

Management Discussion

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Hi. Good morning everyone. So, I'm Ashok Mehta. I'm the managing director of Amphor sort of Tech Ltd. And I'm sure most of you would be knowing our background but still just to give a head start. So M Force was started as a partnership firm in 2012 and as a between me and my wife and we started with the, the based upon my experience, so based, you know, my past experience because I'm into the automotive industry for the past 35 years. So, so we started with the performance racing industry way back in 2012.

And going forward we went ahead with going and catering this industry. And then after that we started with the US Aftermarket where we tied up with very big brands and we have grown with them. So even the other performance racing was also all us based on. And then over a period of time as we were growing, we basically kept on going into the niche segment and then we decided to go for the ipo. And that was one good milestone for us to start with the OE business because we wanted to start with the big OEs of us instead of, you know, the local market where the profitability is not to that level and the expectations of the product are also not to that level, the one that we make.

So all in all, what we try to do is to get more and more into the niche segment, try to create some complex products every single day. And we invest about 2% of our in, you know, profits into the R D. And that is our core because we're more like an engineering company creating different unique products, processes where through which we are able to make better margins and we are able to solve the problems of the customers. And everything has been going good and our major business primarily is into the American and the Asian markets.

And we have also started with the, some Indian OEMs also now. So going forward you may start seeing that diversification also happening. So these numbers are also starting off in good numbers. But we'll, we'll share the details with you once these are awarded to us and once these good numbers are there to present and beyond that, if there's any questions and answers, I'll be more than happy to answer.

Operator

Thank you so much, sir. A participant who wish to ask question, please raise your hand. First question is from. Devanil Desai. Please unmute yourself and ask questions.

Questions & Answers

Devanil Desai - Analyst

Hi, good morning. Ashok. Sir. Hello. Am I audible?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Yeah, you are audible. G. You are,

Devanil Desai - Analyst

Yeah. Hi, sir. So, sir, first question is, you know, I think, you know, if you can give some idea about we are working on a pipeline of, you know, other OEMs where, you know, our parts can go like the one that we received, you know, a large order for a long term contract. So how about the pipeline? How is it shaping up? You know, and of course, you know, in this year's base, we will do 60 odd

crores from that contract. But going into next year what will drive the growth for us on top of the number that we'll have for this year on the auto sign of it.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

All right, so Dhanil, that order as I'm sure you are aware that that is already being executed regularly and those numbers are going in a very smooth way every month. So that is there. But of course and then there was another order that we shared that's about 10 crores worth of order from us. So for that the good news is that the samples PPAPs have been approved and we are working towards now October onwards we'll start giving some supplies. So next six months should see some supplies coming in because they already have a source and they will basically be tapering out that source and adding us there.

So that business is started and their Indian arm has also started taking the business or the same product from us. So that is going to be another additional business. And then there is another small business that has also come to us from the same company. So that is there. And now your point that okay, when is how the next year's growth is coming? So all I can tell you right now sir is there's nothing signed up but there are a lot of things which are hot and going forward once we have some good news we'll definitely share with all the investor community.

But of course things are, things are all positive and we are really expecting some good things to happen. So that is, that is there. So it is. And another thing is you know we were like last month, this month only we were in Europe. We were visiting an exhibition and then we participated in another exhibition in Europe and we could get some good traction from there as well. So we are working towards that direction as well. And at the same time the we see some good Indian MNCs, you know showing very good interest and we are almost in the final stages with them.

So let us see how things shape up and we'll keep you informed sir.

Devanil Desai - Analyst

What very clear. So second is on the agri side I think we are targeting 30 odd crores you know for this year and 50 crore for next year. But I think, you know, I think this is a scale down number from earlier what we had thought of whatever initial challenges you know that we had to encounter and we have to kind of rework on the model. So you know, now that six months have passed, you know how do we feel about the agri business scale up for this year? Are we on track to do that? 30 odd crores? I think some approvals from, you know, the CAFE I think was through scale up and few more approvals.

We were waiting. So if you can give some update on the agribusiness side that would be very helpful.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Yes, I can tell you. So agribusiness, basically one is, you know, the TEFE thing, some things there has been a little setback there on the TEFE thing but that is not a setback from our side. It is basically because there was some labor unrest which was there in these two months and which has just got back to normal only this month or this week? Last week only. So TAFE plant had some issues because of the labor unrest and because of that we our prime season sales got disturbed during these two months.

