RACL Geartech Limited

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15th December, 2023

The Manager- Listing Department
BSE limited
25th Floor, P. J. Towers
Dalal Street,
Mumbai- 400001

Scrip Code: 520073

Subject: Investor Conference Call Transcripts

Dear Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the Investor Conference Call Transcripts that was held on 08th December, 2023.

This is for your information and record please.

Thanking You,

For RACL Geartech Limited

RACL Geartech Ltd. SECTOR-3 NOIDA

Neha Bahal

Neha Bahal
Company Secretary & Compliance Officer

RACL GEARTECH LIMITED

Q2 FY 2023-24 EARNINGS CONFERENCE CALL

08TH DECEMBER, 2023

MANAGEMENT:

MR. GURSHARAN SINGH – CHAIRMAN & MANAGING DIRECTOR

MR. JITENDER JAIN- CHIEF FINANCIAL OFFICER

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

MS. NEHA BAHAL- COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Neha Bahal	Good Afternoon ladies and gentlemen. I, Neha Bahal, Company Secretary & Compliance Officer of RACL Geartech Limited, welcome you all to the post results conference call of the Company for the 2nd quarter of 2023-24. I shall be the moderator for this call. 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. 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. We have today with us the Management of RACL Geartech Limited, represented by Mr. Gursharan Singh, Chairman & Managing Director, along with Mr. Jitender Jain, Chief Financial Officer and Mr. Prabh Mehar Singh, Vice President Finance & Business Excellence. I now invite Mr. Gursharan Singh for his opening remarks. Over to you Sir.
Mr. Gursharan Singh	Hello gentlemen and ladies on call. First of all my warm greetings to all of you. First call of this financial year and although this call is for our financial year 2023-24 results but it is a great opportunity to meet all of you. Results are already in your hands. Welcome you once again. Markets are growing good. And let's start with the agenda of the day. Firstly, Prabh and Jitender Jain will share with you all a short snap kind of PPT presentation. And then if there are any questions we can discuss that. Otherwise we'll give you a brief about how we are, how we have closed the previous year, and how we are going to continue with this year and what the future looks like. So over to you Prabh.
Mr. Prabh Mehar Singh	Good Evening, everyone. My name is Prabh, I am going to interact with you all. With me, I have Mr. Jitender Jain, he is interacting with you all for the first time, so before I start the presentation, I would ask him to introduce himself. So, you can start with introduction and then run with numbers. We can split the presentation. So over to you.
Mr. Jitender Jain	Good Afternoon everyone. So, I joined RACL Geartech as a Chief Financial Officer. Just to give a background of mine. I am Graduate from Shri Ram College of Commerce and a Chartered Accountant by qualification. I have been a banker by profession till now. I was with Citi Bank for almost 15 years, 10 years from Citi Bank India and then 5 Years from Citi Bank Dubai. Before I relocated back to India and joined RBL Bank, I was with RBL Bank for more than a five and half years before I got

	the opportunity to join the RACL Family. So, about 20 years in banking and now trying my skills on the other side of the table with RACL family. So, now I will start with the presentation. So, to start this is just a brief overview. So, we are a limited Company based out of New Delhi. We started our business in 1983. We are fully Indian owned company. We are listed on the Bombay stock exchange. We have one subsidiary fully owned by the name, RACL Geartech GmbH, in Austria. Then last year, we did around 3.67 billion turnover, which we will cover in the coming slides. So, we have 2 manufacturing locations, 1, corporate office, 3 warehouses in Europe. And application wise, we are doing 2 wheelers, 3-wheelers, passenger car products, 22 active customers and around 900-part numbers and all our plants are ISO certified. For example, ISO 9001, 14001, and so on. I am proud to share our credit rating has been reinstated by CARE as A- and in fact our short-term credit rating has been improved by one notch. So, that shows the knowledge and the Competencies of the Company. So 1st, we talk about quarter 2 YoY Comparison, this year we had Q2, we are closer, we clogged the turnover 103 for against the total quarterly turnover of 90 crores last year same time which is a growth of around 14%. EBITDA margins have grown, we have clocked out a better margin of 25 crores as against 22.85 crores similar period last year, which is a growth of about 10% and our profit before tax has is 13.42 cores against 13.15 crores, which is a growth of around 4%. We're coming to the half yearly comparison for H1 for FY23 24. We clocked at turnover of 192.76 crores against the turnover 171 crore same period last year. So, which is a growth of about 12.7% Our EBITDA margins have grown better, so we clocked about 48.37 crores against our EBITDA of 40.5 crores similar period last year, which is almost a growth of 19.5%. Our PBT was 25.27 crores against the last year number of 21.22 crores, which is the growth of about 19%. So, coming to the major ratios, if you look at so, our gross margins have been grown this time. So, which we'll explain in the call further from around 62% gross profit to about 69%. Similarly, in the line with the same our EBITDA margins we improved from 23.68% to 25% and a profit before tax has improved from 12.41% to 13.11% and correspondingly PAT has improved from 9.3% to 9.85%. But I'm happy to share that our overall cash from operations basically that has grown significantly. So, this first half year of current financial year, we generated a cash from operations of about 10.81 crores as compared to 3.17 crores similar period last year, which is almost a growth of 240%. Now as you all are aware that we have been in a growth phase for last two 2.5 years and so our overall debt has improved, has increased from 197 crores overall to 250 crores. But I'm happy to share that a growth in debt is coming down. Last year, same similar time our growth in debt was about almost 36%, but this year first half year, our debt has grown by 23.5% only.

