



Exceeding Expectations...Always

PGIL/SE/2025-26/58

Date: November 18, 2025

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DEPARTMENT OF CORPORATE SERVICES – CRD
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Reg: Scrip Code: BSE-532808;

NSE - PGIL

Sub: Transcript of Conference Call

Dear Sir/Madam,

Please find enclosed herewith transcript of the Conference Call held with Investors/ Analyst on November 12, 2025, to discuss the Company's un-audited financial results for the Quarter and Half Year ended on September 30, 2025.

You are requested to take the same on your records.

Thanking you,

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

(Shilpa Saraf)
Company Secretary & Compliance Officer
ICSI Mem. No. A23564

Encl: as above

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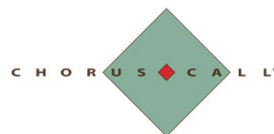
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“Pearl Global Industries Limited
Q2 and H1 FY '26 Earning Conference Call”
November 12, 2025



**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 ADVISOR**

Moderator: Ladies and gentlemen, good day and welcome to Pearl Global Industries Limited's Earnings Call for Q2 and H1-FY26. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone.

Please note that this conference is being recorded. Before we begin, please note that this conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

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 afternoon, everyone, and I am delighted to welcome you all to this earnings call for Q2 and H1 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 the 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 involves 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 afternoon, everyone. In quarter 2 financial year '26, we reported another quarter of encouraging performance. Our H1 of FY '26 revenue crossed INR2,500 crores mark with an improved profitability. This is despite a little bit of uncertainty and volatile geopolitical environment that we are all living in today.

For H1 financial year '26, consolidated revenue stands at INR2,541 crores. It grew up by 12.7% year-on-year, driven by improved product mix and higher realization from our country of origin of Indonesia and Vietnam. Our adjusted EBITDA, excluding the ESOP expenses, grew 18.4% year-on-year to INR236 crores with an EBITDA of 9.3%.

Now if we exclude the tariff expenditures that we incurred and a little bit of losses that we had in our new facilities of Bihar and Guatemala, we would have standing at 10.6% EBITDA. Our strategy of geographical diversity has been working well for us, and we have been able to make a notable footprint across various markets of Australia, Japan, U.K. and EU, apart from the U.S.

And from a strategic standpoint, we are broadening our client base even for India into the countries of Japan, Australia and the U.K., which is supported by favorable trade agreements and a growing retailer interest in these particular markets. India, European Union FTA

negotiation is yet to finalize the deal, hopefully, by this year-end, which may provide a strong uplift to India's export categories, including the ready-made garments.

Additionally, the U.K. FTA, which has already been concluded and would be implemented very soon, will position Indian exporters to a benefit and with tangible gains, which are expected from financial year '27 onwards. We remain positive to capture this increased demand. Our diversified model, strong customer relationships, solid order book is providing us the resilience and the flexibility, reinforcing our confidence in sustaining this consistent performance over the next few quarters as well.

Let me now share some updates for each geographies. I will start with the Vietnam operations. So here, our momentum has continued. We have a revenue and volume growth during this quarter, reflecting the success of strategic foresight and the investment that we have been making out here.

Also, it is supported by the favorable tariff regime across U.S., European Union, U.K., etcetera, and having strong trade linkages. Vietnam continues to enhance our competitiveness in major markets. It is encouraged by the strong customer traction, and we plan to explore additional capacities in Vietnam to further deepen our customer engagement and increase their wallet share.

Similarly, like for Indonesia also has delivered good robust growth in both volume and revenue for this quarter, complemented the strong performance, which came from Vietnam as well. Following the successful relocation of our factory from the water side to the interior, we are steadily regaining the business and meeting the rising customer demand by consistently delivering the value. The migration of sourcing out of China is definitely helping Vietnam and Indonesia to further strengthen our positions and giving us the confidence to sustain this momentum in coming quarters as well.

In Guatemala, our Central American operations continue to gain customer interest from U.S. especially. It is supported by the reduced transit time to the U.S.A. and only 10% reciprocal tariff with Zero FTN duty or MFN duty. So while the initial setup phase involved certain challenges and losses last year, this has narrowed this quarter, and we are expecting to decline further in the second half of financial year '26, thus improving the traction and driving gradual recovery for us in this market.

Bangladesh continues to be a strong growth driver for PGIL, benefiting from the already existing FTAs due to their LDC status, the least developed country status. And this is across key markets of European Union, the U.K., Australia and China. So naturally, this country has still a lot of horsepower and advantage in garment exports. So we continue to leverage Bangladesh's tariff advantages. We have sustained strong customer demand and competitive pricing.

Our capex plan remains firmly on track, targeting an additional capacity of 5 million to 6 million pieces, which will drive efficiency, improvements and reinforce our leadership in the sustainable manufacturing through upgraded washing facility as well. In India, where our stand-alone revenue is at INR531 crores in the first half of financial year '26. Adjusted EBITDA, excluding

the ESOP, stands at INR30 crores which is a margin of 5.7%. Excluding the impact of tariff and the related costs of Bihar, this will stand at 7.2% EBITDA

Now driven by the capex and the strong global network, Pearl Global is well positioned for sustainable growth and further robust order book across all our regions, and it is coupled with the disciplined execution, reinforcing our ability to deliver long-term value and maintain this momentum. With a robust order book, continued focus on the strategic execution and a diversified geographic presence, we feel that we are very well positioned to sustain this growth momentum and deliver long-term value to all of you.

