August 17, 2019

To,

BSE Limited,
1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street, Fort,
Mumbai - 400 001
BSE SCRIP CODE – 500493

National Stock Exchange of India Ltd.,
'Exchange Plaza',
Bandra-Kurla Complex, Bandra (East)
Mumbai- 400 051
Symbol: **BHARATFORG**
Series: **EQ**

Dear Sir,

Sub: Transcript of Earnings Conference Call

We are enclosing herewith transcript of conference call with analysts, which took place on August 13, 2019, after announcement of Unaudited Financial Results for quarter ended June 30, 2019.

The said transcript will also be uploaded on website of the Company.

Please take note of the same.

Thanking you,

Yours faithfully,
For Bharat Forge Limited

TEJASWINI R CHAUDHARI

Digitally signed by TEJASWINI R CHAUDHARI
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Date: 2019.08.17 14:33:53 +05'30'

Tejaswini Chaudhari
Company Secretary

Encl: As Above

"Bharat Forge Limited Q1 FY20 Earnings Conference Call"

August 13, 2019

MANAGEMENT: MR. AMIT B. KALYANI – EXECUTIVE DIRECTOR, BHARAT FORGE LIMITED

Moderator: Good day ladies and gentlemen and welcome to Bharat Forge Q1 FY20 Earnings Conference Call. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I would now hand the conference over to Mr. Amit Kalyani. Thank you and over to you sir.

Amit Kalyani: Good afternoon ladies and gentlemen and thank you for joining us for our Q1 FY20 analyst call. This is Amit Kalyani. I have with me members of our finance team, our strategic business unit head and our IR teams. Ladies and gentlemen first of all in terms of the numbers we had total revenue for the quarter of 1,346 crores which was decline of 9% year-on-year. However, there is an impact of about 2% of the inflationary steel price in this quarter, so on a like to like basis it's actually about 11% down. EBITDA is down by about 18% and PBT by about 25.5% and PAT by about 26%. It's been a challenging quarter with demand dropping rather rapidly as the quarter progressed in the passenger car sector and especially the commercial vehicle sector where there was a buoyant demand expected this year but suddenly it turned out to be exactly the opposite.

In addition as we had mentioned in the end of last quarter there was destocking on the oil and gas exports which had an impact on the exports to the US. But I am happy to report that this is now mostly behind us and we will see an upturn in the oil and gas exports in this quarter and going forward. So, overall the total revenues were down by 9% with exports down by 11%, domestic down by about 7%. However good news is that we continue to generate strong cash flows, we maintained a good cash surplus. We have not built up any inventories in any sectors where we foresee any issues at all. In fact our inventories are well under control. In terms of the outlook, demand on the domestic market has not improved, in fact the demand we expect will only get stabilized by the end of this quarter simply because of the inventory that is there in the medium and heavy commercial vehicle sector. As you know BS-VI is mandatory from 1st April 2020 and no OEM is interested in carrying inventory beyond Diwali because they then may have to resort to price cuts or even get stuck with inventory. We have also secured new businesses in the current quarter for both domestic and exports where we did about $30 million. I'm also happy to report that construction on our Centre for Light Weighting Technology in Nellore is complete and we have begun final installation and fine tuning of the equipment and we will begin trial production in the next month and start revenue by October. Our initial capacity that we are installing in this plant will help to take us to about 300 crores of revenue which will happen in third year of production. I'm also happy to report that we have received a good response from our customers with several export orders that we have won for this new plant.

So, just to reiterate the key points; as the first quarter progressed domestic sales declined compared to the initial plan while exports were more or less okay. Things are still not looking good on the domestic medium and heavy commercial vehicles front. The Q2 industry volumes will be impacted by the shutdown production cuts undertaken by OEMs to correct inventories as we shift to BS-VI. US Trucks we expect the built to be at around 335,000 this year in CY19 and next year should be somewhere probably about 10% less than that. That is the outlook that we see right now. On the passenger vehicle sector, it still continues to do well for us. In fact we have grown our passenger sector business this quarter also because of new OEMs, new products and new customers and we have large export orders that will start ramping up from next year so we will see a significant growth and we can increase on value addition as well.

