



# ROLEX RINGS LIMITED

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Ref. RolexRings/Reg30/AnalystMeeting/Aug2024/1

August 16, 2024

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

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

Script Code: 543325

Script Symbol: **ROLEXRINGS**

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

Dear Sir/Madam,

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

Date	Type of Meeting/Event	Location
August 12, 2024	Investor/Analyst Call scheduled by Equirus Securities with the management of the company to discuss the company's results for 1QFY25	Zoom Meeting (Virtual)

No Unpublished Price Sensitive Information (UPSI) was shared/discussed in the meeting with the investors/analysts.

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

Please take the same on your records

Thanking You,

Yours faithfully  
**For Rolex Rings Limited**

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

**File Name: GMT20240812-070206\_Recording**

**Duration: 00:59:43**

**Moderator (00:00:32):** Anyway, you can put up the presentation, We are live now. Anyway, You're not audible. You're maybe on mute.

**CFO, Mr. Hiren Doshi (00:01:14):** Now am I audible? Okay.

**Moderator (00:01:20): (inaudible)** Go ahead, So I'll just do the brief introduction. Good afternoon everyone. On behalf of Equirus Securities, I welcome you all on this, conference call. From the management side, we have managing Director, Mr. Manesh Madeka, full time Director, Mr. Mihir Madeka and CFO Mr Hiren Doshi. Mr. Doshi, over to you for opening remarks.

**CFO, Mr. Hiren Doshi (00:01:47):** Thank you Team Equirus. Good afternoon to all participants. We heartily welcome you, and thank you very much for spending your valuable time for updates on the earnings for Q1, FY 25. Without wasting time, let me tell you the certain financial parameters and then we'll move forward for your observation concerns.

**Moderator (00:02:11):** Mihir bhai Just one second, You can share the screen. You can share it here because you are not seeing the PPT maybe, it's one second, Yeah. You can just share the PPT.

**CFO, Mr. Hiren Doshi (00:02:34):** Is it?

**Moderator (00:02:35):** Yeah, It's visible.

**CFO, Mr. Hiren Doshi (00:02:36):** Okay, Thank you. So I would like to update that for the Q1 FY 25. The first quarter of this current fiscal, the company has recorded net revenue of 311 crore almost vis a vis 316 crore net revenue for the previous quarter, that is the last quarter of FY 24. If we compare the same number for the previous quarter corresponding quarter, it was almost similar 311 crore in the June 24th, June 23 quarter. And it's a so it is almost a flattish quarter kind of thing. No doubt we had some, marginal growth in terms of, quantum. That is because of the commodity fluctuation, but more or less or broadly, it is almost flattish quarter compared to the previous, quarter as well as the June 23 quarter. In terms of, EBITDA margin, the company has recorded 76.4 crore EBITDA for the first quarter of FY 25, which is somewhere about 24.2%. And it was almost the same amount, 76 crore, which is a percentage of Rs 23.8% in the last quarter of the previous quarter. On the corresponding quarter of FY 24, it was 72 crore. In terms of percentage is 23%. Here the company had an, incremental EBITDA, that is mainly because of adding of the or operationalizing of the new solar power plant, which was of 11.5MW, It was operationalized in the, mainly into the first quarter, and we got a good amount of, revenue over there. And it has impacted somewhere about 0.6 percentage or something on the EBITDA number, Positively, in terms of, profit before tax. The company has recorded 66 crore in this current quarter and see it was their 63 crore in the previous quarter and 65 crore in the corresponding quarter of June 23rd, for the profit after tax number. It was it is 50 crore for the current last quarter that is June 25th, and it was, 24 crore in the March 24th quarter that is because of extraordinary item, of 32 crores and it was 48 crore in the first quarter of the, corresponding previous year. So again, in terms of profit, before tax, it is more or less, near to, flattish or you can say the same numbers in that sense, in terms of business segments, would like to tell you that bearing ring this time, you must have seen, compared to all my previous

