

**June 02, 2026**

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 Thursday, May 28, 2026 at 3:00 PM to discuss the financial results for the quarter and year ended on March 31, 2026.

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 & FY26**

### **POST EARNINGS CONFERENCE CALL**

May 28, 2026  
03:00 PM IST

#### **Management Team**

Mr. Rupesh Mehta - Chairman & Managing Director  
Mr. Vishal Mehta - Chief Financial Officer  
Mr. Kishor Kikani - Company Secretary  
Mr. Reyan Mehta - part of the Promoter Group  
Mr. Jay Acharya - part of the Finance team

**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 Q4 and FY26 Post Earnings Conference Call of Macpower CNC Machines Limited. Today on the call from the management team we have with us Mr. Rupesh Mehta, Chairman and Managing Director; Mr. Vishal Mehta, Chief Financial Officer; Mr. Kishor Kikani, Company Secretary; Mr. Reyan Mehta, part of the Promoter Group and Mr. Jay Acharya, part of the Finance 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 and performance highlights for the period ended March 2026, the growth plan and vision for the coming year, post which we will open the floor for Q&A. Over to the management team.

### **Rupesh Mehta:**

Thank you, Vinayji, for arranging the conference. Good afternoon, ladies and gentlemen. I warmly welcome all of you to our Q4 FY26 post results conference call. Thank you for taking time out of your busy schedule to join us. We truly value your continued interest and support. The financial results and presentations have been uploaded on the company's website and Kaptify's website also. I hope you have had a chance to review them.

I will bring you, walking you through the key highlights of our Q4 and FY26 performance, followed by an update of our strategic, intensive and growth and outlook. After that, we will be happy to take your questions. So, the company delivered its highest-ever quarter and annual performance in Macpower's history. I will go through the quarter results and after that annual.

Our revenue increased by 25.34% YoY to ₹100.29 crores in Q4FY26. EBITDA stood at ₹16.24 crores, registering a YoY growth of 13.60%. EBITDA margin for the quarter was 16.19%, while PAT margin was 10.12%.

For the full year FY26, the company achieved its highest-ever annual performance with revenue of ₹333.18 crores, up 27.26% YoY. EBITDA reached ₹53.90 crores, growing 29.74% YoY. PAT jumped 33.13% to ₹33.87 crores.

We are pleased to report that for Q4FY26, the company delivered its highest-ever quarterly performance, and for FY26, it achieved its highest-ever annual performance in terms of revenue, EBITDA, and PAT.

So, during the last financial year, we added INR15.36 crore CapEx with our own fund. Last to last this was INR12.41 crores. So we increased the CapEx now. So y-o-y 25%, almost we increased the CapEx. Average machine realization is nearly INR20 lakh. And as you know, the robust order book, strong demand in pipeline. Everything is in presentation. Then also, I will explain you that Q4, we have INR406 crore closing order book. It reflects the 23% y-o-y growth in our order book. And domestic bid, tender bid and everything included is INR1,029 crores.

So, NEXA series contribute approximately 40% of the pending order book. So, as we discussed that we'll focus now on the NEXA products. So, our order book in this INR406 crore majority, 40% share is the NEXA. We have also successfully supplied the machine to the customer, including BHEL, HAL, Ordnance Factory, Polycab, Bhagat Forge, KM, GNA Gears, Amic Forging, Emerald Tyre, NIPHA and Kiloskar, which we already discussed about that now we are entering into the corporates also, which further cure reference list and brand creditability higher end segment.

Product innovations, we continue to invest in R&D expenditure. Our product portfolio, recently, we have successfully delivered a new launch, several new model machine, Turn Mill Centre, Tom Y-Axis, LX 3000, this is a bigger machine. The machine weight is 20 tons. LX 1000, V-855 Super. These machines are well positioned to address the growing demand of the higher end precision and technological advanced CNC solution.

In line with our aggressive growth strategy and sustained movement in our order inflow, we are in the final stage of securing 13 acres of land on a 25 years long lease. It's nearby our existing plot. It will enhance capacity and execution capability while supplying a timely delivery of pending order books. This new facility will enable the de-congenization, backward integration, and significant scaling of our operation to support our long-term growth ambitions. And this land is very nearby because of the coming future growth of this industry. Recently, we had one Indian machine tools summit at Goa, and they forecasted the consumption and demand will be double in 2030. So, averagely, we are predicting 25% growth in this segment. So, to match

our growth journey and our plant capacity limitations, government land will take another three to four months. So, we'll not wait further for the government land.

So, meanwhile, we identified the very nice land nearby us. It's a 13 acre land where we will invest the INR30 crore to INR35 crore in this new land. And after that government land, it's another expansion, we are planning where we are adding another 10,000 capacity. So, within very, very short time, we will acquire this land and almost our building and our construction plan and CapEx plan is ready with this 13-acre land. So, currently, we are, as I mentioned in my quarter three and quarter two concall, that we are adding the more people in sales and we are adding the new branches. So, recently, nine branches and eight tech centres. Right now, we have recently opened a new branch office in Baroda and Gurgaon. Upcoming branch, within short time, we are adding Nasik and Kolkata. Upcoming technology centre in Pune, we already finalized and maybe this month, we'll inaugurate Pune, Kolhapur and Mumbai.

So, industrial outlook of our market position, as per the IMTMA, Indian Machine Tools data released at the Goa Summit, Indian machine tools industry's domestic consumption stood INR35,000 crore approximately. And while India produced the INR16,000 crore in 2026, consumption is expected growth strategically INR54,000 crores by 2030 and INR2,30,000 crores in 2049. These data are available in Indian machine tools site. India ranked ninth global in production and fourth in consumption, for the machine tools.

