gokaldas exports ltd

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November 16, 2026

BSE Limited
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25th Floor, Dalal Street,
Mumbai – 400 001

Scrip Code - 532630

National Stock Exchange of India Limited
The Exchange Plaza
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051

Scrip Code: GOKEX

Dear Sir / Madam,

Sub: Transcript of Q2 FY'27 earnings conference call

Pursuant to Regulation 30 and Regulation 46(2) (oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Q2 FY'27 earnings conference call held on November 06, 2026. The Transcript is also available on the Company's website at www.gokaldasexports.com.

Please take this into your records.

Thanking you,

Yours truly,
For **Gokaldas Exports Limited**

GOURISH GANAPATI HEGDE
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Date: 2026.11.16 18:09:52 +05'30'

Gourish Hegde
Company Secretary & Compliance Officer

Encl: as above

"Gokaldas Exports Limited

Q2 FY27 Earnings Conference Call"

November 06, 2026

MANAGEMENT: **MR. SIVARAMAKRISHNAN GANAPATHI – VICE CHAIRMAN AND MANAGING DIRECTOR – GOKALDAS EXPORTS LIMITED**
MR. SATHYAMURTHY – CHIEF FINANCIAL OFFICER – GOKALDAS EXPORTS LIMITED

MODERATOR: **MS. KASTURI SHARMA – EY INVESTOR RELATIONS**

Moderator: Thank you. Ladies and gentlemen, good day and welcome to Gokaldas Exports Limited Q2 FY 2027 earnings conference call hosted by EY. As a reminder, all participants' line 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 Ms. Kasturi Sharma from EY. Thank you, and over to you, ma'am.

Kasturi Sharma: Thank you so much, Iqra. Good afternoon to all of you, and thank you for joining us. Before we proceed, let me quickly remind you that the discussion on the call today may contain certain forward-looking statements that may involve known or unknown risks, uncertainties, and other factors. It is important that these be viewed in conjunction with our business risks that could cause future results, performance, or achievements to differ significantly from what is expressed or implied by these statements.

Please note that the results and earnings collaterals have been emailed, and the same are also available on the company's website. If for any reason you have not received these, please write to us, and we will be happy to send them over to you.

To walk us through the performance and answer your questions today, we have the management of Gokaldas Exports Limited, represented by Mr. Sivaramakrishnan Ganapathi, Vice Chairman and Managing Director, and Mr. Sathyamurthy, the Chief Financial Officer. We will begin the call today with an overview and highlights of Q2 and the half year, followed by the Q&A session.

With that said, I will let Mr. Siva take over. Over to you, sir.

S. Ganapathi: Thank you very much. Good morning, everyone. Happy to have you at the earnings call for the second quarter of FY 2027. The business kept up its growth momentum in the second quarter of FY 2027. Our India business grew a robust 10% Y-o-Y in a seasonally weak quarter, supported by a strong order book and improved execution. This is particularly notable because overall Indian apparel exports grew only by 1.2% year-on-year over the same period.

It reflects continued market share gains through focused execution. Our Africa business delivered a 32% Y-o-Y growth on the back of higher volumes and improved realizations. At the consolidated level, income grew a healthy 13% year-on-year, and EBITDA rose 48% year-on-year. An improved product mix and productivity gains supported this performance.

It was also aided by a lower base in the same quarter last year when U.S. tariffs weighed on both our India and Africa businesses. Wage increases and higher factor costs arising from oil prices limited some of these gains. on the balance sheet front, we continue to work on maintaining a tight working capital cycle. The net debt declined to INR429 crores as of September 26, compared to INR553 crores as of March 26.

Sourcing activity has lagged consumption in key markets. Apparel imports declined across our key markets, including U.S., EU, and U.K. in the year-to-date period ending August '26. In our

assessment, two factors explain this. First, last year's base is high because brands bought shipments forward ahead of expected tariff increases. Second, retailers kept inventory tight through much of this year while tariff picture remained unsettled. Importantly, early signs of recovery appeared in August.

Imports into the U.S. and EU returned to positive growth. Looking ahead, the year-end holiday season in the U.S. is expected to remain healthy. The National Retail Federation projects retail sales growth of 4.2% year-on-year. That said, the consumer environment is also becoming more uneven. Elevated inflation, rising fuel price, and pressure on household budgets are expected to affect spending differently across income groups, with lower-income households likely to feel most strain.

We expect this to show up as more value-seeking behavior and continued inventory discipline from retailers. That means a preference for shorter lead times, more frequent replenishment, and fewer, more reliable supplier partners. We believe that we are well-positioned for this environment. Our customers span value, mainstream, and premium segments, which give us resilience across income groups. Our scale, speed, and execution record makes us a natural partner as customers consolidate their supplier base.

End demand is holding up, inventories have been managed tightly, and tariff policy is now clear. Together, these point to a gradual recovery in sourcing volumes over the coming quarters. The past few months have brought much-needed clarity on trade policy. In the U.S., the final Section 301 tariff rates took effect on July 21st, 2026.

They place India on an equal footing with several competing sourcing countries, including Bangladesh, Cambodia, Indonesia, Sri Lanka, etcetera. India also has kept a clear advantage over China and Vietnam, both of which face about 12.5% tariffs.

This is a significant turnaround from a year ago when Indian apparel faced additional duties up to 50%. For our Africa business, AGOA has been extended through December 2028, including the third country fabric provision. This gives us visibility for several years on preferential access to the U.S. market.

In the U.K., the India-U.K. Comprehensive Economic and Trade Agreement has been in force since July 15, 2026. It gives India duty parity with Bangladesh and Vietnam and a meaningful 12% duty advantage over China. In Europe, the India-EU FTA is expected to be signed soon, which will further strengthen India's competitive position in this region.

Taken together, these developments are expected to enhance customer confidence and support stronger order placements across key markets going forward. In the quarters ahead, the company has a good order book visibility. We have secured two new customers for Africa and will begin operations for them starting FY 2028. We are expanding our business with our European customers in India and expect the growth to be strong. We expect BTPL to merge with Gokaldas, and the completion of due process is expected in Q3.

The fabric business team has been strengthened, and the outlook for the next year seems promising. Volume growth is key, and BTPL management is working towards enhancing the

throughput in Q4 FY 2026. I thank you for listening and would be happy to address any questions that you may have.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Harshit Golecha from Flair Investments. Please go ahead.

Harshit Golecha: Yes. Good afternoon, sir. Just like to understand the demand is great in the market right now, but are you also finding the proper skill for sewing? Because we are listening every day there is lack of labor or the creativity is lacking a lot.

S. Ganapathi: No, I don't think we are facing that. I mean, wherever we are facing shortfalls, we are using migrant labors, particularly in the south. Our incremental expansions are all happening in central India, eastern India, where we don't seem to have any concerns as far as labor availability is concerned. We're not seeing a significant labor challenge. We have found ways to manage.

