



KAKA INDUSTRIES LIMITED

(Formerly Known as 'KAKA INDUSTRIES PRIVATE LIMITED')

Date: 21st May, 2025

To,
BSE Limited,
Floor 25, P.J. Towers,
Dalal Street, Mumbai – 400001

Scrip Code: 543939

Dear Sir/ Madam,

Sub: Transcript for H2 & FY25 Post Earnings Conference Call held on 16th May, 2025

This is to confirm our earlier communication dated 13th May, 2025 regarding the Conference Call held on Friday, 16th May 2025 at 2.00 pm IST (14:00 hours) to discuss the Company's financial performance the half year and Year ended 31st March, 2025.

In compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are pleased to provide the **transcript** of the conference call held on **16th May 2025**.

This is for your kind information and record please.

Thanking You.

Yours Faithfully,
For, Kaka Industries Limited

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KAKA INDUSTRIES LIMITED

H2 & FY25

POST EARNINGS CONFERENCE CALL

May 16, 2025

Management Team

Mr. Chintan Bodar - 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 Kaka Industries Limited. Today on the call from the management team we have with us, Mr. Chintan Bodar, 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 brief us about the business and performance highlights for the period ended 31 March, 2025. The growth plans and vision for the coming years, post which we will open the floor for Q&A. Over to you.

Chintan Bodar:

Thank you. Good afternoon, everyone. Thank you for joining us today on this earning conference call. It's my pleasure to present an update on our performance at Kaka Industries Limited, share industry insights, and walk you through our strategic direction for the coming quarters.

Over the last six months, the PVC and UPVC profile on manufacturing industry has remained resilient despite some macroeconomic uncertainties. Despite macroeconomic challenges, overall sluggish demand, the Indian building materials, more particularly, interior solution sector, continues to benefit from sustained demand for durable, recyclable, and cost-effective materials where PVC-based products are gaining greater acceptance in both urban and semi urban markets.

Interestingly, while the frequency of home renovation has reduced compared to earlier years, this shift presents a unique opportunity for companies like ours. Homeowners are now far more intentional and selective when they decide to renovate, seeking durable, low maintenance, and value adding materials. This is where UPVC based furniture and modular products are coming into play. We are seeing increasing preference for UPVC furniture as a long lasting, water resistance, and sustainable option, especially in kitchens, bathroom, and utility spaces.

Our end use sector, the real estate industry has shown encouraging momentum over the past year with continued demand in affordable and mid income housing segment, supported by strong government

push and improving home affordability metrics. The resulting boost to interior fittings, modular solution, and doorframe systems has been beneficial to our value chain.

Now let me highlight our company's performance and milestones. As many of you are aware, commissioning of our new manufacturing facility at Lasundra was partially delayed due to awaited dedicated high tension electricity line connection. Until January '25, our operation was running below installed capacity, which impacted our production and capacity utilisation. However, I'm pleased to report that as soon as the power line was made operational, we witnessed a significant uptick in the production and we achieved highest ever monthly sales in the month of January '25. This clearly validates the robustness of the demand and our preparedness to meet it.

On the branding front, we have initiated major steps toward repositioning our brand and building awareness across building material categories. From digital campaign to targeted influence outrage, we have launched aggressive marketing initiatives focused on creating product loyalty among influencer, contractor, and channel partners.

A cornerstone of our sustainability and efficiency strategy is our upcoming 7.5-megawatt captive solar power plant at Lasundra, Gujarat. This ₹25 crore investment expected to go live by August '25 will allow us to reduce our monthly power expenses by approximately ₹40 lakhs to ₹50 lakhs, yielding saving of around 55% and reinforcing our commitment to clean energy. We are also making a concentrated push to expand our domestic footprint. This include both deepening presence in existing market and unlocking new ones. We are investing our distribution network and scaling up our sales force and marketing support to achieve broader reach and faster service.

Now highlights on the financials. Our revenue for the year grew by 16% year-on-year. EBITDA margin improved by 71 basis point. However, the net profit declined marginally by 1% primarily due to 125% rise in the interest expense following a ₹32 crores term loan for our new facility and the HT power line. 106% increase in the depreciation, reflecting a ₹26 crores capital addition in financial year '25 and ₹31 crore in financial year '24, totalling ₹57 crores over the two years. While these investments have increased short term cost, they set the foundation for the future volume growth, enhanced efficiency, and year-on-year marginal cost reduction.

