Date: 11-11-2026

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,

Sub: Transcript of Earnings Call held for the quarter ended September 30, 2026

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 November 06, 2026, regarding discussion on operational and financial performance for the quarter ended September 30, 2026 (Q2 & 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
DN: c=IN, o=Personal, title=4197, 2.5.4.20=b6052600fdd472c69384c7ded1af80f4fc2e0604269bc2865e9da5deefc060e8, postalCode=400610, st=Maharashtra, serialNumber=2b122bd2c557885cddb303d2f7b0bb82b6f904c9e93faf000009770ad01cb6f2e, cn=POOJA LADHA
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“Gala Precision Engineering Limited

Q2 FY27 Earnings Conference Call”

November 06, 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: **MS. KHUSHI SOLANKI – ARIHANT CAPITAL MARKETS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Gala Precision Engineering Limited Second Quarter First Year 2027 Earnings Conference Call Hosted by Arihant Capital Markets 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Khushi Solanki from Arihant Capital Markets Limited. Thank you, and over to you.

Khushi Solanki: Thank you. Good afternoon, everyone. On behalf of Arihant Capital, I welcome you to the earnings call of Gala Precision Engineering Limited Q2 FY27 conference call. From the management side today we have Mr. Balkishan Jalan, Whole Time Director, Mr. Satish Kotwani, Whole Time Director, Mr. Srinivasan Giridhar, Chief Financial Officer. We welcome the management of Gala Precision Engineering Limited on this call.

Now without any further delay, I invite Mr. Balkishan Jalan to give the opening remarks, following which we will open this door for Q&A. Over to you sir.

Balkishan Jalan: Yes. Thank you. Good afternoon everyone and welcome to our earnings call to discuss the performance of second quarter and the first half year of the Financial Year 2027. In the interest of those who are new to the company, let me first give a brief overview. Gala Precision is a preferred manufacturing of the high quality precision components.

We serve sectors like renewable energy, industrial, and mobility, and we are geographically diversified across India, Europe, and USA market. We supply to OEM, Tier 1, and channel partners manufacturing customized products of over 800 SKUs for almost 175 active global customers across 25 countries.

Our facilities are fully equipped with the advanced technology and integrated capabilities for design, development, and manufacturing. We achieved a 4-year revenue, EBITDA, and PAT at a CAGR of 22% 28% and 52% respectively. We have also established a new fastener manufacturing facility at Chennai with installed capacity of 4,600 metric tons, focused on high tensile fasteners including bolts.

The capacity utilization for this facility was 35% in FY26 last year and expected to go up 70% in FY27 current year. The facility complement to our existing portfolio and offers strategic location advantage through proximity to a customer across local job work vendor and nearby raw material supplier, thereby supporting operational efficiency and customer serving.

Additionally, in alignment with the future growth plan, we already acquired 10 acre land parcel in Wada near to the current plant location. Coming to the quarter under review, to deliver a highly healthy performance supported by a strong order book growth and continued progress across all strategy initiatives.

Order book grew by 44% year on year, crossing INR100 crores for the first time in a single quarter, reflecting a healthy demand across all key end-user industries. On the revenue mix for the first half, DSS remained our largest segment at approximately 53%, SFS contributed 31%, and CSS remained 16%.

By end-user industry, renewable energy contributes 42%, industrial 33%, and mobility 25%. Export accounted for approximately 36% of the revenue. On product development front, we received the customer approval for critical application in railway safety, offshore wind, and mining equipment. We continue to make progress in the new product development across emerging applications including offshore wind, electrolyzers, and railway safety.

These developments represent an estimated annual customer potential of approximately INR100 crores, supported by the healthy development pipeline. On operational front, we commissioned over 1.2 megawatt AC open-access solar power plant at Nanded, Maharashtra on October 30th, 2026, which is expected to generate annual cost saving of approximately INR1.3 crores.

We also successfully implemented SAP HANA across all our manufacturing plants, with the system go live on October 7th, 2026. Additionally, we secured a bank finance of INR58 crores comprising the INR15 crores fund-based working capital, INR10 crores non-fund working capital for NCBG facility, and INR28 crores for term loan.

Overall, we remain focused on strengthening our manufacturing capabilities, expanding our product portfolio, deepening customer engagement across existing and emerging applications. Our growth strategy includes identifying opportunities for Gala's existing products in emerging technologies like hydrogen value chain, electrolyzer, electric vehicle, high-speed train.

Second, expand product range in fasteners and springs to address larger market size. Third, increase presence in export market by hiring locals and having warehouse logistic tie-up in the Europe and USA market. Fourth, moving up the value chain by offering advanced materials, kitting solution, smart fasteners, etcetera. And fifth, focus on application engineering, deepen the customer engagement by offering the customized solution.

