



“PRO FX Tech Limited

Q3 9M FY '26 Earnings Conference Call”

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MODERATOR: **Ms. ISHIKA SHAH – X-B4 ADVISORY**



Moderator: Ladies and gentlemen, good day and welcome to PRO FX Tech Limited Q3 9M FY '26 Earnings Conference Call 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 and zero on the touch-tone board. Please note that this conference is being recorded.

I now hand the conference over to Ms. Ishika Shah from X-B4 Advisory. Thank you and over to you Ms. Shah. Thank you.

Ishika Shah: Good evening, everyone and welcome to the Q3 9M FY '26 earnings conference call of PRO FX Tech Limited. Today on this call, we have Mr. Manmohan Ganesh, Chairperson and Managing Director, Mr. 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 beliefs, opinions, and expectations as of today, actual results may differ. The statements are not guarantees of future performance and involve risks and uncertainty.

With this, I now hand over the call to Mr. Manmohan sir for his opening remarks. Over to you sir.

Manmohan Ganesh: Thank you Ishika. Good evening, everyone and thank you for joining PRO FX Tech Limited's Q3 FY '26 earnings call. On behalf of the management team, I extend a warm welcome to all participants. I do hope you have had an opportunity to go through our financial performance and Investor Presentation which has been uploaded on the Stock Exchange as well as our website.

For those of you who are joining us for the first time, I will briefly reiterate who we are, what we do, before sharing our perspective on how the industry continues to evolve. For our long-term investors, the business fundamentals and strategic directions remain consistent with execution and scale being the key focus area going forward.

I am Manmohan Ganesh, Chairman and Managing Director of PRO FX Tech Limited. PRO FX was founded in the year 2006 with the clear vision to bring world-class premium audio-visual home theatre and home automation solutions to the Indian market. Over the last 19 years, we have evolved from a niche AV distributor into a multi-segment solutions company operating across distribution, premium residential solutions, and corporate and institutional AV integration.

Today, PRO FX is one of India's leading premium audio-visual and automation solutions providers, representing global brands such as Denon, Folk Audio, KEF, Definitive Technologies, JBL, amongst others. We offer end-to-end AV solutions covering system design, product supply, installation, integration, and after-sales service across residential, corporate, and institutional segments. Our business continues to be anchored around three key verticals.

First is the distribution segment. This is one of our largest contributors to revenue of almost 70% of our business. Through a long-standing partnership with 10 global AV brands, eight of which are exclusive, we deliver a comprehensive range of premium audio-visual products including speakers, amplifiers, soundbars, projectors, and accessories.

This segment is supported by a strong nationwide dealer and system-integrated network along with six showrooms of our own, two of which are experience centers, and centralized warehousing in Bangalore. During the quarter, demand remained healthy, supported by deeper penetration into Tier 2 and Tier 3 markets, expanding omnichannel presence and sustained consumer interest in premium lifestyle electronics. Second is our home theater and home automation segment, which contributes around 15% to 16% of our revenues.

This segment focuses on bespoke high-end home entertainment and smart home automation systems. This business integrates world-class AV products with intelligent control platforms to deliver a seamless experience across lighting, audio-visual security, and climate management. We continue to see strong demand from high-net-worth individuals and luxury residential developers driven by the growth of premium housing and increasing adoption of smart homes.

Advancements in IoT, voice-enabled systems, and connected devices are further accelerating adoption. For PRO FX, this segment is centered on delivering immersive design-led experiences rather than pure product sales. Lastly is our corporate solution segment, which accounts for around 14% of total revenues and represents a strategic focus on institutional and enterprise AV solutions.

Under this vertical, we design, implement integrated systems for offices, boardrooms, hotels, retail spaces, hospitals, educational institutions, including audio-visual systems, projections, video conferencing, digital signage, and some automation controls. This segment continues to gain traction as organizations upgrade workspaces for hybrid collaboration, hospitality and retail adopt digital engagement solutions, and institutions invest in smart infrastructure.

In line with our long-term expansion plans and focus on widening our addressable market, during the ongoing quarter, we took important strategic steps of adding two exclusive brand partnerships, further strengthening our portfolio across both residential and professional audio categories.

We entered into a strategic partnership with Peavey Electronics of USA, who appointed PRO FX as their exclusive distributor for their brands Peavey and Crest Audio, which are professional audio solution products. This partnership marks our entry into the large scale professional audio installation segments, which are mainly used in auditoriums, stadiums, hospitality sectors, education, and enterprise infrastructure projects. This significantly expands our addressable market in the AV business.

Additionally, we announced an exclusive partnership with Sonodyne Technologies, a leading Indian audio brand, to expand its premium home theatre and residential audio offerings across India. This further enhances our presence in the high fidelity home entertainment space and aligns well with the evolving consumer preferences for immersive in-home experiences. From an industry perspective, while the long-term growth drivers remain firmly intact, we are also seeing a qualitative shift in demand patterns.

The premium AV and smart living market in India is moving from product-led consumption to experience-led adoption. Customers today are not merely buying equipment, they are investing

in integrated, fully ready environments that combine sound, visuals, automation, and control into a single seamless experience. In the residential segment, rising luxury housing supply, higher discretionary spending amongst affluent households, and increasing involvement of architects and interior designers at the planning stage are driving earlier and deeper integration of AV and automation solutions.

In the corporate and institutional segments, demand is being led by workplace modernization, hybrid collaboration, hospitality upgrades, and digital signage adoption, rather than one-time capex expense. Importantly, decision-making has become more centralized and solution-oriented, which favors organized Pan-India players with execution capabilities and service depth.

