

gokaldas exports ltd

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Mumbai – 400 001

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

Scrip Code – 532630

Scrip Code: GOKEX

Dear Sir / Madam,

Sub: Transcript of Q3 FY'26 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 Q3 FY'26 earnings conference call held on February 02, 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

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Encl: as above



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**“Gokaldas Exports Limited
Q3 & 9 Months FY '26 Earnings Conference Call”
February 02, 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 CAPITAL



Moderator: Ladies and gentlemen, good morning, and welcome to the Q3 and 9 Month FY '26 Earnings Conference Call for Gokaldas Exports Limited. 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 this conference call, please signal an operator by pressing star then zero on your touchscreen phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Kasturi Sharma from EY's Investor Relations team. Thank you, and over to you, Ms. Kasturi.

Kasturi Sharma: Thank you, Swapnali. Good morning to all the participants on the call. Before we proceed, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties and other factors. It must be viewed in conjunction with our business risks that could cause future results, performance or achievement to differ significantly from what is expressed or implied by such forward-looking statements.

Please note that the results and presentation have been shared on e-mail and the same are also available on the company's website. In case you haven't received the same, you can write to us, and we'll be happy to send them over to you.

To take us through the results and answer your questions today, we have the top management of Gokaldas Exports Limited, represented by Mr. Sivaramakrishnan Ganapathi, Vice Chairman and Managing Director; and Mr. Sathyamurthy, the Chief Financial Officer. We'll start the call with a brief overview of the quarter gone past, followed by the Q&A session.

With that, I'll now hand over the call to Siva sir. Over to you, sir.

S. Ganapathi: Thank you so much. Good morning, everyone. Happy to have you at our earnings call for the third quarter of FY '26. This was the first full quarter impacted by the steep 50% U.S. tariff on India and the expiry of AGOA, which provided duty-free access from Africa to the U.S. The U.K. FTA signed in July 2025 has still not taken effect. In the meanwhile, many competing countries in Asia had a relatively advantageous 20% reciprocal tariffs to the U.S. and duty-free access to EU and U.K.

To combat this, we initiated several measures like securing our U.S. business by strengthening our relationship with customers and offering discounts on U.S. shipments from India to part offset the steep tariffs. Secondly, streamlining operations across India and Africa to extract further efficiencies to reduce unit cost of operations; and thirdly, striving to increase business from Europe by increasing volumes with existing customers. We've also initiated the onboarding of a new customer from EU.

The expiry of AGOA impacted the order book for Africa in Q3, resulting in a dip in revenue from the region. Further, there were some supply chain disruptions in Africa, which impacted



the business in the region. Imposition of incremental reciprocal tariff on Asian countries from August '25 resulted in Africa regaining its tariff advantage. There is a reasonable possibility of AGOA getting extended soon. This has allowed us to rebuild the Africa order book for future periods.

During the previous call, I had talked about a transformation from seeing tariff as an enemy out to defeat us to recognizing it as a source of power and knowledge that would make us formidable. We continue to seek ways to invent ourselves and leverage our strength to deal with demanding externalities.

In the quarter, we reported a total income of INR998 crores, a flat year-on-year performance. Our India operations continue to maintain its growth momentum, registering a growth of 8% Y-o-Y, despite being impacted by the steep U.S. tariff for the entire quarter. We reported an EBITDA of INR96 crores, a decline of 18% year-on-year. This was primarily due to sharing a considerable portion of the U.S. tariff burden with our key customers. Adjusting for the burden share, our EBITDA should have grown by 17%.

On the demand front, apparel exports into the U.S. witnessed a continuous decline since July 2025, despite retail sales posting a stronger growth during that period. Most U.S. retailers have so far not increased the prices for their customers. This is likely to change in 2026 as retailers are seeking to pass on some of the cost increases to their customers.

Clearly, brands in the U.S. are hesitating to build inventory at higher tariffs and/or may be anticipating flagging sales in '26. Imports from EU and U.K. showed a higher growth in the period January to November 2025 over the same period previous year.

For the quarters ahead, the company has the visibility of a good order book for both India and Africa business. On the margin front, we anticipate U.S. reciprocal tariff on India to continue to impact the next quarter.

Any positive outcome on U.S. India trade deal would, of course, offset this impact. Africa business is seeing some tailwind. Our strategic investments in BTPL, which is a fabric processing unit strengthens vertical integration, enabling better customer service, faster delivery and creates an opportunity to improve margins.

Our fabric investments and diversification into Africa will support our ability to somewhat deal with a steep U.S. tariff burden. Significant progress is being made in these areas. We are also directing capital expenditure into areas that will support our future growth.

In the long-term, the recently announced India-EU FTA will open access to a significant market, placing Indian exporters at par with key competing countries like Bangladesh, Vietnam and a 12% duty advantage with China. This, along with India-U.K. FTA would accelerate sourcing from India. High U.S. tariff continues to remain a source of concern.

Thank you for listening. I would be happy to address any questions that you may have.

Moderator:

We have the first question from the line of Rehan Saiyyed from Trinetra Asset Managers.



- Rehan Saiyyed:** While your investor presentation explains that immediate cost pressure, so if we strip out explicitly disclosed one-off, sir, do you believe the current gross margin profile reflects a new base? or is there any embedded operating leverage that is not visible at the current inflation level?
- Sathyamurthy:** Apart from the tariff effect, whatever we have disclosed, we have also incurred -- taken a hit of INR3.4 crores on account of our gratuity restatement because of the New Labour Wage Code. So other than that, there is no one-off items.
- Rehan Saiyyed:** Yes, that was my question that I'm asking apart from the disclosed one-offs, is there any other one-off that we have to consider in the current margin level?
- S. Ganapathi:** No. As Satya said, barring that Labour Code-related gratuity provision, which was mandated by the New Labour Code, that was a onetime to an extent of INR3.5 crores. There is no other onetime. The whole U.S. tariff burden is that is the burden that we -- is the impact that we've had during this quarter. And that amounts to about INR40 crores, INR40.2 crores. That's the net cost of tariff burden that we shared with our customers.
- Rehan Saiyyed:** Okay. Okay. And my second and last question is around, just wanted to understand regarding the product mix as a margin lever. So, what proportion of current revenue comes from program-based or repeat orders versus seasonal or specialty orders? And how does this mix impact margin stability across cycles?
- S. Ganapathi:** So almost all our business comes from fashion orders. We don't do large program-based orders as yet. In the future, we may be doing it, but most of the orders are sought and won on a seasonal basis. We do get usually a year-round visibility from our customers at a macro level and then specific style-wise orders come at the beginning of each of the fashion season, primarily to allow us to buy the fabric and convert them. The reason why we focus on such programs are that they are better margins as opposed to year-round programs where we end up competing with Bangladesh or other low-cost regions who may also play the tariff game.
- Moderator:** We have the next question from the line of Kaustubh Pawaskar from ICICI Securities.
- Kaustubh Pawaskar:** Sir, my question is again on the margins. I just want to understand that this quarter, we have seen full impact of U.S. tariff. And despite that, on a sequential basis, if you see excluding the other income, you were able to maintain the margins at around 8% if you exclude the other income on a consolidated basis.
- And again, in this quarter, we have seen the Africa utilizations were quite lower considering the AGOA effect and there was some supply disruption. So I believe that the ATRACO margins would also be at the lower end.
- So considering that, in quarter 3, should we expect the margins to remain at this level or better off considering the fact that we might see some utilization level improving in Africa. India is doing reasonably well despite the fact that the U.S. tariff continues to hit the margins, we have done well. So just an understanding from your end?



S. Ganapathi:

Sure. So AGOA impact, while AGOA's full brunt was faced in Q3, we also had some issues in Q2 because AGOA expired on 30th September 2025, and that is for shipments landing in the U.S. is on or before 30th September. So even second quarter was impacted. In fact, we did have an improvement in EBITDA margin in Q3 in Africa, thanks to a lot of operational initiatives we took. And that will continue to sustain in the quarters ahead.

In Africa, we would see a margin improvement, a good margin improvement, primarily because from Q4, we have built a solid order book, primarily because in the month of August, we saw Asian countries see their reciprocal tariffs go up to 20%, while Africa remained at 10%. So even without AGOA, Africa enjoying a superior tariff regime as far as U.S. is concerned. So that has also helped us to build the business in Africa.

There is a likelihood of AGOA getting restored likely with retrospective effect. That's work in progress, and we will have to wait and watch when that happens. But if that happens, then there will be further business flip to Africa. So with that in mind, we are strengthening the business prospects in Africa. In fact, operations are more or less well set. We will see some good EBITDA contribution going forward.

So in some ways, you could say that region has bottomed out and performance will improve from Q4 onwards. India, our performance will really depend on when the U.S. reciprocal tariff gets corrected. Until then, we will continue to seek operational improvements to offset the steep reciprocal tariffs that we are facing, any ways to reduce costs, take out inefficiencies, etcetera, is on the cards, and we are working on it. That partially explains why this Q3, we were able to pull some good performance out of India, and we will continue to seek that going forward.

So I would think that Africa, we see business prospects improving because of macroeconomic improvement. India, until the U.S. tariff corrects, the macroeconomics will remain what they are. In the longer run, EU FTA will kick in and so will U.K. FTA. But until that happens, we may see some degree of status quo with improvements only coming in from internal improvements that we will usher in.

