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The Manager Corporate Relationship Department BSE Limited 1st Floor, New Trading Wing, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai - 400001	**The Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C-1, Block G, Bandra Kurla Complex, Bandra (E),Mumbai - 400051**
BSE Security Code: 539400	**NSE Symbol: MALLCOM**

Dear Sir/Madam,

Sub: Transcript of Conference Call held with Analysts & Investors on November 14, 2024

In accordance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and following our intimation dated November 14, 2024, please find enclosed the transcript of the Analysts & Investors Conference Call held on November 14, 2024, to discuss the Un-Audited financial results for the Second Quarter ended September 30, 2024.

The transcript of the said conference call will also be uploaded on the Company's website at

https://mallcom.in/pages/investor-relations#Earning Call 2024-2025

This is for your kind information and record.

Thanking you

Yours faithfully
For MALLCOM (INDIA) LTD.

GAURAV RAJ
Digitally signed by GAURAV RAJ
Date: 2024.11.18 12:21:35 +05'30'

Gaurav Raj
Company Secretary & Compliance Officer

Enclosed: As above

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“Mallcom (India) Limited Q2 FY25 Earnings Conference Call”

November 14, 2024

MANAGEMENT:	**MR. ROHIT MALL - ASSOCIATE VICE PRESIDENT - MALLCOM (INDIA) LIMITED** **MR. SHYAM SUNDAR AGRAWAL - CHIEF FINANCIAL OFFICER - MALLCOM (INDIA) LIMITED**
MODERATOR:	**MR. VIKRAM SURYAVANSHI - PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Mallcom (India) Limited Conference Call hosted by PhillipCapital (India) Private Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded.

This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements do not guarantee future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Vikram Suryavanshi from PhillipCapital (India) Private Limited. Thank you, and over to you.

Mr. Vikram Suryavanshi: Thank you, Mike. Good afternoon and very warm welcome to everyone. On behalf of PhillipCapital, I am pleased to welcome you all On Earnings Call of Mallcom (India) Limited.

We are happy to have the management with us here today for question-and-answer session with the investment community. Management is represented by Mr. Rohit Mall – Associate Vice President and Mr. Shyam Sundar Agrawal – Chief Financial Officer.

Before we start the call, we will have opening comments from the management, and now I hand over call to Mr. Rohit. Over to you, sir.

Rohit Mall: Thank you. It is a pleasure to welcome you to our Earnings Conference Call for the 2nd Quarter and the first half of the Financial Year 2025.

Let me first start off by thanking our host, PhillipCapital, for hosting today's Earnings Call. I will begin with some "Operational Highlights" for the 2nd Quarter of the Financial Year 2025, after which our CFO – Mr. Shyam Agarwal, will provide the detailed briefing on the financial.

We continued on our growth path in Q2 of FY '25 with strong growth in top-line and bottom-line. In our effort to provide certified genuine products at list price and to cater to the ever-growing demand for both B2B and B2C, the company has launched a new e-commerce website with encouraging response.

The company also launched newly designed single density sole with Docker and Doxle range of shoes having wider toe caps for the Indian market, which is witnessing rapid change in product demand with more and more value-added, user-friendly products.

The company also participated in various exhibitions various exhibitions held in the USA, Middle-East, Europe & Southeast Asia, all well renowned and largely participated by key players world-wide and got very good response, interest and enquiries.

On the CAPEX front, the first phase of Sanand-II, Gujarat project being set-up for manufacturing of Protec is nearing completion as per the schedule and the trial run for manufacturing of Dipped Gloves is likely to commence in November 2024. The Company has already invested 75 crores against projected investment of 90 crores.

Additionally, the Phase-2 expansion at Ghatakpukur for setting up a new unit for designing and manufacturing Industrial Safety Shoes, with a built-up floor area of 50,000 Square Feet and a CAPEX involving 20 crores is also progressing as per schedule with completion expected within FY '25.

Now I will request Mr. Shyam Agrawal – our CFO to brief you on the financial performance of the company.

Shyam Sundar Agrawal: Thank you, Rohit, and good afternoon, everyone.

Let me brief you on the consolidated financial performance for the 2nd Quarter and the First Half of the Financial Year 2025.

On a consolidated basis, operating revenue stood at approximately Rs. 129 crores reflecting a growth of nearly 90% year-on-year. EBITDA for the quarter was around 16 crores representing a growth of 3% year-on-year with EBITDA margin at 12.24%. The decline in EBITDA margin was mainly due to higher branding and self-promotion expenses, consultancy and other operating expenses. The net profit was reported to be close to Rs. 10 crores showing a yearly growth of 10% with PAT margin at 7.82%.

