Management Discussion

Sakhi Panjeyara - Host, Investor Relations Advisor, Kiran Advisors
Good evening everyone. On behalf of Kiran Advisors, I welcome you all to the H1 FY27 earnings conference call of Patil Automation Limited. From management team, we have today Mr. Manoj Patil, Chairman and Managing Director, Ms. Piyusha Patil, Director Group, Mr. Manoj Agarwal, Finance Controller, and Ms. This is Rithaka Pratnaiah, Company Security and Compliance Officer. Now I hand over the call to Ms. Piyusha Patil for opening remarks. Over to you, Piyusha.

Piyusha Patil - Director Group, Patil Automation Limited
A very good evening everyone and thank you for joining us today. On behalf of the management team, I would like to welcome you all, investors, analysts, and partners to Patil Automation's earnings call for the first half of FY27. Patil Automation's foundation has been welding and assembly lines for the automotive industry. Over the last few years, we have been steadily building on that base and in the first half of FY27 showed this progress more clearly. We are serving a wider set of industries industries.

Our group companies are adding new capabilities, and the capacity and capital we have put in place gives us more room to grow. Automotive continues to be the core of our business and a source of steady demand. During the half, many of our customers continue to come back to us as they expanded capacity and launch new models. This repeat business gives us a stable foundation as we grow in other areas. Building on this foundation, our work in other sectors is also gaining momentum. Defense has been an important area products.

We added more than 5 new defense clients during the half and executed projects automating, automating the production lines of artillery shells. Across the EV, automotive, and defense sectors, we onboarded more than 10 new clients overall in the first half of FY27. We are also seeing keen interest in battery and energy storage, a segment we have recently entered, and our participation at the Battery Show India in October has generated several leads that we are now pursuing. Entering new sectors calls for new capabilities, and this is where our group companies play an important role.

During the half, we increased our stake in MI Robotics to 70%, strengthening our capability in robotics, defense automation, and machine vision. Pentaco Automation adds assembly and inspection expertise, while Power Green Energy takes us into solar trackers, module assembly lines, and bus automation. Together, they allow us to offer customers a wider range of solutions from one platform. To support this growth, we have put the required capacity and capital in one place. Our new facility at Faridabad has been commissioned, bringing us closer to the customers in northern India.

And together with our 3 plants at Chakan, it gives us room to execute more work. We have also recently completed a preferential issue which strengthens our balance sheet as we take on larger projects. Is now on using our capacity well, choosing projects more carefully on margin, timelines, and payment terms, and gradually increasing the size of our projects that we undertake. Coming to our financial performance, on a standalone basis, total income for H1 FY27 grew by around 41% year-on-year to about Rs 104 crore.

EBITDA grew about 39% year-on-year to about Rs 18 crores. With EBITDA margin at about 17%, broadly in line with H1 FY26. Net profit grew by around 38% year-on-year to about Rs 10.4 crores, with net profit margin at about 10%, also broadly in line with H1 FY26. On a consolidated basis, total income grew by around 36% year-on-year to about Rs 100 crores. EBITDA margin improved by

around 180 basis points year on year to about 19.4%, and the net profit margin improved by about 90 basis points year on year to about 11.1%, with our group companies adding to the overall profitability of the group.

Taken together, the first half reflects a business that is growing steadily while becoming broader and more balanced. Manufacturers in India continue to modernize their plants and invest in defense, railways, and clean energy is creating new demand for automation. As we move into the second half, our focus will be on converting our pipeline into orders, improving the utilization of our facilities, then scaling our group companies and building our presence in defense, energy storage, and renewables.

Before I close, I would like to thank our employees, customers, and partners for their continued support, and all of you for your trust in Patil Automation. With that, we would be happy to take our- take your questions. Thank you.

Questions & Answers

Operator
Thank you very much, ma'am. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we would request you to kindly restrict yourself to 2 questions per participant. Should you have a follow-up question, please rejoin the queue. We will now wait for a moment while the question queue assembles.

The first question is from Kaustubh Saha from Walford PMS. Please go ahead.

