Management Discussion

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Good afternoon, everyone. Uh, thank you for waiting peacefully. Uh, we had some technical issues, and because of that, there was a delay of 10 minutes. So on behalf of AARON Industries Limited, I, Monish Doshi, Director and CFO of the company, extend a warm welcome to all the investors, analysts, and participants joining us today for our earnings conference call to discuss the company's financial and operational performance for the 2nd quarter and half year ended 30th September 2026. We sincerely appreciate your continued interest, trust, and confidence in AARON Industries Limited.

Let me begin by highlighting the key financial achievements of the company during the quarter and half year. Q2 FY27 financial performance. We are pleased to report a strong performance during the second quarter of FY26-27. With healthy growth across key financial parameters. Revenue from operations increased by 21.93% year-on-year to Rs 27.12 crore compared to Rs 22.24 crore in Q2 FY26. On a sequential basis, revenue grew by 10.98% over the previous quarter. EBITDA increased significantly by 31.05% year-on-year to Rs 5.47 crore compared to Rs 4.18 crore in Q2 FY26.

EBITDA margin improved to 20.01% compared to 18.54% in Q2 FY26, reflecting improved operational performance and operating efficiencies. Profit before tax registered an impressive growth of 54.72% to Rs 3.86 crore compared to Rs 2.49 crore in Q2 FY26. Profit after tax more than doubled, registering a growth of 106.48% to Rs 2.88 crore compared to Rs 1.39 crore in Q2 FY26. PAT margin improved significantly to 10.60% compared to 6.27% in Q2 FY26. The performance reflects our continued focus on revenue growth, operational efficiency, cost management, and improving profitability.

Our half-yearly performance has also been encouraging, demonstrating sustained business momentum. Revenue from operation increased by 24.29% to Rs 51.56 crore compared to Rs 41.48 crore in half year FY26. EBITDA grew by 32.83% to Rs 10.46 crore compared to Rs 7.83 crore in half year FY26. EBITDA margin improved to 20.10% compared to 18.75% in H1 FY26. Profit before tax increased by 60.12% to Rs 7.32 crores compared to Rs 4.57 crores. Profit after tax registered an impressive growth of 121.78% to Rs 5.44 crores compared to Rs 2.45 crores in H1 FY26.

Pat margin also improved substantially to 10.54% compared to 5.90% in FY26. These results demonstrate our ability to translate revenue growth into improved operating profitability and stronger earnings performance. At Aaron Industries Limited, we continue to focus on strengthening our market position across our core business segment, namely the Elevator Division and Stainless Steel Division. Our investments in manufacturing infrastructure, technology, and capacity enhancements are aimed to supporting our long-term growth ambition, improving productivity, and enabling us to cater to increased customer demand.

We remain focused on expanding our customer base, strengthening relationship with existing customers improving manufacturing efficiencies, and developing new business opportunities. We also continue to explore opportunities to strengthen our product portfolio and expand our presence in domestic as well as international market. We believe that our enhanced manufacturing capabilities, experienced management team, and established customer relationship will provide a strong foundation for sustainable growth in the coming years.

With this, I would like to conclude my opening remarks. Thank you for joining us today. We will now be happy to take your questions. Thank you, and over to you, moderator.

Operator
Thank you, sir. I now request the participants who wish to ask a question to please raise their hand. We'll take the first question from Mr. Manish Kela.

Questions & Answers

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Hello,

Manish Kela - Analyst
Am I audible?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yes, sir.

Manish Kela - Analyst
Yeah, thanks, thanks for taking up my question and congratulations on the good set of numbers. So, sir, I wanted to understand as to what is our current capacity utilization. Uh, in Q1 it was, uh, somewhere between 45 and 50 percentage.

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yeah, so currently, sir, we are standing around, uh, 55 percentage consumption production capability. And gradually, as we also confirmed previously, that we'll be focusing on increasing that production capability and trying to explore new market areas where we can supply the materials.

