# S.P.APPARELS LTD.

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August 17, 2026

The Listing Department
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

**Scrip Code: 540048**

The Listing Department
National Stock Exchange of India Limited
'Exchange Plaza',
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051.

**Symbol: SPAL**

Dear Sir/Madam,

**Ref:** Regulation 30 & 46 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015
**Sub:** Transcript of the Conference call held on August 13, 2026

With reference to our letter dated August 10, 2026, intimation of Earnings Call for the Quarter ended June 30, 2026, to discuss the financial performance of the Company, held on August 13, 2026, please find the attached transcript of the aforesaid conference call and the same has been uploaded to the website of the Company as well.

This is for your information and record.

Thanking You.

Yours faithfully,

**For S.P.Apparels Limited**

Vinodhini K

Digitally signed by Vinodhini K
DN: c=IN, o=Personal, title=1810, pseudonym=26d92874918e45f6b5a95842d7231ebf, 2.5.4.20=ab414dfe4760214b391934c0f5efdefdd1aa4b0a456b3389c04b337870604fd2, postalCode=638111, st=Tamil Nadu, serialNumber=222643296fc732d90bef8378f221a25ed56283974c715cddd39356a733f16c87, cn=Vinodhini K
Date: 2026.08.17 17:52:30 +05'30'

**K.Vinodhini**
**Company Secretary and Compliance Officer**

**Encl: As above**

# "S.P. Apparels Limited
# Q1 FY27 Earnings Conference Call"
# August 13, 2026

**MANAGEMENT:** **MR. P. SUNDARARAJAN – CHAIRMAN AND MANAGING DIRECTOR**

**MRS. S. LATHA – EXECUTIVE DIRECTOR**

**MRS. S. SHANTHA – JOINT MANAGING DIRECTOR**

**MR. S. CHENDURAN – JOINT MANAGING DIRECTOR**

**MRS. P.V. JEEVA – CHIEF EXECUTIVE OFFICER**

**MR. V. BALAJI – CHIEF FINANCIAL OFFICER**

**MODERATOR:** **MS. PRERNA JHUNJHUNWALA – ELARA SECURITIES PRIVATE LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to S.P. Apparels Limited Q1 FY27 Earnings Conference Call hosted by Elara Securities India Private Limited.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Prerna Jhunjhunwala from Elara Securities India Private Limited. Thank you, and over to you.

**Prerna Jhunjhunwala:** Thank you, Nesya. Good afternoon, everyone. On behalf of Elara Securities Private Limited, I would like to welcome you all on Q1 FY27 Post Results Conference Call and Business update of S.P. Apparels Limited.

Today, we have with us the senior management of the company, including Mr. P. Sundararajan, Chairman and Managing Director; Mrs. S. Latha, Executive Director; Mrs. S. Shantha, Joint Managing Director; Mr. S. Chenduran, Joint Managing Director; Mrs. P.V. Jeeva, Chief Executive Officer; and Mr. V. Balaji, Chief Financial Officer.

I would now like to hand over the call to the management for opening remarks. Thank you, and over to you, sir.

**P. Sundararajan:** Good afternoon, everyone, and thank you for joining us for the Q1 FY27 Earnings Conference Call of S.P. Apparels Limited. I'm pleased to inform our shareholders that the Board has approved a dividend of INR 3 per share for the year and has also proposed a stock split of the company's equity shares from a face value of INR 10 per share to INR 2 per share, subject to the necessary approval.

We believe these initiatives reflect our commitment to enhancing shareholder value and broadening investor participation in the company. The global apparel sourcing landscape continues to undergo a structural shift. International brands and retailers are increasingly diversifying their sourcing base as part of their China Plus-One and Bangladesh Plus-One strategies. We are seeing encouraging signs of this transition with customers actively evaluating India and Sri Lanka as reliable sourcing destinations for long-term procurement requirements.

Another important positive for our business is the India, U.K. free trade agreement. While the agreement has only recently become effective, customer engagement from the U.K. market has already improved. We are seeing stronger discussions and better visibility for future order volumes. We believe this development will strengthen India's competitiveness and create additional opportunities for export-oriented manufacturers like S.P. Apparels.

