Operator: Good afternoon, everyone. Welcome to the final day of the Arihant Bharat Connect conference, September 2026. I would like to extend a warm welcome to all of you to the conference call of Safe Enterprises Retail Fixtures Ltd. Joining us today from the management team is Mr. Migdad Merchant, Executive Director, Promoter and CFO of the company.

Before I hand over the call to the management, let me briefly outline the flow of today's session. We will begin with a brief introduction and opening remarks from the management, following which we will move into the Q&A session. Participants who wish to ask questions may raise their hand using the platform feature or submit their question in the chat box. We will first take questions from participants who have raised their hand and thereafter move on to the questions received through the chat box. If time permits, towards the end, we will also address a few questions that we have received from clients who were not able to join the call today.

Please note that we will take the last question approximately five minutes before the scheduled end of the session so that we can conclude the call on time, that is, 3:55. With that, I would like to hand over the call to the management for their opening remarks. Thank you so much, and over to you, sir.

Vedang – IR: Hello, everybody. I am speaking on behalf of the IR team of Safe Enterprises Retail Fixtures Ltd. Just a small disclaimer before we finish the opening remarks from the management and move on to the Q&A session. I would like to request everybody not to ask any questions about client-specific matters, as we do not have any NOCs regarding them. Regarding the company, we can obviously take any questions. Over to you, sir.

Migdad Merchant – Executive Director, Promoter & CFO: Hello. Thank you, Vedang. Thank you, everybody. Thank you for your interest in Safe Enterprises.

Safe Enterprises as an entity has been present since 1976. However, from 1991, we exclusively moved into retail fixtures. From 1991 all the way up to 2010, what we would call our traditional business was our focus. By traditional business, I mean that if you are a retailer and want to build a store, you would come to us, and we would design that store with you. We would co-design all the fixtures, layouts and related elements, then manufacture those fixtures, execute the site, install everything on the site and hand everything over to you. This has been our traditional business.

In 2010, we realized that retail was changing, consumers were changing, and technology had permeated every aspect of business. Hence, shoppers were becoming smart shoppers, so shops would also have to become smart shops. With this objective in mind, we started InSync Shop Fittings in 2010, exclusively with the mandate of helping shops become smart shops.

We started by improving our finishes and creating sleeker designs. Then we moved into electrified fixtures. It took around 5,000 hours of development and 15,000 hours of research, and we created more than 3,000 shop-fitting components that allow us the flexibility to create any store. Think of it like a Lego set. We can put everything together and get a store up and running along with electrification.

To give you a little perspective, I have a small demo here. Imagine this to be a wall, this to be an upright post, and this to be a standard hanger that you would see anywhere. The minute I plug this

Report is AI-generated and may contain inaccuracies.

in, you can see that it lights up completely. In the same way, if I move this down, it lights up again. The same thing happens if I take the shoe plate; the entire thing lights up. I can take it down as well. So, there is complete modularity with electrification.

This also allows you to have applications such as self-checkout and RFID. In the same way that we powered lights, you can power RFID sensors, readers, perfume dispensers and so on. This is how we are driving the future of retail by converting shops into smart shops.

Last year alone, we created 2 new product lines, Wave and Evolve. Wave takes this same technology into self-checkout and RFID-enabled IoT solutions for retail experiences. Evolve takes the same components into home applications, which have a much larger TAM.

With this, I conclude my opening remarks. We can move to the Q&A session.

Operator: Thank you so much, sir. Thank you. Participants who wish to ask a question, please raise your hand.

Migdad Merchant – Executive Director, Promoter & CFO: One more thing: our annual report is also available. You can check that out. You will get a lot of information about the company there, including product ranges, our new initiatives and all our strategic initiatives. Please do check that out.

Operator: The first question is from Mr. Pujit Agarwal. Please unmute yourself and ask the question.

Pujit Agarwal: Hello?

Operator: Yes, please go ahead, sir.

Pujit Agarwal: Hi. Am I audible?

Operator: Yes, you are.

Pujit Agarwal: Perfect. My first question was regarding raw material prices. The environment has been extremely and exceptionally volatile. How would that impact our EBITDA margin?

Migdad Merchant – Executive Director, Promoter & CFO: Every project is basically priced separately. It is not that we have locked-in pricing for a year or something like that. That would not work. Hedging in such a volatile environment would not be possible either. Every project is priced separately. Even for our ongoing rollouts, every project is quoted separately.

