HAPPY FORGINGS LIMITED

**August 13, 2024**

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| BSE Ltd,<br>Corporate Relationship Department,<br>Phiroze Jeejebhoy Towers,<br>Dalal Street, Mumbai - 400 001<br><br>**Scrip Code: 544057** | National Stock Exchange of India Ltd.<br>Listing Department,<br>Exchange Plaza, Bandra-Kurla Complex,<br>Bandra (East), Mumbai- 400 051<br><br>**Symbol: HAPPYFORGE** |

Dear Sir/Ma'am,

**Sub: Transcript of the Earnings Conference Call for the Quarter ended 30th June 2024 held on Thursday, 8th August 2024.**

**Ref: Intimation of Earnings Conference Call Invite to discuss operational and financial performance of the Company for the quarter ended 30th June 2024.**

Pursuant to Regulation 30 of the Listing Regulations, kindly find enclosed the copy of the transcript of the Investor call held on Thursday, 8th August 2024at 11:00 a.m. (Indian Standard Time) on the unaudited financial results for the quarter ended 30th June 2024.

Kindly take the same on records.

**CERTIFIED TRUE COPY**
**FOR HAPPY FORGINGS LIMITED**

BINDU GARG Digitally signed by BINDU GARG Date: 2024.08.13 17:09:01 +05'30'

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# Happy Forgings Limited
# Q1 FY25 Earnings Conference Call

## August 08, 2024

**Disclaimer: E&OE - This transcript has been edited for grammatical and other transcribing errors. In case of discrepancies, the audio recordings uploaded on the stock exchange on 8th August 2024 will prevail. In case of any conflict of factual information with published data in the Investor Presentation, the latter should be considered to be accurate.**

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| **MANAGEMENT:** | **MR. ASHISH GARG – MANAGING DIRECTOR**<br>**MR. PANKAJ KUMAR GOYAL – CHIEF FINANCIAL OFFICER** |
| **MODERATOR:** | **MR. RONAK MEHTA – JM FINANCIAL INSTITUTIONAL SECURITIES** |

**Moderator:** Ladies and gentlemen, good day, and welcome to Happy Forgings Limited Q1 FY25 Earnings Conference Call, hosted by JM Financial Institutional Securities.

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 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. Ronak Mehta. Thank you, and over to you, sir.

**Ronak Mehta:** Thanks, Del. Good morning, everyone. On behalf of JM Financial Institutional Securities, I welcome you all to this 1Q FY25 Earnings Call of Happy Forgings Limited.

From the Management Team, we have with us today Mr. Ashish Garg – Managing Director; and Mr. Pankaj Kumar Goyal – Chief Financial Officer.

So, as we do always, we will start the call with brief "Opening Remarks" followed by the Q&A session.

So, with that, over to you, Mr. Ashish. Thank you.

**Ashish Garg:** Good morning, and a very warm welcome to all of you to Happy Forgings Limited Quarter 1 FY25 Earnings Call.

With me, I have Mr. Pankaj Goyal – our CFO of the Company, and our Investor Relations advisors; Strategic Growth Advisors.

The Quarter 1 Results, we have uploaded our Presentation on the Exchanges, and I hope everybody has had an opportunity to go through the same.

Let me start with the highlights for the first quarter of FY25.

We concluded the quarter with total revenues of Rs. 341 crores, and an EBITDA of Rs. 98 crores, a PAT of Rs. 64 crores.

On a year-on-year basis, we achieved a good volume growth of approximately 3% and a 4% increase in realization, leading to a 7% growth in revenues on an adjusted basis. This increased realization was achieved despite the decrease in raw material prices, which was 6% in Q1.

Our profitability levels in Q1 were stable, and broadly in line with what we achieved for FY24 with an EBITDA margin of 28.6% and a PAT margin of 18.7%. The machining-mix continues to remain strong at 87%, contributing significantly to our high profitability levels.

We are also starting to see an increased contribution from the passenger vehicle segment, which accounted for nearly 3.5% of overall sales during the quarter. We are optimistic that the segment will contribute approximately 8% to 10% of our revenue in the next couple of years.

