



17th June, 2021

1. The Secretary
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI 400 001.
Fax No. 022 - 2272 3121 / 3719 / 2037 / 2039 / 2041 / 2061

2. The Secretary
National Stock Exchange of India Limited
"Exchange Plaza"
Bandra - Kurla Complex
Bandra East
MUMBAI 400 051.
Fax No.022 – 26598237 / 38 / 26598346

Sub: Transcription of video call with the investor / analyst dated 8th June 2021

Ref: Scrip Code: 505242 / DYNAMATECH

Dear Sir / Madam,

In furtherance of our letter dated 9th June 2021, we are herewith forwarding the Transcription of video call with the investor / analyst dated 8th June 2021 for your kind attention and records. The same is also uploaded on our website www.dynamatics.com

We kindly request you to take this intimation on record.

Thanking you,

Yours sincerely,
For **Dynamatic Technologies Limited**

Shivaram V
Head- Legal, Compliance and Company Secretary



**“Dynamatic Technologies
Brief Overview of the Company and its
Performance”**

June 8, 2021



**ANALYST: MR. AYUSH BANSAL - EMKAY GLOBAL
FINANCIAL SERVICES**

**MANAGEMENT: MR. UDAYANT MALHOUTRA - CEO AND
MANAGING DIRECTOR**

**MR. ARVIND MISHRA - ED & GLOBAL
COO OF HYDRAULICS AND HEAD OF
HOME LAND SECURITIES**

**MR. RAVICHANDRAN V – Co - COO -
AEROSPACE**

**MR. AJAY GURURAJ - HEAD BUSINESS
DEVELOPMENT AND CRM**

MR. P CHALAPATHI - CFO

Udayant Malhoutra: Firstly, I would just like to thank Emkay Global for facilitating today's meeting. I would like to wish everyone happy... good afternoon and thank everyone for joining us today. I am going to make a small overview of the company to try and explain who we are, why we have gotten to where we are and try and give you a sense of where we are right now and what's going to happen in front of us, but it's going to be more of a business presentation.

So, if you see us, we are a company that started in Bangalore. We developed ourselves with the global market and the global manufacturing footprint, so we are manufacturing in India, we are manufacturing in the United Kingdom, we are manufacturing in Germany and we have a small, minor manufacturing operation in North America as well with a very strong engineering footprint across these places.

So, if you look at what we do, we design and manufacture very highly engineered products. We have a lot of patents and trade secrets and design registrations that give us a very unique place in the global market for hydraulics or complex aerostructures and some complex metallurgical parts that were used in the hot end of engines and also in safety parts like brakes. If you look at the gear pump business where we started, it's a product that one would look at it and say it's a tractor part or something that goes into construction equipment but it's really the heart of every hydraulic system. It generates 4000 pounds per square inch per pressure. It's actually the muscle that does all the work when you see a bulldozer or a crane or a drill rig or a tractor and it's a very high precision product with a lot of industrial IP in it and we have a large number... I think of our 21 patents, 13 of them are in this area. So, we got a very nice market share, we have a global market share of 34% in ac tractors. In India it's north of 75%, so we are very dominant in this sector and we manufacture in UK and in India.

There are two broad segments and I think we are entering into a very nice super cycle of growth in India with the advent of all these new super highways that are being built at record pace. One of the interesting things you all would have seen as investors is the big bounce that the tractor companies have taken. So, if you look at Mahindra, you look at Escorts, all of them had been tearing despite COVID and part of it has been the use of AC tractors not just for ploughing fields but as equipment for haulage, for construction, for moving construction materials. What is also very interesting is the growth of construction equipment industry in India. Suddenly there is a domestic industry. Lot of global players have come in to India. Komatsu was always there but now you have a SCHWING Stetter, all kinds of companies that are really growing and are consuming hydraulic products. So, the pump is of course the heart of the system but we also make a whole bunch of other products. And, I will talk about that and I will give an example of why we are set for a very interesting growth cycle.

So, if you look at the gear pump we have had, we have a monopoly. I mean anybody with a 75% market share in a country like India, you could say it's a monopolistic product but we never really had pricing pressure because there was a mutuality. We were serving the customer, we had a nice 16-17% EBITDA margin. It was a very nice cash cow that funded our other growth into aerospace, into automotive, but there was always this kind of a mutuality, it was like a monopsony where you had a large OEMs on the other side that gave you sole supply kind of contracts but on your side, you were very respectful and that continues to be the case. What it is very interesting is that in recent times the market has really flipped upwards especially with the government's investment in the rural areas and the shift to construction as I talked about earlier so for the first time, we have not only growth but massive pricing power because the tractor OEMs, all of whom we love, are literally now bidding with each other to buy more of our products, so that's one part. The second part is the shift from pure market share to wallet. So, if you look at it, we make a gear pump which is Rs 1500 in a tractor but what you see on the screen is about Rs 30-35,000. In the top right, you see the Rock Shaft Assembly that itself is Rs 20,000. So, for Same Deutz-Fahr, we are the sole supplier of the entire hitch clip. For Case New Holland, for Eicher Tractors and for Same we also make the Hitch Control Valve in the bottom right. And like that we have just developed the new Power Steering Valve. So, this will literally take what is currently at Rs 300 crore business of ours, we could over the next four-five years grow this very significantly with the wallet share. So,

there are two or three things, one is the volume growth, the second is pricing opportunities that we have and the third is the wallet share. So, if you look at this business, as we get the volume here, automating it, becoming more and more repeatable with the use of robots like what we do in our Germany plants. We are investing in low-cost automation which dramatically increases the productivity of these plants and as a consequence with the same headcount, with similar labour cost, we are able to actually grow the volume and as I mentioned earlier there is a lot of strong patent IP protection around these parts.

So, this is a very interesting story. All of us look at COVID as a very grave risk. In India, surprisingly, and this is the data that speaks for India, for Bharat, tractor is almost a weather vane for what 80-70% of India's doing or thinking or feeling like. And you can see the dip. you know, if my guess is, if we didn't have this COVID we would have had a recession at the early part of last year. You can see there was a very strange decline in tractor OEMs and then you hit a complete rapid shutdown with the lockdown and after that we have been on steroids with this Atmanirbharta and the government's focus on the rural sector. So, you can see a very rapid growth that we had shown which was a bounce immediately after that but let me tell you it hasn't stopped, that trajectory goes, continuous and so what you see on the left as 1,20,000, it's like 1,75,000 now. We are unable to meet demand. we are just not able to meet the demands.

So, as I mentioned it's a nice place to be. I will move from the hydraulic business which is really serving the AC tractor and now the growth of construction equipment into something that people have been very excited about in Dynamatic for the last many years and part of the reason they were so excited about it was that we have always been one of the pioneers in India. In the listed space we were one of those very rare companies. Unfortunately, while we all had great hope that opportunity for Indian manufacturing and defence has taken years, very recently you have seen the new positive list which create moat around India's defence manufacture for indigenization for local companies and I think that is something we have been waiting for from 2014 and it's here and now. So let me go back in to 1990 when we were making tractor hydraulics for tractors, the Soviet Union collapsed, the Indian Army had Soviet equipment, they weren't able to get hydraulic products and even though defence production was... private sector was stopped from getting into that sector, into defence production, by virtue of our hydraulic knowledge we went into, we ventured into that area and we developed all the hydraulic products for the T-72 tank, we won national awards for that, we then developed a lot of products for DRDO, for the Indian main battle tank and then in a little garage behind our little hydraulic plant we started making aerostructures for another DRDO lab and research lab of their Chair, making aerostructure of their new prototype, their new UAVs and jet trainers and in a very small scale, and mind you I have been here a long time. This is 30 years ago. We had a great privilege of working with some of India's leading scientists in the nuclear programme, in the missile programme and winning a lot of awards and everything. So, in a sense a lot of the young engineers I worked with as a youngster myself are today at the top of the industrial military complex of India which is largely still government owned. So, we were a pioneer there, the largest program in India which is the Sukhoi program, you can see we actually had a Dynamatic factory inside HAL in Nashik. So, it was the first and only private sector facility within the defence PSU and you can see about 1/6th of the airframe was produced by us. So, this gave us a certain, certain set of wings. We went from prototyping into series production but it was 16 to 18 aircraft every year. But for that we developed 3,00,000 parts per aircraft to make those six or eight families of assemblies and for twenty years we were HAL's best supplier.

So around 2005-2006, Airbus was looking for global supply chain partners. They were trying to dollarize their procurement footprint because they were competing with Boeing and one of the products, they looked at which was very interesting because it was a Class 1 flight critical product. It is a flap-track beam assemblies which the wings, which actually shaped the rear end of the wings to make the plane take-off and to come down to and give lift to the aircraft and they went to China, they went to Russia, they went to Indonesia, they went to Czech Republic, they went to Poland, they came to India, And these were made in the UK and they found that we had the same language, we had the same law and we had a very strong engineering talent within India. They went to all the big, biggest names in India and of course they went to HAL in India and they came to

Dynamatic which was producing a small volume of aeronautical products but had a very mature automotive rigour of manufacturing and they really liked the fact that we were entrepreneurial, we were responsive and it was a real karmic moment for us when we won this business and became a global sole supplier to Airbus for the largest selling A320 family. So, every A318, 19, 20, 21, we are sole supplier for the flap-track beam assemblies and it's been a mainstay of our business and of course, we did a lot of engineering work and in 2021. We are developing a new, we have developed a new product that is going to go into commercial production in about two months which will replace all the old product where the IP is actually developed by co-developed by us and the customers. So it's really a new level of manufacturing and capability

