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* J. Suresh
Ladies and gentlemen, good day, and welcome to Arvind Limited post-results discussion conference call for analysts and investors for Q1 financial year 2018/'19. (Operator Instructions) I now hand the conference over to Mr. Samir Agrawal, Chief Strategy Officer of Arvind Limited. Thank you, and over to you sir.
Thank you. Good afternoon, and thank you for joining us. I have with me Mr. Jayesh Shah, who is our Group CFO and the Executive Director of the group. We also have Mr. J. Suresh, who is the Managing Director of our Arvind fashion business with me on this call.
On the overall basis, we had a very good quarter with a strong growth. Our consolidated revenues increased by 10%. Leading this growth was the Branded Apparel business that continued to deliver strong performance in otherwise what has been a rather difficult market condition. Adjusting for GST, this business reported industry-leading growth of 18%. As we have said earlier on these calls, the product portfolio behind this business is the most suitable for the youth, which is the fastest-growing segment in this business and, hence, we get advantage of this momentum.
Branded Apparel also showed a very strong earnings growth on account of a very strong and stellar performance of our Power Brands. Our EBITDA grew by over 75% as well our top line was 18%. Unlimited, our value play, saw an increase of 20% in revenue and also increased the gross margin as well as store level profitability.
In our Textile business, while the overall revenue growth was 2%, if we deaverage that, the Wovens business grew at 10% and the Garments grew by 22%.
In case of denim, in the last year and this quarter, what had happened is that there was a significant pre-GST buying and those high volumes had created very strong base and, hence, this quarter somewhat suffered from the base effect.
Textile margins also were lower compared to both quarter 1 previous year as well as quarter 4 of last year, and the 2 main reasons are the lower drawback rates as compared to Q1 in the last year same period as well as lower realization from our exports as our currency was hedged at much lower rate than the whole of last year.
Based on our current hedges, we will be near or at the market rate in H2 this year.
Thus far, we have a business called Advanced Materials, AMD, which was partly within Textile segment and partly in the others. From this quarter onwards, we have regrouped our past and current segment figures, and we'll start reporting out numbers for this business separately.
We are quite encouraged about this business, in fact. The business grew by 10% current quarter, and it saw a significant improvement in the profitability as well. We strongly believe that this is a common scale, this will grow over 20% plus this year with further improvement in the margins. And as we continue to invest in this business, the idea is that we will hit the INR 1,000 crore mark in next year in terms of revenues.
As an additional information, Advanced Material business was INR 487 crores in terms of revenue and EBITDA was a negative INR 7 crores for the whole of last year.
Our debt at the end of quarter was INR 3,450 crores. We do not anticipate any significant change in this number in the current financial year.
Now I'll turn to the topic of IndAS and the impact regarding that. Thus far, we are not required to report sales made on SOR at the full gross value into the wholesale value. The difference would be booked as selling cost with more impact on profits. This resulted in sales increase of INR 58 crores during this quarter and INR 105 crores in the corresponding quarter of the previous year. Consequent to implementation of IndAS 115, some of the retailers requested for the change in the terms of business from SOR to OR. This resulted in increased sales of INR 69 crore and incremental profit of INR 10 crores. All this, we believe, is largely a onetime impact, and will become very small from the next quarter.
As we look ahead, we continue to remain quite positive about the growth and improvement in profitability of each of our business segments. As we have stated in the past, we are going to scale up our garmenting business significantly, and we are busy setting up facilities or growing them in Ethiopia, Jharkhand and a couple of locations in Gujarat. We hope to grow our garments volume by 30% to 35% this year.
As we grow this garmenting business, in the overall Textiles, the share of garments will increase and, as a result, the blended margin will likely remain flat.
With significantly improved profitability in Advanced Materials and reduced investments in our Internet business, we believe that the demerged Arvind Limited will see an improvement in EBITDA by about 1% for the year. We expect branded apparel business to see acceleration of growth and momentum and profitability as we increase investments in brand building.
And as a final input, the demerger process is progressing well, it's in the last leg of approval, and we expect the scheme to happen in early next quarter, early Q2.
So that concludes my opening remarks, and I would like to invite you to ask any questions you may have to any of us. Thank you.
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Questions and Answers

Operator [1]

(Operator Instructions) The first question is from the line of Dimple Kotak from SKS Capital.

