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BSE Security Code: 539400	NSE Symbol: MALLCOM

Dear Sir/Madam,

Sub: Transcript of Earnings Conference Call with Analysts and Investors – November 17, 2025

In compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and with reference to our intimation dated November 11, 2025, we hereby enclose the transcript of the Analysts and Investors Conference Call held on November 17, 2025, to discuss the financial performance for Q2 FY26.

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 2025-2026 – Quarter 2 Tab)

This is for your kind information and record.

Yours Sincerely,
For **Mallcom (India) Ltd.**

Gaurav Raj
Company Secretary & Compliance Officer



**“Mallcom (India) Limited
Q2 FY '26 Earnings Conference Call”
November 17, 2025**



**MANAGEMENT: MR. ROHIT MALL – ASSOCIATE VICE PRESIDENT –
MALLCOM (INDIA) LIMITED
MR. SHYAM SUNDAR AGRAWAL – CHIEF FINANCIAL
OFFICER – MALLCOM (INDIA) LIMITED**

MODERATOR: MR. ANGAD – BATLIVALA & KARANI SECURITIES

Moderator:

Ladies and gentlemen, good day, and welcome to Mallcom India Limited Q2 FY '26 Earnings Conference Call hosted by B&K Securities. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Angad from B&K Securities. Thank you, and over to you, sir.

Angad:

Thanks Trisha. Good morning, everyone. On behalf of B&K Securities, I welcome you all to Mallcom India Limited Q2 FY '26 Earnings Conference Call. From the management, we have with us Mr. Rohit Mall, Associate Vice President; and Mr. Shyam Sundar Agrawal, the Chief Financial Officer.

Without taking much time, I will hand over the call to Rohit sir for his opening remarks. Post which, we will open the floor for the Q&A session. Over to you, sir.

Rohit Mall:

Thank you, Angad. Good morning, everyone. It's a pleasure to welcome you all to our earnings conference call for the second quarter and the first half of the financial year 2026. I'd like to begin by extending our sincere thanks to B&K Securities for hosting today's call. Let me start by sharing a few operational highlights for the quarter under review, before handing it over to our CFO, Mr. Shyam Agrawal, who will take you through the financial performance.

Let me begin with the capex update. Our Protech facility at Sanand, Gujarat has commenced commercial production and the current setup is now fully operational. We have invested around INR100 crores in this unit, and we plan to scale up capacity in a phased manner. And additional capex of up to INR10 crores has been earmarked for the import of new dipping line and knitting machines to support this expansion.

We have commenced manufacturing PU-coated loves, related gloves, helmets and bump caps in this facility. This is an important strategic development for us as it positions the company as an import substitute provider while also enabling us to serve certified high-quality products to domestic users and to tap the overseas demand.

Additionally, our newly established Industrial Safety Shoes facility at Chandipur, West Bengal with a capex of INR25 crores is also fully operational. This facility further strengthens our integrated manufacturing capabilities and enhances our presence in the growing safety product segment.

I'm also pleased to share that during the half year, the Council of Leather Exports selected our company for the CLE National Export Excellence Award 2024-25, where we secured second place in recognition of our export performance in the industrial leather gloves category. This achievement is a testament to our consistent performance, export capabilities and growing global footprint.

With that, I now hand over to Mr. Shyam Agrawal, our CFO, who will walk us through the financial performance of the company.

Shyam Sundar Agrawal: Thank you, Rohit, and good morning, everyone. I would like to provide an overview of the financial performance for the second quarter and half year of the financial year 2026.

On a consolidated basis, for the second quarter of financial year 2026, our operating revenue stood at INR139 crores reflecting 8% year-on-year growth. EBITDA for the quarter came in at INR10 crores, a 37% year-on-year decline with EBITDA margin at 7.1%, lower by 513 basis points, primarily due to higher cost of goods sold.

Net profit for the quarter was INR4 crores translating to a PAT margin of 2.66%. For the first half of FY '26, our operating revenue stood at INR262 crores leaving a 13% year-on-year increase. EBITDA for the period was INR28 crores, representing a 9% year-on-year decline with EBITDA margin contracting by 250 basis points to 10.50% paid for the first half stood at INR14 crores, resulting in a PAT margin of 5.19%. Thank you. With this, we can now begin the question-and-answer session.