numbers, maybe quarter on quarter, year on year number, the bearing ring segment has gone down. The number in first time, it is 46% where the auto component has increased, or 254 percentage here, there is no much of the increment on the auto component side, but this, reduction on the bearing ring segment and particularly in the overseas market, again, drill it down to the European market. It has affected more than, 30 to 35% in this current quarter, that is June 24th compared to March 24th, in the bearing ring segment, again in the export segment and again in the European market. Same in terms of domestic exports, bifurcation, as you have seen that export, is somewhere about 54% domestic, 46% whatever the loss we had in export bearing rings that has been, bit, compensated in the auto, export of auto components in the US and European market. Apart from this thing, would like to update that as you people are very much aware, even there are many new things, many new geopolitical factors, particularly in the last quarter, it has emerged and again, it has given some kind of negative signals, negative indicators to the overall economy. But because of those geopolitical reasons, the, ocean freight, the availability of containers, again, it has raised and again, it is increasing more so we had some kind of, impact of that, ocean freight hike also. And again, because of non-availability of container or a substantial rise, customers are also deferring certain you know, these small, lifting maybe a half container load they are waiting that let us have an entire container load. Let's postpone our lifting or shipment maybe for, 15, 30 days, 45 days or something like that. Those kind of scenarios, what we are facing. As I was mentioning that the revenue is having base, but only the negative factor from the European side, even in the bearing ring segment only Because of that, we were not able to, have the, more incremental numbers on Q1Q basis, in terms of business If I tell you, in spite of these kind of, reduction, 35% on the bearing ring in, that segment. Still, we have maintained the numbers or having couple of percent growth. That is because of the new customer in US again in Europe for the auto components and in domestic market also, we saw some kind of spike in the particularly, June 24th quarter in domestic bearing ring we our, revenue has almost increased by 15 to 18% compared to the previous quarter. Further to add that, the solar as power plant as of now, the operating solar plant is, almost 20 megawatt. What company is having, all put together, rooftop and ground mounted again. Company is planning for 12 megawatt solar, It has already been initiated and we got initial approval. And, we expect that this 12 megawatt solar plant would be operationalized or commissioned before the end of this fiscal, that is March 25th. And further, we will be benefited by the power cost reduction. In terms of segmental revenue, compared to previous quarter. Passenger vehicle segment has grown up, as I was mentioning, that auto component business in Europe and US, it has increased mainly into the passenger vehicle segment, for the transmission parts part and certain, steering and, suspension assembly parts, So there we got a positive response and we are added we have added new customers in that segment also. In industrial segment, it has been, decreased somewhat about 8 to 10 percentage and, compared to previous quarter, which was 20% and in this quarter it is 18%, so Almost 10% reduction over there at the same time the same numbers are there in the CV and heavy commercial vehicles. EV again on we are near to 12%. 12, 10 Odd percentage on quarterly numbers kind of thing. So we have, quite balanced segment wise revenue also, and that, we will be able to manage what we had and broadly 40% into the passenger segment, 10 to 12% into the EV hybrid and remaining into HCB and commercial industrial applications. Comparing to the total revenue, for this quarter, we have recorded 316 crore, which is 320 crore of the March 24th and 314 crore in June 23<sup>rd</sup> In terms of, domestic and export, my net revenue is somewhere about 160 crore from the, overseas, domestic market, that includes the number of my scrap revenue also, and 151 crore on the overseas kind of, business. Again, EBITDA, as I have told you, it is 76 crore, which was, almost couple of percentage on higher side, compared to the previous full year, previous fiscal, that is FY 24, where we had 22%. In this particular quarter, it is 24.2% as I was mentioning, that solar has also given me a positive impact, here, that is how, in terms of, Pat, the last year, entire year, what we have recorded is 156 crore against that in this quarter, in FY 25, first quarter of FY 25, almost 50 crore, what we have recorded annualizing

to this number, it is coming to 200 crores that are in profit before tax. It is 66.6 crore in this quarter and which was 242 crore in the previous fiscal. Again, to annualize this number, it will cross somewhere about 265 crore annually for this, current fiscal, what we are expecting. Yeah, definitely Company is having quite positive operating cash flow and it has resulted into the, all my, positive CapEx as well as it has helped me to invest the spare funds and we are getting some kind of additional revenue because of that company has the, almost, spend or CapEx in this, first quarter of FY 25, we have spent somewhere about, 10 to 11 crore rupees in the plant and machinery and the solar side. Net debt as we have already mentioned, it is a net negative debt company, Company has some good amount of, short term surplus. Note that no working capital, no long term debt, It is, zero debt company or other negative net debt company, in terms of return of equity definitely in FY 24 it has gone down that is because of extraordinary adjustment, what we did. Otherwise it is in the range of 25 to 28% for last three years. And we expect further to be, increase the detailed numbers. Operating numbers have already been, stated over here. Operating numbers, as well as my balance sheet numbers quarter on quarter and the previous, five fiscals. This is all, from my side for this presentation part. Now, I request, the, Equirus team to initiate the question and answer session, Thank you.

**Moderator (00:14:58):** Mihir bhai, We are facing some technology issues here. We are not able to see all the participant names, I'll just request everyone who want to ask question. Please raise your hand. Firstly, it is a Abir (**Unclear**) Please go ahead, Please unmute yourself.

**Abir (00:15:25):** Hi Hi, guys. Am I audible?

**Moderator (00:15:27):** Yes.

**Abir (00:15:28):** Yeah, So this is Abir from NIO. So my first question would be the 35% kind of the growth that we are seeing. How much of that if you could bifurcate would be bearing rings and in in just the export segment and how much of that would be auto components ?

**CFO, Mr. Hiren Doshi (00:015:43):** see the number 35% is what I have told it is specifically for the bearing and again, it took into the my overseas business of bearing ring. If you compare my domestic bearing ring business, it has increased by 18 to 19% quarter on quarter comparing with the previous quarter. So this 35% is only for the bearing ring from the overseas market.

**Abir (00:16:07):** Okay, Understood. And the auto component growth for export market would you like to share that number?

**CFO, Mr. Hiren Doshi (00:016:14):** Auto component is some couple of percentage more. You can say if I'll give you a precise number, Say for example, in Q4 it was 104 crore and in Q, this one Q1 of FY 25, it was 108 crore.

**Abir (00:16:32):** Okay, Understood. And also, if I look at the BV component of your revenue in FY 24, it was it has fallen since FY24, In Q1, FY 25. So is that something to be

**CFO, Mr. Hiren Doshi (00:016:45):** nothing specific over there, That is because of some time lag and as I was mentioning that we have added new customer in the European market and they have some kind of, you know, this because of the container congestion and, availability of container at high cost. They have some, some something different over there But broadly, our target is somewhere about, closing to maybe ten odd percentage by the end of fiscal, current year.

