Dated 20.11.2026

To
Department of Corporate Services,
BSE Limited,
25th Floor, P.J. Towers,
Dalal Street, Mumbai-400001

Scrip Code: 544166

Dear Sir/Madam,

Subject: Submission of Investor/ Analysts Meet Transcripts

Pursuant to Regulations 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), please find enclosed the Transcripts of the Company's Investor Call for the half year ended 30.09.2026

The said Transcript is also available on the website of the Company at https://emmforce.com/wp-content/uploads/2026/11/Transcript-Emmforce.docx

It is further confirmed that no unpublished price sensitive information was shared/discussed in the meeting / call.

We request you to take the same on record.

Yours Sincerely
For Emmforce Autotech Limited

Ashok Mehta

Digitally signed by Ashok Mehta
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(Ashok Mehta)
Managing Director
DIN: 00058188

"Emmforce Autotech Limited

H1 FY27 Earnings Conference Call"

November 16, 2026

MANAGEMENT: **MR. ASHOK MEHTA – PROMOTER AND MANAGING DIRECTOR – EMMFORCE AUTOTECH LIMITED**
MR. ASHISH BAGGA – FINANCE HEAD – EMMFORCE AUTOTECH LIMITED

MODERATOR: **MS. SAKSHI SHAH – GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to Emmforce Autotech Limited H1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in 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 Ms. Sakshi Shah from Go India Advisors. Thank you and over to you, ma'am.

Sakshi Shah: Thank you. Good afternoon, everyone and welcome to the H1 FY27 Earnings Concall of Emmforce Autotech Limited. We have on the call Mr. Ashok Mehta, Promoter and Managing Director; Mr. Ashish Bagga, Finance Head. We must remind you that the discussion on today's call may include certain forward-looking statements and therefore be viewed in conjunction with the risks that the company faces. May I now request the management to take us through the business outlook and financials, subsequent to which we will open the floor for Q&A. Thank you, and over to you, Ashok sir.

Ashok Mehta: Good afternoon, everyone. Thank you for joining us. So the last 6 months were not easy for anyone who makes things and ships across the world. The war in West Asia pushed up our costs and disturbed shipping. In spite of that, we kept every delivery commitment to our customers and we grew revenue, EBITDA and profit.

Let me remind you briefly of what we have built. Our plant at Baddi is now 150,000 square feet, more than 600 people. We do forging, machining, heat treatment, assembly and testing all under one roof. With our 1,600-ton forging press, CNC machine lines, SCADA-controlled heat treatments and our own R&D center, we control quality, cost and lead times ourselves.

And this is why our customers trust us with bigger and more complex parts. We have also moved beyond four-wheel drivetrain parts into agri equipment. This gives us a second market to grow in. So let me just share how H1 FY27 has been so far. In fact, this has been the best so far.

The consolidated revenue was INR92.5 crores against INR54 crores in H1 last year. This is a growth of 73% compared with the first half H2 FY22 revenue is of 57%. EBITDA was INR16 crores, up 44% from INR11 crores last year and up INR37 crores from the last half. EBITDA margin was 17%. Profit after tax was about INR6 crores, up 54% from INR4 crores last year and up 49% from the last half.

I would also like you to look at the standalone numbers because they show how our main business is doing. So standalone revenue was about INR84 crores, up 71%. Standalone EBITDA was INR16 crores at a margin of about 19.5%. Standalone profit after tax was about INR9 crores, close to 11% of sales. So our core business is healthy and on track.

The gap between standalone and consolidated comes from our subsidiary Emmforce Mobility and I will explain about that in a minute. Let's first talk about the margins. So when the West Asia crisis or conflict started, our costs actually went up. The raw materials, consumables, power, gas, ocean freight all went up.

We thought this was a short-term problem and that would settle once the war was over and probably the currency depreciation might compensate that. So we did not ask our overseas

customers for a price increase. We absorbed these costs ourselves in the first half. And that is why our standalone EBITDA margins came in at about 19.5%, a little below our normal range of 20% to 22%.

So the disruption has now lasted longer than we expected. Of course, the freight rates have started coming down. So we are now going to our customers for a price revision and with that, we expect our standalone margins to come back to the 20% to 22% range. Coming to Emmforce Mobility, so Emmforce Mobility is making forgings, agri equipment and rotavator blades for agri market.

So in H1, it did a revenue of INR14.5 crores, of this INR8.6 crores was sold outside the group and it made a loss of INR2.8 crores. Sales were lower than we planned for two reasons. First is TAFE, our main agri customer had labor unrest for 2 months during this season. They also had blades in stock from their previous suppliers, which they used up first and now they are going to buy from us going forward.

