



ROLEX RINGS LIMITED

(Formerly known as Rolex Rings Private Limited)

[CIN: L28910GJ2003PLC041991]

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Ref. RolexRings/Reg30/AnalystMeeting/Aug2022/1

August 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
August 08, 2022	Investor/Analyst Call scheduled by Equirus Securities with the management of the company to discuss the company's results for 1QFY23	Virtual Meeting

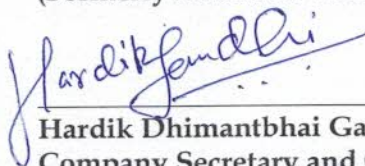
No Unpublished Price Sensitive Information (UPSI) was shared/discussed in the meeting with the investors/analysts.

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 Rings 1QFY23 - Earnings Conference Call

Duration: 49 Minutes

Ashutosh [00:00:45]: Hi, good afternoon everyone. On behalf of Equirus, I welcome you all on this Rolex Rings First Quarter FY23 earnings call. From the management side we have Mr. Manish Madeka, MD, and Mr. Hiren Doshi, CFO. Over to you Hiren Bhai for the rendition.

Hiren Doshi [00:01:05]: Thank you, Mr. Ashutosh. Good afternoon gentlemen. Once again, thank you very much for joining us on quarterly presentation for the First Quarter of Fiscal 23. I would like to just clear, am I audible?

Ashutosh [00:01:25]: Yeah, yeah audible.

Hiren Doshi [00:01:26]: And my screen is visible?

Ashutosh [00:01:29]: Yes.

Hiren Doshi [00:01:30]: Okay. These are the basic slides what we have already informed and discussed earlier. Here I would like to just update the numbers that the March 22, the audited numbers were 10,167 million gross revenues with an EBITDA of 240 crores. Here I would like to update that company is having almost 40% stake of its product mix towards automobile vehicles, that is more particularly passenger vehicle. Apart from that 25 odd percentage will go to the industrial supplies and more than 30-32 percentage is going to the commercial vehicle, heavy commercial vehicle, off highway vehicles and so on. And for the hybrid and electric vehicles it is somewhere about five odd percentage contributes to the revenue. I would like to update the First Quarter revenue. In the First Quarter of FY 23, the company has a recorded revenue of 287 crores which consists of 155 crore from the exports, 132 crore odd from the domestic. Again as it was a conversed, company has maintained the EBITDA compared to the previous quarter but on higher side compared to the entire fiscal of last FY 22. And this current quarter of FY 23, company has recorded 709 million rupees EBITDA which comes to more than 24 percentage. If you see except this FY 20 and 21, which were abnormal years for all apart from that company has made an EBITDA of averaging to 23% and even more. The profit before tax, profit after tax in the current quarter, that is FY 23 Q1 company has recorded PBT of 61 crore odd and PAT is 50 crore which is having a growth compared to corresponding quarter of previous fiscal and it is more or less on the same numbers what we had in March 22 quarter. Here I would like to [inaudible 00:04:06] that company has adopted a new tax regime where in company would be benefited by effectively almost 9 to 10% of income tax slab. Company has adopted Section 115 BBA of Income Tax Act wherein company would be paying tax at the rate of 25.17 percentage which was 34.94 percentage. As far as the operating cash flow is concerned company is having quite healthy cash flow which every month company has reduced their debt and even the utilisation of working capital. If I tell you the net debt what we had in March 22, which was somewhere about 203 odd crore net debt as of June 30th it was 186 crores and as of now, current debt if I tell you it is touching to somewhere about 140 crore only. So, company is consistently just on the backup off of operating cash flow the working capital utilisation and a small portion of our long-term debt company is trying to reduce on monthly basis. As of now, the debt equity which was 0.37 in March 22 as of now it is less than point 0.25 percentage. Return on Equity again consistent compared to FY 22. It is 24 percentage vis-a-vis 21. It was 24 percentage particularly in June quarter if I annualise this number it would be touching to

