REF: HSL/SEC/2025/40

June 3, 2025

To	To
The Deputy Manager Department of Corporate Services BSE Limited PJ Towers, Dalal Street Mumbai 400001 **Scrip Code: 514043**	The Manager National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (E), Mumbai 400051 **Symbol: HIMATSEIDE**

Dear Sir/ Madam,

Sub: Transcript of Earnings Call for Analysts and Investors.

Ref: Disclosure under Part A of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Part A of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of transcript of Earnings Call for Analysts and Investors held on Friday, May 30, 2025.

Please note that the transcript of earnings conference call shall be available on the website of the Company.

Please take the same on record.

Thanking you,

Yours faithfully,
For Himatsingka Seide Limited

Bindu D Digitally signed by Bindu D
Date: 2025.06.03 15:24:14 +05'30'

Bindu D.
Company Secretary & Compliance Officer

Himatsingka Seide Limited
Registered Office:
No.4/1-2, Crescent Road,
Bangalore – 560001, India
T +918022378000
E hslblr@himatsingka.com
CIN L17112KA1985PLC006647
www.himatsingka.com

"Himatsingka Seide Limited

Q4 FY '25 Investor Call"

May 30, 2025

MANAGEMENT: **MR. SHRIKANT HIMATSINGKA – EXECUTIVE VICE CHAIRMAN & MANAGING DIRECTOR – HIMATSINGKA SEIDE LIMITED**
MR. SANKARANARAYANAN M. – PRESIDENT (FINANCE) & GROUP CHIEF FINANCIAL OFFICER – HIMATSINGKA SEIDE LIMITED
MS. SHILPA SHANBHAG – VICE PRESIDENT (STRATEGIC FINANCE) – HIMATSINGKA SEIDE LIMITED
MR. BANKESH DHINGRA – VICE PRESIDENT & CHIEF FINANCIAL OFFICER (OPERATIONS) – HIMATSINGKA SEIDE LIMITED

MODERATOR: **MS. PRERNA JHUNJHUNWALA – ELARA SECURITIES INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Himatsingka Seide Limited Q4 FY '25 Investor Call, hosted by Elara Securities Private Limited. As a reminder, all participants' 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 conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prerna Jhunjhunwala from Elara Securities Private Limited. Thank you, and over to you, ma'am.

Prerna Jhunjhunwala: Thank you, Navya. Good afternoon, everyone. On behalf of Elara Securities (India) Private Limited, I would like to welcome you all for Q4 and Full Year FY '25 Post-Results Conference Call of Himatsingka Seide Limited.

Today, we have with us the senior management of the company, including Mr. Shrikant Himatsingka, Executive Vice Chairman & Managing Director; Mr. Sankaranarayanan M., President- Finance & Group CFO; Ms. Shilpa Shanbhag, VP- Strategic Finance; Mr. Bankesh Dhingra, VP and CFO-Operations.

I would now like to hand over the call to Mr. Shrikant Himatsingka for the opening remarks, post which we will open the session for Q&A. Thank you, and over to you, sir.

Shrikant Himatsingka: Thank you, Prerna. Hi, everybody. Thanks for taking the time this afternoon to join us on our earnings call. I'd like to welcome you all and take you through business update as always. And then we will go through with Q&A.

So on the business upgrade front, our Q2 operating -- Q4 operating performance saw our total income correct marginally by approximately 3% to INR682 crores versus INR702.8 crores during the previous year on account of the recalibration initiatives that we had undertaken vis-a-vis our brand portfolios.

This is in line with the communication that we had with our stakeholders during the previous quarters. On the fiscal as a whole, FY '25 came in range bound at INR2,843 crores, a versus INR2,862 crores during the last year. So our consolidated total income was largely range bound.

Our capacity utilizations during the quarter, as expected, also were range-bound and stood at 99% for our spinning division and 60% and 68% for our Sheeting and Terry divisions, respectively.

While we continue to focus on broad basing our market presence and expand our presence across channels and geographies, some of these initiatives are not necessarily coming through and showing up on the revenue line because of the offset pressure we are facing because of the portfolios we have let go off.

So it's taking us a little bit of time to recuperate and make up for that. So I thought I'd clarify as to why that's not showing up, although we have shared this before, I was of the opinion that we could be a little more specific in communicating that.

On the India front, we now operate in the Indian market with 3 brands: Himeya, Atmosphere and Liv. We've made considerable progress during the fiscal, and we think that the 3 brands cover a broad cross-section of home textile products and are also positioned to service consumers across price points.

