

### MACPOWER CNC MACHINES LIMITED

CIN: L30009GJ2003PLC043419

November 17, 2022

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 Friday, November 11, 2022 at 12:00 PM (Noon) to discuss the financial results for the quarter and half year ended on September 30, 2022.

The transcript of the said conference call held with the Investors is enclosed herewith. The Company shall also disseminate the above information on the website of the Company- www.macpowercnc.com.

Request you to kindly take note of the same.

Thanking you

Yours Faithfully For and on behalf of

#### MACPOWER CNC MACHINES LIMITED

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Kishorbhai Date: 2022.11.17 10:40:17 +05'30'

KISHOR KIKANI **Company Secretary** 

Encl: a/a









### MACPOWER CNC MACHINES LIMITED

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# **Q2FY23**

## POST RESULT CONFERENCE CALL

# **Management Team**

Rupesh Mehta – Chairman & Managing Director

Rajnikant Raja - Chief Financial Officer

CS Kishor Kikani- Company Secretary & Compliance Officer

CA Pratik Aghera- Sr. Assistant Manager-Accounts & Finance

**Call Coordinator** 



Strategy & Investor Relations Consulting

**Vinay Pandit:** 

Ladies and gentlemen, I welcome you all to the Q2 and H1 FY23 Post-Earnings Conference Call of Macpower CNC Machines Limited. Today from the management team, we have with us Mr. Rupesh Mehta, Chairman and Managing Director; Mr. Rajnikant Raja, Chief Financial Officer; Mr. Kishore Kakani, Company Secretary and Compliance Officer, CA Pratik Aghera, Senior Assistant Manager Accounts and Finance, and Mr. Jay Acharya, the Finance Consultant of the company.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements. And these forward-looking statements may involve risk and uncertainties. Also, this is a reminder that this call is being recorded. I would now request the management to kindly brief the participants about the performance for the quarter and for the half year ended September 2022. Post which we can open the floor for Q&A. Over to you, Rupesh.

**Rupesh Mehta:** 

Yeah. Good morning, everyone. So, overall, I would like to discuss about the six-month result. We completed 94.63 crore a six-month revenue -- last quarter, second quarter revenue was 53.48 crore, which is the highest in Macpower's history for the second quarter. And totally, we achieved approximately 8% growth. But the main thing is our CapEx and recruitments totally 16% increased, as I said in previous meetings, that capacity that is 1,200 now we plan for 1,300 to 1,500. We feel that CapEx which is from owned funds, and second is recruitment, as compared to last year, overall 16% approximately increased -- previously we had 557 employee team increased to 646. Approximately 16% employment growth, and CapEx has gone up by INR 4.17 crores in the first half year

**Vinay Pandit:** 

Sir we have spent totally INR4.17 crores in the first half.

**Rupesh Mehta:** 

INR4.17 crore in first half. So this capex we have brought, in which some machinery, in which we have taken a new achievement, that is pattern shop, which we first pattern after designing the machines, the process of casting Pattern that were being outsourced are now being done in-house.

Second, we have start a new division by recruitment, which has been recruited since two months, now we are meeting with the customer with a presentation, that is, automation in which we are demonstrating robotic or gantry. These machines are fully computerized

After that comes in a requirement of Tier 1 Tier 2, they need machine without man i.e. fully computerized machine. We have started a Robotic or Automation division, which has been recruited, or a senior person has also arrived. Within a short period of time, we log the first order for automation. Now we will also sell machines along with automation.

Second, we have a research and development team, as you know, we are focusing on higher-end products through Nexa. we focus on VMC, Vertical Machining Center after turning. It was pretty average. After that we have now VTL, recently we received an order for a VTL-800, which will be the largest machine, of the VTL series, or the VTL-500 being one now. Two machines every month, one or two machines, a third model we developed, and \_ order is coming for that too.

Then HMC will focus for now or for a complete corporate selling or higher end - product selling inside a senior persons we are introducing, short time will recruit. Or we have just taken a new milestone, that double column machining center, which is one or two player made so far in India starting from INR1.25 Crore. It is a 2 meter by 3 meter or 4 meter machine. We have just completed the design of this machine only yesterday. Or a machine we are now bringing for production. Second we have had several meetings, even today a delegation is having meetings with our defense, in their plant. In the Defense Expo that took place in Ahmedabad just now, or whether we can give, we have also discussed about it.

India's Total Ordnance Factory, PSU, HAL, DRDO, or Ordnance Factories which make Tanks or Tops or Guns, we also provide technology along with log machines, programming, fixing, cooling and job completion. So there has also been a discussion that you have so much knowledge then why can't you make direct? So that's a new upgrade for us, that together with the big CapEx we think in the future, tab this different scope can also be developed. So overall we will talk about six months, compared to last year, there has been a growth of 8%, which is the growth we are expecting in this year of 15% to 25%.

As you know, generally in capital goods, we catch the trend like this, first quarter is little less, second quarter is little plus flour, third quarter comes even more or fourth quarter, it is very good in the last. Because of capital goods, So at the end of depreciation, that third quarter in March -- the fourth quarter revenue comes in more. Overall growth of 8% has been achieved within these six months. The main thing is, that there was capacity constraint in the forward growth, for that recruitment or CapEx we started Patent Shops for backward integration and double column for new basket and our automation division.

So overall, we have had a journey of the last six months, and all these investments and recruitment that have taken place in the next six months will bear fruit because of what we recruited, of that, we've increased 26% in service and 20% in sales,12% in factory staff and22% in Office staff. Office staff means those who work in the back office for support and design. So in total we have 89 newly recruited people, so the capacity of our employees is

646. Earlier it was 557. So, along with CapEx and recruitment, we are going to do the journey ahead of growth.

So Vinayji, we can start the questionnaire.

#### **Question-and-Answer Session**

**Moderator:** Sure, sir. Thank you so much. [Operator Instructions] In the meanwhile sir,

we have the first question from Mr. Vipul Sanghi in the chat window. Yeah,

what is the peak revenue potential with capacity of 1,500 machines?

**Rupesh Mehta:** 1500 machines, didn't I understand, Mr. Vinay. What is your exact?

**Moderator:** Sir, he means to ask, when you reach the capacity of 1500 machines, then

how much revenue can you make?

