



ROLEX RINGS LIMITED

(Formerly known as Rolex Rings Private Limited)

[CIN: L28910GJ2003PLC041991]

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Ref. RolexRings/Reg30/AnalystMeeting/Nov2022/1

November 11, 2022

To,
Corporate Relationship Department,
BSE Limited,
Phiroze JeeJeebhoy Towers, Dalal Street,
Mumbai-400001

To
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (E), Mumbai - 400 051

Script Code: 543325

Script Symbol: **ROLEXRINGS**

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, we wish to inform you that the company participated in Investor/Analyst Call as given below:

Date	Type of Meeting/Event	Location
November 10, 2022	Investor/Analyst Call scheduled by Equirus Securities with the management of the company to discuss the company's results for Q2FY23	Zoom Meeting (Virtual)

No Unpublished Price Sensitive Information (UPSI) was shared/discussed in the meeting with the investors/analysts.

However, as a matter of better compliance & investors' services, the Transcripts of the said Analyst Call is attached herewith, for reference & record please.

Please take the same on your records

Thanking You,

Yours faithfully
For Rolex Rings Limited
(Formerly known as Rolex Rings Private Limited)

Hardik Dhimantbhai Gandhi
Company Secretary and Compliance Officer
{Membership No. A39931}

File Name: Rolex Earnings Call_2QFY23

Duration: 49:09 Minutes

Moderator [00:01:16]: Yeah. Hi good afternoon everyone. On behalf of Equirus Securities, I welcome you all on this con Second Quarterly FY 23 conference call of Rolex Springs. From the management side, we have Mr. Manish Madeka who is the MD and Hiren Doshi who is the CFO. Without further ado, I handover the call to Mr. Hiren Doshi for opening remarks followed by Q&A, over to you Hiren Bhai.

Hiren Doshi [00:01:46]: Thank you, Mr. Asutosh. Good afternoon dear investors. First of all I would like to greet, wish you a very happy New Year. Wish you a very prosperous New Year. Stay safe, stay healthy. I heartily welcome all of you to the investor call on Quarter 2 as well as First Half of Fiscal 23. Taking you to the certain financial parameters and numbers for the first half as well as Quarter 2

I would like to begin with that revenue from operations in this Quarter 2 of F I 23, it was more or less seeing what we had in Quarter 1 of FY 23. We have recorded revenue of almost Rs. 290 crore, which was 287 crore in Quarter 1. Coming to EBITDA as we have already indicated that EBITDA would be in the range of the somewhere in between 22.5 and 23.5%. We have recorded revenue of Rs. 69 crore in Quarter 2 of FY 23, which, in terms of%, is 23.5% almost.

As we have already informed that company has just updated new tax regime from this fiscal so that to reduce the tax burden. In this Quarter 2 of FY 23 company has recorded almost the same PBT, which it was 60 crore against 61 crore almost in Quarter 1 of FY 23. In terms of post profit, it was 49.7 in FY 23 first quarter of FY 23 and again the same 49 crore, 20 lakhs in Quarter 2 of FY 23.

In terms of product mix as we have indicated, Bearing Rings it's almost 53% of total component sales and auto components bit increased, which is 47% of overall component sales. In terms of exports, it is almost touching 60% exports and 41% domestic, including certain other income and scrap revenue et cetera.

I would like to inform that many of the new customers have already awarded certain program which partially it has been going to be started in Q4 of this current fiscal and in a bulk rate in FY 24. Further we are looking or rather we got many inquiries in terms of Bearing Rings as well as auto components in both the segments. Bearing Rings, again we are happy to get couple of new customers who are completely non-automotive bearing manufacturers and they have started gradual supply from this quarter onwards, and it would be in a monthly next quarter.

As you better know, that commodity pricing was quite fluctuating till last quarter and now we expect it to be stabilised and we also expect that marginal reduction from here to some extent in commodity pricing. Your company is using alloy steel bar, which is having commodity impact. In terms of our cost reduction measures, what we have informed earlier that company has already installed, or rather almost on the verge of installation of ground mounted solar project to the extent of 16 Mega Watts. Out of that partial is at 90%, 95% of completion and we'll be able to install a 4 Mega Watt ground mounted solar by December 22 and the remaining 10 to 12 Mega Watt by March 23.

