



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

**Corporate Office**  
Dynamic House 64, Church Street, Bengaluru – 560 001  
Tel: 080 4371 8978, Email: [sales@profx.com](mailto:sales@profx.com), [www.profx.com](http://www.profx.com)  
CIN : L51500KA2006PLC040879

20 May 2026

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

Subject: **Outcome of Q4 FY26 Earnings Conference Call - Transcript**

Dear Sir/Madam,

In compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Company's Q4 FY26 Earnings Call.

The same is being made available on the website of the Company at [www.profx.com](http://www.profx.com)

Kindly take the aforesaid information on record.

Thank you.

Yours faithfully,  
For **Pro FX Tech Limited**

A handwritten signature in black ink, appearing to be "Manomohan Ganesh", written over a horizontal line.

**Manomohan Ganesh**  
Managing Director  
DIN: 00886018



“PRO FX Tech Limited  
Q4 and FY '26 Earnings Conference Call”

May 18, 2026



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

**MODERATOR:** **MR. DIVYA SHETHIA – X-B4 ADVISORY**



**Moderator:** Ladies and gentlemen, good day, and welcome to the Q4 and FY '26 Earnings Conference Call of PRO FX Tech Limited, hosted by X-B4 Advisory. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Divya Shethia from X-B4 Advisory. Thank you, and over to you, sir.

**Divya Shethia:** Thank you. Good afternoon, everyone, and welcome to the Q4 FY '26 Earnings Conference Call of PRO FX Tech Limited. Today on this call, we have Mr. Manmohan Ganesh, Chairman and Managing Director, and 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 Ganesh for his opening remarks. Over to you, sir.

**Manmohan Ganesh:** Hi. Good afternoon, everyone, and thank you for taking this time today to join us on this call. So, it's a pleasure welcoming you to PRO FX Tech Limited's Q4 and FY '26 earnings discussion. I am Manmohan Ganesh, the Chairman and Managing Director of the company, and I sincerely thank you all for your continued trust and engagement with the company. We hope you've had an opportunity to review our financial results and the investor presentation, both of which are available on the stock exchange.

As we reflect on FY '26, it has been a year of steady progress, strategic execution, and strengthening of our long-term business fundamentals. Over the past year, we have remained focused on strengthening the core pillars of our business, expanding our premium brand portfolio, deepening strategic global partnerships, improving execution capabilities, and driving greater operational discipline across the organization.

This effort has reinforced our leadership across India's premium AV and home automation market while building a strong foundation for sustainable and scalable growth. Founded in 2006, PRO FX has evolved into India's leading premium audio-visual and home automation company with a diversified presence across distribution, retail, corporate AV solutions, and integrated home experiences.

Today, we represent some of the world's most respected premium brands of home audio, professional sound, and smart automation categories, enabling us to serve a broad and growing customer base across residential, commercial, and institutional markets.

Despite a challenging macroeconomic environment, high currency volatility, and evolving customer demand patterns, FY '26 was a year of resilient performance for our company. Demand



across premium residential audio, home automation, corporate AV installations, and institutional projects remained healthy, allowing us to deliver strong growth across our business verticals.

Our distribution business, which continues to be our largest vertical, delivered robust year-on-year growth of 30.6%, reaching around of INR117.4 crores. At the same time, our direct sales segment, which includes retail and corporate solutions, recorded strong momentum with growth exceeding 50%, reaching INR59.4 crores.

Most importantly, our continued focus on tighter cost control, operating efficiencies, and better product mix has translated into meaningful margin improvement and healthy bottom-line expansion. While external challenges remained, our operational discipline enabled us to protect our profitability while continuing to invest in long-term growth.

A major strategic highlight during Q4 of FY '26 was the continued strengthening of our premium brand portfolio. We deepened long-standing partnerships with globally recognized professional audio brands such as Peavey and Crest Audio, significantly enhancing our proposition in live sound, commercial audio, and institutional audio solutions.

Additionally, the addition of premium stereo category products like Hegel into our portfolio has strengthened our position in the two-channel and hi-fi segments, expanding our presence amongst pure audiophiles and luxury consumers. Combined with our broader portfolio of globally renowned brands such as Denon, Polk, KEF, JBL, etc., these partnerships continue to reinforce PRO FX's position as India's most trusted premium AV platform across the various segments.

Our retail and experience-led strategy also remain central to our long-term growth vision. Premium AV and home automation is a consultative, experience-driven category where product demonstration and customer engagements are critical. Through our network of premium showrooms, service centers, and dealer partnerships, we continue to strengthen customer accessibility while building stronger brand trust.

Going forward, we see significant opportunities not only in metropolitan markets but also emerging Tier 2 cities where rising influence, premium housing, and aspirational consumption are creating new demand for immersive entertainment.

India's premium AV market itself is entering a structurally strong phase. Rising disposable income amongst HNI, UHNI consumers, increasing digital content consumption, expansion of premium residential real estate, and growing influence of streaming, gaming, and hybrid workstyles are all collectively driving sustained category expansion. Home entertainment and integrated smart living are increasingly becoming standard lifestyle upgrades rather than very niche discretionary purchases.

While this opportunity remains significant, we are also mindful of evolving macroeconomic and currency environments. To address these challenges proactively, we have strengthened our operational resilience through stronger inventory management, selective pricing actions, and close relationships with global partners. These measures, we are hopeful, will ensure that we remain agile, competitive, and operationally efficient even in these dynamic conditions.



Looking ahead, our strategic priorities remain clear, expanding our distribution partnerships, strengthening our retail footprint, scaling our B2B and institutional solutions business, deepening our premium audio brand portfolio, and continuously improving operating leverage and profitability.

We remain highly optimistic about our long-term opportunity within India's premium AV and home automation ecosystems, and we believe PRO FX is uniquely positioned to capture this growth through its differentiated business model, strong partnerships, and trusted market leadership.

With that, I'd now hand over the call to our CFO, Mr. Joekumar, who will further discuss our financial performance.

**A. M. S. Joekumar:**

Thank you, Mr. Manmohan, and good afternoon to everyone on the call. I am Joekumar, Whole-time Director and CFO of PRO FX Tech Limited. I will now take you through our financial performance for Q4 and the full year FY '26.

