Management Discussion

Unidentified Participant
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 Limited. Joining us today from the management team is Mr. Mikdad Merchant sir, Executive Director, Promoter and CFO of the company.

Before I hand over the call to the management, let me briefly outline the floor 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 are 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 Nimbalkar - Investor Relations, Safe Enterprises Retail Fixtures Limited
Hello, everybody. I'm talking on behalf of the Safe Enterprises Retail Fixtures Limited. Just a small disclaimer before we finish the opening remarks from the management and move on to the Q&A session, I would like you -- I would like to address everybody not to ask any questions on the client specifics as we don't have any NOCs regarding it. The rest regarding the company, we cannot obviously take any kind of questions that we may want to.

Over to you, sir.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Thank you, Vedang. Thank you, everybody. Thank you for your interest in Safe Enterprises. Okay. So Safe Enterprises as an entity has been there since 1976, but from 1991, we exclusively moved into retail fixtures, right? From 1991 all the way up to 2010 is what we would say is our traditional business. When traditional means is, if you are a retailer and you want to build a store, you would come to us, we would design that store with you, co-design it, co-design all the fixtures, layouts, etc., which go with it, then manufacture those fixtures and then execute the site and install everything on the site and hand over everything to you. This has been our traditional business, right? But in 2010, we realized that retail is changing, consumers are changing, technology has permeated into every aspect of business. And hence, shoppers are becoming smart shoppers, so shops will also have to become smart shops. So with this end in mind, we started inching shop fittings in 2010 exclusively with the mandate of helping shops become smart shops.

So we started off first with improving our finishes, making sneaker designs, etc., then we moved into electrified fixtures. It took around 5,000 hours of development, 15,000 hours of research and we created 3,000 plus shop fittings components, which 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.

So just to give you a little perspective, I have a small demo here, picture this to be like a wall and this is a upright post and this is a standard hangar that you would see anywhere but the minute I plug this in you can see that I totally lights up. Same if I move this down, it lights up again. Same thing if I take the shoe plate, that thing lights up, so complete modularity with electrification. Now, this allows you to also have journeys like self checkout, RFID, the same way that we powered lights, you can power RFID sensors, readers, perfume dispensers, etc. And this is how we're driving the future of retail by converting shops into smart shops. The last year alone, we created two new product lines of WAVE and EVOLV. So WAVE is basically taking this same technology into self checkout and RFID-enabled IoT solutions for retail -- operate retail experiences. And second is EVOLV, which is basically taking the same components into home applications as a much larger tab.

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

Questions & Answers

Unidentified Participant
Thank you so much, sir.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Thank you.

Unidentified Participant
Participants who wish to ask question, please raise your hand.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Also one more thing. You can also -- our annual report is also out. You can check that out. You'll get a lot of information about the company there. Our product ranges, our new progress, all our strategic initiatives, everything. Please do check that out.

Unidentified Participant
Okay. The first question is from Mr. Pujit Aggarwal. Please unmute yourself and ask the question.

Pujit Aggarwal - Analyst
Hello?

Unidentified Participant
Yes, please go ahead, sir.

Pujit Aggarwal - Analyst
Yeah. Hi. Am I audible?

Unidentified Participant
Yes, you are.

Pujit Aggarwal - Analyst
Perfect, perfect. So my first question was on the lines of the raw material prices, the environment has been extremely, exceptionally volatile and how would that impact our EBITDA margin?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
No. So if the -- every project is basically priced separately. So it's not that I have a locked pricing for a year or something like that, that wouldn't work. Our hedging in such a volatile environment would not be possible also. Every time a project is priced separately, even for our ongoing rollouts, right, all -- every project is quoted separately.

Pujit Aggarwal - Analyst
Got it, got it. And sir, since we are -- like in December, we are expected to start production from our Ambernath facility and it will be the biggest debottlenecking that we as a company have seen so far. Are we confident about gearing up sales going ahead?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Yes, yes, yes. I like the fact that you are following all the news of the company. So thank you so much for that. And it is true, we are online to complete that in December and it will be the biggest bottleneck because in the last three years, capacity has been our problem. As I mentioned earlier also that sales have not been the problem. So the existing groups that we are working with only there are so many brands which we are not working with and really -- it's not -- it's just about basically reaching out and taking those projects and starting discussions there, which we are not able to do without having capacity. So yes, we definitely expect the sales to go up. As my -- as FY '28, we are planning to cross the INR400 crores mark in, what you say sales.

