

February 22, 2024

The Secretary  
**BSE Limited.**  
Corporate Relationship Dept.  
14th floor, P. J. Tower  
Dalal Street, Fort  
Mumbai - 400 001

**Stock Code – 505978**

Dear Sir/Madam,

**Sub: Transcript of Video Conference Call with Investor Meeting under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

This is further to our letter with regard to investor meet, please find the attached herewith the transcript of video conference call with investors meeting held on 17<sup>th</sup> February 2024.

The aforesaid information will also be made available on the Company's website at [www.tritonvalves.com](http://www.tritonvalves.com).

This is for your information and records.

Thanking You,  
Yours faithfully,  
For **Triton Valves Limited**

**Naresh Varadarajan**  
**Chief Financial Officer**



**INVESTORS MEET  
TRITON VALVES LIMITED**

**February 17, 2024**

**Aditya M Gokarn (Triton)**

A very warm welcome to all those on the call today. Thank you for making time on a Saturday morning to join this call. My name is Aditya Gokarn. I'm Managing Director of Triton Valves Ltd. With me on the call, I have two colleagues. My colleague, Naresh Vardarajan, is on the call. He's the Group CFO. Naresh, maybe you can just wave. Hi. Hi, everybody. And I've also got Bibhuti Bhushan Mishra, who's our company secretary. Hello, sir. Hello, everybody. So, yeah, so we've got a small team on the call from our side. And the way we've kind of planned this out today is that we have a little slide deck, which we thought we could show to all of you. And then the slide deck will take maybe about 20 -25 minutes, and then we'll take some Q &A. If everybody's okay with it, because there's more than 20 people, I'll go through the presentation. While the presentation is running, if you have any questions, my humble request would be if you could note it down. And at the end, you know, we'll go maybe participant by participant in terms of, you know, question and answers.

**Sarthak Kothari**

This is Sarthak Kothari, your voice is little bit, little bit low.

**Hemant Ashar**

Yeah, I was also, but I increased my volume, so if you can just check. at your end. I think Aditya, you're on mute. Yeah, are you able to hear me now? Much better. Yeah, yeah, better, better. Great, thank you. Thank you. I hope you're all able to see my screen.

**Aditya M Gokarn (Triton)**

So I'll start with the So, since we're a listed company, I just want to clarify that this document has been prepared only for information. It's not an offer for invitation or recommendation by or sell any securities of the company. And no part or all of this document can form the basis or be relied upon for any contract or investment decision in relation to the securities of the company. The document is confidential. We will also be publishing it as per the compliance requirements within 24 hours. Having said that, our request would be that until we publish it on the public domain, we would request the participants to copy or transfer any of this information without information to us. The company relies on information obtained from sources which are briefly reliable, but we cannot guarantee the accuracy and completeness of that information. Any statements containing words such as expect, satisfied, words of similar meaning have to be taken in context and this is not a statement of historical fact. All of these statements involve unknown risks, uncertainties, factors which may not be in our control in terms of the performance or achievements, right? So, I hope you're all able to see my screen. and read out the main part of the, let's say, the schema. And the question would be to just go through this statement before we start. Yeah, sure. We can go ahead. Thank you. I'll just start by remembering our founder, Sri M .B. Gokarn, who started the company in 1975. He built the strong foundation on which today we are building our growth story. I just wanted to share a thought process, which our founder always talk about, which is to say that, we should always do path -breaking, right? So this is part of our story, this has been part of our journey, it's been part of our DNA, I would say. All the businesses that we operate, all the product development that we have done over the years, all our business activities, always have this underlying.

**Aditya M Gokarn (Triton)**

I would say, thought process, then we want to do something path -taking. We don't like to copy anybody. We don't like to be a follower. We like to be that pioneer. We like to break through and create new ideas and concepts. So I just want to remember our founder before we get into the presentation today. I've tried to keep the slide deck very concise. There's gonna be three elements of this. There's a little bit about the company. I'm sure everybody is keen to know what the industry trends are, each of the verticals that we operate, and what's the opportunity pie, right, how these are

the opportunities that we're working on. And then we've got a little bit of financial highlights, the quarter and the nine -month performance of this year. So, starting about the company, I just wanted to show all the participants today what the Triton Group really looks like. So, as you can see on the screen, we are headquartered in Bangalore. We are today having this call from our Bangalore office. We have three plants in Mysore and we have R &D center as well in Mysore. We also operate warehouses in Tamil Nadu, Gujarat, Delhi and Sia region. This is primarily because we are a tier 1 OEM supplier. So, this is a mandatory requirement for us to be able to supply our customers just in time. We have basically three business verticals. The automotive vertical, here we call it the HVAC vertical, or you can call it the climate control vertical, and we have our own metals business, right, that is called Triton Valves FutureTech. We have 300, more than 300 direct employees at the moment. If you look at our three manufacturing plants, you can think of it like this, Triton Wells Limited is the automotive business, Triton Wells Future Tech Private Limited is the metals business and Triton Wells Climate Tech Private Limited is the climate control business. So, I've just shown these pictures, shown shots of our plants just to give everybody a visual reference of what our plants look like.

#### **Aditya M Gokarn (Triton)**

I would dare say that all these three facilities are, I would say, globally benchmarked. A lot of research, a lot of hard work has gone into understanding how to develop these facilities in a manner that would satisfy not just an Indian customer, but a global customer. All the three plants are in the process – some have already completed this process – of having a green energy footprint. If you look at the automotive business, Triton Valves Ltd, over 85 percent of the energy that we consume is generated from renewable sources. In case of Triton Valves Futuretech, we are in the process of transitioning to green energy. By June -July of 2024, we will be able to move the energy significantly, perhaps in excess of 90 % will be green energy, renewable energy, and that will also give us some cost savings. So that's something in progress. The climate control plant, right now it's Climatech, currently is still relatively small. It's still growing. So the energy requirement is not yet significant for us to make that transition, but it's very much in the pipeline. We would like to have Climatech as well, with a very green, I should say, energy. Looking at the group structure, the automotive business is a legacy business. This business is going to complete 50 years on 10th of September, 2025. So this company was established in 1975 by a founder, Mr. M. B. GoKarn. We have obviously the main plant in Mysore, we have headquartered right here in Bangalore this is the listed entity and FutureTech and ClimaTech are the wholly owned subsidiaries of this entity. In Brighton we primarily manufacture valves for tires. We've also been making the components for TDMS and something called CDIS. CDIS stands for Central Tire Inflation System. These are, I would say, more advanced systems where the vehicle tire pressure is managed on board system system, including a compressor and things like that. So we need components for that. A lot of those applications are in defense, right? Our annual capacity is about 180 million bars. I would say that in the global scheme of things, we are definitely in the top seven or top eight manufacturers of tire bars globally. Our aspiration, obviously, is to keep climbing up that ladder with each passing year. The company also has the certifications that are required to successfully operate a global, let's say, business model. IATF 16949 is a quality standard, ISO 14001 is an environment standard, and ISO 45001 is an occupational health and safety certification. These are the basic certifications that any company would require, like I said, to operate on a global scale. Coming to FutureTech and ClimateTech, as you can see, both companies were established in 2020. The companies were registered in January 2020, literally two months before India went into the first lockdown from COVID. So, these are the two entities which unfortunately got impacted by the COVID period, say somewhere for 2020 to late 2021, so almost two years we had an impact here because both these companies

