RACL Geartech Ltd.

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10th September, 2021

Listing Department
BSE Limited
25th Floor, P. J. Towers,
Dalal Street,
Mumbai - 400 001

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 3rd September, 2021 by the Company.

This is for your information and record please.

Thanking You,

For RACL Geartech Limited

Shagun Bajpai

RACL Geartech SECTOR-3 NOIDA

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RACL GEARTECH LIMITED

Q1 FY 2021-22 INVESTORS CONFERENCE CALL

3RD SEPTEMBER, 2021

MANAGEMENT:

MR. GURSHARAN SINGH– CHAIRMAN & MANAGING DIRECTOR

MR. DEV RAJ ARYA- DIRECTOR & CHIEF FINANCIAL OFFICER

MR. PRABH MEHAR SINGH- VICE PRESIDENT, FINANCE & BUSINESS EXCELLENCE

MS. SHAGUN BAJPAI- COMPANY SECRETARY & COMPLIANCE OFFICER

ORGANISED BY- MAS SERVICE LIMITED

Shagun Bajpai	Ladies and gentlemen good day and welcome to the Q1 FY2021-22 Results Conference call of RACL Geartech Limited. I am Shagun Bajpai, Company Secretary & Compliance Officer of RACL and I shall be your Moderator for this call. 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 be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the Conference Call, you may post your concern/queries, if any; in the Question Answer box available on the right-hand or they may raise their hands as available in the right hand corner of the screen, if they want to speak during the proceedings. Please note that this conference is being recorded. We have today with us the Management of RACL Geartech Limited, represented by Mr. Gursharan Singh, Chairman & Managing Director, Mr. Dev Raj Arya, Director & CFO and Mr. Prabh Mehar Singh, Vice President Finance & Business Excellence. We will start with brief update on the business through a presentation, followed by Q&A. I now invite Mr. Gursharan Singh for his opening remarks. Over to you Sir.
Gursharan Singh	Thank you very much Shagun. Good afternoon to everybody. On behalf of RACL Geartech Limited, I extend a very warm welcome to everyone for joining us on our investors call today. Since some of you may be hearing us for the first time today, we will give you a quick snapshot on our company and then will walk through the operational and financial performances. As some of you may be aware that RACL as an acclaimed gearing solution provider, is recognized worldwide for its well diversified range and quality of products. We offer complex engineering solutions in the field of Transmission Gears & Shafts, sub-assemblies, Precision Machined Parts & Industrial components to domestic as well as global markets. RACL has created a brand image in providing gearing, chassis, braking & suspension part solutions to: * Premium Motorcycles & Scooters * 3 & 4 Wheeler Passenger vehicles * Alternative Fuel Hybrid Electric Cars * Medium commercial Vehicles * Heavy Commercial Vehicles * Tractors * Agricultural Machinery * Off Road Vehicles * Light Cargo Vehicles * Recreational Vehicles like sea scooters & snow vehicles I would like to now handover the call to Mr. Prabh Mehar Singh to take you to the financial performance walkthrough.
Prabh Mehar Singh	Good evening everyone. Thank you for joining us today.

