



ROLEX RINGS LIMITED

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November 15, 2024

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

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

Script Code: 543325

Script Symbol: ROLEXRINGS

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

Dear Sir/Madam,

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

Date	Type of Meeting/Event	Location
November 11, 2024	Investor/ Analyst Call scheduled by Equirus Securities with the management of the company to discuss the company's results for 2QFY25	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No Unpublished Price Sensitive Information (UPSI) was shared/discussed in the meeting with the investors/analysts.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

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

File Name: GMT20241111-053420_Recording_1920x1030

Duration: 00:57:25

Mihir Vora: Good morning everyone. On behalf of Equities Securities, I welcome you all to the Q2, FY 25 post earnings conference call of Rolex team. From the management side, we have Mr. Manesh Madeka Chairman and Managing Director, Mr. Mihir Madeka Full time Director and Mr. Hiren Doshi CFO. So without further ado, I will now hand over the floor to Hiren sir, for opening remarks post which we will have a Q&A session over to you Hiren sir.

Mr. Hiren Doshi (00:00:30): Yeah, Mihir allow me to share the presentation. Mihir my screen is visible ?

Mihir Vora (00:00:48): Yes, Sir.

Mr. Hiren Doshi (00:00:53): Okay. Very good morning to all the participants. This is Hiren Doshi from Rolex Rings Limited. Thank you very much for your spending your time to attend this, quarterly Call and we would like to brief you the quarter two of FY 25, as well as the first half of FY 25, the financial and business developments. The revenues from the for this second quarter of fiscal 23, net revenue, what it has recorded at 300 crore, which was 311 crore in the last quarter, that is the June 2024 quarter. , I would like to tell that here we had a dip of somewhere about three, three and a half percentage But in terms of EBITDA, would like to tell you that in second quarter of FY 25, that is September 24th, we have recorded 24.4%, which was 24.2% in the previous quarter. So in spite of reduction of, three and a half percentage over here in revenue, but the company has able to maintain the EBITDA here I would also like to mention that this EBITDA, what we are telling you is considering the other income, even if after the without considering the other income on paper, it looks like that EBITDA is 22% without other income. But we would like to clarify that in other income we had a we have a forex gain realized forex gain is somewhere about three and a half to , 35 to 37 million, which is actually it is in nature of operational. If you add this amount, then even after without considering other income, the our EBITDA is to 23% for this quarter FY 20 . Quarter of September ended in terms of PBT company has recorded 65 crore revenue, which was almost same 66 crore in the previous quarter. At the same time, the PAT company has recorded 49.3 crore, which was 14, almost touching 50 crores, in previous quarter. Here, The company would like to tell you that in spite of, having some dip on top line, but we are able to maintain the margin, the PBT pat level in terms of business segments, the bearing, which is a suppressed, , sector as of now, wherein we have, . , It has contributed 47% of our revenue and auto component. It's 53% from this fiscal onwards, the auto components, the strong demand and the new order winning, we have been able to surpass the bearing ring level, which was in the previous fiscal. The bearing ring was somewhere about 60%. But this fiscal it is more or less 47% and 53% of auto components in terms of exports, business and domestic revenue company has recorded , 52% of its contribution from the exports revenue and , 48% from the domestic business and , revenue mix with the application of the product, with the end user of the products, almost 46% goes to the, passenger vehicle segment, 18% goes to the industrial 27% it is for commercial vehicle, heavy commercial vehicle, and 8% goes for the, EV and hybrid kind of vehicles. If we talk about the total revenue of, from the company, total revenue from operations for this first half, it has 611 crore, which was 1221 crore in the previous fiscal. So on an annualized basis, we are almost at par, though the second quarter was a bit, down compared to the first one, but we expect some good recovery in the last quarter of this, current fiscal in terms of EBITDA for the first half, 152 crore rupees, which is 24.3% for the fiscal FY 24, it was 277. In terms of EBITDA, We are on the a bit ahead compared to the previous fiscal as far as the annualized number is concerned. Same way in terms of, PBT, it was 99 crore for the first half, which was 132 which is 132 crore. PBT , in fiscal 24, it was 242 crore. We are almost, surpassing the PBT pat level, what we had in the previous fiscal. The company is having a quite strong operating

cash flow and with the minim CapEx and the required CapEx company has maintained good cash, position for the current fiscal, first half, the operating revenue or the operating cash flow, was somewhere about 124 crore, out of which 20 odd crore something has been spent for the CapEx remaining is being, , reinvested and back to the, instments, in terms of debt, as we told earlier. Also, company is in net negative debt for almost a year, and today company is carrying, good cash surplus with him without carrying a single rupee of debt return on equity. It is in the range of 20%, what we had in 27%, 24% in previous fiscal. These are the detailed numbers for the operating as well as the, balance sheet numbers before, inviting the participants for the question Q&A session I would like to request our director, Mr. Mihir Madeka, to just give you a throw a some light on the, the current business affairs as well as the business, what we are expecting in the coming quarters as well as for the next fiscal also over to you, Mihir.

