BHARAT FORGE

May 26, 2018

To,

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

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

Dear Sir,

Sub: Transcript of Analysts Conference Call

We are enclosing herewith transcript of conference call with analysts, which took place on May 22, 2018 after announcement of Audited Financial Results for quarter and year ended March 31, 2018. The said transcript is also uploaded on website of the Company.

Please take note of the same.

Thanking you,

Yours faithfully,
For Bharat Forge Limited

Tejaswini Chaudhari
Deputy Company Secretary

Encl: As Above

“Bharat Forge Limited Q4 FY-18 Earnings Conference Call”

May 22, 2018

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

Moderator: Ladies and gentlemen, good day and welcome to Bharat Forge Q4 FY18 Analyst Earnings Conference Call. As a reminder, all participants' lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for 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. Thank you and over to you, sir.

Amit Kalyani: Welcome to everyone for the Bharat Forge Q4 & FY18 Conference Call. First of all I would like to share a few details and then open up for Q&A.

I have with me our team from Finance and Investor Relations. Let us look at the quarter to start with. Our shipment tonnage for the quarter was about 68,700 tons which is about 5.5% higher than last quarter and about 24% higher than last year. Our domestic sales were about Rs. 650 crores which was about 7% higher than last quarter, about 23% higher than last year.

Exports were about Rs. 815 crores which is about 4% higher than last quarter and about 36% higher than last year. Our total revenue was about Rs. 1,466 crores which is 5.5% higher than last quarter, 30% higher than last year. EBITDA was about 6.5% higher than last quarter and 35% higher than last year. And the operating PBT was Rs. 371 crores which was about 9.6% higher than last quarter and about 46% higher than last year.

In terms of the full year, we had a growth of about 25% on shipment tonnage. Our domestic sales grew about 21%. Exports by about 53%. Total revenue up by about 37%, EBITDA up by 43% and PBT on the operating basis was Rs. 1,303 crores which is about 56% higher. I would also like to highlight a few more facts. We have seen a strong growth this year driven by surge in demand in the Indian market and the global markets and in commercial vehicles and the industrial markets across the world.

Our passenger car growth has been about 30% this year due to increase in market share and new programs ramping up. This should continue next year as well. We have seen margins remaining strong in spite of the inflationary impact of steel prices which are a pass-through, but they do inflate your top line to some extent. Our balance sheet continues to strengthen. We are now on a net of cash basis debt free. And we have cash of about Rs. 1,600 crores on balance sheet.

Our recent order wins brings our total order wins now to about Rs. 1,500 crores, of which 90% come from passenger cars and industrial sectors and therefore create further de-risking opportunities and more growth opportunities going forward in the future. Our board in its meeting today has approved an investment of Rs. 400 crores in Baramati in a new forging and machining facility for heavy and large complex parts which we have tremendous demand and orders for. And this along with our new plant coming up in Andhra Pradesh will give us a new launch pad for further avenue of growth.

Our R&D facility in MIRA is now fully functional and is already working on product development in EV products and solutions, both in drivelines and electronics as we had

mentioned earlier. And our subsidiaries have performed well. Performance will improve substantially this year as well as our Aluminum business ramps up. And certain new order wins we have had on the hybrid side also starts scaling up.

I would also like to highlight that this quarter we have had an exceptional item of Rs. 133 crores which is a provision that we have taken for some investments we had made in non-core business activity during 2011-12-13 period which we obviously are not pursuing anymore and therefore we are taking this provision. This is a onetime activity, and this completely cleans up the balance sheet of Bharat Forge.

In addition, I would also like to mention two more things that in this quarter you will see the other expenses have gone up and that is largely because there is foreign exchange loss. There is also increase in R&D expenses including the MIRA facility. All of our R&D expenses are charged off to P&L in the quarter in which they are incurred. We do not capitalize any of our R&D expenses. Additionally, the domestic industrial sector business has been slightly impacted by delays in tender driven businesses, but these are not businesses that are lost, rather they are just delayed by 1 or 2 quarters.

