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**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 and Half year ended
September 30, 2025**

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 May 29, 2025, regarding discussion on operational and financial performance for the quarter and half year ended September 30, 2025 (Q2 & FY26) is enclosed herewith.

Please take the same on your records.

Thanks & Regards,
For Gala Precision Engineering Limited

**Pooja Ladha
Company Secretary and Compliance Officer
Encl:**

Gala Precision Engineering Limited
Q2 and H1 FY'26 Earnings Conference Call
November 13, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Gala Precision Engineering Limited Q2 FY2023 and H1 FY 2026 Earnings Conference Call hosted by Valorem Advisors.

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 “*” then ‘0’ on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you, and over to you sir.

Anuj Sonpal: Good morning everyone and a warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the investor relations of Gala Precision Engineering Limited.

On behalf of the company and Valorem Advisors, I would like to thank you all for participating in the company's Earnings Call for the 2nd Quarter and first half of Financial Year ending 2026.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's Earnings Call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Let me now introduce you to the management participating with us in today's earnings call, and hand it over to them for opening remarks. Firstly, we have with us Mr. Kirit Gala – Chairman and Managing Director; Mr. Balkishan Jalan – Whole-time Director; Mr. Satish Kotwani – Whole-time Director; and Mr. Srinivasan Giridhar – Chief Financial Officer.

Without any further delay, I request Mr. Kirit Gala to start with his opening remarks. Thank you, and over to you, sir.

Kirit Gala: Hi, very good morning to all of you. This is the Earnings Call for Q2 and H1 for Financial Year 26.

In the interest of some of the people who are new to the company, let me first give a brief overview of our organization. Gala Precision is a preferred manufacturer of high-quality precision components. We serve various sectors, mainly renewable energy, industrial and mobility and geographically, we are focused on three areas, India, of course, Europe and USA. We supply to OEM, Tier-1 and Channel Partners. We manufacture around 750 SKUs to serve around 175 active global customers across 25 countries. And, of course, our capabilities are in advanced technologies and integrated capabilities for designing, developing and manufacturing this product portfolio. To further strengthen our manufacturing footprint and expand the product range, we have established a new facility in Chennai. This plant will focus on producing various high-tensile fasteners, including bolts. These are mainly complementing the existing products. During the quarter, our operations continued to progress strongly across business segments. The fastener division delivered the strongest results, with revenue for the first half of 2026 standing at Rs. 44 crores, registering 84% year-on-year increase. The disc spring segment maintained healthy momentum, but the order booking has been 30% higher on a year-on-year basis.

Also, we have a very strong pipeline of new product development across all the segments, with a focus on higher value components and export-oriented opportunities. The key development during this period was the introduction of new bolt and nut products, addressing a global market opportunity of more than a billion dollars. We have already secured pilot orders for this product, and there is a strong validation of our design and engineering capabilities. At our Chennai factory, we are really happy that post-IPO, we really accelerated this implementation of the project, and we are happy to inform you that we started from 1 crore sales in August, now targeting 4 crore sales by September per month. This plant has been successfully audited and approved by more than 10 global customers, and trust me, most of the customers are really happy to see the modern technology and the commitment of people. So, this is a very interesting development, very promising in terms of future growth. Overall, we are pleased with the operational momentum and the steady progress, with our strategic priority on innovation, customer diversification and capacity expansion.

With this, now I hand over to CFO, Mr. Giridhar, who will take you through the financial highlights of the period under review. Thank you so much.

Srinivasan Giridhar:

Thank you, Kirit Bhai. Good morning, everyone. Welcome to the earnings call today. Let me provide a brief overview of the financial performance for the second quarter and first half of Financial Year 2026. For the quarter under review, consolidated revenue from operations stood at around INR 71 crores, reflecting a 40% year-on-year increase. EBITDA for the quarter was around INR 11 crores, up 17% year-on-year, with EBITDA margins of 15.41%. Net profits stood at INR 8 crores, representing a 59% year-on-year growth, with PAT margins at 11.76%. For the first half of financial year 2026, revenue from operations stood at INR 134 crores, reflecting a healthy 29% year-on-year growth. EBITDA for the period stood at INR 21 crores, up 3% year-on-year, with EBITDA margins at 15.46%. Net profit for the first half stood at INR 15 crores,

registering a 30% year-on-year increase, with PAT margins improving to 11.08%. EBITDA margins during the period were partly impacted by change in production along with higher raw material labor costs, including job work and freight costs. Additionally, other expenses, including forward contract losses, also contributed to the impact.

