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Listing Department National Stock Exchange of India Ltd Exchange Plaza, 5 th Floor, Plot No.C/1 G Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051 NSE Symbol: AVROIND	Listing Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai-400001 BSE Scrip Code: 543512
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Dear Sir/Madam

Sub: Transcript of Earnings Conference Call with Investors held on May 26, 2023

With reference to our previous communication dated May 18, 2023, intimating you about the earning conference call held on May 26, 2023, please find attached herewith transcript of the aforesaid Conference Call.

This is for your information and records.

Thanking You

Yours Faithfully

For AVRO INDIA LIMITED

Sumit Bansal
(Company Secretary & Compliance Officer)
M.No: A42433

Encl: As above

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“AVRO India Limited Q4 FY23 Results Conference Call”

May 26, 2023



MANAGEMENT: MR. SUSHIL KUMAR AGGARWAL – CHAIRMAN, AVRO INDIA LIMITED

MODERATOR: MS. SUPRIYA MADYE – KIRIN ADVISORS PRIVATE LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Q4 FY23 Results Conference Call of AVRO India Limited hosted by Kirin Advisors Private 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 ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Supriya Madye from Kirin Advisors Private Limited. Thank you and over to you, ma’am.

Supriya Madye: Thank you. Good morning everyone and I welcome you all to the fourth Conference Call of AVRO India Limited, on behalf of Kirin Advisors.

Today we have on the management side Mr. Sushil Kumar Aggarwal – Chairman of the company. For opening remarks, I hand over the call to Mr. Sushil Kumar, sir. Over to you, sir. Thank you.

Sushil Kumar Aggarwal: Thank you very much, Supriya and a very good morning to all of you and thanks for hosting this conference call. I welcome you all on the 4th Quarter FY23 Conference Call.

AVRO India Limited, one of the largest manufacturer of quality Plastic Molded Furniture in North India and we are amongst the top 5 brands in the country is pleased to share its achievement and future prospects with you today. Our product portfolio includes a wide range of household and office-molded furniture, tables, stools and steel almirahs. Our commitment to quality durability and long-term warranty service has earned us a strong reputation in the market. We take pride in offering furniture under two established brand namely AVRO and AVON. Despite a challenging demand outlook, I am delighted to share that AVRO India Limited has performed exceptionally well reporting a 26.29% growth in revenues in FY23 over 22. This commendable achievement is a testament of our resilience, strategic investments and focus on cost control. One of our key investments has been the backward integration through the establishment of the plastic up-cycling unit. This venture has played a pivotal role in driving profitability by effectively managing costs. Our recycling plant located in Ghaziabad commenced operations on December 22, 2022, with a capacity of 300 metric ton per month. The palettes manufactured from this plant are utilized in our production processes significantly reducing cost.

Now let us discuss the outlook for the plastic furniture industry. The global market size for plastic furniture was valued at about US \$ 13.61 billion in 2021 and is predicted to reach US \$ 23 billion by 2030 growing at a rate of CAGR 6% during the period 2021 to 2030. Plastic furniture offers several advantages including superior quality, cost effectiveness and a wide range of styles, colors and designs that complement various decors. Furthermore, plastic

furniture is flexible, durable and corrosion resistant, outperforming rigid options like metal and wooden furniture that often distort rupture quickly.

At AVRO India Limited, we have been actively embracing the use of recycle plastic in our production processes enabling us to further control cost while contributing to the sustainability. The demand for recycled plastic is rapidly increasing due to growing awareness about recycling, government policies mandating the use of recycled plastic by manufactures and ability to maintain product quality even when we reuse plastic after recycling. The global recycle plastic market is projected to reach \$66 billion by 2027 growing at a CAGR of 4.3%. As part of sustainable initiatives, we initially started our recycling plant with a capacity of 300 metric ton per month and we are in the process of raising capacity every quarter and raise it up to 1,000 metric ton per month by FY24.

Looking ahead, we plan to expand our recycling capacity to approximately 2,500 metric ton per month over the next 2 years demonstrating our commitment to sustainable practices for self-consumption and domestic sales while earning EPR credits that is Extended Producer Responsibility credit. In addition to our focus on sustainability, we are equally investing in our plastic furniture business by introducing new molds to diversify our product range and reccredited to evolving customer preferences. Currently we have more than 150 SKUs and adding more as per consumer choices and preferences. This approach has allowed us to tap into the new markets and extended revenues while maintaining our commitment to quality and durability. We have added couple of more states in Eastern and Southern states India to our basket.

Now let us briefly touch upon the few important aspects of our operation. We are actively working on optimizing our working capital cycle to enhance liquidity and operational efficiencies. Our focus on capacity utilization remains robust allowing us to maximize productivity while upholding quality standards. Moreover, we have been actively expanding our presence in both online and offline sales channels to adopt the change in consumer behavior and reach a wider customer base. For the full year FY23, our total income amounted to Rs. 82.34 crores showcasing consistent growth throughout the year. Our EBITDA for the fiscal year reached Rs. 8.61 crores demonstrating our viability to effectively manage cost while driving business growth. The EBITDA margin for FY23 was 10.5% reflecting our commitment to operational efficiency. Our PAT, profit after tax for the fiscal year stood at Rs. 4.16 crores, demonstrating our ability to generate sustainable profits. The net profit margin for FY23 was 5.05% indicating our focus on profitability. The earning per share for the fiscal year amounted to Rs. 4.12. These strong financial results demonstrate the robustness of our business model and the effectiveness of our strategies. We are committed to sustaining this positive financial performance and delivering long-term value to our stakeholders. Before we stick to the Q and A session, I would like to express my gratitude to all our stakeholders for their unwavering support and belief in AVRO India Limited. Your trust has been instrumental in our growth journey and we remain committed to creating sustainable advantages to all of our stakeholders. Now let us open the floor for question and discussion. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Himani Ubhan from Suraj Enterprises. Please go ahead.