With that, I would like to now hand over to our Chief Executive CFO, Mr. S. Giridhar, who will take through the financial performance. Thank you.

Srinivasan Giridhar: Thank you, Mr. Jalan. Good evening, everyone. Let me take you through the financial performance for the second quarter and first half of the Financial Year 2027. For the quarter, consolidated revenue

from operations stood at around INR94 crores, presenting a growth of 31% year-on-year. EBITDA stood at INR16 crores, up 43% year-on-year, with the margin at 16.76%, an improvement of 135 bps.

Net profit stood at INR11 crores, up 26% year-on-year, with PAT margins at 11.31%, a minor degrowth of 45 basis points. Our earnings per share stood at INR8.07. For the first half, revenue from operations stood at around INR169 crores, a growth of 26% year-on-year. EBITDA stood at INR28 crores, up 35% year-on-year, with margins at 16.56%, an improvement of 110 basis points. Net profit stood at INR19 crores, up 26% year-on-year, with PAT margins at 11.06% and earnings per share of INR40.30.

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

Moderator: Thank you very much. We will now begin the question and answer session. Our first question comes from Aditya Pal with MSA Capital Partners. Please go ahead.

Aditya Pal: Hi, thank you so much for the opportunity. Sir congratulations on the great set of results. I hope I'm audible.

Balkishan Jalan: Yes.

Aditya Pal: Yes, thank you. Sir, wanted to understand, so if we say we are looking 3 years out, how should I look at the business in terms of capacity? Because this current capacity both at Wada and the other side should be enough for us for this financial year, and we've signed an MOU for expanding our capacity. When should that come up? One is when does the final deal be signed? And from the final deal being signed to civil construction, to commercialization, how should we look at that? So that is my first question, sir.

Balkishan Jalan: Yes, hi. I'm Jalan here. I will answer this. So basically, at present we have a INR450 crores capacity, and this year we will be meeting the current year turnover with the same capacity. Number 2, we are in process of increasing the Phase 2 capacity at Chennai, and plus there will be some line balancing which we will be doing at Wada.

With that and FY28 Q4, we are internally targeting to be some operational this new land capacity, part capacity. With that, we are targeting INR100 crores capacity will be creating, but this INR450 crores capacity will take to our INR550 crores so that we can meet the FY28 number with this capacity as a backup plan in case there is any further delay in any government approval or completing the capacity. So we will have a backup plan to have some small capacity and rented premises for some period.

Aditya Pal: Understood. Because over the last con call and over the last discussion, you were saying that you were looking at the capacity which is enough to double your revenues from here, that is INR250 crores revenue, plus another INR450 crores revenue of capacity that you're trying to build.

Balkishan Jalan: So that is intake. So basically we signed the MOU with Wada 10-acre in June '26, and that legal details is almost finished, and we have shared the draft agreement with the seller. And there was some delay because of some legal details which took more time than anticipated. A, this 10-acre will be sufficient for next 450 crores capacity. Broadly, this tank, which will be doubling the current capacity to, 450 to 900 crores with this 10-acre land in parcel in our control. And we will be developing this 450 crores capacity in phased manner, maybe at least 2 to 3 phase manner, what we plan.

Aditya Pal: Understood, understood. So on the products and product capabilities, so we are there in renewable energy, that is the wind segment, and we are there -- some, some bit of business is there in the electrolyzer segment, some bit of business is there in auto. And in over the last few meetings, we had also discussed about us making these advanced metals like Inconel, beryllium, copper, these difficult to manufacture products. So how are we thinking about that? Because a lot of these products are finding a lot of uses in aerospace, defense, in critical spaces. So how are you planning to enter those spaces, sir?

Balkishan Jalan: Yes, sure.

Aditya Pal: Yes,

Satish Kotwani: **Sure,** so I will answer this. Satish Kotwani here. So basically, Gala has been already working with these exotic materials like Inconel 177PH in our DSS facility, and we have been supplying materials used for our manufacturing of disc spring and precision stamp parts for turbocharger application where there are high temperature application. And going forward, of course, we are strengthening this business opportunity for our other products like fasteners, wedge lock washers, and of course disc spring which we are doing.

To start with, we are focusing on gas turbine as a segment where they use also this Inconel material, stainless steel material fasteners, and gallock and this spring. And as a business development team, we are focusing on finding such more opportunity for our existing products with this exotic material. So as a capability, we already demonstrated this for this spring category of our products, and going forward we will be offering our other products also from this material. Also, we have been supplying critical coil spring made from Inconel material for total ball application of heavy commercial vehicles which are used in BS6 commercial vehicles category

Aditya Pal: Understood sir. Understood

Balkishan Jalan: And just to add. Immediately we are not looking for aerospace for any new development, because there are a lot of opportunities already there in which we are operating. But other segment we are open and we will see at appropriate time we understand that the aerospace is also very good area, and if require then in appropriate time we do that.

