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KRISHNA
DEFENCE AND ALLIED INDUSTRIES LTD

Engineering Excellence

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Date: 03.11.2026

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

Symbol: - KRISHNADEF
ISIN: - INE0J5601015

Sub: Transcript of Earnings Conference Call

Respected Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023, please find enclosed herewith the transcript of the Earnings Conference Call held on Friday, 30th October 2026 at 3:00 P.M.

We request you to take this on record.

Thanking You,
Yours Faithfully,

For KRISHNA DEFENCE AND ALLIED INDUSTRIES LIMITED

ANKUR ASHWIN SHAH
Digitally signed by ANKUR ASHWIN SHAH
Date: 2026.11.03 14:36:00 +05'30'

Ankur Ashwin Shah
Managing Director
DIN: - 01166537

"Krishna Defence & Allied Industries Limited
Q2 & H1 FY27 Earnings Conference Call"
October 30, 2026

MANAGEMENT: **MR. ANKUR SHAH – MANAGING DIRECTOR – KRISHNA DEFENCE & ALLIED INDUSTRIES LIMITED**
MR. MANISH SHAH – CHIEF FINANCIAL OFFICER – KRISHNA DEFENCE & ALLIED INDUSTRIES LIMITED

MODERATOR: **MR. SANJEEV – ANTIQUE STOCK BROKING LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Krishna Defence & Allied Industries Limited Q2 and H1 FY27 Earnings Conference Call, hosted by Antique Stock Broking 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sanjeev from Antique Stock Broking Limited. Thank you and over to you.

Sanjeev: Thank you, operator. Good evening. On behalf of Antique Stock Broking, I welcome you all to the 2Q FY27 earnings conference call of Krishna Defence & Allied Industries. I am pleased to have with us today, Mr. Ankur Shah, Managing Director, and Mr. Manish Shah, the Chief Financial Officer. Along with the management team, congratulations to Mr. Ankur and team for delivering strong profit growth in 2Q, and all the best for the future.

So, may I now invite Mr. Ankur to discuss the results, post which we can take the Q&A. So over to you, Ankur. Thank you.

Ankur Shah: Thank you, Sanjeev-ji. Good afternoon to everyone. Thank you for joining us on the second quarter FY27 earnings call of Krishna Defence & Allied Industries Limited. I am Ankur Shah, the Managing Director of our company, and I'm joined with our CFO, Manish Shah and our IR team. We appreciate your time and your continued interest in the company.

Let me start with a few words on who we are. Krishna Defence is an engineering and manufacturing company headquartered in Mumbai. We work towards special steels, metal composites, and defence systems which are used for hull construction of warships, commercial shipbuilding, and also battle tanks for the Indian Army.

Our facilities are based in Halol and Kalol in Gujarat, and our focus has always been simple. Build to specification and deliver on time. The quarter gone by had its share of progress and challenges. Our CFO will take you through the numbers in detail shortly. I'll only say that we continue to learn from each quarter. Where we've done well, we try to build on it. Where we've fallen short, we work to correct it.

On the way forward, our priorities are clear. First, execution, our most important task is to deliver our current order book with quality and on time, in schedule. Second, capability, we are steadily investing in our people, process, and facilities so we can take on more complex and higher-value jobs for the forces.

Third, partnerships, we continue to work with domestic and international partners to bring in technology for manufacturing in India in line with the Government of India's vision of Atmanirbhar. Fourth, discipline, we will grow carefully, keeping a close watch on working capital, cost, and governance. The defence and allied sectors in India offer a real opportunity. They also demand patience, consistency, and accountability. We don't take any of that for granted.

With that, I'll hand over to Manish bhai to take you through the financial performance for the quarter. Thank you.

Manish Shah: Thank you, Ankur sir, and good afternoon, everyone. Let me walk you through quickly the key financial metrics of Q2 FY27. So, we delivered a quarter with standalone revenue reaching to INR753 million, registering a year-on-year growth of 55.7%, basically.

EBITDA has been more than doubled, growing by 119.9% to INR203 million. And our EBITDA margin has also expanded by 786 basis points to 26.9%, marking the highest ever EBITDA margin achieved by the company.

Our EBIT has also increased by 125 percentage to INR207 million, and this has translated into 120 percentage growth in the net profit as well to INR151 million, with net profit margin improving by 590 basis points to 20.1 percentage. So, our focus remains on sustaining these margins while converting our order pipeline into profitable growth.

I'll take a pause and hand it over back to Ankur, sir. Thank you.

Ankur Shah: Yes, thank you very much, Manish bhai. I'll give it over to Mr. Sanjeev-ji just to curate the Q&As that are there. I didn't want to take up too much time on the company introductions. I think Q&A will give us more questions and more interest for everyone on the call. Thank you. Over to you, Sanjeev-ji.

Moderator: Thank you very much, sir. The first question is from the line of Avikshit Vijay from VantageIQ Technologies. Please go ahead.

Avikshit Vijay: Yes, hi, am I audible?

Moderator: Yes.

Avikshit Vijay: Thank you so much for the opportunity and congratulations on a fantabulous quarter. I just had a couple of questions in mind. The first is on the financials. Receivables have spiked this half year and order book has also dropped sequentially. So could you just give us an understanding of how to read this?

Ankur Shah: Okay, great question. So, on the receivables if you see the number, it looks ballooned up. That is because majority of the sales have happened in end of August and in the month of September, and typically our payment cycle is in this 45-60 days. So, most of the payments are being received post 30th of September. So it's just a function of cut-off date that is there.

So looking at our track record for the past about almost 16-18 years that we've been with the Navy or the Armed Forces, we've not had any issue with payment prolonging beyond that. So it's just a cutoff thing. That's what I would like to highlight. So there's no major red flag around it. And on the second book -- on the second piece, we have already a PO book of about close to INR109 odd crores.