In addition, we run training camps in most of central and eastern India, all the way to northeast, including Arunachal Pradesh. We are conducting training camps there and then sourcing our employees or prospective workers from some of our own run training programs in those regions. We have a manpower pipeline process put in place, which is serving us adequately.

Harshit Golecha: Okay. Are we also seeing any help from government also, sir, in creating the skills in India?

S. Ganapathi: There is a DDU-GKY program, Deen Dayal Upadhyaya Training Program. We are utilizing that, but largely the effort is done by the company in training and securing the workforce.

Harshit Golecha: Okay. So, sir, manufacturing capacity and execution capability with FTAs opening up opportunity in markets such as Europe and U.K., Indian garment manufacturers could potentially receive significant large orders, sir? And the industry currently has significant manufacturing capacity to execute these. Do we have enough orders, sir? Like, enough manufacturing facility?

S. Ganapathi: We will have to continue to expand our manufacturing facilities. We are doing that. For example, our bulk of the growth in capacities will happen in Bhopal and Ranchi, where we have facilities running, and we are working towards it. For example, we are setting up a 1,000-machine factory in Ranchi. We are expanding our capacities in Bhopal. All of those, in addition to expansion in other regions, but these are principal areas where we are expanding.

And we continue to expand because we have visibility of growth in business. There is a lot of European growth which we are anticipating post-FTA, and that will also aid our continued growth in the quarters and years ahead. We do anticipate that, and we are in turn creating capacities aligned to it.

Harshit Golecha: Okay. Like, there is no problem with the manufacturing issues in the I am talking general market, I said, sir. Okay.

S. Ganapathi: Yes, there is no problem.

Harshit Golecha: Okay. Sir, next one. Sir, the sewing machinery import restrictions have come a lot, sir. Finally, there have been some reports regarding restrictions on the import of sewing machines. Could

you clarify whether the restrictions apply to household sewing machines or only the industrial garment manufacturing machines?

S. Ganapathi: We do not face any sewing machine import restrictions, so I am not sure about households. As far as industrial imports are concerned, especially for export-oriented manufacturers, we do not have any such restrictions in place, and we have not seen any problems on that count.

Harshit Golecha: Okay. Given that the advanced industrial sewing machines involve sophisticated technology and India still depends significantly on imports for such equipment, could these restrictions adversely affect the industry ability to expand capacity?

S. Ganapathi: We have not faced any restrictions so far, and we do not think to have any problems in securing any technology for our purposes.

Harshit Golecha: Okay. Just one last question. Ultimately, do you believe India is currently equipped to capture the incremental garment orders arising from FTAs, or will it take another two, three years to build the required manufacturing capacity, skilled workforce, and supporting infrastructure, sir?

S. Ganapathi: No, there's always a ramp-up, and we do have the ability to ramp up and grow the business. All these businesses will come in flows. As and when an FTA happens, for example, India-UK FTA happened in the middle of 2026, the real impact will be seen in FY 2028 because most of the orders for this current financial year were done by then.

So, these growths do tend to come with a phase lag, and it will get built up. The buyers or the brands will also have to take time to move orders from other regions. Indian manufacturers will also take time to build their capacity and ramp it up and settle down. So all that, this is a trajectory.

If you look at when Bangladesh got LDC status many years ago, probably a decade ago, their growth started ramping up, or rather galloping, and they were growing at an industry level, they were growing at about 11% or 10% year-on-year. Many companies grew much faster. Growth happens in waves and phases, and it will be sustained over the next several years.

Moderator: The next question is from the line of Jignesh Kamani from Nippon Mutual Fund. Please go ahead.

Jignesh Kamani: I see your answer. Just on the Atraco segment, I think we started taking the fresh order at the revised price from, I think, third and fourth quarter of last year. Despite that, we have seen the dip in the margin, at least sequentially. What explains that, and what is the current outlook based on the order book and the increase in the outlook, and of margin Atraco can do currently?

S. Ganapathi: The second quarter is a seasonally weak quarter for Atraco, and that is what it reflects. When you have a large capacity and seasonally there is a weakness in terms of order book, which happens in the second quarter, there will be a little dip in margin because of the fixed cost impacting it. In fact, if you look at the order book for the quarters ahead, it is fairly robust.

If I look at FY 2028, we seem to have a strong surge in demand from some newer customers as well as existing customers who want to diversify into Kenya, in particular to take advantage of the duty differential. A lot of customer discussions are going on. We have actually secured two new customers in Africa, which will start from April onwards, one American and one European. There is a fair amount of demand.

One of the things that we are looking at in the quarters ahead is also rebalancing our portfolio with respect to the right set of customers. There could be a movement from one customer to another just so that we have a strong, profitable, and suite of customers and product types that we work with. Going forward, I think the margins will improve, and the order book as well as the pricing is aligned towards it from Q3 onwards.

Jignesh Kamani: Maybe six months down the line, can we hit to around 10% kind of margin at Atraco, or still the journey is a little bit far ahead?

S. Ganapathi: Six months down the line, I am confident that we should be at the 10% EBITDA margin.

Jignesh Kamani: Understood. How is the efficiency improvement and the margin improvement at BTPL? If you were to say merge right now, charter one quarter, can you give us some ballpark about what kind of debt and capital BTPL is having right now?

S. Ganapathi: BTPL's, currently, if I look at Q2 revenue, it is of the order of about INR170-odd crores, with Q3 revenue going to about INR220, INR225-odd crores revenue in Q3. In Q3, we are expecting BTPL to be EBITDA breakeven. In Q2, the EBITDA was slightly negative. In Q4, we are expecting the revenue to go to the region of about INR250 crores or thereabouts. We are expecting, or we are working towards a PBT level breakeven. We are working towards that.

S. Ganapathi: Does that answer your question on BTPL?

Jignesh Kamani: Yes, on the working capital cycle and the debt level for the BTPL.

S. Ganapathi: On debt level, currently BTPL is at about INR300 crores. We are trying to manage the working capital tightly. As and when we go towards Q4, when the revenue will be INR260-odd crores, we will still try to manage it at about INR300 crores of working capital level in BTPL.

Jignesh Kamani: Understood. So once we merge, INR300 crores debt will be added to our books, roughly.

S. Ganapathi: Yes, Jignesh.

Sathyamurthy: Jignesh, as of September end, the net debt is at INR429 crores.

Sathyamurthy: At the year end, when we close this financial year, including BTPL, we are targeting to end with a net debt at around INR650 crores-INR700 crores. We started with INR553 crores at the beginning of this financial year. After taking into account INR300 crores, likely to be inherited from BTPL, we are targeting to complete this year with a net debt of around INR650 crores-INR700 crores.

We have also accounted INR80 crores-INR100 crores towards settlement to BTPL shareholders, the likely cash component. All the capex and working capital, during this financial year, is being funded out of cash generation. After meeting all these, we are estimating to end up with a net debt of around INR650 crores- INR700 crores.

Jignesh Kamani: Understood. Thanks a lot.