Pujit Aggarwal - Analyst
Got it, got it, sir. That's very good to know. So sir, like I just wanted to understand regarding the new business like I mean EVOLV is a completely new business vertical with a different set of distribution challenges. So I just wanted to understand like, I mean, how exactly are you seeing that vertical, how are you planning to shape that up? Because the space actually is very vast and it can be very lucrative for us as a company as well.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Yes, yes, absolutely correct. And the distribution is a different, what you say beast altogether. So first, see, I don't know if you know that we already have a franchise network, okay, for the retail fixtures itself. It's a pilot, it's a small pilot of like five franchisees, etc., but has been working properly. Now the thing is that, EVOLV is to -- one, so it has the same component base. So from a manufacturing perspective, we don't have to make any fresh investments. We already have the components for it. It's just reskinning it and for a different application, right? So that's one thing.

Secondly, again, we have had this distribution channel. We have experience of working with franchisees. The difference is about if we go ahead with this, then you would have to increase the franchisee, not five, but say around 50 all over the country, right? Again, the major thrust for EVOLV, you will see post '28 because in '28, which I'm saying about INR400 crores, that is just from retail fixtures itself, you will start seeing the meaningful contribution in '28. And in this meanwhile, we are going to basically build this distribution infrastructure, right?

Also, on the other hand, we are also looking at inorganic ways, probably strategic acquisitions, etc., to increase this distribution network even quicker. If not, we are already at five franchisees, we'll

have to start looking at increasing that and then plug in EVOLV from there. But yes, you're right, it's going to be a distribution-led model B2B2C where these display centers and franchisee centers are catering to architecture, interior designers, etc., who in turn are doing the individual projects because we -- if we start going for every small little house, it's going to become very difficult to manage.

Pujit Aggarwal - Analyst
Got it, sir. That is a very good way to architect the business growth. And I --

Unidentified Participant
Sir, could you please rejoin the queue? There are lots of participants. If time permits, we will take your follow-up questions.

Pujit Aggarwal - Analyst
Sure, sure. Thank you.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Thank you.

Unidentified Participant
Next question is from Mr. Pratik Kothari. Please unmute yourself. Pratik Kothari, please unmute yourself and ask the question.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Hi, Pratikji, please go ahead.

Unidentified Participant
Mr. Pratik, you are on mute. Please unmute yourself. And okay, we will move to the next participants of from Mr. Raghav Agarwal, please -- Raghav Agarwal, please unmute yourself and ask the question.

Raghav Agarwal - Analyst
Hi. Good afternoon, Mr. Merchant. Sir, how are you? Sir, I just wanted to understand two things. Firstly, I wanted to get some color on how do we look at the TAM of the current product range as well as the new architectural or home fixtures product range which we are getting into?

And secondly, some -- while I know there is no like-to-like competitors as you have earlier mentioned, but like how do we compete with, is it like people getting it done from individual fabricators or essentially like who is our competition in the entire retail fixture space as the market stands today?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
So see, in terms of TAM for retail fixtures, okay, there is no formal research data out there. I mean, I have also searched, but it's not there. We have to work with retail interior design, which is kind of valued at INR80,000 crores today. And we'll have to kind of extrapolate and say, okay, if interior -- retail interior design, which includes signages, which includes all of those things also and includes

fixtures as well, say, fixtures would have like a 20% share there and INR16,000 crores market sizing, okay.

But the interesting thing about retail fixtures is, see, when you mentioned the second part of the competition. One competition would be your fabricated -- local fabricators, etc. But what happens is that, is a competition when retail is unorganized. But retail is unorganized, then what is the other thing that you don't have to reach out to us, you go to your architect and tell your architect and [Foreign Speech] you tell them, okay, make my shop, right? That works okay if you have one or two stores and you don't have a lot of scale and you don't -- your products are also not very heavy and all of that, fine, it might even work.

But whenever there is scale involved and when retail goes from unorganized to organized, then it's necessary to have organized large-scale players who can support you at scale because you cannot afford the quality to change, you have really competitive timelines. That's very important. And time is really important in the business because it requires stores to start very fast. If you lose by even one weekend, okay, you lose probably 20 lakhs of sales in one weekend. So, I mean, it's really important you needed to do it fast. So that is the entire play.

The main part of the TAM and the good part about the TAM is that, the retailers not yet stopped expanding. See, one boom was when we started 1991, okay. That retail was going from unorganized to organized, you start having large retail chains, etc., but that was happening in the metro cities. Then second revolution happened three, four years, five years back when you started seeing a lot of value retailers going into Tire 2, 3 and 4 cities. And now when you look at all over India that perspective, still we have not even scratched the surface after so many years. And if you see any research data of the growth of organized retail, you will see that the CAGR of growth is very promising.