Now I will hand it over to Sanjay, our Group CFO, who can provide the detailed overview of the quarter 2 and the first half of financial year'26. Sanjay, over to you.

Sanjay Gandhi:

Thank you, Pallab. Welcome to our quarter 2 and H1 FY '26 earnings call. I will now take you through our financial and operational performance. H1 FY '26 revenue crossed INR2,500 crores milestone, reaching INR2,541 crores, a 12.7% year-on-year growth driven by high value-added product sales in Vietnam and Indonesia. Adjusted EBITDA, excluding ESOP expense stood at INR236 crores, up by 18.4% in H1 FY '26 at margin of 9.3%. Adjusted EBITDA margin, excluding tariff cost of INR21 crores in H1 and loss at new facilities, Guatemala and Bihar stands at 10.6%. PAT in H1 FY '26 grew to INR138 crores, a growth of 17% on a year-on-year basis.

Quarter 2 FY '26 for group results. For quarter 2 FY '26, total revenue stood at INR1,313 crores, an increase of 9.2% year-on-year. Adjusted EBITDA, excluding ESOP expense, came in at INR122 crores, up by 23.6% year-on-year with margin at 9.3% improved by 108 bps year-on-year. Adjusted EBITDA margin, excluding tariff costs in India and loss in new operations stands at 10.1%. PAT rose to INR72 crores, making a 29.4% growth year-on-year.

Now talking about the stand-alone financial performance. H1 FY '26 revenue stand at INR531 crores. Adjusted EBITDA stand at INR30 crores grew by 72.7% year-on-year. Adjusted EBITDA margin at 5.7% grew by 258 bps year-on-year. Adjusted EBITDA margin, excluding tariff cost of INR8 crores stand at 7.2%. PAT stand at INR41 crores compared to INR27 crores in H1 FY '25.

Quarter 2 FY '26 revenue stand at INR264 crores. Quarter 2 FY'26 adjusted EBITDA stands at INR11 crores, EBITDA margin at 4% and PAT stand at INR15 crores compared to INR12 crores in quarter 2 FY '25.

Our strong performance at the Group level is reflected in our strengthened balance sheet. Net worth as on 30th September 2025 stood at INR1,271 crores compared to INR1,146 crores as on 31st March 2025.

Cash and bank balance, excluding cash earmarked for LC payment stood at INR416 crores with an additional INR128 crores investment in mutual fund and fixed deposit totaling to INR544 crores as on 30th September compared to INR513 crores as on 31st March 2025. Working capital days stood at 33 days as on 30th September 2025. ROCE improved by 375 bps to 29% in H1 FY '26 from 25.2% in H1 FY '25.

Other key highlights, despite global headwinds and tariff uncertainty, our operational performance remained steady year-on-year. We shipped 19.9 million pieces, highest in quarter 2 series. Total number of pieces shipped rose to 37.1 million in H1 FY '26 from 36 million pieces in H1 FY '25. In line with our stated dividend policy and commitment to shareholder return, the Board has declared an interim dividend of INR6 per share for H1 FY '26, representing a 20% payout ratio with respect to Group PAT and 120% of face value.

PGIL Holding Company received a total dividend of approximately INR32 crores in H1 FY '26 from our subsidiary company, Norp Knit Industries in Bangladesh and Pearl Global HK Limited from Hong Kong. This is in line with fungibility of cash across Group entity. The company has been consistently declaring dividend from subsidiary company in Bangladesh and Hong Kong since FY '22.

We have upgraded to eFlow Nanobubble technology, replacing traditional water-based washing in Bangladesh. This advancement enables up to 32% water saving, 9% reduction in power consumption and 20% improvement in time efficiency. Also with solar projects installed in India, the renewable energy consumption has increased substantially to 35%.

On the capital expenditure front, we are progressing well in line with our plans with a committed outlay of INR250 crores for FY '26 of this INR134 crores has already been utilized towards capacity expansion and technology upgrade, ensuring timely execution to support our future scalability.

Construction of the apparel manufacturing unit in Bangladesh is in full swing and is targeted for completion by quarter 2 FY '27. Out of INR110 crores allocated, INR65 crores has already been committed. In India, Bihar capacity expansion with an allocation of INR20 crores has been fully completed and the project is now in the process of commercialization.

Construction of laundry facility in Bangladesh is in full swing and is targeted for completion by quarter 2 FY '27. Out of INR90 crores allocated, INR33 crores has been committed. Other planned capex of INR25 crores for replacement and efficiency improvement of INR11 crores has already been committed.

In summary, we have delivered a resilient quarter of growth, maintaining healthy margins despite challenging macro environment. As we look ahead, we remain confident in our strategy, execution capabilities and long-term value creation. Thank you.

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:

Congrats on showing the resilience and good set of numbers. Sir, my first question is on the volumes that we have done for Q2 and Q1 -- I mean, H1. there's a moderation in volumes. Is it because of postponement by the U.S. customers? And how are you seeing the volume trend going forward? Because India contributes a sizable portion of the H2 business for the spring and summer season. What's your plan here, sir?

Pallab Banerjee: This particular quarter normally is a little slow in terms of shipping and number where the volume builds up and then starts going on during the spring/summer from India. So I think that is not a big, I would say, a needle mover as of now. What we are finding is that the order books are robust. Yes, there has been a shift because the U.S. customers who are still -- who have placed business and are still placing business in India, they have been asking for some mitigation between this extra penalty tariff and the higher tariff compared to the other countries.

