



Date: 01/06/2026

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Fort, Mumbai – 400 001 (MH)

BSE Script Code: 544669

Dear Sir/Madam,

Subject: Transcript of the Analyst/Investor Conference Call on the financial results and operations for the Quarter and year ended on 31st March 2026

Pursuant to Regulation 30 read with 15(b)(iii) of Para A Part A of Schedule III of the SEBI (LODR) Regulations, 2015, please find enclosed the transcript of the Analyst/Investor Conference Call on the financial results and operations for the quarter and year ended on 31st March 2026, held on 28/05/2026.

The transcript and the audio recording of the Analyst/Investor Conference Call is available at <https://admach.co.in/InvestorCall.html>

Kindly take the above information for your record.

Thanking you,

For Admach Systems Limited

Ajay Longani
Chairman and Managing Director
DIN: 01974794



“Admach Systems Limited
H2 FY26 Earnings Conference Call”

May 28, 2026



**MANAGEMENT: MR. AJAY LONGANI – MANAGING DIRECTOR –
ADMACH SYSTEMS LIMITED
MR. ANIRUDDHA DESHMUKH – COMPANY SECRETARY
– ADMACH SYSTEMS LIMITED**

MODERATOR: MS. JANHAVI PATIL – ORIM CONNECT

Moderator: Ladies and gentlemen, good day and welcome to the Admach Systems Limited H2 FY26 earnings conference call hosted by ORIM Connect. As a reminder, all participant 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 and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Janhavi Patil from ORIM Connect. Thank you and over to you, ma'am.

Janhavi Patil: Good afternoon, everyone and a warm welcome to all of you. I am Jhanvi Patil from ORIM Connect, representing the investor relations team of Admach Systems Limited. On behalf of the company, I would like to thank you all for joining us for the H2 FY26 earnings con call. Before we begin, I would like to state a brief cautionary statement.

Some of the statements made during today's call may be forward-looking in nature. These forward-looking statements are subject to certain risks and uncertainties that will cause actual results to differ materially from those expressed or implied. These statements are based on management's current expectations, assumptions, and information available as of now. Investors are therefore advised not to place undue reliance on these forward-looking statements when making any investment decisions.

The purpose of this call is to share insights into the company's business performance, financial results under review. Now I am pleased to introduce the members of the management team present with us today: Mr. Ajay Longani, Managing Director, Mr. Aniruddha Deshmukh, Company Secretary.

With that, I now hand over to Mr. Ajay for his opening remarks. Thank you and over to you, sir.

Ajay Longani: Hello everyone, a very good afternoon to all and thank you for joining Admach Systems Limited FY26 earnings call. On behalf of the management team, I sincerely thank our shareholders, customers, partners, and employees for their continued trust and support. FY26 was a strong year for Admach Systems, marked by solid financial and operational performance.

Revenue from operations grew 29% year-on-year to INR68.91 crores. EBITDA reached INR13.69 crores and PAT increased 59% year-on-year to INR10.01 crores. This performance reflects our strong execution capabilities, diversified business model, and growing demand across strategic sectors. Over the last 17 years, Admach has built specialized expertise in precision engineering, industrial automation, advanced non-destructive testing systems, X-ray radiography solutions, steel processing systems, and customized special purpose equipment for mission-critical applications.

A major differentiator for us is our growing presence in defense, aerospace, nuclear, and atomic energy sectors. Our advanced inspection and testing systems are used in highly critical applications involving missile shells, aerospace components, and nuclear-grade equipment where reliability and precision are very much essential. We continue to benefit from India's

defense indigenization push, rising nuclear infrastructure investment, and manufacturing growth.

Our collaborations with leading European technology companies further strengthen our technological capabilities and market position. Today, Admach exports to over 28 countries and serves customers across steel, energy, defense, automotive, and advanced engineering industries. Our integrated Pune manufacturing facility provides strong execution capabilities and end-to-end in-house operations across design, fabrication, machining, assembly, testing, and quality control.

Importantly, our healthy order book of approximately INR 65 crores provides strong visibility for future growth, supported by healthy inquiries across steel processing, advanced NDT systems, defense-linked applications, and industrial automation. Going forward, we remain focused on disciplined execution, operational efficiency, expanding our presence in high-value strategic sectors, and creating sustainable long-term value for all our stakeholders.

With that, I would now like to hand over the call for further discussion and the Q&A session. Thank you. Thank you so much.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sudhir Bheda from Bheda Family Office. Please go ahead.

Sudhir Bheda: Yeah, sir. Congratulations for a good set of numbers. So, sir, I'm new to this company and I have no clue what kind of business you do. Just I went through the investor presentation. Can you throw more light on your new-age kind of machine which detect the defects in the missiles, aerospace, and defense things? That maybe I think NDT and X-ray system which you have. So, can you throw some more light on it, what kind of defect it detects, why it is essential for this industry like aerospace, defense? So, if you can elaborate on this.

Ajay Longani: Okay. So, we are making quite a lot of X-ray equipment's for various sectors, from common engineering as well as defense sector also. The machines which we have made recently, rather we are working in the defense sector for almost 20 years now, but recent examples I would like to give you, like the howitzer 155 entire shell when it is assembled, it is tested on our machine on a continuous mode and this machine is exported to Government of Brazil.

