



Our Ref: Sec/BSE/2024
Date: 31.05.2024

To,

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- req

In continuation to our letter dated 21st May 2024, please find the attached transcript of the analyst/ Investor meeting held on 28th May 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 Digitally signed by
COIMBATORE
RAMANATHAN RAMANATHAN
SHIVKUMARAN SHIVKUMARAN
SHIVKUMARAN Date: 2024.05.31
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**C R SHIVKUMARAN
COMPANY SECRETARY**

Transcript of the Q4 investor call: Lakshmi Machine Works Limited

Moderator: Ladies and Gentlemen, good day and welcome to LMW Ltd. Q4 of fiscal year 2023-24 earnings call hosted by NSDL. As a reminder, please note that the participants lines will be in listen-only mode and there will be 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 hands. Please note that this call is being recorded. This is Sameer from NSDL. We have with us Mr V. Senthil, Chief Financial Officer and B. Dhanalakshmi, Senior General Manager of the company. Over to you Sir.

V. Senthil: Thank you. Good afternoon. Good afternoon, everyone and thank you for joining the LMW earnings call for Q4 FY 23-24. We will have a brief about the overall performance of the company for the quarter and the year ended March 31st, 2024, followed by an interactive session. I would also like to clarify that certain statements made and any discussions in the conference call 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. I am happy to share that the company has achieved a turnover Rs 4,520 Crore, which is almost flatline in comparison with the previous year. At consolidated level, it is Rs 4618 Crore, which is again flatline in comparison with the previous year. The PBT stands at Rs 480 Crore for the current year as against Rs 484 Crore for the previous year. On a consolidated basis, it stands at Rs 482 Crore for the current year as against Rs 519 Crore for the previous year. I would go into division specifics now.

TMD revenue for the quarter stands at Rs 667 Crore as against Rs 917 Crore for the previous quarter, resulting in a 27% decline. For the full year, the turnover stands at Rs 3575 Crore as against Rs 3647 Crore for the previous year, resulting in a slight decline of 2%. The TMD profit for the year is Rs 314 Crore as against Rs 344 Crore for the last year, a decrease of about 8.9%. Currently, we hold an order book to the tune of Rs 3570 Crore, which are lined up for execution and an export order book of around Rs 300 Crore. We have, over the last 3-4 quarters, seen a downtrend in order intake which is reflected in the order book question on hand and this trend continues as of now. The impact of cotton price on the demand on our customers has resulted in a sharp decline in both, the order booking and the machine off-take, and we continue to complete the projects and there is a reduction in the new off-take of machines, which is resulting in lower sales.

Now, I move on to LMW China. With respect to the wholly owned subsidiary in China, we have clocked a turnover of Rs 28 Crore for the year, compared to Rs 273 Crore for the previous year, registering almost 90% decline with almost Rs 13 Crore loss for the full year.

Now going on to LMW Middle East operations, the company achieved a turnover of Rs 249 Crore during the year FY 23-24, as against for the current year. The value addition there is around 40% and this is reflected in the consolidated turnover of the company. The global economic challenges remain, and hence resulting in weak demand. This, we see as a

business challenge for the exports market as well, for a couple of quarters, which we can discuss as we get into questions. We have also announced a reduction in the number of working days in the month of May 2024 and currently, TMD is working 5 days because of lower capacity utilization, and so in our foundry, which is working lesser number of days because of a lower capacity utilization.

Now, let me take up MTD division. The revenue of the division stands at Rs 1049 Crore compared to Rs 985 Crore for the previous year, which is 7% higher and for Q4, it stands at Rs 293 Crore, compared to Rs 240 Crore of the previous quarter, which is around 22% higher. We are happy to note that we have achieved the highest turnover for the quarter for this division. This has been made possible by our continued investment in this division and creating capacity for MTD. This has also been made possible by the new models which have been introduced in VMC and we are in a position to service the non-auto sectors, such as oil and gas, Die and mould, and general engineering. With increase in manufacturing activity, we have tried to achieve a better turnover going forward. I would also like to note that in the month of May 2024, we have taken a price revision for machines, which was on a hold for 2 years. This division's profits stood at Rs 74 Crore, as against Rs 62 Crore for the last year, resulting in an increase of 19%.

