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Listing Department <b>National Stock Exchange of India Ltd</b> Exchange Plaza, 5 <sup>th</sup> Floor, Plot No.C/1 G Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051  <b>NSE Symbol: AVROIND</b>	Listing Department <b>BSE Limited</b> Phiroze Jeejeebhoy Towers Dalal Street, Mumbai-400001  <b>BSE Scrip Code: 543512</b>
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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 Investors Conference Call of Avro India Limited ('the Company') held on Monday, 13<sup>th</sup> February, 2023 at 12:15 p.m.

This is for your information and records.

Thanking You

Yours Faithfully

**For AVRO INDIA LIMITED****Sumit Bansal**  
**(Company Secretary & Compliance Officer)**  
**M.No: A42433**

Encl: As above

**AVRO INDIA LIMITED**

(Formerly known as AVON MOLDFURNITURE LIMITED)

A-7/36-39, South of G.T. Road,  
Indl. Area (Opp. Rathi Udyog Ltd.)  
Ghaziabad-201009 (UP), IndiaTel: 0120-4376091  
Helpline: 9910039125  
info@avrofurniture.com

www.avrofurniture.com

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“Avro India Limited  
Q3 FY '23 Results Conference Call”  
February 13, 2023



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

**MODERATOR: MS. SUPRIYA MADYE – KIRIN ADVISORS PRIVATE  
LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Q3 FY '23 Results Conference Call of Avro India Limited, hosted by Kirin Advisors Private Limited. As reminder, all participants line will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

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

**Supriya Madye:** Thank you. Good afternoon, everyone. I welcome you all on behalf of Kirin Advisors, the conference call of Avro India to discuss the performance for Q3 and nine months. From the management, we have Mr. Sushil Kumar Aggarwal, Chairman of the company. For opening remarks, I'm handing over the call to Mr. Sushil Kumar Aggarwal. Take it forward, sir. Over to you.

**Sushil Kumar Aggarwal:** Thank you, Supriya, and very good afternoon to you all, ladies, and gentlemen. It's such a pleasure again connecting, and I hope that we keep connecting like this every quarter. And I hope everybody is in **inaudible 0:01:23** their health. So I welcome you all to the third quarter FY '23 conference con call.

Avro India Limited is one of the largest manufacturers of plastic molded furniture in North India and amongst the Top 5 brands in the country. The product portfolio of the company includes household and officer molded chairs, tables, tools, Almira and so on and so forth. The products of the company are mainly known for is quality and durability along with the long-term warranty services. In fact, we are the only company to be offering three years guarantee on a couple of our plastic chair products and all that table, which none of other companies in the country have been able to offer. That's the hallmark of our quality. And our furniture is sold in two established brands, Avro, and Avon.

As the third quarter is festive season, we normally see a good demand in the third quarter and fourth quarter. This strong demand helped us to grow and report 11% growth in the total income in the third quarter in comparison to the corresponding period of previous FY and contributing to the 37% growth in total income for nine months in comparison to the corresponding nine months of previous financial year.

While the company has seen a rise in total income, our initiative of recycling plastic unit enabled us to control cost and report an operating margin of 10%-plus. We have commenced our new recycling plant with a capacity of 300 metric tons per month at Ghaziabad, which effect from 22, December 2022. We have started using recycling plastic granules as our major raw material requirement. On full utilization of recycling unit, the benefits will be seen in terms of savings and cost, recycled plastics are 20% to 30% cheaper per kilo contributing to significant cost

savings and improvements in profit, which, of course, progressively we will witness as we go by with the expansion of our capacity.

The demand for plastic material has been constantly increasing across several industries like food and beverage, automotive, packaging and health care. The development of these industries can be accredited to rising population, benefiting disposable incomes and continuous product innovation. The problem with plastic lies not in how it is used, which is generally harmless, but in end-of-life management of products made from it.

India produces approximately 6 million metric tons of plastic waste every year, and this is expected to rise to 34 million tons by 2031. And this particular plastic goes into the roads, reverse chokes, plains, etcetera, and animals are killed. Therefore, it is highly important to reduce this waste for a sustainable environment and best use of plastic and plastic recycling are the solution to this issue. Products manufactured from plastics are usually non-biodegradable in nature and can lead to various environmental consent. In fact, it could be lasting for hundreds of years. Thus, recycling plastic helps us to reduce the amount of waste disposed at landfill site, thereby lowering the amount of greenhouse gas emissions released from lenses or manufacturing or fresh material.