And tender pipeline that we have already bid for, right, this is not that tenders are expected, these are tenders that we've already bid for in the range of about INR305 crores. So we see the momentum continuing as what we had forecasted earlier.

Avikshit Vijay: All right, sir, that answers it. The second question is, what does Krishna Defence actually get as a percentage of total project cost? Because now we are seeing that there are a lot of submarine deals that are expected to come through between India, Germany, and countries like that. So how much slice can we get out of it?

Ankur Shah: That's a very difficult piece to answer in terms of percentages, because it's a function of the type of boat or the type of platform that the Navy envisages to build there, very difficult to put a number around that. But in terms of tonnage, we know that the tonnage of the bulb bars and the products that we supply are in the range of about anywhere between 10 to 15-odd percent of the weight of the ship or the platform.

Avikshit Vijay: Okay, perfect, sir. Thank you so much. Have a great year ahead.

Ankur Shah: Thank you very much.

Moderator: Thank you. Next question is from the line of Bharat Gulati from Dalal & Broacha. Please go ahead.

Bharat Gulati: Yes, hi. Thank you for the opportunity. I mean a great set of numbers again. Just a question regarding the order book, you know, we've sort of in the past 4 quarters now seen that our book-to-bill has shifted from that 1.5 to 2 times to now 0.5 times , which you had indicated in the past. So should this be sort of our execution standpoint where the current order book, majority of it would get executed in Q3? Is that what our order book execution pipeline is looking like right now?

Ankur Shah: Yes. So, what I'm trying to say is now the order is on demand from the customer side. So unlike how it would happen earlier where we had long gestation times, where a bulk order was given and we had about 12 to 18 months to deliver, now at a shorter supply side, because we've increased our production capacity. So orders are being put on demand that is there in a shorter deliverable cycle per se. And to answer your question, we expect to close whatever orders that we have on hand surely by Q3. There could be some spill over to Q4, but that's the plan.

Bharat Gulati: Understood. That's really helpful. And just on the current order book, what would -- and the current revenues for the quarter as well, what would the split be between our defence and milk revenues? Is it broadly the same as what it's been in the historical years, or has the split slightly shifted, in terms of more higher milk revenues?

Ankur Shah: No. So the revenues from the dairy segment are below 10%. I don't have an exact number, but it's below 10%. So the historical trend that we had in the range of about 8-odd percent is what I see.

Bharat Gulati: Got it. And just lastly on our new ventures and the VABO JV, where have we progressed? I still can't -- maybe you can help me understand what's been the capex on the JV that's taken place.

Just trying to understand where are we in the capex cycle for the JV and when do we see it showing up in our revenues? Has it already come in? Yes.

And also just the other ventures that we've obviously called out in our presentation, when do you see those ventures coming materially in our financials? Yes.

Ankur Shah: Right, interesting question. So, at the VABO front, the setup is already done. We've invested the required sum, which is about in the range of about close to INR5 crores to INR6 crores in that particular JV to come up. And our approvals are also in place, it's just at the final stages of signing.

And in terms of revenues to come in, if it all goes well, we could book some revenues in quarter 4 of this financial year. So, that's being slightly optimistic, but that's what we hope for. That's at the VABO front. And the other joint ventures with X-Sub Robotics, the company has just been formed. We've just started to build a team around it on the AUV. So that is on progress.

And on TSPL, the Taharabadkar Solutions, it's a developmental project that is there which takes time. So again, team building on that front is going on. Very difficult to put a pinpointed time when revenues will start hitting our book, but in either -- with the latter products, not at least for the 12 to 18 months from now.

Bharat Gulati: Understood. And so last question, if I can squeeze in, our other expenses have shot up significantly. Historically, we've seen some late delay or late delivery charges get booked into that bucket. So, is that a function of some one-off impact of costs over there, or is that something relating to variable costs? Just trying to understand what has caused such an uncertain spike on a quarter-on-quarter and on a Y-o-Y basis. Yes.

Ankur Shah: Right. So, you have to read it in consensus with everything around because the revenues have shot up. So it's a function of that too, plus, certain other products that we are working on, those also have been built in that aspect because that's the head that we can classify things at. So, it's nothing related to LD or per se.

In my opening remark, I said that is something that we are focusing on, that we are not charged any penal provision for LDs that are there. So, it's not provision of that. It's all operations for the factory that have been built into that.

Bharat Gulati: Understood. So, the elevated gross margins have sort of gotten netted off over there. Would that be a fair thing to say?

Ankur Shah: Yes.

Bharat Gulati: Understood, sir. Congrats on a great set of numbers again, and all the best for the future. Thank you.

Ankur Shah: Thank you very much, Bharat.

Moderator: Thank you. Next question is from the line of Ajinkya Jadhav from KRIIS Portfolio PMS. Please go ahead.

Ajinkya Jadhav: Yes. First of all, congratulations, Ankur sir and Manish sir and the team for the great set of numbers.

Ankur Shah: Thank you.

Ajinkya Jadhav: Yes. My first question is, regarding the MoU that we have signed with Belgium from PETA 1. So what will be our role? Will it be manufacturing, or you can say the fabrication part that will be happening in India or in Belgium? So, what exactly are those? Thanks.

Ankur Shah: Yes. So, the MoU is in place so that we could manufacture their products in India, at more so in our factory. And we are working towards doing the setup. Some of it is already done, some of it is taking shape. And the MoU is to manufacture their products into India and export them to their customer countries in Europe and also try to do selling in India, which would be Phase 2 bid that is there. But for now, it's all about manufacturing in India and export to Belgium.

Ajinkya Jadhav: Yes. Got it. Second, regarding the update that you have given in the PPT, we have signed another MoU with the Defence Prime for the development of supply of ammunition components. So, can you throw some light on this?

