

Varvee Global Limited

Analyst Day Webinar Transcript

FROM RESET TO GROWTH RUNWAY

Thursday, December 18th, 2025: 4:00 PM IST

Speakers from the Management:

1. Mr. Jaimin Kailash Gupta: Chairman & Managing Director

Speaker 1 (Moderator)

Ladies and Gentlemen- Good Afternoon, welcome to Varvee Global Ltd's Analyst Day: From Reset to Growth Runway webinar produced by ElevEase.

I am Shankhini Saha- Director of Investor Relations from Dickenson, and I will be moderating our call today.

Joining us from the management of VGL Limited is Mr. Jaimin Kailash Gupta, Chairman and Managing Director.

Please note that this conference is being recorded, and that some statements in this call may be forward-looking, based on current expectations, and subject to risks that could cause results to differ materially.

I'll now hand the conference over to Jaimin to begin with opening remarks. Over to you, Jaimin.

Speaker 2 (Chairman & Managing Director)

Okay, thank you so much, Shankhini. I welcome everyone on this call, and thank you, everyone, for attending.

I'll start with a brief introduction, who I am, and how we are with Varvee.

Basically, I am an MBA in Finance, and I started my career almost 12 years back in the textile industry itself. In 2015, I started my retail brand by the name **Barcelona**, with a focus on menswear. In this 10-year journey, we have launched almost **125 stores**, and we are clocking revenue of more than **₹200 crore**.

So this was an existing business that I was doing before the acquisition, retail brand, pan-India presence in the menswear category. I had a good understanding of textiles and garments through this journey.

Along with this, I was also supplying garments and fabrics to many different brands. We were taking wholesale orders. We were doing multiple things, we were supplying to big retail outlets. Over the last 10 years, this gave me a deep understanding of how garments are made, how they are sold, and what kinds of fabrics need to be produced, designing, controls, and overall execution. So in the last 10 years, I got a good grip on the whole textile business.

Then, in September 2024, we got the opportunity of acquiring **Aarvee Denims and Exports Limited**. Aarvee Denims used to be India's fourth-largest denim manufacturing company. They had a capacity of **35 million meters** in denim fabrics, and almost **18 million meters** in non-denim capacity.

Because I already had good exposure to fabrics, customer base, and understanding of production processes, I felt this could be a good acquisition. The company had a very large plant, so it was a strategic acquisition, initially from my point of view.

So, in September 2024, we did the deal, and it took us around **8 to 9 months** to complete the full takeover process. The acquisition was backed by my internal accruals, my family funds, and some investors. Through this, we acquired the whole factory, actually the whole company, along with the premises and everything.

In July 2025, our acquisition process was completed, and finally we were onboarded as the Board of Directors. Technically, we got physical possession of the factory in July 2025. After that, around July 2025, we started the production process.

Initially, we revamp the machines and the setup, and after completing the process, what we figured out was: the **denim market** is not in that kind of expansion mode right now. But the **non-denim** category, this covers a wide product range: shorts, cotton pants, formal pants, trousers, and many fabrics used across menswear and ladieswear. These are termed non-denim fabrics.

So I thought: let's pivot to the non-denim segment. In the initial stage, it is easier to make the unit operational, and we can achieve good numbers.

That's why, with our **35 million meter denim capacity**, the transformation to non-denim does not require heavy capex. It involves normal machinery changes and certain technical specifications, but the base setup remains similar. We already have a composite production process, from yarn to ready fabric, within the company.

So what we did was: we started producing non-denim, and we are gradually ramping capacity. For example, from January onwards, what we are looking at is around **30 lakh meters per month**

production from the non-denim segment, and then the first step will be around **50 lakh meters**. This is how we have planned production.

Over the next 2 to 3 quarters, the plan will be to make the factory **100% operational**.

Now coming to our customer base and market: currently we are focused only on the **domestic market**. The non-denim market is mostly driven by **non-organised players**. Organised brands are there, but a lot is driven by wholesalers. We already had a strong customer network and knew the market well, so it was easier for us to bring customers in.

Initially, until the factory becomes 100% operational in non-denim, we will do **job work**. Job work means: the customer gives you the yarn (or input), and you do the process, dyeing, printing, finishing, weaving, then you return the fabric. This helps ramp utilisation quickly.

Once the factory is fully operational, if we do job work of **50 to 60 lakh meters per month**, we can easily achieve a turnover of **₹200 crore** through job work, which is a very good number.