Quarterly financial performance for Q4 FY '26. Revenue from operations stood at INR49.7 crores, registering a growth of 35.4% over Q4 FY '25. EBITDA increased by 42.3% to INR7.8 crores, driven by operating leverage and cost control. EBITDA margin improved by 80 basis points, reaching 15.6% from 14.8% in the same period last year. PAT grew by 99.7% to INR6.1 crores, with PAT margin expanding from 8.4% to 12.3%, with an increase of 390 basis points.

For full year FY '26 performance. Our annual revenue grew by 36.6% to INR176.7 crores, up from INR129.4 crores in FY '25. EBITDA for the year stood at INR20.3 crores, registering a growth of 17%, with an EBITDA margin of 11.5%. PAT increased by 23.9% to INR15.2 crores, with a PAT margin of 8.6%. Our Q4 and full year FY '26 performance reflects the strength of our business model, disciplined execution, and the successful implementation of strategic corrective measures during the year.

Following price calibration initiated from January 2026, along with stronger operational efficiencies, better product mix, and tighter cost control, we witnessed a meaningful recovery in profitability during the quarter. Margin expansion in both EBITDA and PAT demonstrate our ability to effectively navigate external cost pressures while sustaining strong growth momentum. The improvement not only reinforces the resilience of our company's premium brand portfolio but also provides us with greater confidence as we move into FY '27 with stronger profitability, healthier operating leverage, and a more robust financial foundation for sustained long-term growth.

We can now open the floor for Q&A. Thank you.

**Moderator:**

Thank you. The first question comes from the line of Faraz from SRE. Please go ahead.

**Faraz:**

Hello. Good afternoon.

**Manmohan Ganesh:**

Good afternoon.



- Faraz:** Sir, I have a few questions. Firstly, congratulations on a good set of numbers.
- Manmohan Ganesh:** Thank you.
- Faraz:** Sir, I just wanted to understand how large is this premium AV market opportunity in India totally? And what exactly would be the company's strategy for increasing the market share across your premium and the mass market segments?
- Manmohan Ganesh:** So, yes, so we are in multiple segments. If I look at purely the residential AV segment, that is meant for homes, which could include home theaters and hi-fi, the organized -- and I'm talking about when I say organized, I also want to mention that, you know, organized and within our segment. For example, you can get products which cost a couple of hundred rupees, but we are in the premium segment of a plus INR1 lakh kind of a solution.
- There is no published data but based on the various data from import and what happens in overall sale between various competitors as well as our trade partners, it is assumed to be little over INR1,000 crores currently, that is only in the INR1 lakh plus segment. At the same time, things like commercial audio, where we talk about things that go into retail stores, into education, into F&B, auditoriums, and things like that, that is around INR3,000 crores to INR3,500 crores is the market opportunity.
- So, all put together, we are talking about INR4,000 crores to INR4,500 crores is the actual opportunity, and it's highly fragmented. Now, our strategy for growth -- see, we are amongst the only organized players. So, one thing that we've been constantly working on is bringing this organized discipline about the support to our trade partners or to the end users, about expansion of our service network.
- So, these are things that have traditionally kept customers away, that is lack of awareness, lack of accessibility, and lack of post-purchase service support. So, these are all areas that we are constantly focusing on, and which is why we are moving in the right direction. And we are quite sure that as the momentum starts building and as the market also starts getting more organized and the consumer starts becoming more demanding in terms of certain experiences which they expect from their both their pre and post-purchase of such products, this will move in the direction of our basket, and we are quite confident that this will lead to big volumes in the years ahead.
- Faraz:** Okay. So, would that mean that we would also have some kind of, say, an AMC contract with the larger people who we are supplying to, like these auditoriums and everything?
- Manmohan Ganesh:** So, already when whichever projects that we are executing for corporate clients, large clients -- so our large clients are actually really Tier 1 companies across India -- we are already offering them some kind of AMC, which has begun and will continue to, you know, that part of the revenue will also continue to grow because many large companies, their concern obviously, other than actually getting a good product and having it well installed, is also ensuring that it's supported over the years.

And in such cases also, trust of having an established and a strong foundation company supporting them is important. The last thing such companies want to do is just go and sign an AMC with some fly-by-night kind of operator, somebody who's around one day and then six months later doesn't exist or is no longer in the business or has moved geographies.

Those are things, the risks that these companies cannot take, which is why they tend to, you know, they are starting to like working with people like us, and we bring in that which was not there before in the market.

**Faraz:** So, how much do you expect this market to grow? Like, what should be the average CAGR, say, over the next five years? And where do we see our company, with how much market share do you think you'll be able to capture in this much time?

**Manmohan Ganesh:** So, we believe that the overall market itself is growing at least, you know, at least 10% to 12%. Like I said, there is no real published data, so it's hard to tell, but this is a very, very nascent and niche market. So, this is not a saturated segment by any measure. And when we look at the way luxury housing is growing, the way luxury car consumption is growing, in all those categories, they all tend to have the same type of buyer profile, and which leads us to believe that there is a very strong growth potential in the overall segment.

In terms of our own performance, yes, we've always said in the past also that as an organization, we believe in steady growth, and we would like to continue growing at least 25% to 30% year-on-year over at least the next 5 to 10 years.

**Faraz:** Sir, my next question would be regarding the other players which are there in India. How many other players would be there in, say, your segment which you're doing? And how easy is it for other new players to get into this market and replicate the same business model? And what do you think about the competition which could come in in the next, say, two years' time?

**Manmohan Ganesh:** Competition is a good thing. We're happy if we have competition; that also drives us to keep progressing. Now, in terms of players, this industry is so fragmented that I say without exaggerating that there are at least another 300 to 400 players doing some form of this business in some small way or other.

Now, amongst that many players, obviously their volumes are not large, and their business is, you know, far from really professional in the sense the way many of them are family-run businesses, many of them are geographically only confined to one city or one state. And this kind of situation is there Pan-India.

So, for even large international companies, when they look at the market and they look at the kind of profile of companies who they are dealing with, as opposed to an operation like ours where we have more than 150 employees right now, we have, as I mentioned earlier, 28 service centers. So, having the service infrastructure, having the logistics infrastructure, having the customer support kind of thing, these are things which the rest of the industry just doesn't have.

