LMW®
LAKSHMI MACHINE WORKS LIMITED

Our Ref: Sec/270/2024
Date: 05.08.2024

BSE Limited
Listing Department
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400 001
Scrip Code: 500252

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, C-1, Block-G, Bandra Kurla Complex
Bandra(E), Mumbai - 400 051
Symbol: LAXMIMACH

Dear Sir/Madam,

Sub: Intimation of submission of the transcript of the Analyst / Investor Meeting- reg

In continuation to our letter dated 9th July 2024, please find the attached transcript of the Analyst/ Investor meeting held on 1st August 2024. Pursuant to Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the same has been uploaded to the website of the Company as well.

This is for your information and records.

Thanking you,

Yours faithfully,

For LAKSHMI MACHINE WORKS LIMITED

COIMBATORE
RAMANATHAN
SHIVKUMARAN

Digitally signed by COIMBATORE RAMANATHAN SHIVKUMARAN
Date: 2024.08.05 15:02:22 +05'30'

C R SHIVKUMARAN
COMPANY SECRETARY

TRANSCRIPT OF Q1 INVESTOR CALL: LAKSHMI MACHINE WORKS LIMITED

Moderator- Ladies and gentlemen, good day and I welcome you all to Lakshmi Machine Works Limited Q1 of the financial year 2024-2025 earnings call hosted by NSDL. As a reminder, please note that participant lines will be in listen-only mode and there will be an opportunity to ask questions after the brief by the company officials. Should you require any assistance during the conference call and to raise questions, please signal the operator by raising your hands. Please note that this call is being recorded. We have with us Mr V Senthil, Chief Financial Officer and Ms.B. Dhanalakshmi, Senior General Manager of the company. Over to you Sir.

V Senthil- Thank you. Good afternoon, everyone and thank you for joining the LMW earnings call for Q1 FY 2024-2025. We will have a brief about the overall performance of the company for the quarter ended 30th June 2024, followed by an interactive session. I would also like to clarify that certain statements made and discussions at the conference may be forward-looking in nature. To begin with, let me explain the overall performance of the company. Then we will proceed to the segment performance and then consolidated performance.

Overall Performance: The financial results have been posted on the company's website and hope you have had an opportunity to go through the same. The company has achieved a turnover of Rs 636 crores during the June 2024 quarter compared to Rs 1055 crores during the June 2023 quarter, resulting in a 45% reduction. The PBT stands at Rs 17.5 crores for the current quarter as against Rs 121 crores during the quarter ended June 2023. On a consolidated basis, it stands at Rs 16.25 crores for the current quarter as against Rs 122 crores during the quarter ended June 2023. Going into division-specific, TMD revenue for the quarter stands at Rs 439 crores as against Rs 944 crores during the quarter ended June 2023 resulting in a 53% decline. TMD registered a loss for the quarter at Rs 12.72 crores as against a profit of Rs 82 crores during the quarter ended June 2023. Currently, with respect to the order book, we hold an order book of Rs 3380 crores out of which ihe active part is lined up for execution. We have mentioned during the last quarter that we have gone into a five-day working, and this is set to continue during the current quarter as well on account of lower capacity utilization. We have seen a lower inflow of orders over the last 3-4 quarters and this trend is continuing as of now. The impact of cotton price, demand for yarn, the import of fabric, incremental logistics and product cost for our customers has resulted in a sharp dip in the domestic demand and the order booking and machine offtake. We will continue to complete the projects and focus on supply of machines for modernization and spares in the view of the fact there has been a reduced uptake of new machines.

Now I move to LMW China, with respect to the wholly owned subsidiary we have clocked a turnover of Rs 6.24 crores in the quarter compared to Rs 7.4 crores during the quarter ended June 2023 with a loss of around Rs 3.6 crores. The challenge in China has been that we are rebuilding the organization, and re-establishing the new products there and we anticipate this will be done during the current year.

Now going to LMW Middle East operation, the company achieved a turnover of Rs 26.9 crores for the quarter ended June 2024 compared to Rs 17 crores during the quarter ended June 2023. The global geopolitical situation in countries in which we operate has resulted there as well in lower offtake of machines.

Now we are moving on to MTD and foundry division, the revenue for the division for Q1 stands at Rs 206 crores compared to Rs 243 crores during the quarter ended June 2023. The division's profit stood at around Rs 6.5 crores as against Rs 17 crores for the quarter ended June 2023.

