

June 4, 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 Monday, June 2, 2025 at 2:00 PM to discuss the financial results for the quarter and year ended on March 31, 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

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Macpower CNC Machines Limited

Q4 & FY25

POST EARNINGS CONFERENCE CALL

June 2, 2025 02:00 PM IST

Management Team

Mr. Rupesh Mehta - Chairman & Managing Director

Mr. Jai Acharya - Finance Head

Call Coordinator



Strategy & Investor Relations Consulting

Presentation

Vinay Pandit:

Ladies and gentlemen, I welcome you all to the Q4 and FY25 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. Jai Acharya, Finance Head, 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 risk and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to brief us about the business and its performance highlights for the quarter ended 31st March 2025, the growth plan vision for the coming year, post which we will open the floor for Q&A. Over to you, sir.

Rupesh Mehta:

Yeah. Thank you, Vinayji. Good afternoon, everyone. First of all, I earnestly welcome you all to Q4 and FY25 post results conference call. We will have a brief about all the overall performance of the company for the quarter and year ended 31st March, 2025, post which I will take your questions.

The financial results and the presentation have been posted on the company's website. Hope you all had opportunity to go through the same. About the financial figures, I requested our Finance Head, Jai Acharya, to give you the quarter-on-quarter and fourth quarter and year-on-year brief about the numbers and figures. Yeah, Jai bhai.

Jai Acharya:

Hello and welcome, everyone. I hope you must have got a chance to go through the presentation. It has been a fantastic quarter for the company. And we would like to state few details for quarter four first. Then we'll take up for financial year '25.

So for quarter 4, revenue stood at INR80.01 crore, which is highest ever for any quarter of Macpower. Year-on-year growth is witnessed at 12%. And quarter-on-quarter growth is witnessed at 33%. EBITDA figures stood at INR14.30 crores, with EBITDA margin of 17.87%. Year-on-year growth witnessed in the same is 11%. And quarter-on-quarter growth witnessed is 83%.

Adjusted PAT excluding exceptional item is INR9.76 crore with a margin of 12.20%. Year-on-year growth in the same is 10% and quarter-on-quarter growth is 117%. Reported PAT for the quarter is

INR8.6 crore with a margin of 10.74%. Year-on-year growth in the same is minus 3% and quarter-on-quarter growth is 91%. For the full year of financial year '25, the revenue stood at INR261.82 crore, which is again highest ever for Macpower. Year-on-year growth in the same is 9%. EBITDA stood at INR41.54 crore with a margin of 15.87%. Year-on-year growth in the same is 17%.

Adjusted PAT excluding exceptional item stood at INR26.61 crore with a margin of 10.16%. Year-on-year growth in the same is 10.4%. Reported PAT stood at INR25.44 crore with a margin of 9.72%. Growth in the same is witnessed at 6%.

I hand over to Rupesh bhai.

Rupesh Mehta:

Yeah, thank you Jai bhai. So now I would like to give you some highlights about the key points. As you know that 31st March 2025, we have the highest ever pending order book of INR331 crore with the advance amount and 168 main machines. We have a pending order book. NEXA contribute this time as we discussed in last year, its 28% which is also highest ever. 465 machines pending order is with the NEXA. Order book including tender, defence is included here which is also highest ever. We have right now opening of INR23 crore which is the highest. Still, we have another 8 to 9 months. So which is also a highest ever INR23 crore from defence.

Bid submitted in defence is INR570 crore. So which is also highest because of last 3-4 months we have a lots of new tender is opened. So INR570 crore highest ever bid we submitted and under evolutions right now is INR505 in a defence and domestic is INR570. So total bid submitted is INR1,076 crore which is also highest.

And some of the new product we developed in the last financial year, we already developed more than, I think 37 new variant and new product, including Drill Tap Center, high speed drill tap center which is for the electric EMS sector. And recently we have launched the new machines we received the order also, which is two spindle vertical machining center with two-pallet changer. It means the four component with one machine with the one manpower. So, one machine can give the output of four component at a time.

New development for 1.5 meter turn-mill center which is for the defence. It is the new product. And in this quarter, we are executing the highest ever valued machines for the defence sector, INR2.5 crore HMC MHX 800 with the very high speed and very accuracy level is required.

