



ROLEX RINGS LIMITED

(Formerly known as Rolex Rings Private Limited)

[CIN: L28910GJ2003PLC041991]

Regd. Office:-BEHIND GLOWTECH PRIVATE LIMITED, GONDAL ROAD, KOTHARIA, RAJKOT

Phone: (281)6699577/6699677

Email: compliance@rolexrings.com website. www.rolexrings.com

Ref. RolexRings/Reg30/AnalystMeeting/Nov2021/2

November 03, 2021

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 02, 2021	Investor/ Analyst Call scheduled by Equirus Securities with the management of the company to discuss the company's results for 2QFY22	Zoom Meeting (Virtual)

No Unpublished Price Sensitive Information (UPSI) was shared/discussed in the meeting with the investors/analysts.

However, as a matter of better compliance & investors' services, the Transcripts of the said Analyst Call is attached herewith, for reference & record please.

Please take the same on your records

Thanking You,

Yours faithfully
For Rolex Rings Limited
(Formerly known as Rolex Rings Private Limited)

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



File Name: Rolex Rings Limited (Corporate Presentation & Update on earnings for Q2FY22

Duration: 63:46

Ashutosh [00:30]: Hi, Good afternoon everyone. On behalf of Equirus Securities, I welcome you all on the Rolex Rings Limited. quarter two, conference call. From the management side we have Mr. Manish Madeka, Managing Director and Mr. Hiren Doshi, CFO. Over to you Hiren Bhai for initial remarks and then we can follow up with Q&A.

Hiren Doshi [01:55]: Yeah, thank you Mr. Ashutosh. Good afternoon, ladies and gentlemen. I hope my screen is visible to all of you.

Ashutosh [02:03]: Yes, visible. Go ahead.

Hiren Doshi [02:05]: Okay. I welcome all of you in the quarterly conference call particularly for the quarter two. Before starting this thing, I would like to convey Season's Greetings to everyone, wish you a very Happy Diwali and a prosperous New Year ahead and most respectfully a healthier ahead. Allow me to start the presentation. I would like to inform the members that company is pleased to inform that in the quarter two company has recorded revenue of almost 260 crores, vis-à-vis 231 crores in quarter one. Both put together in the first half of the fiscal year FY 22 company has recorded revenue of 490 crores. We are expecting the same momentum in the second half and we are very much confident to cross the 1000 core mark in this current fiscal. The EBITDA margins of the company for the first quarter of FY 22 was 24.9% it has gone down to 22.4% in quarter two. In the first half the overall EBITDA is 23.6 percentage. Would like to tell that the downfall in EBITDA in a particularly second quarter there are a few reasons behind that first of all the commodity price the steel raw material price which has gone up significantly and company is having terms with their customers to pass through on a quarterly basis and so on. So, there is a time gap or time lag between passing of my raw material cost to my customers that is one of the reasons apart from that the margins got bit hit of half odd percentage, half odd percentage to .7 percentage because of the quite sharp increase in the ocean freight. Company is having delivery terms with certain his customers on a CIF kind of thing. So, where the ocean freight has just affected the margin. As far as the PAT is concerned quarter FY 22 quarter one it was 30 crores, in FY two it is 33 crores, 32.7 crores. I would like to inform here that PA T is 33 crores wherein the company has booked 30 million that is 3.2 crore rupees, a notional entry of the interest for the non-convertible redeemable preference shares what company has retained. Though it is not at all payable, but to comply the Indian accounting standard company has charged 3.2 crore in its P&L for quarter two in the current fiscal. Factually my cash PAT you can say it is more than rather increased by 30.2 million and again a depreciation of six and a half million for particular quarter. In terms of six months the overall PAT is 63 crores, whereas, in cash it would be somewhere about 72 crores.

Apart from that we expect that our solar installation partially it would be completed in December 21, and the balance would be in the first quarter of next fiscal. The revenue split between bearing rings and auto components is more or less same what we had in the last couple of years, 40% is from the auto components, 60% from the bearing rim segments. As usual, our exports market is 56 58% it ranges between that and domestic balance is domestic. The total income as I was mentioning that in first half we have recorded 490 crores vis-à-vis in the last fiscal it was 621 crores something against that, prior to that in FY 20 It was 670 crores, but company has significantly taken this momentum and got the quite positive outcome from its customer the orders are a bit on increasing trend and company has recorded

490 crores revenue in the first half of FY 22. As I was also mentioning that we are expecting to grow in the same pace and maybe on a quarter on quarter almost 8 to 10% growth as we did in the first quarter and the second quarter same we are expecting in the coming two quarters.

EBITDA margin again as I told you that in this current fiscal first half it is touching to 23.6 percentage. In last year it was 18%, prior to that it was 19.4%. Here I would like to address that the company has recorded the highest turnover in 2018 19 where my EBITDA amount was 22.8% that number has also been crossed in this first half of Fiscal 22. PAT as I already mentioned apart from that we have quite good cash flow, we have managed our capex internally, we have managed the repayment of redemption of preference shares internally and as I told you that we are in process of installation of solar apart from that the maintenance capex and certain machining lines company has installed in this first half. The most significantly the debt of the company particularly long term debt has drastically reduced. The CDR debt what company was caring 470 crores in 2013,14 It has just two and a half crore outstanding as on date as on 30th September that was three and a half crores only. Company is expecting to repay this CDR debt in the current month only. Company would be out of CDR debt before December 21.

