

Date: 12/05//2025

To,
The Listing Department,
The National Stock Exchange Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), MUMBAI – 400051

Dear Sir/Madam,

Sub: Submission of Transcript of Earnings Call

Ref: NSE Symbol BAHETI; ISIN- INE029Q01017

In pursuance Regulation 30 read with Para-A of Part-A of Schedule-III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose copy of transcript of the H2 FY25 Earnings Call held on Wednesday, May 07, 2025.

The transcript of the Earnings call is also available on our website www.bahetiindustries.com.

Kindly take note of the same in your records.

Thanking you

Yours faithfully,
FOR, BAHETI RECYCLING INDUSTRIES LIMITED

YASH SHANKERLAL SHAH
JOINT MANAGING DIRECTOR
DIN: 09527701

Encl.: As Above



BAHETI RECYCLING INDUSTRIES LTD

H2 & FY25

POST EARNINGS CONFERENCE CALL

May 07, 2025

Management Team

Mr. Yash Shah - Joint Managing Director

Mr. Manoj Shah - Chief Financial Officer

Call Coordinator



Strategy & Investor Relations Consulting

Presentation

Vinay Pandit:

Ladies and gentlemen, I welcome you all to the H2 & FY25 Post Earnings Conference Call of Baheti Recycling Industries Limited. Today on the call from the management team we have with us, Mr. Yash Shah, Joint Managing Director; and Mr. Manoj Shah, Chief Financial Officer.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risk and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to details us about the business and performance highlights for the period ended 31st March, 2025. Their growth plans and visions for the coming year, post which we will open the floor for Q&A.

Over to the management team.

Manoj Shah:

Hello. Good afternoon to all of you. Myself, Manoj Shah, CFO Baheti Recycling Industry Limited and today here we are presenting our financial performance and key highlights for the financial year '24-'25. If you look at the slides, which showing the last half yearly results of '24-'25, which compared to the first half, showing the 20% healthy growth in our sales. Our EBITDA margin compared to the first half is increasing to 91.3%, PAT is increasing 155.7%. It's all compared to first half to last half. EBITDA margin is increasing by 337 bps. PAT margin increasing by 221 bps, and EPS increasing by showing the healthy growth and increasing by 158.7%.

And this slide showing the full-year financials, which showing 22.1% top-line growth in compared to the previous year. Registered our sales growth is 22.1% for the financial year '24-'25 compared to the last year. EBITDA margin is increasing by the almost 100% compared to the previous year. PAT margin is increasing 150%, which showing the healthy growth compared to the previous year, which showing 150.1%. EBITDA margin is increasing 337 bps. PAT margin is increasing 221 bps, and EPS increasing by 150.1%. It's all parameters compared to the previous year.

Regarding the capacity utilisation, for the financial year, company registered a utilisation of 64% nearby. Actually, utilisation is looking lower due to the capacity expansion, and the new TRF which we run is installed in the year '23-'24 is running in the current financial year

'24-'25. So in coming years, it's showing the utilisation is much higher than this year.

Yash Shah:

I myself, Yash Shah, Joint Managing Director of the company. And as we have mentioned earlier also in our post earnings call presentation, we are closely looking to the way forward in zinc alloy and aluminium billets and it is under process and mostly it will get completed by this financial year end. Our growth has increased, our sales has increased, entering into new geographies of South India, which is one of the automobile hub in India. And we are looking forward to enter and penetrate into the countries like Hungary, Turkey, which we are in closely talks with the companies. And for the upcoming next five years, we are targeting annual growth of minimum 15% to 20% for the upcoming five years.

And this IATF certificate, the utmost certificate will get by the month of June end, which will help us to enter directly into the big OEMs, the car manufacturers like Maruti, Bajaj. So, it will again help us in increasing our volume, because these players are having a lot of volume in that.

So, Mohsinji, I'll like to open the floor for Q&A, because it would be much better as everyone knows our business and it's better that we have short time and we can answer questions.