So our blade supplies started later than we expected. In the second half of the year, we expect Emmforce Mobility to have no cash loss. And I want to be clear about one thing, on a consolidated basis, the subsidiary will pull down our margins this year. We cannot fully avoid that in FY27, but as its volumes grow, this gap will become smaller.

Talking about cash flows and capex. So the operating cash flows for the first half was negative by INR5.9 crores and this is mainly working capital. The receivables went up from INR34 crores in March to INR63 crores in September. So the new US program has a longer cash cycle as we keep stock there and we are supposed to keep stock there and we have goods in transit at all times, about 60 days to serve the customer well.

And bringing this back in line is the key focus for all of us here at Emmforce. And, of course, since this was the initial phase where we had to build up some stocks, this was basically the reason. So this number should definitely come down by the end of this year. So the good part about capex is behind us now.

We spent only INR3 crores on capex in H1 against INR18 crores in the same period last year. So we now have an installed capacity of about INR350 crores. So most of our future growth will come from better use of what we already have. In terms of our business update, so first I'll cover automotive.

So our INR470 crores US program is running at full speed. It will give us about INR60 crores of revenue this year. And because of this, the OEM business has gone up from 7% of our revenue in FY26 to 41% in H1 FY27. We also have a long-term order from a US OEM worth about INR10.5 crores a year. The PPAP samples are with the customer, and we expect production to start next quarter.

So two more US customers are testing our parts in the USA right now. Together, they should add up to about INR10 crores a year. We expect the first order from them in January '27, once their testing is complete. So we expect to start shipments of our hydraulic gear pumps in Q4.

Coming to the agri business, so agri is our second growth engine. We are past the development stage and now the work is about building volumes, dealers, and the brand.

In fact, initially, last year, we were basically thinking of working more towards the private labeling of the agri products, and that is why we did not focus always on building the brand. But having realized that building a brand is a better proposition for us, now we are on it.

So our EMMFarm brand of rotavators has been launched in Maharashtra, and the response has been very good. South India and Madhya Pradesh are our next markets. Our rotavator blades are now selling through a growing network of distributors across India. And we are receiving good response, people have started buying now, so we hope going forward there will be good traction on these.

So coming to the outlook for FY27 and FY28, so now earlier we had guided INR195 crores for FY27, INR165 crores was for Emmforce Autotech and INR30 crores for Emmforce Mobility. For Emmforce Autotech, we stay with INR165 crores. For Emmforce Mobility, because of the delay at TAFE and expected slowdown in the agri market in the coming months due to the monsoon which has been staggered, we are bringing our estimate down to about INR20 crores this year. So our consolidated guidance for FY27 is now INR185 crores.

Having said that, our team will work hard to make up for this shortfall in Emmforce Autotech and we will try our best to still reach INR195 crores or cross it on a consolidated basis. On profit, we expect standalone profit after tax to be about INR18 crores and consolidated PAT at about INR14 crores for financial year '27. For FY28, we expect around INR195 crores from Emmforce Autotech and around INR40 crores from Emmforce Mobility.

And I know a lot of people are waiting for the merger news as well. So, as we had said before, we plan to merge Emmforce Automotives into Emmforce. So Embross makes axle shafts and transmission shafts. Once this is done, our full drivetrain range will be in the listed company, and the related third-party transactions between these companies will end.

We will announce details once the Board approves the scheme. It will go through independent valuation and the approval of shareholders, the stock exchange, and NCLT. We will also be eligible to move to the main Board by May '27. To sum up, we had our best half-year ever, our core business is growing well and is profitable.

For the second half, our job is clear: get our prices revised, bring margins back to 20% to 22%, make sure Emmforce Mobility has no cash loss and brings cash in. And I thank our employees, our customers, our suppliers, and all of you for your support. Our people are the backbone of this company, and with that, we are happy to take your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ankit Gupta from Bamboo Capital. Please proceed.

Ankit Gupta: Yes, thanks for the opportunity, sir. Sir, on the standalone numbers, if we look at it, like, the entire growth in the first half has come from the OEM model. Our base business hasn't has hardly

grown in the first half of this financial year. So what has happened there? And how do you see the second half shaping up? So that will be my first question.

Ashok Mehta: You see, it is not only the new business that has added on, because probably last year when we closed, there was about INR6 crores worth of sales to our new program only. So it is not that business is not growing. So that business is also growing. And then, as I said, there are some other customers also that we have added. So that business will also grow.

So their orders are expected to come. As I said, those two customers from where we are expecting the purchase orders any moment. And of course, beyond that, there are other things happening. So we'll keep sharing with you in due course. But Yes, of course, that business is growing, it's taking its own shape, and going well. That is what I can tell you.

