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To,
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex
Bandra (East),
Mumbai - 400 051

Symbol: - KRISHNADEF
ISIN: - INE0J5601015

Subject: Transcript of Earnings Call

Respected Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023, please find enclosed herewith the transcript of the Earnings Call held on Monday, 17th November, 2025 at 5:00 P.M.

Kindly take the same on the record.

Thanking You,

For Krishna Defence and Allied Industries Limited

Ankur Ashwin Shah
Managing Director
DIN: 01166537





KRISHNA DEFENCE & ALLIED INDUSTRIES LTD

H1 FY26

POST EARNINGS CONFERENCE CALL

November 17, 2025 5:00 PM IST

Management Team

Mr. Ankur Shah - Managing Director
Mr. Piyush Patel - Chief Financial Officer

Call Coordinator



Strategy & Investor Relations Consulting

Presentation

Moderator: Ladies and gentlemen, I welcome you to the H1 FY 2026 Post Earnings Conference Call of Krishna Defence & Allied Industries Limited. Today, on the call from the management team, we have with us, Mr. Ankur Shah, Managing Director; Mr. Piyush Patel, Chief Financial Officer.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risk and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to run us through the investor presentation for the half year ended 30th September, 2025 and the performance highlights for the quarter, that went by post which we'll open the floor for Q&A.

Over to the management team.

Ankur Shah: Thank you, Kamlesh. Good evening and a big welcome to the half yearly investor presentation for Krishna Defence. I'm Ankur Shah, the Managing Director of the company. I'm joined by my CFO, Mr. Piyush Patel. I will quickly run through the presentation that is there. Coming straight to the key highlights for the H1 FY 2026, as we had earlier suggested that we will be doubling our capacity that is there.

So that facility was operational since early of April 2025 and we are working full-fledged on the same. Another landmark achievement during this half year was the steel plate cutting and the initiation of the AUV, the Autonomous Underwater Vehicle. This is India's largest AUV that is under construction at our factory as per the naval design.

During this time, we have also done successful trials of very large casting to be used for a critical defence project that we are working on. We have also got the Bureau Veritas approval for the supply of shipbuilding steel sections, primarily the bulb bars, which can be used not only for the defence, but for other commercial ship applications around.

I'm glad to share that we have enough, a large office building at our Halol factory that is there. We've constructed on top of it. So we have a more place for the new engineers and the new team that we are going to be bringing in. And as we speak, the order book, as on 30th of September stands about close to ₹196 crores. I will give it on to

Piyush bhai to just talk about the financial highlights for the first half year. Over to you, Piyush bhai.

Piyush Patel:

Yeah. Thank you, Mr. Ankur. I welcome you all to the earnings update, conference call of the company for the H1 FY 2026. These are the financial highlights for the H1 FY 2026. Revenue of the company grew by 28.1% to ₹1,205 million. EBITDA of the company grew by 52.9% to ₹216 million. EBITDA margins have surged by 291 basis point to 17.9%.

Our net profit of the company on standalone basis increased by 47.4% to ₹156 million and the net profit on consolidated basis increased by 71% to ₹184 million. Our net profit margins on standalone basis have increased by 169 basis points to 13%, and net profit margin on consolidated basis surged by 383 basis points to 15.3%.

Coming to next slide. These are the financial overviews of operating revenue, EBITDA and net profit wherein we have shown the yearly and half yearly results just for your review. This shows the growth of the company. And coming to the next slide, this is the half yearly income statement for last three, half years and two, full years. Our revenue from operations increased to ₹1,204.7 million in H1 FY 2026 as against ₹1,008.2 million in H2 FY 2025 and ₹940.4 million in H1 FY 2025. EBITDA of the company increased to ₹216.2 million in H1 FY 2026 as against ₹161.7 million in H2 FY 2025 and ₹141.4 million in H1 FY 2025.

Now EBITDA margin increased to 17.9% in H1 FY 2026 as against 16% in H2 FY 2025 and 15% in H1 FY 2025. Net profit of the company on standalone basis increased to ₹156.2 million in H1 FY 2026 as against ₹113.2 million in H2 FY 2025 and ₹106 million in H1 FY 2025. Net profit margin on a standalone basis increased to 13% in H1 FY 2026 as against 11.2% in H2 FY 2025 and 11.3% in H1 FY 2025. Now net profit on consolidated basis increased to ₹183.8 million in H1 FY 2026 as against ₹114.1 million in H2 FY 2025 and ₹107.5 million in H1 FY 2025. Now net profit margin on consolidated basis increased to 15.3% in H1 FY 2026 as against 11.3% in H2 FY 2025 and 11.4% in H1 FY 2025. Thank you.

Ankur Shah:

Just a second, Kamlesh. We just want to go forward with a few things, and then we can open the floor. Just to give you people the brief on the company, we are headquartered in Mumbai with a factory in Gujarat, in Baroda where it's in Halol, where we manufacture special

steel, shipbuilding steel sections called the bulb bar, which are used for hull construction of warships.

The one on the left is the image. We are also supplying welding wires and weld consumables. These are used for the welding of the plates and some of the critical platforms that we are supplying for the Navy. Some of our other product ranging includes the special steel alloy ballast bricks, which is again used for underwater applications, armour steel profiles, which are used for the chassis for the T-90 tanks around, and the improved space heating device or the Bukhari as we call it, which is used by the Army at high altitude for them to balance.

In addition, this is our clientele base. These are the products that we do for the dairy and the milk industry with the milk cans, milk cooling tanks around. 92% of our revenue in the first H1 has come from defence, and about 8% has come from the dairy side. The way forward is we are developing furthermore well consumables that are there, but some of them are still being imported.

We are on the final stage of certification for that. We are adding a few hull structures I mentioned about the castings that is there and a few components that we are working right now is on the aerospace components. We are trying to augment and integrate a facility in such a way that we are able to increase the throughput and the efficiency. Approval for LRS and IRS is also on the cards.

And for advanced underwater platforms, we are working and forming another joint venture, to work on this because we see this as one of the, important things, which is going to be a turning around for our company. We are working on those platforms and the related technologies towards that. And just to give you a recap, we have stake in a company called Conceptia, which is into ship and submarine design, which is our associate company based out of Bangalore.

Another company called Waveoptix which is into defence electronics, mainly for mesh for optical fibre to radio frequency and so on and so forth, mainly for Army supplies and for underwater applications. So that's just a brief around what we are doing.

I stop the screen sharing, and then we can take up things for questions.

Question-and-Answer Session

Moderator: All those who wish to ask a question may use the option of raise hand. In the initial round, we will take and if you are not able to raise hand, you can post the question in the chat box. We will ask on your behalf. We will take the first question from the line of Harshil Solanki. Harshil, you can unmute and go ahead, please.