Now, let me go to aerospace division. The revenue in this division is up by 45% from Rs 110 Crore to Rs 160 Crore. and ATC has clocked a profit of Rs 14 Crore as against Rs 3 Crore last year. Export contributed to more than 90% of this turnover, and within this, the metallic division contributes to about 80% of the turnover of this particular division. The order book for ATC continues to be upwards of Rs 200 Crore, which are executable for the next 18 months. I would also like to state that during the last quarter, we have put in another 5 MW of solar capacity, taking our total installed capacity to 53 MW of renewable power.

This goes on to serve about 90% of our energy requirements. 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 hands, if you would like to ask questions after the communication of your name and status. And we would request people to go ahead with raising hands.

The first person who is ready with the questions and for interaction is Mr Chetan Doshi. Mr Chetan, you have been unmuted.

Chetan Doshi: Am i audible?

Moderator: Yes Sir, you are very much audible. You can also have your video turned on, if you would like.

V. Senthil: Mr Chetan, we are not able to hear you. Can you kindly speak a little bit louder?

Chetan Doshi: Now, am I audible?

V. Senthil: No Sir, you are not audible.

Chetan Doshi: Hello, now?

V. Senthil: We can hear you Sir. You can go ahead.

Chetan Doshi: Coming to a very specific question that is regarding ATC. ATC last quarter your turnover is only Rs 27 Crore compared to last-to-last quarter, i.e., Dec 2023, that was Rs 49 Crore. Now, in that, the profit is, actually, you are in loss. What is this specific reason as far as this dip in the current quarter is concerned where we have the news that was in the newspaper that we have supplied to ISRO, the top portion of their rocket, which is definitely a pride for shareholders and the company, that is 100% indigenous thing. It is something related to that because previously it was totally imported. We, as a company, have been able to get the order for these components and executed it. This will be repetitive in nature and what other markets are we focussing as far as aerospace is concerned? Because, for we, as shareholders, this division is the most promising compared to the regular ones. Regular ones, these are cyclical divisions that we are talking about, except for machine, tools, and foundry division. Because textile is always a cyclical industry. Sometimes it performs very well, the other times, there is a dip, depending on the Government policies. But ATC, when we speak, the last conference was also, it as shown that it gives around 40% profitability as far as product pricing is concerned. But it is not reflecting in the balance sheet.

V. Senthil: Thank you for the question. Are there any other questions? I will take down all your questions and address one-by-one.

Chetan Doshi: No. Only about this particular division. On ATC.

V. Senthil: Ok. Thank you for your questions. I think first, on the ATC business, yes, I think while we have done the previous quarter, we had a turnover of Rs 40 Crore + and in the current quarter, we are at Rs 27 Crore, the way the business works, we generally have these long order books, actually this Rs 49.51 Crore, and we have these long-term orders. I did mention that sometimes we have what we call as pull-ins. There was a requirement in the previous quarter where we keep inventory, and as and when there is a requirement to the customer, we are able to do a pull-in. So, this business has for working capital and while this is the reason, why does this happen is because these are all long-lead time items in terms of inventory. So, we keep a lot of inventory in manufacturing and if there is an opportunity for them to pull-in because of the demand of the customer, then they are pulled-in and that is where you saw that we were able to do closer to Rs 49.51 Crore turnover last quarter. This quarter was milder and there were no pull-ins, and that has resulted us in clocking Rs 27 Crore.

