

February 25, 2025

To,
**The Listing Compliance Department,
National Stock Exchange of India Limited,**
'Exchange Plaza', C-1, Block G,
Bandra kurla complex (BKC),
Bandra (East), Mumbai-400 051,
Maharashtra, India

Symbol: MACPOWER**Series:EQ****ISIN: INE155Z01011****Subject: Submission of Conference call transcript.**

Dear sir/ Madam,

The Company had organized a conference call for the Investors on Thursday, February 20, 2025 at 11:00 AM to discuss the financial results for the quarter and nine months ended on December 31, 2024.

The transcript of the said conference call held with the Investors is enclosed herewith. The Company shall also disseminate the above information on the website of the Company- www.macpowercnc.com.

Request you to kindly take note of the same.

Thanking you

Yours Faithfully

For MACPOWER CNC MACHINES LIMITED

KISHOR KIKANI
Company Secretary &
Compliance Officer

Encl: a/a



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Macpower CNC Machines Limited

Q3 & 9M FY25

POST EARNINGS CONFERENCE CALL

February 20, 2025 11:00 AM IST

Management Team

Mr. Rupesh Mehta - Chairman & Managing Director

Mr. Vishal B Mehta, Chief Financial Officer

Mr. Kishor Kikani, Company Secretary

Call Coordinator



Strategy & Investor Relations Consulting

Disclaimer: - This transcript is edited for factual errors

Presentation

Vinay Pandit: Ladies and gentlemen, I welcome you all to the Q3 and 9M FY25 Post-Earnings Conference Call of Macpower CNC Machines Limited. Today on the call from the management team we have with us Mr. Rupesh Mehta, CMD along with his management 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 a reminder that this call is now being recorded.

I would now request the management to detail us about the business and performance highlights for the quarter, the growth plan and vision for the coming year, post which we will open the floor for Q&A. Over to you, sir.

Rupesh Mehta: Yeah, good morning everyone. First of all, I earnestly welcome you all to Q3 FY25 post-result conference call. We will have a brief about the overall performance of the company for the quarter and nine months, post which we will take your questions. The financial result and presentation have been posted on the company's website and hope you have had an opportunity to go through the same.

So, it's already I think financials and the presentation is in website, and Vinay ji also sent the presentation to everyone. So, Vinay ji, shall we start the IMTEX or after question-and-answer?

Vinay Pandit: Sir, if you have any further comments on the performance, otherwise we can play the video.

Rupesh Mehta: Yeah, we can play.

Vinay Pandit: Okay.

[Audio-Visual Presentation]

Rupesh Mehta: So, this video is about the IMTEX exhibition which took place in January in Bangalore, where we display all these 11 different kinds of machines, including -- can you hear my voice?

Vinay Pandit: Yes, sir, you are audible. Please continue.

Rupesh Mehta: So including robotics and gantry, we showed the video to give you a feel. In this, the first machine was a 5-axis machine, which was

displayed for the aircraft industry. And after that, a high-speed drill tap centre for EMS, double column, which is a very big 27-ton machine, VTL was very big and HMC. So we sent machines there in December for new generation, which is a future requirement, and we did this exhibition in January. So, overall, it was a very good response and I will tell you a little about the order book and IMTEX that we have now, before IMTEX, INR 320 crores of pending orders with advance, and I would like to announce that we did a very good performance in the IMTEX exhibition, we got a lot of appreciation. More than 1 lakh visitors had come there. There were buyers from 70 countries. And there we have also given the exchange that INR 42 crores of new orders, which we had displayed this new concept, we have got their orders.

So our total order book is now INR 362 crores. So, we have a very good order book. A little aggressive, like the previous issues, which was of capacity. So now we can make 2,000 machines, after that now this construction is going on, in which we are adding 500 capacity, so 2,500 will be available for the next '26. Now according to the capacity of 2,000 machines, some inventories have been rolled over in December, some IMTEX machines have been rolled over. So all together, the order book that we have, and new orders that will come, so we hope that in Q4, we will get the good significant growth.

And secondly, as the capacity has increased, then your distribution network will also have to be increased. So I am happy to announce that we have almost added 100 plus people in sales and service, so now we have 225 force in sales and service. Now in India, there is almost 970 manpower in the Macpower family, so we are going to become a company of 1,000 employees in a short time, which was also necessary to do. And I am happy to announce that after Hyderabad, we have started R&D Centre in Bangalore on 31st December.

If we look at 9 months to 9 months, then the last question was that will there be a margin improvement, so I had told that there the margin will come from backward integration and some higher level products. So, compared to 9 months to 9 months, our material consumption cost has decreased by 5% to 6%, our material consumption has decreased. The reason is that the higher end product is of high value, all the machines that have been shown are of more than INR1 crore, and plus in many backward integrations, we have done in-house development.

So, if we look at our Capex in YoY, then it is very big, with which the depreciation has also increased, and the cost of manpower has also increased. So, we are preparing for the execution that we have to do in

the future. The next exhibition is starting in Ludhiana 22nd, where we are participating in a big way. The second is in May, in Delhi, in Pragati Maidan. After that in Chennai, and after that we are going to do a big business, we have focused a little on export with foreign companies, and an execution has also been done, where we have executed a very good bulk order for export and now, we are participating in the largest exhibition in Germany in September, from where we hope our two, three objectives, of distribution and JV are fulfilled. So overall, we will talk about the growth pattern in the company, so we are committed, and we have focused on a lot of good order book, a lot of new models, a lot of branding, distributions and backward integrations.

So this is overall about your company. Do you have any question and answer, shall we start Vinay ji?

Moderator: Sure sir. All those who wish to ask a question, we use the option of raise hand, and we will invite you to ask the question. In case you are unable to raise hand, you can put the message on chat. So, we will take the first question from Khush Nahar, Khush you can go ahead please.

Khush Nahar: Hi sir. Am I audible?

Rupesh Mehta: Yeah, yeah, Khush ji.

Khush Nahar: Thank you for the opportunity. So my first question that you talked about exports, so I think in Q2, we had exported in the Middle East, we had got an order. So similarly Q3, did we have any export products, and going ahead, how do we see exports as a percentage of our revenue?

Rupesh Mehta: No, we just focused Khush ji for the export, first time we had executed exports. Now through IMTEX, we got a lot of inquiries and for a lot of agencies, it has been discussed. So, we are thinking about how to execute it, because in some countries, there is a US sanction. If it is executed, then there can be some technical issues, but we have met a lot of foreign countries in exports, and the discussion is still going on. I think in Q4, their realization will start.

Khush Nahar: Okay sir. So my second question was, so are we hiring today any senior management level personnel, since going ahead, we are also going for this big expansion, so are we adding more people today?

Rupesh Mehta: Senior level, there are a lot of people here. Exactly the head of sales, Mr. Prabhu Sankar, he is at the Vice President level, and his experience is more than 30 years. And I have a design team, people have been

working with me for 20 years. So, they are very good enough to handle this expansion. They need a lower team, generally we want to upgrade the existing team and take growth ahead. But now for R&D in Bangalore plant, we are interviewing for recruitment for senior persons.

Khush Nahar: Right sir. And sir, could you guide us on our realization, how do we expect to end in FY25, and FY26 going ahead, considering our order book? What realization can we expect in FY26?

Rupesh Mehta: In average price?

Khush Nahar: Average, average.

Rupesh Mehta: Average price, till now, according to me, it was INR20 lakhs, if I divide this INR42 crore order which is new in the IMTEX, if I divide it into 180 machines, so 180 into INR42 crore. So the average price has increased, because now we have increased the capacity of 500 machines, in the last, from 1,500 to 2,000, there we have focused more on heavy machines and higher end machines. So this time, I think that the average price will come between INR23 lakhs to INR25 lakhs, because double columns, HMC, VTL, and 5 axis. And this 5 axis, its cost is INR 1.5 crore, double column is also the same. So a lot of order books have been developed, so definitely, the average price will increase.

Khush Nahar: Right sir. Sir, just one last question on the interest cost. I think this quarter, our interest cost is INR 0.28 cr, which is much higher than our previous quarterly run rate. So, any debt we have taken, what is the reason for this?

Rupesh Mehta: No, it is INR 28 lakhs. According to me, the utilization of working capital must have been done in short term, plus the processing charge of renewal, that is INR 28 lakhs. CC utilization has been done, because if we do Capex, then instead of using reserve funds, it is CC utilization, and it is the processing charge of bank renewal.

