Precision Camshafts Limited

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21st June, 2018

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To	To
The Listing Department Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 SCRIP CODE:539636	The Listing Department The National Stock Exchange of India Limited Exchange Plaza, Bandra kurla Complex, Bandra (E) Mumbai 400051 SCRIP CODE: PRECAM

Sub: Transcript of Conference Call held on Friday, 1st June, 2018

Dear Sir,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 please find enclosed transcript of conference call with analyst/investors held on Friday, 1st June, 2018 as received from the PR agency.

You are kindly requested to take the same on record.

Thanking you,

Yours Faithfully

For **Precision Camshafts Limited**

Mahesh Kulkarni
Company Secretary

PRECISION CAMSHAFTS LIMITED SOLAPUR

Precision Camshafts Limited

"Precision Camshafts Ltd. FY18 Earnings Call"

Transcript
1st June, 2018

MANAGEMENT: Mr. Yatin Shah – Chairman and Managing Director
Mr. Ravindra Joshi – Director and Chief Financial Officer

Moderator: Good Evening, Ladies and Gentlemen. Welcome to the Conference Call of Precision Camshafts Limited arranged by Concept Investor Relations to discuss its Q4&FY18 Results. We have with us today, Mr. Yatin Shah – Chairman and Managing Director and Mr. Ravindra Joshi – Director and Chief Financial Officer. At this moment, all participant lines are in listen-only mode. Later we will conduct a question-and-answer session, at that time if you have a question you may press '*' and '1' on the telephone keypad. Please note this conference is recorded. I would now like to hand over the floor to Mr. Yatin Shah. Thank you and over to you, sir.

Yatin Shah: Good afternoon to all. Before we get into the conference call and begin with your questions, I would like to give you a little update as a snapshot of PCL. The year has been muted, in fact you have seen some reduction in sales due to some specific reasons which I will explain as we go forward. However, on the PCL front, we do see most of the projects fructifying this year namely Ford Dragon, Toyota, Ford Maverick, GM B12D and all the projects for which the money is raised and for which we have already put in some CAPEX for machining.

So these projects perhaps have been slightly deferred, which is why we did not see the increase this year. However, most of them seem to be now on track given some delay. We will explain all of that as we move into the conference call. In terms of margins, I think we are fairly protected in terms of where we are on the EBITDA and on the PAT margins. PerhapsI would like to stress on the three recent acquisitions that PCL has made in this conference call. One MEMCO in Nasik, two MFT in Germany and three EMOSS in Netherlands. I think these are exciting opportunities for PCL which have promising growth.

We see fairly good amount of future for these three companies as we move forward. I shall explain this again as we move forward into the conference call. So we would like to spend some time discussing what happened in PCL in FY18 as well as what is going to happen in the coming year plus the opportunities that we have just secured such as these three acquisitions. I would now like to leave the floor open for question and answer session, I and Mr. Joshi would be happy to take them up. I would be more or less giving responses on the business and outlook. Mr. Joshi would handle the finance related questions. Thank you so much.

Moderator: Ladies and Gentlemen we will now begin the question and answer session. The first question is from the line of Vaibhav Badjatya from HNI Investments. Please go ahead.

Vaibhav Badjatya: As far as our raw material is concerned which we use in manufacturing camshafts, from where do we procure this raw material? Is this domestically available or is it mainly imported?

Yatin Shah: 95-97% is all domestically available.

Vaibhav Badjatya: Is it like domestic availability of Resin Coated Sand has some price advantage as compared to , importing at a high price? **Yatin Shah**: No, if you look at what is prevailing in India versus what is prevailing outside I think they are on parity. Price of Resin Coated Sand revolves mainly

around petroleum products. So as you see the petrol price being hardened, you would also see Resin Coated Sand price increasing. So that is generally the behavior of this raw material. You would see parity between what you would get overseas, which means if you were to import it will probably be shared expense than what you would get in India.

Vaibhav Badjatya: Does India have any price advantage here in terms of Resin, as per the price of Resin Coated Sand here in India and what is available to our competitors abroad?

Yatin Shah: It is on parity, we follow this very closely with foundry that particularly use Resin Coated Sand worldwide. The prices are the same and so therefore there is no distinct advantage in terms of anybody scoring above us and to continue with this if you look at the other raw materials, most of them are generally driven by international indexes. So if you look at alloys or if you look at metal the behavior is same as you would see internationally.