And when that happens, then it necessitates basically players like us. Now within players like us, you're right that we don't have any competition in the sense that we don't kind of do what everybody does. Our entire focus has been on modular fixture. It's always been on componentizing this business and how we are able to make things faster that has been our entire focus. So -- and R&D led has been our thing, focusing on stores of the future, smart stores, RFID, things like that. So, in India, I don't -- like it's not -- they are in the same industry, other players as well, but is it that what we do, we are looking at a different segment altogether.

Raghav Agarwal - Analyst
Sir, let me just -- thanks for the color. To just rephrase, sir, then who would be the people, some of the retail chains who we are not working with, say, for example, Westside, Nike or whoever we are not working with, where are they getting the solution from today for the companies who are not getting it from us?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
See, again, the thing is, it's not that everybody would be buying from us, but the difference is that, what are you looking at? See, if you are the -- if say for example, your business is not such that requires you to create a brand, okay. Then that case how a store looks if that is something that you don't matter -- doesn't matter to you, then yes, then having amazing looking fixtures or more snazzy, what you say experiences for your customers is not something that's going to matter to you. So for that way, for example, Kirana stores, we don't tend to do for this reason, because when

you're not selling your own items, you're not selling your own merchandise, then for you that brand doesn't really matter that much because the product brand is not yours in the first place. So the only thing that matters to you is sales. And if it's a utilitarian-based fixture set, then that's what we stay away from. So it is about choosing the right customer, choosing the right segment that we want to play.

Raghav Agarwal - Analyst
Understood, sir. So essentially, there are no other organized players who we are competing with. And largely if I were to extrapolate from your answer, even the bigger chains who are not buying from Safe, but want such products, they are going to relatively unorganized players as of now. Would that be a fair understanding?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Yes, that would be a fair understanding. There are a few organized players. If you research, you'll find a few. One of them is listed also, I think Naman In-Store. They are also working with larger retailers. But again, different kind of products, different kind of finishes, different segment.

Raghav Agarwal - Analyst
Understood, sir. Thank you. Right.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
We are about creating a niche within our existing market.

Raghav Agarwal - Analyst
Understood, sir. And if I may just squeeze one more question and so, say, if we pick any category, let's say we pick apparel. So if the total store capex is say 100, what would be our wallet share of that 100?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
So we had done this exercise for one, two clients. If the range comes to around 17%, 18% and that is again something interesting because we are only 18% of their capex, but we are 80% of the visual space of the store. So the impact of the store is very high, but the impact on their pocket is not very high.

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

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Thank you so much.

Unidentified Participant
Thank you so much, sir. Next question is from Mr. Puneet Mittal. Please unmute yourself and ask the question.

Puneet Mittal - Analyst
Hi. Thank you so much for the opportunity. Now first on the corporate side, I just wanted to understand first, how does the sales cycle work? So, for example, if you are empaneled on a client, then all the new business of the client and refurbishment of the store business comes to you or is it every time they go out and ask for tenders and so forth? So the question really is how sticky is the client business for you versus anyone else?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
See, and the answer to that is that, in bulk most of the business comes to us, not all and that only is for basically audit and compliance purposes, just to not have too much concentration on one customer, that's the only reason why it goes out. But otherwise bulk of the business, so around 70%, 80% wallet share is on an average that we get. And see, this is logical. If you think about it, if you had a 100 store, 200 store rollout, would you want to go for every 10, 15 stores start finding a different vendor? That would be so inconvenient, inefficient and also every store of yours will look different. And plus one more thing, we have a lot of proprietary components of ours also which get used. So that again if you change it, then the look, the feel, utility, lot of things, things will change [Speech Overlap] lot of the designs.

Puneet Mittal - Analyst
Yeah, makes sense. Now, in terms of the brands that you work with, let's say you work with 50 brands or 50 corporates and then there must be a tail list of say 500 that you don't work with, right? In terms of that split of how many target clients you have that you don't work with, how long is that list? I mean, how many number of corporates do you think that you can target still that you're not working with?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
See, this is really difficult to say because new brands also keep coming into the market, right? And the market also keeps expanding. So total laundry list of how many retailers are there in the market, that's something I also don't know. Yeah, the larger ones are obviously there and in the larger ones, we work with almost everybody or have worked with everybody in the past over a -- over our lifetime of 35 years in this industry, I think we've worked with every retailer, organized retailer chain in the country, right?

