PRO FX Tech Limited
(Formerly PRO FX Tech Private Limited)

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To,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400051
Symbol: PROFX

Subject: **Outcome of Q2/H1 FY27 Earnings Conference Call - Transcript**

Dear Sir/Madam,

In compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Company's Q2/H1 FY27 Earnings Call.

Kindly take the aforesaid information on record.

Thank you.

Yours faithfully,
For **PRO FX Tech Ltd**

Manmohan Ganesh
Managing Director

"PRO FX Tech Limited

Q2 and H1 FY27 Earning Conference Call"

November 12, 2026

MANAGEMENT: **MR. MANMOHAN GANESH – CHAIRPERSON AND MANAGING DIRECTOR – PRO FX TECH LIMITED**
MR. A. M. S. JOEKUMAR – WHOLE-TIME DIRECTOR AND CHIEF FINANCIAL OFFICER – PRO FX TECH LIMITED

MODERATOR: **MR. GAUTAM SIPANI – X-B4 ADVISORY**

Moderator: Ladies and gentlemen, good day, and welcome to Q2 and H1 FY27 Earning Conference Call of PRO FX Tech Limited hosted by X-B4 Advisory. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Gautam Sipani from X-B4 Advisory. Thank you, and over to you, Gautam.

Gautam Sipani: Thank you. Good afternoon, everyone, and welcome to the Q2 and H1 FY27 earnings call of PRO FX Tech Limited. Today on this call, we have Mr. Manmohan Ganesh, Chairperson and Managing Director, and Mr. A. M. S. Joekumar, Whole-Time Director and CFO of PRO FX Tech Limited. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations as of today.

Actual results may differ. These statements are not guarantees of the future performance and involve risk and uncertainties. With this, I will now hand over the call to Mr. Manmohan Ganesh for his opening remarks. Over to you, sir.

Manmohan Ganesh: Thank you. Good afternoon, everyone, and thank you for taking the time to join us today. It is a great pleasure welcoming you to PRO FX Tech Limited's Q2 and H1 FY27 earnings discussion. I sincerely thank you all for your continued trust and engagement with PRO FX. We hope you've had an opportunity to review our financial results and the investor presentation, both of which are available on the Stock Exchange.

So the first half of FY27 has been a period of steady execution and continued progress on our strategic priorities. Building on the foundation laid in FY26, we have remained focused on expanding our premium brand portfolio, deepening our global partnerships, strengthening our execution capabilities, and maintaining operational discipline across the organization.

During the quarter, demand across premium residential audio and home automation installation and projects remained healthy, enabling us to deliver growth across all regions. Corporate business, however, was a little below expectation as clients delayed some orders in the hope of the rupee strengthening over the next quarter, leading to improved input costs for them. A key strategic milestone during the quarter was the announcement of our foray into manufacturing.

In August 2026, our board approved the establishment of a dedicated assembly and production facility in Bangalore, Karnataka. In the first phase, we are setting up an approximately 8,000 square feet facility which is expected to commence pilot operations by January 2027. The facility will initially focus on the manufacture and assembly of architectural speakers, including select products from brands represented by PRO FX as well as products under our in-house brand.

This move is driven, amongst other factors, by the need to build greater resilience against foreign exchange fluctuations, particularly volatility in the US dollar, along with rising input costs and applicable import duties. By progressively developing domestic manufacturing capabilities, we

aim to reduce our exposure to some of these external cost pressures and build a more stable and scalable business model over the long term.

The initiative is also aligned with our Make in India vision, enabling us to develop products tailored to the Indian market requirement while building domestic capabilities in the audio sector. Based on the performance and market response to the initial production program, we intend to evaluate the manufacturing of more sophisticated and complex audio products in the subsequent phases.

With this, PRO FX is evolving from being a distribution and integration company into a platform with presence across the audiovisual value chain, from manufacturing and distribution to system design, installation, integration, and after-sales service. The factory building is fully ready now, and we already have a manufacturing head in place with over 25 years of manufacturing experience.

We now await assembly equipment, which is expected to be in place by the end of this calendar year, post which pilot production will begin in January. During quarter two of FY27, we continue to strengthen our premium brand portfolio by adding an American subwoofer specialist brand called SVS and a Dutch cable brand called Profigold.

Together with our long-standing partnerships with globally recognized brands such as Denon, Polk Audio, KEF, JBL, Peavey, Crest, Hegel, and so on, our portfolio continues to reinforce PROFX's position as India's most trusted premium AV platform across home entertainment, Hi-Fi, live sound, and commercial audio. Our retail and experience-led strategy remains central to our long-term growth.

Premium AV and home automation is a consultative, demonstration-driven category, and our network of premium showrooms experience centers, service centers, and 850 plus dealer partners continue to improve customer accessibility and build brand trust. We continue to see meaningful opportunity in metropolitan markets as well as emerging Tier 2 cities where premium housing and aspirational consumption are creating new demand for immersive entertainment.

India's premium AV market continues to be in a structurally strong phase. Rising disposable income amongst HNI and ultra-HNI consumers, increasing digital content consumption, growth in premium residential real estate, and the expanding influence of streaming, gaming, hybrid work are collectively driving sustained category growth.