So there this completely filled and complete assembled shell is passing through our X-ray equipment and the inspections are done on that. Second example I would like to give is this machine we supplied to Government of Taiwan and one to Government of Korea, wherein a missile complete body, the shell I would say, the skin of the missile is tested for any defect in the surface or the shell body.

And we are testing it by a gantry system with 12-axis servo system and microfocus tube, normal 450kV tubes, and we are detecting defects in the body. So, both the applications were more or less similar for Government of Taiwan as well as Government of Korea also. And apart from this, for 155 shells we have quite a lot of inquiries currently and we are working on it and should get materialized in near future. So that is the overview of our X-ray systems crack detection for entire assembly as well as the shells.

Sudhir Bheda: And a lot of -- hello, am I audible?

Ajay Longani: Yeah, yeah. Please, please.

Sudhir Bheda: So, Government is coming out with the huge missile, big missile program and also there are various defense products that now Make in India, in the concept of Make in India, a lot of companies are making defense and aerospace products. So how you are seeing the traction in your that NDT X-ray system?

Ajay Longani: NDT X-ray system definitely is useful for the applications which I told you and then for all armaments, a lot of forging components are involved. So, all these forging components actually undergo through undergo in X-ray and for that we are making our standard products of X-ray cabinets and we have four variants in that 160kV and 225kV, then 320kV and 450kV.

So, the amount of X-ray defines X-ray is defined by what penetration you are going to do, means what is the mass of material, type of material which you are penetrating. So, for that we have already standard cabinets which we are selling all over the world and about in 28 countries we already have our presence with all these products.

Sudhir Bheda: Oh great, that is even you are doing very pride for our country as well I think when you are exporting this.

Ajay Longani: Yeah. Apart from business, yeah, that gives us quite a good satisfaction also. Yeah

Sudhir Bheda: Yeah. Great. So even I would like to visit your facility.

Ajay Longani: Sure, sure. You're most welcome. Sure, you're most welcome.

Sudhir Bheda: Yes, yes. And order book as you have said around INR 65 crores, and what is the pipeline or addressable market for your products? Apart from steel, I'm just focusing on aerospace defense vertical. So, what is the addressable market and what is the pipeline in the next couple of years for your company?

Ajay Longani: Yes, so if you see the pipeline is quite big. Entire steel sector is growing, everybody's expanding, so I will not go into that as you said you are more focusing on defense and nuclear things. So currently we already have order from Nuclear Fuel Complex, for about, if I'm not wrong about INR 10 crores and that will be executed by September.

And other than that, similar, about eight projects are in pipeline, the thing which we are doing in Nuclear Fuel Complex. So, since we are bound by non-disclosure agreements, I won't be able to tell you more about what we are doing, but okay, Nuclear Fuel Complex one order is already with us, and few more are lined up.

And in defense sector also for this 155 Howitzer shells, we have quite a few inquiries and the things are in quite advanced discussions, and should get closed in next one or two months or maybe maximum three months.

Sudhir Bheda: Addressable market size, if you roughly, if you can estimate?

- Ajay Longani:** There is no definition because yes, the market is very huge actually. The and our product portfolio if I count all together, we are working in steel sector, then defense, then nuclear, also in packaging industry and special equipment. The product portfolio is so big, that if I count -- start counting the total addressable market size, it's a very huge, huge market actually.
- Sudhir Bheda:** Understood. And are we expanding our facility?
- Ajay Longani:** Yes, already we have last year we have already expanded and constructed one brand new assembly hall for testing and assembly. And we can -- we are currently at let's say INR 70 crores revenue. This facility, current facility, we can easily cater to about INR 200 crores.
- And then if it comes to growing further, we already have some spaces available, already purchased lands and everything. So given that situation, we can immediately go for Unit 2, Unit 3 immediately. No problem.
- Sudhir Bheda:** And last question, what is the kind of growth you would like to project for next couple of years?
- Ajay Longani:** Yeah. I'll start from the past. We grew from INR 19 to INR 53, INR 53 to INR 70 crores and this year we will easily pass INR 100 crores. And then the market is growing, our product portfolio is product basket I would say, product basket is quite big and having variety of equipment. So actually speaking, sky is the limit. It is up to us how fast we can grow. Yes.
- Sudhir Bheda:** Great sir, great. Thank you very much for giving me the opportunity to ask the question and all the best. And I believe you continue to do pride for our country.
- Ajay Longani:** Thank you, thank you so much. Thank you so much.
- Moderator:** The next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.
- Madhur Rathi:** Sir, thank you for the opportunity. Sir, firstly I wanted to understand, why has our EBITDA margin declined because what I understood that, we were adding some backward integration machines for metal bending and laser cutting. So why has margin declined Q-on-Q basis?
- Ajay Longani:** The new machines have been installed very recently in last one or two months. And it is it is either partly started or under commissioning stage. So that fruits will come in next -- will start harvesting the fruits in next maybe a month or two. The equipments are purchased and they are yes, they are under installation, and partly started I would say.
- Madhur Rathi:** Got it. Sir, even then our gross margins have reduced. So why is that? Why has our gross margin reduced from 33% to 29% on HOH basis?
- Ajay Longani:** Okay, I will I will give this question to my Company Secretary. I'm a technical guy, I'm sorry. Yes, he will answer the commercial question. Thank you.
- Aniruddha Deshmukh:** Hello sir. Sir, in year 2024 the major customer is from steel sector, that is Tata Steel. The major profitability is coming from that project. Now the company is diversified with the different industry and the profitability margin differ from industry to industry. You can say that the

EBITDA margin is average out for the next year, and company is hopeful that they will maintain that EBITDA margin and grow with that CAGR momentum.