As communicated earlier, we remain optimistic on the prospects of growth in the Indian market going forward. And fiscal '26 will continue to see growth on the India front. We also see emerging opportunities on account of the recently signed FDA between India and the UK. However, we estimate the potential benefits arising out of the FDA will come through only once it comes into effect, which might take a little while.

Having said that, we are seeing enhanced dialogue with clients out of UK on what the potential is in terms of enhancing business with these clients in that jurisdiction. So there has been an enhanced intensity of dialogue of late. But I think that real benefits will obviously come through only once the FTA comes into force.

With regard to the recent tariffs that have been imposed by the United States, in the short term, we expect a slight impact on revenues and operating margins, given the fact that the goods will be 10% more expensive for clients who are importing such products.

However, the tariffs will/can also unleash potential opportunities given the differential rates that have been imposed on India and China, respectively. So we do think that should the tariffs continue for some time in this way, there will be enhanced, let's just say, potential for India and for us to enhance market share given the differential tariffs.

Now, we would also like to share that as of yesterday, there were news items in the media that suggested that the tariffs were under question and may or may not have legal validity. These were things that were in the media yesterday. We are not in a position to comment on the authenticity and veracity of such statements in the media.

But since we are on the subject of tariffs, I thought I'll bring this on the table as well. So our observations are based on should the tariffs be enforced. Should the tariffs for some reason, not be enforced. Even then we think that the China Plus One theme will continue to play out in the medium term.

As an organization, our ESG priorities and initiatives are on track to achieve our key sustainability goals of 100% renewable energy by 2030. And in line with strengthening our financial position and our balance sheet, we continue our deleveraging initiatives, and our consolidated net debt stands at INR2,425 crores, versus INR2,634 crores during the previous year.

There have been some impacts of rupee translation and things of that nature that have also impacted these numbers. But directionally speaking, we continue to be focused on deleveraging.

I would like to now open the floor to Q&A. And we'll be happy to answer any questions and queries that you might have. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. We take the first question from the line of Sunny Gosar from MK Ventures.

Sunny Gosar: My first question is basically with regards to the recalibration of revenue that we are going through. So is that now complete? And how do we basically see revenue numbers in terms of growth? And what's the outlook there?

Shrikant Himatsingka: So Sunny, we are nearly in the fag end this calibration exercise. We have approximately another INR150-odd crores of annual impact to make up for approximately. And as far as growth is concerned, obviously, I don't think we will see growth come through in any meaningful way because of the tariffs as far as Q1 is concerned.

There have been some customers who have slowed down a little for the time being for a few weeks because of the imposition of tariffs, and they are trying to figure out their things at their end because they have to deal with issues with regard to China and other jurisdictions as well.

So I don't think there's going to be extreme volatility or anything of that nature. But I think the growth piece can be muted as far as Q1 is concerned. But from there on, I continue to feel that we should see organic growth come through and sweat our capacities in line with what we have said earlier.

Sunny Gosar: So assuming that we have, say, a 4%, 5% impact on revenue from the portfolio recalibration for the full year, adjusted for that, how should we look at growth for the full year FY '26?

Shrikant Himatsingka: Sunny, as you know, we don't share growth forecast, but I'll be happy to have a dialogue off-line and take you through some of our thoughts on how the markets are looking and things of that nature. We can have a more detailed chat offline. But the company does not share growth forecasts for the upcoming fiscal.

Sunny Gosar: Sure. My second question is on the working capital and debt side. Our overall working capital days are well north of 200 days. And in spite of raising almost INR400 crores of equity, we've seen debt come down only by about INR200 crores. So going forward, how should we look at the overall working capital rationalization? And basically, how much debt can potentially get like drawn down throughout the year?

Shrikant Himatsingka: Yes. So Sunny, the difference in the debt numbers, the net debt is what I've spoken about at the gross debt level, we corrected by approximately just under INR300 crores, as we had discussed with stakeholders during the issuance. And as far as our working capital cycles are concerned, once again, we'll be happy to have a more detailed chat. It'll be difficult for me to explain details of the capital cycles on an earnings call, but we'll be happy to take you through that.

Sunny Gosar: But what is the outlook in terms of debt reduction for the year? And how much capex are we likely to spend for the year?

Shrikant Himatsingka: We are going to have a muted -- although we typically have an organic capex requirement of approximately INR60 crores, we don't foresee capex of any consequence in FY '26 at this point. And as far as deleveraging is concerned, we think that in the ordinary course, we should be able to look at an additional incremental deleveraging to come through during the fiscal from some of the additional initiatives that we had outlined earlier in context to noncore real estate hive-offs and things of that nature.

