gokaldas exports ltd

GEL/SEC/2026-27/31

August 19, 2026

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

Scrip Code - 532630

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

Scrip Code: GOKEX

Dear Sir / Madam,

Sub: Transcript of Q1 FY'27 earnings conference call

Pursuant to Regulation 30 and Regulation 46(2) (oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Q1 FY'27 earnings conference call held on August 12, 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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Company Secretary & Compliance Officer

Encl: as above

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"Gokaldas Exports Limited

Q1 FY '27 Earnings Conference Call"

August 12, 2026

MANAGEMENT:	**MR. SIVA GANAPATHI – VICE CHAIRMAN AND MANAGING DIRECTOR – GOKALDAS EXPORTS LIMITED** **MR. SATHYAMURTHY – CHIEF FINANCIAL OFFICER – GOKALDAS EXPORTS LIMITED**
MODERATOR:	**MS. KASTURI SHARMA – E&Y**

Moderator: Ladies and gentlemen, good day, and welcome to Gokaldas Exports Limited Q1 FY '27 Earnings Conference Call hosted by EY. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during this conference, please signal an operator by pressing star and then zero on your touchtone phone.

I now hand the conference over to Ms. Kasturi Sharma from EY. Thank you, and over to you, ma'am.

Kasturi Sharma: Thank you so much, Farah. Good day to all of you, and thank you for joining us today. Before we proceed, let me quickly remind you that the discussions on the call today may contain some 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 achievements to differ significantly from what is expressed or implied by these forward-looking statements.

Also note that the results and earnings collateral have been e-mailed to everybody and the same is also available on the company's website. In case you haven't received these, you can write to us, and we will be happy to send them over to you again. To take us through the proceedings for the day and answer your questions, we have the management of Gokaldas Exports Limited, represented by Mr. Sivaramakrishnan Ganapathi, the Vice Chairman and Managing Director; and Mr. Sathyamurthy, the Chief Financial Officer. We will begin the call with a brief overview of the quarter and followed by the Q&A session.

Now with that, I'll hand over the call to Mr. Siva. Over to you, sir.

Siva Ganapathi: Thank you. Good morning, everyone. Thank you for joining us for our earnings call for the first quarter of FY '27. The quarter was a strong one, and importantly, the strength was broad based. Growth came from across our geographies, across customer base rather than from any single customer or market.

Our India business grew 16% year-on-year, supported in part by the transition to the lower tariff regime under Section 122, following the wind down of earlier IEEPA reciprocal tariff. The significance of the growth is best understood in the context Indian apparel exports as a whole declined 12% year-on-year during the same period.

Our Africa business delivered exceptional 45% year-on-year growth, supported by the renewal of AGOA. This performance, while partly drawing from a weak Q1 of the previous year is an outcome of the sustained investment we have made in the region over several years. Consequently, consolidated income for the quarter grew 21% year-on-year. Consolidated EBITDA rose 17% year-on-year, with India operations up 14%.

Spending a moment on the cost environment, our margin performance was hard earned. Wages rose across both India and Kenya, reflecting inflation in respective local markets. Higher oil prices increased cost of shipping fabric and trims simultaneously drove up fuel and logistics costs. Container availability constraints and shipping delays continued to disrupt flow of materials with consequent effects on production planning and throughput.

Against these pressures, we optimized overhead and grew on operating leverage to limit the financial impact. We also continue to invest in automation, which is delivering measurable gains in productivity alongside greater consistency in product quality. We continue to look for ways to optimize our working capital with challenges like long shipping lead times notwithstanding.

BTPL merger process is on track and is expected to conclude in the third quarter of this year. The business is seeing a consistent improvement in operating metrics. The unit has secured nominations from multiple brands for fabric sourcing, has started exporting fabrics as well and it's operating at a capacity of about 50 lakh meters a month.

This is expected to grow by another 30% in the near future. Increasing capacity utilization, the investment in product mix and rising average realization will help in margin growth of BTPL. On the customer front, we recorded growth across all major accounts. We onboarded 1 new customer during the quarter with operations expected to commence in Q2.

Turning to the demand environment. end consumer demand in both U.S. and U.K. recorded a strong growth through the first 6 months of CY '26, although the pace of growth in the U.S. has softened in June. Apparel imports into EU and U.K. by contrast declined steadily for the first 5 months of FY '26.

We see this as reflecting a shift in mix towards lower value apparel together with continued inventory destocking by retailers rather than a genuine contraction in underlying retail demand. To the extent that this reading holds, it should provide a measure of insulation against any near-term softness at the retail end. In the U.S., May mark the first month of positive import growth since the beginning of CY 26, an early but encouraging indicator.

On the trade policy, 2 developments are material to our outlook. First is the U.S. tariff announced under Section 301, places India on an equal footing with competing sourcing destinations while preserving an advantage over China and Vietnam, both of which are subject to a tariff of 12.5% Second, the implementation of India U.K. free trade agreement will bring India to parity with Bangladesh and Vietnam in the U.K. market, while providing a duty advantage over China.

