



Exceeding Expectations...Always

PGIL/SE/2025-26/76

Date: February 12, 2026

THE GENERAL MANAGER,
DEPARTMENT OF CORPORATE SERVICES - CRD
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ROTUNDA BUILDING, P. J. TOWERS
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NATIONAL STOCK EXCHANGE OF INDIA LTD.
“EXCHANGE PLAZA”, PLOT NO. C- 1,
G- BLOCK, BANDRA - KURLA COMPLEX,
BANDRA (E),
MUMBAI - 400 051

Reg: Scrip Code: BSE-532808;

NSE - PGIL

Ref: Transcript of Conference Call

Dear Sir/Madam,

Please find enclosed herewith transcript of the Conference Call held with Investors/ Analyst on February 07, 2026, to discuss the Company's un-audited financial results for the Quarter and Period ended December 31, 2025.

You are requested to take the same on your records.

Thanking you,

Yours faithfully,
for **Pearl Global Industries Limited**

(Shilpa Saraf)
Company Secretary and Compliance Officer
ICSI M. No.: ACS-23564



Exceeding Expectations...Always

“Pearl Global Industries Limited
Q3 FY '26 Earnings Conference Call”

February 07, 2026



Exceeding Expectations...Always



**MANAGEMENT: MR. PALLAB BANERJEE – MANAGING DIRECTOR –
PEARL GLOBAL INDUSTRIES LIMITED
MR. SANJAY GANDHI – GROUP CHIEF FINANCIAL
OFFICER – PEARL GLOBAL INDUSTRIES LIMITED
MR. SHISHIR GAHOI -- HEAD OF INVESTOR RELATIONS
-- PEARL GLOBAL INDUSTRIES LIMITED
SGA – INVESTOR RELATIONS ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to Pearl Global Industries Limited Earnings Conference Call for Q3 and 9 months FY '26. 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 this 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. Shishir Gahoi, Head of Investor Relations of Pearl Global Industries Limited. Thank you, and over to you, sir.

Shishir Gahoi: Thank you very much. Good morning, everyone, and I am delighted to welcome you all to our earnings call for Q3 and 9 months FY '26. I hope you all had an opportunity to review our press release and the investor presentation, which are available under the Investors section of our website, and the same are uploaded on BSE and NSE websites.

To discuss our results, we have with us our Managing Director, Mr. Pallab Banerjee; and our Group CFO, Mr. Sanjay Gandhi. They will take you through our results and business performance, after which we will proceed for the question-and-answer session.

Before we start, I just want to highlight that this call may include forward-looking statements based on the company's current views and expectations. Actual results could be different as future performance is uncertain and involve risks that are hard to predict.

I will now hand over the call to our MD, Mr. Pallab Banerjee. Over to you, Pallab ji.

Pallab Banerjee: Thank you, Shishir. Good morning, everyone. I welcome you all to our Q3 and the 9 months of financial year '26 earnings call. We continue to deliver growth in top line and bottom line despite the challenging and uncertain macro environment, driven by our focused execution and a multi-location presence. Our 9-month revenue stands at INR 3,711 crores, grew by 13.2% year-on-year, and the EBITDA stands at INR 333 crores, which grew by 14% year-on-year, EBITDA margin stood at 9%. And if we exclude the tariff-related costs and the incremental ramp-up cost, this EBITDA margin is standing at 10.1%. . Here is an update on the key positive developments in our industry.

For an apparel manufacturer like us, the major markets with size and scale are European Union, U.S.A., Japan, U.K. and Australia. All our manufacturing location countries are working to readjust to the new world tariffs and agreements that's happening across the world. A major and long-awaited development was the India-U.S. bilateral trade deal, which reduces the tariff from 50% to 18%, significantly enhancing the India's textile export competitiveness.

Above development is following the recently signed India-European Union Free Trade Agreement and the India-U.K. FTA, which was signed in July 2025. Now India -- if you see, India has concluded the BTAs and FTAs negotiations with all major markets that Pearl Global is selling its products to. These are the European Union, U.S., Japan, U.K. and Australia, with a total market for these countries approximately about \$250 billion that we have seen historically.

Bangladesh and Vietnam already has the advantage of tariff-free access into European Union, United Kingdom, Canada, Australia. Guatemala has a 0 tariff access to the U.S.A. and also is a nearshore for our US Markets. Indonesia has a duty-free access to Australia and Japan. And as you can see, with the latest world that we are living in, Pearl Global is very strongly positioned to grow and take advantage as we maneuver through the ever-changing geopolitics.

Now let's speak about the outlook for each geography, starting with India. The 9 months profitability has improved despite the discounts extended to the U.S. clients for the tariff, and we maintained our strong relationships, this particular move had a temporary impact on our margins, and this improvement was driven by the cost restructuring.

During the 9 months of -- our India operations were mainly impacted with this U.S. tax -- deal signed. We would leverage...

Moderator: Pallab, sir, sorry to interrupt you. sir, sorry to interrupt you, but we are losing your voice in between. Can we talk from the back up?

Pallab Banerjee: Okay. Is this better? Is it clear now?

Moderator: Yes, sir, it's clear you can go ahead. You can talk from the backup.

Pallab Banerjee: The India business is operating at an annualized revenue run rate of about INR1,100 crores, and we have built up the capability to generate revenues, which can exceed even INR1,500 crores to INR1,600 crores. The current contribution of India revenue is our group revenues almost 22% to 24%. With the U.S. trade deal and the FTAs with U.K. and EU and the existing trade deals of Japan and Australia, we expect higher volumes, increased sourcing from India and growth in our India operations from 2027 financial year onwards.

Moving on to Bangladesh. Bangladesh operation has well consolidated the last year 30% plus growth and order book is showing now further growth. Our capacity expansion plan remains on track for completion by second quarter of financial year '27. This will lift the capacity by about another 6 million pieces in Bangladesh, positioning us to scale further and deliver sustained value.

Since the regime change, our operations have been very smooth in Dhaka. Bangladesh as a country is clocking a year-on-year growth in garment exports, and we expect it to grow on its strength, and we have a mature operation, which is running. 2 major customers just got added in our portfolio in Dhaka, and we expect to continue our growth trajectory. In Indonesia, as I have been updating all of you, we are undergoing a ramp-up in our business volume after the new factory got commissioned. We are confident of this growth in top line and bottom line from our Indonesia operation.

Vietnam as a country experienced a slight degrowth in its garment exports in terms of dollar value. Our operations have only become stronger. Some of the most well-placed brands and the fastest-growing specialty brands of North America have consolidated their business with us. Our Hanoi operations have demonstrated strong momentum in recent quarters. With factories

operating at optimum utilization, we are also very comfortable and confident, and we are well prepared for the future growth.