Himani Ubhan: Sir my question is can you please give a bifurcation for online and offline sales of plastic furniture?

Sushil Kumar Aggarwal: I think right now I don't have data in front of me. Supriya can you just because that is available in the Investors presentation. Can you just quickly check and let me know please, online and offline. But Himani, what I know is we have completed about 36,000 orders or so from Flipkart, Amazon, Jio, Meesho etc. We also operate out of hyper markets like Metro, SPAR and LOTS and such kind of thing, but certainly I will be able to give right away in a second and I will just take it from her, no problem.

Himani Ubhan: Is any new product introduced in furniture portfolio?

Sushil Kumar Aggarwal: Yes, of course, Himani what we do is because there is ever evolving change and need of the consumer preferences and choices and for past 2 decades or so that I have been in existence, we ensure that we definitely deliver the best. Let us say all this SKUs that we have today currently are up and running and the best part of that is that we are able to sell it in Srinagar or Bhubaneswar, Bhopal, Bangalore or Bhuj or any territory, any geography for that matter. So, what happens is because we get lots of request depending upon the demography and geography of the country and taste and behavior of the people, so what we do is we take, we collapse information and we do a lot of R&D and our own homework and globally also we check and process, so now currently while I am talking to you beside whatever SKUs that we have, we are also adding more than 15, 20 SKUs right now in the next 2 months or so and this is not ending, we will continue to evolve and probably if those products which are obsolete will remove from our system and we keep on adding depending on pastel, palettes and needs of the consumer, so we are continuously doing that Himani.

Himani Ubhan: What would you classify as your competitors strength?

Sushil Kumar Aggarwal: I think branding is the biggest strength that my competitors have, once in the word competitive branding because you know Himani incidentally I am the only company in the entire country to offer 3 years guarantee on couple of our products and we are so robust that in for 2, 3 decades, I am saying 2, 3 decades not years, you can keep it outdoor in all weather conditions and still they will not break, only thing that will happen probably the color will wear off and all that. But what happens Himani, because there are top-notch brands like Supreme, Nilkamal, Cello, they have a greater recall value. They become generic to the industry just like Colgate, so that is how whenever consumer walks in, his preference is always to ask for those products, so I think branding is one such thing that probably we lack at this point of time, but over a period of time, we are doing a lot of BTL activities not the ATL, ATL goes into the prints and TVs and so on and so forth, but we don't have such P pockets, so in retail activity we become whatever

necessary and beyond that which is an affordable product let us say above my product are at least 40% cheaper than these large brands that I said is are top national brands and they are all visible on Amazon or Flipkart, you could cross check one-on-one right away live the moment discussion is over, so I think that is one thing that we know as you ask for this question.

Himani Ubhan:

Sir can you quantify savings due to use of recycled plastic?

Sushil Kumar Aggarwal:

Himani what is happening is we had been using recycle plastic for quite sometimes, but that we were actually bought out and while we are buying out because that has all post-industrial recycle plastic and the markup was very negligible, so we were facing the heat of it, but now since we started doing this post-consumer, not post-industrial, post-industrial is some factory throwing out the trims and so on and so forth. But post-consumer is like you say milk pouches or you use a cement bags and plastic bags and so on and so forth that we dispose it off to the dustbin and that kind of product normally invariably is available practically, actually speaking free of cost, but you know there is a supply-chain mechanism system that works, so invariably we get that at a dirt cheap price, but it also takes certain amount of profit system for us to actually ensure that it falls into the category where it becomes useable. So, at this point of time, when we started this commercial production and we are selling it up, we had been having some small difficulties in terms of sort of optimizing the entire process system, but I believe that going forward in the next 2 quarters or so, I believe that we should be having more than 20% saving in the cost of raw material itself that would be a huge, let us assume that in the topline we must be little muted, but the bottom line, the cash flow generation will grow just because this raw material input will certainly be able to help us out and we can consume as much as about 60 to 70% of our entire consumption of this recycle plastic.

Himani Ubhan:

Sir what is your current recycling plant? Are you looking forward to expanding the same?

Sushil Kumar Aggarwal:

Yes, Himani, I did mention that you know Himani incidentally I have been meeting a lot of people. I think today the buzzword around the world is recycling, up-cycling, reuse. Reuse, reduce and recycle, so I think what we are trying to do is we are at the right place and right time fortunately and first-mover advantage and I would also like say and inform everybody that we are the only integrated process company which is manufacturing plastic furniture from post-consumer plastic to the final product on a B2B model with a distribution base of more than 250 odd distributors, more than 30,000 retailers cut across 20 states. We are also doing it on Flipkart and Amazon and so on and so forth, so B2B, B2C both we are doing, so I believe that over a period of time, we should our consumption at this point is about 8,000 metric ton per annum plus consumption of the plastic furniture so up to 8,000 tons even if we have to consume 70% 5,000, 6,000 tons will consume, so right now what we said was is 300 metric ton we added that is a very small quantity. So, what we are trying to do is, we are as and when the process is getting optimized, we are going on adding machine after machine. So, that every month, every quarter we go on adding and I believe that by this year-end FY24, we should be able to touch almost about 1,000 metric ton per month production of which at least about I believe more than 500 to 600 metric ton we will be able to self-consume or more than that as well and rest we can offload