Kaustubh Pawaskar:

Sir, my second question is understanding on the India business. So this quarter, we have seen 6% growth. And in your initial comment, you mentioned that you are seeing an uptick in volumes from EU and U.K., where you are trying to increase the orders for your existing clients and you're trying for the new customers as well.

Is that helping us to achieve this growth? Because U.S., I believe there might be some decline in sales for this quarter considering the overall decline whether you were able to maintain whatever sales, or the order was on a year-on-year basis?

S. Ganapathi:

So we have managed to protect ourselves from an order perspective, protect our business from U.S. tariffs. We have maintained our business volumes. If you look at our revenues for Q3, which is more or less flat with Q3 of last year, this is after accounting for discounts for U.S. customers. So in some ways, we have actually grown the business Y-o-Y.

And that is because we continue to serve our customers well. We continue to keep the business within our business fold and ensure that we deliver well. So, U.S. consumers are continuing to



report faith in Gokaldas in India. In fact, adjusting for discounts, in fact, there has been a minor growth. And I look at our order book for Q4 and Q1 of next financial year, we have a decent robust order book for both the quarters.

So, we are holding on to the business. The concern remains that if the U.S. reciprocal tariff remains or the incremental penal tariff remains for a long-term, then what happens. We will have to wait and watch how that unfolds. But for now, we are holding on to business. We have, in fact, minorly increased our business with U.S. customers.

With European customers, we are growing very fast. We continue to do that. We have also, as I said in my opening remarks, we have added one more customer whom we will onboard in the next 1 or 2 months. So that will also give a further incremental growth from European business side.

So we are seeking ways to derisk ourselves. This is a journey that we will go through in the next several quarters where we will rebalance at least out of India, the business between U.S. and Europe. European customers generally are smaller in size compared to U.S. customers. So it takes a bit more time, but we are working aggressively on that strategy to balance our revenue between these 2 regions going forward. I hope that clarifies.

Kaustubh Pawaskar:

Yes, sir. Sir, last one, in earlier call, you mentioned that diversification is one of the strategy we are looking in terms of the production base. So you were looking at Bangladesh as one of the option if this tariff issue continues for another quarter or so. So any comment on that front, whether you are looking to shift some of the base or production base to Bangladesh from where the tariff rate is around 20% and you can benefit from there?

S. Ganapathi:

So we do have some subcontract relationships in Bangladesh and we exercise that option all the time. And even now, we do use those capacities for our benefit. Any investment in Bangladesh would be considered only after some clarity on the macroeconomic situation in Bangladesh. There is an election supposed to happen sometime in February, and we will take a call post that, looking at how Bangladesh shapes up.

In the meanwhile, we are also open to looking at other geographies. So all those are work in progress. It may take time. It all depends on what our final conclusion is on relative attractiveness of those regions as well as how the tariff situation plays out in India.

So we are working on it. Bangladesh at the moment is only a subcon kind of arrangement. Making investments in Bangladesh, we will wait and watch until there is more clarity on geopolitics in that region.

Moderator:

We have the next question from the line of Vishal Mehta from IIFL Capital.

Vishal Mehta:

I would say a resilient performance in the tough times. Just to start with a clarification, these tariffs also have bearing on your revenues, right? So adjusted for these, your revenues also would have been up INR40 crores?

S. Ganapathi:

Yes.



- Vishal Mehta:** Okay. And I wanted to understand on AGOA and Africa operations. Apart from AGOA, you called out there were some supply chain challenges there. So what are these? And is the AGOA impact now behind us in Africa? Would it be safe to say that?
- S. Ganapathi:** Sure. So the supply chain challenges were -- actually, there was a port congestion in Mombasa port. And that meant that a lot of fabric, which we were importing from China, etc., got held up for over 25 days, sometimes even 30 days, which resulted in operations getting impacted there. All that is behind us.
- There was also this AGOA impact and AGOA impact was primarily because in the early phase of AGOA, when the U.S. let it expire in September 2025, we had only 10% tariff in rest of Asia. But since then, U.S. has now imposed 20% tariff on rest of Asia, while Africa continues to have a 10% reciprocal tariff, destroying Africa a 10% advantage vis-a-vis rest of Asia and a 40% advantage vis-a-vis India.
- Now there is a talk of AGOA being reinstated. Now we will wait and watch as to when it happens. It's going through the U.S. Congress. House of Representatives have already passed the bill, but it has to go through Senate and the President. So let's wait until that happens.
- But if AGOA is restored, then we will see a massive tailwind for Africa, primarily because the duty delta between Africa and rest of Asia will widen even more. It will widen by another 20-odd percent. So we'll wait for that. In the meanwhile, even without AGOA, we are seeing a fairly good traction build-up for that region.
- Vishal Mehta:** Okay. So just a follow-up here because last quarter, probably we were expecting that there was a challenge in Africa order execution, and we faced challenges there, and then we were expecting it to pick up this quarter, but still, we continue to see challenges. So now for the upcoming quarter, do you see order book all healthy and we should probably see better growth, better margins there?
- S. Ganapathi:** Yes. So when I say last quarter, there was a problem. I had said that last quarter and that will spill over to this quarter as well. So this was expected that even this quarter will get impacted because the impact started from October. So this quarter did get impacted. The subsequent 20% tariff for rest of Asia obviously helps Africa. Do I see improvement going forward? Absolutely, yes.
- Moderator:** We have the next question from the line of Ronak Shah from Equirus Securities Private Limited.
- Ronak Shah:** Yes, sir. So sir, a larger part of the margin benefit is coming from the gross margin expansion. So despite we have passed on certain discounts to the end consumers. So can you make us understand what has led to this? Is it because of the realization mix related gains? Or is there something different in between?
- S. Ganapathi:** The gross margin improvement happened because of more productivity gains and also product mix changes. Usually in spring, summer, we do have a lot of India-based fabric that we use. And we also did a strong negotiation with fabric suppliers given the tariff-related challenges that we had. So all of that also helped us.



- Ronak Shah:** Yes, sir. So as per our earlier understanding within the tariff part, larger part of the penal portion, which is 25-odd percent is absorbed by the manufacturers. So is there any change in that part? Or is it still continued?
- S. Ganapathi:** It is still continuing. So penal tariff, a large portion we are absorbing. We are trying our best to pass on some of the cost increases to our suppliers as well. So we do that too. So trying to recover some of those additional burdens from our supply chain.
- Ronak Shah:** Got it. And sir, lastly, from the volumes front, can you call out separately what is the Indian business and African business volumes in the third quarter as well as 9 months?
- A. Sathyamurthy:** Okay. I'll give the total volume is 15.53 million pcs, INR572/pcs is the realization. And for standalone...
- S. Ganapathi:** For India.
- A. Sathyamurthy:** I have separately for Africa. Africa 3.68 million pcs, INR402/pcs crores is the realization. The differential is Indian operations.
- Ronak Shah:** Okay. Got it.
- A. Sathyamurthy:** For 9 months, Africa volume is 10.65 million pcs at INR428/pcs.
- Ronak Shah:** Okay.
- A. Sathyamurthy:** And the total volume is 41.13 million pcs, INR648/pcs.
- Ronak Shah:** Okay. Okay. Got it.
- Moderator:** We have the next question from the line of Rohit Maheshwari from Tata AIG.
- Rohit Maheshwari:** Congratulations for a good set of numbers in these difficult times. Sir, my first question is out of the INR40 crores, which you have taken, what was the total impact of the penal tariff?
- S. Ganapathi:** The total impact of the penal tariff was closer to INR60 crores, and we set off about INR20 crores of it from our supply chain.
- Rohit Maheshwari:** Okay. And do you -- or like if this penal tariff does not go for next 2 or 3 quarters, do you think this INR40 crores will be there till the time this penal tariff do not get solved?
- S. Ganapathi:** Of course, yes.
- Rohit Maheshwari:** Okay. And because now it has been more than -- like 5, 5.5 months we have been talking about, are you finding any different attitude of U.S. buyer towards now negotiating new deals with them? Or do you -- because you don't want to lose a customer, you have been negotiating the way it to just customer stays with you?



- S. Ganapathi:** No. So we have been negotiating with the customers so that we can ensure and assure our customers to stay with us. So that's going on. We are hoping that there should be some resolution to the U.S. tariff sometime in the near future. We're waiting for it so that the playing field gets leveled up between India and rest of Asia. Until then, these discounts are the panacea for the situation that we have, and that's the best we could do.
- I think in the longer run, we need to see a more equalized tariff between ourselves and the rest of Asia. So the other option for us is actually to increase our business from Africa as well as increase European business in India, both of which we are doing to combat this.
- Rohit Maheshwari:** Okay. The last question is, do you -- it's an interrelated. One is, can you call quarter 3 as a bottom out for Gokaldas in terms of margin, in terms of growth? And second is, when you're looking for European business, because the order quantities are small, the margin profile will be better than the U.S. customer, correct?
- S. Ganapathi:** So to answer your first question, is this a bottom out performance? From an India perspective, while it is a bottomed out performance, we will see that Q4 also somewhat similar because the tariff regime is not changing. So any improvement will only come through operational improvements from an India business standpoint.
- So yes, we have bottomed out. And hopefully, once the tariff situation changes or improves, we'll see improvements. But as far as Africa is concerned, we have bottomed out, and we should start seeing improvements going forward. So on a consol basis, I think we can say it firmly that this is a bottomed out performance. And going forward, things should better from here on, primarily led by international operations. What was the next question?
- Rohit Maheshwari:** Second question is when you are getting additional business from the European customers, so the margin profile will be better than the U.S. customer?
- S. Ganapathi:** The margin profile is better than U.S. now because we are in that regime of penal tariff and we are offering some discounts to U.S. customers, the European customer margin in these circumstances are better. But if you look at it from a pre-U.S. penal tariff standpoint, U.S. businesses are much better than Europe simply because of the size of the relationship, the scale of operations, etc., that we get from U.S. customers.
- So European businesses, given that the retailers are a bit smaller, we tend to have a little sharper margins. Also, Europe gets duty-free access from Bangladesh, Pakistan, Sri Lanka, Vietnam, so many places.
- So they tend to squeeze us and compare us with landed duty-free price points that they get from other regions. That can only be set off once the European FTA kicks in somewhere in 2027. Once that happens, European margins will also improve.
- Moderator:** We have the next question from the line of Ashutosh Nemani from JM Financial Family Office.



