

October 30, 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 Tuesday, October 27, 2026 at 3:00 PM to discuss the financial results for the quarter and half ended on September 30, 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

Q2 & H1 FY27

POST EARNINGS CONFERENCE CALL

October 27, 2026 3:00 PM IST

Management Team

Mr. Rupesh Mehta - Chairman & Managing Director

Mr. Vishal B Mehta - Chief Financial Officer

Mr. Sujeet Kateliya - Company Secretary
& Management Team

Call Coordinator



Strategy & Investor Relations Consulting

Disclaimer: - This transcript is edited for factual errors.

Presentation

Vinay Pandit:

Ladies and gentlemen, I welcome you all to the Q2 and H1 FY27 post-earnings conference call of Macpower CNC Machines Limited. Today on the call from the management team, we have with us Mr. Rupesh Mehta, CMD, along with his management team. As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risks and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to brief us about the business and performance highlights for the quarter and half year ended, 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 very much Vinay ji and team Kaptify to arrange the meeting for quarter two. Good afternoon, everyone. I warmly welcome all of you to our Q2 & H1 FY27 post-result conference call.

Thank you for taking time out of your busy schedules to join us. We truly value your continued interest and support. The financial results and presentations have been uploaded on the company's website. I hope you have had a chance to review them. I will bring you, walking you through the key highlights of our Q2 FY27 performance, followed by an update on our strategic initiative and growth outlook. After that, we will be happy to take your questions.

We are further pleased to state that for Q2 FY27 also the company delivered its highest ever performance in Macpower's history in terms of revenue, EBITDA and PAT. The revenue stood at INR 120.33 crores. The y-o-y growth of revenue is 40.4%. EBITDA stood at INR 19.94 crores with growth of 40.8% y-o-y with EBITDA margin of 16.6%. PAT stood at INR 13.47 crores, grown 43.7% y-o-y with a PAT margin of 11.2%. Net profit margin stood at 11.2% up plus 26 bps y-o-y for the quarter ended. EPS stood at 13.47, up by 43.8% y-o-y for the quarter ended.

Average machine realization is also increased now. It's INR 20.36 lakh. We are pleased to state that H1 FY27 the company delivered its highest performance across revenue, EBITDA and PAT. Revenue stood at INR 215.56 crores for H1 FY27 with 46.9% y-o-y growth. EBITDA stood at INR 35.36 crores for H1 FY27 with 60.2% y-o-y growth. PAT stood at INR 23.06 crores for H1 FY27 with 65.5% y-o-y growth.

Net profit margin stood at 10.7% up plus 120 bps y-o-y for the H1 FY27. EPS stood at INR 23.05, up by 65.5% y-o-y for the H1 FY27. Average value of the machine around in 6 months is INR 20.55 lakh in order book. CapEx during the quarter was INR 2.89 crores. Incremental CapEx has led to a corresponding increase in depreciation.

Robust order book and strong demand on pipeline. Pending order book as of Q2 stands at INR 476 crores, reflected 36% y-o-y growth. NEXA series contribute in this order book is almost 40% of the pending order book. Domestic bid submitted INR 745 crores. Tender bids government business is INR 194 crores. Total bids in the pipeline INR 939 crores.

Product innovations. Recently we have successfully delivered and launched several new models like DCM 5 meter, V500G and VTX 1200. These are the large series NEXA products. Infrastructure and expansion over future growth. Construction of our new capacity at newly acquired 13 acres (9 + 4) land at nearby existing plant has started and it is expanded to come into operation by end of quarter 2 2027-2028.

In order to support our long-term growth goals, this new facility will enable de-bottlenecking, backward integration and major scaling of our operation. The new capacity will be announced in detail in Q2 post result concall. This land will be sufficient to support the growth of 25% to 30% in upcoming 3-4 years.

As far as 60 acres land is considered, as we are awaiting for Gujarat government defence policy, once the policy is implemented, we will proceed with a land development on the site. We will commence with the new facility fully operational, until then currently 13 acres land. We will start the work if we can get the land within 2-3 months also, then also we will not start this 60 acres development. First, we will focus to develop the 13 acres.

After that we will start the 60 acres land because in 13 acres land, we have a minimum 3 years visibility to increase the production.

We are also expanding our market presence currently operating in 9 branch offices and 9 technical centres. Development work in our upcoming 4 tech centres in Kolhapur, Mumbai, Chennai and Aurangabad is underway and we will expect to be operational in third quarter.

Expanding sales and service team, we are going to display a new gen cutting-edge 5-axis machine for aerospace and defence sector in

upcoming exhibition in January 2027, India's largest exhibition, IMTEX, developed by our R&D team. We are participating in almost all major industrial exhibitions in 2027 including IMTEX Bangalore 2027, EMO Milano Italy. This exhibition will provide a valuable operation to the showcase of our advanced CNC machine and automation technology, strengthen customer engagement and expand our market presence.

We believe we will be able to improve our previous guidance and growth. I think in last first quarter we committed 30% growth and I think we delivered that growth in quarter 2 and now I am increasing our guidance for this year growth is nearly 35%. I would now like to open the floor to questions. Thank you once again for your participation.

Moderator:

Thank you, sir. We will now begin the question-and-answer session. All those who wish to ask a question, please use the option of raise hand and I would request the participants to limit the questions to two per participant.

We will take the first question from Gaurav Shukla. Please go ahead. We will move on-- yes, Gaurav.

Gaurav Shukla:

Am I audible sir.

Rupesh Mehta:

Yes, Gaurav ji, you are audible.