I also want to emphasize that we are expecting a very strong year in 2019. We have tremendous business traction and demand and in fact one of the reasons why we have brought forward our CAPEX is also because we expect that by the time it comes online, we should be at the peak of the cycle and be ready to harvest that increased demand that we expect. A lot of the new products that we are winning business is based on R&D that the company has done and therefore this will become a trend for the company and move from just components into subsystems and further add value to the products that we are producing and supplying.

And this will also fit very well with the work that we are doing at our various R&D centers both in India and abroad in different technologies and use these different technologies and capabilities to address business opportunities in new areas including industrial sector, including aerospace, including electric vehicles etcetera.

That is really all I have to say, and I would be happy to answer your questions.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session.

The first question is from the line of Binay Singh from Morgan Stanley. Please go ahead.

Binay Singh: Just looking ahead, this has been an exceptionally good year. Your tonnage per quarter is almost at an all-time high, grew by around 15%. Overall revenues grew by around 37%. What do you think when you say the next year will be a strong year? What sort of growth do you see as a wide range and which are the key segments that you think will be the key growth drivers from here on for the company?

Amit Kalyani: In terms of the end market segments we expect that the commercial vehicles segment both in India and in the US, the construction mining, Oil and Gas sectors to be the growth drivers and for the company uniquely we also expect the passenger car sector and the Agricultural sector to be a big growth driver because in addition, to the underlying demand these are the sectors where we have one new business and will harvest this new business in this new year. I do not want to give you the numbers, in terms of growth but we expect a fairly strong double-digit growth.

Binay Singh: And the big delta change, it sort of sounds like will be very similar to this year. Like in this year, the big delta change was US market?

Amit Kalyani: I do not want to comment on that but God willing it should be a good year as well.

Binay Singh: And on the margins also we understand your costs are a pass through? Is it a quarter lag or is it within the same quarter?

Amit Kalyani: You know it really depends in certain geographies it is on a quarter lag basis, certain geographies if it is on a bimonthly, I mean every 2-monthly basis, it really depends customer to customer and market to market.

Binay Singh: And lastly any update on the defense? What is happening on the India side in that?

Amit Kalyani: You know defense side we have made a lot of progress. Two of our platforms are now fully tested and ready for the army to start trails and you know hopefully this year we should see something moving in that area but notwithstanding the big programs we have made a lot of progress on the supply side to the operation side of the army which is you know your spare consumables those kind of things. And that also has seen tremendous growth. So I think it is not going to be too far in the future by the time we get to almost $100 million business on the defense side annually. These are obviously not the big programs that we are going after.

Moderator: Thank you. Next question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: Just wanted to understand on this new CAPEX. When do you expect this CAPEX to commission?

Amit Kalyani: By this time next year it will be in production.

Puneet Gulati: And how much in terms of tonnage it is likely to add?

Amit Kalyani: See Rs. 400 odd crores CAPEX should give us Rs. 600 crores, Rs. 650 crores minimum maybe it is better it could go to even double the amount of investment.

Puneet Gulati: And what all products are you targeting here?

Amit Kalyani: Variety of products for both trucks and commercials, commercial vehicles industrial and passenger cars.

Puneet Gulati: Can you also share what is the share of revenue from your oil business right now and how is it looking based on what is happening with the oil prices? Are you seeing any more traction there?

Amit Kalyani: So revenue was about $115 million. But we have made a roadmap to grow that quite nicely. At least double.

Puneet Gulati: In what period of time?

Amit Kalyani: In the next 3 years or so.

Puneet Gulati: Is it largely based on similar products or new products?

Amit Kalyani: See new customers the existing capabilities, new products for existing customers and new geographies.

Puneet Gulati: So when you say 110 million this is for the run rate based on the quarter or?

Amit Kalyani: This is for a year.

Puneet Gulati: What would be number for the quarter if you can share?

Amit Kalyani: I do not exactly have that right now.

Puneet Gulati: Lastly just wanted to understand a bit more on your overseas subsidiaries. There was some restatement for CY16, if you can help me understand what has been restated really there?