- Ashutosh Nemani:** My first question is, could you please walk through the BRFL acquisition, like by when it will be fully integrated? And how much do we currently hold it? And how much we have to spend more in the expected cash outflow?
- S. Ganapathi:** So the BRFL business, if all goes as planned, it should happen sometime in the second quarter of next financial year. The exact timing cannot be stated here because it depends on the NCLT process and the regulatory process. So as and when it happens, it will -- our expectation is that it should happen sometime in Q2 of FY '27.
- As far as BRFL's performance goes, I think we have been investing in that entity through OCDs and extending support by buying fabric from them and connecting them to customers, etc. But we have been seeing some business traction growth for BRFL. There has been a continuous improvement in its performance.
- So far, I think we have invested in OCD to the extent of about INR175 crores in BRFL. We've also bought 19% stake in the company, paying about INR72 crores. The rest of the stake -- equity stake will be bought as and when the regulatory approvals come in, in Q2 of next financial year. And the business will get consolidated as and when that happens.
- Ashutosh Nemani:** And second question is regarding your capacity expansion plan. Out of the INR105 crores planned for FY '26 new capacity, could you please tell where is this deployed and what are the time lines? And how ramp-up of this would impact our margin profile going forward?
- A. Sathyamurthy:** So there are 2 units in India, one in Bhopal, the second phase is coming up. The other unit in Karnataka. These 2 units are in advanced stages of execution completion, and we expect the commercial production to happen in the next financial year.
- Apart from that, we have expanded the capacity in Kenya. That's a substantial portion. We are installing new machineries and expanding the capacity, bringing up another unit additionally in the existing premises itself. That will also come on stream in the next financial year in Q1 FY '27.
- Ashutosh Nemani:** Sir, and -- the second part of the question, how it could impact the margin profile? Like the ramp-up usually what you have seen historically, whenever there's a ramp-up, there is a margin impact we face. So what we will expect?
- S. Ganapathi:** Most of the ramp-up related challenges have already been absorbed as currently expansions are all happening in the units, which -- where we have operations. So we don't anticipate a significant margin setback on account of this.
- Moderator:** We have the next question from the line of Ankit from Anand Rathi Limited.
- Ankit:** So I want to be a little bit negative on this side that if trade deal does not happen, so how it will impact our top line as well as margin? And will we take a price hike? And what's our strategy going ahead?
- S. Ganapathi:** You're saying if the tariff deal doesn't -- happen is that the question?



- Ankit:** Yes, if it does not happen.
- S. Ganapathi:** If the penal tariff does not get corrected, right? So see, we are working on that assumption, right? Unless there is a clarity on penal tariff, we have to work with the assumption that the Indian tariff will be 50%. And our order booking for Q4 and Q1 is on that basis. And we have already booked orders accordingly. So -- and at the moment, we are working on Q2 orders as well, which is also going in the right direction.
- So from an order booking standpoint, we are not seeing so much of challenges. We are pursuing as much business growth as possible and trying to keep our factories full. Having said that, the margins will stay impacted until the penal tariff is in place on account of the tariff-related discount that we may still have to extend to American customers.
- I don't see any ability for us to increase prices in the interim, with high tariffs as well as the expectation of inflation in U.S., etc., our ability to increase prices is next to zero. So we will have to continue to seek ways to improve margins by operational improvements, supply chain-related cost savings as well as continue to book business by giving tariff-related burden share or tariff-related discounts.
- Ankit:** Okay. And if we are diversifying our U.S. operation to Europe, so how it has performed like in last 6, 7 months?
- S. Ganapathi:** So our European revenue is constantly increasing quarter-on-quarter. We were at about 13%. Now we are further increasing it going forward, about -- we'll be about 16%, 17%. We are constantly increasing our European business going forward. That journey will continue for us as we progress.
- We will be adding also European customers. So that -- this is the way we will combat that. The other thing is we are also looking at pushing more American business into Kenya where there is a duty advantage. And that region will also possibly grow faster with the American business.
- Ankit:** Okay. And AGOA, that is likely to be extended. So when there will be a clear idea about that?
- S. Ganapathi:** So it's going through the US Congress. My sense is it will -- we will get to know within a month as to the status of AGOA. Month of February, we will have a clarity.
- Ankit:** Okay. Thank you. Thank you so much. That's it from me.
- S. Ganapathi:** Thank you.
- Moderator:** Thank you. We have the next question from the line of Samay Sabnis from Helios Capital. Please go ahead.
- Samay Sabnis:** Yeah. Good afternoon. Thanks for the opportunity. Sir, my question is -- so you just mentioned that despite the discounts that were given in Q3, your gross margins have improved because the benefits of like Indian-based fabric that was used and strong negotiations that we did with the fabric suppliers. So I just want to understand, is this benefit like a one-off that will go in Q3? Or



could we see this benefit in Q4 as well? So basically, I want to understand the trend of the gross margin.

S. Ganapathi:

So, you know, the gross margin is also a function of product mix. And product mix in Q3 and Q4 favours India. So we usually have a little better gross margin during this period. Having said that, we will continue to seek gross margin improvements wherever possible.

It will be possible through better negotiations with the supply chain, better product mix that suit our margins, gross margins, etcetera. And we'll continue to seek it. Would there be a further gross margin improvement in the quarters ahead? It's not that easy. We will continue our endeavour, but it's going to be difficult to further improve it. We will keep trying.

Moderator:

Samay, your line is unmuted. Please go ahead with your question.

Samay Sabnis:

Yes. So what I was saying is the gross margins in Q3, you mentioned that despite the discounts given in Q3, they improved because the benefits of Indian fabric that was used as well as strong negotiations that we did with the fabric suppliers. So what I want to understand is, was this benefit like a onetime that you had in Q3? Or do you see this benefit in Q4 as well? So basically, I want to understand, will the gross margins improve in Q4 or they like remain steady?

S. Ganapathi:

See, again, as I said, the vendor negotiations have happened in Q3, and that benefit will continue as long as the tariff-related pressure remains on us. So will the gross margin improve in the quarters ahead? Or how will the gross margin change? I think it will remain steady on account of all the purchasing-related benefits that we have driven in as long as the US tariff continues. But it will vary based on the product mix; product mix to product mix, there are some gross margin variations that we will see.

For now, I think the product mix, we're always trying to optimize the product mix so that we can drive up our gross margins. When we get into Q1 and Q2, the profile may slightly change because we switch to autumn-winter wear where the gross margin profile is slightly different. And the fabric becomes more imported, so there will be a little higher cost of fabric that we will incur. So there gross margins may drop.

But during those times, we get a better realization from cost of manufacturing. So we tend to retain our EBITDA margin nevertheless. So there are nuances in the business, which sometimes swings between gross margin to cost of manufacturing. Effectively, we tend to protect our EBITDA margins all the time.

Coming back to your specific question on is there any onetime benefit that we got? The only onetime benefit we got was our negotiations with supply chain as far as raw material is concerned, which is linked to US tariffs staying high. So as long as that remains, that benefit will continue as well.

Samay Sabnis:

Okay. Thank you for this. That was really helpful.

Moderator:

Thank you. We have the next question from the line of Prerna Jhunjhunwala from Elara Securities. Please go ahead.



- Prerna Jhunjhunwala:** Thank you for the opportunity, sir and congratulations on a resilient set of numbers. Just wanted to understand your revenue and profitability between stand-alone Africa and Matrix businesses?
- A. Sathyamurthy:** The EBITDA margin from Atraco is about 1.5%. And between Matrix and the India operations is more or less in the same range.
- Prerna Jhunjhunwala:** Sorry, sir. I didn't get your number?
- A. Sathyamurthy:** EBITDA margin from Atraco is 1.5%. While the EBITDA margin for the India operations remains at the same level, at the average of around 11%
- Prerna Jhunjhunwala:** Okay.
- A. Sathyamurthy:** Yes.
- Prerna Jhunjhunwala:** Okay. Sir, you said 1.5% in Africa?
- A. Sathyamurthy:** Correct. For Q3. For this quarter, yes.
- Prerna Jhunjhunwala:** Okay. And what would that be for 9 months?
- A. Sathyamurthy:** I'll let you know.
- Prerna Jhunjhunwala:** So sir, why is this so low for Africa and with AGOA agreement?
- S. Ganapathi:** Because the business volumes went down in Africa, we were unwilling to extend discounts in Africa to offset the loss of AGOA. And these decisions were taken in January-February of 2025 because we tend to book orders for Africa well in advance, and we could see that AGOA could be allowed to expire by the current administration, and we were not willing to hold on to the business just by giving discounts. We wanted to also take some business corrections. Most of that is done.
- And as I said, once the volume kicks back in, and in Africa, we tend to do over 25 US\$ million a quarter. So once that kind of volume kicks back in to Africa, which will happen from Q4, we will see a surge in EBITDA margin because the fixed cost gets amortized over a bigger business volume. So EBITDA margins will swing back from the fourth quarter onwards.
- A. Sathyamurthy:** And in the 9-month period, we did a breakeven, hardly about INR1 crores loss, but we did good numbers in Q1, but Q2 had the real impact.
- Prerna Jhunjhunwala:** Understood, sir. So sir, how do we see the margins going forward in India and Africa businesses? And how are you treating the Europe orders, whether it is more from India or from Africa right now?
- S. Ganapathi:** So my India business, if the reciprocal tariff remains at 50%, the India business margins will remain where they are. We will continue to seek improvement on the margin side by improving operational efficiencies, but that's only how the margin improvement may happen. But in Africa, we could probably see a good improvement.