Dimple Kotak, [2]

Sir, my first question is, does how much inventory do we have because cotton prices are surging higher? Secondly, by then, our Power Brands all of them would get profitable, and I believe 3 Power Brands are expected to be profitable this year. And sir thirdly is that as you said with garments, if I had heard correctly, you said that the textiles business will see 1% growth in EBITDA margin whereas in the presentation it is flat EBITDA margin. So if you can just throw light on that?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [3]

So we have a dynamic inventory purchase policy based on the views about the market and the order position. So as far as current season is concerned, we are fully hedged on both currency as well as inventory. As far as -- I think there is some misunderstanding about the brands business, we -- as we have stated in the past, we believe that the brand -- Power Brands are, of course, profitable and very profitable. The other brands, including Unlimited, we would be profitable during the year. This is one of the lowest periods in terms of total revenue and the overheads remain constant. So quarter 1 is not an indication of what would happen during the year. We are expecting that overall business will deliver about a percentage higher margin, it will get aided by not only the Power Brand performance, but also the reduced losses or, I mean, in fact, most -- all brands are likely to be closing the year with 0 or positive.

Dimple Kotak, [4]

Okay. And sir, for the inventory, you have it till September -- you have it till October, wanted to know till what time you are holding the cotton inventory? Till what time we have...

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [5]

No, we will not be able to tell you exactly. But as I said, that for this season, we are covered.

Dimple Kotak, [6]

Sure, sir. And sir, just one more question. Within the Engineering business, the margins -- EBITDA margins as per the presentation, including the other income, have gone down to 24% from 28%. So why, what is the reason and going ahead what do we expect?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [7]

So as we have stated in our earlier listings we are quite buoyant about this business. The margin percentages would, over a year, would be, as we have said, would be similar to what we reported last year. Quarterly numbers will vary based on what happens to what equipment supply happens during the period. So that will not be an indicator of what would happen.

Dimple Kotak, [8]

So then we should take the 27.6% reported -- what would be the EBITDA.

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [9]

You may like (inaudible) we would be delivering similar, not exactly same, but similar performance, plus/minus 3 percentages, we don't know, based on various things including steel prices, selling prices, rupee. So those are -- but our estimates in yields is that we would be delivering similar high-growth, high-return results for this company.

Operator [10]

Next question is from the line of Rishabh Parekh from Sunidhi Securities.

Rishabh Parekh, [11]

Just a couple of questions. One was, if you deconstruct textile company versus the textile division margins, the textile company reported a revenue of INR 1,811 crores of which Textile was INR 1,561 crores. Advanced Material was was INR 128 crores and others was about INR 122 crores. EBITDA, also, if you deconstruct on the same method is INR 216 crores of which Textiles was INR 185 crores, Advanced Material was INR 10 crores. That means others was INR 21 crores. So the others section EBITDA margin was 17%, does this include any element of FX gain? Or is this all pure operational EBITDA?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [12]

So I'm not sure whether you had a chance to look at our review note where we've given segmental profitability. As far as the other segment is concerned they have a few important divisions, which are relatively small and as a result, they are all combined. So one of them is our -- we do water management, water affluent treatment business, which is currently -- it is a project-based revenue that comes. And in this quarter, there was significant amount of business there, highly profitable. Secondly, there are other divisions, which are, for example, Arvind Internet is part of it now that it becomes relatively small. Last year, we had a INR 14 crore EBITDA loss, this year losses are reduced to half. So others is, there is no foreign exchange gain. In fact, this quarter, the foreign exchange as my colleague Samir just mentioned, we earned less on foreign exchange than what we earned in quarter 1 of last year and whole of last year as an average for dollar. So this is entirely an operating profit.

Rishabh Parekh, [13]

So the INR 22 crores is operational. My second question would be, if you look at brand and retail number for Q1 of last year, in the presentation, it says that reported revenue was about INR 893 crores for Q1 FY '18, just Q1 of last year. But if I look at the presentation last year, it was INR 773 crores?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [14]

I think we just mentioned about it in the speech earlier that because of IndAS, we were required to regroup or rather gross up our SOR sales from wholesale to retail. For comparison purpose, we have reported our sales in last year as well as our sales, so it has been given separately as a line item in our presentation as well. The reason why we have ignored it because that doesn't show the underlying performance. So we are -- all our discussions have been on what has been the underlying performance, which is, this year the turnover has been like INR 890 crores against INR 787 crores of last year.