So now the question again is what -- whoever we are not working with is again because of the same reason that when you have a capacity constraint, you can't work with everybody, you have to choose what you have to work with. And again, there are some sub-segments of retail that we don't -- we stay away from because of the reasons I mentioned earlier. That is the entire consideration. So in fact, in terms of the retailers within the country, I think bulk of them we have already worked with in the past.

Puneet Mittal - Analyst
Okay. And the WAVE product that you launched for RFID and IoT-based cell checkout solution. Are you working tied up with somebody or all these solutions are in-built proprietary by you?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited

Software and all that is within the promoter group company and this part, what you say the RFID components that obviously we don't manufacture that, we get that sourced.

Puneet Mittal - Analyst
Okay. And you have already have clients who are using the solution?

Unidentified Participant
Sir, could you please rejoin the queue? There are lots of participants, sir.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
I'll just take that last question. Yes, there are people who are using that right now. We already successfully did a pilot with a large retail house. Again, I can't mention names. But we have already completed a successful pilot and looking for a more geared up larger rollout on that front. Also, we have started to do a POC within Saudi Arabia with a long-standing client of ours on [Technical Issues] also in the years.

Puneet Mittal - Analyst
Okay. Thank you so much and all the best.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Thank you very much.

Unidentified Participant
Thank you so much, sir. Before taking next question, I would like to request all participants, please restrict your question to two per participant so that we can answer as much as more questions of all participants. Next question is from Mr. Varun Ghiya. Please unmute yourself and ask the question.

Varun Ghiya - Analyst
Am I audible?

Unidentified Participant
Yes, you are. Please go ahead.

Varun Ghiya - Analyst
Yeah. So my question is regarding the asset turns. So I was seeing that this industry is around 9 times, 10 times of asset turnover. So just wanted to trying to understand the business model, how does the pricing work of where do you get the revenues from? Is it on the manufacturing side or service side? What portion takes the higher chunk that you can get so -- such high asset turns? And also on the sustainability of the margins which you're making around 30% plus?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
It is on solutioning. The main revenue is not on manufacturing, it is not on services, on the solutioning. It is on the problem that we basically solve. So there is design, there is everything which goes into all of this stuff, which comes as a package, right? So it's that see, everyone in the retail space needs a unique space, needs a space to be amazing, needs to fit with the brand identity. And as mentioned earlier, 80% of the visual space of a store is retail fixtures. So in this brand, all of these

things, fixtures play a very important role. So we are very -- we play a very pivotal role in their entire store design, process and that is where the whole revenue and all of that comes from. And that's everything. Also the asset turn comes from the fact that we already created our own proprietary strange of such large component base, but we can create almost every store with just mix and matching these things.

We call it standardized engineering with customizable skins where you have the standardized component set, but then on top of it, you can put any kind of skin, so fabric, laminates, metals, wood, whatever you need to get the entire thing together. That is what basically for us, we are able to keep a lot of these components in semi-finished form, which can be used across different rollouts. So because, see, the problem is to get mass production, okay, an industry which requires such high customization is the challenge. And that is something we have cracked and we have been able to crack it because we've done so many number of stores over the last 35 years that we were able to kind of understand a pattern and then work back from there, do some R&D, innovate, re-engineer the way we make everything. We had to change a lot of our processes, take stuff which we used to weld, but then put it into nuts and bolts and lot of such changes. So this is the entire -- this whole -- it's a culmination of multiple things that have resulted in us to be able to deliver these figures that you see.

Varun Ghiya - Analyst
And how sustainable are the margins?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Well, we've been doing it since a long time consistently. So yeah, I believe that they're very sustainable.

Varun Ghiya - Analyst
And how many value retailers are you working with currently? Just one question. You mentioned that a lot of them are coming up in the Tier 2 cities. So how many of them are you working with currently?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
At least five that comes to mind right now.

Varun Ghiya - Analyst
And any percentage of how much they contribute to the revenue?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Oh no, I'll have to check. I don't have that offhand.

Varun Ghiya - Analyst
Okay. I'll come back in the queue. Thank you.

Unidentified Participant
Thank you so much, sir.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
I have one question, if I may. So Arihant and team, can you tell me a little profile of the people who are joining? Are these family offices? Are they funds? If you could [Indecipherable].

Unidentified Participant
Okay. So participants, request to all please introduce yourself and then ask questions. Next question is from Mr. Raghav Dhuria [Phonetic]. Please unmute yourself and ask the question and introduce yourself first, please.