So I think there is definitely a less interest for us also to book that business because it will not give us that kind of margin. And the alternate markets are yet to fully kick in. But yes, there are good traction that we have seen from markets of Japan, Australia. Even the European and U.K. markets are also opening up. So those are the things that we will see will continue to happen.

In terms of India specific numbers, if you see, we are almost there. It's like a little bit of negative, I think you saw in this particular quarter. But again, that plus/minus up/down depending on how much of inventory in hand, which -- like sometimes we hand over the goods, but it is not shipped out, not cleared, so we cannot call it as inventory shipped. So we haven't seen any big switch or a big variation in terms of numbers of manufacturing and shipping.

Can you repeat the second part of the question once again?

Kishore Kumar: The India business, because from Q3 and Q4, we do a sizable volumes from India to the U.S. for the spring and summer seasons. Given the tariff still going on, what's your plan here? Are we going to do it here or move it to Bangladesh and other countries?

Pallab Banerjee: So for us, like if some of it is moved to other countries, then our bottom line would get better, definitely because India, normally, we are forced to give that tariff advantage to the customers. But certain products which have capabilities in India and we would like to maintain those minimum lines and all, we are still continuing to do it in India. So this is something Q3 numbers are -- as I said, the order books are looking fine. Q4 also, like the booking will be happening now.

If there is a good announcement from both the countries of U.S. and India in terms of some tariff agreement and a settlement, which too much news is coming up, but we haven't seen the actual results. If that happens, I think then we will see a surge in demand. Otherwise, I think as you see like the number growth at this point of time with this negative margins is not advisable. So we'll not push for the number growth at this point of time, unless until this tariff thing is clear for the U.S. market. For all other markets, we are aggressive, and we will continue.

Kishore Kumar: Got it. Sir, my second question is on the tariff impact in Q2. Sir, we can see some marginal impact in the business due to the ongoing tariff. Could you please help us understand how much was actually given as a discount by Pearl and how much was actually passed on to the value chain and the remaining would be taken by the brands right?

Moderator: Ladies and gentlemen, the line for the management seems to be disconnected. Kindly hold while we reconnect them. Ladies and gentlemen, the management is back in line with us. Thank you for holding. Sir, please go ahead.

- Kishore Kumar:** Can you hear me?
- Pallab Banerjee:** Yes, we can hear you.
- Kishore Kumar:** Sir, I was asking about the impact of tariff. Actually, in Q2, we see a marginal impact that is lesser than what we had in the Q1. How much discounts we gave it to the brands and our customers? And then how much was passed on to the value chain? Could you please help us understand that math?
- Pallab Banerjee:** So it is depending on the kind of negotiation and business understanding that we have. So most of the U.S. customers are asking for mitigating the 25% penalty, which on an FOB value or the first cost -- first sale value works out to be approximately around 14% to 15% discount to mitigate that 25% tariff. So this is the ask from most of the U.S. customers.
- And then comes the negotiation and what kind of other services that we are providing to them. So on that basis, we try to negotiate. So this is the current status. So yes, there are at least about 3 of the customers are not -- sizable, big customers where we are not giving any discounts. And the others, we are giving discounts depending on the negotiation that we could manage to have with them.
- Kishore Kumar:** Understood, sir. And one final question before I move to the queue. Can you expect similar margin impact in the coming quarter as well on tariffs, if that sustains for a full quarter?
- Pallab Banerjee:** See, the strategy for the company is like if I look at last year, at this point of time, almost about 60% plus exposure was there to the U.S. market from India. So this year, I think that proportion has changed. So we have already reduced the U.S. exposure. And now it is just below, I think, 50% at this point of time, out of which also we are trying to move out some of the customers where we don't have to pay the tariff discounts or the kind of advantages that they're asking for.
- So that is our effort. As it continues, then the impact will continue to get lesser and lesser going forward. In the meantime, like if a deal is struck between both the governments, then definitely this will be behind us. So only time will tell what happens. But yes, for our business, our business strategies are in place so that we don't have to really depend a big time on the U.S. market and continue to grow our business as we have promised to all of you.
- Moderator:** The next question is from the line of Sahil Sharma from Dalmus Capital Management.
- Sahil Sharma:** So sir, like you mentioned that we have reduced our revenue contribution from the U.S. to approximately 50% from 86% in FY '21. So I just wanted to understand your thoughts on how do you see this development in this geographical mix next 3 to 5 years down the line? And if we are to reduce our concentration of the U.S. markets, so which are the markets we are looking to expand into?
- Pallab Banerjee:** So we had given a road map for Pearl Global to do INR6,000 crores by 2028. So we, on that, what are the strategies that we had put in place that is continuing. Rather than depending on only one major market, we had taken a call to diversify our market base. And yes, like each of the markets, we do try to build our expertise upon depending on what are the forecast of that

particular market, how the sentiments are, whether the market is experiencing any growth or not. So those are things that plays into our strategy as we push where we need to push more and where we need to push less.

At this point of time, as U.S., there were a lot of economists who are forecasting that there could be some impact on the tariff. And what we also saw the sentiment in most of our retailers is to buy conservatively and keep their open to buy for a later date as much as possible. So keeping that in mix, definitely, we were accelerating much more in the other markets. So that's the result that we are seeing as of now.

