



GSM FOILS LIMITED

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Date: May 13th, 2025

To,

National Stock Exchange of India Limited

Exchange Plaza, C-1, Block-G,

Bandra Kurla Complex, Bandra,

Mumbai-400051, Maharashtra

Scrip Code: GSMFOILS

Sub: Transcript of Q4 FY25 Earnings Conference Call

Dear Sir/Madam,

With reference to our letter dated 6th May, 2025 related to the Earnings Conference call and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI-LODR'), we would like to inform that the transcript of the Earnings Conference call held on Friday May 9th, 2025 at 04:30 PM, is attached herewith.

This will also be hosted on the Company's website at www.gsmfoils.com

This is for your information and record.

Thanking you

For GSM FOILS LIMITED

SAGAR BHANUSHALI

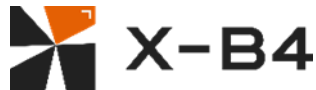
WHOLE TIME DIRECTOR

DIN: 09126902



“GSM Foils Limited
Q4 FY25 Earnings Conference Call”

May 9th, 2025



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

MODERATOR: MR. GAUTAM KOTHARI – X-B4 ADVISORY

Moderator: Ladies and gentlemen, good day and welcome to the GSM Foils Limited Q4 FY25 Earnings Conference Call hosted by X-B4 Advisory. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

I now hand the conference over to Mr. Gautam Kothari from X-B4 Advisory. Thank you and over to you, sir.

Gautam Kothari: Thank you. Good evening everyone and welcome to the Q4 and FY25 Earnings Conference Call of GSM Foils Limited. Today on this call, we have Mr. Sagar Girish Bhanushali, Chairman and Whole Time Director and Chief Financial Officer of GSM Foils Limited. This conference call may contain forward-looking statements about the company which are based on beliefs, opinions and expectations as of today. Actual results may differ. The statements are not the guarantees of future performance and involve risks and uncertainty. With this, I now hand over the call to Mr. Sagar for his opening remarks. Over to you, sir.

Sagar Girish Bhanushali: Yes. Hi. Good evening everyone. Thank you for joining me on the GSM Foils Q4 and Financial Year 25 Earnings Conference Call. It's a pleasure to welcome you all. It's our first Earnings Call post a successful listing in SME on 30th May, 2024. This moment is indeed a significant milestone for all of us. We are grateful to our investors, our stakeholders and well-wishers for the trust and confidence that you have placed in us.

Let me begin by introducing myself. I am Sagar Girish Bhanushali, Chairman, CFO and Whole Time Director of GSM Foils Limited. I'm a Chartered Accountant by qualification and I've been associated with this company since its inception in 2019 and I've led to various strategic, financial and operational initiatives. GSM Foils is a quality-based manufacturing company of aluminum foil which has been used as primary packaging, specifically blister foil and strip foil, which is normally used to pack tablets and capsules in the pharmaceutical industries.

We have over 65 to 70 pharmaceutical clients across 14 states in India and we have built a good reputation for customization, quality and reliability. We operate from the state-of-the-art facility in Vasai, Maharashtra. It's an ISO-certified plant with installed capacity of over 10,000 metric tons per annum. Our product ranges from being a coated foil, a laminated foil, printed blister to printed strip foil. The thickness ranges from 22 micron to 40 microns. We have also made a significant investment in advanced machinery to support our scale and precisions.

About the industry landscape, Indian pharmaceutical market is expected to grow to a great heights of around \$65 billion from 2024 to almost \$130 billion by 2030. Likewise, Indian packaging industry has also been projected to grow to around \$204 billion by 2025. Packaging industry consists mainly because of aluminum foil. It has been gaining share solely because of its recyclability, high barrier protection, global requirement of aluminum foil is a critical input.

