



JYOTI CNC AUTOMATION LIMITED
CIN: U29221GJ1991PLC014914
Regd. Off.: G – 506, Lodhika GIDC, Kalawad Road,
Metoda, Rajkot – 360 021.

Date: May 23, 2024

To,
The Department of Corporate Services,
BSE Limited, Mumbai

To,
The Listing Compliance Dept.
National Stock Exchange of India Ltd, Mumbai

BSE Script Code: 544081

NSE Script Symbol: JYOTICNC

Dear Sir/ Madam,

SUB : TRANSCRIPT OF CONFERENCE CALL POST DECLARATION OF THE FINANCIAL RESULTS OF THE FOR THE QUARTER AND FINANCIAL YEAR ENDED ON MARCH 31,2023-24.

in continuation to our letter dated May 16, 2024 and May 21, 2024, a Conference Call was hosted with the Management of Jyoti CNC Automation Limited on May 21, 2024 for discussion on the audited financial results for the quarter and financial year ended on March 31, 2024 with the participants.

A Transcript of the above Conference Call is enclosed herewith.

Please take the same on your records.

Thanking You,
For Jyoti CNC Automation Limited

Maulik B Gandhi
Compliance Officer and Company Secretary
Membership No.: F8819

Encl.: Transcript as stated above.



“Jyoti CNC Automation Limited
Q4 FY‘24 Earnings Conference Call”

May 21, 2024



MANAGEMENT: **MR. PARAKRAM G. JADEJA – CHAIRMAN AND MANAGING DIRECTOR – JYOTI CNC AUTOMATION LIMITED**
MR. KAMLESH SOLANKI – CHIEF FINANCIAL OFFICER – JYOTI CNC AUTOMATION LIMITED
MR. MAULIK GANDHI – COMPANY SECRETARY AND COMPLIANCE OFFICER – JYOTI CNC AUTOMATION LIMITED
MS. SHIVANGI LAKHANI – EXECUTIVE HEAD, STRATEGY AND CORPORATE COMMUNICATION - JYOTI CNC AUTOMATION LIMITED

MODERATOR: **MR. HARSHIT PATEL – EQUIRUS SECURITIES**



Moderator: Ladies and gentlemen, good day and welcome to Jyoti CNC Automation Limited Q4 FY '24 Earnings Conference Call hosted by Equirus Securities. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Harshit Patel from Equirus Securities. Thank you and over to you, Mr. Harshit.

Harshit Patel: Hi, good afternoon everyone. Today we have with us Mr. Parakram G. Jadeja, Chairman and Managing Director of Jyoti CNC Automation and Ms. Shivangi Lakhani, who is Executive Head, Strategy and Corporate Communication. I would request Mr. Jadeja to give your brief opening remarks, how the fourth quarter went by and what is your future outlook on the industry as well as on the company. Over to you, Jadeja sir

P.G. Jadeja: Good afternoon, friends. I am deeply honoured and delighted to extend a warm welcome to each one of you who have chosen to invest in Jyoti CNC. Thank you for the level of trust and confidence you have placed in us.

Your decision to join us as an investor has boosted our confidence to another level. I want to assure you that we are fully committed to maximizing a value of our shareholders. We truly understand and responsibility that comes with your investment and we promise to deliver the best of us. With your support and backing, we are confident to achieve even greater heights in the days to come. I would like to take this opportunity to express my heartfelt gratitude to each of you for your belief in your company's potentials. Welcome to the Jyoti family.

Thank you. I will take you all with this now the company presentation. Let's say in a quarter four, the Jyoti has plopped a revenue, let's say quarter four from quarter three to quarter four is close to a 19% revenue has been jumped and EBITDA margin has grown up by 39%. And the PAT level, we have increased close to 108% over here from quarter three to quarter four. This is truly is able to possible due to the our export has went up to 42% and our outside, let's say the Indian operation has done it at close to 58%.

In terms of this revenue mix, in this quarter, the aerospace and difference has contributed as close to 41% with the leading of this quarter, next to be a auto and auto components by 25%. General engineering is an 18%, dies and moulds by 7% and the new upcoming industries are going to contributed by EMS, it is 3% over here. In terms of a consolidated financial performance, let's say year-on-year. So year-on-year, our revenue from the operations has jumped from 929 to 1338, so close to 44%.

And in terms of EBITDA percentage has grown up, let's say, is reached from 8.3% to 22.5%. And I'm very happy and delighted to tell you that this year is completely turn around year. And we are now walking to a profitability path. It's the last year we were having a close to INR5 crores of losses, now this year our PAT has reached to close to INR151 crores there.

And this is all due to this, even though we have a very robust order book, we have seen over here, and in this in this quarter, we have booked close to a INR635 crores of a new orders out of that close to a 21% a new orders has come from the aerospace and defence and 29% we have received from the general engineering that that this quarter order book after the dispatch, the closing order book has reached to a INR3,438 crores of a total order book over here for the opening of this year.