Moderator: The first question comes from the line of Rehan Saiyyed from Trinetra Asset Managers. Mr. Saiyyed, please unmute your line and go ahead.

Mr. Rehan Saiyyed, you're not audible to us. I am disconnecting the line since there's no response. The next question comes from the line of Viraj from SiMPL Investments. We'll move to next participant.

The next question comes from the line of Rushabh Shah from BugleRock PMS.

Rushabh Shah: [Inaudible 0:06:08] established brands in the European markets. So my question was how has that changed?

Rohit Mall: I think you need to repeat your question here.

Shyam Sundar Agrawal: Yes, we need to pull because the first half of the question, we couldn't hear. Can you start from the beginning? Sorry.

Rushabh Shah: Yes. So sir, in the previous call, you had mentioned that you are focusing more on the emerging markets because there, the opportunity size is huge and is very difficult for you to compete with the established brands in the European markets. So my question was how has that changed? Is more and more exports increasing for us in the emerging markets? And have we added any distributors to increase our exports in those regions?

Rohit Mall: Right. So yes, we see with respect to the European markets, it's definitely something which is growing at a very slow rate or currently not even growing, maybe on a decline also. So yes, our strategy has been to grow more in the emerging markets. And both as a white label player and also in our own brand, depending on the geography and which has shown us a decent amount of growth, you call it the Middle East or the Africa or the South American region.

So we are focusing on these territories more so now and it has helped whether it's adding a dealer or a new customer or increasing the revenue with the existing product lines. Yes, they're all showing positive signs.

Rushabh Shah:

Just a follow-up on this one. As you said, the European market is not at all increasing or adding much to your revenue. So sir just to follow up that. Are we looking for any inorganic acquisitions out there? Because since we are not seeing a great improvement in those markets, we could get some brand at a very, let's say, at our cost or in inorganic acquisitions are we looking for in the European market?

Rohit Mall:

So at this point, let me just tell you about the landscape in the global PPE market. So there are a lot of inorganic growth which companies are targeting at this point, but these are large companies, which have been targeted. So larger companies like Bunzl or PIP and some others which are private equity backed. They are on an acquisition spree currently in Europe, and we get to hear and use every quarter that some of the other companies have been acquired.

At this point, company our stage and we are focusing more on setting up our production and our product vertical and are improving our technological know-how. We don't want to get into the subject of having a brand in Europe.

And then: a, competing with our competitors and cannibalizing our market; and b, we will not have that kind of strength where we can compete with these big mammoths who are on this acquisition spree and establishing a great supply chain network. We tend to become their partners, and that's what our focus is that we become their manufacturing partner because none of these players are interested much into manufacturing these products of their own. They are mostly trading concerns.

So that's what our strategy is. For any sort of inorganic growth, I don't think at this point, we'll be looking at the European markets, especially also because the economy isn't performing so well. We'll largely focus on getting the market share from China and other places, hopefully with some trade deals being announced and doubling down on our partnership with these major brands. That's what our strategy in Europe would be.

Rushabh Shah:

So my second question is, so as you say Mallcom is a one-stop solution for the safety products. Just wanted to know, whenever a customer gives any order is that in the way that he will give - he will take the safety flows from Mallcom and above the net products from 3M. So what would be the cost differences between your products, let's say, 3M and Honeywell products in the domestic market?

Rohit Mall:

There will be a big difference because if you talk about 3M and Honeywell most of these brands don't manufacture themselves. They are into contract manufacturing. And in some cases, it is us only who are contract manufacturing for them, all players like us. So in terms of cost, they're very premiumly priced because they have that brand value as well as compared to us. We tend to be good quality to cost brand, where we give even in the domestic markets, certified products, sometimes European certified products at a decent price levels.

