LAKSHMI MACHINE WORKS LIMITED

Our Ref: Sec/BSE/2023
Date: 31.10.2023

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- reg

In continuation to our letter dated 17th October 2023, please find the attached transcript of the analyst/ Investor meeting held on 27th of October 2023. 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: 2023.10.31 14:40:20 +05'30'

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COMPANY SECRETARY

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TRANSCRIPT

LAKSHMI MACHINE WORKS LIMITED INVESTOR CALL – Q2 OF FY 23-24

Moderator: Ladies and gentlemen, Good Day and welcome to Laxmi Machine Works Ltd. Q2 of FY 23 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 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, Senior General Manager of the company. And over to you, Sir.

V. Senthil: Good afternoon, everyone, and thank you for joining the Lakshmi Machine Works Limited earning call for Q2 FY 23-24. We will have a brief about the overall performance of the company for the period ending September 23, followed by an interactive session. I would like also to clarify that certain statements made and the discussion at the conference will be forward-looking in nature. To begin with, let me explain about the overall performance of the company, and then we will proceed to segment-wise performance and consolidated performance. The financial results have been posted on the company's website, and I hope you had the opportunity to go through them same. The turnover for the quarter ended September 2023 is Rs 1,285 crores as against Rs 1155 crores on June 23, which is an increase of 11%. The company has achieved an H-1 turnover of Rs 2,441 crores for the period as against Rs 2,106 crores for the corresponding previous period, which is a 16% increase in turnover. This is in alignment with the peak utilization of our capacities in the business and our continued effort to meet customer orders. The PBT stands at Rs 270 crores for the current period against Rs 222 crores for the previous period. This accounts for an increase of 22% of PBT. With respect to division-wise revenues, TMD revenue for the period stands at Rs 1990 crores as against Rs 1701 crores for the corresponding previous period, resulting in an increase of 17%. TMD revenue for the quarter ended September 23 is Rs 1046 crores as against Rs 944 crores in the previous quarter, resulting in an increase of 11%. When compared to the quarter ended September 22, the increase is 12% and the profit stands at Rs 189 crores as compared to Rs 162 crores for the corresponding period last year. Currently, we hold an order book of Rs 4300 odd crores, which have been lined up for execution. The ratio of sales -domestic versus exports versus spares is 75% for domestic sales, 11% for exports and 14% for spares.

Now, I move to LMW Middle East. The turnover in LMW Middle East which stands at Rs 148 crores for the half year as against a comparative Rs 9 crores. As we know, our company was not fully operational during the last year. Hence the lower number in the previous year. The company is fully functional currently. The order book on export stands at close to around Rs 400 crores.

In LMW, China, we have been able to clock a turnover of Rs 10 crores, and we will discuss this in detail when we go into division wise. For the comparative period last year, it stood at Rs 46 crores. There has been an order book on hand at LMW China stands at around Rs 22 crores. Now, on the Machine tool division and the foundry division. The turnover in the Machine Tool Division and Foundry is Rs 515 crores for the half year ended September 23 as against Rs 495 crores for the corresponding previous period. Out of this, 10% is foundry turnover. The balance is towards the turnover of the Machine tool business. With respect to ATC, the turnover stands at Rs 84 crores for the current H1, and the corresponding period previous H1 stands at Rs 53 crores. And again, the reason we have been able to get a fairly significant increase in turnover has been because of the fact that there are a lot of orders which were pulled in, and this has resulted in a significant increase in the turnover and the corresponding profitability of this particular division. I think this is a brief from our side, and we are back to the discussion. So you can start the interactive session, Mr. Sameer.

Moderator: Sure Sir. Thank you so much. We would like to go ahead with the interactive session. I would request the attendees to please raise their hands if they would like to ask questions after communicating your name and status. And we would also request people to go ahead with raising their hands so that we can take your questions accordingly. The first person with the hand raised is Mr. Chetan Doshi. Mr. Chetan, you have been unmuted. Mr. Chetan, we are ready for your question. You have been unmuted.

Chetan Doshi: First of all, congratulations on the good set of numbers. My first question is can you throw some light on LMW Aerospace Limited? What are your future plans, and how are you going to go ahead for the next six months? What are your targets? Where do you want to put this division in the coming six months? Because I see in this results you have shown some loss in companies after turnover of say Rs 160 crores. What is the break-even for this unit?