Gaurav Shukla:

Congratulations sir for very good results. Thank you for giving me opportunity. Sir, Q2 revenue has increased INR 120 crores. After the strong H1 performance, what is the management current revenue growth guidance for FY27 and FY28?

Rupesh Mehta:

FY27 and FY28, I think we will continue our growth journey like 25% to 30%. On coming three years visibility is very much clear. With the new existing plant, we are able to deliver the more machines and the guidance for the coming three years is 25% to 30%.

Gaurav Shukla:

Okay sir. And sir, how much of recent revenue growth has come from higher volume versus price increases and product mix? Have recent price increases been beneficial?

Rupesh Mehta:

Price increase, I think we have old inventory also. We have old pending order also. So, I think the price incremental growth we can see in quarter 3, because in this quarter, I think all the execution with the old order book with the old inventories. So, we increased the price before two to

three months back, but now this new price execution will be in quarter 3.

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

Disha Chordia: Hello. Am I audible?

Rupesh Mehta: Yeah, you are audible.

Disha Chordia: Yes. Thank you so much for this opportunity and congratulations for a good set of results. Firstly, sir, so this quarter you mentioned the realization was around INR 20.36 lakhs. So, that would mean that we have delivered volumes of about 591 machines. Is that correct?

Rupesh Mehta: Roughly, I think you can say like that. Yes, because there is some service revenue also, but nearly the number of the machine is nearly the same, which you mentioned.

Disha Chordia: Right. So, our current capacity, so based on that we are at around 95% utilization. So, our current capacity is 2,500 and the next capacity will be coming by Q2. So, between this time, the next three, four quarters, where do you see the major growth coming from? Because we are already at 95% utilization. So, will it be more price driven?

Rupesh Mehta: I think, Disha, we have in quarter 1, we have the same capacity, almost 700-plus machines. Because now if you can see, our capacity is 2,500. So, our per quarter capacity is almost 600, 600 plus. So, in Q1, we have some forward inventory, which we utilized in Q2. So still, we have some forward inventory. So, this year, we are easily able to deliver 2,300 to 2,400 machines in this financial year. And the guidance for the entire year is nearly 30%. And we are sure that in quarter 3 and quarter 4 also we will break all the historical record.

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

Arnav Sakhuja: Hi, thank you for taking my question. So, my first question is that in the annual report, we mentioned that we've expanded our distribution network to around 39 cities. So, as we look to grow at 25%, 30% in the next two to three years, are we going to focus more on increasing distribution network within these cities? Or are we going to try and expand to even more cities?

- Rupesh Mehta:** I think almost, I think, compared to the market of consumption, mostly these 39 cities is the industrial city, where our top five companies of machine tools have their establishment. Previously, we are not expanding our distribution and marketing because of the capacity. Now we are going to build the big capacity in next financial year. So, it is not a one day or one month journey. So, we are expanding this marketing budget, new cities development and new recruitment to get the opportunity for next year's new capacity will be added. So, 39 cities is enough for us right now and almost end of this financial year, our team will be the double team of sales, service and tech centres and our branches.
- Arnav Sakhuja:** Right. And just on some financials, so the working capital days improved very strongly this quarter from approximately 138 days in September of last year to around 110 days in September of this year. So, I mean, what were some of the reasons for this strong improvement?
- Rupesh Mehta:** I think we delivered more machines in this quarter and there is no finished or unfinished inventory right now, we have and some of the inventory we try to control. Mainly, it's natural that whatever inventory we purchase, we mostly deliver the machines.
- It is not -- because I never focus on inventory as I mentioned in my previous quarter speech also that inventory is always a game changing for us because we have more than 380 variants and we are managing more than 20,000 component inventories. So, we can predict the business of models by 70%, 30% models are unpredictable. But in the natural way, we delivered more machines. So, inventory days is reduced.
- Moderator:** Thank you, sir. We'll take the next question from Mahek Talati. Please go ahead.
- Mahek Talati:** Yeah. Hi, sir. Thank you so much for the opportunity. Sir, you mentioned that you will be coming up with a large capacity which you are starting by Q2 of FY28. Any ballpark number of how much capacity are we planning to add as we are nearing the 100% utilization levels currently?
- Rupesh Mehta:** I think for the next capacity, I'm able to explain in quarter 3 concall because we are calculating. To increase the capacity, I think first phase is debottlenecking of the machining and component manufacturing. Right now, we are calculating how much CapEx we are adding for the

machines purchase, process and instrument purchase, material handling.

So, we are calculating and maybe within one month, we'll freeze our capacity increase calculation and we'll announce in quarter 3 result. But to increase the production, we need the component. So, we are focusing right now on component manufacturing and machining and backward integration. So almost our 90% calculation is completed. Now the time is for the order place. So, we are placing the order within one month. My team is visiting abroad. We are importing many of the machines from other countries and we'll get the benefit of Vikshit Gujarat policy for this new CapEx by 25% of subsidy of construction and the machinery and equipment and 7% of interest subsidy.

So, we are able to give the exact guidance on quarter 3 concall, but I'm sure that each and every quarter we are able to deliver you 25% to 30% growth on Y-o-Y coming three years.

Mahek Talati:

So, are we confident that we will be able to set up the new capacity in like three quarters time along with backward integration because the planning is still under place?

Rupesh Mehta:

I think yes. The delivery time for all the machines is three months. We are not placed the order because we also do not require the machine before May or June. So, their delivery time is three months and logistic time is one month. So, we have enough time and I think now next month we are placing all the order, almost 20% order we already where the lead time and delivery time is more, five months to six months where we already placed the orders to increase the spindle capacity, to increase the sheet metal capacity, to increase the telescopic cover. Now we are focusing on grinding and machining capacity and the lead time is not more than three months.

