GSM FOILS LIMITED

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July 24, 2026

To,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block-G,
Bandra Kurla Complex, Bandra,
Mumbai-400051, Maharashtra

Scrip Code: GSMFOILS

Sub: Outcome of Q1 - FY27 Earnings Conference Call - Transcript

Dear Sir/Madam,

With reference to our letter dated July 15, 2026 related to the Earnings Conference call and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI-LODR"), we would like to inform that the transcript of the Earnings Conference call held on Tuesday, July 21, 2026 at 11:30 AM IST, is attached herewith.

Kindly take the aforesaid information on record and oblige.

Thanking you
For GSM FOILS LIMITED

SAGAR GIRISH BHANUSHALI

Digitally signed by SAGAR GIRISH BHANUSHALI
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SAGAR BHANUSHALI
WHOLE TIME DIRECTOR
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"GSM Foils Limited

Q1 FY27 Earnings Conference Call"

July 21, 2026

MANAGEMENT: **MR. SAGAR GIRISH BHANUSHALI – WHOLE TIME DIRECTOR AND CHIEF FINANCIAL OFFICER – GSM FOILS LIMITED**

MODERATOR: **MR. AAGAM SHAH – X-B4 ADVISORY LLP**

Moderator: Ladies and gentlemen, good day and welcome to Q1 FY27 Earnings Conference Call of GSM Foils Limited, hosted by X-B4 Advisory LLP. 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. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aagam Shah from X-B4 Advisory LLP. Thank you and over to you, Aagam.

Aagam Shah: Thank you. Good morning everyone and welcome to the Q1 FY27 Earnings Conference Call of GSM Foils Limited. Today on this call, we have with us Mr. Sagar Girish Bhanushali, who is the Whole Time Director and Chief Financial Officer of GSM Foils Limited. This conference call may contain few forward-looking statements about the company which are based on beliefs, opinions and expectations as of today. Actual results may differ. The statements are not guaranteedof the future performance and involves risks and uncertainties.

With this, I now hand over the call to Mr. Sagar for his opening remarks. Over to you, sir.

Sagar Bhanushali: Good morning everybody. Thank you for joining us in Q1 Financial Year 2027 Earnings Conference Call of GSM Foils Limited. I hope all of you have got an opportunity to look through our financial results and investor presentation which was uploaded on the stock exchange and on the company website.

Over the past quarter, the operating environment of pharmaceutical packaging industry remained resilient despite heightened geopolitical uncertainties. During the initial part of this quarter, escalating tension in the Middle East led to sharp volatility in aluminium prices. Aluminium prices touched its multi-year highs during the quarter before gradually stabilizing towards the end of June as supply concern also eased.

While this created a short-term pressure on input costs across packaging value chain, the industry demonstrated strong adaptability through prudent inventory management and disciplined procurement strategies. From demand perspective, the long-term outlook for pharmaceutical packaging continues to remain favorable.

India has further strengthened its position as one of the world's most reliable pharmaceutical packaging manufacturing hub, supported by increasing exports of generic formulations, sustained investments by domestic pharmaceutical companies in capacity expansion. This continue to translate into healthy demand for high-performance primary packaging material, particularly aluminium blister and strip foil that meets stringent quality and regulatory requirements.

Another significant development during this quarter has been increasing industry-wide focus on quality products, traceability and standardization. The implementation of aluminium and aluminium alloy products Quality Control Order 2026, along with mandatory BIS certification requirement for pharmaceutical aluminium foil is gradually transforming into competitive landscape. These regulations are expected to encourage use of certified and compliant packaging material, enhance product reliability and improve overall industry standard.

Particularly for regulated domestic and export market. Manufacturer with export quality systems and compliant manufacturing facilities are expected to be well positioned to benefit from structural transition. Overall, this quarter witnessed a temporary cost pressure arising from global geopolitical events, the underlying industry fundamental remain quite robust. Rising regulatory compliance, expanding pharmaceutical manufacturing, increasing export opportunities and growing preference for high-quality packaging solution continue to create a favorable environment for organized and quality-focused manufacturer such as GSM Foils.

Now turning to our growth initiative. We continue to make encouraging progress in strengthening our manufacturing footprints. Our Ahmedabad facility has steadily improved its operational efficiency and currently operating at 35% capacity utilization. The plant is witnessing healthy ramp up supported by increasing customer approvals, strong order book inflows and higher engagement with pharmaceutical companies across key domestic market.

We remain focused on scaling production in calibrated manner and are confident of achieving over 80% capacity utilization by the end of this financial year, which will further enhance our operating leverage, improve asset productivity and support our long-term growth aspirant. An important milestone during this quarter was our strategic entry into ROPP caps segment.

We recently signed an MOU with AAPL Solutions Private Limited to commence manufacturing of aluminium ROPP caps, which are widely used across pharmaceutical syrups as well as alcoholic beverages and non-beverages industries. This marks the establishment of our third manufacturing facility and second manufacturing unit in the Mumbai region. Commercial production has already commenced from June 2026, and at peak capacity, the facility has the potential to generate approximately ₹50 crore in annual revenue. Importantly, this business is expected to operate at higher margin profile than our existing product portfolio, providing meaningful diversification while strengthening our presence into broader aluminium and packaging industry.

The addition of new product category is fully aligned into our strategic and expanding beyond our core pharmaceutical foil business and building multiple growth engines. By leveraging our existing customer relationship, manufacturing expertise and quality-driven approach, we believe the new vertical will enhance us to address a significantly larger addressable market while creating opportunities for cross-selling and expanding our customer base.

Sagar Bhanushali: Looking ahead, our priorities remain centred on driving higher capacity utilisation, expanding our product portfolio and maintaining disciplined execution across all our operations. Supported by ongoing investment, diversified manufacturing capability and strong focus on operational excellence. We are confident of delivering sustainable growth and create long-term value for all our stakeholders. Now let me walk through towards our financial performance of Q1 FY27.