On the operational front, we have significantly improved our supply chain capabilities. Our aim is to bring down the order fulfilment time from the current 10 to 12 days to just two to three days, dramatically enhancing our dealer experience and the customer responsiveness. Looking ahead, we are targeting 40% volume growth in the current financial year. With the infrastructure now in place, expanding market opportunity, aggressive influencer marketing, and full production ramp up underway, we are confident in our ability to achieve this goal.

In conclusion, Kaka Industries at the inflection point, we have laid the groundwork for long-term growth through capacity expansion, renewable energy integration, brand development, and deeper market penetration. The future holds great promise, and we look forward to delivering enhanced value to our stakeholders. We have uploaded the investor presentation on the exchange website. Please go through the presentation in case of further information, or you may contact our IR agency or the management.

Thank you once again for your trust and continued support.

Question-and-Answer Session

- Moderator:** Thank you. All those who wish to ask a question may use the option of raise hand. In case you're unable to raise hand, you may put a request in the chat box, and we'll invite you to ask the question. So, we'll link the first question from Mukesh Panjwani. Mukesh, you can go ahead.
- Mukesh Panjwani:** What is the current capacity utilisation?
- Chintan Bodar:** It is 50% to 60% in the different categories.
- Mukesh Panjwani:** Okay. Overall, around 50%, we can say.
- Chintan Bodar:** Yes.
- Mukesh Panjwani:** Okay. And right now, what is the current run rate in the terms of revenue? As you said in January, it was the highest turnover ever. So, after Jan, like Feb, March, how were these months in the terms of that?
- Chintan Bodar:** Month-on-month, I mean, January, February, March was the same, and the April was the higher than the January.

- Mukesh Panjwani:** Okay. In that run rate we can easily touch like 40% growth?
- Chintan Bodar:** Yeah. 40% in the volume growth.
- Mukesh Panjwani:** Okay. And what would be the maximum revenue we can generate from this current capacity?
- Chintan Bodar:** It is around ₹400 crores. But we have the space. And we can also improve the existing machinery also.
- Mukesh Panjwani:** Okay. And as you have mentioned that we are putting some CapEx for solar. So, what would be the impact on bottom line from this solar CapEx?
- Chintan Bodar:** So, it will be around month-on-month basis ₹40 to ₹45 lakhs, ₹50 lakhs around because it is based on the generation and the consumption of the electricity.
- Mukesh Panjwani:** Yeah. But there would be interest expense also. It will also increase our interest expense.
- Chintan Bodar:** Correct. So, after that, I'm saying that it is ₹40 lakhs monthly.
- Mukesh Panjwani:** That is interesting. In that case, like we can add around ₹4 to ₹5 Cr in our bottom line.
- Chintan Bodar:** Correct.
- Mukesh Panjwani:** That is very interesting. So, it will also enhance our PAT margins in that case?
- Chintan Bodar:** Yes.
- Mukesh Panjwani:** Okay. So, going ahead, what kind of PAT margin we are targeting?
- Chintan Bodar:** So, for this year also it will be around 6.5% or 7% maybe. Because, the interest and the depreciation will also come into play in this year also because it is on the higher side.
- Mukesh Panjwani:** Right. But here EBITDA margin should improve, isn't it?
- Chintan Bodar:** Yeah. It is also improved in this year also compared to last year.
- Mukesh Panjwani:** Because operating leverage will kick in, and it should improve.

Chintan Bodar: Yes.

Mukesh Panjwani: Okay. So next year, what kind of PAT margin we should expect?

Chintan Bodar: Between 6.5% to 7% and this solar PAT will also come into play.

Mukesh Panjwani: Okay. That's all from my side, and all the best. I'll come in the queue.

Chintan Bodar: Thank you.

Moderator: Thank you, Mukesh. We'll take the next question from Tanvi. Tanvi, you can go ahead, please.

Tanvi: Yeah. Just a quick question. The first, following up the previous participant's answer. So, the savings in electricity cost, will that be offset by the increase in depreciation interest?

Chintan Bodar: So, I think in rupee terms, I have calculated that this will be the saving, ₹40 lakh around on month-on-month basis. So, we have to check whether it will offset the increasing depreciation.

