



(formerly Lakshmi Machine Works Limited)

Our Ref: Sec/270/2025  
Date: 7<sup>th</sup> November 2025

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: LMW

Dear Sir/Madam,

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

In continuation to our letter dated 8<sup>th</sup> October 2025, please find the attached transcript of the Analyst/ Investor meeting held on 6<sup>th</sup> November 2025. 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 LMW LIMITED**

**C R SHIVKUMARAN  
COMPANY SECRETARY & COMPLIANCE OFFICER**

Encl: As above

**TRANSCRIPT OF Q2 INVESTOR CALL**  
**LMW Limited (formerly Lakshmi Machine Works Limited)**

**NSDL Moderator:** Ladies and gentlemen, good day and welcome to the earnings call of LMW Limited for quarter 2 of FY25-26 hosted by NSDL. As a reminder, please know that the participants' 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 raise questions, please signal the operator by raising your 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, Associate Vice President of the company. Over to you, sir.

**V. Senthil - Chief Financial Officer:** Good afternoon, everyone, and thank you for joining the LMW Limited earnings call for Q2 FY25-26. We will have a brief about the overall performance of the company for the period ending September 25, followed by an interactive session.

I would also like to clarify that certain statements made in the discussion of the conference will be forward-looking in nature. To begin with, let me explain the overall performance of the company, then we will proceed to the segment wise performance and consolidated performance. There has been a lot of development since the last time we had the call post Q1 results. The tariffs at 50%, we passed through GST changes brought in by the government, the PLI changes. However, we find continued weakness in the textile CapEx, and we will discuss this as we go further.

The financial results have been posted on the company website, and I hope you have had the opportunity to go through the same. The revenue for the quarter ended September 2025 is Rs. 790 crores as against Rs. 690 crores for Jun 25, which is an increase of around 15%. The company has achieved an H1 revenue of Rs. 1480 crores for the period as against Rs. 1412 crores for the corresponding previous period, which is a 5% increase in revenue. PBT at Rs. 92 crores for the current period as against Rs. 56 crores for the previous period. Profit for the current period of Rs. 92 crores include a profit on sale of assets of Rs. 15 crores.

Now, as we go into division wise, the textile machinery division for the quarter ended September 2025 is Rs. 461 crores as against Rs. 415 crores in the previous quarter, resulting in an increase of 11%. When compared to the quarter ended September 2024, the sales are flatline. TMD revenue for H1 stands at Rs. 876 crores as against Rs. 896 crores for the corresponding previous period, resulting in a decrease of around 8%. The profit for H1 stands at Rs. 2 crores as against a loss of Rs. 19 crores for the corresponding period last year. As already stated, it may be noted that the current period profit includes a profit on sale of assets of Rs. 15 crores. With respect to the order book, currently we hold an order book of Rs. 2700 crores, of which the active orders are around Rs. 1400 crores. With respect to the sales, which has been clocked, the domestic versus export versus spares, it is 66% domestic, 7% exports and 27% of spares. We are still continuing with a 5-day working as far as textile machinery division is concerned and so is foundry. And this is said to continue during the current quarter as well. This is on account of lower capacity utilization. The capacity utilization is around 40-45% in the textile machinery division.

Now I move on to LMW holding, which holds LMW China and LMW Global at Dubai. The turnover for LMW Global stands at Rs. 71 crores for the half year ended September 25

as against a comparative number of Rs. 49 crores in September 24. The order book in export is closer to Rs. 150 crores on hand. In LMW China, we have been able to clock a turnover of Rs. 41 crores and for the comparative period last year, it stood at Rs. 17 crores. The order book in China stands at around Rs. 5 crores. I would like to share that we have participated in ITMA Asia at Singapore, which concluded last week. And I would also like to share that we had a successful exhibition and we have displayed a Lakshmi winder, a new carding machine and a new draw frame machine. The carding machine is LC9S and a draw frame LDF6 and our ring frame LRJ90, which is a 2400 spindle machine. And we would like to say that it has been well received and we expect it to be prepared when the market comes back to its normalcy.