We are pleased to begin our financial year 2027 on a strong note, delivering another robust growth across key financial metrics. During this period, the revenue from operation increased to INR96.9 crores, representing a healthy 86.3% year-on-year growth, driven by strong demand across our product portfolio and continued execution of our growth strategies.

Our operating performance remains strong with EBITDA increasing by a 97.7% year-on-year to INR11.5 crores. EBITDA margin improved by 70 basis point to 11.9%. PAT grew by 98.8% year-on-year growth to INR7.6 crores, while PAT margin expanded by 80 basis point to 7.9%, demonstrating a continued focus and growth profitability and operational efficiency.

Overall, this performance enforced strengthening to our business model and successful execution of our expansion strategy. As we continue to scale our operation, enhance manufacturing capability and deepen our customer relationship, we remain confident in sustaining our growth momentum while creating long-term value for all our stakeholders.

With that, I would like to now open the floor for all the questions and answers.

Moderator: Thank you, sir. Ladies and gentlemen, we will now begin the question and answer session. The first question comes from the line of Deepak Poddar with Sapphire Capital. Please go ahead.

Deepak Poddar: Am I audible, sir?

Sagar Bhanushali: Yes, you're audible.

Deepak Poddar: Yes, thank you very much, sir, for this opportunity. So just first wanted to understand, I think currently we are doing on a monthly basis around INR35 crores revenue, right? So how much is coming from Ahmedabad plant right now?

Sagar Bhanushali: Its around INR6 to INR7 crores.

Deepak Poddar: INR6 to INR7 crores. And the potential of Ahmedabad plant monthly is on a INR30-35 crores, right? At optimum utilization?

Sagar Bhanushali: Correct. Yes.

Deepak Poddar: And we expect that 80% capacity utilization of Ahmedabad by year end, by March?

Sagar Bhanushali: Correct. Yes.

Deepak Poddar: So incremental, I mean what? So that 80% becomes around INR28 crores. The incremental INR20 crores is what is. So around INR55-60 crores in the fourth quarter is a monthly run rate we would...?

Sagar Bhanushali: Correct. Yes. So that is the vision that we are taking forward currently and we are well on track on it. Yes.

Deepak Poddar: On a monthly basis.

Sagar Bhanushali: On a monthly basis, yes.

Deepak Poddar: INR55 to INR60 crores.

Sagar Bhanushali: Correct.

Deepak Poddar: And now combining all the three plant, I mean your Vasai plant annual potential is maybe about INR300-350 crores, your Ahmedabad plant is INR350-400 crores, and this Mumbai plant is around INR50 crores. So total is around what, INR750 to INR800 crores, right? That is our optimum potential of all the plant together, correct?

Sagar Bhanushali: True. Yes.

Deepak Poddar: And this is what you would like to achieve that optimum in FY28 itself?

Sagar Bhanushali: Yes, sir. So that's the plan and we are quite optimistic to achieve that and we are well confident to reach that line. The vision is already there, the roadmap is ready. So, balance sheet is also really strong and with the orders that we are getting and with the futures that we are seeing in the aluminium foil and pharma industry, so quite confident of achieving it.

Deepak Poddar: Okay. And what about revenue in this year, FY27? How much are we had...?

Sagar Bhanushali: So, revenue in this year on a very lower end if I am able to comment then it would cross INR450 crores.

Deepak Poddar: INR450-plus. Okay.

Sagar Bhanushali: Yes. So INR450 to INR500 crores, that is what we are aiming at.

Deepak Poddar: Okay, understood. And on the margin front, you mentioned there was some pressure this quarter, right? So how should one look at your margins going forward and how much was the aluminium prices volatility impact in terms of your margin this quarter?

Sagar Bhanushali: So, aluminium of lately, like I told you earlier, it crosses multi-year high. And with aluminium there were many other chemicals and products, even the prices of that went up, but it was easily managed. So, we had a good amount of inventory, we were able to negotiate well. And with this increasing opportunity, like when there were prices increases, we are able to provide better terms to our customers, we get to enter new customer also. So, it was managed really well.

Currently prices are going down a bit. So, this quarter you will see a bit volatile in aluminium prices, but that one we'll also easily tackled out. So on a margin impact, if you are asking me then that won't be much impact. It won't be like it will suddenly increase or decrease, and we are quite confident to achieve the same margin level in Quarter 2 and Quarter 3 as well.

Deepak Poddar: So what 11.5? I mean, this quarter it was close to 12%, right, EBITDA margin?

Sagar Bhanushali: Yes. So we are confident to achieve that and maintain that.

Deepak Poddar: 12% sustainable margin.

Sagar Bhanushali: 100%. Yes.

Deepak Poddar: Okay. And in terms of sourcing, where do we source our raw material? I mean, is it domestically available or we had to import?

Sagar Bhanushali: No, sir. Import is -- there's already this dumping, anti-dumping duties since last one and a half year. So, entire material is procured domestically only.

Deepak Poddar: Okay. And what do we procure? I mean for blister foil or for aluminium strip pharma foils?

Sagar Bhanushali: We basically procure bare aluminium foil in four thicknesses, 20, 25, 30 and 40 microns. So, there are like 12 to 15 rolling mills in India who do all those rolling from coils like foil stock, they convert this thing into aluminium bare foil. So, this is what we buy from them.

Deepak Poddar: Okay. And I mean, we get supplies from companies like Hindalco, Nalco, these guys supplies this material?

Sagar Bhanushali: Nalco directly is not into pharma. Hindalco is, but then Hindalco normally charges very high premium because of their brand name. So what these all rolling mills do now from where we buy, they buy foil stock from Hindalco, they roll it and they sell it to us.

