

BHARAT FORGE



# “Bharat Forge Limited Q3 FY22 Earnings Conference Call”

**February 10, 2022**

BHARAT FORGE



C H O R U S C A L L ®

**MANAGEMENT: MR. AMIT KALYANI – DEPUTY MANAGING DIRECTOR  
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DEVELOPMENT) BHARAT FORGE LTD**

**Moderator:** Ladies and gentlemen, Good day and welcome to Q3 FY22 Earnings Conference Call of Bharat Forge. As a reminder, all participants line will be in listen only mode, and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘\*’ then ‘0’ on your telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amit Kalyani. Thank you and over to you, Sir.

**Amit Kalyani:** Thank you and good afternoon, ladies and gentlemen, and welcome to our quarter three analyst conference call. I would like to welcome all of you and thank you for taking your time. As usual, I have with me, our teams from sales and business development, finance, investor relations. So, give you a brief update and then open up for Q&A.

So, in quarter three, the performance was as expected. In the last quarter, we had mentioned that we expect quarter three to be slower than quarter two and therefore total sales were flat compared to previous quarter. Exports were about 10% lower while domestic grew by about 16%. The drop in export revenue was primarily due to the production cuts because of semiconductor related shortages in Class 8 trucks. Our EBITDA margin at 25.2% against 28.3% is basically due to certain one-offs in Q2 and Q3. There is a detail of this in slide 10 of the update, normalize EBITDA in Q3 would be about 26.4. It is a decline of 120 basis points sequentially.

We have an exceptional item which includes a gain on the fair value of our investments in Tevva Motors and an exceptional expenditure of 99 million towards VRS. If you remember, at the beginning of the in 2020, we had taken a write down in our valuation of our investment in Tevva because of the slowdown that had happened due to COVID and other issues. But Tevva has successfully managed to weather the storm and raise substantial funds over the last 8 to 12 months and has been valued quite well by the markets and they are now well on the path to you know, taking their products to market and therefore these investments have been revalued as is required by the accounting standards.

One highlight, however, is that the nine months, I will say that I have never seen so much pressure and volatility in the markets, huge demand on the Pass-Car. Most of our global -Pass-Car customers are sold out at least for next year and some even for year after next for many of their popular models. At the same time there is unprecedented cost increases on raw materials, on transportation and freight, on energy and constraints on raw material and labor shortages due to COVID in western geographies. So, you have to take all these cost increases, inefficiencies into effect and look at our margins and profitability against that lens.

So, we compare the numbers with you know previous numbers of say FY19, nine month FY19, our EBITDA was 28.7% and for the nine months as against 27.7% for nine months of 22 despite volumes being 20% lower, and after the exceptional item of gain, the PAT for the quarter was 3374 million for this quarter. We have had a number of order wins recently about just over 100 million which includes about 15 million for EV platforms across passenger and commercial vehicles. These are small but I think this is the beginning of much bigger opportunities. Our

overseas operations have also registered a fairly decent performance with a revenue of almost Rs. 23.5 billion and EBITDA of about 10.6%. The CAPEX for aluminum forging facility in North Carolina has been completed and the commercial production will start in the middle of the year. We expect this facility to ramp up over this year and next year start having meaningful revenues and between the two new aluminum facilities in Germany and in the US, we expect that this revenue will more than double over the next two to three years. The balance sheet is in a very strong position as usual with a net debt equity of 0.07. This is post of our investments of about 300 crores in the first nine months in EV in US aluminum projects and in the acquisition of a company from NCLT in Baroda. Standalone business is doing fairly well operationally.

We do have supply chain issues which persist in the global automotive industry, which is affecting the ability for many of our customers to produce and ship out vehicles. Although the end demand from the market remains robust. We expect both the domestic and export markets to witness positive sales development in the second quarter of FY22 across all major sectors, barring the agri equipment sector Q4 of 2022 barring the agri equipment sector.

