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Subject: Transcript of Earnings Conference Call held on Friday , 8th November , 2019

Dear Sir,

Pursuant to Clause 15 of Schedule III, Part A, read with 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, 8th November, 2019.

You are kindly requested to take the same on record.

Thanking you,

Yours Faithfully

For **Precision Camshafts Limited**



Mayuri I. Kulkarni
Company Secretary



Disclaimer

Transcript may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

Precision Camshafts Limited

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“Precision Camshafts Limited
Q2 & H1 FY2020 Earnings Conference Call”

November 08, 2019



**MANAGEMENT: MR. KARAN SHAH – WHOLE TIME DIRECTOR
(BUSINESS DEVELOPMENT) – PRECISIONS CAMSHAFTS
LIMITED
MR. RAVINDRA RANGANATH JOSHI – CHIEF FINANCIAL
OFFICER & DIRECTOR - PRECISIONS CAMSHAFTS
LIMITED**



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Moderator: Ladies and gentlemen, good day, and welcome to the Precision Camshafts Limited Q2 and H1 FY2020 Earnings Conference Call. 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 the 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, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Karan Shah, Whole Time Director (Business Development). Thank you, and over to you, Sir!

Karan Y. Shah: Thank you. Good afternoon ladies and gentlemen. I first like to thank all of you for being a part of the Precision Camshafts Limited Q2 and H1 FY2020 Earnings Conference Call. Along with me today I have Mr. R.R. Joshi, CFO and Director, PCL and SGA, our Investor Relations advisers. I like to start with an overview of the auto industry and then get into our company’s performance. Since last year, the auto industry especially the Indian market has undergone a turmoil affecting everybody in the value chain. This has been on account of various reasons, ranging some higher fuel price, liquidity crunch, implementing BS6 norms and again negative consumer sentiment, which led to major OEMs cutting their growth estimates for the year, which also had a direct impact to our production schedules.

However, as we had expected, the sentiment has started improving with the festive season and while we can see that the Indian market is slightly recovering, the overseas market is much more stable and predictable for us. More than 70% of our group business is from outside of India and spread across geographies including Brazil, US, Europe, Uzbekistan and Korea to name a few. This diversified presence, ladies and gentlemen, has allowed us to throw in double digits despite the sluggish Indian market. Precision Camshafts with its three group companies which are MEMCO, MFT and EMOSS has now truly become a global company with manufacturing facilities in India, Germany and Netherlands with global automotive OEMs in our clientele list.

It is because of our global presence, our company has not only been able to tackle the slow down, but in fact posted improved performance on both standalone as well as consolidated basis. Our business outside of India grew by 36% year-on-year while the Indian business has declined only by 6.9% year-on-year. Starting on the standalone business performance,



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which houses the Camshaft business in Solapur, the total income for Q2 FY2020 increased by 11% year-on-year to 112.8 Crores and for half year FY2020 increased by 15% year-on-year to 232.6 Crores. EBITDA for Q2 FY2020 also increased by strong 25% year-on-year to Rs.28.3 Crores and for the first half of FY2020 increased by 19% year-on-year to 56.5 Crores. The total income and EBITDA has increased on the basis of improved product mix that is the higher volume contribution from the more profitable machine camshafts as we have desired.

EBITDA margin expanded by about 270 basis points year-on-year to 25% in Q2 FY2020 and by 80 basis points in the first half of FY2020 to 24.3%, which has been on the back of strong cost optimization efforts taken by the company. Profit after tax came in at about 15.5 Crores in Q2 FY2020, which has more than doubled as compared to Q1 of FY2020 and while PAT for half year FY2020 increased by 81% to Rs.25.8 Crores year-on-year, which was partially aided by tax reversals. Our strategy to increase more profitable and value added camshaft is fructifying now and it is also leading to better utilization of our facilities.

