

**February 1, 2024**

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, January 29, 2024 at 3:00 PM to discuss the financial results for the quarter and nine month ended on December 31, 2023.

The transcript of the said conference call held with the Investors is enclosed herewith. The Company shall also disseminate the above information on the website of the Company- [www.macpowercnc.com](http://www.macpowercnc.com).

Request you to kindly take note of the same.

Thanking you

Yours Faithfully  
**For MACPOWER CNC MACHINES LIMITED**

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Company Secretary**

Encl: a/a



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**MACPOWER CNC MACHINES LTD**

**Q3 & 9MFY24**

**POST RESULT CONFERENCE CALL**

January 29, 2024 3:00 PM IST

**Management Team**

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

**Call Coordinator**



Strategy & Investor Relations Consulting

## Presentation

### **Vinay Pandit:**

Ladies and gentlemen, I welcome you all to the Q3 FY24 post-earnings conference call of Macpower CNC Machines Limited. Today on the call from the management we have with us, Mr. Rupesh Mehta, CMD and Mr. Rajnikanth Raja, CFO.

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

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

### **Rupesh Mehta:**

Yeah, Good Afternoon! everyone. So, this time I think it is Macpower's highest performance in terms of all the aspects. I will go through the figures first and then we will discuss the question and answer.

Last year's topline of Q3FY23 was 53 Crore, this year, in Q3FY24 is 66 Crore. So, it increased by 25%.

EBITDA was 5.59 Crore in Q3FY23, now it is 10.09 Crore in Q3FY24, increased by 81%. EBITDA margin was 10.55% in Q3FY23 now it is 15.26% in Q3FY24. PAT is almost 101% YoY, we are interested in PAT. So from INR 3.5 crores in Q3FY23 to INR 7 crores, 3 lakhs in Q3FY24, almost 101% YoY basis. And our EPS was INR 3.5 in Q3FY23 at the last year and now it is INR 7 in Q3FY24. The order book in the Q3FY23 was INR 148 crores. Now we have INR 236 crores in Q3FY23. So almost 159% increment of the orders, due to the increase in the sales force.

The government's tenders, as I said in the last conference, the government's defence policy and education tenders are being uploaded a lot. So, our tender's bidding in the Q3FY23 was INR 58 crores. Even in the Q2FY24, it was INR 200 crores in total. It has now increased to INR 393 crores in Q3FY24, almost 671% YoY. So, in last one year, the government's tenders which are being opened because of the growth in defence, the growth in aviation, the growth in education sector, if we talk about quarter-on-quarter, 231% and if we talk about Q2 versus Q3, it is almost double within 3 months.

So, the government's policy of uploading tenders is showing a lot of benefits. So, these are the big points in terms of revenue. So, Vinay ji, if there is anything left, you tell us or we will go to the question and answer.

**Vinay Pandit:**

If you can briefly talk about the MOU which you signed recently with Gujarat.

**Rupesh Mehta:**

Yeah. So, one update is that Vibrant Gujarat, which is held every year in January, we have signed an MOU, in the policy of defence and aviation, which is the policy of Gujarat State government, if you want that policy, Vinayji has a copy, in which the government is giving a lot of benefits. The first and biggest benefit is that of land, almost at token rate, where we have seen the growth in defence and aviation. If you have tender bid of INR 400 crores, then in the future, there is going to be a lot of growth in this sector, and we have generated a lot of revenue. Till now we have worked for INR 500 crore in defence and aviation.

So, we are creating a separate unit of defence, where you can do 50% work of defence, so one unit of Macpower will be defence. After that we have another 4 acres of land that is unit 2. Now this big unit will be unit 3, where we will do everything in backward integration, where from the foundry, all the components we will manufacture in-house, and we will increase the capacity stage wise first adding 2,000, then 3,000. So, we will not do 8,000 or 10,000 all-together, but we will keep expanding it stage wise. And in this policy, the GST policy of the state government, 80% of the investment is reimbursed in tax. Land is available at a negligible token rate. Power cost will also be less. So, this is a separate policy of the government to motivate the defence and aviation industries. And we are eligible and principally they accepted our file. And there is a lot of excitement for them also, because this will be the first unit of Gujarat under this policy, which the government has made for defence and aviation. Till now no organization has given any application for a new unit from zero. I even had a personal meeting with the Industrial Commissioner, and it is in process.

So, in future we will expand our capacity. After the land comes, our capacity can be increased gradually in the coming five years, the capacity of 8,000 to 10,000 machines will be added. So, these are the updates for future growth and planning.

**Moderator:**

Thank you, sir. [Operator Instructions]. We will take the first question from Shubham Upadhyay. Shubham, you can go ahead.

**Shubham Upadhyay:** Yes, sir, Good Afternoon, everyone. I'm Shubham Upadhyay from MicroCap Minute. So, my first question is, recently I saw your balance sheet, where there is a sharp increase in finance cost. So, can you give some color why there has been such an increase in finance cost?

**Rupesh Mehta:** So, it is just our direct cost. Finance cost means direct cost. Employment cost

**Vinay Pandit:** Sir, basically your interest cost.

**Shubham Upadhyay:** Interest cost, yeah.

**Rupesh Mehta:** Interest cost is not there. Where are you looking?

**Vinay Pandit:** In your Q3 number, sir, the interest cost is shown as INR12 lakhs.

**Rupesh Mehta:** This INR 4 lakhs, INR 12 lakhs you are seeing, that is the processing fees of bank guarantee. That is the increase, earlier it was INR 4 lakhs, the LC which we open and bank guarantee we open, that is the fees. Actually, the surplus revenue we have, of INR 16 crore to INR 18 crore, for that we take interest from the bank in other income. The bank expense, the finance cost is the charges of LC and bank guarantee, for defense, and for the CC, the charge is added every 6 months, that is the charge, not the interest cost.

**Shubham Upadhyay:** Okay, my second question is, can you give some color on your Capex plan. Recently you said you want to go up to 2,000 machines. So where are we on that particular timeline?

**Rupesh Mehta:** So, if you see in Capex, Q2 versus Q3.

**Vinay Pandit:** Sir, basically they are asking, when will your 2,000 machines capacity come up?

**Rupesh Mehta:** I gave that in the last statement, construction of one unit will be completed in 15 days, and the rest we are completing in March. So, construction is getting completed in March, so in Q1, from April-May, our capacity will be 2,000.