Question-and-Answer Session

Moderator:

Sure. We'll begin the question-and-answer. Anyone who wishes to ask a question, please use the option of raise hand. We'll take the first question from Agastya Dave. Please go ahead.

Agastya Dave:

Yash bhai a few questions. First of all, I couldn't understand the volume, actually. We are flat YoY. So I understand the utilisation numbers are looking low because of the expansion. But our volume numbers for the entire year are flat YoY. So if you can explain that. And then there was another thing which was slightly off, which was the employee cost.

Yash Shah:

I'll take one by one.

Agastya Dave:

Sure.

Yash Shah:

I'm not getting your question. How it is flat year-on-year basis?

- Agastya Dave:** Can you go back to the slide which has the volumes hang on. I'll also...
- Vinay Pandit:** Basically, FY '25 volume is 18,610 versus FY '24, which is 18,343 which is 1.5% volume growth for the full-year.
- Agastya Dave:** So flat. What about it?
- Yash Shah:** Can you take to the slide, please, Mohsinji.
- Agastya Dave:** Yeah. This one.
- Yash Shah:** Okay.
- Agastya Dave:** If you look at FY '25, what Vinay bhai just read out these numbers, they are roughly flat. Just slight bump up, but flat. So, there were two things. So I will present that because there were three things which are slightly off from what I understood was going to happen. One was this volume number. Second was, so that meant that the realisations really bumped up because your total revenues have grown quite nicely. Those are matching at least what I was expecting, but the volume number is like...
- Yash Shah:** I'll tell you why the volume number is low, because we have shifted our furnaces from the upgradation or the new modernisation of the plant is going on. So, we have mentioned earlier, we are having the capacity same capacity. Earlier, we were running four rotary furnaces, which was an old technology. Now we have eradicated that furnaces and we have shifted to TRF, the tilting...
- Agastya Dave:** Yes, you had mentioned this. You said this. You have discussed this at length. So I was just...
- Yash Shah:** This is because of the upgradation of the plant. The volume you are saying the volume a bit stagnant.
- Agastya Dave:** Right.
- Yash Shah:** This the upcoming financial year in '25-'26, you'll see the volume growth also. The actual capacity utilisation will increase.
- Agastya Dave:** Understood. My point was that if I take these volume numbers, there were three things which are dramatically off. One is, the average realisation seem to have grown by 20%. So what led to that? And the

second thing is then, again, the impact on gross margin is their gross margins have expanded quite substantially, which we were expecting, but over a period of time, but suddenly, because of this number, the gross margin just shoots up. And then third was employee cost has dramatically declined, like 50% fall. It seems that there is some reclassification. So, please tell me these three things.

Yash Shah:

, Manojji will explain employee cost to you. I'll explain you why the margin has increased and what is the dramatic increase in the margin. See, the upgradation or the modernisation of the furnaces had increased, there are two factors which has increased in our, we are getting more than 2% yield difference from the old furnaces.

We are getting 2% higher yield. We are having, 5% to 7% reduction in processing cost, because of the utilisation of the new upgraded furnaces. We having lot of stocks, so we have taken the advantage of the price in this current year. And, because of the scrap going, the procurement or the global factor, the war kind of situation between U.S. and China, the trade war not India-Pakistan, but the trade war, which is going on in the market.

It is creating a lot of problem for the scrap procurement is getting tough. So higher stock, which we have changed our policy during the previous financial year, this higher stock has increased us to gain out of it.

Agastya Dave:

Okay, so realisation, why is it big?

Yash Shah:

If I'm having something, see the scrap, the demand and supply gain. The scrap is less, the reason for increase in realisation is...

Agastya Dave:

That entire amount has been passed through?