On the oil and gas side we had a Q1 decline which was the inventory destocking by our customer. We are already seeing export in this quarter higher than last quarter. In fact we have now fine-tuned our strategy and put in place a comprehensive strategy to grow our oil and gas business Construction and mining is basically weak impacted by the global trade tensions. On aerospace we are now seeing green shoots and we will see growth coming out. What will happen going forward if we are just to highlight sector by sector; aerospace will grow, passenger will grow, oil and gas will grow, CAPEX will be almost frozen to a minimal level. We have a CAPEX spillover from last year that will get paid off this year and from next year we anticipate CAPEX at very low level. Net working capital will come down; free cash flow will go up substantially. We have a very large cost reduction program that we are undertaking right now which includes both productivity improvement and cost reduction and new product development. The progress on our strategic business unit is very satisfactory. We have made a good progress on the power electronics and control electronics and merit system side and we hope that this will be a major contributing factor to our business and start growing from 2022 onwards.

If you look at our overseas subsidiaries our total revenue was about 810 crores which was about 2.5% less than last year. EBITDA was about 5.3%. We had issues in one of our plants but overall I think we have a plan and a strategy to set this right by our product mix strategy and as our aluminum business grows we will start seeing the impact both on topline and bottom-line.

In terms of our balance sheet; our balance sheet continues to remain strong. Our long-term debt is about 1,580 crores. Our working capital and bill discounting has come down by about 55 crores from March 31st 2019. Equity has gone up, cash has also gone up. Our debt equity net of cash is 0.24 and our long term debt equity on a net of cash basis is 0.05 negative. On a consolidated basis our long term debt is 1,975 crores and total cash on the balance sheet is 1,921 crores.

I think that's it and I will be happy to take your questions.

Moderator: Thank you very much Sir. Ladies and gentleman, we will now begin the question and answer session. Our first question is from Kapil Singh of Nomura Securities. Please go ahead.

Kapil Singh: Firstly, I wanted to check on the order wins, we have talked about 30 million for automotive applications. Could you give some more details, which segments are these and by when should we expect full ramp-up?

Amit Kalyani: It's largely passenger car and small percent of it is also commercial vehicles for axle and driveline components.

Kapil Singh: And full ramp-up may happen by when?

Amit Kalyani: It will start next year but fully ramp up in 21. But last year orders will ramp up from early next year.

Kapil Singh: For the Indian truck market is there any volume guidance that you would like to give or it's difficult to give at this point?

Amit Kalyani: If my customers can't give it there is no way that I can.

Kapil Singh: For the domestic industrial business you have said that going forward we are expecting this business to remain clearly stable at these levels. I just want some more color on this, can you tell us that does this include segments like Defense as well?

Amit Kalyani: This includes segments like Defense and aerospace, it includes energy, it includes agri also. In fact I would say that it should grow because we are making progress on the agriculture side. We have some new progress on the aerospace side in the domestic market, so in a 2-3 year period we should start seeing growth.

Kapil Singh: Last year the US trucks, the order inflows have been fairly soft. So, when we are giving a guidance of 10% decline could you give some more color on that, why we think it will be only be a 10% decline?

Amit Kalyani: Orders are on a rolling basis and the orders that are taken in today are not for delivery in the immediate future. They are spread out over a fairly long period of time. So, the figures projected are based on what our customers had told us as an aggregate of their demand for next year and therefore their production plans.

Moderator: Thank you, the next question is from Ronak Sarda of Systematix. Please go ahead.

Ronak Sarda: If I look at on a quarter-on-quarter basis realizations have dropped pretty sharply, is this mainly related to the lumpy Defense order which we had as that ended in the quarter?

Amit Kalyani: It's a combination of factors but that is also one of them.

Ronak Sarda: So, that has ended in this quarter effectively?

Amit Kalyani: Yes.

Ronak Sarda: Any new wins in this space?

Amit Kalyani: We are working on lots of new Defense orders and hopefully in the next 6 months we should have some fructification. However our joint venture Kalyani Rafael Advanced Systems has won a $100 million order, very prestigious export order.

Ronak Sarda: Pertaining that order would all the forgings go from Bharat Forge?

Amit Kalyani: Any forgings that are used in any of our subsidiaries will go from Bharat Forge.

Ronak Sarda: On the India CV business, the top line has gone down nearly 30% versus the industry decline of 18%. So, is it some inventory correction happening at our end or how do you explain the incremental revenue dip?

Amit Kalyani: In Commercial Vehicles at least our customers are down by close to 30%. We have also not loaded any inventory with our customers and not over produced and supplied. We have been very frugal and managed our working capital and networking position very tightly.