Pujit Agarwal: Got it. Since we are expected to start production from our Ambernath facility in December, and it will be the biggest debottlenecking that we as a company have seen so far, are we confident about gearing up sales going forward?

Migdad Merchant – Executive Director, Promoter & CFO: Yes. I like the fact that you are following all the news about the company, so thank you so much for that. It is true that we are on track to come back in December, and it will be the biggest bottleneck removal because capacity has been a problem over the last 3 years.

Report is AI-generated and may contain inaccuracies.

As I mentioned earlier, sales have not been the problem. With the existing groups that we are working with, there are only so many brands that we are not working with. It is really about reaching out, taking those projects and starting discussions with those brands, which we are not able to do without capacity.

So yes, we definitely expect sales to go up. By FY28, we are planning to cross the 400 crore mark in sales.

Pujit Agarwal: Got it. That is very good to know. I wanted to understand the new business. Evolve is a completely new business vertical with a different set of distribution challenges. How exactly are you viewing that vertical, and how are you planning to shape it? The space is very vast and can also be very lucrative for the company.

Migdad Merchant – Executive Director, Promoter & CFO: Yes, absolutely correct. Distribution is a different beast altogether.

First, I do not know if you are aware that we already have a franchise network for the retail fixtures business itself. It is a pilot, a small pilot of around 5 franchisees, and it has been working properly.

The thing is that Evolve is also based on the same components, so from a manufacturing perspective, we do not have to make any fresh investments. We already have the components for it. It is just a matter of reskinning them for a different application. That is one aspect.

Secondly, we already have this distribution channel and experience in working with franchisees. The difference is that if we move ahead with this, we would have to increase the number of franchises from 5 to around 50 across the country.

The major thrust for Evolve will come post-FY28 because the 400 crores that I mentioned for FY28 is only from retail fixtures. You will start seeing a meaningful contribution from Evolve in FY28. In the meantime, we are going to build this distribution infrastructure.

On the other hand, we are also looking at inorganic avenues, probably strategic acquisitions and similar opportunities, to increase this distribution network more quickly. Otherwise, we are already at 5 franchisees, and we will have to start increasing that number and then plug Evolve into the network.

You are right that it will be a distribution-led B2B2C model, where these display centers and franchisee centers cater to architects and interior designers, who in turn execute individual projects. If we start going after every small house, it will become very difficult to manage.

Pujit Agarwal: Got it, sir. That is a very good way to structure the business growth, and I—

Operator: Sir, could you please rejoin the queue? There are a lot of participants. If time permits, we will take your follow-up questions.

Pujit Agarwal: Sure, thank you, ma'am.

Operator: Thank you. The next question is from Mr. Pratik Kothari. Please unmute yourself and ask the question.

Report is AI-generated and may contain inaccuracies.

Migdad Merchant – Executive Director, Promoter & CFO: Hi, Pratik. Please go ahead.

Operator: Mr. Pratik, you are on mute. Please unmute yourself. We will move to the next participant, Mr. Raghav Agarwal. Please unmute yourself and ask the question.

Raghav Agarwal: Hi, good afternoon, Mr. Merchant.

Migdad Merchant – Executive Director, Promoter & CFO: Hi, Raghav. How are you?

Raghav Agarwal: Very good, sir. How are you?

Migdad Merchant – Executive Director, Promoter & CFO: All good.

Raghav Agarwal: I wanted to understand 2 things. First, I wanted to get some perspective on how we look at the TAM of the current product range as well as the new architectural or home fixtures product range that we are entering.

Second, although I know there is no like-for-like competitor, as you have mentioned earlier, who do we compete with? Is it people getting the work done by individual fabricators, or who is our competition in the entire retail fixture space as the market stands today?

Migdad Merchant – Executive Director, Promoter & CFO: In terms of TAM, first of all, there is no formal research data available for retail fixtures. I have also searched for it, but it is not available.

We have to work with the retail interior design market, which is valued at {? 80,000 crores ?} today. We will have to extrapolate and say that if retail interior design, which includes signage and all those other elements as well as fixtures, has fixtures accounting for a 20% share, that would imply a market size of 16,000 crores.

The interesting thing about retail fixtures is related to the second part of your question about competition. One competitor would be local fabricators. However, that is competition when retail is unorganized.