Raghav Dhuria - Analyst
Hi, sir. This is Raghav. We run a family office. So, my question is, sir, for the expansion, do we already have clients in mind or you think that will come with time?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
So I've already mentioned that there is a lot of capacity with the existing customer base only, and so many brands that we have not been working with, right? So it is that talks and stuff are going on those brands as soon as -- as well as our capacity is expanding simultaneously. So it's not that we are going to make the factory, have the machines, and then scratch our head and say, now where we'll get the revenue from. It's it's all happening simultaneously. The entire '26-'27 is basically a buildup year for that, for getting all the customers lined up, for getting new customers and we have been able to do that consistently right now month-on-month.

Raghav Dhuria - Analyst
Okay. And so, even after this expansion, we'll still have a significant amount of cash on our balance sheet? So how do we plan to use this?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
One way is to look at inorganic strategic acquisitions, and some cash we will hold so that other opportunities, other allied businesses, etc., would come across, would come along. We'll not spend everything immediately. Some we would keep and some we would keep for strategic acquisitions.

Raghav Dhuria - Analyst
Okay, thank you.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Thank you.

Unidentified Participant
Thank you so much, sir. Next question is from, Mr. Dev Gulwani. Please unmute yourself and ask the question and introduce yourself first.

Dev Gulwani - Analyst, Care Portfolio Managers Pvt. Ltd.
Hello, sir. Am I audible?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Yes.

Dev Gulwani - Analyst, Care Portfolio Managers Pvt. Ltd.
Yeah, good afternoon, sir. I am Dev from Care PMS. So first question was, company has seen a huge increase in revenue per store in FY '26, and now we have also launched RFID self checkout systems in this financial year, but it won't provide a huge increase. So how are you planning to increase the revenue per store going forward?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Why are you saying it won't provide an increase? It's a -- it can be a pretty big source of increase because a lot of these solutions are over and above the existing fixtures also sometimes. They are standalone kiosks, or they are things which are fitted into our system because we have electrified systems. So it's a completely value addition and each store requires somewhere around six, seven, 10 such units and that also with the screen, etc. And then there's also a possibility of software and recurring revenue on top of it. So yeah, there's a big scope of addition through this entire set.

And then going from here you can also do a backward integration and get into other aspects. So right now it is at the store at the last mile for self checkout but what about the warehouse, what about inventory keeping at warehouse. A lot of solutions there also which can be served, etc. So the entire WAVE platform would be a very big contributor to the revenue per store increase as well.

Dev Gulwani - Analyst, Care Portfolio Managers Pvt. Ltd.
Okay, sir, understood. And sir, currently the contribution is mostly from retail clothing stores, but after Ambernath plant, how are we planning to diversify so that we can achieve INR400 crores? So how are we planning to diversify into other end user industries like jewelry stores or something other end user?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
You mentioned it, jewelry is our next target and also something that we have started working with extensively. And you will see a lot of increase there because simply because a lot of the jewelry stores have good profitability, they are spending aggressively and they are going for now a hyper expansion in the next two, three years. So you will see that culminate in our revenue mix as well.

Dev Gulwani - Analyst, Care Portfolio Managers Pvt. Ltd.
Are we currently working with any major brand in jewelry segment?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
We're working with a few, as I mentioned I cannot take names because we don't have NOCs from any of them. But yeah, we do have some names in the jewelry segment and also talks are going on simultaneously as we speak to increase that. Again, clothing was the main thing, it's not by choice, it's just that which stores, which segments are expanding at that point in time that also really matters. Last five, six years clothing fashion has been on a boom so that's what's happening. Now you will see jewelry increase because of lab-grown diamond brands have raised a lot of funding

from the investor community, and obviously that all funding will be used for increasing the store counts, which in turn will result in the capex, and which in turn will result in us increasing revenue.

Dev Gulwani - Analyst, Care Portfolio Managers Pvt. Ltd.
Understood, sir. And sir, recently [Speech Overlap]

Unidentified Participant
Thank you so much, sir. Please rejoin the queue. There are lots of participants, sir. Next question is from Mr. Raghav Agarwal. Please unmute yourself and ask the question. I think you have a follow-up question, sir?

Raghav Agarwal - Analyst
No, sorry, I already asked my question. I'll just lower my hand.

Unidentified Participant
Next question is from Mr. Pranay Jhaveri. Please unmute yourself and ask the question, and please restrict your question to two only.

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

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Good afternoon.

