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BSE Security Code: 539400	NSE Symbol: MALLCOM

Dear Sir/Madam,

**Subject: Transcript of Q3 FY26 Earnings Conference Call**

In continuation of our earlier intimation dated January 14, 2026, and pursuant to Regulation 30 read with Clause 15 of Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Q3 FY26 Earnings Conference Call held on Thursday, January 22, 2026, at 4:00 p.m. (IST).

The transcript will also be available on the Company's website at the link mentioned below:

<https://mallcom.in/pages/investor-relations>

**(Shareholder Information 2025-2026 - Earning Call - Quarter 3 Tab)**

This is for your information and records.

**For Mallcom (India) Ltd.**

**Gaurav Raj**

*Company Secretary & Compliance Officer*

**Mallcom (India) Ltd.**

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“Mallcom (India) Limited  
Q3 FY '26 Earnings Conference Call”  
January 22, 2026



**MANAGEMENT:** **MR. ROHIT MALL – ASSOCIATE VICE PRESIDENT –  
MALLCOM (INDIA) LIMITED**  
**MR. SHYAM SUNDAR AGRAWAL – CHIEF FINANCIAL  
OFFICER – MALLCOM (INDIA) LIMITED**

**MODERATOR:** **MR. VIKRAM SURYAVANSI – PHILLIPCAPITAL INDIA  
PRIVATE LIMITED**

**Moderator:**

Ladies and gentlemen, good day, and welcome to the Mallcom (India) Limited Q3 FY '26 Earnings Conference Call, hosted by PhillipCapital India Private Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not guarantee of future performance and involve risks and uncertainties that are difficult to predict.

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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vikram Suryavanshi from PhillipCapital. Thank you, and over to you, sir.

**Vikram Suryavanshi:**

Thank you, Shubam. Good afternoon, and a very warm welcome to everyone. On behalf of PhillipCapital, I'm pleased to welcome you all on the earnings call of Mallcom (India) Limited. We're happy to have the management with us here today for question-and-answer session with the investment community.

Management is represented by Mr. Rohit Mall, Associate Vice President; and Mr. Shyam Sundar Agrawal, Chief Financial Officer. We'll begin the call with opening remarks from the management, followed by interactive question-and-answer session.

With this, I hand over the call to Mr. Rohit. Over to you, sir.

**Rohit Mall:**

Good evening, everyone. It's a pleasure to welcome you all to our earnings conference call for the third quarter and 9 months of the financial year 2026. I'd like to begin by extending our sincere thanks to PhillipCapital for hosting today's call.

Let me start by sharing a few operational highlights for the quarter under review before handing it over to our CFO, Mr. Shyam Agrawal, who will take you through the financial performance. We are pleased to report a strong improvement in profitability with EBITDA witnessing a significant increase in Q3 FY '26. This improvement was driven by better realizations across key product categories, movement towards value-added products and continued cost optimization initiatives across manufacturing and operating expenses.

As highlighted earlier, the company has undertaken -- had undertaken substantial capital expenditure to strengthen its manufacturing footprint. Both our Sanand facility in Gujarat and the industrial shoe unit at Chandipur, West Bengal are now fully operational. While this phase of investment has resulted in higher depreciation and finance costs during the period, we believe these facilities will be key enablers of volume-led growth and revenue expansion in the coming years.

With enhanced capacity and integrated manufacturing capabilities, we are well positioned to support rising domestic demand and scale our export presence. Over the 9-month period, our domestic sales have grown at a faster pace than exports compared to last year, reflecting our increased focus on the domestic market.

We also witnessed an improvement in market share across all our branded market segments. This was supported by sustained participation in domestic and international trade fairs, which helped deepen customer engagement and expanded our reach across geographies.

In addition, our Annual Dealers' Meet held in December saw strong enthusiasm and participation from stakeholders. Also, recent GST rate rationalization on select PPE categories has improved affordability at the customer level, which aided purchase decisions, particularly in price-sensitive segments and replacement-driven demand.

Our focus on driving higher sales is centered on expanding business with existing customers through larger order size, higher value contracts and cross-selling across multiple categories. During the quarter, we further expanded our product portfolio with new launches in the Safety Shoes and Helmet segment.

These initiatives are aligned with our focus on innovation, customer centricity and addressing evolving safety requirements across industries. Our targeted push in high-growth and core sectors continues to support volume expansion.

With that, I'll now hand over to Mr. Shyam Agrawal, our CFO, who will walk us through the financial performance. Over to you.

**Shyam Sundar Agrawal:** Thank you, Rohit. Good evening, everyone. I would like to provide an overview of the financial performance for the third quarter and 9 months of the financial year 2026. On a consolidated basis for the third quarter of financial year 2026, our operating revenue stood at INR131 crores, reflecting a growth of 11.5% year-on-year. EBITDA for the quarter came at INR19 crores, a growth of 27% year-on-year with EBITDA margin of 14.7%, an increase of 100 basis points on year-on-year. The net profit for the period was INR10 crores, a growth of 13% year-on-year with PAT margin of 7.8%.