Apart from that working capital utilization also has been reduced because of quite healthy cash flow and operations have been increased the capacity utilization has also gone up. The return on equity, the return on capital employed as mentioned in my chart, the ROCE as we even earlier promised it would be in the range of more than 30%. It is there in the first half more than 35%. Return On Equity post, adding the infusion of primary round of during IPO return on equity is touching to 27 percentage.

The detailed financials the quarterly numbers, half yearly numbers have been submitted or it has been uploaded over the stock exchanges also members are requested to just go through it. About our company as we discuss initially also those are the brief what kind of company into, in which segments company is among top 5 forging company having manufacturing capacity of almost 1,44,750 metric tonnes producing the bearing rings and auto components catering to domestic as well as US and Europe market mainly. Company is having versatile segmentation, as far as customer portfolio is concerned, company is they're into automobiles, company is there into commercial vehicles, company is there into off highway vehicles and heavy commercial vehicles, company is into industrial supplies, company is supplying bearing rings to the railways than windmills. And as we informed earlier also company has started supplying certain components for the electrical vehicle also. Company is having capabilities to produce electrical vehicles and company is also approaching the few of the OEMs and tier one supplier who are the supplier of components, the EV OEMs.

Manish Madeka [11:25]: Our customers are also developing the EV component or gearbox suitable for electric vehicles. So, the development process has also started.

Hiren Doshi [11:37]: And rest of the thing I request members to participants to go through it is what about our industry, what about our facilities. Now the session is open for Q&A.

Speaker 1 [11:52]: Thank you Hiren sir for the detailed opening remarks. Ladies and gentlemen, the floor is now open for the Q&A session. We will wait two minutes until the question queue assembles. Yeah, so, we have a first question from Mr. Harish please unmute your line and ask your question.

Harish [12:18]: Hello.

Hiren Doshi [12:20]: Yes, sir.

Harish [12:21]: Yeah, Good afternoon the Rolex team and Congregation for the successful IPO and the good performance in the second quarter. Your presentation also gives a lot of details about the company and which is really nice for investors to know about the company. My query is regarding your ring section of your business. Who are the listed competitor for us and what is our markets share into the ring?

Hiren Doshi [12:55]: Sir, hardly any entity is there as far as listed entity who are producing into the bearing rings in the segment where particularly we are let me tell you as far as domestic market is concerned as per the report issued by Accra, the Rolex is catering 30 to 35% market share as far as bearing ring is concerned. And again as you better know that bearing rings can be produced from the various different routes like forging, trepanning and steel tube so on. Rolex is engaged in the segment of through the forging only so there the company is having a market share of 30 to 35% in domestic region.

Harish [13:41]: Okay, good to know that. Since you catch up on the forging so I was just, you know, thinking your name of Rolex ring, does not describe the company capability in the manufacturing of automobile part and the ring and you are doing a lot of forging for the automobile part and the industrial part and all those things. So it's a just suggestion and you can think on these lines sir. I know it will be difficult to change the name, but your name should give some indication that you are not only into the ring, but you are into a lot of auto components and the forging and other thing. So that will give you the better picture of the company image of the company and I look forward to the good performance from the company and all the best for the future.

Hiren Doshi [14:36]: Yeah, I told you your concern, but I would like to clarify that the auto segment diversification company has started somewhere in 2013 14 onwards, but company has incorporated prior to that in 2003 only and we were there into the manufacturing of bearing rings only till 2013 14 or so. That is why but we will see to address your concern how we can.

Harish [15:04]: Sir it is a suggestion sir, not the concern. It is a suggestion sir.

Hiren Doshi [15:07]: Yeah sir, sure.

Speaker 1 [15:17]: The next question is from Mr. Sonal Gupta. Please unmute your line and ask your question.

Sonal Gupta [15:45]: Okay, can you hear me now?

Hiren Doshi [15:48]: Yes.

Sonal Gupta [15:48]: Yeah, thank you, sir. And good afternoon and thanks for taking my question. Just a couple of basic questions one, could you tell us what was the product revenue for this quarter and how much is scrap and other operating income?

Hiren Doshi [16:05]: The scrap revenue is 5% of my quarterly revenue and the rest of it is bearing rings and auto components apart from that my income consists of certain notional entries of forex gain loss and nominal interest income, then export incentives and a windmill income.

Sonal Gupta [16:29]: Right. So no, sir that's why I was trying to understand what is the product revenues out of the 2585 how much is product revenues?

Hiren Doshi [16:39]: That was 247 crores.

Sonal Gupta [16:44]: 247. And scrap you're saying is 5% So, you're saying scrap is almost 13 crores.

Hiren Doshi [16:53]: Yes, sir. It is 14 and a half crores.

Sonal Gupta [16:58]: No, sir, then that will be more than 2585, right?

Hiren Doshi [17:02]: Sorry.

Sonal Gupta [17:04]: I mean, if I sum 14 and a half and 247 then I get sorry one second... then I will get more than the 2585 that is your...

Hiren Doshi [17:17]: No, sir, this 247 what I told you that is inclusive of my scrap value.

Sonal Gupta [17:24]: Oh, okay. So, 247 is including scrap and scrap you're saying is 14 and a half crores. Got it. And just on this interest cost related to non-convertible the notional head so till when will we continue to see this?

Hiren Doshi [17:52]: No, sir, it was just in this quarter only it has completed transaction has already been done and there would not be any further impact or future impact. That instrument is out of the balance sheet now.

Sonal Gupta [18:07]: Okay, so there's no further hit...

Hiren Doshi [18:10]: No, not at all.

