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31st August, 2023

The Manager- Listing Department
BSE limited
25th Floor, P. J. Towers
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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 25th August, 2023.

This is for your information and record please.

Thanking You,

For RACL Geartech Limited


Dev Raj Arora
Whole Time Director & CFO



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RACL GEARTECH LIMITED
Q1 FY 2023-24 EARNINGS CONFERENCE CALL
25TH AUGUST, 2023

MANAGEMENT:

MR. GURSHARAN SINGH - CHAIRMAN & MANAGING DIRECTOR
MR. DEV RAJ ARYA- DIRECTOR & CHIEF FINANCIAL OFFICER
MR. PRABH MEHAR SINGH- VICE PRESIDENT, FINANCE & OPERATION
MS. NEHA BAHAL- COMPANY SECRETARY & COMPLIANCE OFFICER

ORGANISED BY- RACL GEARTECH LIMITED

<p>Ms. Neha Bahal</p>	<p>Good Evening ladies and gentlemen. Welcome to the first quarter of 2023-24 post results Conference call of RACL Geartech Limited. I, Neha Bahal, Company Secretary & Compliance Officer of RACL Geartech Limited, shall be your moderator for this call.</p> <p>Before we start the proceedings all the participants may please be informed that this Conference Call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will remain in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes.</p> <p>Should you need any assistance during the Conference Call, you may post your concern/query, if any; in the Question Answer box available or you may raise your hand as available on the screen, if you want to speak during the proceedings. Please note that this conference call is being recorded.</p> <p>We have today with us the Management of RACL Geartech Limited, represented by Mr. Gursharan Singh, Chairman & Managing Director, Mr. Dev Raj Arya, Director & Chief Financial Officer and Mr. Prabh Mehar Singh, Vice President Finance & Business Excellence.</p> <p>I now invite Mr. Gursharan Singh for his opening remarks. Over to you Sir.</p>
<p>Mr. Gursharan Singh</p>	<p>Hello gentlemen and ladies on call. First of all, my warmest welcome to you all on our investor con call for quarter ended June 2023. And I hope that you all are in good health and enjoying good weather although in some parts of the Country we are having serious issue on floods and natural calamities. Good Luck to the people and their loved ones who are surviving and have survived these calamities and lost their loved ones. So, our condolences to those families. Let's hope that major god does good for our country and with all of us there is a moment of pride. Just 2 days back we had our national flag at Moon and it is said that it's for the first time that any country could land successfully on South Pole of moon, that is a really good proud moment for us and this really reflects that this country is going in which direction and we are now technically sound as we are the first country in the world who would land on South Pole.</p> <p>So, we have bypassed all on one way. And we are fifth largest economy and aspiring to be the third largest economy. But now, at least we've already achieved one thing where we are the largest.</p> <p>And, of course, the biggest is the population but after all, again we are the first country who would land on the Moon and let's really celebrate this moment and once again, I wish you all good health and good</p>

	<p>happiness. And thanks to you for attending this event and I will now just pass on to Prabh and he will start the agenda of the day. Yes Prabh, over to you.</p>
<p>Mr. Prabh Mehar Singh</p>	<p>Good Evening, everyone. Hi, good evening everyone. Before I start, I see because we're using this tool for the first time, so we hope you are having no issues in the hearing us and seeing us people have raised their hands, so I hope that is by I mistake. If there is anything which you are not able to hear or listen, you can write in Q& A Section. OK, so if it is working fine we have we can start. I think we have good attendance. Let's start with the presentation and it is just one slide and idea is again is to have lot of discussions, lot of questions have come in. Uh, so that you would have joined so that it's good to see and it starts with the presentation, it is just one slide and the idea again is today to have a lot of discussions, lot of questions have come in.</p> <p>So, we will want to keep it as interactive as we can and as always in the Q&A area, you can ask questions. I will keep replying and of course certainly Sir and Mr. Arya are there for explaining anything. so I just move through the numbers. So, we are making today for quarter One Financial year 23-24 and as in start, we always explain about the company. So welcome all to the RCL Gear tech quarter 1 of 23-24 Investor Conference call.</p> <p>We are a company started in 83 based out of New Delhi. We headquarter in Noida, we are an Indian company. We last year did 370 crores or turnover in terms of revenue. We have two manufacturing locations. One is in Gajraula, one is in Noida. We are automotive components products manufacturer. we do make methological sub assemblies. We do many other precision oriented machining works. We have 22 active customers. We do around 800 active parts part numbers. We are into primarily 2 Wheeler business passenger vehicles, commercial trucks agricultural equipment. ETVs and we are 70% export oriented company and 30% for the Indian domestic market.</p> <p>All of our plants qualify for ISO for quality environment, process, health, safety IT systems.</p> <p>So this is how the company is being run and managed. So for the quarter one, no surprises, the results are already there with you,</p>

So we did 89 crores revenue for FY23, 24 first quarter, which was roughly 11% higher than last quarter, same year in terms of operating profit, we did high by 30%. which was roughly 23 crores this year from 17 on crores last year.

Profit before tax again grow by 44% from 11 crores to Eight and a half crores. This sales what we are showing this year, 11% usually the first quarter of the company is the lowest for the year. But the growth from quarter year on year is generally higher. Uh, this could have been much higher, but there were two instances. One, there were some of course export entry generated. You have to have certain material in transit and there is a shipping filing date for the bills. That is how we recognize the sales. So this time though the sales was higher, but the recognition in the books was around 89 crores. So this time though the sales was higher, but the recognition in the books was around 89 crores. That is why, if the shipping bills could have been filed earlier, this could have been higher number. Second, yeah, transit stocks increased to 4 crores. Yeah.

So this sale actually was much higher. So that was the one aspect. Projects are there. The problem is not the demand but the execution. So of course there are some, you should you. So that creates certain kind of question. So this was for the first quarter and on the operating margins, yes, of course the margins are the best in terms of I think we did around 25 or 26 percent for the operating profit which was roughly focus in higher than last year Same year, same quarter and this is roughly because of the higher value addition we are now having in our product segment. So we are moving from a loose component manufacturer to highly precision oriented manufacturer plus ofcourse we are now working with many service companies, many advances we are doing. statements which add value. So of course there are better margins in such complexities.