For the first half of the Financial Year 2025, the operating revenue grew by around 14% to Rs. 232 crores. EBITDA grew by 2% year-on-year to Rs. 30 crores. EBITDA margin for this period was 13%. The net profit for the period grew by 5% year-on-year to Rs. 19 crores with PAT margin reported at 8.03%.

During the period, the company made CAPEX of around 45 crores and will be making an additional investment of Rs. 30 crores during the current financial year, against the completion of planned ongoing expansion projects both at Sanand, Gujarat and Ghatakpukur, West Bengal. As stated earlier, the entire CAPEX plan to be sourced through internal cash accruals of the company.

ICRA, the rating agency has once again reaffirmed the long-term credit rating of the company as ICRA (A) with a stable outlook.

Thank you. With this, we can now open the floor for the questions and answers session.

Moderator: Thank you. We will now begin the question-and-answer session. We have the first question from the line of Aradhana Jain from B&K Securities. Please go ahead.

Aradhana Jain: I have a couple of questions. My first question is on the Sanand, Gujarat facility. I believe that the trial run for the Dipped Gloves has commenced as it was to commence in November. So, if you could throw some light on the timelines for that. And in our previous call, we were told that in that particular facility, we will also have gloves, both PU and NBR, shoes, helmets and eyewear to be produced. So, what's the status on that? That's my first question.

Rohit Mall: So, yes, the trials have commenced. So, we within like right now, as we speak, I think this week, next week is when we are doing all this trials. And so hopefully, by the end of the month, we should have successfully set up the infrastructure for the trials and the trials would have been completed and we would be ready for commercial production of NBR gloves. And the second line we would add is for PU gloves, which will happen right after maybe by within one month or two months or so.

And regarding the other product line, I think helmets as well will be something we plan to move and start production by December of this year. And the eyewear and other products will follow later. So, first is NBR, the PU and the helmets which will start within this financial area itself and the others will take more time for development.

Aradhana Jain: So, what are the sort of revenue expectations that we have from this particular facility? I believe that the peak sales from this particular facility was around 100 crores that we had projected. So, in the current year, do you see some bit of revenue flowing in from this particular facility? And by when do we expect this 100 crores of peak sales to start kicking in?

Rohit Mall: Yes, I think for the current year, we will see probably 4-5 crores coming from this facility and the 100 CR target should be hit. Hopefully, we are expecting it to hit within 3 years' time.

Aradhana Jain: Also, if you would throw some light on the export market, how has the demand outlook been in the 2nd Quarter? Also, was there any logistic challenges that you guys faced? And how has the competitive landscape developed?

Rohit Mall: So, the demand from the export market has been good. Barring some countries like Turkey and Argentina, where they had their own internal issues and not being very importer friendly in those countries, rest of the countries have been good. Europe is coming out of the economic issues that they were in last year and due to the war and everything. So, it's getting better and because last year we have also had some of our issues where we couldn't fulfill the order. So, that's also happened, and now we are on track. So, that has also added.

So, it's a good place we are in. And as compared to the competitive landscape, mostly, and also because of, I think, Trump winning the American election, a lot of people, especially in the States and then the rest of the country, rest of the world, they are worried about reducing taxes on Chinese imports into the country, and probably they are looking to have a parallel supply chain, and we have had a lot of interesting discussions about this as well with American companies especially. That's also a country where we want to grow. So, we are keeping a close watch, and we are hopeful that this will reap some good benefits for us.

Aradhana Jain: And if any logistic challenges that you guys face? I understand that Mallcom, most of the sales happen on FOB basis, but any issue that you guys would have faced because of the Red Sea crisis still persisting or any sort of issue?

Rohit Mall: Yes, so this is almost like regular business for us. There are something or the other which is happening. Earlier it was COVID and then this Red Sea crisis, and there are container shortages in between. Also, because there are very few shipping lines who are servicing worldwide, so it's a very oligopoly kind of market and they control the prices, they control the availability. So, our hands as a manufacturer are tied. Even our importers' hands are tied. But we try to ensure that we are able to service our clients, but that definitely leads to longer lead times and the revenue cycle extends for us. But I think this is just part and parcel of the business that we are in.

Moderator: Thank you. We have the next question from the line of Rishabh Shah from BugleRock PMS. Please go ahead.

