



# GSM FOILS LIMITED

CIN: U43303MH2023PLC405459

**REGISTERED OFFICE:** GALA NO 06/106/206/306, SAPPHIRE BUILDING, DIAMOND INDUSTRIAL ESTATE, VASAI (E), PALGHAR - 401208, MAHARASHTRA

**PHONE NO.:** +91 91 84689 68102

**EMAIL ID:** info@gsmfoils.com

**WEBSITE:** www.gsmfoils.com

**July 25, 2025**

To,

**National Stock Exchange of India Limited**

Exchange Plaza, C-1, Block-G,

Bandra Kurla Complex, Bandra,

Mumbai-400051, Maharashtra

**Scrip Code: GSMFOILS**

**Sub: Transcript of Q1 FY26 Earnings Conference Call**

Dear Sir/Madam,

With reference to our letter dated 11<sup>th</sup> July, 2025 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 21<sup>st</sup> July, 2025 at 05:00 P.M., is attached herewith.

This will also be hosted on the Company's website at [https://www.gsmfoils.com/public/assets/recording/GSM\\_Foils\\_Ltd\\_Transcript\\_Final\\_Q10\\_FY26.pdf](https://www.gsmfoils.com/public/assets/recording/GSM_Foils_Ltd_Transcript_Final_Q10_FY26.pdf)

This is for your information and record.

**Thanking you**

**For GSM FOILS LIMITED**

**SAGAR BHANUSHALI**

**WHOLE TIME DIRECTOR**

**DIN: 09126902**



“GSM Foils Limited  
Q1 FY '26 Earnings Conference Call”  
July 21, 2025



**MANAGEMENT: MR. SAGAR GIRISH BHANUSHALI – CHAIRMAN AND  
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 the Q1 FY26 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, sir.

**Aagam Shah:** Thank you. Good evening, everyone, and welcome to the Q1 FY26 earnings conference call of GSM Foils Limited. Today, on this call, we have Mr. Sagar Girish Bhanushali, who is the Whole-Time Director and the Chief Financial Officer of GSM Foils Limited. This conference call may contain some forward-looking statements about the company, which are based on the beliefs, opinions, and the expectations as of today. Actual results may differ. The statements are not the guarantees of future performance and involve risk and uncertainty.

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

**Sagar Bhanushali:** Hello, all. I'm Sagar Girish Bhanushali. Thank you everyone, for joining on this Q1 FY26 earnings call of GSM Foils Limited. I would like to begin with a brief introduction of GSM Foils for the benefits of our new investors, participants joining for the first time. GSM Foils is a quality-focused manufacturing of aluminium foil based on primary packaging materials, specifically blister foil and strip foil, which is used for packing tablets and capsules in the pharmaceutical industries.

These foils are very critical as it helps in protecting medicines from moisture, oxygen, contamination and it ensures patient safety and regulatory compliance. With more than 65 active pharmaceutical clients across 14 states in India, we have built a reputation for customization, quality, and reliability. We operate from the state-of-the-art facility in Vasai, Maharashtra, certified by an ISO 9001-2015, with an installed capacity of over 10,000 metric tons per annum.

Our product ranges from coating foils, laminate foil, blister foil, and pharma foils with a thickness of 20 to 40 micron. We have also made a significant investment in advanced machinery to support our scale and precision. Taking out the broader view in this industry, the Indian pharma sector is positioned at a very robust long-term growth, with a market expected to grow from almost \$65 billion in 2024 to \$130 billion by 2030.

This growth is driven by improved healthcare access, the increasing adoption of generics and biosimilar, and rising demand of OTC products and export-focused formulation, which will continue to propel demand for pharma-grade foils in the domestic market, where GSM foil is strongly positioned. Along this, the Indian packaging sector is also witnessing a strong momentum and is projected to reach almost a USD dollar of \$205 billion by 2025 ending.

Aluminum foils are gaining popularity with this space due to its recyclability and superior barrier protection, making them the material of choice for the unit-dose packing formats, like blister packs, which are now widely mandated by global regulatory bodies. Recent policy development

further supports the domestic aluminum ecosystem. As a part of its efforts to strengthen the sector, the Government of India has recently imposed a five-year anti-dumping duty on aluminum foil from imports from China and Thailand, aiming to corrupt the low-cost inflow and promoting market stability.

Building on such protective measures, India has now launched its own vision of Aluminum 2047, a long-term strategy to drive self-governance and high-grade aluminum manufacturing and its value-added application. These shifts in trade policies and supply-chain dynamics help likely to benefit domestic players like GSM foil, who are strategically positioned to meet the rising demand for high-quality compliance-grade aluminum packaging in the pharmaceutical phase.