Amit Kalyani: There is no restatement.

Puneet Gulati: As I look through the release for last year the number was Rs. 32.8 billion of revenues for CY16 while this year it is almost same number is Rs. 22.5 billion?

Amit Kalyani: No, that excludes our trading subsidiary through which the exports are routed. These are operating subsidiaries.

Puneet Gulati: Okay, so the trading subsidiaries no longer exist now, is it?

Amit Kalyani: No, it exists but that is the pass through because it is double accounting of sales. So we do not account for that. We are showing you the overseas operating subsidiaries numbers.

Puneet Gulati: And also EBITDA was also at Rs. 1,876 crores last year now it is showing Rs. 1689 crores. So is that EBITDA also attributed to the trading part only?

Amit Kalyani: Maybe you can get in touch with Raj and team post the call because these are numbers which are so granular that I would not be able to shed too much light on it right now.

Puneet Gulati: And last year also if you can share you have mentioned that lot of new orders have been won on the new industrial sector so if you can give?

Amit Kalyani: We have won business in the Industrial sector. We have won business in the passenger car sector and some small business also on the commercial vehicle sector. In the industrial sector or the non-automotive sector also includes agricultural sector, aero and other industrial and passenger car.

Puneet Gulati: Okay, can you give more color on what other industrials?

Amit Kalyani: I cannot share any more on that.

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

Kapil Singh: Firstly I wanted to check on this new business wins. We have talked about Rs. 1,500 crores order wins over last 2 years. So is Rs. 1,500 crores is annualized run rate or is it over certain period?

Amit Kalyani: Total business.

Kapil Singh: Okay, so annualized how much should we expect?

Amit Kalyani: You know these are different programs starting at different points in time. The annual run rate on this business will be slightly less than Rs. 1,500 crores but at maturity. You know these are long programs but Rs. 1,500 crores is not the value overall cumulative number of years. It is the total business in any one year if all the businesses were happening concurrently.

Kapil Singh: Is anything reflecting in FY18 so far out of this?

Amit Kalyani: Nothing meaningful.

Kapil Singh: Second I wanted to check on CAPEX. What was the CAPEX in FY18 and what is it we are looking total CAPEX including the Baramati investment for next year?

Amit Kalyani: Current year is about Rs. 320 crores and next year will be about Rs. 500 crores.

Kapil Singh: Okay, so our maintenance CAPEX is only around Rs. 100 crores is it?

Amit Kalyani: This CAPEX that I have told you includes the Andhra facility and Baramati Machining and little bit of CAPEX in Mundhwa. It includes everything. It includes maintenance and other CAPEX.

Kapil Singh: Okay so total will be Rs. 500 crores for FY19?

Amit Kalyani: What was happened in one year, it is going happen over one-and-a-half to two years.

Kapil Singh: Okay, so for FY19 we should build in around Rs. 500 crores?

Amit Kalyani: Yes.

Kapil Singh: Lastly can you also share the industry growth outlook for domestic CVs and also the US class 8?

Amit Kalyani: Yes, so the industry outlook for the calendar year 18 for the US is a growth of about 28%. India outlook is higher than what I am going to tell you, but we are forecasting a growth of about 10% to 12%.

Kapil Singh: Also on the industrial side because it is a bit of volatile business especially domestic industrial, what kind of growth should we expect there?

Amit Kalyani: I would say upwards of 10% because the only reason I am saying is that is also because we are coming up to 2019 I do not know how much decision making is going to happen but there are certain programs where we have already won business which will happen in this timeframe. So we expect at least that much growth but in other areas we can see very strong growth.

Kapil Singh: What was the currency realization for the quarter? And what should we expect for next year?

Amit Kalyani: It was about Rs. 68.3 and going forward will be more or less similar.

Kapil Singh: Okay, so I just wanted to understand the hedging that you have for next year?

Amit Kalyani: I am sorry I cannot share that right now. I do not have that figure with me.

