



# RACL Geartech Ltd.

Corporate Office

B-9, Sector-3, Noida, Uttar Pradesh-201301, INDIA

Phone: +91-120-4588500 Fax: +91-120-4588513

Web: www.raclgeartech.com E-mail: info@raclgeartech.com

Date: 27<sup>th</sup> June, 2024

**The Manager - Listing  
BSE Limited  
25th Floor, P. J. Towers,  
Dalal Street,  
Mumbai-400 001  
Scrip Code: 520073**

**Sub: Investor Conference call Transcript**

Dear Sir/Madam,

Pursuant to Regulation 30 of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations 2015, please find attached herewith the Investor Conference Call Transcripts that was held on 21<sup>st</sup> June, 2024.

You are requested to take note of the above and oblige.

Thanking You,

Yours sincerely,

**For RACL Geartech Limited**

**Jitender Jain  
Chief Financial Officer**

**Registered Office**

15th Floor, Eros Corporate Tower, Nehru Place, New Delhi-110019, INDIA

Phone: +91-11-66155129

CIN: L34300DL1983PLC016136

D-U-N-S Number: 65-013-7086



TS 16949 : 2009  
TS 518901 - 000



**RACL GEARTECH LIMITED**  
**Q4 FY 2023-24 EARNINGS CONFERENCE CALL**  
**21<sup>ST</sup> JUNE, 2024**

**MANAGEMENT:**

**MR. GURSHARAN SINGH - CHAIRMAN & MANAGING DIRECTOR**  
**MR. JITENDER JAIN- CHIEF FINANCIAL OFFICER**  
**MR. PRABH MEHAR SINGH- VICE PRESIDENT, FINANCE & OPERATION**  
**MR. ROHIT KUMAR- PRINCIPLE EXECUTIVE- SECRETARIAL**  
**MS. CHANIKSHA- SENIOR EXECUTIVE- SECRETARIAL**

**ORGANISED BY- RACL GEARTECH LIMITED**

<p><b>Ms. Chaniksha</b></p>	<p>Good Evening ladies and gentlemen. I, Chaniksha, Senior Executive-Secretarial of RACL Geartech Limited, welcome you all to the post results conference call of the Company for the 4<sup>th</sup> quarter of 2023-24. I shall be the moderator for this call.</p> <p>Before we start the proceedings all the participants may please be informed that this Conference Call might contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on date of this call. However, these statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Further, you may please note that all participant lines will remain in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes.</p> <p>Should you need any assistance during the Conference Call, you may post your concern/query, if any; in the Question Answer box available on the right-hand or you may raise your hand as available in the right-hand corner of the screen, if you want to speak during the call proceedings. Lastly, please note that this call is being recorded.</p> <p>We have today with us the Management of RACL Geartech Limited, represented by Mr. Gursharan Singh, Chairman &amp; Managing Director of the Company, along with Mr. Jitender Jain, Chief Financial Officer of the Company and Mr. Prabh Mehar Singh, Vice President Finance &amp; Business Excellence of the Company.</p> <p>I now invite Mr. Gursharan Singh for his opening remarks. Over to you Sir.</p>
<p><b>Mr. Gursharan Singh</b></p>	<p>Hello Colleagues Hello Friends, First of all, Good evening to all in the First Investor Conference Call for the Financial Year 2024-25</p> <p>Last Year we had achieved the growth and it was almost 16-17% with good numbers against all the headwinds, that continue to grow together and we always Relish and appreciate the confidence, trust and support being given by all our investor friends, all our shareholders, all of our stakeholders and I do welcome all the colleagues on this forum. My friends who are sitting over here like colleagues who are sitting over here and all in factories join me in welcoming you all.</p> <p>So as our Routine quarterly performance we always.</p> <p>Here the key numbers, key highlights and of course that will have QA session Quite definitely. Now give the forum to Jitender Jain and Prabh Mehar Singh to take it forward so I'm always there to answer your queries along with my colleagues. Thank you, Gentlemen.</p>
<p><b>Mr. Jitender Jain</b></p>	<p>Good Evening friends and everyone, this is Jitender Jain, the CFO of Company, I warm welcome to everyone. Luckily after A lot of many days of heat wave. Today we have a light rain and the climate has become better in Delhi. So, that's the good thing so. Yeah. So, we'll start with the presentation first. Yeah. So, this slide, I think most of you are already aware of this slide, but I'll just brief on this slide for anyone who has joined us our investor call for the first time. We have established in 1983. For FY 23-24, we clocked that overall turnover of 423 crores close to \$51 million. We have on around 22 active customers and 900 plus SKUs in our portfolio. The products which we manufacture generally</p>

have applications in 2 Wheelers, 3 Wheelers passenger cars, commercial trucks atvs agricultural equipment's and industrial gear. We are headquartered in Noida. The company has two manufacturing locations, one at Gajraula and one at Noida. Our corporate office is based at Noida and we have 3 warehouses in Europe, primary our product range are transmission gears and shafts, sub-assemblies, precision machined parts, chassis parts and industrial gears, our core strength and core competencies are in gear cutting, precision machining, aluminium machining, process R&D & concurrent engineering, heat treatment, sub-assembly, laser welding and laser cutting, export logistics handling. We are rated A- Credit rating by care.