Moderator: Thank you. The next question is from the line of Soham Samanta from Motilal Oswal Financial Services Limited. Please go ahead.

Soham Samanta: Yes, thank you for the opportunity. My first question is where and when we can see a double-digit volume growth in India? Most of our peers are growing minimum 9%-10% of volume, and we are growing hardly 5%. Can you please put a light on India business? Another point is that the realization, if you look this quarter, I mean, not for us, for every most of the textile company having a huge realization growth. But will this realization growth be sustainable for H2 or maybe FY 2028?

S. Ganapathi: Double-digit volume growth we should start seeing from FY 2028. We are seeing a fair amount of growth even starting from Q3 onwards. In fact, revenue growth will be at strong levels. We are very margin conscious also, so we make sure that we are not simply chasing volume. But I am confident that next year there will be double-digit volume growth. In Q3, definitely revenue growth will be very strong, and the volume growth will also be pretty reasonably strong. What was your other question?

Soham Samanta: The other is that the realization momentum, is it sustainable? Because even this quarter, half year basically, the realization growth was much higher compared to volume growth. So this pricing or pieces, is it sustainable or not?

S. Ganapathi: It is sustainable, and it depends on product mix. Usually in Q1 and Q2, we have higher realizations simply because we tend to do a lot of outerwear, which are higher ASP garments. We have certain customers who are more oriented towards autumn-winter wear. In fact, we are seeing a very strong traction in that space.

So when I look at autumn-winter 2027, which will be actually production in Q1 and Q2 of FY 2028, we are seeing a strong growth in those product types, including volumes. So not only on the ASP side, but we are seeing a pretty strong volume growth also for Q1 and Q2 next year, based on the early projection discussions that we are having with customer.

Yes, I mean, that typically Q1, Q2, we will have a higher ASP product growth. Q3, Q4 is pretty similar. But on an average, we tend to work with higher ASP products. That will be maintained or improved.

Soham Samanta: And sir, in the follow-up in the India business, the capacity in last year we had a 52 million, including Matrix. How we are looking the total capacity by 2029, another 15, 16 million we can add, this Ranchi and your Kadakola plant, and the Bhopal one?

S. Ganapathi: It is possible. Definitely, it is possible.

Soham Samanta: And what kind of capex then we are looking in that case for next three years?

S. Ganapathi: Our capex, for instance, this year we are planning about INR150 crores. We might ratchet it up to INR175 crores based on the volume growth. The projections which I am getting from certain customers in the years ahead would necessitate us to book capex in excess of INR200 crores in three years every year. There is a fair amount of business traction that we are seeing from some of our customers going forward. Forward-looking projects are very strong.

Soham Samanta: Basically, the combined capex from FY 2026 to 2029, it would be in the range of INR450 crores-INR500 crores?

S. Ganapathi: From FY 2026 to FY 20-?

Soham Samanta: 2029.

S. Ganapathi: Yes, it will be about, say, 150 to 175 this year, and say at least 200 in the years ahead. So Yes, that is correct.

Soham Samanta: Then what could be the tax rate going forward? We have some BTPL losses and all. So on a half year H2 and-

S. Ganapathi: Tax rate going forward will be low because once the BTPL asset merges with us, we will have accumulated losses coming into the company. BTPL carries an accumulated loss in excess of INR600 crores or thereabouts, and hence there will be a tax shield which will come from there. Some of the subsidiary entities in India will continue to be taxed as the tax shield will apply to the parent entity or the standalone entity. So our tax rates will probably stay low for some time to come, very low. It will approach near even near zero or point or this.

Soham Samanta: I was asking for the four months, BTPL, can we add INR130 crores-INR140 crores in our top line in FY 2027, BTPL?

S. Ganapathi: In FY 2027?

Soham Samanta: Yes.

S. Ganapathi: Yes, I think so. If the fourth quarter revenue is about INR250 crores, I think we should be able to add about two-thirds of that.

Soham Samanta: Okay. Thank you so much.

S. Ganapathi: Thank you.

Moderator: Thank you. The next question is from the line of Sani Vishe from Prabhudas Lilladher Capital. Please go ahead.

Sani Vishe: Yes. Thanks for taking the question. Sir, it is more of a follow-up from earlier two questions. So in Africa, you said the quarter is seasonally weak, but even on year-on-year growth, the growth

in first quarter was somewhere around 44%. That has now dropped to 32%, I think. So, and the utilization has again dropped to close to 40%.

So, do we expect the realizations, utilizations to remain so low in the next two quarters? Because the two new customers you said will be starting to contribute from April onwards. So for the next two quarters, what are expectations in terms of the utilization?

S. Ganapathi: Hello. I heard your question. I am sorry, there was a lot of disturbance in the line, which was causing some difficulty in hearing. But I heard your question. The American business for Q3 and Q4, we have a fairly strong order book, and I think we should see growth from Q2. In that sense, Q2 is the plateau or is the trough, and from which growth will be robust. There will be a robust growth in FY 2028 also. In 2028, I would see at least a 28% + growth, if not more, in FY 2028, and Q3 onwards, there will be a robust growth.

Sani Vishe: Okay. Okay. Another follow-up on the earlier question. Realizations, you said again realizations also have seasonality effect. Those may drop season, right? Hello?

S. Ganapathi: The seasonality effect. What happens is when the seasonality effect hits in that particular quarter, there is a drop in revenue, and fixed costs then tend to, as a percentage of revenue, increases, which is why margins tend to drop in Q2. But then it bounces back in the subsequent quarter.

Sani Vishe: Does that mean the average selling price that we are achieved in India and Africa, this is sustainable in absolute terms for the next two quarters?

S. Ganapathi: Average selling price is a function of product type. Usually, it will be higher in Q1 and Q2 and lower in Q3 and Q4, because in Q3 and Q4, we make a lot of spring-summer dresses, tops, and shirts, etcetera, which are lower ASP garments relative to the outerwear that we tend to make in Q1 and Q2, which are autumn-winter wear.

So, when we look at it on a per-garment basis, the realization per garment will be always higher in Q1, Q2, vis-à-vis Q3, Q4. Naturally, in Q3, Q4, the volume or the unit quantity will go up to occupy the remaining volumes, occupy the manufacturing volumes that we have.

Sani Vishe: Right. But on year-on-year basis, there will be a realization growth. So, on comparable quarter, it will be better.

S. Ganapathi: Absolutely, because we tend to go to more higher value product year-on-year. Yes, you are right.

Sani Vishe: Okay. Finally, couple of bookkeeping questions. One is, any orders you see that have been pre-booked? Because I think there has been a buzz that, given the longer freight time, some of the holiday orders, some companies are delivering, have delivered in September itself. Do you think that some of the Q3 volumes have already been recorded in Q2?

S. Ganapathi: We have not seen too much of it. We do tend to work on shorter lead time orders usually, and we have not seen any pre-book and Q3 getting advanced into Q2 compared to the previous year.