**Shubham Upadhyay:** Okay, sir. Thank you. I'll rejoin.

**Moderator:** Thanks, Shubham. We will take the next question from Rohan. Rohan you can go ahead, please.

**Rohan:** Yeah, am I audible?

**Rupesh Mehta:** Yes, Rohan ji.

**Rohan:** Sir, thank you for the opportunity. Sir, in this quarter we have taken orders of about 600 machines. So, these 600 machines, how many days do we have to execute them? And in the immediate future, our capacity to cater to these 600 machines, how is it placed?

**Rupesh Mehta:** To cater, as I said in the past, 99% people will take loan from the bank or NBFC. So, in capital goods, they get a subsidy of 25%, and interest subsidy of 75% to 80%. So, people will take loan. If they don't take loan, they won't get subsidy. So, in their process, it can take 15 days or 4 months. So minimum order book that you need should be four times of the dispatch. If you have 1,000 machines order book, then you can dispatch 250 machines, because you don't give credit, your payment made should be 100%. So, 70% models in order book are standard, first come first. So., they don't need it.

You will say that you have given advance on order, INR 1 lakh or 5% or 10%, so to complete order book, your first round should be done in 6 months. To complete this, it can take 6 months. In standard machines, first come first, whose payment comes. 70% product will be standard, and almost, we talk about 1,500 to 2,000, but in last quarter, February and March, we will add 1,700 capacity instead of 1,500. So, you have to complete this in 6 months. But don't think it like this, in order book, I told you earlier, that in order book, 25% should be more than the dispatch. Say for example, 140 machines have gone, so we need 160 machines new order. So it is per day, in 32 branches, 75-80 people work in sales, they book 5 machines per day, and 4 machines are dispatched or 6 machines are booked.

So, the order book, will never be less. If there is pending recruitment or some exhibitions or some offers, order book will keep on increasing. So, we need order book permanently, because in planning, we have 315 models. if there is no order book, we will not be able to plan, because the model we make the market may not want it, other models will be in demand, so order book should be more than the remaining. If you see the trend of past 5-6 quarters, order book versus dispatch is increasing. Normally, the order you have should be executed in 6 months.

**Rohan:** Understood Sir. Sir my second question is, in our presentation, in type of machine, we have included DCM machine, and it has more than

INR1 crore realization, 2 machines are sold, total value is INR2.1 crore. So, is this machine a new offering for us and what are the opportunities you see in this going ahead?

**Rupesh Mehta:**

The demand for these machines in India is 300-plus machines. 4 years back, even Macpower imported this type of machine. There are 2 players in India. We have added a third player. The NEXA product we call, VTL, HMC, Double Column, and Automation Division, now we have two job work in Automation Division, which we have started in which Robotics and Gantry. And after that, in Double Column, we have taken order of 2 machines in the last month. We will realize it in April or May, delivery time of machines will be 3-4 months. After that, in Coimbatore Amic Forge, which has been listed now, we have given big VTLs to them. So now on our focus will be on NEXA product, in the new financial year and capacity will also be added.

So, this Double Column, its entry level value is INR1 crore. We dispatched 8 VTLs, and the biggest order we have is of Amic Forge, a Kolkata based company, which had an IPO in the last month. And now we are discussing with Ramkrishna Forge. So now we are focusing on the new segment of higher end machines, and the Double Column, you are talking about, is a big size machining center, which has a weight of 32 tonnes.

**Rohan:**

Understood. Sir my last question is, if you see the order build up on the government side, so the order received is 4, and the order executed is 1, which is much lower than the past quarters, so is there any delay in this?

**Rupesh Mehta:**

This is not quarter-on-quarter, because their machines are special type, and they come compulsory to do PDA, like in Q3, 2 machines were ready, of INR 1.5 crore, of Ordinance DRDO, Pune, but they did not come to inspect due to their busy schedules. So out of all the order books, 90% of them are Q4 realization. So, the government orders realization instead of Q-o-Q base, year-on-year is better because the time required to make it is 6 months. And the special purpose of it is executed in 5-6 months, and sometimes due to busy schedules they do not come for 1 month. So that will increase in this quarter, record break in Q4, the realization of all the pending orders.

**Rohan:**

Got it. Thank You sir, and all the very best.

**Moderator:**

Thank you. We take the next question from Kush Tandon.

**Kush Tandon:** Good Afternoon Sir. Congratulations again on a consistent quarter. Sir, I have 2-3 questions. One is your realization in this quarter per machine has increased from INR 19 lakh to INR 20 lakh, from Q2 to Q3, 5% growth on realization is there. So, can we say that product mix should be one reason as more of high value machines have been sold. So, can you comment on that?

**Rupesh Mehta:** Product mix, and VTLs, higher end machines have been sold and the government orders are also there. And mainly in VMC, we have seen a good growth, because if you see, overall number of machines, how many were there in the record?

**Kush Tandon:** Sir, basically 334 machines we have sold this quarter.

**Rupesh Mehta:** 344.

**Kush Tandon:** Sorry, 344.

**Rupesh Mehta:** If you talk of record Q3 is the highest in all aspects. 344 is the highest number of machines. So, the average price that you talk of, if the entry level machines are less, and higher end machines, because you know, the products range from INR 10 lakh to INR 1 crore. Like the government orders, say for example, a machine is being manufactured for BHEL, it is of INR 1.5 crore. So due to increased sale of higher end machines and VMC, and NEXA products, the price may go up. If you see, the average price, we are trying to not go below 20 lakhs, but even if it goes less, don't give much importance to the average price. So, for example even if the average price goes to INR18 lakh, Mr. Kush, then 344 will go to 364.

**Kush Tandon:** Okay. Sir, the EBITDA margin, this quarter has also increased. So, sir, you have 3-4 levers, one is to increase the realization for the margin, and the other is the cost, so in steady state, can we look at 16%-17% for the full year, next year, roughly according to you?

**Rupesh Mehta:** In this quarter, we had 14.3% EBITDA margin in Q2FY24, and we achieved 15.3% EBITDA margin in Q3FY24, and on expenses, it was almost 17%. So, your expenses, the direct and indirect costs, it didn't make a big difference, and your sales price also increased, and some backward integration, like telescopic cover is now in-house. So, EBITDA will increase with backward integration, it will increase due to top line and your operating cost is fixed. So, the margin, as your top line increases the fixed cost will be the same, so EBITDA can grow. And the other is, if you do backward integration and manufacture few



components in house which we buy from outside, the logistic cost, and your profit can also increase.

