GALA
PRECISION ENGINEERING

Date: 11-08-2026

BSE Limited
Department of Corporate Services,
P. J. Towers, Dalal Street,
Mumbai - 400 001
Scrip Code: 544244

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
Scrip Name: GALAPREC

Dear Sir/Ma'am,

<u>Sub: Transcript of Earnings Call held for the quarter ended June 30, 2026</u>

Pursuant to Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Company's Earnings Call held on August 07, 2026, regarding discussion on operational and financial performance for the quarter ended June 30, 2026 (Q1 & FY27) is enclosed herewith.

Please take the same on your records.

Thanks & Regards,
For Gala Precision Engineering Limited

POOJA LADHA

Digitally signed by POOJA LADHA
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Pooja Ladha
Company Secretary and Compliance Officer
Encl:

“Gala Precision Engineering Limited

Q1 FY27 Earnings Conference Call”

August 07, 2026

MANAGEMENT: **MR. BALKISHAN JALAN – WHOLE-TIME DIRECTOR – GALA PRECISION ENGINEERING LIMITED**
MR. SATISH KOTWANI – WHOLE-TIME DIRECTOR – GALA PRECISION ENGINEERING LIMITED
MR. SRINIVASAN GIRIDHAR – CHIEF FINANCIAL OFFICER – GALA PRECISION ENGINEERING LIMITED

MODERATOR: **MR. ROHAN BARANWAL – ARIHANT CAPITAL MARKETS LIMITED**

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Moderator: Ladies and gentlemen, good day and welcome to Q1 FY27 Earnings Conference Call of Gala Precision Engineering 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 Mr. Rohan Baranwal from Arihant Capital. Thank you, and over to you, sir.

Rohan Baranwal: Hello and good afternoon to everyone. On behalf of Arihant Capital Markets Limited, I thank you all for joining the call for joining into the Q1 FY27 Earnings Conference Call of Gala Precision Engineering Limited. Today from the management we have Mr. Balkishan Jalan, the Whole-time Director of the company; Mr. Satish Kotwani, the Whole-time Director of the company; Mr. Srinivasan Giridhar, the CFO of the company.

So without further without any further delay, I'll hand over the call to the management for their opening remarks. Over to you, sir.

Balkishan Jalan: Yeah, thank you, Rohan. Good evening, everyone, and welcome to our earnings call to discuss the performance of the first quarter of financial year 2027. In the interest of some of the people who are new to the company, let me give first brief overview of the company.

Gala Precision is a preferred manufacturer of the high-quality precision components. We serve various sectors like renewable energy, industrial, and mobility. Geographically, we are diversified across sales in India, Europe, and USA market. We supply to Tier 1 OEM and channel partners. We manufacture customized product of over 800 SKU to serve almost 175 active global customer across 25 countries.

Our facilities are fully equipped with the advanced technologies and integrated capability for designing, developing, and manufacturing a diverse portfolio. To further strengthen our manufacturing footprint and expand our product offering, we established a few fastener -- new fastener manufacturing facility in Chennai with installed capacity of 4,600 metric ton.

The plant is focused on manufacturing high-tensile fastener, including bolts, complementing to our existing product portfolio and enhancing our ability to cater to the growing customer requirements. The quarter marked as a strong start for the financial year, with healthy progress across our business, manufacturing capabilities, and strategic initiatives.

We delivered robust order booking growth of approximately 40% year-on-year, providing greater visibility for the quarters ahead. We also secured our first bulk commercial order from one of the India's leading electrolyzer manufacturer, representing an important milestone in our clean energy journey and validating our effort to diversify into a high-growth emerging sectors.

Coming to our segmental performance, our Disc Springs DSS business continue to perform well, with sales growing 31% year-on-year, with the 54% contribution in Q1 FY27. DSS continue to be our largest segment. SFS contribute 29% of our revenue, amounting to 223 million, continuing to the benefit for increasing the customer adoption and new businesses wins.

CSS accounts for remaining 17%, with the revenue of INR125 million, reflecting sturdy demand across industrial and mobility application. Our diversified portfolio continue to provide resilience, while positioning us to capture growth opportunity across multiple end-user segments.

We successfully commissioned and productionized our new hot-dip galvanized plant at our Chennai facility, which will strengthen our manufacturing capabilities and enhance our ability to serve the customer more efficiently. We also successfully completed the development of the bolt for the industrial construction equipment applications, further expanding our product portfolio and opening up new business opportunities.