So, we are on time and I'm sure that will because construction work, compound work is completed, bore work is completed, architect team, contractors are already appointed. So, we have a clause to complete the building within six months with the penalty clause. So, I'm 100% sure that we'll utilize this plant on time.

Moderator:

Thank you, sir. We'll take the next question from Bhargav Buddhadev. Please go ahead.

Bhargav Buddhadev:

Yeah, good afternoon, sir. And congratulations on a good set of numbers. Sir, my first question is that if you look at the operating cash

flow, the operating cash flow for the quarter was very strong at about INR 30-odd crores and a lot of improvement has come in terms of your receivable days reducing significantly. So is it a coincidence that your receivable days are reducing and your revenues are also rising, meaning is there a change in terms of customer profile that you are getting good payments and hence you are also giving good revenues accordingly. So, is there a correlation, sir, between both of them?

Rupesh Mehta:

By the way exactly, we are not giving credit to any of the customers. Some of the corporates like recently, as I mentioned that they will pay us 5%, 10% or 20%, last 20% or 10% after machines received and we hand over to them with the commissioning report. So, we not entertain the tier one. And recently in the last few months, we are entertaining the customer like Hero, Kirloskar, Graphite India. So, we are now focusing more on corporate. So, some of the 10% or 20% is the credit once machine will receive, they will pay us.

But previously in certain months, we have one tie up with some NBFC that with their commitment letter for 15 days, 20 days, short term financing because some of the customer of document is pending, margin is pending. So, they will give us the assurance letter that you may dispatch the machine, we will release the fund within 15 days, two weeks. So, this time strictly we not accept this kind of because this scheme is not valid right now. So, cash flow is increased.

Bhargav Buddhadev:

Right. Secondly, sir, I was just reading your annual report and I saw that almost 80% of the components are now manufactured in-house. So, for example, your spindles, sheet metal exposure, then powder coating facility. So, when do we see the benefits of this in your margin? Because now that a large part of manufacturing is in house, can we expect those benefits to start flowing into the EBITDA margins as well, sir?

Rupesh Mehta:

Bhargav bhai, exactly our capacity of component is not that much enough. Right now, our spindle capacity is nearly 1,400, 1,500. So, we are purchasing 1,500 components. So, we are debottlenecking and adding our capacity in the new CapEx. Yes, definitely once our CapEx will added, our margin also will increase. Simultaneously, our salary cost and operating cost also will increase.

But definitely, there is a fixed leverage as you know that will give us the good sufficient improvement in the margin also. And gradually for the next year, next year vision also we are investing some operating cost and we are adding some more R&D team. So, our budget, if you can

see the R&D expenses is also gradually increased. But definitely, once this new capacity will added, our margin will definitely will increase.

Moderator: Thank you, sir. We will take the next question from Dhagash Sanghvi. Please go ahead.

Dhagash Sanghvi: Hello, thank you for the opportunity and congratulations on the numbers. I just wanted to have some clarity on the land area that you have mentioned in the PPT. So, in the previous quarter, it was mentioned that 30 acres of land is what is under the Greenfield expansion plan. But in this quarter's PPT, it is mentioned 60 acres land. So, I just wanted clarity. Is that 30 acres more land has been allotted to us or how is it like and when are we going to utilize the same?

Rupesh Mehta: Dhagash, first of all, this 30 acre land is just, I think, explained by the government two years back that this 30 acre land we are able to give you for the defence policy. And after that, I think there is some issue in that land. And after that, they show us the 60 acre land. And we approved that 60 acre land and we had paid the token money amount and all the documents, more than 32 departments clearance is completed. And after that, there is no defence policy. We are waiting for the new policy because 2016 policy is expired and they extended that policy up to August.

And now within one or two months or anytime, we are waiting for the new policy, then we'll receive this 60 acre land. But right now, we have a 13 acre land for another three years reason. So, right now, we are eligible to get the 60 acre land, not 30 acre land.

Moderator: Thank you. We'll take the next question from Sagar Shetty. Please go ahead. Yes, Sagar. We'll move on to Ankit Shah. Please go ahead.

Ankit Shah: Hello.

Moderator: Yes, Ankit. Yes, yes.

Ankit Shah: My first question was on the replacement demand. How is the replacement of the 5-axis machine, how is the replacement, what is the useful life?

Moderator: Ankit, there is a background noise. Yes, please continue.

Rupesh Mehta: So, if we talk about automobile, it is the same for machines, it will work very well for 3 to 5 years, in terms of maintenance, mileage and wear

and tear will be less. Then after that there is the reconditioning, spares cost. So normally the high-accuracy machines, where you need less than 5 microns, less than 3 microns accuracy, their life is 5 years. After that, their accuracy is very bad and for maintenance, they will sell it in the second or put it in reconditioning. So, the average life I predict is 5 years.

Ankit Shah: Hello. When will the new capacity come?

Rupesh Mehta: The new capacity will come in the end of quarter 2.

Ankit Shah: So, how will quarter 1 and quarter 2 be for next year?

Rupesh Mehta: In quarter 1-- because in quarter 1 and quarter 4, we will have the highest inventory forward and in quarter 4, we are planning for 250 machines per month, 750. So, I think we are utilizing almost all the capacity. We will get the same capacity in quarter 1 in the opening because some recruitment, some logistics, some material, some machining, some inventory, we have already established it in quarter 4 and the capacity that will be built in quarter 4, its production capacity will be benefitting in quarter 1 and the demand for quarter 1 will be 60% to 70% in comparison to quarter 4.