We are listed on Bombay Stock Exchange and we have 100% subsidiary of RACL Geartech Limited, which is based at Austria. The company has all the certifications which are required, which is ISO, IITF certifications. Coming to the financial performance for the last quarter of financial year 23-24 and the full year. So this slide gives quarter on quarter comparison of the numbers the company has achieved a turnover of close to 115 crores in the Q4 of FY 23-24 as compared to 96.31 crores of same quarter last year, which is a growth of close to 19.32%. Our EBITDA margins have grown to 24.45% as compared to 23.61% of the same quarter last year, which is a growth of close to 3 1/2%. Our profitability in on quarter on quarter basis has declined by almost 16.87% This is the fully up performance. Uh, basically. Uh, I'm happy to share that. Uh, the company has clogged the turnover of 423 crores uh in FY 2324 as compared to 367 crores in FY 22-23 which is which is a growth of close to 15%. Our EBITDA have grown from 101 crores close to 102 crores as compared to 90.68 crores, which is a growth of 12.4%. Year on Year PBT 51.33 crores to 53.74 crores, which is a growth of 4.69% Oh, this slide gives up a snapshot of all the issues of which are there. I mean, we'll leave this slide for seconds for people to read it and look at it. So this is a slide which I wanted to everyone to focus on.

I'm extremely sorry, I think there was some technical glitch while we are displaying the presentation in PPT mode. So we'll display in this mode. I hope everyone is able to look at it. So this is the slide which gives the snapshot of brief of our financial ratios. So we'll leave it for few seconds for everyone to just capture it. So this is the slide which basically gives a snapshot of companies performance in last three years. So from FY 20-21 to FY 20-24 we have grown our turnover by in absolute terms where almost two times and Our EBITA margins have grown by almost 1.8 times and our PBT margins have grown by 1.78 times in last three financial years. So coming to the latest developments and business updates. So this is regarding the project Titan. Basically the project Titan was if you remember, last time we had shared that the company has received a nomination as a Tier 1 supplier CD supplier for a for a premium German car manufacturer for supply of parking lock mechanism for passenger cars. So this was one of the biggest milestone in in the history of RACL where RACL has been nominated by a car manufacturer as a Tier 1 supplier.

I just wanted to give an update on the project Titan. So basically, if you see this is a overview of our plant at Gajraula. So we have already allocated a separate shed for the project Titan. First set of plant and machinery which is required, which are required for this. Projects are already been ordered.

The joint inspection of the production of samples along with the customer has already been completed. The customer was here.

Last to last week the joint inspection of the production of samples is already completed.

The functional build samples for assembly trials at the customer lines. It is expected by July end, then the next build phase on series production line is

	<p>planned in February 2025 and then everything if everything goes off well then we are expecting the start of the mass production last by August 2026.</p> <p>2nd update is on the Noida plant which we had shared last time that the company has shifted its Noida plan to a bigger location in Sector 80 where the plant is almost 32,000 square feet. So just I'm happy to share with everyone that the plant is fully operational now along with the official staff, the All machineries which are required there have already been installed. We have shifted majority of the plant in machines from the our older plant and a few of the new machines have already been installed and the plant is fully functional now, I'm happy to share that it was a great effort by our entire team, including of course the team of Noida plant and we had been able to shift the entire plant without a loss of even a single day of production. So that shows the team efforts and team strength of RACL.</p> <p>Next is friends. If you remember, last time we had shared that, you know, we had lost us some of our business in FY 2324 because there was a mismatch in the gear grinding capacity last year, the gear grinding capacity, which was supposed to be fully functional installed and functional by around July, August.</p> <p>If the machines got delayed and all, and finally the machines were had come in and the full-fledged gear grinding capacity became functional by January. December end in January, So I'm happy to share that that mismatch in gear grinding capacity, which had impacted our business in FY 23-24. It has been rectified in fact keeping learning from this experience and all we have now ensured that the gear because gear grinding is one of the one of one of the most important part of our manufacturing process. So we have now we installed a sufficient gear grinding capacity, keeping the projected growth in mind including a bit Any such exigency in future as well.</p> <p>So thank you. This was an update on the financials and the performance of the company from my side, we can open the meeting for questions now. Start with we have questions from some people.</p>
<p><b>Mr. Gursharan Singh</b></p>	<p>Yes, maybe you can Unmute Divyansh.</p>
<p><b>Mr. Divyansh Gupta</b></p>	<p>Hi, everyone you can hear me? I have 4 questions which are on the same topic. So I'll go 1 by 1. So just first wanted to understand that, from last year, annual reports of previous ones I see that the company has been using bill discounting as a mechanism for cash generation. So first question is that in an accounting treatment and in cash flow statement, where does the cash generated or mobilise from bill discounting? Captured. Is it cashflow from operations or is it in financing activity?</p>
<p><b>Mr. Jitender Jain</b></p>	<p>Yes divyansha, we follow the Indian accounting standard here and on a conservative basis, whatever the bills we are discounting, we are discounting only export bills as of now. And so our receivables remains outstanding as a part of our operating activities. We do not knock off the receivables and the bill discounting cash portion basically gets is there in our books as bank outstanding and as against this, the cash from the financing activities get impacted. We do not knock off the debtors because ideally I mean some companies I may follow once they discount the bills they knock off the debtors receivables but we do not knock off the receivables. So receivables are there and once we receive the payments actual payments then the bill is bill discounting that gets knocked off.</p>