These developments do not create demand in themselves. What they do is remove a structural disadvantage from our customers sourcing decision. We, therefore, expect them to strengthen customer confidence and to support higher order placement across our key markets. We are equally attentive to the risks. The renewed engagement between United States and Iran has resulted in shipping reroutes and elevated freight costs, introducing uncertainty to global supply chain.

In addition, inflationary pressure in the U.S. market warrants close monitoring as it may, in time, affect retail demand. We do not presume to forecast how these developments will unfold. Our approach is captured in the observation that plans are worthless, but planning is everything. We are not positioning the business around a single macroeconomic outcome. We are ensuring that whatever direction the situation takes, we retain the capacity, the cost structure and the customer relations to respond decisively and effectively.

In closing, we have a strong order book visibility across our customer base. We continue to diversify our customer portfolio and remain confident in our ability to convert improving market conditions into performance through superior execution and operational excellence.

We continue to demonstrate something we consider more valuable than anything. The ability to grow despite headwinds. The outcome is not incidental. The environment ahead will present its complications, in trade, freight and inflation. We do not expect any other.

What we do expect is the same capabilities which delivered us well so far will continue to distinguish us in the future. Thank you for your time. I would now be happy to take your questions.

Moderator: Thank you very much sir. The first question is from the line of Soham Samanta from Motilal Oswal. Please go ahead.

Soham Samanta: Just wanted to check one in India this quarter, we have a volume growth of only 3.4%. So majorly growth is coming from realization front. So going ahead this year, how do you look the volume for India business?

Siva Ganapathi: See, volume growth is somewhat of a misnomer because what we do in Q1 and Q2 are quite a bit of high-value outerwear products. So in absolute volume terms, these garments may not add up too much. Some of these are 200 minutes worth garments or garments which have got 150 to 200 to 250 minutes worth of content. And whereas in spring/summer, we will start making garments, which are a lot more simpler.

A shirt, for example, is anywhere between 22 to 25 minutes to make. The volumes could be a misleading number from that perspective. Q1 and Q2 are usually autumn winter wear, and we tend to make a lot more outerwear. I hope that clarifies. And we are not seeing a Y-o-Y drop or anything from an overall business perspective. On the contrary, there is a strong growth for us.

Soham Samanta: And when you say that we have a strong visibility in order book, that means we will continue to be this earlier guidance of mid-teens kind of growth will continue or we can do a better mid- to high teens looking at Q1 number?

Siva Ganapathi: So when we say we see a strong growth possibility, we are looking at Spring '27 for now. And when I look at the order placement, Spring '27 is executed in Q3 of FY '27. And when I look at the customer projections, et cetera, for that period and beyond, we seem to see a fairly good revenue traction of the order of what we have had in the first quarter.

Soham Samanta: Okay. And last one is the Africa EBITDA. When can we see the double-digit EBITDA will bounce back from this 8%?

Siva Ganapathi: I believe it will be in Q4 or early next Q1. Our effort is to do it at the soonest. H2 will be a differentiating factor, but that's the anticipation. One of the things that we need to keep in mind is we are still in a tariff volatile world. Africa has, for example, under Section 301, there is no tariff. So there is no 10% tariff which India or rest of Asia has. That's the benefit Kenya has. However, they have an AGOA, which gives - duty-free access to U.S., which expires in December.

There is a move in the U.S. Congress to pass an AGOA extension for another 2 years. So that's gone through the Senate and passed bipartisan support for both. And now it will go through the house and later on for President's consent. So there is an assumption that AGOA will extended by another 2 years, which will allow them time to negotiate free trade agreements with individual countries.

Countries like Ghana and Kenya are high up on the agenda for free trade agreements in Africa. So we feel that we are covered there, but still that uncertainty one could argue still exists. So what happens is AGOA exists till December. Beyond that, the AGOA what would be the duty stages beyond December is a question mark. Having said all of this, our business booking for beyond December seems to be robust.

So most customers seem to think that the cost economics of Africa is strong. Secondly, AGOA could get extended. And regardless of that, they are also taking a risk and going ahead and doing business out of Africa. We are seeing a fairly good order traction for H2 in Africa as well, which indicates that both customers and the economics seems to be playing in favor.

Moderator: The next question is from the line of Abhishek Shankar from ICICI Direct.

Abhishek Shankar: So congrats on the good set of results and thanks for detailed information. So I just wanted to ask that you said that there has some concerns regarding the shipping delays that is going on. So how do we read upcoming months because the Strait of Hormuz still remains closed. So do you think there will be some kind of order delays that is going to come in, how that's going to impact us? And I'll ask my next question after this.

Siva Ganapathi: Okay. So, as far as shipping and all are concerned, probably this is the worst we are going through. There is, of course, the Strait of Hormuz and the Houthi problem, occasionally shutting down Red Sea routes, et cetera. The other problem is typhoon in China also impacting a lot of sailings from China into rest of the world. So these are all impacting container availability. These are all impacting shipping schedules.

Even our outbound shipping, for instance, sometimes gets delayed by 2 weeks. So we deliver our finished goods into the port in India. We are selling FOB, but it still takes about 2 weeks to catch a ship and go, thereby us sitting on inventory and not able to realize our receivables until it is boarded into the ship.