V. Senthil: Okay, and any further questions?

Chetan Doshi: Another thing is that there is one single investor who is holding a large chunk of shares. So as far as the company is concerned, do you allow this kind of or you are planning to have them on the Board? What is the company's scenario on this?

V. Senthil: Okay Sir, any other questions?

Chetan Doshi: No, thank you.

V. Senthil: Okay, thank you for the question. I think with respect to aerospace, I quite couldn't get what he said about Rs 160 crores loss. I'm not very clear that Rs 160 crores and loss question but let me try to answer on the ATC side. See, the ATC business, what we have over the last few years transformed this into. There are two parts to this business. One is the metallics business, and one is the composite business. And whilst we started off with metallics, over the last four years, we have invested in composite as well. Now, we have stabilized the metallic business to a large extent. And that is where whilst two years back would have kind of seen loss, last one and a half years, we are consistently able to focus our capacities on specific orders, which are repeat in nature. They are all export orders, and they are all towards aircraft parts. These are all types of parts: engine parts, door parts, and various types of parts. Now, the benefit of this particular aerospace business is the fact that we have long-term orders. So, when I am talking about long-term orders, we are talking about orders for five years. And during COVID, while these orders were there, the pull was not happening. And today, for the last one and a half, two years, there has been a lot of pull, at least for the last one and a half years. So, we are able to execute this. Now, this business also requires us to plan for these in advance, which basically means that you're asking me for six months. In fact, we plan for this for a year in advance because the way the metallics business we operate in, it's a very large field. Aerospace is a very large field to operate. And the way where we are operating, we are operating in a space where our raw materials, most of it is imported. These have long lead times. And in essence, because we have a five-year long order book, we also plan for that long. Not in terms of raw materials, but at least we plan for six months to a year in terms of raw materials and other things. The order book in this particular ATC on metallics stands at close to Rs 300 odd crores, which needs to be executed over a period of four to five years.

So there will be a constant - the run rates can be maintained so long as the pull happens. Now, where do we want to get to? That is where we have invested a lot in composites over the last like I said, a couple of years or almost four years, we have been investing in the composite where we have built capacities, where we continue to build capacities in the composite business. However, the composite business is largely dependent on the, currently the order books are based on programs which the Government runs, and our capacities have been meant for that. We are finding that we have not come to a utilization level within this particular capacity utilization within this particular division, which gives us that breakeven. And as we can see currently, in the current quarter we are doing close to Rs 10 crores. That is almost, the margins here are close to 15%-18%. I think this is the margin which generally is possible, except the fact that these are possible only when there's a full complete capacity creation. We have to continue to invest in this particular business. So the race here is to achieve that incremental turnover, new orders and full capacity as we go forward.

So since you asked me about the target, the target for this is that we at least anticipate whatever you invested, which we still are yet to see 1:1 return between metallics and the composite. We have invested close to Rs 120-150 odd crores. I think we ideally would like to have 1:1 return on this in terms of a turnover, and if we actually add material cost also, it will definitely go up. But we are not yet there because we have capacities like I mentioned, and it is something which we are working very closely to ensure that our capacities get used. Now, I think your second question is on a large shareholder. I think there is a shareholder who had been with us for quite a long time. I think I'm not very clear what the question actually meant, but you have as much information as anyone else, and you know what our public shareholding is. Okay, thank you.

Back to you, Mr. Sameer. Can we go to the next question, please?

Moderator: Sure Sir. Thank you so much for answering the previous one. Going ahead to the next question, we have with us Mr. Manish Goyal. Mr. Manish, you have been unmuted and we can also have your video turned on if you would like.

Manish Goyal: Yeah, sorry. Can you hear me, Sir?