So, you can say that, before that, the major customer is from the steel industry, now company is for diversifying their customer base and products. Now the EBITDA margin is that momentum, but you can say that, one project is more contributing for that EBITDA.

Madhur Rathi: Okay, so it has declined is because of the project mix. Next question, what kind of EBITDA margin can we expect in FY27?

Aniruddha Deshmukh: FY27 company is targeting for 20% to -- above 20%. So, it's a major contribution will be our capex that which will helps to reduce the working capital. So major machining works and all the job works will be on in-house. That will definitely help to achieve that targeted EBITDA.

Madhur Rathi: Got it. Sir, now I understand that our whatever inventory holding is there, that should reduce with backward integration. But sir, our receivables have increased as well. They have increased from INR5 crores to INR31 crores between FY24 and FY25. So that is like six times they have increased versus our -- revenue has increased only three and a half times. So why is this so much increase in receivable days?

Ajay Longani: Actually speaking, these are not inventories, this is work in progress. So currently if I can tell you, we are dispatching one equipment, that is having some value of INR 15 crores-16 crores. So once this is dispatched, maybe by Saturday or Sunday, this entire thing will be dispatched. So that amount will be transferred to revenues and inventory will drop down accordingly.

Madhur Rathi: Sir, I was asking about the receivable days?

Aniruddha Deshmukh: Yes sir. Sir, in our project project-based manufacturing, so we start with the advancing with the 20%, and after commissioning and testing, that around 70% to 80% will be received from customer, and remaining 20% will be as a performance guarantee. Then you can say that, that is one of the reasons for increase in receivables.

What happens, some projects are finished in two to three months, but some projects due to our recent international chaos. Some customers hold their delivery, that will result to increase my receivables because, we just finished our manufacturing part, but due to their -- we not yet received their clearance. That is one of the reasons that our receivables are more outstanding for few days.

Madhur Rathi: So, sir, this is because the customer hasn't received their product yet because of the delivery timing. Is that understanding, correct?

Ajay Longani: No, we are we are ready with our equipments and customer has inspected it also. And we for this particular two or three projects, we will get paid when the machines are reaching Bombay port. So, the vessels are not available, the -- and what even containers were not available. So that was unfortunate situation, but okay

This is this is getting resolved, and by Monday all these equipments which were stuck are getting dispatched also via South Africa route. So, people are working on that because all these clearing agents also have to do their business.

So anyway, this transportation charges and everything is on customer account, so we are not feeling -- will not get any pinch out of it. But South Africa route people are going forward now because these machines are going to Brazil and all those areas.

Madhur Rathi:

Sir, I understand regarding the delay of inventory that is on the books, but I'm asking about the receivables because sir, our receivables have increased from INR 18 crores to INR 31 crores on a Y-o-Y basis. So why has this increased so much? Because earlier it was lower than like 90 days receivables, that has gone to 150-160 days. So, are customers taking longer to pay us or what is the issue here? That's what I'm trying to understand?

Aniruddha Deshmukh:

What happened sir, that each and every project has some different timeline to complete. Okay, so our major first half of each and every financial year our major projects are in manufacturing. In second or last quarter of financial year, maximum our products are delivered to the customer, so that, as I already mentioned, our first 20% part is advance, after that 70% to 75% is that -- for the -- before the delivery and remaining part is after the commissioning or clearance from customer.

So, what happened, so each customer has their different credit line as per the discussed PO with management. So, you can say that, in our business, you cannot standardize that, our business, our receivable period, standard period like 90 days or 30 days. So, it already customized discussed PO. So definitely our receivables are in higher side, but they definitely encash within first half of each and every financial year or next financial year.

Madhur Rathi:

Got it. Now sir, out of the INR 10 crores of – INR 10.8 crores of other current liabilities, how much is advances from customers?

Ajay Longani:

Just one moment, we'll give the figure.

Madhur Rathi:

Yes sir. Sir, in the meantime I'll ask my other question. So, what is the replacement cycle for this non-destructive equipment that we supply to defense or aerospace or nuclear or whatever industry that or steel?

What is the replacement cycle of this NDT equipment? And sir also in steel we are supplying multiple products like, the chamfering machine, the bar straightening machine. So, sir what is the replacement cycle here?

Ajay Longani:

See, in the steel industry we commit life of the equipment as about 15 to 20 years. But in NDT that life is lesser because it is an evolution of technology and change of change in standards. So even if the equipment is working in good health and if some standards change, then they have to replace the electronics or maybe the equipment also. And a lot of -- means every day the technology is changing. And when the government is also changing the standard, once the standard is changing, you have to change the equipment.