Total camshaft volumes for half year FY2020 stood at 3.92 million units, of that machine camshafts were 1.23 million units, which increased by 30% year-on-year, which is very much inline with our strategy. Machine camshafts contributed to 32% of the volumes for Q2 FY2020 versus 27% in Q2 of last year. Even the camshaft casting volumes stood at 2.69 million units up by 2% year-on-year. Our new machining facility has increased utilization as compared to Q1 and we expected to run at about 100% utilization in the next two to three years hence further improving the product mix and the profitability of the company.

Now coming to the consolidated business performance, total consolidated income for Q2 of this year increased by 11% to 185.3 Crores and for half year increased by 19% year-on-year to 386.8 Crores. Consolidated EBITDA for Q2 FY2020 increased by 17% year-on-year to 32.6 Crores and for first half of FY2020 increased by 16% to 64.4 Crores. Consolidated PAT came in at 11.7 Crores in this quarter as compared to just 1.4 Crores in Q2 of FY2018-FY2019. This is up by 330% year-on-year for H1FY20 to Rs. 16.8 Crores

Now coming to our group companies performance MEMCO, MFT and EMOSS for the quarter Q2 FY2020. Revenue for MFT increased by 30% year-on-year and it is now at 43 Crores for this quarter.

Revenue at MEMCO has decreased slightly by 11% year-on-year and is now at 11 Crores for this quarter. EMOSS on the other hand, the revenue of EMOSS has posted a strong



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growth of 259% year-on-year and has posted revenue of 19 Crores in Q2 FY2020. I would like to state that all of the newly acquired group companies are profitable at an EBITDA level and performance continues to improve. We expect them to soon be a big part of our business in the coming years and there is immense growth potential for these companies in terms of cross synergistic opportunities across our different businesses and we will take every effort to scale these businesses profitably.

In closing comments, our diversified cliental across the globe has let us to overcome the current slow down in the domestic market, our strong product profile has let us to become a preferred supplier from many of our reputed clients. We have now started to focus on cross synergies on the acquisitions with a target to diversify the client base across the group and become a preferred supplier for critical and specialized components and finally our new machining facility in improved utilization level leading to better product mix in favor of machine camshafts and will start to improve profitability going forward.

With this, I would like to handover the call to Mr. Joshi our CFO who will walk you through some of the financial highlights of this quarter and first half of the financial year after that we would then open the floor to Q&A.

Ravindra R. Joshi:

Thank you, Karan. Now, I will summarize this. PCL India sales is 214.75 Crores, in that export is 129 Crores and domestic is 85 Crores. EBITDA is 24.28%, PAT is 11.05%, working capital loan is 42.47 Crores and term loan is nil. We have a bank deposit of 54 Crores, mutual fund 123 Crores and we have given a corporate guarantee of 60 Crores to Bank of Baroda, UK and 20 Crores to Citi bank and coming now to MEMCO where our sales is 20.12 Crores, EBITDA is 16.54%, PAT is 4.19%, working capital loan is 3 Crores, term loan is 7.14 Crores. MFT we have acquired 76% where the sale is 83.9 Crores, EBITDA is 6.07 Crores, PAT is negative, working capital loan is 16.71 Crores, term loan is 54.06 Crores. As far as the EMOSS is concerned, our sales is 49 Crores, EBITDA is 4.38%, PAT minus 0.06%, there is no term loan and also there is no working capital loan. as far as bank is concerned. There is one thing I want to highlight, 7.86 Crores of amortization of intangible asset has been considered in the consolidation of financials. This is the extraordinary expense after acquisition. This is all from my side. Now, the question and answer is open.

Moderator:

Thank you very much Sir. Ladies and gentlemen, we will now begin with the question and answer session. We have the first question from the line of Nilay Vakhay from Amit Jesani Financial Service. Please go ahead.



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Nilay Vakhay: We are disclosing the subsidiary numbers for the first time, is this going to be a continuous process or are we going to be on and off about it because last time we had decided that we might not be giving subsidiary numbers may be that is what I remember?