Kaustubh Saha - Analyst, Walford PMS
Hello. Hi, good afternoon and congratulations on the good set of numbers. Uh, my first question was on the order book. So we have a closing order book of Rs 130 crores and, uh, we have guided around about Rs 250 crores of total, uh, top line for the full year. Another Rs 150-odd crores is what, uh, we'll be, uh, you know, delivering in terms of top line. So how do you see the order book building up? Because, you know, uh, we have an order pipeline of Rs 800 crores, so we'll require a closing- and what would be the closing order book for March 27th?

That is my first question.

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah, thank you, thank you very much. Uh, we already said that Rs 130 crore is the order book, and with this, uh, uh, we are very close, uh, because our target which we are committed, uh, of Rs 250 to Rs 260 crore of the end of financial year, and we are very near, uh, this month end of, uh, November month end, we will be closing additional around Rs 50 crore business. So, uh, our cycle of project execution is around 3 to 4 months approximately. So we are very confident, um, that we will be, uh, definitely doing the target which we have, uh, planned.

And the order book is very good in hand, which is already in process and some of in the final stage. So I think the- for this year target, we are almost on the, uh, yeah,

Kaustubh Saha - Analyst, Walford PMS
Okay, okay. And, uh, in terms of, no, uh, for, for the March ending What is it as a comfortable, you

know, order book that you are looking at from the current pipeline, uh, that you have 800 or crores?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah, I think by end of March we, we have planned that around, uh, 200 CR we will be planning, which proposal is already giving- given, and we will be in discussion. So it is the plan that we will be in hand 200 CR business for the next financial year. For the first quarter.

Kaustubh Saha - Analyst, Walford PMS
Okay, great. Uh, next is, sir, uh, in this quarter we had a strong EBITDA margin of over, uh, 19%. So is this one-off due to some inventory impact, or, uh, on- or how should we look at- or should we assume it will be 16-17% in that range?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah, I, I think it will be maintained, uh, because the revenue, as you see in the- compared to the last year, is increased, and we will be maintaining the similar EBITDA margin and the PAT margin even the, uh, the financial end of the financial year.

Kaustubh Saha - Analyst, Walford PMS
So 19% is what we should assume for EBITDA margin? 17

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
To 19, yes.

Kaustubh Saha - Analyst, Walford PMS
17 to 19, that should be the range that we should assume?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yes. Okay,

Kaustubh Saha - Analyst, Walford PMS
Okay. Yes. And, uh, next question was on the capacity. So we are saying that, uh, we'll double our capacity. So if I understand, so currently we have 2 lakh square feet of, you know, our total capacity which is, uh, fully operational right now. Is that correct?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Actually, the capacity at this moment is around 280 CR, uh, uh, and we are doubling the capacity with the additional work we have done for the Prib, and that will be ready by end of May approximately for the next financial year. So that facility will be ready full-fledged to utilize and make the revenue for the next year.

Kaustubh Saha - Analyst, Walford PMS
Okay, so that will be another additional 280 CR. That is what,

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yes, yes, yes, yes, yes, approximately 300 CR.

Kaustubh Saha - Analyst, Walford PMS
Okay, okay, okay. And sir, last question if I can, uh, squeeze in. So in terms of BES, like also, uh, you mentioned, Piyusha mentioned about, no, uh, the recent exhibition where you were there. So in terms of BES, uh, what is the order pipeline and how confident you are that, no, in the BES category

you will have, uh, you're seeing, no, uh, order

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Improve? Yeah, actually for BESS we already exhibited and installed, commissioned the, uh, the one line. The second line is in design. But yes, with this exhibition we really got very good inquiries and we are very sure that some of the business will be concluded, which will be, uh, done and executed by, uh, maybe April. That will go in the next year financial. But yes, we will definitely, uh, uh, make the good business for the next financial year for, uh, BESS and even EV battery.

Operator
Thank you, sir. Next question is from Rohit Gupta from Quest Capital. Please go ahead.

Paras Chera - Analyst, Purple One Vertex Ventures
Good afternoon,

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Everyone.

Paras Chera - Analyst, Purple One Vertex Ventures
Good afternoon. So, sir, my first question is that your HR head salary is approximately equal to your management- managing director salary. So how do you justify this HR director pay and is this really linked to some performance incentives?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Sorry, I have actually a lot of hitting questions. Salary cost?

Paras Chera - Analyst, Purple One Vertex Ventures
Sorry, hello? I'm

Operator
So sorry, sir, we are not able to hear you. Your voice is, it's muffling, sir.