Madhur Rathi: Got it. So now sir, if I was to consider our major segment of steel, so sir, if there is going to happen a 1 metric ton of steel capex that is happening, sir what would be the major equipment that we supply and what would be the value for those equipments that we supply?

So, if for 1 metric ton of alloy steel INR 100 of equipment is needed, how much of that equipment will be supplied by Admach, and what would be this equipment that we supply?

Ajay Longani: See, basically on thumb rule if I can tell you, if somebody is putting up a plant of 1 million ton per annum, that investment is about INR 5000 to INR 6000 crores. So, in that, we are not making any equipments in steel making. We are making equipments for steel processing. Once the steel, the means we are not working in hot part, we are working in the cold part.

So once the steel is made and it is rolled, then we take over, and we do the all-complete finishing and inspection activities including packaging. So, there we are instrumental. So, if I can tell you, if one rolling mill is costing INR400 crores, then our part which starts after the rolling mill will amount to about INR40 to INR50 crores.

So, in INR500 crores of investment, we contribute about INR50 crores. That is the general thumb rule. It depends, it's all generally customized and it varies from process to process, which process any customer is adopting to. But in general, this is the proportion.

Madhur Rathi: This is only for the long product?

Ajay Longani: Exactly, long product.

Madhur Rathi: Long product and rolling mill part?

Ajay Longani: Exactly, in flat products, we are working in the area of scrubbing, then ultrasonic testing, and packaging. These are the areas where we work in flat products. But our majority, if I can say in steel industry, we are doing INR 100 revenue, INR 70 or INR 75 revenue is coming from long products and 25 to 30% is coming from flat products.

Madhur Rathi: Sir, so if I were to summarize this, sir for a 1-million-ton alloy wheel plant a INR5000 to INR6000 crores capex is required, but out of that for the rolling mill portion INR500 crores is required generally, and out of that 10% is generally supplied by us.

Sir, so can this 10% increase to 20% sir with these technology partnerships that we are doing? How much can this increase, maybe over the next two to three years, based on the partnerships that we currently have?

Ajay Longani: Yes, so the thing of INR 50 crores I told you was after the rolling. Now you asked a good question actually. Before rolling, the steel is in billet form. So, in billet conditioning, we are doing quite a lot of job currently, and we have a inquiries also.

We have already joined hands with Braun Machinefabrik in Austria, and supplied one complete billet conditioning line to Tata Steel already. And we have three or four more inquiries from different customers. So, this is before rolling now. The INR50 crores thing I told you was after

rolling, and now this is before rolling, so this will be contributing about again INR 30 crores-40 crores.

Madhur Rathi: Got it. Just sir final two questions from mine. Sir, how should I look at our company going forward because it seems that we are doing these partnerships based on that, we are getting our order book. Sir, so going forward, how should I look at, what kind of partnerships can company get into?

And will it be focused on the steel industry or because we have moved into packaging, we have moved into, I think, we've moved into, I think, packaging is one, we've moved into the non-destructive testing. So, how should I look at our business going forward?

Ajay Longani: See, basically going forward with these partnerships, currently, we are working 95% of the times for local market in India. And the next phase will be with this partnership, with this partner, we will start exporting also. So that is a Phase 2. Phase 2 of this partnership and which will be much bigger scenario than what we are seeing today.

Madhur Rathi: Right. And sir for INR 200 crores revenue, what kind of working capital investment will be required?

Ajay Longani: See, it varies from the project to project basically. So, for INR 200 crores revenue, we will need INR 20 to INR 30 crores. That that's enough. Because we also get some advances, and we have payment cycles also with our vendors. So effectively we need INR 20 crores to INR 30 crores for making a revenue of INR200 crores.

Madhur Rathi: Okay. And sir what was the advances, that is the last question from, and the advances from customer about the INR 10.8 crores?

Ajay Longani: It is INR 9.74 crores.

Madhur Rathi: Okay, got it. So, thank you so much and all the best.

Ajay Longani: Thank you, thank you so much.

Moderator: The next question is from the line of Disha from Sapphire Capital. Please go ahead.

Disha: Hello?

Ajay Longani: Yes, good afternoon.

Disha: Am I audible sir?

Ajay Longani: Yes, yes, very much. Please go ahead.

Disha: Yes, thank you. Thank you so much sir for this opportunity. Firstly sir, just on the impact of the war, so you mentioned there was some delay in the dispatches, but other than that do we see any material impact that could potentially hinder us, from reaching this 20% sort of EBITDA mark?