**Rupesh Mehta:** So, the average price that is going on now, as of today, if we look at 2019-

20 and the average price is INR16 lakh to INR17 lakh. And what we have increased the sales and production of high-end products through Nexa, so the average price that we are coming now is INR20 lakhs. And now at the next level we will focus on VTL, HMC and double column and automation. So the average price will also increase, the article is currently coming in at an average price of INR20 lakhs. So on 1,500 we can achieve INR300 crore

minimum.

Moderator: Okay, we'll take the questions from Arvind who has switched on his

camera. Arvind, you can go ahead?

**Arvind:** Hello Rupesh.

**Rupesh Mehta:** Hello, sir.

**Arvind:** Rupesh sir, your balanced order of 754 is pending now. I want to ask, how

much of this is for repeat customers or how much is new acquisition?

**Rupesh Mehta:** I will not have average total. But in the data we get every month, we have

made a separate excel, how much repeat order is coming. So approximately your profit is 50%-55% of orders placed by existing customers with Macpower from 10 years ago, 5 years ago or more recently. So there are

about half the orders and there are repeat orders.

**Arvind:** The second question is, in the new growth plan that we are doing, in this,

we see that we have to do two acquisitions, so we have taken the share of our competitor. We eat in their share or we create our own market. So what is the focus of ours, are we getting new customers from wherever we are. You said 50% that we are taking from our existing customers, 50% we are

bringing new ones. So what is new is from the new market, that they were using someone else's machine and now they started buying from us.

### **Rupesh Mehta:**

Even in that which is 50% to 20%, we call them first time users, who are buying for the first time. That proportion is coming closer to 20%-25%, that first time users are making fresh investments because of our focus on Tier 4 in the past.

Now we have started working on Tier 3 pay as well, they are getting benefits in the PMEGP scheme, they have got it, up to INR 50 lakhs, and they are getting subsidy of 15% to 35%. And almost interest free loan, 7% to 8% interest reimbursement, and GST also 100%. So those who are first time users, we have got around 15% to 20% order booking. And the rest we are taking from the users of the competitors.

This is the strategy, which is still there, if we have a product basket, turning machine, VMC, VTL, HMC. We are bringing automation or double column now, on that we will talk more about the consumption of the market in terms of value wise and number of machines, in the data we have we have as many CNCs in India. We have a market share of 4.5% in the segments we cater to. There is a lot of difference between us and our competitors. We can take our market share easily, because we started taking market share, we improved our delivery, what we did.

The second was that the features that you have in the product, it should be different from the competitors, such as the roller guideway that comes in the machine, the linear motion that comes as standard, the roller guideways that comes at an extra charge. We struck a good deal and got the Roller Guideway from a Taiwanese company in good bulk quantity at a similar price. So now we're offering standard features like roller guideways that customers know will add rigidity.

The second is that it is a telescopic cover, it is made of stainless steel so it will not look junk. If the floor is not telescopic in the rest of the machine, then many such features have been added, Rapid is getting 24 of them, your machine will get 30. The threading that takes place in the spindle. We do internal grinding, which is an in-house facility. That's why a lot of features have been added to our machine, which will benefit the customer.

Another we launched an offer during Diwali. Our Nexa product which is iron product, people know us from turning and VMC, now let us know from rest product, two year warranty for spindle of turning machines, which is the heart of machine, and service two years or rest of product all of them, VMC, HMC, VTL are given by two year flat warranty. Because in the data that we have, 100 machines in the same machine in two years we would have changed any component. So it's a strategy that we have to build. The

existing user is of a competitor, to break it. We have made that strategy later so that first he will ask for delivery.

Now we have added the CapEx and manpower that we had for delivery, so now we have comfortably reduced the capacity to 120-125 machines, including overtime. And we have also changed the constraints that could come in the supply chain for 4-5 components. So now we are ready to compete, to give competition, we will get delivery, also our machines will get features.

And the third thing we have given is that we have made a two-year warranty. What we ran the campaign through social media, which is LinkedIn, Facebook, Insta and we had data of more than 10,000 users of One India, CNC. So in a marketing team, we ran this one campaign so that we got an audience of around 35.4 crores. And every day, we are filtering more than 200 inquiries and giving it to all the regional branches.

So this aggression is giving us an advantage in fighting with a lot of competition, including one order for VTL that we just got, they're existing users. 4 machines of another company are running. We have completed our feature and work which we have given assurance.

So we are technically better too. We are also giving better warranty, two year means a lot to the customer, like we get one year in automobile, we have done 2 years in flat. So this is the advantage that we are also diverting existing customers now. So our breakup is that 50% is repeat order and 10% to 15% we are getting first time users, and rest we are taking from existing competitor's users.

Rupesh, what is the difference between the margin in the margin between Nexa which is your department and which is normal machines, that is, which is a value added item, and which is normal? Means what percentage more margin?

Average turning compared to VMC will be 3% to 4%. Turning machine also has different model, like catalog product will remain which is small machine, GX series, INR11 lakh-INR12 lakh one, VX series is INR15 lakh, will compare the margin again, big in turning Machine will remain VX-300 and on top of that there will be a difference of 2% to 3% inside turning.

And there will be a difference of 3% to 4% in VMC as compared to more or less standard. And there's a very big machine that's 2-meters, 1,888, we'll have a margin of over 5% to 7%. And the VTL and HMC that use us again will have a 2% to 3% margin higher. So turning, it will give more number, production will be more, its assembly time will be less, but margin will be less. In VMC, the more components come, the more assembly time it takes.

**Arvind:** 

**Rupesh Mehta:** 

And turning to its two average basket versus other baskets, will get a price premium of 2% to 4%

**Arvind:** Rupesh, understanding, I would like to ask in one question that the advance

we are taking is 5%, approximately for booking the orders?

**Rupesh Mehta:** It's not like this. The turning machine, as if it did not have a second thought,

does not have a minimum amount of baggage holder in the register PRB to register it. So we have put a INR50,000 for turning machine which is a catalog product, that the customer has to pay 10% to 20% of the margin money that is due within the month. So they didn't get a second thought, that's why we can go up to INR50,000. But if they have to make a change, or have a VMC, then we have a machine with a change or a slightly more expensive machine that is being built separately, especially for them. So on the same we start their work with a margin of 15% to 25%. So, the catalog product is made in bulk with us, which is the regular model.

INR50,000 is the minimum amount. And at most we take 15% to 25% advance in special purpose.

