



STEEL STRIPS WHEELS LTD.

CIN: L27107PB1985PLC006159

Head Office : ISO/TS16949 Certified
SCO 49-50, Sector-26,
Madhya Marg, Chandigarh-160 019 (INDIA)
Tel. : +91-172-2793112, 2790979, 2792385
Fax : +91-172-2794834 / 2790887
Website : www.sswlindia.com

Dated: 31.10.2022

BSE Limited
Department of Corporate Services,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

BSE Code: 513262

The National Stock Exchange of India
Limited
Exchange Plaza,
Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051
NSE Code: SSWL

**Sub: Transcripts of Conference Call - Analysts/Institutional Investors Meet - SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/Madam,

This is in furtherance to our letters dated 26.10.2022 & 27.10.2022 regarding intimation and outcome (audio recording) of conference call with Institutional Investors and Analysts which was held on 27th October, 2022 on "**Q2FY23 Earnings to discuss results & future outlook of business**", we enclose herewith transcripts of the aforesaid conference call.

The aforesaid transcript is also available on the Company's website at <https://sswlindia.com/investors/analysts-investors-meetings/>.

Kindly take the same on your records for reference.

Thanking you.

Yours faithfully,

For Steel Strips Wheels Limited

(Shaman Jindal)
Company Secretary

Regd. Office : Village Somalheri/Lehli, P.O. Dappar, Tehsil Derabassi, Distt. Mohali, Punjab (India)
Tel. : +91 (1762) 275249, 275872, 275173 Fax : +91 (1762) 275228
Email : hrdho@sswlindia.com Website : www.sswlindia.com

Works : Plot No. 733,734,735,747, Jojobera, Chhota Govindpur, East Singhbhum, Jharkhand - 831015
Phone : +91-657-2277753, Fax : +91-657-2277754



“Steel Strips Wheels Limited
Q2 FY '23 Earnings Conference Call”
October 27, 2022



MANAGEMENT: MR. MOHAN JOSHI – EXECUTIVE DIRECTOR - STEEL STRIPS WHEELS LIMITED
MR. NAVEEN SOROT – CHIEF FINANCIAL OFFICER - STEEL STRIPS WHEELS LIMITED
MR. PRANAV JAIN – DEPUTY GENERAL MANAGER (FINANCE) - STEEL STRIPS WHEELS LIMITED

MODERATOR: MR. AMIT HIRANANDANI - SMIFSLIMITED

Moderator: Ladies and gentlemen good day, and welcome to the Q2 FY '23 Earnings Conference Call of Steel Strips Wheels Limited, hosted by SMIFS Limited. As a reminder, all participant lines will be in a listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchstone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amit Hiranandani from SMIFS Limited. Thank you, and over to you, sir.

Amit Hiranandani: Thank you, Steven. Good evening, everyone. On behalf of SMIFS Limited, I welcome you all to Q2 FY '23 Conference Call of Steel Strips Wheels Limited. We are pleased to host the Senior Management of the Company. Today, we have with us Mr. Mohan Joshi, Executive Director, Mr. Naveen Sorot, CFO, and Mr. Pranav Jain, DGM Finance. Mr. Dheeraj Garg, sir is unable to join the call today due to important client engagements. We will start the call with initial commentary from the management, and then we will open the floor for Q&A. Now I hand over the call to the management team. Over to you, sir.

Mohan Joshi: Good evening, and I welcome all the participants on this call. And first of all, Happy Diwali to everyone who participating. So I'll start with first the comparison between the current Q2 versus the last year Q2. And then probably, I'll give you some glimpse on the comparison of H1 versus H1.

So in Q2 current year, we have done a topline of INR 1,084 crores with an EBITDA of INR 120 crores. The similar number last year was INR 961 crores in terms of topline and INR 140 crores in terms of EBITDA. PAT for the same period in Q2 current year is INR 54.6 crores versus INR 62.8 crores Q2 last year. The same numbers for H1 current year versus last year. So H1, we have done a topline of INR 2,100 crores versus INR 1,640 crores that we did in H1 last year.

EBITDA of INR 230 crores in current H1 versus INR 240 crores in H1 last year. PAT of INR 102 crores in current H1 versus INR 113 crores in H1 last year. In terms of number of wheels that we sold in H1 we sold almost 9 wheels, which is at par with the number of wheels that we sold in H1 last year. If you look at in terms of the split and alloy, I guess, the alloy in Q2 current year is INR 340-odd crores, versus INR 157 crores in Q2 last year. In H1, the alloy number is INR 620 crores versus INR 292 crores.

Similarly, for exports, in Q2, current year, the exports were INR 84.8 crores versus INR 306 crores, in H1 the number of export in terms of value is INR 157 crores versus INR 487 crores in H1 last year. Now we can fully start with the Q&A round.

Moderator: Thank you, very much sir. We will now begin with the question-and-answer-session. Anyone, who wishing to ask a question may please press star and one on their touchtone telephone. If you wish to remove yourself from the question queue you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for

a moment while the question queue assembles. The first question is from the line of Devansh Nigotia from SIMPL. Please go ahead.

Devansh Nigotia:

Just couple of question. So one is export, I wanted to understand, in March we shared the realization per wheel for exports, that comes to INR 500 per wheel. But when we look at the customers which we shared, which is decorative wheels in commercial vehicle, especially in US, sir, that should typically be a higher realization product. So if you can share some perspective there and also on the demand, why has our outlook changed significantly over the last one year, while when you look at the commercial vehicle sales in US that has not typically come off in the similar fashion. So if you can also just throw some soft points over there, that would be really helpful?

Management:

Thanks for the question. I think the export side is primarily driven by the base effect of last year. And definitely, there is a pickup in the truck business, which we saw in the very recent Class 8 truck release, which wherein the number went from to 20,000 to 56,000. Otherwise, the number has fallen from close to 45,000, 50,000 number of close to 18,000 numbers to bottom out in last month. And we are still watching that whether it's a one month vendor or it's going to be a consistent kind of a performance.

But as we speak from a perspective of demand outlook, I think it still looks like that the drop is going to be around 40% to 45% for the financial year '22, '23, given by the fact that there are multiple fronts which are opening up. One is obviously the inflation factor and the demand outlook from the developed nations where it has materially deteriorated in all the segments, be it the PV side, be it the truck side, be it the trailer side, and we are seeing some green shoots coming in, and that's why we are hopeful that the H2 is going to be better than H1 looking at the visibility that we have right now.

