Management Discussion

Kishori Kadam - Investor Relations, Kaptify Consulting
Ladies and gentlemen, on behalf of Kaptify Consulting Investor Relations team, I welcome you all to the H1 FY27 Post Earnings Conference Call of Energy-Mission Machineries India Limited. Today on the call from the management, we have with us Mr. Snehal Mehta, Promoter and Chief Development Officer; Mr. Gaurav Shastri, part of Finance team.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements which may involve risk and uncertainties. Also, this is a reminder that this call is being recorded. I will now request the management to detail us about the business performance, highlights for the period ended September 2026, the growth perspective, and the vision for the coming years, post which we will open the floor for Q&A.

Over to the management team.

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Thank you, Kishori. Thank you, Kaptify Team for your efforts for organizing this Investor Call. And good afternoon, everyone. I welcome you on this con- call for this discussion of first half year of '27 results.

Unidentified Speaker - Moderator, Captify Consulting
Snehal, ji, can you speak a bit louder and closer to the mic?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Yeah, yeah, sure, sure. Am I audible now?

Unidentified Speaker - Moderator, Captify Consulting
Yes.

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Okay, so I would like to thank you everyone for joining this call, and , let us start. Let's begin with the results discussion. The major highlights of this particular result is the parent business , has improved the profitability in last six months' time. I f you look at the figures, consolidated revenue was 80 -- Okay, so standalone EBITDA increased 7.1% H-o-H to INR10.65 crore , with the margin improvement of 11.88% to 13.20%.

And the profit after tax grew around 21.4% to INR5.50 crore. On revenue of total INR80.26 crores. This profitability is contributed by the lower employee expenses, and it is supported by this recovery, although earnings remain below the corresponding period of last year.

Consolidated revenue was INR80.86 crore, up to 6.6% year-on-year. EBITDA was INR9.9 crore at the margin of 12.36%, and profit after tax was INR4.49 crore. This particular six months, we have completed the opening orders at committed price despite of higher material cost. Everybody knows there's a cost input pressure from a lot of reasons. But despite of higher material price, electrical components, imported items, and logistics and currency-related procurement issues, we committed to complete our orders, opening orders.

And from March or April onwards, we've taken the price revision, and operating improvement has partially offset those those cost inputs. , our priority is to carry the recovery in the current business into a consolidated profit. Looking to the product mix, CNC press brake has contributed almost 73%

of the product revenue, and other remaining major contributor was hydraulic shearing machine, which is around 15%. And share of plate holding machine, which last time also we said it will grow, so it has grown by 3% to -- 3% overall here. Now it is 4%, 1% growth is observed in that. And balance remains.

Next slide. Okay, so if you look at the Geographical revenue breakup, t he domestic industrial clusters have overall growth with machines sold across more than 20 states. Gujarat and Maharashtra is where our largest market, and this spread reduces the dependence on individual area or individual market because this is almost, if you see, we are selling around 20 states.

Export remained around 3% of the total revenue -- total sale. The business in USA, UK not UK exactly, UAE and Nepal and providing a smaller base for the international. Order inflow was the strongest operating development. We received orders worth INR91.55 crore, in this six months with 15.6% year-on-year growth and 28% growth over the preceding six months. The September closing order book is approximately INR62.27 crore with an increase of 31.8% or 32% from the start of this financial year. This gives us the better execution visibility for coming months.

And I would like to share one good that is we have recently participated with -- there is exhibition called FABTECH, which was held in Las Vegas, and we participated with our machines, we received good inquiries, good interest, and now we are in process of converting it into orders, which further will increase the second year of business for the exports.

Looking to pay forward, we intend to increase our output from the existing capacity manufacturing. We also plan to pursue external fabrication business in our subsidiary and expand US distribution network in Canada, East Coast, and West Coast. Our target revenue growth, 18% to 20% compounded annually over three years, and EBITDA margin of 13% to 15%, and 6% to 8% of the PAT margin. These are the management objectives to continue improvement and growth across all the segments.

About company, Energy Mission, EMMIL began as a proprietary concern in 1998, and we come we basically cater to sheet metal machinery market. Particularly in forming segment. And as a company, we have in-house design team, in-house customer support, manufacturing team, and a lot of new developments are continuously going to cater new market demand across the industry.

We have , one more subsidiary we have added last year is EM Press Form Solutions . I mean, it was started earlier, but from July onwards we have commenced the operations in the new factory, which is around 5,000 square meter area with all state-of-the-art facility for metal cutting, bending, and surface coating. Powder coating units are also in-house. So this is actually catering to 30% to 40% capacity of our own backward integration, and we have remaining 60% capacity that we are going to utilize it for some of the external customers. So in the coming time, we expect good business from fabrication business from outside customers also.