And out of that close to 51% and that 50% 51% is close to let's say, a INR1,761 crores of order book, we have a very strong order book towards to aerospace and defence 526 in auto and auto components 253 is on from the EMS and 522. So this total together is close to 3438 with this opening order book, we are entering in this financial year '25. I would like to tell you something more, let's say, in terms of a company over here in a company profile, let's say, we are having a mission of propelling technology and prospering life.

Meaning of that we are going to be let's say these are the main drivers for us to what is the life, comfort to human life through the technology, happiness for the all the stakeholder, innovation at the core, economical and cultural contributions, patronizing technological education, and most preferred organization to work. This is our total mission path to be there. And this in this journey, I would like to brief you because many, many people have been joined new here.

It's a Jyoti has been inception has started in 1989. And we have a now a subsidiary companies in France, Germany, Canada and Turkey implant has and capabilities as let's say close to a 2253,822 square meter. And we have a completely a vertical integrated manufacturing facility to plant at Rajkot and one plant in Strasbourg, France. We have more than 200 product variants and more than 130,000 machines is on a field today. In this journey, we have a many milestone has been received, let's say by 2007. The first time we have acquired this Huron Graffenstaden, 2008, we have inaugurated our own R&D centers.

2016, we have made a 5-axis machine, the multitasking development with this government of India and IIT Chennai together. And then this journey 2017, we have developed a very special industry 4.0 tool called as a 7th sense and many AI based application we did in 2019. And we realized that in 2022 is a coming for the more and more EV vehicles, so many of a product we have developed on for the electric vehicle over there.

And this year, let's say 2024 as a remarkable year for the Jyoti that and we have a consolidated order book is close to more than INR3,400 crores and company is listed on a 16th January in 2024. We have a very completely a nice, let's say about our team. We are three Directors and three other our Independent Directors are Mr. Vijay Paranjape is from the ex-Siemens board member. Mr. Yogesh Kathrecha was an IITian and Ms. Jignasa is basically is an academician and the financial person from Mr. Dholakia. These are our board member apart from my two brother over here. And we have a very solid and long, let's say, management team, those who have started this career with me and to working with me.

The Kamlesh is our CFO and the Gandhi, Vijay, Hitesh and these all are the team members are working with the Jyoti since last 20 years with us now here. We are, let's say, a completely



vertically integrated manufacturing facility. We have our own foundry. We have our own machining shop. We have our own sheet metal shop. We are integrated with the paint shop.

We have a world-class assembly, sub-assembly and manufacturing at same assembly facilities are having in France. Our key strength into R&D capability is there. In R&D, we have more than 140 employees or designers. Those are dedicated to do day-in, day-out to develop a new product over here. In this last 20, 25 years of journey, we have developed more than 200 plus product variants and across 44 product vertical over there.

In terms of a capacity, let's say this plant has constructed a phase manner. In a phase one, last year in my last speech, I already talked to all the people that we have a 4,400 machine capacity. That is now in an enhancement stage. It is going to be, the construction has already started. One assembly building is ready, already come to a production from this month. Another, the facilities are on the way. End of this second quarter, the complete plant facility will reach to 6,000 machines per annum over here with all the model mix over here.

Even in Huron, we are extending our new assembly. This assembly also is going to be coming within a September time that whatever our order books are there to execute this order book, we need this capacity to enhance and we already started this activity and will fulfil our activity to be before this second quarter to be there.

I would like to tell you something more about our technological backbone as Huron. Huron is an, let's say, is a technological -- is a strategic location, is a part of central of Europe. Europe is still, is close to a 25% to 30% of a global machine to conceptions are there and all world key manufacturers are located to be there. All the technology, you can say the Mecca and Medina on the world machine tools are central part of Europe and Huron has been there, and since Huron has completed more than 190-plus years over here.

We have a very well market reach into Europe. We have a very good product basket on a five axis machine to broaden to the aerospace and defence to be there and Huron is carrying a lot of our brand values and the great customer base has been given to us over there, and we have a nice technology access about from the European area to be there.

In terms of India and our sales and distribution, I would like to tell you a small brief about that. We have a 29 sales and service centers across the 12 states in India. We have two distributor dealers in India and around 11 distributor dealers outside India to be there. And across this globe there we have a presence and now in the next coming years, we are looking to be entering that is in our growth plot. We are looking to be entered into U.S. zone to be more to be there.

In terms of an end user industry segment, we are largely been served by the defence, aerospace, electronics, automobile, railways. Railway is another upcoming industry, we are working very closely to those kind of customers; die and mold, infrastructure, oil and gas and healthcare. This is also another area that we are looking into be that and the pumps and valves, power, bearings.

