

November 6, 2018

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 Analysts Conference Call**

We are enclosing herewith transcript of conference call with analysts, which took place on November 2, 2018, after announcement of Unaudited Financial Results for quarter and half year ended September 30, 2018. The said transcript is also uploaded on website of the Company.

Please take note of the same.

Thanking you,

Yours faithfully,  
**For Bharat Forge Limited**

**Tejaswini Chaudhari**  
**Deputy Company Secretary**

Encl: As Above

BHARAT FORGE



# “Bharat Forge Ltd Q2 FY19 Analyst Conference Call”

**November 2, 2018**

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

**Moderator**

Ladies and gentlemen good day and welcome to Bharat Forge limited Q2 FY19 earnings conference call. As a remainder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. 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. At this time, I would like to hand the conference over to Mr. Amit Kalyani. Thank you and over to you.

**Amit Kalyani**

Hello good afternoon and welcome to the Bharat Forge Q2 Analyst Call. This is Amit Kalyani. I have with me my colleagues from finance and our operations and business development. As is normal I will take you through a quick update on the quarter and then we can open the session for Q&A.

So, I am very happy to report that this has been our 8<sup>th</sup> quarter of QOQ revenue and profitability growth. We have witnessed broad based growth across all sectors and business segments and geographies in the quarter. One of the highlights was doubling of our passenger car component exports YOY, accompanied by strong double-digit growth in all other verticals. Our quarterly Oil and gas and domestic passenger car business was also at all-time high. Our total revenue stood at about close to 1,680 crores which was 33% higher than last year. And despite the continued inflationary pressure on raw material, energy and manufacturing cost, EBITDA margins were 28.3% which is within our range of 28% to 30%. The PBT before exchange gain or loss was 386 crores. A growth of 21% and during this quarter, there was an adverse impact of 41 crores on account of exchange fluctuation on revaluation of foreign exchange assets and liabilities. The majority of this impact is in respect of foreign currency loans, which has a scheduled repayment over 6 years. I will talk a little bit about our new business, new order wins and capacity capability creation.

The company has secured new business from global passenger car OEM in India and further strengthened our presence in the passenger car market. Our center for light-weighting technology is under construction and its progressing on track. I am very happy to report that we are seeing tremendous interest in traction from potential customers during our business development engagements. And with the new novel technology that we have put in place, we have won orders for both domestic and export business from several customers now. More than two customers to be more specific. And these will amplify the current passenger car business that we are doing and help us grow in the sector and further grow our business both domestically and in exports over the next few years. The industry 4.0 center of excellence was inaugurated last month, and this center will act as the foundation for machine learning and artificial intelligence and allow us to increase our technology penetration and usage within our manufacturing sector to further reduce cost, increase efficiency and productivity. And improve the quality of products and service that we deliver to our customers.

In terms of outlook, looking ahead we see sustained strong demand from our customers across the board whether its commercial vehicles, passenger cars and Industrials. And we believe that this gives us good confidence for the second half being strong as well. And we expect margins to also remain strong. I would like to highlight two very interesting and significant point which we believe

are inflection points for our business going forward. And that is the commencement of serial production and ramp up for aluminum forging of aluminum parts for domestic passenger cars. This is significant because it's the first time that a domestic OEM is using aluminum parts in their vehicle, which are forged, they are recognizing the need for weight saving and improving the overall performance of their vehicle. And the second is that we have also secured the first export order for our aluminum light weighting business, which is also very heartening. Because that will also pave the way for further growth.

On the global subsidiaries we have total revenue of 737 crores with an EBITDA of 50 crores, which is close to 6.8% and a PBT of 4 crores. What I would like to highlight here is that this performance could have been even better, but the revenue from our very profitable aluminum forging business was impacted by the new German testing norms which is the WLTP testing norms where the vehicles are tested according to more real-world usage of a vehicle rather than an ideal world usage of a vehicle. Due to which a lot of vehicle sales has slowed down or been held back because of not having enough testing facilities and time for testing. So, we expect this drop to be made up going forward and it's only a blip for this quarter.

