"Arvind Limited

Q3 FY '26 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to the Arvind Limited Q3 FY '26 Earnings Conference Call. As a reminder, all participants lined will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone telephone. Please note that this conference is being recorded. I now hand over the call to Mr. Satya Prakash Mishra. Thank you, and over to you, sir.

Satya Mishra: Good afternoon, everyone, and a very warm welcome to Arvind Limited's earnings call for the quarter ended December 2025. The financial results for the quarter and related presentations were uploaded to our website. Hope you had time to go through it. Before we begin, let me introduce the leadership team with me.

Joining me today is Mr. Punit Lalbhai, our Vice Chairman; Mr. Jayesh Shah, Whole-Time Director and Group CFO; Mr. Gurpreet Singh Bhatia, CEO and President of AMD Business; and Mr. Nigam Shah, CFO of Arvind Limited. We will have the opening remarks by Punit, and then I'll take you through the financial performance, and then we'll go for questions.

I will now invite Punit to address you on the company's overall performance for the quarter and strategic path forward. Over to you.

Punit Lalbhai: Good afternoon, everyone. It's a pleasure to be here. Thank you for being on the call. If I were to sort of summarize the quarterly performance in a nutshell, I would say that the -- given the circumstances, we've had a reasonably good quarter. There was growth on both the textile front and the advanced material front despite a very challenging trade environment, lots of geopolitical disruptions, not just in the U.S., but also in South Asia and other parts of the world.

And I think the team has done a great job in driving or maintaining margins in the face of tariff-related discounts by good cost-saving initiatives. And of course, macroeconomic conditions of the dollar, etc., have been favorable. So overall, we've been able to deliver a strong result. I think the outlook is similarly cautiously optimistic. We have good demand.

So we should be able to continue the trajectory of the path that we are on currently. And we expect that the quarter 4 performance will be similar to quarter 3. In terms of the challenges and opportunities, the challenge remains that we see this geopolitical volatility continuing. I think on the opportunity side, both the U.K. and now very importantly, the EU FTAs, are sort of at least have been ratified, and there will be now, of course, a process of getting all the approvals at various levels of government on both sides.

So sometime in the not-too-distant future, we should have duty-free access to this very important part of the world. And this will be a huge fillip for the entire apparel industry in India, but also for Arvind because today, it's one of the underrepresented segments in our overall portfolio, and there's great headroom to grow. And over the last 6 to 12 months, we've been having conversations with the relevant customers to increase our presence in these markets. So, we are looking forward to some growth there.

And that will go a long way in derisking some of our U.S. dependency. So, that's on the opportunity side as far as textiles and apparel goes. And on the Advanced Materials side, we see enough momentum in the business to continue our 18% to 20% growth aspiration going forward. I think one other important update to give everyone is that our S&P 500 ESG score has been received for the last period. And there, I'm happy to share that we have improved from 68 to 73, which puts us sixth in the world out of 176 participants ranked, and it puts us ahead of 97% of the participants.

And we are second in India. ESG is also a very important factor for our Europe-based customers. So, it dovetails well with the FDA coming in, and it will help us go a long way. And we are, of course, committed beyond an ESG score to achieving best-in-class performance on all things ESG.

So with that, I close my general update. I'll see you again in the question-and-answer session, and I request Satya to take you through the details of the quarter.

Satya Mishra: Thank you, Punit. Let me share the key operational and financial highlights for the quarter. Our denim fabric volumes stood at 13.9 million meters, reflecting a growth of 16%, primarily driven by higher verticalization. Woven fabric volume came in at 36.7 million meters, marking a growth of 5%. In Garmenting, we have delivered our second consecutive quarter of 10 million pieces of full garment, representing 11% increase year-on-year.

Coming to AMD division's performance, like Punit mentioned, as we have already guided and always guided, our growth aspiration for the Advanced Materials division remains at over 20% on a CAGR basis. However, this trajectory will naturally see some quarterly variability due to factors such as industry cycles and the competitive dynamics.

Accordingly, it would be more appropriate to assess performance over a longer period of time rather than just expect uniform 20% growth every quarter, as illustrated by the current quarter results. The division has reported revenue and EBITDA growth of 32% and 36% on account of a stellar performance across its subsegments. Revenue for the quarter stood at INR2,373 crores, up 14% on a quarterly basis.

