"Bharat Forge Q4 & FY24 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to Bharat Forge Q4 and FY24 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amit Kalyani - Joint Managing Director, Bharat Forge Limited. Over to you sir.

Amit Kalyani: Good afternoon, ladies and gentlemen. This is Amit Kalyani. I have with us our teams from Finance, Investor Relations and Global Business. I will hand it over to our CFO – Kedar to give you an introduction and then I will start.

Kedar Dixit: Good afternoon, ladies and gentlemen, and welcome to Bharat Forge Conference Call.

We had a strong performance in the quarter with revenues of Rs. 2,329 crores depicting a growth of about 17% compared to last year same quarter. Standalone EBITDA for the quarter grew by 25% to Rs. 654 crores translating into margin of 28.1%. PBT and PAT also grew by 48% and 59% respectively, to reach Rs. 526 crores at PBT level and Rs. 390 crores at PAT level.

Similarly, performance for the Financial Year '23-24 also saw record revenue of Rs. 8,969 crores with EBITDA of Rs. 2,469 crores, translating into EBITDA margin of 27.5%. This is a 200-basis points expansion as compared to the last earlier year. The balance sheet continues to remain robust with surplus funds net of long-term loans is now about Rs. 800 crores and ROC net of cash was at 20%, which was also a significant improvement over earlier year and at consolidated level, Quarter 4 revenue grew by 15% to Rs. 4,164 crores and EBITDA grew by 36% to Rs. 653 crores.

For the full Year '24, consolidated revenue grew to Rs. 15,682 crores, representing a 21.5% increase. EBITDA margins also improved by 260 basis points on a YoY basis to reach 16.4%. During the year, the company secured new business worth almost Rs. 6,300 crores across all key businesses including defense, traditional business as well as the casting business. From a CAPEX perspective, India operations incurred CAPEX of about Rs. 800 crores, overseas subsidiary incurred CAPEX of about $60 million in FY24. For the next year, the CAPEX for overseas entities would be about $65 million, which is mainly towards the US Aluminum Phase 2 and some maintenance CAPEX in Europe.

Talking about the overseas subsidiaries:

We are seeing operations in European Aluminum business have stabilized and now we are working on getting the price increase from our customers. US operations continue to show incremental improvement. We had certain one-off cost in Q4 which had adversely affected the performance, but now again we should be back on track. In Quarter 4, European operations posted EBITDA of Rs. 33 crores while the US operation had posted a EBITDA loss of about Rs. 34 crores. Phase-2 CAPEX in the US is on track. The current utilization for aluminum business in the US is about 50% of Phase-1 and for Europe it's about 75%.

Now I will hand over the mike to Mr. Amit Kalyani.

Amit Kalyani: Good afternoon, ladies and gentlemen. I would just like to take off from where Kedar stopped.

To sum it up:

FY24 has been a very strong year for BFL. Our defense business has taken off in a very meaningful way. Our industrial castings business is now starting to show the performance that we believed it had promised to do and this is in the second year after acquisition. We acquired this business in July '22. The standalone business of Bhart Forge is doing well given the market conditions and weakness is specific only to a certain segment of our industrial business which is largely Oil and Gas. We have made initial breakthroughs in two new sunrise sectors, and we expect that these will become large growth sectors for us going forward and this will ramp up from next year, but we will become meaningful by about FY27. I want to credit our overall management team and especially the team in finance for managing our balance sheet extremely well in spite of all the CAPEX and investments that we have made in the last five years, our balance sheet is pristine, and it provides us with a lot of dry powder to take benefit of opportunities that may arise.

I would now like to talk about some of our medium-to-long term priorities:

BFL has transitioned substantially over the last 5 to 6 years. We have been able to cushion the impact of potential cyclicality from any one business sector or more with new initiatives like defense, industrial casting having a large business accruing. In the future, EV business also will provide such a growth opportunity and further accelerate the growth of the business. The aerospace business is now on the cusp of a major take-off and on a solid growth trajectory, which will continue to see momentum in the next year as well.

JS Auto closed FY24 with the revenue of Rs. 567 crores and EBITDA margin in Q4 crossing 16.5%. This business will double over the next four years, most probably double or more than double over the next 4 years. And we are working on a number of new initiatives around more value addition, operational efficiencies and capacity expansion including NPD, which will translate into stronger numbers for both the bottom and the top-line going forward. This business, just to tell you has grown 30% YoY over the last 2 years continuously and will continue to grow in a strong manner.

