



ROLEX RINGS LIMITED

(Formerly known as Rolex Rings Private Limited)

[CIN: L28910GJ2003PLC041991]

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Ref. RolexRings/Reg30/AnalystMeeting/Feb2022/2

February 10, 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
February 04, 2022	Investor/Analyst Call scheduled by Equirus Securities with the management of the company to discuss the company's results for 3QFY22	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No Unpublished Price Sensitive Information (UPSI) was shared/discussed in the meeting with the investors/analysts.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.

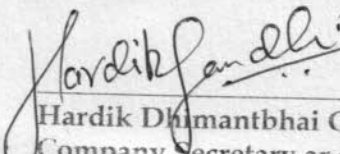
Please take the same on your records

Thanking You,

Yours faithfully

For Rolex Rings Limited

(Formerly known as Rolex Rings Private Limited)


Hardik Dhimanbhai Gandhi
Company Secretary and Compliance Officer
[Membership No. A39931]



File Name: Rolex Rings 3QFY22 Transcript

Duration: 53 Minutes

Ashutosh [00:01:01]: We'll start though, I think so. Good afternoon everyone. On behalf of Equirus Securities, I welcome you all on third quarter FY22 result conference call of Rolex Rings. From mgmt. side we have MD Mr. Manish Madeka and CFO Mr. Hiren Doshi. So without further ado, I hand over the call to Mr. Hiren Doshi for initial remarks post which we can open up for Q&A, over to you Hiren bhai.

Hiren Doshi[00:01:31]: Thank you Ashutosh. Good afternoon ladies and gentlemen. My screen is visible right, can you please confirm Ashutosh?

Ashutosh [00:01:01]: Yes it's visible.

Hiren Doshi[00:01:45]: Okay, thank you very much for joining this post earnings Q3 call. As you must have seen our quarterly numbers what we have uploaded yesterday, what has been approved by the board and the audit committee. Would like to take you through the certain glimpses of that, first of all, as you people are aware that in March 21, we had a gross revenue of 620 crore. Against that in this nine months only, we have reached the revenue 733 crore, which is straight away 18% growth compared to last annual number. When we are comparing the last nine months number, with the current nine month number, the growth is somewhere about 80%, what the numbers are telling. That is no doubt in December 20, 9 months, we had one quarter of this COVID also. So, obviously that would be there. But we would like to inform the investors that our growth would be in continue, it would be there in momentum, we had a quite good jump in last couple of months, where in the average revenue is 100 crores what we have already recorded, and we expect the same in the Q4 also.

Q4 as I've already considered January 2022 when I was studying the 100 crore average of last two months, that is December and January. We expect the same kind of growth in the Q4, and we are also aspiring that we would be touching the estimates what it has been communicated and we would be surpassing 1000 crore mark in this current fiscal. Again with the same EBITDA consistently, consistently it would be 22.5% to 23.5% of range that, would like to take you through these certain numbers.

As I was mentioning that in Q3 we recorded 243 crore of gross revenue, vis-à-vis 259 crore in Q2. The EBITDA what we had 22.4 percentage, it has a bit dip in quarter three of FY22 which was 21.7. The PBT what we had is 456 in quarter two, whereas in quarter three it is 439 or down by 1.5 odd crores something. At the same time the PAT what we had is 33 crore in Q2, and it has gone to almost 30 crore in Q3. The products, bearing and auto component business, it is almost 60 40 what we had, and same way in exports again the 60 40 ratio is going there. And we expect the current fiscal would be ended with these proportion only.

Apart from that, I would like to tell you that in the last January that is January 22, we had a revenue of 102 crore that is the first time in the history of the company. And we also witnessed that in the next two months we do have a good order book and the same would be catered in the next two months. Apart from that we had a development in terms of a couple of new customers, one is from USA into the bearings ring segment, and another one is from Europe, is from auto components of business.

Again, the those are global multinationals, the supply to these multinationals would be initiated in the second half of the next fiscal, maybe in Q3 in the next fiscal. And it would be ramped up almost to double in the FY24. Apart from one existing customer who is having a plant at Europe which is not in our product – customer basket as of now. They have also awarded a certain program which they were catering from certain Indian suppliers, now it has been transferred to Rolex, and the again in Q3 of next fiscal, it would be started, and in FY 24 It would be fully ramped up. So we envisaged that almost 100 odd crore revenue in a FY24 would be from this three customers only.