EBITDA for the same period stood at INR286 crores, up 15%, achieved its first milestone of crossing 12% in terms of margin. This is the highest ever revenue and EBITDA reported by the company on a quarterly basis. Profit after tax before exceptional items stood at INR125 crores, reflecting a robust 17% year-on-year growth. Higher volumes and timely management action on costs helped us partially offset the tariff impact. Excluding the tariff-related headwinds, our reported margins would have crossed a predesignated trajectory of 13%, which remains fully aligned with our medium-term guidance.

Textile division achieved a revenue of INR1,717 crores, up 9% with an EBITDA of INR193 crores at a margin of 11.2%. Garmenting division revenue at INR493 crores, up 23%, backed by favorable product mix and better realization. AMD reported its highest ever quarterly revenue of INR496 crores, just short of INR500 crores, and EBITDA during the period reached INR77 crores, a growth of 36%. AMD EBITDA margin reached 15.5%, again on account of higher growth in more profitable segments and favorable operating leverage. Return on capital during the same period improved by 150 basis points to reach 16%.

This number is 19% if we adjust the EBIT to normalized levels, excluding one-offs and excluding the CWIP and capital employed. The company has spent about INR348 crores in various growth capex projects in the first 9 months of FY '26. Coming on to the capital management, I'm pleased to share that our disciplined approach over the last several years have yielded another positive outcome.

Arvind Advanced Materials Limited, the entity housing our AMD business, has been rated AA rating with a stable outlook by India Ratings. This is the highest rating achieved by an entity within the group and stands one notch above the rating of the parent company, Arvind Limited.

This development underscores the strength of our business model, cash flows and financial discipline. Our consolidated net debt remains stable and broadly in line with March 2025 levels. Our ability to remain agile, responsive and customer alignment has allowed us to navigate these uncertain times while continuing to deliver on our long-standing commitment on growth and value creation.

We continue to adapt to this changing landscape and our performance over the past few quarters reflect the strength of this approach, guided by our long-standing values of partnership, discipline and responsible decision-making. We remain focused on navigating volatility while consistently creating long-term value for our stakeholders. With this, I request the operator to open the line for questions.

Moderator: Thank you very much. The first question is from the line of Ronak Shah from Equirus Securities Private Limited.

Ronak Shah: So sir, my first question is regarding the Denim and Woven segment. So in last few odd quarters, we have seen that denim exports and woven domestic business is continuously witnessing a double-digit sort of volume growth. So, what is driving this sort of growth and how sustainable it is in near to midterm?

Punit Lalbhai: So, I think this reflects 2 things. One, on the denim side, it reflects the full capacity utilization. For the first time in a long time, we have reached absolute full capacity utilization. So, I think if we are able to maintain this level of growth, it will be on volume. If we are able to maintain this volume over the long-term, I think that's a good objective to take.

In terms of wovens, there is an impact also of product mix that keeps improving every year. So, some growth comes in terms of growth in realization. Though, of course, if you look at realization, it is reasonably flat. That is because of then cotton price adjustments as well. So, if you are correcting for raw material cost adjustment, I think our product mix in wovens has improved.

And I think in both segments, we should continue the product mix improvement journey going forward. But the capacity, of course, is finite. And once you hit 100% capacity, we are not aggressively investing in the fabric side of the business. We are only investing in innovationbased or differentiation-based capex, and some debottlenecking capexes. I think the growth we should look at is vertical growth.

And I think the ability to fully utilize our denim fabric capacity has come because we have expanded our garment capacity in denim. And that also reflects in the higher top line compared to last quarter or last few quarters, you will see an uptick in overall sales value of the garment piece, and that is coming because of a higher proportion of denim garments, which are higher FOB. So, I think the future growth should be seen vertically rather than thinking fabric and garment separate.

Ronak Shah: Got it. So just to read through this, we can expect some moderation into the volume growth, especially in these 2 subsegments, but your garment team will continue to clock in double-digit sort of growth. Is the understanding correct?

Punit Lalbhai: Yes, broadly correct.

Ronak Shah: Noted, sir. Sir, my second question is follow-up to this. So this quarter, we have seen a decent sort of realization growth in your garmenting. So, as you highlighted, this is just because of the product mix? Or is there something different?

Punit Lalbhai: Yes. It's product mix. It's mainly product mix. There's another trend at play. We've produced more than we sold. So, I think quarter 4 you will see the impact of that. So, I think now we will see volume growth also going forward. Plus, I think the segment that has grown the fastest is Denim. So, then it will stabilize at once we achieve the full utilization of denim and we are close to now full utilization of our denim expansion. There is still some upside left, after which we will become more steady state in terms of the product mix-related growth. But the volume-related growth will keep continuing as new factories come online.