So on complexity, we thrive more complex the part is the more margin we're able to command and This is why in the new generational shift which we are seeing because most of these new projects are now shipped taking shape, these are, you know, electric segments, hybrid segments, or

	<p>any commercial trucks. So here the customer consciousness towards quality and precision is much higher. The world is more complex. V6 engines or 0605. The noise emissions are very difficult to entertain, so designs from customers have also been very complex. So for that you need a more graph-oriented product which has higher value issues. So that is why the gross margins look better. Uh, because of this speculation, which is coming in that increase the margin also and of course probably before tax is a derivative of rating. This is just a general summary or a talk which we wanted to do. Of course we can speak endlessly, but the idea is to start with your questions 1st and then have an interactive session where we could understand something from you and you could understand more from us. So I think this is how the presentation is. I have not prepared anything else. Ohh is there any questions? You can of course ask him the Q&A window and we will try to answer them all along with it. I think I will end my screen share and we can start with questions. Maybe before that we can just check if the audio and everything is going ok. Maybe we can unmute one of you and ask you that Are you hearing us or not? Mr. Rohit has not joined. Ankush is there, otherwise is there, you know? Yeah. Mr. Ankush, you can unmute yourself and ask the question. We have enabled your mic.</p>
Mr. Ankush Agrawal	<p>Yeah. So first my first question is on the gross margins. So, as you have said that the improvement is on account of new projects which are more value added. So, as this 79% kind of -70% kind of gross margin, is there any component of prototyping which we have seen in say last few years where in in some quarters there was some prototype income that used to lead to this kind of high gross margin? So, is there any component or this is purely because of the high value addition that is there?</p>
Mr. Gursharan Singh	<p>So, in this quarter, there was no such major prototyping activities.</p>
Mr. Ankush Agrawal	<p>So, Sir going ahead, we would expect this kind of gross margin for sustain.</p>

Mr. Gursharan Singh	No. This is depending on some seasonal activities also. Because of certain seasons there are certain products which are having very raw material content, so depending upon sometimes these margins do occur in a particular period. But as you are generally seeing that our gross margins are generally so high because you know as product line inside that our raw material content is very low because we are doing all complex products and when you do complex products, value additions are more so that's the reason gross margins are generally higher. Any other question, I hope I'm able to clarify you.
Mr. Ankush Agrawal	Yeah. So, my second question is can you give debt and cash numbers as on June end? Gross Debt and Cash?
Mr. Gursharan Singh	Normally we give them at the end of the year and the half year. So when the quarter two will close, then you will get all the numbers. As per the guidelines, we have to announce these numbers twice in a year, so in half year, we will definitely discuss this.
Mr. Ankush Agrawal	OK, no worry. It's not just a feedback, so I have observed that increasingly a lot of developments around the company say in terms of, you know, commentary for your results, corporate announcement, everything, has been shared on Twitter rather than first filing it with the exchange. So, say commentary around why margins improved, why revenues were off given on Twitter, even though we never gave out the press release with results. So, I will just give it as a feedback that we should start putting out press release if we want to share something because if you continue to do it this way, I think in the longer run you might get on the negative end with the regulator and doing so. So just a feedback that I think you should know.
Mr. Prabh Mehar Singh	No, you're saying that we are disclosing something on Twitter first, then on the exchange, then your feedback is absolutely wrong.
Mr. Ankush Agrawal	Yeah, same for example, a portal results came out right. So say revenues were xyz, margins improved, so in the exchange panel there was no rationale given that you know this is what has happened. This is what happened. But that was shared on Twitter, right? You know, margin has improved and value addition is happened and all that stuff. So ideally if you want to share something, you should give it as a press release along with results, right?
Mr. Prabh Mehar Singh	I will explain it is OK. I know you're talking about my Twitter only. There are two things.

	<p>One of course, there is margins are increased that is a derivative of the results. In the results, you can see margin have increased. There is no different information to what is already available on the exchanges, the exchanges information comes first. That is, when I somehow tried to take.</p>
Mr. Ankush Agrawal	<p>Yeah. So in that case you first publish them on the Twitter. What I'm saying is that quantitative commentary that you're putting out, I mean if you are willing to share it then ideally if you can share it with the results itself in the form of press release, I think that would be a kind of better form of corporate governance than to what you're currently doing. It's just a feedback.</p>
Mr. Prabh Mehar Singh	<p>Okay, I take your feedback but somewhere it is incorrect. There is nothing which is being shared which is already not public as an information and of course, what is being discussed is first disclosed to shareholders. But of course, if there's anything we should have a general what you call, Maybe intimation to exchange that, yes, maybe on the Twitter accounts there are certain information so people can have some public account and and I'm sorry that that feedback is wrong when you say that anything specific is being shared which is not being shared on the exchanges because I am very cognizant about it. But I take it I would remember.</p>
Mr. Ankush Agrawal	<p>OK but again, I mean even I will disagree with you on this point, because I mean the quantitative.</p>
Mr. Prabh Mehar Singh	<p>I understand you. I I've heard you.</p>
Mr. Ankush Agrawal	<p>Thank You.</p>
Mr. Gursharan Singh	<p>Mr. Rudresh has joined. Let's unmute him. Yes Mr. Rudresh unmute yourself and you can start.</p>
Mr. Prabh Mehar Singh	<p>Mr. Rudresh, I have allowed your mike. You can unmute yourself and ask your question.</p>
Mr. Rudresh	<p>Hello.</p>
Mr. Rudresh	<p>I've got a couple of questions on the interest rates, we are seeing the interest rate at the higher level in the West. So are we in any way affected by that?</p>

Mr. Gursharan Singh	<p>You know, interest rates are always the country specific or the region specific.</p> <p>They are not the company specific, obviously if they are increasing across the Country then definitely we are also affected. But now since we are A rated company we are able to negotiate. No bank can give me less than the prevailing rates. But yes, whatever the markups are there we can negotiate. But you know since our 70-75% are exports and in exports we get most of our discounting or the budgeting credits. Interest rates are very very nominal. But there is no such major impact but more or less, interest rates are also quite stable. Whatever increase has happened, it has already happened, So now more or less, it is stable. Any other question?</p>
Mr. Rudresh	<p>So, my next question is, because of the traffic jam in the Panama Canal, are we in anyways affected with that?</p> <p>I'm asking about the traffic jam due to the drought in the Panama Canal. Are we in any ways affected with that?</p>
Mr. Gursharan Singh	<p>No, no, we do not have any exports to US that way. We are lucky. And we're also not really aware that Panama Canal has such serious issues.</p>
Mr. Rudresh	<p>OK and my final question</p>
Mr. Gursharan Singh	<p>Yes, Yes. It is.</p> <p>They're like together, we are not affected.</p>
Mr. Rudresh	<p>OK.</p> <p>And my last question is that Hero Honda as well as Bajaj are coming with a high end bikes with partnership with BMW likes. So are we exploring any opportunities with them or with those kinds of joint ventures?</p>
Mr. Gursharan Singh	<p>Mr. Prabh will be able to answer you for this.</p>
Mr. Prabh Mehar Singh	<p>Basically, if you follow us closely, you know our entire success story is basically that we are into the premium luxury segment. So all Superbikes, what are now being launched in India? We are working since 2009, so of course the Indian manufacturers are, if I can say, waking up all because of the industry demand are entering into it.</p> <p>But we, for example, in India, Kawasaki is there, we are working with them, we are working with BMW, we are working with KTM of course not India but we have their global big line bikes 800, 1,000. We are working with Piaggio, VESPA scooter is sometimes costlier than the bike itself in India, so the premium segment with the Indian manufacturers? Yes, when they're entering, we are the first preference who are given.</p>