- Ajay Longani:** Actually not. It is not big challenges, I would say. See, the things got delayed a bit, I would not say that things stopped. They just got delayed and solutions are there, but the entire world is going through that. And now the solutions have come up, still the war is going on, but we are loading our vehicles, and the ships will sail via South Africa. So, solutions are there.
- Disha:** So, we are pretty confident of this 20% EBITDA?
- Ajay Longani:** Yes, for sure.
- Disha:** Yes, okay. That is good to know sir. And sir secondly on your order pipeline, will it be possible for you to quantify as to what is the current pipeline that we're looking at and how when do we expect this to convert and what sort of inflows are we looking at for this year?
- Ajay Longani:** Basically, our current order book already INR 64 crores, INR 64 crores point something, INR65 crores I would say. And the offers which have gone to our customers with the current scenario are of the tune of more than INR200 crores, which we have already quoted. And if I can tell you on thumb rule, the conversion rates are about 60%-65%. So that that is the that will give you fair idea about it.
- Disha:** And this will be mostly we'll be able to book the inflows by the first half end because then the execution would also depend on when these orders will flow in?
- Ajay Longani:** See, this INR 65 crores order book will be completed by end of September or maybe half month, the next half month. So, this 64 will be over by that time. Already we have some figures in the book with revenue is generated and there are quite a few big orders which are lined up.
- I won't be able to reveal it because of some business confidentiality reasons, but we are expecting some good and bigger orders in next few months and we will be executing it immediately in in this year itself.
- Disha:** Right, right. So earlier I think so we were targeting FY27 to reach this INR120 crores mark and with this existing facility you mentioned the peak is INR 200 crores. So, will it be a fair assumption that we'll be around this INR 200 crores sort of mark by FY28?
- Ajay Longani:** Yes. We are hopeful and confident also.
- Disha:** Okay. Fair enough sir. That is, it from my side. All the best.
- Ajay Longani:** Thank you, thank you so much.
- Moderator:** Thank you. Participants are requested to please limit your question to three per participant. The next question is from the line of Hardik Agrawal from Param Capital. Please go ahead.
- Hardik Agrawal:** Hi sir, hope you're doing well. Can you just confirm I'm audible?
- Ajay Longani:** Yes, very much audible. Please go ahead.

Hardik Agrawal: Yes, so sir, first question was around our tax payment. We've recognized a tax of 9% on our P&L. Is there any reason for that?

Ajay Longani: Can you repeat your question? Aniruddha will answer it.

Hardik Agrawal: Our tax percentage for this year, we've recorded it as 9% for the year. Is there any reason for that or for this half year?

Aniruddha Deshmukh: 9%? Sir,

Ajay Longani: We checking, where it is mentioned, just one moment.

Hardik Agrawal: Okay. And while you're loading that sir, just a follow-on from one of the previous questions in terms of our I guess we can combine it, cash flows, working capital cycle, and receivables. Based on what you were sharing just a few minutes ago with the gentleman on call, is it because you mean to say that we have not delivered these machines yet even though they've been inspected, so we've recognized that as revenue but the cash has not come in? Is that right?

Ajay Longani: This is the base once the machine is dispatched, then we generate the invoice. So, till that time it will remain as our you can say stock or inventory. Once it is dispatched, invoice is generated, then that figure gets transmitted to the revenue books.

Hardik Agrawal: Okay. Alright. Yes, if you can just let me know about the tax bit?

Ajay Longani: Tax okay, Aniruddha please come again.

Aniruddha Deshmukh: Sir, can you please come again?

Hardik Agrawal: So on a P&L, I see a tax recognition of 9% for this half year, whereas in the previous half years we've been paying taxes upwards of 20%-25% on our profit before tax. I'm just eager to understand why we've recognized or taken a lower tax. Do we have a cash flow issue that we're trying to navigate, so we've withheld paying off some tax?

Ajay Longani: Actually... we checking the books actually where it is mentioned.

Hardik Agrawal: Sure sir. So right before your right after you have profit before tax, after that for H2 FY26, you have a minimal tax payment this time?

Aniruddha Deshmukh: No sir, so I can see that we are just paying as with the 25%. I don't know where are you getting for 9%.

Management: Just one second. Annual tax is 17%.

Hardik Agrawal: That's right. So, if I were to go off go to our current tax, if I go to your file uploaded on the BSE exchange for this six month ended on 31st March 2026, I see a profit before tax of INR6 crores and a current tax of INR 53 lakhs, which is like around 9.5%. So, I'm just curious to understand do we have some tax credit from before that we're utilizing or something else, so whereas in all the previous periods we've had a tax payment of around 25%?