While the global machine tools market is \$82 billion, India's share is only around 5%. And Macpower share in production, you can say, 1% of consumption and 2% of production. So, we have plenty of opportunity and now we are aggressively adding the new tech centre, road show, exhibitions and we are adding the new plant also. Macpower currently hold approximately 2% share in domestic production and 1% is consumption.

So, guidance for FY27, with the strong order book and expanding the higher end product portfolio, because of 40% of NEXA order book and ongoing capacity, we are confirmedly of delivering another year of robust growth. We expected 28% to 30% revenue growth in FY27, which would make yet another strong performance for the company by maintaining EBITDA margin and we'll try to improve it. So, we'll manage the EBITDA margin and we'll try to improve the sum of the

percentage. We remain focused on profitable growth, operational excellence, and long term value creation for our stakeholder.

I would now like to open the floor for the question that you once again for your -- right? So, we can start the questions.

**Vinay Pandit:**

Sure, sir. [Operator Instructions] I request participants to limit your questions to two in the initial round, so we can give everybody a chance to ask the question. We'll take the first question from the line of Darshan. Darshan, you can go ahead, please.

**Darshan G:**

So, sir, I just wanted to know about the CapEx. From our earlier interaction, what I understand is, we expected to take up a land of around 50 acres from government and then expand our capacity from 2,500 to 10,000 machines gradually. So, now you are saying that we are taking up 13 acres. So, is it different? And what is the roadway or what is the -- are these two different things? I wanted to know that.

**Rupesh Mehta:**

Both are the different things. First of all, right now we have a 2,500 capacity. And some of the area, this capacity is for the assembly. We have more than 1,000 different types of components we are using. And right now we have a capacity of spindle, like 150 machines per month. We have a capacity of sheet metal, 110. So, I think we are adding some facility to complete the 2,500 machines. This 60-acre land plan is still in process. We already paid the token amount to government. But because of the local elections in Gujarat, corporation and district administration, it's delayed by government policy. We are waiting for the government new policy. And they suggested that this new policy is more advantageous(advantageable) than the previous one.

Right now they are offering in the 50% government rate. Now the new policy is 25%. So, we are waiting. So, we have information that it will take three to four months to complete the procedure for the new policy. After that, we'll sign to acquire the land. But meanwhile, as we and the Board discussed, that we have a huge opportunity of the business for the coming year and next year also. So, why don't we add one another unit? So, this 13-acre land for 25 years long lease with a very token amount, we are almost in the finalization stage and we will announce within a short time. So, we are adding another 3-lakh square foot construction and de-bottlenecking of some of the process.

And after that, once this 2,500 machine capacity comes up, we'll add some more capacity in this plant, 13-acre. After that, once government land will clear with the new policy, we'll add another capacity and

another facility in this new plant. So, we have now, instead of two plants, we are planning existing and new one. But now, in future, we have one, two and three plants.

**Darshan G:** Okay. Sir, so, from this plant, the 13-acre plant, is this just for capacity de-bottlenecking? Or to what extent will this increase our production capacity? To how many machines can we make from this 13-acre plant?

**Rupesh Mehta:** Right now, we are putting some provisions for capacity expansion also. But our first focus to de-bottlenecking the 2,500 machines capacity in this 13-acre land. But we have sufficient provision for the next financial year. And once our 60-acre land will be delayed, then we'll add another capacity also to achieve our continuous growth of 28% to 30% in the top line and revenue and everywhere, in EBITDA. So, in this new plant also, we will add. But first phase, we'll add the de-bottlenecking. And second phase, for next financial year, yes, we'll add some capacity.

**Darshan G:** Yes, sir. Also, on the controller side, previously what I understood was, it was a white labelling, right? We were importing the controller from outside and we were white labelling under Macpower's name and selling it. Is it right? Is my understanding correct?

**Rupesh Mehta:** No, first of all, we are 99% controls we are right now using with the world-class control, FANUC, Siemens and Mitsubishi. For 1% some of the reputed brand, right now we are doing the white labelling to create our own brand. In future, after five years, if we are planning to manufacture some kind of the controls, so we can create the references. And this company is ready to build some kind of the collaboration for technology also, but it is a long result. But the practice we already started.

**Vinay Pandit:** Thank you. We'll move to the next participant. Garvit Goyal. You can go ahead, please.

**Garvit Goyal:** Hello, am I audible?

**Vinay Pandit:** Yeah.

**Garvit Goyal:** Hi, good afternoon. So, my first question is on the margins. This quarter, we saw a dip in the margins. So, what is the reason for that, sir?

**Rupesh Mehta:** First of all, the reason for the expenses, other expenses is increased due to two major reasons. One is the marketing. Now, as I told you that we are focusing to achieve the big goal for this year and next year also. So,

in Q4, we had participated in the Jamnagar, Kerala, Ludhiana and three roadshows. So, our marketing cost is increased in this quarter four. And second thing is, as I mentioned in my previous speech, that some of the component manufacturing area, we have a limited capacity like spindles, enclosures, power coating and other machining capacity. So, in March, we had given lots of job works to match our March production capacity.

And secondly, I'm happy to announce that first time in history, Macpower have a finished goods inventory instead of 18 machines was displayed in our tech centre in previous 2025. Now, we have 80 machine opening inventory. This cost is added in this -- this expense is added in this other expenses, but the billing realization is not possible because of the payment is not received. So, job work cost is increased because in first quarter, second quarter, we need to ramp up the production. So some of the limited capacity component, we had given the job work to the other suppliers. And second thing is Q3, there is no marketing cost, no exhibition, no roadshows. So, these two are, I think added our expenses cost.

