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PGIL/SE/2024-25/52

Date: August 20, 2024

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MUMBAI - 400 051

Reg: Scrip Code: BSE-532808; NSE - PGIL

Sub: Transcript of Conference Call

Dear Sir/Madam,

In continuation to our letter dated August 13, 2024, regarding submission of audio recording of the call conference held with Investors/ Analyst on August 13, 2024, to discuss Company's un-audited financial results for the quarter ended June 30, 2024, please find enclosed herewith the transcript of the aforesaid Conference Call.

You are requested to take the same on your records.

Thanking you,

Yours faithfully,
for **Pearl Global Industries Limited**

Shilpa Budhia

Digitally signed by Shilpa Budhia
Date: 2024.08.20 18:04:12 +05'30'

(Shilpa Budhia)
Company Secretary & Compliance Officer
ICSI Mem. No. ACS-23564

"Pearl Global Industries Limited

Q1 FY '25 Earnings Conference Call"

August 13, 2024

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 13th August 2024 will prevail."

MANAGEMENT: **MR. PALLAB BANERJEE – MANAGING DIRECTOR**
MR. SANJAY GANDHI – GROUP CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day and welcome to the Pearl Global Industries Limited Q1 FY25 earnings conference call. 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 date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict.

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

I now hand the conference over to Mr. Pallab Banerjee, Managing Director of Pearl Global Industries Ltd. Thank you and over to you sir.

Pallab Banerjee: Thank you. Good morning everyone. I welcome you all to our Q1 FY25 Earnings Conference Call. Along with me we have our Group CFO, Mr. Sanjay Gandhi and SGA, our Investor Relations Advisors. I hope all of you have gone through the investor presentation uploaded on the exchange and our company website.

I am pleased to announce that our growth momentum persisted for Q1 FY25, resulting in our highest ever Q1 and quarterly revenue, adjusted EBITDA and the profitability. For the first time, we surpassed INR1,000 crores in quarterly revenue and INR100 crores in quarterly adjusted EBITDA on a consolidated basis. During this quarter, we saw a 17.7% increase in revenue. Overseas revenue increased by almost 22% and India revenue increased by 7.3%. Once again, this is a proof that our strategies are working well and a testament to our competitive advantage as a global manufacturer.

Our sustained growth, despite challenges at the industry level, is driven by the leveraging of core strengths of multi-country presence, multi-category products, in-market design expertise and strategic customer relationships. This growth primarily stemmed from increased orders from our existing customers yielding better relationships as well as better wallet shares from the customers which we have added over the last five years.

Let me start with an overview of the industry. The textile and specifically the apparel retail and its supply chain is currently undergoing some significant challenges. This includes shipping delays, increased costs, higher container costs, higher energy prices and inflationary pressures affecting global economies and hence the consumer spending.

Overall, the raw material prices remain stable for now with exception of the linen fibre which continues to be an inflationary trend.

The US retail market showed resilience in 2024 with the retailers clocking almost 2% of year-on-year growth January to May period but June sales are up by almost 4.3% and most of the prominent retailers have already optimised inventory levels.

So, we are estimating that their buying numbers will continue to be healthier for the rest of the year. On the contrary, we have the recent data on inflation, unemployment rate and the consumer confidence index of US. These have not been favourable. These add to the already rollercoaster experience as we move closer to the US election. So, most of the US retail industry leaders are maintaining a cautiously optimistic stance. Year-to-date apparel imports into the USA are down by almost 7% year-on-year for the first six months. Now, this is expected to improve in the second half of the year.

Moving on to the UK retail situation, this market grew last year by almost 5% and has shown a further growth of 2%-3% for the first six months of this year. However, if we look at the import numbers of apparel for January to May, that is showing a downtrend of 12% year-on-year.

So, this is estimated to improve over the next months second half of the year. Similarly, we noticed the imports by the European Union is down by almost 7% and Japan down by 9%. Now, again, both of these cases like what we are seeing, the retail is flat or improving. So, both these again, these numbers of imports should improve for the rest of the year.

Now, the Red Sea situation, the closure has increased the cost of transportation for the retailers of US and UK and the Western countries, but it has not impacted our costs as all our shipments operate under FOB terms. The key for us is to deliver goods faster. Customers are now expecting shipments at least a week earlier to account for this additional time required to reroute their vessels around the African continent.

Further challenge in recent months is also the cost and availability of containers. Our manufacturing facility in Guatemala with a transit time to the USA with just over a week is attracting increasing interest and inquiries from our customers. However, the capacity of my Central America remains limited and is only a fraction of what we have in Asia.

Now, moving on to Bangladesh, the recent curfew did cause a closure of our factories for a total of six days. There was a loss of productivity during these closures. We plan to recover this loss in the coming days and weeks. There has been no damage to any of our property and our focus remains on minimizing the impact to our customers.

We have already cleared all imports from the seaports and trucked out all export cargo to the ICDs with more goods on the way as we share this update to you. All our factories are working at full strength with high attendance. The textile industry in Bangladesh do have some advantages compared to other geographies, which will further keep them ahead of the competition. The textile industry has become a major sector of Bangladesh's economy.

It represents 84% of their total export and 15% of their GDP. It is still lower in terms of cost and reasonably good efficiencies and productivity if I compare it with other geographies. The skilled workforce and well-experienced middle and lower level management staff is easily available. Bangladesh has been improving their logistical infrastructure by leaps and bounds in the recent months and years and it has got favorable trade agreements.

We believe that whichever government is formed in the country, they will take adequate and fruitful steps towards maintaining their edge of the garment and textile industry. Thus, looking at a high weightage of the industry has an overall economic performance.

Moving over to Vietnam, we will maintain our growth trajectory. However, at a more consistent pace, we will continue to expand this market for us while focusing on delivering exceptional service to our high-end customers. Indonesia is set to regain its performance levels after a decline over the past two years.

India this quarter experienced a higher percentage of absenteeism and attrition at our factory levels and this has been due to the prolonged election and the very high temperatures that India experienced this summer. We also experienced the increase in wages and DA across all our states. All this resulted in additional manufacturing costs and some potential delays. We have managed to avoid any major delays and air freights.