Secondly, we developed a low cost automation for the small scale customer where they don't require the manpower for their production. So cost efficiency -- low cost automation we developed. DCM series we completed now double column and this NEXA we are getting the highest ever order for the double column machining center. There are seven different kind of the variant we developed. VTL series we developed the VTL 1200. We have another model in our basket. So totally 37 type of different variants we developed from our strong R&D team.

In last year we improved the margin, last quarter four because of high valued machines and we increased the backward integrations. We have 220 people now in sales and service. We are covering now more and more cities now almost 39 cities we completed. Right now your company have 947 people are working directly as a payroll. Now we have increased the number of tech center and branch offices.

So our expense is increased just because of our marketing and sales and service. Now Bangalore R&D center also giving us the significant some of the research and last year as we promised we increased our CapEx also INR12.42 crores for our CapEx we added compared to last year INR9.16 crores. So we are adding the CapEx year-on-year. And that's why our depreciation also increased because we are adding the CapEx and marketing and exhibition. Now we are participating in most of the domestic and international exhibition. Now in this coming September we are participating in German exhibition which is the largest exhibition in the world. Number one exhibition where our focus is to capture the export market and we are meeting some of the foreign manufacturer for the joint venture also.

And now this month end we are adding another 500 machine capacity. So now we have a 2000 machine capacity. After this first July our capacity will be 2,500. And secondly I had announced that we installed the solar captive consumption. So almost 90% our power bill of day because this solar you can utilize in the daytime only, night bill you have to pay. So almost 90% daytime power bill is reduced and it is now our power cost is reduced.

And previously we not entertain the big client because of the production capacity. They required the huge number of machines but now as I told you in quarter 3 concall that we will entertain the MNC and big corporate client also. Last quarter we supply to the Kirloskar 3 high valued machines approximately cost of INR2.5 crore project we done

for the Kirloskar. And there are many of the corporate name I will announce in the next our meeting.

So -- and I would like to announce that in last meeting we announced as usual our dividend policy which we had given a 15% dividend we announced for this last financial year. And I would like to tell you as that we have a huge order book and huge quotation and tender bid we submitted. So according to the trend I hope that this year and this quarter also all the four quarter will give you the highest ever revenue with our robust order book and bid we submitted with our aggression in the marketing and new recruitment.

So these all are the key highlights about the company, and I would like to tell you about the new land. There are the 17process. Suppose first process is the MoU with the Gujarat government. After that the meeting with the Industrial Commissioner, meeting with the Industrial Minister. And after that meeting with the Collector, Project submission, there are 17 page, 17 process. So out of that we completed 10 process. We have all the SOP of start to end formality. So 7 process is pending and 16th there is a one seminar for the defence and aeronautic industries in my city. So Collector is inviting me for this project also on 16th.

So this is the government land and it's required all the NOCs and process. Say for example water department there is no our water or any dams is passing in this land. So this kind of NOC, electricity will give the NOC that our electric line will not be disturbed. So this kind of process is the lengthy process. But we already crossed more than 65% to 70% formality. We hope that we will complete this all the process very soon.

So Vinayji these all are the key highlights and rest of the number of machines and everything is in our presentation which is available on NSE and Macpower website also, and with the Vinayji's Kaptify team also. So now we'll start the next Vinayji.

Question-and-Answer Session

Moderator:

Sure sir. Thank you sir. All those who wish to ask a question may use the option of raise hand and we'll invite you to ask the question. In case you're unable to do that you can just drop a message on the chat and we'll call you. We'll take the first question from Tushar Gupta. Tushar you can go ahead.

Tushar Gupta: Hello hi, sir. Am I audible?

Rupesh Mehta: Yes.

Tushar Gupta: Thank you for the opportunity sir and congratulations for good set of number. Sir, I want to know once the land is allotted do we see our current management is efficient in managing both the plants or do we see the need of any other professional at a senior most level to run the new plant?

Rupesh Mehta: Right now, we have a Vice President level Plant Head and my brother is also taking care of the manufacturing. And we have a professional management, general manager to the quality head to -- we have a various 34 departments for the manufacturing. So capability wise we have a good HR team. We have 12 people in our plant right now as a HR. We have a quality management system. So we have a SOP we are following ERP CRM. So system wise we are foolproof. So we need to add the few people in a senior level, yes. But recruitment will start once construction will completed. So Phase 1, we are adding another 2,000 2,500 machines. Then we'll shift this plant to the new plant so we have 5,000. So in five years plan we'll shift all the planning to the new plant. So capability wise Tusharji there is no doubt because we have a exact job profile organization chart, SOP, auditing systems and we have a strong QMS HR team. So 100% we will manage this capacity.