So, this is a typical, this is actually a four-storey flatted building in Dynamatic. We move parts up and down, we take advantage of efficiency of space and you can see the kind of manufacturing here, it's really high class, high quality stuff and it's world-class manufacturing. What is quite unique is what we were able to do which was take, this is by the way taught at IIM Ahmedabad as a case study and Professor Jim Rice at MIT in the US is working on a case study on this on how Dynamatic converted or upended the global supply chain where we actually moved the final assembly to a low cost country and we make the detailed parts in a high cost country or really close to aircraft manufacturer and the reason we did that was on the left what you see is we had a clean sheet of paper, we didn't have legacy, so, we could look at this and we could use basic first principle thinking we looked at where the cost to capital was high, where it was low. The cost of capital was very high in India. So, to put in those sophisticated machines and parts was just unviable but for assembly, for artisanship, for craftsmanship, for engineering, nobody could beat us in Bangalore. And in the UK, we could get the best German and Swiss machines at 2% interest, for robots in there you had very few workers and you had a completely robotized plant. So, I'll show you, I'll take you into a minute and half of what this business is. It's little jewel and what it's generally-

Slideshow presentation of UK-India Collaborative Advanced Manufacturing

In this, this is the new build process that we have already invested in. It's, we are about to take-off in about two months and we are also getting set for a rise in volumes. As you know the COVID period has been very, very difficult for civil aviation and I would just like to show you the advantage we have had is traditionally we try to keep half of our business defence and half civilian and a lot of people actually were critical because in civil aviation we have much larger volumes. But we always thought that there was certain risk mitigation available to us when these two countercyclical markets and COVID really showed that this was a good thesis. Because, as we found a reduction in, a steep reduction in our commercial jetliners, we had our typical export business partly in India but largely as we said, we were waiting for the opening up of the Indian defence sector, in the last six years we were not sitting still, we developed a large global export order. So, we are the sole supplier for Boeing P-8 power and mission cabinets for all their aircrafts worldwide. These are the very formidable submarine hunters in the maritime aircraft. So, these are nice, beautiful, internal to the aircraft power and mission cabinets, and you know it's a beautiful business even in this last COVID year we delivered roughly a Rs 100 crores worth of this which is fantastic, alright? And it was a very robust business. The second Boeing product we have is this iconic heavy lift helicopter where again their global sole partner for pylon and ramp, both are very complex structures. And with this, actually what was very interesting was Make In India for defence was actually launched with these products in the 2015 Air Show by our Prime Minister.

This is a very interesting R&D program we did with Boeing during the COVID lockdown. This is the world's first digital, completely digitally designed aircraft T-7 and to validate the design you have something called a digital thread which was produced by us in 90 days, so it's concurrent intelligent and manufacturing of the toolings and the test toolings. And of course, last year we were one of the first 10 companies worldwide to get

their General Performance Gold Award worldwide. So, it's a very, we were one of the elite suppliers, as we are with Airbus.

This is one of the most unique case studies that we have is the Bell 407. It's the world's largest selling helicopter. The entire Bell cabin, the entire fuselage is made by us. It's about 1600 parts, we have replaced 56 suppliers and we now deliver it in five assemblies and going forward we will deliver it in one assembly. What is incredible is the opportunity for cost arbitrage not just in manufacturing but the entire value chain of cleaning up the engineering, digitising, you know, optimising and then world class manufacturing. I think this is the future. What we have done is we are now a tier-1 of... and a single source to Airbus to Bell helicopter and to Boeing. And that's been a very... I mean it has given grey hairs, all of us, but it's been... Actually, it is a great business, very profitable and it's set to grow in future because we are now at full rate for all these customers and now, we have to really focus on growth orders, on the campaigns we are working on.

Within the Indian defence industry this is with HAL, so Sukhoi production shut down, this is the new light combat aircraft and the main fuselage is built by us, you can see a small, during the lockdown, a small ceremony with Defence Secretary of India live streaming on to our shop floor, the Chairman of HAL. It's a very close partnership, we are really an intel inside the Indian defence industry. So, as this opens up, as big as that opportunity is, your guess is as good as mine, we got our fingers crossed as well but that's where we are and I think it's time, you know, we are in the 2020s now.

These are some of the early events we got during COVID. As the commercial jetliner market was down, we had equipment and capacity available and we developed some of these items. You saw that complex machine in the video. These are really complex products that go into a complete assembly which is classified in India. But you can see the first deliveries and this is very interesting.

These are toolings so while we had capacity, we built toolings for the Dassault Rafael and installed it and it used to come out really neat because we built for our own production and for our customers, but we started developing products for Dassault and now we come the other way round with orders for parts. A very sophisticated jigs for manufacturing the aircraft. Now, this is what I was talking about earlier that roughly half and half production of civilian to defence. AJ, what was the mix during the last year for defence? It ramped up right? Gone up by almost 70%, 2/3rds? Yeah, 2/3rd - 1/3rd was the defence - commercial. Yes, so as you all can see, we tried to keep it half and half and we kept it as a risk mitigation thing and during this COVID period we were able to put our foot on the accelerator and take up some of the slack and to some element or some level we were able to counter the reduction in aerospace through commercial jetliners sales. And then you see we have tried to keep roughly 25% of production in helicopters.

Within India we have agreements with Israel Aircraft Industries and HAL. So, as the Heron on which is the big UAV which patrols our hostile borders, as they become Make In India, they will be essentially built by Dynamatic and HAL in very similar partnership that you have seen before. We are working with IIT Kanpur on certain militarized mini-drones. And you can see how over three decades we have gone from hydraulic pumps to precision parts to complete assemblies as a tier-1, so that's just the journey where we're at. Now, going forward, again I'm not going to give numbers, but just these are the headlines from the newspapers - more and more Poseidons being bought, more and business, it's continuous, it's increasing, it's a very healthy business. What is really interesting is the big bounce that Airbus is seeing. So, Boeing, while it's very strong in defence, they have had setbacks with their the 737 and airbuses. Very, very bullish in a post-pandemic world and you can see the guidance. It is much higher than what was a pre-pandemic volumes. Just so you know this is public information, we have access to far deeper information and it's all very real and it will give us a few years of good growth going forward

Now coming to the third leg of our business. So, we built a global best value model in aerospace, global best value model in our hydraulic business and we were trying to build a global best model value model in German

and Indian foundries. And this is an area which is really suppressed, you know, I mean, this is, it was a terrific business in terms of the technical success. We took on great challenges, we succeeded in developing a whole slew of very difficult products for difficult Japanese customers in India. But the Indian foundry of ours just perennially lost money. The German foundry always made money for us, even in the worst times it's breaking even but what has been terrible for us is this Indian foundry and we just divested it after 5 years of real losses and to just to give an, give you an idea, we are losing Rs 20-25 crores a year but we were winning all the awards and we always had that sense that next year you will develop. So, we held on to it with hope while we were developing all these new products across the business line but that was a dud and we got rid of it. Now what remains is a very interesting world-class metallurgy capability in Germany and let me show you what we are going to do with this. So, we have actually robotized a lot of manufacturing there and we are now integrating it more with our aerospace manufacturing. So, it's in a place called something *Schwarzenberg* which means old mountain, so it's the heart of metallurgy worldwide, the location where we are in Schwarzenberg.

So, in our UK plant, I mentioned the low cost of capital versus the low cost of labour. But there's another secret - it's the raw materials. So, in aerospace raw materials are all qualified and carefully controlled and we generate a huge amount. And we generate a huge amount. When your machine and aircraft part you take out 90-92% of the material and you just have a net shape. That 90-92% of the material in India would be raddi and sold to a scrap merchant. In the UK we bricket it and it is given back to the mill but this is a very valuable - so we captured some of the value by keeping our machine close to the mill. But if you go to the next slide, you see what we are actually integrating. In the last year during the COVID we got our... You know, I mean this plant manufactures products for Maserati, Porsche, BMW, Audi and Daimler. It's a fantastic capability of German metal working. Now, what we have realised is that all our businesses are really difficult and technically challenging but there are certain customers who pay you better or pay you more for your skill. They value your artisanship and craftsmanship. And, maybe that's the Blue Ocean. And that's why you see us talking about blue sky and blue ocean. So, what our intention is rather than seeing the German plant as an adjunct to India and trying to create that value, this was the other, very big interesting, opportunity for us because this plant doesn't lose money, it is there, we have been transferring aerospace knowledge and capability into it and qualification into it and over time whatever we are going to do, we are going to actually bring this into the supply chain. Now, across the world there is a shortage of casting and forging for aircraft and there is a surplus of casting and forging in the automobile industry but there is a big gap in qualifications. It is very rare to have a company like us which is both AS & PS, which is the qualifications for these two different businesses.

I just want you to know during this entire pandemic we set up your own-- early in February last year we understood that this is going to hit us. Even before it was publicly announced on the 5th of February, last year we started our anti-COVID activities. We brought out technology and developed it from the Indian Institute of Science and built our own world class RTPCR testing capability. All our employees, all 2000 were regularly tested. In fact, during this peak second wave, we were testing every week, we were doing 8000 tests a month internally. We have almost zero, you know, infection rates while there was 26% positive test ratios around Bangalore. We have vaccinated 100% of our employees, our employees wives, our supply chains, our suppliers, small suppliers. So, what we've done is created a very safe space for our ecosystem to be sustainable through this period. And also, for the customers, we could understand there are customers across the world seeing people dying and, you know, our businesses, global business most...so we developed on the fly all these technologies in house to be deployed. So, all our products are also certified to be biosecure. We do UV sterilization of every aircraft part before it's packed and it's shifted out. So, these are all on the boxes and as a consequence, you know, even our Global customers have gotten video calls with us and shared how happy they are with us.

