

ANALYST MEETING TRANSCRIPT

Moderator

Ladies and Gentlemen, good day and welcome to Lakshmi Machine Works Limited. Q2 of fiscal year 2022-23 Earnings call hosted by NSDL. As a reminder Participants will be listen only mode.

I just want to confirm my audio is coming?

OK, now is it better? It's better.

OK, thank you so much for helping me with that. OK, so we can begin now.

Ladies and Gentlemen Good day and welcome to Lakshmi Machine Works Limited. Q2 of FY22-23 earning called hosted by NSDL. As a reminder, participants line will be in listen only mode and there will be an opportunity to ask questions after the brief by company officials. Please note that the call is being recorded with Samir from NSDL. We have with us Sri V Senthil sir, Chief Financial Officer, and Mrs. B Dhana Lakshmi, Senior General Manager of the company. Over to you, Sir.

C.F.O

Good afternoon, everyone and thank you for joining Lakshmi Machine Works Limited earnings call for Q2 for FY22-23. We will have a brief about the overall performance of the company for the period ended September 22, followed by an interactive session. To begin with let me explain about the overall Performance of the company for H1 then we will proceed with the segment performance and then on consolidated performance.

The financial results have been already posted on the company website and hope you had the opportunity to go through the same. I am happy to share that the company achieved the turnover of 1168 crores in Q2 which is 20% higher compared to the Q1 of FY22-23.

This milestone was achieved by the company amidst lot of challenges on exchange rate, logistics and shortage of parts i.e. mechatronics items and things like as such. The revenue achieved for H1 is ₹2140 crores compared to ₹1228 crores in H1 of FY21-22 and there is a growth rate of around 74%.

During FY22-23 the H1 profits of the company before exceptions and taxes is 222 crores as compared to 80 crores during H1 of FY21-22 and there is a growth of around 176%. Even if we have witnessed a substantial growth in turnover. We have also witnessed a substantial increase in input costs as well.

Moving on to segment performance, TMD contributed to 74% of the turnover. MTD and foundry to 23% and ATC to 2% of the turnover. Now for TMD. The market scenario is being quite challenging for the spinning mills and the capacity utilization has been low over the last 4 months. The yarn demand also had an impact because of lesser exports and also the demand is going down.

So nonetheless, it has been a very very challenging situation for all our customers which we currently face. However, we are being able to achieve this turnover because we have been able to ship out for the projects which were already been in place, where the funding for the customer is ready and the machine shipments is planned and executed accordingly.

So, revenue for H1 for TMD stands at 1700 crores as against a revenue of 902 crores by H1 of FY21-22 and there is a growth of 88%. The profit for TMD is at 162 crores during H1 of FY22-23 as against 25 crores of H1 of FY21-22 and this is quite a substantial growth of close to 500%.

The Increase in turnover is based on incrementally pushing for higher output from the existing machinery and bringing in balancing equipment and thereby trying to increase our turnovers. So, we have been able to continuously increase our turnover quarter on quarter and was trying to meet the Order books commitments in a timely manner as well try to reduce the timeline for execution of the orders.

With respect to the order book, we still have an execution time of close to 12 to 18 months between the various types of machines. We are also happy to note that there has been an order in flow which is similar to the amount of shipments what we have done. So, our domestic order book still stands at close to 6000 crores and for exports we have close to 600 crores backed by LCs' on hand.

With respect to market share, in overall market share, we are close to around 70%. And once we get into the questions, we can give details of it later on. With respect to the performance of our subsidiaries, we are very happy to inform that LMW Textile Machinery (suzhou) Company Limited, the Chinese subsidiary has clocked a turnover of 146 crores for H1 of FY22-23 as against 81 crores of in H1 of FY21-22.

The Profit stand at 17.32 crores for H1 FY22-23 as against 3.62 crores for the same period last year. As you are aware that we had started our operations in the Middle East and we have been able to clock a turnover of 19 crores for H1 of FY22-23. However, because of the initial setup cost, there is a loss of around 1.6 crores for the same period.

We are currently manufacturing rather assembling the preparatory machines in UAE for the last 6 months.