<b>Mr. Divyansh Gupta</b>	For the account receivable that is there in the financial statement inclusive bill discounted amount as well.
<b>Mr. Gursharan Singh</b>	Actually, as a corporate governance, just to add it as JJ said as a corporate governance, we do not knock off the receiver until we get the Account receivable, but that is a corporate governance in it
<b>Mr. Divyansh Gupta</b>	Understood.
<b>Mr. Jitender Jain</b>	I would request in this paucity time if you can brief your questions into we'll, we'll, we'll, we'll come back again. But if you can have two questions per person, please.
<b>Mr. Divyansh Gupta</b>	Got it. So the second question is. See if I see a cash flow statement right, of cash flow from operations and our interest is around 23 crores and because of the elongated working capital which is expected to go up even because of let's say export orders increasing more, we will always seems that you'll always be cash constraint and we'll always keep on. Taking more debt to keep continuing our operations. So the question is that what are the levers that the company has to let's optimise on the working capital because it's becoming a drag in our overall pack, we get the top line but does not show up in the bottom line.
<b>Mr. Jitender Jain</b>	No. So Divyansh to answer your question you need to understand our business model now please if you look at other auto component suppliers and all now are almost 73% of our turnover is exports and OK and which is the reason our EBITDA margins are close to 25%. Now exports there you know one more thing if you would have noticed our raw material component is plus hardly 30%, the rest is all value add. So of course our overall manufacturing process is longer and then you know the export generally have a higher working capital cycle, but that gives us a higher margin as well. Now because this higher working capital cycle portion, which is there, which is which is part of the overall export mechanism, we basically generally built in. Yes, Sir. So, devansh we basically but the costing which we do is on a per part basis and all and this working capital elongated cycle first of all that is part of my costing there. Now second thing to answer your question, yes we understand that you know higher as our exports volumes will increase at this time in FY 23-24 there was a bit of a disturbance because of the Red Sea issue which most of the people had faced and all. And when the Red Sea crisis had started and all the overall shipment days have almost increased by 25 to 30 days. It has come down to almost 10 to 12 days now.
<b>Mr. Gursharan Singh</b>	I will also add what JJ said. Look, Devyansh to tell you very clearly when export is growing, when our business is growing, Obviously working capital will grow. So there is nothing to shy away from that WC will grow because, you know, 1 our work here because if we are growing every year, 20 to 25 % and 30% obviously a major growth is coming from exports market. Obviously export receivables, nothing is going to change for me. Because if shipping time is 70 days, shipping time is 70 days. You will can't really do much. Eventually customer has to pay its own receivable time. So eventually when we grow our business, when we grow over the business cycle, obviously working capital will also grow. So there's no cause of worry for that. Only thing is your business should sustain this. That business is sustainable because our costing takes care of that because you know if we're having higher volumes of working capital. So eventually, where do pay additional working capital cost or additional

	finance cost, but if our business or our costing takes care of it, then there's no cause of worry because when we do the product costing for export market, we always cushion that an additional cost burden erupting out of high receivable, so there is nothing, Our costing takes care of this, so there's no cost of.
<b>Mr. Divyansh Gupta</b>	Actually, Sir, my question was a bit different. I understand why it is high, but the question that I was trying to understand that do we have any levered where somehow we can reduce it let's say through let's say inventory or let's say pay bills optimization?
<b>Mr. Jitender Jain</b>	So this is, yeah, I understand Divyansh, I understand what you're saying. So this year, I mean, the only one way which can happen is that we get a corresponding growth in domestic because the blended working capital cycle will come down. But as long as my export business will increase the export as compared to my peers in the export business and all my working capital cycle is in line with the overall manufacturing process and the time it takes to reach there. One more thing we need to understand here that most of my buyers are top AAA rated companies like BMW, Kubota, BRP etc. Hopefully there is no risk of any bad debt at all and RACL never had a issue of any bad debt at all. To answer your question on the levers part and all, yes, we understand that part, one thing which hopefully we are focusing on this financial year on the domestic business as well. There are a couple of advanced discussions which are going on because the overall working capital cycle on the domestic side is on is much lower than exports.
<b>Mr. Divyansh Gupta</b>	Yes
<b>Mr. Jitender Jain</b>	So that is one thing which we are working on. So hopefully we'll that should end and this Red Sea crisis is ending. So the whatever the 20-25 days of I think 15 to 20 days of additional working capital cycle which has come in that will be taken care of.
<b>Mr. Divyansh Gupta</b>	Got it, got it. Take it. I'll join back with you. Thank you.
<b>Mr. Jitender Jain</b>	Thank you, Next is Ankush Agarwal. Ankush is there.
<b>Mr. Ankush Agrawal</b>	Audible.
<b>Mr. Jitender Jain</b>	Yes, Ankush, you're audible. Please go on.
<b>Mr. Ankush Agrawal</b>	Yeah. So my first question is, I mean, if in FY 24, if I look at our growth. It's relatively lower than what our internal estimates were around 470 crores of revenues and considering other fact that the kind of investment that we have been making in the business in the last 2-3 years, the kind of order which we have got. So what are the challenges that we have faced as a result we have not reached the number that we are targeted internally. One of the reasons that on the client capacity were diluted. But I think there is that you that has come back to this performance and how do you see execution going into.
<b>Mr. Gursharan Singh</b>	Because we have combination of problems as you yourself indicated that once the one there was a short of grinding capacity was there is. Of course, that was one of the contribute factor and secondly, you know there was a slight. I will say Headwinds in European business because European clients are showing a bit of Slow down that also had a little impact, but it was

