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1st July, 2022

Listing Department
BSE Limited
25th Floor, P. J. Towers,
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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 24th June, 2022.

This is for your information and record please.

Thanking You,

For RACL Geartech Limited

Shagun Bajpai

RACL Geartech Ltd. SECTOR-3 NOIDA

Shagun Bajpai
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RACL GEARTECH LIMITED

Q4 FY 2021-22 INVESTORS CONFERENCE CALL

24TH JUNE, 2022

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	Good afternoon ladies and gentlemen and welcome to the Q4 FY2021-22 Post 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. I now invite Mr. Gursharan Singh for his opening remarks. Over to you Sir.
Gursharan Singh	Thank you very much Shagun. Good evening to all my Investors and Shareholders. On behalf of RACL Geartech Limited, I extend a very warm welcome to everyone for joining us on our investors call today. Q4 financial results have been already made available to the stakeholders and I hope all of you must have gone through the same. We will first go through the highlights of the quarter over the Company presentation after which we shall invite questions from the participants. I would like to now handover the call to Shagun to take you to the financial performance walkthrough of Q4 and general business scenario.
Shagun Bajpai	Thank you Sir. I shall be presenting the financial highlights of Q4 and FY 2021-22. We did a Total Revenue of Rs. 275.09 Crore for the FY 2021-22. Out of which Rs. 186.95 Crore was Exports, Rs. 70.49 came from Domestic and around Rs. 17.00 Crore was from other income and other operating revenue. Out of the total sales, 68% was attributed to Exports and remaining 32% came from Domestic. We export 52% of our products to Europe, 46% to India and Asia Pacific and 2% to the USA. Quarter on Quarter, Sales and Profitability for the FY 2021-22, we can see that there was 5-6% of increase in quarter sales from Rs. 68.99 Crore to Rs. 72.98 Crore. QoQ EBITDA went from Rs. 18.95 Crore to Rs. 15.57 Crore and PBT went down from Rs. 9.51 Crore to Rs. 7.19 Crore. Quarterly comparison of this FY, i.e. Q1-Q2-Q3-Q4. Revenue wise, we witnessed an increase from Q1-Q2-Q3 and then there was a slight decline of 3% from Q3 to Q4, from Rs. 75.08 Crore to Rs. 72.95 Crore. EBITDA again increased from Q1-Q2-Q3 and there was a decline of 5% from Q3 to Q4. In case of PBT as well, there was an increase in the first 3 quarters and a decline in the 4th quarter in the FY 2021-22. Year on Year Performance, Revenue grew by 32.43%, EBITDA grew by 10.94% and Profit Before Tax also increased by 9.36%. Financial Ratios for the year: Current Ratio moved from 1.24 to 1.20