somewhere about 27.5 percentage. Total income as I was telling it is 287 crores vis-a-vis 288 crores of last quarter and corresponding quarter of previous fiscal it was 227 crores. Company had a drop of annual comparison on quarter FY 22 versus quarter of this current fiscal. It is having growth of somewhere about 27 percentage. As mentioned earlier company is having same EBITDA more than 24 percentage in current quarter as well as it was almost same in Quarter Four. PBT/PAT as I told you it was 50 Crore PAT vi-a-vis 39 crore part of March 22 quarter. That is mainly because of tax benefit. Overall revenue of the company consists of 52 percentage of bearing ring and auto components 48%. Particularly in this quarter it is generally ranging 55 to 45 so on. And the revenue of the company exports it contributes by the exports 60 percentage, domestic it is 40 percentage. These are the financials what we have uploaded and the detailed numbers. I would like to open the session for Q&A.

Ashutosh [00:07:35]: Thank you Hiren sir for that opening remark. We will start the question and answer session. Anyone who wishes to ask a question please use the raise your hand option and once you're done asking your question please [inaudible 00:07:48] your hand. We'll wait for the question queue to assemble. We'll wait for a couple of minutes. Yeah, we will wait for a couple of minutes to start the Q&A session. Please use the raise your hand option to ask a question. We have our first question from Nisha. Please unmute your line and ask your question.

Nisha Sankhla [00:08:43]: Hello. Hello, am I audible?

Ashutosh [00:08:46]: Yeah please ask your questions.

Nisha Sankhla [00:08:48]: Yes sir. Thanks for the opportunity. Sir, what is our raw material imported for bearing rings, I mean, what percentage of raw material are imported for bearing ring?

Manesh Madeka [00:09:02]: For bearing we do not import the steel. Only for auto components we import steel from Japan. And overall percentage of my purchases the imported steel is somewhere about 18 to 20 percentage.

Nisha Sankhla [00:09:20]: Okay. So, what is our global and domestic market share in bearing rings, if you can quantify this?

Hiren Doshi [00:09:28]: It would be bit difficult for us to quantify the global share because you know the bearing industry is a 50 billion dollar bearing industry and we are into the particular segment of the bearing ring or rather the rings for the bearing so but overall it would be difficult to tell you but in the forging segment for the addressable segment in domestic market we can say we are almost 30-33 percentage of domestic market

Nisha Sankhla [00:09:59]: Okay and sir so share of business for Rolex Rings from bearing manufacturers, I mean, let's say Timken requires 'N' number of rings and what percentage or what percentage we are being sourced from?

Hiren Doshi [00:10:29]: What percentage you mean to say of their sourcing?

Nisha Sankhla [00:10:32]: Sourcing yes, yes of their sourcing?

Hiren Doshi [00:10:34]: See here we do have some exclusivity kind of thing with our customers. The components, the rings what they are sourcing from us, we are the sole supplier, but overall you can

say with the main five customer groups, we are catering more than 60% of their demand for overall sourcing.

Nisha Sankhla [00:10:58]: Okay sir. And just last question sir we have unutilised land in Gondal upon which we have done MoU with Gujarat government I guess. So sir can you please share the detail? I mean, are we going to lease it or we will be developing it or how is this MoU going to work?

Hiren Doshi [00:11:19]: As of now there is no development, what we have done, but we are in process to liquidate that land down the line, but as of now, we do not have any plan to develop any more technology park or this toy park or something like that.

Nisha Sankhla [00:11:36]: Okay, okay. Thanks, thanks for the opportunity.

Ashutosh [00:11:43]: We have our next question from Mr. Jain. Please unmute your line and ask your question.

[inaudible 00:11:55]

So Mr. Jain seems to have dropped off. We have our next question from Mr. Aman. Please unmute your line and ask your question.

Aman Agarwal [00:12:21]: Yeah, hi, thanks for the opportunity. I had a few questions. So, if I see our margins like our gross margins basically [inaudible 00:12:29] on 200 basis points on a quarterly basis so anything which is leading to such kind of margin decline for us?

Hiren Doshi [00:12:38]: No, it would not be a consistent kind of thing. There is a bit fluctuation of you know, the commodity pricing, steel pricing, where it is having some kind of lag impact in this current quarter. So as such there is no reduction in our gross margin or not having marginally this one substantial impact. It also depends on the product mix.