So, the reason for this quarter is some backward integration, some government orders, and in NEXA, VTL, and all these product sales. But the EBITDA will go up to 17% plus but I think the rhythm, will go up to 17% on quarter on quarter.

**Kush Tandon:**

So, you are saying that Q4 can be a little stronger, because it is capital goods, Q4 is mostly strongest. So there the margin can increase, okay. And sir, if we assume a 20% kind of growth, that you have been guiding, and also achieving now, are we looking at an INR 300 crore number, top line next year with 16%, 17% margin roughly?

**Rupesh Mehta:**

Now the meeting that we have finished, the sales meet that we have done, in the next financial year, the projection that we are doing, in that our top line will go between INR 300 crores to INR 400 crores. If the government sector order book as we always talk conservative, we have also minimized the order book. Our minimum target will be INR 300 crores, and maximum will be INR 400 crore. So, we will close it in between. And the average, of this year's direct and indirect expense, is INR 45 crores, we will stretch it a lot. We are participating in some big exhibitions, where we will be spending INR 1-odd crore. In the next financial year, we will be holding a direct and indirect expense of INR 51 crores-INR 52 crores. So, in front of the top-line it will be between 15% to 17%. So next year also the yearly expenses not more than 17% and EBITDA due to some backward integration, will be 17-18% of the average realization.

**Kush Tandon:**

Okay, very interesting sir. Sir, a broader question was on the industry. We have just seen an IPO of one company, and another company is planning for an IPO, and you are also doing very well. Is the industry looking good for the next 2-3 years, from a broader perspective?

**Rupesh Mehta:**

If we have studied the manufacturing sector properly, then you know, we are the backbone of the manufacturing sector. 3000 segments need these machines, 3000 segments, like aviation, defense, engine parts, plastic molding, watch case, watchmaking machines, knee joints, surgical instruments, mobile, iPhone, so in this sector, pharma, textile, dairy, submersible pump, bearing industries, 3000 plus segments, we have the list. I am not talking about the components. I am talking about the segments. So, if manufacturing sector wants grow, all the manufacturing segments of India, be it dairy machines, or dairy industries, or road construction, they need machines.

So, the growth in manufacturing sector that we are seeing, and the government is also focusing on it, 15% to 16% of the GDP is the contribution of the manufacturing sector. If there is an increase of even 1% of the GDP due to manufacturing sector, the machine tools industry will have to work 100%. And in that industry, like I said in the speech previously as well, we are only 6% or 7% that capture 90% of the market share, because it is not that easy. In the last 10 years, not a single player has come, because it is entry level. It takes a year to make a product, a lot of research, a lot of collaborations, after a lot of joint ventures, you can make this product. So, this is experience of long years and hard work. So whatever growth happens in the manufacturing sector, the work that is there, we will have to do it in India. And like I said, India will make 30,000 machines this year, the entire sector, 30,000 numbers including all the CNC, compared to it, Tata's iPhone has a requirement of 50,000 machines per year.

So, this sector will boom so much, the biggest challenge will be for 7 or 8 players, R&D, Research and Development, for which Macpower, in the next financial year, when this land will be available, R&D center will be developed in a small place, in a place of 1,000 meter, where 50 people will be a part of the team. We will do it in Bangalore. Because in Bangalore there is an environment for R&D and the production, we will do it here. Because manufacturing in Bangalore, is very costly, and we will not get manpower. Here R&D is somewhat 10% or 15% difficult. So, R&D will be challenging over here.

Supply chain, we manage 19,000 components, so we will have to find suppliers, or do backward integration. And the biggest challenge, is skilled manpower, for which we have training batches for 30 engineering students. We hire them on stipend for 3 months and within 3 months we recruit them as Junior Engineers. We train them and we also have a training center in the factory itself because as per our requirement of expertise, the syllabus is not available in India. It is available in Germany, Russia, and Japan. DE in machine tools, Diploma in Machine Tools. We are making efforts in India, but we do the courses in-house to the students. So, in the future, there will be no business challenge. Everyone has an order book of one year, everyone, not just Macpower.

The first question was IPO of another company. They have an order book of INR 3,500 crores. So, everyone has order book. The challenge is of execution. So, we are moving ahead with full preparation, and the average growth of 25% or 30% in the company should be there, if we can do a big expansion in the exceptional case, with the help of the government.

**Kush Tandon:** Okay sir. Congratulations. All the best once again.

**Rupesh Mehta:** Thank you.

**Vinay Pandit:** Kush just one correction to the initial statement, the EBITDA margin for this quarter is 15.3%, excluding other income. Yeah.

**Kush Tandon:** Noted.

**Rupesh Mehta:** 15.3%.

**Moderator:** We will take the next question from Ajay Surya. Ajay you can unmute please. Ajay you can unmute and ask your question. We will move to the next participant, Rajendra. Rajendra, you can go ahead.

**Rajendra:** Thank you for the opportunity, Sir. Can you give the guidance for this quarter, January to March?

**Rupesh Mehta:** Won't it be forward-looking?

**Vinay Pandit:** No, we want to avoid giving quarterly guidance, Ajay -- Rajendra if you can avoid that.

**Rajendra:** Okay, no problem, thanks. That's all I have.

**Rupesh Mehta:** But overall, in the 15 years of capital goods and machine tools, if you look at the balance sheet of all the eight companies, Q1, like I have shared this with many friends, in the machine tools industry, Q1 20%, Q2 25%, Q3 25% and Q4 30%. This trend has been going on for the last 15 years for all the companies.

**Rajendra:** Okay, thank you sir.

**Moderator:** Thank you. We will take the next question from Dipali. Dipali you can unmute please.

**Dipali:** Hello sir.

**Rupesh Mehta:** Hello, Dipali, yeah.

**Dipali:** Sir, targeting 50% import and export in the next 5 years, can you tell us how this will happen? And which geography will have the highest transaction?

**Rupesh Mehta:** What happened, Vinay ji, what is the question?

**Vinay Pandit:** Sir, I guess that she wants to ask, 50% of CNC machines are imported today, so how much do you think will be indigenized?