But all in all, you know that is. That has definitely been something which will. But yes, TAFE thing is already approved. The blades business, blades are already approved and now they are going to take

the blades from us. Except that they will be consuming the inventory that they have. But of course they are buying. And even this month also October also they have given us a schedule. So that is there. Second thing, we are able to have good network like in Maharashtra now we have a good network of distributors and we have seen good traction.

So that is also showing good. And south where we had last year we had given some and there also the acceptance has been there and we received reasonably good orders from there as well. So now the point is, you know, there was another thing that we were banking upon was one big account where we were banking that they would be starting to buy from us. But somehow their top management has decided to stay with their existing vendor only and not to add additional vendor for now. So that is definitely we were expecting that business and we were working very closely with them towards private labeling.

That is not there. And thereafter we have basically changed the strategy that we will go all in with our own brand now and the other private labeling brands instead of going into the contract manufacturing. So Dhu, if you really ask me, of course the 30 crores number that we projected were based upon certain good things which were happening. But all of a sudden, you know, their top management took that. So I would see there could be a dent of anywhere between 5 to 10 crores. But we will try to recover it.

As of now I'm not really giving any number from that angle because this is a new venture. But of course we are seeing a good traction. That is a good thing. So blades also this month we had a good demand. So things are happening. But I'll say that yes, of course we will watch how the things are, how the season takes forward, how this October, November is. So we'll know more about it during these months. But of course even if this business may be down this year but this may not really affect our profitability because in the automotive business is really going to give a good support to it.

In other words, and this may also. This is basically. This may not generate profit but at least you know this will not be someone to drag. Because another thing is you know the other part of business is the forging side. So that is again doing. Because that forging is basically sold to our own company. So that you don't see as a turnover. But of course that is happening. And there we are growing every single day. So that is. That is my bit on this panel.

Devanil Desai - Analyst

So all put together, sir. So I think.

Operator

Sorry to interrupt you sir, there are lots of participants. Could you please.

Devanil Desai - Analyst

Okay,

Operator

Before taking next question I would like to request all participants please restrict your question to two per participants. Next question is from Mr. Shubham Gupta. Please unmute yourself and ask the question.

Shubham Gupta - Analyst

Hello. Am I audible, sir?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Yes, yes.

Shubham Gupta - Analyst

Okay. Sir, are we on track to achieve like 200 crore guidance which we gave in the last call in the month of June? So are we. I

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Would, I would say so far we don't see those challenge. So I would say if at all it could be plus minus 5% is what I see as of now.

Shubham Gupta - Analyst

Okay, sir. And sir, what about margins like our. Since we are like moving towards high margin products

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

So

Shubham Gupta - Analyst

Will our margins also increase like by. And by how much percent?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Shubham, I would not like to comment on those things. But of course they are doing good. Everything is happening. Good. But let the numbers come. I think the half year is also going to close now. And let the numbers come and let the numbers peak would be a better thing. But of course all I can tell you is that everything is on track except where we saw some drag in the agri business. But that I've already shared with you. But that was so far that is a new business. So that was never not generating profit.

Also the margins also right now that is going to be you know, generating the profits next year only.

Shubham Gupta - Analyst

And so that is compensated with the. The business which we have. The existing business which we had. Right?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Yes, hopefully. And

Shubham Gupta - Analyst

Sir, what is the latest progress on the hydraulic fitting hydraulic gear pumps?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

The shipment will be. First shipment will be going in October.

Shubham Gupta - Analyst

October. Okay.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Yeah.

Shubham Gupta - Analyst

Okay. And like how much. What is the order book for that particular point?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Honestly speaking at every call also As I said, we are not right now banking too much on the hydraulic pump business.

Shubham Gupta - Analyst

Okay?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Because we want to go slow on this business. This is a very critical business and we don't really want to push it to get the numbers. We want the product to be know, be tried out in the market in a big way instead of going with the big numbers first. So we are not promoting that product at all. We're just letting it go, let the market feel it, use it, see the longevity of the product. And then we talk

Shubham Gupta - Analyst

And so like what is the order

Operator

Please? Please rejoin the queue. There are lots of participants. Okay.