We are also seeing gradual but clear traction beyond metro cities, particularly in premium pockets of Tier 2 markets, driven by wealth creation, migration of affluent professionals, and second-home development. While metros remain our core focus, this trend expands the medium-term addressable opportunity for companies like ours.

What differentiates PRO FX in this evolving landscape is our scale, service capability, and credibility. With a Pan-India service network, trained partners, and long-standing relationships with global brands, we are well positioned to benefit from the continued shift away from unorganized and fragmented competition towards trusted professional solution providers.

We see strong growth visibility across all segments, and our goal remains clear to position PRO FX Tech as India's most trusted destination for world-class audio, video, and automation technologies, blending innovation with service excellence.

I now hand over the call to our Whole-Time Director and CFO, Mr. Joekumar, for financial insights of the company. Over to you.

A. M. S. Joekumar:

Thank you, Mr. Manmohan. Good evening, everyone. I will now take you through the financial highlights for nine months of FY '26. On a consolidated basis, revenue from operations stands at INR12,702.7 lakhs, reflecting a strong year-on-year growth of 37.9%. This growth was supported by steady demand across all of our business segments.

EBITDA for the period stands at INR1,251 lakhs, reflecting a 13.6% year-on-year growth. EBITDA margins are at 9.8% compared to 12% in nine months of FY25, a decline of 220 basis points. Profit after tax stands at INR904.7 lakhs, growing 16.8% year-on-year, with PAT margin at 7.1% versus 8.4% in the previous year, reflecting a 130 basis points contraction. Our top-line growth of nearly 38% demonstrates the underlying strength of our business model, brand portfolio, and distribution network.

The reduction in margins is mainly due to the increase in the US dollar, which led to the higher import cost. Given the competitive market environment, we were unable to pass on these cost increases to the customers at a short notice, which impacted the margins. However, starting January 2026, we have begun passing on the increased cost to the customers.

Going ahead, we remain focused on improving our margins through calibrated pricing actions and operational efficiency. With that, we are confident of sustaining healthy momentum in the H2FY26 and beyond.

Moderator: Thank you. We will now begin the question and answer session. The first question comes from the line of Madhur Rathi with Counter Cyclical Investments. Please go ahead.

Madhur Rathi: In our last conversation, you had told us to expect a 9% net profit margin, which should increase to 10% as the scale of operations increases. But instead, our net profit margin has reduced to 7%. So, what is the reason for the same?

Manmohan Ganesh: Yes, so there were two reasons. One was, of course, the dollar impact, as Mr. Joekumar just mentioned. So, we have obviously, from the 1st of January taken the price up to compensate for the dollar change. But what happened was, during the quarter, we needed to give a certain amount of notice to our customers.

We were not able to immediately shift the dollar pricing up. So, that has majorly impacted. It's a short-term, temporary setback, but we are making up for that now in the final quarter.

That was one part. The secondly, we also had, you know, we are, as you're aware, adding some more brands for which we have added people. Some of our new experience centers, which are under, right now, you know, the interior work that is happening, we have already started recruiting people for training.

So, there is some front-loading, of course, including rentals. So, between rentals, added people, and certain investments made towards the new brands, there has been some additional expenditure. These are investments made with the intention of further growth of the company. We are confident that, the top line will remain, growing steadily, and the bottom line is going to catch up going forward.

Madhur Rathi: So, for the fourth quarter, and for the full year FY26 on the whole, are we still on track to maintain 30% top-line growth and 9% net profit margin?

Manmohan Ganesh: We, yes, we most likely are on course for that.

Madhur Rathi: So, I think that will, since our margin for the nine-month period is 7%, and in the fourth quarter, I think we will have to make a huge double-digit kind of margin for the full-year margin to come to 9%, from 7% in nine months?

Manmohan Ganesh: Yes, we are working on that. In fact, we have taken up a price quite substantially, and despite that substantial increase in price, we have not had any adverse impact in the first month of January, in this month so far. And we are confident that, you know, we will maintain for most of the business that we are doing, we will be able to maintain a good increase in pricing, which will contribute to bottom line.

- Madhur Rathi:** And sir, as you are taking price increases to compensate for the previous rupee depreciation, now rupee has continued to depreciate even in the fourth quarter. So, the price hike that you just alluded to, does that cover the past quarter's rupee depreciation and the present rupee depreciation as well or?
- Manmohan Ganesh:** Yes, it does the past as well as present. I mean, we, of course, we live in an uncertain world, we do not know what may happen after three months, but see, we are keeping track of it. And should there be a need of, further increase, we will definitely do it.
- In any case, our customers have also realized that, you know, it is not just as increasing prices, competition is also forced to increase price. So, it is not that what we are doing is just one-off. And we still, you know, are able to increase our pipeline business and projects also to a healthy amount. So, we are quite confident.
- Madhur Rathi:** Sir, and we had plans to open three experience centers per year. So, for this year, FY26, are we done with opening those three?
- Manmohan Ganesh:** No. In fact, there is a slight delay at one of them because of some kind of municipal delays in Mumbai because of the absence of some kind of approval authority for a long time. We hope that will be cleared. Meanwhile, the two other ones are in full swing and we hope to be able to open them within the year.
- Madhur Rathi:** Great, sir. So, thank you very much and I will join the questions queue.
- Manmohan Ganesh:** Thank you so much.
- Moderator:** Thank you. Next question comes on the line of Vaibhav Kapoor with Swaraj Holdings Private Limited. Please go ahead.
- Vaibhav Kapoor:** Yes. Good evening, sir. So, my question is related to, you know, the working capital solution from September to, you know, this current quarter. Is there a number handy where you can give the change in the inventory and the trade receivables?
- Management:** No. So, our inventory levels are usually approximately two months. Approximately, we keep about 2 months' worth of inventory. Our receivables are also between 60 days to 65 days around that much typically. So, there is no real change in that. That is what has been there in the past and that continues to be there.
- Vaibhav Kapoor:** No, I believe that your September quarter, the absolute number for the inventory is about INR40 odd crores on a consolidated turnover?
- Management:** It was INR30 crores if I remember correctly. Let me just check it.
- Vaibhav Kapoor:** Yes. So, do you have the absolute number for December handy?
- Manmohan Ganesh:** One second. Just hold on. Yes, just hold on. It was 34 crores. The closing stock as of December end was INR34 crores. And in fact, you know, there was a huge surge towards December. Okay. So, my CFO has just clarified. The beginning was 39 and it was closing was 34. Closing stock.