When retail is unorganized, you do not have to reach out to us. You can go to your architect and tell the architect, “You built my house; build my shop.” That works if you have 1 or 2 stores, do not have a lot of scale, and your products are not very complex.

However, whenever scale is involved, and when retail moves from unorganized to organized, it becomes necessary to have organized, large-scale players who can support you at scale. You cannot afford the quality to change, and you have very competitive timelines. That is very important. Time is extremely important to the business because you need the stores to start operating very quickly. If you are late by even one weekend, you could lose probably 20-30 lakhs of sales for one weekend. Therefore, it is very important to execute quickly.

That is the entire opportunity. The main part of the TAM, and the good part about the TAM, is that retail has not stopped expanding.

The first boom was when we started in 1991. Retail was moving from unorganized to organized, and large retail chains were emerging, but that was happening in the metro cities.

Report is AI-generated and may contain inaccuracies.

The second revolution happened 3, 4 or 5 years ago, when we started seeing a lot of value retailers entering Tier 2, Tier 3 and Tier 4 cities.

Now, when you look at the whole of India from that perspective, we still have not even scratched the surface after so many years. If you look at any research data on the growth of organized retail, you will see that the CAGR of growth is very promising.

When that happens, it necessitates players like us. Within the segment of players like us, you are right that we do not have competition in the sense that we do not do what everybody else does. Our entire focus has been on modular fixtures and on componentizing this business. Our focus has always been on how we can make things faster.

Our business has been R&D-led, with a focus on stores of the future, smart stores and RFID. There are other players in the same industry in India, but what we do is focused on a different segment altogether.

Raghav Agarwal: Thank you for the perspective. Let me rephrase my question. Who are some of the retail chains that we are not working with? For example, Westside, Nike or others that we are not working with—where are they getting the solution from today?

Migdad Merchant – Executive Director, Promoter & CFO: It is not that everybody would buy from us. The difference depends on what you are looking for.

If your business does not require you to create a brand, and the appearance of your store does not matter to you, then having excellent-looking fixtures or more sophisticated experiences for your customers will not matter to you.

For example, we do not generally work with grocery stores for this reason. When you are not selling your own products or merchandise, your brand does not matter as much because the product brands are not yours in the first place. The only thing that matters to you is sales. If it is a utilitarian-based fixture set, that is something we stay away from.

It is about choosing the right customer and the right segment in which we want to operate.

Raghav Agarwal: Understood, sir. Essentially, there are no other organized players with whom we compete, and, if I were to extrapolate from your answer, even the larger chains that are not buying from Safe but want such products are currently going to relatively unorganized players. Would that be a fair understanding?

Migdad Merchant – Executive Director, Promoter & CFO: Yes, that would be a fair understanding. There are a few organized players. If you research, you will find a few. One of them is also listed, I think {? Naman In-store ?}. They are also working with larger retailers. However, they offer different kinds of products, different kinds of finishes and serve a different segment.

Raghav Agarwal: Understood, sir. Thank you.

Migdad Merchant – Executive Director, Promoter & CFO: It is about creating a niche within an existing market.

Report is AI-generated and may contain inaccuracies.

Raghav Agarwal: If I may squeeze in one more question, if we select a category such as apparel, and the total store capex is 100, what would be our wallet share of that 100?

Migdad Merchant – Executive Director, Promoter & CFO: We did this exercise for 1 or 2 clients. The range comes to around 17–18%. This is interesting because we account for only 18% of their capex, but we account for 80% of the visual space of the store. Therefore, the impact on the store is very high, but the impact on their spending is not very high.

Raghav Agarwal: Understood, sir. Thank you for the opportunity, and all the best.

Migdad Merchant – Executive Director, Promoter & CFO: Thank you. Thank you so much.

Operator: Thank you so much, sir. The next question is from Mr. Puneit Mittal. Please unmute yourself and ask the question.

Puneit Mittal: Thank you so much for the opportunity. First, on the corporate side, I wanted to understand how the sales cycle works. For example, if you are empaneled with a client, does all the client's new business and store refurbishment business come to you, or do they go out for tenders every time?

The question is really about how sticky the client business is for you versus anyone else.

Migdad Merchant – Executive Director, Promoter & CFO: Most of the business comes to us. Not all of it does, and that is primarily for audit and compliance purposes, so that there is not too much concentration with one customer. That is the only reason some business goes out. Otherwise, we receive the bulk of the business, with an average wallet share of around 70–80%.

