

## ANALYST MEETING TRANSCRIPT

### **Moderator**

Ladies and gentlemen. Good day and, welcome to Lakshmi Machine Works Limited, Q4 financial year 22-23, earnings call hosted by NSDL. As a reminder, please note that participant's line will be in listen only mode. And there will be opportunity to ask questions after the brief by the company officials. So in case you require any assistance during the conference call, and to raise questions, please signal the operator by raising hands. Please note that this call is being recorded. This is Sameer from NSDL. We have with us, Mr Senthil, Chief Financial Officer and B. Dhanalakshmi, Senior General Manager of the company. Over to you sir.

### **Mr. Senthil**

Thank you, Sameer. Good afternoon Everyone and thank you for joining the Lakshmi Machine Works Limited, earnings call for Q4 of FY 22-23. We'll have a brief about the overall performance of the company for the quarter ended March 23 and FY 22-23, followed by the interactive Session. I would like to clarify that certain statements made and discussions in conference call will be forward looking in nature. To begin, let me start with the overall performance of the company. Then we will proceed to the segment performance, then consolidated performance. The financial results have been posted in the company's website and hope you had the opportunity to go through the same. I am happy to share that the company has achieved turn over of INR 4,457 Crores, which is 48% higher than the corresponding previous year. This milestone was achieved by our team with lots of efforts amidst various challenges on material procurement, logistics, etc. The PBT stands at 485 crs for the current year as against 254 Crores for the previous year registering 91% increase in the profits of the company.

I would go into division wise specifics now.

TMD revenue for the quarter stands at 980 Crores as against 967 Crores for the previous quarter, resulting in almost a flat revenue. For the year ended it was 3,648 Crores as against 2317 Crores during the previous year resulting in an increase of 58%. Currently we hold an order book of around 5,930 Crores and these have been lined up for execution over the next four quarters. As, you know, TMD, for the last 2 years performed consistently and we have been able to, quarter on quarter hit higher turnover levels. The project orders stands at 42 % of total order book available for execution.

Exports turnover had increased by 49% for FY 22-23 compared to previous year. The ratio of domestic, export and spares stands at 65%, 24% and 11% during the year. During the quarter with respect to the few factors, have an impact, like the unfortunate calamity in Turkey, which is one of the key export markets for us and the product mix, and the domestic machine share has gone up. Currently, we are running at full capacity and so our focus going forward will be to continue and ensure that we're able to deliver as fast as possible to the customers.

Now, going to Machine Tool Division, the turnover of the division is up from 690 crores to 780 Crores registering an increase of 18%.

We have seen an increased trend of sales of VMC machines in the MTD business thereby we are in position to service non-auto sector. We strive to achieve better turnover going forward.

With respect to Foundry division, we have achieved a Turnover of 96 crs. As against Turnover of 78 Cr. last year, registering a 23% increase, and exports accounts for 23% of the turnover.

With respect to ATC, the turnover is at 95 cr as against 39 cr last year registering a 142% growth. Profits also increase by 22 cr in the current year compared to last year. Order book currently stands at 400 cr to be delivered in next three years.

I would like to cover our subsidiaries now. 1st, it is with respect to our wholly owned subsidiary at China, where we have clocked a turnover of 273 cr for the year compared to 221 cr in the previous year registering an increase of 24%. Here again, the challenges of the last year included surge in covid lockdowns restricted operations, and it has of course disturbed our supply chain.

Well With respect to our Middle East operation, where we have started shipments from Jun 22 and the company had achieved turnover of INR 120 CR and Profit of INR 9 Cr. during FY 22-23.

We have entered into a joint development agreement with Sobha developers to develop land to an extent of around 5 acres and the timeline for completion of this project is around 60 months.

Yes now we can start the interactive session, back to the moderator.

### **Moderator**

We would request the attendees to please raise hands if you like to ask questions.

After communication of your name and unmute status from the moderator, you may proceed with the questions.

The 1st person in the attendees that I can see the hand raised is Mr Dhaval Shah.

We will request Mr Dhaval Shah to please turn on your video for the question, you have been unmuted.

### **Mr. Senthil**

Yeah. Hi, how are you, Mr. Shah. I'm fine, thank you. How are you? Good. Good. Thank you yes.

### **Mr. Dhaval shah**

So, firstly on the textile machinery division you mentioned the order book is 5,900 crs. so, out of this, if you can break up between the live order, older orders, how much is the export order book and your outlook on the textile machinery division, how do you see in terms of utilization of the capacity. Are we planning to do any expansion here? I mean, since last 23 quarters we are doing well, and we have not thought of any expansion, but have you changed your mind or anything? and secondly your thoughts on the outlook on machine division yeah.