Okay, so, just this is the final slide to just give you a recap of everything. We have built a profitable aerospace business. It's roughly Rs 400 crores in this COVID period, it was Rs 500 crores pre-COVID and it has a very robust and rich profitability. With the commercial aviation sector set to bounce back on the back of global

vaccination and travel and opening up and advisories from manufacturers, we are very bullish on this business. We are very bullish on the localisation of defence production in India. We believe the time has come. One is intent which is always there, the second is not just intent, it is the need to do it because in today's world, there's technology denial and there's also the need for Indian government to develop local jobs, taxes and keep our money here, you know, spend locally. So, there's a tremendous opportunity. The same thing is driving the hydraulics division. This Atmanirbharta is driving defence production growing forward and agriculture rural infrastructure thrust and that is giving us pricing power. We have dumped the business that was really suppressing our profitability and really affecting us in terms of management bandwidth. They are reducing debt. We also have formed 50 acres of freehold land which is being, you know, the government is developing two defence corridors, industrial corridors. One in Uttar Pradesh, one in Tamil Nadu. This is the national government where they've given additional benefits. Our land is at the start of it, in fact, it is the first piece of land that will be the southern defence corridor. It is near the Sullur Air Force Base, so this is a very significant divestment for us. It was attached to give energy to our automotive businesses in Tamil Nadu, we don't need it anymore, so it's a great straight to the balance sheet and we are looking forward to the bottom line going forward. We have monetized the foundry as well. And, which is, which reduces capital ploy but it also improves our P&L dramatically and then, of course, we took two-thirds of our debt and dollarized it and it is roughly half of our exports from here, so it is self-edged, there is zero risk in that. But it reduces the cost of finance 10% to 5% on roughly Rs 200 crores of debt, so, which is what we converted. So, with that, thank you for your patient hearing and I am very open along with my team to take any question. I am sorry it is a long story. There are a lot of people who don't understand our business. I need to ensure that they understood it then I hope I did justice to your time. Thank you.

Ayush Bansal: Thank you, sir. We will be opening the Q&A session for participants. Anyone who has a question please use the raise hand option. Participants request to limit your questions to two per participant. Once the participant is called out, please unmute yourself to ask a question and mention your name and send your firm's name. We have the first question from Nevil Dedhia. Please go ahead.

Nevil Dedhia: Thank you. Nevil Dedhia from Equirus Securities. Sir, two questions from my side. If I understand correctly, you know, we have assets held for sale of Rs 140 crores on our balance sheet. If Rs 56 crores relate to the Wind Farm assets in Coimbatore, is it correct to assume that the rest Rs 84 crores are for the JFTL assets? And any progress on the sale of JFTL foundry business to the Danblock brakes and the Wind Farm asset sales?

Udayant Malhoutra: Thank you, Nevil. Thanks, very, very good question. Both the product, both the divestments are in advanced stages. The Danblock sale actually has been executed but the day we were supposed to get the document from the state land, you know, SIPCOT, see the asset is on top of land, to transfer the asset we also need to transfer, we need NOC from SIPCOT. The day we're supposed to get the document the whole state went into lockdown. They are just unlocked it yesterday and they have started going back to work government offices for 30% work. So, we're expecting that document this week. In effect, we are already, the asset is already being run by Danblock because what we have done is we have done a business transfer from all the customers. From the first of last month, all the billing was being done actually by Danblock. So, they are actually sitting there, unfortunately we are not able to transfer the asset because we don't have the NOC from the government which we hope to get this week or perhaps next week. So that asset is done.

The second asset is at a book value. So, let me tell you the foundry has a fixed asset and it has current working assets in it. So if you look at the total value of that assets just to get an idea of how the divestment works for the company, roughly around Rs 30-32 crores or Rs 33 crores of the working capital will reduce, so eventually, we won't need that much, our working capital needs will come down but we will actually get in hand another may be Rs 60 something crores which will be the net value of our asset transfer after we pay out some, some things that have to be paid out to transfer fees to the government, brokerage on whatever. So, is that correct

Chalapathi? If you can just correct me? Just a rough order of mandate and we are not giving you the down to the paisa but roughly that's where we are right?

Chalapathi Puramannagari: Yeah.

Udayant Malhoutra: So, it should reduce the long-term capital and which, you know, I mean, one is that money comes in, we are using part of it just to, we don't need to pay down debt because we actually are sitting on cash as you have seen, or you will see in the balance sheet, and we also have, we don't use our limits. We don't use our limits but what we're doing is for all our limits. But what we're doing is we are using part of that money to reduce debt and part of it is redeployed into aerospace and hydraulics where you have a very high return on the capital that will be used. Instead of losing that Rs 20 odd crores on that asset you will be earning roughly the same amount. So, the swing away which is significant. The rest of the asset is held at a book value. Of course, when it's acquired you get it at a much higher price, we are going to get a much higher price, I can't say anything more than that but it will be a very nice reduction in our debt profile. Just imagine 450 acres of pre-hold near the Sulur Air Force base in Coimbatore. It's a good asset and of course we are selling it to the government so it's a very transparent and clean deal. One of the reasons there are a lot of ways you can sell these assets, when you sell land or any of these things, we have sold it to a multinational because for us it is very important to have transparency. We are selling the second asset to the government, again to be transparent because this is where there is always a risk, there is always a reputation risk, there is always a risk of getting entangled into long litigation, we just don't want that. So, it takes a little longer to do it but when it's done it's very good. Thanks.

Nevil Dedhia: Welcome. Second question is, you know, your balance sheet, consolidated balance sheet, your long term and short form borrowing is at Rs 513 crores plus Rs 109 crores of other financial liabilities and Rs 60 crores in cash in hand. So, you know what would be our net financial liabilities post these two transactions, if you can help that to understand.

Udayant Malhoutra: Well, so I think post these two transactions roughly you can say Rs 120 odd crores of the debt will go down, long-term debt. But let me just point out something to you. So, for example will be renting a building or we lease a building in the UK from the Swindon Borough Council and you see you know we have got this AS116, so when you see suddenly there is extra amount of what is shown as debt, it is actually we have rented this building for 30 years on the back of the future orders we got from Airbus. We have secured that factory building with the Swindon Borough Council for the next 15 years but the way it's treated in AS116 that adds back into our debt, actually there is no debt in that it is just a rented building. So, Chalapathi will also explain, I think we have roughly Rs 130-150 crores roughly which is all leased assets and including when I am sitting right now, in less than 12 months' time we will be out of this facility and we will be in our own facility near Bangalore airport where we have 29 acres of Dynamatic land. So, this facility where I am sitting right now will be handed back, so it will show the reduction in that but actually all we are doing is we are giving back the building we were renting. So, I think you have to look at it when we do the sale of the assets, we will not touch these leased assets, these leased assets will be leased. And there's no long-term liability associated, it's on our book's. I think under 116 only to the extent that we are using it, the moment we hand them back, it's gone. But in the form of the real long-term debt that we have from banks, which is roughly what Rs 320 crores of Indian debt and another € 7 million in Europe.

Chalapathi Puramannagari: Yeah.

Udayant Malhoutra: That's a real long-term debt of the company. We will reduce that about what? Rs 120 crores over the next... as we get this money.

Nevil Dedhia: Thank you, Sir, and stay safe.

Udayant Malhoutra: Thank you Neville and thank you for the nice questions.

Udayant Malhoutra: Thank you Neville and thank you for the nice questions.

Ayush Bansal: Thank you Neville next question is from Raja, please go ahead

Raja: Good evening, Sir. Thank you for the opportunity. Congrats for the good set of numbers. Sir, just two questions. On the segmented P&L I see losses reported under the categories others and unallocated and if you see for the quarter they are pointing to almost Rs 12 crores. I just wanted any colour on that and you know, would you expect any similar number to go forward as well and. you know, that would be helpful.

Udayant Malhoutra: Chalapathi, may I direct that at you?

Chalapathi Puramannagari: Thank you, Raja. This is the whatever we have disclosed as assets held for sale like JFKL-related, so that is our loss, whatever has been shown there.

Raja: No, but you also have a loss on discontinued operations shown separately the 1191 under E, you know? I am talking about the one shown under others and unallocated of 678 and 475.

Chalapathi Puramannagari: Okay, okay, so like corresponding numbers you had like last quarter you had around 561?

Raja: Yeah, yeah, that's correct.

Chalapathi Puramannagari: Hello?

Raja: Yeah, yeah. That's correct.

Chalapathi Puramannagari: Yeah. So, this is basically, you know, this is pertaining to other than segment like we also have corporate, we have other expenses of, other than allottable to the segments which is shown there.

Raja: Yeah, Chalapathi, the reason why I am asking is if you see the year-on-year numbers, the current year you have reported 1125 in others and unallocated 1376 that is almost Rs 25 crores of loss. Vis-à-vis last financial year, it was 614 and 902 it is Rs 15 crores. So, there is almost Rs 10 crore movement here. Just wanted to know is there a one off setting here? What is the kind of a run-rate we can take here? Because that is almost like one segment, you know, bottom line, you know, if I add both.

Udayant Malhoutra: Chalapathy it's Rs 25 crores. The question is quite clear. Is the Rs 25 crores unallocated number? Is it for the quarter, Raja?

Raja: No, that's for the year.

Udayant Malhoutra: Yeah, right.

Raja: Chalapathi, if you don't have an answer, I can connect with you offline.

Chalapathi Puramannagari: Yeah, yeah.

Udayanat Malhoutra: It will be interesting, we will post that upon our investor presentation this question here, so even if it's an answer to you, we will be able to tell everyone. It will help everyone understand what number you are talking about perhaps.

Raja: Yeah, sure sir.

Chalapathi Puramannagari: We will get back to you on these details.

Raja: Yeah, yeah. Sir, the next question is your aerospace revenue current year you have done Rs 374 crores, vis-à-vis Rs 498 crores for FY 19-20, so any colour on, you know, what would you expect this number to be in the medium term and also any upside that you will get from the recent Tejas order that the HAL has got from the defence? So, any... if you can give more colour?

