28 October 2026
2QFY27 Results Update | Sector: Textile

Arvind

Estimate change	↑
TP change	↔
Rating change	↔

Bloomberg	ARVND IN
Equity Shares (m)	272
M.Cap.(INRb)/(USDb)	138.7 / 1.5
52-Week Range (INR)	607 / 286
1, 6, 12 Rel. Per (%)	-6/35/71
12M Avg Val (INR M)	336
Free float (%)	61.9

Financials & Valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	93.0	115.4	129.3
EBITDA	10.0	13.0	15.9
EBITDA (%)	10.8	11.3	12.3
Adj. PAT	4.1	5.5	7.0
EPS (INR)	15.7	21.1	26.7
EPS Gr.%	15.8	33.8	26.6
BV/Sh. (INR)	154.3	199.9	220.9
Ratios			
Net D:E	0.3	0.3	0.3
RoE (%)	10.5	11.9	12.7
RoCE (%)	10.3	11.8	12.2
Payout (%)	28.5	22.2	21.4
Valuations			
P/E (x)	32.5	24.3	19.2
P/B (x)	3.3	2.6	2.3
EV/EBITDA (x)	14.7	11.7	9.8
Div. yield (%)	0.9	0.9	1.1

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	38.1	39.5	39.5
DII	23.9	19.9	18.7
FII	15.1	16.4	16.8
Others	22.9	24.1	25.0

CMP: INR510 **TP: INR670 (+31%)** **Buy**

Record quarter; denim and AMD lead the charge

Arvind (ARVND) reported its highest-ever quarterly revenue and EBITDA in 2QFY27, with revenue growing 23.1% YoY to INR29.2b (5% above our estimate). Textile revenue grew 19% YoY to INR21.5b, led by denim volumes at a 17-quarter high, while advanced materials (AMD) posted record revenue of INR8.1b (+81% YoY, including the first full quarter of Dalco). Gross margin contracted 150bp YoY to 49.8% due to elevated cotton and petrochemical costs; however, EBITDA margin expanded 20bp YoY to 10.6%, aided by a better mix and operating leverage. Adj. PAT grew 20.5% YoY to INR1.2b (13% beat). Management guided for ~15% revenue growth in garments and 18%+ growth in AMD. It has incurred capex of INR3.7b in 1HFY27 and expects FY27 capex to exceed INR5b, primarily for AMD (INR2b), garmenting (INR1.2-1.5b), and the balance for fabric expansion and maintenance. We tweak FY27E EBITDA/PAT by 1%/2% and raise FY28E EBITDA/PAT by 3%/1% while maintaining the target price.

Denim volumes at a 17-quarter high; AMD India up 23%

2Q consolidated revenue/EBITDA/APAT grew 23%/25%/21% YoY to INR29.2b/ INR3.1b/INR1.2b. Denim volumes rose 19% YoY to 18.1m meters, while woven volumes stood at 34.3m meters (-2% YoY); realizations in both rose ~13%, largely on price pass-through. Garment revenue grew 9% YoY to INR5.8b on a richer mix (volumes up 4% to 11.1m pieces). AMD India revenue grew 23% YoY to INR5.5b, led by Human Protection and Composites, with key Indian Defense order wins, while Dalco contributed INR2.6b. Phase 1 of the Varanasi garment greenfield (INR2.5b revenue potential, INR750m capex) was commissioned. 1HFY27 revenue/EBITDA/APAT grew 24%/30%/23% YoY.

RM pressure persists, but EBITDA margin holds up

In 2Q, gross margin contracted 150bp YoY to 49.8% as high-cost cotton and petrochemical inventory flew through. Despite this, EBITDA grew 25% YoY to INR3.1b, with margin at 10.6% (+20bp YoY). Textile EBITDA margin stood at 8.9% (-110bp YoY), with ~75bp RM impact, while AMD margin (incl. Dalco) was 14.8%. Management is offsetting 75-100bp of quarterly gross margin pressure via price pass-through, mix and cost initiatives, and targets ~50bp annual EBITDA margin expansion once inflation normalizes. Net debt fell ~INR950m QoQ to INR20.6b; CARE upgraded the rating to AA (Stable). We model EBITDA margin of 11.3%/12.3% for FY27E/FY28E.