Vaibhav Kapoor: Okay. And what was your EBITDA margin for the six months of September and what is it for this single quarter, the EBITDA margin?

Manmohan Ganesh: Yes. So, for the six months of September, the EBITDA margin was

A. M. S. Joekumar: I mean, December 25, it was 12%. Now, the current year it is 9.8%. December and impacted the margins.

Manmohan Ganesh: So, I do not have the exact numbers in handy, but my calculation says that, you know, approximately there has been a seven percentage point decline in your EBITDA.

A. M. S. Joekumar: No, that is the profit after tax. You asked for the EBITDA. So, that is why I have given the EBITDA margin. PAT if you look at it, you are right. It is 7.1%. But you asked for EBITDA. So, I have given the EBITDA margin to you.

Management: EBITDA is 9.8 for the nine months, correct?

A. M. S. Joekumar: 9 months. Yes, you are right.

Management: But if you take the September quarter, your EBITDA margins are 12%.

A. M. S. Joekumar: 12%, you are right.

Management: Yes. So, if you take the differential, this quarter, the margins are about 5%.

A. M. S. Joekumar: Pardon me?

Management: Just for this quarter.

A. M. S. Joekumar: This quarter, only you are talking about October, December quarter, is it?

Management: October, November, December, my rudimentary mathematics is saying that you have about 5% margin.

A. M. S. Joekumar: Yes, Yes.

Management: But you had 12% margin and the blended is coming to about 9.8, right?

A. M. S. Joekumar: Yes, you are right. Because we told you earlier also, know that appreciation of the USD has impacted our margins little badly. And of course, correction was taken in January 2026.

Vaibhav Kapoor: So, just to take this differential of 7%, that is the change from the last 6 months to now, I want to understand what is this attributable to your USD exchange rate and what is it attributable to, you know, you absorbing the differential and passing it on to your dealer?

A. M. S. Joekumar: So, the impact of the dollar is about 4% of that. Okay. About 4%. And the rest were towards some additional expenses for the preparation of our new businesses going forward. So, it's a combination of both of that. There's also an added amount of marketing expenses that we have

done. Now, this is a lot of them happen towards the season. So, there's a little additional expenses that have happened at that time.

These things, first of all, we don't have them in the final quarter of the year. So, we don't have those additional marketing expenses. And we have made a correction. So, our price also corrections have been between 7% to 10%. So, we have substantially taken prices up to compensate for this.

I must clarify, there are a few ongoing projects, which are large projects, which are handling, where there is some amount of price commitment, which we have already made the clients. But they are large ones and strategically, we cannot do this thing. But by and large, most of the sales which happen are, transacted on a day-to-day basis and negotiate on a day-to-day basis. So, there is no, I mean, there, the prices have been definitely, new prices already apply to the clients.

Vaibhav Kapoor: No, I get that. So, just two main questions to understand this clarification. So, what you're saying is that there has been a 4% depreciation, but the prices that you have opted about between 7% and 12%? Is my understanding correct?

A. M. S. Joekumar: The prices that we have now increased is between 7% and 10%. And because there obviously can be further depreciation of the dollar in this quarter also. So, we have already kind of, compensated for that. And like I said, some part of the business in this quarter also, some are negotiated earlier, where we cannot make the full increase in pricing cannot apply. These clients will not agree because they're ongoing negotiated clients have paid certain advances.

But all new business and most of the business that we do, at least 70%, 80% of the business every month are businesses that are negotiated and transacted at that time. So, they're not like, you know, earlier committed things. So, in such cases, all the new businesses, the new prices do apply straight away.

But there is some amount of business which is going to complete within March, the 31st of March, that business is negotiated on earlier pricing. So, to kind of compensate and blend the profitability of the period, we had to take the price up by 7% to 10%.

Vaibhav Kapoor: I got that. The other question is, what is your average completion time for, the corporate projects?

A. M. S. Joekumar: No, no, that's a great question. And I think it's a good perspective. I want everybody to know that. So, corporate projects completion time is between 3 to 4 months. Typically, okay, corporate projects, residential projects, take up to 2 and a 2.5 years to complete. So, they extend for a long time. I mean, the shortest residential project, maybe 2, 3 months, the longest one takes a couple of years.

So, bigger projects we do, we do huge ones. I mean, a lot of Marquee, HNI, some of India's most prominent names are our clients. Some of those projects take a long time. Having said that, wherever we know that it's a residential project, where it's a turnkey kind of project, we do not, what we do is we start off with a fee for undertaking the business, we do not negotiate the price of products.

In such kind of HNI projects, it's already committed to the, I mean, it is clearly communicated to the client that prices will apply at the time of procurement. But it's the corporate projects where we receive a purchase order from a company with a negotiated price, which we need to then, handle at the price negotiated. Just to give an example, we are doing some work for Reliance.