And we feel that apart from inflationary and the economic scenario, which is there, there are further inventory-related impacts. wherein the freight rates have collapsed and it has resulted into shorter lead times to deliver a product from India to America or India to Europe. And it has also streamlined some of the extra baggage that these guys were carrying because of the supply chain disruptions that they faced last year.

So I think for the full year, the way that we see it, I think the drop should be between 40% to 45% on a basis of what we are usually watching it here. And the green shoots are visibly seen but we see that this is going to be a challenge for this current financial year. Wherein the pickup in the alloy wheel segment of export is going to be the next challenge where we are expecting some hope and development is coming on stream and mass production will also on stream.

Truck segment is consistent. It is not deteriorated very badly as against the last year. The major impact which is coming in from the perspective is from the PV, from the trailer and from the high-speed trailer markets.

Devansh Nigotia: And sir, what is the realization per wheel in our exports currently?

Management: In terms of the total export realization per wheel?

Devansh Nigotia: Yes.

Management: So for Q2, the average realization is coming at around INR 2,677 per unit. I want to add it what Mohan has said, so we are expecting, let's say, a decline of around 40%, 45% in export. But despite that, we still maintain our overall guideline for the topline. So we still are going ahead with the number of INR 4,100 crores that we started at the start of the year. So whatever loss that we are seeing on the export side, is getting fully mitigated, one by the domestic steel business, and second is from the alloy business side.

So as I mentioned in the start, that in H1 itself, we have already done an alloy wheel sale of INR 620 crores versus INR 700 crores that we did in the entire last year. So we expect this number to close at around INR 1,200 crores. So there will be a jump of almost INR 500 crores that we will see in the alloy wheel side, which will fully mitigate whatever loss that truly will see on the export side. And both the businesses being probably similar in terms of margins. So there will not be any hit that we are expecting in terms of our margins per se.

Devansh Nigotia: Okay. And in case of alloy wheels, so the scale up that you have done in such a short span of time when you've acquired almost 30%, 35% in market share. while there were also players which were in the market for a very long time for more than 10 years, but still they are at least around 500, 600 steel. So if you can just share some perspective on what's our right to win here, and what is also the current import duty structure for alloy wheel in India? I think there was some duty structure which existed some time back, so what is it right now? And also, the total alloy wheel which are currently imported in India?

Management: So currently alloy wheel imports are almost nil because obviously, post-COVID, there's a lot of change in the mindset in terms of internalization there and entire localization of the subject is done. And I think any specific wheel, which is having some specific requirement is getting imported. Otherwise, there is no import.

Currently, the market is around 7 million wheels annually. And we feel that this market has the potential to grow at between 12% to 15% CAGR going for the next maybe three years to five years, the current penetration of the market is close to 30-odd percent, 30%, 32%. And we feel that it is very well inclined to move towards closer to 45% to 50% penetration. Given that we have a smaller car versus larger car balance in the country, I think 50% is what we should reach and we should stabilize our penetration.

And once we start stabilizing this SUV culture in a country like India, we feel that the 50% will be challenged going forward. Within that, I think the current capacity as we have is close to 3 million. It will be upgraded to close to 4 million by March '22, '23. And even that

committed capacity will be to the tune of 80%, 85% will be served to the customer where the order booking is already happening. And we feel that the response to the customer in terms of concept to mass production is the key. And I think that is the success that we have delivered in Steel Wheels, and that is the success that we have delivered into export markets in terms of Steel Wheels.

The similar kind of concept is very much clear on to the alloy wheel side and it will be replicated to the export side also. So timing to the market to respond to a customer to have best quality and at the best cost and best delivery terms with no lead time to be wasted in terms of concept to mass production is the key where we feel that we are a preferred supplier to the customers.

Devansh Nigotia:

Okay. And when you look at our operating expenses for March '22, so the stores and spend, which used to hover around INR 110 crores, it increased to INR 250 crores and even the freight cost, saw a share bump up. I think used to be around INR 60 crores, INR 70 crores, and that came to INR 42 crores, INR 50 crores. So there is an impact of export mix, which increased, which might have increased the freight rate cost. But also there were very high shipping rates.

So how much of that were we able to pass on to the customer? And how much was the impact that we had to face? So if you can just share some perspective there and how these two costs will actually evolve moving forward?

Management:

So from an export perspective, shipping cost was never a concern because customer was paying through it. I mean, from \$5,000 to \$25,000 customers have paid through it. I think maybe a 1% or 2% of the customers who are on to the fixed contract. There's negligible amount of impact is there. Otherwise, freight is not a big worry for us. From a perspective that domestic diesel rates are high and it is still impacting the consumption from our side and the prices are still not dropping, because of the government intervention.

So that remains elevated where we feel that sooner or later, we'll see a dip coming in on to that side, which is going to be an EBITDA glitter. And at the same time, I think all the inputs which are -- have gone up substantially higher in previous year from paints from big wires, some gas, some inputs will sooner see a dip and we feel that that the EBITDA in H2.

Moderator:

Thank you. The next question is from the line of Abhishek Jain from Dolat Capital. Please go ahead.

Abhishek Jain:

Sir, what is the outlook for the domestic market, how you're benefiting in sales in passenger vehicles in the UV segment, how much difference is in reaction per vehicles impact in the UV segment versus the car?

Management:

So I guess just this last quarter, we were doing one exercise in terms of how the domestic

market numbers pan out for us in current year versus the last year. So I guess, to our surprise, I guess, the number that probably we expect to achieve in current year with respect to domestic steel side will be more or less at par with the numbers that we had in FY '19, which was the peak for us prior to last year.

So I guess barring 2-wheeler and 3-wheeler segment, still be lower than the FY '19 number. Other than 2-wheeler and 3-wheeler all other segments, be passenger cars CV or tractors, I guess, will be in line or slightly better than what we had in FY '19. So there is a growth that we are seeing in the domestic market across all the segments.

Abhishek Jain: And what is the benefit you are getting, because of the passenger car shift into the UV segment. Now the UV contribution is around 45%, so and a realization per vehicle in the UV is much better than the car?

Management: I think UV, the UV culture will help the alloy wheel side, where the penetration has moved from 27% to 31%, 32%. And the more this UV goes above the sedan and above the smaller cars, it will help the alloy wheel segment, which is obviously an indirect benefit to us. And because wheel is an UV agnostic kind of products. So both the vehicles will use the wheels. So all in all, any change in this mix will materially be positive for our company.