**Rupesh Mehta:** In the last 10 years, 15% of the machines are imported, earlier we had 65% import, India is making 35% only. So, in 10 years, 15% is made, but compared to the environment of India 10 years ago, which challenges in research and development, in skilled manpower had compared to last 10 years is better. The component from which aircraft is made, the components from which Chandrayan is made, what should be the accuracy of that machine, and how highly accurate it is, so in that challenge, the country has reduced the import by 15% in 10 years. So, I think in the next 10 years, we should reduce the import by 20% and come to 60% to 70%.

And for this, the Capital Goods Committee in NITI Aayog, which is an association of Indian Machine Tools, in which I have been a director for many years, they are forcing a lot, why is so much import happening. I will give you an example of the aggressiveness of the government, to give growth to this sector. One of our customers, imported some raw materials of steel, from a foreign country, within a week, a mail came from the ministry, that why are you importing from abroad is not being made in your country or not available. After that, all the technical teams of Tata, Jindal were contacted that this material is not being made in India, what did you order from abroad? So this much aggressiveness is visible from everywhere, so I think that the import of 10%-15% in the last 10 years has reduced, in the next 10 years, I think the import will be reduced by 20%

**Dipali:** Okay sir, thank you. And sir, you will focus on which geography if you export?

**Rupesh Mehta:** No, export of India, as I said, India's export is less than 1%. Domestic consumption is so high, that we are not focused on export. And we have decided, that if there are no sales and service and spares available in foreign countries then we should not export, or Make in India's name will be ruined We have given machines in Germany, Russia, America, UK, Nigeria, as those companies have a background of service, training or spares. We will not sell machines to unknown users this is what we have decided. So, India's export, I don't think it will be in focus for the next 10 years, because its distribution cost and opening a service center there, it is difficult for everyone today. In India the number 1 company has its setup in China and Turkey, they are exporting 5% of their total basket. But the biggest challenge is the

technical gaps, R&D, future generation machines and skilled manpower and supply chain.

So, the export focus, I think India will do it in 5 years, because there is no capacity. As I said, India has a capacity of 30,000 machines. In America, there is a company HASS, they make 30,000 machines per month. And around the world, it has a distribution network in 190 countries. So, India has to work on production quality and distribution network, which has 3 challenges which I have mentioned.

The market is so big, that if you look at the DECKEL and DMG Mori Seiki, if you see the balance sheet it is like the GDP of a small state. There are many opportunities for India. If we talk about quality, the machines being exported, and India is making, there is a survey report, with Indian Machine Tools, in which our machines are better than imported machines, in terms of service, spares, performance, and price, compared to European machines, Japanese machines, we are half price.

So, in the future, we have the world market open, but for that India needs resource management, raw materials, skill manpower and land. We will need these four things. And we are 8 people, who are doing 90% of the work we will need 16 such companies and then India can focus on export.

**Dipali:** Okay, sir. Got it. Thank you, Sir.

**Vinay Pandit:** Just one question regarding the 30,000 machines that you keep talking about, how big will it be in market size, value terms?

**Rupesh Mehta:** You can take the average between INR 25 lakh to INR 30 lakhs, 30 lakhs.

**Vinay Pandit:** Okay, per month.

**Rupesh Mehta:** Per unit.

**Vinay Pandit:** Per unit. But for per month, right?

**Rupesh Mehta:** Per year, 30,000 per year, INR 30 lakhs per unit, it is 60,000

**Moderator:** Sure. We will take the next question from Pratik Dedia.

**Pratik Dedia:** Am I audible?

**Moderator:** Yes, yes.

**Pratik Dedia:** Okay. Sir, very good numbers. My question is, you said you need order book every year to do business. So, can you tell 2-3 risks, what can happen, when you won't get order book and why? And second question is you are getting order for new machines. So when will you get replacement, how much time will it take for them to need replacement, when will you get replacement, and when will you get demand for replacement?

**Rupesh Mehta:** If we talk about the life of machines, it is almost like a car. It runs for 3 years very well. After 5 years, maintenance starts, and after that, most of the people who do high precision work, they sell it in second, it is like a car. But the trend, which many people have not understood, I will explain. I have not had any discussion with Vinay ji. Vinay ji, the entry level machine, from INR10 lakhs to INR20 lakhs, if we look at previous trends of India companies used to work for 24 hours with machines running in 2 shifts of 12 hours each. 70-80% unit running 24 hours. Now in night shift, there is not much output, there are many rejections and there were lot of losses for many users due to night shift. Now the machines they are buying are night shift, like Macpower has client in Ahmedabad, they have almost 40 machines of Macpower this year.

So, their product growth is 10% this year, but their Capex has become very high. They told us that they have decided to stop 24 hours, and put more machines in 12 hours, because they are not getting desired output in night shift. The second option is automation and robotics, for which we have done a tie up, and we are giving them a robotics unit, which can run for 24 hours, no manpower is needed. For 24 hours, the machine will run with the robots. So, I don't think the growth cycle will stop, this is a life line, life cycle. The manufacturing industry will not survive, and this is not a competition of China, that China will manufacture it. China does not come in this. The import is from Germany, Japan, Italy, Korea, Taiwan. China does not come in this.

The government is so strict, that some machines, like laser calibration and laser cutting for sheet metal. You must have seen laser cutting done, is not a product of Macpower, for that, the government has put an anti-dumping duty of 150%. And the regular duty is of 7.5%. So, I don't see these threats anywhere.

And the second threat is, that there is so much demand, in a year there were 10 units of plastic water bottle, and now there are 100 companies. So, this is not so easy, entry barriers are there. So, I don't

think, that the eight company will have a threat for their order book. They will have to look at the operating cost and expenses. If you look at the balance sheet of the eight companies, no company's direct expenses, which is 17% for Macpower, theirs is 24% to 45%, in which the interest cost is very high, the operating cost is very high, because they have to grow, so they are spending a lot of money but the realization is not happening. They are producing in metro cities, like Bangalore, Hyderabad and Coimbatore where the manpower cost is very high.

