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Date: 13<sup>th</sup> March, 2020

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**Subject: Transcript of Earnings Conference Call held on Friday, 14<sup>th</sup> February, 2020**

Dear Sir,

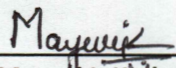
Pursuant to Clause 15 of Schedule III, Part A, read with Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed transcript of conference call with analyst/investors held on Friday, 14<sup>th</sup> February, 2020.

You are kindly requested to take the same on record.

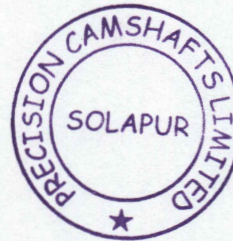
Thanking you,

Yours Faithfully

For **Precision Camshafts Limited**

  
Mayuri I. Kulkarni

**Company Secretary & Compliance Officer**



*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.*

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## “Precision Camshafts Q3 and 9 months FY2020 Earnings Conference Call”

**February 14, 2020**



**MANAGEMENT: MR. KARAN YATIN SHAH-WHOLE TIME DIRECTOR  
BUSINESS DEVELOPMENT  
MR. RAVINDRA JOSHI- WHOLE TIME DIRECTOR AND  
CFO**



*Precision Camshafts Limited  
February 14, 2020*

**Moderator:**

Ladies and Gentlemen, Good day and welcome to the Precision Camshafts Limited Q3 and 9 months FY2020 Earnings Conference Call. This conference call may contain forward looking statements about the company which are based on the belief, 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 call, please signal an operator by pressing '\*' and then '0' on your touchtone phone. Please note that this conference is being recorded. Participants for this from Precision Camshafts Limited are Mr. Karan Yatin Shah – Whole Time Director Business Development and Mr. Ravindra Ranganath Joshi – Whole Time Director and CFO. I now hand the conference over to Mr. Karan Shah – Whole Time Director Business Development. Thank you and over to you, sir.

**Karan Shah:**

Thank you. Good afternoon ladies and gentlemen. I would like to thank all of you for being a part of this Precision Camshafts Q3 and 9 months FY20 Earnings Concall. Along with me today I have Mr. Ravindra Joshi – Whole Time Director and CFO of our company. I would like to start with an overview of the auto industry and then get to our company's performance. After an unprecedented slowdown the Indian auto industry is pinning on hopes on the next financial year for a turnaround. Banking on a host of new and upgraded models slated to make their way to the market. The industries hopes are also in line with expectations of the economy would finally come out of this slump and draw people back to the showrooms. Yet the challenges of transition to the stricter BS-VI emissions norms and compliance to new safety norms thereby making vehicles costlier are lurking around the corner. 2020 will be an interesting year with BS-VI getting implemented and entirely new platforms being available in this market. The Indian economy is expected to revive early next year which along with the low base of last year and availability of newer models should support growth in the auto sector.

Coming to our company the Precision Group along with this three group companies which are MEMCO, MFT and EMOSS has now truly become a global company with manufacturing facilities in India, Germany and the Netherlands with global automotive OEMs and our clientele analyst. It is because of this global presence that our company has not only been able to tackle the slowdown, but in fact posted very good performance on both its standalone as well as consolidated basis. Our core Camshafts business has grown by 12% year-on-year despite the slowdown in the Indian market. This is mainly because of increase in the sale of niche machined Camshafts to export customers in Europe, USA, Mexico and Brazil.

Our Indian subsidiary MEMCO which is acquired from the internal accruals of the company has grown in revenue in spite of the sluggish market situations in India and has major customers like BOSCH, Delphi on its client list. Our international subsidiary EMOSS and MFT which were acquired with a combination of internal accruals and debt have also registered growth in sales



during the last 9 months. As a company PCL is increasing its management bandwidth for its Indian as well as overseas subsidiaries for better profitability and growth in the years to come.