Valuation and view: Reiterate BUY

We believe ARVND is transitioning from a fabric-focused player to a garments- and AMD-led business, with a larger addressable market and a superior margin profile. Management expects a stronger 2H, aided by a robust 3Q order book, India-UK FTA benefits from 4Q, and new capacities in garments and AMD industrials. We expect revenue/EBITDA/adj. PAT CAGR of 18%/26%/30% over FY26-28E. We reiterate our BUY rating and an EV/EBITDA-based TP of INR670, valuing the stock at 12x FY28E EV/EBITDA. Key risks: tariff risk, raw material and cost pressure, and project and execution risks related to the Dalco business (refer to our IC note dated Jun'26).

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Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Consolidated - Quarterly Earning Model **(INR Million)**

Y/E March	FY26				FY27E				FY26	FY27E	2QFY27E	v/s Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Total Revenue from Operations	**20,063**	**23,711**	**23,726**	**25,531**	**25,010**	**29,186**	**29,658**	**31,566**	**93,032**	**1,15,420**	**27,742**	*5%*
YoY Change (%)	9.6	8.4	13.6	15.0	24.7	23.1	25.0	23.6	11.7	24.1	17.0	
RM Cost	9,442	11,527	11,448	12,529	12,130	14,639	14,829	15,420	44,945.4	57,017.5	13,400	
Gross Profit	**10,621**	**12,184**	**12,279**	**13,002**	**12,880**	**14,547**	**14,829**	**16,147**	**48,087**	**58,403**	**14,343**	*1%*
Margins (%)	52.9	51.4	51.8	50.9	51.5	49.8	50.0	51.2	51.7	50.6	51.7	
Total Expenditure	18,290	21,241	20,988	22,469	22,607	26,091	26,086	27,631	82,988	1,02,415	24,772	
EBITDA	**1,773**	**2,471**	**2,739**	**3,062**	**2,403**	**3,095**	**3,572**	**3,935**	**10,044**	**13,005**	**2,971**	*4%*
Margins (%)	8.8	10.4	11.5	12.0	9.6	10.6	12.0	12.5	10.8	11.3	10.7	
Depreciation	690	719	718	776	931	1,071	1,080	1,017	2,903	4,099	1,030	*4%*
Interest	412	412	419	406	544	707	710	708	1,649	2,668	640	*10%*
Other Income	89	149	120	205	178	219	400	298	563	1,095	230	*-5%*
PBT before EO expense	**760**	**1,488**	**1,722**	**2,086**	**1,106**	**1,537**	**2,182**	**2,508**	**6,056**	**7,332**	**1,531**	*0%*
Extra-Ord expense	0	0	-236	63	-226	282	0	0	-173	0	0	
PBT	**760**	**1,488**	**1,486**	**2,149**	**880**	**1,819**	**2,182**	**2,508**	**5,883**	**7,332**	**1,531**	
Tax	217	419	464	581	311	322	436	617	1,681	1,686	383	
Rate (%)	28.5	28.2	31.2	27.1	35.3	17.7	20.0	24.6	28.6	23.0	25.0	
Minority Interest & Profit/Loss of Asso. Cos.	-11	-35	-47	29	-35	-18	-244	-250	-63	-142	-45	
Reported PAT	**532**	**1,034**	**976**	**1,597**	**534**	**1,479**	**1,501**	**1,641**	**4,139**	**5,503**	**1,103**	*34%*
Adj PAT	**532**	**1,034**	**1,138**	**1,551**	**680**	**1,246**	**1,501**	**1,641**	**4,263**	**5,503**	**1,103**	*13%*
YoY Change (%)	35.4	73.1	10.0	2.7	27.8	20.5	31.9	5.8	51.5	29.1	6.7	
Margins (%)	2.7	4.4	4.8	6.1	2.7	4.3	5.1	5.2	4.6	4.8	4.0	