Now if you are talking about 3- to 5-year horizons, what I'm finding is due to various geopolitics and fast-changing economic scenario and the macro factor changes that's happening in our world now, I think it will be too long to focus for 3 to 5 years about each of the market where it will be very deterministically. I would say we will be flexible.

We have a good share and good understanding of all the markets. So wherever we find opportunity and sustainable opportunity, we'll continue to push for that. So today, across the markets of Australia and Japan and Europe and that is Spain and U.K., we have got captured some sizable brands and will continue to grow their wallet share.

Sahil Sharma: Understood. And so just continuing from this volume -- lower volume growth in the first half of FY '26 of around 3%, whereas it was around 30% last year. So I just wanted to check with you whether is it a constraint on our capacity, which is limiting this volume growth?

Pallab Banerjee: No. Our capacities we have built up. We are ready to do more depending on how the markets are reacting. So I think I just answered the first gentlemen to Mr. Kishore also, like in terms of -- we don't haven't seen a huge decline in the number. But yes, like the growth which we are talking about is slower at this point of time because of some of these macro factors. But we are still continuing to grow. And you will see that growth happening in the second half as well.

Sahil Sharma: Okay. And one last thing. What would be our capacity currently at the Group level?

Sanjay Gandhi: So our capacity at the group level remain at 93.6 million pieces, plus there is a production which is under -- the construction of new facility in Bangladesh is undergoing. Bihar has just started the commercialization. So as the ramp-up happens, that capacity will keep on adding with the commercialization of the full installed machine. So we'll keep updating on that installation. However, what we stated with the capex committed, we are -- we will be in excess of 100 million pieces in terms of installed capacity and with the high value add and partnership, I think by mid of next financial year, we would be ready to ship almost 100 million pieces by middle of H2 -- H1 end of FY '26, '27. So that's what our trajectory was, we have mentioned and we are in line with that.

Moderator: The next question is from the line of Shradha Agrawal from AMSEC.

Shradha Agrawal: Congratulations on a great quarter despite macro challenges. Two questions. How are we looking at demand in the U.S. when retail prices start to move up? Because what we understand is currently retailers are holding back pricing on the inflation to the end consumer there.

Pallab Banerjee: Yes, that is correct. What we have seen is what was expected that more and more price ticket will change. That has not yet happened. There have been -- surgically, most of the retailers are trying to increase the price ticket wherever they are finding that they can get a better price only on those styles or those programs, they are increasing the price ticket. So yes, this change, I think, in terms of price points will be slow in U.S.

So that means most of the retailers are still holding on to their core and basic price points by pressurizing the supply chain and absorbing some of the cost themselves. But still like -- I'm not seeing that they are aggressively buying also. So they're just maintaining the number. They're keeping certain open to buy close to the season because they're just like waiting and watching kind of scenario that we are seeing in the U.S. more.

Shradha Agrawal: So in that context, how do we look at the order book number for the next spring season across geographies? I mean across our manufacturing capabilities

Pallab Banerjee: Yes. So you see like what we have -- as Pearl specifically how we are doing, we have been growing the customer base also. So we have been targeting as always, like which are the customers who are growing or who are able to gain market share, we are trying to gain more wallet share from them. And if we are not working with them, then we are making an entry to work with them. So with addition of new base, new kind of customers continues at Pearl.

So we are not looking forward to a big challenge in terms of getting our numbers. So that's why order book is as per our plan across the geographies. In India, specifically, like because of the high tariff and the high discount situation that comes in, we are not aggressively pushing for U.S. market business.

Shradha Agrawal: Right. And sir, just one basic understanding question. You indicated that to mitigate the 30% reciprocal tariff -- incremental reciprocal tariff impact of India, a 15% discount on FOB is sufficient. So I didn't get the math. So how is 15% offsetting the 30% incremental reciprocal tariff?

Pallab Banerjee: So it is not for 30%. It's for the 25% penalty. So like -- if you see like a \$10 garment, when it lands in U.S., you have to pay the tariff. So that 25% tariff means \$10 will land at \$12.50 penalty, which is there. So that will make it to \$12.50. Now if we decrease this \$10 to, let's say, what, 15%, which would be about \$8.5, then it will -- with this penalty tariff, it lands at \$12.50. So that's where the math works out that you have to give approximately 15% of discount in your first cost to get to the same price point. That's how it works out. It can work it out by math.

Shradha Agrawal: Okay. And from countries like Vietnam and Indonesia, what has been the extent of tariff sharing that we've done with retailers? Any quantification -- broad quantification also would be helpful.

Pallab Banerjee: So when this 10% tariff was implemented, that time most of the retailers had asked for some partnership, which I think was impacting us almost about close to -- just below 2%, close to 2%. Some of these are still continuing and they will be -- I think they tried us to -- requested us to anniversary that.

So if I look at when the 10% became 20%, 19% to 20% because that's the time the negotiation of the customer was weak because everywhere they could go to source, it will be a similar kind of tariff. So we didn't see significant growth when the tariff went from 10% to 20%.

So I think we are continuing in that approximately 1% to 2% in the other market, which we are seeing now would slowly like as we go into the next season or the new season, we try to build up that cost into the cost. But that's the kind of understanding with the customer so far.