	We will first run the presentation where we will talk about the numbers, which are already available with you, for the 1st quarter. So in Quarter 4, in terms of total revenue, we did Rs. 57.52 Crore out of which the exports was Rs. 39.60 Crore whereas Domestic was Rs. 16.02 Crore and remaining was contributed in the form of other operating and non- operating income. As usual our exports were 69% of the total sales, whereas Domestic covered 31% of the pie. Further, some comparison of Year on Year performance. So, we did 140% higher sales than the last year same quarter wherein we did Rs. 23.00 Crore and this year we did Rs. 57 Crore. In terms of Operating Profit, the EBITDA numbers, we did 4.90 Crore last year and this year 13.30 Crore, which was around 170% higher. The Profit Before Tax, last year was negligible and this year we did around Rs. 7.00 Crores thereby 880% growth. But these percentages are because of low base factor. Individually in terms of margins this year we did around 23% as EBITDA margins and around 12% as profit before tax and gross margin around 66%, so if you compare the last year, same quarter, there is a growth in terms of profitability and that is how it is being reflected in the numbers, which have already been shared with you. So we have a tried to cover very briefly and very quickly the numbers which, in any case are already available with you. The idea of such calls is to have a two way communication rather than one way. So that is why we keep that presentation crisp and short. Thank you. Now we can move on to the Question- Answer session.
Shagun Bajpai	Thank you Sir. I now declare the Question- Answer session open for the participants. I would now invite Mr. Barath Mukhi to ask his questions.
Barath Mukhi	Firstly congratulations team on a great set of numbers. My question was on a recent, a conference call with a set of investors wherein you mentioned that your competitors are mainly based out of Taiwan and Vietnam and China. Do we see foresee any challenges in terms of margins or in terms of competition in the near future from these players?
Gursharan Singh	Competition is always an opportunity, competition is not a threat and competition is never a challenge. Competition always keeps you on your toes. So when we say Taiwan, Japan, China on any other country, my actual purpose of saying this was that we have to compete against global players. In terms of technology, in terms of deliverables, in terms of cost, we have to be matching the Global players. It's not that the plans will never work with lesser margins that way we also not work with lesser margins, rather we have to upgrade our strengths continuously to be ahead of the competition. So that way, it's not a challenge, rather it is an opportunity to keep our management and our team leaders and the team members down the line to be at par with the global players. So, it’s not really a threat, rather we are competing against the best in class.
Barath Mukhi	On your debt to equity, do we intend to keep it at current levels or do you see that going up in the near future or maybe it stays flat.

Gursharan Singh	First of all our Debt-Equity Ratios are very healthy. I think we are still less than the industry norms, we are only 1.00. Even banks say that 1 - 1.5 should be the Debt-Equity Ratio and we are still hovering around 1 which is healthy. And as we have told time and again that we are a capital intensive industry and produce high technology products for which we need matching technology. So, that way, we are at a healthy level, and we intend to maintain the same place.
Shagun Bajpai	Thank you Mr. Mukhi. We hope we have been able to answer your questions. The next question is from the line of Mr. Ankush Agarwal. Please go ahead.
Ankush Agarwal	Continuing on last participant said that you've always mentioned that our business is slight capital intensive and our working capital requirements are also slightly higher and going forward, our export business continues to grow, the working capital requirements will also get higher. So, do you think that as a business, as a company RACL may reach a stage where the future growth can be funded internally, without taking a lot of debt or raising equity, like in the past whenever we did capex, we availed quite an amount of debt or raised equity when debt was not available with the Banks? Do you think we have reached that scale when internal cash itself will be able to fund our growth without a lot of debt?
Gursharan Singh	First of all the entire capital expenditures is never out of the borrowings, 20 to 25% is paid out of our internal growth, but normally we borrow from the banks around 70-75% of the capex. And, secondly, for capital expenditures normally we make borrowings when we procure high end equipments or new technologies and we shall continue in the same trend. Also, Borrowing is not a bad word, it is a good word and when we borrow, it gives us the capability and capacity to earn also. However, Borrowings should be spent on very judicious requirements. Companies fall into the debt trap and they borrow where they do not spend judiciously, their investments are not intelligent are the expenditures not intelligent. Normally companies will first invest and then they start hunting for customers. RACL doesn't do this. We first hunt customers and then make investments so that our investments are never idle, although there's a little bit of gestation period. Borrowing should be utilized very judiciously, so that it increase your revenues. If you see our financial numbers for past 5 years, our finance cost is always reducing year on year despite the fact that we are borrowing but finance cost, in terms of percentage is always reducing.
Ankush Agarwal	What I wanted to understand was that the borrowing will not put more pressure on the P&L?
Gursharan Singh	Yes, as P&L will be pressurized due to Finance Cost and Finance Cost is reducing. P&L rather is the getting healthier because borrowing is not reflected in P&L but Finance Cost is present. Reduction in finance cost improves profitability.
Ankush Agarwal	So, what kind of asset turnover do you expect to get on from the incremental capex?
Prabh Mehar Singh	As of now, our Asset Turnover is 1.4 but ideally it should be more than 2. But, as you know a lot of investments we have done in the past Have been for the projects, which yet have not started, for example, the new plant we have built in. So once those revenues start kicking in, you will see this improving. Also, this is 1 topic, we always brainstorm that, what should be