Guatemala, we continue to remain focused to improve the efficiencies and reducing our losses in this new operation. U.S.A. has declared this week that it will waive off even the 10% baseline tariff that Trump administration had implemented on Guatemala in 2025. So that means it will again become a 0 tariff to U.S.A. With a positive outlook, we expect further progress and also better results in the coming financial year.

With that, I will now hand over to Sanjay Gandhi, our Group CFO, to share the financial highlights. Sanjay, over to you.

Sanjay Gandhi:

Thank you, Pallab. Welcome to our quarter 3 and 9 months financial year '26 earnings call. I will now take you through our financial and operating performance, 9-month financial year '26 consolidated performance. In 9 months FY '26, our consolidated revenue rose to INR3,711 crores, reflecting a growth of 13.2% year-on-year. This strong performance was driven by high value-added product sales growth in Vietnam and Indonesia.

Adjusted EBITDA, excluding ESOP expenses, stood at INR333 crores, up by 14% in 9 months FY '26. Adjusted EBITDA margin stood at 9%, excluding tariff impact of INR31 crores and incremental ramping up cost of new operation of INR11 crores, adjusted EBITDA margin stands at 10.1% for 9 months FY '26. PAT in 9 months FY '26 grew to INR189 crores, a growth of 14% on a year-on-year basis.

Quarter 3 FY '26 consolidated performance. For quarter 3 FY '26, total revenue stood at INR 1,170 crores, an increase of 14.4% year-on-year. And this is the highest ever revenue registered in the last 5 years in quarter 3 by Pearl Group. Adjusted EBITDA, excluding ESOP expense at INR97 crores, up by 4.4% year-on-year with a margin at 8.3%. Adjusted EBITDA margin, excluding tariff costs and incremental ramping up cost of new facilities stand at 9%. PAT rose to INR52 crores, marking 6.8% year-on-year increase.

Now talking about stand-alone financial performance, 9-month FY '26 stand-alone performance. In 9 months FY '26, total revenue stood at INR777 crores. Adjusted EBITDA stand at INR43 crores grew by 64% year-on-year with margin at 5.5%, up by 220 bps year-on-year, mainly due to cost restructuring. Adjusted EBITDA margin, excluding tariff cost of INR14 crores stand at 7.3%. PAT stand at INR55 crores comparable to INR32 crores in 9 months FY '25, reflecting a robust growth of 72.6% year-on-year.

Quarter 3 FY '26 stand-alone performance. For quarter 3 FY '26, total revenue stood at INR246 crores, a growth of 4.6% year-on-year. Adjusted EBITDA stands at INR12.6 crores, EBITDA margin at 5.1%, improved by 140 bps year-on-year. Excluding tariff cost of INR5 crores, EBITDA margin stands at 7.2%. PAT stand at INR14 crores.

Update on capex. Capacity expansion in Bangladesh. Construction of apparel manufacturing unit is targeted for completion by quarter 2 FY '27. Out of INR110 crores allocated, INR66 crores has already been committed. Capacity expansion in India. Capacity expansion in Bihar is

completed and commercialization is in progress. The entire capex, which was allocated has been already committed -- incurred.

Sustainable laundry capacity expansion. Construction of the laundry facility is targeted for completion by quarter 2 FY '27 out of INR90 crores allocated, INR51 crores has been committed. Solar power installation is completed for all plants in India and -- all 5 plants in India and power generation has started. This will help us in achieving our goal of sustainability. Other capex for replacement and efficiency improvement, these are capex which are incurred on an ongoing basis out of total INR25 crores allocated or planned so far, INR14 crores has already been committed.

Other highlights, we are pleased to announce that our Founder and Chairman, Dr. Deepak Seth, Dr. Deepak Kumar Seth was honored with the Global Leadership Award for building the world's largest apparel supply chain company from India for FY '23-'24 and FY '24-'25, presented by Mr. C.P. Radhakrishnan, Honorable Vice President of India at the AEPC Excellence Honors ceremony in New Delhi.

We are happy to share that the company has achieved a notable improvement in its credit profile with a long-term credit rating upgraded from ICRA BBB stable in 2021 to ICRA A+ stable in 2026. Concurrently, the short-term rating has advanced to ICRA A1+ underscoring our robust liquidity and operational resilience despite the challenging economic environment. In summary, our 9 months FY '26 results reaffirm the strength of Pearl Global diversified business model, which has enabled us to sustain growth even in an uncertain environment.

With this, I now hand over to the moderator to open the floor for questions and answers.

Moderator: Thank you very much. The first question is from the line of Kishore Kumar from Unifi Capital. Please go ahead.

Kishore Kumar: Thanks for the opportunity, Good morning Sir. I hope I'm audible. Sir, on the ramp-up cost of INR9 crores for Q3, is that pertains to Bihar facility or Guatemala facility? Can you give us some sense on this? And is it expected to continue in the coming quarters as well?

Sanjay Gandhi: Yes. Thank you, Kishore, for this question. I'll take this. So this is an incremental ramping up cost. It is for -- largely right now, it is for Bihar, but some part for Guatemala operation is also there. We expect this cost to go down substantially from next financial year onwards. We will see a reduction in this cost in quarter 4 and -- but it will come down substantially from financial year '27 onwards.

Kishore Kumar: Sir can you give us some sense on the capacity addition from these facilities as well?

Sanjay Gandhi: Yes. Pallab, would you like to share on that?

Pallab Banerjee: Yes. So Bihar, we have planned for 900 machines. As of now, already 500 is already installed. And we are hiring all the people and trained -- most of the people is already getting trained at this point of time, and we have started the bulk production. So that's -- over the next few months,

we should be able to hit the higher number in terms of hiring more people and getting it fully operational.

Kishore Kumar:

Got it, sir. Sir, my second question is on the U.S. demand sentiment. I mean now it's actually 20 percentage average tariff across the major exporting countries for the apparels. And what proportion do you think has been passed on to the consumers -- end consumers? And is there any variation that you are seeing in the high-end fashion apparels versus general clothings? Also, how is the inventory shaping up with your customers? Hello?

Sanjay Gandhi:

Yes. Pallab are you there?

Pallab Banerjee:

Sorry, I was on mute. The first part of the question that you asked is about the price ticket increase for the end consumers due to the tariffs. Now this -- what we are seeing is that there is an increase in the U.S. market in terms of price ticket, but it has been done surgically. It is not done across all products across all retailers. So wherever the retailers are seeing that, okay, they can get that price, they have started increasing that price.

And for the rest, for example, some core products and all where they feel that they want to see how the overall all competition is going to increase the price or not. So they still wait and watch. Our game is still going on. So what we see is that there are certain products where the prices have started inching up.

