

November 25, 2024

To,  
The Manager - Listing Department  
**National Stock Exchange of India Limited**  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East), Mumbai - 400051

**Symbol: AARON**

**Subject: Transcript of Earnings Conference Call – Q2 H1 FY25**

Dear Sir/Madam,

In continuation to our letter dated November 13, 2024, and November 23, 2024, and pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, we would like to inform you that the transcript of the Earnings Conference Call held on November 22, 2024, to discuss the Financial Results for the Quarter and Half Year ended September 30, 2024, is available on the website of the Company.

The web link to access the said transcript is: [Click here](#)

It is further confirmed that no unpublished price-sensitive information was shared/discussed in the meeting / call.

This is for your information and records.

Thanking You,

Yours faithfully,  
**For Aaron Industries Limited**

**Nitinkumar Maniya**  
Company Secretary & Compliance Officer

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## **Aaron Industries Limited**

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# Aaron Industries Limited

## Q2 & H1 FY25 Earnings Conference Call

### November 22, 2024

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**Moderator:** Good day, ladies & gentlemen and welcome to the Aaron Industries Limited Earning Call. All participants are currently muted. We'll open the floor for questions after the management's representation. Please note that the conference is being recorded.

From Aaron Industries Limited, today we have with us Mr. Amar Doshi - Chairman & MD, Mr. Monish Doshi – CFO, Mr. Karan Doshi – Whole-time Director and Mr. Paresh Naik – President of the Company.

I now hand the meeting over to Mr. Amar Doshi – Chairman & MD for his opening words. Thank you and over to you sir.

**Amar Doshi:** Good evening everyone. It's a pleasure to welcome you all to our first ever investor conference call. On behalf of the entire team, I want to thank each of you for taking the time to join us. Your support, trust and belief in our vision mean a great deal to us, and we are excited to share our story and plans for the future with you.

Before we dive in, let me take a moment to introduce Mr. Paresh Naik, President of the Company, is leading in strategy and business development having vast experience of more than 35 years in sales and marketing of IT, Telecom and distribution of products. Out of the 35 years, last 20 years he was in Reliance Industries Limited as taking care of sales and distribution. Under his leadership, we are confident that our market reach will increase and we will foray into new avenues.

As this is our first conference call, we want to take a moment to share our journey so far. We believe it's important for you to understand the roots of our business, the challenges we have overcome, and how these experiences have shaped the direction we are headed in today.

To provide a deeper perspective of our journey, and to share some insight into our financial performance, I would like to invite Mr. Monish Doshi, our Executive Director, and CFO, to take the floor. Over to you, Monish Doshi.

**Monish Doshi:** Thank you, Amar Doshi. Now let me take you back to where it all started. Our journey began in 2013, when our founder, Amar Doshi, saw a unique opportunity in the vertical transportation market here in India. At that time, elevator manufacturing in India faced 2 major challenges. First, a significant portion of components had to be imported which



added cost and complexity. Second, there was a general lack of faith in Indian manufacturers as imported brands dominated the market.

In addition to this, we saw another great opportunity. Many domestic elevator companies, despite having potential, were struggling to manufacture quality products due to lack of robust manufacturing units. The number of such companies in India was substantial, and we recognized the gap we could fill. Instead of viewing these domestic companies as competitors, we thought strategically and decided to target them as partners. We positioned ourselves as an OEM partner to empower these companies with high quality products, thereby helping them to compete on a level playing field with the industry leaders. This approach allowed us to add significant value to the ecosystem while creating new opportunities for growth.

Overcoming these hurdles wasn't easy. It took us years of hard work and unwavering commitment to prove ourselves, build trust, and earn a reputation in the industry, but with persistence, innovation, and the support of a talented team, we carved out a space for ourselves.

Through our creative and forward thinking approach, we soon gained a strong foothold in the Indian market. One of the defining movement in our journey was the introduction of our auto door systems a solution that few Indian companies could offer at the time. This innovation was widely embraced by customers across the country and allowed us to establish a truly Pan India presence.

Another game changer for us was our decision to embrace backward integration in 2018. After successfully launching our public issue in that year, we began working on this strategic initiative to further strengthen our operations and address a gap in the market. With this vision, we set up a stainless steel polishing unit, which enabled us to reduce dependency on imports and start supplying polished stainless steel sheets directly to our customers and suppliers. What began as a strategic move to strengthen our operations quickly turned into a thriving business segment, expanding our reach and impact.

Today, as we reflect on more than a decade in business, we are proud of how far we have come, but we are equally excited about what lies ahead.