Additionally, growth in biosimilar OTC drugs export-oriented formulation have continued to propel demand of pharma grade in the domestic market, where GSM foil is strongly positioned. Talking about our performance, we are pleased to report a tremendous growth both in Quarter

four and the entire year Financial year 25, which reflect our strength in our operational and strategic execution.

In Q4, our revenue surged by around 234% year-on-year to INR4,560.65 lakhs, while EBITDA witnessed a remarkable increase of 582%, reaching INR580.18 lakh. The performance can be translated into significant improvement in EBITDA margin, with an improvement of around 649 basis points to 12.72%. Profit after tax, stood at INR341.95 lakhs for the quarter, registering a staggering growth of 1,216% over the same period last year.

The PAT margin also rose meaningfully by 560 basis points to 7.5%, clearly demonstrating the operating leverage, we are now achieving at this scale. This number validates the strength of our business model and execution efficiency of our team, with steady demand, scalability, infrastructure and clear focus on margin-accretive growth. We are confident of attaining sustainable growth in the financial year 26 also.

Looking ahead to the roadmap, we basically aim at product diversification, backward integration and operational excellence. We have recently ventured into trading of Alu Alu foils, Lamitubes, which is a strategic step to broaden our product portfolio and cater to the adjacent segment within the pharmaceutical packaging only. As a part of long-term vision, we intend to invest a decent amount in the capex of Lamitube manufacturing by the end of Quarter 2 or Quarter 3 of this financial year, which will help us to increase our value addition and improve margin control.

The capex aligns with the goal of creating a backward integration and value-accelerated business that reduces external dependency and this strengthens our internal capacity. With that, I would like to conclude my opening remarks and let's go ahead with any questions that you have.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Kashvi Dedhia from Centra Insights. Please go ahead.

Kashvi Dedhia: Yes. Thank you for the opportunity and congratulations on a great set of numbers. So, what are our utilization levels and could you please share a sales volume of blister foils and strip foils for this financial year?

Sagar Girish Bhanushali: So, blister foil basically consists of around 65% to 68% of the total value and likewise strip foil would be around 30% to 35%. And the current utilization capacity we are utilizing around 68% to 70%, 70% to be more optimal and precise. We are looking to expand it with the more fund flow that we are planning in. So, we will reach optimal capacity maybe by post Q2 or early Q3.

Kashvi Dedhia: Okay. And recently you mentioned about the capex that you will be doing in value addition for backward integration. So, what will be the amount of capex?

Sagar Girish Bhanushali: The amount of capex would be around INR3 crores to INR4 crores.

Kashvi Dedhia: Okay. So, how much will be the timeline?

Sagar Girish Bhanushali: By Quarter 3 ending. Till now we are exploring the trading market. If everything goes well, we are getting the good positive response from the market, then we will plan a capex by end of Q3.

- Kashvi Dedhia:** Okay. And what is the process for onboarding of pharma customer? So, once we receive an order, what will be the typical timeline for execution?
- Sagar Girish Bhanushali:** So, before getting an order, the pharma company, the QC team visits our plant. They have the set of norms like we need to pass all of them, basic pharma audit type it is. The audit lasts for around one day. And some points have been hitters in the form of major, minor and extreme means these are the categories, the rating type of thing that they give us. Once we clear all of them, then we are automatically on their vendor list. Post that, the order comes up.
- Kashvi Dedhia:** Okay. And what is the timeline for execution of that order?
- Sagar Girish Bhanushali:** One or two days, ma'am. The lead time in our manufacturing industry is hardly one or two days.
- Kashvi Dedhia:** Okay. And given that 80% to 85% of cost structure is driven by aluminum and our value addition is limited. So, basically we are a converter? So, what are our asset turnover?
- Sagar Girish Bhanushali:** Sorry?
- Kashvi Dedhia:** What are our asset turnover?
- Sagar Girish Bhanushali:** Asset turnover as in exactly the ratio you are asking about?
- Kashvi Dedhia:** Yes.
- Sagar Girish Bhanushali:** I'll need to get back to you on this. I don't have my ratio sheets currently with me.
- Kashvi Dedhia:** Okay. And do we have plans to diversify into food grade foils of flexible packaging?
- Sagar Girish Bhanushali:** We have capacity in this plant only and post that, there are many empty spaces here in Vasai and Kaman, the nearby area that we are operating. So, that isn't an issue. Capex is not that much in our company. Basically, it's more of working capital driven company, but yes down the line, maybe six to nine months, if we see it's been utilized 100%. And we have more orders in hand and with the expansion capacity, we may enter into a new set of building only, the entire structure.
- Kashvi Dedhia:** Okay. And in the previous presentation, we had mentioned that we are looking for acquiring an LDPE plant. So, could you share any updates on that or do we have any other opportunity for execution?
- Sagar Girish Bhanushali:** We are closely monitoring it. Maybe by end of Q3, we are planning to acquire that. Till now, we are like majorly buying our source from there only. Let's see if everything goes well. And this year madam we mainly focused on expanding the thing that we are doing, like the four microns that we are already selling. You'll see our major focus is there only, that is the result; we increased our top line from INR 42 crores to almost INR 133 crores. That is more than three times.