Further, high manufacturing cost of virgin resins have necessitated the use of recycled plastic products, thereby bolstering the growth of the global recycled plastic market. And in fact, if you had seen a notice that due to the disruption in supply chain management for quite some time, the price volatility in the commodity has been reducible high and huge and it's still -- it comes without any alarms. So this is a challenge that most of the manufactures are facing. And in fact, Government measures are expected to further facilitate the growth of recycled plastic market. Government is implementing policies and regulations for controlling waste production, encouraging the reuse, and recycling of plastic waste and encouraging systematic waste treatment.

Government is also enforcing landfill taxes, waste disposable taxes, recycling credit seal, deposit refund systems, etcetera, to promote effective waste management. In fact, they're also implementing something called a EPR, which is Extended Producer Responsibility, whereby every brand producer or importer or manufacturer and owner all have to comply with the EPR regulations. And if they don't comply then by FY '24, 100% is the regulation. And if they don't complete, they'll have to pay penalty to the government. So this is the kind of enforcement that is happening in terms of recycled plastic to be used as many numbers of time as possible and bottle-to-bottle circle economy needs to be promoted or product to product.

And the global recycling plastic recycle reached a volume of 72 million tons in 2021, growing at the CAGR of 4.9% during 2016 to 2021. It is expected that the global plastic recycle market will grow at a CAGR of 7.5% during 2022 to '27, reaching a volume of 111.5 million tons by 2027. In 2021, Asia Pacific represented the largest plastic recycling market, accounting for 49.1% of the total plastic recycled market followed by Europe, North America, Middle East and Africa and Latin America. Indian plastic recycle market reached a volume up 2.4 million tons in 2021, growing at a CAGR of 7% during 2016 to 2021. Studies indicate that the India plastic

recycling market is supposed to grow at a CAGR of around 8.6% during 2022 to 2027, reaching a volume of 4 million tons by 2027.

In 2021, North India, plastic recycle market produce a volume up 400,000 tons in 2021, representing a CAGR of 7.3% during 2016 and 2021, increased in industrialization and urbanization in northern region of India had a great impact on plastic demand, which augment the growth of plastic recycle markets. Furthermore, the rise in construction activity in the region is another factor contributed to the growth of market. Increase in residential, industrial, and commercial activities leads to more user plastic, which further propels the plastic recycling in the region.

Looking forward, not in the plastic recycle market is expected to reach a volume of 683,000 tons by 2027, representing a CAGR of 8.8% during 2022 to 2027, rise in automobile and construction sector across North India are expected to fuel the plastic recycling market growth over the forecast period. Evolving lifestyle and rising disposable income of consumer across the region have fuelled the demand for food products and beverages where plastic is crucial, which augment the growth of recycled market in Northern India.

Uttar Pradesh represented the largest plastic recycle market in North India, accounting for 42.1% of total North in the plastic recycle market. The increase of lightweight plastic components and awareness of plastics negative affection environment are driving the plastic recycling market. Furthermore, consistent support from the government and increasing penetration of recycled plastic product is presenting a lucrative opportunity for the plastic recycle market. Product portfolio expansion and cost minimization are the key drivers for future growth of business and its aspiration to become a market leader in coming times.

I'm happy to inform you that your company has been awarded in the Pride of India Award 2023 organized by Exchange for Media Agency at Gurgaon on 19, January 2023. This will award will continue to drive us getting more quality deliverable in future and being a part of Make in India.

So let me quick take you through financial performance the reported quarter and nine months of FY '23. So the key financials at a glance are, this in third quarter FY '23, total income is at INR 21.82 crores, which is up 10.65%. EBITDA is at INR 2.29 crores, up 73.48%, EBITDA margin at 10.49% versus 6.69%, PAT at INR 1.19 crores, up 138%. NPM at 5.45% versus 2.54%, EPS at INR 1.17- and nine-months FY '23 results are, total income is at INR 63.69 crores, up by 36.88%. EBITDA at INR 6.55 crores, up by 148.11%. EBITDA margin at 10.28% versus 5.67%, PAT at INR 3.28 crores, up by 252.69%, NPM at 5.15% versus 2% and EPS at 3.25%. Now ladies and gentlemen, I open the floor for Q&A and all yours. Thank you very much.