Tanvi: Okay. And just one thing, with the new capacity, have you fully ramped up? I mean, the new capacity that we've started?

Chintan Bodar: See, what happened in the last year was that up to the December, we were not able to utilise it, right? And after that, we have started, utilising it, and we try to get the optimum capacity utilisation. But somehow, we were not at the top to use that full capacity. But now from April onwards, we are achieving that 60%, 65% of the installed capacity.

Tanvi: This 60% is for the new plant that you've set up? What's the overall...

Chintan Bodar: Overall.

Tanvi: Overall, 60%. And, just one thing, you've said that February and March was in line with January and April was better than January. So, can we expect a run rate of ₹20 Cr per month for the coming year?

Chintan Bodar: Yes. That is our target for this year.

Tanvi: Okay. Thank you.

- Moderator:** Thanks, Tanvi. We'll take the next question from Harleen Kaur. Harleen, you can go ahead, please.
- Harleen Kaur:** Hi, can you please share how has your realisation per ton gross margin and EBITDA per ton has moved over last 3.5 years?
- Chintan Bodar:** So gross margin is around 35% for the financial year '24, '25.
- Harleen Kaur:** In this quarter, at margin level it is lower due to, I presume, the new overheads of the new plant where there is a lag in revenue. Where do you see it sustaining on a gross margin per ton and EBITDA per ton basis?
- Chintan Bodar:** So, EBITDA per ton is around ₹14,500 as of now, and the gross margin is 35%.
- Harleen Kaur:** Okay. One more question. Post reaching close to ₹400 crores revenue, what is the scope for expansion at the new plant, and what will be the cost of the brownfield expansion?
- Chintan Bodar:** So, ma'am, with the current facility in place, we can achieve ₹400 crores from these machineries and the infrastructure. In case we need to enhance the production capacity, we can place the new machinery in this plant itself, and we can improve the old machineries with the new one.
- Harleen Kaur:** Okay. Thank you.
- Chintan Bodar:** Thank you.
- Moderator:** Thanks Harleen. All those who wishes to ask the question, please use the option of raise hand.
- Vinay Pandit:** There's a question in the chat from Mr. Deepak Juneja. How is the competitive scenario currently?
- Chintan Bodar:** So, the competition from the domestic, we have the Chinese import and the manufacturer from the different region also they are giving the competition. But what we have the edge is of, we have established presence for last 20 years. We have the wide product portfolio and the new plant. This giving us the edge to compete with them.

Moderator: Thank you. There's one more question in the chat, can you please tell us what is your current order book, and what will be our target for FY '26 and FY '27?

Chintan Bodar: So, we do not work on the order book because we operate through dealer and distributor. So, they put the monthly requirement. So, there is no order book as such. And, for the next two financial year, we can grow 30% year-on-year.

Moderator: Okay. So, we'll take the next question from Karan Sharma. Karan, you can go ahead, please.

Karan Sharma: Thank you for the opportunity. Like, one of the previous participants asked, can you share revenue per ton, gross profit per ton, and EBITDA per ton. Since the answer, we got was not clear, when she was asking. So, and how it has moved over last one to one point five years? And how was it in H2 and where do you see it coming in the coming year?

Chintan Bodar: Okay. So, the EBITDA per ton is around ₹14,500.

Karan Sharma: Gross profit per ton?

Chintan Bodar: Gross margin is around 35% and per ton it will be like...

Karan Sharma: Like average realisation per ton?

Chintan Bodar: Yeah. Wait a minute. The gross margin is around ₹38, ₹39.

Karan Sharma: Your gross profit margin basically?

Chintan Bodar: Yes, per KG.

Karan Sharma: Okay, so can you just share average realisation also per ton? Because from there, we can I think derive the gross profit?

Chintan Bodar: Yes.

Karan Sharma: Okay. All right, thank you.

Moderator: Thank you, Karan. We'll take the next question from Keshav. Keshav, you can go ahead, please.

Keshav: The EBITDA per ton of ₹14,500 is for the year or for the half year?

