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Date: 18.11.2023

To,  
The General Manager  
Department of Corporate Service  
BSE Limited,  
P.J. Towers, Dalal Street,  
Fort, Mumbai – 400 001

**Scrip Code: 538715**

**Sub: -: Transcript of the earnings conference call for the quarter and half year ended September 30,  
2023**

Dear Sir/ Ma'am,

Pursuant to Regulation 30 and 46 read with clause 15 of Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call for the quarter and half year ended September 30, 2023, conducted on 16<sup>th</sup> November 2023 for your information and records.

The above information is also available on the website of Company: <https://www.polywood.org/newspaper-ad/>

Kindly take the information on record.

Thanking You,

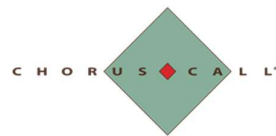
Yours faithfully,

**FOR DHABRIYA POLYWOOD LIMITED**

**Sparsh Jain**  
**Company Secretary**  
**M. No. A36383**



“Dhabriya Polywood Limited  
H1 FY '24 Earnings Conference Call”  
November 16, 2023



**MANAGEMENT: MR. DIGVIJAY DHABRIYA – CHAIRMAN AND  
MANAGING DIRECTOR – DHABRIYA POLYWOOD  
LIMITED  
MR. HITESH AGRAWAL – CHIEF FINANCIAL OFFICER  
– DHABRIYA POLYWOOD LIMITED**

**MODERATOR: MR. RAMADHIN RANE – HEM SECURITIES LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Dhabriya Polywood Limited H1 FY24 Earnings Conference Call hosted by Hem Securities. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star and then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ramadhin Rane from Hem Securities. Thank you and over to you, sir.

**Ramadhin Rane:** Thank you, Dorwin. Good evening, ladies and gentlemen. On behalf of Hem Securities, I thank you all for joining the Dhabriya Polywood Limited H1 FY24 Earnings Conference Call.

Joining us on the call today are Mr. Digvijay Dhabriya, Chairman and Managing Director and Mr. Hitesh Agrawal, CFO of the company. We will commence the call with the opening thoughts from the management, post which we will open the forum for Q&A session, where the management will be glad to respond to any of your queries that you may have. At this point, I would like to add that some of the statements made or discussed on the conference call may be forward-looking in nature.

The actual results may vary from these forward-looking statements. I would now like to hand over the call to Mr. Digvijay to commence by sharing his thoughts on the performance and progress made by the company. Thank you and over to you, sir.

**Digvijay Dhabriya:** Namaskar. I'm Digvijay Dhabriya. Good evening, ladies and gentlemen, and we wish you all a very happy Diwali and happy New Year. We welcome all of you to the quarter 2 and the first half 24 earnings call. I believe you have had an opportunity to review the earnings presentation and the financial results that were uploaded on the stock exchange. Since it is our first earning call, so I would like to brief you about our company and its product range.

Dhabriya Polywood Limited is engaged in the manufacturing of several UPVC and PVC products and modular furnitures. We commenced our journey in 1992 with the motto of Save Trees and started manufacturing of wet area PVC profile extrusion sections and plastic extrusion process was implemented. Under the brand name of Polywood, polymer-based wood substitute product.

With the continuous growth and innovation during the last 30 plus years, company extended its product range from wet area PVC profile doors, profile manufacturing to UPVC windows and doors, PVC designer doors, folding doors, PVC wall and ceiling panels, SPC flooring, Dstona sheets and moldings, etcetera. for the various interiors and furnishing applications for the construction and building industry. We are also into the manufacturing of modular furnitures.

That is a modular kitchens, wardrobes, office furniture, workstation, etcetera, which comes under our brand Dynasty in our wholly owned subsidiary company. All of our products are wood substitute, environment friendly, energy efficient products and 100% recyclable. They are low maintenance, highly durable and termite free products. We have four established brands. The first one is the Polywood, the second is the Dstona and third is the Dynasty and

under the dynasty we have the wood brand that is Studio Arezzo, which is a complete furniture solution providing range.

Our head office is situated at Jaipur, Rajasthan and we have five manufacturing units. Three in Jaipur, Rajasthan, one in Coimbatore, Tamil Nadu and the other one in Bangalore, Karnataka. Apart from that we have six sales depots which are located in the various parts of the country and so as to cater our large number of dealers and distributors.