Starting with the standalone business performance which houses the Camshafts business the total income for the 9 months and FY20 increased by 12% to 351 crores and for the third quarter is increased by 4.9% to 118 crores. EBITDA for the 9 months FY20 increased by strong 24% year-on-year to 91.8 crores and for Quarter 3 FY20 it increased by 32% year-on-year to 35.3 crores. The total income and EBITDA have increased on the back of improved products that is higher volume contribution from the more profitable machine Camshafts as we have always desired. EBITDA margin expanded by 260 basis points year-on-year to 26.1% in the 9 months and by 620 basis points in Q3 to 29.8% again backed by the strong cost optimization efforts by the company. Profit after tax increased by 126% to 50.6 crores in the 9 months and for Q3 increased by circa 206% to 24.8 crores.

Our strategy to increase more profitable and value added machine Camshafts is now fructifying and is also leading to better utilization of our facilities. Total Camshafts volume for the last 9 months stood at 5.86 million units of which machine Camshafts were 1.89 million which increased by 27% year-on-year which has been exactly in line with our strategy. Casting Camshafts volume stood at about 3.96 million which was down about 1% year-on-year. Our new machining facility has seen increased utilization and we expected to run at peak utilization in the next two years hence further improving our product mix and further increasing profitability of the company.

Now coming to the consolidated business performance, the total consol income for 9 months FY20 increased by 14.5% to about 585 crores and Q3 FY20 increased by 7% to about 197.8 crores. Consolidated EBITDA for the 9 months increased by 15% to about 102.5 crores and for the Quarter 3 increased by 14.3% YoY to 38.1 crores. Consolidated PAT for the 9 months increased by 254% year-on-year to 33 crores as compared to just 9.3 crores for the 9 months last year. The consolidated PAT for this quarter Q3 increased by circa 200% to 16.3 crores as compared to just 5.4 crores in the same quarter last year.

Now coming to our group companies' individual performances. Revenue of MFT in this quarter was about 44 crores and for the 9 months was about 129 crores. Revenue at MEMCO for Quarter 3 was about 10 crores and about 30 crores for the 9 months of this year and revenue at EMOSS was about 25 crores for this quarter and about 74 crores for the 9 months. I would like to state that all of our newly acquired group companies have started registering growth in sales, we expect them to be a bigger part of our business in the years to come. There is an immense growth potential for each of these companies in terms of cross synergistic opportunities across our different businesses and we are making every effort to scale these businesses and that too profitably.



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With this, I would now like to hand over the call Mr. Ravindra Joshi our Whole Time Director and CFO who will walk you through some of the financial highlights of this quarter and the 9 months of the financial year after which we will open the floor to Q&A. Over to you Mr. Ravindra Joshi.

**Ravindra Joshi:**

Thank you Karan and good afternoon. I would like to highlight of the EBITDA of the company. The EBITDA of PCL currently is in between 24% to 25% and our aim is to achieve EBITDA is 30% in coming years. What the measures we have taken is increase in machine Camshafts sales where the margin is more, and we are working on the purchase of power through captive consumption where the proposed rate would be around Rs.6 per unit as compared to the 8.64. We believe we can save substantial money by adopting captive consumption. Since the approx. period is concerned MEMCO now present in EBITDA percentage is 19% our target is to get it to 25%. Measures what we are going to take is concentrating on sale of higher margin components like endress+ houser and reduction in labor cost presently the CTC ratio of the company in between 25% to 30%. The company will announced VRS scheme to get rid of higher salaried worker and also the present suppliers of the company are directed and approved by customers, therefore, is not able to do any negotiation.

We are trying to source the similar raw material so we can negotiate and reduce the prices. EMOSS at presently the EBITDA percentage is 1% to 5% and company has an ample opportunity to increase EBITDA to the level of 10% and the management on the companies confident to achieve these levels in coming years that is why increase in sale volume, reducing the purchase of battery cost and reduction in labor cost and reduction other expenses. Right now, MFT our EBITDA percentage is between 6% to 10% and our endeavor is to get it down to 10% to 15%. It is just we are taking there in MFTs to reduce the raw material cost, labor cost and also the interest cost is in between 4% to 5% and we want to get it down to 1% this is as far as EBITDA is concerned.

