

November 28,2024

To,
The Manager
BSE Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001

Subject: Transcript of post-results Conference Call held on Monday dated November 25, 2024 at 04:00 P.M

Dear Sir/Madam,

This is with reference to our intimation dated 19th November 2024 intimating holding Conference Call of the Company scheduled on Monday dated November 25, 2024 at 04:00 P.M (IST) for financial results and operations of the company for the half year ended September 30, 2024 and uploading audio recording post Conference Call respectively.

In terms of provisions of Regulations 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of above Conference Call as Annex-I.

This is for your kind information and record please

Thanking You,

Yours Faithfully,

For, Aztec Fluids & Machinery Limited

Pulin Vaidhya
Managing Director
DIN: 03012651



Aztec Fluids and Machinery Ltd

Q2 H1FY25 Earnings Conference Call

Event Date / Time: 25/11/2024, 16:00 Hrs.

Event Duration: 57 mins, 13 secs

CORPORATE PARTICIPANTS:

Mr. Pulin Vaidhya

Managing Director

Mr. Harsh Rawal

Chief Financial Officer

Mr. Anuj Vora

Consultant

Mr. Neeraj Sharma

Overseas Business Head

Aztec Fluids & Machinery Ltd.

(A CRISIL rated company) ISO Certified (9001: 2015) CIN No. : L24100GJ2010PLC060446

GSTIN No. : 24AAICA4428R1Z9, PAN No. : AAICA4428R

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Moderator

Ladies and gentlemen, good day, and welcome to the Aztec Fluids & Machinery Limited H1 FY25 Earnings Conference Call hosted by Ventura Securities Limited. As a reminder, all participants 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 a Moderator by pressing * and then 0 on your touchtone telephone. Please note that this conference is recorded.

Before we begin, I would like to point out that this conference call may contain forward looking statements about the company, which are based on the belief, opinions and expectations of the company as on date of this call. These statements do not guarantee the future performance of the company and it may involve risks and uncertainties that are difficult to predict. I would now like to hand the conference over to Rajnish from ConfideLeap Partners IR. Thank you, and over to you.

Rajnish Mishra

Thank you. Good day, ladies and gentlemen. On behalf of ConfideLeap Partners and Ventura Securities Limited, I welcome you all to Aztec Fluids & Machinery Limited H1 FY25 earnings conference call. The company is today represented by Mr. Pulin Vaidhya, Managing Director;

Mr. Harsh Rawal, Chief Financial Officer; Mr. Anuj Vora, Consultant; Mr. Neeraj Sharma, Overseas Business Head. I would now like to hand over the call to Mr. Pulin Vaidhya for his opening remarks. Thank you, and over to you, sir.

Pulin Vaidhya

Yes. Thank you, Rajnish. This is Pulin Vaidhya. Good day, ladies and gentlemen, and a very warm welcome to all of you for joining us today on our first earnings call after our successful listing on BSE. For the conference call of Aztec Fluids & Machinery Limited for H1 FY25, firstly, I would like to thank all our investors who have put faith in our company and its reason, and giving us an overwhelming response to our listing and oversubscribing our shares.

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In this session, we will be discussing our outstanding performance for the first half and full fiscal year of 2025. Before we dive into the detail of our results, I would like to take a moment to provide a brief overview of our company. Established in 2010, Aztec Fluids & Machinery Limited is a leading provider of coding and marketing solution in India. We specialize offering equipment for printing variable data, including product information, barcode, QR code and coding solution, enabling accurate and dynamic customization for diverse industrial applications.

Our offering include a wide range of printers, consumables, and spare catering to the needs of diverse industries across the country. With over 20 years of expertise coming from the management and the presence across more than 15 industrial verticals, our commitment to excellence span both domestic and international markets. We have a pan India market reach with our employees all over the country, which is increasing every year.

Our offering expands across a wide range of advanced printing technologies, include continuous inkjet, thermal transfer over printer, drop on demand, piezoelectric inkjet and the laser, CO2 and fiber printers. Additionally, our diverse ink offerings such as the retorting for high temperature process, Invisible Ink for the district marking, UV inks for enhanced contrast, and specialty ink for the tough environment and, so, our top notch results.

We also provide essential consumables, including makeup fluid, and ink consistency, and cleaning solvents for the effective maintenance.