Sonal Gupta [18:13]: Okay, great. And just like you mentioned, also the CDR will be completely paid. So what will be the impact of that in the sense like, how does that help you in terms of I mean, your interest cost should reduce further with post is coming out of CDR?

Hiren Doshi [18:30]: Sir, as I was mentioning that hardly two and a half odd crore debt I'm caring for the CDR one that I'm going to repay in this month and maybe even not later than December 21. So, thereafter, once I will be completing all other formalities, then company is able to approach or rather company is free to approach the other bankers for the better pricing. But let me tell you that as of now, the company is having working capital utilization, which is the cost of the fund is even less than the 5% overall, because my 80% of working capital limit that is there in the foreign currency in terms of pre shipment and post shipment finance.

Sonal Gupta [19:13]: So, you are already getting that right the packaging credit and all.

Hiren Doshi [19:16]: Yes, yes.

Sonal Gupta [19:18]: Okay. And in this quarter, is there a like for the new road tax scheme, what sort of other income other operating income is coming for that and has there been any recognition of prior quarter RoDTEP?

Hiren Doshi [19:36]: You mean to say this quarter that is the third quarter or quarter two?

Sonal Gupta [19:41]: Q2, Q2 results.

Hiren Doshi [19:42]: Q2 definitely we have recognized the revenue of RoDTEP which has not been confirmed by the respective authority and that is somewhere about 20 million is there in my export incentives.

Sonal Gupta [19:58]: 20 million and so, this 20 million is pertaining to this Q2 quarter or is there a recognition for the previous two quarters also?

Hiren Doshi [20:07]: No, that is for the eight months yes.

Sonal Gupta [20:13]: For eight months.

Hiren Doshi [20:14]: Yes.

Sonal Gupta [20:16]: Okay and is there any recognition of previous MEIS in other operating or export.

Hiren Doshi [20:23]: No, those have been recognized at the respective period only, only the realization was pending and that has also been started by the department.

Sonal Gupta [20:33]: Got it. So, how much of the RoDTEP is pertaining to this quarter?

Hiren Doshi [20:40]: RoDTEP you know, as they have announced different percentages for the different segment broadly what we are expecting from our product basket is somewhere about 30 odd lakhs per month

Sonal Gupta [21:00]: Okay, so, about 10 million.

Hiren Doshi [21:03]: Yeah, because, you know, the government has not extended RoDTEP into the bearing ring segment. That is one of the concern, and I think the major industries for the steel are also affected with this. Earlier MEIS was available for that, but RoDTEP they are silent or rather they have not notified, we expect to have something positive from the government.

Sonal Gupta [21:34]: Got it. So, basically RoDTEP is not available on 60% I mean bearing ring exports, it will only be available on the...

Hiren Doshi [21:42]: Yes, bearing ring exports yes

Sonal Gupta [21:45]: And auto comp is largely exported right 40% of your revenue that's completely export, or there is a domestic portion in that?

Hiren Doshi [21:53]: Out of my total revenue, we have almost 8 to 10% revenue that is there in domestic market, as we have earlier communicated, we have developed a couple of auto players in the domestic segment also, and those have been started in this quarter and that would be further ramp up. But as you said correctly, majors are there in overseas market.

Sonal Gupta [22:18]: Got it. Thanks, I will join back with you. Thank you.

Speaker 1 [22:25]: Now, the next question is from Mr. Abhishek, please unmute your line and ask your question.

Abhishek [22:34]: Yeah, sir. Sir couple of question because we are bit new to your company. So, first is in the last question, what do you do say, your auto component business is what largely domestic or export?

Hiren Doshi [22:49]: No, it is largely exports as of now, we are in the stage of developing domestic customers also, we have already initiated with the couple of customers. So, but even after that the largely part is from the overseas business.

Abhishek [23:06]: And sir they are particularly for which segment? passenger vehicle, commercial what is the segment in which you are?

Hiren Doshi [23:12]: Sir, for the auto segments we have again as I told you, we are into passenger car segments, we are into commercial vehicles, we are into tractors, we are into LCV HCV, off highway vehicles, heavy transmissions and so on.

Abhishek [23:31]: Okay, and they are largely for IC based auto, right?

Hiren Doshi [23:36]: No, no our components are not based on IC, those are mainly related to transmissions, related to wheel hubs that is tire assembly then certain part of silencer assembly and exhaust parts and so on.

Abhishek [23:54]: Okay, sir second is in the last quarter, we have seen some 2% erosion in EBITDA with respect to previous quarter. So is it this larger erosion has come from auto component and not in the bearing rings?

Hiren Doshi [24:09]: No, sir it's not an erosion of this thing because of auto component. It's a overall, as I was mentioning, that certain time lag of passing my raw material pricing to the customers apart from that the ocean freight, it has been bit affected, those are the reasons, sir.

Abhishek [24:27]: Sir can you help us understand how the business runs because since we have long term relationships, do we sell on CIF basis or x factory basis therefore, the freight and containerization cost etc. is that the customer account on the real time basis and on actual basis vis-à-vis we take the burden of that?

Manish Madeka [24:52]: There are few consumers we term his x fit our factory, with few customers it is FOB. So 50% of our customer, we have FOB terms. So freight is not our concern. But other 50% we have CIF condition, but there also we are able to negotiate the freight cost and from this quarter, they have agreed to pay the higher freight cost.