Also, on the financial parameters, our debt/equity looks slightly higher and that is largely because of the revaluation on the FOREX loan, and if you look at our ROCE and RONW both have gone up quite substantially. Our ROCE is now at close to 24.5% and RONW is about 20.8%. Foreign exchange realization for this quarter was just below Rs.71. And we are running at about close to 80% capacity utilization. We also see tremendous demand traction from our existing customers and we have new facilities of forging and machining across the spectrum right from cold forging to large new hot forging facilities, machining facilities all coming online between February-March to September-October of next year, which will give us a boost for next year as well. I think that's all I have to say and I would be happy to take your questions now.

**Moderator**

Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Kapil Singh from Nomura Securities.

**Kapil Singh**

Firstly, I would like to check on the segmental outlook. If you can just share your thoughts on each of the key major segments, both domestic and exports.

**Amit Kalyani**

So currently the outlook for our segments is extremely strong. If you look at the commercial vehicle segment in India, it is expected to remain buoyant till about January of 2020. The US market is expected to remain strong next year as well, and the European market will remain at current levels +/- two or three percent. So, more or less stable, Brazil, if the elections go well should see some positive traction. Asia, especially Japan is seeing a little bit of growth because of the buildup of the Olympics of 2020. So overall the commercial vehicle market is strong. Oil and Gas is strong, construction is strong, mining is strong, defense and aerospace is also stable, and should be growing next year and year after next as well.

**Kapil Singh**

Particularly domestic non-auto is this quarter has seen strong Ramp up. So, should we expect it to build on from these levels.

- Amit Kalyani** This is the first quarter where our new defense business has started contributing and one of our first defense order has started sale. And we expect that this will continue all of this year and next year as well. And then we have other programs which will add to the pipeline.
- Kapil Singh** Sir I have two questions on the financials. Firstly, if you would explain how you treat the foreign currency loan, the loss that has come. What is the treatment of that?
- Amit Kalyani** That is recorded as exchange loss. And this is on a notional basis. And then again when it gets paid, it will be flushed out. But it is passed through P&L.
- Kapil Singh** Is it recorded entirely in the same quarter or it is over a certain period.
- Amit Kalyani** No in terms of whatever is the current exchange rate, that will get booked at that rate. Only that it will get flushed out over a period of time as per repayment. But the incidence has happened since the rupee has depreciated quite strongly in this particular quarter. You will see a large mark to market. But it is booked at current exchange rate.
- Kapil Singh** Okay. Because the debt level has increased by about 300 crores or so. So, I was trying to understand
- Amit Kalyani** We have also had some 150 crores on top of that as revaluation impact. And 150 crores as the increase in borrowing
- Kapil Singh** And how is the 150 crores. Does the entire 150 crores come in P&L. How has 40 crores come, I am trying to understand.
- Amit Kalyani** 40 crore is the net impact of revalorization of foreign currency assets and liabilities, for us for the quarter. This is a quarter movement. And the loans are the total loans which are there outstanding as on balance sheet date.
- Kapil Singh** Okay, that makes it clear. And the second question was on gross margins. If I see Raw material to sales, there has been a spike this quarter. So, if you could help us understand what has happened there.
- Amit Kalyani** For raw material, we have two things – One is the pass through on alloy steel, which is a combination of base price plus alloy and surcharges, and the second is some of the passenger car business starting out as just forged and eventually will become machining, so there is an impact of the product mix as well.
- Moderator** The next question is from the line of Amen Pirani from Deutsche Bank.
- Amen Pirani** Hi, my first question was on the aluminum forging business that you have started for in India. What components will you be doing here.
- Amit Kalyani** Chassis Parts.