Now, long term, Indian government is prioritizing garment manufacturing as an important contributor of employment growth through various initiatives. We enhanced our existing capacities in the states of Haryana, Karnataka and Tamil Nadu over the last year. And going forward, you will see us investing and starting production in other states like Bihar, Orissa and Madhya Pradesh, where there is an availability of labour force and is relatively less expensive than our existing production locations.

Also, recently we successfully completed our Qualified Institutional Placement. We raised INR149.5 crores. This QIP attracted a range of prominent investors. We remain committed to investing in operational improvements, enhancing the governing process, digitization of all our factories and improving our financial rating. Our dividend and capital allocation policies are already very well defined. Having announced our strategic plans and objectives for 2028, we believe we are progressing steadily and solidly towards our goals.

We will continue to expand our relationships with our customers, who are strengthening their position in the global market. Our focus will be on consistently surpassing our previous records in revenue, capacity and efficiency, which will directly contribute to enhancing our bottom line profits.

Now, I will hand over to Mr. Sanjay Gandhi, our Group CFO, who will walk you through the Quarter 1 financials for the Fiscal Year 2025. Sanjay, over to you.

Sanjay Gandhi: Thank you, Pallab. Good morning, everybody and welcome to our earning calls for Quarter 1, FY25. I would like to start by sharing our financials and operational performance for the quarter. Starting with the consolidated financials, we are happy to report the best-ever Quarter 1 and quarterly performance in terms of consolidated revenue, adjusted EBITDA and profitability for Q1 FY25. Our consolidated revenue reached INR1052.8 crores, a notable increase from INR894.2 crores in Q1 FY24. Revenue for this quarter increased due to increase in overseas revenue by 22%, led by growth in sales in Bangladesh due to healthy growth in business for most of the customers. This represents a growth of 17.7% growth in consolidated revenue, marking our highest-ever revenue for a first quarter trendsetting records for quarterly revenue.

For the first time in our history, since we have achieved quarterly adjusted EBITDA, surpassing INR100 crores mark and stood at INR100.4 crores, which is a growth of 18.8% year-on-year. Adjusted EBITDA growth year-on-year is in line with the revenue growth.

Adjusted EBITDA excludes ESOP expenses of INR2.1 crores in Q1 FY25 and INR1 crores in Q1 FY24. PAT for the quarter stood at INR61.9 crores versus a PAT of INR47.4 crores in Q1 FY24, which is a growth of 30.8% year-on-year. However, if we look at PAT after minority interest, it stood at INR65.3 crores in Q1 FY25 compared to INR48.1 crores in Q1 FY24, a growth of 36% year-on-year.

During the quarter gone by, volume increase is led by increase in the knit business and the average realisation is lowered due to the change in product mix. Woven 58%, knit 42% in Quarter 1 FY25 compared to woven 73%, knit 27% in Quarter 1 FY24.

Coming to the standalone financials, in standalone performance for Quarter 1 FY25, revenue increased to INR276.2 crores compared to INR257.5 crores in Quarter 1 FY24, representing a 7.2% year-on-year increase due to growth in business with new customers.

Adjusted EBITDA witnessed a decline of 34.3% year-on-year to INR13.3 crores in Quarter 1 FY25 with adjusted EBITDA margin at 4.8%. This was impacted due to low productivity in a couple of our factories.

PAT for Quarter 1 FY25 rose to INR15.9 crores reflecting an increase of 37.1%. Please note we had an exceptional gain of INR5.5 crores due to sale of non-core assets during the quarter.

Furthermore, we would like to inform that Pearl Global Hong Kong Limited, Hong Kong is a material subsidiary of the company, has appointed M/s. Deloitte Touche Tohmatsu as its statutory auditor for the year ending 31st March 2025. Our focus continues to have robust governance control.

As highlighted earlier, we had completed our QIP and raised INR149.5 crores from marquee investor and we deeply value the confidence our investors have placed in us.

I am now happy to take any questions you may have. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: Thank you, sir, for the opportunity and congratulations on a solid set of numbers. So, just to understand, I mean, I understand we have lost some few days in Bangladesh due to the unrest. So, I just wanted to understand what is the growth going ahead and how -- so we would have got a reasonable idea of how orders for the winter wears that would come from US, UK. So, if you could just give us an idea, how would the winter pan out this time around?

Pallab Banerjee: Specifically, you are talking about Bangladesh or in general for all regions?

Vignesh Iyer: Yes. So, firstly, immediate basis, how our performance, how our volumes might get impacted due to Bangladesh and on more from a medium-term perspective, how the January, February, March quarter will pan out because if I understand right, we get it like six months before we have a reasonable idea how the orders are and how the demand is from US and UK. So, both perspectives?

Pallab Banerjee: Got it. So, as I just mentioned, let me just -- second part of the question I'm replying first, which is the general market trend that we are seeing. Definitely, like last year was extremely tight because of the over inventory situation that we saw in a couple of countries, especially the US. And I think that part is behind us. So, in general, what we are seeing is definitely the order flow is much greater compared to last year. In fact, we have planned a growth and we are solidly on track with that growth plan.

So, I don't see a big reason of concern at this point of time unless until something, some other surprises sprung up across the world. So, that's something I think what we're looking at across most of the regions. I'm talking on behalf of US, UK, Europe, Australia, Japan. So, I think its business is at this point of time quite normal compared to what we have seen last year.

The first question that you had about what's happening in Bangladesh. So, Bangladesh, we had a disruption. So, for example, five complete days we lost of production. We had to shut down because of curfew and then one day we could only run partially. So, that's why we consider that six days of production loss.

But I think over the next few weeks with additional overtime and working on a holiday kind of thing situation that we do normally in such extreme situations, we are confident of making up this production loss. To our customers, what we have given the plan, there are very few delays that we're experiencing. So, we are well in control.

There could be a little bit of over expense that might happen to make sure that we are doing this kind of overtime or maybe a little bit of an adjustment in the shipments and all but not a very big impact at this point of time. In terms of what is happening currently, I think what we are seeing is very good turnout of people in the factory. So, in fact, normally we see about 2% to 3% of absenteeism in our factories.

But since the time that we opened up after the curfew, the attendance has been even better. So, that's something encouraging. People do want to work. The workers are quite serious, in terms of all our factories are running at full strength at this point of time. We haven't seen any problem in terms of any logistics or any movement of material or movement of personnel.