In the international business also we see strong demand, but there are severe and unprecedented inflationary cost pressures across most variable cost elements such as raw material, logistics and energy, which will take a toll on the profitability of the company in the initial quarter till we get the recovery of these cost increases for which we are actively engaged with our customers and I would now like our head of sales and business development to talk about some of the key markets globally. Over to Subodh.

**Subodh Tandale:**

Thanks Amit. So, in continuation with the comments from Amit, we do see an overall robust market from a demand point of view and to illustrate that from a commercial vehicle point of view, we see the US market and the European market quite strong. As you know, most of production slots at the OEMs for 2022 have been filled out at least till late November, mid to late November, and possibly into early December as well. In India also we are seeing better growth as compared to the previous years. We are still away from the peak, but we are moving up in the right direction. Passenger cars in the world, the market is supposed to do better than what it did last year, hopefully there is a view that the semiconductor crisis will start easing up in another 6 months or so. So, the overall expectation is there should be stronger market as compared to last year both in North America, Europe as well as in India. In the construction and mining side, just given the government stimulus in most markets, there is a strong demand seen and I am talking about both Europe, US and of course with the pragmatic budget, we expect the same in India as well. Oil and gas is doing better than what it was last year. You know, we play in the fracking business of the oil and gas side and we see a significantly improved activity of the fracking side. I must caution that currently everybody is focused on using the assets they have, but there is demand that is coming in for spares for that asset. New builds in this area are still weak overall, but that will improve as the year passes is the impression. But overall, we expect the oil and gas market to remain stable, which is also supported by oil prices, which are expected to remain stable in the 80s, mid 80s in particular. In the renewable side of business, which we are also engaged with. Overall we see a stable demand given the focus on environment

and allied factors. So, we expect to see, I would say strong growth pretty much in all geographies of the world in the renewable segment, particularly wind.

**Amit Kalyani:** So, I think we have given you a brief overview and I think we can now take your questions.

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

**Kapil Singh:** Firstly, I wanted to check your outlook on both domestic and export business, particularly on the truck side, because while demand is strong, from chip shortage perspective. Are you seeing that easing significantly in the current quarter or later on? So, what is the production outlook? If you have any color there same thing for India? Then I will come to the second question.

**Amit Kalyani:** Okay, so Kapil, my colleague, Subodh will answer this question.

**Subodh Tandale:** So, Kapil current for the next quarter in a few months where after we see we see a reasonable level of demand from the customers in line with overall market projections for the year and this applies to both in India as well. There is definitely some ups and downs relative to supply chain issues for other parts, but nevertheless given the high demand OEMs are doing everything possible to maintain their bill rate that is the impression we have. So, we see a stable demand in these months.

**Kapil Singh:** Okay, and what about India CV demand is it looking up. Any outlook you would like to share?

**Subodh Tandale:** At this point, as compared to what happened in Q3, Q4 is definitely looking better and if you look at the sales of, you know, the retail sales of all the Big Four truck players in January, then it seems like they are moving in the right direction for growth in Q4. So, we have to unless something very crazy happens we expect them to have growth over Q3 in the market in Q4.

**Kapil Singh:** And we have seen pretty good traction in the non-auto-segment, how much is our oil and gas out of this?

**Subodh Tandale:** So, in, in this quarter, the oil and gas segment business was about 175 crores, but I just want to highlight one thing that last quarter and this quarter, we have had the impact of the aluminum cylinder supply, which is now complete.

**Kapil Singh:** Right and sir lastly, we have talked about this new order wins had in nine months of about 100 million dollars, right? So, what is along with this what is the outstanding order book that has to go into production as of today and when do these 100 million dollars, you know food production.

**Amit Kalyani:** So, our order that has to go into production is I would say well in excess of on a consolidated basis on an annual consolidated basis, I would say close to 400 million is yet to go into production on an annualized basis. Oh, that's pretty large number, capacities are already in place.