And these are not so easy to scale up overnight. They take time. It's not only the question of building reputation, but it is in case of the sharing the knowledge with the team, ensuring that

best practices are followed, ensuring that the system is monitored, you know, and monitoring across a 360, it is not only getting customer feedback, it's also checking on basically online reviews, it checks on experiences at multiple levels.

So, what we're doing and the way we're doing it is not easy for somebody to do overnight. So, and many organizations who are in this business, unfortunately, you know, don't necessarily go by the law or go by the book. They still continue to find ways of bringing in products, you know, through gray channels, they tend to, you know, have cash dealings, all the things that we are absolutely opposed to.

And therefore, for them to also, you know, follow our footprints would mean complete transition of their business, and not so easy for them because they have followed something, you know, over the years, and it's not something to actually break away from. So, I don't know, I'm being a little cryptic here, but I'm sure you can read between the lines.

**Faraz:** Yes, of course. Sir, just in terms of your revenue distribution in India, how do you think, where do you think you're getting the maximum revenue share from? Which are the areas you want to target? How do you think, what would be the strategy over there to grow, if you could just, please elaborate on that?

**Manmohan Ganesh:** So, you know, so while we are South-headquartered, but our business is not just confined to the South. We are, you know, across all metro markets, our business tends to be quite good. We have maybe East is a little weak, but North, West, and South are all very strong markets. A lot of our business has been basically urban market focused.

But we are seeing big changes there. So, we see Tier 2, Tier 3 as real emerging and wonderful opportunities. And, you know, we are quite confident that there is a strong influence of urban markets and metro markets into these smaller towns, and consumption patterns are following. We see in certain states like, especially maybe places like Kerala, etc, homes are getting really large, the amount of spending that was happening -- people earlier did not want to show, but nowadays do want to actually, you know, really have international lifestyles.

We look at -- I mean, honestly, today I would say India is really a land of opportunity, and it's picking up everywhere. We are now penetrating markets to a much greater level than we did before. We've increased our actually our boots on the street, and we have much greater number of people who are actually targeting these smaller towns, meeting clients there.

And we're sure that that will continue to give good results. We are also spending more on social media, you know, in multilingual kind of social media, doing things where we are able to connect also with other markets. There is greater amount of participation at certain trade events where we talk to, you know, architects, interior decorators, integrators, etc, in these various towns. So, it is, yes, it is we are, you know, activating everything that needs to be done to be able to expand our operation, and we will continue to do so.

**Faraz:** Sir, just one last question and I'll join back in the queue. What would be your guidance, sir, going forward? How would you see the company grow? By how much would you see the revenue and PAT grow in the coming years, like next year and the year after that?

**Manmohan Ganesh:** So, we would, like I said earlier, as a on a conservative basis, at least 25% to 30% we want to grow year-on-year. I would I hope that we will cross maybe at least INR225 crores in FY '27. And hopefully, things which are at the global level will kind of settle down within this year, and then we should be able to accelerate further in FY '28.

**Faraz:** All right, sir. Thanks a lot. I'll join back.

**Manmohan Ganesh:** Thank you. Thank you.

**Moderator:** Thank you. Our next question comes from the line of Gulshan Singh from Sunidhi Securities. Please go ahead.

**Gulshan Singh:** Good afternoon, sir. Am I audible?

**Manmohan Ganesh:** Yes, yes.

**Gulshan Singh:** Yes. Thank you for the opportunity, sir. So, sir, actually I joined a little bit late, so just one question regarding this product expansion. So, what kind of a product expansion we are looking at, or any strategic tie-up we are looking at in terms of the expansion that will boost our growth? And also simultaneously, what kind of a margin we are targeting once we will look for the expansion, whether it will be the organic or inorganic through the, like as I mentioned, like the tie-up or partnership?

So, what kind of a margin we can seek minimum that we will do this kind of a margin? This is my first question. And second question, sir, in terms of the geographical expansion, which kind of a, like which area in the distribution we are targeting right now? And what is our overall capex that we are targeting, we are likely allocated for this product expansion and geographical expansion, sir?

**Manmohan Ganesh:** Yes. Okay. So, in terms of expansion, you know, until now we were focused very much on the home audio segment of products, that means products that were directly imported by us was focused primarily on the residential segment. We have now added a couple of brands, specifically brands called Peavey and Crest Audio, which are brands in the professional space.

And professional space means actually infrastructure projects, it means, you know, F&B, retail, auditoriums, stadiums, all those kinds of things. So, that is a huge opportunity. It is a growing segment. There's a lot of spend happening even by companies on their own facilities, training centers, experience centers, things like that.

And we believe that that will open new doors, new avenues and opportunities for the company. And at the same time can still be handled by the company's existing infrastructure of logistics, warehousing, servicing, etc. So, adding this new segment and a new line of products will not really change the way we need to operate. Yes, few additional people to target and understand and to give maybe technical support to clients, but this is something that will open opportunities and avenues.

In terms of the geographical segments where these are going to where we are going to look at expansion, I mean, we are looking for pan-India. So, today like any person or anybody in maybe a luxury goods segment, emerging markets, places where there are big spends happening other than the metros. So, the metros will obviously continue to dominate, but even in terms of emerging cities, you know, people talk about cities like Indore, people will, you know, there are places around Punjab, there are places in in and around West Bengal, which are all considered to be today growing and greater opportunities.

We are going to take advantage and work at all these cities. We traditionally have been a little weaker in the East. I think with most products, a lot of --across even North-Eastern states, there is a high amount of interest for audio products, but typically distribution across brands, even consumer electronics brands, have been weak in these markets. We're trying to find out how we can how I can penetrate these markets and have some growth there as well while the rest of the country continues to grow.

In terms of margins, I do not want to be specific. Our aim is to continue to improve profitability. You know there are a lot of global headwinds, right? So, today most of the products we sell are imported, and very well that in the last one year, there's been a 12% in the last 13 months, there's a 12% increase in the value of a dollar against the rupee. So, against such pressures, pricing pressures, we constantly keep updating our end-customer pricing. It's not something that you can do on a daily basis.