We are excited to announce the launch of our new 11,028 square meter assembly unit, which will significantly enhance our manufacturing capabilities. The facility is set to 50 machines daily. As a part of our growth plan, we will expand our workforce by 50% in the next 2 months and integrate 80% automation to improve per efficiency. This expansion will increase the production capacity, reduce costs, and strengthen our market position with backward integration will drive our long term growth and profitability.

We are excited to announce that we have added new products, which are more adaptable with the better spend and overall better performance, giving us a competitive edge in unexplored markets. We are also penetrating new industries with the newer technology. For instance, we are industrial pioneers for high resolution printing on nonporous substrates.

Aztec has recently also acquired Jet Inks Private Limited, a 100% acquired subsidiary, well established name in the industrial printing sector since 2002, known for its expertise in compatible ink and additives. For the continuous inkjet printer, Jet Inks has earned a strong reputation, particularly in the

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food and pharmaceutical industries. This strategic acquisition significantly enhanced our marketable presence in Southern and Eastern India and is expected to contribute to a 20% increase in our revenue.

By integrating Jet Inks capability with our advanced technology and expanding market reach, Aztec is well positioned to further strengthen its leadership in the printing solution sector and drive sustained growth. Our vision at Aztec is to establish ourselves as an industry leader in the printing solution sector, expanding our presence domestically as well as internationally.

The Indian coding and printing industry is poised for the steady growth around the CAGR of 13.4% annually with the demand for the advanced printing technology continuing to arise. As the market evolves, there is a growing shift towards the high performance customized printing solution with the innovation in the CIG, PTO, BOD and the laser technology becoming increasingly popular across the diverse industries. To drive further growth, Aztec is strategically positioned to capitalize on this trend supported by ongoing advancements in the automation and efficiency. We are committed to providing cutting edge printing solutions that meet the need of a rapidly changing market and ensure long term success.

Commenting on the financial performance of Aztec for H1 FY25, which reflects both our resilience and the strategic focus. In H1 FY25, the company achieved a remarkable revenue of INR 46.1 crore, representing a YoY growth of 28.96%. Our EBITDA reaches INR 6.4 crore with an EBITDA margin of 13.79%. We also recorded a profit after tax, PAT, of INR 4.6 crores, marking an impressive growth of 33.67% YoY and a PAT margin of 9.94%.

We remain focused on maintaining a strong ROCE of over 20%, reinforcing our position as a leading performer in the industry. Furthermore, our earnings per share stood at INR 2.85 underscoring the strength of our financial position and the effectiveness of our business strategy. Looking ahead, Aztec remains optimistic with a projected of 30% CAGR in top line revenue and a sustainable PAT margin of 9% over the next 3 years. Our expected future manufacturing plants include a goal to produce 60-80% of subparts domestically within the next 3 to 5 years.

Additionally, we expect our EBITDA margin to grow from 13.01% to 14.5% over the next 3 years, driven by the higher consumable uses and backward integration. This strategy also ensures recurring revenue from the consumables with each printer requiring them over its 5 year lifespan, further contributing to our long term financial stability and growth.

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Aztec has diversified in freight and trade, which is need of the hour in every manufacturing industry. We have identified this need and developed a product which is very well placed in this market. We are well positioned to capitalize on the growing freight and trade market, driven by the rising regulatory compliances, consumer demand for the transparency, and initiatives like Make in India.

With our advanced printing solution, we can enhance our product traceability, operational efficiency, and brand protection, positioning Aztec as a key player in the rapidly expanding market, fueled by the booming packing and pharmaceutical sectors and the continuous technological advancement.

Before we begin the question and answer session, I would like to extend my heartfelt thanks to all our stakeholders for their continued support and partnership. Your engagement has been essential to our growth and success, and we deeply appreciate your invaluable contributions. With this, I would like to open the floor for question and answer. Thank you once again for your presence and continued support. Over to you. Yes.

Questions & Answers

Moderator

Thank you, sir. Ladies and gentlemen, we will now begin the question and answer session. If you have any questions, please press * and 1 on your telephone keypad, and please wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again. Our first question comes from Gopal Chandak from Orim Advisors. Please go ahead.

Gopal Chandak

Yes. Sir, first of all, conversation for the great set of number. We have seen YoY growth, 29% of growth. I wanted to know that if it is sustainable in future? And if it is, how it's sustainable in future?

Harsh Rawal

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Yes. We are seeing a sustainable growth because the market size is quite big in this industry and we are entering, -as of now, there were a lot of industries we had not penetrated, and there are a lot of printers that we have introduced right now, which will help us to penetrate. And plus, we have acquired Jet Ink, who also is there in this industry and there also growth will be there.