Pranay Jhaveri - Analyst
Sir, what would be our order book currently and the exhibition timelines? As I understand, we will -- we are doing some debottlenecking at Pune and your Ambernath comes in December, which will be available FY '28. So if you can just --

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
See, again, when I talk about order book, I can't give you an order book for the next one year, two years, because that's not how it works. All the POs in hand have to be completed within the next two months max. So that's how the nature of business is.

Pranay Jhaveri - Analyst
So we have done some debottlenecking at Pune, right?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Yes, we have.

Pranay Jhaveri - Analyst
Okay. And Ambernath would start kicking in Q4, so basically FY '28.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Yeah, that is planned for '28, this also. So, '27 is for gearing up on both fronts. So we have increased capacity in Pune, increased capacity in Ambernath, talking to a lot of more customers.

The entire process is going on so that '28 can be a blast year.

Pranay Jhaveri - Analyst
So what would be our guidance for FY '27 then?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
'27 is what I've given earlier also, around 25% to 30%.

Pranay Jhaveri - Analyst
Okay. Thank you, sir.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Thank you.

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

Nabendu - Analyst
Hello. Can you hear me?

Unidentified Participant
Yes, you are.

Nabendu - Analyst
Yeah, perfect. Yeah, so I think, sir, since we are closing the half year right now, can you throw some color on what traction we have been getting for the new stores versus the refurb stores for H1, for this till September? I mean, how is the business vis-a-vis the last year?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Yeah, so I think this year will be an H2 heavy year whereas last year was an H1 heavy year because all the refurbishment orders are basically more geared up for H2. Again, this is simple because what happens is that, depends on what time you've made the original store and that is how you will decide when to refurbish the store, right? Whereas typically more stores you end up making during the Diwali period, so it makes sense that refurbishments also would come during that period. So this is why Q3 and Q4 -- Q3 specifically we see to be more heavier this time, so that will mean H2 will be heavier.

Nabendu - Analyst
Perfect. Just one more question was with respect to -- I mean, there was a big retailer Trent basically who is planning to scale Westside from 50 to 100 stores in the coming year, that's their plan basically. And then they are also going global, and you also have a new brand called Burnt Toast, which possibly is the next growth driver for Trent. So, I mean, how is Safe positioning itself to maintain and improve the wallet share with these retailers? Are we working with them, and how are we trying to improve the wallet share across all of these, especially with respect to the exports and the Westside stores which are there?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
We already have a very substantial wallet share with all of these.

Nabendu - Analyst
So you -- are you planning to maintain the same going forward as well and improve upon it with your RFIDs and all the other solutions which you are working on?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Absolutely, why not? Why maintain also, increase.

Nabendu - Analyst
And sir, with your EVOLV lineup, just the last question out here, with the EVOLV lineup, how is it shaping up? I mean, will the margins be comparable to what we get in the retail fixtures? Is that what you're targeting? And --

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Fixture set [Speech Overlap]

Nabendu - Analyst
Sorry, sir.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
So the same fixture set, so the margins will be kind of the same. Is it that it's going to be a distribution-heavy business, so there would be, dealer and distribution margin shared, but then that would compensate and set off because of the increased volumes that we might see in that segment.

Nabendu - Analyst
And would it impact your working capital cycle, sir, because you're negotiating with distributors and then it will go to the developers and stuff, so will it have an impact on your working capital cycle basically for this line of business?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Yeah, and hence we're not so keen on distributors as much as we're keen on franchisees. And the difference is that, the franchisee is like an exclusive guy, right, he's doing -- he's having an in-sync or a Safe, franchisee, so he's only selling our material. And that terms, you can have better terms in that situation you can have better terms.

Nabendu - Analyst
Okay, perfect. And when you think that it will start showing some substantial numbers, sir?

Unidentified Participant
Okay, sorry to interrupt you, please rejoin the queue, sir.

Nabendu - Analyst
Yeah.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
To answer that, post '28, as I mentioned earlier. Post '28 is when we would be focusing more aggressively on [Indecipherable]. Right now is more market testing and seeing how we can best gear up for increasing the EVOLV's contribution to our revenue. But '28 post is when you would see this.

Unidentified Participant
Okay, next question is from Mr. Hiten. Please unmute yourself and ask the question. Please introduce yourself first and then ask the question. Mr. Hiten, please unmute yourself.

Hiten Boricha - Analyst, Sequent Investments
Yeah. Am I audible now?

Unidentified Participant
Yes, you are. Please go ahead.

Hiten Boricha - Analyst, Sequent Investments
Yeah, yeah. Hi, sir. I'm Hiten from Sequent.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Hiten from Sequent.