Aman Agarwal [00:13:07]: Understood. So the next question is on the margins again like with the raw material costs increasing basically over the last one year and we have seen a good part of our sales basically from yearly price increase. So was that leading to some inventory gains or like how this pass on basically works like whenever the raw material is increasing do we benefit in the interim or for lack because of the increasing raw material prices or does it lead to inventory gains for us?

Hiren Doshi [00:13:38]: Definitely for the overseas business, you know, we do have some kind of benefit when the raw material pricing is on increasing trend, because of certain inventory what we are carrying at various stage that is on semi finished, finished goods even on the inventory, which is in transit. So, there we are getting some kind of positive benefit over there. But from last couple of months from June onwards, we are expecting a stability as far as commodity pricing is concerned and maybe down the line in this month, we further expect it may go down to some extent.

Aman Agarwal [00:14:14]: Okay. So just to clarify on that point when we have our inventory which is in transit and inventory we have in factory which is under purchasing so we get inventory gains on those kind of inventory rate?

Hiren Doshi [00:14:29]: Yes.

Aman Agarwal [00:14:29]: And so with raw material prices declining, like steel prices have been declining currently so going forward we might see some inventory losses on the imports business also, right?

Manesh Madeka [00:14:38]: See that reduction is only, you know, the increase in last one and half happier was more than 40%, but now the reduction is only Rs. 4 per kilo.

Aman Agarwal [00:14:51]: Right but if the raw material prices declined going forward then we'll have some inventory loss also right going forward?

Hiren Doshi [00:14:58]: Yes, we do have, but that is again, you know, as I told you that we have a quarterly mechanism with the overseas suppliers, and with the domestic on month on month basis. So if there's substantial decrease would be there, it affects our margin yes on the inventory.

Aman Agarwal [00:15:17]: Understood and so if possible can you quantify what was the amount in gains due to this inventory for the last year, like in terms of EBITDA for us, like absolute amount which might be due to this inventory gains if it is possible to quantify?

Hiren Doshi [00:15:33]: Mr. Aman that definitely I will let you know. As of now, the figure is not available with me, but just on because of inventory pricing what would be the additional this thing, we can definitely let you know.

Aman Agarwal [00:15:47]: Yes I'll connect with you offline for that. The next question was basically on this Gondal land so we were in talks with Gujarat Government but we had basically indicated that we don't want to go for a construction. So are we looking to liquidate that land or like are we are looking for that land parcel?

Hiren Doshi [00:16:07]: Yes, yes. That is what I replied earlier also that we are not going for any kind of expansion over there or maybe development of any park or so. As of now the thought process is to just liquidate that land. As it is a big parcel of land so it may take some time.

Aman Agarwal [00:16:27]: And this won't affect our future Capex plans because this is not near our factory, right?

Hiren Doshi [00:16:32]: Yes, yes definitely not.

Aman Agarwal [00:16:27]: Okay, understood. Can I continue with my question or should I --

Ashutosh [00:16:42]: We have other people waiting for the turn. I request you to come back in the queue.

Aman Agarwal [00:16:47]: Yeah thank you.

Ashutosh [00:16:48]: Yeah so we have our next question from Mr. Bhargav. Please unmute your line and ask your question.

Bhargav Budhadev [00:16:57]: Yeah, good afternoon, am I audible?

Hiren Doshi [00:17:00]: Yeah, good afternoon.

Bhargav Budhadev [00:17:02]: So in the presentation, you mentioned that Rolex has about 80% of domestic market share with top five players. My question is what would be our market share globally for these customers? Would it be less than 5%?

Hiren Doshi [00:17:19]: Sir, first of all I would like to correct that in the presentation the 80% of what we have to show that Indian bearing market where these players who you know contribute 80%. It is not something what we have 80% share.

Bhargav Budhadev [00:17:35]: Oh 80% of revenue is coming in from these five players?

Hiren Doshi [00:17:39]: No, no what we are trying to tell you that 80% of Indian bearing market is being covered by this five players.

Bhargav Budhadev [00:17:47]: Okay, okay. And our market share with these five players would be how much?