Most of our staff, like a lot of people from India are staying in Bangladesh also. Some of them did come back because there were a lot of concerns when this curfew and when this change of government happened. But most of them are now back and things are quite normal. And some of them continue to stay in Bangladesh because we immediately started our factory as soon as we could.

So, that way, like we haven't seen much of problem in Bangladesh as of now. Does that answer both of your questions?

Vignesh Iyer: Just one more question from my side. So, we have seen almost an 18% growth on Y-o-Y basis on a volume plus realization that is value part of it. So, if you could tell me what is that volume growth that we have seen on Y-o-Y basis and is this number sustainable going forward on a Y-o-Y basis?

Sanjay Gandhi: So, volume growth is 35% is what we have seen here, and I think we mentioned that as a part of our three-year strategy, much of the growth in revenue will be driven largely from the volume growth. And the realization is a function of the product mix which is in that particular year. And if you look at our February '24 Analyst Meet, we have mentioned clearly the product mix which will be likely to be 60-40, 60 woven-40 knits business .

And our all projections till FY28 was based on the volume growth driven and definitely, since it is in line with our strategy, it is sustainable in that way towards our objective what we have set forward.

Vignesh Iyer: Okay, got it. That's all from my side. I'll get back in queue. So, then all the best.

Sanjay Gandhi: Thank you.

Moderator: Thank you. The next question is from the line of Palash Kawale from Nuvama Wealth Management. Please go ahead.

Palash Kawale: Thank you for the opportunity sir and congratulations on good set of numbers. Sir, my first question is on Bangladesh again. So, do you see any change in plans in terms of your capital allocation or are clients pushing us to like get out, like supply them from other countries because of the recent civil unrest or do you see things to be as we had planned earlier?

Pallab Banerjee: As of now, we haven't faced any pushback from any of our clients. But yes, in general, I think that's the sentiment that you expect when this kind of disturbance happens. The kind of strategic relationship that we have, we got immediately supporting messages from our customers and we had the dialogue like if anything becomes prolonged in Bangladesh, then we can shift some of our business from Bangladesh to our other regions.

So, that dialogue we were ready with. Our planning and our backup was always there, but we didn't have to go that route. Things became quickly very normal and the productivity and everything is quite smooth and I think totally as per our plan. In terms of future capital allocation, like what we had in terms of before this revolution or before the change of this government. So, we are not changing big time any of our capital allocation across all the regions as of yet, including Bangladesh.

So, although like, we were not very aggressive in one region at the cost of other. So, that was never our plan. So, we have incremental growth in all the regions and that we will continue unless until we see there's a big change.

Palash Kawale: Okay, sir. Thank you for that. And sir, what was the contribution from partnership model in this quarter and what was the contribution in Q1 FY24?

Sanjay Gandhi: So, we have given that detail as well. So, partnership factories are contributing around 21% in Q1 and 79% in house. So, this is in terms of the volume.

Pallab Banerjee: Overall, Yes, this particular quarter you see that a little bit of higher contribution from the partnership factor because we experienced a growth in our numbers and as we adjust our production lines to grow. So, yes, this particular quarter we have a slightly higher number of partner factory contribution.

Palash Kawale: And sir, how do you, how should we model FY25 volume number since the volume growth is so high in first quarter? So, are you confident of maintaining this trend?

Sanjay Gandhi: I think what we have said for the three-year period from -- in our meeting last week and we continue to be that, overall on an annual basis we are saying 12% to 4% (wrongly said, kindly read it as 14%) of revenue CAGR is something which we are confident of achieving over a period of three years. I think to be in line with our strategy it is better to keep that model in place. Of course, there will be some positive surprises if it comes in any quarter.

We'll be happy to communicate periodically. But to really look at from the long-term perspective, we would like to keep our guidance of 12% to 14% CAGR in revenue growth and EBITDA of 10% to 12% by FY28 if we will -- we are optimistic about achieving that.

Palash Kawale: Okay, sir. Thank you for that. And so my last question is how is seasonality for Pearl since we have both knit and woven. So, quarter wise, how do we see the seasonality?

Pallab Banerjee: So, Pearl manufactures seven different categories, right from outerwear, knits, woven, tops, bottoms, children wear. So, when we talk about the seasons of outerwear to the Western countries, then the dollar wise, you will see a little bit of jump might happen because the FOBs are much higher compared to the spring-summer seasons. But I think in general, we don't see a huge swing in our total consolidated numbers.

Normally, for the spring-summer region, like India region becomes much stronger. For the fall holiday region, when the outerwears are high, they tend -- Vietnam or Bangladesh where a lot of denims and bottoms happen, that summer. So, more or less, it compensates each other. Maybe a little bit of variation that you might have, but not a major.

Palash Kawale: Thank you, sir, for your detailed answer. That's it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Bhavya Gandhi from Dalal & Broacha Stock Broking. Please go ahead.

Bhavya Gandhi: Yes. Hi, sir. Thank you for the opportunity and congratulations on a good set of numbers. A couple of questions from my end. One with respect to what was the revenue contribution from new customers in this quarter? And how are we seeing these numbers move from last maybe three, four, five quarters? If you can throw some light on that?

Sanjay Gandhi: Yes. You're looking at, sorry, just to understand, your question is less than five-year customer and more than five-year…

Bhavya Gandhi: Yes, that is what I meant.

Sanjay Gandhi: For us, you know, the real yardstick to measure this number is for the full year basis. If you recall, our last presentation, we mentioned in FY24, we had 44% of the revenue coming from less than five years, and more than five years is 56%. Now, what will happen over the period of this year, where Financial Year '25, some of the less than five years will get converted into more than five years, because they have been with us for now almost four, four and a half years, as when we mentioned in the last time.

So, gradually, there will be shifts. But at the same time, we are working on additional new customers, so that will happen. But it's a journey which takes over a period of 12 months' time period. So, we would like to mention that last year, at the 31st of March, for the full financial year, less than five years, we're contributing 45%, 44%. And more than five years, we're contributing 56% of our group revenue. As we started this journey, this 44% is gradually becoming, migrating to the more than five years.

But we will see the real picture coming up at the end of the five years as to how the overall numbers look like. It's better to look at a full-year basis.