- Kapil Singh:** Okay, and by when could we expect to see.
- Amit Kalyani:** full amount will ramp up by 2024, but it will start from next year.
- Moderator:** The next question is from the line of Jinesh Gandhi from Motilal Oswal Financial Services. Please go ahead.
- Jinesh Gandhi:** My question is on the order book, this \$15 million of EV platforms. So, can you be throw light on what kind of components is this pure electric component or?
- Amit Kalyani:** These are for pure electric vehicles and these are, you know, electric power train components and we also have now started receiving orders on power electronics and control electronics for commercial vehicles.
- Jinesh Gandhi:** Okay and this Refu or on our own as well.
- Amit Kalyani:** No on our own.
- Jinesh Gandhi:** Okay, that's interesting.
- Amit Kalyani:** Always obviously Refu is an operating company, but also on stuff that we have developed inhouse.
- Jinesh Gandhi:** Right. Good to hear that. Second question is on the aluminum forging business. So, this quarter would have been a very dramatic quarter because of the energy cost inflation. Would you throw light on how big was the impact of energy cost inflation in this quarter for BFAT?
- Amit Kalyani:** You know, actually, the real increase will happen in the Jan to March quarter because energy prices went up in December and impact we will see in this quarter. Another thing that I would like to mention. So, another thing is that please bear in mind that a lot of geopolitical and other issues are creating energy cost increases in Europe right now.
- Jinesh Gandhi:** Right. That's fair point.
- Amit Kalyani:** So, that is out of anyone's control, unfortunately.
- Jinesh Gandhi:** Sure and the 3000 ton capacity in Europe for aluminum forging is now fully operational, the 10,000.
- Amit Kalyani:** It is fully operational; it is not fully utilized.
- Jinesh Gandhi:** What could we utilization in nine months?
- Amit Kalyani:** I would say the current rate of utilization would be about 10,000 to 12,000 tons. I would say 50%.

- Jinesh Gandhi:** Okay, okay and so this will also fully ramp up next year.
- Amit Kalyani:** Next year and year after next.
- Jinesh Gandhi:** Okay, okay.
- Amit Kalyani:** You see even this ramp up has slowed down because of the chip shortage and other supply chain issues because the overall vehicle production has come down.
- Jinesh Gandhi:** Fair point and any work on the second phase expansion in US, given the capacity fully sold out.
- Amit Kalyani:** Yes so I will be in the US very soon and we will by March end take a call on the second phase.
- Jinesh Gandhi:** Okay, got it and lastly what would be the impact of steel and other commodities pass through in this quarter. Benefits on the revenue side.
- Amit Kalyani:** The total impact, this quarter would be. You are talking about compared to last year, right?
- Jinesh Gandhi:** Compared to last year or the second quarter.
- Amit Kalyani:** So, compared to second quarter is about between 30 and 35 crores.
- Moderator:** Thank you. The next question is from the line of Pramod Amthe from InCred Capital. Please go ahead.
- Pramod Amthe:** In this unprecedented inflationary times both at the commodity and the processing costs how does your cost escalation terms work and do they break down or what is the thought how to recover?
- Amit Kalyani:** Yes, again, I will let Subodh answer this, but you know, we have different, let's say, clauses and agreements with different customers. Some are on a monthly basis; some are on a quarterly basis. But Subodh will explain.
- Subodh Tandale:** So, Pramod, the steel, let's say for us, a major part of the inflation has been steel and, you know, as we have talked before, all of it has always been recovered through a mechanism. So, let me say that that mechanism continues as far as steel is concerned. There is a little more complication this time because of higher steel inflation, but in principle, we have a mechanism to address that. There is because of the unprecedented changes in energy and logistics, we are also working with our customers to set up mechanisms for these factors. We are insisting on a full pass through of these inflation and accordingly those mechanisms are being addressed so that they can be reviewed on a quarterly basis.