We have added three more new U.K. brands into our customer base. We are also awaiting for the EU India free trade agreement to be signed off by end of financial year, which will bring more business into India by Euro Union in the future.

Coming to our performance, Q1 FY27 was broadly stable from a consolidated revenue perspective, while profitability improved meaningfully. The first quarter was relatively soft from a top line perspective, U.S. tariff impact late last quarter and certain spillover of orders and shipment schedules.

However, the quarter clearly demonstrates the resilience of our operating model with better margins, stronger profitability and improved quality of earnings. As we had communicated earlier, FY27 is expected to be a year where growth will be weighted towards the second half.

Based on current customer discussions, our receipt order visibility, expected capacity ramp-up and planned utilization levels, we remain confident of achieving our previously stated consolidating revenue guidance of INR 2,000 crores for FY27. The first half is expected to remain moderate, but we expect a stronger revenue trajectory in the second half, supported by improved customer order inflows, U.K. FTA-related traction, normalization of shipment schedules and better operating intensity across our key business verticals.

Coming to the business segments, I will begin with our Garment division, which remains the primary growth driver for the company. The quarter was moderate from a revenue perspective, but profitability remained strong and we saw better operating efficiencies, improved product mix and healthy yarn spreads, which supported margin expansion. The standalone adjusted EBITDA margin improved to 17.5%, indicating better operating discipline despite softer revenue.

We are also witnessing increasing customer interest across multiple geographies. Over the last few quarters, we have broadened our customer base and today operate with a more diversified customer portfolio of over 15 customers as a group. This reduces concentration risk and improves visibility for future growth.

Our focus remains on converting this customer engagement into orders while continuing to maintain strong execution, quality and delivery standards. Sri Lanka continues to be an important strategic pillar for the company. Over the past 1.5 years, we have worked extensively to integrate operations, strengthen systems and improve execution across the platform.

We are now beginning to see the benefits of these efforts. Operational metrics relating to delivery performance, productivity and quality continue to improve, and we expect the facility to operate at levels comparable to our Indian operations over the coming quarters. The dual country manufacturing platform between India and Sri Lanka gives our customers greater sourcing flexibility. It also strengthens our ability to participate in the ongoing China Plus-One and Bangladesh Plus-One sourcing shifts.

We believe the decision to establish a meaningful manufacturing presence in Sri Lanka has been one of the most strategically important decisions undertaken by the company from a long-term growth perspective. With regard to Young Brand Apparel, although revenue was lower year-on-year due to after effects of U.S. tariff issues, the business delivered better profitability with adjusted EBITDA growing year-on-year and sequentially.

This reflects better efficiency, better cost management and improved operating performance. We continue to make progress in scaling Young Brand Apparel. Production has commenced at the Palladum facility, while commercial production from another approved facility is expected to begin in the coming months.

By October, we expect all planned units of Young Brand Apparels to be in commercial production. This will provide us with additional growth capacity and strengthen our position in the intimate wear segment. We are also looking to add one more product to the production portfolio line, that is bra products, which will create a new growth story for Young Brand Apparels.

Moving to SPUK. Our U.K. business delivered revenue of INR 33.3 crores in Q1 FY27, registering strong growth of 125.2% year-on-year. This reflects the increasing scale of the business and the improved customer traction in the U.K. market. We will be adding three more new brands in the customer base in SPUK business.

EBITDA for the quarter was negative at INR 1.04 crores, primarily due to small air shipments and the shift of timing of certain shipments, which moved into the subsequent period. The underlying customer momentum remains healthy, and we believe SPUK is well-positioned to benefit from the India U.K. FTA and the sourcing flexibility offered by our India and Sri Lanka manufacturing base.

As customer conversations continue to improve in the U.K. market, SPUK remains an important growth platform for the company. Our focus will be on scaling volumes, improving shipment execution, and moving the business towards sustainable profitability.

Finally, coming to the Retail division, SP Retail Ventures reported revenue of INR 18.83 crores in Q1 FY27, reflecting a growth of 26.7% year-on-year. EBITDA stood at INR 0.4 crores during the quarter, indicating continued improvement in the operating performance of the business.

The retail business has made steady progress over the last few quarters with EBITDA breakeven and losses reducing meaningfully and the business now moving towards sustainable profitability. Our focus remains on improving store productivity, maintaining disciplined inventory management, and driving profitable growth across channels.