	So we have been paying more and and raising less debt and as it's shown that our addition to fixed assets is almost 57 crores, which was almost which was 26 crores in a similar period last year.
Mr. Prabh Mehar Singh	So, adding on this point, what we're trying to highlight here is that so last year when we concluded six months, our increase in total debt at that time was around 35% but we had done a net addition on fixed asset by only 26-27 crores. This year, though, the absolute debt has increased, but the percentage of increase has reduced and what is more good to see is that the addition to fixed asset has increased. So, what it means is we have used our own cash accruals to finance some of these Capex and so this is again one of the highlights which we wanted to share with you. Second, if you see the debt in the long term, the long-term debt growth is same. So, last time around 85 crores, we had the long debt and this time it's 94. So whatever addition in that is happening, the increase is on the short-term debt because of the working capital finance. As you know, we are all export-oriented organization and some of our customers we have passed on the new businesses which have started generally our businesses are 60 days but some of our customers are asking 90 days from the date of receipt. So, you can imagine what it means for our working capital cycle because in net becomes for some customer around 150 to 160 days. So, it's new businesses somewhere. This is also an aspect, so this is of course we will discuss this during the call, but this is one number which JJ wanted to highlight and I was just putting to explanation . This is also an aspect, so this is of course we will discuss this during the call, but this is one number which JJ wanted to highlight and I was just putting to explanation So, I think on the number is we have of course there is nothing which you don't know, everything is already in the in the market through the disclosures what we send. But this is just to highlight basically our interpretation of the numbers. OK, so now of course we would discuss some of the new updates which we want to talk to you. The first big update is that uh we are now also expanding our second plant. So we have, as you know, we have two plants, one plant is in gajraula which is the mother plant which is doing 95% of the total turnover or maybe 96%. We do have a plant, a second plant which is in operation since 2011. So, that plant started with, I think 50 people or less in a basement and then it grew to building, which we shifted into 2019 with the three story around 11,000 or 12,000 square feet area what we had Now we're again expanding that plan, we are moving to a new location. We have rented out a shed or a new plant. The picture what you see on screen is a 3D image, but the plant would be operational by next month. So we would have the actual pictures sharing with you all very soon. So, this plant has been expanded or grown because of a new project or a new business or a new product line we are entering. So, we have bagged an order from a German e-bike gearbox manufacturer for which we would be making the entire gears for the gearbox assembly. With this new plant, so, the Noida Plant would have the first export order from this land. As of now, this plant was only catering to my

	domestic customers, which are Yamaha, Piaggio and others. But now with this I would also increase my number of people, the assets and the new project would also have its share of own investments, which is in the form of plant and machinery.
Mr. Gursharan Singh	So, in this small addition, but problem said when you say E bike, it is electric bicycle. Sometimes people put E bike with a motorcycle. It's amazing electric bicycle, which is a very promising market.
Mr. Prabh Mehar Singh	So basically, the what you see on the left. So generally, when you drive a bicycle, we are driving a bicycle with gears since our childhood, so that is something which is there. But these are all manual sprocket type chain pulley gear wherein you are manually shifting them and then you get the whatever descend and the talk you need for the load and then the next generation of E bicycle scheme, which had a paddle. So, there is a small battery, so when you are driving the bicycle, that battery takes care of the load for example, there are many low-end manufacturers who are making these E- assist bicycles now this one, which is the premium or the most expensive kind of bicycle. These are the E bikes which have the battery assist but have automatic gearbox. So, what that means is this would have a up to a 12 to 18 and a 24 different variety of actual gears which are automatically through a set of motor and, ECU what you call integrated in a complete housing to be assembled in a bicycle. So, typically this is bicycle would be in the range of €5000 to €7000, so of course 5000 to 7000 Euros means between 4,00,000 to 7,00,000 of Indian rupees kind of bicycle. So, this is gaining huge attraction in the European market, though it sounds very expensive, but people are crazy for such bikes. You can research about this online as well, so this is a patented technology from our customer. Right Now, they are making gears and shafts and assemblies themselves but the cost of manufacturing, you understand, is the reason why, you know, one of some of these bikes are expensive. So now they have given this business to us, we would be making the loose gears and the shafts in our plant. They would be then just being an integrator, assembling the motor and the entire technology what they have in selling to the customer. So, for example, a Bayerische is the largest E cycle manufacturer as of now, so we don't know this, but their end customer can be any cycle manufacturer and this e-cycle market is a huge business. So roughly does around 2 Million as of today as a number of cycles. Last year they did 4 million, So, eventually this is something which is gaining as a big market and of course we do not know the we cannot disclose the customer's name because of confidentiality and who their end customers are. But this is a big achievement for us into the again, the first mover advantage into this kind of a segment and on the right, you see an actual gear and the shifter, it's an applicable gear cycle and then you're just shifting the patterns and the beauty is, if you want to drive it, even if you are at the 18th gear, you just peddle it, it automatically take cares of the load as per the top being given by the gearbox to the chesis. So, more details you can of course Google about, but the gearbox has the cycle would have 18 to 24 real gears at a 636% of total gear issue that means that

	it can have an output to be, what you call managed by around 636% of the total output. So, this is about that project for which we are expanding in the Noida Plant. Of course, you would have many questions which we will answer during the call, the business right now we are in active sample submission stage. So, the plant is under erect, so by next month it should be ready and sample should be going. So, quarter one of the next financial year we would be having the start of production if all goes well. Of course, we will be updating you in the coming times. Some general updates, so of course the first point is clear that we have got a business from a German E bike gearbox manufacturer and they are going to be selling to their customers. We got a nomination from our existing customer BRP for drive shaft assembly for an ATV, so we have not doing this type foot assembly for them for the first time, they are friction welding, but the big thing about this is that we are now going to have a in house paint shop. So, this part has a paint application. So, until now we did not have the technology for painting the part. So, painting has its own set of technical skill set investment. So, we have built up a dedicated paint shop in our plan and of course this is for this customer. But once we have this facility, as you know, we are working with all the two- wheeler manufacturer, so everybody has some aesthetic parts which require painting. So, we can offer this to a lot of people, so this also helps us, I would not call a new business line, but at least helps us to add value to the process to add.
Mr. Gursharan Singh	It's a kind of new business line, until unless until now for BRP, we are doing only parts for engineer application. Yeah, this is for the vehicle application. So, you actually kind of random product diversification. Yeah, it's a diverse from engine now we have moved to that vehicle parts. You're very your next point is again a vehicle part.
Mr. Prabh Mehar Singh	Next is that we have nominated for a wheel axel this again we are doing going to make for the first time for this customer. We are working with another two- wheeler manufacturer for this part, but KTM would now have our wheel Axel which again would have application into their multiple platforms. But we are starting with one of the projects and this and then sadly one again highlights this first itself is a they call it super bike. It's 1.3 litre, but it's a largest into the KTM's kitty. And one of the other customer MAN trucks, so we are working with MAN for many different varieties of parts. So, engine parts which are transmission gears, but we also did investments for them for some axel shafts and some other products which got delayed for the start of production because of various reasons at the customer end because MAN is investing or is outsourcing these products because they were making all of this inside earlier. So, they had their own challenges of Union and all of bringing third supplier from a third world country, so that all took some time. But the good thing is then all of the projects have now been started and now when I started, when I say have we got the approval. So next quarter hopefully by February or March, this would also add some of the turnover to the present financial year and then MAN would again be a big growth

