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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 the Investors Conference Call

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of the Investor Conference Call of Avro India Limited ('the Company') held on Tuesday, 09th August, 2022 at 11:00 a.m.

This is for your information and records.

Thanking You

Yours Faithfully

For AVRO INDIA LIMITED

Sumit Bansal

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



Encl: As above

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“Avro India Limited Q1 FY2023
Earnings Conference Call”

August 09, 2022



ANALYST: MR. VASTUPAL SHAH – KIRIN ADVISORS PRIVATE LIMITED

MANAGEMENT: MR. SUSHIL KUMAR AGGARWAL — CHAIRMAN - AVRO INDIA LIMITED
MR. SAHIL AGGARWAL — MANAGING DIRECTOR - AVRO INDIA LIMITED



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Moderator: Good morning, Ladies and Gentlemen, welcome to the Q1 FY2023 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. Vastupal Shah from Kirin Advisors Private Limited. Thank you and over to you, Sir.

Vastupal Shah: Thank you. Good morning everyone. I would like to welcome Mr. Sushil Kumar Aggarwal -Chairman of Avro India Limited to give you brief about the Q1 FY2023 results and quarter development. Sushil Sir over to you.

Sushil Kumar Aggarwal: Thank you very much Vastu and hello everyone and good morning and I trust all of you are in an absolute fantastic great health. I welcome you all for the first quarter FY2023 conference call.

Avro India Limited is one of the largest manufacturer of quality molded plastic furniture in North India and amongst the top 5 brands in the country. The product portfolio of the company includes household and office ware molded furniture chairs, tables, stools, almirah and various products of this kind. The product for the company are mainly known for its quality and durability along with the long-term guarantee. We are the only company to offer three years guarantee on lots of our products. This has propelled the growth of its two established brands Avro and Avon. The company has one of the largest product range with more than 100 SKUs and strong scale distribution system to 20000 retail outlets across India, its online presence on Flipkart, Amazon, Snap Deal, Pepperfry, IndiaMart, Meesho, Jio, etc. and I think we are probably the largest on Amazon, and Flipkart put together in terms of the sales. The quarter of the company has expanded its offline distribution to Pan India basis and we are progressing today and moving towards Pan India in terms of let us say the atrium reaching to Bangalore to Kerala to Bhuj to Guwahati to Kashmir to Assam everywhere we are reaching out. So your company is keen on business growth and expansion. The company is looking to expand its product portfolio by introducing new furniture mold in the current year we have already got three more this year, we are getting other four molds by this FY2023 itself, and we will continue to get such molds which take the product leadership by introducing latest new designs and that is how we are probably the frontrunner in the industry. It is also evaluating the outsourcing opportunity to expand business product portfolio and regional presence. The new product we have launched are almirah, steel almirah, revolving chairs of various kinds, imported furniture which are



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imported from China and that kind of thing and even mattresses for that matter because we have that existing infrastructure we can piggy back on the online and offline distribution model that we already have the same distributor sell all these products and they keep them and they have been asking for quite some time Mr. Aggarwal why do not you please give us these products also because it helps them to get everything sourced from one single source. So we are trying to do that and we will keep you posted about the new launches from time-to-time. We are among the five leading companies the molded furniture in India markets. We are equally focus on environment safety in this regards as I mentioned in my Q4 FY2022 con call we are setting up a recycling unit to produce granules, proposed consumer and post-industrial plastics. It is estimated that each use of kilo of the regenerated plastics needs to a sag end of 2.5 kg of green house gases emission which contributes towards climate change if company is supporting circular economy by creating sustainable business model by collection upcycling and making final products of HDPE, LDPE, and PP plastics which are some of the highest used plastics in India for self conception and commercial sales it is estimated that these three item itself is constitutes about 66% of the use of plastic across globe and especially in India. So we have a huge availability of such product. If company by using in-house innovation has started using post consumer industrial plastics and has already crossed more than 300 metric tons of regenerated polymer manufacturing by outsourcing in the first quarter of financial year 2022-2023, which it will gradually scale up to we will scale up to 500 metric tons per month in FY2023 and thereafter further also. The plan is to meet major annual requirement of polymer during FY2022-2023 and beyond the regeneration and up cycling this is our step in making Agro India a green company and something which is compliant in terms of ESG recycle granules a 30% cheaper the kilo contributing to significant cost saving and improvement in profits and debt revised on the basis of consumption which is estimated to be the 70% of entire production of Avro as we go along hence production is being scaled up for up cycling so we are in the process of building the capacity so the 70% of our consumption can be in-house produce.