#### **Aditya M Gokarn (Triton)**

were just getting set up, right, the plants were getting commissioned, equipment was getting put into the factories, product development was at an advanced stage, a lot of, you know, customer

communication was at a very, I would say, critical phase during that period. But having said that, we'll explain to you how these two companies are developing post -COVID. So, FutureTech basically is what you might call as a grass mill. So, this entity basically produces what in the industry is called extruded and drawn bars or rods and coils is also called wire of brass and copper alloy. This is basically a raw material supplier. So, this raw material is consumed both within group and is also supplied to external customers. We have an annual capacity of about eight and a half thousand metric tons. We believe that, you know, FutureTech is a very strategic, I would say, setup for us because it gives us multiple benefits in terms of piercing our supply chain, in terms of giving us the ability to tide over volatility in the commodity pricing. And it also gives us a very strategic platform to develop more components and more products using the raw material that this company produces and sells. If you look at climatech, climatech is basically a foray into the climate control air conditioning space. This space is growing very, very fast, for a number of reasons, I'll be explaining that later in the opportunities slide, which I'll be showing all of you. So, if you look at it globally, the demand for both residential and industrial cooling is going up very strongly all over the world. This is, one, because of global warming, change in the weather pattern, you know, all over the world, people are feeding the need for having pooling because it's just getting hotter. And also on the industrial side, there's a lot of demand for supply chain, forage chains across the world, which are developing new technology, and so there's a huge demand for anything related to climate control or let's say industrial cooling, and this is a forage that is aimed at that segment of the market. Looking at our product range, I just tried to put some images together, just so that it's easy for everybody to visualize what each entity really does. So, I'll start with Python. So, if you look at the vent box, all the components there are the components that go into the automotive vertical. We have products that go into tire and tube manufacturing, we have products that are supplied directly to vehicle OEMs, which we call tubeless farms. We also are making components for battery packs and liquid batteries. So, I've shown some of those components as well. Some of the products are also patented. So, we have a product called a pressure relief farm. This pressure relief farm primarily is a component that goes into EV battery packs. It's kind of the, it's kind of a passive safety component. Its function is basically to vent out any abnormal pressure development inside the battery pack and ensure that there is no chance of any fire or any hazard emanating from the battery pack. So, we also make components for automotive air conditioning. So, I've shown some of those components also. So, to put it very broadly, TritonValve's portfolio is basically composed of valves for tubes and pipes, valves for tubeless pipes, valves for TPMS, which is Tidal Pressure Monitoring System, for valves with electronic sensors, we make the valves for a lot of the sensor manufacturers. We are also making, like I said, battery -packed components, charger components is something that we are actively pursuing some opportunities in that space. So, I would say that this entity is very well positioned to stay in tune with the mechanics that are sweeping the auto industry, where the change is happening from, I would say, carbon -based fuels to electrification. So, our portfolio is very robust and it's been developed very, I would say, strongly to not only make that transition successful, but to actually improve both our revenues and our profitability by the kind of product development that we have done in this space. I'll talk a little bit more about it when I come to the opportunities side. Coming to FutureTech, as you can see, FutureTech basically produces raw materials. And these raw materials go into a very wide range of applications, right? So this brass can be produced in the form of bar or in the form of foil. This is used in making automotive components. This is used in making the oil and gas products, LPG valves, valves for other industrial gases. It goes into making watch parts. It goes into making the other automotive components like synchronizer, transmission components. And also you can see that, you know, with the transition from IC engines to electric vehicles, even hybrid vehicles, the content of copper alloys and the content of brass in these vehicles goes up very significantly because brass is basically an alloy of copper and zinc. It has very good thermal and electrical properties, right? So, brass is a very versatile material for any kind of thermal and electrical applications. And this is something that is going to grow over the next, I would

say, 10, 15, 20 years because of the energy transition that we all know is taking place slowly. Coming to climatec, I've shown some of the components that are already in the market. that we've developed over the last few years. Primarily, these are components that go into split air conditioners, but a lot of our components can also go into commercial air conditioning applications. So, if you look at the air conditioning industry at a very high level, it is composed of primarily, I would say, residential and I would say commercial and industrial So, on the residential side, split ACs are the most, I would say, popular kind of technology that is used particularly in India and also now globally because, you know, these machines are very versatile. They're very easy to install, easy to retrofit. So, you have, let's say, an application where you don't have an AC, but you want to fit a new AC there, split AC is very versatile. If you look at the commercial applications, we are talking about large buildings, complete MEP kind of projects where you have, for example, an airport or you have, let's say, a new commercial office building where you have a completely adapted air conditioner. Even those kind of systems require these kind of components. The very special and interesting thing about the climatic portfolio is that almost every, every, I'm saying almost, but actually I can say with confidence, every single product that we have developed in our portfolio has been manufactured in India for the first time. And these are highly engineered products. These are products that require usually years of development, testing, validation in the field to kind of, you know, to be able to offer them to And once you enter the supply chain, right, you get more opportunities because as you can see, we started with one component with one of our VMs, and then we kept on adding more. So, these are all make in India products. They're all import substitutes. And at the current moment, right, ClimaTech doesn't have a single competitor in the Indian, in India at least. Right, so I hope you can all see that, you know, this concept that I started with by saying that we like to do path -breaking work, we've actually kind of, you know, walked the talk on that philosophy and that thought process. Almost all the products, right, in the future tech and climate tech combined, they've always been path -breaking, they've always been pioneering, we've always been doing something novel, right. I think our patent portfolio also, which we are now talking about in the last few months. It's a testament to what process we are partaking. A little bit about our customer let's say our customers in different segments of the business. These are our passenger vehicle customers that's practically the who's who of the industry. Most of these accounts we operate in India but some of them And we also offer, for example, the supply to their plant in Indonesia and from time to time to some of their other plants. This is also the case with Ford General Motors. Ford is now planning to come back to India, but even after Ford and General Motors stopped their India operations, they continued buying some of our products for their global requirements, primarily in Asia Pacific and Latin America. And so is the case with the others, right, even with Renault Nissan, we supply some of their overseas plants. So this is, I would say, our foundation. These are the customers who basically taught us how to be efficient, how to produce highly reliable products and components. The learning is all from this group of customers. We also work with the commercial vehicle manufacturers. but we've also spread into Tiger, Force, Volvo, VEC, companies like that. On the two - year space again, I think we've been very successful here. A lot of these customers buy not just tire valves from us. Some of them are already buying electric panel components, pressure relief valves, battery bags, and so on. They've already started buying. We believe that there's a huge potential for us to sell more of our EV components as the transition happens. As we all know, I would say that the transition from IC engine to electric vehicle is far more, I would say, feasible in this space, in the two - wheeler space than in the four -wheeler space. So we expect that the transition will happen much faster in the two -wheeler space going forward. We're very well positioned to take advantage of that. This is, I would say, a legacy set of customers that we started with way back in 1975. Most of these are customers who have been with us for three decades, maybe four decades. We are actually older than some of the companies that you see here on the screen. But it's been a very, I would say, satisfying journey working with these customers. And we've kind of transitioned from being a supplier

to this category of customer, this industry, to going directly. So at this level, we are Tier 2 in the supply chain. These are customers who basically used to produce tube -type bags. So our products go to these customers and they produce tubes. When the technology started changing from tube to tubeless, we started becoming a Tier 1 supplier and our Tier 2 status was upgraded to Tier 1, but we still continue to service these customers. It's been a wonderful journey.

