



FLASH NOTE | US Tariff Revisions on Indian Goods: Implications for TJL.N

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The U.S. reduced tariffs on India to 18%, from the previously imposed 50%

Key highlight

On 3rd Feb 2026, President Donald Trump has agreed to reduce US tariffs on Indian goods to 18 percent from 50 percent in exchange for India lowering trade barriers as well as stopping its purchases of Russian oil and buying oil instead from the US and potentially Venezuela.

	China	34%
	Bangladesh	20%
	Vietnam	20%
	Sri Lanka	20%
	Indonesia	19%
	Pakistan	19%
	India	18%

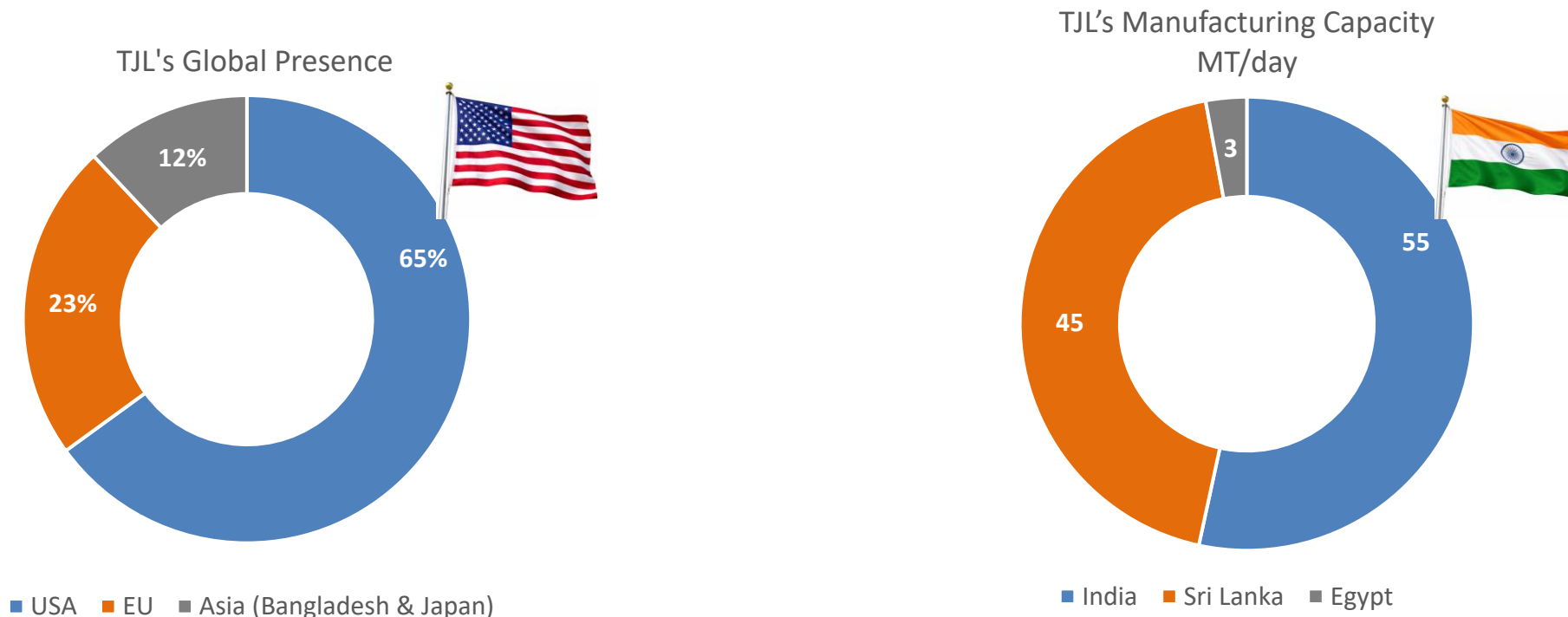
Tariff Timeline

Before “Liberation Day”
(Before April 2, 2025)



TJL's locational advantage and scalability enables it to leverage on India's tariff advantage

TJL derives **approximately 65% of its customer base from the US**. With **India accounting for ~53% of TJL's manufacturing capacity**, the reduction in US tariffs on Indian exports from 50% to 18% positions India as a viable export base for TJL's apparel shipments to the US. This provides TJL with a potential cost and competitiveness advantage by routing exports from India to its largest customer base.