Deepak Poddar: Okay. I got it. And this Mumbai facility, what is the capex that we commissioned in June, right?

Sagar Bhanushali: So, it's a already a running plant. So, no fresh capex was incurred. The agreement is such that we'll run that plant for 6 to 8 month and everything goes well, then we'll provide them capex that would be roughly around INR50 to INR60 lakhs only. The ROPP caps doesn't require high capex.

Deepak Poddar: INR50 lakhs. Okay, understood.

Sagar Bhanushali: Yes.

Deepak Poddar: And the revenue from it has started? I mean, you expect some revenue in July itself from that new facility?

Sagar Bhanushali: We have already billed, like two days earlier only the first bill was already there. So, the revenue has started.

Deepak Poddar: Okay, revenue has started. And in terms of the verticals, I mean, these are the three verticals. Are we looking at any new verticals as well? I mean, this cap is the new thing that you have started, right?

Sagar Bhanushali: Not new vertical, but we are planning to put one more unit in Vasai. The talks are already on. So, like a official confirmation would be out within a day or two max. So, one more unit is coming in Bombay, that would be also a takeover unit of a unit in Sarigam Vapi. So we are planning to acquire that unit and bring all those plant and machinery to Vasai and that plant would be totally for export.

Deepak Poddar: Okay. For export. And when -- by when we are looking at?

Sagar Bhanushali: So, the shifting part would start by end of this month. So, max to max by August ending we'll start production over there.

Deepak Poddar: And which plant is getting shifted here?

Sagar Bhanushali: So, we are taking one new plant from Vapi Sarigam. It's already a running plant, but they are not able to manage it really well. So, they are good at selling and we are good at manufacturing. So, we are getting a good entry in export via them. So, the talks are on, on a very good basis. Almost everything is finalized. So within a day or two max I'll give an official update on that also.

Deepak Poddar: Okay. And what would be the capacity?

Sagar Bhanushali: So, roughly around INR8 to INR10 crores on a higher end and INR4 to INR5 crores on a lower end, that is their capacity currently. This is the same business that we are doing, aluminium foil, but that would be totally for export. And spare capacity is almost like 70%, still there's capacity left. So, that is now up to us how well we are able to explore that opportunity.

Deepak Poddar: This INR5 to INR10 crores is per month?

Sagar Bhanushali: Per month, yes.

Deepak Poddar: Per month, per month. Okay, understood. And what would be your team size right now?

Sagar Bhanushali: Currently, 53 to 54 people in unit number 1, Vasai, 28 to 29 in Ahmedabad, and the new unit that is unit number 3 of ROPP around 13. Yes. So, ROPP doesn't require much labor power. So, 13 over there.

Deepak Poddar: So, total 100-plus something around, right?

Sagar Bhanushali: Correct. Yes. And with this new unit number 4 coming in we'll hire more 25 to 30 people.

Deepak Poddar: Correct. So for considering 100 employees we have -- I find your employee cost to be very less. I mean, only INR2 crores on an -- INR2.2 crores on an annual basis we reported FY26, right? So our employee cost to very less?

Sagar Bhanushali: So the average salary, sir, of these workers, it ranges between 15 to 25.

Deepak Poddar: Okay.

Sagar Bhanushali: Yes. So there are very few people...

Deepak Poddar: Okay. But it would include your directors' salaries also, right? I mean how much would be the...

Sagar Bhanushali: Directors' salary was not taken in this quarter. So you won't see that number. So we normally don't prefer to take it every month. We prefer to keep it in the business. And whenever need arises or any such thing, then we like withdraw it. So in Q1 there was no director remuneration taken.

Deepak Poddar: Okay. So how much percentage of total annual, let's say FY26, your employee cost was INR2.2 crores, right? So out of that, how much percentage would be the management or directors' remuneration?

Sagar Bhanushali: So for this quarter or for last financial year, what you're talking about?

Deepak Poddar: FY26, last year. Because this quarter anyway you did not had taken any directors' remuneration, right?

Sagar Bhanushali: Correct. So last year, the finance employee cost was around INR2.98, yes.

Deepak Poddar: Yes. And how much was -- how much percentage of that would be director's salary?

Sagar Bhanushali: Around 18% to 20%.

Deepak Poddar: 18% to 20% around, okay. So 18% to 20% would be around INR40-50 lakhs, right?

Sagar Bhanushali: Correct.

Deepak Poddar: Okay. So average salary then is what for your normal employees is what, INR15-20,000 per month?

Sagar Bhanushali: INR15 to INR20,000 higher end INR25,000. And like these are normal workers, there are few -- hardly few people on managerial and senior managerial level, they borrow a salary of around INR1-1.5 lakhs. But there are a handful of them, like three or four of them only.

Deepak Poddar: Okay, understood. And just one last small thing from my side. In terms of the gross margin. I mean, the gross margin, is there any thought process to increase that, because gross margin is still lower at 15%, 16%, right? So is there any scope for that we can increase that?

Sagar Bhanushali: Sir, we are planning. There is scope, yes, with more operating leverage. Let's see, sir. We are already working on that. So, once this Ahmedabad plant ramps up, we are able to utilize our capacity well, then even that thing would improve.

Deepak Poddar: Okay. That would be it from my side. Wish you all the best. Thank you so much.

Sagar Bhanushali: Thank you.

Moderator: Thank you. Our next question comes from the line of Harshit Pandey with Blue Stock Capital. Please go ahead.

Harshit Pandey: Hello. Am I audible, sir?

Sagar Bhanushali: Yes, you're audible.

Harshit Pandey: First of all, congratulations for good set of numbers. So, my question was, what could be the EBITDA margins for full year?

Sagar Bhanushali: Sir, we'll definitely sustain what we are currently at this quarter. If there is any opportunity to increase it, we're definitely working on that. So, for now to answer then this margin would definitely be sustainable.