India, as you know, is one of the largest market for both elevators, and stainless steel consumption. With the country's infrastructural growth projected to accelerate rapidly over the next 10 years, the opportunities are immense. However, instead of relying on imports, we want to reverse the flow. Our vision is to develop high quality, innovative products here in India that not only meet domestic demands, but also enable us to export to other market across the globe.



At the heart of our vision is a simple principle identifying the pain points of our customer and the industry and developing solutions that empower them to overcome their challenges. Innovation and sustainability have always been our driving force, and we will continue to stay true to this value as we move forward.

Before wrapping it up, I would like to share some financial data with you all.

Our journey of growth continues with yet another remarkable quarter:

Revenue from operations surged by an impressive 30.64% year on year to ₹18.29 Crore. This reflects the increasing demand for our product and our ability to capture market opportunities effectively.

EBITDA witnessed a robust growth of 48.90%, standing at ₹3.27 Crore. This was supported by operational efficiencies with our EBITDA margin improving to 17.87% compared to 15.68% in the same quarter last year.

Profit before tax grew significantly by 75.96% year on year, reaching rupees ₹2.50 Crore. Profit after tax followed suit, growing by 52.01% year on year and stood at ₹1.82 Crore. Lastly, our earning per share increased to ₹1.72 a significant 56.36% growth year on year, delivering greater value to our shareholders.

Half yearly performance. For the first half of this financial year, we have maintained strong growth momentum.

Revenue from operations grew by 20.18%, reaching ₹35.48 Crore compared to ₹29.53 Crores in H1 FY2024. EBITDA rose by 32.53% to ₹6.62 Crore, with EBITDA margin improving to 18.65% up from 16.91% in the same period Last year.

Profit before tax increased by 40.09% year on year to ₹5.12 crore and profit after tax climbed to ₹3.69 Crore, a growth of 31.52% year on year. Earning per share for the half year stood at ₹3.50 up from ₹2.63, delivering a growth of 33.08% year on year.

Now I would like to open the floor to questions. Please feel free to ask about anything, whether it is our journey, our current operations, or our plans for the future. We are here to share. Thank you.

**Moderator:** Mr. Jay Shuryavanshi, You can start with your question.

**Jay Suryavanshi:** Good afternoon, everyone. Hello! Am I audible?

**Monish Doshi:** Yeah. Good Afternoon.



- Jay Suryavanshi:** Yeah, so congratulations for your 1<sup>st</sup> concall.
- Monish Doshi:** Thank you.
- Jay Suryavanshi:** So basically, I want to ask the question on what is the company's vision for next 3 to 5 years?
- Paresh Naik:** Okay, yeah. Paresh Naik here. Good afternoon. Before answering this question, I would like to draw everybody's attention at the consistent revenue growth for the last 3 years that the company has delivered. The revenue growth has been 36% year on year. So this reflects the commitment of the company to grow every year by taking the right steps on the production and on the sales part. Now to enhance this and for the future growth, What we have done is that we have focused on 2 aspects. One is production, and second is increase in our sales and distribution. So on the production front, We have invested largely into automatic machines. So this we has led to our increase in production, and we'll be doubling the production within 2 years. Plus on the distribution front, we have ensure to have distributors in large cities of every State. Today we have more than 12 distributors around the whole nation and we are even increasing our establishing warehouses. Warehouses help in delivering products at a very short notice wherever it is required. We have warehouses at present in Kolkata, in Ahmedabad, and we have a warehouse even in Indore we have distributors around the whole country. So the enhanced production and increased distribution will help us to grow year and year and we assure you that we will exceed the 36% growth that we have achieved in the last few years. Thank you.
- Jay Suryavanshi:** Thank you, sir.
- Moderator:** Mr. Prathamesh, you can ask your question now.
- Prathamesh Dhiwar:** Yeah. So 1<sup>st</sup> of all, so congrats for the good set of numbers. So my question, I have couple of questions. So first, I'll start with the increasing capacity that we are going to do from 2,000 to 5,000. So currently, sir, at what capacity utilization we are running at, let's say, for 24.
- Karan Doshi:** Hi, this is Karan here. So currently, we were actually producing somewhere between 1,800 to 2,000 doors a month and looking at the our capacity pre-installation of the new machine, We were actually running at around 80% of our capacity. Now, after once the new installation is into operational, We will be having in capacity of around 5,000 rows a month and we look forward to increasing the Assembly lines, the sales like Mr. Paresh said the warehouses and the distribution network to, so that the capacity that we have actually installed, we hope to reach to fulfill those capacity, and get the maximum utilization of the machinery.