Paras Chera - Analyst, Purple One Vertex Ventures
Can you

Operator
Try again, please?

Paras Chera - Analyst, Purple One Vertex Ventures
Yeah, so my first question is your HR admin salary is approximately equal to your managing director salary. So is it linked to some performance incentives, or how is it, uh, you know, how is it structured?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
No, no, actually the HR is handling by the, the, uh, uh, this is Aarti, Aarti Patil, my wife, and she is the, uh, complete responsible for HR and admin activity. And we have the very good team in HR admin, uh, for the next 3 years financial which we have planned for the growth. So definitely for that, the salary, uh, uh, what you are saying is there. But yes, I think, uh, now to grow the organization, definitely the team is required. And, uh, the salary which, which is already available, I think, um, uh, maybe you're right.

Yes.

Operator
I'm so sorry to interrupt, Manoj sir. We are not able to hear you.

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah, yeah, actually, head by Mrs. Aarti Patel. So she is, uh, one of the promoter director. So that is the reason maybe, uh, he is seeing that the salary of HR admin is more.

Paras Chera - Analyst, Purple One Vertex Ventures
So my next question is that you have guided a working capital cycle of 90 to 110 days. But as of now it is approximately 150 to 200 days. So how do you plan to reduce this working capital cycle?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Actually, it is all depend on the small and big size project. So it is depend, some project is 90 to 110, and then if the project size is bigger, maybe it goes to 150. But now the line, for example, we have made and developed the baseline. Once it is developed, the next line will be laser so initial development first line take a little bit bigger time but if you see in the future this this cycle will be reduced slowly

Paras Chera - Analyst, Purple One Vertex Ventures
Sir my last question is that from in your financial statement you have earned a rental income of 3.9 crore and varies your rental exp And as we can see, the entire rent is paid to the promoters, that is you and your wife. So can you please put some light on that?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yes, actually the property which is on Patil Automation, uh, name, that property before IPO only, this, that property of one shed was given on the rent on long lease. So we, the PAL, is getting the rent from that. And the, where the Patil Automation at this moment, uh, we are currently working That property is the promoter property where the company is paying to the promoter.

Kaustubh Saha - Analyst, Walford PMS
So why can't we shift our operations to the Patil Automation-owned property only? So, so given on the long lease,

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Sir, that is given on the long lease, uh, around 3-4 years back, which the, the agreement of long, uh, lease we cannot, um, change. So that's the reason it is not possible. So how long is that agreement, sir? How- when is this agreement expiring? I think it is a 25-year, uh, agreement. 25-year agreement? Yes, it's a long lease. Uh,

Piyusha Patil - Director Group, Patil Automation Limited
Besides, it is given to one of our customers, one of our major customers, whose lines also we are building. So every automation line inside the plant, uh, we have built, we have delivered to them. So It is kind of a mutual advantage.

Paras Chera - Analyst, Purple One Vertex Ventures
Okay, that's all from my side. Thank you, sir. Thank you.

Operator
Thank you. Next question is from the line of Manish Kural from Thinkwise Wealth Management. Please go ahead.

Kaustubh Saha - Analyst, Walford PMS
Yeah, thank you, sir, and congratulations on good set of numbers. Uh, sir, if you would like to I would like to get perspective on your defense business and what you, uh, what Piyusha earlier alluded in terms of getting 5 new clients. Can you please explain as to what is the addressable market or which are the segments which we are addressing? No doubt it's mentioned that we are addressing shell manufacturing lines, so maybe if you can give us like more perspective, what is the current order book how many, uh, how many projects we are handling and how do we see this opportunity, uh, in terms of market size, both in defense and renewable.

And later, if you can give us what is the- when you expect Rs 250-260 crores of revenues, uh, what would be the breakup between auto and non-auto, and within non-auto, from defense and renewable energy and other sectors?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah, thank you, thank you very much. Uh, actually, uh, in defense we, uh, majorly do this business in our subsidiary Mi Robotics, and we are doing majorly for, um, artillery shell complete turnkey line start to end for complete artillery shell manufacturing. Now it is 155 because it is the major demand. Before that, we make the complete assembly line, machining line and NUB welding line where we have already got the order from 5 customers, around 30+ CR business from this area. And additional 5 we will be closing very soon, which is in the final stage.