That price is already negotiated. That work has to complete before March 31st. I have no scope to increase my pricing today. So, we do try our best from our suppliers if we can, but very often, these are, advances already paid or products are already on the ship. So, we cannot just immediately change the pricing, but blended overall, the increase in pricing is going to show positive results in the Q4.

Vaibhav Kapoor: And when it's a long duration project, like you're using your residential, goes to 2 and 3 years, then how does this price escalation mechanism work?

A. M. S. Joekumar: No. So, what we do is, we tell them that the price is only at the time of, see, we actually procure the material only 2 to 3 months before it needs to be installed. We don't procure it before. And we tell the client, because very often, you look at some of the residential products, models change, people want the latest projector, they want the latest amplifier, things like that.

So, we keep that. We do tell them that this is the indicative prices and all the fresh prices will apply at the time of procurement. So, the option to the client is either you pay upfront for the entire project. Now, if it's a project worth INR30 lakhs or INR40 lakh, most clients say that I will not pay you upfront now, I will do this payment only three months before and we tell them very clearly, then you will get the product at the price at the time of sale.

So, that part is clearly understood and they're okay. And in fact, clients do not, react badly to that because most of the things that they're getting for the homes, it could be air conditioning, it could be their latest, double door refrigerator or whatever, all those ones, the prices are at the time of procurement. So, it is not that, but they do require our input.

So, we would, maybe when a house is under construction, we would be doing the cabling. That is, the cable is supplied and it's built. Now, even things like cabling, I mean, it's not the dollar, but the copper cable, the way copper prices are going up.

There, the client is paying upfront at that time. So, that further impact is not there, though the house takes 2 years longer. But definitely the products, they are willing to pay this extra because they want the latest product also. They don't want the product that's been sitting in our warehouse for 2 years.

Vaibhav Kapoor: Right. The other thing is I just need a clarification. So, I couldn't get your opening statement, but I was looking at your investor presentation and there the numbers that are there, they are into four buckets. There's distribution, retail, corporate and home. And this is giving some kind of a confusion...

Manmohan Ganesh: So that is good question. And I would actually going forward, maybe after this financial year, we will actually be making them only two buckets. That is, we'll be doing the B2B and the B2C. I think that is much clearer to people.

Currently, the distribution part of the business, which is the largest part of the business is through our dealers. So, we have a channel of about 779 dealers currently. They are the ones who are selling the product. And so, we offer them a dealer margin, they then sell it on to the end customer. That part is our distribution part of it. The other three...

Vaibhav Kapoor: What percentage is that? That is...

Manmohan Ganesh: Around 70% was that.

Vaibhav Kapoor: 70% of the overall sale?

Manmohan Ganesh: Overall sale, yes. Because obviously, it is a much larger geographical coverage, the network is large. So, that is the largest portion of the business. Then we have what we call our retail sales, that was around 14%. Then we have the institutional sales, which is around 14%.

And we had automation, which was 2%. Now, that automation is a little deceptive, because those are the automation only projects. But when the retail sales includes home theater, very often that includes some automation built into the whole thing, but it's not categorized separately, which is why -- I mean, I can fully understand how you get confused.

And we also believe that going forward, we should not actually divide some of these things too much. It's like no point of then dividing further and saying within retail sales, home theater was so much and just music systems were so much and all of that. So, it doesn't make too much sense to many people.

Moderator: Thank you. Mr. Kapoor, please rejoin the queue for more questions. Next question comes from the line of Ishan from Credent Asset Management. Please go ahead.

Ishaan: Yes, I just wanted to know when you say you have an exclusive dealership, what do you mean by an exclusive dealership? Is this just for that particular region? Is this Pan India? What are the mechanics of that?

Manmohan Ganesh: Yes, so the exclusive distribution is basically that means there is nobody else who's importing the product and selling it. So, we are exclusive in terms of to import it, to promote it, and to service the product. And it is for the territory of India. So, we do not re-export any of the products. And Yes, it's exclusive for India sales.

Now, if you look at the product, and I just want to clarify one thing, sorry, it may not be part of the question. But like if you look at a brand like JBL, we are the exclusive distributors for JBL's home range of products. Now, JBL has headphones and Bluetooth speakers, which is what they call their lifestyle products. We do not deal with that, that Ingram is dealing with that.

But there is purely a box selling kind of thing, you know, they will just, but ours is more a solution selling. So, even our dealer basically needs to match an amplifier to a speaker and plan

the wiring and do a whole bunch of things. That category of products, which is a home entertainment product is what we are exclusive on.

Ishaan: Got it. So, essentially, these kind of JBLs polk, kef, and whatever are there -- do you for all of them, do you have just that home range? Or is this, or are you also planning on, say, cross referencing also, say, not just home, but also the other products that they sell?

Manmohan Ganesh: So, you know, I mean, companies like, say, JBL. So, JBL, you know, is owned by Samsung. It's a HARMAN company owned by Samsung. We will obviously not get into Samsung products and things like that. But within their own range, while we will be exclusively distributing their home audio products, which is their home theater and hi-fi products. But there are some other products of theirs, like they have things like party speakers.

And they have certain other maybe soundbars. We may be retailing some of them through our own stores, but we will not then further distribute that, because that doesn't make sense. They already have a distribution infrastructure for them. And most of those are sold by consumer electronics, say, you know, showrooms. It's like a Reliance Digital and Croma, Vijay Sales type of people who are selling it.