Harshit Pandey: Okay. And sir, as you said that we are planning to do export, so it will help to increase our margins?

Sagar Bhanushali: Yes, definitely. It will help. But then, we are -- like we are just starting in it. So, once I get a quarter and 2 we'll get into this skin of business, we'll see how it goes then I'll be able to comment on this question really well. But definitely export has much better margin compared to domestics.

Harshit Pandey: Got it. Thank you, sir.

Sagar Bhanushali: Yes.

Moderator: Thank you. Next question comes from the line of Kashyap Desai with Richbond Capital. Please go ahead.

Kashyap Desai: Hi, Sagar. Fantastic numbers once again. Just a couple of questions from my side. One is this INR450-500 crores revenue guidance for this year and then obviously going towards INR700-800 crores next year. Are we geared up on the working capital side with this kind of growth that -- and also all the new capex we're putting up, how are we placed on managing working capital over the next few quarters?

And second is, on the value add side, is there a way to for us to also understand whatever we are selling, you know, 5% or 10% of that is very high margin, very high value add, and if that proportion can significantly keep going higher over the next few quarters? Thanks.

Sagar Bhanushali: Okay. So, firstly talking -- replying to you on the working capital part. So for current year to reach a top line of around INR400 to INR450 crores, we are well placed. We are really strong on balance sheet currently and we are already achieving that run rate. So we crossed almost INR97 crores in Q1. So, on this if we show like zero growth then still we are crossing INR400 crores.

So working capital requirement for this year, we are quite confident we'll achieve with the same balance sheet. But already our talks are going on with different banks to like incur more debt of around INR40 to INR50 crores. So that would be finalized. It may take a month or two. So that would be basically for a unit number 3 and unit number 4 that we are planning to start by end of August end.

With that more debt and working capital coming in, we are aiming to cross a turnover of around INR750 to INR800 crores for the next financial year. So this is what we are going through on our finance side and a working capital side. The other thing about the higher margin products, then there are few products that we have already developed of lately in Ahmedabad plant which are much better.

But then again to like increase our proportion over there, we need to provide more credit to pharma. So that would affect again our working cycles like credit cycle. So higher the margin I need to provide more better days of credit, like working with pharma, we are already struggling between 100 to 120 days. So on a conversion business, we are able to churn it between 60, 75 days or higher and 80 days.

But once you enter directly with pharma companies with all those higher margin business, then the working cycle goes from 120 days to 150 days. So we are not that like that -- that thing is not much attractive to me currently. We are quite confident in doing things that we already know and churn it really well with the working capital that we already have.

Kashyap Desai: Understood. And just a follow-up on that. The new plant that we're acquiring and the caps facility, these would be inherently and because the new plant is exports, these would be inherently either better working capital cycle and/or better margins compared to our current operation, correct?

Sagar Bhanushali: True. Yes. So ROPP by a nature itself -- but there won't be much volume compared to foil. The volume is really low like on a very peak capacity, we can only do up around INR50 to INR60 crores of top line. But margins are much better because of the nature of the business. Like everything is bought into kgs, it is then converted into pieces and sold everything into pieces. So all those caps, these have been sold into pieces.

So whenever there's this type of conversion in place, the margin automatically increases. So yes, margin wise this business is really good. And talking about the unit number 4 that we are planning by end of this month and production starts from next month, again export. So directly I won't comment that margin would increase from day 1 like Q2 and Q3 itself.

But the best part for us as GSM Foils is, we'll get to learn many new things, many new SOPs would come into place, many new compliance which we are not aware currently in this domestic market, which already there many players are doing like all the exporters doing. We'll get to learn, we'll get to reach that level. And with this our new partners coming in for this export will easily enter this market where we try on a standalone basis where GSM directly enter export market, so that would be much more risky.

So via this new channel partners, we are able to enter export market, learn many things and yes, obviously margin is important. But for initially for Quarter 2 and 3 entering into that market and stabilizing GSM Foils name in export market, so this is what we're looking at. Margin would come hand-in-hand. It will take a month or two or even a quarter more, but yes, that thing would be achieved.

Kashyap Desai: Perfect. Understood. And best of luck.

Sagar Bhanushali: Yes. Thank you.

Moderator: Thank you. Our next question comes from the line of Devesh Rathi with Zen Partners. Please go ahead.

Devesh Rathi: Hello.

Sagar Bhanushali: Hello, sir.

Devesh Rathi: Yes. Hi, Sagar ji. Congratulations on the great set of numbers. Sagar ji, I wanted to ask the promoters have sold 12% stake in Quarter 1. Could you -- if you could tell us the reason for stake sale?

Sagar Bhanushali: Okay, sir. So there was some personal requirement for one of the promoters, Shri Mohan Singh Parmar. He had some like -- we already explained it to the NSE and we already uploaded everything online. And we have voluntarily like locked our share for one and a half year. So that requirement has been taken care of.

So, I would just don't want to get into that on a public call. But yes, that chapter is done and dusted and we have voluntarily like freeze our share, like we won't sell share even a single share for at least one and a half year. It was nowhere related to the company. It was on a very personal level and that has been taken care of. Company is really sound and on a very good track of expansion. And no more sell from promoter side would be done for at least one and a half year. Yes.

Devesh Rathi: Great, great, Sagar ji. Sagar ji, on this caps manufacturing unit, what do we expect? How much would be the sales for current year or probably next year? How how could we ramp up this facility?

Sagar Bhanushali: Sir, it will take some time like by end of next year, we are planning to reach that top line. We'll try to maximize it. But the plant that we have, the machines that we have and customer base that we have, by end of this year, so we are already into Quarter 2 now. So we've just started billing. So this year, cap revenue would be around INR30 to INR35 crores. And next year, the planning is to increase to INR60 to INR65 crores.

