

SKY INDUSTRIES LIMITED



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To,
BSE LTD
P.J. Towers, Dalal Street,
Mumbai- 400 001
SCRIP CODE- 526479

Sub: Transcript of Earnings Call held on May 27, 2024.

Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
("SEBI Listing Regulations")

Dear Sir/Madam,

Please find enclosed the transcript of Earnings Call for the Quarter and year ended March 31, 2024 conducted on Monday, May 27, 2024 for your information and records.

This will also be hosted on the Company's website, at www.skycorp.in

Kindly take the same on your record.

Thanking you.

For SKY INDUSTRIES LIMITED

MAIKAL RAORANI
WHOLE TIME DIRECTOR & CFO
DIN: 00037831

Encl.: a/a



“Sky Industries Limited
Q4 FY '24 Earnings Conference Call”
May 27, 2024



MANAGEMENT: **MR. SHAILESH S SHAH-MANAGING DIRECTOR– SKY INDUSTRIES LIMITED**
MR. MAIKAL RAORANI – WHOLE-TIME DIRECTOR AND CHIEF FINANCIAL OFFICER – SKY INDUSTRIES LIMITED
MS. PRIYAL RUPARELIA – COMPANY SECRETARY – SKY INDUSTRIES LIMITED

MODERATOR: **MR. GANESH – KIRIN ADVISORS**



Moderator: Ladies and gentlemen, good day, and welcome to Sky Industries Limited Q4 FY '24 Earnings Conference Call, hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ganesh from Kirin Advisors. Thank you, and over to you Mr. Ganesh.

Ganesh: Thank you. On behalf of Kirin Advisors, I welcome you all to the Conference Call of Sky Industries Limited. From the management team, we have Mr. Maikal Raorani, Whole Time Director and Chief Financial Officer; and Ms. Priyal Ruparelia, Company Secretary.

Now I hand over the call to Mr. Maikal Raorani. Over to you, sir.

Maikal Raorani: Good afternoon, everyone. Thank you for joining us today for the Earnings Con-Call of Sky Industries Limited for Quarter 4 FY '24. I am pleased to share our financial results and key achievements for the period as well as provide a brief overview of the company's background and mission.

Since our establishment in 1993, we have been committed to delivering high quality hook and loop fastening solutions. Our reputation as a trusted supplier extends globally with our products reaching markets in USA, UK, Germany, Turkey, Bangladesh, Sri Lanka, etcetera.

With over 34 years experience, we currently serve more than 800 customers across the country and we do export to around 10 countries, more than 10 countries. We have certifications like ISO, IATF, OEKOTEX, etcetera, reflecting our dedication to quality and sustainability.

Our diverse product range includes self-adhesive tapes, webbings, Neoprene, velvet, functional elastics, etcetera, etcetera, catering to a wide range of industries ranging from footwear, orthopedic, automobile, PPE, sportswear, packaging, aviation, defense, etcetera. We have two manufacturing facilities, one in Navi Mumbai, one in Bhiwandi, spanning across roughly 80,000 square feet, wherein the install capacity would be roughly 9 million meters per month for hook and loop products.

We are also a part of the BIS Committee for Setting Up Standards for Hook and Loop Tape Fasteners in India and we are the only company licensed by BIS to use its mark in this industry. In the past, we have been awarded the highest export awards by SRTEPC under the aegis. As we look ahead, Sky Industries Limited is poised for continued growth and expansion, particularly within the narrow woven fabrics market.

We are actively exploring new opportunities through strategic collaborations and marketing arrangements, which will enable us to expand our market presence and leverage new business models. Innovation remains core of our strategy. We are committed to developing new products that meet the evolving needs of our diverse customer base.



Our focus on sustainability drives us to implement eco-friendly practices and materials, ensuring we contribute positively to the environment while delivering high quality products. We are exploring new investment opportunities to fuel our growth and drive long-term value creation for our stakeholders.

By investing in cutting-edge technologies and expanding our manufacturing capabilities, we aim to strengthen our position as a leader in the industry. With these strategic initiatives, we are confident in our ability to achieve sustainable growth and maintain our competitive edge in the market.