**Moderator:** The first question is from the line of Raaj from Arjav Partners.

**Raaj:** I wanted to know how much of the sales come from Amazon, Flipkart and all those online channels?

**Sushil Kumar Aggarwal:** Approximately, I don't have a clear data in front of me, but approximately 15% of the revenue comes from the online Flipkart and Amazon Misho, Jio and so forth. Besides the big box store

like Metro and others, which we are also selling at this point of time, but approximately 15% of revenue.

**Raaj:** 15% comes from your online sales, right?

**Sushil Kumar Aggarwal:** Correct.

**Raaj:** And how does the pricing goes over there, like how much you need to give to Amazon, Flipkart?

**Sushil Kumar Aggarwal:** So there are different-different commission parameters, certain companies, like for example, let's say, Pepperfry might charge 40%. But in the case of Amazon, we actually hand it over to their DCA, where they take care of everything. We don't have to actually do it directly to consumers. So we are giving them at a price which is far better than our distribution price that they sell it to the market. And we don't have to worry about whether they're actually giving a predatory pricing, reducing it, or increasing it, depending upon the kind of Big Billion Day Sales and all the things that they do that they take care of that.

**Raaj:** And regarding FY '24. So can you give an approximate like, how would your sales and everything is going to look like?

**Sushil Kumar Aggarwal:** Mr. Raaj, I would put it this way, that whatever last two, three years have been, it's been very, very tough for the entire industry for that matter. In spite of that, fortunately, our country has been able to grow sectorally. So we believe for the best result to come for us. And as you rightly said, FY '24, we expect a stellar growth in terms of top line and bottom-line growth, because we are elected to pick up volumes, why we are able to pick up the volumes, because we were only in North India focused company at some point of time.

But now with expanding our footprint across entire India, we have set up our base in Bangalore, in Karnataka, Tamil Nadu, Kerala, including Maharashtra, Gujarat, Madhya Pradesh, Chhattisgarh, Odisha, West Bengal. These are the kind of markets, which we were actually not dealing or not selling earlier, but so we started expanding. So we believe in the next two quarters or so, we expect that this distribution will certainly get established.

And then progressively, the volume that will get driven to that will add to the top line. Besides the recycling, since we are doing in-house ourselves and the entire production is being consumed, self-consumed, we are not actually selling it right now. So what happens is our cost of raw material procurement goes down. So one way we are increasing the top line because of the sale and the increase in the production.

Second is we also reduce cost of the raw material. So when it becomes an integrated process system, we will be the only company, and I'm saying, again, to be the only company in the entire country to have this value chain from post-consumer plastic scrap to the final product at let's say, even in the JioMart, Misho, or even distribution of little market for that brand.

**Raaj:** And how much cash do you have currently as on Q3 end?

**Sushil Kumar Aggarwal:** I did not see that, but I believe whatever cash flow that we have at this point -- I'm not very sure, but I would put it this way, that normally, we don't carry too much of cash in the bank. We keep selling it to the suppliers because we need to ensure that the chain continues, and we ensure that in our suppliers. For example, our supplier -- our sundry creditors are very low at this point of time, because we believe in paying in time and getting the material at the cheapest possible price. So we normally don't keep long surplus cash with us. We deploy it, either for procurement of raw material or we deployed in terms of sundry debtors to expand our footprint or expand our business for top line growth.

**Raaj:** And regarding your aggressive expansion plan, so how much of investment are you going to need?

**Sushil Kumar Aggarwal:** We are actually on a huge expansion plan in terms of the lease cycling for that matter number one. Number two, we are also expanding our product portfolio. So I would put it this way that we are looking at close to about INR 5 crores to INR 10 crores this kind of investment that probably FY '24 should be in terms of these two areas. We're also looking at probably some amount of expansion that could happen in the sundry debtor as well as branding. So we are step taking baby steps. So we want to take a baby step.

We do not want to go hassles or in terms of establishing and ensuring that all our stakeholders get payment in time. So that's our priority. And that's how keeping that in sync and in line easily between INR 5 crores to INR 10 crores with minimum investment, and it can also definitely go up depending upon how fast we want to go ahead. And we are actually looking at probably expanding our footprint across India for furniture as well adding certain other products, which can piggyback on the existing infrastructure.