Of-course, the information and the news that you have seen was basically the composite output, where we had done what we call as no assembly and it was a 9-meter part with 4+ meter width, which we have delivered in the previous quarter. But these are all Government projects, ISRO projects. They happen over a period of time. Is there a possibility to deliver more. Of course, our facility can cater to this size of product and when you can visualise a 9-meter X 4-meter part being assembled here, and again, we assembled and moved, and these are all parts which cannot have failure as well. They should be working at 100% accuracy. So, that is what gives us the capability to say that we are into the high-level precision engineering- the kind of solutions we gave to ISRO. But to answer the question,

do we see multiple such similar orders? We can only say that we are capable of delivering multiple of these assemblies. However, these have to be based on what the Government pulls in. And thank you for recognising and asking about it, and it gave us the opportunity to talk. Otherwise, I would not have brought it up. So, yes, we are capable of delivering such parts. ATC, again, the last couple of years, we have invested in both the metallic and the composite business, and yes, we see a potential and will continue to invest in the business as and when the potential comes out. But our focus, as i was saying, currently, we cater to both, the exports and the domestic market. But the export is predominantly, the market we currently cater to. Right now, almost 90% of our turnover is towards the exports market. Like I said, they are long term contracts. So, once you are in, and you are an L1 business, they are able to see to visibility of 3-4 years. So, I would say, because of that comfort, we do the export market more. But India does present a lot of opportunities, which we have to pick and choose for investment. And we are very clear, Doshi Ji, that we do not again invest specifically for any particular component or something like that. Our facilities are fungible. Like you rightly said, we can make anose cone, and the same facility we also make the other parts for ISRO. So, it is not dedicated exclusively to make one type of part. Thats what I mean. It has to be fungible. So, whatever we have put in terms of capex, is also fungible for various products. Yes, there is a good enough potential we see there and we will continue to invest in that.

Chetan Doshi: What would be the value of this supply to ISRO?

V. Senthil: Actually, it would be closer to a little bit less than Rs 10 Crore but then the thing is that the way it is billed, there are stages of build and the stages of billing. So, it is not that we have not billed anything in this quarter. At every stage, there is an upwards process. So, we billed according to the completion of the project, and technically, if you see, it is for a long period of time. So, that is the reason, if you are trying to correlate that delivery to this quarter's turnover, it will not match because it has been billed in earlier period.

Chetan Doshi: The last question would be in advance, but it is a matter of pride and really the Make in India initiative that the Government has taken.

V. Senthil: Absolutely Sir. That is absolutely true. But I always remind all our investors to please consider that we have been making in India for textile machinery since 1962. I think the legacy and the genesis of this is not only ATC but it is since 1962 onwards we have been doing the Make in India for textiles machinery and others.

Chetan Doshi: One last question. When your performance will be back to normal time expected to pick up?

V. Senthil: I think we really have to credit the textile machinery division's pickup. What we have seen is that this has been among one of the most prolonged downturns which we have experienced. Our closest comparison to this is 2018-19. But this has gone on for almost 9 months. A little bit more than 9 months as well. There have been some signs from our customers' side as well in term of getting better spreads. But I would not want to predict sitting here, when will we bounce back. But, at the same time, we are doing all that we can to tighten our belts because we have seen these ups and downs, and no doubt, we have to control our costs, which is what we are currently doing. But at the same time, getting prepared because we do see that this is unlike 2019 kind of situation. There is some

positivity which is being mentioned in various forums which we can notice. So, I would say, let us give two quarters. That would be our planning. Our internal planning is that we have to be sitting tight for two quarters and save everything what we have got.

Thank you Mr. Doshi.

Moderator: Sir, thank you so much for answering the question. The next person who would like to go ahead with the question is Mr Rushabh. Mr Rushabh, you have been unmuted and you will now also be able to turn on your video, if you would like. Mr Rushabh, if you could hear us. Mr Rushabh.

V Senthil: Sir, we can't hear you.

Moderator: Sir, with your permission, can we go on to the next person.

V Senthil: Mr Rushabh, you are on mute. If you could unmute, we can take your question. Mr Rushabh, can you hear us?

Rushabh: Yes. Hi Sir.