From the strategic perspective, we appointed KPMG to undertake a comprehensive working capital optimization study, reflecting our continue focus on improving operational efficiency and capital productivity.

Additionally, we signed an MoU for the acquisition of 10.15 acre of land at Wada, adjacent to our existing facility, which will support our long-term capacity expansion and future growth plans. Overall, we remain focused on executing our growth strategy, strengthening our operational excellence, and creating sustainable long-term value for all our stakeholders.

With all, I will now hand over to our CFO, Mr. S. Giridhar, who will take through the financial highlights of the quarter under review. Yeah, Mr. Giridhar.

Srinivas Giridhar: Thank you, Mr. Jalan. Good evening, everyone, and welcome to the earnings call today. Let me provide a brief overview of the financial performance for the quarter of financial year 2027. For the quarter under review, consolidated revenue from operations stood at around INR75 crores, reflecting the growth of 20% year-on-year.

EBITDA for the quarter stood at around INR12 crores, up 28% year-on-year, with EBITDA margins at 16.51%. Net profit stood at INR8 crores, representing a growth of 29% year-on-year, with PAT margins at 11.44%.

With this, we can open the floor for question-and-answer session. Thank you.

Moderator: Thank you very much. The first question is from the line of Juhi Manwani, an Individual Investor. Please proceed.

Juhi Manwani: Hello. Am I audible?

Moderator: Yes.

Juhi Manwani: Yeah. So my question is, what is what is the FY27 margin bridge from 16.51% to your 17% to 19% guide and split across forex normalization, Chennai leverage and mix?

Srinivas Giridhar: Yeah, the FY27 margins would likely be in the range of 17% to 19% moving ahead and I don't think there should be any impact because our foreign exchange business we are already covering through hedges. So it will be between 17% to 19%.

Balkishan Jalan: Yeah, so Juhi, I will just add two points. One point is about the Chennai facility, where still we are not optimum utilizing that facility, and that will be -- we are seeing quarter-on-quarter, third quarter and fourth quarter, we will be seeing the optimum utilization of Chennai facility, which will again.

And second more important is quarter 1 revenue is approximately 20%-22% of the overall year revenue. So quarter-on-quarter, we will see the revenue growth, which again will help us in better utilization of the fixed overhead and improving the margin. So as of now, we are quite reasonably confident that we will be achieving 17% to 19%.

Juhi Manwani: Okay. Sir, I had another question which was regarding the forex, that what rupee you've drove the cut in forward cover from 70% to 40%, and at what INR/EUR or INR/USD level does the lighter cover start hurting?

Srinivas Giridhar: Juhi, see the forward cover, normally we take forward cover on EUR as well as USD, majorly to export in EUR. Earlier we used to cover about 70% of the estimated total export collection.

Now we have reduced it to 40% of the total collection, primary because of the huge volatility in the foreign currency, especially as far as euro is concerned. The spot market normally will differ, but I think we already forward cover covering 12 months period around 4% of that.

Balkishan Jalan: Juhi, I will just add. Basically, we appointed one consultant who associate with the good companies, and we discussed with the other companies to whom we know they have good export. So what we see, because of the war situation, there is a quite high volatility. Considering that, A, B, prediction is slightly on the side that there will be rupee will be weakening.

Then with all this input from the companies, consultant, and our study, we thought that as of now, we can reduce from 70% to 40%. And as of now, we see that whatever strategy we adopted, that is working well.

Juhi Manwani: Okay, sir. That's all from my end. Thank you so much.

Moderator: Thank you. The next question is from the line of Mithun Soni from GeeCee Holdings. Please proceed.

Mithun Soni: Yeah, hello, sir. Sir, just wanted to understand like the growth...

Moderator: Mr. Soni, can you please be a little louder? We can't hear you.

Mithun Soni: Hello. Yeah.

Moderator: Yeah, much better.

Mithun Soni: If you look at the growth rate what we have been doing in the last 3-4 quarters, and compared to what we have done this year, sorry I joined a little late, so if I missed some commentary, but how should we look at the growth rate year-over-year for us?

And as you said while the first quarter is normally 20%-22%, but for the full year, even as Chennai facility ramps up, how will the growth rate of the revenue stack up for the full year?

Balkishan Jalan: Okay, I am Jalan, I will reply this. So basically, the order booking for -- as I mentioned in the opening talk, order booking is 40% higher as compared to last quarter year-on-year. Second input, we are continuously developing the new market, new customer, and new product. That also going to bring the new additional order.