Ankur Shah: Yes. So, these are specialized steel components which require a special chemistry of steel, hardened steel which shouldn't crack out of certain usage that is there. And they require specific machinery, precision machinery products. So, these will be used for making arms particularly, if I can be more specific. I mean, not able to do the defence, right, because of the NDAs that we have in place. But it's a major player. This is a new area that we are working towards.

Ajinkya Jadhav: Got it. And the last one is, regarding the -- what is the update, like the one which we are making in our facility, and most recent ToTs that happened for this underwater technology?

Ankur Shah: I missed the first part of the question that is there. Could you just repeat that for me, please?

Ajinkya Jadhav: Yes. One prototype that we were making in our plant for the underwater, so what's update on that?

Ankur Shah: Yes. So it is under construction as we speak right now, and it's going on. And, see, NIO Goa, or CSIR, which comes under CSIR, that's the National Institute of Oceanography. So we've taken a ToT for them, for the product that they've already built, which will help us build more platforms, right?

The traditional products or the design of the platforms remain the same whether you make a larger model or a smaller model. It's all about using the same engineering, so that just fastens our process, shortens our development cycle, and hence the ToT from NIO Goa or CSIR Goa.

Ajinkya Jadhav: Got it. Yes. Thanks for answering my questions.

Ankur Shah: Thank you.

Moderator: Thank you. Next question is from the line of Karan from AL Enterprise Limited. Please go ahead.

Karan: Yes. Hello. Am I audible?

Moderator: Yes.

Ankur Shah: Yes. You are, sir.

Karan: Yes. Thank you for the opportunity and the results were really well. And thank you to the team and everyone. I wanted to ask whether the margins that we have received this quarter, they are phenomenal, right? And will we be able to maintain those margins going forward, or will it be difficult for us to do that?

Ankur Shah: Sir, how will it be difficult if we achieve it once? We'll try to maintain. So, always you want to improve from what you have done. We've had a good product mix at this point of time, and hence it is reflected in this very evidently. But some of the changes, some of the additions that we've done at factory, we see that we will be able to maintain around these level margins that are there. Again, this is not an affirmation. We try, it's always you strive towards improving or making it better.

Karan: Yes. And tender pipeline, will that increase going forward in the next two quarters?

Ankur Shah: I hope so. It should, right? We've started such a big factory, we've set up such a big team, we set up. So, we are also hopeful that will continue to grow. And with the way the Government of India's vision is there to highlight ourselves as a major power in the Global South, we will have to keep doing that. So, I don't see that will not happen.

Karan: And one last question. With VABO, we have a deal, right, which we have already set up. Any kind of revenue that you are expecting next year maybe that we can expect from that factory?

Ankur Shah: Yes. We are very positive and hopeful that we should have something in quarter 4 of this financial year beginning.

Karan: Okay. Thank you very much.

Ankur Shah: Thank you very much. Appreciate it.

Moderator: Thank you. Next question is from the line of Sravan from Sympere. Please go ahead.

Sravan: Hello?

Moderator: Yes, you are audible.

Sravan: Okay. Yes. So, my question is -- my signal wasn't great. I know that the question was answered. But can you explain me about the order book? There's a drop in order book, it's INR109 crores. So, could you kindly explain on that?

Ankur Shah: So, A, firstly, I don't agree that it's a drop that is there because last quarter was about INR110 crores per se. While we look at the order book in unison that it's also important to assess that

we've been able to execute orders much faster. We did a INR75 crores revenue in this quarter itself. So, our execution has improved, that is there.

And like I answered earlier, if you see the tender pipeline, that's about INR305 crores. So, these are bids that we've already submitted our offers for. So, these are also shaping up. All- in- all, I would like to say to the house that what we have envisaged, that we will continue to grow at about 30%, we are on track to achieve those numbers. And it's evident from the first half year that we've managed to come close to those numbers.

Sravan: Okay. And in terms of EBITDA margins, the 25%, 26%, is that sustainable for the entire year?

Ankur Shah: Yes. With the product mix in place, there are some products with high margins, some products with slightly lesser margin. So, the product mix is maintained, and which we strive towards. The way things are looking, we see that we will be able to maintain that. We make all our efforts to maintain that.

Sravan: Okay. And with the order book slowdown, I've seen a lot of dockyards also, shipyards, where there's been a slowdown in order book right from the government's disbursement. So do you see a lag in order book moving forward? Only if shipyards get in, you'll get the order book flown in?

Ankur Shah: So I wouldn't see it just totally like that. There are several other projects that we do apart from that since we are with the Army and some other projects that we are doing for the Navy. So we've tried to have a basket of products that if one of the products slows down, we still have our factories running.

Sravan: Okay. And the yearly guidance, are we on track to meet it? Because this has to be a H2-heavy year, because right now we've done around INR130 crores -- roughly INR130 crores in terms of revenue, and we'd have to do another INR180 crores, INR190 crores in the second half to meet, to reach the guidance. So, will this year be H2 heavy, and are we on track for it?

Ankur Shah: So, guidance is revenue and also numbers in terms of profit, right? So we've been able to work on those things. So, we are selectively trying to work on both the edges. As I said, it's just not about revenue, but it's also in profitability, how we are able to grow. The focus is very clear.

We have to continue to grow at the 30% that we have done. Also, with the order book that is there what would happen instead of getting a chunk order for INR100 crores or INR80 crores earlier, the orders are coming in smaller piecemeal that is there. So it doesn't look like a big order coming in.

But they are coming in smaller pieces as it's coming on demand. I explained that earlier, so that's the thing that I wish to add on to. Also, you mentioned about slowdown on the Government of India side. This could happen per se, but for us, the commercial shipbuilding is something that is picking up. We are supplying to a few orders that we run commercial shipbuilding. So because we have an array of products, I think, we should be able to manage the growth that we have forecasted.