Gopal Chandak

Okay. And sir, that Jet Inks, your strategy acquisition, can you just throw some lights on how it helped to get into the market?

Harsh Rawal

Okay. For Jet Ink, the main advantage that we had is, it is a very similar kind of business that we are in, and they are in the industry from 2002. They are basically an older player than us. The reason we took over Jet Ink is pure a combination of lot of things. One of them is that their market size is very large in the South and the East of India where we have not explored that much. And the second very important thing is, their industry that they have covered, the penetration that they have got more, and we have got a bit less or less compared to them, is very different. So it becomes a very good combination for both of us.

Gopal Chandak

Yes, okay. And the last one is on ROCE part currently is around 30. So will it be sustainable in future or we can see some upward direction or downward direction?

Harsh Rawal

So we follow a very lean capital, working capital model, and the business model is very lean. So what we can see is the ROCE is going to, we are going to see to it that we expect it to actually remain the same or we can improve it. That is what we are trying to do. Our model is very lean. That is the main reason that we can see these good ROCE figures.

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Gopal Chandak

Sir, and just last one, what is the working capital days?

Harsh Rawal

Working capital days?

Gopal Chandak

Yes.

Harsh Rawal

The working capital days for us is around 60 days.

Gopal Chandak

60 days. Okay. Thank you.

Harsh Rawal

It's been 45 to 60, but yes, the average you can come down to around 45 to 60 days.

Moderator

Our next question comes from Bhuvan Mg from Tiger Assets. Please go ahead.

Bhuvan Mg

Hello. Congratulations on good set of numbers. Sir, on line to the industry, can you provide a few, what is the industry size and how much market share do we command regarding this?

Pulin Vaidhya

Normally, industry size is around INR 1,200 crores of the India, particularly the CIG industry basically, which we understand. It's around sorry, INR 1,200 crores around. And we are still into the on a 10% only, not even 10%, but we are struggling to find the 10%. So range will be around, you can say, to INR 900 to INR 1200 crore, the total approximate industry of the particular this segment which our including us, our competitors are doing. And we are around 10% of in that particular position. So there may be a good chance of increasing our size spend in to this.

Bhuvan Mg

Okay. Sir, do we have export revenue?

Pulin Vaidhya

Pardon?

Bhuvan Mg

Do we have export revenue?

Pulin Vaidhya

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Yes. If you go to export

Bhuvan Mg

So what is the global market size and how much can we make a big share out of it, take a big share out of it?

Harsh Rawal

As of now, our export revenue is very low. We range around 4%, around 3-4% of the total revenue comes from exports. And overall, what we can, what we are doing, and what we are expecting to do in the next 1 or 2 years, we want to at least go for a doubling of that in the revenue sense. And slowly, slowly, we want to explore the markets outside also and grow that overall. And if you go to see the overall market size, it's...

Pulin Vaidhya

Yes, the total global market size is around USD 12.79 billion, I mean. It's a huge market size. But since this industry needs very effectively sales and service support, so we are not expanding our span globally immediately. We need to first strategically move with some areas we need to develop with the sales and service pool support, then only we are stepping ahead with that basically. So that was actually our strategic move basically. So we already have started on this, but it is not immediately we can get a result. But yes, definitely, it will give you a good number in near future.

Bhuvan Mg

Okay. Sir, what is the individual EBITDA margin for all your products?

Harsh Rawal

Sir, I didn't get your question.

Bhuvan Mg

Sir, you have 3 to 4 products line. Right? So what is the, what are the individual margins for that?

Harsh Rawal

Sir, we have got around 15 SKUs. So we have a blended margin. We don't have overall individual margin right now, sir.

Moderator

Our next question comes from Shivam Singh from Vibrant Ventures. Please go ahead.

Shivam Singh

So sir, if you look at the balance sheet now, so inventory and trade receivable number has increased significantly in this H1. So any specific reason, sir?

Harsh Rawal

Sir, as the MD spoke, the inventories have increased because we have started entering into new printers. And so, we have started keeping, so the SKUs are going to go on increasing. And that is the reason the inventory has increased. And the trade receivable, actually, we had a very huge sale in September. Because of it, the trade receivable is huge compared to the previous quarter.

Shivam Singh

Understood, sir. So sir, actually, I'm new for this company. So one question, actually, I go through your presentation. And in your presentation, you mentioned you have one mode regarding, you have a one BIS approved license. So could you please give me a detail regarding this, regarding how it is beneficial for you a'nd how it will give you the moat when compared to the other competitors, sir?