So let me take you to the financial performance of the company. For Q1 FY2023 revenues reported as 67.3% growth to 20.31 Crores. EBITDA came at 2.17 Crores as against just Rs.9 lakh in corresponding year and which happened due to COVID those days EBITDA margin improved substantially to 10.68%, net profit was 1.04 Crores as against net loss of 36 lakhs and net profit margin was 5.12%.

So now I open the floor for Q&A. Please go ahead. Thank you very much.



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Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Sandeep Mane an individual investor. Please go ahead.

Sandeep Mane: Good morning. Sir I want to just tell you what is the return of assets the return on equity ROE can you tell me.

Sushil Kumar Aggarwal: Return on equity I think stays at; we are having an EPS of about 1.03 for this quarter one so possibly I can get this data to you I am extremely sorry right now I do not have in front of me.

Sandeep Mane: No issue Sir. My second question is how much debt-to-equity ratio.

Sushil Kumar Aggarwal: Debt to equity I think our debt is very low as I know it is about just a long-term debt is about 1.5 Crores and we have still the limits so I would say that it is less than 0.8% of debt to equity.

Sandeep Mane: And how much company's inventory turnover ratio and sales growth.

Sushil Kumar Aggarwal: Inventory turnover ratio is pretty high we have more than 24 times in terms of inventory and second question you asked was turnover.

Sandeep Mane: Sales growth.

Sushil Kumar Aggarwal: Sales growth of course we have some amount of sales growth from last quarter it is a 18.3 Crores to 20.24 Crores and normally this first and second quarter are little subdued because what happened there are no festivals etc., but I believe Q2 and Q4 onwards the traction picks up and even otherwise the economy is opening up in the entire country and probably this care of COVID has gone the commodity prices are smoothening up so we believe and assume that this year will be little different and stellar year than what we have been posting in the previous year.

Sandeep Mane: Okay, which will be your best quarter.

Sushil Kumar Aggarwal: Q3 and Q4 will be the best because that is the festive time where they uptake picks up dramatically and even otherwise what is happening is two things very good thing that are happening is that number one we are expanding our footprint across countries we are in the process of acquiring about 50 odd distributors across countries of which about 10 have already been on-boarded and 40 are likely to be on-boarded in the next two to three months



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so that is one thing that we will have an advantage plus as I said because recycling or up cycling that we have been doing is doing great and we have gone through the entire nitty-gritty and we are in the process of setting up a brand new plant for this so whereby we assume that once we start this entire thing it is 500 metric ton going up to about 1000 tons per month we are assuming that bottom line will grow substantially so these two good things will happen that will get reflected in Q2 and Q4.

Sandeep Mane: What kind of demand you should see from next three quarters.

Sushil Kumar Aggarwal: It was become very, very good because for reason as I said we will be also very aggressive on the pricing because since we have the pocket in terms of bottom-line growth because of the 30% cost and reduction of the raw material that will be consuming or will be manufacturing that will cover the leverage to actually become very predatory pricing or aggressive in terms of market. So once we are able to do that because we have the huge product range happening the existence for 20 years in this industry I am also national president of furniture manufacture association so across India I know who all are sitting what is their strength how far they can go because there are a lot of region specific player so what is happening is in the peri peri of three 500 kilometers that they operating they do not want to venture out but probably we are one of the rare companies which has now taken a bit lead and right from Kashmir to Kanyakumari they reaching out even Bhuj to Assam Guwahati we are reaching out to almost every sector of the country and by doing so we believe that not only the demand that persisted that continued that we had from our existing customer these new customer that we are on-boarding should bring in a additional sale volume which is a verge in trajectory which have not been exploring the past so that should really give us a great amount of push.

Sandeep Mane: Sir one last question. I just take about pre cycling when we can expect the same to start.

Sushil Kumar Aggarwal: Sorry you said what do you expect out of recycling.

Sandeep Mane: Yes.

Sushil Kumar Aggarwal: No, it is an up cycling I will not call it is recycling I will start calling it is up cycling because we generating polymer and that will help the company to bolster not only in terms of eco saving that we are talking about but in terms of profitability also and another best part here is that because the Indian market is pretty wide and huge 6 million tons of plastics is available not many people have this way of producing and manufacturing that but we are following the entire norms of the ETP as well as the pollution control boards etc. creating a green economy and not only we will be consuming but we will also be able to sell this kind



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of product to other companies we are actually in the same domain and same forte and manufacturing similar product range at a reasonable price so that they can buy from us that is one step that we are looking at plus we are also looking at also servicing the domestic and MNC companies were looking for EPR benefit because come what made as per the government guidelines extended produce responsibility that they have the owners even then to procure 100% of the plastic that they consume it could be Dabur, it could be ITC, it could be anybody for that matter in the three years they have to procure in recycling now unfortunately they do not have many people who can offer them that all the product and they are force to pay penalties of that so we have a great opportunity in terms of not only doing self consumption selling to some companies of similar nature that we are into and also be able to service the EPR companies for their requirement so we see a great opportunity coming from that standpoint of view.