So it is a good business in, uh, ultra-thin shell. But yes, with this we are doing some of the project for bullet, uh, manufacturing automated lines. Which will be a fully automated line.

Piyusha Patil - Director Group, Patil Automation Limited
Yeah, yeah, sorry, actually the same.

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Sorry, your voice

Kaustubh Saha - Analyst, Walford PMS
Is breaking, so maybe if you- Kyusha, if you can repeat what you said.

Piyusha Patil - Director Group, Patil Automation Limited
Yeah, yeah, in addition to what sir said, we are also executing lines for automated inspection of cracks and defects in defense equipment.

Kaustubh Saha - Analyst, Walford PMS
Okay, okay. So sir, how do we expect that- my question was that, uh, so the second part of this question was also like within renewables, uh, uh, what is the- like you did mention that you are executing the best line, and so what is the kind of order book you have and If you can just give us the breakup of your order book, uh, and, uh, revenue breakup between these 2-3 segments.

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah, actually, uh, actually with the, uh, plan, uh, strategy, we, we have decided to, uh, book the orders around 60% from the auto and AV and, uh, 40% from defense and data centers and the

heavy fabrication. So basically in auto, uh, EV, we will be doing the 60% business, 20% business, uh, from the defense, and 20% business from the data centers and the heavy, uh, equipment, uh, automation lines.

Kaustubh Saha - Analyst, Walford PMS
Okay, okay. And sir, about your, uh, expansion plan, uh, what would be- what is the status in terms of acquisition of new land building like what you were planning earlier. So, uh, and you expect it to start in May. So maybe if you can give us more clarity on that.

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah, uh, the new facility, uh, uh, for that we already done the trip. So, uh, that, that land of around 10 acres of land which we have finalized and the agreement is planned, that is on lease only. So the complete land will be long lease of 30 years. And we will be constructing the, uh, 2 lakh square feet of shed, uh, in that land. And it will be start from the next, next month, from December only. And tentatively it will be complete by end of April so that May we can start the actual, uh, working from that plant.

Operator
Thank you, sir. Ladies and gentlemen, before we take the next question, a reminder to all the participants, if you wish to ask a question, please press star and 1. We will take the next question from the line of Ashish Kumar, an individual investor. Please go ahead, Mr. Ashish. Your line is unmuted. Please proceed.

Paras Chera - Analyst, Purple One Vertex Ventures
Hello, am I audible?

Operator
You are audible, sir.

Paras Chera - Analyst, Purple One Vertex Ventures
Yeah, thank you for the opportunity. Uh, so I have a question regarding, uh, the Patil Automation Green Energy. So what is your plan for this company and how much investment will you do in this? And when can we expect, uh, it to contribute in the revenue?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah, actually, in PL Green Energy, basically, uh, you know, the renewable is the major scope where, uh, the tracking is the major part which India has started recently, uh, the tracking of the solar as per sun. So we will be doing the major activity in PL Green for that, and, uh, the related to all renewable business we will be doing in this This, and tentatively by end of this financial year we will be doing around 20 CR business in PS Energy.

Paras Chera - Analyst, Purple One Vertex Ventures
Okay, so, uh, like, can we expect anything to contribute in our revenue in the coming-

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yes, yes, uh, sorry

Paras Chera - Analyst, Purple One Vertex Ventures
Sir, your voice is breaking. Here is the approx

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
20 CR is the plan, uh, which will be revenue of this year.

Paras Chera - Analyst, Purple One Vertex Ventures
Okay, okay. Uh, and sir, any further, uh, M&A, like merger and acquisition, that can we expect?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yes, we are discussing with the 2-3 companies, but still it is not concluded. Uh, it will be finalized, but definitely not in this financial year. It will be started in the next financial year only, but discussion is going on.

Operator
Thank you. Next question is from the line of Kush Pantya from Nikunj Stocks Brokers. Please go ahead.

Paras Chera - Analyst, Purple One Vertex Ventures
Hi, very good evening, sir. So my first question is, uh, on the, on the growth guidance side. So in the last call, it was mentioned that, uh, our FY27 target is around, uh, Rs 260-270 crores, and in the first half we have done around 100 crore so we have to grow at almost 100 percent in the H2 year on year so do we still

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Hold to our guidance yes good afternoon actually the target is 250-260 crore which we have already committed and it will be done 100 percent because the order book is g Still another five months ahead to close that, and the second quarter is always bigger. So target which we have committed, it will be hundred percent done.