Home entertainment and integrated smart living are increasingly becoming standard lifestyle upgrades rather than niche discretionary phases. At the same time, we remain mindful of the currency volatility and the broader macroeconomic environment. Our focus on inventory management, selective pricing actions, and close relationships with our global partners continues to help us remain agile and competitive.

Looking ahead at H2 of FY27, our priorities remain clear: commencing operations at our new manufacturing facility in Bangalore, which is expected to be operational in early 2027; expanding our distribution partnerships; strengthening our retail footprint; scaling our B2B and

institutional businesses; deepening our premium audio brand portfolio; and continuously, continuously improving operating leverage and profitability. Our investment in manufacturing capability marks an important step in our evolution.

The addition of new experience centers in Chennai and Mumbai, both of which are in advanced stages of interior work, will further help improve visibility and customer access. We remain confident about our long-term opportunity in India's premium AV and home automation ecosystems, and we believe PRO FX is well positioned to capture this growth through its differentiated business models, strong partnerships, expanding manufacturing capabilities, and trusted market leadership.

With that, I would like to now hand over the call to our CFO, Mr. Joekumar, who will take you through our financial performance. Over to you, Joe.

A. M. S. Joekumar: Thank you, Mr. Manmohan, and good afternoon to everyone on the call. I am Joekumar, Whole-Time Director and CFO of PRO FX Tech Limited. I will now take you through the -- our financial performance for Q2 and H1 FY27. Revenue from operations stood at INR46.78 crores for Q2 FY27, registering a growth of 13.7% year-on-year. EBITDA increased by 35% year-on-year to INR5.97 crores.

EBITDA margin stood at 12.29% compared to 10.63% in Q2 FY26, an improvement of 170 basis points. PAT grew by 16.4% to INR3.98 crores, with PAT margin at 8.51%. For H1 FY27, revenue from operation grew by 16.99% to INR92.84 crores, up from INR79.36 crores in H1 FY26. EBITDA for the H1 FY27 stood at INR11.19 crores, registering a growth of 14.23% year-on-year. PAT increased by 10.17% with a PAT of INR8.06 crores.

With this, we can now open the floor for question-and-answers. Thank you.

Moderator: Thank you so much, sir. Ladies and gentlemen, anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may please press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we'll wait for a moment while the question queue assembles.

First question comes from the line of Madhur Rathi with Counter Cyclical Investments. Please go ahead.

Madhur Rathi: So thank you for the opportunity. Sir, firstly, if I were to look at our inventory, sir, our inventory days have been on an increasing trend and they've increased by closer to 20% between, March quarter end to the September quarter end. Sir, so why are we keeping so much inventory? That is the first question.

And sir, the working capital turns of our business have, has reduced from closer to 5-6 times that we used to do in 2024 period to less than 3 times right now. So why, what is the reason for this? And if our working capital turns is decreasing, at least there should be some gross margin improvement, but even that is not seen. Sir, so can you just clarify the working capital dynamics of our business?

Manmohan Ganesh: Yes. So, thank you for your question. I will explain briefly, and if my colleague Joe has anything further to add, he can. So basically, during Q2, as I mentioned in my speech, we did add a couple of new brands. So tese are new partnerships. Most of these, this came towards the end of Q2.

Now, as with any new product that we are introducing, and these brands strategically, brands like SVS, 4C, Profigold, they are strategically important brands because they give us tremendous leverage a special product mix, something that is unique to the market. Now, to be able to actually create the pipeline for that, there is an initial front-loading of the product coming into the system. So that has partly led to this.

We are confident that, over the rest of the year things will start normalizing and it won't look like there's a huge bump in the inventory holding. So obviously, as our portfolio increases, the number of brands increase, and the plans for network market growth, remain in place, these kind of occasional ups and downs will be noticed. But, trust us, the company is fully aware of the need to be efficient in this regard, and we shall do so.

Madhur Rathi: Got it. Now, sir, can you help us understand on the gross margin front? Because, we have moved to the retail experience center, that would be much better margin than our dealer distributor network kind of revenue. And the working capital, we have taken a lot of inventory on our books, as you mentioned that -- I think you previously mentioned that because of the foreign exchange volatility and freight rates, we take inventory on our books. So even then our margins…

Manmohan Ganesh: Yes. So, the thing is, during this period in the last 6 months, I mean -- and even some little time before that, there has been a lot of volatility in the currency and those kind of situations. Freight, currency, etcetera, has been extremely volatile. I'm sure you're well aware. Now, during this time, we have naturally passed on some of these increased costs that came out of the currency, etcetera, we have passed it on to the customer.

What we -- I mean, obviously even there, there is a limit to how many times we can keep increasing pricing because when we have specific projects and clients negotiate or pay certain advances for a project that is happening over 3 months, 6 months or that kind of period, for us to then go back on our word becomes a bit of a challenge. So that has been a bitter, it has impacted us a bit.

Another thing which people should be aware is, during this period, we have -- while we have increased costs and passed it on to the customer, what we could not actually, immediately pass on to the customer was some of the input costs going up. Now, a lot of the electronics that we have in audio, they also have memory chips, they have semiconductors. All of them had really sharp increases.