So, enter into a new line wasn't advisable currently, but yes maybe in this year we are planning that. Once we reach 100% capacity utilization in this plant, then we may look to acquire another one.

Kashvi Dedhia: Okay. And who are our major competitors and how are we different from them?

Sagar Girish Bhanushali: Ma'am there are two major listed competitors to us. They are one step into backward integration than us, that is PG and MMP. And the peer-to-peer comparison with us would be Synthiko Foil another listed party. We are almost doing like two to three times more volume than them. The only thing that differentiates us is the volume that we are doing since last six months. So, there is no specific hard and fast thing in the packaging industry we're differentiating.

It's about the volume that you do and the best price and the level of credit you offer to your clients, like how many days credit that you can offer. So, that is the only differentiation in our line of business.

Kashvi Dedhia: Okay. Got it. I'll get back in the queue.

Moderator: Thank you. The next question is from the line of Rahil S from Crown Capital. Please go ahead.

Rahil S: Hi, sir. Good evening. So, sir, the first question is, what will be the main focus for FY26 like product lines and expansion, anything you can speak on that?

Sagar Girish Bhanushali: So, the main focus will be to increase the top line of the four products that we are already doing. Secondly, with that we are aiming a product like differentiation, like Lamitubes and Alu Alu foils. It has been used in packaging since last many years. So, we already have a set of clients, those whom we offer this blister and strip foil. They only buy the same Lamitubes and Alu Alu from others. So, why not, like, we only trade them and give them the entire basket so that we have a very good reputation with our client.

And if this trading thing goes well and we are able to sell and acquire that market to a certain portion that we are expecting it, then enter a capex of that. So, this is what we are thinking this year.

Rahil S: Lamitubes has better margins?

Sagar Girish Bhanushali: Much better margins, yes. The sole reason behind that is the product that we are buying for the Lami tubes, the raw materials, they have been bought in kilos and the Lami tubes have been sold into numbers. So, any product like which is buying is in kilos and selling in different units so you get a good margin over there in the conversion.

Rahil S: And in your business, there is export, due to export?

Sagar Girish Bhanushali: Yes. So, off lately because of this, all the sanctions that the world has imposed on China. So the next big market for aluminum and packaging is India only. So, there are great opportunities for export. We might explore it like directly we are not exporting anything now, but definitely that thing is in plan. We may do this year.

Rahil S: And lastly, would you like to give any guidance in terms of percentage growth for FY26 and EBITDA margins you expect?

Sagar Girish Bhanushali: So, like if you are taking a close look on a monthly sale, then we have been achieving a sale of around 16 to 17 off lately since last 2 to 3 months. So, even if I show like a zero growth like I'm being very practical even if I show a zero growth, then we may see a top line lower to lower of around INR 190 crores to INR 200 crores, which is already 60% growth than last year. It would be much more than what I'm saying the rest you can assume it, but yes definitely much more. We are trying to grow by around 240 to 250. 200 is very achievable and practical, but we will aim to around INR 240 crores to INR 250 crores top line in this year.