Ronak Shah: Noted, sir. Sir, my second question is on AMD. So though sir has highlighted that the 20% sort of CAGR will be possible in near to long-term, but this quarter, is there any one-off because this is something extraordinary in terms of the growth rate?

Punit Lalbhai: No. So see, there are parts of this project business. So, we had almost no defense orders for the first 2 quarters. A chunk of defense orders came in, in quarter 2. We had some good orders in the industrial and in composites, which were also chunky.

And that's why we've seen this growth. But I think overall, it's good to, in our mind, think that it will be around 18% to 20% if you look a few quarters on average. And it will be this 14% to 15% EBITDA. We've had some very profitable orders in Q3. So we have exceeded that 15% mark on EBITDA as well. But I think for long-term consistent growth over many quarters, we should consider 18% to 20% and 14% to 15% EBITDA. That should be the thumb rule and some quarters will be below that, some quarters will be better than that.

Ronak Shah: Got it. And sir, last question regarding the recent talks. So, yarn side disruptions are getting red flag into Bangladesh. So, what can be the incremental opportunity does this create for the Indian market? And how are we positioned to benefit from this?

Punit Lalbhai: So, it is both an opportunity and a risk. I think a destabilized Bangladesh is a risk, more a risk than an opportunity for us because still our garment business is still relatively small compared to our fabric portfolio. Bangladesh is today our end market for our fabrics. So, if there is disruption in the Bangladesh market for whatever reason, it's not a great news for us. We want a stable Bangladesh. But that said, our business model is quite resilient.

Over the last couple of years, we have reduced our dependency on Bangladesh. And now almost all of our export denim used to go to Bangladesh. Now, it's fairly better distributed. Bangladesh is still important, but there are newer geographies where our denim is going. So, to that extent, we are taking steps and have taken steps to reduce our dependence there.

On the opportunity side, if it's only yarn that gets tariffed or taxed, then it's an opportunity because we are a net buyer of yarn. We create some softness in price, and we should get advantage because of that. But these are all gains or losses on the margin. Our overall business model is quite resilient to all sorts of scenarios.

Moderator: The next question is from the line of Prerna from Elara Securities.

Prerna: Congratulations on good set of numbers, sir. A few questions on macro. Just wanted to understand what is the progress on U.K. FTA? How are we leveraging the opportunity meanwhile till the time it gets operational?

Punit Lalbhai: So I think the second question is the question that I will answer in detail. I mean, on the first part of the question, I think it's still in the process. And I mean we can get back to you. Our corporate affairs team will know exactly where the process has progressed to, which we'll get back to you on, but it's in process. And generally, these things take time.

All the previous FTAs also have taken upwards of 1 year to go from signing to being implemented. So, it is somewhere in that phase, and we'll get back to you on our opinion on that in writing. On the efforts, we are actually focused a lot on strengthening the teams. We are hiring and we are reallocating teams to these 2 new regions.

And it's not just the U.K. now. With EU, I think it's a really big deal for our industry. All our competition has had duty-free access to both these geographies. And now suddenly, we'll be on the level playing field from them. All countries, all customers are worried about overdependence on Bangladesh.

And add to it all this instability, an election cycle coming up, conflict in the neighborhood, India suddenly starts looking much more attractive. So, I think from a directional point of view, this is a big deal, both these FTAs being in place, the government has done a great job in fast forwarding this process.

And we can look forward to some good growth as an industry in both these regions. But what are we doing? We are having conversations with customers, and we are reallocating a lot of internal marketing resources and sales resources to focus on these geographies so that we can build the pipeline before the implementation of the duty-free tariff.

Prerna: Understood. Sir, second question on denim. You have been able to utilize your capacity to the fullest in the last 2 to 3 quarters. Given the opportunity coming in garmenting with the FTAs getting signed, do you think you will be allocating some expansion in denim or woven fabric also to expand capacity to support garment sales?

Punit Lalbhai: There is a huge amount of capacity available in the country and in the world. So, as we grow garmenting, we should tie up more and more capacities. And we will only invest if it's something that is unique in terms of capability or unique in terms of IP. So, we don't want to grow our fabric footprint beyond a certain point because we have a lot of work to do on growing the garment footprint. And we'd like to focus our financial and execution resources on a more robust vertical journey.

And even at this current level, we are sub-20% verticalization or just about approaching 20% now. So, if we have $1 to invest, it should be invested in garmenting because garmenting is so much easier to sell and all the customers want a vertical offering rather than selling fabric.