Yash Shah:

No, no, no. There are two or three reasons for the increase; the upgradation of the furnaces, the modernisation of the plant. I think earlier my cost was, say for example, say for example ₹12, it has come down to ₹10. Then you can see, if it's 18,000 - if I'm manufacturing 18,610 tons, ₹2. It makes a lot of earnings. The yield percentage of the product, because of the new furnaces, which is the latest technology, it has given us 2% yield additional. So there are a lot of rate, why because the earning percentage has increased drastically.

And as I've told you in my previous post earning concall, that the sustainable margin, PAT margin, which I'm thinking is somewhere around 5% in our industry.

Agastya Dave: Okay. Okay. So we should concentrate then on the sustainable PAT margin then because these numbers are slightly.

Yash Shah: But it requires a lot of R&D and everything, but it is way forward that the sustainable margin can be in range of 3% to 5%, yes.

Agastya Dave: So that is when your capacity is fully operational and the new products that you're working on - if all of that comes, you will be approaching 5%. You have already reached 3.4% for the year.

Yash Shah: Yeah, this 3.4% to 4% to 5%, it is sustainable market.

Agastya Dave: Okay. Understood, sir. So then the, bit about the employee cost, then...

Manoj Shah: Actually, due to the introduction of the labour contractual basis on that side, it's in the decreasing trend, but the expenses is incorporated in the other expenses.

Agastya Dave: Okay. So would you have that number, the labour cost which has gone into the other expenses, subcontracted labour cost?

Manoj Shah: It's more than ₹6 crores to ₹7 crores.

Agastya Dave: ₹6 crores to ₹7 crore. Okay. One request. Whenever your annual report comes, please, if possible - so last year, there was no subcontracting of labour?

Manoj Shah: Last year, no subcontracting in labour. Because we introducing the work contract of labour.

Agastya Dave: Understood. So now as we ramp up the variable part, which is coming in the other expenses through subcontracted labour, that will grow as the production grows, right. This employee expenses will remain the base. So then when you give increments, this will increase accordingly, right?

Manoj Shah: Yes.

Agastya Dave: Understood. Sir, how about the development on the sir, sorry one more question before that. On the inventory side, slightly higher. So is it the finished good inventory which is higher or have we stockpiled more scrap?

Yash Shah: Raw material, raw material.

Agastya Dave: Raw material.

Yash Shah: It's only because of this trade war going on. We are having- there is lot of dilemma about the scrap procurement. So it is better, and because of this just-in-time concept from our customer also, we are having, we are getting good premium from them because of timely delivery and everything. So we are keeping the scrap stock at our end to maintain that equality.

Agastya Dave: Understood. I'll go back in the queue. There's one more participant who's asking question. I have further questions. I'll come back, sir. Thank you.

Yash Shah: Thank you. Thank you.

Moderator: Thank you, Agastya. We'll take the next question from Piyush Patel. Please go ahead.

Piyush Patel: Congratulations sir on a good set of numbers. Sir can you please share, some H2, FY '25, H1 FY '25 and H2 FY '24 volumes?

Piyush Patel: Also, can you please explain a bit more on efforts take to improve your production capabilities and efficiencies?

Yash Shah: That is what I'm saying. The modernisation and the upgradation of the plant, how we are processing raw material. We have introduced many machining part instead of labour part. The modernisation of the furnaces which is at the highest level of the furnaces which is used in melting at out of India plant, maybe China, Japan, which they are using. We are using that technology. So, the upgradation in technology when we have installed a furnace which it can melt 50 tons of scrap in one day with hardly, seven, eight employees.

And instead of- earlier, it was taking we were requiring around 50, 60 employees for that 50 tons. So, this is because of the technology shift in the plant and the upgradation and the modernisation of different

processing of scrap. This is the various factor which we have taken care of and which we are developing day by day to get better yield, to reduce our processing cost, to reduce our employee cost, how we can shift to the modernisation.

Piyush Patel: Yes, but these volumes numbers are not in the presentation. Can you please share over here?

Vinay Pandit: So they want half yearly volume data.

Yash Shah: Mohsinji?