On the overseas front as Kedar mentioned, achieving profitability and stable operations of our aluminum business remains top-most priority of the leadership. Our European aluminum operations are already in the black, while the US business will progress towards operational stability in the next 2 quarters. We are very confident that for the full year of 25 in the fourth quarter, we will see extremely strong performance from our global subsidiaries. The aluminum business continues to see robust demand with growth driven entirely by drivetrain agnostic components. So, we are not at any risk from any potential slowdown in passenger car EV which is something that is a cloud hanging over a lot of supply base globally. The defense business has also clocked strong revenue of Rs. 1,561 crores this fiscal with execution for all our export orders progressing on schedule. More than 80% of this revenue is export.

The defense business will move entirely into the 100% owned subsidiary KSSL in FY25 once the new facilities are fully commissioned and the licenses get transferred to those physical facilities. This will involve transfer of manpower and customer contracts from Bharat Forge to KSSL. While it will not affect the consolidated results, there will be some change in the standalone earnings as this transition plays out. Some of our investments such as JSA have borne fruits, while the progress on e-mobility is beginning to show a lot of promise and is moving in the right direction. FY25 will see a lot of progress in and growth in e-mobility vertical as well. I am confident that given the multiple growth engines, we should see strong growth for 25 and our ROC to incrementally keep growing and cross the 20% mark in the next 2 years.

I am now happy to take your questions and me and our team here will try to explain to the best of our abilities.

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

Pramod Kumar: Amit, my questions are on the defense side. You kind of highlighted in the opening remarks that 80% of the order book is now on exports. Is that number right? And that's for the outstanding Rs. 5200 crore order backlog.

Amit Kalyani: Yes. And this does not include the ATAGS programs in India, which are yet to be concluded, which should happen shortly after the election process is over.

Pramod Kumar: Yes, exactly. So, you preempted that follow up basically that we started the entirely different story with ATAGS opportunity and the defense localization opportunity. But looking at the numbers, the way they're panning out looks like export is turning out to be a pretty big opportunity than what we thought initially. If you could just help us understand what is working in your favor on the export side and also probably some bit of a color of the breakdown of the product categories within the product defense pool and how should one look at the domestic export split once ATAGS comes in and as the business matures so because export is something which is really coming in as a surprise?

Amit Kalyani: So, look, let me answer it in a little different way. I think that globally people have realized that defense spending is going to increase. We have products that are world class and that are extremely competitive and are able to supply a broad range of requirements of global customers. One thing we're consciously not doing is supplying into any conflict region, but we see tremendous opportunities for our products across the world and these are products in the artillery segment. In artillery segments, we have three kinds of guns, we have Towed guns, we have mounted guns, and we have ultra-light guns and we have altogether 9 platforms already ready. So, this is a huge range of guns which can be supplied to multiple different kinds of customers, then we have multiple vehicles, protected vehicles of different categories, different functions and utilities. So, that is another category. Then we have a lot of spares and consumables. That's a third category. And then there are lots of other products which are under development in the unmanned vehicle area which are both land, sea and air and that is another area of huge opportunity that we are pursuing. So, we see global opportunity and just to reinforce what I am saying, we are creating a capability to build initially over 100 guns per year and 550 vehicles a year. But we can scale this up at least on the gun side, to probably almost 5 guns a week kind of numbers or 200 to 250 guns per year kind of a number and close to 1000 vehicles per year. So, we see a very large opportunity and we are taking some steps to let's say capture this opportunity both strategically and tactically.

Pramod Kumar: And Amit, these are all largely government enabled export orders which we are getting here, is understanding, right sir?

Amit Kalyani: So, they are not. I would not say they are. What do you mean government enabled?

Pramod Kumar: The government-to-government relationship or like or you are scouting for orders globally or independently?

Amit Kalyani: So, we are also scouting for orders on our own. And we will do a lot of business development and new customer acquisition on our own also. But it's clear that the government is supporting this sector and please remember that we have to get permission from the government before we export any weapon platform anywhere in the world.

