"Arvind Limited Q2 FY24 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to the Arvind Limited Q2 FY24 Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal the operator by pressing '*' then '0' on your touchtone phone.

I now hand the conference over to Mr. Samir Agarwal. Thank you and over to you, Sir.

Samir Agrawal: Thank you. Good afternoon and thank you all for participating in today's call to discuss the 2nd Quarter Results of Arvind Limited for the Financial Year FY2024.

Joining me today is Mr. Punit Lalbhai – Vice Chairman of Arvind Limited and Executive Director on the board, Mr. Jayesh Shah – Group CFO and Executive Director, Mr. Nigam Shah – who is CFO (Designate), our Head of Investor Relations – Mr. Satya Prakash Mishra.

Before I get into the Results and read those out, I will just take a couple of minutes to share the observations we are having on the macro environments that are relevant for our businesses.

Consumer demand and key markets like the US, UK, Europe continue to be tepid given high interest rates, food and energy prices. Continuing war in Europe and new uncertainties in the Middle East threatened to put additional pressure on the situation.

On the good side, in parallel, though, the inventory correction cycle, which was playing out for the last 2-3 quarters seems to have tapered off and our customers have begun fresh buying discussions. Although they are going to buy in small lots and closer to the actual demand, but those discussions have resumed.

As far as domestic markets are concerned, as we have been sharing the first half of the year was quite muted in terms of the consumer demand because of the overbought situation from the last year and hence the H1 Results and H1 market environment were also soft.

As we opened this quarter in the initial few days of October, there seems to be some resumption in consumer demand and buying and like-to-like growth has assumed. Specifically for premium and mass premium segments in the market, things are looking up.

Cotton and other input prices continue to be range bound and are not expected to show any sharp changes in the near future.

Coming to our Q2 Results:

The revenues were Rs. 1922 crores which was up 4% compared to Q1 on a sequential basis. Excluding other income, EBITDA stood at Rs. 206 crores, which translates into an overall operating margin of 10.7%. Profit after tax was reported at Rs. 79 crores.

Textile volumes, especially in export markets, were on the whole stable during the quarter. Denim clocked 13 millimeters and woven delivered 29.4 millimeters. Garment volumes also improved slightly on a sequential basis compared to the previous quarter, stood at 7.6 million pieces.

Overall, in terms of revenues, the textile segment reported Rs. 1455 crores which was 3% higher than the corresponding Q1 numbers. Textile margins improved to 11% for Q2. AMD continues to deliver the volume growth was recorded at (+20%), although when closely to revenue we reported 13% because prices have to come down in tandem with the input RM costs coming down and revenues stood at Rs. 354 crores for the quarter. EBITDA margins improved to 15.7% as a result of input costs and growing size giving operating leverage.

Looking ahead for the rest of the financial year, we expect textile volumes to start seeing significant improvement from Q4 as a result of China Plus One and increased requirements around sustainability with traceable solutions.

Domestic markets are also expected to remain strong and build upon the ongoing festival season momentum. We continue our trajectory of reducing long-term debt and have repaid Rs. 49 crores in Q2. Overall, net debt stood at Rs 1333 crores at the quarter end.

This concludes my opening remarks. Before we open this up for questions, I would request Punit Bhai to share his perspective on the market and our outlook forward.

Punit Lalbhai: Good afternoon, everyone. Welcome to the call. Pleasure to interact with all of you today.

I think given the difficult environment in which the textile industry is currently operating, we can say that this is a decent result and according to our expectations. We had maintained earlier that Q2 should be slightly better than Q1, which we have achieved.

I think Samir has already mentioned in quite some detail the market scenario. What I would like to say is that we are continuing with our efforts to on the strategic side to unlock operating efficiency in the overall business, which is starting to show in the operating margin. We are focused on growing AMD as fast as we can and we are on track to maintain that growth level over the medium-term where we aim to grow at (+20%) and we are focusing our effort to become better at our vertical business on the garment side, where in H2 we should see an uptick in volumes.

The main headwind right now is demand across the world because of all the reasons that Samir mentioned, and we are investing and working very hard to compensate for the difficult environment by investing in innovation, by investing in technology, by investing in people. So, we are on track with all those plans.

So, that is the general commentary and now open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nisarg Vakharia from NV Alpha Fund management. Please go ahead.