And in terms of our product baskets, we are -- let's say we have divided in terms of strategically is a three areas. We called as a entry level product, second called as a mid-level machine and

third called as a high-level machine. Entry level product, we consider this machine turning and milling and turn mill.

All this category up to INR50 lakhs, we classified as an entry level product. Up to INR50 lakhs -- let's say from INR50 lakhs to INR2 crores, we have identified as a mid-level product and above INR2 crores to INR20 crores, INR25 crores, the machines were considered to be the high value machines like that. We serve one of the most let's say prestigious client base we have it in aerospace and defence.

In India, if we look at that, the HAL and ISRO are our client, and all the Tata Boeing and Tata Airbus and everybody, the new Tata electronics and everybody are our customers. In internationally, we have this Airbus, Boeing, Dassault, Safran, GE, [Turkey Satellite 0:13:43], Havik, Sikorsky. In India, we have Bharat Force, the Brahmos and Tata Advance Systems.

Even one of the marquee customers, we have one of the missile manufacturing system from France called as MBDA. These are the key clients on aerospace and defence to be there. In all other area in automobile, we have this Tata Motors, Mahindra, BMW, Audi, Volkswagen and Daimler and Fiat. And in India, we have Ashok Leyland also is one of our customers over here. In other client also, we have a Bosch Rexroth, Havells, this L&T. We have more than 12,000 customers are like that.

So, if I keep the list, this list is very high basically. In this journey, we have recognized of many different awards. The best brand of a metal cutting awards consecutive by a sixth time and we have our association as most, let's say, we got it the best export performance award in 2024 in the machine tools category in India. And many other kind of things like that.

If I talk about the road ahead over here, let's say this market globally is close to \$80 billion and China is the number one consumer is close to 34.5 percentage. U.S. is next to the 12.7 percentage. Italy is 7.2, Germany is close to 7, Japan is 5. India has 3.3 and that's why India is fastest growing and we are looking to be a growing forward from here is close to a 20% year-on-year consumption is going to be in India also to be there.

I would like to tell you more about the structural, how Jyoti going ahead. Based on our mission, a propelling technology and prospering life, this is the nose of the aircraft and the entire structure of the aircraft. We feel it like a strong management team, a world-class manufacturing process in the system, a wide product basket, the strong R&D capabilities, the large installation base and the global footprint.

And number four, the key growth engines that what we have it. The number one engine is to be automobile and general engineering. Number two is aerospace and defence. Number three, we are looking to be a very robust. This growth driver is from EMS. And fourth is let's say we are looking to be within the next two, three years another product baskets and the industries we are going to join our R&D teams are working to develop the many machines on the semiconductor industries. And the tailwind, today in India, there is a good tailwind in terms of manufacturing growth and even in the worldwide, all the defence spending globally is going to be increasing dramatically.

So with this, I would like to tell you today we have a two -- the number one growth engine is aerospace and defence. The globally aerospace and defence market size is close to \$1.3 trillion and is going to grow 8.2 percentage CAGR up to 2030. And this is the numbers are from all is rapidly increasing because of the geopolitical circumstances to be there.

In EMS, everybody knows that in India, that iPhone has exported from India during FY'24 has reached all-time high by close to a \$15 billion and they will grow furthermore over there. So many of EMS players are coming over here and that's why our EMS business is a second growth driver to be there. In this area, we have a strong input has come from our customers and they are in the next three to five years, they have acquired more than 1 lakh CNC machine, particularly for the EMS sectors to be over here.

That's the total of these two growth engines we are looking. Further, this electric vehicle is going to grow in the next 7 to 8 years and we have many products to substitute to them and to support to them basically. Semiconductor is an upcoming industry for us. Already, we are developing many high precision stages to support to that industries and very near future, we will update you more insights over here to all of you are here.

And in terms of our next action plan, right now, we are working more and more towards to a people development because today, the way the growth we are anticipating and the way we have order book are with us and that all we are committed to deliver within a 1.5 year. So we need the people and people is a backbone for the entire, the skill of the people is a very important parameter over here.

So recently, last month, we have designed and developed our center of excellence to quickly ramp up the skill of the people over here to support to our this growth to be executed very properly to be there. In terms of a product development, R&D is our key strength. In the last year, we have developed the three more product baskets.

One of the product baskets, we call it as a 5-axis U5 model is going to be supports to be aerospace, defence, and the oil and gas industries to be there. One more machines we have developed for a 5-axis machine for EMS industries, especially for the EMS as well as the healthcare industries. This is a large industries is going to be attract to be there. And the third product we have developed, we called as a fully automatic robotic systems on a production manufacturing over India is also is entering on a large production cycle to be there. So these machines are being fully integrated with the automation over here.