Rishabh Parekh, [15]

And last year's figure of INR 787 crores, does this include a component of excise as well or is this a comparable number?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [16]

So it is not comparable. That is why, if you see, we talked about 13% growth on a reported basis or an 18% after adjusting the GST impact.

Rishabh Parekh, [17]

Okay. Got it. And my last question is, if you look at your EBITDA from your brand and retail, your -- from Power Brand it was INR 51 crores, and on the consolidated brand and retail, it was INR 28 crores, which implies an EBITDA loss of about INR 23 crores from Unlimited and other brands. And the same number last year was about INR 20 crores. So is this -- and the guidance given was that all brands will be profitable some time this year, so do we still hold on to that guidance?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [18]

Your question earlier that -- yes, we are looking at profitability across the brands this year. I think this quarter is not, as I said earlier, this is not an indicative quarter of any type on the brand margin because the overheads remain flat, while the contributions are low because this is amongst the smallest quarter in terms of revenue. So none of this quarter performance is not to be seen only with respect to what we did last year, not necessarily what will happen during the year.

Operator [19]

The next question is from the line of Sagar Parekh from Deep Finance.

Sagar Parekh, [20]

Sir, just one question. Most of my questions are answered. If I look at your Q1 FY '18 presentation which was given last year, the brand and retail EBITDA given at that time...

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [21]

INR 21 crores.

Sagar Parekh, [22]

Was INR 16 crores.

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [23]

No, it was the other way around. It was INR 22 crores or INR 21 crore, correct, I will explain to you. So -- in the last year, in quarter 2, at that time we decided to demerge the company. The shoe business which was part of Arvind Limited Others, was classified and proposed to be de-merged into Arvind Brands. And from quarter 2 last year, as we had mentioned in the note, we regrouped it and transferred the entire business to the business segment of branded retail or branded apparel division. Quarter one was less tightened so we had to do it this time. So these figures of last year and this year are completely comparable to -- because this year also, the numbers that we are presenting had the shoe business, and so was the shoe business last year. For your information, the shoe business is -- last year, had lost about, I think, because it was on a heavy marketing cost of about INR 5 crores, INR 5.5 crores. This year, that loss is reduced to about INR 2 crores, INR 2.5 crores.

Sagar Parekh, [24]

Got it. Got it. And this -- just coming to the last question, last participant asked the -- so I am comparing the Y-o-Y number excluding the Power Brands. So that captured the seasonality, right? So Y-o-Y, INR 20 crores loss last year has gone up to INR 23 crores loss this year ex Power Brands. So that captures the seasonality?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [25]

At Power Brand, you mean?

Sagar Parekh, [26]

Yes.

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [27]

Yes. So yes, it will happen because the base of cost will increase, not necessarily proportionate sales, because as you possibly are aware that we are in a -- we are aggressively setting up new stores for Unlimited. Those store costs are coming in, but not necessarily the revenue. All of this will get addressed, as we have stated in the past, and even just now, is that as you progress into the H2, which is the season where you actually make sales, all of these anomalies will get corrected. So you will have to see this quarter only against the last quarter.

Sagar Parekh, [28]

Okay. Got it. And what was the same-stores sales growth of Unlimited?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [29]

All the sales -- we've given -- all the formats had a negative LTL this season because of the base effect. Last year, for example, quarter 1, the Unlimited had a 39% like-to-like sales. So because of the pre-GST purchases, this, of course, has come down, and it is negative. But if you look at the -- I mean, we reported again in our review note that if you look at July compared to last year, which was again depressed, because you know all the purchases happened in June. This year, the July like-to-like has shot up by -- to 10%. So we have to look at not quarter 1 sales on like-to-like basis because of the pre-GST purchases and the base effect. If you look at -- including July, the Unlimited -- all formats have performed better.