V. Senthil: I can hear Mr. Manish.

Manish Goyal: Please excuse me for the video. Bandwidth is not so great. Sir, I have several questions because, ideally, I get only one chance to ask the question. I would clarify a couple of things, and I have a set of questions. So one is that you mentioned an order book of Rs 4300 crores, that is purely a domestic order book. And the export order of Rs 400 crores you mentioned was from India, or the the Middle East? That are the two clarifications I would want to have from you. I think that total revenue of Rs 160 crores is I think both put together is what the previous gentleman was asking was, I think, for these two textile machinery subsidies where we have reported a loss of Rs 0.7 crores as per the auditor note in your results. And maybe if you can explain us to why China has been doing so badly in terms of our revenues and the order book? Sir, on the exports when we give the numbers, have you given the number of 75%, 11% and 14%? Is it for the first half or is it for quarter two? And in respect to this thing, exports does it include - this is only from exports from India entity and doesn't include the overseas entity. And in that case, that means the spares would have that export contribution. So if you can give the specific numbers as to what is the international revenue and how much is the domestic spares, that should be helpful. And Sir, on the machine tool business, we still see that the margins are quite weak despite we have taken a price hike in the recent past. So if you can help us with that, number one. Number two, how is the order pipeline in the machine tool business? We are seeing lot of investments from the electronic manufacturing segment in India. So have we started getting orders from them as well or are there active inquiry pipeline from them? Have we started our new facility? And what will be the potential revenue capacity from that new facility? And what is the status of our 5-axis machine? Have we probably launched it in the market, or what is the near-term plan? And maybe if you can allow more questions, I can come back again.

V. Senthil: But Mr. Manish, please ask I've made a note of everything we'll tell you. Please.

Manish Goyal: Yeah, so maybe, at least for the benefit of others, I may come back in the queue. But maybe if you can answer that, thank you.

V. Senthil: I think I'm sure it will benefit everyone else. Okay, let me take TMD first. TMD, when we say Rs 4300 Crores, we are talking about a pure domestic order book of Rs 4300 Crores. And the active order book within this Rs 4300 Crores is close to Rs 3300 odd Crores. When we say Rs 400 crores of export orders, these are pure export orders. These are also orders which are executable out of India and out of the Middle East. 10% perhaps out of this or 15% out of this are the orders which have started getting booked in the Middle East. Ideally, as we go into the future, the entire work will be done out of the Middle East. And the order book would basically stand in the hands of the Middle East in the future because the entire structure, everything that is global would be handled out of our Middle East office.

Now, let me also throw some light on our exports in terms of China specifically. I think we should remember that in China we were not able to get into China till late December last year. So somewhere, post Chinese New Year, we have been able to get into China. So that is almost in Q4. Somewhere in the Q4 of last year, we were able to get into China. And over multiple calls, we have been mentioning that while we had literally been able to be down to one gentleman as against we had at least close to a dozen people taking care of from India in China. But since we could not actually physically go there because of all the issues and the way the business works there, we have not been able to establish a lot of running orders. And China had a very strict COVID policy, as you are aware of and what we have informed in the past. So the outcome of what we see here today is the fact that there has been a gap in our addressing the market there because our service teams or sales teams were not present there. And with the 1%, it was not quite possible. So we have been able to get export orders, we have been able to execute domestic orders. But this gap has come because we have sent people for the last six months. We have been reinforcing our team, and we have sent a complete set of team into China. So this is going to take some amount of time to re-establish this. We have to appreciate the fact that three years we have not had anyone for almost three years of COVID but at least two years, one and a half years to two years. It has been a tough time for us there. That is the reason we are seeing this gap, and we are doing all that is required to get the orders back, as far as China is concerned.

The profitability angle on the overall Rs 160 odd crores. Yes, the external turnover from these two places is Rs 160 Cr.. But there is a profit in the Middle East, and there is a loss in China, and that is where they are negating each other, and there has been a net zero impact. I think that addresses both the China question and the profitability of the export. Both Middle East and China. Now coming to 75, 11 and 14, when we give these numbers out when we say 14% spares, we are talking purely on the domestic spare side. For us, machinery and export spares, everything goes as exports because ultimately it's exports. So we are talking about 75% of domestic machinery 14% of domestic spares, and 11% of all exports put together. And the export turnover, what we said in the Middle East is over on top of the exports, what we are declaring, what we are mentioning, so that 75, 11 and 14 is applicable to the standalone turnover of TMD. I think I've covered all the TMD questions. Now coming to Machine Tool Division, as I always say, the Machine Tool Division, the Order pipelines are always 1.5-2 months, not more than that. Whatever you see, you can calculate it for another 1.5 months and that will be the pipeline.