- Rushabh Shah:** Okay. So my third question is, you said that the Indian market recently has been in the category of industrial safety products. I just wanted to know which categories were you not present in the past? And which categories will be your key focus areas so that as you say, domestic market will be the key driver for you for growth in the coming years.
- Rohit Mall:** So head protection has been a relatively new category for us. Only in the last 4, 5 years, we've started putting more emphasis and creating more products in these categories. And other than that, we are substituting some imports that we have been doing ourselves also for-- something like a PU gloves, which are in the synthetic gloves or the Protech categories. That is what we are focusing on. Going ahead in the domestic market, we'll put more emphasis on hand and head protection going ahead that -- those are the key areas where we like to focus most of our efforts into.
- Moderator:** The next question comes from the line of Viraj from SiMPL Investments.
- Viraj:** Just a couple of questions. First, what was the reason for the sharp drop in gross and EBITDA margin? So if you look at our own history, we have reported one of the lowest ever recorded by the company. So is it more of a one-off? And if you can explain the reasons? Or do you expect those margins -- low margins to continue for a couple of quarters?
- Shyam Sundar Agrawal:** No, no. So I would say that this decline which you see is in the region of one-off mostly. And looking at the overall profit, EBITDA margins as well as profit before tax, you will see that there are certain expenditures, which are related to capex, which a little bit these expenditures have increased, but the major difference we see in EBITDA margin is almost 250 basis points.
- And this hedge happened this half because of higher exchange rate and higher imports. So what we have done earlier with importing around 12% to 15% of our raw material. And for the half, it has gone up 25%.
- And due to this and due to higher exchange rates for both the dollar and euro coupled with the higher freights also, the margin hedge has come down by 250 basis points. But we are aware of this, and we have only taken steps, and we are negotiating with both the vendors as well as with the customers. So see that the standard margin, which is in the range of 13% to 14% is maintained. So already, we have taken the steps.
- Viraj:** So if I look at the gross, right, there's almost 400 basis points hit on the gross, if I compare year-on-year, we are around 35% as against 39%. So this 400%, how much of this is because of higher import or FX hit? And similarly, at the opex level, what are the costs you would think, which have hit the P&L in this quarter?
- Shyam Sundar Agrawal:** So as I mentioned, the higher cost has been because of -- mostly because of import and the higher exchange rate. And other expenses, you will see that we are now because of this capex, I can like now almost completing we are hiring more of the employees to manage. Even in marketing segment, we are hiring more employees.
- So the employee cost has gone up. Interest cost has gone up because of investment almost INR100 crores, INR125crores capex we have done recently. So there also the interest cost has

gone. Also because of the government removing subvention. So the cost has gone up for the interest as well as some marketing and branding costs we have been doing over the last 3, 4 years. So that is also need to take care of our future growth and development.

So these are all, I would say, in the nature of temporary costs and what we see that going forward with all these units now operational, and we will be adding capacity to these units also in due course.

So we should be generating more revenue from it and then it will take care of the temporary cost which we see now. And as I mentioned earlier that the other cost, which in case of operating margin, which is raw material, we are taking care of this. So doing both sides, vendor as well as the customer side, right?

Viraj: But the impact on the gross, should that reverse from Q3 onwards? Or do you think this will sustain the impact will be there for the rest of the year?

Shyam Sundar Agrawal: No, it should be reducing, going down. So maybe in third quarter, you see a little bit of impact. But by the end of the year, definitely, we should be on track.

Viraj: Okay. So by Q4, we should be back to that 13%, 14% operating margin?

Shyam Sundar Agrawal: Yes, that is the target. We have already taken the action and that is the target, yes.

Viraj: Okay. Second question is, the revenue growth also, we have seen some moderation in this quarter in both domestic and exports. So if you can talk about the demand outlook, both domestic and export and was there any impact of GST transition in domestic market?

Shyam Sundar Agrawal: So I think Rohit can explain on this. So we did almost 13% growth in both the segment, branded as well as private label but the domestic market is looking more optimistic and rest, I think Rohit can explain on this for that, Rohit?

Rohit Mall: Yes, correct. So yes, definitely, there has been some impact on both the markets, so especially like I mentioned, the European market. We've seen some demand slowdown and customers being overstocked with products, largely due to the situation of their economy there.

Trade with the U.S. market, some of the auto car companies shutting down because of Chinese car companies entering into the space and things like that. So that has definitely started showing some impacts. And obviously, the U.S. markets, we all know what's going on with there. So that has also caused some impact.

However, in the domestic market, GST -- I wouldn't say GST has been detrimental to us. It has only improved, yes. Definitely, it made a lot of people pause their purchases for some time because they were expecting some cutback on GST. So that definitely happened where people held back onto the some other purchases for later.