	the ideal asset turnover? But I think minimum 2 should be there, but anything bigger than that is always better.
Ankush Agarwal	Okay, so if you want to achieve 500 Crore by FY25, you won't be needing a lot of incremental capex as you have already done around Rs. 215 Crore of gross block.
Gursharan Singh	I think you might have picked some old numbers. Our Gross Block is Rs. 175 Crore out of which Rs. 27 Crore is Land and Building. So plant, machinery equipment is around Rs. 143 Crore.
Prabh Mehar Singh	But to answer your question regarding the internal recurral, if we can finance our equipment through that. So, what is more important is how is my operating cash doing. So, if you see my cash generated from last 3-4 years, it's been improving every year 40-45%. If you see my 4 years old balance sheet versus now, you will see that the operating margins are improving. So, that helps me, if I add depreciation back, a good number is coming in. That way, it's a comfortable position. Our interest cost, if you see the last year numbers, now that annual report is now on the website, we have drastically reduced from, I think 10- 10.5% to 6.9%. So, our team always works towards improving the interest costs and we keep a check on that.
Shagun Bajpai	Thank you Mr. Ankush. The next question is from the line of Mr. Varun Arora. Please go ahead.
Varun Arora	My question is related to the fungibility of the capex that we do for ICE customers and EV customers. Now, in the past, you've mentioned that, the gears that would be needed for EV, look similar to that for an ICE customer, but the precision requirements are more in case of EV. So, I wanted to understand the capacity that we've deployed so far for ICE customers, are they fungible and can be used for EV customer as well?
Gursharan Singh	All our investments are happening on high precision products and high precision machines. So all these equipment are adaptable to EV customers also. And the other thing, as you see our product portfolio, we are not only supplying to cars or 2 wheelers, we supply for tractors and commercial vehicles and recreational vehicles also. In these cases, EV issue is not that stringent. So our capacities are being utilized for all customers. EV's initial thrust will be slow and in areas of two wheelers and urban mobility like cars, public transport, etc. Incidentally, we are not much present in low end cars or low end bikes. We deal in luxury segment and premium bikes. So, the utility of our present capital equipment, for the next 10-15 years will be fairly in these areas itself. The new investments are being done in a judicious way that all those equipments should be adaptable to EV also. And that's how we have created the product mix.
Varun Arora	We have got a big EV Customer to which we shall start supplying by the end of the year. So the capacities that we have developed for them, can be utilized for an ICE Customer?
Gursharan Singh	Yes. Definitely.
Varun Arora	My second question is that we've seen a phenomenal growth in the downturn and even prior to that, and we've been basically, increasing our capital expenditures to capture this growth, but if I look at it, our free cash flow in the last few years has been on the weaker side, even though our margins have been fantastic, RoC is good. But our free cash flow is still on the weaker side because probably we are investing heavily to fund this growth. Any thoughts