In terms of a market expansion, we are working closely and more rapidly to increasing our market share in Germany, France, Italy over there, as well as this year, our focus area has been started and marketing activity when we are going to participate into US exhibitions to be there, because US is the second largest market are there. China, we are fully addressed with this our Huron from the subsidiary there and we have a very good business in China. China is a number one consumer in the machine tools basically there.

Even I would like to tell you a little bit about more about the capacity expansion already I have briefed you that we have started way back in last quarter, and one of our assembly building is

completely finished. And the new construction is going on in our machine shop and two subassemblies over there.

Our foundry expansion is almost over now. And with this, our full capacity will be reach out from 4,400 machine to 6,000 machine by end of this second quarter to be there. That's it. And now let's say my I'm completing my presentation. If anyone has any questions, we can go through the question and answer system to be there.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Good evening, sir. And congratulations on a very good quarter and a fiscal. My first question is, how do you see the new EMS orders contribution in FY '25 revenues? I see there's no EMS order inflow in FY '24?

P.G. Jadeja: Mohit, basically in FY '24, we have already having a INR260 crores worth of orders we have received. And then after we were having the first batch of machines to be supplied, and they were supposed to tested over there. They have tested over there. The testing and everything has been first batch has been completed. And in terms of the order book, we have not put over here before the execution or let's say schedule has been not received. But we have a confirmed return orders with us another INR550 crores from the EMS. It is in line with that basically. That will fall down in the next coming couple of weeks towards to us.

Mohit Kumar: And so my second question is on the defence contribution. I think we had order book of 20 billion from defence at the beginning of FY '24. I think there was a 5 billion contribution in FY '24. How do you see this defence contribution ramping up in FY25 for the fiscal?

P.G. Jadeja: So in defence, let's say this year, we are anticipating close to another based on the pipe what we have. The biggest pipe we have right now, even in India also that. Even I last call I mentioned there. And with the HAL and many people have come forward to buying a more machines and all Indian defence. We are expecting close to a close to INR1,000 crores worth of orders in the next one to two quarter over here there. And the end of the year, we are looking to be another INR1,500 crores to INR2,000 crores worth of orders and new orders we are expecting in this year from the defence and aerospace sectors to be there.

Mohit Kumar: My question was on the revenue side. How do you see the defence revenues going up in FY25?

P.G. Jadeja: So FY25 to the execution side we are looking to be close to INR1,000 crores will be from the aerospace and defence that's our commitment to deliver to our customers to be there.

Mohit Kumar: My last question if you can talk about Huron's entry into Indian defence and aerospace. What is the progress? How do you see this Huron's entry multiplying into order for you?

P. G. Jadeja: I beg your pardon, what you are asking?

- Mohit Kumar:** My question was on the Huron's. I think one of the slides you mentioned that Huron is trying to make an entry into Indian defence and aerospace segment? So just trying to how does this -- can you just tell us about some color and the progress on the Huron's entry?
- P.G. Jadeja:** Yes so all these what are the product I talked to about the Indian defence and all about the HAL, about the ISRO, as well as Tata Advanced Systems and now the GE is our one of the biggest customers has also has come to India over here. So these are all our overall client and many more engine manufacturers are sitting over here. So Uroa is going to get a better entry of this all the customers over here in Indian defence industries.
- Mohit Kumar:** Understood, sir. Thank you and all the best. Thank you.
- P.G. Jadeja:** Thank you. Mohit.
- Moderator:** Thank you. The next question is from the line of Kamlesh Jain from Lotus Asset Managers. Please go ahead.
- Kamlesh Jain:** Yes. Just one question on the part of EMS. So if you see quarter on quarter our order book has dipped by roughly around 38% to 40%. So what is the reason for that? Is one of the order got cancelled or it has been deferred by the customer? What has happened over there, sir?
- P.G. Jadeja:** Kamlesh Bhai tell us what you are asking. There are something I don't understand.
- Kamlesh Jain:** Yes. Sir last quarter if I see Q3 there was roughly around INR389 crores of order book which was from EMS and at the end of Q4 I see INR240 odd crores of order book based on the percentage which has been provided in the presentation. So that suggests roughly around 38% decline in your EMS order book.
- P. G. Jadeja:** No. Order book has not been declined basically. What this order was there last time, it has been dispatched the parts goods, and net off debt today is INR253 crores. There is nothing has been delayed and nothing has been cancelled to be there. It has been delivered.
- Kamlesh Jain:** Because if I see order intake you have INR636 crores and their EMS share is roughly around 2% and on the sales side on the order which has been [inaudible 27:16] like say for the revenue which you have realized in this particular quarter INR50 crores and 3% over there. So if you do the math like INR112 odd crores of new orders and INR13 crores of sales booked. So net-net nothing incremental or like the order intake and sale value is the same while your order book has dipped to INR40 crores and which was earlier quarter 3 INR389 crores. So I am referring from your presentation only. You are referring to which slide on a presentation.
- P. G. Jadeja:** You are referring to which slide on a presentation?
- Kamlesh Jain:** I am referring to your like on Q4, for the Q4 your order book is on slide number 7.
- P.G. Jadeja:** Okay, I mean, let's say in slide number 7 of today's presentation.
- Kamlesh Jain:** Yes and if I see the sixth slide of Q3 FY24 last quarter, so it was 14%. EMS was 12% which has gone down to 7%?