Harshil Solanki: Hi, Ankur bhai. Good afternoon.

Ankur Shah: Good afternoon.

Harshil Solanki: I have three questions. First in on the job work charges. In the FY 2025 annual report, the number has gone up by 250% from ₹6.5 crores to ₹23 crores. But your revenue has only increased by 83%. Similarly, in H1 also, both charges has doubled whereas revenue has increased by 30% only. So if you can elaborate, why the job work charges are so high and the increases is not in line with the revenue.

Ankur Shah: Job work charges are pertaining to the machining and other jobs that we are getting done outside. And don't look at it from the revenue because it is a very product specific thing that we are working on. It's not that every product goes for a job working around. To relate it directly to the revenue perspective would not be the criteria. We are trying to make things in such a way that, we are doing the critical processes in house and which are very generic processes like very basic machining, shot blasting, painting, which are not critical processes. We are trying to job work outside so we don't have to augment asset and infrastructure for that, and all of this could be done outside. So that's the logic behind the job work part around. So if that is a satisfying answer for you, we can move to the next question.

Harshil Solanki: Okay. There is a late delivery charge of ₹5.25 crores in FY 2025. So if you're going to highlight, what is the reason behind that?

Ankur Shah: Reason behind is late delivery. So, the reduction has happened because of late delivery. This predominantly is from one of the customers called MDL. We were first time doing a profile for them for the commercial application, and it took us some time to do the initial development. Mind you, it is about at the ₹80 crores, ₹84 crores order that this has been levied across that is there. So, that is the reason. It took us some time to develop the profile that is there. And that is the reason the project got delayed, and LD was levied on us.

Moderator: We'll take the next question from the line of Mr. Garvit Goyal. Mr. Garvit, you can unmute and go ahead, please.

Garvit Goyal: Good evening and congrats for a good set of numbers. My question is on the order book. While we have executed, and our execution is commendable, but it seems like we are facing some challenges in growing the order book, specifically looking at the six months, and 12 months of order book and comparing with the current one. So I'm just trying to understand, like, are you seeing any weakness in the order in flow, or maybe we are losing the orders because of the rising competitive intensity? So what is the case? So can you put some colour on that?

Ankur Shah: Yeah, so there is no case, firstly, that they are losing out on orders or order flow is not coming. So I understand where you come from. What is the logic for you asking that question, So our order book stand about ₹196 crores as we speak on the 30th of September, right? Generally, all the action, the defence, a lot of the action happens in the H2 or Q3, Q4 around that is there. Plus, we have tenders in pipeline, to the tune of about ₹100 crores to ₹110 crores which have yet not been converted or because not translated to POS, as we speak right now. But we are not worried on that. And we are, in fact, as I mentioned, during the way ahead, we are trying to augment our capacity in such a way using automation so we can shorten the time process because we are seeing the demand continue to come. And in addition to the defence, now lot of requirement is likely to come on the commercial ship building front also. So we are gearing up for that demand to come through.

Garvit Goyal: So what kind of number are you looking like? I understand out of this order book, we will be executing some part of it in H2, right, to achieve our guidance of 30% to 40%. So my question is, what is giving you the confidence for the visibility when we enter into FY 2027? So how are you looking at, like, how will you close FY 2026, what number of order book?

Ankur Shah: I would not read too much on the order book. I would rather see on the execution front that is there as I've maintained, that we will be growing at that 30%, 40% CAGR that is there. We are very confident of achieving that. And that kind of order, we are definitely seeing because we know the platforms that the Navy is likely to build. The other requirement that is coming up, the Navy plans are a very 10, 15 year plan.

If you see, if you read the news around, they've been talking about the LPD, the MCMV suit that is likely to come up. The Corvette order is likely to get finalised. The Frigates are likely to get finalised. So, Destroyer, all of that. So there are lots of plans that are there. Most of them are likely to start to mature now. So, that is the reason why it is looking like that. But in terms of order flow, we don't see a slowdown at all coming through.

Garvit Goyal: That's what I'm trying to understand. Like, you are aware of all these programmes that you mentioned, right? So we must be able to understand, like, maybe a tentative number, like, what kind of order inflow do we expect in H2, right? So that can give us some visibility into at least FY 2027?

Ankur Shah: Very difficult to predict how much will be the exact order flow that will come in H2 that is there. But that number should be in the range of about close to ₹100 crores, to ₹150 crores that is what we anticipate.

Garvit Goyal: Understood. Are you seeing any rising competitive intensity for maybe for our Hero products or anything like that?

Ankur Shah: Nothing as we speak right now. No. We don't see any because currently, only two players are approved for the supply of the same to the Navy plant, and that continues to play.

Garvit Goyal: Okay, good. That's it from my side. Thank you.

Ankur Shah: Thank you.

Moderator: Thank you, Garvit. So we'll take the next question from the line of Ashish Soni. Ashish, you can unmute and go ahead, please.

Ashish Soni: In terms of this maritime policy, so which all units do you think will start getting more orders for you in next one or two years? Because it's a big vision for India for next five years. So just give a walk through what you're thinking right now?

Ankur Shah: Great question around and there's a lot of excitement not only at the shipbuilding front, but also from the government side till the fact that even the PMO is monitoring, the shipbuilding infra that they want to build up around. But let me tell you, these are all long-term projects that will take time to translate by the thing. But we are part of the entire ecosystem that is there. We've been talking to stakeholders.

They've been talking to us. So everyone is gearing up for it, but it is not going to happen tomorrow, right? It is going to take some time to percolate down, but definitely, that is the way forward. That is how I would put it.

Ashish Soni:

But in terms of your units, I think your one of the units, Conceptia is doing commercial ship building. So do you think it can get start, start getting orders from next year sort of thing? Just give broad perspective of different units, do you think like which year because I know it will be lumpy, it will be a long-term game. So just I wanted to, because capabilities-wise, I think you have developed a lot of good capabilities to capture all this. So I'm trying to understand how you're thinking in terms of which year, which can come, just a broad perspective. I know it will be lumpy and all. So just that's the understanding I wanted to have?

Ankur Shah:

Why only Conceptia, right? If Conceptia, definitely, you are right, that is the first one that will start to get the back the orders that is there is because of the design, concept that is there and the various commercial kind of ships that is coming through. I believe we are already in talks with a few shipyards and enquiries have started to come through. We see them materialising maybe by the end of this year or early next year. That's the way we are looking at it. And parallelly, we are also looking that they will be requiring the shipbuilding sections, we have weld consumables that we are manufacturing. Those will also start to come into place.

My only challenge here is to put a number to that thing will be very difficult. Talks have started. We see actions starting at least for us maybe early next year and for Conceptia late this year.