Now the borrowings:

The PCL has only 28 crores borrowing of working capital where we are taking this loan for our post-shipment credit and as far as this future expansion is concerned, we are going to invest near about 60 crores in next two to three years for expansion in the machine shops.

And the CAPEX for MEMCO we are going to invest near about 20 crores from internal source or from borrowings from the banks and MFT we have already invested near about 58 crores for the expansion in machine shops where the revenue and EBITDA will increase and as far as IPO funds are concerned we have utilized all the 240 crores in our machine shop in Solapur.

That is, it from my side now. Now the question and answer are open for all the invitees.



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- Moderator:** Thank you. We will now begin the question and answer session. The first question is from the line of Shweta Kumar from Smriti Investments. Please go ahead.
- Shweta Kumar:** I just want to know what is the price difference between foundry and machined camshaft?
- Ravindra Joshi:** Can you repeat your question please?
- Shweta Kumar:** The price difference between foundry and machined camshaft?
- Ravindra Joshi:** Yeah, the foundry the average realization is between Rs. 300 to Rs. 350 and machining is between Rs. 800 to Rs. 1,200.
- Shweta Kumar:** Ok Sir and What is the margin difference?
- Ravindra Joshi:** It is in between Rs. 400 to Rs. 500.
- Shweta Kumar:** Ok The current capacity utilization would be?
- Ravindra Joshi:** For foundry, it is 70% and our machine shop it is 75% right now.
- Shweta Kumar:** Ok Sir And 90% utilization what revenue can we expect it?
- Ravindra Joshi:** 90% utilization if you see 90% of machine shop the revenue will be in between 450 to 500 crores.
- Shweta Kumar:** Ok Thank you so much, that's what from my side Sir, thank you.
- Moderator:** Thank you. The next question is from the line of Ritesh Poladia from Girik Capital. Please go ahead.
- Ritesh Poladia:** Yeah, thanks for the opportunity! Company got some damages of 11 crores; can you elaborate like what are the basis of this calculation and what happens to that orders from the co?
- Karan Shah:** So, I can't give you details regarding the calculation of this number because it is confidential with our customer. Basic. inshort there was a cancellation of one order for which there was a compensation paid by the customer. Suffice to say that this business has not gone away it has been replaced by another business from the same customers. So, in terms of volumes and in terms of forecast as we have planned stays as is. This was just an exceptional cancellation from the customer which has been compensated for.
- Ritesh Poladia:** You said your utilization of foundry is 70% and machine facility is 75% so when do you see the peak utilization coming in and what are the new orders which can help you to take this one?



- Karan Shah:** Yeah see on the foundry side we are a good utilization is about 80%, 85% we can't reach a 100% on a foundry so we are looking at that in the next two years or so which is also when we will have a peak utilization at our machine shops. This is backed by orders which we have released in the past mainly from Ford, General Motors and some other customers in North America and South America as well. So, these are all the investment that have gone into our machining plant will be fully utilized in the next two years.
- Ritesh Poladia:** Can you give us profitability of the 9 months of the three subsidiaries separately?
- Karan Shah:** Yeah, I think Mr. Joshi just briefly mentioned the profitability of the subsidiary companies in terms of EBITDA what we are saying is the dutch subsidiary which is EMOSS is under 5% EBITDA, but this is also very high growth company and we are investing a lot of resources into growing the company very fast. MFT is in the range of 8% to 10% and our Nasik subsidiary in India is about 18% to 20% right now EBITDA.
- Ritesh Poladia:** Can you give us the exact numbers please?
- Karan Shah:** Joshi sir can we give them the exact numbers or maybe we can get back to you with the exact numbers.
- Ravindra Joshi:** Yeah, we will get back to them.
- Ritesh Poladia:** And our standalone and consolidated in working capital position?
- Ravindra Joshi:** Standalone working capital what we are utilizing only 30 crores that is PCFC that is called credit in foreign currency pre-shipment.
- Ritesh Poladia:** In terms of receivable days and your inventory days?
- Ravindra Joshi:** Overseas receivables is 100 days and stock is in between 10 to 15 days this raw material plus finished goods and WIP.
- Ritesh Poladia:** And overseas receivable is 100 days what would be the domestic?
- Ravindra Joshi:** Domestic is 60 days.
- Ritesh Poladia:** And for subsidiary?
- Ravindra Joshi:** You mean to say for MEMCO it is 30 days from Bosch and for EMOSS we take an advance money based on the requirement and as far as MFT is concerned it is again between 45 to 60 days.