	you can share as to how you are looking at the free cash flow? The Capex has been eating away the operating cash flow and working capital has been on the higher side. So how should one look at the free cash flow?
Gursharan Singh	I slightly disagree with you here. For a manufacturing organization, why should one keep free cash flow? Cash should always be applied for productive use. Either you deploy it for Capex or you may deploy it to reduce your creditors, to get better negotiations. Keeping money banks is not a healthy scenario for a manufacturing oraganisation. For Real estate and for others it may hold good. So that way it's not that typical or that critical basis for analysis of a manufacturing organization. Our finance management is that we should have sufficient free cash available with us to take care of our contingencies or any short term needs. But otherwise the cash should be deployed in a productivity use. This is my thought process. It may not be in consonance with a finance professional or an investment analyst, but I constantly feel that we as a business person, should always deploy money in actual business usage. Keeping money as a reserve and not deploying it, is not productive money. If you are using it and making good use of it, then it is productive money. This is how, I think about it.
Varun Arora	The context of my question was that, we're still an early stage company and so we were putting Capex, which was completely understandable, which is why I asked the question on the fungibility also, that going forward, will the Capex intensity kind of slow down to get the same kind of growth. Because we'll be able to switch our capacities, across customers and across the different set of customers that we are serving.
Gursharan Singh	At some stage, the need to invest keeps on reducing when your size keeps growing, because whenever we invest on a particular technology or equipment, it's not always 100% balance. Eventually you keep on generating some spare capacities. So eventually you keep on growing, you will need to invest on the capex will reduce. So, in terms of percentage like we said that asset to turnover, as on today, we are at 1.4, we will move to 1.5-1.7 and 2 and at some stage, it may go up also. So, when you grow in size, eventually this need to invest in terms of percentage figures will go down, in terms of absolute figures it will still be higher.
Shagun Bajpai	Thank you Mr. Arora. The next question is from the line of Mr. Rudresh Kalyani. Please go ahead.
Rudresh Kalyani	The government is coming up with bumper to bumper insurance plan and to make it a compulsion, how is this going to affect us?
Gursharan Singh	This policy although still in draft will not affect the auto component manufacturers. Rather it may affect the vehicle manufacturers.
Rudresh Kalyani	My 2nd question is on the chip shortage, which we are with the industry is facing.
Gursharan Singh	Since we are making mechanical components, so our inputs are not chips and our vehicle manufacturers, they sometimes have some issues, but our customers are big brands, so, their management and forecast systems are very robust and really strong. So, it has some impact, but very temporary. I think we are not affected at all.

Rudresh Kalyani	Okay, and my final question is regarding that we have a niche market and better revenues so do we have any plans to go into mass market as well?
Gursharan Singh	Customers give us an opportunity, then why not? But every manufacturer has his own product placements and product strategies. So, everybody's open to diversifications and if the opportunities comes we will not say, no, definitely would love to enter into that market also, provided it gives us the revenue and long term business sustenance.
Shagun Bajpai	Thank you Mr. Rudresh. The next question is from the line of Mr. Tariq Hussain. Please go ahead.
Tariq Hussain	My question is around the fact that you supply to luxury vehicles and niche vehicle and luxury premium bikes and a couple of industry leaders, like Tesla and other luxury players that are looking to enter Indian markets. So, do you have any aspirations to kind of start supplying to them in line with what you do for other European and other players.
Gursharan Singh	I mentioned a couple of minutes back that we are always hungry for new customers and new businesses. So, you named a particular brand- Tesla, so, why not? But my only thing is, when I'm working with the BMW and KTM and so we are already working with bigger brands so for us there is no attraction for a brand, we have attraction for a good business case and good business value. So we're definitely very keen work with any potential customer.
Shagun Bajpai	Thank you Mr. Tariq. The next question is from the line of Mr. Nikhil Chowdhary. Please go ahead.
Nikhil Chowdhary	I have just two question: We have given some samples to our customers for testing, like, we are mentioned in the last call, and I just wanted to know how has been the response till now?
Gursharan Singh	The commercial supplies we've already told, you will not start before end of this year. So that is the plan is as of now. Samples are very much in advance stage, validation is almost at the completing end with positive results and by end of this year or early next year mass production might start.
Nikhil Chowdhary	And so, 2nd question is a bit different, like, I wanted to understand, what is our arrangement with the clients in case of recall? Also, what has been our error rate if we can quantify?
Prabh Mehar Singh	There has been no recall and eventually there are recall guidelines in the contracts. So, if there are any recalls which come in the future, there are provisions. We always hedge by ensuring those policies and those policies are in place. Also, recall is, if anything happens in the field, but the plant where these assemblies happen also have a quality rating wherein what has been detected as rejection in their plant. I cannot name any customers specific, but, one of the customer has given us a 100ppm limit, it means they allow 100 in 1 Million to go bad, but from last 8 years, we have been maintaining it under 25. So, that is our quality and products.
Gursharan Singh	Recall is a very dangerous word, we do not have any field failures also. We have not received any warranty claims or any failures, leave aside in a big way, not even in a minor way. Some stray things might have happened, some years back. But recall is plain and simple zero.
Shagun Bajpai	Thank you Mr. Nikhil. The next question is from the line of Mr. Pratik Kothari. Please go ahead.