Mr. Mihir Madeka (00:07:57): Yeah. So good morning. , So regarding the auto component, as we mentioned, regarding the auto component is means we are growing in, you know, that Europe and US is a bit down due to all this, the war and the the issues and all that, but but we are getting more, we are reaching more customers and more businesses from the existing customers, which are going to start from the next year and so on and , like, there are few customers, like American customers, who has a facility across the globe where we are growing with them in Mexico, Poland and there are few customers who are a European customers. They are also having a plant across the globe where we are growing in in US, Mexico, in Italy, and furthermore, businesses around the discussions, apart from that, there is again one, a French company, a big OEM with them. Also recently we got a good business for us, which is going to start from the next year. So definitely as far as the auto component is concerned, we are having a very good customer base and we are growing a good customer base. We are having and, since you might be knowing that we are installed one high speed hot former last year over and above that we also ordered two more vertical forging lines for which we already got few businesses and we need those lines. So we have ordered and that line is going to be installed immediately within next year. Good growth in auto component and so there is a very good growth in the auto component. Same way bearing ring is down at present due to all these geopolitical issues and this war and all. But definitely , next year, what we are getting assigned because we are customers in bearing what they are doing, they are shuffling their business, shifting, shifting or shuffling. You can say like few countries, they are shifting and they are no more now a profitable. So they are moving those lines or those business to their other countries. So we have already started so in the at present it is down but they are moving the they are shifting the. Business So immediately within another maxim 3 to 5 months We are going to get some more business from their other country in Europe. There are many Asian countries where they had facility. They are shifting their requirement from Korea to India. And recently we have many customer visit very important customer from their senior CEO are visiting our facility in next week So we are very much hopeful that from. That it is very easy for bearing manufacturer to shift the supplier it. In case of automotive it takes one and a half year to two years to start the bulk business, but bearing they can shift the supply from other supplier. Also So as a part of that, many bearing customers are visiting in next few weeks to shift their requirement from India. So we are very much hopeful that bearing business will also grow from next quarter. See, one thing I would like to tell you that in this tenure, we we have not lost a single customer. So which is the very big plus point. So this is only and only because of this geopolitical issues and all, situations. It's a time being issue. And , and now we think that it is going to resolve because, what feel we are getting from our customer the way they are visiting, the way they are discussing with us. So in a nutshell, we would like to inform, to the stakeholders that, there is a dip, particularly in the bearing ring market and particularly from the overseas market. At the same time, we would like to inform that company has gained good amount of share in domestic auto components business as well as winning auto components business from the overseas. No doubt the auto component business, what we , awarded last year, which was supposed to be ramped up , quickly, those have been bit deferred or started slowly, but , with the

conversation with the dialogues and the, forecasting. Now, what our customers are giving on that base, we expect, good moment from the last quarter of this fiscal and then onwards. , That is why we have added couple of more forging press. Though, we have added one high speed hot former in the previous fiscal, in this fiscal, we have added a couple of more vertical presses because we have already received the nomination. We have already received the, program for the supply of certain kind of auto components to these new customers, which would, scheduled to be in the mid of 2025, end of calendar year 2025 and the end of next fiscal. , Management is very much confident to have at least, mid-teen growth in the next fiscal, which is, very much, feasible and very much achievable as of now. Looking to the, dialogues, looking to the figures, what our customers have given at the same time, what we are expecting that the bearing ring business which has, reduced, which has gone down that also to be bit slightly improved from the first quarter of the next fiscal and the last quarter of the current, fiscal. , Would like to now open a session for the Q&A.

Mihir Vora (00:14:54): Yeah. So thank you, sir, for your opening remarks. So we will now open the floor for Q&A session. Anyone who wants to ask a question can please use the Raise your Hand option. Once you are done asking your question, please lower your hand and we'll wait for a couple of minutes for the question queue to assemble. So first question is from the line of Sonal Gupta. So, sir, you may go ahead. So, sir, you are not audible.

Sonal Gupta (00:15:40): Sorry. Can you hear me now?

Mihir Vora (00:15:42): Yeah, yeah.

Sonal Gupta (00:15:43): Okay. Sorry. , No. So, good morning, and thanks for taking my question. , Could you just share the scrap sales and other operating income for the quarter?

Mr. Mihir Madeka (00:15:54): For the quarter scrap sales is, 199.92. You can say 200 million and export incentives 39.88 you may say 40 million and, the other income breakup is I was mentioning that somewhere about, 37, 38 million consists of, realized gain loss. Apart from that, company has, also accrued the income for the funds which have been parked, which is somewhere about, 35 million odd and, again, and interest income from the bank fixed deposits to the extent of, . , 20 million.