#### **Aditya M Gokarn (Triton)**

I'm just showing you some more, let's say, applications just to show you how we can be part of different segments of the automotive industry. So this is a tractor and construction equipment. A lot of these customers are much smaller in terms of the quantity of parts that they buy from us. But having said that, they open up doors for us. A lot of these components that we supply to this range of customers are much more profitable. So it's part of the, I would say, product grid. These are customers where I would say margins are higher, but volumes obviously would be smaller. We also work with deal customers. These are some of the large deal manufacturers in India, and OC is probably the biggest deal manufacturer in the world. So, we work with a lot of these customers, both for domestic programs and for open programs. This is our customer base of Climate Tech Primary. So, these are customers who are typically producing, I would say, split air conditioners. A lot of them also produce different versions of it. I would say a feather in our cap here is probably Lenox. So Lenox is a U .S. brand. Lenox has been very committed to the China plus one strategy. We've been engaged with Lenox for almost two years and we're just launching a range of products for Lenox in the US market. So I'm really grateful to this customer because they trusted us perhaps even a little more than some of our Indian customers. they visited us, they saw our product development capability, they immediately opened up some programs to us. And now that we are with Lennox in the US market, it's just a matter of time now that we be able to enter other accounts. Large manufacturers in the US, as we all know, customers like, potential customers, like Carrier, Brain, these are the larger names in the US market. I believe that Lennox could be for us that entry point that would eventually enable us to get more such customers in the U .S. market. If you look at our export footprint, so these are the countries to which we've exported and we continue to export. I put all the product range together here. So some of these countries we export tire bars. In some cases, we are exporting the climate control products, and in some cases, we are exporting our grass -to -algae. So, if you look at this slide also, you can see a little bit of transition. I would say, for many years, we were more Asia -Pacific focused. You can see there's Indonesia, Thailand, Taiwan, Vietnam, right? That was the basis with which we started. Now, you can see more of developed countries, you can see a bit of Germany, Italy, Switzerland. We have very good customers in Switzerland as well, in the US, and the UK as well. So you can see that there's a transition happening in terms of being more global rather than more regional. That's the kind of direction that we're moving in.

#### **Aditya M Gokarn (Triton)**

A quick slide on the certification that I spoke about. Just to see the certificates. I would say we're quite a well -regarded company in the automotive industry. So, we have been awarded repeatedly over the years by some of the big OEMs, for our quality, zero -effect suppliers, for our ability to develop products in time, to ensure that their product launches don't get affected. So, we've done some good work for some of these customers. Another area that personally I'm very bullish about is our retail network. So, as long as tires had tubes inside them, the media distribution was taken care of by our customers. So, the traditional model was, we would supply valves to people like, let's say, MRF or JKO, and they would use our valves to produce tubes, and this tube and tire, as I said, would be sold through their distribution channels, and we never had to develop this channel our own. As the transition has happened from tube to tubeless, what happens is that the tubeless valve is kind of a consumable that is used in tyre servicing. So if you have a tyre puncture or you have to replace your tyres, typically this

change or this service is associated with a change in the valve, right. This is kind of a safety protocol that is followed in the industry that whenever you do a tire service, it is in many countries, it's mandatory, it is to change your tire. This is because the valve is your seal, which actually retains the air in the tire. So whenever you do a tire service, it is recommended that you should change it, just to be safe. Even if the valve is not failed, it is still recommended because it's a small cost, but it's a very critical component. So we have now started developing the Indian network. We operate our own e-commerce app and an e-commerce portal. So we've now added about 2,500 to 3,000 small and large dealers and distributors across India, most of whom are buying basic orders through our app. Some of the bulk dealers and distributors are still maybe not so happy with the app because their order sizes are much larger. So, but you know, this is something that we see a huge potential in because, you know, I would say the retail market or the replacement market has reached a kind of an inflection point. I'll be talking a little bit more about this in my future slides. The reason is something like this. U.S. tires have really picked up in the market, I would say in the last five, six years, right? And now is the time that, you know, a lot of these tires are coming for replacement. There is a lot of demand, even in the two-wheeler space, right, you can see people, you know, changing their tires. Also, you can see the road infrastructure, the way it has developed over the last few years. The mass of vehicles on the road has increased, and the usage of vehicles also has increased. What I mean to say is that, you know, today people across India will not hesitate to jump in the car and drive around, right, where earlier maybe, you know, they would have preferred some other mode of transport. So, all this is kind of coming together now to create a very, I would say, a buoyant market for the replacement of tires. You can see the growth of the tire industry. So if many of you are following the tire industry, if you look at companies like MRL, JK, XCF, you can see the amount of marketing spend there, which basically is in the direction of developing the replacement channel, the retail channel, because that's where all the So, if you look at the tire industry statistics, it shows that roughly 75 to 80 % of the tires that are produced by these tire manufacturers are actually sold in the industry, only 20 -25 % goes to the OEMs, where new cars or new trucks or new buses are being produced and these tires are those variants, that's only 20 -25%, 75 -80 % goes to the OEMs. So, we see a lot of opportunity here. We are a very well-established brand here in the market. People see our red Triton logo, you know, they recognize it. There's a lot of, I would say, brand recognition. There is a certain amount of brand equity that we possess in the market. And it's now up to us to kind of scale this business, add more customers. So, basically here our goal is to spread our distribution to every corner of the country. We obviously make better margins here. Cash flows are also better here because it's the retail market. So, we have a better bargaining power here as compared to the other sales channels. I'll now come to the industry trends and opportunities slide where I just like to summarize what are the trends in these 3 verticals, automotive, metals and climate control. And whether these trends are positive for us, are they going to become ailments or are they going to become headwinds? So, I'll start with the automotive industry. So, if you, if you look at this industry, like I've been saying, this industry is decisively moving towards what you might call as tubeless and TBM estate, right. So, tyres are almost completely people is now passenger segment and they're also moving into this technology in the commercial sector, which is your trucks and buses. Even in the passenger segment, not only is it going in the direction of UBS, it's actually going in the direction of PPMS. PPMS basically means that you have a sensor inside that, typically the sensor is mounted on the bar, right? And this is a technology that is, I think, going to replace the conventional, you know, I would say fire bar. This is very positive for us. The reason being that we are the largest player in tubeless. Our market share in the OEM tubeless space today in India is sometimes in excess of 90%. We are almost single source for all the vehicle models. You can see any new car being launched on the road. It's always been launched with our cars. And this industry is now moving to BPMS. EPMS basically means that our grants become more sophisticated technologically. The, I would say the revenue realization per component actually goes up compared to a conventional UPS plan. And in addition, you know, our margins also improve, right. And we are