Udayant Malhoutra: Right, so I presented it to you visually. Let me tell you the numbers are quite clear, the business is intact. There is no loss of business. There is a reduction in volume because of the pandemic and unlike the tractors which are bounced very fast, this is bouncing and you got a direct guidance from Airbus which is publicly disclosed, alright? And, we are seeing that and we are seeing it in a very aggressive way, in a very positive way, coming back at us. The question is we have to see it and we have to see develop back to us that volume to come back to is over the next few quarters. But I do believe that Airbus is going to go back to more than pre-pandemic levels because the volumes that they have asked us to do, that they have publicly disclosed everybody to gear up for is clearly on the back of reduced competition that they have from Boeing because post the 737 Max. It's a duopoly, the A321 family and the 737. So, clearly now there is a very big advantage on them on volume. There is a second very big improvement for the Airbus. They have developed two products A321 long range and the A321 extra-long range. These remarkable aircrafts because these are the same family but their extended range so they can fly like wide bodied aircrafts used to fly across transcontinental. So, in a post-COVID world one is if the volumes of the passengers are less, you don't have to fill up 400 seats on the aeroplane anymore. You have to fill up 225 seats to fill one of these things up. So, you have what I call the long narrow flights, it also opens up new routes for airlines so I think the whole market is going to change dramatically in a very positive way for Airbus. So, coming back to Tejas. I've always been a very strong believer in India's defence indigenization and we have been waiting for it. It moves glacially. I believe the time is here and now, we have developed the first set of major structures for Tejas and I do believe we will get a larger number I don't have, I mean it's not that I am not disclosing something, there is a lot of discussion going on with the customers, but I don't have data that I could really share but there is certainly a mood of greater privatization and production for people like us.

Raja: Okay.

Udayant Malhoutra: It's really nice place now because what we did in COVID, aerospace really hit the rock bottom and you can see that the business is fairly been robust even despite this very bad time for us. It has to bounce back, of course, because and by the way we used this time to really compress cost in a more permanent way. So, we were able to benchmark certain cost we were able to eradicate those cost and I think those will also benefit us across time.

Raja: Thank you.

Ayush Bansal: Okay, the next question is from Bhagyesh.

Bhagyesh Kagalkar: This is Bhagyesh from HDFC. Hope you can hear me.

Udayant Malhoutra: Very well, thank you, Bhagyesh, Thank you, Bhagyesh. Indeed, thank you.

Bhagyesh Kagalkar: Just two questions. Airbus industry has given us a very strong guidance and we will do well on the back of that, the only issue here is how much scope is there for us to get the A350 business also. Luckily, we are not in A380 also, it's been shut. How much scope is there for us to get the A350 out because that is doing very well for them?

Udayant Malhoutra: Right, so Bhagyesh if you look at the growth that they are going to have the A350 which was running at about... running at about *rate* 10 a month is down to about *rate* 5 and it's a great aircraft. The challenge that they have is the wide-bodied aircraft will be partly cannibalized by the narrow bodies because what is set. The XLR will start flying certain distances and certain routes that earlier you had the white bodies don't and remember they use the fraction of the fuel; they are much cheaper and most low-cost airlines have only one model of aircraft. So, anybody like Indigo who runs on A320 family, which is 319, 320, 321, if we get 321 XLR they can start flying internationally without changing the complexity of the airline or changing their cost structure that's what fantastic about this aircraft. It's revolutionary while it's a traditional aircraft. I think there will be some internal cannibalization. We do have some campaigns on within Airbus and they are across all platforms including 350. So, I think two things are there, one is in the last five years we were really fighting to get credible with all the global players, we have built that credibility now. In aerospace, I mean look, this is something we started in a garage in 1993. It takes a long time to build midsize Rs 500 crore business but we are a global sole supplier to these guys we got the credibility, we got all the grade tick marks of the best of breed. Now, we just need to get volume and for the last one year we are just not able to meet face-to-face. We've just been on video calls with them and they have been applauding us for whatever efforts because we have not... you know a lot of their suppliers across the world have let them down. Because of what we've been doing, the anti-COVID stuff that I have talked about, we have been ahead of schedule with every delivery, actually we have built safety stock for them. So, I think that's a very good situation once the world opens up and we are able to... Look, I think we are going to start seeing new orders as per new products whether they are civilian aircraft for defence whether they are global or local, we are going to start seeing them. Up till now we're really focused on developing this three big programs because we needed to get them perfect and now really it's the customers who are there for us to hunt for businesses.

Bhagyesh Kagalkar: Okay.

Udayant Malhoutra: So, one is of course the growth of the current business which is what I discussed. I didn't talk about new orders because I can't talk about it until I get them but I think I can talk for Dynamatic we are in a very good position to win this order where we are on campaigns.

Bhagyesh Kagalkar: Second question is regarding drones. We are very unique company. We will be doing large-sized drones also and the small size drones but as of now the focus seems to be on defence application but over the period of five years will you cater to the civilian market also because that's the talk that it will be very best.

Udayant Malhoutra: Bhagyesh, that's such a great question, I tell you. I don't know. You know part of the corporate cost that we have, the unallocated cost has been this defence production, you know, we have to actually stand and it's not going to any of our businesses, it's partly research and development work and it's not all of it, it's a fraction of it, but it's there, it's a piece and we have been just waiting and at some stage we all have this thought are we really doing the right thing and honestly it's exactly for this question that you put to me just now that once you get a market for drones that is underpinned by the government orders the kind of spectrum of opportunity once you get multiple drones flying, the drone licensing and the drone management system, air space management is available in India, the market will be huge. I mean India is a virgin market for airspace use and a lot of people are getting autonomous as you very rightly put.

Arvind Mishra: Toby if I can pitch in... Am I audible?

Udayant Malhoutra: Yes, you are.

Arvind Mishra: One of the largest markets that we can look over to once the civil airspace regulation for drones is firmed is agriculture. We have been a part of mechanization, farm mechanization and we see a great future ahead of us in farm digitisation and with the kind of market share in the tractor industry, it's a no-brainer that this is where we will see a lot of traction going forward.

Udayant Malhoutra: Thank you, Arvind.

Chalapathi Puramannagari: Toby, just to add the points you mentioned and Arvind and this also service's Raja's question. Whatever unallocable as you mentioned Homeland Security, that research and development is what we have a partnership with IIT and other things, second thing is also we have set up our medical division and last year before our own lab, we also spent money to test all our employees, 30-40,000 tests. So, all that plus Wind Farm and other things, all the structures, all together went under unallocable.

Udayanat Malhoutra: Chalapathi, you can respond to Raja and we will put that up on the net, that specific question on our investor page so that it is available to him. I think you will find a better answer in writing for the question. Thanks, thank you.

Ayush Bansal: So, there is a question on the private chat. How to mitigate the rising raw material prices in both aerospace business and hydraulics business?

Udayant Malhoutra: Okay. So, that's a very simple answer, we have completely indexed the pricing and we have direct pass through to all customers. It's immediate. And this is one of the challenges in the automotive industry that we faced in India not in your Europe. Everything that we do currently is indexed so if the price of any raw material goes up you immediately get a price increase from the customers. So, there is 100% pass through. What is for the first time is happening in the hydraulic business is that now we are also getting pricing opportunities on our value add and that is purely a matter of demand and supply, demand far outstrips the capability of us and our competitors to produce. It's fully indexed.

Ayush Bansal: The next question is from Praveen. Please go ahead. Praveen.

Praveen: Sir, good evening. Am I audible, Sir?

Udayant Malhoutra: Very, very well. Thank you, Praveen.

Praveen: Thank you, Sir. I have been following this company for quite some time so I have two questions, Sir. First one, Sir, in the initial corporate presentation, I think I missed Dynamatic Homeland Security, I think you have not covered on that. So, can you please share us revenue of the order book in this segment, Sir. And also, Sir, I can read from your website, you have a partnership with Israel Aerospace company. So, any development of products on this side, Sir?

Udayant Malhoutra: Yes, Pravin that's what we have been talking about for the last few minutes really, thank you. It's a slide, a single slide that I presented, it showed the products and there are some other products that have been developed by us in partnership with all these guys. And there is a cost associated with that which we have been absorbing every year and we have been just waiting for obviously for the defence market and Homeland Security every year you get some terrorist attacks and something and there's a response that the government is going to ramp up security, you are always expecting that the market will open up and it hasn't opened. So, order coming through on those specific products has not been but what we are expecting now with most recent part of Atmanirbharta and positive list, lot of things will only be made in India. There is no way they have been struck off. If the Defence Force wants to buy this they will be built in India. So, we there

this partnership with IAI and HM as well as with IIT Kanpur and up till now we have been spending money, you know, we have the former Chief Pilot of the Indian Army working with us to fly all the drones up in the Chinese border and Pakistani border, the whole team of engineers and an investment in developing these things. So, we hope to be able to suddenly get a nice harvest from the investments we made over the last five years.

Praveen: Okay. Thank you, Sir, Sir, my second question, we have around 450 acres of land due to this Wind Farm in Sulur. So, as I can learn like, around Rs 40 crores is the book value of this land. So, what is the transfer price to the government, Sir? What is the... what is the margin at which we are transferring?

Udayant Malhoutra: I don't want to...I don't know want to put that out publicly but is a multiple, yaar, Pravin. I think perhaps based in Coimbatore, Chennai, you could know what 450 acres could be worth. So, we'll get a good price from the government, a fair price.

Praveen: I am from Coimbatore, Sir. that is why I am asking.

Udayant Malhoutra: So, you know, so you know, Praveen. I think it will be a fair price, Praveen and important thing is that there will be a very good development of investment into that area and this is as you know very clean engineering industry with no pollution and it creates a lot of jobs. So, it's a very its sweet spot for industry. Just to give you an idea of what the defence corridors are - there are two defence corridors, the northern corridor, which is only in Uttar Pradesh, the southern defence corridor, which is only in Tamil Nadu. So, I am based in Bangalore, I am sitting in Bangalore. If we were to put a project with Boeing over here and they were supposed to invest, let say Rs 20 crores rupees, they will get an offset of Rs 20 crores. If they were to invest Rs 20 crores in Coimbatore, because it's in Tamil Nadu, they will get an offset benefit of Rs 40 crores. That is the defence multiplier, offset multiplier of both these defence corridors. There is a massive opportunity for employment and industrialization in the two corridors and therefore both these governments are running to because right now jobs and skilling is the name of the game and listen there is no comparison between Coimbatore and Uttar Pradesh. Defence production will be in Southern India.

Praveen: So, can we see substantial debt reduction with land sale, Sir?