Vaibhav Badjatya: My second question is around our pricing, for all our customers the prices denomination is US dollar or is it fixed in any other currency, at the time of entering into the contract?

Yatin Shah: So for the export we have three currencies under which we have contracts. Some are in US dollars, some are in Euros and some are in Pounds. So if you typically look at it, it is about 40-45% in Euros, 40% in dollars and about 15-20% in pounds, this is the breakup for the exports.

Vaibhav Badjatya: And fluctuations happening on the currency side, the benefit or cost is totally upon us or the prices gets revised?

Yatin Shah: No, currencies are not in the tale of discussion one way or the other. Both ways this is not a subject that we discuss.

Vaibhav Badjatya: For a particular contract the prices will be fixed in a particular currency and during the period of that contract whatever is the benefit or cost, is that completely borne by the company?

Yatin Shah: Typically as most of the contracts are metals that is pig iron and scrap there are mechanism to correct the price immediately on a monthly or a quarterly basis depending on the customers. What is not considered in the mechanism of pricing adjustments is Resin Coated Sand and the other alloys as there is no index and there is nothing that you can relate that to. So what we try and do is to get pig iron and scrap, which is a major material to be driven by an index, which is correctable on a monthly or a quarterly basis, based on which the customers amends the price. The price increase and decrease reflects on the prices of the product that we sell. This is only for the pig iron and scrap, all the other things like ferroalloys, Resin Coated Sand power are not considered for any mechanism. So these are reviewed only when there are unforeseen substantial increase taking place. **Moderator**: The next question is from the line of Ritesh Poladia from Girik Capital. Please go ahead.

Ritesh Poladia: First on standalone basis, I believe your new machine shop would start in few days now in this year right, so what can be the incremental volume we can expect from that in this year and in the next year?

Yatin Shah: The machine shop figure in FY16-17was is 1.6 million shafts roughly. This year we ended doing little more than 1.8 million. Coming year we expect to do about 2.3-2.4 million and the following year, we expect the 100% ramp up of products taking place where we would cross 3.5 million.

Ritesh Poladia: So right now your present capacity is about 2.2 million and new machine would be 2 million, so the total would be 4.2 milion right?

Yatin Shah: You are right.

Ritesh Poladia: So this year you will do about 2.3-2.4 million and the next year would be a big jump to 3.2-3.6 million?

Yatin Shah: 3.6 million is what figures are showing right now as the projects that we have taken are all getting into their final phases of ramp up and that is where we see a substantial increase.

Ritesh Poladia: Which are the projects that have been delayed, if you can explain further?

Yatin Shah: We have what is called as Ford Dragon project, which is delayed by about 5 months, not for PCL but Ford globally has launched this program and it is a unique program which Ford would use to replace all current vehicles on the road with Dragon. I think they had some hiccups with some suppliers therefore they have delayed the launch of this program. But now as I speak to you we are already in a fairly good shape in terms of increasing number, but this program got delayed by about 6 months.

The next one is Maverick, which is a very large program, this project got delayed by about 3-4 months, but again we will start seeing some number increase in the next quarter and the project is more likely to get into its full ramp up in the next year.

The B12B is a General Motor project for which we have already secured the contract and that business is going to happen three months from now, but there is no delay in ramp up.

Then we have Toyota where we will be supplying some 18,000 camshafts per month, 9000 sets. This is going to increase by 50% the commissioning of that is going on and by July we would see that increasing to its capacity of some 15,000 to 16,000 sets per month. So all this you would see a gradual increase in the second and third quarter. Fourth quarter you would see fairly good number. Next year I would think would be the real increase that you would see.

Ritesh Poladia: So if I break down this year the first half would be somewhere like 0.85, 0.9 and the incremental would be in the second half.

Yatin Shah: You would see better incremental growth in the second half not in the first half.

Ritesh Poladia: Now coming to recent acquisition we could not understand what product like so if you can explain this?

Yatin Shah: So EMOSS is a company that is engaged in the conversion of light commercial vehicles and trucks from a normal internal combustion engine that converts the vehicle into a complete Electric Vehicle where they change the power train and make the vehicle completely electric. So this transformation from a normal vehicle to that of the e-vehicle takes place at EMOSS within a period of 60 to 75 days. So they generally are specializing in converting vehicles that have a payload of 7.5 tons going up to 50 tons.

