

5th December, 2025

BSE Limited

Listing Dept./ Dept. of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400001

Security Code : 500101

Security ID : ARVIND

National Stock Exchange of India Limited

Listing Dept., Exchange Plaza, 5th Floor
Plot No. C/1, G. Block
Bandra-Kurla Complex
Bandra (E)
Mumbai - 400051

Symbol : ARVIND

Dear Sir/Madam,

Subject: Intimation regarding Credit Rating of Arvind Advanced Materials Limited (Wholly Owned Subsidiary of the Company)

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform that India Ratings and Research Private Limited, Credit Rating Agency has vide its email dated 4th December, 2025, assigned the rating for the following facilities / debts / instruments availed by Arvind Advanced Materials Limited (Wholly Owned Subsidiary of the Company) as under:

Instrument Type	Size of Issue (Million)	Rating	Rating Action
Bank loan facilities	INR 5,850	IND AA/Stable/IND A1+	Assigned

The Rating letter as received from India Ratings and Research Private Limited is enclosed as **Annexure – I**.

Kindly take the same on records.

Thanking you

**Yours faithfully,
For, Arvind Limited**

**Krunal Bhatt
Company Secretary**

Encl.: As above



India Ratings Assigns Arvind Advanced Materials's Bank Loan Facilities 'IND AA'; Outlook Stable

Dec 04, 2025 | Garments & Apparels

India Ratings and Research (Ind-Ra) has rated Arvind Advanced Materials Limited's (AAML) bank loan facilities as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Bank loan facilities	-	-	-	INR5,850	IND AA/Stable/IND A1+	Assigned

Analytical Approach

Ind-Ra has applied the top-down approach according to its Parent Subsidiary Rating Linkage criteria to arrive at the rating, due to AAML's strong strategic and operational linkages with its 100% parent, Arvind Limited (Arvind; [Commercial paper rated at 'IND A1+'](#)). Ind-Ra, therefore, has referred to Arvind's consolidated profile in the rating action commentary.

Detailed Rationale of the Rating Action

The rating reflects AAML's strong strategic and operational linkages with its parent – Arvind, and the latter's strong business and financial profile. Arvind wholly owns AAML, with a common management and treasury. In FY25, Arvind transferred its advanced material division (AMD) division, which contributed 20%-25% to Arvind's consolidated revenue and EBITDA, to AAML. AAML has operational linkages with Arvind, as it would be procuring the fabrics required for human protection product, accounting for 20%-25% of its total requirement, from Arvind. Moreover, AAML is strategically important to its parent, given i) the sharing of the brand name, ii) the high value-added nature of the product, and iii) the expectation of the advanced material segment driving the group's medium-term growth. Arvind is likely to provide support to AAML, if required.

The rating further reflects Arvind's fully backward-integrated business of manufacturing fabric and garments from cotton yarn, its established position in the fabric manufacturing, and its diversified product profile. The ratings are further supported by stability in consolidated credit metrics with the net leverage being in the range of 2.0x-2.5x and the interest coverage 4.0x-4.5x over FY22-FY25, despite volatility in prices and global headwinds in the textile industry. Ind-Ra expects the net adjusted leverage to peak at around 2.5x in FY26 on the back of the ongoing capex and working capital requirements. With a capex plan of INR4,500 million-INR4,750 million each year for FY26-FY28, the agency will continue to monitor the progress of capex and its ramp up leading to increase in scale of operation and expansion of margin. As per the management, with the ongoing capex, the proportion of higher profitable products advanced material and apparel will increase in the revenue which is likely to reduce volatility as well as increase in margin. However, the ratings remain constrained by raw material price volatility and forex risk.