Similarly, in Energy Mission USA, we have our major distributor is Bird Machine Tools, and with that we are also trying to expand in East and West Coast , as I said, and Canada also. So with this presence helps us to improve our service, our reach to the customers, and try to develop overseas business through this network. These are the product, key products at glance. CNC and hydraulic press brake is our flagship product and it is almost, as I said, 73% of our total revenue.

Other than that, shearing machine, hydraulic press brake, and 4-hole CNC machines, Those are also extend the range across the cutting, pressing, and rolling applications. And servicing, because now we have more than 7,500 installations across India, we are also focusing more on the service

portion, that the parts, spare selling, and service selling. That is also a contributed well.

Major expansion, margin expansion driven by the backward integration. I would like to say we have started the EM press form solution where we manufacture control panel boxes, electrical enclosures, fabricated covers in-house. So this actually we used to buy from outside. Now we are making it with our own subsidiary. And apart from that, we also had a fleet of CNC machines in our workshop where we started doing most of the jobs in-house. So that margin expansion is also reflected in this result. If we look at the job work expenses, it has scaled down by 26%, 27% , in absolute figure, it was earlier INR3.89 crore in H2 '26, whereas this, it is now INR2.85 crore in H1 '27. So this share of revenue, no , it's declined from 4.6% to 3.5%.

3.5%, and external processing absorbs less of our end. So in-house production also gives a greater scheduling control. Overall shaving depends on the internal cost, including manpower, power, depreciation, and separately we aim to reduce this further , by enlarging like 16% to 80% in the absolute terms in a against FY26, across the group, employee expenses also declined by 15.3%. Manpower services expenses also fell by 52%, and traveling expenses for the services that is also reduced by 25.7% on Ho H. So these reductions. Actually eased the little bit of expansion burden and the cost input pressures.

Next. As we see our key strength, we have capacity of around 1,500 machines annually and We participated in a lot of acquisitions. We work with our own network, sales network. So , it is our direct customer relationship. Similarly, we provide service network across India and abroad. So with that, we are , more preferable and having a better relationship with the customers on repeat orders, on references. Across all the sectors.

Demand for precision and automation, that is always going on with the market, and we continuously work on it. And that is the reason it gives us it opens up lots of new opportunities replacing the foreign supply to our field. And We are continuously working on. These are our manufacturing infrastructure, the highlights of some of the things for our manufacturing facility, our assembly line. This was in the main plant, and now with new subsidiary also, EM Pressform Solutions is also coming in 2023. Similar kind of facility, which is one of the state-of-the-art facilities. Now any customer when they visit, they are more happy to see these things happening here, and that becomes a positive point for us.

Next. These are our esteemed clients. Like we work in Major multinationals like Tata, ABB, Rathi, BHEL, Toyota. These are our customers. We are serving to even some of the field issues like BrahMos, BHEL, some of the government-based like ISRO, PRL. They are our customer on our customer list. And that makes us a viable choice. Okay, looking to Next slide. Can you please go to the next slide? Yeah, next slide. Looking to FY26, our revenue was last year INR 160 CR, and profit after tax was around INR11.93 ccore. Now at September, this some of the points which I need to highlight, that is inventory and receivable receivables were higher compared to March.

The working capital days also increased from 120 days is now from 112 to 120 days, largely due to the increase in receivable , which has increased from 30 to 37 days and remains with the average standard terms of number of days. Managing inventory and collections therefore remains essential and core focus for area of management started working on it. As we excuse the larger order book this year, that would be more recent. EM Pressform solution facility has also started the operations in new facility in July. So we expect this next half year it would be more utilized and we'll start working with of the bigger customers outside. So by and large, our responsibility is to deliver these orders efficiently and turn this position to collections.

Thank you for your continued interest, and we'll be now happy to take your questions. Thank

Kishori Kadam - Investor Relations, Kaptify Consulting
Thank you for the presentation and opening remarks. All those who wish to ask the questions, may you may kindly use the option of raise hand. If you are unable to raise hand, please drop a message in the chat window and we will invite you to ask your question.

Questions & Answers

Kishori Kadam - Investor Relations, Kaptify Consulting
Thanks for the presentation and opening remarks. [Operator Instructions]. We'll take the first question from Yogesh Patel. Yogesh, you may go ahead, please.

Yogesh Patel - Analyst
Yeah, thank you very much, and good afternoon, sir. I just want to understand, from here, let's take it that India is also doing a lot of things on basically plates industry, and that includes prefab, HVAC, everywhere. I also seen, one order from shipbuilding. So do you think shipbuilding could be a very game changer for us?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Yes, let me answer you in both ways. A s you said, PEB. So PEB is one which is very fast growing sector, and we have a specific product for the pre-engineering building solutions. Today, if you look at the total base of the PEB manufacturers in India. I think we have covered more than 70% of them with our products and services. So PEB, yes, it is growing and we are getting good business from the PEB side. Shipbuilding is a growing segment right now and some of the measures have entered.

