Management Discussion

Unidentified Participant
Good afternoon everyone. This is the first day of Bharat Connect Conference 2026 September edition. I welcome you all to the call of Inflame Appliances Today from the management we have Managing Director Amit Kaushik. Before I hand over the call to the management, I will lay out the flow of the event. We will start with opening remarks by the management and then we will move on to the Q and A round. Any participant who would like to ask questions can raise their hand or put them in the chat box.

First we will take the questions from participations participants who have raised hands and then move on to the chat box. If time permits, we will take the questions that I have received from the clients who were not able to participate. Please note we will take the last question at five minutes before the end of the session. Over to you, sir.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Yeah. Hi everyone. I'm sorry for joining in late because I'm traveling to China for some emergency work. However, The this conference is important to us to connect with all of you. So I took out some time from the meetings and and came to attend this this conference. I would like to mention that I'm here only for 30 minutes because I am in the middle of a very important meeting with the suppliers of electronics and BLDC motors. Inflame over the last year has started doing very well now. The order position is good. The customers trust on our products is growing day by day. Every customer is increasing their stake on us in terms of ordering and the products are performing extremely extremely well in the market.

We have had a small expansion at our Panchkula plant which is due to be completed in next week or 15 days time. During first week of October we have a plan to shift our existing facilities to this new modernized assembly section. We have had also a little bit of expansion done in our glass plants. Glass plant glass is a very painful and critical area for us because the number of glasses we can add on daily basis to our production line. The same can be produced by the assembly people. So we have had some certain machineries.

Some machineries have been added as a spare because sometimes some machines go on maintenance or break breakdown. So the production starts suffering on account of that. This should give us about 12 to 1300 pieces of production on daily basis. We have already touched 1282 numbers produced in one day during this particular month. And thousand numbers is a regular production figure which has been achieved after going to the new premises, new infrastructure we. We think we'll add on another 15, 20% 25% to our existing numbers.

We have had some problems and challenges in during the month of. Of July and August. This is primarily because immediate surge over last two two and a half months in the consumption of BLDC chimneys. Whereas initially earlier it was 55 BLDC and about 45 AC. But the quantum has gone about 75, 80% BLDC and 20, 25% AC only. So the supply chain from China needs to be geared up, needs to be. First of all our production numbers are going up and then the. The percentage of BLDC going up has created a mini challenge for us which has already been sorted out.

But to make sure that the supplies in future also comes appropriately without any struggle. We have to visit every month almost to make sure that the new suppliers and the new supplies are in continuation and with the specifications we have given them to meet our quality standards. At the same time there is a disruption, mini disruption in, in getting the containers, the freight of the

containers and containers reaching Indian ports there also we are facing a little bit of delays. So we have to advance our purchases by one week to 15 days so that there is no disruption in the factory.

On the factory front also some new products like dishwashers and and built in microwaves are going to be added to our production line in next couple of months. Some supplies are going to be started within the month of October from China and by December we should be able to do the pilot lots to some of the customers who have shown interest in our new range of products. So this is it from my side right now.

Any questions you have, you can please go ahead.

Questions & Answers

Unidentified Participant
First question is from the line of Madhurati. Hello mother. You can go ahead and ask your question.

Unidentified Participant
Hello. Oh yeah. Thank you for the opportunity. I wanted to understand on our working capital cycle, sir, what I understood was most of our customers pay us within 30, 40 days. But if I look at our receivables in our balance sheet more than six months they are close to eight and a half crores which is like. So if you can help us understand that why is the show I which is like equal to almost 1/3 of our receivables are more than six months. So if you can help us understand on that.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
I don't think more than 1/3 of our receivables are more than 6 months. We get maximum 90 days of LCs although we get the LCs discounted but 90 days of LCs that we get it shows in the books as outstanding amount till the time the LC is realized. However, there is no payment which comes in more than 60 days since last about three, four years. So I don't think this assessment is is appropriate. However you can send a mail with respect to your specific inquiry. I'll ask my finance team to answer on this.