Abhishek Jain: So how is your market share in the passenger vehicle and especially in the SUV segment?

Management: We don't see in the SUV segment or something. I think we see some of the perspective of overall market, we are at close to 51-odd percent. And I feel the market share will always be shaky because some product comes good in sedan, it gets picked up. So it is very important to see the holistic picture of the market.

And at 51%, we are healthy. And within that 51%, I think the top selling model is there, the focus is. So wherever the names, you can name it, be it NEXON to Creta to Alcazar to Punch to Scorpio to SUV 500 to Grand Vitara, we are there in steel as well as aluminum barring Maruti.

Abhishek Jain: Okay. So what is the business in realization per vehicle in the steel segment, the car versus the SUV segment?

Management: So I guess the overall UV segment will have a value of around INR 800. I guess the UV segment will be almost INR 1,400 to INR 1,500.

Abhishek Jain: In the steel side?

Management: Yes, steel. And aluminum, it will be almost 4x.

Abhishek Jain: And sir, what is your market share in the commercial vehicle?

Management: Close to 55% to 57%. It will further go up with our long-term agreements with the company Ashok Leyland. So I think in financial year '22 '23, we expect this number to be closer to 60-odd percent in terms of MHCV business.

Abhishek Jain: And sir, you are also looking for the acquisition of the AMW. So what is the progress now? And how much increase in the capacity expected post this and how much cost of acquisition, how much incremental revenue it can be added?

Management: So in terms of incremental capacity that will offer will be around 6.5 million to 7 million to start with. So theoretically, that plant has a capacity of almost 13 million, but that may not be available upfront. So 6.5 million or 7 million to start with and then probably there'll be some incremental maintenance CapEx that needs to be spent to increase it beyond this capacity that I have stated.

In terms of outgo, I guess the overall outgo will be under INR 150 crores. The matter is currently pending with Supreme Court. So this probably will get sorted out either by around end of Q4 or maybe at the start of next financial year.

Abhishek Jain: And my last question on the gross margin side, despite fall in the raw material prices and increase in the mix of the alloys wheels gross margin contracted in this quarter? So how is the outlook ahead in terms of the gross margin and the EBITDA margin?

Management: I guess it will not be appropriate to look at it in terms of just value. I guess we need to, let's say, if you are comparing it with H1 versus H1. We should also realize in last year H1 also has a benefit of steel prices. So last year, I guess, in H1 itself, we had a gain of around INR 50 crores sitting there. So the EBITDA of INR 240 crores that you are looking at is actually INR 190 crore if you compare it apple-to-apple versus current year H1.

Secondly, there is a steel increase, which is sitting in their sales value for current H1 versus H1 last year. I guess that value itself is around INR 200 crore. So if you actually want to compare it in terms of percentages, you remove INR 200 crore for my top line. That is INR 2,100 crore, minus INR 200 crore is almost INR 1,900 crore, and you compute that value. That is INR 230 crores of EBITDA divide by INR 1,900 we get a number of almost closer to 12%.

Similarly, for H1 last year, you removed the onetime gain of raw material, which is almost INR 50 crore. So INR 240 minus INR 50, almost 90% on a top line of INR 1,640 crore. You get a number of 11.6. So the margins have actually improved versus last year. Another benchmark to look at is, let's say, EBITDA per wheel. So Q2 we had EBITDA per wheel of almost INR 255. Q1, we had an EBITDA of INR 256 per week. And for the entire last year, including the gain of raw material, the EBITDA per week was INR 260 and if you remove the RM gain of almost INR 60 crores, the number was closer to INR 230. So there is, I guess, improvement in all respects, whether it is EBITDA per week or in terms of percentages, but

that needs to be compared apple-to-apple.

Abhishek Jain: So that way, you want to pay that

Moderator: Sir, sorry to interrupt, but for any follow-up questions, may we request you to rejoin the queue, please. The next question is from the line of Aditya Walekar from Access Securities. Please go ahead.

Aditya Walekar: Sir, if you can just elaborate on this EBITDA per bill. So in quarter 2, the absolute EBITDA has come down by 15% over the last year's quarter. So what explains that in terms of EBITDA per bill?

Management: So let's say, we are comparing current year Q2 versus the Q2 last year. So EBITDA in terms of value in current Q2 is INR 120 crores versus INR 140 crores that we had in Q2 last year. But in last year Q2, there is an RM gain of almost INR 30 crores. So that INR 140 crores, if you want to compare with the current quarter is actually, so it is INR 110 crores versus INR 120 crores of EBITDA in current quarter.

Similarly, in the sales that you are looking at, it is INR 1,084 crores, there is an impact of INR 70 crores because of the inflation. So you need to account for debt. So if you want to compute the comparable percentages, that will be INR 120 crores of EBITDA for the current quarter on a top line of [inaudible 0:21:53] versus INR 110 crores of EBITDA last Q2 last year on a top line of INR [960 crores 0:22:02]. So you'll get a percentage closer to 11.9% for the current quarter versus 11.5% for Q2 last year. I guess this is how it will be comparable. I guess if you compare it with the inflation, the percentage is probably will give you a mis normal picture.

Aditya Walekar: Couple of more housekeeping questions. So coming to the volume breakup by segments, if you can leave how much volumes we sold for each division? And then in terms of absolute revenue

Naveen Sorot: So for let's say, Q2 current year, in terms of total domestic steel wheel sale was 36.67 lakhs that translated into value of almost INR 570 crores. Alloy was 7.6 lakhs almost INR 340 crores and exports was 3.17 lakhs of almost INR 85 crores

Aditya Walekar: And one last thing is on the guidance. So what I understood is that you are reiterating the guidance which you have shared in terms of line

Naveen Sorot: Yes. So in terms of top line, we are still moving ahead with the guidance that we shared at the start, INR 4,100 crores is the number that we are sticking with. I guess you've already done INR 2,100 crores in H1. I guess we'll be able to replicate these numbers for H2 as well.

Aditya Walekar: And about EBITDA?