- Chintan Bodar:** For the year.
- Keshav:** Okay. And is it the right understanding that the inventory has gone up because we have scaled up and therefore, we should take the inventory days as a percentage of recent sales?
- Chintan Bodar:** Correct. There are lots of SKUs in our product portfolio that we also want to reduce because the number of SKUs, compel us to keep this stock in hand to serve the customer in time. So as of now, it takes around 10 to 15 days. And to serve the customer in the minimum time, we have to maintain this stock.
- Keshav:** Okay. But, on a fully scaled up basis when my utilisations go up, what should be the overall working capital cycle and also the inventory days?
- Chintan Bodar:** So, in inventory, we want to keep it around 50 days. So, it will reduce drastically in the coming time.
- Keshav:** Okay. I'm new to the company, so I just wanted to know the commercials or the CapEx we've done. So how much we spent and how much capacity it has added in the past one year?
- Chintan Bodar:** We have added around ₹60 crores in the last two years, in the civil construction and the machinery. So, in the different categories, we have increased the capacity, PVC profile. It has doubled from 15,000 to 30,000 ton per year. 200% in the WPC manufacturing, 100% in uPVC window. So that is what we have added in the last two years, the production capacity.
- Keshav:** Okay. And what is the utilisation for the compounding facility? And how should it impact the margins this year?
- Chintan Bodar:** So, compounding, it is being utilised fully. And the integration of this compounding will give us the edge and the margin efficiency.
- Keshav:** Okay. But the compounding facility, I presume is lesser than the profiles that we make. Should we see some margin reduction in this year when we grow by 30%, 40% as we're targeting?
- Chintan Bodar:** So, this is a bit of a technical part because what we have installed in the compounding, that will be utilised for the particular product. And for the coloured or the different, I mean other than the standard

product in PVC profile, we will use the normal method for the production. So, this compounding is for the standard product only to save the time and the efficiency in the production.

Keshav: Okay. So, I'm just sorry to circle back on that again. As we are at this level also, doing a 100% utilisation on compounding. So as the overall PVC profile sales and everything also goes up, what will lead to margins improving? Because I presume that we are already fully utilised on the compounding front.

Chintan Bodar: So, behind the logic of this compounding, we wanted to save the manpower cost and the reduction in the wastages. Because what was happening earlier that at the time of composition and the mixture of the product at the individual, each machine level, there was a problem with the manpower also and the mixture also. So, to mitigate the problem like this, we have installed the compounding.

So, we are looking forward that we will save in the manpower cost because still it is around two to three months, and we are using at the best of this compounding facility. So, ultimately, it will save us the manpower, I cannot comment on the exact numbers, but definitely, I will give you the numbers in the coming time.

Keshav: Okay. Just lastly, so even for the scaled-up capacity, our EBITDA per ton should remain or improve. That's the correct understanding?

Chintan Bodar: Yeah, it will improve. Definitely.

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

Chintan Bodar: Thank you.

Moderator: Thanks, Keshav. We'll take the next question from Deep. Deep, you can go ahead, please.

Deep: Yeah, thank you. Since you work majorly through fabricators or dealers, how does brand advertising help your business?

Chintan Bodar: It helps us too, I mean the customer does not have the knowledge of this PVC products and the uses of the PVC products because there are lots of areas in the domestic that people don't know about the utilities of the PVC products. So that helps us to aware the customers.

- Deep:** Okay, got it. So, what are your plans to increase your target geography? Can you tell your revenue breakup region wise in India, like North, South, East and West?
- Chintan Bodar:** So, if I can give the state wise, the major 62%, 63% is from Gujarat, and then equal from, Rajasthan, Maharashtra, Telangana, Karnataka. And we want to improve the percentage of the turnover segregation in these states only as of now.
- Deep:** Okay, got it. Is there any market opportunity to tap in export? And if yes, are there any plans for the same?
- Chintan Bodar:** So, actually we are coming into the SPC flooring. It was delayed by, I mean, four to five months now. But now in this month or in the next month, we will be in the market with the SPC flooring. And for SPC flooring, we are targeting export.
- Deep:** Okay, got it. That's it from my side. Thank you.
- Chintan Bodar:** Thanks.
- Moderator:** Thanks, Deep. We'll take the next question from Varun. Varun, you can go ahead please.
- Varun:** Hi, thanks for the opportunity. Chintan bhai, compared to last year, what is the volume growth? Revenue has grown from ₹170 crores to ₹198 crores, what is the volume growth?
- Chintan Bodar:** Volume growth is around 17%.
- Varun:** Okay. And EBITDA per ton, you said ₹14,500. What is the realisation per ton approximately?
- Chintan Bodar:** Approximately, per ton, you want right? One minute.
- Varun:** Or if you don't have that figure, going forward, in the next year, you feel that the realisations have bottomed out and can we see an uptrend in the realisations or are there any risks of further downtrend?
- Chintan Bodar:** Yeah. I mean there is actually these prices have bottomed out.
- Varun:** That is what I'm trying to understand. Do you feel that the prices have bottomed out, or is there any further risk of downside?