So, we are able to give you the good growth on y-o-y, minimum 25% to 30% in existing plot on quarter 1 and quarter 2 also and then we will give you the good numbers.

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

Manish Reddy: Hello. Good afternoon. Thanks for the opportunity. Congratulations for the wonderful set of numbers. My question is regarding the 5-axis machines program. So, what is the current commercial status of that? Have customer validations or commercial orders commenced and what revenue contribution could this product category is expected to deliver by FY29? And the second question.

Rupesh Mehta: Manish, I will complete your first question that right now, compared to our Indian machine tools demand, almost India is consuming 38,000 crores to 40,000 crores machines and India is producing 16,000 crores. If you just see our market contribution is consumption 2% and India's production 4%. So we are, I think, negligible market share right now.

So, my first priority is to capture the minimum 10% market share in coming 3, 4 years and this 5-axis market is a niche market. It is not a technology. We already produce, display, but we require this kind of special team to distribute, to sell, to train, to programming, a special team for aerospace industries.

Right now, I am not focusing on this Ferrari because the market is very niche. Market consumption of this kind of machine is not more than 150 machines. Out of that, 90% machine is imported. So, there are lots of legalities also to sell the 5-axis machines. This kind of machine is very tricky. If this kind of machine is used in the defence purpose, then our entire production line will choke up because some of the European and Japanese companies will not give us the material.

So, this is not a product which we cannot manufacture. We already manufacture. Right now, we are going to display also, but to sell 5-axis machines simultaneously right now, 4 plus 1, we are focusing. Every month, we are selling one machine. But this 5-axis machine is not that much our focused area. Maybe after 60-acre plant, we will focus on 5-axis machine. Right now, our focus is to get more and more market share, which this business is very easily available for us. Right now, if you can see our order book and our product basket and our distribution network, this business is very much easy for us.

We need to focus only and only for execution of this order. So, 5-axis machine, I think, we will not focus. But yes, to develop some of the case study, we will display this 5-axis machine. Recently, we have one order of INR 2 crores, one machine value of INR 2 crores. But we are not focusing if in a natural way, it will come, we will deliver this kind of the machine. But our mainly focus is (3 plus 1) 4-axis and (4 plus 1) 5-axis machine. So, mainly we focus to make the numbers.

Manish Reddy:

Thank you. My second question is regarding the defence and aerospace pipeline, order pipeline. What is the current status of the major tenders under evaluation and what is a realistic timeline for conversion into confirmed orders and revenue? Also, you mentioned the long-term plan of reserving 50% of the new plan for defence work. Is this allocation based on confirmed demand or customer discussions or some green shots you are seeing in this particular segment?

Rupesh Mehta:

Manish ji, exactly right now, we have good orders of HAL. We have good orders of the rifle factories and some of the ordnance factory. And definitely all the order we will execute in this financial year. And after that, right now, we are -- we limitedly and with the two higher prices,

we are submitting all the bids. And average bids are released more than INR 1,000 crores. But we are participating only on 25% to 30% with the two higher prices.

Once we have a good capacity for the defence area, we'll aggressively participate and all the tenders we will participate and we'll try to get the bond number. So, for the defence visibility, we have good numbers and we have a good strategy also for coming years when we have good numbers and good capacity for the defence area.

Moderator: Thank you, sir. We'll take the next question from Gaurav Shukla. Please go ahead.

Gaurav Shukla: Am I audible, sir?

Rupesh Mehta: Yes, Gaurav ji.

Gaurav Shukla: Sir, how much your machine technology developed in-house and how dependent are you on imports, imported components, such as controller, drivers, spindles and procedures?

Rupesh Mehta: I think our story is same like all the Indian players' story that ball screw, linear motion guideways, CNC controls, bearings. So, it's like, I think everybody is dependent on some of the components and it is not a good decision, just like a car. If you can see the car manufacturers, they never manufacture the tyres. So, some of the component is viable in the large scale only, and it's required the different focused area where the new R&D, new technology and this kind of things. If I am giving you the example, that FANUC is manufacturing the CNC control. Their per month capacity is 40,000 controls, they are manufacturing almost 40,000 per month. So, this kind of the component is required in the large scale, linear motion guideways and ball screws manufactured by the three companies and these three companies is giving the 99% world market.

So, it is not a good idea to manufacture all the components in-house. This is not your core area. About the technology, yes, all the design, nearly we have a 388, 390 basket model which developed 100% in our R&D team. We do not pay a single rupee of design, we don't have any collaboration, we don't have any takeover also. So, our team is capable to manufacture next generation's components and machines.

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

Abhishek Jain: Thanks for the opportunity and congrats for a strong set of numbers, sir. Sir, my first question is related with the land acquisition. So, what are the key hurdles for the land acquisition, why it is delaying a lot and if this land acquisition is not done, then what is your plan B?

Rupesh Mehta: Plan B, Abhishek ji, we already executed because this land we are waiting for the last one and a half year and plan B is this 13 acre land where almost our construction work and CapEx work is in execution way. So, plan B is already implemented, we are now waiting for the plan A of 60 acre land. This is delayed because of the government policy where we are getting the good numbers of benefit compared to the state government policy. And this policy is expired on last February. After the government extend this policy on up to September and now anytime, they said anytime. So, we are waiting for the new policy. The hurdle is there is no policy.