Tushar Gupta: Okay sir. Sir one more question, sir, as we read in the presentation that land will be allotted in July. So sir how much time does it take to add 2,000 to 3,000 machines to that plant and foundry? How much time does it take to install foundry in it?

Rupesh Mehta: Right now I think we targeted 12 months after we paid the money. In our 17 stages, we have to pay the money. So after receiving the land we are targeting phase one capacity build up with the few of the things like foundry and other thing as a backward integration. It will take 12 months but maximum we will finish within 10 to 14 months.

Tushar Gupta: Okay sir. Sir, last question from my side how much cumulative cash outflow we can expect in FY26 in land and then in CapEx?

Rupesh Mehta: I think for the new project stage wise we required the CapEx. In first phase we are targeting INR100 crore and second phase another INR100 crore. So it depends on how much capacity we required according to the market need, but initially we required INR100 crore in phase one.

- Tushar Gupta:** Okay sir. Thank you.
- Moderator:** Thank you Tushar. We will take the next question from Arnav Sakhuja please go ahead.
- Arnav Sakhuja:** Hi. Thanks for taking my question. So my first question is that in Q3 our sales were slightly lower because of a bank realization issue. So just wanted to check the status on this issue. Has this issue been resolved now?
- Rupesh Mehta:** There is no issue Arnavji, but as a policy we decided in Q3 we have an exhibition in Bangalore. So we displayed some of the machines which is we have to deliver that machine to our customer. That's why revenue is not booked because this kind of machine we cannot manufacture that much fast. So we display that machines in exhibition and after exhibition we had supply all these machine to our customers.
- Arnav Sakhuja:** And what is the status regarding any joint venture discussions that we've been having?
- Rupesh Mehta:** In September we have some meeting in Germany because entire world, largest world manufacturers are participating in this EMO exhibition and we are arranging the meeting with few shortlisted company, preferably Europeans that about the joint venture, or about how we can utilize their worldwide distribution network. And third thing is some of the product we can manufacture in India with their brand name.
- Arnav Sakhuja:** And my next question is, could you give some revenue and profitability guidance for FY26?
- Rupesh Mehta:** I think it is forward-looking but according to the order book if you can go through the order book and bid is submitted which is highest ever INR500 crore approximately for the defence sector. I think it is a three years tender submitted compared to last three year. If you go through that there is only INR150 crore, INR200 crore, INR250 crore. So we are expecting that all the quarter will give you the highest ever in Macpower history on quarter-on-quarter.
- Arnav Sakhuja:** Okay. Thank you for answering my questions.
- Moderator:** Thank you Arnav. We'll take the next question from Pratik Srivastav. Please go ahead.

Pratik Srivastav: Hello Rupeshji. Thanks again for taking my question. Sir, can you please explain about this inventory buildup which we have y-on-y, can you please give a little more details on that sir?

Rupesh Mehta: Yeah, Just hold on. I'll hand over to my finance.

Jai Acharya: Yes Pratikji. Inventory buildup exactly why the figure is increasing or what you want to know about that?

Pratik Srivastav: Yes, yes, yes. Why the figure has increased so much. So can you give a more details on that inventory?

Rupesh Mehta: Yeah, that I told you in our last -- that right now we are not worried about the inventory. We have a 19,000 component inventory right now and we have more than 375 to 380 different type of the variant. So we cannot predict that much exactly which model order we will receive, and the lead time and logistic time is too high. Some of the component lead time is three month to four month and these all are material Pratikji is with the credit. You don't have to pay immediately. Whatever the inventory you are using you have to pay. 70% payment is the once you utilize then you have to give the payment. So we are not worried about the dues we have to pay on time.

So that's why we are increasing the inventory because our order book is increased. Once we received the order we ordered our supplier about these models inventory which is increasing because if without inventory we cannot ramp up the productions. And some of the time we have an order but we don't have a material. We have a material but same particular model inventory we don't have. So definitely Pratikji this time our planning is highest ever in all the quarter. So in quarter-on-quarter inventory also will increase. And we are not paying any interest to the bank for this inventory because we have some reserve fund also. Our supplier is giving the long-term credit also. If we have any financial effect with this huge inventory, then only we'll think about reduce the inventory.