Moderator: Thank you. Next question is from the line of Amyn Pirani from Deutsche Bank. Please go ahead.

Amyn Pirani: My question is on the new revenue drivers which are still small but are expected to ramp up like the aerospace and railways. What are the kinds of revenues that we have been able to do this year and what is the outlook for the next maybe one to two years?

Amit Kalyani: On railways and aerospace, see railways have been a slow year because both outside India you know what is happening in the railways. In aerospace and defense, it has been a flattish year for us but we are definitely creating a larger product portfolio on aerospace so that will give us growth going forward. On railways what we are doing now is we are focusing more on subsystems and aggregate rather than just components especially for like the products that we have developed like turbochargers.

These are significantly higher value products which are designed and developed by us. We can supply them to anybody in any country. So this is the kind of growth opportunity we see. I do not want to put a big number to it, but I think you know it will start growing but unfortunately, I cannot tell you anything more than that you know.

Amyn Pirani: Okay, and specifically on aerospace have we already started delivering on all the, I think we had 3 or 4 orders?

Amit Kalyani: Yes, we are supplying. But in addition, to the existing supply, the new products are under qualification and testing and once that is completed then the ramp up will happen.

Amyn Pirani: Okay, and just to come back to India non-auto business, as somebody has also mentioned that has been a segment which has not really taken off in a big way like your India CV, Global CV and your Global non-auto. So which specific segment could actually maybe not this year but is a big opportunity for you?

Amit Kalyani: Very simple. The whole Agri sector is the one to take off in India. With the cost of rural labor and farm labor going up the automation and all this use of implements is going up. That is the key area. Mining is a key area. I mean mining has been dead because of all the environmental and other issues going on.

If you look at just Coal India and the iron ore production in India it is basically going to double. So that is a huge investment. If and when the coal and iron ore production doubles even the railway sector will get a big boom. Because that is how these large commodities are largely transported. So this corollary effect or let us say the ripple effect of that will be tremendous.

Amyn Pirani: Okay, and in Agri mainly the component that you supply to tractors or is there something else that also?

Amit Kalyani: No, earlier we used to only supply to tractors. Now we are also supplying to a lot of other implements used in harvesting and picking and stuff like that. Mechanization is coming in a big way in agriculture now.

Moderator: Thank you. Next question is from the line of Jinesh Gandhi from Motilal Oswal Securities. Please go ahead.

Jinesh Gandhi: My first question pertains to your shift in your focus from components to R&D based subassembly systems. How do you see that impacting your margins and by when can we see that impact reflecting in your P&L?

Amit Kalyani: We expect that business to ramp up. Like the first few products we have developed as you know, turbo chargers is one product. We have developed transmission and axle components. That is another component. So these are components which we have developed, tested. The turbo charger is tested and is in supply. But a lot of the products that we are currently developing are products that will see a lot of traction once the BS6 vehicles are produced and get onto the roads.

Because when BS6 cars is not just a engine and the emission system that changes, it is the entire drive train and power train that changes. So we are producing a lot of components and subsystems and developing these for BS6. So when BS6 comes we will expect to see a large growth in our business in these new areas.

Jinesh Gandhi: And secondly with respect to aerospace, can you indicate what kind of contribution was from aerospace in this year?

Amit Kalyani: We club aerospace and defense together and if you put it totally it is about Rs 180 odd crores. But this is only the components business.

Jinesh Gandhi: And how it was last year?

Amit Kalyani: It was more or less flat.

Jinesh Gandhi: And one house keeping question. In terms of our depreciation for the quarter, it has declined on QOQ basis as well as YOY. Is there any one-off there or it is more of limited CAPEX which we have done in the last few years which was reflecting there?

Amit Kalyani: Yes, so also some of the assets have reached 95% of the life, so that is the reason in this particular quarter you will see a dip. But from next quarter onwards you will see with the CAPEX, it might go back to normal.

Moderator: Thank you. Next question is from the line of Hitesh Goel from Kotak Securities. Please go ahead.