Rahil S: That is a very great number. So, to complement with it, what kind of margins do you expect? Are they sustainable?

Sagar Girish Bhanushali: Yes. So, with the increase in production, we have reduced our overheads to a great extent. And with the debt that we are incurring, almost we took a debt of around INR 20 crores and we have in talks with a bank to increase it. So, with more cash rich on our balance sheet, we try to procure material at a much cheaper rate that will definitely affect our margins to a great number.

Rahil S: Okay. And this confidence of doing INR 200 crores or plus is coming from where, is that kind of a visibility you have on ground right now?

Sagar Girish Bhanushali: Correct, yes. We are doing it in the last three months and we have a very good set of clients who are more than willing to work with us. And looking at the demand and the growing business of aluminum in India, so these numbers are very much practical and achievable.

Rahil S: Okay. Perfect. Thank you and all the best to you.

Moderator: Thank you. The next question is from the line of Dharmesh Dhameliya from Nexthrive VenturesLLP. Please go ahead.

Dharmesh Dhameliya: Hello. Congratulations for a very good number that you have given for financial 25. I have seen your cash flow since you have got your company listed and your operating cash flow is negative since December 2023. So, what you will plan for future like if you are going through this like negative operating cash flow, then you need more funds, then you will take working capital loans or you will go for preferential allotment or anything?

Sagar Girish Bhanushali: Sir, the major reason of the working capital being negative is the amount of credit that we are giving to the debtors. So, major reason is credit only. We will try to optimize and bring it down to a reasonable level. Normally, the trading cycle of our product is like buying in advance and selling at a credit. So, like it is like unless and until you do your payment to your creditors, the vehicle is not left. And the entire material that has been sold in the market goes from credit of around 30 to 60 days.

So on an average, you try to maintain it around 50 to 55 days. This is what we are doing since last many days. So, obviously, the capex part in my company is very less. Another reason this cash flow gone negative is because the capex and investment that we have done, that amounted

to almost around INR 4.5 crores to INR 5 crores. Talking specifically about the operating part, the major reason is our trade receivables and the inventory that we hold.

With this growing demand, we try to keep inventory almost around a month with us. So, yes, the cash stays blocked over there. To meet with it, preference round maybe around a month or two, we are in talks with a merchant banker. And with more debt coming in with our current banker, this may be sorted out.

Dharmesh Dhameliya: Okay. Thank you.

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

Aditya: Hi, sir. Congratulations. So, I'm new to this company. I just want to understand what are the levers which took us from INR 52 crores, INR 53 crores revenue to INR 133 crores, INR 145 crores revenue, which we did in FY25?

Sagar Girish Bhanushali: Okay. So, the main reason, like I told is the entire business of us depends upon the working cycle like how much funds you are ready to deploy. So, it's 100% buying in advance and selling on credit business. So, earlier, when the turnover was around INR40 crores to INR50 crores, it was totally dependent upon the promoter's funds and the bank CC, which was almost totaling up to INR 12 crores to INR 13 crores.

Post listing, we got new funds of around INR 11 crores. Post that, we took a debt of INR 20 crores from DBS Bank. So, that majorly helped to like smoothen our working capital. It's like the, sorry in a line there's a common saying you will not get tired of work, but you will get tired of depositing the money, it's like that. The more fund you will invest the more you can work. There is zero bad debt since last 5 years that I'm working. That is the sole reason which motivates us to bring more debt and do more working capital cycle.