We have also started working on it. We have supplied to a company called Swan Energy, which is a subsidiary of Reliance Industries. They are into shipbuilding and we supplied machines to them. Machines are commissioned and they are happy with performance and all. But I definitely see a good opportunity in shipbuilding industry in coming time because I'm sure more and more people will be entering into this. It is now shipbuilding is at primary stage, I would Because you're looking at the the total possibility of expansion. It has just started at 5%. So yes, definitely I agree. Coming time we'll see good opportunity in shipbuilding.

Yogesh Patel - Analyst
And in, in terms of, let's take it when we're competing with imported players and, um, the global players. So roughly, how does that going forward going to differentiate? Is there is it is the only one is capacity already ready capacity, but in terms of output or maybe measurable performance, where do we stand there in terms of and in terms of pricing, what is the difference in pricing? And according to you, why should client switch to us? And because if it switches, then definitely it could be very big opportunity for us.

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Sure. Okay, let me ask you one more question. Are you specially focusing the shipbuilding or the general industry?

Yogesh Patel - Analyst
In general, I'm saying it. So in terms of everything,

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
I agree. See, what happens is, I tell you, across if we talk about the total competition in the market. We have some of the players from Europe, some of the players from Turkiye, strong competition from China, and some of the Indian manufacturers. Now slowly we will be -- we are trying to tap one by one market because being the Indian manufacturer, sometimes it is a limitation for us to give a confidence to customers saying that no, this particular machine, imported machines, everybody is using them.

People don't want to change on capital expenditure, but it is always a reference, reference of the customer. Where one customer starts using it, he is happy with the performance, he is happy with the price, he is happy with the responses from the manufacturer. Immediately other people will also, other competitors will also start because we are better in price compared to European suppliers, compared to Turkish suppliers and high-end Chinese suppliers. So definitely the final product cost is impacted because of that, and ultimately it is a cost which inspires others to think like how we should do that. There are several examples of that, and okay, this is not a time I can give it.

See, if in terms of technology, if we say we are almost at par in terms of technology, between the technology which you are getting from Europe or you getting from Turkiye, similar technology we are offering here because we are also selling these technologies to US market. So tomorrow if somebody says you are not comparable in technology , I strongly No. Refuse that. But the thing is brand building brand building is something different. If somebody is doing for 50 years and you are doing since last two years, so naturally there will be a preference of that 50-year-old experience.

But anybody who is entering in market is new. Nobody will come up with some 50 years experience. So this is the, this is the base where we started, and slowly we are entering into market. And I'm sure after five years we'll have more reputation, more installations, more referrals, more good words for us. We are strong at service, and this is the base for any CapEx industry, that if you are able to manufacture a good machine and you supply it, but , if you are able to provide a good service and good spare support, that's the key where you win the heart of them.

They will start speaking good things about you. So we always focus on that. We always try to see that our customer is happy when he's invested a lot of money on this machine. I, I have a moral responsibility to see that his money comes back at the right time and right man. He should be able to do his job competently. So I'm sure it takes little time, but we can win.

Yogesh Patel - Analyst
Okay, for next three-year guidance, basically FY29 guidance, so it is based on your client inquiry, or maybe it is a combination of import substitution and domestic growth?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Three-year guidance It's worked out based on past growth figures, number one. Number two, our study through the market and our development activities where we target certain new markets. And we have already given that particular thing, 18% to 20% of CIR first three years. There are conditions which are changing. Capital market things always don't go in the way we predict, but by and large we'll be able to achieve those figures.

Yogesh Patel - Analyst
Thank you very much and all the best.

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Thank you.

Kishori Kadam - Investor Relations, Kaptify Consulting
Thank you. I request participants to limit their questions to two per participant. We'll take the next question from Harshil Bhayani. Harshil, you may go ahead, please.

Harshil Bhayani - Analyst
Hello, hi, can you hear me?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Yes, yes. Hello, Harshil. P lease, go ahead.

Harshil Bhayani - Analyst
Yeah, hi sir, hi. , congratulations sir for the very good set of numbers. Sir, I just have one -- couple of questions. My first question is on our consolidated numbers this quarter. So quarter- on- quarter, our margins have slightly declined. Wanted to know the -- your take on that, and what will be your sort of full-year guidance margin for this year?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Okay, see there's a decline in consolidated margin largely because of the two reasons, but one is the utilization of subsidiaries. So that is one. We are expecting EM plus FOAM solutions to expand more in business in next H2. So that is going to boost a lot. And second, we expect more orders after this exhibition from US, so US subsidiary will also perform well. So that is one. And second [Technical Issues]

Harshil Bhayani - Analyst
Hello.

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Yeah. Hello.

Harshil Bhayani - Analyst
Yeah, can you hear me? Yeah. So, sir on our backward integration subsidiary which is there, how much of that utilization will be from our this EMMIL, and how much of that are we expecting to sell outside market?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Around 40% would be for the Energy Mission parent company, and 60% we can engage the external customer.