So, we are not particularly keen to get into some of them, but sometimes they are asked by our customers. You know, a customer who buys a -- say a full JBL home theater may say, by the way, I also want to buy you know, something for the bedroom or whatever. And in this case, we need to provide it. So, that is the thing.

Ishaan: Also, can we kind of assume that your margins incrementally will increase because at least reading your investor presentation, your service revenues, right, your residential, etcetera, are kind of getting better. So0020is that a safe assumption?

Manmohan Ganesh: Yes. So, obviously, a lot of the focus, right, from our objects of the issue in our RHP itself. We had clearly mentioned that we are adding, strengthening our own retail infrastructure. Our long-term goal that is in the next, say, three to four years our goal is to ensure that we try to bring the distribution to direct sales. That means the B2B to the B2C, try to bring them to 50-50. It's not easy because the distribution network keeps increasing by the day.

And more geographies, more coverage, it's going from, tier two to tier three cities in terms of demand. So, we cannot be present everywhere, but we are focusing on the larger markets where a lot of the H&I clientele are. And, you know, we would do our best to try to reach a 50-50, in which case the margins obviously are good because we have better margins than we sell ourselves.

But at the same time, our focus is going to be on the more premium end of the market because we would like to also encourage our own dealer partners to do well in their segments, the segments which they typically like to cater to. So, we would work on balancing the two, but try to get to a B2B, B2C at a 50-50 level over a couple of years.

Moderator: Next question comes from the line of Purva with Grobiz Fund.

Purva: Sure. Thank you for the opportunity. I have multiple questions, sir. I would start with one that we see in the H1 financials, the receivables and the inventory have piled up. How do you see it normalizing and what is the current position?

Manmohan Ganesh: So, Yes. So, the H1 financials, it would look like, for example, in specific when I get to inventory, it looks very high compared to the -- so, our inventory typically is around 60 days. So, you know, 60, 65 days, it fluctuates a little back and forth depending on the availability and supply of material. Also, there are times when, for example, when we have a new brand partnership and some product starts coming in before the entire, the actual release of the products.

There are some times when there is some amount of pileup of those products, but typically 60, 65 days is what the inventory level is and it maintains its consistency. So if you looked at say, the first quarter of the year. And you saw that for the amount of turnover and you saw 60, 60, 65 days of inventory, it looks like absurdly high.

But as, you know, it goes beyond, you know, now it's into already the third quarter. Right now, our inventory for December end, it opened at September at INR39 crores, December and it ended at INR34 crores, right? That is approximately two months of sale. So, it does normalize over the year. It's just when you look at it just for first quarter or first half or something, it seems much higher.

Purva: And could you throw some light on the receivables, sir?

Manmohan Ganesh: In terms of receivables, just hold on one second. So, one is for I mean, typically retail sales, it is a cash and carry with our customers. There is credit given to corporate clients and there is obviously credit given to our dealer partners. So, the typical dealer margin, sorry, the credit given to dealers typically is around 60 days.

In certain new dealers, it's shorter, but some of the larger, older dealers it's around 60 days. So, hold on. I'm just going to give you exactly what the number is. So, yes, receivables as of December end was INR34.2 crores.

Purva: Okay. And again, I would want to have your understanding on this, does it normalize or do you feel like this is an optimum level?

Manmohan Ganesh: So based on the kind of, as our business is anyway expanding right? We believe that around 60 days would typically be the receivables which will going forward, because that is depending on our corporate clients and the distribution side of the business does expect that kind of credit period.

Purva: Understood, sir. Sir, another thing that I noticed was, in the previous communication, it was communicated that we have six showrooms and two experience centers. In the recent communication, the presentation now gives a number of six showrooms and experience centers. So, I could not get the hold of the numbers. Could you elaborate on the same?

Manmohan Ganesh: Yes. So, basically what's happening is, there are a couple of locations where we are removing the retail store and creating, for example Cochin. And Cochin being a typical thing. We had a retail business, that retail business is now being shut down and that is now a new experience center is coming in place of that.

So as we transition, you are going to see there are some places which will not exist and a new place will come up. So, right now -- the six includes two experience centers. You will see two more experience centers happening before the end of this year and then going forward there will be more coming during the calendar year of '26.

Purva: Okay, understood. And you mentioned already one location in Mumbai and what are the other two locations?

Manmohan Ganesh: Chennai and Cochin.

Purva: And you mentioned that we have been increasing our distributor base. Could you mention how many are active, how many are exclusive distributors of our products and how many are already in other brands?

Manmohan Ganesh: So, we have no exclusive partners and I'll tell you the reason because they become over dependent on just us. So, they are all specialist guys who deal with home theater and hi-fi kind of specialist retailers. These are not consum

er electronic stores. Many of them have earlier been in consumer electronics and now migrated. So, these are not stores where they also sell a washing machine or a microwave or anything like that. They are exclusive. They may have some TVs, but they are exclusive into the AV category.

And if we are the only seller to them, they become overly dependent in terms of margin. Somebody discounts the price, they start coming to us for price protection and things like that. It becomes difficult to manage. We encourage them to work with others also. We do have certain advantages with them.

One is we have a basket of products. So, we offer much wider choice and selection to them. We also are one of the only people who have got nationwide service. So, just to give you a reference point, globally there are something like 400 international speaker brands. There are that many brands. Many of them are represented in India by very, very small time distributors.

So, nowhere at our scale of ours, those companies may be doing maybe an annual turnover of INR5 crores, INR6 crores. So, there are people and these guys are also trying to sell to some of these retailers, these dealers across the country. So, it is very fragmented. It is at the end of the day, the dealer experience is not great, their customer experience is not great.