I am expecting Africa's EBITDA margin for next financial year, that is FY '27, by the second half of that year, cross 10% easily, maybe even stay at an average of about 10% in '27 based on the order volumes that we anticipate.

Prerna Jhunjhunwala: Understood. So sir, if your Africa business is 1.5%, that means your India business would be more than 10% in this quarter?

A. Sathyamurthy: Yes.

Prerna Jhunjhunwala: Yes. Understood, sir. Yes. Okay. Thank you so much, sir and all the best.

Moderator: Thank you. We have the next question from the line of Harsh Mittal from Emkay Global. Please go ahead.

Harsh Mittal: Yeah. Thank you for the opportunity and congratulations to the management for a decent set of results, despite the challenging environment. My first question, sir, is that UK FTA has been signed for the past 5 months. So how has been your interaction with your clients in UK? And do you see some uptick in business from the UK region? So that is my first question.

S. Ganapathi: Okay. So UK FTA was signed in July 2025. However, we have not seen the benefit of FTA flow through. It is awaiting implementation. So at the moment, the exports to UK are still tariff rated, and we have not seen zero tariff benefit flow through as yet.

So the challenge with such a situation is that businesses take commercial decisions, they would like to see a zero-rated tariff before moving significant volumes to India else they tend to lose an opportunity of curing the tariff benefit. And moving the volumes from Bangladesh to India won't happen until the tariff regime actually kicks in.

So directionally, many UK customers are talking to us exploring stepping up the business volumes, etcetera. But the real benefit of all of that will happen once the UK FTA comes into effect. It is awaiting parliament ratification. It is awaiting implementation. We are waiting to see how soon that will happen.

Harsh Mittal: Sure, sir. Sir, secondly, on the EU FTA, do you see any non-tariff barriers, which may impact India similar to what UK FTA is there in terms of compliance cost, product mix? Do you see the same thing?

S. Ganapathi: So whatever non-tariff barriers exist, exists even today., and we are able to address those. From a compliance standpoint, etcetera, we are very high up there compared to most Indian suppliers are, whether it is an environmental compliance, social compliance, etcetera, we have zero liquid discharge, zero hazardous chemicals discharge, we have renewable power in most of our factories.

Our labour compliances are one of the best in the country or best among the suppliers. So we don't see any non-tariff barriers impacting Gokaldas. From an actual tariff implementation perspective, that's the only one. So when European countries start importing at zero duty, which



is when the implementation starts, maybe it will happen sometime in 2027, we will start seeing a good amount of business flow coming to India.

In the meanwhile, we have to seek business by continuing to have tariff disadvantage vis-a-vis Bangladesh, Sri Lanka or other regions. And we are still getting that kind of business growth from Europe. It will accelerate once the FTA comes into effect.

Moderator: Thank you very much. We have the next question from the line of Bhavin Chheda from Enam Holdings. Please go ahead.

Bhavin Chheda: Yes, sir, congratulations on maintaining good numbers in a very difficult environment. A couple of questions. Main, as you said, sir, your order book, you must have already filled up for this quarter as well as you're saying for next year, first and second quarter also, mainly US client. So what my question was, I understand the tariff is implemented when the goods land in US?

So whenever there is a reversal of tariff, any goods landing there after that date, the incremental benefit starts coming to us because I believe there is a 3-way sharing - clients are sharing some part of the tariff, you are sharing some part of the tariff. So whenever that reverse goes, we don't wait until next order and the reversal starts coming from that day onwards?

S. Ganapathi: Good question. Just to clarify, we have secured business until Q1. Q2 is work in progress and so far, it's directionally going well. As far as the penal tariffs and the tariff-related burden share, it will reverse the day the penal tariff goes away. So that incremental 25%, if it is reversed, then we will have our discounts being adjusted from the next shipment onwards and not necessarily from the next or new orders that we booked.

Bhavin Chheda: No, my question was -- so basically, it happens even if your shipment has gone from India, normally, it's a 20-, 25-day cycle. So even when it lands in US, that benefit starts coming in, right?

S. Ganapathi: Yes. Yes, it will. So if our customer is able to take the goods at less than 50% tariff, let's say, the penal tariff of 25% goes away on a certain date, 1st of May, then any goods which they are able to clear customs in US at 25%, not 50%, our burden share stops from those shipments onwards.

Bhavin Chheda: Sure. Sir, my second question, I understand is tariff is on incremental portion over raw material and any goods which are imported from US. So in any part of your business overall, you have imports from US where already you are getting some benefit or there isn't much imports from US into your company?

S. Ganapathi: Yes, of course. So if I use US cotton, for instance, and as long as the component of US source is greater than or equal to 20%, we can get a set off for that amount in the reciprocal tariffs. So we are using US cotton as much as possible in our raw materials because we can get that 50% offset on US-based raw materials. So we are using all those tools available at our disposal to minimize or reduce the burden.

Bhavin Chheda: Have you maximized it or this keeps on increasing US cotton imports every quarter?



- S. Ganapathi:** This is a function of product mix. Wherever we are able to use US cotton, we will.
- Bhavin Chheda:** Sir, how much percentage of cotton is US cotton right now in your portfolio?
- S. Ganapathi:** Yes. So I think we should have about 20, a little above closer to 25% of the FOB in cotton-based garments as US cotton.
- Bhavin Chheda:** Yes. And sir, my last question, sorry, the third one...
- S. Ganapathi:** And what will happen in the first quarter is that we will be switching more to synthetics. So that is when some of these benefits may come down because then we will be using synthetic fabric from the Far East.
- Bhavin Chheda:** Sure. And my last question, sir, as UK, it would be signed any time, but the announcement happened a year back and India-EU announcement has just happened. So just taking example from UK announcement, which happened last year, I'm sure you would be seeding that market because whenever the parliamentary approval comes directly benefits on margins and overall business comes in. So obviously, the players will seed the market much ahead of actual tariff implementation.
- Can you give some example of how UK business has been performing and how many clients you must have added in the last 1-year or so? And how experience has been from the announcement till date in the UK market? Because I believe the similar pattern will follow in the India-EU also?
- S. Ganapathi:** Right. UK is a much smaller market compared to EU, and we have three customers from UK that we are supplying to. We are seeing a fair amount of growth in the revenue from these customers. However, at the moment, the growth is coming without any tariff-related benefit accruing to the customer or to us. So the growth will get expedited once the tariff kicks in. Until then, it's about onboarding a customer and preparing ourselves for a duty-free future. As and when that kicks in, that's when the real transaction will happen.
- See, customers are also commercially oriented. If they get zero duty imports from Bangladesh and it is still charged from India, they will not move significant volumes. There will be testing, preparing the grounds, etcetera, which has all happened. Now we are waiting for the actual tariff to get rerated before real volumes will flow.
- Bhavin Chheda:** Okay, thank you, sir. Thank you.
- Moderator:** Thank you. We have the next question from the line of Varun Gajaria from Omkara Capital. Please go ahead.
- Varun Gajaria:** Congratulations on a good set. So I just wanted to understand, we have seen some media commotion on Bangladesh facing some kind of internal crisis and also the factory shutting down probably in February. So is there any substance to this? And if there is then what kind of impact are we seeing on overall supply chain in terms of competition?



- S. Ganapathi:** While there are issues in Bangladesh, the production volumes from Bangladesh has not really fallen. So factories are working and factories are continuing to export from Bangladesh. So while there are some challenges brewing in that country on account of factor costs going up, on account of geopolitical situation, we have not yet seen an impact on Bangladesh till date.
- Having said all of this, brands with whom we keep having conversations are also concerned about how the elections will play out, what kind of situation will be there on the ground. Now that visas for Indians are also restricted in Bangladesh, movement of people between these 2 countries have become a challenge. So a lot of brand people also are not able to visit.
- So some of these challenges are becoming significant from a ease of doing business perspective, this may have some impact going forward. We will also have to see how elections play out in Bangladesh and how the factory operations are, whether they are impacted or not. It really needs to play out for now in the next few months.
- Varun Gajaria:** Okay. And the INR60 crores impact, I mean, net INR40 crores impact, is this the stable state tariff impact that we are expecting as long as the U.S. tariff stays?
- S. Ganapathi:** Yes.
- Varun Gajaria:** Okay. And in terms of European Union, whenever the FTA comes on board, what is the opportunity size for our company considering the products we are in?
- S. Ganapathi:** When the European FTA kicks in?
- Varun Gajaria:** Yes.
- S. Ganapathi:** So it's a very significant opportunity. It is an immense opportunity, I would say. Europe buys about 75-80 Euro billion of goods. And once we get a 0 tariff from India, that's a very large opportunity, even though European retail is more fragmented than U.S. is. So we would see a lot more volumes move to India once that happens. Of course, these things take time to build up. And I would anticipate that European FTA by the time it kicks in itself will be 1.5 years. I would think that the opportunity scale can be massive.
- Varun Gajaria:** Okay. And sorry, sir, earlier, I did not really get the number on the margins in India and in Africa, if you could just spell that out once more? The expectations.
- S. Ganapathi:** So, Africa for next financial year, we are anticipating at least in the second half going to 10% in the first half, staying at between 7% and 8% EBITDA margin. Our endeavour will be to see if we can get there faster, but that's the expectation going forward.
- Varun Gajaria:** Okay. So 1.5% to 7.5% to 10%...
- Moderator:** Sorry to interrupt you between Varun. I will request you kindly rejoin the queue again as there are participants waiting for their turn.
- S. Ganapathi:** I'm sorry, let me just answer that question. That improvement will happen primarily because the order book is going to swell and that itself results in better capacity utilization. See, in the



immediate wake of AGOA pull out that we did not deliberately step in with business discounts, et cetera, primarily because the African margins were also low, and we really did not want to go down that path.