Khush Nahar: Okay sir. And sir, just one last question, capex guidance, if you can give for the next 2 years, in terms of value?

Rupesh Mehta: We are talking about Capex?

Khush Nahar: Right, considering...

- Rupesh Mehta:** Capex, like in a year, compared to, let me tell you, 9 months to 9 months, our Capex has been written as INR 7.8 crores, which was in the last 9 months, 5 crores something, so almost, we said this year Capex will be INR 10 crore to INR 12 crores, that much will be done. In the next financial year also, there is a target of INR 15 crores, and the big Capex is separate. So in the routine also, we will increase the Capex, because we have to do backward integration and also have to facilitate some production capacity. So next year also, the same INR 12 crore to INR 15 crores. If it takes a lot of time, so the Capex journey is of this business, because growth is also needed, and facilities are also needed. So we will do INR 10 INR to INR 12 crores, and in this year, almost 40% to 50% Capex will be executed
- Khush Nahar:** Right sir, thank you.
- Rupesh Mehta:** Thank you, Khush. You were there in IMTEX, Khush ji.
- Khush Nahar:** Right sir, I was there.
- Moderator:** We will take the next participant, Mr. Dhawal Shah. Dhawal, you can go ahead, please.
- Dhawal Shah:** Yes, hello. Hello, Rupesh bhai.
- Rupesh Mehta:** Hello, Dhawal bhai.
- Dhawal Shah:** Yes. Yeah, so 2, 3 questions. First is, what is the update on the land, which we were finding for the MoU, which we had signed for defence?
- Rupesh Mehta:** Yeah.
- Dhawal Shah:** So, yes, so some update, if you can share. And then over the next -- after this expansion of 500 machines, as a long-term planning for the next 3 to 5 year period, you are participating in various exhibitions. We are seeing very good response. Now we are going to participate in Germany, plus focus on exports. So how will you show the customers that you have the capacity to grow and you have when they come for the visit? So, what are the plans for that?
- Rupesh Mehta:** Dhawal bhai, thank you for your questions. So, there is a process in Sequence of Land under Defence Policy. First of all, you have to sign the MoU with government, then demand of land in a district collector office. After that, they will show you a different space, that process.

After that, under DIC, you have to submit the project with everything, manpower, water supply, electricity and how much revenue will be generated, how much employment will be generated, all that is a process. After that, there is a process, there is your demarcation, the measurements of your land have to be done, for which charges have to be paid. That level of work has been done. Now DIC has made a report and given that we are green signal. Now after that comes the local authorities there, Mamlatdar, they will make their notes. After that, Narmada canals will say that you have no problems around, after that, electricity that you have no problems, then forest, you have no problems. So this NOC, the process of 3 or 4 NOCs is pending. After that, the final files will go to the Collector and he will give it to the Ministry with his recommendations that these all are completed, now you can. So for me to pay 1% payment, the charges of their land, to give you, you have to make a token amount, whose value is 1% of land. I think that according to the process, we are making their payment in April.

Dhawal Shah: Okay, okay, okay. So by April, the three clearances, forest, environment clearance, and from the canal division, all this will be done by then.

Rupesh Mehta: Till now, we have done the work of almost 40% to 60% of their process. Now the rest of the process, I believe that it will be done within 30 days, but worst come worst, they will order us to make payment in April.

Dhawal Shah: Okay, interesting. Now, so now our capacity is 2,500 machines.

Rupesh Mehta: It is of 2,000. 2,500 will be added by April end.

Dhawal Shah: It will be added, okay. And after that, whatever expansion will happen, it will be done from the new land.

Rupesh Mehta: We will do it from there, now there is no point in doing it here.

Dhawal Shah: No point.

Rupesh Mehta: We will do everything there. There will be next level expansion and it will be world-class, with the vision of the next 10-15 years, that these are very big industries and can do a lot. Taking that into account, all the Capex from there, world-class machines, from which machining will be done, world-class foundry and world-class R&D and infrastructures, green energy, it will be utilized. Now the constraint in becoming very big is that of land only. And as I said, it is very costly land. The market rate of the land we are taking in the area is INR 4 crores. If we take 30

acres, then INR 120 crores, I don't think ROI will come. If we had taken it from the market so quickly a year ago, then we would not have earned INR 120 crores in a year and this is also a revenue benefit to the government, so there is a policy.

The second thing that has been said to the collector is that on 28th in the budget, some new benefits will be added to this policy. So you don't even have to do the payment procedure till 28th, because otherwise there will be an agreement in the old policy. Now in the 28th budget, they believe that some new benefits will be added to this policy.

Dhawal Shah:

Okay, got it. The second question is that if we look at our P&L, then the employee cost of the last 4 quarters is INR 28 crores, and if we add other expenses, then it is around INR 25 crores. So for the next 2 years, in April, 500 machines will be added, and this is in our current brownfield. So how do you see these costs moving in the next 2 years?

Rupesh Mehta:

Overall, we added 200 people in the last 9 months. If we compare last year, then we added 200 people and the employee cost has increased. But in realisation, I have had the experience that in the sales force in maximum 6 months, their returns start coming. And the R&D team has increased, so it takes a year. So, I think if we do the average out, then in 6 to 8 months, the productivity and growth of all the employees can be seen in every area. And you will have to make that investment. Say for example, if I am adding 1,000 more machines from 2500, then I will need 200 more people. Plus, I am doing a foundry in backward integration, so I will need 100 more people, due to which the margin will improve. The logistics and supply chain will be smooth, and the quality will improve.

So, the employee will have to increase, and in realisation, if we do the average out, then it will take 6 to 8 months.

Dhawal Shah:

Great. So the cost of INR 28 crores that has increased, for FY26, there should not be much growth in this, right? Because we have already spent a lot. So from here, there should be 3%, 4% growth of INR 28 crores. And the fixed cost of INR 25 crores will increase, right?

Rupesh Mehta:

Yes, it will increase. You cannot do 100% in-house, nor does any company do it. When you increase the capacity of 500 machines, then the cost of your job will also increase, which comes in direct cost. Because you also get some machining done outside, which you do not have the capacity for. You need this quickly. I have 4 machines, which take 4 days, I need 8 pieces, so get 4 pieces outsourced. So that cost will

increase. When your production increases, then the direct cost will definitely increase from manpower to job work.

The third cost comes in the direct cost is of electricity. That will be dramatically reduced this time, because our solar has been installed. So, the INR 10 lakh that we used to pay per month, in almost 80% to 90% of the day time, the cost of electricity will be negligible.

Moderator: Thanks, Dhawal I will request you to come back in the queue.

Dhawal Shah: Sure, sure. I will do that.

Moderator: Thanks. We will take the next question from Manthan Jhaveri. Manthan you can go ahead. Manthan?

Manthan Jhaveri: Am I audible?

Rupesh Mehta: Yes, Manthan.

Manthan Jhaveri: Sir, let's assume that in this quarter, as you said, a spill over of INR 15 crores has occurred. So let's assume that in this quarter, INR 15 crores had come, then our growth was 12%, 13% only, if I compare it to December quarter of last year. As you said, Q3 and Q4 are the most heaviest quarters for our industry. So, let's assume that even if INR 15 crores did not come, the growth is less than our expectations.

Rupesh Mehta: One of the reasons for this is that in Q3, due to Diwali coming in November, so that 8 days. In growth, we should have orderbook and production capacity. So, the biggest challenge is the realization of the bank. As you know, we do not give machines on credit, because we have to unnecessary show it in bad debt. So, the main thing that has happened or is not under our control is that a payment should come from the bank. Look, 95% people buy these machines with a loan from the PSU or bank, because they have a rule that only if you buy with a loan, you get a subsidy of 15% to 25% and an interest subsidy. If you take it with your own money, you will not get a subsidy.

Secondly, if their sanction letter has not come and you have given it on credit, then there will be no validity in the subsidy for their loan because the invoice date and their disbursement date are different. So, these people would like to do billing only after the sanction letter and payment has come. So what has happened is that the payment from the bank was delayed and the quarter was forwarded. Machines around INR 5 crores were ready and the advance payment had also come and their

loan was rolled over and their payment came late. That's why we didn't do their billing.

Plus, some machines like these 5-axis machines don't get built so fast. We have been working on R&D for 9 months. Then the double column that was kept, all these machines were customer machines, which had to be delivered. But we thought that for a big show, we will not be able to build so many machines so fast. So, we displayed those machines there and extended their billing.