Hiren Doshi [00:17:53]: Sir overall as we mentioned that almost 30% of our Indian market bearing wearing market, particularly through the forging route, in our addressable segment we have that 30% stake because these players are also producing some bearings which are beyond our capabilities.

Bhargav Budhadev [00:18:15]: No sir I was referring to like our addressable market?

Hiren Doshi [00:18:22]: Yes.

Bhargav Budhadev [00:18:24]: Okay and globally what could be market share across these top five players? Would it be fair to say no single digit?

Hiren Doshi [00:18:22]: Sir, it would be difficult for us to tell you the global market for these players or something, because bearing industry you better know it's a very wide applications and the kind of bearing it starts from say 10 mm to even 10,000 mm or some outer diameter product or something. So, it would not be possible for us to tell you the global numbers.

Bhargav Budhadev [00:18:56]: And sir in terms of new business introductions, the sort of supply to US plant of Timken is it fair to say that the other plants of Timken globally would be aware that we are supplying to the Timken US plant and hence the highest chance of further plants also coming to us or it won't be the case?

Manesh Madeka [00:19:19]: Yes, they have a global team in India. They call it IPO, International Purchasing Office. So, they know other also that we have a supply to Timken and we started with only one plant in Italy before 20-22 year. Now we are supplying them in their eighth plant. Italy, France, Romania, USA three plants India, Chennai, Jamshedpur so slowly, slowly they allow recently they have added Poland so based on our performance they keep on adding their new facility. Like I give you example of SKF, we were supplying only in USA before three and India since last 20 year but now they've added Germany then Bulgaria.

Bhargav Budhadev [00:20:24]: How many do we supply for the SKF?

Manesh Madeka [00:20:26]: SKF we supply in India, USA, Bulgaria, Germany, and recently they have added Mexico and so 6-7 plants.

Bhargav Budhadev [00:20:49]: Okay 6-7 plants.

Manesh Madeka [00:20:51]: There plants -- four plants they have added recently only before two months so that sample is going on.

Bhargav Budhadev [00:21:02]: Ad most of the supply would be from India right majority?

Hiren Doshi [00:21:08]: Sorry.

Bhargav Budhadev [00:21:09]: Majority of the material which we export is from the Indian entity right?

Hiren Doshi [00:21:14]: Yes, Indian steel supplier, yes.

Bhargav Budhadev [00:21:18]: Ad lastly sir do share your order book because this business runs on random book order?

Manesh Madeka [00:21:25]: Order book as of now for the next three months with a monthly run rate of somewhere about 110-115 crore per month for next three months what we do have.

Bhargav Budhadev [00:21:39]: Okay, so your order book is about 350 odd crores?

Manesh Madeka [00:21:43]: Yeah for the three months, it would be 325-340 crores.

Bhargav Budhadev [00:21:47]: Okay, okay sir. Thank you, and all the very best.

Ashutosh [00:22:01]: We have our next question from Mr. Nikhil, please unmute your line and ask your question.

Nikhil Chandak [00:22:06]: Yeah my question was basically you know, some of the bearing players have been talking about increasing you know, outsourcing from India for the rest of the world in their global network itself within the group itself. You are seeing at your end on the non auto side you know, whether there is an increased outsourcing by some of these bearing companies to cater to demand?

Manesh Madeka [00:22:38]: Yes, yes and as I said recently only SKF added four plants and one new customer from USA. They make only industrial bearings. So we were and the [inaudible 00:23:00]

Nikhil Chandak [00:23:04]: I am not able to hear you very clearly, sorry.

Manesh Madeka [00:23:30]: Out of India now as I said Germany, Bulgaria then just Mexico, SKF added recently, this three four plants and Timken also added Poland and one of the industrial bearing manufacturers they have also started placing orders on us and apart from that Schaeffler is expanding their capacity in India for industrial bearings. So, they have also indicated to us that they are going to reach 10,000 crore revenue in next three four year. So, that also positive we have.

Timken has already plant in Chennai. They are also expanding for industrial purpose, industrial or fibre bearing. So this way we have good opportunity and that it is for import substitute.

Nikhil Chandak [00:24:42]: Sir can you share any values if possible of these contracts which you won how material are these contracts, new additional contracts which you won, what would be the value of these contracts?