Now coming to the numbers of FY26, we have posted a revenue of almost INR52 crores, registering a strong 148% year-on-year growth. EBITDA came in at INR582.26 lakh, marking a robust 171% year-on-year increase from Q1 FY25. Our EBITDA margin improved by 96 bps, rising from 10.24% in Q1 FY25 to 11.20% in Q1 FY26. PAT for the quarter stands at INR383.16 lakh, reflecting a solid 174 year-on-year growth compared to Q1 FY25.

PAT margin expanded by 72 bps, from 6.65% to 7.37%, underscoring a strong operating leverage which we are now achieving at this scale. These numbers validate the strength of our business model and execution efficiency of our team. With steady demand, scalable infrastructure and clear focus on margin-accelerated growth, we are confident of sustaining this performance throughout FY26.

Now looking at the roadmap ahead, we are more into product diversification and operational excellence. We have recently ventured into the trading of aluminum-based foil in Lamitubes, with a strategic step to broaden our product portfolio and cater to the existing segment with the same pharmaceutical packaging sector that we are.

As a part of our long-term vision, we also intend to extend the manufacturing facility of Lamitubes by the end of this financial year to ensure value addition and improved margin control. These capex align with the goal of creating a backward integration in a value-accelerated business that reduces external dependency and strengthens our internal capacity.

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

- Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Vishvender Singh from Prudent Equity. Please go ahead.
- Vishvender Singh:** I wanted to ask that margins have sort of declined quarter on quarter. Can you share what had been the factor behind this decline? How do you expect the FY26 margin profile keeping external conditions at par?
- Sagar Bhanushali:** Margins are on a growing stage, sir. They haven't declined.
- Vishvender Singh:** On quarter, on quarter. Like Q4 versus Q1. Q4 of FY25.

- Sagar Bhanushali:** Q4 of?
- Vishvender Singh:** FY25, last quarter. And this time, they have hovered around 11.2% somewhere. And last quarter, it was 12.7%. So have there been any one-off charges on that?
- Sagar Bhanushali:** So you are talking about Q4 of last year and Q1 of this year, right?
- Vishvender Singh:** Yes, yes, yes.
- Sagar Bhanushali:** Okay. So compared to last year, actually, we had infused a great amount of funds, which were deployed in the month of January and February. So that was the major reason where we could procure maximum orders at that time. This year, these three months, the rate has been increasing. The aluminum foil, the rate has been increasing on a very good trend.
- Like if you are telling about three months, the exact percentage, if I tell you, then the rate of aluminum foil has been increased by around 13% to 14%. So in such scenario, we try to restrict our sales by 25th or 26th of each month. And we try to bring more inventories coming to the next month. So that is the reason we have dropped down our sale and increased our inventory.
- So that was a certain reason why the margin would have gotten a certain rate. But I don't think that would be a major rate, a 1% or 2% here or there, keeping in mind the increasing rates of aluminum foil. That's how we maximize margins, keeping the next quarter in mind. When the rate goes high, we try to keep more inventory with us.
- Vishvender Singh:** Okay. So what is the internal target that you are having for EBITDA margin for this financial year, sir?
- Sagar Bhanushali:** So we are certainly looking at, if you're talking about gross margin, then roughly around 11% to 12%, which is quite sustainable. We'll try a more 100 to 200 basis points if everything goes well, yes. For now, we are quite confident of sustaining 11% to 12%.
- Vishvender Singh:** Okay, noted. Another question that I had was, is there any concrete plan for the capex and expansion, like after you have seen the Q1 passing? So have you formulated what has been the expansion and the capex for this year?
- Sagar Bhanushali:** There are 2 to 3 capex plans going on currently, which I'll definitely update you by the end of this quarter, which one would be finalized. We are looking at the same industry like what we are doing currently in the state of Ahmedabad in Gujarat. In the state of Gujarat, the city is Ahmedabad. So let's see if everything goes well over there, if the market supports us, then we are planning an entire same plan that we are currently in Vasai, Mumbai, to be developed over there.
- That's the one capex plan that we are looking at. Second is the Lamitube. The trading part is going really well. We need to deploy more time and manpower to that currently. If that also clicks, then definitely a capex of Lamitubes is also in plan. So these are the two major plans that we are currently working on, which will be finalized by the end of Q2.
- Vishvender Singh:** Okay, noted. Thank you.