Hitesh Goel: Sir, I think I may have missed. Just wanted to understand this Rs. 1,500 crores new order will be executed over what period of time?

Amit Kalyani: This is business that will start from FY19 and will ramp up between FY19, FY20 and it will reach that run rate somewhere between FY20, FY21.

Hitesh Goel: FY21, so basically over a two-year period FY20 and FY21 this will be executed?

Amit Kalyani: Yes.

Hitesh Goel: And sir, basically this also includes the ramp up you are expecting through BS6? It is all included in this number or it is over and above?

Amit Kalyani: Some limited products as this is already orders we received. Now there are already other products which we are developing which are not in the market yet or not have been marketed yet, those are not included.

Hitesh Goel: And sir, how was this order book say in FY17 end and FY18 end, so how much new orders have you won in FY18 versus FY17? Just for us to get a sense.

Amit Kalyani: 40%, 60%; 40% in FY17 and 60% in FY18.

Moderator: Thank you. Next question is from the line of Sonal Gupta from UBS Securities. Please go ahead.

Sonal Gupta: Just wanted to understand again in terms of this CAPEX. So what is the CAPEX that overall we are looking at I mean in terms of Rs. 500 crores for this year and FY20 any number you have?

Amit Kalyani: No, I do not have any number for FY20.

Sonal Gupta: And this Nellore facility will be I mean ready by when, when are you looking at that?

Amit Kalyani: It will be ready by about April of next year, production by April of next year.

Sonal Gupta: And just to come back to this point but I think you have mentioned, but I am just trying to understand that the expansion that we are doing is mainly related to PVs and Industrial side, it is not related to aerospace and some of the other stuff?

Amit Kalyani: See what will happen is eventually as with these new plants come up, maybe one of our existing facilities can be converted to do only aerospace. So it will give us more opportunities for the future.

Sonal Gupta: No, basically where I am coming from is I mean coming from what you sort of earlier said?

Amit Kalyani: Current facilities that we are investing in are for the industrial passenger cars and little bit of commercial.

Sonal Gupta: Sorry, the commercial what?

Amit Kalyani: Commercial vehicles.

Sonal Gupta: Okay so these are all order backed?

Amit Kalyani: Yes, absolutely.

Sonal Gupta: And just in terms of also while oil and gas you have talked about that we are going to double in next three to four years. Do we see this sort of so we see this as a continuous ramp up over the next three, four years or do you think that in the near term there could be a lull or I mean just to understand like?

Amit Kalyani: I think you know it will be a step-by-step. There will be some good growth this year. See as I mentioned we are developing new products and new customers. So as this ramp up as the products developments and the new customer development happens, you will start seeing growth. But it will be YoY, every year you will see growth.

Sonal Gupta: Okay and just lastly on this FX accounting just to understand so your realization rate like you mentioned is 68.3 and the FX loss is due to the difference between….

Amit Kalyani: These are all foreign currency loans, that is a notional entry. It is an accounting entry.

Sonal Gupta: So it is under foreign currency loan that is the thing?

Amit Kalyani: Yes.

Moderator: Thank you. Next question is from the line of Basudeb Banerjee. Please go ahead.

Basudeb Banerjee: Couple of queries. One is as you rightly said you gave your outlook on 28% odd US truck growth this year. But from a next two to three years angle what is your view, when the cycle you think of peaking out because we are already in the second year of on the higher side of growth, and whenever this cycle reverses, the growth tends to taper off on a decline mode significantly. So just to understand from your side when do you see the cycle reversing in terms of US class 8? This is the first question, sir.

Amit Kalyani: It is very difficult to say so because two, three factors. If you go to the US and I was just there till last week, the infrastructure in the US if you look at roads in most cities, rail, airports, it has become really, really old, and you can actually see the difference between Germany or Japan or even China and the level of infrastructure in the US in most places. So clearly the government is very conscious of this and is talking about large investments in infrastructure.

Second is you know this whole e-commerce logistics business, e-commerce business is driving logistics to a different level. If you see even in China the e-commerce business is driving logistics like never before. So I think what was there in the past is not the new norm, at the same time it cannot keep going vertically up continuously, but you know whether the same cyclicity is going to be there whether the same periodicity is going to be there, really we do not know.