Chintan Bodar: No, no. It will come down. If the raw material prices go down, we have to lower the prices.

Varun: Okay. So, you feel that, the realisations can go up next year?

Chintan Bodar: No, no. I think we are seeing that the raw material prices are going down. So, the realisation per ton or kilo will go down. So currently, it is ₹110 per kilo.

Varun: Okay. And whenever we fix profit, do we fix it as a percentage or on a per ton basis? Absolute number fix or do you decide a percentage and add that profit? What is your profit?

Chintan Bodar: Per kilo, we generally add the margin and the overhead cost per kilo, not on the percentage basis.

Varun: Okay. And what is our plan to reduce the debt going forward maybe in the next one or two years?

Chintan Bodar: So as of now, there is no plan to reduce the debt. But in case, if the opportunity comes, we will go for the, I mean equity also.

Varun: Okay. And one last question before I come back. Our distribution network is one of the main factors to grow our business. As of now, what is the number of dealers or distributors we have? And going forward, how do we want to expand it?

Chintan Bodar: So as of now, around 300 plus dealers and distributors are with us across the India. And till now, we were using the pull method. I mean, if the dealer wants the product, they will call us and they put the order with the factory. But now in this current year, we want to expand the salesforce also and it will be on the push basis. So, targeting the four to five states which I mentioned, we will recruit the salesforce and we'll push the product sales.

Varun: Okay. So, thank you for hosting this call, and wish you all the best for the next year.

Chintan Bodar: Thank you.

Moderator: Thanks, Varun. We'll take the follow-up question from Tanvi. Tanvi, you can go ahead, please.

- Tanvi:** Just a couple of questions I have starting with. So, what would be your maximum capacity utilisation? You said for the coming year, it would be around 60%. So, what would be the maximum capacity utilisation that we have considering the new capacity also?
- Chintan Bodar:** So, it is depending on the product sizes. We experienced that the maximum capacity we can achieve is 80% of the installed capacity in the different categories of the product and the different sizes of the product. So, we cannot assume that, this is the maximum capacity. But if the product is right and the machine is right, we can achieve the 80% of the installed capacity.
- Tanvi:** Okay, and one thing, can you just give us a breakup of the installed capacity in terms of PVC profile in terms of, I mean, metric tons, PVC profile, WPVC, PVC, roofing and cladding?
- Chintan Bodar:** Yeah. PVC profile is around 32,000 metric ton per annum. WPC, sheet and frame is around 12,500 metric ton per annum, uPVC door and window are around 3,200 metric ton per annum.
- Tanvi:** Right. And PVC roofing, cladding, ceiling?
- Chintan Bodar:** PVC roofing is around 1,200 metric ton per annum, and cladding and decking is also around 1,200 metric ton per annum.
- Tanvi:** So approximately your total installed capacity is 50,100 metric ton per annum if I look...
- Chintan Bodar:** Correct. And the maximum we can achieve is around 37,000 metric ton per annum.
- Tanvi:** Just one question more. So, when we talk about the revenue concentration, you previously highlighted that PVC is from where most of the revenue comes. So, if you could just give us a breakup of revenue concentration across these sectors PVC, UPVC?
- Chintan Bodar:** Yeah. This PVC sheet and section is around this year, it is 55%. WPC is around 26%, and, UPVC window profile is around 6%.
- Tanvi:** UPVC is the highest margin product that you have?
- Chintan Bodar:** No. All the three have the same margin. Comparatively, UPVC window is the higher margin.

Tanvi: Okay. But its share is the least. It's approximately 6% for this year.

Chintan Bodar: 6%. Yeah. It is on the lesser side.

Tanvi: Okay. And just one more question. And can you give your volume in absolute terms how much you've done in FY '25 and how much you target for FY '26?

Chintan Bodar: So, in the last year, it was around 18,500 metric ton.

Tanvi: Okay. What is your profit for FY '26...

Chintan Bodar: It is around 40% in volume.

