



# Precision Camshafts Limited

(100% EOU Division)

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Date: 2<sup>nd</sup> March, 2018

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**BSE Limited,**

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**The National Stock Exchange of India  
Limited**

Exchange Plaza, Bandra kurla Complex,  
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**Sub: Transcript of Conference Call held on Friday, 16<sup>th</sup> February, 2018**

Dear Sir,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 please find enclosed transcript of conference call with analyst/investors held on Friday, 16<sup>th</sup> February, 2018 as received from the PR agency.

You are kindly requested to take the same on record.

Thanking you,

Yours Faithfully

For **Precision Camshafts Limited**

**Mahesh Kulkarni**  
Company Secretary





**Precision Camshafts Limited**  
“Precision Camshafts Ltd. Q3 & 9M FY18 Conference Call”

**Transcript**  
**February 16, 2018**

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



**Moderator:**

Good Evening, Ladies and Gentlemen. Welcome to the Conference Call of Precision Camshafts Limited arranged by Concept Investor Relations to discuss its Q3 FY'18 Results. We have with us today, Mr. Yatin Shah – Chairman and Managing Director and Mr. Ravindra Joshi – Director and Chief Financial Officer. At this moment, all participants are in listen-only mode, later we will conduct a question-and-answer session, at that time if you have a question please press '\*' and '1' on the telephone keypad. Please note this conference is recorded. I would now like to hand over the floor to Mr. Yatin Shah. Thank you and over to you, sir.

**Yatin Shah:**

Thank you, Rio. Good evening to all of you on the conference call. Thank you for joining us. This is Yatin Shah -- Chairman and Managing Director of Precision Camshafts Limited. We will have "Question-and-Answer Session", followed by a "Small Update." As we have ended on 31<sup>st</sup> of December, let us start with the actual facts and figures; the top line has been fairly muted purely because of the nature of the business which will be explained as we go forward. Secondly, we have managed to post fairly consistent EBITDA and PAT results. One of the reasons that we have seen fluctuations in the top line is because of the supply to China, which has been severely affected for the last six months. Sales in China have been affected quite significantly. This is one of the reasons that we have seen sales to be muted or reduced. There have been some fluctuations in the demand from Europe as well. Having said that, I think the number of new programs that we have got and been rewarded are fairly on track, and going forward we see fairly good results coming out of the Machine Camshafts. This year Precision Camshafts will hopefully end with doing Machine Camshafts to the tune of about 1.9-1.95 million shafts, with the contracts that have been awarded, the work that we have already got in place, the investments that have happened and the process that have been taking place, we see an extremely clear visibility of this 1.9 million fully machined camshafts going to in excess of 4 million shafts by 2020-21. This will obviously be a ramp up. You will not see much happening in the next year. The following year would be about 2.9 million shafts and the next year would be in excess of 4 million shafts. So this is the PCL story as of now.

**(Inaudible)** 3:44 products. As I have always been saying this product takes about 2.5-years to develop and plans are now put into motion until then. But with the recent contracts that we have got which have been announced, we believe we are fairly on track to achieving more than doubling our Machine Camshafts sale by 2020-21. This is as far as organic is concerned.

PCL has recently acquired a company called MEMCO in Nashik which does fuel injection parts for the companies like Bosch, Delphi, etc., Critical components are given to very-very prestigious customers. When we took over this company, has done a turnover of Rs.30-31 crore, it expects to post an increased turnover between 10-15% this year. This company supplies into Bosch India and Delphi India at this point of time and they have not explored the Bosch Global World nor the Delphi Global World. PCL has now put into an ambitious plan to take this company to Rs.100 crore in the next three years by exploring the Bosch World globally. We have already started talking to Bosch globally and have seen fairly good response coming out of them.



Acquisition of MEMCO which is a very strategic fit to PCL would turn out to be an extremely good complement to our growth plans. These figures that have now been announced do not have the MEMCO figures, they also do not have the China joint venture figures. These consolidated figures will be posted at the end of the year. China is doing fairly good on the machine shafts. One of the reasons for a decline in the casting sale in the boundary of PCL in Solapur is because the bulk of that has gone to our Chinese joint venture. The Chinese joint venture is running fairly okay at this point of time. The figures of these companies would be seen towards the end of this year.