Apart from that the substantial development, that is the solar power project which is, we are in process. We have already installed four megawatt on the ground mound, it has a ready to generate the power. Only the thing we are just approaching and getting the final consent and approval, and connectivity of those to the substation and certain consents from the government. Besides that, another 10 to 12 megawatt ground mounted solar, would be commissioned and installed, and we expect power supply from July 22 onwards.

Would like to brief you the product mix, the customer industries where we are catering in last four or three years, and in this nine months, as you people are just checking. That almost 40% of our business that comes from the passenger vehicle, and when I say passenger vehicle that is not only the car, it is a kind of station wagon vehicle also which is combined, or rather the common vehicle for the cargo as well as passenger. So our revenue comes almost 40% from that segment, apart from that another mid segment that is industrial applications were in the windmill, railways and other high volume components are being consumed, which is almost 30% leveraging in last four years to on our contribution to our revenue. The another main segment is commercial vehicle, and heavy commercial vehicle which is almost 25% in this current nine month prior to that it was somewhere about 27% average in last three fiscal. The main one thing that in the electric vehicle and a hybrid kind of vehicle, we have already initiated our supply in this current fiscal, and we expect that by end of this current year, we would be somewhere about 7.5% to 8% of our overall revenue into electric vehicle and hybrid model kind of thing. At present, it is 7%.

The revenue bifurcation, as far as domestic and exports it has been given what already communicated updated with nine month number. EBITDA, the nine month consolidated EBITDA, we have already touched 23%. We expect to be continued the same in the next quarter and even in the next fiscal also. The PBT PAT, it is just because of certain one odd million of the deferred tax reversal which was there in the last quarter, it's not there in this quarter because of certain CAPEX what we did. So obviously the deferred tax reversal is a liability has been created. The operating cash flow again very sufficient and quite comfortable to the company, would like to inform the investors that company has repaid entire long term debt what it was there in the CDR. Apart from that a marginal debt what company has raised in March 21 and April 21, which was a COVID loan amounting to 28 crore. Out of that also company has started making repayment, and today it is 27 crore and we are targeting maybe in next 12 to 18 months to move off this debt also.

Our main target, couple of growth strategy or what you see our key addressable area, is first of all no debt, zero debt company, and even the maximum capacity utilization what we are able to do. The working capital my debt equity, the major chunk of this thing is working capital only, which was somewhere about 175 crore, the sanction which were 225 crore. But again we are utilizing 75% of my sanction limit, though it was fully utilized on the lesser number of operations, but in current year it

has again reduced to utilize, which is evidencing the good amount of operating cash flow. The return of equity the ROC as it has been addressed, obviously the operations have gone up, margins have gone up, it has increased. The detail financials, detail operating numbers, it has been communicated. So, now the session is open to the forum for any question and answers.

Ashutosh [00:11:46]: Thank you Hiren sir, for that detailed opening remark. I will now open the floor for Q&A session. Anyone who has a question can use the raise your hand option, we will wait for a couple of minutes until the question queue assembles.

Hiren Doshi[00:12:20]: Yeah Ashu go ahead we start.

Ashutosh [00:12:23]: So, we have our first question from Mr. Mayur, please un-mute your line and ask your question.

Mayur[00:12:45]: Hello am I audible?

Ashutosh [00:12:46]: Yeah you're audible.

Mayur[00:12:51]: Okay, thank you for the opportunity, I just want to ask what is the Outlook for the next quarter, would you please share your thoughts on that?

Hiren Doshi[00:13:02]: Yeah, as I was mentioning that last two months average was 100 odd crore. And we expect somewhere about, the dispatch is of 200 crore in next two months. So, preferably the dispatches would be 300 crore in the Q4, where in the revenue booking because of sales in transit and all these things, it would be to the extent of 270 odd crore only the component and scrap I'm telling. Or in totality, it would be 280 crore, something what we expect to added in our nine month number.

Mayur[00:13:46]: Okay sir, thank you.

Ashutosh [00:13:53]: I would like to remind the participants in order to ask a question, please use your raise your hand option. We have a next question from Mr. Praveen, please un-mute your line and ask your question.

Praveen[00:14:17]: Yeah, hi, team. Thanks for the opportunity. Two questions from my end. One is sir, if you can just share the –how much was coming from bearing rings and auto components in same quarter last year. What was our mix and also what was our mix on export and domestic front?

Hiren Doshi[00:14:42]: See in the same quarter last year, the bearing ring was some are about 65, 66 percentage, the auto components was in the range of 34 to 36 percentage. In the last quarter -- last year's December quarter. Okay, yeah. And what was your next question sir?