We are having 800 plus dealers and distributors throughout India. We are the first company to manufacture PVC fluted panel in 2022 for interior application in India from our Jaipur plant. We have 15 plus registered design patents for the fluted panel designs. We have PVC profile extrusion facility at our Jaipur and Coimbatore units with a capacity of around 20,400 metric tons per annum. For new PVC windows fabrication units at our Jaipur and Bangalore where we have an annual capacity of 30 lakh square foot per annum. With this kind of capacity setup, we do have ample capacity to cater any incremental demand for all our product variation verticals.

We are having order book of INR100 crores plus for our project related business that is a UPVC windows and model of furniture. This order book belongs to about 40% revenue of the company as remaining 60% business belongs to the regular dealer and distributor sale. Before opening the floor for questions, I will now provide a brief overview for the major highlights of the quarter and the half year.

I'm happy to share that the Polywood has delivered solid performance on both financial and operational fronts for quarter 2 and first half of the financial year 24. Consolidated revenues for the financial year 24, first half of the financial year increased by 30.17% to INR104.84 crores. Consolidated EBITDA for the half year stood at INR14.67 crores that is up by 103% and consolidated PAT showed an increase of 140.17 to INR6.67 crores in first half of 23. Coming to the quarterly financial results at consolidated level revenue for the quarter increased by 24.91% to INR54.65 crores on a year-on-year basis.

EBITDA increased by about 75.30% to INR7.71 crores. PAT stood at INR3.59 crores with a 67.67% growth on a year-on-year basis. Increase in EBITDA and PAT is contributed by the several factors. These are the growth in overall revenues, the normalization of the various input prices and seed price which are which are abnormally increased during the COVID time. Growth in the sales of fluted panels which has a better margin.

Coming to the project updates and the product highlights, I am pleased to share that our Bangalore UPVC window manufacturing unit is now fully operational and we are targeting to commence the UPVC door and profile and fluted panel extrusion also at Bangalore factory by the end of the current financial year. PVC fluted panel business is growing at a very good rate and to cater the increased demand we have started the extrusion of fluted panels at our Coimbatore unit also which were earlier done at the Jaipur factory only. We are closely monitoring every aspect of the industry momentum and are excited about the untapped potential.

With several steps in the right direction as we focus on market penetration and expansion of pan-India footprints, we expect continued growth in the second half of the fiscal. We all have seen very good upswing in the real estate which is directly contributing to our business growth also. We are looking forward for the continued growth and expecting a revenue growth of about 20% to 25% in financial year 24 compared to 23 with well-improved operational margins also.

That is all from my end. Thank you for your time. I would now request you to open the floor for questions and answers. Thank you. Jai Hind.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Suruchi Parmar from NX Wealth Management. Please go ahead.

**Suruchi Parmar:** Good evening, sir. Congratulations to all of you on your great set of numbers. I would like to have some clarity on the segment-wide breakup revenue in this half year?

**Digvijay Dhabriya:** Segment-wide breakup? Okay. I just request Mr. Hiteshji to please – CFO sir, he will give the details.

**Hitesh Agarwal:** Basically, we are operating in three verticals. One is PVC profile extrusion, which is basically B2B segment, you can say, wherein we are dealing with dealer and distributor. Second one is UPVC, windows and doors, wherein we supply and apply. So that is a service segment, basically, you can say product with service. So, we supply and apply UPVC doors and windows to retail customers as well as projects. And third one is the modular furniture.

So, breakup of H124 revenue, wherein consolidated it was 105 approx. So, PVC profile extrusion, it was INR63 crores. UPVC windows around INR27 crores. And modular furniture around INR15 crores. All in all, you can say around 60% revenue is coming from PVC profile business, which is B2B. And 25% is from UPVC windows and doors. And remaining 15% is from modular furniture.

**Suruchi Parmar:** Okay. Thank you so much. Just one more clarification. Why our exports are declining year on year? Any specific reason?

**Hitesh Agarwal:** See, actually, exports are very negligible. If you see the past figures also, it is not too much. We are not more focused on exports. We are mainly into domestic business only. We have one product that is the Dstona, sheets and molding. So that product, we have been exporting to Middle East countries. So that is not our focus area, basically.

