

August 11, 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, August 7, 2025 at 2:30 PM to discuss the financial results for the quarter ended on June 30, 2025.

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- <https://macpowercnc.com/>

Request you to kindly take note of the same.

Thanking you

Yours Faithfully

For MACPOWER CNC MACHINES LIMITED

RUPESH J. MEHTA
Chairman & Managing Director
DIN: 01474523

Encl: a/a



+91 2827 287930/31
+91 7998 7998 16



sales@macpowercnc.com

**REGD. OFFICE :**

PLOT NO. 2234, NEAR KRANTI GATE,
GIDC, METODA - 360021.
RAJKOT, GUJARAT. (INDIA)



Macpower CNC Machines Limited

Q1 FY26

POST EARNINGS CONFERENCE CALL

August 7, 2025 02:30 PM IST

Management Team

Mr. Rupesh Mehta - Chairman & Managing Director

Call Coordinator



Strategy & Investor Relations Consulting

Disclaimer: - This transcript is edited for factual errors

Presentation

Vinay Pandit:

Ladies and Gentlemen, on behalf of Kaptify Consulting Investor Relations Team, I welcome you all to the Q1FY26 Post Earnings Conference Call of Macpower CNC Machines Limited.

Today on the call, from the management we have with us, Mr. Rupesh Mehta, Chairman and Managing Director, 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 being recorded.

I would now request the management to brief us about the business performance highlights for the quarter ended June 2025, 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:

Thank you very much, Vinayji. Good afternoon, everyone. First of all, I earnestly welcome you all to Q1FY26 post-results conference call. We appreciate that you have taken out time from your busy schedule to attend this call. Thanks for being in this call.

We have a brief about the overall performance of the company for the quarterly ended 30th June 2025, post which I will take your questions. The financial result and presentation have been posted on the company's website and hope that you have had an opportunity to go through the same.

I would quickly run you through some result highlights first, then we will discuss more about our business. Q1FY26, our revenue stand at INR 61.03 crore, which is highest ever for any quarter 1 in Macpower history. YOY revenue growth is 21.53%. EBITDA stand INR 7.92 crore, which is the highest ever for any quarter 1 in Macpower history. YOY EBITDA growth is 20.53%. PAT stand INR 4.56 crore, which is also highest ever for any quarter 1. PAT growth at 13.42%. Now in this quarter, depreciation is also increased by INR 46 lakhs, which is higher because of our last year CapEx. Depreciation in Q1 is increased by INR 46 lakhs.

Strong order book. Pending order book, also highest ever, pending order book INR 346 crore order book we have right now. Compared to Q1 versus last year Q1, it was INR 283 crores. So YoY order growth is

22%. Domestic bid we submitted through our branches is INR 608 crore. And tender business like defence, PSU and education sector, where our tender bidding value is INR 494 crores. So total bid submitted is INR 1,102 crore. So because of this strong order book and compared to last year, it has grown by 22%. As I told you in my last concall that we are trying to focus, to increase the 20% minimum order book growth. And that's why I think we are—we hope that in quarter two, quarter three, quarter four, all the quarter will break the all-time high record on Q-on-Q.

So Vinayji, shall we start the question and answer?

Vinay Pandit: Sure. Just one correction, sir. I think when you're mentioning the highest ever revenue and EBITDA that is for Q1 in any past and previous year.

Rupesh Mehta: Yeah, Q1. Yeah.

Vinay Pandit: Yes. Awesome. We'll take questions. We'll take the first question from Dhaval Shah. Dhaval, you can go ahead please.

Dhaval Shah: Yes. Hello. Hi, sir.

Rupesh Mehta: Yes, Dhavalbhai. How are you?

Dhaval Shah: Good. Thank you. Thank you for the opportunity. First of all, great numbers, 20% growth is very, very encouraging, and in line with the guidance, which you have shared. Secondly, the new investor presentation is also quite good. It is covering a lot of information and quite very well made. So now, my questions. First question will be, you have mentioned about the expansion project and given a roadmap for the next five years for our company. So how do we plan to support this expansion in terms of financing it? And where do you see our company over the next three to five year period for the length of long term shareholders like us? If you can help us give us a roadmap, it will be very helpful. And how do you also see the mix of bank borrowing and plus our own equity? How do you see that mix also going forward to support this acquisition?

Second question will be now, when do -- when we embark on this journey of expanding our capacity to 10,000 and 15,000 machines? How will Macpower come closer to the other companies which are getting much higher valuations and much better investor attention? How do we come closer to them in terms of the EBITDA margin? So also help us understand what is your plan to increase the EBITDA

margin of the company? You've mentioned about a lot of customers in our presentation. And you are mentioning a very important point of that you want to move away from being a price taker to someone who can command the pricing and sell the machines at your price. So also, if you can more elaborate that what is the reason for writing this price taker point in the presentation? These are my questions. Thank you.