Exhibit 1: Changes to our estimates (INR m)

INR m	Old		New		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	1,14,783	1,27,033	1,15,420	1,29,308	0.6%	1.8%
EBITDA	13,134	15,492	13,005	15,897	-1.0%	2.6%
EBITDA margin %	11.4	12.2	*11.3*	*12.3*		
PAT	5,638	6,938	5,521	6,988	-2.1%	0.7%
EPS	21.5	26.5	*21.1*	*26.7*	-2.1%	0.7%

Source: MOFSL, Company



2QFY27 earnings concall key takeaways

Revenue and overall performance

- Consolidated revenue grew 23% YoY to INR29.2b in 2QFY27, while EBITDA increased 27% to INR3.1b. APAT grew 20% to INR1.2b, with EBITDA margin sustained at 10.6% despite elevated input costs.
- Denim volumes increased 19% YoY to 18m meters, the highest level in 17 quarters. Woven fabric volumes stood at 34m meters, while garmenting volumes exceeded 11m pieces for the second consecutive quarter.
- Segment revenue increased 81% YoY to INR8b, including INR2.6b contributed by Dalco GFT for the full quarter. India AMD revenue grew 23% to INR5.5b, with EBITDA growth of 29%, supported by favorable product mix and operating leverage.

Garmenting growth to accelerate in 2HFY27

- Despite softer demand in select export categories during 1H, management expects stronger performance in 2H, supported by seasonality, improved product mix and incremental capacity. Investors should focus on revenue growth rather than garment volumes, given the changing mix of product categories and realizations.
- Phase I of the greenfield garmenting facility has been commissioned with a capex of INR750m and annual revenue potential of INR2.5b. The facility will focus on knitted garments and essentials, with management targeting double-digit EBITDA margins and RoCE above 20% once fully ramped up.
- Arvind is prioritizing brownfield debottlenecking, productivity improvements and asset-light manufacturing partnerships, while evaluating larger greenfield projects. Management aims to sustain ~ 15% annual garmenting revenue growth, with a potential path toward 25% growth as additional investments are formalized.

Denim growth supported by design innovation and premiumization

- Management believes denim has become less cyclical due to a strategic shift towards differentiated, higher-value products. Recent growth reflects sustained investment in design innovation, product development and closer customer engagement.
- The London design gallery and newly established Amsterdam denim design and marketing hub are expected to strengthen customer relationships and improve product development.
- Arvind is exploring Bangladesh and Egypt as additional garment manufacturing destinations. Bangladesh operations have commenced, while initial denim deliveries from Egypt are expected in 3QFY27, supporting greater sourcing flexibility and integrated customer solutions.

AMD offers strong growth visibility

- Both Human Protection and Composites continue to benefit from robust demand from Tier-1 customers, defense and mobility applications. Capacity utilization is close to full in key product categories, supporting the case for incremental investments.
- For Industrial business, logistics disruptions delayed the commissioning and ramp-up of previously planned investments, affecting 1H growth. With these capacities now coming on stream, management expects industrial growth to improve in 2H.

- Dalco generated INR2.6b in quarterly revenue, with stable volumes but some margin pressure from high petrochemical-based input costs. Price increases accepted by customers from Sep'26 should support recovery, while carbon fiber and related capabilities offer longer-term opportunities in aerospace, defense, automotive and drones.