And we are finding more and more of these dealers depending on us more. So, they prefer working with an organized player like us, where there is visibility on inventory, there is visibility on service, the speed, the time, when the product will be fixed, return back to the customer.

They know that there is marketing happening for the brand, for the category, for the product and they get regular training from us. So, the dependence on us is going up, but we do not want it to go to a level where it is exclusive to the point of which they become dependent on us. What also happens is if they become exclusive, then they are almost finally like a franchise, which we do not want a franchise because we want customers to know that the pro effects in the direct, when we deal with end customers, there is a differentiated customer experience.

So, we have really -- the really premium HNI type of clients come to us, not just because we have that product, but it is sold differently. So, if we are going to promote ourselves and our own experience centers, there has to be something that is very exclusive to dealing with us. So, the dealers will be multi-dealer counters where you still can get, I mean, to give you a very rudimentary kind of example, you can go into say a lifestyle or a shopper stop kind of thing and get a Levi's jeans, but there is a difference between Levi's as a company owned store.

So, it will be a similar kind of thing where the customer knows that they are going to a multi-brand outfit and they are getting some product, they may not have the full choice or they may not be able to experience the specific product they want, they will get that choice and experience when they come to our own store. So, it will be that kind of situation.

Purva: Understood. Lovely explanation. Thank you, sir. And could I also have any numbers upon top contributors to our revenue from our distributors? So, like top 5 distributors, top 10 distributors?

Manmohan Ganesh: So, we have, in fact, we have one particular dealer who is significantly above the rest of them. One second, I'll just ask my CFO, what is the US case contribution? Yes, what is their sale? So, 70% of our entire business was obviously through dealers, but on our overall, if you look at our total sales, about 3% was contributed by a single party in Hyderabad called USK Electronics.

And there is no one, nobody close to that in any kind of percentage. I mean, everybody else would not, would be a 0.2%, 0.3% type of thing. There is one entity who is significantly larger and the rest are very, very different. So, USK is almost like a, sort of like a franchisee. It is -- they are, I mean, they represent our large range and they do a good job at it. And that is reflecting in their numbers. So, they do have a, I mean, they made a good effort and they have a long association almost 14, 15 years with us.

Purva: Understood. You mentioned that we have, we work on multiple projects at a time. What are the projects that were current -- what are the number of projects that are in our pipeline? And could you also give a breakup between residential and corporate projects and the AOV of those projects on an overall basis?

Manmohan Ganesh: So, say, it is easier for me to explain the corporate projects. So, we do corporate projects like in the education sector. So, for example, Manipal University, if you look at the auditoriums of their Manipal campuses, their boardroom conferences, we do those kinds of things. So, there's ongoing activity happening with Manipal.

We do, Adani Group is one of our special clients. In fact, it started with actually work for the Adani family several years ago, which is now they themselves have asked us to do work with

them. So, even the Adani headquarters, which is Shantigram in Ahmedabad, that the AV solution within the headquarters was done by us.

We also did an experience center for them just recently in the middle of their solar park, which is the largest, the world's largest solar park in beyond the Rann of Kutch in Khavda. We have been nominated for a global award for that and we will only know the outcome of that award next month.

But anyway, so we have clients like that. At any given time, we'll have about maybe seven to eight corporate or institutional kind of projects that are underway, which are either at a wiring stage or an installation stage or things like that. One of our big clients currently is Reliance, and we're doing some projects at Gir and Jamnagar for them.

But in terms of the residential side, at any given time, we may have something like 50 projects, 60 projects that are currently underway. As I mentioned earlier, some of these projects take six months, some projects take two years. So, some projects take a long time because we get involved right at the design stage.

Clients come to us when there's just a blueprint and they want our involvement as how what is the best space for their home entertainment, how it should be wired, how they're going to control it, can they actually have their morning, devotional music playing across the entire house, all those kind of things. So, we get involved at an early stage and then we have to be very, very patient as the project gets built and things happen.

So, there are -- that's a part of and that part of the business is generated from our experience center. And yes, projects won't be in pipeline always. These projects eventually keep -- one by one keep churning out, but newer projects keep adding to the pipeline. So, the good thing that we are also very confident and encouraged by the fact that the pipeline goes on building.

And yes, so, which is why I say that over time we want to go to a point where B2B, B2C is 50-50% of the business. But it takes some time to get to that because of the way construction in this country is, it's unfortunately not like America, countries like Japan where three, four months or six months, an entire project is completed. So, it's actually a quick business in and out, but it is still -- it is still encouraging. Sorry, you had some more part of that question, which I think.

Purva: Yes, the AOV part of the question. I know it would be largely skewed, but still could you give us the number?

Manmohan Ganesh: You want to know the average value of or...

Purva: Yes, the average value of the project?

Manmohan Ganesh: Okay. So, if you look at residential the projects that the pipeline kind of where we are doing the full turnkey kind of projects, maybe in the region of 20 lakhs, 25 lakhs per project. I mean, much more I'm just averaging it out. There are projects worth INR1.5 crores and INR2 crores also. There are projects worth INR10 lakh rupees also. But I'm talking about approximately 20 lakh,

25 lakhs would be the average value of this thing. The corporate projects, they are all in the region of between two to three crores each.

Purva: Okay, understood. Sir, a couple of last questions. Do you see any tariff impact in terms of US and with the EU FTA? Any positive impact or any negative impact among those?

Manmohan Ganesh: Yes. So, we actually for the last two, three quarters, the US tariff affected us in a very unusual way. That is it did not directly impact us because we are not exporting to the US, but because the US imposed tariffs on multiple countries and caused complete turmoil, supply chain kept getting disrupted. And I'll explain what I mean by that.