Pulin Vaidhya

Sir, actually, over some period, actually, BIS had a directive for the local manufacturer to have the compulsory licensing and all, and we are one of them. And that's why it is beneficial for us. So for the other companies or new companies, they need to get it. They need to give their time for this thing. And we are basically legally allowed to make our manufacturing over here in India without any problem. And this is one of the good compliance matter. That's the reason we mentioned it.

Shivam Singh

So, sir, it's a new company, one could try for this license. So how much time it will take, sir, for them?

Pulin Vaidhya

It will, depends, but it will take at least 6 months, what we see in normal...

Harsh Rawal

From 6 months to 1 year.

Shivam Singh

Yes. Okay. Understood, sir. And, sir, congratulation for this new manufacturing facility, sir. I go through the presentation. So, the company opened a new manufacturing facility in Ahmedabad. So, sir, it is operational or it will take a time to be operational, sir?

Pulin Vaidhya

No, it is operational, sir. It is operational since 1st of this September. We had inaugurated at 31st of August, the plant, and it's operational from the 1st of September, we had shifted in the new facility. And that's the reason, one of the reasons, that we're having a very good boost for the sales as well.

Shivam Singh

Understood, sir. Sir, two more last questions. Just regarding one question regarding this facility, sir. So what is the maximum revenue we can generate from this facility, sir?

Harsh Rawal

Sir, overall, we seem to have assembling of around 40 to 60 printers per day. And with this facility, it helps us in 2, 3 ways. I will explain you how. One is, it helps us in reducing our cost, because we want to slowly shift at least 50%, 60%, 70% of our assembling over here by using local products. Second thing, with the new facility, the turnaround time also reduces for our orders. And third thing, overall, our sales has a very good impact because we can provide faster and better quality machines on a very good speed.

Shivam Singh

Understood, sir. So sir, as you mentioned, there are 4, 5 benefits through this manufacturing facility. So if I'm not wrong, it will also help to expand our margin also, sir, by 100 or 200 basis points?

Harsh Rawal

Absolutely, sir. We are trying to reduce our cost with that.

Shivam Singh

Understood. And one more last question, sir. Regarding our export, so we are in a, we have a presence in 15 countries, but our number is very less - it is just a 3% or 4%. So can we expect in going forward, we will focus on export and increase this number to at least double digit?

Harsh Rawal

Absolutely, sir. That is what our targets are. See, sir, we are expecting a growth, but as our MD sir's told that this industry is not only sales, it is sales plus service. So till that time we don't have a confident team all over, and we don't have a strategic movement everywhere, it will be a growth, but it will be a gradual growth, sir. That's what I can say in this.

Moderator

Our next question comes from Kajal Shah from Aurora Fin. Please go ahead.

Kajal Shah

So my question is that, as stated in the present in over 15 countries, so what are your expanding plans for the coming months, especially in high growth markets such as Africa and Southeast Asia?

Pulin Vaidhya

Ma'am, you are not clear. Can you just repeat the question?

Kajal Shah

Yeah sure.

Pulin Vaidhya

We are there in 15 countries. And what is our expansion plan? That is your question?

Kajal Shah

Yes. Particularly, market such as Africa and Southeast Asia?

Harsh Rawal

We have already started finding and finding good channel partners and distributors in different countries whom we should have a confidence on before we start doing proper business with them. We have already started identifying in countries in the West of Africa and this is our first target right now. So we are seeing good opportunities on that side and we are working on them. And we hopefully see a very good result in the next 1 or 2 years.

Kajal Shah

Okay. And what contributions of revenue we can expect from this?

Harsh Rawa

Ma'am, we are trying to double our revenue from the exports in the next 1.5, 2 years.

Moderator

Our next question comes from Raj from Aarjav Partners. Please go ahead

Raj

I joined the call a bit late. So can you explain me the operations of the company? What exactly is the business of the company?

Pulin Vaidhya

Sir, we are into the coding and marketing solutions, which is like expiry date, or you can say variable data, which is mandatory for some of the food and pharma products like expiry date, batch number, manufacturing date, MRP, which you must see on any of the FMCG products. And some of the branding like Asphalt Pipe or Ashirvad Pipes, you must read the branding on that, I mean, the manufacturing, the CPVC, then its size, batch number, et cetera.