I mean, we all know examples of, say, laptops in the market nowadays. A laptop which used to cost INR35,000-INR40,000 today costs more than INR60,000. So there are general cost increases across the industry. We do understand that some of this is driven by AI and EV and all those kind of things, and, and partly because of the Middle Eastern conflict, which has affected a bit. But so we will continuously obviously keep adjusting and correcting. So, the gross margins have remained flat if you compare from the earlier quarter to now.

So -- but we have made sure that despite -- I mean, in -- for -- to give you an example, there are certain products where the input costs went up more than 20%. We have still managed to keep it intact by adjusting wherever possible. So that is a continuous process that we do. And we are confident that we will be able to improve on that also. And another thing just I would like to mention, while we are adding more experience centers and we are working towards all of that, currently 67% of our business is still distribution driven, right?

It is our long-term plan to try and make distribution, and so the B2B and the B2C, try to bring it down to 50-50. But it is a process which we are working towards. As and when more of our experience centers are in place and more business is directly funneled through the company to the end customer, these situations, these numbers will improve.

Madhur Rathi: Got it. Sir, one question was on the experience center. How much inventory or display inventory or inventory in stock, do we need to keep at these service or these experience centers? And how many centers do we plan to open this year?

Manmohan Ganesh: So, Yes, so each experience center based on its size will have anywhere between INR1 crores to close to INR2 crores worth of material based on the size of it. So the larger ones, for example Bangalore Experience Center, has more than INR2 crores of material in it because it is a flagship store and it is one of our early stores.

Some new locations may have slightly less amount of inventory in them, but obviously the experience is uncompromised. We have the best targeted at each city. So, now we have -- while we have -- between retail stores and experience centers, we have it in certain locations. There are two more which are under development are actually in Chennai and Mumbai.

So both are in advanced stages. These will also in the coming quarter – they -- I mean, the current quarter, they will also be operationalized.

Madhur Rathi: Got it. Now sir, if you can help me understand, out of the INR51 crores of inventory on our books as of now, how would we bifurcate these between brands? So, is it a single brand heavy, or Top 5 brands constitute majority of this inventory, or this is very scattered? Just to have an understanding of if there is some inventory pressure or selling pressure, how should we look at that?

Manmohan Ganesh: No. So see, we -- the brands that we work with know our capability and our experience, 2 decades of experience in this market. They rely on us to actually decide what inventory is right for India. So it is -- we are not under any pressure to overstock on any specific brands. With new brands coming in, yes, we do plan for slightly larger quantities because we have to actually fill the pipeline.

But otherwise, we are not under any specific pressure. For us, our Top 4 or 5 brands contribute about 50% of our entire business. And in line with that, our current inventory holding is also matching that. So it is not that, we are carrying products which are non-selling or slow-moving or anything like that. There are times also, we have been with the challenges that happen in the global supply chain, and this is a, a fact of the matter.

Today, there is a lot of shifting of some manufacturing within certain countries. Now, I mean, we all know that the US has been very -- how do you say -- wishy-washy with its policies, right? They suddenly slapped tariffs. So a product that used to be manufactured in a particular country, for example, some products that used to be made in China, some brands have now shifted that to Vietnam.

Some places, products have shifted to other regions and things like that. Now, when that happens, there has been some disruption. So at times, we do get a heads up saying that because we are forced to shift manufacturing, there could be a stockout situation for 1 month or 2 months. Now, in such cases, we have actually considered and bought little additional quantity considering there could be a stockout situation.

So these are actually live decisions that we are making based on actual global scenarios. And this was not something that was there in the past much because usually most manufacturing stuck to certain markets and remained there. But this, we believe, or hopefully given the current situation in America, things may -- maybe kind of go back to a more regular and predictable pattern than it has been in the last literally 1 year, 1.5 years.

Madhur Rathi: Got it. So just two final questions from mine. Sir, how should we look at our margins going forward considering the price hikes we have taken and there could be some impact of the rupee depreciation? So how should we look at that?

Manmohan Ganesh: So well, if the rupee stays at what it is currently, we are very happy. It will definitely improve situations because there has been some relief in the last few days. But again, we don't want to count any chickens before they hatch, right? So, given the current scenario, there is some little relief. But, what I want to also tell, for example, if you were to go and do a deeper dive into our entire financials, some -- most of our expenses, right?

I mean, there are certain things which are regular expenses, which are -- which we are always keeping a check on. One thing that has gone up quite considerably, almost 21% increase is our manpower cost. Now, this is because of the fact that we are adding more experience centers, adding people for our manufacturing, etcetera. These are the front-loaded costs, unless we have people in early -- training also takes 6 months, 8 months, and all that.

We can't say, okay, I'm going to open an experience center in, say, Delhi, and 1 week before that we will take on people. That doesn't work that way. So these things are done for the greater good of the organization. These costs are there. And if we were to purely look at profitability, which I fully understand from an investor's perspective, but that would actually be a very short-term vision for the organization.

We need -- we are trying to strengthen the organization. Really for its next 5 years, 10 years, 15 years also. So, we are taking on these additional costs now. We do anticipate also that until some of our new stores and things get deployed, we -- there will be -- like currently we are 150 people plus. We have almost 14%-15% increase in the manpower in just the last 5 months-6 months. So there could be another 14%-15% increase in the number.