Sandeep Mane: When can production will start and what will be the Capex needed.

Sushil Kumar Aggarwal: Right now what we are doing is that whatever Capex is required we are doing it through internal accruals which has certain impact at exposure which we have an access from the bank because a little low on the debt long-term debt is only 1.5 Crores and our bankers are every more than happy to extend us wherever necessary so this Capex will go into manufacturing this backward which is the integrated process that we are talking up cycling we will do that we already are in the forward in terms of the product category that skew that we were increasing as I said we are in the leadership and running position because right now the amount of molds and designs that I am introducing or this Avro is introducing not many companies in the country are introducing which might be little large and small also so that is giving us an edge so what is happening is we are firing up on all cylinders on both the front right from the forward integration in terms of the product enhancement as well the backward integration. So this is certainly give us an edge and we believe that the entire results FY2023 and FY2024 will see a very different company all together.

Sandeep Mane: Thank you Sir.

Moderator: Thank you. The next question is from the line of Nilesh Karani from Magnum Equity Broking Limited. Please go ahead.

Nilesh Karani: Good morning. Sir only my question is on upcycle this thing recycling up cycle basically what you see down the line if I talk about FY2023 so probably how much percentage would be our recycle business like up cycle business.



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Sushil Kumar Aggarwal: Yes, as I said whatever consumption we do we are expecting and assuming that we will scale it up to 70% of sell consumption self production which we should be able to do that so we are looking forward to that committee to meet our first our own personal demand company's demand and mitigate the cost that is one thing and then once we are able to scale it up further as I was just telling on the basis the Capex that we are investing so that we would be able to also sell to other companies also so we are looking forward for this.

Nilesh Karani: And basically now furniture our UP market I think we have a strong hold but now rest of India how we are going can you just get a hit on that.

Sushil Kumar Aggarwal: Incidentally, it is a good thing that you asked we are only company which has got more than 28 designs registered with us which is very rare in the entire Indian content for that matter because not many companies actually pay attention to designing but we do a lot of designing our self and that is how this rest is sometime government of India. Now for the virtue of that the product exclusivity that we have none of these other companies have so wherever we go we get a huge welcome reception let us say for example we have distributed, now we are setting up in Mumbai again we have started selling in Kerala we have started selling in Bangalore, there is metro 80 stores across India and everywhere consumer are lapping up for product and it is a B2B model so in a B2B space also we are getting great response so I believe that because of the product leadership and the design capability that we have and very interestingly I wanted to share this probably I forgot to share that we are also 40% cheaper than national brands you can go online and check everything on Flipkart and Amazon we are the only company for that which has got the highest ranking and rating in the product category of all kinds of product category on Amazon and Flipkart at this point.

Nilesh Karani: Again I will come to that same question like see for example now UP is how much percentage of our market right now and rest of India is how much percentage. Can you just...

Sushil Kumar Aggarwal: Yes, right now we are doing about 70% in Uttar Pradesh because that is a domestic home market and we are absolutely embedded in this market for past two decades and 30% came from other states of northern India right from Delhi, Haryana, Punjab, Himachal, J&K, Uttrakhhand, Rajasthan etc. now we are expanding more onto Gujarat as well as Madhya Pradesh, Bihar, Chhattisgarh even Orissa and Jharkhand plus we are also going towards southern India in terms of the other states Maharashtra including so we believe that over a period of time my assumption and take is that 50% will be Uttar Pradesh or UP home market and 50% should come from other areas.



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Nilesh Karani: And as we discussed in the last con call basically you were planning to set up something in south correct another factory or some warehousing like something. So the plans are on or how it is going on.

Sushil Kumar Aggarwal: Yes, that is absolutely true number one we are not planning to set up factory as such right now but I this first time we will certainly set up warehouses facilities wherever necessary to reach out to consumer. For example today on Flipkart and Amazon our major buyers are from south India. So we will requested by these companies why did not we set up a warehouse these are all right let the traction take place because right now we are selling more than Rs.10 Crores worth of plastic furniture on online and we believe that over a period of time on the basis of the increase in the sales volume etc., we should be able to set up warehouses wherever necessary to facilitate and make it easy to reach out to consumer very, very fast which were anyway doing at this point of time also but that would certainly benefit our small time retailers as well as distributors who can take small consignment from us which we are in the process setting up over a period of time.

Nilesh Karani: So can you elaborate on any timeframe like how much time it will take to...