to other supplier in the market who are actually looking for such kind of products. It is not ending there Himani, what is happening is that I have been in conversation across country and you will be surprised and shocked that there is more than 6 million, 60 lakh ton plastic is deployed into rivers, oceans, drain chokes animals and all this thing and it is a sad story and there aren't people who actually convert and up-cycle it to manufacturing product what is happening I probably put it in dumps or they create heats and so and so forth. It is a sad story, so we have taken this lead and whatever capacities that I am talking about is so minuscule that people might think it is a pilot project, so we are in the process where with the help of let us say some financial experts who deploy certain capital and do that then we will be able to set up a humungous plant in one location and then go on adding more locations where are necessary because we understand the whole process system and we also know the end consumer. We know the users like people profile at you and we also know the end consumers who will actually use it for product consumption. Since we know the entire process and we also know the execution technology pretty well because in the injection and extrusion we do both the process. We do extrusion and then we do injection, but this only extrusion process it is a very simple process and we can do that very effectively in a scientific manner, so we are in the process probably if in case we can probably get some kind of a help, assistance, and guidance etc., we should be able to sell it to a huge, massive quantity. I will not be able to put number, but I think if I am saying 1,000 tons you multiply that it with number of times we can do that amount already if the raw material is available.

Himani Ubhan: Sir what is your required CAPEX, how do you plant to fund it?

Sushil Kumar Aggarwal: Yes, Himani more the merrier. The moment we keep on expanding, so for every 200 tons we required a set of machines which cost about Rs. 1 crores or so. So, let us assume that we want to raise every month 200 tons or Rs. 1 crores or Rs. 1.5 crores we go on investing, so let us say you we want to raise it to about 5,000 tons, so you will require about let us say 20, 25 set of machines of this kind, so that is how literally such set of machines which means Rs. 30 crores, Rs. 40 crores kind of investment. So, we can go up to 5,000 tons also, it depends. Let us say there are 2 set of things 1) investor investing into the company whatever instrument I don't know, I have not thought about it, but then the other way round internal accrual happening, so in the way I am certain that we are very low on the debt where long-term debt is less than 2. something crores out of that actual machine loan is only Rs. 1.75 crores or so. We believe that we can leverage wherever necessary and possible to ensure as and when to continue to evolve and optimize our process system then we should be able to put our lay handsome and expand our capacity ASAP.

Himani Ubhan: Sir my last question is, is everything consumed internally or sold outside for recycling?

Sushil Kumar Aggarwal: Himani, at this point of time, we got a consumption of 700, 800 metric tons as we are doing at this point of time per month right now our consumption is out of which 300 metric ton is nothing and sometimes we are not able to even produce 300 metric ton because of the certain optimization processes because when there is a process, then there are hiccups, there are

challenges and sometimes we are absolutely quiet unaware, but then whatever we are producing 100% it is actually getting consumed in our factory itself and we believe that in the next at least 6, 8 months we will not have materials to give it to the outsider, but one good thing that we can do Himani which I mentioned somewhere regarding EPR, EPR is interesting I want to little elaborate this is a very interesting thing, it is like carbon credit which is an Extended Producer Responsibility, so all brands owner it could be HLL, ITC or anybody who is in packaging and these people use packaging the Lays chips and milk pouches Amul etc., so all these brands owner and producers of those products compulsorily will have to take an Extended Producer Responsibility license from the plastic waste management 2016 Act by Government of India and in that they are compelled to actually buy 70% of recycled plastic to use it in their own processes, but because they cannot use it, so that is how they pay penalty of going from Rs. 2 to Rs. 5 to Rs. 20 kg depending upon whatever they have to go through the process, so right now when I am talking to you, we haven't even thought about monetizing that EPR credit. We believe that over a period of time, as and when we stabilize our production capacity and other thing, we had a process of discussion with large corporate who are let us say listing companies in the country who are talking to us to take their EPR credit because let us say if I have to produce 20,000, 30,000 tons of plastic and let us say even if I get Rs. 2 it will give me Rs. 4 crores additional advantage per annum on the EPR credit and I will have to just show that I purchased this, I produced this and I consumed it myself or I consumed it through these people and that document itself is valid enough for them to get that credit and showcase it to the Government of India. So, this is some kind of silver lining revoke and we see that it will happen to us and will come to us and we are over a period of time as we evolve will continue to add value to the company for whatever reasons.

Moderator: Thank you. The next question is from the line of Vishnu Bhardwaj from Navbharat. Please go ahead.

Vishnu Bhardwaj: Your annual result is quiet good, but how is your result going down quarter-to-quarter? This is 4th Quarters result and I think your season remains good in 4th Quarter and you have also started recycling plant in December then the profits should have increased? And you were saying that 20% margin is coming from that only, so this quarter-on-quarter growth is not happening in both places, why it is like that?