Now I move on to the machine tool division and foundry. The turnover in the machine tool division foundry is Rs. 555 crores for the first half ended September 25 as against Rs. 478 crores for the corresponding previous period. Out of this, 11% relates to foundry turnover, balance is towards machine tool division turnover. We are operating at a utilization of around 70% at the machine tool division. With respect to ATC, the turnover for the first half stands at Rs. 97 crores as against the corresponding rate turnover of Rs. 82 crores. With this brief, I would like to stop and we can start the discussion and interactive session.

Over to you, Mr. Sameer.

**NSDL Moderator:** Thank you so much, sir. Now we would like to start with the interactive session and we would request the people in the attendees to please raise your hands to go ahead with the questions.

Sir, we have Divyam Doshi with us. He is ready with his question.

**Divyam Doshi:** Hello sir, am I audible?

**NSDL Moderator:** Yes, sir. You are now audible. We can also have your video turned on for the question if you like, sir, and we can proceed.

**Divyam Doshi:** Thank you. So, congratulations on the amazing set of numbers. So, I just wanted to ask, the global spinning and textile CapEx cycle seems to be bottoming out.

Are you seeing any early signs of revival in order inquiries from India or export markets like Bangladesh or Vietnam?

**V. Senthil - Chief Financial Officer:** Good afternoon, Mr. Doshi. If you could kindly give all your questions, then I will go on after answering them.

**Divyam Doshi:** Okay, I have just one more question.

The machine tool and foundry segment has become the key earnings driver. Do you see this as a cyclical tailwind or a structural shift in India's industrial CapEx mix and the whole make in India thing? That's it for my two questions. Thank you.

**V. Senthil - Chief Financial Officer:** Thank you for that. With respect to the textile machinery division, yes. In fact, we have been in the longest down cycle as far as we can know for almost the last two years.

However, we have seen that, especially with the exhibition, we have seen a lot of positives in few markets, which are early signs, and especially with the tariffs now being cleared and declared. Because in the last two quarters, there was a lot of confusion on the tariffs and there was a lot of postponement of the decisions being taken. We will have to now split this and then conversation between India and out of India.

Now still, outside of India for the export market, China is to be taken out separately because still there are discussions going on. But for the rest of the markets, Bangladesh, Egypt, Turkey, it has been clear what the tariffs are. So, in these markets, yes, there has been some positive, especially pre-markets, we find it to be the early positive signs that are being seen. One is the Indonesian market, one is the Bangladesh market, and one is the Egypt market. I think these three markets will do well, of which Egypt perhaps has the advantage of also having the lowest tariff along with Turkey.

Turkey as a market is still having its own challenges with high domestic inflation rate and costs associated with that. But the other markets, yes, we do see a lot of early signs. In fact, in the exhibition, there have been a lot of inquiries from these markets as well. But they are also very cautious because the discussions have not been complete on the tariffs with India and perhaps there are a lot of discussions happening even in China as well. So, they are also looking at how this would impact them. But all said and done, the wait-and-watch approach in these markets are moving forward.

With respect to India, we have seen last quarter order flow, which has been better than the previous quarters. But at the same time, it is still a lot of wait-and-watch approach. From a utilization perspective, the mills are having very good utilization levels. But at the same time, the CapEx decisions are not being taken immediately. And I think everyone is now waiting till November end, perhaps November, December, to see where the tariffs would end finally. And then it would slowly come back. At the same time, we are also not clear whether the comeback would be a very aggressive investment strategy by everyone. I think that is also to be waited and we have to wait and watch. So, this is as far as textile machinery is concerned.

With respect to foundry and rather machine tool division, it is a very positive long-term structural change within the Indian manufacturing sector, which is resulting in a higher demand on the machine tool segment. This is our take on it. Right from the fact that we call it China plus one or we call it the reason being a lot of PLI schemes have been announced and we just triggered large CapEx and this is forming part of the CapEx cycle.