Unidentified Participant
I'll do that, sir. Sir. So if you can help us understand what is the ASP increment that we get for the BLDC chimneys with BLDC motors versus non BLDC motors.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Typically there are two three type of BLDCs we have developed. In one we get about 300 to 500 rupees of increment. In another we get about 5 to 800 rupees of increment. This is just for your rough information. Estimated information. The exact pricing policy cannot be revealed on any platform. No sir. So just basically like five. Yeah. I have just given you an exam, a tentative figure. Please restrain asking such questions which are strategic to the to the company's working and company's strategy. You know.

Unidentified Participant
Got it.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
I would request everyone not to ask such questions please.

Unidentified Participant
Got it. Sir. Just one question was on sir. What is this business of Flamecraft Industries and who owns the remaining 49% is this?

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
There's one outside party who is into the manufacturing of these components. We have invested 51% to boost our sheet metal supplies in Hyderabad. So they. They do mainly sheet metal components. Because we have requirement of a lot of sheet metal components which includes filters, bodies, oil collectors and so many internal parts we were not able to process everything in house. So we. We outsourced that business to them. And keeping 51% for us is with the understanding that this facility would not be used for any other requirement.

Unidentified Participant
Got it. So just one final question from answer. I was looking at China and it seems that their chimney markets are top two, three players. Ruben appliances and also so these are not players who are into your consumer appliances like higher or lg. So why is that that chimney manufacturing and is current manufacturing game altogether. And why is it difficult for any new player to enter into this market? If you can help us understand.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
So actually chimney is a very dynamic market. Not like other consumer products wherein if you produce or design a product it goes on and goes on with a lot of quantum. We have a lot of design changes. Almost 3, 4 new designs come up every month. Like now BLDC has come up. So even the average size of of one product produced one SKU produced is also not very big. It ranges between 300 to pieces to 1500 pieces. So it's not easy for everyone. We have about 350400 SKUs roughly and we produce say 35, 40,000 chimneys.

If we produce 40 even 40,000 chimneys a month, even if we go on to produce then with 300400 SKUs it is almost 100, 150 average per SKU. Although not all SKUs are manufactured every month. It's not that we produce all 400 every month, but still the number of SKUs we have developed and the total number of chimneys we would be doing is not more than 100150 per SKU. So you can call it in manufacturing it is a sort of retail segment which is not possible for everyone to handle this, this type of production.

Unidentified Participant
And sir, would we, would it be fair to assume that because of the volumes that inflame has been able to scale up, our cost of production would be much better versus any other ODM in this market.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
See, we have a lot of backward integration because we are the first who actually seriously took up the production of chimneys in India. When we started considering this project in 2017, there was no ecosystem in India. Even the major players who were supposed to be manufacturing in India were primarily importing From China as SKUs and not manufacturing much in India. So we have created a lot of infrastructure in India for manufacturing of chimneys. And the most important thing is that not many players were ready to invest at that time.

So we had to invest ourselves, we had to take that risk ourselves. Now that that risk was taken and we have shown the market that this can be done in India. And BIS has been implemented by Government of India two years back. Now in chimney imports as SKU is not possible. You can import

it as SKD or ckd. That's very much there. But then our cost of production is less because we produce lot of components in house. Like entire sheet metal we do in house, we do powder coating in house, we have glass in house.

So that is also contributing something to our pat to our gross margins. That is why we are, we are the lowest. And with the future backward integration planned in next two, two and a half years time, I think it would be difficult for anyone in India to compete at least the cost of production of chimneys in India with us.

Unidentified Participant
Got it sir. Just final question from mine sir, what percentage of our chimney components are manufactured currently in house and what it was May two or three years ago. And sir, what kind of pat margin can we expect as this component in house or captive component Increases going forward

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
More than pat component. It is the sustainability I am concerned about.

Unidentified Participant
Okay.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
When you work you have pats. When you scale up you have better margins. So it is irrelevant to discuss pat margins at this moment. What is relevant is can we retain the top position in manufacturing in India for chimneys and can we sustain this competition in time to come? So there. Yes, we would be 200% sure of retaining this position and maintaining the pat and maintaining the sustainability. And if those two things are continued then pat margins are secondary. They will come. Nobody can stop.

Unidentified Participant
Got it. Anshul, on what email?

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
I'm just asking the email. I think we already have five, Seven questions.

Unidentified Participant
No sir, I'm asking the email where should I send the financial.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Please take from the you please take it from the moderators.

Unidentified Participant
Mother, you can connect with our IR team. We'll help you out.