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- Ritesh Poladia:** Any new domestic order wins in this financial year in 9 months?
- Karan Shah:** No in terms of the Indian business for Camshafts like we have said that we are almost a single source to most of the OEMs in India. So, we continue to be with them at this point we have not disclosed any new orders that we have received from the Indian market, but we have over a 70% market share here in India so that kind of answers.
- Ritesh Poladia:** This might be a stupid question, but can we go to the can we expand to the commercial vehicle or tractors or something or our focus is only passenger vehicle?
- Karan Shah:** Our focus is certainly passenger vehicles used to manufacture Camshafts for tractors, railways, two wheelers everything, but as the company is progressed we focused on passenger vehicles for few reasons. One this is the highest volume globally we are talking about a 100 million Camshafts that are required 100 to 110 million we do about 10 million so about 10% market share, but we have tremendous potential to grow there. These are the most demanding customers and therefore also good on the price side and this continues to be our focus to grow with the larger OEMs around the world but having said that we do supply Camshafts to the Indian farm and agriculture segments. So, to all your tractor suppliers in India we do supply Camshafts.
- Ritesh Poladia:** The reason to ask is the electrification would first attack the passenger vehicle that is where we are headed so definitely your EMOSS is pretty small to compensate whatever business loss we can have, so how do you see the future going forward for the Camshafts in passenger vehicle?
- Ravindra Joshi:** We actually do not see much of a reduction in combustion engine at least for the next Five Years. we are very close to the ground with OEM customers. We see what their forecast are there invest plans for combustion engines. So, if you look at it we have a solid plan at least the next five years in terms of new orders that we have from around the world. If you look at it electric passenger vehicles are of the global new vehicles that are produced. So, to ask this is not a short or medium challenge for Camshaft business, it is down the line type of issue, but I think with EMOSS being part of PCL now we are actually growing the company very fast. I mean we acquired the company it was about say 50 crores of sales we are talking about more than 120 crores of sales this year. So, it is very fast growing I think the commercial vehicle space has been quite in terms of electrification, so we have good hold in that right now at least.
- Ritesh Poladia:** If I get it right in EMOSS you convert the diesel commercial vehicle into the electric, can you run us through what are the incremental cost, how old vehicle means what would be the age of vehicles when you convert and what are the benefits?
- Karan Shah:** So, there are two models one is what you mentioned is a retrofitting. So, if you have an older vehicle we would retrofit it with a completely electric drive line. This is we continue to work on this business model and a typically it really hard to put a cost to convert because it depends on the type of vehicle it can be 20 seater or a 50 ton truck, so it really depends.





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- Ritesh Poladia:** Sir, whichever is your highest selling model if you can?
- Ravindra Joshi:** Say about €50,000 to €60,000 to convert one, but in Europe given the strict norms on pollution and such so we have return on investment in less than five years because of the lower cost of operation. So, this is on the retrofitting side, but the newer business that we are really developing very fast is the kit model through the OEM directly. The OEM then assembles it on their vehicles and sell it as an electric bus from the start. So, it is not conversion, but rather a new vehicle for which the drive line is supplied by EMOSS. So, this is a very effective model where we are working with very different types of niche OEMs I am not talking about the MANs, Scania, or Daimlers of the world, but rather the smaller OEMs who make niche commercial vehicle first say airport buses, post office buses, delivery vans, things like that.
- Ritesh Poladia:** Any models launched if you could give us a name?
- Karan Shah:** There is a chart which tell you one name, but if you are able to access the EMOSS website which is you should see a lot of but very different type of business that is.
- Ritesh Poladia:** Also, in MFT I believe there was some synergy benefit that the foundry can be supplied from India and MFT will do the machining, what are the progress on that?
- Karan Shah:** We are taking steps towards that. It is unfortunately we have to have approvals from the end customer etc. So, it takes a little bit longer than we would like, but there are steps taken towards that for sure.
- Ritesh Poladia:** I think MFT was acquired for assembled Camshafts, so has that been launched in India?
- Karan Shah:** No MFT does not do any assembled Camshafts. So MFT is a machinist different automotive component. So, Camshaft is actually a very small part of their business maybe 5% to 10%. The other 90% comes from different components like balancing shafts, two-ball bars, bearing caps all types of different component which requires very precision....
- Ritesh Poladia:** And I believe India never had a balancing shaft so what is happening there?
- Karan Shah:** No, we did not require balancing shaft. So, we are in talks with our Customers this solution as well. So, if I were to summarize in the last one and half year we have gone from a Camshaft. So now I was saying that we are now able to provide to our customer a complete solution rather than just a single product as Camshaft. So, we are in talks with all our customers for balancing shafts for different prismatic parts, injector parts etc
- Ritesh Poladia:** One final question to Joshi sir can you give us the gross cash and debt on the standalone as well as subsidiary?