Ronak Sarda: And on the Nellore plant, can you also highlight when you give the overall topline guidance but how would the profitability be for the first 12 months, how will that have?

Amit Kalyani: It's going to first start product validation and then ramp up in the first 12 months, so the first 12 months I would not put too much of profit expectations there. In the third year it will ramp up to 300 crores in terms of sales with a strong margin profile.

Moderator: Thank you. The next question is from Pramod Amte of CGS-CIMB. Please go ahead.

Pramod Amte: Would you be able to quantify couple of measures you have taken in this tough time especially as you talk about cost cutting and also the CAPEX reduction?

Amit Kalyani: There is no CAPEX reduction Pramod. First of all whatever CAPEX had to be spent is spent but we don't need any more CAPEX now for the next 2 to 3 years because we have got huge forging capacity, we have installed a new big forging press in Baramati. So, we have added almost 40,000 tons of forging capacity and we have lot of new machining lines in place. We have 8 new machining lines, so we don't need any more forging and machining capacity. What we are going to do is reduce a lot of our fixed cost. We are working on a variety of areas which will help us come out stronger from this downturn just like we have out of everyone and grow our business, grow our profits and grow our margins.

Pramod Amte: Do you see considering it's not only just India slowdown seems to be like an opportunity even in global on the M&A side, are there any product gaps or opportunities you see to do some acquisitions and in which areas?

Amit Kalyani: No we are not looking at acquisitions right now. Even if we do, it will be very strategic and it's not something that I will talk about very publicly. But there is nothing that we are targeting right now. We are very clear on what we want to acquire and what we don't. Right now I think we want to use whatever capacities we have to grow our business. We have a lot of IP that we have developed over the last few years and we want to use that to get into new products, new segments and grow our business.

Pramod Amte: Lastly with regard to the wholly-owned subsidiaries, there also the performance seems to have deteriorated. Would you put a reason what is gone wrong and how you plan to rectify in the coming quarters?

Amit Kalyani: I'm going to let my colleague Kishore answer that.

Kishore Saletore: Hi this is Kishore Saletore. I think the performance of the overseas subsidiaries is in line with what you have seen globally. Actually I would like to start by saying that this is not something that we are satisfied with but it is in line with what we have seen globally. We are taking some steps which will be long-term in terms of changing the product portfolio, basically structuring the overseas business, the entire business without any one-off cost or anything.

Amit Kalyani: And I think you will see this change in the next few months. It's going to be a combination of newer products; cost production and expanding our aluminum business in Europe which is a much more profitable business. The EBITDA margins are in the high teens as compared to what you currently see in the steel business. So, I think this is actually giving us an opportunity to do a lot of restructuring and I think the results will be there to be seen in the next few quarters. It's not going to happen overnight.

Moderator: The next question is from Jinesh Gandhi of Motilal Oswal. Please go ahead.

Jinesh Gandhi: My question pertains to CAPEX for FY20.

Amit Kalyani: There is no fresh CAPEX for '20. There is only payment for the CAPEX from last year.

Jinesh Gandhi: So, that would be what about 400-450 crores including maintenance?

Amit Kalyani: About in that ballpark.

Jinesh Gandhi: And second question pertains to oil and gas business, so you have been talking about new products and new customers. Can you share some more details or throw some light on where we are in business development cycle?

Amit Kalyani: We have now developed our new customers and in fact this year almost 20% of our oil & gas revenue for the year will be from this new customer and next year that will go on increasing.

Jinesh Gandhi: And on new product side?

Amit Kalyani: New product will be around 5% this year that will go to 10% next year.

Jinesh Gandhi: Second question pertains to the strategic business unit which you talked about on the electronic side. So, this is primarily entirely for electrification components or for something else?

Amit Kalyani: It's largely for EVs and I want to let the President of the business Mr. Krishna Kumar answer that.

Krishna Kumar: Yes, it's primarily going to be for the EV business but in the EV business we have both mobile and also some industrial applications like mobile cranes and all that. So, there are lot of existing business that we already have and we are looking at really growing the technology that we have in a big way in the automotive application.

Amit Kalyani: And we expect in the first year our power and control electronics business will be about close to 150 to 200 crores.

Moderator: The next question is from Sonal Gupta of UBS Securities.

Sonal Gupta: Just continuing with the same, you mentioned 200 crores in the first year.

Amit Kalyani: Between 150 and 200.

Sonal Gupta: For FY20 itself, is it?

Amit Kalyani: CY 21.