Paras Chera - Analyst, Purple One Vertex Ventures
Okay, sir. So sir, can you please break down the order book? what is the order size of from different segments like the auto, non-auto in different and the battery, dash. Yeah,

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Normally, uh, all order books as a strategy, we decided that the auto, uh, EV, we will be doing the 60%, defense 20%, and the data centers and heavy 20%. So all order booking is based on this, uh, sector, that's percentage only. So now whatever is 130+ order booking is almost in the 60% of auto and EV. 20% on the defense and 20% on the data centers.

Paras Chera - Analyst, Purple One Vertex Ventures
Okay, and what is the total order size?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
One, one order size differ from 1 crore to, uh, 13 crore. It's different, so it is depend on the order value.

Operator
Thank you. Next question is from the line of Paras Chera from Purple One Vertex Ventures. Please go ahead.

Paras Chera - Analyst, Purple One Vertex Ventures
Yes, sir. So thank you and congratulations for a strong set of results. Uh, sir, having understood, you know, we'll probably meet our FY27 about Rs 250 crores of revenue. And, uh, do you expect PAT margin to sustain at about 10%? So, and for FY28, uh, what would be your revised guidance?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Uh, definitely the, the target is Rs 250 plus, Rs 250 to Rs 260, uh, uh, for sure. And PAT margin we will be, uh, maintaining, uh, about 10.5 only. So it will be- yeah,

Paras Chera - Analyst, Purple One Vertex Ventures
Right. And so for FY28, what kind of guidance do you expect?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Uh, for revenue, we have planned, um, uh, around, um, 380, uh, plus CR business of the next year, and the similar, uh, PAT margin will be maintained, uh, For the next year as well,

Paras Chera - Analyst, Purple One Vertex Ventures
Right, sir? Sir, you know, from our current facilities, would that be the peak revenue that will be next year?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yes.

Paras Chera - Analyst, Purple One Vertex Ventures
Okay. Is there any plan therefore for expansion under consideration, acquisition, or you know?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Expansion is already planned because the new facility which we are building for two lakh square feet that that will start and it will be ready by May. Uh, next year. So that will be available, and I think there's no new facility addition required because it is already planned. All right, and how much?

Operator
Thank you. Next question is from the line of Aman Soni from 7 Alpha Investors. Please go ahead. You are audible, please go ahead.

Paras Chera - Analyst, Purple One Vertex Ventures
Yes, sir, I just want to understand the margin profile in our both of the businesses. So what kind of EBITDA margin we are currently generating in automotive and non-automotive segments separately? And as we generally increasing our focus on non-automotive business, so should we expect an improvement in our blended EBITDA margin going forward?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Actually, EBITDA margin of automotive and the defense sector, it is almost similar. But yes, it is a plus of 1 to 2% additional in the defense. But yes, if you see the overall, it is around 17 to 19%.

Paras Chera - Analyst, Purple One Vertex Ventures
Okay, understood. So that means our EBITDA margin should be same in next 2 years. Is my understanding correct? Yes. Oh, so thank you.

Operator
Thank you. Ladies and gentlemen, to ask a question, please press star and 1. Next question is from Parash Shukla, an individual investor. Please go ahead. Mr. Shukla, your line is unmuted. Please proceed. Mr. Shukla, as there is no response from the current participant, we will take the next one. I now request Mr. Paras Chhera from Purple Vortex Ventures to please ask your question.

Paras Chera - Analyst, Purple One Vertex Ventures
Yeah, thank you, sir. Uh, sir, you know, once this new capacity expansion, which will, uh, start from May of next year, you said, right? I mean, when will that complete and what kind of, uh, capacity will be added in terms of, uh, you know, peak revenue thereafter?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Actually, this facility, a new facility, will be ready by May of next year. And the capacity, uh, of the old and new altogether, it will be around, uh, 580 CR, uh, total capacity. So, uh, that, that, uh, I think for next year revenue we will be using that, uh, new facility, existing 280 CR facility, and the additional facility,

Paras Chera - Analyst, Purple One Vertex Ventures
Right? So totally put altogether will be about 580 crores. Potentially available, of which, uh, next year we could be executing about 380-odd crores. So we will still have decent room to, you know, for FY29 as well.

