June 6, 2024

To,
The Listing Compliance Department,
National Stock Exchange of India Limited,
'Exchange Plazza',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 Monday, June 3, 2024 at 2:00 PM to discuss the financial results for the quarter and year ended on March 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

KISHORBHAI MADHUBHAI KIKANI
Digitally signed by KISHORBHAI MADHUBHAI KIKANI
Date: 2024.06.06 18:02:41 +05'30'

KISHOR KIKANI
Company Secretary &
Compliance Officer

Encl: a/a

Macpower CNC Machines Ltd

Q4 & FY24

POST EARNINGS CONFERENCE CALL

June 3, 2024 02:00 PM IST

Management Team

Rupesh Mehta – Chairman & Managing Director
Rajnikant Raja – Chief Financial Officer
Kishor Kikani – Company Secretary

Call Coordinator

Strategy & Investor Relations Consulting

Disclaimer: - This transcript is edited for factual errors.

Presentation

Vinay Pandit: Ladies and gentlemen, good afternoon. I welcome you all to the Q4 and FY'24 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; Mr. Rajnikant Raja, Chief Financial Officer; and Mr. Kishor Kikani, Company Secretary.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risks and uncertainties. Also a reminder that this call is being recorded.

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

Rupesh Mehta: Good afternoon, everyone First of all, I honestly welcome you all to Q4 and FY '24 post result conference call. Thank you very much for believing in Macpower as an investor, I want to assure you that we are fully committed to maximizing the value of our shareholders and we promise to deliver the best of us.

With your support and backing, we are confident to achieve every greater heights in the days to come. We will have a brief about the overall performance of the company, for the quarter and the year-ended. The financial results have been posted on the company's website and hope you all have had an opportunity to go through the same.

Let's explain the overall performance of the company. This Q4 FY '24, has been remarkable by Macpower. It's remarkable highest performance in the history of Macpower in terms of all the aspects like revenue, EBITDA margin, PAT, EPS, order book, et cetera. And also, break past all the highest records. I am delighted to announce that the company has achieved the growth whatever we promise.

And we recommended a final dividend 15% which we promised in our dividend policy. So if you all have presentation, I would like to give you the highlights about the quarter four revenue. Quarter four, 2023 versus quarter four, 2024. The revenue was 54.3 Cr increased to 71.3

Cr, which is 31% increased. And this quarter four revenue is the highest ever revenue in Macpower history in all the quarters.

In the EBITDA margin, in the terms of the percentage EBITDA margin, quarter four, 2023 was 9.3%. And quarter four, 2024 it increased to 18%, nearly double. So EBITDA margin is also a double in this quarter four 2024 versus quarter four, 2023. And in also same thing, in the PAT margin, PAT in quarter four, 2023 was ₹3 crore, which increased to ₹9 crore in quarter four, 2024. It almost three times. So PAT margin is also increased. And same thing is increased by EPS in quarter four 2024.

Last year, Quarter four, 2023 EPS was ₹3. And now it's ₹9 in Quarter four, 2024. So it's almost three times. Now I would like to give you brief about annual revenue, which also a highest ever in Macpower history. 2023 revenue was ₹202 crores, which increased to ₹241 crore in 2024. And similarly, annually'23 EBITDA margin in percentage was 10.2, which increased to 14.7% in 2024 and EBITDA revenue ₹20.7 crores in 2023, which increased to ₹35.3 crores in 2024. So almost 71% increase in the EBITDA

And in PAT year-on-year, FY '23 was ₹12.9Cr, and PAT Margin was 6.4%, which increased to 10.1% in FY '24. And FY '24 PAT was ₹ 24.3Cr. So almost nearly a double than last year. So PAT is increased to 24.3Cr. Similarly, EPS same way increased from ₹12.9 in FY23 to ₹24.2 in FY24.

About the order book, I would like to give some brief about the order book. 2024, we have a ₹153 crore opening order book, which increased to ₹262 crores. So it is 72% hike in the order book. FY '24 opening pending order book ₹153 crores to ₹262 crores. Order book is increased in the NEXA product, high valued machine, aerospace, defence, hence this giving a significant growth to the company.

We are expecting a 10% to 15% business from more than ₹50 lakh to 2.5 crore high valued machines. Hence our more focus will be on defence and aeronautic business and on NEXA products like VTL, HMC, DCM and automation.

In terms of the bidding also, which is because of the government policy, which is the highest ever bidding we submitted in the tender business, we call tender business where the defence, aeronautic and education mostly this three segment is covered in this tender business.

So last year our tender bidding was ₹102 crore, which increased by almost three times and stands at ₹283 crores and our domestic quotations bidding, we had submitted to two tier, three tier, four (tier) was ₹335 crore in FY23, which increased to ₹497 crore in FY24. So filing the tender and filing the bidding, which is increased, hence we are expecting significant growth in terms of FY '25 with new heights.