**Suruchi Parmar:** Okay. So, our basically focus is domestic only. India is our major market. And we are going to sell in India only. Correct?

**Hitesh Agarwal:** Exactly. But now, recently, we have tied up with one European group for the modular furniture. Earlier, we were exporting only DStona sheets and mouldings. So henceforth, we will be doing exports for modular furniture also. And hopefully, we will have good figures in the coming time for export also.

- Suruchi Parmar:** Okay. So, do we have any order related to this modular furniture?
- Hitesh Agarwal:** Yes. We have already started about seven or eight containers. We have already saved in current financial year. And maybe 20 containers are in process. Okay. So, this year, export figure will be there. And based on that, we can say that we are into export also.
- Suruchi Parmar:** Okay. That's great. Just a last question. We have a modular furniture store. Correct? This we are planning to set up in Delhi by half year 2025. So, is this the first store we will be having or the second store?
- Hitesh Agarwal:** See, for modular furniture, we are currently having two stores. One in Jaipur and second one is in Gurgaon. That is in our own premises. We are that comes under a Studio Arezzo basically. So wherein we are providing complete end-to-end solution for the individual house owners also. There we get a kitchen, wardrobes, vanity, it's a factory and solution. So, for that particular vertical, we are planning to open more stores in coming times. So, two are already operational.
- Suruchi Parmar:** Okay. So how are the revenues from these two stores, Jaipur and Gurgaon, which are already in place?
- Hitesh Agarwal:** See, since it is a new concept we have brought in, so it's not that much revenue. We can't put up the figure as of now. But yes, that response is very good. We are promoting those stores through multiple media. We are quite hopeful that in coming times, we can quantify that business separately basically.
- Suruchi Parmar:** No, I just want a specific colour on it. How you are finding the response for this modular furniture? Not in terms of any figures, but how is the response of overall the customer for the modular furniture? That's what I'm asking.
- Hitesh Agarwal:** See, modular furniture response is very good. Basically, see, in modular furniture, we are working in two types. Which is -- one is through dealer, distributor, and stores sale. And second one is to large builder and developers. We are giving complete kitchens, wardrobe and vanities to their residential flats, basically. As of now, we are having around INR40 crores-plus order book of that particular line only in modular furniture.
- Response is very good. Nowadays, everybody wants a complete factory-made solution basically. So, we have a state-of-the-art plant in Jaipur wherein we do provide all kinds of finishes, all kinds of modular solutions basically from design to implementation.
- Suruchi Parmar:** So, this will be having more margin, correct? This modular furniture?
- Hitesh Agarwal:** Yes, margin, definitely. See, it's a totally customized solution basically. It's not a standard product. So, when there is customization, a lot of manpower and other financial involvement are there. So, margins are a little bit higher as compared to other products.
- Suruchi Parmar:** Okay. Thank you so much, sir. Thank you for your response.
- Hitesh Agarwal:** Thank you. Thank you, ma'am.

- Moderator:** Thank you. We have the next question from the line of Nikhil from KRIIS PMS. Please go ahead.
- Nikhil:** Yes, hi. Good evening. Sir, congrats on a good set of numbers. Sir, I'm new. I just wanted to understand when you say you deal with DLF, Mahindra Lifespaces, L&T, is it directly or through dealer or distributors?
- Hitesh Agarwal:** It's a direct business. No, no dealer or distributor is involved in that.
- Nikhil:** Okay. What sort of probably, process that one probably has to go through to get empanelled with these companies and what is the repeated nature of the business? Can you throw some light on that? Because I'm trying to understand the competitive intensity probably to cater to these big companies like DLF, Mahindra Lifespaces, L&T. How easy it is to service them? How frequently do we get the orders from them? Because that ensures the stability in the revenues that we might have when we are dealing because these guys are growing at a good pace.
- Hitesh Agarwal:** Correct. See, basically, for these builder developers, large builder developers, we are doing with two products. One is UPVC windows and doors, which is a repeated business basically, but repeated business in terms of whenever new project comes, they do invite the tenders, they do floor the tenders to all existing suppliers or the new players in the industry. And there is a techno-commercial competition over that and after that order is awarded.
- And it's a repeated business coming. For DLF, for example, now we are doing around six projects. Mahindra, two projects we are working. So that way, Shapoorji Pallonji, multiple projects we are doing.
- Nikhil:** Got it. So, what is the competitive intensity? Like how many players bid? Just trying to understand what sort of competition do we face in the product that we are into?
- Hitesh Agarwal:** See, in project working, basically service is very much important. We are very much strong in service because in real estate, when we are supplying UPVC windows and doors, it comes on the last stage or it is a furniture product. It comes on the last stage, when finishing stage, when the handover is just one month or two months or three months ahead. So, the timeline is very important for the builders and developers.
- In the last 15-plus years of working with builders and developers, we have established ourselves before them at a good rank, basically. So, competition-wise, we are well-placed and from our existing customers, builder developers, we had a greater chance of getting any order.
- Nikhil:** Okay. Since you said, it's a tender-based, probably other than the technical parameters, experience and all, there might be a financial parameter also, like you have to be competitive. So, are we reasonably confident that we will be able to maintain the current margins that we have?
- Hitesh Agarwal:** Yes, definitely. See, all the orders are priced, it's a customized solution, basically. UPVC windows and doors or modular furniture, it's customized as per the design and specification,