With this, we can now open the floor for the Q&A session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Lakshmi Narayanan from Tunga Investments. Please go ahead.

Lakshmi Narayanan: Thank you. A few questions. I want to understand what is the customer concentration we have? You talked about 175 customers. So, what would be the top 5 customers who would actually contribute to us and the second question is that, in general, what is our repeat business? When I say repeat business, I am talking about revenues from the same set of customers who have been there for the last year. The third question I have is that I want to understand your tax rates. What is the rate one should actually assume? The next question is regarding cash flows. I see that your operating cash flows is kind of muted because inventories are high. So, I just want to understand how to read about it. These are my questions.

Satish Kotwani: So, I will answer the first two questions. So, in general, top 5 customers contribute about 30 to 35% of sales and top 10 customers contribute around 50% of the sales. Every year, normally, our sales is driven by repeat business or which we call existing customer, existing part business. Second category is new parts from the existing customer and third is totally new customers. So, normally, depending on the year or quarter, we have about 80 to 82% coming from existing customer, existing parts, which broadly we can say the regular repeat business. About 10% business is coming from new items which are supplied to existing customers and approximately 8 to 10% of business is coming from new customers, mainly for our springs and fasteners category. So, this is broad classification of customers and repeat business. For tax, I think Giri can answer.

Balkishan Jalan: I can answer. I am Jalan here. Tax rate, we are in the new regime of income tax and as per new regime, the 25% tax rate is applicable. But nevertheless, whatever legitimate tax planning we can do, we try to bring this tax 25% by 2-3 basis point. So, this again depends upon year to year, what type of tax plan we can achieve. So, you can safely assume something between 20 to 25% or 22.5% for safer side. As far as the cash flow is concerned, you are right. The operation cash flow is under pressure, and the major reasons are two. One is historical also. If you see, then historical also, inventory used to be 120 days because quarter and quarter or year and year when we are growing and we are adding more and more product. So, because of new product development, because of the growth, we have to keep inventory for the coming year. Second, the other reason which in earlier call also I explained. We are having multiple SKUs, one side. We have to sometime import material and there are certain items where we have supposed less tonnage. Then there is steel mill, they need some minimum order quantity. So, we have to

place order in particular quantity or tonnage only. So, there are various historical reasons. If you see, my inventory used to be 120 days and now at present in September, the inventory is 129 days.

If you go in deeper, then in this inventory of September '25, this inventory includes the Chennai plant inventory which is almost 5 crores plus and if you remove this inventory, the number of days is 123 days which are again in line with the historical number. Chennai inventory I want to remove for time because we built this inventory for the customer audit, for the customer approval, for developments and all. So, we started ramp up of the Chennai plant but still we have not started a big way sale. So, just for information, till September '25, in 4 months, we ramp up from the 1 crore, 2 crore, 3 crore, something like that. But the sale started in September which we just achieved 82 lakh rupees of sale. So, that inventory we are building up in Chennai so that we can ramp up operation and we can deliver higher number in the coming months and quarters. As far as debtor is concerned, you can see the debtor stability is there. Earlier, in fact, it used to be 108 days in March 25 but June is 85. Then September, last September 87 and this September is 85. So, we are in the similar range. So, inventory is high particularly if you see from historical number and that's the reason I gave you about the Chennai inventory.

Lakshmi Narayanan:

Alright, good. So, then the other thing, in terms of renewable energy, there has been some pressure which I understand that is building up with respect to all the wind equipment manufacturers based in India. Do you actually see that and how to think about this? Because we have our own good composition from renewal, is it true and if so, what is the contingency plan we have?

Balkishan Jalan:

You are talking about the top line revenue growth or you are talking about margin?