Sagar Parekh, [30]

Got it. Got it. And this textile business 10% growth for the full year, so which means that 9 months, you will have to perform much better. So we are still confident of that, right?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [31]

Yes. So that is our internal plan, to grow. The reason is that we have been currently in the investment mode in garments business and that should justify in H2.

Operator [32]

The next question is from the line of Maulik Patel from Equirus Securities.

Maulik Patel, Equirus Securities Private Limited, Research Division - Research Analyst [33]

Jayesh bhai, couple of questions. First is on the garment business. If you could just give some update on the next phase of growth or expansion in Ethiopia and in India? That's number one. Number two, as you mentioned that in earlier opening comment, I think Samir has mentioned that dollar realization was not good compared to what you earned for the last year. So what could be the improvement in the dollar realization and the revenue in the export business going ahead if it is the current one? And what could develop and what kind of margin expansion are you looking for? That's number two. And number three, on the brand side, what is exactly happening on the other brands? Because there was hardly any growth in this financial year, in this particular quarter. So is there any significant expansion we are looking for there? Or probably are we looking to rejig the portfolio of the other brands?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [34]

Okay. So let me address the garmenting. So we are currently in the mode to expand in Ethiopia, India, some of the other -- in all the centers in India apart from Bangalore and we are hoping that we will have an output of 8 to 10 million additional volume this year as compared to last year. So that's the current state. The expansions are on a -- I would not be able to tell you exactly how many pieces capacity we are installing because we are continuing expansion programs in each state. So as a result as and when our facilities either which in hire or build, we are investing in one or another spending from what is available there. This year, as we speak, we believe we should have 8 to 10 million extra pieces to sell. As far as dollar/rupee is concerned, we will be near to market in H2, whatever that may mean in terms of impacts on revenue or profitability. As far as brand and retail, Suresh, would you want to take this question?

J. Suresh, Arvind Lifestyle Brands Limited - MD, CEO, and Director [35]

Yes, yes, I'll take this Maulik. See as far the other brands is concerned, I think, now our focus is very clear. I think we have put in all the investment and expansion behind Power Brands and Unlimited and Sephora where we have delivered excellent growth in quarter 1, clearly market-leading growth. And then we are also looking at opportunities of developing GAP, Aéropostale and Ed Hardy. These 3 brands are showing promise. Probably getting into a potential Power Brand kind of a format and ID. We are putting our focus also on other brands, we have 5 brands currently available, they provide a kind of a completeness to our portfolio. For example, if you take Children's Place (technical difficulty) so Gant, Nautica, if you take, we have 2 very strong (technical difficulty)

Operator [36]

Mr. Suresh, sir, your voice is breaking.
(technical difficulty)

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [37]

So let me...

J. Suresh, Arvind Lifestyle Brands Limited - MD, CEO, and Director [38]

Is this clear now?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [39]

Yes, Suresh, you go ahead.

J. Suresh, Arvind Lifestyle Brands Limited - MD, CEO, and Director [40]

Is this clear now?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [41]

Yes.

J. Suresh, Arvind Lifestyle Brands Limited - MD, CEO, and Director [42]

So GANT and Nautica actually complete the bridge, this we like giving as portfolio, so what had happened in the current quarter is, all these brands actually are retail-dependent brands. And since retail was not very good, and we had a negative LTL, these brands have not grown, because we have not expanded stores in these brands because of the focus on expansion in Power Brands and Unlimited. But going forward, once the LTL comes back, we expect to deliver a nominal growth, of course, the focus is to deliver, make sure that by end of the year, all these brands are either breakeven or profitable as Jayesh bhai mentioned.

Maulik Patel, Equirus Securities Private Limited, Research Division - Research Analyst [43]

And earlier last year around GST time, almost around 30% of our revenue from the Power Brand and others was coming from the wholesale channel, and there were some liquidity issues I think that was the problem. Now are those have to be normalized?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [44]

So...

J. Suresh, Arvind Lifestyle Brands Limited - MD, CEO, and Director [45]

-- That is improving, Maulik.

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [46]

Yes, go ahead.

J. Suresh, Arvind Lifestyle Brands Limited - MD, CEO, and Director [47]

Yes, it is improving. In fact, if you take purely the quarter 1, our collection has been higher than sales, which means we have been able to pay down the debtors. But we are expecting going forward things to improve as the festival period comes in, we should end the year with committed reduction in debtor days.