- Moderator:** Thank you. The next question is from the line of Prabal Jain from SM Holdings. Please go ahead.
- Prabal Jain:** Yes, sir. Basically, I wanted to understand like your contract structure with your end customers like your clients. So I think I read, I think in some of the last calls, you mentioned your 14-15 pharma clients. So like how does that contract structure work? What are the price escalation clauses? Because as you said, aluminum price is shot up 12%-13% this quarter.
- So just want to understand some color on that. How is it structured and like what sort of like, control we have over negotiating it or like we have minimal thing on that or what?
- Sagar Bhanushali:** Okay, sir. So firstly, there are more than 60-65 clients. 14 is the number that is the state that we are working on currently in India. We are trying to increase on that number. Secondly, upcoming on the contract, so, there is no such contract rule in our industry because the rates changes every first.
- So every first Hindalco issues a letter whether the rates are going up or down. So accordingly, the POs have been made. So pharma requires aluminum foil almost every day to pack their material. So depending upon the different products that they are running, they send us PO and we print and send it to them. So there is no such contract kind of thing because of the rate fluctuation every month.
- Secondly, the letter is non-negotiable. Once the letter comes in, so and so amount has been increased or so and so percentage has been reduced. So the same has been effectively passed on. So everything is decided in the first week itself and then it goes on for the entire month.
- Prabal Jain:** So from what I understand is basically on the first of the day, you get the RM cost, aluminum cost and then...So on the basis of that, you estimate how much you are going to ship for the month and you procure your raw material and then essentially, you are able to pass it on completely because the rate gets renegotiated next month, right?
- Sagar Bhanushali:** So inventory management is done throughout the month because you can easily track the rate whether it's going up or down on the Hindalco website and also in LME and MCX, aluminum sector. Positively, sir, in the entire 12-month rate normally goes up for 10 months or even 11 months. There is one or two odd months there where the rate normally goes down.
- So that's how we play with our inventory also. So keeping a good inventory and stopping a certain amount of sale of that month, it helps us to achieve more profitability next month because the rates get passed on, on the first itself.
- Prabal Jain:** Okay. Also, sir, I just wanted to understand like if I am able to deploy sufficient working capital and have my fixed assets sorted, so how hard it is for me to replicate your business? Obviously, I won't be able to achieve the scale and the top line that you are doing but let's say maybe you did INR52 crores, let's say I do INR5 crores this quarter. So how hard it is for me to get started on that?
- Sagar Bhanushali:** Okay. So firstly, there are no entry barriers. Let me make that very clear. Second thing depends upon how well do you manage your working capital cycle. That's the basic, the biggest plus

point that we have is how well we are managing our working capital because you are buying everything on advance. You are selling everything on credit. Credit goes from 30 days to 60 days. At time, it goes up to 70 days.

So every time and again, you need to deploy more funds. Unless and until you are doing more scale, you won't be able to match our rate and our credit terms. The only reason why we are doing so much compared to our competitors is because of the better credit terms that we are providing to our clients and the rate at that we are selling, they are not able to match that.

It is only achieved because of the scale that we are doing and funds that we have deployed and we are able to manage those funds effectively like at least 6 times in the entire year. That cycle goes up to 6 to 7 times in the entire year. That is the only reason we are able to achieve all this scale. Once this cycle stops, you will directly see the sales going down. Till the time the sales are going up, you can assume the cycle is going on effectively.

**Moderator:** The next question is from the line of Abhishek from AB Capital.

**Abhishek:** In the last con-call, you had guided for INR190 crores to INR250 crores top line for FY '26. So considering the high growth in this quarter, how confident are you of achieving the upper end of the guidance?

**Sagar Bhanushali:** So like I told you in the last call also, we are quite confident to achieve a figure of 190 to 200. To be very frank with you, we are aiming at around a top line of around 240 to 260 with two or three things in hand by the end of quarter two and beginning of quarter three. If those things also got clicks in, then we are quite confident of achieving a turnover on an average of INR250 crores this year.

**Abhishek:** Okay. The PPT shows the track margins is in this quarter 7.37. Do you think there is further scope of increase in the track margin in the subsequent quarters?

**Sagar Bhanushali:** Yes, sir. 100 or 200 basis points, we are quite confident of achieving that. So there is some scope over there.

**Abhishek:** Okay. And what is the capacity utilization now?

**Sagar Bhanushali:** Currently, we are working around 65% to 68%. So 30% already we are undervaluing currently and post that if we increase certain spares and like do a nominal capex of around say INR50 lakhs to INR60 lakhs, we may more increase our speed of machine by 30%. So on average, if I say on a lower end, then at least 40% to 45%, we can do more in the same premises with the same machinery that we have.

**Abhishek:** Is that why you are telling that the PAT margins might increase going forward?

**Sagar Bhanushali:** Correct. Yes.

**Abhishek:** Okay.

**Sagar Bhanushali:** We will increase our capacity and our volume. So obviously, sales would go up and effectively we will be able to run our machines much more. So there are many few, even I am getting few mails and same questions everywhere. Like you are doing so much turnover with such like capacity utilization and such lower number of fixed asset.