Lakshmi Narayanan:

No, no, I am talking about top line itself because I am told that, Gamesa for example, is actually having some kind of problem and a few others. So, in that context, I want to understand since we actually have 35 % exposure.

Satish Kotwani:

So, basically, I would like to correct here. If you see really the data and real situation in the market, I think India market is the fastest growing market for the renewable particularly wind industry. So just to give you an idea, in H1 which is April to September period, the wind installation capacity has grown by 50 % in India and today, if you talk to any good OEM who is making, manufacturing wind turbines like Suzlon in India, Senvion, Inox, Envision, they are really having good order flow for at least next 2 to 3 years they have the visibility of orders from existing customers or their new customers. So, I would like to defer the statement market is having challenge. Yes, Siemens Gamesa has been going to the challenge not only in India but globally because of some quality issues they faced in the Europe market and that has impacted their overall business. But in fact, Siemens Gamesa India business is acquired by private equity and now they are looking to expand the business aggressively in India. I think India story is

really promising as far as the wind is concerned at least for next 2 to 3 years. Recently, we participated in wind exhibition in Chennai. The participation has grown by two and half times as compared to last year wind turbine same exhibition in Chennai which shows that India market is interesting and people are really keen to expand the businesses in India.

Lakshmi Narayanan: Sir, my question is that while India is there but exports from India out on the wind, right? I thought there was some slowness but anyway nevertheless that is one. So, then the other one is that in terms of the products you manufacture, which are the products where you actually have your own design and what kind of products are actually built to print?

Satish Kotwani: Yes, so it differs from product to product. So, in fasteners for example which we offer mainly for wind industry or hydro and now we also started offering for industrial and railways. These all products are made as per the print. So, broadly these products are called M20, M24, M72 that is a metric standard or in series but each product has some specific requirement of thread rolling, machining, coating. So, basically all these products are made as per the print. In disc spring family, we have products which are made customized as per the customer requirement approximately 40 to 50% and 50% of the products are made as per the DIN standard which is a German standard DIN 2093 for disc spring. In wedge lock washers, I think 80% of products are as per the standard series again as per DIN 25201. As far as the coil springs which is applied to mainly mobility sector, railway, some portion in industrial and mainly automotive Tier-1, 100% springs are made as per the customer. So, at company level if you see we will be about 20-25% making as per the standard which is again German standards and about 70-75% will be customized at the company level as per the print.

Lakshmi Narayanan: Okay. When you talk about precision, you talked about you are a precision company. Can you just tell me what do you mean by that? Because any fastener, any mechanical instrument I always think it is a precision thing. Is there a specific reason? Sorry to interrupt but can you please rejoin the question queue?

Balkishan Jalan: Sure. So, basically in Gala is a 3 product groups, disc spring, coil spring and fastener. We have different precision engineering requirements. We start with the disc spring. In disc spring, we have to blank where we need to have a tooling and the tooling capability design, manufacturing tooling capabilities are in house and we have to manufacture this tool in 5 micron to 10 micron depending upon the end product requirement. So, there we have that type of sophisticated wire cut machine or machining capabilities and checking inspection capabilities and with this help only we are able to develop the product called Gallock where we are seeing good potential in coming years. So, already this product got approved with several customers and across our group.

Lakshmi Narayanan: Coil Spring?

Balkishan Jalan: Yes.

Moderator: Thank you very much. The next question is from the line of Nishita Shanklesha from Sapphire Capital. Please go ahead.

Nishita Shanklesha: Yes. So, in your opening remarks you mentioned that from the Chennai facility you are now expecting and targeting 4 crore sales from September per month and you just mentioned to the previous participant that you have done 82 lakh sales only till now. So, how are we going to ramp up from 82 lakhs to 4 crores per month and is this 82 lakhs in a month or over the period of H1 or Q2?