I think the worst is being experienced now. My sense is in the next 2 quarters, it should ease. The war may not hold steam. The typhoon situation may improve. Globally, everybody is working towards improvement in logistics. Logistics costs themselves may get somewhat rationalized. So I would say it could get better is my sense from my vantage point at the moment.

Abhishek Shankar: My second question is regarding the facilities of Madhya Pradesh and Karnataka. I think last time you said that the ramp-up is going good there, and you expect guiding by H2 FY '27, that is around Q3 or Q4, Karnataka should stabilize. So what's the progress there? And what's the progress on the second shift that's happening in Africa? You had spoken about it last time that around 20%, 25% was -- 20%, 25% of something in Africa, you're seeing a double shift going in. So I just wanted to ask regarding that.

Siva Ganapathi: So as far as Karnataka is concerned, it's completely on track, progressing. Madhya Pradesh, on track, progressing well. In fact, the second unit is ramping up as we speak in Madhya Pradesh. That should also reach high -- near full capacity utilization by the fourth quarter in terms of manpower ramp-up.

So from India capacity standpoint, all the existing and the newer capacities are shaping up very well. The African capacities are also being managed well. We have not increased the second shift operations beyond last time. Q2 is usually a seasonally weak quarter. Come Q3, Q4, our order book itself will force us to again step up more capacity by utilizing the second shift operations. So again, we will start ramping up then.

So these are all based on seasonal flows, et cetera, we will have the ability and access to swing capacity, particularly in regions like Africa, where running a second shift operations is a lot easier. We are also experimenting with second shift in Bhopal and in Ranchi. These are both locations where we run second shift operations. And in India also, we have been reasonably successful in some of these outlying regions of the country.

Moderator: The next question is from the line of Aashish Upganlawar from InvesQ PMS.

Aashish Upganlawar: Sir, I just want to understand on the margin picture for the next maybe 12 months because we have several parts moving in here, the AGOA duty that you mentioned. Secondly, on -- in India, I think we are closing in September on the extension that was there on the incentives. Plus we have this merger that we have done, the BTPL thing. So how does one assess how things are going to move, both in case these incentives were to go ahead? And if they were not to be there, so how do we navigate the situation on the profitability? And your thoughts on where this is going? Because you explained on the African incentives, but in India, what is the situation like?

Siva Ganapathi: So, since these are policy issues, one can only say that, look, one is in discussions with the government and trying to impress upon them at an industry level that these kind of incentives do provide us a level playing field with other countries because they are -- at the end of the day, they are refund of state and central levies, which are embedded in some of our cost structures. For instance, fuel, which is diesel or electricity, etcetera, are outside the remit of GST. -- and some of these costs are embedded in our cost structure. So they kind of reimburse for that. So reduction in that can alter the dynamics or the financials of the industry as a whole.

But having said all of this, we tend to factor all of these into our calculation and plan and prepare for the worst. So for instance, as we progress into H2, our business growth, product mix, et cetera, will help us yield a better margin profile, which allows us to absorb some of these cushions. We've already absorbed the wage cushion in Q1, where minimum wages have gone up, it goes up every first quarter, and we did that fairly well. We also see a relief coming in the form of better exchange rate. So our rupee has weakened, and we are not fully realizing the value of a weaker rupee as yet in our P&L.

Our P&L is a hedged one where we sell forward dollars. And for instance, in the first quarter, we -- our forward cover rate was about INR89 or thereabouts. So even though the rupee is much weaker than that, our 70% of our dollars were hedged, the rest 30% being covered by natural hedge through imports. So we do tend to have that extra cushion as we move forward to absorb some of these cost increases if they indeed come through, notwithstanding operational efficiencies, which is a continuing journey. So there are lots of things going on.

Our capacity increases are happening in lower-cost regions in the country as well, which will also offset some of the margin pressure inducing external macroeconomics. So while some of these things are concerned because they do tend to have a one-off kind of effect, I think we are well prepared to handle some of these situations. My sense is that RoSCTL, the worst case is it will go half of where it is. So we have a RoSCTL of about 3.5-odd percent.

If it goes by half, it goes to 1.75%, so the impact will be that much. We can probably offset that through our own performance is the impression I'm having. But nevertheless, it will be good to have that RoSCTL also come through at current levels. So those are areas that are under discussion.

Secondly, you asked about BTPL. BTPL is expected to come in or merge in the third quarter. So it will probably happen in the latter half of the third quarter. So effectively, BTPL will merge into Gokaldas probably for the last 4 months of the year or thereabouts. And during that period or by that period, my anticipation is that BTPL will be generating mid- to high single-digit EBITDA margin and should be contributing positively to Gokaldas after its merger.

So the trajectory of that particular unit at the moment is strong. It's growing in terms of its capacity utilization. It's growing in terms of the average selling price of fabric as well. So it's got several nominations -- you have several new customers nominating it for fabric procurement. So all of these things augur well for improving the utilization.

We are also moving to do several high-value products like linen, linen blends, even some certain bottom weight fabrics where the price realization is better. So product mix change is also happening as we speak. We have been consistently delivering good quality out of that unit. So overall, I think the way it's shaping up, I think by end of this calendar year, by the time it merges, it should be also performing reasonably well.