**Prathamesh Dhiwar:** Okay, So the 5,000 auto doors is basically per month that we can produce.

**Karan Doshi:** Right, Right. That is per month.

**Prathamesh Dhiwar:** Okay and when so we expect to reach, you know, peak utilization.

**Karan Doshi:** That depends on actually how the market is supporting us and how fast means we are actually able to cope with all the may be the will require some more working capital and everything. So we are actually working on it but that might take us a couple of years, I mean so 2 or 3 years down the line, we look to utilize it completely, right and if we right achieve it before that, then it will be a good result for us also.

**Prathamesh Dhiwar:** Okay and the customers that we have in this segment. So are this recurring customers, or like, how does it work? It's completely B2B?

**Paresh Naik:** Yeah, see, Paresh here. Just to explain our business. We are purely into B2B. We are suppliers to the OEM. We are not installing the elevators. we are actually supplying to the companies who are installing elevators. So number one, it is purely B2B. Number 2, the best part of our business is that 80% of our customers are recurring customers. This recurring customers, have established trust in the last few years. They have so much of trust in our products and our after sales service that we are getting consistent business from throughout the India through a very large number of customers. So the dependency on one or two customers, or a very small segment is not there with us, so that is helping us to expand further because in every region, as we have those satisfied customers with their reference, we are driving business from other customers also in that state or in that city. Anything else?

**Prathamesh Dhiwar:** Okay, got it. Yeah, so just last question on the stainless steel division side. So just wanted to know, what are the sheet and where are these sheets used? This PVC coatings, decorative SS sheets, and what's its contribution in overall revenue, as of now?

**Paresh Naik:** Okay. So again, over here, I'll just brief you that elevator business is basically dependent on SS sheets. Any manufacturing that we do of the auto door or cabin, It is made out of SS sheets that is number one. These SS sheets are there are different processes that we have built in our factory, which add value to those SS sheets like polishing, like giving color by the process called PVD, where we get SS sheet in gold color, in rose gold color, in black and multiple other color shades. Then we even have our own designer sheet division from where we get the sheets, which has got various designs on it and we have our own embossing machine. So the embossed design is such a product which I can say, we have a monopoly. Nationally it is only one company, Jindal, which supplies the Embossed sheet. Till date it was import. The majority of the



sheets which were of the designer category were imported. Now with our backward integration, and by establishing the whole factory setup, We are now able to give the import substitute and this helps in our elevator business also, because nowadays customers are going for a better aesthetic elevators. With the growing demand in the small bungalows and other segments, the customers are asking for designer cabins for which we are not dependent on the open market. We have our own division supplying us various types of sheets. So we are able to customize and for our own in-house consumption and we are even having we have built the capacity wherein we are even trading this sheets. So I hope this answers your question.

**Prathamesh Dhiwar:** Yeah. Okay, yeah, right, sir. So on blended basis, it will increase our EBITDA margins if I am right.

**Monish Doshi:** Sorry?

**Prathamesh Dhiwar:** So with the help of this product, this SS sheets will it increase our EBITDA margins in coming time?

**Monish Doshi:** Yeah, definitely, basically, this increase expansion of this backward integration has helped us in reducing our cost. Sorry. So 1<sup>st</sup> of all, it has helped us in reducing our cost. Second, this is all value addition, which we can do on SS, which very rare people in India are a very rare company in India can do that, so it will increase our EBITDA by value addition as well. Right now we have been more focused on fulfilling our in-house demand for steel but now, with the expansion of production, we'll be catering new customers as well where we can sell them at a higher price or with a higher margin. Even this sheets are used in interiors as well as exteriors of residential projects, or for hotels, so even that avenues will open once we are ready to penetrate those market. So definitely, it will help us in boosting the EBITDA margin.

**Prathamesh Dhiwar:** So any ballpark figure you'd like to give, sir, on the margin side. Currently, I think we did somewhere around 17%.

**Monish Doshi:** Yeah. Right now, for the near future, we'll be maintaining this figures only but once we are into complete production phase, this figures would improve quarter to quarter.

