



PRITIKA AUTO INDUSTRIES LTD

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31st August, 2024

The Manager
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Street Mumbai - 400 001

Symbol: PRITKAUTO

Scrip Code: 539359

Subject: Transcript of Earnings Conference Call

In compliance with Regulation 30 and 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith transcript of the Earnings Conference Call held on 28th August, 2024. The same is available on the website of the Company at <https://www.pritikaautoindustries.com/transcripts-earning-call-28aug2024.pdf>

Kindly take the above on record.

Thanking You,

Yours faithfully,
For Pritika Auto Industries Limited

C B Gupta
Company Secretary and Compliance Officer

Encl.: a/a

CC:
The Calcutta Stock Exchange Limited,
7, Lyons Range, Calcutta-700 001
CSE Scrip Code: 18096





“Pritika Auto Industries Limited
Q1 FY25 Earnings Conference Call”

August 28, 2024



**MANAGEMENT: MR. HARPREET SINGH NIBBER – CHAIRMAN
& MANAGING DIRECTOR – PRITIKA AUTO INDUSTRIES
LIMITED
MR. NARINDER KUMAR TYAGI – DIRECTOR FINANCE
& CHIEF FINANCIAL OFFICER – PRITIKA AUTO
INDUSTRIES LIMITED
ADFACORS PR, INVESTOR RELATIONS TEAM –
PRITIKA AUTO INDUSTRIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Pritika Auto Industries Limited Q1 FY25 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Harpreet Singh Nibber, Chairman and Managing Director from Pritika Auto Industries Limited. Thank you and over to you, sir.

Harpreet Singh Nibber: Good morning, everyone and welcome to Pritika Auto Industries Earnings Call for the first quarter ended June 30, 2024. I would like to begin by expressing my gratitude to you all for taking the time to join us today. I have with me on call today Mr. Narinder Kumar Tyagi, Director Finance and CFO and Ad Factors PR, our Investor Relations team. We have shared our results, update presentation and media release. I hope you all must have received it and gone through the same. I would like to share a brief insight about our company's performance and strategic outlook.

At Pritika Auto Industries, we have established ourselves as a robust and a reliable brand specializing in the manufacturing of machine castings and automotive components. With the history dating back to 1974, our journey has been guided by the visionary leadership of Mr. Raminder Singh Nibber. Over the past four decades, we have grown into a prominent player in our market, supplying high quality components, leading original equipment manufacturers and getting primarily to the tractor and commercial vehicle segments.

Our commitment to delivering world-class products has earned us a strong reputation in the industry. We take pride in our modern facilities located in Derabassi, Hoshiarpur, Mohali in Punjab and Tahliwal in Himachal Pradesh, which have a total consolidated capacity of approximately 75,000 metric tons per annum. With these advanced manufacturing facilities, we have been able to meet the evolving demands of our esteemed customers.

The diverse range of products we offer includes axle housings, wheel hubs, hydraulic housings, end covers, differential carriers, brake housings, tender blocks and crankcases, among others. These components play a crucial role in the functioning of tractors and commercial vehicles and we are proud to contribute to their performance and reliability. The Indian tractor market, for instance, is expanding at a rapid pace and we are here to cater to this growing demand.

Our focus on innovation and diversification will allow us to capture new market segments and strengthen our competitive edge. Our dedication to quality has enabled us to become one of the largest component suppliers in the tractor segment of the Indian automobile industry. We are

honoured to serve esteemed OEMs such as M&M, M&M Swaraj, TAFE, Escorts, TMTL, Ashok Leyland, CNH New Holland Tractors India and Brakes India, among others.

In addition to our strong presence in the domestic market, we have also ventured into international markets, exporting our products to clients in the United States. I am happy to share that Q1 FY25 marks a great beginning in a new financial year with impressive volumes on the back of recovering demand. Revenue of INR88.80 crores is not comparable with the same quarter of previous financial year as we merged the demerged manufacturing unit of Pritika Industries Limited. The operational efficiencies and synergies resulting out of the process have also impacted this growth in EBITDA margin.