Sonal Gupta (00:16:40): Right. , Great. Thanks. And I mean, like, it's been like, now almost like more than two years or almost two years of a slowdown and, we have consistently won new orders I mean, our commentary has always been that we are winning new orders and, , I mean, earlier it was that Europe was showing a decline and we were not as a result, overall, top line was not growing. But, I understand I mean, like, your business is completely export dependent and mostly export dependent and therefore the challenge in, some of the export geographies is impacting you but, I'm just trying to understand the divergence between, like. I mean, we've consistently said we are winning new orders. These are starting going to start. So even this year we started with like a or last year, the expectation was this year will be a mid-teens growth, and now we're ending up with zero growth for this year also potentially. So I'm just I mean like is there a need to I'm just trying to understand. Right. Like I mean, if you could give us some sense of how are your existing orders, moving I mean, like on a year, year on year basis versus how much of the new orders contributed, I mean, if you could give us some sense on what is happening. Right a little more detail.

Mr. Mihir Madeka (00:18:04): , Very true Mr. Sonal, as you say that we have, almost a consistent top line of, say quarterly 300 odd crore. But I would like you, to just please take a note that in this particular, revenue number, the existing business of the bearing ring in domestic as well as in overseas has significantly reduced.

At the same time we. It has been compensated with the new order, with the new program, with initiation of the new supply. So it's not that that new orders have not started new. If those orders were not executed or not started again, these numbers would much, much lower than that because the loss of bearing ring business is somewhere about, you can say, almost 30% of overall our contribution. What we had in FY 23 are from the bearing ring business. So there is a growth in terms of auto component business. Even if you compare my auto component business number of previous Fiscals, which was somewhere about 35-40%, and today it is touching to or crossing the 50%. So there is a growth over there also. So new program, what we have awarded are at the same time the quant at which and the pace at which those were supposed to be, you know, started. That is bit slow because of all this uncontrollable parameters. , You better know that for the last six months, again, the ocean freight matter has significantly arised for the Europe and US. So these are the things which, you know, bit reluctant or rather create certain hurdles as far as overall growth is concerned. But today what we are telling to you that the order winning, what we had, the nomination, what we had and the numbers, what customer intimated accordingly, we are expecting that a mid-teen growth in the next fiscal, no doubt this year also till in the first half we didn't have, growth, but definitely by end of this fiscal, we expect particularly in the last quarter of this fiscal we expect good jp over there.

Sonal Gupta (00:20:26): Sir, So we've also won like on the auto component side orders on the like. I think a lot of the auto component orders are going into the EV related, things. On the power, I mean, like in the transmission etc.. So is there I mean, like, I have these orders really ramped up that much. I mean, like or because of the slowdown in Europe, in EVs, etc., we're not seeing these orders really ramp up.

Mr. Mihir Madeka (00:20:54): Let me tell you, Sonal, see, it's not the EV only which is growing, or rather on the other side, if I tell you, the EV customers, or rather the EV products are not that in demand compared to even the, back to ICE vehicles. You know, the new projects, what we are winning, even the customers, what they are targeting one of our Europe, major auto component auto buyer customer. He is starting new plant, in , or rather already started, and he is going to source the, transmission parts for the ICE vehicle. So it's EV, no doubt it is a gradually or you can say the growth what we had in EV in the previous fiscal. It is degraded in this current year. But ICE part again it is growing and we are mainly getting from there.

Sonal Gupta (00:21:46): Got it sir. Okay thanks. I'll join back the queue. Thank you so much.

Mihir Vora (00:21:52): So we'll take the next question from Mr. Harish Bihani, Harish your line has been opened so you can now ask a question.

Harish (00:22:04): Yeah. Am I audible?

Mihir Vora (00:22:07): Yes, sir. Yes, sir.

Harish (00:22:09): Good morning. Hiren bhai Good morning Mihir bhai Just wanted to understand what is the absolute, number from that one customer for bearing rings, which is coming down on a year on year basis for the first half ?

Mr. Mihir Madeka (00:22:29): From the one particular customer group in the bearing ring business in this first half, compared to FY 23 numbers, it is almost 35 to 40 percentage

Harish (00:22:47): decline. Absolute. What is the absolute number Mihir bhai ?

Mr. Mihir Madeka (00:22:50): the absolute number you can say in terms of, somewhere about , 70 to 90 crores.

Harish (00:23:00): from that one individual customer or customer group.

Mr. Mihir Madeka (00:23:02): one customer group having three, four plants. Yeah.

Mr. Hiren Doshi (00:23:05): They have multiple facilities across the globe. So with few customers we are discussing with them and we got some businesses from their multiple plants, not one plant again or you can say multiple program.

Harish (00:23:21): Understood.

Mr. Mihir Madeka (00:23:22): again customer only they are shifting their, or starting new facility in Europe, which till now it was not there with us. Now we expect that the in the existing couple of plants which they are going to shift this facility in the new plant at Europe, we will be getting supply or will be starting supply from the last quarter of this year.

Mr. Hiren Doshi (00:23:43): See their facility was there, but they were not our that plant was not our customer. So now they are shifting their some of their US business to that, Eastern Europe part where they were having their own forging and , bearing manufacturing now forging, they have stopped and they are shifting some business from their US facility to their Eastern Europe. So their, we are under very rigorous discussions and, they are going to award us some business.