**Prathamesh Dhiwar:** Okay, got it. So that's it from my side. Thank you.

**Monish Doshi:** Thank you.

**Moderator:** We'll take the next question from Mr. Harshwardhan.

**Harshwardhan Pisal:** Hello! Can you hear me?



- Monish Doshi:** Yeah. Hello.
- Harshwardhan Pisal:** Yeah, yeah. 1<sup>st</sup> of all, congratulations for a profitable growth over last many years, 3 to 5 years.
- Monish Doshi:** Thank you.
- Harshwardhan Pisal:** Yeah. Yeah. My question is, what is the revenue breakdown of all your products? Which is the I mean, automatic doors contributes how much to the revenue overall revenue.
- Monish Doshi:** Okay, So the automatic door systems contribute to around 58% this year, last year it was around 62%. Cabins contribute to around 14% this year and it was 13.6% last year and there are other components also, which we sell like for elevators also. So that goes around to 10% of the overall turnover and remaining everything is into stainless steel sheets where there are multiple finishes which we provide.
- Harshwardhan Pisal:** Okay. And just some time back sir mentioned that you do some trading also on sheets.
- Monish Doshi:** Yeah.
- Harshwardhan Pisal:** What is the percentage of that income in overall revenue?
- Monish Doshi:** So yeah, so that is around 15% of the total revenue.
- Harshwardhan Pisal:** Okay. Okay. So I think, your elevator cabin must be having the highest margin.
- Monish Doshi:** Yeah, right now, if you see based on the figures right now, the elevator business has the highest margin. But as I told that stainless steel division is full of value addition. So once the turnover from there increases, the revenue generation from stainless steel business increases. The margin can go better in that.
- Harshwardhan Pisal:** Okay, okay. And this automatic doors you supply to the OEMs right? Like I saw some of your clients being named as technocraft right?
- Monish Doshi:** Yeah.
- Harshwardhan Pisal:** So apart from the glass, you do everything else.
- Monish Doshi:** Sorry I didn't get you, sir. Could you repeat the question?
- Harshwardhan Pisal:** Yeah, in automatic doors.
- Monish Doshi:** Yeah.





**Harshwardhan Pisal:** You do everything of stainless steel component, or you even do the doors as well.

**Monish Doshi:** We even do the door mechanism as well. So the automatic door consists of 2 parts. One is the mechanism which helps the door to operate automatically, and the other is the door panels which we see. So that is made out of SS. So our whole customer base for auto door is a domestic players where they don't have the in-house facility of manufacturing. but there are, I could tell that there are almost like 5,000 companies in India, which are into elevators, but we will hardly know around 10 names of the industry leaders. So those 5,000 companies can be our customers, and to them we can supply our door systems, which they'll be using to install the lifts, and as based on their requirement. They have a regional presence but in that case we have a Pan India presence.

**Harshwardhan Pisal:** Okay, okay, got it. And What is your future ambitions for this company? Say 5 year out, not large. But if may 5 to 10 year period ambition. May be it is okay if you haven't started working on it but what is your ambition?

**Monish Doshi:** Like, Mr. Paresh said that for next 3 years we'll be majorly focusing on expanding our market reach but if you see about the 5 to 10 years, We have identified few avenues where we can enter, based on the sheet metal fabrication and the value addition of stainless steel polishing. Like, I said, that we can also cater to interior based products which are used in infrastructure. So in that case we'll be focusing on that in the future but right now we haven't finalized it, because our main focus will be to expand the market for the products which we have for the coming years.

**Harshwardhan Pisal:** Okay. Okay, so, and this new machine which you have bought from Salvagnini. What is the future visibility of jobs on that machine itself? How long do you see that machine to be utilized completely for one year, two year?

**Karan Doshi:** Hi, Karan here. So, as I said earlier, like we all from the capacity of 2,000 sheets. From the capacity of 2,000, We have now new capacity of 5,000 doors, and along with doors, It also considers, like the elevator cabins and some other stainless steel products that complement the elevator industry. But for fully utilization of the machine, I think the main part that we want to focus on is getting the orders for that. So if we the running I don't see after once it's operational. I don't see any problem with running the machine, but then it should not be generating inventories that we are not able to sell. So we are actually, yes, working on means solidifying our distribution network and looking for new areas where we can actually supply this those systems. right? But within 2 to 3 years, that is our holistic view of how we should be reaching there.