- Ravindra Joshi:** Standalone is only 30 crores is there as a working capital and consolidated level debt is 202 crores and cash we have 160 crores as 126 crores has invested in mutual funds and balance is in fixed deposits.
- Ritesh Poladia:** That is in standalone right?
- Ravindra Joshi:** Yes.
- Ritesh Poladia:** Ok That's all from my side. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Bhaskar Chaudhry from Entrust Family Office. Please go ahead.
- Bhaskar Chaudhry:** Mr. Joshi and you gave some data on the three acquisitions the revenue and the current EBITDA margin, so I was just trying to reconcile that with the 9 month consol numbers, so MFT is at 130 crores approximately with an EBITDA margin of 6% to 10% and MEMCO is at 30 crores with 19%, EMOSS is at 74 with 1% to 5%. Overall if you see the EBITDA for these three companies is closer to 4.5%, so I mean was not adding up just wanted to check what am I missing here?
- Karan Shah:** You mean the consol EBITDA is not adding up with if you add up the individual.
- Bhaskar Chaudhry:** So basically, what I did for these three companies just for these three companies console minus standalone so there the EBITDA margin the revenues add up so close to 230 crores, but the EBITDA margin is only 4.5%, but if you look at the individual company numbers it should be much higher if MFT is at 6% to 10% if MEMCO is at 19% and if EMOSS is at 2% to 3%?
- Ravindra Joshi:** For MEMCO EBITDA is concerned is 19% and EMOSS for December and it is 1% and MFT is 6% and PCL is 24.76% is without other income.
- Bhaskar Chaudhry:** Mr. Joshi on these three companies so you know it looks like you would the EBITDA margin was at a better run rate for the first half then in the 9 months, so in 9 months the EBITDA margin seems to have come off for these three companies or could you help with the reason?
- Ravindra Joshi:** For MEMCO, it is remaining as it is and for EMOSS yes there is a little because of the increase in raw material cost particularly battery and MFT it is at a 6%.
- Bhaskar Chaudhry:** Another question on PCL you know you had said that at 90% utilization of the machine shop revenue should be for 450 to 500 crores now at that utilization what will be the gross margin for the business currently it is close to 71.5?
- Ravindra Joshi:** So, if is all the 450 and 500 is all added to the EBITDA that will be because it is all machining Camshaft, so the margin is on higher side. So, the EBITDA will be in between 30%.