**Moderator:** The next question is from the line of Devesh Shrimali from DS Investments.

**Devesh Shrimali:** So I just wanted to get to your broad demand outlook. If you look at last three quarters, we are sort of in a range of INR 20 crores, INR 21 crores revenue, about INR 1.5 crores PBT. I believe we spoke last quarter and you did say that when the wedding season kicks in, you do expect some demand to pick up. So first, if you could help me understand how is the demand outlook? Is it to your satisfaction, what you're anticipating in last quarter with this quarter? Or how is it shaping up?

**Sushil Kumar Aggarwal:** Thank you. So sweet, I'm sure you actually touched upon something which is bothering me a lot. In fact, Q2, Q3 have been very subdued we were expecting, because COVID gone and economy has opened up, people were moving about, and they were splurging on a lot of products. But Q2, Q3 has been reasonably subdued, and it has shocked us. It is surprised us because we, in the anticipation of that, we expanded our product portfolio, we added a lot of molds and machines.

We thought that all right, things will be brighten-up and probably will be operating at more than 100% capacity or we'll increase the sales, but actually did not happen. In fact, this Q4 right now that we are running into also is very subdued. It is quite surprising, because when you see flights are full, hotels are full, why is it that people are not picking up lapping the product.

Possibly, because it's taking some time, but I believe that FY '24 should be a very different year because whatever programs plans people had kept on hold. So they have a lot of surplus money to start crucifying and start resulting into certain volume pickup and all the things. So we certainly see that and also because now we have gone into recycling plastic, and that's how our cost of production will certainly go down. You've become a little more predatory, will become predictor in the pricing so that we will be able to offer aggressive price and due to that, our volumes will increase. So we believe that these two factors should certainly contribute demand, which is an organic demand, plus our predatory pricing. These things should certainly add-up.

And then I'm sure all the forecast that we do are in the reduction that economy is forward-looking and overthink of the past, and everything seems to be going good and great. And I'm sure India as a country is the most insulated and the most fastest growing economy in any case. So we believe everything seems to be going right. But somehow, certain things are not being able to pick up. Not since we are expanding our footprint, we believe that the results will start fructifying and hope return, will get the benefit of that.

**Devesh Shrimali:** So if I get it right, I mean, you are quite optimistic on FY '24, but for reasons that we are not able to put fingers on demand in very short term, it still looks subdued? That's the right way to look at it absolutely.

**Sushil Kumar Aggarwal:** It is still subdued because that biopsy, where people say, all right, there are no stock in the market, give it us as quick as possible, that doesn't seem to be happening. We are asking people here, hey, what happens, give me your order, whereas it used to be that we had switch the phone off, because there was so much demand. So there is a certain lull in that. But we believe probably this is happening across sectors with the various industries, when we speak to other suppliers, buyers, etcetera, because I'm also a National President of Furniture Manufacture Association.

So I keep taking to my peers and friends, etcetera, to ask, what are they doing? And I'm also Chairman of CII, Western UP, so I keep interacting with other industries also when I speak to them invariably, there's a certain that says, all right, things are not picking up the way it should have been, probably the economy has not picked up sectorally. It's probably certain things, but we're doing too good, but certain things are not. Maybe hospitality seems to be great, but this is kind of -- it may not be happening here. But we believe over period of time, it should all stabilize.

**Devesh Shrimali:** And if you could also throw similar light in terms of margin. We have seen two quarters of sequentially falling margin. Is it because of lower capacity utilization, and that's what is causing overheads to play higher?

**Sushil Kumar Aggarwal:** Yes, both. What happens is because cost goes up and we expand our footprint across on branding and so on so forth. Besides, of course, the commodity prices have been playing havoc, and it is so uncertain half the time we are low there so much loss we don't know when and how the commodity prices jump overnight. So that is certainly keeping us on the tender folks. But nevertheless, I believe that these things a marginal difference, plus or minus here and there.

But now we want to get out of this particular cycle. So that's how this particular venture of our recycling in-house with the post-consumer, I want to say, this and say it is not post-industrial,



post-industrial is again volatile as fresh commodities, as the post-consumer is almost stagnant and they're flat. So we want to pick-up that and use it for our product. So we will be insulated as far as the raw material, variation itself in the raw material cost.

So if that being the case, naturally, we can play around. And you'll not see that kind of expansion or expenses, etcetera, that probably at this point in time, you feel like, why is it that the margins are not going up. They will certainly start looking up once the volume picks up and naturally, this recycling picked up. Both will go hand-in-hand this thing. It will start getting noted.