So inventory definitely Pratikji will increase on quarter-on-quarter but it won't affect our interest cost or financial cost.

Pratik Srivastav: Got it, got it. Sir, one more question. When you say that we will have the going -- the next four quarters we'll have highest ever revenue, can you give in terms of the percentage wise what sort of increase we can see y-on-y and also on the margin front can you give some guidance please?

Rupesh Mehta: I cannot give exact number because our challenge is we have a huge order. We have a number of segment we are increasing, but the financial -- because finance matter sometimes the billing cycle maybe with 30 days, maybe with 90 days sometimes, with the six month also, because their construction, their margin money, their documentation that is also a lengthy process. Nowadays government is giving lots of subsidies, various type of subsidies. In power some of the state is giving subsidies. For construction they are giving subsidies, for CapEx, for interest they are giving subsidies. So all the people nowadays taking the loan from bank. If they are not taking the loan from bank they cannot eligible for these kind of subsidies. So this bank process, PSU this process is lengthy. So we cannot predict but according to the production capacity we increase, the segment, the basket, distribution network and marketing also. Previously we not invested in marketing also.

So with this all the robust order book also we are predicting that we'll achieve the good numbers, and which is the highest ever of entire quarter-on-quarter in Macpower system.

Pratik Srivastav: Sir, this is quarter-on-quarter or Y-o-Y?

Rupesh Mehta: Y-o-Y, Y-o-Y, highest ever in since last so many years.

Pratik Srivastav: Thank you sir.

Rupesh Mehta: Thank you.

Moderator: Thank you, Pratik. We'll take the question from Dhaval Shah. Please go ahead.

Dhaval Shah: Yeah hi. How are you?

Rupesh Mehta: How are you, Dhaval bhai?

Dhaval Shah: Good, good, good. Yes. So just one question related to the fire incident we had. So you think there will be any more cost or losses which will come in our accounting in the future quarters or everything we have taken in this quarter?

Rupesh Mehta: No. Everything we have taken in this quarter. There is no -- because it's a final survey reports, and submitted to the fire department -- this insurance department and they principally agreed with this. And we have to give our commitment that we accept and agree. So this effect

we had already given. So there is -- there will be no more any further fire losses we have to book in quarter one.

Dhaval Shah: Okay, okay. Thank you. Good luck.

Rupesh Mehta: Thank you Dhaval.

Moderator: Thank you, Dhaval. Anybody who wishes to ask a question please use the option of raise hand. Sir, we'll take the next question from Kush Nahar. Please go ahead.

Kush Nahar: Yeah. Hi sir. Thank you for the opportunity.

Rupesh Mehta: Yeah.

Kush Nahar: Sir my first question is, since you said that I think July -- till July we will be able to get clear with the land allocation. So this INR100 crore CapEx that we'll need, it will be immediately in July-August, I think. So then how are we planning to raise this kind of fund? Is it -- are we open for debt or a fundraiser how are we going to fund this CapEx for phase one CapEx?

Rupesh Mehta: So initially stage, it depends on the valuation, it depends on our meeting with our JV partners. If they required some of the stake, definitely we'll prefer them for the strategic partnership for the new fund. Otherwise we have some of the reserve fund 20%, 25%, we have a reserve. Some of the amount we can plan for the debt. But we are not sure how we will - - we have two, three different, different option also. So once we'll receive the land we'll plan with the help of Vinayji Kaptify, that how we'll go through. Maybe we can raise 50% and 50% we will get the short term loan also. And we have a reserve fund also. So it depends on situation it's created. We have a lots of option right now. So fund will be no more that much constraint for our new plant.

Kush Nahar: Right sir. Sir, now this JV thing -- so I think the September discussion that we're going to have, would that be a final closing discussion per se or is it -- because I think first we have met them in January for the IMTEX. So by September it will be quite finalized that if we are going ahead with them or not going ahead?

