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08th June, 2023

**The Manager- Listing Department
BSE limited**

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Mumbai- 400001

Scrip Code: 520073

Subject: Investor Conference Call Transcripts

Dear Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the Investor Conference Call Transcripts that was held on 02nd June, 2023

This is for your information and record please.

Thanking You,

For RACL Geartech Limited

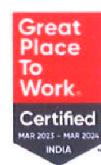

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RACL GEARTECH LIMITED

Q1 FY 2023-24 EARNINGS CONFERENCE CALL

2ND JUNE, 2023

MANAGEMENT:

MR. GURSHARAN SINGH - CHAIRMAN & MANAGING DIRECTOR

MR. DEV RAJ ARYA- DIRECTOR & CHIEF FINANCIAL OFFICER

MR. PRABH MEHAR SINGH- VICE PRESIDENT, FINANCE & OPERATION

MS. NEHA BAHAL- COMPANY SECRETARY & COMPLIANCE OFFICER

ORGANISED BY- MAS SERVICE LIMITED

<p>Ms. Neha Bahal</p>	<p>Good Afternoon ladies and gentlemen. I, Neha Bahal, Company Secretary & Compliance Officer of RACL Geartech Limited, welcome you all to the post results conference call of the Company for the 4th quarter of 2022-23. I shall be the moderator for this call.</p> <p>Before we start the proceedings all the participants may please be informed that this Conference Call might contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on date of this call. However, these statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Further, you may please note that all participant lines will remain in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes.</p> <p>Should you need any assistance during the Conference Call, you may post your concern/query, if any; in the Question Answer box available on the right-hand or you may raise your hand as available in the right-hand corner of the screen, if you want to speak during the call proceedings. Lastly, please note that this call is being recorded.</p> <p>We have today with us the Management of RACL Geartech Limited, represented by Mr. Gursharan Singh, Chairman & Managing Director, along with Mr. Dev Raj Arya, Director & Chief Financial Officer and Mr. Prabh Mehar Singh, Vice President Finance & Business Excellence.</p> <p>I now invite Mr. Gursharan Singh for his opening remarks. Over to you Sir.</p>
<p>Mr. Gursharan Singh</p>	<p>Hello gentlemen and ladies on call. First of all my warm greetings to all of you. First call of this financial year and although this call is for our financial year 2022-23 results but it is a great opportunity to meet all of you. Results are already in your hands. Welcome you once again. Markets are growing good. And let's start with the agenda of the day. Firstly, Prabh will share with you all a short snap kind of PPT presentation. And then if there are any questions we can discuss that. Otherwise we'll give you a brief about how we are, how we have closed the previous year, and how we are going to continue with this year and what the future looks like. So over to you Prabh.</p>
<p>Mr. Prabh Mehar Singh</p>	<p>Good Evening, everyone. So, this time we have tried to keep the presentation limited only to numbers. And then there is definitely some information on some business updates. Last time we tried to give more insights into the workings. This time we've kept the call to be more interactive wherein we would like to answer any of your questions / queries. So you can type your question in the chat window. This time we don't have much pre registered questions. So whosoever feels anything needs to be answered. please type in, or maybe later we can do a raise of hand and do one by one, as the time permits.</p> <p>So I would start with my presentation. This is a general overview, which we give always for people who have joined, maybe for the 1st time. So, we are a limited Company based out of New Delhi.</p> <p>We started our business in 1983. We are fully Indian owned company. We are listed on the Bombay stock exchange. We have one subsidiary fully</p>

owned by the name, RACL Geartech GmbH, in Austria. Then last year, we did around 370 Cr turnover, which we will cover in the coming slides. So we have 2 manufacturing locations, 1, corporate office, 3 warehouses in Europe. And application wise, we are doing 2 wheelers, 3-wheelers, passenger car products, 22 active customers and around 900 part numbers and all our plants are ISO certified. For example, ISO 9001, 14001, and so on.

So 1st, we talk about quarter 4. Quarter 4 year on year, if we talk about the numbers, so we did 96 Cr of sale in quarter 4 against, 72 Cr in quarter 4 in last year. Around 32% growth into the sales. of a company year on year. EBITDA we did around 23.6 Cr against 15.57 Cr, thereby improving around 50% of rating profit. And profit before tax grew almost 90% from 7 Cr to 13.87 Cr. This is, of course, year on year comparison and for full year numbers if we talk, so, we did close the year 31st, March on 367 Cr against 275, thereby improving by 33% and if you see this compounded annual growth, I think we have done around 25% to 30% in last 3 years consecutively. So that is a good number for us. Operating profit also it's 90 Cr nearly around 50% higher. And profit before tax around 55% higher, for the year end from 32 Cr to 51.33 Cr . All these numbers are already with you since we have released the results in the month of May. But, since the call is happening so we trying to put the financial year in numbers also with you in this.

Some key ratios again, what you all might also have calculated them. The current ratios, and all other ratios are encouraging, I will not go in details. You can read on the ratios which we have submitted on this slide. On the debt side, I think this is some question, which is always asked. And this is rightly asked, so, just to give you a breakup, the net debt increase this year, has only been 23% against 50%, which may be was a year ago. So, what we're trying to say is that the net increase is reduced by 50%, because there's lot of repayments. And I think we did lot of repayments last year. So, our total debt is definitely increased from 160 Cr - 200 Cr, but the net addition to debt is reducing. So that is a good sign when the turnover is increasing at 30%, but the total debt, which we are building into the company is not increasing at that same rate.