The second part of the question was about the inventory. So if the customer -- if these retailers and brands are increasing the price ticket, so accordingly, they are also seeing -- what we are seeing is a slight decrease in the buying numbers. So that their overall buying budget is still being maintained.

So I think they are assuming that if the consumers are spending a little bit more money, they might buy a slightly lesser number of pieces. Now whether what percentage and how this will play out, that is yet to be seen. But these are the early signs that we are seeing in the behavior of our customers.

Kishore Kumar:

Sir, just a follow-up on this. Like for an economy with 2, 3 percentage of inflation, if brands pass through like 7, 8 percentage of the cost to the customers, will it impact the demand in the coming quarters? What do you think on that aspect?

Pallab Banerjee:

So as I said, like 20% full pass on, we are not seeing from any retailers as of yet. We are doing it surgically on certain pieces, but not the full 20%. There is always a pressure on absorbing some part of the cost by improving their efficiencies at the retailers end. And as you have seen, like they had asked for the suppliers also to share part of it earlier.

Now I think it is becoming a norm. So slowly, we will see some increase. And mind you, like if I talk about the cost of goods, the 20% increase should result anywhere between 30% of it or up to 50% of it depending on what retailer that we are talking about. So yes, there would be some -- I don't know, percentage-wise, you can calculate like if they have to pass on this 20%, 30%, how much increase they have to do if they have to completely pass it on.

But because we have not seen that entire effect as of now to play in the market, so it's difficult to say. So let's wait and continue to observe how this plays out. But yes, most of the agencies or the surveys are saying that the consumer sentiment has been low or decreasing. The numbers have not shown so far. But yes, everybody is cautious at this point of time.

Kishore Kumar:

Got it, sir. Got it. Understood. Sir, I have one more question if I can squeeze in. Sir, so far, actually, in the last few years, the growth has been driven by the customer addition in both existing as well as new geographies. And now we are adding almost 10 million pieces in Bangladesh and India together coming up in the next financial year. How are we placed in terms of new customer additions or wallet share increase with the existing customers for these incremental facilities that is coming up? How are you placed on that aspect, sir?

Pallab Banerjee:

Yes. So I think that's the confidence that we have been sharing with you repeatedly. See, we are a growing organization. And the way that we have placed ourselves by having 5 different country of manufacturing, and at the same time, 5 of the major markets that we are catering to. 4 years back, we were completely or almost completely dependent on U.S. market.

Today, we have been able to share the -- all the 5 major markets. And plus, we're looking at other markets also. So that journey we continue to do. We always are lookout for the major growing retailers or the growing brands who are gaining their market share.

As I just mentioned that if you talk about these 5 economies, that is European Union, U.S.A., Japan, Australia and U.K., that itself gives us an apparel market of close to about \$240 billion to \$250 billion. So I think the pie is quite big. Yes, we know that we have to be aggressive. We have to show our strength and gain market share from our competition. I think that's a journey that we have undertaken very consciously. And so far, as you see that whatever promise that we have made to you in terms of our growth percentage, we are in that range.

So every moment we are seeing like which are the other big retailers who are gaining market shares and if we can start working with them. So that's still continuing. As I just mentioned in my earlier speech that we have added recently to a very marquee retailer in our mix. So we'll continue to add that and look for that opportunity.

Moderator:

The next question is from the line of Bharat from Dalal & Broacha.

Bharat:

Sir, just trying to understand that the Bangladesh capacity that will come up by 2Q FY '27, when can we expect the full ramp-up for that capacity to take place? If you can throw some light on that?

Pallab Banerjee:

So you see Bangladesh, what we feel is a much more mature market. And because it's concentrated more in Dhaka and the reasons around Dhaka, I think we have seen that to ramp it up -- is much smoother and much more easier compared to when you start a new factory in countries like India. So this construction should be ready in 2027.

We should be able to ramp it up in the year of 2027, '28 for Bangladesh manufacturing part. And we are also -- as we have shared with you, we have -- we are making one of the washing projects out there that I think should be ramped up much faster.

- Bharat:** So just to understand that the capacities that we'll add next year in '27 to take up our production pieces to 112 million approximately, those capacities will take a typical amount of time of how much to ramp up to our optimum utilization levels?
- Pallab Banerjee:** So in apparel industry, if you see like once you have the factory and the machines all ready, then we start hiring people and then training them. And as we train, if you are taking fresh workers, then they need a proper training. If we have experienced workers, then it becomes faster. And then once the factory starts operating, it starts with a low efficiency and then over a period of 6 months to a year, the efficiency continues to grow.
- So that's what we have been experiencing. So specifically, like for every project to say, okay, this is the exact date by which it will be working optimally is a little difficult. So for example, like if I talk about these 2 projects, like one is in Bihar, this is something -- is a new state or a new location that we have started. So it's comparatively slower. A project that we are doing in Dhaka will be comparatively faster. So that's how we are seeing it.
- Bharat:** All right. And just a follow-up on that point only. So do we expect to see operational losses come in, in our mature regions as well? Or is this just a phenomena that we are seeing in Bihar because it's a new region?
- Pallab Banerjee:** So as Sanjay just mentioned, its operational losses is just because we are ramping it up for this quarter. But I don't think that's a prolonged part in most of our operations. Yes, when we did Guatemala, Guatemala was again a new country. So it took a couple of seasons or I would say, maybe like more than a year to get a complete handle of it. But Dhaka kind of place, which is a very mature market or a Vietnam place, which is very mature, again, production center, there we have seen or experience much faster return. Sanjay, do you have anything to add on that?
- Sanjay Gandhi:** Yes, sure. Thanks. Just to add that for Bangladesh factory, which will -- garment factory and the laundry, which will get likely to be completed construction completion and commercialization by end of quarter 2 of FY '27. We see a significant contribution should come respectively from this factory in a financial year '27, '28. I think 5 to 6 months should be the time to ramp it up.
- And generally, we have seen in the past when we started prudent 4 years ago in 2021, in the first year itself, it was at an EBITDA breakeven. And that next year onward, it started contributing significantly to the bottom line and the top line. So we believe that the same trend and the pattern should follow for Bangladesh, the new factory, which is under construction.
- Bharat:** All right. Got it. And just, sir, on our margins, just trying to understand...
- Moderator:** Bharat, sorry to interrupt you. The next question is from the line of Kaustubh Pawaskar from ICICIdirect.
- Kaustubh Pawaskar:** Sir, my question is on your earlier comments. You mentioned that the trade deal with U.S. and the FTA signing with EU and U.K. will increase the opportunity for us. And you are guessing a market of around \$250 billion opening for us. But in that context, we should also be ready from the back-end point of view, like we should have that production capacity to cater to the demand, which will be opening up in this market.