Tanvi: 40% in volume and 30% in revenue.

Chintan Bodar: Revenue, I cannot comment because there may be price reduction or price revision in up move also.

Tanvi: Okay. But mostly, are you able to pass on the prices?

Chintan Bodar: Yes.

Tanvi: Okay.

Moderator: Thanks, Tanvi. We'll take the next question from Atul. Atul, you can go ahead, please.

Atul: Thank you for the opportunity. Just wanted to reconfirm. You mentioned that 30% revenue growth in financial year '26 '27. Is my understanding correct?

Chintan Bodar: Financial year '25, '26 40% on the volume growth. And for the next two to three years, it will be around 30% year-on-year.

Atul: Okay. 40% in year one and 30% in year two or in year three.

Chintan Bodar: Yeah.

Atul: Okay. Thank you so much. All the best.

Moderator: Thanks, Atul. We'll take the next question from Deepak. Deepak, you can go ahead, please.

- Deepak:** My question was like regarding profitability, how are we going to improve our PAT considering that we are going to pay a lot of interest for the term loan? Apart from the electricity cost, like what is our other strategy? And are we looking sales also increasing because of the new factory expansion? Thank you.
- Chintan Bodar:** So, as you know that, we have expanded the capacity. We will definitely increase the sales volume and the revenue terms also. So definitely, it will help us to increase the PAT (Profit After Tax) apart from the electricity saving. So, EBITDA level, percentage will also increase and the absolute term also increase. Because interest cost is constant. And the depreciation, this is the maximum. It will go down in the coming time.
- Deepak:** Thank you. Wishing you the best.
- Chintan Bodar:** Thanks.
- Moderator:** Thanks Deepak. We'll take the next question from Pritesh Vora. Pritesh, you can go ahead, please.
- Pritesh Vora:** You mentioned about this volume and revenue growth 40% this year and 30% going onward. So, what are the ways you can achieve this? Is this just a production capacity you have increased, that's why you are confident or are you opened up new sales channel, new distribution or how do you so comfortable selling 40% this year?
- Chintan Bodar:** Okay. So earlier, in the last two years, we faced the supply constraint. That was the major confidence we have that we can sale the product. And because at every time, 30% to 40% of the total order, we were not serving on time. So, they were procuring from the another, I mean, manufacturer or somewhere else. So that is one. Second, we are expanding our sales force in the selected areas, and we are also collaborating with the influencer across the categories. so that is why we are confident that, we can achieve this in this current year 40% and 30% year-on-year.
- Pritesh Vora:** Okay. And among the segment wise, which you mentioned you sell PVC 55%, UPVC 36%, and window you are saying 6%, how does the segment profile will change over next couple of years?
- Chintan Bodar:** So, we expect that UPVC window and profile will definitely increase in the current year, and WPC is 26%. So, it will also go up. I mean, the major contributor will be WPC and UPVC window in this year.

- Pritesh Vora:** Okay. You are saying UPVC window is 6%, WPC is 26%. Is it?
- Chintan Bodar:** Yes.
- Pritesh Vora:** And PVC is 55%?
- Chintan Bodar:** Yes.
- Pritesh Vora:** Okay. So how do you see this moving? Like say, three years down the line, what do you see this, because your UPVC window is a higher contributor. How do you see the mix change?
- Chintan Bodar:** I mean 55% in the PVC profile. I think it will be constant. WPC and UPVC will increase from this year, because we have expanded WPC in capacity is doubled. I mean, 200%. And for the UPVC, it is 100% increment in the production capacity. Because, as per our expectation and the experience, we have added the capacity.
- Pritesh Vora:** Understood. Right. And how does the polymer price increase or decrease impact our margin?
- Chintan Bodar:** Generally, we pass on the increase or decrease on the customers. So as of now, it is on the decreasing mode. So, the prices of the product will definitely go down. And if it is increasing, then we pass on the increased price to the customer.
- Pritesh Vora:** Okay. So do you keep the fixed EBITDA conversion margin with you this like say, if PVC is ₹100, for example, I don't know what is the price right now. But if ₹100 goes to say ₹50, your margin of 20%, for example, does it retain like that and then you charge instead of ₹120, you charge ₹70? When ₹100 goes ₹50?
- Chintan Bodar:** Up to 5% we retain either side, and then we pass on.
- Pritesh Vora:** Okay. Understood. Wish you all the best.
- Chintan Bodar:** Thank you.
- Moderator:** Thanks, Pritesh. We'll take the follow-up question from Keshav. Keshav, you can go ahead, please.
- Keshav:** Yeah. Thank you. What is a go-to-market strategy for SPC, and what will be the target market?