Further I would like to inform that company has quite good cash flow, operating cash flow and they have maintained it in a very optimum way, which is beneficial to the company and the company isn't

continuously processed to reduce the long-term as well as the short-term debt. As that long-term debt, hardly it was 17 crore as of September 22 numbers and again further company has almost another Rs. 2 crore have already been paid off so today as on the date we are sitting on a long-term debt of hardly 15 crore, which down the line maybe next 9 to 12 months we are inclined to repay off and it would be completely long-term debt free in next fiscal.

Apart from that short-term debt what it was there in last fiscal, again company has maintained the momentum or rather the same level of operations wherein which helped us to reduce the working capital burden also. And it's almost significantly, you can say more than 20% of March 22 level company has reduced their working capital utilisation. All put together as on September 22 company has a debt of less than 150 crore.

In terms of product segmentation almost 42% goes to automotive sector, 24% that goes to the industrial application segment, 29% that is heavy commercial vehicles all [unclear] vehicles, commercial vehicles and so on and again the 5% odd goes to the hybrid vehicle and EV segments.

In terms of comparison of total revenue of operations Fiscal 22 was ended with 1017 crore. This first half we have ended with 577 crore, which is having somewhere about 60 to 80% growth on an annualized basis and we would like to be aspiring to achieve the numbers, what we have estimated for this current fiscal.

In terms of EBITDA it was 240 crore in the FY 22. In this first half, we have already achieved level of 140 crore. PBT, it was a 102 in 1, 121 crore in this first half, vis-à-vis Pat is 99 crore and in FY 22 profit before tax, PBT, was 194 crore whereas PBT was 132 crore in entire year, again that 99 crore the company has already achieved in the first half.

Operating cash flow, as I was mentioning, company is having quite good or rather strengthening the cash flow position. The operating cash flow during first half it was 86 odd crores. Out of that company has paired 27 odd crores for the CapEx of various furnaces, machining lines, other miscellaneous equipments and the remaining part of the ground mounted solar project.

As mentioned earlier, also that company has maintained or rather reduced the debt level significantly, which in FY 22, it was all put together net debt was 203 crore in first half only it is 146 crore, so more than 50 crore have been reduced in the first half. It is a mixture or a combination of long-term as well as short-term.

Return on equity again it has gone to 27% and we incline this to FY 23. Again it will increase to the extent of 7-8% of this number. We have worked out annualized number 27% on the basis of the numbers of first half. The detailed financials and operating numbers, balance sheet numbers, cash flow, we have already uploaded and circulated even it has been published into the newspaper and communicated to all. This is all from my side. Thank you very much for patient hearing. Now we can open this session for Q&A.

Moderator [00:10:37]: Thank you, sir for that detailed opening remark. We will start the question and answer session. Anyone who has a question can use the Raise Your Hand option. Once you're done asking your question, you can lower your hand and we'll wait for a couple of minutes till the question queue assembles. Yeah, we have a first question from Mr. Aman. Please unmute your line and ask your question.

Aman Agarwal [00:11:18]: So thank you for the opportunity, a few questions from my side. So first of all, if you can touch upon how the outlook is in terms of exports and are we facing any issues like in terms of slow down and quantity reduction from our customers?

Hiren Doshi [00:11:34]: Yes we are not facing significant reduction or any kind of downfall for overseas business. Yes, definitely from certain European customers, they have reduced their volume and they have deferred their lifting plan at least for a quarter or something which was to the extent of 20-25,% of that particular customer, but at the same time we try to add new customers from that territory or from the European market only. Though they are also what they have asked, say for example the 100% component and which they defer to the extent of 50% or something like that. So because of their lifting and managing the other customer lifting, we are able to maintain the momentum or rather the continued run rate of almost a 100 crore per month. But we expect some bit of, not significant marginal impact from European market in this quarter also, but at the same time we are getting good demands and [unclear] from the domestic, even from the US region.

Aman Agarwal [00:12:53]: Thank you for that, that was really helpful. Just a related question on that so we have not been reporting any new order wins for the last two quarters so if you can quantify if we have won any major orders in the amount rate into that like how much is the total order value if we have won any major orders over to last.