One of the most important things that I would like to announce is that PCL's plans of setting up a machining facility in Brazil is on track. We expect to start production in early November/December this year and serial supply will begin to our customer in Brazil and Mexico early next year. This is in short or a gist of PCL. We have maintained rather improved gross margins, our EBITDA margins are still at about 24%, so they are consistent with what we are doing and we are hopeful that with additions of Machine Camshafts, this would be improving as we move forward. So all in all, minus the blips that we have as far as China, etc., is concerned, in the long and medium-term, the company's performance appears to be fairly on track and stable.

One of the important points that I would like the audience to take back home is that PCL has today signed two non-binding offers for acquisitions in Europe. So these are non-binding and we are progressing pretty much on them.

**Moderator:** Thank you. We will now begin with the Question-and-Answer Session. We will take the first question from the line of Vipul Shah from Sumangal Investments. Please go ahead.

**Vipul Shah:** I just want to know about your program of these assembled camshafts for which you have joint venture with German companies for technology transfer. So what type of value addition we can expect from that?

**Yatin Shah:** We have the technology completely in PCL. We are now actively engaged with all German OEMs for the supply of this. So typically speaking the value add in this is as good as the value add in any. So if you look at it the cost of raw material in this product would be circa 55%, 45% value add.

**Vipul Shah:** Your realization for a casting shaft is around Rs.325 and for Machine-1 is Rs.1000-1050. So what type of per shaft realization we can expect in this assembled camshafts?

**Yatin Shah:** Approximately Rs.1300-1400. Now that you have asked about this, we have now actively engaged with companies like BMW, Daimler and Audi for programs on this product and technology.



- Vipul Shah:** So in next two years, how much quantity are you expecting of this assembled camshafts to be shipped?
- Yatin Shah:** As I have mentioned 1.9 million Machine Camshafts would go to in excess of 4.2 million shafts by 2020-21. This does not include anything to do with assembled camshafts that will be over and above this and it is likely to happen in the next three to six months that we are likely to get some kind of a contract. This is not part of the 4.2 million shafts.
- Vipul Shah:** What type of volume we should expect in next 1-2 years from this assembled camshafts?
- Yatin Shah:** You will not expect in the one year, you will probably expect in 18-months down the line because once the contract is made, the development period is again the same, approximately 18-months to two years but volumes generally for a program start at about 500,000 and could go up to 1 million per year a typical contract is of that size.
- Vipul Shah:** You gave the figure of this MEMCO Engineering. So what are the turnover and net profit for the last available financial year?
- Yatin Shah:** About Rs.30-31 crore is the top line and EBITDA in the range of 14-15%.
- Vipul Shah:** So Rs 4.5-5 crore is the EBITDA and you have plans to take it 3x to around Rs.100 crore?
- Yatin Shah:** Probably. Yes, because this company which was run by the erstwhile promoters, limited their sales and marketing to Bosch in India and to only specific plants again in India. We plan to take that to Pan India and also to take them globally because Bosch globally requires a lot of components, which they currently are capable of.
- Vipul Shah:** How does it fit with our current product profile?
- Yatin Shah:** There is no relation between camshaft and injection fuel because camshaft is supplied to OEM as Tier-1 whereas these products are supplied to Bosch who is a Tier-1, who then supplies to fuel injection systems to OEMs. But these are critical components, where the value add is very high. Through our working, team management and improved manufacturing practices we are hopeful of taking the EBITDA levels a few notches above than what they are doing today.
- Vipul Shah:** How is the accounting treatment of joint ventures are accounted for – they are consolidated at the turnover level or they are consolidated only one line item at net profit level?
- Yatin Shah:** At net profit level because both the joint ventures we are a minority shareholder. So the line-by-line addition is not done, it is only done at the net profit level.
- Ravindra R. Joshi:** For both the Chinese joint ventures, we are the minor shareholders, so Chinese financials will be added below the net profit in consolidation, we have got 40% and 22%, but as far as MEMCO



is concerned profit will be added to the top line line-by-line and also the acquisition our CMD talking is about, that will be added line-by-line.

**Vipul Shah:** Your Machine Camshafts volume and turnover both have increased as compared to Q3 of last year. So naturally profitability should be higher in Machine Camshafts, but still profit has dropped substantially. So what is the main reason?

**Ravindra R. Joshi:** In the last three quarters, we have given the VRS to our employees. So what we have done, we are removing the permanent people and we are adding the temporary people where we want to get rid of this long-term liability. So because of that there is a hit in between Rs.8-9 crore in the profitability. Because of that there is a hit on the margin as well as net profit. That will be for one or two quarters, then you will see the stability and increase in the profitability as far as this Machine Camshafts is concerned.