So we should see that revival happening in Q3, which we missed in Q2. So yes, that has happened. But like Mr. Shyam said, this -- the domestic market and our branded market is showing definitely much better outlook than the white label market.

Viraj: But just on the white label business, say, in last 1.5 years, we have set up new capacities and if you look at our overall presence compared to the size of the market we're still quite a miniscule player in exports, right?

But the kind of investment you have been doing and in relation to that, the ramp-up has been taking some more time. And this is also considering that we have been present in those markets for many years where we have long-standing relationships with the distributors and branded payers. So where is the ramp-up? Why is it taking more time than what we thought it initially in terms of scale up?

Rohit Mall: See, some of the things is we are moving into new product lines, so completely new technology. And also, we are becoming pioneers in this technology because there aren't any other players doing this in India, so most of them are importing it from somewhere.

So this is where it's taking time because the only help to us is let's say, our vendors and our own research, which is coming into picture. That is where the -- establishing the new product line is taking time. There, we know the technology and there we know for example, something like a Phase 2 in Chandipur, that happened as per expectation because it was not a new product category for us.

We knew what we were getting into, and we have been doing it for a long time. But where we are getting into manufacturing of our own head protection or PU gloves or PVC gumboots. That's where we are talking about newer subjects altogether, newer materials altogether. And that is where stabilization of the product, of the process, of the pricing and the supply chain that's taking time.

But now this quarter has been good for us because we've been able to establish PU gloves as well as helmets as well as PVC gumboots. And now we'd like to increase our sale for these products.

Viraj: Okay. Last, and I'll come back in queue. So we have launched new products, Protech and nitrile gloves. So any color you can give in the response for these new products in markets. So is quality -- pricing being appreciated in the market for new products? And how do you compare with both quality and pricing versus domestic and export competitors?

Rohit Mall: So this depends on the product category. So if I tell you about PU gloves, which is synthetic gloves, largely, I would say, more than 90%, what sells in the domestic market is imported largely from China, but there's also from Sri Lanka and Malaysia and Thailand and other places.

And it is currently because India does not have a very stringent enforcement on the standard. So people are buying anything and everything and without even proper HS codes and things like that. So a lot of them are able to import it without duty or circumventing it. That is what we are up against.

However, we feel as a brand, as a quality player, we can pitch the product in a decently priced manner. We'll not again be the cheapest of the lot and this is a product which is sold in volumes

but we wish to be the ones who are educating the market and upgrading the market to buy the right kind of gloves in this segment.

But there's a huge segment. We have our own market, which we can -- which now we've been trading, but now we can manufacture and sell. So hoping to improve some profitability there. But also, we can replace some of the importers, some of the Chinese manufacturers by supplying to some of the customers here by Made in India product.

So that's some of our expectation with these PU gloves and PVC gumboots. Helmets is something that India itself makes and that is something that we wish to grow with a wider range of offering right now. So we are very optimistic about all these 2, 3 new product additions. And we see the market, we know the market. And now it's just a matter of capturing the market share.

Viraj: Is it for export also or it's all primarily domestic is the focus here?

Rohit Mall: With these product categories, primarily domestic, but I would say there's a split, I would say, 80% domestic, 20% export is what we are targeting with these product categories.

Viraj: And the cross-sell opportunities possible with existing customers? Or these are for new -- completely new type of customers?

Rohit Mall: No, no, there are definitely. See we are in 1 type of synthetic gloves, which is NBR. We are moving into another. So the supply chain remains similar even for head protection or gumboots. Supply chain is largely similar because all of this come under industrial safety products, so in PPE. So we don't have to establish a new supply chain for these products.

Moderator: The next question comes from the line of Rehan Saiyyed from Trinetra Asset Managers.

Rehan Saiyyed: Just wanted like the -- most of the questions have answered. Just wanted to confirm on the [inaudible 0:25:47] for '27-'28?

Shyam Sundar Agrawal: Sorry. Can you -- your voice is getting muffled in between? Can you repeat your question?