Abhishek [25:26]: Right. And sir what about the raw material pass through how does that formula works in the sense that do we get a plan from our customers specially I'm talking about bearing rings. So, do we get a plan for next three months, six months and then we line up the raw material for that and immediately the material cost is passed through? Can you help us understand the business model actually, sir?

Hiren Doshi [25:51]: As you said it correctly, we have a long term orders or program from our customers, particularly from overseas customer, they are giving us a six month forecast or schedule accordingly we are planning our procurement and as far as the raw material pricing pass through is concerned, every quarter we are revising we are following American metal market index according to that say for example of one quarter the effect of pricing and fluctuation would be effected in the second quarter pricing.

Manish Madeka [26:29]: And for domestic every month.

Abhishek [26:31]: So, basically our pricing is fixed for a quarter.

Hiren Doshi [26:38]: In domestic it is a month on month basis sir. It is almost up current pricing. So, every month pricing is being revised.

Abhishek [26:46]: Right and in terms of product specially for bearing ring we make the outer ring or we have both outer and inner ring?

Hiren Doshi [26:53]: We have inner and outer both.

Abhishek [26:56]: Okay. And typically how is the process we do complete stress relieving, heat treatment and supply the product or there are other processes which the customer has to do at their end?

Hiren Doshi [27:08]: No we are giving a machined bearing rings again as per the customer requirement we do have facility for the heat treatment and grinding also. Few of the customers are required our product being heat treated so we supplied in that condition. It depends it requires as per the customer list.

Abhishek [27:29]: Okay. Sir, in case we want to meet you and understand the business how do we contact you?

Hiren Doshi [27:37]: You are most welcome to our factory, sir.

Abhishek [27:40]: Yeah, but can I have your some contact because we don't have...

Hiren Doshi [27:44]: Yeah, I will request Equirus team to give it to you.

Abhishek [27:49]: Yeah, sure sir. Thank you so much, and all the best.

Hiren Doshi [27:53]: What's your name sir?

Speaker 1 [28:03]: So, that was Mr. Abhishek. I would like to remind the participant to ask your question, please use raise your hand option. The next question is from Mr. Vivek. Please unmute your line and ask your question.

Vivek [28:19]: Yeah, hi. I'm audible? Hello.

Speaker 1 [28:24]: Yes, you are audible.

Vivek [28:26]: Yeah, thank you for the opportunity. Congratulations to Rolex team for good set of numbers. Sir, I would like to understand like, what is the order book visibility we have and how is the demand across different geographies.

Hiren Doshi [28:43]: Sir, as I was mentioning that for last seven, eight months, we had a good momentum and as you have seen from my numbers that we have almost touch 85 crore revenue on month on month basis, we do have strong order book for the next three to four months as on the basis of the schedule given by our customer, which is quite more than our current monthly run rate. It is in the range of 105 to 110 odd crore month on month basis that kind of order book we do have and we are expecting to at least grow as I was mentioning to the extent of 8 to 10% quarter on quarter basis in that.

Vivek [29:32]: Okay. So, you supply the bearing rings to major this bearings produces like Timken, Schaeffler, SKF. So, I want to understand like, are they procuring all the rings from you only or they are having some share there also for their ring procurement.

Manish Madeka [29:50]: No, no in India there are some few small players also, but in few of the company we are 60% of their requirement we are supplier and overall we are having 35% market in India and mainly our bearing ring export is in Europe and USA and the 50% of our product what we export in USA is used for EV segment, EV bearing requirement, electrical vehicle.

Hiren Doshi [30:29]: Yeah and particularly you know the customer the component the bearing ring what they are sourcing from us, we are the exclusive supplier for that kind of product.

Vivek [30:41]: Okay. So, it means majority of the chunk of the rings are procured from your side only when it comes to the majority of the bearing big players like Temken, Schaeffler and SKF.

Manish Madeka [30:54]: We can make up to certain size. So, bearing ring is from say 5 mm bore to you can say 10,000 millimeter OD. So we make up to 900 mm OD. So our capacity is up to 900 mm, and there are also many suppliers from China and Japan. So, they are sourcing from China and Japan also.

Vivek [31:23]: Okay. And one more question, sir. I think, gentlemen, asked earlier also, like you mentioned that we had some tenting margins for this quarter because of some increase in RM cost. So going ahead, you told that these costs are absolutely passed on to the customers, for domestic it is a month on one basis and for exports, it's a quarter on quarter basis. So as the steel prices are increasing, and we have that as the majority of our raw material so do you foresee any hits in margin in this quarter also or we are good there.

Hiren Doshi [31:55]: No, sir we do not foresee because you know, even if the steel price would go up, definitely it would be compensated in next quarter. And we do have some surplus in the next quarter also, what we have not passed through because of time lag. So that doesn't have impact. But if you

check my overall EBITDA for the six months, definitely, it has hit in my quarter two but overall, in spite of this price hike, we have maintained our EBITDA more than 23 and a half percentage.

Vivek [32:31]: Okay. Sir any topping and bottom guidance which you have for this next quarter and how it is? Any guidance sir any ballpark number would be good.

Hiren Doshi [32:41]: Yeah I told you that we expect 8 to 10% quarterly increase in our revenue and we expect to cross or rather 1000 crore mark definitely in the current fiscal.

Vivek [32:55]: Okay. And sir one last question, I'm not sure if that is a relevant question to ask. So you're a new listed player so we don't have much of the history of your this. So, I want to understand like in DHRP, the issues which you have written like the IPO proceeds, which you will be using, so, where exactly we have used those funds, which were raised as a part of IPO, if you can just give us some.