Hiten Boricha - Analyst, Sequent Investments
Sequent Investments, sir.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Sequent Investments. Okay.

Hiten Boricha - Analyst, Sequent Investments
Yeah.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
That is like a --

Hiten Boricha - Analyst, Sequent Investments
It's a family office.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
A family office. Okay.

Hiten Boricha - Analyst, Sequent Investments
Yeah. So, sir my question is, you just guided for 25%, 30% growth in FY '27 this year.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
I said 25% to 30%.

Hiten Boricha - Analyst, Sequent Investments
25% to 30%. Yeah. So -- but I think our utilization is somewhere around 90% if I'm not wrong. So I just want to understand where will this growth will come from?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
We have increased capacity in Pune.

Hiten Boricha - Analyst, Sequent Investments
Okay. Okay, okay.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
And that was the purpose of increasing capacity was for the increased business in '27.

Hiten Boricha - Analyst, Sequent Investments
Understood. Okay, I missed that. So we are like, confirmed with INR400 crore revenue in FY '28, is that correct, sir?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Yes, yes. I mean, that is the plan. I mean, I don't have an order book, as the nature of business never has an order book, but yeah, we're geared up.

Hiten Boricha - Analyst, Sequent Investments
Okay, okay, thank you. I'll get back into the queue.

Unidentified Participant
Thank you so much, sir. Next question is from Ms. Sangeetha. Please unmute yourself and ask the question. Please introduce yourself first. Ms. Sangeetha, are you there?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
I guess you're on mute, Sangeetha.

Unidentified Participant
We are not able to hear you. Actually -- okay, we will move to the next participants. Mr. Shrey, please unmute yourself and ask the question.

Shrey - Analyst
Hello?

Unidentified Participant
Yes. Please go ahead.

Shrey - Analyst
Yeah, thanks for the opportunity, sir. Sir, my first question is, I think in our previous earlier interactions we were guiding for, say, INR500 crores of top line with the new capacity coming in, but I think in this meeting somewhere you're saying INR400-odd crores. So any reason for this change?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
No, no, I don't know when I said INR500 crores. I've always said INR400 crores plus. I think INR500 crores is the capacity that a person asked me, how much can you do at? And that is also not INR500 crores, that's INR1,000 crores from Ambernath plant with a little additional machinery. So there's a figure of INR400 crores which I've given and a figure of INR1,000 crores that I've given. I don't know, sorry if I've -- if there's any misunderstanding there, but this has always been my consistent guidance in all public forums.

Shrey - Analyst
Got it, got it. We were working with, say, INR500 crores of top line with INR100 crores of PAT for FY '28.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Come on, I mean, from INR218 crores right now in '26 to INR400 crores plus is also very good, and there's no reason for disappointment.

Shrey - Analyst
Right. And sir, just one last question. You said you're working with some of your newer value retailers, right? So these guys are adding, say, about cumulative there are 800 to 1,000-odd stores that they're looking at to add every year. So what's our market share in their order book? If you can't give us percentage of sales for yourself, at least in some sense, what's your share for their order book?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
For some it's 100% right now, 100%. I mean, whatever stores they have done for that brand, we have only done for them. That's there. Some there's 70%, 60%. On average it is 70% to 80%.

Shrey - Analyst
Got it. And sir, what's our -- when we go for business development, what's the thing that is fascinating for us? Is it the solutions that we are providing? Is it the price at which we are providing it or --

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
We never compete on price. Our entire thing is -- our entire play and everything is basically on the capabilities and the creativity and the various components that we have and how fast we can create various different, different applications for our customers. And mainly we cater -- we show this to whom -- who's the main influencer? It is architects, interior designers, etc. And they love to work with us because it makes their life very easy and they are able to give very good solutions to their customers.

Shrey - Analyst
But sir, is it very difficult to do this? Like can someone not see your solution or your product and then replicate the same in his own factory? I mean, is it that difficult?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
See, the point is it's not about that. It's about being able to do this consistently. See, there are two parts of it, okay? First, there's an R&D and proprietary designs, etc. Yes, those will take time. Again, we took 5,000 hours and 15,000 hours of development it'll take time to do that and get it right. And again, if you do it once also, it's not enough because retail is always changing. You need to keep doing that as a process first and foremost. So even if you've done something which we have done five years back, we don't do anymore. I mean, components five years back we don't use anymore, right? So it keeps changing. So that's one part.