Sani Vishe: Okay. Finally, would you be willing to share the volumes and realization for Matrix, the average selling price, if possible?

S. Ganapathi: We have actually merged Matrix and Gokaldas because a lot of our current orders in Gokaldas is now being manufactured in Matrix factories, etcetera. So, literally, that old division between the two has become infructuous as all India businesses are being run as one business with one set of management team, with factories becoming fungible.

Sani Vishe: Fair enough.

S. Ganapathi: Purely carving out the erstwhile Matrix business may not be the right way to look at it also.

Sani Vishe: Okay, understood, sir. Thank you. Thanks a lot.

Moderator: Thank you. The next question is from the line of Abhishek Shankar from ICICI Direct. Please go ahead.

Abhishek Shankar: Thanks for taking my question. Congrats on a good set of results, sir. Sir, I just have two questions, mostly on the industry part. Recently, we have been hearing news that in Bangladesh, the garment facilities are getting shut. There are some protests, and all these things are happening there. Very early to say, but do you see in the future, in the medium term, some demand shifting to India and any incremental orders coming from that?

S. Ganapathi: This happens in Bangladesh from time to time, where there is a clamor for higher and higher wages in Bangladesh because, obviously, the wages in Bangladesh are insanely low. Clearly, an inflationary environment with oil prices being high, etcetera, is creating a situation where Bangladeshi workers tend to push for higher wages. If you recall, three years ago, there was a substantial increase in wages in Bangladesh.

At that time, it was almost a 50% increase in Taka terms, and now again, they are demanding from 12,500 going to almost 30,000, but it may settle down. There is a wage board being constituted. This happens in Bangladesh. There is a concern amongst brands that there is this unrest on one hand. There is also an opportunity in terms of European business, seeing FTA benefits by delivering out of India.

It is clearly an opportunity for India going forward. That is happening. But I wouldn't bank too much on Bangladeshi disruption to last long. While from a risk mitigation standpoint, many customers are actively seeking capacities in India from all of us, the Bangladeshi business is not going anywhere. Their economic argument for delivering out of Bangladesh remains robust as long as the wage costs there remain low.

Because a lot of political interests are tied into the garment industry there, at least historically, they have tended to manage to keep the wage costs or wage increases fairly low. In the past, increase in wages were offset by depreciation of Taka. We have not seen too much of Taka depreciation in the last 1.5, two years. We got to see how the currency plays out. But having said that, the bigger factor as far as Bangladesh is concerned would be how is the LDC tending. There is a least developed country status which gives them zero duty access to Europe, and that is expiring in November 2026 with a three-year grace, so which will technically expire in November 2029.

If that is not getting extended, then India, which will, of course, in the future, have zero duty FTA with Europe, and Bangladesh, which may lose the duty-free status, that may have a much bigger play on movement from Bangladesh to India. These kind of current unrest may create uncertainty, but it may not significantly move the business.

Abhishek Shankar: Yes. Fair point, sir. Just one more question. I just wanted to know what is currently your regional mix, and why I'm asking that is because this EU FTA opens up a lot of opportunities for India, right? If I'm right, please correct me if I'm wrong. If I'm right, the EU realizations, any order from EU, client realizations from EU would be higher than what it is in U.S., right? I'm just trying to understand if over a period of time, your EU and U.K. salience moves up, so your realization should improve further. That is what I basically wanted to understand.

S. Ganapathi: Our current European business, which includes U.K., would be about 15%, and we intend to take that up pretty significantly. In fact, our growth of European business is very, very strong. Based on certain projections from our European customers, we anticipate that to remain fairly robust. Some of those customers are growing at some 60%, 70% year-over-year. That tempo of growth will be sustained.

My sense is that it may also, over a period of four, five years, grow to about 25% odd of total revenue. Having said that, we have not seen too much of difference in profitability between European and American customers, simply because the customers that we choose to work with and the products we choose to work with, we make sure that we have the minimum threshold margin.

Normally, I find U.S. margins better than European margins, simply because we get good amount of run sizes. It is a more homogenous market. Also, it is a market where, barring Africa, which gets a reduced duty access to U.S., from all other countries, the duty structures are similar.

Unlike Europe, where currently at least, Bangladesh enjoys a duty-free access, until that gets balanced in India's favor, European customers do tend to expect us to serve at, or at least match the Bangladesh landed duty-paid price. Margins in Europe are a notch lower than U.S. Having said that, the business that we do, we tend to expect and get equivalent margins from both the regions.

Abhishek Shankar: Okay. Thank you so much.

S. Ganapathi: Once the duty-free access is restored, probably our margins for Europe will also improve, because that gives the additional play of duty saved.

Abhishek Shankar: Okay, sir. Thank you, and happy Diwali.

S. Ganapathi: Thank you.

Moderator: Thank you. The next question is from the line of Vishal Mehta from IIFL Capital. Please go ahead.

Vishal Mehta: Yes, hi. Thank you for the opportunity. Siva, my first question. Can you hear me well?

S. Ganapathi: Yes, Yes.

Vishal Mehta: Yes. Siva, my first question was on Africa. In 1H in Africa, we have done like $45 million kind of a revenue. You earlier guided that with the expansion coming in, we should probably target this year in Africa to reach around $110 million-$120 million kind of a revenue rate. Any change in that guidance, or we stick to that $110 million-$120 million for this year in Africa?

S. Ganapathi: We do have a visibility to go to that level. We do have visibility to $60 million kind of revenue in Q3 plus Q4. Having said that, we are actively kind of slowing down on one of our customers there, where we are anticipating that customer's financial strength to be a bit weak. We want to be careful before we really commit to that volume. That is the only concern I am having.

At this moment, we are not anticipating any credit loss kind of situation. Having said that, we are also not ramping up to the fullest extent because we are careful with the customer profile that we have there. There is a little bit of that. Else, we could have easily ramped up to $60 million in H2.

We might slow that down to close to about $50 million or thereabout in Q2, in H2, I am sorry. By next year anyway, we probably will be out of. We have enough abundant choice of customers to ramp up without fear of any customer-related challenges.

Vishal Mehta: Okay. How big is that customer as a percentage of African revenue?

S. Ganapathi: It is about 20%-25% revenue, but at the moment, yes. And they are usually a little Q2, H2 heavy customer, pre-summer customer.

Vishal Mehta: Okay. So we will completely ramp them down this year?

S. Ganapathi: We want to ramp down rather than keep them in place as a measure of de-risking rather than go all out. That is a call we are still in the process of taking. If we do not take that call, we can easily do 60 million. We may take the call and end up doing 50 million - 55 million.

Vishal Mehta: Siva, second question was on margins. Obviously, there have been sharp input price rise in 1H. We've also seen sequential dip in margins in 2Q. For 2H now, is the price pass-through achieved both in India and Africa, and how are you looking at margins at India and Africa in 2H?

S. Ganapathi: Okay, good question. There are multiple factors at play in 2H, right? One is, some of those input costs are being passed through back to the customers going forward. Second, there is an exchange rate benefit that we will get. So in Q2, for instance, our exchange rate, because we hedge our foreign exchange receivables, our exchange rate was at about INR91.