Hiren Doshi [33:20]: Yeah, as I was mentioning my numbers also that we had a net proceeds of 53 Crore which is mainly used for the long term working capital purpose and 8 odd crores something for general corporate purpose out of that, we have already utilized 90% of that amount for the general corporate purpose and as well as my long term working capital requirement.

Vivek [33:50]: Okay. Thank you.

Speaker 1 [33:54]: Then next question is from Mr. Pritesh, please unmute your line and ask your question.

Pritesh Chheda [34:01]: Sir, at 85 crores monthly revenue, what is the capacity utilization? And when you reach about 110 crores that you are referring to what will be the capacity utilization?

Hiren Doshi [34:15]: See, when I will be able to reach 110 Crore revenue it would be somewhere about 65 67 percentage of capacity utilization. As of now, we are at ranging 56 to 58 percentage of utilization.

Pritesh Chheda [34:33]: Of the one lakh forty-four thousand right?

Hiren Doshi [34:36]: Yes, sir.

Pritesh Chheda [34:37]: So, 56% goes to 65%.

Hiren Doshi [34:42]: Yes, to touch the revenue of 100, 110 crores.

Pritesh Chheda [34:46]: And what is the maximum capacity utilization possible?

Hiren Doshi [34:50]: Maximum capacity utilization is to the extent of 115,000 metric tonne per annum, what we can use in terms of top line we'll be able to achieve with the current pricing trend it would be touching to 1600 crore.

Pritesh Chheda [35:10]: And sir, when you mentioned you will easily reach 1000 crore should be based on the quarterly run rate now, you should actually surpass the 1000 crore, right?

Hiren Doshi [35:20]: Yes, definitely we are expecting to surpass but on the conservatively I'm just indicating now.

Pritesh Chheda [35:27]: And at 1500 crore revenue do you see that run rate of 1500 divided by 12 about 125 crore run rate per month, when do you see that coming based on...

Hiren Doshi [35:43]: We expect it would be by fiscal 24.

Pritesh Chheda [35:49]: Okay. So, basically end of FY 23 we should start seeing the run rate of 125 crores.

Hiren Doshi [35:55]: But as you better know there are certain challenges as of now because of semiconductor issue and semiconductor chip though we have a good order book that is why we are able to maintain our monthly run rate as of now, and we expect to get it resolved in this current quarter and maybe by before end of this fiscal.

Pritesh Chheda [36:20]: And sir on the debt side have you made the repayment from the proceeds?

Hiren Doshi [36:26]: No not from the IPO proceeds, we have made it from our internal accrual only.

Pritesh Chheda [36:34]: So are we zero debt now or what it is?

Hiren Doshi [36:37]: In terms of long term debt as I told you the CDR debt hardly two and a half odd crores I'm caring apart from that 28 Crore long term debt what we carried in March 21 that is COVID loan which has to be repaid in next four years and the working capital what I'm using is somewhere about 175 odd crores as of now.

Pritesh Chheda [37:03]: Okay. And sir, lastly suppose if you have to do an incremental expansion for Greenfield, what is the capex cost that you incur for a certain size of plant?

Hiren Doshi [37:20]: See, as I was mentioning that we are able to rather we expect to utilize our this capacity in 24 or so, and to have the additional forging and all machine shop and infrastructure facility the minimum investment size what we are looking for is in between 200 to 250 crores.

Pritesh Chheda [37:41]: For what size of capacity?

Hiren Doshi [37:44]: That would give me additional somewhere about 30 to 35,000 metric tonnes per annum.

Pritesh Chheda [37:55]: 35,000 sir.

Hiren Doshi [37:56]: Yeah or 30,000 you consider.

Pritesh Chheda [38:00]: And what will be the asset turnover on that 250 Crore capex?

Hiren Doshi [38:04]: See asset turnover it needs to be bifurcated as far as the forging and machining line are concerned. In forging line generally, it would be 1.7 to two times and in machining definitely it is more than four times.

Pritesh Chheda [38:24]: No, but these 250 Crore investment that you do will have optimum mix of machining and forging. So, this 250 Crore revenue...

Hiren Doshi [38:33]: I think 550 to 600 Crore definitely we can.

Pritesh Chheda [38:39]: Okay, so more than two times.

Hiren Doshi [38:41]: Yes.

Pritesh Chheda [38:43]: Okay. Thank you very much sir.

Hiren Doshi [38:45]: Yeah.

Speaker 1 [38:47]: The next question is from Mr. Neelesh. Please unmute your line and ask your question.

Neelesh Dhamnaskar [38:55]: Hi to the entire Rolex team for a good set of numbers. I think most of my questions have been answered just few Yeah, could you give us some sense on the volume growth during this quarter, you indirectly did mention about capacity utilization which have improved from Q O Q but any sense on what would have been the volume growth in tonnage terms.

Hiren Doshi [39:20]: Volume growth it has increased somewhere about seven odd percentage.

Neelesh Dhamnaskar [39:28]: Q O Q?

Hiren Doshi [39:29]: Yes.

Neelesh Dhamnaskar [39:31]: Okay. And see we generally are of the opinion that for exporters, there have been a lot of issues on a container availability, etc. So, did you face or are you facing that?

Hiren Doshi [39:49]: We didn't face such problem but you know, it is a kind of temporary or rather say, for example, by last month, we were expecting five, seven containers we didn't got in our time, but same it would be available in the first half of the month. So, we didn't have much issues, because we are major exporter and we do have a good association with this shipping line for last many years. So, we didn't face such kind of thing. It is a temporary definitely it's a pass over on month on month basis like that.