- Amen Pirani** Okay. And you also mentioned that you have started exports. So, this is in addition to what you are doing.
- Amit Kalyani** No. We have won export order for the center for light-weighting technology to make aluminum parts and export them once our business starts.
- Amen Pirani** So this will be in addition to what you are anyways doing in aluminum Technique in Europe basically.
- Amit Kalyani** Absolutely
- Amen Pirani** Secondly on defense. You mentioned that this quarter your defense business has already started contributing meaningfully. So, any color you can give on what components or what products you are doing right now.
- Amit Kalyani** We are making a bunch of components right from consumables to capital goods which are used in a variety of defense and home land security centers. I don't want to go into more detail than that right now.
- Amen Pirani** I will just ask you on the defense thing. On the ATAGS which you know has been a long-drawn process. We have seen that the process for ordering the initial batch has started. Can you help us understand the time line as to revenue recognition 18 months away, 24 months away or even longer?
- Amit Kalyani** As soon as the orders get placed, we can start deliveries within 6 months. From the time of order, we will be very quick to revenue.
- Amen Pirani** So just to clarify, these guns will be made, completely in standalone or are you going to look at the forging part of the revenue.
- Amit Kalyani** No the entire gun will be made by us.
- Moderator** Thank you. The next question is from the line of Pramod Amte from CGSCIMB.
- Pramod Amte** Hi, if I were to look at the historical experiences of your currency depreciation how soon do you usually pass it on to the customers? Secondly, usually does it help you in a medium term to open up any of the subsegments as an addressable market which couldn't have been competitive.
- Amit Kalyani** We don't look at currency as a short-term situation. We don't look at it tactically. I mean yes, there are certain businesses where you have short delivery and order cycle time such as on the non-auto motive side, you can look at it. But on the automotive side where you have businesses which are long term, and long duration, 4 to 7 years, I don't think we can speculate on currency.

- Pramod Amte** And second is with regard to the aluminum forging. The order which we have talked about export, is it helping you to get new clients on the passenger vehicle side on exports or this is the traditional clients?
- Amit Kalyani** No Actually it is new customer.
- Pramod Amte** So you feel there is more scope to come through.
- Amit Kalyani** Huge.
- Moderator** Thank you. The next question is from the line of Ronak Sarda from Systematics. Please go ahead.
- Ronak Sarda** Thanks for the opportunity. First question is on your product mix. I mean going ahead, let's say one or two years down the line, how should we look at your product mix, given aluminum forging will pick up and aluminum parts from Andhra Pradesh plant will also pick up. And you have defense also ramping up. So, how does that you know impact your gross margins.
- Amit Kalyani** See, it's not segments. Because you know, it's a new product, but existing customer segment. They are going to go into passenger car or auto motive or industrial. I mean I don't see that much change in segment except for defense. Defense will increase as a percentage of overall business.
- Ronak Sarda** Let's say two years down the line. How the product mix will impact your gross margins. Assuming aluminum is not as profitable as the current forging business. Or the defense would be a much higher profitability.
- Amit Kalyani** I don't know why you would assume like that. I think aluminum will also be fairly profitable for us. We wouldn't be pursuing it if it wasn't profitable. And I would request you to look at the EBITDA. Because everything we have to look at is from a return basis and on a blended basis, I think all of it will reflect on your EBITDA.
- Ronak Sarda** and the next question was on your shale gas business. Given the crude volatility does this change the business in any way and what is the progress on the new customer and the new products.
- Amit Kalyani** We have already acquired new customers in this area, and we are starting the production, validation process is going on. That will take a few months. And then we will ramp up. And shale will remain dominant supply in the US market. As long as oil prices remain above 45 to 50 bucks, shale is here to stay.
- Ronak Sarda** So sir can we expect ramp up to happen may be in second half of FY20, will that be a significant contributor, a new component and a new customer as well?
- Amit Kalyani** Absolutely.
- Ronak Sarda** and again on your currency depreciation I understand the long-term business may be, you have to pass it on, but eventually does this help us in any way assuming this will get passed on?

**Amit Kalyani** I would request that you have a separate call with our finance guys on the currency side. Because a lot of assumptions that are being made today on the call are not necessarily valid.

**Moderate** Thank you. The next question is from the line of Joseph George, from IIFS. Please go ahead.

**Joseph George** Hi I have a couple of questions. First one is to understand the FX impact that you have mentioned. Would it be right to assume that if Rupee stabilizes where it is right now or where it was at the end of the quarter there wouldn't be any such impact in the upcoming quarters?

**Amit Kalyani** Correct. Absolutely.

**Joseph George** The second question that I had was on the hedges. When I look at your annual report for FY18 I noticed that the Hedge book that you have is significantly higher than one year of expected export revenues. So just wanted to understand what the thought process is there and in connection with that I also wanted to understand how you book your revenues. Is the export revenue booked in the top line at the spot rate? Or at the hedged rate.

**Amit Kalyani** See we have our hedging policy where we hedge over a multiyear outlook but reducing amount per year. So, for this year if I have 50 to 60 percent of my business hedged, next year it will be 30%, year after next it could be 10% or 15%. And the export is booked at the rate at which it is hedged. The hedged portion is invoiced at the rate at which it is hedged.