**Abir (00:17:18):** Okay, Thank you. That will be it from my side.

**Sonal (00:017:34):**Hi, Should I go ahead?

**CFO, Mr. Hiren Doshi (00:017:37):**Yes, please.

**Sonal (00:17:38):** Yeah. Hi, sir Good afternoon, Thanks for taking my question. So just this is Sonal here from HSBC. Just wanted to understand, Sorry, First, could you share the other operating income for the quarter and scrap revenues?

**CFO, Mr. Hiren Doshi (00:017:54):** Yeah Sonal, scrap revenue for the quarter. In terms of amount, it is 22 crore rupees. Which was almost, say 21 crore in Q4 of, FY 24. So March quarter, for the other operating income, it is mainly the my interest income and the amount what we have some surpluses that we have parked into the short term investment. So that is somewhere about, 40 million out of this, 53. So you can say 4 odd crore, is that income only And, my foreign currency fluctuation is somewhere about, 7 to 8 million and certain miscellaneous income.

**Sonal (00:18:43):** Yeah, No, no, I was asking for, x of this 53. What is the other operating? I mean, which is coming in the revenue.

**CFO, Mr. Hiren Doshi (00:017:51):** Yeah, that is scrap only. Apart from that, it is scrap which is 22 crore and export and export incentive, which is 4.5 crore.

**Sonal (00:19:02):** Four and a half plus the effects, right?

**CFO, Mr. Hiren Doshi (00:019:06):** No no no. Export incentives and scrap all put together, apart with the net revenue that comes to 311 crore.

**Sonal (00:19:21):** All right, sir Sure. and Sir, Got it, got it. Thanks. And sir just to understand, right. Like, I mean, we've already I mean, while we've been winning new orders and our, there has already been a significant decline in European markets over the last year or year and a half. So, I mean, like just how much is Europe for you now, right? I mean, like it was already 15% last year, right?

**CFO, Mr. Hiren Doshi (00:019:46):** So even as of now, let me tell you, my Europe is somewhere about 16 to 17%. No doubt we have reduced or rather, we gotten hit in bearing ring. But at the same time we got an, new customers for the auto components in European market only. So we have the same kind of, number or bit, incremental and maybe by end of this fiscal, we are expecting at least 20% from my, European business, because, again, the bearing ring, what has reduced in particularly this quarter, we expect not immediately but down the line two quarters or maybe in the last quarter of this fiscal, definitely it would be compensated.

**Sonal (00:20:30):** Got it, got it. And, just lastly, and, what is the CapEx for this year?

**CFO, Mr. Hiren Doshi (00:020:39):** CapEx broadly, as I told you, we did somewhere about ten odd crores. And considering my remaining CapEx for solar and all this thing, we would be ending in between 40, 40 to 45 crores.

**Sonal (00:20:54):** And this in I mean, like for the 12 megawatt solar. How much is

**CFO, Mr. Hiren Doshi (00:020:58):** 12 megawatt solar? It is somewhere about, 27 odd crore, something like that and remaining is for my incremental value added processes or maybe small, small equipment, small, forging presses, etc. what we are going to add.

**Sonal (00:21:18):** But there was also a new forging press that we were adding, right! Like so for that, that is we paid partly.

**CFO, Mr. Hiren Doshi (00:021:26):** Yeah yeah. We have already added in the previous fiscal only, the sakamura forging line. But you know that forging line is capable to produce certain range of products, mainly for the bearing ring business and small auto components. And there are certain other segments or other auto components which will not be able to produce from that forging line. For that, we are adding new press, forging press, and that individual press may not be costing more than, you know seven, eight crores, etc. because the remaining facilities are already there. So only need to we need to add for these kind of, forging press, which will help me to get the quantum of auto components of particular range.

**Sonal (00:22:17):** Got it Sir, Just sorry, One last thing on the solar thing. Now, with this 12 megawatt, how much of our internal requirement would created by this solar?

**CFO, Mr. Hiren Doshi (00:022:26):** You mean to say the additional 12 megawatt or till now.

**Sonal (00:22:30):** So we have 20 plus 12. So currently where are we and how much you become?

**CFO, Mr. Hiren Doshi (00:022:35):** You can say currently after installing of this 12, 11.5MW, we were somewhere about 30% of my, overall power cost, this thing and after adding of this 12 megawatt again, maybe, 5 to 7% additional, what will be so broadly after adding up this 12%, we, 12 megawatt, we would be somewhere about, 35 to 38% of my overall, this one, because we had certain other windmills also and all put together as of now, it is giving me a cost saving of somewhere about 30% But if you put all put together, it is somewhere about, 29, 30 megawatt as of now and if we are adding it by 12 megawatt again, it gives me a additional cost reduction of somewhere about 7 to 8%.

**Sonal (00:23:31):** So okay, So it will lead to another 7 to 8% reduction in your power cost.

**CFO, Mr. Hiren Doshi (00:023:35):** Yes, Yes.

**Sonal (00:23:38):** No I what I meant was out of a total requirement

**CFO, Mr. Hiren Doshi (00:023:42):** It would be hardly 35, 37, seven, 40% Max max you can say. But once my you know, the operations or the, operations will be increased, definitely my power requirement will also go up. So broadly, it would be 37 to 40% of my power consumption in total. After adding up of this, 12 megawatt can be compensated.

**Sonal (00:24:05):** Got it sir, Great! Thank you so much.

**Moderator (00:24:11):** Thanks Sonal. I think, we can just go ahead with the participant who raised his hand. Please, mention your name and ask a question.