Sonal Gupta: Could you again talk about which are the products or what products are you focusing on?

Krishna Kumar: Basically, we are looking at all the major inverters, all kinds of inverters ranging from something like close to 4 Kilowatt rating up to 200 Kilowatt and above. So, that means right from a two-wheeler, three-wheeler to a bus and truck application. And this will be all the inverters that will be required on the e-mobility vehicles and there are lot of converters and controllers including BMS systems and BMS controls.

Sonal Gupta: So, do you have any tie-ups on this power electronics side or you are doing it in house?

Amit Kalyani: I think we have announced that we are acquiring a 50% stake in a German company, the process is going on.

Sonal Gupta: Just on the domestic side in terms of the passenger vehicles business given that even the passenger vehicle market is clearly in a slump. You are saying that that segment should continue to grow, right?

Amit Kalyani: Passenger car segment is in a slump but if you look at the secular trend it will grow and for us we have grown because we have one new business especially for BS-VI components and BS-VI engines and for some new customers that are coming to the market.

Sonal Gupta: On the passenger export side also you said that we should see again growth coming back next year, is that how…?

Amit Kalyani: On the passenger segment because we have new customers and new products we expect to see growth, plus we have new programs that we will be ramping up for exports from next year, so we will have solid growth in passenger cars next year.

Moderator: The next question is from Sahil Kedia of Bank of America. Please go ahead.

Sahil Kedia: Historically it's been as our understanding goes that the machining content is profitable from a margin perspective. When we think about the newer verticals as described by Amit on the aerospace, in the PV side, would they likely to have a higher or lower machining content versus commercial vehicles or industrial that we are doing?

Amit Kalyani: For some pass-cars the new product that we are all doing everything is fully machined.

Sahil Kedia: So, intuitively it's not just the revenue it's also profitable from a margin perspective.

Amit Kalyani: Yes.

Sahil Kedia: Sticking to this with BS-VI change over in India have any change to your product profile as a machining content or anything of that sort that can be expected?

Amit Kalyani: It will be accretive because a lot of companies that either sourced from others or do in-house machining will have to change their products and this is where we see a good opportunity.

Sahil Kedia: Are you have already seeing any discussions with OEMs?

Amit Kalyani: We have already tied up.

Sahil Kedia: Is it therefore right to say that currently if an OEM is doing it in-house, they may choose not to do in-house and push it out you guys because as we understand a lot of the CV business is largely forged in India. Is that the way to think about it?

Amit Kalyani: In CV business, anyway we are a big supplier but if there are some customers that were buying elsewhere we will see that transfers to us and we are already seeing that.

Sahil Kedia: Given the sudden sluggishness in the revenues that has happened and you have already out lined that there are 3-4 areas that you can use to fill up capacity. Are there other products etc. that are large segments or gaps that you can use or potentially tap into, to off-set the low utilization?

Amit Kalyani: Absolutely but the only problem is that it doesn't happen in 6 to 8 months. So, it will happen, now you will see us emerge as a big supplier in certain other segments like how we have in the industrial segment, in oil and gas that way in some new segments.

Sahil Kedia: But you are not at liberty to give us any more color on that?

Amit Kalyani: Not on that anymore but I would rather demonstrate then talk about it.

Moderator: The next question is from Punit Gulati of HSBC.

Punit Gulati: You mentioned that you are likely to get new customers on the passenger car segment especially on BS-VI. Would you expect a similar market share growth in the CV side as well or you think that might be lesser than what you see here?

Amit Kalyani: On CV side if you look at it 50% to 60% of the CV market the engines were supplied by one company and that is Cummins. There we are already a major supplier. Now for the other players we are also a major supplier, so it will only be incremental growth in those customers where they are buying from elsewhere or if we are supplying for the new components with them.

Punit Gulati: Transition from when we move from FY20 to 21 should we expect on a like-to-like same customer volume basis a much higher revenue?

Amit Kalyani: Not much higher, I would say may be 10%.

Moderator: The next question is from Kapil Singh of Nomura Securities. Please go ahead.

Kapil Singh: On oil and gas business could you share some more details that what happened exactly during the quarter? How much have the revenues been for the quarter and what to expect for the full year?