With respect to the margins yes, we are seeing incremental turnover are slowly just creeping on. We like to inform like that and we have something like that. We are reflected that margins going up. One connection I think from which I would like to make this year. We have not done my price solution as far as concerned. We built a price solution in the previous year for MTD. We did not do a price revision in the current year. With all our capacities, which I've already mentioned in the past, we are capable of reaching Rs 1000 crores of turnover with the existing capacities as it is. And we have invested for this kind of capacity. I think that covers all the questions. I leave back to you, Mr. Sameer.

Moderator: Thank you so much, Sir. Thank you. Proceeding with the next person with the raised hand we have with us, Mr. Rishabh. Mr. Rishabh, you have been unmuted. We can also have your video turned on if you like. Yes, Sir you're audible.

Rishabh: My first question was in this year's AGM, Mr. Sanjay spoke about the big opportunity from two products. So I just want to understand how many years before we see some significant contribution from these two products in the overall TMD portfolio. And my second question is, is there any margin differential between these two products and the existing TMD product pipeline? And if you can quantify how much is the margin differential here. And secondly, on the ATC Division, you mentioned that we have demand visibility for the next five years. So how soon before we fully ramp up the existing facility and we might expedite the capex plans here in the ATC division. And one more question here is are you bidding for any major orders, if you could share some highlights because you said we are on Rs. 300 crores of order book so that might get achieved in the next one or two years. So after that, what is the game plan here, Sir?

V. Senthil: Okay, thank you. I think I also will cover the 5-axis, which Mr. Manish Goyal asked. I think I missed it over there. So, TMD, yes, we are in the process. While our Chairman spoke about both the Auto coner and the Air Jet, the winder machine and the Air Jet machine. We are coming out with the winder first and our target, like I have also mentioned in the past, I think we are in the process of launching the product. There will be a limited launch. We will inform you where these machines are when these things happen. It is slated for Q4 of the current year. In terms of the numbers where we see the numbers, I think it's too soon. I may not want to comment now. I think once the commercial launch is done, I think that will be the time I would be happy to share what the anticipated numbers are and we will definitely do that. With respect to the 5-axis machine, Mr. Goyal, I think the answer remains the same whilst the commercial launch of it has not happened. So I have not been able to I can't give you the numbers and where it is kind of placed. So we would like to leave it at that. With respect to ATC, since I think the question on ATC is that yes, we have lot of opportunity in terms of what we would like to do and we have to pick and choose that opportunity very carefully. And the current capacities today as we see the current capacities are pretty much full with respect to what we're delivering itself. The Rs. 300 odd crores of order book over next four years on an average close to four years of order book. Now, this is not something which we will deliver because like I already mentioned, this is a pipeline order. So we sign long term contracts and when you add up all these things this is the number it comes to. It's close to Rs 300-400 crores. It's almost Rs 100 crores of requirements a year. So our effort is to keep investing in capex as we try and prove the new set of components for which we take order. So your question on the order pipeline, I think we work on a similar set of numbers. So whatever you see as a yearly turnover, our effort generally our pipeline is full of similar set of orders where we have to do our RFQs. And as you know this is a completely L1 kind of a scenario where we have to bid and once we are able to bid and we are able to establish then we go into what we call FAI and then we go into regularized production. Again, this is a long term process. So when we start now, by the time we do a RFQ to conversion to a regular production it may be anywhere from 12 months to upwards of 18 months or 24 months depending on where they are currently sourcing and where they want to exit and they want to come to us. So, the plan here is invest where we would like to kind of grow which would be high value added components and the type of parts also we want to get into. So the risk in this business is also quite high. The liabilities are quite high. So we have to be also very clear in where we would like to place ourselves. So we continue to invest and we continue to grow and we continue to do affairs and that you will see. So already this year we have invested in ATC. Last year also we have invested in ATC and you will see year on year we'll continue to invest but this investment will not only be in metallics but also in composites. And that's where I explained initially that we look at this business as two distinct businesses. Of course both get imported under ATC but these are two different things and we need to grow in the composite side as well. And that is where all the investments are going to the investments is going to go and that is the right capital allocation strategy for us. Okay. Thank you. Back to you, Mr. Sameer.