### **Mr. Senthil**

Okay, yeah, these are my 2 questions. Okay with respect to the order book, in the order book of 5,900 cr the split is around 600 crores exports and the balance order book is domestic. Um, we

have inactive order book around 15%. Right, we have been utilizing our full capacities in fact even in last 23 quarters, we have also said that our aim is to bring in for balancing capacities and not to kind of add in mass capacities, which is practically, not possible and we have done that and we continue to do that so what our balancing capacities, we have been able to bring in where we have brought in this year also will continue to do the same as we find bottlenecks. We will have to bring in into those area's capacity utilization is at its peak. We are doing all we can do to kind of reduce the delivery times and ship out as many machines as possible. Coming to The MTD business, um 2 things are happening I think, um, we expect that generally the market for MTD business, especially with a lot of Engineering Industry itself is moving up in production, there is going to be a lot of demand and we are prepared in that sense over the last 2 years, we have increased our capacities in the Machine tool business. With increased capacity, we focus on higher roll out since We can still easily cater to 30 to 40% of incremental against what we're shipping currently. The last couple of years the focus has been on the machining centres and that's what we are trying to kind of push into the market and that's where we have been able to for the last few years move ahead. The ratio of auto to non auto is at 51: 49 ratio

Okay, back to Moderator.

**Moderator**

Thank you so much, sir, thank you so much for answering to that proceeding with the next person who has raised the hand in the attendees we have with us Mr Aditya. can we have your Video turned on, for the question please, we can hear you.

**Mr. Aditya**

Yeah, so in TMD division, we are seeing nice scale up this year. So just wanted to understand what factors or things must work for us to help us scale our revenues in this division to 400 cr per month. As mentioned how confident are we in achieving the same.

**Mr. Senthil**

Can you repeat the question?

**Mr. Aditya**

So, we have mentioned that we would like to scale this business to around 400 cr per month.

I just wanted to know what factors or what things must work out for us to achieve this kind of scale up.

**Mr. Senthil**

We have an order book of 5900 cr and basically the textile business works on longer term orders.

What we focus is to deliver maximum machines to our customers with our capacity which is addressed adequately with investment in balancing machines. This has helped in incremental turnover growth and we hope to continue the incremental track in turnover.

**Moderator**

Thanks so much Thank you proceeding with the next person on the list in the attendees we have.

And probably jointly connected through the same device. Can we have Mr Basrur & Varun, um, your video turned on for the question please. So, you have been unmuted?

**Mr. Basrur, Mr. Varun**

Ok, um, Am I audible?

**Mr. Senthil**

Yes Mr. Varun, you are audible Mr Varun.

**Mr. Basrur, Mr. Varun**

Good afternoon. Sir. Thanks for taking this question so just, I've noticed that the order in flow has slowed down a little bit over the last couple of quarters in your commentary here, this is this is with regards to the textile business. So, the 2nd thing is, as you said, you've been doing some balancing in this business to sort of Improve the execution how much more of this can be done what kind of peak revenues do you see on a quarterly basis given your order book? So, and 3rd question is on the machine tool business talked earlier about some supply side issues on availability of electronic components. How is this situation now and you know, what kind of utilization ramp up are you seeing over the next year or so. Thank you. Okay.

**Mr. Senthil**

I think it addresses a wide range. So yes, you're right. The order inflow of TMD in last quarter has shrunk. We should also take it from the view as to what was happening the year before was a huge surge in order. And at that point of time, we did mention that a lot of projects, um, had come through in the order book. Almost everyone at that time kind of wanted to invest, have already planned for investment and turnover increase is in respect of such order execution. We have to consider the fact that post covid, there was a demand surge and I think the same kind of order flow may not be possible in the current year. Last 6 months last prior to Jan 2003, we had the spinning industry in itself was having a lot of challenges with respect to the cotton prices, the yarn price and, it was not a very smooth sailing. I should say for the spinning industry, and we had taken cognizance of that as well so now we feel that the industry is coming back, we are seeing. The order flows are happening now, and this would sustain. Um, with respect to the capacity, the way we operate is that we must bring it to a particular level and there we then the way scientifically, we look at all the options as to where the balancing is needed. Then we invest. So, last year we had invested close to around 60, 65 Crores in purely the machinery side. And we will be replicating the same. We are talking about TMD alone and company as a whole of course, we had invested close to 120 cores on machines alone. So, we're looking forward, we will be replacing, we will be bringing in some more, do a similar, a similar value. I mean, that's the idea. And this would happen both TMD and MTD but ideally, the, the thought process is to. The location as high as possible as currently it is today. Peak revenue, I mean, if you ask me, we will say already, we are there, we are trying to incrementally keep matching the turnover higher and higher, but in for the capacity's available, we are already at the maximum. And with respect to