Pramod Kumar: And on the defense profitability, Amit, given that export is shaping up much better than what we probably thought, what does it do to the longer-term profitability and return metrics on the defense business and what we have already shared as aspiration, is there upside to that number?

Amit Kalyani: The way I would answer this question is that I think the returns on this business will be comparable to our manufacturing business at least what we see now and as it grows, you know, let's see what happens. But I think ROCE is going to be extremely good and it will also be a stabilizing factor because it will become a meaningful size of our business going forward and will provide a lot of shock absorption without any CAPEX that we need to do.

Moderator: Thank you. Next question is from the line of Arjun Khanna from Kotak Mahindra Asset Management. Please go ahead.

Arjun Khanna: Sir, I just wanted to understand a little bit on this executable order book. So, if I look at the number in the fourth quarter, the presentation you've talked of Rs. 5,192 crores. And if I look at the second quarter, we have talked of Rs. 3000 crores. So, addition of at least 1000 crores and obviously we have executed all in the past second half, so which are these major orders that we have won? Is there a follow-on order to the European customer that we had or?

Amit Kalyani: Yes, I don't want to get into individual customers and product segments. All I will say is that we have got orders from existing and new customers for existing and new products.

Arjun Khanna: Just wanted to understand in terms of platforms, any newer platforms or its existing platforms which we have been selling?

Amit Kalyani: From all kinds of products, from both.

Arjun Khanna: Sure. Secondly, in terms of the US operations, I did understand from you, sir, that we are looking at further CAPEX in the US given that we have seen issues in this quarter and utilization levels are low. I just wanted to further understand that and what is the outlook in terms of FY25 profitability?

Amit Kalyani: So, look, we have customer orders and commitments that we have to meet for a certain number of parts. That requires us to set up two phases, that is 2 lines in the US. Currently our US capacity utilization is not yet at 100%, but by next quarter or latest by the quarter after that we will be at 100% of Phase-1 and then in 26-27, we will head to 100% of Phase-2 as well. In this quarter, we had certain one-off costs due to weather and other one-time issues which were out of our control and that is what has impacted the profitability and the numbers to a certain extent. But I think we have a handle on that, and we should see even the US operations with the positive EBITDA in Quarter 4, healthy, profitable EBITDA in Quarter 4.

Arjun Khanna: Quarter 4 of FY25?

Amit Kalyani: Yes.

Arjun Khanna: Just one quick one. You mentioned sir in the comments that we would see the KSSL or the defense business move out. So, if you could just articulate that in terms of what does that mean in terms of profitability of the standalone?

Amit Kalyani: I think you have to stop looking at standalone and it's all owned by BFL. So, you have to look at it because for many strategic and other reasons, it's very important for us to house our defense business in a separate vertical. That's what every global company, even Indian companies have done. Unfortunately, in our case, the licenses were originally received in Bharat Forge because we didn't have a large facility outside of here and we were incubating this business, but now that the business is ramping up and we're seeing significant growth, we need to create standalone facilities which can give us the necessary capability, capacity, safety, security that defense business requires.

Arjun Khanna: Sure. On an earlier occasion, you had mentioned the ATAGS order would come in standard Bharat Forge. So, that also would have shifted to KSSL?

Amit Kalyani: Yes, because that time there was only Bharat Forge. Now obviously everything is moving to KSSL, so the orders will also come into KSSL.

Moderator: The next question is from the line of Binay Singh from Morgan Stanley. Please go ahead.

Binay Singh: Good to see the defense moving up. In the segmental data just on the defense side, again we see that sequentially our defense revenues have gone up, PBIT has gone down a little bit about, what is driving that?

Kedar Dixit: This is all related to the product mix also, so you should look at more like the annual data rather than looking at quarter-to-quarter number.

Amit Kalyani: We have also had significant product development cost that we have charged off.

Binay Singh: And secondly, like just I was comparing last call to this call, 2 points over there. One is that when we last spoke in mid-February, we were talking about moderation in growth in both domestic and export. The outlook today sounds a lot more positive. So, could you comment a little bit about outside of defense? Is there any other change that you see in other businesses also a pickup or so? And secondly on CAPEX, we talked about US CAPEX, if you could also share CAPEX for India for FY25?

Amit Kalyani: So, good question. First of all, there is a tremendous amount of order flow taking place from business moving to India from other geographies, including China and including Europe. Point number one.