	<p>a combination factor. But you know eventually we would have the grinding capacity with us. We would have recovered the entire thing with our business model is such that we are a diverse product company. So one segment is down, other segment is have one product model is not there, other product model is there, but it was a vicious cycle. That product model for which we had the capacity we there was a little headwind on the that and the grinding capacity one was a major contributing factor due to which we could not do it but now eventually. Everything is in place and we are trying to now get back to this original forecasting numbers, yeah.</p>
<b>Mr. Ankush Agrawal</b>	<p>So the 550 crores that we are target for FY25 that stays on time, right?</p>
<b>Mr. Gursharan Singh</b>	<p>Yeah. Yeah, exactly. That that's the reason. Yeah, you would have understood that. Eventually, if we are targeted from 423 to 550, so it's almost over 30% growth. So eventually now we have that real capacities which we created last year, although those capacities were delayed for almost six months now everything has come into place and eventually if nothing undue happened. So on this geopolitical things, so things will really work in the right direction now.</p>
<b>Mr. Ankush Agrawal</b>	<p>OK. The second question was on the Capex. So I think earlier we targeted that this year it would be around 60 crores. Any change to that number and in line with that the another commentary that was said that since the Capex would be lower this year, we look to reduce our long term debt this year. So on that line to this.</p>
<b>Mr. Gursharan Singh</b>	<p>Yes, that's yeah. Yes, yes, yes, that's still there. That is that that is still there. That is valid. Yeah, that is valid. Yeah.</p>
<b>Mr. Ankush Agrawal</b>	<p>OK. OK, OK. OK, that was very good. Thank you.</p>
<b>Mr. Gursharan Singh</b>	<p>Infact the good thing is that whatever investments we are going to make this year, they will be primarily for preparing for the subsequent years. But to really honest for this year by and by we are covered, but the future years you know, since we have explained many a times, we have a very long gestation periods for our upcoming projects. So all these investments like Jitender Jain explained to you during the interaction that we are preparing for that project Titan. So that project Titan is for the futuristic electric vehicle project for a German OEM tier-1 , no startup mass production is somewhere in 2026, I think August or so OK, but planned readiness has to be in January 2025 because their preshipment Cars have to be from the mass production lines, so at least basic set of. At least single equipment line has to been installed by us within this year. So we are preparing with these investments basically for those future years. So I'll say in conclusion that for this year, we're already prepared for achieving what we are targeting.</p>
<b>Mr. Ankush Agrawal</b>	<p>Correct. Thank you.</p>
<b>Mr. Jitender Jain</b>	<p>Thanks, ankush. Thank you. Thank you. Next is Anirudh. Next Anirudh is there.</p>
<b>Mr. Anirudh Shetty</b>	<p>Yeah, I'm there. Am I audible?</p>



<b>Mr. Jitender Jain</b>	Yeah, yeah, Anirudh
<b>Mr. Anirudh Shetty</b>	Yeah, I'm there, but am I audible?
<b>Mr. Jitender Jain</b>	Yes, you're audible. Anirudh, go on
<b>Mr. Anirudh Shetty</b>	Yeah, I mean, I had a couple of questions, but probably ask two and I'll just join back and look you later. So many questions early on. You know, we are very well established in Two-wheeler and you know we are now looking to, you know grow and make bigger strides in the four-Wheeler segment. But in terms of the kind of parts and the kind of you know products we're doing in the four-Wheeler today where would you slot that in terms of, you know, criticality in terms of margin and Just how do you see this journey of us? You know, becoming, you know, better in the four-Wheeler space play out over time. Just wanted this the evolution over there.
<b>Mr. Gursharan Singh</b>	To be very Honest, these things are generally not for the public domain, you know. No manufacturer will really diverge the real numbers at which segment is producing what which product is producing what, because they are generally very price sensitive information's and you know competition also these days is very Sensitive. So we have to maintain this confidentiality because normally it should will not be appropriate on our part to really diverge these numbers or a public forum. That they are actually our companies on listed I think Prabh agree with me what is your sort of? Because price sensitive information that which segment is producing what probability of two Wheeler or three Wheeler or four Wheeler.
<b>Mr. Prabh Mehar Singh</b>	His question was that in car business what is the complexity of the operation?
<b>Mr. Jitender Jain</b>	What is your question Anirudh can you repeat your question please?
<b>Mr. Anirudh Shetty</b>	Yeah. Yeah, it's more about, you know, where's well established in the two Wheeler space. And, you know, over time, we've gotten more complex products because we, you know, the customer trusted us and you know, we're trying to now replicate that journey in four Wheelers. I just want to understand where were we in that journey on four Wheeler. And you know, how many years do you think you can actually get to the level that you are, you know, seeing in the two Wheeler segment and
<b>Mr. Gursharan Singh</b>	One thing is that one thing is clear. Four Wheeler business has to be very, very complex business as compared to two Wheelers business you know. So it's very clear that two Wheeler is saying graduation and then. Commercial vehicles is, say, post graduation, then passenger car business is master's degree or the doctorate degrees or complexity is going to increase. But you know eventually. Whatever learnings are there from 1 segment to another segment. And the next segments are eventually this is how the life is working, because if you really see 100 years back, they were all. Crank driven. Cars where man has to start in manually by pushing the rope or by pulling the rope or cranking the engine today.