So we basically, we are making, this kind of a printer, and we are providing - it's a consumables and services to the end industries I mean, end users. So basically, this is using for the every manufacturer in India more or less and need some or different kind of a product, like a label, but label is not using everywhere on each and every product. So this is like a direct printing on the product which is manufactured in India, it is like that. I mean, total machinery is like that.

Raj

Understood. So if I am the customer, so you will sell me the printer and the ink. Right?

Pulin Vaidhya

Yes.

Raj

And the printer, is it imported from China?

Pulin Vaidhya

No, not initially when we started that time, but now it's majorly assembled here in our Kaleda factory.

Raj

Alright. It is assembled in India. And the parts are imported from China, right?

Pulin Vaidhya

Yes.

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Raj

Alright. And so in the overall printer, how much would be the cost of the printer and how much would be the cost of the ink?

Pulin Vaidhya

I mean, see, there are we're having different kind of technology of a printer and having a different kind of technology of the ink. Like we, our printer range is starting from INR 1 lakh to INR 12 lakh. So there are different kind of printer models and this thing, and some having some different, I mean as are the printer or the technology, the ink prices or consumer prices are varying. It is like that, sir. It's price range or price band or something like that.

Raj

Alright. And, how much would be the life of the printer?

Pulin Vaidhya

Normally, in an industry, it's around 5 to 6 or 8 years maximum, the printer life. And if it is a very good controlled, temperature controlled environment industry like some of the pharmaceuticals or all, in that case, it will up to 8 years.

Raj

Alright. And the printer which you sell, so that then as a customer, if I were to buy the ink, so then I probably would come to you only. Right?

Pulin Vaidhya

Yes.

Raj

So it's like an AMC or something, annual maintenance contract?

Pulin Vaidhya

Yes. We sell AMC as well.

Raj

Alright. So how much part of the sale would be AMC and how much part would be printer sale and how much part would be sales and stores and sales?

Pulin Vaidhya

Around sorry, you can say the AMC is around 10% of our total contribution and spares is around 15-20% of our total contribution of the revenue. 20-28% will be the printer sale, and the rest are the consumable. It's like that. I mean, you can say 2% to 5% of the deviation on this basically. It's not the exact figure.

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Raj

Yes. That's a rough approximation.

Pulin Vaidhya

10% or 10% to 12% of, like, an AMC or something like that.

Raj

Alright. So the consumables part is around 47%, 48%, right?

Pulin Vaidhya

Yes.

Raj

Alright. And sir, how much would be your EBITDA in each of this? How much EBITDA percentage do we earn when we do a printer sale or when we do a spare sale?

Harsh Rawal

Yes, sir. For that, actually, we have a blended rate because the SKUs are very high. So we have got a blended.

Raj

So how much is the blended EBITDA?

Harsh Rawal

It ranges anything between 15-20%.

Raj

15-20% blended EBITDA range. Yes. Okay. And I also have a doubt regarding your current expansion. So how much investment have you done for the new manufacturing facility?

Harsh Rawal

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Around INR 8 to INR 12 crores, sir. INR 8 to INR 10 crores, yes.

Raj

INR 8 to INR 10 crores, right?

Harsh Rawal

Yes, sir.

Raj

And how much would be the payback period on this?

Harsh Rawal

Sir, I didn't get your point.

Raj

Yes. How much would be our payback period on this investment?

Harsh Rawal

Payback period, I expect around 2 to 3 years. That is what we expect right now.

Raj

Alright. And how much incremental sales are we expected to generate from this investment?

Harsh Rawal

Sir we are looking at the CAGR of around 30%

Raj

On the overall sales?

Pulin Vaidhya

Yes, sir. On our EBITDA.

Raj

Alright. And how much would be your EBITDA going ahead?

Harsh Rawa

We are looking at increase in our EBITDA margins overall. What we are looking at is as our installed base of printers go on increasing, the EBITDA margins will go on increasing.

So we are looking at an incremental EBITDA margin. What we can see over the next 3, 4 years, we are seeing the incremental EBITDA margin that we can see, sir.

Raj

Alright. So overall, on the basis of FY24, you are expecting a 30% growth on sales and EBITDA will also proportionately increase and sales is expected to increase 30% for FY26 and for FY27, right?

Harsh Rawal

That is our expectation, sir.

Raj

That is your expectation. And EBITDA will also increase YoY. So, can we expect that FY27 we can get to EBITDA range of around 19-20%?

Harsh Rawal

Hopefully, yes. I'll put it that way, sir.

