



ROLEX RINGS LIMITED

(Formerly known as Rolex Rings Private Limited)

[CIN: L28910GJ2003PLC041991]

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Ref. RolexRings/Reg30/AnalystMeeting/May2022/1

May 25, 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
May 24, 2022	Investor/Analyst Call scheduled by Equirus Securities with the management of the company to discuss the company's results for 4QFY22	Zoom Meeting (Virtual)

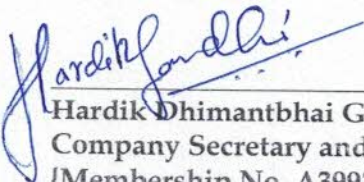
No Unpublished Price Sensitive Information (UPSI) was shared/discussed in the meeting with the investors/analysts.

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 Recording_4QFY22

Duration: 58 Minutes

Ashutosh [00:01:14]: Hi, good morning everyone. On behalf of Equirus Securities I welcome you all on the Fourth Quarter FY 22 earnings conference call of Rolex Rings Limited. From the management side, we have Managing Director Mr. Manish Madeka and CFO Mr. Hiren Doshi. Without further ado, I hand over the call to management for initial remarks and post that will follow up with the Q&A. So, over to you Hiren bhai.

Hiren Doshi [00:01:40]: Thank you Ashutosh. A very good morning to all of you. I would like to welcome our update call for the Q4 earnings for the Rolex Rings Limited. We welcome you all. We are very much thankful for the support what you and your investors have given to the company. I would like to take you through the quarterly as well as the annual numbers for the FY 22 and more particularly Quarter 4 numbers. Company has performed out well as per the intimations earlier as per the estimates what they have made. They have already surpassed certain level of revenue as well as the margin in [inaudible 00:02:29]. I would like to take you through the numbers. The total income for the Quarter F4 FY 22 was Rs. 294 crore versus the earlier quarter of Rs. 243 crore. There we report almost 21% growth from December quarter to March quarter. If we compare the quarter FY 21 the last quarter of FY 21, company has recorded somewhere about 37% growth in this current quarter. At the same time, the EBITDA has also gone up Quarter 4. Company has recorded EBITDA of Rs. 720 million which is almost 24% or more than that. In Quarter 3 that number was 527 million which represents EBITDA of 22% nearly. As we said earlier also that company is very much confident to have the consistent margin, consistent EBITDA level. Thereafter, if we check the PBT/PAT numbers the Quarter 4 for the FY 22 we have recorded PBT of Rs. 60 crore vis-a-vis Rs. 44 crore of Quarter 3 FY 22. In terms of PAT numbers, the company has recorded Rs. 39 crore in Quarter 4 FY 22 and which was Rs. 30 crore in earlier quarter. In terms of operations I would like to inform that company is having more on the same kind of portfolio wherein the bearing ring segment is somewhere about contributing 60% into the business operations as well as 40% is from auto components. Same way the company is having revenue contribution from the overseas and domestic market which attributes in the range of 50% to 60% from the exports market and 40% to 42% from the domestic market. We would like to tell you that for the first time in the history of the company, the March 22 quarter where company has operations or rather the dispatches of almost Rs. 300 crore having monthly run rate of Rs. 100 crore in the first time. Further the company is also expecting the momentum into the same numbers and having the same kind of margin as well as the growth in overall top line and operations. We do have good inquiries and converted those inquiries into the our customer portfolio, more particularly from the overseas market, from the Europe and US, we are having to two to three customers with whom the business is going to be operationalized from the Quarter 2 of the current fiscal as well as in Quarter 3, which will definitely give us a push up to the overall revenue of the company and the capacity utilization. At the same time company is also concentrating on the cost part of the components wherein company is in process of installation of solar plant and partially that solar plant would be operational before August or September 2022 and balance would be operationalized before end of this current fiscal. The solar project bit got delayed because of certain government approvals and getting certain consents from the government and other various nodal agencies. I would like to tell that company is having that mixed product portfolio catering to the various industries not depending on one segment of the industry. The company is