Ashish Soni:

So do you think the inflection point come in FY 2028 for your business overall for all units to fire if, and the margins, is it sustainable the current margin? Because you gave a commentary that you'll increase margins of 15% to 20% over a period of time. So do you think FY 2028 can be an inflection year and margins?

Ankur Shah:

Yeah, we hope so. We hope so. We are seeing a lot of action being built around these things, a lot of action being built around. Now the action is being built around. It will take time. These are all large infra projects that is there. We see that, that could be a very different year because we have the other products, we should be ready with the AUV platform, trials would have been done. We would see all those things.

So for us, that would be a very, very crucial year. You're spot on with that assessment.

Ashish Soni: And AUV, you spoke about joint ventures. Can you throw some light what exactly you're planning or talking about the joint ventures, please?

Ankur Shah: Yeah. So, again, AUV is a complex platform. It's an unmanned sub that is there. So it will have your hull structures, it will have your propellers, it will have the powering device, it will have the autonomy. Several factors have to come in. So we single-handedly don't have the capacity to do it. We need to partner with companies that have expertise in these areas, and that is how we are working on it.

For different platforms, we are partnering with different people. Because think of it like you also have to make a three-storey building, you also have to make a 30-storey building. So we are choosing the right partner for the right kind of platform, and that is how we are working towards it.

Ashish Soni: And margin front, can you just answer on that because margins have expanded quite a bit in this quarter. So do you think the margin was maintained or it will have some fluctuation for next one or two years?

Ankur Shah: No, I see that we should be able to maintain these that is there, and we will work towards improving them. Again, to put a number, very difficult, but we will try to economise and make ourselves more efficient. That is the way we will be able to add to the bottom line.

Ashish Soni: Okay. Thanks and all the best for the future.

Ankur Shah: Thank you.

Moderator: Thank you, Ashish. I would request all the participants to limit yourself to two questions per participant, since there are many in the queue. We'll take the next question from the line of Shikha Mehta. Shikha, you can unmute and go ahead, please.

Shikha Mehta: Hello, and congratulations on a great set of numbers. I just want to understand the margin a little better since we've seen a decent improvement. So can you just highlight on what has led to that margin improvement?

- Ankur Shah:** A couple of factors that have led to the margin improvement around this. One is, the operational leverage has kicked in since the numbers have increased that is there. The fixed cost gets divided over the larger number of quantities. So that is something that has helped in. Plus, we've tried to become more efficient, increase the yield of the product that we were getting earlier because we were doing smaller numbers then the more numbers that you do, your yield becomes better. So all these two, three factors together have contributed to the margins that we are seeing right now.
- Shikha Mehta:** So it's mainly on the efficiency and production side and not as much on the product mix side, right?
- Ankur Shah:** No. More on the efficiency and the productivity side.
- Shikha Mehta:** Got it. And another thing I wanted to understand was, if you can go into your other products other than your bulb bar and explain the kind of growth we're expecting to see or the addressable market we're expecting to see in the next say two to three years?
- Ankur Shah:** Again, for the weld consumables, it will move in the same trajectory at that 30-odd percent, 40% at odd growth that is there.
- Shikha Mehta:** But are we seeing acceptance currently, even for...
- Ankur Shah:** Yes.
- Shikha Mehta:** Even for changing up old ships? Or is it just...
- Ankur Shah:** Not old ships. These are for the new construction.
- Shikha Mehta:** Sorry, I meant on the doors and hatches. Are we seeing...
- Ankur Shah:** No. So, doors hatches, so I was trying to refer to the weld consumable business and other products that is there. At the composite door hatches front that is there, first, the newer ships is something that is the target for the Navy internally. And then it will move on to the replacement or what they have to do in a phase-wise manner. So that is how we see it. Not a very defined way right now because the product is just about to get inducted right now. So not a very clear plan. But if you look at the 10-year horizon, we definitely see that almost every ship will have these doors.

Shikha Mehta: Got it. So, broadly on even all these categories, which are not per se a hero product, we're currently seeing 30% to 40% growth.

Ankur Shah: Yes.

Shikha Mehta: Broadly that, right?

Ankur Shah: Broadly. That's why it's a range that is there. Some will grow by 25%, some will go by 45%. So you see an average come in the range of 30% to 40%.

Shikha Mehta: Okay. Got it. Thank you so much. I'll come back in the queue.

Ankur Shah: Thank you.

Moderator: Thank you, Shikha. We'll take the next question from the line of Santosh Singh. Santosh, you can unmute and go ahead, please. Mr. Santosh, we cannot hear you.

I think we'll move to the next participant. We'll take the question from Mr. Karan Singh. Karan, you can unmute and go ahead, please.

Karan Singh: Thank you. Great set of numbers. Great teamwork and everything was fantastic. I have a few questions like, first one is like, when are we going to list in main board? Any update on that?

Ankur Shah: So, Mr. Karan, we have already done our bits of application that is required to the exchange that is there, and we are waiting for the next step from their side. But I believe if fingers crossed, everything goes well by December, we should see ourselves on the main board. That's how we see it, maybe early in December or something.

But again, these are things that is not in our hand. Exchange has to give an approval. We're not seeing any red flags or any major remarks so far.

Karan Singh: Yes. Thank you. And we have a partnership that we are building, right, with VABO, if I'm not wrong. When are we going to start manufacturing? Is there any timeline that we're going to start with manufacturing?

Ankur Shah: So we have started with the manufacturing already that is there. But again, these are still at very trial stage. We are making prototypes

around it. So to answer your question, we've started to manufacture already.

Karan Singh: And are we going to like manufacture in our same location? Or are we building some other factory?

Ankur Shah: No, we have space in our factory to accommodate this kind of manufacturing unit. So we will be doing within our premises.

Karan Singh: And if I would want to know more about our total addressable market size, in complete right now, what would be our TAM in general for all our products that we are already doing work with? Any round figure that you could give?

Ankur Shah: After TAM, you will come to what the growth is there. That's why I've always maintained that is that, we'll continue to grow with our revenue in the range of 30%, 40% that is there. So the addressable market exists that is there. And hence, we can confidently say this kind of growth that is what we see for ourselves.

Karan Singh: And last question. Thank you. Can you throw some light on underwater platforms that we are like kind of developing? And do we have anything substantial on that for approval or something right now?

Ankur Shah: Yeah. So, currently, we are building one. This is a full-scale prototype that we are building. This is probably India's largest being built right now. And we are glad that we are one of the chosen partners by the Navy to work on these kind of things. And as you know, going forward, technology, AUVs, drones are going to be the future. And we are very glad that we are right there at the pivot point to take this forward because we are in the midst of this technology, and we are working towards that. So we're not going to be laggard there. We are right there talking to the right stakeholders, right partners for building this product, which is a future technology to come through.

Karan Singh: Are we working on something related to drones or only with Navy and underwater we're working. Anything related to drones?