Harshil Bhayani - Analyst
Understood. Okay, so this quarter or this half year, we saw that our order book has increased substantially , that's a very positive news, sir. I wanted to know your take on that. How much of that order book is from our current customers? How much from new customers which we have added in last year, this year? And how much would be domestic and export, specifically US? The subsidy we have there,

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
This 97% is from domestic market, 3% is approximately for the export, which is Nepal, UAE, and US. And if you talk about the repeat orders from the customers, that is around 35% of the total.

Harshil Bhayani - Analyst
Okay.

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Rest all newly added customers.

Harshil Bhayani - Analyst
Sir, we have one partner in US, right? And since more than two years now, we have formed a subsidiary in US and trying to penetrate that market. But again, well, there is no the, the progress is there, but it's taking -- it's a bit slow. So wanted to know your take on that. How are we planning on that and what changes or efforts we are taking? I know we we participate in that exhibition. How's the response from that exhibition? How much orders we are planning to get from US? And overall , in this year, how much of our revenue are we projecting from US?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
See US subsidiary it was started two years back and we have one distributor, one major partner, that is one. But with this exhibition, and before that we had a lot of discussions on the same front page, there were a lot of variations on tariffs and other confusions were there, and they were not able to somehow get confidence because if they place some orders and finally they pop up, it was either because of that situation they wanted to avoid.

Now slowly things have come to certain level, and we have also asked them to go for sub-dealers in the different, different areas. So East and West Coast both, they have to expand jointly with us because we are continuously monitoring that particular market. And apart from that, now we have started Canada. So US subsidiary can build for mainland, and then we have separate engagement with the other distributor for Canada. So sample orders are already received, and it would be a little early to say on all set numbers right now. I don't not sharing it, but we can definitely plan to have better business in next [Indecipherable].

Harshil Bhayani - Analyst
Okay. Sir, now since we have done the CapEx of doubling our capacity at parent company and also the backward integration, what would be your CapEx guidance for next two to five years or two to three years?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Sorry?

Harshil Bhayani - Analyst
Yeah, now I'm saying since now after the IPO we have doubled our capacity at the parent company and also did the backward integration. , now what would be your CapEx guidance for the next two to three years?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Right now we don't have any CapEx guidance immediately.

Harshil Bhayani - Analyst
Are we planning to [Speech Overlap]

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
I think are we planning to utilize first -- first we have to utilize this capacity, then we can think of further CapEx.

Harshil Bhayani - Analyst
Sir, how much would be our optimum revenue at the doubled capacity at 1,500 machines? What would be our optimum revenue?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Around 275.

Harshil Bhayani - Analyst
275, okay. And sir what's the EBITDA margin we are giving for this year and the next one to two years? What's the sweet spot of our EBITDA range?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Yeah, I have mentioned in my presentation also. See for the compounding three years, we are considering 18% to 20%, and this year EBITDA would be around 13% to 15%, and PAT will be around 6% to 8%.

Harshil Bhayani - Analyst
So you are saying 13% to 15% for this year, and in future it would be 18% to 20%?

Kishori Kadam - Investor Relations, Kaptify Consulting
Harshil, I request you to rejoin the queue. Hello?

Harshil Bhayani - Analyst
Sure, sure.

Kishori Kadam - Investor Relations, Kaptify Consulting
Yeah, we'll take next question from CA Garvit Goyal. You may go ahead, please.

Garvit Goyal - Analyst
Hello, thanks for the opportunity. , so you mentioned we can do an optimum revenue of INR270 crores and currently we are at INR150 crores. It' s not it we are very conservative in the terms of the growth guidance that we are speaking about, getting 20% area in the first few years, considering the demand environment that we are witnessing as of date and considering the kind of industry we are in. Can you comment on that? Like, is it the why we are so conservative in terms of, in terms of the growth outlook?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
See, basically machine building exercise is something which we need to have a lot of inputs and a lot of infrastructure that we have to make. Infrastructure in terms of manpower and servicing and other things. Normally any machine industry it is growing. If it is growing by 20% that is something, a good number just from my experience. So it takes little know, time to grow. , so it is not very conservative, but the thing is if we give see, we put our full efforts on that, but these are the

practical figures that we can reach.

Garvit Goyal - Analyst
That's what I'm trying to understand from you. While if I look at your peers on a higher base, they are going, going at a higher rate. While our base is low. So we should be doing more than that, like 30%, 35%, 40% kind of growth we should be having in our mind, right? So that is why, because I'm not saying when if the industry level, industry demand is not good, then I can understand. But demand is there, you are having the capacity to do that, you are at INR270 crore already already infrastructure built in, right?