We try to rotate the entire funds, like 6 times, 7 times. If we do it like 8 times in the entire year, then we are doing really good. If we are doing it around 6 times, then we are doing extremely well. So, this is what I follow. We try to rotate our funds around 6 to 7 times. If it goes more than 7 times, then you will see a great improvement in this cash flow statement also. So, that's the sole reason, sir. You are bringing more funds, you do business.

There is no scarcity of demand of aluminum foil, neither there is in the pharma industry. So, the work order flows in. It's about how good you are able to rotate your credit and how much more funds you are able to bring it in the company. That's the sole reason how we will achieve, like, good top lines over the year also.

Aditya: Okay. And what is the credit terms which you are offering to your customers?

Sagar Girish Bhanushali: So, it goes from 45 to 60 days, sir. That's the normal business practice in India, yes.

Aditya: And you take your raw material in cash?

Sagar Girish Bhanushali:: Yes, it's 100% cash and post listing and all these things that we have done, we have built a good rapport in the market. So, they are offering us a credit of around 10 to 12 days, but that is quite

negligible. Like, earlier it was like once you pay, then only a vehicle would be left from the premises. Now, we are getting a credit of around 10 to 12 days, but we don't consider that significant days. So, it's like 100% cash and selling it on 100% credit.

Aditya: And how much of - so why do you want to do a fundraise and what is the amount which you are planning to raise with the next round of fundraise?

Sagar Girish Bhanushali: So, fundraise will be around INR 10 crores to INR 12 crores, higher in INR 15 crores. Let's see how it goes. The sole reason behind that is firstly the capex that we are planning. If that plan is finalized for the Lamitubes and the blister part and second is working capital requirement. These two parts. We are not planning to reduce our debt currently. The entire fundraise will be in the working capital or in the capex only. Debt part, we are considering that from an internal accruals. So, no major burden on that.

Aditya: Okay. And what is the comfortable debt level which you can take which you are comfortable with working with this sort of business?

Sagar Girish Bhanushali: So, we are currently taking a debt of around INR 20 crores. We are planning more INR 10 crores. So, till INR 30 crores, we are comfortable in this year.

Aditya: Okay INR 30 crores is like debt-to-equity is 1 is to 1, right with INR 30 crores?

Sagar Girish Bhanushali: Yes.

Aditya: Okay, sir. Thank you.

Sagar Girish Bhanushali: So, you will see your balance sheet then the entire amount would be either in stock or debtors. There are hardly any creditors. So, the entire fund is either debtors or the stock.

Aditya: Can you please pardon this?

Sagar Girish Bhanushali: The entire amount you can see in our balance sheet, it would be in the debtors or the stock only. Like a major funding is either in the stock in our premises or with our debtors. Creditors is hardly any amount and there is no significant capex in our business also. So, we are quite confident of taking debt and like working on it. Like we are very much confident on our debtors. We are able to monitor them and like regulate them very easily.

And stock that we carry depending upon the rate that we credit, the aluminum part, at times it goes up, at times it goes down. We manage our inventory according to that. So, taking debt is not a big concern to our company.

Aditya: Okay. Got it, sir. Sir, one more question. If we look at your company for a 5 year, 6 year horizon, then when can we start growing without any fundraise or when can we sustainably grow this business, organically grow this business, sustainably grow this business without any equity dilution or without any fundraise?

Sagar Girish Bhanushali: Maybe say 3 years down the line.

Aditya: 3 years down the line.

Sagar Girish Bhanushali: Yes.

Aditya: And up till then you will have all your capex in place and everything in place, right?

Sagar Girish Bhanushali: Till then, sir, we will have our backward integration also in place. Post that, we will be at a good position where maybe no more debt would be required.

Aditya: Okay. So, 3 years from now you will be self-sustained with all the backward integration in capex.

Sagar Girish Bhanushali: Correct, yes.

Aditya: Okay, thank you, sir. Thank you very much.

Sagar Girish Bhanushali: Yes, sir. Thank you.

Moderator: Thank you. The next question is from the line of Lalit Rai from Whitebridge Capital. Please go ahead.