Manesh Madeka [00:24:53]: See at present the samples we are submitting and for different, different plants they have different, different type of -- so they keep on adding the new item. At present more than 200 crore rupees from all these customers we are expecting revenue from next year.

Nikhil Chandak [00:25:18]: When it was additional you're saying?

Manesh Madeka [00:25:18]: Yes. See, you will see from last quarter now our revenue was 1017 crore last year, but this year we are expecting 20% growth, 20-25% growth.

Nikhil Chandak [00:25:46]: And you know, the bearing supplies are still I mean as a company you're still more dependent on the auto side, but with this increased you know demand from some of these global bearing companies for their overseas operations also, do you think there is a you know bigger growth possible or a higher growth possible in the non auto side of the business?

Hiren Doshi [00:26:11]: Yes, definitely it is possible and as I mentioned you earlier that somewhere about 40 odd percentage as of now my revenue from the passenger vehicle segment, but if you see my industry which is being increasing and apart from that in EV, hybrid vehicle we are going to have some new customers. And for the industrial suppliers also couple of new US bearing manufacturers they have recently started and probably from October onwards we would be starting bulk supply and which is completely non automotive or you can say industrial applications bearing. So, the opportunities are there.

Nikhil Chandak [00:26:57]: Our industrial piece is what 30% right now, like if you have to just –

Hiren Doshi [00:27:01]: Yes, yes, yes. It is 25-30 percentage. So it keeps on changing, you know the monthly volume of particular customers.

Nikhil Chandak [00:27:12]: Understood, understood. Okay, thank you so much.

Ashutosh [00:27:20]: We have a next question from Mr. Dhruva, please unmute your line and ask your question.

Dhruva Bhatia [00:27:26]: Hi, good afternoon sir. Sir my first question was, you know, in the presentation, you mentioned that the bearing on the, you know, there was an impact of inventory adjustment from some of the customers and expected to normalize in this month. So, I wanted to understand is this from the export side or this is more on the domestic side and secondly, even you mean by the end of this month, you mean by end of August. So, in July also you would have seen a similar impact.

Hiren Doshi [00:27:53]: We said it is mainly from the overseas couple of customers who are sourcing, you know, the bearing rings and substantial contributions on a monthly basis. They do have certain inventory pile up and some dusting leg of that, but they have already indicated us and we started, you know, producing the new batches of those kinds of rings, and it would be supplied from second half of the August and onwards. So we would be coming on track. We had a couple of percentage loss in bearing ring business in terms of overall revenue so that would be there in the end of August and preferably partially in next current quarter, but fully it would be there from October onwards.

Dhruva Bhatia [00:28:44]: Okay, and so the second question was, you know, in the auto components business, if my calculation is correct, you have probably grown at about 58 to 60% on a year-on-year

basis in the auto component business and whereas the top line has grown at about 26% odd. So what has driven the growth in auto component business because I know you're on your basis even if I take the domestic industry it hasn't done as well as what's the growth that you have showcased?

Hiren Doshi [00:29:11]: Yeah, definitely see out of my overall auto component business, almost 70-75 percent businesses from the overseas and we have developed couple of new customers and a couple of new plants of my existing customer where we have started supplying certain auto components. So that gives me some upward trend in automotive components.

Dhruva Bhatia [00:29:39]: Will it be fair to say this 140 odd crores of you know quarterly run rate will continue going forward as well?

Hiren Doshi [00:29:47]: Sorry, 140 odd crore which ones?

Dhruva Bhatia [00:29:51]: So, if I break up the auto component, so the total [inaudible 00:29:53] was about 286 crores right this quarter and of that about 40% coming from auto components.

Hiren Doshi [00:30:00]: Right, yes.

Dhruva Bhatia [00:30:01]: So that 140 crore – yes.

Hiren Doshi [00:30:04]: Yes.

Dhruva Bhatia [00:30:04]: So that should continue going forward?

Hiren Doshi [00:30:06]: Yes, yes definitely it would be. See the numbers would be continuing percentage might be changed, we are expecting in the second third quarter, definitely the bearing ring, which we didn't have much first quarter. So definitely the percentage would be changing, but these numbers, definitely it would be continuing or with an additional volume.