**Garvit Goyal:**

Perfect sir. So, considering the commodity inflation environment right now, in order to get the business, we are a bit more focused towards the marketing. How are we -- how will we be able to maintain these margins in FY27?

**Rupesh Mehta:**

As you just go through our material consumption, I think we improved our margin to sell the more higher end product like NEXA. Our material consumption is reduced by up to 0.75%. So, material will not give this much problem. But if we wanted to grow the market on quarter-on-quarter and year-on-year, so we have to focus on more recruitment, more tech centres and more roadshows and exhibition. Now, as we decided, we'll participate in India's almost all the exhibitions. Tomorrow we have a Baroda office inauguration and there is a one customer summit. So, we are inviting the customer for the dinner and presentations about the company.

So, we are now focusing aggressively in each and every city, each and every segment, each and every area. So, this kind of marketing cost will add, but definitely because of this we will generate the 28% to 30% growth.

**Garvit Goyal:**

So, all and all margins will be same to FY26?

- Rupesh Mehta:** Margin will be -- we'll try to maintain the margin same, but we'll try to improve also. But our top line and PAT margin definitely will improve.
- Garvit Goyal:** And what will be the impact of this land that we acquired? You mentioned it will be on lease, right?
- Rupesh Mehta:** It will be on lease.
- Garvit Goyal:** So, some lease finance goes to somebody, so that accounting will be there, isn't it? So, that will increase the interest.
- Rupesh Mehta:** Yes, yes. So it is with the rental base per month is less than 0.5% of the market value. And it is for the 25 years registered agreement.
- Vinay Pandit:** Thank you. We'll move to the next participant, Kumar Saurabh. You can go ahead, please.
- Kumar Saurabh:** Sir, congrats on good set of number. My question is on NEXA and the 5-axle machine. So, average in the market, the price of such machine is from INR35 lakh, INR40 lakh to even INR2 crore. So, my questions are, last year, how many NEXA machines we sold around what price? And as you said, almost 40% of our order book is NEXA machine. So, what is the average rate of NEXA machine we expect to sell?
- Rupesh Mehta:** So, last year NEXA average price is 29 lakhs. And I think this year also it will be remaining INR29 lakhs to INR32 lakhs average price of NEXA machines.
- Kumar Saurabh:** Okay, sir. And sir, my second question is, earlier, our competition was more in the MSME sector. But now as we will be selling more and more of NEXA machines. Is our competitor going to change? And if they are going to change, like, are we getting into import substitute market competing with some of the foreign companies? And if that is the case, what is our right to win in this new segment, sir?
- Rupesh Mehta:** I think we already win, you can say, out of our INR400 order book, 40% is NEXA. So, we are focusing more on this segment and we don't have a competition with the imported machine right now. We have a competition of the domestic player. As I mentioned that our market share is compared to our domestic player is just 2% in terms of the value. So, we have plenty of opportunity. Our machine is very, very robust and our performance, our accuracy is appreciated by our customer. That's why we are getting good numbers of NEXA business.

And that's why I think we don't have to compete with the imported machine right now.

Up to 10%, we have an opportunity in domestic player, from domestic player and domestic market. Because 25% market is growing and our market share is just 2%. So, we don't have that much problem. Our problem previously was the capacity and CapEx. So, now within short time, we will sort out this issue for the next financial year. We'll utilize this new plant also.

**Vinay Pandit:** Thank you. We'll take the next question from Prateek Shrivastava. Prateek, you can go ahead.

**Prateek Shrivastava:** Congratulations, Rupesh Bhai. Thank you, Rupesh Bhai. Very good numbers of the company. My first question is on capacity utilization. So, now we had a capacity of 2,500. So, now how much capacity utilization is going on, Rupesh Bhai?

**Rupesh Mehta:** It is around 80%. Now we have to do the de-bottlenecking of the jobwork. We have a facility of many component manufacturers, we want to add 2,500 to that facility. That's why we'll add it to the new place. But now we can assemble 2,500 machines. And where our de-bottlenecking will be, we'll get the job work done in the component area.

**Prateek Shrivastava:** Okay, so we haven't got the land of 13 acres yet. When we'll get it, but then you'll have to do the plant, commissioning, it'll take time. So, what do you think? I mean, our FY27, at least in the first half, what do you think? What's our outlook?

**Rupesh Mehta:** In FY27, if we talk about it, we'll get 28%, 30% growth value-wise. And if we talk about EBITDA, we'll try to remain the same or we'll try to increase 1% or 2%. But we'll keep it the same. It won't come below that if we talk about year-on-year. And for next year, we have visibility. And this year's capacity utilisation, I think we'll do it up to 90%.

**Vinay Pandit:** Thank you. We'll move to the next participant. Bhargav Buddhadev. You can go ahead, please.

**Bhargav Buddhadev:** Yeah, good afternoon, sir. Congrats for the good set of numbers. Sir, my first question is that in FY26, you must have sold around 1,600 machines. Is that fair to assume?