Angel & Rocket India continues to perform well and remains a key pillar of our retail strategy. The brand has built strong acceptance among consumers through differentiated product offerings and premium positioning in the kids wear segment. Our priority remains to maintain EBITDA breakeven on a sustainable basis while following a disciplined approach towards capital allocation and expansion.

Another important area of focus for us remains capital efficiency. Alongside our capacity expansion initiatives, we continue to optimize our sourcing and manufacturing model. Our objective is to support growth while maintaining disciplined capital allocation and improving return metrics over the medium term. With the improving demand visibility, additional capacities coming on stream and a stronger order outlook for the second half, we remain confident about achieving our growth objectives for FY27 and delivering long-term value to all stakeholders.

With that, I will now request our CFO, Mr. V. Balaji, to take you through the detailed financial highlights for Q1 FY27. Thank you.

**V. Balaji:** Thank you, sir. Good afternoon, everyone. Thank you for joining the call Q1 FY27. I'll now take you through the key financial highlights of Q1 FY27. Consolidated performance. On a consolidated basis, revenue from operations for Q1FY27 stood at INR 401 crores as compared to INR 403 crores year-on-year.

Revenue was broadly stable year-on-year, primarily reflecting the timing and certain orders and shipments scheduled during the quarter. Consolidated EBITDA for Q1 FY27 stood at INR 61.4 crores compared to INR 52.9 crores in Q1 FY26, reflecting a growth of 15.9% year-on-year.

EBITDA margin improved 15.3% compared to 13.1% in Q1 FY26, supported by better operating efficiency and improved margin performance. Profit after tax for Q1 FY27 stood at INR 24.9 crores compared to INR 20.7 crores in Q1 FY26, a growth of 20.4% year-on-year. Earnings per share stood at INR 9.9 for the current quarter as against 8.2 in Q1 FY26.

On a standalone basis, adjusted revenue from operations for Q1FY27 stood at INR 265.9 crores as compared to an adjusted revenue growth of INR 287.7 crores for Q1 FY26. Adjusted EBITDA for Q1FY27 stood at INR 46.6 crores compared to INR 43.7 crores in Q1 FY26. This growth stood at 6.7% year-on-year. Adjusted EBITDA margins improved to 17.5% compared to 15.2% Q1 FY26.

Standalone profit after tax stood at INR 26.5 crores compared to INR 19.9 crores in Q1 FY26, reflecting a strong growth of 33.4% year-on-year. Earnings per share stood at INR 10.5 per share for the current quarter compared to INR 7.9 in Q1 FY26.

Segmental performance, our Garment division, including the Young Brand Apparel reported an adjusted operational revenue of INR 337.3 crores for the Q1FY27 with an adjusted EBITDA of INR 59.2 crores and the EBITDA margin stood at 17.6%.

Young Brand Apparels alone reported a revenue of INR 72.7 crores for the current quarter and the adjusted EBITDA stood at INR 12.6 crores with an adjusted EBITDA margin of 17.7%. Profit after tax was INR 6.3 crores. Export sales quantity for Young Brand Apparels stood at 5 million pieces during Q1FY27

SPUK reported a revenue of INR 33.3 crores for Q1FY27, representing a growth of 125.2% year-on-year. EBITDA for the current quarter was negative INR 1.0 crores. SP Retail Ventures reported a revenue of INR 18.8 crores for the current quarter, representing a growth of 26.7% year-on-year.

The division reported an EBITDA positive of INR 41 lakhs during the current quarter. Export sales quantity of S.P. Apparels stood at 15.7 million pieces forQ1FY27, while export sales quantity for Young Brand stood at 5 million pieces.

With respect to the liquidity on the balance sheet, the company continues to maintain a disciplined approach towards liquidity, working capital and capital allocation. On a standalone basis, gross debt stood at INR 258 crores. Cash and cash equivalents stood at INR 46.6 crores and net debt stood at INR 211 crores for the current quarter as on 30th June 2026.

Our focus remains on supporting growth while maintaining financial discipline, improving operating cash generation and optimizing capital employed across the business. This covers the key highlights of the financial. Rest information is available in the presentation uploaded in the exchanges.