**(00:24:23):** Okay, Shall I go ahead? Am I audible?

**Moderator (00:24:27):** Yes, Yes.

**(00:24:28):** Okay, so I am (**unclear**) from Auriga Capital, I am new to this, company, basically. So I had some basic questions with respect to quantitative facts. First of all, So, my first question is like from a global perspective, in numerical terms, what is our opportunity size for the bearing rings and auto components that we produce?

**CFO, Mr. Hiren Doshi (00:024:55):** Sir, it would be very difficult for us to tell you the global market size or the potential for our size of company because, you know, first of all, bearing ring market, it is quite a large market. And we are into a particular addressable segment, say, from a particular range of the products, what we are able to produce with the facilities, what we have. So it would it would be difficult for us to tell you that globally how it would be. But definitely in domestic we have somewhere about 30-35% of my overall bearing ring business. And again, a bearing ring which are produced from a forging route. There are certain other production methods where the bearing rings can be produced, depending on the applications of the particular bearing. So again, in auto components, we are manufacturing only transmission components and few of the cases components. But globally to measure it out, I think it's difficult for us or we don't have that.

**Male Speaker (00:26:04):** Okay, Yeah, Fair and clear. The second question that I have is, again, with respect to the players. So Timken, Schaeffler, SKF, these bearing companies globally, like what's the in-house components that they manufacture in terms of rings and what are they outsourcing to players like Rolex rings or other domestic players. So do you have any quantitative data with respect to that?

**CFO, Mr. Hiren Doshi (00:026:33):** To the best of our knowledge, the couple of main bearing manufacturers as of now are we don't think they have their own in-house manufacturing facility for the bearing ring only, maybe a one group having a couple of plants in overseas where also they are trying to close it down and freeze it out or phase it down by maybe in next one, 1 to 2 years, which they have already declared. So but broadly these the names, what you have taken, we doubt that none of the company is producing any kind of forging or rather the any kind of bearing rings in-house and the majority of the entire they are sourcing from outside.

**Male Speaker (00:27:18):** Got it, Got it. That's very clear, Another question, if I may chip in, is basically, from domestic perspective, we get a good idea about what is our domestic players and who are all there But from a global perspective, do you have any data with respect to who are all our competitors who are manufacturing wedding rings?

**CFO, Mr. Hiren Doshi (00:027:41):** We have, see, but there are few bearing, bearing ring manufacturers at us, even, in Europe. And majority is from Japan and China, they are. But, you know, the bearing ring, if you ask me, the larger size or the biggest bearing ring might be of 10,000mm or something like that. But what we are able to produce is up to 900mm, kind of, ring only. So in my particular addressable segment, there are few unorganized players in domestic as well as few organized in overseas market, with whom we are competing. I cannot name those companies as of now, but, we I would like to highlight that apart from bearing ring, there are many other value added processes which is available at Rolex and which gives some kind of better USP compared to the other players and under one roof, the kind of capabilities what Rolex has established with the various value added processes and to cater the

versatile range of a particular customer, you know, say, for example, one customer in India having the same plant or, same kind of bearing plant at overseas, but their requirement of what they are producing different kind of bearing. So I can Rolex as a whole, they can or rather it can be provided. So we have those kind of USBs and long customer association with few of the other bearing ring customers. We have, more than two decades or something like that. We are associated apart from these abnormal factors, particularly in Europe or this thing year on year we are adding new components. Maybe if possible, we are adding new plant of the particular existing customer and all these plants are working as an individual profit center cost center. So there may be a different kind of bearing rings, what they are producing and, so we have that kind of opportunity.

**Male Speaker (00:29:45):** Yeah, Got it sir. Thanks a lot for answering those questions, It was very clear.

**Moderator (00:29:50):** Thank you, We move to the next question, Please unmute yourself and go ahead.

**Jason (00:29:56):** Yeah, Hello. I'm audible?

**CFO, Mr. Hiren Doshi (00:029:58):** Yes.

**Jason (00:29:59):** Yeah, Sure, sure. So, Jason from IDBI, sir, sir, thank you so much for taking my questions. So, so first I want to ask you on, you know, in what we had taken the CDR right off around 320 million. You know, we had said that, basically, we'll get some more flexibility on the lending part, To restructure our loans and all that. So how is that going through, sir? How is just an update on that?

**CFO, Mr. Hiren Doshi (00:30:26):** Yeah, First of all I would like to update that we are not restructuring it and we do not have any plan to further borrow. It is a right of recompense, something what we had borrowed in the past and what we have already repaid. Now some kind of ROR what we have estimated in March 24th quarter, which was somewhere about 32 crore. Again, the same matter is there with the bankers and in last consortium meeting with our bankers, they are working on it. They are processing not because there are six nationalized banks. So maybe down the line they have asked maybe 40 to 45 days to again revert. But as of now there is no further update on that. But we will be having some more clarity in the next quarter.

**Jason (00:31:15):** Okay, Okay. So I mean, so this amount is already taken off. Is there more chance of another, you know, expense on the PNL owing to this account?

**CFO, Mr. Hiren Doshi (00:31:26):** Possibilities are there.

**Jason (00:31:28):** Okay,. Okay. For the ROR itself?

**CFO, Mr. Hiren Doshi (00:31:32):** Yes, yes, yes. Because, you know, there are different, permutation combinations on that. Conservatively, I, I'm expecting something would be there.