- Rupesh Mehta:** No, I won't tell you the numbers. There was some competition in the market in the past. But if we add up machine dispatches and manufacturing, how much do we get?
- Vinay Pandit:** Tell us about manufacturing, sir.
- Rupesh Mehta:** Our manufacturing was around 1,800 to 1950.
- Bhargav Buddhadev:** Okay. And sir, this inventory is quite visible on the balance sheet, what you said about 80 machines. So the revenue booking for this is going to happen in the next 3-4 months. That's why there's so much inventory.
- Rupesh Mehta:** What I said in the past is that the 82 machines that have been forwarded, which we have an advance of, like the order book is big, but they have some margin, some signature, because I told you that customers get subsidies, if they take a loan from the bank. So all these customers are loan holders who get subsidies for interest and capital goods subsidy, from 25% to 35%. So there must be some reason that they gave short margin money, or they didn't go to sign after that, or they didn't get a mortgage. But all these things are forwarded in one week, 10 days. But the expense of their manufacturing came on our books, but their revenue was not generated. So this is the first time in history, because if you look at the past, we never had any finished goods left.
- So we have dispatched so many machines with a revenue of INR100 crores, and we have forwarded machines with almost this big revenue. So this was our strategical move that how to wrap up this quarter and this year.
- Bhargav Buddhadev:** And lastly, sir, in your PPT, you have shown something new, in which you have talked about a lot of new product development. So can you share a little on that, that the new products you have shown in the PPT, is that for defence aerospace or is it more for corporate clients?
- Rupesh Mehta:** No, this is general engineering. The machines of defence aerospace, almost 60% of the material is common, 40% is designer. So all this is for the entire industry segment. There are some machines, drill tap centre, so for EMS part, high-speed drill tap centre, for some die and mold industries, for some medical, for some general engineering, for some automobiles, we have taken out models, in which one operator and together, four components will be made.

In today's machines, one operator, one machine gets one component output. So for different segments -- the defence aerospace machines are almost different, they are specialized.

**Vinay Pandit:** Thank you. We will take the next question from Shashank Nagar. Shashank, please go ahead.

**Shashank Nagar:** Yeah, thank you. Congratulations on crossing INR100 crore revenue.

**Vinay Pandit:** Thank you, Shashankji.

**Shashank Nagar:** You told us in the last conference that you are in the final stage of technology transfer with five German companies, but they are dependent on the new land. So now that our land has been delayed, is there any update on that partnership?

**Rupesh Mehta:** No, we are discussing, we are in touch with them now, and in the initial stage, we are thinking that if it takes time for the new land, then the facility that we are making, a new facility in 30 acres, we are making a world-class assembly shop there, of some 3.5 lakh square feet, and to match their needs there, we are also adding such a facility. Then we will invite them and move forward, but they are in our touch. So nothing has been cancelled for 60 acres of land, nothing has happened, but I want that advantage, of the new government policy.

If I sign on the old policy, then there is not as much benefit as I will get in the new one. So it is still there and will remain, I will hold it for a maximum of 2, 3 months, but this new facility, which we are starting immediately. We are targeting it so that it can be utilized in the next financial year. So this collaboration and joint venture or technology tie-up, that is still continuous, we are in touch with them. According to their needs, we are developing a lot of shop floor.

**Shashank Nagar:** Okay. And second, we also saw that our expenses have increased in Q4, because we have an inventory, finished inventory, because we are doing a marketing regression here, so in our marketing, in FY27, what is our plan, how much we will spend in the marketing, and will it be new normal that we have so many fixed inventory available?

**Rupesh Mehta:** I couldn't hear the question. Can you repeat the question?

**Vinay Pandit:** Shashank, if you can be a bit louder, please.

- Shashank Nagar:** Am I audible now? Our other expenses have increased, where our finished machines are available, so in FY27, in our marketing, what is our plan for expenditure, how much we will spend in FY27, and will it be continuous?
- Rupesh Mehta:** Yes, it will be continuous, because now we are in aggressive mode. In the past, we never spent that much money on marketing, because we don't have the capacity, and Shashankji, we also didn't have the requirement of orders. There were exhibitions in many places, but we didn't even have a presence there. Now, we have a presence in all India, almost 39 cities, tech centres, we have given a lot of details in the presentation. Now, marketing is a compulsory business, because in marketing, two things are major, exhibitions and roadshows. So, we haven't done it yet, for many years, so we are doing it more aggressively, and this marketing cost will be a regular part of our journey. And it won't be a big cost in terms of value, but it will be around less than 1%.
- Vinay Pandit:** Thank you. We will take the next question from Vikas Kasturi. Vikas, please go ahead.
- Vikas Kasturi:** Greetings, sir. Congratulations on a fantastic performance, sir. Sir, I had two questions. So, one is, when you sell machines, after that, is there any recurring revenue, like you sell annual maintenance contracts, spare parts, consumables, etc.
- Rupesh Mehta:** Yes, we have that, and we generated a lot of revenue last year, and we are planning almost INR5 crores, INR6 crores this year, in which service charges, paid service, AMC, and spare selling, all these are an area of revenue.
- Vikas Kasturi:** Sir, can you quantify this? If you sell a machine worth INR20 lakhs, then how much recurring revenue can you get every year?
- Rupesh Mehta:** No, we haven't done that, but we don't take a lot of margins in customer relationships. Just to cover the expenses of our branch and some reasonable rates which creates one kind of marketing strategy. It creates our brand building that you buy a Macpower machine, sometimes the service doesn't even charge money, and sometimes the service is done at reasonable rates, and the genuine spares are available at a very nominal rate. So, this is a selling tool which I don't use in the revenue generation model for the next 2-3 years.

**Vikas Kasturi:** Got it, sir. And the second question is, sir, you mentioned 30 acre land, you are going to do the CapEx for it. So the number you mentioned, INR30 crores to INR35 crores, does that include machinery as well, and working capital?

**Rupesh Mehta:** No, right now, we are not taking a lot of machinery, we are adding some constant assembly in some areas, some store material, and some machines which we have already ordered, so it will be including machines, INR30 crores to INR35 crores.

**Vinay Pandit:** Thank you. We will take the next question from Vishwas Singhal. Vishwas, you can go ahead, please. We will move on to the next participant, Kushal Mun. Oh, one second, Vishwas has unmuted. Vishwas, you can go ahead.