Moderator: We don't have it right now with us. We'll get back to Mr. Piyush on this.

Piyush Patel: Okay sir, thank you.

Moderator: Thank you, Piyush. We'll take the follow-up question from Agastya. Agastya, please go ahead.

Agastya Dave: Thank you for the opportunity again. For the next two, three years, what is the CapEx plan now? Because again, another point of departure from my understanding was that, I was not expecting so much capitalisation to happen on the balance sheet this year, but at least from what I can see, substantial amount has happened. So now going forward, how much more will happen? If you can share the CapEx plan, this would include the solar project that you are doing. The ancillary projects, the ancillary equipment that you will be mentioning.

Yash Shah: I'm not going to that part because I've already explained you that it is under process and it will take time

Agastya Dave: It will take time, okay. Understood.

Yash Shah: Again, I'm telling you, I'll install one this more, upgraded modernisation. It is under way, and it will be installed by July or by August.

Agastya Dave: Okay. So can you quantify the CapEx plan for the next three years?

Yash Shah: The CapEx plan for this financial year, excluding the new plan which I'll be introducing, existing plan, I've already CapEx in such a way that the cost of the shared, the cost and everything has been built up by

setting up of four crores of furnaces. It can give me an additional revenue of ₹200 Cr.

Agastya Dave: Understood. Understood.

Yash Shah: So the four crores furnaces would be in the existing plant. We are targeting around four to five crores of expansion. That's it.

Agastya Dave: Okay. So minimal CapEx in the existing capacity?

Yash Shah: Yes, yes.

Agastya Dave: Okay. Understood. That helps.

Yash Shah: And the other two projects are going on. It is under process.

Agastya Dave: So those I'm not including yet?

Yash Shah: Yeah, don't include that. That is why I'm saying you. That is altogether different part, and this is on the ongoing premises on that.

Agastya Dave: And so what's your generally, the maintenance CapEx for the now the modernised plant? So you've just modernised everything. So I'm pretty sure nothing will come in the next one year, but on sustained basis, what's the maintenance CapEx that you need to do?

Yash Shah: It is less than what we were maintaining earlier because of the old modernisation.

Agastya Dave: Understood. Understood. One final question from my side, you mentioned that going forward, you are targeting at least 15%, 20% volume growth. So you have still if you grow for like, even if I take the higher limit, 20% for the next two years, you'll still have quite a bit of capacity left. So what are the bottlenecks for you, like why can you not, let's say, sell 25%? Is there only this much demand in the market?

Yash Shah: There is a lot of demand in the market. We are having that, we will speak less and deliver more as we are doing like that since long. So that's why we have given a conservative increment of 15%. Because every, the modernisation, the technology shift is going on, everything is going on. And in next five years, if you'll say then, yes, we can grow at 25%, 30%, 20%. But these two, three years, 30% that is what we are targeting it.

- Agastya Dave:** Understood. Thank you very much for answering the questions. All the best. You were saying something?
- Yash Shah:** We want to make optimum use of our technology and the shift, which we are into it. That's why the volume instead of volume growth, we are more focusing on how we can improve our bottom growth, bottom line.
- Agastya Dave:** Great. Thank you very much. I also appreciate that you came out with the results fairly early in the earning season. It really helps. If it was released in the last day, we wouldn't have been able to attend the conference call either. So I really appreciate it. All the best.
- Yash Shah:** We are delayed by five days. We were targeting...
- Agastya Dave:** But still it's pretty good early May. One request sir. Again, I've asked you this, I think twice. Just a suggestion, if you can present quarterly numbers, even if you release and do con calls once in like half yearly.
- Yash Shah:** Well, we are trying on that. Manojji is trying on that. And hopefully, from next half yearly, we'll do that.
- Agastya Dave:** Because there is a lot –
- Yash Shah:** Have to wait.
- Agastya Dave:** Yes, we have to wait a lot. Secondly, you are doing enough concalls through Vinay bhai. But still there is a huge gap in - it's hard to know what's happening. Six months is too longer time. Thank you very much Yash bhai. Thank you very much, Manojji, and thank you, Vinay bhai. Thank you. All the best.
- Moderator:** Thanks, Agastya. We'll take the next question from Chaitanya Gadia. Please go ahead.
- Chaitanya Gadia:** Hi. I just wanted to ask so your op margins has increased to 8% this financial year. What is the basically, you can see a thumb rule of whatever with upgradations you are doing and all. What is a normalised margin that you will take going forward average because it's increasing from 3%, 4%, 5%, and now 8%?
- Yash Shah:** See, there is no thumb rule as such, this is a sustainable margin at what we are operating. So anywhere between 3.4% to 5% is a quite sustainable margin.