Balkishan Jalan: I will answer you in detail. There are two separate. One is that we have started ramp up of this manufacturing from July onward. So, we completed this plant in March and we opened up this plant for audits and more than 10 customers visited during March, April, May, June, July and they started giving approval. Once they started giving approval, we started manufacturing from July. So, July we gave the load of 1 crore and that started ramp up to 2 crore, 3 crore and in October we reached to a load of 4 crore, number one. So, this is what we are calling a more manufacturing value load given to the plant and as far as the sale is concerned, we started dispatching in September. So, what happened as a part of the whole process, after that customers once again visit, see the actual process and product and after that they start giving clearance to dispatch and initially they asked for a dispatch of very small quantities, we call it as PPAP launch, where the values are small. But the varieties are there. So, we started dispatching in September and in September as a very small value, in September there were more than 75 lakhs. That was the first month we dispatched and in October, we already crossed something 3 crore and this will follow. Then manufacturing value, we are seeing already reached to a 4 crore and in coming month, we are targeting to manufacturing value of 5 crore. And sale will start following 3 to 4 crore per month. So, as of now we are not seeing any difficulty in achieving what we said.

Nishita Shanklesha: Okay. So, again to clarify, you mentioned that in October sales we have already crossed 3 crores, right?

Balkishan Jalan: Yes, ma'am.

Nishita Shanklesha: And from next month we are going to manufacture 5 crores and we are expecting from that the sales to happen of 3 to 4 crores.

Balkishan Jalan: Yes. So, just again for clarity, in November we have given load of 4 crores and this we want to stabilize and in January we are targeting to give manufacturing load of 5 crores.

Nishita Shanklesha: Okay.

Balkishan Jalan: And Phase-1 over capacity which we planned and which we communicated was 60 crores and as of now we see that we are almost through with that Phase-1 capacity building up and we will be demonstrating that in January 26.

Nishita Shanklesha: Okay. Can you clarify that Phase-1 capacity of 60 crores or CAPEX of 60 crores?

Balkishan Jalan: Phase-1 annual capacity of 60 crores which means per month capacity of 5 crores and which we will be doing 5 crores per month manufacturing in January 26, that is our plan and the sale will follow. So, we have an order in pipelines. Then as we ramp up manufacturing, the sale will follow to that.

Nishita Shanklesha: Okay. Understood. Also, when are we going to start with the Phase-2 capacity then in the Chennai plant?

Balkishan Jalan: Yes. As of now we reviewed the overall pipeline and outlook. And as of now we plan to start this in Q4 of FY'26 or there can be a Q1 of FY'27.

Nishita Shanklesha: Okay. So, we will start like operate, the Phase-2 capacity will start building in Q4. So, when will it be operational?

Balkishan Jalan: Normally, now land and building is already there for Phase-2. Only we need to just order the machine and install which takes normally 3 months to 4 months' time. So, the time lag should not be more than 3-4 months to achieve again the capacity what we build in Phase-2.

Nishita Shanklesha: Okay. Understood and my next question would be you previously given a wide range of 20% to 25% growth in FY'26 and EBITDA margin of around 17-19%. Now in Q2, our margins have fallen to 15%. So, do we still see that happening EBITDA margin of 17-19%?

Balkishan Jalan: Yes. As of now we still maintain as we ramp up and we stabilize our capacity and we reach to a higher level of revenue. We should be again in the range of 17-19%.

Nishita Shanklesha: Okay. And revenue also will do 22-25%?

Kirit Gala: **Yes ma'am, we are confident about this number**

Moderator: Thank you very much. The next question is from the line of Amar Ahir from Raytheon Capital. Please go ahead.

Amar Ahir: I want to ask that can you give me a guidance over the margins for a period of 2-3 years?

Balkishan Jalan: As we maintained earlier, we are seeing EBITDA margin should be again reaching 17-19% as we grow and reach to a revenue where we are utilizing the Chennai capacity to a certain level. So, in between the utilization of Chennai capacity is going to be lower but otherwise we see 17-

19% what we maintain should be there and going forward also similar type of margin we are anticipating or expecting.

Moderator: Thank you very much. The next question is from the line of Kunal Mehta from Sunidhi Securities. Please go ahead.

Kunal Mehta: Sir, I have 2 questions. One is on the order book side. You have mentioned that there is good order booking in this spring. But can you give an overall perspective on the order book of all the segments and how is the pipeline looking?