Over a 9-month period, our operating revenue stood at INR393 crores, delivering approximately 13% year-on-year increase. EBITDA for the period was INR47 crores, representing a 3% year-on-year growth with EBITDA margin contracting by 109 basis points to 11.9% PAT for the period stood at INR24 crores, resulting in PAT margin of 6%.

Thank you. With this, we can now begin the question-and-answer session.

**Moderator:** The first question comes from the line of Aditya from Securities Investment Management.

**Aditya:** Congratulations on a good recovery in margins. So my first question is on exports. So our growth in exports has not been that great in the first 9 months. I know you have mentioned Europe is a little slow.

But if we look at our size, we are a minuscule player compared to the size of European markets. So even if the markets are slow, shouldn't we be able to still grow considering our size, the new capacities we have added, and the China Plus One opportunity, which we used to talk about earlier?

**Rohit Mall:**

Yes. So with regards to European markets, when the market situation is such where people are just wanting to spend on the mandatory requirements and they are looking to minimize spends. They're not looking to put a lot of effort on vendor development and changes because it's a cost for a lot of the categories.

For some categories, we are definitely -- Yes, it's difficult to convince people to, let's say, make a visit to us and get into product development and things like that when the economy is not doing well. That's number one. And number two, yes, we are small as compared to the market. However, the competition is still there.

And especially when markets go bad, the competitions also realize and international competitions also, they start also lowering their prices. And some people are okay with lower margins as well and some people aren't. So it's just because we are smaller in respect to the market does not necessarily mean that every time we will grow.

So it works. Definitely, we are trying to gain market share from European -- other competition because in Europe, in general, the growth of the market isn't as much. So whatever growth -- extra growth we are getting is by gaining market share from some other competition. So that's the overview with respect to exports into Europe.

And also in this time, even if you are able to get somebody else's market share, you also have to ensure that your own customers are still growing. If they are reducing volumes. So even after getting newer customers, you're still overall not posting growth. So that also happens.

**Aditya:**

Understood. And generally, in such a situation, do our customers generally prefer bigger suppliers and they tend to give lower orders to their smaller suppliers? Does that kind of situation also play out?

**Rohit Mall:**

It's not -- I don't think any customer is looking like a bigger supplier and give them more volume or smaller supplier. A, they definitely have multiple suppliers for similar product lines, most of the cases. B, when they don't have enough volumes, then yes, sometimes they would like to consolidate to get better prices. But I don't think with our customers or with any customer per se such that they would like to place some orders with just the big suppliers, some with small suppliers or anything like that.

**Aditya:**

Understood. And sir, now with recent talks of EU, India FTA. So I just wanted to understand how could that be beneficial for Mallcom going forward?

**Rohit Mall:**

No, that could be really beneficial because our sectors and our industry and our HS codes are usually the ones which are included in the free trade or any sort of trade agreements. That's what we have seen in the past. So we expect good results coming from it and it to open big markets and at least for us, have a level playing market as compared to Pakistan, Bangladesh and other countries who sometimes enjoy duty-free export to European Union. So I think that definitely will help us to increase volumes from Europe.

**Aditya Khandelwal:** And sir, just to understand, what is the current duty which we are facing for our products versus the duty which other players like from Pakistan and other Southeast Asian countries would be facing?

**Rohit Mall:** So it depends. Something like leather gloves, it can be anywhere between 7% to 9%, but Pakistan can be zero because of their status. For garments, it can be around 12%, 15% and Bangladesh enjoys duty-free. So it depends from HS code to HS code, and it depends on country to country. Some countries do enjoy duty-free. We do not enjoy for any of our product codes duty-free into Europe nor does China also, I think. But yes, some other countries do enjoy some duty-free exports to the European Union.

**Aditya Khandelwal:** Understood, sir. Understood. And sir, if I look at other export markets also for the first nine months, so aside from South America, other markets are more or less flattish. So for us to grow in double digit in export markets, would we be dependent on recovery in Europe? Or there are other markets as well where we can see good growth in exports going forward?

**Rohit Mall:** See, in exports, more than 50% of our revenue comes out of Europe. So we definitely need our European markets to perform well. And the second largest market is South America for us and then followed by North America and other markets. So -- and North America also, as we all know, hasn't been doing so well. So the first -- the biggest market and the third biggest market are not doing well for us at the moment.

So -- and honestly, the volumes are coming from these markets only, right? Other markets are there, but there isn't enough volumes for our white label business from these markets. However, we have been exploring other markets like Russia and Argentina and other places as well. But it's a start and the volumes are still very small.

**Aditya Khandelwal:** Understood, sir. Understood. And sir, coming to domestic markets. Now so we have seen very strong growth this quarter. So was this partly due to restocking by our dealers who might have delayed their purchases in Q2 due to drop in GST rates? And in Q4, we should be back to a 19%, 20% growth rate, which we used to do earlier?