Production volumes Q1 FY25 was 10,026 tons as against 9,988 tons in Q1 FY24. EBITDA was INR14.42 crores in Q1 FY25 against INR12.01 crores in Q1 FY24 with EBITDA margin improving by 356 basis points from 12.68% to 16.24% on year-on-year basis on account of synergies arising out of the demerger and merger of manufacturing units and operational efficiencies. Profit after tax was INR4.47 crores in Q1 FY25, lower by 15.32% on account of higher finance costs and higher depreciation due to merger and capex incurred in the previous quarters.

This growth can be attributed to our strategic initiatives, focus on customer satisfaction, and our ability to exceed quality standards. We have capitalized on market opportunities driven by our expanding product portfolio and our commitment to innovation. This year marks a significant milestone for us as Pritika Group proudly celebrates the 50th Golden Jubilee. This half-century of excellence is a testament to our unwavering commitment to quality, innovation, and growth. We are honoured to have reached this landmark and remain dedicated to driving our legacy forward with continued success.

We are optimistic about the company's future driven by our expanding product portfolio which now includes more value-added products like central housings and central blocks, positioning us for sustained growth. Railways represent a key target segment for us and we are actively working on developing specific products to cater to this market. Looking ahead, we are confident about the future prospects of Pritika Auto Industries.

Our vision is to be the first choice among OEMs for machine casting and to be one of the largest producers of machine castings in India. To achieve this, we are focused on expanding our capacity organically through strategic acquisitions. By strengthening our order book and exploring new export opportunities, we aim to further enhance our growth trajectory.

Our mission to achieve an installed capacity of 1 lakh tons of machine castings by year 2027. With a well-established management team, decades of experience, and a strong and trusted brand, we are well positioned to achieve this ambitious target. Our recently listed subsidiary Pritika Engineering Components further adds to our capabilities and strengthens our product portfolio.

In conclusion, I would like to express my gratitude to our dedicated employees for their unwavering commitment and hard work. It is their skills and expertise that drive our success. I

would also like to extend my appreciation to our esteemed customers for their trust and continued partnerships.

Together, we will continue to deliver products that meet their quality requirements while maintaining competitive prices. Thank you for your time and attention. I will now open the floor for any questions you may have. Thank you, everyone.

Moderator: Thank you very much, sir. We will now begin the question and answer session. The first question is from the line of Aditya Shah from Meteor Wealth Management. Please go ahead.

Aditya Shah: Hello, sir. Hello. Just a few questions from my side. Sir, what is the expected timeline for capacity expansion initiative?

Harpreet Singh Nibber: Capacity? Actually, we are doing organic and brownfield also and greenfield also. So, brownfield capacity, we keep on adding every year some 100, 150, 200 in each plant. Brownfield, actually, our target is 1 lakh tons by 2027. So, that capacity expansion, we will start by, say, end of 2025. Next year, by June or July, we will start planning for that and start executing by H2 of 2025. So, that capacity is there by 2027. We have that capacity.

Aditya Shah: Okay, sir. And, sir, can you shed some light on your strategic locations which are in North India and how they contributed to your operational efficiency?

Harpreet Singh Nibber: If you see the location in Punjab and Himachal, if you see, we are primarily into tractor industry. And you see, in India, almost 60% of tractors are in the radius of where we are, around 500 kilometers range from here. So, all major tractor manufacturers, Escorts, M&M, TMTL, all are located in 500 radius from our manufacturing unions.

ITL is there. So, that way, this is a very strategic location. And now, after, I mean, since we are now a very major player here, we are now also planning to, I mean, set up a plant either in Western India or Central India. So, that is our next, whatever next plant comes, Greenfield facility will come. It will most probably come either in Western India or Central India.

Aditya Shah: Okay, sir. And last one, sir. Sir, after post-demerger, has it affected your relationship with your key customers to contribute to your top revenue?

Harpreet Singh Nibber: No, no, no. Absolutely not. Absolutely not.

Aditya Shah: Nothing like that, right?

Harpreet Singh Nibber: No, no, no.

Aditya Shah: Okay, sir. I'll join back in the queue for more questions later.

Moderator: Thank you. We'll take the next question from the line of Aditya Singh from Robo Capital. Please go ahead.

Aditya Singh: Hi, thanks for the opportunity. So, can you please let us know how the utilization of the existing 75,000 ton capacity is going to shape up in the next 2-3 years till FY27?

