

# B H A R A T F O R G E

August 10, 2023

To,

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

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

**Sub: Transcript of the Analyst / Investor Conference Call on financial results  
for the quarter ended June 30, 2023**

**Ref: Regulations 30 and 46(2) of SEBI (Listing Obligations and Disclosure  
Requirements) Regulations, 2015**

Dear Sir/Madam,

We are enclosing herewith transcript of the conference call with analysts, which took place on August 09, 2023, after announcement of the Unaudited Standalone and Consolidated Financial Results for the quarter ended June 30, 2023.

The same is also available on the website of the Company at:  
<https://www.bharatforge.com/investors/reports/analyst-conference-calls>

We request you to kindly take the same on record.

Thanking you,

Yours faithfully,  
**For Bharat Forge Limited,**

**Tejaswini Chaudhari**  
**Company Secretary and Compliance Officer**

Encl.: As above



**KALYANI**

BHARAT FORGE



# “Bharat Forge Limited Q1 FY24 Earnings Conference Call”

**August 09, 2023**

BHARAT FORGE



C H O R U S C A L L ®

**MANAGEMENT: MR. AMIT KALYANI – JOINT MANAGING DIRECTOR,  
BHARAT FORGE LIMITED  
MR. SUBODH TANDALE – EXECUTIVE DIRECTOR,  
BHARAT FORGE LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Bharat Forge Limited Q1 FY24 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the 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. Thank you and over to you, sir.

**Amit Kalyani:** Good afternoon, ladies and gentlemen, and thank you for first of all, adjusting to our change in time at the last minute. Unfortunately, we had a lot of discussion in our board meeting, which went a little longer than expected. It was a very good discussion and therefore we had to push out the call.

As is normal, I am Amit Kalyani. I have with me our Finance and Investor Relations team and we have our Head of our Components Business also on the line. I'll take you through quickly a few highlights and then I'll be happy to answer your questions, which I and our team, the whole team will respond to.

So, in terms of our standalone business, we had a topline of about Rs. 2,127 crores. This was almost 21% Y-o-Y growth. Our EBITDA was up by about, again almost 20.3% to Rs. 553 crores. Margins have been maintained at 26%. PBT before exchange gain or loss was Rs. 421 crores, 26% odd growth over Q1 of 23. We have won over 200 crores of incremental new business for the components and automotive business. In this quarter, our balance sheet continues to remain strong and net of long-term loans we have close to Rs. 700 crores of cash. Passenger vehicles story continues to grow for us. We have developed new customers, new products and we continue to see large opportunities for growth both in engine, powertrain and also EV related components. We saw a passenger vehicle growth of about 43% Y-o-Y. Despite a one-time destocking impact of about Rs. 80 crores in Q1 for the oil and gas business due to some product changes, the hit on the industrial export business was limited due to continuing strong traction in aerospace, which is now contributing about 16% of our industrial export business. This has grown at more than 50% over last year and we expect to see a strong double-digit growth this year and next year as well.

Let's come to the part that we're most proud of and let's say it's something that we've all as shareholders, as management, as investors been waiting for a long time has been the conversion of the defence business into a revenue generating, profit generating business which has started from this quarter where we have started exports of both systems as well as components in a big way and this will continue to grow. In fact, we are seeing tremendous traction from global markets and just in quarter one, we won an additional almost Rs. 280 crores of new orders in defence and we have many more orders in the pipeline. So, our combined order pipeline now is in excess of Rs. 2,200 crores to Rs. 2,300 crores, which is largely exports. This will be executed

over the next 18 months and this encompasses orders across vehicles, artillery systems, components, naval solutions enabled and unmanned systems. This basically marks the entry of Bharat Forge into the system space in a very, let's say, technologically advanced and geographically opportune and diverse and globally in demand kind of sector and this business will also very soon contribute to, in fact, this year also should be close to 10% of our overall revenue and increasing as we keep going ahead.

Coming to our overseas business, we had a turnaround in our European business where our EBITDA went to Rs. 51 crores as against a loss of Rs. 14 crores, so swing of Rs. 65 crores. US operations were similar to previous year, but you have to remember the US operations were set up 2 years after our last European expansion, so the European expansion is now heading to 50% plus capacity utilization, whereas the US is still ramping up and is going through its product development and establishment cycle, which by Q4 should be done and we should have turnaround in Q4.