**Joseph George** Okay. So, the 71 number that you gave is kind of a blended number. Alright. And when you also mention that for FY19 you have 50% or 60%, next year you would have 30% or 40%, how many years far out do you go.

**Amit Kalyani** Only two. Current year plus two.

**Moderator** Thank you. The next question is from the line of Sonal Gupta from UBS. Please go ahead

**Sonal Gupta** Hi good afternoon. Thanks for taking my questions. So just continuing on this FX loss thing. You are saying that the loss is primarily because of mark to market of FX loans, right?

**Amit Kalyani** Yes.

**Sonal Gupta** I mean, so shouldn't that be reflected in finance cost. Why do we put it in other expenses?

**Amit Kalyani** As per the accounting standards, whatever used to be included in finance cost is already included and whatever we are doing is as per our accounting standards IndAS.

**Sonal Gupta** Given that we are effectively sort of break even on cash, do we need to have such a large FX loan?

**Amit Kalyani** We like to keep cash on the balance sheet.



- Sonal Gupta** Giving that we already get FX revenues, I mean a large portion of our revenues and its coming in FX, so do we need a FX loan.
- Amit Kalyani** It acts as a natural hedge for us. And the interest rate on long term basis is typically substantially lower than India.
- Sonal Gupta** Right but that is now getting in, I mean effectively the M2M is costing you.
- Amit Kalyani** That is just a onetime effect okay. We haven't seen 15% or 12% devaluation of the rupee in such a short period of time, in a long time. We have a philosophy that we like to hedge our revenue with liabilities in foreign currency, because it gives us access to funds at a lower rate in order to implement CAPEX.
- Sonal Gupta** Sure. And just on the US Class-8 side, I believe Daimler on the call mentioned that they are sort of looking at discounting the Class-8 orders by almost like 40% because according to them a lot of over ordering has happened. So how do you see really the momentum on the Class-8 side, do you see further I mean like, the build rates going up?
- Amit Kalyani** What you are saying about Daimler I haven't heard, but I have seen a report which said that the outlook has not changed.
- Sonal Gupta** What I am trying to say is like, are you seeing any further ramp up from current levels for the US?
- Amit Kalyani** So build rates are at the current high levels. And we have not heard from anyone about a reduction in build rate. Everybody is operating at almost close to full capacity.
- Sonal Gupta** Just from the India industrial side, the pickup that we have seen, a very strong pick up, even on a sequential basis, So the new defense stream that we are getting is just going to be lumpy or do you think that it will be on a more consistent basis at QOQ?
- Amit Kalyani** This will continue for a few quarters. I think this is the 4 to 5 quarter business. But we will have other things that ramp up by that time. And there is a potential to also potentially increase this product itself once it has good acceptance.
- Sonal Gupta** And, this last question on the US shale side. Sequentially have you seen a further ramp up from Q1 levels?
- Amit Kalyani** Absolutely. We are running at full capacity right now. In fact, we will be debottlenecking some of our capacities and then be able to supply some more.
- Moderator** Thank you. The next question is from the line of Bharat Gianani from Sharekhan. Please go ahead.
- Bharat Gianani** I just wanted to ask the passenger car business, what is the contribution in our revenues as of now and also target to take it over the next one or two years?