**Arvind:** Okay, Rupesh. Thank you. Thank you and all the best.

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

**Moderator:** Thanks, Arvind. We'll take the next question from the line of Agastya.

Agastya, you can unmute and ask your question.

**Agastya:** Thank you, Vinay. Thank you, Rupesh. How are you, sir?

**Rupesh Mehta:** Good, Agastya.

**Agastya:** Rupesh, wanted to ask a question, what is our effective strength as of today,

effectively November 11th? If you run the factory fully, can we make 1,500

machines on an annual basis as of today or will it be less?

Rupesh Mehta: Right now, we can comfortably make 115 more machines with the eight-

hour shift we have, and the process is running parallel to ours. One can do a little overtime also, and the other is the one year project we have taken to increase the production by 25%, in which we have a lot of process, the time to apply LN is two hours, so how will it be done in 1.5 hours. One machining time which is two hours, how will it be done in one hour. He is running the project. He has taken 25%, but it is difficult 25%, but we will include 5% to 7% average every year, now 115 machines in eight hours.

And if we do a little overtime, we can do 120-125 machines.

Like if you number -- user does it, in which -- like when we talk about number machine then big machine comes, HMC comes, VTL comes, then it becomes equal to four turning machines. On an average, 120 machines for 20 lakhs, we can do 125 machines at present.

Agastya:

Okay, where was my next question, that if VTL comes then how much production time it takes for normal machine? That was the next question, you told that sir.

Sir, want to ask what is the situation? Because you had issued a press release and in that you had said that because of the initiative taken by the government, people who used to keep one earlier can now keep two. So, that to you -- that is the benefit of the government's action, that to you -- are you seeing that demand on the ground in the beginning? What is the condition of demand sir? How's the pickup going? Right now your supply was constrained, Sir came in the society. There was a base effect, which also came in the society. And you have recruited. So I was just wondering, now that you have resolved the supply, how is the demand?

**Rupesh Mehta:** 

Agastyaji, what you told in the demand, that before the PMEGP scheme, the customer bought a machine which was our customer, which I told, 10% to 15% of the first time users speak, whose we, they are for the first time. CNC machines are bought, or VMCs are bought. So what was there earlier, they will get the benefit of a limit that government up to INR25 lakh only. So he could have bought a machine. Now the government has recently fixed a limit of INR50 lakh, so they will get the power to buy 2 machines for the same customer.

So the first time users who used to get locked earlier, that after one machine they cannot take this scheme, now they can take it. Its effect is visible that the customer can book 2 machines in a week, he could have done the earlier one.

And if we talk about the demand, then overall, which India made last year, we are assuming that 32,000 to 36,000 machines made CNC in the segment that we have, the growth that is sure in this year of India, that is 12% to 15%. Sure, Indian Machine Tool Industries has done so much that we will grow. But whether the growth of the segment comes for us or not, we are sitting far away, which is the consumption of the market, in that we are putting a CapEx of 1,500 machines within 36,000-38,000 machines.

So what we have to do is in the areas that are not our focus, that are not our focus in the segments, like we've done more in the past, in Tier 4. In Tier 3 we delivered 10 machines in one go to Suryanagar, after many years we took order of 10 machines in a single order. Now this month's talk is going on, where 15 machines have to be paid. So now we're going to touch on the

bulk one, where we -- because And then there is higher end machine inside tier 2 and tier 1, HMC, double column, and VTL, for that also for distribution. Because we have existing sales team, they are very busy with catalog product.

This which is not so much in turning machine and VMC. So, we are bringing a different Head of Sales in Nexa. And in less time we are recruiting them, they are running. In which we will buy machine, HMC machine, then that imported machine will cost INR 2.5 Crore, which will have tooling, fixture and programming. In the same way that we give protection, a project date. Like we give date of any project in defense. If we do that workout now, we can give it for approximately INR 1.5 crores.

So there is such an impact in that area, because the face value of the persons who enter the corporate is very important. Because we will also do this project to you in 1.5, then he will not take the chance. But the company with whom he has worked, the employees of the company with his face value. So we're targeting people like that, so that we can do this high end product with a tooled up solution, which we call a project, in which you have to do everything with the machine. So, our process is also on, now we enter the market in the whole basket and all the segments which we did not reach in the past, for this we have done a lot of recruitment in sales also, we've increased about 26% recruitment.

And still we are again showing recruitment pending of around 26 people in our list, whom we are going to recruit in 29-30 branches all over India. And they will work under different heads of different verticals.

Now we turn our attention to the distribution. And in which segment we have not covered, in which we have to focus now.

This 26%, sir, you will hire on the basis of the existing entire workforce or just in the sales team. What you said is that 26% is still visible, that is the

shortfall. Sales...

**Rupesh Mehta:** Talking about sales.

Agastya:

**Agastya:** Talking about sales. So 26% so basically you have increased half as much

as you wanted to increase, still more are left?

**Rupesh Mehta:** Still more left. And in the initial stages, as our volumes increase and we increase our penetration in that area, the fees will increase step by step. And we have 56 people working in sales right now in India, and we're looking to

add at least 18-20 more. And our interview and shortlisting is going on.

Agastya:

Rupeshji, what will be its timeline? Sir, it is currently running Tier 4, and there are a few Tier 3 orders coming in. But, tell me, how long will it take for Tier 2 and Tier 1 to arrive? Will it take 1-2 years? I am asking because Sir, since demonetization happened and GST happened, the trend which at least we see is that formulation of economy is happening. And those who have made the players big have become bigger. MSMEs and SMEs are going through some kind of struggle somewhere.

So what was the unorganized sector, in manufacturing, its world is growing in the organized sector. So it seems a bit logical that, for a company like ours, the sooner it reaches at least the Tier 2 level, the better it will be for us. So, how long did that take you? First of all, is this observation okay? You also see that incremental orders are coming from big companies rather than MSME?

Second, how much time will it take for you to penetrate that market, and to grow in that market?

**Rupesh Mehta:** 

According to me, we will complete the recruitment, training and the samples, reference, penetration etc., maximum in this financial year. But about the MSMEs, in that turning and the VMC market, mostly in turning machines, mostly the corporates and the tier 1, tier 2, over here are not installing the turning machines. They are taking the full assembly for the tier 2, like the full steering wheel, or full gear box, full complete assembly. So they are not taking the turning machines which are the fastest moving sales. They want the higher end machines, with the full solution, with the final operation.