Now I go to MTD. Revenue for MTD stands at 495 crores for H1 of FY22-23 as against 348 crores for the similar quarter previous year, which shows a growth of room 42%. The profits for H1 of current year stands at 31 crores as against at 32 crores for the same period of last year, but there has been a slight decline of 3%. The impact of this, 3% can be explained because of the higher import material content, higher cost of input material, especially the forex having depreciated around for the reasons as to why we have been able to only maintain a flat line in our profitability as far as this division is concerned.

With respect to the order book, we have been able to maintain a similar one and half months of order book for this division. With respect to the share of business from auto and non auto segment, non auto segment contributes to 55% and auto segment contributes to 45% in this

particular division. Now for ATC, the revenue in ATC is 53.22 crores as against 17.35 crores in H1 of FY21-22.

The profit stands at 1.71 crores for the current year as against a loss of 12.8 crores for the similar period last year. We note it is important that the order pool has started in this vertical, hence we see a higher turnover and we have also used the time when there was no demand and used the time to manufacture and keep and when the pull has come, we have been able to deliver where we're showing fairly considerable turnover for the current quarter. And we are now ensuring that we try to keep the run rate similar to what we've seen. We are trying to reach break even and also start making profits from this particular vertical.

I think this is the brief I would like to start with. Now back to the moderator and we can start Q&A from here.

Moderator

Thank you so much Sir. We can continue with the interactive session. I would request the attendees to please raise hands if you would like to ask question after the communication of your name. And unmute status. The first person raising his hand for the question is Mr. Dhaval Shah. Mr. Dhaval, I would request you to please go ahead with your question and if possible, we can also have your video turned on.

Mr. Dhaval you have been unmuted. Mr. Dhaval if you could hear us. Mr. Dhaval we can see you, but we cannot really hear you. But we still cannot hear you. I believe you're trying with the earphones plugged in. Is it possible to pull the earphones out and have your questions? Yes, Sir, we can hear you now.

Mr. Dhaval

Yeah great. OK. Hello Sir, thank you for the opportunity. Sir first question is on the order book. So last quarter I mean we did a call in August. We were at around 7000 crores and now we are roughly near there, in terms of your order book so, if you could, you know, elaborate what How do you see the future or the near-term order you know Order visibility for the textile machine division given the you know the the weak period, the industry is going through right now, that's my first question.

My second question is on the machine tool division. So there, you know we have a. We are increasing our share of non auto and if we were to, you know take a 3-to-4-year view on this business, where do we see this business growing to and also elaborate on the products. How do we increase the wallet share of the customer? Which are the products we are doing in this division?

And my 3rd question is on the ATC business. As you mentioned, the order previous started and we also see we are forming a new subsidiary where we are investing 50 crores for the working capital requirement. So even on this side if you could elaborate you know more on the customer side, what kind of work are we doing? I understand we have been working on these divisions in some very long time and now we are seeing a very good traction. So, you know there also if we can talk about the product, the customer, what's your arrangement you have? Are you a Tier one

supplier or a Tier 2 supplier there? And and the future for this business? So yeah, these are my Questions you know to start with.

Thank you so much Sir, thank you.

C.F.O

Thank you, Mr. Shah. So, with respect to the order book, you are absolutely right. We have closed around 6500 crores of order book and we have seen that the first half we have seen a similar order flow coming in right in terms of domestic. Of course, the market is not really supporting, it is going through tremendous challenge and we are able to absorb it with the fact That there's lot of components capacitation's reduced, but still people would like to invest because what we are saying, what we have and what they're seeing is a fact that if all the levers which the government has given be it in terms of product lead, in terms of PLI schemes be at in terms of all the schemes for supporting the China Plus factor what they call it. With all such positive factors in place, definitely the outlook for longer term is optimistic. Other than the factors mentioned our customers are investing for longer term and these are all projects which have machines with 15–20-year life you know. So, customers are still taking the call to go ahead and put up their projects and book orders with us.

I think the customers with long term focus, continue to invest. Yes, we have seen short term challenges where people who are individually upgrading some or modernizing their mills. They tend to postpone, but still maintenance cost will be considered in such cases. So, this is a long-term play, and there is confidence that the order flow will be still there.