we have to price it. So, considering all the factors, past experience, past cost, if any, got involved while executing past orders, so we do consider every aspect while bidding for any new order. No issue at all.

**Nikhil:** Okay. And what is -- in general, who are the competitors, who compete with? I understand this is a competitive space. Any key players in the market that you are in, that you face competition from?

**Hitesh Agarwal:** See, for UPVC windows, you can say that Fenesta is there, that comes from the DCM Shriram, one is the Veka, then Encraft, some three, four big brands are there. So, with whom we compete. And in furniture, Godrej is there, sometimes one Macro based company is also there, they are doing projects. Then Asian Paints is also into modular furniture, so we do compete with them also.

**Nikhil:** Got it. And what would be probably the margin guidance for Full year, sir?

**Hitesh Agarwal:** See, margin guidance, definitely it would be a very good figure. If you see the margins of first half as compared to FY '23, so we are expecting even better figures. As of now, I'm not in a position to comment exactly on that. But yes, definitely after Q3 results, we will come up with some firm figure on that also.

**Nikhil:** Got it, sir. Great, sir. Thank you so much. I'll come back in the queue.

**Hitesh Agarwal:** Yes, thank you, Mr. Nikhil.

**Moderator:** Thank you. The next question is from the line of Tanvi Bhandari, an individual investor. Please go ahead.

**Tanvi Bhandari:** Congratulations on a very good set of numbers. I just have a few questions. The first one being, sir, you've guided that you have a UPVC capacity of 30 lakhs square feet per annum, and for PVC exclusion, 40,400. At the same time, you had two expansions in Jaipur and Coimbatore. So how do we see that capacity that is a part of the expansion I mentioned in the investor presentation?

**Hitesh Agarwal:** Sorry, ma'am, can you repeat it?

**Tanvi Bhandari:** Sir, you mentioned in the investor presentation that the capacity at Jaipur plant is increasing from 6,000 metric tons to 9,600 metric tons in FY '23. And Coimbatore, it increased from 7,200 metric tons to 10,800 metric tons?

**Hitesh Agarwal:** Yes. So, including with the enhanced capacity, currently we are placed at 20,400 metric ton capacity. So, this was done in the last year, which is already implemented fully. So as of now, we are not planning for any capacity expansion for Jaipur or Coimbatore. But yes, as our CMD sir mentioned in his speech that in Bangalore unit, we are planning to come up with the exclusion by end of this initial year for PVC fluted panels and UPVC profiles. So, for that, we have already commenced the machine procurement and installation is going on.



So that will add on certain capacity around 3,600 metric ton capacity that will add on to our capacity. So, with the Bangalore project implementation, our overall capacity would come to around 24,000 metric ton per annum for exclusion.

**Tanvi Bhandari:** Okay. And sir, what was the figure that you said in the opening remarks of 40,400 metric ton per annum, then?

**Hitesh Agarwal:** It is 20,400 metric ton.

**Tanvi Bhandari:** So, it is 30,000 per annum. And sir, one more, you said that in the investor presentation that the Coimbatore plant capacity will have four exclusion lines. So, it would be in addition to the 30 lakh square feet per annum UPVC that we already have?