So that is a healthy sign and then obviously, when we are growing, we're adding the fixed assets or there is an addition of 71 Cr to the fixed asset, to the gross block. Cash generated from operations again, a good healthy improvement here from 10 Cr to around 60 Cr So it means our working capital deployment is good in terms of whatever improvements in the operating profit because of higher margins results in good cash profits. So that is a good sign. Margins also everywhere improvement is there. If you compare year on year results, EBITDA from 22% has grown to 24.6%, profit before tax similarly from 12 % to 13.97%, net, profit from 8.7% to 10.9%, retrun on equity from 19% to good 6% jump to 24%. So again, these numbers are basis the results what we declared in May.

And just to highlight, that is a good stable financial performance delivered by the company in the last financial year. This was some of the numbers which you already know, now, some of the updates, which we want to share about recent development. So, the 1st point is that we have bagged

order from a European two wheeler manufacturer for supplying fully finished forging yokes. So this is on 2 ways 1st thing for us. Number 1, we have not supplied before this, any yokes steering component basically, to anyone in the past. And 2nd, for the 1st time, we rented a new business line called not call, but forging basically. We always had forging capacity and forcing capability, but this was for internal consumption. Selling forging directly without any value addition is 1 thing, which we have not done in the past.

So this is addition of new business line for our work. And it was not easy to get this business because this customer, despite being part of her family before, had reservations of supplying or buying fully finished forgings from us, because as of now, nobody else is buying from us. So this is 1 good inroads into this business segment, which now we are confident of selling to other customers as well. So that is 1 development which happened recently. We received the best supplier award from Kubota India for calendar year 2022 for the deliveries. So Kubota is a very important customer for us and this Kubota India is directly working with Kubota Japan. So it is good if the customers feel satisfied with our delivery performance.

The new shakti plant, which we started working on in the month of June, July, August was inaugurated in February or March 2023 and it's now fully been commissioned and commercial production for some of the projects have started from that new plant. As, you know, we built around 28,000 square meters of land plant in this existing Gajraula plant. So, this was inaugurated in March, 23. Some 2 new businesses from ZF started their commercial supply from June onwards. Dedicated plant for ZF which we built in 2021 is now running at around 95% utilization. The business projected volume which our customers give now, they are actually running at the peak 2 years early to those projections. So the capacities which we deployed are running at full capacity, and we had to invest more money into this business because some of the capacities which were for 2 years from now, customers required immediately. So that is a good sign.

So some investments went there, but all in all 95% utilization, actually, the business demand is for 120%. So, we are still again struggling for capacity shortfall. So we have to ramp up again despite running at 95, so that's again a very encouraging and a good sign for the numbers. We received 1 more business order from Aprilia. This is again a premium two wheeler manufacturer; Aprilia motorcycles, located in Italy. So, they have the 660 CC motorcycle gearbox transmission assembly will be making. It will be directly exported to Italy. So this is 1 addition.

Apart from this, I think we did mention this in the disclosures with the results when they came in. So we have signed the PPA with the green power company for buying solar power through off grid at max 4 megawatts, which we believe procuring from this company. This is a PPA for 25 years, and by this, and also the solar rooftops, what we have our company from next year will be almost running 60% of power through green energy and renewable sources of energy which are in line with the customer expectations many of our new customers or existing customers have said clearly if our power consumption, carbon footprint is less than

	<p>50% through green, then they will not give any new business to us. So both ways we are ready before the customer expectations customers have still given us 3 to 4 years to deliver on this, but we have done in before them that gives us a competitive edge and that gives a preference over competitors. So that is 1 and 2nd, of course, our thrust is to reduce our carbon footprint by doing such activities. Last and very important, there is a certification called TISAX. This TISAX is for all automotive companies who are working in Europe. That IT systems should be TISAX certified, it's a 3rd party certification, which is very stringent and difficult to get and this is a permanent requirement now for working with any company automotive in Europe. Probably, we are the 1st or 1 of the 1st few companies in India who've got this TISAX certification so early. And for a company of our size within IT, infrastructure, it was not easy to get this. So we had to invest again a lot on upgrading our IT resources, infrastructure and hardware and software both. So, this is again a competitive edge or advantage of our competitors and this is again surety to our customers on data security.</p> <p>And also, along with that, we have now certified for ISO 27,000, which is for IT system again. This is a quality system. This again not many companies have it. Not many companies have a vision to work towards this. So we are always thinking of future ahead. And keeping that in mind our company is now obviously, quality management system was always there, now, it security data privacy is also very important and we have worked on that. So, I think this is overall what I prepared for this as a presentation. And now I will stop sharing my screen. We do not have any pre registered question, just the 1, which we will call and after that, we will go to the chat window and try and answer your questions immediately.</p>
Mr. Gursharan Singh	so yes, Mr. Chintan Shah. Kindly add Mr. Chintan Shah
Ms. Neha Bahal	Mangla Ji, kindly unmute Mr. Chintan Shah.
MAS Services	Hello, Madam Chintan shah did not join
Mr. Gursharan Singh	Mr. Rudresh Kalyani....
MAS Services	Mr. Rudresh you can ask your question
Mr. Rudresh	So I had a 1 question on the balance sheet. I see almost 70% increase in the inventory. Was there anything stuck in the shipping or how is that?
Mr. Gursharan Singh	Rudresh Ji, will answer your question. 1st of all. We have increased our sales performance by almost 30- 35%. So, obviously matching inventories also have to go up. And, secondly, you know, last year beginning of year there was lots and lots of volatility in the raw material market. There was a shortage of steel, prices were very, very volatile on one side and on the other side demands were increasing and since we are exporting so we always had this time that, okay, we get the order and if we don't get, the raw material we will really get stuck. And prices were also fluctuating a lot. So eventually what we did, we procured