And now the floor can be open for questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session The first question is from the line of Varun from Equitree Capital.

**Varun:** Hi, sir. Sir, a couple of questions. Firstly, if you could help us understand why the capacity utilization was lower. This was the 14% drop in capacity year-on-year, and which led to the overall revenue de-growth also? And secondly, also wanted to know how much the additional air freight cost during this quarter? And why were the shipment delays happening? And will this continue in Q2 also?

**V. Balaji:** So, point one, on question one, on the capacity utilization. Capacity utilization comparing last year, we have added additional 1,000 machines for this -- sorry, 750 machines for the current financial year. And utilization levels have come down purely because of the order slowness because of U.S. tariff issue during the month of March, April and May.

So that is why there is a decrease in the capacity utilization. On question number 2, on the air freight, the cost of air freight was around 50,000 GBP in SPUK. That was the cost in the air freight in SPUK. And what was your third question?

**Varun:** So, will this continue in Q2? Are you seeing any further delays in shipments?

**V. Balaji:** No. We are not looking for any spillover with respect to shipments.

**Varun:** Yes. So, the delay in shipments was because of container or because of the order.

**P. Sundararajan:** No, no, it is because of the customer's request.

**Varun:** Understood. Okay, sir. Thank you.

**Moderator:** Thank you. The next question is from the line of Prerna Jhunjhunwala from Elara Securities India Private Limited. Please go ahead.

**Prerna Jhunjhunwala:** Hi, sir. Congratulations on strong margin improvement. I had a few questions on garmenting business. You mentioned that you've added 3 customers in this quarter. Will it be possible for you to share their names and which geography they are from?

**P. Sundararajan:** No. - We are not in a position until the first shipment goes, we will not be in a position to share it. But 2 from U.K., 1 from EU. So, these are all in U.K. is mainly because of the FTA thing because those retailers already well planned to take the FTA benefits out of India. So, they well in advance, they planned and blocked all the capacities and done all the cost things. And now they are going to place the orders.

And also, in SPUK, we are in the process of adding 3 more strong customers because of FTA and our product development design support because nowadays, the brands are looking for additional service like the product development designs and the proximity to their offices. So that is an additional advantage. So their SPUK is in a position to take another 3 more customers, which means they are all big customers, they are very strong now. I can mention one among them is Marks & Spencer.

**Prerna Jhunjhunwala:** All right. Okay. So sir, SPUK is going to source for Marks & Spencer. So how big can we believe that this SPUK business can reach in the next 2-3 years' time?

**P. Sundararajan:** Yes. Our guidance is in the next 3 years of time, I think we are planning for GBP 13 million plus.

**Prerna Jhunjhunwala:** Okay. And at that level...

**P. Sundararajan:** In 5 years' time, we are aiming for GBP 50 million.

**Prerna Jhunjhunwala:** Okay. 50 million GBP. And at that level, we will be profitable? And what kind of margins can be?

**P. Sundararajan:** Already we are, but for the deferred shipment, this would have been EBITDA positive. But now the EBITDA is sustainable, that's for sure. And since it's a trading model, as the top line grows with the fixed expenses only, so definitely, there is a good opportunity for improvement in the margin.

**Prerna Jhunjhunwala:** Understood. Second question is on Sri Lanka. What kind of traction we are seeing now? What is the capacity utilization there? And what kind of revenues we are doing? And how has been our experience in terms of operation management and what kind of margins we are doing there?

**P. Sundararajan:** See, since we acquired all the factories are already fully running factory. So, the capacity is fully running, except one factory where it is 85% to 90% running, which is almost to the maximum capacity, these factories are running. And we are continuously receiving the base orders from India with the raw materials everything.

And their shipment performance is perfect on time, everything. So only the initial pre-operative losses something. So that will be over a period of time will be back on track. I think by end of March, those factories will be able to manage themselves.

Our software system is already implemented completely with regard to HR, accounts and finance and then for the operations. And these payments, everything is controlled from India only.

**Prerna Jhunjhunwala:** Okay. And who is managing like you are only managing the facilities?

**P. Sundararajan:** There is one country manager and one CFO there.

**Prerna Jhunjhunwala:** Okay. Understood. And what will be the revenue by the end of March from Sri Lanka?

**V. Balaji:** Roughly anywhere between INR 150 crores to INR 200 crores of revenue, which will sit in the books of S.P. Apparels only.

