

Date: May 14, 2022

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 Conference Call with Investors and Analysts held on May 11, 2022

With reference to our previous communication dated May 09, 2022, intimating you about the Conference Call with Investors and Analysts held on May 11, 2022, please find attached herewith transcript of the aforesaid Conference Call.

This is for your information and records.

Thanking You

Yours Faithfully

For AVRO INDIA LIMITED

S. Bansal

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



Encl: As above

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**“Avro India Limited Q4 & FY22 Results Conference
Call hosted by Kirin Advisors”**

May 11, 2022



**MANAGEMENT: MR. SUSHIL KUMAR AGGARWAL – CHAIRMAN OF
AVRO INDIA LIMITED
MR. SAHIL AGGARWAL – MANAGING DIRECTOR OF
AVRO INDIA LIMITED**

MODERATOR: MR. VASTUPAL SHAH – KIRIN ADVISORS



*Avro India Limited
May 11, 2022*

Moderator: Ladies and Gentlemen, Good day and welcome to the Q4 and FY22 Results Conference call of Avro India Limited hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. I now hand the conference over to Mr. Vastupal Shah from Kirin Advisors. 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, Mr. Sahil Aggarwal – Managing Director of Avro India Limited. So, this is the first conference call be handed by the Company.

So, the flow of the call will be first of all Mr. Sushil Kumar Aggarwal give brief idea about the Avro India Limited then the quarterly and yearly performance of the Company and then we will be having Q&A session. Sushil ji over to you, Sir.

Sushil Kumar Aggarwal: Thank you very much and very good morning to all of you ladies and gentlemen. It is a pleasure connecting and talking to you and addressing for the first time and I believe and I am sure you are going to go a long way. Thank you very much for being with us.

So, I will just start I believe that all of you are in the best of your health and spirits. I welcome you to the First Result Conference Call of Avro India Limited. Avro India Limited is the largest manufacturing of plastic molded furniture in North India and amongst the top 5 brands in the country. Having a base in Ghaziabad, the Company manufactures household and office-based plastic molded furniture tables, stools and almirah.

The Company has served more than 5 crore families since its inception. The products of the Company are mainly known for their quality and durability along with the long-term warranty services. This has propelled the growth of its two established brand Avro and another brand Avon. Avro has one of the largest product ranges and manufactured with imported machines and moulds in highly automatic environment and following global quality sales and services. The operational efficiency enabled the Company to stand strong against its competitors as its products are almost 40% cheaper and its leading competitor owing to certain amount of volumes. We are quite confident of the quality of furniture we offer and therefore I can probably say that your Company is offering a warranty as high as three years on a select product range which is for the first time in the country that somebody is offering. The Company has strong growth plans which includes backward integration, quality assurance and new product launches along with the capacity expansion.

During the year one good thing that we have done is we have commissioned our recycling processing facility and are using recycled plastic granules as our raw material for some of our products which are post industrial and absolutely in pink of health. This has helped us minimize our raw material cost and also help the environment. On the distribution front, the Company has a strong online and offline presence. The Company has a strong presence in North India with

more than 20,000 retail touch points to online portals like Amazon, Flipkart, IndiaMART and others the Company is selling its products through Pan India. FY22 was a landmark year for us as we have achieved the revenue of 65.20 crores and PAT of 2.99 crores which is a big milestone for us.

Now let me give you a quick industry overview. The plastic furniture industry has been witnessing healthy growth with the commercial sector accounting for more than one-third share of the market revenues. However, with the increasing growth of the construction industry worldwide especially in developing countries, the demand for plastic furniture is expected to surge significantly in the residential factor. The increasing discretion spending and government incentives boost in development in residential construction projects are generating high sales potential for plastic furniture in the residential factor. Leading manufacturers in the plastic market are shifting their focus or residential buyer to unlock profitable growth opportunities in the coming future. Increasing demand for low cost, light weight and durable plastic furniture in various end use sector is driving end user to adopt plastic furniture instead of traditional wood and metal furniture.