Aditya Pal: But there are other critical spaces also which require these exotic material and because it is so difficult to manufacture, that is why it could be stickier. So that is why I asked. But wishing you all the very best.

Balkishan Jalan: Aerospace basically need a long gestation period for approvals and all. So we thought before that there are other lot of opportunities are there. So why not to encourage that where we are already seeing 25% growth year-on-year in next 3, 4 years. That's why as of now. But yes, in near future we may rethink and decide for aerospace.

Aditya Pal: Understood. So wishing you all the very best. Thank you for answering all my questions so patiently.

Satish Kotwani: Thank you.

Moderator: Our next question comes from Divyansh Gupta with Latent PMS. Please go ahead.

Divyansh Gupta: Hi sir, good afternoon. The first question was, I think in the last con call we mentioned that we had held back delivery of some items to the customer. So wanted to understand, in this current INR94 crores of revenue, how much is, let's say, just the contribution of that order that was held back, so that it becomes a very like-to-like comparison of growth?

Satish Kotwani: Sure. So that amount is approximately INR3 crores, which we also clarified at that time the amount was there which was held back. And this quarter includes that INR3 crores revenue which was held back in Q1.

Divyansh Gupta: Understood, understood. Then it's a good growth, which leads me to the second question, is that how should we understand this revenue growth? Does it have a component of a price rise plus volume mix, or this is purely a volume growth throughput, if you can. And additionally, what would be the inventory gain in the gross margins, if any? Because we sit on around 270 days of inventory.

Satish Kotwani: Yes. So I'll answer for the first question, the first part of the question. I think, this growth which has come is mainly from the volume growth, and as we discussed in the past we have 3 pillars of volume growth. One is organic growth, which is happening. Second is we are getting a lot of new components from the existing customers. And third is a totally new customer.

And these 3 pillars contribute approximately 10% each, which has resulted in approximately 30% growth. So I think how to see this growth, I think we are on the track to grow 25% this year. Quarter 1, as you rightly mentioned, there was some held back of dispatches which resulted in little lower growth.

And I am sure with current momentum in the order booking and dispatches, what we are doing, we are on track to grow 25% sales in this year as well. And that is a answer from my side for the growth.

Balkishan Jalan: Can you repeat the second part of your question?

Divyansh Gupta: So the question that, given that we are sitting on almost 270 days of inventory, in the P&L what could have been the contribution of inventory gains?

Balkishan Jalan: 270 days if something is wrong in your calculation or I don't know. I think so inventory days are around 100 and something so. Giri, can you confirm that. What is an inventory days in quarter 2?

Divyansh Gupta: So I was looking at annual -- inventory divided by annual COGS for the year. Anyways, the question is more what would be the inventory gain.

Balkishan Jalan: So I can just amplify, basically if you see the way you calculate, there may be a different way. The inventory levels have little bit reduced as compared to last quarter or last to last year quarter, A. B, considering the business model where there is a lot of imports are there, more than 800 SKUs are there. There is a domestic sale, but 36% is the export sale where the inventory lying in the ship also is a part of the inventory. We call it goods in transit as an inventory which we have to account as an inventory.

Considering all these things, as of now, this is the inventory level we are. And, second factor which you have to consider is there is a growth of more than 24%. If you see 30% we are delivering. So for that again, we are seeing inventory to a historical number, but again, this inventory is for the future. So that's the second.

Third thing, fortunately we are also working internally wherever possible how to then review and reduce this inventory level at least further by 10%. So these are the only updates from my side about the inventory available.

Divyansh Gupta: Got it. Should I ask follow-up question or should I join back the queue?

Balkishan Jalan: Moderator need to decide. Yes, please go ahead.

Divyansh Gupta: Yes. Hello?

Moderator: You can go ahead and ask your follow-up question.

Divyansh Gupta: Sure. The third question was on the Chennai Phase 2 visit on track for Q4? And second part to the same capex is that in the last con call you mentioned around INR40 crores-INR45 crores of capex will happen in FY28. So the question is that once this INR40 crores-INR45 crores of capex is done, how should we think about the future growth?

Is it that every year there will be a continuous capex or this is INR45 will suffice for, let's say, 2 years, and then we'll do another next stage of capex in Wada. Just whichever thought process in in your end?