Dhruva Bhatia [00:30:27]: Understood. So my last question is on your other expenses, if I look at it as a percentage of sales, the numbers year-on-year is steady. Sequentially you've seen a decline. This is, you know, when I look at compared with other auto components or any other industrial players, they have seen meaningful impact here led by power and fuel. For you also, it's about 78% cost so how you been able to manage the other expenses so well if you could just probably give a little more insights on the other expenses please?

Hiren Doshi [00:30:57]: See the resources, you know, the power, manpower, and other resources, it has already been established by the company, even in the previous fiscal and prior to that also.

Manesh Madeka [00:31:09]: We have increased our utilisation also.

Hiren Doshi [00:31:12]: And the capacity utilization scale of economic gain, you know, that gives me the better absorption of my costs. And as far as power, particularly what you were mentioning, we do have our own windmills, as well as we have installed rooftop solar plant at our factory, which is somewhere about 1.5 megawatt. And further we are in process of installation of ground mounted solar project, which will definitely give us the benefit, and that will not increase or rather it will give me a positive reduction in my overall cost of electricity.

Dhruva Bhatia [00:31:52]: Understood sir. That's it. Thank you so much, and all the best.

Hiren Doshi [00:31:54]: Yeah, thank you.

Ashutosh [00:31:56]: Yeah, we have our next question from Mr. Rahul, please unmute you then and ask your question.

Rahul Ranade [00:32:04]: Yeah. Hi, thanks for the opportunity. Just one question from my side, if I look at slide seven, where we are talking about revenue by end user industry, just curious to understand how do we know so precisely as to you know, what is the PV contribution or industrial? Because, you know, correct me if I'm wrong, but my understanding is that our rings will go to the bearing manufacturer and then they will sell it to either a PV or an industrial application right. So, how do we know so precisely the contribution or are we you know, kind of deriving it by some sort of you know, size metric or just wanted to understand that?

Manesh Madeka [00:32:45]: See there are two three, sometimes customer who is the end customer so like EV we know that customers, end customer is Tesla because, see sometimes audit is done by end user as well as our customer both. And when the changes specific is for the like for EV, they change their specification, more stringent quality requirement. And they inform us that the end customer is so and so, and usually in auto repairing, the volume is very high like 30,000 40,000 every month and for industrial segment, the volume value is more and volume is less. And looking to the design of the building, we can understand that that where it is going to be fitted or the application we can --

Rahul Ranade [00:34:02]: So, broadly driven through you know the design drawing given by our customer and the overall application --

Manesh Madeka [00:34:09]: Auto components of various dimensions are small like maximum 100, 50 mm OD, but for industrial purpose the dimension is more than sometimes 708 00, 800mm and the volume is less, value is more, more operation, so from that also we can know that application.

Hiren Doshi [00:34:36]: See one of our main customer is only supplying auto components or producing transmission for the, you know, off highway or heavy commercial vehicles only. They are not at all into the LCVs and below that. So that we'll be able to know that this particular application of the product would be in the segment.

Manesh Madeka [00:34:57]: Like you know, auto component for all of our customers in the USA, they make the gearbox only for heavy bus, truck, off highway, military equipment like that.

Rahul Ranade [00:35:10]: Okay, okay. That's helpful and just on the EV side you know where this revenue contribution has been increasing like now around 4.2% so is there you know, what we heard is that you know ceramic bearings etc get used in EVs, is that the correct understanding and is there someone who --

Manesh Madeka [00:35:35]: No, ceramic bearing is not used in EV.

Rahul Ranade [00:35:38]: Okay. Okay. So but any you know differentiated kind of technology that gets used in EV where you need more precision or something like that or --

Manesh Madeka [00:35:54]: No, no more stringent specification like I'll give you an example of they do the heat treatment so we supply heat treated component. So, in their kettle of bearing I will use eight for EV they reduced to three. So, accordingly we have to do the heat treatment with more

precision because in EV the speed of the -- you can stop immediately within a fraction of a minute that the speed increases 150 km per hour or like that. So there they require more stringent quality.