Aashish Upganlawar: Okay. So sir, so in totality, what you're saying is if the Indian incentives were to halve and we have that coming in from BTPL plus the rupee, things should balance out. So in that case, except for the -- what happens with the African incentives, if one were to take a shot at the margin base could be -- would it be something like a current base or it gets higher?

Siva Ganapathi: In my opinion, it should be higher. It should be higher. I'm also somewhat confident, though I can't -- one can never think its policy that AGOA will also come through. That's the confidence which customers also seem to have. But overall, I think regardless of everything, the EBITDA margins will be a bit higher than what you're indicated.

Moderator: Sir, the line for the current participant was disconnected. We'll move on to the next question. The next question is from the line of Roshan from Antique Stock Broking.

Roshan: You have highlighted a strong order book. So can you give some indication of the order book visibility for Q2 and H2, FY '27, particularly for the India business?

Siva Ganapathi: Okay. So Q2 is already booked, and we have -- Q2 and Q1 were booked long back. So our order book is fairly strong for those quarters. Q2 could also be from a revenue standpoint like Q1. Usually, Q2 is a seasonal weak quarter. Q2 is when we make for winter season in the Western Hemisphere. And typically, winter season products are all synthetic based, which are product mainstays of China, Vietnam, Cambodia and some of those regions.

Having said that, Gokaldas, since it has got a strong outerwear presence, it does well in Q2 as well. And our Q2 performance will be like our Q1 in terms of revenue profile. Coming to Q3 and Q4, the orders are being booked as we speak. The projection seems to be going good. And I think notwithstanding certain concerns in the U.S. on how 2027 will be from an inflation standpoint and what's the buyer behavior or consumer behavior going to be, I think from an order standpoint, we seem to be okay with the indications and projections that we have so far.

Roshan: So with India now at a tariff parity with several competing sourcing countries and an advantage over China and Vietnam. So are customers actively shifting incremental business towards India? If yes, and within apparel product categories, which product categories are seeing the strongest opportunity?

Siva Ganapathi: See, I wouldn't say a 2.5% advantage as a remarkable advantage, right? Some of those guys would -- some of those guys in China and Vietnam will probably discount to that extent and absorb it. So yes, it's an advantage from the point that standpoint that India will not come under pressure to do any discounts. So that's the plan. So having said this, do we see an advantage? Of course, we see an advantage, right? So in general direction is that India tariff is at level with the rest of the world or a notch better, then automatically, the global placements will come back to favor India.

And we see a lot of Europeans looking at India, a lot of inquiries coming from there. Americans are rebalancing their portfolio to get, again, weighting -- increasing the weightage towards India. So we're seeing more -- across product categories, people are soliciting business from India. Historically, India was only strong on fashion, high-value items. We, Gokaldas Exports has outerwear, etcetera.

But today, I'm seeing even people are looking at India for shirts and bottoms where there are typical Bangladesh category products, and they are looking at low-cost regions within India to get this manufacture out of. So there is a broad-based move to explore India across product categories. Obviously, there are fashion-oriented trends, which dominate, for example, denims are dominating the scene now. So there's a lot of denim inquiries and denim business coming in India way. But those all keep changing from time to time. We are a versatile business partner. We can handle any type of products, thereby whatever is invoked, we can benefit out of that.

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

Shradha Agrawal: Two Questions. One is you've indicated in the presentation that you might look to evaluate your capex plans depending on the demand environment. So what is the kind of incremental capacity addition that we can look at now that we're also talking of MP Phase 2 inching into peak utilization by second half of '27? And then I have a follow up.

Siva Ganapathi: I would like to add at least 2,000, 3,000 machines extra by the end of this year, additional -- those will probably come into operations by later half of next financial year. So it will actually contribute to FY '29 and beyond. Do we have the ability to sell those capacities? Answer is yes. Do we see the demand traction?

Generally, answer is yes. And those are the kind of capacity utilization -- capacity additions we need to look at in low-cost parts of the country. So we are open to it. We are considering -- we have already evaluated and identified opportunities for some of those expansions. It's just awaiting a go ahead from all of us internally, and that is the call we will take in the next 3 months.

Shradha Agrawal: Right. So this will be more towards FY '28, right?

Siva Ganapathi: Correct. But some early capex may happen in FY '27, but the larger capex will happen in FY '28.

Shradha Agrawal: And earlier in the last earnings call, you had indicated that you are targeting 15% plus growth in this financial. And given where we stand after 1Q, so do you stick by this number? Or do you think there's a possibility of we doing 20% type of growth? And also in Africa, we were targeting close to $120 million revenue in '27 versus $80 million that we did in '26. So where do we stand in Africa targets now?

Siva Ganapathi: So Africa visibility at the moment, while we said $120 million and we are pushing for it, I can see about $112 million to $115 million at the moment. We are trying to push for bridging that balance as well. We still have about half a year to do so. And as far as the growth percentages you mentioned 15-odd percent, that seems to be very straightforward. We probably should do better than that.

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

Prerna Jhunjhunwala: Congratulations on a strong set of numbers, sir.

Just wanted to understand the capex, the capital expenditures of INR80 crores that you have mentioned in the presentation, where all it will be spent and it will add how much capacity in this year?