Harish (00:24:13): So to clarify, first half the absolute decline from that one customer group is around 90 crores?

Mr. Mihir Madeka (00:24:20): No, sir. I'm talking annualized numbers.

Harish (00:24:24): Annualized numbers So ballpark around 45 crores.

Mr. Mihir Madeka (00:24:27): Yes.

Harish (00:24:28): Understood and in terms of the new business win, either in terms of bearing rings or in the auto component, which is included in the first half numbers, how much would that be? Ballpark.

Mr. Mihir Madeka (00:24:42): That is somewhere about , , in this first half, you can say, again, 80 to 100 crores.

Harish (00:24:55): This is annualized run rate or this is like..

Mr. Mihir Madeka (00:24:57): No, no, I'm talking about the, this one, six months numbers.

Harish (00:25:04): And this would be predominantly in auto components or...

Mr. Mihir Madeka (00:25:07): Auto components.

Harish (00:25:10): And given where we are today, given the slowdown, which is there in Europe, some parts of US, we are expecting Third quarter to be fairly similar to second quarter, and things should start improving from fourth quarter. Is that the right understanding?

Mr. Mihir Madeka (00:25:25): Yes, sir. Yes, sir.

Harish (00:25:28): Okay. Understood? Okay. All the best. Thanks.

Mihir (00:25:32): Thank you. Now, next question is from the line of Abhir Katyayan. Your line has been unmuted. You can go ahead.

Abeer Katyayan.(00:25:45): Hello, Am I audible?

Mihir Vora (00:25:47): Yes.

Abeer Katyayan (00:25:48): Hi, this is Abeer from Nio. So just some basic questions. First of all, can you give the breakup of auto component and bearing ring absolute number between domestic and exports like you did last quarter ?

Mr. Mihir Madeka (00:26:03): You want for this quarter or the first half ?

Abeer Katyayan (00:26:06): for this quarter specifically.

Mr. Mihir Madeka (00:26:06): for this quarter particularly domestic bearings 88 crores. Domestic auto components 49 crores. Export bearing rings 43 crores. Export auto components 96 crores.

Abeer Katyayan (00:26:24): Sorry. What was the last number? 96 crores.

Mr. Mihir Madeka (00:26:27): Yes. Yeah. You can say overall bearing ring is 131 crore and auto components 145 crores for the first half of current fiscal.

Abeer Katyayan (00:26:41): Okay, so roughly 25 to 30% de-growth we saw, Still in bearing rings.

Mr. Mihir Madeka (00:26:46): Yes.

Abeer Katyayan (00:26:47): This quarter?

Mr. Mihir Madeka (00:26:48): Yes.

Abeer Katyayan (00:26:49): Okay. Understood. Understood. Thank you.

Mihir Vora (00:26:54): Yeah. So the next question is from the line of (inaudible) I think the participant has dropped down. So next question is from Kush Nahar.

Kush Nahar (00:27:12): Thank you for the opportunity, sir. So just two questions, one is on the competitive intensity. I think one of our other forging players is planning to enter the bearing ring segment. So how do we look at the competitive scenario and my second question is I think so Trp in the pledges has said, you know of making US so does that, How does that affect our export business ?

Mr. Mihir Madeka (00:27:37): First of all what you say it is about to some competitors, this thing, I'm sorry, we don't know any new competitor, at least in their in last quarter, there are the players

who are into the industry. But as we have already highlighted or indicated earlier that the kind of facility, the kind of equipments or the, multifold the number of SKUs and multifold forging as well as machining and other value added processes, what we have, it is difficult for the competitor to attend or to cater entire range of my products, or even the entire set of my customers and because the level, the role of my customers, the quality level, again, the pricing, it is, it would be a concern for us. So but as of now, we didn't face any kind of, that, competition. Competition will be there.

Mr. Hiren Doshi (00:28:37): Second thing I would like to note is that whenever we get any program in auto component, there is always a contract of 5 to 7 year minim. Okay. So they then they pay us a huge amount of development and the tooling cost and the same amount or more than that amount they spend to validate our product in their facility. So they will never change the supplier until and unless there is any major quality issue or there is any major delivery issue, or we suddenly ask for any abnormal price increase in these three scenarios only they will try to move out. Otherwise for that seven year, that program is with us and after seven years there is always there is always going to be extension of minim 4 to 5 or 7 years. That is also they are going to keep it with us only because again, if they are moving, then they need to invest a huge amount of money in validation and proving out and the same amount of money they have to give it to their supplier. Coming to your second part of the question that, Trp is there on the set, or rather on the, present level, we expect that this would be a good sign or good indicator for the India because, you know, till now or even in past India is supplying subassemblies, small components which are being final process and which are being final assembled and are to be fitted into the their, final SKUs. So India is always there, to, providing the subassemblies and the components not in directly competition with the US products. So definitely there would be a consistency or even we expect to increase because we expect their production is to be ramped up or increased, which in turn helps to India to produce more and export more. At the same time, we expect that, Trp might be introducing certain, anti-doping or some kind of, you know, certain restrictions for certain countries apart from India for as far as the US import is concerned, which will definitely give us, some benefit to India. That is what our belief.