- Aniruddha Deshmukh:** Sir, what happened, one of the reasons is that we are just installed two-three machines which are used for our in-house manufacturing. That is one of the reasons that our depreciation part is increased and you can say that for a second half our tax liability reduced up to the certain extent. But in the year..
- Hardik Agrawal:** Yes, but I can see...
- Management:** Yes, go ahead. Sorry, please go ahead
- Hardik Agrawal:** Yes, but if I see your depreciation for H1 versus H2, it's just it's the same. And your PBT has increased, so naturally you'd do a higher tax, no?
- Aniruddha Deshmukh:** Yes sir, you are correct.
- Hardik Agrawal:** Okay, no problem. Yes, if maybe you can look into it and get back to the investors, that'd be...
- Ajay Longani:** But basically, it is the annual tax is 17% and due to new capex, higher depreciation according to IT Act, so tax liability is lower. So, depreciation effect in IT is there.
- Hardik Agrawal:** Yes sir, but as I'm saying, your depreciation for H1 and H2 is the same, but the tax paid is about one-third that you paid in H1?
- Aniruddha Deshmukh:** So, you can say that we have the benefit for six months, income tax.
- Hardik Agrawal:** Okay, I see. Alright. Okay, thank you.
- Moderator:** Thank you. The next question is from the line of Aryan Bhatia from InVed Research. Please go ahead.
- Aryan Bhatia:** Hi, thanks. Thanks for the opportunity, sir. My question is on our capex. So, I if I remember correctly, we were doing some capex on the CNC machines, right? So just wanted to know the update and the benefit we are expecting this year from this capex, both on the margin side as well as the working capital side?
- Ajay Longani:** Okay, so we have already purchased few equipment and one or two are again awaited also, they are already ordered and should be arriving in next one or two months. So, the CNC machine is there, the CNC laser cutting machine is already here, the CNC press brake is already here, and the automatic tapping machines are already here.
- So, all those machines are installed and apart from CNC press brake all are commissioned also. So, we can say that about 3% to 4% of change in EBITDA margin will be reflecting in in next books or next results. Because we will be saving lot of saving lot of transportation and payouts to vendors, we'll save on that. So, EBITDA margin will surely improve.
- Aryan Bhatia:** Great, so can we for next year expect at least 20% EBITDA margin? Because in H1 we have delivered 15%, which has gone down as compared to H1. In H2 we have delivered 15% and in H1 we have delivered above 20%. So, in FY27 can we expect margins similar to what we have delivered in H1?

- Aniruddha Deshmukh:** Yes sir. So, management is targeting to lower the overhead expenditure and we definitely contribute to the year-to-year picture that we can achieve that EBITDA margin.
- Aryan Bhatia:** Got it. And sir, let's say for a X machine you make, what percent of raw material you make in-house and what percentage you outsource for job work basis?
- Ajay Longani:** Till this capex was installed here, capex was spent and machines were purchased, the ratio was 70/30, like 30 was in-house and 70 was outsourced. But with all these machines installed in-house, this will be flipped, like 30% outsourced and 70% in-house.
- Aryan Bhatia:** Okay, great, that's great to hear. And sir, my other question is on our brand presence. So, like if I look currently, we are exporting in the international market through some partnerships with Nordinkraft and etcetera. companies. So, like are we looking to increase or export directly in the nations with our own brand name, that is Admach, as compared to doing partnership with some of these companies?
- Ajay Longani:** Yes, so there are two types in this. One is with Nordinkraft we are exporting directly. Also, if you see our order book currently, we already have direct export orders to US also. And we have six projects in hand from a US company and it is under execution and shall be dispatched in next one month. This is our direct export.
- Aryan Bhatia:** Got it. And like are we looking to diversify as well and add new products in our steel machines because currently we are more into the, you know, cold roll side part. So, are we looking to get or you know manufacture machines which are mostly used in the hot roll side?
- Because if I look at the capex of steel, majority of the steel capex is towards the hot roll side. So currently we are present more into the cold roll bar chamfering, straightening. So, are we looking to diversify or add new products which can help increase our TAM and revenue base?
- Ajay Longani:** We have no plan to go into the hot side of steel, but we are going into more value-adding products in the cold side itself. Because once these black bars are made and the finishing lines established the final dispatchable and sellable product, the next stage is generating bright bars out of it. And all currently all automotive companies are asking for bright bars than black bars.
- So mostly everybody, all steel plants are going for this downstream equipment also. So, they're setting up bright bar plants. So, we have already initiated our operations, design, everything for making machines in the bright bar and superfinishing areas of the of the steel. So there our next target or rather already under execution is in the bright bar side.
- Aryan Bhatia:** Got it. And sir, are you looking to manufacture machines for stainless steel bars as well? Because you know the if I look at the pipe industry, they are doing capex, huge capex on manufacturing pipes and most of the pipes manufactured use stainless steel bars. So indirectly it will increase the demand for our stainless steel bars machine. So, do we cater to this segment as well?
- Ajay Longani:** Yes. We are already making machines in the stainless steel sector also. For me, for any machine, transporting the bar or processing whether it's a ferrous or non-ferrous or stainless steel, it is the same thing. My process or technology or cost of the machine doesn't change. So even if one

customer asks me to supply the same machine which is used for black bar, he wants to process stainless steel, I have no problem.

Rather currently on shop floor we already have one machine ready for dispatch to one Delhi-based customer who is exporting stainless steel bars to Germany. That machine is waiting to get dispatched once we get the payment in next one or two days. It will be dispatched and it is for stainless steel plant only.

And adding to that, this is as you mentioned the tubes and pipes, we are also doing lot of work in the pipe sector also. The SAW pipes, seamless pipes, LSAW, HSAW pipes, ERW pipes. The US-based company which I mentioned we have got six projects, these are all for pipe industry and this all is going in oil and gas sector.

Aryan Bhatia:

Got it. Great, that's great to hear. And sir my last question is on our order we have won from the Nuclear Fuel Complex. So just wanted to understand like what we are doing in the nuclear space and are we expecting some new orders in the from the nuclear sector?