	Debt-Equity Ratio rose from 1.00 to 1.25 Interest Coverage Ratio reduced from 6.50 to 4.93 Asset Turnover Ratio rose to 1.52 from 1.47 Asset to Debt Ratio declined from 2.56 to 2.17 DSCR rose to 1.49 from 1.12 Debt to EBITDA also increased from 1.94 to 2.67. Overall there was Debt increase to Rs. 163.45 Crore from Rs. 107.12 and simultaneously we have also had addition of fixed assets from Rs. 49.79 Crore to Rs. 57.18 Crore. In terms of operational performance, our Inventory days have gone down from 75 days to 67 days, Receivable days have also reduced from 98 days to 89 days and Payable days have gone down from 67 days to 57 days. Overall, our Cash Conversion Days have also dropped from 106 days to 99 days in this financial year. These were the Financial Highlights for the year. Thank you.
Shagun Bajpai	I now declare the Question- Answer session open for the participants. I would now invite Mr. Sahil Sharma to ask his questions.
Sahil Sharma	My question is that some quarters ago, we had presented the percentage of our revenue which comes from EV and engine agnostic parts. Do we have any estimates of what percentage of revenue could come from EV and engine agnostic parts in FY 23-24?
Gursharan Singh	I think we already shared those details in one of the earlier concalls also, but I have some numbers with me. For FY 21-22, we had a little over 2% of EV Participation which will now increase this year to 4-5% and eventually it will increase around 6%, in the next year also. And as we told you, apart from EV, we have also diversified into, Chassis & Suspension parts also, which are not dependent upon, EV, Fuel or Hybrid, they have common application for all the platforms. In the coming years, our EV and Suspension will grow more than 16% of our revenue and it will be not dependent on type of vehicle and this way we are preparing for the future.
Sahil Sharma	My next question is that in the last concall, it was mentioned that a large domestic passenger vehicle customer was being finalized for some engine agnostic steering and chassis part with a probability that the business could come to us. So any update on that and whether we were able to close that client?
Gursharan Singh	We have begged the new business, but due to confidentiality reasons, we cannot divulge much information. Also, it's not a domestic but a global customer.
Sahil Sharma	Will it be possible to share some details after the after the launch of the product?
Gursharan Singh	Once the product is launched, we are free to announce. The customers have a very strict confidentiality clause until the vehicle is launched. Once it is launched, then we can disclose the details.
Shagun Bajpai	Thank you Mr. Sahil. The next question is from the line of Mr. Sunil Kothari. Please go ahead.
Sunil Kothari	My question to you is what is your vision for the Company in the next 5-10 years, in terms of raising of capital and reducing debt and growing the Company.
Gursharan Singh	We have already shared our roadmap in earlier concalls, that by FY 2024-25, we plan to become a Rs. 500 Crore Company. This road map was chalked out around 2-3 years back and

	at that time, it looked very aggressive and over optimistic. But now as we are nearing FY 2024-25, we are very confident that we shall be able to achieve it. Further, if you talk about the 5 years after that, then I would like to say that since past few years we have grown over by 20-25% even after the Covid impact. By virtue of that, once the target of 500 Crore is achieved, then 20-25% of that will also add substantially to our growth. We do not want to limit ourselves at 500 Crore and will grow gradually over the period of time. But as of now, we are focusing on FY 2024-25 and once we achieve that, the next roadmap will be planned. Raising the capital, is a good suggestion, and we will keep that in mind. As and when the need arises, we will plan accordingly. As of now, we don't feel the need to raise the capital and our debt model is efficiently working. Our debt serviceability is good and the bankers have confidence in us, so overall debt is working for us for now.
Sunil Kothari	Another question I have is that our top line growth was very good, but because of some developmental costs or new product developments, our Margins have taken a little bit of heat. So, would you like to comment on new product development or the new efforts we are taking. And the effect of these new developments on the margin. And in the longer term, how do you see profitability of our organization?
Gursharan Singh	Broadly, I will not say that my last year, last quarter margins were red as unfortunately the Geo-Political situation started deteriorating globally from January, 2022 and precisely there was big blast in February, 2022. So, that quarter was disturbed due to the sudden increase in input costs and volatility in the market and things went bad to worse. For the 1st month, there was no clarity and that created short term volatility. But now, things have settled down and we are again onto the same growth trajectory. Also, the disruptions due to the said geo-political scenario and Europe, not only impacted RACL but all the component manufacturers that were mainly dependent on Europe. More so, the impact was not on account of the market, rather due to the volatility to the input cost price. But now, issues have settled down and we have made all the corrections and in the coming quarters, we will be back to our old normal.
Sunil Kothari	The last question is that you have very giant customers and our share of their revenue is very, very minimal, so, is there any chance to become a sizeable supplier to them and make our organization bigger, or we have to think about developing newer products and newer customers.
Gursharan Singh	In the earlier calls, we have mentioned that, as a business strategy, we always try that none of our customers should be more than 20-25%. When the dependence increases, the business does not remain stable and there is always a level of volatility. Let's say, you are dependent on a particular customer, say, 50-60% and something wrong happens to that customer, in that case, you get very badly impacted. Therefore, this strategy acts as a limiting factor, that even if that customer hits by 50% so net loss to us will not be more than 10-15%. For us, this strategy is doing very well, and we have tried and practiced it for the last 10-15 years and we found that this business model works. We have also seen our peers that they are dependent on a single customer by 60%-70%-80%, but when that customer fluctuates, then the ripples are much bigger on those suppliers. Whereas in our case, this is a safeguard, which we have adopted strategically. So, we never had this ambition to go beyond 25% of our revenue to any single customer.
Sunil Kothari	That means we are expanding our customer base and product range and that is going as per plan.