Our revenue diversification strategy has helped us navigate some challenges in the market in the underlying industry. Business conditions in some of our underlying industry remains challenging, impacting the overall growth in the quarter. The general election led to temporary slowdown in the infrastructure spending.

Additionally, while production volumes of medium and heavy commercial vehicles marginally fell by almost 6%, excluding the market leaders. The tractor segment saw a modest 1% year-on-year increase in production volumes for April to June quarter. Furthermore, a slowdown in the farm equipment and wind generation segments in Europe impacted OEM production volumes and off-takes in Quarter 1. Despite these challenges, we maintain to increase our domestic revenue from commercial vehicles and farm equipment sectors by almost 8% year-on-year, maintaining our market share with key clients.

As pointed out previously, because of the disruptions due to Red Sea crisis, there was delay in installation of new machining capacities, and we were topped up in terms of utilization levels of machining capacities. And hence, we were constrained to ramp up production volumes in this quarter as planned previously. However, we have now started rolling out additional machining capacities, adding 1,500 metric tonnes during the quarter, while the delay in installation had an impact, we are now progressing and on track in addition to the machining capacities.

In Quarter 2 FY25, we will add another 4,500 metric tonnes, followed by 5,000 metric tonnes in Quarter 3 FY25. This will bring the total capacity increase of 6,000 metric tonnes in H1, and another 5,000 metric tonnes in H2. We have the necessary product approvals from our customers, which were long-awaited, and expect to scale up production concurrently with the capacity expansions. This gives us confidence in achieving higher revenues in the remaining quarters of the year.

Looking ahead, we are optimistic about an improvement in the underlying business segments, and a better operating environment. With political stability, we anticipate a continued push on infrastructure spending. A good monsoon and an increase in the sown area of Kharif crop are expected to boost rural demand during the upcoming festive months. Any improvement in growth in underlying segments will have a disproportionately positive impact on our sales as well.

We continue to remain focused on growing our revenues and profits by leveraging our strengths and capabilities and strategic initiatives. This growth will be driven by higher utilization of our existing units, ongoing capacity expansion, and the acquisition of new global customers. Our price pass-through mechanism will help maintain stable margins, reinforcing our growth trajectory. Our commitment to innovate, efficiency, and customer satisfaction ensures that we remain competitive in the market.

In conclusion, our robust engineering and machining capabilities, coupled with the advanced technologies we employ in our manufacturing operations, position us well to capitalize on the expanding market opportunities.

Now, I would like to hand over the call to Mr. Pankaj Goyal for an "Overview" of the "Financial Performance" during the quarter. Thank you.

**Pankaj Kumar Goyal:** Good morning, everyone. Myself, Pankaj Goyal – CFO of the Company. We are pleased to report the financial performance for Q1 FY25.

Kindly note that during Q1 FY24 previous year, financials were favorably impacted by some higher realizations received on one order, which positively impacted revenue by ~Rs. 10 crores, EBITDA by ~Rs. 7 crores, and PAT by ~Rs. 5 crores. Hence, to facilitate Y-o-Y comparison, we have provided numbers after adjusting for this impact.

Revenue stood at Rs. 341 crores, a growth of 4% year-on-year basis on a reported basis, and a growth of 7%, excluding the one-time impact mentioned previously. I would like to mention here that the current quarter numbers are also impacted by a 5% correction in the raw material prices.

EBITDA stood at Rs. 98 crores, a degrowth of 3% Y-o-Y on a reported basis and a growth of 5% on an adjusted basis. EBITDA margin stood at 28.6%. Profit after tax for the quarter stood at Rs. 64 crores, with a PAT margin at 18.7%. On an adjusted basis, PAT would have grown by 9% on a Y-o-Y basis.

Our total finished goods volume increased by 2.8% to 13,933 metric tonne. Our realization per kg also stood at Rs. 245, and this was despite a contraction in raw metal prices if compared on a Y-o-Y basis. We would like to reiterate that we are supported by a robust balance sheet, and we are well positioned to seize growth opportunities, and optimize our returns for Rs. 5 crores strategic deployment.

That is all from our end. We now leave the floor open for questions-and-answers. Thank you very much.