**Moderator:** The next question is from the line of Miraj from Arihant Capital.

**Miraj:** I just had two questions. If you spoke about two things in the start. One of them was the Government policy regarding systematic waste treatment, I missed the part. If you could repeat that again, you were explaining something there was some 100% penalty. If you could explain that again?

**Sushil Kumar Aggarwal:** This is very interesting. Mr. Miraj. Let me make it very clear, 2016, Plastic Waste Management Act says, which is enforced by Government of India, Central Government. It says that Extended Producer Responsibility, EPR, this is the word. Now, all the brand owners and producers will have to compulsorily take an EPR approval, validation, which means, for example, ITC consumes 10,000 tons of plastics every year into its packaging and so on so forth.

So now ITC, by FY '23, 70% of that particular consumption, which is 7,000 tons will have to be purchased from open market recycled plastic at the rate of virgin rate. I won't repeat this, it's at the rate of virgin rate, so that they mitigate whatever they had done or whatever they have to actually use and 70% is taken back from market and consumed in-house. But since ITC cannot consume that, they have to pay penalty to the Government of India, EPR. It can range from INR 5 to INR 20 kilo. And now from FY '24, it will be 100%.

And in fact, about three months back in Uttarakhand, more than 1,700 units were asked to be shut down by High Court of Uttarakhand, because these people did not -- they were not compliant to the EPR regulation. They are all plastic waste manufacturers, 1,700 Uttarakhand alone, which is a small state. So that is the kind of enforcement that is happening. So what will happen is that people like us, and this is, again, applicable to post-consumer plastic being recovered, recycled, EPR credit taken and that's how they get -- they can actually walk away, but it is not post-industrial. We, as a company today, are not only brand owners and producers.

So we are self-consuming 100% ourselves. So we get insulated from there. Number two, we don't have to pay any penalty to the EPR. But we can also give a lot of credit to other people, if I consume 10,000 tons of my own plastic myself. And if I'm producing 50,000 tons or 40,000 tons. There's 30,000 tons, I can sell it to them and tell them, all right, on your behalf, I'm giving to some producer, and I'll give you EPS credit. So you pay me for it.

So I believe that Avro India Limited over a period of time will be a company which will start taking the credit of EPA benefits on the basis of the sales that we'll be doing on behalf of these brand owners and producers. That's a golden lining that we have at this point in time, but it's too early because I think it will take another one year or so for us to get into the mainstream and

start selling those products. So this is a great revolution that is happening. And this is happening because Government of India realizes, recognizes that unless the way they penalize the brand owners and producers for.

In fact, today, yesterday onwards another regulation has come that any import coming to the country, any custom, anywhere, any part of India, if it all is wrap with plastic and all this thing, I have to take approval of the Government of India on EPR regulation and have to pay penalty, if it all these wrapped in plastic. So that is a kind of level of enforcement that is happening. And I want to tell you one thing Mr. Miraj, that is most of the industries today in the country are actually unaware of this regulation, except for these large corporates.

If MSME don't even know there is something like EPR that is there. And one day, when they get a High Court order or Judgemental order or legislative judiciary issues, then they will certainly face a brunt of it. But fortunately, for whatever reason, we actually thought that we will reduce the cost of production. We went to post-consumer plastic recycling. But that has added as a benefit that as the EPR benefit also is able to take not only for ourselves but to give it to others also. So this is something which we are adding on over a period of time.

**Miraj:** My second question was in the start, you also spoke about the facility in recycled plastics that you're talking about, if I'm not wrong. You did mention some capacity in terms of volume also. If you could just speak about that once again, if you could just re-highlight that one?

**Sushil Kumar Aggarwal:** I'll put it one thing. Whatever I have said, I've gone through the document, let me not talk about that. And I'll give you my own perspective today right now, approximately 6 million tons of plastic, which construed PP, HD, and LD. These are the primary materials. It is not ABS, PVC and so and so forth. So this particular 66% of the 6 million tons actually gets into the rivers, oceans, plains, chokes, animals, etcetera, not throw on the roads.

This is something which can be recovered. I'm not talking of something from a solid waste management that comes from the drains, which are being picked up by the Municipal Corporation at a cost that's been paid by Multiple Cooperation and that is segregated, and that particular plastic is actually offloaded to various people for them to use that into making of bricks and making our roads and all the things. That goes for free. I'm not talking about that.