- Harpreet Singh Nibber:** Yes. Since we expanded last year, we set up a new facility last year. At present, I mean, last year, our capacity was around 60%-65%. So this year, we plan to use around 70%-75%. And next year, around 80%.
- Aditya Singh:** Okay. 70% this year and 80% the following year. All right. And the new PPT will come in FY'27, right?
- Harpreet Singh Nibber:** Yes, it will come in FY'27.
- Aditya Singh:** Actually, we just got a little confused when we looked at the PPT, Page 8, it said the installed capacity of 1 lakh ton of machine casting by the year 2025. So we thought it was going to commission this year.
- Harpreet Singh Nibber:** No, it was earlier plan 2025. But since last two years, market was not doing very well. So the market was just flat. And most of the products which we were doing, or new launches were being delayed by customer. So we just wanted to put another year in that, one year, one and a half year in that before expanding. Once we want to reach the capacity utilization of existing facility to 75%-80%, then only we want to expand.
- Aditya Singh:** All right. And sir, with the increased utilization and with the given business mix, how should the EBITDA per ton shape up going forward?
- Harpreet Singh Nibber:** EBITDA per ton should definitely improve. Once the capacity utilization also improves, EBITDA per ton should improve. It will improve.
- Aditya Singh:** So any quantitative guidance there?
- Harpreet Singh Nibber:** Say, another 1.5% to 2% it should improve. 1.5% it should improve.
- Moderator:** We'll take the next question from the line of Manoj Rajani from Rajani Family. Please go ahead.
- Manoj Rajani:** So, actually, basically, I had a couple of questions. So in your speech, you had mentioned that the product portfolio would be moving towards the value-added products. So just could you expand on those, basically the new offerings mainly? And sir, what is the demand of some color on that? And what effect it would have on our revenues?
- Harpreet Singh Nibber:** See, actually, if you see in the tractor industry, generally casting industry, so there are small castings, there are medium castings, and there are large castings. So till now, we were primarily into small and medium casting. So now we have started moving into large castings, which are, I mean, like case transmissions for tractors, transmission housings, clutch housings, gearboxes, cylinder blocks, in those kind of components where the valuation is higher. So that is what we are moving into a higher value-added components now. And if you see demand-wise, they contribute almost 40% of the tractor tonnage. That demand is very, very huge. And competition is also very less in that segment.
- Manoj Rajani:** Okay. So some quantification by, I mean, in the revenues we can see going forward?

- Harpreet Singh Nibber:** Quantification, what do you want in tonnage terms, or what terms?
- Manoj Rajani:** Sir, revenue numbers, like any?
- Harpreet Singh Nibber:** Revenue number, I mean, with these whatever future growth is going to come, it will come primarily from large castings only. So if today we are at INR340 crores, and if we have to move in next two to three years, say around INR600 crores. So this all addition will come from large castings only.
- Manoj Rajani:** All right, sir. And my second question was on the increased depreciation, which you had already explained, that it is from the merger and capital expenditures. Yes, sir. So, sir, what is the plan that we have to kind of manage that depreciation, just in number terms and profit?
- Harpreet Singh Nibber:** Because the foundry and machining is a highly capital-intensive industry. So this is, I mean, we have to keep investing. And now, once we go into these high-value components, the machining investment in machines is going to be very huge. I mean, till now, we were doing almost whatever machining was being done was at, I mean, domestically manufactured machines. But now, with these large components coming in, precision components like gearboxes and transmission cases, for this, most of the machines are imported only. Depreciation, I mean, for short-term, we cannot control. But, long-term, it will come down. Initial investment is high in these components.
- Manoj Rajani:** All right, sir. Also, lastly, like since you have a pan-India presence, sir, any particular regions that would be having a significant growth in terms of in the entire revenue structure?
- Harpreet Singh Nibber:** Pardon, I didn't get the question.
- Manoj Rajani:** So, sir, which region we can see some higher growth in terms of revenue?
- Harpreet Singh Nibber:** Region is North. Now we are present in North. And most of our customers are in North only. Around 80% sales are in North only, but once we as we are, I mean, considering the setting of a plant in Central and Western India then maybe those things will change, but not for next two, three years.
- Manoj Rajani:** I mean, it will be, it is expected to be in the similar range in the near future?
- Harpreet Singh Nibber:** Yes similar.
- Manoj Rajani:** All right, sir. That's it from my side. I'll get back in the queue.
- Harpreet Singh Nibber:** Yes, thank you.
- Moderator:** The next question is from the line of Rutam Shethan Individual Investor. Please go ahead.
- Rutam Sheth:** Good morning, sir. Sir, as you mentioned earlier that on a yearly basis, we keep increasing some capacity in our existing plants. So just wanted to understand, is there any specific technological advancements that we do or how do we increase the capacity on a yearly basis?