Now, with respect to the aerospace division, the revenue in this division was Rs 39 crores in Q1 compared to Rs 40 crores during the quarter ended June 2023 and ATC has clocked in a profit of Rs 1.5 crores as against Rs 4.39 crores in the previous quarter. Exports contributed to more than 90% of this turnover and the metallic divisions turnover within this is around 80% is export turnover. With this, I conclude my initial speech and we can now continue with the interactive session. Back to the moderator.

Moderator- Thank you so much, Sir. We would like to go ahead with the interactive session. I would request the attendees to please raise your hands if you would like to ask questions after communicating your name and unmute status. And we would request people please go ahead with raising hands. Attendees, please raise your hands. Sir, till now none of the attendees raised their hands, so we will wait for a few more minutes.

V Senthil- Sure.

Moderator- So once again, I would request the attendees to please raise your hands if you would like to ask questions after communicating your name and unmute status.

The first question is by Mr. Chirag Jain.

Chirag Jain- Hi, Sir. Thanks for the opportunity. I was just figuring out how to raise hand before the timing, so that was the issue. Thank you for pointing it out. So, coming back to the question, I had few questions from the start. So, we have approximately invested Rs 200 crores in a UAE subsidiary. So, what's that planned for?

V Senthil- Okay, we will go ahead with all your questions. I will consolidate and answer it. Please go ahead.

Chirag Jain- The second question was on the Rs 1500 cr cash that March 2024, Balance Sheet reflects on. So, cash includes investments and cash-in-hand plus fixed deposits, that was updated in the annual report. So, what's the planned use for that? Third question, you mentioned about something re-building and re-establishment of Chinese subsidiary. So, what's the change you are trying to do to bring the revenues back to the old state that were around Rs 300 crores per year level? So, the fourth question was what is the current capacity utilization and the current number of working days in the plant? The next question is any update on the Autoconer and the Airjet that you planned to launch in FY 2026. Then the last question is on the spreads. It currently has improved in the cotton. So, do we foresee any orders that we have in hand?

V Senthil- Okay. Thank you for your question. Let me answer the first question, the plan for the UAE where we passed the resolution last time is the fact that we are looking at export business as one of the main drivers, because having a dominant market share within India, our focus is more on exports and being nearer to the customer counts a lot in the current situation. And we had explained this as well when we went in first establishing the subsidiary LMW Global with an assembly facility out of Dubai and now, we are bringing the subsidiaries because now we are sitting on multiple subsidiaries that is both China and Dubai. We are trying to bring in a consolidated structure for holding subsidiaries under the Dubai entity. That is the substance for the investment plan of the holding company.

With respect to LMW China, I think we have to put this in perspective. We could not go to China from 2020 onwards up to almost January or February of 2023. So those years what we had done was we were able to execute those orders. But as such, we used to have 11-odd people there for expats and we used to have closer to 100 Plus local Chinese, but unfortunately because of the issues we were down to only 1 person. So, we were really not able to get that part of the newer models and the latest machines out there to the Chinese customer. And the gap what we have noticed that those years are the one which is reflecting now, because the orders what we had we have finished executing that and now we are rebuilding the team. So, we now have a team which is there, a very experienced team which we have been able to send only in the last 12 months. So that was what I was mentioning that our team right now. This is not only re-building with the latest machines, but you know we have to rebuild the confidence with which we are continuing to stay there. We will continue to send people there as things become easier. So, there are a lot of challenges which we faced and have overcome, that's what I meant when I mentioned about LMW China. The current capacity utilisation of the plant for textile machinery is closer to around 45%-50%. We currently have a layover of one day so we work five days right now for the textile machinery and Foundry division. For machine tool division, of course, the other divisions we are working 6 days.