Second part, even if you do, you need to also manufacture this at scale, on time, and you need to do the project management properly, and you need to execute this on time, and you need to install it on the customer store on time and handover and get their work done. So if you're able to do all of these pieces, then yes, but then this takes time, and this takes to build trust with the customers, and all of those elements. So, it's not that it's just capital. Somebody comes with more money, puts up a factory, and that's enough. That's not enough. You need to do all the pieces right and you need to keep doing them right. And if you can do that then yeah, absolutely.

Shrey - Analyst
And we had just recently launched the RFID solution as well, right, so how has that scaled up, what is it in terms of absolute revenue if you can help us understand and what is the trajectory looking like over there?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
The trajectory is that, right now we just did pilots basically with a few customers right now, they were successful pilots, they're looking at now rolling that out across multiple stores like 100 plus stores, etc., and then even more beyond that, those talks are going on.

Then apart from that, in Saudi Arabia also with our long-standing customer, we are running a pilot in a POC, and if that works everything well, then that could be another, 50-odd stores of pilot there. So good early traction, I would say, and then we'll see where it goes from there. But logically speaking, I think this is the next thing because like everybody is getting into RFID, it's a technology which has been around since 10, 15 years, but its adoption has now gained traction because tags, etc., have been -- you're getting them at an affordable rate. And once people are using RFID for inventory management, then that really opens up the doors for a lot of in-store experiences that can be done. And because our fixtures directly integrate these things right within the fixture experience and within the shopper experience itself, the possibilities are endless and limitless.

Like picture this, think of a situation in which you're putting clothes and the rack is so smart and it has a sensor that you know what is the inventory item on every rack. So when it's picked up at the end of the day, it can tell your sales team also where to put everything back. Or if, for example, you get an order from your online chain, you know from which store in which rack this material is which can fulfill a customer order. Again, omnichannel is something which is really important because right now a lot of retailers are both online and offline.

Shrey - Analyst
Got it. And sir, how much does this cost go up for a retailer, say from 17%, 18%, how much sales have to do RFID as well, this becomes 25% of my overall cost?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
No, yeah, difficult to really say because normally you would not count your IT budget within the capex only. So I think this would be over and above -- this would all come out from their IT budget.

Shrey - Analyst
Yeah, because I think I did a few channel checks where we spoke to a few value retailers and those guys were like our gross margins are so low that we can't afford an RFID. Trent can do it because Westside has higher ASPs but for us it doesn't make sense as of now is what they were saying with relation to the RFID.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Maybe value will take some time to adopt it but then there are non-value also, right, there is mid-luxury fashion, there's mid-segment and I've always seen the mid-segment is always the best because they need to compete with the luxury, they want to keep it at a lower cost point, but they need to also keep doing these different, different things to keep the customer engagement and customer experiences better. So market is where we would see the maximum adoption.

Shrey - Analyst
Got it, got it. Thank you so much, sir, and all the best. Hoping to see you soon. Thank you.

Unidentified Participant
Thank you so much, sir. Next question is from Ms. Sangeetha, please unmute yourself. Please ask the question. We are not able to hear you, Sangeetha. You can put your question in the chat box.

Sir, one question has been asked in the chat box. Customer pay how much percentage upfront as balance sheet shows only INR3.2 crores customer advances at FY '26 year end? And receivable have also nearly doubled.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
Advance ranges from somewhere between 30% to 50%, mostly 50% mark. I am surprised how you're seeing the balance sheet as only INR3.2 crores of advances. Don't think that's possible. I'll look into that, but I don't think that's possible.

Unidentified Participant
Okay.

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
And that is balance sheet as on 31 March. If all the bill, or if a lot of the bulk of the orders have been dispatched by that point, then those will not show in advance, right? They'll get adjusted. Only the receivables will show less by that tune. When we receive an order, advance but the material has not been dispatched, then that would be showing as an advance in liability side. But once we create the

bill for that and the material does get dispatched, then the advance will get adjusted against the bill amount. Only the outstanding portion would be showing as receivables. So that could also be a possibility, but then I'll have to check.

Unidentified Participant
Okay, okay. Due to time constraint, that was the last question. Any closing remarks, sir, from your end?

Mikdad Saleem Merchant - Whole-Time Director and Chief Financial Officer, Safe Enterprises Retail Fixtures Limited
No, that's about it. I think, just -- I would just want to tell everybody who came on the call, I think 75-odd people were there, thank you so much for your interest and a lot of the questions were very -- it just showed that you guys did your research and you've actually seen a lot about the company. So it's really nice to know that Safe Enterprises is creating interest amongst the investors. So it's really great. Thank you so much, and have a great day.

Unidentified Participant
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. 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.