- Harpreet Singh Nibber:** I mean, increase our capacity is like, I mean bringing in operational efficiencies like increasing the productivity, doing some mechanization in the plant. So, by all these activities, I mean, low cost automation and those kind of activities where productivity improvement targets we take, at least we should increase some capacity every year because of that.
- Rutam Sheth:** So sir what is the capex that is required for these?
- Harpreet Singh Nibber:** I mean, it is basically a very, I mean, for foundry it is very low. I mean capex say every year INR1 crores, INR2 crores not major as I spoke.
- Rutam Sheth:** So with that much money spent...
- Harpreet Singh Nibber:** I mean for productivity improvement, it is always a low cost thing. Yes when we add some facility, add a furnace or add something line balancing, then if you add a new plant, then it is a different ball game altogether.
- Rutam Sheth:** Right. So sir with this using around INR1 crore to INR2 crores, what is the capacity that has increased?
- Harpreet Singh Nibber:** Capacity increases, say, around INR1 crore, INR2 crores you can add around 5% to 7%, 5% to 10% every year you can do that if some scope is there.
- Rutam Sheth:** Okay sure. And so since we keep increasing our capacity and there is like favourable government support also in this sector, so how do we see the orders flowing in? And do we see any shift in orders from our major clients?
- Harpreet Singh Nibber:** What do you mean by shift in orders?
- Rutam Sheth:** I mean as an increase in orders.
- Harpreet Singh Nibber:** Increase in orders see this increase in order, as of now from industry from 2020 to 22, last 23 it was very good. So now it is this year, we are seeing it is almost flat. Last year was flat degrowth of 6%. This year, we are most probably seeing it as a growth of 5% or a flat industry. But next year, there are a lot of new launches coming from customers and a lot of new tractors are being launched by customers in the next two years. So we see a good growth in the next two years in this sector. And we have good order book for new products.
- Rutam Sheth:** For the next two years, right?
- Harpreet Singh Nibber:** Yes, yes. Actually, you see our capacity, whatever capacity we have as of now is fully booked. So it is whatever capacity we have is only with the new launches coming in, I think in the next two years, we should be able to utilize our capacity.
- Rutam Sheth:** So, sir, with these new launches, how much increase in revenue can we expect?
- Harpreet Singh Nibber:** See ma'am in the next two years, next two to three years we are expecting almost 15% to 20% growth every year.

- Rutam Sheth:** Okay sure, sir. Thank you so much.
- Harpreet Singh Nibber:** Thank you, ma'am.
- Moderator:** Thank you. The next question is from the line of Prem Kumar from Invest India. Please go ahead.
- Prem Kumar:** Hi sir. Good morning.
- Harpreet Singh Nibber:** Hello. Good morning, Prem.
- Prem Kumar:** Sir, actually, I need to know do you have any defence, you explore your defence or railway project in any way?
- Harpreet Singh Nibber:** Yes, railways and defence, both we are exploring. And for railways, we have already started development into some critical components because railways is one of the fastest growing now. Government has a lot of focus on that and there is a lot of shortage of castings and some components in this area. So we are working on that very aggressively and hopefully by end of this financial year, we should be able to give you some good news on that.
- Prem Kumar:** Thank you so much.
- Moderator:** Thank you. We'll take the next question from the line of Sunil Kateshiya an Individual Investor. Please go ahead.
- Sunil Kateshiya:** Hi, sir. I was a little late to join the call. So pardon me if I am repeating the same question.
- Harpreet Singh Nibber:** No issues, Sunil. No issues.
- Sunil Kateshiya:** Sir, regularly, we have increased the capacity from 50,000 metric tons to 75,000, 75,000 to 1,00,000 and all and always you have mentioned in your presentation saying that we are fully booked as per our capacity expansion and all that. But the July month numbers which you have mentioned, 3,700 metric tons was the highest I mean, the production.
- Harpreet Singh Nibber:** Salesnot production.
- Sunil Kateshiya:** So I am still understanding even if you do a sales of 4,000 metric tons per month still it leads to 50,000 metric ton sales.
- Harpreet Singh Nibber:** Yes.
- Sunil Kateshiya:** I'm not able to understand the capacity utilization and sales growth, if you can help me.
- Harpreet Singh Nibber:** You see, our major expansion took last year. We added almost 20,000-22,000 last year. So that is for new products which will be utilized in second half of this year and next year with the new tractors are coming in. So that is for that.