Sushil Kumar Aggarwal: It is demand driven Mr. Nilesh we are a very much open let us say if it comes to warehouses our collection centers etc., across India it is absolutely easy and find for us to do so at some point we will contemplating that we can sell it up in Jaipur, Ludhiana, Ahmedabad, etc., or Bhopal then we started realizing that there is no point in setting up there because these people are buying entire material on truckload basis they do not want small consignment so if at all even if we gave a storage house and they do not want to buy material from there it will become useless activity instead of that we will set up this particular facility where we believe that we cannot get it very fast so we are in the process of evaluating that as and when it happens wherever demand comes in we already has GST registration in Bangalore we also have in Rajasthan and couple of other places we are in the process of doing that and we will continue to do that ramp it up as much as possible.

Nilesh Karani: If I ask you see this is a little bit data point question but if I ask you if we put together your up-cycle business in 2023 and your existing business so what kind of growth we are looking at.

Sushil Kumar Aggarwal: What is your question on that.

Nilesh Karani: If you look at our up-cycle business and our existing business which is growing up so total like how we see your 2023 panning out like what would be our roughly what would be our growth.



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Sushil Kumar Aggarwal: First and foremost let us say furniture we assume and believe we have been growing at a rate of about 20%, 25% or so but I will be certainly modify that figure and take it to about 40% what we are assuming number one in terms of the product growth or the sales of the product is concerned and while we are doing that because this up cycle that we are doing will actually be system consumption initially but we will also be able to sell that. So while what we are doing is in the first phase we are setting up a project for 1000 tons but the second phase once we were able to at little comfortable in terms of cash flow etc. and we are able to manage our funds to a certain extent we will set up a Greenfield plant which will be exclusively to manufacture up cycling products and that should be a little larger project. So then we should be able to see the benefits accrue out of that sales in FY2024.

Nilesh Karani: So basically if I see blended margins will go up by nearly 30%, 40% in 2023 and probably more than that in 2024.

Sushil Kumar Aggarwal: I will not directly relate and say because the cost of raw material is going down by 30% that we should be able to do that the cost progressively as and when we progress to manufacture and increase the volume it will certainly help us and benefit a lot but direct benefit of 30% on the entire sales may not be there because 30% we are anyway going to source from outside sources and besides once we are trying to scale it up there will certain amount of direct and indirect expenses that will get entailed but nevertheless possibly the results will be much better than different than what we have been posting these days.

Nilesh Karani: And one more question is regarding crude basically the crude is probably coming down to 80 level or 75 level and settling there around. So can we see our profitability going higher.

Sushil Kumar Aggarwal: Can we see sorry I missed you over there at 70, 80 level crude yes next is.

Nilesh Karani: Yes, so it will impact our profitability correct we will have more this margins on profitability side correct.

Sushil Kumar Aggarwal: Yes, incidentally you are absolutely right what happens when the crude goes down naturally the polymer prices in the virgin territory also goes down similarly the post consumer post industry will also goes down towards that extent but not great and let us say if the virgin plastic is going down by Re.1 this will be about 0.50 paisa because it does not directly impact and same way when it goes up possibly does not impact us much let us say if this is Rs.20 rise it will be increases the prices of virgin polymer indeed in the up cycling it will be about Rs.10 only not even Rs.10, Rs.7 Rs.8 only. So that is the benefit and beauty we get and very interestingly I would like to share that because people do not have scientific manufacturing facilities they are unable to procure and use that metal which is abundantly



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available across India for a very, very low price and interestingly not many people who are actually doing up cycling are able to meet that particular criteria from the standpoint of whatever shoddy or the shady way that they are doing is not the right way because today PMO and Honorable Government of India is promoting this recycling up cycling in a very, very big way. So it is a big time for us to take a big leap of faith and we have already done that.

Nilesh Karani: Thank you Sir, this from our side. Thank you so much Sir.

Moderator: Thank you. The next question is in the line of Avinash Gorak from Profit Market. Please go ahead.

Avinash Gorak: Good morning everybody and congratulations for a very good set of numbers. I have two questions; one is can you tell us what has been the improvement in the working capital cycle because this business is largely working capital intensive. So going forward in the coming financial year do you expect some sort of reasonable working capital kind of reduction, so that that would aid your operating cash flows and secondly in terms of the new products any new products the company is planning to launch some new designs or maybe some new product categories if you could give some color on that.