	driver in the next financial year if all volumes, what they've committed are coming to fruition. So, these are few of the updates which we wanted to give in this presentation. In general, we organize a shareholder visit we had around a group of 24 shareholders who visited us on 28th of October last to last month. The process for nomination was opened for all, and we then invited the people on the shortlisting on the first come first and then they were given a plant tour of a comprehensive. It was a full day event. I hope it was a good learning experience for the people who visited and we want to make this as a yearly activity. There are limitations to how much people we can handle in one, but I believe the intent is to be as open and transparent with our plant and machinery so that people should be aware of what they are investing in and where are the money is going. The company is investing and this would should become a yearly exercise and we would want to have both of such visits happening and it's a good learning experience for us as well. We have recently launched the new company website, so I would request all of you to do have a look. We have added many videos there, many key technologies the processes. You actually do a walk around in the shop floor in the home page itself, so that way is some of you who could not visit the plant can actually witness most of the plant through the website and this is updated because our last website was around 12 years old, right Yeah, 12 years old. Now the new one is live and I would request you to look at it. That is, it, I think from the presentation and now, of course, I would stop sharing my screen. We do have a list of questions which we received from people, so we would unmute those people first and then we will give them an answer. To answer and then we can take questions from this session if it is easier for us if you can put your questions in the q&a window if it is working And I think now you know you can unmute Ankush Agarwal, is he there?
Mr. Ankush Agrawal	Yes, Am I audible. I want to know the new investments in the paint's facility. So currently it's a captive facility or we are adding and in the future it's value addition that we can offer to other clients and thus it would like it would be an asset that you can monetize over long term, right? It won't be captive to a certain point, it to a certain customer.
Mr. Gursharan Singh	I will answer your question. u know, first of all, this paint shop is basically for our captive users only. Captive user means only give wherever we are supplying any parts to our customers. So, if they ask painting, we can add painting. So obviously right now we got contract for one particular customer, but other customers if they ask, definitely add it, but if some persons are asked only painting, yes, painting is not our goal business, so we'll not do the painting business. So, grinding has a valuation.
Mr. Ankush Agrawal	I mean value addition and the customers or new customers that know along with supplying the party and also do.
Mr. Gursharan Singh	Existing as well as new, yeah, existing as well as new customers.

	Our idea is also the same because you know our business model has always made like this that we first we do some technology, some project as an incubation projects with a particular customer or with a particular product. Once we make that process fully stable, we offer this facility to other customers also. But as I once your question, because you have written in the email also, it's only as captive usage for value addition purpose not painting as a a separate business line clear.
Mr. Ankush Agrawal	And so, can you highlight like what's the total investment for this painting facility?
Mr. Gursharan Singh	Right now, I don't have the numbers, but I feel it should be around 1.5 crores or so. It's not very heavy investment, just walk made shop, but it is state of the art, but it's because it's not very, very big pain chart and you know we had already part of the painting the critical process called Phosphating line. So phosphating, we already had. So technically, half of the investment we saved because that line was having some spare capacity. So, this is how we are able to economies on to the part investments and obviously but paint shop is with the state of art technology in line with our journal plant to be totally technology saving. Thank you Ankush. Thanks for your questions.
Mr. Ankush Agrawal	Yeah. That's all from my side. If I have any other question, I will ping back.
Mr. Prabh Mehar Singh	Pranay Roop Chatterjee. you can unmute yourself. you have sent us plethora of questions. So maybe do important questions you can ask. At least ask two questions addressed. We can email it back to you if nothing is cleared after the call.
Mr. Pranay Roop Chatterjee	Ohh sure prabh. I was hoping to ask only the most important ones. So just to start off Prabh. Can we just help you understand what this other operating revenue line item is that is there in audited financials I think in FY23 this was about 19.8 CR and in FY20 22 it was 13.7 CR. So, what is this line item? What is the comprise and what drives it?
Mr. Prabh Mehar Singh	This has the export incentives, scrapping income then we have some tooling invoices, some other operating becomes a part of fluctuation Also, Yeah, primarily this is what comprises in this hidden. and scraps and in tooling, ones. When you said recurring it, it means it really to be always scrap sales I think is always the recurring. I think scrap like 6-7 crores, I exported and tooling income is generally case to case basis. Perfect. I think 11 is a case of tooling, 8 is a recurring depending on the production.
Mr. Pranay Roop Chatterjee	So, my second question is on uh electrification of two Wheelers. I know we have had you have been asked a lot of questions around this, so I'll just try to ask this differently. OH, I'd as per industry participant I was speaking to when we move from an ICE 2-Wheeler to a like for like EV 2-Wheeler, the number of gears, transmission gears and shafts sort of go down but at the same time the pricing of the realization increases because of the higher NVH requirements.

	But despite the realization increase, the feedback I received is that the total value goes down by 60 to 70% and if I think about it, even for like TVs where you we were able to maintain the same kit value, you actually went into other products which are non-gears like we'll accept assembly etc. So, what would be your feedback on this statement?
Mr. Gursharan Singh	You know, first of all these two-wheelers itself is a very generic statement. You know two Wheelers are what you see those smaller 2 Wheelers which are replacing those 100CC or 125CC's of ice engines casually I should have been like Ola kind of scooter, they are smaller. There's which are having maximum speed of forty 4550 kilometers or maximum range of 50 kilometers. But you know the product line which we are into, they are all high end 2 Wheelers premium two Wheelers where you know what rating the motors are very high mileage ratings are high, so there the validation is actually different. But you're very right that if the number of gears is going down, but there are other complex parts are ending up like wheel, axle assembly and stuff and you know these OEM's, there's always a preference for consolidating the vendor base. So, end of the day, per bike or per two wheelers and in our case where the main almost the same, but yes, Sir, if it only gears, of course it will be lesser. But if you add more components, of course it goes up. But you know any OEM, if he gets gears from exhorts and his own interest will be to buy the peripheral items for also same source because the other items are comparatively easier component, but for them the vendor consolidation always helps us. So that way it is a product mix which really helps us. And then eventually it also takes care of our product diversification strategies and they'll now we were doing only gears, gears and gears, but now we are saying Prabh has shown you the new businesses. He had shown 4 new businesses, all four one other than the Gorgias, because first of all, electric bicycle, it's still the gears but for electric bicycle and KTM, Wheel Axel we showed that was for the vehicle that painted component for the vehicle MAN Trucks also, the part was basically for the real excellence assembly. So, this is how it helps us to take care of product diversification, same weapons to electric 2 Wheelers also. So, whatever we are doing, so of course we're doing gears, but in parallel we started doing gear axel assemblies or the sprockets. All such stuff or the break disk mounting flanges, and so on. They're all critical components and you know which components are generally safety related components. So, there's the value addition again goes little high as compared to the engine components. So that way, again because you know our basic core always remains to work in the premium segment and with a high valuation component. So, we are pick and choose and so far, the things are working fine. I hope I am able to clarify.
Mr. Pranay Roop Chatterjee	Got it. So, one last quick question on margins, if I have Prabh's permission, I'll just go ahead and ask.