Pratik Kothari	So my first question is that given the kind of customers that you're working with, they are massive in size and as on date, our average top 5 customers, you'd will be contributing about maybe 3-5-7 Million dollars and that would be a very small share of what those guys will be purchasing and even a target for years out, it would be multiple of where we are today, but it still would be a very small part of what those customers would be purchasing and given the technical capability, etc. that we speak about, so just wanted your thoughts on how do we think about scaling this up, or is this anyway constrained by our risk governance in any sense that we want to get customer first, and only then put up a new facility like this. So, just from that perspective, if we can speak of it.
Gursharan Singh	Our core competence is gear manufacturing and the size of operation we are, as of today, we really want to stick to our core competence or allied products, which are very similar to our core competence. We're producing gears so some precision parts or break parts or suspension parts, which requires critical machining. And, incidentally, this area is where it is capital intensive, and we have to really go in a systematic way. We want to growth obviously everybody aspires to grow and we are growing by 20-25% YoY which is healthy. But today the world is not very consistent, it has uncertainties and is complex and has ambiguity and when this Corona virus will come nobody knows. So eventually one has to always keep growing, but with a safer course. So that is our core strategy. 5-7 years back, we went a small boat, today we are at least a small size ship. Maybe after a few years we may be a big size ship, then we have a bigger appetite to take larger jolts. No business is risk free, no business is fluctuation free, only thing is your capability to withstand the jolts has to be there. Well, whether there is an Engineer or a Chartered Accountant, they say that you should have a 1.33 ratio for risks. So, first we have to scale up to a sizeable level, then our capacity to withstand these jolts will grow. So, eventually at some stage will grow, but it will grow in a very, very plan and systemic thing. By FY25, we have a plan to grow to be a Rs. 500 Crore company, but if you see our past record, in 2010, we were a Rs. 100 Crore Company. From Rs. 100 Crore company to a Rs. 250 Crore company, we have taken almost 10 years, but from Rs. 250 Crore company to become a Rs. 500 Crore company, we have put the target of only 4 years. So, maybe from Rs. 500 Crore to Rs. 1000 Crore, we may target for another 3 years. But, you know, our success story was only because of that, as we have grown in a consistent way, and we have grown in a stable way because if there were aftershocks, we were able to bear. Somebody out of today's conference said that, even in the downturns, Company had a growth. So, this was really our resilience and our patience in the past years that despite the situation and challenge, we grew because we had inherent strengths to withstand the jolts. Even when the Company was shut down for over 1.5 months, we paid 100% on time to our people, to our suppliers because we had our inherent strengths and when the opportunity came, we grabbed it and grew. Sometimes the rush to overgrow takes the company backward so this is our strategy will align our plans with our previous growth patterns. Like you're saying, fast form ideas. In terms of percentage we may be growing same or a little lesser, but in terms of absolute, it will be growing much, much faster. So this is our growth journey, and we will maintain like, this.
Pratik Kothari	My 2nd question is we have done some capex of Rs. 50 Crore and might do a capex of another Rs. 50 Crore, so can you please throw some light on where this capex is being focused? Is it just to increase the capacity of existing products? Or is it something more?