Expecting order book right now existing order book is ₹262 crore and our bid submitted, is almost nearly a ₹700 crore. So we are expecting another ₹250 crores new order. So our order book would be ₹550 crore or more in the end of this year. So I would like to announce the some key highlights about our future.

Annual capacity as we promised in last meeting is already increased to 2000 machines per annum, which we will utilize in July first week. Almost all the building and construction work and machines installation is completed. Right now we have a 200 kilowatt installed solar power plant, and in this new building we are adding another 600 kilowatt rooftop solar power plant, and it will be effective in Q2. So almost 90 percent of our power generation, day power generation will be generated through the green energy.

About the R&D center, Bangalore for new kind of technology development, new generations, machines like semiconductor, like EC, EMS, highest consumption of EMS like a laptop, mobile, medical equipment, and this kind of the machines is the new generation machines and 5-axis machine.

So this premises we already received from our team and maybe in July will be in operation for R&D center at Bangalore to develop the new generation’s machines and softwares at BangaloreR&D. We are exploring discussion with the different global companies for co-manufacturing, transfer of technology, co-marketing partnership, for domestic and global marketing for the new technology of CNC machines not in our portfolio.

So we are in touch with the few world global player for the next level machines. So, we will do the technical collaboration or JV that it's in progress and CapEx like every year we are doubling the CapEx. This year also same journey we are planning that will add the more CapEx to increase the capacity and to develop the new generations' machines.

And your company's highest revenue, highest the EBITDA, highest the PAT, but we are the lowest in the expenses. We are the low-cost manufacturing company, we are debt free company and our direct indirect manufacturing expenses lowest in the machine tools industries.

We - have a huge product basket, we are in the top five machine tools manufacture in India, we have a 3,000 plus application solution, we have a 315 product variant and model, we have a 27 industrial segment, we are serving right now and 27 product segments where we have a 315 models, the major product basket and segment is turning machines, VMC, vertical machining center, VTL, DCM, HMC and automation IOT 4 and 5-axis machining.

This is our product basket, we have presence in 39 cities, we have a sales and service, a distribution network, we are adding the few more technical centers in the coming future. We are serving to the various applications like automobile, agriculture, equipment, defence, aerospace, EVM, power plant, medical instrument, pharma, jewellery, die & moulds, so many it's - and general engineering. So we have lots of a variant for the different, different kind of the segment.

Our network we have a six branch offices, we have a 39 destination, we are distributing and giving the service and training to our customer, we have four tech centers. We have a nine business associate and 800 plus employee in your company's family and qualified sales and service team is nearly 143.

Your company achieved the lots of award recognized by Indian Machine Tools Association in IMTEX by back-to-back five award 2015, 2013, 2017 we got 2011. So five years back-to-back best design and best product award we win in the past and after that we talk to participate in the award ceremony. So this is the highlight for Q4. Vinayji, we can start the question.

Question-and-Answer Session

Moderator: Sure, sir. Anybody who wishes to ask a question may please use the option of raise hand. Anybody who is not able to raise hand may put the question in the chat box and we will ask on your behalf. All those who wish to ask the question please raise hand. Sir, we will take the first question from Kush. Kush you can go ahead.

Kush Tandon: Yes, Rupeshji, congratulations. Another good quarter.

Rupesh Mehta: Thank you, Kush bhai. Congratulations. Thank you.

Kush Tandon: Yes, sir. Sir, few questions this time. So this quarter's realization was ₹19 lakhs and it has become ₹20 lakhs. So sir, some high value orders, some of the defence orders, how much business was there, sir? Can you quantify it?

Rupesh Mehta: Defence business is very good and the high value of NEXA product VTLs, its execution is also very good. And now our NEXA product is focusing on double column, so yes, the margins are increasing, because of the defence and some backward integrations have also been completed in which our margin has increased.

Kush Tandon: Okay. Sir, how much defence business is there, can you quantify it, sir?

Rupesh Mehta: The order book is quite big due to the execution, but the execution time is very long, six to eight months. So the order that came in the last six months has not been executed, this quarter and the second quarter have been done, but overall in 15% to 20% our tender business has been executed last year.

Kush Tandon: Okay. Okay. Sir, there was a question on working capital. Our business is in advance, but we are still seeing receivables in balance sheet of ₹22 crores this year in March?

Rupesh Mehta: We have added two things in this that from the dealers who are business associate, in this ₹10 crore to ₹15 crores is the tender business, in which obviously you get that payment in 90 days or machine commissioning, that is the pattern for many years. Some of the ₹5 crores to ₹7 crores increase, we have the dealers for the stock and for the catalog product, the hot selling, every day sells and the customer needs the same day delivery. So we have changed the strategy a little bit that we will give our dealer 30 days to 60 days credit we will give them some regular model. So that they can do the billing the same day.