Ankur Shah: No. So, currently, we are not working anything with aerial drones.

Karan Singh: And thank you for...

Moderator: Karan, I would request you...

Karan Singh: Just one second. It's not a question, but I really like the way our company has executed. It's really commendable on your team and everyone. And I hope the best for the future for every one of us. Thank you very much.

Ankur Shah: Thank you, Karanji. Thank you. I appreciate.

Moderator: Thank you, Karan. We'll take the question from Jash Gandhi. Jash, you can unmute and go ahead, please.

Bharat: Yeah. Hi, this is Bharat from Dalal & Broacha. I just had a couple of questions. What would our revenue...

Ankur Shah: Jash, can you be a bit louder? At least I can't hear you clearly.

Bharat: Hi, so I just wanted to know the breakup for our defence products for this H1.

Ankur Shah: Yes. So breakup, I'll give it in a percentage norm that is there, about 65% to 70% is towards bulb bars, about 15% is towards weld consumables, and the balance is towards the HVF profiles that is there, about 20-odd percent.

Bharat: Got it. And I just want to understand that H1, our order book has our execution slowed down a little bit by any chance? Because typically, we used to execute about 45% to 50% of our order book. It's come down to about 40%. So...

Ankur Shah: Revenue is not a function of order book, no. Production is a function of what we deliver. This H1, we have delivered our largest revenue so far at about ₹120 odd crores, right? So there's no slowdown in production.

Bharat: Got it. Just I wanted to understand on the gross margins, there's been a 500 bps approx. improvement. So you mentioned earlier that it's majorly due to efficiencies and so on. So there's been no product mix change as such.

Ankur Shah: There's not been what?

Bharat: There's no product mix change as such because the 500 bps expansion is pretty significant.

- Ankur Shah:** Because the numbers have increased quite a bit that is there, specifically for bulb bars. So when you keep doing the same thing, again, you become more efficient that is there. We were fortunate enough to get similar size orders for large quantities, which helped us become more efficient and increase the better yield that is there. So that is what this has translated to.
- Bharat:** Got it. And could you help me with what our revenue potential? And when would our revenue start to come in for the Jalkapi, Jalkapi mission? Is there any timeline that you can suggest?
- Ankur Shah:** So we have to put her in water by December of 2026 that is there. Honestly, Jash, this is more of a technical project than a commercial project, right? So there are several challenges in this. Commerce is the last thing that we are thinking right now. First, this has to, A, work, perform as per what the standard or the required parameters are. That's what the bigger focus on this is right now.
- But to answer in terms of finance, this all is only about FY 2027 that you will see the action.
- Bharat:** Got it. So we shouldn't right now currently bake in any huge sum of revenue from it, right?
- Ankur Shah:** No.
- Bharat:** And just the last question...
- Moderator:** Jash, I would ask you to please join in the queue. There are many.
- Bharat:** Yeah, sure.
- Moderator:** Thank you. We'll take the next question from the line of Ajinkya Jadhav. Ajinkya, you can unmute and go ahead, please.
- Ajinkya Jadhav :** Yeah, thanks for the opportunity Vinay Sir. And congratulations on great set of numbers, Ankurji.
- Ankur Shah:** Thank you very much.
- Ajinkya Jadhav:** Yeah. My question is regarding this autonomous underwater vehicle only, is that I wanted to know like there is a programme like AMCA which is going in for air defence. So we are working similarly on this AUV programme. So are there any other players who are selected by

the Navy who are working in parallel with us for the same programme and the timeline for the same, any amount of a grant given by the Navy for this programme?

Ankur Shah:

So we are working with other partners, as I mentioned, because we do not have all the technical capabilities that is there. We do not have expertise or specialisation in terms of autonomy. We don't have towards propeller or the power systems around or the sensors. So we have to collaborate and partner with other companies around this to be able to build this complete platform around.

And currently, in India, how many people are working on the AUV, there are two or three companies like the L&Ts and Adani Defence and MDL, they are working on it. But all of them are working at different, different platforms, right? So the size of the platform is different for different programmes that are there.

And for the last part of the question about to give any grant, there is no grant currently. It's a prototype, full scale prototype that is being built.

Ajinkya Jadhav:

Yeah. And the follow-up on this will be like let us say, we will be successful in building this prototype. So is there any binding, you can say, agreement in between us and Navy that the orders will follow to us?

Ankur Shah:

Yes. There's no binding agreement that is there, but there is a commitment to place further orders.

Ajinkya Jadhav :

Got it. Yeah. That helps. Thank you.

Moderator:

Thank you, Ajinkya. We'll take the next question from the line of Neal Caff. Neal, you can unmute and go ahead, please.

Neal Caff:

Firstly, congratulations on the good numbers. So I would just like to have some clarification on the CapEx growth guidance for the next two to three years. And I wanted clarification on why are our fixed assets not improving much compared to the scale of revenue because like the assets have gone from ₹11 Cr to ₹12 odd Cr, I think to ₹22 Cr in the past two years. So if any clarification on that would be appreciated.

Ankur Shah:

So we've done our capacity expansion, and it is still undergoing a few high patients, there is some few things that we are adding on the core

of journey that is there. So, again, to put a number, we look at about every year, we'll be adding anywhere from about ₹5 crores to ₹10 crores that is there in terms of CapEx, not specifically for improvement or line that is there, but becoming more efficient and introducing better manufacturing practices around it.

The fixed asset question, I would leave it to Piyush bhai to answer that question around.

Piyush Patel:

So as mentioned by Ankur bhai, as you mentioned, fixed investment in machineries is currently around ₹22 crores and around ₹3.5 crores is under the capital WIP states. And as mentioned Ankur bhai, we are planning to add ₹5 crores to ₹10 crores every year. And our machineries are product specific and specialised setups for the products. So we need not require to add more on front of our investment in terms of the fixed assets. So, with the existing capacity, we can even able to manufacture up to ₹200 Cr.

Neal Caff:

Also, like do you think we'll be expanding our product portfolio as well like adding more products along the same lines?

Ankur Shah:

Yes, definitely. If you see our business highlight that is there, we are trying to work on a few castings and a few other products that go for the Naval applications. So that is definitely on the cards. We have to grow our product portfolio. There is no, we will not grow. That definitely is on the cards, and we are working towards it.

Neal Caff:

Got it, thank you.

Moderator:

Thank you, Neal. We'll take the next question from the line of Kartik Bhat. Kartik, you can unmute and go ahead, please.

Kartik Bhat:

Thank you for taking my question. My question was on the opportunities in commercial shipbuilding, actually. So currently in our order book, we have meaningful orders, coming from this segment and with synergies coming in from Conceptia. How are we placed there? I don't know if you can share some numbers as to what percentage of order book can this contribute in the coming years, and is it in domestic, or are we seeing potential in exports also from this segment?