Rupesh Mehta:

Dhavalbhai, first of all, about the capacity and growth, we have two different plans for growth and capacity expansion. First of all, 2,000 to 2,500 we have a Janmashtami holiday here. So from 1st, this 1st September, we are adding another 500. So now for a short term capacity increase will be 2,500 from the September 1st week. So we are shifting after this holiday, some of the assembly to the new capacity. So it will take two to three days. So we will fully operational from the first week of September. So 2,500 machines and as I mentioned in our presentation and in my last concall about the expansion.

So now we have a few foreign joint venture partners also. Already we completed the few meetings and tomorrow also we have one more meeting and it will take time for the joint venture because some of the condition they are agreed, some of the condition we are not agreed. But before starting this new plan, we'll come out with some conclusion about the joint venture, particularly my visit to the September German exhibition where Macpower is also participating. So this is about the joint venture.

And about the new capacity expansion, now we modified a little bit our new plant projection. Whatever capacity and whatever land we demanded, now there is one another land with double size, maybe 50 plus acre instead of 30 acre, and they offered us that why you want this. We have this new one is available and with our joint venture's meeting, whatever projection they are demanding, or whatever the facility they are asking us, we require a little bit more land. So this is a good news that government is helping us for the more lands and almost 90% of the work, some of the religious matter, the Mamlatdar who are taking care of this file, his father has died. So one week is delayed. Otherwise, I hope that Collector is giving the order that within 30 days you have to complete all formalities and send the file to the ministry.

So we hope that in a broader view, in December, I think we'll announce about the new facility and new construction work and new backward integration planning. In first stage, as I mentioned, 2,000-2,500 machines we are adding and we have a sufficient land and facility will be available as we create the distribution network, we create the

demands, we create the new product basket, we create some of the foreign partners assembly line, will increase the capacity as demand will increase. So in first phase, we are adding 2,000-2,500 machines. And our EBITDA margin, Dhavalbhai, if we are completing this new plant, it will be increased to 22%-25% minimum as because some of the things we are going to manufacture as a backward integration in-house facility, which will definitely increase the margin. And second thing is we are more focused on the higher end product. Nowadays, we have a NEXA Group activated, as I told you in last concall that we are separating our regular business and NEXA business. Now we have one most Senior Vice President is with us and is taking care from Pune branches for the NEXA. We already appointed nine people in nine cities for the NEXA focus. The NEXA is for the higher end only and for the corporate only. So I think in this quarter too, we'll generate very good revenue from the NEXA basket also and definitely we'll get the good EBITDA margin in quarter-on-quarter and after capacity will expand, sir.

And about price, what is your question, Dhavalbhai?

Dhaval Shah: Yeah, my question was that how do we plan to fund this INR100 crore expansion?

Rupesh Mehta: So I think in this government scheme, there is a 50% of interest cost reimbursed from the government. So if I'm getting the fund from bank, it may charge 8%, 9% and then half of the interest I can get as a reimburse. So we not discussed that much seriously that. We'll discuss with our IR, our merchant banker and our charter accountant firm about the finance management. But in initial stage, if government is giving the 50% subsidies, then I think compared to equity, debt is the cheaper. So in the first phase, I think we'll not get any -- we will not dilute any equity, but maybe after we receive the land, we'll decide what to do because some of the person if JV partner will ask so strategically, we have to give that. So we'll use that fund as our expansion. But right now, we are not that much clear about the fund.

Dhaval Shah: Okay, okay. So in the presentation, you mentioned about 18% EBITDA margin on the new CapEx, right on the slide number 7. And you are mentioning an EBITDA margin of 22% to 25%.

Rupesh Mehta: You asked me about the how much highest we can get, but once our capacity utilization will increase, if we add another 2,000-2,500 machine and our capacity utilization is 4,000-5,000 machines, and if we

focused on the higher end machine through our NEXA market, so maximum we can stretch that EBITDA margin up to 22% to 25%.

Dhaval Shah: Okay, and after September, after next month, our total capacity will be how much, after adding 500 machines?

Rupesh Mehta: 2,500 machines.

Dhaval Shah: 2,500 machines. Okay. And what is the order book right now for the number of machines?

Rupesh Mehta: How much? INR346 crores, because we have some of the double column, HMC, NEXA product also. So it's in value wise is INR346 crores.

Dhaval Shah: And in number of machines approximately, it will be how many machines? Around, how it says 1,700-1,800 machines?

Rupesh Mehta: No, no, not that much, 1,751.

Dhaval Shah: 1,751 machines, 1,751. That's the closing order book right now. Number of machines. Okay. Fine. And so this year, you know, given the order, so last year, we did INR260 crore of revenue. And so this year, what sort of growth are you looking at, at the -- how is the economic environment, the business opportunity, which you are seeing right now? What do you think you will be able to do this year?

