

BHARAT FORGE



“Bharat Forge Limited Q1 FY-25 Earnings Conference Call”

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BHARAT FORGE



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Moderator: Ladies and gentlemen, good day and welcome to Bharat Forge Limited Q1 FY25 Earnings Conference Call.

As a reminder, all participant lines will be in 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 the "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kedar Dixit - CFO, Bharat Forge Limited. Thank you and over to you sir.

Kedar Dixit: Good afternoon, ladies and gentlemen and thank you for participating in the Call.

I will take you through the consolidated Business Highlights for the Quarter. Along with me, I have Mr. Amit Kalyani – Vice Chairman & Joint Managing Director; Raj Gopal, who is the in charge of our Investor Relations; Subodh Tandale, who Heads our Component Division and other finance colleagues.

On a consolidated basis:

On a Y-o-Y, revenue grew by about 6% to Rs.4106 crores, our EBITDA grew by 23% to Rs.759 crore. And PBT has also seen a significant growth of 30% to Rs.469 crores. EBITDA margins improved by 260 basis points on a Y-o-Y basis to 18.5% in this quarter, with bulk of improvement driven by Indian entities. Consolidated balance sheet continues to remain robust, with ROCE moving in the right direction of our target. And currently we are at 18.4% as of June 2024.

Talking about standalone business highlights:

We had a stable performance in Q1 with revenues of Rs.2338 crores, with a growth of about 10% Y-o-Y. Standalone, EBITDA grew by 18.9% on a Y-o-Y basis, translating into EBITDA margin of 28.1%. PBT grew by 24% to Rs.523 crores. Export performance was driven by good recovery in oil and gas business, which was offset by a partial decline in PV business. During the quarter, company has secured new business worth almost Rs.980 crores across various sectors, including defense, aluminum and ferrous castings and core forging business. Balance sheet also continues to remain strong with ROCE and RONW improving with a strong liquidity position.

Talking about overseas subsidiaries:

The operations in EU, aluminum, continue to be stable, with tangible progress made on pricing support from our customers. Price repair activity which we are carrying on, Despite a weak demand environment in Europe in this quarter, our European operations posted an EBITDA of

Rs.37 crores, while US operations reduce their EBITDA loss to Rs.23 crores. We continue to work to improve these operations.

Utilization in Europe and US aluminum was at 75% and 50%, respectively. The weakness in overseas PV business will also have next one or two quarter impact on the aluminum business, because it currently caters 100% to PV segment.

Now, I will hand over to Amit sir for the management commentary on the business side.

Amit Kalyani:

Thank you Kedar.

So, overall, I would say it was a satisfactory quarter on the consolidated basis, with performance ticking most of the boxes. On the standalone front, we have had a good quarter. We are able to maintain our margin despite cost pressures, especially on the logistics front. Oil and gas business is starting to show positive momentum. Our defense business is continuing to ramp up smoothly and more importantly, we continue to win significant new orders and have very active business pipeline discussion.

The return ratios continue to inch up and more importantly, we have a strong balance sheet with a fair amount of cash. Our JSA Auto has recorded an extremely good quarter. We have had close to 50% growth in EBITDA for the quarter Y-o-Y, and as you know that we have always strived to de-risk our business, while the defense is starting to show a glimpse of his true potential. The most exciting part is also JSA, we should cross the 1000 crores mark in sales very shortly, also with the initiatives we are working on internally the operating profitability should see a fairly significant increase in percentage terms. Our overseas operations are on the road to recovery, we are confident that the losses in the US will come down very substantially by the end of this fiscal and Europe should do better as well.

Unfortunately, there is some trepidation on the demand side conditions in Europe currently because of macroeconomic and geopolitical issues, which are probably putting a slight question mark on the overall top line growth in the EU. On the proposal for fundraising of up to 2,000 crores, the last time that Bharat Forge raised any funds, any equity was in 2010-11 during the global financial crisis. This fundraise is solely going to be growth oriented for deployment in India. Going ahead, we see multiple opportunities on the horizon, and while we evaluate each decision on its merits, the focus of our growth and expansion of footprint will take place in India.