Shradha Agrawal:

Right. So if assuming this tariff situation were to continue for another quarter, so the full impact of tariff would be felt in 3Q. So in that sense, 3Q would be the bottom and hopefully, by 4Q, things get resolved. So can we expect margins to go back to the pre-tariff structure? Or structurally, do you see a lower margin profile given pricing negotiations that would continue, at least on the new 20% tariff, which has become the base now?

Pallab Banerjee:

As I just said, like when it becomes 20%, and if you know it, before booking the business, then you try to factor in that kind of in your costing. So our style -- when you see when the tariff was implemented, we had already an order book from the customer. So the customers came and said, okay, now we have placed the business. We didn't factor this tariff. So give us a discount so that we can mitigate that tariff.

Now when the new season comes and if the customer says, okay, give me a 2% discount even before finalizing the cost. So that's where as a supplier, we do have a little bit of leverage to build up that kind of costing in our costing. So that -- I would say that risk goes away, reduces. But for India, where the penalty is still there and the numbers are too big, there, it will continue to have an impact whatever business of U.S. that we do in India. Sanjay, would you like to add?

Sanjay Gandhi:

So I mean, on the margin perspective and the tariff impact, which is more from India business in quarter 3 and quarter 4, we are pretty confident despite the tariff impact, which is there on some of the sales, which is happening from India to U.S. The overall margin profile of the company should remain in the similar range what we had last year. We do not foresee any kind of challenge in maintaining or maybe making all our efforts to improve that.

Moderator:

The next question is from the line of Tejas Gutka from Electrum Portfolio Managers.

Tejas Gutka:

Very heartening to see the results from the current environment. A couple of questions. I go back to that flattish volumes. Volumes are flattish, revenues have grown. So clearly, there is some realization bump up. So if you could just give some color on that?

Sanjay Gandhi:

Yes, sure, Tejas. So the revenue growth of H1 is around 12.7%. So as you rightly noticed, there is a 3%, 3.5% of quantity increase. The rest is a price increase. And one of the reason for increase in the sales is that the high value-added products in Vietnam and Indonesia have grown faster compared to the decrease in sales of the lower value addition.

Overall, the composition of the customer mix and the product mix have gone favorably towards a higher realization and which is sustainable as we go in future year as well. And that's what has led to growth in revenue.

- Tejas Gutka:** So fair to assume that as the tariff overhang kind of come off, if and when, then this would also improve our margin profile?
- Sanjay Gandhi:** Sure. I mean you rightly observed it. Fundamentally, if you look at the construct of the business, which we have stated as one of the commentary that if we remove the reciprocal tariff, we would have been looking at more than 10% consecutively for these 2 quarters in this financial year and also quarter 4 of last financial year. And so as the tariff situation improves between India and U.S., definitely, we are already poised to double-digit EBITDA margin business-wise constructively, and then it will improve further from that level.
- Tejas Gutka:** The second question was the INR6,000 crores target by FY '28, if we continue at the current pace looks like very easily achievable. So is there -- do you think there's a need to revisit that target, maybe target moving higher?
- Sanjay Gandhi:** So I'll just add a couple of points. You rightly said the point on acceleration. So as I earlier mentioned about the capacity reaching that in excess of 100 million pieces by mid-FY '26, '27, which means the shipment number of pieces can definitely be accelerated against what we stated by FY '28. So we are on a path of capacity additions.
- We do have capacity leverage available in India as well. And elsewhere, the capacities are also getting created. So we will be well positioned to capture any such opportunity, which will be there, assuming this tariff situation goes off and there are other FTAs with India also gets materialized from an implementation perspective, while we continue to grow in the rest of the geographies.
- Tejas Gutka:** Great. And the last bit was the aspiration towards 12% margins. Assuming have seen changes on the tariffs, does that aspiration still continue?
- Sanjay Gandhi:** Yes, Aspiration is there, 100%. We are definitely working towards it and seeing how the business has become more and more resilient and can withstand any such challenges while we still maintain our target of 12% EBITDA.
- Pallab Banerjee:** So we have identified all the levers and one of the levers is definitely getting slowed down because of this tariff on India. Otherwise, I think all the levers are still in some kind of action.
- Moderator:** The next question is from the line of Bhavya Gandhi from Dalal & Broacha Stock Broking.
- Bhavya Gandhi:** Congratulations on a very good set of numbers. Sir, my first question is regarding if you can mention the exact capacity addition we are planning for FY '27 year closure because when you mentioned about 100 million getting crossed by FY '26 or mid of FY '27. If you can provide some capacity numbers for FY '27 and '28, broad numbers is also fine.
- Sanjay Gandhi:** So FY '27 with all the capex, which is already undergoing, we should be in excess of 100 million pieces. Plus there are other capex opportunity or the partnership opportunity are being explored in overseas location as well. With that, we should be inching towards 110 million approx. number. We need to really do the math about timing of when this partnership facility gets

materialized. But we should be looking at 110 million - 115 million by end of FY '27. And for FY '28, I think we can update you as we go into the next quarter and reach year-end FY '26.

And once the Board approves all the capex plan, I think I'll be in a position to add more on that. However, as we stated earlier, by FY '28, our endeavor is to have partnerships plus in-house capacity of 130 million, 135 million pieces. We are still working in that direction. That's what the direction we have internally, and we are working towards it.