V Senthil: Please go on, Mr Rushabh.

Rushabh: My question is on the MTD division. We have seen that players from the western part of the country are getting quite aggressive in terms of whatever they are sharing in terms of growth plan across sectors. If you could share, how are we targeting to grow across the country and what is the plan for the next couple of years. And the second part of the question is: How much percentage of your revenue in the MTD division comes from the defence and aerospace sector currently, and what is the plan to scale this and cater to these segments in the next 2-3 years, since higher margins in these two segments. If you could share your plans specific to these two segments.

V Senthil: Is this regarding the machine tools division, right?

Rushabh: Yes. MTD.

V Senthil: Ok. Machine tools division, Mr Rushabh, is a story which we have for the last couple of years. In fact, we should go back to the fact that whether we call it China+1 or more sourcing happening here, we say that general engineering is something which is really doing that. Towards this, we have invested, like I also said on the calls before, the few players were there in India, we all have invested in additional capacities. Today, even with the turnover, while clocking the highest turnover in the last quarter. Our capacity utilisation is still in the range of 65%. So, we still have about 35% capacity available for utilisation in this particular division. So, we have been quite careful and calculated in the way we have allocated our capital and invested in this to grow the facilities, both, in terms of the ancillary facility and the machinery facilities. This particular business, most of it is bought out component. It is important that we have more assembly facility and higher quality assembly facility and that is what we have established. Now, going forward, for the next couple of years, I think we will continue to see that as the demand goes up, like I said, we are closer to around Rs 1049 Crore. is what we have clocked, of which we have to take around 10% towards the foundry business. The balance is around Rs 840 Crore MTD turnover. And as

this keeps going up, which we are very positive, as it keeps going up in the future, we will keep adding capacities to help us grow customers. I think there is not much of investment except, like I said, the building and some machines, which will be required for these. And we will continue to invest for this particular business. As far as the margins in this business go, the reason we have seen that our margins have come down closer to a single digit margin is that we have invested in capacities but not fully getting utilized, and that is the reason. Otherwise, we would definitely see a double-digit margin, which was there in the past. Once the turnover comes in, operational efficiency will keep in, and we will be back to the double-digit margins that we had a couple of years ago. But we continue to invest in the business and engineering, as such is doing well and will continue to do well. With respect to your question on aerospace and defence, it is not significant. We basically are almost 42% is auto segment, and the non-auto segment of around 58% is split across 25 different business segments. Thank you.

Rushabh: Can I ask a follow up?

Moderator: Sure Sir.

Rushabh: You said that the capacity utilization is around 65%. So, what is the reason that you are not able to fully utilize, since your peers are doubling the capacity in the next 4-5 years, and they are running at full capacity. Why are you not able to fully utilize? Is the demand so weak currently or what is the reason exactly?

V Senthil: No. What I meant was this is the business where we keep adding capacities. So, let us say we are at Rs 840 Crore and the moment we touch Rs 1000 Crore, we will still have additional capacities. This is not a business where we will wait for the 95% capacity utilization and then start adding capacity later. It is a good business and growing business and like I said, the engineering story is going to be there in India for the foreseeable future. So, we keep building capacities. So, if you look at the capex spend, we had over the last 3 years, or two years in specific, you would see an upwards of Rs 50-70 Crore in this particular business. So, we keep adding capacity and that is why you would never see us reaching the peak capacity here. So, that is the advance planning we do and capital allocation what we do.

Rushabh: Thank you.

V Senthil: Thank you. Back to you Mr Sameer.

Moderator: Thank you so much, Sir. Going ahead with the next attendee with the hand raised, we have with us Mr Bhaven Mitlani. Mr Bhaven, we are ready for your question. You have already been unmuted.

Bhaven Mitlani: Good evening, Senthil.

V Senthil: Good evening, Mr Bhaven. How are you?

Bhaven Mitlani: Very well. Thank you. How are you doing?

V Senthil: All well, Mr Bhaven. Please go on.