On the impairment of investment in Tork, it's basically a victim of the funding freeze and the impact of the FAME subsidy norms. Twice, we were very close to getting investors, twice Tork was very close to getting investors in its company, but that did not materialize. As you are aware, we are investors in Tork, and we have invested slightly more than 150 crores overall, and the Tork management has been working on finding alternative funding options, as it is not in our business practice to fund business losses in continuity, in perpetuity.

So, overall whether it is the automotive business or the defense business or the industrial business, we expect to see a stable year, stable to positive year. Our industrial business will continue to grow and do better. The defense business is doing fairly well, and we expect it to remain stable and continue growing as new orders come in and start getting executed over the next few years, we have a very solid and robust pipeline as well. And overall Bharat Forge is on a new growth trajectory. And we are prepared for the growth opportunities that are coming our way. And good times should be ahead of us. So, that's all I really have to say, and I am happy to take your questions now.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: We saw very strong performance in the defense business. So, if you could talk about, what were the areas in which this new orders have been won, and in terms of ramp up also, if we note, new current run rate is somewhere around 2500 crores annualized, and the order book is somewhere around 5400 crores. So, earlier we had talked about the fact that this order book could take like three to four years to execute, but our execution is running much faster. So, how should we think about this are the execution timelines much faster. And, if there is some outlook here as well?

Amit Kalyani: See, as we had mentioned last time, our goal was to achieve a 50% or so growth in defense this year. Some orders are lumpy, some orders take slightly longer, there are certain orders where we have been working for quite a long time, where revenue recognition happens in a certain quarter. So, it can be a little lumpy. Overall, I would still say that we will exceed 50% growth for the year and maintain our profitability.

Kapil Singh: Sure, sir and the order wins, what areas were these?

Amit Kalyani: Our order wins are across areas, it's across vehicles, artillery, and MRO items. That's how it's basically things that are used in sustenance and consumables for the sector.

Kapil Singh: Okay. And so artillery guns, we still don't have any update what could be the timeline?

Amit Kalyani: We have very significant orders in artillery. You are talking ATAGS that is very close to finalization, hopefully by the end of August it should be final. But as you know that is not up to us. It's a process that is undergoing, and hopefully we will see some clarity very soon.

Kapil Singh: Sure, sir. And sir just on the other part of the business if you could share outlook particularly on the CV, we have seen some weakness in order inflows in US and also in India, we saw recent CV data was soft. So, any color there, what kind of growth you are expecting in these two segments. And I also noticed that overseas non-auto despite the improvement in oil and gas, did not report a growth this quarter. So, some color there also, how much was oil and gas and what is the outlook here?

- Amit Kalyani:** Yes, just give me a second. Our colleague will answer that.
- Subodh Tandale:** So, the US business if you are referring to the incoming class eight orders, that keeps varying, as you seen from over the last year, year and a half, but the overall build level is stable. Sorry for the inconvenience we got dropped off. There are enough backlogs in the system, the build rates are still stable, so it's not really affecting production in the US as of now. The outlook for the next year is stable according to at least two out of the three major OEMs. So, we have to wait and watch how that goes. As far as India is concerned, the expectation for the year is YTD it will be flat (+/-5%). So, we are seeing quarter progression in the same way, it seems like there will be a heavier quarter three and even heavier quarter four. But we have to wait and watch, but this is the best all the OEMs are indicating that's what we see from the market. 13.08
- Amit Kalyani:** Additionally, you mentioned two things. So, we have seen a significant uptake in the oil and gas export business. It is heading back towards positive territory. And there are certain other programs where the shipments, are a little lumpy but for the full year the kind of growth that we have envisaged it will happen. Secondly, in the domestic market although the numbers have gone down in CV, production and sales, our market share has gone up and our revenue is higher than the underlying market.
- Moderator:** Thank you. The next question is from the line of Gunjan from Bank of America. Please go ahead.
- Gunjan:** Just quick follow up on defense, on this ATAGS order, is there any change to the value if you can just refresh us for how big it can be. And you also mentioned this mounted gun systems for which we have bid, before which also RFQ has been submitted, and we are expecting some update on that. So, if you can just talk about that as well, I am just trying to get how big India value of orders can be?
- Amit Kalyani:** So, let me put it in a general term for you. And this is important for all the participants. India itself needs close to 4000 guns. It needs guns of several different kinds. It needs Towed guns, it needs mounted guns, it needs tracked and self-propelled guns, it needs 105 mounted guns. Fortunately for us, we make all of these products, we have nine artillery platforms, so we can compete in any category that is envisaged or required. Additionally, globally as well, there is a huge requirement for replacement of guns of very old vintage. So, there is another equal or more opportunity outside India. As you know that our current business has started of by exports, and we expect that the export potential and export business will continue to grow for us, and we will be a global player in this area. So, the current order of ATAGS that is supposed to open is roughly 307 odd guns. So, that itself is, roughly in excess of 4000, 4500 crores. Just 300 guns, so you can extrapolate and understand what is possible.
- Gunjan:** This is the overall guns and whatever we get out, it can be 50:50 is that understanding, correct?
- Amit Kalyani:** See, currently it's L1, L2 is 60:40, so it depends on how many platforms get bided out and get closed in the next few years. But we have that kind of potential. And then when you are doing