Our subsidiary, JS Auto has now completed its acquisition of Indo Shell Mould SEZ unit for a cash consideration of Rs. 55 crores with the asset as is including the current environmental clearances we have. This can do a turnover of about Rs. 200 crores and capacity wise it can almost double that with increase in our environmental clearance. So, now between ISML and JS Auto, we have a capacity more than double of what we had when we bought JS Auto. In fact, very close to 2.5 times and we expect to see our growth in the casting space also be very high in the strong double-digit range because there is a lot of demand. There's a lot of demand coming from Europe and a lot of shift of manufacturing from Europe to India. In fact, the big strategy that we are now going to push and put a lot of emphasis on is to increase our manufacturing in India and use India as a large export base for the world, both at a component level, system level and at subsystem level as well.

Our India manufacturing platform, which is basically the components plus products which encompasses today are Bharat Forge standalone business plus the defence manufacturing in KSSL, is already at a run rate of Rs. 10,000 crores and Rs. 2,500 odd crores of revenue for the quarter and we expect to see this grow very smartly and very sharply over the next 2 to 3 years. In fact, we will undertake a large expansion now in various areas. I've talked about casting. This is all in India and this is all in spaces that we are comfortable with. This is in forging, in machining, in EV related forging and components and our defence plants are also coming online. So, we'll probably do somewhere in the region of Rs. 1000 odd crores in the next 2.5 years. At the same time, we would also repay over Rs. 1000 crores of debt in the next 2 years and we will do all this through internal approvals. We will maintain a healthy debt equity profile, will maintain a healthy cash balance and have the ability to respond to any growth opportunities in India manufacturing or India related manufacturing growth for global opportunities as well.

As we go forward, we expect to see our consolidated EBITDA margin to increase from 16% towards the high teens that we have always aimed at and increase our return ratios also quite substantially. In terms of this ISML acquisition, this plant is within 2 kilometers of our existing JS Auto plant, so we don't need to hire a large management overhead. We only need operating

people and we will get a lot of synergies and let's say operating leverage coming in quite soon. We also are getting a lot of interest from our global customers for export demand for casting and we see that as another big road driver to improve our India manufacturing footprint and sales outside of India and to further serve our customers more completely.

Talking about customers, our last man standing strategies bearing results. We have increased our market share in the automotive space both in India and outside. We expect to see the Class 8 markets in Europe and US to remain strong, one driven by demand and little bit of emission norms, the second driven by emission norms upcoming. Plus, an old fleet and drivers being more accustomed to vehicles with more assistance and things like that to make driving easier. And this is what we hear from our customers and we expect this to remain stable, to positive and we have also tied up long-term business with all our customers and we continue to grow our engagement and footprint with our customers. We expect the next few years to remain strong and this growth momentum that you're seeing this quarter to continue gaining strength over the next 3 quarters for this year and also into next year as we expand our footprint of products, geographies, sector, segments and new fields as well. So, that's really all I had to say and I'm happy to now take questions.

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

**Binay Singh:** The strategy that the company embarked on of diversifying revenues is beautifully at play in this quarter. My first question is on the defence side only. In the opening remarks, you said that it would almost be 10% of consolidated revenue for year, roughly implying that KSSL will have very sharp ramp up in revenues in the coming 2-3 quarters only. So, how do you see that impacting margins and also linked to that, any update on defence order wins from India side given that it's an election year, will that have an impact on wins from India side? So, any comments on that, so that will be my first question.

**Amit Kalyani:** So, Binay, yes, you are absolutely right. It will imply strong growth, but we are already ramping up our defence business and we continue to see tremendous demand coming from markets across the world. So, not just we are not, as you know, we're not just dependent on India, but we're already exporting and we see tremendous growth opportunities. And the capacities we're building will start getting ramped up. We are today producing in our existing facilities. We don't have dedicated facility yet, but the point is yes, maybe I don't want to comment on election year and the impact of election year, but all I will say is that there's enough demand for us globally to produce and sell whatever that we need to in terms of creating growth.