	<p>We've just pointed engine starts something similar 2 Wheeler and four Wheelers and all. So eventually business is more complex.</p> <p>Happening in passenger cars business or commercial vehicle business?</p> <p>What here lies our expertise Because whatever. Because since you, we were there in 2 Wheeler also in Complex 2 Wheelers. Not a simple runner 2 Wheelers. They were all high power high Segment and 800CC, one litre, 1.5 litre, 1.2 litre. So they were very complex product as compared to typically which we see on Indian roads 100 CC, 150CC. So we already were at a certain level now we are into next levels of complexities and that way we are technically fully confident technologically, we're fully competent. and we have all the team members to do that.</p>
<b>Mr. Jitender Jain</b>	<p>Anirudh, I'll add one more thing here. One of the challenges, you know which we faces as I had explained in my first slide, we had we have more than 900 plus SKUs, OK and this is of course because you know and it is, it is trust me practically it is very difficult to handle so many SKUs on a monthly basis. So one of one of the benefit in the passenger car vehicle segment is that you know The number of parts are not that much if they are more, they are more complex, but the number like a one assembly in two Wheeler may have 30 parts, but the similar kind of an assembly for a passenger vehicle. We'll have only eight or nine parts, so that is also one of the focus area we have now that how can we control the number as the business grows, it becomes practically impossible to handle so many SKUs. So though they are more complex, but they give us a benefit that the number of SKUs hopefully will get will get normalized and decrease in the percent once we once we grow further in commercial vehicles and the passenger car vehicles say.</p>
<b>Mr. Anirudh Shetty</b>	<p>So is it fair to assume that like a passenger in commercial vehicle as it grows as a share of mix, the return on capital employed could be better because the inventory days will be better over there and our asset turns, actually our asset turns will be better because we'll be able to kind of run as assembly line you know most manner and it's complex the margins are just as good. There's should just go up at times that like possible.</p>
<b>Mr. Jitender Jain</b>	<p>Yeah. To be very frank with you, inventory days and all, I think, I understand you always have this question on the working and all and we always give the same answer. You know asset turnover we have been focusing on but it will take some time because the good part is that you know quite a large number of investments and you know recouping of the plant is already done. But whenever a new business come in and all then this is a peculiarity of our business. As Md Sir explained earlier that the gestation period of our business is much higher. OK.</p> <p>Now secondly, I always maintain that you know our value addition is almost 70%. Now if there is if someone for a ₹30 raw material component, if someone is paying ₹100, then of course it's because of the technology and the capital investment which we have, we can have a we can have a 75% raw material component and an EBITDA margin of 7 to 8% and all or we can have a raw material component of 30% had do some Capex and earning margin of 25%. Now that is a choice which we need to make. Having said that, yes, we are focusing on that part but I think this specific if you're saying that once the share of commercial vehicle or a passenger car vehicle will increase.</p>

	Then it should improve my capital asset turnover ratio and all. I mean hopefully the way we are planning our quantum of capital investment should reduce going further, not that much as compared to the repayments which we have that should contribute to the improvement in asset. I would I will keep it like that.
<b>Mr. Gursharan Singh</b>	I see well actually well actually you might have already written as a past 2-3 years we are doing this very heavily because one side we are growing at 30% the rate on other side we had to upgrade our Old plant and legacy plant, which was almost more than 30 years old, so that also added to additional capital investment. And if you are joining our call earlier also, so we had to last year to invest last to last year we had to invest a lot of funds on the housing. Campus for our employees, so all these combinational things. Capex was like, but this year, if you really see on one side, we are targeting to grow over 30% and other side we are saying that this year Capex will be lesser than the last year and the overall borrowing over repayment will be high and overall debt will reduce. and we have also said just now that whatever Capex we are doing this Capex even in this year, whatever we are doing, it's not for this year, it is for year 2026 even not for 2025. So it really shows now That ratio of capital investment will start showing improving investment will start, investment will turn over what you're saying, it will really start showing improvement results. Therefore, this series already going to be indicator where you already have all the numbers with you.
<b>Mr. Anirudh Shetty</b>	I got it. Right. Absolutely. No, no, thanks for taking my questions. I'll, I have a few mobile join back in queue.
<b>Mr. Jitender Jain</b>	Thank you. Thank you. Thanks, Anil. Uh. Next is uh Mr Manjeet bawaria. Manjit is there. We move to the question we can take two questions from the people who are. Mr. Pratik Kothari?, Move to Mr. Ruidresh, Hello.
<b>Mr. Rudresh</b>	Hello Am I audible?
<b>Mr. Jitender Jain</b>	Yeah. Yeah. Who is that?
<b>Mr. Rudresh</b>	Yeah, rudresh
<b>Mr. Jitender Jain</b>	Yeah. Hi, rudesh. Hi. Go on.
<b>Mr. Rudresh</b>	Hi see I got a couple of questions. So any thoughts on why is in depth by stopping dividend? Yeah, no, at least we can. We get it with a reasonable.
<b>Mr. Gursharan Singh</b>	So you're you're an investor, you should rather say thanks to management that we are paying dividend up
<b>Mr. Rudresh</b>	No, in the in the long run it will help us out, right? So that that's why.
<b>Mr. Gursharan Singh</b>	But you know. No, no, no. What I'll say that you know, there are all kinds of investors. There are few investors who are holding only 100 shares. There are few investors who are holding only 10 or 20 shares and few are of course large investors. So small investors always look forward that there should be some dividend income should come and for that matter we'll large investors do also and you know dividend is more of a kind of trust building and conference building.