Lalit Rai: Hi, sir. Just a basic question about the industry. So, pharma industry is already a pretty mature industry in our country. And I'm sure everyone of those companies has their suppliers for whatever supplies of packaging material that they need. Now, if the industry itself, let's say in volume terms is growing at 4%, 5% or 6%, 7% and with all of the guys already tied up with the suppliers, so how are we able to - you mentioned that credit period was one thing.

But also knowing that pharma companies are actually most of them have good strong balance sheets, they don't really need people to offer a lot of credit to them. And there are decent margin businesses and so what is leading, apart from this credit thing, what is leading to this kind of a growth for us and how large is this industry?

And if you can just give a color on that so as to better understand how much or for how long can one player continue to grow faster than everyone else and gain market share, because the market itself might not be growing as much or if there is a case where the nature of packaging is changing and that is leading to this kind of a growth for us. You could highlight that as well?

Sagar Girish Bhanushali: So, like you said all the pharma players are rich on their balance sheet. To be very practical, like I have been working with them since long years, they are not willing to pay; like packaging, primary and secondary packaging, none of the pharma is willing to pay them upfront. It's about the credit and the rate that you develop with them.

So, the rate becomes the basic part of negotiation. Post that, how much credit are you willing to work with them? The service part and the quality part goes hand-in-hand. The industry is growing at a much more rate, it's not 4% to 5%. It may be growing around 15% to 20%. And with all this new generic and medicines being like R&D has been going on, so there are more products to it.

Each and every pharma is growing at a really good pace. So, the data that we see now everywhere is more of an organized structure data. So, there are many unorganized pharma which are growing at a very rapid level. Like you see A and A plus category, the entire data everywhere now, it's been associated with them only.

So, there are many good players in B and B plus category, which we prefer personally because we get our rates, we get our credit terms and where we can sit with them owner to owner and discuss. We are more willing to work with them rather than all the big players because all the big players, they just play with their name.

They don't pay you on time nor they give you rates and then they come with their entire set of their compliance. This and that which become extremely like cost burden also and like you lose a lot of time on that. So, we are more willing to work in that organized structure, organized market in India, which is growing at a very good pace and there are many good players.

Geographically, we are trying to expand. Like you said, the percentage we are normally working currently our major share is in Maharashtra and Gujarat only. Since last one year, the growth that you have seen is basically because of our share has been increasing in Maharashtra and Gujarat. Post this, we are trying to increase geographically. There are many good markets in the South. So, we definitely see a very good growth prospect there also.

Lalit Rai: Also, sir, you used to be a 6%, 7% margin business and you've scaled up and you reported much better margins. Now, you're a listed company and you yourself mentioned that there's not much of an edge in terms of the product, which everybody else can also do. So, your margins even your buyers will be able to see these margins and they'll be able to squeeze you on that, isn't it?

Sagar Girish Bhanushali: No worries, sir.

Lalit Rai: Are you seeing any pushback related to that?

Sagar Girish Bhanushali: No, sir. So, let me be very frank with you. There are three places where we play with our margins. First is the basic thing where you buy your product, you add your markup and you sell it. This is the normal practice what manufacturers do. This is what we do. Second part is upon the overhead that you cover and this thing, internal structures. With the increase in volume, at the same structure, we are almost doing 2x to 3x. So, this brings down the overheads to a very low volume.

Thirdly, my 80% to 85% of the cost is basically aluminum. So, it's more or less an aluminum metal industry rather than a packaging industry, where the rates of the aluminum are decided by Hindalco every first of the month, which either increases or goes down. In a normal scenario, it increases 8 out of 12 months. So, this is how we position our inventory. It is very easy to track from LME and MCX, like how fast the metal is growing and all. So, we manage our inventory.