Bhaven Mitlani: I joined very late. Pardon me if I am repeating questions. If you can help me with data points on TMD division to start with, on the order flows for TMD in FY 24 and 23. Along with that, if you would also help with the order book as it ended 31st March 2024, and the same period last year. And of the current order book, how much of this is executable, because we have seen in the last that whenever the cycle softens, some customers, while they may have paid an advance, would ask us to go slower.

V Senthil: The current order book is Rs 3520 Crore. The previous order book was Rs. 5500 Crore and you can see this is Crore, on the security deposits that we have got. What we have reflected in the balance sheet, you would be able to add the two security deposits together. You would see that its almost 10%. The active order book within this is around Rs 2300 Crore. And the order flow during the current year was closer to Rs 700 Crore,

Bhaven Mitlani: And what is it compared to the previous year order flow?

V Senthil: The previous year was closer to, I would say it is around 60% of the last year turnover.

Bhaven Mitlani: So, the current order book is 60% of the last year. Now declined by 40%.

V Senthil: Yes. It was close to Rs 1300 Crore.

Bhaven Mitlani: And, as we are seeing that the spreads are stabilizing now, are we seeing the customers coming and engaging with us in terms of enquiry? If you could give some outlook on that, and as you said, we should wait for a couple of quarters before we give an outlook but the enquiry pipeline, the customer interaction, what does that suggest?

V. Senthil: As you know, we do not give an outlook, and that is what I mentioned. But the customers are interacting. No quarter goes without an order. So, the large textile players are still placing orders. Some of them are still expanding and placing orders. So, that work still continues. It is only that, like I mentioned, it is such a prolonged slowdown that we have seen, and it is more than 9 months. It is more than 3 quarters. But still, we are able to supply the project orders because when the orders came 18 months back, there were a lot of greenfield project orders and that continues to get installed and shipped out. And even though we have seen a decline in the order inflow, we are still able to map. The turnover was still almost in line with the last year because the project orders supporting it. But we see that this is perhaps not the case going into, because those projects are also getting completed. The new projects are kind of being pushed back, but the order flow is happening but off take has kind of reduced. And that is why it will take definitely two quarters for us to go back to good capacity utilization. We are perhaps at a very low-capacity utilization, and it will take us perhaps two quarters to give us the clarity to say how are we going to go up in capacity utilization. That is what I mean. But the order discussions are happening. Orders are flowing, but as against what we ship off, this is not what we would like to see.

Bhaven Mitlani: Could you help us with the new products that were in the development stages, and we had launched in some of the recent exhibitions and forums? I think Air-jet was also a target. Where are we in the new product launch and how are we seeing the growth coming from these new product launches?

V Senthil: By the way, do you have any other questions, Mr Bhaven, so that I make a note of it?

Bhaven Mitlani: Sure. If you could also help us with the breakup of the revenue on the spares and we had a target of Rs 1000 Crore in the spares. We were taking the efforts in terms of reducing cycle and response time for customers. So, if you could give an update on that also.

V Senthil: Two things which we will perhaps talk about are Air-jets and what we call as robotic auto piecing. Robotic auto piecing is already in the market. It is available on commercial basis, and that is basically an automation tool for all our customers. Excellent tool right now. Advanced technology because basically you can reduce the manpower and optimize the cost. And that is the way these things are going to go into the future. As far as auto-coner is concerned, yes, like I mentioned, commercial launch, it is there. In a very limited manner, we have put it on test runs. I should perhaps come back to you in another two quarters, once the commercial launch is announced. But otherwise, right now we are test piloting the product. These are the two new products as far as TMD is concerned. With respect to the breakup of spares, the breakup is around 70% domestic because of more projects getting shipped out around 11-12% of spares and around 16-17% of exports. That is the breakup that we have. The fact that the utilization of the mills had also reduced, some of it going down to their 60%-80%. It had an implication on the spares business as well. So, that is what it is. But otherwise, the utilization of mills has a direct bearing on our spares sales.