Rahul Ranade [00:36:43]: Okay, but then would it be fair to say that since it is a more you know kind of complex product you know we have a better chance of getting a higher market share in the EV market?

Manesh Madeka [00:36:57]: Higher market share and value wise also.

Rahul Ranade [00:37:03]: In terms of okay per piece kind of a revenue you're seeing will be higher in that segment?

Manesh Madeka [00:37:08]: Yeah, yeah.

Rahul Ranade [00:37:10]: Okay and any initial you know, kind of indications on margins on these or would be they be same in line with the company margins overall?

Hiren Doshi [00:37:21]: No definitely it would be having better margin compared to the you know, the regular products because as our MD just informed it is having certain value added processes certain you know, highly precision level output is required. So, they're definitely the margins are better on higher side compared to the regular kind of auto components.

Rahul Ranade [00:37:47]: Okay, okay. So, in our understanding where you know, you said that domestically even in the post rings, we are around 30-33% market share any you know kind of -- yeah any you know, kind of rough ballpark percentage you can give in terms of what our share could be in the you know, BV and hybrid you know, product segments?

Hiren Doshi [00:38:16]: See, as I was just telling repeatedly that this 30% number it is the you know, the overall bearing, ring bearings which are produced through a forging route and in our addressable segment there we are catering, but for the EV components or this thing as of now in the domestic market none of our bearing manufacturers have started into that.

Rahul Ranade [00:38:45]: Okay, okay. So, this is not rings related basically, this 4% revenue is not rings related at all, it is the other component?

Hiren Doshi [00:38:55]: It is rings related that we are 100% as of now it is for the overseas bearing manufacturers who are sourcing from us

Rahul Ranade [00:39:05]: Yeah, I understood that and I'm more you know, not for the domestic market as well. I was referring to our domestic, people in India will make the --

Hiren Doshi [00:39:16]: The number 4% is only have EV bearing rings, EV and hybrid bearing rings.

Rahul Ranade [00:39:28]: Okay, sure. Thank you.

Ashutosh [00:39:36]: Yeah, we have our next question for Mr. Sanyam. Please unmute your line and ask your question.

Sanyam Jain [00:39:46]: Hi everyone. Thank you for taking the chance. So sir my question is that in the last investor meet also it was told that we are having an order book of 115 to 125 crores per month

on an average basis, but when we see the sales of this quarter, it's approximately 95 crore rupees per month. So it's almost a down of 15 to 20% as per our average revenue, which we predicted, so where are we like going wrong in that direction? I want to know the reasons behind that it's possible?

Hiren Doshi [00:40:22]: We are not going wrong into that, you know, sometimes even the forecast of customer that also got changed a bit of thing. In certain place the availability of raw material would be an issue, and very frankly, in terms of you know, availability of containers for the exports, as you better know, that freight part has significantly increased and I would like to tell you that at the end of the June you know, more than somewhere about 9 to 10 containers components were ready with me, which we were not able to ship because of timely not available of containers.

Sanyam Jain [00:41:08]: My next question is that like we are facing, we are also seeing the news and there has been access inflationary risk in the foreign countries and as we are almost dependent on the overseas for our sales so what measures or what diversification are we doing going forward to take data measures on that?

Hiren Doshi [00:41:27]: Touch wood as of now, from our overseas customers, mainly from Europe and US, we didn't have any kind of indication as far as the you know, the schedule go down or lifting less or something like that, but if something will come up, which is beyond our control, and even may be economical cyclical then definitely we are you know, just increasing our customer base. We are adding new customers and even after you know, adding up a particular new customer who might be working at their 50% production capacity or something, but for me, it would be completely new business and that would at least continue or maintain my momentum.

Sanyam Jain [00:42:14]: And how much we have benefited from the PLI scheme of the government?

Hiren Doshi [00:42:21]: Not as of now, because mainly it is for the new expansion and based on that, so, we do not carry any such huge expansion, so PLI is not as available to us.

Sanyam Jain [00:42:31]: Okay. So, like, as I said earlier, we are only sitting on now 140 crore of the debt on the company. So, what we are planning forward with the operating cash flows, which are having excess cash flows that are we going for the expansion or we are like the company is thinking of rewarding shareholders for that or we will just sit on the cash like what's the planning for using that cash?