Input cost inflation continues to weigh on margins

- Higher cotton, petrochemical and fuel costs continue to pressure profitability, with management estimating gross margin erosion of approximately 75-100bp each quarter that it is attempting to recover through pricing and operating efficiencies.
- Price revisions are undertaken periodically, but the extent of pass-through is limited by customer affordability and competitive pressures. Arvind is responding through premiumization, product innovation, improved sourcing and a higher-value product mix.
- Management aims to improve EBITDA margins by around 50bp annually through digitization, automation, value engineering and operating leverage. However, the timing of margin recovery remains dependent on input cost normalization and successful price increases.

Trade agreements provide an incremental export growth opportunity

- Management has observed greater customer interest in sourcing from India as global buyers diversify their supply chains. Initial benefits are expected to emerge in 4QFY27, with a stronger contribution anticipated in FY28, particularly from garmenting.
- Management remains cautiously optimistic about US demand and highlighted a strong 3Q order book and improving 4Q visibility. However, prolonged geopolitical conflicts and the possibility of weaker consumer sentiment remain key uncertainties.
- The proposed agreement could further improve India's competitiveness in global textile and apparel sourcing, supporting Arvind's integrated fabric-to-garment strategy over time.

Balance sheet remains manageable despite growth investments

- Consolidated net debt reduced by approximately INR950m sequentially to INR20.6b at the end of 2QFY27, notwithstanding a temporary increase in working capital. Management expects working capital conditions to normalize by Mar'27.
- The company invested approximately INR3.7b during 1HFY27 and expects full-year capex to exceed INR5b. The planned allocation includes approximately INR2b towards Advanced Materials, INR1.2-1.5b towards garmenting, with the balance for fabric expansion and maintenance.
- CARE Ratings upgraded Arvind's credit rating from AA− to AA with a stable outlook. Management expects acquisition-related debt to be repaid in May'27, while keeping incremental long-term borrowing limited and funding future growth increasingly through internal cash flows.