- Chaitanya Gadia:** Okay. And then this year, we had gone to 8%. Any, specific...
- Yash Shah:** I'm talking about PAT.
- Chaitanya Gadia:** You're talking about PAT. Okay. I was talking about op margins. So, basically, PAT you are saying 3.5% to 4% is maintainable, right?
- Yash Shah:** Yeah. It is quite sustainable margin. Yes.
- Chaitanya Gadia:** Okay. Thank you.
- Yash Shah:** Thank you so much.
- Moderator:** Thank you. We'll take the next question from Piyush Patel. Please go ahead.
- Piyush Patel:** Thank you sir. I have one follow-up question. Like, your capacity utilisation stands at 63%. By when will you reach 80% to 90% utilisation?
- Yash Shah:** 75% to 80% by this end of financial year.
- Piyush Patel:** Okay. And then what's your plan to expand beyond that in tonnage terms?
- Yash Shah:** That is what I'm saying. I'm planning to install one more set of furnaces what I have installed in previous financial year.
- Piyush Patel:** Okay. Thank you.
- Yash Shah:** Thank you so much.
- Moderator:** Thank you, Piyush. Anybody who wishes to ask a question, please use the option of raise hand. We'll take the follow-up question from Chaitanya Gadia. Chaitanya?
- Chaitanya Gadia:** Yeah. You are using furnaces. Are you using any alternate fuel in the furnaces like biomass billets and all that? Are you doing anything?
- Yash Shah:** Yes. We have started using that in one small furnaces, and it is successful. Now we'll shift to that also. We are having dual burner in one plant. Dual burner means we can use PNG, we can use oil. Depending upon the price. One plant, one shade, we are having

electric furnaces. And in one shade, we have started using biodegradable, and it is successful and we'll shift that to the entire plant to biodegradable. So this makeshift is going on, and it will help us in improving our bottom line.

Chaitanya Gadia: So what you are saying, Yash, is that at all the three types of furnaces that you're operating, can they go on 100% biomass?

Yash Shah: No.

Chaitanya Gadia: Okay. So what is the maximum that you can blend or replace the fuel with? Let's say if you are using coal currently, right?

Yash Shah: I'm not using coal. I'm using PNG or furnace oil.

Chaitanya Gadia: Okay. Got it. So how much can you replace that in terms of...?

Yash Shah: We are starting we can replace that by 20% and one shell is electrical. So electrical, we are planning that we'll install solar so for the captive consumption. So that electrical is already change in our CO2 emission data also. It has helped us in our CO2 emission data also. So that electric will not change and the bigger furnaces, we cannot run on the biodegradable. So the bigger furnaces will be either will run on fuel or the furnace oil or the PNG. That we can think of shifting it to electric once it is successful and everything.

Chaitanya Gadia: Okay. Thanks.

Yash Shah: Thank you so much.

Moderator: Thanks, Chaitanya. We'll take the next question from Mrunal K. Please go ahead.

Mrunal K: So I just have one question. As of end of September, you were carrying ₹115 crores of inventory on trailing 12 months. Revenue of ₹483 crores. As of March, we are on ₹144 Cr, inventory on turnover of ₹524 crore revenue. Where do you see it stabilising in the coming year?