I'm talking about the actual quantity of people within the organization, and that could be there because these are required for actual expansion. It is – and we are still keeping efficiency very much in mind.

Madhur Rathi: Got it. And sir, just a suggestion, sir, SEBI has allowed an open market share buyback. And sir, since our stock is trading at 6-7 times its price-earnings multiple, as well as we have some cash on our books. We can, sir, acquire these shares from market or do a buyback and as an increase or promoter shareholding. So whenever in the future, as our business grows, the future profits will be divided among much smaller shareholders. So that is just a suggestion, sir. Thank you so much, and all the best.

Manmohan Ganesh: All right. Thanks for your input. We'll definitely discuss it at the board level.

Moderator: Thank you. Next question comes from the line of Pratik with Aroka Wealth. Please go ahead. Pratik, you may please proceed ahead with the question.

Pratik: Can you hear me?

Moderator: Yes.

Manmohan Ganesh: Yes, we can hear you.

Pratik: Yes. Good afternoon, Mr. Joekumar and Mr. Manmohan. Regarding the brands that we have got in SVS and Profigold, a couple of things. Have we got the all-India distribution for these brands? Or is it region-specific? And the other one is, what kind of sales are we expecting? Because I think Profigold is a premium cables brand, and premium cables haven't done well in India in the last 2 years-3 years. And SVS, of course, is a market leader. So what kind of sales are we expecting going forward?

Manmohan Ganesh: So to answer your -- the first part of your question, we have exclusive tie-up for both the brands. So it's not any region-specific thing. So, both we have now -- it's just been literally month, month and a half since we have started selling both these products. So it's a little early to say exactly what kind of numbers we're trying to -- we are hoping to achieve. But we are confident that Profigold will be within our Top 4 or 5 selling products.

So currently our Top 5 products contribute to 50% of our turnover. Adding a brand in that segment will contribute significantly. So it is going to be a strong power brand for us. I wouldn't quantify a number on that yet. Okay. Maybe by the next quarter, we will have a number, but we are positive that we will scale it up also soon and reach a decent number on that. As for Profigold, I would like to correct you a bit there.

Profigold is not really a premium product, to the -- I mean, the way we define premium. So we also have another cable brand called Chord, the Chord Company. Those are actually extremely premi cables. So, almost at 5x the price points of a Profigold cable. So Profigold, we are considering it to be a more mass market product, and we are working on those lines of it becoming a mass market product for us.

Pratik: Right. And what percentage of our sales are derived from Denon, sir, if I may ask?

Manmohan Ganesh: Yes. So Denon, Joe, do you want to just…

A. M. S. Joekumar: Yes. We are having on the total value, we have around 28% from Denon.

Pratik: Got it.

A. M. S. Joekumar: On the total sales value. Yes.

Pratik: Got it. And sir, so I think, our main margin improvements probably will be when we start selling our in-house brand, audio equipment, for which I think January is the timeline that has been given. So, are we on track with that? And so when you say January the production will begin. Are you expecting sales from Jan-Feb onwards? Or can we see it only in the next financial year?

Manmohan Ganesh: So, initially, we are starting with products of our partner brands, right? What we're going to be assembling is going to be speakers, not electronics, speakers of some of our partner brands, right? And so it is obviously a great thing when the brands are entrusting us to manufacture some of their products, right? So there is a -- obviously there is a very close monitoring, hand-holding and monitoring of the quality, because they definitely want it to be of a global level.

And we are also hopeful that that can lead to better things going forward. So we are also putting our sincerest effort into this entire thing. So while we will start a pilot production in January and we will pick it up subsequently. So there will be some amount of manufacturing that happens in this financial year. It will be with select models.

You can't just straight away overnight go in because we are literally training our entire team. It's not that we had a production facility, but we are getting in people, trained employees into the organization for this particular thing. So, the real ramp-up and the benefits that come from that, I think when it comes to noticeable numbers on the financials, will be seen more in the next financial year.

Pratik: Got it. And so, last question, so in the home theater segment we are market leaders. What is our plan going forward in the pro audio segment, competing with other system integrators? So what is our plan there?

Manmohan Ganesh: Yes. So, Yes, we basically dominate the residential AV sector. with the pro, it is -- we are really learning the ropes in that. But we have now started gaining momentum. So what we are also doing in that sector is, working closely with number of clients to get even the products that we deal with spec'd into large projects. So, when big auditorium projects, you've got stadiums, you've got things like that. A project needs to get spec'd into this.

For example, brand needs to get spec'd into a project. Now, these things are not impulse buys, right? So when you have -- it could be even, say, you know, an amusement center, it could be a large auditorium -- usually that, the entire project is a 1 year to 2 year kind of thing. We have already started getting the products spec'd in, and a few project deployments have already

started. More as this thing picks up, because these projects, as they start getting into their completion stages, that's the demand starts picking up.