Sushil Kumar Aggarwal: Fantastic question Mr. Avinash thank you very much for this. When it comes to working capital cycle actually last year we extended a lot of credits to our buyers just because they were going through a huge COVID challenge and now in this year we will do consolidation and that cycle should come down. So I believe that data's would certainly be brought into the reasonable level that we were actually operating in earlier. That is one thing, besides the additional cash flow that will generate will help us in mitigating if at all there is any capital need comes in we will be able to take care of that, that will suffice and when it comes to new product yes as I said we have already introduced three modes this year we had the process of introducing the four modes that I am talking about are almost ready and on the way so this year we will be able to do not only that as we were just mentioning that revolving chairs is one thing which we are looking forward to. We have already started let us say sourcing plus certain trials are happening and we believe that by Q3 or Q4 that should see a certain amount of sales growth happening from that area plus still almirah we have already been doing in a core start, but now this year will become a little hot on that we will start amplifying that business model. We are also looking at mattresses because mattress is a reasonably big size market today, but we will not actually we do not want to manufacture it, but we will get it branded in our own company brand and start selling through offline and online. So these are a couple of changes that we are looking forward to



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in terms of this product expansion, in terms of the market distribution expansion and up cycling also. These three areas we are looking at.

Avinash Gorak: So I think I just wanted one more clarification the mattress product will be outsourced right it will not be manufactured by the company.

Sushil Kumar Aggarwal: Absolutely.

Avinash Gorak: So hopefully when can we expect this business, this product to be launched in the market, I mean, can we expect that say after financial year taken up of FY2023 or all these products which you mentioned would come and reflect in revenue numbers in FY2024 if you could just give us some idea.

Sushil Kumar Aggarwal: I think FY2024 should be very safe to say so because what happens we become aspirational and it is absolutely nothing wrong in being aspirational, but sometimes things do not go the way we want it there are many people who are ready to more than happy and willing to partner with us and give us the product, but nevertheless we are scouting for the best one we are also looking at the right time opportunity in terms of reaching out and probably expanding or maybe start with distribution of the product category and we also look out for certain resources in terms of brand power or certain deployment so that we can actually effectively do that we do not want to do a start where we are not reaching out we are not able to scale up. So when the process has evaluating and because we are little tight in terms of because the distribution is being expanded the up cycling is happening so entire team seems to be reasonably busy but certainly we will take it up to the next level the moment we are able to one by one complete all these projects and aspiration we will certainly take it forward.

Avinash Gorak: One last question you mentioned a lot about up cycling which is basically a more refined word for recycling every one thing for doing this up cycling do you require any kind of specific technology or that has been developed in-house by the company you said that the quality of the product which finally comes out matters a lot so up cycling is definitely got to do with a lot of precision and quality. So for the technology part does it involve some basic technology or is it a very simple process to recycle, I mean, up cycle and actually use the polymer...

Sushil Kumar Aggarwal: We certainly said it is a very simple process also that is the one way right way to say so, but it also has certain nitty gritty what happens just converting post industrial consumer post industrial waste or plastic into the pallets of granules is the most easiest job to do so, but post consumer to take that and into segregate and also do a washing as well treating that



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particular product to make it usable for non-food product or in the furniture category without compromising the quality or the color or strength is the biggest challenge and that is where our expertise comes in because in the two decades of our experience in this line of activity we understand this recipe reasonably well we know what is it that needs to be mixed or what is it needs to be fixed in terms of creating a product quality which does not compromises the customer's aspiration and maybe over a period of time when we are going forward in terms of online offline we cannot be saying there is a certainty or return or reverse in terms of the growth that we are looking at. So we are very cautious we are conscious and we are now building the technology in terms of let us say we are deploying a fantastic digital technology to ensure that the value stream or the entire chain of these up cycling is mapped beautifully well and then we are also in the process of acquiring technology which is another block chain probably right from the way product gets source till that time disposal where and how would this happen so in the process of doing that. So the idea here will be when we deploy these kind of process and technology we will be definitely far ahead of others we are going to not only system will be able to scale it up also.

Avinash Gorak: I think thank you very much and all the best for you.

Moderator: Thank you. The next question is in the line of Kuber Chauhan from IDBI Capital. Please go ahead.

Kuber Chauhan: Thank you for taking my question. Sir I just wanted to know that have we taken any price hike during this quarter to mitigate the inflationary pressure.

Sushil Kumar Aggarwal: Price hit.

Kuber Chauhan: How much you can quantify that.

Sushil Kumar Aggarwal: Are you saying we are taking the price hit.

Kuber Chauhan: Price hike.

Sushil Kumar Aggarwal: Price hike of the final product or the raw metal increase.

Kuber Chauhan: Both.