Ravindra R. Joshi: No, as per the SEBI guidelines, it is must, it is compulsory to give the consolidated figures on quarterly basis, so now we have started to give this and this is going to continue.

Nilay Vakhay: The second question is, can we have some guidance for the subsidiaries over the next few quarters because lot of capital is getting blocked over there, so how are we going to go about it over the next 1, 2, 3 quarters if you can give us a brief or at least regarding 2019-2020 financial year?

Karan Y. Shah: No, I do not think. I think Joshi, if you can answer this, but I do not think we will be able to give you guidance in terms of quarterly, in the past we have mentioned that each one of this company is on growth trajectory, you have seen this year-on-year growths that we have just mentioned in the calls from last year to this year, but would be very difficult to tell you on a quarterly basis what the performance is going to look like.

Nilay Vakhay: Fine. Thanks.

Moderator: Thank you. We have the next question from the line of Mayur Joshi from Riskpro. Please go ahead.

Mayur Joshi: So, my question is to Mr. Karan, since you are from second generation of the promoters, are there any plans of cultivating the future leadership inside the company, are you working on developing the future generation of leaders inside the company because what I am seeing from recent financial performances of the company that we are posting good results, but we are not able to probably communicate those results to the stock markets or we are not able to convince the investor rightly, so are there any activities, which are being taken by the leaders like you?

Karan Y. Shah: We have succession plans for almost all positions that we have within our company at an operational levels, strategic level, etc., so that is for sure. We are working very hard now over the last two quarters I would say to present the story much better to our investor, our CFO and Director, Mr. Joshi has been consistently in touch with our investors, institutional as well as retail to give a constant update on where we are, how things are going, how things are moving along with SGA also we are trying to disseminate this information in the



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best possible way, so the point is that even in this difficult and challenging times, we have posted double digit growth, so that is definitely stimulant towards this good performance and it will continue.

Mayur Joshi:

My specific question was about the future leadership, so you belong to the second generation of the promoters' right? So, you might have some activities, which are going in the company, which will probably highlight the strength of your company in terms of human resources, so is there any plan, I mean you also belong to business development, so you have any team for business development or only the promoters go and do the business development, so that is something, which I would like to understand more?

Karan Y. Shah:

No for sure not we have very dedicated teams working on specific things, this is not a typical promoter driven company that just me and my father are doing order booking by our self and by the size of the company and the presence that we have globally it would not be even possible for two people to do it, so everything that we do is a team effort, we have Mr. Joshi and his entire team, which is based in Pune, they are driving the accounts and finance of the entire group. They have a very strong team there, which has expanded over the last two years multi fold actually to take care of the needs of the group and each of the clients we have very, very talented, very, very young growth driven people who are driving the operations, who are driving sales, who are bringing in new customers, who are bringing in new technologies, so we are not one of the company that will sit and wait around for things to change, we are the leaders in the camshaft business, we have 10% global market share, we continue to be the only company that has all technologies under one roof, we have now a electric vehicle company, which is being driven very hard by the technical team, so for sure, if your question is that are two people driving this company, for sure no.

Mayur Joshi:

You mentioned about this electric vehicle company, I want to understand, are there any plans to get this electric vehicles into India, the technology, which you are developing in Netherlands probably are we thinking of getting this technology in India.

Karan Y. Shah:

Yes and I answer it in two parts. One, yes, we are planning on bringing this technology, with a localized content to India, otherwise it will not make sense to bring it at the way it is done in Europe, so we are working on it from right now and hopefully, in the next 6 to 8 months we should see something here, but on the other side let me also highlight that this company has grown 200% or 250% in just a year that we have acquired it and this is purely driven by the demand in the matured markets, so our focus and our efforts continue to be where the demand is which is in Europe, North America, New Zealand, Australia where



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there is a market we are focusing there, but of course India will be a potential market in sometime.

Mayur Joshi: I have not seen any kind of thought from your end about, there is a lot of activity in India happening about the electric vehicles, but if you are the leaders and if you are driving the European market, why there are no leadership kind of statements coming from your end in media or in the public forums, so is there any kind reason why you are not coming out with the these kind of leadership statements?