Manish Kela - Analyst
Okay, got it. And we shifted our unit from Udnar to Kosamba, right? So wanted to understand if The steel door processing and the elevator doors, right? All of this was shifted, or was it any single product which was shifted?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yes, sir. Was it the entire facility? Yes. Previously, the elevator components were being manufactured in Udhna, but because we were facing space constraints, only the cabin production was kept in Udhna and remaining all components was shifted to Kosamba unit. So now doors and all other products are being manufactured at Kosamba unit only. The Udhana unit manufactures elevator cabins.

Manish Kela - Analyst
Got it. And sir, I wanted to understand, like in the previous call you had talked about onboarding one of the Tier 1 vendors, Fujitech. Any updates on that? Any other vendor additions that we've done like Johnson or Schindler?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Uh, for- we have, as previously informed, we have already started dealing with Omega and Techno, and even Fujitech have started, uh, with small, small orders. In with Johnson and other MNC companies, we have been in touch, but currently there are no fruitful commitments from, uh, which I can inform you. So the talks are going on. So hopefully maybe in some couple of months we'll be able to crack those guys also.

Manish Kela - Analyst
Got it, sir. And if I can ask one final question,

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
You

Manish Kela - Analyst
Work with a lot of the tier 2, tier 3 suppliers, the national suppliers, right? What would be the share of the organized versus the unorganized market according to you in the space that you operate?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
So, uh, basically where we operate is, uh, we target specifically for where value additions are done, and that is more happening in home lift projects and villa projects where they face space constraint and many other constraints. So over there, the multinational companies are less operating. They are more focused on bigger projects or commercial projects and apartments. In overall, if I tell, then I would say that the market is divided almost by 50% is unorganized and 50% is organized.

Manish Kela - Analyst
This is for the entire elevator component that you're talking about? Yes, entire elevator. Doors?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yes.

Manish Kela - Analyst
Got it. And I am assuming that the industry is obviously moving the organized way, right?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Sorry, I didn't get you.

Manish Kela - Analyst
No, no, I am assuming that the industry is moving, uh, towards the organized players, uh, as time goes by.

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yeah, definitely. The organized market has been growing compared to the unorganized market because of the newly developed policies by the government, and also, uh, many improvements in the highest standards are being brought. So in that way, the industry is shifting towards organized market, but still the balance will be divided because there are many, uh, customization required in an elevator where MNCs cannot focus because of the size of operations which they have. So even though the market will be shifting towards organized market, there will be many small players and regional players will be which will be added in this segment.

Manish Kela - Analyst
Got it. All right, thank you, sir. Those- that answers my question, and best of luck.

Operator
Thank you, sir. We'll move on to the next question from Mr. Shanky Bansal. So please unmute yourself. Yes, you are audible.

Shankey Bansal - Analyst
Yeah, uh, congratulations of decent set of number in first half. Uh, I just want to know that, uh, Unit 3 with, uh, with the Sadbhuni machine, I think it's almost 1.5-year-old facility now. So previously when this facility was launched, the capacity has exceeded 500- 5,000 doors per month and cabin also 400 cabins per month capacity. So what is the current utilization, if I may ask, uh, number-wise?

Paresh Naik - President, Aaron Industries Limited
Number, uh, yeah, Parikh here. Uh, Monish has got some urgent call, so for a few minutes he has gone out. Uh, how are you, sir?

Shankey Bansal - Analyst
Yeah, I'm fine.

Paresh Naik - President, Aaron Industries Limited
Uh, so on the, on the door front, uh, monthly we have increased by more than 1,200 to 1,300 numbers which we used to do. So, uh, and on the cabin, basically is not from the Salveni, uh, cabins are in Udna. So cabin also we have registered a good growth from, uh, 200 to more than 250+ cabins we are manufacturing per month. So that is the growth that we have brought in. Plus we are focusing more on still increasing our market and our penetration. So these, these numbers will go up without fail.

Shankey Bansal - Analyst
No, that is fine. But at the time of, I think when the facility got launched, at that call you guys has told that within 18 to 24 months we will reach at least 3,500 doors per month, uh, utilization. But last year, last year the top line growth was 18%, and if I see the first half,

Manish Kela - Analyst
The

Shankey Bansal - Analyst
Growth is, uh, underwhelming. You guys have suggested that 25-30% is the minimum growth. First half, if I see this quarter also, 22% growth. Last quarter, 27%. So if I consolidate again, 24% growth only.