Nisarg Vakharia: Congrats on your continued strength in the AMD business. Just wanted to understand from you on the developments now that we have on the Garmenting side because we have seen a couple of Indian companies scale up their operations quite well at stable margins, so just wanted to get your sense on what are the margins today in the Garmenting business and what is your outlook over the next 3-4 quarters on that business.

Jayesh Shah: So, on the Garmenting side, still our demand is in a challenging environment, so we are not yet at 100% capacity. So, our scale in Garmenting is going to improve going forward and that should lead to an uptick in the margin. We are currently in the single digit. Overall, in Garments we should be in the high single digits, and our attempt is that in a few quarters we should be able to get into double digits. So, that is the sort of transition that we are all working very hard towards and in order to do that, one is of course filling up our capacities to amortize all the fixed cost. That is the highest effort that is going on now. Parallely, our investment cycle has also kicked in and our first priority for our investment is to automate the existing plans so that we can have more throughput for the same amount of cost. So, over a period of time once this cycle is complete, we should see some improvement coming from those initiatives as well.

Nisarg Vakharia: When you say high single digit margin, does it include the fact that we source the fabric inhouse or it is at an arms' length basis?

Jayesh Shah: It is at the arm's length basis.

Nisarg Vakharia: So, high single digit margin is good, that is what generally most Garmenting companies do. Do you have a certain anchor customer because generally we have seen typically a lot of these Garmenting companies either have one core expertise of either making jackets or they have one anchor customer who drives the margins for them going forward. Do you want to comment something on those lines?

Jayesh Shah: If you look at the way our Garmenting is structured, we look at it as a way to make our entire textile business more strategic to our customers and therefore, we focus on verticality. So, our business is focused on Denim, Knits, and Wovens and we are vertical in each of those segments. So, we will have a set of customers for Denim, we will have a set of customers for Wovens, we will have a set of customers for Knits, and you are right that three or four anchor customers will make up 80% of the demand. So, we have those for each of these segments.

Moderator: Thank you. We take the next question from the line of Bajrang Bafna from Sunidhi Securities. Please go ahead.

Bajrang Bafna: Congratulations for the decent set of numbers to the entire management that we have been able to deliver Q2 better than Q1. So, sir, my first question is pertaining to in the opening remarks, Samir has talked about traceability solutions, that is something that is going to come out from Q4 and where we will be having significant edge and can see significant growth. So, just to get some sense that we guided in our last concall that second-half is going to be better than first half and how do we see this Q3, in line with Q2 whether Q3 is going to be a little better than Q2 because festive season is there and then of course the Q4 side and my second question is pertaining to you have also talked about in your notes that the subsidiary structure is getting simplified, which we requested in the last call. So, some progress on that in some detail will be really helpful. That is all from my side, Sir. Thank you.

Jayesh Shah: Thank you for the question. So, I think when Samir was talking about traceability, he was talking about it in the overall context of sustainability. Where we are making rapid progress, our hybrid solar wind project has kicked in which has taken our renewable component of energy to almost 47% to 49%, which is quite significant. We are investing in a special boiler in partnership with one of our major customers to make our entire Denim operations coal-free. We of course work with almost 100,000 farmers to grow sustainable cotton where a significant amount of the supply chain carbon footprint comes from so that is a major carbon mitigation exercise that we are doing. And in continuation with that we provide the possibility of having traceability across this entire supply chain, especially tracing it back to the farm is an area that we overall with what is happening in China forced labor and all of that, that remains to be that remains worry for a lot of the customers. And the fact that we have solutions that are able to provide traceability in a transparent manner helps add credibility to our sustainability performance. So, we are already high on sustainability performance. We are continuing to invest in that area and maintain that leadership and traceability is one of the things that allows this leadership to be viewed as transparent by all parties involved, so I hope that answers the question around sustainability and traceability. In terms of Q3 your question of whether Q3 will be better than Q1, yes, there will be a gradual improvement as we go sequentially. So, Q3 will be better than Q2 and the second question of yours was around subsidiaries, which I would request Jyesh Bhai to answer.

Jayesh Shah: There were certain special purpose companies that were incorporated for the purpose of several initiatives and joint ventures. Some of them were of no immediate interest so we are trying to align all of that so that the structure becomes simple. The idea is to reduce subsidiaries to a bare minimum unless there is a strategic reason, we would not want to have a subsidiary. So, over a period of time, that is what we are trying to achieve.

Bajrang Bafna: By when we can expect this to be a little simplified, maybe in the next 12 months kind of time frame?