This is as far as domestic market is concerned and as far as export is concerned, we are seeing similar things happening in other countries where the spinning is coming into the country. Let us take the example of Bangladesh. And it has done quite well. Similar to how India has benefited, Bangladesh has also benefited. Turkey has benefited to some extent. Ofcourse Turkey has its own challenges in terms of currency, inflation, etc. But we are also seeing that lots of orders had gone into Turkey because of the plus factor, so yes, so we are seeing this order flow to continue.

What is the type of order influence happening? We have mostly 60% cotton, 40% synthetic. That kind of a flow again across the border, across the country spread into north, west, south parts of the country. It is across the country and as you know recently Jammu and Kashmir is getting special incentive scheme to set up textile mills.

So, I think the textile mills are taking advantage of the current situation which is, we should say from the support side it has been the best, so that is how we we see it and we hope that over the period of next few months there will be demand because of geopolitics. The possibility for demand to come down also there. We know that Europe is in a very tough situation where the energy costs have shot up so high. We're talking about a steep hike i.e. they are proposing new rates such that their energy costs will shot up by 400%.

Technically U.S is looking good, but there are some challenges there also, so we do see this as a challenging period, but definitely will come out of it. And that's where all our customers are doing the long-term planning, and that is the reflection of the order book. Now, with respect to the

machine tool division, since it's a little bit of a broader question which you have asked, so let me try and answer this.

So, we are basically into 3 types of machines. First is turning center, then vertical machining centers and we have horizontal machining centers. We have close to 22% to 25% market share in the turning centers. And we have a single digit market share of around 7% or so in the machine centers. So we see that and the non auto sector definitely is on the growth trajectory and we have been introducing new machines, and a quarter out of machines are towards the non auto sector over the last couple of years and we have also been very clear in terms of investment into this business because we are currently at 60-65% of capacity utilization as far as Machine tool division is concerned and because we've got enough capacities there to deliver more.

So, the product portfolio is to support auto sector as well as non auto sector. In non sector, we have general engineering, Pump and Valve, Die and Mould, so at least close to 25 sectors where these we have different models to cater to different sectors. Whilst we don't give out any specific numbers saying that this is what we would be doing we see growth in performance in this division with current capacity utilization level of 60-65% We have enough capacities to grow in this particular segment of MTD. But the challenges of the MTD is only the fact that it is predominantly imported material, so there is always a challenge for MTD on cost of inputs. Whenever there's a foreign currency depreciation, there's a direct impact in MTD business. But yes, this is a growth area. Very large market available and we are we are the price leaders here. Our machines are more expensive than the 4 or 5 competition which is out there in India.

But at the same time, the high spec and higher quality machines are delivered out of this particular machine shop or the machine tool division. And now let me cover the ATC division, yes, we have been in this particular business, for quite some time now, it's close to a decade or little bit more. We have the order book in these divisions are quite strong, but as we had seen during the time of pandemic and post pandemic, if there is no pool there is no value for the order book. So, we have seen that we have considerable losses in fact last year and we had taken drastic action to try and resize the business so that we can start delivering and the orders start picking up and we are seeing it happening in the first 6 months.

The order book for this business over the next 5 years, because these are all orders which are given to us for what we call long term executions. So over next 5 years we got close to a 400 crores of order book for this particular division. But again, everything depends on the pool. Now to get to give a slight understanding of this division. This division is divided into 2 aspects. One aspect is metallics aspect where we effectively do machining. And we supply components right from a small component up to a 10-meter-wide component. So, we make various components for the customers, but we can't give you customer names.

So, we can only tell you what type of components, so again. We make components for engine parts. We make components for Commercial, we make components for defence. And the other part of it is what we call the composite business. Now composite business is around 3 years old we had set it up during the time of covid. The idea here is to support to work for space and space related agencies and predominantly this was meant, and we established for Indian space business. However, we do find that because of again back to COVID, there're lot of challenges in

the way we were in there. The placement of orders and pull offs were very very slow, so we have now started venturing into the private to submit OEMs and other companies as well.

With respect to the context in which we are doing a demerger of this and making it to 100% subsidiary of LMW. This business comes with its own risks and the idea is to ring fence this at the same time to grow the business. So, an example of this would be the fact that any part is supply if it is going to be an engine part you will have to support till the last. And there are lot of follow-on risk which comes with this kind of a business. So, we had taken additional year and a half back to kind of demerge it. Ring fence it's at the same time. It also gives us flexibility to tie up, which is very critical in this business because it's mainly a build to print business.