**Rohit Mall:** Some of it might be because of GST, which has impacted in Q3. But I don't think all of the growth is because of that. We are expecting, yes, overall, if you are able to do a 19%, 20%, it should be good, but we are aiming for higher also in Q4.

So one part is definitely GST, but I don't think all the parts because with the dealers also, not all of them have the capacity to hold on to a lot of stocks and not all of them have -- most of them will not have the space or the cash flow for that to happen. So they would like to keep rotating their stocks. So we hope to see similar kind of growth coming in Q4 as well.

**Aditya Khandelwal:** Okay. And now if you could just talk a little bit about the new products you have launched, so helmets and nitrile and PU gloves. So how has the offtake been for these products? And what kind of customer feedback we have been receiving? And sir, also, if I look at your LinkedIn page, I could see a post that Mallcom has launched helmets, but there wasn't any mention of nitrile and PU gloves being launched. So if you could just let us know if you have started selling gloves in the market or not?

**Rohit Mall:**

For gloves, yes, we have started selling PU gloves in the market. So we were always selling PU gloves in the market. It's just that it was something that we were trading, right? And now we are producing ourselves. And helmets, yes, we launched a new range of helmets like more of -- to cater to the mid-tier segment. And we also launched a very lightweight sporty kind of safety shoe and all of this happened in December and third week of December only.

So with respect to our marketing and promotional efforts, we are still doing it. We don't want to put everything at once. So you'll -- in the -- if you're following us on social media, you'll see it happening in the coming weeks and months. But yes, we have started selling these products, and we started receiving interest and inquiries. So we are at a stage where we are sending out samples and getting more and more feedback.

**Aditya Khandelwal:**

Understood. And now just to understand this better. So I believe we have around 65 to 70 distributors in India. So just to understand, so are these new products being given to all the distributors, have they been taking all these products? So is it a step-by-step process where we are giving these products to the top 10 or top 15 distributors and then see how the offtake has been for these products?

**Rohit Mall:**

No, we don't restrict it for anybody, any of our dealers. It is given to all whoever -- depends on where their dealer is placed, what kind of industries they cater to, what kind of end user or reseller connect they have. Based on that, they show us interest. And based on that, we also know who we could target, which dealers we could target with what kind of products. Not all dealers will do all kinds of products. But yes, we don't restrict it for any particular dealer.

**Aditya Khandelwal:**

And to understand this better, so out of the 60, how many of these -- how many of the distributors we can target? And do we need to look for new distributors for these products?

**Rohit Mall:**

We need to aim for new distributors in general, not specifically for these products. These products can go in the normal distribution channel that we have. But in general, we need to have more distributors as well. And for these specific, we launched helmets, we launched gumboots, we launched sports style, lightweight safety shoe. PU, we are already doing.

So a lot of our dealers were already doing these products. It's just a new addition. So about -- in all cases, nothing less than 50% of the dealers have asked for samples or inquiries, and we are doing pricing and sampling, and things like that with them.

**Aditya Khandelwal:**

Sir, next, we had set up two lines for...

**Moderator:**

Mr. Aditya, sir, we request that you return to the question queue for the follow-up questions, as there are several participants waiting. The next question comes from the line of Rushabh Shah from Buglerock PMS. Please go ahead.

**Rushabh Shah:**

So in the previous years, we were one of the major suppliers in the oil and gas industry. But as you have said in the previous calls that, you have not been present in industries like mining or other construction. So what is your progress on that front? Have you diversified into other industries? Or we still cater -- or are still major business from the oil and gas industry?

**Rohit Mall:**

I'm not sure where this is coming from, but we are not industry specific. Even other industries, we definitely do cater. Yes, there are some industries where like mining, where we don't have a lot of products to offer to or they're not buying a lot of the -- in the price range that we offer, let's say. Even in oil and gas, there are things that -- more things we can explore something like even coveralls, inherent flame-retardant coveralls and things like that.

But we go to each and every industry and industrial town and target all sorts of end user if we have products matching for that industry or that end user. Yes, there are specific requirements which we cannot cater to. But we do not restrict ourselves to any industry. We are making a portfolio of product, which at least where some product goes into each of the industries because a lot of these -- the usage of the product is in general handling, which works in all the industries.

**Rushabh Shah:**

Okay. Sir, my next question is many companies are mostly served by the Chinese players. You say like 70% of them. And there are these big billion-dollar companies like Ansell or PIP or any such companies. So just wanted to know what parameters are we fighting these huge players? Are we going to gain market share from them? Is it the price or the quality, because product quality would be at par with us?

**Rohit Mall:**

Yes. So a lot of these big players, they would sell only under their brand name across the world, whereas we are happy to be a white label manufacturer for a lot of our customers who want to build their brands and compete with these brands also in their markets. So that's one.

Second, a lot of them, because of their brands have command a higher price and not everybody can afford that price. So we are able to beat them a lot of cases in the pricing as well. And then we allow -- we have a multi -- we are a manufacturer. So we are -- we have the capability of customizing a lot of the items, which these players most of the times don't.