**Vipul Shah:** In which quarter this VRS charges disappear?

**Ravindra R. Joshi:** June 2018 will be the last.

**Vipul Shah:** What should be the quantum we expect in each quarter?

**Ravindra R. Joshi:** Rs.1.5-2 crore for every quarter.

**Moderator:** Thank you. We will take the next question from the line of Deepan Shankar from Trustline Portfolio Management. Please go ahead

**Deepan Shankar:** Just want to understand out of the incremental global EV sales, so how much proportion could be Electric Vehicles (EV) and non-EV?

**Yatin Shah:** For this obviously every company and every organization will have different view. So our study that we have done and through various agencies worldwide, contributing towards gathering this data. Roughly 3% of the global volume by 2027 would be EV and the balance would still continue to be internal combustion engine, this is what has been predicted. If you look at last year, close to 70 million cars were manufactured worldwide, out of which 400,000 for electric vehicles. So now you can understand the proportions.

**Deepan Shankar:** So does this ratio differ among entry made and premium level cars?

**Yatin Shah:** This is all put together.

**Deepan Shankar:** It is still at a premium level itself or still it has been penetrating higher in mid and entry level in global level?

**Yatin Shah:** It is more in the premium and high level at this point of time.



**Deepan Shankar:** How has been our dependency on GM and Ford and what are their plans and targets towards EV?

**Yatin Shah:** Every company already has some plans for EV, some are in advanced stages, and some are still running. So currently with GM and Ford, the new programs that we have announced which will hit, which will start being manufactured from the next year in small numbers and then ramped up in '19, '20, '21, '22, will still run on internal combustions and will go all the way up to 2026-27. So most of the programs still continue to be on internal combustion engines not only General Motors and Ford, but if you look at German OEMs including Audi, VW, Daimler or for that matter BMW, they still continue to focus strongly on internal combustion engines; however, the shift has taken place from diesel to petrol in a large way at this point of time.

**Deepan Shankar:** So largely over next five to ten years you are not expecting any major growth slowdown happening in this cycle?

**Yatin Shah:** We do not anticipate any slowdown at least for the next ten years in this field with all the customers that we are dealing with.

**Moderator:** Thank you. We will take the next question from the line of Jinesh Gandhi from Motilal Oswal Securities. Please go ahead.

**Jinesh Gandhi:** My question is the targets which are given for your machine camshafts. How much of this ramp up is dependent on the new model launches of your customers and how much is dependent on underlying market?

**Yatin Shah:** These are all new models being introduced by our customers and at the global platforms. So you would see a lot of new models coming out with the camshafts that we are putting into production in the next one or two years.

**Jinesh Gandhi:** In terms of your customer concentration, can you share what percentage of revenues come from your top-five customers?

**Yatin Shah:** I think we still have a large concentration with General Motors and Ford who take about 60% of our revenues and the balance is split between variety of other customers like Porsche, Fiat, Maruti, Hyundai, etc., General Motors and Ford worldwide have different plants continue to be our major customer; however, in the next two years, you would see a different pie chart with respect to concentration because we are now actively engaged with a lot of customers that we were not onboard earlier such as BMW for their new assembled camshafts, etc., VW or Audi who were never a customer of ours. So we are now working very actively and unfortunately cannot disclose too many details owing to confidentiality agreements but we believe in the next two years this pie chart would show a completely different concentration.



**Jinesh Gandhi:** So this incremental volumes which you are talking of from 1.9-4 million, large part of that is coming from non-Ford, non-General Motors or they also have a substantial share of the incremental volumes there?

**Yatin Shah:** There is a large chunk coming from there, purely because they have been with us for a long period of time and they will continue to place their faith in us... it is like this; we started with chilled cast iron camshafts and have moved on to getting ductile iron, hybrid and assembled camshafts into are stable. Primarily, chilled cast iron is used by General Motors and Ford, while the others use assembled, hybrid and ductile. So because we have introduced these technologies in the last two years, we will now be looking for customers who use this and therefore that will explain to you why the pie chart will show different concentration in the next two years, for example, we are now talking in extremely advanced stages with German OEMs like BMW and AMG for assembled camshaft projects.

**Jinesh Gandhi:** You indicated about evaluating targets in Europe. So this would be in the Camshafts space only or like MEMCO this would be on adjacent areas?

**Yatin Shah:** I wish I could tell you everything about this; however, you know the rules better than me. At this point of time, I can only say that these are targets that we have looked at and signed up in Europe. More details will soon follow. We have not announced any non-binding agreements that we have signed so far but this is the first time PCL has announced two of them in this quarter. So we are hopeful of coming back to you soon on more details. At this point of time, I think this is the only information that we can share.