Raj

Alright. And sir, in our business....

Harsh Rawal

Expected EBITDA margins, I don't see 19%, but we can see that we can touch 16%, 17% sir, 16-17%.

Raj

16-17% EBITDA margin going ahead overall?

Harsh Rawal

Yes.

Raj

Understood. And sir, who are our peers in this business?

Harsh Rawal

So our peers, 3 of the main peers that we have are international companies, and they are Videojet, Domino, Emerge, and one of them is Control Print, sir.

Raj

Okay. Alright. And is your product superior to them or is it at par with them? Like how do we compete with these peers? These are international clients?

Harsh Rawal

Sir, very honestly, that is not a comment that I can give, right? Our products are placed very well in the market and we have got all the technology that everybody has in the industry, and we are very positive that we are very well placed in the industry, sir.

Raj

Alright. Okay. And sir, one more thing I wanted to ask. For example, as a customer, if I place an order for a printer, how much time will it take for you to supply the printer to me?

Neeraj Sharma

So, yes, after this facility, one day, sir.

Raj

Alright. I was of the opinion that, are the printer customized for the customers? Do you have, like, standard made-to-order printers?

Pulin Vaidhya

It's a customized product only, but we, after this facility, we have a proper space to make some stock on a normally running product. So majorly, we have customized. Majorly, we put the printer like that. It would be immediately dispatched in one day only. I mean, within 24 hours, we will dispatch it.

Raj

Alright. And out of the total sales, do we have any government sales?

Pulin Vaidhya

Not much, but there are some, but it's a very less order with like some of the government tenders or something. But it's, I'm not sure, but it's very less numbers. Because normally our printer is using for the manufacturing units where the products are manufactured, in a government normally they are into the bulks, bulk packing. In bulk packing, normally, they use the labels.

Raj

Understood. So when we say 30% of sales growth, so what are the drivers for the growth? What are the assumptions are we taking for such a growth rate on a YoY basis for a couple of years?

Harsh Rawal

Sir, we are looking at one is we have increased our manpower and we have started growing the manpower in the different parts of the country, which were already there - we are strengthening them and our sales force has increased. Secondly, we have launched new products, which is giving us a grip in new industries in a different way where we are also increasing that front. 3rd part is we have taken over Jet Inks, who also has a very strong sales force and sales power on the field. And, I we feel that all these drivers are a place where we can see where we can achieve the expected CAGR.

Raj

Okay. And, sir, there's an Indian company with the name of Control Press....

Moderator

I'm very sorry to interrupt you, sir. Can you please join back the queue for more questions?

Raj

Alright. Sure. Thank you.

Moderator

Okay. [Moderator Instructions] The next question comes from Vinoth Kashyab, an Individual Investor. Please go ahead.

Vinoth Kashyab

So I had 2, 3 questions. I'll just ask them together. One of this, incremental new facility, right now, you're making around INR 45 crores sales. How much will this new facility, be able to fetch us in this financial year and the next financial year? That was the first question.

And the second question was, like, you have, you know, larger, listed peer as one of your competitors. But, you know, do you compete in the same products? Or it's like do you have different products? Or do you like when you're going to a customer, is it like the same products are available? Or what is your differentiation since you are possibly going to acquire some market share also, right, because you will be going ahead of the market? So that is my second question.

My third question was the Jet Ink acquisition. Right? I was just trying to look at the documents that were filed. The Jet Ink, actually, their profits are not high. Like, they are quite low compared to the standalone entity. Is there any plans to, you know, improve their profitability? These are my questions. Thank you.

Harsh Rawal

So first, I'll start with Jet Inks. So the Jet Inks, right now, the way they were working was a different method, and they were working. They were working in a similar industry, but not the same industry,

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because they work with third party printers more than their own printers. Actually, they didn't have any of their own printers. So our idea is to implement our lean model over there and get it into the same system that we are working in Aztec. And gradually, we see to it that that margins also increase on a very good way. That is the first thing, sir.

The second plus point of having Jet Inks is, we get to use our machines also over there in their penetrated market because they don't have any machine to sell. And Aztec printers are being sold by Jet Inks also now.

Sir second thing about Control Print. You asked about Control Print. Control Print is in the same industry. We feel that, yes, they are in the same industry and overall, they are our peer where we are seeing that we will start and we are growing on our front the way we have to. And overall, the market share is there, sir. We are also trying to acquire a lot of market share. We are penetrating into industries which we had a very few clients. Now we have started penetrating in those industries with our technological advancement and new products we are launching, which will be competent in a different level overall in the market. So the third question, can you just repeat the question? I'm sorry, sir, the first question.