Rupesh Mehta: Business environment is not that much disturbing us. Because as I mentioned in my last concall that India's production, our market share is just 4%. India's consumption, our market share is 2%. We need to focus more on distribution network, service and new product development. That's why last year -- in last year, we developed Tom 200, Tom 200YS, which this machine we develop -- display in the EMO Germany, Mono 300 Super DCM4222. The DCM4222 delivery we are giving on September. So it's already developed. DCM3216 VMC. So to -- I think some of the product, which is not in our basket. So we are developing the new product basket, we are focusing on the new area, we are focusing on the corporate sector right now. And to compile all these things and our strong order book, 346. And every month, whatever the order we are receiving, our dispatch is 50% higher. So we hope that all the quarter-on-quarter comparison will break the all the records. All the quarter in Macpower history will be the highest ever.

Dhaval Shah: Yes, so we in January...

Moderator: Dhaval may I request you to join the queue please.

Dhaval Shah: Okay, fine.

Moderator: We'll move on to the next participants. Arnav Sakhuja and may I request the participants to limit their questions to two per participant. Yes, Arnav.

Arnav Sakhuja: Hi, congrats on a good set of results. So my first question is, could you help us with the volume growth data for this quarter along with the split for NEXA machines?

Rupesh Mehta: That break up, we are not putting right now in our display. Sometimes we observe that this data is very helpful for some of our peer's company. But I will share this data after.

Arnav Sakhuja: Okay, sure. Thank you. And my next question is, so what is the progress that we have made with regards to supplying for the aerospace and defence industry? If you could just highlight that a bit.

Rupesh Mehta: Defence industries, I think, same thing because of the -- some of the order we already executed and some of the good order book right now we have from the defence. So this year also same thing that defence will highest ever in our Macpower history. And we have more than -- out of INR460 crore INR470 crore tender bidding, the 80% bidding is from the defence. And right now we have a highest ever order book from the defence and still we have another two quarters. So defence is growing very well.

Aeronautics, we are just started. We just started because we have a very good application ahead because we required the good applications team to calculate the aerospace industries. And right now, one of the India's big aerospace manufacturer required 240 machines and they had given us the drawing for the calculation also. So they are also considering us from out of another three or four Indian manufacturer. They considered us and invited us. And this time we are discussing and we are trying to prove out their component in aerospace industries. And the requirement is 260 machines. So aerospace will take another one or two quarters, but defence business is jumped by almost double in this financial year.

Arnav Sakhuja: Okay, thank you for answering my questions.

Rupesh Mehta: Thank you, Arnavji.

Moderator: Thank you, Arnav. We'll take the next question from Mahek Talati. Please go ahead.

Mahek Talati: Yeah. Hi, sir. Thank you so much for the opportunity.

Rupesh Mehta: Yeah. Thank you.

Mahek Talati: Yeah. So sir, I just wanted to understand, so in your opening remarks, you mentioned that government is giving us another 50 acre land. So is it additional 50 acre or they are replacing the 30 acre with the 50 acre?

Rupesh Mehta: That is our demand was 30 acre and it is not in one place. It is a nearby place. So they suggested that we have another good land in the single place, which is more than 50 acres. We already measured that land. We already paid the primary charges of measuring the land to the relevant department. And now they will give us the 1% processing charge. It means all the process is completed. Now you can proceed for the 1% processing charge. So we are very close to 1% processing charge.

This is a 50 acre, not a 30 acre. The land location is changed. Now instead of 30, more than 50 we are getting in within short time.

Mahek Talati: So we will be getting two lands or just one land of 50 acres?

Rupesh Mehta: One land of 50 acres.

Mahek Talati: So this 30 acre land which we are expecting to get by December instead of the 30 acre, we will be getting the 50 acre land, correct?

Rupesh Mehta: Yeah, instead of 30, they offered a 50 and it is very good location also in a single place. So we agreed and because as we discussed with some of our JV partners, I think some of the facility we required some more land. So we agreed with this land and now we are proceeding with the 50 plus acre land instead of 30.

Mahek Talati: So we have to go through the entire approval process again or...?

Rupesh Mehta: We have to just change the location and we have to change one area, nothing else. The remaining everything is same and you already done. Now we are very close to pay the 1% processing charge.

Mahek Talati: Okay, so this 50 acre will be received by December, that's good.

Rupesh Mehta: Maximum.

Mahek Talati: Maximum. Okay, so once the land parcel is increased, the CapEx which we have mentioned of 10,000 machines, that will also increase, right?

Rupesh Mehta: No, Mahekji, our capacity, we can put the maximum capacity more than 10,000 machines with the new land and new area, but we will not put 10,000 machine capacity at a single time because ROI and the demand also will not increase that much. So gradually we will increase the 2,000, 2,000, 2,000 according to the market, according to the demand, according to our JV partner's requirement, we'll add the capacity, but we have enough space to increase the capacity, new capacity, more than 10,000 machines.

Mahek Talati: Okay. And sir just wanted to understand your thought process. So currently we have an order book of close to INR340 crores and we are now having the capacity in hand also. So just wanted to understand thought process, how quick are we planning to increase our order book going forward and how will we have a growth trajectory in this order book growth because we are now targeting the corporates as well. So what is our plan of action going forward with the new land and new capacity starting?