Hiren Doshi [00:13:14]: Yeah, as we communicated, definitely we didn't have a new customer or rather the program awarded in last couple of quarters, but definitely there are many things which are under process and even couple of European customers, couple of US customers, just because of their even, conservative approach, they are holding certain projects or rather just moving in a gradual pace. So that's why certain projects or certain programs got deferred, but we are getting good inquiries and we expect it to be converted in the next fiscal and the programs what we have been awarded in the last quarter of last fiscal, even in the first quarter or something, those will be started from the end of this current fiscal and early or first half of next fiscal. So that would be there and overall what we are expecting to have an incremental revenue at least 15 to 20% of my current revenue level in the next fiscal from the new customers.

Aman Agarwal [00:14:29]: Understood, sir and just on this raw material thing like how much of this has been in our revenue and how much it could affect us, like the declining raw material prices in the next quarter or so like when it passes through mechanism?

Hiren Doshi [00:14:44]: Yeah as we have communicated it is a hundred percent passed from mechanism, but the upward trending raw material is completely what you say adverse to the downward trend because the way the steel price has gone up which is say somewhere about 30- 35% something, until now the price has not even reduced by 5%. So we didn't expect much of the reduction, maybe 3-5% more reduction on the steel prices and which may not impact significantly on our revenue and it'll not affect our numbers.

Aman Agarwal [00:15:25]: And just one final question on this tax rate so during the first two quarters, our tax rate is somewhere around 18 to 19%. So even with new regime, it should be somewhere around 25%, right? So what is leading to such lower tax rates for us right now?

Hiren Doshi [00:15:40]: I think you have considered the net tax rate, which is somewhere about 18%, but what we need to see is the current tax numbers, because the deferred tax as you know, it is a book entry and what I have already [unclear] because of this change of tax regime the earlier accumulated deferred tax which was considered as a 35% of marginal rate and now it is 25% so my effective rate would be 25%. My outflow would be 25% and I think we should consider the current tax number, which is almost 25% of my PBT.

Aman Agarwal [00:16:13]: Understood sir and by what time our actual accounting tax rate would also move to this 25 number so...

Hiren Doshi [00:16:21]: Yes, yes we are accounting that only.

Aman Agarwal [00:16:24]: Okay sir. I was trying to understand when this effective rate will to 25% for us?

Hiren Doshi [00:16:32]: It'll take I think from, again we'll have certain differed tax credit it will be there in next fiscal also. So from thereafter it would be at the marginal rate.

Aman Agarwal [00:16:45]: Understood sir. Thank you and good luck for future.

Hiren Doshi [00:16:47]: Thank you.

Moderator [00:16:48]: We have a next question from Mr. Sonal. Please unmute your line and ask your question.

Sonal Gupta [00:16:57]: Yeah. Hi thanks for taking my question. Good afternoon sir. Sir just on the breakup of revenues could you tell us what is the other operating income for the quarter and yeah what is the scrap sales for the quarter?

Hiren Doshi [00:17:15]: For the Quarter 2 scrap revenues almost 18 crore, 180 million. Export incentives is almost 35.5 million and my windmill power generation saving is somewhere about 23 million.

Sonal Gupta [00:17:37]: And any effects related benefit in the revenue line?

Hiren Doshi [00:17:45]: Yeah, definitely. in my other income FX revenue is there where in he realised gain what we had many of our export invoices we didn't got discounted because my working capital requirement was not that. So we kept it open and something what we have exported before yet, say three, four months back where the dollar rate was 78 and today if we are getting the funds I am getting, or rather I am realizing at the price of 82. So that kind of gain is definitely there.

Sonal Gupta [00:17:19]: But that is in the other income, not other operating income, right?

Hiren Doshi [00:18:24]: Not other operating income, obviously because they're in other income.

Sonal Gupta [00:18:28]: Sorry, could you repeat the windmill number again?

Hiren Doshi [00:18:31]: It's 23 million.

Sonal Gupta [00:18:35]: 23 million and sir when do we expect the solar plant to be fully operational?

Hiren Doshi [00:18:41]: Fully operational, it would be next fiscal only, but we expect 4 megawatt that would be started from next month and also probably the balance 12 megawatt something we are expecting by end of February or maybe in March 23.

Sonal Gupta [00:18:59]: Got it and so what is the sort of benefit that we expect out of that?

Hiren Doshi [00:19:09]: Say if I'll tell you broadly the number of the amount what I'm going to save from my electricity expense, it would be to the extent of 15 to 17 crores on an annual basis once we have entire, this facility is installed.