**Vishwas Singhal:** Yes, yes. First of all, congratulations for a good set of numbers, highest ever revenue. Just now, when we were talking, you told an investor that the inventories you have, in those, you were getting maximum orders, because of that, you furnished the machines and kept them, but because of some sign, or some documentation, or some subsidy, you were not able to count it in your sales. So, almost in this quarter, it has been 2 months, as sir said, it is a process of 7-10 days, or 15 days, after that, all these things get sorted out. Can we expect the INR145 crores inventory, how much will we be able to do in this quarter?

**Rupesh Mehta:** No, we will be able to do the inventory, but the inventory will be refilled. As you can see, the import component, today, in many areas, many of our peers' companies are struggling in the import component, especially, ball screw, LM guideways, rotary tables, higher end encoder, so many components. I have told you in my concall, that I have an inventory of one year for import, today, so that threat is not there. So, the inventory will be refilled, because you will jump from 1st quarter to 2nd quarter, 2nd to 3rd, 3rd to 4th. So, the inventory level will not be less, the more the consumption, the more the inventory will be refilled. But because of this inventory, and the ready machines we have, due to their realization that is the reason, that we will grow 28% to 30%.

When we will grow, then more than the inventory consumption, the inventory can also increase, because we have to jump in every quarter, and if you see the presentation, we have more than 400 variants. Today, I will give you a simple example, that in one machine, 990 components are used, so we have an inventory of 19,000 components. So, all this inventory, that is the game changer, because to make any model, out of

400, the assembly time is not much different, but the time of raw material and process, lead time, logistic time, and process time, that is too much. If I import something from Taiwan, then their delivery time is three months, and logistic time is now two months. So, I will not get it before six months.

So, all these are our plannings for the inventory, and the inventory is also not from our money, you know that we get long term credits, and we do not have any debt. And this inventory, in today's date, the average cost of 2% to 5%, the effect of raw material on the average cost, and it is going to come, that is a big advantage for me. So, inventory is considered a game changing factor for engineering companies.

**Vishwas Singhal:** Okay. Sir, very well explained. Secondly, Sir, you were saying that our next land agreement, for that, the expenses will be around INR35 crores. And the cash statement that I was looking at, the operating cash flow is INR14 crores. So, are we going to take the rest from QIP, or are we going to take loans on interest?

**Rupesh Mehta:** We will mix both, with internal accruals, with our funding, with the help of our suppliers, to make the credit long. And secondly, we will also think of a term loan. We will mix both, but we do not have any plans to give QIP or give shares out, or dilute them.

**Vishwas Singhal:** Okay. Sir, can I ask one more question, or should I wait?

**Vinay Pandit:** I request you to come back in queue, please. Take the next question from Kushal Mondal. Kushal, you can go ahead. Can you speak up a bit louder?

**Kushal Mondal:** Hello, am I audible?

**Vinay Pandit:** Yes.

**Kushal Mondal:** Sir, you said that you have a new land of 13 acres. Will 500 more machines be added in this or will there be an assembly of 500 machines here? There is a confusion here.

**Rupesh Mehta:** This land is 9 acres, we can do clear construction and in 4 acres, we have to make a green belt. There is parking and gardening. And in 9 acres, we will do construction. We will not talk about the capacity of this land for now. We will make de-bottling and world-class assembly floors. After that, this year's consumption of 2,500 machines is done. After that, we will talk about further capacity.

- Kushal Mondal:** Okay. Sir, the lease you took for 25 years, is it an operating or financial lease? Should it be seen as rental expenses or as a ROU asset in Balance sheet?
- Rupesh Mehta:** Just a minute. What is the question, Kushal? Can you repeat?
- Vinay Pandit:** Sir, whether this rental land will be treated as an operating or financial lease?
- Rupesh Mehta:** Expenses, it is a rent expense.
- Kushal Mondal:** Rent expense, okay. Sir, my last question is you said in your opening remarks that our market share in the consumption is 1%. But if I am right, I don't know, but in the last few concalls, you said that our market share is around 4.5%. Has the market share decreased?
- Rupesh Mehta:** No. If the market share decreases, then how will our revenue generation happen? Let me correct you. 1% of consumption of India, in which import has also come, and 2% of manufacturing in India. Our market share has not decreased. Our market share is increasing and aggressively, in the next five years, by projecting 10% market share, we are thinking of a very big expansion and collaboration, new product basket, we have a vision of up to double digit. And this year, as I said, we will bring more growth than market growth. So it has not decreased.
- Vinay Pandit:** Thank you. We will take the next question from Kanishk. Kanishk, please go ahead.
- Kanishk:** Hello. Very good afternoon. Sir, I wanted to ask, why does a customer select Macpower? He has the option of other companies in India and he can import other machines at a cheaper price than China. What do you have to say on this?
- Rupesh Mehta:** First of all, there is no market in India for China. And the entry-level, very basic-level, cycle-level machines, there are about 1,000, 1,200 imports. In that, the customer is not satisfied. In one or two years, it has to be thrown away like a toy. So China's competition is not in the Indian market. India's competition, which are being imported, 55% to 60% of the import, those are higher-end machines, in which almost 90% of the machines are such that India does not make, or there are 5-axis machines, or there are some machines that India does not make.

So there is no competition in China. And here in India, six to seven players, which I always say, 90% of their market share, whatever has to be competed, it is mostly among these seven people. And in that, the USP of our selling, that if you are my customer, then we are the features of the machines, benefit and advantage.