List of Key Rating Drivers

Strengths

- Strong strategic and operational linkage with parent; likely to continue

- Parent's healthy business profile
- Parent's comfortable financial profile; likely to improve in near term
- High value-added product profile reflecting higher margins
- Comfortable financial metrics despite planned capex; likely to remain comfortable over FY26-FY27

Weaknesses

- Raw material price volatility risk
- Forex risk; inherent industry risk

Detailed Description of Key Rating Drivers

Strong Strategic and Operational Linkage with Parent; Likely to Continue: AAML is a wholly owned subsidiary of Arvind, with a common management and treasury, signalling the parent's full control over the company. In the past, Arvind has supported AAML by extending unsecured loans (FY25: INR591 million; FY24: INR732 million) and it is likely to continue to do so as and when required by AAML. Arvind had de-merged its AMD division to AAML in FY25 for a purchase consideration of INR903.6 million, which would be paid through internal cash generation over FY26. The rationale for the de-merger was to consolidate the AMD division under a single entity for better operations, strategy, sustained growth and capital access along with focused management and leadership. AAML demonstrates an operational linkage through its dependence on Arvind for fabric procurement for the human protection division, accounting for 20%-25% of the overall requirement. Additionally, the AMD division contributed around 20% to Arvind's consolidated revenue and 25% to EBITDA in FY25.

Arvind is likely to provide support to AAML, if required, considering the latter is engaged in the high value-added advanced material business, with niche products that yield high EBITDA margins of around 15%. Through AAML, Arvind has a presence in a specialised growing market, which boosts its overall business profile. Furthermore, with the sharing of the brand name of Arvind, AAML would remain strategically important to Arvind.

Parent's Healthy Business Profile: The fully integrated operation of Arvind's textile business from cotton yarn to fabrics to garments provides supply-chain flexibility and strengthens its business profile. Arvind is one of the leading and diversified players in fabric manufacturing having facilities to manufacture both woven as well as denim fabric which is also sold in the open market after internal consumption towards garment manufacturing. Arvind has also diversified into technical textile and advanced material which are value-added products with better margins and return on capital employed (ROCE). Arvind also has a diversified business profile, with a presence in the water treatment and telecom businesses through its subsidiaries.

Arvind has high geographic diversification being a pan India player as well as export of around 40% (41%; 44%) which reduced due to the global headwinds which the company managed to sustain through its ability to switch the markets. As per the management, the exports will remain high at 40%-45%, owing to the likely increase in demand from the global market on back of the free trade agreements (FTA) signed/likely to be signed by India with some of the major importing nations and continued supply chain diversification strategy in garment sourcing by global brands. The management and agency believe that with the planned annual capex of INR4,500 million-4,750 million over FY26-FY28 towards AMD, garmenting and premium fabrics would support the increase in scale of operation from higher sales volumes, leading to expansion in margins. Ind-Ra expects Arvind to gradually grow its business across the market segments over the medium term.

Parent's Comfortable Financial Profile; Likely to Improve in Near Term: Arvind's consolidated revenue grew to INR83,557 million in FY25 (FY24: INR77,618 million), and EBITDA rose to INR9,174 million (INR9,026 million). The EBITDA margin stood at 10.98% in FY25 (FY24: 11.63%). The consolidated net adjusted leverage (adjusted net debt /operating EBITDAR) remained stable at 2.19x in FY25 (FY24: 2.05x) and the gross interest coverage (operating EBITDA/gross interest expense) at 4.52x (FY24: 4.69x). As per the management, with the planned capex towards increasing the garmenting capacities, value added fabrics and AMD business, the scale of operations, margins and RoCE are likely to increase FY26 onwards on an increase in the proportion of high-margin products in the revenue. Ind-Ra expects Arvind's consolidated revenue and EBITDA to improve over FY26-FY27, primarily driven by higher volumes from

the increased capacities in textiles and the AMD business, and stable realisations. Any deterioration in the credit metrics on account of higher-than-Ind-Ra-expected capex and/or return to shareholders, along with a moderation in the EBITDA due to any unfavourable geopolitical developments will remain a key monitorable.

In 1QFY26, the consolidated revenue stood at INR20,063 million, with EBITDA of INR1,773 million and EBITDA margin of 8.5%. The interest coverage stood at 4.30x in 1QFY26.