P.G. Jadeja: Yes, you are referring to the last quarter 3 presentation.

Kamlesh Jain: Yes quarter 3.

P. G. Jadeja: I'm just opening up that. Sir that 13% of the quarter 3 order book was only INR49 crores basically. So the total or that is what you are referring the slide INR377 crores and 13%, correct?

Kamlesh Jain: So INR3,242 crores was your order book.

P.G. Jadeja: That is the total order book out of that 12% of the total.

Kamlesh Jain: Was EMS which has gone down to 7% in this quarter.

P.G. Jadeja: I will make a mess and we'll come back to you Kamlesh by parallely there. Okay, we'll take the questions to be there. Yes, because no orders has been cancelled and everything is there.

Kamlesh Jain: Yes. Okay. And secondly, can you give us the number of machine-safe data in this quarter? How much was the machine-safe sold in this quarter?

P.G. Jadeja: Number of machines?

Kamlesh Jain: Yes. For the quarter and last quarter and for the third quarter.

P.G. Jadeja: Yes. One second, I'm parallely here.

P.G. Jadeja: So in terms of a revenue breakup, I am giving you that first. let's say in this quarter, my entry-level product. It's the 2,200 million, let's say INR220 crores. That high-end machine is close to INR162 crores and mid-level machine is close to INR669 crores.

Kamlesh Jain: Okay. And the number of machines?

P.G. Jadeja: And the Q3, let's say Q3 entry-level product was 241 and the high-end machine was 123. So this high-end machine combination has increased from INR123 crores to INR162 crores. And entry-level, let's say in this quarter has been reduced from INR241 crores to INR220 crores to be there. Yes. So the growth are the numbers also I'm going to give you exactly on the numbers of Q3 and Q4 to be there. Until let's say the next question, we can take it. I'll give you both the numbers.

Kamlesh Jain: Sure. And lastly, like your other expenditure, that has in fact fallen year-over-year as well as quarter-over-quarter. So like around INR29 crores vis-a-vis INR32 crores in the same quarter last year. And on last quarter, it was INR43 crores. Despite the fact that in quarter four, you had a higher revenue quarter-over-quarter. Despite that, your other expenses have fallen very sharply, both on quarter-over-quarter as well as year-over-year. So any provision right back has been there or what has gone into that?

P.G. Jadeja: Yes. So I'll give you a quarter-on-quarter. Let's say my employee costs on a quarter three to quarter four. Let's say in quarter three, it was INR55 crores and quarter four is close to INR56 crores. Finance cost has reduced there. And depreciation and amortization also has a little bit reduced. And other expenditure has reduced from INR43 crores to INR28 crores. See, basically,

in a quarter three, we have whatever the exhibition we have participated over there, that cost has come, it is not coming every quarter to be there.

- Kamlesh Jain:** So you are saying it's more related to exhibition costs?
- P.G. Jadeja:** Yes, more than exhibitions and marketing costs to be there. Just everything is in on a track there.
- Kamlesh Jain:** Just last suggestion, if you can provide, like say, how many machines was sold for a quarter? So I'm just giving you both in presentation as well. So that would be very helpful.
- P.G. Jadeja:** Yes. Thank you.
- P.G. Jadeja:** Thank you, Kamlesh.
- Moderator:** Thank you. The next question is from the line of Yash from Stallions Assets. Please go ahead.
- Yash:** Hi, thank you for the opportunity. Sir, I just wanted to understand, what is the expected order inflow for FY'25?
- P.G. Jadeja:** Order inflow, we are looking in terms of aerospace and defence alone, we are looking to be close to INR1500 crores there. Apart from that, there is an EMS we are looking to be close to INR500 crores. And rest, let's say another INR500 crores to INR700 crores. So INR2,500 to INR3,000 crores order book, we are looking to be in FY'25 to be there.
- Yash:** Got it. And this is obviously on top of your order execution, that will be there for INR3,400 crores over the next one, one and a half year, right?
- P.G. Jadeja:** Correct.
- Yash:** Got it. And so we've seen some volatility in your EBITDA margin. So, in Q3, Q4, we have 30% EBITDA margin. I mean, just for a couple of years going ahead, what is the steady state EBITDA margin that you expect?
- P.G. Jadeja:** So basically, with this combination of the business in aerospace, defence, and now with this EMS, okay, and with this volume, let's say what EBITDA today we are able to reach to close to 25 to 27 percentage is going to be sustainable. You can look at that.
- Yash:** Got it. That was it, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Jagvir Singh from Shade Capital. Please go ahead.
- Jagvir Singh:** Yes. Thanks for the opportunity. So, sir, we have a closed order book around INR3,400 crores.
- P.G. Jadeja:** Correct.\
- Jagvir Singh:** So, in how much time it will be executed?
- P.G. Jadeja:** It's in one and a half year.