Ongoing developments in engineering plastic and growing focus on recycle of plastic remains instrumental in shaping the future of plastic furniture market. The market gained momentum with development of high-performance plastic material, suited for manufacturing durable plastic furniture. Manufacturers will continue to launch innovative materials and designs of plastic furniture to capitalize on lucrative sales opportunities. Small businesses are entering the plastic furniture market with an environment conscience by launching new designs of plastic furniture made of recycled plastic.

In order to capitalize in the growing consumer demand for eco-friendly products. The Asia Pacific is expected to grow at a significant rate and the global plastic furniture market due to rising disposable income and increasing awareness among the general population regarding its plastic furniture. India and China are the most dominating countries in the region the market in Africa is expected to grow at a good rate in plastic furniture industry. The Middle East in Africa market gained the attraction of investment for the companies for more scope in the region and expected to rise healthy growth over the forecast period. We stand out in this growing business segment with our strengths which are.

1) two decades of strong experience. 2) strong established brands like Avon and Avro. 3) 200 plus SKU range that we have one of the best range. 4) unique, robust and registered designs. We have more than 28 design registration with us. Strong online and offline presence and as I said, we are also serving more than 6,000 pin codes across countries. Strong sales and distribution system that we have and quality of our product is 40% cheaper, thus all the making of a great Company.

I am also happy to announce that your Company has moved to the main board of NSE and BSE. Avro India Limited made its debut in the secondary market by listing its share in July 2018 and

NSE Emerged platform and within four years, the Company has migrated to the main board of BSE and NSE on 7th April 2022. This is a very positive development for the Company and its investor as it has added liquidity to the stock and from April 22, Migration will have the Company to take its growth to the next level.

Now, let me quickly take you to the financial performance of the Company for fourth quarter FY22. The revenues reported 34% year-on-year growth to 18.63 crores EBITDA came in 2.98 crores up by 322% year-on-year growth. EBITDA margin improved from 5% to 16% significantly, net profit was 1.85 crores against a profit of Rs. 12 lakh. Net profit margin was 9.93 as against less than 1% in the corresponding period for FY22 your Company has reported. Total revenues of the Company is 65.20 crore registering a growth of 22% year-on-year. EBITDA grew 37% on year-on-year to 5.63 crores margin improved by 96 basis points to 8.63%, net profit was higher 73% to 2.99 crore and net profit margin improved 144 basis point to 4.60%, debt-to-equity was all time low of 0.37x and capital employed FY22 was 14.35% and 15.3%. Ladies and gentlemen and friends now I open the floor to you for question and answer.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Apurva Raj from APR Capital. Please go ahead.

Apurva Raj: What are your recycling plans?

Sushil Kumar Aggarwal: What we are doing Apoorva is that let us say lot of these industry for example Reliance is sending all the material packed in polypropylene bags and these bags invariably we discard them to kabadis, but what we realized was that these bags are absolutely made of the pure 100% virgin polypropylene material mixed with the right kind of ingredient that we desire and wanted to use for own products and very lately we realized and recognized that why we do not we recycle that same product itself and consume that into our manufacturing. So, that has actually helped us a lot. Now there is a process of actually scaling up that not only the consumption or let us say the input that we get from the various sources of these bags because every granule comes in 25 kilo bags, but we would also be able to source it from other sources and other companies would actually having such kind of bags and they have discarded to Kabari instead of discarding to Kabari those bags can be utilized and taken by us and recycled beautifully well and can be used in the product maybe about 25% to 30% kind of range.

Apurva Raj: When you say that they are selling to Kabari so they must be selling at a very negligible price, but are you paying any significant price to them which is clearly difference between selling to Kabari and selling to you?

Sushil Kumar Aggarwal: This starts from as low as about Rs. 20 to Rs. 25 kilo to going up to Rs. 50 kilo depending upon how the material has been kept. So, what we prefer to do is we prefer to buy material which is absolutely in the great shape, which can be used by us without comprising on the quality front of our product and without even actually losing too much on the price priority front for that matter.