	lots and lots of extra raw material raw steel with us, so that we can really safeguard our processes and operations. That's the reason we were able to actually increase our sales performance, despite of fluctuating availability of raw material. Obviously, these are our regular consumables. Now steel price steel market also has gone very stable. So, these things will be gradually optimized or in a bit of time.
Mr. Rudresh	Okay
Mr. Gursharan Singh	Was I able to clarify your query.
Mr. Rudresh	Yeah Yeah.. That's all from my side. If I have any other question, I will ping back
Mr. Prabh Mehar Singh	Okay now we can go to the question in the chat window. I have access I will read. Mr. Naveen if we can unmute Mr Naveen Mangla Ji?
MAS Services	Done
Mr. Naveen	Just 1 question with regards to 1 of your board partners you've been working with, which is ZF commercial. ZF has spoken multiple times about scaling their India manufacturing, almost 3X in the next decade. So, obviously this has implications for pretty much every partner who works with them and which includes our company as well. So, just curious to understand when ZF scales its manufacturing do they expect the entire capex to get fully set up from our side? Or do they also invest in CAPEX alongside you, how would you approach this when for example, let's say, in the next 2 years, your order books from them goes 2X, normally, how does that work?
Mr. Gursharan Singh	1st of all This is a little ambiguity, ZF is not saying on the, that they are going to increase manufacturing in India, but they are going to increase sourcing from India with 3 exilar. Not that ZF is going to manufacture a lot in India there is actually planning to source many components from India, for their global operations. So that's your information is correct 3X multiplication they are really expecting. But, yes, but a good thing is, since we have another suppliers, obviously we have this opportunity to us. But if we have to take this opportunity, we have to invest. ZF will never invest in CAPEX to their suppliers. So eventually, yes, this opportunity's available as Prabh has already explained to you, all the numbers are increasing at our end. Whatever capacity is we generated for us. They're already overbooked we are expanding. So, this really shows that, ZF whatever, their forecast we are on the right track to achieve that.
Mr. Naveen	Sir, is it, okay if I can just ask 1 quick follow up question on this.
Mr. Gursharan Singh	Yeah.
Mr. Naveen	Sir thanks for that clarification. So, basically, this is a great situation to be in for us, but assume that some of this orders comes to us in a front loaded way. Debt on the balance sheet obviously is reasonably, we are levered at this stage and that makes sense, considering the growth that you are seeing on the ground. So, do you foresee a situation if the order book actually multiplies from here, there might be a limitation on how much debt we can take on to set up CAPEX as a result of which maybe the orders could go to someone else.

Mr. Gursharan Singh	<p>1 thing is very clear that between the business and debt is the battle for the company and for business if you take debt it is not bad. The only thing is, you are raising debt on which business. If you raise debt on companies like ZIA, ZF or BMW and other like that is not a bad thing, you know. Debt doesn't disturb any company until you have the debt paying capability as Prabh has explained that during the last year, We increase our turnover by more than 30% but our debt raising has reduced by 50%. So this really shows that whatever cash we are generating we're able to repay the debts and still are comfortable. You also said yes, we are. Debt ratio is very perfectly levered. So, to be very honest, 30% year on year growth, I think now we are doing almost 3 years regularly and this year also things that are going very smooth way it should happen.</p> <p>And to be very honest still have lots of lots of limit of raising And I don't feel there is any area of concern, but then 1 thing is very clear if business is there one has to explore each and every opportunity. As you said rightly will not allow the business to go elsewhere. So we have to really have the opportunity. But, of course, you know, once there's an opportunity, there's always a possibility to pick and choose also. So, we'll also pick only those low hanging fruits where we can invest little less and take more, higher revenues or more higher turn around or something like that. So, for us, actually, we worked very strongly for last 2 year that we created many avenues where we can really now pick and choose. So, frankly speaking things are going in the right direction and there's no such need to re-think on the strategies and all. And as such our the ratios are very, very comfortable.</p>
Mr. Naveen	Thank you so much for the clarification sir.
Mr. Gursharan Singh	Thank you.
Mr. Prabh Mehar Singh	Can you unmute Mr. Vishal please.
MAS Services	Sir, Done.
Mr. Prabh Mehar Singh	Mr. Vishal, you can ask your question, if you are there?
Mr. Vishal	Am I audible now?
Mr. Prabh Mehar Singh	Yes
Mr. Vishal	Hi. Sorry. I'm a little new to RACL can you talk about who are the top 5 customers of RACL and what is the proportion of revenues from the top 5 customers.
Mr. Prabh Mehar Singh	That number, Vishal Ji, we don't divulge because that number are not a public number, because that creates competitive edge, but if you talk about sector specific, we are pretty diversified. So our around 45% business comes from 2 main business and around 20% comes from agricultural. Around 20 comes from what we call recreational, what you call, ATVs, or ski board or snow scooters and then we have now this year, I think, 6% to 7% or 4% to 5% from Passenger cars and similarly, there are others which share this file.
Mr. Vishal	And can you at least tell us what is the proportion of revenue from top 5 total.