- Jagvir Singh:** Okay. So any guidance for this FY25 EBITDA margin and revenue?
- P.G. Jadeja:** So, you can consider, let's say, this order book has to be executed within a one and a half year time.
- Jagvir Singh:** Okay. And the EBITDA margin, sir?
- P.G. Jadeja:** EBITDA margin is a little bit we are improving from here, this level to further more. Once the execution has been increasing, EBITDA margin is a little bit improvements are going to be seen in the next coming days.
- Jagvir Singh:** Okay. So this is from...
- P.G. Jadeja:** Largely this year, we are going to execute this order book. And order book, there is a large order book on aerospace and defence. So, our EBITDA margin is going to be, seem to be, improvement in this year.
- Jagvir Singh:** Okay. So, given the government focus on the manufacturing in India, so how do you see the next three, four years for the Jyoti CNC?
- P.G. Jadeja:** Yes. So, basically, if you look at that, the manufacturing is growing. And the way the machine tool consumptions are required, we are looking the entire consumptions are going to be a 20% to 25% CHR over here. So, that's the, let's say, India today is close to \$3.3 billion of a consumption. And it is going to be a more than double in the next three to four years' time. And there we have a great opportunity to be there. Because out of that, still 65% of machines are being imports.
- Jagvir Singh:** And sir, how do you see this supported in export?
- P.G. Jadeja:** And right now, in aerospace and defence industries, mainly in Europe, we are exporting. And we are looking to be more exports opportunities from that same zone to be there.
- Jagvir Singh:** Okay. And you are supplying to HAL and these customers, so they have a great, great order book. So, I think it will be helpful for the Jyoti CNC also in the near term?
- P.G. Jadeja:** Yes, we are, in the near term, we are looking to be very great business opportunities has already created. And in Indian defence sectors, and even the government has given them a large budget to expand the capacity, even though all the Ordnance factories, now the eight companies are there, they also have come forward, do investment over there. We already have a big pipe, we already filed the tenders and everything. Once that everything will be open, we'll have a large order book in this year. That's already talked to under my deck.
- Jagvir Singh:** Is there any impact of new orders due to the elections?
- P.G. Jadeja:** No, we have not seen any effect to be there, because there's all the defence, aerospace, and there's all EMS customers, these are the all outside customers, they are not looking to be just election and kind of things like that. It's a, it's just a daily, our life to be there.



Jagvir Singh: Okay, thank you very much, sir.

P.G. Jadeja: Thank you.

Moderator: Thank you. The next question is from the line of Pritesh Shah from Lucky Investments. Please go ahead.

Pritesh Shah: Yes. Hello, sir. This is Pritesh.

P.G. Jadeja: Yes Pritesh.

Pritesh Shah: Hello, sir. How many machines did you sell in FY24?

P.G. Jadeja: Just I'm calculating and come back to you on complex numbers also there.

Pritesh Shah: Okay. So, this 4,400 machine capacity will be fully utilized?

P.G. Jadeja: No, no, the total numbers I know that I'm just going to give you third quarter. So, total is 3,450 machines we have produced here.

Pritesh Shah: Okay. And what is the progress on the Apple machine?

P.G. Jadeja: Pritesh, I cannot, we have a very tight contract, so I cannot leave a name. But we are, we are already having a good shape to be there.

Pritesh Shah: Okay. And so lastly, this INR90 crores interest expense, which is there now you've done your fundraise.

P.G. Jadeja: Yes.

Pritesh Shah: So, how will this interest expense move?

P.G. Jadeja: So, we are expecting close to INR60 crores to INR65 crores is going to be reduced.

Pritesh Shah: Okay.

P.G. Jadeja: We have already paid the debt. We already paid the debt.

Pritesh Shah: Okay. And what is the growth rate in the machine tool industry in FY24 in your opinion? Indian market would have grown/

P.G. Jadeja: We are just waiting the consolidated number, but it has crossed more than 23 percentage there.

Pritesh Shah: Okay. Thank you very much.

Moderator: Thank you. The next question is from the line of Harshit Patel from Equirus Securities. Please go ahead.

Harshit Patel: Thank you very much for the opportunity, sir. Firstly, on the aerospace and defence, you mentioned that we would be receiving close to INR1500 crores of orders in financial year '25.

So out of that, what would be booked in Huron and how much could be the inflow from duty standalone perspective from the domestic market?