Manthan Jhaveri: So what can we expect in Q4? INR 15 crores will come straight. And apart from that, how much growth can we expect from the last Q4?

Rupesh Mehta: The order book that I have now, Manthan ji is of INR 362 crores. And I will have a ready-to-use machine of around INR 125 crores including production and inventory. Now the control that I do not have is that the payment should come from the bank. If a city or a bank's quota is over and they say that they will not disburse it in the financial year, that control is not in our hands according to me. Still, I have an assurance that it will be the highest top line in the history of Macpower.

Manthan Jhaveri: Okay, thank you. And sir, the margins volatility that we are seeing in this quarter, was there such a significant margin in this quarter because we have included the cost of that INR 15 crore machine and there was no sales?

Rupesh Mehta: Yes, it is labour. And apart from that, the manufacturing cost of the machines that are in production in WIP is added.

Manthan Jhaveri: Okay, so can we expect that in the last quarter, the all-time high margin was somewhere between 17% to 18%. So can we expect that we will cross that in the next quarter or in the next financial year?

Rupesh Mehta: There will be a difference of two things in that. The direct cost that you are talking about, the machine that has been rolled over, your job work cost was added, your power cost was added, that will not be added this time. But the salary cost that was added, the manpower cost, that will be added month on month. Still, if we are increasing the Capex this time and if not, my other recruitments are still pending, my 40, 45 recruitments are pending, which I need for the new 500 capacities that are being added. So I think the salary cost will increase a little more in Q4. And the marketing cost, like we did a big exhibition, so the exhibition cost of INR 1 crores to INR 2 crores will also be added in Q4. But on the top line, I think we will do the highest ever.

- Manthan Jhaveri:** Okay, and like we have always guided that we will steadily grow 20%, 25% CAGR.. But this year, because there was so much heat in Q3, can we still expect that compared to last year, there will be a 25% growth in the bottom?
- Rupesh Mehta:** I think we have grown almost INR 12 crores, INR 13 crores in 9 months. And we will do the highest ever growth in Q4. So according to me, 20%, 25% will not come this time. But I think there will be a significant growth above the double digit.
- Manthan Jhaveri:** Can we expect a 25%, 30% growth trajectory next year?
- Rupesh Mehta:** I think the growth expected next year will be 20%, 25% because the manpower that has been increased, their realization has not come so much yet, which will start coming. And secondly, most of our customers were tier 4, tier 3. Earlier we did not focus on corporates. Now corporates do not have the requirement of a bank facility. Our types of customers are the ones who take loans below INR 1 crore, so they get a subsidy. Now we have changed this in a strategy, for which we have also done order booking of big corporates in IMTEX. Earlier we did not entertain big companies. Now we have targeted big multinationals and received orders.
- So according to that, I think the realization of higher end machines and the pattern of billing will also improve. So definitely we will get good growth for next year.
- Manthan Jhaveri:** Okay, that's it from my side.
- Rupesh Mehta:** Thank you, Manthan.
- Moderator:** Thank you. We will take the next question from Arnav Sakhuja. Arnav, you can go ahead please.
- Arnav Sakhuja:** Hi, thanks for taking my question. I just wanted to know, am I audible?
- Rupesh Mehta:** Yeah, Arnav.
- Arnav Sakhuja:** So what has been the impact of the fire in your facility? Is it fair to say that the year-on-year fall in revenue that we saw this quarter was partially due to the fire? And also, if you could just highlight if there has been any inventory loss due to this fire?

Rupesh Mehta: Arnav ji, this fire has just happened, so it had no impact in the December quarter. And this fire happened in Unit 2. I have also told the exchange, in a small area of Unit 2, where some ready machines and some components were kept. Where the construction of a facility of 500 machines is going on, so there was not much impact in production because production was not disturbed even for 30 minutes.

On Sunday evening, it was 6 o'clock. The factory closes at 6 o'clock, so we controlled it with our equipment in 30 minutes. But there was not much loss in production. We are still calculating it and giving it to the insurance company, and we will also give it to the exchange within a short time. So there was not much impact in that because we had very good facilities, there were EHS officers, and there is no impact of this in Q3 because this happened in February.

Arnav Sakhuja: But then, since this happened in February, will we see some impact of this in the Q4?

Rupesh Mehta: There is no manpower there. Some materials were kept in the area where the construction was going on, there was packing material in that area, and there was damage to the raw material along with the packing material. But there will not be much impact of this in the regular business in Q4.

Arnav Sakhuja: Okay, thank you. So my next question is that, given that we have announced temporary deferment of INR 10 crores and another INR 5 crores to INR 6 crores of orders pending due to the payment clearance, these additional INR 15 crores of orders will come through in Q4 over and above our regular sales amounts?

Rupesh Mehta: Yes, you can say that because we have booked these machines for the first time, it is of 5-axis, double column, plus their payment was also ready. We will display it there and do the billing. So that will be added to this quarter. Definitely, there will be an impact because that is why I am saying that Q4 will be the highest revenue so far.

But one more thing, as I said, the order book of INR 362 crores and the machines of INR 115 crores to INR 125 crores will be ready, it has been displayed, it will be there, and it is ready. Out of that, the payment from the bank and PSU, because 95% of them are loan, how much realization do I get from the bank? Still, if I take it in bulk, the analysis that I have done, that this is Q4, it will be the highest revenue of Macpower so far.

Arnav Sakhuja: Okay, thank you. Just one last question. You had mentioned something about exports and you had said that you were using the IMTEX conference to get some good export orders. So what other methods are we using to boost our exports?

Rupesh Mehta: Frankly, it is a little sensitive Arnav ji, but there are some sanctions countries and we have not accepted their orders because we have to check their legality. And because of the US sanctions, you know, there is a company in India which got banned on all imported materials due to sanctions. So now we are doing technicalities and studies to see if these orders should be executed or not. Because if they are executed, then a lot of companies like Fanuc, Siemens, THK and many other companies will stop giving materials. There are other European countries with whom we are talking that we are not only supplying 2, 4 machines, but we are participating in IMO, so you can move forward with us as a big partner. So far, we have continued our business with our old distributors of the Middle East.

But the orders given in IMTEX are being analysed to see if they should be executed or not. Because if they are executed, then it can be a big risk for the future. So we do not take any risk, as you know, Mr. Arnav. So we are working aggressively for that export, whose highest impact I think in September if we participate in Germany, it will be seen in Q3, Q4.

Arnav Sakhuja: So just to confirm these INR 42 crore of orders from IMTEX, these were export orders or domestic orders?

Rupesh Mehta: I am not calculating export in these orders. These are domestic orders. Big double digit orders are from corporates.

Arnav Sakhuja: The export orders from IMTEX are over and above these INR 42 crores and you are evaluating whether these are ethical to go through. Okay, thanks for answering my questions.

Moderator: Thank you. We will take the next question from Devarsh Shah. Devarsh, you can go ahead please.

Devarsh Shah: Hello. Rupesh ji, my first question is you said that in FY26, we will do a Capex of INR 15 crores. So how will we finance that? Can you give me an idea?

Rupesh Mehta: Normally, we do not need that much amount in a day. We need it gradually. Like we are increasing the Capex. If we look at the 9 month

Capex, we are adding something every month, some machines, some construction, some picturing, some gauges, some instruments. So we will not need it in a day. If we do so much revenue after dividend also, I don't think we will need a large amount of debt. But it is possible that we can utilize a temporary fund from our working capital because you know that our material comes on credit. And we give the machine in cash. So there is a negative cash balance. So we will not face that much cash flow if we do a limited Capex in front of our profit.

Devarsh Shah: My second question is our inventory is of INR 107 crores, around 50% of our total assets. So what is the proportion of finished goods? Why I am asking this question, because around FY22, finished goods as a percentage of total assets was 5%, 6%. Now it has become 12%, 13%.

Rupesh Mehta: Normally, a catalogue product is a regular product. Say for example, there is a VX300 model. We make it in bulk because it is easy to do production. Its order is 10. But every month 10 is coming so make a line of 20. For higher end machines, say for example, there is a INR 2.5 crore HMC of defence. But the delivery time of its rotary table is 3 months. So you should not take that machine in the store floor.