Balkishan Jalan: Sure. So broadly, okay, so Chennai Phase 2 is as per the plan, and by November end we will be completing the 10,000 square foot of the mezzanine floor where we'll be shifting some of the machine

and some of the operation. And so then we can be ready for Phase 2 capacity at Chennai. And this will be ready for last quarter as we plan.

So point number 2, for FY28, we planned approximately INR40 crores-INR45 crores. That is still as per that plan only. Number 3, broadly, if you see my historical number or the way we operate, when there is a land need to acquire, then there is a higher number of capex in that particular year because we are acquiring land for 3 to 5 years.

Then we do normally, we do a capex year-on-year to meet the demand for the next year. That's how we operate, instead of putting a big capex for 3 years at a time. So for this 40-45 will take care of approximately INR100 crores plus turnover. So this type of capex we are seeing, which should happen year-on-year to meet the next year demand or to meet the growth of 25%-30% year-on-year.

Divyansh Gupta: Understood. The next question is, you mentioned that we have received approval for a term loan, and that is higher than what we are paying for the land. So what is the purpose for this term loan? Is it purely a capex or something else?

Balkishan Jalan: Yes. Basically, banks don't give term loan for land at all. So we will be using our internal accrual or general corporate funds for the payment for the land. For the capex which are incremental capex which we are doing at Wada and some of the capex which may start doing for the new plant that we have planned and over and above we will be needing more capex as I mentioned that will be additional capex of INR40 crores-INR45 crores plan next year. So if require we have to raise some term loan in next year, depend upon over fund flow position and all.

Divyansh Gupta: Understood, understood. The next question was that in our deck you mentioned the utilization of DSS, CSS, SFS, but I assume this is the annual utilization.

Balkishan Jalan: Yes.

Divyansh Gupta: Is it possible to give the utilization for this quarter, or let's say H1?

Balkishan Jalan: Broadly, at company level, utilization is approximately 80% to 85% as a mix, where the CSS may be slightly lower side and DSS may be the highest. And number 2, as I mentioned in earlier call also, this is an engineering company subject to the space availability. We keep on adding the line balancing equipment or machines so that we can debottleneck to some extent and increase the capacity.

So as of now, INR450 crores is something is the annual capacity where some machines are already considered, some machine may be in pipeline which will be adding. So that is the annual capacity considering the Wada and Chennai plant.

Divyansh Gupta: Got it. And just the last question, the auto business that we had gotten the approval from the European client has the, let's say, commercial production or shipment started? And any traction on any other clients that we were reaching out?

Balkishan Jalan: Satish, sir, you talked about auto business in Europe.

Divyansh Gupta: Yes. There was this European client that whom we had gotten the approval, right in July.

Satish Kotwani: Based in India, that is basically European customer with manufacturing in India, and we are at the stage of supplying them pilot lots as they need multiple pilot lots, which we will be doing in Q3 and Q4. Customer is factory -- we have to make the supplies in India. It's a global company which is from Europe.

Divyansh Gupta: **Got it,** got it. And any traction with any other OEMs for this same product?

Satish Kotwani: We already started discussions with similar applications with other Tier 1 companies. Basically, it is for Tier 1 application, and we already started getting the interest from them for sending the inquiry and RFQ in this quarter.

Divyansh Gupta: Got it. Understood. That's it from my side. I'll join back the queue for any other questions. All the best.

Satish Kotwani: Thank you.

Moderator: The next question comes from Ahaan, an Individual Investor. Please go ahead.

Ahaan: Am I audible? Yes,

Moderator: Yes, you are.

Ahaan: Thank you for this opportunity. So first question is, the company has secured its first bulk commercial order from a leading electrolyzer manufacturer in Q1 and has identified an estimated annual customer potential of 100 across the emerging applications. How is this opportunity pipeline progressing and what could be the potential revenue contribution from electrolyzers, offshore wind, and railway safety over the years -- 2 to 4 years timeline?

Satish Kotwani: Yes. So I think for this electrolyzer order which we received in June, this year, we are looking at approximate sales of INR2 crores in this financial year. We already started dispatches to this customer in last quarter. And as far as the -- so on the electrolyzer front, we are already in discussion with all the electrolyzer companies in India as well as global level.

Apart from the company where we got the order, we are already in advanced discussion for sample development and approval with other 2 electrolyzer companies. One is for export and one is a global company with manufacturing in India. As far as the potential business opportunity of electrolyzer railways, safety application, and offshore, we are looking at approximately INR40 crores to INR50 crores revenue over a period of next 2 to 3 years considering the approval and ramp-up happening with these customers at India as well as global level.

Ahaan: Got it. My second question is the H1 operating cash flow. It has remained relatively modest as compared with the reported profitability, while the inventory and the trade receivables increased during the same period. I just wanted to know what were the key drivers of the working capital absorption?