And the big opportunities in U.K. and EU, that whole market works on full package. Nobody buys fabric in EU and U.K. They only buy full package garments. So, we have a lot of work to do in potentially growing up our garment. So, if I have $1 to invest, I'll invest it in garmenting. And fabric, I can get from various places. There are so many good suppliers who can supply fabric.

Prerna: Understood, sir. Sir, now coming to garmenting, how has been the progress on improvement in margins in the garmenting? And what are your plans with respect to product expansions, like any new categories that you're planning to get into because are these markets commanding a newer product category as well apart from your existing categories? Some color on that would really help.

Punit Lalbhai: So right now, I think our focus is on getting deeper in the categories that we have already opened. We have denim and knits, which are the 2 areas that are going to experience the most growth. We also have shirts, but it's easier to sell fabric in woven than any other place. So that would be expansion there would be Phase 2. And then Phase 3 are the more aspirational categories of, say, activewear, where we started a small facility, but there, we have a lot of learning and the market is starting from a smaller sort of addressable size than the other segments for us.

So activewear and womenswear would be Phase 3. But right now, we have a lot of work to do in Phase 1, which is growing denim and knits jersey, which is where the capacity expansions have been invested and are currently being invested.

Prerna: Understood. And sir, last question for AMD. Superb growth in the quarter. Could you just help me understand what the split between domestic and export market in this growth?

Punit Lalbhai: We are at our usual, I think, 65-35 sort of mix in favor of exports. So, not too different from previous quarters.

Moderator: The next question is from the line of Vishal Mehta from IIFL Capital.

Vishal Mehta: Congratulations on a very strong set of numbers on all fronts. My first question would be on tariff-related discount impact. Last quarter we called out this impact to be around INR20 crores, INR23-crores. This quarter, we are calling out a similar impact in terms of quantification. While last quarter was only partially impacted probably 1, 1.5 months, this quarter we have a full impact. So, why is there not increase? Have we scaled back our discounting? Or am I missing something there, if you can throw some colors?

Punit Lalbhai: So I think most of the discounts got baked in fully. We were expecting perhaps we might have to pass on something extra this quarter, but it's now settled at this level. And it will go a little bit up and down based on how the demand is sort of coming around and what level of patience the end consumer has. So U.S., where we are still quite dependent directly with around 20% of our business on fabric, is where we can see some changes or not. So there is a lot of uncertainty around what exact tariff number will be looking forward.

So that number is always a placeholder. Plus the product cycles change. So once new products come in, then there is an online bidding process that brands have resorted to. So instead of tariff, where there is a benchmark you can ask for a discount. Where a new product is coming in for the first time, you don't have a benchmark.

So, then you try and discover the lowest priced product. So, there's a lot of these things going on. So, I would say this level of tariff, unless something changes or demand switches happen, we can expect good conservative assumption can be that it will be similar going forward, till some trade deal happens with the U.S.

Vishal Mehta: Okay. So, INR25 crores run rate for the quarter?

Punit Lalbhai: I would think so. I mean it can go up and down a little bit, but I mean, not significantly.

Vishal Mehta: Got it. Sure, sure. Second question would be just a clarification on how are we placed on our garmenting expansions now that we also have EU FTA in our bag. It's still early days, but if you can give us some ideas about how you're thinking about the expansions? And what is our current nameplate garmenting capacity, any third-party capacity that is available for garmenting?

Punit Lalbhai: So, we do use third-party very judiciously because see, the compliance in our industry is a very important factor. And we have created 55 million type of capacity, and that is moving towards the direction of 60 million, which we should complete over the next financial year. That was the original plan. And I think the limitation is execution capability over and above rather than demand. I think demand is not an issue in garmenting at all.

And if we are able to demonstrate good confidence in our execution, then in the context of EU, we can start to press the accelerator perhaps in the second half of next year. And until then, I would like to focus on this journey and ensure that we are doing a good job in reaching where we've committed to reach.

Vishal Mehta: Sure. And we have all the enabling resources in terms of land availability, etc. So, no worry.?

Punit Lalbhai: Yes, yes. Also, there are a couple of big factories that will come on stream. There is automation happening at the old factories. So, we don't need to actually increase the footprint too much beyond the places where we've already begun. We have a Varanasi factory coming up.

We have a Bangalore facility that came up last year, which now is scaling up to full potential. And then we have automation in 3 of our existing facilities ongoing as we speak. So, all this growth is going to come in this footprint only.