**Harshwardhan Pisal:** Okay, okay, okay, that's it from mine.



- Karan Doshi:** Thank you
- Harshwardhan Pisal:** Yeah, yeah, thank you.
- Moderator:** I will take the next question from Mr. Sunil.
- Sunil Kateshiya:** Yeah, thank you for the opportunity and congratulations on all good sets of number. Am I audible?
- Karan Doshi:** Yeah, yeah, thank you. Sunilji.
- Sunil Kateshiya:** Yeah. So most of the questions are answered. What I had in my mind. Just wanted to understand, Out of 150 crore expansion which you have mentioned in your presentation what exactly we are spending on door related products, what you have explained that over a period of 2 to 3 years. You are planning to increase the capacity to 5,000 doors, and so understand, if you possible, bifurcate 150 crore into different products, or something.
- Karan Doshi:** Right, Right. So the new capacity of 150 crops we mentioned is actually considering this 5,000 doors that we manufacture, plus the capacity we have developed for the embossing line which we still haven't actually, we haven't started getting revenue on that but from next quarter we are hopeful that we'll start taking orders for that and so our breakup wise if you see, then elevator market is going from the 150 crores elevator market would be around 60 to 70% of that, whereas the stainless steel division would be contributing to between 30 to 40%.
- Sunil Kateshiya:** Okay, understood. One more question on the client base which you have mentioned, saying that just now, I mean answering to the previous person, you have mentioned that you have various clients, and you don't have a threat to the business and all but in your presentation you mentioned in weakness, saying that dependence on few key clients for revenue? Is this something confusing in your presentation?
- Paresh Naik:** Yeah, I would like to clarify on that. It says that see, always there are some top customers, so in any industry there are some top customers, but the good part with us is that we have a very broad network of customers. So the dependency is not very high on the basic on few customers. That is why we have ramped up our distribution setup and we are establishing the warehouses. Till last financial year, Yes, there were few major customers on whom we had the dependency, but now it is not so we have more than 1,500 customers at present, who are buying products from us, from which more than 70% are consistent buyers. So you know, I would like to clarify that yes, we have some customers who are our, we can say that they are our large customers. But we do not have any threat.



**Sunil Kateshiya:** Understood. Got it. One more question on market share. What is the current market share we have and what we are planning to achieve.

**Monish Doshi:** See, If we look at the whole picture domestic market, then it is more than 40,000 crore of market, that is, India as a whole. So elevator market, So there is a huge demand, and we are the beginners. So as the demand is there, and we have a very clear vision of setting up a very big manufacturing plant, which we have already done. So we'll be able to supply to a large segment. That will be in phases. At present I would say that our market share would be minuscule, but as the demand is there, we'll be able to improve the market share without any doubt.

**Sunil Kateshiya:** I, yeah, looking at the presentation and the designs which we have mentioned on the website, I understand that we are producing a high quality and good quality of design doors which we are supplying it to the customers. Correct? So that's what the specialty we have but looking at the other commercial elevators and all, I am sure there are a number of suppliers who do not get into the quality design and all, and they just want plain metal sheet and all. So again, when you are talking about 40,000 crore market share market for this particular business. Are you sure that the designer doors which we are producing have certain number of you know market, or we will be looking into the plane door market also in future?

**Paresh Naik:** See, I'll just take it in detail this question. As I explained earlier, our strength is in value addition. That does not mean that we do not make the plain vanilla doors. Yes, that is also manufactured by us. We started with that but we did this backward integration, and we built our own capacity. We have the expertise in making those designer sheets that is at an advantage to us and to the customer because we are able to customize as per the demand. In the recent trend, the stainless steel streets and the designer cabins are in demand from the bungalow segment and from the low rise commercial segments from even the malls they are, and even the showrooms. If you go to any big showroom, they have a very nice designer cabin installed. So all this, and even the architects, are now asking the inquiries coming for having a facade or having a backdrop at the reception by the designer sheets. See over here, the advantage is that the designer sheets are from the SS. So there is very less chances of corrosion, and the durability is very high. So all these things are actually helping us. I hope this answers.

**Sunil Kateshiya:** Yeah, yeah, yeah, definitely and thank you so much. That's all from my end and all the best for the future.

**Paresh Naik:** Thank you. Thank you.

**Moderator:** We'll take the next question from Mr. Dakshay. Mr. Smith, you can ask your question.

**Smit Doshi:** Hi, good evening. So my 1<sup>st</sup> question is regard to raw material price and hedging side and how we manage. Is there any pass through contract or with the customer or we take that risk on ourselves and we do hedging so on that side? That is 1<sup>st</sup> question. 2<sup>nd</sup> question is with regards to Capex side. So we have done on 50 crore rupees of Capex and what is the projected Capex next year? With regards to working capital and on the fixed machinery side. So you can answer, please.

**Karan Doshi:** Hi, Karan here. Mr. Smith, I just so the 1<sup>st</sup> question is regarding the raw material we are purchasing right? So if we have any contracts with any companies for that? Right? Am I right?