Sushil Kumar Aggarwal: There have been a certain amount of increase in the selling prices that we were selling earlier about 6% or so but I think if the price increase of the raw material went up dramatically drastically because of this particular supply chain management disruption as



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well as the war. So that actually it got escalated overnight, but in spite of that by virtue of our let us say certain intelligence that we have in terms of creating recipes be able to still sustain, but I am sure as and when it is easing now over a period time let us say the commodity prices availability as well as supply chain management we believe that we should be able to cruise ahead with a great amount of plans and sustainability and scalability or in terms of let us say creating that particular number that we are looking at we should be able to achieve that. We did have a hit on that.

Kuber Chauhan: And second question is on the, I mean, if you looking at the next few quarters so how do you look at it, is it something uncertain still or to be confident about it.

Sushil Kumar Aggarwal: Profitability. No, we are very confident from the simple standpoint of view that the business we are into we have been doing for two decades we understand the product category and nitty gritty pretty well in terms of deep distribution etc. and product leadership that we have taken three years guarantee, 40% cheaper price, online offline presence, 20000 retailers so and so forth. These are couple of our strengths. So I believe once we are in the progressive stage at this point of time and we are expanding our footprint plus also doing up cycling we are hitting on all fronts we are ensuring that we take care of all the avenues and areas where we can bolster our top line and bottom line both. So we are doing as much as possible so I do not really see any risk happening as such per se and even otherwise I would like to share this with all my friends that today plastic furniture per se is not damaging environment and saving environment had not been the plastic furniture of about \$1 billion industry I am assuming and believing that how much amount of wood would have gone into the let us say this manufacturing of furniture but instead of that and not only that five to six times this gets recycled and that later on it gets used into making of roads also. So in a way we do not believe that there is no any risk for that matter and even otherwise the sunrise industry it is growing at the rate of 15% organically year-on-year and because of our expansion and distribution and we will also start suffering the branding activity we believe that we will cannibalize another company's brands also so that should give us a great leverage and strength. Have I been able to answer you.

Kuber Chauhan: Yes, I mean, last was a bit inaudible, but I got it. The next question is on, if you can just quantify regarding our order book.

Sushil Kumar Aggarwal: Order book interestingly our order book is so smart that we almost deliver in 24 hours to 48 hours every time all the orders. So we do not keep pending because the moment we keep it pending then the distributors would go over to other companies we do not want that to



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happen. So our strength lies in the fact that the moment order is placed less than 24 hours we dispatch. So we do not keep an order book for two to three months.

Kuber Chauhan: Can we just quantify regarding the numbers of FY2023 in terms of numbers like how do you look at volume growth and top line growth is there any ballpark number if you can just give me or quantify it.

Sushil Kumar Aggarwal: I will not be able to tell you ballpark but I will just give you a small idea that let us say for example the distribution that we are expanding and plus the branding that we are doing I believe that we should be able to grow about 30% to 40% is my take at this point unless otherwise something unwarranted happens. So the top line that we have had and correspondingly naturally the bottom line also will grow because we are doing up cycling.

Kuber Chauhan: Okay you are saying 30% on a Y-o-Y basis, right.

Sushil Kumar Aggarwal: Yes, right.

Kuber Chauhan: Okay Sir that is it from my side. Thank you and all the best for future.

Moderator: Thank you. The next question is from the line of Devang Baldeja an individual investor. Please go ahead.

Devang Baldeja: Yes Sir congrats on the good Q1 numbers and I wanted to ask about your profitability. So in quarter for we did around 14% EBITDA margin. In Q1 we have done around 10%, 10.5% so what was the reason for this dip.

Sushil Kumar Aggarwal: Yes, of course there were certain amount of sale from plastic compounds also in this particular quarter which was not there in the Q4 of FY2022. So that is how I think the profitability on the sale is little less whereas vis-à-vis is manufacturing. So that is how there is a certain amount of drop in the profitability in this quarter but I am sure over a period time as I was just mentioning that since we were starting with this up cycling we believe that over a period of time that should constitute a reasonably major amount of benefit and the bottom line will certainly grow in the Q3 and Q4 will be very different.

Devang Baldeja: Then in the last call also you had mentioned about this polypropylene bags and then you had the idea of using this as a raw material and that this will lead to a reduction in your raw material cost and so on and now also we are saying the same thing so is there some time gap between when this idea comes and how long it takes to implement something.



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Sushil Kumar Aggarwal: No last time when I mentioned it was not too long we were in the process of building it up and we already done that and as we sent in a message that 300 metric ton has already been generated. Now we are scaling up that to not 300 metric ton in a quarter but 500 metric ton in a month so once this amplification becomes easy because sometimes what happens there are resources constrained right from the technology, machines to maybe manpower etc. So once this particular thing we are sorting out all those nitty grities so we believe sometimes even certain things are not in our hands also, but as much as we know and we understand because we are reasonably big grip not only me my elder son Sahil Aggarwal who is MD and another gentleman another boy called Nikhil Aggarwal who handles the marketing and sales etc. So not only three of us but even my daughter-in-law whose name is Akshitha Aggarwal also takes a branding communication. So for us state attention to the entire business and this is the only focus area that we have. So we believe unless otherwise there are certain amount of vagaries of nature or challenges that we face beyond that we are absolutely up and running and ensuring that all this execution happens because it happens to the good and it happens for the benefit of not only the company's growth but in the stakeholders and shareholders also.