Rupesh Mehta: For the increase of the order book, we are already, I think in our data also our order book is increased by 22% YoY. So my target was 20%, but more than that, we are increasing. And for the land process, as I told you, it's already in a process. In December, we'll get the land, but we are now very much aggressive for the distribution network. If you can see the -- our man power breakup in our presentation, we increased our man power almost double compared to last year, first quarter. And we added new cities also for our distribution network and we added new product basket also. Last year, there is only one double column machining centre, but this year we'll cross the more than double digit, double column machining centre. So we are focusing on the higher end product. So in terms of the value, our target is to increase the order book quarter-on-quarter minimum by 20%.

Mahek Talati: Okay. So...

Moderator: Mahek, request you to please rejoin the queue. Thank you. We'll take the next question from Rajesh Bhat. Please go ahead.

Rajesh Bhat: Good afternoon.

Rupesh Mehta: Good afternoon, Rajeshbhai.

Rajesh Bhat: I wanted to ask a question on the order book. Since there was a question on the order book, new order received in the quarter, I was looking at that in your presentation from Q1 FY25 to Q1 FY26, every quarter it is kind of in the same range. In Q1 '25 it was INR68 crore and then Q2 it went to INR88 crores, then Q3 was INR70 crores, Q4 was INR78 crores and this quarter is INR74 crore approximately. Is there any challenge with the demand? The new orders from private parties, is there a reason why that is not increasing Rupeshbhai?

Rupesh Mehta: There are no major challenges. I think there has been a lot of growth in the industries since Corona, in terms of the value, because the average price of India's machine tools industry has increased. And the consumption has also increased because import has also increased a lot. So in the order book, there is no problem in the demand, Rajeshbhai. Still, our market share is just 4%. So we wanted to show a little bit of aggression, we wanted to make a little distribution network, we wanted to develop our product basket, which we did not have. We have started working on that. And the order that we have is all with advance. So if you look at the 20%, then in the last quarter, in the quarter 2, we would like to have 20% plus order. And in the defence and tender business, there is a process of L1 and L2, so if we calculate the minimum, even if we get very few orders from there, we will continue the journey of 20%.

Rajesh Bhat: Okay, thank you. My second question is, what is the average realization in this quarter per machine?

Rupesh Mehta: The average realization is 19 point something. So it is around INR20 lakhs roughly. I had told you earlier that if we sell the machine at an average price, then the numbers will decrease. So if we catch the average price, then it will remain the same. But the realization of big machines, tender, 4 meter double column, NEXA basket, that realization will increase a little.

Rajesh Bhat: Thank you. I will come back in the queue.

Moderator: Thank you Rajesh. We will take the next question from Bhargav Buddhadev. Please go ahead.

Bhargav Buddhadev: Yeah, good afternoon sir and thank you for the opportunity. Sir, my first question is that we were thinking that we can win an order of INR40

crores from the defence in FY26. Do you think we can get so many orders in a year, sir?

Rupesh Mehta: Almost, Bhargavji, almost 45% of what we had said has come. And the yet to open, which we have bid, the tender under evolution which is around INR490 crores, we have a requirement of 55% to match the tender. But what will happen in that, the order that will be executed in January, February, March, it is not possible to generate the revenue. Because these machines are made in 5-6 months. It is a very precise and complicated machine. So the order that will be won in January, February, March will be forwarded in the next financial year. So we will receive the order, but the execution will also be all time higher this year.

Bhargav Buddhadev: Secondly, when we went to the Bangalore exhibition in January, there was an order of around INR40 crores.

Rupesh Mehta: INR42 crores.

Bhargav Buddhadev: So, sir, has there been any progress since then? Because, as the previous participant was also saying, if you look at YoY, then the order inflow growth is only 6%, 7%. So, is it that we are saving capacity for defence, that's why we are not giving new orders or please explain to me a little bit?

Rupesh Mehta: No, YoY was 22% last year.

Bhargav Buddhadev: That is an order book, sir. New orders have 6%, 7% growth in YoY.

Rupesh Mehta: No, I have studied the growth pattern in YoY.

Bhargav Buddhadev: Sir, I am saying that we need new orders in the quarter.

Rupesh Mehta: Let me understand the figures properly, Mr. Bhargavbhai.

Bhargav Buddhadev: The new order that we won in April to June, and if we compare April to June last year, then there is a 7% growth.

Rupesh Mehta: In the tender business?

Bhargav Buddhadev: No, in the new order growth.

Rupesh Mehta: It is 22% in the quarter. The order received is 22% in the quarter, quarter-on-quarter.

Moderator: I think Bhargav, actually the 6%, 7%, which you are saying, it is on from Q4 FY25 till Q1 FY26. If you say...

Bhargav Buddhadev: No, I am not referring to the order book, I am referring to the new orders. Order inflow.

Moderator: New order, year-on-year it has grown 22%.

Bhargav Buddhadev: No, it has grown 7%. Okay, I will take it.

Rupesh Mehta: No, Bhargavbhai, last year we had an order book of INR200 crores. Last year, INR283 crores in quarter 1 result, and right now we have INR346 crores.