- Amit Kalyani** The passenger car business, I would breakup into three segments. I would say existing products and technology will grow maybe 10% to 12% year. New products which are all the cold forgings and transmission related will grow much faster. The Aluminum products will grow much faster. So currently the passenger cars are about 11% or 12% of our business. This will easily double in the next two to three years.
- Bharat Gianani** So just coming on the Class-8 thing, what is your assessment of CY19 growth for the industry if at all?
- Amit Kalyani** We will be looking at a figure of 335 roughly.
- Bharat Gianani** This will be CY18 or CY19?
- Amit Kalyani** No, CY19. CY18 will be roughly about 320.
- Moderator** Thank you. The next question is from the line of Priya Ranjan from Antique. Please go ahead.
- Priya Ranjan** One question is related to the customer the customer renegotiation in US. I guess mostly it will be annual. So, all the commodity headwinds, etc., which was there in the current year, so can we expect some kind of pricing benefits from the next year the fourth quarter onwards.
- Amit Kalyani** We have long-term contracts with pass throughs on raw materials with all our customers. This is not up for renegotiation, it gets calculated at the end of either a quarter or whatever was the agreed period and documented and passed on.
- Priya Ranjan** Yeah but it always comes with a lag. So, typically for some customer it might be 6 months it might be a year or so.
- Amit Kalyani** We don't have any customer where it is the annual process. It is typically monthly, quarterly, and very exceptionally 6-monthly. And it is documented and at the end of that period of time you do get your reimbursements. Then it gets passed on to the suppliers.
- Priya Ranjan** My second question is on the domestic CV business. If I look at the domestic MHCV production growth for the quarter it was roughly around 39%. But our revenue growth was around 24%-25%. So how should we read this?
- Amit Kalyani** That is simply because we have been out of capacity. We have had capacity issues and we had one press under maintenance because of that we could not supply as much as we would have liked to. We essentially lost almost a month and a half on one of our presses. So, combination of these factors led to this situation.
- Moderator** Thank you. The next question is from the line of Basudev Banerjee from Ambit Capital. Please go ahead.

- Basudev Banerjee** I just wanted to understand that you had a very strong improvement in blended realization, how much of that was led by currency and how much of commodity passed through and how much mix?
- Amit Kalyani** Currency has not given that much of a boost because our realization is about \$71. Whereas the underlying market was higher than that. It's been a combination of volume mix, productivity and pass through. Volume is the significant part.
- Basudev Banerjee** And, how much was Oil and Gas business from US this quarter?
- Amit Kalyani** It was about 230 crores.
- Moderator** Thank you. The next question is from the line of Anupam G. from Stewart & Mackertich. Please go ahead.
- Anupam G.** Sir my first question is, if you can give a margin wise guidance on which segment would be higher on the margin side, is it CV export or passenger export.
- Amit Kalyani** We do not give guidance on segments. We will give a guidance on the company. And our margin guidance has always been between 28% and 30%.
- Anupam G.** Okay sir, and the new thing that is aluminum forging that is ramping up, is it a replacement of your traditional forging items in the vehicles?
- Amit Kalyani** No we never used to make these parts in the past.
- Anupam G.** Okay so I am to believe that there would be aluminum forging items as well as your previous traditional forgings?
- Amit Kalyani** Yes, absolutely.
- Anupam G.** And sir, how do you see the commercial vehicle market in the domestic? Do you see that there will be a high pre-buying due to BS-VI or the proposed scrappage policy?
- Amit Kalyani** See, right now the scrappage policy is not in place. Till 2020 March at least more like January or February there will be a very strong pre-buy. Pre-buy might continue till March but product of those vehicles will continue only till about January because they will have to switch over to producing Euro-VI after that.
- Anupam G.** One accounting question. What would be your PAT and adjusted PAT. What would be the difference in that?
- Amit Kalyani** That is the exchange loss.

- Moderator** Thank you. The next question is from the line of Shyamsundar Sriram from Sundaram Mutual Fund. Please go ahead.
- Shyamsundar Sriram** We had spoken about this Agri business as a very strong revenue driver, we had about I think I think 110 crores was the last FY18. We had also spoken about some new orders on the farm equipment side coming through. How is the current run rate there and what is the outlook here sir?
- Amit Kalyani** So on the Agri side we are focusing on high-value products and not on commodity products, and that is the area where we have won substantial business and we expect that business will continue growing. And Agri right now was roughly about 45 crores for the quarter.
- Shyamsundar Sriram** Sir and my second question is on this overseas business where you had spoken about WLTP norms impacting our business, we are also seeing a dip in the margins as well so if you can slightly help us explain?
- Amit Kalyani** That is because of the aluminum business going down. The passenger car related business is going down and these were high-margin businesses. Traditionally, this is the weak quarter.
- Shyamsundar Sriram** So, are these WLTP issues that impacted the European OEMs broadly behind us?
- Amit Kalyani** That's not fully behind them. But you know what they have done is, they have focused on getting their high-volume cars pass through the WLTP norms and this will clear out by the end of the year.
- Shyamsundar Sriram** And broadly over the next one year, how are your conversations with the OEMs coming up? Are they seeing some more flattish kind of a growth for them? What is our look here sir?
- Amit Kalyani** Which market and which segment?
- Shyamsundar Sriram** European markets sir.
- Amit Kalyani** European markets, the passenger car vehicle business is pretty buoyant. And the commercial vehicle is flattish. That's how it normally is.
- Moderator** Thank you. The next question is from the line of Priya Ranjan from Antique. Please go ahead.
- Priya Ranjan** Just one question on the India Industrial business. We have grown by around 38% YoY this quarter. So how much can we see it as organic and how much can we contribute to the new defense business which we are taking about?
- Amit Kalyani** About 70% of the growth is from the defense and 30% is from the organic.
- Priya Ranjan** Any thought on how the railway ordering or railway CAPEX, etc., is happening and what kind of sense you are getting for your products in railways.