Neelesh Dhamnaskar [40:24]: Got it. And one last question is on forex gains or losses any adverse or favorable things which you booked this quarter?

Hiren Doshi [40:37]: See, we need to comply accounting standards and for that I have to book notional entries on the cutoff date in terms of my foreign assets as well as foreign liabilities. So, we do have working capital limits which was outstanding in dollar and euro, which has been restated on quarterly numbers. Apart from that we have you know, my __ (41:02 inaudible) which are there on the dollar and euro and few of the vendors. So, definitely we are just restating on quarterly numbers and having that impact on our this quarter. Again this is a notional interest.

Neelesh Dhamnaskar [41:14]: Yeah, so, one notional entry you spoke about with respect to those instruments which are anyway going off, but any Forex related expense or income you booked in the P&L?

Hiren Doshi [41:29]: No income, the expenses related to my working capital, you know, utilization, the foreign bill discounting and pre shipment what I'm using in that whatever the fluctuation that would be booked as a gain or expense, it's a realization, gain or loss. It is there in my interest cost.

Neelesh Dhamnaskar [41:49]: Interest cost, okay, it gets booked in interest cost.

Hiren Doshi [41:52]: Yes.

Neelesh Dhamnaskar [41:53]: Okay. Yeah, I think that's all for my end. Thanks and all the best.

Hiren Doshi [41:56]: Thank you. Thank you.

Speaker 1 [41:58]: The next question is from Mr. Sonal. Please unmute your line and ask your question.

Sonal Gupta [42:07]: Yeah. Hi, thanks for taking my question again. Just going back to the product revenues, I mean, like, last quarter, you had said 210 crores product revenue that was including scrap or without scrap just trying to understand.

Hiren Doshi [42:24]: No, that is without scrap.

Sonal Gupta [42:28]: Okay. So what was the scrap number for last quarter?

Hiren Doshi [42:33]: Scrap number I was mentioning 14 and a half odd crores.

Sonal Gupta [42:36]: No, no that is for this quarter, right for last Q1?

Hiren Doshi [42:40]: Q1, it was somewhere about twelve and a half, thirteen crores.

Sonal Gupta [42:47]: Okay. So that number was excluding scrap is what you're saying.

Hiren Doshi [42:55]: Which number sir?

Sonal Gupta [42:56]: 210 crores was excluding scrap, right?

Hiren Doshi [42:59]: Sir, I didn't mention 210 I mentioned 247 crores of my...

Sonal Gupta [43:05]: No I'm asking you about Q1 Sir.

Hiren Doshi [43:07]: Okay, Q1 my gross revenue is 231 were in the scrap is somewhere about 13 odd crore

Sonal Gupta [43:17]: And total product revenue is?

Hiren Doshi [43:21]: Total product revenue it's near to 212 odd crores.

Sonal Gupta [43:31]: And that is including the scrap number right?

Hiren Doshi [43:35]: Sir, again I'm telling you 212 Crore is not including of scrap that is our product revenue.

Sonal Gupta [43:45]: Okay 212 Is not including scrap and then the scrap is another 12 and a half. So, about 225 crores is the total product revenue versus 247 in this quarter.

Hiren Doshi [43:56]: Yes, sir.

Sonal Gupta [43:58]: Got it. So, just tell me I mean, like you are saying that your order book run rate is about 105 to 110 crores, then shouldn't we be getting closer to 300 crores in terms of quarterly run rate or I mean, like what is the impediment there?

Hiren Doshi [44:17]: No, that would be difficult in this current quarter, because, you know, there are many other factors needs to be taken care of, because the availability of raw material in time, availability of export shipments, even the certain you know, we got the containers but the vessel availability was not there some point of time, my containers were lying on the port for more than 15 days. So, those are the things. So, we expect to touch 100 or so, in the first or rather the last quarter of this fiscal not before that.

Sonal Gupta [44:56]: Got it.

Hiren Doshi [45:00]: And as you better know, you know, in the revenue numbers, what we have mentioned, we need to have this sales reversal as far as my delivery terms is concerned, so, that impact is also there, you know, for example, in the month of March 21, we had a sales reversal sales in transit was 64 crores and as on 30th September it was 86 crores. So, somewhere about 22 Crore additional sales have been reduced in the first half. Now, if I'm going to have the same thing as on March 22, if you estimate my revenue somewhere about 95 crores on month, so, again, I am expecting additional seven to eight crores sales reversal which is not reflecting for this particular fiscal though I have already dispatched, but as far as my delivery terms is concerned, those are not part of my sales.

Sonal Gupta [45:51]: Got it. And just on the raw material cost, like you said, there is a lag in terms of pass through. So, next quarter, do we I mean, what has been under recovery, could you sort of quantify how much is your under recovery and will that will be recovered by next quarter.

Hiren Doshi [46:09]: Sir, to mention the exact number that would be difficult because we are still negotiating the certain numbers with our suppliers also in terms of price increment for the Q2 but in the next quarter rather in the current quarter, what we expect the realization of this particular sales of Q2 to the extent of five odd crores.

Sonal Gupta [46:42]: Sorry, five odd crores as the you are saying raw material cost hit in this quarter.

Hiren Doshi [46:48]: I'm expected to get from my customers in this current quarter.

Sonal Gupta [46:53]: In Q3.

Hiren Doshi [46:55]: Yes.