We were reasonably confident that AGOA will get restored. And we did not want to participate with discounts and then get into a long-term margin decline kind of situation in Africa. So we took a conscious decision not to go down that path there. While in India, we did take a conscious decision to quickly participate in tariff-related discounts to hold the business in India. So in Africa, we saw a business dip in Q3 and Q2, which is where we got impacted on account of fixed costs, which will get reversed starting Q4.

Varun Gajaria: And India margins stay at 8% currently?

S. Ganapathi: India margins will stay where they are until the U.S. tariff remains.

Moderator: We have the next question from the line of Jayesh Shah from Ohm Portfolio Equi Research.

Jayesh Shah: My question again is related to the tariffs and the sharing of the tariff burden. How does rupee depreciation play out since we have seen a very aggressive rupee depreciation against Euro as well and GBP in the last 6 months besides U.S. dollars. And the related question here is that if I look at the sharing formula that you've been talking about, is my thinking correct that your U.S. business is in very low single-digit EBITDA, while Europe actually could be higher than double digit for overall company balance, company EBITDA to come at around 9%?

S. Ganapathi: Yes, you're right. And in terms of currency, we hedge our receivables. So while the currency may have depreciated sharply to about INR91 to U.S. dollar, our realized currency will be a lot different depending on what we hedge. So currently, our hedge rate for Q3 was about INR88.5 or thereabouts.

So that prevents us from currency volatility in either direction. At the moment, we are at the receiving end of currency volatility. If we had not hedged; it would have helped us. But we adopt a very prudent currency policy and hedge all our receivables for the next 2 quarters and most of the receivables for third and fourth quarter at any point in time. So we have a 1-year forward cover program that we closely implement.

So from a currency standpoint, eventually, the benefits will come through. Customers will also come in and try to take advantage of the situation. Otherwise, the competition may end up giving some bit of it. As long as the steep U.S. tariff remains, since we are bearing a significant burden, we may tend to hold on to some of those currency-related benefits for now. But eventually, in the longer run, those do get shared.

Jayesh Shah: And a related thing is as and when the panel tariffs come down, is there a waterfall where the suppliers will get the first benefit and then you would get the benefit in terms of sharing of the penal tariff burden?

S. Ganapathi: No, no, no. So as soon as the penal tariff is brought down, the benefit has to flow through the supply chain. So from the orders that do not get impacted by penal tariff, we will save the



discounts. And our supply chain also, we will tend to give them the benefit of that. So while we are imposing certain costs on our supply chain, that also will be taken off from that point.

Jayesh Shah: Best wishes.

Moderator: We have the next question from the line of Sahil Sharma from Dalmus Capital Management.

Sahil Sharma: Sir, on the Africa business, I just wanted to understand that we discussed the tariff advantage over other Asian counterparts, but there is a related logistic cost with respect to raw material availability, etcetera. So if we consider all these factors, how does Africa stack up against countries like Bangladesh, Vietnam with and without AGOA?

S. Ganapathi: So today, Africa has a 10% tariff delta with Bangladesh. So the reciprocal tariff in Africa is 10%, Bangladesh is 20%, right? Now if AGOA is restored if you look at cotton garments, the average duty is about 18%. And if you look at synthetics, it's about 28%. So if AGOA is restored, the underlying duty gets weighted to 0.

So then for cotton garments at 18% plus 10% the delta will be 28%. And for synthetic governments, it will be 28% plus 10%, 38% delta vis-a-vis Bangladesh. That is when Africa power comes to play if AGOA gets restored. At the moment, we do not have the AGOA benefit, which means the delta vis-a-vis Bangladesh is 10%. Does that clarify?

Sahil Sharma: Yes. Understood. If, say, the penal tariffs go away, so would we still continue on the strategy of diversifying customers and supply base? Or would be more comfortable with the U.S. focused operations that we have currently?

S. Ganapathi: No, if the penal tariff goes away, we will be very comfortable doing U.S. business. U.S. retailers are large. U.S. retailers have longer run sizes, which allows us to operate efficiently. And it's a very good market. It's a high consumption market. So we would be very keen on continuing our U.S. business. And we have very good relationships with the US-based customers. So that goes without saying that U.S. will become a dominant buyer from us if the penal tariffs goes away.

Sahil Sharma: Okay. So if the penal tariffs go away, so we'll continue with this strategy of focusing on the U.S. and...

S. Ganapathi: Right. But having seen tariff volatility, diversification will continue to remain a thesis for us. But that doesn't mean that we will pivot out of U.S. We will take on more of Europe. And if the European business gets FTA benefit, we will see a lot more growth happening on the European side. So the portfolio may get rebalanced a bit, for sure. But that wouldn't mean that we will significantly reduce our exposure to U.S. If the penal tariff goes away, U.S. will also have its reasonable share in the business.

Moderator: We have the next question from the line of Raman KV from Sequent Investments.

Raman KV: Sir, I just have one doubt with respect to the African operations. Sir, given that you are confident that 25 US\$ million quarterly volumes will come from Q4 with respect to the African business, if we shift a majority of our U.S. shipment to Africa, our tariff burden will also reduce as well



as the African business will ramp up, which will help in getting 10% margin from African business. Is my understanding right?

S. Ganapathi:

No, it is not. Because Africa also has capacity constraints. Our endeavour for next financial year is to try to push African revenues to 120 US\$ million, 125 US\$ million or thereabouts next financial year. And India's revenues are much higher than that. So we cannot move garment or reroute it through Africa. Whatever is produced in India will get tariff based on the tariff applicable for India. And whatever is produced in Africa will get tariffs based on that region.

So the amount of orders that we can shift from India to Africa will depend on how much capacities we have there, and we will tend to maximize that going forward. But since Indian volumes are pretty significant, close to about 350 US\$ million to 375 US\$ million, and of which about 70% is to the U.S., we will continue to see that, that is being impacted here. We cannot reroute it to Africa. That is not an option.

Raman KV:

No, no. I didn't mean reroute it, but just to increase the capacity in the African entity and then try to bring down the orders from India to U.S.A. and replace those from African entity. That was my question.

S. Ganapathi:

Yes. So at the moment, our aim will be to push as much business from India to Africa, fill more India with European business as far as possible. We don't intend dropping India volumes at all and grow our revenues from Africa. That's the plan going forward. And we may be able to bring onboard going forward.

Raman KV:

Understood, sir. And sir, just a last question. With respect to Indian entity, what is the total capacity in India? And how much is the current utilization?

A. Sathyamurthy:

Our current utilization in Q3 is full, the manpower and machine power capacity, it's almost going full. So at the current run rate in Indian operation, we should be able to do the top line in the range of INR750 crores to INR800 crores. This is without considering the new capacity which is coming onboard.

Raman KV:

And the volumes figure, sir? Like what's the quarterly volume from Indian entity approx?

A. Sathyamurthy:

Sorry, sorry, the current capacity in India is around INR850 crores.

S. Ganapathi:

And I think we will be able to add more because we have one more factory in Bhopal and an underutilized factory in Karnataka, plus the unit in Jharkhand. So I think Indian capacity can be increased, in my opinion, by another INR200-odd crores further from where we are.

We have not fully allowed those capacities to be staffed with people looking at how the tariff is playing out. And we wanted to see if we can get more European business or the right kind of business to expand. But I still see with the kind of capex that we have done in the past, we should be able to push up additional revenue annually to the extent of about INR200-odd crores.

Raman KV:

And how much is this Bhopal, Jharkhand and Karnataka additional volume comes from, these 3 entities?



S. Ganapathi: So these 3 entities put together can contribute about INR500 crores annually. Having said that, we are already utilizing a portion of those capacities, but very small. And we will probably ramp up by another INR200-odd crores going forward. But the real test for that will be how the tariff plays out, - when will the European FTA kick in, that is when all these capacities, we will tend to start utilizing more of.

At the moment, we have not started ramping up people there while the factories have been built out because these decisions were taken pre-penal tariffs. And once penal tariffs has come onboard, we are going slow on onboarding these capacities. As I said, we will have the potential to up our revenue annually by about INR500 crores. But we will wait for the right timing before we bring the necessary staffing and ramping up the capacity decision is taken place.