So they typically have these conversions and the application of such vehicles in the city in the mature market such as city vehicle such as fuel buses, such as waste management trucks such as the vehicles that pick you up at the airport and drop to your aircraft.. So all these markets are in the western and this is where they see a great amount of growth coming right from Canada to Europe, Gulf, into Indonesia and also they got a large contract coming in from New Zealand so their market is pretty well spread and they are poised for a substantial growth.

Ritesh Poladia: Last year they did €6 million revenue?

Yatin Shah: Yeah about 6 million.

Ritesh Poladia: I believe this is a fairly new company and this product is also new. So what kind of this product credentials are there in place?

Yatin Shah: This company is not new. This company has been in existence for last 7 years. If you look at the last three years they have registered a 100% growth every year. It is now poised to take off because their products are established in various parts of the world and approved by various government organizations. So it is not new it is not a startup.

Ritesh Poladia: They would be giving some kind of warranty regarding this switch over from internal combustion to e-vehicle?

Yatin Shah: There is a warranty period and it goes up from 4 to 5 years.

Ritesh Poladia: Are you happy with this warranty period you think that there are major challenges?

Yatin Shah: No, there are no challenges. If you say per se because last three years they have been supplying fairly to large corporation within the government and we have not seen any warranty in the process of last 3 years supply.

Ritesh Poladia: Sir what is the cost of this switch over?

Yatin Shah: It depends on the vehicles if it is a 7 ton, 8 ton, 9 ton, 20 ton, 50 ton depends on the vehicle, but I think more than that what is important is once this is converted into e-vehicle this can run for 350 kilometers without charging. So they are working also on long range extenders which can run the vehicle without charging for 500 kilometers. So therefor, this potential will go from being a city run vehicle to even long distance. So there is a lot that is being worked on right now and there is a huge amount of potential that we have been seeing from different parts of the world.

Ritesh Poladia: This would remain the independently ran company or is there PCL can do anything in this what is the synergy?

Yatin Shah: Synergy is obviously we wanted to have a presence in the east space and instead of manufacturing the components which is pretty volatile the best way to enter this market was obviously through something like which provides an absolute end-to-end solution to a customer than just giving a part. So I think we are now probably the only company which can offer an end-to-end solution with our technology that is the EMOSS technology. It is assembling parts with patented technology, patented processes that assures that the e-vehicle is guaranteed for five years. It is not you pick up a few components and assemble them together. It's a lot different than that.

Ritesh Poladia: Does EMOSS have any plans to come in India?

Yatin Shah: What we are looking at it obviously to first fulfill all the potential that we see in the mature markets and once we are done with that we will also be introducing this to the Indian market. It would be a little longer process given the government permissions etc. but as you would know the potentials for these kind of vehicle within India particularly in cities is extremely high. It is only a matter of convincing the government although the government has high priority for doing this, we need to convince the governments at both State and National level for doing this. So just go forward I think what possibly can happen is that at some point of time in the future - I cannot tell you when and I cannot tell you how far in future- the process can be replicated in India if the size increase. So therefore there will be two sites for assemblies and manufacturing - one in Netherlands and one in India.

Ritesh Poladia: One final question what is the margin and how do you acquire the balance stake is there any understanding for that or that balance stake would remain with the existing promoters?

Yatin Shah: All three companies that we have acquired there is an agreed mechanism for buying 100% over a period of time. All three companies will be 100% PCL at some point of time in the future that we have agreed on. So there is no ambiguity on the ownership of these three companies in the medium term.

Ritesh Poladia: In the next 5 years would this be 100%?

Yatin Shah: Yeah.

Ritesh Poladia: What is the margin of EMOSS or loss making?

Yatin Shah: Currently between 14% to 15% EBITDA which is going to be increasing because we see some great changes happening.

Moderator: The next question is from the line of Dhruv Bhatt from NVS Brokerage. Please go ahead.

Dhruv Bhatt: In light of the recent acquisitions and when I look at the quarterly numbers the numbers seems to be getting better on a year-on-year basis, but when I look at a yearly from a FY18 to FY17 we have not got a very encouraging result. I just wanted to know that I mean the recent acquisitions I mean how long are we expecting the burden to stay on the company?

Yatin Shah: If you are saying.

Dhruv Bhatt: I mean are the recent acquisitions going to affect the company in the coming time for maybe around 6 month to year because even the additional cost increase that we might be seeing in the raw material prices so are we expecting some sort of impact to remain on the company for some time?