Karan Y. Shah: See, I do not think we are in a position to make thought leadership statements in India at this point, we have a good presence in the market that we supply to and we will continue to supply that in the niche markets, when we are ready with the products for India you will see us making our statement and being out there with the press and the media and everything, but it would not be wise to do that without having a product ready for this market.

Mayur Joshi: Thanks.

Moderator: Thank you. We have the next question from the line of Vaibhav Badjatya from HNI Investment. Please go ahead.

Vaibhav Badjatya: In opening remarks, you have highlighted that there is 8 Crores intangible that has written off, I just wanted to know that is this amount for the first half of the year or for the quarter and is this goodwill or what is this intangible asset?

Ravindra R. Joshi: This intangible assets, which we have created at the time acquisition and total intangible asset for the year is 16 Crores and this will be written off over a period of 5 to 6 years.

Vaibhav Badjatya: So, you are saying 15 Crores the total write off last year, that is what you are saying FY2019?

Vaibhav Badjatya: Every year there will be 15 Crores write off?

Ravindra R. Joshi: No, last year it is 15 Crores and from year onwards it will be 16 Crores.

Vaibhav Badjatya: 16 Crores?

Ravindra R. Joshi: Yeah



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- Vaibhav Badjatya:** And this comes as part of consolidated?
- Ravindra R. Joshi:** Yes
- Vaibhav Badjatya:** And this is goodwill write off or this is other IP write off, what is it?
- Ravindra R. Joshi:** This is depreciation write off, this is an intangible asset created at the time of acquisition and it is a depreciation, which we are writing off over a period of 5 to 6 years.
- Vaibhav Badjatya:** Got it and secondly, on this audit issue and the qualification and all the statements that you have released on the exchange, just wanted to understand one thing you know as per your statement, you issued notice for the board meeting on May 18, 2019, and at that point of time final report of the subsidiaries are not ready at that point of time and the notice for board meeting was issued and it was ready only afterwards, so why there was a rush for the board meeting and why they could not have hold the board meeting till the time the audit of the subsidiaries and the number of subsidiaries were available, just want a clarification on that?
- Ravindra R. Joshi:** Now you see, on March 31, 2019 if you see the balance sheet there is a qualification done by PG Bhagwat and Associates on our financials because of late availability, it is not non-availability, it is because of late availability of financials of subsidiary company, we have replied the stock exchange we have already provided the information, but he was not happy with that, if you see in the first quarter of June where PG Bhagwat audited there is no qualification, they said we have provided all the information duly audited by Netherlands and German entity and if you see this quarter I mean half yearly, the audit has been done by BDO that is a big five and there is no qualification and they have accepted all our audit reports.
- Vaibhav Badjatya:** Right, I understand that, that I have noticed, but the specific issue is concerned issue is that when the board meeting was scheduled without having the reports of the subsidiary ready, I just wanted to understand that what was the thought process of issuing board notice without having numbers of the subsidiaries in hand?
- Ravindra R. Joshi:** No, he has not written like that, what he has written is that we have appointed an auditor without his knowledge but it is not like that, we have appointed an additional auditor, joint auditor