Jayesh Shah: It is a gradual legal process, so our effort is wherever as soon as we can in terms of tax and other issues, we are examining all of that and you will keep hearing that it is being simplified as the time progress. I would not say 12 months, maybe couple of years it should become very simple.

Moderator: Thank you. The next question is from the line of Biplab from Antique Stock Broking. Please go ahead.

Biplab: Sir my first question is on the capacity currently, what would be the effective capacity in Denim, woven and garment?

Jayesh Shah: In capacity, we are currently utilizing it at to the extent of about 80%. As far as Garments are concerned the overall full essential business where we make Innerwear, which is a very large quantity. So, we do not count that in our capacity, but our full garment is around 40 to 42 million. We are currently at about 75% utilization.

Biplab: Sir Woven.

Jayesh Shah: Woven is at about 130 million and we are very close to that utilization and the denim is around 80%.

Biplab: 80% is the capacity utilization. So, if it is around 60 million, that capacity is around 60 to 63 million.

Jayesh Shah: 60 million.

Biplab: The second question because what you are doing in AMD is continuously growing more than 20%, margin is more than 15%, EBITDA margin. So, my understanding is that you are doing CAPEX on this around 240 crores. Has CAPEX started Sir?

Nigam Shah: Yes. So, what we have said is across the company, we will spend 600 crores across two years that broadly will be in track.

Jayesh Shah: It is about 1/3rd of that should go to AMD.

Biplab: And Sir, what would be typically the PAT margin for AMD and the rest of the textile?

Jayesh Shah: Basically, both would be very similar in terms of PAT percentages. Our AMD would be slightly higher because CAPEX so far has been lower, but the overall PAT margin will be couple of percentage is higher for AMD compared to overall number and for textile it will be 1% less than what is being reported as overall number.

Biplab: So, it would be something 7%, 6% for AMD and 4% or 5% for Textile.

Jayesh Shah: 8% to 9% for AMD.

Moderator: The next question is from the line of Vikas from Equirus. Please go ahead.

Vikas: My first question is with respect to our commentary in the outlook section. While I do understand that the cotton prices if I see it has largely stabilized at around 68,000 per candy but our commentary suggests that we expect further drop in the realizations across segments. Can you please drop some light there as to why do we expect a further drop in the realizations going ahead.

Jayesh Shah: I think the further drop in realization is vis-a-vis YoY numbers but are not sequential so maybe it is slightly confusing, but the idea is to say that last year Q3 compared to that, the commodity prices have fallen and as a result you will see a dip in the realization.

Vikas: Sure sir. So, secondly you just said about the CAPEX of 600 crores, would you highlight means how much CAPEX we have already incurred out of that and in which segment typically. Is the AMD segment in which the first one that is happening?

Jayesh Shah: I think, uh, I think it is a combination of all the segments where we are investing there. Of course, AMD is a high priority for us, we are also, as Punit mentioned earlier, we are also investing in automation of Garments because that is another high priority for us. Processing is another area where we keep adding certain machines to improve product mix or to offer better service to our customers. We are on track to invest this 600 over the 2 years. We would have committed almost more like 250-odd crores so far not fully cashed out but committed that much and we would be committing more in some quarters to come.

Vikas: My one question is with respect to our AMD margins, while for the last 1Q as well as 2Q, we have been saying that there is a benefit of lower RM cost which has aided the margin. So, when can we expect these margins to normalize probably next quarter or couple of quarters beyond that.

Jayesh Shah: I think these are now levels that we should be able to maintain at the current levels. What you saw in H1, we should be at similar slightly plus-minus levels or next half. However, as we have been saying that this is a business where we have been incubating many, many smaller businesses as well so there would be those negative impacts which we currently also take. But as the business grows and becomes larger, our aim would be to continue with small increases in the margin over the next few years, so in medium term we should hope to improve the margin by maybe 100 bps if not more going forward over next couple of years.

Vikas: The last question any color with respect to domestic demand, how are we seeing that panning out in October for all the textile segments?

Punit Lalbhai: So, if you look at demand across the board is kind of muted. So, while there is an uptick because of the festival and I do expect it to improve, it is not as good as in what it is in a normal or good year. So, there is definitely pressure on demand and what we are seeing within demand is also that the mass segments are experiencing much lower demand, the premium segments seem to be fine.

Vikas: Can we broadly classify how much would be out of all the products would be towards the mass segments and to the premium, if at all.