We are not like the gold industry where you can actually have the day's pricing. We work on projects; we work on customer residences where we have committed a certain price when the customer has entered into the agreement. And we have to obviously maintain our reputation and honor that pricing. So, that is something that we will keep doing. However, at the same time, as and when -- so, I mean, since we deal with the luxury segment, there is less price sensitivity as compared to staple products or necessities, and so we do take prices up in phases.

Those of you who have been monitoring would have realized that in Q3, there was a performance dip because when the rupee started weakening first, it was difficult for us to immediately do a catch-up. It took a little bit of a struggle and only in Jan of 2026, we could revise some of our pricing, which helped us improve profitability. So, we will have some of these ups and downs again following the dollar and the euro and things like that. Of course, we are more dollar-dependent than other currencies. But we will ensure that we maintain profitability.

At the same time, I want to mention one thing that as an organization, we are very much in our growth phase, which means our investments -- in fact, in the last year, you know, our investments on advertising and marketing doubled. So, we spent twice as much because we know there is a need to build a strong foundation, create awareness. And that helps us grow over time. Same way, our manpower went up from about 117 to almost 150. So, we added a lot of people there.

Many of them are forward loading because we need to have people in the system trained to help grow the business. So, we are trying to do a proper balance. So, we cannot look at squeezing everything, reducing marketing, reducing technical support and try to just push on profitability.



We are looking at the company growing and sustaining over the next 10, 20 years. It's not only we're not playing just a short game for one year.

**Gulshan Singh:**

Thank you, sir.

**Manmohan Ganesh:**

Thank you.

**Moderator:**

Thank you. Our next question comes from the line of Sukhdev Sahu from Real Group Family Office. Please go ahead.

**Sukhdev Sahu:**

Yes. So, my first question is how much of company's current growth has been driven by the volume expansion rather than the price improvement only?

**Manmohan Ganesh:**

Sorry, you have to repeat that. Your line suddenly became a little unclear.

**Sukhdev Sahu:**

So, I'm asking what kind of volume growth we did except the pricing appreciation on the product side?

**Manmohan Ganesh:**

What kind of volume growth we did. Yes. Okay. So, our volume growth, I will give you in a in a in a second. Yes, we will just work it out in a second. Meanwhile, do you have any other question?

**Sukhdev Sahu:**

Yes, yes. My second question is regarding the marketing spend, like you said. What percentage of revenue has been spent on the marketing for this quarter or maybe for this financial year? And how much we are planning for next couple of years?

**Manmohan Ganesh:**

So, yes, that I can answer straight away. Yes. So, in terms of revenue, I mean, the spend percentage on marketing, it has actually traditionally been a little low. Like, so we have been spending about less than a percent. We've actually increased that to about 1.5%. So, 1.5% also is low. And I'm talking about 1.5% as in pure marketing spends, not actually on, you know, ads or digital marketing and things like that. But we do believe that, you know, organizations like ours should be spending at least around 2% or a little over 2% on marketing.

And we are actually moving in that direction. We have strengthened our marketing team. We were earlier running our entire marketing team, though we use certain external agencies for, you know, SEO and web design and actual ads and things like that, but our internal team has been strengthened from one person to four people. So, which I mean, we are having specific people to work on things like web and web-related activities, social media, on-ground activities in-store branding and things like that, print, etc.

So, we've actually divided that, and that is a clear strategy going forward. In terms of your question of actual growth, so you are talking about volume growth, right? Not just revenue, right?

**Sukhdev Sahu:**

Volume growth.

**Manmohan Ganesh:**

Yes. So, if you see average, if you look at it on an average, you will say that maybe the value of product went up by about across the year on average about 6% to 7%. Right? Because if I were



to look at blended average of the currency moving up over the year, about 6% to 7% is the average value growth, but our total turnover growth was about 36%. So, if you were to adjust that, you will be able to calculate what that would come to. So, at least 27%, 28% growth. Yes.

**Sukhdev Sahu:** Okay. And what's on the pricing going ahead? How will be the pricing phasing out? Will it be the same?

**Manmohan Ganesh:** So, see, honestly, I don't have a crystal ball to know what is happening in terms of the dollar, right? So, I mean, if you guys know, it'll be great to hear from you. So, all I can say is that there is a possibility if this war is prolonged that the rupee will weaken further, dollar will strengthen. We on a quarterly basis do revise pricing. So, if the if the dollar goes up further, we are going to revise pricing. So, if there is a further impact -- like I told you, the last pricing change that we made was in January. We are now in May, right?

So, we will look at should there be a need for a further change, we will look at and we'll keep adjusting. So, for us, yes, we are going to have quarters where there's some impact. And I tell you why we do this, because if we start doing it on a weekly basis or a monthly basis, we land up in situations where a client who has just taken an inquiry or he has he or she has taken certain pricing and then we would have had to figure a way of communicating to them overnight saying that their pricing is being -- has been revised, will lead to some amount of bad blood, which we can't do.

Also, we've got cases of place projects where clients have paid some paid some advance. And I cannot then go back to the same client and say that you've paid an advance to freeze your pricing, but I'm unable to do so. So, these are reputational issues. So, we do understand that end of the day, we have to protect the interest of the organization, of our investors, and we will do so. And we will accordingly move the pricing up. And while we do that, we are also conscious and cognizant of the fact of international prices because sometimes if you were to just baselessly take the price up, people will say that it's easier for me to fly abroad and pick up this product.

We don't want that kind of situation either. And we also are also aware of competition that we have from certain other brands which we don't represent, where they may hold on to pricing out of desperation or whatever. So, whatever be the case, we will ensure that we do a careful balance and overall protect the organization.

**Sukhdev Sahu:** Okay. Understood. Thank you, sir.

**Manmohan Ganesh:** Thank you so much.

**Moderator:** Thank you. Our next question comes from the line of Vaibhav Kapoor from Swaraj Holdings. Please go ahead.

**Vaibhav Kapoor:** Yes. Good afternoon, sir.

**Manmohan Ganesh:** Hi.

**Vaibhav Kapoor:** Yes. My first question is to the price increases. So, I believe last quarter you all took a price increase of about 10% is what you all mentioned in the con-call?