having revenue in terms of 45% from PV which was there in 2019 if you check in FY 22, that number has gone down and it has been 40% from the passenger vehicle car segments and so on. More importantly company is having a good command on commercial vehicle and heavy commercial vehicle wherein the segment the company is having more than 52% contribution from that industry. As it has already been intimated, company has initiated to supply for the EV and hybrid vehicles in the last year wherein that contributes almost 7% - 7.5% from the EV and hybrid vehicles. We expect further this to be increased in the current fiscal. It may go beyond 12% to 14% in the next fiscal that is what our expectations and the customer schedule forecast and the awards what has been given. In terms of overall revenue, annualized revenue, the company has recorded gross revenue of Rs. 1028 crore in including other income and Rs. 1016 crore from the operations via-a-vis Rs. 620 crore gross revenue of March 21 fiscal it is having 65% growth in overall operations. At the same time, the company has reported EBITDA of Rs. 240 crore in the March 22 fiscal FY 22 which was Rs. 112 crore only in FY 21. In terms of percentage it has gone up from 18% to 23.5%. Same way in our PBT company has increased their PBT from FY 21 level which was 87 crore to 132 crore in FY 22. I'm sorry that is Rs. 132 crore is profit after tax, PBT is Rs. 194 crore from 75 crore from Rs. 75 crore of previous year. At the same time company is having quite sound and robust cash flow which is supporting to meet all their obligations as well as expanding their facilities in solar equipment as well as the few value added processes to be added to be catered to the new customers as well as the current customers, Further I would like to inform that as usual company has reduced the net debt significantly and the long-term debt of the company, CDR debt, company has already paid off hardly Rs. 25 crore on amount is due for the long-term debt which is a CDR loan taken from the couple of banks. Company is planning to repay that debt in the next couple of years, COVID loans. Company is having debt equity ratio OF 0.37 compared to 0.69 of previous fiscal. Company is having quite healthy ROI at 24% In FY 22. These are the operational numbers what we have already submitted. I don't want to go individually in all these numbers. I request the members to have any questions would like to answer.

Ashutosh [00:10:13]: Thank you Hiren sir for the detailed opening remark. We will now open the floor for the question and answer session. Anyone who wishes to ask a question can use the raise your hand option. And once you're done asking a question, please use the lower your hand option. We will wait for a couple of minutes for the question queue to assemble. We have our first question from Mr. [inaudible 00:10:49], please unmute your line and ask your question.

Male Speaker [00:10:55]: Yeah, hi, good morning. Thanks a lot and thanks for taking my question. So, could you sort of share some of the other numbers in terms of what was the other operating income for the quarter and for the year and what is the scrap sales for this quarter and for the year?

Hiren Doshi [00:11:16]: Yeah, the scrap sales for the quarter is Rs. 63 crore annual. For the quarter it was 19, 189 million 19 crore. In terms of other income, we have, particularly in last quarter, we have reinstatement and notional entry into Forex outstanding, which is somewhere about 36 million in the last quarter and we have certain insurance claim which is of 8 million in last quarter as well as we have realized gain into our working capital as well as certain other transactions which has been reported in the quarter of March 22.

Male Speaker [00:12:07]: Right so could you give, what is the total other operating income for the quarter?

Hiren Doshi [00:12:13]: For the quarter other than scrap if I will say which consists of export incentives, which consists of windmill and interest all put together is somewhere about Rs. 11 crore.

Male Speaker [00:12:31]: 11 crore in Q4.

Hiren Doshi [00:12:34]: Yes.

Male Speaker [00:12:35]: And how much of that is FX related?

Hiren Doshi [00:12:38]: FX related it's almost the reinstate pint entry which is a notional entry that is 40 million, Rs. 4 crore.

Male Speaker [00:12:50]: So, but realized gain will also be there, right? There will be --

Hiren Doshi [00:12:52]: Yeah realized gain that is about 15 million one and half crore rupees, but that is actually realized what we have during certain course of import and services and even in the export working facilities.

Male Speaker [00:13:09]: Right and so could you touch upon like on the, we're hearing a lot of companies talk about high logistics cost etc so could you sort of touch upon what sort of increase have you seen or what portion of your other expenses is coming from logistics side and how is that moving, is that a pressure point?

Hiren Doshi [00:13:30]: Yeah, I request my MD to reply your question.

Manish Madeka [00:13:35]: 50% of customer is FOB condition. So we don't have to pay the sea freight. And other customers they're paying us the extra logistic cost. So, we have some mechanism that every three months we have to form the invoice of the logistic company and when we started the business at that time, we have given the bifurcation that this will be the logistic cost. So, whatever is more, we are paying that they are compensating every quarter.

Male Speaker [00:14:19]: Okay. So for us then we can assume that logistics cost is a pass through right there is no impact for us. And this last question sir on these power solar plant you are saying getting slightly delayed so when are you expecting it to be completed and what sort of savings --

Manish Madeka [00:14:45]: Yeah, So partially it would be to the extent of 4.5 mega what it would be operationalized before September 22 and the remaining would be before March 23. All put together 16 megawatt is to be operationalized.

Male Speaker [00:15:06]: Right so, major portion of the benefit then will come only in FY 24, right, next financial?

Manish Madeka [00:15:14]: Yes major, entire annual benefit would be there in next fiscal.

Male Speaker [00:15:19]: Got it sir, got it. Great thank you so much for taking my questions.