With respect to Autoconer as mentioned by our Chairman yesterday, we have placed around three machines with customers and two on the way. By Q4, I think it will start, it is a soft launch at the moment. So as and when further information we will be sharing and like you mentioned yesterday it will be post Jan 2025 and Airjet, yes, it is in the works. Again, yesterday it was mentioned that during the year 2025-2026, it will be out. It is a technically complicated machine from what we currently do, and we are working fairly well and advanced in that particular machine. With respect to spreads and the related order flow, you are right. I think the customers have started seeing better spreads now, but as you know, being in a Capex Industry and this is something which we are used to. And this is something which we have actually. It is not a surprise to us. It's only the fact that we have over the last 3-4 quarters seen the order flow coming down and we know that this kind of situation would come and that's why we have taken action even in last quarter itself to cutting down and as much as what we could do internally, we are trying to strengthen internally. So, we feel that yes, with the margins on the yarn going up, it will trigger demand for the next two quarters it should start going back and order flow should improve and also the offtake should improve. With respect to the cash or the investment, I think your ballpark number is right. It is with respect to what amount we hold. I think this is an appropriate addition to the utilization of the same taken by the Board. So, I mean, I will have to leave it at that. Okay. Thank you.

Back to Moderator.

V Senthil- The next person is Mr. Ritwik Sheth.

Ritwik Sheth- Good evening, sir. So, there is one question from my end, you know, on Machine Tool Division, what kind of visibility are we looking, say that for the next three years, because, if we look at the last 12 odd quarters, we are in the range of Rs 200 crores to Rs 250 crores on a quarterly basis. So, you know, we are not able to break out of this range for the last few years, you know, wanted to understand, I believe we have commissioned another factory in this segment as annual report mentions. So, you know, what I wanted a sense of how are we looking at this business of the next three years in terms of capabilities and in terms of increasing the utilization?

V Senthil- As far as MTD is concerned, yes, you are right, we have kind of put into one additional facility that we have brought in for supporting this division. We are at a capacity utilization of somewhere from 64%-70% today, so, there is enough possibility for us to scale the business of what the current investments what we have already done. So, I will not be in a position to put a number. We don't generally put out a number there in terms of what we will do, but with the existing capacities, existing assets what we have, we have headroom for 30% within this particular division and with respect to the markets and segments, it is a constant need for innovation in this particular business and wherein you have to come up with specific products for specific segments. And we have done that. We were able to bring for specific EMS, specific products. So, that is a constant part of the process. So, apart from this, we also have a policy where they say if you are reaching closer to 90% of capacities, then we go ahead and put in additional capacities for this facility. So as of now, like I said, since there's enough headroom, we don't see much of investment required till we go to the scale up turnover here and we are doing all that is required because this is a business which requires literally thousands of customers, both big and small. So, what is required is to reach out to customers and all that is being done in this particular division, as we believe that engineering going forward with all the schemes which the government has announced, I think this is a long-term positive trend for the Indian economy as well. So, I think we are very positive about the future prospects of this particular division. Thank you.

Back to Moderator.

Moderator- Okay Sir. We are moving on to the next speaker. Mr. Nirav. Please mute yourself.

Nirav- Good afternoon, Sir. This is Nirav. So, gentleman, my query was pertaining to Textile Machinery Division. So, currently the order backlog is of Rs 3380 crores as stated in the opening remarks. Can you tell me in volume terms, what would this order backlog be? Wanted to understand the kind of visibility that we have for dispatch of the machinery under Rs 3380 crores. Second thing, what and how well are we placed for the automation part of the spinning and yarn machinery? Because that I believe can be a very crucial and differentiating factor and can those solutions be offered to existing asset base which is there for us? The third part is how do we foresee the implications of Production Linked Incentive as proposed for textile? Can that be a big volume driver for the industry as a whole and which can percolate down to strong demand for spares and machinery? With regards to the Machine Tool Division, how well where are we placed with the EMS i.e. Electronic Manufacturing Ecosystem in India, because that ecosystem in India is growing very rapidly and outlook is very strong. And especially if you can give some comments on the semiconductor part, because the mega capex is going to be done in India for semiconductor manufacturing. Can we be on trusted vendor for any of the vendors for these? These are some of my queries.