Rishabh Shah: Sir, in the last call, we had discussed that we are in the mode of adding more distributors. So, how many have we added them in the last four to five years and what new steps are we taking to add more distributors?

Rohit Mall: So, that number specifically, Rishabh, I don't have it ready with me, but if I am not wrong, I think definitely we would have added anywhere between 15 to 20 or maybe more in the last four to five years. And yes, we are always on the lookout for adding new distributors. And we regularly, when we are going to, let's say, these exhibitions or conducting technical seminars and symposiums, we are looking for distributors.

We have a good, healthy database and inbound inquiries also coming in for distributorship. And we consider each application properly, but we have our list of criteria which will be fulfilled. We are also targeting the distributors which have better reach into the markets where we are not present. So, these kinds of regular activities are taken up on our end to ensure that our reach in the country and outside is covered properly.

Rishabh Shah: So, sir, roughly on top of your head, you said around 15 to 20 distributors in the last four to five years. The number is low. Is it because the criteria is that you have to fulfill other distributors or this is the pace we add the distributors?

Rohit Mall: Yes. So, we definitely are a little picky with our distributors because a lot of people, lot of our distributors may also be doing a lot of volume for us, but they may not be, let's say, meeting the criteria. So, we are getting it serviced through one of our existing distributors also, because for us, as you know, that we work on only a cash basis in the market. So, that's an important criteria, which, especially in India, not all distributors are oriented to this kind of working. So, that's why it gets a little picky when we select our distributors, but we would like to follow that.

Rishabh Shah: So, my second question is since certifications is the major differentiating factor for Mallcom than the others, so, is the Government of India more supportive of it? And how has the support from the Government of India changed in the past years for you?

Rohit Mall: Yes, so certification is one of the USPs that we have apart from others. And that's definitely something that we would like to propagate more about. And in the last four, five years, the government and BIS has been very active in ensuring that certifications are followed and ensuring the cheap, low quality uncertified products are not imported or not manufactured, or the fake and spurious products are taken out of the market or the market study is being done properly.

So, we are definitely seeing a lot of now activity happening as compared to previous years. And we are hopeful that more and more standards will come into the picture and implementation of the standards will get even more stricter. But there is only till a certain level that the government can do. It's also about the users and the purchasers, and then exercising their rights and being aware about the certification standards. So, a lot of awareness also needs to happen with the users and the purchasers.

Rishabh Shah: So, just a follow up on that one. You said the standards are already there. The implementation is happening. So, as compared to previous years, were the standards there and implementation was not happening? Or did it change? The implementation is happening right now and new standards are coming in place.

Rohit Mall: It depends on the product category. So, some standards, for example, standard for footwear, standard for helmets has been there for a long time, but the implementation was weaker, that's getting stronger. Something like a standard for hand protection, India still does not have it. So, we need to make new standards and there are already talks of making new standards and a lot of these products, India did not like for high visibility clothing, that was a recent standard that was created for the new market. So, I think it is in different stages for the product category.

Rishabh Shah: Sir, my last question, and then I will join back in the queue. You said that product awareness and availability should be there. So, as you say, the market is shifting from the unorganized sector to the organized sector. So, what steps Mallcom is taking for product awareness and availability?

Rohit Mall: So, in fact, a lot of steps and that has been our idea to go into the market where we talk about the product. So, like I mentioned before, we do seminars and symposiums where we call safety officers, and all the key decision makers and explain them about the standards and certifications and what kind of products will be used for what kind of hazard.

We have actually recently partnered with Chacha Chaudhary and Sabu IP where we are using Chata Chaudhary and Sabu's character to propagate about safety standards and workplace safety and hazard in general and so these kind of activities. When we are going into exhibitions, we are talking about these sort of things as well, and even if you ever follow our social media or on YouTube or on Facebook that that's what we majorly also talk about. So, it's a regular and continuous exercise and it's a, I think, joint effort by everybody in the industry including our competitors and the government, but these are some of the activities that we are doing to ensure that our users get awareness.

Moderator: Thank you. We have the next question from the line of Kashvi from JRK Stock Broking. Please go ahead.

Kashvi: First of all, I would like to congratulate the management on a great set of numbers. I have a couple of questions. As we said, we are aiming for a 1,000-crore revenue in two years' time. Can you please elaborate what are the specific drivers for the demand growth and what percentage of growth is anticipated from domestic versus international markets in the coming quarters?