Then finally, end of the day, it's a lot to do with visibility. When we have brands that are visible within projects, automatically demand is created with, with further, projects also. What we have stayed away is from the rental industry. So that is a quick way of scaling up, but it's also a quick way of actually damaging the product and the brand because they're never shown in the best of light. They're used in weddings and those kind of things.

So we have stayed away from that. We have a good understanding of the market now. We have the people in place, the sales teams product movement has begun. I would say that, for example, in the residential thing, yes, it took us -- it didn't take us two decades to learn the business, we learnt it in the first 1 or 2 years, but we have built it over a long period of time. This is still early days, but we're very confident that we will be able to scale it up because one big strength that we have is the after-sales service.

Today there are multiple players in the professional audio sector who don't really have pan-India service at all. So that risk that the client takes without having service around their vicinity is a big challenge for a lot of people. So that is something that we are using and it's working to our advantage and we are quite confident of it.

Also the fact that we've got trained, capable teams of people who can guide, it could be other integrators who are using it in product, it could be end customers. All of this, our ability to be able to guide them, train and handhold is also a big strength of us.

So, between projects that where we are already executing, getting PMCs or AV consultants to recommend the brand, which is something that is already happening, and getting them deployed into early projects, which is also happening. So all of that collectively will lead to much bigger things in this sector.

But for a lot of our growth in the initial phases, we are not overly dependent only on that sector. It's not that my business plan is dependent on 30%, 40% of my turnover coming from that. That's not the case. But it will at some point happen, okay? So I just want to make that clear.

Pratik: Right. Thank you so much, sir, and then all the best…

Manmohan Ganesh: Thank you so much.

Pratik: For the upcoming quarter.

Manmohan Ganesh: Thank you.

Pratik: Thank you.

Manmohan Ganesh: Thank you so much.

Moderator: Thank you. Next question comes from the line of Madhur Rathi with Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Sir, thank you for the opportunity once again. Sir, so, we were trying to scale up our business on the commercial audio-visual and the public announcement side. So how was that scale up, if you can help us understand?

Manmohan Ganesh: Yes. So that was basically exactly the same question of the earlier gentleman also. So basically, it is -- as I mentioned, the scale-up is already started. Work is on in full swing. Some amount of deployment of products and projects is already happening.

But a lot of these are actually, the moment you sell, when you're selling professional audio, these commercial audio, when it's going into auditoriums, going into stadiums, going into an infrastructure project, it could be a railway station, it could be an airport. All of these things, they get specked into a project much before the project actually happens.

So, our initial phase is getting them set into projects, so that there is some amount of time lag between getting it specked into so that it becomes the default product for that project. That work is happening, so it will definitely pick up rapidly over time. But from the time we launch to the time it actually scales up, there is a bit of a lag.

But our business plans, as I mentioned also earlier, is not only dependent on these sectors. A lot of it will continue to be from the residential audio. But we are confident over the next 2, 3 years this will be a sizable, maybe a big chunk of our pie will come from this business. But right now, we are not only dependent on this. So, work is happening in full swing, the teams are on, the service infrastructure has been built, the discussions with project consultants are happening so that the projects get specked into large projects, and so on and so forth.

Madhur Rathi: Sir, could you help us understand on the numbers front that, if you can -- what is the order book of this segment or order pipeline that we see based on initial RFQs with our customers? How big can this segment become maybe over the next 2 to 3 years?

Manmohan Ganesh: See, in 2 to 3 years, this can easily be INR50 crores, INR60 crores of business. Or beyond that, it will be even much larger business because the corporate and the commercial audio market is actually very, very large, okay? It is highly fragmented today. A lot of unheard-of brands and clients aren't very well aware or informed about various products in the market. Those things, we feel there is some maturity coming into this segment.

So, while we have big brands that we'll be competing against, there are some well-established big brands, but there is also a great opportunity for us specifically with the PV and Crest products that we have in our portfolio.

Madhur Rathi: Got it. And sir, on the manufacturing front, sir, so firstly, sir, what kind of import duty do we pay on our products currently? And sir, once we start manufacturing some amount of products within the country, how should we look at our margins -- effect on the margins because of this import duty going away?

Manmohan Ganesh: Right. So, actually it's a good question. So, speaker, right now import duty is about 22%, currently, on a finished product. Now when we bring in, say, components, the cost of

components -- because there are a lot of things, you all know things like magnets, speakers -- I mean, magnets, magnets only come from China, there's no other source on earth.

Now if I import the components, the import duty is around 11% on the components. So that means I've already cut down by half, but we do have a cost of manufacturing also, right? So that cost could be 4%, 5%. So we could look at, for the products that we make here, maybe a 5% to 6% benefit of local assembly as compared to an imported product. Does that answer your question?

Madhur Rathi: Yes, sir. And sir, would it be fair to assume that a majority of this 4%, 5% increase -- cost savings will be kept by PRO FX, or will we like pass it on to some of our customers?

Manmohan Ganesh: No. This is going to be kept by us. See, because in every sector we are competing against other brands, right? So the other brands would not have that advantage.

Madhur Rathi: Right.

Manmohan Ganesh: So, for example, if I'm selling a Polk Audio product, just give you an example, and it's competing against some XYZ brand in the market. It's today selling at a particular price. I don't need to study, drop that price down. It doesn't do me any good. Polk Audio is already in a commanding position in the market. So we will in all likelihood not touch any of that.