V Senthil- I think with respect to Textile Machinery Division with Rs 3380 crores, see, we don't look at it in terms of volume because the spinning segment as such is comprised of around 7-8 types of machines, and the measure of the spinning is in terms of spindles, but it is not just spindles. You have got a whole host of machines which go back there in the back end, which has the proprietary segment, and then you got the spinning segment. Rather what we generally do is we split between active and inactive orders because what actually goes out of the factory is only those active orders which get converted because when we say Rs 3380 crores, we are talking about where they have given us a 10% advance and that money is with us, right? So, if we were to take that as a benchmark, which we measure, we are looking at an active order book of around Rs 2100 odd crores, is what we are looking at. With respect to the yarn automation machine, already today we have connectivity between the speed frame and the ring frame. And within ring frame, we have a product called robotic auto piecing, in which technically you don't have to have any manpower, and this has been offered as a solution for the new machines. But I think your question was specifically whether it can retrofit into an existing machine. I think there will be possibility it's only depending on the layout of the plant, I would say not inside the layout of the plant, I think that definitely will be a possibility. And you are absolutely right. Automation as a solution right from the beginning and then you have got a lap transport system. We offer a laptop support system for example and then we get into speed frame and from speed frame to ring frame and from ring frame to auto winder. Even there is a concept of a link where again, no manpower is there, and it goes to a link winder and there is no moment of what we call the yarn into a vending machine. So yes, we are there in that and we continue to invest in terms of new R&D on to the automation solution for customers. With respect to the PLI schemes, I think we have to look at it in two ways. One is PLI, while it was given for textiles as well, when it was given, I think the 13 odd PLI scheme which came out, I think the offtake in textile, perhaps has been a little bit muted. And that could be for many other reasons, I mean, we are talking about very challenging, at least till the last quarter, because of the cotton price, it was very challenging. The garment export was also subdued, especially to Europe and also to the US. I think there are a lot of things which are right now in a fluid state. I think government is also looking at a second type of PLI scheme, because the first one, looking at how effective and the first one has been used, I think they are also looking at second one. So, yes, effectively, what we believe and what we strongly say is that so long as we look at our customers' customer being supported, so there's enough support for the textile garment in people of course, there will be enough demand for the fabric manufacturer and so, for the yarn manufacturer and so, for us. So, ultimately the end goal is to see how we are able to have a good ecosystem for the garment thing and then of course as a part of supply chain, it will pull demand from us as well. Coming to the Machine Tool Division with the EMS system and the semiconductor part, with respect to EMS, yes, we are very much there. We have machining centers for this particular segment. And I was just mentioning to the previous person, Mr. Ritwik said in his question that the entire onset on machine tool business is to bring in the latest. Look at the segment, which is doing well and build machines for this. That is what we are we are in, so, the segment is fairly fragmented. Of course, the auto segment is a large part of machine tool business, probably consuming closer to 50% of the machine tool, but then you have a whole host of other segments of this business. We can talk about engines, aerospace and defence. Like there is a whole host of things which consume these machines, and these machines are not standard machines in a larger sense. It's not standard. What goes over pipe and fitting manufacturer would not fit into aerospace and defence or into a general engineering. In that sense, we have an EMS machine, but we should also be aware that today one aspect of it is that since we have got a very good relationship with Japan. We do understand that with Japanese currency being devalued a bit, so, there is a very strong competition from the imported machines, and we are not talking about Chinese or things like that. We are talking about a strong competition from good Japanese machines as well. Always this market had almost closer to 50%-60% in value terms of imported machines. But the fact that it has made it a little bit cheaper, I would say, for it to get imported and with the fact that the duties are non-existent in these cases, it is going to be a very interesting scenario going forward. But having said that, still this is a segment which is bound to grow. Engineering segment for the country is bound to grow and we are going to be part of that. We don't make anything specifically for semiconductor industry. These machines do not go into that. So, there is no play for us in the semiconductor machine manufacturing space.

Thank you. Back to you, Mr Shiva.

Moderator- Next speaker is Mr. Chetan Doshi.

V Senthil- Mr. Chetan, we can't hear you.

Chetan Doshi- Am I audible?

V Senthil- No, Mr. Chetan. Not audible. Can you be a little bit louder? Please go on. I will try and work with what you got. Please go on.

Chetan Doshi- My specific question is regarding the ATC. ATC, your turnover for last year i.e. 2023, first quarter and current year, it is almost the same. And as far as profit is concerned, it has dropped significantly. So, the reason behind this is to why it is normally is a high profitable business for us, but how come this time it has dropped by almost more than 60%? And second question is, how we are going ahead, which will be our growth driver in coming days? Because this textile machinery is the division what we are banking on. At times it performs well, at times it doesn't perform well. So, what will be going ahead, and which segment will perform better, and that will be our growth engine in coming years.

V Senthil- Any other questions?

Chetan Doshi- No, thank you.