**Prerna Jhunjhunwala:** Okay. Understood, sir. And you mentioned about one new product line to be added in Young Brand. Could you give some color on what kind of is it in the intimate wear category only or any new...

**P. Sundararajan:** As I mentioned to you, it is Apparels ladies bra. It's a luxury product, which is completely a different product line, but we are going to put up. Chenduran, can you expand on it, Chenduran?

**S. Chenduran:** Yes. Can you hear me?

**Prerna Jhunjhunwala:** Yes. Audible sir.

**S. Chenduran:** So yeah. So Young Brand being in intimate wear, we do a lot of underwear, which is the bottoms for the existing customers. And it's a value add in terms of doing the luxury products. And all the customers have been encouraging and pushing Young Brand for a while to do those value-add products. So currently, we are in the process of partly acquiring and investing into machinery to be able to manufacture those products. So it's purely molded value-added bras.

**Prerna Jhunjhunwala:** Understood. What is the kind of investment you're doing? And initially, what kind of revenue are you looking at from this investment?

**S. Chenduran:** So in terms of revenue, it's a little too soon to talk about that. So, we have orders which can fulfill 200 machines capacity at the moment, but the investment will only start from September, October. So by the time it comes to a full-fledged production in terms of generating revenue, it will be next financial year.

In terms of investment, we already have the building within the entity. So it will only be acquiring machineries from an existing setup from an existing factory who are leaders, pioneers in these products. Acquisition in terms of the machinery and the team partly. Investment, I think it shouldn't be more than INR 10 crores kind of investment. That's the maximum.

**Prerna Jhunjhunwala:** Understood. Thank you.

**S. Chenduran:** Thank you.

**Moderator:** Thank you. The next question is from the line of Rehan from Coheron Wealth. Please go ahead.

**Rehan:** Hi. Am I audible?

**Moderator:** Yes, sir.

**Rehan:** Hi, sir. Good afternoon, Balaji sir. I had just a couple of questions on the business and how it's shaping up. Considering now that the tariffs have also rolled back and we're getting some benefit on the same, you had mentioned it was a 90- to 120-day lag. So do we see Q2 onwards margins to come a little better than what they are at the moment? Or how will it be for Q2, Q3 going forward?

**V. Balaji:** See, with respect to margins, we have already guided for a consolidated like garment division that is between Young Brand and S.P. Apparels put together, we will be anywhere above 15% for the whole year. Even including Sri Lanka business, we should be 15% EBITDA margin. And with respect to Q2 performance, we feel that Q2 will be better than Q1 on the top line.

**Rehan:** Noted. And there were some hindrance that considering tariffs were uncertain and the geopolitical reasons, we had slowed down the capex across Salem and other entities in India. Are we back on track to complete Salem and India for the machinery for the base business?

**S. Chenduran:** So yes, we are back on track on that front. We've restarted the work on the projects on the Young Brand side since April and the Salem facility has started since last month. It's doing the trial production, but at some point in the next three months, post Diwali, it should be running to the full capacity what we planned for the Phase 1.

**P. Sundararajan:** So, this is with regard to Young Brand Apparels, we have Palladum approved factories, which, as we said, it is yet to be commenced, there is so. But with regard to the SPAL division, yes, we have already started the Sivakasi factory and slowly, it will reach a saturation, then we have a plan to increase to another about 400 machines over a period of next two years' time. And with regard to Sri Lanka, at the moment, we have taken silent period for everything to settle down for another one year.

But however, in the meantime, in Sri Lanka, the advantages we can go for job work with the customer approved factories without any investments and without any risk on the operations. So that is one more opportunity we are getting. So probably within 1 year time, we will be able to increase another about 500 to 600 extra machines as a job work flow. So, this will add additional sales in the top line.

**Rehan:** Understood. Thank you for the clarification. So, the 750 machines that Balaji sir mentioned in the beginning was split across India and Sri Lanka? Or was it only India?