This is logical if you think about it. If you had a 100-store or 200-store rollout, would you want to find a different vendor for every 10 or 15 stores? That would be inconvenient and inefficient, and every store of yours would look different.

One more thing is that we have a lot of proprietary components that are used in these projects. If you change the vendor, the look, feel, utility and many other things will change. There is also a lot of IP in many of the designs.

Puneit Mittal: That makes sense. In terms of the brands that you work with, let us say you work with 50 brands or 50 corporates. There must then be a tail list of 50 or 100 that you do not work with. In terms of the target clients that you are not working with, how long is that list? How many corporates do you think you can still target?

Migdad Merchant – Executive Director, Promoter & CFO: This is very difficult to say because new brands keep entering the market. The market also keeps expanding, so I do not know the total number of retailers in the market.

The larger ones are obviously there, and among the larger ones, we work with almost everybody or have worked with everybody in the past. Over our lifetime of 35 years in this industry, I think we have worked with every organized retail chain in the country.

Report is AI-generated and may contain inaccuracies.

The question of who we are not working with is again related to the same reason: when you have a capacity constraint, you cannot work with everybody, so you have to choose whom to work with. There are also some retail subsegments that we stay away from for the reason I mentioned earlier.

That is the entire consideration. In fact, among the retailers in the country, I think we have already worked with most of them in the past.

Puneit Mittal: The Wave product that you launched for RFID- and IoT-based self-checkout solutions—are you working in partnership with somebody, or are all these solutions built in-house and proprietary?

Migdad Merchant – Executive Director, Promoter & CFO: The software and related elements are within the promoter group company. As for the RFID components, we obviously do not manufacture those; we source them.

Puneit Mittal: You have already had clients using this solution?

Operator: Puneit, could you please rejoin the queue? There are a lot of participants.

Migdad Merchant – Executive Director, Promoter & CFO: Puneit, I will take that last question. Yes, there are people using it right now.

We have already successfully completed a pilot with a large retail house. Again, I cannot mention names, but we have completed a successful pilot and are looking for a larger, more extensive rollout on that front.

We have also started a proof of concept in Saudi Arabia with a long-standing client of ours for Wave, which will continue into the coming year.

Management: Okay, thank you so much, and all the best.

Puneit Mittal: Thank you.

Operator: Thank you so much, sir. Before taking the next question, I would like to request all participants to restrict their questions to 2 per participant so that we can answer more questions from all participants. The next question is from Mr. Varun Gehiya. Please unmute yourself and ask the question.

Varun Gehiya: Hello, am I audible?

Operator: Yes, you are. Please go ahead.

Varun Gehiya: My question is regarding asset turns. I was seeing that this industry has around 9-10 times asset turnover. I wanted to understand the business model and how the pricing works. Where do you get the revenues from? Is it from the manufacturing side or the services side? Which portion accounts for the larger share and enables such high asset turns? I also wanted to understand the sustainability of the margins, which are around 30% or more.

Report is AI-generated and may contain inaccuracies.

Management: It is based on solutioning. The main revenue is not from manufacturing or services; it is from solutioning. It comes from the problem that we solve.

There is design and everything else that goes into all of this, which comes as a package. Everyone in the retail space needs a unique space, a space that looks impressive and fits with the brand identity.

As mentioned earlier, 80% of the visual space of a store is retail fixtures. Therefore, fixtures play a very important role in the brand and in all of these elements. We play a very pivotal role in the entire store design process. That is where the revenue comes from.

The asset turn also comes from the fact that we have already created our own proprietary {? range ?} and such a large component base that we can create almost every store simply by mixing and matching these components.

We call it standardized engineering with customizable skins. You have a standardized component set, and on top of it you can put any kind of skin—fabric, laminates, metal, wood or whatever is needed—to put the entire solution together.

That is how we are able to keep many of these components in semi-finished form, which can be used across different rollouts.

The challenge is achieving mass production in an industry that requires such a high level of customization. That is something we have solved. We have been able to do this because we have completed so many stores over the last 35 years that we were able to understand a pattern and work backward from there. We conducted R&D, innovated and re-engineered the way we make everything.

We had to change many of our processes. We took products that we used to weld and changed them to use nuts and bolts, along with many other such changes.