So I wanted to clear that the fixed asset that is a gross block that we are currently at is around some INR2 crores or INR3 crores, which is obviously a depreciated value. Maximum machines are 3 to 4 years old. We have recently added one machine. And these machines last for around 15 to 20 years.

So every time when I do need to just increase the spares in it, like heating capacity and the chilling part, you keep on increasing that, our terms in kilowatts, like calories, you need to just increase that so that I can increase the speed of the machine and eventually I will get a more output per day compared to what I am doing currently. So the entire game depends on that only.

**Abhishek:** Okay. So how much revenue can we reach if 100% capacity utilization happens?

**Sagar Bhanushali:** So with more funds coming in, what we are planning our debt and prep, let's see how it goes. Maybe 2 to 3 months down the line, if funds come in, then 6 months down the line, we will be able to reach 100% capacity over here.

**Abhishek:** No, how much revenue can happen if we do 100% capacity utilization?

**Sagar Bhanushali:** If I calculate roughly on a lower end of 40% also, then I am doing 18 currently. So 40% increase is almost 7. So 18 plus 7 would roughly around INR24 crores to INR25 crores in this premises, monthly?

**Abhishek:** INR25 crores monthly.

**Sagar Bhanushali:** Correct. Yes.

**Abhishek:** If we reach 100% capacity utilization.

**Sagar Bhanushali:** Correct. Yes.

**Abhishek:** Okay. And you had planned for a preferential allotment of INR10 crores to INR15 crores. So what is the -- is it done?

**Sagar Bhanushali:** We are like meeting a merchant banker this week. He was also waiting for the result and the future guidance that we have. So we have made all that. We will meet him this week and finalize.

**Abhishek:** So the QIP might come -- you are planning for a QIP in the near future?

**Sagar Bhanushali:** Sorry, sir. Your voice was not audible.

**Abhishek:** So you are planning for a QIP in the near future?

**Sagar Bhanushali:** Correct, yes, in the near future. Yes.



**Abhishek:** And any plans of further increase in capacity?

**Sagar Bhanushali:** Definitely, yes, sir. We will be done with this premises in like 6 to 7 months, I am telling you, Post that definitely a capacity expansion here and one capacity expansion in Ahmedabad in Gujarat, we are definitely looking at that.

**Moderator:** The next question is from the line of Urmish Shah from Moneywisers.

**Urmish Shah:** Yes. Thank you for the opportunity. I am new to the company. So if my questions are repetitive, please I apologize.

**Sagar Bhanushali:** No worries.

**Urmish Shah:** Yes. So I just want to know that your segmental bifurcation is 65 to 35 pharma to blister foils. Will that continue?

**Sagar Bhanushali:** Yes, sir. Like pharma foil, the rate selling price of pharma foil is around INR300 and blister foil is around INR400 to INR450. Pharma foil is comparatively cheaper to blister foil. And normally in our industry, the bifurcation goes in this way only. So 1% or 2% up and down depending upon month to month, but no major change.

**Urmish Shah:** Okay. That's great to hear. And your working capital right now is 71 days, right, if I see in the presentation. Will that continue as well? Is that a good...?

**Sagar Bhanushali:** We are trying to bring that to around 60 to 65 days. So it won't go above that.

**Urmish Shah:** Okay. And for the Ahmedabad, I mean, plant that you are planning, how much debt will you be raising?

**Sagar Bhanushali:** So firstly would be machinery capex of around INR4 crores to INR5 crores, then the working capital also. So debt of around INR12 crores to INR15 crores we are planning.

**Urmish Shah:** Okay. So if you -- that will be -- sorry, please.

**Sagar Bhanushali:** Yes. We already initiated that talks with our bank. So normally bank take one or two months in and out to get it through.

**Urmish Shah:** Yes. So that will be within the next one or two years or...?

**Sagar Bhanushali:** Should be within six months. We can't wait.

**Urmish Shah:** Within six months. Okay. You can't wait. So the ideal debt to equity ratio for your company should be around 0.7 -- 0.6, 0.7. Is that a good ratio that you are looking at, that you will be comfortable with that?

**Sagar Bhanushali:** Correct.

**Urmish Shah:** Okay. And once you know you are going on full scale with your plan, you are saying 100% capacity utilization. This is the first time I am hearing a company for having 100% capacity

utilization as possible. So I just want to know that if you really achieve your numbers that you are looking within the next six months or one year course, right? So you said your margins will be scalable, right?

**Sagar Bhanushali:** Correct.

**Urmish Shah:** So any ballpark figure that you can give after you reach that -- I don't know if that question was answered, I am sorry?