In this industry, 80% of the cost is manpower. So, I don't see any threat for order book, for any company for the next 10 to 20 years. I see threats for them, their operating cost, which is the thumb rule of Macpower. I think that the revenue I generate at INR 400 crores, 10%-11% PAT margin, they are not doing that with INR 1,000 crores in value. Their margin is 3% to 5%, so what is the meaning of doing such a big expansion and such a big production, wherein their operating cost increases so much. So strategically, I think that the threat for the industry is their debt, which Macpower has not taken, and will never take in its life, if it is not needed. And the second is the operating cost, we review the cost of employment per month, and make a budget in percentage.

So, your question and answer in this industry is, I don't think for the next 20 years, because you can make anything. People in machine tools will not die of starvation. For example, in Corona, we have made a profit, when the lockdown was there, the entire country was shut down, we were working for the government. During that period, we were told that there are no PPE kit machines in India, which doctors are dying from. So, we made the first machine in India, which was telecasted on BBC, ABP News We made 300 machines, during corona. After that we made N95 mask machines in-house, which were imported from China in INR 3 crores-INR4 crores, we made it at low cost in which without human touch, per day 50,000 masks were manufactured.

We have so much background knowledge, that if someone gives us a job, because this industry is technical, and works on R&D. India has not made a mobile machine, but we all made it in 3-4 months. Now the time of ICEC is coming. For that a very small and precise machine is needed. So, the market is shifting. Now to make a watch, imported machines, which is called sliding head machine, which has an entry level of INR 1 crore. Now India has started making it, and we will also make it once we have new expansion. So, the market will shift, needs will change, you have to spend more on R&D. Any country's

manufacturing can never stop, like agriculture can never stop, water can never stop, like that I don't think machine tools industry will never be idle.

**Pratik Dedia:** Okay, thank you. And second part, the replacement part, in that high end machines or the automated machines, can you tell us how many years of replacement will be there. If a human is using it or an automated machine, can there be a difference?

**Rupesh Mehta:** The life cycle will be the same, but the output is 24 hours by 365. So, you are not getting a relaxed machine, even for an hour, so you have to work on the temperature, heat control, power fluctuation, you have to work on R&D, and if you supply machines with robotics, then you have to do it. So, it will not affect the life cycle, but the ROI of robotics and automation is 4 years at present. My belief is if you focus on cost and R&D, then the ROI is 3 years, so people will invest, because the next challenge of the country, is the shortage of skilled manpower, which is still there today. 30% people are roaming around without work, and 30% people are not getting employment.

So, this robotics and automation division is the future generation, where we can put our robots, and do their production on any company's machine, not just Macpower, so the life cycle will not affect. We will have to reduce the breakdowns, so the life cycle will be the same, after automation.

**Pratik Dedia:** Okay. So approximately 3 to 5 years, from low to high end?

**Rupesh Mehta:** Yes, it will be the same. Like we drive cars, we will not do anything for 3 years, and after 5 years, there will be some maintenance, and then the second car.

**Pratik Dedia:** Okay, got it. And last question, you said you are doing R&D. So, can you tell us which industry, which segment you are doing R&D?

**Rupesh Mehta:** We have done advanced R&D as compared to the future requirements, like double column, HMC we added 2 years back. Till now we have done 12-15 of HMC machines, in the market and defense. VTL also we have done 15-20 machines, and now we are doing 2-4 machines per month. R&D has to be done in advance, and we have done that. And the next generation is the robotic and automation, and the market is less than 1% today, because the manpower is cheaper than automation. But looking at the future, we have done robotic and automation. The challenges of manpower, those who have more than



50 machines they are facing. That they are not getting 50 employees for day and 50 for night, 100 employees.

So, automation and the robotics division, big companies are involved. And in the future, mid-level and small level people will be involved. So, robotics and automation division will be there. And the second thing, since you are asking, we are not focusing on the corporate. In the future after the capacity expansion, because the area we have focused on, is India's market, and we are capturing 30% of that market. And we are bringing this business from that market. And we have not touched 70% of that market, because the demand is very high there.

If you contact Maruti, they will talk about 200 machines, if you talk to Honda, they will talk about 1,000 machines. We don't have that capacity. And we have not even taken an entry there, because their distribution costs, and the terms and condition and credit system a requirement for the future. We do not want to increase the expense for that. So, the total consumption of India, the market share of Macpower is just 2.5%. And even now for Macpower to double in the market for business growth, order book it is available, but if we do not execute on time after taking orders. We are doing parallel work, 25% to 30% growth in Capex, by increasing the capacity, and simultaneously increasing the order book.

**Pratik Dedia:** Okay, got it. Thank you.

**Moderator:** Thanks Pratik. We will take the next question from Richa Agarwal. Richa, you can unmute please.

**Richa Agarwal:** Sir, thank you for the opportunity. Sir, my question is, by looking at the presentation what we understand is we are catering for a lot of demand for aerospace and defense. So, if we look at it industry wise, how much demand is there from A&D, aerospace and defense, within the CNC, and how much exposure do we have towards this sector?

**Rupesh Mehta:** So, if we talk about consumption, the number one consumption in India is still in automobiles, more than 30%, and around 30% is in engine parts. After that the upcoming market, is of die and molds. Everything has dies, plastic or metal, it has a requirement of VMC, but what you said in between, aerospace and defense, the reason for that increase, is that in Make in India, the target of the ordinance factory is increasing. And they are exporting. Plus, the tenders which are below INR 200 crores, which are in our bracket, only Indian participation can enter in this sector. So, the tender which is below INR 200 crores,

is coming out more, which is why the defense and aviation work has increased. Out of the total business of Macpower, 15% to 20% comes from defense and aeronautics. But there are a lot of opportunities in that, sky is the limit.

That is why, we are talking of the new unit, the government has principally sanctioned us the project, the new unit for defense, Macpower Defense will be a separate entity, 100% Macpower subsidiary

So, the second sector which is the highest for Macpower is Defense and Aviation, and the third is die and molds.

**Richa Agarwal:** Okay, okay.

**Rupesh Mehta:** And the biggest sector, in the next 5 years, will be electrical sector, EV, in which mobile, earphones, laptops, all will be made in India which has just started with Tata iPhone. That will be the biggest sector, number wise and value wise, and for that, we will have to make some modifications in some models. I think within 6 months, we will start working and sampling in this sector.

**Richa Agarwal:** Currently is there any Indian company that is already catering to the opportunity, the iPhone market that you are talking about, from our industry?