Yash Shah: See, we are targeting on that part also that to maintain this cost because we are incurring interest cost. If the interest cost would be low, then our EBIT, or our PAT margin would be much higher than that. But once this situation gets better, this because of the U.S.-China trade war, what we are doing it, if you are catering order of say, for

example, if we are getting order of 500 tons, then we are taking inventory into account of somewhere around 1,200 tons double the inventory, because this China-U.S. war the price fluctuation is going on tremendously, so we don't want to get affected by that.

The supply of the scrap, the EuroU.S. gap and the electricity problem in Europe is going on. Because of all such issues, we are keeping a high level of inventory to sustain or to sell our product without any disturbance and what we have committed on delivery on time.

So in coming two, three years, you'll see that this situation will get better. And I hope this you'll able to see from this financial year, starting from this financial year, the situation will get better, because we have maintained that cycle now. Even if one month or two months, the disturbance is there in the supply, then we have that sufficient stock that we can manage that part.

Moderator: Thank you, Mrunal. There is a question on the chat from Ravinder Bir Singh. He's asking, can you share the reason for fall in exports in FY '25?

Yash Shah: Because Japan is going slow. We were exporting the same to Japan a lot. So Japan is going slow. So we work with Japanese closely, but the prices in India is much better. And the prices in Japan were not quite competitive, so we have exported less.

Moderator: So going ahead, will the trend remain the same or it will improve?

Yash Shah: Maybe the same.

Moderator: Maybe the same.

Yash Shah: Yeah.

Moderator: Thank you. We'll take the next question from Harsh Maru. Yes.

Yash Shah: Just to add to that point, we were not dependent on export at all. We are not at all dependent on export.

Moderator: Right. We'll take the next question from Harsh Maru. Please go ahead.

Harsh Maru: Yeah. Thank you. So, Yashji, the first question for you is, you spoke about two expansion projects. Could you talk more about those in terms of what is the progress, when do we expect the commissioning

to happen, and what is the kind of CapEx outlay that you are looking at?

Yash Shah: I'm hoping that the commissioning of this project one by one, one project will be commissioned by this financial year end.

Harsh Maru: Okay. And the second one would go to FY '27?

Yash Shah: The shade and everything would be under same roof, so everything would be there. Only the furnace and everything will, we'll take step-by-step. We'll do one this and after running, one quarter half yearly that, then by the next of the second half off next financial year, we'll commission another project also. But it will not take much time and it will not take much cost once the one plant is operational.

Harsh Maru: Okay. And secondly, in terms of PAT margins, so you spoke of sustainable margins in the range of 3.5% to 5%? So broadly in that range. So in terms of modernisation of equipment, how much is left which could add up to these margins?

Yash Shah: See, the modernisation is ever growing process. My answer to your question is I cannot answer as such. The technology shift, the modernisation, the improvement every here and there, it can be done because the technology shift goes on year-on-year. So even if see, in our industry, if I'm producing 18,000 tons, if modernisation in raw material processing cost or the employee cost, you can say if I'm able to reduce half a rupee per kg, ₹500 per ton, it makes lot of difference to my bottom line. So this half rupee, ₹1, ₹1.5, ₹2 it is an ongoing process.

Harsh Maru: Okay. And lastly, in terms of competition, other than Arfin, do you see any other competition for your business in India?

Yash Shah: There are a lot of competition. Arfin is a listed player. That is why I've told the Arfin example. But other from Arfin, the competition is more, the industry is quite, you can say the industry is quite fragmented. So the competition or the everyone has their own market. We are here producing lot of niche alloys. So we have our own market. That is why you'll always see the PAT margin would better or the bottom line would be better rather than in comparatively top line because we are producing, we are targeting niche product or the niche alloys. And there are a lot of competitions, but the industry is quite fragmented.