Key exhibits

Exhibit 2: Quarterly sales trend

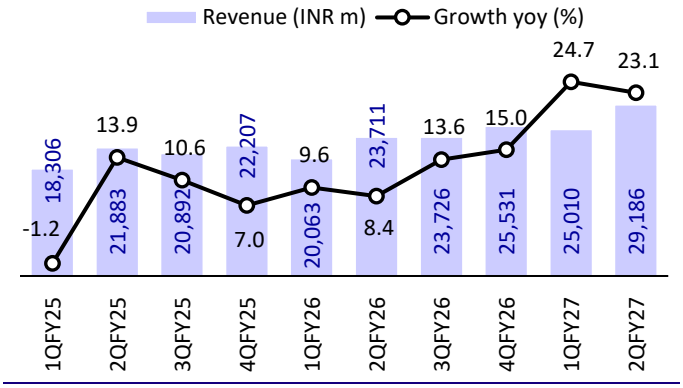


Exhibit 3: Quarterly margin trend

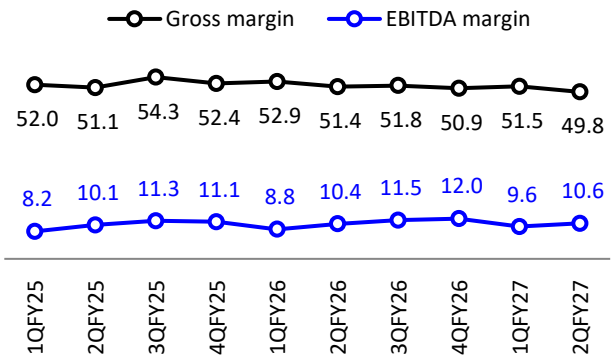


Exhibit 4: Quarterly EBITDA trend

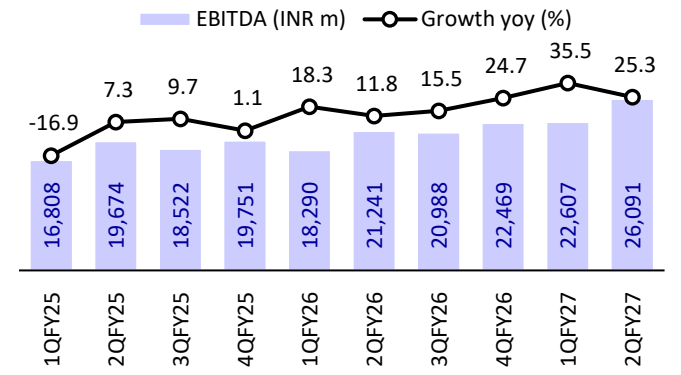


Exhibit 5: Quarterly PAT trend

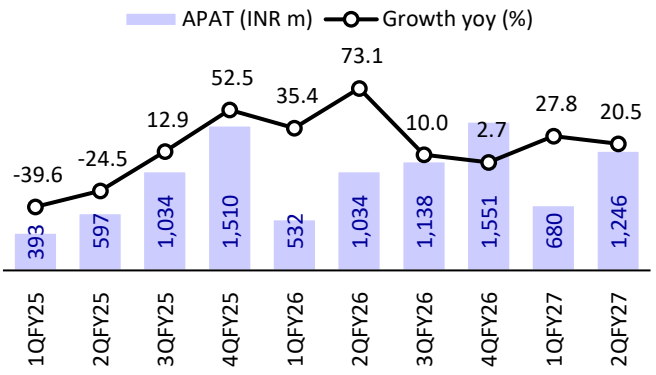


Exhibit 6: Textile revenue and EBITDA margin

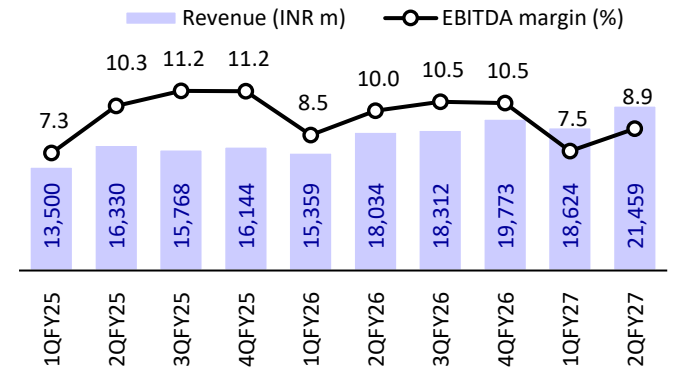


Exhibit 7: AMD revenue and EBITDA margin

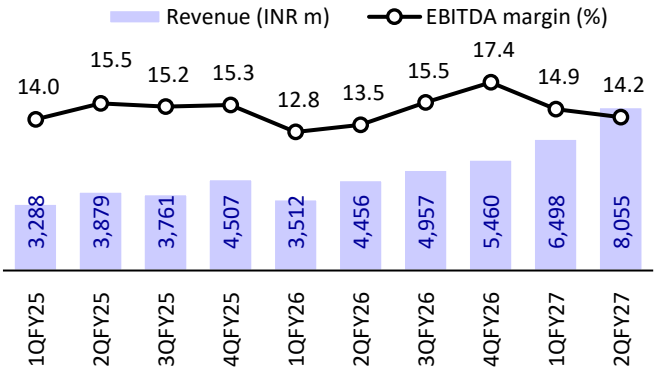
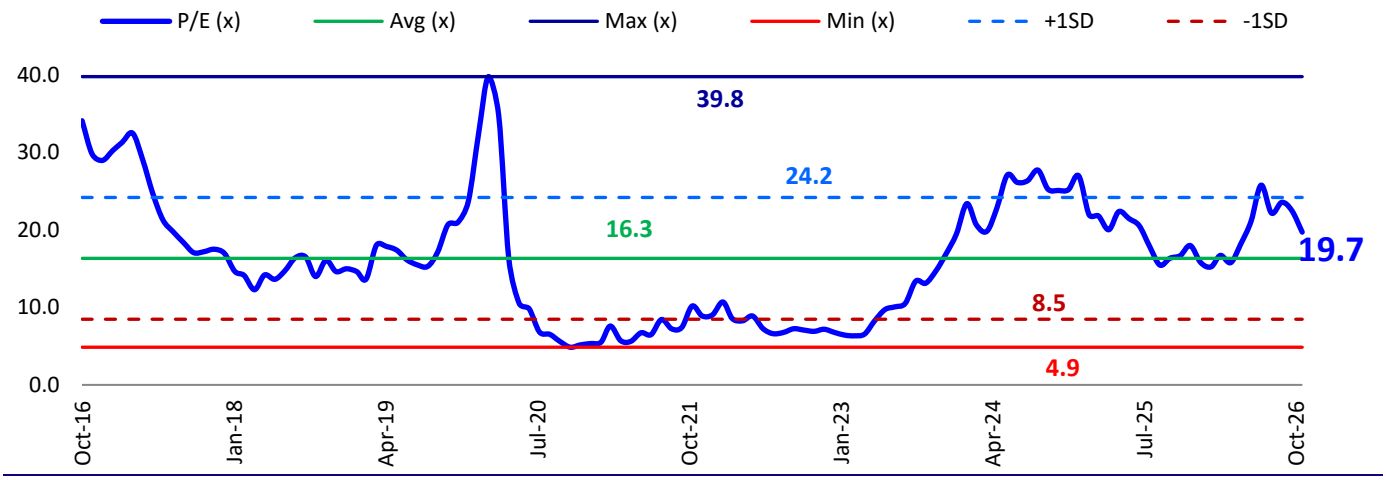


Exhibit 8: One-year forward P/E band and standard deviation



Source: Bloomberg, MOFSL

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	**50,730**	**80,099**	**83,825**	**77,378**	**83,288**	**93,032**	**1,15,420**	**1,29,308**
Change (%)	*-31.2*	*57.9*	*4.7*	*-7.7*	*7.6*	*11.7*	*24.1*	*12.0*
Gross Profit	**25,507**	**38,879**	**39,116**	**40,590**	**43,658**	**48,087**	**58,403**	**67,240**
Total Expenditure	*46,104*	*72,021*	*75,825*	*68,925*	*74,754*	*82,988*	*1,02,415*	*1,13,411*
% of Sales	*90.9*	*89.9*	*90.5*	*89.1*	*89.8*	*89.2*	*88.7*	*87.7*
EBITDA	**4,626**	**8,077**	**8,000**	**8,452**	**8,534**	**10,044**	**13,005**	**15,897**