Devesh Rathi: Okay, next year INR60 to INR65 crores. Sagar ji, according to this volatility due to this war in Middle East and other regions also, do you -- what would be our hedging strategy to maintain margins or means, how do we manage this thing?

Sagar Bhanushali: So basically it is very much clear once you open that Hindalco website, you get to know what is the weighted average basis of aluminium foil going on. So we maintain a different excel sheet for that.

Devesh Rathi: Okay.

Sagar Bhanushali: So normally, sir, the way aluminium works, it's like 10 months it goes up, two months -- there are two months in the entire year where aluminium price either remains the same or goes down. So currently, aluminium prices are on a downward trend. So we try to keep the lowest level of inventory with us and try to liquidate it. The best part about our business is the conversion time of our business like the raw material that we procure is hardly a day or two.

Devesh Rathi: Okay.

Sagar Bhanushali: So, it is not like that the inventory -- the process of the inventory, the conversion part it takes around 10 to 12 days. So that is where the inventory risk arises. If we are able to procure it well and convert it within a day and two then there is not much that significant amount of risk of inventory. The only risk is the inventory that we are not able to sell and it stays on in the month end. But that is part of business, sir.

We have enjoyed a lot when the prices have gone up. So there are month or two odd months where prices go down, but it won't affect our profitability to that great extent. So it is well covered and well managed.

Devesh Rathi: Okay. But do we hedge it or what is the -- if we hedge it, what is the ratio of hedging?

Sagar Bhanushali: Sir, definitely, correct. We are strong in balance sheet if we have funds in hand, then on a rising trend we keep an inventory of around one and a half month. And once it starts to going down, we try to reduce our purchases as much as possible and reduce the inventory level.

Devesh Rathi: Okay. And in the last call, you had informed us about that there had been an increase in receivables, so has that been normalized?

Sagar Bhanushali: Yes, sir. The increase in receivables problem was only in the month of March and in the initial days of April. Everything has been normalized. The current that is the June receivable stands at around INR77 crores. So it is well within our range of 75 to 80 days.

Devesh Rathi: Okay. Thank you. Thank you so much, Sagar ji.

Sagar Bhanushali: Yes.

Moderator: Thank you. Our next question comes from the line of Hrishit Jhaveri from CBA Asset Managers LLP. Please go ahead. Hrishit has left the queue. Our next question comes from the line of Akhil Parekh from 360 ONE Capital. Please go ahead.

Akhil Parekh: Yes, thanks for the opportunity and many congratulations on the strong set of numbers. My question is, and I don't know if I missed earlier part of the conversation, but if we target to reach INR700 to INR750 or INR800 crores of top line next year, does that imply that we'll have to increase our borrowing? That's my first question.

Sagar Bhanushali: Definitely. So with borrowings and the internal accruals, definitely we are able -- the borrowing would be around INR40 to INR50 crores. And on a very realistic basis, PAT at around 7.5% , that would generate us around INR35 to INR38 crores. So with this new fund of around INR70 to INR80 crores, we are well on track to achieve the top line of around INR750 crores next year.

Akhil Parekh: Sir, you said INR40 -- INR40 to INR45 crores will be the total debt.

Sagar Bhanushali: Total debt, yes. Additional debt we are incurring of around INR40 to INR45 crores. And with the internal accruals of around INR30 to INR35, like INR35 crores PAT, so that would bring us around INR70 crores fresh fund. So that would be really good for crossing the turnover of INR750 crores next year.

Akhil Parekh: Sure. So INR35 crores PAT is what we are intending to do this year, FY 27?

Sagar Bhanushali: Correct. Yes, sir.

Akhil Parekh: Got it. And second, I know ROPP is a new business segment. But internally, I'm sure you would have discussed, right? What is the margin range you are looking for this business segment? Because I think we're targeting INR50 crores of revenue next year from this business. How much higher it can go from our current level?

Sagar Bhanushali: Sir, the takeaway margin what I have learned like it's hardly a month now, I'll take certain time to comment on that precisely, but on a very general level what I have heard of this industry and what I have seen in last one month, so the takeaway margin for them currently is around 18% to 20%. Obviously, it goes on credit of 35 to 40 days. So with that credit coming in, so margins stands between 18% to 20%.

Akhil Parekh: Okay. And so -- you say working capital will go up for this. So does it imply that the ROCE will be similar but margins will be higher for this new business?

Sagar Bhanushali: Yes, margin would be higher.

Akhil Parekh: Got it. And lastly on the export front, so what are the products we are looking for to export with hopefully the potential fourth plant which will come on stream in next few days. Any product line which we have thought about it?

Sagar Bhanushali: Sir, the same product line what we are doing currently, Aluminium foil and strip foils.

Akhil Parekh: Okay. And there the margins, as you said, an export market is higher. Any ballpark ballpark range? How much higher it can go in export market?

Sagar Bhanushali: Sir, I'll take a quarter more to analyze it and then comment on it. Yes.

Akhil Parekh: Sure. But are we in talks, I mean, or it's too early obviously in terms of client and all those things that will happen only in subsequent quarters.

Sagar Bhanushali: So, directly we are not exporting. So there is merchant exporters whose plant we are acquiring, will sell it to them. They'll export it. And we'll get to know how this export market really works. I'll -- like, today let me be very frank, we are totally into domestic market. So my team is not aware what SOP requirements, what regulatory requirements and what different types of packaging, different types of coatings and all are required for all these US and Europe market.

So with this new strategic alliance coming in, at least we'll get to learn how this export market works, what are their requirement, what are they exactly looking for packaging compared to domestic thing. And post that once we are like 5 to 6 month old where we see the where our material is exactly going, we'll directly enter into that market gracefully and we'll see. So this is much easier way for me to enter export and learn this thing, either directly going and burn my hand. So this is why we are taking this plant.