It is definitely a positive thing and we have also noted in the past that all the machinery manufacturers on the machine tool side are positive about the long-term impact of this and this market is growing. This market definitely is growing and we are having new sectors are also coming into this, EMS is one. There are a lot of machines being made now for defence. A lot of machines are being made for locomotive machining. So, there are a lot of new sectors which are also emerging, which can be catered by the machine tool division from Indian context, machinery manufacturers. Thank you.

**NSDL Moderator:** Sir, thank you so much for answering that one. At the moment, we do not have any hands raised. We would request the people in the attendees that if you would like to ask questions, we can have you doing the same by raising your hands.

So next we have Mr. Jai Unadkad. Mr. Jai, you have been unmuted.

**Jai Unadkad:** Thank you for the opportunity. So, I wanted to understand that what is the situation with the user industry at this point in time in terms of their utilization rates

as well as is there any kind of consolidation that has happened in the user industry given that you suggested it's been a very long slowdown and it's been longer than what we've experienced in the past.

So how is that industry currently placed? And the second one in extension of the same is that you suggested there are newer products that we've launched and you've seen a decent response to that one and we are preparing ourselves for as and when the recovery plays out. Wanted to see what exactly is the edge or the benefit that we are offering to the existing competition in these new products such that we potentially have a right to win when the cycle recovers.

Thank you.

**V. Senthil - Chief Financial Officer:** Any other questions?

Yes, for the other industries, that is machine tools as well as defence. But for now, if we can address the textile machinery and then move. Otherwise, I can ask.

**V. Senthil - Chief Financial Officer:** You can leave the question; you can ask the question now.

**Jai Unadkad:** On the machine tool side, we had 70% utilization. We were trying to improve our mix as well as our offering portfolio. Wanted to understand what's the progress in terms of new product development and when do we see margins there hitting a point of other competition or like that of the overall industry versus where we are.

**V. Senthil - Chief Financial Officer:** Okay, anything else?

**Jai Unadkad:** On the defence front, wanted to congratulate on the growth in revenue, getting closer to 100 crores. But in there, any significant improvement of visibility and where we are in terms of being able to play that better? Because that industry could have limitations with the ongoing tariff wars, if I understand that correctly, or your view on how that can play out.

**V. Senthil - Chief Financial Officer:** Yeah, okay. Let me go one by one again. Textile machinery division, I think is an excellent question. Yes, what kind of has happened over the last two years with our user? I think it has been a lot more critical for us and so let me start with probably the past years. I think post at least the last two quarters with all the tariffs, etc. I think there has been a streamlining of GST for the MMF fiber fabric and that has definitely been a positive thing from the industry perspective. And second, during the last two years, there definitely have been some number of spindles. The challenges on the margins have made some amount of spindles to shut and that is helping perhaps the people who are continuing to survive in this industry.

So even today if you ask for utilization, you will find that most of the large mills are running at 90% plus utilization. This is because probably partially they are shut, partially GST has helped with the MMF. And on top of it, the tariffs have impacted on the government, but they are finding ways and means of export of yarn as well. So, yarn is still being exported and it is of good demand in few of the countries. Indian yarn is still getting exported. So, people have survived through this, albeit with much lower margins on the yarn as what it was during the immediately post COVID years of 21, 22.

So probably half of 23 and then 24 and the current 25 has been at very thin margins. This has been, also you have to add to this, a lot of machinery CapEx have also gone in

the last, immediately after COVID, there was a lot of expansion of new mills. So that additional CapEx and additional capacities have definitely gone in, but definitely more than what the mills, the spindles which are shut.