Moderator: We have the next question from the line of Niraj from White Pine Investment Management.

Niraj: Sir, just wanted to clarify again that you have a run rate of almost INR2,600 crores on the stand-alone entity on the India side. So is it fully utilized? Or what's the revenue capacity? If you run full, what can be the revenues for this?

S. Ganapathi: As I said, the additional revenue that we can drive from India is to the extent of INR500 crores. We do have the physical capacity. We are not really putting the workers there because we want to wait and watch as to how the tariff situation unfolds and when the European FTA and all kicks in, right! So we will have to build up that volume for this additional incremental capacity that we have available at our disposal, but we have not ramped up the people there. So we will be doing it.

Since these factories are already in the region where we are operational, our ramp-up costs will not be high. We will be able to ramp them up faster. So when we ramped up Bhopal first unit, it took us 2 years before we started breaking even and contributing to profits. But the newer units will probably start contributing much faster given that we have an installed base in all these regions. We have primed ourselves up for all of those.

Having said that, this incremental INR500 crores, I don't think will happen soon and getting additional business at these kind of tariffs will take time. We may also be cautious in building up additional revenues in these times. We will wait and see how all of these unfold in the months ahead.

Niraj: And sir, on the Atraco side including Europe, Kenya and one of Ethiopia, you said 150 US\$ million is the revenue potential from that. What is the current run rate/ revenue?

S. Ganapathi: US\$120 million to US\$125 million.

Niraj: Okay. What is the current revenue right now?

S. Ganapathi: Current revenue, we will be at around US\$90 million to US\$100 million.

Niraj: And sir, last question. On the margins of India, can you just put the numbers, please? I think if you remove that Atraco margin, how would be the margins from India manufacturing?



- A. Sathyamurthy:** We are around 10% level in India at the operating margin level.
- Niraj:** Is there a breakup you can give us? How much percentage you would get on exports to Europe, higher versus Europe versus U.S.? Is there a breakup...?
- A. Sathyamurthy:** Africa operation is only 1.5%. The remaining amount, you can arrive at it. That is for India operation...
- Niraj:** Sir, I was asking from India if you are exporting to US or Europe, what is the difference in the margin today?
- S. Ganapathi:** So US, Europe. See, US margins will be in the low single digits post tariff discounts. Whereas European margins are in the region of about 11%, 12.5% or thereabouts.
- Niraj:** And can you see further scope of increase in the Europe on this...?
- S. Ganapathi:** Yes. So our aim is to increase the European business. We will continue to endeavor doing that. The question is how do we rationalize the capacity between US and Europe? And what is the timing after which this penal tariff will remain? So we like to take a balanced call on some of these. We also have booked revenue from our US customers all the way to Q1 and including Q2. So we'll have to balance all of these capacity. So some of these capacity allocations will unfold in the quarters ahead. We cannot pivot in the short run as we do book orders well in advance.
- Moderator:** We have the next question from the line of Saurabh Shrivastava from Arista Consulting.
- Saurabh Shrivastava:** Sir, am I audible?
- S. Ganapathi:** You are.
- Saurabh Shrivastava:** Sir, just now you said that the European and this India FTA deal is going to be a great opportunity. My first question is that how do you plan to navigate it? And we will be taking some leased out facilities or we'll be expanding?
- And second question is regarding the African operations. Africa sits in a very sweet spot given the tariff structure. So how do you plan to expand there, especially vis-a-vis the US business? And third, if you can give me some idea about the US and European mix going forward vis-a-vis share of customer base
- S. Ganapathi:** So, if European business comes, we will have incremental capacity in our system itself. So we will onboard some new factories and take on additional European business. So we're not going to cannibalize US business at all. In fact, those capacities are given and we will continue to hold on to our US business.
- So as far as Africa is concerned, while most of the business in Africa are American, we are also onboarding some European clients now as Africa goes duty-free to Europe as well. So we did not have European customers there. But for now, we are actually adding European customers into Africa as well. So that's an incremental opportunity that we're looking at in Africa.



As far as the US-Africa mix is concerned, today, European business is closer to about 14%-15%, 16-odd percent of our total revenues. Intention is to take it up to 20%, 25%. But these things do take time. These things take several quarters before the percentage of the revenue for Europe gets built up. Keep in mind that either for U.K. or for Europe, we still don't have a 0-rated tariff.

We are paying full tariffs. Unlike Bangladesh, Vietnam, Sri Lanka, Pakistan and all these other competing countries enter Europe with 0 tariffs. So some of those European growth, while it is happening, will only get accelerated or the ratios will get rebalanced only when actually these FTAs kick in with its zero-rated tariff.

Saurabh Shrivastava: And there has been some GSP withdrawal from European Union with Indian operation as well as the Kenyan ones. Will it have some impact?

S. Ganapathi: No. That's 20% GSP discount on 12%. That's 2.4%. That is operating in the margins that it doesn't make an impact at the moment.

Moderator: We have the next question from the line of Gunjan Kabra from Niveshaay.

Gunjan Kabra: Always a great insight on the sector and how the company is moving towards those dynamics. So one thing which I wanted to understand is that since the tariff has been imposed since long now and it's not in our hands that when the resolution will come in, and for the brands also, the inventory was also on the lower side.

So when you talk to the players in the US and the brands in the US basically then, is there an inclination towards supply chain shifts? I know it takes a lot of time, but is there an inclination towards that, that you should shift the supply chain a bit?

S. Ganapathi: See, if the high tariff continues on India, right, then anything is possible, right? At 50% tariff, it's like everybody is bearing a pain. The supplier is bearing the pain. The buyer or the retailer is bearing the pain. So if 50% tariff remains for the long run, then there will be concerns. We are hoping that some resolution can be found or people like us will give some options of parts sourcing from other countries so that we can bring the tariff burden on our customers.

But India operations, if 50% tariff doesn't change soon, change in the next several months, we may have brands looking at options to diversify their sourcing. So these are early days. We don't exactly know how brands are thinking because they are also finding it difficult to onboard capable suppliers in other regions. So they're continuing to buy from India. We are continuing to explore how we can support them and minimize their tariff burden. So all of those are going on. But as I said, these things will play out in the next several quarters depending on how the tariff regime unfolds.

Gunjan Kabra: Got it. And with respect to the EU FTA, I mean, the opportunity size is very large and it's huge, that's there. But considering the players that are already there in the EU market, like how the brands are sourcing from Bangladesh or Vietnam. So that share is also pretty huge. So basically for us as a country, how easy it is for us to compete in that market once the tariff is also resolved? So how are the brands thinking in terms of sourcing from India and not from other countries?



And how is the onboarding cycle of customers in the EU considering the market is very fragmented and small order sizes?

S. Ganapathi:

Okay. So most Europeans are buying a lot from Bangladesh. They're seeing geopolitical concerns in Bangladesh on one hand. They're also seeing an advantage of buying from India given that prospectively our tariffs will go down. So many of them are actively present in India trying to onboard suppliers in India, looking at options to buy from India, even for retailers who are either to not buying from India, buy only from Bangladesh and other duty-free regions. So there are a lot of retailers who are now actively considering India. So that's the good news. And that will play out incrementally going forward as India-EU FTA comes to fruition.

Moderator:

The next question is from the line of Bijal Shah from RTL Investments.

Bijal Shah:

Congratulations on good set of numbers in challenging times. I have 2 questions, one is on margin and another is on Europe, I mean, diversification strategy. So first, on margin. See, if I look at INR40 crores of one-off, which is on account of tariffs, and if I adjust for that, the India margin looks really, really good. I mean, it just goes above 13%, that we have not seen even in the years when there was no tariff and we were running at a high capacity. So is there something I'm missing here or not? And secondly, within that, that when tariff goes away, can we really go to 13% kind of margin? That's my question one.

Question two is with respect to tariffs. So tariffs, despite tariff impact, so you have 25% disadvantage when it comes to US. Now despite that, you are able to make some positive margins. In Europe, your disadvantage is much lesser. So why not think of onboarding Europe and UK clients starting now itself and give them the discount and ramp up the capacity utilization and improve overall EBITDA, though margins would be lesser, but overall, EBITDA can go up even if you give like 10%, 12% discount because the 20%, 25% kind of discounts you are still making positive margin in the U.S. So these are the 2 questions.

S. Ganapathi:

Okay. So yes, adjusting for margins, the India margins are strong and will continue to remain. This is primarily because we have also unleashed a lot of operational improvements and some significant cost management here and efficiency management here, that's one of the reasons. As far as rebalancing US, Europe, while that continues some of these orders are booked in the long term. We also have strong relationships with customers. Our US customers are also persevering with us in the hope that the penal tariff will go away.

So we don't also want to reduce their business volumes, keeping a lot of short-term considerations in mind and then hoping that once penal tariff goes away, trying to build back the business. US businesses are generally a little more profitable than European given business volumes.

So we also have to balance some of these considerations when we look at the portfolio between US and European customers. We will walk that path very carefully. While we will expand the European business, that's clearly an intent, we do not want to contract US business. As if the penal tariff is removed, we will see ourselves to be in an advantageous position with those US customers. And we don't want to lose that.



Moderator: We have the next question from the line of Shradha Agrawal from Asian Market Securities.

Shradha Agrawal: Sir, congratulations on a great quarter despite difficult times. And two questions. First is, could you give the split between India and -- sorry, between US and Europe exports from India?

S. Ganapathi: From India?

Shradha Agrawal: Yes.