Now coming to the financial highlights of the quarter 4 FY'24, we are delighted to report the impressive financial results for Q4, showcasing the strength and resilience of the company. Our strategic efforts and operational efficiencies have driven substantial growth across the key financial metrics.

For the quarter 4 FY'24, we recorded the total income of INR21.75 crores, reflecting a significant year-on-year growth of around 22.54%. Our EBITDA of INR2.71 crores represents an outstanding year-on-year growth of around 71%, with the EBITDA margin improving to 12.48%.

The net profit for the quarter reached INR1.53 crores, clocking an exceptional year-on-year growth of 177%. The net profit margin rose to 6.9%. Earnings per share for the quarter increased to INR1.94, reflecting a year-on-year growth of 181%. For the full year FY'24, our total income was roughly INR84 crores, showing a yearly growth of roughly 11%.

Annual EBITDA increased by 62% to INR9.13 crores, with the EBITDA margin improving to roughly 11%. Net profit for the year stood at INR4.71 crores, again clocking a growth of around 164% and the net margin improved to 5.57%. Our annual EPS rose to INR5.97, again reflecting a strong growth of 164%.

As we move forward, we remain committed to sustaining this high growth trajectory by continuing to innovate, improve our operational efficiencies and expanding our global footprint. We are confident in our ability to navigate the dynamic market landscape and deliver sustained value to our stakeholders.

Before we delve into the question-and-answer session, I want to express my sincere gratitude to all the stakeholders for being an integral part of our growth journey. Your support and involvement have played a crucial role in our success, and we genuinely appreciate your valuable contribution.

With this, I would like to open the floor for questions and answers. Thank you once again for your presence and continued support.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Yashwanti from Kojin. Please go ahead.



Yashwanti: Good afternoon, sir, and thank you for the opportunity. I just wanted to understand from our competitive advantage perspective, how are we competitive as compared to our peers? And what is your call on the competition from China?

Maikal Raorani: Okay. We basically, as I mentioned in my opening address, we are basically more quality conscious. And of course, we do a lot of innovations and a lot of R&D as well. So as far as competitive advantage with our competitors is concerned, we have a lot of certifications, including the BIS license, which probably none of our competitors would be having. So that is one area where we are ahead of them.

We do a lot of innovation in terms of implementing eco-friendly practices and materials, which most of our competitors don't fall into. And we are also known for giving a high-quality product as an offering to our customers. Of course, it goes without saying that unless we have a bright quality of earnings and operational efficiencies in terms of the debtors and inventory management, this all will be of no use. So obviously, the focus is always on debtors, inventory, etcetera, as well as operational efficiencies.

As far as competition with China goes to, of course, on the price front, it is very difficult to compete with them. But of course, we do compete with them in terms of quality and in terms of offerings and customized offerings. Most of the customers definitely do a lot of customization in our industry. And certain customers obviously would want to have a China Plus One as an alternative. So therein where we step in like.

Yashwanti: And sir, what is our capacity utilization, as in the date?

Maikal Raorani: Capacity utilization would be in range of 60% to 70%. And because of certain cost constraints, we definitely are looking to move to a different location where in the capacity utilization would be much better.

Yashwanti: And sir, how is our working capital cycle? As you mentioned, the inventory management and the retail management in [inaudible 10:19]

Maikal Raorani: Yes. We have, I mean, free cash flows available to the tune of INR7 crores to INR8 crores. That is possible because we have reduced the inventory and also got better debtor control as compared to the previous year. So obviously, the working capital cycle is shortened.

Yashwanti: Would it be possible for you to mention in terms of the number of days of inventory...

Maikal Raorani: Yes. In terms of number of days, debtors would be around 50 days down from around 60 days earlier. And inventory would be roughly three months, which was earlier around three and a half months.

Yashwanti: Okay. Coming on to some bookkeeping questions. Sir, we have seen increasing numbers of Q4 as well as the FY'20. Sir, what are the main reasons you would say to as for the cable system? And please guide whether these numbers are sustainable with upward bias?