**Binay Singh:** And at what scale do you see the profitability of this business being like mid-teens margin or so?

**Amit Kalyani:** Profitability, so it is accretive to our overall business. There is no dilutive impact of this. Also you have to remember that while we are only looking at EBITDA, you also need to look at it on

a return on asset basis. It will be substantially higher. Please also remember for the India order, the RFQ is already out, so at least some part of the India order should happen before other things.

**Binay Singh:** Right. And also part of the profitability fits in standalone. So, we're just looking at KSSL may not even give the full picture for the company.

**Amit Kalyani:** Yes, so you have to look at consolidated because KSSL is 100% sub and as you know the components are made in Bharat Forge. So, if you combine the two, you will get a good picture.

**Binay Singh:** And the second point that you made, which is very interesting on the last man strategy getting orders till 2035, could you comment a little bit about which components and geographies you are getting?

**Amit Kalyani:** So, I'm not going to talk any more detail than this, you know it's a competitive market and we don't want to share such sensitive information. All we are saying is that the customers are banking on, talking or partnering with suppliers who can supply not just components but also be a technology partner and a strong player for the long term.

**Binay Singh:** Right. Then just any comment on the India PV business where we've seen sort of this, you said it's a one-time impact from some customer because of which we've seen the revenue dip.

**Amit Kalyani:** So, one of the customers that we used to supply to has stopped making the products that we used to supply into. So, we are now supplying to other people. Actually, we don't supply into the passenger car sector anymore. We supply into the industrial and SUV sector using the same assets.

**Binay Singh:** And just the US breakeven, are we on track for third quarter what we were guiding earlier?

**Amit Kalyani:** Third, fourth quarter.

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

**Kapil Singh:** Just continuing on the question of KSSL, could you tell us what is the fixed asset base at KSSL and how much CAPEX will be required?

**Amit Kalyani:** See the fixed asset base in KSSL is not large right now because please remember it is an integration business. Right now, we're spending about Rs. 120 crores in building a large facility of about 4 odd lakh square feet which will be able to do vehicles, armored vehicles, rollaway chassis and guns and mounted gun systems and that will have a very large capacity. It will be one of the largest such capacities in the world.

**Kapil Singh:** So, for this revenue ramp up, no significant CAPEX is required. That's how I should understand.

**Amit Kalyani:** Yes, correct.

- Kapil Singh:** And second, there was also a mention of investment of Rs. 150 crores, I think in Kalyani Powertrain. Could you just talk us through that as well like what is that?
- Amit Kalyani:** So, we have a long-term strategy, which we created three years ago and we are implementing that strategy. We have a plan for large supplies into the electric vehicle business and we have to place orders for certain equipment to set up a new plant to manufacture these components and systems and this is over a 2-year period.
- Kapil Singh:** So, this is setting up capacity in that entity?
- Amit Kalyani:** Yes.
- Kapil Singh:** And sir, at what level of revenues does this business become EBITDA positive?
- Amit Kalyani:** Which one?
- Kapil Singh:** Kalyani Powertrain.
- Amit Kalyani:** See, you have to look at it separately. You have to look at that investment in Tork separately and the rest of it separately. Tork, we did to learn about this sector to understand the technology and to learn manufacturing of these things which we have done. The rest of it is all product specific as we ramp up to let's say some amount of steady production. Today, what we're doing is we're making a lot of prototypes for a lot of different people and getting them tested, getting them approved, going through a learning curve. So, just like in defence, we took a long time because we were developing the technology on our own, but then in the longer term, it gives you a lot of benefit. Same thing is what we're doing here. Obviously, we're not expecting it to take so long but I would say at least 2 to 3 years for it to be meaningfully profitable.
- Kapil Singh:** And lastly, can I check on the overseas operations as well, we have seen an improvement in EBITDA margins over there. By when do you see the company touching double digit margins over there?
- Amit Kalyani:** Look for the full year, we will be profitable at a PBT level globally. Europe will be PBT positive and US will be definitely EBITDA positive for the quarter four, but Europe will be PBT positive for the full year in a healthy manner.
- Kapil Singh:** Would that mean margin close to double digits by the exit quarter?
- Amit Kalyani:** I would say high single digit.
- Moderator:** Thank you. The next question is from the line of Aryn Pirani from JP Morgan. Please go ahead
- Aryn Pirani:** Just going back to that last man standing comment that you made, I know you didn't want to share too many details. I just want to clarify one thing. Since you have now assurances from your customers till 2035 and given that at least the global customers are planning to move to a

kind of a net zero kind of a number by 2035, would it be fair to assume that you are going to be a partner for a lot of these new age and EV vehicles also and you will be coming up with a lot of products there?