S. Ganapathi: US and Europe only from India. Can you ask the next question while we give you that answer?

Shradha Agrawal: It was a related question because to my understanding, US exports from India would be still at a higher number. And despite making low margins in the US exports from India, we are still at a blended 11%, 12% margin in India. So I didn't get the math well here?

A. Sathyamurthy: So from India, we are doing almost around 70%. 70% was revenue from India.

S. Ganapathi: And Europe?

A. Sathyamurthy: Europe was the balance...

S. Ganapathi: Yes. So a pretty significant part, almost 17%, 18% will be Europe. But rest of non-US business will be at higher margins anyway, yes.

Shradha Agrawal: Yes. So Europe, you're saying, margin of 11%, 12%. And US margin is mid-single digit. And India blended margin is 11%, 12% -- is 10%. So despite 70% of your business coming in at low single-digit margin, how is India blended margins so high at 10%?

A. Sathyamurthy: I'm sorry. India business is around 62% blended because I have to include the other operation from Matrix also. Sorry about it. It is 62%.

S. Ganapathi: 62% is US...

A. Sathyamurthy: 62% is US, from India operations.

Shradha Agrawal: Yes. So sir, the question still remains, right? 60% of the business operates at low single-digit margins even then on a blended basis, you're getting 10%?

S. Ganapathi: Yes, correct. So when we say single-digit margins, when I look at EBITDA margin for US, it is in the order of 6%, 7% for US. And European margin or non-US margins have actually kicked up because of the cost efficiencies that we drove. So that is at a blended region of about 13.5% or thereabouts. So that gives you the average, whatever average you have.

Shradha Agrawal: Got it. And sir, just another clarification. So you mentioned that you could negotiate with your vendors because you had a higher proportion of India-based raw material in the product this time. And I think on one of the questions, you also mentioned that you had a higher proportion of US imported cotton, which might come off in the next season when you have a higher portion of synthetic, which will be supplied from Far East. So I mean, was it more of India-based raw



material? Or was it more of US based content? And how do we see margins then progressing from here on?

S. Ganapathi:

So again, when we look at Q1 onwards, when possibly, we have to look at the supply chain and we look at what is the US component in the supply chain, but we may not have as much of US cotton in Q1, we may see some amount of tariff burden slightly increasing on that count. It may not impact margins much. It may affect us at about 1%, 1.5%.

But my sense is we will continue to look for ways to improve our margins in terms of either operating efficiency or supply chain sourcing, how much of that we push back to our suppliers. All of that will have to play out. We will try to protect our margins as far as possible in that period.

Moderator:

We have the next question from the line of Nitin Bharat Shah, an Individual Investor.

Nitin Bharat Shah:

Okay. So the first question I wanted to ask is, I presume the US customers who have reduced buying from us or some of them would have stopped buying from us. In that case, where are they buying from?

S. Ganapathi:

They have not. They have not. They continued buying from us.

Nitin Bharat Shah:

None of them?

S. Ganapathi:

Correct.

Nitin Bharat Shah:

And does the present numbers include the Labor Code cost through?

S. Ganapathi:

Yes.

Moderator:

We have the next question from the line of Bharat Agnihotri, an Individual Investor.

Bharat Agnihotri:

Sir, my question is, so there is some examination that the US Supreme Court is making on the legality of these tariffs and they might announce the results this month. So is there a possibility that your customers get back the tariffs that they have paid? And since most of the tariff has been absorbed by the company, is there a possibility that they pass on that recoup tariff from the US government to you in the form of special income?

S. Ganapathi:

It's a very good question. At the moment, it looks unlikely because they have also borne the cost of all those litigations, et cetera, and that's a refund at risk. It's highly unlikely that, that benefit will accrue down to the supply chain. So it will be unfortunate, but our retailers will get a windfall gain if that happens.

Bharat Agnihotri:

Okay. And my second question is on the India business. When I say India business, I mean, you selling to customers in India. Like what's the volume on that? And is there a strategy to improve the volumes and the geography?



S. Ganapathi: At the moment, when we look at India business, it's largely to the international brands operating out of India that we supply. We do not cater to domestic Indian customers at all. What is the strategy for India-based revenue at the moment, we're not pursuing India retail as an option.

We want to see how the U.S. tariff plays out, how the European and U.K. tariff plays out because that brings in a new opportunity. We find margins supplying to India retail is low given that we will be competing with a lot of smaller suppliers whose compliance costs and all of those will be a lot less. So we're not focusing on India retail at the moment.

Moderator: We have the next question from the line of Manjubhashini from Ask Wealth Advisory.

Manjubhashini: Yes. Sir, just one question on yesterday's budget announcement. Are there any changes on the export incentive schemes that have come through in the budget? And anything that you would like to explain to us on that, please?

S. Ganapathi: So there are no changes to the scheme. However, the allocation to RoSCTL and duty drawback has reduced compared to the actual spend in 2025- '26. So I don't know how that's going to play out, unless the budget allocation is increased going forward, we are finding actually that the export incentives that we get and the budget allocated for that seems to have changed. But in terms of actual pronouncements, we have not seen any change. So we'll have to see how that unfolds.

A. Sathyamurthy: Even in the past, we observed that the allocation at the budget level was lower, and then subsequently it was corrected. We hope that it will be done in that similar way. Otherwise, we don't have any specific information at this point of time.

Moderator: We have the next question from the line of Harsh Mittal from Emkay Global.

Harsh Mittal: Sir, just one question. In the starting of your call, you have mentioned that there has been a lot of cost efficiencies, which has led to the margin expansion or the improvement. So do you see any further cost efficiency or headroom left for the FY '27?

S. Ganapathi: So some of the efficiencies may come from a depreciated rupee, right? We normally don't take currency benefits to our advantage when we look at the internal EBITDA margins, et cetera, at the customer level. So some of that can also help us.

As I said, since we hedge and currently, our hedge rates for USD receivables is close to 88.5 or 89, and while the real currency is operating at closer to 91, there may be some upside sitting there. But it also gets eventually competed out in the longer run. But in the shorter run, we may see some upside.

Any product portfolio, product mix change, et cetera, can also have a negative effect. All of these do tend to sometimes cancel off each of them, but there's small upside in terms of currency sitting there. We'll have to see how that actually plays. I wouldn't go and take that benefit much as eventually these do get leveled out.

Moderator: We have the next question from the line of Riddhesh Gandhi from Discover Cap Capital.



- Riddhesh Gandhi:** I just had a question. Even if we lose the Russian oil extra penal tariffs that are there, the other tariffs also India is, I mean, disadvantaged compared to Bangladesh, Vietnam, Pakistan, Turkey, etc. So do we see any implications actually longer term even if this is 25% goes away?
- S. Ganapathi:** India is higher by 5%, are you saying that? No, if India's tariff is 25% while Bangladesh is 20%, will that impact us? The answer is not much. We are assuming a 5% delta. It may impact partially. We may have to give some degree of offset to customers for that 5%. But since we are currently talking about a 50% versus 20% delta, that is not becoming a discussion point.
- But once the penal tariff goes away, that may come in as a discussion point, and maybe we'll have to partially support the customers for that 5% delta. Will that impact business volumes much? The answer is no.
- Riddhesh Gandhi:** Got it. And the other question was that when we look overall at our margins historically, we haven't had really this extra 25% to really give back to the customers, yet we are ending up being profitable. I just wanted to understand how that's actually playing out if we are passing on a lot of this.
- And specifically, for the American orders, are they at breakeven levels? Are we making a small amount? Are we like losing? And how long can we actually hold up and actually continue to subsidize 25% penal tariffs?
- S. Ganapathi:** See, the U.S. customers EBITDA margins have come down primarily because of the tariff burden that we're sharing. Depending on the customer, the tariff burden share is different, and we keep negotiating with our customers. We get some offsets from our suppliers as well because some of that tariff burden we, in turn, push it back to our supply chain.
- And then we get some credit on account of depreciating rupee. So we should not forget that. Internally, we don't consider rupee depreciation for our calculations because that's an externality from our standpoint. But at a P&L level, it does play out and we do get some offsets there.
- So our U.S. EBITDA margin, after factoring in some of those rupee depreciation benefits also goes from low single digits to mid- to high single digits because that benefit also kicks in. But then these kind of situations do tend to benefit us for now. But when the tariff burden goes away, we will of course claw back on the burden share.
- But then the rupee depreciation might then come back for discussion on sharing with customers. So all of these will play out. Let it play out when it has to happen. There are too many moving parts in the business, some to our favor, some to our disadvantage. And what you see is the net result. What we can focus on is to ensure that we execute well. We try to drive out cost as much as possible and which is in our control, and that's what we do.
- Moderator:** We have the next question from the line of Hitaindra Pradhan from Maximal Capital.
- Hitaindra Pradhan:** Sir, my question is related to the other income. So sir, what does the other income constitute here?