Punit Lalbhai: So, I mean your distribution has to be across all segments. But as a company, we are more highly indexed on premium, and we have the ability to sort of pull levers and go in the direction where the demand is more robust. So, in that sense we are probably better placed than many to be able to be flexible because our customer mix is diverse across multiple geographies and multiple segments.

Jayesh Shah: If you notice our average sales price for most product category is much higher than the average for the nation because of the fact that we are making those premium products and that is a segment that is dominant in our product mix as of today.

Moderator: Thank you. The next question is from the line of Surya Narayan from Sunidhi Securities. Please go ahead.

Surya Narayan: I have a couple of questions. The composite segment of AMD has grown significantly. So, will it be possible to give some color as to which segment is moving very fast because we heard that the railway segment is giving a lot of demand. So, can you just now throw some light on the composites along with why the industry is a little bit lagging? So that is my first question sir.

Punit Lalbhai: For composites, I will ask Samir to give you color because he runs that business. So, over to you, Samir.

Samir Agarwal: Thanks. So, look, as you know composites, we make a range of products which includes the parts for the Vande Bharat and other train programs in the country and yes, those programs are being implemented at a fairly rapid pace, so that is certainly one key driver of the volume growth which we are seeing. But having said that we do make a much wide assortment of products which go into various applications, and we are seeing a reasonably secular demand growth coming out of all segments, be it, construction, industrial platforms, cooling towers, telecom products and then the consumption of composites are doing quite well across the board. Many of these are B2B projects or industrial projects which are not impacted by the immediate downturn. So, yes, I think the market has done well and we have done exceptionally well within the market as well to capture a good part of the growth. So, that's on composite. Punit, if you want to kind of share about the industrial piece.

Punit Lalbhai: So, on industrial, I think besides belting which is about 15% to 20% of the overall volume, all other segments in volume terms are doing okay. They are also doing very well in margin terms. Our margin in industrial is extremely robust, belting is down because of online warehouse demand has been tepid across the world and people had have very high raw material inventory situation, which should clear out by Q4. Other than that, industrial has been maximally impacted by raw material deflation. So, that is why that number is looking small. Otherwise, the business is very much on track, margins are extremely robust, and belting should recover in a quarter or maximum two quarters.

Surya Narayan: And sir as we have allocated 200 crores to AMD and balance 400 crores will be allocated among the Woven and Garments. So, sir as said that Woven, we will be doing more on the processing of the Textiles rather than front-end capacity creation so what is the sense how much capacity from the Woven side will be increased if at all and garment side?

Punit Lalbhai: So, Garments, we are, we have indicated in the past also that over a 3-year period we would like to go from 40 million capacity to around 60 million capacity and that is broadly what we will try and achieve. On the Woven side when we say investment in processing a lot of that investment is in capability enhancement, not necessarily volume enhancement, but to be able to do more premium products or address segments that are today very under address, we have increased woven fabric capacity to some extent, but that is to feed the raw material into our advanced materials human protection division and so that CAPEX has already gone into place and to keep growing AMD at 20%, it was necessary to do so.

Surya Narayan: So, can we expect the margins in the Woven to rise going forward.

Punit Lalbhai: Margins in Wovens are already very robust, so the verticality will grow the end-to-end return on capital employed should improve, but margin as an overall is probably the healthiest in Wovens out of all segments in Textiles?

Surya Narayan: And in Garments, are we going to plan to enter into higher value-added segments like, you know, Blazers and others rather than shirtings?

Jayesh Shah: No for us as I had mentioned earlier, there are three strategic segments for Garmenting thing where we are going to focus all our efforts, it is Denim bottoms, shirts and other tops for verticalizing our Wovens factory and then our knits stock which is to verticalized our knits fabric. The strategic alignment between our fabric and garment businesses is very important so that we become very strategic and deep with the set of customers we have and that is why we are thinking of this in that way. One area over the medium-term where we will build capabilities is the MMF area where Athleisure and Sportswear, which is a very large and growing segment globally that is where we will create capability of doing high end Garments and which is sort of underrepresented in India today, so that we are building, but we are building it gradually slowly. The immediate focus is on denim shirts and knits.

Moderator: Thank you. The next question is from the line of Manish Oswal from Nirmal Bang Securities. Please go ahead.

Manish Oswal: A very good set of number, given the operating environment for the business. My question on the Slide #10 where we mentioned that the onetime gain from the lower RM prices, can you quantify in terms of bits on the operating margin?