**Smit Doshi:** Yes, yes.

**Karan Doshi:** Okay. So the raw material actually, we are purchasing the stainless steel. Mainly, it's stainless steel, 304. So that is locally means from India. If we are buying it, then that is from Jindal and the other but like 60 to 70% of our raw material, It is getting imported from other companies, like other countries like Vietnam, Indonesia, Malaysia, so as such we don't have a contract with them. Hello! Yeah. So we actually, we don't have right now. We don't have any contracts with this kind of companies but then we look at the which company is giving the raw material the best price? And what is the delivery time we are expecting? And according to that, we actually plan our supplies.

**Smit Doshi:** So I'm just adding 1 point to get more clarification on my question. What I am asking is, you are purchasing commodating steel and other components, right? So from purchase to delivery, there would be a price fluctuation of 4, 5%. So Is there any pass through contract with customer? Or we have to bear that.

**Karan Doshi:** Okay on the customer side. So like, actually, the raw material that we're buying and then we are doing some value addition on it right? Because when we are good taking the stainless steel, we may be we are Fabrication is a part of value addition, and then may be the making the sheet decorative is a part of value addition. So with all this actually value additional, it's not like we are selling it on a commodity basis. We have our own margins and if there is a fluctuation means reasonable fluctuation in the stainless steel market, we do not have this, We do not have to worry about the cost of supplying to our customers but when yes, of course, when the there is a general trend of when this raw material has increased by quite a proportion, then we do revise our prices accordingly and most of the time what happens is in our industry, the delivery time and the ordering time is between one month to one and a half month. So generally, if there is any large scale this difference in the cost then we can start taking the new orders with that with a new cost. So it's balanced in that way.



- Smit Doshi:** On the side of Capex. Next 12 months.
- Karan Doshi:** Okay the Capex on the means most of the expansion that we had planned to do is will be getting over by end of this quarter, maybe some just complementary expansion, some maybe some minor experiments capex is required in the next quarter or something. But it's mostly done so we are not seeing to increase in the Capex from next quarter.
- Smit Doshi:** Okay and working after side as we have projecting from 2,000 doors to 5,000 doors per month. So there will be substantial increase in the working capital side, because we have inventory days of around 50 days. So 5 months of revenue will be stuck in the inventory. So there will be huge demand for working capital. How are we planning to manage this?
- Karan Doshi:** Yeah. So for answering that like, the new machine, we are actually have installed. It gives us a quite of leverage on the manufacturing time. So the currently, where what we were actually manufacturing within a 15 to 20 day period, with the help of this machinery we will be reducing this time from 5 to 7 days. So in that way, actually, we will be rotating our inventory faster and actually, once with the spare capacity we have we'll be taking orders and when lining up the orders in a way so that we do not have to actually increase the what you call the inventory cost will be focusing more on balancing the inventory and getting the inventory rotated on faster basis.
- Smit Doshi:** Okay, okay and as you said that from order to delivery, we are taking only 1 to 1.5 months. So why, there is an inventory level of 150 days are we stocking raw material and then we supply from time to time basis or is there any other model which we are following?
- Karan Doshi:** No, means one of the reasons for actually keeping our raw materials on a little higher side is because of the uncertainties that actually, it's happening in the throughout the world. So we have seen a time on the covid time. So may be it means when this few crisis happened that the raw material wasn't available easily, or the cost for raw material was very high. So we are actually planning, I mean, for I mean strategically, we have actually increased our raw material to keep at a certain level, so that we do not have to incur heavy cost for this. The second thing is some of our products are like on the shelf products, so that the customer actually demands it means if he has a payment ready for it, then the payment is done, and the same day, actually, we deliver this kind of products like the stainless steel doors, which are means on the basic, stainless steel doors which are a running item then we keep it on the shelf, and we have it stocked in our go downs also, like we have established this warehouses. So we have stopped it over there also. So all this, actually, the cycle time for actually purchasing raw material and getting it to the delivered at the end means the working capital. If you see it's around i think 90 days, and I think that is means the working



capital we have been managing from since even though we have been growing our business. This is the working capital days we are actually managing.

**Smit Doshi:** And I have seen your top customer list in your presentation but I actually, if you see in around ourselves the we find schindler lifts, or thyssenkrupp lift, we are not seeing that in your customer table, so are they were backward integrated, or they are supplying from they are taking supply from other vendors.

