

Globe Textiles (India) Limited reports strong H1 2024 financial performance



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Globe Textiles (India) Limited, a prominent name in the Indian textile industry, recently released its standalone financial performance for the first half of the financial year ending September 30, 2024. Despite facing industry-wide challenges, the company reported steady revenue growth, increased operational efficiency, and enhanced investor transparency, underscoring its resilient position in the textile market.

Financial Overview: Consistent Revenue Growth

The company demonstrated consistent revenue growth for the half-year ended 30th September 2024, with revenue from operations reaching INR 25,431.91 Lakhs, a robust increase of 8.32% compared to INR 23,478.67 Lakhs for the same period in the previous year. This growth was fuelled by strong market demand and enhanced operational output, highlighting the company's resilience and ability to capture a larger market share in a competitive landscape.

Additionally, other income rose to INR 36.20 Lakhs from INR 31.53 Lakhs in the previous period, indicating positive contributions from non-operational sources. Total income for the period, combining revenue from operations and other income, increased to INR 25,468.11 Lakhs from INR 23,510.20 Lakhs, showcasing steady top-line growth.

Key Highlights

- *Strong Revenue Growth: Revenue from operations increased by 8.32%, reaching INR 25,431.91 Lakhs for the half-year ended 30th September 2024, compared to INR 23,478.67 Lakhs in the same period of the previous year.*
- *Increased Profitability: Profit before tax rose significantly by 65.1% to INR 585.43 Lakhs, up from INR 354.48 Lakhs in the previous half-year period, indicating robust financial*

management and operational efficiencies.

- *Enhanced Earnings Per Share (EPS):* Basic and diluted EPS doubled to INR 0.16 for the half-year ended 30th September 2024, up from INR 0.09 in the same period last year, reflecting increased value for shareholders.
- *Improved Profit After Tax (PAT):* Profit after tax grew by 75.8% to INR 493.83 Lakhs, compared to INR 280.88 Lakhs in the corresponding half-year period of the previous year.
- *Sustained Total Comprehensive Income:* Total comprehensive income for the half-year stood at INR 496.06 Lakhs, representing a strong increase from INR 289.16 Lakhs in the previous half-year period.

Rising Expenses and Profitability

Total expenses for the half-year increased from INR 23,155.72 Lakhs in the previous year to INR 24,992.54 Lakhs in the current year, representing a 7.94% increase. Major components of expenses included:

- *Cost of Material Consumed:* The cost of materials saw a slight reduction, reaching INR 12,793.47 Lakhs compared to INR 13,410.97 Lakhs in the previous year. This reflects better material procurement and sourcing efficiencies, which helped offset cost pressures.
- *Purchase of Stock-in-Trade:* This expense component rose from INR 9,063.76 Lakhs to INR 10,974.27 Lakhs, reflecting higher procurement needs to support growing demand.
- *Employee Benefits Expense:* Slightly reduced to INR 992.81 Lakhs from INR 1,026.77 Lakhs, indicating controlled workforce-related costs while maintaining productivity.
- *Finance Costs and Depreciation:* Finance costs increased to INR 606.61 Lakhs from INR 550.36 Lakhs, reflecting a higher financing requirement possibly due to recent expansions or working capital needs. Depreciation and amortisation expenses were maintained with a slight increase to INR 142.44 Lakhs.

Profitability: Despite rising expenses, profitability improved substantially:

- *Profit before tax* increased by 65.1%, reaching INR 585.43 Lakhs compared to INR 354.48 Lakhs in the prior half-year.
- *Profit after tax* saw an impressive increase of 75.8% to INR 493.83 Lakhs, up from INR 280.88 Lakhs in the previous year. This growth in profitability reflects effective cost management, operational efficiency, and disciplined financial management.

Cash Flow Dynamics: Focused Investment and Financing

The company's cash flow dynamics during the half-year indicate a focused approach toward investment and financing activities:

- *Investments in Growth:* The increase in stock-in-trade purchases aligns with the company's commitment to scaling operations to meet rising demand. This investment in inventory will help ensure steady production and timely delivery, ultimately supporting revenue growth.
- *Increased Financing Costs:* The higher finance costs, which rose from INR 550.36 Lakhs to INR 606.61 Lakhs, suggest that the company may have undertaken additional borrowing to fund expansions or working capital needs. This investment in growth is likely intended to enhance operational capacity and meet market demand effectively.
- Although detailed cash flow information is not provided here, these elements suggest

that the company is strategically balancing its financing and investment needs to support both short-term operational goals and long-term growth.

Working Capital Optimisation

The company's working capital management is reflected in its inventory and procurement strategies:

- *Inventory Management: The changes in inventory of finished goods, work-in-progress, and stock-in-trade show a significant adjustment of INR (1,216.37) Lakhs compared to INR (1,701.22) Lakhs in the previous period. This suggests effective inventory control measures, reducing excess stock levels, which in turn helps free up working capital.*
- *Cost Efficiency: The decrease in the cost of material consumed, despite increased operational activity, reflects an optimised procurement strategy, likely through better supplier terms or volume discounts.*
- *Employee and Operational Expenses: Controlled employee benefits expenses and stable other expenses further indicate disciplined management of operational cash flow. By keeping these costs stable while driving revenue growth, the company has achieved improved profitability and overall efficiency in its working capital usage.*
- *These factors point to a well-managed working capital cycle, ensuring that the company maintains sufficient liquidity to support operational needs while minimising financing costs.*

Auditor's Review and Transparency

Independent auditor Dharmesh Parikh & Co LLP conducted a comprehensive review of Globe Textiles' financial disclosures in compliance with SEBI regulations. The review affirmed that Globe Textiles adhered to Indian Accounting Standards (Ind AS) without any material misstatements, enhancing the transparency and reliability of the company's reporting. This clean audit report strengthens investor confidence in the company's financial integrity and commitment to accurate reporting.

Globe Textiles (India) Limited has demonstrated resilience and strategic adaptability under economic pressures, ensuring consistent growth and operational efficiency. These results reflect the company's robust financial health and commitment to shareholder value, making it a stable player in the competitive textile sector.

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