Bhargav Buddhadev: No, sir, I am referring to the private order received and the government order received in the quarter, if you look at it. So the private order received was about INR74 crores, and the government order received was about INR1 crore, INR75 crores. So, I was referring to that number.

Rupesh Mehta: Okay, I will go through that and I'll revert.

Bhargav Buddhadev: Sure, sir. And lastly, sir, any update on the BIS in the CNC machine?

Rupesh Mehta: Yes, they extended it for one year.

Bhargav Buddhadev: Okay, it has been extended. So, it will come after a year.

Rupesh Mehta: It will come after a year, but we have already done process registration for us. So, in the process, Indian Machine Tools is taking the lead and will educate for BIS. And I think when the foreign companies have to import, to make BIS compulsory, I think the time for next year, August has been given.

Bhargav Buddhadev: And lastly, sir, in the Germany exhibition, is it for taking export orders or to showcase our capabilities?

Rupesh Mehta: No, there are two objectives. One is that our JV meets will be there. Secondly, these people do not know much about their website or their Macpower. So we will display there, show the machine, show the strength, and when they meet there, they will also get a little visualization and they will move forward with the opportunity. So there are two objectives. One is that we will move forward gradually in

export, not very aggressively. And the second is that our bridge will be made for JV from there. So, there are two objectives.

Bhargav Buddhadev: Great, sir. Thank you very much and all the very best.

Rupesh Mehta: Thank you very much.

Moderator: Thank you, Bhargav. We will take the next question from Saumil Shah. Please go ahead.

Saumil Shah: Hi, sir. Good afternoon. We have an order book of INR346 crores as of 30th June. So, by when we can fully execute this order book?

Rupesh Mehta: Normally, most of the client has applied for the loans because of government scheme. They can get 15% to 25% capital subsidy plus 7% interest subsidy. So their loan process is little bit 3 to 4 months or maybe it is 5 to 6 months. But maybe this order book will complete in this financial year.

Saumil Shah: Okay. Because I think in our presentation we have mentioned that typical execution cycle is 4 to 6 months.

Rupesh Mehta: So, definitely this order book definitely will complete in this financial year.

Saumil Shah: Okay. And plus we have other three quarters as well. So, we will be booking some orders and that would be executed also in this year.

Rupesh Mehta: Altogether. Because some of the customer loan may be delayed. Some of the customer construction may be delayed. Some of the customer have power issues. So some of the order may be forwarded for the quarter 1, quarter 2. But whatever the order is forwarded that is the trend. That every month some of the order is forwarded for next quarter. Next quarter is forwarded to third quarter. But definitely we will match this total figure to execute this financial year.

Saumil Shah: Okay. So in that case our revenues can grow in excess of 50% if this order book is fully executed in this year, remaining three quarters.

Rupesh Mehta: In a broader view, I am targeting INR300 crores to INR350 crores in between that.

- Saumil Shah:** Okay. Because we have already done INR61 crores in first quarter. If you are saying INR346 crores will be executed so it should cross INR400 crores this year.
- Rupesh Mehta:** No, not that much because of some of the complicated machines, some of the inventory, some of the plant capacity utilization. Altogether, this year we are targeting INR300 crores to INR350 crores in between.
- Saumil Shah:** Okay. And at what EBITDA margins? Because our EBITDA margins are fluctuating every quarter. I think this quarter it was 13%. Last quarter was 18%.
- Rupesh Mehta:** No, last Q4, I think 18%. So Saumilbhai, it varies quarter-on-quarter because once your top line is higher, your EBITDA margin because we have 90% cost is fixed cost. So when EBITDA margin increases -- when your top line increases your EBITDA will increase. And for machine tools, quarter one, as I mentioned, it is 15%-20% of total business. For Q2, it is 20%-25%. Quarter 3 is also same. And last quarter, it is 30%, 35%. So, first quarter is always like this in capital goods industries. Second quarter and third quarter when your top line jumps, then EBITDA margin will also jump.
- Saumil Shah:** Right. So, if 20%, 25% jump over our top line, so this year can we expect EBITDA margins to be around 18%?
- Rupesh Mehta:** Yeah, we are trying to maintain EBITDA margin 18% in this financial year.
- Saumil Shah:** Okay. Okay. And sir, my final question out of the total order book, how much is it from the defence sector?
- Rupesh Mehta:** Defence sector we have right now order received. L1, I am not calculating because in L1 also sometimes they have a budget issue, they can retender also. So L1 if I am not considering, out of all this order book, we have 6% to 7% is from the tender business.
- Saumil Shah:** Okay. So, around INR20 crores, INR25 crores?
- Rupesh Mehta:** 6% to 7% right now we received already.
- Saumil Shah:** Okay. Okay. Okay, sir. That's it from my side. Thank you and all the best.