Mr. Prabh Mehar Singh	Oh, yes, no customer is bigger than 20-25%.
Mr. Vishal	Okay, got it and the vehicle mix that you mentioned, which is also available in your presentation, do you see that changing significantly in the next 3 years or is there any area that is growing faster than the others? Like, cars is very small today. So, how would you if one has to think of 3 years out, how will this mix or growth look like?
Mr. Prabh Mehar Singh	This also is available on the last con calls on the company website. So this mix has changed a lot in the last 3 years. So earlier it was around 50% two wheelers and no passenger cars. It has changed a lot in the last 3 years. In next 3 years it will change again and yes, the cars, which look significantly less right now should be 10% to 15% in next 2 to 3 years. Similarly, the 2-wheeler business should remain similar, the growth is coming, but it's dependence on the pie is not increasing. So that means new businesses from different segments are coming but there is a pie for next 3 years already available on the stock on the website. You can go and check that.
Mr. Gursharan Singh	1 more thing I'd like to add that in next 2-3 years like Prabh has explained that this car segment will increase to 10 to 15%, but this will be all EV risk free because these are generally the components from vehicle and suspension category and critical applications for safety and all. Irrespective of fuel car or an IC engine or electric car, these parts will be there. So we have invested money very strategically because few years back, we were almost 0 in cars. So, now, right now we have 7-8% next 2-3 years is going to be 15%. But on 1 side, we are increasing our presence in cars. On the other side there are lots of talks going on IC engine, versus EV. So, our business is de-risked from this category because we are into vehicle category, and they will always remain. So this is how we have planned our pie.
Mr. Vishal	And if you may permit can I squeeze in 1 more question?
Mr. Gursharan Singh/ Mr. Prabh Mehar Singh	Yes, Yes.
Mr. Vishal	For your capacities, which are stable, or at full utilization, what is the asset fix asset turnover for those capacities? What does it sort of cap out at.
Mr. Prabh Mehar Singh	No, you're talking about in general to the gross block, or I didn't get your question.
Mr. Naveen	in general to the gross block for capacity, which gets utilized fully, let's say 90 or 95% typically, the fixed asset investment to revenue ratio is what?
Mr. Prabh Mehar Singh	if you see the fixed asset turnover ratio for this year is around 1.6, which was around 1.5, and may be 1.3 or 1.2 years ago. This is how it is.
Mr. Vishal	But this is when all capacities are not fully utilized right now, right? There's some capacities. I'm saying, what's the steady state Fixed asset turnover in your business?
Mr. Prabh Mehar Singh	So when we say fixed asset, not all fixed asset generates revenue in the form of new businesses. There are certain backward integration. Some plant and machinery, which are used for many other purposes, other than generating revenue. So, there is no absolute number that okay if I'm putting 100 rupees of assets it will generate 300 rupees of turnover. It is not that how we compare. But in general whatever deployments to assets we make, in last 3

	years, as we told compounded annually, our turnover has grown around 25 to 30%. And in the ratio of fixed asset has grown, maybe 15 to 20% in that ratio that fixed asset has grown deployment into the balance sheet.
Mr. Gursharan Singh	I can also add to what Prabh has said, one thing is very clear that it's not that all our equipment, all our plants, and all our machineries are fully utilized because, you know, our business model is that we are into a premium segment and niche market, so niche market it means it's not very, very high volume production. We are actually kind of batch production and with a very high variety. We are having close to 200 machines that will produce those 1500 different part varieties. So, it's not that all 1500 parts need all 200 machines and it's not all 200 machines will always remain occupied for producing 1500 parts. Some of the machines are required only for the select product category. Some of the processes are required for a select customer category. So, we always keep on evaluating our capacity in a very, very judicious way and then we invest very diligently that whenever new customers come some of our existing available capacity will be deployed over there and some of new technology will be required will invest more into those technologies and 3rd will be wherever their capacity short fall will invest in this. But, this is how eventually that it's not an entire plan is fully overbooked and it's not that entire plant is having a spare capacity. It has a certain set of equipment, which are overbooked and certain set of equipment which are having spare capacity. So, while hunting for new business, we always look wherever we have a spare capacity first we will get businesses for filling up those capacity again. And this is how we are being able to grow as well as maintain our profitability.
Mr. Vishal	All right, noted. Thank you very much. Sir.
Mr. Prabh Mehar Singh	Okay. Can we unmute Sahil Sharma please.
MAS Services	Sir, Done.
Mr. Prabh Mehar Singh	Sahil, you can ask....
Mr. Sahil Sharma	Can you hear me?
Mr. Prabh Mehar Singh	Yeah.
Mr. Sahil Sharma	So given that, you know, Shakti plant is almost completely utilized. I was wondering, what are our capex plans for FY 2024.
Mr. Prabh Mehar Singh	And, yeah, sorry complete your question.
Mr. Sahil Sharma	Yeah, I was just saying that, you know, if we think of our installed plant together as 100 to what extent can we increase this from 100 to 200 - 300 the current piece of land? I'm trying to understand if our current land is sufficient for our growth for the next few years or would we have to acquire new land somewhere for a future group?
Mr. Prabh Mehar Singh	So, Shakti Plant maybe you got it wrong or maybe I explained it incorrect. So Shakti plant right now is not fully commissioned. There is ample space there for future business. What I was mentioning that the plant what we built last year what we call Ojas or the plant dedicated for 1 customer that is also started in commercial production in June 22, I believe, so in 1 year