And then we are able to cater to smaller firms and smaller customers as well because we give them the opportunity to consolidate container with different items that we produce. So these are some of the benefits based on which we can win the contract.

And a lot of times, it's a question of relation also. We are able to maintain good relations because we are into servicing the customers ourselves where we are talking to the promoters or owners or key decision-makers within our customers, and they are doing the same with us. So the decision-taking process, how fast we can move, how nimble we are, that also helps which may not be the case with larger organizations.

**Rushabh Shah:**

Just a follow-up on this one. As you say you are happy in the white label segment also. So sir, what has been our mix of branded versus private label? Because as I recall, in 2020 -- 2 years back, we were trying to build more on the branded sales, making a higher percentage of our revenue. So how have we progressed on those lines?

**Rohit Mall:**

So I would say the progress has been good. I think even from the beginning of this year to now, the progress has been good as well. We are almost closing on 50-50 ratio. 2 years ago, we would have been something like 65-35 ratio, if I'm not wrong. So the growth in branded has definitely been higher and as expected than the growth in our white label business.

**Rushabh Shah:**

Sir, just to understand on the total market side, out of the total market of PPE India share is only 6% to 7%. And our share in that was less than about 2%, if I remember correctly. So my question is whether the increase in various product categories like we've introduced boots and helmet and also helmet is a completely new category.

Have we increased our share in the whole basket? Because in the PBT also you've mentioned that you've increased market share across both branded and local market segments. Just wanted to know in the whole segment, we were less than 2%. So have we increased our share in the whole India PPE market?

**Rohit Mall:**

I would assume so because we don't get a lot of this data to study. So I would assume that we are growing at a faster rate than the growth of the industry because I don't think the industry in India is growing at the percentage of growth that we are posting. So that would ideally mean us gaining market share from others as well. So yes, I would assume that we have improved on our market share in the Indian market.

**Rushabh Shah:**

My next question is, let's say, since the certification is one of the major differentiation between, let's say, Mallcom and other unorganized players. So my question is how difficult is it to get a certification for an unorganized player? And especially which category would it be more difficult across all the category?

**Rohit Mall:**

See, for the domestic market, if you really want to get a certification and be a BIS certified player. So in a lot of the categories, the requirement is to have a lab, and that is the first impediment for people to having a lab where they can test the product and then continuously submit details to the BIS authorities that you are selling these BIS certified products.

So -- but in each category, once you have the lab, it's -- a lot of the categories don't have a BIS certification, so that those categories are very easy for somebody to enter. But with which -- in the categories that you have, once you have the lab, the entry level is, I would say, easy to pass because you have enough players in the market to study the samples and the products and get a certified product.

But it gets tougher and tougher as you get into more complicated products or if you go into more value-added products in the same category. So that's where the segregation starts. And then obviously, it's not just getting the BIS, but also maintaining it and ensuring that each product which comes out is a certified product.

**Rushabh Shah:**

Okay. Okay. So what type of, let's say, in a product category, you are seeing more of, let's say, complicated products. Sir could you please expand on that? What more complications will be - you have in the categories?

**Rohit Mall:**

Yes. So for example, let me take the example of a safety shoe, right? So safety shoe has 2 classes. There's a Class 1, Class 2 or a Type 1, Type 2, right? Type 1 will have something which is occupational shoe. It will not have the protection required like a safety shoe, but it will still be classified under the safety shoe category.

So that's basic. Then you have a safety S1 category, we call it. And then there's S1P, there's S2, there's S3. So these are different categories based on if you want a toe protection, if you want a nail protection, if you want a water-resistant shoe. And then comes the Class 2, which is a complete waterproof gumboot, things like that. So there also, do you want it with the metal protection in your feet or not, things like that.

So as and as you get into -- and then whether you want an antistatic shoe or electrical shoe or -- these are the differences which start creating. And most of the people are good in the basic ones and the first level of certification, but when it goes -- becomes more and more stringent or more protection to be provided, that's where you get -- find lesser and lesser number of players. That's how it differs.

**Moderator:** The next question comes from the line of Dhwani Desai from Turtle Capital.

**Dhwani Desai:** Congratulations for a good set of numbers. Sir, my first question is, if I look at the margin, gross margin, I think it's probably one of the highest or close to one of the highest in last 2 quarters. And last quarter was probably on a much lower side. So if you can help us understand if there is any one-off in this margin or is it just a product mix?

And second part to this question is that our EBITDA margin is close to 15%, again, significantly higher than what we have done in the last 2 quarters. And the ramp-up from the new products and new plant is yet to happen. So should we expect this kind of a margin to sustain both at a gross level and EBITDA level?