**Sagar Bhanushali:** I won't give you a bigger number, but definitely 100 to 200 basis points than what we are currently, we will be able to achieve that. And a very reasonable and lower end view I am talking about.

**Urmish Shah:** Yes, sure. I just need a ballpark figure, nothing more.

**Moderator:** The next question is from the line of Satish, an Individual Investor.

**Satish:** I had a small question. I was there in the last con-call as well. So you have spoken about the food packaging and you had mentioned that because of multiple competition in the particular sector, you would not be looking at this and you are pretty much happy with the pharma industry, right, sir?

**Sagar Bhanushali:** Correct. Yes.

**Satish:** So this presentation that has come two days back, okay, I do not know if I am reading that correctly or not. So in your growth page, you have 6 points mentioned there. So one of the points is that, okay, development in the food packaging or sector something. So what is that then?

**Sagar Bhanushali:** We need to go through that presentation again, but definitely we are not looking at food grade currently, sir. To be very frank with you, we are more than a pharma industry and we are going to plan to continue in this only. I will check my team to correct that presentation, but food packaging we are not into currently and we have no plans in near future to enter that industry.

**Satish:** No, I very well remember, and you are very confident with the pharma industry, and we appreciate that and you had made this point very loud and clear in the last con-call.

**Sagar Bhanushali:** Correct.

**Satish:** That was my doubt. Thank you so much and great set of numbers on the consistent basis. Thank you. Thank you. Good luck.

**Moderator:** The next question is from the line of Vishvender Singh from Prudent Equity. Please go ahead.

**Vishvender Singh:** Hi, sir. I actually wanted to ask that how do you expect the Lamitube segment contribution this year, like if everything goes as planned in Q2 and Q3 cases?

**Sagar Bhanushali:** So currently with the trading part that we are doing, it hardly comprises around 3% to 4%, higher and 5% to round it off what we are doing. So I need to deploy more team and invest more time

in that because what we are doing currently with our own setup, we are totally like 100% deployed in that only.

So I am not getting that excess time to develop that market more because the setup plan that we have, which automatically goes converted like 3 or 4 major clients, they have diluted their business and shifted to us. So to expand that more, I need to do more marketing that which we plan to start from this Diwali. And if the certain desired profit margin is achieved and we see a better scope in backward integration, then definitely by end of this year, a capex of that would be done.

So if everything goes well, then on a broader view, if I say one year down the line, then definitely a revenue of around INR8 crores to INR10 crores can be developed from the Lamitube business on a monthly basis.

**Vishvender Singh:** Okay. Noted, sir.

**Sagar Bhanushali:** But this figure I'm telling you about a year down the line.

**Vishvender Singh:** Okay. So like in FY '27. Got it. Yes.

**Sagar Bhanushali:** Currently, we are doing around turnover of 1-1.5 per month and let's suppose this expansion and capex, we can aim at a very nominal figure I am telling about INR8 crores to INR10 crores can be easily achieved.

**Vishvender Singh:** Okay.

**Sagar Bhanushali:** Even Lamitube are very big markets.

**Vishvender Singh:** Okay. So like it goes away from pharma industry as well or like is it only for pharma?

**Sagar Bhanushali:** It's only for pharma only.

**Vishvender Singh:** Okay. And like secondly, I wanted to ask that what is the current debt level of the company and like what is the target that you have in mind to end with this financial year?

**Sagar Bhanushali:** So if we are talking about numbers, then the exact number I will tell you around is INR23 crores to INR24 crores debt from DBH Bank and Tata Capital. These two banks, and one bank and one NBFC, we are working with them. We are planning a more debt of around INR10 crores to INR12 crores in this year.

**Vishvender Singh:** Okay. Noted. Thank you, sir.

**Moderator:** Thank you. The next question is from the line of Mayank Jham, an Individual Investor. Please go ahead.

**Mayank Jham:** Congratulations on great set of numbers. So first question is regarding is there any plan or is there any plan to implement any formal hedging or inventory procurement strategy as aluminium price...

**Sagar Bhanushali:** Sir, your voice is not audible, sir. Sorry. Can you come again?

**Mayank Jham:** Yes. Just give me a second. Am I audible now?

**Sagar Bhanushali:** Yes, sir. Much better.

**Mayank Jham:** Yes. So question was, is there any plan to implement any formal hedging or inventory procurement strategy as the aluminum prices are quite volatile?

**Sagar Bhanushali:** So there is no such hedging strategy. Like I told you, once you reach 15th or 16th of every month, you get a rough idea it's going to go up or down. And looking at the industry trend and like even the basic knowledge of any commodity, like one would know the commodity, once it goes up, it never goes down. If you see an average rate of 12 months, like there is hardly a month where the aluminum prices would go down.