**Moderator:** Thank you. We will take the next question from the line of Ritesh Poladia from Girik Capital. Please go ahead.

**Ritesh Poladia:** You spoke on Machine Camshafts going from 1.9 million in this year to about 4 million in three years. So would this be at the cost of the casting volume or this is on and above of the casting, what we are doing right now is about 7.5-7.6 million?

**Yatin Shah:** There are two ways of looking at it – The 7.5 million will obviously shrink because some of the castings have already reached their life program expiry; however, the customers still continue to work on them, so we are a little surprised that these programs which should have actually expired still continue. So for PCL who is a very conservative company, we consider that this will be a replacement; however, working shows this will be addition, at this point of time.

**Ritesh Poladia:** At max we can expect that casting volume can be flat for three years?

**Yatin Shah:** Yes, casting volume will be flat so I would hover between 8-8.5 million shafts, whereas Machine Camshafts would go from 1.9 in excess of 4 million shafts in the next three years.





- Ritesh Poladia:** Last year you did 7.6 million right? So that also may go up little bit in three years?
- Yatin Shah:** Yes, there are two reasons; 7.6 million may slightly come down because roughly 1.2 million from this has gone to China joint venture, so that obviously has been a hit on PCL India. However, these new programs that we have acquired for which there will be Machine Camshafts will obviously also require casting. So 7 plus 4 should be 11 really casting, but we believe some programs will reach their life expiry and that 11 million camshafts would probably come to about 8.5-9 million shafts.
- Ritesh Poladia:** We have reported 7.6 million in FY'17. So is this the external sales or does that include machine as well?
- Yatin Shah:** No, 7.6 million is sales to foundry, sales to customers, as well as to our machine shafts, it is a total sale.
- Ritesh Poladia:** So sir Rs.265 crore is the FY'17 casting revenue. So what would be the external revenue out of this?
- Ravindra R. Joshi:** 7.6 is totally outside, it is not for machining.
- Ritesh Poladia:** So we can compare Rs.265 crore with 7.6 million?
- Ravindra R. Joshi:** Yes.
- Ritesh Poladia:** Definitely right now assembled Camshafts you cannot, but in three years can it be of the equal size of today's machine camshafts?
- Yatin Shah:** No, it will not certainly be because it is a new entry, customers will obviously be little skeptical about our entry, they are not going to play such a critical component in such large volumes with us, as the starting point. I think you would start off between 0.5-1 million and then progress. Because once you have established comfort and confidence with one customer in the overseas market, then I think rest of them follow, but at this point of time, we should be little cautious in projecting that.
- Ritesh Poladia:** In three years you can expect about a million assemble camshafts?
- Yatin Shah:** Yes, about a million camshafts.
- Ravindra R. Joshi:** When we get it, this will be over and above the 4 million.
- Ritesh Poladia:** Regarding acquisition definitely you cannot talk more about it but with this recent Bank of Baroda loan would be intended to pursue that acquisition?



- Yatin Shah:** Yes.
- Ritesh Poladia:** So the size would be almost near to that loan amount.
- Yatin Shah:** No, that is something that we cannot say because that would then probably tell you the size of the deal, etc., but that money is certainly going to be used for acquisition, that is for sure.
- Ritesh Poladia:** By what time this acquisition can fructify approximately?
- Yatin Shah:** I hope I could tell you that but at this point of time purely because of things are not in hand and it would not be appropriate for me to put any date. We can only say we are trying to do it as soon as possible. Obviously, one has to look at one thing that you cannot sit on a non-binding agreement signed for too long.
- Moderator:** Thank you. We will take the next question from the line of Vipul Shah from Sumangal Investments. Please go ahead.
- Vipul Shah:** Regarding this technology of assembled camshafts, those programs have been approved by the customers, are they at the advanced stage?
- Yatin Shah:** Yes, we are now approved by most of the German OEMs for the technology. I can also tell you that we are in the process of supplying prototype sampling for trials in the engines.
- Vipul Shah:** When will that commence?
- Yatin Shah:** In the next three months.
- Vipul Shah:** Regarding your reply to last participant's question, you said out of 8.5 million, 5 million will be pure casting and 3.5-4 million will be machined one, is that understanding correct?
- Yatin Shah:** So out of 8.5 million, we are expecting roughly 4 million to be machined and 4.5 million to be castings.
- Vipul Shah:** So pure casting will shrink from 7.5 to 4.5, right?
- Yatin Shah:** No, the company manufactures in total about 7.6-8 million shafts today. Out of 8 million camshafts, the machine is 1.9 million camshafts. Going forward, this 8 million shafts would become 9 million shafts but the 1.9 million would go to plus 4. So the value added camshafts will increase going forward because that is where the margins lie.
- Vipul Shah:** Regarding this Brazilian subsidiary, can you give the detail what is the CAPEX involved and when we can expect to start the sales?