If they give us the land, then we have to pay the market rate and I don't want to pay the market rate because I don't require this land within one month or two months. If it will come within five months, six months, then it's also okay for me. So, I hope that we can get this land very soon and once we'll get this land, we'll not start any of CapEx in this land. First of all, we'll complete our 13 acre land project and then we'll start another capacity, another foundry, another component manufacturing and gradually we'll increase our capacity. And this both lands will give us the 10,000 machines visibility.

Abhishek Jain: So, just wanted to understand that you are going for the backward integration of many components, but if I say that the gap between you and your peers in terms of the margin is quite high, you're having a margin of 16% to 17%, while your peer is at 25%, 26% margin. So just wanted to understand what's your plan for the backward integration going ahead and what kind of the margin potential you have?

Rupesh Mehta: I think, yes, we can able to extend the margin once the capacity will be 10,000, maybe more than 20% margin we can able to sustain after 10,000 machines, and margin will increase in a two, three different ways. Some higher end product, some fixed cost is there. So, once you increase the numbers, your margin will definitely increase and the backward integration also.

So yes, we will increase the -- once our capacity, once our backward integration capacity will increase, it's a natural way and definitely we will increase the margin also.

Moderator: Thank you, sir. We'll take the next question from Aniket Jain. Please go ahead.

Aniket Jain: Good afternoon, sir. I wanted to check how difficult or how easy it is to push incremental pricing to customers. So usually, they are receptive or there is a little pushback is received from customers whenever we increase the pricing?

Rupesh Mehta: Right now, there is no resistance because of the global situation. The metal price has increased, the currency price has increased and all the peers' companies and the import price has increased dramatically. So, I think the import percentage has shrunk a little and the domestic player has got the opportunity. And if I talk about my Macpower, there is no discussion about the price. Our struggle with the customer is about deliveries. We don't have much impact of price. We have given sufficient time to the customers to execute their orders in two months or pay me more or do in three months. And that timeline is over, our old material is also over.

So, in today's date, the order received in the last two months, there is not a single order that is of the old price.

Aniket Jain: Thank you, sir. Understood. Thank you.

Moderator: Thank you. We'll take the next question from Disha Chordia. Please go ahead.

Disha Chordia: Yeah, thank you so much for this opportunity again. So, one thing you mentioned is that 20% plus margin you're looking at post all the CapEx happens. So, this year, what sort of margin should we look at and what will be the average realization that we should work with for this year?

Rupesh Mehta: This year, the average realization will be the same, but gradually from the new plant, maybe the average realization will increase. But as I mentioned that if I manufacture the average realization of INR 22 lakh, INR 25 lakh and then I am able to deliver 700 machines. But I will focus to deliver 800 machines with the average realization of INR 22 lakh, INR 21 lakh. So, for me, the total revenue is important, not the average price is important because you can get the same margin on because your expenses are also distributed with your total revenue.

So, but then also definitely we will increase the average realization, more sophisticated machines. We recently developed, if you can see our

NEXA product basket order book is also increasing. So maybe year-on-year, our average price realization will increase.

Moderator: Thank you, sir. We'll take the next question from Vinit Agarwal. Please go ahead.

Vinit Agarwal: Hello, am I audible? Thank you for the opportunity, sir. And congratulations on good set of numbers. So, my first question is since we are seeing most of the domestic peers as well as your global OEMs who are localizing in India are all adding capacity. So how do you estimate total industry capacity additions over the next couple of years compared with the growth in Indian CNC consumption? I know there is a gap still, but still wanted to get your sense on that.

Rupesh Mehta: Exactly. The Indian machine tools had recently released the numbers that our consumption in 2030 will cross the INR 50,000 crores. Because right now, Vinit ji, as you know that our manufacturing contribution in our Indian GDP is just 15% nearly. And government aim is to increase by 25%. And if they wanted to increase the manufacturing contribution in our GDP by 25%, I think they required our machines. Because we are contributing more than 3,000 segments.

Electronics, engine parts, die mold, aeronautics, everywhere the machines are required. Still, we will not able to manufacture 50% also because of the demand. And there is no new player entry will be coming in coming 10 years also. Whatever the growth of the country, we have to contribute by these 6-7 players. So, I am not worried about the demand in this segment. My game model is different.

I am controlling the operating cost. I am not paying the interest cost. If I am doing backward integration, my interest cost will increase. Ultimately, the market is just thinking about EBITDA. I am thinking about the PAT margin. So, I have a different model. And I think I am making something different within coming 5 years about the highest margin, highest capacity and minimum debt. So, demand wise, Vinit ji, I am seeing that India will not catch up the demand in coming 5 to 7 years.

Vinit Agarwal: Great sir. Thank you for that. And my next question is for us. Because of capacity constraint, are we seeing any cancellation or customers moving to some other competitors because of waiting time? And what share of the order book is backed by advances?

Rupesh Mehta: All the order book is with the advance. And second thing is -- except my distributor. Second thing is -- and government orders. Second thing is yes; every month we are refunding 10-20 machines average. Not able to give the deliveries.

Moderator: Thank you, sir. We will take the next question from Bhavya Sonawala. Please go ahead.

Bhavya Sonawala: Am I audible? Thank you for the opportunity and congratulations on fantastic execution. Just two questions, sir. First question is in terms of what is the criteria when we look at backward integration? Is it only in terms of cost competitiveness or is it also supply chain? Can you just explain how we look at backward integration?

Rupesh Mehta: Bhavya ji, we are calculating in three different ways for the backward integration. One is supply chain. Your backward integration cost may be, I am buying these things or I am doing the machining with INR 100. And my machining cost is INR 102. Then also I have to put this capacity because there is no availability of this component in India or abroad. So, this is a compulsion. I have to manufacture if I wanted to increase the capacity.