This is the culmination of multiple factors that have enabled us to deliver the figures that you see on the balance sheet.

Varun Gehiya: How sustainable are the margins?

Management: We have been doing this consistently for a long time, so I believe the margins are very sustainable.

Varun Gehiya: How many value retailers are you currently working with? You mentioned that many of them are entering Tier 2 cities, so how many of them are you working with currently?

Management: At least 5 come to mind right now.

Varun Gehiya: Do you have any percentage indicating how much they contribute to revenue?

Management: I will have to check. I do not have that information with me.

Varun Gehiya: Okay, I will come back in the queue. Thank you.

Report is AI-generated and may contain inaccuracies.

Analyst5: Thank you so much, sir. I have one question, if I may. {? Arihant ?} team, can you tell me a little about the profile of the people who are joining? Are these family offices or funds? Could you give us a better idea?

Operator: Participants, I request everyone to please introduce yourself before asking a question. The next question is from Mr. Raghav Mudodaya. Please unmute yourself, introduce yourself first and ask the question.

Raghav Mudodaya: Hi, sir. This is Raghav. We run a family office. For the expansion, do we already have clients in mind, or do you think that will come with time?

Management: I have already mentioned that there is a lot of capacity within the existing customer base, as well as many brands that we have not been working with. Discussions are ongoing with those brands, while our capacity is expanding simultaneously.

It is not that we are going to build the factory, install the machines and then wonder where the revenue will come from. Everything is happening simultaneously.

The entire FY27 is essentially a build-up year for getting all the customers lined up and acquiring new customers. We have been able to do that consistently, month after month.

Raghav Mudodaya: Even after this expansion, we will still have a significant amount of cash on our balance sheet. How do we plan to use this?

Management: One way is to look at inorganic strategic acquisitions. We will also hold some cash so that we can pursue other opportunities and allied businesses that may arise. We will not spend everything immediately. We will retain some cash for strategic acquisitions.

Raghav Mudodaya: Thank you.

Operator: Thank you so much, sir. The next question is from Mr. Dev Gulwani. Please unmute yourself, introduce yourself first and ask the question.

Dev Gulwani – Care PMS: Hello, sir. Am I audible?

Operator: Yes, you are. Please go ahead.

Dev Gulwani – Care PMS: Good afternoon, sir. I am Dev from Care PMS. The company has seen a significant increase in revenue per store in FY26, and we have also launched RFID self-checkout systems in this financial year, but it will not provide a very large increase. How are you planning to increase revenue per store going forward?

Management: Why do you say it will not provide an increase? It can be a significant source of growth because many of these solutions are sometimes over and above the existing fixtures. They are standalone kiosks or are fitted into our system because we have electrified systems.

It is a complete value addition, and each store requires around 6, 7 or 10 such units. This also includes the screen and other elements, and there is also the possibility of software and recurring revenue on top of it.

Report is AI-generated and may contain inaccuracies.

There is significant scope for addition through this entire set. Going forward, we can also undertake backward integration and enter other areas.

Right now, it is focused on the store and the last-mile self-checkout experience. However, what about the warehouse? What about inventory management at the warehouse? There are many solutions there as well that can be served.

Therefore, this entire Wave platform could be a significant contributor to increasing revenue per store.

Dev Gulwani – Care PMS: Understood. Currently, the contribution is mostly from retail clothing stores. After the Ambernath plant, how are we planning to diversify so that we can achieve 400 crores? How are we planning to diversify into other end-user industries, such as jewellery stores or other segments?

Management: You mentioned jewellery. Jewellery is our next target and is also a segment that we have started working with extensively. You will see a significant increase there because many jewellery stores have good profitability, are spending aggressively and are now entering a phase of hyper-expansion over the next 2-3 years.

You will see that reflected in our revenue mix as well.

Dev Gulwani – Care PMS: Are we currently working with any major brand in the jewellery segment?

Management: We are working with a few. As I mentioned, I cannot take names because we do not have NOCs from any of them. However, we do have some names in the jewellery segment, and discussions are also ongoing to increase that presence.

Clothing was the main segment, not by choice, but because the stores and segments that were expanding at that point in time also mattered. Over the last 5-6 years, clothing and fashion have been booming, which is why that segment has been prominent.

Now you will see jewellery increase because lab-grown diamond brands have raised a lot of funding from the investor community. That funding will obviously be used to increase the number of stores, which will result in capex and, in turn, increase our revenue.