	we were not expecting it should be at 95% utilization. And the business demand from customer is around 120-130% from that plant. So that plant is fully commissioned and fully utilized. Effective plant maybe 20-30% only right now, because it's built keeping in mind new projects new businesses, which will come for us. So there is ample space for growth.
Mr. Gursharan Singh	For land, Yeah, with the available land and infrastructure we can take this Company up to 3 X level. Then we will start hunting for the land.
Mr. Sahil Sharma	thank you. Thank you so much. Sir . All the best.
Mr. Prabh Mehar Singh	Can we unmute Mr. Shlok Dave..
MAS Services	Sir, Done.
Mr. Prabh Mehar Singh	So can you hear us.
Mr. Shlok Dave	Yeah. Thank you very much for the opportunity and great performance. Singh Sir, I have 2 questions 1, very, very short term in nature. And other slightly longer Sir, number of forging and casting companies who are supplying to Auto OEMs, they are saying that since the logistic related issues have kind of gotten sorted out, the supply chains are shortening, and hence there is in effect an inventory de-stocking happening, especially in Europe and U. S. Even though the demand is fairly decent, and they are expecting some sort of appearance slowdown in personal. So, are we seeing something like that? Because from what I have observed over the last 2 years, you guys have managed your logistics in a much better way. And it didn't look like your supply chains are getting longer. So, is there any inventory correction happening? Sir.
Mr. Gursharan Singh	yeah, I will answer you. 1st of all. I answered this question partially in one of earlier query by a person. This inventory increased, which has happened this was actually also 1 of the reasons, you know, what happened that the logistic time, for Europe has reduced by 22 days. Precisely, Customers, who are ordering the equipment ordering the material 72 days basis, now that is reduced to 50 days basis so eventually, 22 days of inventory fraction was there. Eventually that was also one of the reason our closing inventory is a little higher. In fact, that was not there. Our sale performance could happen at least better by few more crores. So that is a 1 time kind of correction, because technically almost 20 days of extra material which was there ready at various stages was once put on hold, but eventually that is getting liquidated. There is no such issue. But technically on our sales front that correction has already taken place in the previous year. Now, the orders have already started flowing. April still some effect was there. And may was started wearing down. June onwards now everything is back to full requirements before this correction time.
Mr. Shlok Dave	Whatever impact we were supposed to see Q4 has seen bulk of it. We'll see some of it in Q1, but Q2 onwards should be normal.
Mr. Gursharan Singh	Yes. If you say quarter to quarter Q1 will have a slight impact and Q2 onwards it will be again in a full blast.
Mr. Shlok Dave	Great. So great. Good to know, sir. Sir the 2nd, one is a slightly longer term question and so the 1st time I met you, the company was having an annual

	<p>turnover which will now be equivalent to its quarterly turnover. That is always a big milestone right. Even after coming so far, and even after growing so much, you are still a very small company in the industry that you are the sizes are like, really massive, even in India. So, and I also heard Prabh by saying in the opening comments that you are getting orders in forging now. So, over a period of time, sir, how long will this hockey stick, phase of growth continue for us?</p> <p>Because, it should continue for a long time. Are you seeing that you are in that phase that you will keep on growing compounding at 25-30% for a really long time? Like, 5 years, can you see, do you have that visibility or will you guys take a view that let us consolidate after reaching; let's say, 500 to 700 Cr range, in terms of revenue, let us consolidate our, processes, make sure that the processes and the people are then geared up for, let's say 2000 crores. Where will you, like, kind of top for the timing? Or will you continue to compound.</p>
<p>Mr. Gursharan Singh</p>	<p>I would like to answer your question in 3 steps. 1st of all, you know, if we are really growing for the last 3 years, 30%, year on year and compounding almost the same. This is very clear. This is little unprecedented with many manufacturing companies. Good thing was that in covid time when the whole world was the scary and world was taking very cautious approach. Our Company took a very strategic decision to invest in growth. We have also read in our earlier management books that the successful companies are who invest in the slow time, then who reap the benefits in the past times, So, we are really took that this year that is helping us. now, coming back to the second question that how long we can continue this trend you are very well right there is 30% year on year growth cannot happen forever. Okay, but this is also very clear that whatever jumpstart we have taken this jumpstart will continue at least for quite a long time and growing in an organic way, 25-30% is one of the best growth industry can have it.</p> <p>Now, first of all, you know, Shlok, I know you have been associated with our phone call and so many interactions for quite long time. We always think ahead of time, we are seeing very clear road map for growing 20-25, 25-30% at least over the next 2-3 years, but moment, we start feeling any headway while we start feeling the initial indication that yes, this 25-30% growth will not go beyond 5 years, or maybe beyond 10 years and we have to really think for some other methods of organic growth also. That's my life's principle is no line can be straight line either will go up or go down.</p> <p>So, we have to actually go up we are not to be stable because today, stability means growth atleast in Indian perspective. In India, if we keep our business stable. We can never say business is stable, it means business is declining. 6-7-8% of inflation year on year.</p> <p>So, we have to keep growing and growing with full ambition. So first of all, we do not foresee for next 2-3 years, any shortfall in our growth plan, our growth trajectory plus the actions which we have taken those actions will really take us a long way as Prabh was explaining a few minutes back to you that today we are 5-6-7% only in car industry, our car business in 3 years will be 15%. And you believe me we started this vehicle segment only 2 years back. Can you imagine in 2 years from 0 to 15% we are going to</p>