Sushil Kumar Aggarwal: Vishnuji I have told one thing that de-growth didn't happen in topline but happened in bottom line a little bit. If you compare it with previous year, as I said when we started in December, it was December end itself and took some time in January February and March for stability. Actually, we could not produce the way we wanted to do it, so we could not get much benefit from it, honestly speaking. Let us say you thought Rs. 50 will be your cost but Rs. 70 came as cost. Our production is under process but we are not able to derive its benefit, so we have to face such kind of challenges, but we have moved towards its stability and I am sure because it is like saying we have boarded the bullet train and is catching acceleration and when it will catch speed then we don't even have to even tell it will starts automatically so sometimes what happens is man proposes God disposes. We thought so but it didn't happen, sometimes come to know that

labors have gone, sometimes come to know that our important machine which has come that machine got some breakdown and its part is not available we had to airlift it from FedEx and don't know what all have to do, sometimes this is such a tricky thing. Vishnuji sometimes it feels so weird that how much money has been deployed, have invested crores of rupees and still return is not coming, results are not coming, then the person thinks why such frustration is happening, why the hell it is happening, but actually it is a part of the life. What happens inside manufacturing and last year the consumer spending was a bit muted across the country. Today you would have seen in Economics Times that in the last quarter GDP has grown 5.1% only. Actually what happens is that expectation is business picks up during seasonal time like today I am talking to you in May, actually April, May, June is supposed to be a peak season for us, but still it is on a peak season it is let us say 70% off take feeling is coming which should be 150% so market is somewhat muted so we started expanding ourselves geographically because the product which we are making right now, we have more capacity than that, so naturally if we expand our geography then our product is according to our demography then through integrated process we will get our recycling benefit. So, as I was telling Himani, I told it might take another 2 quarters for us to really get into that mode where it will become yes, now we have stabilized, we are sustaining, we are growing and we are expanding very fast, so it will take some time.

Vishnu Bhardwaj: In topline the profit was down, so in bottom line which you told of your recycling plant that 20% margin should have come, so if you add that then it should be in plus?

Sushil Kumar Aggarwal: I told you that the margin that should have come unfortunately its cost was more than what we purchased, why it came because we could not build up that much in production process, so because of that challenge came and naturally we didn't get its benefit and what happened that as I told you that last quarter was a gloomy picture across the country, it seemed like there was no one to pick up the goods. Everyone is sitting still and no one is buying, so deep discount has to be given, lot of things has to be done because in today's date if production capacity is there, salary payout is there, interest payment is there, fixed cost is there, then everyone thinks that however we have to do recovery, so let us give discounts and so on and lot of churning happen into that. Besides this one more interesting thing is that as we set our recycling plant, then before setting up recycling plant the preliminary pre-operating expenses like repair, maintenance, I booked it which we had to capitalize, we have capitalized.

Vishnu Bhardwaj: Are you recycling plant has not full-fledged started?

Sushil Kumar Aggarwal: It has started full-fledged, but its optimization is pending it is taking some time. I believe that we will fix it and optimize it before the end of this quarter, before June and with that I have production capacity. Today when I am talking as I said that we are making 300 metric ton we have the capacity, but I have more than 300 metric ton capacity.

Vishnu Bhardwaj: This 300 metric ton has been used or not in this quarter?

Sushil Kumar Aggarwal: No, last time we could make 228 metric ton, could not make 300 metric ton even though my production capacity is more. Sometime machine breakdown happens, sometimes labor ran away, sometimes something else happens and when such challenges comes a person is forced to think how to tackle this and as it is post-consumer plastic its dynamics are very different. It has a washing system and drying chasm. It is a different type of thing that everyone cannot do that work, for doing that you need specialized people.

Vishnu Bhardwaj: You must be having idea of that as you are such an old businessman in this line, so you must be having some idea?

Sushil Kumar Aggarwal: I have told in my opening remark that we used post-industry, this is the first time we have set up our own post-consumer reprocessing unit for up-cycling. We don't use to do this before then we realized that by the disruption of supply-chain management the polymers prices are going from Rs. 80 to Rs. 150 and sometimes going Rs. 120 so to avoid this disturbance.... exactly it became down but still after going down it is in the range of 90 to 96 then we have realized that this volatility which comes disturbs our system and it drains our profits too, so what we decided that in post-consumer plastic volatility is not there, which you dump what volatility will come there, there is no supply chain management. There are no takers. Like in your construction site you dump cement bags, what should I do with that, someone picks up and take it away so that my headache is over, so we are going to finish your headache because we are doing this process and it has to be done in a scientific way. Today removing all the contamination inside it and doing the production process properly and without compromising the quality of the product it is very essential for us because if today I give you bad product then suddenly we will vanish from the market overnight. So, Vishnuji this is a balancing act like on the pole....

Vishnu Bhardwaj: Okay in the beginning you have to face difficulties in the recycling plant for 2, 3 months and now it is full fledge like you told in previous concall that 20% margin will come from that only and from that our EBITDA and bottom line will increase, so now 20% margin has come or not?

Sushil Kumar Aggarwal: No, not yet came. If it had come then it would have reflected here.

Vishnu Bhardwaj: Is there any chance to come in this current quarter this 20%?

Sushil Kumar Aggarwal: No, there is no chance for this quarter. I think that from second quarter onwards it will start coming because the optimization which is going on, in that markup is visible, difference is also visible that how much difference should come but if optimization is not happening or you have the process system, you have machine and equipment everything but your output or quality or your cost which should come is not optimized then challenge comes that we have to manage it, but in our case it is crystal clear that here it will happens like this only and we need to do that then we will continue to do that, we can do that.

Vishnu Bhardwaj: That means from next quarter EBITDA will increase and bottom line will increase?