Bhavya Gandhi: Perfect, sir. And with respect to the overall mix of Vietnam and Indonesia increasing, can we expect that the overall realizations would gradually start inching towards INR700 mark on a consol basis on a full year basis as well?

Sanjay Gandhi: Full year basis, see, H1 is always where we have much of the business, but the construct of the business is always evolving both in Vietnam and Indonesia as well. So there is definitely a possibility of improvement in overall realization for the full year. Now whether it reaches INR700 or remains INR675, INR680 or INR705, that is something we -- if the business situation keeps evolving, we'll keep updating on that.

As we look at number of H1, we have close to INR700 realization at H1 of this financial year, which is largely because of the value addition products, which are being sold in Vietnam and Indonesia. So yes, we are definitely improving it. Now how much improvement leads us to INR700, that is something we will keep you updating as the strategy keeps evolving.

Bhavya Gandhi: Got it. And sir, how much maximum capacity utilization can we reach, say, for example, even for FY '27, if we are closer to 110 million pieces, can we touch like a 90% capacity utilization mark or 80%, 85% is something realistic to work with?

Pallab Banerjee: The new facilities normally full operation takes a couple of years. So that's where I think the number is slightly low, maybe 85% is the highest, I think, would be possible at any point of time. If there are new facilities getting worked. Otherwise, if the facilities are continuously running, then achieving 90%, 95% is not difficult for us. That's how it plays out. Because we were continuously growing, that's why we said that we were keeping a target of at least 120 million plus capacity to achieve 100 million of shipment. That's how we had planned it.

Bhavya Gandhi: Got it, sir. And just one last thing on the Bangladesh laundry facility. If you can just quantify how much margin improvement can we see because of that on the overall numbers on a consol basis, maybe in a year or a 2 time frame?

Sanjay Gandhi: Yes. So if you refer to the commentary which is mentioned on the capex, return on capital employed, we see that internal return on capital employed by way of saving in washing costs and other efficiency should be 18% to 20%. Now the capex amount, which is mentioned here is around INR90 crores. So I guess you can just do that mathematics around where it will lead to in terms of the margin improvement once the capacity gets fully functional.

So we should be like H2 it gets commercialized. So I think by all probability, FY '27, '28 should be the full year for us to reap that cost advantage and the economics -- economy is there. And so the reflection will be there. But the exact number, we'll work it out and share with you maybe

in the next earnings call as we reach closer to the capitalization of the plant and commercialization.

Bhavya Gandhi: Sure, sir. And just on the India business, we've added some new customers, if you can name them, who have been targeted, if you can provide some qualitative or quantitative data as well.

Pallab Banerjee: No point going into that kind of detail as of now. Yes, India, what we have done is we have opened up some domestic brands as well as adding other customers internationally. Now as we add customers, initially, the traction is low. First of all, it's more of a trial order that they give us and we execute it and then we build up the relationship and confidence and then start giving them the design on which gets picked up.

So normally, our observation is that to add a new customer, it takes at least about 5 to 6 months to really start moving on our traction. And then yes, once the delivery has happened, that means that after the first year, we see acceleration as we try to gain the wallet share of that particular customer. So we continuously are on the plan of adding customers. We don't publish in the beginning, but the top big ones, the top 6 or 7 or 8 that we have been sharing with you always.

Moderator: The next question is from the line of Prerna Jhunjunwala from Elara Securities.

Prerna Jhunjunwala: Congratulations, sir, on strong set of numbers despite the tariff headwinds and stuff. Just wanted to understand that you have let go some volumes and also some realization. So if these actions were not taken, what would have been your revenue this quarter?

Pallab Banerjee: Sorry, Prerna, I didn't get your question. Why should we let go off our revenue.

Prerna Jhunjunwala: No, no. I'm just saying that some volumes were let gone because some business you did not want to do in the U.S. with lower...

Pallab Banerjee: Let me clarify to that. See what happens is India has been a tariff. So the customers are there with us. Customers are strategic and customers have been working with us. It's not like they're just coming and going kind of customers. We have stable customers. So rather than executing the program in India, if you execute it outside of India, then we don't have to pay for this penalty -- my customer doesn't have to pay for this 25% penalty tariff.

So if we execute in India, they will request us to compensate that penalty tariff. So that is why sometimes it's prudent not to execute from India and to execute it from the other countries, wherever possible. It's not every case, it is possible. But under no circumstances, I think it's prudent to let go of a business, which is a customer is coming to buy from it. So that's the correction I would like to make.

Prerna Jhunjunwala: Okay. That clarifies a lot. I thought that there's some volumes also that you would have forgone this quarter to some extent, maybe a small quantity. So you mentioned that there is a 15% odd impact. So is it prudent for us to understand that this revenue could be higher by 15% if the tariffs were not there?

Pallab Banerjee: Yes, that's for sure because most of the retailers are still asking to compensate for this extra penalty tariff. So that means most of -- not only for Pearl, but anybody who is exporting out of India has this challenge. So yes, wherever we can compensate, we try to compensate in terms of our cost or in terms of some other benefits that we try to give to the customers. But yes, that's a challenge that most of the players in India, including Pearl has at this point of time for U.S.

So if this tariff goes away, then definitely that advantage comes in. And then as you said, like India region, then we can book more business and more aggressively. The customer also comes to India and Indian manufacturers can aggressively book also from the U.S. So these two factors will start playing much more if the tariff goes away.

Moderator: The next question is from the line of Kishore Kumar from Unifi Capital.