Satish Kotwani: Okay. So, I think in general the overall order position is positive and good in all the areas which is mainly disc spring, coil spring and fasteners. Normally at any given time we have the visibility of sales for next 3 months, which is depending on the customer forecast, schedules and also projections they have given and firm orders we have. So, for example, as on 1st October we have visibility and orders in hand for 75 crores plus some more additional schedules are expected for this quarter which normally come month on month for auto industry. So, I think in general order position is good and that is the reason we are targeting to grow 22% to 25% and these orders are aligning to that growth.

Kunal Mehta: Okay, sir and the other question is on the CAPEX amount of utilisation. Wada CAPEX is still pending, right? The CAPEX of the Wada facility is still pending. By when do we see completion in that?

Balkishan Jalan: We have planned CAPEX of 110 million. Out of that we incurred 61 million and remaining 49 million we have planned to complete this CAPEX in next 6 to 9 months time. So, basically Wada where we have incremental CAPEX which we incur depend upon the bottleneck, time to time we are adding the presses or wire cut machine or coil machine like this. As per Chennai's I already answered, Phase-1 already completed. So, 370 million out of which 198 million already deployed and remaining 171 million we plan to deploy in 6 to 9 months on a safer side to build this Phase-2 capacity.

Kunal Mehta: Because, sir, our capacity utilization is almost on the optimal level for most of the segments like the disc spring, coil spring. So, how much capacity approximately are we planning to expand? Any numbers on that?

Balkishan Jalan: After completing this CAPEX cycle at Wada, we should be around 325 to 350 crore all product mix, disc spring, coil spring and fastener. As per Chennai is concern, after completing the CAPEX cycle, we will be going to have a capacity of 120 crore to 130 crore depend upon product mix and each item volumes and all.

Moderator: Thank you very much. The next question is from the line of Rahul Jain from Credence Wealth. Please go ahead.

Rahul Jain: Just to clarify, I think in the previous you already answered that question of mine. The CAPEX which is ongoing, the existing infrastructure plus the CAPEX at Wada where we are about marginal amount sending roughly about 5 crores and Chennai CAPEX 17 crores which will complete in 6 to 9 months, the total peak sales which is possible with this infrastructure would be Wada would be 325-350 and Chennai would be 125. Is that understanding correct?

Balkishan Jalan: Yes, absolutely right.

Rahul Jain: And sir, in what time frame you can typically ramp up these capacities to optimum utilization?

Balkishan Jalan: Yes, I just will correct one thing. I mentioned this figure as a capacity but normally in engineering company, subject to product mix, there can be some change but more important, we normally consider 80-85% as a capacity utilization and based on the future output, we keep on adding. So, this may not be a peak revenue from the number what you mentioned. Just one clarification. Yes, you can repeat your second question, please.

Rahul Jain: Okay, so by change of product mix, you can obviously increase the top line, right? But the current numbers which you mentioned, sir, 325, 350 and 125 for Chennai. Typically, so let's say the lower number 325 plus 125 which is about 450. So, in what time frame do you feel you can reach that kind of top line?

Balkishan Jalan: Yes, so again, these are the capacity numbers and engineering company normally we consider 80-85% capacity utilization because there are a safe top product mix or whatever and time frame as of now, we still need to prepare the next year budget based on the whatever outlook we see which normally we prepare in Jan and Feb. But as we always mention, we are targeting 20-25% type of growth rate and we should be then achieving in next year or next to next year.

Rahul Jain: Sure. And at peak capacity sir or utilization say around 80-85% utilization, do you feel the margin can be 20% or 20% plus given that today the capacities are not being utilized fully specifically the Chennai plant?

Balkishan Jalan: If you are talking about EBITDA, then I will clarify. In past, when we in Wada also we reached to a peak capacity, the overall product mix of disc spring, coil spring, faster and within that different product mix we are able to deliver 19-20%. Chennai is a new product which will take 1-2 year time to reach to that peak level capacity and combined all together we still want to maintain the EBITDA margin of 17-19%.