Sonal Gupta [00:19:30]: And this is net of the whatever the operating expenses for the solar plant, etc?

Hiren Doshi [00:19:35]: Yeah, yeah, yeah, yes.

Sonal Gupta [00:19:37]: So, and this is okay and we'll more or less retain this benefit, right?

Hiren Doshi [00:19:43]: Yeah, obviously.

Sonal Gupta [00:19:45]: Got it, got it. Great, sir thank you so much.

Hiren Doshi [00:19:48]: Thank you.

Moderator [00:19:52]: We have our next question from Mr. Abhishek. Please mute your line and ask your question.

Abhishek Gosh [00:19:57]: There's couple of things you mentioned about 15 to 20% of revenue growth going forward. Now does that also account for the fall in raw material prices? So should we assume volume growth will be much higher than that? How should we look at it?

Hiren Doshi [00:20:17]: Yeah, definitely but as I was telling you that we didn't expect much of the reduction on raw material pricing. If raw pricing is reduced by 5%, if you see the net impact on my or rather revenue numbers would be 2-2.5%, something like that, 2.5%, right? So definitely we expect and the 15 to 18% number what I told on my existing numbers, that is what we expect from the new customers down the line from next you can say next fiscal or from now to 18 months.

Abhishek Gosh [00:20:52]: Okay. Sir are there more coming from the fact that they've already seen a major fluctuation in steel prices but that does not seem to have impacted your realisations much so the raw material that you use the corresponding decline in that has been much lesser. Is that a right way to look at it?

Hiren Doshi [00:21:11]: I'm sorry. Can you please come again?

Abhishek Gosh [00:21:14]: Sir where I've hinting at is we have seen almost 25-30% correction steel prices, but your realisation seems to be stable. It has not seen much of a decline so...

Hiren Doshi [00:21:25]: Let tell you, sorry to interrupt, let me tell you our commodity the kind steel what we are using there we don't have correction of 25-30%. It is hardly 5-6%. That's why it is not having much impact on my top line.

Abhishek Gosh [00:21:40]: Okay so the steel that you use there, the correction is only to the extent of 4-5%?

Hiren Doshi [00:21:45]: Yes, yes.

Abhishek Gosh [00:21: 46]: Okay, got that, got that. Sir the other thing is you've spoken about that you are going to be adding new customers and then other things, are those mostly from the [unclear] or are you also seeing good traction in the domestic market, if you can give some colour at the bearing side of it?

Hiren Doshi [00:22:06]: Definitely we are getting good demand from the few of the domestic customers who are mainly into auto parts and with whom we have started business in last end of the Quarter 4 only. And again, we are expecting couple of my bearing rings customers who are in expansion mode and they have also increased their overall projection and they intend to be almost double in next three to four years span.

Manish Madeka [00:22:41]: And you may...

Hiren Doshi [00:22:42]: I would like to request Mr. Madeka to just give some light on that.

Manish Madeka [00:22:47]: You may be aware that this railway infrastructure Vande Bharat train and this and that so there are two major manufacturers of bearings for railways. So we are expecting some increase in volume for railway bearings and also from our domestic customer from January onward.

Abhishek Gosh [00:23:11]: Okay and sir, if you can help us understand with the CapEx, what is going to be your CapEx for FY 23 and if you have a number for 24 as well?

Hiren Doshi [00:22:22]: FY 23 for the full year I would be ended by somewhere about 35 odd crores. Out of that, 26-27 something I have already incurred and for FY 24 again we didn't expect or rather we didn't plan for any significant CapEx, but we may consider to the extent of 25-30 crores.

Abhishek Doshi [00:23:47]: Okay, sir. Okay thank you so much for answering my questions and wish you all the best, thank you so much.

Hiren Doshi [00:23:52]: Thank you.

Moderator [00:23:54]: Thank you. We have the next question for Mr. Bhargav. Please unmute the line and ask a question.

Bhargav Buddhadev [00:24:00]: Yeah good afternoon team and thank you for the opportunity. Sir if you look at the domestic growth over the last four years, it has been at about 4% compared to that the export growth has been almost 13%. Do you see the trend continuing going forward as well where export will continue to outperform domestic or you think domestic can also sort of catch up?