Dev Gulwani – Care PMS: Understood, sir. Recently, the company got—

Operator: Thank you so much, sir. Please rejoin the queue. There are a lot of participants. The next question is from Mr. Raghav Agarwal. Please unmute yourself and ask the question. I believe this is your follow-up question, sir.

Raghav Agarwal: No, sorry. I have already asked my questions. I will lower my hand.

Operator: The next question is from Mr. Pranay Jhaveri. Please unmute yourself and ask the question. Please restrict yourself to 2 questions.

Pranay Jhaveri: Hi, sir. Good afternoon. Thank you for this opportunity.

Report is AI-generated and may contain inaccuracies.

Management: Good afternoon.

Pranay Jhaveri: What would be our current order book and execution timelines? As I understand it, we are undertaking some debottlenecking at Pune, and Ambernath will come onstream in December, which will be available for FY28. If you can {? [unclear] ?}

Management: When I talk about the order book, I cannot give you an order book for the next 1 or 2 years because that is not how the business works. All the purchase orders in hand have to be completed within the next 2 months at most. That is the nature of the business.

Pranay Jhaveri: We have undertaken some debottlenecking at Pune, correct?

Management: Yes, we have.

Pranay Jhaveri: Ambernath would start contributing in Q4, essentially in FY28.

Management: Yes, that is also meant for FY28. FY27 is for gearing up on both fronts. We have increased capacity in Pune, increased capacity in Ambernath and are speaking to many more customers. The entire process is ongoing so that FY28 can be a strong year.

Pranay Jhaveri: What would be our guidance for FY27?

Management: As I mentioned earlier, around 25-30%.

Pranay Jhaveri: Thank you, sir.

Management: Thank you.

Operator: Thank you so much, sir. The next question is from Mr. Nabendu. Please unmute yourself and ask the question.

Nabendu: Hello, can you hear me?

Management: Yes.

Operator: Yes, you are. Please go ahead.

Nabendu: Since we are closing the half-year, can you provide some perspective on the traction we have been getting from new stores versus refurbishment stores in H1 through September? How is the business performing compared with last year?

Management: This year will be an H2-heavy year, whereas last year was an H1-heavy year, because the refurbishment orders are more heavily weighted toward H2.

This is because the timing depends on when the original store was built, and that determines when the store will be refurbished. Typically, more stores are built during the Diwali period, so it makes sense that refurbishments would also take place during that period.

This is why we expect Q3, specifically, to be heavier this time, which means H2 will be heavier.

Report is AI-generated and may contain inaccuracies.

Nabendu: One more question. There was a major retailer trend that was planning to scale Westside from 50 to 100 stores in the coming year. That is their plan. They are also expanding globally, and they have a new brand called {? Bond Toast ?}, which could possibly be the next growth driver for the group.

How is {? SAFE ?} positioning itself to maintain and improve its wallet share with these retailers? Are we working with them, and how are we trying to improve wallet share across all of these areas, especially exports and the Westside stores?

Management: We already have a very substantial wallet share with all of these retailers.

Nabendu: Are you planning to maintain the same share going forward and improve it with RFID and all the other solutions that you are working on?

Management: Absolutely. Why not? We do not want to merely maintain it; we want to increase it.

Nabendu: With your Evolve lineup, as my last question, how is it shaping up? Will the margins be comparable to what we earn in retail fixtures? Is that what you are targeting?

Management: It is the same fixture set, so the margins will be broadly the same. It will be a distribution-heavy business, so dealer and distribution margins will be shared. However, that should be compensated for and offset by the increased volumes that we may see in that segment.

Nabendu: Would it affect your working capital cycle? You would be negotiating with distributors, and then the products would go to developers and so on. Would this line of business affect the working capital cycle?

Management: Yes, and that is why we are not as keen on distributors as we are on franchisees.

A franchisee is like an exclusive partner. The franchisee operates an InSync or {? SAFE ?} franchise and sells only our material. In that arrangement, you can have better terms. In that situation, you can have better terms.

Nabendu: When do you expect it to start showing substantial numbers?

Operator: Sorry to interrupt you. Please rejoin the queue, sir.

Management: That will happen post-FY28, as I mentioned earlier. Post-FY28 is when we will focus more aggressively on Evolve.