Point number two, at that point in time, we had probably estimated that the impact of the Middle East crisis, with that whole Red Sea thing going on and other things, would be significantly more than what it is turned out to be.

And thirdly, we have seen, I would say, a stronger outlook from our customers than what we had anticipated.

Kedar Dixit: We are winning market share.

Amit Kalyani: One of the factors that we see is we are also winning market share within the existing available market. So, this is both for existing products as well as new products in new areas. This is over competition in India. This is over competition globally. So, we are seeing this as a very marked phenomenon in the last one, one-and-a-half years.

Binay Singh: And team, when we talk about a better outlook from customers, are we also commenting on auto or is it largely non-auto?

Amit Kalyani: It's a mix. Auto is CV and industrial is a very wide mix of everything that we are doing.

Binay Singh: Thanks, very helpful. If you could just share the CAPEX number for India for FY '25.

Amit Kalyani: So, it would be about 500 crores.

Moderator: Thank you. Next question is from the line of Amyn Pirani from J P Morgan. Please go ahead.

Amyn Pirani: My first question was, Amit, you mentioned in opening remarks, two sunrise sectors. So, are you talking about defense here and some one other sector or?

Amit Kalyani: No, defense is now already becoming mainstream. These are two new sectors.

Amyn Pirani: And you are winning new order. Would you be able to clarify as to what exactly which segments are you talking about?

Amit Kalyani: No, no. I don't want to clarify yet.

Amyn Pirani: Secondly on the European aluminum business, now we have been talking about the fact that the pricing has been a problem. So, as we look into next year, you have talked about the U.S. business as to how the profitability should look by fourth quarter of FY '25. How should we think about the European business as a whole, including aluminum because that has been a bit of a laggard in terms of margin trajectory?

Amit Kalyani: So, I would say that the European aluminum business will be profitable in 2025, both at EBITDA and at PBT level. So, that will be a big change from this year.

Amyn Pirani: I know you didn't talk about auto and non-auto separately in the last question, but any broad idea as to how the U.S. truck market is looking for us? Are customers talking about a decline this year or are they thinking of a flattish kind of a year?

Subodh Tandale: You know, you may have seen some press releases from companies like PACCAR, companies like Daimler in the last maybe 3-4 days, and everybody is talking about a reasonably optimistic scenario, which does not mean necessarily growth, but stability. And that is what we are following. That is also what we are seeing in our order book.

Moderator: Thank you. Next question is from the line of Gunjan from Bank of America. Please go ahead.

Gunjan: I just had the follow-ups on the overseas subs in defense again. On the overseas subs, on the U.S. operations, what is the one-off? Can you quantify that? And also, in terms of your guidance by the end of the fiscal we will turn profitable, could you also like little bit share what will be the key drivers because European operations we have been at 75%, right? So, what is the visibility on this improvement that we are guiding for next 3-4 quarters on the overseas subs?

Amit Kalyani: So, demand is there. We have put in place operational improvement measures in Europe which are already showing results. The U.S. plant was a green field plant. So, you know, there is a larger learning curve, but there also now we are clocking OE about 75-80%. So, I think, the factors that are required for a business to run well, which is having cost under control, production running at certain cycle time and certain OEE and pricing being reasonable are all coming into place and then that is what is going to make this happen.

Gunjan: And do you think that the overall operations put together like we have been saying that over the midterm we expect these margins to get to, let's say, double digit is something that you have spoken about in past. Now if I were to sort of think about that trajectory, where do you think the entire overseas piece will be by exit of Fiscal '25?

Amit Kalyani: Definitely in a double digit. I would say definitely double digit at the EBITDA level, yes.

Gunjan: The second question I had was on the defense. Now this clearly, you know, it's been surprising positively now with the order book we have in ATAGS yet to come. How do you think the scale up of revenues now? Because I think we were looking at somewhere around 2,500 crores in 2 years now that we have 5,000 crore plus order book. One, what is the timeline for execution of this order book? And secondly, any change to the revenue scale up guidance there?

Amit Kalyani: Look I think the revenue scale up going from 1,500 to 2,500-2,600 is a very strong growth, especially because you are building a new plant, new facilities and then after that obviously the growth can be even more steep.