**Rupesh Mehta:** There are 2 or 3 players who have got the work, I think it is 3, and everyone was invited. But according to terms, many companies did, and many didn't. But The payment method, the quantity supply, the replacement condition, and the trial condition we felt was very rigid, which won't be suitable for the Indian players. They will try 10 machines for six months; they need one machine extra above every 10 machines. The payment is after 6 months. So, lot of things – and you have to give 1,000 machines, 500 machines at a time. So, some terms and conditions didn't suit. But they invited 6 people in India, we were also there. But we didn't participate, and 2-3 companies in India did sampling and some supplies.

**Richa Agarwal:** Sir, which companies are these? Can you share the name? Just to understand the sector.

**Rupesh Mehta:** No, we can't talk of others.

**Richa Agarwal:** Okay. Sir, what is our R&D expense? I wanted to know if we have to take a tech lead, what are our qualifications, that we will be able to

beat other players. Will we have a tie up, or is it all in-house technology?

**Rupesh Mehta:**

In qualification, we have 50 years of experience, in machine tools, and 35 years in production and 25 years -- almost 22 years of Macpower CNC experience. In this line, the biggest asset is experience. Along with that we have a team of 35 to 40 people in R&D. And if we see any gaps in R&D, as I said in my speech, in Bangalore, with 30 to 40 people, only with R&D, there will be research done, and some labs, and some environment, which is easily available. So, the future R&D of Macpower gap, whatever is there, 1% or 2%, in today's date, we are the strongest team in India, who have the indigenous technology.

There is no other company in India except Macpower, who has not collaborated with anyone, or taken over any company, or has had a JV with any company. We are the 100% make in India, no JV, no collaboration. We have not given a single rupee fee for any technology to anyone nor have we taken over any company. In the future, this opportunity is also available that all the companies in the world, because Macpower is the only company left, who has no JV, or no joint venture, or no technology tie-up. There is only Macpower alone. Every company has some attachments. So, in the future, with the new land, new growth, and Bangalore R&D center, we can move forward with the highly technical companies on this level.

**Richa Agarwal:**

Sir, typically you shared some pipeline or bidding data, how much is your strike rate of how much you bid?

**Rupesh Mehta:**

The average strike rate is 8% to 10%, but some government norms have changed, so if we talk of the strike rate in the last 6 months, has increased, in which there is a reverse option, that whoever comes to L1, their price is fixed, and you can rebid, and the price changes every 10 minutes. And in that, we are powerful in low-cost manufacturing. There is no interest cost, and we are working with very low operating costs. The RA system of government has changed, that L1 does not get direct orders. After L1, there is RA, in that Macpower is taking all the work. And we are executing a INR 5 crore order of BHEL. In that Macpower was not L1. But we have taken the order from RA, and that rate will increase by 10%.

**Richa Agarwal:**

Sir, my last question is, in India demand is high, and supply is low, especially when it comes to indigenous machines. So, are you able to see this in bidding? As you said, you were not in L1, when you are already low-cost manufacturing, so do you see that pressure?

**Rupesh Mehta:** In the last presentation of Q2, there was a bid of INR 198 crores or INR 200 crores. In today's presentation you see, it is INR 400 crore bid. So, within 3 months, there is a 100% jump, so the government tenders, and bidding process is very big.

**Richa Agarwal:** No, my question was, are you able to see the margin pressure? Are people very aggressive when it comes to trying to be the L1 bidder?

**Rupesh Mehta:** Nobody is aggressive. There are not more than 5 of us bidding, only 4 or 5 people are bidding. Not that much. But if you want that order, then you can compromise on the margins, and if you want to increase the top line, and if your machine comes in the standard basket, which is not R&D, it comes in regular product, then you don't have any issues to go to the domestic price. Normally, all players keep 10% to 25% more, in government bids, because the payments come in 90 days. Plus, they have a lot of training, and lot of component true-out, they need a lot of extra features, which are terms of service, not material. So, when your product has the same-to-same machines, which you sell regularly, then instead of 25% more, you can reduce 5% or 10%, it depends on your requirement. If you want that order, then you can reduce the margin.

So, the margin will not be affected by the regular product, and the margin will be affected by the higher end machines, but your top line will increase a lot.

**Richa Agarwal:** Okay, sir. Thank you and all the best.

**Rupesh Mehta:** Thank you.

**Moderator:** Thank you, Richa. Before we take the next participant, I would request you restrict your questions to two. We will take the next question from Dhawal. Dhawal, you can go ahead please.

**Dhawal:** Yes, Rupesh bhai. I don't have any question. Just wanted to tell you a great set of numbers, and your cost structure is something which is making us stand apart from our peers. Please keep up the good work, and we all are with you. Thank you.

**Rupesh Mehta:** Thank you very much, Dhawal.

**Moderator:** Thank you, Dhawal. We will take the next question from Tushar Sarda. Tushar, go ahead, please.

**Tushar Sarda:** Thank you very much, Rupesh bhai. Very nice listening to you. You said that the iPhone will need 50,000 machines. So please explain the market a little more, how big the market will be. And then you made a statement that the electronic part and EV will be made, so there will be a lot of demand for the machine. So how big will the market be, and what are you doing to tap into that?

**Rupesh Mehta:** The market is so big, that even the current segment in India, HMC, VTL, Double Column, whatever the baskets are, the market is so big that you can't execute. They are sitting with big order books. Like I said, the top line of one India Company, the balance sheet is INR 2,000 crores, in the last financial year. In this they have 2 other companies, with are not there. So, the group is working on INR 3000 crores, with a INR 300 crore PAT. So, the industries are so big, that you have 3 things, land, resource management, skill manpower, and supply chain, if there is, then execution is the only challenge.

The second thing I said is R&D. So, this line is very big. We are talking about 50,000 machines. In China, Foxconn, only one company has 2.5 lakh machines. So, we are talking about Tata, and only one model is being made of Tata, and this is the demand. Now laptops will come, now Samsung will come, now ECIC will come, now EV, for Ev there will be different Electrical Machine. The EV market has growth, they will need more length. They will need the same, VMC, vertical machining center, but till now they needed 1,000, now they will need 3,000, 4,000, 5,000. Only EV machining will be done, the full electric body frame of the car.