Gursharan Singh	Yes, it is happening as planned. So, if we have to add 20-25% year on year growth to our top line, then our plan is to add a big customer in every one or two years, so that we can add 5-10-15% from it and every year the customer organically grows 2-3% with us so that in aggregate, we grow by 20-25%. So, if you see our past history, every 2-3 years we added a new, big customer, then we nurture them and bring them to a sustainable level so that they also are confident with us and we are also to confident with them and then we start adding new customers.
Shagun Bajpai	Thank you Mr. Kothari. The next question is from the line of Mr. Nirvana Laha. Please go ahead.
Nirvana Laha	My question is that 50% of our revenues come from Europe and with the war situation and the interest rate hikes, going on, how do you see customer demand right now? I mean, in the existing orders is there any slowdown in delivery schedules? Or new orders that you were expecting is there any slowdown there?
Gursharan Singh	Everything is on track and in fact forget decline, we are getting increased numbers from our customers. The reason is that we are not into the commodity segment, we are into the premium luxury segment. And in the premium luxury segment, the demands are growing, because on 1 side, there is recession and interest hikes and on the other side there is a good liquidity and cash flow, particularly among the upper strata of society. Another thing is that, although our product goes to Europe, but the customer base is spread all across the globe. They are selling to Europe, the US, Canada and other countries. So, the demand is rather growing. Of course, there is always a little volatility due to chip shortage or sensor shortage. So, if there are any production cuts, it's not because of demands, it is because of the availability of raw materials, particularly for the electronic components. So, sometimes we face these kind of situations, but otherwise the demands are growing and rather the forecasts are very optimistic for the near future.
Nirvana Laha	So, 1 question related to cash flows, your receivables after 3 years have spiked by about Rs. 22 Crore. I understand that revenue has also grown proportionately. But, is there any scope for leveraging the deep relationships we have with these much larger OEMs and working towards seeking some assistance and reducing this receivable cycle? My question is from the cashflow point of view.
Gursharan Singh	Our receivables in absolute numbers might have increased, but if you see receivable in number of days has reduced. Previously it was 98 days, not as come to 89 and 89 days is a very healthy receivable because until customer receives goods in his factory, he cannot pay me. Unfortunately, logistic time from India to European destination is very high because 1st of all, we are far from the seaport, almost 2000 kilometers away. So, the inland transit times are higher and then the shipping time is very high because our ports are not so mechanized that the goods move very fast. As per our historical data, when the product leaves my gate and it reaches my customers, it is around 70 to 72 Days and in 89 days, I'm getting the payment. So, technically the goods enter the gate and within 15 days, I get the money from them. So, nothing can be planned the better than this, except the Government improves our infrastructure and there is a lot of focus on them, particularly, this Delhi-Mumbai freight corridor. Once it starts working, the time from dry port to sea port shall reduce by 7 days and our receivables will straight reduce from 89 to 82 days. So, in the current situations, our receivables are very efficient. Shipping times are really high in India and in the past one year, it has further increased due to various reasons. So, let's hope that infrastructure improves.