So the turning machines operation will always be there in Tier 3, Tier 4, who are doing the job work for Tier 2. So for one and two our focus will be on automation. We will also focus in the next financial year. What we are focusing now is on our machines and our customers, we are offering the automation to them only. But in the future we will do the automation in all the machines. We will expand that also. But by and large we will penetrate in tier one and tier two in this financial year, like recruitment, training and we will supply machines also to lot of them. An example is that in the last month we gave a EMS machines to Graphite India, for graphite turning, which is of approximately INR 50 lakhs.

Second, their sister company Spirotech, which we have got through reference from Graphite, we have given the same machine to them. They do not want the graphite dust to fall down after the machining is done. It should be vacuumed. So we have almost started our work in that sector also.

Agastya:

Sir, last two questions. One question is the government side orders, defense and the universities, ITI's, what is the situation there? And second question

is, the raw material prices, be it steel or control panels, components, what is the trend there? Has some correction happened in the raw material prices? These are my two questions.

**Rupesh Mehta:** First question is what?

Agastya: Sir, the government, defense and -- government sector, not specifically

defense but all the government-related orders what is the traction over

there? And second what is the raw material prices scene?

Rupesh Mehta: What we saw in the first quarter, in government, you also must have seen,

the defense unit of the government was being controlled by the Central Group Board in Kolkata, and the budgeting and finance used to come from Kolkata from the Defense Board. Now the realization talk which is going on, they have merged four to five defense companies together and they have to work like a PSU. They used to get 5% GST benefit exemption, they have also removed that. So first quarter the tenders in the defense had slowed down. But in the second quarter, now their tenders are being floated together. First they used to bring the tenders on the defense website. But

now all the tenders, the government has formed rules...

**Agastya:** Yes, there is only one portal for that.

**Rupesh Mehta:** It has come in GeM. Now the benefit in GeM, that the validity is of 90 days

to execute them, to be realized. First, the tenders used to be there for a year on the defense website and would not be opened only. So in defense and after GeM's coming, it is a lot better. Education is as usual, I think we are in the first and second rank, winning all the orders across India in education, because we have some special features, software and for students we have stimulator work also. We also give stimulators also with machines, where they conduct training. So the tender work will be slightly above normal as what it was last year. But the realization are happening fast, compared to

last year.

**Agastya:** And sir, raw material prices?

**Rupesh Mehta**: Raw material prices have become smooth. Some correction has also

happened. And the users were also uncertain to sell at what price, so some stability has come. And the supply chain problems are also not there. There are two reasons for that. From the time when government has imposed 15% duty in pig iron and steel export, now the raw material is in excess in India. So due to internal competition, the CRT prices which we had paid 90 plus at one time has become 68. So prices have stabilized and supply chain has also become stable.

Agastya:

So sir, will you pass on the benefits of the raw material prices reduction or will your margins improve net-net? Pricing power has been good for you, sir?

**Rupesh Mehta:** 

Yes, we will see an improvement in margins, but on a case to case basis everyone knows, both competitors and us, that the raw material prices had decreased 2% so during negotiations for orders we will have to pass on and you will get the premium at some times also. Overall people do not work on fixed price. We are also not working on fixed price, as that is not possible to do. There are four or five people in competition.

The customer does not see only one machine for capital goods. They will take trials of three or four, make comparisons, features. He will invite all three. So we have made a nice, that the regional head, the regional head of Maharashtra, he is in Pune. So he has to get a plus or zero on our price list. So he has taken 1% minus in Mumbai, in Kolhapur he has taken a big machine at 2% plus. So we average out the region and national average out. So we should get the average out of our India price. So we want numbers this time, more than them. So we are not going to focus on margins. We will focus on numbers, so that we can have our capacity utilization.

Agastya:

Thank you very much Rupeshji. All the best sir. We get very good answers from you for our questions. Thank you very much, sir. All the best.

**Rupesh Mehta:** 

Thank you, Agastya.

**Moderator:** 

Thanks Agastya. We take the next question from Sumesh. Sumesh, you may unmute and ask.

**Sumesh:** 

Hi, sir. Can you hear me sir?

**Rupesh Mehta:** 

I hear you Sumesh.

**Sumesh:** 

Sir, my other questions have been answered already. Only my margins question is left, that now we are having 11% margins. And our new capacities are coming in, and also doing some backward integration. Go going forward, in '2024 or '2025 what will be our EBITDA margins after adding the capacity and the full backward integration is done??

**Rupesh Mehta:** 

Very easily 5% to 7%. There are two reasons for that Sumeshji. Not just backward integration, one when you do the production, you sell more machines and make also, your operating cost is fixed. So that would also be affected. Say for example we do not do any backward integration, but directly 1,500 machines are manufactured instead of 1,000, so your expenses will increase 10% to 15%. But your revenue will increase 1.5, almost 50%.

So it will increase due to two reasons, 5% to 7%. Our highest material consumption is 70%, and approximate, if we increase the full basket, they some will be 65%, some will be 72%. Now the biggest player in India, he has 55% of material consumption and the rest 45% gross profit. Now we are stuck in 55% and 70%. So almost we have 20%, to 25% space. When we make 3,000 machines in a year, so minimum 2024 to '25 we will have a up to 7% margins improvement, not only because of backward integration, but at a level, when you go from 1,500 to 2,000 and 2,000 to 2,500 then your fixed cost gets divided. So margins get improved from 4% to 7%.

**Sumesh:** 

So you are saying economies of scale is the major reason for which we can see 15% to 18% in financial year 2024-'25.

**Rupesh Mehta:** 

Yes. I am saying roughly. Also as I said other companies have shown better achievement but then their operating cost is increasing, interest cost is increasing. So our 5% to 7% minimum we can take.

**Sumesh:** 

Okay, sir, okay. That is a very good number, sir. My second question is import substitution. So as of now how much percentage of revenue is coming from import substitution product? And going forward, when these capacities are inline, say in '2024-25, what will be the percent then of total revenues?

**Rupesh Mehta:** 

Like our two products that are penetrating the market majorly, that is turning machines, whose import was very high ten year back, now it is nothing. Almost imports have become very less, in turning machines, because it is INR25 lakh as against our INR15 lakhs and also there is a service and spares issue. So now turning machines have stopped coming from outside in India.