Machine tool division the challenges what we spoke about on the electrical and electronics is applicable for Textile Machinery division. And if you see what has happened over the last full year. We had the geopolitical crisis, and subsequently the pricing has gone up. The challenge on the availability of material specifically, electrical electronic component continues to have that challenge. And we are working overtime here, supply chain management is doing all what it can to ensure that machines are up and running, and we are able to deliver. And on top of the fact, there has been a consistent cost increase also on these on these parts. So there is challenge both in availability and cost as well. The TMD business these are the concerns and as far as MTD business is concerned we don't have that challenge because these applications are different to that of, we are relying on a different geography as far as machine tool is concerned. As already mentioned in the previous question, we have at least a 30 to 40% possibility to scale up on the turnover. Because that's the kind of capacity is what we have and that's the kind of investment what we have done which I already mentioned. Back to the moderator please.

**Moderator**

Thank you so much sir. Thank you so much for answering that as well. So going to ahead with the next person in the attendee with the hand raise for the question we have with us Forum. We have you unmuted. Can we have your video with the for the question please? Can we have your video?

**Forum**

Video won't be possible, so congratulations on a great set of numbers. Sir I just, I'm new to the company so please forgive me if my questions are naive, but Sir, does this mean that your order book you said is 5900 crores? So, does this mean that we've had order inflows of around 500 crores this quarter?

**Mr. Senthil**

I'm not sure where you're getting that number from ma'am, but I'll do one thing. Kindly ask all your questions and then let me reply one by one. That will be easier.

**Forum**

I have many questions, OK.

**Mr. Senthil**

Please, please go on please. Go on and then we will answer. I'll make a note of it, It will not be an issue.

**Forum**

On the order book side, I'm getting the number from like last year we had 6500 crores of order book. Sorry, last quarter at this time we made sales of about 1000 crores so. That is how I'm calculating the number. The second question is, we've seen some decline in gross margins this quarter and we are seeing that a lot of commodity pressure is easing. So, what is the reason for that? Second, the 3rd one is Sir where would the demand? Is it where. Is the demand coming from? Is it from the spinning companies or from the government companies that are going for

backward integration would want to understand that bit. And in in one of the calls, one of the spinning calls. It was mentioned that this spindle capacity of India is at 90%. The utilization is 90%. So just wanted to understand at what level of utilization we would see you know Capex happening and how has the spindle capacity moved over the years. The next one would be Could you just give us a breakup of the machine sold this year in terms of the spinning and yarn and the breakup that we used to give? And Sir, what would be contract employees for this year and how do we plan to utilize the cash that we have at our business. Thank you.

**Mr. Senthil**

OK.

With respect to the order book, the way we look at it and you're looking at the look you're looking at 2 things right. You're looking at the turnover, but when you talk of order book, you only talk of domestic order and LC's on hand what we have at that point in time. So it is very difficult to just add it back to say OK. X. Minus Y and then come to a particular number because this 1000 crores is including spares orders which we don't take and it could be also of some cases where exports could have kind of come in. So might this one the way we operate on the order book is overall the domestic orders plus LC's only, which is where I said it is close to 5930 crores and in that within that, we also gave the number of what is active, inactive and what is the export split.

With respect to gross margin. Thanks for the question. I think it will also help me to explain a little bit in detail what has happened like. You already mentioned on the geopolitical situation in post April, we had seen such a surge on the cost of material. Yes, you're absolutely right. The cost of material has gone up and then subsequently it has gone down. But if you were to actually see the cost of material which has gone down, it has not come back to the levels where what we saw pre covid and we are still talking about it's steel or whatever it is in the high 60's and 70s, but so the issue to address here is the fact that while the cost has gone up and it has not come back down. Have we have also not revised our pricing the whole of last year and we did take cognizance of the fact that that we could not because post April, May, June and including the first, the second and the 3rd quarter, the spinning industry in itself was not doing great and subsequently in the current month, when the industry is looking a little bit better, we had taken a call because again one year we had waited in fact a little bit more than a year because our previous price increase was in December 21. And we had waited till May to actually revise our prices on TMD machines, which we have done and we have communicated to the market.

That's what we could do. So the gross margins have reduced on account of cost of products going up and we had taken action in the month of May. Apart from this I already clarified on the Electrical and electronic parts availability and the price, both are a challenge today and we are working towards it. So this is the kind of impact that we're having on the gross margins.