Maikal Raorani: Yes. See, the primary reason for this is the product mix. The more profitable product mix obviously will help. Over and apart that, over and apart from that, there are certain operational things which have mattered, including what I mentioned for debtors and inventory control. Exports have also shown some increase vis-a-vis the previous year. And certain segments, more profitable segments like automobile and others, wherein the profit margin is better, those products have done well in this quarter.

So that is the reason why the results are attributable to those better numbers. Coming to your question of whether these numbers are sustainable in future. Of course, if the trend of this sort of trend continues, then this is definitely possible to achieve in line to these figures.

Yashwanti: Okay. So, two questions on it. One is like EBITDA margin in Q4 is 12.5 and for the full year it is 11%. So, you expect the same to continue with the upward bias with the value-added product coming in? And secondly, what is the contribution from the value-added product that has seen such a good number of improvement in your financials?

Maikal Raorani: Yes. EBITDA, we can say it will be in range of 11% for sure. 10% to 11% is the range what we are expecting. And the value-added figures would be roughly coming to roughly INR38 crores of our total sales.

Yashwanti: And normally, so Q4 is good for the business?

Maikal Raorani: Yes, usually Q4 is better.

Yashwanti: Sir, before joining the queue, if I can take one more question. So, we have one facility in Bhiwandi, one is in ...

Maikal Raorani: One is in Navi Mumbai.

Yashwanti: Yes, Navi Mumbai side. So, are we in the future looking out to merge this capacity building under one pool or how are you thinking about it?

Maikal Raorani: Yes, yes. To get in better operational efficiencies, we are looking to merge these two facilities at a different location. Where there is ample space available for expansion. Presently, at both the locations, there is no space available for further expansion.

Yashwanti: So, have you identified any place to get this thing done? Or if we can see some results coming in the current year?

Maikal Raorani: Yes, current year, I think by the end of the year, we can have some concrete things identified. Yes, yes.

Yashwanti: Okay, sir. Thank you so much, sir, and I'll join back in queue.

Maikal Raorani: Thank you, Yashwanti.

Moderator: Thank you. The next question is from the line of Vijay Chavan from NCHP. Please go ahead, Mr. Vijay.



- Vijay Chavan:** Congratulations for a good set of numbers. So, I just wanted to know the installed capacity and capacity utilization as on date?
- Maikal Raorani:** Yes, installed capacity is roughly 9 million meters per month in terms of equivalent of 25 mm. And capacity utilization would be roughly around 60% to 70% of that presently. And only because of cost constraint, we are not able to utilize the full capacity.
- Vijay Chavan:** Okay. So, are there any future plans to increase the capacity?
- Maikal Raorani:** Yes, definitely the plans are there, but it will be at a different location.
- Vijay Chavan:** Okay, sir. So, are there any new client additions during the year?
- Maikal Raorani:** Yes, of course, there would be certain new client additions because as I told you, we cater to more than 800 different customers. So, obviously, it's a big number and new clients definitely would be added.
- Moderator:** Thank you. The next question is from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead.
- Keshav Garg:** Sir, I wanted to understand that few years back when I attended the AGM, you told us that you have two buildings in C2 area in Navi Mumbai, which you wanted to sell and pay off the debts and you were expecting between INR15 crores to INR20 crores altogether from these monetization of surplus real estate. Sir, so what happened to that?
- Maikal Raorani:** Yes, Keshav, hi. See, at that time, that is somewhere in 17-18, we had that plans to take a unit at that time and monetize this unit. But over the years, what has happened is the two units we have as of now kept and they are running. And we have been scouting for a proper location, which we have shortlisted and we should be shortly be able to finalize on the same.
- Till that time, this particular location would be continuing to function and we would be merging the Bhiwandi unit with this New Bombay operations for better operational efficiencies. And today the valuation would be in excess of INR23 to INR24 crores for the facilities, the two buildings what you mentioned in Navi Mumbai.
- And so it is better in terms of waiting for some time before we dispose it off.
- Keshav Garg:** Sir, so basically we are planning to shift our two existing manufacturing facilities to a new greenfield third unit and we will dispose the two existing facilities and we will get something like INR23 crores. Is that understanding correct?
- Maikal Raorani:** Yes, correct, correct. The understanding is correct, but the decision to dispose or to continue with the existing facility depends on a lot of other factors. So we should be able to answer to this by the year end, wherein we finalize the facility and then see what are the cash requirements and the future requirements for the expansion. On that basis, we can decide on this.