Kaustubh Saha - Analyst, Walford PMS
Absolutely right,

Paras Chera - Analyst, Purple One Vertex Ventures
Sir. And sir, in terms of, uh, demand growth and outlook, how do you see the medium term, you know, panning out? I mean, in general, alongside, you know, the new supply, the capacity of automation coming up

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
What is

Paras Chera - Analyst, Purple One Vertex Ventures
Your assessment of the demand factor?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Actually, the, uh, the every, every OEM and every customer, they want the fully automated line. Now the demand on every customer, uh, not only the, uh, the application for machines, but they want the man-laced line. So now whatever the line which we are giving is fully automated, uh, so definitely demand in all sectors is increasing, and we, we are now almost ready, uh, even for the next year revenue for the new facility. And thank you.

Operator
Next question is from the line of Nikhil Chandak from Sanghvi Family Office. Please go ahead.

Nikhil Chandak - Analyst, Sanghvi Family Office
Yeah, hi, thanks. You know, my question was that I just wanted to understand the nature of your customers. Are these primarily small and medium enterprises? Because I would imagine the larger

customers who are, you know, going on any expansion, plant expansion and so on and so forth, they would have all the internal capabilities to set up the line and do it internally itself. Or is that understanding wrong? So I wanted to understand who exactly are your customers? That is one. And the second question is that once you've set up the line and kind of help them in automating the, the, the process, On a recurring basis, is there any revenue which you get and how large that number is?

Or would you need to constantly look for new orders or new contracts to kind of, you know, grow?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah, I understand. I'm so sorry, sir, we

Operator
Are not able to hear you.

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah, now it is okay.

Operator
Yeah, it is better.

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
So yeah, yeah. So, uh, the first question is the who is the customer? Our all customers are main OEM customer. For example, in automotive you can say the all 4-wheeler, 3-wheeler, 2-wheeler manufacturer are our customers like Honda, Hero, Mahindra, Tata, and every OEM is customer and we supply to them. OEM is having the capability to make the product, for example, car. So that is their product, so they focus to make that. But all automated lines is supplied by the, the, uh, the different automation supplier, not by in-house team.

So our supplier is all the OEMs. The second question, uh, what, what you said that, uh, the recurring- normally the every line when they install, in 2-3 years the model change, the facelifts comes, and then They want the additional volume, so with new line, some modification, and additional one more line. So it is always the multiple line at a time for multiple customers. So, uh, so business is continuously from same OEM but for different models. And sometimes it is only a facelift, so some modification in existing line.

Operator
Thank you. Next question is from Sanjay Shah from Pranishta Family Office. Please go ahead.

Kaustubh Saha - Analyst, Walford PMS
Hi sir, can you hear me? Yeah, welcome sir. Hi, thank you, thank you for the opportunity and congratulations on the numbers. Uh, sir, as we have very ambitious targets that you mentioned about this year and next, could you talk a little bit more about the unit order sizes that you are taking and is that accelerating for us to be able to kind of get more confidence on our ability to reach those revenue numbers? And the second question along with that is that beyond fiscal '28, which you have quantified, how do you see the future of the company, the fortunes of the company, and how the numbers, uh, probably look beyond that in terms of your planning?

If you could just shed some light on both of these.

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah, uh, the first question for the size of the project Since we, we have- we are expanding and every year growing. Our project size earlier was start from 10 lakhs and then maybe up to 10-11 lakhs, crores. But now we, as a strategy, we decided that yes, we will be taking the minimum order value of 2 CR, and, uh, but major our project size is bigger, maybe about 10 crores. So that, uh, to reach on the Rs 400 crore for the next year target, uh, we will be, uh, doing the minimal projects, uh, but yes, maximum revenue.

So we have decided as a strategy that we will be taking the bigger order. That is the reason the bigger capacity facilities, uh, is in building right now. So the order value is big, bigger in the size, uh, from here. We already started giving the proposal as per that only. For future, uh, definitely the, the, uh, business as a PAL Group, we are having the, the group companies expertise in the different sectors of defense and powertrain and the renewable and the complete welding technology. So, uh, definitely all sectors in business, uh, growing.