Pallab Banerjee: So, conceptually, I can explain a little bit more. You know, what happened was in 2019 onwards, as we built up the strategy to take Pearl towards our goal of growth and achieving the number that we have stated. So, we had introduced and we had approached a lot of new customers at the same time. So, that bunch of customers gave a good run now. And some of these customers are becoming much more strategic.

So, that means they are becoming very sizable and maybe like top two or top three customers of ours. So, that part will continue to grow. And then over this last couple of years, two or three years, again, we have introduced some customers who may not be going into the strategic level. But will continue every year, we continue to add, like we see the map of all the customers across the globe, who are the customers who are doing financially strong.

And where we can definitely add value to them and they can be a good partner to us. So, that process is on. But this huge jump of or an infusion of new customers that happened in 2019-2020, that is now overall, like as Sanjay just explained, will go beyond five years now. So, that, we'll see a little bit of fluctuation out there, but this number would, I think, be in this region, more or less, going forward as well.

Bhavya Gandhi: Let me ask you in another way. I get your point, but how big can this customer base be? I mean let's forget about 4 years, 5 years or 7 years. The new customer addition that you've done after 19-20, how big can they become? I mean in terms of revenue it would be closer to INR1,500 crores, INR1,600 crores on an annualized basis. So can it be like INR7,000, INR8,000 crores or we will peak out at INR2,000 crores 3000 crores if you can throw some light on that in terms of absolute number?

Pallab Banerjee: So in terms of individual customers like if I talk about so there are what we do, we always introduce customers like who could be in my top five. And by top five I mean that eventually they should have a runway to do about USD100 million. So, that means 100 million would be how much INR800 crores. So that would be I think is a fair estimate. Of course, there are a few like Walmart and Target who can be even USD200, USD300 million dollars also if we can service them well.

But at this point of time our target is to have this top three or four customers which should be in the 100 million mark and then my second tier of customers should be in the range of about 40, 50, 60 in that range, USD40 million to USD60 million range. And then comes the tactical customers who should be in the below USD20 million as you say.

So that's how like we classify our customers. We always try to have when we're infusing some new customer we want to see like over a period of maybe 4 years or 5 years, what is the runway? Can we be a USD50 million customer for us or can we be a USD100 million customer for us? That's how like we go through this process. So we do have identified like who those three would be, who could be more than 100. Who are those five or six who should be in the range of 50 and then, of course, there's always the bottom of the pyramid where we'll have anywhere between 0 to 20.

Bhavya Gandhi: Got it. So, let me again I'm just trying to understand how directionally we'll be moving. So that the three customers of USD100 million that you are saying, what is the current size as of now? Are they like a USD20 million customer or already they've reached 50 million?

Pallab Banerjee: So one of them has touched 100. The second one is about to touch 100. The third one is crossing at this point of time, maybe around 55-60 mark move towards 100. So like that similarly the one which will be crossing 50-60 wherein one of them is at least around 40 at this point of time. Some of them are in the range of about 35-40 in that range. So, yes, that's the kind of mix we always maintain in terms of a strategy.

Bhavya Gandhi: Okay. And in terms of percentage of their total procurement how much would we be as a part of their total procurement cost? I mean because I believe they might be working with at least 25-30 vendors and they would not allow you to penetrate within?

Pallab Banerjee: So, that you see like from their sourcing or procurement point of view they would maintain us in the single digit of their share. So rarely it goes into double digit, but yes there could be either high or low single digit.

Bhavya Gandhi: So we have some room to penetrate in terms of percentage?

Pallab Banerjee: Of course.

Bhavya Gandhi: Yes. Okay. So, I mean, if we extrapolate all these numbers putting together so we believe, I mean 12% to 14% would be on the lower side of revenue guidance? I believe we can even grow at a faster pace than this. I mean I'm just indicatively asking that we have the ability to do it. Whether we may do it or no is a different thing.

Pallab Banerjee: Yes. The opportunity will definitely I would say, exist like how we play our cards and how we strategize ourselves like overall in terms of our infrastructure, in terms of our strength, in terms of our serviceability. We do not want to go for a very aggressive growth and then may not be able to service them. So that also is very important in any industry.

So, yes that's how like we have planned in that range, but yes like if it's a couple of percent more or maybe like 4%-5% more possible we should not lose that opportunity, but yes we will not go for a very high aggressive and over commit and under deliver. That's the situation that we would like to avoid. I think at this point of time the market is in such what I'm seeing, yes, anywhere 12 to 14 or maybe a few percentage higher is possible easily.

Bhavya Gandhi: Got it. And sir are we seeing any consolidation.

Moderator: Sorry to interrupt you sir may I request you to rejoin the queue for your follow-up question.

Bhavya Gandhi: Perfect.

Moderator: Thank you. The next question is from the line of Parth Patel from Unifi Capital. Please go ahead.

Parth Patel: Yes. So, congrats on a strong number. So our question is when you look at this Bangladesh situation what is happening and I think in the last Analyst Day which you did in February, you gave a plan of around INR500 crores capex over the next 2 to 4 years. So can you explain strategically this INR500 crores capex which you're planning for next few years in which geographies it will go?

Because if I say Bangladesh is around 50% more than 50% of our capacity today. So this incremental capex are there any strategic changes which you are thinking of doing of this capex not in Bangladesh and other geographies going forward?

Pallab Banerjee: Between Bangladesh and India are our major contribution as of now. In India we realize that we are in places which are more expensive. So we have to move some of our factory or add factories in the lower cost region. So that’s definitely would be an important part of the capex. Bangladesh being the largest contributor almost about anywhere between 40%, 45% expectation is that it will continue to come from Bangladesh. So that will draw some capex as well there.

And then, of course, followed by Vietnam, Indonesia, and Guatemala. So we are definitely spreading our capex across all the locations. In terms of I would say is there any immediate change reacting to what has happened in Bangladesh in the last couple of weeks? No, we haven't. At this point of time, we are keeping a close watch on that. We are seeing a good traction in terms of see Bangladesh if you look at overall the readiness for the industry is much higher compared to the other countries who are there in this particular industry.

So I don't see a huge change that will happen, but yes Bangladesh also will undergo some kind of consolidation of players for sure. As the country regroups itself there will be a little bit of economic ups and downs. So during this period the smaller players or the weaker players will move away. The stronger will become much more stronger. So that's what normally happens. That's the kind of trend we have seen in Sri Lanka, in Pakistan and in other third world countries as this kind of upheavals comes once in 5 years, 10 years. We have seen that. In fact, India also has undergone it in the past.