Rehan Saiyyed: Yes, sure, sure. I'm saying this -- I wanted to understand regarding the opportunity of bionematicide. There is kind of a net [inaudible 0:26:27]. So could you just repeat again like that you have done new registration for bionematicide filed in U.S. in quarter 2. So can you share expected timing for approval and commercial launch and project contribution to the bio business revenue in ongoing FY '27, '28?

Shyam Sundar Agrawal: The question you asked is if -- what is the approval cycle for our products with some buyers?

Rehan Saiyyed: Bionematicide?

Shyam Sundar Agrawal: For bio?

Rehan Saiyyed: Bionematicide, for your new registration?

Shyam Sundar Agrawal: Bionematicide, I'm not getting it.

Rehan Saiyyed: I'm saying that bionematicide your new registration?

Shyam Sundar Agrawal: No, I'm not clear about this. No, no, no. I also don't understand what he's asking because we have not heard of any such thing.

Rehan Saiyyed: Yes. Sir I'm asking about your new registration that you have done.

Shyam Sundar Agrawal: New registration? For what?

Rehan Saiyyed: Your new -- for bionematicide filed in the U.S., you have done?

Shyam Sundar Agrawal: Any filing, Rohit if we have done in the U.S., I'm not aware?

Rehan Saiyyed: [inaudible 0:27:52].

Shyam Sundar Agrawal: Waste? For waste management in the U.S.? No, no. I am not aware about this, yes.

Moderator: The next question comes from the line of Rushabh Shah from BugleRock PMS.

Rushabh Shah: So my question is you in the previous call have mentioned that one of the factors for choosing Mallcom would be the after-sale services. I just wanted to know what kind of after-sale services do you provide to a customer? And how much of that contributes towards our revenue?

Rohit Mall: Okay. So firstly, I don't think I'll be able to quantify how much of it will be towards...

Shyam Sundar Agrawal: Hardly anything, Rohit. We are not in the business of providing after-sale service as such, maybe some warranty or whatever we are giving. So there, if anything is needed. Otherwise, it is a simple sale. And in most of the cases, no further services required.

Rohit Mall: No, no. Shyam-ji, just to add here that in terms of services, like these are not any capital goods that they require any such services. What we do is -- we definitely have a product guarantee and a warranty. So if anything happens, your -- to the product during that period, any sort of manufacturing issues. We have no questions asked replacement policy, and then we investigate into the matter. So which is well catered by our dealer community and sales feet on street. But it has to be due to any issues because of the manufacturing issues that we have.

And even in case of our white label business, if there's any sort of defects, any sort of issues, claims which are coming because of anything which is out of the spec, out of the standard and leads to the manufacturers. We comply with whatever is required by our partner brands to ensure that they are not losing their customers. In certain cases, if need be our experts do visit the end user in question also to investigate and find out and give appropriate responses.

Rushabh Shah: Okay. So my second question is you say that you don't make a distributor in the first go. You have certain criteria for selecting a distributor. I just wanted to know what are those criteria got selection of a distributor?

Rohit Mall: So we see how long things like -- these are some of the things, we see a lot of things. We see for how long a distributor has been in this business. How -- what is the size of the business? What

is the structure of their organization? What kind of sales trend they have? What kind of customer connects they have?

What kind of territory they have been involved in? And are they more present in the reseller market or in the end user market? These are the things, what is their financial backing and how much -- have they already done some business in our products through other dealers and from the market, things like that. So these are some of the things.

Obviously, we also look at the -- nonfinancial aspect, non-numerical aspect, the qualitative aspect of the dealer also. How much space do they have in their warehouse or what kind of shop positioning they have? Things like that and wrap over them and a lot of things we consider before selecting a dealer.

Moderator: The next question comes from the line of Viraj from SiMPL Investments.

Viraj: I just have one query. See, we have added 2 lines of the Sanand unit. So we do expect full utilization of these 2 lines? And how many more lines can be -- we will be adding? And what are the time lines for that?

Rohit Mall: So we are expecting that within the next 6 months, we should be able to run this at capacity. And we can go anywhere between 6 to 8 lines in this setup that we have done, but also we have some more land available, which we haven't fully converted into a shed, it can also be done if there need be. And the idea is that within the next financial year, we at least add a couple of more lines and then a year later add full capacity.