Moderator: Thank you so much, Sir. Thank you. Next, we have with us Mr. Aniket Mittal. Sir, we are ready for your question.

Aniket Mittal: So, a few questions. Firstly, on the ATC front, again, if you could quantify the type of investments that you would be doing on the metallics piece. And secondly, on the composite front, I think you've made some Rs. 70 crores worth of investments. What is the maximum turnover that the composites piece can achieve for us? Secondly, on the MTD piece, if you could talk about the mix that is there currently between the turning machines and the special purpose machines and also provide us some understanding on what's the margin difference between the two and the reason for that. And thirdly, if you could just share your outlook on the textile machine division. The order book has come down, particularly the active one is about Rs 3300 crores. If you could dwell a bit on that. The fourth question that I had, and I'll squeeze this in, is when I look at the annual report, the miscellaneous expenses are almost about 8% of your overall other expenses. So if you could just highlight what does these miscellaneous expenses entail? Those are my questions. Thank you.

V. Senthil: Okay. With respect to the type of investments in machine tool division in machine tool. Sorry, I think the first thing was type of investments in ATC. In ATC the investments which on the metallic side would basically be metal cutting machines, predominantly are metal cutting machines in terms of heavy investments. Our shop, we have a special coating shop, we got a sheet metal shop, we got a machine shop, we got an assembly area. But within all these things, the special coating shops and the metallic machine shops are the ones which generally take the highest investments. With respect to these and where we would like to invest, I think this would be the two areas we will be investing because this entire metallics is about metallic parts and removal of metal. That is the center most of the business above. With respect to the composite, it's a variety, as you can understand, composite is layering of material and baking of material. And then there's a lot of tooling involved in it. It is more technical in that sense. And we are investing in quality equipment. We are investing in large clean rooms and many things along in the composite side of the business.

With respect to composite, whilst we invested close to Rs 70 odd crores, I mean, like I already mentioned, our expectation is 1:1.5 kind of turnover on this business. So, yes, we have invested Rs. 50 to 60 odd or Rs 70 crores. You would expect a similar kind of return in terms of the composite business. But you should also understand that in certain cases, the material is issued by the customer. In such cases, you would only find the value addition, which comes as a turnover here. But we know where we need to be as far as composite is concerned. Now, coming to the machine tool division, the percentage of turnover between turning centers and machining centers, we still have close to 80% of our machines are turning center machines. On the margin side, the turning centers are having a higher margin compared to our machining centers. We may not want to share the margins with you on the call, but why the machining center margins are lower? Because our market share and it's a developing market for us, and that's the call we have taken as far as the machining centers are concerned.

TMD again, thanks for the question. As you can see, yes, the order books have reduced. We are currently using our existing order books for the delivery. The industry has gone through a very tough time, and it has not been a very comfortable last six months. And it is not only within India. I think it is the same globally. It has been a quite challenging time. Again, different countries have got various challenges, and every quarter we are going through some or the other type of challenges. With the latest one, which has started less than a month back, I think we see that our anticipation is that we have seen the slowdown from Q3 of last year. I think we have to be careful, really, to say when it's going to go back up. We don't have a clarity at a global level to say when things are going to come back to a normal situation. And that definitely we are very aware of this particular challenge. What we face, you know, the prices on cotton, it has been volatile, and now it is for last perhaps six weeks, it has been steady. And the geopolitics of it, the fact that the movement of fabric between countries, a lot of things are affecting this, but one thing we still feel is, again, going back, we know that a continued slowdown wouldn't be the case. There will be a time where the investors in the mills, the promoters of the mills, would be comfortable enough to restart the orders and then start picking up the machines and start issuing new purchase orders and start picking up the machines. I think we are sure it's going to come, but we can't really give you a timeline in terms of three months or whatever by when this will happen. I think with respect to the miscellaneous expenditure, I think there are certain expenses like advertisement, travel, and others, which are part of this miscellaneous expenditure. Okay, thank you. Back to you, Mr. Sameer.

Moderator: Thank you so much, sir. Thank you. Going ahead with the next person. With the raised hand we have with us, Forum Makim, you have been unmuted. We can also have your video turned on if you like.