- Apurva Raj:** And after this recycling how it is going to impact your RM cost?
- Sushil Kumar Aggarwal:** Certainly, what happens today let us say Reliance price of polypropylene is as high as Rs. 120 kilo and vis-a-vis that in case if we are getting something for about Rs. 50, I am sure there is a huge drop in the raw material input cost and even if were to do 25%, 30%, 40% or so it does not hampers our quality, but we will bring down certainly our raw material input cost and thus increase in our bottom line.
- Apurva Raj:** It means you are targeting almost 25% to 40% of total raw material consumption from this source is it?
- Sushil Kumar Aggarwal:** Absolutely.
- Apurva Raj:** And this can make a real impact in your RM cost and that lead to the absolute bottom line improvement?
- Sushil Kumar Aggarwal:** Very rightly said Apoorva and believe me this is something probably I sometime feel we could have done it earlier, but it is a need based because all raw material prices, commodity prices have shot up for almost all sector for that matter in the last one and half year or so and they shot through the roof. So, I think it is a high time, quality time for all of us to really look inward and probably take care of this and we took the cognizance of that.
- Apurva Raj:** And what is your working capital cycle?
- Sushil Kumar Aggarwal:** Working capital cycle I think from debtors we get it in almost about 60 days average.
- Apurva Raj:** And receivable on a little higher side?
- Sushil Kumar Aggarwal:** Receivable on the higher side at this point of time if you see year-on-year last year, they were less than 50% of what it is today just because during COVID some people needed support and help in spite of the fact that we lost two months of operation in April and May 22, but we supported our distributors to the best of our ability and that is now getting repaid to us in terms of the loyalty as well offtake increment, etc., and for that matter, I am sure it is absolutely in the process of great recovery. So, this year FY23 when we close, we assume and believe that the debtor would be very much lower than what it is today.
- Apurva Raj:** So, basically this is a very short-term impact and by doing that you are getting the distributor loyalty also which can really help in growing future?
- Sushil Kumar Aggarwal:** Perfect. I totally agree with you and you know because we have been having relationship for more than 20 years in the industry for that matter. I am also national president of furniture manufacturer association and I am also chairman of CII, Western UP zone. So, when I connect with these people the amount of affinities that I have they all believe and the story they believe

that yes we are here as a Company as a corporate to help them and support them and through this tough time that they have all faced and God has been very kind that not only Company did a better job than earlier years inspite of COVID, but our distributors are happy and forward coming today to take it to the next level next year.

Apurva Raj: Sir as we discussed you said that 25% to 40% you are trying to source from the Reliance bag material, have you seen that other companies also trying to get this?

Sushil Kumar Aggarwal: This is very interesting incidentally not all sectors, for example, let us say somebody making maggas, baltis and dabbas and all that they cannot because this is another one first of all it is a HDPE product and they cannot utilize these kind of products because that requires a very different MFI which is melt flow index.

Apurva Raj: I am talking about let us say Nilkamal which is into same sector or any other Company which is going to same sector?

Sushil Kumar Aggarwal: Incidentally let us say Company Nilkamal, Supreme and Cello because their top line or the pricing itself is very high and they are able to take because being generic brand and very famous brands, so they command their premium and prices. Because we are little new relatively in terms of the branding, etc., or in terms of reach out. So, now we take into the next level in terms of not only branding and taking care of how to actually get the best of the prices for that matter and also in the meantime while we increase let us say our top line we also increase our prices, but we also decrease our raw material input cost so that we can be sustainable and we can become very profitable.

Apurva Raj: For this recycling and all do you get any benefit other than monitory like green benefit or something?