Rohit Mall: So, in terms of demand, I think there is healthy demand in the export market as well as the domestic market. Definitely, we would like to and I think the idea is and what will eventually happen is the growth, large chunk of the growth will come from the domestic market. But like I said to a previous caller, with the kind of landscape in the export market, it seems interesting that the export market will also be likely to grow if you are able to meet with the requirements for the importers.

So, on the demand side, I think there is sufficient demand for us to achieve this target. It is on us how quickly we are able to ensure that operationally and expansion-wise we are prepared to cater to this demand and reach to our target, it is in the defined time.

Kashvi: But sir, we do not have any clarification on the domestic versus international demand, right?

Rohit Mall: Sorry, can you come again?

Kashvi: But we do not have any bifurcation or any clarification on the domestic versus the international demand.

Rohit Mall: So, I think it's a 60-40 ratio, I think probably in the next 2-3 years, this ratio will start moving more towards the domestic. Eventually we want to go into 50-50, but I am not sure if that will happen in the next few years, but maybe in the long term, yes, that's where we want to go.

Kashvi: And sir, can you elaborate on the company's strategy for launching new products and segments like head and hand protection? And how much is the revenue expected out of these new launches?

Rohit Mall: So, in terms of this, so one, the NBR glove that we are doing, it's more of a product going in depth into a single product, because we are already doing NBR, but PU what we are launching is a new, it's a product extension that we are doing. Helmets is also not a product extension, but again depth, because we are adding more designs with more styles to it. Eyewear in the future, yes, will be a product extension, and I believe from the Sanand plant where most of these things are happening, definitely 100 Cr revenue is expected. And also from the phase 2 expansion that we are doing in Ghatakpukur here for shoes, I think maybe around 20 Cr more additional revenue is what we are expecting.

Moderator: Thank you. We have the next question from the line of Zakin Ashar an investor. Please go ahead.

Zakin Ashar: Congratulations Rohitji for the recent growth numbers which Mallcom has projected, done for this quarter. Sir, what would be the white label versus branded share as of now, and what are your thoughts on what Mallcom would like to be maybe next three to four quarters or when you reach 1000 crore turnover?

Rohit Mall: So, the split is very much similar as the export versus domestic because largely, in domestic we are only doing branded and some parts of Southeast Asia and Middle East where we are doing branded. So, I think the ratio is largely 60% of private label and 40% of branded that we are doing. We will take a couple of percentage here and there and in the future, yes, that's what I said that 50-50 is what we are looking at. Maybe in the next two, three years, it will start gradually moving. Maybe in the three years, maybe we see like 45-55 something like that, and eventually in five years maybe 50-50 is where we want to head.

Zakin Ashar: And are you satisfied with the way things are moving towards 28, sir, when broadly you have projected a 1,000 crore?

Rohit Mall: We would definitely like to do better. We, like if you ask me, we would like to definitely hit the target before the timeline comes. That's the best case scenario, but we are are very mindful of what we have committed, and we are on it, and like I said, it depends. It's the function of how quickly we are able to expand and how much operational efficiency we can bring to ensure that we are able to capture the demand. So, like I said, there is demand. It just needs to be captured.

Zakin Ashar: One small follow-up, sir. Do you see the Indian safety sector in terms of statutory regulations improving over time, sir, or it still remains flat?

Rohit Mall: So, definitely we are seeing most of the sectors in India, in terms of compliances, they are getting better, also because the statutory norms are getting stricter. And I think, in general, because when the wages increases, the cost of labor is higher, you want to ensure that you are keeping your labors protected. Otherwise, there is a lot of implications and not to mention the cost of replacing that labor as well.

So, I think because of those kinds of issues, it is getting more and more prevalent in the Indian landscape. And I think going ahead, also, a lot of these MNCs will bring in their international standards. So, they are also influencing what the Indian MNCs are purchasing. So, I think it's a function of all of these, and it is definitely getting better.

Zakin Ashar: And sir, how easy or difficult is it to import these kinds of stuff into India, sir?

Rohit Mall: Not so easy. It's a large country. A lot of different states have a lot of different regulations. Different industries work in different manners. There is a lot of bureaucracy as well in the country. So, it is taking time. It won't come easy.

Zakin Ashar: No, but is it easy to import the FDA equipment into the country, sir? Maybe something like a helmet or gloves, is it easy to import or are there some restrictions on import of these?