Moderator: The next question is from the line of Surya from Sunidhi Securities.

Surya: So, most of the questions are answered. So, one question actually just to your reply to one of the person that the worst condition of Bangladesh will be not good for India.

Punit Lalbhai: No, no. That is a misunderstanding. In the short-term, disruption in Bangladesh is not good for Arvind. For India, it is a huge opportunity. And I'm a patriot. So, I want India to grow. And I don't want Bangladesh to suffer also, but it's the short-term because we have a high Bangladesh dependency today. Any disruption there can be a negative, right?

That's the limited point I was trying to make. And it could be an opportunity on the yarn side because yarn prices will go down, but that's not good for India, because we have a lot of yarn capacity that has come up in India.

So sometimes what is good for the whole industry and what is good for an individual player is not the same thing. But in the long-term, it is good for everybody that India develops its own garmenting capacity. So, we have to take market share from all our neighbors. And we have been punching under our weight as an industry in the garment field, and we have to grow aggressively. And I think now the government has done everything in its power to help us.

Now the ball is in the industry's court, and we have to bat on the front foot and become a world force in garmenting and not being competition with Bangladesh, but our own very impressive journey that can be much larger than what Bangladesh is today.

Surya: But if you see the yarn, for example, those are actually established with a view that we should be serving external markets and particularly Bangladesh and other countries, majorly Bangladesh. But in this context, when Bangladesh is facing it, don't you think India should be thinking more involved and because the minister is saying that India can capture the Bangladesh position very quickly.

If that was the case, then we should be developing more facilities in the RMG segments rather than thinking of, again, external supply chain issues, like yarn should be supplied and more yarn things should be coming up rather than RMG. But in the RMG, if you see in the listed space, Adult segment is hardly around 500 million.

Punit Lalbhai: I completely agree with you that we should be doing the best to grow our garmenting industry. And if we are successful in doing that, then we will not need to sell yarn to Bangladesh, we can sell yarn to our own garment units and our own fabric units.

And I think the only question is that it takes time to set up all these capacities at that scale. So, in the short-term, there is already a dependency. I think in the long-term what you're saying is exactly what our government wants and what our industry should be working for.

Surya: But sir, the industry and the government are not at all in the same pace, what we are doing.

Punit Lalbhai: No, I don't think so. I think the government is doing a very good job. I have a view that they are PM MITRA Park is coming. We are constantly improving on all reforms. Our labor laws have undergone a great change from the very restrictive labor laws in the past.

We have great policies at the state level to encourage investment. And now we have FTAs. What else can the government do?

Surya: No. If you see the given the productivity difference between the Bangladesh and India to the tune of 50% labor productivity,

Punit Lalbhai: No. I think there is no difference in labor productivity. We only have an absenteeism, attrition and availability problem where our government sectors are. I think with PM MITRA Park, with automation, with digitization, I don't think Indian productivity is second to any in the world, if done right. I think it is up to our industry to solve those problems and those solutions exist.

Surya: But sir, if you see in the industry, hardly around 500 million pieces of adult garment pieces, let's say, around 300 million to 400 million pieces of kids wear are there. But it is not growing and the individual companies are also dithering to expand. Even in our case also, we are actually trying to build up the capacity by 5 million or 10 million pieces per year, not beyond that?

So, how do you think that India will be able to cope up with the demand that is emerging out of the current situation when EU FTA things will be settled maybe after 1 year, EU and U.K.? But in that case, again, another point is that the way the European Unions consider Bangladesh as underdeveloped countries and still they are ready to extend some sort of concessions?

So, I mean, don't you think that the industry is thinking something or, let's say, expecting some benefits from the government which is not available in terms of maybe in the wage side or labor side. So that is what actually hindering the progress of building up the capacity in the RMG?

Punit Lalbhai: No, no. It's just we have to focus more as an industry. It's just that our textile industry because of historical factors has invested in the upstream. And this change takes some time, but I'm sure that in the medium term, we'll catch up. So, this is my view on it.

Moderator: The next question is from the line of Akshay Chheda from Canara.

Akshay Chheda: I mean, congratulations on a great set of numbers in a challenging environment. Sir, just one question. This is more from the AMD perspective. Sir, is it possible for you to break the AMD performance into, say, what was our underlying volume growth? What was the currency-led benefit that was there? And what was the benefit because of the favorable product mix, if you could break it up, sir?

Punit Lalbhai: That's a very complex answer to give on a call. Satya can, I think, send you that detail offline, right? I mean, I don't have the number part, it's a very sort of involved question that you've asked.