**V. Balaji:** No, it's only India.

**Rehan:** Okay. And what's the current machines in Sri Lanka at the moment?

**V. Balaji:** Current machinery in Sri Lanka is around 1,650 machines.

**P. Sundararajan:** Out of which 1,300 is use for exports.

**Rehan:** 1,300. And at the moment for the quarter, how much was contributed from Sri Lanka?

**V. Balaji:** In terms of machines or sales?

**Rehan:** Top line. Sales.

**V. Balaji:** Top line, we have a revenue of INR 25 crores on the top line from Sri Lanka.

**Rehan:** Okay. And for this year, is it fair to estimate that you had mentioned that INR2,000 crores guidance for FY27. In Q1, we've done about INR 400-odd crores of revenue. So that takes the trajectory on an average of INR500 plus for the next 3 quarters consecutively around INR 530 crores, INR 550 crores range. I know it's not linear, but I'm just saying that that's how it optically looks on the numbers. Are we confident of achieving that number? Or would you like to, you know, give us a little more clarity on the same, please?

**V. Balaji:** No. You see, on a consolidated basis, we have given a guidance of INR2,000 crores and what we have achieved for the first quarter is only INR400 crores. But we still feel that second half will be the time where we will achieve better results. What we lost in first quarter, we will be able to achieve in the second half.

That is what we are aiming to. And we still feel that we will be in a position to complete our guidance by end of March '27, we will have a top line of INR 2,000 crores. That is what we still believe.

**Rehan:** Thank you, sir. That's very encouraging. And if I can just ask one last question, what would be the EBITDA from the Yarn division for the quarter?

**V. Balaji:** Yarn division for the current quarter, it was around INR 7.5 crores for Q1FY27 .

**Rehan:** Sorry, sir, I couldn't hear you. INR7 crores?

**V. Balaji:** INR 7.5 crores.

**Rehan:** Okay. Okay. So, you have not mentioned the order books of each of the businesses in the opening remarks. Could you give the order book?

**P. Sundararajan:** Yeah. Close to around INR 430 crores.

**Rehan:** Okay. For SPAL, right?

**P. Sundararajan:** Yes, SPAL. And for Young Brand, Chenduran, do you have any idea?

**S. Chenduran:** Currently we have order book of around INR100 crores.

**P. Sundararajan:** Yes, INR100 crores. And SPUK, the order book is about –INR 60 crores

**Rehan:** Okay, sir. Thank you so much.

**P. Sundararajan:** INR 70 crores. So total order book is about say INR 570 crores.

**Rehan:** Okay, sir. Thank you so much. Thank you.

**Moderator:** Thank you. The next question is from the line of Raman KV from Sequent Investments. Please go ahead.

**Raman KV:** Hi, sir. Can you hear me?

**P. Sundararajan:** Yes.

**Raman KV:** So, one of the things which I have noted during the quarter is that our Young Apparels Brand sales volume has declined sequentially. Hello, can you hear me?

**S. Chenduran:** Yes.

**Raman KV:** Yes. So on a sequential quarter basis, our Young Apparels Brand volume has declined.

**P. Sundararajan:** Young Brand Apparels, YBA. Go on.

**Raman KV:** Yes, Young Brand Apparels – yeah, the sales volume has declined. Is this attributed to anything? Can you be specific with respect to that.

**P. Sundararajan:** Over to Chenduran.

**V. Balaji:** So, you're comparing year-on-year number? Year-on-year...

**Raman KV:** No, no. I'm talking about sequentially.

**V. Balaji:** Sequential, you're looking at 5.2 million versus 5 million pieces.

**Raman KV:** Yes, yes.

**V. Balaji:** We did have issues with the U.S. tariff during the month of January and February. That's why the orders were a little low during the month of January.

**P. Sundararajan:** YBA is 100% American market.

**S. Chenduran:** Yes. So customers were holding back in terms of what's the situation is they all knew that there's going to be improvement on the tariff situation with the reversal. So they held back for 1 month, 2 months on placing the orders. So that effectively fell in March, April, partly in May. That's the reason, but there's a lot of fact to which they held up, which is happening in Q2 and Q3. So they were just holding the orders because of expectation of the tariff reversal for 2 months. They weren't able to release purchase orders. And that's the impact we had in March, April and May. So it's half of May, which is 1.5 months of Q1. Yes.