Sravan: Okay. And assuming that these orders are coming in on-demand purposes, I assume that the execution will also be faster, if I'm not wrong. So, the INR100 crores order book can be executed any timeline on that, execution timeline?

Ankur Shah: So, it -- most of it we hope that it will be done within H2.

Sravan: In H2?

Ankur Shah: Yes.

Sravan: Thank you that's it from my side.

Ankur Shah: Thank you.

Moderator: Thank you. Next question is from the line of Bhavya Gandhi from Bajaj Alternate. Please go ahead.

Bhavya Gandhi: Yes, hi. Thanks for the opportunity. And congratulations, Ankur, on a very good set of numbers. A couple of questions, Yes, from my end. One is regarding the product mix that is there in the current quarter which has led to 27% EBITDA margins, commendable margins on that front. So just wanted to understand beyond Bulb Bars, what are the other products which are contributing to higher margins?

Ankur Shah: Yes, this is all top secret, if I can tell everything on the lighter side, Yes, we have products for the welding wire which are higher margin products per se. So, and a few other products that we are doing for the army. So that balances off, and if the particular category revenue for that quarter is more, you will see an uptick in the EBITDA levels that is there.

All- in-all, if I have to see, it's very difficult to compare on a quarter-to-quarter basis, but if I would see on a general year-on-year base, on every base EBITDA from last year, we'll continue to improve upon.

Bhavya Gandhi: Wonderful. And also wanted to understand, since, CCS given approval for NCC, can we see now fast-track approvals coming in for the other projects, naval projects as well? Because that last one year was a lull period. And can we see sort of fast-track CCS approvals coming, forward, going forward?

Ankur Shah: Yes, this is something which is not in my control. I hope what you're saying is true, and we hope so too, that the approvals go on faster. But I have no control or no say in this matter.

Bhavya Gandhi: But basis the order preparation, you have got any ground-level sense, understanding if the naval dockyards have started sort of ordering for Bulb Bars or are gearing up for the future orders?

Ankur Shah: So, the public data that's available to you is the same data that's available to me, Bhavya. So nothing specific around that, but I see that it will -- the ball has started to roll again. That's how I would put it.

Bhavya Gandhi: Got it. And just last thing on the various MoUs and technology acquisitions that you've done, is there any broad opportunity size or broad numbers that you would like to share? What could be the next leg of growth look like for Krishna Defence, from the new MoUs that you've signed?

Ankur Shah: So, we are an engineering company, as I started with, right? So we continue to strive on the field of product development, indigenization, or Atmanirbhar, under the Make in India program for the government. So we are continuously focusing and trying to develop products that are being imported by the forces.

So we will continue to do that. That's how we increase our product basket. We de-risk ourselves from being a one-product company, and we have various products that we can categorize at. And one another couple of verticals that we have done with our acquisitions or MoUs are in the space of autonomous space that is there, because we believe very strongly in the underwater domain awareness or the UDA that is there, or maritime domain awareness with the UAV, with other platforms that we have, developing with the Navy.

And the Smart Ammunition Platform, because these two are going to be the verticals that we'll be focusing on. These are all developmental projects. The fruits -- we are sowing the seeds for it. The fruits will come in a couple of years from now on, but we have started to work towards that.

Bhavya Gandhi: Excellent. Thank you so much and all the very best for the future.

Ankur Shah: Thank you.

Moderator: Thank you. Next question is from the line of Ashish from Wealthyvia Ventures. Please go ahead.

Ashish: Hello, am I audible?

Moderator: You are audible.

Ashish: Yes, so congratulations on good set of numbers. So my question is regarding the Waveoptix Defence Solution, stake which you have. So what is the current revenue contribution and pipeline from Waveoptix, and have there been any follow-on or production scale orders from Indian Navy or Ministry of Defence?

Ankur Shah: Your voice is very bleak, there. But what I could gather is you're asking certain, regarding to Waveoptix, right?

Ashish: Yes, so revenue contribution and or are there any orders from Indian Navy and Ministry of Defence?

Ankur Shah: Waveoptix, yes, we are serving orders for the MoD around that is there. So because they are an associate company, though no revenues come in our books around with that. But as a standalone for Waveoptix, they've been -- they've continued to do what they've been doing, and they should also grow at about 20-odd percent on a year-on-year basis. Very difficult to compare on a quarter or on a half-yearly basis, but on a year-on-year basis, they will continue to grow 20% plus. Big orders from MoD because that is what they do.

Ashish: Okay, got it. So next question is regarding special steel alloy welding wire which you have. So what is the total addressable market in India for it? And like, also, is there any -- are there any export orders for the same?

Ankur Shah: Very difficult to put a number to what the addressable market is because it is a function of the number of platforms being built by the users. Navy in this particular case that is there. And these are all evolving designs because it's not a cut, copy, paste product that is done. So very difficult to put a specific number, but we are approved source. So whenever the requirement comes in, we will be one of -- we will be the vendor that will be considered. That's something that I wish to say. So that's, and I missed your second part of the question, please.

Ashish: Exports ordered for same, like steel alloy welding wires.

Ankur Shah: So, because these are specially developed grades with the DRDO, currently we are not allowed to export them.

Ashish: Okay. Also, when do the deliveries for these products commence?

Ankur Shah: Which products, sir?

Ashish: Alloy welding wires itself.

Ankur Shah: We are already having that. We are already supplying them. They are part of our revenue.

Ashish: Okay, I'll have a last question. So it is again regarding Waveoptix. So, are you exploring or actively developing quantum key distribution hardware or secure cryptographic transmission channels for tactical defence lines?

Ankur Shah: Yes, quantum, no, we're not doing quantum over there. That's -- so we are working on modules for conversion of radio frequency to optical fibre and optical fibre to radio frequency. So that's the strength that we are working on. That's the special skill set we've developed in Waveoptix, and we are looking to work towards that.

