Company Name: Global Surfaces Ltd

Quarter under review: Q1-FY27

Global Surfaces Ltd – Q1-FY27 Concall Highlights:

Global Surfaces Ltd (Consolidated)					
INR In Mn	**Q1-FY27**	**Q1-FY26**	**Y-o-Y**	**Q4-FY26**	**Q-o-Q**
Operational Income	654	745	(12.2)%	454	44.1%
EBITDA	83	80	3.8%	(190)	NA
EBITDA M (%)	12.69%	10.74%	195 bps	(41.85)%	NA
PAT	0.6	(6)	NA	(234)	NA
PAT M (%)	0.10%	(0.81)%	91 bps	(51.54)%	NA
Diluted EPS	0.04	(0.10)	NA	(5.27)	NA

Operational Highlights:

- The company discontinued its natural stone manufacturing unit in Bagru on March 31, 2026, to focus resources on the more profitable core engineered quartz segment.
- Management achieved consolidated break-even and a positive EBITDA of Rs. 8 crores despite geopolitical disruptions and lower overall volumes.
- Overall capacity utilization stood at 27%, with the India facility at 36% and the Dubai facility at 20% due to regional shipping challenges.
- A domestic distribution network is being established to launch the "Global Surfaces" brand in the Indian market during Q2 FY27.
- Revenue from operations reached Rs. 65 crores, representing a significant 44% growth compared to the previous quarter.
- The company successfully launched its proprietary patented Marquartz Technology, which strengthens its position in the premium engineered surface market.
- Operational efficiency improved through a 3% reduction in manufacturing expenses and a 1.5% saving in business promotion and administrative costs.
- Management is diversifying geographical presence into Europe, the Middle East, and Southeast Asia to reduce long-term dependence on the US market.
- The company maintains a combined annual production capacity of 1.14 million square meters across its India and Dubai manufacturing hubs.
- While 95% of revenue is currently derived from exports, a major shift is underway to build a resilient domestic revenue base in India.
- US tariffs on Indian engineered quartz were reduced from 25% to 18% in February 2026, while additional Russian-linked tariffs were completely withdrawn.
- Management is navigating a new US trade recommendation for a four-year quota system with tariffs starting at 25% in-quota and 50% above-quota.
- EBITDA margins saw a significant recovery to 12.69%, driven by aggressive cost-saving measures in manufacturing and administration.
- Shipping operations in Dubai have been successfully rerouted through alternative ports like Sohar in Oman and Fujairah to bypass regional closures.

Key Questions & Answers discussed during the Concall:

- **Why was the capacity utilization for the Dubai facility only 20% this quarter?** Operations were hampered by the closure of the State of Hormuz, requiring us to navigate alternative shipping ports in Oman and the UAE starting in May.

- **What is the business model for the upcoming Indian domestic launch?** We are using a B2B distribution model, appointing dealers in major cities who will then supply B2C segments like residential and commercial projects.

- **How does the company plan to compete against established players in India?** The strategy relies on launching unique, patented designs and aesthetics that we believe are currently unavailable from competitors in the domestic market.

- **What was the financial impact of closing the Bagru unit?** The facility was an operational loss unit, recording a loss of Rs. 7 to 8 crores last year on a relatively small top line of Rs. 12 to 14 crores.

- **Is the company able to pass on the significantly higher freight costs to customers?** While freight costs remain high, we have been able to pass on approximately 30-40% of the increase to its cooperative customer base.

- **What is the status of the assets at the discontinued Bagru manufacturing site?** We have appointed a valuer and expect to dispose of the assets within the current financial year after finishing existing stock.

- **What is the expected long-term revenue split between the Dubai and India facilities?** While it depends on the product mix, we anticipate a ballpark revenue breakdown of 65% from Dubai and 35% from the Indian operations.

- **What specific relief did the February 2026 US-India trade framework provide?** Reciprocal tariffs were reduced to 18% and the 25% additional tariff linked to Russian oil purchases was entirely removed.

- **How does the company plan to manage the proposed US Section 201 safeguard tariffs?** We are closely monitoring the four-year quota recommendation while engaging with industry bodies to seek exemptions or relief.

- **Who are the main competitors the company will face in the Indian market?** The primary domestic competitors identified are Asian, Classic Marble, and Spectrum.

- **What was the peak revenue achieved by the Dubai unit at its highest utilization?** Our Dubai facility reached Rs. 160 crores in revenue last year while operating at a 44% capacity utilization rate.

- **How much has the company saved through recent internal cost-management measures?** Manufacturing expenses were reduced by 3%, while business promotion and administrative costs were lowered by 1.5%.

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