Udayant Malhoutra: Yeah, yeah, you will see a very fairly good chunk of because whatever we get, we are going to pass through. We are just going to use that, we don't need that money we are going to just use that, whatever comes, and probably you know if you are an investor, you should be happy because whenever you do a sale to the government it's straight, transparent deal, right? So, it's a very good... It's not some kind of hidden deal with the real estate

Praveen: Sir, we trust you, Sir, thank you.

Udayant Malhoutra: Thank you.

Ayush Bansal: Thank you. Next question is from Rohit. You may go ahead.

Rohit: Hi Sir. This is Rohit. I really admire the precision craftsmen products that you produce at DTL and that is one of the reasons why Theresa May had visited your plant way back in 2016. I have two questions which have two parts. Might be slightly easier question. How many of these subsidiaries, overseas subsidiaries that we have are currently profit-making, if you can share, either the EBITDA profit level or the net profit level.

Udayant Malhoutra: Okay. We have three broad subsidiaries. We have the UK, we have Germany and we have a holdco in Singapore and all of them have been profitable for the last five years. During this year, the, COVID year, we had a setback on both the volume because UK is particularly susceptible to if you saw the

video that I showed you it had that robotic line, that is a brand-new robotic line. We have actually, I mean that building has been like I said, leased, the equipment is a operating lease. In UK or German account, it would not account, it would be off. It would just charge and in fact, we don't even pay the... We don't even need to pay the manufacturer because they understand there is COVID but under our AS, we are accounting for these and there's a very, there's been an investment that has moved, that deliveries have moved eight months or 10 months to the right. We should have started delivery in June last year and we are just starting deliveries now. So, I think if you look at our German business, we will lose nothing this year. If you are in the current year. We lost money last year because of this COVID lockdown. The UK business also we lost money for the first-time last year only during the COVID but I can't give you the numbers. If you look back it's all in our investor page. All the subsidiaries overseas are profitable. In fact, over the last few years we were making more money overseas than in India. Right now, we're making most of the money in Bangalore and we're losing money in Chennai.

Rohit: Is there any possibilities of streamlining these subsidiaries and trying to fetch more profit from them because I understand the cost of employee or labour is quite high than the European Union, so is there any chance that you can streamline, so that profitability at a consol level becomes a slightly bigger for us?

Udayant Malhoutra: That's a continuous process and as we showed you with the robots, in UK in aerospace we had 106 employees or something and we used... we retired about 50 of them, over half of them because you replace them with robots. So, you got to remember something quite interesting that in UK and Germany and you got a robot that cost 1% and the labour is very expensive, so it's a no-brainer for this. So, what we're doing is designing a business where you have robots working in UK and you will have human beings in India assembling those parts. If you were to do the robotic manufacturing in India, the cost of capital would be very difficult, it will be very difficult to keep the business, the machineries and have that uptime of 100% that we were able to do in Europe. And the third is huge amount of scrapgeneration which would just go to a raddiwala which is what economic material value in Europe, which we *recycled*. So, I think it's a combination of the three things and I put one slide up which had that India, UK with the best one in India. I would just go back to that later on and look at that it's a very interesting value streaming that we had done and it really works.

Rohit: Sir, my second question is related to the land banks we are an absolute asset to DTL. What is the total acreage of land that the DTL holds?

Udayan Malhoutra: So, we just sold 15 acres with a factory in Gummidipoondi in Chennai. We have formed 58 acres in Coimbatore which is also be sold. We have 76 acres in North Bangalore, Doddaballapur and we have 29 acres in Bangalore airport and we have very large facility in Germany which is also owned by us. The UK facilities is rented from Swindon Borough Council. So that's it pretty much. We are not a land company we had Wind Farm, we have a research farm where we do all this tractor hydraulic research, actually it's now, slowly the town is growing in there.

Rohit: Since you mentioned the Bangalore property, it is a prime property, you know, I have been to your plant at Peenya as well three-four years ago when Hanuman Sharma was the CFO then. Then, this prime property was under the development stage. I believe it was Devanahalli, so can you take us through the developments that you have done over the last one, one and a half years or so may be pre-pandemic?

Udayant Malhoutra: Okay so Devanahalli is very interesting because it's 29 acres adjacent to the Bangalore airport and it has direct access onto the airport. I am saying from a very strategic perspective, long term, you are making very big aerostructures. This will be quite unique for any private company you know, that you have direct access onto a runway where you can go further to the right of aircraft manufacturing scene five years from now. That is the strategic value. The second element is that our global customers are flying all our products out. If you come to Peenya which you been to, you'll find the road very narrow. When you are making very small parts like pumps or even the assemblies like flap-track-assemblies, it is easy to move it in and out.

When you talk about the very large Chinook type of structures or the Bell helicopter aerostructures, it's very difficult, we are only able to get these trucks in at night so into Peenya into these narrow lanes and move them out. At Devanahalli, you got brand new infrastructure with very broad roads, we are right at the thing and by the way this all been airfreighted to the customers, so it's actually very, very efficient for the customer. Also, if you can look at from the customer base, if you are in the marketing way and we have global customers, they will land at Bangalore airport which is world class. In 10 minutes, they are in our plant. They don't suffer three hours of Bangalore traffic. You have a mind set when you can sell the product, you got a world class manufacturing facility, we have one hangar there already, what we talked about the little investment we are making in Devanahalli. I will just give a simple idea with the Rs 40 crore investment that we are making in Devanahalli. We are moving everything out of Peenya and handing this back to the landlord. So, we will save next year Rs 10 crores of rent every year on a sub-Rs 40 crore investment which is flipped over from our loss-making foundry. So suddenly what we are doing with that money is we are spending Rs 20 crores to reduce that debt. We are putting Rs 10 crores into hydraulics and hydraulic is seeing massive growth of 25% this year with profitable growth. We probably have Rs 10 crores back with a 15% EBITDA margin, you get, almost a year or 13 months return of capital employed. And then you take Rs 40 crores and build your thing and get out of this old facility of yours which is rented and you have a four year payback. I mean it is better than banking it, you know, because our current interest rate is about six and a half percent of blended interest rate.

Rahul: Okay, Sir, thank you for the commentary on this and hopefully we continue to see DTL in black rather than in red on the concerned level. Thank you, Sir, Thanks a lot.

Udayant Malhoutra: No, I think, you know, two-three things. We were burdened during this growth phase by the time we had certain high-cost or certain high-loss business and by divesting of all of this what is happening is that we are taking that capital, assets are good but they are not generating well and you are paying a high interest rate in India, you are repaying that debt. So, I think two very interesting things happened at the very same time, so it is not rocket science but it will flow through to the shareholders. And to be fair, this foundry we should have closed it last March. It has taken a year because of this, we have sold it to Danblock know which is part of the MAT group, its \$2.5 billion foundry group. The CEO has been on five-six calls with me over the last one year. He is a 65-year-old hands-on entrepreneur. He doesn't do anything normally, he doesn't buy an asset without going and putting his feet on the ground. So finally in September, he kept saying I will come, I will come and in September he said Toby this is going on too long, let's just start negotiating close this over the video. Which is what we did it and we were supposed to deliver it in April and again there was a lockdown, so that's been a delay for us otherwise it should have happened a year ago.

Rohit: Yes definitely, okay, Sir. Thank you, thanks a lot.

Udayant Malhoutra: Thank you.

Ayush Bansal: Thank you, Rohit. Sir there are a few questions on the private chat. First of all, what is the capex for FY22 and FY23 excluding the lease affect?

Udayant Malhoutra: So, I mentioned we have no... Sorry... Let me answer that one question first. Firstly, we have no more debt, it's only debt reduction now. The second element is that the capex that we are doing, we are using part of the foundry money to put into hydraulics and aerospace so the two investments I talked about. Both of them are, are self-financing, in a very good way. But what is interesting is that while their first-time divestment gives partial debt reduction, the second divestment completely goes into debt reduction. Also, the first divestment for example, when he moved out of the Peenya asset, under the AS116, this will show no longer as a leased asset. So, although you are not using it to repay a bank loan, you are debt will visually come down on the balance sheet because this asset which I am sitting in right now will no longer be classified under 116 as debt, as a leased asset. So, it's got a balance sheet benefit additional to the Peenya benefit.

Ayush Bansal: Got it Sir. And, when does the company see itself as net debt zero?

Udayant Malhoutra: See, you know, if you have a low cost of debt, you should have a good ratio. And you should have a certain amount of leverage. See, in India we are all being used to very high interest rates. I mean ideally, I would like, I am 56 this year, I would like to have a zero-debt business this year. The funny thing is both our bankers and people will say, you know, when you go zero debt, then the shareholders and bankers will start to say you are too conservative. So, I think I don't want to say it having personally come through a period of seven-eight years of borrowing money to build this asset and struggling with it, I would like to really relax and enjoy being an entrepreneur in his late fifties, right? But I will be guided by shareholders there and will be conservative about our numbers in terms of debt. We will never have high ??

Ayush Bansal: Got it, Sir. And if you look at last 10 years performance, there, we have been those in the top line and the bottom line. So, do you think you are about to break out of this status quo and have a growth new trajectory?

Udayant Malhoutra: So, if you look at the last ten years, the glass has been the same, but the amount of doodh has increased because the aerospace business has now become 33% from like under five or eight percent, right? So, less than that. So, if you look at our business, 10 years ago we almost had no aerospace business to speak of. So, the topline has remained the same, what we have been doing is constantly reurning ourselves to improve the business itself. But where it didn't get visible was where you had a burning asset in the form of this foundry in Chennai and earlier, we had an aluminium foundry as well. So, we had a series of businesses where we had lost that purchasing power or cost of manufacturing is too sophisticated and Dynamatic for this industry. And when you used ghasitopati suppliers and people are willing to pay that in this hyper competition in automotive, I think what has happened is that our standards have gone up to a point where our costs have gone up. And perhaps that's not the business we should be in, because if I was to show you one slide, we won every award that you can imagine won from all the automotive companies but those awards will be something that all our shareholders would really be upset with because who wants to win awards to lose money. I mean different Frost & Sullivan even voted us I think in 2018 as the number one ferrous company in India. It is no value to our shareholders right and we always believe that with that quality performance there would be a breakout in that business and that would become a Rs 500-600 crore business with Rs 50-60 cross EBITDA but it never happened. We had to pull the plug, at some stage we got much better opportunities and bigger fish to fry in aerospace and hydraulic.