F. Makim: Hello, sir, congratulations on a good set of numbers. Sir, we spoke about entering into some new products. So, one of our holding companies, Lakshmi Electrical, is talking about entering into segments like smart meter and electric vehicle charging system. So, could you shed some light on the same?

V. Senthil: Ma'am, any other questions?

F. Makim: No, that's it.

V. Senthil: Ma'am, LECS is an independent listed entity. It's nothing to do with us. So I'm sorry, I can't answer that question. You need to talk to them. Thank you. Back to you, Mr. Sameer.

Moderator: Thank you so much, Sir. Thank you. Going ahead with the next person we have with us, Mr. Hrithwik Sheikh.

Mr. Hritwik: Yes. Hi. Good evening, sir. Am I audible?

V. Senthil: Very audible. Mr. Ritwik, please.

Mr. Ritwik: Sir, most of the questions have been answered. Just a couple of questions. Firstly, you extensively mentioned about the textile environment. Last one year. It has been soft, and we don't know when it will recover. So, going forward, where is our comfortable order book in terms of current revenue? If you can give us a sense on that. Is Rs 4000 crores a reasonable number which gives us the 12-month visibility on the domestic front? So, is that a reasonable order book currently? And second question is on machine tool. Earlier, one of the participants on the 5-axis machine I believe we are trying to get into this market since a while. So, is there any hindrance in terms of technology that we have that we are not able to get it commercialized? Wanted your thoughts on the 5- axis machine? Second question on the machine tool segment is what is the realization for us on a blended level? The machine center and the turning centers? And where do you expect this to move over the next three years? Assuming we go up the value chain, we launch the 5-axis machine sometime in the future. So where can this realization per machine go? And my last question is on the dividend payout policy. Sir, we have a very strong balance sheet with Rs 1000 crore+ cash on the books and strong cash flow as well. What is the thought process of the board if you can share on the dividend payout policy? Because if we look it is less than 50% over the last few years. With this strong balance sheet is there a thought process on the dividend payout policy? So that's it from my side and best wishes for the upcoming festive season. Thank you.

V. Senthil: Yes, thank you. Mr. Ritwik, I think I did notice that you raised the hand at the first and I think somehow got back in the line. Okay. Now with respect to the comfortable order book, we are all comfortable if we are sitting on Rs 6000 crores. And if you ask me when I'm 6000 Cr. I'll say I'm comfortable if I'm sitting at Rs 10,000 crores. I think we know the business doesn't work like that. The end of the day, textile machinery business is capex based, highly capex driven business and subject to economic cycles and geopolitical cycles everywhere. And today the environment we are in is very challenging. I mean I just don't want to start because everyone knows what's happening in various parts of the world and you are reading it, you are seeing it and we are experiencing it. Is Rs 4000 crores good enough? That's what we have to live with. And whilst all effort is made to retain and increase our market share and introduce new innovative products, I think that is where the entire effort of the management goes during these times when we see that the world is uncertain. And how do we then bring in stability within the team and within the company? And that is where we try to focus on. We are okay with the current order book and if you are able to build on it I think the entire effort today is going in that like I already mentioned but as you can see if you go back perhaps little bit prior to COVID, we are sitting on half this order book also. But irrespective of where we are on the order book the effort is always towards market share and innovation and innovative products to address and bring down the cost to the end customer and produce the best possible yarn at the lowest possible price. I think that is what we continue to do with respect to the machine tool 5-axis machine in terms of technology, I always have maintained also in the past. See, machine tool division is something where we buy out most of the components, right? We make certain very critical components and our procurement basket is on the larger side compared to what we make inside with all the electronics and high precision components. But end of the day, the product which comes out should meet certain quality standards. And that is something which is critical to us when we put a product out there. And that is where the testing and all of this continues. And that's where, like I said, I was not going to give any numbers on this product. And when it is out there, it is out there. Once we commercialize it, we'll definitely let you know, and we can talk numbers from there on. In terms of on the blended value of the machines, I think our value on an average comes to around Rs 22-24 lakhs kind of a scenario. But for us, I think this particular business we have to understand machining centers are a lot more expensive than turning centers. And one more thing is the solution that is, there are other bits and pieces which is put on the machine and it's a solution which is being given. So there are various ways in which the value chain of this machine tool business works. It goes from standard machine, it goes to a solution which is being given to the customer. In these, you have both turning centers and machine centers. And we do not make any special purpose machines. I think that was one of your questions. And we don't make any special purpose machines. What we give out is solutions along with the machines that could be in terms of productivity and robotics or what not. With respect to the dividend payout, of course, you know, there is a consistent dividend policy. We continue to follow the dividend policy and we continue to be guided by what the board decides as far as the dividend policy is concerned. Okay, thank you. Back to Mr. Sameer.