Paresh Naik - President, Aaron Industries Limited
Right, sir. Uh, on our efforts to increase the, uh, market penetration is still going on, so that will lead to a better growth. In, in these 2 quarters also, there were major, uh, issues due to the geopolitical issues also, and usually Our second quarter is little low because of the monsoon season. So post-monsoon only the projects which are going on, they start procuring. The orders are with us. So you will really appreciate when the third quarter result comes. I can assure you that we'll be even having a higher growth than those 2 quarters.

So that is how we are going ahead, and, uh, without fail we'll be matching the expectation of our shareholders, sir.

Shankey Bansal - Analyst
Okay, uh, but, uh, if you see the elevator division, uh, I'm not able to understand that we have grown only, uh, 14%, uh, in the first half in elevator division. So Evoque sales, uh, that home lift one Is parked under elevator division or it's a stainless steel division sales? Where you are parking Evoque?

Paresh Naik - President, Aaron Industries Limited
Sir, Evoque is in the elevator division, sir.

Shankey Bansal - Analyst
So then what is the core growth in the elevator segment? Because if I see in Q2, you guys have dispatched 19 projects of Evoque. Yes, sir. So then what is the core growth of the business in elevator segment?

Paresh Naik - President, Aaron Industries Limited
Sir, the, the '19, uh, Evoque will give us some, uh, hike, but actually the Evoque is still establishing and we will be- we are having more orders in Evoque. So, uh, that part is going to grow. On the capital front, uh, Evoque average billing that we must have done would be around, uh, 6 or 6.5 lakhs per Evoque. So it is around 1.2 crore or so. So that is only, only that much is the part to the elevator business. Otherwise, the other capital is from the conventional elevator parts. That is why I'm

Shankey Bansal - Analyst
Asking, if 1.25 crore is from Evoque, If you see the growth in elevator segment, it is from Rs 34 crore to Rs 39 crore. So that means you are saying that elevator segment itself has grown only 10% or maybe less? Yes. So that is why I'm asking why you guys are not able to increase or scale up the elevator division meaningfully.

Paresh Naik - President, Aaron Industries Limited
Sir, elevator division, uh, we have given almost a growth of 14%.

Shankey Bansal - Analyst
That include Evoque sales, you know?

Paresh Naik - President, Aaron Industries Limited
That is including Evoque sales, sir.

Shankey Bansal - Analyst
So last year Evoque sales was not there,

Paresh Naik - President, Aaron Industries Limited
And Evoque we have just started, sir. So, uh, Evoque part will really grow more, fourfolds it will grow. And, uh, on the, uh, elevator, conventional elevator parts, I, uh, gave you the information that In the second quarter, usually our second quarter is little low, but in the third quarter you will see the growth. So overall for the whole year, you will see a very good growth, sir. First and second quarter had lot of- in spite of all the geopolitical issues, we have registered growth and we have the order books full.

So all this effect will come in the third quarter, sir. Without fail.

Shankey Bansal - Analyst
Understood. Uh, one area of my concern is that I would like to understand better. Um, if I see the inventory level has increased substantially, and that would be the main cause why we have seen the net operating cash flow is negative in the first half. So is the inventory built up to support the higher sale in second half, or how do you see the working capital cycle? Yes,

Paresh Naik - President, Aaron Industries Limited
Sir. The inventory growth, as I told you, that we had the orders But, uh, monsoon and geopolitical issues, uh, because of that our customers could not lift the product. So that is why it has shown in inventory. So now in the 3rd quarter, uh, the billings have begun, and by 3rd quarter end we will be able to publish, uh, the growth story without fail, sir.

Shankey Bansal - Analyst
Okay, um, and given the current manufacturing capacity, I think it's a, um, 2.5-fold increase, and the product portfolio is now robust. Distributor- distribution network also you guys have already established. What kind of revenue scale, uh, you guys are seeing in next, uh, maybe by FY 2030? Where Aaron industry top line will be?

Paresh Naik - President, Aaron Industries Limited
We have given those projections, and Monish Bhai has also joined. So over to you, Monish Bhai.

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yes. Good afternoon, Shankiji. Could you just repeat the question, please?