Sathyamurthy: Hi, Prerna. We Intend to add new capacity in Jharkhand and another one in Karnataka. For both the facilities, we expect the investment would be in the range of about INR100 crores. About INR70 crores to INR75 crores is estimated to be spent in this current financial year.. In a steady state, these 2 facilities will add revenue to the extent of almost INR350 crores.

Prerna Jhunjhunwala: And this can get fully utilized in next 1 or 2 years?

Sathyamurthy: Yes. In FY '28, second half, it will come on stream. And in FY '29, will realise the full potential of this investment. We create the capacity in about 1.5 years to 2 years ahead.

Prerna Jhunjhunwala: Understood, sir. And any capacity expansion in Africa?

Sathyamurthy: We have already created the capacity. We should be able to deliver the annual revenue with current capacity addition to about $120 million.

Siva Ganapathi: So our aim is to utilize our existing facilities. As I mentioned earlier, there is also a potential of using second shift in Africa. So until we exhaust all those opportunities, I don't see us investing significantly in capex there. There is a lot more potential to extract out of existing capex itself.

Prerna Jhunjhunwala: Understood. And just wanted to understand, the U.K. FTA, which has been implemented, what kind of inquiries are we seeing from there? And how are we positioning ourselves to gain traction in that geography?

Siva Ganapathi: So as of now, I'm seeing traction across all geographies, notwithstanding U.K. So while U.K. FTA has resulted in some of our U.K. clients stepping up business with us, we are also seeing all other areas also. So we are kind of overwhelm from that perspective, but U.K. is growing for us. And we are working with select customers in the U.K. with whom we feel that we can build a long-term future together. And those are happening. There is new U.K. customer who is engaging with us for onboarding as well.

So we have not yet done that. We have not signed off with them. But as work in progress, we take a call depending on the profitability, et cetera. But there are those kind of inquiries from new customers while existing customer volumes are also growing.

Prerna Jhunjhunwala: And how much would U.K. be at present in your total revenue?

Siva Ganapathi: I think 4%, 4.5%.

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

Vishal Mehta: Congratulations on good set. My first question was regarding the minimum wage revision impact. While you mentioned that we kind of see this every year in the first quarter, the revisions that have been taken by some select states have been quite steep this year, right? So just wanted to get a sense or any quantification of what's the impact like? And how are we managing this? Also, just wanted to get in Karnataka specifically, while we understand that its textile sector is excluded from that revision, but is the notification effective? Do we expect more hits on this?

Siva Ganapathi: Okay. So minimum wage is, again, in the realm of policy, government, et cetera. And unlike any other place, predicting these kind of things in India is always harder as it's also governed by political whim and so many other things.

So having said all of that, we saw a 35% increase in Haryana, 25% increase in Noida area where we don't have facilities, but we do have facilities in Gurgaon between Gurgaon and Manesar. So those facilities saw a 35% wage increase starting April 2026. In Karnataka, the wage increase was 5%, which is really CPI linked, which is the annual DA increase, which indexes the minimum wage to inflation. Clearly, we pay above minimum wage.

So when the minimum wage increases by x percentage, we don't have to increase it by the same percentage. We could go up from where we are to the new minimum wage, which itself is a hike. So for example, in Haryana, when the minimum wage went up by 35%, we managed the cost, et cetera, et cetera. And our overall wage went up only by 14%, 15%. So even though it was a 35% wage increase because we were -- to start with higher and we also managed our cost efficiencies, et cetera.

So these kind of things have to happen. Some of these minimum wage are inevitable as well, and we need to factor that in our planning. For example, in Q1 of this year, our India business saw a salary wage cost increase of INR20 crores and that has been absorbed in the system. So the same time last year, we were -- we didn't have to pay this additional INR20 crores on account minimum wage. So that got absorbed in the way we do our business. So we typically tend to plan this.

One quarter will always be short or inadequate to absorb it all. We tend to try to drive automation efficiencies, which is a continuous process in itself to help improve our margins. Some of it we try to price in, but these days, the tariff, that becomes a harder deal. But nevertheless, there are offsetting factors like rupee depreciation, too, which supports us.

So there are multitude of efforts that goes in to plan and absorb some of these. Karnataka, the minimum wage for non-textile industries, which has been solicited and stuck in policymaking was very high, and that's outrageous.

But I don't foresee that happening for textiles and apparel, even the other industries, it needs to be settled. So we'll see how these things pan out. But my sense is that incremental growth in terms of focus for us will all be in low-cost regions of India, which is Central India, Eastern India, so on and so forth or in rural areas where government incentives are much higher, which then offset some of these cost increases.

That's how we are looking at our business. We are cognizant of it. We can't put an estimate to it. But nevertheless, regardless of what comes, we'll manage the business. Another factor to keep in mind when we look at some of these wages is that if I look at China, the minimum wages are of the order of $500-plus. In Vietnam, the wages are of the order of $300-plus and growing.

And if the industry is viable there, then why is the industry less viable when India's wages are of the order of $210 to $230, $240. So it's a question of how do we run it efficiently? How do we run it to maximize the value out of the wages that we pay in the country. So those are the factors which will also help us challenge some of these cost assumptions and still try to drive the margin.