So I just want to understand that whatever capacity expansion we are doing, is it good enough or you need to add some more capacities in some of your existing markets, especially in India? Because if you are adding clients or if you are getting orders from the existing clients, you should have that capacity with you to cater to the clients. So from that point of view, do you expect capacity addition over the next 2 years? And if it is, then what would be your capex plan going ahead?

Pallab Banerjee:

So I can start this and then Sanjay can add the second part of your question. See, we do have a continuous growth plan, so which we have been saying that we have a compounded growth of anywhere between 12% to 15%. So that's the growth that we have factored in, in our business. And that kind of capacity addition has been a continuous process for Pearl Global.

As I just said that in India, we were expecting these trade deals and the implementation as much faster. So we have already built up some capacity. That's why I said that even we are doing a business of around INR1,100 crores at this point of time, we do have capacity ready to do at least about INR1,600 crores.

So as -- the only requirement is to put in the people as and when we start getting the business and maybe a very minor kind of charges like addition of few machines here and there. So that kind of readiness we have in India. Then this is not the end. Definitely, for the next years or the future years, again, we continue to grow. So that we will continue to update you what kind of projects and what kind of plans that we have. And for the rest of the other countries, sorry?

Kaustubh Pawaskar:

Yes. So just wanted to understand this 12% to 15% growth what you're talking about, it is considering the trade deals what we have signed with U.S. and EU is it? Or you're expecting incremental growth?

Pallab Banerjee:

Yes. So specifically, if you're talking about India, yes, if India once these trade deals are implemented, for example, European Union deal would be implemented in 2027. And the U.K. FTA is expected to be operational within this financial year, like in the maybe March or April, let's see like when it gets started. And the U.S. bilateral agreement is, I think, operational now.

So these kind of -- that's why we said like this particular readiness, we were projecting so that we thought that 2026 should have been the year where we would get a jump, but it got delayed because of various reasons, and we all know that in the news that is coming. So this particular year, we lost that opportunity. But that readiness we already have for India. But definitely, if you talk of the total impact of it, that will be definitely much higher and that we continue to grow.

We do have 2 partner factories already ready with us in India, which we are not considering our capacity as of yet. So that's something that we have continuously, we have been working upon. In countries like Bangladesh and Vietnam, which is more mature market where we can easily work with our partner factories, we have been taking that advantage even before putting our own plants at that rate of growth.

So like this washing plant that is coming up, we have this business already happening with us. So naturally, further growth that comes in as soon as our washing unit is ready within the next

2 quarters, we should be able to immediately make it operational and also expect to breakeven quickly. So that kind of planning we'll continue to do.

There are opportunities that comes in. For example, the regime change in Bangladesh gave us a good opportunity last year. So we saw a major jump in terms of volume. So similarly, like this kind of -- whether it's a trade deal or these other things, like if the sudden jump is required, we try to be at best ready for it. But yes, really to plan in a long-term compounded growth that we have planned around 12% to 14% for our top-line.

Kaustubh Pawaskar:

Sir, my second question is on the impact of the U.S. tariff. So this quarter, we have seen it is around INR31 crores. Now since the tariff has reduced to 25%, because 18% would be somewhere from mid-March when actual trade deal will be signed. So this INR31 crores, I believe that in quarter 4, there would be some impact which will be there because the retrospective date is 7th Feb.

So there will be -- that impact will be there. But from quarter 1, should we expect it to be 0? Or since it is 18%, still there will be some negotiations with the retailer over there and they will be asking you to take some hit on your margins. So just an understanding from that.

Pallab Banerjee:

So this 50% tariff that we had was putting us in a disadvantage. Similarly, the European Union and the U.K. FTA, these are some of the disadvantages that India as a country we had. If you compare with the other countries like Bangladesh, Vietnam, Indonesia, neither they had that 25% penalty tariff that India had nor they had this -- they also had some kind of advantage like LDC or comprehensive treaty in these other countries. So they were not -- their goods were not subjected to a tariff in the European Union and U.K.

So what India has done now is at least from that perspective, like these disadvantages that were there for Indian exports, that is getting removed. Yes, it's happening part by part. And specifically for now for U.S., we have been to maintain the business of U.S. customers shipping from India, we had to absorb part of this tariff, especially the penalty tariff. So what happens is the immediate effect, this penalty tariff is waived off. So that gives some kind of advantage to our bottom line. And then the rest is more like a competitiveness.

So let's say, if the same goods they are going to source from any other country, which is subjected to 20% -- and maybe for the next couple of weeks, it is 25% in India and then it comes to an 18%. So that will give India as an advantage of maybe like 1% or 2% better compared to these competing countries. So those are the things that the brands will negotiate from all the vendors across all these countries. So that's the competition game, like who gives the best price and more sustainable price for them. That's where they get the business from.

Strategically, when these customers are talking to us, they have invested with us to train us, train our factories to get that product and that consistency in their products and on. I'm talking about these marquee retailers. So that said, if they would like to continue to use those facilities for their own benefit.

So this disadvantage that they had temporarily in the U.S. market and UK, EU that they have been having for a long term, that is getting removed from India. In India, we definitely need to

grow certain other strengths like the variety of fabrics, which are available in other markets and all. So that I think now better investments and all would continue to come in into India to make it much more competitive overall. So it's a good time, I think, for India that is coming up.

Kaustubh Pawaskar:

And a question of capex...

Moderator:

Sorry to interrupt you, Kaustubh.

Pallab Banerjee:

Yes, sorry. No, no, hold on. capex is something that he asked earlier only. Sanjay, would you like to reply to that?

Sanjay Gandhi:

Yes. Sure. Just to very quickly. On the capital expenditure, so as Pallab mentioned, I think your question is specific to India. In India, we do have a capacity ready for INR1,600 crores plus kind of a top line, which is in-house. There are plus 2 partnership factories also, which Pallab mentioned that are also not ready, but not included in this capacity of INR1,600-plus crores turnover.

Now on the further capex, we keep evaluating and we will do the evaluation. We have got a land parcel allocated to us in Madhya Pradesh. And we have stated earlier also, as we see how the progress on Bihar commercialization takes place, we will be definitely evaluating it and committing the capex well ahead of the time when we have the order in hand and we want to execute it.

So as far as current run rate is concerned, I think we are good for 25% CAGR, but the opportunity may come very fast. So we may have a good growth coming in India in the next 2 years, basis the FTA, which has been done. We will evaluate the capex at that point in time, and we'll do it much ahead of the requirements. So that's where I would just like to mention to you.

Moderator:

The next question is from the line of Prateek Poddar from Bandhan AMC.