Kush Tandon: Okay. And sir, there is an order book of ₹262 crores and you are saying that there is a bidding of ₹700 crores, some of which can be ₹200 crores to ₹300 crores, we will get more orders. So sir, can you give us any guidance of FY '25, how much revenue you are targeting internally and what was the margin, because the margin has increased in the last three quarters, the margin has continuously increased?

Rupesh Mehta: So the margin that has increased in Q4, which is 17% in Q4, I think it will remain sustainable, in the end of the year, I think it will remain between 16% to 18% in the whole year and the order book will increase. For the executions, it will take one and a half years to complete the order book.

Kush Tandon: One and a half years sir, any guidance for revenue for FY '25, could you give us a range for what you are seeing?

Rupesh Mehta: So ₹35 crores of EBITDA, ₹24 crores of PAT, so minimum my range will be 20% to 35% increase from both the sides.

Kush Tandon: And sir, in the order book, how many defence orders will there be in ₹262 crores?

Rupesh Mehta: We will have 8% to 9% in the order of defence. And the bidding has been done Kush bhai, the bidding that has taken place in the last six months, it has been unbelievable bidding, because if I talk about generalizing in per monthly average, our average was ₹20 crores, and it has been jumping to ₹40 crores in the last six months.

So the floating in the tender has been very much in the bidding, and because of this process of election, because the defence has a lot of people, and bureaucrats are busy in the elections, so the tender has been floating very much in the bidding, so you will see that our tender bidding has increased three times, but the opening will start after this result. So, I believe that this year our minimum focus will be 15% to 20% on revenue of the tender and defence.

Kush Tandon: And sir, the capacity of 2000 machines come from Q1? Apart from that, do you have any other plans to do CapEx in the year? You have given something in the presentation, something of ₹15 crores.

Rupesh Mehta: There is a planning of ₹15 crores to ₹20 crores to do new CapEx, and I think we can add more capacity in that in the next year. And we will also do some backward integrations to ramp up the production of bottlenecks to ramp the production we will make through the CapEx.

Kush Tandon: Thank you sir. I will come again in the queue.

Rupesh Mehta: Thank you. Thank you. Good-bye.

Kush Tandon: All the best.

Rupesh Mehta: Thank you. All the best.

Moderator: Thank you, Kush. We will take the next question from Piyush Jain. Piyush, you can go ahead. Piyush?

Piyush Jain: Yes, am I audible?

Rupesh Mehta: Yes, you are audible.

Piyush Jain: Yes, congratulations, great set of number as always delivering.

Rupesh Mehta: Thank you. Thank you, Piyush sir.

Piyush Jain: I want to know this in a broader term. Like you say, you produce lowest cost and you have to have a low range of costs. So your cost should be 17% or something like that, then only you can sustain or something. What we are seeing from last four quarters, our margin is 8% to 9% or 14%, 15% to 17%. So the margin is big, is it because of revenue growth, or our operating leverage, or mixed change, or we have high NEXA machine, and that is mixed change. And this is 17% margin, how sustainable is it? And in the future, this can be expanded?

Rupesh Mehta: The first thing is, because of operating leverage, fixed cost, I have discussed in the past, our fixed cost will remain if revenue ramp up, then straight 30% of effect on PAT, and the extra growth is added. Second, the higher end product, the NEXA, its realization has been very good. Third thing is, in backward integrations, we have run a project, we will now enounce some components, we will not take it from the supplier. So our material cost has reduced, that is why the margin has increased.

So there are three to four aspects, one is the leverage and fixed cost. The other is the cost, we have controlled that we have jumped the production, but we see, compared to last year, 20% operating cost was direct in-direct, which reduced in 18%. So we have also controlled that, we have paid attention to the cost, so all the aspects have been met, and revenue has been generated. And the sustainable revenue, I am assuming for the full year is around 14.5% has been generated last year, and in quarter four, it has been 18%.

So it will remain in 16% to 18% throughout the year, and maybe we will focus on it, like quarter-on-quarter, but we will talk about year-on-year, we will focus on the backward integration, we will focus on the high valued machine, like this time we are focusing on 10% to

15% higher value, ₹50 lakhs to ₹2.5 crores. So, we will do backward integration, we will increase capacity, we will keep in mind the cost, so this up to 20% Piyushbhai, we can take this EBITDA margin in future.

Piyush Jain: Sir one thing more, we have shown about the pipeline, we have shown the order book ₹260 crores. And we have shown the pipeline, which we show every time, around ₹780 crores. The first thing I want to know is out of ₹780 crores, how much do you expect from this, how much order can you get?

Rupesh Mehta: First question, you said. Okay. Go ahead with your question, yes.

Piyush Jain: No, Rupesh Bhai you go ahead.

Rupesh Mehta: First, the average of the tender business is 12% to 18% of the L1. So I expect that the tender bidding of the government can get 12% to 18% of the order we can get from there. And also we have filed, and we have given the quotations and that is what we are talking about, but we have the whole year. Now, we will also give new quotations, so I expect that another ₹250 crores tender from domestic, and the customer, we have not given the bidding, we will give the bidding next month.