**Rohit Mall:** Shyam ji, I think you can take that.

**Shyam Sundar Agrawal:** Will you please repeat the question?

**Dhwani Desai:** My question is that this quarter, our gross margin has improved significantly even from our historical average of 38%, 39%, while the last quarter, we had one-off because of RM and FX issues. So is there any one-off? And if not, then our EBITDA margin is close to 15%, which is again at a higher end compared to last few quarters despite our new plants and new products yet to scale up to optimal level. So should we expect this kind of margins to continue going forward?

**Shyam Sundar Agrawal:** Yes, yes, definitely. So I would say the last quarter was one-off, and you will see that over last 3, 4 years, we have been having EBITDA margin in the range of 13% to 15%. And this is what we have done this quarter also.

And definitely, with the new facilities coming up and the investment we have done, definitely, we have some additional cost in the range of interest and some employee cost also because we have hired new employees and depreciation also has gone up.

So definitely, we need to catch up on the productivity side of the new units. But overall, as you have seen that margin remains because of nature of business and the product which we are manufacturing, the margin -- overall margin would be in the range of 13% to 15% only.

And this quarter also, the realization has been better because of the increase in exchange rate also and the prices -- raw material prices were also stable. So yes, so we could do 15% -- and definitely going forward, we should be working in this range only.

**Dhwani Desai:** Okay. Got it. Rohit, second question is from a 2, 3 year perspective, I think our aspiration is to grow top line at 20% at least. Now if I understand correctly, currently, we are at 55-45 or 50-50 kind of a domestic versus export.

So in order to get to that 20%, the domestic piece has to grow at 25% because from all the commentary that we are hearing from you guys for last few quarters, export has been a bit soft on the growth side of it. So how do you guys look at it in terms of how do you -- what is the playbook to get to that 20% plus kind of a growth over next 2, 3 years?

**Rohit Mall:** So, when we made this projections, obviously, one part of it was also that some policies do work in our favor as well. So we are pretty confident about the branded and the domestic growth and growth coming out of, let's say, Middle East and Africa because we can see and control that market and the policies are also in favor.

However, when it comes to our export and white label, we expect that the -- hopefully, the worst is behind. If the world seems stable and will be stable, I think we can expect better growth from our export market also. Like we were discussing earlier that if this trade deal with Europe is to be signed, there could be great positive ramifications from us. Even with Russia, we've been able to get a breakthrough in the market.

We are also expecting that with the U.S., there will be some better deals coming as compared to now. So we are definitely expecting more growth out of our white label business. And yes, with -- for our branded, definitely 20% or plus is growth something that we can target.

So that was our idea of getting to the target, and we are still confident that we would be able to get there. Maybe we've been set back a little bit with things which we can't control, but we are still hopeful and confident that once things settle down, it should -- we should be back on track.

**Moderator:** The next question comes from the line of Viraj from SiMPL.

**Viraj:** Just a couple of questions. First is on export. I think you said somewhere in the call that there's a pricing pressure and customers are not really looking for an alternative supplier. But we have also seen some new additions.

So one is, if you -- one has to understand the cost structure of competition from other countries. I understand there's a duty part, but if one has to understand the pricing and the cost structure vis-a-vis ours, how would that compare? And what kind of profitability they would still be making at the low reduced prices?

That is one. And second is what kind of initiatives you are taking in major markets like Europe and Latam. So if you can just talk something on the qualitative part, what kind of initiatives we are taking and what kind of a flow, the new products -- new business we are seeing there?

**Rohit Mall:**

Right. So cost structure-wise, again, depends on product category to product category how we are placed as compared to the world. Something like leather, yes we are placed very well as compared to other players, the competition comes largely from Pakistan. When we talk about textile, so one is the technical textile, one is the regular cottons, polycottons.

So again, cottons, polycottons, something that we compete mostly with Pakistan or the Southeast Asian country. But when it comes to technical textile, that's largely against China that we compete against. So I would say the pricing is okay. Sometimes we are cheap and sometimes expensive.

When it comes to polymers and synthetics, synthetics there's not a lot of ecosystem in India. So we are trying to build that. And a lot of times, we are expensive. But in polymers, I think that's something that we can also do as comparable to many leading player in the world. This is all obviously leaving aside the duty part.

So we -- price-wise, yes, we have a right to win in some of the markets and the efforts that we are taking is -- see all these markets, it mostly works on relationship building, trust building, showing your product development capability, showing your capacities. So we continuously participate in trade fairs or we make visits to potential customers and regular customers.

We showcase them all our new launches. We invite them to visit our facilities. We keep our facilities compliant with the latest audit standards and regulations. So these are some of the efforts that we keep taking and doing on a continuous basis to just keep knocking and showing them that we are around what we are doing, any developments that can be interesting for them. Yes, these are the kind of marketing activities that we undertake for these markets.

**Viraj:**

And in terms of value-added products, what will be their share of revenue now? How is the traction happening?

**Rohit Mall:**

Product-wise differs. So in footwear, we've started doing value-added work. We started -- we have invested in newer machineries, newer setup in newer materials to do more value-added work and it's been going on good. We are doing hardly 5%, 7% or maybe not that -- not even that. And now we have increased to at least, I would say, 15%, 20%.