Sushil Kumar Aggarwal: That is pretty interesting Apoorva you said I really want to tell you that I was given to understand from the experts in the industry that due to EPR which is extended producer responsibility, Now these companies are forced to buy back under 100% of their plastic consumption that they do in the three years or so, because we are using this recycle material we should be able to actually get the EPR credit which we are scouting for we have not frozen anything as yet we are looking forward to plus beside that there is a recycling carbon credits also likely to happen. So, during the process I am discussing the experts of the industry and trying to understand what is it that we can monetize, how well we can take care of that and leverage and probably also become a sustainable environment friendly Company.

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

Nilesh Karani: Just to ask how do we see any expansion further or any CAPEX related further you want to increase your production or how is the consumption or your capacity utilization right now, can you just give me your brief about that please?

Sushil Kumar Aggarwal: Incidentally, we are absolutely using our entire capacity for that matter. We are in fact outsourcing certain capacities from other plants. So, now in any case the expansion is certainly on the card. What is happening number one, the same product category that we are into we are trying to add on more SKUs which serves all sections of people demographically, geographically who can buy, Let us say Rs. 200 to 1,000 plus product so we are trying to serve everything wherever there is deficit and gaps we are trying to cover that, that is first and foremost because that is the core competence and that is expertise lies in our understanding that. Besides now what is happening for example let us say plastic almirah, drawers, chesters, cupboard all kinds of thing that are now been taken over by plastic industry and beautiful new things that have come up to us. So, we are also scouting and looking for that in terms of expansion. So, I believe that not only this product vertical that we are talking about in the same segments, but we are also looking at various other products like revolving chairs, mattresses, etc., to be added with the same distribution channel that we have at this point of time are the kind of people who are actually selling even these material also. So, we can piggyback the existing infrastructure by just adding these products probably either manufacture it or even outsource it in the initial days in our own brand name and then later start manufacturing. So, as much as we get the internal accruals or debt access or whatever that we can leverage we will certain leverage each and every penny to ensure that we try to add on as many products as possible. So, while we are doing that not only online and off line and in case if you have to go on Flipkart and Amazon today and even try plastic chair or for that matter go to any level you would find Avro being on the top as a list. So, not only in terms of the ranking of the rating that we have it is actually humongous and you know even otherwise as I said 10 states plus that we are operating now we are expanding a footprint across country into various sectors not only from online selling, but offline selling also. So, we believe and assume that as we go along we will certainly be able to add a lot of product verticals and not only this, but different product verticals I am not in a position right now to reveal that, but I can tell you that over a period of time we have huge plans where there is an entry barrier and there is a certain amount of great bottom line growth also in that. We are also scouting and looking for that and as much as the capital availability will be there we will ensure that all those dreams are realized.

Nilesh Karani: Just to add right now our plant is at Ghaziabad so basically your transportation cost or your logistic cost to the parts of country who differ from the other players or how it is like?

Sushil Kumar Aggarwal: That is true you are absolutely right. For example, let us say large corporate companies like Nilkamal, Supreme they already have base and spread across entire country in terms of the plants whereas we are North India based. So, what we do is we assume that up to 10% freight for example Mumbai we can sell in 10%, Surat, Ahmadabad, Rajkot everywhere we sell 10%, Hyderabad 10%. So, in 10% wherever we can act up to 10% freight is absolutely fantastic maybe

deep down South India in terms of Kerala or Bangalore, etc., it could be 12% to 13% or 15% then it becomes a big disadvantage for us to actually sell because freight cannot be mitigated. So, that is how there is a need and the reason that probably we should have a base in South India also not only in terms of the offline sales that we are looking at, but also the online distribution that we are doing at this point of time is the need and as we go along we will certainly try to explore depending upon the capital availability that we should be able to set up second plant also in the times to time.

Moderator: Thank you very much. The next question is from the line of Supriya Katkar Individual Investor. Please go ahead.

Supriya Katkar: I just wanted to understand that Q3 has been little better than the Q4, so what has gone wrong as far as the revenue is concerned is Q4?