After that, we will give the bidding next month, in June, in July, in August, so we will get the time to execute the order of the government and the defence. We do have enquiries in the domestic, the sales engineers in our field, they will submit new, new biddings, so the order book, which I am talking about, can be more so if we catch the big ones, we will close the order book by ₹500 crores to ₹600 crores.

Piyush Jain: In this financial year?

Rupesh Mehta: In this financial year.

Piyush Jain: Sir, does the difference between the tender and direct margin or in tender you to do it on a low margin, or do you maintain the margin and do your bidding? Because earlier you said that you do not want to participate in the low margin business, like you gave an example last time that Tata's some regarding phone, but you have seen that there was no margin, so you did not participate. Correct?

Rupesh Mehta: Exactly, the Tata is that all the competitors did not do it except one or two. The condition was that you have to give the entire production to them, so that they will be able to leave the market. At that time our capacity was 1,200 and their requirement was also a lot. But in the tender business, the product we give - the margin is more, because there are many services like training, component products, trials, their PDI.

So all this, because of their extra value adding service because of that there is more costing in, which we get a good margin and the margin of domestic is also with the catalog product and the higher-end product, which is different in that. So, yes defence and aeronautic business will have more margin and order book will be closed by ₹500 crores to ₹600 crores.

Piyush Jain: Okay sir. We have added any new clients in the last quarter and overall according to you, how is the demand outlook of the CNC machine going? There are tailwinds in the sector, but how this is growing and how many inquiries are coming and what do you think about the business domestic market, because there is a lot of import in this?

Rupesh Mehta: I am talking about the products in which there are different segments, the turning machine VMC, almost in the turning machine in India if I say 99% it is not more than 2% or 3% there is not more import in VMC than 10%. There is import of some products, which India makes isvery less or they do not have technical capabilities. To make that type of machine has a higher import ratio, but in this type domestic players are efficient to deliver. And what was your other question Piyush bhai?

Piyush Jain: The other question was - the overall demand outlook how is it, because of order book and other…?

Rupesh Mehta: Regarding demand you are seeing Modi's 3.0, the vision they have regarding CapEx and manufacturing and about the defence. In that each defence and aeronautic company has overflowing orders. And if I talk about our client we have a new client in March who we have given ₹5 crore machine, it is BHEL. And we have a lot of pending orders and in future we are discussing about a big machine whose cost of one machine is ₹2.5 crore.

So of aeronautic and defence, we increased our workload and also EMS we have increased our workload plus in manufacturing India's focus and regarding government's policies, which are subsidies, some interest free loans. In seeing all this, I think that 25% to 30% of

CAGR growth is going on in machine tools industries I think that it will increase more and in which there is a new factor, which is not being calculated I can add that also.

In the past machine was more expensive Tier 3, Tier 4 customers didn't get their excise refund. It was added in the cost. And after that the government 25% subsidy or interest free loan scheme was not there. Now due to all these schemes, the past manufacturing industries were almost running their machines 24/7 in two shifts. But because of all these facilities, these people have started that we will run only for 12 hours and we'll buy another machine.

Because in the night the rejection, rework and damages, that they are facing a loss is too much. So a new trend has started, new client in defence Macpower client all the ordnance factory like DRDO. Then engine factory, HVF heavy vehicle factory, which makes T90 tank, ISRO, BHEL and the new upcoming I think is also with PSU companies also has good orders.

So, our discussions is also going on for the future so all this is our new client in defence and in domestic there is a big group of Ahmedabad. They are our new clients, because of this factor every month they are buying and adding the few machines, they want to run for 12 hours. There is Rajkot based big company. They also take robotics and automation is taking from us. And now they have to run for 24 hours, but they have to run it from robots.

So, I am seeing a revolution trend with two factors and this is the manufacturing decade. This is my personal opinion that we are not contributing more than 16% in GDP machine tools manufacturing sector. And if we talk about world-wide consumption Piyush bhai, so the world consumptions of machines so in that India is now consuming 3%. If you want to make it the leader of manufacturing in global world then you understand at what level our consumption will increase of machine tools.

Because in today's world figure, we are consuming only 3%. So next decade is manufacturing and we are connected with manufacturing, because we are backbone in manufacturing sector. As I told you many times seven companies, they have almost 89% to 90% serve the market and the growth is coming from there. A big revolution in this industry and in manufacturing we will see in the next decades.

Piyush Jain: Okay. Thank you, sir. Sir I have one to two more questions. You said something in the beginning with any foreign company you are seeing some tie up. So regarding that could you provide some details what are we thinking? The second small question is, is there any possibility of export in our machines that we can export in future or are we that much cost competitive. And second thing is, the NEXA share in to-date our total machine that we sell. In that the number that I'm understanding during the year we sold 1,200 of which 84 is NEXA which is around 7% to 8%. Now in the order book this share is 27%, so will the NEXA share in the future will increase and if it increases by 20% to 30%. And that in this year in any quarter we will test ₹100 crore revenue?