In VMC, the vertical machining center, that is being made 75% to 80% in India only. The imports are very less. It is not more than 15% to 20%. Even now the ones coming from outside, in that the horizontal machining center, which we have made but not penetrated. So HMC machines even now lots are coming from outside, which we have not penetrated in domestic market. We have given 8 to 10 machines till now. After that VTL, that is now also 60% to 70% coming from outside, which we have just started giving one or two machines a month in the market. After that there is double column, it comes 90% from outside, which we have recently completed in the assembly, almost we are going to launch those machines in the market within March, so our penetration is still left inside the import. Those who can speak import substitute product, we are going to do this in 6 months.

**Sumesh:** 

So sir, as these six months numbers are of 94 crores, in this how much amount is of import substitution, the whole first half of this year?

**Rupesh Mehta:** 

That is negligible. The HCM and VTL, which we call as import substitute, there is no HMC in domestic market, it is in tender, and VTL we are making five to six machines, the average is one machine per month. So, on sample basis we are taking customer satisfaction review, and we are showing to the customers, that why are you taking VTL from outside, we will give you in India only, in low price and with best quality.

This year we will do penetration. So as you are telling 94 crores, in that almost negligible import substitution share is there.

**Sumesh:** And sir, the margin of this, as one of the gentlemen asked earlier, that 3% to

4% are better than our normal products. So those are the only import

substitution products are, am I right?

**Rupesh Mehta:** Yes.

**Sumesh:** Okay, sir. And sir the capacity which is 1500 capacities, till when it will be

fully ramped up, till which year we can achieve the utilization of these. If

you can please share a conservative number regarding this?

Almost, as I have told, 110 to 115 machines easily. Almost we had made **Rupesh Mehta:** 1300 machines. And in the third and fourth quarter we can easily deliver 1500 machines. But, with delivery, we had to put CapEx, do recruitment and also train. Because any employee which we have recruited he only comes in our work after three to six months only. Because, we need a strong technical background, and the things which they don't persist, we give them

> And the third one is supply chain. The component which are getting import and which is coming from your supplier, in that also the second source is and the second supplier has to develop, sample them also, we have to register them too. Your supply chain problem should not come even after vote out component. You have given manpower training, relative put, but there is some component that you have to take from outside, the community takes it from outside. If their delivery is constrained in that, then take it from two people, we will complete all those exercises, so I can tell you in full, they are ready for 1500 machines within April in the next financial year.

Moderator: Sir, there is a question related to it, Vipul Sanghvi has asked on the chat, assuming that you will reach 1500 machines by next year itself, what is the next level of expansion being planned, what is your plan for further

expansion sir?

through training house.

**Rupesh Mehta:** 

For further expansion, let me tell you that here in premises we can do Unit 1 and 2 up to 150 machines on the sides of what we just did. For them also, we are going to do a construction in this financial year, which will cost 3 to 4 crores. The assembly area which is expanding it, is not yet awake for assembly, we are doing construction. In that, we are doing the construction capacity of 150, and if our unit in the side will shift the storing system and some sub-assemblies to it, then we are going inside 150.

After that, a deal is going on with the government regarding the big expansion. We have been notified and eligible for the defense policy of the state government, and we have understood that scheme. We have done some land survey, and government within one month we are giving projects, in which we will ask for bigger space, in which government can give us bigger space on almost negligible token rate, within one to two years, as the process lasts of the government. So at that time, we will do new relative and new plant expansion by talking about 500 machines directly. It will take two to three years for that to come.

**Moderator:** Yes sir. We will take the next question, Sumesh, do you have any follow-up

question.

**Sumesh:** No sir, sir has answered all my questions very well. Thanks a lot sir.

**Moderator:** Sir, it is Mr. Gaurav Dubey. He is asking some questions on chat. Gauravji

do you want to ask the question directly.

Gaurav Dubey: Yes sir was saying this, what about your company for the shareholders

**Rupesh Mehta:** We have given dividend for the shareholders, and what now, and...

**Gaurav Dubey:** Like you said rights issue, if any future plan.

**Rupesh Mehta:** No, no one is in discussion right now, but as the capacity will increase and

what is the vision of us people, there will be a need to make 1500 machines and sell something else where there is a relative's requirement or there is a reserve firm's un-utilization. It has been, because right now we are also using the Earning Cup to the Reserve Firm, to put it relative, because what you know that our pride is the model that is of zero debt, we will continue that. Sure, but these things will also be forward looking and we don't have any planning as of now. Tomorrow can happen anytime, it depends on the

situation.

Gaurav Dubey: It is a relief to say that sales have increased this time in the September

quarter as compared to last time, but year after year too much pressure is

visible, around one crore.

**Rupesh Mehta:** 

That 90 lakh rupees which has increased, that of salary, in which there are two reasons, one is told that the recruitment of 89 people has increased. Right now, in front of 557 is 646. So you can take this that in the preoperating delivery expense, you can put this one crore cost, because its reality takes six months to come. And the second is this knowledge that every year within the last year we have to give increment in a retention program, so our increment of every year and the new recruitment we have done, both of them get an average of 90 lakhs. They are telling that it happened due to salary and increment.

**Gaurav Dubey:** 

When people are increasing their salary and increments, as if instead of the workers who are there, you cannot increase them by using smart machines.

**Rupesh Mehta:** 

No it is not possible. No matter what assembly you have, you will do automation inside the automobile as well, but for assembly, to fit the seat cover or to fit the steering, that is being done manually. So and the cost of automation, the salary cost being a tier 3 city where average of minimum wages you get diploma and ITI holders, and human skill requirement and training is very much needed in this. So we do automation for others' machines. That's easy for component manufacturing.

To assemble the machine, because there are more than 1,000 components in a machine, it has to be tested on each area, leveling check, vibrations check, its frequency has to be checked, and the assembly has to proceed. So the assembly cost is not that much of manpower. What is the cost of the design people, the hiring of the skilled people and the sales people, the hiring of the skilled people and the sales people are not the same as the assembly cost in the total balance sheet.

**Gaurav Dubey:** 

Your conversion cycle has also increased a lot and working capital day too.

**Rupesh Mehta:** 

Will you repeat the question?

**Gaurav Dubey:** 

Your cycle and working capital days this means has increased from 26 to 60 whereas earlier it was 59 to 104, it was decreasing, so it jumped out after that also seeing the cash conversion cycle, suddenly increased.