- Yatin Shah:** CAPEX involved is circa Rs.50 crore....
- Vipul Shah:** So we have spent the entire amount?
- Yatin Shah:** No sir, at this point of time, we have not spent any amount on that, it is in the process, sample production will start at the end of this year that is November-December. We are committed to start supplying products to our customers in Mexico and Brazil from that plant by first quarter of next year.
- Vipul Shah:** It will be 100% subsidiary or there also some local partners?
- Yatin Shah:** This is PCL's 100% owned subsidiary.
- Vipul Shah:** So entire CAPEX will be done in next financial year, right?
- Yatin Shah:** Yes.
- Vipul Shah:** So what will be the CAPEX guidance for next financial year sir?
- Yatin Shah:** As the gentleman earlier said, we have some funds that have been sanctioned by Bank of Baroda for our acquisitions. At this point of time we can say Brazil Rs 50 crore but the acquisition figure, it would be difficult to put together right now because of some confidentiality clauses...
- Vipul Shah:** Minus acquisition what should be the CAPEX?
- Ravindra R. Joshi:** Right now we cannot disclose the CAPEX of acquisition as well as, including Brazil, but in India we can do it here.
- Yatin Shah:** We planning to spend in India in this year, roughly, Rs.100 crore.
- Yatin Shah:** Rs.100 crore is going into organic for the contracts that have been awarded to us which will take us 4 million plus, first; #2, Brazil as Mr. Joshi said, roughly Rs.50 crore, acquisition figure we cannot tell you right now because that is in a very-very confidential stage at this point of time.
- Vipul Shah:** So minus acquisition it should be roughly in the ballpark figure of ...?
- Yatin Shah:** About Rs.150 crore.
- Moderator:** Thank you. We will take the next question from the line of Anand Dubey, who is an individual investor. Please go ahead.



- Anand Dubey:** Sir, I have just a couple of questions; first question sir, you have recently won order of Rs.275 crore for Ford, General Motors and Mahindra & Mahindra. Can you give the details about the orders?
- Yatin Shah:** If you look at the announcement that we have made, Rs.275 crore come from these three customers, Ford out of that accounts for Rs.190 crore, General Motors accounts for Rs.35 crore, Mahindra accounts for Rs.50 crore. So that is the sum total.
- Anand Dubey:** You mentioned about Rs.1, 266 per camshaft for Ford, and General Motors is Rs.700 per camshaft. So why is the price so low for camshafts for General Motors?
- Yatin Shah:** It is not low there, the issue is the camshafts are priced depending on the weight of the camshafts, complexity of the machining and all the difficulty. The camshafts margin remain the same irrespective of whether it is Rs.700 or Rs.1200.
- Anand Dubey:** Sir, my second question is how much Machine Camshafts you have sold in FY'17?
- Yatin Shah:** Roughly 1.9 million shafts.
- Anand Dubey:** Until now FY'18 till nine months?
- Yatin Shah:** We will complete the year with about 2 million.
- Ravindra R. Joshi:** Let him send the mail, we will give the details about it.
- Anand Dubey:** What is the average realization price of Machine Camshafts till nine months?
- Ravindra R. Joshi:** Rs.1, 050 for machined and Rs.325-350 average for casting.
- Moderator:** Thank you. We will take the next question from the line of Raj who is an individual investor. Please go ahead.
- Raj:** You spoke about the issue in China sales. Can you please elaborate it?
- Yatin Shah:** The customer in China to whom we supply camshafts machine had to force close their shop for a period of six months for some reasons best known to them. Because of that the supply to China for six months were actually seriously affected. After six months, we are now beginning to see the reemergence of the same order and we hope to continue that in its full by March, so we are coming back to normal.
- Raj:** How do you see the sales to look like three years from now?