Gunjan: And what is the timeline typically for execution once you have this 5,200 crores, what would be the typical timeline for execution?

Amit Kalyani: Some of it is 3 years. Some of it is 4 years.

Gunjan: And last one, you know, mainly on the oil and gas, can you quantify what is the contribution now or should we sort of think about any major drag still coming from oil and gas in the industrial segment?

Amit Kalyani: It's about 300 crores right now. I think we expect this to go up a little bit this year because we have new products that we are developing which we haven't supplied before. But I think that is the vicinity in which we are right now. Obviously, it will grow. It will grow quite substantially. But it's not, you know, our dependence on oil and gas in industrial is not as strong as much as it used to be in the past.

Gunjan: 300 crores for the fiscal '24, right?

Amit Kalyani: Sorry, yes, '24.

Moderator: Thank you. Next question is from the line of Jinesh Gandhi from Ambit Capital.

Jinesh Gandhi: Quickly on the order books that you have for guns and for overall order books for 6,000 crores, would this CAPEX of 500 crores per annum run rate will be sustainable or do you have to invest more in capacities given the opportunities which are coming up for you?

Amit Kalyani: No, our capacity right now is adequate for fabrication and assembly. If you want to do certain more value addition or new product development to go into that, we may have to do some more value addition. I mean, more investment, but currently I don't envisage that.

Jinesh Gandhi: So, this 5000 odd crores defense order book can be met through the current stock.

Amit Kalyani: Yes.

Jinesh Gandhi: And secondly, while the defense obviously is having overbearing influence on India, non-auto business, how has ex of defense done in terms of growth? Because I believe there also tailwinds have been fairly good. Ex of defense India, non-auto business, how it has grown in the fourth quarter and how do you see it growing going forward?

Amit Kalyani: So, in non-auto in India, we have business that goes into railways, that goes into construction, mining, agricultural, shipbuilding, energy, space, plenty of sectors.

Jinesh Gandhi: Is that also seeing very good growth?

Amit Kalyani: Yes, absolutely. Every sector is seeing growth.

Jinesh Gandhi: And lastly on aerospace, how it has scaled up now in FY '24, I believe that it will also be started to reflect from 2024, and how do you expect that to grow in next two, three years?

Amit Kalyani: So, I expect in the next 3-4 years or 3 years also to double this growth.

Jinesh Gandhi: Now it would be what about 300 odd crores revenue?

Amit Kalyani: Yes, roughly.

Moderator: Thank you. Next question is from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: On the defense business, just wanted to check for the quarter, this KSSL revenue of 465 crores represents full defense revenue, or if you could give an indication, what is the overall defense revenue for the quarter?

Amit Kalyani: Yes, it's more or less the same revenue, because the booking entity or the invoicing entity is KSSL. That represents the overall defense business.

Kapil Singh: And sir, just one more question on consolidated CAPEX. I see that this year we have done about 1,500 crores of CAPEX. So, you know, should we expect a consolidated CAPEX in the similar range next year?

Kedar Dixit: No, no, it would be lower than that.

Kapil Singh: Ballpark, can you give an indicative range?

Kedar Dixit: About 1,000.

Kapil Singh: I said ballpark, can you give…

Kedar Dixit: Yes, about I would say 800 to 1,000 crores.

Kapil Singh: And could you give us an indication like, this 1,500 crores, what are the areas, broad areas like domestic, overseas, defense, how much of it has gone into which area?

Amit Kalyani: I think Kedar will take that offline and discuss it with you.

Moderator: Thank you. Next question is from the line of Raghunandhan NL from Nuvama Research. Please go ahead.

Raghunandhan NL: On the defense side, revenue to increase from 1,500 to 2,500 crore ex of ATAGS. So, this 2,500 crore would be for FY '25 or '26?

Amit Kalyani: I didn't say 2,500 crores. We said it is going to grow and that was our original what we had talked about. It is going to grow quite healthily. So, what is the question?

Raghunandhan NL: How do you see that 1,500-crore revenue growing over the next couple of years given the visibility of order book?

Amit Kalyani: See, based on the business that we have is what we have given the numbers. You know, 5,200 odd crores in between 3 to 4 years or 4 years and the big Indian orders are not yet included in this.