But of course, that business is not something where that is growing at about 20% to 30%, of course, 15% to 20% growth is there in that business. And our focus at this time had been more towards adding the OEM business. So and then secondly, all I can tell you is that in short I can just tell you, Mr. Ankit, is that business is also growing. But of course nothing is always linear, you know. It is always in graphs, some peaks and valleys are always there. So, but everything is fine. That's all I can tell you.

Ankit Gupta: Okay. So, basically if we bifurcate our numbers, OEM sales during this quarter were around INR38 crores and INR54.5 crores was non-OEM sales, which is our base business. I'm assuming that the INR6 crores sales that you did in FY26 would have largely happened during the second half of FY26. So, I have assumed nil sales for OEM. And if we look at it, then our base business has hardly grown by a crore, like almost 2%. So...

Ashok Mehta: No, no, no. As I said, the OE business was about, you know, the one main program business was also about INR6 crores.

Ankit Gupta: Sure, sure. Got it. Okay.

Ashok Mehta: So, it's not like that as I said.

Ankit Gupta: Okay, I was comparing it...

Ashok Mehta: So it is growing, sir. And it is growing, sir, and I can only tell you that our business is very strong and customers love our product, and we are getting honestly, our team is not getting time to quote, that is what I can tell you.

Ankit Gupta: Okay, okay.

Ashok Mehta: So, the response is really very good. Right now, that business also going good.

Ankit Gupta: Sir, second question was on the subsidiary. Earlier, we were thinking of launching our own brand and focusing more there, then again we were talking about selling or doing contract manufacturing for some of the larger players like TAFE and Mahindra. But now it seems that we are again going back to focusing on our own brand, which I think is extremely time-consuming and difficult to crack given how competitive the market is.

So, like, I want to understand what exactly is the thought process there. We have incurred almost INR3 crores of PBT loss in the subsidiary in the first half. And second half as we know is largely major focus sales happens in the first half. So, these losses might come down a bit, but will still be incurring INR3 crores to INR4 crores of cash loss, INR3 crores to 4 crores of PBT level losses in best case in this subsidiary. So, I want to understand the strategy for this subsidiary and the path for FY28.

We are targeting INR40 crores sales, so INR40 crores sales here I'm assuming will be including the forging sales that we do to our parent. So, that will be there. So, how much will be the external sales, how much -- how should we look at the margins in the subsidiary in the second half in FY28?

Ashok Mehta: So, Ankit, I agree with what you're saying. Of course, when we started, we thought that we will go with our own brand. No doubt about it. That was taking extra bandwidth, and we could see some sort of opportunity of going with Mahindra and all that. There was an opportunity. But when we pursued it, that basically took a lot of our time. We thought that this will save a lot of our time and energy, and will save our bandwidth of going into our own brand.

But when we actually pursued it and went forward, we realized that working with Mahindra was basically like not making any profit. It was like serving them. That's it. So, we had to practically quit that business, that we don't want that business of contract manufacturing the way they expected us to do. And finally, we came to the point that yes, we will go all in with our own brand. And maybe we have to do private labeling, we will do for people who are smaller in size, not so big.

Because Mahindra is very well established, and they have their numbers, so they would not really expect us to earn anything. So, having said that, we basically took that call that if we have to, then we have to. Because everything that we do, maybe the time we spend, but definitely it is always a blessing in disguise. Anything that happens for good. Because when you are able to have your own brand, of course, it takes time, but, of course, we are two people, so me and my son. So, my son takes care of that.

So, now we have decided that we'll go in, and we're finding that the customers are liking our product. And there is another private label company which started buying from us in the South, and they were also very happy. They have been repeating the orders this season. So, things are in that direction. And then, our blades, we have started launching through a distributor network all over the country. So, that business is also now started coming in. People are now trying in, getting in, and repeat orders will start coming in.

So, strategically, if you really ask me, so now it is no more contract manufacturing for high-end customers. But TAFE is basically a different story. Because for TAFE, we don't make a complete rotavator. We make a lot of parts for them. So, probably, there are a lot of fabrication, and machine parts, and heat-treated parts that we make for them, and we do powder coating for them. But they do the assembly in their own plant. So, there that is not a problem. And then, they have also approved our blades. And those blades will also go there. But unfortunately, they had some incident of some labor unrest.

And for 2 prime months practically, I would say they lost. And we also lost that, because before Diwali is the peak time, and they lost that time because of that labor unrest they had. But, of course, our strategy, as I said, is going to be mixed like this. And of course, this is a new territory which we entered and there is always a learning curve. And of course, when we start a business, initially we see that there are some losses as well. And but that doesn't mean that our product is not being liked by the market, and it's not that our product is not going to sell.