High Value-added Product Profile Reflecting Higher Margins: The AMD segment transferred to AAML comprises human protection, composites and industrials which are higher value-added products, with higher EBITDA margins and demand. Additionally, with the end-users being industries, the demand would not be impacted by fashion trends, and this is evident from the large order book despite US tariffs. The management expects the revenue to increase and the margin to remain at similar levels in the near term, led by increased operational efficiencies and strategies.

AAML's (post transfer of AMD division) standalone revenue stood at INR14,392 million in FY25, with EBITDA of INR2,064 million and EBITDA margins of 14.34%. The human protection division accounted for the largest share of the total revenue (around 54%) in FY25, the industrials division contributed around 20%, and composites contributed around 26%. According to the management, the contribution from human protection, industrials and composites is likely to remain at similar levels in the medium term.

Comfortable Financial Metrics Despite Planned Capex; Likely to Remain Comfortable over FY26-FY27: AAML's credit metrics remained comfortable in FY25, with net adjusted leverage (net debt /operating EBITDA) of 0.40x, and interest coverage (operating EBITDA/gross interest expense) of 22.69x. At the standalone level, AAML plans to undertake capex of around INR3,000 million over FY26-FY27, which would be funded through a mix of external debt of around INR1,000 million, internal accruals, fund infusion by Arvind, if required, and additional working capital limits. Despite this, Ind-Ra expects the net adjusted leverage to remain comfortable and range-bound around 1.5x - 2.0x over FY26-FY27, supported by comfortable stable EBITDA. Any deterioration in the credit metrics on account of higher-than-Ind-Ra-expected capex and/or return to shareholders, along with a moderation in the EBITDA due to any unfavourable geopolitical developments will remain a key monitorable.

Raw Material Price Volatility Risk: The textile industry is cyclical in nature, with its performance being strongly correlated to economic cycles, and it is classified under discretionary spending. Hence, the revenue remains susceptible to fluctuations in commodity prices for the end products. Furthermore, the cost of some of the raw material is linked to crude oil prices, which exposes it to input cost volatility. However, the company has been able to manage price volatility in the past, and it also benefits from the government incentives, initiatives and schemes towards the textile industry and production linked incentive (PLI), which has been helping the company maintain its EBITDA margin.

Forex Risks; Inherent Industry Risk: Exports contribute around 60% to AAML's revenue, while most of the raw material is procured domestically, thereby exposing it to volatility in foreign exchange fluctuation. Furthermore, the US accounts for around 30% of the exports. The company expects the US tariff-related uncertainties to impact the margins slightly, but the revenue is likely to remain at similar levels, considering the high order book levels. The forex hedging is done at Arvind's level, which has a forward favourable position as a net exporter.

Arvind is also exposed to competition in textile industry from not only domestic players but also from players in other exporting countries like China, Bangladesh, Vietnam and Sri Lanka. Furthermore, any economic slowdown or supply-chain disruption in key consuming markets such as the US, the UK or Europe due to uncertain trade restrictions like tariff impact on exporting nations could be a key monitorable. However, AAML is exposed to less competition as it operates in a niche segment in the domestic market, with some presence of global players in export market. Any favourable trade agreement between India and the consuming nations remains a key monitorable.

Liquidity

Adequate: As on 31 March 2025, AAML's cash and cash equivalents stood at INR21 million (FY24: INR25 million). AAML has availed additional fund-based limits of around INR2,000 million, and is engaged in advanced discussions for further enhancement of INR1,500 million. Ind-Ra expects the debt service coverage ratio to be comfortable at 2.0x-3.0x during

FY26-FY27. Despite unfavourable change in working capital, the cash flow from operations improved to INR373 million in FY25 (FY24: INR277 million), due to the increase in EBITDA levels. Ind-Ra expects the cash flow from operations to remain positive and gradually improve over FY26-FY27, led by increased EBITDA levels. With the capex being discretionary in nature, AAML could sign debt tie-ups depending upon the market demand and fund requirement, which would maintain the debt levels at Arvind's consolidated level. AAML does not have any existing bank loan, leading to nil debt obligations. However, as per the management, the outstanding unsecured loan of INR591 million from Arvind would be settled by the end of FY26. The company expects the net working capital cycle to stretch to 110-120 days over FY26-FY27 (FY25: 90 days) owing to the uncertainties around the US tariff, with US contributing around 30% to the total revenue.