- Naveen Sorot:** On the EBITDA, we are with a number of INR 450 crores with an upward bias of another 5%.
- Aditya Walekar:** What about CapEx for FY '23?
- Naveen Sorot:** So there are a couple of projects which are there on the table. One is the expansion that we won't interact. So we are already expanding our alloy wheel capacity by another 1 million. I guess that project itself will cost around INR 110 crores. Other than that, the maintenance CapEx, which normally remains in the range of INR 25 crores to INR 30 crores. And then there will be additional INR 15 crores, INR 20 crores that we are spending on automation.
- Aditya Walekar:** And this excludes the AMW CapEx.
- Naveen Sorot:** Crores will be the CapEx that we intend to spend in current year, but most of it will get funded by accruals.
- Moderator:** The next question is from the line of Rohit Suresh from Samatva Investments.
- Rohit Suresh:** So my first question would be on the alloy wheel part. So as you stated earlier, the additional 1 million unit capacities are expected to come by the end of the financial year. And so I just wanted to know, you said 80% to 85%, we are expected to have that capacity you may immediately. So how much of that would be the export orders just broadly, if you could say.
- Management:** So out of the total capacity that we have 4 million as of say, 1st of April 2023, -- the order booking which is happening right now is to the tune of 15,000 to 20,000 wheel per month because domestic market is the focus. It should not happen that with the lesser amount of capacity in our hand and we commit something and we make a mistake. So to start with, it is going to be between 15,000 to 20,000. And eventually, it is going to be going between 30,000 to 40,000 wheels per month. So there is another capacity will be for exports to start with.
- Rohit Suresh:** Sir, and to increase. So if I'm not wrong, our final goal is to reach 10 million units in alloy. So do we have space within our current facility? Or how do we plan to expand post 4 million wheels?
- Management:** So if you look at the current plant, which is situated in Mehsana is on a land bank of almost 70 acres. So of the 70 acres, we have utilized almost 50% of that, so the current facility is utilizing 34, 35 acres. So we are still left with 35 acres, we can replicate whatever facilities that we have created until now. So we can additionally create another 3 million to 4 million.
- I guess the only decision that needs to be taken at our end whether we want to put up the entire 8 million or 9 million in a single location or we want to spread it out. I guess it is a decision that may be taken at the right time. But as far as the current land bank is concerned, we can actually double our capacity in the same location.

Rohit Suresh: Sir, and on the Maruti part, do we see us centering into Maruti like it's been considering we are into all the other companies, do we expect to enter Maruti anytime soon?

Management: See the market is fragmented between the wet and [inaudible 0:27:19] I think that Maruti being served by us to the 55% to 60% in terms of the steel wheel requirement, I feel there should not be any problem. But as you always have few vendors which are serving the customer, and that's the first priority. I think Maruti is the kind of size that they have and the kind of presence that they have, they are present in two locations in north, third location is coming up.

Their fourth location is in what do you call is Gujarat and the fifth location by the way of Toyota is in Bangalore. So you can imagine that 1.7 lakh car, they will not be doing it with two vendors. That is for sure. And we are at very advanced stages of getting into Maruti where we feel that this financial year, we should have some good news.

Rohit Suresh: Sir and one last question, if you could just give us the capacity utilization across the plants for Q2?

Management: So it will be done based on H1, for the [inaudible 0:28:26] large it's around 87% utilized for Chennai car plant it's around 62% utilized. -- Chennai trust plant is around 50% utilized. And then Jamshedpur plant is at 66% utilized -- and then Mehsana plant is at around 93% utilized.

Moderator: Thank you. A reminder to the participants, anyone who wishes to ask a question may press stand and one at this time. The next question is from the line of Rajat Setiya from ithought PMS. Please go ahead.

Rajat Setiya: Sir, can you please help us understand a few things about what we had mentioned in our last call about getting into new products. We had mentioned that we'll get into motors software for EVs and some products where we will be making alternatives to imports in India and some aluminum-related die casting opportunities for the export markets? Can you please help us understand what are we thinking about it? How strategically they will be effect to our current portfolio?

Management: So on motors and controllers, that we spoke last time. I think there are a few deliberations, which are going on right now because the CapEx is not very large in that. And the opportunity size is clearly very, very large for a country like India. -- where EV is moving towards it. It obviously thinks very good with us as a product because we are maker of the wheel. So wheel plus motor the controller is a one big assembly where the customer has to not deal with five vendors but with one vendor. So that's a strategic fit for our customers.

And unfortunately, in a country like India, we are not having our own controllers in most of the cases. It is mostly from China or Korea or anywhere else with very obsolete kind of a technology, which is reversing out right now in the country. So there are three, four

deliberations, which we are going on, and with the help of the customer itself in terms of the interface, once we get a go ahead, then these deliberations will be revealed to the market with most likely best-in-class technology and ready to move in the product.

So it should not be a product which is going to be done over maybe next three years or something, the deliberations are happening, where the product is ready and we are trying to assess it by a technical team, and there are financial delegation and the terms of the agreement and all that. And once the customer gave some bit of highlight towards it, it will be publicly released. And we feel that we are close to a few of the candidates, but till the time it is very-very short in terms of the timing the market and entering it immediately. There is no hurry to do that.

Rajat Setiya:

Sir, two follow-ups on this. One, you mentioned controller technology is not in India. So when we do motors, will we be doing the controller? And is there anybody else also doing the same thing in India or so far, nobody is trying that?

Management:

People who are trying to do that. But I think it is obviously, the market is going to be so huge. I tell you very frankly, currently, we are selling at 13 lakhs, 14 lakhs, maybe 15 lakhs on an average two-wheelers every month. I will not say that 100% of the thing will be getting converted into EV. It will take that bit of journey to travel. But I think over the next three years to five years, I think 30%, 35% of the market will be converted into EVs, especially into two-wheelers and three-wheelers, and I feel there's a huge market for motor plus controllers, where they speak to the vehicle and it unloads the work of the vehicle manufacturer.

So the controller who can speak to the communicator and can communicate with the vehicle and will be advanced in technology will be the winner. So I will not say that there will be only one player. There will be five players. And I think that everybody will have a good pie of skin in the game and with technology as the advancing factor, whoever will be advanced to meet a quality like a Tesla or Rivian, I think that's where the differentiation is going to be.

Rajat Setiya:

So this is basically the motor control unit that we will be doing, right?

Management:

It's a motor control as well as the ECU. So it's not going to be ending up at only motor control. It is going to be communicating with the vehicle also in terms of understanding and giving us feedback to the customer as well as the automaker that, yes, there is a problem in the vehicle, and it gets on your mobile phone and on the dashboard and it gets to track and analytically give you data is where the change is. So who serve does that? I think any central controller is available right now, you thought and the scooter will move, it's available.