Unidentified Participant
Yeah, I'll do that. Thank You so much.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Okay.Thank you sir. Thank you.

Unidentified Participant
Our next question is from the line of Nikhil Chandak. Hello Nikhil, you can go ahead and ask your question.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Hello Nikhil J. Hello. Hello.

Unidentified Participant
Hello. Nikhil, you can ask your question.

Unidentified Participant
Arant, I think you need to unmute him. Can we move to Praneet please? And Anushil is a part of the management team. Can you. Anushil, can you accept the panelist request as well?

Unidentified Participant
Let's. Let's take next question. Okay. From the line of Praneet. Hello Praneet, you can ask your question.

Unidentified Participant
Thank you for the opportunity. So I just wanted to understand in terms of new products like dishwashers and ovens how has the offtake been so far and were we able to crack any new partnership in the last few quarters?

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Actually we started with the built in refrigerators and microwave although numbers are not very lucrative. But it should be taken from this perspective that this has given us one customer dedicatedly with us. Because nobody else is meeting their all these requirements at at one stop, you know. Secondly, we have specialized in these products. Now whatever quantum we have done and this has given us a lot of confidence that we are entering into built in microwave and dishwashers and. And built in ovens also.

Built in oven. In fact we have already started last two months and we have started supplying to the customers also. So with these five products in our kitty we become a very prominent supplier. OEM ODM partner for any brand in India who wants to to launch built in series along with the hobs and chimneys. That gives us a sort of insurance. I would say that our competitors do not have this facility. So if Somebody comes to us for meeting their requirement for say built in microwave. We say if you're buying not buying chimney from us, why should we supply it to you these products also?

So that is where the edge is actually major core business would be chimney. So to sustain chimney we have to do other things also which includes these follow ups.

Unidentified Participant
Got it. So basically we are increasing our suite just to make sure our leadership in chimney remains. Is that if I understand.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Correct? Correct. Correct. Correct. So this is our strategy. See two plants and multiple products is our strategy to sustain the. The, you know, core position in manufacturing of chimneys.

Unidentified Participant
Got it sir. So and in terms of the presentation mentions that we are a top three manufacturer with like 600,000 capacity. So the other two manufacturers, are they also third party manufacturer like us or is it that the fact that the top two are in house ones.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
The two are in house ones. In fact I think I. I do not have any data to support but I think the first one is the. The first leading man brand in India and including own consumption and OEM odm we should be second after them. But for very few months now I would say their, their pole position even if they are a brand would be compromised soon.

Unidentified Participant
Got it. So. So as I understand it, we are large and we're planning on increasing our market mode. So we had the issue of China CKD units coming into the country and there has been a delay in the last year. So did the inventory from China completely clear up in the market? And how are we able to.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
The SKD Is still there but BIS on motor is going to be implemented sometime soon. The proposal is ready with the BIS but it has not been notified as yet. We are just keeping our fingers crossed that by December if this notification comes then in about one year's time the prospects of getting chimney motors from China would be finished. Then what SKD would you do from China? Only sheet metal body parts which would not be viable to bring from China because it's a bulky product and the cost of rate itself would kill you.

So I think this SKD business, when I spoke about two years back I said just wait for some time when these stocks would be finished in the market. The Indian manufacturing would get a boost. So now we have started getting the orders, we have started getting got the boost already. But this SKD business should be stopped. I think in another one one and a half years time at max and thereafter the sustainability would be with only those people, those companies who have the infrastructure including sourcing or in house manufacturing for all these components and Somehow during this process, we have become a company which has started believing in backward integration.

Because that not only saves your production capabilities, it boosts your production capability. It also saves you from those unforeseen situations wherein you have to source this material from outside. You do not have control on other people's facilities at times. Like we had a fire in 2022 and we were badly disrupted. So those situations can. Very recently a box manufacturer of ours who was authorized supplier for Heavels, his factory got fire and there were no supplies for one and a half, two months from them.

So such situations would be eliminated when we have our own facility. Doesn't mean that our facility would not have problems. But we will have a better strategy to control the cost, quality and the designs.

Unidentified Participant
Got it, sir. And with the BLDC friend, I remember in the past comment you mentioned you have a Indian partner. If I'm not wrong, it's ifb. So in terms of are we able to procure enough urinals? But

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
No, we are not able to. We are not able to. Because Of the pricing factor, the total price Impact

between Chinese products and Indian products was more than 3%. And it is quite substantial for us to absorb.