Hiren Doshi [00:24:25]: See, we have recently added two, three new customers and they are mainly for export in USA and European country. So I think the same momentum will continue because our main, the facility what we have is for high volume and some near [unclear] forging so we are expecting the same momentum in domestic and export both.

Bhargav Buddhadev [00:25:02]: And these new customers which you alluded to, you have added in exports for the US are there new plant locations or are they completely...

Hiren Doshi [00:25:12]: No, no they are totally new customers.

Bhargav Buddhadev [00:25:14]: Totally new customers and would they have...

Hiren Doshi [00:25:17]: And our existing customers and added a few new countries like Mexico, Germany, Poland so existing customer, two customers are also added five, six new facility, different countries.

Bhargav Buddhadev [00:25:38]: Are these new customers which you added they also have manufacturing locations across various countries or only...

Hiren Doshi [00:25:45]: Yes, yes, yes they're multinational customers and they have plants in Europe, even they have in India also, and US. It's a USA based company.

Bhargav Buddhadev [00:25:57]: Okay. Secondly, sir we've been talking to customers in Korea and Germany as well for the long time. How has been the progress over there?

Hiren Doshi [00:26:09]: Yeah, that started already.

Bhargav Buddhadev [00:26:15]: What would be the contribution in terms of overall revenue from them? It's very small as of now.

Hiren Doshi [00:26:20]: As of now it is small and again, Germany, it has started something in last quarter, but last quarter that is the Q1, but again in Q2 they got a bit declined but again not having significant contribution as of now but we expect it would be there from the maybe the last quarter.

Bhargav Buddhadev [00:26:47]: And lastly sir with this energy prices escalating in Europe is there a case where we can get more e business around this geography, though there might be some slowdown in demand, but our market share could improve in Europe?

Hiren Doshi [00:27:02]: See definitely the prices of energy has gone up significantly in European market, but at the same time, they have reduced their production volume significantly. And as of now they are considering India as in what you say, Europe plus one factor but it will take some time and we need to wait for next six to nine months how the weight things are moving in Russia, Ukraine, on that basis. But definitely we are expecting some good part because as I was mentioning earlier that couple of customers have already declared that they're going to shut down their facility in next fiscal and maybe the things are going to diverted into their India plants. So we are expecting something from them also.

Bhargav Buddhadev [00:27:53]: And how much would be the revenue contribution from Europe for this?

Hiren Doshi [00:27:58]: As of now, out of my total revenue, Europe is somewhere about 25-20%.

Bhargav Buddhadev [00:28:06]: Sorry sir how much?

Hiren Doshi [00:28:08]: Sorry?

Bhargav Buddhadev [00:28:10]: I missed the number, sir. What is the number?

Hiren Doshi [00:28:13]: 25 to 27% of my overall revenue.

Bhargav Buddhadev [00:28:19]: That's a big dependence on Europe and you don't think this...

Hiren Doshi [00:28:23]: Yes but it has been segregated to the various customers and even different segments.

Bhargav Buddhadev [00:28:15]: No because you alluded to demand slowdown over there so will that not impact us?

Hiren Doshi [00:28:37]: We didn't expect because see till now what we have faced or rather what we are getting indication definitely the demand has gone down with couple of customers in a big or rather what you say more than 30-40%, something like that. Apart from that, the other regular customers, maybe not more than 10 to 15% what they had earlier.

Bhargav Buddhadev [00:29:01]: Okay sir. Thank you very much and all the very best.

Moderator [00:29:06]: We have our next question from Mr. Sanyam. Please unmute your line and ask your question.

Sanyam Jain [00:29:22]: Sir my question is that as for the [unclear] rating report, the latest report which they have published on the Rolex Rings there have been susceptible of profit margins and volatility due to the raw material thing. So my question is that why we are not going for a long-term supply agreements with the steel suppliers, since we have already the long-term agreements with the customers so why don't we have long-term agreement with the steel suppliers to ease that volatility our or are we in the part of having some contacts like that?

Hiren Doshi [00:29:53]: No as you know that all my vendors are being confirmed or nominated by my customers and my customers are not giving me the 100% confirm plan. It is on the forecast for, say, overseas customer is giving me a forecast of three to four months, having maybe 5 to 10% here and three, whereas if I am going to have something or contract with steel plants, the price fluctuation, it is always open. It is not like that they are going to give me the confirmed price for the next six months and neither I am going to confirm with my customers.