Devang Baldeja: So like in Q4 we did 14, 14.5 type EBITDA margin plus with recycling so we could expect a jump on that level although so maybe you can do 16%, 17% EBITDA going ahead say two, three quarters down the line is that a fair assumption.

Sushil Kumar Aggarwal: You are actually right because we had just done a small consignment now but the moment we scale it up which we are in the process of doing so and as I was mentioning that we are setting up a Greenfield plant for right now at this point of time when we are talking and I think that should that should probably happen the next four to six months or so. We are already have machines procured it is just that we need to execute it and we are already doing in a small way, but to amplify that and once we have done this 1000 tons then the next step will be 2000 tons and beyond.

Devang Baldeja: And like for growth in our business what is the kind of skill set that we need or do we need to reach out as much as possible on board more and more dealers enter in new geographies or how does it work I mean what are the cycles that lead to large growth like for FY2023 you are saying we can do 30%, 40% growth so let us say on a four, five year basis what kind of plan do we have and on profitability also just a broad rough ideas if you could give.

Sushil Kumar Aggarwal: Wonderful. Now what we are doing is as you rightly said because my younger son Nikhil Aggarwal takes care of the entire sales and distribution. So he has got a team of people where he has taken some more people on board. So while doing that we were not able to



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reach out to some places which are far flung let us say for example Maharashtra we did not have resources or let us say South India we did not have resources, Orissa and all the things we did not have. Now in the process of on-boarding a lot of people work from same trade itself who are reasonably aligned with the distributor know them all so that it is easy for us to connect with these distributor brand new distributors because it takes some time for these people to get on-boarded they are little insecure, they have anxiety, they do not know whether or not, the company will be able to continue or so. But once they establish and feel all right there is a company in existence of two decades and we are doing reasonably well and as I said you are not only being national president of furniture manufacturers I am also chairman of CII. So when they see that the kind of operation that we do the amount of business that we are doing in a very truthful and honest fashion then that inspires them to get on-boarded. So we believe that the only risk, only challenge that we face at this point of time is having certain amount of key resources on boarding. So that they can connect with the distributor and we can start selling that is only small timeline and sometimes what happens when we are little small maybe a lot of companies which are lot of people from the company large companies do not want to even migrate and come on board because they believe we are happy and we are happy with wherever we are but once they sort of settle down and they believe all of this coming in for a great purpose then they will certainly enjoy so with the process of on-boarding people as much as possible as fast as possible and the more we are able to do so more we are going to reach out that is the only challenge.

Devang Baldeja:

And when we reach out to a new distributor so do we need to extend larger commission say versus a brand like Nilkamal which is a Pan India an older brand.

Sushil Kumar Aggarwal:

It is really interesting our price is about 40% cheaper than Nilkamal and Supreme or Cello normally I do not mention these names but they are nevertheless because I had a lot of respect for them they created this industry and they created this product segment and category so we have a lot of pride in that saying that yes they are the leaders but nevertheless today because of our aggressive predatory pricing plus distribution plus let us say our approach and reach out we do a lot of conferences that our distributors play which not many companies do because they are reasonably big market. So they do not probably they do not have to do all these things but we are in the process of actually building this new paradigm of how the distribution model should take place we not only train distributors we also train their dealers also we have a complete electric PPT presentation lasting for three, three and a half hours where we do a lot of interactive work. So these kind of activities when we do I am sure over a period of time people will certainly love those who are not seen and heard us will love to get associated over a period of time.



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Devang Baldeja: All right great Sir and all the best. Thank you.

Moderator: Thank you. The next question is from the line of Apurva Mehta, retail investor. Please go ahead.

Apurva Mehta: Hi! Good morning. As I understand your majority business is coming from offline model. So what is the breakup between offline and online sales.

Sushil Kumar Aggarwal: Right now I believe we should be doing about 15% an odd on online and rest comes from offline.

Apurva Mehta: Speaking on the same topic what is the logistic cost for transporting for large order to deal distributor and single order of online.