- Pramod Amthe:** Sure, thanks and second is with regard to the same sales traction. You guys alluded that your sales is still 20% below the FY19 levels. If I understand rightly, the large part of the shortfall seems to be on the industrial side if I am not wrong.
- Amit Kalyani:** It is actually on both. It is both our industrial and commercial. Oil and gas activity is not at the previous levels. Neither is you know the construction and mining and stuff yet and obviously, the automotive is all down because of the chip related activities so everything is down.
- Pramod Amthe:** But in terms of direction, it looks like.
- Amit Kalyani:** Look at ATRCB in FY19 it was 475,000. This year it is going to be 275,000
- Pramod Amthe:** Yes, but at least we get some grip in terms of numbers, volume, where they are and how that can pan out in the future, but if I had to look at the industrial side, are you getting any bigger confidence now in the sense that at least in one and a half years, two years you will cross the historical peaks?
- Amit Kalyani:** So, I tell you that we have the confidence that we will do it is because we have now entered a lot of new sectors especially the renewable energy sector in this area that will allow us to grow our business and derisk that business much more.
- Pramod Amthe:** Okay, this is through the acquisition which we made.
- Amit Kalyani:** No not only through acquisition also, you know, organically.
- Pramod Amthe:** No I said the production capacity which you acquired from that entity. So, that is giving that comfort or.
- Amit Kalyani:** That actually will be a further growth even beyond that, whatever we are talking about will only take up 20% of their capacity, you know, if you look at their sales, they are running a 20 odd crores a quarter and they are the same facility as we do. So, they are doing 10% of what we do. So, obviously, they have huge capacity still available.
- Pramod Amthe:** Okay. The last question is with regard to your investments into the EV space. You have done into the two-wheeler space and also into the Tevva. One you yourself have gone through the cycle of writing it down and participating at the higher valuation. How are you looking at this space especially where the valuations are going through the roof you guys will continue.
- Amit Kalyani:** We have not participated in higher valuation what has happened is Tevva has raised money at a significantly higher valuation therefore our investment in that has got revalued to the value at which they have raised fresh capital.
- Pramod Amthe:** So, you are maintaining the stake there or you are diluting.

- Amit Kalyani:** We have not put any fresh money, okay. So, our stake has come down in percentage term. So, in value terms that has significantly gone up.
- Pramod Amthe:** And is that because of some discomfort on valuation or incremental capital allocation, you don't.
- Amit Kalyani:** I do not want to put unlimited amounts of money in these businesses. The purpose in putting money in this business is to learn technology and bring those products into Indian Market when they are applicable to our markets and that is what we are doing.
- Pramod Amthe:** And the other venture is two wheelers, which also seems to be at an inflation point now.
- Amit Kalyani:** We have already launched their first two products and they have received only from Pune where they have launched, a very good response and they will be producing and launching their vehicles. By April they will start supplying their vehicles.
- Pramod Amthe:** And there you have a decent chunk of stake, right.
- Amit Kalyani:** There we have more than 50%.
- Pramod Amthe:** So, in case for education, they need a funding you guys will be participating there.
- Amit Kalyani:** Yes we are fully working with them and making sure that they have everything they need to go to market. In fact, their plant is already almost constructed and all their equipment is mostly in and going in for trial production.
- Pramod Amthe:** And in that sense any commitment in terms of next one-two years, how much investments you may have to put into. Tevva you said you will not be going in but at least for Torq or others.
- Amit Kalyani:** We are going to not make significant investment in company as such, but we will make significant investments in making components and systems.
- Moderator:** Thank you. The next question is from the line of Ashutosh Tiwari from Equirus Securities. Please go ahead.
- Ashutosh Tiwari:** Sir we talked about that the overseas CVs will pick up but can it go back to say 2Q or 1Q levels in q4? How do you see directly over there?
- Amit Kalyani:** We expect them to be higher than Q3 for sure.
- Ashutosh Tiwari:** But the visibility of going towards 1Q or 2Q still is not there.
- Amit Kalyani:** I think it will be pretty close to Q2.
- Ashutosh Tiwari:** Okay, so we see strong fraction over there.