But when it is giving you a feedback that technology has to come in where the controller speaks to the environment of the body, which is moving. And based on the environment, it gives you

signal, yes, there is a problem, it is good, it is bad and behavioral pattern gets tracked. And accordingly, the amendment to the motor and the vehicle design gets designed by the OEM. That's why the technology will come into play.

Rajat Setiya: So to begin with, we will be doing two-wheelers and three-wheelers and then we will move to four-wheelers, is that what?

Management: We are fairly sure about India's priority, I will not say that India is not going to be in an EV space or four-wheeler, but I think that the priority is definitely two-wheelers and three-wheelers because that's where the volumes are you don't want to play with only 5,000 cars in a month, if you're talking about it, it's 5 lakhs units and you're saying. supplying 1 lakh units is where the product is going to be. And that's where the scalability will come into it. That's where the commercials will fall into. And that's what the focus is. Given that, we are not saying no to the four-wheelers.

Rajat Setiya: And sir, what's the name that you mentioned, MCU is one thing and diverts the other called?

Management: Can you please repeat that?

Rajat Setiya: You mentioned MCU, you will not be doing just the MCU, but also MEC or something like that you mentioned like, what's the name?

Management: EC, Engine Control Unit. In this there is no engine. Motor speaks to the entire dynamics in terms of battery management system, to the circuits, to the lights, and it controls the behavior and shares the data with OEM, which is the scooter maker as well as the user. So it says that you are breaking very hard, so improve on it. They're getting too soft improve, you're cornering too hard, improve on it. So the customer gets a constant feedback and improvement on the subject get subjected to him as well as to the builder. So that's what the technology is going to be going forward. That's what we feel.

Rajat Setiya: And sir, if you can also talk about the other products that you mentioned in the last call?

Management: So we also spoke about some of the casting products where we are trying to work out for light-weighting the products where the products are right now under the stage of validation at the customer end, because obviously, it's a new technology, and it is coming with the customer consent. There is a commercial impact on the car in terms of becoming little expensive, but then it is going to be competing when you have export ambitions. So we feel that it will also take one month or two months to get into that review from the customer to review these products.

And yes, as soon as anything that gets broken down into these two, three areas where we are

trying to see the next level of growth for the company to move to a \$1 billion club is not going to come only from wheels. Yes, there is a huge market. But yes, these are smaller, smaller Sunrise industries, which is where we feel that the growth is going to come in and with not a very large CapEx, which is involved.

Rajat Setiya: And the software also is something that you had mentioned, software for EVs?

Management: So we didn't say software. It was mostly of the controllers that we were talking about.

Rajat Setiya: And something related to import, alternatives to imports. I'm not sure, if it is same as control units or it's something?

Management: Motors, which are almost 70%, 75% is getting imported and getting retrofitted and getting it to the customer. I think it's a huge industry, which is being served to the tune of 50,000 motors every month, which is organized market. I don't even know about the unorganized market, which may be another 20,000, 30,000 numbers.

So you can imagine that there are 80,000, 90,000 units which are getting sold every month, average utilization at this price is close to INR 10,000. So, numbers are with you in terms of localization, and I think that India has all the potential to do so with best of the cost and best of quality and reliability and localized. So that's where the focus is. And we feel that we have the capability to build it given that we should have a good technology partner, we should have good technology. Otherwise, there is a point to be a third world technology and trying to build something which we don't know.

Rajat Setiya: And that will be the average selling price for -- I mean per vehicle?

Management: Its INR 10,000 to INR 12,000 per vehicle.

Rajat Setiya: And by when do you think these new initiatives like aluminum related aluminum dye-casting related products or the EV-related products?

Management: Here from month, this financial year, we will hear the good news coming in.

Rajat Setiya: Sorry, in this financial year?

Management: It's the current financial year.

Moderator: Thank you. A reminder to the participants, anyone who wishes to ask a question may press star and one at this time. The next question is from the line of Rajat Setiya from ithubot PMS. Please go ahead.

- Rajat Setiya:** And so we had, I think, also mentioned about OTR wheels. Are we not already doing them or we want to add more SKUs? How is it?
- Management:** So OTR, we are already doing it. It's the expansion of the market and getting into different countries, which is already in place. And I feel by November the first wheel will roll out from our factories for sampling and distribution to the European side. We are on track on that.
- Rajat Setiya:** So we also mentioned about increasing our alloy wheels capacity to 10 million units in five years from 3 million today. So how much of this incremental 7 million you think is we are planning for export market?
- Management:** I think export is the market where I think Indian market will grow at 12% to 15% CAGR over the next three years to five years. I feel the 7 million market will eventually go to a 10 million, 12 million kind of a market over the next three years, five years. That is fine.
- I think out of which, we can say supply 30% of it or 40% of it and we are at 6 million for domestic market, and balance has to be exports because export is a very-very large industry, which is 350 million versus maybe India 10 million or 12 million. I think that's where the focus is. And there is no doubt that India cannot compete. The golden opportunity, which has now come to India right now as we speak, is that the energy prices in the Europe -- there is a currency crisis in some of the European nations. There are currency crises in some of the African nations. And I feel that that's an opportunity.
- Rajat Setiya:** And sir, what's the CapEx needed to grow this capacity from 3 million to whatever number at the same location in India at the same location wherever we are making right now?
- Management:** So if you look at, I guess, the initial CapEx that we did to put up the 3 million at the start was almost around INR 350 crore. Probably cut down some bit of it, because the land is already there. But I guess still we'll be hovering at, because the inflation has already taken place. So INR 350 crore will be the kind of value so INR 350 to INR 400.
- Rajat Setiya:** So another 3 million, similar number basically?
- Management:** Yes.
- Rajat Setiya:** And if we have to, like we are saying we may not do everything at the same location. So if you go to the new location, then this number will get bumped up by another INR 50 crore, 100 crores or more?
- Naveen Sorot:** It depends on which location you are shipping and what is the price of the land that you are acquiring.