- Bhaskar Chaudhry:** But that is assuming that you are able to solve your power cost issues correct?
- Ravindra Joshi:** Yeah with the power cost now if you delete the power cost it will be around 27%.
- Bhaskar Chaudhry:** Ok got it. Thanks
- Moderator:** Thank you. The next question is from the line of Jay Kale from Elara Capital. Please go ahead.
- Jay Kale:** My first question is just in continuation to the earlier question on the subsidiary margins so just to aim in which is consol minus standalone and that margin trajectory if we see for last few quarters it comes in at 4% to 8% range now in this quarter it has come down to 2%, so one of course reason you mentioned about the battery cost I am just trying to assess the this has been quite volatile on a quarterly basis so how should we look at whereas the top line has been fairly consistent in that 70 to 80 crores kind of a range, so is there any bulkiness of expenses or how should we look at a steady state margins for this subsidiary say in Q4 or FY21-22?
- Ravindra Joshi:** As already explain you that MEMCO we are hearin within six months we are going to take our EBITDA from 19% to 25%, but we have a definite plan for that and this EMOSS it is now right now 1% is within these six months where we are getting now to 6%. We are going to increase our sales there and also, we are going to reduce the cost of the battery and also, we are going to reduce our labor cost and other expenses because if we increase our sales volume then our EBITDA percent will increase automatically. So, our endeavor is to increase the volume and that is going to happen within a six month period of time.
- Jay Kale:** So, in that sense this 2% margin of subsidiary should be like the bottom...
- Ravindra Joshi:** Yes, definitely it is going to improve within the period of six months.
- Jay Kale:** Ok sure! Thanks and all the best.
- Moderator:** Thank you. The next question is from the line of Harsh Shah an individual investor. Please go ahead.
- Harsh Shah:** My question is to Mr. Karan. So, with respect to this product Camshaft is the company planning any new sort of product or is there any product line which is coming up?
- Karan Shah:** In terms of at PCL you mean at PCL or at our subsidiaries?
- Harsh Shah:** At both the levels.
- Karan Shah:** See at PCL our core focus has been Camshafts continues to be. We are looking at significant new business potential from customers which we already have on board as well as new



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customers. We are looking at new markets as well, new geographies as well. So, I think there is like I said earlier this tremendous headroom to grow this business we are hardly at about at 9% to 10% global market share. So, there is potential to grow this, and we are looking at it very aggressively. Having said that we are looking at certain intricate castings to be manufactured in one of our foundries. So, the plan is that we have four foundries the debottleneck three of them we can produce the Camshafts that are required in those and we would one foundry to completely new products. I can't tell you exactly what product they would be, but they would be very intricate high value ad castings that would be required for the automotive world, so this is at PCL. At MFT, the investment that we have done the new CAPEX that we have done has been for a completely new product. This is something that takes MFT from really a product supplier to a system supplier this is the first time for MFT that they have done something like this it is the product that we would be selling to General Motors or Opal is going to be now an assembly of over 20 components and extremely high value addition. Therefore, higher margins in that so new business that we are looking at comes with a very sharp focus of saying that we will not do run off the items, but rather are looking at more assembly's system driven, system sales and then also looking at machined parts that all of our automotive companies at least.

**Harsh Shah:** Sir, my other question is with respect to the very high cash and cash equivalent which we just disclose to our CEO, so are you planning to utilize it somewhere or we have no plans for that as of now?

**Karan Shah:** At this point I can't disclose much more than what I have already. We are looking at some very interesting opportunities both organic and inorganic so I cannot explain beyond I can't go beyond that at this point.

**Harsh Shah:** Sure Sir. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Raj Shah Individual Investor. Please go ahead.

**Raj Shah:** You talked about bringing EMOSS to India can you update on that in the last concall I heard that?

**Karan Shah:** Yeah so this is very much in progress. It would be a little premature to give you more details at this point, but we have identified a platform that we would be working on to have an electrified solution for India. What I would like to just add on what I have said in the past is that we are looking for a localized solution though, it would have been the easiest for us to bring a vehicle that is available in the Netherlands to here, but would not fit the bill in terms of pricing, ROI etc. So, we have a team in India now that we are working on developing a localized solution for the market needs in India. So, I hope that in the next quarter the next concall I hope I can give you a little bit more information on this.





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**Raj Shah:** And also, I want to know the PAT level of the EMOSS and MFT and everything not about the EBITDA thing, but how are they doing at the PAT level?

**Ravindra Joshi:** PAT MEMCO it is 4.02%, MFT is negative and EMOSS is also negative.

**Raj Shah:** And till when can we find a turnaround in these numbers?

**Ravindra Joshi:** Because our management has involved deeply into change the entire thing now. So, we will see the turnaround and the company will be able to achieve its required profitability.