- Moderator:** Thank you, Saumil. We'll take the next question from Miten Shah. Please go ahead.
- Miten Shah:** Thank you for giving me opportunity. Sir, my question is out of the total sales, how much percentage the exports contribute as of now?
- Rupesh Mehta:** As of now, right now we are not focusing on export. Almost last financial year, last quarter, we don't have any export because we not entertain the export business but slowly in quarter two we are focusing on some of the direct client in Middle East, UAE particularly. And after EMO, we'll start focusing on the export business. Right now, we are not that much focused on export business because of our robust order book in domestic market and tender bidding in the defence sector.
- Miten Shah:** Okay. Got it. So, my next question would be like, how do we differentiate ourselves with the likes of Jyoti CNC or Lokesh Machines and what is our differentiating factor with respect to these companies?
- Rupesh Mehta:** I think we all are in the same -- we are 6 to 7 players who have a market share of 85% to 90%. We all are in same product, same basket.
- Miten Shah:** Okay. So it's like what you're doing, everyone gets a pie of it.
- Rupesh Mehta:** Yeah, we all have a same product basket, same distribution network, same pattern, same working method.
- Miten Shah:** So that's what I was asking. Do we have any differentiating factor with respect to these companies? Any technical differentiation or commercial differentiation advantage with respect to these companies?
- Rupesh Mehta:** I'm not studied that much but I think whatever the other competitors have from the India or peers company have, Macpower have all the baskets, all the distribution network.
- Miten Shah:** Okay. Yeah. Thanks a lot. And I wish you all the best. Thank you for the opportunity.
- Rupesh Mehta:** Thank you.
- Moderator:** Thank you, Miten. We'll take the next question from Arpit Agrawal. Please go ahead.
- Arpit Agrawal:** Yeah. Thanks for the opportunity, sir. Just a couple of questions. So, first, what was the percentage of NEXA machines in our sales for Q1

and accordingly the closing order for how much is NEXA vertical machines? And sir, second, we have mentioned a system called as the Macatrol. So, is it the CNC controller replacing FANUC and Siemens or is it a different component that we're using in our machines now?

Rupesh Mehta: So it is the, I think the same system as FANUC and Siemens is manufacturing. And I think with our brand, we are purchasing from the third party and we are promoting this system as the Macpower name. Macatrol is the Macpower name and some of the Taiwanese company is supplying us with the Macpower brand name, Macatrol. Break up of NEXA. 27%. So in quarter one, the contribution of NEXA is 27%.

Arpit Agarwal: Right, sir. Rupeshbhai, one more question from my side. This is Arpit. That was Kush. So one thing which we want to understand that as the defence and the tender business grows. So, how would be the working capital you know, because we have looked at various businesses where the government business has a slightly higher working capital. So how will that be in the next one, two years?

Rupesh Mehta: Working capital, if the government business is increasing Kushbhai, then there will be a need for short-term working capital, but we have that working cash credit CC facility available and we have not utilized it yet because you know that we have kept it debt-free till now.

Moderator: Arpit, I think there is some disturbance. Sorry. Arpit, there is some disturbance at your end. Yes, sir.

Rupesh Mehta: So we have that bank facility available for short-term and we still have working capital plus bank guarantee plus LC. For these three, the limit of INR30 crores is available. We have utilized it very little. So, there will be a need for working capital. If the government's order increases, then definitely there will be a need. So we will utilize that facility.

Arpit Agarwal: So, sir, the 125 days that will go to what, 150 days, 140 days, how much is your expectation?

Rupesh Mehta: I think we will manage the working days around 130 days. But as you said, the government's order has increased a lot. So, their process time is 5 to 6 months. So, it may increase by 130 to 135. But not more than that because we are also increasing production. So it will take a little time to ramp up. So my focus will not be inventory control, because for executions, I always consider inventory as game-changing. So according to me, it will not be less but it will increase by 5 to 10 days.

- Arpit Agrawal:** Sure, sir. Sir, one more question. As you wrote in the presentation that this order book is executable in about 6 months. So obviously, we are getting more orders. So, your top-line target is not conservative because if you are already sitting on an order book of INR350 crores and you will get further orders. So you are saying that you will attain top-line INR300 crore to INR350 crores. So, is it conservative?
- Rupesh Mehta:** No, it is not conservative. If you see last year, in April, the order book was spilled over. So, if you see, the average of the order book will be maintained the same. Because you must have seen, last year also, around INR300 crores, the opening was on April 1st. So the more you execute, the more orders you get. So out of this, the order will be spill over to next year. As I told you, some orders that will come in January, February, March will be impossible to execute. They have a lot of lead time. So even in this order, there are a lot of orders, they will spill over next year and new orders will also come. That is why I am telling you that if we talk a little conservatively, then the figure I am giving you will come around that. And the order book, the opening order book, will remain the same. Because, we are maintaining new orders versus delivery ratio. And in new orders, we will take new orders 20% quarter-on-quarter. So, still, it is my belief we will close this year between INR300 crores to INR350 crores.
- Arpit Agrawal:** Just last 25...
- Moderator:** Arpit, please rejoin the queue. We will take the next question from Anuj K. Please go ahead.
- Anuj K:** Good afternoon, Rupesh, sir. Just a couple of questions on the margin side, sir. How much will be the gross margin for our quarter?
- Rupesh Mehta:** 26%.
- Anuj K:** Okay. And is it better than the last quarter? How is it less or more?
- Rupesh Mehta:** Quarter-on-quarter will be more because the fixed cost is more. If our top line is less in the last quarter, you will see it in quarter four.
- Vinay Pandit:** So, I will just tell you the gross margin for this quarter is 38.5% versus last year, Q1, 37.3%. And slightly higher than Q4 which was 38.3%.
- Anuj K:** 38.3%, right?
- Vinay Pandit:** Yeah.