V Senthil- Okay. I think the ATC, the turnover is similar, but the margins are not there because ATC has to be looked at in terms of composite and metallics. I think we are doing well in the metallic segment and decent margins, but we are also investing in the composite. And as what was mentioned yesterday, even in the AGM speech, we are building the composite division, and the composite division is incurring cost at the moment. After a long time, we have been able to stabilize the metallics, and that's giving us good returns. But we will take some time to get the product mix, the component mixes right in the composite division. That is the reason you see that dip in the profit and that is the cost which is taken up by composite division. With respect to the growth driver question, textile machinery , We are engineering, and we are in Capex, take it both the textile and machinery tool division are in Capex business. Textile is a lot more dependent in terms of both the domestic and depends also in the export market. And that is the reason we see the ups and downs, what we have seen. And like I mentioned already, we are able to anticipate. We are experienced in handling this. So, we do move fast when we see such type of issues. But however, having said that, even machinery tool division, and I was just mentioning in the previous questions also, machine tool definitely is a growth driver within the domestic market because of all the reasons what we have already spoken about. And with respect to the textile machinery, it is definitely a growth driver with respect to the export business. And that is one of the reasons, and I was just explaining at the start for one of the questions as to how we are looking at doing more, being closer to customer, trying to establish that export business for textile machinery division. Normally, the way we see things wherever we operate, different countries keep growing at different speeds at different points in time, and that is a positive thing for us in the textile business. So, I think that is also a growth driver for us in the textile division. Of course, the ATC requires investment, and again, that's what we are doing. So, we are invested in the composite division. We had metallics, we have invested in composite, and we are trying to build that as well. So definitely, MTD, exports in TMD, would be the larger chunk of it, and to some extent ATC as well. Thank you.

Back to you, Mr. Shiva.

Moderator- Thank you, sir. Next speaker is Mr. Chirag Singh. Mr. Chirag, you are unmuted.

Chirag Singh- Hi, sir. Thanks for the opportunity. Sir, I had two questions for you. So, what's the current team size in China post the increase, that's the first part and the second part is what can be the peak revenue from our international and the Indian business? So that's the two questions I have.

V Senthil- With respect to people, we have close to half a dozen people right now or expats in China. And thanks to all the efforts by the embassy on both sides, we have been able to get visas last year and they are all gone there. Of course, within China, we also have the local people we have closer to 100 odd people is what we employ there. The second question was with respect to the international business, our general export turnover, if you add up over the last couple of years, I think would come closer to Rs 1,000 odd crores across the divisions and also across these companies. Thank you.

Back to you, Mr. Shiva.

Moderator- Thank you, sir. The next speaker is Mr Pradeep Singh. Mr. Pradeep, you are unmuted. You can just ask a question. You are audible.

Pradeep Singh- Thank you sir for the opportunity. I have a few questions, what is the future focus on EBITDA margins and how you see the company's growth and future prospect in revenue? So, could you throw some light on its sir?

V Senthil-Any other questions, Mr Pradeep?

Pradeep Singh- No, that’s all

V Senthil-I think the margins, what we have I will come to that later but in terms of growth , we have a clear policy in terms of investing for growth and perhaps at the cost of explaining some portion, what I already mentioned, there are some specific growth drivers within these businesses, like TMD, exports, where we are focussing heavily on machine tool business as well, we have an allocation of a higher capex for them and expanding the area as well. I think there is an opportunity for us to grow in these segments. Apart from that, if you again look at it in terms of market share, within entity, it is also there. But at the same time, it is a fragmented market and there is always both, wherein market share with the latest machines, machines, and also growing. This is a market in itself that is growing. You have got all the scenarios here, as far as growth is concerned. With respect to margins, we look for better margins. I mean we have the history. You can obviously go back and see what margins we were having on machine tools and textile machinery. For us, the current situation depends on what it is, and to what extent. For the machine tools business, we are under price pressure because of the global scenario where the currency has, Japan has depreciated and that is making it cheaper for imports. So, definitely, we need to be aware of this and having said that, in taking a reference to as it is, our AGM call where our management has also very clearly indicated that we should have a good bottom line. I think the focus would always be topline but we will also focus on the bottom-line.

Thank you. Back to you, Mr Shiva.

Moderator: Thank you, Sir. The next speaker is Mr Nirav. Nirav Sir, you are unmuted. You can ask your questions.

Nirav: Is my voice clear now, Sir?

Moderator: Yes.