So, if we are able to pull our main business to this level, that also will pull. But just that dent or whatever loss has come, we cannot really say any more words, but of course they do happen when we do business. And what was your other question?

Ankit Gupta: Sir, for FY28, how should we look at the external sales and margins here? And what can be the losses here in the subsidiary?

Ashok Mehta: Ankit, we are expecting sales of about INR40 crores next year. That's what we are targeting, that we should do about INR40 crores. And next year should be good for one good reason I can just tell you, that our other associate company has already been awarded very good orders by a few companies. And that product basically is going to be forged, heat-treated in this facility only.

Ankit Gupta: Okay.

Ashok Mehta: So, that's a very good business that we could get. And that should give us a good ceiling in this business. So, my personal feeling is that in FY28, we will not be left with any capacity for our forging plant, so far as the 1,600-ton press is concerned. And maybe we might even use this blades line also for some automotive parts, that's what we are looking at. So, that capacity will basically now shift there also because the machine is capable to do that.

So, our focus will shift to that, and rotavators itself are now, we started getting good response and next response should be good there. So, all in all, I feel that next year should be good, and we should really look into that this sale should be about INR25 crores in the market and about INR15 crores internally.

Ankit Gupta: Okay. And then, what about the profitability here?

Moderator: Sorry to interrupt you, Ankit, but can you please rejoin the queue for a follow-up question? Thank you. The next question is from the line of Jatin Chawla from RTL Investments. Please proceed.

Jatin Chawla: Right. Yes, hi. Good afternoon, and thanks for the opportunity. Congratulations on a very strong first half. And special compliment on the presentation. I think the quality of the presentation this time is very good. So a lot of the questions are kind of already answered. But I have a couple of questions.

The first one is, you said there was extra cost on freight and commodity in the first half, which you had to absorb. Could it be possible to quantify and what sort of price hike are you looking at in the second half, so how much of this can you kind of recoup in the second half?

Ashok Mehta: Good afternoon, Jatin ji. So, you know what, the basic thing is, there are increases has been, one, is that have basically happened in different phases. Let me just give you a perspective. So, when the war started, there was one hike that happened in consumables, which is like tungsten prices and all other raw materials, cobalt prices, they basically shot up. And then slowly and then the raw material prices, the steel prices also went up, aluminum prices went up, copper prices also went up. And over a period of time, they had been going up. So, there has been a major increase in steel prices also in the past 6 months. And the freight cost almost doubled.

So, the point is, we did get some benefit through dollar appreciation, but at the same time, we are going to ask the customer for the increase, which will our thought is that we should be anywhere in the range of 20% to 22% EBITDA. But honestly speaking, on a public forum, I would not like to speak what sort of increase we will ask our customers.

So, but of course, the increase will definitely be there, and our customers won't mind paying for that. I was in the U.S. for our exhibition and meeting the customers only probably 10 days ago. And I could give them indications and I could sense that they are willing to accept those. So, it should not really be a major issue for us in getting that hike that we are looking at.

Jatin Chawla: Got it. And I think you so with this hike, like you said, the margins will improve, in the first half we've already done INR9 crores in PAT. So in the second half the PAT should be higher, right, because the revenue will be higher, margins will be better. So why is it that for the full year we are still guiding for only an INR18 crores PAT in the standalone entity?

Ashok Mehta: I am trying to be conservative here, sir. And second thing is, because with the U.S. new program, a lot of material was shipped out to build in the inventory there. So the inventory is being lifted, of course, but I personally feel that when they have shifted from their existing vendor, there was an inventory, and I believe that is going to slowly now I am seeing that they are going to use it.

And probably that might hit a little bit. But I'm not very sure how the system works, whether they want to keep that level of inventory with them, maybe a month inside them or not, but something that I am still learning and I don't want to be over-optimistic. So, I'm not trying to give those big numbers on that front, and all I can tell you is that things are all going positive.

The business is coming from all corners, from all the customers. There was a customer who had a lot of inventory, so now they have almost used their inventory, so I could get a message from them, and they started placing orders also. And they said that they're going to place orders going forward. So, majority of the inventory is used, so now slowly they will start buying.

But yes, of course, that business was giving us a hit because that business was not growing the way we expected because of the inventory they had. But now they've consumed it. So, we do expect things to be better. But of course, I mean I don't want to give big numbers because I do feel that we should try and catch up by INR10 crores more to compensate for whatever loss that we have on mobility. But right now keeping our fingers crossed, sir.

Jatin Chawla: No, makes sense. The second question is, you gave us a standalone and consolidated revenue guidance for FY28, but you didn't share a PAT guidance. If you could give a standalone and

consolidated PAT guidance for FY28 also. And I'm asking this in the context of what is the sustainable margin that we see in the subsidiary as the utilization kind of picks up?