very well, I would say, positioned to take advantage of this, this mega -trend that is sweeping the industry. The investment market, I just spoke about it. I believe it is at an inflection point. So, so I would say there's a huge, huge potential here that we need to capitalize on, we need to add capacity, we need to spend money, you know, building that, that I would say network and that this distribution channel across the country, even in the automotive business, I would say the China plus one strategy is, is being seen with a lot of global buyers being out of China, or at least looking for an alternative to China, I think they're extremely well positioned to take advantage of those. We are now talking to a lot of distributors in the US market, European market. They've had a lot of trouble with their Chinese sourcing for the last maybe three, four years post -COVID. And they're very happy to add a new vendor. And gentlemen, I'd like you to keep in mind that in the automotive industry, it is not very easy for a new a supplier to penetrate a very well -set supply chain. So I do believe that a window of opportunity has opened up for countries like India and for companies like that. And this is something that we believe will drive a lot of growth for us. And the fourth element is, of course, increasing penetration of electric vehicles. So I would say a company like us, like I said, is also very positioned to take advantage of this transition. So, not only are we not going to lose out, we are actually going to prosper as more and more electric vehicles penetrate the market. This is because, like I said, not only the tyre one, so I'll put it like this, the good part for us is that electric vehicles still require a conventional tyre, right, they still require a tyre one, so there is no disruption that can cause us any adverse impacts. Not only that, the fact that battery packs are coming the fact that, you know, electric vehicles require chargers, require a plug in a socket. A lot of these components are made of brass, they're high precision, they're highly engineered. They're extremely well positioned to make those kind of components for the industry. The industry is desperately looking for vendors, right, in this case, because this is all new stuff. So, the supply chains are still very nascent, still new. So, you know, the kind of engagement that we have, the customer base is so strong, that it's very, I would say we're very well positioned to jump on those kind of opportunities. So if I look at these four megatrends, move to U .S. and E .P .M .S., investment market growing, China plus one coming off the global scene, and electric vehicles penetrating the market, on the four, four out of four are positive trends, right? So, what I mean by saying 4 by 4 is 4 out of 4 are positive businesses. Coming to the metals business, if you look at the demand for copper alloys, it is being driven by global warming. Like I said, there is a need for cooling solutions and electrification. So, again, I would say that not only brass, but any copper alloys over the next 5 -10 years, There's a lot of, I would say, enthusiasm and excitement of world copper, copper, if you look at the global dynamics, right, more than 35 -40 % of copper globally is recycled and about 60 -70 % is mined. There is a huge, I would say, global effort going on to increase the amount of recycling. So, I would say, we have that ability to recycle, so we can also position ourselves as a company that is adding to recycling and thereby reducing the need for mining, something that is very positive for us. And the other thing that is happening in India, if I look at India market alone, there are So, there are very few brass mills with scale and scale here would be, I would call it 500 tons per month. It's kind of a threshold. If you go to areas like Jamnagar, Uttarakhand and some of these regions that have been traditionally producing and consuming brass, you will find, you know, many, many small brass mills, small, you know, setups, which are doing 50 tons, 100 tons, 200. But if you look at how many people are doing 500 plus, you can probably count on your fingers. If you look at how many are doing 1000 plus, you would probably almost get nobody, right? There could be maybe one or two players who here and there, maybe one month in a year will be doing close to 1000. But, but so, so I would say that the market is very ripe for a scale player to enter, for a technology player to enter. Because if you see, traditionally, the brass business in India has been kind of, you know, it's been a family kind of company that has been operating this kind of business model. They primarily trade. The manufacturing part is usually a smaller part of their business. So, so I would say that there are not that many technologically well set companies in India in this field. So, continuous casting is one of the technologies that we are using, which is state -of -the -art. I can't think of any

global brass mill which doesn't do continuous casting. I mean, I put it like this. It is state -of -the -art, but it's now almost like a standard. You might be shocked to know that in India, continuous casting is still very, very rarely seen. So, I would say metals business also, I would say these trends are very positive for us and we believe they are very well positioned to take advantage of these trends. Coming to the climate control side, again India's GDP per capita is being talked about I'm sure all of you know better than me that it is kind of an inflection point, and that's the inflection point at which you can expect high growth rates for consumption of high depopulations, ecosystems, things like that. So, we are just at the start point, that huge, I would say, growth curve that is in front of us. Also, the demand for climate control products, India alone, there's an expectation of CAPI This is a public domain, I think the government websites are also talking about this kind of growth. And that is why the government also brought in a PLI scheme for the white food industry, seeing that there is huge protection. The component ecosystem, I would say, is right now in India, it's a blue ocean, right? There's literally nobody. We are the only guys who are trying to develop these products, trying to make these in India. And I dare say, we are going in the right direction. right, we're adding more and more. And the global opportunity of China, so it's not just the India market, like we saw with Lennox, we have huge potential to penetrate the global markets as well, because I would say the kind of products that we make, they are probably not, I would say, feasible to produce in the developed world, and China is also, you know, not the preferred location anymore. So combination of these two, I would say that we are very well positioned. So, again, I would say for trends sweeping the industry, all four are positive.

#### **Aditya M Gokarn (Triton)**

I'll now just deal with the financial highlights. Sorry, I think I've shorted the time limit. I said 20 -25 minutes, but I think I've crossed it. So, I'll try and make it very short and open up for questions. This is a consolidated income statement for the third quarter. and we've kind of tried to show how each of the verticals is performing in terms of sales, in terms of contribution and data. So, if you look at the slide, what you'll see is that, you know, we did a consolidated sales of about 115 crores for Q3 and we had obviously, we made an EBITDA of about 7 crores. We had obviously a much better quarter compared to the previous year. So you can see the contribution, you can see the EBITDA significantly different from the last year. I would say last year was unfortunately a bit of an aberration for us. We did go through a very rough patch last year because of many adverse conditions kind of impacting the quarter all together at the same time. I would say that, you know, it's that once in a once in a blue moon type of situation, almost everything went adverse at the same time. But what you can see here is that I think we made a quite a smart recovery. If you look at the swing in ebitda, in PBT, in PAT, you can see a very strong swing, right, that is evident. In this slide, basically, I'll say that our major, I would say, challenge right now is to basically scale up the climate control, right? It is still very small because, you know, we have still been taking time to scale up the sales. It's primarily because, you know, the industry is very, very conservative, right? So, the way the industry operates in the climate control vertical is that you need to develop the product, you need to test it and validate it, then you set up the manufacturing line for it, you hire the people, you set up the equipment, you do everything, and then the customer comes and audits you, and then gives you some, let's say, pilot products. They procure the parts, put it in the field, they wait for a little while to make sure that there's no field issues, and then they scale up. So we are, I would say, going through that cycle. A lot of the VMs, including companies like LG, both in India and Korea, Samsung, Volta, as Daikin, Panasonic, Mitsubishi, Fujitsu, OEM. So I would say that all these global giants are extremely, I would say, keen to have us as a vendor. They want to buy from us. They want to source components from us. But we will have to go through that initial pain of proving our product, ensuring that it's reliable, ensuring that we are zero defect, all of that. So, that is the kind of, you know, challenge that we are seeing right now. It is a positive challenge in the sense that we are extremely confident we will break through. We have already broken through in a few cases and we will break through. So, once climate control really starts rearing up,

once we see that, you know, there are very many pipelines becoming very strong there, right, we will obviously see much, much improved performance for us going forward. If I look at the YTD numbers, if I look at the 9 -month consolidated income statement, it looks something like this. Last year, we were at about 265 crores. This year, we've already done 320 crores for the 9 months. So, you can see a strong growth momentum. We are able to evidence that. Also, if you look at the margins, you can see the kind of swing that we are seeing. So, last year, for the 9 months, our EBITDA group was about 10 .4 crores, this year we are at 23. So, we have more than doubled it in just one year. Having said that, I wouldn't use last year as a reference by any stretch of the imagination, it's a tough year for us. But, I would say that the story here is that, you know, we've been able to turn it around fairly quickly. going forward from here on, we should be able to stabilize, become consistent, and further expand. There's a little box on the right side of the screen, I'll just put in some comments that Naresh has just put this in, just to give a summary, so you can see 22 % revenue growth, you can see a higher share of metals business. So metals typically has, I would say, a relatively lower value addition because here we are basically changing the shape of the material and alloying the materials. Having said that, there is still a lot of potential for us to extract value from the metals business. We have to build out the product better. So obviously we will have certain products which are high volume, relatively lower margin, And we will be building on top of that base, a portfolio of products which have much higher margins, but possibly it will start with lower volumes, right? So that's how we typically look at our business, we always call it the product pyramid. So as that product pyramid gets built out, right, we will see obviously a better and better margin coming through.