With respect to where the demand is coming from, we have seen the pattern shift whilst last year we had seen perhaps 70-75% project orders this year whatever order has come and we are seeing close to 40-42%. In terms of project products and 60% in terms of unitary machines modernization, those are the orders what we see and it is very difficult to put a exact number at what utilization or what capacity the orders would actually come in because of the reason that

generally when the market is a little bit dull, especially when a project order is getting executed, everything is lined up, planned building loan from the investors perspective, and we generally they continue to install and during their lull they continue to finish, finish everything and wait and it is always a cycle and then they can be completely prepared for the up trend. You know the demand as it comes in. So it is very difficult for us to Quantify the order flow as against utilization of textile mills.

And with respect to the number of contract employees, we have close to 3400 employees, that is both staff and workers put together and contract perhaps we will have a similar amount of people on the contract, on subcontracts and everything else. With respect to cash on the balance sheet, I think you have seen the results. We have declared a very healthy dividend this time and we'll look for for further investment in Capex and do whatever is best decided by the board.

Thank you so much Sir. Thank you.

Back to you.

**Moderator**

Proceeding with the next person on the list, we have with us, Josefa Jay Cutlery Wala. We would request you to please turn on the video for the question if possible, and you have been unmuted, can we proceed with the question please. Can we proceed with your question please. Sir, can you hear us? So would you want me to proceed with the next person on the list?

**Mr. Senthil**

So yeah, I I think he's on mute I think, Mr. Josefa, you're on mute. I think that's.

**Moderator**

Can we request the Technical Support team to unmute him? OK, perfect. Thank you.

**Mr. Senthil**

OK, I think. We moved to the next one and we come back to him. Please, before we close.

**Moderator**

Sure. Proceeding with the next person on the list we have with us Mr. Manish Goyal, Sir. We have unmuted you. And can we have your question with the video please? Mr. Manish. Yes, Sir. Now you're audible.

**Mr. Manish**

We can hear you Mr. Manish, we can hear you please go ahead.

How are you, Sir?

All. Well, Mr Manish, thank you. And how about you?

Same here, Sir. Thank you so much. I have sir a few set of questions because I'll ask them all together. Otherwise moderator will mute me so. First is on machine tool revenues. This quarter we have seen flat revenue growth and margins continue to be remain weak. If you can probably

let us know what's the reason and on on TMD you gave a break up so was it a break up for Quarter 4 or FY 23. Maybe if you can clarify that and give it separately for Q 4 and FY23, both put together and whatever numbers you specified if I look that it implies that sales of spares have declined significantly. So maybe if you can clarify that and provide the outlook for that as well? And order into. OK, you gave us the breakup between projects and unitary machines.

Sir as for Cash flow, we see a Capex of 274 crores in FY 23 and you mentioned that we have done 110 crores to a machinery. So maybe if you can clarify because I see the jump in the textile machinery division as far as segmental is concerned, the last part of increase. So maybe if you can clarify that and we have seen improvement in subsidiary performance both in China and Dubai, so maybe China, if you can give the Revenue number again on a competitive basis on profits and the revenue and how do we see performance in the subsidiaries and what is the order book in China and Dubai and other income has also jumped significantly. So I believe is there any some one time income or gain? And recent just now you mentioned we have taken price action in the month of May. So is it that we have taken price increase in both textile machinery as well as machine tools if you can provide more clarity on that? Thank you. So much, Sir.

**Mr. Senthil**

Yes. Thank you, Mr. Manish. I'll take the MTD thing first and then we'll come to TMD. Right. With respect to MTD. The revenue is of course flat, but the margin is marginal. The revenue mix is kind of changing, right. So we've got turning centers and machining centers and the margin impact of this particular change is the reason the margin is kind of reduced we are able to pump and push out more machining centers which addresses the non-auto segment and that that is kind of reducing the overall margins as far as the machine tool division is concerned. And we, we would like to continue to increase the turnover on machine tool. I mean that. And because of that, what we had done last year is they built the second facility for machine tool division. Whilst we have built the second facility for machine tool Division, where to see the offtake increase from that division So 2 things are impacting. One is the product mix and one is the cost, which we are kind of taking in currently because of having the second facility for machine tool business, I think that that is the reason we are seeing machine tool margins are quite flat. For the current year. Or rather, it's reduced compared to the previous year.

With respect to textile machinery division, I'll give the numbers again. I think domestic was 64%, exports was 24% and spares was 11%. And this is for the full year and for Q4. This is almost a similar number. It is no different compared to the full year and you're absolutely right. The spares as a percentage has reduced from what it used to be and that is that is for the reason that last Q2 and Q3 have were not great for the textile industry and we had seen that reflection in terms of the of type of spares and things like and things related to that. That's the reason the spares turnover as a percentage of overall turnover is reduced.