Bhaven Mitlani: Just one follow up here. The Air-jet will increase our total addressable market by about Rs 1200 Crore?

V Senthil: Yes, it would be possible.

Bhaven Mitlani: And how about the auto-piecing machines?

V Senthil: Auto-piecing is not something which is there in the market. It only supports automation of a mill. So, I would say, it purely depends on what the customers want. How automated a customer would want the mill to be. It goes as a part of our automation initiative. It is a value add to our product. So, I would not put a market size to that. Technically, it is like perhaps a decade back, compact came in and then every machine today, most of it is compact machines, compact yarns. So, like that, is something which is quiet advanced to reduce the manpower utilization in the mills. So, I would not put any value to say that this is the addressable market size.

Bhaven Mitlani: Sure. Just the last follow up. What would be our market share currently in the textile's machinery division?

V Senthil: We are upwards of, from the delivery perspective, if we see, we are upwards of 72%, in terms of overall market share. Of course, this is a generalized thing across all the machine segments.

Bhaven Mitlani: And what would be the global share?

V Senthil: Our global share, perhaps we are looking at...Can we get back to you because we are just, we do not have the exact shipment data. We have for India, but we do not have the exact data for the global volume as of March for us to calculate. But we will have to get back to you.

Bhaven Mitlani: Historically, is this like 12-13% ballpark? Is that same thing?

V Senthil: Yes. That continues. That would still continue. It would be somewhere between 12%-15%.

Bhaven Mitlani: Thank you so much for taking the questions.

V Senthil: Thank you. Back to you Mr. Sameer.

Moderator: Thank you, Sir. Sir, amongst the attendees, we do not have any other hands raised as of now. Now we have Mr Manish. Mr Manish, you have been unmuted and we are ready for your questions.

V. Senthil: Good afternoon, Mr Manish. Mr Manish, we cannot hear you. We are not able to hear you Mr Manish. We can see you, but we cannot hear you. Still, we can see you but cannot hear you.

Manish: Am I audible Sir.

V. Senthil: Yes. Now, we can hear you.

Manish: I am sorry for that, Sir.

V. Senthil: No problem. Please go on, Mr Manish.

Manish: Thank you so much Sir. You just answered the revenue breakup. So, can you please repeat if that was for the Q4 or for the full year?

V. Senthil: Full year.

Manish: So, domestic was how much Sir? 70%?

V. Senthil: Yes. The domestic was 70%. The spares were around 11% and the balance was exports.

Manish: So, 11%? Sorry, it should be 19%.

V. Senthil: Yes. 19%. This we can take it at the consolidated level. Because if you see exports, that is also consolidated and to understand the standalone, the domestic will become 73% and the exports will become 16%. That is the only difference.

Manish: Ok. got it. And do you have the quarterly numbers, Sir, please?

V. Senthil: It is very similar. So, quarterly numbers are around, domestic is around 75%, export will be around 12%, and spares would be around 13%.

Manish: Ok. Particularly for spares, even the last year we had seen a decline. So, these spares are only including the domestic the domestic sales? Will it not include the spares for exports?

V. Senthil: Absolutely no domestic spares only.

Manish: Ok. Sir, could you also give us an update on the launch of Auto-coner. How is it progressing, Sir?

V. Senthil: As I mentioned in the previous question that we have put in a couple of locations, but commercially, it is not yet launched. We will see some of it getting launched perhaps in a couple of quarters and we will definitely inform on the call, once it is launched.

Manish: Ok. I thought you mentioned that for Air-jet.

V. Senthil: Yes. What was...

Manish: I asked for Auto-coner.

V. Senthil: I think...I meant Auto-coner. I think Auto-coner is exactly the same thing. Air-jet, in fact is two years after. So, we will have to discuss that the next year because this year, we are not even discussing Air-jet.

Manish: Ok. That is why I was so confused Sir.

V. Senthil: Yes. We will inform

Manish: No issues Sir.