If you compare **₹200 crore job work revenue** versus, say, **₹800 crore fabric revenue**, margins differ because in job work we are only doing the service / conversion part. Also, the cash flow cycle becomes better because credits are very limited, credit risk is lower. So we will stick to job work for now.

Even if you see our Q2 numbers, because we came onboard in July and started immediately, Q2 numbers were around **₹28 crore revenue**, and EBITDA margin was almost **50%**. This is mainly because job work costs are only colour, chemicals, electricity, labour, etc., and there is no raw material cost. So EBITDA margins are very good, and we will be focusing the same way for the next 2 to 3 quarters.

Also, EBITDA at 50%, in a normal textile company, depreciation cost and interest cost are high, and taxation comes in, so PAT is lower. In our case, the company is **debt-free**. That highlights the strength of the company's financials.

As per our acquisition, we paid off all the bank loan. As on date, the company has **zero debt** on the books, and the assets are free from liability. So the company is not having any interest cost. Depreciation is also minimal because machinery is already largely depreciated, and there is carry-forward loss, so tax impact is not there yet.

Because of these factors, EBITDA-to-PAT conversion is strong. If I am operating at 50% EBITDA margin, my PAT would typically be ~15%, but because I don't have these three costs, EBITDA largely flows through, so PAT margin can be ~35% to 40%. Over time, as turnover increases, margins may normalise, but Q2/Q3 will reflect this benefit.

Now, how we see this company: when we acquired Aarvee Denims, it was only a textile company. It wasn't operating at full capacity due to old promoter issues, finances, etc. When we

acquired it, with my 9–10 years’ textile experience, I knew that if we do job work and focus on non-denim, we can create good numbers and strong profitability.

Post acquisition, we started thinking with a broader vision. Because of the scale and premises, about **60, 000 square yards** land, there is a huge base. Capacity can be scaled up to **80–90 lakh meters per month**, and we have the pollution permissions as well.

Initially, the goal was to run it as a textile company, but now we have realised we want to make it an **enterprise company**, not limited only to textiles. That is why the name changed: earlier it was Aarvee Denims and Exports Limited; now it is **Varvee Global Limited**. The name change reflects that we may focus on other verticals too.

For the next 3 to 4 quarters, we will focus on making the company 100% operational and generating internal accruals, which can then be invested into other verticals.

So yes, this is about the company. Shankhini, anything else you’d like me to cover?

Speaker 1 (Moderator)

I think that was great and very comprehensive.

We’ll now open the floor for questions.

We’ll start with written questions. The first is from Vivek Sharma: Q2 performance shows ~50% EBITDA margin, **is this repeatable or a one-off?**

Speaker 2 (Chairman & Managing Director)

As I mentioned, investors will naturally ask: how is it possible for a textile company to get 50% EBITDA margin compared to peers? This is because we are doing **job work**.

In short: in normal manufacturing, you buy yarn, manufacture fabric, and sell it. In job work, the customer gives the raw material and we charge only the conversion, around **₹70–₹80 per meter**, and return the fabric. Since raw material cost is not with us, EBITDA margin is high.

Yes, it may shrink to around **40–45%**, but not below that. So this should be a continuing margin range, around **45% to 50%**.

Speaker 1 (Moderator)

Thank you, Chairman. There is a follow-up:

What exactly changed post acquisition? What are the four to five moves driving the reset? And how do you see them giving material benefits in the near term?

Speaker 2 (Chairman & Managing Director)

The previous promoters were stuck with the finance side and had high interest costs, so it wasn't practically viable for them to run at their best.

Post acquisition, firstly, we have **no bank liability**, so interest cost is not there. That gives us an edge to operate at lower margins and still be profitable.

Second, we did technological and machinery changes, shift from denim to non-denim category. Earlier they were selling denim; we are selling shirt and cotton trouser fabrics. Product pivot itself is driving better numbers.

Third, we implemented **ERP integration** and real-time production data. That gives us live visibility, helps maximise output, and avoid irrational losses in production. This helps keep margins consistent.

Fourth, purchasing has improved, we purchase with faster payment terms, effectively "cash" / 7–15 days, which gets better pricing. In textiles, someone purchasing on 15-day terms gets about 5–7% advantage versus 60-day credit. We infused funds to enable this so margins remain with the company, even though cash is more involved.

These steps together result in the margin profile.