**Paresh Naik:** Yeah, Paresh here. See, the in this elevator, the whole elevator business, there are few players who have a national presence, and few are who have come to India. The MNCs. At present, the market that we are catering to is the installers, who are not amongst these companies, but with enhanced capacity, we are now planning to even supply to them that is in the form of contract manufacturing. We will be doing the contract manufacturing for them. So that stage has now come, So by next year we are even going to approach to them. At present there was enough demand from the regional elevator companies, and they were buying from us. So, we did not have any spare capacity to go to any big companies who have got a very big demand, and they also squeeze us a lot on our margins. So this was a strategic move that we were holding ourselves, and as we had enough orders on our books, so we did not touch them but now yes, in the next financial year we also have few inquiries, and we'll be now handling them.

**Smit Doshi:** Actually, we are expanding from 2,000 doors to 5,000 doors. We are doing a massive expansion. We are investing 150 crore rupees. So what gives you that much confidence that we will be able to meet our capacity expansion fulfillment? So actually, I want to know your philosophy or thought process behind that mega expansion. So what gives you confidence? Actually, that is what I am trying to.

**Paresh Naik:** I'll go in detail on that. The confidence that we have in our expansion is because the demand in the market. The demand in the market is huge, and the demand will even grow further by due to the urbanization which is going up, the multi-story buildings which are being made because the increase in population, the cities do not have that much of space, So the vertical growth is coming in all the segments. New segments are adding us as I said, the bungalow segment, where elevator is now not a luxury, but it has become a necessity. So because of all these factors, I'm sure, other than those multinationals also, we have a huge market to cater to. That is why we have increased our distribution so that we can reach to every corner of the nation. And I'm sure this will help us a lot, and we'll be able to consume the total capacity that we have built in manufacturing.

**Smit Doshi:** Okay, got it. Thank you. Thank you very much from my side. Thank you.

**Paresh Naik:** Yeah, thank you.

**Moderator:** We'll take the next question from Mr. Prathamesh.

**Prathamesh Dhiwar:** Yeah, sir. As you mentioned in your presentation, we are going to do incremental top line of around 150 crores from door division. So by When are we expecting this, sir?

**Monish Doshi:** Hi. So this incremental we are expecting within 3 years, because once the expansion phase ends and the production starts, will be catering new market will be spending our distribution channel as we said, that already we are into development of that. So within 3 years we can reach that quantum.

**Prathamesh Dhiwar:** Okay, and any overall top line guidance. You'll like to give.

**Monish Doshi:** Yeah, definitely, the top line will be on a upper scale because of all the setup which is required to grow any company, we have already on the verge of completing that. So now our target is just to increase the market reach and penetrate as much as we can. So definitely. It is going to be on a higher side.

**Prathamesh Dhiwar:** Okay, a similar level to the our past performance of 30 to 35%.

**Monish Doshi:** Yeah, we are positive about it and hopefully, it should be better than that also, we'll be targeting to increase that percentage also.

**Prathamesh Dhiwar:** Okay, sir. Thank you.

**Moderator:** We'll take the next question from Mr. Jignesh.

**Jignesh V:** Yes, and you explained that you will approach top place for contract manufacturing. So wanted to understand all these players are already taking material from other players your competitors. So is there a process where you need to get empaneled and will it take time to get that empanelment done.

**Paresh Naik:** Yes, yes, that will take time. That is why I said that today we have our order books full. So parallely, We are approaching these MNCs and the National players for empenelment. So its own time but that will not affect our sales, and it will not even affect my production capacity. I not have any access, because we have enough market, and enough demand. So this process is we have initiated that, and we have a few companies with whom we have started the discussion. So I hope in the next financial year we should be able to declare those tie ups also.

**Jignesh V:** Okay and broadly, the revenues since in last year, or may be 1 or 2 years back, your main focus is on Gujarat, Rajasthan, and Maharashtra? and slowly you are going to the state?

**Paresh Naik:** Yes, yes, yes. It was more on these States, because 1<sup>st</sup> of all, due to the proximity to Gujarat state, It may be occur so we could focus more on that. That was strategic, because, 1<sup>st</sup> of all, I should be strong in my own territory, and then I go out for expansion. So we did it strategically that 1<sup>st</sup> of all, let me cater to the market, where I'll be able to reach the fastest so, and the customers from all these regions, they gave us a very good response. So because of this, we were encouraged to increase our production capacity and parallely we have increased our distribution also.

**Jignesh V:** Right, and this stainless steel embossing that you mentioned. Apart from Jindal, no one is doing in India.

**Paresh Naik:** No, there is no manufacturer in India.

**Jignesh V:** Okay. So, going forward, can it happen that you also can become a supplier to Jindal? or you will do it in your independent brand?