On an average, it's on an increasing trend only, maybe a percent, 2% or even 0.5%, but it's going to go up only. So by 15th or 16th, we decide normally where to stop our sales and where to increase our purchases. That's how we manage our inventory.

**Mayank Jham:** Okay. Thanks. And the second question is, could you share how concentrated your revenue is across the top 10 customers that you have? And what percentage is recurring business and versus the new orders in this quarter?

**Sagar Bhanushali:** So we have more than like 65 to 70 clients and none of them comprises of more than 3% to 4%. Like the spread is evenly among all. So even a bad month for one or two of a client doesn't affect us and we have given them a suitable limit where we are working with each of them. So each client has been given a limit, maybe say INR1 crore, INR2 crores or INR3 crores, depending upon their setup and their credibility.

So it is uniformly based. So we don't majorly depend upon one or two or three or four clients like that. We have uniform spread between all these clients and there is 100% repeated orders and business with them because even though they need more credit to survive. So they are working on this money only. So it goes on rotation. It keeps on. That is how business normally works here in SMEs. We keep giving them credit. So they keep giving you orders, it's like that.

**Mayank Jham:** Okay. And lastly, what's the timeline to finalize the LDPE plant acquisition that you talked about in the last con call?

**Sagar Bhanushali:** So LDPE is in the last thought, so currently, we are not looking at LDPE. We are not getting that much profitability from the LDPE plant that we are looking at. The two major prominent things that we are looking at currently is a 100% capex of the same plant that we are in Vasai to develop in Ahmedabad. The same setup that we are currently operating to develop the same setup like this in the Ahmedabad city. Second is about Lamitube.

So these are the two prominent things that we are looking, which we may finalize by end of quarter two or higher end quarter three. LDPE plant is in the last course. So currently, we are not looking at that. We are getting LDPE, like we are buying them at a very low rate. It does not

make sense to like deploy funds over there and do the entire manufacturing part. We are already procuring that at a very low rate from the market.

**Mayank Jham:** Sure, makes sense. And lastly, do we already have the anchor clients commented for the offtake of the Lamitube capex that we are planning?

**Sagar Bhanushali:** I told you like, with whom we are doing this pharma and blister work, they only need Lamitube. Like, we don't need to find new houses. With the pharma that we are catering, they require Lamitubes. They require aluminum foils. They require PVC cartons, so leaflets. So like I told you to make one medicine...

**Mayank Jham:** So have you started to do the sampling and stuff with them? Because we are already trading, so you must be doing the sampling and the stuff with them in the existing clients.

**Sagar Bhanushali:** The sampling part was done in the last month only. This month, so full-fledged orders are also started with them.

**Mayank Jham:** Okay. Okay. Makes sense. Thank you. That's all from my side.

**Moderator:** Thank you. The next question is from the line of Bhavesh Chauhan, an Individual Investor. Please go ahead.

**Bhavesh Chauhan:** So with regards to growth, we are targeting around INR240 crores to INR260 crores in this fiscal year. So is it based on new client acquisitions or existing clients have given you some indications? So I would like to know how confident and what should be the range?

**Sagar Bhanushali:** So new client acquisition we are doing, but we are not doing that more rapidly like, rapidly or confidently because the set of clients that we have currently, we are working with maximum of them with their 50% to 60% capacity only. Like, they have more orders in hand. They want to work with us.

Like, they want us to give them more credit limits. So like I told you, we have an equal spread among all of them. So like if I say I've given a set of client a INR100 lakhs, INR1 crore limit or certain INR2 crores limit, so they already have an order of INR4 crores to INR5 crores. They're working with us with their 50% to 60% capacity only.

So if we have any plan to increase our production and increase our turnover, we don't need to find new places or new homes. We already have these old clients with us, which we are quite confident, like they are genuine and money-safe with them. So we'll first approach them only to increase their orders. And this is how we'll help to increase our turnover.

The new client definitely we're looking at, geographically-wise, but not that rapidly vis-a-vis our existing client. We want to increase their turnover with them only first.