Sushil Kumar Aggarwal: Absolutely.

Moderator: Thank you. The next question is from the line of Deepika Chedda from Cogen Research. Please go ahead.

Deepika Chedda: Sir you are talking about having a warehouse in South India, can you please provide any update on it?

Sushil Kumar Aggarwal: Well I did not actually say that we are going to have a warehouse in South India, what I said was probably over a period of time, this recycling capacity that will be building here, the moment we are able to sell it off and we can showcase and we can demonstrate that aptly and ably do that then in that case we will definitely try to set up such kind of plants multi-location and we have scouted South India as one of the place that we can, including Western India and Eastern India also and may be Central India, 4, 5 location that we have identified, but one thing of course, since you asked about warehouse which I have not said, but I am mentioning it to you now that we have a plan because we are expanding our footprint across India and Karnataka we are already selling our materials. We are also selling in Odisha, Madhya Pradesh, Chhattisgarh, Gujarat, Maharashtra also, so now we are touching AP, Telengana, Tamil Nadu we are a selling little bit, Kerala etc., so we might setup a warehouse in Hyderabad or nearby area in Southern India, so that we are able to serve that particular market reasonably well. Incidentally, lots of these online order that we get are predominantly 50% to 60% of those orders actually comes from Southern India, so it gives us a lot of synergies in terms of the operational cost as well as availability of material across everywhere and that should actually give me the benefit to bring the cost down.

Deepika Chedda: What is the marketing spend?

Sushil Kumar Aggarwal: Marketing spend, Deepika because we certainly want to do a lot of ATL activity, but it require deep pocket and consistency, so we do not want to slay and we do not want to unnecessarily burn our money into area where probably we may or we may not get that kind of return, so what we do is we offer let us say our distributor, BTL in terms of watch, top, clock etc., t-shirt and then conferences, tours and so and so forth and pens and pads, etc., to please them and to you know also beyond that we also offer a beautiful packaging in fact in case if it is possible and if at all we were just to buy for a 1 or 2 item online from Flipkart, Amazon, you will see a kind of packaging that they do. So, what we try to do is we offer already a good quality product with good packaging and certain amount of support morally also plus certain amount of benefit in terms of secondary marketing where in our own people would go and ensure that the dealers are on-board. So, we have the process of that and Himani has asked about the biggest challenge. Today if I could actually raise my brands awareness reasonably well I can assure you Deepika that we will be a product which can be battened upon, looked upon as one of the finest product in the country of free 3 years guarantee, huge range, 40% cheaper than national brand and in case if you are to check on online Flipkart, Amazon, you will see that we have won a highest

branding and rating for our product and that is a testimony to our product quality and range that we are offering.

Moderator: Thank you. The next question is from the line of Miraj from Arihant Capital. Please go ahead.

Miraj: Just wanted to understand something that is basic actually, I wasn't there from the start, just wanted to understand as you are saying that you started with the recycle polymer also and earlier you were using virgin polymer, so just wanted to understand a couple of things like the pricing difference, volume, what we are doing currently? And the quality and the acceptance of the finished product? If you could just give me a brief on this?

Sushil Kumar Aggarwal: 30% of our consumption has been the virgin recycle, virgin plastics and 70% was recycled plastic which were bought out from post-industrial waste, so that we were getting at a reasonably higher price over a period of time, because what is happening is due to the increase in the prices of virgin material, lot of people shifted to recycle material, so that of post-industrial recycle material prices went up, let us assume from Rs. 50 kg to Rs. 70, Rs. 75 kg or so and virgin went up from Rs. 90 to Rs. 130, Rs. 140 or so. Now in today's time when I am talking to you today, I think Reliance would be Rs. 98 to Rs. 99 PP rate plus excise duty plus GST and recycle is about Rs. 70 plus GST, but in that same context, at the same level, today post-consumer plastic could be less as low as Rs. 50 per kg including processing cost and everything put together. So, that is how I mentioned that we believe that over a period of time we should get at least the moment we scale up our operation and recycle, we should get at least 20% additional advantage in the cost that will be one thing. Second thing you asked about the quality, Miraj we incidentally are the only company as I was saying that we offer 3 years guaranty for any breakage, any color distortion so on and so forth for our product and that without even a single penny additional cost and that we are able to offer just because of 2 very basic reason 1 is that the designing, I do a lot of designing myself on CadCam etc., and we do a lot of R&D in the product size, so we ensure that the product is robust, number one and number 2 is whatever mix of recipe that we do, we ensure that it has got all the ingredients to sustain quality durability, color, gloss, trends, finish etc., over a period of time and I was mentioning it to Himani because you joined little late that for 2 decades also even if you to keep it outdoor, I am not saying indoor, keep it near seashore etc., outdoor and you will be delighted that this product will not tear, wear or anything nothing, it will not break and all that can happen is probably it becomes little rough, the color might go down and so on and so forth, but still it will be usable. So, there is a beauty without compromising the quality, this is where our biggest strength comes that today the moment we scale up our operations for recycling, I am absolutely confident and sure and I was mentioning because you joined little late that I said we are the only company in the furniture industry across India who have got this integrated process system from post-consumer to the final product from B2B to B2C both we do because we are on online presence also and we are offline presence also. So, as we go on scaling it, 2 advantage that will give me, I will become predatory in my pricing when it comes to the final product because I will be cheaper, number 2 because of the scale of my operation of my recycling, I will not only be able to consume and reduce my cost, but I will also be able to offload a quantity of material to other suppliers and other manufactures