Shankey Bansal - Analyst
Yeah, I just want to know that considering the current manufacturing capacity of Aaron industry, which is now 2.5-fold increase. The product portfolio is now robust. We have embossed sheet and Evo product also, and wider distributorship network also. So what kind of revenue scale you are seeing by FY 2030, next 3 to 4 years? What will be the top line which you guys aspire?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
So as previously we had informed that right now what we are targeting is by 2028 financial year, we are focusing on crossing 150 crore, because the capacity is the capacity enhancement which we have done is up to 180 to 200 crore. So maybe by 2028 we'll be able to count more than 150 crore. So that is our target which we had planned previously for three years. By plus we are also focused on identifying new avenues where we can develop, where we can expand our capacity and develop new products. So by 2030, definitely we'll be able to have another jump in the production capacity as well as in entering new product lines.

But till 2028, with this production capacity, we are focusing to cross Rs 150 to Rs 160 crores.

Shankey Bansal - Analyst
Yeah, because I am just telling to Paresh that considering the first half performance and even the last year performance performance after this Unit 3 live and the capacity what we have. I am not very impressed with the performance of the company till date. You guys have suggested 25-30% minimum growth. Last time you have achieved 18% and first half is 24%. So still you are not able to beat your targets,

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Right? Definitely, uh, it is 24% growth right now and we have been taking efforts in that direction. There were many situations, as Farajji told, that because of which the overall lead time of the orders had slowed down. But the efforts are going in that direction, so hopefully you'll be able to see impressive figures in Q3 and Q4.

Shankey Bansal - Analyst
So thank you for the assurance and wish you good luck.

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Thank you. Thank

Operator
You, sir. We'll move on to the next question. So we have a few questions in the Q&A tab. The first one is, the company serves more than 700 regular customers. How many new customers were added in the first half, and how is the average order size per customer trending?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
So, uh, we have been adding continuously, uh, new customers in different territory. And I think more than 100 customers we have added in this year. So with them we have started a business for particular projects of our particular component, and gradually we'll be increasing their ticket size. But because in elevators the project differs for each order, and because of that the current average size will- the ticket size may be low, but eventually it will grow as they keep on taking multiple orders for the same products which we are selling.

Plus they'll be adding new products, or they'll be buying new products from us. So in that way, the ticket size would increase. But right now I don't have the exact figure of what is the ticket size of those additional new customers.

Operator
Okay, sir. Uh, so the next question is Management had indicated a margin of around 20% to 25% for Evoque 360. Is the product delivering this margin at current volumes, and can it be sustained as volume grows?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yes, definitely the product is serving that margins, and it will be sustainable eventually. I hope it will keep on growing and go up to 25% also, as The quantum would increase, it will definitely help us in saving, uh, like securing more margins in that product.

Operator
Oh, so the next question is, any update on the ERP system in our organization?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yes, we have already implemented the ERP system in all the departments and all over the manufacturing and all over the other departments also. The whole company works on ERP system now, and with bringing on new automation and with the use of new AI tools, we have been increasing our productivity and efficiency and even We are right now working on improving the customer experience with us. So all those things will basically help us in recurring- securing a recurring customer base. And with the new development which we are focusing with this Evoque, and even in new designs which we have been bringing in, Many customers are satisfied with those AI tools which we are using.

Operator
Okay, sir. So the next question is, how did stainless steel prices move during the second quarter, and was there any inventory gain or loss in the reported numbers? What is your view on prices for

the second half?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
So definitely during this war-like situation, the prices of steel had gone up. But luckily in the stainless steel business, we don't have, uh, like, we don't have to, uh, follow the- like, we don't have a fixed price structure and we are able to fluctuate the prices of our steel products based on the market scenario. So in that way, we were able to increase our prices also. And so there was Yeah, so we sustained our margins and there was no losses which we had to bear in that particular variations of pricing.

And for the next, like, second half of the year, I think the pricing will be more stable for the steel products. So it will be a smooth process for us also to communicate it with our customers.

Operator
Okay, sir. Let's move on to the next question from Miss Asha Sani. Asha, please ask your question.