Third important thing is, in this quarter, we specifically hold the one dispatch of almost INR3 crores plus to one specific customer because there was a delay in releasing the payment, otherwise my growth rate would have been 25 percentage. And fourth, we are very much pretty sure as of now, that whatever guidance we've given for 20% to 25% growth rate, we are on that.

Mithun Soni: Sorry, 30% to 35%?

Balkishan Jalan: 20% to 25% guidance we always maintain, and we try to achieve that. So we are as of now quite sure we will be achieving or crossing that.

Mithun Soni: How this growth will be now driven from the Chennai facility or from the existing Wada facility?

Balkishan Jalan: From Chennai and Wada, from both the facility. Because Chennai also ramping up as per our plan. The additional deliveries are taking place from that. But wada, where we predominantly do the disc spring and coil spring, there also we seeing the growth. So in my opening speech again, I mentioned the disc spring grown by 31%, which primary coming from Wada plant, and fastener division's growth is coming from Chennai plant.

Mithun Soni: Okay. Okay, sir. So my second question is on the working capital. How we should -- like it's about -- in FY26, it was about 180 days all put together. How we should -- what is -- where do we target to take it over the next 2 years?

Balkishan Jalan: Yeah, again, Mr. Soni, in my opening remarks I mentioned. So as of now, we are advising that we will be seeing similar level in going forward, but at the same time, we are very much on it to improve this, and for the same, we appointed KPMG to do a detailed study.

They started this study in July, and we are expecting report by August end or this quarter, and based on that report, we will be planning the actions and targets in quarter 3. So after that only I will be able to give you more better guidance. But as of now, safely you can assume will be similar level.

Mithun Soni: Okay. Fair, sir. Thanks.

Balkishan Jalan: Thanks, Soni ji.

Moderator: Thank you. The next question is from the line of Divyansh Gupta from Latent PMS. Please proceed.

Divyansh Gupta: Hi, sir. Couple of questions. So, I am very new to the company, so might be basic also. You mentioned that we have a 15% to 18% cost advantage in the product that we manufacture against the Europeans and we don't compete with the Chinese, right?

So, even though we have such a big cost advantage, why are -- and you mentioned that it is difficult to replace existing vendors, so even with at the customer end. So even with such a big cost advantage, why is it that the -- let's say, cost arbitrage is not done by the customer in giving orders to you, given that quality, I am assuming that we match that quality?

Satish Kotwani: Yeah. So I will answer this question. Basically, I think, as you see, we have grown more than 30% last year, and this growth is driven by two factors. One, of course, getting the additional wallet share from the existing customer and adding new customers.

Since you are new to the company, I would like to highlight that as you rightly mentioned, we are competing with European producers, and which has very long legacy. And every new customer, the entry time and getting to a certain level of share of business takes between 12 to 24 months.

And that is the reason it takes very long time to get approval, because this starts with approving the plant, doing the audit, sample approval followed by some share of business, and then slowly increasing the share of business. So there have been multiple customer where we started business with 5%, 10% share of business and we are today between 50% to 75% share of business.

So I think we are at the growth journey stage. But still, even some customers where they even have a cost advantage, they don't want to shift immediately because of certain reasons in their organization and that is not the priority for them. So in general, I can say that good part is that whenever we are entering in the customer, we are able to grow the share of business with these customers.

And in last 25 years, we never lost a customer also because of either quality or delivery reason. So business is consistently growing once we enter to the customer. But of course, there is lot of entry barrier to get into the business, and once you get into, then growth is really happening very well.

Divyansh Gupta: Got it. And the next question is that, let's say, OEM approves our product, but who do we bill to? Do we bill to the OEM directly or we bill to some EPC player who is using our product?

Satish Kotwani: No, no. In most of the cases, we are directly billing to the OEM. So customers which are in our presentation like Vestas, ABB, Siemens, Schaeffler, John Deere, all these customer we are billing directly, and products are directly delivered to their factories or warehouses of these customer.

Divyansh Gupta: Understood. The second question -- rather third question was that in the initial transcripts, we had mentioned that there is some seatbelt retractor spring that we are working on. We had given for testing and everything. Any update on this?

Satish Kotwani: So basically, we have submitted the samples to customer, and they completed all the testing initially in India. And subsequently, they completed the product testing in their European facility as well. And we were waiting for their visit because after approval, they release the pilot order for about 1,000 spring.

And we were waiting for their visit. This visit happened in July, and they approved Gala as the source for this spring, because they've completed all the formal process audit, sample approval. And now we will start with small batches of supplying to them, which they will get the approval through the OEM. And slowly, this business will ramp up.