Ankur Shah:

Great question. So in the current order book, we have some for the shipbuilding apart from defence. But how do you categorise the commercial or not? See, Coast Guard is not part of defence. It comes

under Ministry of Home Affairs. So we have supplied a few of our products which goes into building of ships for the Coast Guard that is there. So, whether you categorise a non-defence or not, I don't know, but that's how it is. Secondly, we have also supplied to Cochin Shipyard for a platform that they're building, which is actually going for export. So it is not export from us, but we give it to them, and the vessel that they prepare is being exported. So that is how, the breakup of what we have been and this is all just started in the last 12 months. We've seen this activity slowly, slowly start and pick up soon. That's how it is.

Kartik Bhat: Okay. Got it. And on this VABO, you had mentioned in the previous call about certain tests which are happening. So are we likely to see some revenue in FY 2027? Any colour on that, I mean?

Ankur Shah: Yeah, we will surely see revenues by FY 2027 on that. That's what I had said. So we've started the manufacturing activity. All the trials and all are going well, so far and we are almost at the final stages of approval. So, we should see some revenues on the same by FY 2027.

Kartik Bhat: Okay. And what sort of utilisation levels have we achieved with the new capacity? I think it was around 55% or so, during the last call in May?

Ankur Shah: So during the last call in May, it was very high. Because capacity expansion had just started in, the capacity expansion was completed just the month of April that is there. So until March, we were running at almost 100% or some level that is there. Now we are at a normal level about close to 60% capacity utilisation.

Kartik Bhat: Okay. Sure. Can I go ahead with one question, or should I fall back in the queue?

Moderator: It's better please you fall back in the queue because there are still. Thank you. We'll take the next question from the line of Jayesh Shroff. Jayesh, you can unmute and go ahead, please?

Jayesh Shroff: Yeah, hi Ankur bhai, congratulations on good set of numbers and, I think more importantly, maintaining the health of balance sheet. I had couple of questions. So you've mentioned in your presentation as well as, you mentioned right now that you're developing some large castings for defence projects. So, that is also a naval application or is it for something else?

- Ankur Shah:** No, it's for a naval application. It's for a naval application. I will be restricted to talk too much on that, but it's a naval application, that is there. Currently, the same is being imported. So, there is a scope to indigenise the same.
- Jayesh Shroff:** Okay. So, does this thing has a potential as large as the bulb bars or the ballast bricks that we are manufacturing?
- Ankur Shah:** This product per se, not. But it's a specific product is there, not for this particular product, but it helps us create a category, right? It helps us create a category where there are lots of products that will start to fall into place, and we would be able to start to do them, right? But again, Jayesh bhai, all these things take time. It's not that, from tomorrow, it will start to flow or something. It's something that you do built up. You start with a small casting of 400, 500 KGs, then you build 800, then you build 1,200. You go up to five tons. So that's where the scope of the work is.
- Jayesh Shroff:** All right. So we're still climbing that learning curve, I think.
- Ankur Shah:** Oh, yes. Absolutely. Absolutely.
- Jayesh Shroff:** All right. You also mentioned that, at least in your presentation, you're talking of developing some aerospace components. I this is the first time that I'm hearing or seeing something like this.
- Ankur Shah:** So we've got, we've had some requirement right now. We've been approached for some requirement from one of the segments, and we are trying to work on it. So, that's how I've put it to. Not that it's a purchase order still. So we are working on it. The documentation, for the technical study is on the way. That is something that we are looking at. We are getting a few good enquiries around that, so we want to try to pay some attention around that. But it's in the same infra, similar kind of a job, but the application is slightly different.
- Jayesh Shroff:** All right. Okay, just one last thing, on the VABO JV, at full potential, what could be the turnover of that regime?
- Ankur Shah:** At full potential, it may not be very -- to give a very specific number, but I will put it in terms of the addressable market, that is there. We see that, on an average, well, it should be a ₹100 odd crore market that is there. So assuming that we probably get 50% of the market, so that's how we would put the number around.

Jayesh Shroff: Okay. Just one last thing. You also talked of getting the LRS. I mean, Lloyd's Register approvals. That's primarily for your commercial shipbuilding, right?

Ankur Shah: So we already have ABS. We have, DNV. We have, Bureau Veritas now. So these are the five, six classification societies that if you get, so we just want to be geared up to this requirement. It's not that so anyone has asked us to get it done, but you should always be prepared in anticipation of what is likely to come.

Jayesh Shroff: All right. Thank you so much, and wishing you all good luck.

Ankur Shah: Thank you so much, Jayesh bhai. Thank you.

Moderator: Thank you, Jayesh. We'll take the questions from all those who haven't got the chance to ask one. So we'll take the question from the line of Mayanj Kapur. Mayanj, you can unmute and go ahead please.

Mayanj Kapur: Hello, hi. Thank you for taking my question and congratulations on a great set of results. As someone new to the company, I wanted to understand from you how are we looking at developing our products going forward. I'm not looking for numbers. Just essentially the essence of it, what are the developments that we are targeting. I'm sorry if this sounds repetitive.

Ankur Shah: No, it's not repetitive. First, let me tell you the genesis on how we try to identify a product around. We try to work on products that are currently products/components that are currently being imported, which could be indigenised, where we could play some role and we already have 60% or some infrastructure. We need to have add only a few equipment or few machinery to be able to get to that 100 level that is there. That is how the genesis on how we identify a product and work towards this then is, of course the addressable market and how much is the potential, so on and so forth.

So this is how we try to work around. We know very clearly that we are working on towards the naval application, few but the steel work that we are doing. Now we're trying to add casting that is there. Composed is something that we are already working on with our joint venture partner. Defence electronics is happening with our associate company in Bangalore by the name of Waveoptix. So these are the areas that we are looking to do. And as and when we get some specific requirement around to work around, we are coming forward to develop the product.

Mayanj Kapur: Got it. That'll be all. I'll probably get back in the next con call.

Moderator: Yeah, thank you, Mayanj. We'll take the next question from the line of Anup R. Mr. Anup, you can unmute and go ahead, please.

Anup R: Yeah, good evening. Ankurji, congratulations for such good numbers. I just want to know what you see fore aheads for (42:53) the future competition in your product, and how it can hamper your future projects?

Ankur Shah: I'm sorry. I missed the question. Can you once again, repeat, please?

Anup R: How you foresee the future competition on the same line of your product, and how it can hamper your future projections?

Ankur Shah: Currently, for the past about 12, 13 years, there have been, one or two suppliers of the products that we are doing, and we see that, that continue. And even for a new company to come through, they will have to have the certification trial process, which is a long gestation. It's not that easy to get these approvals.

Anup R: Okay. So you're going to say that the competition would be not intense as for next two, three years concerned for your company?