Yatin Shah: No, I do not think that is the case. Okay let us put it like this PCL does camshafts does its foundry and its machine shafts. These three companies that got very little to do with the components that we do. So there is really nothing in common. MEMCO machines out of steel and other alloys products for Bosch, MFT does similar stuff and EMOSS is into e-vehicle. Therefore on a standalone basis there will not be any burden of these three company on retail at all. In fact it will only add great benefits to PCL.

Dhruv Bhatt: Sir if I can ask few more questions so the raw material cost impact I mean what is the managements review on the current increasing rising commodity cost are we expecting something I mean what is the management view in our company?

Yatin Shah: What we have done we have taken a detail review of this entire thing and while we are compensated for pig iron and scrap. We are not compensated for Resin Coated Sand, we are not compensated for alloys, we are not compensated for power and transport. So what the company has done now is effectively 1st June we have started negotiating with every customer

domestic or overseas for a price correction for these input pricing and we hope to see conclusion in the next 4-5 months. You know how it works with OEMs, it is not that you can get a reply tomorrow. But we are pursuing right correction with every customer to offset these price increases. How much we would be successful will only be seen more towards one has to also look at the fact that we have large businesses going on and we cannot jeopardize that by pushing too much of a price increase but the attempt is going to be there.

Ritesh Poladia: Last question if we can get some guidance regarding the Q1 as well as FY19 I mean what is the management seeing for the company?

Yatin Shah: So what we are saying in numbers I cannot promise you anything, but essentially speaking I think the company has always been stressing on one thing is to increase the sale of machine camshafts which provides higher margins. So if you look at it we went from 1.6 million camshafts in FY17 to 1.8 million in FY18 which is now going to go to 2.6 million and then going closer to 4 million in the following year. This will add substantially to the bottom line as value added camshafts give us a higher return. And this will also improve the capacity utilization in the foundry. So probably you would start seeing some improvements from the third quarter of this year where we see all these projects that we have taken on hand for which CAPEX has already gone in, to start fructifying in a larger way. We always been maintaining that this is going to happen from this year I think some of the projects are already certain, some of the projects are only three or four months delay.

Ritesh Poladia: Sir when I talk about these recent acquisitions can I expect from H1 or H2 where the performance I mean you just said we will be seeing something positive in H2, but does that apply to all the acquisitions that we have done as well?

Yatin Shah: At least at this point of time what we are doing is we have just completed these three acquisitions as of 5th of May. The plan is to now really articulate a business plan actually going down to greater details for each of the companies for the coming 3 to 5 years. Since last two are very recent I may not be able to offer much comments, but the one that we have already done in October 2017 you would see improved results in H2 for certain.

Ritesh Poladia: And sir can I get the PAT margins for our EMOSS?

Yatin Shah: PAT margin for EMOSS at this point of time is roughly about 8% to9%.

Moderator: The next question is from the line of Ashish Kashalkar from Care Ratings Limited. Please go ahead?

Ashish Kashalkar: I like to know more about the performance of PCL India when I compare YOY figures we have roughly achieved the same top line, but the margins have reduced significantly. So apart from

change in sales mix I suppose change in sales mix could be the major reason. One more reasons could be a rising raw material prices, any other specific reasons for that?

Yatin Shah: You hit the nail on the head, the margins have reduced purely because of these two factors the product mix has gone more in favor of the domestic market where we have increased substantial supplies to Maruti and Leewon (Hyundai) where the realization is not at par with the exports. Number one there are certain raw material increases that have taken place over the year where pricing mechanism do not automatically adjust as we adjust with price of scrap and pig iron. So this is happening is with other materials such as Resin Coated Sand, ferroalloys the transport cost or power. We are now putting a comprehensive sheet in front of each of our customers, be it in India or outside, asking for a price correction and this exercise has already begun, and we hope to conclude this in the next 3 to 4 months with all customers. So therefore, we expect to see price corrections happening.

Ashish Kashalkar: By any chance is it possible to quantify I see a dip of roughly 325 basis points in the EBITDA margin YOY, is it possible quantify what percentage would be because of raw material increase and what percentage because of the change in sales mix?