TJ's manufacturing strength

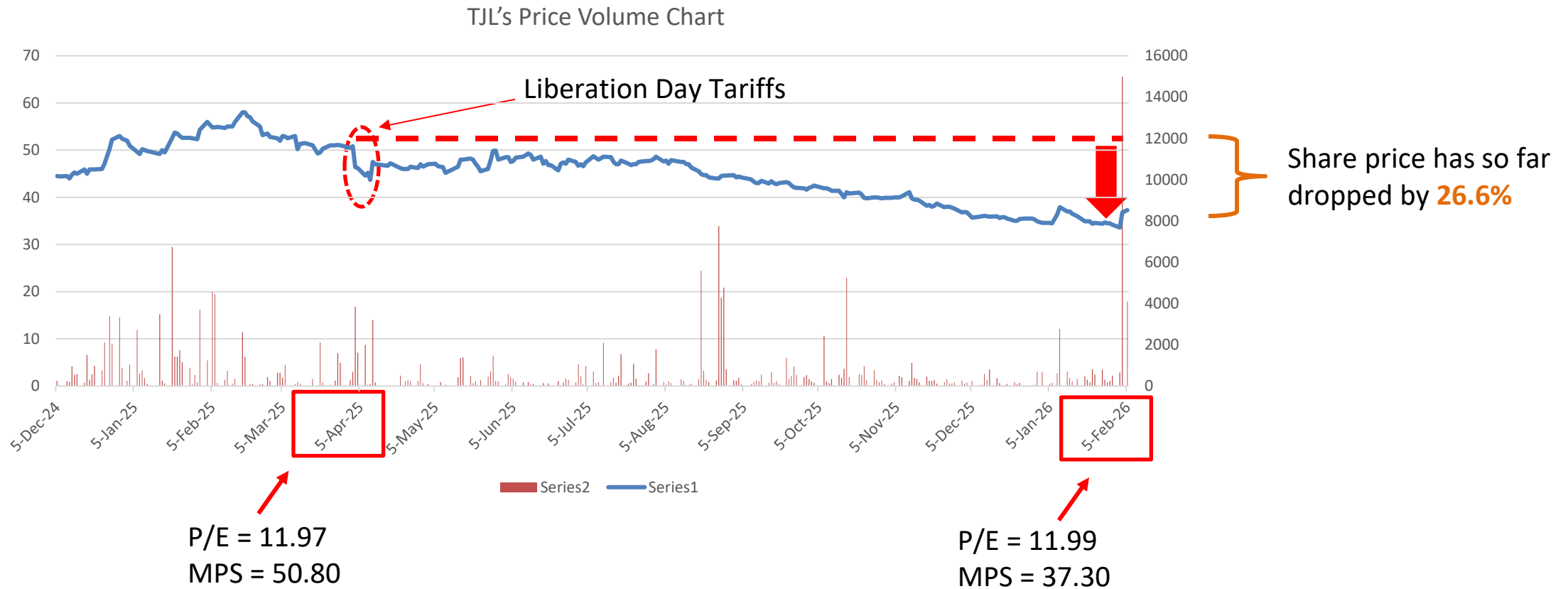
TJL's manufacturing footprint extends from Sri Lanka to India and other strategic locations complemented by a state-of-the-art printing facility in Sri Lanka and other crucial support services in multiple locations across the globe.