- Anuj K:** Okay. And sir, factors affecting this would be performance improvement or process redesign or material cost?
- Vinay Pandit:** Sir, what is the reason for higher gross margin? I think it is more higher value added machines. Higher value machines.
- Rupesh Mehta:** And you are saying quarter-on-quarter? Q4 versus Q1?
- Vinay Pandit:** Q1 versus Q1, sir. Our gross margin has improved.
- Rupesh Mehta:** Yes, in the gross margin improve -- first, the margin has improved. Some defence machines have been executed. And in NEXA also, a big machine has been executed. So according to the product basket, the margin has varied.
- Anuj K:** Okay, got it. And out of the total expenses, what is our sales and marketing expense?
- Rupesh Mehta:** The sound was cut.
- Anuj K:** Sir, out of the total expenses, what is our sales and marketing expense?
- Rupesh Mehta:** See that; sales and marketing. What is the balance?
- Vinay Pandit:** Sir, we can take this offline later on.
- Anuj K:** No problem, sir. I will answer the remaining questions. Thank you.
- Moderator:** Thank you, Anuj. We will take the next question from Gaurav Chandra. Please go ahead.
- Gaurav Chandra:** Namaste, sir. Congratulations on your results.
- Rupesh Mehta:** Thank you. Thank you, Gauravji.
- Gaurav Chandra:** I have only one question, sir. Now that we have a capacity of 2,500 machines, if in the best case scenario, we have 90% utilization at some point, be it 1 or 2 years later, then how much maximum revenue can we generate at the current capacity?
- Rupesh Mehta:** At the current capacity, Gauravji, let's say we have lost a quarter. Now there are 8 months left. So there was a capacity of INR400 crores on 200 machines. Now there will be a capacity add of around INR50

crores, which is left. In that we have a capacity of INR450 crores. If we take 85% utilization, then we can easily produce up to INR400 crores, this year.

Gaurav Chandra: Thank you, sir.

Rupesh Mehta: Thank you. Thank you, Gauravji.

Moderator: Thank You Gaurav. We will take the next question from Kartik Bhat. Please go ahead.

Kartik Bhat: Namaste, Rupeshji. Most of my questions have been answered. There is one slide that you have put up on opportunities in defence and aerospace sector. Other than aerospace and defence, naval warships is also one part. Are we participating in naval warship projects or contributing these 5-axis machines in naval warships as well? I believe these 5-axis machines have applications in warships. So this is another major focus area for the government going forward. Can this also give us some good orders in the future?

Rupesh Mehta: Kartikbhai, I would like to tell you about the order from the naval industries. We already executed one project for the Mazagaon dockyard. Right now, we submitted our bid for the Cochin shipping yard. So we are also participating in this sector also. So naval is also -- these defence factories also and BSF also and Indian Air Force also, now they are purchasing the machines for their captive utilization. BSF now has a separate budget. They can utilize this budget to manufacture the guns for their captive use. So we are participating in all the defence sector, even in PSU also. BHEL, we completed many projects last year. So right now, we are focusing on direct, indirect defence customer also.

One of our good clients for the bomb shell manufacturer. We supplied the machine to the one customer who is supplying the bomb shell to the defence sector. So, directly whatever the defence sector we are discussing is the direct business from the defence. But indirectly, our lots of client is increasing their business with the defence and they are our happy client. So every month, few machines we are supplying to our defence client. They are manufacturing their product for the defence sector. Right now, we are working with the big corporate in India for the bomb shells. So we are participating all the area, naval to BSF to everywhere.

Kartik Bhat: Okay. That's great. That's it. Thank you so much. All the best for the coming quarters.

Moderator: Thank you, Kartik. We will take followup questions from Rajesh Bhat. Please go ahead.

Rajesh Bhat: Rupeshji, you said we can do up to about INR450 crores quarter worth of revenue if we utilize our capacity fully. But our guidance is kind of only INR300 crores to INR350 crore in that range.

Rupesh Mehta: I can manufacture Rajeshji the machines but if payment will not come or some of the order is spill over because the machine is not completed. Normally, in March, after 15th, defence people will not come for the inspection because their cycle is for 10 to 15 days to inspect and to get the training for this kind of machines. So I believe that some machines will be spill over whose payment will not come and I will have INR60 crore to INR70 crore inventory. So in some quarters we will have 100 to 150 machines which are standard machines will be left, and if the payment does not come, we cannot do the revenue realization, we can do it in the next quarter. That's why I am telling that our capacity of INR450 crore will be built. We will utilize 80% to 85% of that. So the remaining INR50 crores to INR60 crore of the year will be quarter-to-quarter and after that it can be forwarded for the next year. The figure I am giving depends on the situation, how is the finance of the customer coming? How is the loan being sanctioned? How fast is their need?