Moderator: The next question comes from the line of Manish, who is an individual investor.

Manish: So in the previous call, you have mentioned that we have maintained our EBITDA margin for the rest of the year, the margins have suddenly reduced this quarter?

Shyam Sundar Agrawal: Yes, I've explained already why this is only temporary in nature, and this hedge happened because of a higher increase, higher increase in raw material import and also affected by currency, dollar and euro both going up by almost 5% to 10% during this period. So -- and higher freight also.

So these are all on the short-term basis only, and we are aware of this. So we need to renegotiate with our vendors as well as customers. So we are in the process of that, and the margins should come back to the level we have been operating for so long. And we don't see that the margin as such is disturbed or this is only purely temporary in nature, and we should be recovering this.

Moderator: Mr. Manav, do you have any follow-up questions?

Manish: Yes, am I allowed to ask? Can I ask now?

Moderator: Yes, sir.

Manish: Yes. Okay. Sir, my first question is regarding, again, this margin, the contraction that we have seen in this quarter. So sir, generally, if you see in last, let's say, 5, 7 years, our exports are

roughly 60% of our total sales whereas our imports are roughly 15% to 25%, so the range between various years.

But if currency depreciation would have happened like you mentioned it happened. So it -- so best of understanding if our exports are higher and imports are lower, it should have positively impacted your P&L instead of a negative impact. So I -- so if you can explain slightly better as to what happened due to which we saw such a sharp reduction in margins?

And also, sir, last quarter, when we did this call, there was no indication given whatsoever that the margins are under pressure in quarter 2. So the contraction that you -- that we have seen was sudden or it actually happened during the full quarter?

Shyam Sundar Agrawal: No, it has happened over the half year period. So you will see that during the first quarter also, there was a slight decline in the margin. But in the second half -- second quarter, it was faster. And as you mentioned the import was in the range of 15% to 25%. So raw material import, it has been in the range of 15% only. And this half, we -- it is more. We have more of the import content in raw material, we are importing more. And so it has gone up to 25% for the half.

And second thing is you will see that the sharper decline in rupee value. This is more in this half, not during the earlier years. So there also, we see some impact because you will see that the dollar and euro both -- euro has almost appreciated by 10%. So earlier in March, it was around INR94, INR95 now it is INR102, INR103. So same for dollar. So we have an overall impact of 2.5% for the half year. So that is very much linked to the reason which I just mentioned.

Manish: Okay. So Shyam Ji, in that case, 2 very basic questions. So now in H1, we have done a margin of 10.5%. And so now for the full year, what do you think is possible, sir in terms of margins?

Shyam Sundar Agrawal: This is what I mentioned. We are trying to recover this. So on the both sides, so we are talking with the vendor as well as with the customers also to see that. From both angles, we are able to have the better pricing. And as I mentioned, there should be some improvement during the third quarter. And by the fourth quarter, we should go back to the original profitability EBITDA levels.

Manish: Sir, FY '25, we had a 12.5% kind of an operating margin. You believe that you were positioned to match those margins or better those margins? Is that possible?

Shyam Sundar Agrawal: Yes, basically, as you see it is 10.5%. And so we have to catch up another 2% and 2.5% almost. So that is, I think we should be recovering most of it by the end of the fourth quarter, yes.

Manish: Okay. And sir, my last question is regarding the sales growth guidance as well. Now quarter 2 was tepid and the conditions globally are not improving. So is it possible for you to help us understand what kind of growth numbers we should be targeting for this? Because I believe that the 20% kind of a growth number that you were targeting seems to have not happening. So is it possible for you to provide us to what we should be working for the year, sir?

Shyam Sundar Agrawal: So that should be the target. So for the first half, we have done 13% growth, both locally and overseas. So 20% was our initial target, and we'll definitely try to do that. And there are some

of the, I would say, some encouraging signs happening there. So maybe the tariff issue with the U.S., it might be getting sold and some FTAs also are in process. So things are improving.

The government has also come up with some support for the Indian exporters. So these are a few of the positive signs, which we'd look at. And Rohit, if you can elaborate further on this, yes.