Right now, we are focused more on market testing and understanding how we can best gear up to increase Evolve's contribution to our revenue. However, post-FY28 is when you will see this contribution.

Operator: The next question is from Mr. Hiten. Please unmute yourself, introduce yourself first and ask the question.

Hiten – Sequent Investment: Am I audible now?

Report is AI-generated and may contain inaccuracies.

Operator: Yes, you are. Please go ahead.

Hiten – Sequent Investment: Hi, sir. Hiten from Sequent Investment.

Management {? Sigmatech ?}: Hiten from {? Sigmatech ?}?

Hiten – Sequent Investment: Sequent Investment, sir. It is a family office.

My question is that you just guided for 25–30% growth in FY27 this year.

Management: 25–35%.

Hiten – Sequent Investment: 25–35%. I think our utilization is somewhere around 90%, if I am not wrong. I want to understand where this growth will come from.

Management: We have increased capacity in Pune.

Hiten – Sequent Investment: The purpose of increasing capacity was the increased business expected in FY27. Understood. I missed that part.

We are therefore confident of achieving 400 crores of revenue in FY28. Is that correct, sir?

Management: Yes. That is the plan. I do not have an order book because, by the nature of the business, we never have an order book, but we are geared up.

Hiten – Sequent Investment: Thank you. I will get back in the queue.

Operator: Thank you so much, sir. The next question is from Ms. Sangeeta. Please unmute yourself and ask the question. Please introduce yourself first. Ms. Sangeeta, are you there?

Management: I guess you are on mute, Sangeeta.

Operator: We are not able to hear you. We will move to the next participant. Mr. Shrey, please unmute yourself and ask the question.

Shrey: Hello?

Operator: Yes, please go ahead.

Shrey: Thanks for the opportunity, sir. In previous interactions, I think we were guiding for approximately 500 crores of top line with the new capacity coming in. However, in this meeting, you are saying 400 crores or thereabouts. Is there any reason for this change?

Management: I do not know when I said 500 crores. I have always said 400 crores plus.

I think 500 crores was the figure mentioned when someone asked me how much we could achieve at capacity. Even that is not 500 crores; it is 1,000 crores from the Ambernath plant with some additional machinery.

The figures I have given are 400 crores and 1,000 crores. I apologize if there has been any misunderstanding, but this has always been my consistent guidance in all public forums.

Report is AI-generated and may contain inaccuracies.

Shrey: We were working with approximately 500 crores of top line and 100 crores of PAT for FY28.

Management: From 218 crores right now in FY26 to 400 crores plus is also very good. There is no reason for disappointment.

Shrey: You said that you are working with some of the newer value retailers. They are adding approximately 800 to 1,000 stores cumulatively every year. What is our market share in their order book? If you cannot give us the percentage of sales for ourselves, can you at least give us some sense of our share in their order book?

Management: It is different for different customers. For some, it is 100% right now. Whatever stores they have completed for that brand, they have completed only through us.

For some, it is 70%, and for others it is 60%. On average, it is 70-80%.

Shrey: When we undertake business development, what is the factor that attracts us? Is it the solutions we provide, the price at which we provide them, or something else?

Management: Price is not the factor. We never compete on price.

Our entire approach is based on our capabilities, creativity, the various components we have and how quickly we can create different applications for our customers.

We mainly cater to architects, interior designers and similar professionals. We show these solutions to the main influencers, and they like working with us because it makes their lives very easy and enables them to provide very good solutions to their customers.

Shrey: Is it very difficult to do this? Could someone not see your solution or product and replicate it in their own factory? Is it really that difficult?

Management: The point is that it is not just about doing it once. It is about being able to do it consistently.

There are 2 parts to it. The first is R&D and proprietary designs. Those take time. We undertook 5,000 hours and 15,000 hours of development and related work. It takes time to do that and get it right.

Even if you do it once, that is not enough because retail is always changing. You need to continue doing it as an ongoing process, first and foremost.

Even if you have created something that we created 5 years ago, we do not use it anymore. We do not use the components that we used 5 years ago anymore. The business keeps changing. That is the first part.

The second part is that you also need to manufacture at scale and on time. You need to manage the project properly, execute it on time, install it in the customer's store on time, hand it over and complete the customer's work.

Report is AI-generated and may contain inaccuracies.

If you are able to do all of these things, then it is possible. However, this takes time and requires building trust with customers and establishing all of those elements.