And initially we'll sell it to them, they'll export it. And gradually MOU would be drafted in such a way that we'll also export 2 to 3 months or maybe 6 month down the line. We won't directly enter their customers, but there are wide range of customers in those areas only. So we'll target them.

Akhil Parekh: Sure. And last question on the client concentration risk, right? Are there any clients who can potentially become too big for us, say, by FY28 as we scale up to INR750 or INR800 crores?

Sagar Bhanushali: There has been a strict limit on each of them. So we are trying to increase our client base, we have already crossed 100 more -- 100-plus client currently. So there would be no such scenario where there would be like 1% or 2% would comprise 10% to 20% of our total top line. So that is just against our policy. So there are much stricter limit for all client base on a very monthly basis. So client concentration won't be that much problem.

Akhil Parekh: Got it. And would you be comfortable to name some of our top clients who are right now?

Sagar Bhanushali: So currently top clients, as there are many top clients currently, so it ranges upon -- every quarter it changes. So currently what in this last quarter, so Unity Foils, Kris Pharmafoils, Macoy Pharma, Maxseal, so these were top 2, 3 clients who did really good business with us.

Akhil Parekh: Got it. That's all from my side and best luck for coming quarters. Thank you so much.

Moderator: Thank you. Our next question comes from the line of Hrishit Jhaveri from CBA Asset Managers. Please go ahead.

Hrishit Jhaveri: My first question is -- now because we're diversifying into the caps business, will it help us improve the working capital cycle on a blended basis at a group level? And secondly, will it help us on a horizon of 1 or 2 years be comfortably become operating level cash flow positive?

Sagar Bhanushali: Sir, caps business is very like low. If you're comparing it with the foil business, so cap business on a very optimistic side will able to generate a turnover of around INR50 to INR60 crores only, while foil we are already aiming to cross INR700 crores by next year. So the comparison is not that compatible.

But yes, so even caps business, sir, it's related to pharma only. So obviously you need to give credit. So the credit starts from 30 days it goes up to 60 days at time which stretches to 75 days. So this is the same theory that we are working at. Talking about the operating cash flow, sir, the company is growing at a pace of around 80% to 90%.

So the only reason that I see the company is not having a positive cash flow is because of the inventory level that we are keeping and the debtors cycle that we are having. But then again, sir, any company that is growing at almost 80% to 90% year-on-year growth, so there would be a negative cash flow only, sir. If the company starts growing at around 20-30%, then obviously you can assume like within a year or two the cash flows like operating cash flow and everything would be positive. But this debtors...

Hrishit Jhaveri: Is it...

Sagar Bhanushali: Yes.

Hrishit Jhaveri: Yes, go ahead, sorry.

Sagar Bhanushali: So with our team sir, they are able to monitor debtors really well. And more than us, sir, more than the investor bank these days, sir, banks like almost every month or two they keep asking for debtors aging, for stock analysis, they do their own due diligence. So everything is kept under really good check, sir. But the business -- that the industry that we are in, sir, we need to give credit.

You just can't sell everything like you're telling me, if you are doing a business of INR30-40 crores and and out of that INR5-10 crores immediate basis like sell on a cash basis, then sir, there are no player in the industry who would buy on cash basis. So you have to give them credit and credit only goes on passing on.

So with more better credit, we are able to earn also really well. So if any client I'm giving 30 days, I'm quite confident that even if I give him better credits like 30 days to 60 days, then I can charge more margin from them.

Hrishit Jhaveri: I completely understand, sir. Fair enough. So is it fair enough to assume even if we reach a scale of INR600-700 crores by FY28, we'll be still a negative on cash flow basis just because we are growing at a much faster pace and it is the industry is...

Sagar Bhanushali: The sole reason what I see, sir -- like that is the sole reason that I see, if the company is growing at this pace -- but any good small company growing at this rapid space, so cash flow would tend to be negative. And the only reason is it's negative is because of the inventory in the stock -- inventory and the debtors that we are carrying. If I reduce that then automatically my business would also go down.

So currently, we are not that worried about bringing our cash flow positive. We are more worried that how do I increase my top line, how do I scale this business and how do I reach that optimum capacity of both my plants.

Hrishit Jhaveri: Okay. Fair enough. And, sir, next question on the Unit 4 that we are aiming to get into -- with a focus of export. Do we have a plan or any assistant from the existing plant that which markets will be target on regulated ones? And is the plant already compliant to enter those markets? So we'll have to do some work on that as well.

Sagar Bhanushali: So the area that is the land and building already been identified, the agreement part has been taken care of. So few, like, expenditure would need to incur, that's what I told you I'll take a month to shift that entire machine and bring over here, do all those beautification, modifications and everything, bring all those SOP in place. And by end of August, we are quite optimistic to start a production in it.

Hrishit Jhaveri: Yes, but is it already compliant for a export level regulatory perspective?

Sagar Bhanushali: Yes, definitely. Yes, sir, 100% yes.

Hrishit Jhaveri: Okay. Understood. Thank you and all the best, sir. I'll just request if we can arrange a factory visit at the Ahmedabad or the Vasai plant, it would be great.

Sagar Bhanushali: Anytime, sir. You just get in touch with our IR, we'll definitely plan.

Hrishit Jhaveri: Sure, sure. Thank you. All the best, sir.

Moderator: Thank you. Our next question comes from the line of Surendra Reddy with Chartered Investor Community. Please go ahead.

Surendra Reddy: Thanks for the opportunity, sir, and congratulations on the great set of numbers. Sir, actually I have a couple of questions. And the first one, like if we operate with all three capacities, like all three plants with a full capacity, what could be the peak revenue and when we can expect the full capacity?