Second thing is the accuracy. This component is available but not with your standard. So, to get the accuracy you have to invest in plan B. And plan C is the long delivery time, long logistic time and plan D is to reduce the cost. It's increase your margin. So, we have four different categories. We are focusing. We have a huge number of component inventory. We are putting each and every component in Excel and we are calculating the capacity analysis. This component will not available. So, you have to manufacture either it's affordable cost or not affordable. This component accuracy we will not get. So, we are putting the Excel sheet. A is our most priority, B, C and D.

So, we all together we are working on this A, B, C, D. So, there are four types of different elements to manufacture the backward integration component.

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

Mahek Talati: Hi, sir. Thank you for the follow-up. Sir, couple of questions. Number one is the update on JV. Are we expecting the JV partner to finalize soon or there is still some delay there?

Rupesh Mehta: Mahek ji, recently we had a discussion in Germany with a few companies and they are also participating in January exhibition in India. And we set up the meeting and I think they are also waiting for our new facility. So maybe once we have our facility, all the paperwork is completed maybe we can announce once our capacity will be executed.

Mahek Talati: So, is this a new partner or it's one of the three partners which we had finalized earlier?

Rupesh Mehta: Yeah, I think the same which we finalized.

Moderator: Thank you. We'll take the next question from Saurabh Vyas. Please go ahead.

Saurabh Vyas: Hello, sir. Am I audible? Hi, sir. Congratulations on a good set of numbers. Sir, first question regarding the 5-axis machines. Congratulations that we have cracked that on our R&D team. But just wanted to know that these 5-axis machines right now cannot be built on the capacities and the entire workflow plan area of our current facility. So are we able to get this 5-axis machines production get started once the backward integration capacity has gone live, and we have achieved maximum capacity or this entire 5-axis machine will be manufactured in our new facility of the land acre parcel that we are trying to get it from a very long time. Just wanted to get a picture about how this 5-axis machines production will be started in our books.

Rupesh Mehta: Saurabh ji, first of all, understand the technology. The machine is same. There is a rotary table, tilting rotary table, which we are using in 4-axis also, 4 plus 1, 5-axis also. 5-axis mainly depends on the 5-axis license by the Siemens. Because FANUC and Mitsubishi are not giving 5-axis control to India. The machines are same which we are manufacturing right now. It's a vertical machining centre with the rotary table and these are the rotary table. So same machines, the control variant is only a different. There is no much more difference is 5-axis and 4-axis plus 1, 4 plus 1. So, machine is same, if you can see in our picture, in our website and our presentation, the machine looks same. The difference between the regular machines and 5-axis is software and hardware. And it's available only and only by the Siemens.

But there are lots of clearance that we will not utilize this with the defence purpose. Will not export to some enemy countries. Some we will not export to the some of the country where some restrictions by the US. And the market of India like Azad and some of the customers are using the 5-axis machine is not more than 200 machines. Out of 200

machines, my belief is more than 65% to 75% is imported because they required the FANUC. They required the Mitsubishi. But in India, Mitsubishi and FANUC of 5-axis will not permit because of the restriction of the Japanese and some other country. So, I am not focusing on 5-axis where the clearance is too long.

And second thing is this is the Ferrari. Why should I focus and utilize my capacity to develop the new market? Right now, market is open for me. Everywhere I can get the order of entire market. Out of 40,000, India will produce 40,000 machines this year. Out of that, there is a 200 machines market in India. So, I am not focusing in this financial year. There is no much more rocket science to manufacture the 5-axis. If you can visit the Bangalore exhibition, I am demonstrating the lots of aircraft component manufacturing in my 5-axis machines, in coming exhibition in Italy and in Bangalore. But my business model will not permit to waste the energy, time to encash this business. When you have a very easy fruits in your pocket, then why you have to catch these tough fruits. It tough by the law, tough by to get the license, tough by to get the restrictions. And one of our peer companies had already faced this problem. Like they supplied to the Russia. Lokesh machine is sanctioned for 2 years. So, I don't want to take any single person risk to show the market about 5-axis, 5-axis.

So, my focus is to sell the machine for medical industries or some of the commercial aircraft manufacturing company, as a testimonial basis, but I will focus once I have a 10,000 machines capacity.

Saurabh Vyas:

Got it, got it. Sir, one last question from my side. You said that going the entire facility will be full up and running for the backward integration by Q2 FY27. So meanwhile, we will be building up our inventory on a bit higher scale. So is there any working capital stress due to which we can see that the EBITDA margins may grow by Q3, Q4. But we see a slight compression on the PAT margins. Or is it that the backward integration will be started by Q3, Q4 itself. And then the working capital compression will be negative. Just wanted to get a bit clear picture on that.

Rupesh Mehta:

I think our working capital will not be issue for these industries. Because we are getting almost 90% material with the long term credit basis. Like 90 days, 120 days, sometimes 6 months also. To keep the inventory for 2 months, 3 months, our manufacturing time 1 month, 4 months. Then you can get the advance money. Then you can get 100% before dispatch. So, I think if you are properly managing this, so always

you can generate the cash flow. There is no problem for these industries if you cannot divert the fund into the CapEx or any other activities.

So, I am not worried about the interest cost of the inventory, because we have a huge cash flow once your production capacity will increase. Yes, definitely our debtors will be increased. But our working capital utilization will not be that much. If you can see I have INR 30 crores cash right now. Which is not my money. It is I think that our supplier's money. So, if we utilize the proper way, we can generate the cash flow. Not impact on the PAT or it will not increase the working capital interest cost also.