So, people have definitely now within the Indian context at least, what I'm talking about is within the Indian context, with the support on the GST with the PLA schemes getting amended, there has been definitely a support, albeit with a little bit much thinner margins on the end product. So, they have always, there has been a reluctance and we always may have said that in a downturn, the first thing which would get affected is the CapEx. And that is where we have seen that we have to survive at the current levels and it's been almost two years.

But this is the right time for us because the way we look at such downturns and we have been in cycles all along. We look at this as an eight-year cycle and every time there's a down cycle, all the effort we take is on two fronts. One is on the product and one is on the operations and that is the only way we keep ourselves agile, where we have to see how cost effective the operations has to be within the factory and also what kind of new products we can put out there and especially today with so much of technology getting added onto the machines, there are a lot of new features which are put on. So that is an NPD thing which happens.

So, we have to utilize this time and this is the best time where we, they always say when the water goes down, then we can see the rocks. So that is exactly what happens here. So, we have to make ourselves leaner, thinner and far more efficient and that's what we do.

With respect to the time that we have spent on NPD, I think what we have put out there in the exhibition has been the new 1.28-meter card which is much more efficient. So, we have a third offering. We have a 1-meter card, we have got a 1.5-meter card and now we have come with an option of a 1.28-meter card. So that's an additional product offering, of course within the same market. Then you got the longer ring frame which is a 2400 spindle ring frame and then we also have a new draw frame which is far more efficient.

Now the right to win in any of, and of course like I already mentioned Lakshmi Winder which was already launched, it has been commercially done. I think we also had the machine there. I think the right to win in the textile machinery segment, in the spinning segment has always been with the fact that yarn being the commodity, we have to make sure that the total cost of operations for the customer is the lowest so that his margin, he gets a better margin. And that is the only yardstick we will have to use. How efficient his plant is so that every rupee for the customer counts and that is where every product we launch and every new automation we bring in.

So, I think we also have mentioned in the past, we have brought in robotic auto piecing as an option where you are automating a spinning process. So, these things are ultimately supposed to give the best efficiency and the lowest cost of yarn, quality being the norm. Then that is what gives us the right to win.

With respect to coming to machine tool division, the question was on 70% utilization and how to know. Like I mentioned, the type of segments which are opening up. So, defense is definitely a segment which has opened up. So, we are having machines which have been developed for the defense segment specifically and those machines, as we add the product range, it gives us a more addressable market. I think that is the way we have to look at machine tool business. It is not one size fits all. Various sectors, various sizes of

components require us to have additional product ranges and which is what we work towards. Definitely the margin on this, we expect to have the margins what we had in the past where if we are able to match, we are able to go up another 20% on the utilization. We are at 70%. If we go to 90 to 95%, I think the margins will definitely go up. As I was mentioning before, we have actually increased capacity. So, we have put up an additional plant and there are overheads related to that. And when you are able to use this additional capacity, I think you will see that definitely the margins would come back to the double-digit margins as what we had in the past.

Coming to ATC, where we are at 100 odd crores for the first six months, definitely tariff has had its impact. In terms of the customers have been asking us as to what and how this tariff is going to get offset. And we have been working very closely with our customers on this. As of now, we have not seen any push outs on this particular business segment. But at the same time, we are having very close discussions with the customers to see what we should do for this particular segment, for this particular division. With respect to visibility, I think we always have visibility.

These are long-term contracts. So, we have visibility for a few years. Normally, it's an average of around two, two and a half years of visibility of order that are generally available. The challenge has always been to pull in and push outs. That is, when there's a downturn, they push out. Otherwise, they try to pull in. Additional complexity here has been tariffs. We are handling it, but there's nothing as of now which would concern us. Like I said, since we are working very closely with the customers, we hope to tide over this and we will come up with some solution when we work with the customers. Thank you. Over to you, Sameer.

**V. Senthil - Chief Financial Officer:** Mr. Sameer, I think you're on mute.

**NSDL Moderator:** Yes, sir. The next person who we have with us is Mr. Manish Goyal.

Mr. Manish Goyal, you have been unmuted. We can also have your video turned on if you like, sir, and we're ready for your question. Yes, sir.