RR Joshi: In terms of value I will give you. In terms of value there is a decrease because of product mix of Rs 10 to Rs 12 crore and in raw material there is an increase of Rs 7 crore particularly because of Resin Coated Sand and also if you see the depreciation there is an increase of depreciation because we have commissioned our machine shop 3 for Dragon camshaft that is Maveric project, and even though the trial production is going there is no much volume so there is a burden of Rs 5.41 crore on our financials and also when you compare to last year this year we have utilized our IPO funds for expansion so if you see there is a reduction in the interest cost so these are all the factors which has affected the margins.

Ashish Kashalkar: When I talk about the recent acquisition as well as subsidiary formation in Brazil, is it okay to say that future growth will be driven by this overseas companies and in that context I would like to know what would be role of PCL India the company is going term debt free in August 2018. So post which is it like PCL India will fund the growth of the other companies. And there is one more connected question what are the future plans for the unutilized IPO proceeds of roughly Rs. 100 crore because PCL India I think that now the growth has been stagnant of course the new lines will come in starting FY19, but it will take some time to reach an optimum utilization levels for these lines as well. So are you going to postpone further CAPEX and what are the other alternative plans for the unutilized IPO proceeds?

Yatin Shah: We have already invested about Rs 124 crore out of the IPO proceeds for which some lines have been commissioned and trials have started and production will start. The balance of Rs 90 odd crore will be spent in this year to complete the expansion programs for all the contracts we got so far. So that money is going into what has been clearly year marked for PCL's organic growth for all the projects for which we have won the business. So that you will see because

the machine camshafts will go to ultimately 4.2 million camshafts which is almost more than double from what we are doing today. And like I said when you increase the machine camshafts obviously that will also have an increase in the foundry capacity. So that explains the IPO proceeds and what is going to happen in PCL.

On the other hand, we see some exciting opportunity in the other companies also which we have acquired their balance sheets are also pretty healthy and their balance sheets , can, if necessary, at some point in time, can be leveraged in order to raise money if they have any growth plans. PCL's role in this is obviously to take them to our set of customers that they do not have and to take companies like MEMCO across the globe. Today they are only supplying to Bosch India to one or two plants. Our idea is to take them to Bosch globally where we know most of the customers around the world. So our network of customers is going to help MFT as well as MEMCO. On EMOSS front, obviously the current set of promoters have very, very aggressive plans to take this company forward we have seen them, we are highly convinced that these plans are there because of what they have done in the past. We have also seen business contracts for the future. So we believe there is a promising future for EMOSS as well.

Ashish Kashalkar: As far as I know one of the reasons for PCL India's top line being stagnant was a few order being executed from Chinese joint ventures going forward as well Brazilian subsidiary will cater to the Brazilian markets so how much room is available for PCL India's growth considering new lines coming in as well as future appraisal?

Yatin Shah: Out of the IPO proceed PCL is putting close to Rs 200 crore in PCL India. Hopefully when all the projects fructify in 100% ramp up, we are likely to get an equivalent turnover close to 1:1 so we will add about Rs 180 crore turnover in PCL when the project that for which the year mark funds are go into 100% ramp up which is going to be this, next and the following year. So that explains the PCL growth. As far as PCL Brazil is concerned casting will be supplied from here and the plan is to machine them in PCL Brazil. So half the work will be done here, half the work will be done in PCL Brazil. So that explains PCL's future. I agree with you one thing, close to Rs 40 crore or Rs 45 crore worth of business that we were doing in Sholapur in our foundry has been shifted to PCL Joint Venture in China that is why you see the sales stagnant or declined because Rs 45 crore worth of business has been shifted from here into China. However, we must also probably add that the Rs 45 crore business that has been shifted to China plus the machine shops has given us profits that has added to our bottom line.

Moderator: The next question is from the line of Vaibhav Badjatya from HNI Investments. Please go ahead.

Vaibhav Badjatya: Do you mean to say that EMOSS mostly as of now caters to the government business is it true?

Yatin Shah: Not necessarily, but one of the target audience is government supply because obviously it is easier to convince a government organization in the mature markets of the western world to

convert their city buses or city transport into e-vehicle because they are extremely concerned about the pollutions that are taking place in the city.

Vaibhav Badjatya: Majority of the business as of now would be government going forward obviously the private market will also come into picture, but as of now most of the business is government.