So that's something I think is something like we will have to have a very close watch and we will definitely any investment that will happen from our side will be completely based on the

ROI. So we do a very rigorous analysis in terms of what kind of ROI is possible, what we have seen and how fast we can achieve that.

So that's something is a criteria for our decision making. So we will continue to evaluate, we will continue to analyze this and then take the steps, but yes so far we didn't have any major plans in Bangladesh. That whatever plans that we have in terms of a growth in number of lines, or incremental addition in terms of production capacity that we are continuing.

Parth Patel: So, just to understand your near term perspective, in FY25, where are you adding the capacity?

Sanjay Gandhi: In FY25?

Parth Patel: FY25, where are you adding the capacity? Which geographies?

Sanjay Gandhi: FY25, see our plan was, is, one is in India, we are adding capacity in Bihar, and the second is in Orissa, in partnership factory, in collaboration with the existing factory, which is infrastructure, which is existing there. The second is, you know, in terms of adding capacity, it will be in Bangladesh, and India also, in Madhya Pradesh. The commitment to capital expenditure will happen in this year, the capacity addition may spill over to the next financial year.

So, the commitment will happen in this financial year in Madhya Pradesh, in India, and Bangladesh also, we are exploring a good opportunity and at the right time and the right price, I think those commitments will also follow. So, that's under evaluation and continue to be under evaluation.

Parth Patel: Okay, so the concrete plans currently are in India only, right? Okay, now that, in terms of EBITDA margin, I think the long term guidance is to move to a double digit kind of EBITDA margin. But if I see this quarter, if I include the ESOP expense as operates, okay, then the EBITDA margins are the most flat, Y-o-Y right? So, how can, so what outlook on the EBITDA margins going forward in the next nine months and FY26?

Sanjay Gandhi: So, I think the way this year is, is, is coming up with respect to the capacity and utilization and efficiency and order intake. I think as we go into summer and spring season, we are optimistic about hitting a double digit EBITDA, I guess by the end of this year, and the next year should be in line with those double digit as well. Here, I'm talking about a double digit EBITDA, adjusted EBITDA, which is, you know, I think we should be, we are optimistic about achieving it by, you know, by the end of this year.

Parth Patel: Okay, fair enough. The last thing on a…

Moderator: Sorry to interrupt you, sir. May I request you to rejoin the queue for your follow up question?

Parth Patel: Okay, thank you.

Moderator: Thank you. The next question is from the line of Kaushik from AK Investments. Please go ahead.

Kaushik: Yes, thanks for the opportunity. I have a specific question to Bangladesh and a broader question. So, on the Bangladesh front, what makes you very bullish? I understand it is a larger exporter, but there are also, because I think the margins are sustained because of the tariffs and the low cost expenses, right? Employee cost expenses. So, once there was also news from the European countries that tariff will be moved out, then how does it strategically fit in our company?

That is my first question. And the next question is basically, if you see that there is also a lot of push happening in India, that you want to have a global sourcing partner from India from moving from 5% to 15%. So, how do you want to grab this opportunity?

And how much time it would take if you want to put up any additional capacity, suppose out of the world, right? If suppose something again happens in Bangladesh, right? Because we do not know about the geopolitical region, it can be anything. So, for you as a company to mitigate the risk, how fast can we add the capacity anywhere or it will take time? Can you throw some light on these three?

Pallab Banerjee: So, first is about tariff arrangement in Bangladesh. So, they have, Bangladesh has got LDC status and because of which they have a GST benefit for the European countries and UK. So, that benefit they would have till 2029, if nothing changes. If they get an extension, then it will go beyond that. Initially, there was some conversation of not extending it, but I think with the current situation that has evolved, the chances of getting it might go a little bit better. So, anyway, so let's not speculate that.

As of now, our strategy is to definitely make sure that all our calculations are on basis of it till 2029. Beyond that, when we make a project of capex and all, we take it like, you know, we take this part as a given. And beyond that, we don't take it in our calculations.

So, that is the first part of your question that you had. In terms of strength of Bangladesh, as I said, like, you know, Bangladesh has got a population which is hungry, which needs to be fed. That's the country where the food cost or the food expenses will always be higher compared to a country like India or other places where we have a lot of farming and a lot of things, variety that we can do.

So, in general, what happens economy-wise, like, you know, that segment of population which would need that work would always be there. And that's something like what we have seen when we compare the workforce in various countries. We find that, you know, Bangladesh or to a certain extent Indonesia is definitely the stability and the kind of, you know, the output that we get is much, much better.

Absenteeism, attrition, the loyalty, all these things are definitely scored much, much higher compared to the other countries like India or Vietnam or other places. So, that's something that's important for the industry. And we are very much cognizant about the fact and our decision-making or our analytics, as I said, would always be taking into consideration of all these trends.

Bangladesh, as of now, is close to about $50 billion. Most probably they will cross that. But as I said, I personally believe that that particular country, the number of players would fluctuate.

The smaller players or, you know, the fly-by-night operators or something like now may not be very serious or do not have a good connection of customers and all might reduce the business or might go out of the business. So, the stronger player will continue to become stronger and stronger. So, that's something will happen.

And that's the kind of trend that has been over my last 30 years of in-depth, you know, analysis of the industry and my career. So, that is what continues to happen in Bangladesh. And I think we will be closely watching that. And we will be making use because we are in business of making money and doing business ethically. So, if this kind of criteria is being met, then why shouldn't we do that?

Compared about India, India is a large country. Like, I think what will happen to this particular industry of ours, of garment industry, the southern part of India, like where we have like states like Karnataka, Tamil Nadu and all, if you see the factories that we are running there, a huge amount of population of the workforce started coming from the North, from states like Bihar, Odisha, UP. So those are people like, you know, migratory labor that we see very often out there. So I personally believe that as the industry should move into their home states, that would have a bigger run.

If you see like, you know, even the geographic location or geographic area or the population, if I have to compare even Bangladesh with Bihar or Bangladesh with UP or Bangladesh with Odisha, that is possible. So definitely what kind of policies, what kind of things that comes up, how government is showing lot of, at this point of time, lot of interest. But fundamentally, if you look at it, Bangladesh, it's much simpler in terms of the calculation and doing the projection because you pay a workforce their salary, their overtime and they have a pension funds.