Speaker 1 (Moderator)

Next written question is from Vikram Suryavanshi: What is total capex for conversion of capacity? What is our revenue per meter?

Speaker 2 (Chairman & Managing Director)

Denim-to-non-denim conversion won't require more than about **₹10 crore** capex, and that capex will be funded by selling machines that are not required. So there won't be infusion of new funds, selling some machines, buying some. This transition can be done without new funding.

On revenue per meter: if we do the full process, buy yarn and sell fabric, revenue booking is around **₹200 per meter**. But if we do only job work, revenue booking is **₹70–₹80 per meter**. Since we are doing job work, expect ₹70–₹80 per meter.

Speaker 1 (Moderator)

We'll now take a participant question from Neha Singh. Neha, please unmute and go ahead.

Speaker 3 (Neha Singh – Participant)

Good evening. I'm an individual investor. I have a couple of questions.

First: Again, what exactly changed operationally post acquisition?

Speaker 2 (Chairman & Managing Director)

As I mentioned earlier, the major operational changes came from tighter execution, right purchasing terms, good pricing, stronger production-floor team, and live data analysis.

Earlier the management didn't have live production data. We invested in the right places to save margin at each point, production, costing, sales. Implementation of these steps resulted in higher margins.

Revenue in job work is not difficult, if I have capacity of 20 lakh meters per month, I can get the business. But to ensure EBITDA and PAT margins, you need to avoid production loss, avoid heavy costing, buy right, sell at right pricing, and control value loss, implementation of these things.

Also, we are focusing on non-denim. Non-denim is a very large market, shorts, cotton pants, ladieswear fabrics, so that supports scaling.

Speaker 3 (Neha Singh – Participant)

Second: if you scale non-denims, what happens to margins, do they hold, improve, or normalise?

Speaker 2 (Chairman & Managing Director)

The margins we posted in Q2 should remain for the next 2 to 3 quarters. Once we scale, EBITDA margin might shrink by about 5–7%, but overall EBITDA-to-PAT journey remains strong because of the advantages we have in interest, depreciation, and taxation.

Speaker 3 (Neha Singh – Participant)

Last: cash appears low versus profitability. What is the cash conversion plan & working capital strategy?

Speaker 2 (Chairman & Managing Director)

Because we are doing job work, working capital requirement is limited. Our raw material investment is mainly colours and chemicals; the core raw material is supplied by the customer.

To achieve about **₹100 crore** annual revenue, working capital required is around **₹15–₹20 crore**, which we initially infused. From **₹100 to ₹200 crore**, we may look for a CC or banking line. But we have availability because bank debt is zero, if we require working capital, we can access banking facilities.

Speaker 3 (Neha Singh – Participant)

Alright, thank you for the opportunity.

Speaker 1 (Moderator)

Thank you, Neha, and thank you, Chairman.

Next written question from Pratesh Vora: He wants to know more about how the change in management occurred, the debt pattern over the last two years, the acquisition terms, and your near-term intentions.

Speaker 2 (Chairman & Managing Director)

Originally, the old promoters had very high debt, more than about **₹300 crore**, and that was settled by them. That was handled by the previous management.

As per our deal, there was limited bank debt we had to take over, and that debt was repaid by us through infusion into the company and payment to the bank. As on date, bank debt is **zero**.

We cannot discuss more on the previous debt because that was handled by the earlier management. The new management came in June/July 2025, as per our SBA signed in September, and the SBA is available on public domain via exchange filings.

Speaker 1 (Moderator)

We'll take a participant question from Dharmesh Powar. Dharmesh, please unmute.

Speaker 4 (Dharmesh Powar – Participant)

My question is regarding future plans: what is your capex plan to scale denim or non-denim, and how would you plan to fund it? Are you willing to raise further equity or debt?

Speaker 2 (Chairman & Managing Director)

We will focus on non-denim. Capacity ramp: from about **30 lakh meters**, and by April it can go to **50–60 lakh meters**.

As mentioned earlier, there is no major requirement to infuse funds. Weaving machinery remains the same for denim or non-denim. The main changes are in dyeing/processing machines and technical adjustments. Capital requirement is largely in maintenance and changeover, around **₹4–₹5 crore** on maintenance side. The rest can be managed through existing machinery adjustments.

Speaker 4 (Dharmesh Powar – Participant)

One follow-up: customer concentration and credit risk, how diversified is the customer base, and what guardrails exist to avoid working capital hurdles?