But I'm talking about post-consumer, you have milk pouches in your house, you have a saree cover, shirt cover, etcetera, you just discarded dispose it in dustbin and somebody comes and picks it up and then that's taken to the Municipal Corporation place, where it is segregated, dry waste, plastic waste so an so fourth or crockery and so on and so forth. When they segregate that, that is something that we get it picked up, through our supply chain management system, where we have deployed people, we have already tied up with some people.

We're also trying to use over a period of time, use technology, where we'll use, we certainly use blockchain technology over a period of time to create traceability so that once it comes to EPR benefit, Government of India is going to certainly challenge and tell us that, all right, give us a trace from where did it come and where you end. So naturally, we'd like to be as safe as possible as far as the combinations are concerned.

And if that being the case, these 6 million tons, which is available to us and of which 66% is PP, HG, LD is something that we can consume both these, all these three products. And if we can consume that particular item is available in the market at a dirty price, it's only the collection cost. And there are very few takers or very few people who can actually process this in terms of the standard processing of washing, grinding, and creating, converting that into granules and the usable product to be to manufacture so that consumers can take it.

It is not a food product. It will be for non-food products like for furniture, making of ghamlas and pots and such kind of products. There are a lot of such thing, which can be made. So this will be something which will be used. So this is something which is right now available. And this is likely to grow because there is a consumption pattern, which is increasing over a period of time. So I was mentioning that this will increase dramatically over a period of time, because per capita consumption of plastic is going to rise.

So naturally, this disposable most consumer plastic will be available and accessible. And at this point of time, in the country, very few companies are doing fantastic manufacturing of post-consumer plastics, which we are one amongst them.

**Miraj:** And so this capacity of the recycled plastics that you spoke about with us, how much would that be?

**Sushil Kumar Aggarwal:** Right now, I said the 300 metric ton is what we are producing at this point in time. Though we have a production liability, which is far beyond this, but I do not want to mention on the card here, because once we start actually manufacturing it, then I would certainly be able to say, all right, we are doing this. But over a period of time, by FY '24 ending or so, we would certainly increase this by many numbers of times. We will not say this that this is just a pilot or time once we start doing satiating our own consumption self-demand, then we will also be able to offload a lot of material to the other people because of the commodity and its sales on cash. We will be able to do that.

**Moderator:** The next question is from the line of Himani Ubhan from Suraj Research.

**Himani Ubhan:** Sir, my question is, if any new product introduced in your furniture portfolio?

**Sushil Kumar Aggarwal:** Yes, Hemani, I want to tell you this. We are a company which is refreshing products every day. I would say that in the last six months, we've added almost six products. And in the next six months, we'll be adding almost about 10 to 12 new products. So what we do is we keep churning. Anything obsolesces out of the design out of context, we remove those products, and we keep on adding.

So right now, when I'm talking, I'm in Mumbai today and I'm in conversation with my mold manufacturer, who supplies mold machine, mold from China, from the world's largest manufacturer. So we have ordered almost about 10-odd mold, fresh new brand-new molds, which are going through the flavour of the season over a period of time, because unless otherwise, we are in sync with the expectation and aspiration of the consumers will become obsolete, and we do not want. We'll continue to do that.

**Himani Ubhan:** Sir, my one more question is, what would you classify as your competitive spend?

**Sushil Kumar Aggarwal:** Competitive strength?

**Himani Ubhan:** Yes.

**Sushil Kumar Aggarwal:** See, let me put it this way that, for example, Nilkamal, Supreme, Cello. These are three generic brands, and they are very large. Supreme is about INR 9,000 crores company with furniture adding whatever INR 500 crores or so. Nilkamal is about INR 2,000-odd crores company with the furniture be about INR 650 crores to INR 700 crores, and Cello is about INR 400 crores in terms of top line with about INR 152 crores in furniture. These companies have been offering a world-class quality product system into the market, and they are the ones who created the market. We are only followers.

But over a period time, because for these companies, they have their conglomerate, they have lots of divisions and products. So their focus is not there. Whereas this industry is growing 15% CAGR year-on-year. And if that being the case, expansion is taking place and because this product is so versatile, Himani, in case if you have to use a plastic furniture and keep it outdoor for ages for years, 10, 20 years or so or a period of time, color might fade, it might become a little rough, but it not break. It is all weather-proof conditions.

Even 250-degree temperature that it can go up to in terms of melting or minus 20, 30, 40 also no problem at all. That's because it is affordable, it is usable and all with the condition products, I believe over a period of time, furniture industry will certainly keep continue to grow. And these companies have actually established the product category. So I hats off to them, and I want to thank them openly now.