Instead of that, the regular day to day projects, so yes, we will have more machines in WIP. And some catalogue product inventory capacity has also been built, for which customers will give you orders in book and bill. I will tell you that we have done so many tech centres, we have also kept a lot of inventories of catalogue products. So that the customer comes and takes the trial of the machine, and takes delivery from there. So it is a strategic move to increase the distribution and plant capacity utilization should also be done. If you have the order book, its raw material process time and lead time is more. So you make the catalogue product on the line. Which you have to give every month. So the inventory will be on both sides. It will also be of finished. It will also be in WIP. It will also be in shop floor. Raw material will also be there.

Devarsh Shah: I have two more questions. The new world class facility that we are thinking of making. That will it be after we announce JV? How will it be?

Rupesh Mehta: First of all, we need infrastructure. Without infrastructure, we need a big place. Today we have 8 acres of land. Instead of that, we have a demand of 32 acres. So first of all, we have to do foundry, backward integration. For each product, different shop floors and for each product, different component machining facilities. So the new trend that is going on in the world, what kind of manufacturing facility. You can

also do line assembly for catalogue product, where numbers are made. There are no modifications there. For that, you can also do line assembly. So to make that world class, the first requirement is of land. After that, what should we do we have a clear cut in mind. If any company comes together, we will also take their help how to develop this better to a world class infrastructure.

Devarsh Shah: The last question is very simple. You said that the factory closes at 6 o'clock. Can we do 24 hours production or not?

Rupesh Mehta: No, the area of storing, where the work of storing is done, the material is just kept. I will tell you. The raw material unit, where the material is not available at 6 o'clock. If someone works in night shift, they also have to take the material before 6 o'clock with requisitions. After 6 o'clock material loading and unloading, the material that comes from outside, we do not allow that. The truck stops there. It is not possible to check the quality of the material at night. Our machine shop, powder coating shop, sheet metal shop, it runs in two shifts. You have asked a very good question. We will be doing two shifts assembly from April in some areas.

Moderator: Devarsh are we done? Can we allow other questions?

Devarsh Shah: Yes, that's from my side. Thank you Rupesh ji.

Rupesh Mehta: Thank you, Devarsh ji.

Moderator: We will go to the next participant, Mr. Hemant Tadiyal. Please go ahead. We will move to the next participant, Mr. Mann Ashar. Please go ahead.

Mann Ashar: Hello.

Rupesh Mehta: Yes, Mann, sir.

Mann Ashar: Sir, if we see this order book inflow, in the order book, the inflow was a little slow. I just wanted to understand that if the industry does well, why is the order inflow a little slow?

Rupesh Mehta: 322, the number of machines you are talking about or the value?

Mann Ashar: According to the value, if I check the order inflow of quarter 3 last year, and if I check the order inflow of this year, then it is a little slow.

Rupesh Mehta:

This is not ours. In entire India's Q3, when the IMTEX exhibition comes, it does not happen every year. When the IMTEX exhibition comes, the date of IMTEX is fixed from January 24 -- to 22 to 29-30. It is for 8 days. When the IMTEX exhibition comes, in that year, all India's buying stops in December because people think that we will not book in November-December. If we go to IMTEX, all the players will be seen together. Plus we will get a special price there.

Now the Macpower has received orders of INR42 crores, total received orders of 180 machines. In total, IMTEX has given a press release. They believe that 2,000 machines have been booked within 8 days of IMTEX. So the orders that stop in quarter 3, are executed in IMTEX. People stop giving orders. We will get to see some new technology in IMTEX. We will get to see some new features. Then we will select the machines. We will talk to all the companies. We will get some special features, special technology, and special price. So in Q3, you will see the order booking data on the website of the Indian Machine Tools Association is also slow. But they will roll over to the IMTEX exhibition in Q4 January.

Mann Ashar:

Sir, as you said that all the rollover, spill over has come in quarter 4, so I just want to understand that if we have to maintain 20%, 25% of our guidance for this year, we will have to give a quarter of INR 100 crore to INR125 crores, so do we have the capacity to give such a big quarter?

Rupesh Mehta:

As I said, we have a machine of INR 115 crore, INR 120 crores, which has been dispatched, which is ready, which is going to be made, the total cost of that is INR 115 crore to INR 120 crores, which is out of the order book of INR 362 crores, plus the new orders of February, which have been discussed in IMTEX, now the order is left to be given. Plus the people who roam in the market, not all people come to IMTEX, orders of that too and orders of March.

So the order book will be very big, and I also have machines, the execution of January has been done, the execution of February has been done, and the production of February and March is INR 115 crore to INR 120 crores. Now the execution that will come, I cannot say 100% that how much payment will the bank give, if the bank does not give the payment, then I will not be able to do the machine bill. So it depends on how the bank or PSU pays me. Normally, the experience of so many years, in March, all PSUs and banks are targeted, and the customer has to claim depreciation. So maximum disbursement is there, but it is not under my control, so still if I say, I believe that I will do highest ever.

- Mann Ashar:** Understood sir, thank you so much.
- Moderator:** Thank you. We will move to the next participant, Aaryan Khot, you can go ahead please.
- Aaryan Khot:** Yes, thank you for the opportunity sir. Firstly, could you add some colour on the new 5-axis machines? And amongst the product mix, which ones would you expect to drive growth going forward?
- Rupesh Mehta:** Double column, higher step.
- Aaryan Khot:** Hello, am I audible?
- Rupesh Mehta:** 5-axis, exactly, the 5-axis machines that we have displayed, the first feature that we added was the gantry type structure, due to which the rigidity of the machines. Secondly, our rotary table was of zero backlash. The ones made in India, there are two types, one is the worm type, in which there is backlash, and the other type is the direct driver type. The highest feature control of the direct drive, the rotary table, was displayed, with HS spindle, 12,000 RPM. And the one which has the highest control, after 840D, so we used that control in it, in which we also integrated IOT 4.0, that productivity and processor too. Now we made these machines, we made it with a different software. Now the customer needs NX, the software of Siemens. So we changed the configurations in it, we are doing the customer trials in the next week, and we are executing this machine. Normally these machines, their delivery time is 4 to 5 months, it comes from a foreign company. So we will focus more on these machines this year.
- And our second highest Nexa product, is of double column and VTL, which has a very good market, which we will see this year.
- Aaryan Khot:** Okay, and sir on the industry level, any growth drivers?
- Rupesh Mehta:** Industry level? Industry level growth, my expectation is, where some players, mostly focused on automobiles. There was a company from the south, they focused more on automobiles, they focused more on Chennai, there they will see some de-growth. This is my expectation, knowledge, they will see some degrowth on automobiles in Chennai, but on general purpose, and those who have worked on varieties, they will see growth, and they will see the most growth this year, those who have focused more on export.
- Aaryan Khot:** Okay, thank you so much sir.

- Moderator:** Thank you. We will go to the next participant, Samarth Nagpal, please go ahead.
- Samarth Nagpal:** Hi, am I audible?
- Rupesh Mehta:** Yes, you are audible.
- Samarth Nagpal:** Hi Rupesh sir, how are you?
- Rupesh Mehta:** We are working.
- Samarth Nagpal:** Sir, there were 3 to 4 questions from the strategy point of view, I think there has been a lot of discussion on numbers. Sir, if we see, the orders of IMTEX, there has been a lot of flow in this month, which you have told and given clarity, that we have booked orders of INR 40 crores odd. Sir, our pre-exhibition was a drag, that we were not getting orders, people had pushed their orders. Can we see a post-exhibition drag, or the order flow in February and March will be good? Is it safe to assume that we have INR 360 crores, or we have an order book? If I see, INR 360 crores, let's assume now, including IMTEX, and last year, we had taken orders of INR 90 crore, INR 100 crores in Q4. I am talking about last year's Q4. Is it safe to assume, that by the end of this year, our order book of INR 350 crore to INR 360 crores will be closed, including Q4 revenues. Can we see any slowness in orders, after the exhibition?
- Rupesh Mehta:** No, in the exhibitions, let's assume, the inquiry that you have, the inquiry that I have, is of INR 2,500 crores. Out of that, we have taken an advance of INR 181 crores. Orders means, who gave the money.
- Samarth Nagpal:** Okay, sir.
- Rupesh Mehta:** What they think, that I have discussed with 4 companies, now I will go and do an analysis. So after IMTEX, our experience in the past that you don't have to go and look for an inquiry for 6 to 8 months. So, that is an extra bonus. Secondly, in IMTEX, 100,000 people had visited. In which, according to me, there must be 20,000 to 22,000 companies. But in India, there are a lot of companies. From Delhi side, there were very few visitors. So in India, those who come to IMTEX, they don't come to the 100% community. Only 25% to 30% of the community visits. 75% is your routine business. The routine business is going on.