And what improvement targets has the company set following the appointment of KPMG for its working capital optimization study? Could you provide an update on these suggestions or any plan of action that is given by the KPMG?

Balkishan Jalan: See, KPMG has completed its diagnoses analysis and have submitted that report very recently. The company will work on its recommendations and we will be forming an internal team and start the implementation sometime early in FY28. But it will take at least 1 to 1.5 years for the benefits to accrue the company. And this is one part of the KPMG.

Trade receivables increase has happened mainly because one is the export sales for the company, between domestic and export sales, export is 38% and the domestic change is 62%. Compared to Q1, Q4 of last year, it was 33% and 67%. And mainly because export sales have increased by almost INR5 crores comparatively, and that is the reason that inventory, the receivable days has increased because of the transit time and the number of days, overall 90 to 100 days is the working capital cycle for export.

Ahaan: Yes,

Balkishan Jalan: And also we are also growing at around 25%. Also this time also by 31%. And it's that because the exports has grown.

Ahaan: Understood. Yes, that's it. That answers my question. Thank you for taking this opportunity and happy Diwali to you.

Moderator: Our next question comes from Vidhi Gandhi, an Individual Investor. Please go ahead.

Vidhi Gandhi: Hello sir. My question was regarding EBITDA margins. So when talking about EBITDA margins have moderated from 19.16% in FY24 to 16.51% in FY26. But while we look at H1 FY27 we have seen an improvement. So I would like to know the reasons that could drive the sustainable margin expansion going forward?

Balkishan Jalan: Yes. See, basically this improvement is – couple of factors are there. One is the -- one RM cost actually, it has actually increased due to the product mix. But at the same time the manpower –any reduction in manpower cost. And also the other expenses also as a percentage reduced by 2.2%. And the primary reason being last year there was forex loss which is that in H1 FY26, which is not there in this half, H1 of '27.

And this net impact resulted in the improvement in the EBITDA margins by 1.3%. And going ahead, anyhow, we are saying, we are confident that we should see some further improvement in the

EBITDA margins. We are targeting around 17% to 19% We should see the continued improvement margins coming in coming quarters also.

Vidhi Gandhi: Okay, okay, so I got it. Yeah, that was it from my end. Thank you.

Moderator: Next question comes from Lakan Chhabra, an Individual Investor. Please go ahead.

Lakan Chhabra: Hello? Am I audible? Hello?

Moderator: Yes, you are.

Lakan Chhabra: First of all sir congratulations on a great set of numbers. Just greetings from my side. I would like to ask something regarding the wind sector like you mentioned that the Indian wind sector compared to almost 42% of the revenue. I was seeing the data. So the demand in the Indian wind approximately like, the reported demand was approximately 3.1 gigawatts from April to September, which is roughly flat growth as compared to last year's demand.

But just in order for us to achieve the previous guidance of 30% growth. So in that context, I would like to ask that what is the client concentration, like the order concentration from the top 3 windmills which you are supplying? And like, how do we plan to increase our share of revenue from those? Like, if you can shed some light on this?

Satish Kotwani: Sure, I'll answer this question. So basically, as you rightly mentioned, the first half of India wind was not growing at the rate which was happening earlier. But for Gala, as we discussed in the past, our base is still very small compared to the demand of these wind turbines companies, and our share of business with most of the wind companies is between 5% to 25%-30%. So there's enough room to grow with these wind companies.

Second thing which happened, which is positive for Gala, is we have also moved up the value chain, and most of our sales was happening in onshore wind till last year, but in this quarter particularly, we also started exporting our fasteners, basically smart fasteners for offshore wind applications. So it's the addition of segment for us considering the demand increase in offshore as well.

Third, of course, we are continuing to focus on adding new customers in India and global. And fourth, very important is, we started this journey of fasteners by addressing only some portion of market, that is stud, which we were supplying from Wada and Chennai initially. But since last 1 year, after successful implementation of our Chennai plant and approval of the new product category which is bolt, which is required by all the wind OEMs, particularly for tower applications, so this is an additional product line which is also driving this growth. So we are very positive considering the current order book as well to grow the business of wind industry at least for next 1 to 2 years because of these factors.

Lakan Chhabra: Okay. So I had another question, like I was saying, the employee cost has increased significantly and not commensurate with the revenue growth. So is there any specific reason for it? Because it will lead to the Chennai plant ramp-up?

Balkishan Jalan: Yes, Giri.

Srinivasan Giridhar: As a percentage, it has actually reducedbut in absolute numbers it has increased considering the growth in internal also, but percentage level comparably, but as a percentage only it has reduced, because the growth has been quite high. That is the reason.