Moderator: Thank you. Next question is from the line of A. Sriram from ithoughtPMS. Please go ahead.

A. Sriram: So, can you give a rough idea on how many companies have approval from MoD to supply Bulb Bars?

Ankur Shah: Two.

A. Sriram: Okay. And can you give a rough approximate market size you see for Bulb Bars and shipyards?

Ankur Shah: So very difficult to put a value number to it, as I mentioned earlier, because it's a function of what kind of a platform, what size of a platform, and the design features that the Navy or the shipyard will do. But roughly, just to get a number, it's in the range of about 10% to 15%, depending on the ship and the class vessel that is being designed, of that weight of the ship that the Bulb Bars are used.

Moderator: Thank you. Next question is from the line of Shiv Kapur from Nirmal Bang Securities. Please go ahead.

Shiv Kapur: Hello? Final question. I just read the order book, so it's clear now. That's fine. Thank you.

Moderator: All right. Thank you. Next question is from the line of Ayush Mishra from Consortium Securities. Please go ahead.

Ayush Mishra: Hello, sir. Thanks for the opportunity and congratulations for the number. So, is it possible to give a product-wise breakup of contribution to revenue?

Ankur Shah: Yes, Manish bhai, can you just help that in at least percentage terms?

Manish: Shah: Sure, sir. So, but I missed the question. What was that?

Ayush Mishra: Product-wise contribution to the revenue, sir.

Manish: Shah: So, I think at a high level, if I have to say defence products generally contribute to total 92% of the revenue, 92%-93% of the revenue. And the dairy products that you see, they contribute to nearly 7% to 8% of the revenue that we have.

Ayush Mishra: Sir, actually, I wanted to ask, within defence, like how much Bulb Bars contributes, how much welding consumables contributes, sir?

Ankur Shah: So, Bulb Bars contributes about 55%, some 55%-60% that is there. The armoured steel that we give for the Indian Army is in the range of 15% to 20%. The welding consumable is in the range of 15% to 20%, and then rest is other products that we are doing.

Ayush Mishra: Okay, thank you, sir. And sir, second question was regarding the PLI scheme. Like, we were expected to receive some benefits, so is that started or it is not yet? And if it's not yet started, like, how much benefits we can see from that scheme, sir?

Ankur Shah: So, PLI scheme, we've applied and we have already been awarded the PLI for particular things. See, PLI is for expansion that you do and for the additional tonnage that you manufacture. So, all that will fructify from FY28 onwards. So, we start to see the incentive structures coming at that point of time.

Ayush Mishra: Okay, got it, sir. And sir last question, you understand business more better, but I was just wondering like if the commercial side is scaling up, so is it something possible that we can take advance from the customer in the commercial side and reduce our working capital pressure, which will also improve our CFO. So, is there a culture of advance from customer over there?

Ankur Shah: Currently there is not, but we've been trying with the -- from some shipyards and they have been -- they have given percentage advance in the range from 5% to 15%, 5%, 10%, 15%. So, this is what we are striving for. Some cases that have been accepted, some cases have not been accepted, but we are working towards that. That's a good suggestion.

Moderator: Thank you. Next question is from the line of Aniket from NV Alpha Fund. Please go ahead.

Aniket: Hi, good afternoon, sir. Thanks for the opportunity and congratulations on a good set of numbers. I had, two-three questions. One was product mix that has been answered. Basically, one question was on the announcement by DAC that there's been an AoN that has been signed. So, could you, from the Navy's point of view, could you throw some light on what kind of platforms have they planned and how it will impact us.

And also, from the Army side, maybe on the armoured sale and from the smart ammunition point of view also. And second question is on basically further capex guidance. Your revenue potential is maybe around INR400 crores, so maybe what would be the capex next year and this year? These are the two questions that I have.

Ankur Shah: So, let me take the second question first. That's a shorter answer. As you mentioned, yes, we have the capacity to get to INR400 crores plus revenue. So, capex for our existing product range, for setting up a new plant or something may not be required. We keep doing improvements in the current infrastructure that we have. So those -- what will be the incremental capex that we will continue to do, which any industry should do all the time. That is the second part of the question.

The first part that you asked is out to the DAC. So, you'll be glad that at least we are in the range that is there in terms of the naval ships, in terms of the battle tanks that are being done, upgradations happening on that front. So, we are very much in there. Smart ammunition is something that the forces are looking at. So, we've started to work on it from before, right?

So, when the actual bigger requirement starts to come in, we are there. So, we've started to work on it, but to pinpoint and say how will be in the revenue impact, that is, it might be very difficult at this stage because these have just been cleared. The detailing of that will start to flow in a few months from now.

Aniket: So, sir, we have this next class of destroyers, that, these P-18 or P-15C, and the next class of submarines, P-75I. So, any information on that? When can the orders come in from these two platforms?

Ankur Shah: They don't place order; we don't build destroyer submarine. That orders go to the shipyard. So, once the shipyards have the order, then they will place the order on us.

Aniket: Yes. So, when can we expect that these orders will come to the shipyards?

Ankur Shah: How can I tell that. But it should happen. It's been cleared, right? So, it's a matter of time that will happen.

Moderator: Thank you. Next question is from the line of Basant Bansal from NBG Investments. Please go ahead.

Basant Bansal: Yes, good afternoon, Ankur bhai. I just wanted to know how many different kind of components or products you are manufacturing. See, where I am coming from, I see that the value of your plant and machinery and equipment is around INR20 crores and your turnover is more than

INR200 crores. So, which translates into asset turnover of around INR1,230 crores. So how many different kind of products, components you are manufacturing?