exports, obviously it is you are typical, only one player, because these companies all buy from only one company these countries. So, there is an ample potential.

Gunjan: Amit, while we are at defense, I also see a mention of these shells which were in shortage, and which you mentioned in your annual report that, we now have a significant visibility on that business. Can you just give us some understanding, is it part of the order book already, or it's a recurring order that you keep winning. I am not too clear about the nomenclature there, so was trying to get better visibility.

Amit Kalyani: We have a combination of three things. We have long-term orders, we have new orders, and we have orders that we have been supplying for some time now and it is already generating revenue.

Gunjan: Okay, got it. The second question I had was on aerospace, anything to call out for this quarter, and how should the revenue ramp up be?

Amit Kalyani: So, again as I mentioned, certain businesses like aerospace, there is customer approval processes for new products. So, unfortunately because of everything that is going on, our customers haven't been able to come here and do the approval processing. But we expect, this year, a 15% to 20% growth in our business, and next year a strong double-digit growth, and we are on track for that.

Gunjan: And last year if I could recollect it was 250 crores or so?

Amit Kalyani: Yes, correct.

Gunjan: Okay, got it. And last question on the cap raise again, you mentioned that there are opportunities, is it something inorganic that are coming our way, because it's a pretty sizable cap raise which, if it's organic, does take time so I am just trying to get?

Amit Kalyani: So, it will be a combination of both, but it will be India.

Gunjan: And no new segments, or open to new segment diversification as well?

Amit Kalyani: Both, but very allied to what we do metallurgical products, similar to what we do, or value additions of what we do, and focused on creating more customer traction and centrality for ourselves.

Moderator: Thank you. The next question is from the line of Jinesh Gandhi from Ambit Capital. Please go ahead.

Jinesh Gandhi: Hi, Amit. So, one clarification, when we talk of defense business of 600 odd crores, we account for that in the domestic side only or say between domestic and exports?

Amit Kalyani: It's all accounted in domestic.

- Jinesh Gandhi:** Okay, despite the exports so it's more of how we supplied as a result that how we accounted in domestic is that correct?
- Amit Kalyani:** Yes.
- Jinesh Gandhi:** Got it. Secondly, with respect to the aluminum forging business in US and Europe. So, while currently it is a passenger vehicle-oriented business, is this technology relevant for non-PVs and non-auto segments as well, which we are looking at. How to think about that?
- Amit Kalyani:** Non-Auto is definitely possible, but non-PV it will be limited by the size of the product. Typically, you can make products up to about 12 odd kilos in weight. So, the whole reason for, this whole aluminum forging is basically light weighting. So, it is applicable for areas where weight is a factor.
- Jinesh Gandhi:** Right. And in that context how should we think about the pathway to the low double digit EBITDA margin which we have been talking about both for US and Europe, what needs to fall in place to reach there?
- Amit Kalyani:** On the Europe side we are getting resolution for the price repair. And we will see that by Q4 we will be 00, if not slightly positive. In the US, we would have been there except for steep decline because of some certain customer specific issues where business has gone down for a short period of time, for about three to four months. So, once that recovers, we will be back on track there as well.
- Moderator:** Thank you, sir. The next question is from the line of Amyn Pirani from J P Morgan. Please go ahead.
- Amyn Pirani:** My first question was on continuation on this, overseas subsidiaries only. Given your commentary, it looks like the major part of the improvement will be felt only in FY26 because these things will take some time. So, in that context, when we look at your presentation and there's a comment around reduction in losses, is it mostly related to the India subsidiaries which are going to drive this this year or you still feel that we could see substantial reduction in losses in the overseas subsidiaries, despite the concerns that you are highlighting?
- Amit Kalyani:** I expect that we will see a substantial improvement in the overseas subsidiaries for this year as well, especially for Europe. We will see big improvement because of the actions that I talked about and next year undoubtedly will be even better. US, because of this reduction in volume unfortunately, it will not show. But if you see as a percentage, if you look at the quarter by, by quarter four you will start seeing a fairly strong improvement. So, both I would say, on the yearly basis, I would look at more on the quarter to see the improvement, and that will then carry forward.