	Probably if I look at your margins. So, over the if I 16 to 19 period, the EBITDA margins were hovering between 13 to 16%. Today, if I 23, it's closer to 23% and you have also guided 22 to 24 to be sustainable. So, if you can just speak a bit about what are the factors that have contributed to this structural shift like is it like one or two things that I've driven most of it or is it a plethora of different things that I've driven this shift in levels?
Mr. Prabh Mehar Singh	So, it also has to be seen with the product mix we have now maintaining. So, the year or the tenure what you're talking 15 to 16-20% of the world business goes through the three-Wheeler market. We were working with a lot of domestic 3-Wheeler manufacturers. We were working a lot on the export, but the these all export orders were not very high volume. They were high value in the sense that there were a lot of kitty of different small volumes being pulled together to have a higher volume. But internally, managing such different variety has its own set of costs in the form of setups, rejections and other things So we were always in that phase wherein the margins or the volume was being managed or was being taken care because of a variety of other factors. Then come the investments what we did in the last few years wherein we modernized our plant and machinery, we invested a lot in forging a lot of cost what we were paying to outsource supplier is now forging happens inside and then the product mix also started to change. So, our three-Wheeler business is now less than 3% that is being taken care by the best car recreational, which is a ATV's. So there the value addition has increased the required investments into the technology what we did, but there are the margins are better because there is high criticality and high complete complication in the product. So that of course we had to put in more energy and effort, but that resulted in higher margins and forging when I say, of course, whatever we now do 50% inside, so that helps us to improve the profitability to a larger extent. And when the scalability increases, when the variety lessens volume increase, so then the fixed cost also gets amortized. So that is why we see that the margin levels have changed 5-6 years.
Mr. Pranay Roop Chatterjee	Call it perfect and thanks for answering the questions.
Mr. Prabh Mehar Singh	Next, Kiran, then alright. Mr. Paranjape, we have unmuted you?
Mr. Kiran Paranjape	Hello, can you hear me?
Mr. Prabh Mehar Singh	Yes
Mr. Kiran Paranjape	Thanks for taking my question. I have no question about our operations, but I have I'm individual investor for last couple of years. So, I have questions related to that My first question is related to our listing of NSE. Any idea when we are thinking of doing NSE Listing?

Mr. Prabh Mehar Singh	So, to answer you, I think we did give a thought to it. Of course, we have checked. There's a certain expense to it as well, but we want to ask this question to you. We do not see any immediate kind of advantage or benefit of doing this, because we have to then spend 20-25 lakhs into this. Why do you think we should be there?
Mr. Kiran Paranjape	I think being listed on both exchanges has his own benefit. You get much bigger audience because BSE is naturally a local exchange, so to speak, and much smaller in size as compared to NSE. So, and also, I believe as a Investor from external if some company just listed on one exchange, you tend to think it's very small and not only small, they're aspirations also small. So, if you are listed on both exchanges, I understand there is a cost attached to it, but I do feel that there is certain benefit in thinking that a company is aspiring to go big and hence they are listed although they are small company So that's just my side of thinking.
Mr. Prabh Mehar Singh	So, it's more than the perception management side. So, we are not averse to it. Of course, we would discuss this internally, but as of now, we are not actively looking into it, but as and when of course we keep hearing more suggestions, maybe then we put a thought to it, but we have parked this thought with us.
Mr. Kiran Paranjape	Okay, Thanks. my next question related to that we have since we are only listed on BSE, if I see our trading volumes are very, very small, miniscule, almost a daily trading volume of our shares, something like 3000 to 6000 sometime Max 10,000, which for size of our company is very small. So that really makes it difficult for any big Investor or HNI or mutual fund to take a position in our company. So, I'd like to understand if you have any thoughts to your thinking our increasing the liquidity by any way on the stock exchanges.
Mr. Prabh Mehar Singh	I recently read an article that Lamborghini was fully sold in India for next one year. So, who needs to buy, will buy at whatever availability there is. So, I would see ourselves to be placed there, but I do not think we control this. How much share that floating or how much is available. I can't really commit the, probably it is a good asset the people don’t want to sell. So, but I don’t know how to reply to that because we don't command.
Mr. Kiran Paranjape	OK, fair enough the last question is related to our debt equity ratio, which keeps on growing. And as you said, as you go to more customers, you need more working capital also. So, whether the short term or long term, you need more assets or business is more capital intensive. So as wondering if you're thinking of doing, you know anything like QIP or something to bring that debt equity ratio down because it has other benefits of increasing the EPS and you know increasing the visibility in the market and things like that.
Mr. Gursharan Singh	Hello I always the answer this question and I'm repeating the same question. You know that is never a bad thing as far as you are having that capacity and capability to pay because if that is being serviceable, it's always a go to management thought process. You know that always gives the management efficient equity normally gives the management complacent because then the pressure goes on. So that rather pronounce it is always good work under pressure, and it's always a good idea to have lesser malls to feed instead of having bigger

	higher number of mouths to feed. Bigger you raise like equity, then your next question will come your P/E ratio has gone down, so all those things are complementing each other. But your point is very well, being discussed, being taught by ourselves. So, but at an event time, if appropriate, decision will be taken, you know, all these decisions are not technically short-term decisions and they are basically a very, very long-term decisions with a long-term strategy. So as far as our current situations is there, we are very, very comfortable and rather much above the comfort zone. And therefore, there's no such immediate thought. But yes, who knows the futures. So definitely if anything comes out and if there are any big projects coming in because right now we are growing fifteen 2025% whatever is happening is organic growth tomorrow somewhere going to inorganic things come or some customer counts where he immediately wants were 200 Crores, 300 crores in our turnover by a single order. So eventually, but those kinds of Capex we may exercise this option, but I personally think this organic growth with our current strategy, it's generally working fine. But thanks for the suggesting us. We'll keep this option in our serious consideration. I hope you want to add anything to that.
Mr. Kiran Paranjape	Thanks a lot.
Mr. Prabh Mehar Singh	Yogansh Jeswani. I'm unmuting you.
Mr. Yogansh Jeswani	Hi am I audible Sir?
Mr. Prabh Mehar Singh	Yeah.
Mr. Yogansh Jeswani	Thank you for the opportunity. It's very hard thing to know all your achievements every time we get on the call, so couple of questions on the growth side. So, if we look at our numbers, what we have been posting for say H1, the growth rates that we are now working on are comparatively lower from what they used to be in your back. While a lot of Capex has gone behind this, so can you just broadly help us understand what is bringing down these growth levels and is there any issue in the European market that we are seeing or how are things evolving?
Mr. Gursharan Singh	There's a combination of factors. You know we we got the little start gonna and slightly operational issues are. I things beyond our control, you know, we invested very heavily and everything was good, but we got stuck on a particular process what we really call it gear grinding, which is actually a last process for the finishing and it's basically for all our new projects. Gear grinding was called for project. We had all the capacities for Girlguiding also. We ordered all the equipment, but unfortunately there was a huge I think they are going to give. Grinding machine will factures you know, first of all, no Indian manufacturers have this gear grinding when manufacturing facility only continue in the world which are doing it is Germany and Japan and little bit of China and there's a queue line for almost one to two years for those machines. So, we ordered them