We are seeing that, uh, the every year the business growth is good, and, uh, for The, uh, customers is also supporting, uh, the new facility. Once ready, I think we will be doing, uh, good in the next year and on '28 also.

Operator
Thank you. Next question is from the line of Manish Goyal from Thinkwise Wealth Managers. Please go ahead.

Kaustubh Saha - Analyst, Walford PMS
Uh, yes, sir. A couple of questions. Just to clarify, this, um, results show that there is a stock adjustment of Rs 30 crores, which looks to be, uh, some orders which were ready and not dispatched. And what is this? Can you please explain this Rs 30 crores of stock adjustment, uh, number one? Number 2, just to clarify, uh, when someone asked you on the PAT margin, uh, and your voice was breaking, so was it- you mentioned that for FY27 we'll probably maintain the 11.5% PAT margin what we have seen in first half of FY27?

And third question is, in terms of supply chain, now for us, are we seeing any challenges in terms of availability of, uh, electronic parts, components, or, or in terms of castings? Any, any challenges you see and how are we addressing that? Thank you so much.

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah, yeah, so I'll just, uh, give the answer for the first question. Basically, the, uh, the revenue is increasing as you have seen that last year and this first quarter. The next quarter of, uh, in 6 months, uh, we have to do around 160 CR. Uh, so definitely the, uh, the shop floor, uh, stock and inventory is available for dispatch of the next, uh, quarter. So that is the WIP and stock which might be seen. Uh, that is the first. But yes, the project is ready, um, and once we get the final payment from that, and we will dispatch, uh, that, which is, uh, some of the defense project which is ready.

And we will be- I think out of that, some project is already dispatched and some is in the dispatch stage. So that is the first question. Second question of the margin, what you're saying, that we will be definitely maintaining the margin, but it will be a little bit increased because the revenue is increasing. At the same time, the all resources and all is not increasing that level. So definitely the part margin we will try to increase. And third, uh, what you said that, uh, business, uh, right, uh, what is the third question?

Can you please repeat?

Paras Chera - Analyst, Purple One Vertex Ventures
Yeah,

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah, supply, supply chain, supply chain, supply chain management, right? Yeah, yeah. So for supply chain management, we have already added the additional Uh, suppliers, uh, they are supplying us small child parts. And they have- so that activity is primarily, uh, doing by our quality team and supplier vendor development team. So we are fully equipped for the further business development. So there is no issue for any supply management because the vendor development is already done. So, uh, I, I think we are done for that activity, uh, parallelly.

And we are adding the additional also for future.

Operator
Thank you. A reminder to all the participants, please restrict yourself to 2 questions. Next question is from Paras Shukla, an individual investor. Please go ahead.

Paras Chera - Analyst, Purple One Vertex Ventures
Very good afternoon, sir. Am I audible?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah,

Paras Chera - Analyst, Purple One Vertex Ventures
Good afternoon. Yes, sir. So I have just 2 questions. So the first question is, sir, I wanted to understand the plans for MII Robotics. How much investment you are planning in MII Robotics? And second question is also, why standalone total income is higher than consolidated? If you can explain that, that will be really helpful.

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah, actually investment, uh, because it is a group company, all group companies working in under, uh, one roof of the facility. So there is no, uh, really an additional investment required in MI, uh, because MI is majorly focusing on the defense, uh, projects for all, uh, defense requirement and defense, uh, related and finishing product related machines. Uh, what is the next question?

Paras Chera - Analyst, Purple One Vertex Ventures
Sir, I asked that why standalone mean or total income is higher than the consolidated?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah, so actually, uh, the line which is ready and awaited for the final payment for dispatch, so that's the reason in consolidated that you are seeing the difference.

Operator
Thank you. Next question is from the line of Kostubh Saha from Walford PMS. Please go ahead.

Kaustubh Saha - Analyst, Walford PMS
Hello, uh, thanks for the opportunity again, sir. I just wanted to ask one thing. For this new additional facility, what is the total capex that we are planning?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Facility already all the construction machinery. I'm so sorry to

Operator
Interrupt you again, sir. You are not audible.