- Amyr Pirani:** Understood. And secondly, just a bookkeeping question. If I look at your presentation in slide #11, if I look at the India operation EBITDA, I am assuming this is standalone plus the Indian subs. But if I add the EBITDA of standalone and the Indian subs, I still get like a 50 crore EBITDA which is unexplained, is there some accounting thing here, or am I missing something?
- Kedar Dixit** So, this is mainly due to the inventory reduction for our trading entity, as there is an inventory movement, it will keep on fluctuating this time, since there was an inventory reduction, there was a benefit for the group.
- Amyr Pirani:** Okay. On an annual basis should we assume that this is like a net, net zero?
- Kedar Dixit** Yes.
- Amit Kalyani** Not the quarterly fluctuations, but on a normalized basis, it should be a zero sub.
- Moderator:** Thank you. The next question is from the line of Pramod Amthe from InCred Equities. Please go ahead.
- Pramod Amthe:** So, the first question is with regard to the continuity of the government, does it help you in terms of G2G orders progressing further accelerating in the coming quarters or years. And also related to that is, what is the status of product performance of what you have supplied to some of the international clients both on guns and vehicle?
- Amit Kalyani** The second question, the product performance is absolutely satisfactory. There are no complaints. There has been no issue of any kind. We are also now training the maintenance staff over there on maintaining these products for the medium to long term, in addition to the people that we have deployed to maintain. Secondly, the government is doubling down on creating opportunities for Indian companies to export, because it becomes a part of their external affairs development initiative as well and relationship development, long term relationship development initiatives. So, not only are they doing G2G, but there is also now, let's say, more funding being made available for exporting these products to certain target countries.
- Pramod Amthe:** Sure, thanks. And the second one is with regard to the VRS in Mundra which we have again extended. Wanted to know the thought process, do you see a substantial productivity upgrade possible, and hence the investment towards it or how are you looking at that plant?
- Amit Kalyani** So, look, in Mundra we have some parts of it which are very old. So, there the productivity is low. So, we want to completely modernize that and dramatically improve the productivity. And for that, clearly, we can't have so many people, extra people. So, we are trying to do a VRS between a combination of VRS and retirement age of people. We aim to reduce a few hundred people from this plant in the next couple of years.
- Pramod Amthe:** And these are which product lines if you can?

- Amit Kalyani** This is across the board. These are people who joined us in the 80s basically.
- Moderator:** Thank you. The next question is from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities. Please go ahead.
- Mumuksh Mandlesha:** So, on the freight cost and availability of the freight, has there been any demand impact on this quarter. And what could be the cost impact in the Q1. And going ahead how do you see both the cost and availability issue?
- Amit Kalyani** Look, there is an issue obviously, there is an issue of availability. I don't know if you are aware why a lot of containers are not available, besides the fact that shipping lines are taking longer routes, so they are stopping at less ports. So, overall, we have managed to mitigate almost all the freight cost increases for this quarter. And we will continue to work on that and between whatever we can do and whatever we structurally do with our customers, we will manage this.
- Mumuksh Mandlesha:** If possible, to quantify the freight cost impact for the quarter?
- Amit Kalyani** No, it's difficult, because, as I said it happens over a period of time, and we get recoveries over a period of time, or we do mitigating factors over a period of time. I can't quantify it, but we are managing quite well in the quarter, in spite of that.
- Mumuksh Mandlesha:** Got it sir. So, on the export front this is the first quarter where we have seen a small decline. So, going ahead based on the customer production plan, will the exports be more flattish, or there's a possibility in a larger decline for the year?
- Amit Kalyani** At this point, we don't see a reason for a larger decline, it is very volatile of course, we expect it to be steady, but we are also taking a lot of actions to improve our share of business and all of that in the marketplace. So, even if the market decline happens, we are trying to prevent the impact on us. So, there's a lot happening right now.
- Mumuksh Mandlesha:** So, this market should gain, which basically you are talking about is because of Europe plus one diversification strategy?
- Amit Kalyani** There are lots of reasons. It's not just that.
- Mumuksh Mandlesha:** Okay. And sir also can you comment on the sub segments, like high house power engines, construction equipment structure segment, how they are performing?
- Amit Kalyani** The high horse power engine is performing quite well because of the overall increase in demand for standby power. Construction and mining is on the weaker side, there are structural changes that keep coming every two, three years. So, we are going through that cycle. So, hopefully that should start doing better next year.