Rohit Mall: Oh, Yes, so it depends on the product. So, the basic rule is, if there is an Indian standard to it, then importers and the exporters from the other countries are required to have the BIS license. But if there is no standard, for example in safety gloves, then anybody can import anything from anywhere. So, it depends on, one, if there is a standard or not and two, how strictly they are being followed. Sometimes even with the standard, these things come into the country without any checks. But where there is no standard, then anybody can order anything, 100%.

Moderator: Thank you. We have the next question from the line of Gagan Shah, an investor. Please go ahead.

Gagan Shah: So, broadly all my questions are answered. Just a quick comment. Sorry, I might have missed your initial remarks. So, can you comment? I think this quarter there was a big drop in our margins. Can you comment on that?

And subsequent to that, the second question would be, so when we reach our goals, when you said that the demand is there, the market has to be captured, and when we reach our target of which is 1,000 crores, and all our capacity is coming in and getting fully utilized, with operating leverage coming in, so can we go to margins above 15%-18%? Any thoughts, color on that? For this quarter as well as when we reach 1,000 crores, what can we look at?

Shyam Sundar Agrawal: So, regarding margin, this quarter, Yes, definitely we had a little bit drop in the EBITDA margin because of, as Rohit mentioned, looking at our future growth plans, and we are now investing into brand promotion and the marketing efforts as well as we have appointed few consultants who are helping us in getting these targets and also some system oriented issues like production efficiency we are trying to improve. So, this is there we are investing.

So, these are for this half and quarter, we definitely have incurred some additional expenditure, but going forward we don't see the percentage might be going down, and Yes, definitely to take care of future growth requirement, we are doing this. So, because of that, we had a little bit decline in the EBITDA margin.

Gagan Shah: And when we reach the full scale, what can we look at?

Shyam Sundar Agrawal: Yes, definitely, in that case the margin, EBITDA margin has to improve. This is what we target, and as I mentioned that the effort we are taking now with that is sort of investment which we are making and must give us better result and better margins also in future.

Gagan Shah: Can it be above 15%-18% range?

Shyam Sundar Agrawal: Not 18%, but let us target first 15%. So, that should be the first step, and definitely if we are doing 13%-13.5% of now with the operation efficiency and we are also, as you will see that we are consolidating our operations also. So, one big plant in Sanand, one in Ghatakpukur. So, definitely scale will give us some additional benefit also. So, Yes, let us target first 15% and then we will see. So, that is achievable, Yes, over the period.

Moderator: Thank you. We have the next question from the line of Aradhana Jain from B&K Securities. Please go ahead.

Aradhana Jain: Just to follow up on the previous question. So, on the other expenses side, like you said that you actually incurred expenses on the advertisement and sales promotion. So, could you just give us how much have you spent on that in terms of your percentage of sales and whether going forward that is going to continue, or it is a onetime cost that you have incurred towards selling and consultancy cost? How are we placed on that?

Shyam Sundar Agrawal: So, it is for the period, it is in the range of 2% almost. So, how it is happening that there is a consultant cost also in the range of 1%, and apart from that we have, as Rohit mentioned in his address, we are attending a lot of fairs and seminars, both in India, outside India. So, this time we attended in U.S., Europe also, then Middle East, then South Asia. So, everywhere, all the big fairs we are attending. So, there has to be cost associated with this. So, going forward, Yes, this cost has to be there, but with the increasing turnover, definitely the percentage will go down.

Aradhana Jain: Secondly, your inventory has gone up in the first half of the year. So, what are the reasons for that? And is there any seasonality angle to your business because of which you put in a more inventory in the first half?

Shyam Sundar Agrawal: No, so let me tell you this. In our type of business, we are supposed to keep the inventory in the range of up to 100 days. So, this quarter and half, the inventory is basically in line with the growth also. So, we had 14% growth and there is an increase in inventory.

Apart from that, definitely as of now what we have seen that in last year also we had supply chain issues and because of that to take care of that and also to increase the operational efficiency and productivity, we are keeping some buffer stock.

So, definitely little bit, not much, but Yes, stock is on little bit higher side, but in going forward it should be coming down, but it remains in the range of 90 to 110 days. That would be there because, you know, type of nature of operations we are into.

Aradhana Jain: Just last question from my end. The e-commerce website that you guys have launched, so any thoughts on that? What's it going to be like? What are you expecting from it? Is it going to cater to B2C or it will also have B2B client? What sort of expectations are there from the website?

Rohit Mall: So, we were already on e-commerce marketplaces like Amazon, Flipkart, JioMart etc. Now, after almost two, three years of having experience from there, we have launched our own e-commerce website and this is in a very initial stage.