So, in the order book, if I tell you, in February and March, the order book will definitely increase. And your Q4 order, more than that, even if you take the extra IMTEX, it will still increase.

Samarth Nagpal:

Okay, sir. Sir, secondly, in the last quarter, when we spoke, it was said that, many times, the payment is not getting released from the bank. There is a problem. So, I have a doubt, that all our order books, where we take advance, and we count it, there is the loan already sanctioned, or is it in a process? I mean, the disbursal, from the bank, the delay we are talking about, is the disbursal after the loan is sanctioned, or is it in a process? I wanted to understand that part, of financing.

Rupesh Mehta:

Like, these people, discuss about inquiries, the execution of sales, how does it happen? Let me explain the process. First, there is inquiry generation. Either, the customer calls from the front, Macpower. Any company, without calling 3 companies, they will not finalize the machines. First, they call from the front, that is 50%, 60%. You have 30%, 40% of your existing customers, in which, who want to give you repeat orders, or want to buy some other machines.

Third, in your team, cold calling people roam around, in the market. They have, which customer, which machine, when is the requirement, their influence, from the market, from the tooling, from the finance, from the consumable. In that we do 3 types of categories, first time users, and, existing users, Macpower's repeat order customers, and third is, for the competitor, if we don't have an entry, then we do a different strategy there. So there, we get inquiry generations, then there is a technical discussion, their components, there are talks, then there are commercials. At that time, customer gives you an advance token, that I gave you INR1 lakh, your order is booked.

Now we have taken them in the order book, but we will not take them in production. In the production line, you have a capacity of 125 machines, of the shop floor. Now you have an order of 1,200, 1,500. Now you will not take 1,500 orders. Out of 1,500 the ones who gave INR1 lakhs, after that, there is a process branch, that the customer's construction is ready. After the construction, they have the power ready. Now the customer has selected, which bank, Uco Bank.

So we know that the pending 1,200 1,500 orders, how is the process moving forward. On that basis, our branch does analysis, by talking to the customer, by talking to the bank, out of 1,500, 200 machines, will be billed in February, whose payment will come, because their process has moved forward. Customer has given loan papers, now waiting for

approval. Now they have got approval, now they are waiting for margin money. So we have a process, in which I get to know, that the name of 200 machines, they are giving. Out of that also, a ratio comes out, 65% to 70%, 100% comes, rest on 1st, 2nd, or a bank holiday comes, or Saturday, Sunday comes, in quarter end or month end. So it is a roll over. So this is a rough process of the full order. When the customer, is ready for payment, and will finalize it, this happens very rarely. That happens when, even after being finalized, we ask them to take our machine, and they like it. Then they change the quotation, and take ours, that payment comes immediately.

Second, 10% to 15% customers, will be like this, booking in same month, billing in same month, because their process is done, now they are ready to finalize the machine. So there is a pattern, first time users, Macpower's existing users, and competitors, are using the machine, now they want to take ours. Second book and bill users. Most of the corporate, requirements are in the same month, that you give me this machine, in this month only. So you will have to keep, some ready machines, for 10% customers.

Samarth Nagpal:

Sir, I was asking because, my customer is taking loan, let's take your banking partner, I don't know, we influence, that our loan is sanctioned from one bank. Many times, in the funnel, bank documents are there, customers are chasing, there are cases, for 2, 2.5 months, even though the papers are there, they are not moving, their payment is not coming. Customer is worried, he will take other company's machine, is there any rigor on that, not more than 60, 70 days, not more than 45 days.

Rupesh Mehta:

That is not in your control. No bank or PSU, will ever favour a company. Otherwise their own business will be ruined. The quotation of the customer, to change that, he will not allow, unless and until, if I say, I have no objection. Without my NOC, he can't change, I can't change others. Bank or PSU can never divert the customer's mind, legally and morally also, because their own business will be ruined. Yes, what happens, the customer has been asked for a pollution certificate, the customer has some marriage here, he hasn't gone to give. They have asked for a land revenue record, that your rent agreement, give me a copy of that, the customer hasn't done the rent agreement. So the customers, their knowledge of the process, if their consultants give beforehand, there is a little delay, from the customer side regarding the papers.

Second is in the bank, when an officer has gone for a loan, so, all that from ABCD, if you see, the responsibility of the bank manager, in the

loan disbursement, some banks have taken it personally. So what will he do, someone has been transferred, someone who has processed 90%, so if a new officer comes, he will start again from ABCD. So that delay is happening, that is final, because of this 100% names that were assumed, that they will come, they don't come.

Samarth Nagpal:

Sir, I think one final question, there are other participants also, structurally, next year, the coming financial year, I think this quarter is Q4. Next year, is it fair to assume, because our top line growth, will only grow 10%, 15% this year, whatever be the factor, we have developed a lot of machines. But next year, our margins will hit, because we are taking part in exhibitions, there will be an expense, you are going to Germany. So my trend till now, my revenue used to grow 20%, 25%, my bottom line used to grow very fast. So next year, is it fair to assume, that my top line, will not be 20%, 25%, I have that capacity also, I am going from 1,500 to 2,500 machines, so, my top line, has the capability to grow 30%, 35%, 40%, because taking that assumption on bottom line, will be wrong, it will grow a lot.

Rupesh Mehta:

See, Samarth ji, I am talking about 2,500 machines, from May, we will start production, 500 machines extra. Today, we have 2,000 machines, so, we have a capacity of INR400 crores. See, next year, if we take it, a month has passed, if we take it roughly, we will have a capacity of INR 450 crores, in terms of revenue, in that, you will never be able to generate 100%. So, by and large your capacity is from INR 400 crore to INR 425 crores. There is no issue of capacity, now. What you had to do, earlier, you did not have capacity, so, you did not execute corporates, exports, and areas, you had only 100 manpower. Now, you have 225. So we showed aggression on exhibitions, then, we increased sales and service force, after exhibitions, we showed aggression on export.

So now, order book will be good. Payment will come. So, we will have a capacity build of INR 400 crore to INR 425 crores, so, I think, the way we are showing aggression, so initially, cost will increase, but, your top line will also increase. Along with that, when cost increases, you must have seen, backward integration is also increasing. So, margins are also improving, and when cost increases, higher end machines revenue will be more, in new financial year, margins will be more. Which was not there in past, on higher end, it was more focused on turning and VMC. This time, in new '26, we will see double column, VTL and bigger machines, good order books, and good execution.

- Samarth Nagpal:** Okay sir. Thank you, sir. I will join back the queue, and wish Macpower the best. Thank you, sir.
- Moderator:** Thank you. We will move to the next participant. Piyush Jain, you can unmute and ask your questions.
- Piyush Jain:** Hello. Am I audible?
- Moderator:** Yes, please go ahead.
- Piyush Jain:** Yes, Rupesh bhai, I just want to understand, the margin dip, is it only because we haven't achieved the sales growth, and we had an operating leverage or something? Or does this have some, reason for it, because you remember, one or two quarter back we were discussing, we will move margin from 17% to somewhere, number of 27% with backward integration and all. Is that, target remains still on the cards, and it's just a one off quarter.
- Rupesh Mehta:** In one quarter, Piyush Ji, our raw material cost has come to around 62%, 63%, compared to last year, so definitely in margin, raw material cost, has the same effect, and higher end machines. You will see that in Q3 also, raw material, Q3 versus last year, Q3, 5% to 6% consumption of raw material, and improvement in margin. Second the increase of expense, Q3 last year, versus this year, I think, INR 4 crore or INR 5 crore, how much is it? 9 month to 9 month, our salary cost has increased. Second depreciation cost, 9 month to 9 month, INR 1.40 crore has increased. So the main thing is, improvement in margins is definite, but in front of expense, the revenue growth, that has not happened. According to that, you can see the effect on EBITDA.
- Piyush Jain:** When we will again back on track, at least 17% type of number, which we used to do, next quarter, next year, after two quarters, how you are seeing raw material cost is stabilizing in this quarter, or what?
- Rupesh Mehta:** Raw material cost, will remain the same, and according to me, expense will also increase 5%, 7% in salaries, but the main impact in this quarter, will be INR 1 crore to INR 2 crore, exhibition cost, of IMTEX. And in front of that, the revenue growth will be the highest ever.
- Piyush Jain:** Sir, the target of INR 500 crore, what do you see, where we will achieve this?
- Rupesh Mehta:** I think, we will do with new plant. Capacity of INR 500 crore will be built, in the new financial year, almost INR 450 crore, because we will

start in May of INR 500 crore, so between INR 450 crore to INR 500 crore, capacity will be built, in the next financial year. And the sales force, which we have increased, and the sales conference in April, plus the ones which are not executed, that order book will be forwarded. So we need new orders, of INR 400 crore, our target is INR 500 crore has been given to sales force. Plus the rollover, on 31 March, the order book, all that together, INR 500 crore can be the order book, in the new financial year, with the rollover. According to me, the payment does not come, if we catch this, then between INR 350 crore to INR 400 crore, I think, because of higher value, higher end machines, because of that, we can take it to the top line.