Kush Nahar (00:31:08): Okay. So thank you.

Mihir Vora (00:31:12): Yeah. Next question is from the line of Dhaval Shah.

Dhaval Shah (00:31:19): Oh, yeah. Hi. Am I audible?

Mihir Vora (00:31:21): Yes.

Dhaval Shah (00:31:22): Okay. Thank you. Thank you for the opportunity. , Sir, couple of questions from my side. , First One, If you could just quantify, on your comment regarding your customer, wanting to shift some of its, production, from US to East Europe, so I didn't understand, , you know, the reason for this, you know, why is the customer shifting? So that's my first question.

Mr. Mihir Madeka (00:31:55): See, they are they have a multiple plans across the globe. So for they are majority into industrial business. Okay. But this is the business where we were supplying to them earlier in US was a automotive business 100%. So might be due to where they are located in us due to cost reduction for them. They have decided to shift few of their automotive business to Eastern Europe. Okay. In Mexico and and due to that So for time being due to this decision, as Hiren Bhai has told you that our bearing ring business was down. Export business. Okay 25% or something. Okay. So this is one of the reason due to their shift. It took 6 to 9 months and now maybe in another after one quarter, are there means we are going to get that business from their Eastern Europe facility.

Mr. Hiren Doshi (00:33:00): Already we have started getting business from one of the European customers. Yeah. It was stop for two quarters but now from January quarter, they have already started. We got the schedule. Okay.

Mr. Mihir Madeka (00:33:15): I'm talking about purely bearing ring.

Dhaval Shah (00:33:18): Yeah. Understood? Yes, yes. Understood? , My second question is on the auto component business. So, the way we have increased share of revenue and, you you've kept on adding customers. So on this, on the backdrop, backdrop of overall market not improving, but, our revenues are increasing from auto component. So here, I would like to understand, you know, it's definitely a market share gain for us, with the customer. , So that's number one. So which type of, so who is the competition and from, which, geography are we gaining the market share? Is it from the Indian, supplier or , overseas supplier and second is which type of auto components, are we gaining market share? In which category of the products are we gaining market share and where are we going to grow in the future? Yeah, that's my question.

Mr. Mihir Madeka (00:34:20): So in auto component we are getting more and more market share from Mexico USA and , okay , From , so majority is from Mexico and USA. So you can say 70% and 30% from Europe even in domestic, also in domestic also we are getting , there there are multinational companies and they are growing in India and we are getting we are getting their market share.

Mr. Hiren Doshi (00:34:48): There are few customer. We supply only semi finished product, but they have identified few suppliers who can supply them. The full finished component one suggested That supplier to source the semi-finished product from Rolex. So okay, one of the opportunity we have.

Mr. Mihir Madeka (00:35:13): Yeah. So so those finished product manufacturers are in India also and they are in at overseas also

Mr. Hiren Doshi (00:35:20): recently we have added two such customer one in USA and one in India in India in Chennai. Okay. Okay. They are the yeah they are the existing customer but they want complete finished product and they have suggested to source from Rolex. So okay.

Dhaval Shah (00:35:42): And which type of products do we do.

Mr. Hiren Doshi (00:35:44): The transmission component.

Dhaval Shah (00:35:46): Transmission component. Okay and in terms of profitability, how are they compared to the ring. Sorry. Yeah. Compared to the, the bearings, business?

Mr. Mihir Madeka (00:35:59): Definitely. It is a higher by 15 to 20%. What we are getting in, bearing ring because here the transmission components, what we are producing for the high premi cars as well as for the EVs having critical operations and good value additions, that is why the margins are quite lucrative over there.

Dhaval Shah (00:36:20): Okay and these components are made, in a ring rolling or, it's made in a press. How is it?

Mr. Mihir Madeka (00:36:29): It's a it's a combination of, not majority from the ring level, because ring only parts are the quite bigger size of components, which is not there but, we had, vertical and

horizontal presses, high speed hot formers, as well as vertical places where we are producing such kind of components. We have, 18 kind of different forging lines, vertical as well as high speed horizontal.

Okay.

Dhaval Shah (00:36:56): And everything is hot forging for us?

Mr. Mihir Madeka (00:36:59): Yes, 100%.

Dhaval Shah (00:37:04): Okay, so any plans to get into warm or cold forging?

Mr. Mihir Madeka (00:37:06): Not immediately. Definitely, It is in our mind, but it requires a completely, entire set of new facilities and it's a completely, what you say, a greenfield project kind of thing but first, we would like to just, you know, be more concentrated on the existing facility wherein we have certain spare capacity in terms of infrastructure as well as, equipment capabilities that we would like to, cater first but down the line, 3 to 4 years, definitely we may look for, cold forging also, again, it's very much on a primary stage.

Dhaval Shah (00:37:45): Primary stage. Got it.Okay. So technically, now our margins should inch up from here on as we increase the share of, our auto component business.