And with respect to the, I'll also cover China and the China is 273 crores as far as the current year is concerned. And last year was 221 crores. In current year. The profits are close to 23% in China as against a break even turnover last year. What had happened was that last year we had that is 21-22. There's a huge surge in if, if you remember the logistics cost and since the contracts were all Including logistics, I think we had an impact there, but now our current shipments within



China are all FOB and that that has resulted that the turnover has gone up and we have also done a decent margin there.

With respect to order book in China, we have an order book for a quarter for the upcoming quarter. We don't have long order books like what we currently have here in India and of course we today we are able to send people more freely to China. In fact, if you have you've been following and we have been till November 22, we could not actually have our people freely move because of lot of COVID related restrictions. But subsequently, thanks to the efforts on both sides, people have reached and now we have no meet with customers and continue with more order intake which we feel is possible because we have been able to send our sales teams into China at the moment.

With respect to the other income jump, the one time income was the sale- we had disposed of older aircraft which we held for 18 years, and that is for the that is one item there and the value is close to 24 crores. And new Capex, the 275 crores of spend. Rough breakdown on that is around 110 crores of machinery, and we had another around 86 crores of an asset purchase, which is our aircraft ie second hand aircraft which we have purchased in the month of September. And then we had invested in building that is the MTD building that is the second unit. What I just spoke about, we're invested in that. So that is the reason the overall Capex stands at around 275 crores.

And with respect to the price action, I think, the question was whether we have done it for both TMD and Machine tool. We have only done it for TMD. We have done it only for textile machinery division, as you know only in textile machinery division, we have a fixed price contracts across the domestic market and of course the export is at negotiated price. So this impact is only on textile machinery, domestic segment. Where we had not changed because the previous increase to this was in December 21. That was the previous price increase and we have not touched it at all one of last year.. I think I've answered all the questions. OK, back to you, moderator.

### **Moderator**

Thank you so much, Sir. Thank you. Next to proceed with the next person who has raised the hand for the question we have with this, Mr. Nitin Raheja. Mr. Nitin, you have been unmuted. We can go ahead with the question. Along with the video if possible. Thank you.

You're on mute. You're on mute. I think Mr. Nitin or I'm not able to hear you, sorry.

### **Nitin**

Hi, can you hear me because I have unmuted myself.

### **Mr. Senthil**

OK, I I can hear you now I. Can hear you now.

Yeah. So I I have a follow up question to my colleague Varun Basrur. You know you talked about the fact that at the current capacity in the textile machinery division, you are at peak turnover and any incremental growth will come from debottlenecking is, if, if that's what you mentioned. So just to understand, considering our order book and you know, a what tenure over which this order book has to be delivered and be and maybe you talked about it and I must have missed it

in the first part. But and the second part of the question was post debottlenecking, what kind of you know, peak turnover, would that help you to achieve?

**Mr. Senthil**

OK. See the delivery period today is anywhere between you would say, depending on the type of machines between 9 months to 16 months, right or 15 months. Existing order book is again again a mix, right, I mean. Projects, when they start, there's a sequence in which we would like to deliver. And they they, they, they, they keep going in that kind of a sequence. You can always shuffle in between in case there is a unitary machines. So our CapEx plan is, it's, it is not to say that, okay, this is what we would like to achieve, and then we, we just increase the CapEx because we know, and as what we have seen this was again asked quite a few times over the last year when we had a huge surge order book to say, why we are not expanding capacities instead of delivering 18 months and 20 months, why can't we shrink everything to 12 months? And we always maintain that our industry always runs in ups and downs, and it has its own cycles and that's what we have, we could see even Q2 and Q3 of last year, right? So that, that's what, that's what happens. We c and we are very much aware that this is the cycle. So what would happen is they'll say, okay, push me, push mine out. We'll come back later. We'll take a few machines. We'll not take the entire range. All these things happen. So we, we are very sensitive to this. So whilst we try to keep within a reasonable time, the delivery period at the same time, depending on the really I would say long term view, we add CapEx. And this year, last year, we always said balancing CapEx. Know that has been, to a large extent, done. Now, we'll, we'll see, okay, which mission, which are the ones which are actually giving us the longer, late times, right? And that is where we would like to bond, invest. And of course, we are, we can't share which are the ones which are having the longer leave times, but that, that is the scientific way of doing it. So then you can, on an even basis, try to reduce the time of delivery to the customer. I hope that answers the question.

**Mr. Raheja Nitin**

This is a part of the 400 crores that you mentioned over a three-year period. This would include that?