	<p>recently this new electric scooter was launched by TVS. I think a couple of days back. it's an expensive scooter which has been launched.</p> <p>We are the single source supplier for their entire rear excel assembly and many other things. So of course, when Indian manufacturers are also shifting towards high end luxury, not luxury but with cylinder or electric scooter or bike, we are working very closely.</p>
Mr. Gursharan Singh	<p>I will put this in a different way that what Harley and Hero moto corp are waking up Now. we're doing for last 12 years.</p> <p>so that way we're ahead of them and like in India, the biggest Superbikes are BMW DBS that we are doing, Kawasaki we are doing. and within next one month one more major superbike is being launched maybe in September that entire transmission is being supplied by us. So, since it is yet not launched, we can't disclose the name. Maybe next concall you will hear that also and those supebikes are already in the market.</p> <p>Harley and all will still take a lot of time, so that way we are ahead of this.</p>
Mr. Rudresh	<p>Thank you and my last question is on the see on the sequential basis our revenue has got dropped.</p> <p>Can you throw some light on that?</p>
Mr. Prabh Mehar Singh	<p>Sorry on sequential basis, what has happened?</p>
Mr. Rudresh	<p>Our revenue has dropped</p>
Mr. Gursharan Singh	<p>First quarter is generally our historically the quarter one is always lower than the you know, as I explained to you earlier also we have a seasonal demand. so, quarter one is historically little lower than remaining point.</p>
Mr. Prabh Mehar Singh	<p>Yes, you can't compare or measure us quarterly.</p> <p>I know, quarter and quarter is a very investor centric way to measure, but then we are seasonal, there are peaks and lows within the year and that is how you have to see understanding about the business of the company if the agricultural segment is growing then some quarter would be different.</p> <p>If in the Europe the summer vacation comes, so they do production higher a quarter before. So, there is a seasonality built in that this is a kind of a trend if you compare last five years, you can see how quarters generally behave. So, that would answer you for future references also.</p>
Mr. Gursharan Singh	<p>And there's a real reason, you know, quarter two is always in Europe is a vacation time because summer vacations Italy closes for one month, Austria closes for 3 weeks, Germany closes for 3 week, so obviously quarter one, they pick up less because whatever we ship in quarter one,</p>

	<p>they have been using in quarter two since quarter two is their vacation time.</p> <p>So normally, historically there's always that quarter, one is likely to be slightly lower.</p>
Mr. Prabh Mehar Singh	OK. So, thank you, Rudresh ji. I hope we have been able to answer you.
Mr. Gursharan Singh	Mr Anirudh Shetty.
Mr. Prabh Mehar Singh	Mr. Anirudh, we have enabled your mike.
Mr. Anirudh	Yes, yes, Am I audible Thank you for the opportunity.
Mr. Gursharan Singh/Mr. Prabh Mehar Singh	Yes.
Mr. Anirudh	<p>I had a couple of questions.</p> <p>You know, you mentioned a current EBITDA margins, 25% were doing more complex machining components. In the past, we used to mention that 22-23% is a more sustainable EBITDA margin, but one takes a longer term. You're going forward. What do you think is a sustainable margin EBITDA margin that one should work with?</p> <p>And in light of the dynamics that happen in auto, wherein as you scale up more with your customer, they tend to negotiate more on margin. As you know, they give you more valid share. So what is a sustainable EBITDA margin one should work?</p>
Mr. Gursharan Singh	Unfortunately, customer also reads our balance sheet
Mr. Prabh Mehar Singh	<p>No, but I think, there is no specific number, but there is definitely a range and the range you have seen between 23 to 26. bad times, you do 22, good times you do something like this.</p> <p>So, we are gaining that range because of the current product mix we have. now tomorrow when we are growing, what customers segment, how the customer pricing is, how the situation is; that band shifts towards that direction. right now, of course with the current product mix we have in the kind of clients or the complexities we have, So I think we are maintaining their range-based margins which is flexing between these percentage.</p>
Mr. Gursharan Singh	<p>you know, there has to be almost 5% of window will always there for fluctuation of the margins between quarter to quarter.</p> <p>You know sometimes product rate, Sometimes exchange rate, so it's 22-23 is the normal thing.</p>

	<p>So in some quarter, maybe 26-27 also and in some maybe 20-21 also. So technically, 4-5 percent tolerance will always but generally annualize basis there will always be ported to put it in 24.</p>
Mr. Anirudh	<p>Got it Sir. So 22 to 26% with our current product mix wherein you know a lot of our business is now you know it's dominated by you know transmission gears which is very complex. So, my next question is twofold. So given that we are focused on the niche transmission gear business, how big do you estimate the size of this opportunity is today in your estimate relative to our size and you know we're doing other products like chassis like suspension, forged yolks. So, from complexity perspective, from a margin perspective, how do these products compare with our transmission gear business?</p>
Mr. Gursharan Singh	<p>You know, a suspension is a very, very generic term for a vehicle product category. You know, suspension has lot of sheet metal components also. So we are not doing any such run of the mill suspension components. We are doing actually, you know, our core business is gears making, making up gears or making up complex machine's parts. Fortunately for us in the latest suspension versions there is lot of application of gears also and. Little positive thing that none of the Indian cars have these kinds of features, but European cars, American cars have started getting these features and you know our complete USP that we always have our first foot forward. So this suspension components which we are producing. They are actually basically complex gears being used in suspension and they are now not lose gears. They are the assemblies or the sub-assemblies. So that way our margins are really good in these parts. Now you ask for the yokes. You know, yokes again is a very generic term because there are some routine yolks, for certain Indian commercial vehicles, people buy yolks by kilos also, but the kind of yolks we have developed, or we are developing, we are developing yolks actually yolk typically is for a commercial vehicle or a passenger car. But we are developing yokes for a motorcycle. It is unheard. Nobody will really know that motorcycle also has a yoke. We are</p>

	<p>developing yolks for a motorcycle application. Where the rear wheel will be driven by the propeller shaft from the engine to the rear wheel instead of it routine chain and sprocket. But those yolks, obviously margins are high because they are very, very complex jobs. So you know, as a generic, we cannot really say that yolks have a higher margin or the suspensions have a higher margin. Margin is what product application what product category is there.</p> <p>So, if you are already there for another few minutes, I already told Prabh to organize some pictures. We are showing some pictures of yolks Which are we have already developing and now it is at the sample solution stage and startup production also will happen in a few months. There are yokes of motor cycles, so none of that motorcycles in India uses it and even the Superbikes, which are being produced in India and none of the superbikes are using it but the yokes which we are producing is going to be used for 1.2 little motorbike for our European customer. And it is a unique product. There are no chains, no sprockets. The wheel is run by the propeller shaft, so that picture we will show you. So our margins are really good in this category also.</p>
Mr. Prabh Mehar Singh	You saying something?
Mr. Anirudh	I just wanted to clarify that you know we're doing very complex stuff in even in this new category. So our band EBITDA margin band of 22 to say 26%, we're looking to maintain it even with the new products.
Mr. Gursharan Singh	I said, 20 to 26, not 22.
Mr. Anirudh	20 to 26.
Mr. Gursharan Singh	Because 4-5 percent, 6% window will somewhere in because I'm saying quarter to quarter, some quarter maybe 2021, some quarter, maybe 20, this is the the average will become always like 22, 23, 24.