In Q3, we are holding an average hedge at about INR93, and in Q4, we are holding it closer to INR94. INR50 or INR95. So there is a INR2 gain that we will get in exchange rate in Q3, and another INR4 gain in Q2 over Q4, right? So, that itself is about 1.3% to 1.4% in EBITDA margin. So that's an additional gain that will come purely out of exchange rate.

Then, till Q2, there were some discounts that we had passed on to our customers. Effectively, that was about of the order of 0.5% of gross total revenue, gross revenue of the company. So

that is no longer in effect from Q3, so that is an added margin gain that we will see from Q3 onwards. Some of these input factor costs, we are now pushing it back into our pricing as well. So those will yield a little margin upside in H2.

Vishal Mehta: My last question on capacity. Are the Bhopal phase two and the brownfields done last year in Karnataka, Jharkhand settled and ramped up now? You had also guided for 2,000, 3,000 incremental machine additions in addition to the brownfield done last year in Karnataka and Jharkhand. So how are we placed there, and any new large greenfield on cards, or we'll still continue with small brownfields here and there?

S. Ganapathi: All those expansions are done, and Bhopal phase two is on a ramp-up as we speak. By this financial year-end, that phase two will be fully ramped up. Ranchi, we have started work on a new factory, which is a 1,000-machine factory which will run in two shifts, so effectively 2,000-machine factory. 2,000-machine factory effectively will contribute INR400 crores in top line, and that we anticipate to be ready for ramp-up somewhere by Dussehra, Diwali next year.

Around third quarter, middle of third quarter. Ramp-up will start, so the revenue contribution for that largely will come from FY 2029 onwards. We are actively looking at adding at least two more factories based on projections that we have from our customers, a minimum of two more factories of 1,000, 1,000 machine each, which effectively will contribute to another INR400 crores top line.

Brownfield debottlenecking is a continuing activity. At least across the board, we will realize 4%-5% extra revenue from debottlenecking in all the factories. That's an ongoing effort. The debottlenecking effectively happens in the form of automations and improved throughputs, etcetera, that we run those projects everywhere.

Vishal Mehta: Just follow- up here. If you can give revenue capacity right now, considering Bhopal phase two fully ramped up, and what will be the revenue capacity after you have this Ranchi 2,000-machine factory coming in?

Sathyamurthy: Bhopal two will be 3.5 million, pieces.

S. Ganapathi: Revenue will be about INR200 crores.

Sathyamurthy: INR200 crores.

S. Ganapathi: Revenue will be about INR200 crores for part two. Ranchi will be INR400 crores. It is about INR600 crores. Additional factories will come in the multiple of INR200 crores, which we are working on. Debottlenecking itself can yield about 4%-5% across the board in India. On a revenue base of about INR2,000 crores-INR3,000 crores in India, we will have, let us assume, a 4% growth. That is about INR125 crores or INR125 crores.

Vishal Mehta: Okay, so INR3,000 goes to INR4,000 probably by end of next year in revenue capacity.

S. Ganapathi: It will. Yes.

Sathyamurthy: Capacity.

S. Ganapathi: That's right, capacity-wise.

Vishal Mehta: Yes. Okay, thanks. That's all. Thank you so much. All the best.

Moderator: Thank you. The next question is from the line of Saurabh Srivastava from Arista Consulting. Please go ahead.

Saurabh Srivastava: Good morning, sir. My first question is regarding AGOA. It has been signed retrospectively, so are we expecting any sort of refund from the clients? First question. Second thing, are you also targeting some loss-making units which can be later on merged with Gokaldas so that that tax benefits can improve going forward once the current one is exhausted, sir? Third is that what is utilization going as of now, vis-à-vis the installed capacity, sir?

S. Ganapathi: Okay. AGOA, there is no refund expected because we sell FOB, and when we sell FOB, the duty incidence is picked up by the customer, and hence the refund also goes back to the customer. So we do not tend to either pay the tariff or receive tariff refund. So there is no refund expected.

As far as securing tax benefits are concerned, I think our Africa business will continue to remain tax-free primarily because of the structure there and the tax holidays that that enjoys, and the fact that the revenue is booked largely in UAE, which is a tax-free zone. As far as India is concerned, we will have a tax shield going forward. Are we actively seeking out loss-making entities? We are not. We do not look at the business from that perspective at the moment.

Saurabh Srivastava: And sir, capacity utilization of the installed capacity in percentage terms, how much are we utilizing as of now?

S. Ganapathi: I think in India, I would say we are utilizing. In Q3, we would be utilizing close to about 92%-93% or thereabouts. In Africa, we will be utilizing at about 80%-85%, and that also will be climbing up.

Saurabh Srivastava: Okay, sir. Thank you. Deepavali.

S. Ganapathi: Thank you.

Moderator: Thank you. The next question is from the line of Aashish Upganlawar from InvesQ PMS. Please go ahead.

Aashish Upganlawar: Yes, sir. Sir, I have a broader question. Basically, if we look at the turnover of the company that has doubled in the past four years, but our profitability or the profits have remained the same. A few reasons for that. One, margins are a bit lower, interest costs have gone up, and depreciation has gone up with the capacities and expense and the acquisitions that we have done.

All in all, I mean, all the expansions plus the problems that we had with the tariffs and stuff, everything seems to be getting over and in the balance sheet. What do you expect to deliver maybe a year and maybe couple of years now? Because the base seems to have set in. If you could guide us on that will be helpful.

S. Ganapathi: In my opinion, Q2 is, I think, from a financial standpoint, right? I mean, of course, the base has settled, and there will be growth in revenue across all the business units of ours. In fact, a large amount of investments, big investments, heavy hauling would also get completed by Q3 when BTPL acquisition-related monies will go in.

From Q3 onwards, I can see that there will be stronger revenue growth and margin growth. As I mentioned, some of the currency-related benefits and tariff discount-related benefits will kick in. I just alluded to that answering the question before. Margins will go up. Our top line will grow. I think growth will start from H2 onwards and will be sustainable.

We will see a pretty significant growth happening from FY 2028 onwards also, based on some of the discussions that we are having with our customers and the volumes that we are anticipating from them.

Aashish Upganlawar: Okay. Do we see deleveraging also taking place because interest costs have been hitting the P&L? That is one thing, and we have that incentives from the state government on the rebate that remains lingering from India perspective. All in all put together, do you see maybe from INR150 odd crores of profit that we delivered for the last four years average, this can be maybe around INR250 odd crores plus? Is it possible?

S. Ganapathi: In my mind, it will be much above the numbers that you indicated from FY 2028 onwards itself, right? I mean, you mentioned about INR250, right? I think it should be far higher than that based on how we are looking at the numbers. Simply because there will be, A, growth in top line, and B, margin yield itself, right?