Management: Also I think that what Naveen said is a strategic importance that the port should be near, because raw metal is almost 100 ton imported. Because of the quality standards, which are getting maintained and I feel that's the primary condition. And obviously, industrial debt is very important, where harmony of industry is very important, because, when you're talking about these capacities, these are single source kind of programs and you can't have issues. So I think Gujrat fits in good we have land also. The only risk that we see is that one location 8 million, 9 million is a risk. But yes, given the conditions, there will be umpteen opportunities which will be available organically as well as inorganically to build up capacity.

And that is going to be dependent on the business plan. I think as you speak 3 million to 4 million is already done and it will be on stream over the next five, six months. And then once we see the end of the situation, I think another 1 million, 2 million, 3 million will be built up based on the market condition.

Rajat Setiya: And sir, I think you also mentioned that in alloys in the global markets, in alloy side, there are hundreds of players. But in steel side, there are only 10 to 12 companies making that. So if you can help us understand, why such a wide difference in terms of the industry players and the way industry works in the two segments?

Management: I think alloy side, there are only 10 players, which are above 10 million capacity. So you can imagine that the large, the big boys are only 10. The big boys are to the tune of 50-50, 60-60 million kind of capacity. Steel Wheels, because the demand is very less globally, because developed nations are all way at 90% to 95% of alloy wheels. That's why they are -- these are proprietary businesses running in Europe, they're running in Turkey, they're running in Morocco, some of them are running in China also.

And some of them are in Brazil and US. And people have not invested too much of money into that because they are loss making for them because they have to compete with India, they have to compete with China. So this capacity will always be a challenge and any financial loss to them is a good news for India, because it keeps on building those kind of capacities which we are building in India at a cheaper cost, much more viable to compete with those guys.

And in alloy, as we said, that there are many, many players because there is umpteen demand, 350 million, as I said. And in those 350 million, the size is the complexity and the design changes are very, very critical, and they are very frequent because of the aesthetic looks. So that's why, I mean, there are guys who are making only 50,000 wheels a month, but they are making very discrete kind of wheels because that's what the market is. So it's a very different kind of market than steel as we speak.

Rajat Setiya: And are we also looking to acquire to add capacity in the alloy side?

Management: Yes. So as I said, organically or inorganically as we did this CapEx, I think Naveen shared

the number of INR 120 crores, INR 125 crores. So you can imagine that INR 125 crores, we are going to be adding close to 1 million kind of capacity to create a top line of close to INR 400-odd crores at an asset turn of close to three times.

So this is what the factor of safety with the inorganic growth is going to be. But there are some for risk also. So there will be opportunities which will be seen globally, because these energy crisis will surely make some of the guys go bankrupt in Europe. We are very, very sure of that. So good asset comes in, which is recently closed or which was serving to an OEM.

So it's easy because the machines are standard, which are coming from Europe to Italy to China to Korea to Taiwan with a standard machines and should not be a big worry if you take them by running them for 5 years that they are going to die down. And if you can take advantage of that situation, why not? It saves a lot of CapEx.

Rajat Setiya: Sure. So those targets may be outside India and Europe, largely given the current situation?

Management: Yes. So the way that we did, I think last one is from Malaysia, it was a close plan that we took over. I think next one, anybody -- because there are already offers which are coming from Europe, where the plants are getting shut. There are plants which are getting shut as early as three months back. So you can imagine that there are much more cases which can come in going forward in maybe three to six months. And if we want to do that. It's a good case to build that capacity at maybe half a cost. Why not?

Rajat Setiya: Sir, finally...

Moderator: So sorry to interrupt, but for any follow-up, maybe request you to rejoin the queue, please. The next question is from the line of Prolin Nandu and from Goldfish Capital. Please go ahead.

Prolin Nandu: One, you mentioned that the realization in alloy wheel 4.5 times versus that of steel. Could you help me understand how are the margins? Or contribution margin different between the two categories?

Management: So we'll talk about -- it will not be fair to talk EBITDA percentages because raw materials keep on changing. I think -- EBITDA per wheel to do that for both segments separately.

Management: So in terms of percentage, I guess, this is a number which is standing. So when we say 4x in terms of realizing, I guess the 4x is also the difference in terms of the raw material costs as well. So aluminum is roughly 3.5, four times the steel.

In terms of EBITDA percentages, I guess, EBITDA in aluminum will be hovering in the range of 14% to 16%, post the increase that we have seen in aluminum. The similar EBITDA in steel specifically let say it is steel will be in the range of 8% to 9-odd percent. In export

market, this number will be closer to a 10% or 15%.

Prolin Nandu: Sorry, I missed that export part, 10.5% to 11% you mentioned in the export market?

Management: 8% to 9% in the steel PV domestic and between 12.5% to 13% in PV exports.

Management: Alloy will be hovering between 14% to 16-odd percent.

Prolin Nandu: So broadly, I mean, broadly were to equate between steel and aluminum, aluminum margins are about 50% higher than steel. I mean, is that a fair way to look at it? I mean, by the range that you have given?

Management: Yes, I think it's a fair thing to...

Prolin Nandu: Per wheel. And on this AMW, I mean, NCLT issue, right? I mean I see that in September, this Triton Motors have probably approached Supreme Court to be in. They have -- they also want to probably bid for the subsidiary in which we have bid. So what is the status there? Can there be any delays -- and just an additional question to that, what is the status of the plant right now? Is it running? Or is it completely closed? What's the status of the plant?

Management: Okay. So first, on the Triton side, you will see Triton approach NCLT to participate in the process. So NCLT approved in their favor. So we moved to NCLAT. So NCLAT decided the matter in our favor. Another Triton, as you said, has approached Supreme Court. In fact, next hearing is now scheduled in December. But as far as law is concerned, I guess our position is pretty secure.

No one can be allowed to participate at such a late season the matter already there with NCLT. Otherwise, it will open a Pandora box because now every time anyone can come up and say like, I probably like to maximize the value as the value is there in the public domain. So as far as law is concerned, I guess the position is fairly secure for us.

Now it is just a matter of Supreme Court taking up this matter and deciding it. So the December is a month where the hearing is scheduled. We expect this probably will get sorted out within December itself -- if the hearing to take place. And then matter will again fall back to NCLT for taking up the matter further, which probably will take another two to three months. So as far as the entire process is concerned, this probably will get concluded either at the end of Q4 or maybe at the start of Q1.

Prolin Nandu: Sure. And what is the status of the plant? Is it running or I mean

Management: It is not serving any one today.