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- Vaibhav Badjatya:** Anyway I will take this off. Thank you.
- Moderator:** Thank you. We have the next question from the line of Ankit Suchanti from Axis Securities Limited. Please go ahead.
- Ankit Suchanti:** Mr. Karan, I have a question for you, the PAT that you reported for the subsidiaries both are negative if I have heard correctly and the margins were in early single digit 6% and 10%, so when is it going to be PAT positive and what is long-term margin profile that you see for the subsidiary businesses that you have acquired?
- Karan Y. Shah:** So, let me touch base on EMOSS first, EMOSS is a very young company first of all, it is about 4-5 years old, it is a very rapidly growing company and you can see that there is a lot of research & development happening there for this electric drive line market and therefore, it is not profitable at a PAT level at this point of time. I think it is going to take a year or so or may be a little bit more than that, a year or two perhaps to get it profitable at a PAT level and this is going to happen when we have scale to really supply the type of volumes that we are looking at and we are looking at moving from a project based working style at EMOSS to more of supplier of kits to niche OEMs around the world and we are already taking steps towards that, which is why you see the tremendous growth in topline and while having said that, there is a lot of work going on, on the supply chain side also to see how we can scope better to improve gross profits and therefore PAT, that is going to take a little bit of time.
- With MFT, we have small negative, but we are working with all of our customers with the plant there to really turn it around very fast and the results there will be seen much sooner than what we expected in EMOSS because there is still a lot of R&D in EMOSS were as MFT, we are very much used to the business model there, we are very much used to the customers there, the type of products, etc., also a lot of PCL resources are going to be or are already deployed at MFT to improve margins, so we will see that in the quarters to come and on an ongoing basis, having being based in Europe, high cost, etc., etc., we are still going to talk about the 10% to 15% EBITDA margin on an ongoing basis.
- Ankit Suchanti:** For MFT?
- Karan Y. Shah:** For MFT and for EMOSS also.
- Ankit Suchanti:** 10% to 15% on a sustainable two years down the line basis?



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- Karan Y. Shah:** Yeah, exactly.
- Ankit Suchanti:** EMOSS, you have already said that you have plans to bring that same Indianized model in the next year or so?
- Karan Y. Shah:** Yes. That is the plan, yes.
- Ankit Suchanti:** Great, thank you.
- Moderator:** Thank you. We have the next question from the line of Arun Kejriwal from Kejriwal Research. Please go ahead.
- Arun Kejriwal:** Karan, good afternoon. Couple of quick questions, do we have any buy out left from these two companies that is EMOSS and MFT or it is all over?
- Karan Y. Shah:** No, we do have. We currently own 76% of MFT, there is a plan to buy the remainder of the 24% in a couple of years, which is already planned based on a certain formula, similarly with the EMOSS, we own 51% now and there is a solid plan to get to 100% in the next three to four years depending on how the business progresses.
- Arun Kejriwal:** So, amount that PCL would pay is already year marked based on performances that the company achieves, correct?
- Karan Y. Shah:** It is, yes.
- Arun Kejriwal:** Right, second question, Sir, last time you did not talk about the subsidiaries, this time you have given us two quarters simultaneously and there are positives and negatives both to takeaway, so if you could give us a sense in the coming four to six quarters, what kind of revenue visibility is there with each of these three companies as of date and like you have mentioned to the gentlemen earlier that you are looking for 10% to 15% EBITDA, the kind of business plan for each of these company in a nutshell?
- Karan Y. Shah:** Yes, at EMOSS if I have to put a number to say that this is the visibility that we see, there is tremendous demand from European market to produce these electrical drive lines for specific niche applications, so we are working very hard on that, I would not be able to tell you a number in terms of percentage as to the next four quarters what does it look like. For MFT, I can tell you we are also declared this in the past that after our acquisition PCL has invested about 8 million Euros additionally in capex, which is a combination of equity from



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PCL and MFT balance sheet, which is now going to take a company from about 20 million Euros or about 150 Crores as it stands today to about 30 to 32 million Euros, which is a 50% growth in the next two years, so there is a complete visibility for that, we have the order book for that, there is a plan to ramp up and is going as we had planned, so I think things are on track to go to 30 million there at MFT.

Arun Kejriwal: And the third one the Nashik unit?

Karan Y. Shah: So, the Nashik unit, like we have also said in the past it is about 30 Crores will be acquired, we have grown at 50% in a year was about 47 Crores March of last year, this year because the Nashik company is quite dependent on the Indian market due to supplies to tier 1 there has been a slight decline in the business there. We have made efforts and ensured that we kind of balance this slowdown with other new customers at MEMCO and we have therefore not taken a 30% or a 40% hit in revenues, but rather only a 7% to 10%. We are looking at taking this company to about 100 Crores in three years, there is a core team put together to do that and that is very much on track.