Prateek Poddar:

Sir, could you just help us -- I mean, you did talk about, but just on India, it looks like if I look at your financials ex-India, the growth has been quite phenomenal. And it is only India, which is dragging you, but with the 3 FTAs which have been signed with U.K., EU and U.S., how soon can you ramp up India operations and get the India margins back to, let's say, company level margins, right?

Because there's a substantial difference between the global company average versus India even on an adjusted basis. I'm not seeing report basis, just on an adjusted basis also. So there's a big drag in India. How soon do you think you can reach the INR1,600 crores kind of a business? That's question number one.

Pallab Banerjee:

So definitely, we are seeing a very positive movement in our order books. There are 2 things that was, I would say, if you have to club the problems of India into 2 parts. One was that it definitely had some disadvantages of these trade agreements and the lack of the raw material -- a variety of raw material apart from cotton. So, I think if the trade deals are there, what we have seen in the budget also is positive comments to diversify the fiber base and other things. So I think this is something which should get resolved in India very soon as a country.

For Pearl Global, we also had another drag because all our investments were in the metros. That means Gurgaon, Chennai and Bangalore. So as we have been mentioning that we are now trying to expand to the locations which are lower cost as well as can be ramped up because the availability of the workforce would be better.

So I think we have started both these journeys right from a country level also and at Pearl level also. So I think these 2 years, we should be able to see a huge improvement and movement in these 2 directions. Yes, proof of the pudding would be the order books and all. We are seeing positive movement already.

Prateek Poddar: Understood. So that's helpful. And the second question, sir, just a clarification. The other segment in the segment reported format, that's Guatemala?

Pallab Banerjee: Yes.

Prateek Poddar: Okay. So sequentially, I see the PBT losses increasing, right? I don't know whether that's the right way or one should just look at Y-o-Y because there's seasonality involved. But sequentially, I saw the losses increasing. Is that more to do with seasonality or something else?

Pallab Banerjee: So you see this season, you have to see because every season is different in terms of what kind of product like winter seasons are always -- Northern market is -- Northern investment market is a much bigger market. So naturally, the outerwear and jackets goes in the first quarter and the fourth quarter. So that way, like every quarter becomes important. So I think for us, for apparel trade, you should be looking the corresponding quarter of last year versus this year. And Sanjay you can add?

Prateek Poddar: And it's path to profitability? In that sense that's what's driving...

Sanjay Gandhi: Yes, please go ahead, Prateek.

Prateek Poddar: No, no, I'm just saying, sir, there are 2 big drags in your financials. One is India, and you just talked about that next 2 years, India will be on a healthy growth path. And with growth, obviously, operating leverage will play out. The second was obviously Guatemala, where obviously losses are declining on a year-on-year basis. I just wanted to know the path to profitability for the Guatemala division?

Sanjay Gandhi: Yes. So we are working very aggressively, and we are charting out a plan where Guatemala losses should reduce substantially in FY '27 onwards or it should reach a breakeven in the next financial year itself. Contributing to the bottom line thereafter will be our strategy. Our complete focus right now is to really stem the losses and we bring it to the breakeven point, which we are confident in the next financial year, we should be reaching there.

Pallab Banerjee: Yes. Just to give a perspective on Guatemala, it will be always a small production center. So you see that Guatemala is nearshore, the raw material availability is a constraint there. So there are 2 ways that you can do business in Guatemala. You can import the raw material from Asia and manufacture there. That doesn't give the benefit of the tariff advantage for U.S.A. Only if you

source the raw material from Guatemala or that region, Caribbean region, then only you get the tariff advantage. But the raw material is scarce out there.

So that's the reason for which that market has never been a big one. But it's an attractive one because we, for example, since the time that we have taken this small facility in Guatemala, almost every marquee customer wants to walk in. Everybody is having a conversation with us. So that brings a lot of attraction for the nearshore.

But yes, how to make a good amount of profit seems to be a puzzle at this point of time. So we are also watching it very closely. Our main goal is to not to lose money there. And then yes, like if we can make some money, that will be excellent. So that, as Sanjay mentioned, like there's a close watch and control is being put in place at this point of time.

Prateek Poddar: Understood. And just to summarize, essentially, what you're saying is that even though the top line growth will be 12% to 15% because of the movement of this incremental growth coming from India/Guatemala, you will see margin expansion, right? It's just not top line growth, coupled with margin expansion. And I'm saying adjusted on the base of adjusted EBITDA. That's a fair understanding, right? Normal maths.

Sanjay Gandhi: Yes, yes. That's a fair understanding.

Prateek Poddar: Okay. Last question, sorry. So see, just Bangladesh, right? Again, on a Y-o-Y basis, we have seen some dip in profitability, not material, but any comments over there?

Sanjay Gandhi: You see you're referring to the segment report, I guess.

Prateek Poddar: That's right. That's correct, sir.

Sanjay Gandhi: Yes. The segment report, as we mentioned that there is a part of the revenue, which is build-to-ship to model as per the contractual terms with the customer, which means the invoicing takes place from the -- our entity in Hong Kong right now. So which means when you look at Bangladesh profit, some profit will be definitely by virtue of following the contractual term will be there in other entity as well.

So when you -- when we evaluate Bangladesh profitability, we added all the things to really see how they are faring compared to the previous year performance. And when we add this, I think they are faring a very stable performance in Bangladesh, and we expect them to continue to improve. So that is from the regulation perspective, which we have to really just -- we have to comply with those disclosure requirements.

And if you see the less intersegmental revenue and intersegmental reduction, this is where the necessary transaction between the related party get knocked off. And eventually, you arrive at a total profit, which is there at a group level. So we need to take care of those related party intercompany transaction to really arrive at the final number. So that's where it is, whereas the intersegmental will show related party transaction for all the countries.