	<p>achieve say within a time zone of 4-5 years and the car industry, which we have entered of course, thanks to our customers ZF but then customers are companies I should not be naming those, but still Companies like BMW, Mercedes, Porsche and so on. And they are the big brands, so for us, we need them to do the marketing. Our customers have to sell the product and we have a real bandwidth to it. And as far as our ambitions are there yes our ambitions are because more than my ambition now, numbers always looking for further our ambitions, we really look forward that this company should be growing at a very, very healthy and systemic way.</p> <p>But one thing is very clear whatever decisions will be taking, whether it's growth or no growth it will be sustainable because I do not want to enter into this jargon of only playing with the numbers and which is not sustainable or which is not profitable. So, this is our strategy. This study in the long run is going to work. So, that way, we are really seeing this company growing in a big way and I hopefully with the trust and confidence all of you investors fraternity and all of our colleagues will be really able to take it reach further heights.</p>
Mr. Shlok Dave	<p>Thank you very much, sir and Prabh bhai thank you very much for posting regular photos of the plant. When the opening happened, they were very, very nice. And the plant looks really nice from inside. So, thank you very much, Sir and I appreciate your communication, whatever you are undertaking on Twitter. That's like really helpful. It's really, really helpful. You're going that extra extra mile. It really helps. Thank you very much. Thanks.</p>
Mr. Gursharan Singh	<p>Prabh has posted a very good video and it's really nice, and we also feel happy. If really time permits, maybe some of our key investors, we are willing to take to factory also, but, yes, of course, although I don't know how the stock exchanges will allow that, but you can really see, we have created a world class facility.</p>
Mr. Shlok Dave	<p>Obviously you have said, I've seen I've seen many auto end plants throughout the country and the photos that I saw, they were like, really nice. Really, really nice. May be it is because the plant is new.</p>
Mr. Prabh Mehar Singh	<p>We'll take you the oldest blog.</p>
Mr. Shlok Dave	<p>I saw the oldest machine that you posted, right? 1989 <i>wali machine</i>. It's producing something like that. I saw that.</p>
Mr. Prabh Mehar Singh	<p>I'll try and put picture of the oldest plant it looks cleaner than the newest one.</p>
Mr. Gursharan Singh	<p>Our legacy building 35 years old, the next video I will tell Prabh he will post that video of 35 years old building because our customers, also sometimes they tell us that your oldest plant looks much better than your new building. So that way it's not that because we have not taken any step motherly treatment on old buildings also. So you can see our old building well, also very well maintained.</p>
Mr. Shlok Dave	<p>Yeah, preventive maintenance. Thank you very much, sir. Thank you. Thank you for the opportunity all the best sir</p>
Mr. Gursharan Singh	<p>Okay, our pleasure.</p>

Mr. Prabh Mehar Singh	Can you unmute Mr Pratik Kothari? Oh, I missed one, I can come back. Yeah, we can first unmute Mr. Pratik
MAS Services	Okay.
Mr. Pratik Kothari	hello
Mr. Gursharan Singh	Yes Mr. Kothari welcome
Mr. Pratik Kothari	<p>Hi, good evening sir and thank you. Congratulations to the team for such a wonderful performance and just special thanks to Prabh Bhai for the last two three presentations that we have done on the con calls I mean very informative very detailed and very different from usually what we look at. So, thank you for that.</p> <p>So, my 1st question is on the forging yokes so, is this a pilot project that we are trying is it is expanding on forging something within our domain or something that we intend to do, because we do keep hearing a lot that now the best doesn't want to forge they don't want to cast, a lot of that part might shift to India. So, maybe, are we trying our hands there or was it just one of the customers needed something and we provided them with some product.</p>
Mr. Gursharan Singh	<p>I tell you, if I go a little back, say, what, 10 years back, you know, we were historically gear manufacturing company. We never wanted to invest our resources into forging facilities because forgings are abundantly available in India. So, we never wanted to invest, but do you know, gradually when it started growing we started feeling the heat, because in particularly in North India, there are many 2 Wheeler players, and they are producing all 500-1000 vehicles a month. So when we go to some forging company to give us 2000 pieces per month for our 2 wheeler business, they were least interested to supply forgings to us, so eventually a stage came we thought, let us really put our resources into a backward integration project to put our own forging plant so that we are more sustainable and we are more able to feed our customer supply then and, you know, this decision precisely we took in year 2010 or 2011. Today after 12 years of operation, I will say that this decision of our company really helped us a lot to grow our business with this level. Because at that time we were really facing shortage of holding the law. But, you know what happened in this 10-12 years. Years We felt forging just as a kind of feeder facility to us. So to be very honest we always felt it is our own baby who has to really, nurture our existing plant only so efficiencies or technology up-gradation or such stuff we did not really focus. We really focused a lot on our machining area or heat treatment area which was our real bread and butter. Forging we felt okay it is only required for feeding our company. But now, a stage came now, it is the next level of stage, as you said, that many companies are looking to acquire forgings from India. So, we felt that this is the time has come, we should really now Lambda the rules of game where we are able to compete with the outside world own value region is less we just use steel and that's it. And do the forging and supply when we supply finished here. Value addition of raw material and forging becomes very miniscule. What if you have to sell the forging you have to compete with outside world now, we'll really learn how to make our forging process more optimize more</p>