Vishal Mehta: The second cost pressure that we are probably seeing is on the RM side, right, both in cotton and MMF. So my question, therefore, is, are we able to get effective pass-through when we are now negotiating the contracts with the customer? So some color there?

Siva Ganapathi: So effectively for us from a apparel standpoint, fabric costs are passed through. So we do factor it into our costing and then pass it on to the customer in terms of pricing. What happens is when suddenly polyester prices go up, et cetera, there are certain elements like poly bag cartons, et cetera, or fuel costs, which caught us by surprise in Q1. And we had not factored those in when we had priced our orders for Q1 in the month of January or even before.

But then going forward, we are pricing these things also. So raw material costs are a reality. I'm not sure if this will be sustained. Eventually, cotton prices from its peak or yarn prices -- cotton yarn prices in India peak, it will cool off. Polyester prices also will move in tandem with oil prices. But then we will try to push this into the customer pricing.

Vishal Mehta: I have just 2 bookkeeping questions. One was on other expenses, including project expenses. That's seen a steep rise both Y-o-Y and Q-o-Q. And also on the ETR, with losses in Atraco, we were expecting that we should probably see an ETR lower than the effective 25%, but we still continue to see an ETR at elevated levels. So sir, your thoughts here.

Sathyamurthy: The other expenses largely has gone up on account of 2 factors. One is the utilities cost, primarily the gas and fuel cost plus the chemicals cost, which has gone up substantially during this period., We have taken a hit close to around INR5 crores to INR6 crores during this period..

And the second one is on account of the inbound and outbound, logistics cost increase. These are the 2 factors which reflect primarily in other expenses. This cost will get partially neutralized in H2, if situation improves.

Otherwise, we will have to factor this increase and suitably address it in the costing of new orders going forward.

Now coming back to the ETR, surely by the end of this year with the contribution from the international operation, we believe that the ETR will come down substantially. We estimate ETR between 20% and 22% for this year.

Moderator: The next question is from the line of Shirish Pardeshi from Motilal Oswal.

Shirish Pardeshi: With the Bhopal addition, what is the current capacity is available for us in India?

Siva Ganapathi: Capacity in terms of revenue? New capacity, you're talking about in terms of pieces or in terms of revenue that's the question.

Shirish Pardeshi: No, I'm saying what is the total capacity in terms of stitching the number of pieces. When we mentioned, I think it was about -- around 50. So I'm just asking with Bhopal addition, what is as of now and what will be the exit of March '27?

Sathyamurthy: Okay. In terms of number of pieces, again, it is on the basis of the assumption of ASP at INR500, it's about 3.5 million pieces. That is the new capacity being added . However, the number of pieces will vary depending upon the product category. In a steady state, that new capacity will deliver almost INR175 crores incremental revenue.

Shirish Pardeshi: Okay. Siva sir, I was asking in the context that if we are adding more capacity, you have a very positive saying that the orders are there and we can execute. And you said that you will add about 200-odd machines. So I'm just asking that if this machine addition is happening and order flow is there, what is the sellable capacity in terms of number of products or in terms of units or in terms of revenue?

Siva Ganapathi: So I didn't say 200. I said 3,000 machines actually that we intend to add. But anyway, so every 1,000 machines to us brings in an incremental revenue of INR175 crores to INR200 crores. I think it's more like INR200 crores than INR175. So that's the kind of broad metric that we look at. So if I have to plan to add my revenue by about, say, 15% to 20% Y-o-Y, I think 4% to 5% will come only by productivity gains in the existing factories itself.

And the rest will have to come through incremental capacity. So those need to be planned well in advance. So if I plan a capacity now, it will yield some -- it will yield revenue in FY '29 and beyond. So that's how we look at incremental capacity. So the current Bhopal second unit should yield revenue from H2. I mean it's already started ramping up, should yield revenue in H2 and beyond.

So next year will be its full financial year. The older Bhopal facility is fully running. It's working to the plan. By fourth quarter of this year, the second facility will also be running to full capacity. So we have to now look at capacities beyond that, which is what we are looking at. So 1,000 machine capacity, yielding about closer to INR175 crores to INR200 crores more like INR200 crores revenue. Those will be the modules we'll be looking at.

Shirish Pardeshi: That's helpful. on Atraco, with the clarity of tariff and 301 implemented, do you think we have already started shifting some of the production to in Atraco or it's still time to wait till December?

Siva Ganapathi: See, I mean, any uncertainty is not good. So AGOA uncertainty beyond December, if it is -- if it gets cleared earlier, the better. So all the efforts are on, as I said, the bill has moved to the Senate already and pass. So if AGOA gets extended, that gives us a lot more clarity on things. And my sense is that we are all involved in that activity and the sense coming in from the states is that they want to do it. So there is a high likelihood that it will. And if that happens, then there is a lot of momentum of business going in that direction. Keep in mind that if you look at, say, Bangladesh, right? Bangladesh has a 10% reciprocal tariff and the underlying tariff is anywhere between 20% and 30% depending on cotton versus synthetic. Now Kenya 100% all of the duties. So the value proposition is of a different order.