Gursharan Singh	It is 3 fold, first of all it is for creating capacity for existing product, creating capacities for new customers and modernization of existing plant and machine. Let's not forget we are a 30 years old organization, so we have to continuously upgrade our existing equipment also, we have to take care of the life of the machine also. If we carry the dead machines with us, or we keep on spending extra money on maintenance then we can claim to be a high technology company.
Pratik Kothari	My last question is that as you have earlier mentioned that as the gears shift from ICE to EV, the precision etc., that goes up substantially and hence, the value of gear is higher. But also, I believe the number of gears reduces substantially between an ICE and electric vehicles.
Gursharan Singh	So, that is a great thing that I have to produce less and earn more, then what is the harm in that. ICE gear, I'm selling at Rs. 100 and an EV gear I sell for Rs. 500. So, that is a great thing.
Shagun Bajpai	Thank you very much. The next question is from the line of Mr. Ashish Sood. Please go ahead.
Ashish Sood	What is your capacity in terms of number of gears, that the company can produce and what's the blended price?
Prabh Mehar Singh	Price-wise, we don't disclose those details, but in terms of capacity, we do not only make gears, we make shafts and many more items. To give you a number we do around 5 to 7 Million parts a year, and eventually the mix is containing is gears, shafts and other things.
Ashish Sood	And you have given a target of Rs. 500 Crore sales, so, if you could give us a breakup that how the sales will come from two wheelers, four wheelers or tractor segment?
Prabh Mehar Singh	Again that's a competitive edge, we would not want to disclose those numbers. But Rs. 500 Crore goal is a firm plan based on certain data and in the next 3-4 years, nothing drastically will change on the customer profile. Whatever we are selling, that business will grow, and some new products will come in for which we have already indicated, which application it will be. So the pie will remain mixed between those categories, only.
Ashish Sood	And you can share the wallet share from your top clients' linke BMW, KTM and Kubota.
Prabh Mehar Singh	No, that again is a company specific number.
Ashish Sood	Last question from my side, what is the content per vehicle in two wheeler, four wheeler and tractor? If you could share the same.
Prabh Mehar Singh	That depends on the vehicle. So eventually we are supplying to a 1200 cc bike also and a 100 cc bike also. So, actually, that will depend again on the category in which the product is going.
Ashish Sood	As a percentage of vehicle costs, what is that percentage if you can share that?
Prabh Mehar Singh	It's very less.
Gursharan Singh	Actually when we talk about gears, if we supply the complete platform, i.e. if we are supplying each and every gears that goes into the vehicle, then it is different but if we are providing only one part or some parts then the percentage will be different. It depends on vehicle to vehicle or volumes or models etc.