	Activity among the shareholders and investors because we are almost 35 years old, listed company and we started paying dividend only four years back. So obviously after paying three years and we say we don't pay dividend, it doesn't look good. First of all, if there is a happiness, this happiness should be shared to whatever extent we can share, OK, so if that's that, then yeah.
<b>Mr. Rudresh</b>	It's just not taking out the food from the financial institution and giving out to shareholders, right? So it should happen the other way.
<b>Mr. Gursharan Singh</b>	Yeah. No, actually, you know if what is the outflow out of the dividend, only one and half crores. So out of 1 1/2 crores even uh, we take it drop out of the bucket. The water level will not go down. If our overall debt is Long term and short term put together around 200 crores. So why we why removing that 1 1/2 doesn't make any effect. So rather it gives them a little sentiment. OK, we're not sharing happiness with our stakeholders. So we say dividend is not. A kind of payout we say it is a kind of Confidence and trust building with our investors, yes, if we are, if companies earning money, whatever little bit we have surplus, we should always share happiness with our investors. And I will company will keep following this policy and we wish a time comes when really profitability is higher and all other things are better. Rather we should see if we can really increase that event. But to be very honest, we really want to respect this sentiment of taking care of small investors. Is it just a token of appreciation, nothing else?
<b>Mr. Rudresh</b>	OK Thank you. And my second question is you see in the financial release. You people release the presentation, but it only covers the financial metrics. It doesn't cover rest of the Mort or the showcase which we show in our investor call, so it would be better if we share the same presentation which we share on the investor call In the financial release as well.
<b>Mr. Jitender Jain</b>	We'll try that actually if you understand being a listed entity and all we have to get our accounts audited, release everything. So you know generally the practise which we are following is that a brief snapshot of. What numbers come whatever is related to numbers here that we already release? I mean only the business updates and all that, we keep it for investor call. In fact the number of slides, if you look at which were released earlier were much higher, they were more detailed.
<b>Mr. Rudresh</b>	OK, I was asking about the business updates only. So it will better if we release it in the along with.
<b>Mr. Jitender Jain</b>	OK, that's not a financial that is more for investor call basically.
<b>Mr. Rudresh</b>	OK. OK. OK, fine. Thank you. That's it. OK
<b>Mr. Jitender Jain</b>	Thank you. Thanks. Thanks for this. Oh, good. I think Pratik Kothari back.
<b>Mr. Pratik Kothari</b>	Yeah. Hi, good afternoon. I hope I'm audible this time. So far, yes My first question on the cost side, I mean this year meet our other expense employee depreciation, interest all seems to have gone up much higher than what we have delivered on the top line. So I believe this is all in anticipation of what we have to deliver this year and all this additional cost that is hitting up P&L is related to that.
<b>Mr. Jitender Jain</b>	Yeah. Prateek. So I mean, of course, you know, they're keeping the growth in mind and all we have to hire people and all one. One thing is yes, you're correct

	<p>that you know this disturbance because of the gear grinding capacity which had come in for a few months and all but all other expenses and all had been as you understand that employee hiring and then there are a lot of tools and all which gets consumed as a part of our part of our machinery and production process and all. So all those things were there. And you know there were few. Like a passenger car vehicle, there were few tools which were deployed in the last quarter of the year, which of course will get used over a period of next one or two quarters and all. So yes, you're correct the keeping the growth in mind and all these expenses had slightly increased, but we have always maintained that you know as our business will grow as they con as the scale of operations will grow and all. Our EBITDA margin should be in the range of 20 to 23% and all. That is broadly because as the scale of operations grows and all. Every time with each and every growth and all keeping EBITDA margin of 25% may not be possible. We have always maintained that. But yes, to answer your question, you're correct a few bit and bit of bit of these expenses were had grown.</p>
<b>Mr. Gursharan Singh</b>	<p>Only for 1%. So you know, nothing can be always consistent, correct. So 1% error or there 2% error will always happen because always you know all those margins are range bound. They cannot be quarter on quarter, they cannot handle year on year. They have to be over a long period of time, so.</p>
<b>Mr. Pratik Kothari</b>	<p>Hey so my only question was that is it were there some additional investments in terms of other expense employees in depreciation in terms of capacity that we're doing in anticipation for the 550 crores that we intend to do or is this a natural process and next year again, we'll see cost going up. So this is the new, I mean sometimes you invest in advance for future growth, which might come in and sometimes the cost structure itself has gone up. So I'm just trying to understand where are we in that?</p>
<b>Mr. Gursharan Singh</b>	<p>Oh, you. I guess we already explained that this gear grinding capacity was a shortfall which we invested last year and now in fact we are created a slight cushion also because you know this gear grinding machines are lead time by machine is one year and we already burnt our fingers last year that we ordered the equipment, they got delayed, we couldn't get it. Now we have invested some buffer cushions also.</p> <p>So many times we get customers sudden orders for such critical equipment. So to answer your question is yes, we are creating now some investment for cushion also. So this is 550 idea is that for this year at least we cannot say that we have any enough capacity constraints because we already have created that desired capacity even as of today for this entire year. So if the projected forecast by customers is being adhered and there are no any geopolitical things happening in a big way. Minor adjustments here and there is always possible. So now technically this year we are having sufficient cushion for all the capacities. So this is how we invested very heavily last year because since we suffered last year. So we then thought it is better to now play safe.</p>
<b>Mr. Pratik kothari</b>	<p>Right, not fair enough. Another reason I believe for slower growth this year was also the the maan project didn't pick up as was anticipated. So that is now</p>