Like when you buy a car, the average, engine, interior, in this way, there is a feature in our machines. There is speed, there is RPM, there is productivity, there is accuracy level, there is service support, how soon will we be able to do the service, there is cost of spares, so how is the design of the machine, my consumable, the cost of the tool, the cost of the oil, how much will it come. So we have all that data. And according to that data, we convince the customer, and then if he does not agree, then we have a nearby customer or a nearby tech centre, we make their job, and whatever we have said, we prove it to them, so that they buy our machines.

The second is the reference. Similar, in Bombay, in the die and mold sector, in Andheri, in Vasai, there are 100 customers here, we give their list, that your competitors are using our machines, and they are achieving accuracy, and cycle time, how fast the job is done. So these are all things for selling, design, feature, benefit, and after benefit, what is the advantage. We do it practically with the data, and prove it, so our customer's trust increases, and almost in our order book, more than 50% is repeat order.

**Kanishk:**

Okay, sir. And sir, I would like to ask, your inventory days are a little more than FY25, so sir, you also said, you will look to increase the days payable. So sir, in the long run, where do you think our cash conversion cycle will settle?

**Rupesh Mehta:**

I think it will remain the same, because if you want to jump production, then you should not focus on inventory, and in that, a lot of suppliers' inventory, they say that you buy 100 pieces, take 500 pieces, we will give discount, and you pay for what you consume. So what is the problem in keeping inventory? So inventory is not that big for me. When will inventory be that much of a tension for me, when I use working capital, you will see, I don't even have that much use of working capital, and I have some money in banks, some money in short term funds, so why should I take tension on inventory, because this inventory will change the game for me. In today's date, my inventory, and my pending orders, for the next 3-4 months, I will not get any price impact. This is still a game-changer for me, and it will be tomorrow as well.

- Vinay Pandit:** Thank you. We will first give a chance to those who haven't had a chance to ask questions, Utkarsh Somaiya, you can go ahead please.
- Utkarsh Somaiya:** Sir, I had a question about your capacity, how much will your next capacity increase from 2,500, and when will it increase?
- Rupesh Mehta:** As I told you, earlier, the new ones, the 13 one, we will do world-class assembly, we will do debottlenecking in some areas, and after that, there is a provision that in phase 1, we will add 1,000, 1,500 capacity, when this concepts is realized. In the next financial year, if I talk about the same growth, then I will definitely need the capacity, but we haven't made their vision yet, I will tell you that after the next one, two quarters.
- Utkarsh Somaiya:** Okay, so in 13 acres, it can increase by 1,000, 1,500, after you consume 2,500, correct?
- Rupesh Mehta:** Yes.
- Utkarsh Somaiya:** And you told us that your EBITDA margin will remain the same, but the PAT margin will improve, can you tell us about that again?
- Rupesh Mehta:** The PAT margin will also slightly improve, and EBITDA will not go down, it will remain the same, because if your top line increases, then your expenses will also increase. So EBITDA margin and PAT margin will remain the same. In PAT, I think if we focus on income and service, and if we focus on NEXA products, which we have increased the order book, then there will be an improvement in the margin.
- Vinay Pandit:** Thank you. We will take the next question from Runit Kapoor. Runit, you can go ahead please.
- Runit Kapoor:** Hi, sir. Congratulations on the great growth achieved in the quarter. So I have two questions. So in the balance sheet I see intangible assets of INR1.8 crores. So can you specify what is that?
- Rupesh Mehta:** That is the design, pattern and design.
- Runit Kapoor:** So that's your intellectual property then?
- Rupesh Mehta:** Intellectual property plus some kind of the aluminium and wooden patents also.

- Runit Kapoor:** Okay, and secondly it is about the new land of 13 acres. So approximately what will be the annual rental for that?
- Rupesh Mehta:** Nothing less than 1% annually compared to market rate. Say for example, the rent value is INR40 crores. The rental is just nearly less than 1% annually.
- Vinay Pandit:** Thank you. We will take the next question from Piyush Jain. Piyush, you can go ahead.
- Piyush Jain:** Hello, am I audible?
- Vinay Pandit:** Yeah, Piyush.
- Piyush Jain:** Yeah, Rupesh bhai, I need clarification on two, three things. In past, many times we have told that we want to do backward integration and EBITDA margin will move towards 20% to 25% or something. In our current PPP we are showing this that 3x to 4x revenue potential and even after that operating leverage will EBITDA is 18% and near to 18%. So are we saying that in past what we have thought of backward integration with margin of 22% to 25% and now our guidance is around 18% only?
- Rupesh Mehta:** I think I told you about that can be possible. 25% is possible after new plant and new capacity of this new 60 acre land. That time I think given you the idea EBITDA margin can increase by two, three different way, as I told you, that when you have a top line will increase. Number 2 some higher end product, some defence product and some of the backward integration. So yes in this industries there is a chance to achieve the 25% EBITDA margin but that we are focusing on EBITDA margin after this new 60 acre land will acquire.
- Vinay Pandit:** Piyush, do you have a second question?
- Piyush Jain:** Yeah I am asking. Am I audible?
- Vinay Pandit:** Yeah.
- Piyush Jain:** We have also given one slide where we have shown that we have supplied some machines to ISRO and HAL for the Chandrayaan or some other. So can you just give some bifurcation how much percentage of our revenue comes from defence or specifically to HAL or something? Any light on this where the defence segment is heading towards and share of NEXA machines.

**Rupesh Mehta:** Right now I think defence sector our total business in terms of the revenue is in single digit but right now we are focusing more on NEXA baskets but yes in future once we have a capacity because this defence and the government tender business machines are totally customized. Recently we have a INR3 crore machines order from HAL but it will take six months. So if we focus more on defence only then we cannot generate this much good revenue but right now in the new plant if we have a separate defence assembly shop, we have a different NEXA shop, we have a different turning shop we have a different technical collaborations shop.