- Amit Kalyani** In railways, we have two different things happening. One is that on the diesel locomotives for the existing locomotives there is a requirement both for new build which are small but replacement and refurbishment which is very large. There is a very large part of locomotives which are in the country. The second is we see a lot of demand for high speed rolling stock components and systems for passenger rail which includes both electric locomotive as well as the bogies and coaches. So, there is a tremendous demand but it is for a different kind of products. So, we are developing these new products. Some of them we have already developed. And we expect that in the next two years once the ordering process starts and the big tenders come out, there should be a large opportunity.
- Priya Ranjan** So typically these customers will be like Bombardier and all, not the Indian Railway per se?
- Amit Kalyani** No it will be a combination. The Indian Railways will also be manufacturing some of the new generation products because they have assets and facilities, they are not going to keep them idle. But there will also be new players who come into the market.
- Moderator** Thank you. The next question is from the line of Nishanth Vass from ICICI securities. Please go ahead.
- Nishanth Vass** The first question is on Aluminum India PV business which you started, you specifically said about the chassis side. Can you throw some colors in terms of our understanding as to where do you see the opportunity coming through? I presume BS-VI will accelerate some of the OEM adoption on this side. In the next two to three years what kind of opportunity are you looking at?
- Amit Kalyani** See there are multiple drivers for this. The immediate driver is that everybody wants to make their vehicles more safe and crash safety has become a big thing. And for crash safety you need to have the right components and the right weight distribution, right crash absorption and because of this there is an increase in weight reduction and light-weighting and aluminum parts. The second is from BS-VI onwards, they will be added weight of the emission system which will have to be offset by light-weighting which will add to the aluminum usage and then as hybrid vehicles and electric vehicles comes, you will have huge aluminum opportunity and carbon fiber composite opportunity because the weight of batteries for a typical passenger car ranges for anywhere between 350 kg to almost 500 kg and this is extra weight.
- Nishanth Vass** Is it possible for you to put some possible revenue numbers to it, an aspirational number?
- Amit Kalyani** I can't put a revenue number to it because I am not presenting all those sectors. If I was then sky would be the limit and obviously the market has to mature to that limit
- Nishanth Vass** One related question, it is again more strategy in the sense you as a company have always been successfully diversifying into multiple new segments and businesses and as we are in the cusp of 2020 which as you also mentioned might have a large pre-buy on India commercial vehicle business and possibly Class-8 North America kind of possibly softening in CY20. Are you guys already looking at certain other opportunities in terms of further revenue diversification. Any new lines of businesses that you are further working upon?

**Amit Kalyani**

Absolutely. So, that is where we have a very strong strategy for that. That is the beauty of our business model that we have a very fungible manufacturing assets, we are currently also making non-automotive products on our automotive equipment, we are making products for aerospace, for rails, for defense, for other things. So, we have the ability to increase focus on any one sector in a relatively short period of time.

**Moderator**

Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Amit Kalyani for closing comments.

**Amit Kalyani**

Ladies and Gentlemen thank you very much for your interest and your participation on our call. We are very enthusiastic with the market outlook and your interest in our business and we expect that the next few quarters will remain very strong and over the next few years as we build our business to take advantage of the opportunities being thrown to us by the market, by some other large changes taking place in the automotive landscape, we believe that we are very well positioned to take advantage of these and would continue to seek your support and guidance. Thank you very much and have a wonderful weekend and Happy Diwali to everyone.

**Moderator**

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