- Sunil Kateshiya:** Okay, so should we assume saying that whatever is getting manufactured will be converted into sales, so whatever that numbers which you have said as an expansion will turn into sales in the future?
- Harpreet Singh Nibber:** You see these products and I mean the tractor based, these are a long gestation period of development. We have to build the capacity, build the machines, everything. And for us also, some projects of customers were delayed because of some ruling of the government. So, these sales will start most probably from January next year. These are launches from March 2025, April 2025. Next season some launches are there. For these products, the capacity is there.
- Sunil Kateshiya:** Okay, I got it. Thank you so much. Thank you.
- Moderator:** Thank you. We'll take the next question from the line of Namit Shah, an individual investor. Please go ahead.
- Namit Shah:** Yes, so we had a question on railways. So, I believe railways is an important target segment for our company. So just wanted to get an understanding, because it is one of the fastest growing sectors in the country, could you elaborate on what kind of products are we developing for this sector as a whole?
- Harpreet Singh Nibber:** We are developing, products which are basically ready to castings only. But we are developing some products which require RDSO approvals and all those kinds of things, where competition is very less.
- Namit Shah:** So earlier this month, there was a major cancellation of order of Vande Bharat trains by India. So almost a 30,000-crores tender was cancelled. So, does that impact us?
- Harpreet Singh Nibber:** No
- Namit Shah:** And what would be the timeline for bringing these products to the market? Like, when do we expect?
- Harpreet Singh Nibber:** Since we are going for a RDSO kind of thing. So, there is around 12 to 15 months of development and approval process. So, it is a long gestation period. But we have started working on it. And by the end of this financial year, we hope that we would have something in hand.
- Namit Shah:** Okay. So would it be fair to assume that the revenue impact from these products would come in maybe the first half of FY26?
- Harpreet Singh Nibber:** No, railways, we have to easily give one and a half year.
- Namit Shah:** Understood, fine. Thank you so much. Thank you.
- Moderator:** The next question is from the line of Aditya Singh from Robo Capital. Please go ahead.
- Aditya Singh:** Hi, thanks again. Sir, what was the capacity utilization last year?

- Harpreet Singh Nibber:** Last year we expanded. So, after expansion, it was roughly around 60%.
- Aditya Singh:** 60%, but on the capacity of 75,000, right?
- Harpreet Singh Nibber:** 70,000, you can say 5,000 we added this year.
- Aditya Singh:** 5,000, we added this year, all right. So, on a capacity of 70,000, we did 36,000 tons of volume. That is 53%-54% roughly.
- Harpreet Singh Nibber:** See, actually, this capacity, what we say is production capacity. So, actual sales is almost 9% to 10% less than this.
- Aditya Singh:** Sales is 9% to 10% less than the capacity. I didn't get that, can you please explain?
- Harpreet Singh Nibber:** See, what happens is, if we produce 70,000, saleable would roughly be 7% to 10% less than this. Because you machine them, there are some rejections which are remelted. So, actually, the dispatchable is around 7% to 10% less than this, whatever is the production.
- Aditya Singh:** Yes, understood. And so, you've added that this year we can have 70% utilization. So, the 70% will be on entire 75,000 capacity, right?
- Harpreet Singh Nibber:** Yes, this year it will be around 65% to 70%.
- Aditya Singh:** Okay, all right. Thank you.
- Moderator:** Thank you. We'll take the next question from the line of Aakash Sharma, an individual investor. Please go ahead.
- Aakash Sharma:** Hi, sir. So, I have a couple of questions. My first question would be that how do you differentiate yourself from your competitors such as Bharat Forge or Happy Forgings?
- Harpreet Singh Nibber:** They are into forging and we are into the casting. That is a major difference. Our product category, our processes, products are entirely different.
- Aakash Sharma:** Okay, also, I guess...
- Harpreet Singh Nibber:** We make the housing in which their products are taken.
- Aakash Sharma:** Okay, so I guess one of the competitors, telecasting, right? So, telecast.
- Harpreet Singh Nibber:** No, I've not heard of it. It's not a competition. It's some different casting. Steel or something.
- Aakash Sharma:** Nelcast.
- Harpreet Singh Nibber:** Nelcast is our competitor, yes.
- Aakash Sharma:** So, sir, how do we differentiate ourselves from that?