So we are planning on this but right now we are focusing on more on NEXA and general engineering, average price but in future in next financial years we will increase our market share for the defence sector also. But right now if we manufacture only defence because of space constraint one machine when we start the assembly it will dispatch after five to six months. So they can occupy our space so in new plant, 13 acre plant we are putting the separate defence assembly shop right now our market share in the defence is less than single digit.

**Vinay Pandit:** Thank you. We will take the next question from Vishwas Singhal. Vishwas you can go ahead

**Vishwas Singhal:** Hello. Am I audible?

**Vinay Pandit:** Yes.

**Vishwas Singhal:** Sir, we were talking in your balance sheet we can see that the receivable amount is INR46 crores this time. So are we stuck only with the government payments or are we stuck with the private payments also?

**Rupesh Mehta:** If in the bank in the last days in the last week, we approved a letter this time that if the bank gives a sanction letter or commitment letter that this customer's loan of INR30 lakh is sanctioned and all the formalities is completed, we will release the payment after one week, you may dispatch the machines. We dispatched INR31.90 crore machines from which within 10 days we got INR21.35 crore machines. INR 10 crore machines we got their payment next month. Dealers also, we did an experiment to do stock and sell. We gave INR11 crore machines out of which INR6 crore we got within 10 days and the government's payment INR3.36 crore, is pending in today's date also. So in this is financial year or quarter time, we, on the letter bank's letter, NBFC's letter we are validating it, we don't stop the dispatches which we didn't do before.

We have received almost all payment except government tender business payment.

**Vishwas Singhal:** Okay, sir. So according to this our almost 60% execution of Q1 is over so the three digit number which we have crossed, will we be able to surpass it?

**Rupesh Mehta:** I told you that every quarter will be highest ever from previous quarter. And overall growth story I told you of Macpower the 28% to 30% will be annually. But I am sure according to my opening inventory, according to the order book, according to the work we did in 1.5, 2 months so according to that every quarter we will repeat the same story of highest ever.

**Vinay Pandit:** Thank you. We will now take the follow-up question from Kumar Saurabh. Kumar you can go ahead please

**Kumar Saurabh:** Sir, so my question is on the margin, the aspirational margin of 23%, 25%, it is going to be a 5-6 years journey. And you told us two levers in this. One is to make more NEXA machines and second is backward integration. So the question is to increase 1% EBITDA margin how much NEXA machines do we have to sell and now I think 34% of the cost of goods sold is being made in-house. So in the next 3, 4 years how much can this number go? And after doing all this in the next 2, 3 years let's see how much the margin improves given that it will still take time for the big land to come?

**Rupesh Mehta:** Now we are understanding that in 2027 if we work on the same margin but on the top line we will stretch a lot, so overall we will be concerned with the PAT. So I will assume that if the cost of my job work is increasing a little, suppose my margin is giving 1% impact on EBITDA so I will not stop the growth of the top line. Now this land of 13 acres, purely world class, world class means 21st generation assembly shop, centrally air-conditioned, dust-proof. So it will give us a new build in the market, a new image that Macpower is a world-class player. We will shift the entire assembly there.

After that the 60-acre on that only slowly we will move forward of backward, defence and other units. But slowly we will try how much margin we can improve in EBITDA because if the top line increases definitely margins will also improve. But our goal is to match the productivity of the top line and this year, as I said, we will try to remain the same we will try to improve a little bit and the stretch of the top line 28%, 30%. Same story for next financial year. And the journey of 25%

will not be gradual it will be together because when we put all the backward on 60 acres then we will see significant growth in the margin.

**Kumar Saurabh:** Very good, sir. One last question sir. Last year we participated in Germany in the exhibition, and I think we showed export revenue of INR2 crores, INR3 crores. So in the next 1, 2 years our export...

**Rupesh Mehta:** I think this year what we are doing is an experiment of our entry in export. Our actual export focus is with our joint partner and the second new world class we will develop the assembly slot in 13-acre that will come from that. But even today I will not focus so aggressively because easy fruits are available here, low hanging fruits. India's consumption is only 2% if I talk about peers company they have as many products as I have. They have as many distribution networks as I have. So I have everything ready. I have to make it. So I will not focus that much on export now, because I have low hanging fruits. I have business, distribution network, product basket. I have to make it now. I have removed the constraint of plant capacity, because of the government we were delayed for 1.5 years. But we are not waiting for them. We will create a new expansion in this year.

So export in the future after the big capacity is built. In today's date, in the next year from there more than revenue I want to take an experience that if I go to export in the future how can we understand this business we are moving ahead there are testimonial things. But the expenses there from marketing to the product basket there, we have to give CE Mark. We have it, but for that to make one machine it takes the time equal to making two machines for that. So after the separate entity is developed that this unit is working on export, this unit is working on defence we will move ahead with that vision. So we will not focus on export that much now.

**Vinay Pandit:** Thank you. We will take the follow up question from Kanishk. Please go ahead.

**Kanishk:** Sir, currently our CFO to PAT is around 40%. So sir, in long term 80% to 90% CFO to PAT till when can we see? And this year's CapEx what will be the number for FY27?