Rupesh Mehta: So first we are having meetings….

Piyush Jain: You said something about opportunity with a foreign company that talks are going on?

Rupesh Mehta: For opportunities till now we have discussed with world's two big players we have had meetings with them. And there has been various discussions and there are some giants in the world - who have plants in almost three to four countries. And in the world upcoming technology, metal adding technology, semiconductor machine manufacturing, digital watches laptops or mobile all these.

Aerospace in that they have their masteries. We have had meetings with them and we had a lot of discussions. They are also listed in their country and they are listed in two to three countries and in that we will use their worldwide distribution network and their manufacturing products will be here. And we will take their technology with the royalty base. So all these things are going on. This is a process, we have discussed it with a European company, but it's too early to discuss about this.

But this is the thought process in future we are going in a big expansion and in that we will move forward. Your second question was in NEXA. So in NEXA, we have not focused on NEXA, because of capacity, but capacity is increasing, so definitely in my presentation it was there Piyush bhai that 12% to 15% we will focus on NEXA and we double the 7%. So NEXA is a new baby which is a higher-end product. So we are planning to double this year . Any questions are left?

Piyush Jain: Sir, I have two more what is your export opportunity?

Moderator: Piyush, let's allow others to ask questions.

Piyush Jain: Yes just…

Moderator: Yes, I would request you to come back in queue. We will take the next…

Rupesh Mehta: The India's export is very less I have already told it is less than 1% to 2%, because domestic consumption is very high. But for export, you have to go further and design for the country power condition, language so you will have to pay attention on it. So, it will be a specialized task, but for export distribution you have to develop a worldwide network.

So, in the initial stage in the growing stage, I think this is early. The associated partner who joins us - so in the worldwide he will already have a network. So, we will enter through them till now. We have sent many machines to U.S., U.K., Russia, but in that we do not have our effort in that. But the effort game I think we will start with someone who we will join and then we will start. But now I think the growth of India in defence and aeronautics we should focus more on that, because the cost of export distribution and R&D cost according to their culture will be much bigger and it will take many years for the ROI to come in. But if we work with someone and join with a company then we can easily get the fruits.

Piyush Jain: Thank you Rupesh bhai and congratulations and all the best.

Moderator: And we will take the next question from Hiten. Hiten Boricha, you can go ahead please.

Rupesh Mehta: Hello Hiten bhai.

Moderator: Hiten? Sir, we will move to the next participant Ajay Surya. Ajay, you can go ahead.

Hiten Boricha: Hello.

Rupesh Mehta: Yes, Ajay bhai. Yes Ajay we are listening to you.

Hiten Boricha: Sir my first question is we doing ₹10 crores to ₹15 crores to ₹20 crores of CapEx so with that how much machines will be added. And from when this revenue will get started?

Rupesh Mehta: To add machines we will do debottlenecking. We will make some components in-house with this CapEx. So, we are taking it from our suppliers and we will add some facilities. So, if we need it we can stretch in this premises so that we can jump to10% production, but with that the CapEx we will do quality and cost and delivery. These three aspects they are giving challenges to ramp up the production.

We will invest more on that, so to increase the production Ajay bhai the CapEx is not there. This is for quality improvement and some is for some instruments and we are now focusing on NEXA products. So, for that we need to purchase some instruments, some fixturing we have developed a lot of, which we can build the capacity and capabilities of the machine shop.

We are doing some investing there, where our assembly time will be reduced. So, by only CapEx we are doing production ramp up and more of quality cost and process time short we are trying to do, from which I believe that we will increase 10% production and productivity.

Hiten Boricha: Sir the number of machines will not increase right that we have now 2,000?

Rupesh Mehta: The number of machines will not increase directly, but the process time will be reduced of your machine. So indirectly you will see the impact and some components will be rejected, some components will be delivered late. So, if you make in-house your cost will be reduced and your rejection and your production will not be held, So indirect benefit will be seen.

Hiten Boricha: Okay. So sir apart from this…

Rupesh Mehta: Your twitter of 1 lakh viewers was from you.

Hiten Boricha: Sorry, but I am Hiten speaking.

Rupesh Mehta: Okay.

Moderator: Hiten are you done? Can we move to the next participant?

Hiten Boricha: Sir I have one last question, hello can I move forward. Sir, my question is that apart from this CapEx of it also - to increase the number of machines any CapEx is planned for the next one to two years?