	machines well in time there were delays, partially because of COVID and after effects of COVID and sensor issues, electronic issues, basically. But then there's a queue formation for all the machine manufactures. So, this actually delayed some of our projects which we had planned. So, we had actually, you know as we explained you MAN trucks the we had a very, very, very big business line up with them. So, there we got stuck. So, we then postpone some of our mass production program, but eventually, now, thankfully that issue is resolved. Well, we heard the three machines on order. We are already having three more order two are now in transit, one is coming from Japan, one is coming from Germany and both are arriving within this month and next month. So subsequently this issue will get resolved and in parallel we had some issues with that wrap up for our major customers ZF because when it is project though only in Covid time and we had to invest we had to create new manpower and skill development of that manpower took little extra time because on one side the project was very, very complex therefore passenger cars. Secondly, this all started in COVID time, so we didn't have the real bandwidth to deploy all the skill resources within this COVID period. Skilled people were not switching the jobs. It was the human mindset, you stay wherever you are. Nobody is willing to change the cities and all, so eventually we had to go to the campuses and regards fresh stuff so that they created some teething issues that our end to ramp up on the scale. But thankfully, all those issues are also almost no sorted out and hopefully within a short span of time we'll end up by now, again going the same pace and partially what you're saying in Europe. Although our products, we are always having so many product categories so there's a negative impact never comes. But yes, Europe, there is a slight reduction also, but we always have mitigation. Our new project are starting, so eventually order of operation doesn't get impacted but this internal operations reasons which I already explained you but now they are almost at the work of evolving and most of things are not so it will start now in a big way but yes, we had is like shortfall, but we'll still be growing It's not that we're not be growing. We'll be growing at a much faster rate. I hope I have clarified.
Mr. Yogansh Jeswani	Yes Sir. That was really helpful. Will it be possible to put a number to it, I mean how much kind of business did we lose because of this or how quickly we will be able to scale up once these machines come.
Mr. Gursharan Singh	Like you know we had a annual plan of growing 25% or so but we still be growing 15-20% for 5-10%you can say that there was a shortfall. Primarily the reasons are which I have explained you. But there also a short term affect it will again ramp up to the levels which we planned.
Mr. Yogansh Jeswani	Okay. Understood. But the 480 Crore budgeted number that we had, so more or less we'll be able to do it. That's what we are trying to say..??
Mr. Prabh Mehar Singh	Yeah. That's we have told. instead of 25% growth, we will be growing at 15%. And number you can calculate

Mr. Gursharan Singh	There would be some reduction. But yeah, growth will be there.
Mr. Prabh Mehar Singh	And we are talking about only the turnover.
Mr. Yogansh Jeswani	Absolutely. Got it.
Mr. Jitender Jain	But our margins would be hopefully good.
Mr. Gursharan Singh	Yeah, margins will always be good.
Mr. Yogansh Jeswani	So on the CapEx side, you did mention that there's grinding and gear grinding machine was something that got stuck, but can you also help us understand what was the exact CAPEX that we did in H1 if you could share a couple of more pointers there and how much more CapEx have we budgeted for H2 and for FY25?
Mr. Jitender Jain	For FY 25, we have not budgeted and for FY 23-24, we have budgeted a capex of around 80 Crores and till 30th September we had spent around 50 Crores. Another 30 is in the pipeline for the next round.
Mr. Prabh Mehar Singh	And out of 30, actually 20 is only this 2 gear grinding machines. And infact you have signed the cheque today only.
Mr. Jitender Jain	Yes. Yes.
Mr. Gursharan Singh	So you know this 30 Crore CapEx, you already planned machines are ordered in 2022, you know deliveries of machines, it is a Herculean task these days to get gear grinding machines. You Know the other day I was sitting in the Liebherr, I was shocked. Actually China has ordered 50 gear grinding machines to Liebherr and Liebherr Germany says that Sorry now, we will book orders only for 2026.
Mr. Prabh Mehar Singh	Okay Yogansh. I hope your questions are answered.
Mr. Yogansh Jeswani	Sir, Just last question from my side. You in your presentation in the beginning mentioned that our gross margins have increased substantially from 60 to 63% to 69% and you'll cover the reasons in your subsequent slides. So I think that got missed. If you could just throw some light on what you wanted to convey to us.
Mr. Prabh Mehar Singh	So what we wanted to highlight that the gross margins are an attribute to what we do in terms of the product we sell. So in typical you see in last quarter also of course half yearly when you measure but in quarterly also the new projects, the new customers which we are having there, the value addition is higher, the RM content is lesser. So that of course helps us in having a low RM content to a better value addition. The second aspect is of course in general that we have seen in the past that the steel price is what something which were over the roof because of the conflict in Ukraine and all, and that of course got softened in a bit, but again now it is strengthening steel mills or again coming with certain increases which steel mills typically do retrospective. So if even if we had certain thing, they might take it from six months back or eight months back. So that is very volatile with the steel pricing. But in general, the six month's