	back on track and the the numbers or the volume is what we were supposed to do.
<b>Mr. Gursharan Singh</b>	<p>Look for projects are more all projects are moving in the right direction. They are on the anticipated volumes, anticipated forecast but you know.</p> <p>Like we are going 25-30%, so obviously no European company will grow 25 or 30% so but ours are always a new business, new projects, new models for those customers, they are running their own growth margins. Growth targets are five percent, 6% on their each model. So those growth plans are there. But yes I mean trucks and all there are now these days because of energy and all such stuff. There's a little Weakening of the demands. I'll not say it decline, but the beginning of the demand or it's a little stock correction also because in COVID time everybody over produced in Europe and the US Now they're taking care of the stock corrections also these multiple effects are there, but we are safe because we are always having new launches, new products, so.</p> <p>You know, we always are doing investments even now we are telling that to 2026 mass production, we are investing this year. So eventually this kind of actions we took in previous years also, so eventually those models are now at the verge of starting. So business will really add up to this numbers. This is how despite Weak demands from across the segment, the customer profile we are still anticipating growth because it's not only our existing model. New launches are also there and you know when new launches happen first one year is always talk.</p> <p>Build up a stock, build up inventories and you know, even in India if any new product launches there, everybody will produce. Very large number of vehicles, so this is all our business. It's a mix and match but it really maintains our growth trends or our growth projections.</p>
<b>Mr. Pratik Kothari</b>	<p>Like I don't know. So my last question on the ZF relation that we have, I mean we started the first plant, I believe for one of their projects and then overtime we got fixed from them and ZF also publicly keeps mentioning about the shift that they want to do from in house manufacturing or from Europe to India. Just Sir, how is that progressing over the past years. I mean in terms of what are we seeing the conversations we have in the RFQ, some qualitative aspect there.</p>
<b>Mr. Gursharan Singh</b>	<p>Oh, that that's for, I think very good because some of the project from ZF has already moved to our company, which was actually ZF was producing inside their own factory. So that has already go to India and we are getting very, very, very Impressive RFQs for resourcing projects and also then activities really going on with a very strong note. But you know, These big customers Take their own cool time to take decisions, but yes, that.</p> <p>ZF is really in fact probably. So Prabh, if you can answer also how we are really progressing on that ZF future strategy, because that ZF's in the resourcing projects from India. So if you can update.</p>
<b>Mr. Prabh Mehar Singh</b>	<p>So basically ZF is going to be one of our biggest customer. The business only started a year back, year and a half back. So that's on track I think in the coming</p>

	years it should be sizable double digit Percentage and this year also they of course contributed majority the projects which started somehow this year there was some kind of impact on the sale from their customer end, but next year it is projected to grow. So, so far it is stable and of course on the new projects we are in advanced discussion many activities but the current ones also have to peak up so That is what now we are preparing for
<b>Mr. Pratik Kothari</b>	Alright, sure. Fair and thank you and all the best now.
<b>Mr. Jitender Jain</b>	Thank you. Thanks, it's fine. Next is Mr Saket Kapoor
<b>Mr. Saket Kapoor</b>	Yeah, namaskar, Sir. And thank you for the opportunity, Sir. Firstly, could you quantify the impact of this gear grinding unit in in value terms, how much has it impacted the revenue or how much has the bottom line being impacted?
<b>Mr. Gursharan Singh</b>	You know, we lost almost 40 crores of sale in last year because postpaid. Yeah, it was postponed or delayed postponed and Eventually, out of this you can say around 40% sale was on account of This game landing loss here.
<b>Mr. Saket Kapoor</b>	So this get this get booked in this year and our number of 550 include this 40-45 crore lost revenue.
<b>Mr. Jitender Jain</b>	Yeah, obviously
<b>Mr. Saket Kapoor</b>	OK, Sir. And for the Titan project, how what have been our CapEx and how much money has been spent and how much will be spent ?
<b>Mr. Gursharan Singh</b>	Yeah, there was a on such forums it will be difficult for us to quantify to such micro levels, but we have already told that total investment is For plan for this year is 60 crores and out of this substantial portion is going to be invested further titen project but specific investment details will be little Not possible for us to divulge, but yes, within this 60 crores substantial portion is for titen project and then coming here because as we told you that start production is 2026. So substantially we've done this year. Then eventually when the mass production starts, then we have to add some duplication of the we have to then do that capacity building. They're like if we need 5 machines and initial phase, we add only one machine, so eventually remaining four machines will be required as and when the mass production starts. And it will also be you know even when the customer starts, they will not start full volume from the first year itself. So it will happen in a phased manner. Keep on investing and it will not really possible for us to dig out details at such micro level.
<b>Mr. Saket Kapoor</b>	Right, Sir. But, Sir, you can give the entire project cost. I'm not asking the break up for every year, but total. How much are we going to spend on this project by the time is full filled?
<b>Mr. Jitender Jain</b>	It's been phases and all.
<b>Mr. Gursharan Singh</b>	It'll spread over 2-3 years, actually it'll spread over 2, three years.

<b>Mr. Saket Kapoor</b>	Ok, No issue, no issues, then Mr. Jitender Jain. Can you give me the current maturities for this financial year? Current repayments for this year?
<b>Mr. Jitender Jain</b>	Where right now it is. Close to close to 48 crores.
<b>Mr. Saket Kapoor</b>	OK. And Sir, when we look at the cash flow this year, the tax payment has been. Doubled then last year. So can you explain the reason why our tax, the payment of taxes, direct taxes which we have paid?
<b>Mr. Jitender Jain</b>	Actually there was some payment of previous year which was five crores was the payment of last year which has got paid this year which was not paid last year.
<b>Mr. Saket Kapoor</b>	Prior period item also OK. OK. And lastly, Sir, you mentioned 40 crore was.
<b>Mr. Jitender Jain</b>	Sir, please, let's take to. So let's take to two questions. There are other people waiting. Thank you. Next is Mr Manav, Let's move to Miss Divya. Mr Piyush Jain
<b>Mr. Piyush Jain</b>	Yeah. Am I audible?
<b>Mr. Jitender Jain</b>	Yes, yes you are. Yes, yes. Yes, please go ahead.
<b>Mr. Piyush Jain</b>	Yeah. This. Yeah. Good evening, Sir. And thank you for giving us opportunity and is one thing to know. Last quarter our gross margin has reduced little bit. So just want to know what is our number which we think this gross margin may be able to manage and work out in this coming year and quarters. Is there something pricing related issue where the pricing has been not able to pass on or the cost has increased of the raw material component which right?
<b>Mr. Jitender Jain</b>	Gross margin has improved from 70.19% to 71.06%. It's not reduced, improved, rather improved.
<b>Mr. Piyush Jain</b>	OK, maybe my calculation was maybe I'm OK.
<b>Mr. Jitender Jain</b>	Yeah. Yeah, it is improved by. I mean I would say by just a 1%.
<b>Mr. Piyush Jain</b>	OK, so the margin has dropped, so you will be able to recoup again the margin level of 23-24. What is the guidance because I joined late, so I don't know if you said something.
<b>Mr. Jitender Jain</b>	So EBITDA margin is also so last FY 22-23, it was 24.69% and FY 23-24 is 24.09%. So I mean this much of variation, it's only 0.6% there actually.
<b>Mr. Piyush Jain</b>	Not asking for from the year last quarter. Let's say we have a son, 20 point something that's I'm asking. We will again come back to 23-24 only for full year basis or that is what the one last quarter is one of.
<b>Mr. Gursharan Singh</b>	Yeah, of course. I think last quarter we already explained since major capitalization happened in last quarter,
<b>Mr. Jitender Jain</b>	Quarterly is not the PBT part which you're talking about, I mean yeah, it was because of a little higher deposition and finance cost.