- Prateek Poddar:** So just to summarize, sir, there are only 2 countries which are below company average in terms of margins today, which is India and Guatemala or even Indonesia?
- Sanjay Gandhi:** No, Indonesia also have been much below their capacity utilization and the margin profile is also not what they were delivering, let's say, 2, 3 years before. I think there is a ramp-up of capacity as well as improvement in the gross margin and the EBITDA margin in Indonesia. We should -- we are expecting and hoping that it will deliver in next year and year after.
- Prateek Poddar:** What's the broad Indonesia range today versus -- I mean, I didn't get that?
- Sanjay Gandhi:** So EBITDA margin will be still in the single digit. We expect it to be double digit in the next year and year after.
- Moderator:** The next question is from the line of Sani Vishe from Axis Securities.
- Sani Vishe:** Congratulations on a good set of results. So my question is kind of a follow-up on whatever discussion has happened earlier. So as you rightly said, there are multiple positives for India's textile industry that are happening, which place India on a cusp of a golden area going ahead. And Pearl Global especially has taken steps, which will enable them to benefit from it strongly going ahead?
- But at the same time, it also means that Bangladesh, which had a competitive advantage against us or many other countries, they are somewhere losing out on it, plus there are some challenges that are going on there in the domestic industry on the raw material side, etcetera. So how does that affect our strategy in Bangladesh? Does that change anything for us? Or what are your thoughts on how you would plan to handle the possible negatives or the risk that comes with this?
- Pallab Banerjee:** So yes, slightly different from our perspective, slightly different from what you just mentioned. One thing we have to see, first of all, is that India had some disadvantage. India as a country, I think, again, my perspective, was more focused on domestic industry compared to the exports, whereas countries like Vietnam, Bangladesh have been more export-oriented economy, especially like if you talk of Bangladesh, they have really focused on the garment exports.
- So the kind of readiness, kind of infrastructure that they have been able to build up in the last 15 years is way ahead. As a result, if you can see the numbers only speaks, like they are close to almost about \$50 billion of garment exports compared to a small country like Bangladesh compared to India, which is a large resources also, like we are doing only about \$15 billion, \$16 billion.
- So there is definitely a catch-up thing to do. Bangladesh had the advantage of LDC and a lot of investment had come in and a lot of other interest -- large manufacturers of garments have been looking at Bangladesh or Vietnam more positively over the last 2 decades. So as India is coming into all these BTAs and FTAs, plus if they can -- if we can improve certain other things like labor laws or the ease of doing business and other things, then definitely, we should be able to compete with these smaller nations, which have been totally dependent on the export economy.

And the other thing that you said is the geopolitical -- or not geopolitical, but I think their own political problems. Now these third world countries always have some kind of disturbance. Like if you go back in the Bangladesh history for the last 2 decades, yes, that period -- there was a period of about 10 years where we saw less amount of disturbance because only one party was ruling there.

But whenever we have seen a party change, if you go back the last 30 years, whenever there has been a party change from BNP to Awami League. There has been a disturbance for a few months or even up to a year politically. But that has not disturbed the garment exports or the industry of garment.

And the second part of your question is also about the import restrictions or certain other things of raw material that is going on. So that I think you mean that there was a strike that was called and finally called off about the yarn manufacturer, the yarn spinners in Bangladesh. They were trying to say that if you're importing yarns from India and other countries, then the local industry will get wiped out.

But you see like the bigger revenue and the bigger, more important part of Bangladesh economy is the garment exports. And yarn manufacturing is a very small portion of it. We have been doing business there since 2002. We are not buying any local yarns. So most of the yarns are imported and then converted there for the price competitiveness.

So I don't see a big change in that. So nothing is changing from our side or nothing is changing from the customer side. Yes, the investment that went in for spinning yarn in Bangladesh is facing a little bit of financial issues and also that government is addressing or maybe giving them some kind of incentive to be more competitive locally. So that's how we are seeing this part. I hope I answered all of your questions.

Sani Vishe:

Yes, yes. Just one small part. So on the pricing side, you don't assume that we'll have to take some hit to be competitive against India after the removal of the additional duties?

Pallab Banerjee:

As of now, Bangladesh is much more competitive than India. And there -- because it's an export-oriented economy, I said, so they are importing goods and raw material and then exporting, they had built up a much more robust and smoother way of function in that, which India needs to do a catch-up. And being a small country and only one location, only one port, so definitely, there are certain things that they have done much, much better at this point of time.

So yes, India, we would be -- we look forward to see that improvement as we have done with FTAs and there would be more investment coming in, in all form. So I think we would catch up soon. In terms of Bangladesh, the only risk that I see is many retailers have a very high exposure. So for example, Bangladesh is today known for the denim manufacturing, denim jeans.

So if I talk of any big retailers of European Union or U.K., they have almost like 90% or 100% of their business coming off from one country. And they were stuck because the price difference was very high from Bangladesh to any other country.

Now in the last few years, like Vietnam has the comprehensive treaty done. India is getting on to these treaties. So they will have more choice for their business in Bangladesh. So that could be an interesting phase to see like which country gains. Historically, in the last few years, China Plus One was being talked about. So the countries like Bangladesh and Vietnam really gained out of it, we could not gain. But I think now we are in much better shape to gain more. So let's see how it plays out.

I don't see an immediate impact on Bangladesh, but yes, there will be this competition as these countries like India and all really ramps up there, then definitely, there should be some competition in Bangladesh, but still some time to -- before that.

Moderator: The next question is from the line of Shradha from Asian Market Securities.

Shradha: Congratulations on a good quarter. Sir, two questions. Vietnam, it seems has had some minimum wage hike starting 1st January. So how has that affect our operations and margins in Vietnam?

Pallab Banerjee: So every country will have regular annual wage hikes and so is for Vietnam. So at least it's much more predictable for a country like Vietnam, what kind of wage hike that they have been doing year-on-year. So yes, we -- to compensate or to mitigate that, there is a continuous effort towards improving the efficiency. Countries like China, Vietnam and all, we are seeing much more automation, much more robotics that is coming in because the wages are quite high out there compared to countries like Bangladesh and India.

So even at Pearl also, we continue to invest in those technologies and upgradation of our machinery and automation as well as robotics. So that's the only way that we can produce similar kind of -- have similar kind of productivity at a similar kind of cost in this competitive world. So we continue to do the same thing. We have continuously invested in automation and robotics in a country like Vietnam. So that continues to happen.

Shradha: But that would reflect gradually in numbers. So in the near term, do we expect margins to take a beating in Vietnam? I mean, on a sequential basis, Vietnam.

Pallab Banerjee: That's what exactly I was trying to say that this is something which is predictable. In a country like Vietnam, we have seen the predictability as very high. And that's the reason for which certain markets like U.S. and all have been really going to -- all these customers go to Vietnam first. So that predictability is high. And so we could plan that out, okay, this is a year like how much of cost will go up and how to compensate that. So that's something like we have been actively working.

We don't see a major challenge here. The overall geopolitics or suddenly some kind of other FTAs happening in other countries and all. So that will continue to happen. I think all of us have to be really nimble at this point of time to mitigate that. But this -- the local wage hike of a country like Vietnam, that's something which is predictable and planned for.

Shradha: Got it. And sir, another question, which is not related to this quarter in specific. But if I look at our payable days and compare it to our peers, that seems to be almost double of the other peers. So why is it that the payable days are so high relative to competition?

Sanjay Gandhi: So our payable days has been around 45 to 50 days, and this all actually follow as per the credit terms, which we have with all our suppliers. So many of them are backed with letter of credit. So letter of credit allows you to enjoy those credit period. And it is in line with our working capital cycle period.