Nirvana Laha	What is the expected capex plan going forward for the 500 Crore target and how much more capex do you foresee that we need to do?
Gursharan Singh	We plan on a year to year basis because capex is all pre-approved by the Board and it goes to the Balance Sheet. This year, we are planning for a capex of Rs. 50 Crore. Last year we did Rs. 275 Crore and this year we have planned to go to Rs. 345 Crore odd. So, for this year also, we have lined up Rs. 50 Crore of capex. So, in the coming years also, it will be aligned with our future costs, and future forecasts. So, gear industry is a high capex industry because there are high technology products and that's the reason value addition in our products is very high. But another thing is that capex is going high and we are upgrading our technologies, diversifying and preparing for the future because of the new business of EV and suspensions.
Nirvana Laha	My slight concern is regarding the capital structure because I don't think we generated much operating cash flow last year and cash balance is also not there. So this incremental capex will have to be debt funded. So, how do you see, with interest rates increasing in India, what kind of comfort do you have on the balance sheet size? Because in the latest quarter I think EBITDA coverage ratio was about 3.5 X, so going forward till 2025. How comfortable are you with the capital structure?
Gursharan Singh	So, the interest rates are hardening a little but we are also an A- rated company, so we get some leverage on are getting lucrative interest rates from the banks. At times, the rates that we get are based on just the MCLR or SOFR without any spreads or premiums. But, yes, one has to bear the interest rates hikes also. But otherwise, the interest coverage is pretty good. Also, on one side, we are borrowing but we are also paying off also. So the net increase in long term debt is not too high. Like this year, we are borrowing almost Rs. 40 Crore and repaying almost Rs. 30 Crore, so the net increase is Rs. 10 Crore. Another thing that our old debts of higher interest rates are being paid off and getting new loans on lower rates. So, rather our interest carried to the balance sheet, in terms of percentage, is going down.
Nirvana Laha	Last question from my end, in FY-17, or before, I notice that the fixed asset turnover for the company was closer to 2x, right now it is I think around 1.5x and we are going to do more capex. So, do you think that we will go back to that closer to 2 x or the nature of the business, the technologies that we are getting into, will bring the asset turnover down to this level 1.5x or is there some operating leverage waiting to play out in the coming years.
Gursharan Singh	Your observations right, prior to 2017 our asset turnover was better. The reason is that, we started operations in 1990 and there was a time when all our equipments became obsolete and we had to invest very heavily to change all those obsolete technologies to newer technologies. So, that replacement costs were also adding to the assets which will not contributing much towards increase of the top line, but actually it was being utilized to upgrade our technologies and replace the obsolete technology. And if you really compare our asset turnover ratio of FY 21-21, you see we have already improved from 1.47 to 1.52, and then coming years, it will gradually increase. As already mention that gear manufacturing is capital intensive industry and we can't really get very high number of Asset Turnover, but 2 should be our benchmark and we are gradually moving towards that.
Shagun Bajpai	Thank you Mr. Laha. The next question is from the line of Mr. Manish Gupta. Please go ahead.

Manish Gupta	I'd like to ask that, are you involved in the product development or your team can do product development without your involvement at all? That is, the team can develop products without any input from you?
Gursharan Singh	We have a full-fledged team of engineers. Our product development team, as on today, has 30 odd engineers, working only on product development and the team is very capable. We only have to add value and we have a dedicated team doing it.
Manish Gupta	You were also talking, so quite confidently about prospects for the business, despite recessionary conditions all over the world. Can you talk about the risks you see in your business and what can go wrong?
Gursharan Singh	Geopolitical risk is the biggest risk, not only to RACL but to the entire world. This issue we really wish; it should be resolved as soon as possible. And 2nd biggest risk, which we see is the speculative trading in the commodity markets. One way they are very good, but another way they cause a lot of fluctuation. Example is, that in February when the Ukraine crisis took place, in March the process of nickel went up from 23000 dollars to 108000 dollars a tonne. And, LME had to suspend the trade in Nickel. And the reason was there were speculators involved. The commodity that was 23,000 dollars on 20th February reached 108,000 dollars on 7th March causing 500% increase. Obviously, nickel had not depleted overnight from the mines or Russia or Ukraine were the biggest miners of Nickel. So, these 2 are biggest risk. In commodity segment, these speculations, sometimes hit the manufacturers very hard. These are 2 risks I see for our business. Otherwise everything is going fine. There are always challenges, but success lies in converting your challenges to opportunities and this is how we are really doing it.
Manish Gupta	So what percentage of the portfolio would you say is fairly resistant to the economic conditions because the end customer is the super-rich.
Gursharan Singh	Almost 75-80% of business goes to premium and luxury segment and 25% goes to the commodity segment. So, these business are not very prone to shorter hiccups. But, yes, if anything bigger happens, it will have an impact.
Manish Gupta	Can you share some perspective on gas shortages in Germany and if there is any production curtailment at your end customers? Do you see that as a short term issue or these things are being overblown?
Gursharan Singh	This is our own media creating stories. In Germany, they are still importing gas from Russia and in the past 6 months the gas expenditure by European countries put together is much more than what India has imported. Yes, these issues need to be resolved, but there is nothing that has blown out of proportion. At ground level, Germany is still operating at full capacity and there in no electricity or gas shortage. Risks are there but no such threat has converted into real problem. Those countries are very developed economies and they also know their risks and challenges and they all plan in advance.
Manish Gupta	My last question is that you have such a phenomenal turnaround story behind you, you have such a blue chip customer base, your product profile is fairly recession resistant, so, what is the constraint on the kind of growth rates, the company could have over long periods of time.