Shubham Gupta - Analyst

Okay. Thank you.

Operator

Thank you. Next question is from Mr. Priyansh. Please unmute yourself and ask the question.

Priyansh - Analyst

Yeah. Hi sir. Hope I'm audible.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Yeah. Yes.

Priyansh - Analyst

Yeah. Sir, most of our product portfolio is on leaning towards the ICE engine, right? Is there any plan to diversify to any. Some EV sub assemblies also?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

You see, our product are basically EV agnostic.

Priyansh - Analyst

Okay.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

So there is nothing like, you know, because that we did because EV if you see is basically all based upon a motor and a battery. So all that, all that it basically additional needs is probably a shaft which is a little hollow and all that. But otherwise, you know, our products are being used even by some EVs wherever required. But it's not like. Because ultimately the vehicle is different. So what EV changes is the engine. And we don't really deal or work with the engine parts. So the drivetrain

remains the same.

So it doesn't really matter which vehicle is it.

Priyansh - Analyst

Okay, so next question is like we are focusing on US market, right? So what is the approximate timeline to onboarding a customer from sales perspective to actually getting into sales? And what is an approximate order value that could be generated based on your analysis?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

You see, I don't like to give hollow numbers. I would say let these numbers be signed up, let the business come. Because all I can tell you is yes, we are working with a good number of companies on a good number of projects. And going forward I think we are looking into. But, but what we can see is that of course they will be good and positive for the next year. So that is. That is there. So our point is that okay, how can we really have the sales for the next year growth for the next year and that will be there based on that.

But number wise, I mean without any confirmed thing happening in my hand, I don't want to give you any number.

Priyansh - Analyst

Understood. Thank you sir for answering the question.

Operator

Thank you so much. Next question is from Mr. Ashish Khandelwal. Please unmute yourself and ask the question.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Yeah.

Ashish Khandelwal - Analyst, Individual Investor

Hello.

Ashish Bhagsar - Investor Relations, Emmforce Autotech Ltd

Yes, hi

Ashish Khandelwal - Analyst, Individual Investor

Sir. What is the status? We were exploring some defense product as well. So what is the status there?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Sir, we are basically not really actively, you know, working towards any defense project if you really ask me. Of course any business that comes our way we will look into that. But our major focus is on our product, you know, community where we are already busy and we see a good growth happening there as well. So we do, we do keep getting, you know, options in terms of defense and everything. But that we will, that you know, anything that gets materialized will, will share but not that we are actively working towards that right now.

Ashish Khandelwal - Analyst, Individual Investor

Okay sir, and what is the reason? You said because you said in last call as well that hydraulic pump, you want to go slow.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Yes. What

Ashish Khandelwal - Analyst, Individual Investor

Is the reason to go slow there?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Ashish? This project is basically very critical thing and it depends upon how it performs. So whatever testing we have done, customer has done basically done it with a small number, right? Maybe one or two or three pumps. Now when the product goes into like the market, 100, 200. So there is a better feedback that comes from the market as to how the product is performing. Because this was a technology which was not there with us. So this is something new and we don't want. Because once this is something where if you fail once then this will become a very difficult for someone else to accept again.

So we don't want to go to different customers saying that okay, we are the experts when actually we are not experts. We have made, we have generated, we are doing something but we don't have the setup, we don't have something where we can, you know, prove the thing that no this is going to be 100% because we have not seen how this performs in the market. When it goes there, what is the acceptance? What are certain things which may come up? So the point is let there be a feedback from the real customer for probably four, five, six months and that is the time when we will go all in for this product.

Ashish Khandelwal - Analyst, Individual Investor

Thank you sir. One last thing. So the big order earlier we were estimating some additional things like I think from 50 to 60, 70, 10, 15 crores more. So that is there or is there any change in that?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

On which order, sorry, which item?

Ashish Khandelwal - Analyst, Individual Investor

So 540 crore. So you said that customer want some more things and the billing may increase by 10 crore per month.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Basically customer got the capacity because what I told initially was when initially they had ordered, they had ordered, they told us they're not in orders. Basically they Told us to create a capacity. There was one capacity that they wanted. But then they realized that there was a mistake they made. So they said that they want us to create 20% extra capacity. Because in the case of OEMs, suddenly the orders would come. And we being the single source, they cannot really say that. Okay, now we cannot make the cars and cannot sell them because our vendors don't have capacity.