Moderator: Thank you so much, sir. Thank you. Proceeding ahead with the next person with the raised hand we have with us, Ananth Shenoy. Sir, you have been unmuted. We can hear you, Mr. Ananth.

Ananth Shenoy: Okay, I had two, three questions. First one is about the Machine tool division overall. Can you talk about our capacity utilization in this division and at industry level also, where do you see the capacity utilization currently? You mentioned in response to an earlier question, about Rs 1000 crore is our total capacity, but we have already done Rs270 odd crores in one quarter. My next question is about special purpose machines. You mentioned that we don't do special purpose machines, but we give solutions like at an industry level, we see a lot of companies do special purpose machines, like why we don't do and what is the rationale for not doing that. And my third question is about like if I see the machine tool division margins. Before COVID we used to do double digit margins. Now we are at a single digit. So, what is the reason for this margin to before COVID to have higher margins and now it's lower and under what scenarios we can reach the pre COVID margins. And my last question is about general working capital in this division, and do we get any advance from customers in this division? If so, how much? Like roughly 5% or 10% of the sales or order book. Can you talk about that please? Thank you.

V. Senthil: Thank you. See, earlier I mentioned two things. One, I said our current capacity stand at Rs 1000 odd crores. And I also said we are expanding in terms of the square footage also for this particular division and what we generally maintain and what we are told also is that fairly for this division, what we require is an assembly space. And what we require are machine shops. Because we pour our own foundry castings. So these are the two critical investments as far as enhancement of capacity is concerned for this particular division. So once that comes in and we expect it to come in the full-fledged expansion to get completed because currently we are investing in that. We are putting up buildings, we are putting up I mean, all that comes in perhaps by end of the current year it would come in and it will give us a possibility of another 20% capability to scale up our capacities. That is what we are currently looking at. I think your question, the margins, what we have done over the last again, if you had followed us through the last four years in this division when we have been increasing our where we have been increasing capacities and doing higher and higher turnover. Previously it was turning centers and we have been introducing newer set of machines. On the machining center side, we got a series called J series and that goes from J one to J nine. And these machining centers today, which constitutes close to 20% of the turnover, are at a slightly lower margin, which was also, I think one of the questions which Mr. Ankit Mittal had asked. So that is the reason the margins, whilst we are able to get a higher turnover, the product mix is one of the reasons why we see margins have kind of tapered down. Plus, the fact that we have invested in these additional capacities and we have not still gotten to the what we already built two years back is Rs 2000 crore. So we got capacities, we've got everything, but the cost is there, but we have not achieved the 1000 cr turnover. And that is the reason. These are the two critical reasons why we see slight dip in our margins. The way we run this particular business, similar to TMD, we get a 10% advance on orders. We also have machines which are booked, paid for on delivery within seven days anywhere in the country. So, you can go onto our website today, you can book a turning center and anywhere from Kashmir to Kanyakumari, within seven days, we can deliver these machines. These are book and bill machines. So, we have inventories which we build and that's the way the business works. So, I think that answers all the questions. Back to you, Mr. Sameer.

Moderator: Thank you so much, sir. Thank you. Going ahead, we have with us Mr. Abhineet Anand. Sir, you have been unmuted and we are ready for your question.

Abhineet Anand: Yes, hi. Thanks for the opportunity. So, my first question is in 23 how much million spindles did you deliver and one is of this year, how much have we delivered? Second is that presently what's a typical per spindle price versus what it was pre COVID. And third is that in textile division, how much do we import components? And fourth is that we have been talking about PLIs etc. that the government is implementing. But a lot of those are more focused towards garmenting. So, do we have more products which actually suffice to that segment of textile? Thank you. Those are my questions.

V. Senthil: What was the second question, please?

Abhineet Anand: Second question was basically on per spindle price, what is a broad price range and also now versus pre COVID.