Ashutosh [00:15:29]: So we have our next question from Mr. Lakshmi Narayan. Please unmute your line and ask your question.

Lakshmi Narayan [00:15:37]: Yeah you can hear me, right?

Ashutosh [00:15:40]: Yes sir.

Lakshmi Narayan [00:15:42]: One question pertaining to the cash flows, while you know there is a chart which you have set over the last couple of years and I see that earlier you had healthy cash flow from operations, but this year the cash flows are actually drastically reduced in proportion to your PBT predominantly driven by inventories, right. So, there is an increase in inventories as per your balance sheet. So, is it a transient thing or this is how it is going to be, can you just throw some light on that?

Hiren Doshi [00:16:18]: Yes, see I would like to tell you that it's not only the inventory, even the receivables have gone up. It is just because my last quarter numbers have significantly grown and also obviously, the receivables level have gone up and we need to have you know, because of you better know that the fluctuations in the commodity pricing, we were in your practice to store certain raw material for our future and this thing, so it was on a bit higher side, but again it is well within the range of less than 90 days overall inventory but down the line we will be maintaining inventory to the extent of 75 days or something and as well as the receivables to the extent of 80 to 85 days in overall. And apart from that, as I told you that we had a CapEx outflow in the last fiscal in terms of solar as well as we have installed the new machining lines and heating furnaces wherein the fund flow or rather the funds have been used.

Lakshmi Narayan [00:17:36]: I'm talking about the operating cash flows because --

Hiren Doshi [00:17:39]: Yeah apart from operating cash flow, my outflow is there in this thing, but operating as I told you, it's mainly contributed or rather it has been used for the inventory as well as in receivable level.

Lakshmi Narayan [00:17:51]: And how do you anticipate this whether there will be you'll have a better cash flow conversion like what you used to have earlier or this is going to be the new normal?

Hiren Doshi [00:18:03]: No, definitely it would be a better operating cash flow. Here this point of time if you check, we have also reduced significantly our trade payables also and we were using you know our inflow in such a way to get the better pricing and maybe on the payment on cash basis or something like that. But down the line, it is linked our inventory and receivable definitely it is linked with the operations. If the operations have gone up, it will also the numbers will go up in the range of days, as I mentioned earlier.

Lakshmi Narayan [00:18:43]: And what is your new asset turnover like right, so you're actually adding CapEx I see and how that translates into revenue for you, what is the asset turnover?

Hiren Doshi [00:18:55]: Yes, certainly new assets what we are installing it's not to what you say exclusive you know a revenue contributing because those are the part of the additional facilities. For example, we do have the forging facilities available with the company. So whenever we have a good amount of incremental number of forgings we'll have to have the machining capacity to get the

forgings into revenue. So in terms of machining lines and heat treatment furnace is what we are installing that may give you a range of four to five times revenue conversion.

Lakshmi Narayan [00:19:37]: Correct so one last question, how much of our exports is to Europe and how are we handling the you know, the Euro depreciation that is taking place and the second question is that you mentioned that 50% of your business is FOB in exports, am I right on that one?

Manish Madeka [00:20:00]: Yeah.

Hiren Doshi [00:20:04]: Yes sir.

Lakshmi Narayan [00:20:05]: Got it. On the Euro thing can you just explain a bit how much of our exports is to Europe and how are you looking at --

Hiren Doshi [00:20:10]: Yeah, yeah in my overall exports to Europe or rather the sales in Euro is somewhere about 35-40% of my exports revenue and I would like to tell you that you know with my customers we do have pass through mechanism in terms of Forex as well as raw material pricing both. So with the Euro customers, every quarter we are revising the pricing in terms of fluctuation for the Forex also.

Lakshmi Narayan [00:20:44]: Got it. Thank you so much sir. I'll get back in queue.

Ashutosh [00:20:51]: So we have our next question from Mr. Arun. Please unmute your line and ask your question. So, we have a next question from – so Arun are you connected? Okay, so we have our next question from Mr. Aagum. Please unmute your line and ask your question.

Aagum [00:21:50]: Am I audible?

Hiren Doshi [00:21:52]: Yes, sir.

Ashutosh [00:21:56]: Yeah, Aagum please go ahead. We'll take Arun next.

Hiren Doshi [00:22:14]: Aagum you need to unmute yourself then go ahead. You have to unmute from your side.

Aagum [00:22:18]: Yeah. Well, am I audible now?

Hiren Doshi [00:22:20]: Yeah, you are audible.

Aagum [00:22:23]: So, I had a quick question on your – can you throw color on your order book?

Hiren Doshi [00:22:29]: Sorry please come again.

Aagum [00:22:31]: Can you throw color on your order book, what is the order book currently?