Automatically, the business flow will dictate -- will gravitate towards such locations, which is also one of the reasons why I'm seeing a lot of Chinese companies are setting up factories there. Huge amount of capacities are being built in that region. Egypt is another area where lots of capacities are being built. So there's a lot of momentum in that broader region, which indicates that probably the future is also headed somewhere there.

Shirish Pardeshi: Okay. No, I got that. I was just asking if AGOA is not happening or if it happens. I mean, still, it is a relevant capacity for us. And in terms of capacity utilization, we are far behind. So I'm just anticipating that if that clarity emerges, maybe after quarter 3 onwards, we have a meaningful utilization at that capacity. That's what my question was.

Siva Ganapathi: Yes, absolutely, right? So when I say that earlier, I indicated that we will be doing about $112 million, $115 million in Africa, and we are still trying to do $120 million. So quarterly run rate of $30 million is what we are running for. That will take us to today at whatever capacity we have today, it will take us to full capacity utilization. So yes, I mean, we are approaching that zone very quickly.

Shirish Pardeshi: Okay. Just last question on top 3 to 4 retailers with this tariff settling, is there any meaningful new product additions which we are seeing for next year summer onwards, especially from Carhartt or maybe Gap?

Siva Ganapathi: All of them. Yes, yes. We are seeing new product addition across all customers.

Shirish Pardeshi: And these are beyond INR700 ASP-odd realization or it is lower than that?

Siva Ganapathi: It's a mix, right? It's always a mix. So we have products which are extremely high ASP like $40, $50 also. But it's always a mix and match and the average will be in that ballpark.

Moderator: The next question is from the line of Sani Vishe from PL Capital.

Sani Vishe: So most of my questions are answered. I just seek couple of clarifications and a bookkeeping question. So on Jharkhand and Karnataka, you mentioned about INR100 crores investment in each of the total INR200 crores, out of which INR70 crores to INR75 crores will be done this year. And this will be operational in FY '28, we expect revenue from FY '29 that will be around INR350 crores. Is that correct?

Sathyamurthy: No, the total capital investment for both the units put together is about INR100 crores.

Sani Vishe: Okay. And the revenue potential of INR350 crores is also together?

Sathyamurthy: Both units together, yes.

Sani Vishe: And on Bhopal, you mentioned 3.5 million pieces, which may vary depending upon the product type. But the incremental revenue potential that you mentioned was INR175 crores, is it correct?

Sathyamurthy: Correct. Correct.

Sani Vishe: Okay. Finally, I just need a bookkeeping question. So can you give a breakup of volumes between -- within India, so Matrix and the stand-alone? And if possible, the average selling prices for both?

Sathyamurthy: No, we have already given the details in the investor presentation.

Sani Vishe: Within India, the breakup within India.

Sathyamurthy: Within India, okay, just a second. Matrix, you can take it, it's about 1.5 million pieces at INR613.

Sani Vishe: 613, is it?

Sathyamurthy: Yes.

Sathyamurthy: Whatever the new capacity added in central part of India is part of Gokaldas. That is why we club both the business entities and provide the data as total India operation. For your reference, if you are referring only to the old Gurgaon units, then the volume is 1.53 million and the average ASP is INR613.

Siva Ganapathi: We have amalgamated all those operations under one. So we don't tend to distinguish between what was the Matrix operations. But what Satya just did was pull out that data and give you.

Moderator: The next question is from the line of Soham Samanta from Motilal Oswal.

Soham Samanta: Just wanted to check one bookkeeping. What is the BTPL number for this quarter?

Sathyamurthy: The turnover, they've done almost around INR170 crores in terms of the fabric sales. It's average operational EBITDA is in the range of 7.5% to 8% negative. This is at the current operation of 50 to 53 lakh meters per month run rate.

But as we mentioned that with the incremental volume and with the improved product mix operational performance will improve substantially. Currently, in this quarter, that is Q1 FY27, they had a challenge, especially with the chemical cost and the fuel cost gone up substantially, and that's why the EBITDA loss is relatively higher. But these increases are also getting factored in the pricing, going forward. Hopefully, we should be able to achieve better results in Q3 and Q4 when we are merging the entity with Gokaldas Exports. By then, whatever Mr. Siva has indicated, mid- to, over mid-single-digit EBITDA positive is possible.

Soham Samanta: Last call, we mentioned that by H1, it will be breakeven.

Sathyamurthy: Yes. But that's the target. And even now they are working on it for Q2. But definitely, in Q3, we should be EBITDA positive. In Q4, we are targeting PBT positive.

Moderator: Next question is from the line of Arpit Jain from Wallfort Financial Services.

Arpit Jain: So regarding the 2 capacities in Jharkhand and Karnataka, you've given us revenue guidance. Could you give us the moving pieces of the guidance, I mean, how much the facility will contribute?

Sathyamurthy: So both units are in the similar capacity, about INR175 crores each is the revenue run rate in a steady state with an investment of INR50 crores each. In terms of Pieces, it is 3.5 million pieces each.

Arpit Jain: Okay. And Sir, what was the utilization levels -- the blended utilization level across all the facilities? And bifurcation between India and Africa possible?

Sathyamurthy: Africa is in the range of 80% to 85%. And in India, mostly South India factories capacity utilisation was going full. In central part of India, it is about 85% capacity utilization.