- Keshav Garg:** Sir, and also, sir, we had plans for some INR30 crores capex in Dahej for which we were waiting for some effluent treatment plants. So what happened to all that?
- Maikal Raorani:** Yes, you know, the Dahej facility post COVID, we disposed of that land in Dahej post COVID because the CTP took more time than anticipated to be set up over there. It is as of last year, it was just about to be operational as of last year, I'm telling. And we had spoken on this in 2018, I guess. So that is why we disposed off the facility at Dahej and we are in now process of identifying another facility where we can set up the greenfield project.
- Keshav Garg:** Sir, so how much time will it take to set up the greenfield unit and what will be the capex?
- Maikal Raorani:** Capex would be in range of INR25 crores to INR30 crores as was planned over that time in Sayakha near Dahej. And it should take around one year from now to probably get it established.
- Keshav Garg:** Sir, but since we haven't even finalized the location, so you are confident that after one year, that new capacity will come on stream?
- Maikal Raorani:** Yes, yes, we should be able to finalize.
- Keshav Garg:** And sir, once the new plant comes up with INR25 crores capex, then what kind of output are you expecting from that new greenfield capacity and what kind of margins are you expecting from the same?
- Maikal Raorani:** Yes, the margins definitely would be improving. Even the EBITDA would go up by roughly 150 basis points. And we will be expanding in phases, like the first phase would be setting up this exact same capacity at that location. And then after one year and after two years, it will be expanded further.
- Keshav Garg:** Sir, so basically for FY'25, can we expect our revenues to exceed INR100 crores?
- Maikal Raorani:** Yes, safely we should be able to go up to INR100 crores in FY'25.
- Keshav Garg:** And sir, what kind of margins safely you are expecting?
- Maikal Raorani:** EBITDA, as I told, it will be around 10-11% we can expect.
- Keshav Garg:** Right, sir. And sir, any reason why our EBITDA margin reduced from around 17% that we used to do way back in FY'22 from almost 13%, they have reduced to below 9%. So what is the reason for this?
- Maikal Raorani:** Yes, current EBITDA is around 10.58%. And of course, as I told you, the reasons would be the product mix, which is there in the system, as well as the inputs of the yarn, etc., the raw materials and the exchange rate. These are the three major parameters which cater to us. How do we encounter that is by increasing the exports, we are able to hedge the exchange rate so that the heat does not come on us.



- Keshav Garg:** Right. And sir, is there any PLI that the government has announced in our sector who can look?
- Maikal Raorani:** No, the government has announced PLI in technical textiles, but the minimum investment in that is around INR100 crores.
- Keshav Garg:** So I hope that nobody else is going for that, because if some big competitor sets up under PLI, then maybe we will have a difficult time. So is anybody is there any interest in that?
- Maikal Raorani:** We don't have any information of anybody, any major player coming into this segment as of now.
- Keshav Garg:** And sir, what is the import duty on Chinese imports in this hook and loop segment?
- Maikal Raorani:** Presently it is 10%. The basic duty is 10%.
- Keshav Garg:** And sir what percentage of the domestic market is being contributed by imports?
- Maikal Raorani:** I can give you a rough estimate. You can say roughly 30% of the overall market would be catered to by imports from China?
- Keshav Garg:** Sir, so basically if the market size domestic market size is roughly INR200 crores, is that understanding correct?
- Maikal Raorani:** Yes.
- Keshav Garg:** Sir, so basically that means we are holding something like 40% market share?
- Maikal Raorani:** Yes in the market of INR200 crores it is catering to A, B, C categories. C category is something which is very cheap market which is a very low cost market. B category is somewhere in the middle and A category is somebody which is in the premium segment. We cater mostly into the premium segment because that is where the value addition lies. And we are not into the B and C category. B only to certain extent and C we are out of it which is 100% polyester market.
- We are out of that. That is where the major market lies. The market for import is in C category. If you take it as a pyramid divide the pyramid into three halves. The top half is the premium segment. The middle half is the middle segment and the bottom is the imports or the cheap alternatives or the low cost production which is there which comprises of more of a volume market and not a value market.
- Keshav Garg:** Right, sir. So basically this INR200 crores total market out of which A and B segment is how big?
- Maikal Raorani:** Okay, A and B segment would be in range of INR130 to INR140 crores.
- Keshav Garg:** Sir, so already we are doing if we take 135 so already 60% market share we have. Now we are expecting roughly 25% revenue growth in this year. So, is the market increasing by 25%?