Arun Kejriwal: Final question from my side, the keys of the standalone operation is the increase in machine camshaft while there has been a significant growth in the first half, any sort of timeline that you had of this number moving up in the next 6 to 12 months?

Karan Y. Shah: Yes, if you look at the half year performance we did about 1.2 to 1.3 million machine camshafts in the first half of this year, we have said that based on the customer demand and what we have capacity laid out we will definitely reach about 3.6 million camshafts fully machined by 2021, so that is still on track, there will be a gradual ramp up till then.

Arun Kejriwal: Thanks a lot, Sir.

Moderator: Thank you. We have the next question from the line of Nandan Madiwalla from Madhiwalla Invest. Please go ahead.

Nandan Madiwalla: In previous quarter we showed on the balance sheet intangible assets around 17 Crores, this quarter we have shown it 90 Crores, so what is the reason for that jump, and we have changed it historically, right to 93 Crores as of March 2019, so what is the reason for that?

Ravindra R. Joshi: In March 2019, the figures are provisional figures for the September end it is an audited figure, so that is substantial restatement of accounts took place.



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- Nandan Madiwalla:** What was the reason so goodwill I think I guess has reduced intangibles has gone up?
- Ravindra R. Joshi:** We have carried out the valuation of goodwill as well as intangible assets based on that we have done the entries and last year it is on provisional basis, this year it has been done based on the valuation.
- Nandan Madiwalla:** Intangible assets would be what like contracts, order books or some sort that we are depreciating, amortizing?
- Ravindra R. Joshi:** No, there are three to four issues are there, the customer relationship is there, then research and development and all these based on three to four issues we have carried out the goodwill.
- Nandan Madiwalla:** No, what will make the intangible assets?
- Ravindra R. Joshi:** The intangibles include software, for example, if you see in EMOSS, there is big software and also their future growth and all this.
- Karan Y. Shah:** We have a lot of patented software; there is a lot of high end technology, so all of that is the intangible.
- Nandan Madiwalla:** Thanks. All the best.
- Moderator:** Thank you. We have the next question from the line of Manan Shah from Money Bee. Please go ahead.
- Manan Shah:** Sir, congratulations for a good set of number. Now, we are already sitting on cash on investments of almost like 150 Crores, so just wanted to know how we plan to utilize this.
- Ravindra R. Joshi:** See, 150 Crores, out of that 120 Crores we had kept in the mutual fund and that we are keeping as it is and whatever we are getting 8.5% or 6%, but for that we have a liability of 60 Crores, which we have to pay to the Bank of Baroda for acquiring the companies and balance we are keeping for the expansion in Solapur as well as for various companies what we have acquired.
- Manan Shah:** Thank you.



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Moderator: Thank you. We have the next question from the line of Atul Shah from Progwealth Securities. Please go ahead.

Atul Shah: Sir, thank you for this opportunity. Sir, my question is what is the company's current capacity utilization for machine and casting camshafts?

Karan Y. Shah: Casting side we have the capacity of about 9 million casting per year, we are doing approximately 7 to 8 million, so we are at about 85%, there is room to debottleneck and add more capacity there, but right now we are at the good position of the Foundry side, on the machining side as you know we have spend all of the money that we raised from the IPO to set up a new machine shop for which the capacity laid out, but not fully utilized at this point because all the customer contracts are in ramp up so I would say that we are at 70% of utilization, but would go to about 90% to 95% in the next year and two years.

Atul Shah: Sir, have you added any new client in Q2 FY2020?

Karan Y. Shah: No, not in Q2.

Atul Shah: Machine camshafts volumes have increased by 30%, but our gross profit margins have not expanded, so what is the reason behind the same?

Ravindra R. Joshi: I will tell you, the gross margin has been eaten by our power cost, substantial increase in the power cost and that power cost has taken away our machine camshaft additional margin.