Praveen[00:15:03]: Second is what is your export and domestic mix?

Hiren Doshi[00:15:07]: Domestic export is broadly same sir, it is ranges in between say domestic is somewhere about 38 to 42 percentage. And export is 58 to 62%, more or less in the same line sir.

Praveen[00:15:21]: Okay, and sir my last question is for next two years. So where do you see the growth coming from. Like what is our order book look like, more into the passenger vehicle, CV industrial, and you can just throw some light on that front.

Hiren Doshi[00:15:39]: See, definitely we expect growth in commercial and industrial applications, where-in almost 60% of my business is there. In the commercial segment, in the industrial applications, railways, infrastructure as you are witness, that infrastructure would be there in our domestic market also. So, we expect good turnaround, or rather good demand from there. And we also expect that if the semiconductor chip issue, or other the availability of semiconductor chips would be addressed as quickly as possible, then we also expect passenger vehicle penetration also in the maybe in next two quarters.

Praveen[00:16:27]: Okay, okay, thanks that was useful. Just one more if I can, sir where are we in terms of passing on the RM prices?

Hiren Doshi[00:16:37]: Sir, as communicated earlier also. As you people are witnessed that in the current, in the current quarter that is Q3 the raw material pricing has not moved much. But whatever the pricing it was there in the last two quarters and the last quarter of last fiscal, we are able to pass it to our customer to the majority of the extent or you can say near 200%. But to my overseas customer on a quarterly basis, and to my domestic customers on a monthly basis, so we do have a pass through mechanism as far as commodity pricing is concerned.

Praveen[00:17:19]: Okay, okay. Thanks and all the best.

Ashutosh [00:17:27]: The next question is from Mr. Sonal Please unmute your line and ask your question.

Sonal Gupta[00:17:32]: Yeah, hi good afternoon, sir, thanks for taking my question. Sir, thank you Hiren bhai. Sir just wanted to understand, can you split the product revenues and the other operating income for this quarter?

Hiren Doshi[00:17:47]: Q3, you mean to say right

Sonal Gupta[00:17:51]: Yes.

Hiren Doshi[00:17:52]: Yeah, let me tell you the bearing ring business is somewhere about 92 crore in this current quarter, that is q3. Sorry, I'm talking bearing ring that is somewhere about 141 crore in this current quarter, and auto component business is 81 crore in the current quarter.

Sonal Gupta[00:18:22]: Okay and then the rest, so, this is 220.

Hiren Doshi[00:18:25]: My scrap revenue is somewhere about 15.5 crore, export incentives are there and windmill revenue these all consist of 242 crores.

Sonal Gupta[00:18:39]: Okay, so, so, so basically the product revenue are 141 plus 81 right. So, that's the 222.

Hiren Doshi[00:18:43]: Yeah 223 yes.

Sonal Gupta[00:18:48]: And the rest will be the other operating income mainly the scrap and other stuff, got it sir. And just in terms of like, we have seen some improvement in raw material costs to sales this quarter. So, that is more a function of the product mix, or are we now finally seeing that RM costs have peaked and that is also supportive?

Hiren Doshi[00:19:13]: See, we would have been. It would have been possible for us to pass on the raw material pricing to our customers, but as I told you, it is on a quarterly basis. But again with the customer, the quarter may not be October December quarter or something, with the few customers they are operating Feb to Jan year. So, accordingly the pricing would be changing, certain pricing, it has changed in January, certain it has changed in November like that. And we expect now the raw material pricing would not be increasing, and I think it is being stabilized.

Sonal Gupta[00:19:52]: Got it sir, and just I mean like I'm just trying to understand. Like this quarter also, like you said in December you had 100 crore run rate. And then January and I mean for the whole of this fourth quarter, you're expecting that the production run rate will be around 100 crores. So just trying to understand like, I mean like, the transit effect should have been there even this quarter, and so doesn't that compensate, I mean why aren't we seeing the full 300 cores coming in fourth quarter?

Hiren Doshi[00:20:23]: See definitely that 300, because in the month of March. So, as far as the sales transit is concerned, what we are expecting March would be closing somewhere about 105 or 100 in between 105 to 110. But my sales in transit when we are comparing annual number, you know something, what it was there in April 21 was 65 crore only. And if you see in my December, it is almost touching a 100 crore. So, we expect additionally or conservatively as I told you that 10 to 15 crore additional sales in transit by end of March 22, or rather in the Q4. So, that is why I told that somewhere about 275 odd crore revenue would be added in my nine months number which is 728 crore.

Sonal Gupta[00:21:15]: Got it, so, you still see that these.