V. Senthil: So, just for correction, I think it is a correction from my side, when we talk about Auto-coner, we are talking about Auto-coner which is going to be launched in a couple of quarters because it is being tested. It is not commercially launched. Air-jet, we are not discussing at this moment. We will be discussing about it only in the next year.

Manish: Ok. Thanks Sir. Thank you so much. And Sir, in machine tools now, I believe in parts we have 80% of the revenue coming from our traditional products in machines and probably about 20% from machining centre. So, how is it now in the current year and do we expect that, going forward, with improvements in the mix ratios, we can probably see improvement in margins?

V. Senthil: Actually, Mr Manish, in the machine tools divisions, we have launched a lot of VMCs, what we call machining centres, i.e., vertical machining centres. I think that is doing well but it has not changed the mix. It is still hovering between 75:25, or 80:20, depending on whichever quarter we take, depending on the projects we supply to, for that quarter. So yes, it has not become drastically different, but I am happy to state that the higher turnover that we continue to achieve is because of the new products which we continue to bring to the market by our team. And this is mainly focussing on the machining centres. In terms of margins, as I mentioned, these margins would go back to what is was, only if it comes to that operational efficiencies and like I said, right now we are in the phase of building capacities and ensuring that we are able to deliver to the market. So yes, as we are actually

at a higher operational turnover, that operational efficiency for us to see that increased margin.

Manish: And what kind of price revisions have you taken, Sir, in the current month?

V. Senthil: It is marginal. It is anywhere from 2-4%. That is the price revision that we have taken, depending on various machine models.

Manish: Ok. And for ATC, we have done quite well on the revenue growth front. So, probably we saw a 45% revenue growth. So, how should we expect probably this and the next year, because we have an order book of Rs 300 Crore and you mentioned, about 18 months of execution. So, should we expect a high double digit growth in the current and the next year? And also, related question for ATC now is, many opportunities seeking in the domestic market for both, defence and the aerospace manufacturing building up in India, so, are we also going to focus on the domestic market for orders? Thank you, Sir.

V. Senthil: I think, for both the questions, yes, the opportunity is there. That is for growth aspect, we are at Rs 160 odd Crore. The order book is there. We have the capacities to deliver. We have invested earlier this year, around Rs 20 Crore. into ATC, in terms of machines alone. So, we have done a good amount of capital allocation. Capacities are available. So, if there are, considering the current situation, because these are all exports market, like I mentioned, about 90% is the export market. As long as that does not change, we will definitely see a good growth for us to execute these orders. I think that is point number one.

With respect to the domestic defence and aerospace business, yes, we continue to see what opportunities we have and can take, and how can we use our capacities. Like I mentioned to the first caller as well, there is enough capacity available for us on the composite side. That is something which we are able to support. So, what we had mentioned, these opportunities we will continue to take as and when it comes our way. It is a bidding thing. We have to bid, and we continue to look for such opportunities.

Manish: Sure. Thank you, Sir.

V. Senthil: Thank you, Mr Manish.

Moderator: Thank you, Sir. Our next person with the hand raised for questions is Mr. Abhineet Anand. Sir, you have been unmuted and we are ready for your questions.

Abhineet Anand: Can you hear me?

V. Senthil: I can hear you, Mr Anand.

Abhineet Anand: Am I audible?

V. Senthil: We can hear you, Mr Abhineet.

Abhineet Anand: Can you hear me, Sir.

V. Senthil: Yes, we can hear you. Please go on.

Moderator: Mr Abhineet, we could hear you. Can we have your question please. Sir, I think we have lost the connection.

From the rest of the attendees, if you have any questions, you can have your hand raised and we will be taking up the questions.

Mr Abhineet.

Abhineet Anand: Can you hear me, Sir? Sorry for the inconvenience.

V. Senthil: We can hear you, Mr Abhineet. Please go on.

Mr Abhineet, I think you are on mute. If you could kindly unmute, we would be able to hear you.