Unidentified Participant
Despite the yuan increasing, is it still cheaper compared to an Indian product?

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
A lot of components are coming from China even for BLDC motors. So the impact is worldwide. Right,

Unidentified Participant
Got it. So despite even though it's a semi manufactured in India, still a lot of the components are coming from China. So the impact is still not that much.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Yeah, you have you save some something on inventories. We have to keep three, four months of inventories for the Chinese products. Something you save from the inventories part. Something you save from freight factor. Something you freight, you save on the profit margins. Sometimes you save something from the. From the consolidating agents in China who also have profits. So there are multiple things. Everything contributes half a percent, 1%, 2%. And that makes your, you know, cost viable.

Unidentified Participant
Got it. So understood in terms of expanding our capacity further. So in the year and a half time we expect a huge bump I'm assuming since probably the BLDC mandate might come. So

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Let's wait for October. We'll notify in November. You'll get a very good news from Panchkula plant. This is with respect to capacity enhancement.

Unidentified Participant
Got it.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
We're already on The track of highest achieving, highest production this month.

Unidentified Participant
Okay, Got it, sir. So just one last question in regards to the China number of units that probably are in the market. I understand it'll Be difficult to track. But what are the approximate amount of units that are usually imported into the country from China?

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
All of them Including SKD still have about I think 40%.

Unidentified Participant
And what. How many units would that be, sir? Approximately

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
About a million.

Unidentified Participant
Got it. So a million million. Two is in India and a million is from there. So ideally we should be able to expand by that much.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
I think three, four years down the line we should be able to achieve a good quantum of chimney chimney manufacturing in India. My theory is based on certain assumptions which do include implementation of BIS on motors which also includes the fact that there won't be much of disruptions in time to come with respect to logistics and other things or other the geopolitical situations like this year, January, February, March we had a lot of disruption because of Gulf War. If situations are not like that, if situations are normal and BIS is implemented on products like chimney like motors then there would be a huge boost and demand for Indian products in Indian markets And we are Best prepared as of now.

Unidentified Participant
Got it. And has there been any incremental activity? Has there been a lot of growth in the chimney segment over the last last year?

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Because there's been a lot of.13% Of CAGR is maintained by chimneys. We expect the market to go beyond 4 million consumption annually by 2030.

Unidentified Participant
What about. I'm assuming. I'm assuming hops and chimneys have the similar growth rate.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
No, Hobbs doesn't have similar growth rate because Hobbes Viservis Gastros and and cooktops is not that convenient for cooking. This is my assumption. My. I'm giving my opinion right on this. I think gas stoves are more suitable for Indian cooking. And gas stove production is in excess of 10 million annually in India. But hobs are have not been able to reach even a million mark as of now. But whatever quantum it is, we are not targeting 50000 hobs a month. We are just targeting 10000 hubs a month.

VIS has been implemented. Let us wait for another one year till the time stocks from the from the markets are are cleared for the imported hubs. After that there would be boost for in. There will be tremendous surge in demand for Indian assembled hubs, not manufactured hubs because the components would continue to come from China thereafter also.

Unidentified Participant
Got it? Understood. That's it from my side. We hope to hear more news from you later. Thank you.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Thank You. Thank you.

Unidentified Participant
Thank you. Next question is from the line of Ganesh. Ganesh. You can go ahead and ask your question.

Unidentified Participant
Able. Hello ganeshi.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Yeah, Please Go ahead. Ganesha. Yeah. You are audible.

Unidentified Participant
[Inaudible]

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
I am not able to understand your question properly actually.

Unidentified Participant
Hello Ganesh, your audio is little low. Can you speak a bit louder.

Unidentified Speaker
To the next participant in the meanwhile?

Unidentified Participant
Yeah, yeah sure. Next question is from the line of Lala Ram Singh. Hello sir, you can ask your question. You can ask.

Unidentified Participant
Hello. Am I audible?

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Yeah

Unidentified Participant
Sir. Good afternoon sir. I wanted to understand what is the total market tam for us in terms of outsourced production of chimneys. So you said around 40 lakh will be the market size say in FY30 out of this 40 lakh. How much is say in house produced? How much is outsourced?