Ankur Shah: We really hope so.

Anup R: Okay. And secondly, last question. Why is the company is not making CapEx as we expected or the CapEx is very limited? Is there any particular reason for it?

Ankur Shah: We are working efficiently. What is important is to get the revenues. As I mentioned earlier in the call, we have tried to work on a way where we are able to outsource all the noncritical jobs, right? So we don't have to build infra around that. We don't have to spend CapEx around that. And we are always asset light. So that's the logic that we are working around with.

Anup R: Okay. Got it. Thank you, Ankurji.

Ankur Shah: Thank you very much.

Moderator: Thank you, Mr. Anup. We'll take the next question from the line of Santosh Singh. Mr. Santosh, you can unmute and go ahead.

- Santosh Singh:** So congratulations for the good set of the numbers. I think my questions are partially answered but still I would like to know, like, we are working on multiple fronts, like, multiple initiatives, on capacity side, capability side, joint ventures, and all. So, is there any possibility of revenue accelerating in the future? And if yes, then when that could happen? Like so I would like to know your comment on that because we're trying to do so many things. But, yeah, when, should we see that actual realisation of those investments, actually? Any comment on that?
- Ankur Shah:** So, Santoshji, it's not that now we are doing so many. We've always been doing so many things, and that's the reason we are seeing the growth in the revenues that if you compare, you see the last two or three years, we've consistently grown to newer scale each and every year that is there. And because we've been trying to work on, these various things around, we've been able to achieve that.
- And once again, let me tell you, every product that we make is not a successful product. We may fail, and we've also failed several times. And so you have to keep trying. You have to work on multiple products. You don't know which product is going to see that, it is going to make it or it's going to become your Virat Kohli coming forward.
- Santosh Singh:** Okay. So the second question would be, where do you see three to five year down the line, right? Krishna Defence, that is the, yeah, kind of thing.
- Ankur Shah:** No. We have maintained that, we aspire to grow at a 30% to 40% CAGR for a year-on-year for the next few years. So with that, you could do the math around and come, you are all finance people, I'm an engineer. I'm not very good at these things.
- Santosh Singh:** I'm also engineer. Anyway, that's different topic altogether. So all the best, and, thank you for the future.
- Ankur Shah:** Thank you.
- Moderator:** Thank you, Santosh. We'll take the next question from line of Harsh Beniwal. Harsh, you can unmute and go ahead, please. Mr. Harsh, you can unmute and go ahead. I think we'll take the next question from the line of Ananth Shenoy. Mr. Ananth, you can unmute and go ahead, please.

Ananth Shenoy: Good evening. My first question is about, like a basic question. So when, say, GRSE or Cochin Shipyard, the Shipyard books the orders, for example, NGC. So, like, at what stage do they give us the order? And like, when they book the order, do they immediately give us the order or at what stage? And when do we book our sales? Say, for example, GRSE will be delivering the ship after three or four years. So at what stage our sales will happen?

Ankur Shah: Great question, Ananthji. So the moment the ship order is placed on the respective shipyard by the Navy or the ordering authority, within the first month of the placement of order, we get our purchase order because the material that we supply is used for hull construction. Hull is the first things that you will require to start to build the platform around there.

And deliveries for us will start anywhere depending on the contract, anywhere from about well about five months to about 12 months depending on the delivery schedule that they're looking at.

And so all the products that we do are generally used in the first two years of the life cycle, right? Life cycle of the ship making. So we are not concerned if a ship is going to take larger time, or it is going to take four years, five years. How material is used in the initial phase itself?

Ananth Shenoy: Second question is on the weld consumables. So, like, what is the application here and like in the last call, you're talking about new certifications and higher grade material where the trials are going on with the foreign labs as well. So can you talk about that, and how do you see the margin profile in this segment?

Ankur Shah: The margin profiles are good in this is because this is a very customised demand and very specific requirements are there. These are placed by, use for welding of the critical platforms being built by the Navy. We are trying to -- some of them are still being imported, as I mentioned. We're trying to indigenise as much as possible, and we are working closely with DRDO and Navy for that.

Ananth Shenoy: Okay. And you mentioned the ₹100 crores to ₹150 crores order inflow in the second half. Can you briefly mention, like, what programmes we are expecting this order inflow to come from?

Ankur Shah: Very difficult to answer, but I will give you a gist of how we anticipate those things. We are seeing the NGC project come up. We are seeing the Destroyer project come up. The FSS, the remainder of the FSS likely to come up there as well. So these projects together should contribute to the numbers that we've been talking about.

Ananth Shenoy: Sure, thanks a lot.

Ankur Shah: Thank you.

Moderator: Thank you. We'll take the next question from the line of Shivam Parakh. Shivam, you can unmute and go ahead, please.

Shivam Parakh: Yeah, sure. Good evening, Ankurji. Thanks for the opportunity. So my first question was, what is the level of sales and margin for Conceptia as well as Waveoptix?

Ankur Shah: Oh, interesting question around that is there. Now for Conceptia, they did a revenue, and my figures could be a few percent here and there. They did revenue about close to ₹40 odd crores and reported a PAT of about ₹2.5 crores, I guess. Piyush bhai, the numbers are fine?

Shivam Parakh: ₹40 odd crores for a half year figure?

Ankur Shah: Yeah. For the half year, I'm talking about half year. I'm sorry. I'm talking about half year. I should have mentioned that. ₹40 crores is the revenue that they have done in the first half year with a PAT of about ₹2.5 crores. And at Waveoptix, the revenue that has been done is about close to ₹18 crores with a PAT of roughly about close to ₹5 crores.

Shivam Parakh: Okay. And we are at a point, wherein we have stake of around 40% in Waveoptix and any single investment can make that company our subsidiary. So like, at what level of sales of Waveoptix, are you thinking of making it a subsidiary?

Ankur Shah: So it's going to be a function of what Waveoptix has to do at what level if they are going to be raising money going forward. And if I'm able to match the requirement or the value that someone else is giving in, then we would be interested if we look at it from that perspective that is there. So it's a decision not for us to do right now. But we definitely have the first sight of refusal if we have an outside investor coming in and investing in Waveoptix.