Sometimes it happens that the customer's work has been slowed down. So, it takes 1 to 2 months to lift. So we will not give credit. So, according to this, I am telling that this figure which I think is conservatively correct that we will reach here. After that it depends on the credit and the situation that how fast we can give the machine to the customer. Because if in the last month or in the end we execute the machines, then its process time is also long. As I told you that 70% catalog product which we have to keep in the stock or in the branches. There are some machines where the customer comes and takes it. 30% business will be such that the long lead time and process time. If we have focused on NEXA and defence, then that 30% can go up to 35%. So, the capacity will be built. Revenue generation can spill over.

Rajesh Bhat: Thank you. Thank you Rupesh. All the best.

Moderator: Thank you, Rajesh. We will take the next question from Aniket Jain. Please go ahead.

Aniket Jain: Hi Sir. I have two questions. One is, one of your competitors is very bullish on the EMS sector. So are you seeing those opportunities for

yourself as well? That is number one. And number two, I wanted to ask is, what is the split between direct sales and distributor related sales? So, how much of the sales you are getting directly and how much you are getting through distributors? So these are the two questions.

Rupesh Mehta: From the distributor, we are getting the business less than 10%. So, it is not more than double digit. Directly, we are getting more than 90%. Second question is the EMS sector, we developed the machine for EMS sector, but right now we are not focusing on the EMS sector.

Aniket Jain: Understood sir. Thank you so much.

Moderator: Thank you. We will take the next question from Miten Shah. Please go ahead.

Miten Shah: Thank you for giving the opportunity once again. So, my question is that, as of now when we speak, our market share stands at 4% basically. So, where do we stand? You said that there are total 6-7 players who are competing in India basically. At 4%, what would be our number? Like are we third, fourth or fifth?

Rupesh Mehta: I think Mitenbhai, we are seven people, their market share is 85% to 90%. Rest of the people are unorganized or small players. So out of these seven, we are in the -- I think, according to the balance sheet or according to the product basket, we are in top five.

Miten Shah: Okay. So is there any target to increase this market share and how do we -- do we have any plan to proceed ahead, say in the top three?

Rupesh Mehta: We already implemented in last year. Our distribution network is increased to 39 cities. Our sales and service force is almost double, 234. So last year we had 120 people. So, we are working on to increase our market share and some of the product basket which we don't have, we already added in last year and every quarter we are adding the new products. So definitely we are aggressively focusing on to get the more market shares.

Miten Shah: Correct. Is it fair to say that Jyoti CNC happens to be the largest organized player or is there any one?

Rupesh Mehta: I think according to my knowledge, the Bangalore based one company is the largest based in terms of the top line.

- Miten Shah:** Oh, okay. That's it. Thanks a lot once again for giving the opportunity and we really appreciate your answers. Wish you all the best.
- Moderator:** Thank you, Miten. I would now request Arpit Agrawal to ask his follow up question. Arpit?
- Arpit Agrawal:** Sir, just wanted to check on the -- because you have mentioned in the comments that you know the JV partner you have shown the land. So just wanted to check if you can get some sense on when are we planning to sign up on the technology partner because you have been mentioning about that.
- Rupesh Mehta:** I am just giving you the idea about the process, Arpitji. We already done a few meetings and tomorrow also we have one meeting with the one new partners. And we are visiting the Germany where all the machine tools player, world top 150, 200 player will be participating in the EMO exhibition with their machines and with their top management and their team. So this is the opportunity where we have some introduction meeting except this online thing we already done with the two-three people. New people also will meet over there. After that there is a process and we need the JV partner not before December. So rest of the thing is processed. We may sign the agreement but the implementation will be start from the new project.
- Arpit Agrawal:** Sure Sir. And Sir, like you mentioned that the land allocation you are looking at a 50 acre land which probably should happen in the second half. So post that the plant expansion will take what about one year roughly?
- Rupesh Mehta:** In first phase we will target that with the turnkey project contract after receiving all the formalities for the land acquisition and fund arrangement we will target within one year we will start the operation.
- Arpit Agrawal:** Sure, sir. Thank you. That's all from me. Thank you.
- Rupesh Mehta:** Thank you.
- Moderator:** Thank you Arpit. Sir, since that was the last question, would you like to give any closing comments?
- Rupesh Mehta:** First of all Mohsinbhai thank you very much for your beautiful presentation. I think I already appreciate to Vinayji also, very good presentations and thank you very much team Kaptify to arrange the

meeting. And thank you very much everyone to spending some time for the Macpower. Handover to the Vinayji.

Moderator:

Thank you. Thank you to the management and thank you to all the participants for joining on this call. This brings us to the end of this conference call. Thank you.