Kishore Kumar: Sir, I just wanted to understand the country mix for this quarter. We did about 50%. How much went from India to the U.S. and from the rest of the country? And could you please quantify the other geography mix as well?

Pallab Banerjee: So overall, as a company, U.S. is contributing that means the goods which is moving into U.S. is just below 50%. What we saw is about 48-point-some percentage going into U.S. And I think it's pretty much similar for India at this point of time. For countries like Indonesia, where the exposure to U.S. is high, in Vietnam also it's slightly higher. Bangladesh and India, I think it compensates so that overall, it comes down to 48%, 49%.

Kishore Kumar: Other geographies?

Pallab Banerjee: Other geography means other markets.

Kishore Kumar: Yes, sir. Japan, Australia, U.K., Europe.

Pallab Banerjee: Yes. So basically, like if you talk about Spain and Japan are the next big ones that we have, which should be around, I think, anywhere between 15%, 17% and then followed by the Australia and U.K. and rest of the world.

Kishore Kumar: Sir, on the volume guidance front, you actually mentioned about the margin sustainability. On the volume front, H2, can we -- because the last H2 was a higher base. Can we expect similar volumes?

Or should we expect higher volumes as the business comes back?

Pallab Banerjee: So we are seeing a good robust order book, like whatever we had done last year, we have already crossed that number in terms of our order booking and all. So that way, I think we are progressing.

last year, our overall number grew almost close to about 30%. I don't think this year would be such a high growth, but it's an upward trend. We will be growing the business.

Moderator: The next question is from the line of Pulkit Singhal from Dalmus Capital Management.

Pulkit Singhal: Congrats to the management team for navigating the situation fairly well. I have just one question. I'm just trying to understand in the process of navigating through this kind of trade war and the kind of experience that we are going through. What is the kind of learning or what is the kind of inference or experience that we are gaining that is helping us shape our strategy for the next 3 to 5 years?

Sometimes these situations throw in certain kind of understanding that we get either from the customer side or we end up taking something on the cost side, which helps us benefit even in the future, whether the situation stays or not. So if you could share certain learnings that has come across.

Pallab Banerjee: Yes. So you see that the core basics, like basically, the core basis has to be strong. That means the manufacturing expertise that we are bringing on to the table, that has to continue to grow because we are ultimately manufacturer and we are competing across the globe. And I think that, as a company, we are continuing to invest upon.

Then comes the second one is the diversified market. I think that was both in terms of manufacturing base as well as the customer base. I think that's something -- you have been tracking Pearl for quite a long time, and you had a lot of conversation with us. And I think you had that visibility that we have been always talking and strongly believing in that and which is giving us the result at this point of time, which we are seeing.

So these are the 2, I think, is definitely. And then, of course, the other things that we had built up as our strength is helping us. Sanjay, do you want to add those?

Sanjay Gandhi: Yes. I think the learning on the capital allocation discipline and the policy, which we consistently have applied for the last 3 years have been really a great learning for us and pave the foundation very clearly that we should be continuing and while strengthening and making amend wherever it's required. And then being open to look at an opportunity as and when the industry offers that which we saw in last year in Bangladesh growth, Having the good sound balance sheet and the financial discipline really help in terms of capturing those opportunities, which...

Pallab Banerjee: Every disruption will give us.

Sanjay Gandhi: So I think we have kind of made that financial discipline and governance and capital allocation, which will kind of be ready in a situation as and when the opportunity comes, keep on accelerating growth. And diversification, which Pallab mentioned definitely is there.

Pallab Banerjee: I think you already saw that diversification, strong in design presence across all the markets and of course, the manufacturing expertise that we are bringing on to the table to our customers. So these 3 things followed by all the discipline will definitely help us.

Pulkit Singhal: While we have been more diversified versus some of our peers, I think even still the top 5 clients tend to be still a heavy portion for us. So I'm just trying to understand that in the next 3 years, are you able to, therefore, force a higher level of diversification now given that some of your clients would definitely probably be wanting to work with you having -- given that you have a more diversified sourcing model and they may want a partner like that. So are you able to push

that agenda a lot more to be able to say that I can now steer it in a way such that makes it the top clients, I mean, I can further diversify it a lot faster than the trend that has been.

Pallab Banerjee:

Yes. So you see one of the things to make it more efficient, I would always keep my 50% of the business approximately in the top 5 because where much more strategic approach can be done by both the sides. Of course, this 5 can change depending on their financial strength and their marketing strength. So if a company is growing, if my top 5 is growing, then I grow. So that's something is important. So this top 5 may change.

But I think that what we call concentration or consolidation of the top 5, at least about 50% of the total business would always help in terms of bringing in much more efficiency for the organization.

And then the balance 50% is a place where always there will be a dynamic change, who are the performers who are growing market share and their wallet shares among their clients are the ones that we would always be interested in so that it's always a healthy combination at both sides.

Pulkit Singhal:

Okay. Okay. So in the balance 50%, are we aiming to have, let's say, a lot more clients in, say, next 3 years than we currently have?

Pallab Banerjee:

Yes, that I think as we grow on strength, definitely the diversification is happening.

Moderator:

The next question is from the line of Manjubhashini from ASK Wealth Advisory.