For instance, every 1% improvement in margin will actually yield, on a quarterly basis, I am saying, on a INR1,200 crores roughly top line, we are talking of additional INR12 crores, right? So, we are talking of exchange rate benefits, tariff, plus our pricing has improved in all of those. Those will kick in. Operating leverage will kick in. So, there will be those additional levers which will start coming in. So, we will see a stronger PAT growth from FY 2028 onwards itself.

Aashish Upganlawar: But the rebate, sir, what is the status of that?

S. Ganapathi: The export, the RoSCTL?

Aashish Upganlawar: Yes.

S. Ganapathi: That is work in progress. There are a lot of discussions happening with the Government of India. Subject to that, I really do not want to jump the gun and say anything. But there are discussions to continue this in the interest of protecting labor-intensive business. This rebate is not technically a rebate. It is actually refund of embedded taxes. There are a lot of diesel plus electricity duties, plus mandi taxes.

All these are actually embedded, which are non-VAT-able or GST-able, which is what comes in as refund. So, there is an expectation that it will continue in some form orfashion. Even if it is the worst case, it will get reduced by some extent. So RoSCTL, for instance, for us is approximately 3.5%. Even if that goes to half, it will be 1.75%.

So, those are kind of amounts which we will easily absorb through further production efficiencies and improvements. In fact, we see wage cost increases, this year, our wage cost increase has been about 8%-9%, and wage being 25% of our revenue, the impact of that itself was over 2%-2.5%. We have absorbed that. I am not particularly concerned. We will be able to absorb it. We are working towards absorbing that in the quarters ahead.

Aashish Upganlawar: Sure. Thank you so much, sir.

Moderator: Thank you. The next question is from the line of Kumar Saurabh from Scientific Investing. Please go ahead.

Kumar Saurabh: Congrats on good set of numbers, sir, both on the P&L as well as on the balance sheet and cash flows. My first question is, sir, on slide number 16, where you have discussed the inventory destocking. At the same time, you also mentioned that September has shown the first positive growth of 14% versus the -6%. Given we are done with October and November is also shaping up, based on your experience continuing with September, how you are seeing this trend shaping up? Is it a continuing to improve, if you can give some color to it?

S. Ganapathi: These are aggregate imports. I cannot extrapolate Gokaldas' numbers because we are seeing growth, but that does not mean that aggregate imports will be growing or declining. We will have to wait for the numbers that the U.S. trade bodies release. My sense is that U.S. imports have been on a downward trend for almost a year, while the retail sales have been on an upward trend.

So inventory destocking has been there. Now, whether anybody can sustain at these low levels, I am not sure. It also will be heavily dependent on the holiday season sales, that is between Thanksgiving and December. If that goes well, which is what the prediction says, there is a 4% growth expected this holiday season. If that happens, then I think the buys will come in strongly for next year.

The worry which many retailers have, which is what is baked into the lower imports, is that in the next year, calendar 2027, high inflation, high oil prices, if Iran war continues, etcetera, what will happen to consumer sentiment? Consumer sentiment so far has bucked every trend and has continued to be robust. So, my sense is if consumer sentiment is good, holiday season sales are good, there will be a continued improvement in U.S. imports. And same will apply to Europe as well.

Kumar Saurabh: Got it. Sir, my second question is, in last one and a half years, we have done fair amount of consolidation. In Q4 or Q1, certain guidances have been given, of course, with a range on how Africa will scale up, the margins, the BTPL consolidation, India business.

I am not asking on each of the parameter, but looking at overall things, whatever guidances on margin and growth has been given, I am not asking the upper range, at least the lower range, are we certain that all of these things are going in the right direction, where the African margin, BTPL margin, Africa margin, India margin, the lower end of the growth and the margins we should be able to achieve?

S. Ganapathi: Yes.

Kumar Saurabh: Okay. And sir, last question on the working capital side. I think there has been some improvement in the working capital. If you could give some color on how we will land on the working capital days this year and FY 2028, if we have some visibility into it?

Sathyamurthy: On an average, we are targeting around 75 days. Even though we ended with 72 days in this quarter, we should budget 75 on an overall basis. We are still working on some working capital improvement, especially in Atraco. There, it is because of the supply chain-related issues, we are stocking up in advance, and at least about 20 days of incremental working capital is being deployed.

I do not estimate that it will get released in this financial year, but in the next financial year, it will get addressed. We should be able to consistently maintain at 75 days, while our internal target is little lower than that.

Kumar Saurabh: Got it, sir. And one last question, sir. In most of the textile calls, and I think even in your commentary, the E.U. trade deal, it seems to be that we are very close to it and it should happen. So on the targets which we have met, is this E.U. deal already a part of it? Or let's say this deal goes by in next one or two months, do you see any additional benefits coming in out of it?

S. Ganapathi: See, any benefit from a trade deal will happen only after the trade deal is announced. Nobody gives incremental business anticipating a trade deal because, at this moment, any exports to Europe goes in at 12% duty. So, every buyer is commercially savvy, and the real benefit flows only post an FTA benefit kicks in.

Now, that's point number one. Point number two, orders are placed at least four to six months in advance. So once the trade deal happens, for the next six months, most of people will be working on orders obtained prior to the FTA being in place. So the real impact will come only six months later.

So the real benefit of India-EU FTA, let's assume that it comes in first quarter or second quarter of next calendar year, will start really flowing through by end of 2027 calendar.

Kumar Saurabh: Great. Thanks a lot, sir. Wish you a very happy Diwali and congratulations and wish you all the best for next quarter.

S. Ganapathi: Thank you so much. Happy Diwali.

Moderator: Thank you. The next question is from the line of Shirish Pardeshi from Motilal Oswal Financial Services Limited. Please go ahead.

Shirish Pardeshi: Hi, Siva and team. Good afternoon and thank you for the opportunity. Just two, three points which come to my mind. in July, we had a tariff clarity in the U.S., and then we also have a clarity on AGOA extension. I am not looking too much into Bangladesh unrest, but I am more keen to understand, is there any meaningful change in the client behavior?

The reason why I am asking is that now autumn is here, winter is approaching, you are talking about big numbers. But are the clients is giving you a vibe? Because when you share the OTEXA data, I think the U.S. inventory is coming down.

I fail to understand why is that , or is it a natural phenomena that August inventory is not the way we should look at, and there are going to be some shipment delays which would have got recovered in the month of September?

S. Ganapathi: Shirish, I think the U.S. imports are largely dictated by the fear of American customers in mass market retailers are actually leading that inventory destocking or reduced buying, primarily fearing that there is an inflationary trend in the economy. It has not yet borne out by retail sales at the moment, right? There is a fear that they will foresee a lower sale. There is a fear factor. What they tend to do is that instead of ordering well in advance, and Americans have a much longer ordering cycle, unlike the Europeans.

They are coming in now closer and closer to date. Effectively, when the lead times shrink, there will be a period where, while retail sales can continue to be high, your buys can continue to be low because your need to stock that much inventory will be less, because lead times are shrinking. People are driving towards that. Most retailers are driving at lead time shrinking.