- Harpreet Singh Nibber:** See, I mean, we are competitors. We are not, I mean, we cannot, we don't have any, I mean, as a process, we have same processes, same products, similar products, same customers. So, I mean, and the only thing is we are doing 100% machining. Major difference between us and Nelcast is that we do 100% machining. They are not doing 100% machining. They are into raw castings. We are, they are primarily into raw castings and we are into machine castings.
- Akash Sharma:** Okay, sir. And what are you doing in the...
- Harpreet Singh Nibber:** Sorry?
- Akash Sharma:** No, continue, sir.
- Harpreet Singh Nibber:** Yes, because we give all our castings as a machine only. They supply a lot of raw castings.
- Akash Sharma:** Okay, sir. And so, what are your views on the industry demand going forward? As we aim to reach, around 1 lakh tons by FY25.
- Harpreet Singh Nibber:** See, industry, long-term outlook is very good. And if you see commercial vehicles are a direct correlation to GDP. So, if GDP grows at 6.5, 7.5, so economy grows. So, everything should grow, long-term should grow, grow in line with some I mean, all businesses have some cycles, some sign wave is there. With some 2-3 years, it will go good.
- Another 1 or 2 years, there will be some downturn will be there. Then again, it will pick up. And as far as tractor is concerned, tractor, I mean, Indian market has reached around 1 million, it has started almost. So, I mean, we say next 2-3 years, it should reach a level of 12 lakh tractors per annum. That is what prediction is.
- Akash Sharma:** And sir, you said that our capacity is almost fully utilized. So, 70% of 70...
- Harpreet Singh Nibber:** Booked. Not utilized.
- Akash Sharma:** So, I guess 70% of 70 KT is around 49 KT tons, right? In sales volume, which is a huge jump. So, is this target by FY25 that we are targeting?
- Harpreet Singh Nibber:** Yes.
- Akash Sharma:** This is a sales figure?
- Harpreet Singh Nibber:** Yes. We are targeting 65%, 70% capacity utilization this year.
- Akash Sharma:** And sir, as you are also venturing into defence, so what are the new segments of product categories that will be adding into our product portfolio?
- Harpreet Singh Nibber:** Defence, we are as of now studying what product category we can go. Most probably, it will be again vehicles only. And but railways, we have studied the product categories and we are working on it.