Sanyam Jain [00:30:36]: [unclear]

Hiren Doshi [00:30:41]: Sorry, your voice is interrupting.

Sanyam Jain [00:30:47]: So it means partly volatility of the steel prices we have to get that. There is no permanent solution for that right now?

Hiren Doshi [00:30:53]: No we have to. We have to and it is part and parcel of this kind of business and price volatility because customers are fluctuating their demand and if something, for example, they have given certain forecast and if I have procured steel against [unclear] or rather I have committed to my vendors, I am supposed to manage my working capital cost etc and maybe my customer is going to pay me on the future price. So it is having some kind of volatility risk also. So it is obviously better to have open terms from vendors as well as from customers.

Sanyam Jain [00:31:32]: And sir can you throw some light on capacity utilisation and what percentage we are [unclear]

Hiren Doshi [00:31:39]: As of now, we are at somewhere about 63-64% of my achievable or utilised capacity.

Sanyam Jain [00:31:47]: That can be like coming to the 80-85% thing, what's the...

Hiren Doshi [00:31:52]: It will take some time. Maybe next year our target is to cross 78-80%. I'm talking about Fiscal 24.

Sanyam Jain [00:32:03]: Okay and sir what's the outlook for this quarter? I understand you were saying that we have this order book of around 100-125 crores per month, but when we see the value that comes down to 90-95 crores per month on an average basis. So what's the outlook for this quarter since already October has been...

Hiren Doshi [00:32:26]: See my average this monthly run rate is somewhere about 97-98 crore even as of now as per reported numbers. We expect this quarter it would be again having a marginal growth and from the last quarter of this fiscal and we expect some good turnaround from the next fiscal.

Sanyam Jain [00:32:53]: Okay so then this quarter, we should not expect much like this will be almost flat on...

Hiren Doshi [00:32:57]: We target or rather we aspire to cross the 300 mark, rather the recorded number would be of 300 or so.

Sanyam Jain [00:33:09]: And sir as per the balance sheet published there has been an increase in the other financial assets from 91 to 222 million so can you please throw some light that, what's that increase in the financial assets?

Hiren Doshi [00:33:23]: Sorry, please come again?

Sanyam Jain [00:33:27]: So in the half yearly balance sheet there is a column of other financial assets that has increased from 91 million to 222 million.

Hiren Doshi [00:33:39]: We are having certain cash, long-term cash or other fixed deposits there with the banks that have been added. Apart from that the good amount of that bank guarantees yet to be received from the stock exchange, what we have given during our IPO that will lead me at this number.

Sanyam Jain [00:34:06]: So the last one, like we are seeing continuously increase in the inventory fund. This time also we have increased our inventory by 86 million. So are we facing order cancellations or there are supply constraints on that [unclear]?

Hiren Doshi [00:34:19]: No, there is no order cancellation kind of thing. One of the major reasons of you fluctuation inventory or rather having something abnormal, but that is because of certain accounting arrangement as per Indian accounting standards indices, I'm supposed to whatever my components which are in transit or which are there in the warehouse I need to move off from my sales and I need to book as an inventory. So the differential number of March 22 and September 22 was somewhere about 18 crore, so that has been added to my inventory level. And the prices of inventory

as well, we discussed, it has also gone up in the first quarter, second quarter I am carrying certain inventory of the WIP, semi-finished goods, finished goods and certain raw materials. So that will give me some longer period, or rather the longer amount of inventory.

Sanyam Jain [00:35:16]: And sir in the [unclear] revenue was not as per the expectation, you said that there was some [unclear].

Hiren Doshi [00:35:24]: Sorry, sorry. Your voice is just, please come again?

Sanyam Jain [00:35:30]: So last time you said that due to shortage of the export containers, we were not able to export some of the orders and that cancelled. So this time also is there any...

Hiren Doshi [00:35:40]: Sorry, gentlemen those were not cancelled. Let me tell you those were differed. Even as of 31st of October a couple of my customers, big customers of us having a sales arrangement on ex-factory, my ex-Rolux kind of thing, they were not able to manage the containers, and they didn't send me the seven containers, which I did in the first week of November.