Rupesh Mehta: For that we are doing a big expansion plan in, which I announced in the last meeting now election has ended a defence and aeronautic policy 2017. I have sent it to Vinay so he got it. In that we have done a vibrant Gujarat in January we have done MOU in that the government had shown two lands, which area is 35 acres. And in that now we will talk about the next CapEx in the next year in '25 and in that we are planning a big expansion in, which almost all will be backward integration and capacity will be 4,000 to 5,000 total will be combined.

So, we are planning, but now we are not planning a 500-1000 gradual. With the help of the government benefits we are getting for this segment, because in their policies the token rates are the land and 80% GST of the state. So, they are offering various facilities so we will wait for six to eight months so the government will continue the policy and the commitments they had promised in the meeting will move forward otherwise anyhow we will continue the big expansion in this year as we move forward.

Moderator: We will go to the next participant Ajay Surya. You can go ahead please.

Ajay Surya: Am I audible.

Rupesh Mehta: Yes, yes.

Moderator: Yes.

Ajay Surya: Yes, sir my question and sir congratulations for fantastic growth.

Rupesh Mehta: Thank you Ajay bhai.

Ajay Surya: Sir the question is that as you increased your capacity from 1,500 to 2,000 machines. But sir my question was sir how we are working on capabilities, because sir I have seen in our old presentations so with our order is quite big towards the VMC, but the HMC or VTL or our DCM machines we are not getting so many order inflow. So sir the question was, sir how we are working on capabilities that there are 5-axis machines or 4-axis machines so towards that what are we developing there?

Rupesh Mehta: The both questions came that Ajayji we have talked about 7% in the NEXA product last year. This year we are targeting 14%, 12% to 16% we are targeting in, which double column or VTL or HMC and in place of 7% we will double it to 14%. We had developed this product in the market, but due to capacity constraints, we didn't focus on it, because its distribution network with the service, with the assembly line we have to separate them all.

So, we focused on it as we compare it to last year we are doubling our target. And the second question 4-axis is regular product and 5-axis machines we have given to defence about 12 to 15 machines in the past, which one machine cost is approximate ₹2 crores to ₹5 crores. So, we don't have to develop 5-axis we have to penetrate it through the market and the technology coming in next generation the requirement of next 10 years for that we have given R&D center, which is in the hands of Macpower.

And now we have taken the second in Bangalore in the Peenya area, and we will bring it in full operation in Q2, where the EMS machines in, which 24,000 RPM spindle, one second ATC time, a mobile should be manufactured in 15 to 17 seconds in all that we are focusing on the product there is nothing new. We have to upgrade and modify our regular product.

We are doing it through Bangalore in, which we will develop 5-axis and EMS machines. And in January the biggest exhibition of India Ajay bhai the exhibition that takes place at IMTEX Bangalore in which we will launch this product.

Ajay Surya: Sir I understood sir. Sir, one more question sir, as you are saying the pipeline of order is very strong and you are seeing that in the close of this year, there will be an order of ₹500 crores to ₹550 crores. And sir, you are saying that it will take one to one and a half years in execution. So sir, can I understand that in FY '27 we are targeting ₹500 crores revenue, is the direction the same for Macpower, or I'm assuming something wrong?

Rupesh Mehta: You are talking about FY '27?

Ajay Surya: Yes, as you are saying the order will take one to one and a half years in execution. And in the close of this year, if we are seeing the order of ₹500 crores to ₹550 crores. Then sir, while executing we are going towards the direction of ₹500 crores?

Rupesh Mehta: No, no, first of all in 2027 the ₹500 crores revenue you are talking. We are planning more than that, the second thing the order book I'll explain in a very simple way that the order book is for your understanding. These are not projects and not one-time order. I told you earlier also that today our capacity for example 2,000 machines almost 180 (per month). So for example, we manufacture 10 machines So, there is order of 12 machines to 15 machines every day. So, every day the order book changes.

So if we are giving you figure of 31st March or 1st April, but on 2nd April the order of 10 machines were dispatched and 12 new orders were made. So this order is of the 30 plus cities of India networks our sales and service and tender bidding opens. So every day there is a plus or minus that takes place, but we have the data in that 22% every month our order book grows, compared to dispatch.

The order will be dispatched every day and daily new orders will come, and if we calculate on month-on-month basis than the average of 22% is that the order book is increasing after dispatches. So 2027 so I think the peak time will be for growth but that's far away, maybe we can plan it before that, but our order book will increase and for next year we will add some CapEx at least 500 machines our new project's construction will take one year to build. So, we will plan in '27 we can cross ₹500 crore or more.

Ajay Surya: Got it sir, got it. And sir, one suggestion or request is that in your presentation - of which segment or sector are your machines going. So if you can provide that data then it will be very helpful?

Vinay Pandit: We have given broad sector and companies to whom we supply, but we have not given a sectorial breakup of revenue, because that keeps changing dynamically.

Ajay Surya: Means if you can provide that just for every quarter, like post the quarter presentation?