**Bhavesh Chauhan:** Right. So with regards to this current client giving you more orders, how long can it continue? For example, let's say next 2, 3 years or at what point do we have to be more aggressive for growth to look towards newer clients

- Sagar Bhanushali:** So with the market growing at this pace, so we are not quite worried, like how long would it grow? Because one thing is the import has been totally shut for 5 years. So all the pharma industry in India needs to buy from India only. Secondly, there is no alternative to aluminium. Like you need aluminium only. So there's no alternative for packaging, being a direct packaging to pharma industry.
- Like once medicine can be made without leaflet or cartons or other thing, it can't be made without aluminium foil. And you must be knowing the pharma thing is growing very fast in India. And 5 years, 6 years down the line, there's great chances the pharma industry might double.
- So we are not quite worried how long would the orders come in or what numbers would come in. With the flow, we are quite confident it will increase. So there is no practical thing to be worried about that currently. And all the factors are positively impacting, this may increase only. So we are not thinking in that direction currently.
- Bhavesh Chauhan:** Right. And then in terms of exports, do we have any exports?
- Sagar Bhanushali:** Directly no, sir. With directly export, we are not into any of them. But indirectly, our 50% to 55% goes export only. Like major export from India goes to all this Nigeria, Ghana, African countries, like India's major exporters of pharma medicines in those countries only.
- These countries are the hub of pharma industry. From there, it goes to the entire world, Russia, US and everywhere. So maximum of our product goes to in all this country, but not directly via certain export houses or via some pharma industries and like that. Currently, we are not looking at direct export.
- Bhavesh Chauhan:** Right. But in terms of the global market share of aluminium foil having China would be dominant, right?
- Sagar Bhanushali:** They are dominant. But then again, there are many sanctions on China imposed by India, by Thailand, by US, by Russia. So the world is not happy currently to buy from China. Post China, the maximum market share of aluminium comes from India only. So that's a blessing in disguise for our country and for players like us. So definitely.
- And with Prime Minister visiting all this country and doing all these trade practices like recently he visited Nigeria, Ghana and everything, we reduced the drawback to a very great exchange. So we are getting a very good inquiry from all these countries. So export wise, great opportunity. Let's see how it goes. Directly, we won't comment. We'll start directly in near future, but indirectly, we're exporting a very good amount.
- Bhavesh Chauhan:** All right. And lastly, in terms of next 3 to 5 years, what is our strategy? You're obviously given some near term plans, but maybe 3 to 5 years, what can we look forward to?
- Sagar Bhanushali:** Just to be frank, we haven't thought about 5 years. We are more worried like 6 months down the line, once we achieve a capacity utilization of near about 100%, we are looking for a more same structure, like us in our near vicinity and in Ahmedabad. So we normally don't think sir. 5 years

down the line. Being a very small SME business, we don't structure that 3 or 5 years down the line.

It's like how you deal with your daily problems and how effectively you manage your funds. We are more concerned about that. But we are definitely talking about growth plan for 1, 1.5 year down the line. Then 100% capex in the same premises and the same structure like us in Vasai and in Ahmedabad. We are quite confident of achieving that.

**Bhavesh Chauhan:** Great, sir. Thanks for answering all these questions and all the best.

**Moderator:** Thank you. The next question is from the line of Abhishek from AB Capital. Please go ahead.

**Abhishek:** Hello. Yes, I just wanted to understand like how common is payment default in your industry? Like have you ever faced any payment default from your client?

**Sagar Bhanushali:** No, sir. There are zero bad debts in the last 5 years that I'm working in this industry. There are ifs and buts like payment normally get delays like from 60 to 70, 75 days, but there are no payment default in pharma industry, sir.

**Abhishek:** Okay. Okay. Okay. Thanks.

**Sagar Bhanushali:** Thank you.

**Moderator:** Thank you. The next question is from the line of Shrikant Bandaru, an Individual Investor. Please go ahead.

**Shrikant Bandaru:** Yes. Hi. Congratulations on a great set of numbers. Congrats to the entire team. Phenomenal results. I wanted to know what is the competitive advantage of the company and what's the competitive intensity in the industry? I mean, you've spoken about the market growing very rapidly, but what holds our company in good stead when we compare ourselves to the competition?

**Sagar Bhanushali:** So it's the scalability, the volume. That's the only thing. Like how better credit terms you offer your clients and how better pricing you offer to them. Both can be achieved only with more funds in hand. And how well are you able to manage those funds? Like how well are you able to churn that cycle?

Because once the cycle gets stuck, you'll see your sales figure going down and you won't be able to buy new material. But the only sole reason behind this thing is you have to buy everything on advance and you have to sell everything on credit. So this is a big challenge in our industry.

**Shrikant Bandaru:** So working capital management is something that...

**Sagar Bhanushali:** 100%, sir. 100%.

**Shrikant Bandaru:** And in terms of scaling up, I mean, do we need to kind of grow rapidly at a 40%, 50% year-on-year for the next 5, 6 years to maintain this scale advantage?