Sushil Kumar Aggarwal: No in fact I would put it this way that Q4 has been much better than Q3 for that matter. Q3 our profits was little lower and I think Company did not really get that kind of result, but Q4 has been better in terms of bottom-line growth that I can certainly look at and I think Q4 data I have Q3 right now is not in front of me I can certainly check that.

Supriya Katkar: On the top line front we are little lower?

Sushil Kumar Aggarwal: In case for example what happens normally Q3 and Q4 are very good time for businesses because festive season starts Diwali is there and all that except there is a small dip in the December that happens invariably, but January, February, March Q4 is always the best in any case than in Q3. I can certainly check that figure and revert back to you and offline also, but as much as I have we have reported in 31% revenue growth in year-on-year in Q4. So, I can certainly check Q3 also and I will come back to you in brief.

Supriya Katkar: On the revenue front?

Sushil Kumar Aggarwal: Right, I got it top line.

Supriya Katkar: I also wanted to understand that for EBITDA margins was 16% for Q4 if you see last year it is 8%, so I just wanted to understand with the recycling unit coming into the operation these Company able to maintain 16% or what outlook you would like to give on EBITDA margin front?

Sushil Kumar Aggarwal: Supriya I totally agree with you what you said is makes big sense because Q4 because recycling did add to lot of benefits in terms of company's growth and I can continue to assure you that over a period of time we will leverage it as much as possible. So, we are not only confident we are absolutely sure of moving forward with a certain amount of growth in the bottom line that will be anyway there. So, over a period of time I am sure in next two, three quarters, four quarter I believe FY23 should be a better and stellar year for us we will continue to that.

Supriya Katkar: Sir as we are looking to expand product portfolio is any acquisition on the trust as I believe there are many unorganized player in the segment?

Sushil Kumar Aggarwal: Supriya you asked question one is the unorganized players then you asked another first question I just missed something in that.

Supriya Katkar: I just wanted to understand as we are focusing on increasing portfolio so along with increasing the SKU as you mentioned in your earlier comments are we also looking to acquire any Company from the unorganized sector as I believe there are many players in unorganized sector?

Sushil Kumar Aggarwal: Incidentally our country is so large and so dense that there is no dearth of manufacturing or sales for that matter. These unorganized companies what happens is they normally sell in a very poor quality of product and which is a very region they are all region specific let us say 100, 200-kilometer periphery that they operate, but whereas we are operating Pan India in anyway and offline distribution model we are operating up to 1,500 kilometers. So, I believe we do not really any threat from this unorganized player they will remain wherever they are, but they will not be able to grow and they will probably fizzle out or they will get converted and change whatever is the case may be and because today like for example large corporate I am sure the same space Nilkamal Supreme seller, etc., are doing fantastic job and you can see their bottom line, top line, etc., We also believe that since we have an expansion plan and we are going ahead not only with SKU, but since there is a strong offline distribution model and being an online presence also is giving us great amount of recall to the consumers and dealership who want to get appointed with us as channel partners. So, that is giving us a great leverage so we do not see any threat from the unorganized player in fact today with the way we are rising forward very fast and very smart I believe that we should probably be in the league where we would be looked upon as the Company to be associated with.

Supriya Katkar: My question is not about the threat absolutely we are among the five top players so we do not face any threat from the unorganized players, my question was whether you are planning to acquire any Company from the unorganized players?

Sushil Kumar Aggarwal: I am extremely sorry Supriya I somehow probably missed that word acquire. We thought about it, what happens we are a Company which has got a very different standard altogether. We have Ferromatik Milacron machine which is an American Company 100% owned subsidiary in Ahmedabad. We have been buying machines only from the global largest player because I believe CAPEX have to give you the best product. So, today all our machines are either from that Company and one or two machine we have from **Haitian** which is the world's largest manufacturer of machines, China based Company 30,000 machines that they manufacture. Then when it comes to mould, we buy the best of the moulds which are sent to European market. So, you know, what happens Supriya the moment we try to acquire these unorganized player we do not see value driven in them because the infrastructure is so shabby and poor that it does not augers into our philosophy and the culture that we operate in because we believe Six Sigma and Kaizen, 5S and lean Management, etc., but probably they do not understand and unorganized