Hiren Doshi[00:21:18]: Yes, because, the transit and the congestion at overseas port at USA, and that's why it has prolonged certain supply. So, unfortunately we had that impact.

Sonal Gupta[00:21:35]: Okay, and just last clarification I think. So product mix you mentioned PVs are 40% right? Passenger vehicles.

Hiren Doshi[00:21:44]: Yeah passenger vehicles, all passenger vehicle segment as I told you, it would be. A couple of our customers based at USA, where in the components what we are supplying, they are using on a simple four passenger vehicle car also. And a the car of a kind where they are using commercial as well as passenger use both, so it is a mix of that. So all put together, it is somewhere about 40 odd percentage in a passenger vehicle segment.

Sonal Gupta[00:22:11]: Got it sir, okay great. Thank you so much for taking my question.

Hiren Doshi[00:22:16]: Yeah, thanks.

Ashutosh [00:22:19]: Sir, we have a next question from Mr. Miyush, please un-mute your line and ask your question.

Miyush Gandhi[00:22:30]: Hi, thanks for giving me this opportunity. Sir I just wanted to understand the margin profile for domestic and export business is it any different, or do we have similar margins?

Hiren Doshi[00:22:40]: Not substantial difference, but as we indicated earlier also, wherever the product is having multiple processes, critical operations. Obviously the margins would be on a better side, whether that those products are being supplied to domestic customer or overseas customers, it doesn't make much change. Maybe in the overseas business, we have a marginal, benefit of export

incentives and so. But wherever the product value additions operations are there, the margins are there.

Miyush Gandhi[00:23:16]: Okay, and sir these contracts are, the pricing of these products, do you have a specific margin percentage in mind. Or it's like a profit per kg or profit per EBITDA per kg? How do you generally look around pricing?

Hiren Doshi[00:23:36]: Yes, it is a combination of overall EBITDA percentage, as well as the kind of, you know there are certain processes what we are doing in our manufacturing or rather on our component. There are five to seven different processes, even each process is also having some kind of benchmark, that I should be having minimum this much conversion on per kg basis for this process like that. So accordingly it would be built up, and at the end it would be at beyond or rather at least matching to a certain percentage of EBITDA. So it's a kind of mixture of both these things.

Miyush Gandhi[00:24:14]: Okay, that's helpful. So in that sense, in the last one, one and a half years, we've seen commodity prices go up substantially. And to that extent we've still managed our margins in the 20 to 20 plus range. So it doesn't mean that when steel prices and commodity prices start correcting, we also will get impacted because of it, because our margins will be in the same range and our realization will start coming down.

Hiren Doshi[00:24:45]: Not much, not much, as I told you that it is not because of my inflation. The margin has not just simply, my revenue price has gone up that's why. It is something what I am incurring and I'm getting past from my customers. So whenever if it is there in increasing trend, definitely we have certain benefit on my unsold inventory, consignment and so on. But at the downside, which is rarely it got corrected, or rarely it happened, but there we didn't have much of the impact because the certain components it has been already been produced and sold that would be at a particular price level. So we do not expect much of the downfall if my revenue or rather the commodity price gone down.

Miyush Gandhi[00:25:30]: Okay, so it's just a suggestion, and maybe as a management you can consider as the presentation is quite elaborate. If you could also include one slide of which mentions the volume for the quarter, it will be very helpful for us to understand how the underlying business growth is panning out. It's just a suggestion maybe you can consider it.

Hiren Doshi[00:25:56]: Sure, sure we'll do sir, sure.

Miyush Gandhi[00:26:00]: And just one last question from my side. I was just reading a news article suggesting that we have entered into an MOU with Gujarat government for setting up textile parks. Is it correct? And if what could be the possible rationale for doing something like that?

Hiren Doshi[00:26:13]: Sir, it is very much on pre-primary stage. As you people are aware that we do have a big piece of land in the name of company, wherein if we have such kind of, even the announcement or arrangement with the government. Where government is going to support by developing of approaching and maybe another necessary facilities, like you know the roads, light water supply and so on, which will definitely increase the marketability of my that land parcel. That is the purpose why it has been, and it has been under the vibrant Gujarat moment it has been offered. And very frankly it is very much on a pre primary stage, and definitely not down the line three years

or, we didn't have any kind of plan for any kind of investment or any kind of these activity apart from our core components of forging business.