So, we get a good chunk of profit over there, because rates are not negotiable. Once the letter is passed on, the rate automatically becomes passed on to our clients. So, these are the three areas where we try. If we get a hit in any one of the areas that can be managed in the other two. So,

overall, we try to maintain the same level of profitability. And going ahead, we'll try to put more cash on our balance sheet with more debt and fundraising that we're planning.

We'll try to procure our purchases also to a much lower level than what we are buying currently. Even that would impact our profitability. It will help us gain more.

Lalit Rai: All right, sir. Thank you so much.

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

Aditya: Sir, sorry you already mentioned about your peers and competitors. Can you please mention them again, I missed that?

Sagar Girish Bhanushali: Sir, the backward integration, the peers and competitors listed are PG Foils and MMP Foil. And in the same line of business, it is Synthiko Foils.

Aditya: Last name could you please pardon it?

Sagar Girish Bhanushali: Synthiko foils. We are in the same line of business.

Aditya: Okay. Synthiko is listed?

Sagar Girish Bhanushali: Synthiko is listed, yes.

Aditya: Okay. And what is the size of largest player?

Sagar Girish Bhanushali: Size as in your top line?

Aditya: Yes, top line?

Sagar Girish Bhanushali: Top line, sir, there are very good large players who are like in all the integrations that we are doing that would be around INR 1,000 crores.

Aditya: Oh wow. Okay, sir. Thank you.

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

Raj Mehta: Congratulations, sir, first of all on very good result.

Sagar Girish Bhanushali: Yes. Thank you.

Raj Mehta: So, sir, my question was aluminum. You said it constitutes of about 80% to 85% of your raw material cost. So, are we hedging any price volatility for aluminum?

Sagar Girish Bhanushali: Yes, we do that on monthly basis. So, you can track it very easily on LME, like London Metal Exchange of Aluminum and the MCX on the money control. And we get a daily update from Hindalco on their website also, like whether it's going up or it's going down. In normal scenario,

aluminum normally goes up only maybe INR 5, INR 10, INR 15 then what we procure. So, that's how we hedge and manage our inventory.

Raj Mehta: Okay. So, any, basically any marginal difference we are getting on - which is impacting on our margins for the price fluctuation?

Sagar Girish Bhanushali: So, more or less we get a very positive impact because of that. We try to manage our inventory accordingly. Like I told you, sir, out of 12 months, 8 months, the prices goes up only. We keep a very good volume of inventory with us. The price will automatically go up and we get that benefit.

Raj Mehta: Okay. And sir my second question was is there any seasonality in our business as pharma every year basically has at the end of the year, they basically change their medicines, which goes some medicines production goes stopped. So, there we are basically selling our packaging of foils. So, we are getting any seasonality at the last two quarters?

Sagar Girish Bhanushali: No, sir. The only part like seasonality part comes from 1st Jan to 14th Jan. Like you said, where major of the export is also shut down or they are trying to recover post Christmas and now pharma decides which all product like went well or not well. So, that is the only period, like 10 to 15 days, we call it a healthy period. At that time, we face certain slack. Otherwise, the entire 12 months, it's a growing, running business.

Raj Mehta: Okay. And sir another question was as current capacity stands at 10,000 metric tons plus. So, what is the utilization today I have got this number from your presentation?

Sagar Girish Bhanushali: Sir, we are working around at 70% utilization currently, 68% to 70%.

Raj Mehta: Okay. Thank you, sir. That's it from my side.

Moderator: Thank you. The next question is from the line of Yash Sheth an Individual Investor. Please go ahead.

Yash Sheth: Hi, sir. Good afternoon. So, I was going through the investor presentation and what I see is you are majorly making two major products. One is blister foils and the other one is strip foils, if I'm not wrong?

Sagar Girish Bhanushali: Correct.

Yash Sheth: So, if you could guide some numbers like what is the gross margin of both these products and how do you see this evolve over the years, like in, say, one or two years, if you can shed some light on that?