- Amit Kalyani:** Okay and secondly, like India, industrials, if I look at X of that oxygen cylinder, it was around 225 crores. So, how do you see that ramping up in the subsequent quarters 4Q and 1Q and we have talked about some Kalyani Forge order earlier, Defence order supposed to start from fourth quarter. So, how do you see the ramp up in that going ahead. So, the ramp up orders will start getting delivered. Small amount in quarter 4 and then in the first half of next year, but we are getting more and more orders so, I think this will be a continuing business.
- Ashutosh Tiwari:** Okay so, but overall industrial India will see strong growth going ahead beyond this 2006 crores.
- Amit Kalyani:** Yes, absolutely. I actually think there is a fair chance to say that we can grow this to 300 to 400 crore business in the next two years per quarter in the industrial.
- Moderator:** Thank you. The next question is from the line of Hitesh Goel from CLSA. Please go ahead.
- Hitesh Goel:** Sir can you sir break down you know the industrial business in terms of you talked about the oil and gas business and exports, but how much is coming from the construction equipment renewable energy, so that we get some sense.
- Amit Kalyani:** Renewable energy right now is very-very small. Okay, I would say oil and gas is about 50% and you know about 10% is aerospace and defense and then 40% is other industrial which is construction, mining etc.
- Hitesh Goel:** This is in exports right and in the domestic, I would say out of the 220 odd crores more than one-third is construction and mining. Agriculture is about 15%, aerospace is about 10% and then you have assorted other sectors which are about 30%.
- Moderator:** Thank you. The next question comes from the line of Jeetu Panjabi from EM Capital Advisors.
- Jeetu Panjabi:** Couple of questions. One, can you take us through your outlook over the next 18 months on key demand segments. For example, you're stocking in the industrials or whatever.
- Amit Kalyani:** Jeetu you are bigger expert on US CV market than I am. So, all I can tell you is that there is extremely strong demand for transportation, A being driven by this whole logistical boom in, you know, the delivery services. Secondly, the infrastructure spending that is starting to take place in the US or should be starting to take place in the US, whether it is replacing bridges, roads, you know, airports, whatever, whatever, whatever. So, in that background, I would say that the US is definitely going to see a fairly sustained and strong growth in transportation demand, at least for the next four to five years.
- Jeetu Panjabi:** And what about how do you look at India? Is India going to.
- Amit Kalyani:** I think India is going to be on a 10-year growth trajectory, because the kind of infrastructure spending that is being talked about and unlocked now is going to create a secular growth trend for at least the next 8 to 10 years.

- Jeetu Panjabi:** Okay and a converse question is what are you less excited about in the backdrop of what we just spoke?
- Amit Kalyani:** Look, I think, you know, the one thing which worries me is cost and inflation because in a backdrop where demand isn't or production isn't at the highest levels, costs are escalating for all kinds of, let's say extraneous reasons. Then, I am a little worried about Europe, because Europe is very sensitive and dependent on a lot of geopolitical issues, whether they affect, you know, raw materials supplies, energy supplies, supply chain issues, etc and, you know, I also expect that a lot of suppliers will go bankrupt in Europe in the next 6 to 12 months and it says that there is not a problem for us, but then what happens is that disrupts the overall supply chain.
- Jeetu Panjabi:** Right, right and actually one final one. So, how do you think of capital allocation in this context? Are you happy to do.
- Amit Kalyani:** We do not want to allocate capital on growth and not on any of our existing business and product unless we have long term take or pay or business assurance. So, we have created a strategy, you know, where we want to be the last man standing in our business for, however, long these core products are made and there we are working on extreme focus on reduction of cost and efficiency and better technology in order to get a larger share of that market as it progresses.
- Moderator:** Thank you. The next question comes from the line of Jinesh Gandhi from Motilal Oswal. Please go ahead.
- Jinesh Gandhi:** Just want to check on the Torque side so what is the capacity they are starting with and any sense on the order which they have got on their hand.
- Amit Kalyani:** So, I think the first initial capacity they are setting up is going to be about 50,000 pieces, 50,000 numbers of two wheelers, and an equal number of three-wheeler power trains and I think just from Pune, they have received over 1000 orders, and they stopped after that they did not take any more orders.
- Jinesh Gandhi:** And are you helping them with respect to ramp up and not having dropped by the launch on Pan India basis?
- Amit Kalyani:** So, we are not working actively, but we are helping them on the industrialization strategy. Marketing as we are not in the B2C business. So, I would not call us experts in that, but we are connecting them with people wherever it is needed and whatever help they need is being provided.
- Jinesh Gandhi:** And secondly, on the Tevva side, so you indicated there was reaching fund raise so what - 0:32:05 that this fund raise happened and what is our protective stake after not participating in that?