And as far as the organic reduction is concerned in the ordinary course of business, so both put together, we expect over INR100 crores between INR100 crores and INR200 crores of reduction in leverage.

Moderator: We take the next question from the line of Vidit Shah from Spark Capital.

Vidit Shah: So you mentioned that you expect about INR100 crores, INR200 crores reduction in leverage due to...

Moderator: I'm so sorry to interrupt, but your line is a bit unclear. Could you move towards...

Vidit Shah: Is it better now?

Shrikant Himatsingka: Yes. Please proceed...

Vidit Shah: So you mentioned INR100 crores to INR200 crores reduction in leverage earlier in some of the con calls, you mentioned reducing this to about INR1,500 crores debt levels in 2 years' time. So is this to assume that those projections may not happen immediately and could be a little elongated?

Shrikant Himatsingka: No, I said to the best of my knowledge, I've said with stakeholders that over a 2 to 3 year horizon, we should look at bringing down debt to the INR1,500 crores to INR1,700 crores levels deploying various initiatives, including but not limited to, organic retirers of term debt, working capital optimization, issuances of equity, which we have gone through with and conversion, if any of our FCCBs that have been issued, non-core asset monetization and things of this nature.

So put together when I said this about 6 months ago, so over a 2 to 3 year horizon, I continue to feel that we should be in a position to look at those numbers. So thematically, we are focused on that. And of course, it will be difficult for me to predict exactly what will happen, but -- in terms of exact numbers, but the range of approximately INR1,500 crores to INR1,700 crores is still something that we're shooting for.

Vidit Shah: Okay. Got it. And from the sundry debtors point of view, we've seen that go up from 90 days on an average in FY '23 to about 140 days now. If you could just help me understand what has happened in the last 2 years that has shot this receivable balance up and what do we expect going forward?

Shrikant Himatsingka: So I don't think we should see any further -- any material increases further. Our goal will be to bring this down over the next 18 months as discussed earlier. And some of the key reasons that have led to this is higher credit requirements by certain clients and us also pushing for slightly higher credit in some cases to align with client requirements and also by elongated supply chains, which have triggered enhanced receivable cycles. So we are currently working to bring that down. I don't think we should see expansion in this any further.

Vidit Shah: But on a normalized basis, if you could help me understand between the private label business and the branded business, what would the credit periods be for these 2 sort of...

Shrikant Himatsingka: As far as brands or private labels concerned, I don't think there's any difference as such because the entire business is largely B2B. So that won't effectively change credit periods and things of that nature. And we would like to eventually see this come back to the approximately 90-day numbers over the next 18-odd months.

Vidit Shah: Okay. Understood. And if you could just help me also understand the recalibration of brands you did, you said there's another INR150 crores impact that could be there in FY '26, right? So would that be fair to assume that would be about INR40 crores a quarter. So we could see that sort of impact in 1Q itself?

Shrikant Himatsingka: Yes, that's the amount we have to make up to neutralize that. So it will be a little difficult for me to say if it will be linear, 40 x 4, or whether we'll make it up exactly, but we are -- revenues for this fiscal have been largely range bound. So we have made up some ground already. So our endeavor will be to not see that happen, but it could come through in some form and shape depending on the queue.

Vidit Shah: Okay. Got it. And what brands are you all letting go of, have you all mentioned that in the past, because I may have missed that?

Shrikant Himatsingka: I mean we have just gone through a recalibration of our portfolio of some of our international brands, which we thought were expensive and have limitations and things of that nature. So a few brands that we have sort of reduced our exposure to and or exited and on the same note, we have enhanced our portfolio of brands in India and gone up to 3 brands in the country across varying price points and product lines.

I had said and shared with stakeholders that our revenues from India should be in the region of approximately INR800 crores to INR1,000 crores in the next 4 to 5 years. And we think that India does stand to present that potential for us as far as our portfolio is concerned. So overall, it is not like we are reducing our focus on brands, but we are reprioritizing our portfolio and therefore, the term recalibration.

Vidit Shah: And just the last one. In terms of the right-of-use assets, we've seen a sharp decline in FY '25 from INR79 crores to INR39 crores. What could -- what has driven this reduction?

