

Arvind Limited

May 15, 2026

Credit update

On May 06, 2026, vide disclosures to the stock exchanges, Arvind Limited (Arvind), announced that its wholly owned subsidiary, Arvind Advanced Materials Limited (AAML) acquired majority stake of ~61% in Dalco-GFT (Dalco) LLC, a US-based manufacturer of specialised needle-punched non-woven fabrics, for a consideration of US\$85.40 million, marks AAML's strategic entry into the US technical textiles market. The transaction is valued at an enterprise value of ~US\$136 million. Existing investors will continue to hold the remaining significant minority stake of ~39%, which AAML intends to acquire in a phased and structured manner in the next four years.

Acquisition consideration of US\$85.40 million, along with working capital-related debt of US\$25.00 million, is funded through total debt of US\$110.00 million. This comprises US\$60.00 million of debt raised at AAML and debt of US\$50.00 million at the Dalco level, a portion of which has been utilised to refinance Dalco's existing debt of ~US\$15.00 million.

Dalco has an operational track record of nearly four decades and it operates two manufacturing facilities in North Carolina and South Carolina, with an aggregate installed capacity of ~75 million pounds per annum. The company serves diversified end-use sectors including mobility, geotextiles, industrial applications, and flooring & furniture. In CY25 (CY refers to January 01 to December 31), Dalco reported revenues of ~US\$100 million, with profit before interest, lease rentals, depreciation and taxation (PBILD) margins exceeding 17% and a return on capital employed of over 40%. Dalco's customer profile is well-diversified, with contract tenures for its mobility segment typically ranging from 5-12 years, providing adequate revenue visibility.

With acquisition related debt of US\$110 million, Arvind's consolidated debt is likely to increase to ~₹3,000 crore compared to ₹2,065 crore as on March 31, 2025. Despite the short-term impact of increased net debt levels, given Arvind's steady margin profile and expected strong internal accrual generation, CARE Ratings Limited (CareEdge Ratings) does not expect any material deterioration in the company's credit profile on a sustained basis. Arvind's debt to PBILD on a consolidated basis is expected to remain below 3x. The management has indicated that the debt availed by AAML is expected to be deleveraged ahead of its three-year repayment tenure while debt at Dalco-GFT is self-liquidating over five years with its steady operating cash flow.

From a strategic standpoint, the acquisition is expected to strengthen AAML's technical textiles capabilities and expand its addressable market within the advanced materials segment. Dalco's established expertise in needle-punched non-woven fabrics is expected to facilitate technology and process knowledge transfer, enhancing AAML's product development and manufacturing capabilities. The transaction is also expected to improve Arvind's overall business risk profile, supported by Dalco's presence in a relatively high-margin segment with an established market position. The transaction is also expected to support procurement and supply-chain optimisation, thereby contributing to improved margins and better operating efficiencies in the medium term.

Please refer to the following link for previous press release (brief rationale) that captures key rating drivers with their detailed description and rating sensitivities: [Click here](#)

List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments ¹
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutual Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the rating notes subsequent to issuance(s), CARE Ratings Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: 91 22 6754 3404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Ranjan Sharma Senior Director CARE Ratings Limited Phone: +91-22-6754 3453 E-mail: Ranjan.sharma@careedge.in</p> <p>Krunal Pankajkumar Modi Director CARE Ratings Limited Phone: +91-79-4026 5614 E-mail: krunal.modi@careedge.in</p> <p>Akshay Dilipbhai Morbiya Assistant Director CARE Ratings Limited Phone: 079-4026 5619 E-mail: akshay.morbiya@careedge.in</p>
---	---

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2026, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information required as per applicable law and regulations and CARE Ratings Limited holds exclusive copyright over the same. Any reproduction, retransmission, modification, derivative works or use or reference to the contents, in whole, in part or in any form, is prohibited except with prior express written consent from CARE Ratings Limited.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**