- Shivam Parakh:** Okay. And if it's possible at your end, what's the order book of Waveoptix?
- Ankur Shah:** Order book of Waveoptix is in the range of about close to ₹14 crores to ₹15 crores, roughly in that range.
- Shivam Parakh:** Okay. And any potential expected orders to come in for Waveoptix in the next one to two years? Because they did a revenue of ₹18 crores for the first six months. And they have an order book of ₹14 crores to ₹15 crores. So at the current run rate, they will be running out of order. So what is the potential?
- Ankur Shah:** There are still 4 to 5 months left, these are not very long lead time items, right? Electronics is unlike what we are doing. So we see them doing well. Hopefully, fingers crossed around that is there.
- Shivam Parakh:** Okay. And could you repeat the PAT once again?
- Ankur Shah:** So, for Conceptia, revenue about close to ₹40 odd crores with a PAT of about ₹2.5 crores. And for Waveoptix, ₹18 crores with a PAT of about close to ₹5 crores.
- Shivam Parakh:** Okay. Will get back in the queue.
- Moderator:** Thank you, Shivam. We'll take the next question from the line of Axay Shah. Axay, you can unmute and go ahead, please.
- Axay Shah:** Thanks for the opportunity. I just want to understand that how much big the opportunity can be in unmanned vehicle platform? And we are selected along with the MDL, L&T. So it is a big achievement. Congratulations for that.
- Ankur Shah:** Thank you. Maybe I didn't construe the statement correctly. They are doing different platforms, and one of them, we are doing a slightly different size of a platform. So it's not that the three orders have gone. Everyone is doing different, different size platforms, depending on the capacity and capability around. So that's the first point.
- And what is the market, and what addressable market is there, very difficult to answer right now because the product is under development right now. That's the first thing. So the operations and how the use of the product is yet to be defined. But if you look back at the announcement that Navy had done a few months back, they've allocated about close to \$1 billion towards autonomous underwater

vehicles that is there. So I don't know what project will get what kind of allocation. But cumulatively, this is what we see at least for now, even though no platforms have actually been built so far.

Axay Shah: Okay. Thank you so much.

Ankur Shah: Thank you.

Moderator: Thank you, Axay. We'll take the next question from the line of Amitabh Vatsya. Amitabh, you can unmute and go ahead, please.

Amitabh Vatsya: Thank you for the opportunity. A very quick question on one of the products which you are catering to Army, and that is T-90 armoured steel. So are we seeing some order flow from that angle? And is it a casting product?

Ankur Shah: No, it's a rolled product that is there, rolled and machine kind of a product per se, extruded, you can call it. That's the kind of product that is going.

Amitabh Vatsya: And what is the possibility of order flow in coming one, two years?

Ankur Shah: We are seeing a growth of about 20%, 30% to what we are doing right now, and we are adding on more products that is required for the chassis building as we move.

Amitabh Vatsya: Okay. So it will be in the function of a number of order required -- number of tanks, which would be required by Army, and that is secularly growing?

Ankur Shah: Yes, absolutely right.

Amitabh Vatsya: Okay. Thank you.

Ankur Shah: Thank you.

Moderator: Thank you, Amitabh. We'll take the next question from Chitresh Kumar. Chitresh, you can unmute and go ahead, please.

Chitresh Kumar: Hello. Wonderful set of numbers.

Ankur Shah: Thank you.

- Chitresh Kumar:** So I just wanted to understand like regarding our shipbuilding capabilities for the next four to five years. So are we planning to go into start with something smaller and then go into the bigger part? Or you would be just doing the components of it, like how -- what is our plan for that?
- Ankur Shah:** No, we definitely aspire to do forward integration to get into this bit that is there. But Chitreshji, may your words come true, if we are able to do that, but because that requires a lot of investment, a lot of heart to be able to do that kind of thing that is there. But that is something that is there on the cards. We will not straight away get into it. We've started to make our baby step towards it when we are doing the entire hull structure for the AUV as we speak. And we'll try to add some products around this with maybe going forward to exactly what you said.
- Chitresh Kumar:** But we do have plans like to forward integrate a little bit, a little bit by little bit over the next four, five years because government is putting too much of stress on, not stress, I'd say, too much of focus on building shipbuilding capability in India, like we have seen a lot of speeches by Central Government.
- Ankur Shah:** Yes, Chitreshji, everyone wants to do everything that is there, but it's a massive investment required. So as we speak, we do not have the wherewithal to do that kind of investment clearly. So we will take our baby steps towards that and see how it progresses once we reach a certain milestone.
- Chitresh Kumar:** Sure. And I'm also saying that our receivable days are quite less, like we're able to get money quite faster. Like could you throw light like what are we doing differently to get the money faster or like how is it?
- Ankur Shah:** We are just following up, ensuring the documents are in place. Piyush bhai and his team is working hard towards that the receivables don't stretch beyond a certain time. We are making a little bit of effort that is there to ensure that the receivable days are not stretched.
- Chitresh Kumar:** And other same thing on finance only, like how about our working capital requirements? Like do we have any working capital requirements for this year, like any capital expenditure plan for FY 2027, like where we need funding or any fundraise plan?
- Ankur Shah:** Currently, not for the products that we are doing right now, we don't see that we may be requiring immediately that is there. But we are

working on a few projects that is there. If those kick in, we may be looking at exploring other options for fundraising through debt or through equity.

Chitresh Kumar: Okay. But nothing as of now?

Ankur Shah: Nothing as we speak, yes.

Chitresh Kumar: Sure. Thank you. That is it from my side.

Ankur Shah: Thank you.

Moderator: Thank you, Chitresh. We'll take the next question from the line of Achanta Thrinach. Achanta, you can unmute and go ahead, please.

Achanta Thrinach: Good evening. Congratulations on the strong set of numbers.

Ankur Shah: Thank you.

Achanta Thrinach: I have a question regarding proposed migration to the main board, which is expected in July as per last con call. Has the process been delayed due to procedural requirements or any documentation related issues arise? Can you please throw some light?

Ankur Shah: So we have submitted all the required documents and some things have been asked and we have supplied, we've replied to those queries that are there. So I think it's just more procedure thing. And we were never going to get to July that is there. We had to do it post conversion of all our warrants that is there and which we did by the end of July. So, August, some documents not been prepared. So we've done our bid for submitting the documents related to that.

Achanta Thrinach: Thank you.

Ankur Shah: Thank you.

Moderator: Thank you, Achanta. We'll take the follow-up question from Harshil Solanki. Harshil, you can unmute and go ahead, please.

Harshil Solanki: Hi, thanks for the follow up. I have one question on the commercial shipbuilding piece. How is the competitive intensity there because there would be many players, I believe. And what is Krishna's right to win? How does the shipbuilding yards procure their material? Is it

imported largely? Or is it the domestic capacity is sufficient? If you can highlight on all those parts?

Ankur Shah: No. Domestic capacity is sufficient around clearly. But we are not as competitive as our Northeastern neighbour, which is one of the leaders in the shipbuilding activity, as you know. So, as the numbers grow, we will try to be, when I say talk about we, I'm just saying all the ecosystem around, we'll be at par with international pricing that is there. So that is one challenge that is because there are large numbers of ships that are being built there. But everything, it's a step, it's an ecosystem development. So that is what is likely to happen. It will take time, but it will happen.

Harshil Solanki: So, five years down the line, we would be ready to capture the commercial space also. Only the price is the barrier right now or anything else is the barrier?