Sagar Girish Bhanushali: I will tell you the basic difference between these two foils. Blister foil is basically prime example I can give you is Dolo or Crocin where only one, whereas foil is applied on the one side, the other side is PVC where you can see the color and the shape like what color and the shape of the medicine is. So, that is blister foil, normal tablet packing foil. The other strip foil is basically capsule where you see both side is capsule foil and you need to tear and see what exactly it is inside. In major part that is capsule foil. So, that is this part.

So, compared to strip, blister foil is more growing because there are more tablets in the market rather than capsule. In our top line also, the ratio is around 65% to 68% of blister foil and around 30% to 35% of strip foil. The gross margin remains the same overall because it's sold to the same clients of which the cost structure remains the same. The only thing is the product value. So, blister is sold around 400 to 450, whereas strip has been sold around 300 to 350. That is the only difference between them.

Yash Sheth: Okay, sir. And like, how do you expect the mix to evolve over the years? Is it going to stay the same at 60, 40 levels?

Sagar Girish Bhanushali: Percentage or two up and down, sir. More or less, it's been the same in the last five years and it will stay the same in the future.

Yash Sheth: And like, if you could tell us about the manufacturing facilities expansion, if you have any plans for the immediate future, that would also help?

Sagar Girish Bhanushali: If we do this in the year, then we will do it in the last quarter because we are more like, if you don't put the money in capex and you spent in working capitals, then I will be able to do a better business. The capex where it will be the last option, when I feel that I have reached the throat, orders are in hand and I am not able to fulfill them in the same premise then only I will go for capex, till then I will try bring in more funds as a form of working capital only and try to increase my production over here only.

So I am good here for around eight to nine months or ten months. After that, we will decide if we want to major in capex and even if we have to, sir, we have a very good reputation here in the area and we can easily build a plant and everything over here. So Vasai and Kaman area is more or less an industrial area only. So it won't take much time. Within one month we will be able to operate there in the new plant also effectively.

Yash Sheth: Right, sir. It's still very early, sir, but like the need for the fund requirement. So are you going to fund it through internal accruals or like you are going to, do a fund raise or some?

Sagar Girish Bhanushali: We will do a fundraise, yes. So certain part would be to go on to capex of our Lamitubes, the new line of business that we are thinking and certain part would be for the working capital requirement.

Yash Sheth: Right. I was also going through some other competitors in the industry also. So I also saw some other peers making food foils. So like our plan means basically we use for wrapping up. So are we in the plans to foray into that thing also?

Sagar Girish Bhanushali: To be very frank I gave a very strong one, one and a half month in this industry a food foil. We are more than willing to start with them, but then I didn't feel it a great thing. To be very frank I don't find the industry very positive. The reason is there is heavy competition and second, sir, to be totally frank with you, these players play with the core that is in it like on a normal, when you buy a food foil, let's say it's a 200 or 250 gram of food foil, a normal customer never weighs it. He brings it home and packs it.

The players, how they manipulate them is the food foil, where it ends it has a wooden core. The foil is wrapped around the core. So the weight of the core is their main profitability. So that was a bit unethical for us. So we like stopped there and there only. We don't want to go ahead in this line because in the genuine market, the margin is not that much, sir. You have to do something plus or minus with the core, then only able to survive and earn good margins.

So that wasn't ethical on our part. So we dropped that idea. We are more into this pharma only. And in pharma packaging, there are many more products. We will develop them slowly. Food packaging, we have dropped that idea.

Yash Sheth: Okay, sir. Thank you for the detailed answers. And I really appreciate this quarterly update and those monthly updates that you share that help us a lot to track your business in a better way. So thank you for the call. Thank you so much. I will get back in the queue.

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

Sagar Girish Bhanushali: Thank you. Really, thank you. It was really good and quick call. So thank you for all the participants in this earning call. I hope I've been able to answer all your questions really well. If there is any further query, do let me know anything about my company or my financials or anything. You may reach out to our investor relationship manager at X-B4 Advisory. Thank you and have a great day.

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