Rupesh Mehta: No, Ajayji if you focus on particular sector now you have an open opportunity you can focus on which area or which sector is the order coming you have to focus on that. And if you are focusing on a particular segment, then if any ups and downs so my thinking is that in any sector don't focus on 10% to 15%. You have to take the natural course the area which the order is coming, you have to execute it.

But the bigger consumption in that area, you should focus on because some segments in which its applications and segment is nearly 3,000. But in every segment will not be in boom, if you have submersible up and if its monsoon time so submersible will be down. So, you don't have to do segment selling, we will do segment selling when you build up 6,000 machines you will build capacity.

In the new plant you will do the process and backward integration is in control. Then you can divide it by unit in segment wise you can work on it. To do it now is not right.

Ajay Surya: Got it. Okay. Thank you all the very best.

Rupesh Mehta: Thank you Ajay bhai.

Moderator: I would request all participants to keep it down to two questions since we have a lot of people in the queue. We will take the next question from Rohan. Rohan, you can go ahead please?

Rohan Advant: Yes, thanks for the opportunity and congrats on a good set of numbers. Sir most of my questions are answered, I just want to understand one thing, our capacity is of 1,500 machines and this year we are utilizing around 90% and ₹19 lakhs to ₹20 lakhs of realization. So, from 1st July when 2,000 machines capacity and ₹20 lakhs of realization and again 90% you are utilizing around ₹360 crores you can do of peak revenue with this capacity, is it correct or with that same amount of machine you'll sell and can take a realization of ₹25 lakhs?

Rupesh Mehta: It can be both regarding that more advanced and it will be forward-looking, you can calculate it. But I believe we will make higher-end machines Rohan bhai so if you think that one machine is of ₹1 crore then it will take five days or 10 days, but if it's a ₹20 lakh machine then it will take three days to complete it. So that machine will be lying in production area due to the process. So as your high valued machines are made than your average the number of machines will be less. If you talk about ₹30 lakhs, so the numbers will be less. So bigger and bigger we'll - you can calculate it and the execution part will be tried the figures you are talking about.

Rohan Advant: Got it. So sir, 2,000 machines capacity has increased once will we get land and it will expand in the new Greenfield project on top of it?

Rupesh Mehta: After 2,000 in this premises we'll - next after land construction will go on for one year. So for the next it will 2,500 almost ₹500 crores revenue we have place for this premises.

Rohan Advant: Okay. Got it. Thank you, sir and all the best.

Rupesh Mehta: Thank you very much, Rohan bhai.

Moderator: We will take the next question from Raunak Mishra. Please go ahead.

Raunak Mishra: Hi sir. Good afternoon, congratulations on the great set of numbers.

Rupesh Mehta: Thank you. Thank you.

Raunak Mishra: Sir the question was that in the next quarter what kind of revenue can we expect like?

Rupesh Mehta: Next quarter means this Q1?

Raunak Mishra: Yes Q1 sir.

Moderator: Raunak, we want to avoid giving quarterly guidance.

Raunak Mishra: Okay sir. And like what is the outlook for the next financial year like what kind of revenue could we achieve like…?

Rupesh Mehta: As we already discussed Raunak bhai that capacity is almost nearly ₹400 crores - and as per our order book and execution time, you can assume that, but minimum as we always say 22% to 25% minimum growth will achieve.

Raunak Mishra: Okay. Okay sir that's lovely. Thank you so much sir. All the best.

Rupesh Mehta: Thank you. Thank you.

Moderator: We will take the next question from Jatin Jadhav. Please go ahead.

Jatin Jadhav: Hello am I audible?

Rupesh Mehta: Yes, yes Jatin bhai you are audible.

Jatin Jadhav: Congratulations Rupesh bhai.

Rupesh Mehta: Thank you very much, Jatin bhai yes.

Jatin Jadhav: On a good set of numbers. Sir I have one question everyone has almost clarified. Now the backward integration we are doing in what types of components and this similar backward integration we are doing our competition and they have also their plans. So, I just wanted to understand the landscape of it only?

Rupesh Mehta: I don't know much about the competitor, but some components are critical and few players is only manufactured in India. And if I disclose their name, they will stop our supply. But like say six or seven components are there in which we have hydraulics, some are telescopic and there are four components, in which we have almost come into 20% production. Almost this backward integration we will like Q3 we'll come to 100%, which we are taking from the suppliers, but now we will do it in-house.

Jatin Jadhav: Sir, have you developed capability in-house or how is, the transfer of technology how is it?

Rupesh Mehta: No, we have few players from India, Jatin bhai this is a very good question, because Macpower has made all these products from their experience and its R&D experience team they have made all the products. Till now we have not taken any help nor we have done any JV with others. And we haven't given any money for technology transfer.

All these things are our effort with our skilled manpower of 800 plus and we have 45 and more of R&D team. And in Bangalore, we are adding another 35 to 40 team. So, its 100% indigenous you can say that we have developed it in-house.