Piyush Jain:

Sir, in the middle, 1 or 2 quarters back, you spoke about a foreign JV that a final stage is going on, some discussion, and you will get into some JV, or something. And another thing was, you also said that, you are going to bid on defence, and you are expecting some defence-related CNC machine orders. Will you make any update on both, Rupesh bhai?

Rupesh Mehta:

In JV, the discussion is still going on, but to execute them, the first requirement is expansion. When we will do JV, we will have to do it on the new land, in the new area, with the new entity. There we will do JV. For that, our discussion is still going on, and they are ready. But after we get the land, in JV, or on September exhibitions, I think we will execute the JV.

And even today, I have INR 17 crore pending defence orders, Piyush ji. And the bids submitted by defence, which are yet to be opened, and most of them are open in February and March, because their budget will lapse. INR 377 crore orders have been submitted by the bid, and INR 17 crore orders are still pending by the defence, which we will roll over, because it is a big machine, and some machines will be executed in a quarter.

Piyush Jain:

Rupesh bhai, one last thing, before this, I have talked to you, we have interacted, every call I have attended and I have got the opportunity to have a word with you, we were always sounding bullish, that there is so much of demand in the CNC machines and all, and you are also not running for a turnover or something. You are seeing the growth where the profit is there, you have some criteria, that I will do the business where there is profit. I will not run for a turnover, because you had said earlier, that there were some requirements of Tata machines, which they had some different scheme, which you did not do. Do you see some signs of some growth slowdown, or something subdued, as per you, which you were expecting, maybe 6 months back, the environment has

gone down a little, where our sales growth, are we just waiting for that to happen?

Rupesh Mehta:

I have understood your question. I do not want to tone down the aggression and bullishness, because I am still 4% of the market. If the market goes down, then how much will it be, 4%, 5%, 10%, but my contribution in the Indian machine tools industry is only 4%. I have a lot of space left, to show aggression and bullish -- for them I need infrastructure, for them I need Capex, like I used to say in the past, I will continue that. Earlier our capacity was 1,200, then 1,500, after 1,500, 2,000. So earlier it was a capacity issue, and after that it was a distribution issue.

If I do distribution earlier, then it takes 6 months to build capacity, the cost will be added. So earlier I built capacity, then I added cost for distribution, and one factor that you are saying, I was not calculating, that I should get a payment from PSU and banks, in the new budget, people are taking more loans from banks, because in the new budget they have got more benefits. In the earlier time, 3 years back, there was no aggressive scheme of the government, that if you take loan from us, we will give you subsidies, but these subsidies have helped. In the order book, I keep studying the trend, is the market down, or is it going up. Now when you talk about startups, in our order book, in double digit, there are first time buyers. It shows that India's manufacturing industry is growing. More than that, 40%, 50% of the order book is from existing CNC users, who are doubling the capacity of the machine.

The third trend I saw, that India's growth is due to manufacturing or not, now we were getting such an easy payment, subsidies, so what do people think, why should I run for 24 hours. My night production is getting disturbed, so I have such customers, who have not built capacity, but they have reduced the shift, and added machines, that at night I don't need rejection and night pollution. So I feel that even now, I should continue the bullishness and aggression, because 4% is nothing. I am a minimum player. I am a double digit. For that I had to do gradual growth, which I have done, to increase production. Now we have, one thing...

Piyush Jain:

Rupesh bhai, one thing, there is no question on your execution. We have seen you last many years. Only one thing, now we will have capacity of 2,500 machines. Till now our infrastructure or capacity was a constraint, because the quality and service, which we have discussed earlier also, after sales service, which Macpower provides, people can't provide that much. So now if demand is not the problem, our aggression

and our workforce everything is on the place, let's say we start FY26, after this quarter, let's say...

Rupesh Mehta: If we don't generalize, let me interrupt you, sorry, if we don't generalize demand, then yes, in Q2 and Q3, the people who focused on only automobiles, their demand went down. Second, aircraft industries, in which we are entering, their order book, the customers of aircraft industries, they have orders up to 2030. They have execution challenge. So now we have to focus on that sector, in export, some countries, which I spoke to you, Piyush ji.

Piyush Jain: EMS will also be a sector, in which CNC machines requirement is a lot?

Rupesh Mehta: We have displayed those machine also, even if TATA doesn't take, iPhone doesn't take, but now OPPO, Samsung, other companies are also coming, and in the market, they will get their vendors to work. If we don't directly give them 200 machines, then they can recommend their vendors, after getting approved. So sectors keep changing. Now the biggest growth, that we have got, is in aerospace.

And second is in export. And that export, is a bit risky, so we will study and go, so that we don't have zero revenue, like some companies have. So I think, in the coming year, you will have to select a sector, die and bolts that will be booming, you study a lot, so I will give you one more news. Everyone will know, all your analysts that from August or September, we have to make BIS standard compulsory. Our training has started, through IMTA, and we have also started.

After that, all the imports, from foreign countries, they also have to take BIS standard, it is compulsory. Now India's imports are almost 50%. So I think, next year, for Macpower, the challenge will be, how fast and sophisticated machines we develop...

Piyush Jain: Sir, I have only one question, Rupesh bhai, sorry to interrupt, otherwise Vinay will stop me. Sir, I have only one question, when will we finish 2,500, utilization and when will we talk about next Capex? When we see, 5,000 capacity, see I am not asking for 1 year, 2 years, we know, you will execute in 5-10 years, execution is not a challenge from your side, I know that. When we will say, because right now, I feel everything is set, for FY26, '27, the platform is set for us, when we will touch 2,500, then we will talk about 5000 capacity.

Rupesh Mehta: 2,500 in May we will execute, 2,500 capacity will be built, in May first week, almost.

- Piyush Jain:** No, sir, when will we be able to utilize, 100%
- Rupesh Mehta:** Utilization, now we have added 500 machines, so its production started in May. So 500 machines were added in May. So your utilization of that, 500 extra. You have 2000 in the existing plant, so its utilization is happening. Now your, 500 machines added, will be from May, next 2, 5 years, the vision that when we get land, I think, in quarter 1, we will get that land, so immediately, in '26 completely, in '25 end, we will build capacity of first phase, which we will, start utilization next to next financial year. So for next year, we will have existing 2,500 capacity, out of which one month is delayed, so you take 2,400, take 2,300, till then we will start expansion of new plant. So in '26, in financial year, I think, we will add extra 2,000 machines.
- Piyush Jain:** Sir, one last thing, is there any bifurcation of NEXA, what is right now, our bifurcation of NEXA?
- Rupesh Mehta:** This is a good question. I will show you a good figure of NEXA. Total order book, NEXA is 27% and 445 machines.
- Piyush Jain:** Okay. Thank you Rupesh bhai, thank you so much.
- Moderator:** Thank you. We will take the next question from Deepak Pandya. Deepak you can go ahead, please.
- Deepak Pandya:** Thank you Rupesh Ji, for the opportunity. Sir, tell me the production number, how many machines we have produced in Q3?
- Rupesh Mehta:** Produced or executed?
- Deepak Pandya:** Sir, not sold, how many we have produced?
- Rupesh Mehta:** Manufacturing okay? Total we have produced, 369 new machines. Every month we get some inventory forward. So in Q3, 369 including -- excluding IMTEX machines. We started IMTEX machines long back, because it was a new generation, sophisticated machine. It was being made for 6 months. Total, excluding IMTEX, we have produced 369 machines.
- Deepak Pandya:** Sir, if I extrapolate it, and take for four quarters, we are still at 1,500, 1,600 manufacturing utilization.