So, the market for this type of machines, so as I said, if any company spends money on R&D, not on JV, not on takeover, not on technology transfer, after giving payment, giving them royalty, if they do indigenous R&D, it will grow in the future. On supply chain, you do vendor development, in India, anywhere in the world. Third, if the vendor is not developed, then you do backward integration and make that component in-house. Because to make a single machine, minimum 1,000 components are required.

Third is training. We are trying through association and AICT, which is India's education system, in that, Diploma in Machine Tools, Diploma in - BE in Machine Tools, the syllabus should be added, that the time it takes us to teach, 3 to 6 months, if that is less, then resource management, supply chain, indigenous R&D center, which is not done by any Indian company, and skilled manpower. If any company has these four challenges, and I believe the fifth is control on expenses on control, and on debt.

If this is done, then that company, in India, like the world's company, Deckel and Maho, Fanuc, then you have Haas, Mori Seiki that comes under Fortune 500. So, any Indian company can reach this level in the next 10 to 20 years, if we focus on these 4 to 5 things.

**Tushar Sarda:** You explained about iPhone, so in mobile, India is already number 1 in manufacturing. So, in the rest of the mobile, you feel that...

**Rupesh Mehta:** Nothing is there now. According to me, India has 200 or 200, 250 machines, they have tried, of India. The remaining 3,500 to 4,000 machines have come from Japan.

**Tushar Sarda:** I am not talking about iPhone; I am talking about other mobile.

**Rupesh Mehta:** I am talking of iPhone.

**Tushar Sarda:** No, I am asking about other mobile. We are already number 1 in mobile.

**Rupesh Mehta:** All other mobile companies have now done MOUs, have taken land, like you all have more knowledge than me that Samsung is also coming to India now. And now what are these people thinking that we will make it in-house. As the ecosystem develops, so those people, like outsourcing in China, a lot of Foxconn's, even a Foxconn vendor is machining with 50 machines.

So, this ecosystem will also develop. India is just starting of mobile. In the future, to match that demand, like they have ancillaries in automobile, they will also do outsourcing.

**Tushar Sarda:** Rupesh Bhai, my question is different, like this company Dixon, is already making mobile and making it in a very large quantity. So, are they also using your CNC machines?

**Rupesh Mehta:** They may have, in China and Taiwan, the Taiwanese companies available, and number 1 in this line in the world, is Fanuc, Japan's, in this type of machine. So maybe they are using Fanuc or Taiwan or Japan, because I think India has made this machine it has only been 3-4 months. So, the company you are talking about, I don't know about them, but it will be 99% will be of foreign companies.

**Tushar Sarda:** Okay, thank you, thank you Rupesh bhai.

**Rupesh Mehta:** Yes, sir.

- Moderator:** Thank you, Tushar. We will take the next question from Nikhil Abhyankar. Nikhil, you can go ahead please. We will take the next question from Ajay Surya. Ajay you can go ahead please.
- Rupesh Mehta:** How many people are there, Vinay ji, total participation?
- Vinay Pandit:** Sir, there are last two questions.
- Rupesh Mehta:** How many are registered?
- Vinay Pandit:** Sir, 100 participants were there at the beginning of the calls.
- Rupesh Mehta:** Oh, highest, this is also a record, right? In all the records this record was also made.
- Ajay Surya:** Yeah, congratulations sir, on a good set of numbers. Sir, as you were saying that manpower is very difficult in this industry. So, sir, now our capacity will be 2,000 machines, and as we have signed the MOU, and we are going to take our capacity of 7,000-8,000 machines. So, sir, as you have previously scaled to 1,000 to 2,000 machines, so sir, how do you see the difficulty to acquire new talent or how do you...?
- Rupesh Mehta:** If I talk about manpower, then you can take the general rule of manpower, manpower is manpower, whether it is construction or ours. We need a little skill. In manpower pilot problem is also there and ground staff problem is also there. For manpower, 3-4 things which we consider important, your HR department should be strong. We have a separate HR team for workers. It works like an entity. The office staff, which is of 175-180, for that, a separate HR team. For sales, a separate HR team, for service, a separate HR team, and now we have done the HR team of West zone in Pune office, North in Delhi office, and South in Coimbatore office.
- So, you need a strong HR. Second, your training, their job satisfaction, their variables, where the company is growing, then manpower should also grow. If they want to do order booking, then they get variables in salary every month, if they do production, then everyone gets variables every month.
- So, there are many activities, the first thing is to retain manpower. The second thing is that we have facilities available to teach 30 students. When the requirement increases in the future, we can also plant a batch of 100 we will plan such a thing, where we will move forward on larger land area. So, we know this challenge, and for that we have been working for many years, because our CFO is connected to the

Macpower Group for 35 years. So average tenure at Macpower is more than double digits. So, less people leave. Our requirement is pending, in this month, if I talk about all the departments, then 100 plus requirements are pending, almost 10%. So, we give it through training, so that we can train them according to our needs, and also less operating costs. So, for those challenges, Macpower is fully ready. If in the future we have 100 batch in the future, then we will send people to the market, technocrats. So, I believe that Macpower will not face that stage.

The second thing is that in the history of Macpower, no employee has been given, even in Corona, a salary deduction of 1 rupee, nor has their date changes. Our salary date is on 7<sup>th</sup>, no one has ever received a salary on 8<sup>th</sup>. If there is a holiday, they get it on 6<sup>th</sup>. So, all this has to be maintained, your employees are your partners, your team members, so we understand that very well, and we can say that it is number one.

**Ajay Surya:**

Sir, there was another question, after 2,000 machines, the capacity that we are going to increase. So, sir, as our history is, we don't take any debt. So, sir, the capacity expansion that we will do, will we be strong internally, or are we going to raise equity through a funding round?

**Rupesh Mehta:**

Sir, you have done INR 25 crores PAT this year. Leaving your dividend, there is no expense after that. You don't have to do more than INR 25 crores every year. The expansion that you will do, you will do it gradually. The capacity of 8,000 will be added, you are getting the land almost free. You are doing construction of 2,000 first, for which you will need INR 30 crore to INR 40 crores. So, in 2-3 years, if you generate your own money, you can do this expansion, and if needed, if an outside company is being added, which is bringing a lot of things, world's distribution network, their technology, then we can give them something and move forward. Or we can think of a small 10% debt, but I am confident that, in the first and second stage, this year's 25 crores, we have a big amount in reserve. INR 50 crores in reserve, INR 25 crores in cash. After INR 25 crores, you are getting INR 35 crore-INR 36 crores PAT next year. So, I don't think that much CapEx will be needed, but we have not thought of it yet. We can do it in 2 ways.