**Manish Goyal:** Thank you very much Mr. Senthil. I hope you can hear me.

**V. Senthil - Chief Financial Officer:** I can hear you, Mr. Manish.

**Manish Goyal:** Yeah. So, first, guys, continuing on ATC. So, sir, just want to know, like, as a follow-up, like, in terms of margins, how do we see evolving? Because we have achieved a fairly good scale in terms of revenue, but our margins are still at 8.5%. So, how should we look at it in near to medium-term going forward? And you did mention that you have a longer-term contract. So, ideally, what kind of top-line growth should we look forward? That was one question on the ATC, if you can address. And, like, for margins also, if you can, is it attributed to the product mix, if you can highlight on that.

You did mention on the new product launches in the recent exhibition. So, many new products are on Unitary Machine side. So, just want to get your perspective that how has been our market share, both in Unitary Machine-wise and product-wise, and in overall ordering in the country, are we able to maintain our market share? How is it, how is the competition intensity that was on the TMD side, sir? And third, on the bookkeeping, I missed on the revenue breakup, if you can view for quarter 2 and half 1 as well for the TMD. Thank you,

**V. Senthil - Chief Financial Officer:** Thank you, Mr. Manish. I think, ATC, the margin, of course, it is a combination of what we call is, in terms of product mix is metallics and

composite products. Metallics, of course, at an EBITDA level, if you see, I think, you add back depreciation, I think it should be closer to around 19%. I think that is what we will be coming to.

Yes, you are absolutely right. The composite portion of the business, which is still building, is what is actually still not giving us the margins, because we do not have much of a top line for the capacities what we have there. There are orders in pipeline which we are working on, on the composite side. I think they will all come through over the next 6 months. But still, the focus for us has been on the composite side, because we need to use the facilities what we have invested in. There are a lot of orders, RFQs at least being floated, which includes both the domestic defense and aerospace and things like that.

It has been a good set of RFQs have come up and we feel as we go forward, we will be able to use them, use their capacities well. In fact, for the current 6 months as well, we have made an investment, actually ATC, if you actually look at the segment and results, you will find that we have made investments of closer to 25 crores in in the ATC segment. This is again on account of new order flows which have happened. The orders are around 300 crores of orders, which will get executed, like I said, on an average 2 and a half years. But on top of it would be new orders, RFQs, which will get matured, which will have to start delivering. So, this segment will continue to absorb CapEx as we go forward, as we plan project based on various projects, which we will get awarded. I think that is as far as the ATC margins are concerned and the order book and the timeline over which it will get executed.

With respect to textile machinery division, yes, the markets have been very, very challenging. We can see from the numbers. So, there has been a very intense competition and we are very actively looking at what the competition is doing. It is both within India and outside India. But yes, we are maintaining market share within India and outside India, it has been quite challenging and we will have to see how to get a little bit more market share. And that is the reason we have put in our exclusive LMW Dubai, the LMW holding, which is focusing on the export markets because it requires very specific attention. We cannot handle like what we have done in a good market.

So, yes, the team, entire team out there is working to ensure that we are also able to increase our market share in exporting countries, the countries to which we export. So, market share wise, we have the market shares. In India, I think on an overall basis, we are looking at around 70% market share. I am just talking about all machineries together. With respect to revenue breakup, I had given the number. It is 66% domestic, 7% exports and 27% spares for the TMD and it has been almost similar for both the quarters. Thank you. Back to you, Mr. Sameer.

**NSDL Moderator:** Thank you so much, sir. Thank you for answering that one. Going ahead, the next question would be from Mr. Ritwik Sheth.

Mr. Ritwik, you have been unmuted. We can also have your video turned on if you like. And we are ready for you, sir.