Shrikant Himatsingka: Our lease amendments and these completions in some cases, as you know, ROU is a new accounting standard that had come through a few years ago. And depending on the lease requirements, lease profiles that we had at the time. Since the profile of the lease and the tenor of the leases in some of our leased properties have changed, it has brought down the ROUs. So that's a good thing because it sleekens the balance sheet to that extent.

Vidit Shah: So are we leasing for shorter periods of time?

Shrikant Himatsingka: Yes. So are leasing for shorter periods of time or in some cases, the lease has run its course and has therefore exited the requirement of ROUs.

Vidit Shah: But we would have -- so we've not like continued that lease or we've given up that particular space?

Shrikant Himatsingka: We have renewed it with annual renewal capabilities.

Vidit Shah: Got it. Understood. I have more questions. I'll probably reach out to you separately after this.

Shrikant Himatsingka: Sure. And we are on this, Vidit. So if you all noticed, our balance sheet overall has come down by over INR130 crores, INR140 crores from last year. So FY '25 closing is -- the balance sheet has shrunk by about INR140 crores. So we are making a lot of conscious efforts to shrink and right size the balance sheet.

So while our networth has gone up from INR1,558 crores to INR2,032 crores. Some of these things like ROU and a couple of other buckets have also sleekened up and have right aligned during the quarter -- sorry, during the year. And so it has helped us to align our balance sheet and strengthen it for the fiscal.

Vidit Shah: Fair enough. And I think like you're saying like the working capital coming down will obviously help extend it further. So you look at...

Shrikant Himatsingka: That's really the only thing that's now something that's not to our satisfaction, and it's not something that we are pleased about. So that's our area of focus.

Vidit Shah: Sure. I'll reach out separately for further questions.

Moderator: The next question from the line of Shashwat from Agility Advisors.

Shashwat: So my first question is on the Terry Towel segment. As it's been seen that it is one of the highest margin division. And you said that you would be doing a capacity expansion of nearly 20 -- from 25,000 to 40,000. So when are we expecting it to be completed? And what kind of additional revenue do we generate from that?

Shrikant Himatsingka: Yes. So the Terry Towel division remains something that's a strong division for us, and we are happy we've gotten into this segment. Shashwat, as you have observed because of some of our recent initiatives that I was just talking to Vidit, about and I've outlined in my update because of which our utilization levels are range bound.

So we are focusing on getting those utilization levels up. And our plan to take it to approximately 40,000 tons still intact, but we will time it such that we are not burdening ourselves unnecessarily when we have latent capacity available. So the infrastructure is already available at our facilities. We don't have to do much. We can execute that in relatively quick time frames.

And thematically, directionally and strategically, we will go into that capacity bracket. But on a priority, we would like to just make sure that our current capacities are utilized and then move on from there once we are done with some of these recalibration initiatives. So from a time frame standpoint, I would say I would think over the next 18 to 24 months.

Shashwat: Okay. Another question is regarding the debt. So the debt -- the long-term borrowings have come down, but we have seen that the interest cost has been rising. So any particular reason for that?

Shrikant Himatsingka: The interest costs during the queue have come down sequentially. Unfortunately, from an accounting standard and from a grouping standpoint, certain other charges have come and sat down in that line which has distorted some of the reductions, which we can go through offline.

Shashwat: Okay. So that's all from my side.

Moderator: We take the next question from the line of Darshil Jhaveri from Crown Capital.

Darshil Jhaveri: So I just wanted to get maybe a sense of how the macro environment is right now? Like I mentioned, there's a lot of confusion regarding the tariff, like I think the courts are also ruling a bit against them. So what is the time line that the customers themselves are dealing because even they will have to supply their consumers, end consumers?

Just wanted to know like what's the feel like maybe from quarter 2, even if tariffs are there or not there, they will have to come back to normal business. So how would it look like? That's my first question.

Shrikant Himatsingka: So the macro environment, it's an interesting question. The macro environment can be divided into a few buckets as far as we are concerned. There is the tariff piece, which is playing out and there is the FDA piece, which is playing out.

There is the Russia-Ukraine piece, which is still playing out, but has muted as far as we are concerned. And if I look at all of these things in tandem, there's also ensuing dialogue with India and the EU on trade agreements. There is a China Plus One team. There is a theme of the socioeconomic instability in Pakistan.

There is a domestic consumption theme, which were running pretty strong. So these are the various macroeconomic themes that are sort of playing out in tandem, of which the tariff piece is notable because of its very nature. And on that front, we are also sort of seeing things unfold as much as anyone else.