let us say white goods, consumer goods and so on so products, etc., who are actually using recycle plastic. We are also far 2 past decades also we are used to do in compounding and we are reasonably good, let us say compounding with creating colors if we require a green color or orange we will ensure that across lifetime of the product of the company you will get the orange color itself, so that is the creation of recipe, we are expert at that, so now what we are going to trying to do is third thing we will add on over a period of time is to do compounding ourselves and give the premix it is like Wagh Bakri tea premix tea sachet kind of thing, we just offer premix to other people, alright just put it in your machine and you don't have to go through the process for setting up the color size and all the things, so this is the kind of expertise that we have. We are still to monetize and deploy that as in we keep involving, as in when we keep growing, I can only tell you that we will only see the upside of this company from the standpoint of number 1 sale of furniture, number 2 resale of this recycled material, number 3 compounding, so these are the verticals that we are looking at.

Miraj: Understood, that is quite a detailed highlight, sir and just one more thing from the current volume that we have producing, how much would be from the recycled polymer and how much would be from virgin polymer? And what do you aspire to take this to?

Sushil Kumar Aggarwal: As I said that 8,000 metric ton per annum is my consumption of which 30% is virgin polymer that come Reliance, IOC, Bharuch so and so forth and rest of the material 100,000 tons or so we were actually buying from post-industrial recyclers, now that thing entire thing they will convert into our post-consumer from the in-house capacity itself during the process of doing that, so today whatever we are producing, I said in last month we had reached about 228 tons or so actually we have a capacity of more of 300 tons not 300 tons, 300 tons is what we have declared obvious ahead, but our production capacity is much more than that, we have already because what we are trying to do is not waiting we are going on adding equipment and machines and auxiliaries to ensure that everything keeps up in running and going and because of the late time also I don't want to waste time because as usual the Indian market is actually up and winning and running though the consumer buoyancy has not been that been great, but still under current is reasonably good from that stand point of view we believe that even if 8,000 metric ton I am consuming over a period of time I will expand my furniture capacity take it to maybe to 12,000 metric tons of which 70% whatever I produce will get self-consumed, so that is advantage we have and we will continue to scale our operation or increase our capacity will continue to add that.

Miraj: All the best for the future, there seems to be a lot of potential in this segment as we speak. All the best, sir.

Sushil Kumar Aggarwal: Thank you Miraj, I totally agree with you. It is not the question of my run the company, I would say that we are in a public domain. We have been for past 2 decades we are available online, we are available offline, so if at all anybody were to take a dipstick study and understand what category we are in to, how we are serving the society, nation, do we have a complete SKU range etc., and just integrate the process system which has got a great synergy with our operations,

does it makes sense and all the things, then there will be great delight. Miraj it will be eye opener, people will say oh my God, what are you all doing, this is amazing and this is how if you are doing it over a period of time you can go on replicating this model to a lot of places etc., so it is just a matter of just scaling it up. It is just a matter of optimizing the entire system and processes and Himani was asking, Vishnuji was asking like what about funds and all the things and nobody thinks alright we certainly require CAPEX, we require funds to ensure that because internal accruals are not good enough and I was also mentioning we are very low on the long-term debt which is less than Rs. 1.75 crores, it reflects Rs. 2.5 crores, Rs. 2.75 crores, but this is for other items, so machine loan is only Rs. 1.75 crores which means we can leverage our debt, we can leverage our market also, we can leverage whatever we can instruments over the period of time. So, what we are trying to do is not being greedy, but we are trying to be a sustainable company. We might be little slow on certain operations, on certain head start but we are doing it in a very robust fashion, so that over a period of time as if when company grows it is standing tall.

Moderator: Thank you. The next question is from the line of Raj from ARJAV PARTNERS. Please go ahead.

Raj: Sir I wanted to know how much is your business outlook for FY24, sir?

Sushil Kumar Aggarwal: Raj, we are very positive because in the last 2 decades this is for the first time we conduct the euphoria, the exuberance or even the energy that we have in the factory is palpable, it is very different and for a simple fact from post-consumer plastic to an integrated company, I am the only one in the country, so I believe that sky is not the limit for us. We are doing anything and everything from boarding manpower, people and Deepika was asking we told her that we will also setup a warehouse etc., so we are trying to deploy and all the things. Sometimes we feel 365 days is 1 year, but we feel 365 days goes off every day, it is like running very fast. Don't even know how weeks, days and months passes by pretty fast. So, we believe that over the period of time as it is we have people deployed, so we are looking forward to a very robust growth. We do not want to rest our laurels to say that we did 10%, 20% growth because right now fortunately there is a 15% growth in India itself. I am also national president of furniture manufacture association, so across country I know everybody whoever are sitting what they are doing what they are doing and I also know my strength for myself. So, all I need to do is just reach out to the demography and geography. Whenever we are, we are doing reasonably well, but all those opportunities that exists where we have not gone let us say we started with West Bengal we started doing well, we started in Jharkhand. We started in Karnataka. We started doing in Tamil Nadu. Now with opening up in Andhra, Telangana, Odisha and so on and so forth. Maharashtra we are opening very aggressive way. I use to have my own office in Bhiwandi sometime back but then we had to shift for some reasons, so over a period of time I believe wherever we place our product and the beauty about this company's product is Raj that not only online we are accepted very well, offline we are accepted and I was mentioning this that will get the product in Srinagar, will get in Bhuj, will get in Bombay, will get in Baroda or you talk about Bangalore, you talk about any place our product is available and the beauty about that is everywhere there

is a palette, the taste is different, but for our product the acceptability is universal everywhere and that is the beauty, so we certainly do a good job this year FY24.