Yeah, at top level, the capacity or at the top level, if you can see them, there are 10, 15 players in the industry, which is at the same level.

Moderator: Okay. Thank you so much, and all the best.

Yash Shah: Thank you so much. Thank you.

Moderator: Thanks, Harsh. Before moving on to Mrunal K, we'll just take a question from the chat. Ravinder Bir Singh asked, can you tell how you are moving towards carbon credits and extended producer responsibility as you are into recycling?

Yash Shah: EPR is, first of all, EPR is not applicable to recycling of metal. It is applicable to green, the e-waste and the rubber waste and the plastic waste. It is not applicable to metal. Secondly – what was your second question?

Moderator: How you are moving towards carbon credits and extended for user responsibility?

Yash Shah: So EPR, I have told you about EPR. And the carbon credit, we are maintaining the carbon credit data since last four years, and we are falling in the same range. We are falling in the good range of the carbon credit. It is not mandatory for Indian companies to maintain the carbon, the CO2 data, the GHG, the greenhouse gases data, but we are maintaining since last four years. That is why we are getting added advantage.

We have shifted our one shed. As I've told you earlier in the concall also, we have shifted our one shed into the electrical shed, which is helping us in reducing carbon emissions. We are shifting to the biodegradable furnaces, the biodegradable fuel, again which is helping in our carbon emissions. The technology shift is helping us in our carbon emissions. So, we are having that environmental policy with us.

And we are closely associated with the consultant of the CO2, the carbon credit consultant, which is maintaining the data and which is helping us in going forward, how we can reduce our carbon emissions.

Moderator: Okay, thank you. So we'll take the next question from Mrunal K. Please go ahead.

Mrunal K: There is one follow-up question on working capital. Your trade receivables have also increased from ₹48 crores to ₹72 crores, which is from 41 days to 50 days. What is leading to this phenomena, and where do you think this will settle in terms of days?

Yash Shah: So, in general phenomena, the business model is in such a way that if we are selling it to automobile industry or the electrical equipment industry, the category is aluminium alloy. We are targeting more on aluminium parts, aluminium alloy to sell it to different automobiles or the OEMs or the electrical equipment manufacturers. The normal credit terms ranges from 45 to 90 days. That is why you will see the receivable has increased because of the increase in revenue.

And the debtors day, as you have told, the receivable days has also increased because of the component, which we are selling it to the companies, they are taking on a credit basis. As I have mentioned you the way forward in our South Indian market, previous five, six months, four, five months, we have targeted South Indian market and we are getting regularly order from Ashok Leyland Group, Ashley Alteams. So, Ashley Alteams credit period is 60 days. So overall, the cycle would be of 60 days. So anywhere between 45 to 60 days, the receivable days are quite good in our industry norms. I hope I'm clear, Mrunal.

Mrunal K: Yes, thank you.

Moderator: Thank you, Mrunal. We'll take the next question from Dhiraj. Dhiraj, please go ahead.

Dhiraj S: Yeah. Just some follow-up from on the working capital. The question is not on the growth on the revenue side, but the balance sheet seems to be deteriorating with higher borrowings as you grow, and the cash flows are also negative. In the last five years, your debt has almost gone up by 5x. So is this sustainable? Because negative cash flows, higher borrowings every time when you grow. How will you attain 15% to 20% growth rates, without raising capital or raising debt? I think the business model has issues on the balance sheet side. How would you repair that part?

Yash Shah: Manojji, can you explain?

Manoj Shah: Yes, sir. Yeah. It will be increasing with the top line. We're requiring much more working capital. Because if you look our balance sheet, the receivable is also increasing. The inventory is also increasing. So

with the increasing of the volume, we require much more working capital. That's why the debt is increasing accordingly. But meanwhile, by this financial year or by I mean coming financial year, we are working on it to not to increasing the debt and maintain the debt as it is with the increasing of the top line.