Arvind's consolidated cash flow from operations improved to INR6,207 million in FY25 (FY24: INR5,515 million; FY23: INR5,281 million), due to reduced working capital requirement. The free cash flow turned negative at INR444 million in FY25 (FY24: INR1,193 million; FY23: INR3,197 million) because of the high capex and dividend payout during the year. The average use of the fund-based limits stood at 76% during the 12 months ended June 2025, and remained at similar levels in September 2025, as stated by the management, with additional limits of INR5,000 million available outside the consortium. On a consolidated basis, Arvind has debt repayment obligations of INR788 million in FY26 and INR757 million in FY27.

Rating Sensitivities

Positive: Increased contribution from higher-margin products through timely ramp-up of capex, leading to an increase in the consolidated scale of operations and profitability, while maintaining the credit metrics, with the consolidated net adjusted leverage falling below 1.75x, all on sustained basis, would lead to a positive rating action.

Negative: Developments that could, individually or collectively, lead to negative rating action are:

- any weakening of the linkage between AAML and Arvind
- deterioration in the parent's profitability margin and/or a significant increase in debt for capex or working capital requirement, resulting in the consolidated net adjusted leverage exceeding 3.0x, on sustained basis

Any Other Information

Not applicable

About the Company

AAML is a wholly owned subsidiary of Arvind and is engaged in the manufacturing and supply of advanced materials. AAML's activities include specialty fabric processing, stretch bonding, coating, lamination, and specialty garment manufacturing.

Key Financial Indicators

Particulars (Arvind Consolidated)	FY25	FY24
Revenue (INR million)	83,557	77,618
Operating EBITDA (including government grants; INR million)	9,174	9,026
EBITDA margin (%)	10.98	11.63
Interest coverage (x)	4.52	4.69
Net adjusted leverage (including LC acceptances and lease liabilities; x)	2.19	2.05
Source: Arvind; Ind-Ra		

Particulars (AAML Standalone)	FY25	FY24
Revenue (INR million)	14,392	953

Operating EBITDA (INR million)	2,064	143
EBITDA margin (%)	14.34	14.99
Interest coverage (x)	22.69	4.16
Net adjusted leverage (x)	0.40	6.70
Source: AAML; Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/ Outlook		
	Rating Type	Rated Limits (in million)	Rating
Bank loan facilities	Long-term/Short-term	INR5,850	IND AA/Stable/IND A1+

Bank wise Facilities Details

The details are as reported by the issuer as on (04 Dec 2025)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	Standard Chartered bank	Fund-based working capital limits	500	IND AA/Stable
2	Standard Chartered bank	Non-fund-based working capital limits	250	IND A1+
3	HDFC Bank Limited	Fund-based working capital limits	1500	IND AA/Stable
4	HDFC Bank Limited	Non-fund-based working capital limits	700	IND A1+
5	NA	Fund-based working capital limits	1500	IND AA/Stable
6	NA	Non-fund-based working capital limits	400	IND A1+
7	NA	Term loan	1000	IND AA/Stable

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity- indicators>.

Contact

Primary Analyst

Hasti Bhanushali

Senior Analyst

India Ratings and Research Pvt Ltd

Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai - 400051

+91 22 40356171

For queries, please contact: infogrp@indiaratings.co.in

Secondary Analyst

Shradha Saraogi

Associate Director

+91 33 40302509

Media Relation

Ameya Bodkhe

Marketing Manager

+91 22 40356121

About India Ratings

India Ratings and Research (Ind-Ra) is India's SEBI registered credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

Parent and Subsidiary Rating Linkage

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process

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