These manufacturing facilities are not product-locked, and its **process-duplication capabilities allow for cost-efficient production shifts across regions**. This operational flexibility provides a strong hedge against trade-related volatility.



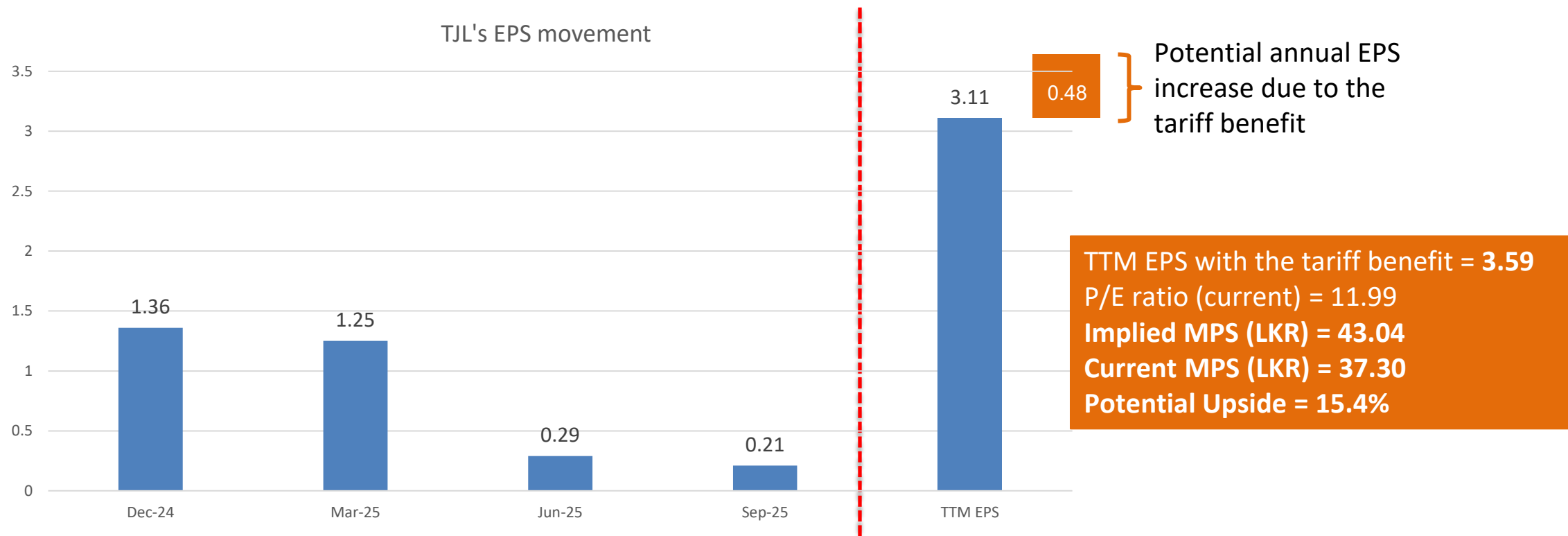
TJL's price movement post the liberation day tariffs

Following the post-Liberation Day tariff announcements in early April 2025, the stock experienced a sharp step-down in valuation, with the share price declining from above LKR 50 in late March 2025 to the mid-40s by early April, accompanied by a notable spike in trading volumes, signalling an immediate market reaction to heightened trade and tariff uncertainty.



Impact on TJL's EPS due to lower tariffs

If TJL re-routes its apparel exports to the US from Sri Lanka to India, it could benefit from the lower tariff of 18%, compared with 20% on exports from Sri Lanka. In addition, apparel already exported from India to the US would also benefit from the reduction in tariffs to 18%, from 50% previously. Based solely on the tariff benefit and assuming all other factors remain constant, this would result in an implied EPS of approximately 3.59 (+15.4%).



Note: Resulting per-share EPS impact reflect solely the tariff benefit; the full-year EPS expectations remain subject to movements in other operating and macro variables

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