Ankur Shah: The entire product range we have disclosed and put in our presentation, the entire product range that we are doing. Bulb Bars are very different sizes; weld consumable has different sizes. So that will be a matter of detailing that is there. And to answer your question on the asset terms, we are also doing a lot of outsourcing activity which are for non-critical operations, right?

Because we want to make sure that we are doing only the critical operations where you cannot -- no one has that equipment. We have tailor-made machines for a lot of the equipment's that we are -- lot of the products that required in terms of furnaces, in terms of certain special processes that we are carrying out. But there are several non-critical processes like cutting, painting, shot blasting, which we are outsourcing. So that is something that I'd like to highlight on.

Basant Bansal: Okay. So, then this kind of asset turnover is sustainable?

Ankur Shah: We'll strive to make it like that, sir.

Basant Bansal: And can it also increase?

Ankur Shah: I think, in someone, previously answered the question that was there, asked the question. In the current setup, we see that we can get to in the product range about INR400 plus crore revenue. So that's the number that we can do from our current capacity. INR400 crores to INR450 crores with the incremental capex that we are doing.

Basant Bansal: Okay, now the next question is on trade receivable side, which has increased from INR35 crores to INR89 crores. So, any particular reason for that?

Ankur Shah: Yes, I just answered that question. So, majority of the revenues were booked in end of August and in September. Hence, as a cutoff thing, that looks slightly higher. And because our payments come in about 45 to 60 days post-dispatch, a lot of the payments have already been received, that is it. But it's a cutoff thing as we speak.

For the track record, if you see, we've not had a single kg of rejection once the goods are dispatched from our factory. It's because it goes under a 4-stage process, in-process inspection. So, there's no issue as such, it's just a matter of cutoff that it came through here.

Basant Bansal: Okay. And last thing from my side.

Moderator: I'm so sorry to interrupt, Basant. Can you please rejoin the queue for follow-up questions?

Basant Bansal: Just one question. The loans and advances have also increased from INR5 crores to INR67 crores. So, what does loans and advances include?

Ankur Shah: Loans and advances include INR67 crores.

Basant Bansal: INR67 crores as of September 26th?

Ankur Shah: I can't hear your question, sir.

Basant Bansal: No, loans and advances is INR67 crores as of September in your other assets?

Manish: Shah: So, from -- I don't know from where you are getting the numbers. Manish is here. We don't have that sort of any long-term loan or anything like that. And I also wanted to point it out that when you started the conversation, you said the asset size of plant, my plant and machinery, of INR20 crores. That is also a little incorrect. Our property, plant and equipment is in the range of INR38 crores as of 30 September.

Basant Bansal: The number which I shared was of 31st March. I did not have breakup as of 30th September, but anyway, I understood. Thank you very much.

Moderator: The next question is from the line of Nishita from Sapphire Capital. Please go ahead.

Nishita Hello, am I audible? Yes, so I wanted one clarification to a participant. You mentioned that the current orders we expect to close by Q3 only, and to another participant you mentioned by H2. So, I just wanted to understand, when are we expecting the current orders to execute like in H2 or in Q3?

Ankur Shah: Yes, so I said we will do most of it in Q3, some will spill over to Q4. I thought that was a longest answer. So, I said we'll do it in H2, right? So, we combine…

Nishita: Okay, understood. And my next question is, so this INR305 crores of pipeline that we've bid for, when can we expect these orders to come in? And what is our win ratio generally?

Ankur Shah: Our win ratio is generally in the range of about 50% per se, and we expect hopefully, if all goes well, in about 3 to 6 months we should have all these orders with us, if we are the winner, declared winner, of course, subject to being declared winner.

Moderator: Thank you. Next question is from the line of Shashi Ranjan from Anandhan Capital. Please go ahead.

Shashi Ranjan: Thank you for the opportunity. Congratulations to the entire team. The question is, what is the extent of order flow we are expecting from the commercial vessels? This question comes in view of the Government of India going very serious about the commercial vessels like large LNG and other commercial vessels.

Ankur Shah: So great question, and I'm glad that you asked that. Let me share that we've already started to supply for some commercial ships of course, orders have been smaller so far, but I -- with the tender inquiries and the flows that are coming in, we see that growing up, right? We see that going on the commercial shipbuilding because the government has a very clear motive that we want to try to focus on shipbuilding and bring our country in the Top 5 in the shipbuilding foray that is there.

How will -- how fast that will translate to me, sorry, sir, very difficult for me to give a very specific timeline that is there, but I would say action has started. It's just how fast these things materialize. Remember, this is like a heavy capex to build the ship, so on and so forth.

It's easy to say that I will do these things, but to be able to build a large vessel, we need that kind of infrastructure and a lot of accessories and auto ancillaries in industry to work around it. So that is something that will mature as we move forward. It's not going to happen tomorrow, but it will start to happen eventually.

Shashi Ranjan: Thank you, sir. I understand that the product profile that Krishna Defence is having will surely suit to these demands. Just can you help me understand the margin that is there in the commercial vessel manufacturing versus the defence one?

Ankur Shah: So, we don't manufacture vessels, we supply the Bulb Bars and other profiles that go for this. So, in terms of percentage, the margins are almost the same as the naval ones.

Shashi Ranjan: Okay, thank you, sir. Just last one, if I am allowed to squeeze. Any visibility on the doors and hatches retrofitting in the naval ships?

Ankur Shah: Yes, that's exactly why we are doing -- we've done this entire investment, done the joint venture, so we can go in for retrofit. That is a definitely on the cards that is there.

Moderator: Thank you. Next question is from the line of Manish from Canara HSBC. Please go ahead.

Manish: Congratulations on great set of numbers, sir. My question is, the new RFPs which are being announced for the Bravo as well as the Corvette that was just released, what kind of a work share will you be having in it? And for your doors and latches and hatches segment, is there already -- it is in place in, those segments already?