Asha Sani - Analyst
What is the repayment schedule of the team loans, of the term loans taken for Unit 3, and by when does management expect long-term debt to come down?

Shankey Bansal - Analyst
Can

Operator
You please repeat the

Asha Sani - Analyst
Question? Hello, am I audible, ma'am?

Operator
Uh, yes, you're audible. Please go ahead.

Asha Sani - Analyst
Uh, what is The repayment schedule for the term loan? Yes, so

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Your voice is cracking a lot.

Operator
I think there is some technical issue. Asha, please get back in the queue and we'll take your question next.

Asha Sani - Analyst
Okay, ma'am.

Operator
In the meantime, we'll move on to the next question from Mr. Rajesh Kumar. Sir, please unmute yourself and ask the question.

Manish Kela - Analyst
Hi, so my question is, sir, what was the export revenue in the first half? And plus, like, how is our

businesses progressing in Nepal and Kenya and other African, African markets?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yes, so export business, uh, As we previously, like in last conference call, we had mentioned that export business is there, but it is on a marginal level. And currently we are more focused on the Indian market because it is the 2nd largest market for elevator, as well as the steel business has a huge scope in Indian market. So we have been focused on that. The business which we had in Nepal, Kenya, it is going on, on a, uh, like standard or the stable business turnaround is over there. There isn't an exponential growth which we are expecting in a short period of time, but the overall business has been around, I think, 5% or so, or below 5%.

So it is around that only right now.

Operator
Officer, the next question is, how would it have been better that instead of-

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Could you repeat? Your voice is cracking.

Operator
Uh, so the next question is, how is the demand environment for elevators in Tier 2 and Tier 3 cities, and is the company seeing any pricing pressure from competitors in automatic door system and cabins?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
So the business scope for Tier 2 and Tier 3 cities for elevator is growing day by day. The demands of elevator has been- and like, it has converted into an, uh, from a luxury product to a necessity now. And every G+1 or even G+3 are planning to have an elevator in that. And because of that only we have developed the Evoke 360 solution also, seeing the future demand of Home lifts. So the overall business is growing. The standard products definitely have a little bit price constraint and price competition, but as we are focusing more on value addition and like new solutions like Evoke 360, those products are helping us to, uh, like keep up- keeping us in a better position for acquiring the customers.

So that has been helping us to develop new customers and also to sustain, yeah, the sustain our old customers also.

Operator
Okay, uh, so the next question is, what is the repayment schedule of the term or term loans taken for Unit 3, and by when does management expect long-term debt to come down meaningfully?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
So the long-term, long-term debt would come down to around 2029. We have been making, uh, like clearing every, like monthly we have been making around, uh, 52 lakhs against interest cost and the loan. And we have already paid the loan of around 4 crore, uh, Every year. So by 2029, we are expecting it to come down and for the old loans, and maybe will be when we are focusing on new expansion. Those loans would be added.

Operator
Okay, sir. We have a follow-up question from Mr. Manish. Sir, please unmute yourself and ask the

question.

Manish Kela - Analyst
Yeah, thank you again for the opportunity. So, sir, I wanted to understand, how about escalators? So have we not explored that side of, what do you say, the business space as yet? Do we see any opportunity in that space?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
No, sir, currently we are not focusing on escalators because it is a completely different kind of product. And where the whole manufacturing setup and the service part and everything is totally different, even though it is serving the same purpose of just taking you from- taking a person from first floor to second floor. But the whole product and the whole production line is completely different. So currently we are not focusing much on that. Also, escalator business is mostly hold by multinational companies where regional players and small small-scale players are not entertained.

And we are not looking into getting into a service industry business where we are directly into installations and we get directly involved in projects. Our main focus will be on manufacturing side only. So because of that, we have been focusing more on elevators plus stainless steel, uh, verticals where we can enter, like in different industries where we can enter.

Manish Kela - Analyst
Got it. That answers my question. And my last question is with respect to your home lifts, the Evoque product, right? What would be the typical space that is required to install it? And also, I'm assuming that the demand should be coming from the newly built residences. Again, correct my understanding if it is also coming from the existing residences.