**Amit Kalyani:** Yes, that would be fair.

**Amyr Pirani:** And secondly, on the defence business, the order for ATAGS that you had won for the export market that was supposed to start ramping up from 2Q or some of the ramp up in this quarter also includes that?

**Amit Kalyani:** Just very small initial, probably the first half supply.

**Amyr Pirani:** So, obviously this number should sequentially improve quite substantially over the next few quarters on the KSSL side as well as on your own defence?

**Amit Kalyani:** Please understand the order value, you guys know. It is spread out over 18 months. From the time it ramps up, it is spread out over 18 months. One year from the order it starts and it becomes the 18-month order, 18 to 20. There are two different orders. One is one product, second is second product. The two orders were received at a different timeframe and please understand I'm not going to a supermarket and selling my product. The customer also has some schedule by which it wants the product to be inducted.

**Amyr Pirani:** And the Rs. 280 crores of new orders, can you help us understand what components or products is that for?

**Amit Kalyani:** So, that's also both capital items and revenue items.

**Moderator:** Thank you. The next question is from the line of Gunjan Prithyani from Bank of America. Please go ahead.

**Gunjan Prithyani:** I just had again a follow up on the defence business. The 2,200-crore order book that you talk about includes only the export order that you have and the other component order. It does not include ATAGS at all, right?

**Amit Kalyani:** No, it does not include any India orders.

**Gunjan Prithyani:** It does not include any India order, okay and would it be possible for you to share what was the overall defence revenue in this quarter? I can see KSSL, but there is also some revenue that gets captured in industrial part of the standalone, right?

**Amit Kalyani:** It's about Rs. 250 crores for the quarter.

**Gunjan Prithyani:** And this KSSL, sorry, just trying to understand how the accounting is getting done. The standalone sells components to KSSL and then KSSL books out to the customer. So, it's sort of



- Amit Kalyani:** No, Gunjan, we only make components in Bharat Forge. The entire system and assembly is made in KSSL and then sold.
- Gunjan Prithyani:** So, part of the revenue...
- Amit Kalyani:** At least that is the way it's going to work. Okay? Because KSSL is our company for doing defense systems. Now some of the early orders have come before KSSL was fully set up. So, some of the early orders were in BFL, but all of the execution is going to happen through KSSL going forward.
- Gunjan Prithyani:** And the second one I had was on the aerospace because you did talk about destocking which impacted the revenue stream on exports, but again, aerospace you quantified. So, how defense is very clear now, but aerospace in terms of revenue ramp up, how should we think about that? And anything you can share from the margin also for that?
- Amit Kalyani:** The margins are also very good. Please remember that we are using our existing forging capacities to make parts for aerospace. We have dedicated machining capacities, which we have set up for this, and we are making extremely high-end, high-tech products. I would encourage you to come and take a look. We make parts like landing gears for commercial aircraft. We make fan blades in titanium and entire balanced rotating assembly for jet engines. These are all jet engines in the 15 to 1,000 pound thrust and above category.
- Gunjan Prithyani:** Revenue ramp up, any guidance around it or?
- Amit Kalyani:** This year we will see a revenue growth of over 30% over last.
- Gunjan Prithyani:** Just lastly, if you can talk about the outlook both on CVs in India as well as U.S. Class 8? You briefly touched about it, but if you can just give us some color as to this given the cyclicity in these both categories?
- Amit Kalyani:** Gunjan, I have my colleague Subodh who is the head of our component business. He is better positioned; he is the right guy to answer this. Subodh, can you please?
- Subodh Tandale:** So, Gunjan, to your question, at this point, we see a strong commercial vehicle segment both in U.S. and Europe, and this is driven by the order books and the backlogs. The expectation is this should continue into next year as well. That is what North American companies are even publicly stating.
- As far as India goes, India is already seeing a strong correction including Q1 as you have seen. And again, if you look at everything that's happening in the country infrastructure wise and others, the expectation is it will continue to be stable. It may not grow significantly in India, but it would definitely continue to be stable is the expectation.