Yatin Shah: There are companies like Heineken, Mellor and manufacturing companies for which EMOSS manufactures e-vehicles. See there is only so much that EMOSS can do at this point of time they are also pretty tight on capacity. So while trying to do business around the world it should not so happen that we get loaded with so much that we cannot do. So what we are trying to do now is to ensure that the company is able to execute whatever it has received as contracts from confirmed customers.. We are also approaching OEMs like BMW, Scania saying that instead of you trying to do this in the company we can provide solutions to you which you can market. This is for the long-term this is not going to happen tomorrow but obviously there is a huge potential for example a Daimler they will manufacture say 6 tons or 12 tons. If you were to ask Daimler to manufacture a 7.8 ton Daimler would say either take a 6 or 12 ton we do not have a 7.8 whereas EMOSS can offer you a completely flexible solution of giving you a 7.8 ton load. This is where we will interface with the OEMs.

Vaibhav Badjatya: Just following on our earlier discussion so how I mean is it for a particular number of camshafts or for a particular durations under a contract, so if they say that we have contracts says that the price will be this much for this many camshafts or it will say prices will be this for one year or two years and this would be the…

Yatin Shah: Basically prices are frozen for the life of the program because obviously there will be some cost increases which the customer is going to compensate. There will be cost decreases such as interest cost etc. which we do not pass on to the customer. So the customer is keeping both sides open by saying if you get 10 dollar for a camshafts they expect to continue that for the life of the program because once it is decided and is frozen it is not western OEM even today if you take Mahindra or a Tata motors if you say you will say that your camshafts is 700 and you are going to increase that every year I do not think that would be a salable proposition by any means to anybody. And it is not only for PCL any auto component company follows this policy.

Vaibhav Badjatya: You mean to say for dragon project and Maverick project the price is already fixed?

Yatin Shah: The contract has been secured and prices have been fixed.

Vaibhav Badjatya: And may I know the approximate month when it was fixed I mean in terms of trying to get a sense on how the currency will play out on for this whole project life?

Yatin Shah: For this you will have to really understand the basics that what do we plug in as euro pricing when we offer a price. So that is something that requires detail discussions and obviously we expect we are not so aggressive to say if the dollar is 68 today we will go for 68 obviously there will be a factor of safely that we plug in saying that if the dollar would likely come down so much, but there are all these mechanism that have gone into place to ensure that we remain insulated at least from fluctuations of currency, but there are certain things like raw material which are sometimes out of the control and these need to be corrected with negotiation as and when they are required.

Moderator: The next question is from the line of Sunny Agrawal from PNB Investments. Please go ahead.

Sunny Agrawal: I would like to know what is the synergy between the PCL and MFT because I believe MFT has got a certain product which complement our existing camshafts business if you can explain the synergy both in terms of the products and in terms of the clients?

Yatin Shah: MFT is engaged into manufacturing products other than camshafts such as balances shafts such as critical Prismatic parts various bodies. So these are actually critical parts again required by the customers. So there is an overlap of one or two customers. However, there is a great amount of benefit to both companies because they are not certain customers that we are in while we are not in VW, Audi which is a large space that one wants to get into now. So therefore, we are going to use the leverage of both customers to try and achieve common goals. So the fact the common thing is both are engaged into manufacturing of very critical auto components and we both know the business pretty well.

Sunny Agrawal: So you can do cross selling.

Yatin Shah: Of course.

Sunny Agrawal: Sir how has being the acquisition of all these three companies being funded it will be funded to internal accrual right?

RR Joshi: Yeah partly through internal accruals and we have also taken a loan from Bank of Baroda for the overseas acquisitions,.

Sunny Agrawal: And to what extent it will be funded through debt.

RR Joshi: So we have got 100% funding with us, right now we have kept in mutual funds in India, but we are getting at low cost from overseas so we have taken the loan. So I would say 100% funded through internal generation.

Sunny Agrawal: On our domestic business in FY19, FY20 with the increase in the contribution of the machine camshafts where do you see our EBITDA margin stabilizing I mean if you can throw some light on that aspect?

Yatin Shah: You mean standalone?

Sunny Agrawal: Yeah.

Yatin Shah: If you see standalone it will be few notches above. Firstly, projects that we see fructifying remain on schedule which at this point of time yes they are. So with that assumption I think they will be where we started off with very early. So today we are looking at about say 24.82% as against 27%-28% I think we should be at least be little higher than what we are today given the ramp up of machine camshafts.

Moderator: The next question is from the line of Prity Shah from Individual Investor. Please go ahead.

Prity Shah: Sir I had a couple of questions regarding the volume, what is the volume of the machine camshaft can for this Q4 of FY18 and for the full year of FY18?