Ayush Bansal: Sure, Sir. The next question is from Rohan. Rohan. you may go ahead.

Rohan Samant: Thanks, my next question is on the debt again. So, you did mention that debt would possibly be go down around Rs 120 crores. So, this includes the transaction of the 450 acres of Wind Farm?

Udayant Malhoutra: Yes, it includes both.

Rohan Samant: Okay. And the second question is so we earlier had this plan of refinancing our debt and converting it to other denominations.

Udayant Malhoutra: It's done, it's done, Rohan. Rs 191 crores is being clipped by existing bankers and the reasonable picked that amount it's Rs 5.5 million at that time, at that moment because we have a export of roughly Rs 50 million what we said was it could be prudent to have roughly half our annual exports converted it into dollars because at any given time, see it sounds very good but what you don't want is the Rupee tanks and goes to 80 or 90 you will have a huge loss, but we also have a huge corresponding gain in our exports. So, it's a very nice self-edged calculation with did with our bankers who include Exim Bank. So, Exim Bank, ICICI. So, we really got good banks who thought and sat with them and worked out a risk-free or risk-mitigated... So, the cost of finance is much lower for us now, on roughly Rs 100... On a working capital we

have, we are still paying about 10% but on the long-term Rs 200 crores is at 5% and Rs 100 crores is, which we are going to repay, when we do the monetisation of the Wind Farm, that still is at 10%. So, the cost of capital really will come down/

Rohan Samant: Okay. thanks.

Udayant Malhoutra: Thank you, Rohan, thank you.

Ayush Bansal: There are few questions in the chat, Sir. What is the average realisation on the flap track beam?

Udayant Malhoutra: I am a little conscious that this will be a little commercially, I mean, I love to share it, because there is no secret inside but it will be commercially sensitive for us to give this data considering that this video is going to be uploaded onto the investor page. There is some sensitivity to our costing and pricing because we are in a very competitive environment and we're bidding for multiple new programs that we are in a campaign. So, if you please forgive me, I would like to pass that question.

Ayush Bansal: Sure, no issues, Sir.

Udayant Malhoutra: I am sorry I really don't want to not answer but it's commercially sensitive or confidential. I don't think we should do that, I am sorry.

Ayush Bansal: Sure. Arun, you may go ahead with your next question.

Arun: Hi good afternoon Mr Malhoutra. My name is Arun. I am a long-term investor in Dynamatic Technologies. I am patiently waiting where the company is heading to and I am very happy to see that a lot of optimisations in the cost is going on. I would like to see where do you see Dynamatic Technologies in five years down the line. Definitely, there will be a business plan for next five years. I would like to hear from you when you see the top line and bottom line heading to.

Udayant Malhoutra: Arun, thank you, you give me a very, you have not asked me for the next quarter or the next 12 months, which is why I can speak clearly. Mostly what we like to do is grow our business or at least double aerospace business right in the next five years. And let me tell you it should not be something out of the realm of possibilities because we built from Rs 50 crore business, we built a Rs 500 crore business in five years. Really it would be a subpar performance to achieve that and if we achieve that we have a very nice aerospace business which is very profitable. You know our numbers as the investor. The business would be a very nice business. The hydraulic business also has this amazing growth drivers and as I say, there is a real opportunity to take our EBITDA margin up from our 15% and start to 20% and suddenly that business becomes magical because it has very low capital. Alright, it operates in completely leased facilities in Peenya. Our equipment is completely, mostly appreciated and even to add Rs 70 crores top line they have asked us for just Rs 10 crore capex. So, it's a very efficient niche business. If you ask me I think that's what we really like to do is grow this businesses without the encumbrance of funding the business that is losing money and actually have debt reduction not from our operations but by selling of all these assets that are no longer of any use for us but thank you for your patience, Sir.

Arun: Thank you and to add a question on top of it. Your focus is really mostly on aerospace and the second one will be on hydraulics, this is what I need to read from you?

Udayant Malhoutra: And there is a third driver which I mentioned during the presentation. Were you on the presentation I made with the slides?

Arun: No, I joined a bit late. I am so sorry; I may be late.

Udayant Malhoutra: Okay, I am so sorry. There is a third phase that we are integrating the German foundry into the strategy. What is happening is aircraft production has grown worldwide there has been a drop of worldwide in the number of suppliers of castings and forgings in the aerospace industry. So, there is a squeeze in metallurgy worldwide in automotive we have absolutely top space, we had hyper competition when the Chinese got in. Now the Chinese are not getting into defence, Western defence aerospace by any chance and even companies like Airbus and Boeing are slowly but surely pulling out of China, not pulling out of China but not in investing anymore, so I think there is and also I think with this post-COVID period there is a strong localisation drive like Atmanirbharta here across the world, so in a way with the footprint in UK with the footprint in Germany, in continental Europe, footprint in growth economy like India, developing and future economy like India, I think there's a tremendous opportunity for globalisation with a local political drivers that are there. So, I think you will be able to use this asset if you look at us, the asset I am sitting in had a foundry here. It was currently the only aerospace where all our hydraulic was produced. So, we are very used to repurposing our buildings and industrial areas that we own and mutate between places, which is to the machine lines and we relate them out and we are able to do it, so I think what we're trying to do is optimise utilisation of this location.

Arun: Just to add to this question I have two more, one is - do you think that I was sitting on a high value asset which are not making enough money on property sale and banks and their high value properties. That's number one and the question number two is that do you think HAL's only one partner we are looking for domestic orders in terms of domestic defence sector or we have any partnership we are looking forward in the defence sector?

Udayant Malhoutra: So, during the pandemic - thank you again that's a nice revelatory question that will help all other participants. So, like we develop the very strong relationship with HAL but it still you know because of public policy still limited. The opportunity now with HAL is massive if the government actually puts its foot on the pedal and produces in large volume. Let me tell you know nobody is going to build fighter jets, HAL's ready to do it and then in partnership with companies like us they will be on steroids and that's been true they have been very successful in the past with everything they did and we were part of it. It's just we need more of it and we hope there would be more of it, actually we are quite confident with the public policy now and more than the intent the need to produce locally needs to happen. During the pandemic we developed a very interesting relationship with *DL* as well and we delivered some products that were really, I mean if I may say so very very difficult to you know, what would have taken to hours to produce we did it in 90 days and it's both, IAI and *DL* were very, very, very happy with engineering and quality and the speed of it, so part of it is because we have this incredible equipment to produce for stuff for Boeing and Airbus and the skill set and human beings we are able to pivot and do this stuff. I think you will see the partnerships we have, it is with DRDO, its within Indian Institute of Technology, it's the CSIR lab and its with HAL, NBA so that's a fairly large canvas to have in terms of strong relationship, formal relationships, so I served on the IIT board 2020, two years ago and I currently serve on the CSI board myself, so there is lot of intellectual and formal relationships we have which will probably open up more opportunity, but again it's government so I can't make a projection.

Arun: I invite you to the first question which I asked --

Udayant Malhoutra: Yeah, Arun my dear, I am so sorry the second question was so interesting to me. The first question was covered in the presentation so you are very right a lot of companies have to with their businesses to parent capital debt, the fortunate thing about Dynamatic is that we got a whole bunch of assets is that as you very rightly pointed don't generate any return or a very low return or in the case of JFKL foundry we divested, a negative return. So, what we are done, we have, those assets, so first we have sold aluminium foundry in 2019, in 2020 which hand shaken with the MAT to buy iron foundry because of the lot of it has only just happened and I would say 90% of the work has been done for the foundry and really it's the government, the government is the buyer, it's a great buyer to have, but it also its right thing, you know, we originally bought

this from Tamilnadu State Enterprises and it will go back to them. So, it's all good karma for the defence corridor and that will be a significant milestone for us because it will take out a chunk of debt.

Arun: Thank you, thank you very much. Right to the point and I wish all the best to Dynamatic Technologies.

Udayant Malhoutra: Two out of three are done.

Ayush Bansal: A few more questions from the chat - How does the company protect itself from hackers?

Udayant Malhoutra: How we protect us from hackers? So, we got something called as sandbox so we got a digital sandbox. It's really Sandboxing Technology around our network, our research network is within a sandbox and they are regularly audited by our customers and we are a ISO 27000 company so the data privacy and data security is absolutely the top of a list and its required because we have to be compliant to our customers that notwithstanding there always be that one in a million chance somebody is going to hack into us. So, we are very, very careful now. We are using the latest technology, we are using everything, we just believe that they are safe.

Ayush Bansal: Sure, Sir. And does the promoter plan to increase his holding?

Udayant Malhoutra: I am at half and I don't see the need to change my holding in any way. I consider my holding to be... you know, when I was a youngster, I had only 20% or 22% of the company I bought shares all my life. I borrowed money and bought shares, so you know to me anything about 26% is good 50% is great. I don't need to own 100% of the company/ I want great shareholders, I just want them to make money, and then if they make money, I make money. I don't make money, I mean all of us must get wealthier, that's all.

Ayush Bansal: The next question since the contribution of aero business is increasing would it be fair to assume that your operating margin would go beyond 14% and 15%?

Udayant Malhoutra: It's what I mentioned right, as the more the mix, the better it is and you know that challenge always is when you have a negative business. It was bleeding into your personal businesses, so I think you all have seen the slice-diced I think and it was quite, see if you are a shareholder it's quite simple you sell these shares and you keep the good ones. But an industry where we were really stuck. We had a very strange architecture, our assets that we divesting now were in the automotive business that was losing money and the way Indian banks think and work, all our loans are asset backed, so this is not some very obvious logic that we didn't take a decision, it was just like a puzzle the assets which were used as a security by the banks to lend money for the profitable business which didn't have much assets were in unprofitable business, so we had to literally work very closely, sell one asset, pay the banks, get their acquiescence to sell the.... to do all this because you have to understand in India, they don't finance cash flows, the finance assets and then they take your cash flows to service them. So we are stuck with that and that will get resolved now going forward.