**Ritwik Sheth:** Hi. Good evening, sir.

**V. Senthil - Chief Financial Officer:** Mr. Ritwik, I am not able to hear you very well. Can you be closer to the mic, please?

**Ritwik Sheth:** Okay. Is this better?



**V. Senthil - Chief Financial Officer:** Much better. Much better.

**Ritwik Sheth:** Yeah. So, just a couple of questions from my end. Firstly, on the auto winder and the air jet, I believe we have already launched auto winder. So, how has the response been initially? And what is the progress on air jet that is on the textile part? And second question is on machine tool. We are in process to launch 5-axis machine tool. So, can you give us some color on that? Where are we in terms of launching the product commercially?

**V. Senthil - Chief Financial Officer:** Any other questions, Mr. Ritwik?

**Ritwik Sheth:** No, sir. That's it from my side. Thank you.

**V. Senthil - Chief Financial Officer:** So, with respect to the auto winder, in fact, the customer who has initially purchased, he was actually in the exhibition and he has done a ribbon cutting on the project and he has placed additional machine orders with us. So, there is enough confidence that we will be able, machines are doing well.

I think it has been quite a phenomenal development of technology, both within us, within LMW and then we have been able to come up with this product. And it is doing well. Thank you and air jet, I think it will be too early to give any dates by which we will be able to get the product out there in the market. So, probably I will reserve that discussion. With respect to MTD 5-axis, yes, the machines are available. As of now, product is available, machines are available. But right now, I do not have any data with respect to who or where these machines are right now placed or how many numbers. But I think probably we will have it next time. I think in the last exhibition itself, we did place these machines in the market and they are available for sale. Back to you Mr. Sameer.

**NSDL Moderator:** Thank you so much, sir.

Next, we have Mr. Doshi again. He has his hands up. He would like to ask the next question. Yes, sir, we are ready for you.

**Divyam Doshi:** Yeah, thank you for the opportunity again. I have two more questions. So, does LMW have a long-term sourcing contract or hedging mechanisms for key inputs like steel castings or forgings or do you operate on a spot purchase basis? And my second question to you will be, globally, textile manufacturers are accelerating the adoption of automation, energy efficient solutions and AI. So, how is LMW positioning its product portfolio to capture the market? And do you think most of our machines are digitally enabled or industry 4.0 ready? That's it. Thank you so much.

**V. Senthil - Chief Financial Officer:** Okay. So, thank you for the questions. I think with respect to the sourcing strategy, there are two ways to look at it.

It is purely based on lead times and also the contracts for us. So, if I were to give an example of Advance Technology Center where we said, when we got a two-and-a-half-year contract, we have a back-to-back sourcing with the suppliers where the contracts are also there for long term. Of course, we have to be very clear that we should also have price variation process, especially when you are buying in dollars and then there is a dollar depreciation, you have to be very careful about. So, yes, we do have a mix of both long-term and short-term contracts. But as far as the local materials are concerned, which are all available for our foundry and for our Textile Machinery Division, we do buy

a lot of commodities. We have contracts in place, long-term contracts, which are variable, price variations within that.

Now, coming to textile machineries, it is not only textile machinery, Mr. Doshi, it is also machine tool machines, which are the mother machines. Yes, our machines as we speak today are connected, connectable and we are able to assist customers in their location looking at the machines from there. So, we have software which is called SpinConnect, which connects all the machines on the shop floor of the spinning machine and it is not only IoT enabled, the way forward and I think this was another thing which we did display in the exhibition, the way forward would be for the machines to actually know what is being fed at the start of the process and understanding that and machine self-adjusting for you, so that the end product, you do not have a lot of manual intervention to adjust the machines. Depending on what the count is, depending on what the content of the fiber, the content, etc., the machine would self-adjust over a period and that is the machine learning process, which we did have a display of sort in the exhibition. So, yes, we are not only to be ready, but also to be practically applicable.