Ashok Mehta: Sir, honestly speaking, I am not ready with that information right now. So, practically if you would allow me, maybe we are going to have our quarterly results, so maybe we can, or maybe we can discuss this offline once we work on it. But the honest answer is I have not worked on that; how much is it going to be in terms of mobility.

Jatin Chawla: Sure. No...

Ashok Mehta: But of course when it comes to Autotech, it is going to be in the same range. And what I believe is when we are talking about INR40 crores, so probably that's the number where we will be break-even plus.

Jatin Chawla: Got it.

Ashok Mehta: Yes.

Jatin Chawla: Thanks. I'll come back in the queue.

Ashok Mehta: Yes.

Moderator: Thank you. The next question is from the line of Love Gupta from Counter Cyclical Investments. Please proceed.

Love Gupta: Hello. Thank you for the opportunity. So, firstly, wanted to understand on the receivable days, you know, we've seen a slightly elongated cycle. So, firstly, wanted to understand what's the normalized debtor cycle and how do we intend to reach there, and how do we intend to manage our working capital going forward?

Ashok Mehta: Sir, the working capital is all managed. It is all sanctioned through the banks. But of course if we look into this business, typically the US business, we have to look into the receivables for about 6 months. So, practically that is something that we cannot avoid. And apart from that, this is the one for 6 months. But of course, the other business is there.

The other 60% of the business typically would be anywhere around 60 days to 90 days depending upon what day we are watching. Maybe we are watching at the end of the year, it will be more. But during the year, it will be less. So, on an average if you ask me, I mean we expect by the end of this year, we should have about INR50 crores or so as receivables by the end of this year.

Love Gupta: And we were in talks to increase prices with our customers. So, have those talks materialized? Are we seeing any traction on that front?

Ashok Mehta: Sir, I am going to do that now only. So far, we've not written to even a single customer on that.

Love Gupta: All right.

Ashok Mehta: So, we are going to work on that. So, this is basically whatever is there is going to be effective 1st of December.

Love Gupta: Got it. And on the TAFE business, we had earlier guided for about INR10 crores to INR12 crores revenue from this business. And given that there was an inventory destocking on their side, can we still achieve those numbers for FY27?

Ashok Mehta: Sir, FY27 numbers, we have already reduced our guidance from INR30 crores to INR20 crores because we lost 2 precious months with TAFE because of the labor unrest. And they had ample quantity of blades from their previous supplier. So, though they've approved ours, but then our blade lifting could not happen that way. So, going forward now when they come into full production, so that is where the numbers will be there.

Love Gupta: Understood, sir. Thank you.

Ashok Mehta: Yes. Right, sir.

Moderator: Thank you. The next question is from the line of Vansh Modi from Svan Investments. Please proceed.

Vansh Modi: Hi. Am I audible?

Ashok Mehta: Yes, sir.

Vansh Modi: Thank you. I had a doubt about Emmforce Automotive, which we're going to merge into our company. If you could just throw some light on how the financials are for that company and how much of an addition to our top line and profit do we expect from the merger? If you could quantify that.

Ashok Mehta: Sir, I really don't know if those numbers or something like that I can speak in a public forum, but all I can tell you is that business is basically doing very well. We have good numbers, and we have a very good traction in that business as well. In fact, the traction right now is more than what we have in Emmforce.

And we have during the last few months, we have finalized. We've tracked, like, POs have been received there for two good orders and another one prices are finalized and the PO is expected anytime. And the sales have also grown pretty well over the last year. And everything, I mean, is very good there.

Vansh Modi: Next question is on our margins for the whole year, what is the it? Because essentially, with the revised guidance that you've given, sequentially from H1...

Ashok Mehta: Sorry. Your voice is breaking, sir. Hello?

Vansh Modi: So, there is no major growth in H2 compared to H1. So, I just wanted to understand what is the margin that we are targeting in H2? And what would be the blended margin that we're targeting for the entire year?

Ashok Mehta: I think I've already given it. Because the numbers I gave are basically on a conservative level. And we have already given it about EBITDA of about INR18 crores and consolidated PAT of about INR14 crores.

Vansh Modi: All right. Got it. Now just one last question, sir. If we could quantify what was the impact of the 2 months of production loss that we faced on the EBITDA and like if we could just separate the EBITDA impact from cost and the 2 months of production loss that we faced from TAFE? That's it.

Ashok Mehta: I'm sorry. Say it again, please.

Vansh Modi: On the EBITDA level, if you could just split the impact that we faced from cost inflation and from the loss of TAFE, the 2-monthth loss that we faced?