Workwear also, that's an area where we are developing, a lot of our vendors and doing a lot of backend integration to ensure we go more towards technical textiles. Same is the case with our synthetic gloves as well. The move has been from very, very commoditized items to more value-added items. And leather gloves still largely is non-value-added. But yes, there also, we are increasing our share of value-added products, which is giving us better margins as well.

**Viraj:**

Okay. Last question was on the utilization. Just last question. Can you just give some color on the capacity utilization?

**Shyam Sundar Agrawal:**

Yes. So in case of regular products, we are almost operating at 80%, 90%. But definitely for the newer units like the safety shoes unit, which we have set up in West Bengal. As of now, we are doing almost in the range of 40%, 50% only. And we target that by March, it should be working again in the range of 80% to 90% and same for Sanand also. So they are maybe again, in the

range of 40%, 50% as of now. So definitely, we are adding a percentage also and the existing capacity utilization should also -- should be improving in this quarter.

**Viraj:** Thank you and good luck.

**Moderator:** Thank you. The next question comes from the line of Krishna Satija from Smart Sync Services. Please go ahead.

**Krishna Satija:** Am I audible, sir?

**Moderator:** Yes, sir.

**Krishna Satija:** Thank you for the opportunity. Sir, like focusing on some numbers, like the finance costs have increased significantly year-on-year basis. And I guess it's mostly for the working capital basis. Is that right?

**Shyam Sundar Agrawal:** Yes, it is completely for working capital funding only, right?

**Krishna Satija:** And it has – yes?

**Shyam Sundar Agrawal:** Yes. So as you see, it has gone up because of two reasons. As you know that the capex, which we have done over the last 2, 3 years is solely funded by us. And second thing is that, yes, the cost of funding has also gone up because of government removing subvention, which they were providing earlier for exports and to MSME.

And -- but after a long gap almost 1 year, they have again re-introduced this, but with some cap. So we will be benefiting with this, but there is a cap of INR50 lakhs per annum and which is maximum one can enjoy for a particular financial year. Otherwise, it is -- the level of borrowing remains the same as last year and this year, and it is solely for working capital funding.

**Krishna Satija:** Okay. So like for the working capital, are we planning anything to optimize that cost?

**Shyam Sundar Agrawal:** No, how is it possible? See, if you are borrowing, then there has to be minimum cost. So as it is it is -- we are into priority sector lending and the cost is at the lower side. So we are paying in the range of 6.5% on working capital funding. And then definitely, there can be subvention available. So that depends upon the government.

When it is provided, then you will have lower cost and the ultimate thing would be that you don't borrow, but this can happen in due course, but not now. So whatever cash we had generated we have invested in -- we had -- we have invested into our new facilities. And definitely, going forward, the borrowings would come down further.

**Krishna Satija:** Okay. Thank you. Sir, next question, like I have just two more questions. Like I just wanted to know the debtor days, like they have increased or decreased for the cash flow transactions?

**Shyam Sundar Agrawal:** Yes. Let's see, it depends. Let's see, if most of the debtor days are related to our export business. So in India, we are -- branded sales, we are hardly giving any credit. And a few of the customers,

definitely, the bigger customers get some small amount of credit, but majorly, it is for exports and it depends in which market you are selling.

So if you are selling to the far markets like South America or America, then definitely the customer ask for the bigger credit because they would like to make the payment only once the goods reach to their destination. So it can vary. So if it is Europe, then the credit can be up to 30 to 60 days and even against shipment, but in case of like Latin American countries or America, you need to give them credit up to maybe 90 days also. So number of days, debtor judge can vary depending on which market you are selling.

**Krishna Satija:** Okay, sir. Thank you. And just last question like we see that the institutions have been cautious about the investments. So is management planning anything to like attract the institution investments and liquidity?

**Shyam Sundar Agrawal:** So this is what we are doing. We are concentrating on our performance and work. So that is there to see and this is what we are discussing. So yes, definitely, we have already stated what would be our target and at what level we would like to operate and how the things are going on. So everything is on public platform and it is there to see.

**Krishna Satija:** Okay, sir.

**Moderator:** Thank you. The next question comes from the line of Nishita from Sapphire Capital. Please go ahead.

**Nishita:** Yes. Hello. So I just had a few questions. One is on the revenue growth. So with the quarterly run rate and with the Q4 growth rate that you've given of 20%, we don't see us reaching 20% growth year-on-year in FY '26. So like can you give a color on where you see us ending on revenue front in FY '26 as a whole?

**Shyam Sundar Agrawal:** Yes. So as Rohit mentioned, this was a challenging year. So definitely on export front, you know the international market conditions and a lot of tariffs and a lot of slowdown in Europe. So definitely, export is something where we are struggling. And the market can be quite big, but not at the moment. So we grew almost by 8% this year till 9 months. Definitely, the domestic market is better and almost 20% we have grown. Overall, by March '26, we target that we should be growing at least in double-digit figures. Let us see how much we can reach.