	<p>competitive. So that, that learning, which will take from this project, we'll implement with our existing business also so profitability will increase. And on the other line, other side, it's yokes as Prabh has explained although he said little wrongly it is not a steering company it is propeller shaft component. Yoke is a totally new line of business for us because we never produce in our history. And this customer is our existing customer right now they are actually producing this machining inside their company. Since we are supplying to give to them for 15 years, they're still saying, once you start supplying us forgings buying us projects. and when we are really able to make it stable, a stage will come, we will give you the machining business also and you will supply us finished yokes to us. Now, this yokes is a big business in any of the EV also, every EV has yoke at least for real, because now the new EVs are coming motors are in the front and wheels are in the rear they have a propeller shaft and all that stuff. So this will be new line of business, a new opening, because many years back we are producing only gears. Then we entered into assemblies. Then we entered into breaking components then Andrea ZF entered into a vehicle and suspension components. Now with yokes of course this is first baby step for supplying the forging. But again, it's a new line of business. So this is how this is taking place and this really is a good step in our company's future growth.</p>
Mr. Pratik Kothari	<p>And so usually our DNA has been that we do very high value. high technically technical products, low volume, at least on the gear part that is what we used to do. So, I believe that DNA still remains, whether we go into some new part of this is only.</p>
Mr. Gursharan Singh	<p>This is only a small fraction of the business part, but, you know, eventually any business will start from a first baby step. So who knows that after 3 years because some of our investors were asking that how you maintain growth for a long period of time. Every vehicle has 2 yokes rather 4 yokes in steering 4 yokes in propeller shaft. So it is a huge line of business so this is the 1st step and really will see how we take it forward.</p>
Mr. Pratik Kothari	<p>Fair enough. Great. 2nd, just like clarification in the past we were expecting to do about 5% of sales this year from EV, 8% from chassis suspension so that we have achieved and done for the year which went by.</p>
Mr. Gursharan Singh	<p>Yeah, exactly. Okay. Okay fine.</p>
Mr. Pratik Kothari	<p>So, my last question is on EV, I mean, if we did have touched upon this, maybe in the past calls, but just, if you compare, like to like, a heavy motorcycle to a similar heavy. To, I mean, how the content per vehicle, a number of years shift between an ice versus electric.</p>
Mr. Gursharan Singh	<p>Your question is not very clear, but I'll say, you know our...</p>
Mr. Prabh Mehar Singh	<p>I can answer this fuel or EV, see I explained in the past also gear does not mean that okay if now engine is there so gear has applications everywhere. So, we don't do just gears. In EV we are not doing gears, we are doing gears, but we're doing many other things other than gears. We are the rear wheel of the electric scooter on which the rear axle, we are making the entire axle. We are doing the rotorshaft, which connects the motor to the drive. We're</p>

	<p>doing some reduction gears. We are doing some steering parts. We are doing some handle footrest for EV, so to your question, if. Electric scooter comes in and the motorcycle goes away. What will be the impact on gear and all it's not correct assumption or correct direct relationship with any of those things. In nutshell, if there is an electric scooter, there will be no engine. If there is no engine, there is no engine gears. There is no CVT what we call a gearbox in the electric scooter, there is a reduction gear. It's a totally different product. But we will still be there in some of the other form.</p>
Mr. Gursharan Singh	<p>No, actually, in EV first of all EVs also will be not without gear. So gears will still remain because EV will be, of course, without crankshaft or without pistons. But without gears EV will not be there. In fact, I was just reading day before yesterday, now Tesla is also launching high end car with two speed gearbox for vehicle. Because they cannot really have such high power cars with a longer duration without any gear.</p> <p>First of all I tell you in EVs one more thing. Value addition will increase, value addition per component, not that the gearbox value addition will increase, but EV gears are very very precise gears and very high cost gears and our plant is fully equipped to produce those EV gears. Because our future technologies, we are selected in a way and manner that each and every critical machine with the high cost machines are fully equipped to produce gears for EV. So, that way, there is no such immediate risk or concern for us or for our product line.</p>
Mr. Prabh Mehar Singh	I think that answered you. Mr. Kothari.
Mr. Pratik Kothari	Yes, absolutely Thank you so much and All the best.
Mr. Prabh Mehar Singh	Can we unmute Mr. Vivek Chadha, please I missed him earlier. Not him it's the question.
MAS Services	Sir Done.
Mr. Vivek Chadha	Yeah, I can hear you guys. So thank you for giving me this opportunity. So, I have 2 questions so 1 st one is in the recent con calls also, we were talking about the game changer project. So, do we have any update on the same or is it the Aprilia One if the game changer for us or how it is?
Mr. Gursharan Singh	<p>The game did not change. We did not get that project for some reasons. You are expensive, to be honest, but the discussion with the customers are ongoing now. So, they did not like the pricing there, but it does not seem to know the further update to China only has the transfer to a separate one is for Europe and the U. S. and 2nd 1 for China For Europe and U. S. actually, this business was not awarded to us not what the costs are expensive reasons. Probably, they have some implication of the NAFTA, because the main volume was to go to U. S. and they wanted the supplier should be US or NAFTA based so that they can get price advantage in US. And for China, we are still in the race and the nomination process is still not concluded and I think China's launch was almost 6 months later. So I think by end of July they have to really give forward but nevertheless, you know if 1 door is closed another opens, we are again in active discussion with the same customer for 1 new product line, and those customers from new product line, their representatives are visiting us within this month only for initial evaluation. So that project will start. Eventually, once we are in, because,</p>