- Maikal Raorani:** No. We are definitely also see as I told you we are targeting to increase in our exports the growth future growth for us mainly would be driven by the exports.
- Keshav Garg:** Okay. Great sir. Thank you very much and best of luck to you.
- Maikal Raorani:** Thank you, Keshav. Nice talking to you after a long time.
- Keshav Garg:** Same here.
- Moderator:** Thank you. The next question is from the line of Ashok Shah from LFC Securities. Please go ahead.
- Ashok Shah:** Thanks for taking my questions and congratulations to you and your team for giving excellent results. Sir first of all while we are planning to shift our production capacity from here to low cost production cost facility. So which area would be available or we are searching for and what will be the reduction in the production cost saving?
- Maikal Raorani:** In terms of absolute numbers, Ashokji, if I tell you we can save roughly INR1.5 crores to INR2 crores per annum by moving to a lower cost location. Annualized basis assuming same capacities are being maintained. I mean, on the same capacity so apple-to-apple comparison is done. Low cost locations would be somewhere in Gujarat or somewhere in Maharashtra wherever we are able to get it.
- As of now, we are in process of shortlisting the places and very shortly we will be announcing once we finalize the things.
- Ashok Shah:** Secondly, the facility which we have is it under the lease basis or it's in residential area?
- Maikal Raorani:** No, the facility in New Bombay is in industrial area called as TTC, MIDC industrial area which is on a long term lease from MIDC and the facility in [inaudible 26:44] is on rental basis. It's from a private investor.
- Ashok Shah:** Okay. So, finally the cost of the shifting will be how much approximately?
- Maikal Raorani:** The cost of shifting will not be very significant.
- Ashok Shah:** Because we have to construct new building at new location and everything will be new at new location. Since we are not planning to destroy or move the production machines and everything to the new location.
- Maikal Raorani:** No, production machines we may move later on, but of course as you rightly said there is a cost of construction, there is a cost of establishing the entire facility, but that will come as a capex. So, that is why we have earmarked around INR25 crores to INR30 crores for the capex.
- Ashok Shah:** And secondly, sir, we have given excellent results, but why board has no confidence to increase the dividend?



- Maikal Raorani:** See, there is a capital allocation policy which is followed because we will be needing the funds for our expansion. We need to preserve capital, but of course your suggestion is well taken and in future we may consider giving a better dividend or maybe we can take it up after the project is established.
- Ashok Shah:** And also on any plan to listing on the NSE?
- Maikal Raorani:** There are certain criteria for listing. We are not meeting. There are two major criteria which we are presently not meeting. So, if everything goes well and if we are able to meet those two criteria we may think of listing on NSE as well.
- Ashok Shah:** So, it will be within next two years?
- Maikal Raorani:** I mean it is difficult to predict because the two parameters are something...
- Ashok Shah:** I think that is also dividend equity capital and also market capital. These are the major two important criteria.
- Maikal Raorani:** One is the network and one is the equity base of INR10 crores. So, we are at INR7.89 currently. So, to make it 10 there has to be some equity infusion and the net worth has to be 75. Currently, we are at near about INR50 crores of net worth.
- Ashok Shah:** Okay. So, after this new plan we can have a similar network?
- Maikal Raorani:** We can examine it maybe after 1 year or 2 years, but as of now it is not possible to define by what time it would be listed on NSE, but of course, the effort will be there.
- Ashok Shah:** And also just now you said that Dahej facility we faced some problems and there was no permission. It was very difficult to get. So...
- Maikal Raorani:** No, it was not a question of permission to get. See, the place was in Sayakha first of all which is near Dahesh. It is a GIDC land leasehold land. GIDC is supposed to build up common affluent treatment plant which had got delayed owing to COVID and other reasons. Hence, it was not possible to put us a plant in such a short time. So, we disposed of that facility and we are now looking at some place which is more nearby.
- Ashok Shah:** So, do we need to have any affluent discharge also?
- Maikal Raorani:** Yes because there is a process of dying.
- Ashok Shah:** What will be the cost of this extra cost of establishing this facility?
- Maikal Raorani:** See, in any case, we have to establish an ETP for our treatment. The primary, second and tertiary has to be there for treatment. Apart from that, if we are out of GIDC then we may have to go for a facility called Zero Liquid Discharge, ZLD, what is popularly known as. So all put together cost of ZLD along with ETP, etc along with the civil and all that could come into bare range of INR3 to INR3.5 crores.