Rupesh Mehta: In January we had a discussion with Japanese, and a few of the German. So we not, right now shortlisted some of the Japanese, because they don't allow us to supply to the defence. So we'll discuss about all these things. But they are not allow us, if they are coming with us, then we

have to sign the METI. There is the one agreement between the Japanese government and the Japanese manufacturer that they cannot produce the machine for the defence sectors. So we are focusing more and more every year and year and quarter-on-quarter with the defence only because right now directly we are getting a number of orders from the defence factories. But now government is giving the lots of privatization. Recently we received the one big order for bomb shells. We executed one machine also and in our export market we are focusing our bomb shell machine with the automation. So our major revenue share we are expecting in coming year is from the defence and aeronautics. And Japanese will not allow us. So now we have a discussion with the few European companies and this is the primary discussion in September face to face.

Kush Nahar: Right sir. Sir, and if I'm not wrong I think the new CapEx that we'll do I think there is a criteria that I think 50% of the capacity has to be used for defence, if I'm not wrong. So --

Rupesh Mehta: Yes, yes.

Kush Nahar: And we have enough visibility that our capacity will be filled because of this push that Indian government is having on defence manufacturing.

Rupesh Mehta: Yeah. So recently we supply our NCR customer 8 to 9 machines, the well high valued machines more than INR8 crore to INR9 crore and recently we supplied in last quarter to the bomb shell manufacturer in Maharashtra. So now this indirect customer who are the direct they are manufacturer of the component of defence that is also included in this policy. So we are expecting the significant growth in direct and indirect from the defence sector because this year we are predicting is for the defence equipment and defence weapons manufacturing year. So we are focusing more on this segment only.

Kush Nahar: All right sir. Sir, just one last question, can you guide us with maybe a strike rate that we have, so like you've said we have tendered for around INR1,000, crores worth of orders. So maybe a rough ballpark number how much do we expect in terms of inflow for this year or accumulative of two years order inflow that you are expecting?

Rupesh Mehta: Average Kush bhai, the tender is cancelled also sometimes. Tender is not opened up before six months also. But normal trend if we have a right now is 10% minimum we are receiving and winning.

- Kush Nahar:** Right sir. Okay, sir, thank you.
- Moderator:** Thank you, Kush. We'll take the next question from Rahil. Please go ahead.
- Rahil:** Hey, Mr. Mehta. Can you hear me?
- Rupesh Mehta:** Yeah, I can hear you Rahil bhai, yeah, please.
- Rahil:** Hi, hi. Sir, firstly margins, are they sustainable at these levels and if they can be improved how so?
- Rupesh Mehta:** If the top line will improve the margin, because we have a certain area we have a fixed cost. So once our top line will increase the margin also will increase. And secondly if we have a more execution of the defence sector and more execution of NEXA basket, definitely margin will increase.
- Vinay Pandit:** Rahil, do you have a follow-up question?
- Rahil:** Yeah, yeah. Hi. So this phase one, once started after you have the land in July, by when do you think you can complete it and then utilize it fully?
- Rupesh Mehta:** I think as I told you in my last question, my last answer that after receiving we complete the first phase within 12 months, because we are discussing with the construction project company also. They offered us 12 month maximum time as a turnkey project. So we are -- we expect that within 12 months after receiving of the land we'll complete this project.
- Rahil:** Okay, okay, sir. Thank you.
- Moderator:** Thank you, Rahil. We'll take the next question from Kartik Bhat. Please go ahead.
- Kartik Bhat:** Yeah, thank you for taking my question. Rupeshji, so this phase 1 CapEx that we're planning, the revenue contribution from Phase 1, is it likely from H2, FY27, next financial year or will it start from FY28?
- Rupesh Mehta:** I think 27, not before that, because 12 months we required to start the plant, and after that revenue will start slowly. First quarter utilization of 50%, 75% second quarter. So gradually we'll increase the capacity so it will be on '27.

Kartik Bhat: Okay, sure. And considering the order book of INR330 crores that we have, considering the tender that we are submitting in aerospace and defence and considering that is a strong focus area for us. So how will this pie likely to change? In the next one or two years, how do you see this pie changing, what percentage of the order book will be from aerospace and defence maybe after two years versus what it is now?

Rupesh Mehta: Because as I told last time, Kartikbhai, in the Q3 meeting, that even now 4% of the Indian manufacturing production in terms of value is market share. So 96% of the market we have not captured or we haven't touched it or we haven't focused other areas. So gradually we are increasing market to increase the share. We have recently focused on aeronautics and corporate customers in that area. So there is still a lot of room for growth. And if we talk about India's consumption, we are only taking 2% of it. So we are adding import-substitute products through JV or through our in-house capability where we have displayed a lot of new products. In Germany, we are adding a product basket with two spindles with sub spindle, Y-axis which is famous for medical equipment. We are still making a lot of products that are being imported. So for growth, we have consumption of 2% and domestic manufacturing market share of 4%.