So, you had a company which is a European company, but manufacturing the product in China. The moment that China was hit by the tariffs, these guys decided to shift manufacturing to other countries like Vietnam. So, factories were shut down, machines were moved. I mean, they did it like at record speed, like, you know, 3 months, 3 months, they were able to move an entire factory.

And then the US then imposed higher tariffs on Vietnam. And that caused again a disruption because they didn't know what to do because, you know, many of these companies, the US is too large a market, like India is insignificant. Really, I mean, we have reached nowhere compared to the kind of, you know, the penetration kind of levels of the US. We may be 0.01% there, it's like significantly higher. So, demand is high.

So, these companies kept having problems, not knowing where they're producing and shifting. So, we had start and stop kind of situation with some products. That was one way, one thing that did affect us. And that was also where we consciously decided to increase our inventory levels a little bit because if our inventories are too low, we would get stuck with the situation, the product is missing for 3 months, we would be out of a product to sell.

So, that did the thing, things are settling down now. So, it's a little better off than it was. So, that is one thing. Now, in terms of the European tariff, there are not many products that are made in Europe. There are more products that are made in the UK. So, like, for example, KEF, which we call it, it's a speaker brand, it's a British speaker brand. Their premium products are made in the UK, and their other products are made in China.

Now, we are trying to request them to shift to a country with an FTA kind of situation, which does help India. So, we are in talks with them for such things. But in terms of the EU trade agreement, which I think it will take some months or a year to come into effect, there's not much that is going to benefit them.

Purva: Understood. Understood. So, last two questions. One, do you see any positive or negative impact from the budget?

Manmohan Ganesh: From the budget? Yes, budget. I don't know. If you have a copy of the budget, send it to me. I haven't seen the budget. So, I really can't tell. I mean, I do hope that they, you know, continue to support industry here as long as, and I think they do understand that, you know, the rising

dollar is impacting imports into this country. So, hopefully, they don't touch the import duties. If the import duties remain the way they are, then we are satisfied with things.

Purva: Okay. Sir, one last question. Could you just give me two numbers? That is, in H1, what was your marketing expense? And in Q3, what was marketing expense? Because you mentioned that was something that affected our margins.

Manmohan Ganesh: Yes. So, usually, every quarter, our plan was to have around INR40 lakhs-INR45 lakhs of expenses. It went to about INR70 lakhs.

Purva: Okay. That's all from my side. Thank you for your time, sir.

Manmohan Ganesh: Thank you.

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

Madhur Rathi: Sir, what would be our payable days as of December end?

Manmohan Ganesh: I didn't hear that. I couldn't understand your question.

Madhur Rathi: Sir, what would be our payable days?

Manmohan Ganesh: Our payable days, payable days.

Madhur Rathi: Yes, sir. Okay.

Manmohan Ganesh: Got it. Yes, Yes. Hold on one second. Yes. Give me just a second. I just...

Madhur Rathi: Yes, sir.

Manmohan Ganesh: 57 days is our payable day.

Madhur Rathi: And in terms of amount, that number would be?

Madhur Rathi: Hold on. INR14.5 crores.

Madhur Rathi: Sir, so I am trying to understand when, in a market of 400 brands globally, we are present in a market of such a huge market like India. Sir, why are receivable days not lower than payable days when we have the distribution power that the smaller brands don't have?

Manmohan Ganesh: Sir, I'll tell you what is happening. Most of the people who are in this business, right, let me call them AV specialists. So they basically focus on audio-video products only and not on appliances and stuff. They are all people who actually moved out from being in consumer electronic business where these guys are being very used to getting longer credit periods.

And that has been a constant thing where we try to obviously encourage people to pay sooner, but this has kind of become the norm. I mean, I get your point and it's a very, very valid point.

But it is something that the market has gotten used to and that is, it continues to be that situation. But I get your point and it's something that we need to work on.

Madhur Rathi: Sir, so why can't we stretch our creditors? So why can't we just ask for more number of days to pay these OEMs or the principals whose products are being distributed?

Manmohan Ganesh: The principals give us 2 months of credit, right. So all the big brands that we work with, the bigger brands I'm saying, there are some smaller things like we get cables from a British company we do.

They are small companies and many of those companies, they are not in a position to, though they are international companies, they are smaller companies because they are specialists in certain areas. They depend on quick payments, but the larger brands, so at least I would say that about 40%-45% of our portfolio gives us about 60 days of credit.

Madhur Rathi: Sir, so why is then our payable number INR14 crores when our receivables and our inventory are close to INR34 crores? So that would mean that something doesn't, so I'm not able to understand, sir, how is this number getting 60 days getting calculated?

Manmohan Ganesh: So anyway, we'll just check that. Yes, so actually if you look at the exact days, receivable days, it has come to actually 79 is the exact days of receivables. And part of it is also because these larger corporate projects are also, they take time. I mean, large companies, even if the purchase order says payment in 60 days, by the time it's processed and pays, it becomes 80-90 days. So that is also part of the issue.

But this is also one reason why we're trying to also make sure that a larger portion of the business is direct to customers. So the more, especially the retail residential customers that we get, these things are immediate payments and that definitely improves the situation.

Madhur Rathi: Right. So we are planning to open two stores in Q4 and three stores every year going after. So what kind of inventory per store do we require for these stores or the experience centers?

Manmohan Ganesh: No, we do not actually keep any selling inventory in the stores. Whatever is there is actually the demo, the equipment which is there, which is installed within the store for demo and display. And that is factored in as part of the store fit out cost itself. We do not keep any inventory.