- Ashok Shah:** Including everything new construction cost and everything?
- Maikal Raorani:** I am only talking about the affluent treatment plant and ZLD.
- Ashok Shah:** Okay. So, this affluent treatment plant cost will be INR3.5 crores.
- Maikal Raorani:** Including the ZLD.
- Ashok Shah:** Related to that.
- Maikal Raorani:** Yes.
- Ashok Shah:** Okay. So, this facility, this cost we may have incurred it also, [inaudible 31:11] and TTC?
- Maikal Raorani:** No. This is already established. I am talking of if we want to establish a new facility.
- Ashok Shah:** Okay. So this extra cost we have to incur it.
- Maikal Raorani:** Yes. That is a part of our project capex what has been planned.
- Ashok Shah:** And, sir, on a longer term basis what is our future plan because we are planning to move it. So, would it be safe to assume that we would reach INR200 crores facility turnover based company over next 2 years to 3 years?
- Maikal Raorani:** It is difficult to give such numbers per se, but definitely the way the expansion goes and the way we are able to put in our plans we should be getting a better figure or at least growth. I mean I can say a guidance of what presently we have achieved could be there.
- Ashok Shah:** Okay. Sir, I have one suggestion whenever the AGM is held currently we have a facility to hold the AGM in physical format and also on a virtual format. If you hold on a physical format there will be investor interest will get increased and investor will come to see and everything will be on one-to-one basis. So, our visibility will increase. So, if you consider it, it will be much better in future date to hold all the AGM in physical format.
- Maikal Raorani:** Surely we will consider your suggestion.
- Ashok Shah:** Thank you, sir. That's all from my side and very best wishes to you.
- Maikal Raorani:** Thank you, Ashokji.
- Moderator:** Thank you. The next question is from the line of Jay Shah from Ztech Limited. Please go ahead.
- Jay Shah:** Very good afternoon to the management and congratulations for the great numbers. Thank you. So, my question is are there any organized players in this segment?
- Maikal Raorani:** There are one or two players based in North we can say in this segment.