Hiren Doshi [00:22:38]: See the currently order book for the overseas business and domestic what we do have is in the range of Rs. 115 to Rs. 225 crore on a monthly basis.

Aagum [00:22:52]: Okay that is 15-125?

Hiren Doshi [00:22:56]: 25 crores yeah.

Aagum [00:22:59]: So all these contracts, are they long-term based or are they like on a monthly basis?

Hiren Doshi [00:23:05]: No, we no --

Manish Madeka [00:23:05]: Long-term contract they give us only schedule. So, usually all the --

Aagum [00:23:13]: Sir your voice is, your voices coming a bit low.

Manish Madeka [00:23:18]: All these are long-term program. So, once this price and everything is settled it is for minimum five year, seven year, eight year. So, because we are ancillary, we are not, our products are not directly used. It requires process. So our products are semi finished product. So they are all long-term contact.

Aagum [00:23:52]: Correct. So your let's say you have only got the order because [inaudible 00:23:56] OEM's work. As the OEM growth you get a ticket your orders.

Manish Madeka [00:24:02]: Yes.

Aagum [00:24:04]: Okay, so based on your current 100, is it good like we crossed 1500 next year itself?

Hiren Doshi [00:24:13]: No 1500, but if you consider our last three months bill we are hopeful that we will be crossing more than 1250 crores.

Aagum [00:24:28]: Okay, thank you. That's it from my side.

Ashutosh [00:24:37]: Yeah, so we have our next question from Mr. Arun. Please unmute your line and ask your question. I think – Arun are you able to unmute the line? Okay so we'll go to the next participant. We have next question from Mr. Chetan, please unmute your line and ask your question.

Chetan [00:25:06]: Hello, sir. I wanted to understand on you know, we had a revenue growth of 65% this year and the growth was strong on both domestic and export front. So, what led to the strong revenue growth in this year first thing and secondly, how do you see, you know, your growth over the next two years and you also alluded earlier that we have two to three new customers that are going to get added I think mostly European customers. So, what quantum of revenue are you looking for from this new customers?

Hiren Doshi [00:25:44]: Yes, first of all, you know, the growth I think it is not reasonable to compare with the last year numbers, because last year was the year of COVID and operationally it was a you know, 9 to 10 months period working. So, definitely, the growth is quite significant compared to previous year, but on an average what we are expecting to have at least 15 to 20% Y-o-Y growth on our operating and the second part of what you have asked is for the quarterly numbers, I would like to tell you that we will be maintaining the same momentum what we had for last three months numbers which is somewhat touching to 300 crores or something like that. Yeah, what was the second portion of your question please?

Chetan [00:26:39]: The new customers which are going to get added, the export customers, what is the revenue we can get from these new customers?

Manish Madeka [00:26:48]: See as earlier we told you that most of our customers are multinational customers. So, one of the very leading bearing customers now, they've added new three countries, Bulgaria, Italy, and Mexico and already we have started submitting them simple [inaudible 00:27:12] next quarter means from July onwards the total revenue will be more than 100 crore annually and one more customer, they're making industrial bearing in USA. So, that revenue has already started. So from June onwards we'll start and then we told you one of the gearbox manufacturer customer this year the total business is of 95 crore annually so this year we are expecting 40 crore business from that existing customer, new business. So, from the 23 onwards the revenue will be will be 95 crore rupees annually from that gearbox customer.

Chetan [00:28:17]: Okay, okay. And within this 65% of revenue growth we had this year, how much was volume growth and how much was realization growth if you can differentiate a bit?

Hiren Doshi [00:28:32]: Volume growth is somewhere about 28%.

Chetan [00:28:42]: Okay, got it. Thank you so much.

Ashutosh [00:28:53]: So, our next question from Mr. Nikhil, please unmute your line and ask your question.

Nikhil [00:29:01]: Yeah, just thank you. Thank you for the opportunity. I just wanted to understand if there has been any significant order wins or new business development that we were successful in this particular quarter?

Hiren Doshi [00:29:17]: Not particularly in the last quarter, but as we said earlier also it's a kind of continuous process and as our MD just informed that we have been awarded, you know, programs gradually even from the existing customer and from the new customer. One of our new customers has given us you know, six components in the third quarter of last fiscal and we developed accordingly now they have already given another eight components to develop so gradually with the new customers also we are getting in a piecemeal way the opportunity. The new customers what we were talking for last couple of quarters those will be operationalized of the second quarter of this fiscal as well as from the third quarter and full number annualized revenue would be there in the next fiscal year.

Manish Madeka [00:30:09]: One thing I want to add that our existing bearing customer, one of the largest building manufacturers in the world, they have made it with three plants, four plants, Germany, Bulgaria, Italy and Mexico.