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yeah, so basically Evoque 360 is a different type of solution which we have designed. So obviously some of the residential projects which have been like the civil part have been completed are not suitable for Evoque, but still there it is possible that if there is no shaft have been planned, then definitely they go with Evoke 360. The size required for this lift is 4 feet by 4 feet area is required for a 3-passenger or 4-passenger lift. And you don't require an RCC shaft, you don't require a pit, you don't require additional overheads or machine room.

So in that way, it is very much beneficial for a homeowner to add an elevator which was not planned previously during the construction phase of the home. Also, because of this specialty and because of such a flexibility, the overall projects which we have been focusing on for EVOQ will gradually increase. Right now it is a new solution, so people are not very habituated with it, or very like they don't have the technical knowledge, so This six months we were focus. Sorry, this six months we were seeing it as an pilot project for those elevator companies.

Now people have started showing confidence because they have completed multiple projects and they have been able to see the overall performance and the benefits of Ewok 360.

Manish Kela - Analyst
Okay,

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Sorry.

Manish Kela - Analyst
So sir, again repeating my question, I guess you've answered my question, but again looking for a more direct answer. So let's say if it's an existing residence which does not have a facility for a lift already, your product can be installed with the specification that you mentioned, right? 4 feet by 4 feet. Definitely.

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Definitely. If they only have a blank space somewhere in their house, they can definitely get it. Get this elevator.

Manish Kela - Analyst
Got it. Got it. And thank you so much again, sir.

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Okay.

Operator
Thank you, sir. We'll move on to the next question, uh, from Drashti Bhatt.

Drashti Bhatt - Analyst
Hello, hello, am I audible?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yes, ma'am.

Drashti Bhatt - Analyst
Uh, so the- my question is, the company dispatched 19 units of EVO Q360 in the second quarter. What was the revenue contribution of EVO Q360 in the second quarter and the first half compared with around 5 to 7% of revenue in the first quarter?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yes, so, uh, for the 19 projects which we had supplied, the revenue was around 1.2 crore or so. And if we see for the half year, I think it is around 2 crores or so right now, which we have already dispatched. We have orders for more projects concerned to Evoke 360. And as I said that now every month we'll be increasing the number of projects which we are supplying for Evoke.

Drashti Bhatt - Analyst
Okay, sir, thank you.

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yeah,

Operator
Thank you. Well, uh, the next question is how people buy Elevate- AARON elevators, from AARON directly or through dealers only?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
No, we are not involved in, uh, like we don't get involved directly in any kind of projects. So we have elevator companies as our customers. We supply them EVOQ 360 and they directly, uh, get it installed in the projects. Basically, we are developing different kind of partners for EVOQ 360 where

they'll do the complete installation and we'll be supplying them the whole material.

Operator
Okay, also we have Mr. Manish himself. He wants to ask the question.

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yeah,

Operator
Sir, please unmute yourself and ask the question.

Manish Kela - Analyst
Hello? Hello?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yes, sir.

Manish Kela - Analyst
Yes, sir, my question is, what were the main outcomes of the partners conclave held in Raj Court in September 2026? In terms of new partners, inquiries, or other commitments?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yes, we had a very positive response from that conclave over there. We have a distributor in Rajkot which with him we had established, and we had held an event where we have our own display of products, and also we basically shared what new things we are doing, what kind of new products we are developing. We also shared information regarding EVOQ 360 and what new developments we are doing in particular that product. So the overall experience was good. Many customers showed appreciation regarding the new development, and also they had a boost in their confidence for the product.

And they have approached us to finalize Ewok 360 for, uh, like they have approached us to partner for Ewok 360. Even the Gulf elevator which we had displayed, like which we had shared a couple of days back, that he has assigned us, uh, a contract with us for 30 lifts, uh, in next financial year. So within this financial year So that guy was also, uh, basically that contract was a result of this partners conclave. And there are 2 or 3 more parties interested in, uh, signing a contract of such kind with us from that partner conclave itself.

So it was a fruitful event which we had, and hopefully we are planning to do multiple type of such partner conclaves in different territories also. Which would help us in gaining and boosting Ewok 360 product.

Manish Kela - Analyst
Okay, sir. Thank you.

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yeah.