The ramp-up will be very slow in this case, because this is safety critical item, and first time they are moving away slowly from a German producer to an Indian manufacturer. But after the audit and visit, they are very positive to increase the share of business with Gala in mid to long term.

Divyansh Gupta: Understood.

Satish Kotwani: And positive is, like this customer, we already started now approaching other customers as well who are using this retractor spring and buying from the same German competitor.

Divyansh Gupta: Got it. Understood. The next question is that, if you can share some views on the land that you have acquired, because the existing capacity is already, my understanding is already running at as optimum utilization, right? So, how do we think -- how should we think about the capex, where, timelines, which products?

Balkishan Jalan: Yeah. So basically, as of now, we signed the MoU for this 10-acre land in Wada, adjoining to the current Wada facility. As of now, this is under the due diligence. Legal due diligence are going on, and very soon we will release the press release for as a notice, and then subsequently then there will be a final agreement and all, which will again take 2-3 month overall time to sort out all this procedure part.

Parallelly, we started working on key, about the broad design and all. As of now, we plan to have a approximately 50,000 square foot of building there, factory shed, mainly for fastener and partly for disc spring. Capex plan, as of now, broadly what we again prepared, which need to fine-tune, which will come into next year.

A broadly INR40 crores something, INR40 crores to INR45 crores something will be there as a capex plan, which we will plan in the next year once we have a complete hold or ownership of this particular land parcel.

Divyansh Gupta: So basically next financial year is when the capex will happen, and then?

Balkishan Jalan: Majority part of that, because in case suppose in next 2 months, 3 months, we get the land, then initially a lot of work will be there towards the land leveling, different design approval, government approval. So earliest, earlier, we may start in the last quarter or the next year. So that's why we are saying majority capex will happen in next year.

Divyansh Gupta: Got it. And the last question was, we mentioned that our effective tax rate guidance is around 22.5%, right? So why is it not 25% as what the government requires or is it sustainable and what's driving this lower rate?

Balkishan Jalan: Yeah, Giri. Giri?

Srinivas Giridhar: Hello, can you repeat the question?

Divyansh Gupta: So my question is that in one of the concalls, we had mentioned that the effective tax rate is going to be 22.5%. So the question is why not 25% that let's say generally exists, and how sustainable is this?

Srinivas Giridhar: No, no, because we have -- we are able to take advantage of certain deductions eligible under the Income Tax Act like new product development expenditure, which we get 100% deduction under Section 35(1)(i), and also we are able to take advantage of the perquisite value of ESOP, which is allotted to the employees, and that you get a 100% deduction under the Income Tax Act. Apart from higher depreciation under the Income Tax Act is also we get an advantage in that, and because of that, the tax rate generally comes at a lower end.

Divyansh Gupta: Understood.

Balkishan Jalan: And just to Soni ji, for last year, the effective tax rate was almost 18.5% or 19%, less than 20% in fact. And current year also, we are seeing it can be around 20% or less than 20%, mainly because we have initiate this solar project under the capex open access project, which should get commissioned in the quarter 3. So that happens, so we will be getting the tax benefit of that solar project apart from the cost benefit in power saving.

Divyansh Gupta: Understood. I'll join back the queue for subsequent questions. Thank you.

Balkishan Jalan: Thank you, Gupta ji.

Moderator: Thank you. The next question is from the line of Omkar Kadam, an Individual Investor. Please proceed.

Omkar Kadam: Hello, am I audible?

Moderator: Yes.

Omkar Kadam: Yeah. So my first question is regarding the kitting. Has that been incorporated in the guidance that you have provided or will that start contributing sometime later? Hello?

Satish Kotwani: Sorry, I think I was not clear about the question.

Omkar Kadam: Okay. So regarding the kitting.

Balkishan Jalan: Kitting.

Omkar Kadam: Yeah, yeah, kitting. Kitting of the all the components together.

Balkishan Jalan: Okay, supplying in a kit. Okay. Yeah, Satish.

Satish Kotwani: Yeah. Okay. So I think we are already doing kitting depending on the customer requirement, particularly in fasteners. So basically, some of the parts which are very critical like studs, bolts, we are manufacturing in-house, and nuts and washer, which are to be supplied as a kit to this customer and assembled on these fasteners, we are outsourcing.

And depending on the customer requirement, we assemble these kits and supply to them, and in some cases, we just bundle these multiple items and supply them in a package to them. So kitting is integral part of our fastener business and contributing about 15%-17% of our sales as a kitting solution to these customers.