And we have all seen cycles before and we always come out stronger out of this cycle. So quite frankly the whole purpose of developing new products and doing R&D is that when you add capacities, let us start developing new products and bring them to the market.

Basudeb Banerjee: And what percentage of your standalone business came from US Class 8 this year?

Amit Kalyani: 15%

Basudeb Banerjee: For the whole fiscal?

Amit Kalyani: US class 8.

Basudeb Banerjee: For the year or quarter, sir?

Amit Kalyani: No, year.

Basudeb Banerjee: And last question sir if I see your gross profit per ton has been falling since the highs of June quarter, second quarter, third quarter, now fourth quarter so each of the quarters have been getting lower from the June quarter. So any specific reason why it is happening?

Amit Kalyani: Well, one is because our new passenger car business is starting out as raw parts and as the machining content increases then this will reverse. But for that new machining contracts to increase then our new machining lines needs to be ready and then that will change.

Basudeb Banerjee: And what can be the timeline of those machining lines to be installed?

Amit Kalyani: It is currently under installation and it will take about two quarters to fully ramp up.

Moderator: Thank you. Next question is from the line of Pravin Yeolekar from CIMB. Please go ahead.

Pramod: This is Pramod from CIMB. Couple of questions. One, the new CAPEX which you said of Rs. 4 billion is it more or machining you are creating?

Amit Kalyani: No, we are doing forging and machining both.

Pramod: And secondly is it more towards the engine components or you are more moving towards the transmission those type of work?

Amit Kalyani: No, it is a variety of products. It is a whole range of products that will be needed in Euro 6 or BS 6 vehicles and for industrial products.

Pramod: And coming to the passenger car business if you are bidding for new business in the passenger car to ramp up, are you raising your threshold return ratios considering the threat of new technologies like EV and all which may make this capacity redundant earlier than you might have thought?

Amit Kalyani: No, I do not think any of these things are going to become redundant any time soon.

Pramod: Okay so the bidding is similar to what you used to do might be two, three years?

Amit Kalyani: In fact today the bidders are less.

Pramod: Okay, so does that raise your chances of winning substantially?

Amit Kalyani: Yes it does but you know we have to be strategic also we cannot go after everything, it is not feasible.

Pramod: And this you are talking about international?

Amit Kalyani: Yes absolutely because you know lot of new business needs new investments, a very few companies who have the capital to make very large new investments.

Pramod: Okay and coming to the international business can you give some outlook in terms of international subsidiaries, what is the growth you are looking at and what will be the drivers?

Amit Kalyani: I think more than the revenue growth we are expecting a very strong bottom line. I think the revenue growth will be in line with underlying market, but the bottom line growth will be very strong. Again our new aluminum business will be ramping up and will be running at a stable level, so that will give us good profitability.

Pramod: What is the utilization in the aluminum forging now and what is the run rate?

Amit Kalyani: Currently it is about 55%. That should go to close to 90% this year.

Pramod: And what is the broader revenue annual basis now there?

Amit Kalyani: Revenue last year for our overseas subsidiaries was Rs. 2,700 crores I think that will go to close to Rs. 3,000 crores.

Moderator: Thank you. Next question is from the line of Mahesh Bendre from Karvy Institutional Equity. Please go ahead.

Mahesh Bendre: What is the current capacity utilization in our factories right now?

Amit Kalyani: We are running anywhere between 75% to 80%.

Moderator: Thank you. Next question is from the line of Anupam Goswami from Stewart & Mackertich. Please go ahead.

Anupam Goswami: Just wanted to ask few questions. You said about going into Agri business and I just wanted to know like what kind of products would you be developing for this segment?

Amit Kalyani: No, we are supplying components to the Agri sector.

Anupam Goswami: Is it some kind of tractors and any kind of tools?

Amit Kalyani: Right from tractors to harvesting and picking and other post-harvest automation equipment.