Jayesh Shah: So, as the business as the raw material prices come down, we have that lag effect which takes couple of months but that's a very small number, it's not materially impacting the numbers. We do not see margins to be impacted in any form in the coming quarter. If at all, they should be slightly better. As the raw material prices and other cotton yarn and other chemicals and dyes prices have stabilized, we believe that the margins will stabilize or improve as we improve our operating leverage.

Manish Oswal: And the second question on the operating environment in the domestic market, how the demand scenario shaping up in the festivity and wedding season?

Jayesh Shah: In fact, Punit bhai just answered that question earlier, that the markets are slightly better than what they were, but they are not as good as one would have expected them to be, but with festive demands kicking in and the inventories and the pipeline going down, especially marriage season also is coming in, so we expect the retail environment to be better and I think that is what in fact the commentary from most of the retail brand companies is that the H2 they feel should be better than what they had experienced in H1.

Manish Oswal: And last one small data point what is the CAPEX incurred in the H1?

Jayesh Shah: So, as we said, the total committed CAPEX as of today is about 250 crores. We would have spent over 100 crores in H1, but the outflow will depend upon delivery schedules and the project completion, but as of today, the commitments are about 250 crores.

Moderator: Thank you. The next question is from the line of Jainis Chedda from Sparks PWM. Please go ahead.

Jainis Chedda: My first question is that is there any PLI benefits that have impacted the P&L in this quarter?

Jayesh Shah: No, our PLI investments have not been completed. So, there are no benefits. In fact, the first operating year is the next financial year for PLI, which will kick in once our investments are completed.

Jainis Chedda: These are basically PLI operational numbers, that is good. Secondly, what is the current order book in case of AMD, if any and are there any plans for demerger of AMD business in next 2 to 3 years.

Jayesh Shah: So, order book, normally we get firm orders for a few months and indications for even for that couple of months which is the normal situation, and we believe that should continue. As far as reorganizing the company, I think those are decisions which Board will take at appropriate times at all the Board feels it is necessary for us to do in the interest of fundraise or any other reasons or governance as of today, that we are just focusing on growing the AMD business.

Jainis Chedda: And are we cash flow positive in case of AMD?

Jayesh Shah: Yes, we are significantly cash flow positive.

Moderator: Thank you. The next question is from the line of Biplab from Antique Stock Broking. Please go ahead.

Biplab: Coming back to the capacity and the production in Denim or Woven, so 50 million meters for Denim and around 121-125 million meters for Woven fabrics. Are these numbers the new normal for these two segments?

Punit Lalbhai: No, I think our Wovens capacity is about 130 million meters, and our Denim capacity is 60 million meters and that is the installed capacity.

Biplab: OK. So, are these numbers a new normal, so we will be producing around Denim 50-55 million meters and Wovens around 125-120 million meters and going forward maybe these are the numbers that we will see.

Jayesh Shah: I think that denim volumes have been subdued for quite some time. It happened also because of the cotton price spikes that we saw earlier. I think they have gotten slightly normalized, but they are not still what they could be again. It is more about quarterly impacts, but Quarter 3 generally for heavy fabrics like denim is very weak. But we will see some improvement further in Q4 and we will continue to see reaching to our almost full capacity over next one year.

Biplab: Follow up to the previous question, if you if you mentioned that the PAT margin AMD is almost 100 bps higher than the PAT margin for the Textile, but if you see the EBITDA margin for AMD it is much higher around more than 400 bps higher than AMD of Textile. So, what I want to know is why the PAT margin then doesn't get reflected into the PAT margin in the EBITDA of AMD side?

Jayesh Shah: I think if you look at PBT margins, they will be different, but the PAT margin because the investments in AMDs are much lower. So, the PAT is **pull 47.58** which will not be the case for the other side of the business. So, if you were to go back and look at PBT, they will be at a significant advantage compared to the Textile margin.

Biplab: My final question is if your garment capacity currently is 70% and why do you have the CAPEX plans in garmenting?

Jayesh Shah: As you would have heard from us and some of the other players in the garment industry, I think we have bottomed out. The demand is picking up. It may take a few quarters plus or minus, but we believe that India garment is a strong story, and we would want to try and achieve. Full utilization over the next maximum nine months and we want to be ready for further garment capacity when the orders are flowing in for the company and the country. So, I think that is the reason why we want to invest and automation in the existing facility also helps us reduce the cost and improve the margin as we expand the capacity.