Omkar Kadam: So, will your guidance increase due to kitting?

Satish Kotwani: I think it depends on the customer demand for the particular models where they need kitting, but in general, we are seeing depending on the requirement, this can be 15% to 20% of our total sales.

Omkar Kadam: Okay.

Satish Kotwani: Including our part manufactured in that also.

Omkar Kadam: Okay. And my second question is regarding the venture into aerospace defense with Tier 1s. Have you not considered that will reduce the…?

Satish Kotwani: We are not able to hear well.

Omkar Kadam: Am I audible?

Satish Kotwani: Yeah. Now better.

Omkar Kadam: Okay. So, my second question is regarding the -- as Gala has any plans to venture into aerospace defense segments with Tier 1s to reduce the long gestation period?

Satish Kotwani: So, basically, we are still studying this segment and our mid to long term plan is definitely to enter in market. Maybe in future, once we have some clarity how to enter and which products we need to work on this product and segment, then we will come up with the plan. So, short term, we don't see any impact of these segments in our sales, so long term, it is in our radar to enter these markets going forward.

Omkar Kadam: Okay. And my third question is regarding the Palghar capacity. Will that be -- will the transition be very smooth after the Chennai capacity maxes out or will there be a little lag between?

Balkishan Jalan: Okay. So, Palghar or Chennai, the Wada or Chennai facility, they are quite independent and Chennai facility Phase 2 we already started, the mezzanine floor almost 10,000 construction will get complete in quarter two and by quarter three, we will have a more space and more machine for Phase 2 capacity, which will required in quarter four. Wada, we have whatever facility or capacity we have, we keep on adding the bottleneck machine to debottleneck and increase the production, and that is going on, and we don't see any challenges in achieving the current year's top number.

Omkar Kadam: You know, I am talking about the Palghar, the new capex.

Balkishan Jalan: Palghar is actually basically Palghar is district, Wada is the taluka.

Omkar Kadam: Okay.

Balkishan Jalan: So, Wada comes into Palghar only.

Omkar Kadam: So, it's a brownfield capex?

Balkishan Jalan: Yeah.

Omkar Kadam: Okay. So, that means you can utilize faster.

Balkishan Jalan: Yeah. So, currently, our factories are in Wada, which is in the -- within the Palghar district, and there the incremental capex we are incurring for to achieve the current year number. For new land, as I mentioned in my earlier question, that will -- plan will start in quarter four and maybe major capex will happen in quarter next year, and we don't see any major issue or challenges in setting up that plant.

Omkar Kadam: Okay. Thank you. That's all. Thank you very much.

Balkishan Jalan: Thank you.

Moderator: Thank you. The next question is from the line of Yashvi, an individual investor. Please proceed.

Yashvi: Hi. So, I would like to ask, have you gained market share from global competitors during the quarter?

Satish Kotwani: Yeah. Actually, we could gain some good market share for Europe region, and this was supplied by European manufacturer. And the order booking which reflects 40% growth in quarter one for all our products, I think we could acquire good share of business from the European competitors, and we have strong pipeline to get more share of business from the European competitor in next coming months as well.

Yashvi: Okay. So, next question is, how is the pricing behavior evolving across your key product categories?

Satish Kotwani: I think pricings are stable, and we are still able to offer between 10% to 20% saving to our customer, maintaining our margins. And for the price increases which are happening on account of raw material particularly and some other heads, we are also getting the pass-through with some lag effects from the customer.

Yashvi: Where do you see the biggest opportunity to increase wallet share with existing customers?

Satish Kotwani: I think particularly as we discussed in the past, disc spring is very niche category product where each customer buying is between INR5 crores to INR10 crores. But in fasteners, I think each customer buying is between INR50 crores to INR500 crores, the segment what we are targeting. So, I think in terms of growth, we are seeing fasteners will definitely contribute to the higher growth. But in disc spring and in Gallock wedge lock washer also, we are aggressively targeting global OEMs as our customer. And, of course, it takes time to enter these customer, but we are -- once we are entering, we are also seeing good growth coming from this segment as well.

Yashvi: Okay. When should benefits from the KPMG working capital study start reflecting in cash flows?

Balkishan Jalan: As I mentioned, we just initiated the study, and we are expecting the report, that study report, in quarter two. And based on that, we internally will form a team, go through the whole study and plan decide the action plan and target. So, I will give you more clarity in quarter two and or quarter -- in quarter three.