sector that they are into they will probably be working in a very small area or in a very unorganized way and their machines upkeep will be very poor or the moulds that they have are not of a standard quality or the design that we are looking forward to. So, we somehow do not understand, for example, you are picking an Apple phone you feel oh Apple is a great finish etc, but in a same league if you pick Thai or Malaysian phone or some cheaper phone or something like that probably you will not feel great about it. So, same philosophy goes with us and because we understand the product category and machines, etc., so well whatever whenever we have to do we will certainly go I will say Brownfield or Greenfield, but not an acquisition we are not looking at acquisition at this point.

Supriya Katkar: If I may ask one more question what is the planned revenue three years down the line?

Sushil Kumar Aggarwal: I do not think that I will be able to really give a great guidance on this, but I can assure and say one thing that because the buoyancy in the market is very good, product acceptability is great and we are getting the branding etcetera. So, I believe that over a period of time not only this 15% organic growth that we are actually getting from the market, but we will cannibalize another Company's brands also and other companies market share. So, that being the case and because we have a great leadership team here working in the Company me, my two sons, my daughter in law, four of us are operating, but from the space. So, I believe that we have a making of a great Company and great exponential growth that we are looking at. So, I can only say over a period of time with all the blessings that you people are giving us and guidance that you will continue to give us I can assure you the Company will touch different height which it has never ever seen in the past stream.

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

Kuber Chauhan: Couple of questions just wanted to know your revenue contribution from different segments number one. Number two is mix from online and offline. Number three what are the edge we are getting from the number one partner which is Nilkamal and number four is are you planning any debt further?

Sushil Kumar Aggarwal: Please repeat this again offline you said as with Nilkamal you said.

Kuber Chauhan: Any long term debt are you planning in future?

Sushil Kumar Aggarwal: I will start with wherever I listen to you said about the offline and online revenue model I think at this point of time we have close to about 6% plus online revenue which we believe we should be able to take it to the next level we were looking at almost more than 15% to 20% online because we are expanding and increasing our presence there rest is all off line through the distribution model that we have and in terms of coming to the edge of Nilkamal I think you had asked another question before that I somehow missed out that also.

Kuber Chauhan: Just wanted to know the segmental breakup?

Sushil Kumar Aggarwal: Now segment when it comes to because we are in the category where there is a huge range of plastic furniture right from stool, patla, table, chair, etc., more than 100 and odd SKU that we have plus the color set we have, the design that we have. So, combined put together in the revenue that we have posted at this point of time. In that we have also had a small contribution from steel almirah which is about I think Rs. 75 lakh not much, but this year we will take it to the next level I believe and we are still to expand on certain other product verticals that we have been talking about not only in terms of revolving chair that we are looking at couple of other things so we have not started that. So, this year when it comes to I think next FY23 I should be able to give a great breakup of all the revenue coming from all the segments from that and when it comes to edge on the Nilkamal I would say Nilkamal is a generic brand and of course very famous and very popular also and great Company to work with and great products also, but you know the edge that we have is the personal connect that we do, guarantees that we offer and in certain terms road shows, etc., that we do at a distributor point, the amount of let us say different kind of paradigm shift that we have from whatever that these large corporate have been operating we are trying to do that and while we are going to do that the acceptability amongst the distribution fraternity in the general trade is pretty good with us vis-à-vis other companies and that is how we are trying to increase our top line and we are trying to acquire not only that organic growth, but inorganic in terms of the cannibalization of brands also. So, I think we are having a certain amount of edge in terms of that though Nilkamal is a very old Company, but we have established ourselves as a product leader because we have more than 28 designs which are registered and I do not know I am not very sure whether any Company in the country can boast and have so many design this is a great achievement that we have done and as I said 40% cheaper than Nilkamal and not with a compromise on quality. Please check online on Flipkart and Amazon and ranking and rating, etc., or the number of stars that we have been given to a product you will find it fascinating that this Company is able to give great result at a fantastic price and still able to sustain and grow. So, that is kind of strategy we adopt here when it comes to debt I would say that we are actually not looking at too much of debt because our debt at this point is reasonably low because I believe it is less than 2 crores, 1.75 crores or so and we will continue to ensure that we leverage that as and when require for CAPEX need that we might come up with which we are certainly looking at and we will debt as low as possible and we believe that internal accrual is something that we should be able to take it forward and that should bolster our balance sheet and also give us that leverage of getting into this expansion mode.