**Rupesh Mehta:** 

The first thing in that is for your inventory in it, as we have to increase production, like I had answered this question earlier, because, in the material we take, there is no condition to pay any payment, Accept 10 % companies. The rest 90% you give two or 6 months in 5 months instead of three months. So these people enjoy that dude take 10 at a time instead of three. You will save on transportation cost and secondly we are jumping out of production, for that we have inventory of 16,000 components, if production is stopped due to any one component and we have so many models and variants pass, so no one gets stuck in the production line.

That's why we have never planned to do inventory control inside purchase, when you have work, recession, or you don't have to do much further growth. So that is also a reason, ours is big and can increase even now, because we will take as much goods as we get, so that we never have to work at minimum maximum level. What was the question of cash cycles?

Today we also have the second finish good question, and Gaurav will also be the best answer. Due to the increased capacity, which caused a lot of problem in the past of delivery, our machines were not able to deliver. So there is some standard, which is a catalog product, the inventory of its finished goods has also started living with us now. Any customer who says that he is booking today, give me the machine tomorrow, then he has got the capacity of that level, and those machines are also increasing the inventory.

**Gaurav Dubey:** 

There is one last question, take it a little bit deeply. Is the company not so long ago that people are getting machines on loan, and is not showing it in their results etc., which means they may face problems in the future.

**Rupesh Mehta:** 

Will see, now most of the machines, I had told earlier also, the order would be booked only after taking the advance. No order is an order without advance.

Second, in the exceptional case in the domestic market, the government tender business in that their term and condition is that after giving the machine trial and after giving the certificate of sale, the payment comes. It can be from 60 days to 120 days, but in domestic market we do not give any machine without taking 100% full money, in exceptional case any finance or any bank gives us a letter because we also have to complete our target machine The payment has not come. Because 99% of the payment that comes to us comes from PSU bank, our own finance institute or from the bank, because they get subsidy and loan for this, seven interest subsidy is also given for the loan.

So we don't have the credit system, but some institute or some bank has given us a letter that if you supply machines to them, we will pay you within 30 days, 15 days, 20 days. In that case we give credit pay machine. And the second one is our distributor, four or five from the channel partner, who have 10% business, we also give them, in 30 days to 60 days, you get the machines from us and you sell to the customer, at that time pay that Credit happens. Third happens in some exceptional cases, in less than 0.5% customer who is running our 10 to 15 machines, we give them some 15 to 20 days a month, almost 99% of our machines are dispatched only after payment is received, it occurs.

Gaurav Dubey:

Okay. Thank you.

**Moderator:** Thank you Mr. Dubey. We will take follow-up question from Arvind.

**Arvind:** Rupesh bhai, when I talked to you, you said that 25% is some advance...

**Rupesh Mehta:** I will put Gauravji under the cover of question, if we had given people on credit, then our topline revenue would have increased because I have a lot of pending orders of some standard machines, and machines are also lying

with me. If I sell him the machine and take the bank payment later, then this topline will increase.

But ever capital goods we people have a slogan that if credit is given then that problem will start in the machines. So there is no credit system, today there is a machine as well as an order, so whatever is their loan process, it is not complete, or else their construction is eligibility is not complete. So, because of giving the machine only after the payment, we have done well and never faced any cash crunch, nor have we needed to take finance. So the machine is also lying, the order is also there but the payment has not come.

Arvind: Rupesh Bhai, we were talking that if you say 15% to 20% advance, you get

it.

**Rupesh Mehta:** In that special machine. Otherwise which is standard machine, GX 100, VX

300, they are catalog product. 50,000 minimum amount will be registered

inside it.

**Arvind:** Like VMC, VTL and Turning Center 5% to 6% advance is registered,

advance received against order. Like 4 crores have come against 83, 2 crores have come against 40 crores, 4.50 crores have come against 75 lakhs.

So this is in the 5% category only.

**Rupesh Mehta:** Okay. So we will take 50,000 in turning and rest of the money, as I said,

special purpose machine will come only after 15% to 25%.

**Arvind:** So, we don't consider this VMC and VTL that is yours for a special purpose.

Rupesh Mehta: No, VMC which has four models, 500, 800, 900 and 1100, it makes 25 to

30 machines every month, each model is of 10 machines, 15 machines.

They can only call you almost catalog products, they don't change in it.

**Arvind:** And VTL?

**Rupesh Mehta:** You will have to take within the VTL, in that the work has to be done only

after getting 10% or 25%.

**Arvind:** Because he has an order of 75 lakhs, he has shown only 4.51000 advance in

him, that too fat.

**Rupesh Mehta:** Itis Enough and he has also given his Bank Sanction Letter along with him,

he has filled the bank margin, so the money which we have to pay, then give us that advance Arvindji, or else he has given margin to the bank. Because his 20% to 25% only he has to withdraw his money, the rest will come from finance. If he has given that receipt that he has given margin to

the bank, rather then give you margin, we have given it to the bank.

**Arvind:** We will consider crores?

**Rupesh Mehta:** Will consider.

**Arvind:** Okay, sir Thank you, fair enough.

**Moderator:** Sir there is a clarification from an investor, he wants to ask that you have

said 5% to 7% margin improvement, [technical difficulty] [0:17:26].

**Rupesh Mehta:** Your voice is not coming.

**Moderator:** Hello, can you hear me sir?

**Rupesh Mehta:** Now I can hear you.

**Moderator:** Sir, his clarification is that of an investor, that what you are talking about

5% to 7% margin improvement, the answer would be selling 3,000

machines in a year?

**Rupesh Mehta:** No, like we will sell 1,800 to 2,000 machines, it will come on time but will

increase gradually in three ways. One, the iron product, HMC double column and VDL, which has more margin, will increase due to that, one, your fixed cost is more, now your number of machines will increase like we have now given 8% on 1000 machines. Taking margin, then in 1200 machines we get 8.5% will get 9% because if you increase production by 20% then your operating cost will not increase that much. One reason

would be this.

Second, as I told in the past that we are among the top five competitors, our price is still 3% to 5%, and in the future our production will increase, delivery will increase, and we will also increase our sales price can increase. The third thing is that if you increase the production, then it is a matter of fixed cost. So these are two or three reasons, and a fourth is that here, there is a government business, the tender business, in which the tender we have just filled is worth INR9.20 crores and is opening fast now. If there is a

machine inside that tender, then the margin is more in that too. So

increasing production, penetrating what is higher end products, increasing sales price a little, because your job is with competition and increasing production and productivity. So with this 4-5 factor, we can comfortably reach this level on the capacity of 1,800 to 2,000 machines.