Yashvi: Okay. And how much of recent order inflow is from newly launched products versus legacy products?

Satish Kotwani: Sorry, come again. Can you repeat? How much is?

Yashvi: How much of recent order inflow is from newly launched products versus legacy products?

Satish Kotwani: I think it is combination of both, so I think totally newly launched products contribute about 30% to 35% of the order book, which includes bolts which we have started manufacturing in Chennai. This also includes smart fasteners again which we entered into the global market in offshore wind sector, and product like wedge lock washers into the growth.

So, these are all new. But parallelly also, we see good growth in the regular studs business of fasteners which we have been doing for last 10 years and also in legacy business of disc spring, where we are focusing on the existing customer as well as new customer. So, I think totally new product will be about 30% within this family of the products, and 70% will be from the legacy product including studs in fasteners.

Yashvi: Okay. And are you also seeing cross-selling opportunities across bolts, studs, and springs?

Satish Kotwani: Yes, ma'am. This is really helping us. So, particularly, we have very wide base of customer for disc spring, which goes mainly in industrial, renewable, and mobility. So, we see lot of cross-selling opportunity of our fasteners and Gallock wedge lock washers in industrial and renewable sector. So, because Gala is already registered with them as a vendor and very good track record, this is helping us to enter and grow the fastener business with these customers at global level.

Yashvi: Okay. Thank you so much for answering my questions.

Moderator: Thank you. The next question is from the line of Divyansh Gupta from Latent Advisors. Please proceed.

Divyansh Gupta: Hi, sir. Thanks for the follow-up. In one of the con-calls, we had mentioned that let's say for the fasteners, we have a 15% to 18% margin edge. But for SFS, let's say the cost spread is only 3% to 4%, right? So, my question, two-part question, is SFS a more commodity product or it's more specialized product, because if there is a design and then given that we are based out of India, we still only have 3% to 4% cost spread. So, what is the driver for -- I mean, why is it so less?

Satish Kotwani: Can you repeat in between what you said? 3% to 4% what?

Divyansh Gupta: We mentioned that there is a cost spread of only 3% to 4% in SFS products.

Satish Kotwani: Actually, I don't recall mentioning this, but just to answer your question, definitely we are not in commodity even for fastener business. So, Gala whatever fasteners we are producing, we are producing all these fasteners are customized and with special requirement.

Divyansh Gupta: So, let me rephrase. So, like in fasteners, we have a 15% to 18% cost advantage. What will be the cost advantage in the SFS category?

Satish Kotwani: Depending on the segment and market where we are focusing, so for example, if we are exporting to Europe, we are able to offer between 10% to 15% or 18% cost saving compared to the European competition. If we are competing with Indian producers in -- for example, India market, then definitely for entry we may reduce the price by couple of percentage, maybe 2%-3%, but over a period we come to the normal market price because that is prevailing in the market. So, this depends on the market and competition what we are focusing and working in the customer place.

Divyansh Gupta: Understood, understood. And main because SFS is a still a relatively new category, you mentioned that most of the products we launch in India and then we take it outside. So, then, is there a scope of margin expansion as this product becomes more international driven or exports driven?

Satish Kotwani: Yeah. So, I think in general, of course, in India also, we have customers who offer good margin, but some customers in export offer better margin. For example, in special category where we supply in offshore wind or now, we are entering into industrial marketing of SFS, which we already started in India and now taking it to the global level, this should help us in overall expansion of the margin.

Divyansh Gupta: Understood. The second question was that the products that we manufacture, right? Are they all branded as Gala products or is there an element of white labeling and manufacturing it for someone else?

Satish Kotwani: No. Let's say – no. Everything is 100% is manufactured and sold as a Gala brand or whatever Gallock in case of wedge lock washer, but we are not doing any contract manufacturing or white labeling.

Divyansh Gupta: Understood, understood. And then what would be our overall sales mix? Like, initially I asked, right, when we manufacture these fasteners, it gets billed to the OEM directly. So, then, is there a wholesale distributor, an auto-ancillary OEM, I mean, is there a broad mix that you can tell?

Satish Kotwani: So, very broad level -- if you see company level, we do almost 85% product customized as per the customer drawing or as per the customer specific requirement, and about 15% of the products we sell to fastener distributors who buy standard disc springs which we make as per DIN 2093 or wedge lock washer or even some fasteners. If you come specific to product category, so coil springs we 100% supply to either OEMs or Tier 1 companies who are directly the users.