So that's a system. So they have it. So whenever they inquiry, because they keep going a little bit up and down, so they always keep that float. So that was their policy. But it's not that they had confirmed that they will give this business to us. So that was basically minor changes that we did, minor additions that we did to our setup to make sure that if the order comes for 20 plus, we are able to give them. Okay. Yeah.

Sakshi - Investor Relations, Emmforce Autotech Ltd

Thank you.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

So the orders are typically the same in the range of about 5 crores a month, which is happening.

Operator

Thank you so much, sir. Next question is from Mr. Ashish Parikh. Please unmute yourself and ask question.

Ashish Parikh - Analyst

Good morning. Am I audible, sir?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Yes, Ashiji, you are.

Ashish Parikh - Analyst

So firstly, sir, we planned our listing on man board versus sir main

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Board. I think June onwards we should be on main board, sir, because we got listed in May or June, I think.

Ashish Parikh - Analyst

So we are very much on track to be listed by June 27th.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

I think it is a migration, automatic migration. We are already fulfilling all the criterias.

Ashish Parikh - Analyst

Okay, so we are. We are going on main board by June 27th.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Yes.

Ashish Parikh - Analyst

And secondly, sir, there is a, you know, there is an influx of orders and strong sector tailwind in aerospace and defense.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Yeah. We are already

Ashish Parikh - Analyst

Manufacturing precision components.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Right.

Ashish Parikh - Analyst

So are we exploring any avenues in these areas as well? Sir,

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Honestly, we are not. Of course there are tailwinds, but in our own business there are here huge requirements happening. And we just don't want to leave this area and start focusing on another area while we see a very good bright prospect here.

Ashish Parikh - Analyst

Okay, sir. Yeah. Thirdly, sir, we. We had an internal target of 200 crores by FY27 and 250 crores by FY28.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Are we on

Ashish Parikh - Analyst

Track to achieve that, sir,

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Looks like. I don't see any. I don't see any challenges, you know, in this so far.

Ashish Parikh - Analyst

Thank you so much, sir. That's all from my. My side. Best wishes, sir.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Thank you, sir.

Operator

Thank you so much, sir. Next question is from Mr. Pranet Bomi Sethi. Please unmute yourself and ask the question.

Pranet Bomi Sethi - Analyst

Hi, sir. Thank you for the opportunity. So first question is with regards to the hydraulic pumps, you mentioned that I understand you want to take it slow, but why are we even entering the segment? Because we already have large players probably occupying this like Bosch and like Yukin. So what is our value proposition in this particular market?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Sir, honestly speaking, this came to me as a default when in the initial stages because this project took us four or five years to develop. This was just given by one of our customers and that time the strategies were not really clear. And now that we have made it so we are going to supply to them. But after that what all strategy we are going to take, we have still not decided. And that is why anybody who's asking me a question on hydraulic pump, I'm just saying that let us keep this aside because we have not even considered these in numbers.

Pranet Bomi Sethi - Analyst

Got it? So basically since we already have it, we're just trying to commercialize it. That's it, right? Yes,

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

That is right. As of now, this is the only thing and we will decide as the. The product performs, how the things happen. We'll. We'll try and see how our bandwidth allows and what we need to do. We'll

see at that time.

Operator

Hello, Mr. Praneet, do you have any question? I think his lost. Got it sir.

Pranet Bomi Sethi - Analyst

Understood. And with regards to what are these components and who are we exactly replaced? Multiple suppliers. Why are.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Sorry sir. Yeah, voice broke down. So can you repeat your question?

Pranet Bomi Sethi - Analyst

Yes sir, I was asking. Basically we are scaling up quite quickly. So I'm just trying to understand

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

As

Pranet Bomi Sethi - Analyst

A product what are we specially what are we doing in terms of what is the specialty in terms of our product and what is the value proposition we are offering? Because auto sector is fairly established and mature with multiple suppliers willing to innovate. So what are we doing that's different from someone else that we are going to get incremental share of some a customer?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Well, sir, automotive sector is matured but it is not saturated first of all. So the, the sector, the sector is growing big time and there is a demand from all across all sectors of course. And what we do is basically we try to offer the products which are somewhere. The problem creators are somewhere complex from a customer's point of view where the manufacturing people are less.