**Jason (00:31:43):** Okay, So what I just understand, I mean, in terms of the matter paying off that amount. And after that, you are free to take a loan from some different kind of bank or a set of banks which you choose, which can give you a better rate. You don't have to stick to.



**CFO, Mr. Hiren Doshi (00:32:00):** It's not only the borrowing part or banking. There are many, few other, restrictions or something what we had that distribution of my profit and, changing into capital structure. Those have been withdrawn and, we are very much inclined to just close it down. Maybe, in next quarter or maybe in couple of quarters. So there could be some more amount coming from that perspective.

**Jason (00:32:27):** So that's still to be finalized. Okay, So sir my next question I just wanted to understand, you know, our, you know, in bearing rings and automotive. So bearing rings, typically our export and domestic is around 50, 50% and automotive is more export oriented, I believe it would be around 70 export and 30, domestic. So I just wanted to know, I mean, would you have an approximate split for bearing rings as well as automotive for both domestic and export? You could give me a number for 23 and 24 both.

**CFO, Mr. Hiren Doshi (00:33:02):** Yeah Jason, for, previous 23 and this thing, maybe 24, if you want me, I can circulate, separately because and, for this particular, quarter, if I tell you, that I have already given that overall bearing ring business is somewhere about, you know, 46% of my net revenue, which is apart from scrap and export incentives Say that number was 284 crore into that, My bearing ring business is somewhere about say 130 crore. So that is, you can say part of 46% or something for the overall bearing ring business. And, remaining for, the auto component business for this particular quarter, it was, 152 crores.

**Jason (00:33:57):** Okay, So could you just repeat the bearing rings number, please? I just missed it, that would be?

**CFO, Mr. Hiren Doshi (00:34:03):** bearing ring number for this quarter. it was 131 crore and auto component business, it is. Or rather, it was 153 crore.

**Jason (00:34:17):** Okay, sure. And what was the number last quarter if you have that.

**CFO, Mr. Hiren Doshi (00:34:21):** You mean to say March Q4?

**Jason (00:34:25):** No, not March number, Q1, FY 24, that is the June, June last year.

**CFO, Mr. Hiren Doshi (00:34:31):** June last year, if you are okay, It was bearing ring, It was 151 crore and auto component, it was, 140 crore.

**Jason (00:34:49):** sure Sure. So you.. got it, got it, got it. Thank you so much for that. Okay, so so this, so you are saying on an annualized basis, you can come back to me on that on the split, right?

**CFO, Mr. Hiren Doshi (00:35:35):** Yes Yes.

**Jason (00:35:36):** Sure, Okay. Sure, and I just wanted to know also, if, you know, last time we had spoken about that, you had seen some green shoots in Europe, you know, with demand coming back. But now again, we are talking about the weakness. So, sir, from a long term from a medium term perspective, In FY 24, how do you look at Europe? Is it going to be weak? Other other players also are saying that probably it could be weak, Yeah Yeah.

**CFO, Mr. Hiren Doshi (00:35:26):** As you people are there and you have, you know, the various industrial, this updates on that definitely the people with whom we are talking in our customers or maybe in our nearby other industries also, they are facing a huge amount of or another setback in as far as European supply is concerned. Again, see something what we discussed before three months back. And in this three months, you better know that there are certain other geopolitical factors have happened over the overseas, which has, again, given some kind of negative impact on the European segment or overall export, from, engineering goods from India. So there we expect that it may not be, you know, recovered immediately, It will gradually improve and we expect that we would be targeting 20 odd percentage revenue of my overall revenue for the European market in this current year. So we expect something, you know, some better numbers or more, significantly updated or increased number in the third and fourth quarter?

**Jason (00:36:43):** Sure Sure .Sir Just wanted to also understand, just for my, knowledge, you know, I mean, so you have this end user segment, which you gave, right? With PVS and industrial. Of course, industrial is seeing weakness, Okay. Now, I just wanted to I just wanted some clarification. So of course auto component is purely going to auto. So there is only bearing rings which is going to industrial as well as automotive, So that part which is industrial is only the bearing rings right? Is understanding correct?

**CFO, Mr. Hiren Doshi (00:37:15):** Yeah Yeah. I mean, mainly in the industrial segment. It's not obviously not auto components.

**Jason (00:37:19):** Yeah, It's it's bearing rings. Right. So that's the bearing. So basically you would know which which ring goes to which segment. That's that's what my understanding was, Right?

**CFO, Mr. Hiren Doshi (00:37:29):** Because you know in industrial it's a multiple this thing. In industrial it is a equipment manufacturing infrastructure kind of thing, So there are multiple applications and even the same kind of bearing may have multiple applications.

**Jason (00:37:46):** Okay Okay. So that's what my question was. Just how would you understand that, You know, which bearing ring is going to an auto or an industrial? I mean, do you have that kind of just wanted some color on that only.

**CFO, Mr. Hiren Doshi (00:38:00):** See, you already, you know, the, the given the numbers say for example, 25, 27% of my production of overall business you can see that goes to the industrial segment.

**Jason (00:38:14):** Yes, sure. So I just wanted to know why is why is it we saw this this I mean, we are seeing some weakness in the industrial side. So why is it weak?

**CFO, Mr. Hiren Doshi (00:38:22):** That also, they are also I have something from the European market and in domestic market the way it had what we have expected, it has not grown. That is okay.

**Jason (00:38:36):** Okay Okay. So some weakness from Europe and some I mean we were expecting that, you know, industrial should pick up after the elections with the.