	Gears is a vast commodity with different kind of gears and there cannot be a general statement. But, roughly we can say that if a complete gear solution goes into the vehicle then only 5-7% of the vehicle cost is attributed to the gear.
Shagun Bajpai	Thank you very much. The next question is from the line of Mr. Sahil Sharma. Please go ahead.
Sahil Sharma	I just want to quickly follow up on that question about Tesla and it's not about one client but, what I am trying to understand is that how easy or difficult it is for us to penetrate the supply chain of new brands. Basically how does it work? Trying to understand, how easy or difficult is it for us to break into new clients?
Prabh Mehar Singh	It is a very complex process. There is no specific code. But eventually getting any business activities from Tesla, or even a small company is tough because there are gestation periods, there are country specific hesitations. Many of the new projects we have bagged, customers have never bought anything from India and there is this geographical border they have that can Indian suppliers do that? So, there is a lot of those things when we talk about bigger brands, because quality is something everybody has it, because if you say I'm a quality supplier that is given, as you know, we are talking to them only because we have quality. So, that is a prerequisite. But, other than that, they want to understand that what is the company's strategy towards being a sole and independent supplier, because the biggest value for any customer is that the supplier stable enough or financially good enough to sustain to the entire project life. Because once a supplier enters, then it doesn't exit for the 10-15 years of that vehicle life. So, those things are very important for them and to understand country specific risks, inflation, which might happen to the country area, and then the size of the team, strength of the team. So, there are many things, it is not that easy that you write an email and the RFQ comes in. The word of mouth always flows, so many of the customers we have today, because of that. And also, we have created a name in the industry, so, at least for 2 wheelers, I think all big brands have our parts, be it BMW, KTM, or Kawasaki or Piaggio, etc. So, they all are working with us only because we have proved ourselves somewhere or the other. To answer you specifically, Tesla is a hard nut to crack. But we are not that much passionate about just following for the name. For us, it should be a good business case, there should be good volumes, good revenues projected for next 10 years. Eventually, we are working parallel to many other companies who are venturing into EV.
Gursharan Singh	Yes, also I want to add here that the Internet has made life of the manufacturers equally easy and equally difficult. Now, all the customers know which supplier is doing what. Every information is available on public domain, but the unfortunate part is what the competitor is doing, customer knows that also. On one side, the Customer knows what we are, but he knows what our competitors are. These days, I think that hunting the customer or supplying to the customer is not that difficult. Most difficult is that the customer comes to your door steps, only on three things- He no more looks only at the cost or the quality, he sees the sustainability and financial strengths. These days, particularly European customers are very particular about how Environment friendly we are, how we are taking care of our employees, how is our general awareness about the laws of the land. So they want to work with the company which is professionally managed, which is always taking care of the environmental laws, etc. So these

	customers are demanding a lot. So, hunting the customer is not an issue, the only thing is, one should be fully ready to adapt to the customer needs.
Shagun Bajpai	Thank you very much. Now we shall take our last question from Mr. Ayush Mittal. Please go ahead.
Ayush Mittal	I was looking at the annual report and I noticed that there's an advance for procurement of machine. It was around Rs. 7-8 Crore. Are we doing further capex in this current year? Or can you share more?
Gursharan Singh	So, the advance is out the previous year Capex, what we have planned as the lead time of these machines are 6 to 8 months, so many times we pay advance in previous years and receive the machines in the current year, but it is out of old capex plan. The Machine addition will take place in the current year.
Ayush Mittal	So, as it is an advance of Rs. 7-8 Crore, I was trying to understand if the capex's of a higher amount that we will accrue this year, the machine addition of higher amount will get added this year.
Gursharan Singh	We already put about Rs. 50 Crore of Capex this year. So normal industry norm is 20-30% of advance has to be paid. Whatever, Rs. 50 Crore Capex we have planned for this year, accordingly we ordered most of the equipment last year because these days machine availability is a big issue. We have planned a Capex of Rs. 50 Crore for FY 22. We did 50 last year and we are going to do another 50 for Capex this year.
Ayush Mittal	And again, this is a backed on the new customer and further business that we are seeing from the clients?
Gursharan Singh	Yes, we have new businesses from existing customer and new customers that we have added.
Ayush Mittal	Can you also share some kind of budgets, or numbers or growth that we are looking for this year, given that we're already halfway past the year?
Gursharan Singh	Before we put any Budget report in the public domain, it has to be first approved by our Board of Directors. Normally as a practice, what we do, the budget for the next financial year is put before the Board in the last quarter of the current financial year. We do have some advance planning, but the numbers for the next year can be provided once they get it approved by our board of directors.
Shagun Bajpai	Thank you Ladies and Gentlemen. This was the last question for today, we hope we were able to resolve all the queries. And if at all there are any queries that are left unanswered, you may send them to us by Email and we'll try to get back to you and answer your queries. On behalf of RACL Geartech Limited, I conclude this conference call. You may now disconnect your lines. 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.