Pranet Bomi Sethi - Analyst

Okay,

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

So that is basically the thing and we try to restrict ourselves to the category that we are catering on.

Pranet Bomi Sethi - Analyst

But what are the categories we want to focus at this point of time?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Basically it is drive shaft and drivetrain. Practically you can say drivetrain.

Pranet Bomi Sethi - Analyst

Got it.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Yeah. And

Pranet Bomi Sethi - Analyst

We do all the forgings in house Is it sir?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

That is right. Majority of them the machine size permits, otherwise we outsource.

Pranet Bomi Sethi - Analyst

One last question with regards to your experience. You mentioned you have a 35 year experience. So could you just outline what exactly did you do over the last 30 years and how is it helping M4 scale up right now?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Sir, So I am a Chartered Accountant of 1991. After passing out, I, you know, came into the family where I was a part of, you know, a large family of six brothers. So where I was given the charge that okay, you have to set up a new company. And that company was basically along with another brother of mine and that was to start making Axel shares. And since then, right from the stage of writing the project report to this. So it is all like changes in the family that happen. So because family ultimately, you know, six brothers.

So ultimately now I'm independent. In 2012 I got separated. So all I've been doing is we have been making only this automotive parts only and the same family. So my experience is 35 years is basically starting from that till date is the same. Just the only thing is, well, we started with axle charts. Now the whole product line along with the Excel charts is being made by us.

Pranet Bomi Sethi - Analyst

But sir, is there anyone else in your family like in one of your brothers who's doing the similar product at this point of time?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Yeah, they are. They are also into the automotive business, of course.

Pranet Bomi Sethi - Analyst

Is it the same product?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

30 to 40%, you may say same.

Pranet Bomi Sethi - Analyst

But is there not a conflict in terms of happening among. Because you must have similar, probably areas similar these things. So is it not becoming a hindrance to scale up

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Among

Pranet Bomi Sethi - Analyst

Your own

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Praneet? We combine together may not, you know, contribute to 0.0000001% of the total market that we can cater to.

Pranet Bomi Sethi - Analyst

I get that, sir.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

I mean even if we grow 100 times, probably we don't really see that the world is so big, the market is so big that we have to see conflicts.

Pranet Bomi Sethi - Analyst

I'm not talking about that sir, because usually what ends up happening is when you have some. You have similar connections, you have similar relationships with a lot of these suppliers and a similar area probably because plants also must be located close by and all of that. So this usually we end up becoming a micro market or micro market where we end up supplying. Right. So I was talking about more that context. I understand the market is huge and the opportunity is great.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

I tell you like this. I tell you, I'll make you understand. The idea is it is basically, you know, when the customers are also there. They basically like, let us say if we have a customer in India, customers may have two or three suppliers. When we talk about OEMs, somebody may say that, okay, if I have to have somebody else instead of that, if I have this, what is the difference? Number one. Number two, when we approach the customers, we basically tell them that that is also our factory. This is also our own company.

Whatever you're doing with them, keep doing. And there are other products where you find difficulty. Okay, let us talk on those. Instead of, you know, because one customer would have maybe 100 vendors, so I may be number 101. And they keep having the requirements of different vendors and all that. So for the product, the categories that keep coming, new businesses that keep coming. So we don't really, honestly speaking, it has been now 13 years, we have not seen any conflict. We can always keep thinking negative on whatever we can.

But they are also growing. We are also growing and we are not conflicting. We are going in a very smooth way and we have very good relationship.

Pranet Bomi Sethi - Analyst

Understood, sir. So the. So your entire family is into the similar product line, right? In autumn.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Not the entire family. I just told you one. That's it.

Pranet Bomi Sethi - Analyst

Got it. Understood, sir. That's it for myself. Thank you so much for your answers.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Right.

Operator

Thank you so much, sir. Next question is from Mr. Ankit Gupta. Please unmute yourself and ask the question.