**CFO, Mr. Hiren Doshi (00:38:43):** Yes, yes, Yeah. Not as per our expectation or even you can say not as per industry expectation.

**Jason (00:38:51):** Okay, Okay, Sure sir.

**CFO, Mr. Hiren Doshi (00:38:54):** And one thing I would like to mention that you are compared to other industries, or maybe the numbers of other peers or this thing we have these kind of they are what you say a flattish or rather maintained Maintain quarter compared to the weak quarter for the other players or other industry as you people must be observing.

**Jason (00:39:16):** Sure sir, Sure. Okay okay okay. And so CapEx number you said for 50, 45 crores for this this year, right? Is that is and and for FY26 sir?

**CFO, Mr. Hiren Doshi (00:39:31):** Again, more or less not significant. Again, it would be in the range of 40 to 50 crores.

**Jason (00:39:38):** Okay and so just one final thing I wanted to ask. I mean, of course, our bearing rings should be in good shape, Domestic is looking good you know, of course, 1 or 2 quarter weakness is there. But just wanted your take on, you know, the exports segment in bearings, the domestic, you know, automotive. Of course you are, you said last time there is good traction on the domestic front also, in terms of auto components, how's the export looking at? Just could you give me some color on how you are you're looking at the demand. Not even if not from a quarter perspective, from a long term kind of perspective for this year.

**CFO, Mr. Hiren Doshi (00:40:14):** Definitely. Particularly see, we have added a couple of very big customers for the European market for the auto components. So that would be an incremental numbers compared to previous fiscal. Apart from that why it was weak in domestic auto component segment you know couple of our customers in domestic, they in turn process certain auto components. And they were exporting to their principal at Europe. Now as I was mentioning, Europe is under shadow. So obviously they are lifting or rather their demand, who I am considered as an domestic customer of mine, that I got a hit. That is why the domestic auto component. But again because of European segment and this thing. So but as I was mentioning that we have added a couple of new customers in Europe and in the US also something what it has been, you know, started to the first quarter, it has been deferred because of their, change of design and something, activity over there. But that also to be added as far as auto component business is concerned in the coming quarters. So broadly, our target auto component business would be touching 45 to 50 percentage something by the end of this current fiscal of our overall contribution. And I am very much rather we are very much positive on the, recovery, on the bearing ring business also because bearing ring as it is 46%, but we expect it would grow in the third and fourth quarter and again, it will cross 50% number for of my overall revenue.

**Jason (00:41:58):** Sure, sir. And just lastly one thing from my side. Sir when you look at exports, I mean, you know, you are of course trying to grow it. Just wanted your color on this. I mean, some blue on this. Of course Chinese have, you know, increased their competition? Competitive intensity a lot. Don't you face some Chinese competition in that end? And, of course, there is a China plus one, but in cost, it's very difficult to compete with them. So just wanted your take on how that is playing out just in terms of cost. Yeah yeah, So yeah.

**CFO, Mr. Hiren Doshi (00:42:27):** See definitely we are, facing, some, what you say, contracts or extraction of Chinese market but our customers, you know, those are very much clear or rather, their requirement of the component is highly precision components. And they are ready to pay the, you know, the, best, competitive price without, compromising on the quality front because they are using these components on for a critical operations. So for them, pricing would not be much of the, consideration, again, the, supply chain and highly precision component, supply, that is the main criteria

of what they are and again, what they are looking for that by, you know, by, going with Rolex, how much components, what kind of requirement in total they can be addressed. So it's a kind of one, one stop solution or something like that, that my customers is always concentrating and the, you know, the track or rather the track record of my existing business with my existing customers. They are also aware a new customer definitely check my history that if I am there into the particular kind of auto component business, what is the age of my auto component business with a particular, renowned group, So that will also give me some positive marks.

**Jason (00:43:54):** Sure, sir. Thank you so much, sir, for answering my questions. And, sir, just one, improvement. I just I just wanted to ask you, Yes. Yeah, sure, sure.

**Moderator (00:44:05):** Thank you. The next participant can mute yourself and ask a question.

**Shraddha (00:44:27):** Yeah Hi. Good afternoon. This is Shraddha from Neo Asset Management, I just wanted to understand, you know, I think a lot of it got covered But I just wanted to understand, since you were, you know, in the previous quarter, you were guiding for, you know, and you did speak of, you know, some pick up and new customers in Europe. And we were guiding for, like, a mid-teen sort of a guidance for this year. So, from, you know, from your conversation, is there some sort of the existing customers or, you know, domestically who are supplying or exporting to the, you know, their peers globally? Are we seeing some, you know, substitution there and hence we are losing some share. Is there any change from the previous quarter because of which, you know, we are talking of some softness in the European markets.