<p>Mr. Anirudh</p>	<p>OK, got it Sir. So you know, we have a tremendous opportunity in front of us. You know, we've in the past maintained very good track record of you know very low defects very good timely delivery. So as we scale up, you know, how do we, how are we ensuring that, you know, our quality standards, our delivery standards will be maintained. You know anything that we're doing on the hiring, on the training side to ensure that our stringent requirements of our customers will be maintained even at a larger scale.</p>
<p>Mr. Gursharan Singh</p>	<p>Well, I'll appreciate you. That's the very, very realistic question You know, whenever you start any new product category, whenever you start any new product variety, there are always ramp of issues, ramp of topics and ramp of challenges. No, there are two approaches. One approaches which start producing keep shipping and keep selling and then one complaint comes and then we start taking the corrective actions, We as a company, since you said very rightly Ww are to maintain a stringent quality and delivery requirements so we always take a very, very cautious approach. So right now ohh, since our product, you know historically our company was never in passenger car business. Until 2020, We were almost zero in passenger cars and last year we did almost 6% and this year I think it will be more than 10%. one more thing important is when we are saying passenger cars, we are not into routine again run of the mill like Maruti or hyundais and all such things.</p> <p>We are into BMW7 series, Porsche, Mercedes AMG, BMW X7, and all such stuff, our parts are going to Aston Martin also. Now you can imagine that kind of complexities, the kind of stringent requirements or kind of precautions we have to take in this segment.</p> <p>So obviously we are taking lots and lots of precautions that there should not be any shock or any disruptions in a big way or any such major disruptions. So we have a very, very stringent quality gate at every step of our processes including not only manufacturing including quality packing, logistics transportation.</p> <p>just give me one more minute. Rather, it is little bit hurting our current efficiency because we always aspire to use our brand to use that 75-80% of efficiency. we're using only as of today 60-65% efficiency because we are sacrificing little bit of our</p>

	<p>production but to ensure that we are able to maintain good quality our order book position is I think 30% what we can produce but we are not producing it wouldn't We are producing 80 or 90. So that whatever leaves our company, it is good, but without sacrificing any delivery issues. We are delivering on time to customer. But of course we are taking a lot of precautions and maybe within a short span of time, everything will get stable and then we'll get used to and then our focus will be on the due line of business or that new product category</p>
Mr. Anirudh	<p>Got it. So I have two more questions. Is it OK if I ask it now? Or should I join back in the queue as I think there are other participants.</p>
Mr. Prabh Mehar Singh	<p>That depends how long is your question, I think we can allow one. Yeah, maybe one you can take now or We can have short answers.</p>
Mr. Anirudh	<p>And I'll give you the short questions first. So you know it mentioned the TVS Electric scooter opportunity. So which one to understand what is the value of material that we are supplying per vehicle there?</p>
Mr. Prabh Mehar Singh	<p>That is too early to comment.</p>
Mr. Gursharan Singh	<p>It's 10 k per vehicle</p>
Mr. Anirudh	<p>Then thousand. I will join back in the queue.</p>
Mr. Prabh Mehar Singh	<p>I would have not given that.</p>
Mr. Gursharan Singh	<p>Yeah but this is a very prestigious broader category for us now because our all our investors are always asking that you are not present in EV but you know we are always saying that yes, one EV we are there.</p>
Mr. Prabh Mehar Singh	<p>we are not present in India.</p>
Mr. Gursharan Singh	<p>Yeah, we are not present in India. But yes, the ev in which we are there this is now again because you know typically all your EVs are 1.5 or two kilowatt motors, this is I think 6 kilowatt motor or seven. So again, it is almost three times or four times your routine, the olas or ethers and also so that way we again maintained our presence into being into the premium site.</p>
Mr. Prabh Mehar Singh	<p>I think let's allow, Mr. Rahil Dasani. Mr. Rahil, we have unmuted you.</p>
Mr. Rahil Dasani	<p>Yeah, am I audible?</p>
Mr. Prabh Mehar Singh	<p>Yes, Sir. Go for this.</p>

Mr. Rahil Dasani	OK, so I have a few questions. My first question is in the kind of products that we do like the higher precision gears and axle shafts apart from us, who do our clients like BMW, KTM, Kubota source these products from?
Mr. Prabh Mehar Singh	OH, so you are asking Whose are our competition in these customers?
Mr. Rahil Dasani	Yes, yes.
Mr. Prabh Mehar Singh	So, of course we are not competing only with Indian suppliers. These are export customers, so most of the suppliers are Europe, so I don't have the names.
Mr. Gursharan Singh	I think, we are not supposed to disclose that also.
Mr. Prabh Mehar Singh	Yeah, these are not anything which you would be knowing or I would be knowing, but of course we know the competition what it is, but I think I've answered this in the past also the competition is from our own performance. You know, if we are not delivering, then, even if there is no competitor, it takes only one year for them to create, because then if the crisis is the such that we are not delivering or there are blunders done by us. So of course these customers have very quality conscious so competition can be created. Ensure that the quality is never compromised, otherwise there is never a threat to any business. If you're doing well, if you are continuously performing, they're issues everybody understands, but if you are meeting their timelines and there is no quality issues usually in the past you have you don't touch your business until something different happens.
Mr. Gursharan Singh	There's one more safeguard or else, you know historically all these big OEM customers, they always have a very clear concept, one product, one supplier, if I'm supplying a single component, maybe in a complete motorbike or in the complete car. But that component I will be the only supplier they never use two suppliers for the same service. Only whatever they are nominated to me or to any of our other course supplier. We always will remain his sole supplier for that product or product category or a product variety and agreements are always for the entire project life. So, there is no such threat in between. Today they are buying from me. Tomorrow they will start buying some other body and they will start squeezing our margins and all. And so that's safeguard is always there, but as Prabh has explained, we