Dhiraj S: But how will you attain unless you structurally pare down the working capital cycle, which is unlikely to easily prune down? How do you manage that growth rates without changing the working capital cycle itself?

Manoj Shah: Actually, some customer base are increasing. If you look at the clientele side of our presentation, we added 15 to 16 customer bill in this year. From them, we are receiving the trial orders. If all gets done from them, then the repetitive orders will be in a better terms.

Dhiraj S: Can you materially explain what better terms with that?

Yash Shah: I'll tell you, he's trying to say that, for trial orders, they have a good discounting facility at 7% per annum interest rate, the Ashok Leyland Group, the TVS Group. So what we are targeting now is that, we'll get that transactional facilities or the discounted facilities which we are getting at less than our CC rate from them. So for trial orders, we cannot say anything to them because the discounting path.

So once we'll pass through that trial order because in aluminium alloy industry, it takes six months minimum to pass through the trial order because of the homogeneity issue in the material. Because one ingot is of five to six kgs, and when they are asking 500 tons, then you can imagine how many ingots would be there. So they want to check the homogeneity.

So once everything is settled down, then we'll take the discounting facilities from them, and it will help us in our rotation policy, and we'll capitalise our stock, these issues, as you have seen earlier also in the morning, this US China trade negotiation and many, many issues are getting calm down. So that will not be able to require keep stocks at such high levels.

Dhiraj S: Okay. The discounting will reduce the margins? It will be a cost factor to you?

Yash Shah: See, for 60 days interest cost. I'll tell you one thing. The payment terms would be 60 days. For 60 days, I'll quote accordingly, how

many cycle I could have rotate in immediate payment. So I'll add to that margin on the basis of 60 days, and I'll get the payment at 7%.

Manoj Shah: Eventually, we are using the banking finance. Instead of using the bank finance, we are using the discounted facility. And, Yashji, already explained that their facility is the lower rate of interest than what bank offering to us. So, ultimately, bottom line is not impacted. Your answer is bottom line is not impacted.

Dhiraj S: Okay. The only thing is that so far that remains to be seen how you would manage that part because the last four, five years, the trend on the balance sheet side and the borrowing and the working capital has not seen that kind of an improvement. So we can give that benefit of doubt, which you are suggesting, but it still remains to be seen.

Yash Shah: No problem. You'll able to see in the upcoming financials.

Dhiraj S: Okay. Thank you so much.

Yash Shah: Thank you so much.

Moderator: Thank you, Dhiraj.

Moderator: We have one more questioner in the chat. Some more question in the chat from Ravinder Bir Singh. Do you have any confirmed order book or long-term contracts with clients?

Yash Shah: Yes, yes. We'll announce that soon also. We have received one big order. We'll announce that soon also and we are maintaining order books.

Moderator: What is your client repeat ratio?

Yash Shah: See the client repeat ratio since last five years, the top 10 customer.

Manoj Shah: Contributing the 75% of top revenue.

Yash Shah: Yeah. And we are associated with them since long. So you can have an idea for about them, the client reputation.

Moderator: How do you plan to fund your working capital requirement through debt or equity dilution?

Yash Shah: As of now, debt, we'll plan as of now through debt.

Moderator: That's it from the chat. Anybody else who wishes to ask a question, may use the option of raise hand. So since there are no further questions, would you like to give any closing comments?

Yash Shah: Regarding I've got a good question from Dhiraj, from Mrunal, from Agastya, and everyone, if I'm missing name, the queries will you'll able to see in this upcoming balance sheet regarding Dhiraj questions. The stock level will get better because we'll utilise that and the uncertainties in the world is going down. So that is my closing comments and I'll make we as a Baheti Group, we assure you that the things will improve, and it will be much better from here on. Thank you.

Vinay Pandit: Sure, thank you. And thank you to all the participants for joining on the call. And thank you to the management team for giving up your time. This brings us to the end of today's conference call.

Yash Shah: Thank you.

Vinay Pandit: Thank you.