- Gunjan Prithyani:** And what is this emission related that you mentioned in Class 8? Is there some big bunching up of advancement of demand that you all are expecting.
- Subodh Tandale:** No, I think the emission was mentioned in light of the advancement of the product sales
- Amit Kalyani:** One of the newer car standards coming up in the U.S. and the Euro 7 coming up in Europe.
- Subodh Tandale:** Yes. That is in 2026-27. It will be complicated.
- Amit Kalyani:** Yes, there will be pre-buys, we call it.
- Moderator:** Thank you. Next question is from Pramod Kumar from UBS. Please go ahead.
- Pramod Kumar:** Amit, my first question is on the railway side. We had this collaboration with Talgo. So, if you can just help us understand how are we doing there? How is that business looking? Because that can again be a pretty significant part of your domestic industrial rollout, right?
- Amit Kalyani:** See, right now we are looking at components on the railway side. We are not looking at entire systems. It's again a very complicated business. So, I think we need to get our arms around it before we bid for something that is a 30-year project, and I think that there are going to be a lot of opportunities in the future as well. So, I will wait and watch.
- I don't know whether that is going to let's see where it goes. We are in it, but it's all getting postponed and things like that from the user end. So, it takes a lot of time and effort to be in these businesses. We want to be in businesses where the time and effort delivers the kind of value returns, profitability that is let's say, pays off for the kind of effort that you put in. Plus, I don't want to be limited to geography. I would prefer to be in a business which is more globally accessible to us.
- Pramod Kumar:** And Amit, the second part is on the KPTL business, because looking at the various components what you do, there is quite a lot, right? You are doing your advanced lead acid battery, then power electronics includes MCU everything, but which part of this, which part of the component chain where you strongly feel that you are going to be building a sustainable edge, which will attract a lot of the OEMs towards you? Because what we are seeing is a lot of the OEMs that want to do are already doing a lot of these components in-house. So, in that context...
- Amit Kalyani:** No, no, no. See, actually a lot of what you are asking me is our strategy. If you look at us globally, we are a niche global player. We don't play in commodity spaces. We play in high technology niches, and we will adapt the same to the EV sector. At a component level, we will supply to all the OEMs and the tier ones and the new emerging customers, but we will select a few niches in that where we will go deeper and wider.
- Pramod Kumar:** And so, is the understanding right that you will be focused more on the international side rather than looking at the Indian value chain? Or am I...

- Amit Kalyani:** Yes, we look at both. But please remember, a large part of this manufacturing is going to happen in India.
- Pramod Kumar:** And Amit, generally, any color on the industrial side non-defense vertical for the growth outlook? Because given how the CAPEX story is evolving in India, anything that you can share on how is that progressing, sir?
- Amit Kalyani:** On the industrial front also, we see a lot of opportunity. In fact, we have targeted two, three new sectors. Again, I don't want to go into those very quickly because we are still playing those out. But Subodh, maybe you can generically touch upon this.
- Subodh Tandale:** I was saying we are addressing a very wide range of industrial segments which is right from heavy engines and products for construction and mining industry and so on. There are a lot of different things happening where we are adding new products, where we are adding new customers. We are adding new services. And at this point, the outlook is positive for India, of course, with everything that's going on, but is also positive for the world. And any industrial business has its ups and downs, but overall, we see the outlook as reasonably positive.
- Moderator:** Thank you. The next question is from the line of Pramod Amthe from InCred Capital. Please go ahead.
- Pramod Amthe:** So, wanted to, with regard to this KSSL again, so if you have to look at the related party transaction, what proportion might be coming from Bharat Forge standalone as a part of sales?
- Amit Kalyani:** KSSL is part of Bharat Forge, man. It's a 100% subsidiary.
- Pramod Amthe:** No, I am saying sourcing of components, if you have to look at, is it 70%?
- Amit Kalyani:** All the critical components which is ordnance and other things which are critical which nobody else can make are obviously going to come from Bharat Forge. So, I would say in terms of value terms, maybe 30%-40% will come from Bharat Forge. Maybe 30%.
- Pramod Amthe:** So, the remaining 70 will be others and then the value add for KSSL.
- Amit Kalyani:** Yes, absolutely.
- Pramod Amthe:** And if I had to look at the Kalyani Powertrain, the ramp up is slower than expected or what is the status of your new plants? And what is holding you back?
- Amit Kalyani:** Well, one thing is FAME. You know, this whole FAME getting diluted has had an impact on everyone, but please remember that even during those times we have not mis-claimed or wrongly claimed any FAME benefits. We are one of the few companies which has not done this. So there are a lot of people who are going to have to pay back the money that they have taken from the government.