Balkishan Jalan: I think so you were referring the half-yearly. In half-yearly, it increased marginally by 0.7%. And yes, we have added quite a few number of people, particularly in market development in Europe market or US market. And we will see the lower percentage as we progress in second half.

Lakan Chhabra: I'm sorry, if I can ask another question, if you allow me to. Can I ask another question?

Moderator: Yes, Sure. You can go ahead.

Lakan Chhabra: I wanted to know that, as you told that this quarter the revenue was split into DSS 53%, SFS 31%, and CSS 16%. So like I am seeing the pattern that DSS demand has been rising over the last quarters from like 50% to 53%, like it has been consistently rising? And the SFS demand like as a share of revenue, as a percentage of revenue has been decreasing. So with this context, I would like to know that the DSS facilities are at 85% capacity utilisation. So are there any plans regarding expansion of the DSS capacities and how do we plan to tackle the increased demand in the DSS?

Balkishan Jalan: So in DSS we are continuously increasing capacity in the given space, and this will debottleneck some of the process. Plus some outsourcing possibilities are there, like machining can be outsourced or heat treatment can be outsourced, number one. Number two, going forward, we have planned to put the DSS as well as SFS fastener capacity in the new facility which we will be setting up. So both the growth area we are seeing the capacity will be added in FY28.

Lakan Chhabra: Okay, sir. Thank you, sir. I'll get back to the queue. Thank you.

Balkishan Jalan: Thank you.

Moderator: Our next question is a follow-up from Divyansh Gupta with Latent PMS. Please go ahead.

Divyansh Gupta: Hi sir, just one question. What would be the revenue this quarter from our Chennai Phase 1 plant?

Balkishan Jalan: Approximately INR15 crores, which we are targeting from Q3.

Divyansh Gupta: Got it. And this is running at optimum capacity?

Balkishan Jalan: Yes. There is some scope, honestly speaking, because part of the capacity of Phase 2 also getting operational by November end. So there can be some additional sale which may generate in November or December month.

Divyansh Gupta: So sorry, one basic question. In the deck it's mentioned that it was 30% and 25%, we are looking at 70% in FY26. So this 15, let's say just limiting it to Phase 1 capacity right now. This 15 is running at the max capacity that it can run, or is there a scope of just this also going up?

Balkishan Jalan: So INR5 crores per month or INR60 crores per annum is the Phase 1 capacity, and we are running at almost at that Phase 1 capacity. Phase 2 will be operational by January, and we will try if we can pre-pone that by 1 month, and then we can get some additional revenue from that. And Phase 2 capacity approximately INR50 crores, which will take it to INR110 crores, and that will be available in Q4.

Divyansh Gupta: Got it. So, let's say, INR50 crores is about INR12 crores. INR12 plus INR60, INR72. INR72 of 70% is INR50 crores, which this anyways would cross. So then 70% sort of underestimating the utilization?

Balkishan Jalan: Honestly speaking, once we start this -- particularly some machine, we will get more clarity. But yes, this 70 can be slightly higher based on the current order flow what we are seeing as of now.

Divyansh Gupta: Got it. And does the Phase 2 capacity also need to go through the whole testing approval, or it does not require any additional approval?

Balkishan Jalan: It doesn't require any additional approval, because already the stud and bolt facility already been approved. So these are the incremental capacity which we add in the plant. So they don't need any separate approval.

Divyansh Gupta: Got it. And how then should we think about the ramp-up of Phase 2 overall? Should it be then 60 immediately in FY28 or 50, sorry.

Balkishan Jalan: Yes, very much. I don't see there will be any big gap or lag effect. Subject to order flow we should be able to start using capacity in 15 days to 1 month time.

Divyansh Gupta: Understood. And given that Chennai would then, let's say, hit full utilization because phase 1 is at 60 and Phase 2 hits 50 very quickly for that run rate. How should we incrementally think about from the phase one Phase 2 capacity only revenue ramp-up? Is there inflation linked number that one should just assume that if nothing else then this much growth should keep on coming?

Balkishan Jalan: Yes. So broadly Wada and Chennai put together where Wada Phase 2 will be -- Chennai Phase 2 will be operational. In Wada, there we are putting some incremental capex. With that as I mentioned, I am seeing in next year again we are targeting 25% growth. And for Quarter 1 and 2 of next year, we see we will be able to meet with the current Wada capacity or Chennai Phase 2 capacity. For quarter 3, we will be reviewing, and if required, we will have some temporary arrangement, rented space or something. And for by quarter 4, we are targeting to be ready with the new facility.