We have done a lot of things on these machines and similarly is the machine tool division. In fact, I would say machine tool division requires because if you actually see the number of machines in the machine tools are much more in number, like what comes out. So, and there it is very critical that the number of customers are large, the spread of customers geographically is also large.

So, these machines have to get addressed in a remote basis. So, these are all the things which are being put into the system to make it future ready, I would say for the next decade or more. So, these machines have this technology built in.

I think I have also been told on the energy efficiency side. Now, on the energy efficiency side, if you see on the textile, I did mention it is a total cost of operations. So, yes, every new product which we launched, this is a critical factor per kilo of yarn, the energy taken to produce per kilo of yarn is a very critical factor in deciding the cost of yarn.

So, that is also one of the most important things which we, not only we monitor, we ensure that we are better in every new product which gets launched. Thank you. Over to you, Mr. Sameer.

**NSDL Moderator:** Thank you so much, sir. Sir, at the moment, we do not have any hands raised for the questions. We would once again request the attendees to please go ahead with raising your hands.

We have Mr. Jai Unadkad again. Mr. Jai, we are ready for your follow-up questions. Thank you.

**Jai Unadkad:** Thank you, Senthil, again. Senthil, on the follow-up for what you suggested for my earlier questions, we have expanded capacity in machine tools. Just wanted to understand what kind of capacity expansion have we undertaken? And if I had to look at it in terms of X of that additional capacity, what would the utilizations be like at this point in time? And the other one on the ATC side, I think Manish had a follow-up where you explained that composite is dragging the margins at this point in time where orders should flow in over the next six months.

What would be the execution timeline in those businesses? Would that also be long tenure 12-to-24-month orders which are sizable or would that operate differently in case of the ATC division?

**V. Senthil - Chief Financial Officer:** See, when we say the utilization on the machine tool, it includes the new capacity which we have put in. So, I think two years back, if you look at the numbers, I think the investment was closer to 50-odd CR, crores of investment into an existing called land building of 1,50,000 roundabout square feet which we have kind of brought it back and handed over to the machine tool division which is our machine tool unit 2. So, I think the numbers what we speak are all related to that where we are looking at both of them as the different capacity for us. And there again, increasing of capacity is not a challenge. It is only that we would always like to see a 90% utilization before we increase capacity for machine tool division.

With respect to the ATC division, the order, the type of order, the tenure of orders are all very similar. If it is going to be for export business, generally all export contracts and ATC actually have closer to 90% turnover coming out of exports. And all of them are long term, long tenure contracts. So, it could be the same for this as well. But however, from the Indian defense side, they are all order to order, they are not really long term. It is more to do with a particular batch which is getting produced and then we produce it and then after that we will have to wait. The classic case basically being the OPLF which got launched, it has been our no score and etc. But after that we will have to wait for the next order and again one more RFQ and we participate and that is the process.

So, but for exports, it is similar between metallics and composites and also the customer base is also quite similar. It is the same customer base in metallics who are also working with us on the composite side. So, which is mainly on the export segment. Thank you. Back to you Mr. Sameer.

**NSDL Moderator:** Thank you so much, sir. So, next we have Mr. Manish Goyal with his follow up questions. Sir, you have been unmuted.

**Manish Goyal:** Yes sir, sorry. Again, on ATC. So, like in terms of capacity, you did mention that you have invested 25 crores. So, just want to get a perspective like from both metallic side and composite side, what kind of revenue capacity we have to be using? Like in metallics, what kind of revenues we can achieve maybe in a year or two? And similarly, in composite, you did mention that we are the utilization lower, but as we keep getting orders, what is the level we can reach?

So, just to get a perspective so that we can probably have an overall perspective that where margins can go in next one or two years.

**V. Senthil - Chief Financial Officer:** Fair point. Thanks for the question, Mr. Manish. Mr. Manish, the return to investment in ATC, what we have seen, of course, there is a slight mix of pure value addition versus material cost with value. But what we see is it is more of 1:1.25 times of our investment is what we see as a top line. So, as of now, we, our investment has been closer to 250 crores.