- Pramod Amthe:** And the last one is with regard to the JS Auto. Post this acquisition, any internal targets in terms because you are openly talking about growth outlook of upwards of 25%-30%? Has it changed now for a much aggressive because capacity is doubling up and you are getting more client confirmation?
- Amit Kalyani:** Yes, like I said, this ISML acquisition has just been complete. Maybe in Q3 when we do our Analyst Meet, we will give you a much better picture on JS Auto and overall picture.
- Moderator:** Thank you. The next question is from the line of Raghunandhan from Nuvama Institutional Equities. Please go ahead.
- Raghunandhan:** Firstly, on standalone, raw material cost to revenue, despite higher industrial revenues, there is increase in this RM to revenue Q-o-Q and Y-o-Y. Any reason for the increase? And how do you see this in coming quarters?
- Amit Kalyani:** Now basically it's a product mix. It will normalize over the next two quarters.
- Raghunandhan:** On oil and gas segment, there was a one-off impact as you indicated. What would be the revenue for the quarter? Or what is your expectation on the full-year growth?
- Subodh Tandale:** So, the overall growth for the oil and gas sector will be, I would say, flat as compared to last year because the oil and gas sector is strong, but there is a lot of discipline in terms of investments that is happening. The one good thing that is expected by the end of this year maybe of November, December time frame is the demand of oil is expected to outstrip production, and at that point, we may see some amount of positive change. But otherwise, we are assuming that it is going to be flat as compared to last year.
- Raghunandhan:** And Subodh sir, on the North America Class 8, over the past six months, Class 8 order backlog has reduced as new orders are lower than the production numbers, and some of the industry experts like America Commercial Transportation are talking about 15% to 20% decline in CY '24. Do you expect any weakness next year?
- Subodh Tandale:** As I mentioned earlier, at this point, a lot of the order intake is lower because OEMs are not opening their order books. I mean, you have seen public statements from Daimler Truck I think about a month ago to that effect. I think Volvo has made similar statements as well. So, there is an expectation that these order books will be opened in the near future, and I think all the OEMs are talking of a similar year as compared to '23 in '24 as well. So, we have to wait and watch, but that's all I can tell you now.
- Raghunandhan:** And just my last question. In terms of investments, they are likely to increase. So, what would be the CAPEX expectation in standalone, consol for '24-'25?

- Amit Kalyani:** So, right now as I mentioned for '23-'24, '24-'25, and probably another six months, our CAPEX will be in the region of about 1,000 crores plus minus 10% combined, and this is the overall CAPEX.
- Raghunandhan:** And standalone would be, sir?
- Amit Kalyani:** Bulk of that will be standalone. Standalone meaning India, which includes defence, which includes everything we do in India.
- Moderator:** Thank you. The next question is from the line of Arjun Khanna from Kotak Mahindra Asset Management. Please go ahead.
- Arjun Khanna:** The first question, sir, is on the ATAGS piece. So, earlier we had the DAC approval and then last quarter you talked of the AON, Acceptance on Necessity coming through. So, the next stage would be RFQ. Is that the right understanding?
- Amit Kalyani:** Yes.
- Arjun Khanna:** And has the RFQ come till now?
- Amit Kalyani:** RFQ is already out.
- Arjun Khanna:** So, if one looks at timelines before an order comes through, how would we understand that?
- Amit Kalyani:** In a realistic world, now it should be less than six months.
- Arjun Khanna:** And depending on timeline, the delivery of the same.
- Amit Kalyani:** We can deliver. We have the ability to deliver quite fast.
- Arjun Khanna:** Very helpful, sir. The second query was regarding the PV side of it in India. You did indicate that there was a phase out of a model. So, the current quarter revenues of around 62.5 crores, is that the run rate we should look forward going for in terms of the trough or potentially, there was some?
- Amit Kalyani:** Subodh, what he is asking, Mr. Khanna, is that our passenger vehicle India business was at roughly about 62-63 crores, and what do we expect for the quarter and going forward? I think we have lost Subodh. Maybe I can have him circle back to you or somebody can get back to you. I think we should get back because I do know that we have won quite a lot of new business. So, we should get back to the previous numbers of closer to 80 crores. But please remember one thing, Mr. Khanna, that we will use the same fungible capacities to make parts for India or exports. If the India business is reducing, we will go harder on exports. Our exports of Passcar are almost 5x the size of our domestic market.
- Arjun Khanna:** Right. We did almost 280 crores this quarter. Well noted, sir.