Sanyam Jain [00:36:08]: Okay sir so do you think [unclear]

Moderator [00:36:17]: There a lot of disturbance in your line Sanyam. I'll ask if you could improve that?

Sanyam Jain [00:36:23]: So I'm saying that our business is not disturbed from that. It's only deferred?

Hiren Doshi [00:36:27]: Yes, sir.

Sanyam Jain [00:36:28]: Oh, okay. Thank you and all the best. Thank you sir.

Moderator [00:36:34]: Yeah so we have a follow up question from Mr. Aman. Please unmute your line and ask your question.

Aman Agarwal [00:36:41]: Sir thanks for the follow up so just on the CapEx side, like earlier we have said that we can operate maximum at around 80% kind capacity utilisation and currently we are looking for 75 to 80% kind capacity utilisation for next year. So like are we thinking of going for a forging CapEx in next year like or anything on that?

Manish Madeka [00:37:04]: One machine we have already ordered and that will be delivered by 23 December. So because forging machines are very costly machines and delivery time is very long so that we have already ordered the machine and we are expecting delivery by end 23.

Hiren Doshi [00:37:26]: So we are...

Manish Madeka [00:37:28]: We have the fertility having different, different capacity, so pure from our capacity we are utilizing 85%.

Hiren Doshi [00:37:40]: So that kind of equipment we have already ordered in anticipation that down the line 12 months it would be rather 100% or more than 95% it would be utilized. So it would be a gradual CapEx for my forging expansion according to the current utilisation or expected utilisation of my forging lines.

Aman Agarwal [00:38:02]: Understood, sir so in the CapEx guidance, which you gave like 30-35 crores for this year and the next year, so this is included, right, the machines which we're getting for the forging plant?

Hiren Doshi [00:38:13]: Yes, yes. That we have included in that the 35 crore number, what I told you for the next fiscal.

Aman Agarwal [00:38:20]: Understood sir. Just one final question sir so in terms of competition, like one of the listed companies has acquired one of our peers and they're looking to get into bearing rings manufacturing so if you can talk about how we see competition and like would our business be affected like can they take business share from us in future sir?

Hiren Doshi [00:38:39]: So, see we didn't expect much of the competition here from maybe the transaction what you have refer you are referring. The kind of facility, what we do have the versatile range of the product we do have the current product mix and the customer base, what we have and...

Manish Madeka [00:39:00]: We are not only in bearing ring, we also make the automotive component also. In the facility we have a very vast range of facility and what we heard that still year old promoter will [unclear]

Hiren Doshi [00:39:21]: So in nutshell we don't expect much of the competition as because of our strong association with our existing customers and we are just, the new customers as we have added and down the line also approaching to certain European customers who are having wide range of products and a bigger size of components, et cetera, which maybe that player is not able to produce or then do not have such kind of facility.

Manish Madeka [00:39:55]: And the way the customers are sending the inquiry from Europe and USA this is a very huge market. It's not possible for any one of us to meet their requirement. So we are expecting within next two, three year, like one of our customers already declared that they're going to stop their in-house facility and they have started working on that and we are fully prepared for that. And now we have the cash flow we can invest in CapEx also so we don't see any effect from this.

Aman Agarwal [00:39:39]: Understood sir. Thank you and good luck for future sir. Thank you

Moderator [00:40:45]: We have our next question for Mr. Priyaranjan. Please unmute your line and your question.

Priyaranjan [00:40:51]: Yeah thanks so you just mentioned about your ordered one forging set up so far which will be delivered in 23. So what is the cost of that machine, if you can help us with that and what kind of capacity in terms of tonnage the capacity has?

Hiren Doshi [00:41:13]: The overall cost of that, rather commissioning cost of that equipment with the incidentals and all these things, which maybe would be somewhere about 350 million to 370 million rupees and having a capacity to produce almost 1100 to 1400 metric done per month.

Priyaranjan [00:41:39]: Okay and is this the new, does it look like it's a new machine? Is it...

Hiren Doshi [00:41:44]: Sorry/

Priyaranjan [00:41:46]: Does it look like it's a new machine because it looks like...

Hiren Doshi [00:41:49]: Yes, yes, it is a new machine and having as a customized certain applications on customized bases, the kind of components what we are looking to produce from that equipment on that base it has been designed or rather suitably modified.

Priyaranjan [00:42:08]: Okay and...