Rupesh Mehta: In this, in Q3, you have Diwali holidays for 10 days so according to me, we have capacity of 400 machines. Some capacity, we utilized in IMTEX machines. And when we talk about numbers, as I told you earlier, if a double column of INR1 crore comes, then 5 machines will be reduced. Like in an average price of INR20 lakhs, a VMC turning is made, in 3 days to 7 days, so double column will be made in 10, 12 days. So you won't be able to extract capacity from numbers, in 369, you have 8 VTLs, after that, there is double column, so, if a bigger machine is made, numbers will be reduced.

So if I talk about utilization, in terms of value, because now we have numbers, and more than average price, average monthly production capacity, in terms of value, because we have a big order book in NEXA. It's average price will increase, but numbers will be reduced. The numbers we are talking about, is in terms of average price of INR 20 lakhs.

Deepak Pandya: Got it. Sir, how was the feedback of 5-axis machine, and, did you do any tech tie-up to manufacture it?

Rupesh Mehta: No, no tech tie-up was required. In the past, we have supplied these machines to defence, but this was an old version. This is a new version, and we already had the capacity in-house. To display something, we needed some customers, to stop such a big production line, to make an extra machine, with such a big order book, still there was an exhibition, and some customers gave assurance, that you make it, we will take it. And for those machines, we didn't need any tech, and those machines, with the new generation, we had displayed, which had zero backlash, HSK, 12,000 speed, and gantry structure. So now, those machines, in March we are giving it to the customer, for whom we have made it.

Deepak Pandya: Got it, how many machines are you targeting, in FY26, 5-axis?

Rupesh Mehta: Right now, I think, the first machine, which will run satisfactorily. He only wants repeat orders. So let's see, but the next machines, which we are taking to EVO, we are taking a smaller size. We are starting work on that. So I think, if orders start coming, we can make 10-12 machines easily, extra in a year. But this new product, or very sophisticated, import substitute product, in the market, it takes time to get assurance. So after 4-5 machines, I think, quarter-on-quarter, double-double machines we will get orders and execution.

Deepak Pandya: Got it. And sir, on the terms of new capacity, that we are putting up, can you just specify, the quarter in which we will be commercializing. Not

the, sort of a vague answer, that it will take so much time, can you just provide a guidance, that in this quarter, we will increase the capacity to 2,500, 4,500, 5,000?

Rupesh Mehta: I told you, we have 2,000 in existing, if you take the number, INR 20 lakhs of 2,000, so we have a capacity of INR 400 crores, in existing. Now we are adding 500 machines, of INR 100 crores, that will start from May, in the first quarter, in the second month.

Deepak Pandya: No, no, not 500 machines, the next 2,000, 2,500 machines.

Rupesh Mehta: That depends on how soon we get the land. Our expectation is, that in April. If they delay it for a month or two, then after we get the land, I will do it in 9 months, 2000 machines extra.

Deepak Pandya: Okay, and then we will have the capacity, to increase it further, from 2,000, or will it take another 9 months?

Rupesh Mehta: No, don't increase it suddenly, so much that it starts costing you, operating costs, and ROI. First develop the 2,000 market, then 2,000. So there is no need to do 5,000 in a year. Do the backward integration of 5,000, do the foundry, then build the capacity, for your component. For the assembly 2000 is enough for 1 year or 2 years.

Deepak Pandya: Sir, last question from my side is, now that you are saying, that new proposals are coming, in the land, new benefits can be got. So why are we, pushing our production, to go delay? Why don't we just start it, using the old proposals, and utilize our capacity, as soon as possible. So for the benefit of INR 4 crores, INR 5 crores, why are we pushing the Capex ahead?

Rupesh Mehta: Mr. Deepak, INR 4 crore, INR 5 crores per acre, and total acre requirement is 32, and total will be, if we go to the market, INR 120 crores.

Deepak Pandya: Sir, these are the incentives, you are saying that new proposals, will come in the budget, will there be an add-on? I am just quantifying that number.

Rupesh Mehta: No one knows what will be the add-on, in the budget, but they believe that, there will be an add-on. And we are not delaying for this. They have just said, that the 1% payment, should be done in March. This is a part of the process, then we have to make an agreement. So they are

saying, what is your hurry, wait for 15-20 days, and after that, you sign the agreement.

Deepak Pandya: Understood, thank you so much sir, good luck for the future. Thank you.

Moderator: Thank you. We will take the next question, from Navneet Singh.

Navneet Singh: Am I audible?

Rupesh Mehta: Yes, you are audible.

Navneet Singh: So my question is, what are our import dependencies, and what are the effects of the supply chain disruption?

Rupesh Mehta: What was the first question, Navneet ji?

Navneet Singh: Import dependency.

Rupesh Mehta: Import dependency. And the second?

Navneet Singh: Around this, if the supply chain, the global supply chain, gets disrupted due to some reason, then what is our plan B? Like if we import something from one place, and there is some disruption, then where are the alternatives, and substitutes available?

Rupesh Mehta: First of all, our dependence on imports, is of the whole world, not just India, but India as a whole, in which Fanuc, Japan's systems for running machines, computers, and Siemens, now Mitsubishi, these three companies are our import components, plus LM Guideways, Bow Screws, high speed spindles, rotary table, all these are coming from abroad, in the supply chain, in which the majority, Fanuc India imports from Japan, and gives you in rupees, Siemens Germany imports, and gives in rupees, and LM Guideways, and bow screws, we get the concession rate, from Taiwan, and some from Japan.

Now there will be some impact on the supply chain, so according to me, LM bow screw, apart from than, India has no option, for CNC systems. Now an Indian company, Pragati have launched systems, but their test, trial, and reliability, is still in progress. If the imports is banned or stops, then the Indian machine tools, whole industry, will be stuck for example, a company in India, whose import material has been banned, because of U.S. sanctions, they exported to some sanctioned countries, so their whole supply chain has stopped. So the same thing, the world will have to face, the same thing India will have to face in the supply

chain. And I don't think, India or the world, will be able to find an option so soon. But such a factor, I don't think, the country from which the goods are coming, Germany, Japan and Taiwan, there will be such a big impact, on raw material.

Navneet Singh: Okay, I have one more question, that we are doing backward integration, so are we doing some import substitution, some product building, which will replace our import?

Rupesh Mehta: Yes, this backward integration is for our component, and the machines, which we have made are import substitute. Mostly in India, only one or two companies, make these machines, 5 axis. So machines, we are making import substitutes, simultaneously, we are making some components, which are for our machines, which were imported in the past.

Navneet Singh: So our plan is, that the tools, which we are making, which we used to import, so in the market as a B2B segment, we are launching, so instead of selling out, the complete machine, we are making these parts, as import substitutes, for Indian companies?

Rupesh Mehta: This is a very good question, a new question Navneet ji, a company did this in the past, and is still doing it, that they make components for captive, and will give it to the market. But out of 5 big players, no one will go to them, out of 6 players, because they have subsidiaries, which are our competitors. We will not prefer to take components. So if we make such components, then we will have to pay attention to export, in domestic, no OEM will take this material from you.

Navneet Singh: Okay, understood.

Moderator: Navneet, can we move to the next participant now?

Navneet Singh: Sure.

Moderator: We take the next question from Ajay Surya. Ajay, you can go ahead please.

Ajay Surya: Sir, my question is like this quarter, we saw that, because of payment issue, our execution differed a bit. So in the past, it must have happened somewhere, because of payment issue, our normal target, per quarter, must have been up and down. So normally, one question was, what is the percentage?

Rupesh Mehta:

First of all, Ajay bhai, the roll over was the exhibition machine, of the customer. So in the past, it has not happened, because we have not done IMTEX exhibition for 6 years. So in the past, such impact of exhibition, was not seen. So in the exhibition, we did not have to take decision to take the customer's machines, there was no need. Because, why we were not participating in the exhibition, one reason was, we do not have the capacity. If we take part aggressively in the exhibition, then we have to deliver the machine. So at that time, we had to fix a priority, first increase the production, increase the production simultaneously, increase the Capex, after that increase the backward integration, after that your distribution channel, through marketing and through branches, and through recruitment.

So this impact, has come for the first time in the last 6 years, because after many years, we have done such a big aggression, in the exhibition.