So, all we're doing is execution of someone's design at the moment. Where in by doing that, we'll be able to grow to level one level 2. And as of now you ask whether you are Tier 1. No, we are not Tier 1. We supply to we supply to Tier 1 suppliers only. We don't make any component or subassembly for it to be supplied directly to a customer at the moment. I think this kind of covers all the aspects of your question. Back to you Mr. Samir.

Moderator

Thank you so much Sir, thank you for answering all the questions for the people whose questions have been answered, they can raise their hands going ahead with the next person with the next question amongst the attendees, we have Mr. Ritwik Sheth. Mr. Ritwik. We have you unmuted.

Mr. Ritwik

Yeah hi, can you hear me Sir? Sir very clearly.

Hello Sir best wishes for the festive season to the entire LMW family.

Thank you so much and thanks for joining the call. Thank you and wish you and your family the same. Please continue.

Thank you. Sir I have 2 questions. Firstly, on the gross margins you know with falling raw material prices, one would have expected at least some improvement in margins so you know can you throw some color? You mentioned that FX has been dampener for us, but can you mention you know what would be the gross margins outlook for the next 2 to 4 quarters given the current raw material? especially steel aluminum. And should I have a second question now? Yeah please. Yeah, yeah. And my second question is, I believe we have spent about 165-170 crores on Capex in the first half. So, if you can give if you can throw some light on where it has been spent to build up the capacity and what can be the incremental turnover from the same, then it would be very helpful for us.

OK, anything else?

No, sir as of now that's it.

C.F.O

OK, I think let me take the Capex question first. For the Capex what we have spent on is we have been spending on the balancing machines of TMD and MTD. And that is where we see the incremental turnover, in fact, we have taken up every quarter on quarter we discuss the same

thing. To actually say that our effort in the companies to get to get more out of the existing machines, and that's that. There's a lot of work which goes into doing that. So, whilst we are not going ahead, this is on top of what we're working on TMD side. Let me come to MTD side separately, so as far as TMD is concerned it is more of balancing machines.

MTD side is basically like I already mentioned, there is capacity. We're adding capacity is there. We are building up. The capacity is because we feel that that is something whereas we introduce more machines, more models, especially for the non auto segment. I think we require higher capacity. So, as we speak. We're putting up more infrastructure as far as a MTD is concerned. I should also say that for the amount what you have seen there, we have upgraded our 15-year-old aircraft from turboprop to a secondhand jet with cost of this inclusive of tax and everything comes to around 110 crores.

We have been having a business aircrafts for over 3 decades and we continue to have our aircraft for our business travel. And as you can see, our business range increased, our exports have gone up. Our internal movements have gone up, so this basically goes towards helping the travel what we have already planned.

Now coming back to the margins, I think it's a very good question and I think it's very important also to understand like if you actually see between last 2 quarters when they turn over is kind of corner. The COGS has stayed similar. There are couple of reasons there. See the steel price definitely has come down and it has supported us, but what has happened is that the transport costs and the mechatronics cost amount did not come down. So, if I were to share. See today with the cost increases, we got fairly heavy supply chain constraints on items which comes out of Europe. This scenario is same for all the electronics or mechanics parts. If you see the energy costs in Europe gone so high, and in fact they are now pushing all their suppliers to deliver, it is more costlier, we are we are pushing for delivery because even in India we are pushing more machines to move out of our machine shops. We don't want any issues on supply chain. So, things have actually become more expensive post February 2022 and it has not gone down except for except for few items. So now looking at 2 more aspects which is affecting the over all margins. Like I said, the spinning has not been very capacity intensive, utilization center so that has resulted in a slide changing the mix of our OEM and Spares.

Whilst we have in the past seeing very stand at mix of 50-25-25 it's 50% domestic, 25% exports and 25% Spares. This time we see almost 7 to 8% fall in the spares we see which is resulting in our COGS meeting the same percentage, so that is that is that is one reason. So, one reason for COGS is because of mix change and aother reason is because of the cost increase of input items.

Now all our machines are going at the revised price. Last price as you know was done in the month of December 21 and subsequently there has been no price revisions on our OEM machines and the costs are not actually significantly come down, so we are working towards ensuring that we are able to reduce our COGS as we speak.