	<p>have to be always doing 100% good on quality and delivery. If we don't perform then obviously they are ruthless. So that way there is a safeguard, but then there is an equal challenge for us also to maintain our quality and delivery always on time.</p>
Mr. Rahil Dasani	<p>OK, that was helpful. So, since we cannot talk about the competitors, can you tell us like, who are the geographies which you are facing most competition from?</p>
Mr. Gursharan Singh	<p>You know they are all global biddings. so, you know whenever the product comes you know typically for any of the European customers or our kind of product category, China, Taiwan, Japan, South Korea, they were the natural regions out of Europe, if they have to source. but now, thankfully, although we should never say that COVID was a good happening but yes Covid gave us a lot of opportunities, at least for Indian companies, because people have started thinking and you know Europe there is a new concept as called they say China plus one policy, so all the LIAMS have adopted this new policy, China plus one. It's not that they're abandoning China, but they are saying there should be another destination other than China and India has a fairly good chance and RACL specific for us, it has become more faster route to approach where reason is that we are already there in Europe for last 8-10years. So for us it is a natural advantage.</p>
Mr. Rahil Dasani	<p>Okay. Thank you for that. My second question is what new capabilities or core competences are we building today which can take us from 500 near 500 CR in FY24 to 1000 or 1500 in the years to come?</p>
Mr. Gursharan Singh	<p>You said rightly. As of today, we always see only that technology companies will survive in future. So that strategy we decided almost 4-5 years back and we have already come a long way. Now I can say we are a technology company. now second biggest important asset for the company to grow and go from 500 to 1000 and to 2000, Second biggest resources is the human resource. This is actually a very, very big challenge as on today. We are now preparing ourselves and for this our HR Team and all our team members are really putting in lots and lots of efforts to attract. First of all, human talent and then to train them. Skill them reskill them and you know these days there is one more concern coming deskilling because we always say skilling and reskilling de-skilling means some bad habits have to be eliminated. You over a period of time you are living with their particular way of</p>

	<p>walking.</p> <p>You are to unskilled those things. So these are the areas where our team is working, but good for ourselves as you are unaware where already got this great place to work certification for this current year, thanks to our HR team and we are able to attract talent not only from our competitors even from OEM's. We have now very senior employees who are actually left the jobs from OEM's, from companies like Mahindra and such other stuff. Stuff and of course, our biggest competitors. Also, some of the Japanese companies, some of the European companies, so this is how we are able to attract talent so these two resources that is technology and human resources covered with our technical competence is definitely taking this company forward and I will sum up in this question in a very clear that we are on the right track. Prabh, If you want to add anything to this.</p>
<p>Mr. Prabh Mehar Singh</p>	<p>Yeah, I think the journey to 100 to 500 was because we added technology nowadays We have sustain this and grow because we have created first advantage which is very important Because of those technologies customers have come to us. So now of course the world is also moving towards technology. So for example, you know, technically you're typically attracted manufacture in India was never, quality conscious. you'll see our agricultural business. Whatever was. Was in exports, but now of course we have working with many Indian tractor, manufacturer. But the mindset of even the tractor manufacturer is changing.They now don't buy the products in the same way they were buying earlier because they're also conscious for things like noise, aspects of cleanliness and then emission norms have gone stricter. So the companies who would have not evolved by now would have already started to diminish because these businesses we are getting not because they want to give to us, but they're not able to give to anybody else, for example on sustainability. I think five of our key customers are clear. If by certain year you're not 100% green energy they will not even nominate, Principles of human rights. Quantity is not a condition that not at you and your are 10th tier end supplier. Even if I'm buying steel, many of these cars manufacturer are asking for brief content in the steel, so of course we have to find a way, otherwise they don't give that to us. In the changing world, if you are, you're change</p>

	so then numbers are just numbers from 1000 coming into 100 takes no time going from 500 to 1000 again is all about the mindset. That is what we are changing and this will help us through.
Mr. Rahil Dasani	That was helpful.
Mr. PM Singh	Thank you, Rahil. Chirag Shah, if we can have your question. Mr. Shah, can you ask your question if you have.
Mr. Chirag Shah	Hello am I audible.
Mr. PM Singh	Yes, Sir.
Mr. Chirag Shah	Yeah. Thanks for the opportunity, Sir. One housekeeping question. First you see you're RM to sales is very impressive at 25-30% range but I when I look at the number annual report, I see certain something like loose tools and packing material. Are they linked directly to raw materials or they're completely variable linked to the movement in raw material in terms of volume units?
Mr. Prabh Mehar Singh	It is output oriented, for example, I do maybe 700,000 parts a month. Now 700,000 doesn't mean always the same turnover we have different. We do have part as low as ₹40 also, we do a part as high as maybe ₹8000 also. the thing is, which part is being sold at what volume? In some quarter, maybe the exports is higher, their packaging conditions are different in some quarter, maybe that exports is higher but not from those customer segments. So packaging and this tooling of course eventually what part is being made is a derivative of consumption. This is not part of the gross margin consumption. This is other extensive where we qualify and this is connected with output of the Company but not directly with. Maybe if the sale is going by X, it doesn't mean that the tooling consumption will also grow by X. It is not always that same part family is being sold because if you know we do 800 different types of part numbers with different volumes. So this is how this consumption should be seen as.
Mr. Chirag Shah	OK, so loose tools and packing material is not necessarily a raw material item in that sense. They're not linked because when you ship a raw material, you don't need to ship these two things along with that.
Mr. Gursharan Singh	Lose tool is a consumable which is consumed while producing the part It is our input, it is never an output. When we take the raw material, we have to shape it. We have to cut it, we have to machine it. so, all

	<p>whatever is consumed during the process is raw material and packing materials is of course, once you pack it so somewhere it is linked directly or indirectly, but you're packing material is always a separate category.</p>
Mr. Chirag Shah	<p>FairPoint and the second question, what this job work and other contractual cost, the quantum is similar to our staff cost. So, when do we deploy job work and how does it work? If you can explain, that would be helpful.</p>
Mr. Prabh Mehar Singh	<p>Yes, that's a good question, Sir. So basically in our process flow what we make from scratch to end, there are many processes many say, Typically I think I've covered in past phone calls. Maybe apart goes through 20 different processes to be then called fully finished part. Now certain processes we feel are non-value added or required, less quality or complexity. So, we have a fixed or dedicated suppliers' vendor. We have a small vendor path. They work on our material, we buy the steel because steel controls are by us and then they do this soft machining or an input condition for our input. These are controlled by in the sense quality systems we work very closely but and of course these plants are maybe suppliers 30 to 40 machines, so they are not small but not big. And this is the job of cost is being reflected in the balance sheet and this is as a good cost in terms of the total cost, the sales whatever we have in the balance sheet.</p>
Mr. Chirag Shah	<p>So, would we write that our factory labor cost would actually be far lower than this job work, right? So, the staff cost that we have in that the labor cost, the factory labor cost would not be significant, maybe 40% or 30%.</p>
Mr. Prabh Mehar Singh	<p>So, we have on-roll employees and we have off-roll employees. So all off-roll employees are also through a contractor that comes in the job work expenses so it has job work plus non-on-roll employees which is a good number. That salary is here, so if that number plus the salary on the balance sheet is the total employee cost.</p>
Mr. Chirag Shah	<p>Yeah, this is what I was looking for. This is helpful and yeah, so last question, if I can just take one more, Sir. Just out of curiosity to understand the follow up on the earlier question that somebody asked, so globally your competition threats are large companies or they are niche companies in terms of their size. If you can help us understand that, it would be helpful.</p>
Mr. Prabh Mehar Singh	<p>Sir, no customer likes their supplier to be bigger than them then the control goes on it. So customers have a psyche that they should be of a certain size and a level. But yes, in general, maybe smaller than a Europe,</p>