Vinod Kashyap

Yes. So the question was from your new facility, what would be the, like, you have made around INR 45 crores, including the consolidated so far for this year. So what would be the incremental sales from the new facility this year and the next financial year, if you can?

Harsh Rawal

So what we are expecting is, we are expecting a sale of the top line of around INR 90 to INR 100 crores by the end of this year, by the end of this financial year. And by the end of the next financial year, we are expecting a sale of around INR 90 to INR 100 crores by the end of this year by 31st, March. And for the next financial year, we are expecting a sale to touch INR 120 to INR 130 cr.

Moderator

We have a follow-up question from Shivam Singh from Vibrant Ventures. Please go ahead.

Shivam Singh

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Hello?

Moderator

Shivam, sir, please go ahead with your question, sir.

Shivam Singh

Yeah. Ma'am, am I audible now?

Moderator

Yes. You're audible, sir.

Shivam Singh

Yes. So my question is, sir, you acquired a 100% stake in Jet Inks, sir. So their management is still with us or you changed the whole management, sir?

Neeraj Sharma

Sir, in Jet Inks, we have not changed any management except the shareholding pattern. The shareholding has become ours and that complete management is the same. Only our director, that is Mr. Pulin Vaidhya, has become a director over there, and he handles the reporting of the company, the full deal and the decision, sir, from ground staff to the top level.

Shivam Singh

Understood, sir. So sir, one question, if I'm not wrong. So your company and Jet Inks, they are engaged in the same business. So after this acquisition, you will get lot of synergy benefit. So we start getting this kind of a benefit? Or in future, even this benefit will be increased, sir, going forward?

Neeraj Sharma

What I understand, what we understand is we have started getting the benefit. And the expected benefit, what we see is a horizon of 2 to 3 years where we will be able to achieve the benefit level that we want to reach.

Shivam Singh

Understood. Sir, one more question regarding the Control Print. So if I'm not wrong, in a Control Print, the margin is higher compared to other printers, sir. So what kind of like, how we are focusing on the Control Printers right now?

Neeraj Sharma

We are not focusing on any individual peer right now. We are focusing on our growth personally. The Control Print margins are higher because their installed base is higher. Our installed base will go on increasing, our margins also will improve, sir.

Moderator

[Moderator Instructions] We have a follow-up question, and it's from Raj from Aarjav Partners. Please go ahead

Raj

I wanted to understand how different are we from Control Print India?

Neeraj Sharma

Sir we are similar to Control Print India, not different from Control Print India. We are different in the fact that we are a younger company, and overall, we are seeing a very lean management. Then our management rules and everything will be different company to company. But, yes, otherwise, the industry is the same.

Raj

Alright. So, the printer which we sell it ranges from INR 1 lakh to INR 11 lakhs. Right? So if I compare to Control Print, they will also be having the same range of printers, right

Neeraj Sharma

Yes, sir.

Raj

And regarding the quality of the product and the pricing part, how are we in comparison to Control Print India?

Neeraj Sharma

So we are very compatible in the market. Very honestly, we have got our advantages overall and they've got their advantages overall. We are very competitive in the market. It's not that we are not competitive.**Pulin Vaidhya**

Yes, being a young company, we need to position our product somehow with comparatively you can say slightly less margin to make the customer attraction. Otherwise, everything would be the same. I mean, both products are the nearby same, the quality and services are the nearby same. It's like that basically.

Raj

Alright. Understood. And sir, you also mentioned a point that you have also launched 2 to 3 new products, right? So what exactly are these products?

Pulin Vaidhya

What one, we are launching the AI via Aztec Intelligent for track and trace product basically. It's very niche and different this thing. One is the high resolution printer which can print on the non-porous substrate, which is also we are the industry leader. So that kind of a product still some companies are struggling to get a success in that. We somehow get a success in that and we already have some installed base of that products.

So we are different than others, in particular, these 2, 3 products. It's like that basically. Like some of the automation products we design with our engineers, and it is also having the good market acceptability we found. So particularly, these are some of the different points from our other peers.

Raj

Understood, sir. And sir, you said that you bring parts from China and then you assemble it in India. So me and the customer, if I want to get a printer and if I import the whole printer set from China, so won't it be cheap for me rather than coming to you?