And like what is our competition in this space and like how many more players are manufacturing the same equipment that we you know are going to supply to the Nuclear Fuel Complex?

Ajay Longani:

Yes, so Nuclear Fuel Complex project details I won't be able to give you because of some bonding due to contract. But we have an order from Nuclear Fuel Complex for INR10 crores currently, which will be executed maybe by end of September. And we are expecting about four to eight more similar projects from the same company and the technical discussions have already started and the technical offers are already submitted to them.

So once the technical team evaluates and okay's it, which will happen eventually because these are all similar projects, we have to follow the protocols and once it is done, those orders will come for sure. And about the competition, competition is only from Europe, but they always prefer see, the there is always a Make in India factor in this. 50% they have to Make in India.

And if they if the European companies also get good competitive partner in India who can responsibility responsibly integrate all these equipment's doing justice to the end application, then they are also happy.

So they also prefer not to bid directly and they come to us and we together bid for that. So, projects are there, but unfortunately, I won't be able to tell you what we are doing there because this is a very specialized application and we are actually modernizing their setup for some high-speed manufacturing.

Aryan Bhatia:

So, you are expecting like three to four more orders from the nuclear side?

Ajay Longani:

Yes, sure. They're already they're already lined up. They're already lined up and technical offers are already submitted from our side. Once it is evaluated and okayed, we will be submitting the commercials and the things will move forward.

- Aryan Bhatia:** Great, great. Thank you, sir, for replying to my questions and best of luck.
- Ajay Longani:** Thank you, thank you so much.
- Moderator:** Thank you. Participants who wish to ask a question, please press start and 1. The next question is from the line of Gunit Singh from Counter Cyclical Investments. Please go ahead.
- Gunit Singh:** Hi sir, I have a few questions left. So firstly, can you give a revenue bifurcation by products?
- Ajay Longani:** By product okay, I will I will get back to you. We are we have just we have just finished the book and everything, so I will you can connect with Orim, we will give these details to Orim in next few days.
- Gunit Singh:** Got it. But do you have a bifurcation by how much was from NDT equipment, how much was from packaging?
- Ajay Longani:** I can tell you from last year. Last year numbers we already have.
- Gunit Singh:** Well, it's okay, I think I can take it offline. So I just want to understand this capex that we have done, do we have any more to reach INR 200 crores, is the capex already completed or some of it is left?
- Ajay Longani:** One or two machines are ordered and they are awaited. The vendors will deliver these machines by July.
- Gunit Singh:** Got it. So, this the new capex that will be for steel producing steel machines only? Or is it fungible between steel machines and NDT?
- Ajay Longani:** No, no, no. These are all processing machines which will be used for manufacturing parts which are fitted in the in any machine. So, it is a component processing machine and the final machine can go to nuclear, to steel, anywhere.
- So, this machine is capable of handling components of any level and we have purchased higher size machines so that any even smaller to bigger any component can be processed on that and can be fitted in the final application and we can deliver the machines faster and more accurate due to CNC applications.
- Gunit Singh:** Got it. So basically, if tomorrow our entire order book is from NDT equipment, so I mean it is possible that we can use our entire line to just manufacture NDT?
- Ajay Longani:** Yes, absolutely. If I can give you example, when we are making rotis, the same for spreading the roti the same thing is used, for spreading the lachha paratha same thing is used. It is like that.
- Gunit Singh:** Got it. So, for the defense segment, I think it's just 5% of our current revenues. What exactly do we supply? NDT machines and X-ray machines?
- Ajay Longani:** Yes. NDT make means in defense we are supplying machines in the NDT field, ultrasonic testing as well as X-ray equipment.

- Gunit Singh:** Got it. And is there any difference in the margin profile between the three segments? Like what are the margin profiles?
- Ajay Longani:** In in these three okay, the margins are more or less same, but I would say when we export the margins are bit higher.
- Gunit Singh:** Got it. And if you can help me understand the main usage of these NDT machines, only specifically in defense where is it used?
- Ajay Longani:** Okay. if you happen to be here in the in the first question, I have explained what we are doing like the complete assembled shell with fully loaded shell assembled shell, it is final inspection is done under X-ray.
- Because you cannot open it, the fuses are fixed or no and all those things, you know? So, you have to see it through X-ray. And then the entire body of the missile or the shell is also tested for defect why so basically, it's a steel shell. So, the steel can have defect internally which is not visible by naked eye. So, you have to see it under X-ray.
- Gunit Singh:** Got it. So basically, in our current order book around INR70 crores, what percentage is from defense and what is the pipeline for defense?
- Ajay Longani:** No, it's a mixed bag actually. It's not completely for defense; it is a mixed bag. It is from packaging, defense, nuclear, and steel also. It's a completely mixture of all these all these segments basically. So, if you want bifurcation, we will be as I said we will be submitting these details to Orim very soon. So, you can get in get in touch with Orim and get it, maybe in another week's time.
- Gunit Singh:** Got it. But in terms of pipeline, what segment do you think is the fastest growing for us wherein I mean most of our orders are being submitted?
- Ajay Longani:** Fastest growing I would say defense is for sure. Nuclear is also growing, government is pouring in lot of money. And steel is also growing. So basically, if you see the steel sector output is planned to be doubled by 2031 and everybody is expanding.
- Nuclear government is pouring in lot of money because of clean energy and less dependency on energy and all these things due to recent crisis. And defense okay, everywhere war is happening unfortunately, so defense everybody is strengthening their arms.
- Gunit Singh:** Got it. And you mentioned about the backward integration. So, I want to understand the machines have arrived, so are we already seeing the benefits about 200-300 basis points that you mentioned right now? Or I mean by when will these machines come into force?
- Ajay Longani:** Machines few machines have already come, few are already installed, and only one machine is to be commissioned which will be done by another 8 to 15 days. And two machines are yet to come which will arrive by July. And the machines which are already commissioned, they're already they're already in use and we have reduced on lot of overheads and payouts.
- Gunit Singh:** Got it. So basically, we have already started seeing some benefits?