**Nishita:** Okay. Understood. And also on PAT margin front, so because of the new facility that we have had and the increase in depreciation and finance cost, where do we see the PAT margin stabilizing and what will be the sustainable PAT margin? Is it going to be in the 7% to 8% range?

**Shyam Sundar Agrawal:** Yes. So ideally, it should be in the range of 8% to 9% PAT margin. But as we have only mentioned that we have done -- we have just completed the major capex cycle for us. And definitely, these facilities will take some time to start contributing revenue and profit margin. So for the time being, definitely, there is a little bit of, I would say, that additional cost coming within these few categories. But still, as I mentioned that we would like to maintain the overall margin in the range of -- EBITDA should be in the range of 13% to 15%.

**Nishita:** Okay. Understood. Thank you so much.

**Moderator:** Thank you. The next question comes from the line of Deepesh Sancheti from Manya Finance. Please go ahead.

**Deepesh Sancheti:** Okay. So this is regarding the previous question, which was asked that how the performance of Q3 has been vis-a-vis Q2 in terms of margins where last quarter, we had single-digit margins. And this quarter, we are having amazing margins. Can you tell me and can you quantify what changes has happened? Because the CFO mentioned that there was the changes in depreciation and interest. And I can see that in the financials, everything is almost the same. So what actually changed, whether it was a product mix and then going forward, do we expect that to remain?

**Shyam Sundar Agrawal:** Yes. So we see two fronts basically. We had better realization during this quarter. And definitely, the prices -- raw material prices has been stable. And so no additional cost there. And better realization because of -- in exports, we could realize even you see that the currency has been depreciating. So yes, there, we could realize some additional money also. And we have some savings on account of manufacturing and other expenses as well as other expenses -- operating expenses and other expenses. So these all basically contributed into increased EBITDA margin.

**Deepesh Sancheti:** Can you mention which raw materials were prices have reduced?

**Shyam Sundar Agrawal:** Across the board, whatever raw material we are using, so prices have been on the softer side, not -- we did not have to pay much on higher prices there.

**Deepesh Sancheti:** Okay. And the product mix was the same or there was any change in the product mix?

**Shyam Sundar Agrawal:** So we sold more of safety shoes and that is also one of our top margin products. So yes, for the quarter, we had more revenue from domestic market and more of safety shoes sales.

**Deepesh Sancheti:** Okay. So Rohit, how does the order book look like right now because we are going to have an expansion of Sanand as well as the other factory. Do you think the order book is enough for us to have a 20% year-on-year growth going forward in FY27 or FY28?

**Rohit Mall:** See, in our case, usually the domestic market, the branded, it does not work like on an order book, it's mostly stock and sell. But yes, there is definitely interest in the market and we see growing interest with our product expansion as well. And for our white label business, usually, the order book is -- we have projections with some of our customers, but largely, the order book is 3 months -- 3 to 4 months in advance. And that is something that we are starting to see as well. And hopefully, it can get better in the future.

Our take is that the worst is -- we are in the worse or worse is behind us, and it should get better. So if we are able to post this year with a double-digit or a higher double-digit number, I think we would have done a good job. And then the next year definitely should be better than this year.

**Deepesh Sancheti:** Sir, can you quantify the order book right now, which you have for this year, which is 4 months in advance? Can you quantify that?

**Rohit Mall:** So for our export market, it will be anything like INR80 crores, INR85 crores.

**Deepesh Sancheti:** INR80 crores, INR85 crores. And for the domestic market?

**Rohit Mall:** Like I said, in domestic, we do not work on order book basis because it's mostly stock and sell model that we are doing. There's no order book per se.

**Deepesh Sancheti:** If I can know how much was the exports those are done in this quarter?

**Rohit Mall:** Sorry?

**Deepesh Sancheti:** How much was the export done in this quarter?

**Shyam Sundar Agrawal:** It was around INR65 crores.

**Deepesh Sancheti:** INR65 crores. So in this INR65 crores, the exchange rate as well as the realizations was so high that we could go with these kind of margins, as you mentioned.

**Shyam Sundar Agrawal:** Yes, yes, definitely. And we had -- as we discussed, we had the major shoes sales also.

**Deepesh Sancheti:** All the very best, both for your export that you get better realization.

**Moderator:** The next question comes from the line of Aditya from Securities Investment Management.

**Aditya:** So we had set up 2 lines for gloves. So if you could just help us understand when can we see full utilization for these 2 lines? And we were supposed to order more lines. So what is the status on the same?

**Rohit Mall:** So we are already running at -- with one of the line almost 50% and the other line even higher, 60% to 70%, we are running. And the new lines have also been ordered, and we are expecting it to get delivered and installed by Q1 of next year.