Nikhil [00:0:26]: Okay, that's an interesting. My second question is related to the electric vehicle BUV programs. So, what is your outlook on those programs? You have guided that for FY 23 it will increase by around 12 to 14%. But are we let's say more traction coming our way on the EV side?

Hiren Doshi [00:30:49]: Sir as we have mentioned you that we have you know, various industrial segments or rather the various industries in which we are catering our products not only the passenger vehicle and the EV penetration would be there more into the passenger segment. And

again the way it is moving, we do not expect much traction from the EV as well as at the same time we are also trying to develop the components for EV and as my MD just informed that with the couple of plant wherein we are supplying EV components they have added their other plants. Earlier we were supplying in USA only. Now they have added their European plants also for sourcing these kinds of EV components.

Manish Madeka [00:31:41]: And we are not manufacturing more components for NG. We are more in wheel, transmission and bearing. And apart from this auto component we also make the component windmill, earth moving equipment or highway, railway. So, you know railway is growing in India as well as in USA also. So, we are not only in the passenger vehicle segment and most of the component what we produce are auto are going to be used in EV also.

Nikhil [00:32:28]: And just on the a little bit on the strategic side, so basically three years out let's say FY 25 plus finance so where do you see the organization to be actually and do you also see that the auto components part would be going faster than the bearings part overall?

Hiren Doshi [00:32:47]: So, as we mentioned earlier also that we would be having almost 50% share our photo components on our revenue down the line and if you ask me the ballpark number for FY 25 or rather by March 25 definitely our aspiration is to have the revenue of more than 1650-1700 crore.

Nikhil [00:33:17]: Okay, fine. Thank you.

Ashutosh [00:33:25]: I would like to remind the participants anyone who has a question can use the raise your hand option. We have our next question for Mr. Vignesh. Please unmute your line and ask your question. Vignesh please go ahead.

Vignesh [00:33:54]: Am I audible now?

Ashutosh [00:33:56]: Yes.

Vignesh [00:33:58]: So, I just wanted to ask you in terms of taxation. So Quarter 4 we have paid tax at the rate of 5% of the profits we have generated. Are we contemplating to shift to a lower tax regime or are we eligible to shift to a lower tax regime of 25%?

Hiren Doshi [00:34:18]: First of all I would like to tell you that till FY 22 fiscal, we are under MAT. We have a MAT credit unutilized MAT credit. So, even in the FY 22 we are supposed to pay under MAT which is 15% plus, plus so that we are going to pay. Definitely we are in process or we are just exploring and appraising to change the new tax regime which is having almost gross tax of 25% compared to 35% of the current one.

Vignesh [00:34:53]: Okay, so we still have MAT credit remaining in our books or we have –

Hiren Doshi [00:34:58]: No, no after utilising the March 22 numbers, there would be a very negligible amount, it could be there, but we are inclined towards shift of our tax regime.

Vignesh [00:35:13]: Right, right. Because usually it happens in quarter one before as in the start of the financial year that the businesses decide whether this is -- yeah, fine, fine with that. Also, could you tell me about the CapEx plan for FY 23? And also what them what is the amount of CapEx and

where the same is going to invest? I actually missed the earlier part, if you had mentioned about it, I'm sorry.

Hiren Doshi [00:35:40]: See in FY 23 our CapEx would be categorized in couple of ways. One is the pending CapEx for the solar as well as the other portion is for my maintenance CapEx and the additional equipments. All put together we expect to have somewhere about 30 odd crore rupees out of which six to seven crores for the solar and the remaining for my maintenance CapEx and for certain new facilities.

Vignesh [00:36:12]: Okay, but your CapEx in like FY 22 was around 600 crore, right?

Hiren Doshi [00:36:18]: No, no, no, no not 600. It's --

Vignesh [00:36:21]: 69 crores, right, right.

Hiren Doshi [00:36:24]: Yes, yes 69 crores, yes, yes.

Vignesh [00:36:27]: Fine that's all from my side. Thank you.

Male Speaker [00:36:37]: So firstly Manish bhai can you some color that how is the is any impact posture negative of the Ukraine war on us physically in terms of impact on Europe sales or new customer addition, anything any positive or negative impact?

Manish Madeka [00:36:54]: Ukraine war is the opportunity for us but that said recently ever one of the leading customer added four countries Bulgaria, Italy out of Germany what they started with the only because of this Ukraine war. They are usually bearing manufacturer do not pay the tool cost. But now this customer is also paying tooling costs. So it was a long time requirement, otherwise they would not have paid the tooling cost.

Male Speaker [00:37:34]: And is this like were they sourcing from Ukraine or there is no other reason?