Anupam Goswami: Okay and sir I just wanted to ask another question that is are you facing any kind of restriction on the US truck has putting sanction and challenging the Indian export subsidiaries?

Amit Kalyani: No, we do not have any large export subsidiaries.

Anupam Goswami: Okay and anything that sanction has been put on steel and steel products also, any threat from that side?

Amit Kalyani: I do not have anything right now, so I do not want to talk about the future. Basically, we are not in a business which is dumping related business. That is all commodity products.

Anupam Goswami: And your Andhra Pradesh facility when is it going to be commissioned and start producing?

Amit Kalyani: April of next year.

Moderator: Thank you. Next question is from the line of Priya Ranjan from Systematix Shares and Stocks. Please go ahead.

Priya Ranjan: My question relates to the domestic industrial business. So how big is the Agri in that overall?

Amit Kalyani: Currently Agri is very small, Agri currently all put together is about Rs. 110 crores to Rs. 120 crores.

Priya Ranjan: And what kind of run rate we can expect from Nellore from the next year?

Amit Kalyani: Next year will be a starting year you know you have to give it at least two years to reach a certain amount but that plant when it is fully up and running should do about close to Rs. 500 crores based on the current estimate. Then obviously we have lots of place to grow so our plan there is to build a very large facility.

Priya Ranjan: Any outlook on domestic mining etcetera?

Amit Kalyani: I do not want to give outlook because I do not know when everything will fall in place but bottom line is that and you know what is happening. Goa mining has been banned, Karnataka private mining has been banned, most state private mining has been banned. Coal mining also is not really growing in a meaningful way, but you know there are lots of steps that the government is taking in terms of getting commercial miners, getting merchant miners come and do mining activities, invest in technology etcetera.

Once this happens then you will start seeing a very substantial growth in industrial activity because these are sectors that are huge contributors to the entire GDP right from people employment to transportation to everything. You are looking at virtually doubling of the mining activity in India. Coal will double, iron ore will more than double, other minerals will also increase, so you are talking about a very large potential growth.

Priya Ranjan: Earlier we have talked about around Rs. 7,000 crores of topline so can we achieve next year based on I mean the growth outlook you are giving?

Amit Kalyani: Well, next year we will do the best we can, but I think we will still have a good growth. I do not want to give a forward-looking statement like that, but I think we will have a very good growth.

Priya Ranjan: And one last question on this CAPEX of Baramati is it I mean some new fresh line is also putting in place?

Amit Kalyani: Yes, we are going to put in fresh lines obviously.

Priya Ranjan: So what kind of tonnage you are looking at?

Amit Kalyani: Very large tonnage.

Priya Ranjan: So 12,000 or?

Amit Kalyani: Yes 12,500 and another big facilities. Two big fresh lines.

Moderator: Thank you. Next question is from the line of Girish Raj from Quest Investments. Please go ahead.

Girish Raj: Just wanted your commentary on increase in non-current investment from Rs. 368 crores to Rs. 1,100 crores, non-current investment has increased to Rs. 1,100 crores?

Amit Kalyani: That is our cash sitting in mutual funds.

Moderator: Thank you. As there are no further questions, I now hand the conference over to Mr. Kalyani for closing comments. Over to you, sir.

Amit Kalyani: Ladies and gentlemen, thank you once again for taking the time to participate in conference call for the year ended and quarter ended March 2018. On the whole, I think the company is on a very strong wicket, we see strong demand from our underlying markets, lot of new potential products and sectors that we are getting into, good traction with our customers and we should see a very strong year in 2019 as well both in India as well as in our overseas subsidiaries and continue growing and delivering solid results to all our shareholders.

Thank you once again and if anybody has any follow up questions or would like to come visit us to see what we are doing you are most welcome to get in touch with our investor relations team. Thank you and have a wonderful day.

Moderator: Thank you very much, members of the management. Ladies and gentlemen, on behalf of Bharat Forge Limited, that concludes today's conference call. Thank you for joining us and you may now disconnect your lines.