#### **Aditya M Gokarn (Triton)**

Let me just move on to the next slide. We also, we also put together the consolidating balance sheet, we will publish this, it's not mandatory for us to publish this at the end of 9 months, but we just thought we would like to show this to you all, just to kind of show how, you know, the improvement has been happening over the last, let's say 9 months. So, if you look at the balance sheet as of 31st March 2023 and look at it now in December, you can see we have somewhat shrunk the balance sheet cross -site and at the same time we have performed better. Sorry, there's some background noise coming from the table, but somebody is going to shut it down. So, you'll have to bear with me for maybe 3 -4 minutes. If you look at also the current ratio, ROCD, you know, you can see the liabilities to equity. Basically, this slide is trying to kind of show all of you what this improvement is showing us, and how it's kind of planning out for the last nine months. So you can see that is coming under control quite nicely. Other issues included, you can see a steady ROC coming. So, happy to take more questions. I'll just end with a few pictures just in fact. Just a little photo gallery of the kind of activities that we've been up to. We've been having a lot of, I would say, customer engagement. And that's another, I would say, core philosophy of All the product and business opportunities that we've created over the years for ourselves have been only possible through deep customer engagement, constantly engaging with the ecosystem, identifying opportunities, being there in the market and grabbing onto opportunities wherever we can see them. So, you can see here also, we can now put to go with not only Tycoon India, So, we will be sending out a pilot for the turkey plant of Daikin, which these are some of the other global customers who either visited us or not visited us, just to get out of the presentation. Thank you so much for your patience. I'm sorry, I'm short of time limit. I'm happy to take any questions. Let's come in with a question.

#### **Rohit Dhoot (Investor)**

Thanks a lot for your presentation, which was very informative. Just a couple of questions. You have shown in December end your debt was around 120 crores. So will that remain at that level going forward, or are you looking to increase your long -term debt and working capital? And secondly, as you all are always looking, I think you all up the ladder in technology and you all are having a lot of patented products. I feel your EBITDA in the automotive business is at 7 % yet a little low. So is it

because you're not able to reach a certain capacity utilization, hence it is low? Or what is the constraint which is keeping it low? Otherwise, this should be easily single digits because of your entire technology and disruption, you know, what you've been doing the new products.

**Aditya M Gokarn (Triton)**

Yeah, so if you look at the 1st question regarding the netting, as you all know, you know, we did a report which is now almost done. I think the funds should be available to us by the end of March. So I do believe that over the next few quarters, we will try to moderate the amount of debt that we have, the equity funds that are coming in, we primarily are planning to use this for three purposes. I would say CapEx, obviously whatever CapEx we need to move to enhance capacities, two, obviously we want to reduce the working capital that we are taking from the site, and three, we would also like to retire a little bit of debt so that, you know, I think our gearing has to become a little more balanced, a bit heavy on the debt side right now. So, I don't see in the short term us taking significant amount of debt immediately. I believe we have enough funds to actually moderate the debt levels in the short term. Coming to the EBITDA question, yeah, I think it's a very, very fair question. In fact, I'll go to the extent of saying it's a fair criticism that has been levelled at us in terms of why our editor is not better than what it is now in the auto industry. I'll summarize in two or three points. So there is a lot of, I would say, metal scrap that we generate in the process of manufacturing and this metal scrap, the accounting treatment requires us to voice it to our job worker whether it is now within the room, as in future tech, or even earlier outside the room. So unfortunately, what it does is it adds on to our sales, right? So optically, it brings our editor down somewhat, but it's an accounting, let's say, treatment that at the moment, we are not able to figure out any alternative way to do it, from time to time, we kind of discuss how to do it, but right now, the accounting treatment that everybody signed up or including our auditors, it has to be treated as a sale. So that is some, one of the reasons why it becomes lower. Two, I would say that in terms of the patents and things like that, that we find important content, these are relatively recent developments, these have happened in the last, I would say one to three years. So those products are also now scaling up and as those scale up, we will definitely. I would say internally within the company, I don't think anybody is happy with the data level that they are operating at right now. And I would say a lot of effort is being put to bring that data up to a very, very healthy level. The product mix also is something that plays a role in this sometimes. I would say post-COVID, there have been also product mix changes that have happened. So, I can say that going forward, it will be our, I would say, absolute intent and commitment to significantly bring up our EBITDA in the automotive space.

**Rohit Dhoot (Investor)**

And so, without the scrap sale, what would be the EBITDA roughly?

**Aditya M Gokarn (Triton)**

So, that would be so in percentage terms, yeah, so it would, I think you would definitely be in the double digits, double digits, you will definitely be in double digits if you were to let off that. So, so, you know, the funny part is maybe if I come back to the 9 months income statement, If you look at metals on a stand-alone basis, it looks like the EBITDA is quite small. But when you look at the console, the console EBITDA margin right now for YTD December is about 7.1%. So, the reason is this, we are actually eliminating the inter-company transfer of scrap. So, I will put it like this. ITD, if I look at December 2023, automotive sales is 257 crores. That 257 crores contains a lot of scrap sales. So, if you look at the group adjustment column, we have minused out 158.58. So, that is not just the scrap sales from automotive to metal. There are also other in the company that has been adjusted in that. But you can see that, you know, almost 158 crores has actually been eliminated in the company sales rate. And that is what actually we need to do. So, does that answer your question broadly?

**Rohit Dhoot (Investor)**

Yeah. Okay. Thank you.

[Aditya M Gokarn \(Triton\)](#)

Maybe I can explain it for you now.

[Rohit Dhoot \(Investor\)](#)

Yeah. I'll understand this from him and by later then. Thank you.

[Hemant Ashar \(Investor\)](#)

Aditya, if you can just highlight a few examples, like the one which you have tied up with the European company, which is addressing the U.S. market, and how will that increase the volume one? And also, of course, the spinning facility and all what we said, which is a unique one, which is according to global standards, also very few in the plants. Second was, of course, the clientele in this, what we are seeing climatic, what is the status like the Dikein and entry level at Voltas and also maybe that should highlight the volumes increase also and the product mix, which will improve the margins. And maybe of course, what we said was the aspiration over the next two to three years or four years, where do we want to reach?

[Aditya M Gokarn \(Triton\)](#)

Understood. So, I will start with the first part, Manjit. See, this customer that we have here, Lennox, this is our first customer. We started with one program, program which we call as Volva. Now, this is a component that is very high margin. I would say, if I look at it as a pyramid, this would be almost at the top of the pyramid.

[Caprize Investment \(Investor\)](#)

Sorry, sorry to interrupt. The voice is still modulating a lot. Sorry, we are unable to hear you properly..

[Aditya M Gokarn \(Triton\)](#)

Sorry, just a second, am I, am I more clear now?

[Caprize Investment \(Investor\)](#)

It is clear, better. Clear? Okay. Yeah, yeah.