Miyush Gandhi [00:27:23]: That's not really the right way to look at it, but I'll reserve my comments for myself. But, sir, any CapEx plans and how do you see, because the balance sheet is improved quite a lot. And given the kind of trajectory we are working with, we will definitely end up with a lot of cash generation, so how do you see capital deployment over the next three years?

Hiren Doshi[00:27:45]: We do have a CapEx of, a maintenance CapEx and apart from that machining, line CapEx and maybe certain furnaces to be installed. So that would be to the extent of 20 odd crores annually definitely it would be required. And the much of the big CapEx what we have already incurred that is the solar plant, apart from that we do not foresee any substantial CapEx for next two to three years.

Miyush Gandhi [00:28:12]: So then how do we look at cash that will get accumulated in the balance sheet?

Hiren Doshi[00:28:19]: Yeah, definitely. It could have improved my position as I told you. That a certain working capital what I was using prior to six eight months back, which was the 100% of my working capital sanctioned limit. And today I am utilizing 75% of that, so that is the unutilized working capital or another funds have been paid back towards working capital.

Miyush Gandhi [00:28:43]: And yes, I understand. But given the kind of numbers that we are talking about, next year we will be generating upwards of 100 crores of free cash flow right. So, are we saying that we will repay the working capital loans as well and...

Hiren Doshi[00:28:58]: Yes, because as we do not foresee any kind of substantial CapEx. But if some big opportunity comes to us, then definitely we are going to you know order for certain equipments were-in that 20%, 25% 30% down payment would be required. So, that would be used for that purpose. And apart from that, as I told you, we have a marginal long term debt which is 27 crore, that is also our priority to pay it off. So that my balance sheet would be completely long term, rather the free from long term debt.

Miyush Gandhi [00:29:33]: Fair enough, that's quite useful. So, any just last question from my side. Any new products that we are currently under development which can help us get more customers and more sales from the same customer, anything that you can share about?

Hiren Doshi[00:29:49]: See, definitely if you just recall, I was mentioning on 13 on one of my slides that one our existing customer who have a plant at Europe, at present they are not in our customer basket, but they would be there. So a kind of maybe a certain change of our existing product what we are supplying to their current plants. So the change in those terms, it is a continuous effort, and our concentration is to just target the EV customers also. Wherein how they are developing the new products and what kind of our product how we are able to you know, cater them. So, that is our concern. And we also get good inquiry for the industrial applications and commercial segments side also. So, that would be there, but our broad segment as we told you, that bearing ring and the auto components. But we are doing certain things as far as commercial segment, heavy commercial vehicle. One of our main customers who are into heavy commercial vehicles or off highway vehicle, they already gave us a certain seven or eight different kinds of components, maybe having a one value

added process with the current products, and another new product what they're looking for. So that process is going on and down the line we expect maybe after one-and-a-half fiscal or so, we would be having those revenues in our basket also.

Miyush Gandhi [00:31:25]: And thank you. Thank you, I'll step back in the queue.

Ashutosh [00:31:29]: Yeah, so we have a next question from Mr. Priyaranjan. Please unmute your line and ask your question.

Priyaranjan [00:31:37]: Yeah, hi. My question is related to your CDR proceeding. When do you expect to complete all the documentation because CDR and also makes possible so that is keeping a lot of [Inaudible 31:50].

Hiren Doshi [00:31:53]: Yes. As I inform you that we have already paid off entire CDR debt and my CDR period would be over by March 2022. We expect, the dialogues what we have with our banker that may be in first quarter or so, they might be initiating the checking how the things would be there with their higher ups and with the central office, but we expect at least 6 to 9 months to get something from our bankers because we have six nationalized banks and once it will be you know, something would be processed and to lead bank then again, it would go to all other member banks. So we expect something in Q2 of next fiscal or maybe in Q3.

Priyaranjan [00:32:36]: Okay. Okay that's all, thank you.

Ashutosh [00:32:43]: So we have a next question from Mr. Varun. Please unmute the line and ask your questions.

Varun Pattani [00:32:50]: Hi, good morning. So, just missed out on that number of auto components and the bearings revenue and what's the scrap revenue? So could you give the breakups once again?

Hiren Doshi [00:33:04]: You're talking for Q3 right?

Varun Pattani [00:33:06]: Yeah Q3,

Hiren Doshi [00:33:09]: The bearing bring revenue is Rs 142 crore and auto components Rs 81 crores, scrap is 15.5.

Varun Pattani [00:33:33]: Okay. That's it, that's all. Thank you.

Ashutosh [00:33:43]: The next question is from Mr. Dhiral please unmute your line and ask your question

Dhiral Shah [00:33:52]: Yeah, good afternoon sir. Thanks for the opportunity. So at the current gross block which we have what kind of potential revenue we can deliver?