- Jay Shah:** Okay. And what is the size of the opportunity you would be expecting for the next 3 years to 5 years and how will you position to garner your business from the emerging opportunities?
- Maikal Raorani:** We are basically in the local market that is the domestic market. We are banking on the underlying industry like footwear, automobile, etc to drivers and overall otherwise we are banking very largely on the export market. So export presently is 15% of our turnover which is likely to go up to 20% or 25% of our turnover going forward.
- Jay Shah:** Okay, great. So, what will be the required capex for this whole procedure and opportunities?
- Maikal Raorani:** Okay. As I mentioned, we are looking at a capex of around INR25 crores to INR30 crores in one and half year.
- Jay Shah:** Okay, great. So, what will be the industry growth drivers going forward for this?
- Maikal Raorani:** Sorry, can I have your question again, please?
- Jay Shah:** What will be the industry growth drivers going forward for this?
- Maikal Raorani:** Okay. See, industry growth drivers would be one as I told you would be the underlying industry growth. Secondly, we would be also looking for a lot of marketing partnerships like what we have done for Aplix wherein the hook and loop for automobile segment is being there. You must have, you must be knowing about our arrangement with Aplix. So, similar for, for different products we could have some marketing arrangement to drive the value addition and the growth.
- Jay Shah:** Thank you, sir. And have a good day.
- Maikal Raorani:** Thank you, Jay.
- Moderator:** Thank you. The next question is from the line of Sachet Gupta from Gupta Family Office. Please go ahead.
- Sachet Gupta:** Sir, just wanted to inquire, what was the revenue contribution in FY'24 from the defense sector?
- Maikal Raorani:** Defense contributed to roughly 7%.
- Sachet Gupta:** And what is the order book for next year?
- Maikal Raorani:** Order book, as I told you, we are in accessory industry. So, we will not have a very large order book because nobody will wait for a long time for deliveries. Presently, our order book would be roughly 25 days.
- Sachet Gupta:** Then order book for defense sector?
- Maikal Raorani:** For defense, it would be, in terms of value, it would be around INR1 crore.



- Sachet Gupta:** And any idea what would be the margin in this defense supply? It will be higher or similar 10% to 11%?
- Maikal Raorani:** No, it could be on an average similar lines you can consider.
- Sachet Gupta:** Thank you, sir.
- Maikal Raorani:** Okay, Mr. Sachet Gupta. Thank you.
- Moderator:** Thank you. The next question is from the line of Kajal Pathak, an individual investor. Please go ahead.
- Kajal Pathak:** Good afternoon. Sir. Can you elaborate more on the new line of business that is the Neoprene?
- Maikal Raorani:** Neoprene, okay.
- Kajal Pathak:** And what is the capacity and commencement of production and the clients we have for this product?
- Maikal Raorani:** Neoprene will be basically more into Orthopedic segment or maybe it would be in diving suits, which is a nascent industry in India. And presently we have set up the facility for manufacturing Neoprene alongside our existing facility in Bhiwandi. And it is a nascent industry for us because till now Neoprene is being imported in India, which we will be able to cater to from over here only domestically.
- Kajal Pathak:** And what is the top 10 or top 15 clients contribution to our revenue?
- Maikal Raorani:** Top 10 would be around 15%, you can say roughly.
- Kajal Pathak:** Thank you. Sir.
- Maikal Raorani:** Thank you.
- Moderator:** Thank you. The next question is from the line of Tara Kaur from VY Capital. Please go ahead.
- Tara Kaur:** Good afternoon. Thank you for the opportunity. I just have two questions. Are we planning to cater any new markets or regions that we are targeting for expansion?
- Maikal Raorani:** Yes, in terms of new markets or new regions, we can safely say export would be a major focus area.
- Tara Kaur:** So what is the current percentage that we are exporting?
- Maikal Raorani:** Last year we were at 15%. 15% of our turnover was exports. Going forward, it will be 20 or 20 plus.
- Tara Kaur:** And sir, any new products that you are planning to launch or in a pipeline?



- Maikal Raorani:** It would be in, I would say, related diversification, you can say. Something related to our present offerings, if at all any new offerings are there. Some innovations within the hook and loop only, which we will be introducing.
- Tara Kaur:** If you can provide guidance on top line and bottom line for the next year, for the next financial year?
- Maikal Raorani:** Yes, the guidance would be like the EBITDA would be in range of 10% to 11%. And the top line growth could be in the range of 15% to 20%.
- Tara Kaur:** Okay. Thank you from my side.
- Maikal Raorani:** Thank you, madam.
- Moderator:** Thank you. Ladies and gentlemen, you may press star and one to ask a question. As there are no further questions from the participants, I now hand the conference over to Mr. Ganesh from Kirin Advisors for closing remark. Over to you, sir.
- Ganesh:** Thank you, everyone, for joining the conference call of Sky Industries Limited. If you have any queries, you can write us at [research @kirinadvisors.com](mailto:research@kirinadvisors.com). Once again, thank you for joining the conference.
- Maikal Raorani:** Thank you, everybody.
- Moderator:** Thank you. On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.