[Aditya M Gokarn \(Triton\)](#)

Yeah, so the first question which you were asking was regarding our U.S. customer, Lennox. What's the scalability? What's the, let's say, future potential of this kind of, I would say, customer in this kind of product mix? I'll put it in very simple terms. The U.S. market is hungry for a new supplier because literally there's two Chinese suppliers who are supplying not just Lennox, but carrier, train, all the large Goodman, all the big brands in the US for our components. And when I say our components, I'm talking about Volvo, service bar, evaporator bar, all the, I would say, climate control products that we have in our portfolio. Most of the US manufacturers, OEMs have only a Chinese supplier for these parts. Right? So the scalability of this is definitely there, but having said that, it is going to be a journey, right? Lennox has been a two-year journey for us. We have started engaging with carrier and also with train technologies in the US. Train used to be part of InterSol, right? So these kind of global giants for sure will eventually become our customers, but it's going to be a long journey there because the same thing will happen. They will start with some small program, give us a test route, put some of our parts in the field, and then slowly, slowly scale up. So it's going to be a journey. It could be a three or five-year journey. But these would be very, very significant because once you're in, you're in for a long time. These are not OEMs that, you know, want to change suppliers very fast because, you know, the performance of their machines, their brand image in the market is dependent on the quality of these components. So, there is something that we can definitely do better and Lennox is only the beginning of the journey I would say. The second part is also to say that we are also moving up the value chain. So, I put it like this, the Lennox component that we have developed, it is practically at the top of the pyramid compared to the kind of products that we are making for the Indian market. When I say top of the pyramid, in We have already prepared our, I would say, R &D roadmap for what are the next

components that we want to make. So, I will put it in a simple way like this, we want to make more and more components which are more complex technologically and which have a strong influence on the performance of these machines. If you look at the air conditioning industry today, they have two big problems. One is that the refrigerant gases that we use are not always environmentally friendly. So there is a move towards more environment friendly refrigerant. They want to replace CFCs, they want to replace gases, hydrocarbons, which are having a negative impact on global warming. So that requires a lot of component development, right? And we are jumping onto the bandwagon and saying, hey, if you want to change from, let's say, R410A as a gas, you want to move to a more eco -friendly gas, right? You will need to change the component, the technology, you need to change the component configuration. We are there to support you, we will get it done for you. So that is one, I would say, opportunity for us. The second opportunity is that this industry is moving towards more and more energy efficiency. So if you look at even in India market, right, you have, you know, the star ratings for ACs, right? So a five -star rated AC requires far more, I would say, higher -quality components to be able to have a very energy -efficient machine than, let's say, a two -star or a one -star AC. So a lot of customer engagement is happening right now in terms of us telling the market that, you know what? We can develop for you a more, let's say, technologically superior component, which will give you a better energy efficiency. So I would say there is a huge potential, right? But I don't want to sell a story to anybody. This journey will take time. It will take, we have to go one step at a time. Lenox is just the beginning of the journey. It is going to take time. It's going to be a long -term journey, but it will be very rewarding once we get it, right? So we are ready to take the challenge as a company. we are ready to invest that time, effort, hard work, and then we are going to do it. The second part was regarding some of our global, some of our global, let's say, opportunities. Hemantji, you were talking about, you know, sprint testing, right? Now, if you look at some of the potential customers that we had in DPMS in the automotive business, I'll just come back to this slide. A lot of these components, to be able to supply them, these automotive parts to supply them in the US market, European market, they have to be tested for high speed. Now, we are the only company in India which has even the testing setup to test these parts. For example, if you want to sell a tire valve in Germany, you need to test this tire valve for up to 350 kilometers per hour speed. Even to test it, you need a very special We are the only guys in India who have that kind of a test bench. So I would say that today we are engaging with the ecosystem, the top three TPMS sensor manufacturers in the world are talking to us, we are at very advanced stages of let's say product development and starting the business, all the three big players, there is no again, there is no brainwave about it, it's very simple, they need a valve supplier who can meet those kind of criteria and they want that valve supplier not to be located in China. So, we literally fit the bill. The margins also on those products are typically higher because the engineering standards are much higher. So, we are able to charge a higher price and that is also something that you can push a little bit around. Hemantji, question number three, I am sorry, I seem to have lost track. So, the rubber in -house manufacturing of rubber and the technology Yes. Yes. So we are actually very strong in rubber technology as well, right? So if you look at a lot of these automotive products, you can see, you can see the parts are black in color, right? That black material is basically rubber, right? We've been involved in rubber technology for the last 40 years because of the fact that we've been supplying to the tire industry. Our product is, let me put it this way, our facility is probably the most vertically integrated facility today in this industry, anywhere in the world. Which basically means to say that, right in valves, when they produce a tyre valve, we do the rubber, mixing, compounding in -house, we produce the child parts in -house, and now with future tech, we even produce the raw material in -house. So, this level of vertical integration that we have gives us the ability to take on global customers because every customer will have a different requirement, sometimes somebody wants a different metallurgy, somebody wants a different rubber performance, somebody like I said in Europe has a very high speed application. This requires us to have control over all the elements of the product, rubber, metal, the rubber to metal bonding technology and the child parts and the

components and the testing. So, we are able to put all these pieces together and that gives us, I would say, a unique competitive advantage in the global market, right? This, can you share that European company which took over the unit in Europe and then now they have a strong network in US for the walls which we are manufacturing? Yes, yes. So I think you're referring to our U.S. distributor. Now, one of our competitors actually in Germany, recently, when I say recently, it's about maybe three years ago, got acquired by another German company. This is basically a company that is a global leader in the wheel weights business. Wheel weights are basically the weights that you need to put on your wheel for wheel balancing. Right? So, I'm sure all of you have experienced this, you take your car for a service, you need to do wheel balancing. So, this is a company that is the global leader in wheel balancing weight. This company acquired our competitor in Germany. The purpose of acquisition was that the tyre valve business and the wheel weight business, right? Have the exact same sales channels. Right? Both at the OEM level and at the replacement market level. Both these products go into the same channel. So that channel synergy was probably what prompted this acquisition and post acquisition this company has actually been struggling because they have not been able to leverage the benefits of that acquisition. So today we are practically white labelling products for them, we are making the product in India but we are high tabling for this German brand and the business is just scaling up not only in Germany but also in the U.S. market. So perhaps we are maybe benefiting from this acquisition which perhaps didn't achieve its objectives the way maybe the company intended. So just another example of the kind of opportunity that is you know waiting for us in the global market. This conversation started, I would say, a few months ago, maybe less than a year ago, and it's already scaled up quite, quite quickly. So, so yeah, these are the kind of opportunities in the tyre wall business. Why are these opportunities coming to us? Because it is a niche industry. There are very few players globally, maybe 20 -25 players in the tyre wall industry globally of review, or, you know, I would say, of an OEM standard And we are, we are, we are right there in the top league right now, to the point where you know, these German companies are also coming to us. And I also had the opportunity to visit some of our European, let's say competitors over the last few years. And I can, I can say with a great degree of confidence that we are now both in terms of size, scale, and interestingly, even in terms of technology, I would say we are right up there. We are probably better than a lot of them. I have no hesitation in saying.

**Hemant Ashar (Investor)**

Yeah, so now the last thing is aspiration. Three years, four years down the line, where do we see it straight on?

**Piyush Mehta Caprize (Investor)**

I'll just add a few questions. Yeah. Hi, this is future from Caprize. So, you know, I've been listening to what are the companies in terms of, you know, how niche we are in a lot of products that we've been developing over the years. And Mr. Dutte asked a pertinent question on margin, in spite of being precision engineering products, why are margins low? So, I think a few questions, which would be a more forward looking will be within these three segments, which is automotives, metals and climate, what for the next three to five years, what do you think the growth rates could be in each of these segments? What are the steady state margins that you would like to achieve in these segments? When in terms of R &D that we do, what is the current R &D expense as a percentage of revenue? And you know, there was a question on utilization as well. So, where are we in utilization in these segments and, you know, what is basically the operating leverage that will come out as we increase the utilization? And if you could just basically mention on the balance sheet size, the inventory day and the working capital cycle.