**Hitesh Agarwal:** Yes, UPVC window fabrication capacity of 30 lakh square feet that is related to Jaipur and Bangalore units. Earlier we were operating in Coimbatore also in rented premises that was there up to September '22 basically. So that we have shifted to our Bangalore facility. So as of now we are running UPVC window fabrication at two places, one in Jaipur and second one in Bangalore.

**Tanvi Bhandari:** Okay. And the Coimbatore new exclusion line would be in addition to it?

**Hitesh Agarwal:** Yes, Coimbatore is another unit that is exclusion plant over there. We are having total five manufacturing units, three in Jaipur. So, one at Coimbatore and one at Bangalore. So, Coimbatore plant is exclusion of PVC profile, I would say.

**Tanvi Bhandari:** Okay. Sir, on what capacity utilization we are at right now? If you could throw some light there?

**Hitesh Agarwal:** See, capacity utilization last year it was around 55% approximately for PVC profile. So, it has already increased currently as per the figures which is reflected by figures also. 60%, 65% we are operating as of now in the exclusion.

**Tanvi Bhandari:** Sir, we do have a lot of capacity that can still be utilized. Why are we planning to add new capacity in the Bangalore? Reason, as we have good capacity that is still unutilized?

**Hitesh Agarwal:** We are having very wide range of profiles basically, very wide range of sectors. More than 500-plus molds we are carrying. So, we need machines basically, different machines. Since we have come up with the PVC fluted panels, so 15 molds are already there and the demand for that particular product is increasing. To cater that particular demand, we need multiple machines to operate basically. And expansion is basically the, sorry.

**Tanvi Bhandari:** Okay. Yes, I get your point that because of the flutes, you are adding more lines and molds to it. So just adding to this because we have customization there. So, we would always be in need of new molds and new machinery. So won't it add up to a fixed cost because some of the capacity will always remain idle as there is a customized tailor-made business. So, won't that fixed cost always be higher?

- Hitesh Agarwal:** No, not to that extent basically. See, this current capacity of 20,400 metric ton and wherein, we are using around 60%, 62% as of now, we can go up to 85%, 90% capacity utilization with any kind of the product range, product mix basically. So, we do not -- we don't have any kind of additional capacity basically. The demand is there. We can go up to 90% capacity utilization.
- Tanvi Bhandari:** Okay, got it. And sir, one thing, is there any seasonality in our business?
- Hitesh Agarwal:** No, there's no season involvement in that.
- Tanvi Bhandari:** Okay. And sir, you've guided for a INR100 crores-plus order book as in 31, March. So, what is the status as of 30, September? Because I guess post that we received these DLF orders and all in July and this INR100 crores...
- Hitesh Agarwal:** Yes, currently we are having around INR120 crores-plus orders in hand basically. So that whatever we were having in March some has got executed and a new one added. So current unexecuted order book is around INR120 crores. So, you can see windows and this modular furniture.
- Tanvi Bhandari:** And what would be the order inflow for this particular year, six months?
- Hitesh Agarwal:** Order book?
- Tanvi Bhandari:** Inflow, inflows and new orders that we've received in this particular year. Just to get an idea that what is the conversion time and what are the new inflows that we had in these last six months?
- Hitesh Agarwal:** Yes, around INR60 crores orders, we have already closed in current financial year. So, whatever we were having in opening of this financial year, around INR40 crores, INR45 crores worth of orders we have already executed.
- Tanvi Bhandari:** So, you meant that out of that INR100 crores, INR60 crores you've executed, you were left with INR40 crores and we had an order inflow of INR80 crores during the half year?
- Hitesh Agarwal:** No, see INR100 crores was the orders in hand and around INR40 crores we have already executed from that. So that left with the INR60 crores. And another new INR60 crores were added. So altogether INR120 crores approximately we are having as of now.
- Tanvi Bhandari:** Okay, this is one last question. So generally, our order conversion, what will be the order conversion time, roughly?
- Hitesh Agarwal:** It depends on project-to-project basically. Sometimes builders have asked the orders for the entire project that has three tower or four tower. So normally you can say that 12 months to 30 months is the overall completion times in different orders.
- Tanvi Bhandari:** Okay, and in PVC profile what would be the order conversion cycle?