Ajay Surya:

Okay. Next question is about competition, because, one turner machine, is still a big part of machines. So sir, is the competition increasing there, because I also visited IMTEX, so players like Cosmos, are also growing at a good rate. So sir, our payment policy is also like that, that we do not give money on credit, and because of this, our execution has been affected a little. So sir, going forward, means, looking at the competitive nature of the industry, are we thinking of bringing some changes to the payment terms. So that this first time impact, which was big, can be nullified, what are your thoughts on that?

Rupesh Mehta:

Ajay ji, there are two things in this, in the growth of the country, the entry level product, on the higher end product, any company, has to do R&D and move forward. Slowly, like Hero Honda's cycle, they had to go into scooter. So now, you are making cycles only, now turning machines, you are right, turning machines are very easy to make in India. For the last 2-3 years, making a turning machine is not so challenging. 10 years back, turning was also a challenge.

Making VMC is still a challenge today. It is a machine after that. So there will be cycles that you keep growing on the higher end and your entry level product will average out. And the knowledge of competition, the impact of competition, will always be visible on the entry level, where there will be a game of numbers rather than technology.

Secondly, you talked about credit Ajay ji. In that, there are two things, there are big corporates, whose LCA we get, or whose assurance, other than bank guarantee, we get PDC checks, or we get our promissory note, so we are experimenting on a few customers. But where, the

customer is first time, we don't even know, and to generate your revenue, every year, I keep showing bad debt, INR 10 crore bad debt. So a new question, will come next year, why is INR 5 crore bad debt visible. So we have to be careful, to generate revenue, to show sales, if we give customers, without understanding, then in next year, I have to answer bad debt questions. And my team more than answers, for whom I pay so much, salary, car, and give so much allowance, that poor guy instead of doing sales, will spend whole day on payment collection.

So I think, this idea is not right. I think, to increase revenue, increase numbers, show more aggression, do more numbers, and your selection of customers, whose machine you have taken in planning on shop floor, for their accuracy, make more mechanisms, whose payment is 100% coming, in their machine shop floor. That is less possible, but to give credit, on cash to cash basis, we have started to give to corporates, who have LCA, but to give to retail customers, to tier 4 customers, I don't think it is right, which will spoil the brand, and machines, and whole company team will spend more time on payment collection.

So I don't think, to take this type of decision, and increase revenue. This will be a short term goal, to show to public, that we have generated revenue, but it will not be genuine, in next year, we will see, it will be in bad debt.

Ajay Surya: Got it sir. And sir last question, towards margin, this year and going forward, in which range, we are seeing EBITDA margin?

Rupesh Mehta: EBITDA will definitely grow, on top line. You have seen material consumption, 4% to 5%, like in last 9 months, 4% to 5% of material consumption has reduced, due to two reasons, higher end product, and backward integration. Same journey, if top line is growing well, you can calculate EBITDA margin, around 20%.

Ajay Surya: Got it. And sir, any EBITDA target for this year, EBITDA margin?

Rupesh Mehta: This year, let the 4th quarter be completed, we will do highest, rest of 9 months, you have the balance.

Ajay Surya: Got it sir. All the very best.

Rupesh Mehta: Thank you.

Moderator: We will take the last question for the day from Prateek Kothari. Prateek you can go ahead please. We will take the last question for the day from Shantanu. Shantanu you can go ahead please.

Prateek Kothari: Hello. Am I audible? Hi Prateek this side. Sir thank you for the opportunity. Sir as we said, this year we have hired, almost 225 people, and next year, we are doing IMO exhibition, we know that, maybe in Germany also. So what will be the cost, on a full year basis, that's number one. My first question was this. And second, our existing order book, around INR 360 crores odd, what is the net realization, on a full year basis, on a blended basis.

Rupesh Mehta: Now the old order book, the average price is same, INR 20 lakhs. The new order book, of IMTEX, in that double column, 10 to 11 machines, INR 11 crore will be of that only. So the higher end machines, through IMTEX, we have focused on big products, the average price, according to me is INR 23 lakhs to INR 25 lakhs. And the old order book, is the same, around INR 20 lakhs. So I think, as NEXA has increased by 27%, so gradually, when we will focus on higher end, the average price will increase. But if the average price increases, then the capacity of the machines will decrease, because to make big value machines, it takes a little more time.

So if two machines of those are made, the 4 machines are made, the regular one. So if we average out, then the average of INR 23 lakhs to 25 lakhs, will increase. And if we talk about the cost, then from Germany's exhibition, its cost, will be around INR 70 lakhs. So overall, in the new financial year, that we are doing, in that, between INR 2 crore to INR 4 crores, will be the marketing, exhibitions, road shows, cost will come.

Prateek Kothari: Right sir. So INR 2 crore to INR 4 crores will be the marketing, and the new fixed cost, which is 240, 225, 240 sales force. So how much incremental will be the expense, in the coming year.

Rupesh Mehta: Sales service team, almost, the cost now, the cost of 225 has come. Now it will come maximum, 10% maximum, we will develop new areas. All the offices, almost we are covering 39 cities, and we had to make branches, tech centres, offices, recruitment, 95% of that work has been done. So now I feel that, the increment of March, and the shortage of 8 to 10 people, apart from that, the cost of distribution will not come.

- Prateek Kothari:** So sir, roughly in this quarter, or in the March quarter, the cost figure, for employee expense, should it be the same, in the next year, can we expect that?
- Rupesh Mehta:** You can take 10%, the increment will come in March, April.
- Prateek Kothari:** Right sir.
- Rupesh Mehta:** Plus 10% force we will increase to develop new areas. So maximum whatever the cost, 10% cost of distribution, will increase.
- Prateek Kothari:** Right, and sir, the realization of INR 20 lakh machines, so next year, in the full year, can we target INR 21 lakhs to INR 22 lakh, or what is your assumption, based on our knowledge?
- Rupesh Mehta:** Even if you do INR 25 lakhs, your 2,500 machines will not be made, then it will be less.
- Prateek Kothari:** No, the orders we have, in our hands, so you are saying, their realization is around INR 20 lakhs, which is around INR350 crores.
- Rupesh Mehta:** So it depends on two things. One is not in your control, one is, the order book from Nexa of higher end machines, your realization will increase, which is in your control. Second is, in the government tenders, your L1 theory, that you got the tender bid, because of that the realization on QoQ, you will see a big jump, like INR 2.5 crore machines, are being executed in May, so that INR2.5 crore, so where is 20 lakhs and where --. Now one is opening on Friday, which is the value of our bidding, of one machine, INR 9.5 crores.
- So the average price, realization, it depends on in your tender opening, which big machines you get, it depends on that. And second is, the order, of your big machines have come, but how fast you can execute, it depends on that. But definitely, in the next financial year, the average price realization, will increase.
- Prateek Kothari:** Sir, my question, the reason I asked is even with the increased cost, and the visibility of the order book, can we maintain 7% to 8% margin, net profit margin, or do you think, we can reach 10%, which was roughly last year?
- Rupesh Mehta:** I think, the top line and expense and marketing, if I do all the costs, we will not do less than double digits, next year.

- Prateek Kothari:** Sir, my question was, on the margin. Last year it was 10%, in 24Q, it was 24%.
- Rupesh Mehta:** Depreciation, Capex, which is increasing rapidly, depreciation will also increase, your expenses are also increasing, still if we talk about the PAT margin, I am not expecting less than double digits, in the next financial year.
- Prateek Kothari:** Wonderful, sir. Thank you so much, sir. That was my question. Sir, one last question, I think I missed it earlier. Our 32acre land, forward expansion, from '28 onwards, how much is the envisaged Capex, total, any breakup?
- Rupesh Mehta:** We will go phase wise. I gave this answer. We will go phase wise. In the first phase, we will do INR 100 crores. In the second phase, we will do another INR 100 crores, because there is no cost of land, or else, INR100 crores will not do anything, the cost of land is INR 120 crores.
- Prateek Kothari:** Right, sir. Thank you, sir.
- Moderator:** Thank you to all the participants for joining on the call, and thank you to the management team for giving us their valuable time. This brings us to the end of today's conference call.
- Rupesh Mehta:** Thank you, Vinay ji, for arranging a very nice conference call. After your result, because of my cold cough, I could not do it immediately. For that, I had your pressure, but I could not even speak. So, you took out some time, thank you for that.
- Vinay Pandit:** Thank you, sir. And you may all disconnect now. Thank you so much.