Mr. Mihir Madeka (00:37:57): Yes, we expect that, sir.

Dhaval Shah (00:37:59): Okay. On our website, in the industry served, we it mentions about oil and gas industry, and also the, high speed rail. , So, what is the share of those industries right now in our total, contribution?

Mr. Mihir Madeka (00:38:17): This railways and this other industrial applications, See, when we say industrial applications, that includes the equipments, machines and other, allied, accessories, all put together, I think not more than, 12 to 14% as far as industrial and railways is concerned.

Dhaval Shah (00:38:40): Industrial. Okay. So out of this, 18% for H1 25.

Mr. Mihir Madeka (00:38:45): Yes, yes. There we can say railway , contribution is not more than 4%.

Dhaval Shah (00:38:52): Okay, okay. So our focus area as a company is going to be, PVs. Automobile. Right. PVCV.

Mr. Mihir Madeka (00:39:00): Yes, definitely. PVCV apart from that, we are supplying to certain, you know, off highway non, heavy vehicles or , heavy buses or you can say earthmoving equipment. One of our main customers as far as auto component business is concerned So they are also we have a good share and , as my MD just told me, that these customers are also in expansion plan and particularly their domestic plant is going under expansion and down the line one year we will be getting good share over there also.

Dhaval Shah (00:39:35): Yeah. Got it and out of a total, business how much is machining , machined and how much is non machined or everything is machined for us.

Mr. Mihir Madeka (00:39:43): No. 70 to 75% is machine one and the balance is the, forged one. Rough design.

Dhaval Shah (00:39:51): Okay and so last question. So you guided for mid-teens growth for FY 26, right?

Mr. Mihir Madeka (00:40:00): Yes, sir.

Dhaval Shah (00:40:01): And for FY 25, more or less a flat year.

Mr. Mihir Madeka (00:40:13): We expect the last quarter would be much better with some growth.

Dhaval Shah (00:40:00): Yeah okay. So as of now, the whatever schedules and programs we have from the customer, this is your outlook.

Mr. Mihir Madeka (00:40:20): Yeah. Yes.

Dhaval Shah (00:40:21): Got it. Okay. Thank you very much. I'm done with my question.

Mihir Vora (00:40:28): Next question is from the line of Jason. Sir, you may go ahead.

Jason (00:40:37): Hello? Hello?

Mihir Vora (00:40:39): Yeah. Yeah. Audible.

Jason (00:40:41): Okay. Thanks. Hiren Bhai and the team for taking my question. So first question is, I mean, in last Q4, we had a right of recompense and there was, I think, around 32 crore, one off expense which was taken. Now, I just wanted to know, is there any update on that? We don't expect that to come again or is there any update on ? That was done one time and that's gone. Right. I mean, or is it expected to come again or just wanted to understand that aspect of it.

Mr. Hiren Doshi (00:41:14): That was the estimated number what we had in last year. Accordingly, we, tried to provide over the books and as far as the final numbers are concerned, our bankers are working on that. Probably we will be able to know by end of this quarter, There would be a some kind of additional, impact over there that is to be charged at that particular time.

Jason (00:41:44): Okay. Okay, sir. Yes, sir what I understand is once you do that, then probably you will get more leeway on all these restrictions and you can take loans and etc. from other banks as well. In terms of covenants, are you free to do that?

Mr. Hiren Doshi (00:41:58): Definitely. We do not have any plan to, you know, borrow funds or something But the restrictions, what we had as of now, because of this, ROR compliance, those will be removed and we will be very much free as far as the appropriation of our, earnings And we can very much decide further on.

Jason (00:42:20): Okay. Sure, sure, sir. Sir, just to my next question, now, you said that there could be some, you know, expense further on, right? That's okay. Now, I just wanted to understand. Sir, you did mention about this 70 to 90 crore annualized dip from 23 levels from a particular customer group. Now, I just wanted to know, sir, what do you think is the reason for this weakness? Of course it has impacted us in our bearing ring segment, which is around 50% of revenue for us. So sir, what do you think is the majority. I mean, what is the main cause of this weakness and has the client told you that? When did when do they see an upturn in this? You know when when there'll be an uptick in revenues for bearing ring ?

Mr. Hiren Doshi (00:43:02): That particular customer first of all, all these plants are into producing of non-automotive bearings and , majority of these, plants, say out of , six plants, four plants are there in the Europe territory one is there in India and one is there in US. So, you know, there is a some kind of cyclical or a seasonal kind of thing. , As far as the non-automotive bearing rings are concerned and, in Europe, in US, the moment for the industrial developments is completely stopped. You can say for the last couple of years, or rather, the, forget about the new industry, but even the existing are under what you say cover for the last couple of years and that is why the, what you say repairs, renovation, reholding and infrastructure development is almost zero in these advanced countries where our plants are situated. That is the reason where the demands have significantly reduced and you better know the situation at Europe on a quarterly basis, how the things are moving and what are the new hurdles and the geopolitical reasons, which are the main reasons for this?