**Moderator:** And at that level our margin improvement will come slowly.

**Rupesh Mehta:** Yes. **Moderator:** We take question from Nandu.

**Nandu:** Hi, Rupesh Ji, thank you. But related to my question. I hope I am audible?

**Rupesh Mehta:** Yes, yes you are very clear.

**Nandu:** Great. So, Rupeshji, my question was that as we did the comparisons with our peers, the close of which you said is 55%. Have we also studied to what

level their backward integration is? And what is this margin difference, is it coming because of backward integration. Also the second point under wanted to ask you, whenever we are focusing more towards Tier 1 Tier 2 customer, we are trying to penetrate them. So are you saying that we will have to do a little bit more investment on backward integration as well, like will we have to do similar on foundry Capex in future? You have to

comment something sir.

**Rupesh Mehta:** What I am telling is that 55% will have to be done for two reasons, otherwise the supply chain will not be available at all. Some components, as we do powder coating in-house, by 11/10 process, which is not available for job work anywhere in my area, only 3 tanks and 5 tanks are available, for which powder and If the coating is removed, then some backward

integration will mean three ways.

One, the quality of your requirement will not be found near you. One reason can also be this, because the cost of powder coating, if I do job work, it costs me, some 5000, 4000 rupees, more is coming on one machine. But the quality that I am getting is world class. So I had to do backward integration.

The second has to be done because of the supply chain. That now you have a turret, it is a component of the turning machine, you are taking out the boat, you will get 200 back every month. But it does not have its own capacity and there is no second supplier in India, you will import and you will not get the cost. At that stage where there will be a problem of supply chain, in that your cost will be similar, or it will be reduce minor, even then you will have to make it. And the third is that you do backward integration where you will save cost, cost of transportation will also be saved, rejection will also be saved, and rework will also be saved.

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So we will always think of this backward integration in three phases. And what you mentioned is working on 55% of the material, they have done all that is possible in backward integration, including the foundry, and the whole thing they have, ADC, the spindle is also there, of VTL, VMC, of course, then there is also the turret. So yes, they have all the backward integration, in that the reason is also, the quality of their requirement, they get the material according to their requirement, rejection rework work, and cost reduction.

So these are the three factors of backward integration, and those who are doing top five at a level when even Mac Power will talk above 300 machine then they compulsorily will have to do almost all backward integration keeping these three factors in mind, and whatever is required for 300, keeping these three factors in mind, we are doing that much with 5 to 10 crore pulses every year.

So in the future after 300, only one big thing will have to be done and these people have done as much as they can. And some companies have now started making the control of machinery, which is CNC, which comes from Japan to Germany, Siemens, Fanuck and Mitsubishi, that too in the form of a little R&D, so in the future, India has its own CNC control will also be built in its in-house capacity.

So backward integrations have to be done keeping these three factors in mind. But doing it together is a bit dangerous, because if we see the past history of these people, then those people who did expansion by taking huge debt and their technical skills are required, then it takes one year to two years to get realized. Is that backward integration.

Because of that too, he has always been under pressure to buy some material or to pay employee salary, and margins have also been under pressure due to his earning a lot of interest. So we will grow gradually, as I always say, we will put our own in relation to it and increase the process through and manpower, save a little bit of operating cost, and we will reach a level footing by taking more work on the vendor base. But after one level, you will have to follow the rules as usual, do the sari cheese, foundry even in-house.

Right. So sir, if we go to see this, then I think it will take four to five more years to reach 300 machines. So discussion means after four to five years or that time will happen. That's right, right?

It may not take even four to five years, because buying land is very expensive, the land that will be required after 300 is very expensive, if the government is aggressive according to me, I had once given an interview to the press, one of our teams had organized a defense expo. When a team of

Nandu:

**Rupesh Mehta:** 

12 people held a meeting, conducted a survey, visited, then the government called them from the front keeping in mind the news that you are eligible for defense, why don't you apply. So according to the way the government is working, because the Mamlatdars and Collectors of the districts here call us every day to show us the place, see this place, see this place, there is water here, here There is electricity, there is connection here, you will also get manpower as well, it will not take five years for the government to give place to the aggressions that are being seen.

Nandu:

So sir how much, if you got the land, and then if we had to do this backward integration beyond the point, then how much CapEx relative would have to be done for these backward integrators approximately according to you?

**Rupesh Mehta:** 

To complete it in one year will not be complete, but can be done in a gradual phase, in two years and three years. We will ask for a lot of space. Keeping in mind the growth of India and this segment for the next 10 years. You don't have to take space again and again in this project. But, the construction and the capacity that is there, they will increase only gradually, at that place, we will get a requirement of between 100 to 200 crores in 3 phases.

**Nandu:** Okay, great, great. Thanks a lot and all the best sir.

**Rupesh Mehta:** Thank you.

**Moderator:** Thanks. Well take a next question from Ameya

**Ameya:** Rupeshji, am I audible?

**Rupesh Mehta:** Yes. You are audible.

**Ameya:** Thank you sir, first of all you answered well in all the questions, there were

a lot of clarifications. Another question was, what is your capacity, target

till 1,500 to reach?

**Rupesh Mehta:** Yes.

**Ameya:** So after 1,500 what you are saying that you are managing so many parts in a

year, in managing inventory and increasing additional capacity, what steps are you taking towards the efficiency you want to achieve, In terms of the inventory that you have lying around with so many complicated parts, how

will you manage it and scale up with it in the next five 10-15 years?

**Rupesh Mehta:** As I have another place next door, on four acres, we have started shifting

the existing premises which were stores for inventory of different types of

components, so now if we want to replace the space an area of four acres, which we are shifting to empty inventory and pattern shop, then it is an existing building, it will remain full assembly, which will have empty assembly, and there is a place adjacent to it, on which we are shifting the store.

And it has category wise storing system and its racking system, and our ERP is almost 99% installed, now we are doing the entire inventory through ERP, and now we have created a system in which QMS team is also hired have done. Now that too almost 90% two audits have been done through Quality Management System. So, with the inventory we have, we need some assembly space, so even if we are taking that space for construction, because where we have removed the store, wow we will now do new construction for assembly.