Rohit Mall: Yes. So no, definitely, the exports, what the -- when we started the year and the kind of tailwind that we had, we don't have that at this point, having some headwinds in a way. But like Shyam Ji said, we are still -- we have 6 months to go, and we're still pushing on that target. It will be fair to say that it's going to be much more challenging than what we started the year with.

But at this point, we would not like to comment and settle for a lesser growth for the year. We would still like to be on track. And let's hope that some of these headwinds actually become stable again with some of the things that Shyam Ji mentioned for our export business.

Manish: Okay. Sir, next is, we have done a capex of INR22 crores in the first half. Do we have a number for this year as to what is that you're targeting?

Shyam Sundar Agrawal: So it would be -- yes, already we have planned capex for the next half also. So we should be closing in the range of INR22 crores. We have only done further INR8 crores, may be up to INR30 crores we should be closing this FY. Not much, almost additional INR8 crores also we plan.

Manish: And Shyam Ji, what should be the number for FY '27?

Shyam Sundar Agrawal: It should be -- see the normal investment which we have been doing to increase our capacity has been in the range of INR10 crores. And as Rohit mentioned, we might be adding up some more dipping lines in Sanand. So adding up that, it should be in the range of further INR5 crores to INR10 crores. So it can be anything between INR10 crores to INR20 crores for the next year.

Moderator: The next question comes from the line of Chinmay Nema from Prescient Capital.

Chinmay Nema: Sir, a couple of questions on the domestic business. Firstly, could you give some color on how in terms of pricing, how do you stand again, let's say, companies like Karam safety. I think previously you said you are in like -- in terms of size and operations, you are at a similar scale to them. So are you priced premiumly compared to them? Or is it different?

Rohit Mall: I would say, largely around similar client traffic with -- specifically with Karam, I think they have an advantage in a better brand recall for products like harnesses and fall arresters and helmets. And for us, it's a better recall for footwear and safety gloves. So that's, I think, where both of us enjoy some premium over the other. But largely, I would say, in -- overall in terms of pricing, I think it would be similarly priced and competing in the market.

Chinmay Nema: And sir, if I look at margins, I see that like broadly they operate in the 20%, 25% sort of EBITDA margin range. So is this because of -- I mean, is there anything to make out of it? Is it because

of difference in the product mix? Or is it because that their manufacturing is more outsourcing and things like that?

Rohit Mall: No. Our best analysis would mean that it's because of the product mix because largely, like I said, they are into fall safety, height safety. And those are much higher value items and not a lot of competition in that market. So I would say largely because of the product mix that they're able to enjoy these kind of margins.

And also, I believe they have companies outside the country also. So I'm not sure on overall level on a global level, what is the margin but on an India level, this is what I can comment.

Chinmay Nema: And lastly, I just wanted to understand sir, as we explained, market landscape that there are Chinese products, which are on the cheaper side, and then on the more premium end you have Honeywell and M3. So if you could give some sense around where -- what type of customers do you get your peak demand from. Basically which category of customers pay up for the -- are more compliance conscious and pay up for the certification?

Rohit Mall: So this market segment of compliant customers and aware customers is increasing largely because of a lot of MNCs coming into the country and following their global standards. Also some of the Indian companies becoming larger in size and operation. The BIS getting more strict with the implementation of the standard, the government and PSU getting more vigilant, more organizations and when they come out with tenders on GM portals.

So they are also looking for uncertified products. So I think it's an amalgamation of all, which is leading to -- and also finally, the consumers -- the final user being more aware about the safety standard, about their own health and safety and them demanding for a better product. So all of these things are helping us in more in the organized sector, organized industries and lesser in the unorganized sector. But overall, as a population, we are seeing more of such consumers.

Chinmay Nema: Got it sir. And lastly, if you could give some color on compared to like the Chinese imports what kind of premium you could share, some ballpark numbers on a like-to-like basis that they're your products?

Rohit Mall: So you want to know the pricing difference or what with Chinese??

Chinmay Nema: Yes, the pricing difference in comparison to the Chinese product.

Rohit Mall: Okay. So the pricing difference can be anywhere like even 30% when we compare with the Chinese unregulated stuff versus what we produce in India, yes, it can be 30% or maybe more.

Moderator: The next question comes from the line of Rushabh Shah from BugleRock PMS.