Divyansh Gupta: No, sir, my question was only related to Chennai capacity, right, in FY28…

Balkishan Jalan: I think, Yes, so Chennai capacity in FY28, I think so we will be utilizing almost 80% to 90% in next whole year.

Divyansh Gupta: Got it. So then my question was that FY29, then how should we think about Chennai, or it will remain at this 110?

Balkishan Jalan: So for FY29, we already started exploring the land parcel there. In last 2 months we applied the SIPCOT 2 times online. So they keep on releasing the new plot online and then we apply that. Unfortunately, we couldn't get that. So we will keep on applying. And otherwise, parallelly, we started exploring through the private channel as well. So we would like to acquire one more land parcel of 3 to 5 acres, or maybe 5 acres, near to our plant, so that we can start working for FY29 capacity.

Divyansh Gupta: Got it. Understood, sir. This is helpful. Thank you.

Balkishan Jalan: And just to add. As a backup plan, in earlier call also I mentioned, as a backup plan we have a possibility where we can shift the stud facility and our long lease basis premise, and we can add a bolt facility within your own premise. And we already shortlisted some of the long lease premises which are easily available. So we will wait for some period, otherwise at some time if required then we can finalize the long lease arrangement and move there in Chennai new facility. So we don't see any big constraint in expanding in Chennai as of now.

Divyansh Gupta: Got it. Understood. This was helpful. Thank you, sir and wishing you a very happy Diwali.

Balkishan Jalan: Thank you.

Moderator: Our next question comes from Hitesh Patel with an Individual Investor. Please go ahead.

Hitesh Patel: Yes, thank you for the opportunity. So my question is with respect to segmental demand. Like, DSS contributed 53% in the first half of the revenue, while SFS and CSS contributed 31% and 16% respectively. But which segment is currently witnessing the strongest demand momentum? And how do you see the segment mix evolving over the next 2-3 years? That is what I would like to know.

Satish Kotwani: So I think, Gala product segment point of view, DSS and SFS are driving the growth, as you have seen in last few quarters also. And in both these segments, we are developing domestic as well as global markets, and that's the reason the growth is higher than CSS, where we are mainly focusing on India market in CSS.

As far as the industry segment is concerned, we are seeing major growth coming from 3 industries. One is renewable, where we are seeing growth opportunity will continue to be in wind and electrolyzers also going forward. In industrial, we are seeing a lot of infraction, particularly with

electrical equipment, off highway equipment, even in India as well as the global level. And of course, we are adding continuously new customers in these sectors as well.

Within mobility, I think automotive, since we are focusing only on India, it will grow by about 15%. But railways, we are seeing a lot of new opportunities coming at the company level, starting with gallock, disc spring, even for coil spring and fasteners going forward. At the next 2 to 3 years perspective, I think renewable energy, which will contribute about 35 to 38%, industrial segment, which will contribute approximately 35%-37%, and mobility, which is automotive plus railway, will contribute about 25%. This is a broad level we are seeing. And in 3 to 4 years perspective, disc spring and fasteners both will be about 40%-42% of our turnover, and DSS will be about 10% to 12% of our turn.

Hitesh Patel: Okay, sir, got it. Also, my another question was with respect to the solar power project that has been established in Nanded, Maharashtra. So I just wanted to know, like, what were the key considerations behind selecting this location and how will this project benefit the company in terms of power cost, energy efficiency, or long-term operating margins?

Balkishan Jalan: Yes. I will answer this. Basically, solar is a renewable power which brings 2 advantages. One advantage surely in the cost itself, and second advantage as a renewable, we are exporter, then CBAM and all calculations take place where we get the benefit of the renewable energy. And over and above, we also committed for the environment and we want to work toward that.

As far as the commercial sense is there, capex cost of INR6.2 crores. And this Nanded is a place because it's an open access government of Maharashtra have the policy where if you don't have space near to you then you can put this solar park in the remote place where the land cost is very cheap. And there you connect with the grid and whatever solar you generate there and connecting grid and supplying to the government of Maharashtra, you can take the advantage and you can take this subtract from that power unit what you are utilizing at your plants which are there at Wada.

So Nanded, just because of the land was cheap and solar park, that's how they set up the solar park. The annual benefit already mentioned, approximately INR1.35 crores after reducing the interest cost of INR5 crores term loan suppose we avail that. So overall also see gross level we will be getting the payback in 4.5 year and this is the state we benefit which will add to the P&L.

Hitesh Patel: Okay, sir. Thank you sir for the explanation. Just lastly on the front of exports I just wanted to know like it contributing approximately 36% thefirst half of the revenue. So how is demand evolving across Europe and the US. Are there any changes in the competitive intensity in this market?