After that, for some components, in backward integration, two or three machines have to be bought, they will buy and the top 10 components in the supply chain are still challenging for 125 machines, by meeting with them or developing second vendors, we will go ahead is increasing, and the inventory which is lying now, even though a component has come to me, I have utilized it after five months, but I do not have to pay their money, because the supplier enjoys it, you buy from me regularly in bulk buy, save the transport cost and the warranty will also start from the day the sale of Mac Power will also increase, that too the condition is ours, so I have no doubts in preventing the warranty or paying them.

If there is no problem, then send whatever is to be sent to the rest of the supplier, who will send our inquiry. Against this order, we call it a schedule, we have given a six-month schedule order for three months. There is some supplier who sends goods for three months at once, so be it. We got so much tension work. If we go for balance inventory and just-in-time then there will be lot of setbacks in production. It also used to happen in the past that because you have a lot of variants, there are 64 types of models in turning, 30 types of models in VMC and a lot of variants in that. So you do not know from which area the orders of which model will come. If we can do these assumptions only then we can do just-in-time inventory, then just-in-time is the trend, I don't think it would be that vicious for my type of industries. So inventory is there it will always be game changing for me.

Ameya:

Okay sir. Thank you so much for the answer. Thank you so much for the answer. Thank you.

**Moderator:** 

We will take the next question from the line of Umesh. Umesh, you can go ahead and ask your question. Umesh, I think there is some problem in your....

**Sumesh:** Sorry for the disturbance. As sir you told do three level pay as you think

that 5% to 7% margin. So now like 1,500 next Q1, next year Q1

**Rupesh Mehta:** There will be two things in it, your improvement in margins will be around

2%-3%, but your pre-operating and preliminary cost will also increase, because you don't have to stop at 1500, you have to do 2,000, at that time you will make new recruitment and you will also invest on that. Will you, you will spend for marketing, because we are not participating in the exhibition right now. When you want to become big and give big machines, then your cast of big exhibitions will also increase. But your margins will increase, in front of that the expenses will increase. Cut in two ways marketing and one you will recruit for service for sales and for production if it doesn't work immediately, then for pre-operating preliminary expenses,

still 1500 machines in 1% to 2% net effect plus will get.

**Sumesh:** Okay sir. Thank you sir, thanks a lot.

**Rupesh Mehta:** Thank you

**Moderator:** Thanks, Rupeshesh. Sir, there is a question in chat from Mr. Dighant. What

revenue and margins are you targeting for FY23 and '24?

**Rupesh Mehta:** The target is always like we...

**Moderator:** You can avoid giving direct numbers as targets. Thank you.

**Rupesh Mehta:** If we don't have a target, we give a lot of hurdles to the international team,

we accept them a lot, but keeping all the sales, service, production, quality in mind, I always say that every year we growth of 15% to 25% will average out. So this journey will continue as usual. If we get any big government help in between, only then we have to think about big growth. So what we are doing, we will recruit, put capex, do construction and by penetrating all those automations of tier 1 2 in sales and corporate selling, we will get 15% to 25% growth every year. Same in '23 '24 it will be 15%

to 25%.

**Moderator:** Right sir. Sir there is a question from Mr. Dighant Kariya. What is the

demand environment, is pricing looking better.

**Rupesh Mehta:** Didn't understand what's going on, the voice got cut off.

**Moderator:** How is the demand environment sir, and is the pricing improving?

**Rupesh Mehta:** Demand environment, I have already answered that in Indian machine tools

and Fanuc, Siemens and Mitsubishi these three people who make CNC

controls for CNC machines in India. They have expected 10% to 15% growth of the entire segment and it is going on accordingly. But for Macpower, we are in between 4% to 5% of the consumption of the market right now, and for us even if the market does not grow, then by increasing penetrations and improving delivery, we want our growth to be 15% they will comfortably take 25% from it and whatever is inside the pricing, it has improved as the material fluctuated a lot and now used to change the price list all the time, used to ask more from the customer, now due to stability the price you have the list is running in the market, within that you also have a place of 2% to 3% for a little negotiation.

So the stability of the material and when there was instability, at that time everyone increased the price, now the price has become stable, and has also reduced a bit. So we haven't healed anyone's price. So everyone has got flexibility at a little price, even if we go a little lower in the competition, now our focus will be more on the number of machines, because we are talking about a very big jump, from 1000 to 1,200, 1,300, and 1,400. So that's a big number. So even if our margin remains stable, we will not leave that order, we need the number. Because we are ahead, I know that, as the number increases, the margin will automatically increase. We will not do margin improvement through sales, we will take more numbers, deliver more numbers and do margin improvement.

Right sir. So we take the last question, which came on chat, from Mr. Deep Paul. You have written in your comment, that you are doing International technical collaboration evaluate. Will tell a little about it to the investors?

For example, the five companies in India that I am talking about, including Jyoti CNC of Rajkot Ways, have a company from France, Huron, earlier they did a joint venture with them, did a JV, then Jyoti CNC did a JV with them. Huron is the company that took over, and LMW is Lakshmi Machines, it also had a joint venture for a technology in the battered. After that they have just made a production line for Beckel & Mau, so Beckel & Mau which can say the world's largest company, in top three. For that, they are producing a product in-house, they also have a JV with them.

BFW whose MarTech is Germany's takeover, is also working for them. So there are not many saree companies in India now, there are single digit players in it. So many proposals come like this, make production for us, you make our product in India and we will distribute them in Asia Pacific and also do your product. And the other, let's make big together, such proposals keep coming. We are not able to entertain him that much now and will not do so, because we still have a journey of two years to reach our capacity and that level. But if we get something big like that, we can do it anytime.

**Moderator:** 

**Rupesh Mehta:** 

Vinay Pandit: Right sir. So, sir that was the last question. Thank you so much. I would like

to thank all the investors, who participated in the call, and I would like to

thank the management for giving us their valuable time.

Rupesh Mehta: Thank you very much everyone, and what we have said so far, they will

deliver in two years and this was a question after JV as well, in that a lot of Europe and U.S. Based companies, who have technology of next generation, which is still 50% imported, they have worldwide distribution too, and many of their people have shifted their China plant to India. They have to come, but all the companies, access 2 and 3, are JV with each other, so for them the outside company is 100 and here India's two companies are left, which have JV left. So this opportunity is also coming, and if we have a

plan for expansion, then we can give this news together.

**Vinay Pandit:** Okay, thank you very much sir.

**Rupesh Mehta** Thank you very much Vinayji. Thank you very much everyone.