The idea is to, because we saw that there was demand from direct consumers for our product as well, so we thought, okay, why not reach out to them directly? So, that's why this is primarily to cater to the D2C audience. Also, maybe to small consumers of our products, maybe having 10, 20 pairs of orders for gloves, shoes whatever to they don't want to go maybe through the distributor route as there is no benefit. So, they would like to purchase directly.

So, the idea is to capture that kind of a market, and we very hopeful. We have not done any marketing of this as yet and we are already getting orders on it. So, we are just engaging and improving also the website based on feedback. Hopefully within six months or a year's time, we will have more inputs on this.

Moderator: Thank you. We have the next question from the line of Rishabh Shah from BugleRock PMS. Please go ahead.

Rishabh Shah: I have one question. On the pricing front, can you explain in detail the domestic and the international front, what is the difference in the strategy you use as well as the difference in the price between you and the peers, both domestic as well as the international?

Rohit Mall: See, strategy wise, the export market in each, we try to focus on each country, on each product category, which country, which product category makes sense for us, where we are competitive against, let's say, the other countries, mostly China and which is based on the raw material, based on duties, based on our expertise. So, we filter it like that and that's how we approach. And we try and target the large importers and brand owners there by visiting them and meeting them in the fairs.

And for the domestic, the idea is to increase the penetration in the market, add more distributors, add more resellers, have our planning exercise done properly and also have a complete basket of products that they would like to buy. So, the idea is to basically ensure a good distribution channel and service levels of our products. Obviously in both cases, quality is the basic idea that we have to meet.

In terms of pricing, that's a very, I can't make a generalized statement. It depends on the market. It depends on the product category. So, in the Indian market, brands are definitely not the most cheapest ones that there is, but there is a quality to each price, I would say. It is very specific. It is a case-to-case basis.

Rishabh Shah: And sir, my last question just wanted to ask, there is a, let's say, from the 21st to 23rd of November, there is an exhibition on the Premier Occupational Safety and Health event. Is Mallcom coming there?

Rohit Mall: You are talking about OSH in Mumbai?

Rishabh Shah: Yes.

Rohit Mall: We will be only going as a visitor, not as an exhibitor. We used to be an exhibitor in the past, in that, and now we are not there as an exhibitor. We are participating in a lot more other industries' specific exhibitions. For example, we took part in exhibition. We are taking part in the Bauma, which is for construction in Delhi. So, we are going into other industries' exhibitions more so than our industries' exhibitions, because that's a more smaller scale compared to the other industries, which are much, much larger. So, our strategy is a little different.

Moderator: Thank you. We have the next question from the line of Manav Vijay from MV Investments. Please go ahead.

Manav Vijay: So, Rohit, I have, let's say, two questions for you. If you can just help us understand, I think you were sounding positive for demand in EU and for U.S. as well. So, is it more to do with the outcome of the U.S. elections, or is it more fundamental in nature because the manufacturing activity is making a comeback in these two continents?

Rohit Mall: So, different, different reasons, I would say. So, Trump election has just happened now, but what had happened before is that a lot of people were trying to prepare themselves in case of this eventuality. And if tariffs are to be increased from, let's say, China-made products, so a lot of people had started this discussion of resourcing. So, that's what one of the issues is, that's what happened, and definitely the other thing is the increase in the manufacturing activities in these countries.

For Europe, again, it's not as great of a demand as, let's say, other countries because it's a very saturated market and the economy there itself isn't growing as much, but definitely they are also thinking of this China Plus One policy. And also, for them, a lot of manufacturing that used to happen for the low-cost products from, let's say, North Africa or East Europe, that's also starting to get expensive because these countries are starting to get expensive.

So, that's why they are looking to move further East into Asia and also the increase of their own manufacturing in some of the countries like France, because of energy mostly happening. And in Europe also, not all countries have the same kind of demand and economy. It depends on country to country, but Yes, there are different factors which are contributing.

Manav Vijay: Second question is, so we have done roughly 130 crores of sales in this quarter, 20% up Y-o-Y and 26% up quarter-on-quarter. Is any one-off that you can call out that was there in this quarter, which helped you to have this kind of growth or it was business as usual?

Rohit Mall: This has been business as usual, and I don't think there is any one specific activity which happened. The only thing that I have said in the past is last year we had faced supply chain issue for our garmenting operations, and I think those back orders are also being cleared. So, that's something that has added on to this first half of the year. But other than that, I don't think anything else has happened.