	you know, not big companies are there, but they're even 30 employees is bigger than 300 here so that's the difference of cost of employee.
Mr. Chirag Shah	Ok.
Mr. Prabh Mehar Singh	But automation is very high there. So yeah, eventually the jobs what they're doing, let's say, are more advanced, more critically complex, and you can't compare with turnover or sorry the company size, but typically in this range only maybe 20 to \$40 million.
Mr. Chirag Shah	Oh wow.
Mr. Prabh Mehar Singh	So, they're bigger also.
Mr. Chirag Shah	Well, Fair point, Fair point this no I was under impression that say for example there is a big company which does similar parts also say a borsch or a Magna or something like that, you know?
Mr. Gursharan Singh	Some of our competitors are very competitive.
Mr. Prabh Mehar Singh	But they are not our direct competitors They're bigger than OEMs.
Mr. Chirag Shah	Yeah fare point.
Mr. Prabh Mehar Singh	Of course, there are.
Mr. Gursharan Singh	There is some competition which are very big company, but normally they are our size or maybe 2/3 times smaller, yeah.
Mr. Chirag Shah	and sir secondly, generally whatever business that you are winning, be passenger vehicles or traditionally in two Wheelers. So this businesses you are largely replacing an existing supplier or it's a new product that comes up where you are going in or or when the platform comes for a major upgrade, you are invited and you are actually most of your business wings are replacing an existing supplier or how it is?
Mr. Gursharan Singh	You know, global business, this OEMs work in slightly different style. You know, you know, like our customers are all big brands. So they are not in the business for the last few years, they're in business for the last few decades or maybe one of our customers now century old customer also, now, they always have their supplier base. So one is existing supplier base, so like we're also supplying to few customers for last 10 years, 15 years. But some customers are we are adding new. So when we are adding these that customer also has chosen us as a new

	<p>supplier. So, these customers, I will say they are very, very intelligent, smart people.</p> <p>They always keep a mix of new suppliers and old suppliers.</p> <p>So frankly speaking, to create a healthy competition, they always keep on exploring and new suppliers but in parallel they keep on nurturing their current suppliers also because they know that if we leave our old suppliers and new suppliers around there is something goes back and there's no fall back. But to keep the competitions, then definitely they keep on adding new suppliers.</p> <p>So for us it's a new opportunity and when more important things with these global OEMs is, they are now experimenting new territories also well historically, maybe 10 years back.</p> <p>Nobody could imagine. Maybe not 10, maybe 15 years back. Nobody could imagine that the European customer will buy gears from India.</p> <p>20 years back no European customer would have even thought to buy even the plastic component from India.</p> <p>So gradually, India is also gaining much respect and command into a global market and if India is gaining interest in the only global market, but some of the existing territories like China, they are actually getting not too expensive because China was earlier considered as a LC country low cost country because earlier the high cost countries like Japan or Europe or US the China was a low cost country now frankly speaking China is also no more low cost country. beyond COVID China inflation is also really hitting them very hardly that is also help the Indian customers and OEM also keep on experimenting these things and this is how the business growths takes place.</p>
<p>Mr. Chirag Shah</p>	<p>Yeah.</p> <p>Thank you and Sir, just one request for a suggestion. You generally release a presentation every quarter. It would be helpful if it can happen before the call is scheduled. Sir, just a suggestion. Sir you have a presentation on a quarterly.</p> <p>You do give out a quarterly presentation, right, Sir, to the stock exchange.</p>
<p>Mr. Prabh Mehar Singh</p>	<p>In the past we usually send a presentation and this time, it wasn't, but you're saying with the results, the presentation should come?</p>
<p>Mr. Chirag Shah</p>	<p>Yeah. So before the call, if you're releasing a presentation, if you can release so we can have we can glance through that.</p> <p>That's it. Nothing else.</p>

Mr. Prabh Mehar Singh	<p>I know what you're saying.</p> <p>So, the practice what we usually follow and we are following, we will share the presentation with the results.</p> <p>Usually we just send the results.</p> <p>There is no interpretation, so we should do that. On the call, to be honest, it is who I make, so sometimes it gets late because I get occupied, I make it myself.</p>
Mr. Gursharan Singh	<p>Well, I'll say he's a smart guy.</p> <p>He knows if he makes the presentation he already has notes for the presentation that people will not join for the call.</p> <p>So to address you, because he gives situation of history.</p>
Mr. Chirag Shah	<p>So, I get your point.</p>
Mr. Prabh Mehar Singh	<p>So, this call presentations are sometimes very punchy, sometimes very. Looking for that's data this time it was nothing but yes on the results.</p> <p>We will definitely start sending together a presentation.</p>
Mr. Chirag Shah	<p>Yeah.</p> <p>So last question, if I can on anything on M&A, any thought process you would like to share given that there are a lot of small companies maybe with some of them could have better technologies or capabilities which could be filling bucket filling for you?</p>
Mr. Prabh Mehar Singh	<p>Before that, I will ask this question.</p> <p>You're asking when my brilliant questions, if it is OK for you.</p> <p>What profession are you from, Sir?</p>
Mr. Chirag Shah	<p>You asking me Sir?</p> <p>So I'm a part of a, so I'm a part of equity markets.</p> <p>I'm a part of a PMS.</p>
Mr. Prabh Mehar Singh	<p>OK.</p>
Mr. Chirag Shah	<p>And how can I stay in touch with you, Sir?</p> <p>If it would be helpful if I can get your coordinates, it would be great later on through that.</p>
Mr. Prabh Mehar Singh	<p>Everybody can be in touch.</p> <p>There is an email ID, investor@raclgeartech.com.</p> <p>You can of course email it to us, and if there any questions query we will reply. OH, lately I've found more on Twitter, but some people don't like it so I have to reduce their, but otherwise I will be there any questions you will definitely answer through that.</p>
Mr. Chirag Shah	<p>Yeah.</p>
Mr. Prabh Mehar Singh	<p>But on the M & A, of course, this is yes and no answer.</p>