If there are collectively -- for example, when the dollar -- say suppose the dollar weakens and the rupee strengthens, right? That advantage then comes to all the entire market. Now if my competing brands are able to reduce prices by 5% because the dollar has weakened by 5%, that I need to also pass on, right? But why should I pass on the benefit of me assembling it here versus somebody else not assembling it? I'm simplifying it, but I think you understand what I mean by that, right, sir?

Madhur Rathi: Yes, sir. Sir, just one final question. Sir, how is the -- I know that you don't give any guidances, but sir, if you can help us understand that how is the product demand? Or -- because a lot of projects came in 2022, 2023 on the real estate and they seem to be at the completion stage right now. So maybe, 1 year back and today, how is the demand? If you can help us understand.

Manmohan Ganesh: So, demand is actually going up. So, we notice that in terms of consumer interest, in terms of spending power, everything is going up. What has actually been a bit of, say -- it's not really a negative thing per se, but what has actually suppressed some of the sale or the opportunity is the fact like client projects have been taking a long time.

For example, people who were earlier say building a house and 5,000,-10,000 square feet, the same type of clients I'm giving just like a segment today, 15,000, 20,000 square feet projects. So the AV requirement, it could be music by the poolside, it could be a huge home theater, party room, all kind of things.

The demand and the amount they're willing to spend has all gone up, but that project which should have taken 1.5 years or 2 years to complete is taking now 3 years or 3.5 years just because of the scale of everything being what it is. So that has actually -- so the pipeline just keeps

increasing and projects take their own sweet time. So just -- again to give you some examples, we have had some projects which we assumed would be ready in the beginning of this calendar year, okay?

Now we are almost at the end of the calendar year. These projects are still not completed. They are -- okay, maybe now another 2, 3 months to go, but they've actually taken almost 30%, 35% longer time. Not that because of any reason other than the fact that the clients having more money tend to spend so much more or overdo it on hire extra designers and lighting consultants and all kinds of things, which take their own sweet time. So that is something that we have just noticed across.

Madhur Rathi: Got it. So that is from mine. Thank you so much, and all the best.

Manmohan Ganesh: Thank you.

Moderator: Thank you. Next question comes from the line of Vaibhav Kapur with Swaraj Holdings Private Limited. Please go ahead. Vaibhav, you may please unmute yourself and proceed ahead with the question.

Vaibhav Kapur: Okay. Can you hear me, sir?

Moderator: Yes. We can hear you.

Manmohan Ganesh: Yes. I can hear you.

Vaibhav Kapur: Okay. So my first question is, with respect to the local manufacturing that you were talking about, I just want to know the brands that are there, have they had any discussion with exporting these components, or is it just for the local market?

Manmohan Ganesh: So Yes, we would love that, okay? But initially the discussion is for the local market, right, because we get certain savings when it comes through this thing. And also there is a bit of a learning curve, so the brands are also being a little cautious. They want us to learn to walk before we can run. They have asked us to also produce at a certain pace. Usually when manufacturing happens of audio products, the testing that happens is usually a randomized test. Hello, sorry there's some interruption. Can you hear me?

Vaibhav Kapur: Yes.

Manmohan Ganesh: Yes. So usually what happens is when we manufacture, the manufacturing that happens, the products are usually random tested. For example, anything, like if you produce 1,000 speakers, they random test it. Now the brands that are working with us for our manufacturing project here, they want us to do 100% testing.

They want to do a lot of those kind of things because they want to -- see, if it was just our brand, maybe we would be a little more casual towards this thing. But because these are international brands and they're all leading brands, it's not something from some Eastern Europe kind of unheard of product. These are all global majors. So they're very particular that what comes out in India is of the same global standard.

So they want us to actually go at a particular level, and they were not going to commit on opportunities for other export markets and things like that until we have proved that we can do.

Vaibhav Kapur: No. I do understand. I've asked the question a little too forward in time, but…

Manmohan Ganesh: Yes. No, but that is some something that people within our organization also have asked. So it is a perfectly, perfectly understandable question. So over the long run, we want to actually -- so, I think some people also when they heard that, your manufacturing is just 8,000 square feet, is this really -- are you committed to manufacturing? We are committed to it. But the point is, this also needs to be a sensible approach of scaling the entire thing.

We want to reach a certain capacity, ensure that we have a certain quality standard which is fully approved by the partners that we work with, and then we are definitely -- this kind of manufacturing, this is not a chemical or any kind of hazardous manufacturing where we cannot just hire certain facilities and expand to those. We can easily do that.

So, we want to first prove that we are able to do it, reach the level that we want. And who knows, the way things -- the opportunities that do come up, there could always be a possibility that maybe even brands that we don't necessarily, currently deal with may come to us because some people just want that Made in India type of situation. So I don't want to speculate here. I'm just…

Vaibhav Kapur: Yes.

Manmohan Ganesh: Hoping that we will reach that level.

Vaibhav Kapur: What are the brands right now that you will be manufacturing for? Would you be comfortable sharing the names?