Ayush Bansal: Got it.

Udayant Malhoutra: I mean I wish we could just stop and pressed the button and JFTL would have gone, you know. We needed permission, it is difficult to selling it in India for industrial businesses with labour laws, just very, very complicated. You want to get in a business is quite easy, you want to get out of it it's almost impossible unless you own shares.

Ayush Bansal: Yes sir. The next question is from Ronak Chheda you may go ahead.

Ronak Chheda: Hi, am I audible?

Udayant Malhoutra: Yes, Ronak.

Ronak Chheda: Thanks for your very comprehensive presentation. I just wanted to pick your brains on the hydraulic business. So what I understand is wallet share goes up tremendously in terms where the tractors have power steering, so if you could talk more on what percentage of tractors today have power steering and how do you see the territory will move forward?

Udayant Malhoutra: That's a great question. I got my colleague here and if you don't mind, I will just request Arvind to answer that but it's a great question India's moving hard to power steering. Tractors are moving from farm to main roads and this is all getting driven by both customer and consumer behaviour. The farmers want power steering now, they are demanding it and also there is expected legislation that should happen to get this on to main roads and they should have made better steering. Arvind would you get to answer that question, how it will impact us personally?

Arvind Mishra: Thank you, Toby. I would like to answer in two parts as the question was about power steering and wallet share. So, you are right, the tractor industry in India before 2021, before the pandemic hit us, was about 35 to 40% of the tractors, Made In India were power steering tractors. India predominantly makes between 42-55 HP tractors and now we see some growth in 7,500 HP tractors. So, 35% of tractors of these tractors were power steering, but we see a pivot, Toby mentioned about legislation but even without the legislation we see last year the year that is concluded FY21, the power steering percentage has gone up to about 65-70%, 60%, I would say, 60% is power steering now and what we have been told is that going forward this number is only going to improve. So lot many tractors will have power steering going forward so that will drive growth for us, just to let you know and just to let everybody else know that when we talk about a power steering tractor and a non power steering tractor will have two pumps from there you can estimate the amount of growth that we are talking about.

The second thing is you said about wallet share. So, we have in India, if I talk about India, our market share in India with the tractor OEMs is about 70% in excess of 70% between 70 to 75% and globally it is above 34% and that's on the pumps that goes on the tractors. So, if you take the Indian market to the value of the pump as a part of the wallet of hydraulic that goes on the tractor is about 10%. So, we are 74-75 % share on the tractors on a product which is 10%. We also make lots of other products which goes on to these tractors which we are supplying to some of the tractor companies as of now so these are not entirely new development for us, but we are now discussing and in dialogue with very advanced stages of discussions and negotiations with the tractor companies where we will be supplying most of these products to most of the tractor companies and so there is the potential grow this percentage share of wallet from 10% to anywhere between 60-70%, so that would drive further growth.

Ronak Chheda: Thanks for that. Just on the legislation, do we expect it in next couple of years or this is just a thought and probably somewhere in discussion in the states?

Udayant Malhoutra: Ronak, this has been talked about two-three years but increasingly if the farmers choice there are three or four very interesting thing that happened in the last year you know as you saw last year with the pandemic we were surprised at the demand that we were getting. Part of it is this transfer to power steering where you are getting two pumps per tractors instead of one but the basic tractor volume has been on steroids and one of the reasons we have people, staff who come from the hinterland, they told us that last year when the migrants went back, lot of these guys who are taxi drivers in urban India said that they swore they are never going to go back to Bombay or Delhi but they are drivers, they were driving Uber, they were driving Olas. So what have they done is this cheap finance that has been put in from NABARD, they become tractor owners and they are running these tractors owners in ways that farmers never thought of using them, they go

to small farmers, plough their fields, when they put their trolley behind and they take a barat to a wedding, then they take sand from a river bank to a construction site. So, it's become a multi utility vehicle which is on road and in the field. So, if you are on road, you definitely need to have power steering, because otherwise it's a very wobbly steering system, so I think there's a massive, I don't know Arvind, what would be your jump in... because we can actually give this data, in your tandem pumps, let's say in Q4 compared to let's say Q4 a year ago, what will be your number of tandem pumps because that will be the number of power steering... what will be your growth?

Arvind Mishra: Toby and Ronak, between Q1FY21 and Q4 we saw 74% jump in power steering. Between Q4FY20 and Q4FY21 there was about 25-30% increase in the power steering tractors. One of the reasons what we were mentioned so to answer your question couple of years back we perhaps needed this legislation to be passed for power steering but now since the industry has directed towards power steering legislation or no legislation I think this is going to be the way forward and one of the other reasons in addition to what Toby mentioned this tractor is no more just a farming equipment it's a multi-utility vehicle, it is being used for construction as well and that is where power steering... if I were to ask why the pivot in power steering why it is happening, it's because the tractor is now being used as a multi-utility vehicle and without the power steering it would always be impossible for somebody to drive a tractor. So this pivot is going to be there, we will perhaps more and more number of tractors produced in India which are power steering and that augurs very well for us, it drives growth and also for a period when perhaps there is a dip, this is a natural edge, you will be losing perhaps two tractors and you will be making it up because the number of tractors with power steering up. Now, so there will be at natural edge.

Ronak Chheda: Thank you, that was very interesting perspective, thank you.

Udayant Malhoutra: Ronak is it you who asked me the question about shareholding promoter? Who is it? Who asked me about that?

Ronak Chheda: No, that wasn't me.

Ayush Bansal: That was from a private chat.

Udayant Malhoutra: It was from whom from a private chat. I actually never had that thought before so I had a little time to think about it a little more and we talked about wealth creation and again we are all shareholders, some of you are potential shareholders for the time, talking to shareholders you know something quite interesting and Dynamatic between my shareholding and institutional shareholder roughly 75% of this company is a Rs 6.5 crores of paid-up capital is in may be ten hands, and it's a real concentration. Though we looked at listed company, a very large shareholding and you know if one was to really be a little more, higher enlightened discussion and not really me in a position as a promoter, how much would you like, I think it's interesting and I am not saying this about myself but all the 75% shareholders including the promoter if we actually didn't own so much of the company and instead of 10000-15000 shareholders we had 100,000 shareholders and you had a more vibrant business in the market. Of course, it predicated on everything I talked about earlier as having getting rid of the stuff we got rid of, getting rid of and focusing on that nice place that we built for ourselves going forward so if we were to double the aerospace business double the hydraulic business, it is really fantastic business, how would we like to be owned then? Would it be... I mean it's nice for me to say I own half the business but what if I was to just say what is the right thing to do you and I am not saying it again just for myself, I am say even for the larger investment community probably the best architecture of ownership would be to have a stable set of large shareholders including a promoter with skin in the game and invested in running a business and to have a nice, maybe 100,000 shareholders not 10,000 shareholders. So, this is just again... I think that would create greater long-term collective wealth, if any business is owned like that and I think the Indian IT industry has shown that, with a lot of companies where the promoters... and if you look at it globally, I mean the hot stocks of Tesla or anything it's not that Elon Musk wants to own 50%

of the company. You build a good company then you have wealth creation on a global scale good shareholders, I think Indian promoters and Indian shareholders need to start thinking in more enlightened way. Perhaps, I love to own 51% but is it really something so important? I don't know actually. And I never had that question asked so whoever asked that question, thank you for asking that question.

Ayush Bansal: Sure, sir the next question is from Hitesh, please go ahead.

Udayant Malhoutra: And I don't own stock in any other company I only on stock in one company so you know

Hitesh K: Can you hear me?

Udayant Malhoutra: Hi, Hitesh.

Hitesh K This is Hitesh's from Aksa Capital. Thanks for the opportunity. I had separate questions but before that just to follow up to what Ronak had asked on the hydraulics business. So last year we had a growth of about 33% in the Indian hydraulic segment and the industry as such that tractor industry as such has grown by 24% and what Mr Arvind has just highlighted that if the share of power steering had increased from 35% to 60% our growth should have been much higher than 33% in that case right? Just trying to understand what is it that I am actually missing here?

Udayant Malhoutra: Arvind would you like to answer that?

Arvind Mishra: So, Hitesh see what happened last year is when the industry opened up after the initial lockdown and remember that the tractor industry didn't do very well in 2020 and last quarter was absolutely flat, so when they opened up there was a lot of inventory in the pipeline, inventory in pipeline and inventory that they already had the tractor company had with them. So, we used it up in Q1 and a large portion of Q2 and hence the growth delta that you mentioned is because of that because while the industry grew by that much, our share of business also grew but they also had inventory which they utilised in the first quarter and for a fairly large part of second quarter. You will see that translating for us this year.

Hitesh K: Sure, got it. got it. Okay. what I wanted to understand is you know, if you look at the hydraulics business outside India, that business was roughly about Rs 110 crore business in FY14 and that has scaled down to about Rs 65 crores and not only that even the margins there are also pretty lower than the margins that we enjoy in India so I just trying to understand how different is our UK hydraulics business vis-a-vis Indian hydraulics business and the new product developments that you mentioned is - does that relevant only to Indian business?

Arvind Mishra: So, Hitesh, UK business is also looking very positive going forward. There are lots of new developments that happened in UK as well. I am not sure if I can.

Udayant Malhoutra: **Arvind,** Arvind, I don't mind. I think it's quite okay. Why don't you just put up the one development, the one major development we have done, it's phenomenal because we are going to put this video up on the investor page, so it's okay we can disclose the new product that we have developed which is very significant and it goes to that idea of wallet share and you see the value. What is it? £3000-2500 per piece?

Arvind Mishra: Yeah, I would, I will talk about it, I will not present it because....