Ankit Gupta - Analyst

Good morning, sir. And thanks for the opportunity, sir. On. Yeah, if you can talk about, you did speak about the inquiry pipeline. If you can talk about, you know, like you are saying it's very hot. So if you can, you know, elaborate a bit more on the. How the, how the inquiry pipeline is shaping up? How many, you know, orders are in funnel and like what if, if you know, in with oem, are we also looking

like will some of this discussions be finalized into confirmed orders by let's say end FY27?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Yeah, yeah, definitely was, you know, all the pipelines, lot of things. You know, I may not really share the numbers with you, Ankit, but they are pretty decent numbers, I would say. And with good customers and we see some inquiries being at a very good stage where the people have to decide and final stages. So. And we have received good, positive feedback from them. There are, there are, you know, there could be customers where we have finalized the prices and they may have some other nitty gritty which they have to do.

But the thing is, I cannot really disclose something where I don't have a confirmation from a customer's end. Sure. So of course things are positive. Things are positive. We don't really see anything that okay, when we meet the customers, the customer visits us, we see okay how the response is, what they see about us and they're happy.

Ankit Gupta - Analyst

Sure. So on the agri side, you know of this, you know with our expectation of lower revenues in this financial year because of the issues at the TAFE and N1

Ashish Parikh - Analyst

Other

Ankit Gupta - Analyst

Customer. So like we broke even last year. So how should we look at the margins in the segment for current financial year and next year? Also let's say if, if we have target we are targeting for 50 crores. Let's say we achieve 35, 40 crore only. So what kind of, you know, EBITDA numbers are we looking at on the agri side?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Ankit, I may not really have the numbers handy with me but what we were Expecting is at 30 crores we will basically be breaking even. And EBITDA margins would more depend upon the product mix, how it goes and at the same time, you know, that business is. But that business is good. One good thing that is happening is that the customers, whosoever is buying, they're liking our product.

Ashish Khandelwal - Analyst, Individual Investor

And

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

It's all about creating a brand. And of course it takes time to create a brand in a market which is where we have entered, of course. And we are still not going into the niche product segment of the market because we just want the acceptance with the basic products. So once that is done then then we will start seeing better numbers going forward, better EBITDA margins going forward. So I would, I would say that of course, but still this market is still going to give us good margins. That is what I can tell you because the numbers can be very fast.

And what I feel is that yes, of course this year should also be good but next year is definitely going to be much, much better because the way we are seeing the response from the market, we are seeing a lot of things happening. Better

Ankit Gupta - Analyst

Answer on the merger front if you can give some update like with our group company, where are we currently in terms of processing? And also. And when do you expect this merger to

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Come? Subsidiary of this. So

Ankit Gupta - Analyst

Not this, the.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

So after the September numbers we will be basically working on that.

Ankit Gupta - Analyst

Sure.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Yeah. So this is basically as we told earlier also. So once we have the September results, so we based on that we will get these valued.

Ankit Gupta - Analyst

Sure, sure. Okay. Thank you. Visual. Right.

Operator

Thank you so much. Sir. Next question is from Mr. Ankur Podasar. Please unmute yourself and ask the question.

Ankur Podasar - Analyst

Hi sir. Good morning. A couple of questions from my side. First is could you throw Some more light on the orders that we have received, the various orders that you have mentioned. What particular segment are we catering to in the US market? And like what beyond these orders? Like you mentioned that there's a lot of things in pipeline. Are we also looking at domestic? Like are the orders which we can see from the domestic market and what, like what percentage of orders would come if you could put some broad idea about that.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

So uncle, what we are seeing now is we hope to. We hope to get some orders, you know, from us, from Europe and from Indian OEMs.

Ankur Podasar - Analyst

Okay. And which segment will be catering to?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

They will be automotive or agree or construction.

Ankur Podasar - Analyst

Okay, got it. And secondly, so for our performance racing segment, which is a very niche segment. So your. Can you just throw some more light on how do we see this segment growing? As in how is the demand? Are we, which particular racing cars are we currently supplying to and are we looking at different, different races? Like

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Okay, so Ankur, we are not into the Formula one races.

Ankur Podasar - Analyst

Yeah.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

So what we are into is basically the performance racing which are something like a dirt track racing and off road racing saying.

Ankur Podasar - Analyst

All right,

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

So it doesn't go by particular vehicles because people customize the vehicles.