	gross margin improvement is because of the better value addition or the product mix we have and the steel prices softening.
Mr. Yogansh Jeswani	Okay. Thank You Sir.
Mr. Prabh Mehar Singh	Okay.
Mr. Yogansh Jeswani	Okay Sir. I'll get back and meet you.
Mr. Prabh Mehar Singh	Next is I think Harsh. Harsh I am unmuting you. If you have questions, you may raise your hand and it automatically gives us a sequence.
Mr. Harsh Beria	Hello Sir. Am I audible?
Mr. Prabh Mehar Singh	Yeah.
Mr. Harsh Beria	Perfect. So it's really heartening to see the kind of product diversification that RACL is doing. So Congrats for that and I wish luck with our future projects. So my first question is about our sales to one of our older customers, BMW. So I think we've been supplying gears to their two Wheelers to BMW 2 Wheelers for a long time now. So what has the longer term growths trends that we have seen from BMW?
Mr. Gursharan Singh	You are asking for last 15 years.
Mr. Harsh Beria	No, I mean like pre COVID. So from 2019 or something like that.
Mr. Gursharan Singh	This motorad business is doing very good. It's doing very, very great and year on year, you know BMW has various product lines, but the top selling product line is which they call it R 1200, they call it the city sports. That is the top selling bike and that year on year is growing almost 10% and instantly we have a very, very good value addition in that product line. Now that R1200 is actually now gone obsolete in 2023 this year, now I knew successor version has come which is R1250. So our value addition again is quite good in this and that product is also set to grow at a much faster pace and this product has a shelf life up to 2033. So our business until 2033 with ICE engine, with BMW is very, very stable and it's growing.
Mr. Harsh Beria	And so, like, what percentage of the supplies would be going from RACL? Are we like the exclusive supplier for this bike?
Mr. Gursharan Singh	You know, actually it's a very typical thing I explained in earlier meetings also. All these European customers, they have a very, very clear strategies that whatever product they are buying from a particular supply that has to remain as a single source supplier only. When I am supplying a product, whether it is a $1.00 pen or it is $1000 gearbox, I will always be a single supplier. There will be no second supplier and throughout the project life until that project has a sunset and the project goes obsolete. Will always be there and not only we any of the supplier. So this is how the arrangement was.
Mr. Harsh Beria	Perfect. And our next question is about our business with KTM. I think this is scaled very, very well, In the past few years. So like what is the potential scalability within KTM itself for us?

Mr. Gursharan Singh	Probably, you might have not noticed on our Balance Sheets and all. KTM has actually formed a joint venture in China with a Chinese company and now KTM is selling very good numbers in China and arrangement is that China cannot buy this product from a local supplier, they have to buy from us because KTM wants to keep the core technology within themselves or with their core suppliers. So that is a very, very good product forecast for the future. And that product line this year, I think they're producing close to 20-25 thousand motor cycles. Next year, they plan 30,000 bikes, so this is additional product line. Whatever we are supplying to Austria, so this is of course, it goes to China. That company is, CF Moto KTM. So it's a JV with that. But it's the same product.
Mr. Prabh Mehar Singh	Ok. Thanks Harsh. I have 7 more people waiting, so you can ask anything in the chat box, maybe we can answer later or email it to us.
Mr. Harsh Beria	Sure. Thanks.
Mr. Prabh Mehar Singh	Okay. Rohit Ahuja. I am unmuting you. You can ask your question.
Mr. Rohit Ahuja	Hello, Am I audible.
Mr. Jitender Jain	Yes. You are.
Mr. Rohit Ahuja	Hello
Mr. Jitender Jain	Yes. Rohit. Please go ahead.
Mr. Rohit Ahuja	So as a we have listened from the Gursharan Singh that we are facing some issues in like in getting the machines from the other parts of the country. So and as you are saying that our growth plans are being delayed by a few quarters. So we have a guideline of around 470 crore of this year. So now, approximately how much we can like do in this year.
Mr. Jitender Jain	Rohit, We just answered that in the previous question previous to previous question. So this year we were projecting our growth of about 25 to 30%. As of now, we are looking at a growth of around 15 to 20%.
Mr. Rohit Ahuja	Okay. Okay. So my second question is, are we, do we have any plan to go into the other sectors like in defense and aerospace? As you know you have mentioned that we are earlier supplied to some parts to the aerospace, but now any future plans are development or discussion with any clients or we are looking.
Mr. Gursharan Singh	Already started electric bicycle, so this is everyday, we cannot add new product line. We already added a new product line, electric bicycles, and this is going to be very, very major business in coming years. Eventually, you know, we always do in a phased manner. We should not jump on all the things together.
Mr. Rohit Ahuja	Okay. Thank You
Mr. Prabh Mehar Singh	Okay. Mr. Adityapal. We are unmuting you. You may ask your question.
Mr. Adityapal	Hi Prabh. Hi Gursharan ji. Am I audible?
Mr. Jitender Jain	Yes Aditya, you are.

Mr. Adityapal	Perfect. So just wanted to understand that now that the new growth is slowed down a bit and gross margins are impacting on the positive side, is there is there a situation where the company is looking at a product matter of higher gross margin basket vis-a-vis compared to revenue growth?
Mr. Gursharan Singh	So, if you are the decision taker, what will you decide?
Mr. Adityapal	Sorry.
Mr. Gursharan Singh	So, if you are the decision taker, what will you decide? I am just asking for a suggestion from your side.
Mr. Adityapal	So just but I just wanted to understand what like how the management's thought process is on this was. Definitely revenue growth is and will be positive, we'll go for any good but not at they'll be a limit on gross margin that I will want to go for.
Mr. Prabh Mehar Singh	I will answer you. We never cut our margins because we want to win a business. We don't work like that. We command those margins because the product integrity is such that the customer is willing to pay for such complexity. Now your question is that if you need to grow the top line, does it grow with a sabotaging or with reducing the margins? Or you keep adding only what improves the margin or has the same margin ability? so that is you know in both part, it depends what kind of business line is this. For example, like I entered into pass car market through that, if they're entering into the passenger car business had its own set of investments, which we had to make in and then this was a COVID time which no sureties from anywhere and the entire world was shutting down. But we wanted to enter into it. We knew it has a potential, so we entered. Similarly, if tomorrow my existing customer says that, OK, I'm launching a new bike. Can you work on this project? And of course, then I have to bid in the competition, so there I might not sacrifice my margins because I know this is something which I am working at a specific margin level and I will not cut competition to win the business at any cost. So it depends very project to project customer to customer. But in general, our margins are because of the product What we work with, and of course no customer would want to pay extra to someone if he's getting the same value somewhere else. For example, we have now started a warehouse. So we have 4 warehouses in Europe which are through a third party logistics company. But now we opened our own warehouse for a customer, which I cannot name again, but that warehouse would be then taking 80% of the customers job earlier that customer existing customer was taking goods from the click up port here and then taking the goods custom clearing then, putting in his own warehouse and then issuing the assembly. Now I've taken care of the entire value chain, so I am now shipping to him directly. I will maintain a warehouse on my own cost, keeping my own people and then that warehouse would supply to him as per his assembly line schedule. So a person pays not for the product for the entire value. So similarly, if now I am working on certain margin level so the customer pays me such things because I am taking his pain away and not many companies have this vision of investing into everything which helps the customer. Example of paint shop. We know nothing about it, but because the customer would have bought the part from us,