- Akash Sharma:** Okay. And sir, will these new product categories will have any positive impact on our margins or a EBITDA pattern?
- Harpreet Singh Nibber:** Yes, it will surely have, it will surely have impact. I mean, they are a long-term product. But whenever they are productionized and sold, it will definitely have effect on the margins.
- Akash Sharma:** Okay, sir. So, what will be our going forward ROCE target?
- Harpreet Singh Nibber:** ROCE target, that I will have to see ROCE target. Should be around, I think, so 17% to 18% that we should look at that.
- Akash Sharma:** Okay, sir. We'll get in touch with that if you have any further questions.
- Harpreet Singh Nibber:** Yes, please.
- Moderator:** Thank you. The next question is from Ravi Teja, an Individual Investor. Please go ahead.
- Ravi Teja:** Couple of questions. How do you manage your supply chain and distribution network across India? Because given, we have a pan India presence. And also, are there any initiatives to enhance, our efficiency of this network?
- Harpreet Singh Nibber:** See, if you see supply chain or distribution, we, our customers are basically, they are, most of the terms are XXR works only. So, it is the customer logistics are undertaken by customer only. It is more, I mean, except for the customers which are very nearby, like M&M over here in Punjab, or maybe a spot with Pidamas. There are delivery terms is, otherwise, it is all XXR works. Logistics and everything is handled by customers only.
- Ravi Teja:** Just to continue also, given our impressive volumes, which is largely driven by recovering demand, how do we expect this level of revenue growth to continue, towards the second half of the year or towards?
- Harpreet Singh Nibber:** Yes. I mean, the volumes, we think the volumes this year will be very stable. This year and next year. And with, you see, the monsoon have also been very good this year. And distribution also improved. So, we think, we, what we see is going forward this year, the volumes should be good. And we should have our growth again with our new products coming in the second half. I think so, this year, we should have good growth.
- Ravi Teja:** Okay. But are there any potential challenges or any factors that could impact our coming quarter?
- Harpreet Singh Nibber:** See, monsoon was a challenge but fortunately, it has gone very well now. And, I mean, until there is some upheaval in global markets or some political turmoil is there in India, we don't see any major challenge this year and next year.
- Ravi Teja:** Fair enough. Just a last question that I had with the current increase in our tractor demand, right? Due to great farming conditions and there's, we are seeing also government support and other market factors also contributing to this. So, how are we benefiting in terms of orders? And are we seeing any trends in our large or major clients across the tractor industry?

- Harpreet Singh Nibber:** Yes, we are seeing a trend. I mean, especially, I don't know what we are seeing, M&M Swaraj is increasing one of our biggest customers, largest customer increasing its customer its market share, considerably. So, in the last six months, Swaraj has increased its market share by almost 2%.So, that is a big jump. And, secondly, with new launches coming in the second half, I mean, we see a good inflow of orders.
- Ravi Teja:** Right. Thank you, sir. I'll just come back in the queue.
- Moderator:** Thank you. The next question is from the line of Sunil Kateshiya, an individual investor. Please go ahead.
- Sunil Kateshiya:** Hi, sir. Just help me understand. We are continuously expanding our capacities and all.So, to meet this demand, are we going to take more debt or is there any equity, liquidation or anything if we are planning or how we are going to do it?
- Harpreet Singh Nibber:** We want to keep a healthyratio between debt and equity. If required, we'll raise equity also. But until we can manage debt within sustainable levels, we'll continue with debt.
- Sunil Kateshiya:** Okay. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Sameera Jain, an individual investor. Please go ahead.
- Sameera Jain:** Yes, Thank you for the opportunity. My first question was regarding the demerger which has happened.So, can you share some light on the strategic rationale behind it and how it is aligned with our long-term goals?
- Harpreet Singh Nibber:** See, actually what happened, we had aour holding company, Pritika Industries was the holding company, which was the oldest company and which had a manufacturing facility in Punjab and Himachal. So, that was something, I mean, which we were getting feedback from the market also thatpromoter has an entity which is outside the company. So, we demerged Pritika Industries and other businesses also, investments and some healthcare business also.So, we demerged the manufacturing business from Pritika Industries and we merged with Pritika Auto Industries.
- Sameera Jain:** Okay. How will that impact on our operations or?
- Harpreet Singh Nibber:** Because it was doing machining. It was doing machining. So, value addition was getting done or that value addition will remain in Pritika Auto Industries, which you can see with the improved EBITDA margins.
- Sameera Jain:** Okay. And just related to that, there were inter-company transactions for raw casting. So, how is this, how is the price determined now and how?
- Harpreet Singh Nibber:** That is at an arm's length only.
- Sameera Jain:** Okay. Thank you. That's it from side.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Mr. Harpreet Singh Nibber, Chairman and Managing Director for closing comments. Over to you, sir.

Harpreet Singh Nibber: I would like to thank everyone for their participation and for their enlightening questions. And I'm very happy that people are taking interest in our company and I assure everyone that we will be on the growth path and we will do whatever is required to grow this company to a great level and to become one of the largest producers of machine castings in India. Thank you, everyone.

Moderator: Thank you, members of the management. On behalf of Pritika Auto Industries Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.