Maulik Patel, Equirus Securities Private Limited, Research Division - Research Analyst [48]

Okay. And Jayesh bhai, I think just going back to this earlier -- your thought process on this INR 1,500 crores of CapEx, you want to expand on the textile side, right? And some clarity is that last part of the CapEx will be going to the garment division as a whole. Last year, garment did around INR 1,300 crores -- INR 1,400 crores of top line. Now probably 3 years down the line, do you think the garment will become the largest revenue contributor -- can it double the revenue in the next 3 years?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [49]

In a sense it can, but I think the way we look at it is not exactly this garment versus fabrics, because our intention is not to look at these 2 businesses independent of each other but as a vertical integration. So I think the way we are looking at it is to say that how much percentage of our fabrics, which was 10% last year, how much percentage of our fabrics are converted into garments and sold in a garment firm in a fabric form. And I think that is how we look at it. And eventually we would want to also look at the LTL profitability of garment instead of profitability of garment, which is after fabric profitability. So I think the way to look at it is to say as we become more and more vertically integrated with fewer large customers doing the proper account management with them, how do we increase consistently and stickiness of business and continue to add value. So I think that is how we look at it.

Operator [50]

The next question is from the line of Shaleen Kumar from UBS.

Shaleen Kumar, UBS Investment Bank, Research Division - Associate Director and Analyst [51]

Jayesh bhai, just want to understand a bit on textile. You have actually explained quite a lot on it already. Just to understand, the profitability has taken a big hit over here. So how -- what are the levers do you have for the next 3 quarters? And what kind of a margin should we consider here? I'm just trying to figure out that.

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [52]

You would not go wrong if you take the flat margin compared to last year because we believe that textile or fabric margin will improve compared to last year, marginally in H2. However, the blended margin will not improve because the share of garments will grow. So as a very rough guidance, we are suggesting that the margin will remain flat on textile side with 10% to 11% overall top line growth. Levers to that are 2. One is of course that we would be nearer to the market on the currency, number one. And number two, our volumes are set to increase, at this time it was a 2% growth, but in H2, we'll see a much higher growth.

Shaleen Kumar, UBS Investment Bank, Research Division - Associate Director and Analyst [53]

Okay. Yes, Jayesh bhai, exactly the second question on that, the previous participant has asked you that it's going to be a towering task, it seems like at least if we have to maintain the 10% kind of a guidance. So what about like -- do you think things are -- here I see tricky part as denim, where we have seen a decline over 15%. So what do you think on that side?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [54]

So if we look at the total sales of denims that we had done last year, we are not seeing a significant change, and we have been almost 96% to 100% of our capacity year-on-year. It was only the last year quarter 1 where there was a pre-GST heavy buying by the distribution channel that reverted into an increase. So if you, for example, look at sales of denim in last 4 quarters, it was 28, 22, 25, 25. This quarter, we have delivered 23. So that's what I was trying to say that it has not been a significant change from an long-term or mid-term average, which is the comparison to one that it looks.

Operator [55]

The next question is from the line of Rishabh Parekh from Sunidhi Securities.

Rishabh Parekh, [56]

Sir, just to clarify the previous participants question, textile margin is flat Y-o-Y compared to last year, so 14% is what we are working on, would that be accurate?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [57]

Last year, textile margin was below 14%.

Rishabh Parekh, [58]

Sir, next -- last year, the textile demerged entity margin was 11% and the textile division margin was approximately 14%?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [59]

It is more than that, it was between 13% and 14%.

Rishabh Parekh, [60]

Okay, so we should expect, sir, between 13% and 14% for the textile division? And for the textile company we had mentioned that 100 basis points improvement compared to last year. So 11% can become 12% approximately.

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [61]

That is correct.

Operator [62]

The next question is from the line of Nihal Jham from Edelweiss.

Nihal Mahesh Jham, Edelweiss Securities Ltd., Research Division - Research Analyst [63]

Sir, my first question is on the branded retail segment. Just specifically again on the other brands I think someone else also was mentioning, so here we've seen a limited expansion of our store count or even in terms of a square feet space. So any comments on that where maybe just this quarter where we have gone limited on the expansion?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [64]

Yes, Suresh, shall we take that question? Yes, Suresh, go ahead.