- Subodh Tandale:** I will just add one comment to what you said. We have also, Mr. Khanna, got ourselves on a couple of new programs within India as well, and we are also making very different choice in terms of which segments to play in India as well. So, there are a lot of those factors coming in as well because we want to protect our value accretion, but overall, we see a reasonable growth pattern for us in the PV segment both in India and globally as well.
- Moderator:** Thank you. The next question is from Lakshminarayanan from Tunga Investments. Please go ahead.
- Lakshminarayanan:** Sir, couple of questions. First, in terms of the India CV business, right, what has been, have we maintained or increased our market share?
- Amit Kalyani:** We have grown our market share.
- Lakshminarayanan:** And what is the approximate tonnage? Do you give the data in terms of Automotive, CVs or?
- Amit Kalyani:** No, we only talk about overall tonnage, which was 67.5, 67,000 odd tons.
- Lakshminarayanan:** And couple of quarters back you mentioned that you like to get into things like transmission driveline components in addition to front axle beam and crankshaft.
- Amit Kalyani:** We already make those. And we are, in fact, expanding our capacity in those areas. We make over a million components that go into those products already per year.
- Lakshminarayanan:** And in terms of the outlook for both Europe and U.S. in terms of the Class 8 trucks, right, you say that you have capacity visibility, sorry, the demand visibility for the next till FY '24 or FY '25?
- Subodh Tandale:** At this point we have visibility till end of this year and probably two quarters or one-and-a-half to two quarters of next year based on the order books of OEMs and then as I mentioned...
- Amit Kalyani:** So, basically, 12 months from now, Subodh.
- Subodh Tandale:** Yes. Roughly, yes, that would be the...
- Moderator:** Thank you. The next question is from Rakesh Roy from Omkara Capital. Please go ahead.
- Rakesh Roy:** Sir, can you light on the business recently we got the license from Home Ministry for small arms business? Where we stand and scope of business, sir?
- Amit Kalyani:** Yes, with the license and we will bid for business based on this license.
- Rakesh Roy:** We have currently facility for this one?
- Amit Kalyani:** We had facility for making prototypes. If we get the orders, we will set up the facility.

**Rakesh Roy:** And sir, we are looking only for domestic market or export also for this one, small arm?

**Amit Kalyani:** First, domestic.

**Moderator:** Thank you very much. We will have to take that as the last question. I would now like to hand the conference back to Mr. Amit Kalyani for closing comments.

**Amit Kalyani:** Ladies and gentlemen, thank you, as always, for your participation, encouragement, support and deep insight, a lot of insight and planning with which you ask us questions. It keeps us on our toes and I hope that we are able to answer your questions adequately. We always appreciate your support, and we look forward to continuing our engagement with you, and we will meet soon in the next quarter, if not before that. In the meanwhile, if you all have any specific questions or would like to visit any of our facilities, you are most welcome to reach out to our teams.

One point that I forgot to mention was that we won a ESG award from The Financial Times and Statista of being one of the Earth's Champions, and this goes a long way in our customers recognizing the pioneering work that we are doing on the environment front, and I think that is another factor which will help us in being able to move a lot of business to places like India. Thank you very much. Have a nice day.

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