Nirav: Sir, the first question is pertaining to machinery that we have dispatched in Q1, especially for the textile machinery division. Can you give the color on the volume dispatches that we have done in Q1 and the corresponding number on YoY basis. Also, for our ATC division, I believe Hindustan Aeronautics was one of our major customers. Considering that the order backlog of Hindustan Aeronautics and other different cusotmers is rising and is at a very high level. What kind of order visibility do we have from the Indian defence-based contractors? And the third question is pertaining to the cash balance. As I understand, we have about Rs 1500 cr cash balance at this point of time. Out of this, what number would be advances from customers and what percentage of that is free cash? Thank you.

Senthil V.: See, we do not give out volume numbers. So, I will not be in a position to give you volume dispatches because then we will have to look at type of machines. We do not give volume numbers. With respect to ATC, I think one of the main things to understand is that most of this is, almost 90% of this is export. We focus on exports. So, our local domestic business with HIL is to that extent, is limited. And the reason we try to do that is generally in this business, you get a longer order book. So, effectively, when you are in a part of a program for the export market, you have visibility of 3 years, kind of a scenario, 3-5 years. In certain cases, even up to 10 years. So, we have a clear visibility of the order book. And this give us a lot of stability as well. I think from that point, we should also understand that this particular amount of business effort also gets into, getting into a program is a lot. So, we try to do more export here. So, our play in the Indian defence segment is more on the composite side where we work with the Indian agencies, and all, but less on the metallic side, where, hence the current turnover, like I mentioned, 90% is export. With respect to the cash balance, whatever you mentioned in the amount, it is closer to, Rs 330 cr would be customer's. That is what we initially spoke about, the order book. So, that basically comes from that, where we have confirmed advances from customers.

Back to Mr Shiva.

Moderator: Thank you, Sir. The next speaker is Mr Ajay. Mr Ajay, you are unmuted. You can speak, Sir.

Ajay: Am I audible?

Moderator: Yes, Sir. You are audible.

Ajay: My question is about the machine tool division. So, Sir, as the previous participant mentioned that we have range bound and in the range of Rs 200 cr - Rs 250 cr kind of quarterly run rate. So, what I wanted was Sir, because we are a dominant player in the machine turning centers, and we are growing our presence in the machining part. So, Sir, just wanted to understand what is our market share in that division and from what I have understood is the turning centers are at the import threat is very less compared to the overall machine tool industry where, maybe around 40% of the machines are imported. But regarding the turning centers which are basically in the starting or low realization or the basic machineries, where the import threat is less. So, if you can throw some light on how is the import scenario in the turning centers? What is our market share and how is the competition intensity that is rising in that space? So, my first question is regarding this. And Sir, as compared to other players of similar scale, like a Jyoti CNC or other peers like ACE Micromatic, how are we comparable based on capabilities with those players? If you can throw some light, because even we make those high-end 5-axis machines and even those players make those 5 axis machines, which are going into the EMS side. So, if you can throw some light on how are we focussing on those higher application machinery? What is our focus going forward, because as India as a country grows, it's manufacturing part, machinery demand would increase. So, what is our focus area, if you can throw some light on that? A similar question is regarding what are the import trends in those kinds of machinery. So, are Indian players willing to choose an Indian peer who supplies these machineries? Is there a trend towards an Indian supplier? So, is the market moving towards that direction? That is more of what is happening in the industry, overall, in the machine tools industry? So, if you can throw some light and how it is for the next 3 or 5 years? So, that will be a great help.