Hiren Doshi [00:34:03]: With the current block and the machining lines and that Capex what 20 Odd crores something what I told you we would be able to touch revenue of somewhere about in between Rs 1600 to Rs 1700 crore.

Dhiral Shah [00:34:23]: Okay and by when we can we can expect you know this to achieve, what is your target time?

Hiren Doshi [00:34:28]: Yeah we expect in FY 24-25.

Dhiral Shah [00:34:36]: Okay, okay and sir in terms of revenue mix between bearing and auto components, which segment you feel to grow faster?

Hiren Doshi [00:34:47]: So, we have even in the bearing ring we are expected though earlier we expect that the auto component would be on a -- with a higher pace but even in the bearing ring segment we got parallel or simultaneously got the same kind of opportunity and our ratio or rather our split would be broadly maybe down the line two years it would be 55 percentage of bearing ring, 45 of auto or so.

Dhiral Shah [00:35:17]: Okay and sir any lever for margin improvement from here on?

Hiren Doshi [00:35:21]: Definitely sir, as I was telling to you that we have installed solar power project and wherein after 100% installation which is of 15 to 16 Mega Watt, and there we expect at least 30% of my current power cost to be reduced, and which will give me definitely a jump in my EBITDA or in my margin.

Dhiral Shah [00:35:48]: Okay, and sir lastly on the cash flow side, if I see your cash flow for FY 20 and FY 21, it was sharply down as compared to previous three years. What has led to this fall in the cash flow from operation?

Hiren Doshi [00:36:04]: You are comparing FY 20 and 21 with the earlier years.

Dhiral Shah [00:36:08]: Earlier years, it was in the range of Rs 150 to Rs 180 crore and we --

Hiren Doshi [00:36:12]: Yeah because we -- as you must have seen in FY 19, we had the highest revenue of Rs 911 odd crore and when we had a good amount of cash flow also and particularly in FY 20 the operations have gone down because of overall market recession, subsequently the COVID impact came where our operations further gone down so Rs 911 crore operations were came down to Rs 621 crore in FY 21. So the main reason is the reduction in operations. At the same time, we had, the repayment of my long-term debt, which we tried to pay off as early as possible and so on. In FY 20, even at the end of the FY 20 we have prepaid certain portion of my long-term debt. In FY 21 also we have prepaid and as of now, the debt which I'm supposed to repay by March 22, we have already paid off one and a half months back.

Dhiral Shah [00:37:16]: Okay, okay. Thank you so much sir.

Hiren Doshi [00:37:18]:

Ashutosh [00:37:21]: We have a next question from Mr. Nikhil, please unmute your line and ask your question.

Nikhil Jain [00:37:29]: Thank you for the opportunity and just wanted to know [**Inaudible 00:37:32**]

Hiren Doshi [00:37:34]: Please your voice is not audible.

Nikhil Jain [00:37:51]: Yeah, are you able to hear me?

Hiren Doshi [00:37:53]: Yes.

Nikhil Jain [00:37:54]: Yeah okay. So, I was just asking so we are setting up the solar power plant 4 Megawatt right now and then another 12 megawatt so with that what would be the cost savings that we would be able to achieve and then how much we would be self reliant on with this 16 megawatt solar power plant so, what we would be able to do on our own?

Hiren Doshi [00:38:18]: Sorry can you just come again for the last line what you asked?

Nikhil Jain [00:38:22]: So I was saying so with total 16, megawatts solar power plants, so would we be self sufficient not in terms of per se using all the electricity but basically we'll give it to the grid and get that back that 16 megawatts. So, how much do we consume is the question?

Hiren Doshi [00:38:39]: See even after installing the 15 to 16 megawatt it would hardly give me somewhere about 35 percentage of my power consumption. So the rest of the things definitely I am supposed to continue with the purchase from Discom. So whatever the generalization would be there it would be 100% captivity consumed at our end.

Nikhil Jain [00:39:03]: Okay. And what is the kind of cost savings that we may have actually?

Hiren Doshi [00:39:08]: We are expecting broadly somewhere about 90 odd lakhs per megawatt per year.

Nikhil Jain [00:39:17]: Okay. So, that was question one. Second was just I wanted to understand what is the capacity utilization and this quarter?

Hiren Doshi [00:39:26]: This quarter, it is somewhere about 56 percentage of my utilization and by end of even in the next Q, or rather in the Q4 it would be touching to 58 59%. Broadly it would be 57 58% by end of this current fiscal.