**Manmohan Ganesh:** No, so it was 10% on certain products. In some products, it was less. So, we don't do this across the Board. Again, we do it in comparing what is the kind of competition we have. For example, there are some products where the volumetric weight may be larger than the actual weight, which is causing a greater impact on freight costs. There may be certain products that we will more intelligently order or in certain cases, we've also tried to renegotiate with our suppliers.

So, it has not been a 10% price increase across the Board, right? There has been a price increase, of course, and that is reflecting in in the performance improvement during that period. But yes, 10 was a little general statement which I made.

**Vaibhav Kapoor:** So, what I wanted to understand on a very broad basis is that last quarter, you know, did you just take one price increase at one shot, and then what is it or how do you anticipate it being in this quarter in that sense?

**Manmohan Ganesh:** So, yes, I mean, when we did the price increase, we also hoped that maybe the rupee would stabilize and maintain at that thing. That has obviously not been the case. So, we will we most likely will have to look at some pricing changes maybe in June or maybe the beginning of July. There's some amount of notice period which we give the market saying that the price increase by a certain time.

It certainly looks with the way the rupee is weakening, it looks like this is inevitable. But it would be premature for me to put an exact number on it. Because again, I can't just say 6% we are going to increase the pricing. Because at 6, maybe too little, maybe too much also.

**Vaibhav Kapoor:** Yes. So, I mean, if you look at this quarter, I mean, the increase in margins is an aberration in that sense because there was a sudden increase in the price and that's what has flowed through. But if you look at the other quarter, it will go on the negative side, right?

**Manmohan Ganesh:** No, no. That is not the case. Not necessarily. So, if you see, I mean, yes, in the in Q3, there was a dip, right? We had to compensate for that. And the compensation as I said, it's very difficult to compensate it within that same quarter. It doesn't mean again that Q4 is an excessive thing which is going to again come down. This is actually a little abnormal period where we have this much of currency volatility. On average on a normal year, we don't have this kind of movement back and forth.

There is sometimes yes, one or two rupees up and down, sometimes one rupee down. Okay. So, there we hardly have these kinds of pricing revisions. This pricing revision, Yes, is an abnormal pricing revision, but it's something see, on as we look at the entire year, we try to ensure that we are able to average out the ups and downs and try to ensure that we have a certain percentage of profitability for the year.

**Vaibhav Kapoor:** Okay. So, just for clarity purposes, you're saying that 10% increase was around Jan and Feb, and now the next increase will come in June.

**Manmohan Ganesh:** Yes. So, again, I want to say, only a few products there was a 10% increase. Okay. There were some products...

**Vaibhav Kapoor:** Yes, I'm just taking that 10% as a as something that it's been done. I understand that it would be less and more depending on the products. But there was one price increase, let me correct myself, there was one price increase that happened in Jan and Feb up to 10%. And you're saying that this next price increase would come in June now, given the whatever the dollar-INR is in June?

**Manmohan Ganesh:** Yes. We may make a formal announcement for some price increases maybe in June. But again, I want to tell you that whenever we have some new price, new product introductions -- and in our business, there are a lot of products that keep changing. When we bring in a new product, we always already bring it in at the price that we think is the current import price. It's not that. So, we have products that are continuously being phased out also, there are products that keep coming into the system also, right?

It's because it's the same whatever is coming abroad internationally, the same thing we bring in. So, when we have new products that come in, we straight away price them in correctly. It's not that I've brought in the product, I'm going to be, you know, earning a little less on the product for the next one and a half months until I can then revise the pricing.

But as I said earlier, this is the first -- this is the only time that we've had in in my say the -- in the immediate past where we've had this situation of so much of volatility in such a small period. Because the world is going through a little unusual period. But otherwise, we don't have this kind of this kind of erratic ups and downs on pricing is what I wanted to make it clear as well.

**Vaibhav Kapoor:** Correct. The other question that I had, is with respect to the cash and bank balance that is there. So, you still enjoy a healthy cash and bank balance from the IPO proceeds that you have received. I just want to know if you can give some understanding, some color on, how would you be using these proceeds in and the stages in that sense?

**Manmohan Ganesh:** Yes, yes. No, so we had we had at the time of the IPO, we had announced that we would be opening new experience centers. We had planned to make an investment of close to INR7.5 crores actually in the last year itself on the experience centers. Now, the plan was three experience centers. Unfortunately, we have only two new ones that have happened. One is in its final stages, almost maybe ready to be opened next month.

So, within each experience center, there is a cost of actually doing up the store and the interior and things like that, and there is also an investment on products that get displayed and demonstrated in in these experience centers. So, now the product that is that is ongoing to be displayed and demonstrated in these experience centers are also currently being shown in as our inventories. So, that has actually pushed our inventory up a little bit.

But going forward during the current year, we are also looking at adding experience centers in Kolkata and Ahmedabad, in addition to Kochi and Chennai which are which are just now on the verge of getting ready. And we will then, also we will calculate and based on where we see the next opportunity, we will keep investing. So, each experience center takes about INR2.5 crores

of investment. These will have will continue to be get deployed at least over the next three, four years.

Every year, two to three will be new stores will happen. And in addition, we are also working out certain new product categories and some opportunities there. There are some we are in advanced discussions with some brands, which will really add again to both top line, bottom line once we finalize them. We are actually moving in the right direction.

In fact, even some of these pro-audio segments that we have now entered, it's something that we had, it's taken us almost six, eight months to be able to actually materialize. And this is something that was committed at the time of IPO that we would be getting into that. And already inventories of for such products have been have on their way and are already here and we are building upon that.

So, yes, we will ensure that the funds that we have are properly deployed and properly utilized in the interest of the organization. When there is some amount of fluctuation or price fluctuation, we tend to also be a little more reserved in placing orders so that we don't overexpose or things like that. But overall, we do keep these in mind when we plan our resources.

**Vaibhav Kapoor:**

Is there a difference in the shipping times that has happened due to this issue, the geopolitical issue, and how is, if you could give some update there?

**Manmohan Ganesh:**

No, so there is there is nothing like that. We do not get products from the Middle East, right? So, our products, most of them come from either, so basically companies' international hubs are things like Singapore, Hong Kong, and things like that. So, basically these products come from there. The shipping time, some products that we get from Europe, that shipping time remains more or less unchanged. It's quite a long shipping time, so it remains more or less unchanged.