Whereas in India, there would be a much number of other things that you have to take care of. So the complication goes up, but that doesn't mean that we can't do it in India. So, yes, there is definitely the DA revisions and the wage revisions that is continuing to happen in India and that's, we have to see. Like, today, if I look at it, India is not very, very high compared to Bangladesh, but in terms of productivity, Bangladesh has proven to be much better. The efficiency, the productivity, the middle management, the whole ecosystem is much, much stronger because they're so much bigger. So, these are some of the factors that we always look into as we plan.

The other question that you had in terms of capacity, normally to set up a factory, if I have a building or if I have a shed, to operate a factory, it should take not more than five to six months. To build a shed, maybe about a year, maybe 14 months. So that's the kind of timeline that is needed to start from scratch.

And what we do have is definitely, we continue as a company, we continue to have a capacity built up for much more compared to what my requirement is. So if you see, like our utilization at this point of time is varying between 68% to 75% in that region. And countries like Bangladesh and Vietnam, we can also utilize the outsourcing model on basically like a partnership factory where we take dedicated lines from other factories and we run it.

So that's something also is possible in these two countries. In India and all that ecosystem still doesn't exist. So, Yes, over the years, most probably our endeavor would be to develop this kind of ecosystem in India as well. Till that time, definitely we will see Bangladesh and Vietnam giving a much better performance compared to India.

Kaushik: Thanks for very elaborative answer. So you are saying that basically...

Moderator: Sorry to interrupt you, sir. May I request you to rejoin the queue for your follow-up question?

Kaushik: It's not follow-up, just reconfirming.

Moderator: Okay.

Kaushik: So what I'm saying is basically you're saying till 2029, whatever the economics of Bangladesh are very strong. I mean, for Indian companies to compete with Bangladesh would be really tough. There is an ecosystem enhancement that is needed here. And for the new capacity, whatever you want to build, it would be easier for you to build in Vietnam if suppose anything happens in Bangladesh rather than in India because of long process or whatever it is. Is my understanding correct?

Pallab Banerjee: No. A little bit of correction out there. India also like we are, as Sanjay just mentioned, like we are already going ahead with all our plans and we just started -- the plan started last year. So Bihar, Odisha and Madhya Pradesh, we are going ahead and building up our capacities out there. So part of it would be ready and operational this year and part will be operational next year.

So definitely that will be a sizable capacity that we are building up because these are the places where we also intend to do much larger capacity to building it up and which is happening. Bihar, I think, is maybe a quarter or two away. Odisha, we have started in a small way already and that's growing. And Madhya Pradesh, we have to build. As of now, the construction is going to start. So India is definitely on the cards.

What I meant was Bangladesh has the advantage of tariff at this point of time, which India doesn't have. And second, the higher productivity and efficiency because of the whole ecosystem in Bangladesh that exists, which is existing in Vietnam as well. So, yes. So I think every place has got their own strength and we will continue to utilize each location as per their strengths for our strategy of building up a much bigger business and better bottom line.

Kaushik: How many million per pieces you are adding the capacity? That's my last question.

Pallab Banerjee: So we can give that -- so we have already, in India, like all these three locations, once fully operational, would give us almost about 5,000 to 6,000 machines per day. So that's quite a significant amount of capacity which we built up.

Kaushik: So any ballpark number? Because I see it is 46 million some -- you have the figures, right? I mean, capacity-wise from India. So how would it be increased? I mean, 26 million, I think, yearly…

Sanjay Gandhi: So we have already given that. So, already, if you look at our plans to go to 130 million, 140 million and let's talk about 10,000 machine additions, I think there will be machine added in a calibrated manner. There will be phase one and phase two, which will get added. Overall, we are looking at almost 3,000 machines getting added in India in the plan which we have discussed. I think a number of this is a calculation we can share with you later in case you would like to know more details. You can please…

Pallab Banerjee: And if it comes from two shifts, it's going to do about 5,000.

Moderator: The next question is from the line of Varun Gajaria from Boring AMC. Please go ahead.

Varun Gajaria: Hi Sir, Thank you for the opportunity and congratulations for good set of numbers. How is your order book filing up right now? How is that?

Pallab Banerjee: Order book is as per our plan. I think we are on track, thoroughly on track.

Varun Gajaria: Okay. So, what would be your guidance for '25 or target?

Pallab Banerjee: So, we have already stated that we are looking for a growth, at least minimum of 12% to 14% year-on-year and with a better bottom line, double-digit.

Varun Gajaria: And what is the cotton yarn supply in Bangladesh at this point? Because we have heard some commentary from some of the yarn players that some of their orders were stuck in the last month. So, how is it panning out there?

Pallab Banerjee: I didn't get that part. Like you were saying that some of other places you have heard that… What was it that you have heard?

Varun Gajaria: That the orders that they are exporting to yarn, cotton yarn to Bangladesh, they were stuck because of the crisis. So, how is it panning out there?

Pallab Banerjee: No, we haven't faced any kind of problem in terms of logistics, of moving inward raw material or exporting. After 5th, everything has been very normal. After 6th, sorry.

Varun Gajaria: So, the impact in this quarter will be relatively minimal, I'm assuming?

Pallab Banerjee: There will be some impact, as you said, because of higher costs and loss of that couple of days of productivity. But yes, not a very big impact.

Varun Gajaria: Okay. And how is the India export market panning out? The inventory issues and everything else is behind us, I'm assuming?

Pallab Banerjee: So, India, the last two months have been quite good. If you look at the total exports of India has been double digit growth. I think overall for the year is still about I think 1% or 2% growth compared to last year. I think India should grow. I personally believe that India should grow by at least about a single-digit high number this year.

Varun Gajaria: Okay. And how long do you think it will take for India to recover to its earlier export numbers or just as a market overall?

Pallab Banerjee: No, I didn't get that question. How long India do?

Varun Gajaria: How long do you think India will take for India to recover to its earlier numbers? You know, we have been doing pretty good volumes from India also, overall?

Pallab Banerjee: So, this is a general question. This is not about Pearl or you're asking specifically about Pearl?