- Hitesh Agarwal:** That is zero to seven days. PVC profile is an inventory based product basically. There we have the finished goods inventory at our factory locations as well as at our depots also. So, PVC profile business is purely from the builders and distributors.
- Tanvi Bhandari:** Okay, so if we have to keep our inventory and if the PVC prices go down, if it is continuously the trend is declining, the PVC prices have declined in the last two years to almost 50% and more, so don't we have a dent in the price? Because PVC is more than 50% of our cost.
- Hitesh Agarwal:** In our trade basically, we are not required to change the price whether plus or minus every time when the PVC resin price goes down or up. But yes periodically there are two, three instances are there in a year as per the past experience wherein we have to adjust our prices as per the raw material prices and the competition. So, it gets compensated basically. Sometimes we are having inventory of lower cost and prices are increased and we do increase our sale price also. And vice versa sometimes it happens in reverse scenario also.
- Tanvi Bhandari:** Okay, so how do you understand the relation of PVC and our products and our revenue? So, if the price goes down, do we expect a loss of price in inventory? The loss because we had a high price PVC that is used in our product and the PVC prices have further fell. That is the trend in the last two years. The prices have not increased for PVC?
- Hitesh Agarwal:** One thing we need to understand, PVC contributes around 40%, 45% of the overall cost of our product.
- Tanvi Bhandari:** Right.
- Hitesh Agarwal:** So, the price fluctuation is there up or down. As I said earlier, sometimes it goes down. So, we have to reduce it. But it is not that like to very seemly we have to reduce it. So, end of the year it gets compensated basically. So whatever price changes we do implement for our finished product. So, in inventory, finished goods inventory the revenue of the higher cost and the cost are reduced.
- So, we have to -- at that time we might have a little bit lesser margin. But in another case when the price, we are having the low-cost product in inventory and the prices goes up and we implement price hike in our product. So, then margins are improved. So, at the end of the day, it's on the same level. We can say whatever we do budget initially that doesn't make much sense.
- Tanvi Bhandari:** Okay. So, the price fall we have seen and the margin fall that we have seen in the recent years, that is the main reason is PVC. Can we say it like that?
- Hitesh Agarwal:** The price hike was there and after COVID, price hike was there, demand was reduced. So, both were reasons basically. So, when the top line was also reduced and margins were reduced. Now the top line is increasing and margins are also improving.
- Tanvi Bhandari:** Okay. Okay. Got it. That was helpful. Thank you.

- Moderator:** Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.
- Pritesh Chheda:** Sir, what is the progress on your new product that fluted panel?
- Hitesh Agarwal:** Yes, good evening sir. Yes, fluted panel is doing good. The revenue growth is as per our expected lines. Near already earlier we were extruding this product at Jaipur city. Now as far as the demand increasing, we have started manufacturing this at Coimbatore also. And in coming four, five months, we are planning to extrude it at Bangalore plant also. So, demand is very good in fluted panels this year.
- Pritesh Chheda:** So, what is the revenue size you have reached so far?
- Hitesh Agarwal:** Revenue size, if I compare the FY by this second half figures, sorry, first half figures, in FY'23, it was around two point, around INR3 crores. And this year, we have already done INR10 crores plus for fluted panels.
- Pritesh Chheda:** In half years?
- Hitesh Agarwal:** I guess INR3 crores, yes, in first half.
- Pritesh Chheda:** And how much do you see for the current year?
- Hitesh Agarwal:** Yes, currently we are expecting somewhere around INR25 crores from fluted panel itself.
- Pritesh Chheda:** And next year?
- Hitesh Agarwal:** Yes, see our projections and on the market demand, what currently is going on, we are expecting it to double incentive.
- Pritesh Chheda:** Okay. What is the overall revenue growth that you're looking for this year? The company level?
- Hitesh Agarwal:** Around 20% to 25% where is the projected revenue growth.
- Pritesh Chheda:** Okay. And do you see with the PVC prices being on a softer side, do you see any margin expansion?
- Hitesh Agarwal:** Yes, it's there basically, it's there and in fact, it's reflecting from the figures also, that is one factor for the better margin figures. Last year, FY'23, we compare margins for just 9%, but this year, we have already reached 14%. So, the PVC prices is also contributing to that.
- Pritesh Chheda:** Okay. Okay, sir. Thank you very much.
- Hitesh Agarwal:** Thank you. Thank you.
- Moderator:** Thank you. We have the next question from the line of Suruchi Parmar from NX Wealth Management. Please go ahead.