Moderator: The next question is from the line of Rajat from Kizuna Wealth.

Rajat: Congratulation on a good set of numbers. Sir, my first question is on debt level. What's your outlook on the debt level going forward? Because currently the total debt is around INR1,200 crores to INR1,300 crores. And do you expect this trajectory to broadly sustain? Or is there any scope for further reduction in leverage over the medium-term?

Punit Lalbhai: See, we are very comfortable on leverage. So, we are not worried about this level of leverage. And I think we have enough cash flow to finance our growth without increasing the leverage ratio from this level onwards. So, we don't want to sacrifice growth to further reduce leverage, nor do we want to take more leverage and increase risk. So, I think we are at the ideal mix and this ratio should continue, and we should be able to manage all our growth ambitions, keeping this ratio intact.

Rajat: Okay. And sir, my second question is on working capital. What's your current working capital requirement as a percent of sales? And assuming if your top line will be around INR10,000 crores to INR12,000 crores, then what level of working capital will be required? And how do you plan to fund this requirement?

Punit Lalbhai: So, we have to think about working capital turns, and we are at just above 6x turns, which is a good level of working capital turns in the business, and that will continue. So, to that extent, the ratio of leverage will remain the same, right, with the earning power provided our margins are broadly intact.

Moderator: The next question is from the line of Bimal Sampat. Please go ahead.

Bimal Sampat: So, just I was talking on the breakup of our fabric sale, how much is exported directly? How much is domestic B2B? And how much is domestic B2C? Now we have tied up with this Killer also.

Punit Lalbhai: So, that would still be domestic B2B. So, broadly in our fabric business, it is slightly in favor of exports, but there is a domestic component as well. And out of the domestic components, about INR1,000 crores of fabric and a little bit of Arvind branded ready-made, which happens in Arvind store, is part of that INR1,000 crores kind of revenue. So, B2C is about INR1,000 crores now, which is our sale to over-the-counter fabric suppliers, our own Arvind store and little bit online.

Bimal Sampat: Okay. And how much is Arvind store?

Punit Lalbhai: It is about INR30 crores to INR40 crores a quarter.

Bimal Sampat: Okay. So about INR120 crores, INR150 crores per year?

Punit Lalbhai: Yes, but that is primary sale, right? The secondary sale will be higher because that is booked by the franchisee.

Bimal Sampat: Converted to garment?

Punit Lalbhai: It's -- No, it is booked by the franchisee.

Bimal Sampat: Okay. And second thing is intersegment is only INR92 crores, correct? So, in this quarter out of INR1,100 crores of fabric what we are making, only INR92 crores is used for our own consumption. So garmenting, there is a big scope to grow it. What is your view on that?

Punit Lalbhai: Yes. That is exactly why we are restricting our investment in fabric and increasing our investment in garment.

Bimal Sampat: So, only 10% -- less than 10% is being used in-house now? Around 10%?

Punit Lalbhai: In terms of volume, it will be higher. And there are segments where it is a fabric first business, and it will remain a fabric first business. So, we have to get to higher utilizations in specifically 2 segments, which are Denim and Knits, where the customer requires more verticality. And it is difficult to sell just fabric.

Whereas in woven, we have no urgency to increase garmenting because we have lot of virtual vertical partners where we go together to the end consumer, and we have deep relationships with such people in Bangladesh, in Sri Lanka, some in Indonesia, now starting in Africa and some in India also.

So, we have those virtual verticals in place in the Wovens division. So, the urgency to start our own garmenting there is not there. So that will always be a low vertical integration. In knits, we have already touched close to 50%. And that number has to go up. And in denim, we are approaching that 20% mark.

Bimal Sampat: Okay. And capex for FY '27, is you had indicated around INR400 crores, INR500 crores a year. Are we still on track?

Punit Lalbhai: You should consider INR400-ish plus/minus INR50 crores, I think, maybe plus INR50 crores if things are going well.

Moderator: As there are no further questions from the participants, I now hand over the conference to Mr. Satya Prakash for closing comments.

Satya Mishra: Thank you once again, everyone, for joining the call today. We trust most of your questions are addressed. And should you need any more assistance or any more explanations on the results today, please feel free to reach out to me and my colleague, Himanshu. We are just a phone call or a e-mail away. We look forward to engaging with you in our upcoming engagement efforts. Thank you, and wish you a pleasant day ahead.

Moderator: Thank you. On behalf of Arvind Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.