Yatin Shah: Machine camshaft, as regard camshaft what do you want to know?

Prity Shah: For machine camshafts.

Yatin Shah: About 416,000 was for Q4 and 1.6 million for the entire year.

Prity Shah: So what is the realization per machine camshafts in Q4 FY18 and FY18 full year?

Yatin Shah: It does not change like that prices do not change on the realization typically a machine camshafts realization is about Rs. 800.

Prity Shah: So this one constant throughout.

Yatin Shah: Almost you can say as I was saying in my earlier response the prices of camshafts once agreed with the customer do not change for the life of the program because that is something that the customer wants to be assured of as he progresses to larger volumes in years to come. So if you finalize a price with larger volumes he doesn't expect you to come back and say that I have given you larger volumes and I now want a discount. So generally speaking the prices are frozen at the beginning of the program.

Prity Shah: Another question PCL won an order of Rs. 275 crore for machine camshafts what is the current status?

Yatin Shah: So machine camshafts there are number of contracts that we have won. One is from program called B12D from General Motors. One is a program from Toyota one is a program from Dragon and there is Maverick from Ford also. These combined figures are pretty large, and we can come back to you with details if you provide to the moderator your email address we can give you details of each of these contracts which have been actually announced to the stock

exchange and the data is available on the stock exchange. We will have to come back to you on each of these contract as to what is the value and for the life of the program we can give you all of them.

Prity Shah: How do you see the growth of the company is 3 years from now?

Yatin Shah: Good question. We are at about say Rs 400 and some odd crore hopefully everything falls in place with the CAPEX that we have put in and in the next three years PCL should add close to Rs 200 crore to its top line and currently all the three acquisitions put together have a top line of about Rs 230 and 240 crore. So you could see yourself go into about Rs 850 crore – Rs 900 crore in the next 3 to 4 years, but this is a very highly futuristic figure I am only extrapolating what can possibly happen subject to these assumptions being fulfilled.

Prity Shah: What is the next big opportunity the company is looking at?

Yatin Shah: These three acquisition and its growth is what we are looking at. I think it is a very aggressive growth strategy that PCL has taken, very seldom will you find a company acquiring three companies in 8 months. So I think we have acquired three companies in 8 months we see great potential to grow these companies because all of these companies are in diverse fields, diverse products, diverse customer range. So I think we have got our plate full to grow the company organically with the CAPEX that we put in and to also grow these companies that we acquired. So I think we have **our plates** over full and now we need to get down to articulating the growth plans of all of them.

Prity Shah: What is the key risk the company is currently facing?

Yatin Shah: It is very hard to say key risk because as far as our business is concerned obviously it's the electric vehicle, but we do not consider that to be immediate short or a long term threat and apart from that I think PCL as a company earlier used to be only manufacturing camshafts using one technology whereas today it has emerged as a company that manufacture camshafts using all technologies in the world which is the only company to do so under one roof. So I think we have mitigated the risk that manner of providing all technologies to a customer under one roof which no other company in the world does.

Prity shah: What is tax rate?

RR Joshi: It is 33% right now.

Prity Shah: What kind of tax rate are we looking at for the next financial year?

Yatin Shah: Mr. Joshi what she is saying that tax rate which I do not think we can any way say because this is entirely in the hands of the government, what type of tax rate declared by the government?

Moderator: Ladies and gentlemen that was the last question. I now hand the conference over to the management for closing comments.

Yatin Shah: Thank you ladies and gentlemen for attending this conference call. Like I said I will just probably sum up the CAPEX of Rs 200 crore that is down from last year and this year into PCL organic growth will start fructifying in the third quarter of this year. We hope to see increasing number of machine camshafts as we move into this year. Next year there would be 2.6 million roughly followed by close to 4 million in the following year. On the inorganic growth these three companies that we have recently acquired are healthy, profitable and have great potential to grow and we are going to put a lot of efforts into growing each of these companies as we move forward. So I think there are opportunities in each of the companies for us to grow and you would see some improved numbers in this year.

Moderator: Ladies and gentlemen thank you all for being a part of this conference call. If you need any further information or a clarification, please email at snighter@conceptpr.com. Ladies and gentlemen, this concludes your conference call for today. Thank you all for using Chorus Call Conferencing Service today. Thank you joining us and you may now disconnect your lines.

- **Ends** -

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