**Aditya:** Understood. And is it correct that these 2 lines would give us around INR50 crores of revenue?

**Rohit Mall:** These 2 lines can give us, yes, INR50 crores of revenue.

**Aditya:** Understood. And how many more lines are we planning to order in total?

**Rohit Mall:** See, if things go well, at least 6 to 7 lines.

**Aditya:** Got it. Understood. And now sir, these 2 new capacities in Sanand and Ghatakukur, which we have commissioned. So at current utilization, are we breaking even on these new capacities or you are still making losses?

**Rohit Mall:** At Sanand right now. Yes, Shyam-ji, please.

**Shyam Sundar Agrawal:** Yes, yes. This is -- that is the target. Basically, this is what we have just started. Definitely, we are making money in the shoe facility in Kolkata. But at Sanand, yes, we are trying to -- not immediately, but we are trying to breakeven very soon.

**Aditya:** Sir, if you could reiterate the revenue potential, which Mallcom can do from now existing capex and the new capex in Sanand and Ghatapukur as full utilization?

**Shyam Sundar Agrawal:** So in Sanand, we are targeting INR100 crores revenue with existing immediate planned capex.

**Aditya:** For Sanand, how much did you mention, sir?

**Shyam Sundar Agrawal:** So for Sanand, we are targeting INR100 crores revenue with all the capacities which we have planned. So like as Rohit mentioned, 6 to 7 machines should be there, then we should be reaching this target turnover.

**Rohit Mall:** And also mind you in Sanand, like gloves is one, we are doing other products like helmets and other products as well.

**Aditya:** Yes. So I understand -- so I believe we were also looking for a Phase 2. The INR100 crores was from Phase 1?

**Shyam Sundar Agrawal:** Yes, yes, yes. Phase 1 only. Under the existing capacity only, we need to put up more machinery. As of now, we have 2 steep dipping lines only. We are targeting 6 lines. And then the turnover we are projecting is not only from the synthetic gloves. There would be some other range of like helmet and some needed gloves. So altogether, we target INR100 crore turnover at full capacity.

**Aditya:** Understood, sir. And sir, was there any impact of new labour code in our financials?

**Shyam Sundar Agrawal:** No, no, no, no. We are almost compliant, yes. So nothing -- and anything small impact, we will account for only in fourth quarter. But hardly anything. We have reviewed and it is almost -- we are fully compliant there.

**Moderator:** The next question comes from the line of Umesh Matkar from Sushil Financial Services.

**Umesh Matkar:** We would like to understand you were looking into -- you are looking into Middle East, Lat Am countries. So I just wanted to understand where are we in these terms like -- in terms of penetration levels? Have we just be where we are and how much we would like to increase our presence in these areas?

**Rohit Mall:** So as far as Lat Am is concerned, we have been operating in that market for almost more than 10 years now. So we have a decent customer base in Chile, Peru, Colombia now. And we have been also marketing in Argentinian market. However, when we talk about Middle East, that's something that we started putting efforts into in the last 3 to 4 years, let's say. And our belief is we've just touched the tip of the iceberg, and there's a lot to explore in those markets, specifically in UAE, Saudi, Qatar, Oman, Kuwait, et cetera.

**Umesh Matkar:** Right. So how has been the response in those regions? So are you seeing demand, which is equal to the domestic market or there is some competition in those areas from other regions as well?

**Rohit Mall:** There's definitely competition in all markets, even including Middle East or Latin American market from everywhere in the world, China, India and other Southeast Asian countries also and

some local manufacturers as well. But the market is -- in Middle East, yes, the market is pretty big, especially because of their oil and gas and infrastructure construction projects.

So it's -- I would say it's a pretty big market. And in some products, very high-paying market as well. Latin America, I wouldn't necessarily say that it's as big as the Indian market, but yes, definitely, it's a more stable, more mature market than the Indian market, I would say.

**Umesh Matkar:** Okay. And in terms of payment, I mean, the receivable days, how has been in these areas, especially in Middle East, have we faced any issues on that front?

**Rohit Mall:** So currently, whatever we do, we do it on cash basis or advance basis.

**Umesh Matkar:** Okay. That's fine. And last question, sir, if you can give us a breakup of commoditized as well as the value-added products. And going forward, as you mentioned that the value-added products would increase. So the pricing would also go up from here on, I believe.

**Rohit Mall:** Yes, that's what the target is. That's what we aim to do. But depends on the market situation, depends on which market we want to enter, which is a new market, which is an established market. So it depends on those things also, but the idea is to get more and more into value-added products.

**Umesh Matkar:** Yes, right. Sir if I can get the current breakup of commoditized versus value-added products, that would be great.

**Shyam Sundar Agrawal:** It should be -- Rohit, it should be in the range of commoditized would be in the range of 40 and the value-added should be 60 around, yes.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments. Thank you, and over to you, sir.

**Rohit Mall:** Thank you all for participating in the earnings conference call. I hope we were able to answer your questions satisfactorily and at the same time, offer insights into our business. If you have any further questions or would like to know more about the company, please feel free to reach out to our Investor Relations Manager at Valorem Advisors. Thank you and wishing you all a great day ahead.

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