Senthil V.: Thank you for your question, Mr Ajay. It is a very comprehensive question on the entire industry. I am not sure I would be able to cover it in a few minutes. But I will anyway just try to cover. You have brought out a few great points for us to answer. Yes, I think the first point, we have already answered that, yes, we are range bound but we have got capacities. Everyone is working on doing these allocations. Everyone within India in this particular sector is expanding and like I said, right from the, a lot of good things in terms of what the last few years, schemes have come out. There is a lot of support, even including the current budget, if you see, there has been support to the MSME sector, with collateralized, non-collateralized loans, I suppose. Those kinds of supports are kind of helping the industry, helping a lot of customers. So, I would say, this is a major reason why everyone in the industry feels that there is a segment which is going to have a long growth pace. Now, within this, there are a handful of Indian competition, and you are absolutely right, we have come up with machine centres recently, and it has been accepted quite well. I also mentioned that in this particular case, you have to come up with the latest products because the demand of the types of components, types of material keep changing. The material size changes, so does the machine which cuts the material, removes the material changes as well. With respect to the international competition, currently, I would say it is a very dynamic and changing landscape. I think you have also got your numbers right. There, where you are saying close to 40% in terms of numbers, are imported, in terms of volume, but I think I am perhaps repeating it for the second time, but the fact that we have imported machines, many machines from Germens, Japanese, the Chinese, everyone is part of that segment. I think it is a fast-changing landscape, like I said. Perhaps quite different 5 years from now. We internally are also trying to see how we can give our best product because ultimately the challenge here for the customer who buys this machine, is that he needs per piece of the product to be the lowest. And when we talk about per piece, we are talking about the entire life during the life cycle of the machine, how he gets the best value, because, like I said, the maximum of these machines going in the auto sector. It is a very competitive landscape. So, our customers are going there, bidding process, manufacturing parts, they have to be L1. So, they have to be, these machines have to give them that ability to bid for projects that let us say, are L1. So, the cost per piece matters a lot during the lifetime of these machines, and that is what everyone is competing for to give the best to the end customers for them to produce. But intense competition from foreign players, a lot of them are establishing here. They are putting up facilities here, because PLI mentioned, with support from the Government for MSMEs, I think it is going to be a very happening sector over the next few years.

Thankyou.

Back to you, Mr Shiva.

Moderator: Thank you, Sir. We have another 3 more minutes. I am taking one more speaker. We have a speaker, Mr Amit Shah. Mr Amit Shah.

Amit Shah: Am I audible?

Moderator: Yes.

Amit Shah: Thank you for the opportunity to connect. Sir, my first question was on the TMD side. Our current order backlog is Rs 3380 cr. If you can just highlight what is the execution timeline that we intend to complete this particular backlog. Secondly, out of this Rs 3380 cr, pardon me if it's a repetitive question as I have joined the call slightly late, what is the active order backlog in this Rs 3380 cr. There has been a sharp dip in this particular quarter on the TMD revenue side. What has been the reason behind this, given that the order backlog suggest that we can do far better execution and even the current utilization levels are very low. So, what is the reason? Is there any delay in the dispatch or the clients are suggesting a slight bit of delay from their end? My other question was on the MTD side because we are quite optimistic about that particular segment and we have recently expanded the capacity. There has been a decline in revenue in this particular quarter. Is it more of a one-off kind of thing that given the first quarter was more like an election quarter? Is it because of that we have been facing challenges? Or is there some sort of slowdown in that? Secondly, with regards to 5-Axes machine, have we done the commercial launch for that? How has been the response for that? And what is the kind of opportunity this 5-Axes machine provides? These are a few questions that I have.

Senthil V: I think since you missed the initial part, what we have mentioned is that this, we have orders. The active order book is closer to Rs 2100 cr. The dip is not something which we had foreseen that it is going to be a little bit slow as we have seen the order flow has reduced and there is a lot of geopolitics involved in this, but at the same time, we were also preparing and that is the reason, at the last call we had mentioned that, in fact in the month of April we had started the layoffs as well. So yes, the fact that offtake of yarn and cost price and my customers are not making good margins. That has been one of the main reasons for lower offtake of these machines. In terms of by when this will get executed, that is what we try to classify as active, which we expect to get executed in the next 12 months. Off-course, this is subject to, see, we don't manufacture until, we manufacture once there is a commitment. These are all capex machines. We can not have them on hold. So, yes, we have capacity utilization in the range of about 40%-45%; (45%-50%) and I think we have to, this business is in terms of capex. So, we are doing a lull. We prepared for it. We are experienced in handling it. So, we are handling it and doing all that is required to sail through this tough time. Having said that, at least last quarter, the margin seems to be a little bit better for the customers. So, we hope that in the next two quarters, this would revive back. With respect to MTDs, yes, for us also, it appears to be, we do not see that this would, we are assuming based on all the inputs that we get from the market that the last quarter dip was a little bit of one off. The 5-Axes is not commercially launched as of now. So, when we launch, we will definitely keep you informed about that. I think that covers all the questions. Back to you, Mr Shiva.

Moderator: Thank you so much, Sir. This brings up the end of all the questions we have from the attendees. Now, I believe we do not have any further questions. The questions of all were taken up. Thank you so much, Sir. Thank you.

Senthil V.: Thank you.

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