I mean to understand that, there the Navy is already looking at to use those kinds of products that you are delivering in the hatches segment, or they will be still using the older one?

Ankur Shah: Okay, the first part of your question these orders for the destroyers, Corvettes already come, the destroyers also will come through. We will definitely have a contribution to that. Very difficult for me again to put a number on how much will that value be because the functional design has just been signed and so on and so forth. But be rest assured, we will have some contribution in that. That is one bit.

And on the door hatches, currently Navy is using steel doors and hatches. Most of the European Navy have moved away from steel door and hatches to composite because they're much lightweight and easy to use, easy to repair. That is there, and that's what the Navy is looking to introduce in the Indian naval system. And we have -- our approvals are almost in place. It's just at the final step. Once that happens, we will have an opportunity to supply those for both new and retrofit ships.

Manish: Okay, second question is you have an order pipeline of INR300 crores, INR100 crores that you are saying that will be booking next year -- in the next coming quarter. So, to maintain a run rate of 30%, next year in FY28, how do you see new growth happening? Because we'll be needing another INR300 crores, we'll be needing a fresh order book also.

Ankur Shah: Yes, of course, we will need fresh order and they're coming in, right? So, if you see, this is six months, right? What we are talking about, FY28 is 18 months away from here on, right? So that will keep growing, right? And I'm sure all of us over here agree that there's not going to be that we are not going to stop spending on defence or stop spending on commercial shipbuilding or just become, do nothing, right?

So that eventually will happen. And it's happening around. It may be happening at an up and down pace with the orders size being reduced that is there. But if you see our revenues and the books that have been continuously growing, that is what we envisage.

Moderator: Thank you. Next question is from the line of Dipen Vakil from PhillipCapital. Please go ahead.

Dipen Vakil: Hi, thank you for the opportunity, sir, and congratulations on a great set of execution and margins. So, my first question is on the lines of, so in your PPT you have mentioned about your robust new business prospects and also strategic expansion. So, sir, can you help us understand which ones would be the low-hanging fruits in terms of the new business?

And/or maybe if you can explain the timeline as to when, which business can come into operationalization phase first. So, and how is the opportunity that we are looking at from these new expansions? That would be my first question.

Ankur Shah: Yes, okay. So, the new business prospects that I've covered, there are two line items we talk about, specialized weld consumables and additional components and imported steel products. These are clearly the lower-hanging fruits that are there because most of our existing infrastructure could help us do that with some addition as we move forward.

The other two pieces, which is the smart ammunition and the underwater platforms, these are more developmental things which could take anywhere from some more time before we can actually see revenues coming in.

Dipen Vakil: Got it, sir. And amongst these new prospects and even the collaboration with foreign players that you are looking at, where do you expect the biggest opportunity to come from?

Ankur Shah: The biggest opportunity surely is in the underwater space and the smart ammunition space. These are very, very -- with a very large addressable market, that is there, and we seek to strive to make a small place for ourselves in this large domain area.

Moderator: Thank you. Next question is from the line of Shivam Parakh from ValueWise. Please go ahead.

Shivam Parakh: Yes, hi sir, thanks for the opportunity. So, first question was, what was the contribution from WaveOptix and Conceptia with regards to sales and profit specifically? And second was like ammunition business in India is booming. It has like seen a 1,600% increase in exports to European market specifically.

So, when can we expect over the long term, in next three-four years, can we expect some revenue contribution from the same? And secondly, what was the addressable market for it? And is it only for the domestic market or for both domestic and export markets? Thank you.

Ankur Shah: No, you asked this question about which product, sir? I missed that bit.

Shivam Parakh: For the first question or second question?

Ankur Shah: No, second one, sir.

Shivam Parakh: For the ammunition component business.

Ankur Shah: Ammunition?

Shivam Parakh: Yes.

Ankur Shah: Yes. Oh, so ammunition is currently under development. This is a smart ammunition that we are working towards, another -- with another company. This is smart ammunition for the naval guns that we are doing. It's under development, and this definitely has an export potential too, not only for India but also has an export potential because it's a NATO-approved ammunition. So we will have an export potential to go towards it. And on the first part, WaveOptix and Conceptia both are associate companies, so their contribution to revenue is not there. It's only at the P&L side the numbers will be highlighted.

Shivam Parakh: Okay, so the smart ammunition was being done by Taharabadkar Solutions . But in the Investor Presentation, you had mentioned like you had done an MoU with a defence side. So, for that ammunition-specific business, I was asking the question, so what is the addressable market?

Ankur Shah: Addressable market is, we are doing certain components. Very difficult to put a number because it's very, it's classified. We may not be able to reveal too many details around that for now.

Shivam Parakh: Okay. And it's only for domestic or for both domestic and export markets?

Ankur Shah: Currently it is for domestic, sir.

Moderator: Thank you. Next question is from the line of Nikhil Purohit from Fident Asset Management. Please go ahead.

Nikhil Purohit: Yes, thanks for the opportunity. Congrats on the strong set. Sorry, if my questions are repeating. I just joined a little bit late. So, what's the Bulb Bars volume expectation for FY27 and FY28? Can you also break it down where it is coming from? Like, I understand you're aiming for 30% growth over the next three to five years, but just wanted to know in volume terms.

Ankur Shah: Volume, as in volume, what is the thing? Very difficult to put which customer will give me which volume, but we have about five DPSUs and one private shipyard, so the volume is likely to come from there itself.

Nikhil Purohit: Okay, and what is the Bulb Bars volume expectation for FY27 and FY28?

Ankur Shah: So, we will continue to grow at 30%, that I mentioned. That envisage that we will continue to grow in a 30% manner from there on.

Nikhil Purohit: Okay, got it. And can you specify how much will be the total, maybe ton requirement for NGC and maybe P-17D orders, like, and will it be still a 50% distribution from, like, between the competitor and you that will continue?