Manmohan Ganesh: So, I will only give you one name right now, which is KEF, which is a British brand, right? Only KEF is the name I'll give you now. The other ones -- because this one is already -- things are already moving in that direction. The other ones are still working out the modalities.

And one thing which I'll be absolutely honest with you, some of the brands have said that, can you -- let us see how you are producing it for this particular brand, and then based on that we will send our engineers and check out and see that you are consistently producing, and then we would like to explore that, so which is fully understandable. Not everybody wants to take the plunge and then take a risk also because finally it is their brand, right, but we are also working…

Vaibhav Kapur: And I think KEF as a start is a great brand.

Manmohan Ganesh: Yes. So KEF is -- they're actually starting with the Rolls-Royce brand actually, which is a great thing. So we are working on that. And there are some things which are easily doable. There are some things which are a little difficult also because certain things on the kind of finishing and those things that they require on that. There is still not a proper ecosystem in India to get that. If we need a particular type of, say, a coating material or something like that, I can't go into all the details, but some of those things India still doesn't have.

So, we are still dependent on some parts as in sub-assemblies coming, which over time we will correct that. But there are dependencies. This is -- we've all seen what happened with mobile phones when they first came in, I think it was 100% assembly situation. But over time as the ecosystem kind of improves and things like that.

So in our particular case, yes, we are not dependent on any kind of chips or semiconductors or any of that, but there could be certain treatments or certain anodizing kind of a plant or a facility or something that is required here, which maybe over time, if we see it makes sense, we may only invest and actually add that. But they are not going to be extremely capital intensive. So it's not a worrying thing. But we will anticipate based on this brand and other brands and things like that, we will see how it goes.

Vaibhav Kapur: Okay. The other question I had is, with respect to your trade receivables. So it's been like on an absolute value basis there's been a 25% bump. So I just want to understand, in terms of the terms of trade that are there with your distribution channel and this increase that is there, if you can just give some understanding here?

Manmohan Ganesh: Yes. Maybe I'll ask my colleague Joe to explain this one. Joe, can you -- Yes.

A. M. S. Joekumar: Yes. Can you say it again?

Vaibhav Kapur: Yes. So you are

Manmohan Ganesh: The trade receivables - increase in trade.

Vaibhav Kapur: Yes. So…

A. M. S. Joekumar: Yes, trade receivables, actually what has happened, nowadays, a lot of competition is happening and the minimum credit period given to the trade is actually 60 days.

Vaibhav Kapur: No. So if you could just give an idea that from March there has been a 25% absolute increase in value. So, what were the terms of trade in March with your distributors, and how has that changed in the September filing?

A. M. S. Joekumar: No. Actually what has happened, we are in multiple verticals, retail and corporate and as the trade, okay? Trade, we operate always on a 60% credit period. Yes, a small amount defaulters here and there will there, 60 days credit period. And for the corporate, as per the purchase order. Certain time the retention period and everything may be 1 year, that may increase the number of days.

Manmohan Ganesh: So, to that point, I'd just like to just expand a little bit. So, there are a couple of projects that we're doing to actually, absolutely A-grade corporate clients, okay? Some of them, their terms of payment tend to be a little longer than your typical where we have this ongoing and regular transactions like our dealers.

So, there are -- for example, certain projects which we have undertaken which are experience centers, again for very premium clients. In those ones, also there is something called a 5%

retention for 1 year, 2 year kind of situation. So, bearing some of those also, they have also contributed to these receivables increasing.

Of course, going forward, we are actually discussing with them that we'll just offer bank guarantee instead of actually locking up our funds. But this is something that -- again, they are exceptional companies, so we have no concern about getting back our money. But that has reflected in the numbers.

Vaibhav Kapur: Okay. The other question that I had is, with respect to the price increases, can you just give some understanding in the past 6 months, in terms of percentage and a range, if you can give? When have you all taken these price increases? And if you can just put some color there.

Manmohan Ganesh: So actually, between different, different brands it has been staggered. So we did not take all brands up at one particular time. Around the -- say about 3 months ago, yes, there was a more or less a jump across multiple brands that we did this thing. But otherwise they have kind of been a bit staggered across various products. I would say that between -- across different brands, again looking at competition and things like that, between 5% to 10% in many cases the price did go up.

Vaibhav Kapur: Okay. Between 5% to 10%. And when was this price increase taken…

Manmohan Ganesh: So, like I said, it was staggered. In certain cases, some brands it was in May, June…

A. M. S. Joekumar: We have done it in February '26 for few products and June '26 in few of the brands.

Manmohan Ganesh: Yes.

A. M. S. Joekumar: Because we need to take their approval also actually. So accordingly, February, we increased the prices of certain brands and few other brands it has happened in June '26.

Vaibhav Kapur: Okay. And in terms of your experience centers, the one coming in Chennai and Mumbai, what is the approximate capex that you have done ex-inventory, if you do not include the…

Manmohan Ganesh: Ex, so it's about INR1.5 crores is the capex in Chennai. Mumbai is a little more because it is going to be a very posh place, so a little more, maybe another INR25 lakhs more, that kind of thing.

Vaibhav Kapur: Okay. And INR1.5-odd crores is the inventory value, right?

Manmohan Ganesh: Yes.