J. Suresh, Arvind Lifestyle Brands Limited - MD, CEO, and Director [65]

As I explained earlier, it is by strategy we focused on Power Brands and Unlimited in the current quarter that is the quarter gone by. So we have not done any expansion of these brands, and then we will be a bit careful in expansion and to expand as required because the priority is to deliver breakeven or profit by the end of the year on all these brands. And within that, we also -- I mentioned that few brands we have identified for focus because they are showing promise of beginning potential Power Brands which are Aéropostale, Sephora, of course, is doing quite well. Aéropostale, Ed Hardy and GAP. These are the bands we'll be focusing and expanding going forward.

Nihal Mahesh Jham, Edelweiss Securities Ltd., Research Division - Research Analyst [66]

Okay. Sure, but say, we're looking at a growth being similar for this year at 20% in the branded wear segment, 18% to 20%, and if the focus is say on Power Brands. Is it that you are expecting a higher growth on Power Brands in the coming year and say maybe the growth on the other brands is going to be similar to the overall number?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [67]

Actually, the growth will be higher in Unlimited than Power Brands. Power Brands continue to grow at a healthy clip, 15%, 13%. So that's what will happen. So it's not that the entire growth or a large part of growth will come from Power Brands.

J. Suresh, Arvind Lifestyle Brands Limited - MD, CEO, and Director [68]

In fact, there will be good growth coming out of Sephora, GAP as well as in Aéropostale.

Nihal Mahesh Jham, Edelweiss Securities Ltd., Research Division - Research Analyst [69]

Okay. Sir, just one last question on Unlimited. We feel the performance has been good, understand that the LTL maybe this quarter was impacted as you mentioned within the industry. But overall, on the margin front, as you mentioned, for some of the other value retail formats which have been doing well. When can we expect, say, the margins in Unlimited start improving or have they already reached very reasonable level?

J. Suresh, Arvind Lifestyle Brands Limited - MD, CEO, and Director [70]

No. I think there has been a good improvement in our both gross margin and store level profitability, but the scale is still small for Unlimited. I think, once it starts gaining up, we will have a huge amount of operating leverage kicking in the case of Unlimited. In addition to that, we also increased almost 1.5 basis points on sale, 1.5% on sales, we have increased our advertisement spend during the quarter, because we are now going to invest and build this brand. So if you really look at both the additional expenditure on advertising and also the improvement in store profitability, it's a good indicator that when the scale picks up, we will have a good bottom line on Unlimited.

Nihal Mahesh Jham, Edelweiss Securities Ltd., Research Division - Research Analyst [71]

But isn't the revenue per square foot say comparable to some of the other value retailers and maybe the scale is already there in that sense?

J. Suresh, Arvind Lifestyle Brands Limited - MD, CEO, and Director [72]

No, revenue per square foot is not a problem in sum of the total scale because we still have only 8 lakh square feet of space, but some of the larger competitors will have more than double of that space, in fact, more than triple of that space.

Operator [73]

(Operator Instructions) The next question is from the line of Arjun Sengar from Reliance Mutual Fund.

Arjun Sengar, [74]

I just went through the presentation. On Slide #25, you've given a breakup between Arvind Limited, Branded Apparel and Engineering business parameters. Is your EBITDA is given including other income for the 3 different segments. Could you please give me the EBITDA excluding other income also?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [75]

EBITDA, yes, we can. Other income is very, very small, as you can see. It is -- and okay, somewhere else we have...

Arjun Sengar, [76]

For FY '18, for FY '18.

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [77]

For whole of the year. Okay, sure. We will give it to you. I don't have it right now, but we can give you division EBITDA without other income, that's not a problem.

Arjun Sengar, [78]

Okay. So should I get back to you later?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [79]

Yes. So I would not have it offline right now with me, but my colleague [Kaushal] will get in touch and circulate it.

Operator [80]

The next question is from the line of Zececa Doshi from Sharekhan.