**Aditya M Gokarn (Triton)**

Sure. So, maybe I think, maybe one at a time. In terms of growth, obviously, I do not want to put a number on it in terms of when we are going to do, what we are going to do, because we are still at the early, I would say, stage of this change in our growth trajectory. If you look at FY21, I think we closed at about 230 crores, that's already the revenue. You can see this year we are already at 323. So they're averaging, I would say, somewhere in the range of maybe 105, 110 crores a quarter right now. So I would expect that, obviously, the biggest growth is going to come from future tech, because this is a much more easy to scale business compared to the other two. Like I said, the other two are highly engineered component businesses, which take time to scale up and it's a journey. Having said that, obviously the value addition both in Climatec and in Brighton is much higher. If you see typically, you can see in our Income statement analysis also that the valuation on raw material here typically will be quite good. Upper, I would say, a range of, you know, 25, 30, 35 % typically. Obviously, in future tech, that would be a lot lower, right? Because here you're basically melting copper and zinc, and we're just producing bars and voids. Where do we see, what is our aspiration? I would say that the first milestone for me is that I want to cross a thousand crores in terms of revenue. How long is that going to take? I don't want to hazard a guess. I would say that obviously our intent is to make it happen ASAP. It depends on how we are able to fund the business, how we are able to effectively sell our story in the market to our customers. But yeah, if you ask me what is my personal aspiration, I would say my very first milestone or goal, which I've set for myself, I would say is a thousand dollars. Because I don't think that until we touch four digits, we are actually at the global table for further growth, or maybe further opportunities. It could be organic, inorganic opportunities, anything that we want to dream of at a global level, we'll have to achieve that 1000 crore base. Right. So that is something that in terms of margins, like I said, see, obviously we are going to go all out to keep improving our margins. I would say that you should expect that we should reach the industry standard, right? Whatever you might expect for, let's say, an auto component business or let's say a climate control component business, engineering component business, we should get there. The only thing is, like I said, how do we get there? How quickly are we going to get there? I wouldn't like to put any dates on record because there are going to be ups and downs. There are going to be challenges. There's going to be, we'll have to navigate through the course of the next few years. In terms of R &D spends, I would say on average, I would say we're spending about one and a half, two percent these days. I would say because we had a bit of a rough patch last year, we had to scale down a little bit in terms of our product development spend and so on, in terms of our patent filings and all of that. It's not that we have not done work, but we've kind of done it more quietly and maybe at a lower overhead cost. This will again scale up right once the once the need arises. So, like I said in climate if you want to do electromechanical components which we are already mulling over we are looking at much more I would say complicated much more sophisticated products we will need to invest in R &D. So, I'll put it like this in the next I would say a few years going forward you can expect that R &D spend number to meet the range of I would say 2 to 3 percent. I'll also say that we like to be very frugal we have our in-house R &D center. So, you know, we try as much as possible to do stuff on our own because, you know, that gives us more technical strengths and capabilities. So, basically, we try to hire good engineers. We try to put up good testing facilities, instruments, all of that. And we try to do homegrown. See, we are based out of Mysore. So, Mysore is not, you know, it's in a corner, So, it is actually a very good place for R &D and you are able to do R &D in MySQL at a relatively good cost, right. So, it is something that, you know, we will evolve as we go forward. In terms of utilization, I am going to take this, in right now automotive components, our utilization right now is, especially for the fast-moving products, we are above 75 to 80 percent utilization. So, we need to add capacity, we need to add capex. If you want to get into that global supply chain in a very big way, we will need to add In terms of future tech, I would say our grassroot today is what a capacity utilization of about maybe 65 to 70 percent. At peak, we are going up to maybe 75. Again, we are already planning a next set of, I would say, CAPEX there to scale up because, you know, we want to keep the growth momentum going. So, capacity utilization

will improve going into the next year. In climate tech, right now, the capacity utilization is very low because we are still not scaled up enough. to the level that we perhaps should have by now. So we are still at, I would say, about 10 % to 15 % capacity utilization. But there is a lot of, I would say, government policy support that we are receiving in ClimaTech. The government is very keen to put in more restrictions on the imports coming into the country. We have repeatedly shared our point of view with the industry body, with the DPIAT, with the Ministry of Commerce. They've been very sympathetic to us because they know that there's a lot of global players who don't want these components to be developed in India because, let's put it like this, I'm saying this very humbly, but take it from me, it's a fact, a lot of the Chinese competitors of climate change are actually a bit worried about this right now, because they know that we are going to the US market already, they know that, you know, the Indian market is to slip out of their control very soon. And they know that with the kind of government support that industry is receiving today, should ClimaTech really scale up in the next, let's say, three, four, five years, we would become a very, very serious challenger to their business, not only in India, but globally, right? So they are also trying their best to kind of, you know, crash the market price down. They're trying to, you know, trying to defend themselves in whatever way that they can. So yeah, it's going to be, it's going to be an interesting little battle that we are going to fight here. But we are very confident because see, I think the ground has already shifted in a sense, right. So we think that climatic capacity utilization will work. When those important curves come in, we might see, we might see the dramatic change, right. When that is going to happen, I'll not be able to say right now. But when it does happen, There are already talks of BIA standards, non-barring barriers, quality control order, all this kind of thing is already being talked about. We are deeply engaged with the government of India to bring those kind of policies which will ensure a level playing field. I'll put it in very simple terms. If there is a level playing field between Climatec and our overseas competitors, Climatec will have a field day, right? Just a level playing field has to be ensured, that's it. Right now, we are not playing in a very level field right now, but it will change. It's just a matter of time, it will change. So, the capacity utilization will shoot up once that happens. What is the current cost of capital? Current cost of capital, I would say our bank borrowings are on an average costing us about maybe 9.5 -10%, 9.5 -10 % is the range that bank funding is available to us. We do believe that subsequent to the fundraise that we are doing through the prefer augment rule, we would be able to get a significant rating of rate by the rating agency and that may help us to further cut down the borrowing rate from banks.

**Piyush Mehta Caprize (Investor)**

And what are the current inventory days and working capital cycle that we see in the business?

**Aditya M Gokarn (Triton)**

Um, on average, if I think you can solve it by this, yeah, maybe about, yeah, 50, 55 days, I would say that metals will be left 30 days. Yeah. So, metals are 30 days and the manufacturing process is roughly 60 days. So, we did arrive at 25 days.

**Piyush Mehta Caprize (Investor)**

So, considering, you know, that you're not hazarding a gas in terms of the growth and you still have an internal milestone of, you know, getting to the thousand crore revenue by when do you think you'll be, you know, disappointed if you do not achieve it? And how do you look at the business on the return on capital employed basis? Because your cost of capital is 10%. We are at 10 % ROC. We have more Capex coming in. There's a lot of capacity in climate tech. We see decent end of growth across businesses over the next three to five years. But does it matter how well -engineered we are or how much we are spending on R &D and you know for the kind of opportunity that lies ahead if we are unable to get our ROC in place no matter what we do we cannot create wealth for ourselves or the shareholder. So what is your thought process on that point?