Manish Madeka [00:37:39]: They were earlier – they have their own plant in Ukraine. That customer has sold all their forging facilities but they one plant in Ukraine. So that is not their stock.

Male Speaker [00:37:57]: Okay, okay. And secondly on this -- so we talked about having benefit of China plus one strategy can we provide some color is it that the customers, global customers are shifting away from China, are we getting that benefit as well in our auto mobile that we're getting?

Manish Madeka [00:38:21]: See last time I told you that this Tesla with this for all of our customer, they were forcing from China and they shifted to Rolex. Same way now they have added for the same end user in this Europe, Bulgaria and Italy. [inaudible 00:38:46] for Tesla car, EV. For these components they were sourcing from China.

Male Speaker [00:38:58]: Okay, okay. And lastly on India piece, how are you seeing demand per se? And any new order win in India as well?

Manish Madeka [00:39:10]: See we because of the year end or [inaudible 00:39:14] there was some issue, but now again, all the domestic customers we are getting their regular schedule on the

contrary we content with the last quarter this quarter we have all customer they're giving us the regular requirement and they were being earlier.

Male Speaker [00:39:42]: Sorry, I didn't get what you said in the this quarter there is same or new wins?

Manish Madeka [00:39:49]: No, no last quarter requirement was less from the domestic customer.

Male Speaker [00:39:57]: Okay.

Manish Madeka [00:39:58]: But now again, we started the doing their regular requirement, so it is more than last quarter.

Male Speaker [00:40:06]: Okay, that is all from my side, thank you

Ashutosh [00:40:15]: Next question from Mr. Arif. Please unmute your line and ask your question.

Arif [00:40:23]: Yeah, my question is related to your CDR. So CDR proceedings, so, where are we in terms of exiting the CDR and are we under negotiation with the banks etc the balance if any remains?

Hiren Doshi [00:40:38]: See CDR debt the long-term debt we have already paid off almost before four months back and now for the final you know the procedures or final formalities to be come out of CDR they are in the process to that and they are going to check up with the you know, the central office and yet the process has not started. We expect to be initiated in this quarter and may be completed in before end of second quarter outcome would be there what would be the CDR obligations?

Arif [00:41:16]: Okay and you also, I mean the MD has also mentioned about 95 crore of business and then 50 crore of business from different geographies. So, if I do the math then I think that 15% growth is coming from that. So, is that what you're pointing towards around 15% kind of growth for next couple of years?

Hiren Doshi [00:41:40]: Yes, definitely even 15 to 20% numbers what we have already told you and the numbers what we have shared with you those are the annual PAT level numbers. It will start it or the ramp up gradually. As I told you that some customer is going to start from the second quarter maybe from the July August onwards bulk supply and the other one in the third quarter of the current fiscal. But the annualized revenue number what we told you that is somewhere we will get in FY 24.

Arif [00:42:16]: Okay. And in terms of tonnage, how much tonnage how much tonnage we have done this year?

Hiren Doshi [00:42:21]: In terms of tonnage consumed is somewhere about 68,000 metric tons.

Arif [00:42:31]: Okay. And you've also talked about say PSA, uptake PSA joint venture which is going to produce something in India for their global engines and all so what is the status on the program ramp up and –

Manish Madeka [00:42:51]: PSA already started.

Hiren Doshi [00:42:53]: We have already started supplying that plant and –

Manish Madeka [00:42:56]: And now we have bought one new -- we did it for export.

Arif [00:43:04]: Okay. So, is it fully ramped up or --

Hiren Doshi [00:43:08]: Yeah domestic is almost fully ramped up and with the their overseas principal plant, we are in a stage of supplying the samples and --

Arif [00:43:24]: Okay, thank you that's all.

Ashutosh [00:43:31]: Anyone who wishes to ask a question please use the raise your hand option. We have a follow up question from Mr. Vignesh, please unmute your line and ask your question.

Vignesh [00:43:47]: Hello, sir, yeah, considering this capacity you have of forgings I wondered your own capacity utilization for forging and the machining facilities, what is the current adds as it stands for the FY 22?

Hiren Doshi [00:44:02]: The forging capacity as it is almost at the level of 60 to 62 percentage of overall what we can achieve with the current product mix. In terms of machining, see, even as of now we are getting outsource the machining activity. So machining is always something what we are utilizing more than 85-90% for the equipments what we do have.

Vignesh [00:44:30]: Okay, and so what is your guidance in terms of sales you are expecting for FY 23?

Hiren Doshi [00:44:38]: You're asking for the revenue.

Vignesh [00:44:41]: Oh, yeah, only the revenue part, yeah. Yes.

Hiren Doshi [00:44:43]: So as we mentioned, as my MD has already indicated, it would be more than 1250 add crores.