Sagar Bhanushali: So currently, sir, Vasai we are already crossed 85% capacity. The peak revenue of this plant would be ranges from INR30 to INR35 crores. Ahmedabad, we are currently doing between INR6 to INR7 crores. Plan is to cross that 80% capacity by end of this year. Once we do that, we'll be able to cross INR30 crores top line over there also.

The third unit, that is PP caps unit, we have just started, like we've just started billing in this month only. So peak capacity of that plant, I'll take a year more to achieve. Because prime focus for me is this to reach that Ahmedabad plant to its peak capacity currently. Side-by-side this ROPP caps would be also taken care of. ROPP caps peak capacity, in that yearly top line is max to max INR55 to INR60 crores. So that would be taken care of in the next year.

Surendra Reddy: Okay. Thank you on that, sir. And another thing, like I just want to understand, like on a customer like a tie-ups. Like how generally we use to get a customer tie-up. Is there any big client tie-ups as of now, like is there any plan?

Sagar Bhanushali: So, sir, in our industry there's no tie-up or such thing. Because -- and there are no such work contract also, because every month the rate changes. And the conversion time of our product is hardly a day or two. When it comes to printing, it takes three to four days. So there's a verbal communication from each of our client at the start of every month where the rate is decided by Hindalco, the letter passes on.

We negotiate on both side, on a buying side and selling side, rate is verbally decided. So and so would be rate for this month. We get a verbal commitment from each of our client that this month we're going to buy INR2 crores, INR3 crores, and PO comes in with different sizes, different width and all every time. So it keeps changes every day or two.

So there's no specific tie-up or contract with any of our client. But yes, the chain is already set, the communication keeps on going like almost every day on a higher level and on an operational level also. So this is how things have been taken care of.

Surendra Reddy: So it's like -- we are into like packaging business. So this product is the content, right, like the pharma product. So is there any risk we are seeing on the margin going down, because the purchasing power from the -- like bargaining power from the customer is so strong, right? So how can we protect that?

Sagar Bhanushali: Sir, currently we haven't faced any such risk. Because currently the scale that we are doing now, sir, there are hardly any few people in that scale. So we are already enjoying that bargaining power where we are able to buy at the lowest price. And we are also getting credits from our creditors.

So currently all our competitors, they need to pay in advance to get in the material. And they need to sell everything on credit. So with the brand image that GSM Foils have created off lately since last one year and the scale that we are doing, we are able to procure more credits on a creditors side also. So earlier it was we need to pay payments, then only our vehicle would be like been dispatched from there.

Currently we are getting material at very ease. So the payment cycle from our creditors, it ranges from 25 to 30 days. So the bargaining power, sir, that issue hasn't really come up yet. So if any such thing arises then I am sure we'll be able to tackle that also.

Surendra Reddy: Okay. And like in case, as you mentioned, like if you are getting advance payment and maybe the balance payment we are taking, like 100 to 120 days. Maybe that our cash flow should be like a much better position, right? Like in, we are -- because we are already getting advance.

Sagar Bhanushali: Sir, come again, sir. From where we are getting advance?

Surendra Reddy: So, like you told that, we are getting like advances from the customers for selling the product?

Sagar Bhanushali: No, sir. We never get any advances from our customers. I'm talking about my competitors, they need to pay in advance to get their material. From our debtors side, sir, we never get any advance, sir. In this industry, there's no such thing of advance or cash payment, sir. There are hardly handful of them who like give you like -- like give me the bottom price, like where you are not earning anything and we'll pay you in advance. But that would be for talking about if I'm doing a monthly run rate on INR35 crores, sir, that would be hardly INR50 lakhs, max.

So that is the only thing that I'll be able to sell on advance basis or cash basis. Maximum of them material in this industry, sir, you work with any pharma. You deal with any product that they want. Like much bigger the basket that you have. You have to sell that on credit only.

Surendra Reddy: Okay. Sir, and one more question. Like, on the inorganic side, you have mentioned, like, about your competitors are bidding. So, is there any plans, like, you are just trying to acquire any companies, like, in the talks or, like, anything for that matter?

Sagar Bhanushali: No, sir, currently -- sir, we acquired these two plants only because of this benefit that we are getting of very low capex and the export opportunities that we have. So, let me be very frank, sir, to run an industry you need a capex of around INR4 to INR5 crores. If you are able to manage your working cycle really well, the cash flow part, then you can easily get rid of top line of around INR300 crores.

Surendra Reddy: Okay.

Sagar Bhanushali: The capex part is not that much. So, acquiring any industry doesn't make any sense. It's better to get your own rental model pay up plant and do a capex of INR4-5 crores. And once you see that you're getting in more business, then put in a new unit itself.

Surendra Reddy: Okay.

Sagar Bhanushali: So, acquiring plant doesn't make sense now.

Surendra Reddy: Okay. And what are the markets, sir, on the export side we are looking for as of now?

Sagar Bhanushali: Sir, currently, all this Gulf, like, Nigeria market, South Africa market, Ghana, Zimbabwe, sir, these are the hubs. Like, maximum export of India goes there only. From there, it goes to US and Europe. Directly to US and Europe, it is very tough from India to export. So, all this Nigerian market, so there's a huge volume of export over there. We get an LC at site. So, within 30 to 45 days or max 60 days, we get our payment secured.

Surendra Reddy: Great on that. So, like, is the margins are same for export orders or it will be...

Sagar Bhanushali: Slightly better than domestic, sir. Definitely better than domestic.

Surendra Reddy: Okay. Thank you, sir. Thank you very much for clarification on all the questions and wish you all the best for the future growth.

Sagar Bhanushali: Thank you, sir. Thank you.

Moderator: Thank you. Our next question comes from the line of Masood with an Individual Investor. Please go ahead.

Masood: Hello, sir. Can you hear me?

Sagar Bhanushali: Hello. Yes, sir.