	maybe sent to somebody else for the paint and then got it. So it would have been a hassle for us. So we said, why can't we do it? So such things command margin and that is how our success has been that we have always supported where nobody else is and this is how we maintain that.
Mr. Adityapal	Definately, no doubt about that. My second question is just want to get a picture of the competitive landscape so when we are bidding for orders who do we compete with is there a domestic player that we compete?
Mr. Prabh Mehar Singh	The entire world. We don't compete with companies, we compete with cultures, economies, countries, geographical prejudice. We lose business sometimes because we are Indian company will lose business sometimes because we don't have the technology, what Korea would have so it is very generic, very, very, very buyer specific. Sometimes the customer would not buy want to buy from China because China relations are not OK, so they buy from India even if it is expensive. So it is very buyers specific.
Mr. Adityapal	But the competition is generally from outside India, not from India.
Mr. Prabh Mehar Singh	No, of course, within India as well. But within India, we fairly have a competitive advantage.
Mr. Adityapal	Alright.
Mr. Prabh Mehar Singh	Good thanks Aditya. Anything unanswered, you can write to us.
Mr. Adityapal	OK, just one last question, just wanted to quickly understand the medium term to quantify. So when I say medium term just to quantify say the next three to four year outlook, how you're thinking, what are the growth plans, margin expansion plan if any?
Mr. Prabh Mehar Singh	This year we wanted to achieve a number at 25% higher. We will achieve 15% higher next year collectively. So in 2020, we kept a vision to have 500 crore turnover by financial year- 25 and I believe right now that is the thing we still need to be achieved. We are working towards it, but yes, I think I've answered in the past and I I believe you were here in the shareholder visit as well. For next five years, we are still on that shocking board where we are drafting a vision, for example, this E bicycle business, Pass car market is the world moving towards electric 100% or the combustion will still be there. There are a lot of variables, but organically whatever we are doing is in line to what we want to do in terms of business growth and doing justice to the organization in general.
Mr. Adityapal	Alright, thank you so much and best of luck.
Mr. Jitender Jain	Thank You.
Mr. Prabh Mehar Singh	I think we have now, Mr. Pratik Kothari.
Mr. Pratik Kothari	Hello. Hi, this is Pratik. Should I go ahead?
Mr. Prabh Mehar Singh	Yes
Mr. Pratik Kothari	First of all, fortunately, I had a chance to visit your facility last month. It was very helpful. We learned a lot seeing your facility interacting with you, looking at the employees there. So, thank you for having me and us over there. It was pretty good. So, my first question on, I mean we keep for the past few quarters you have been disclosing that we have been

	adding new customers, adding new products, sometimes the forging is something we entered into via you, this new pane thing, the E bicycle also a couple of times you have mentioned that customers use to manufacture this product earlier in house and now they're outsourcing. So, if we can highlight what is changing at their end, is it that the cost of manufacturing has gone up substantially in Europe and now they're looking out or their focus has changed and they are more receptive towards Indian manufacturers so? Just some color on this change that we are seeing?
Mr. Prabh Mehar Singh	Whatever bad is happening is good for us.
Mr. Gursharan Singh	You know, inflation rates in Europe are really but troubling them and you know we Indians are born with inflation So hence, we never take inflation is serious, but Europeans see inflation, they are really very very scary and on top of it, energy prices in Europe are big risk for the they're always looking for now or something, but eventually they do not want to delegate on their quality. So that's suppliers which were already there in Europe, they have an advantage. Otherwise, it's not that they want to source to from India. For any other considerations, consideration is they want to try. Try it and test it. Suppliers, they don't want to reinvent the wheel that they do not have that kind of bandwidth right now. Suppliers, they don't want to reinvent the wheel that they do not have that kind of bandwidth right now. So that way we had a movers advantage because we were already there in Europe and Europe since they have their own internal issues. So they are always looking for now outsourcing and again as prabh has said China thing also people you know Europe daily people talk China plus one policy so that way that also helps India generally but again our company since we are already there Europe and not from today for last 15 years so that let me gives us a lot of competitive edge.
Mr. Prabh Mehar Singh	Thanks, Pratik. Vivek Chadha, you want to ask some question?
Mr. Vivek Chadha	Yeah. First of all, thank you for taking up my question. So, I just wanted to, I have two questions. First of all, I wanted to know like the machines which we have ordered earlier. So what kind of capabilities it can bring up to the tables? Is it like you know, something new? Which will be we will be having it or is it just, you know adding them more value to the existing capabilities.
Mr. Prabh Mehar Singh	It's there a little capacities because it's not something new technology because as I told you, gear grinding machines, we already have three machines, but all our new businesses which are adding, they are actually requiring this technology. So we just wanted to add the capacity.so that will be just adding up the capacity nor the enhanced, OK, OK.
Mr. Vivek Chadha	And I have another question. As we know right, there are lot of things happening in the defense and aerospace domain. So, India is looking up into the import substitution opportunities. So, I was looking into a couple of things. Maybe you can now add more insights into it. So, you know, gears are getting used in the land defense marine defense. We are having transmissions vehicle transmissions. We are having Final drives, power takeoffs and in the marine defense, we are having ATP gearboxes and we do use the gears in the you know, fighter planes, helicopters and all.