Moderator: Next question is from the line of Saurabh Srivastava from Arista Consulting.

Saurabh Srivastava: I have 2 questions. My first question is that how people are approaching the new FTAs which are flowing in, especially the European one? Secondly, are you looking for any acquisition outside India?

Siva Ganapathi: So as far as FTA is concerned, we are eagerly looking forward to the European FTA. We believe that there is a lot of work which has happened in that direction. And I hope that it happens by the second half of next year, which is 2027. If that happens, it opens up a very large market duty-free access for us, and that will give us a tremendous advantage from a growth standpoint. We're already ramping up relationship with European customers and are growing with them. but the real benefit will happen only once the FTA is in execution, in process.

e are planning our business according to the FTA. As far as acquisitions go, I think we are currently focused on the business that we have. We are not working on any such inorganic moves at the moment.

Saurabh Srivastava: Sir, what about the capacity expansion apart from the capex? Are you also looking forward to some lease facilities?

Siva Ganapathi: That's always an option open. So if there is a very good facility that is available for lease, then we are open towards that. The usual challenges that always happens is that the facilities which come up for leasing will always have some defect or some inadequacies. So we are mindful of what kind of capacities we get and proceed accordingly.

Saurabh Srivastava: Okay. And any expansion in Bangladesh geography, sir?

Siva Ganapathi: At the moment, we are doing some subcon work out of there for the future at the appropriate time, if the conditions are favorable, we may look at it. But for now, it is subcon kind of work that happens there.

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

Vishal Mehta: Just wanted a clarification that in the capacity expansion plan that we had, in addition to Bhopal Phase 2, we were already working on adding some machines in Karnataka and in Ranchi to a tune of around 500 to 700, if I'm not wrong. So that is not happening this year or all of this will happen?

Siva Ganapathi: That is happening. That is all happening this year itself.

Vishal Mehta: Okay. So I thought we were to commission these this year.

Siva Ganapathi: That is correct. So those are in existing factory. So in Karnataka, we already have one factory where we are taking it to full capacity utilization. So those are all incremental facilities. In Ranchi, we have 2 units in operation as we speak. One of them is full capacity utilization.

The other one, we are taking it to full capacity utilization. What Sathya mentioned earlier was 2 new facilities, one each in Karnataka and Ranchi, which are brand new, which will be effective in 2029. So the existing ones which we had mentioned earlier, those are getting ramped up as we speak.

Vishal Mehta: Okay. So total of Bhopal Phase 2 plus Karnataka plus Ranchi, what is the additional revenue potential? I'm talking about the already commissioned ones.

Siva Ganapathi: So I'll tell you -- about a shade under INR275 crores or thereabouts.

Vishal Mehta: Okay. And plus this 250 in the new expansions, which will come next year?

Siva Ganapathi: Correct. Correct.

Moderator: The next question is from the line of Saanvi Bhuva, an investor.

Saanvi Bhuva: I wanted to understand what is the current breakup of your garments by fabric type, like cotton, viscose and man-made?

Siva Ganapathi: By fabric type, you're saying?

Saanvi Bhuva: Yes, by fabric type, like cotton, viscose and man-made.

Siva Ganapathi: So cotton is almost like 65% or a little higher. The polyester, nylon, spandex those kind of fibers contribute to anywhere up to 30%. And it varies quarterly. For example, in Q1 and Q2, we still -- we will have a lot more man-made fiber garments because we do a lot more outerwear in the first and second quarter.

Saanvi Bhuva: So this is not the annual figure, this is the quarterly figure.

Siva Ganapathi: Annual figure.

Saanvi Bhuva: And my second question is given that the U.K. market is inherently more fragmented than the U.S., then what's our strategy to scale there? And are we targeting the same large retail customers that we serve in U.S.? Or is it a different customer mix given the fragmented nature of the market? Does it require sourcing or manufacturing setup in U.S. facing capacity?

Siva Ganapathi: At this moment, we are only targeting the larger customer profile because we are geared to handle larger customers than several smaller ones. So our intention is to continue to focus on the larger U.K. players of the Marks & Spencer and stuff like that. So those are the opportunities that we are going forward. We are also margin conscious. So we'll pick and choose the business portfolio that suits our profile best.

Moderator: As there are no further questions from participants, I now hand the conference over to Gokaldas Exports Limited management for closing comments. Over to you.

Siva Ganapathi: Thank you, everyone, for participating in the conference call. We continue to watch out for any external headwinds. I think the -- some of the headwinds which we discussed are any possible changes to RoSCTL, any disruption to logistics, et cetera, U.S. retail demand and any tariff volatility. So at this moment, on the tariff side, we seem to be looking good. We are gearing ourselves for any such business volatility and feel confident that we can handle as long as some of these are within reasonable levels.

And we have the management depth, the business capability and the investments required to be able to manage all of these. We are focused on BTPL and its performance, making sure that the business is performing strongly by the end of this calendar year, and there's a lot of effort going on, on that front and early signs seems to be encouraging.

Overall, I think with the way the business is shaping up, things are looking encouraging, and we feel that we are ready to handle any eventuality which will come our way. And given our order book and customer relationship, we should continue to do strongly. Thank you so much.

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