P.G. Jadeja: So out of that, let's say everything is because of all the Huron product. So it is directly or indirectly it is connected to the Huron. Let's say you can say like that. The 50% is going to be manufactured over here and 50% has been manufactured there. So that executions are going to be like that. The order is a common pool to be there. You can say that India, we are looking to be close to INR1000 crores to be there and rest we are from other market.

Harshit Patel: Understood. What would be the order intake for Huron in the entire FY '24?

P.G. Jadeja: So that I need to calculate because I have combined over here. But it is close to in FY '24 is close to INR1200 crores to be there.

Harshit Patel: Understood. Second question is on the EMS. So could you explain what are the typical applications within EMS that we are right now catering to and going ahead in the future? What would be the incremental applications that could come into the fold? So in nutshell, how the market is going to expand for us from the applications perspective?

P.G. Jadeja: You are putting me in a little bit of trouble. Okay. So basically in EMS industries.

Harshit Patel: This is not customer specific? In the broad prospective?

P.G. Jadeja: So broad perspective, let's say broadly, let's say mobile is one of the largest machine consumer. And those companies, those who are making the mobile on a metal bodies. Okay. So out of body, outer body is in part is to be a metal cutting completely. Plus backside glass and everything also is fully machine over there. In a mobile, there is around 66 components are required to be machining over there.

Then there is a tablet. So tablet also is required to be a fully CNC machine as well as watches. Now we're all digital. This watch is electronic watches is also a completely made from the CNC machines to be there. Even the keyboard, even the now the metal body of a laptop and all these started manufacturing over here. So this is how the opportunities are like that.

Harshit Patel: Understood. Thank you very much for taking my questions.

Moderator: Thank you. The next question is from the line of Sampat Naik from Tiger Assets. Please go ahead.

Sampat Naik: My question has been answered. Thank you.

Moderator: Thank you. The next question is from the line of Darshan Patel, an individual investor. Please go ahead.

Darshan Patel: Sir, my questions have already been answered. Thank you so much.

Moderator: Thank you. The next question is from the line of Kamlesh Jain from Lotus Asset Managers. Please go ahead.

Kamlesh Jain:

Yes, sir. Just one question on the part of your aerospace and defence. So like largely Makino and DMG are they goes machine suppliers there. And on the cost front, like no doubt they are much costlier. But like if we see all these players, like they have a large orders from all their global like GE and all these big players. So how does it make sense or how are we actually making a sense for the customer to buy the machine from us?

And the major part is that in the case of all these big MNC, CNC manufacturers, they have the same recent value is also very strong there. So how are we pushing our products given the steep competition from the global CNC players?

P.G. Jadeja:

Yes. Thank you very much for a nice question there. See, basically, I'll tell you this Makino, Morisaki, Mazat are these Japanese manufacturers. There is one company called DMG also to be there. And let's say Huron, we are in aerospace and defence because of the Huron subsidiary. And now subsequently we are making over here.

So Huron was always to be a very high precision and unique machine manufacturer. The earlier part before, let's say, three years back or four years back, Huron was always to be making a very unique application for the aerospace and defence industries. And the machine prices was always even higher than the Makino and the Mazat to be there.

And customers are ready to pay there in Europe because they are producing very precision and unique machines to be there. And that's why Huron always, let's say, very specific the product they were serving. And largely that all this kind of a high precision machine was not required to these customers.

So numbers was not increasing. Over a period after the Jyoti started manufacturing all this back-to-back manufacturing in India and supplying this components of assemblies and now fully machine to those customers. So we are able to compete. Earlier we were having always to be 20%-25% was a higher price. Now we are able to compete them and people are ready still to pay of a Huron's brand and the product over there. They are able to pay us around 5 percentage higher there. And that's why we are able to increase our order book on the same client over there basically. Hope you can understand that.

Kamlesh Jain:

Yes, but sir, in aerospace and defence, how much would be your, let's say, the machines going to the PSUs? How large is your PSU customers?

P.G. Jadeja:

Let's say in aerospace and defence, we have a large customers in Europe like General Electric, the Airbus, the MBDA. In China, we have a customer called the Avic. Okay. And globally, we have many customers. In India, we have a Tata Advanced Systems. And in all Indian PSUs, like all ordnance factories, the HAL and then ISRO, Bharat Dynamics, those are our customers are here.

Kamlesh Jain:

Thank you.

Moderator:

The next question is from the line of Depesh Kashyap from Invesco Mutual Fund. Please go ahead.