Ashok Mehta: So, TAFE is basically the loss in the subsidiary business.

Vansh Modi: Yes. So, if you could on the EBITDA level just provide what was the impact that we faced from the EBITDA levels and cost impact, if you could split the two?

Ashok Mehta: Mr. Vansh, right now, I don't have that number ready.

Vansh Modi: All right.

Ashok Mehta: So, Yes, we can, otherwise, if you can write to me, we can always discuss about it. That's not an issue.

Vansh Modi: Okay, sir. Thank you. Thank you for taking my question. That's it.

Ashok Mehta: No problem.

Moderator: Thank you. The next question is from the line of Shaikh Mujeeb Ahmed from SM Capital. Please proceed.

Shaikh Mujeeb Ahmed: Hello, good afternoon.

Ashok Mehta: Good afternoon, sir.

Shaikh Mujeeb Ahmed: Sir, I have a few questions. Sir, of the INR470 crores US order, how much have actually been dispatched and invoiced up to Quarter 2?

Ashok Mehta: Sir, basically this business is about INR60 crores per annum.

Shaikh Mujeeb Ahmed: Okay.

Ashok Mehta: Yes. And that is going as per planned. So, I think, its about INR30...

Shaikh Mujeeb Ahmed: And…

Ashok Mehta: Yes. Sorry?

Shaikh Mujeeb Ahmed: Around INR30 crores has been dispatched, it means, by the end of Quarter 2?

Ashok Mehta: That is more than that.

Shaikh Mujeeb Ahmed: And what is the payment cycle of this customer, and how much of this INR63 crores which we have to receive, how much of that one is part of that one?

Ashok Mehta: Major part of that is basically from this customer only. If you really ask me, because that is something it's about INR40 crores is from this customer.

Shaikh Mujeeb Ahmed: If the payment cycle is longer than what...

Ashok Mehta: It is like this, that we have to keep about 6 to 8 weeks inventory there in a US warehouse, and there is a transit period of about 2 months, and there is a payment cycle of 2 months. So it is a complete cycle of about 6 months.

Shaikh Mujeeb Ahmed: Okay.

Ashok Mehta: So, that's the reason it is there.

Shaikh Mujeeb Ahmed: Okay. So, okay, this is what I want to know. Thank you very much, sir.

Ashok Mehta: No problem, sir.

Moderator: Thank you. The next question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta: Thanks for the follow-up. Sir, on the margins in the subsidiary in FY28, you think, given the high depreciation and interest there, like FY28 also we should see some INR2 crores, INR3 crores of losses for the full year on the PBT level?

Ashok Mehta: I don't think so, if you really ask me. Because I would say the worst that could happen is basically happening in this year. Because next year onwards, as I said, there is very good business that we have already signed up. So that business is going to be a good support for us, because that's our internal business. And then, the other business because of our own brand business will also have repeat orders and our new segments will also open up.

So a lot of things basically, because business ultimately when you start, you're starting from zero, so one thing builds upon over the other. So now things have started building up. So I don't think there is any way looking back at the things, and if we do a sale of about INR40 crores, I don't think there's going to be any loss there. Of course, it may not be PAT positive to that extent or maybe a little bit, but of course it will not it should not be a loss-making thing. That should cover up the depreciation and interest, I believe.

Ankit Gupta: Okay. And sir, on the standalone business, if you look at it, like INR165 crores conservatively that we achieved this year, and our next year target of around INR195 crores. So out of that INR20 crores business will come from the OEM itself. There are two, three programs that we have for which we are waiting for POs which are expected to come in…

Ashok Mehta: Yes. Sure.

Ankit Gupta: Let's say, Q3 and Q4. So, at least INR20 crores gets added for the full year. I'm hoping that you will add INR20 crores from FY28 itself. Is that assumption correct?

Ashok Mehta: Yes, you are right, Mr. Ankit. You're right about it.

Ankit Gupta: Okay. So INR20 crores…

Ashok Mehta: You're right about it, and what we have given is basically just keeping that as a conservative number. Because, ultimately, whatever we may do, there is always a Murphy's Law, and there's always another force that is playing left, right, center. So, we're just trying to keep that, okay, whatever is visible, but of course, whatever we see visible is also not always possible, and sometimes whatever you see, the business may even grow 40 times more than that.

So scenarios, we have to basically try to be something where I don't really have to keep saying sorry to you guys or anyone. And whatever growth will happen, definitely, we are working hard for that, and that will definitely happen, sir.

Ankit Gupta: Okay. Sir, on the new order wins, especially on the OEM side, if you listen to any of the auto OEMs who are focusing on exports, they're very buoyant about kind of opportunities which is emerging, especially from the European market side. Although our presence there is relatively less compared to the US, but how do you see inquiries which are emerging from Europe as well as our home market, which is US?