For example, in our Q4 order book got placed now, which is effectively going to be sold in retail in summer 2027, which is so way out. We are talking of July, August, September next year, right, for which orders are in hand now. This is getting closer and closer.

We will see a lot of orders for that coming in January, February, March also. This movement also will probably trigger lower import while retail sales can be high. There could be partly inventory destocking, partly lead time reduction moves by brands, which may be causing this. I hope I have answered your question. If your question was something else, then do let me know.

Shirish Pardeshi: My basis of information is quite different. During my recent visit and discussions with brand owners, what I understand is that retail sales are happening but there seems to be a disconnect with the export data, which is showing lower numbers. There is a fear that if the business is getting diverted to some other countries like Bangladesh

S. Ganapathi: Sorry. Are you talking of India's exports or total U.S. imports?

Shirish Pardeshi: No, no. India, I mean, U.S. apparel import and India export.

S. Ganapathi: So, okay. For India apparel export, there are multiple things here, right? We don't tend to track too much on India apparel exports because that is at a whole country level, and there could be tariff-related or multiple other reasons. Typically, Gokaldas does not track, or larger companies don't track the country's apparel exports. There is a consolidation towards larger suppliers. And in India, the number of larger suppliers are fewer.

In Bangladesh, there will be many more larger suppliers. Vietnam, there will be larger suppliers. The general consolidation towards larger suppliers then tend to favor other regions. But I

wouldn't read too much into India apparel exports. Read more U.S. apparel import and then see how that trends, because for Gokaldas, that will be a more appropriate data point to look at.

Moderator: Thank you. The next question comes from the line of Niraj Mansingka from White Pine Investment Management Private Limited. Please go ahead.

Niraj Mansingka: Yes, thank you for the opportunity. Just wanted to know, on this revenue capacity, if you break down the three parts of the company, standalone, India, Atraco and BTPL , what is it right now, and what it would be, say, a year and a half, a year from now?

S. Ganapathi: So…

Niraj Mansingka: Just the revenue capacity.

S. Ganapathi: First of all, standalone is not India, so you have to understand that. There are a lot of others, like our Bhopal entity is not part of standalone. It is a different entity which we have set up for PLI reasons, etcetera, and also getting tax benefits. India is not standalone.

Niraj Mansingka: I meant India. Sorry for the confusion. I meant India.

S. Ganapathi: Okay. So, what is the split between India, Atraco, and BTPL, say, next year? That is what you are asking?

Niraj Mansingka: The revenue capacity, yes.

S. Ganapathi: Revenue capacity. Just give us a moment. India will be INR4,000 crores. Africa will be about INR1,250 crores. Revenue capacity. BTPL will be about, I would say, INR1,200 crores revenue capacity. To the extent that Gokaldas buys from BTPL, that will be netted off, as it will be an intra-company transfer. Out of that, you could assume some 35% netting off.

Niraj Mansingka: Okay. This you are talking of the revenue capacity year down the line, right?

S. Ganapathi: Yes, 2028, I would say.

Niraj Mansingka: Yes.

S. Ganapathi: FY 2028.

Niraj Mansingka: Yes. What would be the EBITDA margin of these three entities if they reach an optimum utilization during that time

S. Ganapathi: The India EBITDA margin, in my assessment, should be 13%. The Africa EBITDA margin should be 10%. For the first year, which is FY 2028, BTPL or the fabric EBITDA margin should be 10%.

Niraj Mansingka: You have fair visibility of the optimal utilization today, right? For those capacities.

S. Ganapathi: Yes, we can see that, yes.

Niraj Mansingka: Okay. Going forward, henceforth from there, what are your thoughts on your growth? You said that you are looking at two more capacities in India. How you are thinking? because the Europe and the U.S. opportunity has suddenly started looking positive.

S. Ganapathi: After the tariff challenge, which I think Shirish was also alluding to in his earlier one, right? When India had a 50% tariff, a lot of growth might have gone to other regions, Vietnam, Bangladesh, various regions. U.S. is now rebalancing. They are looking at India again, as well as European growth will start happening. So here, I am seeing a fair amount of traction for India-related growth in the periods ahead. So for a larger entity, again, with supplier consolidation, for us to target a 15% growth is not that much of a challenge, in apparel.

Niraj Mansingka: Okay. So, and henceforth, you would be looking at putting up assets after those expansion in FY 2028 is over. You are already looking at them right.

S. Ganapathi: We are already planning those expansions and aligning those expansions because it takes time to build the factories too.

Niraj Mansingka: Yes. Okay, that is all. Thank you.

Moderator: Thank you. The next question is from the line of Tushar Dhonde from Shanghvi Family Office. Please go ahead.

Tushar Dhonde: Hello. Hi, Team. Most of my questions were answered through previous participant questions only. I would like to just draw your attention back to the RoSCTL scheme. If you can share the number, I guess you mentioned some number that we are dependent on the RoSCTL scheme, and how do you plan to offset the dependency if the RoSCTL scheme were to not extend December onwards?

S. Ganapathi: RoSCTL comes in at about 3.5%. Duty drawback for us is about 1.5%-2%. Duty drawback, we anticipate it to remain. RoSCTL 3.5%, there is a possibility it may go half. If it goes half, then it is 1.75% is the drop in that RoSCTL percentage. That 1.75, we will absorb in pricing, we will absorb in our productivity, etcetera, going forward.

Tushar Dhonde: This percentage is of EBITDA?

S. Ganapathi: Yes, I mean, 1.5% of the revenue is this RoSCTL comes in on export revenue, right? So that is the percentage.

Moderator: Thank you. The next question is from the line of Lakshmi Narayan from Ksema Wealth Private Limited. Please go ahead.

Lakshmi Narayan: Sir, just wanted some numbers. Could you just share the expected capacity in million pieces by year end, and what it will be in FY 2028, sir?

Sathyamurthy: Yes. For India operations, the expected total capacity by the end of this year would be around 59 million. For Africa operation, it will be 45 million.

Lakshmi Narayan: Okay, sir. For next year, sir?

Sathyamurthy: Next year, We are targeting at least two to three factories to come on board. Each factory will add 3.5 million pieces incrementally.

Moderator: Thank you. The next question is from the line of Prerna Jhunjhunwala from DAM Capital. Please go ahead.

Prerna Jhunjhunwala: Hello. Thank you for the opportunity. Just wanted to understand the increase in creditors' days in working capital. Is there any reason to this increase, or we should just let it go as a balance sheet date?

Sathyamurthy: No, Prerna, we have worked this out with our vendors, to extend the credit period, aligning with the customers' credit terms. That was one of the key activities we were working on to improve our working capital. We intend to align the pay cycle in line with credit cycle of our customers, and that's the reason for the increase in trade payables.

Prerna Jhunjhunwala: Does that increase at the cost of procurement?

Sathyamurthy: It is part of the regular commercial transaction. It is in the normal course, extended the credit period. We have not seen any cost increase of that nature.