Zececa Doshi, [81]

Sir, I have 2 questions, mainly I want to know the strategy of your inner wear business which has been growing consistently. In this quarter, we have seen a growth of 33% and you're expecting to grow at 50% during the year. So how -- what is the strategy and what are expansion plans going forward?

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [82]

Suresh, would you like to take the call and discuss?

J. Suresh, Arvind Lifestyle Brands Limited - MD, CEO, and Director [83]

No, no if I had to understand the question right that is...

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [84]

Its the question on inner wear business, Suresh, about....

J. Suresh, Arvind Lifestyle Brands Limited - MD, CEO, and Director [85]

Inner wear business, okay, okay.

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [86]

Yes.

J. Suresh, Arvind Lifestyle Brands Limited - MD, CEO, and Director [87]

Yes. I think inner wear business is doing exceedingly well for us. In fact, U.S. Polo has more or less doubled their sale during the quarter, U.S. Polo inner wear. Hanes also has started now picking up and this combined with CK, we are actually looking at INR 150 crores to INR 200 crores of sales for the year, which should be double of what we did last year. I think, very clearly, we are establishing ourselves as a strong #2 player in the premium inner wear segment.

Zececa Doshi, [88]

Sir, do you have any expansion like the exclusive store space set up or you are looking out for this LTL sales (inaudible)?

J. Suresh, Arvind Lifestyle Brands Limited - MD, CEO, and Director [89]

Currently -- see this -- actually this category more a mom & pop store, 80% of the sales actually account from small specialty underwear dealers. So we are expanding coverage in these stores. In fact, last year, we had an active dealer base of around 3,500. This year, we are going to have a active dealer base of around 7,500 to 8,000 dealers by end of the year. We already moved 3,500 to 5,500 dealers. As far as exclusive store is concerned, we already have a very large amount of -- more than 300 exclusive stores of U.S. Polo, where, we will keep U.S. Polo underwear. Exclusive underwear stores we currently have 5. We hope -- we are looking at opening around 15 to 20 stores by the end of the year. But the big expansion is going to happen through dealer expansion that is specialty underwear dealer expansion.

Zececa Doshi, [90]

Okay, okay. And sir, my next question was on the online sales and the omnichannel strategy. Every year brick-and-motor retail is now peaking about, how are you -- like working on the omnichannel strategy, how is your plan going ahead? And how much of the sales are you expecting from that channel?

J. Suresh, Arvind Lifestyle Brands Limited - MD, CEO, and Director [91]

No, in fact, I think we have been ahead of the curve as far as omnichannel is concerned, because even almost 2 years back, we had sort of put in place an omnichannel strategy whereby at store we have 1 view of the stock. And you can actually order if you go to the store and you don't get your size, you can order in that store from the nearby store or from the warehouse, wherever it is, and get it delivered at home. So today, our sales in the store, I mean, what we call a sale the sale, where you don't get stock of your size or, for example, we have say 4 colors of a particular shirt, and only 2 colors are available in the store. We have a technology to show the other 2 colors available in the warehouse and then get it delivered either from the warehouse, the store nearby. So we have put this strategy in place quite some time back. And now that is working quite well, almost 2 to 3% of store sale is coming through this. In addition to that our online sales is really doing exceedingly well. In fact, in the current quarter, we had almost 150% growth in online sales. The combination of both online and omni strategy, I think, we have been ahead of curve and hope to maintain that lead going forward.

Zececa Doshi, [92]

Great, sir. And sir on omnichannel, just one more quick clarification. Omnichannel has been through out your stores or there are some only number of stores where this omnichannel is present?

J. Suresh, Arvind Lifestyle Brands Limited - MD, CEO, and Director [93]

No, we are actually -- we totally have 1,400 stores, and we are now omnichannel around 800 plus stores. The balance store, we are not doing it, because they are small-sized stores and may not make too much sales at this stage. But most of the stores are covered with omnichannel.

Operator [94]

Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Jayesh Shah for closing comments.

Jayesh Kantilal Shah, Arvind Limited - CFO & Whole Time Director [95]

So thank you very much for participating in the call. I am looking forward to talking to you next quarter again. Thank you.

Operator [96]

Thank you very much, sir. Ladies and gentlemen, on behalf of Arvind Limited that concludes this conference. Thank you for joining us, and you may now disconnect your lines.