In disc spring and Gallock category, we have about 75%-80% sold to OEMs and 20%-25% sold to fastener distributors. And as far as SFS is concerned, more than 95% is sold directly to OEM or actual users and less than 5% goes to these fastener distributors. So, company level it is about 10% to 15%, but product wise, as I mentioned, it depends on the sector.

Divyansh Gupta: Got it. And two more questions, sir. So, when like in our transcript, we say that whenever we launch a new product, typically let's say TAM is USD1 billion, right? But given that we are doing a specific or a niche product, right, within the whole bigger category of that product, so is that USD1 billion actually the demand for the product that we have launched or is it just the category and then if it is for the category, what is the market for the product that we have launched? Because that only is effectively our revenue pool.

Satish Kotwani: So, basically, just to give you broader perspective, for example, when we say fastener market, it is approximately USD100 billion at the global level, USD100 billion, which includes all commodity, metal, non-metal, plastic, all type of fasteners in all segments like automotive, renewable, industrial, all. Gala initially started with manufacturing studs, mainly used in wind industry and hydro turbines and very little in industrial.

So, addressable market was USD1 billion. So, we could service USD1 billion market, and with the new product, which is bolts and nuts, which we have started manufacturing in Chennai, so we are able to address additional USD1 billion to USD1.5 billion of the market. So, today, if you see overall fastener market is USD100 billion, Gala is addressable to USD2.5 billion of the total market. So, there are customers who buy this USD2.5 billion product, which is offered by Gala at a global level.

Divyansh Gupta: Understood, understood. And the last question is, sir, let's say I'm setting up a wind mill or a wind turbine, right? The cost of the fasteners or the products that we provide, both let's say we are also providing that fasteners of the blades and let's say rather let me put it, for the products that we provide to a customer for them while they're setting up their whole infrastructure for the windmill, what would be the cost of our product?

And the second associated question is that if let's say it is my understanding is it's less than -- it's about 1% or 2%, then on that 1% or 2%, 15% to 18% cost advantage is about 0.3%. So, does it actually become a very big differentiator to say that shift to India for an OEM?

Satish Kotwani: Yeah. So, I'll answer both the question. So, cost of fastener in wind turbine depends on the wind turbine and technology and the companies what they're offering, it will between 3% to 4%.

Divyansh Gupta: Got it.

Satish Kotwani: And secondly, to answer your question, as a wind turbine, definitely this 18% saving on 3%-4% will be say less than 1% as you rightly mentioned, but each wind turbine company has commodity-wise purchasing, like there are companies people or commodities of buying fasteners, there are commodities who are buying bearings, commodities who are buying plastics, bearings -- sorry, blades.

So, each commodity has a target to reduce the cost between 5% to 10% or 20%. So, if you see that commodity level, then fasteners become very critical for the fastener commodity manager to reduce the cost, because at the end of the day, everywhere they have to reduce the cost by 3%, 4%, 5% to sustain in the marketplace.

So, I think this still becomes very, very important for them. Of course, fasteners come into very critical category, so this has to go through lot of testing, audits at the customer end -- sorry, vendor end like Gala before taking the decision. So, commercially it is attractive, but technically and system point of view, it takes time to enter the OEM, what we are discussing.

Divyansh Gupta: Got it. Understood. And, sir, what would be the order book absolute number? You had mentioned 40% increase. But if you can answer that.

Satish Kotwani: Currently, so as we discussed in the past, we have multiple type of orders. There are some fixed orders which come from the customer we need to deliver in 2 months-3 months, and then we have schedules from the customer which are again every month and next 2 months-3 months we have tentative schedule. As of now, on the 1st July, we had order book of approximately INR110 crores, which used to be INR80 crores-INR85 crores if you see the last year same period. So, I think firm order booking INR110 crores plus additional schedules which we get every month for dispatch to these customers.

Divyansh Gupta: Got it. And what would be the wind turbine fastener products revenue contribution in this quarter or has how should we think about the ramp-up of this product?

Satish Kotwani: I think in totality, wind turbine fastener contribution in total sales of quarter one will be approximately 25%-26% approximately.

Divyansh Gupta: Sir, I was saying wind turbine fastener product that we launched, right? Where we said that will become 10% of our fastener sales, to that specific product that we had launched.

Satish Kotwani: You're talking about offshore wind or you're talking in general overall fastener?

Divyansh Gupta: Offshore with European OEM that we had started...