Mr Abhineet has sent a chat message. Mr Sameer, can you see that? I can see the question. He has sent a message where he wants the spindles added during the current year and the pricing which we are running currently.

I think the spindles added during the current year is little bit less than, in India, it is a little bit less than 2 million spindles. We have got a fixed price spindle. I am not sure what pricing it is currently, Mr Abhineet, I am not clear on the question.

Mr Sameer.

Moderator: Yes Sir. I am asking the rest of the attendees to please raise hands, if at all, we have any other questions.

Currently, we do not have any hands raised, Sir.

And Mr Vinit, I am sorry, the question could not be taken. You can always drop an email and I believe that the question would be answered.

V. Senthil: I think Mr Bhavin is back.

Moderator: Mr Bhavin, you have been unmuted and we are ready for your question.

Bhavin Mitlani: Sir, just wanted to have a clarification. Air-jet you mentioned will be launched during...

V. Senthil: That was the clarification given to Mr Manish on the call. Basically, we are talking about Auto-coner. Your question is basically on Auto-coner and not Air-jet. Air-jet, we are talking about the following year. We are not discussing Air-jet. We are talking about Auto-coner.

Bhavin Mitlani: Just one more here. What would be the total market size in India for an Auto-coner as well as an Air-jet?

V. Senthil: Air-jet, I would not want to take it up now for two reasons. See, Air-jet actually replaces, the way the technology works, it does not spin all the accounts of yarns but at

the same time, it takes up, there are three machines which it can subsume and basically replaces those machines. That is the technology Air-jet has got. So, you are basically looking at a similar market size as spindle and if you are looking to choose to run a specific count, lower count, probably not a very high fine count, then perhaps it could also be, it also depends on what fibre you run. Those things matter. But as far as the Auto-coner is concerned, if you look at the spindle cost to set up a mill, from our if you see, if you are going to spend close to Rs 20,000, i.e., spindle and the proprietary machine, all put together, strength of spindle, you are going to spend another Rs 10,000 on. The spend on Auto-coner in itself would be closer to Rs 9000-10,000, if you were to set up a mill. So, that would be the, you can calculate. Almost on a mill, 30% would be the cost of Auto-coner, going. That is a good potential. Of course, we have to be aware that we are coming with a completely our technology, which has been developed in-house and we need to compete against the world's best who have been doing, what they have been doing for a couple of decades. And that is where it takes us time and we need to prove to ourselves and our machines are something which is able to deliver the ultimate quality yarn, because a function of that is to package the yarn, and it is a very important function that it slices, it removes, and brings uniformity to the yarn, let me put it like that. It brings a uniformity to the yarn. So, the post-process of winding becomes much more efficient. So, we need to ensure that we deliver the right quality as well. So, 30% of the value could be to the spinning material.

Bhavin Mitlani: Just one more question on the machine tools, we have heard looking at exports, perhaps for some of the global leading manufacturers. If you could help us where have we progressed and also, we were looking to move up in terms of access machines. Any progress on that front would be helpful.

V. Senthil: With respect to the manufacturing, yes, we are manufacturing for DMG and we have one machine, which is slowly scaling up to a couple of machines. That is something which is going on with them. In terms of turnover, out of this entire turnover, it could be perhaps around 5% of the turnover, is what this would be. With respect to the new product, I think this is still under testing as well. So, no comments as far as new product is concerned.

Bhavin Mitlani: Thank you so much, Mr Senthil. Those were my questions.

Thank you Mr. Bhavin.

Moderator: Thank you so much, Sir, for answering these questions. Sir, there are no more hands raised amongst the attendees.

V. Senthil: Thank you. Then we shall announce the conclusion, Sameer?

Moderator: Sure Sir. Since we have no further questions and thank you so much to answer all the questions that were raised. This brings us to the end of the question-answer interaction with all the attendees. Thank you so much Sir.

V. Senthil: Thank you everyone, for joining.