Sonal Gupta [46:57]: Okay. And just on the I mean, like if I split your revenues and like you have given between bearings and auto components, like what we have seen for some of the domestic guys who have declared results like Schaeffler and SKF they've shown very strong quarter on quarter growth in revenues of almost 30% or so. So, just trying to understand like, so, for you, I don't see that sort of a growth in bearing revenues. So, I mean, is that because we have a different product mix compared to what those guys sell or we are in some Sir, could you just explain what is our exposure to the domestic bearing side?

Hiren Doshi [47:44]: Partially you are right in the certain segments, where Schaeffler and these people are we are not producing such kind of things, but let me tell you for the Schaeffler plant for the bigger size of components, we have already started giving them sample and we got the initial order also. So, we expect to ramp up that thing, but again as I was mentioning that Q2 particularly in month of September 21 you better know it was bit on a lower this thing overall automobile market was facing this chip issue and all these things. So, but we are getting quite positive response for the product what we have supplied and we are expecting good demand from the Schaeffler there Baroda plant as well as escape from their Ahmedabad plant wherein we are able to supply the bigger size of ring to the extent of 900 mm OD.

Sonal Gupta [48:39]: Right. So, I mean to understand this correctly, then your exposure is more towards the industrial bearing rings and not so much to the auto bearings right?

Hiren Doshi [48:52]: No we do have auto bearing rings.

Sonal Gupta [48:55]: No I'm just talking with respect to India, India supplies, you are more on the industrial side not really on the auto bearing side.

Manish Madeka [49:09]: See, every equipment needs chip semiconductor, not only automobile like mobile, or wherever there is a movement or automation for industrial bearing also so this conductor is the issue. So, that is where the demand was cut, but now, again from December onward, they are expecting that this issue will be resolved. So, like I give the example of Ellison every month, we were supplying more than 17 crore rupees of component. For this month only we could supply only 6 crores, but from next month it is again to the same level, they have placed the order, schedule, they have given the schedule.

Hiren Doshi [49:58]: No, but as you said rightly we do have good presence in non-automotive bearing rings in domestic market. Few of our main customers who are or you can say almost 12 to 15% of my bearing revenue, they are not at all into the auto bearing segment. So, we do have less presence as far as auto bearing is concerned in domestic market. We are supplying the bearing rings for the railways, for the wind turbines, for the non-auto segments mainly to our domestic buyers.

Sonal Gupta [50:36]: Right and just related to that, I mean like we seeing like some player's companies like Schaeffler etc. they're trying to localize more. So, do you get the benefit of all that localization?

Hiren Doshi [50:49]: Yes, as I was mentioning that we already initiated this thing, we have submitted the samples, samples were approved also and the gradual supply has started. The Schaeffler is having their

another plant near Baroda where they are just producing this bigger size of rings. So but they are considering very much what you say import substitute for the certain kind of bearing rings.

Sonal Gupta [51:21]: Got it. Great. Thanks so much for taking my question. Thank you.

Speaker 1 [51:28]: Next question is from Mr. Pratik. Please unmute your line and ask your question.

Pratik [51:36]: Hi, thank you for the opportunity, sir. Sir my one question on the auto side can you name which all customers do we supply our products to?

Hiren Doshi [51:47]: Sorry.

Pratik [51:48]: On the auto side, can we name the customers?

Hiren Doshi [51:53]: Sir we have already mentioned few of the customers on our slide and would like to tell you that the major you know the transmission manufacturing companies across the globe, they are our customers.

Pratik [52:12]: Did not get the names on the slide can you point me to which one.

Hiren Doshi [52:18]: We are already supplying to Magna to Ellison Transmission to General Motors to Ford Motors, then PSA F-Tech.

Pratik [52:31]: Okay. And also, we said that in USA the products that we are exporting to they're largely on the EV side. So, what products are this?

Hiren Doshi [52:40]: These are the bearing rings. We are supplying to our customer who in turn produce our bearings for the EV.

Pratik [52:49]: Fair enough. Fine. And I believe export would form about one third of your bearing rings?

Hiren Doshi [52:57]: Sorry.

Pratik [52:59]: As part of your bearing rings, I believe one third of that we will be exporting.

Hiren Doshi [53:04]: No for the overall bearing rings we have 50% of my sales through the overseas market.

Pratik [53:14]: Okay, and then in auto you said 90% of it, be export.

Hiren Doshi [53:22]: Yes, major export. Now by end of this fiscal, it would be near to 85% or so. But major again from the overseas only.

Pratik [53:31]: Fine, fair enough. And what would be the share of machining currently in the products that we supply as part of bearing sorry.

Hiren Doshi [53:39]: It ranges between 80 to 85% of my overall revenue.

Pratik [53:45]: Okay, and this is across bearings and auto right at an overall level?

Hiren Doshi [53:49]: Yes.

Pratik [53:50]: And what would be the utilization number there?

Hiren Doshi [53:54]: In terms of capacity utilization, you're talking about?

Pratik [53:56]: Yes.

Hiren Doshi [53:58]: Yeah. As of now I'm in the range of 56 to 58% utilization.

Pratik [54:03]: Okay. So, earlier when we had said 56 to 58 this was combining bearing and machining both.

Hiren Doshi [54:07]: Yeah, both. We do have the facilities for the producing of bearing ring and auto components, we have common facilities, we have different forging lines for these things and wherein we can produce bearing rings as well as auto component both basically from the forging route.

Pratik [54:24]: Fair enough. And, in terms of our installed capacity, all of the forging products that we manufacture can be machined. So, we have enough capacity to machine all of the products that we manufacture.