Rahul Jain: Fair enough. So, in your commentary and also in the presentation you talked about a new nut and bolt product which is an addressable market of 1 billion dollars and you have secured some pilot orders for the same. If you could share some more details in terms of say where this product is being used, in what segments it is going to go, what kind of customers we are talking about, maybe you will not name the customer that's fine, but what kind of customers are

discussing this product with, is it based on some customer orders we have developed this product and who are the other competitors in this product?

Satish Kotwani:

Good question. Satish you can elaborate. I will answer this. So, basically as you know Gala is operating business in mainly three verticals from the industry segment point of view, renewable, which includes hydro and wind energy; industrial which is electrical, off highway equipment, construction equipment; and third is mobility which is mainly automotive and railway. So, the fasteners when we started, we started mainly with wind industry and we were supplying only studs which is our existing product till last year for more than 7-8 years and 80-90% of the studs were sold to wind turbine OEM manufacturers in India and subsequently in the global market. Based on the understanding of this wind turbine OEM we understand apart from studs they also use bolts and nuts. So, same set of customers having potentials of bolts and nuts that is how we started this project, but Gala has very strong relationship in industrial sectors like off highway equipment, tractor equipment and in this category of customers there is very less requirement of our studs where we started the partner business, but they have lot of requirement of bolts and nuts. So, for the industry segment point of view we started Chennai plant considering wind industry as a starting point, but now we are adding more customers in industrial sectors and also in mobility sector for new products bolts and nuts. So, the addressable market what we are talking is 1 billion plus dollars is basically for mainly the markets is industrial and renewable sector at the global level.

Rahul Jain:

And sir, with regards to the segment wise, currently the revenue is mixed, industrial is roughly 33 %, renewable is 38 % and mobility is 29 %. So, going ahead in next as we complete our CAPEX and ramp up the facilities, what will be the kind of proportion from each of these segments and is there any margin differential from these segments?

Satish Kotwani:

Yes, proportion wise I think industrial since we are adding customers for partners so industrial will grow. So, industrial will be about 35 % to 38 %, renewable will be around 35 % and mobility will be about 28, 30 %. This is a broad segmentation we are looking in short term for next 1 to 2 years. As far as the margins are concerned, they are very similar across all the segments. So, we do not see major change. Of course, some customers you have better margins depending on the volume and critical and some customers because of high volume the margins may be lower. But at very broad level the margins are similar for all the 3 product segments and in the 3 different industry segments.

Rahul Jain:

And within this similar question with regards to the products, DSS contributes about 49, CSS is 19 % and SFS is 32 %. So, going ahead how does the proportion change?

Satish Kotwani:

I think DSS will be around 45 % in 2 to 3 years perspective. SFS will be about 40 % and mobility will be around 15 % as again up to short term to mid term perspective.

Rahul Jain:

And with regards to geography, we are at 35 % exports today?

Kirit Gala: Yes, so export will remain to be 35 to 40 % because whatever new products we do we start with India first and couple of years we stabilize in India and then we take them to the global market. So, for example in current H1 or quarter 2 our export is about 35 % but broadly exports will remain to be about 35 to 40 % mainly to Europe and US market and India will be around 60 to 65 % of the market for us.

Rahul Jain: One last question sir. So, I asked about the competition. So, typically the kind of SKUs which we work with who typically do we regard as our competition say domestic as well as global?

Kirit Gala: You are asking specifically for partners or in general for all the products?

Rahul Jain: In general, maybe. I don't know if any other company has all the products under one company. How does it work? I am not sure about that sir. I am looking at the company for the first time. Pardon me for my ignorance.

Kirit Gala: Who has all the products under one umbrella? So, specifically with Gala. So, in fasteners we mainly compete with Sundaram Partners and Randack which is a German company having plant in Pune and for exports in fasteners we compete with German manufacturers like August Friedberg, Dokka Fasteners in Norway or Cooper and Turner based in UK. As far as the disc springs are concerned, we mainly compete with German producer Mubea, Schnorr and Christian Bauer and some American producers like Key Bellevilles in US market. As far as the coil springs are concerned, we compete with NHK Spring which is a Japanese company having plants in India. We also compete with Stumpp Schüle and some import substitute we have done where customers were importing from Germany and we have localized these products. So, there are different types of competitors in all the three product categories.