**Ajay Surya:**

Understood sir. Sir, one final question, we hear you and you sound very inspiring. Macpower as a company, or you personally, who do you get inspired from? Do you see yourself as a next class, or do you see yourself as a next Indian player, who Macpower desires to become or get aspiration to Macpower?



**Rupesh Mehta:**

If you talk about cricket, I want to do batting like Tendulkar, and bowling like a good bowler, and wicket keeping like Dhoni. So, every company if you talk about Peer Company, some have a good background in engineering, technology, R&D. Some have a good experience in distribution, because they have been in the market for 50 years. So, if I make a list of all this, this is an offbeat question, but if you look at the full Indian machine tool industry, then I can see more what not to do than what I have to do.

Like there is a company called Bangalore-based, they have a loss of INR 2 crores in the revenue of INR1,200 crores, and their CEO's salary is INR 4 crores. So, I have seen a lot of such things. Some companies have a debt of 1.5 to 2 times their revenue. Some companies have an operating cost direct, indirect is 45%, which is 17% of Macpower, so I think I have to see less of who I should become like, and more of who not to become.

**Ajay Surya:**

Got it. Sir, if I talk about the product side, then if we say that Macpower's machines like you said, in mobile manufacturing Fanuc machines are world leader. What kind of standard benchmark do you have for yourself?

**Rupesh Mehta:**

This industry should be treated like a project company, rather than a process and production company. So, 70% are the catalog products, 30% are specialized, uncertain business because you have 315 models, you cannot predict which model will increase the order. So, the challenge of the country will be the same as that of Macpower, because the country's own resource management, metrology, training centers, education systems, supply chain it's of the country. If you take it negatively, then it is the country's if you take it positively, then 20 years ago, we were making 30,000 machines.

I had data on Indian Machine Tools, in 1992, the consumption of Indian machine tools was INR 365 crore, and today it is INR 36,000 crore. So, India is making INR 16,000 crore-INR 17,000 crore in consumption and production. So, this country has crossed a big challenge, and the next 10 years will be the same. What has not happened in the last 30 years that is going to happen, you are all analysts, you have more knowledge than me. But if I talk about my industry, then there is a simple thumb rule, if the manufacturing sector is growing by 1% in GDP, then we have to move 100% forward.

Secondly, in this sector, I have been in this sector for many years, so I have seen two challenges in this industry, particularly our customers. We do not get power. IT took 2-3 years to get the power application.

They had to run on generator. After that they did not get loans from banks, 18%. After that the biggest challenge was SME and MSME, excise. They are not registered with the excise. So, the 18% excise charges were lost, so on the cost of 10 lakhs, 18 lakhs were added, 1.80 lakhs. So, value wise capital was expensive for them, because of excise. They did not get loans, interest was 15%-16%. They did not get power. In today's government policies, if you buy a CNC machine, then you get a 25% subsidy. Out of the 10%-12% interest you are paying, 8% is reimbursed by the bank, so negligible interest. After that, there is a benefit of two or three powers that the unit cost will be less, and the government is behind it, if the unit is good without the mortgage, then they give loans. So, I have seen a lot of problems with loans and power. Today there is no problem there. Today, everyone says the same thing, there is no manpower. There is no skilled manpower.

So, these challenges come in what I said. So, the growth of the country in the next 10 years, of the country, the biggest problem for the machine tools industry is that we are only 8 players. Maybe in the next 10 years, there will be 10 players, but the amount of demand increase, there will not be that many players, and the foreign companies will come to India and do production, they do not have a suitable environment. Some companies have tried in the past, so the easy way is to do joint ventures with someone. In Bangalore, it was started by Matek. It was closed in a year. There were many companies that came, so the study I did was that the foreign companies like Europe and Japan, are like Mercedes and BMW, in which they have put so many features, the market of a car worth INR 1 crore, and Maruti's INR 5 lakhs, INR 7 lakhs market, Maruti's share is 50%.

So, in India, there is a low cost, minimum entry level, and mid-level market segment. The European and Japanese companies are coming with a lot of features, which features that they will never put on in India. They are not understanding that, and they will not understand the Indian working culture, from supply chain to manpower handling, so they are fail. But now those people, 6 companies out of 8 companies, there is some relation with outside. Now the only company left is Macpower. So, it is not that easy, the country's growth, the machine tools industry has to work hard for the growth of the manufacturing segment, in which finance, order, no one has the challenge today, and it will not come tomorrow. The biggest challenge is R&D, execution, skill manpower. This will be the challenge, and for which the Macpower is a master in this line.

**Ajay Surya:**

Got it, sir. All the very best for the future.

**Moderator:** Thank you Ajay. We will take that as the last question for the day, Sir, would you like to give any closing comment?

**Rupesh Mehta:** Overall, as I said, what the challenge in the industry is, what the opportunity is, and once this kite flew, we did what we said for Q2, even better in Q3, and even much better in Q4, and the capacity is increasing. So, I said in the comment that at an INR 1,000 crores whether you have a loss or not even 2% margin, so I don't think it is right to turn over INR 1,000 crores. So, I will not give on credit, I will control the expense, I do the purchase system contracts myself, because money will not come by selling, money will come by buying. You consume 65% to 67% material, 17% is your expense direct, indirect and 17% should be your margin. The best balance sheet of Macpower, the expense of expenditure, their EBITDA is the same.

So, we have almost reached the level, and for future growth, the big expansion that we have to do, in that debt is dangerous, I still feel, and the cost of land in the market will be INR 70 crore-INR 75 crores. I don't want to take that much money from the company, and ruin the balance sheet. So, the opportunity that the government is giving us, that you will get a lot of privileges, because you come from the sector of defense and aeronautics. So, we will move forward through them, and the journey that we have started, the promises that we have made, will be completed in Q4 and next year FY25. Thank you very much, Vinay ji.

**Vinay Pandit:** Right. Thank you, Sir, and thank you for your detailed responses to all queries. Thank you to all the participants for joining us on this call. That brings us to the end of today's conference call. Thank you everyone. Thank you, Sir.

**Rupesh Mehta:** Thank you very much. Your record has also broken, Vinay ji, congratulations, 100 plus.