Yes. So that is what I am trying to understand, what is resisting us to grow faster, ramp it up faster, and then do another CapEx and take on that opportunity that is in front of us today?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Again, I think I am not able to explain it properly. See, the thing is, in CapEx industry, it is brand building, so it takes time. Like in domestic market, now we are spread across 20 states. So today, India market, we can say yes, Energy Mission is a reputed brand name. But suddenly, when you want when you expect a 40% growth So that means the same territory will not give it. So we have to expand in the other territories, we have to go establish in other regions. And it is not only selling the product, it is about establishing the service, it is establishing the referrals and other things.

So for CapEx, it is little difficult to enter in new market or new territory immediately with higher number. It requires in US also now we started from last three years. But now slowly that time has come when but once we are approved in the market with large number of customers, yes, there we can grow faster. So what you say is correct, we should aim for 40%. But since I am being responsible management, I should not give you a wrong figure. So I am giving you 20% of this But as you rightly, correctly mentioned, we have capacity, and tomorrow if we are able to convert the orders, we are more happy to do that.

But today, as a guidance, I cannot predict 40% as of now. Our efforts are there. We are trying to put a lot of exhibitions, a lot of our activities of sales and service, and with that we are trying. But practically, we should understand based on the data.

Garvit Goyal - Analyst
Do we have any plans on debt reduction?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Sorry?

Garvit Goyal - Analyst
Any plans on debt reduction?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
No.

Garvit Goyal - Analyst
Okay, thank you.

Kishori Kadam - Investor Relations, Kaptify Consulting
Thank you. We will take the next question from Abhijit A. Abhijit, you may go ahead.

Abhijit A. - Analyst
Yeah, am I audible?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Yes, please go ahead, Abhijit.

Kishori Kadam - Investor Relations, Kaptify Consulting
Yeah so my first question is how much time does it take to make one machine and why is that inventory so high?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Okay, I think I have also answered this question earlier, but the first thing is we have a variety of we have more than 600 variants of on our products. If you go through our presentation, so there are a lot of varieties. Even alone CNC, for instance, which is our flagship product, there are five different types of machines. Types in the sense series, we call it as a series, different levels where the technologies are different. Some mechanical structures are common, but otherwise controller and hydraulics, electrical sensors, so many things are different.

Each machine will have more than 600-700 components on one particular machine. And there's a difference of price also because these products are positioned, positioned against different level of competition. We have Indian competition, we have low-end Chinese competition, high-end Chinese competition, we have Turkish competition or European competition. So we have to offer different level of technology, different level of of solidification on the machine. So this is the nature of the industry.

Now with that, if we look at the product mix, we have to have some of the inventories, and 30% or 35% of the inventory is directly or indirectly imported, like high-end sensors, like hydraulics, electronics, some of the parts. So these things have to be kept in inventory just because the lead time for that particular items are sometimes higher, lower. Sometimes we buy in bulk considering the logistic cost and other things. So finally, we should be able to achieve a good blended price for that particular product. The manufacturing time for On an average, a standard machine, a regular running series machine, would be around 3 weeks. But since it is a CapEx, sometimes it happens that we one is our manufacturing time, and second, sometimes most of the time it is financed by the bank or something.

So customer inputs are also customer readiness is also one of the major criteria, and dispatches are concluded based on his readiness or his clearance of the finance form. So these 2 things are sometimes increases our machine time on floor, but on an average we can consider three.

Abhijit A. - Analyst
Understood. Yeah, so the reason was that, let's say, so when we are guiding for 20% revenue growth So with an increase in order book and the kind of growth that we are aspiring for, um, do you think inventory is a constraining factor why we cannot grow at, let's say, 40%-50%? I mean, this is in relation to the previously asked question. Do you think inventory is the factor that you think is dragging down?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
See, inventory is a focus right now as management. We have started because we understand that yes, inventory is increasing and it is going to become a reason someday. So let us do in a different

way. And we have started implementing certain purchase techniques, certain specific purchase techniques to align the supplier for some of the inventories to carry it. Number one. Number two, some of the , we, we are already now shifting to SAP, which is a better planning software compared to our earlier year.

So we expect, yes, there will be a better in-depth overall planning because there were some limitations of earlier system which we will be overcoming with the new system. We are trying to use specific AI tools trying to use new technologies that How much we can optimize on that. We are working on standardization of certain like, we have five series of machines, but let us progress it to 40%, 50%, where things are standard, and then it can go to any of the series based on the order.

So we are working on that strategy also. So there are , I would say multiple efforts to With different, different directions, we are trying to do that. , our inventories are within the control. I'm sure these things will definitely work out and we'll be able to achieve more turnover with not much increase in the inventory.

Abhijit A. - Analyst
Understood. And how many machines did we sell in the first half and what was the average realization per machine?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Average price was around 23.5. The exact numbers are 344 machines.