Jatin Jadhav: Very good sir. These are my questions. All the best for performing in the future also.

Rupesh Mehta: Thank you very much, Jatin Bhai. All the best.

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

Dixit Kumar: Yes hello.

Rupesh Mehta: Yes Dixit bhai.

Dixit Kumar: Ji sir, first of all congratulations for the good results.

Rupesh Mehta: Thank you, Thank you very much.

Dixit Kumar: Yes. So, my question was this sir, what is your strategy for export business and is there any focus on that. So if you can guide me on this please?

Rupesh Mehta: For export there are two types of opportunities one is the foreign companies, who are getting a lot of manufacturing costs. They can make their own designs of machines with us. And the other is that, we'll give them without controlled semi-assembled machines, but we have not accepted both things. For anybody else we'll use our production line and they will export them the outside companies from their brands.

So, the second is come in export that without control CNC control we will take the machine. And the control will be feed by the country we have also denied it. And for the third export, I have shown you that it is too early to sell the machine in abroad, because every country's software, their language and their distribution and service will be too costly and we'll not get much ROI on it.

But if we want to focus on export after new expansion then we should go through our partners whose has worldwide hold for many years. So, we should work on jointly export so this year we are not directly focusing. We get some indirect orders through website or through exhibition. But it will not be focused.

Dixit Kumar: Okay. So as per my understanding till now our export revenue is affected in our balance sheet, it is less than 2% to 3%, right?

Rupesh Mehta: Yes it will be that, there will not be more focused.

Dixit Kumar: Okay. Okay. Thank you sir. Thank you for answering my question. Thank you.

Moderator: Thank you. We will take the last question for the day from Darshan Patel. Darshan, you can go please.

Darshan Patel: Hello sir, am I audible.

Rupesh Mehta: Yes, yes Darshan bhai, you are audible.

Darshan Patel: Okay. And sir, my question was how much time does it take to make the categories of machines in the process?

Rupesh Mehta: For that model to-model Darshan bhai it will take different times. There is a turning machine we take it in batches, but average model-to-model and their features, but if you see the line of a turning machine average is 100 machines and that is in a month. So in two days a turning machine is assembled in there and three and half days it takes a VMC to be completed.

But what happens there in a shift of 12 hours, there are two people so to make it start to end if we work continuously then in hours wise turning machine will take 48 hours and VMC average is 55-60 hours.

Darshan Patel: And what about VTL, HMC or DCM all that?

Rupesh Mehta: So, the average will increase the time will increase HMC will be assembled in almost 20 days continuously. Same with DCM, VTL we can assemble now because average two to three machine of VTLs we are dispatching. So in 12 to 13 days it will assemble.

Darshan Patel: Then in future assembling and manufacturing can take time be shortened?

Rupesh Mehta: What you are saying is that one machine is lying and on that two people are working and in 12 days they will complete the machine. So if you are putting 10 lines where 10 machines are assembling. So there will be 10 teams. It is not like one machine is made and now the other machine will be made.

Darshan Patel: Understood, understood.

Rupesh Mehta: And this is process wise normally how process one is to put the bull screw for that 12 people are working, so they are putting bull screw of all machines. It is like automobile one person is doing only one job. So, they have a team of 15 to 20 people team where they are putting only bull screw, some people are putting LME, some people are putting CNC control.

So, their capacity and calibers will increase. So assembly is done like this, but we do it according to capacity, per month's capacity is 180 machines. So, we have assembly costing, this is our average assembly costing of turning machine, VMC like how much it should come. And everyday process is today serial number 107 on the bolt screw time of four hours, the work of four hours is done in four hours or not. So we get MIS report on it.

We almost do it at 2% plus in assembly so it is fast assembly. If our assembly has foul and if it does foul then we reconcile it by doing overnight. So, for assembly is not like this that two people made one machine in the next 15 days. So another 15 days they will make another machine.

Darshan Patel: Understood, understood. Sir one last question sir, so regarding backward integration, so how much margin can it be expanded?

Rupesh Mehta: 2% minimum up to 4% can possible.

Darshan Patel: Okay. Thank you so much sir. Thank you so much.

Rupesh Mehta: No problem.

Moderator: Thank you. Sir that is the last question for the day. Would you like to give any closing comment?

Rupesh Mehta: So, thank you very much Vinayji for first of all of your beautiful presentation you have made. I have got a lot of appreciation for that. So I told them to read the name in the last line. And you have conducted the meeting very well. And thank you very much for all the participants, who has believed in your company. And we delivered the promises, we have fulfilled them all. And with your wishes and from the Lord's strength whatever we are promising you we will deliver them more than that. And we will meet you soon. Thank you.

Vinay Pandit: Thank you sir. Thank you to all the participants for joining on the call. And to the management for joining on this call. This brings us to the end of today's conference call. You may disconnect now. Thank you, sir.

Rupesh Mehta: Thank you, Vinay.