Ankur Podasar - Analyst

Got it.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

And this industry is a natural growth that keeps happening with us. We are not doing anything aggressive in this segment. If you really ask me, we are not doing any aggressive activities to grow this market. If we want, we can really grow it. But it is all a matter of, you know, weighing the options at any time. But this market is something which will keep growing, which keeps growing even today. Also we keep adding, we keep getting new business, new orders. So that's the natural growth that keeps happening.

So which will keep happening. And yes, of course, whenever we want there is a button where. Which we can always switch on. But right now our personal focus is more towards the OEM side which we want to grow so that we can have a good share of the OEM business.

Ankur Podasar - Analyst

Okay, got it. So could you just quantify some guidance on how we see the each of these segments growing for the next couple of years?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Honestly, Ankur, at the stage at which we are. Whether this segment goes minus or positive, you know, typically when we are working, you know, one thing is good about is it is a sort of recession proof. Very rarely you. We have seen recession in my life in 35 years for one simple reason. Because we have, you know, three, four segments which we are catering to. So one is the aftermarket. Because whenever the OE segment is down, the aftermarket grows because people stop Buying new cars and their old cars or old vehicles are need more repairs, repair cost goes up, up.

Second, racing industry is evergreen. It never goes up and down. We have seen Even during the 2008 crisis, lemon crisis, we never saw that situation happening. So that is good thing. Third is, you know we are working with agri and construction equipment and then the third and fourth is the automotive industry. So these are all different segments where we are present which basically sort of, you know, in a way de risk also and at the same time keep us recession proof as well. So even if the industry is basically going down considerably or cyclically, but we will still be doing good

because we have the other market with us.

Ankur Podasar - Analyst

Understood. And lastly from my side. So currently our utilization levels in our auto business is around 50% and lower in agri. So what capex are we seeing for the next couple couple of years? I think there would be more of maintenance capex. And what's the plan beyond this?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Okay, so whatever you see, 50 was basically what you saw last year,

Ankur Podasar - Analyst

Right?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Sitting. While we are sitting, it is not 50%. We are at very good position where everything is properly fully utilized in a way. I mean 100 never happens but of course we will be probably 70, 75% utilized easily. So the plants are running at almost full capacities and we are doing those incremental, you know, growth which our capex is being done which is basically, you know, just to cater to any of the upside of the business and all that. And beyond that, whenever any new project is going to be awarded to us, we will be investing on the appropriate equipment for that project.

Ankur Podasar - Analyst

That's how it

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Is.

Ankur Podasar - Analyst

Okay, Understood. Thank you.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Right sir.

Operator

Thank you so much sir. Next question is from Mr. Lala Ram Singh. Please unmute yourself and ask question. Please limit your question to one only. There are lots of participants also.

Lala Ram Singh - Analyst

Good morning sir.

Unidentified Speaker - Unidentified Speaker

My

Lala Ram Singh - Analyst

Question is around axle shaft. Yeah. So currently do we make any revenues from that business segment? And if yes or no, what is generally the future plan around this?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

So Lara Ramji, we have one company by the name of Ambrose Automotive Private limited which we are going to merge in the next couple of months within this M Force autotech. That company is

dedicated to making only axle shafts and long shafts only. That's a complete integrated plant doing all that.

Lala Ram Singh - Analyst

Okay.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Yeah. And we do whatever exports right now we are doing, we basically buy from that company and export from Amp Force. And that was one of the reasons where some investors had shown that you have you know, transactions between two companies. So to keep the things transparent. If it is emerged. So we decided, okay, let us keep this fair and let everybody be seeing that we are a very clean company and transparent company. So. And we gave them a commitment that we will merge that company within this because our intentions are very clear.

So that's how it is. And that business, I can tell you is also growing at a very fast pace.

Lala Ram Singh - Analyst

What will the scale of that business

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Right now? We were basically earlier we were not growing that business. But in the past, I can say six, eight months, one year we have started working on that and we have very good response on that business, business going forward. So a lot of business has been signed up. PPs are approved, the commercial, the productions are going to go starting now. And more business is also going to come in.

Lala Ram Singh - Analyst

Thank you. All the best,

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Right? Sir, welcome.