Abhijit A. - Analyst
Okay. And my next question will be on the gross margins. I think from the 41% level that we saw in FY23 in the first half it was somewhere around 35%. So can you help us understand whether FY23 was a one-off and what was the reason why there's a softness in gross margin? And more importantly, where do you see the gross margin going back? Can it scale back to the 40% kind of level?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
I think no, can you just repeat the question?

Abhijit A. - Analyst
Yeah, I was talking about the gross margin. So in FY23, our gross margins was somewhere around 41%, and it has kind of declined. In, in the first half, it was somewhere around 35%. So what was the reason, and can it further improve to 40% kind of levels?

Unidentified Speaker - Moderator, Captify Consulting
Nehal sir, he's asking about the gross margins.

Gaurav Shastri - Finance Team, Energy-Mission Machineries Limited
Let me just answer this question. Basically our input cost , rise sharply between last November till September specifically from November to March 26th, it rose by around 8%. And remaining around 8 to 10%, it rose from April to September period. So the base material prices has increased and logistics and other forex increase that has also impacted some margin. So what we did, like up to March, whatever order book was there, we had to supply like 47 crore of that order book we supplied up to as per previously committed price.

From April onwards we , increase the price of our sales products by 5%, and that will , gradually be

reflected in FY22 of improvement in margin. Plus, we are also doing continuous cost reduction in terms of job work and other, like, operational efficiencies. We are achieving good expense control over other expenses. That will also reflect in HY2, in a sense. So we are confident to get back to our gross margin of 40%.

Unidentified Participant - Analyst
By FY28?

Gaurav Shastri - Finance Team, Energy-Mission Machineries Limited
Sorry?

Unidentified Participant - Analyst
40% by when?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
By next six months.

Unidentified Participant - Analyst
Okay, okay. I have a few more questions. I'll get back in with you.

Kishori Kadam - Investor Relations, Kaptify Consulting
Thank you, Abhijeet. We'll take next question from Milind. Milind, you may go ahead, please.

Milind - Analyst
Okay, thank you. , my first question was around the order book which is reported in the H1 as 62.3 crores. So I want to understand, is it all executable in the H2 FY27? Yeah. Okay on the order book itself, so how much orders are we expecting to add in the order book in the H2 FY27? Normally,

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
okay, normally if we look at the trend, we have a 60 ratio on first half year to second half year. This is the trend because second half year always the orders are more. Now with this increase in order book, we will be able to make more dispatches. If we go to numbers, see total order received in this particular First half year was 91.55, right? And we executed around 76 crore orders. So we have order book of 62. We can consider around 110 in next 2 next second half year.

, That is the around 20% increase would be there.

Milind - Analyst
Okay, got it, sir. , my second question was about the subsidiaries. So I want to understand we have added EM Press Foam, like they started operations 3 months back. So how's the could you just give us some color about how the numbers have been in terms of revenue and the margin? For EM Press Foam and also for the US subsidiaries?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
See, EM Press Foam major business, as I said, 30 to 40% would be our backward integration. So I'm not considering right now that, but our major focus is to tap the customers, particularly if you look at the location, we are sitting in the heart of the industrial hub in Sanand, where you might have heard this Tata Nano project has come. And after that, a lot of people have come. Even recently, Micron has come, all semiconductor people have come. And this particular zone, this factory is one of the state-of-the-art factory for the fabrication.

Lot of electrical manufacturers are here, and slowly we want to tap them as a regular customer because our 60% capacity is are , we can employ them for this type of work. So if we think, I can expect roughly, apart from energy mission business, I am expecting around 12 to 15 crore business from the customers at full utilization. Now it depends on time, a little bit of time, because multinational companies, we have to do a lot of trials for their products. We have to get controlled, and slowly they'll start doing offloading the products to us.

So it takes little time, but yes, at full utilization we can do around 15 crore for the outside customers. This is our first target.

Milind - Analyst
Okay, got it, sir. Also, could you share some numbers for the USA subsidiary? How is its performance like? I am expecting in the near future.

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
I think I don't have ready data available with me right now, so then later on we can answer this question with numbers.

Milind - Analyst
Okay, got it, sir. Also, can you just tell me the rough estimate of what is the export share in the revenue in H1 FY27?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
It is now 3%. 3%.

Milind - Analyst
So are we like still intact on a guidance of 10% export share?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
See as , situations are changing very quickly. So some of the targets which we and those things are not in our control. So from our side, what we have, everything ready. Like we are ready with conquering the market, but If the market permits, things are going in the right way, yes, we can definitely achieve those. I think it is a time we need to wait for.

Milind - Analyst
Okay, sir. Also about the subsidiary, I want to understand the Budd Equipment partnership we have. So how are we expecting to take advantage of it, and is it exclusive partnership we have with them?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
No, it's not exclusive. Number one , BART is a very well-established firm, last like 50 years in the market, US market. And , initially they were used to source the machine from Turkey and they used to sell in their own name. Okay, now in the US there is a tradition people, they Like big dealers, they generally buy machines from the market and they put their name. When we started we had a lot of discussion, but we said no, we we can put your name as a service partner, we will sell as our brand.

