the end of this year.

We have preserved the momentum on debt reduction, the gross debt has reduced by ₹55 Cr, though the long term debt increased by ₹64 Cr. This is on account of new Long-term loan of ₹150 Cr taken for creation of a war chest to deal with the unfolding situation, of this ₹100 Cr have since been repaid.

Other Highlights for Q1 FY25

We are pleased to announce that Arvind has been awarded an “A-” Rating in the recently published CDP report on water security, placing us in the leadership band. This is the highest rating awarded in this category in India. Arvind stands tall at the top of the league alongside large industry houses across all industry segments, fortifying our leadership position and reaffirming our commitment to environmental sustainability.

Guidance for Rest of FY25

The company has invested significant resources and efforts to secure larger and better orders by increasing its marketing initiatives. We anticipate fabric volumes to return to normal levels for the remainder of the year.

In Garmenting, we expect to maintain our positive momentum, achieving a volume of nearly 10 million pieces per quarter and attaining nearly 25% growth.

The AMD segment is projected to perform well and as guided it is expected to recoup its losses in quarters two and three and return to a 20% growth track.

Following the guidance provided in Q4 FY24, we have embarked on a discretionary capex program, budgeting ₹400 – ₹450 Cr for FY25, which is on track.

With a reasonably strong order book position, we remain hopeful of achieving low double-digit revenue growth for FY25, maintaining or marginally improving our margins, and enhancing our ROCE.

About Arvind Ltd:



Arvind is a textile to retail conglomerate with focus on textiles, apparels, advanced materials, environmental solutions, telecom and Omni-channel commerce. Arvind Limited is an integrated solutions provider in textiles with strong fibre to fashion capabilities for a global customer base. It is also a design powerhouse implementing innovative concepts and generating intellectual property. It ranks amongst the top suppliers of fabric worldwide. The company strives every day to create opportunities beyond conventional boundaries and believes that the possibilities are endless. For more information, please visit <https://www.arvind.com/>