At this point, we are subject to a 10% tariff. We are seeing customers asking for some tariff support to be coming in from the vendor side as well. We are seeing that vendors are offering marginal support. We are seeing general demand to be stable in the United States.

We are seeing that some customers are taking a little time to make -- just sort of take decisions on offtake, nothing substantial, but because they're fighting other battles on the tariff front vis-a-vis other jurisdictions.

We are also seeing, as of yesterday, the media talking about tariffs being unconstitutional and not having any standing. This is what we have seen in the media yesterday. So we are not quite sure as to what direction this is going to take. But at this point, it's 10%. And at this point, it will have a slight impact on Q1 is what we estimate.

The Russia-Ukraine piece had its impact on the EU region in terms of sentiment and allied impacts. But as an industry, we are not really seeing any of that anymore. It's business as usual is what we observe.

As far as the FDA is concerned, like I said earlier, the FDA is going to be benefiting the industry and us. The quantum and extent of benefits is obviously not determinable at this point. But directionally speaking, if India is at parity with other jurisdictions in terms of access to the United Kingdom, I think that there will be market share enhancement coming India's way across various sectors.

And textile and apparel won't be an exception. The only thing here is that the FDA will come into force during the due course of time, and it's not something that's enforced immediately, right?

So these are some of the macroeconomic observations. And therefore, all in all, interpreting these various movements from a macroeconomic standpoint I would say that despite all this, other than the tariff, it's largely stable.

Darshil Jhaveri: Okay. Fair enough, sir. And sir, just wanted to know like how would -- because of all this, how would our margins behave? Like will they be in the similar range of last year? Or how would -- what are we seeing in terms of our margins? Because the tariff hit cost us some margin or FTA will gain us some margins. So I just wanted to know a bit regarding that, sir?

Shrikant Himatsingka: At this point, look, the FDA will be margin neutral because in -- as far as first quarter, second quarter is concerned, or even the third, to our knowledge and vis-a-vis what we have been reading, the FDA will come into force in approximately a year. So the FDA will have no bearing in the immediate, let's say, a few months in terms of anything of any consequence per our understanding.

I did say earlier during this call that they have been enhanced -- there has been enhanced dialogue with customers. There has been interest from customers after the FDA has signed. They'd like to see what's possible in terms of enhancing bilateral business. But I'm not sure if they will have any impact on margins. So I'm not concerned about FDA having impacts on margin.

The only thing at this point that can have an impact on margin is the following. It is, a, the tariffs where if we, as a vendor, have offered some support which our clients expect us to offer and to the best of our knowledge, it's not just us, but as an industry, there has been support for global clients in the United States.

That could have some marginal impact. And if there is any muting of any revenue streams during the period of tariffs, and things of that nature that could have some slight impact. These are the 2 things that could have impact.

We are trying to mitigate the same revenues we are trying to mitigate through obviously, new streams, which is what we did in FY '25 as well. And tariff impacts we are trying to offset through operating efficiencies. Thematically, this is what we are trying to do. However, it could lead to minor movements in margin profile, but nothing substantial.

Darshil Jhaveri: Okay. Just one clarification, the minor movement would be around 100 to 200 basis points, right? Like that's the offering. I don't know what's an exact guidance, but rough like broadly, that would be right...

Shrikant Himatsingka: It's reasonable to assume something of that nature. Of course, specifically speaking, it will pan out the way it does. But we have spoken -- when we speak to stakeholders, we have always said that margins are typically between 18% and 22%. We came in at 20.6% for the fiscal. There could be -- there could be a couple of hundred basis point movements with this number given the volatility and things of that nature. I think that's broadly reasonable. Don't pin me to that number. But since you're asking if it's reasonable.

Darshil Jhaveri: Yes, fair enough, sir. Yes, that's it from my side.

Moderator: We take the next question from the line of Prerna Jhunjhunwala from Elara Capital.

Prerna Jhunjhunwala: Sir, just wanted to get an update on India, how much reach you have increased, where all you are selling, how many touch points you've reached been about a year and more to this initiative of India brand operations? So something -- some details on that would be helpful?

Shrikant Himatsingka: Yes. Good question, Prerna. So as I was saying earlier, we operate with 3 brands. Our Atmosphere brand is a drapery and upholstery applications-focused brand. Our Himeya brand is a bedding and bath focused brand with a sort of slightly premium positioning in the market and our Liv brand is a bedding and bath products brand with a more mass positioning in the market.

So we believe our architecture brand presence is now comprehensive. That's the first point. The second point is, we are currently present in approximately 4,000 points of sale, and we continue to expand that footprint. Depending on the brand's positioning, the universe varies. So in a mass brand, the footprint could go to over 15,000 points in due course.