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
As of now to the best of my information I'm giving you a very tentative idea. About 1 million is is produced by by the brands who have their own manufacturing facilities. And about 1.5 million is the business left for OEMs. This is a very tentative figure I am giving. And when it comes to the market of 4 million or even beyond what would be, what would be important significant at that moment is going to be who increases the market share among brands. See, we are not in the. In the market space marketplace for selling our products, right?

We don't have our own brand. So we entirely depend upon the demand generated by the people, by the companies, by the brands who buy from us. So today we are supplying to Havel's Invert Caf Live Pure Sunflame, V Guard, Crompton, IFB Asian Paint Car. There is one brand called Sleek. Some material in the name brand names of Ken Starr etc are taken directly by Flipkart. There is one brand by the name Koshe which has started doing very well in Bangalore. There is one local brand in Cochin which is among two, three top brands by the name Pure Flame.

So these are the people who are presently buying from us. Apart from this there are more brands who have approached us very recently for procurement of kitchen appliances. Not appropriate to name them as of now. However they are also very big brands. Business growth [Foreign Speech]

Unidentified Participant
Thank you sir. [Foreign Speech]

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
[Foreign Speech] If we are reaching close to say 400,000. So that comes to about 20, 25%. [Foreign Speech] They have started coming back to us with bang on orders on US. Indian components. [Foreign Speech] And as I very recently said we are in the best position to take opportunity. [Foreign Speech] Continuously we are improving the facility, we are improving the standard operating operating procedures by getting more in more and more into automations. [Foreign Speech] They will be completely automated and the production capacities combined. Glass plant or sheet metal. They should be about 3 to 4x from what we have today.

Unidentified Participant
Okay. Very positive sir. [Foreign Speech]

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
[Foreign Speech]

Unidentified Participant
[Foreign Speech]

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
[Foreign Speech] And we are very comfortable. [Foreign Speech]

Unidentified Participant
Okay sir. Thank you. And all the best.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Thank you sir. Thank you. Lala Ramji. Whenever. Any more questions? Can I be allowed to go back to the meeting?

Unidentified Participant
Hello. Hello. Sir, can we take questions of chat box?

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
[Foreign Speech] We can still have five, ten minutes. Okay.

Unidentified Participant
Yeah, yeah, fine. There is. Okay. So one question from anonymous attendee. Have you been able to take some price hike in first off of FY27? If

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Yes we have. We Have got some price hike effective July. How much is not appropriate to to explain on this platform?

Unidentified Participant
Okay. And question from Aditya Mehta. So given the challenges we have have faced in June and July month. So what will be the impact on our growth guidance of 50% for FY27?

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
We are heading for it. There's still a lot of time to cover and we are trying to cover it up even in September and October. So I hope we'll be able to maintain that.

Unidentified Participant
Okay. And. And what is the current monthly run rate of chimney dispatches and what is the capacity utilization currently at both the plants?

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Would it be appropriate to say the the number of chimneys to be built in this month on this platform? Or am I.

Unidentified Speaker
No, no, no.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Yeah, yeah, that's what I'm saying. Because they are the numbers and I am told I should not be talking about the numbers. So generally what we are talking about is annual growth. It should be in the range of 40 to 50% and that should be enough for us to understand that we are which direction we are going. So monthly run rate, EBITDA margins. [Foreign Speech]

Unidentified Participant
You can give a broad annual guidance, not?

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
I have given broad annual guidance. Yes. Even though we had challenges in the last month, we are still heading for 40 to 50% of growth. That is a broad guidance we had given earlier and we have covered up all the hiccups that came in the last month.

Unidentified Participant
Oh, and there is one more question from an anonymous attendee. In the last six months as the issues of on raw material availability and cost has increased, how much do you see small manufacturers dealing with this volatility and the shutdown that happened in April to May, have they come back on manufacturing side.

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
[Foreign Speech]

Unidentified Participant
Okay sir thank you Due to time constraints we will have to close the call I would like to thank the management and the participants on behalf of Arihant Capital for sparing time and sharing insights about their company if the participants have any further doubts they can get in touch with the team at Aryan Capital thank you

Amit Kaushik - Chief Executive Officer, Inflame Appliances Ltd.
Thank you sir thank you very much Bye Bye.