So, from TMD's perspective, and if you were to see now, get into the segmented results we've been able to see I, think around one and half 2% increase in the margins or quarter on quarter. For that that is something which we which we hope to make it a little bit better and that's that, is the effort workload taken. We're putting lot of efforts in the cost saving side because we haven't

done 2 price increases over the last one and a half years. I think the work is towards making it better. So yes, I think this is as far as is textile machine division is concerned.

With respect to machine tool division. Almost 60% of cost of goods are imported. Forex rate hike had definitely a significant impact as far as machine tool division's margins are concerned and that we're able to see with the flatline margin growth even with the turnover growth. It has been a flat line margin growth. That is one reason. The second thing is the fact that. The non auto segment consumes more of vertical machine centers and vertical machines and centers have a slightly different margins compared to our turning centers, so that is the trade off so there is definitely a cost impact.

Now looking forward being very difficult to say where we are heading in terms of cost, like I said, we are still pushing towards more supply rather than the cost as far as purchases are concerned. We hope that we are able to come out a by February – March because I think the thing to lookout for is how difficult the winter is going to be in Europe. And that is going to set the trend both for the cost and the availability of material. So, we are quite vigorously and aggressively working towards ensuring that next 4 to 5 months we are able to have material on demand and to so that our supplies continue. So, if it means that we have to got to pay more. I think we've got to pay more to get the material in. I think that that is the way we are looking at the current scenario. I hope this answers the question that thank you back to you Mr. Samir and we go to the next person now.

Moderator

Thank you so much Sir. The next person who has raised his hand for the question amongst the attendees we have Mr. Manish Goyal. Mr. Manish, can we have your question with the video turned on. You are audible.

Mr. Manish

Yeah, thank you so much.

Good afternoon Mr. Manish. How are you?

Hello Sir, just couple of so if you can just give us a revenue breakup for TMD between say domestic exports and spares. What is it currently and how was it in say Q2 last year just to get a sense how the revenue mix has changed for the TMD? Number 1. Number 2 on the on the margin side also like last call, we were expecting that Q2 may see a better improvement and probably there was an indication of 2% increase and especially in machine tool division we had taken a price hike as well, so it's still not getting reflected on the margins. You did mention couple of reasons in terms of high forex impact, but just wanted to get a better sense. How do we see it going forward? And 3rd question sir on. Other income is quite high in this quarter so if you can explain that and maybe also what we see in TMD division also, the profits are probably is it also partly due to certain operating other operating income or other income which is always clubbed in the segment profit. So, if you can clarify that as well, thank you.

C.F.O

OK, first thing is on the revenue breakup, what is currently what we see is it is around 61-62% of Domestic, around 22% of exports and the balance around balance basically is a 16% of spares. That is the current trend which has happened in the last 6 months. When that is reflective of the fact that the spinning mills the utilization has been a low by spare so by lodging the spare consumptions and all kind of petered bound. And whilst normally what you would see is always a 50% of domestic machines, 24% of exports OEM and 25% of spares, I mean that is the that is the general trend what we have and that has changed in the last 6 months and that's that is one main reason for the margins not to reflect that you're absolutely right.

All our prices have been affected, and we did anticipate a 2% or 1.75-2% increase. In profit, but that has been taken out because of this product mix which has changed. Now with respect to the TMD. TMD also benefited from the fact the forex has depreciated while MTD has taken the brunt of it. TMD has taken the benefit of it. So, addressing your question on other income close to around 18 crores is forex income and the balance is basically interest. Now nowadays we are getting a better bank interest compared to the last year where it was 5.75 and things like that. Now we are getting close to 6.751, 1.2% higher bank interest. We are able to get and the other income is basically made up only of these 2 and nothing else.

With respect to the margin improvements on TMD and MTD both. We are now working on specific, very specifically towards reducing the cost. I mean that is what we can. We can think of doing in the current situation. Where we've been able to put a lot of effort and Supply Chain and Design. And lot of effort into this cost, cost reduction exercise, but you know there's certain things. Which are not now we are not able to have control of because of the external factors.