Satish Kotwani: Okay. Yeah. So, in quarter one, that sales has just so -- in quarter four last year and this is ramping up. Currently, it will be very less, but I think by end of this year, we should reach the 10% level for total fastener sales we do in FY27. So, we still maintain the same guidance of 10% for this year.

Divyansh Gupta: Got it. So, that goodness is yet to reflect in our numbers, there's nothing big base effect for that product.

Satish Kotwani: Yeah, yeah. Yes.

Divyansh Gupta: Understood, understood. That's it from my side, sir. Thank you, and all the best.

Satish Kotwani: Thank you.

Moderator: Thank you. The next question is from the line of Vishyas Singhal, an individual investor. Please proceed.

Vishyas Singhal: Good afternoon, sir. Am I audible?

Moderator: Yes.

Vishyas Singhal: First of all, congratulations for good set of number YoY. Sir, I'm a new investor in your company and can you give me two guidance, first is what will be our EBITDA margin for FY26-27 and FY27-28?

Balkishan Jalan: Giridhar?

Srinivas Giridhar: Hello.

Srinivas Giridhar: Yeah. I will reply this. We have given the guidance of EBITDA margin of 17% to 19% year-on-year and which we maintaining for current year and for even for the next year.

Vishyas Singhal: Thank you, sir. And second, can we expect three-digit revenue for this next quarters onwards?

Srinivas Giridhar: I don't want to comment. I cannot give for that type of forecast, but again, year-on-year, we maintain the growth of 20% to 25%, and we are very much on that. And it's not -- I cannot give you the exact number, but you can apply this year-on-year growth on quarter-on-quarter.

Vishyas Singhal: Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Aditya Banerjee, an individual investor. Please proceed.

Aditya Banerjee: Yeah. Hi. Thank you for the opportunity. So, my first question to you, sir, is that Chennai utilization was guided to reach around 70% in FY27. Where do you stand after Q1?

Balkishan Jalan: Yeah. Q1 Phase 1 capacity utilization is almost 70%-80%, and we are seeing in Q2, we should be touching 80%-90% of Phase 1. By the time we are working on the Phase 2 capacity, which should be there partly in Q3 and Q4. So, by year end, we are seeing we should be able to utilize the capacity Phase 1-2 70% in Q4.

Aditya Banerjee: Okay. Understood. Great. So, my second question is that, has the HDG plant commissioning reduced the outsourcing cost or improved margins?

Balkishan Jalan: Yes. So, there are two point, one basically improve margin, but second was even to improve the delivery and most important, there were few customer who were expecting or not expecting, they were insisting if we have the HDG facility in-house, then only they will start the business. So, that was one of the important driver and we decided to put this plant in-house, and due to this now, we are seeing we will be seeing some additional order flow from that new particular customer.

Aditya Banerjee: Okay. So, my third question is that, what is the current monthly revenue run rate from the Chennai facility?

Balkishan Jalan: Approximately INR4 crores plus minus, depend upon the clearance what we get from the customer. The manufacturing is INR4 crores to INR5 crores, dispatches plus minus in that range. So, for example, in last in June month, we produced more than INR4 crores, approximately INR4.5 crores, but the dispatch was less because we kept one item on hold. So, there can be some time lag in dispatches. Manufacturing happening approximately INR4 crores to INR5 crores.

Aditya Banerjee: Okay. And I have two more questions. So, one is, has bolt production ramped up in line with your expectations?

Balkishan Jalan: Yes. We are getting very good response, and in last month only, one customer give the go-ahead, and we are seeing the regular order flow from that customer apart from other three-four customer. And as I mentioned, bolt is one product where one customer was expecting in-house HDG. That order also we are expecting then in quarter three or quarter four. So, we are seeing the bolt product ramp-up is happening as per our plan.

Aditya Banerjee: Okay, okay. Got it. And I have this last question. Like, when do you expect Chennai to reach EBITDA comparable with the legacy Wada operations?

Balkishan Jalan: Like, once we complete the Phase 2 and start utilizing approximately 70% to 80%, which should happen in Q4, so maybe in Q4 or next year Q1.

Aditya Banerjee: Okay. Fine. Sure, sir. Thank you.

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

Balkishan Jalan: Thank you for all the participating in this earnings call. I hope we have been able to answer your question satisfactorily. If you have any further questions or would like to know more about the company, please reach out to our IR managers at Valorem Advisors. Thank you all of you.

Moderator: Thank you. On behalf of Arihant Capital, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines. Thank you.

Balkishan Jalan: Thank you, ma'am.

Srinivas Giridhar: Thank you.

Balkishan Jalan: Thank you, all.