Ankur Shah: Oh, since the designs are to be finalized at the shipyard side, I may not have a very specific number, what the tonnage requirement will be there, but we will have some share, and I hope we will have at least a 50% share from there on. From the contribution.

Nikhil Purohit: Okay, so 15% to 20%, sorry, 10% to 15% that you mentioned, given to Bulb Bars order, will that continue here or will it be higher, lower? If you can just give that estimate.

Ankur Shah: It's a function of, you know that in every building you require certain percentage of steel depending on the height of the building. So similarly, it is the weight of the ship that about 10% to 15% of Bulb Bars will be required. That cannot increase or cannot even decrease, right? It cannot become 50% or cannot become 2%.

Nikhil Purohit: So that range will remain, that's what you're trying to say?

Ankur Shah: Yes, it will remain.

Nikhil Purohit: Okay, got it. And just one last question. We have a 50,000 square feet land, I think, and my question is on how much expansion happens in tons for Bulb Bars. So, from the current 4,500 tons on this land, how much happens in welding armoured steel and Bulb Bars? Can you just give the capacity details?

Ankur Shah: So, as I mentioned, the 50,000 square feet of land, that is additional land that we have procured, not our existing land is 50,000. That's the additional land that we have procured, so that for our future expansion that we need to cater to. And in terms of tonnage for the Bulb Bars, we can do about -- annually, about 4,000 tons to 4,500 tons.

At the weld consumable level, we can do about close to 500-odd tons, but again, very specific, very different grades. Electrodes are very different compared to wires, so very difficult. I'm just giving you a very, very broad range, sir.

Nikhil Purohit: Got it. So that 50,000 square feet land, I understand it's an additional land. I'm asking, when we expand, where can we take this 4,500-ton current capacity to, is the Bulb Bars reach?

Ankur Shah: So, the current expansion will be used for the other work that we are doing, and we will work on Bulb Bars expansion probably after a couple of years from now on. Currently, we're not working towards that, setting up a new facility or something. We will be doing improvements or incremental changes in that process improvement, automation. That is something that will do, but not set up a new line or a new facility.

Nikhil Purohit: Got it. And just one last question, sorry. Receivables have increased massively. What happened here? And for the full year, are they expected to come back to normal levels?

Ankur Shah: So, I'll answer the second question. For the full year, as expected to come back, we hope it will come -- it comes back. Of course, definitely, that's how we strive towards. And, we had majority

of our sales for quarter two, that came in end of August and in September, but our payments have been coming in 45-60 days. But it's a cutoff thing, and that's why it looks slightly higher as a cutoff on the 30th of September.

Nikhil Purohit: Got it. So, timing difference. Okay, got it. Thank you so much. Those are my questions. Thanks.

Moderator: Thank you. Next question is from the line of Axay Shah from VVD Asset Managers. Please go ahead.

Axay Shah: Congratulations on good set of numbers, sir. And sir, I wanted to understand that in, defence shipbuilding, we are only one of the two players approved, so our bargaining power is very high. How is the situation in commercial shipbuilding? Because in my knowledge, there Bulb Bars is also imported from outside the country. So how do you see it?

Ankur Shah: So, you're right on the first part. At commercial shipbuilding, currently we are, the approved source, even for commercial shipbuilding as we speak, because we have the licensing with ABS and the various other ship classification societies that are required. Import is not allowed for these Bulb Bars unless it's towards an export-specific order, then, because then comes under advance license, but otherwise it is not permitted.

Axay Shah: So, for commercial shipbuilding also import is not allowed? That is what you are saying?

Ankur Shah: For domestic, no, but if it is for an export vessel on advance license, you may be permitted to import.

Axay Shah: Okay, and how much players are in India that has got approval for commercial shipbuilding worldwide?

Ankur Shah: Currently, we've got.

Axay Shah: So, there is no another player that has got the approval for the same?

Ankur Shah: Not that I know of, sir.

Moderator: Thank you. Next question is from the line of Avikshit Vijay from VantageIQ Technologies. Please go ahead.

Avikshit Vijay: Thank you for the follow-up. I just had one question. Do we have any exports right now?

Ankur Shah: Exports are for the Belgium barriers that we are doing, and also for VABO, we will be doing certain exports. So, these are the two export products that could happen.

Avikshit Vijay: Okay. And how do we see the export mix going forward?

Ankur Shah: So, it has just started. These both products have -- the volumes are too low right now for us to estimate on what percentage it will be of the revenue.

Avikshit Vijay: All right, sir. And does this accompany high margins, by any chance?

Ankur Shah: These are almost same margins as we are doing for domestic, but with a slight improvement.

Avikshit Vijay: All right. Thank you so much.

Ankur Shah: Thank you.

Moderator: Thank you, ladies and gentlemen. We will take that as the last question for today. I now hand the conference over to Mr. Sanjeev for closing comments.

Sanjeev: Yes, thank you. Along with the management team, I congratulate Ankur for delivering strong profit growth. And thank you for giving us an opportunity to host the conference call. And now hand over the call to Ankur for any closing comments, and then we can close the call. Thank you.

Ankur Shah: Yes, thank you very much, Sanjeev-ji, and thank you all for your questions and for your time today. I'd like to thank our team for their hard work and our customers, partners, and their confidence in us. I also, a big, big thank you to all our shareholders for the trust and the patience that they have shown.

And if there are any further questions, you can get in touch with the IR. If I missed out any question, you could check with them. Once again, a big, big thank you for listening to me patiently and having the trust in us. Thank you.

Moderator: Thank you very much, sir. On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you all for joining us today. And you may now disconnect your lines.

Ankur Shah: Thank you very much.

Manish Shah: Thanks. Thanks everyone.