Hiren Doshi [00:42:52]: It would be the combination of definitely we intend to you know rewarding the stakeholders also at the same time we do have certain, you know, Capex planned down the line two years, two and a half years, definitely we would be accumulating certain cash for that context, but it would be a combination of all.

Sanyam Jain [00:43:13]: Okay, so, my last question, I wouldn't find the percentage of scrap which we are generating per million terms of the production. So that I could know what is the wastage which we are generating and how we are reducing that quarter-on-quarter or are there any efficiency measures related to that, if you could throw some light on that on the scrap percentage?

Hiren Doshi [00:43:32]: So we would like to tell you that we are producing you know more than 800 to 900 kind of different components, and again with the size variation of say from 100 gram to you

know 160-170 kg product in terms of again specifications that is from 10 mm inner diameter to 900 mm outer diameter, each product is having their own you know, process or rather the own design wherein the scrap generation is deviating. Certain components which are a highly value added or they are highly critical, there might be scrap generation of 40% of the input, but at the certain bigger size of components where the scrap generation is not more than 10 to 15 percent.

Sanyam Jain [00:44:23]: Yeah, so, can we can we get the revenue break for that the component which is netting more scrap, what's the revenue because that in our all our sales?

Hiren Doshi [00:44:34]: See overall if you see my revenue from scrap it's somewhere about 20 odd crore in the Q1 FY 23.

Sanyam Jain [00:44:47]: Okay, so thank you, all the best.

Ashutosh [00:44:54]: We have our next question from Mr. Shubham. Please unmute your line and ask your question.

Shubham Ajmera [00:45:01]: Hello, thanks for the providing the opportunity. Sir, I had a question regarding the export for bearings in our segment as well as for our customers like SKF and Timken. So one of the reasons which I'd gone through from the SKF and Timken export growth, there is some issues in the Europe as well as in other parts of the world due to macroeconomic issues and war between the Russia and Ukraine. So, how you see this trend of the export growth like the demand only for few quarters once the macroeconomic situation has stabilized, they will again move back to the base locations only or do you see this structural shift which is coming to India in the export growth side?

Hiren Doshi [00:45:47]: See, as I was telling, you know, till now touch wood we didn't have any kind of indication from our customers bases at Europe particularly in France, Germany, Italy, even in a few of them are in this one at Portugal, then Slovakia and there so we are getting you know, no indication for that but down the line if something falls out or it falls down because of this Russia Ukraine sometimes we get an opportunity. You know, a couple of our plant of our customers existing customers having at Ukraine, now they have just, you know, sourcing everything is or other shifted those things at Germany so I was not supplying certain components to the Ukraine. Now it is being added to my Germany customer and we are supplying that. But as far as you know, micro economical or rather the slowdown in US and Europe market, definitely it would impact to some extent, and we would like to mitigate or to continue our momentum by adding up new customers in those territories, and even in the domestic. So at least it will give me our same kind of revenue, on an average 110 odd crore, 150 odd crore per month, at least for the fiscal.

Shubham Ajmera [00:47:09]: Understood and second thing is if you can give us some guidance on the left capacity utilisation of our plants as of now?

Hiren Doshi [00:47:16]: As of now, we are almost at 63-65, in between 63 to 65 percentage of our utilisation.

Shubham Ajmera [00:47:24]: Okay, got it. Yeah, that's all from my side. Thanks.

Ashutosh [00:47:31]: So due to time constraints, this was the last question. I would like to hand over the floor to Hiren sir for any closing remarks.

Hiren Doshi [00:47:40]: Once again, thank you very much for your kind support. And we would like to assure the stakeholders that company is in process of, you know, maintaining their margin or increasing onward and even increasing the overall revenue by just utilisation of capacity, the spare capacity and company even intends to move out of the bank's debt and as I have already mentioned, that working capital even we are just reducing on month on month basis. And we would be having quite healthier numbers in the coming quarters subject to any kind of, you know, abnormal factors or maybe a huge impact from US, Europe or something which is beyond anybody's control. Thank you very much to all of you. Thank you.