The US shipping time also remains the same. We don't have we're not finding really while shipping costs of freight are going up, we must all be aware of that, but we don't have like a COVID-like situation where shipping containers were not available or shipping liners were not supporting. We don't have that kind of challenge at all. Having said that, yes, we are also keeping a keen eye and seeing what is happening from a global supply chain.

Already this thing of memory chip shortage, so there are so those things have some kind of cascading effect. We are not doing AI servers or things like that, but still all modern product electronics use some kind of chip or semiconductor, and there are rumors of some little -- so basically what any kind of slowdown has some kind of pricing impact. That was we faced that a lot of that post-COVID, there was a massive semiconductor shortage.

It resulted in a pricing increase. Despite the pricing increase, we did not really face too much pushback from customers. And then that was a temporary thing after about three, six months cycle that kind of eased out and the supplies kind of resumed. So, we still don't have that situation, but I'm just we're just keeping an eye out for every possibility, just for your information.

**Vaibhav Kapoor:** Okay. Just two more questions. One question is how is the margin for the yearly on a yearly basis for the B2B and B2C segment? Are they materially different, and how do you see those going forward as the business evolves?

**Manmohan Ganesh:** So, okay, B2B, B2C, obviously B2B margins are lower. We could talk about gross margins maybe 20%, 25%, and on a B2C, gross margins would be maybe 35%. And I'm saying B2C is only 35% because within B2C also, we have some amount of corporate business where prices are negotiated harder because sometimes, they're tendered and things like that. And then when for other categories, residential, they may be higher.

So, that differentiation will always remain. As you've noticed, we've tried to increase amount of B2C business so that that protects company margin. So, but yes, margin differentiation will always be there.

**Vaibhav Kapoor:** Yes. I'm just thinking more like probably from a devil's advocate point of view, and I understand that inventory management is a key element that you look into. But given that you have staggered price increases, like the last one you had in January and now you have the new one coming in June, and given the currency situation, wouldn't it have made sense rather than sitting on this cash balance to be a little -- let me see be like have more inventory in that sense? Because because of a one-off situation...

**Manmohan Ganesh:** I know what you mean.

**Vaibhav Kapoor:** I mean, you can take that advantage because you had that ability. So, I understand that usually you should adhere to this, having a tight inventory, but given your circumstance on a one-by-one case basis, you should have done that, which I did not see. And that's why I wanted to point it out.

**Manmohan Ganesh:** True, true, true. It's a right observation, and it's true, and I totally agree with you on this one. At the same time, we also have investors who come and say, why do you need so much inventory also? So, we have two sides of that argument. But I'll tell you one thing: see, a lot of what we what we import, we give actually forecast, some kind of rolling forecast.

And while there is some amount of flexibility, when we did notice some of these challenges, our obviously immediate reaction is to increase our orders on our on our suppliers. But these are international companies that follow really disciplined manufacturing, and for them to suddenly increase -- so, I mean, to just answer your question, we have been now talking to manufacturers and saying that if you have some capacity which was intended for the Middle East and now Middle East has actually literally dried up, then supply that to us.

So, we are in talks with people and trying, but wherever we've had these situations, in fact, we did as we started seeing the dollar strengthening in the last quarter, we increased our actual purchases. But to actually maybe our surprise and the hard work of our sales team, they sold out that extra inventory, which also led to the growth despite the prices going up, right?

So, it is Yes, I mean, it's what you're saying is right, and we are we do believe that, we should actually be holding at least three months of inventory because with the kind of volatility and

possible supply chain issues or various kind of things, these are something that would be good to have.

**Vaibhav Kapoor:** Okay. So, I think next time you'll be a better opportunity in that sense...

**Manmohan Ganesh:** Yes, yes. Yes, sure.

**Vaibhav Kapoor:** Awesome. Thank you. Thank you.

**Moderator:** Thank you. Our next question comes from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

**Madhur Rathi:** So, Mr. Ganesh, I wanted to understand that last year, even though the revenues increased by 37% year-on-year, the EBITDA only increased by merely 11%. And in fact, even if we compare from year before, FY '24 till FY '26, the revenues are up by 60% and EBITDA is up only by 30%. So, I hope and I remember that last time you mentioned us to expect around 10% net profit margin. So, do you think that in FY '27, we will be able to do that?

**Manmohan Ganesh:** So, our intention is obviously to achieve at least a 10% PAT. That was something that we were working very hard towards. While these little global uncertainties, we did keep tracking and monitoring that, we didn't expect it to be as disruptive as it has turned out to be. You all know that in the last year; there's almost a 12% increase in the value of the dollar to the rupee. So, these things have had a negative impact.

I mean, we could have had a really bumper year should this not have happened. And while we are working very hard to try to ensure that we get a PAT of 10% at least in this current year, we still the immediate outlook at least for the next couple of months is still a little vague, it's hazy. I mean, as in I don't have a clear idea of will this Strait of Hormuz situation change because I mean, everything finally has an impact.

I think the oil flows have an impact, the dollar per barrel or whatever that the -- that has an impact, and everything eventually lands up impacting our operations. So, we remain very, very optimistic and we are working hard towards, maybe making as many pricing changes or renegotiating with suppliers as often as possible to try to overcome and strengthen our books.

But it is an absolute challenge not just to us, I think anybody who's in the electronic business like us would be facing this. I mean, not necessarily our industry also. But we are working towards that, and your point is really well taken. I mean, it's absolutely I mean, I am with you 100% on this.

**Madhur Rathi:** Sir, also we have taken a price hike during January. Even then our gross margins have declined from 35% to 32% even with a higher revenue. So, why is the price hike not reflecting in our gross margins?

**Manmohan Ganesh:** So, see, one thing that we have also done is while we the price hike has taken care of some part of it, but as I mentioned earlier, we have also front-ended some expenses like towards, you know, more manpower, more we starting we are paying rent for a couple of more outlets, we have

expanded warehousing. So, there are some things that are required more from a growth perspective which we needed to make that investment into anyway.

And we also believe that irrespective of whether there's a war situation or whatever situation, we have to keep moving forward and making these worthwhile investments for the business. So, that is some of the things that we have done. As I mentioned earlier, we doubled our spends on marketing and things like that, and obviously it based on the time of when these events or activities or spends happened, it has impacted that quarter to some extent. But we are we are focused and working hard to try and ensure that we improve.