- Amit Kalyani:** The fundraise that we talked about was the previous one after which we have done our re-eval. Recently, they have done another fundraise that double the value of that and post both these fundraises, our stake is just under 10%, about 9.8, 9.9 something like that.
- Jinesh Gandhi:** Okay, okay, but you would not be aware of the last fund raise valuation.
- Amit Kalyani:** It is double of what it was in the previous.
- Jinesh Gandhi:** So, what was the previous one, sorry.
- Amit Kalyani:** Like, okay, so recently the company is valued in excess of 400 million.
- Moderator:** The next question comes from the line of Ashutosh Tiwari with Equirus Securities. Please go ahead.
- Ashutosh Tiwari:** Sir we talked about this power cost impact, possible impact on margins in overseas business, because this huge increase in power costs in these European countries, do we see that probably forging like us will benefit in terms of increased outsourcing towards India.
- Amit Kalyani:** In the longer term yes, not immediately.
- Ashutosh Tiwari:** Okay, okay. So, will it be substantial impact for us in the fourth quarter?
- Amit Kalyani:** There will be a substantial impact, but obviously, over a period of time that will get reimbursed. We do not produce energy, we have to buy energy from the grid. So, there is a price for it, everybody has to pay it and, you know, that is well understood that there is a path through on these variables.
- Moderator:** The next question comes from the line of Kapil Singh with Nomura. Please go ahead.
- Kapil Singh:** Sir just a follow up, if you could talk about whether Bharat Forge has bid for the PLI scheme under the component champion and you know, which are the areas that you are targeting over?
- Amit Kalyani:** Sorry, you are asking me about PLI. So, we have applied for the PLI scheme under two categories under the component champion and OEM.
- Kapil Singh:** Okay, and as an OEM what are we targeting to me?
- Amit Kalyani:** So, we have interest from several two-wheeler companies, for us to manufacture for them and for certain global startups in commercial vehicles, where they want us to manufacture you know, on a EDDM basis engineering, design, development and manufacture basis. So, we will manufacture the components and make the product and supply it on an either rolling chassis or a finished product basis to them for commercial purposes