So what happens is whenever a customer buys, because these are all project kind of things, when people place an order and want something, we actually have tie-ups with Blue Dart and a couple of other kind of couriers which deliver the product when the place order is placed and we receive the payment, product is shipped straight to the client's place. And our installation team then goes and does the installation. So that is how the system is. The stocks will not lie in those stores.

Madhur Rathi: Got it. Sir, so I was trying to understand that with the rupee depreciation, the inventory that we already had in hand, shouldn't we have a inventory gain on that inventory?

Manmohan Ganesh: Technically, yes, but we do not calculate it that way from an accounting point of view.

- Madhur Rathi:** But I mean, if I have imported something worth 100, which is now worth 110 for the competition, and anybody who is importing it today, then why should I sell it at 100? I will send it at the current market price, which is 110?
- Manmohan Ganesh:** You are 100% right. You are totally right. At the point of sale, it will be accounted for at 110 only. It is not going to be sold at 100. Yes.
- Madhur Rathi:** Of course. I am not asking you to revalue it on the balance sheet. I am saying when we go on to sell it, then actually our margin should increase because the purchase price was at a lower exchange rate?
- Manmohan Ganesh:** Yes, correct. But what happens is, see, the products that we are getting, there is not a large amount of products which actually are remaining unsold over many months.
- Madhur Rathi:** But now, whatever INR34 crores worth of inventory we had as on 31st December, that inventory, there must be some gain?
- Manmohan Ganesh:** There is some gain for sure. You are absolutely right. Maybe on INR8 crores-INR9 crores worth of the inventory, there will be a gain.
- Madhur Rathi:** Sir, but instead we are seeing the margins go down?
- Manmohan Ganesh:** Yes, but that is now, it is all going to get sold now, going forward. We have taken the prices up now.
- Madhur Rathi:** Okay. Sir, in any case, I was not clear about our working capital cycle that if our principals are giving us 60 days credit. Now, if we consider for this financial year, since we are growing 30%, then roughly at INR170 crores, we should, somewhere near INR170 crores, we should end FY '26. Now, we have only INR14.5 crores worth of inventory, which means basically 30-day credit period from our principals. I mean, otherwise, our payables should have been something like INR30 crores for a 60-day payable?
- Manmohan Ganesh:** No, our inventory is not INR14 crores. Our inventory is about INR34 crores.
- Madhur Rathi:** Sir, I am talking about payables. Our payable days to our principals is INR14.5 crores, whereas it should have been somewhere close to INR30 crores for payable days to be 60 days?
- Manmohan Ganesh:** Yes.
- A. M. S. Joekumar:** The credit is on the purchases, not on the sales.
- Manmohan Ganesh:** Hold on, one second.
- A. M. S. Joekumar:** Payable days are calculated on the purchases, not on sales. Hello.
- Madhur Rathi:** Clear. Probably, I will reach your IR later on to just get some clarity.
- A. M. S. Joekumar:** No problem. You are most welcome.

Madhur Rathi:

Sir, also, you mentioned in the initial comment that now with these new partnerships, you are entering the auditorium and the multiplex, etcetera, business. So, over there, I understand already there are listed players like Pulse Electronics, which are, I understand, they have speakers in PVR, etc., multiplexes. So, are we trying to do something similar or do we have some arrangement distribution with -- I don't think we have with Pulse Electronics. So, are there any plans to sell their products or how does it work?

Manmohan Ganesh:

No. So, the Pulse is a different brand of products. What we have tied up with for the professional is a brand called Peavy and they have another sister brand called Crest Audio. These are brands that were present in India some time back. They did not have a capable distribution partner. The brands then withdrew from the market.

We saw an opportunity of bringing them back to India. Now, a lot of the competition in this space are from brands. There are a lot of brands that do make some of these big products, which are used typically in stadiums and auditoriums and things like that. But they suffer from either very poor distribution or erratic pricing or no service support in many parts of the country. So, we've seen that as a great opportunity for us. It's an extension of the business segment that we are.

We are always going to be an AV company. We are not going into clothing or food or anything like that. It will always be this segment. And we have, obviously, our current service infrastructure is able to support that. Our current marketing infrastructure is capable of doing this. There are, obviously, specific sales people that we're bringing into the team who will then identify.

So, these are not only sold to retailers. These also are sold to people in the rental industry. I mean, every time there is an event or a wedding or whatever, there are people who deploy these kind of products. They are also potential customers for us in this area. So, we will be exploring all those opportunities. And that is something that we believe will give us good returns, maybe a year, year and a half from now.

So, we will be building and strengthening that segment over this period. And another brand that we tied up was an Indian brand called Sonodyne. Now, that is a 55-year-old brand headquartered in Calcutta with good manufacturing infrastructure. We did not want to be only promoting international brands, which is why we have decided to partner with Sonodyne.

We believe the product is good, value is good. And also, while, yes, the customers have a choice and we will be selling a lot of imported brands also, where there are currency fluctuations and such impacts possible. But having an Indian brand also, it's in a way, at least one segment or one segment of customer is protected from any possible further weakening of the rupee or any such thing. So, that was the basis.

Moderator:

Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question and answer session. Please contact IR for more questions. I would now like to hand the conference over to Mr. Manmohan Ganesh for closing comments.



Manmohan Ganesh: Okay. So, thank you, gentlemen, for your participation and continued support. We hope this discussion offered you some valuable insight into our business and strategic priorities. For further queries, please reach out to our investor relations partner, XB4 Advisory, LLP. Thank you. Have a good evening.

Moderator: Thank you. On behalf of PRO FX Tech Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.