V. Senthil: So, if you take FY 22-23, our total spindle price was closer to 20% plus. So, the price per spindle before COVID and the price per spindle after COVID there is a delta of little bit more than 20% I would say in terms of the price per spindle. In terms of imported components, I will add a split between I assume this is for TMD is what you're asking. So TMD imported components stands closer to around 20% to 23% of the components are imported components what we use, and these are mainly on everything from metallics to electrical electronics. It covers the entire range. With respect to the PLI schemes, yes, the PLI is for it's been very well articulated and a very clear requirement as to the end. It benefits the end garment; garmenting companies and it is basically to push our exports or replace our imports. So, our range of machines are within the spinning range. So we are talking about blow room up to wind up and we are not talking about any equipment which we make which is beyond the wind up. But we are not talking about process of weaving or knitting which comes post thinning. But however, we are very positive that when there's a pull from the knitting and the end garmenting customers, that is our customers customer obviously it would benefit companies which are spinning units and obviously that will go on to mean that we are going to do well as well. I think that is our take on PLI schemes for the end customers customer. Thank you. Back to you Mr. Sameer.

Moderator: Thank you so much sir. Thank you.

V. Senthil: We've got four more minutes so I think we can take the question.

Moderator: Yes, sure. We have with us Mr. Avish Bhansali. Mr. Avish, you have been unmuted and we are ready for your question. Yes sir, we can hear you.

Avish Bhansali: Yes, I just had three set of questions. One from the TMD side. So as the world is moving more towards the sustainable and recycling side so what are our plans on the recycling and sustainable machines manufacturing? And on the ATC side, can we get the segregation of the composite and what is the division metallic side of the revenues? And also as we mentioned on our website that we participated in the Mactech event. So how was the overall response from that event and did we see any new orders or something like that? Thank you.

V. Senthil: Sorry, I couldn't understand the third one. What was the third question?

Avish Bhansali: We participated in the Mactech event. So did we see any new inquiries of the orders or new orders? We received something about that event.

V. Senthil: So with respect to, I think the first question, very interesting and very good question in terms of recycling and sustainability the entire world is moving towards recycling and sustainability in terms of fabric to fiber. And there are again, two types of recycling, as what we understand is chemical and mechanical. And our machines today are capable of being a part of the mechanical recycling process. And our machines are also capable of handling the recycled fiber which comes back into the system. So the virgin fiber along with the recycled fiber is what goes into the system, again, into the spinning process. And our missions are capable of handling this. I think that answers the first question with respect to ATC composites versus Metallics, it is again at 10:90, 10% is composites, and Metallics is still 90% of the turnover is Metallics. As of this particular H1. With respect to the exhibition which you have attended, I think we have a funneling process. Whatever comes through in terms of inquiries, we convert it, but we don't pre-sign contracts there. It is a follow through. And we'll be following through. We monitor them and we follow through. And it will reflect in our turnovers in the forthcoming months and quarters. Okay. Back to you, Mr. Sameer. I think I think there's one hand I think it's Mr. Mayank, I think we can go ahead.

Moderator: Sure, sir. Sure. Mr. Mayank. Chaturvedi. Sir, we are ready for your question.

Mayank Chaturvedi: Question from my side on the imported content that you talked about of 20% to 25% on the TMD side, would this lastly include control equipment? And is it the same with turning and milling machines as well?

V. Senthil: I think on an overall basis, the machine tool division has got lot more imports. I think if you're looking at it, it's close to 30-35%. But you are right. It is on control equipment. It is on high precision linear motion equipment. These are all things what we import. Of course, we make our own critical to the quality components internally. But both the end control equipment, the linear motion equipment is imported, but promoter laws also sometimes imported for us to make high pression components. So, the import varies. What I'm trying to say is the import varies from raw material till the electron equipment. It's a range of things what we import. Thank you. Back to you, Mr. Sameer.

Moderator: Thank you so much, Sir. Thank you so much. Thank you. So this brings us to the end of all the questions from all the people who raised their hands. Thank you so much, sir, for answering to all of those. And this brings us to the end of this very meeting. Thank you so much, sir. Thank you.

V. Senthil: Thank you all. Thank you and wish you a happy New Year and see you next quarter. Bye.

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