**Madhur Rathi:**

Sir, sorry to interrupt you, but sir, these are all below gross margin line items, right? So, when we are telling that we have taken up to a 10% price hike on a quarter-on-quarter basis, but still our gross margins have declined. So, was it the product mix that was better during the December quarter and because of that we were able to make higher margins or -- so I'm just trying to understand on the gross margin front?

**Manmohan Ganesh:**

Right, right. So, see, on gross margin again, to a large extent it's the product mix also. The product mix also has impacted some of the products that we have been able to sell or some things where there was certain price commitments made. As I mentioned earlier, when we work on a project, whether residential or a corporate project, if the project extends for a three-month or a six-month period and products are being imported through that entire process, so we may be in a situation where I've taken the price up for everybody, but there's a commitment given on a particular project which I have to still ensure and maintain.

So, there is a combination of these various things. I mean, you're right, if you look at cost of goods, compared to last year where cost of goods was 69.9% and this time it's 72.8%, there's a 3% increase in cost of goods for the whole year. That has impacted the margins, yes.

**Madhur Rathi:**

Sir, now my final question is that our receivables and inventory has ballooned to like INR70 crores, but if we see our payables, they have actually declined year-on-year from 27% to 21% and it has gone back to lower than what the trade payables was in FY '22, wherein the inventory and trade receivable was only INR18 crores.

So, basically inventory receivable from INR18 crores has gone up to INR70 crores, but our payables are flat. So, basically there has been no operating cash flow since the past four years. That is the bottom line. So, sir, why aren't our payables also increasing so that the payables can fund the working capital?

**Manmohan Ganesh:**

So, receivables from last year, receivables was at 56 days. Right now, receivables are 51 days. Right, so the receivables have come down. Payables, yes, it was 44, it has come down to 35. We understand that that is something that we are working on. Our inventory, which was 90 days last year, is now 102 days. And again, the 102 days mainly is because our inventory also captures some of the products that we have been imported for some of our new experience centers which are now in the process of getting deployed.

So, there is there is a few crores of that within that, and as a result, it is looking a little different. But from our business, we're really looking at manufacturing cycles, supply cycles, some amount

of the challenges of the pricing fluctuations, some of the negotiation with vendors to try to get in products at lower prices. So, we've constantly doing that. You know, for us, a healthy position is to actually have three months of inventory.

We need to actually have three months of inventory to ensure that we don't run short of goods because despite us being in this business for 20 years, to actually anticipate exact demand or how things move up and back and forth is a bit of a challenge sometimes to some extent. So, to mitigate that, three months inventory is the right amount that we should be holding. But receivables have come down from 56 days to 51 days, and inventory, yes, has gone up to 102 days from 90 days.

**Madhur Rathi:**

Yes, I appreciate that. And finally, now have we added all the principals that we needed to or is there still potential to add more principals? And a corollary to that is that if we keep on adding principles, then since we are in the end of the day, we are in the same space, so each principal would want us to push their product. So, if we get multiple principals, so then I mean the sales will get cannibalized. So, I mean none of the principals will be satisfied with us. So, what's your view on this issue?

**Manmohan Ganesh:**

So, I can tell you one thing, all our principals are very, very satisfied with us, and our business with all of them have been growing. Every single new principal we've taken is a product that does not cannibalize another segment. What the last couple of months what we took was the Peavey and Crest in the pro-audio business. We've never been in the pro-audio business and therefore there is no question of cannibalizing anything.

We are right now in talks with two, three more brands in terms of personal home audio segments. They are slightly different type of product from the ones that we've been doing so far, more of miniaturized kind of products but still high performance and high value products. So, these are again segments that are totally different. We deal with a number of speaker brands. Okay.

Right, so if I look at brands like JBL, Polk Audio, Definitive Technology, these are brands that while they may be similar in terms of, say similar kind of in terms of aesthetics or okay, every product has a 200-watt speaker, every product has a 150-watt speaker, still in terms of actual consumption, these are very, very different because people who look for a European sense of taste versus an American kind of taste are so different.

We have been and many of these products and these brands we have been working with for many years. There have rarely been cases of any kind of cannibalization. And also, wherever we are doing distribution of these products, we are also very I mean, we intelligently ensure that distribution is such that we use different channels to promote different products.

So, we don't have like we may use the same amplifier across all channels, but we ensure that each channel each dealer partner is only dealing with say two of our speaker brands and not all the speaker brands so that there is not too much of even pricing conflicts in the market.

Because you tend to see, for example, you may have a single street in Mumbai or Delhi where there are three potential dealers of or resellers of ours. We don't want them all selling the exact

same product and everybody cutting each other. So, these situations do happen, but we ensure that it is very intelligently managed and we don't have these kinds of challenges.

And I'll tell you one other thing is if really, we were selling products where each product is in competition with the other product we sold, these principals wouldn't tie up with us in the first place. The principals are also very, very intelligent. They know which kind of people have the capability and the infrastructure.

And trust me when I tell you this, we have many, many more brands who are in touch with us asking us to actually represent them because we are really the only professional organization in this space, a very fragmented and really, individually run operation. But we decline many of them because we realize that taking those ones on may not cannibalize fully but may not give us much may not yield too much or would mean us to carry unwanted inventory with relatively slow movement of product. So, we try to avoid that as well.

So, every segment that we bring in, we do it as intelligently as possible. So, in the last four, five months, one of the brands that we onboarded is an Indian brand called Sonodyne, which is a product manufactured in Calcutta. We brought that because we realized that okay, it's also there's an opportunity for us to promote an Indian product and maybe dealing with an Indian product, we don't have this issue of currency and pricing and volatility.

And we are working quite closely with the brand to try and actually accelerate that business as well. So, the growth will happen. It takes some time. Every brand needs a lot of promotion, requires strategic placement of the products, you need to negotiate with the resellers wherever it is sold through a reseller. And also, dealers or resellers, though we have now over 800 partners, they don't also have the space to put too many products.

So, we also very intelligently work with two, three products. Wherever there is dealers who are representing competition, we try to make them walk away, leave those the competing brands and try to move towards our basket of brands. So, we are working on all fronts.