- Suruchi Parmar:** Yes, thank you for the follow up question. Just wanted to know about this fluted panel. What is the technology involved in this fluted panel? Like how is it made or what, it's a wood-free plastic component or what?
- Digvijay Dhabriya:** It is basically, it is for the interior applications. So various kinds of interior designs are required in this. So, we develop a different kind of design and then according to the design, we develop the boards and it is already extrusion and top surfaces. We have adopted a technology which is first time we have used in India for decoration of the fluted panels and we have a routine design patent also for this and extrusion is the basic process and over for the surface, we are just using the lamination of the UPVC – PVC films on the top. So, it's visibility for the interior application, these are very attractive and make the house very, as per the requirement of the interior designers, we can supply the products.
- Suruchi Parmar:** Okay. So, is it like you get the order and you according to the customer design you make it or there are some already customized designs and that from that you the customized it?
- Digvijay Dhabriya:** We have more than 20, 25 different standard designs and more than 2000 colours are there. So, design and colour is the total combination which matters and give us a better marketing approach in the market.
- Suruchi Parmar:** So, I said this fluted panel like nowadays this is the trend going on like the customers are asking for this, how you find the market demand in this?
- Digvijay Dhabriya:** Earlier the wallpaper was very popular in interiors but the life of the wallpaper was already three to four years after some time gluing and de-coloration and is the problem. But in this fluted panel, it's long lasting 20, 25 years and 100% recyclable and very attractive design and colours are available in this. So, we are finding that it is getting popularity day by day at a very fast pace. So, we feel that the demand for the fluted panel will increase multi-fold in the coming times.
- Suruchi Parmar:** Okay. So basically, this is a B2C or some B2B is also involved in this?
- Digvijay Dhabriya:** No, pardon me, please. I have not got it. What is?
- Hitesh Agarwal:** See, it's a exclusion product. So, it's through dealers and distributors only. So, it's B2B for us. We are not executing it at the end customers.
- Suruchi Parmar:** Okay, sir.
- Hitesh Agarwal:** So, we are supplying the profile to our dealers and distributors and to end customers, the fabrication or installation being done through them or through carpenters or sub-dealers.
- Digvijay Dhabriya:** Interior designers.
- Hitesh Agarwal:** Interior designers are also involved.
- Suruchi Parmar:** Okay. Thank you so much. Thank you, sir, for answering the question.

- Hitesh Agarwal:** Thank you.
- Digvijay Dhabriya:** Thank you.
- Moderator:** Thank you. The next question is from the line of Tanvi Bhandari, an individual investor. Please go ahead.
- Tanvi Bhandari:** Thank you, sir, for the follow-up question. So, one thing, we can see a decline in the promoter holding. So, what is the main reason behind the same? It's a significant decline of from 6%. And so, we see a decline in the FIIs holding, decline in the promoter holding. So, what could be the main reason over this quarter?
- Hitesh Agarwal:** Sir, promoter holding decline, it's we have placed in fact some holding promoters for their personal requirements only. There is no specific reason for that.
- Tanvi Bhandari:** So, do we expect a further decline in the promoter holding because, 7% approx 17% decline in one quarter is pretty significant?
- Hitesh Agarwal:** See, as of now, there is no such plan at all. So, because this, see, holding reduction is not the decision, basically, which can be pre-planned, basically. As of now, we don't have any such plan.
- Tanvi Bhandari:** Okay. And sir, one thing, what about the working capital cycle? Working capital cycle is improving.
- Hitesh Agarwal:** Yes, working capital, as you can say, around 70 days to 80 days, the working capital cycle, we are currently operating. And with the increase in the top line, it's improving, basically. We are not increasing any additional working capital. We are having ample inventories and debtors are also there. So, from that only, we are operating. In fact, it's improving day-by-day.
- Tanvi Bhandari:** Okay. And sir, any plan to, for any further capex, for the new, for any further capital, that any loan that you would want to add because of the new capex that you are planning? Currently, we are at a INR4 crores. So that could be done?
- Hitesh Agarwal:** No. As of now, we don't have any such plan. For the Bangalore factory, we have already made the payments and all our machines are already there. So as such, there's no new loans are scheduled to come. Everything, whatever regular capex are there, that will be made out from the internal accrual only.
- Tanvi Bhandari:** Okay. And sir, any plans for repayment of the existing loans that we have?
- Hitesh Agarwal:** See, that side, currently, we are having around INR25 crores, INR26 crores of EMI-based loans in our books. So that is being regularly paid, around INR6 crores to INR7 crores worth of debt repayments we are doing every year. So that bit is going to be repaid and the rest amount is related to the working capital, cash credit and all. So, repayment is already happening every year basically.