Atul Shah: So, that is the reason.

Ravindra R. Joshi: Yeah.

Atul Shah: Thank you very much for the opportunity. That is all from my end.

Moderator: Thank you. We have the next question from the line of Bhaskar Chaudhury from Entrust. Please go ahead.

Bhaskar Chaudhury: Mr. Joshi, you have mentioned some numbers for the subsidiary, could you just repeat those little slowly?

Ravindra R. Joshi: Yes, see the MEMCO, which is Nashik based company, this is half year ending I am saying sale is of 20.2 Crores and EBITDA is 16.54 Crores and PAT is 4.19% and working capital



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loan is 3 Crores and term loan is 7.14 Crores this is MEMCO. MFT, this is German based company, sale is of 83.90 Crores, EBITDA is 6.07%, PAT is 1.93% negative, loan working capital 16.71 Crores and bank term loan is 56.70 Crores. EMOSS, sales is 48.98 Crores, EBITDA 4.38%, PAT 0.06% minus and there is no working capital taken from bank, but it has been contributed by shareholders.

Bhaskar Chaudhury: Employee cost seem to be rising faster than sales, Mr. Joshi, why is that and what is the steady level for the employee cost?

Ravindra R. Joshi: We have given increment to our workers because of that there is an increase, other than that there is no additional manpower we have taken.

Bhaskar Chaudhury: Could you also mention the realization in the first half for the casting and machine camshafts?

Ravindra R. Joshi: Right now, I do not have these figures; I will come back to you.

Bhaskar Chaudhury: Last question, what is going to be your tax rate on the go forward basis?

Ravindra R. Joshi: 25.16%.

Bhaskar Chaudhury: Thank you.

Moderator: Thank you. We have the next question from the line of Keshav Kanoria from ITI Capital. Please go ahead.

Keshav Kanoria: Thank you for this opportunity. I think I might have missed this points, what is the current order book size at the group level?

Karan Y. Shah: We have not said what the order book size at the group level, but individually I can tell you that, in terms of MFT we have invested certain amount of money in Capex, we expect the revenue to increase about 160 Crores to about 240 Crores at MFT in the next one-and-a-half to two years, at EMOSS difficult to put a number right now because it is still in fast growing environment you have seen that last year thee was almost two and half times growth, so would be difficult to put a number right now in terms of order book, but it is in road to trajectory let us put it like that, MEMCO, we have a plan to take the company from about 40 Crores right now to 100 Crores in the next three to four years, at PCL also we have, you know that we have the capacity for machine camshafts for 3.6 million, currently



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we are only doing 2.3 to 2.4 or so, so we have an order book to do that additional 1.1, 1.2 million camshafts that will add about 100 Crores or so, more than 100 Crores in topline.

Keshav Kanoria: And are we looking at any Capex in the nearby period?

Karan Y. Shah: Not at this time, not major Capex unless there is like Mr. Joshi said earlier we have certain funds available for expansion, we are looking at new business, new geographies, new customers, so if that does fructify , there would be some Capex, but not significant at this time.

Keshav Kanoria: Thank you. That is all from my side.

Moderator: Thank you. As there are no further questions from the participants, I now like to hand the conference over to the management for closing comments. Sir, over to you!

Karan Y. Shah: Thank you so much, ladies and gentlemen for joining our Q2 and half year FY2020 results. To kind of recap, we have been through a difficult time in the Indian auto industry and despite that we have done improved results not only double digit on the topline, but significant improvement to the bottom line as well. We have been working on significant cost optimization goals adding more machine camshafts, which has been our strategy from the very beginning, we are now getting to see a fructification in that, all of our group companies are on a very good growth trajectory, which is why you see growth at the consolidated level, so we hope for your continue support and we are looking for good times ahead. Thank you very much.

Moderator: Thank you very much, Sir. Ladies and gentlemen, on behalf of Precision Camshafts Limited, that concludes this conference call. Thank you for joining with us. You may now disconnect your lines.