Chintan Bodar: So, we are targeting export for the SPC, U.S. and Europe. So, we are collaborating with the different exporters in India only as of now. So, in two to three months, we will have the clear idea on the strategy side.

Keshav: Okay. So, we'll be supplying to players that are directly marketing to players like Walmart in the U.S.?

Chintan Bodar: Correct.

Keshav: Okay. So that means, I mean, I was coming to that. The working capital cycle, if we were targeting directly the foreign clients, it would have gone up. So, we should not see any drag on a working capital cycle when SPC comes in.

Chintan Bodar: So as of now, we are not thinking on that, because we want to first, start the production and we want to market our product and the reach of the customer. So, we have not thought on the working capital as of now.

Keshav: Okay. And is there an indicative, ask from the customers themselves for this product that they are looking forward to sourcing this from you and we might be able to sell whatever capacity we come up with?

Chintan Bodar: No, we have discussed with the various exporters and the local persons also to get the idea about the export market of SPC flooring. So, as such, we do not see the domestic markets. As of now, we are just discussing and we want to place our product in the market. That's it.

Keshav: Okay. Got it. And what is the quantum of supply from India to export countries for SPC?

Chintan Bodar: So, I do not have the exact idea. You're mentioning that the market of the SPC flooring?

Keshav: Yes.

Chintan Bodar: No, I don't have any idea.

Keshav: Okay. Fine, thank you and all the best.

Chintan Bodar: Thank you.

Moderator: We'll call Mahesh Atal to ask his question. He has dropped a message on chat. Mahesh, you can go ahead, please.

Mahesh Atal: Yeah. Hi, I'm sorry I joined really late. So, my first question would be on the recent CapEx that you have done with both '24 and '25. In '24, you have done some CapEx, and '25, you have done some CapEx. So, if I may ask, what could be your potential revenue? Let's say, if we want to do a revenue today, I mean, if I run my plant at the optimum capacity, what numbers are we looking at? First, that would be my question. And then follow-up would be, like our margin profile has been doing like fairly good.

It has improved and it's being maintained pretty well. So, do you think, what should be our broad criteria of margin going ahead even at the higher increased revenue scale? Because you are also talking about exports now. So, what do we take as an average, you think when we are talking of the numbers of FY '26?

Chintan Bodar: Okay. So, for the first question, we can achieve the ₹400 crores from this production facility with the same set of machineries and the infrastructure we have. We can definitely improve the existing machinery, and we have some space also in the current facility where we can put some more machineries. And for the second question, we want to improve the margin efficiency. That is why we are coming into SPC flooring because it is export oriented market.

And there are good margins with the SPC flooring. And for the current existing portfolio we do not see the major upshift in the margin. We can definitely achieve it through margin efficiency through our production capacity.

Mahesh Atal: What I failed to understand is that why have we not grown our revenues this year? Maybe we have grown around 13%, 14%. What stopped us this year from growth? Because when you say that you are having enough capacity to do up to ₹400 crores, obviously, some of it must have gotten added in the later part of this year. But then what has been drawback for us for this particular year?

Chintan Bodar: So, till the December, we were struggling to get the dedicated electricity line. So last three months, we had the opportunity to gain or have the maximum production capacity. So, for the ninth month, we have not used our installed capacity at optimum.