**CFO, Mr. Hiren Doshi (00:45:29):** Yeah, A couple of questions, What I think it's there in your, first of all, the what we had in, what we conveyed in the our previous meeting that Europe, is picking or rather, it's gradually new customers have are picking up or incremental volume has been added. So let me tell you that those new customers have already added and they have, in the particular FY first quarter of this FY 25, the numbers of those customers have improved compared to the previous quarter, so that has already been increased. But the increase is less than the decrease what we have we had in bearing ring segment. That is why, So the new customer what we have been informed that is there in the numbers. Let me tell you one European customer what it was there in FY, last quarter of this one FY 24, it was somewhere about say, 14 crore, of quarterly business. And in this particular quarter, June 24, it has increased to 22 crore, revenue. So that has already been added and what we told or conveyed that new customers are increasing gradually, they are increasing their volume and they are ramping up. Let me tell you, couple of more customers would be added in next 2 to 3 months, which will start it gradually. And maybe, it would be having good number by the end of this fiscal that is there. The second part of the equation, that is there any substitution or is there any, you know, the diversion of this thing? Touchwood, we didn't expect or rather we didn't get any kind of feedback from our customers, existing customers, See if it is the substitution that may be because of if they are my customer is having some issues in pricing or quality or maybe supply chain. These are the three reasons where my customers are going to, or rather trying to switch over. But none of the customers came back to us in terms of revision of prices or maybe for other issues, So there we are, what what you say, pretty sure or rather very much confident that my customers have not moved to somewhere else because we are talking with our, our, our customers on regular basis, wherein a particular demand of particular segment or particular component have been reduced. It's not that they have reduced earlier they were sourcing 10,000 numbers and now today they are sourcing zero. But that 10,000 numbers, it has gone to 4000. And they are not going to source the same kind of component from the various suppliers, that's why.

**Shraddha (00:48:16):** Fair enough sir. So it's just the demand slowdown?

**CFO, Mr. Hiren Doshi (00:48:21):** Demand slowdown, particularly in and apart from that this geopolitical reasons what it is there for last almost 15-18 months or 24 months. That is something creating hurdle.

**Shraddha (00:48:33):** Right sir, So if you can just, you know, sum it up like you said second half we could see pick up in the exports in the European side But just looking at the bigger opportunity, as you said, all the global, you know, bigger customers wearing guys have been gradually closing, closing down, their plants have been outsourcing. So if you can just talk of that bigger opportunity and hence in that context, how do we see the growth, You know

**CFO, Mr. Hiren Doshi (00:49:02):** I told that it's not that my customers are closing down. They have already closed down long back, It's not something only one customer having maybe couple of plants in overseas where they have some certain kind of forging facility, which they have announced before one and a half year back, that they are going to close it down in all put together by three years. So maybe down the line one year, one and a half year, they are completely they will also be out.

**Shraddha (00:49:29):** So incrementally are we seeing more outsourcing happening?

**CFO, Mr. Hiren Doshi (00:49:33):** Yeah definitely not from the banking segment. But, overall, they are almost in the outsourcing only so that there would not be any something which they are going to stop and now outsourcing as far as bearing ring is concerned.

**Shraddha (00:49:50):** Sure, sir. So just any guidance for the next two years how you would like to as you had guided last quarter, any change

**CFO, Mr. Hiren Doshi (00:49:56):** Guidance for what?

**Shraddha (00:49:58):** For the revenue growth for the next two years.

**CFO, Mr. Hiren Doshi (00:50:01):** Next two years. Madam, the kind of, you know, the order book, or rather the program, what we have awarded and what we are negotiating, almost on the advanced stage with the couple of customers, which may be, in this December or so we will be we are expecting to get those orders and, nomination. So down the line, if you ask me, for FY 26, FY 27, definitely we are expecting high teen to 20% growth, year on year.

**Shraddha (00:50:39):** Sure, Thank you.

**Moderator (00:50:47):** Thank you. I have two questions. So, while revenues have been flat Y-o-Y. Can you share? What if you see if you saw any growth in terms of the sales tonnage in this quarter versus last year?

**CFO, Mr. Hiren Doshi (00:51:06):** In terms of, you know, let me tell you the quantum of my this one, the sales, what it is there in the first quarter, it is somewhere about 11,000 metric ton what we have sold and which was 9900 metric ton, in the quarter 20, last quarter of FY 24, that is March quarter. If you check the same number for the first quarter, it was again 10,000, metric ton for the, previous corresponding year. So as I was mentioning that we had marginal growth in terms of, sales tonnage also, but that is because of the reduction of commodity prices.

**Moderator (00:51:57):** And would there be some factor of the product mix change as well?

**CFO, Mr. Hiren Doshi (00:52:01):** Yeah, that is always there, so that is always there. As we have, you know, more number of components as we have more auto components business. And, that's why

**Moderator (00:52:13):** when we see the volume revival in future in your export bearing and auto component, that time realization also will increase compared to this quarter.

**CFO, Mr. Hiren Doshi (00:52:24):** Yes, Definitely definitely.

**Moderator (00:52:26):** And secondly, what is our, cash balance right now? Net cash?

**CFO, Mr. Hiren Doshi (00:52:32):** if you ask me, as on date, I am sitting on a, net cash or you can say, or including all my, this thing is it is touching somewhere about 195 to 200 crores

**Moderator (00:52:48):** to net cash on the balance sheet.

**CFO, Mr. Hiren Doshi (00:52:50):** Yeah.

**Moderator (00:52:52):** Okay, Okay. Thank you. We have the next from a Abir. Abir Please go ahead. Abir Unmute yourself.

**Abir (00:53:07):** Hi, Yeah. So I just had a clarification out for bearing rings in Q1, FY 25 out of the 131 crore. How much of that would be domestic and how much of basically, what's the composition of this 131 crore between domestic?

**CFO, Mr. Hiren Doshi (00:53:23):** It was 86 crore, It was there in the domestic and remaining in overseas, which is somewhere about 45 crore.