**Paresh Naik:** No, We will do it in as an independent brand itself because of our hard work that we have put in establishing this, then there is no point diluting my own image and supplying to Jindal, because Jindal as a player is very huge and we would not like to go into their fold rather we will do it on our own and establish our own name. So that is our present but yes, if, Jindal, we have a contract manufacturing setup, then we can supply to Jindal also.

**Jignesh V:** Okay. And since your capex is getting completed and you are getting you have a very good order book. So any future Capex on your drawing board or you will take time to may be a year or now to form up your further plans.

**Paresh Naik:** See, Mr. Karan Doshi, gave a reply on this earlier to earlier question, I will repeat the same.

**Jignesh V:** So, okay.

**Paresh Naik:** In this financial year, we have completed our major expansion. So in the next financial year, we do not have any plans for any major capex. We will be focusing more on expanding our business and establishing more distributors and warehouses. So that is all. No major Capex plan.

**Jignesh V:** And to understand your going forward, your revenue will be a mix of elevators and stainless steel, and in elevators also in you would be doing kind of contract manufacturing, so that contract manufacturing margin





would be a bit lower than your normal business. So with stainless steel coming in, is my assessment right that your margin will remain stable, if not increase because of contract manufacturing?

**Paresh Naik:** Yeah See! Contract manufacturing, see in any business, there are, we have to balance the top line and the bottom line. So the top line will come from all these huge numbers that we can get from contract manufacturing, and the bottom line will come from all the value addition that we do on the stainless steel and the products that we customize. So we'll balance it accordingly. We will not let the bottom line go.

**Jignesh V:** Right right understood. Thank you.

**Moderator:** We'll take the last question from Mr. Smith.

**Smit Doshi:** Thank you for opportunity. Actually from out of total elevator cost, How much our product constitute out of ₹1,000 of elevator, How much product value which we provide, doors and cabins and everything.

**Monish Doshi:** So, I just want to confirm that you are asking in elevator, how much valuation does our product have right? For a lift. Am I right?

**Smit Doshi:** Yes, yes.

**Monish Doshi:** Yeah. Okay. So if you see the complete elevator including all the components, then our product almost covers 30 to 35% of that. But if we are talking about high rise, then that portion goes to around 40 to 45%, because the number of doors increases based on the vertical height of elevator required. So for bungalows, if we talk, that is, G plus 2, G Plus 3, it would suffice around 35%, and for high rises it would go up based on the number of flows but that would be close to 40 to 45%.

**Smit Doshi:** And are we expecting any further leverage on the balance sheet incoming one year on the working computer side, or on the long term right side.

**Monish Doshi:** Could you repeat? Please.

**Smit Doshi:** Are we expecting any further leverage on the balance sheet side from with respect to long term debt, or on the short term debt?

**Monish Doshi:** No, right now, we are not looking into it. We are not expecting for the next 2 years yet.

**Smit Doshi:** Capital demand from our internal accruals only.

**Monish Doshi:** Could you repeat? Please.



**Smit Doshi:** We will meet our working capital requirement from our internal accruals only.

**Monish Doshi:** Yeah, yeah, definitely. We were increasing our borrowing major scale. we'll be basically, we'll be controlling our debt to equity ratios and with the increase in revenue, we'll be reducing the debt which we have right now in our cash flows as well with the revenue, increases.

**Smit Doshi:** Got it. Got it. Thank you.

**Monish Doshi:** Alright. Thank you.

**Moderator:** I would now like to hand over the conference to Mr. Monish Doshi for the closing comments.

**Monish Doshi:** Okay, ladies and gentlemen, as we conclude today's conference call, I would like to extend my heartfelt appreciation to all of you for taking the time to join us and engage with our company. Your interest and confidence in our vision are invaluable to us, and we truly appreciate your thoughtful questions and insights throughout the session.

As a public limited company we remain committed to creating long term values for our shareholders while upholding the highest standards of transparency, performance, and accountability. Your continued trust and support inspire us to push forward with our strategies and deliver results that benefits our stake. All stakeholders.

If you have any further questions or require additional information. Please don't hesitate to reach out to our investor relationship team. Once again, thank you for your time, trust and believe in our company. We look forward to a brighter future together.

Have a wonderful evening. Thank you. Thank you all. Thank you all.

**Moderator:** Thank you all for joining us, and you may now disconnect from the meeting.

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*Disclaimer: This is a transcription and may contain transcription errors. The transcript has been edited for clarity and also added a few opening lines that were not recorded due to some technical error. The Company takes no responsibility for such errors, although an effort has been made to ensure a high level of accuracy.*