With respect to machine tool division, our mission tool. Yes, we did a price hike in the month of May 2022 for the MTD everything is in new prices, especially in the current quarter. But the Forex impact is kind of taken away the entire benefit. What we were anticipating to come. I think it didn't last perhaps in last quarters the currencies movement with 4 to ₹5, and that that is taken off the margin what we could have seen in MTD. I think that that that that's what is someone substance as far as reason for MTD's cost increases. I mean flatline margins are concerned. Back to you Mr. Samir.

Moderator

Sir, thank you so much for answering the questions. We would once again like to request to all the attendees that we have here. If you have any questions, we can have your questions taken up after you raise your hands. Sir, so far, we had 3 of the questions by 3 people in the attendee list who raised their hands. We see no further people at the moment.

Exactly, exactly we have Mr. Vishal, who just raised his hand for the question. Mr. Vishal. You have been unmuted. If possible, we can have your video turned on for the question.

Mr. Vishal

Hello. Good afternoon Senthil Sir. Thank you very much for this opportunity. Sir my question pertains to the machine tool division. I think we've been doing very well there, and the demand continues to grow substantially because of various schemes on the manufacturing side. So how

is the competition shaping up? Here we we've seen that many people have also come up many, many of the competitors are also expanding their plants. So could you elaborate a bit more with some details on the competition side competitive intensity here, thank you.

C.F.O

I think I should say great question because it it is larger, and you are absolutely right. All the most of the PLI Schemes if you think of this to support the manufacturing side and We also have the opinion that it is going to actually expand quite substantially, and we have over a period of last 3 years I should say 3 to 4 years. In fact, a year and a half before COVID, we've started expanding the footprint of this particular business, but this business does not require a lot of manufacturing capacity. What it requires is lot of assembly capacity.

So, what is required is more and more assembly space because many components are components. Of course, we manufacture our own. We have our own foundry. We manufacture pore. We melt pore and machine our own castings which go into this. But if we were to look at the mechatronics part of related but the critical technological parts and they're all imported, so what this business requires is assembly. So yes, you're absolutely right. I think the competition is everyone in this business is expanding their footprint in terms of expanding their floor space and expanding their factory space, which which we are also doing.

Now there are a handful of competitors in this particular area. And we have to differentiate ourselves with the best quality product and that's that is that is that is the is the main thing in this particular business. Quality, reliability and the cost. When I said cost its cost of producing the final product, right. So these are the 3 things we have to differentiate ourselves with unlike a mentioned that I would like to repeat that in terms of turning centers we are market leaders as far as training centers are concerned, but machine centers which are called vertical machining centers. Of course, we are not the market leaders without competition, which is it's doing quite well.

Now, in terms of market share so our hands are full with what we have a clear cut target. We have clear cut plan. To expand our number of machines won't be supply and we are working towards that end, and it is a very very very competitive business because their average they are the buyers of this machine almost 60% of the business or I would say 65% of the business goes to people having an average of 2 to 4 machines. So, it is a very price sensitive market but it is a there's a very large market here. I mean, so that is, that is, that is the way we we see that you could you expand. You will compete the 3 things what I've already said and try to get as much market share as possible at this same time leveraging the fact that India is becoming 100%. It is becoming an alternate source of manufacturing. A place of manufacturing and we are there to make the best use of this. And it's it's a business which can definitely grow Leaps and bounds as far as we are concerned. Thank you. Back to you Mr. Samir.

Mr. Vishal

Sir What is the growth target for the for MTD for the next few years? Where What's the growth rate that you are looking at?

C.F.O

See, you have seen. We're sorry we don't give specific numbers. For this future.

Yes Sir, yes Sir. So, but some rough-cut idea.

But like I said already had mentioned that whatever numbers we see, we still feel that there's a 60% only we have capacity utilization 60%. So, our like I said the idea in his entire business is the fact that you need to keep building capacities and so that you are able to deliver more. It's an assembly business, more of an assembly business, a high quality as needed. OK.

Mr. Vishal

This market for the machine tools business, the CNC machines, the market would be growing at what rate sir? Could you give some perspective there for the industry as a whole?

C.F.O

Very difficult, so there are multiple types of machines, and we are only centers right without grinding machines are not there in grinding machines. So, it's very, very difficult to give you for the over all perspective of the market.

Mr. Vishal

If you just take the turning machines for the turning machines as a whole, the market would be growing at what rate would it be fair to assume that 12 to 15%? Would that be the right way to look at?