Now what we are doing is because the product concept has been established, we are aggressively pushing and pursuing this particular industry in terms of the expansion of reach. And just because of that, we believe that we should be able to capitalize on, let's say, the demand created by these people, or the products showcased by these people, but we are able to sell our product almost at 40% cheaper than these companies. We have already been doing it. In fact, if you were to go on, Amazon and check for Avro 9955 chair price, check by price, and then you can also check other or you can check Nilkamal or Supreme or anybody.

And you will find that there is a substantial difference pricing of the consumer also. And in terms of distribution also we are 40% cheaper. So that's how and why we get acceptability across all the states in the country right from Bangalore to Guwahati, Khushi Nagar to Bhuj that is the beauty. So I believe that these competitors have actually given us a lot of edge. They have also given us the advantage of giving their product in the market because they popularize it, but we encash it.

So that I want to thank them. And now there are, of course, small time takers. There are regional players, which have sprung up. But the only problem with them is that they are very, very small product portfolio lead they may have 2, 3, 5, 10 designs. But we are having more than 140 SKUs, and they're having almost 20-odd SKUs more. If that's been case, the kind of bouquet of range of products that we are able to offer not many companies can offer except for these large

companies. And I think that's how we've been able to not only labour footprint across countries, that's how we claim to be talking that we are among the top manufacturing in the country. So this has been the advantage that we have got.

**Moderator:** The next question is from the line of Sandeep Mane from SM Research.

**Sandeep Mane:** So, I have two-three questions. The first question is you were talking about having the warehouse in South India. Can you please provide update on it?

**Sushil Kumar Aggarwal:** Okay. Sandeep, this warehouse that we have, we do not officially have our own warehouse. But in Metro AG store, we have GST number, and that warehouse is used exclusively for us. So that's how right, not only in the Bangalore but in various other places also, we have GST numbers at those places, but we have not owned any warehouse ourselves, because we do not want to add-up to the cost.

Over a period of time, once our product portfolio keeps increasing and our footprint across India is getting established, probably, we might have a warehouse in maybe Bangalore or maybe Ahmedabad, maybe in Punjab or so on so forth. They're not very short, but we'll certainly like to -- what we're trying to do is in terms of supply chain management, our delivery rate is very fast. We offer delivery within less than 24 hours; number one and they're all given its full truckload. We don't sell in part load, except on the Flipkart, Amazon, etcetera.

And then, now what we're doing is we are also getting to small part and load through DP World or own logistics, etcetera, where any consumer, or it's not a consumer sorry, any wholesaler, dealers across India. That it could be from Virar to Mulund to any place or anybody coming from Kerala, any part of the country can actually ask for small consignment of INR 10,00, INR 20,000, INR 30,000, INR 50,000 also, which we had not been doing for 20 years, but now we are starting with that.

That is one green shoot that I see in our company that will happen over the period of time, which we have not spoken. I have not said anything about that particular area of activity, whereby we are likely to see a witness growth in the sales just because we will also be able to reach out to those dealers, we are buying a small quantity and through logistics firm, five to seven days that transit time will take. And in terms of the freight cost also, we are bearing the cost also because we are able to give them at a certain reasonable price.

So we believe over a period of time, we don't have to have warehouse. Things are gone are the days where people used to have except for FMCG, where they need to have because of faster delivery. But in our case, we can actually maintain directly from the company itself. And if it unnecessary, will certainly have it.

**Sandeep Mane:** Second question is, what is your marketing strength?

**Sushil Kumar Aggarwal:** Marketing strength. We currently have about 12 boys working for us in various states, right, from West Bengal we have, we have in Madhya Pradesh, we have in Gujarat, we have in Rajasthan, we have in Northern India and so on and so forth. And we are also having Karnataka,

we have in Tamil Nadu, all these marketing people deployed, about 12 people. These are primary people.

And then all these distributor salesmen, etcetera, we have trained them so well, they practically are on our roles in a way, and we ensure that we give them some kind incentives benefit over a period of time so that they keep marketing and selling our products. We also paying them on the product. We call them to the factory and tell them how, what is the product quality strength, etcetera, so that they are able to market and sell better.