Udayant Malhoutra: No, no, if you just put a picture up it will be quite interesting for us to show you, show them, because I don't think there's a problem with disclosure because whatever we speak here, is going to be disclosed up on the investor page. So, I don't think there is any hidden information that will not be available to

others. It's just where there is confidential information which is ..we will not like to do that. So, we can share the image of the product and if you can share that I think it will be very useful for all our shareholders and I see a lot of existing shareholders who would like to see because we have been developing this product for three years or four years. It has been going through qualifications, it's phenomenal, it is a game changer.

Arvind Mishra: I will put this up, will Srini do that for me. I can explain, you know, first your question that the development that happens in India is India specific, the answer is that the Indian design and development team and the British design and development team, they work concurrently, most of the development that happens it is concurrent engineering and it is geography agnostic. We intend to market this and offer this to our customers worldwide. By the way, most of the products that we make in hydraulics that Toby talked about briefly in his presentation are very IP rich and most of these are very unique, very bespoke for all the OEMs who we supply to. So, they have global, they are developed for global customers and not just for India. This one opportunity that Toby mentioned is a very large opportunity and without even getting the slides right now, getting the slides right now which Srini is trying to do what we can also do is we can send it to you and we will have to clean up with some data which is customer sensitive but I can say that this project alone in the next two years, we are now in the production run. We have completed the proto-run, we have completed the limited series production and now we have started the production run. In next years will be roughly about the amount we made in FY21 from our Swindon operations.

Udayant Malhoutra: That's just one product, it's a brand-new product, it's a game changer and it's unique, so it has taken three-four years of development.

Arvind Mishra: And the second thing perhaps very important, very significant about and to answer your question, they are one of our largest customers which is based in America, one of the largest tractor manufacturers and once again I would not name them. One of the largest in the world in terms of large tractors that they make. Their volumes this year is going up, they are going up by 50% of what we supplied to them last year, so that would also drive-in good growth from us from Swindon operations. In terms of optics, let me tell you we work three shifts a day, six days a week, sometimes seven days a week, all through the year. Swindon, we operate four and a half days a week, a single shift, this year around from September, one project will be taking us to Twilight shift so we will be working in Twilight shift as well. so I've given you just the snapshot in terms of the numbers which will be one project almost equivalent to current turnover and in terms of work, quantum of work we will be getting full scale Twilight shift from September onwards.

Hitesh K: That's quite interesting can you just highlight--

Arvind Mishra: Once you have cleaned it, Hitesh.

Udayant Malhoutra: Cleaned it means takeout the financial data

Arvind Mishra: Yeah, yeah, some of these are customer sensitive, you know, we are in a competitive market and I don't want to share it like...

Udayant Malhoutra: Okay, perfect Arvind.

Hitesh K: If you can just highlight the market opportunity of this new product that we have developed and to which markets it would be catering to.

Arvind Mishra: So, this is not just a product it is an integrated hydraulics solution, it's a combination of a number of pumps and valves we have built into one. It's very unique, I think first-of-its-kind that any hydraulic company in the world does. Currently, it's packaged like this for one application, one customer that I talked about. Each one of them can be independently sold as a product and that opens up myriads of opportunities

for us not just in Europe or America but also in India and some of these products would be energy saving, so that is why the future is, so these pumps and these valves we built, we have developed are very energy saving designed for environment products as well. So, huge opportunities going forward for this Hitesh.

Hitesh K: Sure, sure, thanks. And just a second question on, you know, it's a pretty complex corporate structure that we have, you know, both in India and also in Germany and UK. We have stepped down subsidiaries as well, there's cross holdings across entities. Any plans of cleaning this up and making this quite simple so that because even if you look at JKM Ferrotech that is held by both Dynamatic Technologies, there's a German entity which is also holding it, there's also Erla Automotive that is holding it. So the monetization also, I think the cash flow also gets diverted to multiple entities. There could be possibly some leakages before we could really realise the true benefits of it. So, just trying to understand any plans of resolving this complex web.

Udayant Malhoutra: Yeah, thanks for this Hitesh, actually you have triggered off another thought which is a great asset and it's a tangential answer right? But I will answer your questions specifically and then I will answer something that I should have talked about and it's a great benefit to shareholders. One is that the structure of ownership is very simple. All of us are shareholders in Dynamatic which is the top company and every entity underneath it is 100% owned by Dynamatic. Most of them are directly owned, with the exception of JKM Ferrotech which was originally also wholly owned by the German structure but when we bought the German foundry with an Indian subsidiary when we financed the growth, or the investment in the expansion of the foundry, we directly invested it, so that became a fragmented wholly owned subsidiary rather than a directly owned subsidiaries, so that's the only one where there is this kind of mixed ownership, but its 100% owned by Dynamatic. So, at one level, we don't have any minority shareholders, at any of the subsidiaries. Alright, so that's the exception. Now, coming back to that partly because of that we didn't sell JKM Ferrotech, we basically have a very large tax asset in JKM Ferrotech, it's a very large tax asset. One of the reasons why our shares have been suffering or our shareholders been suffering is that it was very inefficient for us to have profitable entities fully taxed and have this subsidiary that was burning profit and losing money which wasn't, we weren't able to offset it against the profitable entity. So, if you look at us we have always been very highly taxed as a consolidated company but we have a very significant tax asset in the shell JFPL that will remain and going forward we will start benefiting. So while we have been in a very high taxed kind of environment, not environment but the structure created as such. As we divest off the physical asset and retain the corporate entity which has the tax laws, we will over the next five years win that money back so we will actually enjoy a better tax regime because of the carried forward losses that we continue to hold in a subsidiary that doesn't have operations. So, I think it's simply owned, the one entity that was not simply owned, it was owned by three of our, by directly by us and by subsidiaries. We will actually simplify it and we will take advantage of the tax asset. Thanks for bringing that thought, because I wish I had stated that in my presentation, that's also very significant. I think there is a tax asset of Rs 100 crores lying in that thing which by God's grace we double the business and do all the good things and have all this high profit, we also have a tax asset to utilize. Alright?

Hitesh K: Sure, sure, thanks.

Udayant Malhoutra: Alright, Chalapathy was I correct in what--

Chalapathi Puramannagari: You are right Toby.

Udayant Malhoutra: Okay, thank you.

Ayush Bansal: Thank you, everyone. So, with this positive note, we come to the end of the call on behalf of Emkay Global, we thank the management for the opportunity and request the management for closing remarks.

Udayant Malhoutra: Firstly, I just like to thank all the participants for your very revealing and astute questioning and it was really a pleasure to chat with you. Normally I don't chat with shareholders, so it's been a long time, it's been a really nice experience for me as well to be with you guys today. As you can see we are all at work because of your biosecurity we had not a single day of lockdown in this particular facility and so we are at but we meet all of ourselves, we meet each other, we don't meet people outside, so it's a privilege to also spend this time with you. I would like to thank Emkay Global also for doing a great job, Ayush thanks a lot for doing the conference call and for moderating the session and what we are going to do is, we are going to make this a regular event and we are going to request you track our progress and hold us to anything that we have said.

Arvind Mishra: Toby, if Hitesh is still around, we can put that slide. It will just take--

Udayant Malhoutra: Yeah, why don't you put it up and then you can anyway go on to our website... I think that it's a really interesting product that we have developed whoever, whichever participants are still on, it will be a very good visual to see. Thank you. Ayush, if that's okay with you just put up one visual that was missed in my slide. It's an interesting hydraulic development that we have done. This product will be launched. It has a significant growth to us so come on Arvind, put it up.

Arvind Mishra: Right, right, just give me a second.

Udayant Malhoutra: And then you can talk us through what that product is. You described it but nobody could imagine it. It is a beautiful hydraulic product. It's many orders of magnitude more complex and anything to do it gets a great value. Just to give you an idea, instead of a Rs 2000 gear pump, it is 100 times more valuable per piece.

Arvind Mishra: Just give me a second, Chalapathi is trying to load it. Yeah, there you go.

Chalapathi Puramannagari: Are you able to see?

Arvind Mishra: Yes, Chalapathy, thank you.

Udayant Malhoutra: So instead of it going on a tractor, it goes on these very large combined harvesters. Arvind, why don't you talk us through?

Arvind Mishra: These are combined headers as you can see, I have kept the customer name, I have removed the customer name from here but this is one of the largest manufacturers of combine headers based in Europe. Chalapathi, if you can go on to the next slide. This is the broad product that we have been talking about, it's actually not a product, its integrated hydraulic system these are, you can see there are, you can see there are double axial pistons in this variable delivery. Axial pistons means, which are made... the black ones that you can see in between these are pressure compensated load sensing valves. Very high-end technology here, very high precision, energy saving products and what do you see at the absolute rear, Chalapathi, if you can take your cursor to the end with that black flange and cover there these are the gear pumps. So, these pumps are made in Bangalore and we ship it to, we build them and test them here and we ship them to Swindon and they are integrated as a piggy back to these piston pump and valve assemblies and then there is the filtration unit as well. So, it's a fairly complex solution, complex yet compact hydraulic, energy efficient, futuristic product. one of its kind that we have built for this customer and each one of these can be independently sold as products for different applications. Hitesh to answer to you on how do we see future markets for this product. This product in itself, this solution in itself is one packaged product. But each one of them can be offered to customers as independent, individual products.

Udayant Malhoutra: This takes us into a completely different realm. You know up till now, we have been a volume manufacture gear pump. So, just point out the gear pump on the extreme right. you know, just that little black flange. Just show that with your cursor.

Arvind Mishra: Chalapathi, can you take the cursor area---

Udayant Malhoutra: Yeah, that one. Yeah that's all which, you know, we are a master of that making over millions of this every year. But that is mass production of a product which is where we have got massive market share. Now, this is what you talk about real wallet share, you talk about something complex, engineering rich, IP rich, valuable and does the whole job. It's a solution as Arvind said. It takes us into a completely different realm of being a hydraulic global player, you know, which we are but in one product.

Arvind Mishra: Right.

Udayant Malhoutra: Thank you Arvind, thank you very much and again thanks gentlemen for your patience.

Ayush Bansal: Thank you so much, Sir. We will now end the call.

Udayant Malhoutra: Thank you.

Chalapathi Puramannagari: Thank you, all.