Operator

Thank you so much. Sir. Next question is from Ms. Sandhya Yadav. Please unmute yourself and ask the question. Miss India, are you there?

Sandhya Yadav - Analyst

Yeah. Am I audible?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Yes.

Sandhya Yadav - Analyst

Yeah. First of all thank you so much sir for this opportunity. I had a couple of questions to ask. So my question is sir, regarding on a consolidated basis inventory days has increased from 96 to 140 days in FY26. So pushing the cash conversion cycle from 152 to 170 days. So what drove this increase and what sustainable working capital cycle do you expect? Has revenue scales up in FY27, FY28

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Inventory has gone up. Are you sure?

Sandhya Yadav - Analyst

Yes. Around consolidated basis it is.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Ashish. Sir, on

Ashish Bhagsar - Investor Relations, Emmforce Autotech Ltd

A consolidation side, yes, it has been. It has been increased but we are already working on it. And for better days you can say it will be around 120 to 150 maximum on a consolidation basis. But it will be maximum 120 on standalone side. And inventory days will also be reduced. We are already working on it.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

So probably what I can tell you is when you're seeing the inventory thing, you know, because this new business that we signed up probably you know there we. Because we are seeing at the end of the year. So that is basically when B started of this business. So there was good inventory that was created by us. But now that business is also converted into the sales. So you will see less number of sales days. But there is no challenge towards the inventory days. In our case that should be within the normal limits.

So maybe that was one off case. That is why I was a little surprised and I was thinking that why? What was it? So that was a time when we basically had this new business starting off. So.

Sandhya Yadav - Analyst

Okay. Yeah. And yeah. And my second question is sir, with the new US OEM order contributing approx. 60 crore annually in FY27 how will customer concentration change and what is your target to diversify the customer base over the next two to three years.

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

So definitely customer concentration will change because now this particular customer will become number one one and then the. So this customer will basically and then there will be. There's another big customer will now become number two and this, this will keep happening, you know I think as we keep growing and what was your next question? Sorry, I missed something.

Sandhya Yadav - Analyst

I said sir, how will like customer concentration will change and what is your target like to diversify the customer base over the next two to three years?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

Honestly speaking, you know what our target is that we add some more customers in Europe as well as in India so that we can basically diversify our customer base. So that is the target and where we are working on. And I think next year you will see Next, you know FY28 balance sheet will show all those numbers to you.

Sandhya Yadav - Analyst

Okay, yeah, so that's it for this idea.

Operator

Thank you so much. Sir, some question has been asked in the chat box. Could you please share revenue and margin guideline guidance for FY27 and 28?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

I think whatever we had shared earlier that stands as I said probably even if there is a 5, 10 crores reduction in the auto agree business which we are not still very sure of but of course let us say if we have to but then that is basically we see a total number of about 195 crores that we gave so probably that will be within a 5% numbers plus minus as I said. Okay, Yeah.

Operator

One question has been asked from Meet Maru. What are the future capacity expansion plan and how will it be funded?

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

You see we have a term loan sanctioned with the bank and we are basically any you know growth that is happening in terms of capex as a marginal thing that happens we do it from that let us say even we did, we went in for solar. So we are going to be on with solar anytime in the next couple of weeks. So we'll have, we have installed that solar capacity there in both our plants so that is there plus minor incremental equipment that we keep buying and that we have bought. So that is basically through that term loan.

Operator

Okay. Due to time constant we will now have to conclude the call. I think that was the last question. Any closing comments

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

From my side? I think what I can just tell you is that things are all going in a positive way. Micro level things will keep happening plus and minus, which I don't consider are valuable to so far as the business is concerned. But all I can say is that yes, arm Force per se is doing very good, the market response is excellent, customers are loving us, and all I can say is that we can see much brighter days ahead.

Operator

On behalf of Arihant Capital, I would like to sincerely thank the management team for taking the time to join us today and for sharing their valuable insights about the company. If participants have any further queries, they may get in touch with the team at Ariant Capital and we will be happy to assist you. Thank you so much sir. And thank you so much everyone for joining us today. Thanks everyone

Ashok Mehta - Managing Director, Emmforce Autotech Ltd

And thanks for taking out time to join this call and it was really a pleasure talking to you. They were good insights coming in. Thank you.

Operator

Thank you sir.