EBITDAM (%)	*9.1*	*10.1*	*9.5*	*10.9*	*10.2*	*10.8*	*11.3*	*12.3*
Depreciation	2,852	2,540	2,530	2,658	2,587	2,903	4,099	4,778
EBIT	**1,775**	**5,538**	**5,470**	**5,794**	**5,947**	**7,141**	**8,905**	**11,119**
Int. and Finance Charges	2,245	1,764	1,642	1,593	1,658	1,649	2,668	2,399
Other Income	516	497	445	408	652	563	1,095	1,116
PBT bef. EO Exp.	**45**	**4,271**	**4,273**	**4,609**	**4,941**	**6,056**	**7,332**	**9,836**
EO Items	-359	-93	588	25	0	-173	0	0
PBT after EO Exp.	**-314**	**4,178**	**4,860**	**4,634**	**4,941**	**5,883**	**7,332**	**9,836**
Total Tax	-35	1,510	706	1,107	1,255	1,681	1,686	2,262
Tax Rate (%)	11	36	15	24	25	29	23	23
Minority Interest	-109	34	86	160	139	130	133	586
Profit/(loss) from discontinued ops.	0	-264	-35	0	0	0	0	0
Share of Profit/(Loss) of JV	4	11	12	-1	-12	68	-9	0
Reported PAT	**-165**	**2,381**	**4,046**	**3,366**	**3,535**	**4,139**	**5,503**	**6,988**
Adjusted PAT	**145**	**2,946**	**3,589**	**3,349**	**3,560**	**4,128**	**5,521**	**6,988**
Change (%)	*-88.7*	*1,937.1*	*21.9*	*-6.7*	*6.3*	*16.0*	*33.8*	*26.6*
Margin (%)	*0.3*	*3.7*	*4.3*	*4.3*	*4.3*	*4.4*	*4.8*	*5.4*