**Mr. Senthil**

I think that 400 crores was basically ATC orderbook.

**Mr. Raheja Nitin**

Okay.

**Mr. Senthil**

That's that I was talking about ATC when I was talking about ATC orderbook, which for execution CapEx is, it comes yearly. I mean, as a policy we have as a policy, we always have had that depreciation is always invested, but in, in situations like this where we have got an order book to deliver, then of course we go just whatever I explained is what we do.

**Mr. Raheja Nitin**

Okay. Okay. And so commensurately with this change, if you have to see what kind of growth or incremental peak turnover would we see in the textile vision?

**Mr. Senthil**

Okay. I mean, we have seen right now on 20% over the last year. So it, it'll be a creeping incremental turnover increase as, as the CapEx comes in, that that's what it is. We are not going to see because it, it, it can go only step based step bit. It is not I'm sure we're going to see another 20% jump. It doesn't work like that.

**Mr. Raheja Nitin**

So you're saying it's not it's not like you see another 20%, but it'll be more creeping, like as you said.

**Mr. Senthil**

Yes. Efficiency has to be driven and that comes in as a creeping increment.

**Mr. Raheja Nitin**

And in terms of the machine tool business, because there you said you have capacity there, you'll probably see the faster

**Mr. Senthil**

Yes, we should. We should, we should.

**Mr. Raheja Nitin**

Okay. Okay. And, you know you, you, I mean, it's one of the oldest companies has been one of the most well-run companies and businesses in the country. But from a cyclical perspective, is there a thought process in terms of how this company should look, you know, three, four years from now where, you know, you have sort of diversified to prevent the kind of cyclical that we normally see in the textile sector

**Mr. Senthil**

See textile sector comes with, its, with its cycles. I mean, that, those cycles, and if you follow us, or the, I mean, just before I start off, is there any other questions which I should note down so that we can answer them together?

**Mr. Raheja Nitin**

Not from my side. I'm done.

**Mr. Senthil**

Okay, so textile sector, then I'll take this in complete. So textile sector comes with its own cycles, right? And we have been seeing this for the entire lifetime of what it is. But I think on the machine tools side things are only growing now. Things are actually with the industry growing and with so

many things have come in, s have come in plus one factor. They also talk about minus one factor. So all of them are kind of indicating towards a very healthy growth over the next few years. I, I would say, as far as the engineering sector is concerned, so there, that's the reason we have felt that this is, this is definitely an area for us to kind of invest in, which we have done with respect to total diversification out of the, this, I mean, that is of course up to the board, but we are an engineering company. We pride ourselves in bringing the latest and the most advanced technology to both the industries of CNC machines and also to textile missionary spinning segment. I think we, we continue to do that. And on top of this, there are, there is also space for us to grow within the textile spinning segment where we have new machines, which we introduced new automation products, which we have launched another machine tool site there. There is ample scope for us to expand on the missioning centers right now where we don't have a very large market share there. So there is an ample opportunity for us to expand there. So, ha, given our core focus, I think there is ample scope for us to be focused on this area to can kind of continue to expand and gain market share, and also expand the footprint of our business. Thank you. Back to Mr. Samir.

**Moderator**

Yes, sir. Thank you so much. Thank you. Proceeding with the next person we have with us Mr. Rushabh . Mr. Rushabh , you have been unmuted. Can we proceed with your question, please?

**Mr. Rushabh**

Am i audible?

**Moderator**

Yes, sir.

**Mr. Senthil**

Yes. Mr. Rushabh . Yes.

**Mr. Rushabh**

Hi. Good evening, sir.

**Mr. Senthil**

Good evening, Mr. Rushabh.

**Mr. Rushabh**

Yes, sir, I had three, three questions. First of all, so I mentioned their lot of opportunity in MTD, so just don't understand. Suppose want to look at a, a broader picture. So, market, market potential of ATC plus MTD. Is it, is there a possibility that the next profile years, can they become 40, 50%, you know, for top line? Because currently we are 85% from textile division. That's question number one. And second question is as ATC division, has it come to a conflict inflection point wherein, you know, we can scale exponentially, consistently and profitably on year on year basis? Second thing is there, and, and my last question is, we are talking about some strategic

and financial investor in the aerospace industries for which have created a entity. Any update on that? And what kind of investor we looking to onboard? These are my three questions.