- A. Sathyamurthy:** Other income at the consolidated income level you are looking at, right?
- Hitaindra Pradhan:** Yes, yes.
- A. Sathyamurthy:** One is the interest income, the interest from the OCD, which we have classified it separately. Other than that, income earned from the mutual fund investments, is reflected under the other income.
- Hitaindra Pradhan:** It doesn't take into account the currency impact and the...
- A. Sathyamurthy:** So the currency impact is shown separately as a separate line item, right? That is the forex impact gain or loss on account of foreign exchange fluctuation, we have shown it separately.
- Hitaindra Pradhan:** Which is not part of our like EBITDA margin? Or it is part of our EBITDA margin that we are reporting?
- A. Sathyamurthy:** It is part of the EBITDA margin.
- Hitaindra Pradhan:** Okay. Okay, sir. So sir, if like the tariff situation reverses, so we can expect that the U.S. business to again generate like, say, 12%, 13% of EBITDA margin from the current low single digits?
- A. Sathyamurthy:** Yes.
- Hitaindra Pradhan:** And this is like on the inventory, you made a comment earlier that the retailers are also not stocking up because the prices are elevated and/or probably they are anticipating some kind of slowdown. So if you can give some clue to who are the customers, like are they in the premium segment, mid-premium or value segment? And what are the demand scenarios at the U.S. customer side?
- S. Ganapathi:** So when you look at the aggregate macro data, if you look at the retail sales, retail sales for calendar '25, now we have data even till November. And we are seeing it go up a little above 4%. And U.S. imports are down by 1%. So there is a delta there, right? U.S. retailers are importing less even though the retail sales are going up, which clearly indicates that they are not allowing their inventory to build up.
- And on the contrary, they are allowing inventory destocking to happen. People are not wanting to buy at 20% to 50% reciprocal tariff regime or are looking to build up inventory at these levels. They may be waiting for the Supreme Court order to see if there is a tariff reversal before they start coming back for buying more.
- So we'll have to see how this plays out. They may also be worried about how inflation plays up in the next calendar year, that is 2026 in which we are, and see how price increases, which will go into effect this year will also impact U.S. retail demand. So basis that, they will probably start building up inventory.
- But for now, U.S. imports are trending below U.S. retail sales. And that's interesting to see because then there is an incremental tightness in inventory that you will see happen in the U.S., which may reverse.



Now how does this play out at an individual retailer level? I think at the moment, it's across all segments that we are seeing it, including mid-premium, premium to mass market. Mass market retailers are where bulk of them are. We will have to see how they will play going forward.

Mid-premium and above are actually trying to pass on more and more price increases back to their customers. Whereas all the others are holding back as much as possible or passing on very marginal price increase to their customers.

So it will depend on how that strategy plays out in spring 2026, which is yet to happen. The extended winter continues. U.S. is seeing a brutal winter as we speak. So we will have to see from spring '26 onwards how the retail market unfolds.

Moderator:

We have the next question from the line of Sagar Makwana from M.A.G. Securities

Sagar Makwana:

Sir, my first question is a little bit long term. As we scale our presence in EU and U.K., sir, do we anticipate any shift in working capital days and margins, as you said, in Europe, they are higher. And also, sir, please correct me if I'm wrong.

Since sportswear typically delivers higher margins, do we see any opportunity to meaningfully scale this segment to enhance overall margins over medium term? Or this category likely to remain low and structurally dominated by China and Taiwan?

S. Ganapathi:

So to answer your second question, our European customer is sportswear dominant. And in fact, that is one of the reasons why we were able to expand our margins also. So we are continuing to push most sportswear-related business to offset some of the margin challenges that we have. Are we pushing up European business, keeping long term in mind?

Absolutely. Given that FTA is coming into effect, etc., we are pushing that European business up, and we will continue to do that. Once U.S. penal tariff goes away, we will see some U.S. business growth as well. So we're not wanting to let go that opportunity. We are continuing to engage with U.S. as well.

So in terms of customer portfolio perspective, we are calibrating it very closely. We are allowing European business to grow faster for now given that there is a tariff benefit for us serving Europe. How are we looking at sportswear? We are looking at it favourably. We are trying to expand that business.

And we are seeing good traction coming in from sportswear business. Even though the natural home for sportswear is Vietnam and those regions, we are seeing a good amount of traction coming in that space for us.

Sagar Makwana:

Sir, and my second question is, will -- ASP will get lower as we enter into the Knits and due to Atraco heavy casual wear?

S. Ganapathi:

Yes. If Atraco's growth happens at a faster rate than India, definitely, ASP -- average selling price will come down. Yes.



- Sagar Makwana:** Okay. And sir, my last question, sir, if this AGOA get restored, sir, is there any duty refunds we can get as a one time gain?
- S. Ganapathi:** AGOA, no, no, no. So all that will be prospect. I don't think we'll get a duty refund for past, yes.
- Moderator:** We have the next follow-up question from the line of Prerna Jhunjhunwala from Elara Securities.
- Prerna Jhunjhunwala:** Just wanted to understand with so many cost control measures undertaken internally and externally, how do we see our sustainable margins once this U.S. trade deal settles and we enter into high-growth period wherein FTA with U.K. and Europe are also signed? So just wanted to understand how things will move. And how do you see business?
- S. Ganapathi:** So in the long run, there are many moving parts. One is trade deal -- U.S. tariff, at what level will it settle? Will it settle at 25%? Will it remain at 50%? Will it come down to 25%? Will it come down to 20%, which is equivalent to other competing countries, right? And the margins will depend on all of that.
- So let's assume that the penal tariff goes away, comes down to 25%, at that moment, U.S. customers may come in and start negotiating on that 5% delta with other regions, which at the moment is being ignored given that the delta is so wide between 50% and 20%.
- What will be our margins at that point in time? I'm sure we'll be in 12% to 13% India margin for all businesses, including U.S. Our advantage, if we merge BTPL, which is the fabric unit with us, will also help us nudge up our margins by a few percentage points because fabric will become internal.
- So that's another dynamic that we will see in the longer run. European business will probably also help -- will also come in at good margins, primarily because in the long run there will be a European FTA in place. So that will help.
- For the moment, we do have some currency-related benefits coming into us. If the currency strengthens, it may have a deleterious impact on the margins. We will have to see how that plays out. So there are all these moving parts.
- Your guess is as good as mine. But on an average, if you have to ask me, if, let's say, currency strengthens or part of the currency benefit goes back to our customers, while U.S. tariff comes down to 25%, European FTA kicks in, we should be able to operate at 12% to 13% EBITDA margin in India and about 10% to 11% in Africa.
- Moderator:** We have the next follow-up question from the line of Riddhesh Gandhi from Discovery Capital.
- Riddhesh Gandhi:** Yes. Sir, so just wanted to understand that you had highlighted earlier when I asked you regarding that the impact of a 4%, 5% percentage of reciprocal tariff benefits, which may be Bangladesh, Turkey, etc., might have over us won't be that much of an impact. But I understand it won't be that much of an impact in view of the 25%. But I mean, absolutely wouldn't this be at risk of our bigger customers looking to potentially diversify away from India?



S. Ganapathi: Will they diversify away from India between 25% and 20%? Answer is no. Because in India, they do get some specific capabilities, etcetera, that is very difficult for them to replicate elsewhere. People also want a diversified sourcing these days given that tariff for any region can change anytime. You saw how South Korean tariffs suddenly go up based on some announcement by the administration. So people will stay diversified.

Globally, U.S. tariffs are super volatile across regions and will stay volatile. And that really means that U.S. customers will stay as diversified as possible. We, as suppliers, also should stay as diversified as possible and hence look at sourcing from or supplying from other regions just to deal with this volatile tariff situation that we find ourselves in.

Riddhesh Gandhi: Got it. And just the last question I had was, I would assume, just given all the ambiguity, are these inventory levels at our clients are reasonably low? And how is end market demand looking like? So just to know that in case we do see a reversal of 25%, do we also see an uptick in demand and orders relatively?

S. Ganapathi: No. So I would say I'm a bit cautious there. I'm worried about U.S. U.S. inflation -- everything depends on U.S. interest rates, etcetera, going forward. But if U.S. demand slows in 2026, either due to price increases being passed onto customers or due to tariff-related price increases impacting U.S. customers, we may see some U.S. demand coming down. We also don't know how geopolitics are going to impact us as there is enough on the boil globally and how consumers tend to react to that situation in '26.

So I wouldn't say there is going to be a demand upswing. On the contrary, demand growth will stay muted till this geopolitics plays out in 2026. We will have to ensure that we consolidate the supplier base, which we always do whenever there are some such difficult situations. And hold on to our business or try to get business in lieu of other suppliers. And we will continue to focus on that or will think about that.

Moderator: Thank you very much. As there are no further questions from the participants, that concludes the question-and-answer session. I now hand the conference over to the management of Gokaldas Exports Limited for the closing comments. Thank you, and over to you, sir.

S. Ganapathi: So I've elaborated a lot during the call as we will stay focused on trying to improve our cost as much as possible, look at our supply chain wherever there is a possibility to extract more margins or optimize margins. The macroeconomic situation is still volatile. The only benefit that I see in all of this is a weaker rupee, which will help from an export standpoint. The tariff regime, we hope will settle down soon. It is required as U.S. continues to be one of the largest markets and one of the most consumption-driven markets for us.

European FTA and U.K. FTA needs to come home as fast as possible. So while the announcements have had a positive effect from a brand standpoint looking at India sourcing, for it to take effect and business volumes to go up, we need to see the FTA being operational, which is some time away.

But once all of those happens, the long-term benefit for India will be immense as Europe is a fairly large market, almost as big as U.S. is. And if U.S. tariff comes down, I think it will be



good for operations out of India. In the meanwhile, we will continue to diversify. We will continue to expand out of Africa. And we'll continue to expand out of other regions and seek margin improvements wherever possible. Thank you.

Moderator:

Thank you very much, sir. On behalf of Gokaldas Exports Limited, that concludes this conference. Thank you for joining with us today. And you may now disconnect your lines.