So, our, my expectation there is we will be able to accommodate up to 300 crores of turnover with what we have got as of now. And what I meant by the investment is the way the investments are planned is also very clearly when long-term projects come in and our existing capacities, our existing machineries are not sufficient, then we are going for additional CapEx as we see fit. And this is a division which is definitely going to absorb a lot more CapEx as we go forward. The absorption of CapEx will again be both on metallics and on the composites in both segments. I think you got your hands raised Mr. Manish, please go on.

**Manish Goyal:** Yeah, thank you so much for that explanation, sir.

But any, so I have two questions, one on ATC continuing. So, like you did mention we have planned for 25 crores investment, but looking at the momentum in the defense and aerospace in the country, I think you would be looking for a much larger investment going forward. So, if you can, because we have already done, you said 250 crores, but I think with looking at the potential, ideally, we would be looking for a much higher number going with this, that is where I am coming from.

**V. Senthil - Chief Financial Officer:** See, what I meant is, we already did, done 25 in the first six months, that is what I mentioned. I am sure you should be able to see this somewhere on this one, but we have done about 25 crores in the first six months in terms of investment within ATC. You are absolutely right and perhaps I am not going to give you a number as to what investment we are going to do. But I think I have repeated twice that yes, this division doing well with a lot of RFQs coming in, both on the domestic side, I should say first.

There is a lot of RFQs getting floated. And I think that is where we are saying that yes, there will be investments in this and we are not necessarily to have the order, there is so much of orders, which is overflowing from other people who are to deliver and there have been quite a lot of delivery delays which are happening on the domestic side. So, there is an overflow of orders and there is enough work out there for us to keep growing, point number one.

Point number two, within the existing customer base, which is our export customer base, a tariff has been a challenge, which I already mentioned, I think, and there is a lot of discussions happening out there. But all of a sudden, then their expectation is also that this will get evened out over a period of time. And if that being the case, I think, we will be investing even in the, along with our export, for the purpose of export customers, we will have to keep investing. So, I am not going to put a number out there, Mr. Manish, I think that is not possible.

But like I said, yes, it looks good, a bit of a challenge on the tariff as we speak. But overall, the domestic side, I think, also looks much better with a lot of orders flowing. Over to you, Mr. Sameer.

**NSDL Moderator:** Thank you so much, sir. Thank you. I believe, Manish, he has a follow-up question.

**Manish Goyal:** Yes, sorry. We are used to a normal concall. So, just last one question on the, in the cash flows, we see a 15-crore item profit on sales of assets.

So, is it accounted in P&L, in other incomes, these 15 crores?

**V. Senthil - Chief Financial Officer:** Yeah, it is in, it is accounted in other income, it is accounted in other income.

**Manish Goyal:** Is it in quarter? Is it in quarter 2?

**V. Senthil - Chief Financial Officer:** It is in quarter 2, yes, it is in quarter 2.

**Manish Goyal:** What is it pertaining to, sir?

**V. Senthil - Chief Financial Officer:** It is a sale of an asset under TMD. So, it comes under TMD, in the divisional segment. At the start of the call, I did mention probably, I think you would have missed it. In fact, it was in my reading.

**Manish Goyal:** Yeah, I joined it late sir, okay. Thank you, sir. Thank you so much.

**NSDL Moderator:** Sir, thank you so much. Thank you so much for answering all the questions raised.

At the moment, we do not have any hands raised for the further questions.

**V. Senthil - Chief Financial Officer:** Okay, then. Thank you, Mr. Sameer. I think, thank you everyone for joining the call and wishing you all a happy new year and we will see you for Q3 next year. Thank you.

**NSDL Moderator:** Thank you so much, sir. Thank you. Thank you so much. Ladies and gentlemen, thank you so much everybody for joining this meeting and this brings us to the end of this meeting. Thank you so much. Thank you.

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