Amit Kalyani: No honestly, I don't feel comfortable sharing that level of detail but the revenues did come down quite substantially this quarter. But we are already seeing a growth in Q2 and it was basically a destocking problem. You have to understand the mentality of the operations in the oil and gas business. If you ever go to the Permian Basin or you go to Odessa, Texas you will see about 300 different entrepreneurs who are all digging well and it's not like India that the resources that are under your ground belong to the government. In the US anything that is on or under the ground that you own belongs to you. So, every guy there wants to take a chance, want to spend a few million, drill a well and see what's underneath. When the prices are good people get funding, people get private equity and they are keen to drill but when suddenly the prices are reduced suddenly the whole system, the liquidity dries up and then things slow down. But again, in this case what we are doing is we started about a year and a half ago on de-risking the oil and gas business by focusing on more customers, more sectors and more products and this will help us in the next sub-cycle.

Kapil Singh: For the full year should we expect a flattish kind of revenue or some decline?

Amit Kalyani: No, it will be down but by next year I think we should be back to the same level.

Kapil Singh: Could you also update on the capacity utilization both in India and overseas currently?

Amit Kalyani: Our tonnage is not that much different. Last quarter it was about 62,000 and now we are at 61,000, so it's not significantly different. Over utilization is about 60-65%.

Kapil Singh: And in overseas business?

Amit Kalyani: Overseas would also be about the same level.

Moderator: Next question is from Girish Raj of Quest Investments.

Girish Raj: So, again on the international business Amit; based on the outlook that you have on the oil and gas, should we take first quarter FY20 base in the industrial export and grow from here?

Amit Kalyani: Yes, I would take this as a base and then we should say quarter-on-quarter basis grow.

Girish Raj: PV export we have good order wins in the past which we thought, we would grow much higher?

Amit Kalyani: You have to understand that the entire automotive industry globally is in flux between pass-cars, CV, model changes so there are little time delays that can happen on order ramp ups. Really we are in uncharted territory right now, but the point is that all the platforms that we are on are the only engine platforms that these companies have.

Girish Raj: On the domestic CV Amit, FY19 was impacted due to capacity constraint and first quarter decline quarter-over-quarter was only 5% despite 23% decline in the industry production, right. So, we have done fairly well on a quarter-over-quarter basis. Would appreciate if you can give some color; again you mentioned that there will be production cut but how to look at this particular segment?

Amit Kalyani: What has happened is in Q1 people have overproduced. Everybody knows this that there is inventory in the system. On top of that they built up inventories with their own levels and in fact we have substantial destocking of inventory and the production cuts so I think Q2 is going to be quite damp, from Q3 and Q4 we should start seeing more reality.

Girish Raj: But from a year-on-year perspective there will be decline, isn't it?

Amit Kalyani: Sure, absolutely. At the end of the second quarter you will know for sure and with BS-VI coming everybody will have clarity.

Girish Raj: Third question is on industrial domestic; there is quarter-over-quarter decline in revenue of 80 crores. I would assume tractor has played a big role?

Amit Kalyani: Tractor we had a Defense order which finished last quarter.

Girish Raj: I thought that continued this quarter so quarter run rate was 50 crores?

Amit Kalyani: That was a smaller amount, it wasn't as high that it was in the past. It's a combination of variety of factors, it's the combination of the tractor market, the construction and mining market and the Defense order. Agricultural has already improved plus we have won new business from that sector. Over the next few quarters this will improve.

Girish Raj: My last question is on the EBITDA margin outlook.

Amit Kalyani: I hope that EBITDA margin will only go up from here. One quarter might be stagnant but for the year we should do better than this.

Girish Raj: FY19 level?

Amit Kalyani: No, year after next we should aim to get back to close to those kinds of numbers.

Girish Raj: Any view on interest expenses?

Amit Kalyani: The interest expense is higher because of the accounting standards. Part of Exchange loss gets accounted for in the interest cost so that is because of that.

Girish Raj: Any quantification?

Amit Kalyani: About 10 crores for this quarter.

Girish Raj: Which was not there in the fourth quarter, is it?

Amit Kalyani: No.

Moderator: Thank you. Next question is from Sonal Gupta of UBS Securities. Please go ahead.

Sonal Gupta: So, just on the AS 116, what is the impacted EBITDA level?

Amit Kalyani: It's not substantial at all.

Sonal Gupta: So, it's 10 crores for the interest I would imagine there would be some for depreciation as well, right?

Amit Kalyani: No that 10 crores impact is not because of lease standard. The lease standard impact is hardly anything, that 10 crores is because of part of exchange loss gets reclassified as interest. That has nothing to do with 116-lease.

Sonal Gupta: Could you remind us like the gross debt you stated was 1,975.