So there is still a lot of room for growth. So I feel that the growth journey is smooth up to 10%, 12%. Increasing the distribution network, increasing the marketing, increasing the capacity of production, increasing the product basket. To do all these actions, we will move up to 10%, 12% in an easy way. After that, we will see a little struggle in the journey.

Kartik Bhat: Okay, that's great to hear sir. Sir, in FY24, we saw almost 20% growth in revenue. There were some challenges in FY25, which had a little impact. So is it fair to say that you can expect similar kind of growth next year as well as FY24? Is that fair to say?

Rupesh Mehta: In April of FY24, the first quarter was hit by all the industries. I think it was election time in April. So this year, there are no such factors. And you must have seen that the GST collection in May, which is also the highest ever. April comes because it is the figure of March. But in the manufacturing segment, what I see is that even in April, which went very bad because the balance sheet is not ready, loans are not being approved, the bank audit is going on. It is not so bad comparatively. And if you look at GST, it is a good April figure. So if there is no much disturbance this year, it will be good.

- Kartik Bhat:** Okay, that's great to hear. Sir, the last question is the order of INR42 crores that we got in IMPEX. So what is the approximate timeline? Is it in this financial year only, the execution timeline?
- Rupesh Mehta:** There were roughly 170 number of machines in it. Many of the machines were booked and billed, they wanted in the same month. So many of them have been executed and the rest have been roll over for this quarter. So in this order book, some numbers have been roll over, they are also there and we executed some in Q4 at the time of execution.
- Kartik Bhat:** Okay, okay. Thank you, sir. And all the best for the coming quarters.
- Rupesh Mehta:** Thank you, Kartik bhai.
- Moderator:** Thank you, Kartik. We'll take the next question from Advaitya Chandhoke. Please go ahead.
- Advaitya Chandhoke:** Hi, sir. Thank you so much for the opportunity. Sir, my question is related to capacity utilization. What is the current capacity utilization and how much boost would the new plan provide to the overall existing production capacity?
- Rupesh Mehta:** Right now, last year, we utilized more than 80%. Some of the inventory, semi-finished and finished, is forwarded into the first quarter. And this financial year, we are planning to cross more than 80%. It's quarter-on-quarter, but year-on-year, we'll cross more than 80% capacity will utilize. It is not the utilization in terms of the numbers. Because if we have a small machine, INR10 lakh machine, the average price we are calculating for the capacity utilization is INR20 lakh. So our capacity right now is INR500 crores. And we'll try to utilize more than 80% capacity in this new financial year.
- Advaitya Chandhoke:** Right, sir. Thank you so much.
- Moderator:** Thank you. We'll take the next question from Samarth Nagpal. Please go ahead.
- Samarth Nagpal:** Hi, Rupesh sir. How are you?
- Rupesh Mehta:** Hi, Nagpal. I'm good. How are you?
- Samarth Nagpal:** I'm good, sir. Sir, I had a question. I think in the last 2-3 quarters, we had the same question. If we compare our order inflow with the last

financial year, there was a drop in the inflow. I think there was not a lot of growth in Q2. There was IMTEX in Q3. So the orders were pushed a little. If we look at the orders we received in Q4, I think we received an order of 433 machines. And last year, we received an order of 480 machines in Q4. So, sir, has there been a dry-up in the industry? Has there been a phase where the demand has decreased a little? Or has there been a supply pressure that the customer is looking at discounting? They are buying from somewhere, sir. So we needed a little color on that.

Rupesh Mehta:

The pressure that came in March, everyone wanted machines ready, which was a limitation of capacity for us. For this, in Q4, in February and March, the machine's lead time is impossible in 2, 3 months in that type of machine, you will have to give it with a penalty. In some orders, we said that it is impossible before Q1. So that is one reason some of our orders have been reduced. And the rest, there has been no significant change in the market because in Q4, from order to execution, the overall highest ever remains.

So the main reason was that the big clients or the big order book with whom we were discussing, because of their delivery issues, we have denied them.