Varun Gajaria: No, this is on industry news, just on industry basis?

Pallab Banerjee: Industry. So, India has been exporting and the highest export that India has done is about $16 point some billion. I So, this year looks good to become a better number. I don't know how much it will be finally. But yes, it should be in the higher. But yes, like if you see the concern that if you're talking about what's happening in other countries like China or Bangladesh, who would be a lot of forecast is there, they should certainly lose some market share. I believe China is definitely losing market share.

Bangladesh may lose a couple of percent this year or may gain. I don't know how the rest of the year would pan out. But yes, India, like to grow by about 10%-15% would need a sizable amount of capacity.

So, we are doing our bit. We definitely are increasing quite a lot in terms of our capacity over the next two years that you will see. I'm sure like the other players also planning something to take this advantage of pro-India at this point of time.

Varun Gajaria: Okay. And how is the capacity…

Moderator: May I request you to rejoin the queue for your follow-up question?

Varun Gajaria: Yes, sure. This is just a follow-up question. This will be the last question.

Moderator: Okay, sir.

Varun Gajaria: Yes. Just wanted to get an update on the facility augmentation. How is that panning out?

Sanjay Gandhi: Would you mind repeating the question? You're saying capacity augmentation?

Varun Gajaria: Yes, yes. How is the capacity addition panning out, the whole plan?

Sanjay Gandhi: The capacity addition, see, one is augmentation. When you say augmentation is, you know, the existing facility in Chennai, which we already completed. It is under stabilization phase. And then comes the capacity addition, which is a completely setting up a new plant. So, which is also, we mentioned, is underway in India and then a couple of locations, states, which you just mentioned. Third one, the capital expenditure commitment will start happening in the next two, three months time period.

And also for in a country like Bangladesh, after the evaluation, we will be looking to commit towards the capacity addition. The real capacity addition, commercialization will take time. But Yes, commitment towards that, I think should happen in the next two, three months time period.

Moderator: Thank you. The next question is from the line of Pulkit Singhal, from Dalmus Capital Management. Please go ahead.

Pulkit Singhal: Thank you for the opportunity and congrats on a good set of numbers. First question is on the capacity utilization. I mean, if you're going at 35% Y-o-Y volume front and commentary is stronger for the second half, are you already reaching peak utilization in some of the geography or expected to reach in two or three quarters?

Sanjay Gandhi: So, if you extrapolate the number, which is coming up, right now, I think we will be looking at somewhere around 80%, 82% of the capacity on what we had in 83.9 million pieces as on 31st March, '24. Just simple, continuing with the same trend if you take it that way. So, there is a good headroom available still for us to really, grow within that number also.

Pulkit Singhal: But that number includes Indonesia and Vietnam, their utilizations are lower. So, if you see Bangladesh, you're already at 80% utilization last year. India is at 65%. If you want to grow 35%, that could be…

Sanjay Gandhi: Yes. So, our blended utilization last year was 68%, 69%. With this growth, we see that, you know, overall, we should be looking at blended utilization in excess of 80%. That's where we seem to be really heading with the revenue.

Pallab Banerjee: From the benchmark that we had from last year. Yes, from the last year. But at the same time, like I just mentioned, we are enhancing capacities in this point of time. So, I think we are solidly in our plan. So, we don't have any concern as of now.

Pulkit Singhal: Understood. And secondly, on the whole Bangladesh review front, I mean, last 15 years, Bangladesh has grown quite well in a certain regime or environment with certain stability at the helm and certain policies in place. Now, with the new uncertainty coming up, our customers, because while for you it is 50% of your, revenue, but I'm presuming there are certain customers who are heavily dependent on Bangladesh for the requirement.

When you're talking to some of these, are they, I mean, talking about, you know, having to diversify away from Bangladesh over the next three to four years, because I would presume that stability of sourcing would matter more to them than costing.

Pallab Banerjee: So, fortunately for us, like we don't have any customers who are very heavily exposed to Bangladesh. So, there were certain Australian customers who have been working with us to diversify. And very successfully, we have done that over the last year with them.

Apart from that, the US customers that we have they had quite balanced exposure across all the geographies. So, that's something like I'm very closely involved with my customer strategy teams as well. So, I don't see any immediate threat. Yes, there are a few customers, if you're talking general, who have been very heavily exposed in Bangladesh and they would be moving out. So, that will give me more opportunity in the other countries. So, I'm seeing it as a win-win from both sides for us.

Pulkit Singhal: Okay. Just very last quick question on finance cost. It's roughly around it's been hovering around INR20 crores to INR23 crores per quarter. I'm just trying to understand which is roughly INR90 crores a year. In your plan, when you think of it three years out, does this finance cost come down? Does it grow because your revenues are going or does it remain sluggish? What is the direction for this?

Sanjay Gandhi: The finance cost as a percentage of sale is, I think, roughly around 2.2%. I think as we go and incur capex also there will be some debt will be taken. So, but we will follow the very prudent norm of 30 to 35 equity and 65 debt. And then plus the rest of the thing the factoring per se will continue.

That means if the receivables and the top line keep on increasing the receivable financing will be expanding. So, in absolute amount those numbers will keep on increasing. However, with the interest rate getting softened, let's say two, three, four quarter down the line that will have a positive impact on the finance cost coming down.

Plus, we have also done some repayment of long term loan, we have sold in India known core asset, which because of which we have an exceptional gain of INR5 crores reflected in our profit and loss account. The realization from that has been largely utilized towards the repayment of a long term loan, which were at a high cost of nine and a half to 9.75% in India. So, approximately INR15 crores that long term repayment has been paid, which will help us in terms of reduction in the cost.

So, this opportunity of optimizing the interest cost, we are very clearly looking at it and as and when this opportunity exists, we will definitely work on it in further reduction. But overall, in terms of our strategy of doing factoring of our receivable having a non-recourse financing that will continue. And we will definitely look at an optimization of the working capital requirement given the cash which will be generated from the operation to really see how best we can optimize our finance cost.

And wherever there is a non core asset realization as we happen this year, we will definitely use the proceed for this dischargement of a long term loan so that our interest cost and the leverage also get balanced in the process.

Pulkit Singhal: Wonderful. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Palash Kawale from Nuvama Wealth Management. Please go ahead.