So in terms of the net working days, when you look at it, we are hovering between 35 to 40 days' time period only, which is, I think, the lowest net working capital days compared to peers in India or internationally. So I mean, you have to look at overall net working capital days to really see the efficiency in managing the working capital.

Shradha: That's true, sir. But I was just a bit curious as to how have we been able to negotiate better terms with our suppliers versus our competition?

Moderator: Sorry to interrupt you, Shradha. Can you please rejoin the queue for more questions?

Shradha: Yes, it's just a follow-up question?

Pallab Banerjee: Yes. Sanjay, it's a follow-up question, you can answer that.

Sanjay Gandhi: Yes, yes. So see, there is a long-term relationship which we enjoy with all these suppliers, whether it's a Bangladesh procurement or Vietnam procurement, and there is a much more stability also and they see the volume growth coming over a period of time. So it's a relationship which is built, I think, a number of years. And as the business grows and our payment terms, our payment, we have never delayed payment to any of our stakeholders, whether it's a supplier or employees or any statutory compliances.

I think these all built a lot of confidence and they really then are able to collaborate with us for a symbiotic relationship to really grow business together. And that has been working well for us, and we intend to continue working on those best practices.

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

Vishal Mehta: Congratulations on a good set. Most of the questions have been answered, but a couple of questions probably from my side would be, I just wanted to understand a bit on technical of the U.S. tariff reduction now that the joint statement for 18% tariff is out, and there's also an executive order for withdrawing all tariffs also, in which it's written that goods shipped probably post 7th of February would be attracting lower duties. So for us now going forward, all the goods shipped for that, the discounts automatically get withdrawn. So how does it work?

Pallab Banerjee: Sanjay, can you take that?

Sanjay Gandhi: Yes, sure. So on the technicality perspective, I just spoke to before this call in the morning itself to our forwarding and custom agent that any filing which is done after 7th onward, which will be considered as a consumption entering into in America will not attract this 25% penalty tariff. Now which means that the shipments, which has already sailed will have those pricing, which has the risk of 25%.

But going forward, as soon as we have the proof of the tariff really going out and the burden is not there on the importer, we will be able to get credit of all the extra tariff, which was presumed to be there, but actually, it is withdrawn from the date of 7th of February. In all our future shipment, we are already engaging with our customer to really make necessary amendment in the purchase order.

Exact nitty-gritty of that is still under discussion. But yes, the expectation and discussion following the earlier understanding has been withdrawal of the same as soon as these restrictions are lifted or the penalty is removed.

Pallab Banerjee: Okay. So when the customer had asked for these discounts, we have said that if the tariff gets reversed, then these discounts also will be reversed. So I think that's something which is coming into effect now.

Vishal Mehta: Okay. But there won't be a further need for doing a second round of negotiations or the discounts not probably get reversed?

Pallab Banerjee: Not on these orders. For the fresh order that they are placing, they will continue to be -- they would like to be competitive across the globe. So if Indonesia, Vietnam, Bangladesh, specifically we had that disadvantage. India had the disadvantage so far. So I think now it's more like a level playing ground, of course, India has an additional advantage of 2%. But yes, that's what it is at this point.

Vishal Mehta: And just a clarification on the tariff get discounts till now. In our P&L, we were setting it off against our revenues or realizations or booking it as a separate expense line?

Sanjay Gandhi: Yes, sure. Thank you for asking this. Basically, it's a combination of both. In some part, it is revenue reduction. And in some part, it is going as a part of the other expenses also. So it all depends. As I mentioned that the exact technicality of that will be in discussion with the customer. The same has happened in the past as well. The way the customer -- the contracts have been drafted, it is -- has been taking -- reflecting in the P&L. So part of it is in sales reduction and part is part of the other expenses also.

Vishal Mehta: Sir, could you quantify the proportion, how much you set it up?

Sanjay Gandhi: I will share the detail later offline with you.

Vishal Mehta: Okay. And just the last question, if I can squeeze in is, what is your current EU presence? And how are we ranked on the sustainability aspect as this market is much more conscious about that. So your thoughts here would be helpful?

Pallab Banerjee: Yes. So we have been supplying to EU because we see the presence of our Bangladesh operations, and that has been quite a substantial amount. So as I speak, I think our EU-based customers were already 17% plus or moving towards a 20% kind of thing, if I talk about total import into the country of EU.

So then see this -- most of our production is EU ready. In terms of garment traceability, in terms of the ESG that we are looking for, yes, there are some few changes like countries like India and all, which was low. That also we have been investing and making it ready, especially for the water, solar, renewable energy as well as the waste management. So we are, I think, ready in all our facilities to execute EU business.

Vishal Mehta: Okay. So EU was -- is around 17%, 18% of your overall revenues right now? And you're saying that Bangladesh, you have already been EU market ready. India, there are some more investments to be done, just to summarize?

Pallab Banerjee: India also, we have been shipping to EU. We have been shipping. Now this ramp-up is going to happen. So let's say, out of our 8 owned factories in India, there were already 4 were already approved for EU. The balance 4 also is now getting approved as these numbers are going up. So that kind of thing. So it's a very minor thing, not any kind of major investment or anything is required. So that's why we are ready for the EU and U.K., and some India also. Yes. Bangladesh, Vietnam always was ready. India also now we are ready.

Moderator: The next question is from the line of Sahil Sharma from Dalmus Capital Management.

Sahil Sharma: So sir, like you mentioned that you're targeting about INR1,500 crores to INR1,600 crores from India. Sir, could you also share the revenue target from other geographies as well?

Sanjay Gandhi: So I think we have been mentioning about 12% to 14% revenue CAGR at a group level. We are still maintaining that guideline, and we are always trying to really beat this number. As far as India is concerned, this number become relevant from the capacity readiness perspective. What we mentioned, our capacity is ready, in-house capacity to do a top line of INR1,600-plus crores.

And with FTA in place, I think the opportunity to accelerate that is there in front of us. So we are ready to have those scale up the revenue from a current run rate of INR1,100-odd crores to INR1,600-plus crores turnover. And that's why the reference came. Overall, at a group level, we are looking at a 12% to 14% revenue growth in the next 2, 3 years. That's what we have stated, and we always strive to really beat that number.

Pallab Banerjee: I must add one thing out here is that like because this India FTA is coming into action, so everything has to made from India, that's not a compulsory thing for Pearl Global. We do have the options of servicing the customer from Bangladesh and Vietnam as well in the same free without any tariff. So naturally, like wherever we see that the best advantage is there for us as well as the customer, we will continue to do that.

Yes, India, we are ready today to have that -- to ramp it up to that number. That's the main point. And as Sanjay just said, that we target to beat this 12% to 14%. But yes, that's something that is definitely given that we want to do every CAGR that we want to maintain.