- Tanvi Bhandari:** Okay. Sir, one last question. You mentioned in the presentation that we've increased in '23 and over the time, the new capex. But if we see the figure set, they are impacted INR63 crores in March 2023 and INR63 crores in September '23 as well. So, all of it has been capitalized in '23 itself or any asset we've capitalized in the [inaudible 0:42:14] as well?
- Hitesh Agarwal:** No. Whatever working capital, working progress was there, it has already been capitalized in March '23. So, the new capex, what we are doing in current financial year, that will only be capitalized in current year.
- Tanvi Bhandari:** Yes, because we cannot see any working progress as on September '23 balance sheet.
- Hitesh Agarwal:** Yes, September '23. No, it's not there. So, basically that machine advances and all is being done and certain machines are coming up. Some very nominal expansion, sorry, WIP is there. So, it has already been capitalized basically. See, if you see in the first six months also, after depreciation, we have around INR3 crores worth of capex, we have already capitalized basically.
- Tanvi Bhandari:** Sir, but the number of figures remain same as 60%, there's no capital work in progress?
- Hitesh Agarwal:** Depreciation is also there. So, depreciation, reduced depreciation from the opening figure and compare it, then capex will reflect in first half also. INR61.91 crores to INR61.37 crores is the PTA and depreciation is also there.
- Tanvi Bhandari:** Okay. Got it. Thank you.
- Moderator:** Thank you. The next question is from the line of Kevin Shah from Finavenue Growth Fund. Please go ahead.
- Kevin Shah:** Hi, good evening. Thank you for the opportunity. I just wanted to follow up. I have a follow-up question on the fluted panel product. Are this, since there's so much, you talked about seeing good demand in this product. Is there any competition that we're seeing from the organized or unorganized market in India or even from like out of India, like China?
- Digvijay Dhabriya:** The biggest achievement we feel is the, first time we have introduced this product in Indian market and now China is copying the same product. And few Indian companies are also working on it. And two European, they also have introduced their product in the Indian market. So, a lot of demand is increasing and this product is gaining a lot of popularity. And I feel that the big market will come for this product for the Indian applications.
- Kevin Shah:** Okay. So, and I just wanted to know is the product, can it be easily replicated or does our product have a certain USP which can't be that easily replicated?
- Digvijay Dhabriya:** The manufacturing of any product is nowadays because the technology is available everywhere. And the approach after this, in this new era, the approach, everyone is having a global approach. So, technology is there and machines are there. If anybody wants and desire is there, then there is no problem. You can manufacture it, but it is not that easy. And the biggest plus point we are having is, we have the highest number of designs.

And we have developed more than 3,000 different colours. So, we are having a very wide range. So, we are giving a tough competition to the importers and Chinese. And even the Indian manufacturers are also struggling to come in competition with us.

**Kevin Shah:**

Okay, sir. That will be all. All the best for the coming month. Thank you.

**Digvijay Dhabriya:**

Thank you.

**Moderator:**

Thank you. Ladies and gentlemen, if you wish to ask a question, you may please press star and one on your touchtone phones. As we have no further questions, I would now like to hand the conference over to Mr. Ramadhin Rane for closing comments. Over to you, sir.

**Ramadhin Rane:**

Thank you, Dorwin. On behalf of Hem Securities Limited, I thank the management of Dhabriya Polywood Limited for giving their time and replying to all the queries in a detailed way. I would also like to thank once again, all the participants for joining this call. Over to you, Dorwin.

**Moderator:**

Thank you. On behalf of Hem Securities, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.