- Ajay Longani:** Yes.
- Gunit Singh:** So, if you can help me understand the working capital cycle for any given project. So, I mean in terms of advances that we receive, retention money, inventory holding period, and any price pass-through clause. If you can help me understand that in full detail, that will be very helpful?
- Ajay Longani:** Basically, on thumb rule, see this this varies by 5%-10% here and there, but on thumb rule if I can tell you, we get 20% advance from the customer, 70% we get paid before the shipment of equipment, and 10% we get paid when the machine is installed at the site.
- So, by the time 20% advance is received and we design, get the approval from the customer, we are not investing any anything in material other than our time. And when it comes to buying material, okay, this 20% advance is already with us and we also have credit terms from all our vendors actually.
- These are all standard credit terms, even from Siemens or the geared motors we get, we get a good credit term of 30 to 45 days and sometimes maybe 60 days also. So effectively if I can tell you if the one project is lasting for five months, we will need to invest for not more than one and a half to two months.
- Gunit Singh:** Got it. So generally, I mean it takes us from order date to dispatch, it takes us about five months?
- Ajay Longani:** No, this again varies from product to product. The I can give you one example, if one X-ray cabinet is to be made, we make it in two and a half months. Or if a complete line is to be set up, then it takes six to seven months.
- So, on an average if I can tell you, a three and a half to four months is enough for one project. But at any given moment we have about 20 to 25 projects going on the shop floor. So, some are in design, some are in manufacturing, some are in testing, some are already in packing. And at this moment also about three machines are sailing on the sea.
- Gunit Singh:** Got it. And the cost is incurred while it is I mean when the cost is incurred, that's when we book it? Or is the cost booked upon dispatch or when it is invoiced?
- Ajay Longani:** When we invoice it, then it comes into the books. Till that time, it will show as inventory.
- Gunit Singh:** Got it sir. And what are capex plans for FY27? Do we have any capex plans?
- Ajay Longani:** Currently I don't foresee any capex investment immediately, but if it comes to some specific project where we can increase our margin or save our times or save our overheads, for sure we will go for it.
- Gunit Singh:** Got it. And what should be working capital days in FY27 according to you given the current mix of orders?
- Ajay Longani:** About 75.

- Gunit Singh:** 75. So that's around four times four to five times working capital returns. So, I mean do we have any plans to give out any dividends or anything of that sort if we are making money and there is no capex?
- Ajay Longani:** Yes, it is it is under discussion with our team. It is under discussion.
- Gunit Singh:** Alright. So, I mean my last question would be given so right now you mentioned that the cash flow from operations was negative because of some delays in dispatching the orders, because of which around 20% of the total booking amount was not received. Is that a fair understanding?
- Ajay Longani:** Sorry, I didn't get your question?
- Gunit Singh:** So currently our working capital days are sorry our cash flow from operations are negative and trade receivables have increased by about INR 11 crores – INR 12 crores. So, you mentioned that this is because there were some delays because of which the remaining I mean 20% of the money that we get which we get when the machines are installed in their the facility, so that part of the payment was not received?
- Aniruddha Deshmukh:** Sir, Aniruddha is here. Sir, the major reason for the negative working operations cash flow from operations that there are some major changes in working capital, some part in inventory, some part in trade receivables, and provisions as well as the trade payables.
- So, you can analyze the complete cash flow, cash flow statement that due to post listing there are certain major changes in our cash availability as well as balances or funds available with the company. So, we try to use with the maximum benefit.
- So only that reason the operation cash flow from operations are negative, but overall cash flow the company is with healthy cash reserves. So, I think in the next year we can say that the operations cash flow from operations will be positive side.
- Gunit Singh:** Alright, got it. Thank you very much and wish you all the best.
- Ajay Longani:** Thank you, thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. With that, I now hand the conference over to Ms. Jhanvi Patil for closing comments.
- Jhanvi Patil:** Thank you everyone for joining the call today. On behalf of Admach Systems Limited, we appreciate your time and participation. For any further queries, please reach out to us at letsconnect@orim.in. Thank you.
- Ajay Longani:** Thank you, thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of Orim Connect, that concludes this conference. Thank you for joining us and you may now disconnect your lines.
- Ajay Longani:** Thank you, thank you everyone.