Amit Kalyani: 1,975 crores on a consolidated basis and we have cash of 1,920 crores.

Sonal Gupta: So, basically net debt is negligible, right?

Amit Kalyani: On a long-term basis. We have working capital debt, that's it.

Sonal Gupta: Just on the CAPEX like you mentioned for domestic, any updates on what sort of CAPEX are we doing as subsidiary?

Amit Kalyani: The new aluminum plant, mostly by December we will start trial production and by March will be fully in production.

Sonal Gupta: So, spend this year would be how much?

Amit Kalyani: It's about €40 million.

Sonal Gupta: So, we are not pursuing the US plant as of now, right?

Amit Kalyani: We will give you an update on the US plant in the next quarter.

Sonal Gupta: Again coming back to the Defense thing that we mentioned, so do we see the run-rate dropping from here given that there will be no contribution from that order any longer?

Amit Kalyani: What we have is we have two streams of business for Defense. We have the revenue business which will continue, in fact we will keep growing that and we have the capital business which are these one-time orders or these big orders. That was a small order that we had won but we have many such orders that we are working on. Even if we don't get any new order just based on the existing revenue business that we have we should be on a flattish basis.

Moderator: Thank you. The next question is from Basudeb Banerjee of Ambit Capital. Please go ahead.

Basudeb Banerjee: As you mentioned earlier in the part of the call that bulk of the decline in ASP was back of that lumpy Defense business coming out, so if I see its back to almost that Rs.140-Rs.139 levels it was before the December '18 quarter. Can I know how much of this decline is because of that Defense business and how much is because of the destocking by the major oil and gas client?

Amit Kalyani: I think bulk of it is destocking.

Basudeb Banerjee: How to look at the oil and gas business from next quarter then onwards?

Amit Kalyani: It will start going up.

Basudeb Banerjee: If I see rupee is moving up from 68 to 71 so any change in hedging and any benefit one should expect, or it is largely hedged full year?

Amit Kalyani: No, it's not fully hedged. Only on the open portion we will get some benefit. We don't look at opportunistic hedging policy.

Basudeb Banerjee: Surely and how much of exports outlook will be hedged as of now?

Amit Kalyani: 50%.

Moderator: The next question is from Priya Ranjan of Antique Stock Broking.

Priya Ranjan: My question is related to the restructuring which you are talking about, about the European business, so can you just throw some light on that? Whether you want to completely do away with steel forging in Europe? You have a bigger space out there and you want to continue only with aluminum business and rest all can be supplied from India or something?

Amit Kalyani: This is not something that one can take a unilateral view on. You have to have a pretty deep engagement with your customers because for certain products we are market leaders both in terms of technology and in terms of market share. There are certain products that we will continue to make there but definitely we would rather make higher margin products there in a high cost economy than products which don't have the same margin. I think your question is in the right direction but it needs to be tempered by what the customer's expectation goes by.

Priya Ranjan: Since you already have such a large press-line out there so can it be completely shifted to India?

Amit Kalyani: If we wanted to, yes but with customer's willingness of course. There is nothing that we can't make in India that we make anywhere else.

Priya Ranjan: On the India industrial part the business has been growing and will it be in the same range or will it be some of new content or new segments where you can have significant amount of improvement going forward?

Amit Kalyani: India industry level is in a very big flux; you must have seen the BHEL results. Clearly there is a lack of capital formation and CAPEX investments. The areas where we see the only opportunity right now is mining, road construction, agriculture and to some extent Defense. Those are the only areas and of that I think the one which is still running quite well is mining. Mining is also impacted by rains especially in Assam and Jharkhand that side of the country, West Bengal it's affected by rains, so once the rain effect goes also there will be an uptrend in that.

Ladies and gentlemen if there are no other questions, I would just like to make closing comments. If you look at the history of our company and you look at our financials over the last 5-6-7 years, we were in the same position in 2015-16 where it looked like doom and gloom and world was collapsing around us but we came back stronger and faster and better. We have a much more robust business model. The environment is quite challenging but in spite of that and there is no two ways about it I assure you that our management team is completely ceased with the situation at hand and we will come out stronger very shortly. Thank you very much and if anyone has any further questions you can get in touch with our Finance team or IR team and they will be happy to answer your questions.

Moderator: Thank you very much sir. Ladies and gentlemen on behalf of Bharat Forge that concludes this conference. Thank you for joining us and you may now disconnect your lines.