Sahil Sharma: Understood, sir. And sir, on the EU and U.K. FTA, like earlier, if I talk about the India operations, we were competing with Bangladesh, Vietnam. And some of it would have been coming into our pricing as well. So now with these FTAs, do we see margin expansion Europe

as we'll have to provide lower discounts if I'm shipping to an EU or U.K. geography. Is my understanding correct on that?

Pallab Banerjee:

For an Indian vendor who was competing with the Bangladesh competition, they had a disadvantage of this 10% of additional tariff to European Union and U.K., which from 1st of January has become 12%. So this particular year till the U.K. FTA comes into effect or the European Union FTA, which is expected to come into effect from next year. So we have an additional burden of 2 additional percent compared to last year, that's because of the finishing of the GSP advantage that we had till 31st of December 2025.

So that's what is happening. But yes, there is a renewed interest from all the customers and the Indian players to secure business and to get on with it. So yes, if you are asking me like there has to be -- if the retailer wants to be getting the best price, then there is a disadvantage of 12% between Bangladesh and India as I speak, expected to move away from U.K. maybe like from April onwards and expected to move away for EU, maybe 2027, January onwards.

So yes, to really like if the customer is insisting that, okay, I need the same price of my landed as Bangladesh, then the Indian vendor have to give that 12% or take a beating of 12%. Now that will depend on the negotiation, the readiness of the customer to take that extra 12% or not to develop a vendor or an Indian supplier to see that, okay, whether we want that business so that we can secure some business for future by taking this extra hit. So these are all negotiation tactics and the relationship that we have.

Now specifically for Pearl Global, as I just mentioned earlier also, like we have this choice between these 3 countries. And the other 2 countries definitely have the FTA and the tariff benefit as of now. India is going to have it soon because we have signed the treaty. I hope this makes sense to you what you're looking at.

Sahil Sharma:

Absolutely. Yes. And if you could give some color on the volumes from Vietnam and Indonesia and how they have changed Y-o-Y?

Pallab Banerjee:

So Vietnam, we are experiencing about, I would say, more than the 15% kind of growth at this point of time. And Bangladesh, we had -- sorry, you wanted only Vietnam or Indonesia?

Sahil Sharma:

Vietnam and Indonesia?

Pallab Banerjee:

Indonesia, like we mentioned that we are in the ramp-up period because we shifted that factory 2 years back and that we had taken that hit from a \$30-plus million that we had our capacity earlier. It had come down to in the \$15 million, \$16 million range. So that we are ramping it up. So this year, you will see a significant growth. And next year onwards, growth plus the bottom line grow significantly higher, as Sanjay had mentioned in the earlier questions.

Moderator:

We'll take the last question from the line of Manjubhashini A from ASK Wealth Advisory.

Manjubhashini A:

Sir, one question particular to the Vietnam geography. The growth seems to be very healthy there at 66-odd percent. These numbers I'm talking from the segmental data that has been

disclosed. But the margins for some reason, aren't as positive as the growth is. Any particular reason there?

Sanjay Gandhi:

Yes. Thank you, Manju. So in the segmental, as I mentioned earlier, the revenue from Vietnam is also bifurcated between the 2 countries because we follow the build-to-ship model. And all the invoicing for the customer of Vietnam is through Hong Kong entity. So you will see the margin basically a combination of the 2 entities, Hong Kong plus Vietnam to really arrive at only Vietnam revenue.

That is what we do, as I mentioned, for the Bangladesh, same to hold for good for Vietnam and same hold good for Indonesia as well. So purely segmental revenue, when you see it, it is only entity revenue and then there is an intersegmental adjustment, which happened below that.

And likewise, on the PBT part also, what you see is what is reported in the local entity. And then thereafter, there are build-to-ship model and there are certain expenses which get incurred in -- on account of the falling the build-to-ship model and the margin profile of different entity, but pertains to the Vietnam division will be there. So we have to really combine all this revenue to margin to arrive at a total margin profile of Vietnam operation. That may require a certain discussion to arrive it up and which is what we do our internal evaluation when we really work on it.

Manjubhashini A:

Okay. So necessarily, you're saying, do not look at the segmental margin on a stand-alone basis, just look at India versus all the other geographies, and that will give us a better picture of how the profitability has moved for the other geographies other than India?

Sanjay Gandhi:

Yes, your understanding is correct because here, there are related intercompany transaction, which requires an elimination. So you may not get the complete overview of the specific geography. However, India, since stand-alone accounts are published, you can definitely get a clue about our Indian operation directly from there.

Manjubhashini A:

Understood, sir. And just one more question for the 9 months ended time frame, we had these one-off tariff-related plus ramp-up costs accumulating to INR42-odd crores. And previously in the conversation, you did mention that the ramp-up costs will reduce in Q4, but from FY '27 onwards, only we should assume it to be nil. So in that sense, there is going to be a tailwind of at least, let's say, INR30 crores, INR35-odd crores from the margin perspective in Q4 versus Q3. Is that a correct understanding?

Sanjay Gandhi:

This is a 9 months number. So yes, quarterly impact will be accordingly is a calibrated one. But yes, it will flow through in the P&L when you look at a complete full year next year compared to this full year next year, there will be definitely the number improvement on account of operational efficiency or setting of the operation, which will happen.

Manjubhashini A:

Sure, sir. And are we looking to increase our margin expectations from the group company level? I think earlier you had talked about aspirations of reaching a double-digit EBITDA margin in the India geography, and that will also reflect in the overall group level EBITDA margin trajectory. So would you look to increase this number, sir, as we are seeing all the headwinds and trade negotiations, etcetera, are all behind us now?

Sanjay Gandhi: Certainly, our target is to really move to those double-digit EBITDA at stand-alone at a group level. And we are definitely working towards it. And all this FTA and the trade barrier going out and one-off costs also getting cooled down. Next financial year, we are well positioned to achieve this double-digit number. Directionally, we are going in that direction, and we are pretty confident we should be able to accomplish those targeted numbers in the coming quarters.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, that was the last question. I would now like to hand the conference over to Mr. Sanjay Gandhi for his closing comments. Over to you, sir.

Sanjay Gandhi: Thank you to all participants. We have successfully sustained our growth momentum despite challenging macroeconomic conditions. With positive developments in the industry, more specific from India perspective, we are poised for accelerated growth in our India operations as well as across the globe. I hope we have been able to address all your queries. For any further information, kindly get in touch with Shishir, our Head of Investor Relations, or Strategic Growth Advisor, our Investor Relations Advisor. Thank you.

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

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 7th February 2026 will prevail.”

Pearl Global Industries Limited

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