<b>Mr. Piyush Jain</b>	OK. The how much Capex we have already done and how much is planned for next year.
<b>Mr. Jitender Jain</b>	There's only planned for 60 crores for this year, right? It's already disclosed here. It's already disclosed.
<b>Mr. Piyush Jain</b>	OK, OK. Any new client we added during this quarter or something or any LOI or something is going on other than ZF and all?
<b>Mr. Gursharan Singh</b>	Other we are we are B to B company, we can't Customer quarterly basis, where do add customer maybe one year or two year?
<b>Mr. Piyush Jain</b>	Earlier you used to give exact details of this quarter we have added like Kubota.
<b>Mr. Gursharan Singh</b>	Yeah. Yeah, yeah. So that's what I'm saying. OK, we have to actually add customers because I, if you really remember, I always say our strategy is that every 2-3 years we should have add one new customer because we are B to B company. If we had, I wish I can add customer every quarter but then but then that automotive industry will come to India. So but probably you, I will just clarify our business strategy is that. Year on year, we should have begun to maintain 20-25% of growth. We should always target 5 to 10% of growth from the organic growth of our customers and every 2-3 years we should add one or two customers on an average say 1 customer per year. So that we get about 8-10% additional businesses. So that 20-25% kind of normal growth figure at. So this is our business part, but we can't really add customers every quarter.
<b>Mr. Piyush Jain</b>	thank you.
<b>Mr. Jitender Jain</b>	Thank you. Thank you. I think this will we'll take, we can take just one last question I think Mr Manav is back. Mr Manav can you please go on with your question. Mr Manav. Mr Manav, you have to unmute yourself. I think it's not. . Thank you, grace. Thank you. Thanks everyone. Thank you.
<b>Mr. Gursharan Singh (Answered to the question in chat box asked by Manav)</b>	So the way we are going are we finding any difficulty to get skilled manpower and managing and retaining them and also how do we plan to upskill in them. You know this is a very very. Hot topic we have touched? Yes, getting the you know on one side we always say India has the huge manpower pool. Our average age is even I think 30 years or so. But yes, availability of skill manpower is a challenge and it's not for RACL. For the entire high technology industry, but and what we are actually fully geared up to mitigate this challenge because our HR department is continuously upgrading our Capabilities.

	<p>To create skill set among the raw people with our company strategy always to get Employees from the colleges, whether they are plane graduates or BSc or BA's or Its or diploma holders or graduate engineers.</p> <p>So we developed a complete skill set of people, and our HR department is really working very strongly to create virtual skills and centre and all such activities. So but yes, this is a challenge which we have to find out. But only thing is we have to create our capability because we cannot expect Our engineering colleges or the ITI's to upgrade immediately but We are focusing on this field and we are quite successful. There are no major concerns to operate our company.</p> <p>To the level we want, and I think this was the reason we had invested in the housing complex and all because we provide that kind of those people retaining the good talent. Yeah, that was one of the reason we, yeah, we had done and we have invested a lot. You said rightly is the right way. Yeah, that's right. Taking care of people because training them is an art but retaining them is an assigns. Yes. So we have to really put in lot of new ideas and innovations to retain the people.</p> <p>So that's the reason we are really taking lot of initiatives to retain the people I think this, yeah, we can., no, I'll say to all my friends, colleagues, investors, stakeholders, keep your Question and answer section. Very very productive. It really keeps on, keeps us on toes to really prepare ourselves and to continuously perform ourselves because we really appreciate this kind of quarterly interactions. And I will really put on record that yes. The kind of questions our colleagues are asking, they are really way. It really reflects that you study our balance sheets very, very deeply and very, very strongly. So once again, my thanks to you all and JJ please Keep preparing such presentations and thanks for your inputs onto this and we really look forward to keep waiting. Wish you happy summer rather and maybe people from Maharashtra. You must have started enjoying the monsoons.</p> <p>Please send someone social. We are standing at 48 degree, so we eagerly wait for the good monsoons from Maharashtra to be released. OK. Thank you, gentlemen and Colleagues.</p>
<b>Mr. Jitender Jain</b>	Thank You.

Notes:

1. This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings
2. Figures have been rounded off for convenience and ease of reference.
3. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of RACL Geartech Limited