- Sagar Bhanushali:** No, sir. It's not like that. But with more work coming in, if you are confident, like there are no bad debts or delayed payments, like in our case, like I told you on the last call also, like we are not worried about taking more debts currently.
- Everyone is like, why should we take additional loan. Like we are quite confident we are able to turn our working cycle well. There are no bad debts and people that we are working, we have a very good relation with them. So there is no such major threat or challenge that we are looking at currently.
- Shrikant Bandaru:** And as you are growing so rapidly in terms of your management bandwidth, do you have a sufficient amount of that to kind of grow 2X, 3X, 4X from now?
- Sagar Bhanushali:** Yes, yes, sir. Definitely. We are a very strong team. And not on a higher level, but on a lower level, we are adding a few peoples also so that the day to day operation in the manufacturing part, the factory, it runs smoothly. And we are quite confident of our teams. They have an experience of more than 25 to 30 years. Like all the major operators and the managers that we have, they have a huge amount of experience in our industry.
- Shrikant Bandaru:** Okay. And my final question is, what would be the key risks for you over the next 1-2 years? Like what worries you in terms of achieving all these targets that you set for yourself?
- Sagar Bhanushali:** So the only major risk factor is like, I told you, the plus point is we are able to manage working capital well. So vis-a-vis the risk is also that once we are not able to manage that well, you will see a sales figure going down. You will see a tremendous rise in our debtors days. Debtors figures will go up. Inventories would go down.
- Effectively, the cycle would slow down. We won't be able to buy more material. And eventually, sales would go down. So that is your benefit. And eventually, that is your risk also. So the entire game depends upon how well you churn your fund. Like if you're doing it 5x to 6x in the entire year, you're doing it really well. You're doing 6x to 7x, then you're doing excellent. But once you're able to do that like 3x to 4x, then definitely there's a risk in your industry, in your company.
- Shrikant Bandaru:** Okay. Okay. I understood. Thank you so much. And again, very happy to be a shareholder of yours. Thank you so much.
- Sagar Bhanushali:** Thank you, sir. Thank you so much, sir.
- Moderator:** Thank you. The next question is from the line of Nihar Jhande, an Individual Investor. Please go ahead.
- Nihar Jhande:** Hi, sir. Good evening. Any kind of market share data you have like in the markets you operate or like any kind of data?
- Sagar Bhanushali:** No, sir. We don't normally get into all these data and numbers. It's a very huge market, sir. Globally and India is a very huge market. What we are doing is we are doing basically more into Maharashtra and certain portion of Gujarat only. So we are not into all those numbers currently.



But we know, sir, we are hardly any percentage of that. There is very huge demand and huge market lying ahead. Let's see how far we can go.

**Nihar Jhande:** Okay. Okay. And I know that you mentioned that the scale is the main advantage in this business. But still, I wanted to ask any unorganized players are also there in this industry, small suppliers like you?

**Sagar Bhanushali:** Yes, there are small suppliers, sir. There are many small suppliers. Like I told you, there is no such entry barriers kind of thing. The small supplier, obviously, there are. But then they are doing what the turnover is very less. Like there are two, one or two listed player also. The turnover that they are doing, like they are quite content with that. And that is also very less amount compared to what we are doing.

**Nihar Jhande:** Okay. Okay. So you're likely to gain market share due to your scale?

**Sagar Bhanushali:** Correct. Yes.

**Nihar Jhande:** Okay.

**Sagar Bhanushali:** So business relation and relation with a client and owner to owner, that shootings that we do. So even that forms a part. But I won't say that majorly depends on that. But yes, 30%-40% even business relationship also help. The other part is, sir, how well do you are able to supply your material and how better credit terms you are giving them?

**Nihar Jhande:** Yes. Yes. So basically, like, can we assume the, because of the scale, as your scale increases, you are likely to drive out the small players?

**Sagar Bhanushali:** We don't intend to drive out anyone. It's a very huge market. But definitely, yes, we are able to give them a better pricing compared to them. This is what I would say. We never thought of driving anyone out or like taking someone else's share. But yes, the work comes in from ahead. We never say no to it. Let's see how it goes. We take it. We are sure about the client, and we know the money goes nowhere. We'll get that money back in 60 days and we are definitely going ahead with that work.

**Nihar Jhande:** Okay, sir. Thank you.

**Sagar Bhanushali:** Yes.

**Moderator:** Thank you. As there are no further questions from the participants. I now hand the conference over to Mr. Sagar Bhanushali for closing comments.

**Sagar Bhanushali:** Yes. So really, thank you all. It was nice talking to you. Thank you for joining us today for this earning call. We hope we are able to address all your questions and provide clarity on our performance and future outlook. If there's any further queries, please let us know. We'll be more than happy to help you. Please reach out to our investor relationship advisory, X-B4 Advisory. We appreciate your continued interest and support. Thank you once again. Take care. Yes.

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