**Aditya M Gokarn (Triton)**

Yeah so I'll put it like this. I'm already disappointed with myself that I have not done 1,000 crores this year. So, honestly I would not want to put a FI number on it, you will have to bear with me, because see, it is too early, it is too early for me to comment, still the journey is just starting. So, as we go along, definitely, you know, I would rather show it in the numbers and then talk about it, rather than guessing, you know that will happen. So, please bear with me. I won't be able to answer that very precisely. But I'd say that your comment is very well taken, very well received. Look, surely we need to improve our ROCE. See, this year is kind of a turnaround year for us, right? So, I don't want to boast and say that we've done great. What we've done well is that we've come out of trouble quite fast, right? So that's something that we've done well. Going forward, yeah, none of us in the company are happy with the margins that we're operating at or the ROCA that we're operating at. But having said that, I'll say that there's a lot of clarity in terms of how we want to work. So see, this fundraise itself is going to help us quite a bit to unlock growth, to push ourselves forward. Today, working capital is something you need to take as a simple example, I'll put it like It's just for you to visualize how exactly this hits, right? For me to, let's say, ship out 500 to 550 tons of brass rod out of FutureTech, I need to cast, right, at least 800 tons, right? Today we are dealing with material which, cost-wise, costs us between, let's say, brass scrap costs us maybe 400, 450 rupees a kilo. Copper scrap costs us 700, 800 rupees a kilo. Zinc is about 250 rupees a kilo. So, for us to pump in material for casting 800 tons, right, you're pumping in 35-40 crores of working capital. So, the moment I produce 500 tons, toss it in the market, right, I have to wait for my customer to pay me to go and buy fresh material for the next month. So, we are in that kind of a, I would say, a very, very tight working capital cycle. So, a bit of easing there will ease the growth, this will allow us to take advantage of more opportunities. It will also allow us to change the, I would say the rules of the game a little bit with some of our customers. So it will definitely, our ROC is only going to improve, I'll put it that way. I don't see our ROC going down from here on. We need to be in the double digits for sure. Possibly in the mid to higher double digits, right? So yeah, go ahead.

**Naresh Varadarajan (Triton)**

So, that has significantly reduced our dependence on the loan capital, so what we are doing two things now, first is substituting the short-term into long-term debt, so that also gives us 5 lakhs value to do, so it's a correction of the balance sheet, and now the equity coming in. On top of that, we also have the whole generation of cash, so we have a generation of cash, which is positive, I mean, how to think of fueling, let us say, even the K-PETS machine with the free cash flows. Those are the things that we can control or even improve better on our pricing and on our own on whichever we look at as net working capital. But apart from that, one important point is that commodity itself is that the pricing is shorter. So, if you look at the last three years, let us say, three years back, the same So, unfortunately, the measurement for us is rupees, whereas the commodity increase also increases the size of the working capital, despite that, I am saying despite that, you know, we are growing, our shorter working hours come down because of the only way we know, it is improving our cash liquidity. Okay.

**Aditya M Gokarn (Triton)**

Yeah. So, if I just add on to that, see, if you just look at the screen right now, you can see that the change that has happened prior to, this is without the, without the equity piece coming into the picture, you can see that from March 31st, we were at ROC of minus 4.7, we have gone to 9.2. So, we have swung it by almost 30% in a single year, right, with no equity in it, right. So, yeah, so that's that's what I'm trying to hit that in terms of saying that. Even though we've done it, so we'll see, we'll see further in the right direction. So we're already at 9.2. So, when you put the double digits, it's just a, you know, it's just on the corner. So, the point is basically, but the point is, we have to be efficient.

**Piyush Mehta Caprize (Investor)**

Okay. Those were the questions from my end for the time being. Thank you so much for answering them.

**Aditya M Gokarn (Triton)**

Thank you. Thank you. Thank you. So any further queries?

**Mullesh Savla (Invstor)**

No, I'm fine. Thank you. By and large, everything is covered in the presentation and question answer. Yeah. Thank you. Thank you so much.

**Shail Vatnagar(Investor)**

May I ask a question, please? Yeah, yeah, sure. Mr. Gokaran, Namaste. My name is Shail Vatnagar. Thank you for this wonderfully eloquent presentation. I see a lot of promise in the way you look at the business from current levels. I'm just wondering how come your potential so far hasn't been realized. We see the automobile industry growing rapidly over the last 15 odd years, there is a huge demand. I just want to understand how come Triton underperformed for so many years, whether it's the top line, profit as well as profitability. From now on, I understand you have a huge runway ahead of you. You are looking at a lot of new businesses. Somehow, this zest for growth, this, how should I say, hunger for growth was missing in the last so many years. What went wrong here? And how do you see it getting corrected?

**Aditya M Gokarn (Triton)**

OK, that's a good question. I mean, not that we want to spend too much time looking at the past but I'll put it like this. We have a little bit of a unique history. See, the company was started in 1975. In 1986, my father suddenly passed away and he died of a heart attack very suddenly and then my mother ran the company from 1986 right up to 2012 for 26 years. That was a period where I think we went into a mindset of let's consolidate, let's keep the ship steady, let's not take a risk, right. So, I think a bit of that maybe mindset crept in and perhaps it was all for the best because while yeah, you can surely say that maybe we underperformed, maybe we didn't grow and all that. I'll accept that, I mean that's a fair perception, I don't want to deny it. But But I'd say that, you know, we had a steady shift because I think that kind of that generation shift had to take place and and the shift had to be kept steady for that to take place. So, if you look at, for example, product development, if you look at trying to get trying to get into new spaces and doing new things, we didn't do that for many years because we were, we were growing steady with the tire industry and a little bit of the auto industry. We didn't try new things because we were just coming out of a tragedy, so we were kind of just consolidating. But having said that, if you look at our growth rates, maybe I will correct you like this, it took us 35 years from 1975 to touch 100 crores. After that, I think we went from 100 to 200 in about 7 years, then we went from I think 200 to 300 in 3 -4 years. Now we are almost, you know, adding 100 crores quite easily, right. So I don't know, I don't know what to say, you know, if you're maybe a philosophically minded person, you'd say that, you know, everything has the right time, right place, you know, for things to happen. So we, now I would say we are not as risk averse as we were before. We took our time, but maybe, you know, we felt this is the right time. See, I'll give you a small example of FutureTech since you asked. FutureTech would not have been possible had GST not come into the picture. Because, you know, a lot of scrap, even today is traded in cash in the market. We don't do it. Right. And years ago, if you would have wanted to enter the metals business, you would not have been able to do it unless you are ready to deal in cash. So, for many years, we worried about it because we knew we have a huge requirement of glass in -house consumption. It's something that we understand. This industry, we've been familiar with it for many years. So, we thought this is something we could do, but it didn't fit into the corporate government standards that we wanted to maintain. But post -2017, that became possible. So, I'll say that the enabling environment perhaps was not there earlier. It's there now. So, it's happening now. That's the simplest way I can answer it.

**Shail Vatnagar(Investor)**

Okay. That's well taken. Thank you. Thank you. This is the only question I had.

**Aditya M Gokarn (Triton)**

we had a long call, so it's almost 1240 hours and 40 minutes. So thank you everybody for joining today. I hope I've answered your questions to the best of my ability. Pleasure meeting you all. Thank you for your support. Thank you for your trust and confidence in the company. And we look forward to your continued support and look forward to maybe meeting up again at some point in time. We probably want to do this maybe once or twice in a year, not more than that. So, I request everybody to allow the guy, the promoters and the guys at the top level to focus completely on the business as much as possible. We've had a lot of time, you know, spent on fundraising and all of that. So now we are looking forward to, you know, doing what we do best, which is running our business. So thank you once again. And, uh, thanks for all your support. Thank you. Thank you. Thank you. Thank you all.