Punit Lalbhai: The lead time to increase capacity in Garments is long, so you need to start well in advance of when you need that capacity.

Biplab: And this automation and CAPEX in garment will lead to how much increase in capacity then?

Jayesh Shah: I think overall between automation and expansion on Greenfield/Brownfield projects, I think we are looking at adding our 20 million capacities over next three years and from 40 to it will go to maybe around 60, which is what the plan is.

Biplab: So, by FY26, this capacity will be operational?

Jayesh Shah: It should be operational, capacity will be there, efficiencies will have to be seen. But yes, the answer is that capacity would have gotten created.

Moderator: Thank you. The next question is from the line of Prerna Jhunjhunwala from Elara Capital. Please go ahead.

Prerna Jhunjhunwala: I had two questions. One on EBITDA margins of textile business after many quarters we have come back to 11% margin. I would like to understand how much improvement can we expect further in the business over the longer term and in near term second half.

Punit Lalbhai: So, there are couple of inputs into improving margin, one is capacity utilization. So, as demand scenario improves, hopefully going forward that will be one area which will impact margin favorably and the other thing is operational efficiency where I think a lot of work has been done over the last 1-1.5 years and extremely good work has been done in the last 6 to 8 months, which is now paying dividends in terms of the margin expansion so I think put together, I think 100-150 basis points over couple of years it is still possible, and we will have to work hard to achieve that.

Prerna Jhunjhunwala: So, could you elaborate on the work that is done in the last 6 to 8 months so that we get a sense of what we can expect?

Punit Lalbhai: So, I think there were a few pockets of inefficiency that were there for long periods of time that have been very targetedly attacked and resolved. For example, our dispatchable percentages in Denim and are at an all-time high, our raw material efficiency in Denim are at an all-time high. Our wastage percentages in Woven are at an all-time high. Our sort of chemical, water and power consumption in knits are at an all-time low, meaning all time. So, when demand is low, we need to find other ways to make money and the team has risen to the occasion to unlock all these pockets of inefficiencies that were persistent in our system, and we wind them out. Of course, then it becomes much harder to unlock more once the low-hanging fruit is done. Now we are back to continuous improvement process which will pan out over a couple of years and operating leverage will come in as we get better and better capacity utilization that that is now the real focus. We need to get close to 100% capacity utilization everywhere.

Prerna Jhunjhunwala: Denim capacity is 60 million meters. Do we aspire to go back to 100 million meters that we were, or it remains at 60 million meters?

Punit Lalbhai: We are thinking about going back to 100 million meters, I would like to verticalize these 60 million meters a lot better and I think that will unlock more value and unlock more ROCE for the Company. So, the first effort is there. Then if the need is there it is very easy to add a few machines here and there and debottleneck our capacity.

Prerna Jhunjhunwala: When do we start seeing the benefit of interest cost going down because we have been repaying our long-term debt which are higher cost debt. So, when do we really see the effect of interest cost?

Jayesh Shah: It is an interest percentage, an absolute amount if he were to distinguish the percentages have been high because of the interest rate cycle that we are going through. Really speaking there is not much difference between now short term and long-term borrowing costs because the subvention amounts have been restricted as possibly you know. So, the interest cost reduction really speaking will come, if our debt further goes down from here on, otherwise there is no significant change that we would see on the absolute amount of interest that we are paying maybe a small marginal change. I think we are also now instead of focusing on debt, I think we want to focus on opportunities and growth as we announced earlier organic growth in all segments of businesses that we are in, which is Garments, Advanced Material and some of the textile assets. We will also look at different ways to grow faster if there is an opportunity so there will be an eye on debt, but not a focus on debt. So, that's and yes.

Punit Lalbhai: We are now at a comfortable level, so it is not an area where we are now constantly working to reduce. We are now increasing our outlook for opportunities that can help our growth and create more shareholder value.

Prerna Jhunjhunwala: So, last question from my side. What should be the sustainable growth rate then going forward for the company?

Punit Lalbhai: So, we are targeting a 20% growth for AMD and 78% growth for Textiles.

Moderator: Thank you very much. We will have to take that as the last question. I would now like to hand the conference back to the Management Team for closing comments.

Samir Agrawal: Thank you all for joining us today. If there are any pending questions and further clarifications, Satya, from Investor Relations team is always there to answer those. We will see you back in one quarter. Thank you and have a great evening. Bye now. Happy Diwali.

Jayesh Shah: Happy Diwali to all.

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