**Abir (00:53:29):** Okay, And same for auto out of the 153 crore. What will be the breakup?

**CFO, Mr. Hiren Doshi (00:53:34):** 46 crore for the domestic and 108 crore for the, overseas.

**Abir (00:53:40):** Okay, Thank you. That's it for my side.

**Moderator (00:53:48):** Thank you, We have one more question, I'm giving you permission.

**CFO, Mr. Hiren Doshi (00:53:55):** I think it would be the last question.

**Moderator (00:54:00):** Yeah, Yeah. Please go ahead. Unmute yourself and go ahead.

**Abhishek (00:54:04):** Hi, sir. This is Abhishek here. So just, a couple of things, you have called out that, you know, the freight rates have also kind of, the sea freight rates have also impacted. So are you seeing normalization of that going forward happening as far as the sea freight is concerned?

**CFO, Mr. Hiren Doshi (00:54:23):** Not for this quarter, maybe down the line October, November or so it may because there are certain other, you know, factors, you know, with the US market business and

with 13 other countries, China, US composition, the the traffic has been diverted. And, yes, but we expect that from next quarter. It would be but decreased. Yes, downfall would be there otherwise.

**Abhishek (00:54:54):** Okay, and sir, In terms of the new order wins that you have seen in the last, you know, 2 to 3 quarters a ramp up of that should begin sometime in the second half of FY 25 this year. Or will it be even pushed back? How should we look at it?

**CFO, Mr. Hiren Doshi (00:55:11):** But it has pushed back. Not 100%, but the suggested volume was reduced. What they were telling us, that has been, reduced, but, at least it has started. That's why I was just mentioning one of the number, what we had for the, you know, the new customer in the last quarter, It was hardly a 14 to 16 crore in this quarter, It had stuck at crossing 20 crores. So that has already been increased something. And another couple of, one one main US based customers, which are initially it was supposed to be started in the Feb March 24th, but fortunately it has started in the month of May 24th onwards and we expect that to be picked up in the second quarter and third quarter.

**Abhishek (00:56:00):** Okay, so said the major driver, for you to return to a double digit growth would be Europe coming back to Europe if it doesn't pick

**CFO, Mr. Hiren Doshi (00:56:11):** Europe coming back and the main even the segment bearing ring segment, you know

**Abhishek (00:56:16):** which is which is predominantly Europe, I thought

**CFO, Mr. Hiren Doshi (00:56:19):** yeah, yeah, yeah definitely that you are right. And Europe again we are we have added in last one one and a half year, three four customers for the auto components. Again we are in dialogs with for couple of other nominations, Nominations for that, So we are expecting Europe also to be turned out and same, Touchwood, We didn't didn't get any kind of negative from the US and other markets. But we have good potential for the domestic also. I was mentioning that one of the our customer who in turn domestic customer in turn supply to their principles at Europe, which was, you know, reduced almost 25, 30% of their offtake compared to previous quarters. So that also to be revived.

**Abhishek (00:57:04):** Okay, So if Europe comes back for you. So Europe from a 35% kind of a decline, what you have seen in the current quarter for bearing rings for the bearing Europe.

**CFO, Mr. Hiren Doshi (00:57:15):** It's something overseas even in maybe certain segment of you can say Canada. There also we face a bit of reduction in bearing ring business.

**Abhishek (00:57:26):** Yes, So if that Europe are bearing rings was to go back to kind of stabilizing volumes and that decline and that will help you go back to a double digit kind of growth. So Europe bearing ring has to.

**CFO, Mr. Hiren Doshi (00:57:39):** Yeah definitely in the because you know we have that kind of already Established facilities for getting those kind of numbers, and we will be having quite good turnaround on the bottom line also.

**Abhishek (00:57:55):** Okay and Europe bearing is mostly industrial or is it auto?

**CFO, Mr. Hiren Doshi (00:57:58):** No, it's a mixture of both Sir, Mixture of

**Abhishek (00:58:00):** both are under pressure.

**CFO, Mr. Hiren Doshi (00:58:02):**Yes yes yes.

**Abhishek (00:58:03):** Okay, And you hope to see recovery in the second half of FY 27. That is what the visibility

**CFO, Mr. Hiren Doshi (00:58:09):** we expect very frankly not expecting much of the recovery in the current quarter that is second quarter. But from the third quarter onwards we expect bit of the recovery and maybe it would be stabilized by the end of the fiscal. Again, subject to no any other you know

**Abhishek (00:58:26):** okay and that is based on your customer interaction and the indication that

**CFO, Mr. Hiren Doshi (00:58:30):** yes, yes, yes, very much true.

**Abhishek (00:58:31):** Okay and sir you wouldn't be planning out for any capacity expansion or anything of that sort, right, Given that

**CFO, Mr. Hiren Doshi (00:58:38):** not significantly as I was mentioning, not significantly, because see, for the Burning ring segment, I do have already set up entire disk facilities, certain kind of auto components, or maybe a different kind of auto components in the particular transmission, transmission segment where we need to expand because of my, booking at, existing level there we are adding up few press shops, furnaces, etc..

**Abhishek (00:59:08):** Okay, Got it. Great, sir. Thank you for so much for answering my questions. Wish you all the best.

**Moderator (00:59:17):** Thanks, Thank you. Anyway, we can close the call now if you have any closing remarks, Thank you.

**CFO, Mr. Hiren Doshi (00:59:20):** Yeah, thank you very much for, all the participation, and, very much thankful for the patient hearing. And I hope, we have addressed the observation or rather, the queries of our, esteemed investors and the market analysis, Thank you very much.

**(Audio Ends)**