Raghunandhan NL: Sir, on the ATAGS, you indicated that post-election hopefully, like, there should be further progress. How do you expect the implementation to happen for that sample order? Do you think that by the second half of FY '25 you will commence and over the next 3 years it should be fulfilled?

Amit Kalyani: Well, simply because I think India realizes that their equipment is old and they don't have enough, and with the kind of neighbors we have, I think it is imperative that we have the beef up our borders.

Raghunandhan NL: And on the domestic CV space, how do you see the outlook for the current year?

Subodh Tandale: We are expecting it to be flat as compared to last year.

Moderator: Thank you. Next question is from the line of Pramod Amthe from InCred Capital. Please go ahead.

Pramod Amthe: Amit, to understand more about the speed at which defense is moving, can you give some color in terms of how much of these are repeat orders, who are the competitors here and are these more of negotiated orders? How does this business really work?

Amit Kalyani: I can't do that in this forum at all. I mean, there is no chance I would discuss defense business so openly. First of all, it is defense. It is a business that is bound by certain laws and rules. So, I can't talk about it like I am talking about supplying crankshafts or transmission gear products.

Pramod Amthe: But considering the order book which we disclose, which is very interesting, is there a way to disclose your bid pipeline, which typically the ordering businesses have, in case if you can give those disclosure features? So, that will help us to...

Amit Kalyani: Bid pipeline is huge, significantly larger, much, much, much larger than the orders we have got.

Pramod Amthe: What is the usual hit rate you get there and how to understand this? Is it improving better versus what you used to have hit rates or the customers are more confident now to give repeat orders?

Amit Kalyani: No, I think customer confidence is there. We have a state-of-the-art plant. We have extremely good products and we have great people. So, people once they come and visit us, there is confidence. There are a lot of complications about supplying it to this business. Not a simple business. That is why we are very cautious about who we do business with, how we do business, etc.

Pramod Amthe: And once you move to the new facility for KSSL, how does it change the capability or the speed of execution of these orders?

Amit Kalyani: We will have single piece flow lines and we will have a whole complete line-based manufacturing setup. So, as I mentioned earlier, we can do significantly higher quantities with less cost, less variation, less setup changes than what we do today.

Pramod Amthe: But in spite of this, you are saying in the initial phase, KSSL plant will have 100 guns per annum scale, the first phase.

Amit Kalyani: That is assembly capacity. Please remember that the ordinance we can make one a day.

Pramod Amthe: Sorry, I lost it. One a day?

Amit Kalyani: One per day is what we can make in terms of barrel, breach and other things.

Pramod Amthe: At the new facility as you move in?

Amit Kalyani: No, here, here, here. That will be an assembly.

Moderator: Thank you. Next question is from the line of Mahesh Bendre from LIC Mutual Fund. Please go ahead.

Mahesh Bendre: Sir, standalone business is doing really well. But cumulative subsidiaries are still making losses. So, will they turn positive in FY '25 or '26 at PAT level?

Amit Kalyani: Yes, Mr. Bendre, we discussed that. I think maybe you may have joined a little late, but we discussed this in detail, that Europe will be positive for the whole year. And the U.S. will turn positive in the second half of next year.

Mahesh Bendre: And sir, last two quarters, the tonnage growth has been a single digit, but our average realizations are going up. In fact, last 13 quarters, our average realizations are going up. So, will this continue? I mean, looking at the volume, our tonnage could not be a good idea.

Amit Kalyani: I think we have to stop looking at tonnage and value as a linked measure. Because, you know, when you are supplying components, that is okay. But when you start supplying products, that one-to-one relationship goes away.

Moderator: Thank you. Ladies and gentlemen, that was the last question of the day. I now hand the conference over to Mr. Amit Kalyani for closing comments. Over to you.

Amit Kalyani: So, ladies and gentlemen, thank you for joining our Con Call today. I would like to reiterate that we see strong growth going forward for the company. We are firing on all cylinders. Some of the businesses are even moving faster than what we anticipated, like what some of the commentary we heard on the defense side. And we expect that a couple of the other businesses that we incubated over the last few years, such as aerospace and defense and industrial and EV would also start ramping up over this year and next year and become a meaningful contributor to our overall business. Once again, thank you for your time and interest in interacting with us and our team, and your interest in our company. Thank you.

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