Ashok Mehta: You see, inquiries are coming from US, for sure. Europe, we participated in an exhibition this year in September. And we have started seeing some traction there, but of course, it takes a little time. But I am quite hopeful that by next year, FY28, we should see some numbers coming from Europe as well.

Ankit Gupta: Okay. And…

Ashok Mehta: We are working with we are discussing with some customers in Europe as well, in US. Of course, until something materializes, it's not a good idea to speak.

Ankit Gupta: Sure.

Ashok Mehta: Yes.

Ankit Gupta: And any large orders of the magnitude, maybe not as high as INR50 crores to INR60 crores that we are doing for our current OEM. But any large order, let's say, INR30 crores to INR40 crores which is in pipeline which you expect can materialize and add to our revenues for FY28?

Ashok Mehta: Yes. We do expect, but of course, we are waiting because ultimately these programs, it all depends when the customers or their management decides to kick off. But of course, there are good positive feelers from customers, but of course we had to wait as I said.

Ankit Gupta: Okay. Thank you.

Ashok Mehta: Yes, because until the PO comes or until their LOI comes, it's not a good idea to say anything.

Ankit Gupta: Sure. Okay, sir.

Ashok Mehta: Yes.

Moderator: Thank you. The next question is from the line of Ishit Desai from FODS Family Office. Please proceed.

Ishit Desai: Yes, sir. Thank you for the opportunity. Sir, my first question is on the gross margin part. As you mentioned that there were some cost escalation. So, is it fair to…

Moderator: Sorry to interrupt, but, Ishit, can you please speak a little loudly?

Ishit Desai: Yes. Is it better now?

Ashok Mehta: Yes, it is better.

Moderator: Much better.

Ishit Desai: Yes, sir. So, sir, I was trying to understand that, is this a large portion of margin compression coming from the OEM contract or is it across base business and the new OEM contract?

Ashok Mehta: No. It is basically all across, because we have not even asked for it. OEM business anyway we will get it now because this something when we started off, so now we are going to be talking to them and the prices also, and others also.

Ishit Desai: Understood. So, why I wanted to understand was typically in an OE contracts, you will have within contract only kind of all this aspect covered…

Ashok Mehta: Yes, it is there.

Ishit Desai: And then there are. Yes…

Ashok Mehta: Yes. We are going to ask for that. Yes, Mr. Ishit, we are going to ask for that, basically based upon that only.

Ishit Desai: Understood. But you mentioned, sir, that you're going to ask for everything will be effective from, say, December, January of this month. So, fair to assume that FY27 will still not have that kind of impact again of course…

Ashok Mehta: No, it will. You know what? Two things that will happen, let me just tell you, sir. First of all, let us say, the freight cost, which had gone up for US, now that cost has basically started coming down. And what I personally feel is maybe in the coming 1 month, 2 months, it will be almost close to the normal numbers. So, that itself because when anything is going to US, that freight itself is a very big number and that contributes big time.

So, that is going to help us recover that and rest is all about the input cost increase. So, input cost increased, basically, with OEMs, you have some indexing formula for which we are going

to discuss and get it done. Because we started shipping it, but then they had to they started lifting only somewhere in July.

So, typically it wasn't a good idea to start discussing on the prices until they had started seeing our products. So, this is a phase where we are not into a situation where we can really push someone when it is new. Now, they have been using our parts, so we can talk to them about what it is.

And when it comes to aftermarket, again it is not a good idea to keep disturbing the customer for the temporary phases that happened. And we never expected this phase to be even going beyond 6 months. So, that is there. And the only thing is whatever increases there, we will discuss with our customers and we have been getting also. That's not a problem. It's not like it's a very big or a serious issue to get a price increase. So, if there is an increase, customers understand it.

Ishit Desai: Yes. So the trajectory we can look at from H2 itself, if I am not wrong, that revised…

Ashok Mehta: Yes. That is right. Yes, you can look into that. Yes. By H2, you will see the trajectory coming in, yes, for sure.

Ishit Desai: Got it, sir. And sir, second question is on the group company side, I think to one of the previous participants, you mentioned regarding some of the potential synergies, in terms of utilizing the forging plant as well as rotavator plant facility of our group.

So, can you just elaborate a little bit more on that, say, as Plan A, our own brand takes much longer to kind of scale up and get the orders, what is the Plan B for us to kind of utilize that facility and make sure that we don't incur additional losses on that? Any potential synergies with the customer's manufacturing facility there?