So today, one major benefit which I would consider as a company long term is US machines are sold with Energy Mission brand, manufactured by Energy Mission India. This is the Indian product. We don't say that this is a US product or something else, or European. We simply say it is an Indian product, good quality product, good price product, and serviced and supported by Bud Machine. So slowly, like 2 years' time, it started creating an impact in the market. People are now getting aware

about the Energy Mission brand name.

And in the long run, we are trying to building a brand in US market. Tomorrow Canada or Mexico market will also take reference from main US market. So this was the idea and it is already going on. For BIRD, they are situated in Salt Lake City, which is on the somewhere mid on the western side. So we are continuously, continuously in discussion with them to expand their more business towards the East Coast because US is very large state, very large area. And for Canada, we have engaged with another distributor.

In Mexico also, some discussions are going on. Last year, May, I have personally visited Mexico. We had a show, we had a lot of interactions. But normally what happens is any established player, when they want to connect with you. They take little time. They try to because still we are going for 3 years or 4 years, we are new in the market. So they try to see you for some time. They try to see your cleaning or installation or references from the other people. Immediately they will not come.

They are considering you as a very good opportunity for the future. So I think it takes little time to Enter an icebreak free market in U.S. Or Mexico, Canada. U.S. Already it is started, and some of the other countries, one of our promoters is already there in California. He lives there, so he is continuously on that job to get more orders and get more penetration. It's a very big.

Ishpreet Kaur - Analyst
So like till now, I request you

Kishori Kadam - Investor Relations, Kaptify Consulting
to please rejoin the. Okay, thank you. Yeah, we'll take next question from Ishpreet Kaur. Ishpreet, you may go ahead, please.

Ishpreet Kaur - Analyst
Hi, Sneha, is it possible to give a breakup of the revenue sector-wise?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Yes, I think it is sector-wise. We have See, there are 7 to 8 different sectors that we normally cater, right? That is automotive, re-engineering building, agriculture equipment, railways, transformer and electrical industries. So right now I don't have readily available those figures. I need to find it. But on an average, normally we monitor, so those figures are on an average 14 to 15% for each segment. Last few years trend also show in the same way, so it is equally distributed across 6 or 7 sectors of industry.

Ishpreet Kaur - Analyst
Okay, the sectors that you've mentioned in the presentation. Yes. Okay, and the revenue potential that you mentioned of INR275 crores this would be on a base of how much gross block?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
, we are planning for next I mean, I did not understand that your question.

Ishpreet Kaur - Analyst
, so 1,500 machines is the total capacity, right?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Yes.

Ishpreet Kaur - Analyst
, which can fetch us INR275 crores? Yes. , what would be the total gross block as of date for us?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
, Gaurav bhai can you help me on this? I don't understand this.

Gaurav Shastri - Finance Team, Energy-Mission Machineries Limited
, yeah, see, our fixed assets are as of today 57 crore, and we are not planning any , CapEx for next 2 to 3 years until we

Ishpreet Kaur - Analyst
And if at all there would be a future CapEx, would it be brownfield? Do we have enough land space, or would we be going in for a complete new area?

Gaurav Shastri - Finance Team, Energy-Mission Machineries Limited
, that

Abhijit A. - Analyst
would be

Gaurav Shastri - Finance Team, Energy-Mission Machineries Limited
yeah, it's it's still under consideration. once we cross this , we'll take the call of expanding within vicinity but in a new facility.

Ishpreet Kaur - Analyst
Okay, sure. Thank you.

Gaurav Shastri - Finance Team, Energy-Mission Machineries Limited
Thank you.

Kishori Kadam - Investor Relations, Kaptify Consulting
Thank you. We'll take next question from Abhijit A. Abhijit, you may go ahead, please.

Abhijit A. - Analyst
Yeah, thanks for the opportunity again, sir. With regards to your previous answer we sold 344 machines at an average price of INR23.5 lakhs, right? Um, again, so your guidance is 275 crores on a 1,500 machine. So the average realization, it comes around, um, 18.33 lakhs. So can you help us understand why we are expecting a decline in average realization?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
No, it won't be declined because okay, it might be that's approximate figure, 275 to 300.

Abhijit A. - Analyst
Yeah, so if we go by that metric, I think we should be doing a much higher revenue than what you're guiding for. I mean, it should be at least upwards of INR350 crores or thereabout.

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Yeah, because with time change cost will not go I mean, average price will not go.

Unidentified Participant - Analyst
Okay. At present

Gaurav Shastri - Finance Team, Energy-Mission Machineries Limited
pricing structure, we are expecting between anything between INR275 to INR325 And average realization depends on the higher product mix. If there is a higher product mix, like here we range we sell ranging machines from let's say 5 lakhs to even more than 60 lakhs. So higher price mixed product if we sell, then the average realization would be on a higher side. , this we are talking about considering the average product mix which we having larger shares in our product segment, sales segment.