Operator
Thank you, sir. We have a follow-up question from Mr. Shanky Bansal.

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Hello? Yeah, sir.

Shankey Bansal - Analyst
Yeah, actually, uh, I'm just referring to the PPT. Uh, it is written that, uh, you guys have 60 confirmed advance order from 18 party, and the orders are expected to dispatch in phased manner up to December 2026. So that means the entire order of 60 units will be delivered and dispatched in 2026 only?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yeah, so, uh, the order book is according to that, but there are obviously, uh, like few chances where the projects can get delayed. So in that way, some of them like 5 to 7% or 10% max can get delayed. Other than that, all the projects are supposed to be completed by December 2026.

Shankey Bansal - Analyst
Okay, okay. And, uh, I think we have already signed exclusive distributorship with 5 distributors. So, uh, how many orders we are currently getting, or are the order book is regularly refilling? What kind of response you are getting from this product, especially Evoque 360?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yeah, so the partners which we have assigned, they have like- those are the partners also which contributed this 60 units also. And with time, they are getting more and more confident about the product because in elevator, it is always only possible to judge a product when the installation has been done and the overall product functions for a couple of months. So now their confidence level has increased and they have trust in this product. So they have shown interest that they'll be increasing the orders, but it is not- it will be on a refilling basis because based on each project, the order will be processed.

So currently we are getting good orders from all these partners, and also new partners, like new customers, are interested in becoming partners for EVOQ 360. So overall, we are targeting that we'll be able to fulfill, uh, 150 EVOQ 360 by this financial year.

Shankey Bansal - Analyst
Okay. And, uh, there is a slight decrease in gross margin if we see, I think, from 37% to 36% in this quarter. So if I say, I think the best of the best margin which we have reported earlier is 38%. So going forward with this Evoque product where you guys are saying that it is 20-25% margin product, so this margin will go up in the second half or we are expecting the same margin?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
So currently it will be, uh, like it will sustain at this rate only. Eventually when, uh, like not this year but maybe by next financial year where the Quantum have exponentially growth- grown for 360, then definitely it can- it is expected to change. But right now it will be stable to this only.

Shankey Bansal - Analyst
Understood. And what is the, uh, traction we are getting in embossed steel sheets, uh, whether this business is now scaled up? Uh, because last time you highlighted that Fujitech, you are supplying this embossed sheet So this embossed sheet, I think it's a very good product. So we are getting a meaningful response from the market, or how it is right now?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Yes, definitely. The boost or the growth which is visible in steel division, much of it has been contributed from embossing sheets also, and also from other PVD sheets and decorative sheets. But embossing has played a major role in this growth, and now on a regular basis we are adding customers who have a continuous requirement of this product. So gradually the business for steel is expected to grow on a steady, like on a gradual, like it will keep on growing for a longer period of time now.

Shankey Bansal - Analyst
Okay, so what is the margin profile of embossed steel sheets and plain sheets?

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
So, sir, previously as we had confirmed that it varies from around 15% to up to 50%, or maybe in some product it goes up to 100% also, but the requirement of such product are very less. In embossing also, there are few designs which go for around 15 to 17%, and there are some embossing designs which go up to 30% also.

Shankey Bansal - Analyst
Okay, okay, thank you. Best of luck.

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Okay, thank you, thank you,

Operator
Thank you, sir. Uh, with this we have come to the end of this session. I now request the management team to please share their closing remarks.

Monish Doshi - Director & Chief Financial Officer, Aaron Industries Limited
Thank you everyone for your valuable questions and active participation in today's conference call. We are pleased with our performance during the first half of FY26-27 and remain focused on sustaining our growth momentum, improving operational efficiencies, and enhancing profitability. Profitability. Sorry. We sincerely appreciate the continued trust and confidence of our investors, shareholders, and all other stakeholders. We look forward to you, to your continued support as we move ahead on our growth journey.

With this, we conclude today's conference call. Thank you once again and have a great day.

Operator
Thank you, sir. On behalf of Finportal, I would like to express my sincere gratitude to the management team for taking out the time and to answer all the queries. If any question remain unanswered, I request the participants to please reach out to us on the respective mail IDs. With this, we conclude today's session. You may now disconnect.