Vignesh [00:44:51]: Okay, okay. That's all from my side. Thank you, sir and all the best.

Ashutosh [00:44:59]: we have our next question from Mr. Devesh. Please unmute your line and ask your question.

Devesh [00:45:05]: Yeah, I just wanted to understand on the margin spend so we have guided earlier around 20 to 23% margin band. So what's your sense going forward now?

Hiren Doshi [00:45:17]: Definitely it would be in that range or conservatively I'm telling you, we are going to stick on these margins. Further, let me give you one example. Even we had a, you know, reduction on our export incentives, because of certain withdrawal of export incentives, which has impacted somewhere about 1-1.25% on my export revenue, in spite of that, we are maintaining the same kind of EBITDA margin what we were talking and definitely consistently we will be having the numbers what is there in the last quarter or maybe in the entire fiscal of FY 22, those numbers would be in that line.

Devesh [00:46:06]: That's it from my side. Thank you.

Ashutosh [00:46:10]: We have a next question from Mr. Miyush. Please unmute your line and ask your question.

Miyush [00:46:15]: Hi, thanks for taking my question. Sir, if you could please help us understand the impact of falling steel price on our business? We have recently seen almost 10-15% price corrections, how do we navigate this?

Hiren Doshi [00:46:31]: See as we told that the commodity pricing, the raw material pricing, you know, we do have a pass through mechanism with our customers, even when it was very much increasing trend in the last fiscal year we didn't have any impact of this thing and at the same time, if the prices are going to reduce definitely the pass through mechanism would be applicable and I'm supposed to reduce my component price.

Miyush [00:47:04]: So then are you saying then our revenue growth will get impacted. I

Hiren Doshi [00:47:06]: In terms of numbers, we can say about the kind of you know, the decline in commodity pricing, definitely that would impact on overall numbers of revenue.

Miyush [00:47:21]: And because our margin will remain same, our EBITDA will also get impacted?

Hiren Doshi [00:47:26]: In terms of percentage, yes, but you know, it's not straight away to be affected. It is always on a quarterly basis kind of thing. So, something what we have just started to feel the decline of price yet they have not started declining. It would be there from the June, July onwards. And it is having always a you know, mechanism to pass through in next quarter or so.

Miyush [00:47:52]: Okay and sir is it possible to quantify or what would be our market share for the plants to which we supply? I mean, are we the sole suppliers or there are others and if there are others, what could be our market share?

Hiren Doshi [00:48:07]: Let me give you an example, the kind of components what we are supplying there we are the sole supplier to the particular customer group. With our majority of the customers we are having, you know, the exclusivity as far as the certain components, auto components as well as bearing rings because they are paying huge amount of tooling costs for development of particular kinds of auto components. So we are the sole supplier, but in terms of their overall book, if a bearing company in India having a very good market share and a good brand name, they are sourcing somewhere about 55 to 60% of their requirement from the Rolex only. And it's not only one there are a few other customers who are on the same line.

Miyush [00:48:56]: Okay, thank you. Thanks. That's it from my side.

Ashutosh [00:49:01]: We have a next question from Mr. Praveen. Please unmute your line and ask your question.

Praveen [00:49:07]: Yeah, hi. Thanks for the opportunity. So the one question that I have is that the guidance that you're giving off 1250 odd costs are in fact 23 so just wanted to understand this visibility is coming more from the bearing rings or the auto components?

Hiren Doshi [00:49:25]: No, we do have you know the new order booking rather than dispatch schedule even for the bearing ring as well as auto components. As our MD just informed that certain

new plants in Europe we are going to supply bearing rings and the other customer having a transmission plant who are quite renowned transmission manufacturer across the globe so it would be then the auto segments.

Praveen [00:49:52]: So can you just put some numbers to your order book that how much is from the bearing rings and auto components to get some sense of [inaudible 00:49:59]

Hiren Doshi [00:50:00]: Sir we would be having the overall contribution from the bearing ring. It ranges in between 55 to 60% of our revenue for the next fiscal and the remaining is you can say of what 40% from my auto segments, 42-45 percentage.

Praveen [00:50:22]: Okay and if you can just give me the growth rate across these two segments on year on year basis and sequentially?

Hiren Doshi [00:50:31]: Sir very frankly, we will not be able to give you a growth rate of a particular segment. How we are trying to explore with the customer, definitely, if I'm going to explore a bearing ring customer where the development period initial period is less compared to the auto segment, component business. So, we are inclined to you know, cater bearing ring as well as auto components both as per the fastest realization or fastest revenue booking on our books.

Praveen [00:51:10]: Thanks.

Ashutosh [00:51:14]: We have a next question from Mr. Sonal, please unmute your line and ask your question.