**Raj Shah:** Ok Thanks.

**Moderator:** Thank you. The next question is from the line of Keshav Kanoria from ICICI Capital. Please go ahead.

**Keshav Kanoria:** I think most of my questions have been answered. I think a lot of people have been asking about the subsidiary, so just wanted to request you if you could shed some light about the strategy going forward for each of the subsidiary, if you could just compile the whole questioning around the subsidiary?

**Karan Shah:** So, let me tell you each one at a time. So MEMCO which is our Indian subsidiary we have grown at considerably in the last year and half that we acquired the company was at about a 30 crores type of turnover we close last year at about 45. Despite the dip in the Indian market which is what MEMCO mostly relies on. We have been able to maintain stable revenue and profitability and the plan going forward is likely we have said in the past to take this company to about 100 crores in the next two to three years. We are looking at a more diversified customer base for this and not relying on a Bosch which is today the largest customer. We are looking at non-automotive business as well in the instrumentation segment which we have a customer for which is developing very nicely over the last year. So that is going to be our focus at MEMCO. MFT I have told you that we have already invested about 8 million Euros in expanding we are looking at ramping up all of these projects are on track. We are looking at ramping up and reaching peak next year end of next year. So, this is all in order and the idea is to take this company from about €20 million as it was or about 160 crores to about €32 million in two years from now. So, this is also very much on track all of our customer's commitment stays intact so this is going on track. EMOSS very fast growing like I have said we are looking at new markets, new customers focusing more on the kit model rather than the one off retrofitting which also gives more value to be added to EMOSS. We are looking at India as a market for sure like I said in the last question that we are developing a localized solution for this market. So, if you look at the overall group everything seems to be in order, everything seems to be going as per plan. We are now also looking at tapping into each of our customers whether at MEMCO, MFT or PCL which is the auto comps business to start looking at selling packaged deal to our customer instead of just one product that we sell at this point.



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- Keshav Kanoria:** Thank you that's all.
- Moderator:** Thank you. The next question is from the line of Jatin Nayak from ICICI Prudential Mutual Fund. Please go ahead.
- Jatin Nayak:** Hello, Hi Sir, just some clarification so if we do your console I know this is getting repeated, but if you do your consol minus standalone revenue and EBITDA so for this quarter you have reported 78 crores of revenue for the subsidiaries and the EBITDA comes to around 1.8 crores and the margins are 2%, so can you please clarify us to how much margins have you done in each MFT, EMOSS and MEMCO because the 19% in MEMCO, 8% and 10% in MFT and 1% in EMOSS is actually not tallying to this 1.8 crores of EBITDA, so can you only for this quarter what has been the margin profile in each of your subsidiaries MFT, EMOSS and MEMCO?
- Ravindra Joshi:** He is talking about the only one quarter?
- Jatin Nayak:** Yeah only for this quarter.
- Ravindra Joshi:** It is for this quarter PCL EBITDA is 24.76% that is without other income and MEMCO is 19%, EMOSS is 1% and MFT 6%.
- Jatin Nayak:** And what will be the split sir for the revenue for the top line of 78 crores between MFT, EMOSS and MEMCO?
- Karan Shah:** So, I have this I think MFT is about 44 crores, MEMCO is 10 and EMOSS is 25.
- JatinNayak:** So, then there is some confusion because if the EBITDA I think I will take this off line with you because there is some confusion which is not tallying to the EBITDA.
- Karan Shah:** So, we can connect off line and we can give you this data as required.
- JatinNayak:** Ok fine Thanks!
- Moderator:** Thank you. As there are no further questions I would now like to hand the conference over to the management for closing comments.
- Karan Shah:** Thank you very much ladies and gentlemen for joining this concall. We appreciate your continued support in our company, and we are looking at very exciting times ahead because of you can see that despite the difficult times in our Indian auto segment we have been able to post great results at a standalone as well as a consolidated basis and we hope to do so going forward. Thank you very much.



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**Moderator:**

Thank you. Ladies and Gentlemen, on behalf of Precision Camshafts Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.