Samarth Nagpal:

Sir, one more thing, our order book, which we have outstanding of INR330 crores. Is there any aging in this that there are very old orders? And we will have a sort of difficulty in dispatching it. Is there any such thing that there are chances of cancellation of orders? INR330 crores.

Rupesh Mehta:

There is no cancellation policy first. In the rule book of the company, the agreement with the customer, in that, we have given a clear cut in writing, Nagpalji, that the advance of the order and the cancellation of the order is not possible. Number one. On a case-to-case basis, if there is an existing customer, or there is an issue of someone's health, or someone has suffered a major loss, or there is some uncertainty in the company, then in such a few cases, in one or two cases a month, we refund on a genuinity basis, or accept order cancellation. Otherwise, we do not have a policy of order cancellation here.

Samarth Nagpal:

Okay, sir. Sir, our geographical penetration, we have also opened centers in the last some time. For example, we have opened a center in Faridabad. And we have opened more centers in a couple of places. So, sir, how is the response coming from opening a center? How is the marketing going on there? Is there any conversion coming there or not, some color on that?

Rupesh Mehta: Nagpalji, definitely, when you have a tech center, a display center, rather than showing the model at the customer place, it is better to show it to the customer that you are showing your premises. Second thing, there is also a facility of job prove out there. So the job that the customer has to make or what is their target, if they want to make it in two minutes or make it in two microns, we can immediately prove it in front of them, which builds the customer's confidence and immediately closes the deal.

So all these tech centers that we have opened on the distribution network, definitely have a very big and good impact. And the utilization of those premises, we do some tooling seminars every month, customer benefit programs, in which from maintenance to how to increase the life of their tool, how to reduce pollution, and how to increase the life of their machines. So we do a lot of seminars for the loan process, to the banks, to the PSU, to the loan consultant, to give subsidy guidance. So there are a lot of big activities happening there at the local level. So definitely, this is also a reason that our order book is increasing.

Samarth Nagpal: Okay, sir. I think these were the questions. And sir, our capacity is 2,500 machines now.

Rupesh Mehta: Yes, 2,500 machines or INR500 crores.

Samarth Nagpal: Yes, I mean including that realization is of INR20 lakhs.

Rupesh Mehta: If big machines are made more, then the numbers will be less. If small machines are made more, then the numbers will be more.

Samarth Nagpal: No, no, that's okay, sir. Okay, sir. Thank you very much, Rupesh sir. I think these were the questions. Thank you.

Moderator: Thank you, Samarth. We will take the next question from Tushar Gupta. Please go ahead.

Tushar Gupta: Hello. Yes, sir. Thank you for the opportunity again. Sir, as we see last year, we have an average realization per machine around INR19 lakhs. So can we see this increasing or it will stay here only?

Rupesh Mehta: I think it will increase because right now we are focusing on the higher-end machines more. But we are not worried about the average price. We are worried about month-on-month target, we decided. We worried about the quarter-on-quarter what we decided. But definitely with the

help of higher-end machines like VTL series, HMC series, double column series, which are beyond INR1 crore product value, so definitely we will increase the average price.

Tushar Gupta: Okay, sir. Sir, one more thing. As we see Jyothi is entering into making of controller in-house. Do we have any plan or any future aim to go into this?

Rupesh Mehta: I am not aware about any other manufacturer. But yes, we have one agreement with one of the company. And right now, we are introducing one controller, the name Macatrol, which is available in market and almost more than 100 controls with machine we supplied to the customer. It is with our controller manufacture and Macpower partnership to manufacture this control. Yes, Macatrol is Macpower product.

Tushar Gupta: Okay, sir. Thank you so much.

Moderator: Thank you, Tushar. We will take the question from Rajesh Bhat. Please go ahead. Rajesh? We will take the follow-up question from Pratik Srivastav. Please go ahead. Yes, yes, Rajesh.

Rajesh Bhat: Rupeshji, thank you for taking my question. Rupeshji, in the last couple of calls, you said that there are some customers who find it difficult to arrange finances, payment is delayed, because of which they are not able to book sales. Is that problem still continuing? Is there a recurring problem with our customers?