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah, for new facility around sixty cr is planned for the complete construction and machinery for the new facility.

Kaustubh Saha - Analyst, Walford PMS
60, 6060

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Here. Yes.

Kaustubh Saha - Analyst, Walford PMS
And any, any plan to, uh, add that? Because we are very, very strong now with the preferential, uh, on the equity network side. So any plan to add debt for this

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
At this moment? Yeah, at this moment there is no plan because this facility will be, uh, enough. But yes, uh, in coming, coming maybe 6 months, uh, with the order booking and all, we can decide. At this moment, this is, uh Uh, no plan for additional anything.

Operator
Thank you. Next question is from the line of Paras Chheda from Purple One Vortex Ventures. Please go ahead.

Paras Chera - Analyst, Purple One Vertex Ventures
Yes, sir. Uh, my next question was on this working capital- sorry, on this cash flow from operation. So for the first half, it has been negative, I guess largely due to the inventory. On a full-year basis, uh, what do you expect and when do you expect this cash flow from operations to be- to turn positive, sir?

Manoj Agarwal - Finance Controller, Patil Automation Limited
Actually, we have taken up some large project of defense. Some of the projects ready to move, but we were not been able to dispatch to customer because of the pending payments from the customer side. So once all these big projects are basically start realizing the cash, our cash flow as well as inventory will show improving trend. And when- now you are looking into the only half year of basically consolidation between the- with respect to our revenue side. So once the full year of revenue will basically considered, full year basically debt will be calculated based on the full year of revenue and purchases.

So definitely our working capital as well as cash flow will show the improving trends.

Paras Chera - Analyst, Purple One Vertex Ventures
And so just lastly, uh, on that debt thing, so we raised the equity and there is a Rs 60 crore CapEx. I just missed that. Now we have a short working capital debt of Rs 25 crore, so, uh, what peak debt do you expect, uh, for this CapEx by the end of the year? Something- I mean, are you planning to take

debt or will it be from our equity itself? I mean, cash itself? How will it work out?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah. There is no plan for any debt at this moment. Uh, at this moment there is no need and requirement, and we will be doing with the internal funds only.

Operator
Thank you, sir. Next question is from the lineup, Kush Bhatia from Nikunj Stock Brokers. Please go ahead. Kush line is unmuted. Am I audible? or please proceed. You are audible.

Paras Chera - Analyst, Purple One Vertex Ventures
Yeah, thank you. so I wanted to understand about about three digital party transactions, the payments made to SAP Enterprise, AB Enterprises and three Samarth Engineering Solutions. So are

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Giving the supply, uh, the manpower services. It is the, uh, the manpower, working manpower, which is on contract, working manpower only. Since the manpower at this moment is more than 800 people, so it is distributed in different firms for the contract manpower.

Paras Chera - Analyst, Purple One Vertex Ventures
Okay, so all of them are on, uh, all of them are contractual business, right?

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
It's a contractual, yes.

Paras Chera - Analyst, Purple One Vertex Ventures
Okay, and sir, second thing about on the factory rent, so it's, uh, 2.3 crores is paid to each promoter, Manoj Patil and Aarti Patil, right? Yes. So total, the total rent paid is 4.6 crores.

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
Yeah, I think whatever I think is right. So it is a range

Kaustubh Saha - Analyst, Walford PMS
Going from the- I'm

Operator
So sorry, sir, can you please repeat that? We were not able to hear you, sir.

Manoj Patil - Chairman and Managing Director, Patil Automation Limited
So we are getting one range from the one of the shade which you are given to one of the customer, and the Patil Automation where we are working, we are getting the payment from PL to promoter.

Operator
Thank you very much, sir. Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to Ms. Sakhi Panjriwala for closing comments. Over to you.

Nikhil Chandak - Analyst, Sanghvi Family Office
Thank

Sakhi Panjeyara - Host, Investor Relations Advisor, Kiran Advisors
You everyone for joining the conference call of Patil Automation Limited. If you have any queries, you can write to us at research@patilautopassion.com. Once again, thank you everyone for joining the conference call.

Operator
Thank you very much.

Kaustubh Saha - Analyst, Walford PMS
Thank you very much, everyone. Thank you. Thank you, sir.

Operator
Thank you, ma'am. On behalf of Kiran Advisors Private Limited, that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.