- Moderator:** Thank you. The next question is from the line of Vivek Kumar from JM Financial. Please go ahead.
- Vivek Kumar:** Just one part, could you share the capacity utilization at the overseas subsidiaries?
- Amit Kalyani** In Europe it's about 70% and in US about 50%.
- Vivek Kumar:** That means similar to the previous quarter?
- Amit Kalyani** Yes, more, or less.
- Moderator:** Thank you. The next question is from the line of Rohan Vora from Envision Capital. Please go ahead.
- Rohan Vora:** Sir, you answered it earlier, but just to clarify, the fundraise that we are doing, so just wanted a little bit of more color on it. Is it going for inorganic acquisition or organically expanding facilities?
- Amit Kalyani** It will be for growth of manufacturing footprint in India, for both global and Indian opportunities, and it will be a combination of both Greenfield and inorganic.
- Moderator:** Thank you. The next question is from the line of Mukesh Saraf from Avendus Spark. Please go ahead.
- Mukesh Saraf:** My first question is on the European subsidiaries, in the opening remarks there was some mention about pricing actions being taken there. So, in the previous quarters we have been mentioning that we should soon start taking some pricing action. So, the question is, is this going to be going on for some more time, like an ongoing price action that we will take over the next few quarters, or is it like a one time that we are already done with?
- Amit Kalyani** So, it will be done by next quarter fully. And, then it will be implemented, and it will be in place.
- Mukesh Saraf:** And this would be for across your customers in the European operations?
- Amit Kalyani** For aluminum.
- Mukesh Saraf:** And in continuation to this, you had mentioned in the US aluminum operations we have seen some weakness for a couple of months. Would you be pushing back on some CAPEX plans, also, because we had the phase two CAPEX coming in this year, so would that also be delayed?
- Amit Kalyani** Unfortunately, the CAPEX is a project. It takes about 28 to 30 months to implement. So, we are already in the middle of that, we are not going to rush to do it, but we have to do it anyway.

- Mukesh Saraf:** Got that. And just lastly, on our export passenger vehicle business, we have seen some kind of flattish performance after probably two, three years of continuous, strong double-digit growth. So, obviously the growth has been driven by market shares, etc. So, are we kind of hitting some level of saturation there?
- Amit Kalyani** No, we have won business last year which will start from next year. So, right now, there's a slight weakness because of the Brazilian market, which is one of the markets we export to, and otherwise it's okay, and it will continue to grow. This market will continue to grow quite substantially for us.
- Moderator:** Thank you. The next question is from the line of Milind Shah from Well Verse. Please go ahead.
- Milind Shah:** Sir, I just wanted to ask one question, what kind of approval we have got from the government just now, just few days back we announced for our subsidiary KSSL?
- Amit Kalyani** In the beginning there was no KSSL about 13, 14 years ago. So, originally, we had got licenses in the name of Bharat Forge. We have got a lot of our defense licenses in the name of Bharat Forge. So, now that we have a wholly owned subsidiary called KSSL, all the licenses that we have got from the Ministry of Home Affairs for defense manufacturing, which requires specific licenses have now been obtained for KSSL, so all that business will be in KSSL.
- Milind Shah:** Okay. And sir, in continuation of that sir, when the operation will be commenced?
- Amit Kalyani** KSSL is an operating entity, but the new plant that we are building we will start by around October.
- Milind Shah:** Around October?
- Amit Kalyani** Yes, October, November post Diwali.
- Milind Shah:** And sir just last question sir. How much it will affect our top line and bottom line?
- Amit Kalyani** Existing business will move there, and we will have ample capacity for growth.
- Milind Shah:** No, I was asking for the new approval we got for the company, how much it will affect our top line and bottom line regarding this particular new approval sir?
- Amit Kalyani** It's the same approval Bharat Forge already had, has got transferred has been let's say, applied for and received in the name of KSSL, because we want all our defense business to be in KSSL. Don't want to do defense equipment in Bharat Forge that's why.
- Moderator:** Thank you. The next question is from the line of Amisha Agarwal from Please go ahead.