**Madhur Rathi:** Sir, last time you mentioned that you were entering the commercial audio space?

**Manmohan Ganesh:** Yes. For that commercial, when we say commercial, I mean the professional range, which is that Peavey and Crest, the two brands which we got in. That is the thing that we got into, yes.

**Madhur Rathi:** No, so the movie theatre, stadium, etc.

**Manmohan Ganesh:** Yes, yes. That's the one.

**Madhur Rathi:** Okay. So, has there been any progress on that side?

**Manmohan Ganesh:** Yes, we have signed on those brands. The products the products are now in. This month end, there is a -- we are showcasing them at an exhibition in Mumbai. So, we have already started signing on partners, we have started demonstrating the products, so it is fully on. All those that those brands are also on our website. You can see all of that there.

**Madhur Rathi:** Okay, sir. Thank you so much and all the best.



**Manmohan Ganesh:** Thank you.

**Moderator:** Thank you. Our next question comes from the line of Imran from Longbow India Capital LLC. Please go ahead.

**Imran:** Hi. Thanks for the opportunity. I hope I'm audible.

**Manmohan Ganesh:** Yes, yes.

**Imran:** Yes. So, first of all, first question is on the product sourcing mix. If you could tell us, are some of the large, main countries that you source the products from?

**Manmohan Ganesh:** Okay. So, Yes, I will kind of just narrow it down to tell you. So, we basically source -- most of our products come from Singapore and Hong Kong. These products are mainly manufactured across Asia to a large extent. So, we sell an amplifier brand called Denon. 50% of the Denon is manufactured in Vietnam, 50% is manufactured in Japan. So, all the high-end is in Japan, everything else is from Vietnam. We deal with certain speaker brands.

Some of the speaker brands are products are made in Taiwan, some are made in China, some are made in Malaysia, Thailand also. We have from across that. Some of our smaller product categories like high-end cables, etc., come from the UK. We have some stereo amplifiers which come from Norway, Scandinavia. But if you look at it, say at least over 80% of our products come from Asia, so they're Asia-manufactured.

A small percentage only is really currently from China, but a lot of it is now coming from various other places in Asia. And we don't have anything coming from Middle East. We don't have Yes, I mean, that's basically it. So, there are also some few products that are manufactured in America which come from America. And yes, it's a longer shipping time, but it is still coming from those markets.

**Imran:** Got it, got it. And one last question. And this is a hypothetical question. Let's say, you know, in maybe three, six months, your cost of product goes up by 25%, 30%, 40%. Would you be able to pass it on...

**Manmohan Ganesh:** I hope what you say doesn't happen. Yes, tell me, tell me.

**Imran:** Just asking. Just asking if that happens, would you be able to pass it on, or you have to take some hit?

**Manmohan Ganesh:** No, so my question I back to you is if tomorrow if a Mercedes-Benz costs 30% more or a BMW costs 30% more or a Ferrari or a Rolex watch, I think the type of clients that we are talking to will buy it at that price. They may delay it by one or two months saying that let me wait and watch whether it's going to come down, but if it is not going to come down, they are going to buy it at that price. So, I don't really see consumption.

See, we are we are not a mass segment. And if we were a mass segment, I would be extremely cautious and worried right now. But we all know we're talking about India in the last 10 years, we're already talking about the rupee having devalued so much. So, with that itself, a lot of

people would question 10 times whether somebody would really spend this much kind of this kind of money.

When we look at an entry-level amplifier years ago, we were selling at under INR50,000. Today, this entry-level amplifier we're selling at INR1,25,000. But the consumption has gone up than before. In fact, many times more. It's because awareness has increased, people's spending power, and then also their exposure.

So, the customers also we see it is they may go on onto a website and see the US dollar price or see a UK price, and then they look at the India price and they say, okay, prices have gone up, but the same thing would apply because when they look at the US price, they're still mentally doing the math and calculating back in rupees, right? So, it happens. But yes, small disruptions do happen.

People get a little annoyed and upset, and somebody who has maybe who really is not in that super HNI or their HNI category, for them, they had kept aside maybe INR2 lakhs, with a dream and a hope and a passion to be able to buy something and suddenly realize that product costs INR3 lakhs. That customer would probably hold back their purchase. You know, we have almost negligible amount of people buying on EMI.

So, that is a very interesting insight. People who are buying are actually putting the money down and buying. So, those kinds of customers don't really seem to be affected because it's not really middle-class customer. But there are some people who, yes, who will feel bad. In some cases, they may go in for a lower-end product than what they originally planned for. They might have planned for a 200-watt speaker, go in for a 100-watt speaker because they can't afford it. But it's that. I mean, I don't know whether I made it clear enough.

**Imran:** That business is only about 30%, right, B2C? In the B2B business, you also have individuals who are buying, or B2B is too...

**Manmohan Ganesh:** No, so the B2B, the B2B is where see, we have a network of dealers, we have about 800 plus dealers. So, we sell to them, they sell to an individual only. So, that B2B business is to an individual. End of the day, it's all going to individual homes, customers. See, there is no way that we can be present all the way from Kanyakumari to Kashmir, right? I will we require reseller partners. There are language issues, there are geographical issues.

Somebody needs to demonstrate a product to somebody in Darjeeling. I cannot be present there to do it. We are an experiential product. Like, somebody who is buying a speaker wants to hear that speaker. They are not going to look at pure wattage and specification. While few may, but most people still want to touch and feel and experience, which is why we will always rely on our B2B partners. So, the B2B is our dealers; they sell to individuals. Was that clear?

**Moderator:** Thank you. Sir, participant has left the queue. That was the last question for today. I would like to hand the conference over to Mr. Manmohan Ganesh for closing remarks. Thank you, and over to you, sir.



**Manmohan Ganesh:** Yes. Thank you so much. Thank you, all the participants, for joining on this earnings call. I hope I've been able to answer all the questions to your satisfaction. If you have any further questions or would like to know more about the company, please reach out to our Investor Relations team at X-B4 Advisory. Thank you again. Have a good day.

**Moderator:** Thank you so much, sir. Ladies and gentlemen, on behalf of PRO FX Tech Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.