Sonal: [00:51:20]: Yeah. Hi. Thanks for taking my question again. Sir, I just wanted to understand, right, like, last year, I mean, around the IPO time, you had sort of talked about the target or guidance of around 1250 crores of revenues by FY 23. And then over the last year, we have won a lot of new orders as well. But still the guidance is at 1250 crores for FY 23. So I'm just trying to understand what has been the negative right, what has not gone correct, and why the guidance is not going up?

Hiren Doshi [00:52:00]: Nothing as of now being on negative, but we would like to give you the numbers conservatively, and the growth in the business is there and particularly, you know, you better know, there are certain hurdles which are out of control of this thing in terms of availability for the containers, the ocean freight price hike, the commodity pricing, those were the factors, you know, which are again a COVID factor. So we are just trying to give you the numbers, which will, we can easily surpass and we are very much confident to achieve more than that.

Sonal: [00:52:3]: Yeah, so that is why I'm asking that ideally at least on the top line, given the raw material cost inflation, the top line would have benefited by 5 to 10% because of that itself, right? So it's not and also like you're saying I don't know ocean freight do you book it x of ocean freight or are you booking including, like you said 50% of the customers you are booking CIF basis, right?

Hiren Doshi [00:53:07]: Yes, yeah. So that is inclusive of prices. And at the same time --

Sonal: [00:53:10]: Again, the logistics cost has gone up. So all that should be adding to the top line, I understand it will be not adding to the EBITDA but so that's why I'm trying to understand that there are these factors including raw material price inflation, cost inflation, which are adding to the top line, still the top line is sort of not sort of --

Hiren Doshi [00:53:32]: Yeah, but Sonal again we are feeling the reverse way from last few days, particularly the commodity pricing. We expect to reduce it or rather to go down and now it is the height of even the ocean freight portion. So we expect to once the commodity price will go down, obviously, the other components will also go down which may impact on our overall revenue number.

Sonal [00:54:02]: Right, so you are I mean, you feel fairly confident on this 1250?

Hiren Doshi [00:54:08]: Very much, very much.

Sonal [00:54:11]: Got it. Okay, sir. Thank you so much.

Ashutosh [00:54:16]: We have a next question from Mr. Lou, please unmute your line and ask a question.

Lou [00:54:22]: All right. Thank you for the opportunity. I have a question on the working capital cycle please talk about other I mean firstly it would seem inventory days go off during this year. So what is the reason behind inventory days being higher? Secondly, on the inventories and trade receivables side, going forward with scale, do you think there is room for improvement and reducing the number of days on inventories and receivables?

Hiren Doshi [00:54:52]: Yeah, as I told you earlier that, particularly the inventory, which is bit on a higher side as we told you that we tried to capture or we tried to block the raw material at a particular price. That's why it was a bit on this thing, but on an average we expect our overall inventory to the extent of 80 to 90 days of our overall revenue and as far as our debtors and receivables are concerned, it would definitely go up once the operations numbers will go up more particularly in overseas then the number of days would be increasing, because in domestic we are supplying at a certain say 60 days of credit or something like wherein overseas we are supposed to extend credit of 120 days or so.

Lou [00:55:45]: Understood. So the second question is you mentioned that certain geographies and countries where you've added to the existing customers, you know, the new geographies which are added could you just take us through I mean, generally when a new geography is added and you're starting to supply to a particular plant, how does it generally ramp up, the sales ramp up for that particular plant or facility? So, is it a you know very quick or is it very, you know, very gradual movement on the sales?

Hiren Doshi [00:56:17]: See, once we supply to a particular plant of one bearing manufacturer or auto component or other auto manufacturer, they do have multiple plants across the various countries. Obviously, the requirement of particular plant is being fulfilled in terms of quality supply chain, definitely it gives reference to the other plants. The product combination might be different one and if the particular plant is being satisfied with the all these things, definitely the new, those for the new plant would be open because they know the capabilities and facilities available at Rolex. So, there is no fixed point of time. It depends you know, for a particular kind of plant, I am supplying X kind of betting ring only wherein their other component, other plant of that particular customer is there into certain segment which we are not able to produce the components. So, obviously, it would not be open for me. But wherever the customer is having various plants in the same segment

or a nearby segment, the chances of our getting is very much there. Once we supplied successfully, in all terms, at least six to eight months in a full swing with the current plant.

Lou [00:57:39]: Understood. Great, thank you so much and all the best.

Ashutosh [00:57:44]: Yeah, so that was the last question. I'd like to handover the floor to the management for any closing remarks.

Hiren Doshi [00:57:53]: Very much thankful to all the participants for their patient hearing and for the interest what they have taken. I would expect the same kind of support in future to build up quite good business model for the Rolex. Thank you very much for joining.