	they are our new customer, and once we have proven our credentials. So one project, they have not given because of cost reasons or any such reasons other doors are opening. So hopefully we'll be able to share some good information again.
Mr. Prabh Mehar Singh	Mangla Ji you can hear us?? we are connected, right?
MAS Services	He has dropped the call.
Mr. Prabh Mehar Singh	Okay, no worries then. Can you unmute Mr. Ankit
MAS Services	Sir, Done.
Mr. Ankit Mittal	Good evening, first of all congratulations for a great set of results a couple of questions from me. So, 1 st is can you just remind us what was the capex the total capex for just this a new Shakti plant which was just commissioned in March. and also can you guide us like, how much revenue we are expecting from the plant say in the 1st year FY-24 and with full utilisation, what can be the revenue potential from this plant? So that would be my 1st and secondly, I think in the last conference call, you did mention about revenue guidance of close to 470 Cr in FY 24. So just wanted to check whether that is still our guidance and what kind of revenue we can achieve this year, and also on the margin front. So we have seen that last 2 or 3 quarters the margin has been stable at around 23-24% so just wanted to know any margin pressure, you are facing or are the margin sustainable. Yeah, thanks.
Mr. Prabh Mehar Singh	On the capex we did not say that this plant is going to be invested this much. There is a general capex, which we do every year and investment in that plant are part of it. For the revenue guidance, yes we disclosed 470 crs last year about for this financial year. So, we would like to maintain that and definitely we will work towards achieving it, or maybe improving it and 3rd on the margins. Of course, one has to maintain good margins and we feel we are relatively high margins, good margins as of now. So we try to thrive to maintain them, if not improved. Improvement is a continuous exercise. Definitely. We are working on it.
Mr. Ankit Mittal	Yes, and just 1 more. so in this presentation you mentioned about ZF order, and we just started supplies from June. Is it possible to quantify? Like, how big is that order or that cannot be disclosed?
Mr. Prabh Mehar Singh	So ZF we have multiple projects, which started last year, and there were multiple projects, which were awarded last year, which started this year. So, this project's which started this year, one of the projects we disclosed last time is one of the highest volume contributor for us we have not done. I think the volume is around 800,000 a year. So that is the highest volume project we've ever got. So it will have a good contribution. And the 2nd project again is a low volume, but, high technology application. Basically, you might have seen, or I don't know if not seen there is a Reverse steering mechanism in the new cars so the back tires also tilt with the front tires when you are maneuvering the car. So, basically there is an actuator on the reverse on the chassis. So, we are doing some steering shafts for that. It's a very futuristic product. And the application is and again, very sports car kind of a company. So this is a new again one of the only company in India

	<p>might be doing this. So, this is the 2 projects which started and it's a brief description about it.</p> <p>I can pick maybe last 1 or 2 questions from here.</p> <p>You are asking if we can share the audio Lines, we share audio every time we upload on those website who are traveling, or might not be able to join so that audio is there.</p> <p>I'm just taking any important question. So, Somebody is asking, they requested for a personal meeting and a plant visit a couple of times, but we have not received, we don't entertain personal meeting and requests for plant visits because that is not fair for everybody else. But on the plant visit, I don't know, you have to advise us we are willing to do it, but it should be something which everybody doesn't feel unfair. So, You can write to us how we can plan this plant visit. Maybe we can do once in a year, but we can't entertain more than 30 people, maybe 30-40. so but then, others will still want to come, finally check it. No, I'm asking investors also you can write to us. If there is a way we are ready to accommodate, but we just want to be fair with all. Yes, we can upload a video of it, but video doesn't make sense always, but I totally can give you pictures. Yeah, I think we have answered most of the questions and we already spend 1 hour. So I think we can wrap it up, Neha. If anything is unanswered, you can email it to us and we can come back to you. okay.</p>
Ms. Neha Bahal	The recordings will be available on the website and you may now disconnect Thank you.
Mr. Gursharan Singh	Thank you gentleman, thank you for such interactive session and thanks for joining. Thank you.

Notes:

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