So we try to do everything of this kind. And over a period of time, since we have been only with the distribution model where, for example, in Maharashtra, we may have 12, 15 people over a period of time. So to service 12, 15 because we don't need 12 people. We need only one-person, senior person who can go talk to them and then come then take care of the markets all the thing. We are already do retail selling. But over a period time, since they're penetrating across India, we might probably over a time, take another step where we might deploy people will actually do a small amount of secondary sale also to go to these wholesale retailers that I just mentioned.

**Sandeep Mane:**

Sir, my last question is about recycling. Sir, everything are you consume internally or sold outside recycling plastic. If you sold outside, who are our buyers of recycling plastic?

**Sushil Kumar Aggarwal:**

Sandeep, infinitely, first and foremost, at this point of time, our production capacity of recycled plastic has been very, very low before we just started some time back. So we believe almost about 7,000 tons to 8,000 tons, we can sell consumers. So that's a consumption at this point in time. And progressively, since we will expand our footprint and our top line will grow, we believe that this will go to 10,000 tons to 12,000 tons. So to that extent, even if I go 1,000 tons a month, to that extent, my product gets self-consumed in my party. I don't have to sell, number one.

Number two, even otherwise I was just mentioning some time back that I'm a National President of Furniture Manufacture Association across country, and 100-and-odd manufacturer that I know them, here on my WhatsApp group, I interact and discuss it because I'm in a little pioneer side. I've been in the industry for almost two decades, which is like the post-Nilkamal, Supreme seller in the country. I was the earliest one who established this factory. So I am in close conversation contact with these gentlemen, these people, they all know me very well, and I also know them very well. 1 million ton of plastic gets consumed into these 100-odd manufacturers across countries.

So today, I'm talking about just 300 tons per month, which is too small, even if I take it to 1,000 tons, it will get self-consumed. If I raise this to 1,000 tons to 4,000 tons, 5,000 tons, selling additional 2,000 tons, 3,000 tons or 4,000 tons is like an easy cake work, it's like selling gold. You talk to them today all at market prices, like the INR 70, you tell them okay, I offer it for INR 5, INR 7, INR 10 less, and they will certainly be able to buy because that's the cheaper that they be able to get. So selling is not a problem at all.

And once we get into that game, probably the infrastructure that we are actually now trying to set up over a period of time depending upon the financials of the internal accrual as well the debt

that would like to access or a certain amount of equity route that they can adopt. So we believe that we should be able to not only take care of this advantage that it's been a kind of gift, or God's gift to us for that matter that we got in this industry, which we have never ever envisage and thought. So over a period of time, once we start selling to these people also, as I said, there are many takers, no issue at all will be to certainly comparable to that.

**Moderator:** Thank you. As there are no further questions, I now hand the conference over to Ms. Supriya Madye for her closing comments. Over to you, ma'am.

**Supriya Madye:** Thank you.

**Sushil Kumar Aggarwal:** Thank you, ma'am. I just want to conclude and say thank you, Mr. Raaj, Devesh, Miraj, Himani, Sandeep and all other participants who will be listen to me. For me, these are emotional moments when I talk to you people, because I believe that I'm talking to those who are thought leaders who are the economic drivers, who are the people will become brand ambassador and supporter to Avro India Limited. At this point of time, we are a small company, but we have gained an immense experience in the industry. And we have the cusp that explosive growth, which country is likely to witness and over period of time, I believe, by 2030, world's third largest economy at 2050, we're going to be the second largest economy in the world with a huge population that we have.

I think with the right product commodity because this is a sunrise industry, it will continue to grow and to grow on the basis with strength, the aspiration of the consumers as well the delivery mechanism that we have and the experience and learning that we've gone through. So we will need, certainly need a lot of support from all of you in terms of enhancing our value or letting us know all the issues and challenges. In fact, I'm more than happy to share my mobile number with all of you.

And you are free to communicate, talk to me, ask me questions, come out to the factory, have a visit, look at the infrastructure and understand how we are progressing. And over a period of time, we are please feel free to advice as a guide us, what is it that is desired? How is the consumer feeling? What is your perception about the company and all the things? And in case if you have valuable suggestion to offer to us, we'll more than happy to implement it, I would like to thank you from the bottom of our heart. Thank you very much.

**Supriya Madye:** Thank you Sushil ji. And I thank you, each and every one participating in the call on behalf of Kirin Advisors. We conclude this call. Thank you.

**Sushil Kumar Aggarwal:** Thank you ma'am. Have a nice day. God bless you, bye-bye.

**Moderator:** Thank you, members of the management team. 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.