It is not just about capital. Someone cannot simply bring in more money, set up a factory and assume that is enough. That is not enough. You need to execute all the pieces correctly, and you need to continue executing them correctly. If you can do that, then yes, it is possible.

Shrey: We have recently launched the RFID solution as well. How has that scaled up? What is it in terms of absolute revenue, and what is the trajectory looking like?

Management: We have only just released it. We have conducted pilots with a few customers, and the pilots were successful. They are now looking at rolling it out across multiple stores, such as 100 or more stores, and then expanding further. Those discussions are ongoing.

Apart from that, in Saudi Arabia, we are running a pilot and a proof of concept with a long-standing customer. If everything works well, that could lead to another 50 or so stores there.

I would describe the early traction as good, and we will see where it goes from there.

Logically speaking, I think this is the next opportunity because everyone is adopting RFID. It is a technology that has been around for 10-15 years, but adoption has now gained traction because tags and related components have become available at affordable prices.

Once people start using RFID for inventory management, it opens the door to many in-store experiences. Since our fixtures directly integrate these elements into the fixture experience and the shopper experience itself, the possibilities are endless.

Consider a situation where you place clothes on a rack, and the rack is smart and has a sensor that identifies the inventory item on each rack. When an item is picked up, the system can tell your sales team by the end of the day where to put everything back.

Alternatively, if you receive an order from your online channel, you can identify from which store and from which rack the material is located, enabling you to fulfill the customer order.

Omnichannel is very important because many retailers currently operate both online and offline.

Shrey: How much does this increase the cost for a retailer? If the current share is 17-18%, would RFID increase it to 25% of the overall cost?

Management: It is difficult to say because normally you would not include your IT budget within capex. I think this would be over and above the capex and would come out of your IT budget.

Shrey: I conducted some channel checks and spoke to a few value retailers. They said that their gross margins are so low that they cannot afford RFID. Trent can do it because Westside has higher ASPs, but it does not make sense for them at present. That is what they were saying about the RFID solution.

Management: Value retailers may take some time to adopt it, but there are also non-value retailers. There is mid-luxury fashion and the mid-segment.

Report is AI-generated and may contain inaccuracies.

I have always seen the mid-segment as the best segment because these retailers need to compete with luxury retailers while keeping their prices at a lower level. At the same time, they need to keep introducing different initiatives to improve customer engagement and customer experiences.

I think that is the market where we will see the maximum adoption.

Shrey: Got it. Thank you so much, sir, and all the best. I hope to see you soon. Thank you.

Operator: Thank you so much, sir. The next question is from Ms. Sangeeta. Please unmute yourself and ask the question. We are not able to hear you, Sangeeta. You can put your question in the chat box.

One question has been asked in the chat box: "What percentage does the customer pay upfront? The balance sheet shows only 3.2 crores of customer advances at FY26 year-end, and receivables have also nearly doubled."

Management: Advances range from approximately 30% to 50%, mostly around the 50% mark.

I am surprised that you are seeing only 3.2 crores of advances on the balance sheet. I do not think that is possible. I will look into it, but I do not think that is possible.

One thing to note is that this is the balance sheet as of March 31. If all the bills, or the bulk of the orders, had been dispatched by that point, those amounts would not appear as advances because they would have been adjusted. Only the receivables would show a lower amount accordingly.

When we receive an advance for an order but the material has not been dispatched, it appears as an advance on the liabilities side. However, once we create the bill and the material is dispatched, the advance is adjusted against the bill amount. Only the outstanding portion appears as receivables.

That could also be a possibility, but I will have to check.

Operator: Due to the time constraint, that was the last question. Sir, do you have any closing remarks?

Management: That is about it. I just want to thank everyone who joined the call. I think approximately 75 people were present. Thank you so much for your interest.

Many of the questions showed that you had done your research and had actually studied a lot about the company. It is really nice to know that {? Safe ?} Enterprises is creating interest among investors.

Thank you so much, and have a great day.

Operator: Thank you so much, sir. On behalf of Arihant Capital, I would like to sincerely thank the management team for taking the time to join us today and for sharing their valuable insights about the company.

Report is AI-generated and may contain inaccuracies.

If participants have any further queries, they may get in touch with the team at Arihant Capital, and we will be happy to assist you. Thank you so much, everyone, for joining us today, and thank you so much, sir.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.