Manav Vijay: So, the probability of you, let's say, repeating this quarter number in H2 as well, is that probability is high or that is low?

Rohit Mall: We are trying to stay on this path, and that's the target, and that's what we want to achieve.

Manav Vijay: My last question is, can you spell out the CAPEX for next year? Because I believe that this year, your second phase of Sanand will get done and also the expansion that you are doing in Ghatakpukur as well, that should get over. So, what do we have for FY '26?

Shyam Sundar Agrawal: Yes, so as I mentioned, this year itself we are investing around 75 Cr by March 25. And for the next year, as of now, there would be only normal capacity addition we should keep doing. So, normal CAPEX in the range of 10 Cr, which is routine CAPEX we are doing. No specific further expansion is planned as of now.

Manav Vijay: And Rohit, if you can also share about that land in Kolkata. Has anything happened further on that?

Shyam Sundar Agrawal: Rohit, let me answer this. So, just look at the notes which we have in the account. So, this year, we have received around 27 Cr as advance from the JDA. And so, what has happened that they have approached us with the proposal for outright sale, which we are still considering and the deal is yet to be finalized. So, the idea is that instead of going for partnership thing, we might be coming out of this with an outright sale. And so, whenever it happens, we will let you know. And Yes, so that is what is happening as of now.

Manav Vijay: And Shyamji, this amount of 27 crores is already there in the cash flow or is it yet to come?

Shyam Sundar Agrawal: Yes, it is already there in the cash flow as on date. So, on the date of the balance sheet that is 30 September, it was 17 Cr and till date it is 27 Cr, which we have already received. And most likely, we will be going for the outright sale of the land. So, whenever it happens, we will let you know.

Moderator: Thank you. We have the next question from the line of Anik Mitra from Finnomics Solution. Please go ahead.

Anik Mitra: Sir, can you give me a guide roadmap for your 1,000 crore top line?

Rohit Mall: Yes, but I don't understand what you mean by a roadmap.

Anik Mitra: The roadmap means how we will be arriving at 1,000 crore top line. So, production from the new facilities, what kind of revenue addition from various new facilities, from your expansion and how this 1,000 crore will be achieved?

Rohit Mall: See, in terms of market and in terms of our business, as we mentioned, I think out of that, 400 to 500 should be from domestic and 500 to 600 should be from the export market which is also private label versus branded. That should be the mix. And the Phase 1 of Sanand and Phase 2 of Ghatakpukur should be able to add this kind of revenue. Maybe we will have to start Phase 2 of Sanand as well for this, but that call we will only take maybe in a year's time and the rest of the facilities are already geared up.

We are regularly also based on, these are the fixed capacities that we are increasing, but there are also a lot of fungible capacities where we can increase shift, we can add more lines to our stitching. So, we can subcontract also. Those kind of things can also be done too, but those only happen when we see the order book is healthy and it's a sustained order book.

So, that's how we are trying to achieve and also like I said, there is product extension happening and more depth into a product category also happening across product lines. So, I think all these activities will help to achieve that.

Anik Mitra: And are we anticipate a similar kind of margin like as Mr. Shyam was saying about 15% target margin, EBITDA margin. So, at 1,000 crore also can we anticipate a 15% margin or are you looking for something, some addition over there, some further expansion over there?

Rohit Mall: No, I think as Shyam ji mentioned that the margin profile, I think, will largely remain the same. We are not expecting it to grow. I think because also a lot of this expansion, the product development, the selling expenses are also increasing. So, that's where margin is also taking a hit. So, we are hoping to maintain the same margins with the growth.

Anik Mitra: And any ballpark number for means I am saying about in ratio term, what is the contribution of helmet, glove and shoes in the top line?

Shyam Sundar Agrawal: So, Rohit, let me answer this. So, as of now for the current half year, the shoe remains the leading contributor around 42%, then we have hand safety and garment equally 27%-28%, and rest coming from other products like helmets. Helmets may be 2% as of now, but it is growing fast. So, this is what as of now we are doing.

Moderator: Thank you. We have the next question from the line of Rishabh from RSPL. Please go ahead.

Abdul Qadir: This is Abdul Qadir here. So, just a couple of questions, sir. I just wanted to understand now with the U.S. elections behind us, like this China Plus One policy, like what opportunity this could throw for us? So if you could just please explain in terms of numbers, if you can just throw some light on it, like how much opportunity can we expect from this?