Prolin Nandu: So I mean the further the delay, is it possible that the assumptions that we are working with in terms of how much can it produce without any CapEx? Or do we need to then spend higher

CapEx to get it

Management: In any case are intact. So 6.5 million, 7 million that we have indicated is something which is readily available, irrespective if the plant is operating as a date or is -- in fact, when we have shut down the paint plant, it was -- we shut down cost following the new projects so that we don't encounter any problem when we restart the plant. So we were involved when we are shutting down that particular subsidy. And due processes were followed. So there is no additional incremental cost that we believe we need to incur at least to get that 6.5 million, 7 million.

Prolin Nandu: And again, sorry, coming back to this point that you made that organic growth will give us - - I mean, our organic CapEx will give us 3x asset turn. Was this specifically on alloy wheels, right? I understand because in steel, we are relying a lot on AMW, right?

Management: I said, inorganic growth.

Prolin Nandu: Sorry, inorganic growth. Okay. So what is the asset on so typically that one should look at when it comes to alloy wheel?

Management: For an asset turn, I think it's a two times asset turn, which is for an organic greenfield project that you will try to do it. And that is good at 18%, 17% a margin. But if you get a good asset to convert with your existing de bottling exercise and you get it at 3 times, 3.5 times, then obviously, it's a kick to eat, obviously, when you talk about a fresh plant to be deployed because now the plant does not have capacity to add it to 4 million by debottlenecking. We are stuck there, anything which is going to be done to make 4 million to 5 million, 6 million will be green fleet. And that greenfield needs to be strategic in terms of equipment, in terms of the setup. I think anything which is above 2 times is a rate cut.

Prolin Nandu: Understood. And when you mentioned that you are getting some offers from Europe because plants are shutting down. So, are we going to acquire some capacity there? Or are we going to acquire some assets there and probably

Management: I think the interest is not going to be running the plant there in Europe. That is not a sensible -- it's only the machinery and everything which is there, and we know the machinery because there are standard manufacturers where the equipment's are very standard for the past 10 years, and we just pick up, lift them to India and roll it

Prolin Nandu: And then what might open that if you might get something good in the market, then you will have to probably spend something on land as well, right? I mean is that a fair way to look at it? I mean, is that

Management: Here that is not a problem. I think we have 35 acres of land, should not be a big worry. It is just to see what customers say. But for surely, it is going to be near to the port.

Prolin Nandu: And last question, on this motor and controller piece with ECU that you mentioned, you mentioned that the CapEx is not that large, but what could be the number that we should work with, right? If again, what if the CapEx is not large, then I understand this whole integration of wheels and motors OEM does not need to go to many other end, but then if the CapEx is large, what are the entry barriers that we are looking at, right?

Management: I think CapEx is not an entry barrier in this. It's technology, which is the entry barrier. I think CapEx will be INR 50 crores, INR 60 crores at best to start with at a scalable side. And that's not enough knowing that the opportunity is maybe \$1 billion. opportunity is \$1 billion for sure. I think over the next 5 years, this opportunity will be a \$1 billion opportunity. can we grab INR 1,000 crores, can we grab maybe INR 500 crores kind of revenue. It all depends not on your agility to adopt but agility to develop and demonstrate your quality of product. I think that is the only

Moderator: Before we take the next question a reminder to the participants please limit your question to one per participant for any follow-up, maybe request you to join the queue -- the next question is from the line of Pulkit Singhal from Delmas Capital. Please go ahead.

Pulkit Singhal: Question is on the finance costs and payables, I think we have our payments has -- we paid back our payables quite fast this first half. And any reason for that? And is that reflecting in better margins also for us because we paid back some

Management: So there are a couple of points to it. I guess one is the part of these sales are not part of buyers rate as well. So if you look at the short-term borrowings, some part of that allow wheel creditors has converted into BCI, whereas BCS has increased by almost INR 80 crores if you include that ATCR in the cash flow in the operations, I guess the number will be a positive number.

Second, we have definitely paid around INR 25 crores to INR 30 crores additionally. -- just to cut down on our overall costs that are under negotiation with the suppliers. So I guess there are some key suppliers that we are in discussion with to get the POD kind of structure, to which slowly will start reflecting in our P&L starting this quarter.

To decline in inventories as well. So we have cut down on our lifting as well. So part of it is already reflecting in the cash flow, if you look at inventory I guess it's almost INR 55 crores INR 56 crores, which is partly getting offset by the increase in the aluminum inventory. Otherwise, the inventory decline in the steel is almost around INR 70 crores, INR 75 crores years.

So the accumulation of everything is reflecting in that credit that you are looking at. But what will happen in H2 is most of it will get mitigated. So whatever cash from operations will be there, will get directly flow and will become the part of net cash from the operating activities. So you'll not find these differences in H2.

- Moderator:** The next question is from the line of Chirag from RatnaTraya Capital. Please go ahead.
- Chirag:** Could you please give us the volume and value split across the steel domestic segment? Is that handy?
- Management:** I think this detail we'll try to share with Amit because it's a metric, which is a little larger. Amit, will that be fine?
- Amit Hiranandani:** Right? Sure. That's fine. I'll take that offline.
- Management:** And this will be very large in terms of writing. So we'll share a common metrics with Amit in segment rate.
- Chirag:** And just one question on the gross profit side. Given steel price movement this quarter, were there any inventory loss or was there anything one-off in this quarter on the gross profit side? Or was it more or less a normalized quarter for us now
- Management:** I guess there is a reduction that we are seeing in the prices. I get the impact of that will be visible in this quarter, that is Q3. And I guess for this entire two based on the amount which is settled as on trade, that amount comes at around INR 10 crores to INR 12 odd crores. I guess that probably will come in what we believe is majority will come in Q3.
- Chirag:** So INR 10 crores, INR 12 odd crores of realization that was less than what we should have gotten, which will come in Q3. Is that what you're saying from a cash perspective?
- Management:** What is happening. So there is settlement which has happened between the steel supplier and the OEMs and the steel suppliers and us. So there is some reduction, which has now started to come in. So these reductions in now is getting settled. So there will be an inventory loss of around INR 10 crores to INR 12 crores will be there, which will probably hit our P&L majority of will get hit in Q3 and some part of it is to Q4, if you recall, last year, we had inventory gains to the tune of almost around INR 60 crores. Again, this year, we are expecting this large base on the settlement, which we have already done to the tune of around INR 10 crores to INR 12 crores. So the impact of this will be visible in Q3 and Q4.
- Moderator:** Thank you. The next question is from the line of Devansh Nigotia from SIMPL.
- Devansh Nigotia:** Sir, I'm just a little bit confused over here. You mentioned that the inventory losses will come in next two quarters. But generally, our closing inventory, the write-downs for the closing inventory would happen as the delta of steel prices from the opening date of the quarter through the closing date. So why did not come in last two quarters and will come in next two quarters? If you can just elaborate a bit more on that.
- Management:** So in this year, we have no settlement which has happened in Q1 and Q2. Those settlements got delayed. So those settlements have now started happening in October itself. So the impact

of debt probably will fall in Q3. And based on how we are utilizing your inventories, probably a smaller amount of it will fall to Q4 as well. So that is why the Q1 and Q2 are not carrying any of these impacts because the settlement had not happened.