Ashok Mehta: Okay. Let me tell you, Ishit. Now it is basically three parts. The agri equipment division doesn't really have much of the capex where we need to be worried about. The major capex is basically in blade business and in 1,600-ton forging press. So, the 1,600-ton forging press, as I can tell you is probably FY28 we will not even have any capacity to make any more parts on that, so we might be talking about expansion on that area.

So with the business that we have signed right now in our other associate company and then comes the 400-ton press the blades line. So, blades we have started giving these blades in the aftermarket with our own brand. We started talking about some OEMs also, but at the same time, in the next year, we are going to start making some automotive parts also on the same setup. So that will basically start covering our costs and start putting us into the positive side. That coverage will come from there. So that's the Plan B.

Ishit Desai: Understood, sir. Understood. And you mentioned in the presentation that in H2 FY27, we are expecting not expecting any cash losses from the subsidiary, so can you just elaborate? I mean, is that the right?

Ashok Mehta: I mean the H2 – I mean the H2 part we should not. Whatever has happened in H1, definitely I don't think I can cover from there, but H2.

Ishit Desai: Same amount of turnover which is in the season behind us?

Ashok Mehta: Forging is going to be there. We are going to have forging to our rescue.

Ishit Desai: Understood. Got it, sir. Thank you so much.

Ashok Mehta: Yes. Right.

Moderator: Thank you. The next question is from the line of Ankit Gupta from Bamboo Capital. Please proceed.

Ankit Gupta: Yes, thanks for the opportunity again. Sir like we have mentioned that we have a production capacity of INR350 crores, out of which automotive business capacity is INR225 crores. And I think even in Emmbros we were facing some challenges on the capacity front and we were planning to utilize Emmforce's vacant space in the current setup. So, sir, let's say next year if we are targeting to reach INR195 crores, INR200 crores kind of revenue from the automotive business, so we start like we would be utilizing agri's capacity which is available with us for growth or we'll have to do some capex post in FY28 itself for the growth that we want to do on the automotive side in FY29, FY30?

Ashok Mehta: Ankit, when it comes to the automotive side, the normal growth will be happening through this business, but when it comes to a major project, if it comes in. It may require, when it comes to forging if our internal forging is required in that, so that will cover from there, but the machining line probably if it is there, so that will need to be capex will be required if it's a major project. But if it's a minor project, we feel that we are pretty well-equipped now.

Ankit Gupta: Okay.

Ashok Mehta: Yes.

Ankit Gupta: And, sir, since we have now started approaching our customers for price increase, normally what we feel is like when we approach customers for price increases, the increase happens after some time, it doesn't happen within 15 to 20 days. It takes months and months of negotiation, after which the price increase is passed on to the customers, like we've seen across industries. But you have been saying, in our case from December itself, we can see some price increase being passed on to the customers?

Ashok Mehta: Yes. So, it all depends like the customers you are talking about. So, some customers would definitely take longer when it comes to much bigger customers, they take a little bit of longer. But, of course, we believe that first of December onwards, we'll start getting the increase from some of them and some will maybe extend to about 15th of December.

Ankit Gupta: Okay. It won't take much longer, some partial increase we will see?

Ashok Mehta: That is right. Yes.

Moderator: The next question is from the line of Ishit Desai from Ford's Family Office. Please proceed.

Ishit Desai: Yes. Thank you for the follow-up. Just one request, sir. All the questions are covered. Just one request. Since we are already announced on the merger side, right? So if you could as and when possible help us with the numbers on that front as well. Maybe announce in the public domain also, but at an appropriate time. That will help us understand the overall context of what we're looking at given that we're already moving down that path. It will help us take an overall picture of how the consolidated entity will look like, both in terms of top line and profitability?

Ashok Mehta: Yes. Sure. We will do that.

Ishit Desai: Thank you.

Ashok Mehta: And one more good thing. I think, I don't know if you guys noticed or not, but the lot size is reduced to 600.

Ishit Desai: Yes. Thank you. Got it.

Ashok Mehta: Yes.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Ashok Mehta: All right. So, this was a very good session, sir. This really enlightened us on some of your concerns as well, apart from some of your happiness and some of your concerns, of course, which are also very important. So, thank you all for your time and your questions today. So, when we meet again after the next 6 months or maybe next 3 months, maybe after 1 year, please judge us on three things.

First, our revenue against the INR185 crores guidance. Two, how close we get to the INR195 crores. And second, our standalone margins moving back to 20% to 22%. And third, better cash flow from operations. And, of course, fourth, better utilization of Emmforce Mobility capacities. So, we will keep telling you honestly where we stand, whether the news is good or not so good. Until then, thank you so much and have a good day. Bye-bye.

Moderator: Thank you. On behalf of Go India Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.