C.F.O

Yes, I think depending on yes, definitely. I think 10% to 13% I think is taken. Especially with the new manufacturing coming up for EVs and all their training centers are at the equipment which are required definitely, I think 10-15% is I would say easily possible.

Mr. Vishal

OK, OK, sir and with this expansion of the assembly shop for the machines are we also adding new products?

C.F.O

Of course, of course. I mean, I just mentioned that there are various types of categories for now. If we were to take now not auto sector we are talking about. Like I said, Die and mould, general engineering pump and valve. They're close to 25 categories, which we categorize these machines in to. And we have to see this business are fairly specific because it's. It is defined by what we call it table size, right? So, but when making a table size of 1.2 meter, it's not going to fit. It has no requirement for some types of industry. Diane mauled has plastic. For example, Diane mauled has got a specific table size requirements. I have to make machines for the particular table size, so that is the way we have to. You're absolutely right and. The way we grow the businesses to look and try to build machines, design machines and build machines for particular segment. That's the way we do it. OK. Mr. Samir back to you.

Moderator

Thank you so much, Sir, thank you. Thank you. Going ahead with the next person with the question we have Mr. Mayur Parkeria. Mr. Mayur, you have been unmuted. Can we have your question with the video turned on if possible.

Mr. Mayur

Yeah, Am I visible and audible? Yes Mr. Mayur. You are. Sir due to bandwidth, please allow me to switch off the video again because. Absolutely, absolutely.

So I was I join the call little 15 minutes late so I didn't know if you answered this, so maybe a duplication. Sorry for that. I'm sure it is a basic question so somebody would have asked, but I missed it. Sir have you What is the outlook for the TMD division in the light of challenges which are going on? We expect the same runway to continue for this year. And how do we see FY24 qualitatively? And some aspect on that. So that was my question, Sir.

C.F.O

OK. The run rate, we definitely spoke about the challenges what the industry is facing when you are not there. So definitely we find that there are lot of things which are going on in terms of price in terms of demand pick up and things like that but however the Order book. Today we have our sales team is doing a lot of work to ensure that we keep the same run rate, and we will definitely see the same run rate going for the next quarters as well. The challenges for us at 2-fold. 1 is to ensure that we are able to push as many Machines out as possible, and to keep the supply chain up and running at the same time because of all the challenges on the supply chain with the energy cost everything which we see in Europe where our some of supply chain is based out of so so so the answer is yes, we will see a similar run rate. But it is not happening. Just like that, there's lot of work which is going behind this to ensure that we are able to push this out and at the same time working with all our customers to ensure that the deliveries are being taken and that's that. That's the way we are we're looking at over the next 2 quarters and 23-24, I mean, we don't again project anything we. Can't give you anything. But we did mention the meeting that the order in flow has been almost similar to what we are seeing in terms of order execution, so we are still having the 12-to-18-month delivery and that's the way we see it going forward as well. Thank you back to Mr. Samir.

Moderator

Thank you so much for answering to that, Sir. Our next person, who had his hand raised was Mr. Dikshit but he just lowered his hand Mr. Dikshit. Would you still like to go ahead with the question. Mr. Dikshit just lowered his hand. He has his hand up again. Mr. Dikshit.

Mr. Dikshit

Yes Sir. My question had been answered so that's why I lowered my hand. Yeah, thank you Sir.

Moderator

OK, thank you so much, Sir, thank you. Thank you. So, if at all, we have anybody who's question hasn't been taken up yet and would be interested in asking a question, we can have your hand raised.

To all the people in the attendees. Sir, I believe we do not have any further questions at the moment.

C.F.O

Thank you everyone for joining the call. Please note that the information contained in the earnings call for Q2 of FY22-23. The information provided, the call is not in any intended, nor would be considered as an offer or solicitation for purchase or disposal, or trading or any transaction company shares. Back to you Mr. Samir.

Moderator

Thank you so much Sir with your permission we would like to conclude this meeting.

C.F.O

Thank you. Thank you everyone. Thank you and once again Happy Diwali to everyone. Thank you.

Moderator

Thank you so much everybody for the question. Thank you so much Senthil sir for answering to all the questions. And greetings for the festival to everybody. Thank you so much for joining. Thank you.