	Do you think you could grow faster or do you believe that there is a certain pace of growth that we should not try and exceed?
Gursharan Singh	I will answer you in a holistic way. So, growth is a subjective term; if we grow at 2%, then we need 10% of growth. If we do 10%, then we aim at 100% and when we achieve 100% then we look at 1000% of growth. I will only say whether you grow by 2% or 100%, it should be sustainable, because any short term growth will not lead any business to success. Also, the bigger you grow, bigger are the risk and rewards. So you have to be very cautious. And you have to evaluate that are the risks worth taking for the given rewards. So, in the given circumstances, our own ambition to grow 25% average year on year, is a very sustainable growth pace because we feel that if we want to grow beyond that, then the way out is that either we have some inorganic growth by mergers and acquisitions. But by creating your own facility, creating your own infrastructure, getting your own building, getting your own product model, then we have to invest a lot and it's not only the money, the human resources also, your technical competence also. So, I will say with the organic 20-25-30% growth is a very ambitious growth rate. We normally say organic growth rate is 10 to 15%. But 20-25-30% is a very ambitious growth in an organic way. Yes, let the time come and our next generation is also preparing for the future. Let's see if there are some bigger opportunities and there are any alternate methods of growth, we'll do that also. But right now our focus is on growing the way we are growing on 20-25-30% year on year. Also, 20% of 10 growth is only 2 Crore but 20% of 500 Crore is 100 Crore; so, that way the absolute growth also gets multiplied over a period of time.
Shagun Bajpai	Thank you Mr. Gupta. The next question is from the line of Mr. Rudresh Kalyani. Please go ahead.
Rudresh Kalyani	Since we are delivering products to the likes of BMW and all, who have a vision and look at the products that are ahead of our times. So, does our team has the capability to look into that vision and come up with the products?
Gursharan Singh	Yes, of course, that vision and capability only is converting into what we are doing today, because if BMW and all such customers, give you a business, they will not give you a business for tomorrow, they'll give this business for after 3 years as they have a longer gestation period. At our operational level, we are discussing FY 21-22 and FY 22-23, but our development team is working for FY 24-25 and FY 25-26 with our customers.
Rudresh Kalyani	Following up on the same, are we working on this 3-D printing technology or on the carbon or composite materials as well?
Gursharan Singh	3-D printing is a new and innovative process. Right now 3-D printing is not really in use for mass production of automotive product. It is for now, used in automotive prototyping and that too for nonferrous product. 3-D printing is gradually being used in aerospace commodities, because in aerospace, the metals are titanium and other noble metals. There the material waste is out of machining is very expensive. In automotive components 3-D Printing is still not much in place in mass production, particularly in our product of metallic. If you see electronics or plastics, there still may be a scope and same goes with composite. Composites are not being used for metallics, they are being used in vehicle platforms or the body parts or the Interior components. We know this product and this technology very well and when the demand arises will be the first ones to implement it.