- Depesh Kashyap:** Yes, hi, Jadeja sir. Thank you for taking the question.
- P.G. Jadeja:** Hi, Depesh, how are you?
- Depesh Kashyap:** Very good. So, sorry, I joined late. So, sorry for the repetition. But just want to understand the muted top-line growth in the Indian entity, the standalone. Is it just a timing issue or something is there? If you can just highlight that.
- P.G. Jadeja:** What do you ask?
- Depesh Kashyap:** I'm saying in the Q4, in the standalone entity, that is an Indian entity, the top-line growth was not there, right? It's actually a decline. So, was it just a timing issue that the delay in the batch of machines or how to look at it?
- P.G. Jadeja:** No, so basically, that, Depesh, we were always talking to be on the larger machines, capacity constraint was there. Okay, that's why our assembly we have started. And because of this large high-end machine, we have executed because of the force of the customers was there.
- And the assembly was a bottleneck over there. So, there are a number of machines and the top-line has been not increased over here. But the margin we could able to do a better because of this high-end machine has been executed on a Q4 to be there. And that is been now over here. Our next assembly is constructed and it comes to an assembly stage over there. So, coming forward, we will not see this bottleneck to be there.
- Depesh Kashyap:** Secondly, sir, on taxation part, I just want to understand that I see that in your standalone entity, you are paying full tax rate, right? And in your subsidiary, there might be no tax because of the committed losses that you have. So, how in the next year, how should we look at the execution and how should we look at the tax rate that you will see on the consolidated basis?
- P.G. Jadeja:** So, basically, we have a tax losses, carry forward tax losses available at Huron's level is close to INR90 crores.
- Depesh Kashyap:** Okay.
- P.G. Jadeja:** That we can and in France, there is a rules like that we have a EUR1 million after the profit is completely tax free. And then let us say we have made a EUR5 million as a profit. So, 1 million is there is no tax. And then after 4 million, 50% goes off. And let us say another, let us say EUR2 million, we have to pay 25% of tax. So, kind of a calculation like that. So, combinedly, we can look at that as close to 20% we will come.
- Depesh Kashyap:** In FY'25?
- P.G. Jadeja:** In FY'25.
- Depesh Kashyap:** And lastly, you gave that the new order that you expect in this year, right? So, I just want to understand how much is going to be Huron. And when you say that your HAL, ISRO and all those orders are coming, how much basically it is going to Indian entity versus Huron? Because why I ask this question is because you are increasing the employee count also in France, right?

And I just want to understand what is the new orders that are coming to support that increase that you are doing in France?

P.G. Jadeja: So, basically, this year, we are expecting of a full year, we are expecting from INR1500 crores to INR2,000 crores orders from a Huron's side. Let us say Huron's side means that is a 5-axis and large machines. Machine being manufactured in Indian factory also and machine is being manufactured at France also there now. And this year, we are expecting close to a EUR50 million to EUR55 million execution are going to be from that. And our customers, needs are very more machines. So, more machines are going to produce in India and going to supply to them.

Depesh Kashyap: Okay. So, it will be booked as a Huron only. So, execution will be done by Huron?

P.G. Jadeja: Yes.

Depesh Kashyap: And lastly, sir, the inventory days, right? That you have done a good work, it has come down as you have been highlighting. But how much more improvement can we see as a sales ramp up, sir?

P.G. Jadeja: Yes, thank you, Depesh. So, as we have discussed earlier also, once the sales has increasing, inventory is being optimizing there. Let us say today, we are inventory days has come down from 320 to 325 to a 236 days. And we are expecting to be a 160 days to 170 days in between in FY'25.

Depesh Kashyap: Great, sir. Thank you very much, sir. All the best.

Moderator: Thank you. The next follow-up question is from the line of Yash from Stallion Assets. Please go ahead.

Yash: Thanks again for the opportunity, sir. Just one question. So, out of the INR2,500 crores to INR3,000 crores of order inflow that you are expecting in FY'25, how much would be the execution on that? Like, how much would we be able to convert to revenue broadly?

P.G. Jadeja: Let us say this, or I can say like that, that next one and a half year with existing order book, we are going to be executed to be there.

Yash: No, so, I understand that. I am just saying that just from my understanding. So, if you get like, let us say INR1,500 crores order of aerospace and defence, how much time does that normally take? Is it like a year or just depends on specific products?

P.G. Jadeja: It is mainly this manufacturing time is more than a year. So, it is a one and a half to two years there.

Yash: Okay. Broadly, it is one and a half to two years. Got it. Thank you.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments. Over to you, sir.



P.G. Jadeja:

Kamleshji, there was one answer was pending from my side, let us say. So, there is a 797 is close to 800 machines was been delivered in Q3. And 991 is close to, let us say, 1,000 machine has been delivered on Q4. And total number of machine has reached to 3,495 to be near. Okay. And let us say thank you very much to all of you over here. And thank you for participating into this call to every one of you here, each of you here. And have a wonderful year to go ahead. Thank you very much.

Moderator:

Thank you. On behalf of Equirus Securities, that concludes this conference. Thank you for joining us. And you may now disconnect your lines. Thank you.