Manjubhashini:

Congratulations on good set of numbers given the uncertainty in the business side. Sir, my first question is on the volume side, a lot of people try to understand what is constraining the volume growth. I think this is coming from the fact that if you see the first half of last year, there was a very good growth on an average first half of last year delivered close to 40-odd percent growth, and that continued in Q3 as well.

So now that we are at an average of 3% volume growth for the first half of FY '26, so how should we take things in the second half as you think in the second half? Is it going to be flat compared to the second half of last year? Or you think there is still some growth visibility that one has as of now?

Sanjay Gandhi:

Yes. So let's look at revenue growth. I think there are some technicality around the minutes which are getting produced vis-a-vis number of bases. So we are looking to grow in H2 as well basis the order book visibility we have, looks strong for the H2. So yes, there should be growth. Talking about the growth number at this point in time, I think...

Pallab Banerjee:

I can try to explain this to you like because we are in a fashion and not absolutely a basic commodity kind of business. So the number of pieces may vary up and down, but our capacity is getting fulfilled. That means if my machines are making a 20-minute garment or they are making a 25-minute garment. So that my productivity and my earnings or my growth of sales revenue that will continue to grow. It will depend on what kind of order opportunity that we are getting and what kind of business fashion trend that we are catering to.

So yes, maybe like you saw a 3% growth, but I don't think like you should be too much focused on that. You might see a bigger number in the second half, depending on how it is. Sometimes like if you're getting a huge amount of big order size of a jersey order or a basic T-shirts order, then the number will significantly show a growth. And sometimes like if it's a jacket or outerwear or pants, which are growing compared to a T-shirt, then the overall number may not look so healthy. I think overall, we are in a growth path. So we are not seeing any change in that.

Manjubhashini: Understood, sir. And second -- first half, we grew by 12-odd percent on the top line front. So should this be -- should we aspire to grow higher than this number in the second half or a similar run rate of growth should we assume?

Pallab Banerjee: No, no. Our aspiration is definitely high.

Manjubhashini: Got it. And just one more thing on the -- some of the capacity getting shifted away -- I mean, before I go to that, sir, earlier, I think what we had indicated was 15% to 16% of your overall consolidated sales is what goes into the U.S. geography. Is there any change to that?

Pallab Banerjee: Yes, about 3 years -- 3 to 3.5 years back, like we were at almost 80%, 86% plus exposure in the U.S. market. That as this growth has happened, we have very diversified into the other markets. That's why the U.S. goods, which is shipping into the U.S. is around 49% as of now, as I was just mentioning. But there are certain U.S. customers who are based out of U.S., but are global brands. So naturally, if I have to talk in terms of those customers, then our exposure is almost about 60% plus.

Manjubhashini: This is from the U.S. customers on the overall customer base. So some of the U.S. customers may take the delivery of the orders in non-U.S. regions as well, correct?

Pallab Banerjee: Yes, yes.

Manjubhashini: So now I'm trying to understand from the sales mix in currency terms, how much of it gets landed into U.S. geography?

Pallab Banerjee: Around 49% of our total turnover as of now.

Manjubhashini: Okay. So 49% of overall...

Sanjay Gandhi: Sorry, just to add that, I think 15%, 16%, which you mentioned was India export to U.S. That's what was captured in earlier.

Pallab Banerjee: That is yes, if you talk of India, which is doing about 25% of the total turnover and there almost 50% to 60% of it was going to U.S. So in the total turnover the U.S. component from India works out to be about 15%. I think that's the number if you are mixing up with. Does it make sense to you now?

Manjubhashini: Yes. So let's say, first half of INR2,500 crores sales, 15% of INR2,500 crores lands with U.S. That is how I should understand it, right?

- Pallab Banerjee:** From India. Globally would be out of this INR2,500 crores, almost about INR1,250 crores would be -- just below INR1,250 crores would be landing into U.S.
- Manjubhashini:** And on the incremental capacity additions that is happening from Indonesia, Vietnam and Bangladesh, let us assume the tariff situation doesn't ease out and things continue on a status quo basis. So can incremental volumes which could have gone from India be supported from the other geographies?
- Pallab Banerjee:** Yes, 100%.
- Manjubhashini:** And even if the situation continues status quo, you are guiding for a flattish EBITDA margin in FY '26 vis-a-vis FY '25. There may not be any reduction in the EBITDA margin even if the tariff situation continues, that is the commentary we take, I guess, sir.
- Sanjay Gandhi:** Yes, as we mentioned that we are very confident of maintaining the same EBITDA margin, and we are making all our efforts to make an improvement. As we have seen the improvement in H1 numbers, we are definitely trying to see for H2 also improvement compared to last year numbers. For the full year, we are either at the same level or...
- Pallab Banerjee:** Slightly better. Yes.
- Sanjay Gandhi:** That's what our endeavor is.
- Moderator:** Thank you very much. Ladies and gentlemen, due to time constraint, that was the last question. I would now like to hand the conference over to management for closing comments.
- Sanjay Gandhi:** Thank you to all participants. In H1 FY '26, the company delivered strong performance despite a challenging and uncertain environment. Our diversified multi-country manufacturing model has been instrumental in driving the growth, and we remain optimistic about sustaining the momentum through our strategic capex initiative. In case of any further queries, kindly reach out to SGA, our Investor Relations advisor; or Shishir, our Head of Investor Relations. Thank you.
- Moderator:** Thank you very much. On behalf of Pearl Global Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Pearl Global Industries Limited

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E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 12th November 2025 will prevail."