**Raman KV:** Understood. And sir, my following question is with respect to our Garmenting division margins. Despite our lower utilization and lower revenue, our margins were 17.6%. So can we expect this to be a normalized margin? Or is this a one-off?

**V. Balaji:** So with respect to Garment division, we are guiding for a 15 percentage margin.

**Raman KV:** Yes. So I just want to understand was there any one-off during this quarter due to which we had increase in the margins?

**V. Balaji:** No, there's nothing to do with one-off things, but the margins is purely with respect to the improved efficiency because there is a change in the product mix.

**Raman KV:** Understood. And can we expect the net sales realization to be around INR 150 per piece?

**V. Balaji:** That is purely product driven. It cannot be looked at the average rate because if I'm doing more adult, then the realization will be on the higher side.

**Raman KV:** Understood, sir. Thank you.

**Moderator:** Thank you. The next question is from the line of Amish Kanani from Knowise Investment Managers. Please go ahead.

**Amish Kanani:** Yeah. Hi, sir. Congrats on margin improvement for the quarter, sir. Sir, last quarter, you did mention about encouraging inquiries starting even from Europe as a long-term sourcing given that we are based both in India and Sri Lanka. So one given that there is already a traction from U.K., which is a very small market. How do we see this pipeline of inquiries and, you know, probably a long-term order sourcing? How are we preparing for that eventual EU treaty, which you said may be expected by end of this fiscal year, maybe a quarter here and there. But one, how is the current scene? How are we preparing for the growth that may happen in the next fiscal?

And a related question, sir, is, given that we have a base in U.K., but it looks small in size, does it help, you know, one, that base to be used for eventual much bigger outsourcing emerging from Europe? Or are we thinking about setting up newer basis beyond U.K. for these, kind of, export inquiries?

**V. Balaji:** So, with respect to your last question, yes, SPUK is today looking small. But see, SPUK division doesn't contribute only towards the trading business. It helps us support with respect to design support because they work on the design side also. So, it's not about only trading business, but it is also a support which we take with SPUK's help on the design side for our existing customers for India operation.

**P. Sundararajan:** SPUK has got a great potential, post-COVID, only now it is slowly picking up, so the sourcing strategy of all the retailers are changing. For example, Marks & Spencer has clearly said that now they are looking for three things from any new supplier or existing suppliers. One is the track record. And the second thing is the financial strength and third one is product development and design support. And the fourth one is they are locally available for them. So that is their strategy. So we fit into all the requirements. So this is one example.

Same way everyone is however changing their mind to not to source more through the local offices rather than direct manufacturing. So the things are changing. And as I told you, now SPUK has got about four customers and now another three are adding up.

So, seven customers and these volumes are unlimited because there is no capacity limitation since they are placing the orders to so many factories in India and Sri Lanka. So the capacity is unlimited. And so it has got a great potential. As I told you in the next 3-5 years' time, we will easily cross GBP 50-60 million.

**Amish Kanani:** Correct sir. And sir, about the potential EU pipeline on the ground situation currently? And how are we preparing for it?

**V. Balaji:** So firstly, already in the beginning, we have clearly indicated that we have put up capacities in India to an extent of 6,000, maybe 5,750 something. And we have added machines in Sri Lanka to an extent of 1,650. We can go up to 2,000 there.

And India, we can add another 10 machines every factory, we can add another 300. So, roughly 6,000 in India, 2,000 in Sri Lanka, 1,750 in Young Brand Apparels. So, we have a potential and have invested into for a 10,000-sewing machine capacity. So, we are set for next 2-3 years, and we are ready to absorb whatever comes in our way.

**Amish Kanani:** Sure. That's very encouraging. And sir, last question before I move back in the queue. On the uncertainty on the U.S. side, you did mention a little bit less. There was some in month of January and February, but some exporters in India have started to actually get a refund also if they have exported in U.S. The question to you is how are we kind of -- how are we facing the situation on the ground as far as the exports to U.S. is concerned, sir?

**P. Sundararajan :** Chenduran?

**S. Chenduran**: Sorry, can you repeat the question again? Sorry.

**Amish Kanani:** The uncertainty on the U.S. side was there more so in the first two, three quarters. And there are these reports about another set of uncertainty, which might come because of the bill that they have passed, which might affect us. So, the question is, one, on the ground, how is it happening? And what is the outlook for, say, next six months based on the current situation, sir -- exports to U.S.?