Rupesh Mehta: So year-on-year, the cycle of billing, Rajeshji is based on 85%. Month-on-month, 65% in April, 65% in May, 75% in June. So month-on-month, because of the festival season, where there will be Navratri, Dussehra holidays, the banks are closed. In the time of Diwali, there is a one-week bank holiday. So in some months, 65% in some months, the name that has come from the field, 85% of that, 100% in the month-on-month, the projection that has been obtained from the branch, the bank fund does not come in that. And according to that, if we have to plan the billing, then we have to increase the booking accordingly. So 65% to 85% is the lowest to highest average month-on-month. The more banks are closed, there will be no payment on that day. The billing of that, Rajeshji, will roll over and go in the next month.

Rajesh Bhat: Thank you.

Vinay Pandit: Thank you, Rajesh. We will take the last question from Prateek Srivastav. Please go ahead.

Pratik Srivastav: Hello, Rupeshji. Just a follow-up question on the defence order. So this defence order to final revenue realization, can you please paint a picture, how will the order inflow quarter-by-quarter and when will the final, we will see the revenue on the balance sheet starts hitting, sir?

Rupesh Mehta: So the process is, Prateekji, is a little lengthy. The order book that we have now, in defence, we call it tender business. In this, the majority is defence and PSU companies are there, like BHEL and a lot of PSUs are considered in defence. Some sectors are the education sector, which has a very nominal tender bid. Now most of it is PSU and defence. In its process, when the bidding opens on the portal, you have to study it. You get 15 days to 1 month time in it.

We evaluate it. There are more than 100 pages of terms and conditions and specifications which we read in our various departments jointly. Then we work it out according to the project, costing department, design department, various departments. Then after final approval, we submit the documentation which is a 50-page submission of experience, performance, bank guarantee, all these things, we submit the documents with them. After that, their received documents and received bid confirmation comes.

After that, according to their urgency, there is a committee there, various types of committees. In that, the tender is first opened technically. In this, the chances of our cancellation are very negligible. If there is a misunderstanding in some documentation or if there is no proper understanding somewhere, there can be a chance of 1% or 2% rejection. Or they will tell you through RFI that this is missing or you have identified something wrong. So you submit it. That process takes 1.5 months. After that, the commercial opens. In that, RAs are also generated, reverse auction in some cases in which RAs start from L1 price. Its duration is 2 or 3 days. After that, within 1 month, your L1 announcement, after that, within 1 month, your order comes. In that, you get 3 months to 6 months of execution time.

So the orders that come in the last quarter are forwarded in the first quarter. And the execution of the last quarter will be less possible in many cases. So now the orders received in the first quarter, second quarter, and third quarter will be possible for execution. So this is the process of ordering and execution. Pratikji.

- Pratik Srivastav:** Thank you.
- Moderator:** Thank you, Pratik. Thank you. We will take the last question from Shrey Gandhi. Please go ahead.
- Shrey Gandhi:** Hello.
- Rupesh Mehta:** Yes, Shreybhai.
- Shrey Gandhi:** My question is regarding the order inflow which is expected in the next 2 years in terms of value. If you can quantify that.
- Rupesh Mehta:** Order expectations in this financial year, we targeted what we delivered on quarter-on-quarter plus 25%. So we are expecting quarter-on-quarter execution versus new order book, 25%. So in terms of value, if say for example, we completed INR350 crores, then new order would be more than INR360 crores, INR375 crores.
- Shrey Gandhi:** Okay. Got it. And this will majorly will be from aerospace and defence, correct?
- Rupesh Mehta:** We are, I think, covering more than 300 segments. But the major segment is first is automobile, aerospace, defence, die and moulds, and agriculture. So we have various type of the models for the different, different segments. So we are not depending on one segment, one city and one model. That is also our policy. Because if some segment is heated, then it is not give that much effect.
- So we are covering entire segment, entire cities and entire baskets. So average wise, our basket is not covering more than 10% to 15% from one segment and one city.
- Shrey Gandhi:** Okay. Thank you, Rupeshji.
- Rupesh Mehta:** Thank you, Shrey.
- Moderator:** Thank you, Mr. Gandhi. Sir, since this was the last question, would you like to give any closing comments?
- Rupesh Mehta:** Thank you very much, everyone. Thank you very much, Vinayji and Kaptify team to arranging the very good meetings. And I hope that in Q1 we will have more participation than today. And thank you very much everyone to believing in your company and we are committed to give you the significant growth in all the quarter which is the highest

ever on quarter-on-quarter. Thank you very much again Vinayji and your team.

Moderator: 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. You may all log off now. Thank you.

Rupesh Mehta: Thank you.