Yes, definitely once we do the backward integration and some of the fixed cost is there. So definitely with this new capacity we will increase our margin also.

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

Virag Shah: Hello, am I audible? So, I wanted to ask that currently you are manufacturing 600 machines every quarter, right?

Rupesh Mehta: No, totally our capacity is 2,500. So, average you can say 800 machines per quarter.

Virag Shah: 600, right? 800 would mean it would be 3,200.

Rupesh Mehta: Sorry, 600, sorry, yeah.

Virag Shah: So, after the 13-acre plant, how many will you be able to produce from 600 to --?

Rupesh Mehta: As I mentioned in quarter 3, I will exactly announce the numbers of total visibility of coming 3 years. But I am 100% sure that with this new capacity next financial year we are definitely able to give you the 25% to 30% growth in a year-on-year basis.

Virag Shah: Okay, sir. And lastly, how do you plan the NEXA? Like currently it is 40% of your total book. So, will it increase substantially because I believe that this is a high margin side and low volume product? But high margin can also improve your operating level margins and PAT margins.

- Rupesh Mehta:** I think 40% is more than enough I think for the NEXA product. But definitely we will try to increase this 40% in terms of the numbers. If you just see the terms of the value, definitely it will increase. But our aim is to reach the 50% in 2028-29.
- Moderator:** Thank you, sir. We will take the next question from Anoop Kumar. Please go ahead.
- Anoop Kumar:** Sir, congratulations on a good set of numbers. Sir, which industries currently contribute the most of the revenue like automotive, general engineering, aerospace, defence and others? And which segments are expected to grow fastest over the next 3 years?
- Rupesh Mehta:** I think, I am not worried about the segment right now, Anoop ji. As I told you that consumption is 2% market share. So, wherever we are, but we have good debtor numbers. Right now, the automobile is the fastest growing and die and molds, medical, agriculture. Each and every industry is booming right now in Macpower customer base. I think highest number, I am believing in steel automobiles.
- Anoop Kumar:** Okay, sir. My next question is, I joined late. If my question is repeated, please sorry. And what are the operating margin -- PAT and EBITDA margin for FY28?
- Rupesh Mehta:** Definitely it will increase by, gradually it will increase, but definitely it will be more than 20%.
- Moderator:** Thank you, sir. We will take the next question from Sanjay Mahajan. Please go ahead.
- Sanjay Mahajan:** Hello. Hello. Thank you for the opportunity, sir. And one thing that we understand in every call is that the demand is very strong. And one of the things that we analysts are trying to understand is that the demand is so strong, we in CapEx, what is our strategy and thinking, how do we expedite that? Because the unlisted players have disclosed their video in the public forum, they have been able to come up with the capacity expansion in six months' time. They have said four, so I assume from drawing to execution and making it ready, they took six months. So, what is that holding us? Is it just land or anything else? Because demand is strong, balance is strong, and we still are struggling to come up with the CapEx at that speed. And the concern is not only about losing the order or we are becoming too ambitious about the growth.

The other angle, probably, how important would be it from management side, that if other competitors are putting huge capacity at a fast pace, then it will be difficult to get talent pool. Or is that sufficient talent pool for everyone to grow at that pace? Because the capacity that has been added recently by listed and unlisted players, is that thing we are trying to understand?

Rupesh Mehta:

Sanjay ji, let me tell you that demand is not for everyone. But if you look at the results and figures of the peers company, then it is demand for Macpower. Because Macpower's machines, Macpower's entire product basket, I keep India's top three product baskets, India's top three distribution networks, and my machines have loaded features, which is the most in the standard price, my service, my customer relationship.

The demand now is definitely good, but it is double for Macpower. If you look at all the companies, then this generalized word is for all the companies, it is not eligible for single-digit companies 8 to 9. A lot of company results have come and you will see some of the private limited companies. So, this is number one. The second thing is that my business model and style, I have been in the industry for more than three decades.

If you just do CapEx and your production will double, this mistake has happened in a lot of companies in the past. That you do CapEx of INR 1,000 crores and the revenue of INR 1,000 crores will be generated. That has not happened. Their company's PAT has never come up from their interest cost. This model has been adopted by Macpower for many years that your capacity will not increase by just putting money in it. You have to check the supply chain, resource management, geopolitical condition, lead time, logistic time, and skilled manpower and government policies. All this should be taken care of. I believe that the single-digit market share should not try more than 50%, because your operating cost, your fixed leverage, and your interest cost will increase a lot. If you do CapEx of 200%, then 400%. But I believe that no company will be able to double.

It has not happened in history, nor will it happen. I am making this prediction of 50% for those who have a market share of less than 5%. Those who have a market share of more than 10%, it is impossible to double for them. For those who have a market share of 30%, I believe that more than 10%, 15% growth is impossible. For those who have a market share of less than 5%, 50% growth is possible. For skill, I have a very good module. I am working on a very good model. It is also my business secret. I don't think it will challenge me in the next few years.

Because today I have 1,000 people, and in the next 2-3 years, I will have 2,000 more people. So, it will not be a challenge for me. I make everything easy first, and then I invest. So, I will not face the challenge of demand, skilled management, and supply chain, I will never increase my CapEx and operating cost for growth above 50%. That is why I have never taken a debt in my history. I have never pledged in my history. And I have never struggled for cash flow or working capital in my history. This is my financial and business model.

Moderator: Thank you, sir. Sir, due to time constraint, we will take the last question from Piyush Jain. Please go ahead.

Piyush Jain: Hello. Rupesh bhai, today you are in excellent form.