**Rupesh Mehta:** What was the question?

**Vinay Pandit:** Cash flow from operations.

- Rupesh Mehta:** Cash flow from operations, so I think we are doing some CapEx so it will be the same. There will not be a significant improvement. Somewhere the money will be on CapEx or debtors or somewhere. Cash flow, I don't think it will increase rapidly. What was your second question? Kanishkji, your second question?
- Kanishk:** Sir, what is the CapEx number for FY27?
- Rupesh Mehta:** In CapEx in existing unit in this year also INR10 crores, INR12 crores and in construction around INR30 crores. So CapEx will be around INR30 crores to INR40 crores.
- Vinay Pandit:** We will move to the next participant Hiren Modi. You can go ahead, please.
- Hiren Modi:** Am I audible?
- Rupesh Mehta:** Yes, Hiren bhai, you are audible.
- Hiren Modi:** First of all, Jai Jinendra.
- Rupesh Mehta:** Your voice is coming from afar.
- Hiren Modi:** It's coming from far. Is it clear?
- Rupesh Mehta:** Yes, it is clear now.
- Hiren Modi:** Am I audible now? Yes Jai Jinendra, Rupesh bhai. Congratulations for the great set of numbers. There are some points where I am little bit getting clarity -- I want the clarity from you. Sir, in March '24 you first announced that you are planning for 35 acres near Padri the land that was eventually increased to 60 acres. In the last concall, in February you mentioned that everything is clear and things are going to get signed up by March end. That is what you told at that time. So now you are telling that there is some election issues were there so things are again delayed by 2 months. So one of your point is very much clear that there are no hanging fruits over here. Indian economy is in a good shape and every manufacturing units require CNC machines. So I can't see that aggression within you, sir that from past 2 years the land is getting delayed. Now we are coming up with an option where we are going for a 25 year lease. So why that aggression is not there?

A company like us deserves much more to expand and to get more and more in a good CAGR you can move ahead. Sir I just wanted some clarity, I was confused.

**Rupesh Mehta:**

First of all, 35 acres land we identified the first land for 35 acres. After that 2 or 3 months, because as you know when you are asking the land from government, it will require more than 30, 35 different kind of clearance. So after so many clearance we have some issues in this 35 acres land. So government said this land we cannot offer you. We can show you another land. And they showed us this 60 acres land. Now the process of the land start to end, A to Z is completed. After that they taken the token money also from us. After that there is a policy of defence and aeronautic. The policy is like you can get this land with the token rates. And after that this policy is expired on December. They extended this policy up to February. Now there is no policy because of election ministry of industries and bureaucrats are very much busy. And that's why this new policy, the draft already they had shown me is more advantageable than any other defence policy in Gujarat.

So I am waiting for that policy. But if you can see my aggression is like that I am not waiting right now for this 60 acre land. This land will be coming once defence policy will announce within short time. But we are not waiting for this land right now. That's why we identified 13 acre land. And second thing is I am not ready to buy the land of INR40 crore if I want one land for one acre it's INR4 crore market rate. So I cannot generate the ROI. I am searching the land -- I don't want to sell the machine I wanted to earn the profit. So this land I identified the market value is INR40 crore. So if I spend 40 crore in this land -- so I am searching the land. They are ready to give me for the long lease.

So these are the one and second thing is this 60 acre land, I told you it's already all the department procedure is completed. File is ready I can sign the tomorrow but I have to pay according to the market rate because there is no policy from the defence. So I am waiting for one or two months. Once this policy will announce we will sign and we will pay the balance payment. So we are aggressive and that's why we bought this 13 acre.

**Vinay Pandit:**

Thank you. Since we are shooting ahead of time we will take the last question for the day from Darshan. Darshan you can go ahead please.

**Darshan G:**

Sir, we have a capacity of around 2,500 machines and average is around INR20 lakhs. So if we take a rough approximate so our peak revenue can be about INR500 crores. So when we expect the 3x to 4x of increase

in revenue, so is it safe to assume that this growth will come only after FY29 because it will take six months to get the land, to build up the plant we will also need 10, 12 months of gestation time. So is it safe to assume that the exponential growth that we are expecting that will come post FY29

**Rupesh Mehta:**

I never -- 100% growth year on year is not possible in this industry. There are very risky factors in this industry. Just by putting money that I put INR100 crores and now 300 has become 600. That will not happen. Resource management, manpower, technology, new product development. There are lots of aspect, we have to calculate. Supply chain because out of your 19,000 components there is no capacity with the supplier. So first you have to build that in-house. So on this subject I believe that any company, average, even if they put CapEx of 100% growth, in realization year on year they will not be able to do more than 30% 40%. It's not possible only.

So I assure you that year-on-year, this year and next year and after that also, this growth journey of 28% to 30% is remaining, continuing and in between if we have backward integration, they have supply chain and resource management is done properly then we will try to jump 40%, 50%

**Darshan G:**

Sir but number doesn't add up. We expect 3x to 4x of revenue by FY30. So if we grow at 30% CAGR we will not be able to reach our target that we have shown in our presentation. So how do we plan to achieve that number?

**Vinay Pandit:**

Sir let me answer this. Darshan, you are assuming INR20 lakhs as the average realization per machine. The average realization is also moving up every year by year. So it is wrong to assume that we will only do INR20 lakhs per machine. On top of that when we mentioned the capacity is based on the traditional machining capacity, while we are doing more and more NEXA machines, where the average realization are also going up to INR1 cr. So it's only just for basic understanding that the capacity that we are defining.

**Darshan G:**

Understood. Thank you.

**Rupesh Mehta:**

Okay, Vinayji.

**Vinay Pandit:**

Sure. Sir would you like to give any closing comment before we end this call?

**Rupesh Mehta:** Thank you very much Vinayji, to arrange this kind of nice concalls and thank you very much everyone who are participating in our concalls. And I am assuring you about our growth journey will remaining same on each and every quarter and year on year. Thank you very much.

**Vinay Pandit:** Thank you, sir, and thank you to all the participants for joining on the call. This brings us to the end of today's conference call. You can disconnect now.

**Rupesh Mehta:** Thank you.