Devansh Nigotia:

In case of noble players, like US Maxion, they say that the preference in US is going back towards the local suppliers, because of the lead time in supplying the wheel. So is that what has also impacted us this year in comparison to last year? And going forward, if you can also share your outlook on exports for the next two-three years, what is the kind of scale you're looking at?

Management:

The sector was -- settlements where, as I said, there is no problem, and these are very -- I mean, if we do it after in the month of December also retrospective action will be done the way that steel settles with us, we set it with customers. So it should not be a big worry. I think from a perspective of exports, as I said, that there is a definite reason to slow down and it is very much visible knowing that US, which was running at close to 17 million rate is running at 13.5 million to 14 million rate.

Partly, some of that impacted because of chips, but definitely, there's an impact coming in from the respectable disposal income, not finding place for the cars and these disposable income spends. So we feel that inflationary pressures, which are visible in Europe as well as America, as well as the overall sentiment towards procurement of a discretionary item, which is like a car or a replacement of a car can definitely take a pause and there is a sharp cut, which is happening on the side of exports. And we feel that despite that, including the domestic factors of improvement, I think business is doing good on the topline we should be doing close to INR 500-odd crores on the top line in terms of addition, in terms of apple-to-apple to financial years, 450 if you do on a non-inventory versus inventory gain, I think that's also a good factor.

And we feel that sooner or later, exports will also bounce back. I think H2 is where we feel that H1 has already started seeing some green shoots and H2 will see exports of alloy wheels also and exports of the passenger vehicle wheel also. And we feel that H1 will be at least from a perspective of growth from H1 to H2, H2 will be far better than H1. And from a scalability point of view, I feel that, as I answered it earlier only, 350 million wheels alloy wheels we know the world so I think can we sell 1 million, 2 million, 3 million over the next two-three years? Definitely, they can do that. And pricing should not be a vary 15%, 16% margin capacity is there, why not? So scalability is definitely there.

Moderator:

Thank you. The next question is from the line of Keval Shah from Jeetay Investments. Please go ahead.

Keval Shah:

Does the energy crisis led opportunity from Europe, does that hold through for steel will rims as well, or is it only for allowed wheel rims, because I think we sort of have much of a steel limits exposure because of the scale advantage and competencies. So does that does this crisis

sort of tend to benefit us on the steel wheel part as well?

Management: So as I said, that energy prices, energy prices, so power cost is definitely a largest contributor to wheel manufacturing, whether it is alloy or steel, and in steel side, power contributes to closer to, I think, 20%. And I feel anybody will get hit because of that. And it will have its own impact for shifting the base from Turkey or a European side to an Indian side. And right now, I think it's not about demand at all. I think it's about safety and people are looking for safety. And we feel that longer-term discussions on these subjects will definitely be fruitful for a country like India.

Keval Shah: Okay. But there is no such visibility as to for the -- from an export point of view for, let's say, FY '24, any conversation that we have had and which have actually sort of got converted because of this problem as yet?

Management: I think '23, '24 will be tough as to say, but I think from H2 side, as we said, that there are green signals which are already coming in. As I said, there are plants which are shutting down, there are emergency lines which people have started to come in and say that can you do this. So we are into that discussion with many people, the entire export team is in America right now with almost 11 customers of emergency meetings. So let's see how these meetings going over the next 10 days, 15 days, and we feel that we are fairly confident that the H2 is going to be far confident and far stronger than H1.

Moderator: Thank you. The next question is from the line of Rajat Setiya from iThought PMS. Please go ahead.

Rajat Setiya: Sir, one last question about the debt level. So given we are looking to add capacity in alloy side and probably an AMW will do some CapEx. And we may acquire some additional capacities or new products we are talking about. So all-in-all, CapEx plans we may have for the next two-three years, how do you look at the absolute level of debt on the books? Do you think it will remain at similar levels? Have you picked out on the debt side or it will go up from here onwards?

Management: So I guess based on the kind of cash approval, which is there in the business and the kind of repayment which are scheduled over, let's say, next three year, this year is almost INR 85 crores getting paid out next year, I guess it's a similar amount of the repayment liabilities which are there. So we believe that the overall debt should actually come down with the kind of cash approvals here. There are projects which are there on the table, but most of that should get funded by accruals.

Rajat Setiya: So current level of debt is probably, when we talk about term loan, it is probably be peak 11, we are not going to go up from here?

Management: Yes. So there are repayments scheduled, which should be followed and endeavor will be to

fund all the expansion plan that we have by accruals. And I guess there are a decent amount of accrual, which has there with EBITDA at INR 450 crores plus.

Moderator: As there are no further questions, I now hand the conference over to Mr. Amit Hiranandani for closing comments. Over to you, sir.

Amit Hiranandani: Thank you very much management team for spending your valuable time and providing us this opportunity to host the call. Sir would you like to have any closing comments?

Management: Thanks a lot, Amit for giving us the opportunity to share our thoughts with the entire investor investment fraternity and I thank all for giving us this opportunity to share our thoughts. And we feel that based on the suggestion that mostly are coming from all of you guys, we are trying to change the mode of communication.

And we feel that from the business point of view, India has a great opportunity to grow, and I feel that we want to be a part of it. And we feel that any suggestions, which comes in from the perspective, can forwarded to Amit to further give the thoughts in a clearer manner. And once again, I thank all the participants to giving us the opportunity to speak and share our thoughts. Thanks a lot once again.

Moderator: Ladies and gentlemen, on behalf of SMIFS Limited, that concludes this conference. We thank you all for joining us, and you may now disconnect your lines.