Rupesh Mehta: Yes, in a different form.

Piyush Jain: In a different form. Today, listening to you is great. Sir, only one thing to know. We are working on 2,500 machines. And according to the average utilization, we are making about 550-600 machines per quarter. So, we are working on almost full utilization. This new 13 acre land that we took on lease, I believe, will start in Q2 of next year.

Rupesh Mehta: Yes.

Piyush Jain: So next year, we will work on almost optimum utilization. So more or less, we will be within the capacity of 2,500. And even after that, sir, next year, Q2 will ramp up and get smaller. So, the larger impact of the new facility, which I believe is again 2,500 machines, correct me if the number is wrong, will come in the second half of 2028 and '29 full year. Is my understanding correct, sir?

Rupesh Mehta: Piyush ji. First of all, I would like to tell you that for the next first six months, we will stretch our existing of 2,500 from 1,250 to 1,300-1,400 for two quarters, we will make it here only. And now I have a recent Macpower adjoining, a big place, we have taken it on rental. So, I have the clarity of vision. And I think in quarter 1, quarter 2, I have taken a good place of 40,000 square feet next to my Macpower adjoining in the last month. So, I have a clear game and vision. We will definitely give 25%, 30% growth in quarter-on-quarter in every quarter throughout the year. I am 100% sure. And for them, all my groundwork, paperwork and visibility is clear.

Piyush Jain: Perfect, sir. Sir, one more thing, like our competitors, their average realization is around INR 37 lakhs to INR 40 lakhs. In the last few years,

we have reached INR 20 lakhs, INR 20.5 lakhs, from 19 lakhs. So, sir, what is it? You also said a lot that if you are not so focused in 5-axis, because it is a small percentage of the overall market and you are targeting focusing, which is your strength. But over a period of time, will we be moving towards a higher realization machine, let's say INR 24 lakhs, INR 25 lakhs. Because in the past, Rupesh, you also said that by doing backward integration, we can try a margin of up to 20%. In the last few quarters, we are talking about 16%, 17%. So, what is your thought process on this side? Not today, maybe in 1-2 years. Will we move towards the value chain of INR 24 lakhs, INR 25 lakhs, INR 27 lakhs, will we move towards a margin of 17%, 18%, 18%, 20%?

Rupesh Mehta:

Look, 20% or more, I still say that it is possible, whether your average price is INR 20 lakhs, INR 25 lakhs or INR 30 lakhs. When your new capacity is built, not next year, but after that, you can put a margin of over 20%. Secondly, the capacity for me is constrain. Now I am ready to come to the market on some export or high-valued machines. The product is ready with me. I can come to market at any time. For their distribution, I need a separate team, like if I want to sell Ferrari or Maruti, then these two common teams will not work.

Secondly, I will have to go to export. Now I will have to capture the world market. The average price of India's single-digit peers is within INR 25 lakhs. I will not jump into exceptional case, because in doing all this, my operating cost, my debt is going to increase a lot. And I will go to do that area when I eat the easy fruit in front of me. After that, I will go to phase 2. First, I will do the market of 5,000 machines. After that, I will move forward with some collaborations on 500 machines in the world market or higher end products, in which I do not do any experiment.

So, I have a very good vision clarity of 5 years. But in that clarity, for execution, I need a profit of whatever it is coming from INR 20 lakhs or INR 40 lakh average, we should focus on business now. We should focus on product and do it at an average price when you have a sufficient market, you cannot grow in that area, because their power condition will be different, the height of their machines will be different, you will have to go to export, you have to go to the world market exhibitions in every country. So, their whole game is different. If I start that game now, but I will not be able to execute in that game.

So, this business model is risky for me. And I never do business at risk. I do not do business at risk. You take out the balance sheet of 20 years of Macpower, we have even profited in COVID time. So, this has been

my business model, that slow and steady, and do not take too much risk by looking at the high growth potential. You do gradual growth and do it with your own money. And take out that model of mine.

All the Indian machine tools companies, which have not earned by doing top line, I have earned more than that, on the whole bottom line. What they used to earn from INR 1,000 crores, I used to earn in INR 300 crores. So, once you look at the business model of Macpower, it is too early in all these areas.

So, we are doing collaboration for it, we are developing 5-axis machines, we are doing it because we will do the 60-acre CapEx for that only. But for this, you need 2, 3 moves to set the game. I will set the game first and then jump. Now everyone's condition has deteriorated a lot in the past to jump and set the game. So definitely we work for PAT and EBITDA, and I mostly work for PAT. For me EBITDA is also a cost, because interest of some companies, if you look at our past, we have given the same amount to the bank.

So, I don't want to take that model, and I think my business model is accepted by the market, me and my team and my customer. So, we are focusing on high-valued machines. 40% of our order book has increased for high-valued machines, which we call NEXA. After that, we will focus on the machines when we have sufficient facilities and capacities have been built, Piyush ji.

Moderator: Thank you, sir. Sir, since that was the last question, would you like to give any closing comments?

Rupesh Mehta: Do you have any last question, Mohsin Bhai?

Moderator: No, no, the last question is done, sir. Would you like to say anything in the end?

Rupesh Mehta: No, I think thank you very much everyone for joining with us on our Q2 concall, and thank you Vinay ji and team Kaptify, Mohsin bhai and team. Thank you very much to arrange the, I think, largest meeting ever. I think more than 130-140 people are in this group. I think this is also a record-breaking participation in this concall, and I hope soon that with the new record, we will see you soon in quarter three. Thank you very much.

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

Rupesh Mehta: Thank you.