Raj: One more question is that you are saying like your peers Cello and all, their product is at par as you are saying?

Sushil Kumar Aggarwal: No not at par, I will tell there are 2 things, one is let us say about the price, so I was mentioning that we are 40% cheaper than that and one of the primary reason for that is without compromising the quality and aesthetic look because we offer a bouquet of product. Here if you want to buy milky white, orange, green etc., you will get that also either brown, black and blues and so on and so forth, so 150 SKUs plus that we offer. So, we are able to actually give them tough competition and not one company but almost all these companies. So, they are actually having some trouble time with us because they feel that this company is very aggressive and just probably we need to reach out over time. So, we don't compromise the quality and Himani was asking me and I told her that in case if I were to let us say on my product if you place that brand with any top-notch brand of any company or any country for this matter, suddenly the price will be 40%, 50% more because the assets quality is so good, so it is just 2 things, the distribution and branding these things will help us a lot over a period of time to scale up our operation and that will also enable us to consume our self-produced plastics into our operations. That is how the synergy is there.

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

Hemant: Sir can you throw some light on this recycled plastic? From where you are getting this plastic now?

Sushil Kumar Aggarwal: Hemant, this recycle plastic is available so much abundantly everywhere, like in your home let us say you throw milk pouches, people throw cement bag, bag, sugar, salts, fertilizers so on and so forth and I was mentioning about that there is 6 million tons, 60 lakh tons plastic is available in India and there are very few takers for that. There are very few people actually processing post-consumer plastic and we are ahead of that. So, there was no dearth of material when we open factory, our factory is actually 24X7 working no doubt and we find that every day people are lined up to say that sir please take our good because the thing is they want to ensure that this company is consuming and consuming intelligently honestly. It is not like that we are just not aggregators, we are actually consumer and we also know that this company also manufactures furniture and all the things, so is self-consumption. So, there is no question of those people thinking that today they will buy but if the off season they will not buy. They know that 365 days this company will certainly buy, so that is the beauty of that. So, I think over the period of time like I told you Hemant, material availability is not an issue at all. It is so much in abundance that there are no takers in fact sometimes back I was in Rishikesh about 2 months back or so and I was talking to a supplier, I asked him what is the price, he said at what rate you will take? I said why you are asking this question; you should tell me the price. He told that give us whatever the freight cost is there is no price. I asked why, he told me what happens is because these in the

hill people dump it and there are no takers, so they burn it in the night and they are scared how to throw, where to throw, they don't know. So, that case even if you just procure it is good enough, so this is a tenacity, this is the advantage Hemant that is available and let me tell you because this is all recorded and it is on paper, it is documented and everybody is listening to this, I will love to say that we all have to together eradicate this environment pollution that we are doing not only just by the air, but the other means also and we as a socially responsible company understanding that we can integrate this process system and view this particular product, we though why don't we take the plunge. Today I have taken the plunge. I would urge all others also to over a period of time establish your some kind of set up system and all the things, spend time and energy and I am sure that we collectively make it happen and make our cities cleaner.

Hemant: So, we are planning this in large quantities like what you said 2,500 metric tons per year are we planning for any rate contracts from few vendors with lower pricing?

Sushil Kumar Aggarwal: Hemant, I could not actually understand your question fully well, but actually we are not doing 500 metric ton per year. Right now, I said 300 metric ton is what we had actually declared in December, but then we have a capacity which is much bigger than that right now established. We are not waiting; we are not thinking that we will make it slowly. We are saying we will keep continue to buy auxiliary machines, equipment etc., space we started with 30,000 square feet we are adding another 30,000 square feet by the next month, so over the period of time I was mentioning to Vishnuji that let us say may be this second quarter also you may not see great results, but third, fourth or second third quarter onwards we will start seeing results happening because when the integrated process system the quantity get established and we are able to use it, so I think it will help us. So, I did not fully understand your question, but I think you were mentioning some quantity. Do you want to elaborate to you more?

Hemant: My question is initially you told you will be increasing this 300 metric tons to 2,500 metric tons may be 1, 2 years down the line, do you have any plans to make any rate contracts with some vendors with some less pricing for this?

Sushil Kumar Aggarwal: No, Hemant, incidentally there are so many people giving us material. They are just saying, sir please take because it has become a nuisance for them and tomorrow onwards when you are walking into streets in your locality and colony and wherever construction is happening you will feel that they normally dump these cement bags etc., it is just not cement bags, sugar, onion, potatoes, they dump and the worst thing is they are so scared they don't know where to dump, so they normally throw it to the doors which is extremely sad. People have to become a little bit conscious. So, I think there is no dearth what we have to do is we are also trying to create a community of people, we want to on-board we are actually creating an NGO over a period of time. There are probably 1,000s of people. I don't know if I have to put it in record or not, but I can certainly mention that this is my aspiration you want to on-board more than 50,000 scavengers and beggars and all that thing and tell them to do this we will give you food for plastic. You just give me a kilo of plastic. I will give you 250 grams of rice, sugar or wheat what you want to keep it up, go and feed your family. We will not give money because we do not

want them to use it for drugs and liquor and so on and so forth. So, the point is that over a period of time we become so aspirational Hemant that in case if we can actually make it happen then we will make it a moment in the country.