Rushabh Shah Just 1 question from my side. Sir, we have mentioned when the fire retardants are a higher margin business for us. It was only around 10% to 15% or say 20% of our total garment revenue? And you said that the raw material required is not available in India. So in this product line segment, have you seen any progress?

- Rohit Mall:** Yes. That's a very, let's say, high value-added item for us, and we are working with some of the Indian players and mills and accessory providers to substitute this sort of import, and we have been able to get some of these fabrics being developed in India. Now it's not just the fact about development, it's also consistency and the pricing, which needs to match. So we are working very hard on this project. And hopefully, in the next 6 months, we should see the ability to substitute a lot of the imported items to more local -- with more local item.
- Moderator:** The next question comes from the line of Manish, who is an Individual Investor.
- Manish:** I have a couple of questions. So sir, one is our depreciation costs remained almost the same in H1 this year. So this is in respect of fact that we did a huge capex. So I wanted to understand as to how would the depreciation number look like the rest of the year? Second is are we seeing any traction for emerging sectors like semiconductors?
- Shyam Sundar Agrawal:** So regarding depreciation, you will see that slightly it has gone up, and this is only because of - the Sanand unit is starting its operations from September only. So you will have a spike a little bit in -- for the second half. So that has been the major capex. And definitely, the depreciation will go up for the -- now this unit has started operations. And second one, Rohit, you can answer.
- Rohit Mall:** Yes, we are seeing some movements in the newer industries. So we've already like in the last I would say, 5, 10 years, we've seen industries like logistics and warehousing and these kind of things, aviation and such things, food sector, automotive, right? And now with the newer industries also like semiconductors, electric components and these kind of things. That's also rising. Obviously, we are also trying to see what kind of product goes well in these kind of sectors and trying to develop product catering to such sectors as well. So yes, that's happening.
- Moderator:** The next question comes from the line of Manav Vijay from MV Investments.
- Manav Vijay:** I just have 1 question. In the last 5, 6 years, our working capital deployment or I should say, in terms of the days has almost doubled from almost 60, 65 days, now almost 110 days. So one reason that I can think of is because that we are trying to sell under our own brand, which I believe is slightly more working capital intensive in nature. So going forward, what do you think on a, let's say, on a steady business cycle, this number should stabilize at?
- Shyam Sundar Agrawal:** So let me explain you. So how it is happening. One, it is by the nature of business itself. So we are in 2 business of PPE. And you will see that leather gloves is something where you will have the minimum -- working capital requirement.
- So -- but over the years, we have been diversifying into other kinds of products, primarily into garments and safety suits. There, you need to have more of inventory holding because of various logistical reasons, might be we need to import more for the manufacturing of these products, also to take care of lead time.
- And thirdly, it also depends on to which market you are selling. Suppose you are selling near to European customers, then you will have the lesser transit time and lesser credit period requirement.

So over the period, you will see that European market has been more of stabilizing and in the range bound but -- and due to this, we have to go to the Latin American countries, to U.S. and to all these markets, if you are selling, you will have a better -- a larger credit requirement because of the transit time is more.

So it depends on which type of nature of business, you -- which product you are selling more into which market you are selling more. But still we are -- and also to take care of supply chain requirements.

Last year, we had some issues with one of the major supplier, and we -- and due to this, the turnover had also affected. So we are also taking care of that, that we should have enough raw material stock in our possession so that the supply doesn't get affected.

But we are aware of this. We are trying to also minimize the entire working capital holding period. And you will see that during this half, there is improvement, both in debtors levels and inventory levels, so major changes there. So -- and we are targeting that we should improve more on this.

Manav Vijay: Okay. And Shyam Ji, with Sanand become fully operational in September. So what kind of depreciation we should look for from quarter 3 onwards?

Shyam Sundar Agrawal: Yes, should be INR50 lakhs per month. So in the revenue of that only, yes.

Manav Vijay: Okay. So quarter 2 was around INR3 crores going for INR4.5 crores?

Shyam Sundar Agrawal: Yes. Yes.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Rohit Mall: Thank you all for participating in this earnings conference call. I hope we were able to answer all your questions satisfactorily, and at the same time, offer insight 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 manager at Valorem Advisors. Thank you, and wishing you all a great day ahead.

Moderator: On behalf of B&K Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.