- Amisha Agarwal:** So, my question is, with the Class-8 orders falling to 12,400 units in July, down from the 16,000-unit average earlier in the year, how is the company addressing this slowdown and what strategies are in place to mitigate its impact?
- Amit Kalyani** Amisha can you please repeat your question little slowly and little loudly, we couldn't understand what you were saying it wasn't very clear.
- Amisha Agarwal:** Okay. Sir, my question is with Class-8 orders falling to 12,400 units in July, down from the 16,000 units average earlier in the year. How is the company addressing this slowdown and what strategies are in place to mitigate its impact?
- Amit Kalyani** These order intake is for delivery 18 to 24 months in the future. So, there is enough order pipeline for this year and next year as it is. So, this is only orders received in advance. Well in advance. I don't foresee that to have any direct impact today, or next year on our business.
- Amisha Agarwal:** Okay, sir. And also there has been a global slowdown, and as we have seen in the results, also, export revenue declined 6.3% quarter-on-quarter, and 0.7% year-on-year, as mentioned on the page number #9 of the presentation. Given that recession chances also in the US. So, how is the company planning to address the challenges?
- Amit Kalyani** See, I will tell you, we have a very simple philosophy, be the last man standing. Have the strongest balance sheet, the best technology and the best overall cost structure and customer proximity. If you have that, even when bad times are there, you can be do more for your customers, because they also need to reduce cost structurally at that time.
- Moderator:** Thank you. The next question is from the line of Kapil Singh from Nomura. Please go ahead.
- Kapil Singh:** So, just one follow up, there was some news flow that in Europe, one of the aluminum suppliers has faced flooding and is facing disruption in supply. Just wanted to check if you have heard of any risk for Bharat Forge customers?
- Amit Kalyani** Kapil in our case, we melt and cast our own aluminum, which we then forge, so any such thing will not affect us. In fact, it may only be a positive for us, and honestly, I am not aware of this, I did hear of something in Eastern Europe where because of the flood, some one plant had got flooded, but that's a specialty aluminum plant it's not a commodity plant. If you can share that by email with us, it will help us.
- Moderator:** Thank you. The next question is from the line of Jinesh Gandhi from Ambit Capital. Please go ahead.
- Jinesh Gandhi:** Sorry, I had a follow up on the European operation. So, if you look at the European operation, ex of the expanded capacity on the aluminum forging side, the legacy business of steel forging

and the old aluminum forging is it back to normalcy in terms of margin, which they used to do, say pre-COVID or that is also under pressure today?

Amit Kalyani See, on the steel forging business we are doing, let's say overall product and business rationalization and right sizing. We want to get rid of business or move business that is not adequately profitable and right size the business, so that even with ups and downs, we can make money. We have to find the right sizing exercise, which will involve footprint optimization as well as manpower rationalization in the next six to eight months.

Jinesh Gandhi: Got it. And the old aluminum forging that is back to 13%, 14% kind of EBITDA margin, which is.

Amit Kalyani Yes, that is running quite well.

Jinesh Gandhi: Great. And lastly, what should be the CAPEX for standalone and console business for this financial year?

Amit Kalyani So, I would say overall, between this year and next year whatever we are spending will get spent over this year and next year be about a 1,000 crores.

Jinesh Gandhi: This is including the subsidiary?

Amit Kalyani Yes, everything.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today's conference call. I would now like to hand the conference over to Mr. Amit Kalyani for the closing comments.

Amit Kalyani: Ladies and gentlemen, thank you for your time and most importantly your extremely well thought out questions regarding our business. It's always reassuring to see the thought that you put into our business and understanding of it. Our management team and I are grateful for your time, and we will continue to improve the performance and operations of our business and hope to continue interacting with you going forward. Thank you and have a nice weekend.

Moderator: On behalf of Bharat Forge Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.