- Yatin Shah:** Guidance is very difficult to give, but what we are trying to say in the next four to five years the company would like to become Rs.1,000 crore company plus.
- Raj:** That is including MEMCO sales or is it only the organic sales?
- Yatin Shah:** No, everything put together we would be Rs.1000 crore plus.
- Moderator:** Thank you. We will take the next question from the line of Vipul Shah from Sumangal Investments. Please go ahead.
- Vipul Shah:** That Chinese issue which you just discussed, so was sales to that particular customer from PCL or it was from our joint ventures in China?
- Yatin Shah:** PCL.
- Vipul Shah:** So we used to bill them right?
- Yatin Shah:** Yes, we still bill them, this is one product that has not gone through the Chinese joint venture, it still continues to go because of the technology from PCL.
- Vipul Shah:** What are the cash and cash equivalents as on today?
- Ravindra R. Joshi:** In between Rs.200-250 crore.
- Vipul Shah:** What is the amount of credit line which we have got sanctioned from Bank of Baroda sir?
- Ravindra R. Joshi:** ₹19.5 million.
- Moderator:** Thank you. We will take the next question from the line of Anand Dubey, who is an individual investor. Please go ahead.
- Anand Dubey:** Your outside business is drastically down. Last nine months your revenue was Rs.220 crore, now the FY'18 nine months revenue is Rs.166 crore, the drop down is near about 24%. Can you give some guidance?
- Yatin Shah:** One of the first things is bulk of what we were doing had shipped it to China. So roughly 1.1 million camshafts sale we did for exports to China being manufactured in Solapur and has been shifted to our plant in China. That account itself is almost about 18%. That is why I said this will now reflect in the revenue and the profit of the Chinese joint venture. Obviously, there are certain customers in Europe which have faced certain issues which are cyclical in nature, not permanent.
- Anand Dubey:** FY'19, what will be the export outside business – it would be increasing or it will be reducing?



- Yatin Shah:** It will be fairly stable, there will be a slight improvement that you would see in Machine Camshafts in the next year, Casting sales would be fairly stable. Although the exports have come down to a large extent, you would also see domestic sales have increased significantly. Our sales to Maruti, Hyundai, Toyota have significantly improved. So while there is a reduction in the exports it is not that it has come down drastically, there has been an offset by increasing sales to domestic customers. Going forward I think we would be fairly stable. As I said, camshafts not a quarterly figure that you can take. It is a long gestation period. Once you reach that quantity it is difficult to then sort of show you a different quarterly results. That is why I said 2020-21 you will see a sizeable increase from Machine Camshafts go from 1.9 to 4 million plus. That is a very tall order that we have fixed in front of us.
- Moderator:** Thank you. We will take the next follow up question from Vipul Shah from Sumangal Investments. Please go ahead.
- Vipul Shah:** What is the volume of business that is transferred to Chinese joint venture, you said 1.1 million shafts?
- Yatin Shah:** Roughly.
- Vipul Shah:** So may I ask what is the logic of doing this because here 100% revenue and profit accrue to us, and joint venture it is 30% or 40%, whatever maybe our stake.
- Yatin Shah:** The logic is simple that the customer in China has already decided to take this away from PCL and localize it, they have strong indigenization requirements. Now, we would have normally lost this entire business, because of the joint venture we at least manage to secure that at 40%.
- Vipul Shah:** Who controls both this joint venture – the local partners or it is managed by PCL?
- Yatin Shah:** The customers and the government compliance issues, the local issues, etc., are taken care by the local joint venture partner, technology is entirely provided by PCL.
- Moderator:** Thank you. We will take the next question from the line of Anand Dubey, who is an individual investor. Please go ahead.
- Anand Dubey:** What is the progress of IPO fund -- as you have not utilized it, do you have plan to use for anything else?
- Ravindra R. Joshi:** We are going for expansion here, near about Rs.150 crore as what our CMD has told and Rs.100 crore we are spending out of IPO money.
- Moderator:** Thank you. As there are no further questions, I like to hand the conference back to the management for any closing comments.



**Yatin Shah:**

Thank you very much for attending this conference call. We are extremely optimistic about the future going forward although it has been muted for the last few quarters. We are hopeful that going forward with what we are planning to do on acquisitions due to the fact that we have signed non-binding agreements plus some new programs that we have won, the year ahead looks extremely positive, and I like to end this conference all on that note. Thank you very much.

**Moderator:**

Thank you. Thank you all for being part of the conference call. If you need any further information or clarification, please mail at [snighter@conceptpr.com](mailto:snighter@conceptpr.com) or [ruchi.bhadra@conceptpr.com](mailto:ruchi.bhadra@conceptpr.com).

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