**S. Chenduran**: Yes. At the moment, whatever interactions we've had with the customers, they are not expecting that to happen. But also, they are cautious in telling us that it's very unknown in terms of uncertain in terms of how the Congress or the President, they take decisions and if the bill gets passed. So at the moment, they are not seeing it as a problem, but they're also clear that they can't be 100% certain what will happen three months or four months down the line. So as it stands, the order book is safe. We've got orders until January, which is booked, but we have to wait and watch. There's nothing on the ground level that the customers can say.

**Amish Kanani:** Sure. So it's cautiously optimistic kind of scenario. Okay. Thanks a lot.

**S. Chenduran**: It is, yes. Correct.

**Amish Kanani:** Thank you, sir.

**Moderator:** Thank you. The next question is from the line of Bhavin Chheda from Enam Holdings.

**Bhavin Chheda:** Yes. Good afternoon, sir. Overall, good recovery in margins and the traction you're seeing in the other businesses and also strong guidance for FY27. Sir, regarding your top line guidance of INR 2,000 crores, what kind of infant export volume and Young Brand volumes you are looking in FY25?

**Bhavin Chheda:** Sorry, in FY27, what kind of volumes you are looking, infant export volumes and Young Brand volumes in number of pieces?

**V. Balaji:** See, since Young Brand is more underwear, we can't give you the exact volume with respect to the growth year-on-year. What we are looking at is that last year, we have performed that INR 300 crores of revenue. We should reach anywhere between INR 340 crores to INR 350 crores of top line.

**Bhavin Chheda:** Okay. And infant export value, I think last year was roughly around INR 955 crores, that any guidance there?

**V. Balaji:** INR 1,100 crores was last year number. And we are expecting to reach INR 1,300 crores to INR 1,400 crores this year.

**Bhavin Chheda:** Okay. Regarding the interest cost was slightly higher this quarter at INR 15 crores. So anything...

**V. Balaji:** It was on a consolidated basis where we have taken a hit because of exchange volatility. So my packing credit, which is in INR, when I'm restating it, I'm taking a hit of around INR 1.75 crores.

**Bhavin Chheda:** So quarterly run rate of INR 9-10 crores interest will be back from quarter two?

**V. Balaji:** Yes. On a consolidated basis, we should be anywhere between INR30 crores to INR35 crores.

**Bhavin Chheda:** For the full year?

**V. Balaji:** Yes, for the full year. Yes, correct. Without the exchange loss.

**Bhavin Chheda:** Okay. Thank you, sir. Yes.

**Moderator:** Thank you. The last question is from the line of Ayush Goyal from CAVI Capital. Please go ahead.

**Ayush Goyal:** Hi, thanks for taking my line. So, since you're projecting the growth to pick up from H2, is this growth already backed by orders? Or are we in preliminary discussions with the clients?

**P. Sundararajan:** Yes. I think we are already backed by orders for next four, five months. Like we said, the order book currently is about close to putting all together is about INR550 crores. So that itself is an indication of the level of top line expected. And the second half is generally after the -- this is a situation after effect of the U.S. tariff thing and then FTA introduction. So all these things are going to be effective from second quarter onwards. So we are already booked until October. We are fully booked, and we are open for November onwards. And I think even if we fill the capacity, automatically the top line has to come. And we don't see any issues with regard to the order booking.

**Ayush Goyal:** Okay. And I think I missed the order breakup that you stated earlier on the call. Like what's the order breakup between standalone and Young Brands?

**V. Balaji :** So, Young Brand has an order book of INR 72 crores and S.P. Apparels India has got an order book of INR 430 crores.

**P. Sundararajan:** Yes, that is SPU.K. is about INR70 crores and YBA is about INR 100 crores.

**Ayush Goyal:** Okay. That's it. Thank you, sir.

**P. Sundararajan:** It's about INR 600 crores.

**Moderator:** Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to the management for the closing comments.

**P. Sundararajan:** Thank you. I would like to thank everyone who has participated and showing interest in your company, and we look forward to support us, and we are very confident that our forecast is looking very bright and achievable. So with this, I would like to conclude the con call. Thank you.

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