	<p>If anything comes interesting, why not? Are we hunting something very religiously?</p> <p>No, that's how I would answer.</p>
Mr. Chirag Shah	<p>OK. Yeah.</p> <p>Thank you and all the best.</p>
Mr. Prabh Mehar Singh	<p>Thank you, Sir.</p>
Mr. Gursharan Singh	<p>Thank you.</p> <p>So maybe we can take one more.</p>
Mr. Prabh Mehar Singh	<p>Mr. Palash?</p>
Mr. Kawale Palash	<p>Thank you, Sir.</p> <p>I'm audible.</p>
Mr. Prabh Mehar Singh	<p>Yes, Sir.</p>
Mr. Kawale Palash	<p>Uh, so, Sir, congratulations. 1st for creating such a value for shareholders. Uh, so my question is around the 1000 crore vision that you have given. So apologies for my ignorance if you're spoken it about it before. So what gives us confidence that we that we will be achieving this? And yeah, my question is a little long, so apologies again. So will we be surrendering our margins? Will we be going for a high volume low value products or the margins would be maintained? Yeah, again. So will there be any acquisition or anything like that or we can achieve that the thousand crore vision by ourselves only?</p>
Mr. Prabh Mehar Singh	<p>That's what I am saying. That is not a 1000 Crore vision. That is the derivative we have given.</p> <p>Maybe it's an ambition I can say.</p>
Mr. Kawale Palash	<p>Yeah, yeah.</p>
Mr. Gursharan Singh	<p>Yeah.</p> <p>Well, first of all, right now in a formal way, we have not given any thousand crore vision. our first milestone is 500 Crore, once we achieve 500 Crore we have to draw a vision for 1000 crore also.</p> <p>But to answer your remaining questions. Because important is how soon we achieve this thousand crore, you know, historically we are growing at the rate of 20- 25% per year. So if we really maintain this, it will take at least 4 - 5 - 6 years. You know, given this thousand crore, so of course we have to have that kind of product demand and product sustainability also and side by side there is a lot of talks on the EV and alternate fuel and so on and so forth,</p>

	<p>but in parallel You know you have to really grow very fast. But to look far from inorganic methods of growth also, but you know coming to the margins, if it is organic growth, maybe it will take 4-6 years then we may still achieve 1000 crore and margins may not be negatively influence.</p> <p>But if we do a little inorganic growth, definitely there are some M&A possibilities all maybe this thousand crore dream will come pretty fast. But then definitely it will affect some of your borrowing or any such thing as you to do fast growing, you know inorganically you have to raise some funds and all.</p> <p>So obviously that all depends when we really draw this thousand crore vision that it has to be organic or inorganic. And that's the reason I said until now we have not done any such forecast for thousand crore.</p> <p>But yes, we are working on this topic and we really see that which route to follow it has to be only organic growth where this is. You also understand that we are maintaining about 25% of average jobs for last three years. So eventually, if we and this is a above average growth, but if we are able to sustain this growth definitely will be at least five years away. So eventually we have to really see that how it takes forward. But depending upon that growth trajectory, the margins will add.</p>
Mr. Gursharan Singh	<p>OK, maybe we can come back to your question, Sir, later, because you know, we are cognizant of times.</p> <p>Is there anything which is unclear on this question?</p>
Mr. Kawale Palash	<p>No, Sir, I got my answer.</p> <p>Yeah. Thank you. I have no more question. I'll join the queue.</p>
Mr. Prabh Mehar Singh	<p>Thank you, Sir.</p> <p>Manpreet ji we have unmuted you.</p>
Mr. Manpreet Bhatia	<p>Yeah.</p> <p>Good evening. I just was having a look at the financials.</p> <p>So, there's an increase in the depreciation expense in this quarter. So just wanted to understand like is there any major calculation being done in this quarter and what will be its impact in this financial year?</p>
Mr. Prabh Mehar Singh	<p>Yes, there is no major expansion, but as per the Capex plans we have of course capitalization is happening and you know we are investing every year.</p>
Mr. Manpreet Bhatia	<p>But yeah, in this quarter, the depreciation expense has gone to 6.5 crores. I think from 4.8.</p>

Mr. Prabh Mehar Singh	<p>Yes, because there was some capable WIP also which then converted into depreciation expense on 31st March. So commissioning is again sometimes the machine that arriving as and when, so it's not a perfect quarter deployment every time. Sometimes when he asks for the project urgency, some machines come early.</p> <p>So yes, as a total year, it should remain the same. Maybe in one quarter it is reflecting higher because of the capitalization of let's say expensive machine would have come so that is how it is reflecting the depreciation expense and that's because every year our gross block is increasing so the depreciation will also increase.</p>
Mr. Manpreet Bhatia	<p>OK.</p> <p>Thank you, Sir.</p> <p>Best of luck.</p>
Mr. Prabh Mehar Singh	<p>Thank you.</p> <p>Thank you.</p> <p>Mr. Chaudhary, can you unmute yourself?</p>
Mr. Prateek Chaudhary	<p>Hi. Am I audible, Sir?</p>
Mr. Prabh Mehar Singh	<p>Yeah.</p>
Mr. Prateek Chaudhary	<p>A couple of months back you had given a guidance for the year FY24 as around 470 or 500 crores.</p> <p>We would still maintain that?</p>
Mr. Prabh Mehar Singh	<p>Yes, we have to because this is of course our earlier plan to was to reach 500 maybe years later. Commitment and the business are we are having this year is in 500 is what we can achieve. But as we told you, despite of having all the business we have, we are maintaining a cautious approach to take care of the new project which are now, you know actually having field deployment actual product.</p> <p>So, we are running the plants at 60-70%. In the next quarter, It's one month has already passed so we have kept that approach slowly and steadily. The demand, you know, for next month, is 50% of the entire quarter. We don't want to just sell. We want to have a quality product so as we explained, we are maintaining that conscious approach. As of now things are on track, of course. Let's play this mixed reality building the plan, but there is nothing where there is dearth of business. There is just how we are managing the new businesses.</p>
Mr. Prateek Chaudhary	<p>OK and, in terms of our project pipeline that we have in the last call we spoke about one of the contracts that we lost to one of our competitors</p>

	and there was also discussion of another project in China which we were bidding for. So, any other such similar large projects that are on the anvil which will?
Mr. Prabh Mehar Singh	<p>Yes, there is one project which we right now cannot disclose. We have been awarded. It's a very big challenge, but you have to wait one quarter. We will disclose in the next con call, it is a new segment. So exciting things are there, but as of now I don't want to be commenting on it because it is in the last final stage. But it is everything is done. Just the document has to come, but it's a new segment. It's again a different kind of product, different kind of area, we're going to work. That is a one big project which is coming. The one sure talking, I think there's still.</p> <p>. But there have been some very projects which are not----- Winds have been in this quarter as well, so that keeps on going. We only disclose something which is very big. Substantially. Yeah, something which is within 15-20 CR</p>
Mr. Gursharan Singh	<p>Yeah, still, but that China thing is still open. Still, I think by end of September they have the bidding presumes.</p>
Mr. Prabh Mehar Singh	<p>But there have been some very projects which are not. Winds have been in this quarter as well, so that keeps on going. We only disclose something which is very big. Substantially. Yeah, something which is within 15-20 CR</p>
Mr. Gursharan Singh	<p>Like we already got one contract, for half a million EURO, single component. Frankly speaking we are now a 500 crore company or 400 crore company and having a half a million single component is not a joke but that is again a very, very prestigious product that we have already got and for a super bike of 1.3 liter, it's a weird excel for that, that order we have already got and that's what we have to start within the next couple of quarters. Likewise, there are many such little things in pipeline.</p>
Mr. Prateek Chaudhary	And OK, So what would we are Capex plan for FY24 and FY25?
Mr. Gursharan Singh	For FY 24. we have already disclosed to the Stock Exchange until FY 26, total investment of 250 crores.
Mr. Prateek Chaudhary	OK and what sort of?
Mr. Gursharan Singh	Not 26 it is for 27
Mr. Prateek Chaudhary	This is till FY27 you confirmed.