Jason (00:44:26): Okay. Sure. Okay and also earlier in the call, you had mentioned that I mean, Madega Sir mentioned that, you know, just wanted some clarity on this. He said that the shifting of bearing rings from the client is easier than auto components. So it just was not very clear on this. I mean, auto components, I think will require an approval. You are right that they are machined parts and, you know, critical parts probably that's the reason. So how is the shifting of bearings easier than, say, shifting auto components ?

Mr. Hiren Doshi (00:44:59): See what he would he tried to explain or to say that if a existing customer wants to switch over the their supplier from A to B in the bearing ring segment, there are a bit less process compared to the auto components. There are some less litigates or you know, the trial and process timings etc. are less compared to the auto components because they insert in traditional bearing rings or in the other bearing rings. The critical operations are bit less compared to auto components and to get a new or a bearing ring customer, we can start a the SOP maybe from the 6 to 8 months time, even from the day one he stepped in but in case of auto components, it will take more than 12 to 15 months from the first day when he step into the company because of the criticality, because of the kind of products and the, application of particular product, because auto components, those are the stringent part of the power pack, stringent part connected to the engine or to the vehicles, whereas bearing rings, those are very much integral part of this thing and again, bearing as we are producing only bearing ring but the other parts of the these things are being assembled, processed by our other vendors and customers. So, for a changing of one bearing ring customer to another, it's not a big deal or it may not take much of the time that is what he would like to convey and we expect couple of customers from US , industrial, non , automotive, industrial bearing ring manufacturers have already approached and very short span, not even more than 7 to 8 months. They have approved the, bearing rings, and they have given the SOP in the, first quarter of next fiscal.

Jason (00:47:02): Sure, sir, thanks for that so just one clarification you said the auto components will take 15 to 18 months once you receive the order and how much will the bearing rings take for SOP to be generated?

Mr. Hiren Doshi (00:47:12): Again, as I told you, sir, it starts from say, 8 to 12 months also because the if the, bearing rings, particularly for the EV hybrid vehicles, they may require a couple of months more compared to the traditional one, but it will we can initiate in between 8 to 12 months max. Max.

Jason (00:47:30): Sure sir. Okay. Thanks, sir, for this detailed explanation and so again, one just one question. Just to clarify again, one earlier participant had asked that, I was a little unclear on that. So

there is some shifting from US customer to Eastern Europe. Now just hear me out probably I can explain. I mean, what I understand is let's say a customer is in the US, he's shifting into the Eastern Europe facility for basically cost saving and that facility probably is you know what you say we are in touch with that and we are we can get increased business from that Eastern Europe facility. Is that right?

Mr. Mihir Madeka (00:48:06): See that is particular one program. Which they are supplying, which is a auto means like a , in the automotive industry, mainly passenger vehicle. Okay the volume is high. So due to their profitability issue they are shifting particular that program to the, to their facility in Eastern Europe because okay because they know that, their cost of production in Eastern Europe will be much more lower than if they are producing in USA. Okay. Definitely their customers are in US only, so they will produce that bearing in Eastern Europe and the USA. But then also they will be getting more margins.

Jason (00:48:49): Okay. So this customer, if he sources from Eastern Europe, you will know this is a bearing rings, right? Is this in relation to bearing rings and let's say so I'm just let's say example Schaeffler is the customer, schaeffler is sourcing from Eastern Europe. So Eastern Europe plant probably falls under your program and you can source more from Eastern Europe. So that means increased business for you. Is that right. Understanding ?

Mr. Mihir Madeka (00:49:15): Yeah. For for us it will be a it their it for us it will be a new facility. Facility is existing facility since last 50, 60, 70 years but for us that will be a new customer or new plant.

Jason (00:49:30): Okay. So the more they source from Eastern Europe or Mexico, if that falls under your radar, it will be. It will mean more business from ?

Mr. Mihir Madeka (00:49:37): Yes.

Jason (00:49:38): For you. Okay and Sir just one question. I probably mails me basic you know, I just wanted to ask, you know. Sir, actually, you know, when you look at forging. Of course, I understand that your relationships with the with bearing bearing ring manufacturers are very, very strong in terms of auto components or, you know, also your relationships are very, very strong and you built this business over years but I just wanted to understand. Sir, of course, your forging capacity also is good, but there are others also, you know, the others. I don't want to name the competitors, but there are others who are doing forging, who are having this machinery, etc. are, you know, this high level machinery and they have their own strengths. So, sir, how do you protect yourself from those big businesses, probably eating up into your business, or do you have any risk mitigation strategy or anything in place you know, other forging manufacturers also have bigger capacities and they are also coming in ?

Mr. Mihir Madeka (00:50:37): Yeah.

Jason (00:50:38): You know, so just wanted to understand from a strategy perspective how do you look at it from them not entering your business, say bearing rings or auto components or whatever it is.