Vaibhav Kapur: Yes. Okay. And in terms of long-term direction, I just want to understand, see, what I'm observing is that some of your brands, you've been able to generate 15% growth in your distribution channel. So I just want to understand, because you've been in this -- you've had a very large distribution channel and quite a number of distributors since a long time.

I just want to understand, based on your experience, if you can give some understanding that how does this growth happen? And how is it that -- or how do you continue to retain your distributors and how do they actually grow? If you can give some…

Manmohan Ganesh: Right. So Yes, it's a great question. So, there are multiple things that are actually happening. One is, overall there is a demand increase across the market, okay? So, the demand increase is there. Unfortunately, we don't have any GfK type of data or research that gives some specific kind of numbers. We wish we did, but our industry is still a little under the radar from those kind of things. But we noticed that demand is increasing.

Secondly, we see a lot of actual growth and interest coming from Tier 2, Tier 3 towns, right? Not all our products work there. Some of our products -- some do, definitely. Some, there is high demand for -- if you see brands like, JBL, Polk Audio, Denon, etcetera, there is big demand. But for some of the more premium products, not yet. But we see that direction.

We see where they are, and we know what is going to happen in the next 2, 3 years. There is going to be a huge uptick in the demand in these small towns. So, as demand goes up, new dealers are coming up every day. And I'm not exaggerating when I say that every alternative day there is somebody writing to us saying that, hey, can I become your dealer? In some small town which honestly we Google, because we have not even heard of where this place is, because that is how it is.

And with all these people also, we aren't, again, just running to them and saying, okay, here, sign this paper here and then you are onboarded. We actually send somebody there, evaluate what their understanding of the market is. In many cases, we notice some of them come from a consumer electronics background. Now, that's a good thing and a bad thing also.

Some people who come from a consumer electronic background, they don't understand the kind of patience you require to demonstrate these kind of products, because it's very different from selling a washing machine or a refrigerator where somebody walks in, looks at the product, asks four questions, and then buys the product.

Here in this particular case, people want somebody to visit their homes to evaluate, is this system too small for this room, is it too big for the room, how are you going to wire it and things like that. So a lot of our effort is also training some of these dealers. Now they are also good enterprising people in India. We all know that literally every businessman is extremely enterprising. So they take it upon themselves to learn and to constantly ask us for help.

And one thing that we have done is in our corporate head office, we have a whole team that is only supporting these dealers. So we have -- for example, if they have a project, they need somebody to do a recommendation of what is the kind of product for the thing, we help with that. If they need drawings, CAD drawings, because the client's architect is asking for where the conduits are going to run and things like that, we do that.

And we notice that this is maybe a few months of handholding. Eventually those dealers are able to then establish and then take it on themselves. So giving them this kind of handholding and

this kind of support is definitely very encouraging. So they are happy to become our partners, and that's why you see the number of dealers are increasing.

Now, having said that, why is the number of dealers not increasing further than what I've said is because we are also trying to have certain control on the market. Now what I mean by that is, let's see, there's a small town, okay? And in that small town there is one big street, it's like an MG Road or whatever main central street there.

Now if three people open an AV dealership on that street, if we give the same product to all three people, eventually they are all undercutting each other and nobody is making money, so we are also being a little restrictive. So, we try to ensure either by differentiating the brands or limiting the number of people who sell the product based on how we gauge that market. Because creating an oversupply causes a bit of a problem. There is enough other growth opportunity across the country. We don't need to keep dumping into same towns.

So keeping that in mind, now this is also something that the dealers who we have appreciate because they also know that we are considering that they earn money properly and not just looking at just offloading product onto them. So, there are multiple things that keep them interested and keep them engaged and happy to work with us.

And also lastly, the fact that we have these 31 service centers, nobody has anything close to that. So, the fact that wherever a product is sold, should something go wrong, the problem when the client is starting to lose his or her temper, we are the ones there to face it because we have done it now for two decades. We know how to solve the problem. We'll ensure that the client is pacified and taken care of. So there are great advantages of working with us, which is why the dealers are happy to be with us.

And having said that, I don't see demand in the -- whether it's the metros or the mini metros or Tier 2, Tier 3, I don't see that coming down. These are still extremely nascent, niche categories of products. There is high demand for it because Indian lifestyle is such that, we like to enjoy music and movies, and even movie watching is a community kind of thing in many, many towns and many homes. So, this will keep going up.

Bringing the right product to the customer, giving the right purchase experience, and then the support post-purchase, all of that will contribute to a great experience and growing demand for this. So, we are working on those basics that is the building blocks we've been using throughout, and we will continue to do that, and it is going to contribute to good growth going forward.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Manmohan Ganesh for closing remarks. Thank you, and over to you, sir.

Manmohan Ganesh: Okay. Thank you, everyone for having joined us on this earnings call today. I appreciate your continued interest in our organization, and for the varied questions that you had. We are always available to you for any further inputs that you require. Thank you and have a good day.

Moderator: Thank you so much.

Gautam Sipani: Thank you.

Moderator: And ladies and gentlemen, on behalf of PRO FX Tech Limited, that concludes this call. Thank you for joining us, and you may now disconnect your lines. Thank you.