Manish Madeka [54:37]: No, not as of now. We keep on adding the capex as per the requirement of the customer. So, there is a capacity available in forging process, but machining utilization is 85% and the delivery of machining facility is very slow. So as per the requirement we keep on investing for the machining facility and heat treatment.

Pratik [55:06]: Fair enough, which makes sense. So just to re clarify our machining facility 85% of that is utilized and currently between 80 and 85% of products that we manufacture be it machine as per you.

Manish Madeka [55:17]: Yes.

Pratik [55:18]: Okay, fair enough. Sure. Thank you and all the best sir.

Hiren Doshi [55:21]: Thank you.

Speaker 1 [55:23]: The next question is from Mr. Jitender Kalra. Please unmute your line and ask your question.

Jitender Kalra [55:32]: Yeah, Good afternoon and compliments to the management team for a great set of numbers. I had just one question on the auto component side, we see this whole moment of shift from the internal combustion to electric vehicles. So, is it fair to understand that our business would not get impacted by this the auto component parts and we will rather get more opportunities to expand our business in that line.

Manish Madeka [56:04]: See basically, our customers are also developing the transmission component for EV. As earlier we said one of our customer in the USA we are supplying bearings rings only for EV

vehicle for car. And we are not only in the automotive we are in railway, off highway, heavy truck then industrial bearing. So IC part we are producing only 2 or 3% for like exhaust system or silence like that. So mainly we are in wheel and transmission. So EV will also require transmission but it will not be impacted more by penetration. But if we made the electrical vehicle component vehicle we get more value addition, but we have that capability. I give you the example of our one of the customer in USA earlier they were sourcing from China catalogue bearing and specialized bearing same size, same type, but for EV they require more specification, stringent specification and that Chinese were not able to meet and now we are supplying them more than 1.5 million components, and that is mainly for Tesla.

Jitender Kalra [57:54]: Got it sir. Thank you so much.

Manish Madeka [57:59]: And our most of the customers are also developing the parts suitable for EV and see EV will require bearing, wheel hug everything so we are in that segment.

Speaker 1 [58:17]: So the next question is from Mr. Nikhil Jain, sir please unmute your line and ask your question.

Nikhil Jain [58:25]: Okay, thanks for the opportunity. I just wanted to understand so because of the semiconductor chip shortage that we are seeing what may have been, let's say the postponement or deferral in orders for this particular quarter and let's say two quarters down the line, when the situation maybe normalizes a little bit more so, will that also add up to the revenue growth that we're looking for?

Manish Madeka [58:52]: See because of this semiconductor problem our two major customers have reduced their requirements temporarily, but even though after this also in current month, we are able to achieve revenue of more than 87 crore rupees.

Hiren Doshi [59:18]: And as we told that, we do have an order book of 110 odd core something so we are able to, in spite of certain deferrals, certain hold we are able to you know meet the current run rate.

Manish Madeka [59:35]: That is what we call as overbooking.

Nikhil Jain [59:37]: Okay. And just a second question. So, earlier in the last call, we kind of gave a guidance of EPITA around 23 24% so, we would be able to maintain that for the rest of the financial year as well as for the next year's sir?

Hiren Doshi [59:56]: Definitely Sir, we will be maintaining EBITA of more than 22 and a half percent again I'm telling you. So, it will be there and on utilization for the utilization, incremental operations, it may also go up and as we have already proven our this thing in the quarter one and overall my six month numbers as it is more than 23 and a half percentage.

Nikhil Jain [1:00:25]: Okay, and one final question. So, I just wanted to understand are we actually developing new products in our baskets. So, how do we let's say work on those do we actually take orders from the customer and then kind of develop the products or we develop the products and then pitch it to the customer. So, how does that process of new products work in organization?

Hiren Doshi [1:00:50]: See we are not developing the products basically our customer comes to us they know the manufacturing capability what we have they know the facility what we do have and they are

very much aware that what kind of component with what kind of precision level our equipment's will be able to produce. So they are approaching us with their designs and specifications according to that we are developing our tools and then we are producing the components for their product approval. So we are not basically developing the product it is on our customer side who develops and who comes with us with the product specifications and designs.

Nikhil Jain [1:01:34]: Okay, but how do we approach new customers so there would be people who are actually not aware about Rolex or have they not work us. So how does that actually happen?

Hiren Doshi [1:01:46]: See, as you better know, sir, particularly the giants for the auto ancillary or maybe auto OEMs they are mainly based at Europe and US market. As I was mentioning certain names most of the players are aware that what kind of capabilities Rolex is having, but apart from that, there is a references by one customer to another.

Manish Madeka [1:02:10]: I will give you one example. Have you ever seen any advertisement of tier one supplier in TV or newspaper? So, this whole business depends on the reference. So, professional migration companies and most of our customer has their global sourcing team in India, so, they have their own team in India and they know the facility who have this type of facility in India. So, by reference and with the help of...

Hiren Doshi [1:02:54]: We got the inquiries and initial, you know, the communication from the customers that they tend to develop these component or rather these kind of components if Rolex is interested, then will have initiate our discretions and start working on that. But they mainly have their global sourcing group in India and they are very much aware about the Rolex facilities.

Nikhil Jain [1:03:18]: Okay, fair enough. Thank you.

Ashutosh [1:03:36]: That was the last question. I thank management and everyone for participating in the phone call. Thank you.

Hiren Doshi [1:03:36]: Thank you very much to all the participants. Look forward for your support.