Mr. Mihir Madeka (00:50:46): We See there are there are big companies in India also who are into. Okay forging is a very wide word forging means it is not like that, that on each and every forger can forge a transmission component or wheel hubs or whatever we are producing. We cannot produce

Mr. Hiren Doshi (00:51:08): like Bharat Forge Ramkrishna.

Mr. Mihir Madeka (00:51:10): We cannot produce a connecting rod crankshaft. So forging is a very, very wider name you or it has a huge range. Okay. So they are into the big names what you have in your mind in India they are not at all our competitor their product is only 10% falling in our range or you can say our 10% product is falling in their range, In their facility, they cannot produce what I am producing in my facility I cannot produce what they are producing. So there is a huge in and then there is a hot forging, warm forging, cold forging. So forging itself is a huge.....

Mr. Hiren Doshi (00:51:53): Equipment is required for producing different different type of product.

Mr. Mihir Madeka (00:51:57): We Yeah. If you want to be competitive okay, you need a different different type of technology in forging itself. So everybody is having their own, you can say strength in your product or range of product in their market.

Jason (00:52:13): Sure Sir. So I completely...

Mr. Mihir Madeka (00:52:15): We and again I can tell you that it's a huge, market in the end across the globe.

Jason (00:52:26): Sure sir. Okay. Sure sir. I understand, sir, and just, one last question, sir.

Mihir Vora (00:52:31): Can we can you fall back in queue? We have few participants.

Jason (00:52:35): Yes. Sure, sure.

Mihir Vora (00:52:37): So the next the last question would be from Mr. Lakshmi Narayan Sir, you may go ahead with your question.

Mr. Lakshmi Narayan (00:52:46): Yeah. Thank you. Sir. I just look at your bearings on domestic what did you do for the first half? Bearing domestic it comes to around 174 crores for the first half. What is the comparable figure last year Stuff ?

Mr. Mihir Madeka (00:53:06): Sorry. Can you please come again?

Mr. Lakshmi Narayan (00:53:08): Knowing the bearings Domestic if I just look at domestic bearings segment, we did something close to, I think, 174 crores for the first half this year what is the comparable number last year first half ?

Mr. Mihir Madeka (00:53:25): It was 192.

Mr. Lakshmi Narayan (00:53:30): Okay. Sir one question is that, you know, if I just look at Schaeffler and, you know, NRB some of them have actually reported the numbers, they have shown some growth in their, you know, bearing segment. I mean, apart from, say, several other segments. Now, we have reported a decline, in the growth in bearing segment in domestic what attribute, how do you attribute this decline to.

Mr. Mihir Madeka (00:54:00): See first of all, NRB as we are not, substantially or other, significant customer for us, but as far as Schaeffler is concerned, their growth, again, it was not as at, as per the estimated but the growth, what it is there in the mainly in the industrial components or mainly into the bigger size of rings or some portion of the railway business, what they had but if you see

the commentary from them also, as far as the automotive or the traditional bearings, what they have, it has declined.

Mr. Lakshmi Narayan (00:54:41): Got it. So in that segment, if I just look at domestic, what what is our market share right now approximately and how it has improved in the last 2 or 3 years.

Mr. Mihir Madeka (00:54:53): Domestic bearing ring market through a forging hot forging process in our addressable segment or in our this range, we probably are in the range of, 30 odd percent of overall market share what we had is somewhere about, prior to that was 33, 34%, you can say maybe before couple of years back.

Mr. Lakshmi Narayan (00:55:19): And the second player would be how large the same thing when you are 30, 32, 33 ?

Mr. Mihir Madeka (00:55:27): Yeah, it's difficult to tell you, but not more than 8 to 10%.

Mr. Lakshmi Narayan (00:55:33): All right, one more question Sir. In the automotive component space where we are doing well in the export market, How much is, , you know, build to print for you? Is it that you actually and how much is something where you actually build as, as, something you know, you actually give the design and so on ?

Mr. Mihir Madeka (00:55:58): No, but see, in our kind of business my customers are giving us design, and we produce according to the, design specs given by my customer only.....

Mr. Hiren Doshi (00:56:10): We don't have any R&D department.

Mr. Lakshmi Narayan (00:56:13): Got it, got it. Thank you, Sir.

Mr. Hiren Doshi (00:56:16): We simply follow their drawing.

Mr. Lakshmi Narayan (00:56:19): Got it. So, one last thing, what is your scrap sale and export incentives and forex for the first half

Mr. Mihir Madeka (00:56:29): For the first half scrap sales is, somewhere about, 203 million and, export incentives is 84 million.

Mr. Lakshmi Narayan (00:56:43): Right. Thank you sir. Yeah, Thank you. Yeah.

Mihir Vora (00:56:48): So thank you all for attending the call I will now hand over the call to Hiren Sir for any closing remarks. Thank you.

Hiren (00:56:56): So once again, thank you very much to all the participants participation. Hope we have answered their queries and is there any other queries or concerns we do request, (inaudible) as well as to, the participants they can approach or they can send this email to us, we will be, happy to answer that. Thank you very much.

(Audio End)