And then based on that, we are giving the range of INR275 to INR325.

Abhijit A. - Analyst
I know, so this is what I was implying, because from the answers it seemed that the realization would drop. So it's

Gaurav Shastri - Finance Team, Energy-Mission Machineries Limited
not the realization that drops. Normally, the product range changes. Let's say somebody would ask for a tandem machine, which is like combination of 2 machines, but it is one product only. So the average sales price can go up to more than 50 lakhs also. But actually that is depending on the customization requirement or any particular day. We cannot project that. So what is , what we are projecting is based on the average machines, the , average running machines which we are selling on a higher side and volumes on year-on-year basis.

So anything which is higher product mix selling, it may take our business higher. I mean, the average realization higher for that particular year.

Abhijit A. - Analyst
Understood. Just one last question. So the employee cost, I think it declined in the last half year even though the new factory came up. So can you help us understand the reason and what can we expect going forward? Because I think expenses must be booked in in this particular half.

Gaurav Shastri - Finance Team, Energy-Mission Machineries Limited
Yes, all the expenses are booked in this particular half year, and we have been consciously working on the efficiency and of the operations efficiencies. And based on backward integration also some automation we have done in our plant, and that has helped us to reduce the employee benefit expenses. so, and of course All these expenses are properly booked, provisions have been made, and we have achieved this. This is sustainable. We are going to continue with this level of expense.

Abhijit A. - Analyst
Got it, got it. And just one small request the the result PDF, the numbers are not actually visible, so that was really painful to read the numbers. So if you can do something on this front that would be really helpful.

Gaurav Shastri - Finance Team, Energy-Mission Machineries Limited
Okay, sure. We'll check with our CS and compliance officer and they will re-upload the new scanned image.

Abhijit A. - Analyst
Yeah, that would be helpful. Or either you can do that from the next yeah, yeah. Thank you.

Gaurav Shastri - Finance Team, Energy-Mission Machineries Limited
Thank you.

Kishori Kadam - Investor Relations, Kaptify Consulting
Thank you. We'll take the last question from Ishpreet Kaur. Ishpreet, you may go ahead, please.

Unidentified Speaker - Moderator, Captify Consulting
Just to understand, are the margins and realizations very different when it comes to

Gaurav Shastri - Finance Team, Energy-Mission Machineries Limited
Yeah, I mean, the export margins are better compared to our domestic margin, which is in range of 5% approximately. And likewise, the realization would be better, 5% around. From domestic to export. Okay, 5 to 10% depends on the

Ishpreet Kaur - Analyst
product, right? And the service component of our revenue, which is currently maybe around 3% to 4-odd %, could this materially change going forward, say, to closer to a double-digit number?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
, yes, we are working seriously on it. , there are so many specific We have already started making it, and I'm sure it will grow. It is a high-margin business and it will grow in numbers.

Ishpreet Kaur - Analyst
Okay, so if there is a possibility, not sometime soon, but maybe say three to five years down the line, it could be a

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Yes, every year it will grow because, as I said, we have considered a focused approach of increasing that particular business segment. So yes, every year you'll see the change.

Ishpreet Kaur - Analyst
And how different would be the margins versus the product business?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
So see, basically any service and spares margin, because it is a high margin business for any, any company,

right?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
So I'm sure it will definitely we understand very clearly that increase in that particular segment will improve the overall margin of the company. And that is the reason we have now focused approach to have high margins.

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
And as of now, the focus would be only for the servicing for our own installed base and not third-party machines?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
No, it's only for our base, but ours is a very large base where we have

Ishpreet Kaur - Analyst
Okay, great. Thank you so much. Thank you. from Abhishek Sada. , can you give sector mix of revenues?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
It is answered this question earlier. Sector mix would be approximately 6 to 7, 7 to 8 sectors, roughly 15% of , yes, is that whatever segments we have shown in our presentation, like pre-engineering, electrical, construction equipment, agriculture, railways. So on an average, 14% to 15% segment revenue.

Unidentified Speaker - Moderator, Captify Consulting
And what is the current capacity utilization and further expansion plans, if any?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Right now The total capacity is around 1,500 machines, and right now we are making around 900 plus. So we have some time for capex. Sure, sir. All other questions were answered, of course.

Kishori Kadam - Investor Relations, Kaptify Consulting
So since there are no further questions, would you like to give any closing comments?

Snehal Mehta - Promoter and Chief Development Officer, Energy-Mission Machineries Limited
Yeah, thank you so much for joining today, and I'm very happy to answer your questions. I'm really happy to see the interest in our company, and I'm sure we'll once again meet soon with better opportunities, better results, and better conditions. Thank you. Thank you.

Kishori Kadam - Investor Relations, Kaptify Consulting
[Operator Closing Remarks]