Palash Kawale: Thank you for the opportunity again. Sir, my question is again on Bangladesh. So, if I have to imagine a worst case scenario where a situation doesn't normalize and clients are pushing us, so how confident are you then to reach to your vision 2028?

Pallab Banerjee: So, if you seek out $50 billion of exports from Bangladesh, so then that $50 billion has to go to some other countries, like if I have to hypothetically take your situation. So, yes, then I think there could be good opportunity for all the other manufacturing regions that we are. So, yes, it's a hypothetical question that you're talking about.

So, I think we are well poised. So, we are present at this point of time in multiple geographies and not heavily dependent on only one geography as a company. So, I think that gives us that advantage.

And yes, like I think I personally, as I said like Bangladesh, I don't see will go away so quickly at this point of time maybe like even like let's say in $50 million even you talk about 10% is $5 billion. So, that $5 billion if comes to India then I'm ready, we're ready to go for it. Similarly, like in Vietnam or Indonesia, I think there's still an opportunity. So, we can definitely take it up. Myanmar and other places I'm not very confident of. Central America would always be as very small. Yes, there would be some movement might happen in the North African countries like Morocco, Tunisia and on but not a big change that will happen in the industry.

Palash Kawale: Thank you for your answers and all the best for the future.

Moderator: Thank you. The next question is from the line of Bhavya Gandhi from Dalal & Broacha Stock Broking. Please go ahead.

Bhavya Gandhi: Yes, hi. Thank you for the second opportunity. And I just wanted to understand that how long does it take to add a new customer? And what is the time frame? I mean, is there any entry barrier where other players also can add new customers? Or if you can throw some light on that?

Pallab Banerjee: See, internationally, these kind of customers, they do have their own supply chain. There are two kinds of customers. Let's talk first of all of an established organization like a big like Gap or Walmart or Target. So, these are big businesses you have. So, they have a very well established supply chain for themselves. So, generally, the entry barrier into this kind of customers is very high.

So, they would only change either if they have a strategic change, like for example, like we have been discussing what happens to Bangladesh and if they have to move something out of Bangladesh. So, any of these customers has got an overexposure in Bangladesh and they have to move to India. So, then that could give an opportunity for a new entry to come out.

Otherwise, generally, if they are getting into a new product or something like where they have made a strategy into their product and they are looking for a particular kind of product to enhance that line. So, then they would go for the kind of design and product which that is the reason for which company like Pearl, we have our design offices in the respective countries so that we closely continue to work with these customers.

Generally, apart from that, if a new player comes in today, if somebody starts an export house or a company, so then the barrier is quite high because definitely for a new player to entry at this point of time would cause a lot of problems. And to start from any customer is not easy. And of course, there is an issue of getting into the social compliance, technical compliance.

So, the whole process at times to take a new factory, like if I put a new factory as I said, it might take about 1 year to construct and another 4 months, 5 months to make it run properly. But to get to a compliance process also, this approval process of this international customers might take anywhere between 2 months to 6 months. So, these are some of the barriers that we plan for as we go for our growth or strategy planning or business planning. Am I able to answer your question?

Bhavya Gandhi: No, actually, my question was on a different tangent. So, what went right in 19-20 that we were able to add so many customers simultaneously? So, let me ask you in that way. I mean, because the same entry barrier is for us as well, right?

Pallab Banerjee: Yes. So, you see, we came into the market by saying that we are a global player. When I came into Pearl, definitely the other regions like Indonesia, Bangladesh, India, Vietnam. So, they were operating, they had some customer base that when we did the evaluation of all the customer base, we found some of them may not be financially strong, may not exist, maybe three or four, like some kind of downturn, if it comes in the Western market, they might get wiped off or get into a financial situation.

So, that's the time that we overhaul our customer strategy at that point of time. So, it's not that we got a lot of new customers just like that. It's like basically, we wanted to target certain customers, we started approaching them, we give them the strategic solutions that they were looking for into their diversification into strategy.

And of course, that's the time China plus one was playing an important role. So, those are two or three things which really helped us to develop into this new strategy. And that's the reason for which if you see at Pearl, we are in five different locations, providing a global supply chain solution to our customer.

Second, we are providing them in-country design services. That means my design teams are working with their own design team at real time in their offices or in their locations. Similarly, we are a supplier which is not giving one or two kinds of products, but we are doing seven different kinds of products.

So, if somebody starts with one, for them the cost of sourcing or cost of livening and working with us is much more efficient, because we are providing this multi-country, multi-product kind of thing. So, that's the kind of strategy that we built it up at that point of time. And we went ahead with all these customers and added some of them to our team.

Maybe in the past, Pearl was known to them. They have not worked together, but we could bring them up successfully and then continue to grow with them very successfully in the last 4 years or 5 years.

Bhavya Gandhi: So, what was the timeline to bring them on board? That is what I am trying to understand?

Pallab Banerjee: So, once a customer is convinced, we do definitely tell the customer, okay, these are the advantages if you work with us. So, then if they have a need, then things can move very quickly in 2 months to 3 months time as well. But if they don't have a need, then the right opportunity has to be wait for at both the sides. So, that might take years sometimes and sometimes more than a year.

Bhavya Gandhi: So, have we added any new customers in last 2 years, 3 years? I am not talking about 4 years, 5 years, 19-20. I am just talking about last 2 years, 3 years.

Pallab Banerjee: Yes, we have added and some of them are growing significantly with us.

Bhavya Gandhi: Okay, fair enough. And last thing, if I can squeeze in, are we seeing any early signs of consolidation happening in Bangladesh? I am talking about ground level consolidation. I understand philosophically, it may happen that we will see consolidation in years to come. But as of now on ground level, are we seeing any consolidation, early signs of consolidation happening on the vendor front?

Pallab Banerjee: Not after the change of government, but it has been going on for maybe a year or so. But yes, it might accelerate now.

Bhavya Gandhi: So, in the customers that we cater to, is there any consolidation taken place as of now?

Pallab Banerjee: Yes. So, I can give you one example. One of our customers did acquire more brands and become from a financially weak company to a much stronger company at this point of time. So, we are definitely looking forward to grow with them very well.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to the management for closing comments.

Sanjay Gandhi: Thank you very much. In case of any further queries, kindly reach out to us or Strategic Growth Advisor our Investor Relations Advisor. Thank you very much.

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