Hemant: Sir I have one question in terms of revenue, your other income is Rs. 1.5 crores for this quarter whereas in the previous quarters it was around Rs. 3 lakh to Rs. 5 lakh, so why there is a big jump in this?

Sushil Kumar Aggarwal: Actually what happened is we did a lot of buying of recycle plastic because we understood the entire thing, so we started actually buying a lot of plastic which were available in the market and we started also selling to those who could consume it, so we could get a that kind of a mark-up with that, so that is the beauty which we have never been doing, we never thought about it, but once we have got into this particular field we realized the potential, we also knew the mark-up we also knew the business, so now we started discussing with people and saying alright we don't need this product at this price, we needed in this price if you are ready to give and because I was mentioning that the markets were little muted and the buoyancy was not that great, so people were low on the sales so that is why we said alright we will give it to you no problem and we bought that and we sold it and why we are doing that we could earn certain amount of margins for that, so that is how it is reflecting in that particular quarter.

Hemant: So, this was started from this quarter only, sir?

Sushil Kumar Aggarwal: Correct and likely it will continue over a period of time depending upon the need basis or wherever we feel it is necessary because what is happening is now even in the let us say polymer trading also we have certain times mark-up because lots of imports come, millions of tons of imports is coming and most of the time the price volatility that happens, so if we have stocking ability we can stock material, we can also sell high etc., we can have various things at that time and ensure that is of mark-up that we get can be reasonably good, so we are also looking at that.

Hemant: But if exclude this revenue for this quarter actually our business is in loss for about Rs. 31 lakh any reason for that, sir?

Sushil Kumar Aggarwal: Loss?

Hemant: Yes sir I could see it was Rs. 17.4 crores is the expense and Rs. 17.1 crores is the revenue. Is my understanding correct?

Sushil Kumar Aggarwal: I am so sorry I didn't see the particular quarter detail to actually give you the reply. Just complete your question.

Hemant: When I see your results yesterday, it was mentioning that Rs. 17.4 crores is the total expenses and Rs. 17.1 crores is the actual revenue if I exclude this other income of Rs. 1.5 crores, so there

is a gap of Rs. 30 lakhs. Sir when I checked all your quarterly results from the last 8 to 10 quarters, during the first quarter we could see negative in terms of bottom line.

Sushil Kumar Aggarwal: I think I was mentioning some time back probably I will rephrase it again in the product category we have to rollout lot of discounts and incentives and benefits to the distributors and dealers etc., which we were actually not doing because we realized that the sales was very muted, which was not picking up, things were not good, so we said alright let us do whatever necessary possible. So, probably in case since you have done a lot of analysis I am grateful to you. Thanks a lot for saying that. Probably you are saying that in all right to trading also this particular thing we got margin, but in the operation finally there is a loss of Rs. 31 lakh that is what you are saying, isn't it. I understood your point, but I think it could be for another reason because lot of expenses happen in the investment that went into recycling while we are setting it up, there are lot of expenses in terms of let us say payments so on so forth that are happening, so that is all booked. That is how this particular expense is showing up and profit is a little muted.

Hemant: Sir my last question is any targets to 3 years down the line what would be our revenue on margins?

Sushil Kumar Aggarwal: Hemant, 3 years down the line, I think we will be a very focused, robust company which is already scaled up operations and we believe that would come through our strength of being in the industry for 2 decades, we understand the product category, consumers reasonably well. The 30,000-touch point that we have and plus more than 6,500 zip codes what we have across India, 35,000 orders that we have served last year online and I think more than 5 crores consumers that exists in the country. So, we believe that over a period of time, we as a company has a great future in terms of wherever we go, we have greater acceptability. Probably what is required is as I was mentioning keep distribution and branding, the more we lead to these 2 things I think the tides will turn in our favor and wish we could deliver a stellar a good results and more than anything Hemant, once we have this beautiful advantage of let us say bottom line of the cost in terms of raw material procurement purchase that we are doing, I think that would give us an edge not only in terms of cash flow but in terms of becoming predatory in the pricing with the peer-to-peer or competitor and I think that is what we are looking forward to, the growth strategy in terms of being aggressive, predatory and in terms of the procurement or up-cycling or recycling that we can. So, these kind of synergies should actually give us a great amount of leeway over a period of time and we are very confident about it.

Moderator: Thank you. Ladies and gentlemen as there are no further questions from the participants, I now hand the conference over to Ms. Supriya Madye for closing comments. Over to you ma'am.

Sushil Kumar Aggarwal: I would like to acknowledge thanks to Himani, Vishnu, Deepika, Miraj, Raj, Hemant and all other participants who have been with us and asking these question. It also clarifies our state of mind and also gives us lot of insight how and what others and investors think or let us say stakeholders and shareholders think and what are the queries that they have in their mind and this inspires us and guides us to actually work in that particular direction, so I would continue to



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urge and request all of you whatever little that you have been able to contribute or good that you have been able to contribute, please continue to contribute, please continue to share information, knowledge or values or guidance whatever that you have. As we are more than happy to apply that because we as a company, we are working not just for profit, but for serving the society and the economy. So, together we will make India a greater economy, resilient economy and over a period of time, serve the interest of stakeholder and shareholders. Thank you very much.

Moderator:

Thank you. On behalf of Kirin Advisors Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.