In a more premium brand, it would be more range bound and be around 5,000 points. Again, these are just broad estimates. But just to give you an idea since you asked the question. So we are working on expanding our footprint, and we are working in enhancing our presence across channels. So as discussed with stakeholders and as is required in the industry.

We are present in multi-brand outlets. We are present in large format stores. We are present in e-comm channels. We're present in Q-com channels. We are present in the private label space. So we're servicing even retailers for their private label requirements. We are present in hospitality. We are present in B2B requirements in corporate gifting and other institutional requirements.

So Himatsingka has a comprehensive presence across channels, across price points and across formats. So this is where we are. I think FY '26, we'll continue to see growth coming in from India. We should comfortably cross the INR100 crores mark and be between INR100 crores and INR200 crores inching towards the INR200 crores mark during FY '26 is where we plan to head to.

Prerna Jhunjhunwala: That's great. This year, would you be -- have you crossed INR50-odd crores?

Shrikant Himatsingka: Yes, we have. Comfortably, we have been closer to the INR100 crores mark.

Prerna Jhunjhunwala: That's wonderful.

Shrikant Himatsingka: Somewhere there to check the exact numbers. It's a little below that, I think.

Prerna Jhunjhunwala: Okay. And sir, are you breaking even in India branded business? Or your -- what kind of profitability you are earning here?

Shrikant Himatsingka: So as investors have asked us this earlier, Prerna we had said that we expect India once it's stable to be clocking approximately 15% margins EBITDA levels, which we continue to hold our view on. So as the ramp-up process is on, there could be movements in that, but we don't think that 15% is an unreasonable number. It's a reasonable number.

Prerna Jhunjhunwala: Okay. And what scale do you reach that 15% margin in your opinion, like INR500 crores, INR1,000 crores?

Shrikant Himatsingka: No, no. That is very high much earlier. It will reach that once it inches towards the INR200 crores mark.

Prerna Jhunjhunwala: That's wonderful. Okay. Okay. And in terms of...

Shrikant Himatsingka: Prerna, I would like to correct -- I mean not correct, I would like to just say one thing here. When we say 15% margins, this is an integrated margin as an enterprise.

Prerna Jhunjhunwala: I understand, sir.

Shrikant Himatsingka: That's right.

Prerna Jhunjhunwala: That's the advantage that we want to play. I mean, as obviously, yes. I understood that. Sir, we noticed that there is a reduction in goodwill this year. Can you help us understand what's the reason for that? And can we see any further reductions going forward?

Shrikant Himatsingka: Goodwill is subject to impairment tests. We have been very clear about the fact that we are repositioning and calibrating our portfolio of brands. And some of the goodwill that we were carrying on some of our earlier brand acquisitions and our license right acquisitions.

We thought that it was necessary to impair and so that was what was done. I think that's a positive because there's no point in carrying something which stands impaired. And so we have taken an INR94.6 crores hit in goodwill impairment for the quarter and for the year, brought down our goodwill, again, helped reduce our balance sheet size. We don't see any impairment on the horizon, but there is an accounting standard, and as a principle, it's subject to impairment every year.

So at this point, we're seeing good. We are positive about the fact that this has exited the balance sheet. It is an exceptional item. It has nothing to do with our operations in the ordinary course. And that's what it is essentially.

Prerna Jhunjhunwala: Okay. On the overseas brand that you had acquired or licensed for Tommy Hilfiger, do we still hold it, Tommy Hilfiger and other brands? Or we -- we do not hold it?

Shrikant Himatsingka: We do not.

Prerna Jhunjhunwala: Understood, sir. So one more question. So maintenance capex for this year would be how much?

Shrikant Himatsingka: This was asked by, I think, Vidit earlier, and I said that while we typically have INR60 crores, INR70 crores of organic capex. But in FY '26, it should be fairly muted Prerna. We don't see anything major coming through. So it will be very -- will not be substantial.

Moderator: Thank you. Due to time constraints, that was the last question. I would now like to hand the conference over to the management for closing comments.

Shrikant Himatsingka: Thank you all very much for taking the time and asking the questions that you did. I do hope I've given you clarity on some of your queries. We are always available to answer anything else that you'd like us to throw light on and I'll take you through.

Please do reach out on some of the things that we said we'll sort of chat with you offline on. That's it from our side. Thanks again, and talk to you all next quarter. Thank you.

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