Nikhil Jain [00:39:47]: Okay, fair enough so that's all for myself. Thank you.

Ashutosh [00:40:10]: Yeah, so we have a next question from Mr. Miyush. Please unmute your line and ask your question.

Miyush Gandhi [00:40:17]: So, just I'm sorry just to clarify you mentioned Rs 90 lakh per month per megawatt, is that –

Hiren Doshi [00:40:24]: Per annum, not per month sir.

Miyush Gandhi [00:40:26]: Okay. Okay. Thank you.

Ashutosh [00:40:35]: I'd like to remind the participants in order to ask a question please use raise your hand option.

Hiren Doshi [00:40:47]: Ashutosh take a question.

Ashutosh Tiwari [00:40:52]: So Manish bhai and Hiren bhai, we basically just got this Rs 100 crore peak revenue order from three customers in FY 24, can you throw some light like in terms of end users of these products and also you can throw some light that where do you see maybe next six months or nine months, new orders looking to happen, which area you're targeting on in decision with customers?

Hiren Doshi [00:41:28]: You asked about the end customer?

Ashutosh Tiwari [00:41:32]: Not end customer but end users of these products, these orders, you need not name the customer, but end user --

Hiren Doshi [00:41:40]: The end user is basically bearing, for bearing [Inaudible 00:41:44] auto components and gearbox, then now we make generation free bearing, so it is a kind of hub and bearing combination. So, in that segment, we are expecting a very good opportunity from like we deliver Korean Company in Pune, Korean company in Pune, they are making generation 3 and we are their 60% supplier and they are also increasing their volume. So in our case, even if we excluding bearing then also we won't see any threat in competition. In gearbox see two or three more customers we are ready for gearbox also and one customer from US they are making only industrial bearings and we have already started getting their sample order and their business within two year we are expecting more than 80-90 crore annually. So this way --

Ashutosh Tiwari [00:43:00]: Okay so recently there is the industrial bearing order, the new order and in domestic market how do you see the traction in the industrial bearing rings? Are you seeing the volumes over there increasing in terms of whatever schedule you're getting from customers?

Hiren Doshi [00:43:19]: Mainly two or three customers – there are two three clients multinational company, they make only industrial building in their new facility so their range is for the last diameter like windmill, railway, then steel plant, earthmoving equipment so there we are already started, one of our customers we are the 60% supplier in India. Other two customers are expanding their capacity or they are not. Not they have reached their capacity so they're also they're trying to reach to their capacity they also -- we have already entered in that business. So in India, we are expecting more industrial bearing production and import substitute. They are closing their facilities and they're moving their equipment in India.

Ashutosh Tiwari [00:44:33]: Okay, got it. That's all I'm going to say. Thank you.

Ashutosh [00:44:39]: So we have a question for Mr. Nikhil, please unmute your line and you're your question.

Nikhil Jain [00:44:45]: Yeah, sure. Thanks for the opportunity again. So just wanted to check on the EBITDA margin side so blended margins is let's say in the range of around 20 to 23%, but if I divide it into the auto components and bearing so what may be the split or what may be the margins individually bearing components and auto components?

Hiren Doshi [00:45:06]: So, as I already replied in other query also see whether it is bearing ring or auto component, wherever the value added processes are there, wherever the much critical operations are there, obviously the EBITDA or the margins are on a higher side, but generally even on a plain bearing you know, which we are producing for last 25-30 years kind of thing, which is a continuous kind of requirement, where my margins may not be 23%, but I might be getting 20%. But against that the certain critical bearing rings what we have started in last two years supplying to couple of US suppliers, where we would be having a margin of more than 25% and so, but in auto components, again, broadly, it ranges between 22 to 25 percentage of EBITDA margin.

Nikhil Jain [00:45:54]: So I would say then, pretty much similar, right for between both the auto components. That's in the range of --

Hiren Doshi [00:46:01]: Even in the bearing rings, you know, we have certain value added processes and operations, which I'm supposed to do, so there we are getting equivalent margin compared to auto components also.

Nikhil Jain [00:46:13]: Okay, sure so that's all for my side. Thank you.

Ashutosh [00:46:24]: So I can see Miyush has a question, please unmute your line and ask your question.

Miyush Gandhi [00:46:33]: No, sorry. I'm done. I forgot to unraise my hand sorry.

Ashutosh [00:46:37]: Yeah so anyone? If anyone has a question, please use the raise your hand option. We have a question from Mr. Harish please unmute your line and ask your question.