Mr. Gursharan Singh	Yeah, it will be, yeah.
Mr. Prabh Mehar Singh	26 to 27, it will be total 250 crore.
Mr. Gursharan Singh	Because You know the government UP announced some kind of industrial promotions claim and incentives So we have signed the MOU with the government of UP for that. So for that we are really and we are seriously working on that.
Mr. Prabh Mehar Singh	These are already part of the disclosures.
Mr. Prateek Chaudhary	OK and what would the on a normalized utilization of the plant of this incremental 250 crore Capex over the next three years, would the asset turn, would it be closer to 1.5 or?
Mr. Prabh Mehar Singh	Not clear. This is a five year plan we gave you asset turns, Of course we have replied. We'll get this to go to 2. Right now, I think it's 1.3 to 1.14.
Mr. Prateek Chaudhary	Like I could not hear you. Is it 2 you said 2?
Mr. Prabh Mehar Singh	I'm saying this to go to two. That is the ambition. Right now, it is 1.3 to 1.4. Yeah, Capex is a five-year plan not 3 year.
Mr. Prateek Chaudhary	And this last question is, uh, you spoke what in your earlier calls about 25 to 30% potential growth over the next two to three years at least. Is that in terms of your inquiries and the new projects that you're getting, is that, does that still hold?
Mr. Prabh Mehar Singh	Yeah, yeah. There's no doubt there.
Mr. Prateek Chaudhary	You're not facing any issues as far as you know the slowdown in Europe and other places are concerned.
Mr. Prabh Mehar Singh	We are getting affected.
Mr. Prateek Chaudhary	Hmm. OK, Sir. Thank you. All the best.
Mr. Prabh Mehar Singh	Okay, Anirudh you still have questions, let me unmute you.
Mr. Anirudh	You know, just two questions. One is, you know, in our presentation, we have spoken about our core competencies. Uh, you know this competency is right now we are using it to, you know, create products for the auto segment. You know, is there any plans to use them to, for into other segments which are non-auto and are they part of our you know fire journey or that's something we'll think about after you know after the possible picture?
Mr. Gursharan Singh	I think we would hold this question. We are also working thinking seriously to enter. You know, we are actually looking for industrial products, you know, in

	Europe there's a lot of demand in industrial products as well. So far, although we are doing the industrial products with two big, European companies already and one is inside the general Electric. So, but stay inside, we'll also focus over this area because automotive is, yes, we have already made our big presence.
Mr. Anirudh	And is there any sort of aspiration that we have by, you know, say five years, 10 years out, we want to bring our non-auto share to a certain share of our overall revenues?
Mr. Gursharan Singh	Auto will always remain. Auto drives the economy. Auto drives everybody. Auto will always remain a dominant player in the world economy.
Mr. Prabh Mehar Singh	Within auto we are already hedged. You know, if you see the industry bifurcations, we are 40% two Wheelers 3 Wheelers and cars and this is how that hedge has remained, you know six years ago 3 Wheeler business was 20% and people used to ask what will happen, 3 wheeler is declining not 3 wheelers is I think 3%. So of course, automotive industries changing, shifting, we are also changing with them and that is one. Second of course the industrial and aerospace also another aspect where we are considering we had done some, military aviation in the past through chain and all it was miniscule. these two areas We will think, looking toward that, I would say.
Mr. Anirudh	Got it. Thank you for taking my questions. All the best
Mr. Prabh Mehar Singh	I think we are done. Nobody has more questions I'll have to show that photo of the yoke. I'll just show it. So this is a product which we are developing for a motorcycle, complex part, this will go like this only. it's a forged part. There's no final or further activity to happen on this. Just as we were discussing so thought to show this.
Mr. Kawale Palash	Sir can I ask one question?
Mr. Prabh Mehar Singh	Yeah, that's fine.
Mr. Kawale Palash	Thank you for that. So, Sir, just two questions. So when is, what would be the main constraint for growth like is it the training of manpower, availability of manpower or setting, acquiring of new land? And my second question is in terms of percentage, what is the range of

	content per vehicle that we give to our customers? So yeah, these are the two questions, yeah.
Mr. Gursharan Singh	<p>Look for growth, you know. It cannot happen with a single dose of vitamin. It has to be multi-vitamin so the growth will not happen with only manpower, or only with the technology. There has to be financial resource. Also, there has to be a customer. Also, there has to be manpower also. It's a combination of all the factors. So end of the day, one has to really, yeah. draw the roadmap that how much we can grow because there are companies as big as few lakhs crores also and there are few companies few crores also and few lakhs also. But the bandwidth we are creating that OK, you know, every company works with a vision, one has to draw the plan that for those visions. So we are not drawing any vision that we have to be 10,000 crores company. Right now, For the short term, what two to three years our growth plans are where to grow 20-25% of our growth in organic way in between some other inorganic opportunity comes, We're not saying no, but then we are preparing ourselves and otherwise you can't really say that what is the limiting factors, the limiting factor cannot be one, it has to be so many, it has to be thought process what you say that we'll grow 10,000 crores but the limiting factors no we're not saying we have to grow 10,000 crores and that in 2-3 years we have to provide 20-25 and what is your second question?</p>
Mr. Kawale Palash	What would be the range? Just if you can give me in terms of percent.
Mr. Gursharan Singh	<p>This is too wide question to be answered because vehicles has so many components and for us we do not have this kind of database. And to be very honest it becomes very, very difficult to answer, but it depends, You know, there are some vehicles like a particular motorcycle of our European customer, my value addition, per vehicle is almost \$160.00. So maybe seventeen, 18,000 Indian rupees. And if you really see Any of the Indian motorcycle they're selling at ₹100,000. It is almost 20% of the cost, but you know that product is more than 10,00,000 of rupees. So we can't really compare any such thing with this roughness. The only depending on which product you're planned for.</p>
Mr. Prabh Mehar Singh	<p>OK. Thank you, Sir. Thanks for questions</p>

Mr. Kawale Palash	Yeah. Thank you, Sir. All the best to you and please keep sharing those videos on Twitter.
Mr. Prabh Mehar Singh	Now people confuse me to share or not to share.
Mr. Gursharan Singh	Thanks to all of you. It was really very, very encouraging.
Ms. Neha Bahal	Thank you, all participants, for joining and participating today. The recordings will be available on the website and you may now disconnect Thank you.

Notes:

1. This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings
2. Figures have been rounded off for convenience and ease of reference.
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