Neeraj Sharma

Sir, we don't import everything from China. We have got our, there are a lot of, basically around as of now, around 30% of the printer is assembled from Indian products, and we are going to, we are looking at taking forward it to 60-70% in the next 2 to 3 years.

Raj

Alright. No, but my question was if I am a customer, and if I want to get a printer, so why will I come to you, when I have the option to get the printer imported from China itself **Neeraj Sharma**

Sir, you require the service of the printer if the printer fails. You require consumables to run the printer. That all is us, sir.

Raj

Alright. How much would be the... [Inaudible] Understood.

Moderator

Our next question comes from Rahul Arora from Farewell Advisors. Please go ahead.

Rahul Arora

What is our current capacity? And, post of this new, new expansion, what could be the new capacity?

Neeraj Sharma

Sir I didn't get your question.

Rahul Arora

What is our current capacity? And post the new expansion, what will be our new capacity?

Neeraj Sharma

Sir, we have already shifted to the new facility and the capacity right now is around 50 to 60 printers a day.

Rahul Arora

And what is the capacity utilization of current capacity utilization right now?

Neeraj Sharma

So the current utilization around, we are utilizing around 40% right now.

Rahul Arora

And can I know why just 40% and what is the industry average in terms of capacity and how we are planning to increase the capacity utilization in future?

Neeraj Sharma

Sir, we have built this plant in that way that for the next 5 to 7 years, we can continue in the same place. So that is the reason we have built it in capacity manner of that way that we can take over any growth whatever growth can come in, sir. So as soon as we see that we are touching around 80-90% capacity of this plant, we will see to it that we get into another plant also side by side, that we do not get stuck because of capacity in it.

Rahul Aror

And when do we expect this 80% utilization, by when?

Neeraj Sharma

We are looking at it as a 4 to 5 year plan.

Rahul Arora

Okay. So talking about consumable, that is more of a recurring income for you. So how many SKUs you have in consumable and how do we ensure that we sell more and more consumable as we sell more printers?

Neeraj Sharma

All our printers are protected. I think no other consumables can go in them. So that is the way we protect the consumable business. And the number of consumables that we have is, basically, there are n number of SKUs. It depends on printer to printer sir, application.

Pulin Vaidhya

It depends on printer to printer application, the substrate on which the printing can be done. There are n number of factors which is actually affecting the consumer SKUs. So it's a used brand. Like on porous substrate, there is a different consumer lean, non-porous substrate, it's different - some with plastic coding, some of the PP materials, there are some different, it's like that, sir.

Rahul Arora

Okay. What are the key consumable among all of which I think ink should be the one, right, apart from everything else? That would be a key consumable, right?

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Pulin Vaidhya

Yes. Normally in the printer, there are 2 consumables in using, one is the ink and one is makeup, which is the ink diluter basically, which is used for maintaining the viscosity of the ink, which is running in the printer. And third one is the wash solution, which is for the nozzle plugs or printer cleaning and all. It will be used.

Rahul Arora

So finally, my last question is 30% CAGR growth that you've committed for next 3 years or more than that and where is industry growing 14%, 15%. So how are you planning to grow more than industry? I think you mentioned, right, you acquired Jet Inks and backward integration, margin expansion. Anything else apart from the quote you already mentioned which will help us to achieve that constant growth of 30% and more?

Neeraj Sharma

So first of all, let us not comment on the intended - this is the expected growth that we're expecting in the next 3 years of 30% CAGR. I would like to specify that moving into the new factory, increasing our capacity is one factor. Introducing new machines is the second factor, taking over Jetinks is the third factor. There are a number of factors that are playing this thing and why we have come to this figure of, that figure of 28-30%, sir.

Moderator

Thank you, sir. [Moderator Instructions] There are no further questions. I would now like to hand the conference over to Rajnish from ConfideLeap Partners, IR.

Rajnish Mishra

Thank you, everyone, for joining the conference call as Aztec Fluids & Machinery Limited.

If you have any queries, you can write to us at info@confideleap.com. Once again, thank you, everyone, for joining the conference.

Pulin Vaidhya

Thank you, everyone.

Neeraj Sharma

Thank you, everyone.

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Moderator

Thank you so much, sir. Ladies and gentlemen, this concludes your conference call for today. Thank you for your participation. You may all disconnect your lines now. Thank you.

- Note:** 1 . This document has been edited to improve readability
2. Blanks in this transcript represent inaudible or incomprehensible words.

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