Hiren Doshi [00:42:11]: It's from a very renowned forging equipment across the globe. And we already have three kinds of those forging lines with a different capacity for different set of products from that vendor.

Priyaranjan [00:42:28]: So going by your, I mean the machines and your loss block, it looks like, I mean, it's a lot of machines will go from there or at least replacement cycle in the next couple of years or next few years at least because they have almost lost the useful life of their operation so how should we look at CapEx going ahead?

Hiren Doshi [00:42:53]: Not replacement kind of thing. We have a very organized, preventive measurement or preventing maintenance plan. We have our own in-house preventing management team, maintenance team who are managing all these equipments and all these equipments, as you better know, having a very big life and certain equipments, what we have installed before 18 years back still we are utilizing at the optimum capacity. So there is a continuous maintenance and maybe a refurbishment or some renovation kind of things, those are going on as and when required. So we didn't expect that replacement would be there. There would be an addition and maybe to some extent having the discard or maybe the absolute technology, which we just had it and those can be discarded, but not having significant value or affect on my operating.

Priyaranjan [00:43:59]: Understood and just one thing on the, you also said that there will be some offsetting contract like the new wins and there will be some reduction in the expected orders from the existing customers. So how should we look at it next year in terms of your top line? Will it be fair to assume, it'll be like, say 10, 12% kind of growth or is it like say single digit?

Hiren Doshi [00:44:27]: Yes, yes, definitely we aspire or rather we are expecting minimum 12 to 15% growth on the numbers, what we'll be having in this fiscal. And as we mentioned repetitively that no doubt there would be some kind of reduction on my existing customers or maybe the decline, but at the same time the new customers, what we have started, gradually, they will be coming with the big volume or rather the big supply next fiscal so that would definitely be added. And as we have already indicated that certain things as what you say, India shining or maybe Vande Matram what my MD is just ding those kinds of things would be there next fiscal.

Priyaranjan [00:45:10]: And in terms of domestic bearing rings if I look at the domestic growth the bearing company is very, very high, but your growth and domestic business thing has not been to the extent of what the bearing companies have done in India so what is the disconnect here, I am not able to understand?

Hiren Doshi [00:45:31]: Sorry, if I understood correctly what you would like to tell that the growth of bearing industry is less overall compared to my growth in domestic segment. Is it your question?

Priyaranjan [00:45:44]: So yeah so domestic bearing companies growth, if I look at Y-o-Y has been slightly better than your growth so is it because of some price connection or something which you have done or is cause of that [unclear]in that number.

Hiren Doshi [00:46:03]: No, no, it's not like that. Again the growth of bearing industry overall you can say we are not there to cater entire bearing industry of India or rather the kind of all bearing, the rings for the all kind of bearing. I do have a range of particular this thing say up to 900 mm product what I can produce. So in that segment the major players of India rather say, who are contributing more than 80, 85% to the bearing industry for that addressable segment they are my customers and there we don't have any, what you say, reduction or rather the not comparable curve because the way they are growing and I am also getting the same kind of participation over there, but definitely we cannot compare with the overall bearing.

Priyaranjan [00:46:57]: Okay. Thank you that's all. And just last one on the ROR part so all the paperwork is done or what is the status?

Hiren Doshi [00:47:15]: Till now we didn't got any missing from the banks and the financial institutions. We have started just exploring because we have some kind of very vanilla kind of arrangement or agreement with the bankers wherein the probably liability of ROR may not arise, but we are just not touching on that point as of now, as we are waiting for something to revert from the bank.

Priyaranjan [00:47:49]: Okay. Okay thank you.

Moderator [00:47:55]: Yeah so that was the last question for the day. I'd like to hand the call to Hiren sir and Manish sir for any closing remarks.

Hiren Doshi [00:48:05]: Thank you very much for the investors and their team who have attended the call and we are here and we would like to assure you that the promoters, the management team is very much dedicated and rather have invested their 100% dedicated efforts to maintain and to have growth lined on the operations. And as you people are evidencing that the numbers or the indicators what we are giving, we are always trying to fulfil it and till now we did it and we hope better for the coming quarters, and definitely there would be a good fiscals down the line in FY 24 and FY 25. So your company would be having maximum utilisation and having quite attractive and more lucrative operating numbers. Thank you very much for joining the call.