**Mr. Senthil**

The machine tool industry, let me, let me take this two as two separate things, right? Machine tool industry is growing. I think that that is the sum and substance. And we have been growing along with the machine tool over the last, I mean, if you take the perhaps 10 or 12 quarters of a little bit more, you're seeing machine tool having a consistent growth trajectory. So considering that we have, we have invested and we feel that, that there is definitely enough possibility to, to grow in, in machine tool. Now the one, one thing in machine tool industry is it is more of an assembly because most of the components are bought out, right? So we are in a position to expand our capacities in a very large manner. What we basically do in machine tool industry is that we have to address different segments of the market and that is, that is where our R&D and everything is spent as far as mission tool is concerned. Can it grow? I think there is all the possibility for it to grow. Can it grow to grow to 40%? I don't think we can give you any of those projected numbers here, but definitely like we, we have repeated and we have also said that yes, we have capacities and the idea for to build capacities that there is an room for us to grow. And that is why we have been investing in this particular business. With respect to ATC. I will ask Madam Dhanalakshmi to take that question. She will reply for you now,

**Ms. Dhanalakshmi**

Mr. Rushabh, as you see that advanced technology center turnover has increased to 93 from 39 crores, giving around hundred and 42% increase. We have already indicated that our order book for ATC is 400 crores as on date for three year period, and there is quite a possibility for execution, because now we see the opportunities are getting executed and on the strategy partnership for tie-ups and sign off nothing is done as of now. On the status of demerger, We are still waiting for the order for de-merger.

**Mr. Senthil**

Back to Mr. Samir.

**Moderator**

Thank you so much, sir. Thank you so much for answering to that. And thank you so much, ma'am for answering to that as well. Next person on the list we have with us. Sir, you have been unmuted. Can we have your question with the video?

**Mr. Ritwik Sheth**

Am i audible sir?

**Mr. Senthil**

Yes, Mr. Ritwik, you are audible, how are you?

Mr. Ritwik Sheth:

Good, sir. How are you sir?

**Mr. Senthil**

All good.

Mr. Ritwik Sheth:

Yeah. I have few questions.

**Mr. Senthil**

Please go. You're not audible, Mr. Ritwik.

**Mr. Ritwik Sheth**

This is Better?

**Mr. Senthil**

No, Mr. Ritwik. You're not audible.

**Mr. Ritwik Sheth**

Better, sir. Now,

**Moderator**

Mr. Ritwik, The audibility has gone down, the volume has dropped down significantly. You are barely audible.

**Mr. Ritwik Sheth**

Hello? Hello?

**Moderator**

Mr. Ritwik, You were audible in the very beginning. I don't know, like, did you change something like your, did you put your system away or did you move away from the system a bit?

**Mr. Ritwik Sheth**

Am I audible now?

**Moderator**

Sir? You're barely audible. The volume is way too low.

**Mr. Ritwik Sheth**

I, I'll get back in the queue.

**Moderator**

Okay. Sir. With your permission, we would like to take Mr. Ritwik once he's ready again going ahead with the next person on the list we have with us, Mr. Amit Shah. Amit sir, you have been unmuted. Can we have your question with the video, please? Amit sir, I believe you have muted yourself.

**Mr. Amit Shah**

Yeah. Yeah. Am I audible now?

**Moderator**

Yes, sir. Thank you.

**Mr. Senthil**

Yes, yes. Mr. Amit.

**Mr. Amit Shah**

Yeah. Hi, sir. So my question first question was on the TMD side you said you have taken a price hike in the month of May. What is the quantum of price high? In that particular segment? Secondly does this price hike is the price hike sufficient enough to take care of the cost increase that we have witnessed over the last one year? And can the margin bounce back to double digit? Third question on the TMD side is that your order backlog has come down to 6,000 crores and out of that almost thousands of crores is inactive orders. So we have somewhere around about 5,000 crores for the execution, which is available with this kind of an order backlog. What is the kind of growth that we can expect in TMD division for FY 24? And lastly, on the TMD side we had launched this auto corner machine. So what is the status of that? What is the kind of sales that we have been generating? I suppose that is somewhere around about 1500 crores in market. So if you can just highlight on the market share gains. One more question from my side was on the capex side. So what is the kind of capex that we are planning to do for FY 24? Which are the areas that you would be investing into? And on the MTD side you suggested so if I look at your quarterly generate of revenue on the MTD side, it has been very flat-ish of 250 crores for the last couple of quarters. So what is the kind of growth can we reach to say 300, 400 crores, kind of level on a quarterly basis? So if you can just highlight on these points. Yeah, thank you. That's it for myself.