Prerna Jhunjhunwala: Okay, that is what I wanted to check. Second question, sir. In BTPL today, how much of the production is being consumed captively by you?

S. Ganapathi: About 33% or a third of it.

Prerna Jhunjhunwala: Currently also the ratio remains same?

S. Ganapathi: Correct.

S. Ganapathi: Going forward, we intend to increase it to 50%, but that will take a little time, primarily because we need nomination securing from our customers. Our intention is to increase it as much as possible. Our aim is to get to at least 50%. But I don't anticipate that in FY 2028. I will probably anticipate 50% plus in FY 2029.

Prerna Jhunjhunwala: Okay. And sir, what kind of synergistic benefits have you seen over the last one, two years

S. Ganapathi: What sort of synergistic benefit you ask?

Prerna Jhunjhunwala: Synergistic benefits that you have seen after taking control of BTPL in minority and now in majority.

S. Ganapathi: What happens is, with a lot of customers, we can do a fair amount of advanced planning where we can prepare and hold fabric at BTPL. We can run for large-scale, sizable orders. This will enable us to grow faster with our customers, especially also look at platforming fabrics, look at fabric innovation. Some of those things will get start driven from FY 2028 onwards, where we are strengthening our fabric innovation side going forward.

In a garment, a fabric and the design or the sewing structure of the garment are the two inputs which a customer sees. By controlling both those elements, we will be able to, A, strengthen our customer relations, stickiness with our customer, and B, go for scale with the customers.

Larger customers will get attracted to having a verticality in the business, so that we can do innovation with them. Lastly, there is also a lead time reduction which we are seeing, because we have our own fabric mill, in a system where increasingly we are reducing lead time, if I have to reduce lead time by 10 days, 14 days, having a known mill certainly helps from that perspective.

Prerna Jhunjhunwala: Sir, have you seen any of these panning out is what my actual question was…

S. Ganapathi: It is coming in. I can see that pan out based on the orders that we are securing for fall/winter next year. Maybe it will start kicking in from FY 2028.

Prerna Jhunjhunwala: Understood, sir. Thank you and all the best. Happy Diwali.

S. Ganapathi: Thank you. Happy Diwali.

Moderator: Thank you. The next question is from the line of Jinit Savla, an Individual Investor. Please go ahead.

Jinit Savla: Yes, sir. Thank you for taking my question. I just have one question. Rest of my questions have been answered. On the BTPL acquisition, I was reading in a business daily about investigation going on with Bombay Rayon, the publicly listed company, as well as BTPL. In the early 2020s, they had done some asset transfer. Just wanted to understand whether post-merger of BTPL, will we have any legal or financial recourse if things were to go south with the investigation?

S. Ganapathi: At the moment, we are getting legal input on this topic, and early indication is that there seems to be no strength in those allegations. In fact, we have derived the comfort from the sellers also that all the procedural requirements have been fulfilled, and they are also extending that comfort to us. I don't anticipate it, but nevertheless, we are further digging in from a legal angle onto that news magazine allegation.

We don't see an issue. For instance, they've been saying that some of the banks have taken an extra haircut, but those are all flowing out of banks selling their credit to an ARC. Some of those comments there don't seem to hold water, but nevertheless, we are getting all this checked out legally as well.

Jinit Savla: Understood, sir. Just a small question on that. Have we received the final NCLT approval? Because last I checked, I think we've received the shareholder approval under NCLT. So the final one is still pending, right?

S. Ganapathi: Correct. It was heard today, and the judgment is reserved. We are expecting the verdict of judgment verdict in the next 10 days' time. So hopefully the process will get completed in this quarter itself.

Jinit Savla: Okay. Thank you so much, sir.

Moderator: Thank you. The next question is from the line of Gaurav Singh, an Individual Investor. Please go ahead.

Gaurav Singh: Hi, sir. Your line was a bit disturbed in terms of EBITDA improvement Q3 over Q2. Could you elaborate once more? Secondly, when do you expect to hit a billion dollars revenue consol basis which year? Thirdly, do we expect to become dividend paying anytime soon?

S. Ganapathi: Q3 over Q2, as I said earlier, there is an exchange rate benefit itself which will yield about 1.3%. The tariff discount elimination will yield another 0.5%. It is approximately, you could say, about 2%. There will be a further upside coming in Q4 because even our Q3 is only at about INR93 to a dollar. Q4 we will see a little more growth.

That is point number one. Point number two, when will we hit your billion-dollar revenue? A billion dollars today would be about INR10,000 crores by the time we achieve or probably more. We probably should take about five years or four years, thereabout. This year we will be tracking towards what about closer to 5K top line, and we are talking of doubling. It will take about four years at least.

Gaurav Singh: Okay.

S. Ganapathi: And there was one more question that you had asked. Dividend

Gaurav Singh: dividend paying? Yes.

S. Ganapathi: We had paid dividend before all the tariff impact, tariff impacted us in 2025. I think once there is some clarity on stability of tariffs, etcetera, since we are profitable, there is enough cash flow being generated by the business, we will take a call on paying dividend once there is a little more stability on the tariff front as well as geopolitics front. The volatility in oil prices, etcetera, once that settles down. We want to see a couple of quarters of clarity on that before we take some calls.

Gaurav Singh: Okay. Business volatility of these sorts will remain, but still, I think

S. Ganapathi: Business volatility or like tariff has been extraordinary on India, right, in particular. We did get significantly impacted. Even this financial year, we were, for a good part, we were facing a 50% tariff. I am sorry, the previous financial year. We do want to be watchful of how things are, and now I am hoping that these things will settle down. We want to see that for a little while before we draw that comfort.

Gaurav Singh: For sure. You mentioned about 2% because of various reasons you highlighted in terms of EBITDA. Because of the seasonality also, some improvement comes in Q3 and Q4?

S. Ganapathi: Little bit, but again, if I look at Y-o-Y, then that seasonality gets taken care of, right?

Gaurav Singh: Quarter- on- quarter?

S. Ganapathi: There could be some.

Gaurav Singh: Okay. Great. Thank you.

S. Ganapathi: Sure.

Moderator: Thank you. That was the last question for today. I now hand the conference over to the management for closing remarks.

S. Ganapathi: The growth bullishness for the next three, four years is strong. We are seeing most of our customers continue to want to grow with us. We are also adding customers, and I am confident that with higher revenues, operating leverage will kick in, margins will go up. We are yet to fully realize the full benefit of India's currency depreciation.

Some of this will also pan out in the periods ahead. Fabric will aid business growth and drive margin growth. As and when BTPL comes in, that benefit will also start kicking in primarily from FY 2028. There are a lot of moving parts in the business which are all coming together, and most of that will get played out in FY 2028. I want to leave you all with that thought, that some of the investments that we have done will start playing out from FY 2028 onwards.

Thank you so much for listening to us, and happy to connect and address any specific questions later. Happy Diwali to everyone.

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