- Kapil Singh:** And in the component scheme, what products are we looking to make?
- Amit Kalyani:** On components we are going to make pretty much every component that goes into an electric vehicle, the high value components, I mean, not chassis and stuff, but, you know, right from motors, power electronics, control electronics, battery, BMS, you know, all that stuff.
- Moderator:** The next question is from the line of Ronak Sarda from Systematix. Please go ahead. Ronak Sarda with Systematics. Please go ahead.
- Ronak Sarda:** A question on the international CVs, especially on the North America side. So, do we have what are the production targets for CY22? You highlighted the CY20 numbers are much lower than what we initially expected.
- Amit Kalyani:** For CVs.
- Ronak Sarda:** For CVs yes.
- Amit Kalyani:** What are the production targets for Europe and US for CV for 22 compared to 21?
- Subodh Tandale:** So, in the US, we are expecting let's say the class-8 segment that we primarily partake in to be somewhere in the region of 300,000 units and in Europe, we are expecting a similar number.
- Ronak Sarda:** Okay, okay and could this go up if the supply chain eases and there is more availability on the supply side, I mean, I am assuming these post you know, taking into account the supply chain constraints.
- Subodh Tandale:** See at this point, most OEMs are not increasing their production slots as such in a month and they are maintaining a certain equilibrium whereas indication of demand is there, but the broader impression is that this may not go up from a production standpoint. They will continue to accumulate backlog.
- Ronak Sarda:** So, it will spread into CY23 then to have a smoother production sure. Second question Amit for you I mean, on the talk production side, how much of the components are we supplying in terms of maybe the number of components, name of components or the value of the power train.
- Amit Kalyani:** See we are going to supply for the housing, for the battery, for the motor and also we are going to manufacture certain the motor and power electronics and control electronics for them.
- Ronak Sarda:** Sure. So, okay and on the motor side, have we develop the motor with some collaboration or.
- Amit Kalyani:** So, this is their Proprietary Motor
- Ronak Sarda:** And what would be the power range for this motor.

- Amit Kalyani:** The power ranges peak power from 6 to 9 kilowatts currently, and the second model will be from 9 to 20 kilowatts or from 10 to 20 kilowatts.
- Ronak Sarada:** Right and we can manufacture both of them.
- Amit Kalyani:** Yes, we are setting up a line which can do flexible manufacturing.
- Moderator:** Thank you. The next question is from the line of Bhalchandra Shinde from Kotak Life. Please go ahead.
- Bhalchandra Shinde:** As you mentioned, in Europe, there is a cost pressure. Would like to know on consol basis, how we see the profitability, means like do other regions also we see the margin pressure and relatively our consol level margins will be under pressure and for how many quarters we see this scenario.
- Amit Kalyani:** I do not have a magic crystal ball so I cannot tell you how many quarters but you know, we are right now in the deep of winter. It is one of the most severe winter in the last 10 to 15 years, both in Europe and the US, so even in China and places in Saudi Arabia at someplace, it has snowed. So, places which normally do not get the severe winters are at a very severe winter. So, oil and gas usage for heating has gone up and at the same time, we have geopolitical issues, which are causing cost pressures. So, honestly, I cannot give you a, you know, forward looking view like that. All I will say is that it takes when there is such a tremendous increase that happened. So, suddenly, it takes three to six months to, you know, resolve this through a dialogue with your customers.
- Bhalchandra Shinde:** Sure, sure and on current basis, how much relatively better contribution is from these regions right now for us?
- Amit Kalyani:** Our EBITDA for 9 months from Europe was about from our overseas subsidies. What is your question you repeat your question again.
- Bhalchandra Shinde:** The regions where we are seeing the cost pressure, how much EBITDA contribution over last nine months was there.
- Amit Kalyani:** It will be roughly about 230 to 235 crores from those operations outside India.
- Moderator:** As there are no further questions from the participants, I now hand the conference over to Mr. Amit Kalyani for closing remarks.
- Amit Kalyani:** Ladies and gentlemen, thank you for your time and interest in asking all these questions and getting to know more about what is happening in our company. It has been a challenging quarter, but I think we are heading for exciting times. We have a lot of irons in the fire and we expect that as these come to maturity, we will start seeing tremendous growth in top line, bottom line and the kind of business that this company will do in going ahead in the future. The new Bharat



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Forge is going to be quite different from the old one and we look forward to you being a part of this journey as we go ahead. Thank you very much and if anybody has any direct questions, please contact our team. Best wishes to you all and for a safe and healthy time and have a nice weekend. Thank you. Bye.

**Moderator:**

Thank you on behalf of Bharat Forge that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.