Shagun Bajpai	Thank you Mr. Kalyani. The next question is from the line of Mr. Nikhil Chowdhary. Please go ahead.
Nikhil Chowdhary	I wanted to understand one thing, probably, if you are comfortable; yesterday, BMW started the production from the China plant in respect of the i3 Sport Sedan which is an EV vehicle. Since, we already have a long standing relationship with BMW, I wanted to understand, are we probably dealing in this product since now it is in public domain.
Gursharan Singh	We can't comment much but yes we are aware about it.
Nikhil Chowdhary	One more question on the steering and chassis parts, wanted to understand what sort of competitive intensity is present here. Are the margins similar to our gears because I guess our margins are industry leading in the auto ancs.
Gursharan Singh	This product, for which mass production has already started, is a new product in the automotive field itself. Margins are looking good and impressive but since it has come into mainstream production, very recently. So, let the production stabilize as, when we start the production initially, there are always teething troubles and then are always certain successes and failures and challenges. Our estimations are that this product will give us good margins, but, let us wait for some more time that the production gets smoother. Then we'll be able to have a clearer picture. This is a premium product and very complex. Of course, the margins are better, but you will also see that it is a competitive world and customers also know how to squeeze the suppliers, so we have to draw a balance. But, you can also understand that why we are selecting these kind of products because there is no crowd of suppliers in this. We have put our best foot forward and we will get the advantage of this.
Shagun Bajpai	Thank you Mr. Chowdhary. The next question is from the line of Mr. Ayush Agarwal. Please go ahead.
Ayush Agarwal	My 1st question is that in the last 2 or 3 years, we must have got new projects. So, I just wanted to understand, what percentage of revenues came from new projects in FY 22.
Gursharan Singh	I don't have the numbers right now. But, when we say new projects are of two types- one is the new customers and another is new projects from our existing customers. So we added new customer ZF in a big way past 2 years. So, that customer has still not added much to the revenue in the previous year, it will start adding to the revenue from this year. But, in previous year, if we have grown about 30%, then our net growth has been almost 27%. Out of 27%, I will say, a little over 15% growth has come from the new projects out of our existing customers. Around 5-7%, growth has come as organic growth out of the existing product. And 2-3% growth that come out of our new customer, mainly ZF. But, to answer your question, I think I gave you some rough numbers.
Ayush Agarwal	Given that, we have been adding new customers, so some update on that like last time you had mentioned that we entered with KTM in China, so some update there.
Gursharan Singh	We already mentioned that ZF was a new customer and MAN Trucks was a new customer and CF Moto is basically KTM. They have formed a joint venture in China and that was also added in last 2 years and it has already started adding to the revenue from last year.

Ayush Agarwal	My next question is on our Capex. We did around 50 crore of capex last year and this year we plan to do another 50 Crore, so just a breakup of, how this 50 Crore was spent. Was it project specific or just to increase our overall capacity. And how do we even measure capacity. A total of 100 Crore capex is a huge capex and how do we define capex and where will this capex go towards.
Gursharan Singh	Partly it goes to creating infrastructure, the it goes to partly to fund the new project and partly goes to funding of our existing projects. Broadly, around 35% goes to our production activities and all the production machines. This is a mixture of both new products and the existing products. And then eventually, duly supported by measuring equipment or the inspection equipment and on software. And then creating the utilities, the infrastructure, or the buildings. Some capex we are using this year for creating housing infrastructure for our senior employees. We have our factory in a remote place, so, to retain the talent also is a challenge for us. We already have a small housing campus and now we are upgrading and expanding that so that new talent can be retained. Capex has to be done very judiciously and have to spend money on where we need equipment precisely. And we have always shared that we will never make any capex until we have very clear business lined up for us. We always invest when we get the business. You may take it as a conservative approach or you may take it as a strategic approach, but we always believe that, it is always better to create a fully integrated and flexible setup, so then when the customer comes, you have that technology to produce sample parts, but for the capacity expansion, but will invest only when it gives us an order.
Ayush Agarwal	So, after FY 23 capex, we will have roughly a Net block of more than 200 Crore. So, from that capex, since you mentioned that we are targeting, an asset turnover of 1.8-2.00 again. So, this will be enough to go to 400 Crore conservatively?
Gursharan Singh	Yes, because we already planned, as I told you, we are going almost Rs 345 odd crore that we're targeting this year. Also, it is not necessary that when we plan capex, it is for the current year only. Some capex can be for a year beyond also.
Shagun Bajpai	Thank you Ladies and Gentlemen. 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.