Rohit Mall: So, very difficult to quantify it because we are still going through the phase. And like I said, nothing has changed in business sense, but people are anticipating that things will change. It might also happen that things don't change, and the duties structure still remains the same. But we are definitely receiving a lot of inquiries and new inquiries also, and from existing customers also increased inquiry, but very difficult to quantify it at this point in time. Our idea will be to grow and penetrate deeper into the U.S. market. And every year, every quarter, that number should increase for us and the revenue percent coming out of the U.S. should also increase for us. That is what our idea.

Abdul Qadir: So, like, is it possible to give a sense based on like historical trends, so like in '17-'18, when this thing had happened, so what quantum of growth had come to us? So, is it possible to at least get a sense on that?

Rohit Mall: Even historically, U.S. was never a big market for us. When in the past also we were putting our effort, but it was a slow growing market. And because it is a market where it's difficult to get an entry into a customer. But once you have gotten an entry, it's a sticky customer as compared to maybe, let's say, European or South American customers. So, the efforts are still there. We would definitely like to grow in the U.S. in terms of percentage more than what the overall export growth is because we see more growth coming out and we are also comparing ourselves in terms of the products that they like, in terms of the raw materials that they like to ensure that we get the same thing that they are expecting from, let's say, China or any other competitor in India. I am expecting a healthy growth from that market.

Shyam Sundar Agrawal: Rohit, just to add on, we can refer to what is the world market size of PPE. So, it is in the range of 60 billion almost. And most of it, so maybe up to 75% of this has been catered by China. So, big market, basically if anyone start talking of shifting it to some other place, just look at the numbers, you know, how big it number can be. But to cater this you need infra and capacity. So, this is what will happen gradually and slowly. So, this is what we are looking at trying it.

Abdul Qadir: Just one more follow up. I just wanted to understand your point of view, like if there is any acquisition which you guys are contemplating? So, to achieve our 1,000 crore target sales, is there anything on table or if it comes during the course of the year, like this is possible?

Rohit Mall: Yes, definitely we are always on the lookout if an opportunity presents, we would definitely like to take a look into it. We are not discussing with anyone actively right now, but Yes, if there is a possibility, we are open to it.

Moderator: Thank you. We have the next question from the line of Tushar Vasuja from Yogya Capital. Please go ahead.

Tushar Vasuja: I have a couple of questions on your new capacity. So, firstly, what could be the margin profile of the new products in Sanand facility?

Shyam Sundar Agrawal: So, we expect it to be in the range of, see, these are all basically the synthetic glass, which we are planning and helmet we are planning initially. So, we have currently margin in the range of 10% to 15%. So, we target that. So, up to 15%, it should be, Yes.

Tushar Vasuja: And sir with eye protection?

Shyam Sundar Agrawal: Yes, that would be the new product. So, let us see. So, again, the overall part, as you see, it should be in a similar range, 13%-15% margin we will target.

Tushar Vasuja: And sir, how much additional manufacturing capacity will you get after Sanand and Ghatakpukur CAPEX?

Shyam Sundar Agrawal: So it should be, both the units should be giving us around additional turnover of up to 200 to 225 crore turnover in excess of what we are doing now.

Tushar Vasuja: And sir, can you give us capacity or revenue breakdown from the, let's say, 100 crores around for the Sanand capacity, what would be the breakup in terms of eye protection, gloves and helmet?

Shyam Sundar Agrawal: Mostly it would be hand protection. Helmet would be on the, you know, maybe up to 10% to 20% of turnover will come from helmet. But mostly it would be hand protection.

Tushar Vasuja: And sir, last question. What would be the utilization ramp-up scheduled for Sanand facility?

Shyam Sundar Agrawal: We are just starting. So, we target to achieve the top line, you know, the target turnover within the next 2-3 years. So, this year we target turnover in the range of 5 to 10 Cr and up to 5 Cr maybe. Then let us see how it develops.

Moderator: Thank you. As we have no further questions, I would like to now hand it over to the management for closing comments.

Rohit Mall: Thank you all for participating in the Earnings Conference Call. I hope we were able to answer your questions satisfactorily and at the same time offer insights into our business. If you have any further questions or would like to know more about the company, please reach out to our Investor Relations Managers at Valorem Advisors. Thank you. Stay safe and stay healthy.

Moderator: Thank you. On behalf of PhillipCapital (India) Private Limited, that concludes the conference. Thank you for joining us, and you may now disconnect your lines.