Consolidated - Balance Sheet

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	2,589	2,606	2,615	2,616	2,618	2,621	2,720	2,720
Total Reserves	24,604	26,899	30,841	32,811	35,243	37,821	49,690	55,182
Net Worth	**27,193**	**29,505**	**33,456**	**35,428**	**37,861**	**40,442**	**52,410**	**57,902**
Minority Interest	473	557	586	780	853	973	3,873	4,458
Total Loans	20,022	17,595	14,038	13,254	13,760	14,410	23,561	20,061
Deferred Tax Liabilities	96	1,226	952	682	1,250	977	977	977
Other Long-term Liability	2,063	1,820	1,959	2,085	3,025	4,271	6,471	6,471
Capital Employed	**49,847**	**50,703**	**50,991**	**52,227**	**56,749**	**61,072**	**87,291**	**89,868**
Gross Block	45,244	44,995	46,289	48,083	51,205	57,560	72,135	76,635
Less: Accum. Deprn.	11,190	13,102	14,916	16,977	18,476	20,956	23,939	26,543
Net Fixed Assets	**34,054**	**31,894**	**31,373**	**31,107**	**32,728**	**36,604**	**48,195**	**50,092**
Intangible Asset	742	438	332	250	241	305	8,626	7,354
Capital WIP	780	453	787	1,168	4,074	1,194	1,074	752
Other Non-Current Asset	2,021	2,481	2,572	2,863	2,830	3,044	4,166	3,264
Total Investments	**1,473**	**1,383**	**2,901**	**2,563**	**3,406**	**5,060**	**1,936**	**3,129**
Curr. Assets, Loans&Adv.	**28,139**	**40,397**	**31,170**	**34,653**	**37,710**	**42,159**	**56,343**	**59,589**
Inventory	11,599	22,084	16,490	19,860	21,377	21,735	25,930	28,342
Account Receivables	10,917	11,086	9,659	10,698	11,773	14,438	17,708	19,485
Cash and Bank Balance	**516**	**771**	**770**	**758**	**1,166**	**1,635**	**9,923**	**3,490**
Cash and cash equivalents	271	598	568	573	564	880	9,168	2,735
Bank balances other than cash and CE	244	173	202	185	601	755	755	755
Loans and Advances	5,108	6,456	4,252	3,337	3,395	4,351	2,782	8,273
Curr. Liability & Prov.	**17,360**	**26,343**	**18,144**	**20,377**	**24,241**	**27,293**	**33,049**	**34,312**
Account Payables	14,003	21,828	12,376	13,753	16,552	19,728	23,716	26,570
Other Current Liabilities	3,242	4,315	5,623	6,464	7,491	7,064	8,832	7,240
Provisions	115	200	146	160	198	501	501	501
Net Current Assets	**10,779**	**14,054**	**13,026**	**14,276**	**13,469**	**14,866**	**23,293**	**25,277**
Appl. of Funds	**49,847**	**50,703**	**50,991**	**52,227**	**56,749**	**61,072**	**87,291**	**89,868**

E. MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)								
EPS	0.6	11.3	13.7	12.8	13.6	15.7	21.1	26.7
Growth (%)	-88.7	1924.0	21.4	-6.7	6.2	15.8	33.8	26.6
Cash EPS	11.6	21.0	23.4	23.0	23.5	26.8	36.7	44.9
BV/Share	105.0	113.2	127.9	135.4	144.6	154.3	199.9	220.9
DPS	0.0	0.0	5.7	4.8	3.8	4.5	4.7	5.7
Payout (%)	0.0	0.0	37.2	36.9	27.8	28.5	22.2	21.4
Valuation (x)								
P/E	917.2	45.3	37.3	40.0	37.7	32.5	24.3	19.2
Cash P/E	44.3	24.3	21.9	22.3	21.8	19.1	14.0	11.4
P/BV	4.9	4.5	4.0	3.8	3.5	3.3	2.6	2.3
EV/Sales	3.0	1.9	1.8	1.9	1.8	1.6	1.3	1.2
EV/EBITDA	33.0	18.7	18.5	17.4	17.3	14.7	11.7	9.8
Return Ratios (%)								
RoE	0.5	10.4	11.4	9.7	9.7	10.5	11.9	12.7
RoCE (post-tax)	4.1	8.2	10.7	9.8	9.8	10.3	11.8	12.2
RoIC (post-tax)	3.9	9.0	10.7	10.6	10.4	11.3	12.8	13.1
Working Capital Ratios								
Fixed Asset Turnover (x)	1.1	1.8	1.8	1.6	1.6	1.6	1.6	1.7
Asset Turnover (x)	1.0	1.6	1.6	1.5	1.5	1.5	1.3	1.4
Inventory (Days)	83	101	72	94	94	85	82	80
Debtor (Days)	79	51	42	50	52	57	56	55
Payable (Days)	101	99	54	65	73	77	75	75

Consolidated - Cash flow statement (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before WC change	**5,346**	**8,590**	**8,519**	**9,248**	**9,109**	**10,059**	**12,862**	**15,312**
(Inc)/Dec in WC	2,554	-2,264	-994	-945	-508	191	-140	-8,416
Direct Taxes Paid	-137	-380	-864	-1,339	-973	-1,580	-1,686	-2,262
CF from Operations	**7,763**	**5,946**	**6,661**	**6,964**	**7,629**	**8,671**	**11,036**	**4,633**
(Inc)/Dec in FA	-1,159	-1,858	-2,043	-2,780	-5,351	-5,226	-14,455	-4,178
Free Cash Flow	**6,604**	**4,088**	**4,617**	**4,184**	**2,278**	**3,445**	**-3,419**	**456**
(Pur)/Sale of Investments	-	1	-183	-291	119	-1,120	-9,060	-
Others	348	644	872	302	197	278	4,219	-78
CF from Investments	**-811**	**-1,214**	**-1,354**	**-2,769**	**-5,035**	**-6,069**	**-19,295**	**-4,256**
Issue of Shares	2	56	33	2	21	74	6,090	-
Inc/(Dec) in Debt	-4,533	-2,427	-3,491	-799	499	646	9,151	-3,500
Interest Paid	-2,335	-1,679	-1,533	-1,508	-1,487	-1,470	-2,668	-2,399
Dividend Paid	-	-20	-40	-1,542	-1,300	-1,039	-1,224	-1,496
Others	-302	-320	-309	-342	-442	-491	5,100	586
CF from Fin. Activity	**-7,168**	**-4,389**	**-5,340**	**-4,189**	**-2,709**	**-2,280**	**16,448**	**-6,810**
Inc/Dec of Cash	**-216**	**343**	**-34**	**6**	**-116**	**322**	**8,189**	**-6,432**
Opening Balance	471	255	598	564	570	558	880	9,069
Adjustments (one time & Book OD)	16	-	4	3	110	7	99	99
Closing Balance	**271**	**598**	**568**	**573**	**564**	**887**	**9,168**	**2,735**

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SELL	< - 10%
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UNDER REVIEW	Rating may undergo a change
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