Harish Bihani [00:46:53]: I saw with better utilization now that your utilization has risen 60% in two years presuming it should be much better so in that context how should one think about margins?

Hiren Doshi [00:47:07]: Differently once we even you know touch 70%, more than a more than 70 75% utilization, we expect to improved the margin also, but conservatively as we are telling you it would be in the range of 23% but we be better once we have a better utilization.

Harish Bihani [00:47:30]: Okay, and any cost saving programs that are ongoing at this point in time which you see benefits in the next couple of years?

Hiren Doshi [00:47:38]: Yeah one is the thing as I told you for as far as my reduction of power cost is concerned apart from that you know, it's a continuous effort what we are putting on our production floor to get the most scientific days of production and to get the maximum yield of our input. So that is a continuous process but at the same time we are developing new components wherein the trial and runs are required. So there may be initially it would be on a higher side later part it would be covered so it's a mixed variable setting. In our other production items we might be saving at the same time we are developing this new components wherein the trial grants and the couple of rounds, three rounds, four rounds of initial batches is supposed to be produced.

Harish Bihani [00:48:30]: Okay and the incremental you know, contracts, incremental customers are these are in terms of working capital, profitability, are these similar, better, how are we thinking about that?

Hiren Doshi [00:48:46]: Definitely, this is a -- in a competitive environment, you know, now it's open to the world and we have to have a you know, optimum margin and our priority is always to get the customer, to tap the customer subject to the minimum EBITDA level and to that extent we you know, negotiate with our customer and but our always priorities to utilize my capacity, spare capacity, which will help me to give my better return.

Harish Bihani [00:49:24]: Okay, so in Fiscal 24, what kind of revenue numbers are you looking at sir, ballpark with the new customer was not enough, not a precise number, but more like a range that you're looking?

Hiren Doshi [00:49:41]: Definitely in Fiscal 24 it would be in the range of somewhere about Rs 1400 to 1500 crore.

Harish Bihani [00:49:52]: Understood. Okay, that helps. Thanks so much. Have a nice day.

Ashutosh [00:49:59]: Yes, question for Mr. Sachin. Please unmute your line and ask your question.

Sachin Maniar [00:50:04]: Hi, sir. So, my question was regarding the offerings for EV and hybrid. So, can you see what we are offering for them and how different would it be from a normal bearing? So, how it's different processes, what are the value addition we do for them and how to the margin in that regard in EV and hybrid?

Hiren Doshi [00:50:26]: See, we are offering them bearing rings what we are generally offering to other players. Hybrid and EV the components they require more precision, so, there is a more value added. So, definitely there is a more profit in the hybrid and EV component and like we have one customer from next year that revenue will be more than Rs 98 crore, Rs 95 crore that component require very precision some diamonds operation and it is the operational. So definitely there is a more margin in hybrid and electric component.

Sachin Maniar [00:51:13]: What is value addition in terms of process but not material like ceramic –

Hiren Doshi [00:51:18]: Yeah, yeah it is in terms of process, not in terms of material.

Sachin Maniar [00:51:22]: So okay. So there is no specific [Inaudible 00:51:24] instead of other steel bearings not that type of things, which is –

Hiren Doshi [00:51:28]: No, no.

Sachin Maniar [00:51:31]: And so just for clarity purposes you said the 40% comes from PV can you say within bearings how would be the contribution from PV and CV and industrial for peer bearing rings.

Hiren Doshi [00:51:28]: Within bearing rings we can say 60% is from PV and that segment and 40% is the industrial and other applications.

Sachin Maniar [00:51:59]: Okay, okay, so the CV relatively is largest on auto components and not on the rings?

Hiren Doshi [00:52:03]: Yes, yes. CV that is commercial of highway SCV and it would be bearing majority auto components.

Sachin Maniar [00:52:14]: Thanks.

Ashutosh [00:52:31]: Okay, that was the last question. I thank management and participants for joining this call. Over to you run Hiren bhai for any closing comment?

Hiren Doshi [00:52:41]: Yes. Very thank you very much to all of the participants and [Inaudible 00:52:46] team to arranging this investor call and as our investors are supporting, we always work hard on creating value, wealth for our investors and it would be our endeavor and the first priority of the actions and we expect a growth subject to we will not have any kind of COVID impact now and

maybe we expect that the semiconductor chip issue would be addressed so that we would be having a quite or rather rapidly increase our utilization and get the good business. We look forward for your continued support. Thank you very much for attending.

Unknown Speaker [00:53:28]: Thank you very much.