Moderator: Thank you very much. The next question is from the line of Lakshmi Narayanan from Tunga Investments. Please go ahead.

Lakshmi Narayanan: Thanks again. I just want to understand what percentage of your business you directly supply to the OEM's and what percentage of your business is actually where you are a tier 2 or a tier 3 supplier and the second question is that in terms of which number you actually care for, do you care for in terms of priority revenues, EBITDA margins or cash flows? Because if you look at it, even last year, when on a full year basis, the PBT of around 33 crores, but the operating cash flows pre-tax has been around 10 crores, right? So, how do you intend to manage it because you have to take care of growth also when your cash flows are always constrained because of high inventory which you actually talked about, right? I think these are my questions.

Satish Kotwani: Okay. So, I will answer for the customer breakups. So, actual OEMs, which is basically wind turbine manufacturer or construction equipment manufacturer, these contribute about 50 to 55 % of our sales. Tier-1, which is like in automotive or in other industry segments like we

supply to Schaeffler, Valeo, that are Tier-1 companies. Also in railways, we supply to Tier-1 companies who supplies to actually Indian Railways and that is about 25 to 30 % of our business and our products like wedge lock washer, disc springs, we also supply to fastener distributors or we call them fastener wholesalers, which are based in India, Europe, and U.S. They contribute about 10 to 15 % of the sales. So, this is a broad breakup at the OEM, Tier-1, and distributor level for the sales of Gala.

Balkishan Jalan:

So, you are right in asking this question, which one you will focus. So, honestly speaking, these are the different levers and you would love to focus on each and every lever and optimize this lever or maximize this lever. So, to start with, as of now, our major focus is giving higher priority to revenue and the profitability from each and every customer level and keep a balance between the revenue and profitability, depend upon the future outlook. Sometimes, as Satish also mentioned, where the high volumes are there, we may take little bit lower profitability or vice versa and that depends upon geography or industry or segment. As far as the cash flow is concerned, 100 % is very, very important. We know, understand, and we regularly monitor that. But in growth phase, we have to take little bit second priority to the cash flow generation particularly, when we are targeting a growth of above 20 % or growth like 25 % because these are the industry norm where we have to give debtor 90 days or 85 to 90 days or we have to keep multiple SKU material or FG. But nevertheless, in near future, once we see, then we are managing revenue and profitability at a good maximized level. Surely, we can improve on the cash flow lever as well.

Lakshmi Narayanan:

Got it. You have been expanding in two locations, Chennai and also Maharashtra. Now, this will take you to what level, how many years where you don't need further expansion that the growth can be satisfied with, whether whatever capacity you are putting, how long it would actually would pull you through?

Balkishan Jalan:

Yes. So, Lakshmi Narayan ji, basically, we are doing this incremental CAPEX to do incremental capacity expansion where like for example in Wada, we already have a land building base and there we are doing incremental CAPEX for to de-bottleneck the capacity. And with this incremental CAPEX, we will be reaching around 325 to 350 capacity. And in Wada, then, we don't have additional now land and building. And for next phase, we may have to now add land and then building, which may happen in near future. As far as the Chennai is concerned, this is, we can say, greenfield or brownfield project where we started with the land almost two years back and then constructed building and then last 9 months, we added the machine and then we created this capacity and as I mentioned, in Chennai, we will be reaching the peak capacity in next year to next year. We will be building the capacity, balanced capacity Phase-2 in next quarter or next to next quarter and we will be utilizing this capacity in FY'27 and partially maybe FY'28. So, going forward, beyond 27, we are already started looking for the land and we have to do some incremental CAPEX based on the future outlook.

Lakshmi Narayanan: Typically, what is your maintenance CAPEX and what is the growth CAPEX? In general, what is the thumb rule you have?