**Mr. Senthil**

With respect to TMD, the price hike, what we have done is closer to around 5 to 7%, depending on various types of machines. Yes, the idea basically is that we should go back to our margins. We should get back to our margins. I think that is the very purpose that we have to whilst we have absorbed as much as possible the last year, all the increased fast. And I think since the markets have also stabilized at the moment, they and we, we have we have done this to that share get an higher margin. We had to prices with respect to the order book. I mean I'm not really able to understand the, the question between 6,000. Yes, it's around 6,000 crores with thousand crores of inactive orders. This, we will see even this , every year we see an ordering flow. So that order book will get replenished. And the, the growth in FY 24 is going to be based on whatever we are able to kind of ship out. And that I have already answered. With respect to auto coner machine, it is not yet commercially launched at the moment. We said, we did mention last time that as we launch it, we'll keep you informed. As, as the machine start, commercially getting launched, we'll keep you informed. On the CapEx side, we will plan to invest a similar amount Because already we spoke a lot about CapEx. We are going to look at further reducing the length on, see what is the bottlenecks, and we'll be investing there. So we, we see a further

investment as to what we have done in FY 22-23 between both CapEx of MTD and CapEx of per TMD, we should be, again, closer to a hundred plus crores as far as CapEx as constant. MTD yes, the industry has its own challenges with respect to the auto, auto segment. But the engineering side is doing well. But the auto segment, again, during various the, the passenger, the non-passenger segment, it has its own challenges at, at the moment. But like I said, we said we have capacity to do what you asked where you are indicating close to 300 crores a quarter. I don't think we, that's a challenge for us. It's only how the market, how the market is, and how, how we are able to establish our market share within this segments where we are currently operating. I hope that answers all the questions. Back to you. Mr. Samir

### **Moderator**

Thank you so much, sir. Thank you so much. The last person who we would like to take is Mr. Ritwik Sheth sheet. He's back with us. Mr. Ritwik, you request to please proceed with your question.

### **Mr. Ritwik Sheth**

Yeah. Am I audible now, sir?

### **Mr. Senthil**

Yes. Mr. Ritwik, You audio is now audible.

### **Mr. Ritwik Sheth**

Yeah, so, so most of the questions have been answered. Just two questions. Firstly just extending the previous participants' question on the machine tool division, you know, we are about 250 crores per quarter in the last 6 to 7 quarters. So is it that we have lost some market share? Because it seems that despite having the headroom to grow we are in that range only. And so my second question is on the textile segment current installed capacity, there is about 58 million spindles in India. Now, what is your sense on the outlook for this? What kind of growth can we see on this base and generally as an order flow? What percentage of this come for upgradation every year? These are my two questions, sir. Thank you.

### **Mr. Senthil**

Okay. I think pretty much we covered most of it, Mr. Ritwik, but still, let me try and answer on this head room of machine tool business, right? See the order execution and capacities are two different things. So whilst we have got our capacities done yes, we, we have to get the orders for execution, and that's where we covered areas between turning centers, machining centers. We have market share quite a large market share in terms of turning centers just closer to around 25% to 27%. And with respect to turning centers, we'll be in closer to a higher single digit. In terms of machining centers, the idea basically is we need to get more of these machiness out there. And that's where we talk about the capacities and what, that's the reason we have that headroom. Or there, it is not for lack of what is it? It is that we are creating more headroom than what we should. We should be a position to what we have in supplying, and that our gives us that flexibility and that leverage to supply more as the demand comes in. With respect to the spindleage in India perhaps over the last two years has absorbed a little bit more than between



anywhere from two and a half to 3 million kind of spindle is what it has observed. And this is what actually what we cover in the project versus unitary. The unitary machines are the ones which generally come up for replacements. And projects are basically new, new projects. And like I said, perhaps this year what we have seen is since lot of projects orders were already placed in, in 21, 22 this year, we had seen closer to 60% being upgraded kind of a scenario compared to last year, only 25% being upgraded, more of it being a project orders. I mean, that, that's that also we had covered. Okay. Thank you. Back to you. Back to you, Mr. Samir.

**Moderator**

Sir, thank you so much. Thank you so much. I believe all the questions have been answered. There are no more

**Mr. Senthil**

I think Mr. Husefa, I think we couldn't get in to talk.

**Moderator**

Mr. Husefa. I checked. He's not part of the attendees anymore. Okay. He probably left the meeting. So if at all if any of the attendees, if you know, you think we, we missed your question, you're always free to put those questions down in the mail. And this brings us to the end of this meeting, sir, with your permission, you'd like to conclude the same.

**Mr. Senthil**

Thank you. Thank you. Thank you everyone. Thank you for happening.

**Moderator**

Thank you so much, Senthil sir. Thank you so much Dhanalakshmi ma'am, for answering to all the questions. Thank you so much, all the attendees for being with us. Thank you so much, everybody for joining with us at this meeting. Thank you so much. Thank you.