- Mahesh Atal:** So, let me put it this way that, suppose if you would have used this for the entire six months, the way you have used in the last three months, what could have been the revenue potential of this facility?
- Chintan Bodar:** So, optimum is ₹400 crores.
- Mahesh Atal:** No, I'm talking about the HT line.
- Chintan Bodar:** Yeah. So, if I get the HT line at the starting of the year, we must have achieved around ₹250 crores, ₹260 crores.
- Mahesh Atal:** Okay. So, basically just because you are not able to get that on time, basically what you're saying is there are orders in hand, but you are not able to fulfil it because of this thing?
- Chintan Bodar:** You cannot say order on hand because we are not working with, I mean, we are working with the dealers and distributors, so they put orders month-on-month basis. But we identified that we would have got that ₹50 crores, ₹60 crores more if we had the opportunity to use the optimum capacity.
- Mahesh Atal:** Okay. So fair enough to say that, next year these numbers are going to come. I know about that. There will be some much, any guidance that you want to give for the next year?
- Chintan Bodar:** 40%, increment in the volume. Yes.
- Mahesh Atal:** Okay. And I have one more question, which is like, when we say, Kaka as a brand, so what are your strongholds? Like, which region is your stronghold, and where are the areas? Because I see a lot of your competition doing a lot of advertisement, marketing into new geographies. So where are we on that, and when could we see new geographies added to our thing?
- Chintan Bodar:** So, we are strong in Gujarat. As of now, 62%, 65% revenue is from Gujarat. And we are exploring our strong region in the, I mean we can say in the State of Maharashtra, Rajasthan, Telangana, Karnataka.
- Mahesh Atal:** Have you been doing any marketing spend in these areas?
- Chintan Bodar:** Yeah. The digital front and the traditional, methods like shutter painting and wall painting, we are already doing it.
- Mahesh Atal:** What was our advertisement expenditure last year?

Chintan Bodar: In rupee terms, it is around ₹4 crore around.

Mahesh Atal: Okay. So, what percentage of it? It's around 2% of our sale?

Chintan Bodar: Yes.

Mahesh Atal: Okay. All right. So, do you see anything, you want to enlarge it for the next year? Maybe advertisement or marketing cost?

Chintan Bodar: Yeah. Definitely, it will increase because if you want to go aggressively in these areas, we have to push the advertisement cost on.

Mahesh Atal: Any guidance on that for the next year?

Chintan Bodar: No. As of now, we have not decided yet.

Mahesh Atal: All right. Okay. All right. Thank you so much.

Chintan Bodar: Thank you.

Moderator: There are some questions in chat. I'll only ask you the one which we've not touched upon till now. There's a question from Manu which says, how many distributors have you added this year, and how is the distribution channels shaping up?

Chintan Bodar: So, in the distribution, I mean numbers front, as such we have not added any new distributor because some of the distributor may have gone and some may have added in the last year. So, basically for the first nine months, 10 months, we did not have the confidence to serve them. So, we didn't go there to add the new distributors. But now definitely, we will add more distributor in the region I have said.

Moderator: There's a question from Shubham Jain. Other peers we've seen getting large orders from players like DLF, etc. Can you also receive these kinds of orders and can you share some big clients whom you cater to?

Chintan Bodar: So, we want to focus on the renovation part on the retailers and the government entities. So as of now, we are not directly in the touch with the large real estate players. Definitely, our distributors and the dealers or the local players, who are associated with us are definitely in touch with them, but we are not directly going there as of now.

- Moderator:** The other question is from Manu. Have you introduced any new products in the last year? How is the acceptance in the market?
- Chintan Bodar:** We have added Fluted panels in the last three months and it is very much accepted. And firstly, we have started with the one machine, and now we have three machines for that.
- Moderator:** Another question is from Riddhi Agarwal, working capital days have increased slightly. Are there any specific challenges in receivable or inventory management, and what steps are you taking to optimise the cash conversion cycle?
- Chintan Bodar:** So, there is a challenge with the inventory management and because there are lots of SKUs. We are as of now holding with our catalogue and the promises. So now we want to reduce the SKUs and we want to serve the customer on time. So around 10 to 15 days, we are taking as of now and we want to reduce it to two to three days. So, for that, we have to reduce the SKUs also. So that is what this year, we are working on that.
- Moderator:** There's another question from Tanvi. Another peer is delivering EBITDA margins of 15% to 16%. Do you think you'll be able to achieve this in the future?
- Chintan Bodar:** So currently, year-on-year, if you see that we are increasing the EBITDA margin, so definitely we are looking forward to improve the EBITDA margin through production efficiency and the new plant will help us to improve the EBITDA margin.
- Moderator:** Okay. So that was the last question for the day. Would you like to give any closing comment before we end this call?
- Chintan Bodar:** Yes. Thank you for the participation and we are looking forward to have this fantastic year for the Kaka Industries side. Thank you. Thank you, everyone.
- Vinay Pandit:** Thank you. Thank you to all the participants for joining on the call, and thank you to the management team. This brings us to the end of today's conference call. Thank you.