Balkishan Jalan: Yes, broadly, we see these assets life is more than 10 years, in fact. Some assets have 15 years as well and there are presses which are running more than 15 years. But on an average, for safer side, you can consider an average 10 years. So, my historical number is less than 5% we are utilizing for maintenance CAPEX. So, 5 to 10%, something which we can say. As far as the growth CAPEX is concerned, that depends upon the next year or next to next year outlook. Based on that, we plan and incur the CAPEX. Normal or CAPEX to turnover ratio is initially, it starts with 2 or 2.5 times and at maturity peak level with the stabilizing all the capacity of deploying the automation, it is to 3x or more than 3 x also. But 3x you can expect at the peak.

Lakshmi Narayanan: Correct and one last question. In terms of the visibility of growth, how much is something in the next, maybe this year we are FY'26 and FY'27, what kind of growth visibility you have? Of course, there is an aspiration, but what is that something which is clearly visible for you that it will not grow below a particular percentage?

Balkishan Jalan: So, with the disclaimer which Mr. Anuj initially already gave, we cannot give a forward-looking statement subject to that disclaimer. We always maintain, we will be targeting 15 to 20% and considering the current year, we are thinking we should be touching 22 to 25%. Next year, I already mentioned, we are still working on the budget, but the number can be 15 to 20 or 20 to 25. We will get more clarity by Feb 2026.

Lakshmi Narayanan: Sir, just from steel price point of view, because that is a variable cost, what is the kind of pricing thing you have with whomever you are supplying to? How do you handle this pricing fluctuation? And second is that from an employee cost, if you look at it progressively, it is actually coming down as a percentage as you actually scaled up. So, what is the employee cost as a percentage one should actually budget for?

Balkishan Jalan: So, first about the steel prices, in majority of customers, we have a cost-based pricing and there we normally declare the raw material price which we factor in while quoting them and a broad understanding from customer to customer, if there is a fluctuation of steel price more than 5% or in some case 10%, then both the sides discuss and then revise the upward or downward prices with some lag effect of 3 to 6 months because price increase of month on month we cannot do, but quarter on quarter and if it is increasing or decreasing, then we need to discuss. And in some cases, we get a price from retrospective effect as well if there is a delay in negotiation. So, more or less, I can say steel prices we have passed in the past also and that is not a big risk which we see. As far as the employee cost is concerned, this is the number which should further improve by some half percentage to one percentage, but I do not want to give any as of now indication because in growth phase, we have to then keep on adding some capabilities at different level. So, it is slightly premature to give you some positive outlook for the employee cost.

Moderator: Thank you. The next question is from the line of Nishita Shanklesha from Sapphire Capital. Please go ahead.

Nishita Shanklesha: Yes. So, I just had a clarification. You mentioned that from Wada has a 325 to 350 crores of capacity and Chennai has 120 to 130 crores of capacity and the peak utilization we generally target is 80 to 85 %. So, do we see this peak utilization happening in the next 2 years?

Satish Kotwani: Yes. So, you have a clear understanding about the capacity and revenue and as of now, we see next year or next to next year beginning, we should be reaching to this peak utilization.

Nishita Shanklesha: Okay. And also, you mentioned that 35 % is the export that we have currently. From that, how much do we export to US? And previously, you mentioned that you were able to pass on the duties to the customers, the additional tariffs. So, what is the situation now? If you can give an update.

Satish Kotwani: Yes. So, US contributes about 10 to 12 % of our total revenue and with all our customers, we don't have any conditions or income which includes the tariff or duties. So, all our (Inaudible) 0:48:40.0 agreement with our US customer is based on without any import tax or without any tariff. So, whatever additional or reduction in tariff, it is being managed by customer and they are only paying these tariffs for our product in US market.

Nishita Shanklesha: Okay. And 10 to 12 % is the ratio of total revenue or total export? Total revenue. So, our export is about 35 % and within that export category, US contribute about 25 %. But at company level, US is about 10 to 12 % of the total revenue. About 18 to 19 % is Europe, 3 % is other parts of the world and 65 % is India.

Moderator: Thank you. Ladies and gentlemen, as there are no questions from the participants, I now like to hand the conference over to the management for the closing comments.

Srinivasan Giridhar: 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. Thank you.

Moderator: Thank you sir. On behalf of Gala Precision Engineering Limited that concludes this conference. Thank you all for joining us and you may now disconnect your lines.