Speaker 2 (Chairman & Managing Director)

As on date, there is no single customer contributing more than **15%** of sales. We have around **25–30 customers** producing in our factory. So customer base is diversified.

On working capital: up to **₹100 crore** revenue, we don't require significant working capital. For around **₹200 crore** turnover, which we are targeting from FY26–27, we may take a banking facility of around **₹20–₹30 crore**, if required. That is available because currently there is zero bank debt.

Speaker 1 (Moderator)

Thank you. Next written question from Dhruv Sheth: What is your vision for the next five years for Varvee Global Limited, and what can investors look forward to?

Speaker 2 (Chairman & Managing Director)

As I mentioned, earlier Aarvee Denims had an image as a textile company. After our acquisition, we have made it clear internally and to stakeholders that this won't be only a textile company.

For a year, revenues will come from textiles, but over five years, the goal is simple: make it an **enterprise company** with multiple verticals, maybe infrastructure, renewable energy, maybe chemical sector, because materials we procure can be backward integrated.

The company has huge space. If in the first year we achieve the numbers we are forecasting and generate internal accruals, we will invest further in backward integration, chemicals, machinery, auxiliaries, so year-on-year, adding verticals. Over five years, it could become an enterprise company with multiple businesses and revenue segments. That is my vision, not to keep it limited to textiles.

Speaker 1 (Moderator)

Next written question from Rakesh: can you give insight on tailwinds, macro tailwinds, and how we plan to capitalise?

Speaker 2 (Chairman & Managing Director)

Textile tailwinds are often seasonal, festival demand, market cycles. As a manufacturer, we cannot fully depend on tailwinds because the factory needs consistent running supported by customer orders.

So we will focus on consistent targets and consistent numbers.

At an industry level, for example, if there is a trade deal between India and the US, that can be a tailwind because of exports to Europe and the US. If that happens, we can capitalise, if we see a 10–15% spike in pricing during certain periods, we will increase pricing. This typically happens for a month or two, or a quarter in a longer cycle.

But we are not looking at expansion just because of tailwinds, because we already have capacity we are converting from denim to non-denim. Later we will look to enter other industries rather than only scaling textiles.

Speaker 1 (Moderator)

Can you also tell us about the team working under you as part of the new Varvee Global initiative?

Speaker 2 (Chairman & Managing Director)

Right now, we have two main people who have joined us.

Mr. Agrawal, who is also a director, looks after production. He has more than 20 years' experience running such factories. He controls production processes, chemicals, purchasing, and execution.

I personally take care of finance and strategic decisions, accounts, costing, and financial controls.

We also have our CFO, a well-qualified Chartered Accountant, who understands cost sheets, margins, value loss points, and how to improve costs.

So the three of us form the core. Beyond that, there is a professional team handling daily operations, many have 10–15 years' experience. Some were with the old management for 10–12 years; we re-interviewed everyone. We interviewed over 200 people; we retained about **60–65**, and the rest were new hires.

As on date, we have more than **200** at executive level, and more than **2,000** on contract labour side.

Speaker 1 (Moderator)

Thank you. Before we conclude, I'd like to thank everyone who attended today. Thank you for your questions. We will take follow-ups as well, please feel free to write to us at Dickenson, and we'll ensure your questions are addressed.

Please also complete the short feedback survey that we will share at the end of this call.

Thank you again, and thank you to the Chairman for sharing your insights and vision, not only for growth in the textile space but also for your longer-term enterprise platform vision.

On that note, Jaimin, I'll hand over to you for closing remarks.

Speaker 2 (Chairman & Managing Director)

Firstly, I'd like to thank you, Shankhini, for the introduction.

For closing remarks: I thank everyone for joining this call. I feel it is my responsibility to answer all stakeholders, and we are happy to discuss anything anytime.

We are always available. Factory visits are also possible, anyone who wants to see the unit and processes is welcome. We will be excited to show the factory and what we are doing.

The team is young, but experienced. I personally have more than 12 years of experience in textiles. We understand how to scale this business, and we understand fabrics, garments, markets, and execution.

I will be very happy to host anyone who wants to visit, and we have a strong vision. Let's see how the market reacts and how people support us.

That's it.

Speaker 1 (Moderator)

Thanks for your time today, Chairman. Thanks to all our participants. Please have a pleasant afternoon. On behalf of Varvee Global Limited, we may now conclude. Thank you.

Disclaimer

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