Sushil Kumar Aggarwal: We do not pay of course our consumers our distributor pay every freight that we have ex factory prices. So we believe that in the region that we operate in the freight range is between 5% to 15% so that is the maximum that our distributors payer but through logistics when we send through let us say Cloud tail which was the earlier one now easy detail plus there are other companies also they pick up the product from us. So we actually do not pay ourselves they pay for it and then we give them that let us say for example metro SG or Amazon, Flipkart we give them the material and they in turn take up the logistics themselves but I believe that their logistics cost is reasonably high and that is how when you see our products online prices and you will be surprised that online prices versus the distributed prices there is a huge difference massive difference it is just not 10%, 20% there are many number of times let us say if the product cost is Rs.400 maybe for online it will be for Rs.1100 so there is a huge massive difference and that particular difference has been taken by these large corporate these e-com companies as well as the logistics that they have to bear and the beauty about that is in spite of that we still are cheaper on online space with other large companies and our product as I was mentioning that Flipkart, Amazon if you were to go and check for Avro Furniture you will find that we have maximum ranking and rating for our products and we are the most after stock product we are in fact I would like to say and I forgot that right now Amazon has given a certificate that we are Amazon number one in the country on terms of online spaces furniture last week itself we got it.

Apurva Mehta: So in online order is there any minimum order requirements.

Sushil Kumar Aggarwal: Just we are okay with absolutely two pieces chair also because it is consumer driven. So we do not have any let us say if somebody wants one single table or anything is absolutely fine for us no problem.



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Apurva Mehta: So how many SKUs we will have online against offline.

Sushil Kumar Aggarwal: We have almost about 20 odd SKUs online because we do not offer every SKU on online because there are a couple of low value added products which probably consumer may not pick up they will probably carry a negative connotation about the company so our offline distribution model in tier 3, tier 4 city as low as about Rs.180 to Rs.200 chair also goes but on online space people are little conscious and cautious they want to buy a product which is not only branded which has got a strength and quality and even they also do not mind paying certain more price on the basis of confidence the comfort that they get. So the beauty about that is, that is how we kept certain very selected products from the online and today as I was mentioning that is how we have been very popular and successful in that particular business model.

Apurva Mehta: And which are the best-selling products online can you give any idea.

Sushil Kumar Aggarwal: Yes, sure we have a lot of products right on double and double fed chair which has got a beautiful chair four colors we have viva table, lexa table, magna, delta then we have got 2581, 3581 lot of models of these products baby chair, baby desk, etc. and these let us say as I said 20 odd rescue range that I got platinum chair probably world's only single model that we have it is a beautiful product 4kg I think online if you were to check probably somewhere in Europe some company was showing about let us say about \$100 plus we are offering for that as low as about Rs.50. So the beauty about that is that the products are reasonably good and as I was mentioning that couple of our products are proprietary in terms of let us say we are the only company which manufactures that nobody else has these molds. We invest a lot on R&D in terms of technology in terms of designing etc. and most of these designing I do it myself.

Apurva Mehta: So what will be the price difference of online of Avro on other big brands.

Sushil Kumar Aggarwal: Yes, in fact if you were to see let us say for example if you go and check for let us say a table of viva table of Avro and versus let us say the supreme table then you will find that there is a difference of about Rs.700, Rs.800 even up to a Rs.1000 also so that is a huge difference and not only online in offline also their prices are not priced as I said 40% cheaper so that is how we are able to get a great reception and a great amount of acceptability wherever we have gone.

Apurva Mehta: Okay thank you that is all from my side.



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Moderator: Thank you. As there are no further questions I now hand the conference over to Mr. Vastupal Shah for his closing comments.

Sushil Kumar Aggarwal: Before that just me a minute to thank Mr. Sandeep, Mr. Nilesh, Mr. Avinash, Mr. Kuber Chauhan, Mr. Devang, Mr. Apurva Mehta and all other participants for supporting us asking these beautiful questions because the moment you ask this question it ignites a passion in our mind it tells us that this is what investor community or people at large are looking at with their hopeful eyes. So I can assure and say one thing that we as a company have a purpose and as a leadership team today not only me my entire team of leadership right from the down the line to the security guy everybody has been oriented to ensure and take care of the consumer's choice because consumer is god in any case and so the stakeholders and shareholders. So we will continue to perform as much as possible over a pair time and as and when we continue to have the internal resources as well as external coming in whatever means we can so we believe that we will amplify this business model to a very different level itself altogether. So we are in the process of that please keep guiding us please keep blessing us we will be more than happy to collaborate and work together with all of you. Thank you very much.

Vastupal Shah: Thank you. Thanks everyone for joining the conference call of Avro India Limited. If you have any queries you can write us at vastupal@kirinadvisors.com and once more many thanks to management team and the participants' for joining the conference.

Moderator: Thank you. Ladies and gentlemen on behalf of Kirin Advisors Private Limited that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.