Kuber Chauhan: If I may ask you one more question sir are you catering only to domestic market or are we doing exports as well?

Sushil Kumar Aggarwal: Incidentally what happens we were so much flush and we were so much contented that we never ever explored exports market progressively we started realizing there is a huge export market in the neighboring country like Malaysia for example we export to Mauritius couple of days back through Mumbai. We realize that Mauritius or Nepal, Sri Lanka, Bangladesh and so on and so

forth lot of countries do not have lot of manufacturing ability that we do have and we are in a Company which has got a product category which are very different than anybody else. In fact we are the only Company certain products that we have nobody else has in the country. So, we never leveraged that, we never thought about it, but it is high time now we will also be tracking all sorts of exports and over a period of time I believe FY23 should see that there is some amount of revenue coming from exports also.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capita. Please go ahead.

Deepak Poddar: So, I just wanted to understand firstly like quarter-on-quarter we have seen about 7.5% EBITDA margin improvement from 7% to close to 15%, so how much percentage of that is driven by this recycling thing that you are talking about?

Sushil Kumar Aggarwal: Deepak ji because we started this recycling only in the last quarter FY22 last quarter that is how it did not show up in the other balance sheet or other quarters, but I believe that now since we started this not only we are not sustaining with it, but we are also growing with it and we are expanding as I was mentioning in earlier statement that we are actually taking it to 40% to 50% of level of our entire consumption for that matter so that should certainly help us a lot. So, you will start seeing certain amount of benefit that you saw in the Quarter 4 same way in all the quarter in the times to come.

Deepak Poddar: So, our partial benefit we saw in the fourth quarter because of the recycling unit, our gross margin moved up from 25% to 30% this quarter-on-quarter so ideally what you are saying is that this 14.5% our EBITDA margin can move up further because we will get the full benefit of this recycling unit in the coming quarter?

Sushil Kumar Aggarwal: We are optimistic and positive about it.

Deepak Poddar: And so what would be the potential of that 15% once we utilize that 40% to 50% how much bump-up can this give to your EBITDA margin can it become like 18%, 20% kind of a margin?

Sushil Kumar Aggarwal: Deepak ji I would be very happy, but it will be very difficult for me to give kind of guidance or direction of forecast, but I can assure you it will certainly add up to volumes, it will certainly add up to the cash flow as well as the kind of bottom line that we are looking at it will certainly add up and not only we are very confident we have actually done entire work we are already working on it. So, it is not on the trial basis, but it has already been executed or the process is on.

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



*Avro India Limited
May 11, 2022*

Vastupal Shah: Thank you 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 again thank you to the management team and the participants for joining the call.

Management: I am extremely grateful to Apoorva, Nilesh, Supriya, Abhay, Deepak everybody all of us asked questions. Please continue to guide us, get connected with us, send us mail, WhatsApp whatever you like. In case if you have some kind of a guidance, direction you want to give it to us we are more than happy and willing to take it because we need it at this point of time. So, please guide us. Thank you very much. Have a nice day and have a great day. Thank you.

Moderator: Thank you very much. On behalf of Kirin Advisors that concludes this conference. Thank you for joining us and you may now disconnect your lines.