	So are we looking up into those bigger opportunities like because there are a lot of import substitutions opportunities are there in India. So, we're looking at that or are we restricted to what we have right now?
Mr. Prabh Mehar Singh	We have worked in the past. You should be very honored to know many of the Indian army guns have our parts. Many of the guns have fired on the LOC. I remember I was closely working in the aerospace defense when I joined the business. To answer you, we work with HAL in the past in the military aviation we worked on there going platform, we worked on the Jaguar or the what you call on the Maintenance projects, We worked with Ordinance Factory Board, Jabalpur, We worked with Ordinance Factory Board, Kosipur, so we have some projects, Dhanush Gun 155mm We tried to work, but we learnt after spending two years that it, it is either something for companies or for two smaller size because it is largely unorganized or for a companies which are too large. For example, the likes of big conglomerates like Tata or Reliance who are becoming the integrators, taking LNT, taking the business from government and then they offshoot or outsourced to medium or small companies. So that is a different ball game. You need different skill set in terms of laisoning. How the defense contracts work so it looks lucrative because the value quantum is very high. But if you actually want to work the volume level or the competition level is too miniscule. The policies government did open, it is working a lot, but for us we believe so. For example, railway is not everybody can work in it. There is a different mindset, different way of working. So for us, we did work. As I told you, we have presence, but we do not want to scale it up in Civil Aviation.
Mr. Gursharan Singh	Small things we are doing, you know, even now we have done something for BHEL. BHEL is not developing that gear for Dhanush Gun. So they have taken some gears from us also. But they are again miniscule. Actually, as Prabh has explained this area is either for actually they even buy from very, very small companies MSME the micro industries or companies of the level of Tatas or Mahindra or Bharat Electricals or HAL. And then you have to really work as a Tier 2 or Tier 3 kind of thing, and eventually the kind of efforts you do it again. Then the revenues and results are not there.
Mr. Prabh Mehar Singh	But Civil Aviation is something else, on which we do not have a focus on right now.
Mr. Vivek Chadha	I mean, the companies like Boeing and all they do have a higher margin business, right?
Mr. Prabh Mehar Singh	Yes. But that is a different ball game. you can't. Aerospace is different mindset. It requires dedicated instance and then you can't grow because aerospace is always very precise and controlled, watched, different capacities. So we don't want that as well.
Mr. Vivek Chadha	So you know why I'm asking this question is like in RACL we do have a a good capabilities. We work in the precision gears and all, so if we have such higher capabilities then
Mr. Gursharan Singh	No, no, they. So there's some small difference You cannot do Civil Aviation into auto component company. First of all aerospace civil aviation will not buy even a single pin from you until you are Aerospace 9100 certified. And to get a automotive company to get certified ASI 9100 is something impossible.

	You have to create a dedicated setup so it is a good figure until you're create a setup. You cannot start aerospace in a commercial way. We have. OK, for 10-20 lakhs, 50 Lakh business you can do it, but you have to do 20 crores, 30 crores, 50 crores business. You have to create a separate team, separate plans, separate building totally different mindset So eventually, and then scalability, and even in that scalability is also not there.
Mr. Vivek Chadha	Understood.
Mr. Gursharan Singh	What about auto component companies have invested into aerospace companies and they could not go beyond 50 Crores. At 50 crores, they say Mr. Singh. I asked them. They say it's a herculean task to grow business in aerospace sector because variety is so high that you can't really manage everywhere it is. They say there's the reason, after certain level, people stop growing. So then eventually we felt that it is ok. But this point is very valid. Only yesterday I was reading Indigo has order 500 planes, Tata has ordered 500 planes. It is huge. Yeah, but it's a different ball game, but this is actively known to us.
Mr. Prabh Mehar Singh	So Civil Aviation, yes, should be thought military. No, but we should think about it. As of now, we are not.
Mr. Vivek Chadha	Yeah. So there is a lot of import substitution opportunities, even in the energy sector also we can explore about you know using the wind energy ship building is also one of the emerging sector right now in India.
Mr. Gursharan Singh	Yeah. And you know, actually there's one more problem for aerospace North is not the place. For aerospace, the real place is either Hyderabad or Bangalore. What I say the bandwidth rather logistics port or the infrastructure in north is not there because in aerospace you cannot live alone. You have to have a plating facility. You have to have a superfinishing facility so and nobody can have all the technologies under one roof. So South of India has actually a real place, availability of raw material. Steel. Yeah, most of the traders are in South. So, actually North is not the place and that's the reason you do not find any aerospace companies in north. They'll either in Hyderabad or in Bangalore. Best is the Bangalore. Well, your point is well taken. Will keep thinking, maybe someday we'll find some.
Mr. Prabh Mehar Singh	OK, last question.
Mr. Vivek Chadha	Thank you, Sir.
Mr. Prabh Mehar Singh	Anirudh Shetty
Mr. Anirudh Shetty	Hello
Mr. Prabh Mehar Singh	Yeah.
Mr. Anirudh Shetty	Thanks for the opportunity. My first question is, you know you spoke about the challenges in scaling up in aerospace due to a high variety of products. You know, our business also has a very high variety of products with 800-900 SQs. So at what scale do you feel that you know this business model could become very operationally challenging to kind of keep scaling up beyond and so might require us to reconsider the business that

	we're doing. And this is follow up on this is you know how does one think about what are the constraints to growth you know while you spoken about the opportunity, we understand that what are the constraints for growth that you know put prevent us from growing at a rate faster than 20-25%?
Mr. Gursharan Singh	You know to answer your question, Prabh already showed you new product line and the new factory in Noida expansion. So we are already planned for this. OK, it's a new product line that's now creating a second facility, not in the first facility. So eventually our own thought is on the same direction and frankly speaking in auto competitive business where the number of SQs which you are telling, they are much lesser when we talk to aerospace. In aerospace, we have to sell 400 crores of business. It is only 10,000 SQs. The biggest problem is not SQs, it is the documentation information security, the data management. There are many, many peripherals in aerospace. Good thing or bad thing is you do not need a very high capital investment and there you don't need the technology because in aerospace the cycle times are not important. There the important is the very, very skilled manpower, the very, very skilled in. Because what do you call it? Artificial Intelligence, IUTs kind of thing. So these bandwidths are slightly different. Scalability in aerospace is totally different and in auto components is totally different. But the way we are told you that we also are now growing this second factory to create the right now the second factory doing I think maybe 20-25 crores of turnover. So our target is to grow this company or at least to 100 crores of turnover. This is how the scalability of our existing business will come. And if next 2-3 years we are able to add 70-80 crores turnover in our second factory, so we are able to maintain growth of 20-25% and in parallel we keep on expanding in our current facility also. I think grand facility, we have the good thing is we already have a lot of space over there.
Mr. Anirudh Shetty	Got it.
Mr. Gursharan Singh	You know, there's a land also a very, very big issue. So, we are lucky, we are still having 10 acres of land. So, we can really grow a lot and eventually there are no challenges to scale up.
Mr. Prabh Mehar Singh	Okay. Thanks, Anirudh.
Mr. Gursharan Singh	So, Jitender, Now the investors belong to you. Give a vote of thanks to them.
Mr. Jitender Jain	Yeah. Sure. Thanks a lot everyone. I think overall it was quite an interactive session. I hope we have been able to answer most of your questions and all. I'm overwhelmed with the thing that you know, apart from on this Investor call apart we answering the questions of the investors, we are also getting suggestions from the people which are always welcome because it is always better to take a holistic view of the of the overall economy. So I thanks a lot everyone. If anyone has any other questions and all they can write to us and we'll respond to them. OK, so thanks a lot. Have a lovely evening and thank you.
Ms. Neha Bahal	Thank you, all participants, for joining and participating today.

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.