Masood: So first of all, congratulation on the great number. So the only thing I wanted to know, sir, like after the Ahmedabad plant, you know, goes up to the 80% capacity, right? So are we looking more at the export side? Because I know we have got this new plant. So are we looking more on that side or we just concentrating on the current ramp up utilization?

Sagar Bhanushali: So, ramping up of Ahmedabad is already in hand, so we are quite confident to achieve that level by end of this year only. This export unit we recently got an opportunity. So it is into a very like early stage for me to comment on that. It would take a quarter or two more to for me to get a realistic idea about that, so how this business works, what is the order flow and everything.

So if you're talking about the prime current focus for me is Ahmedabad plant to ramp it up to at least 80% to 85% capacity utilization by end of this year, side-by-side take care of this export also.

Masood: Okay. Thank you so much, sir. Sir, I know this question might be far-fetched. One last question. Once we you know ramp up the whole Ahmedabad facility and everything is running, right?

Sagar Bhanushali: Yes.

Masood: So do we have any plans at least in pipeline for a completely new manufacturing facility or to increase it further once we achieve the revenue of INR750 crores?

Sagar Bhanushali: So currently for me is to reach that level of INR750 to INR800 crores top line by end of next year -- by end of next year, sorry. So I need to run my all 4 units at 100% capacity. Even if not 100% capacity, then unit number 3 and 4 even at 50% capacity, I'll be able to cross that revenue of INR750 to INR800 crores. So by all these four units, we are quite confident to achieve it. So any other new plant currently we are not looking at to acquire or start, at least for a year or two now.

Masood: Okay, at least for a year or two. Okay, got it. Thank you so much, sir. That's all questions from my side. Appreciate it.

Sagar Bhanushali: Yes.

Moderator: Thank you. Our next question comes from the line of Amit Joshi, an Individual Investor. Please go ahead.

Amit Joshi: Can you hear me?

Sagar Bhanushali: Yes, yes. I can hear you.

Amit Joshi: Sagar, congratulations on the performance of the company. Very happy with the Q1 numbers and hopefully we'll get to see many more quarters going forward as well. I have a question based on marketing. Now when you say that you're looking at INR750 crores top line and you're looking at increasing the utilization of all your 4 plants, what is the type of marketing? I mean, who is responsible for marketing and what sort of policy or you have in plans for the marketing bid?

Sagar Bhanushali: So, we've already appointed a person or two to look after the North market and the West market. But then, sir, again we are quite orthodox in like where we and the other promoter, we personally go to our customers, we like -- by being orthodox like we prefer to sit in front of the owner to decide our terms like what credit do you want and what margins do we want. We negotiate it that in a bit different way.

We normally don't rely on the sales person or marketing person only. We prefer to -- the data is already available everywhere. And because of the brand name that GSM Foils is enjoying, like people normally reach out to us. We do their due diligence. We see how much credit we are ready to provide them. Because then again, sir, like we are into finance business also, sir, like you just normally can't sell everything like to everyone, sir.

Like people, they come and demand directly INR5 crores worth of material from day one itself. So that is not how we work, sir. We look into the plant. We see what is their customer base, where they are selling. We gradually start from INR50 lakhs. If everything goes well, if we're able to churn that well, then it goes from INR50 to INR1 crores, INR1 crores to INR1.5 crores also.

The set of client that we have since last five to six years now, where we are quite confident of them now, even we are not providing them to their 100% capacity. So very big names are already associated with us since last many years. So even if they are doing a monthly turnover of INR5 crores, we try to make sure we provide them at least INR2 to INR3 crores only. So even if someone is stuck for any month now, sir, so my company doesn't suffer much.

Amit Joshi: Okay. So when we're looking at top line growth, are we looking at more clients or are we just looking at the volume of business with the existing clients? Meaning is it just...

Sagar Bhanushali: We are quite comfortable to work with existing client only. But side-by-side obviously you need new clients also once you enter new markets, new geographical area, new clients come into picture. But comfort level for us would be to exceed the limit for existing client only because these are safe houses for us.

Amit Joshi: Right. And what is the risk that you would have to take when you're looking at export markets, because you mentioned some African countries where the risk of payment becomes quite crucial?

Sagar Bhanushali: Correct. Yes. So, sir, it would be again LC only. So, there are very rare scenario where LC is like normally doesn't materialize. And for now for at least a quarter or two, we'll sell it to the merchant exporter only who's into India, who'll give us payment within 30 to 45 days, they'll export it.

Once we are confident, once we enter -- once we are confident to reach that level of quality and reach the level of SOPs what export market requires, it will take a quarter, it will take two quarters also. Once we enter that market, we'll make sure we have a strong base, then we'll take that risk. For now, it would be totally to that merchant exporters who'll export it directly. We'll get payment from them within 30 to 45 days.

Amit Joshi: Okay. And what is the the debt that you will think, you know, company currently I believe right now is is 0.6% debt to equity if I'm not wrong?

Sagar Bhanushali: Correct.

Amit Joshi: And about...

Sagar Bhanushali: So, the company's planning to raise more INR40-odd crores or INR50 crores in terms of debt. So I guess sanctions would be approved within a month or two. We'll see we're able to utilize it in this year, if opportunity arises, or then next year.

Amit Joshi: I see. Okay. All the best, Sagar. Thank you so much for your time.

Sagar Bhanushali: Thank you.

Moderator: Thank you. As there are no further questions from the participants, I would like to hand the conference over to Mr. Sagar Bhanushali for the closing remarks. Thank you and over to you, sir.

Sagar Bhanushali: Yes. Thank you for joining us on today's earning call. We hope we have been able to address all the questions and provide clarity on our performance and future outlook. Should you have any further queries or wish to know more about GSM Foil, please feel free to reach out to our Investor Relations advisory, X-B4 Advisory. We appreciate your continued interest and support. Thank you once again. Take care.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of GSM Foils Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.