Satish Kotwani: Currently, I think we don't see any major change in competitive intensity in last few quarters. Of course, the existing customer growth is not much, but I think because of addition of lot of new customers, which continuous initiative we are taking in Gala as a part of business development, and also adding resources in these countries, as we mentioned, we have added already persons in Europe.

We are adding persons in US. So by acquiring new customers and getting competitors here, our growth is sustainable at least for next 3-4 years in these markets as well.

Hitesh Patel: Okay, sir. Thank you. Those were all my questions. Thank you for explaining.

Moderator: The next question comes from a follow-up from Divyansh Gupta with Latent PMS. Please go ahead.

Divyansh Gupta: Hi sir. Just a data check question. Our Chennai Phase 1 went live somewhere in August of last year, right? And did about INR5 crores in Q2 of last year?

Balkishan Jalan: Yes, please go ahead.

Divyansh Gupta: No, no, my question is, Chennai plant Q2 last year was I think INR5 crores of revenue contribution, which this year is INR15 crores. So if I remove the base effect of Chennai plant and then look at the revenue growth in H1 for Wada, it only comes to around 7%. Is that a fair estimate or am I missing something?

Balkishan Jalan: I think you're missing something because the disc spring itself has grown by 25% or 30%, and that coming 100% from Wada only. You're talking only for SFS division or company as a whole, I'm not clear.

Divyansh Gupta: Overall company, I'm saying overall company.

Balkishan Jalan: No, no, so something is missing here. You're talking H1 to H1?

Divyansh Gupta: H1 to H1.

Balkishan Jalan: H1 to H1, the sale grown from INR134 crores, INR135 crore to INR170 crores, which is almost INR35 crores.

Divyansh Gupta: INR134 became 169, 170, of which 30 is coming from Chennai, which was 5 last year. So INR20 crores of this increase is coming from Chennai –25?

Balkishan Jalan: Giri, You have SFS Chennai H1 last year and current year sales?

Srinivasan Giridhar: SFS last year Chennai was only INR64 lakhs and current year it is INR22 crores H1. I'm talking about H1 to H1 comparison for Chennai.

Divyansh Gupta: So Chennai was INR7 crore last quarter?

Balkishan Jalan: Last year, SFS Chennai was just INR64 lakhs because it commenced only from August 25, only 2 months, but that 64 lakh for the turnover. And current year Chennai H1 turnover is INR22 crores.

Divyansh Gupta: Sorry, how much?

Balkishan Jalan: INR22 crores current year.

Divyansh Gupta: INR22 crores. So 7 and 15 for let's say H1, Q1, Q2 in this year versus 0 and 0.64 for last year?

Balkishan Jalan: Correct.

Divyansh Gupta: Okay. Then adjusting for it, then it's a 10%. Then is it a correct number?

Balkishan Jalan: 170 right?

Divyansh Gupta: So indirectly my question is, all the growth is coming taller for Chennai.

Balkishan Jalan: Yes. From the capacity point of view, yes, the growth is coming from Chennai, INR22 crores growth and remaining growth coming from Wada.

Divyansh Gupta: Got it. Understood. So that was my just data keeping question. Understood.

Srinivasan Giridhar: Yeah, Correct.

Divyansh Gupta: Got it. Understood. Thank you sir.

Srinivasan Giridhar: And just one and I'm not realizing this first time with your question. So Chennai last year, SFS Wada was delivering more because SFS Chennai was not ready. This year because now Chennai got ready, then to some extend we have reduced that and brought to the normal capacity. We shifted one of good order of SFS Wada to SFS Chennai honestly.

Divyansh Gupta: Got it. Understood, understood sir. This is helpful. Thank you.

Moderator: The next question is a follow-up from Lakan Chhabra, an Individual Investor. Please go ahead.

Lakan Chhabra: Thank you, sir. So I would like to ask, the new developments, the commissioning of the solar power plant, increased demand in the DSS sector, and jumping above the Chennai plant. It would be very, very helpful if you can give guidance regarding the EBITDA margins for the coming quarters. Like last month, the guidance you gave was 17% to 19%, so will it be like updated, or like what can be the guidance on the coming quarters regarding the EBITDA margin?

Balkishan Jalan: Going forward also, our guidance, we still maintain that we are targeting EBITDA margin between 17% to 19%, no major change in that, and that will still remain -- that target will be between 17% to 19% only.

Lakan Chhabra: Okay. Thank you sir.

Balkishan Jalan: Thank you.

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

Balkishan Jalan: Thank you all for participating in this earnings call. I hope we have been able to answer your questions 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. We wish you a very happy and safe Diwali to all of you and your beloved ones. Thank you, all of you.

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