Ankur Shah: No, no. We are already supplying for commercial applications by Cochin Shipyard for export. So we're already doing that. I'm saying in how does the landscape look like per se to go forward with international market that is there. My answer was pertaining to that.

In terms of supply, we have everything available in India. There's no need to import at all, at least to the steel and steel structures. Yes.

Harshil Solanki: Okay. So I had gone to the Maritime Week and the feedback I got was that the domestic capacity is not there. And therefore, they have to rely on imports, which this is the feedback I got. So that's why I was asking?

Ankur Shah: Again, it is for the product specific that you ask around to, I don't know whom you spoke to, but if you spoke about engines, we don't have. We are not manufacturing engines in India. We are dependent on import that is there. We don't have some large capacity of valves, pumps that are being manufactured. Those have to be imported still, right? For commercial shipbuilding is very large. So I'm talking about our sector in terms of steel and the other hull structure material, most of it is indigenised. You need not import that. It differs from product-to-product.

Harshil Solanki: Okay. Understood. Yeah. Best of luck. Thank you.

Ankur Shah: Thank you.

Moderator: Thank you, Harshil. We'll take the next follow-up question from Garvit Goyal. Garvit, you can unmute and go ahead, please.

Garvit Goyal: Hi, thanks for the opportunity. And Ankur, please bear with me. I'm coming again on the order bid part. What I am understanding is like next year, going by the guided number, we must have to do like ₹300 Cr kind of revenue from the defence itself, right? And the order inflow guidance that you have given for H2, taking that into account and taking current year guidance into account, we may be line between ₹170 Cr to ₹220 Cr kind of closing order book.

So I'm just trying to understand like you also mentioned two things. Number one, the revenue is not a function of order book, right? And one thing you are working on the automation, looking to shorten the execution timeline. So putting all these things into consideration, I'm trying to understand like with the ₹220 Cr kind of opening order book, how we are planning to achieve ₹300 Cr of revenue execution in FY 2027 from defence and speaking about?

Ankur Shah: You are speaking on the order book question mark or on the revenue - on the deliverable is a question mark for you?

Garvit Goyal: Actually, I'm relating to these two things because I'm trying to understand like with the order book only, we will be able to execute, right?

Ankur Shah: Yes, absolutely. Absolutely. So, let me answer this question in two parts that is there. At the order book front, with the number of ships and the platform that are likely to be built, we see ourselves getting to the number that we have quoted for the next financial year that is there. The projects that I mentioned about the corvettes, the frigates, the FSS is likely to come through. The MPVs are likely to come through. So these all projects are lined up that is there. Goa Shipyard, GRSE, if you read their transcripts around, you will see that they have already been allocated the order. It's just a matter of time that the final signing has to happen. So the orders will start to go through on that front.

At the execution front that is there, since we've doubled our capacity and we are working towards productivity and efficiency improvement, we see that we should be able to match to the potential order requirement that is likely to come through, be able to match that and to deliver to the same.

- Garvit Goyal:** Understood. So the newer orders that you are expecting, the timelines are shorten. That's what you are saying, right? We'll be executing in a shortened period of time.
- Ankur Shah:** We will. Timelines don't get shortened that is there because everyone understand these are long gestation products that are there. This cannot be made overnight or this cannot be kept in stock around clearly. So it takes time because there's a process involved, certain processes cannot be shortened. But we will try to shorten the process time at our factory that is there, which makes things easier at the customer end also.
- Garvit Goyal:** Got it. Thank you very much.
- Ankur Shah:** Thank you.
- Moderator:** Thank you, Garvit. We'll take the next question from the line of Aditya Mehra. Aditya, you can unmute and go ahead, please.
- Aditya Mehra:** Just can you help me with the capacity utilisation from the new plant? I just missed that figure.
- Ankur Shah:** Yeah. So currently, we're about close to 60-odd percent capacity utilisation.
- Aditya Mehra:** Okay. And I had one question that when a new ship is getting ordered, so what amount of bulb bars are going to that ship? Can you just quantify that number?
- Ankur Shah:** I'll give you a calculation around that because putting a number may, in terms of a rupee number be very difficult because it's like answering your question, how much steel is going to be required to make a building, right? It depends where you're making a 4-storey building or a 40-storey building. So typically, whatever the ship weight is about 10% to 15%, generally, bulb bars are used.
- Aditya Mehra:** Of the steel rate, right?
- Ankur Shah:** Yes.
- Moderator:** Thank you, Aditya. We'll take our last question from Shivakumar. Shivakumar, you can unmute and go ahead, please.

Shivakumar: Yeah. Thanks for the opportunity. So I would like to know like what is the impact of raw materials. Currently, all the raw materials for our products are probably, I could say, around four to five years lower on the range. So how are we going to manage, if at all, there is an uptick in the raw materials? That's the question I had. Thank you.

Ankur Shah: We have two kinds of contracts that we get from the shipyard that is there. One is an immediate supply contract. When I say immediate, meaning it's about to be supplied in about six months to nine months' time that is there. One is a long-term contract.

In the short-term contract, there is no price variation clause or nothing that is there because we immediately, when we get an order for 1,000 tonnes, we will book our order with the steel mill that is there, AMNS or Steel Authority that is there and ask them for staggered delivery after every two months about 400 tonnes or something of that sort.

Then there is another contract, which is a long-term contract, which is a two or three year contract that is there, where there is a price variation clause built in. So whatever is the price variation, there is a formula done for that. So every quarter-on-quarter, there is a revision done on the price, both on the upside and on the downside, and that is what is applicable.

So the moment we get our order, we are immediately blocking placing our purchase out on the steel mill. So in that 15 days if something goes bad, then it's bad luck to us that is there. But otherwise, it's not happened for the past few years around clearly. And secondly, what we are -- the price, because these are very high priced products even at the raw material level, the price difference in steel is not going to -- the market improvement in steel is not going to change the raw material price as much per se.

Shivakumar: Yeah. Got it. Thank you and all the best.

Ankur Shah: Thank you.

Moderator: Thank you, Shivakumar. So that was the last question for the day. Ankur Sir, would you like to give any closing comment before we end this conference call?

Ankur Shah: Yes, yes. So, firstly, a big, big thank you for listening to me patiently and every time listening to me around the result. I'm glad that you could move in time to listen to us. And once again, a big, big thank

you for the faith that all the investors and shareholders have had in our company. And we hope that we will strive towards ensuring that we are able to deliver to whatever we have committed and work towards that. Thank you very much.

Moderator: Thank you. Thank you to the management team for giving us their time. Thank you to all the participants for joining us on the call. This brings us to the end of today's conference call. You may all disconnect now. Thank you.

Piyush Patel: Thank you.

Ankur Shah: Thank you, everyone.