**Moderator:** Thank you. We will now begin the question-and-answer session. The first question is from the line of Nishit Jalan from Axis Capital. Please go ahead.

**Nishit Jalan:** Yes. Thank you for the opportunity. I have two questions. Firstly, on the passenger vehicle side, just wanted to understand when you have the confidence that share of PV revenues will go up to 8% to 10%, do you have already orders in hand or some of this you are anticipating given that now you have started to scale up this segment? And the order inflows in this business are largely from the domestic OEMs, or you have, or you will start to export in this segment going ahead as well? Yes. So, this is the first question. I will come back to the second question after the answer.

**Ashish Garg:** Yes. Hi, Mr. Nishit Jalan. So, with regards to PV as a sector, we started work almost one and a half, two years back with one domestic large OEM. We also entered into some large agreements in the last six months with North American clients, which account for today by almost Rs. 150 crores of annual orders, which will start from Q4 of this financial year and will take a full load by FY26-27. So, this is accounting to almost Rs. 150 crores and these are from North America, which is in addition to the existing business that we have already started. Plus, we are already in a phase of quoting many new RFQs to the same clients in North America.

**Nishit Jalan:** Okay. Thanks, Ashish. Ashish, these are largely for crankshaft supplies, or you are looking to supply other components to PV segment as well.

**Ashish Garg:** These are mixed components. We also have certain suspension and certain EV programs also signed up, where we will be supplying steering knuckles in full machined condition for the EV applications. And also, there are certain flanges which are required for the suspension.

**Nishit Jalan:** Okay. And just one question, generally there is a perception that off-highway CVs and all are slightly higher margin business, while passenger vehicles, the profitability is slightly on the lower side. Will this be true for you as well, or this will be at par with Company margins?

**Ashish Garg:** This will be at par with Company margins because all of these products are fully machined. So, these are not as forged products that we have taken. These are all fully machined.

**Nishit Jalan:** Okay. And my second question is on, if I remember, in your order inflows almost 50% of incremental share was from export orders. So, how do you expect export to ramp up? Obviously, one quarter is not an indication, but this quarter we have seen some decline. Is it because of the Red Sea crisis or orders are yet to ramp up? And how do you see the end-user industry in North America? Because, off late, order inflow numbers on Class-8 trucks are not coming in good, and there’s a noise around recession in U.S. In that context, how do you see the end market or CV industry overall, CV and off-highway industry overall in North America and Europe?

**Ashish Garg:** So, for the orders which we were planning to ramp up in this year, these are the orders majorly coming from Europe. Whereas we have worked on the new projects from the North America as well, but those are not in Class-8 right now. And those are, varied across the industrial passenger vehicle as well as farm. So, if you look at those orders, these are all orders that are fresh. Yes, the European market in terms of wind sector as well as farm equipment sector is down by 30%-35%, which was from the up of last year. But we are executing these orders, but not to the full tune the way it was expected. But over there as well, we are kind of developing more and more parts because these are new clients for us, where we are getting a lot of opportunity to develop a lot of business with them. So, this is how the market is looking like right now in farm as well as in wind in European side, but Class-8 we are not working.

**Nishit Jalan:** Okay. So, basically, within the exports, Europe is a much larger part for you compared to America’s. And this will continue to be the case in the next three years. Is that a correct understanding?

**Ashish Garg:** No, in the next few years, we will see a significant export share coming from North America. So, the major orders that we have on the industrial side and the PV side, the new orders which are in development phase which is going to ramp up from Q4 are from North America.

**Nishit Jalan:** Okay. And just one small question, on machining side your current capacity is 52,500 tonnes, which will probably increase to 62,000 tonnes by the end of this financial year, right?

**Ashish Garg:** Yes. We are adding close to 11,000 tonnes of capacity. We might plan to add some more capacity by Q4. But at the moment, this 11,000 tonnes of capacity is already lined up and already in phase, out of which 6,000 tonnes of capacity is being added in by H1 and balance 5,000 in H2.

**Nishit Jalan:** Okay. That was my question because your utilization level will still be high even after this addition. So, typically, Ashish, what is the lead time which is there when you decide to expand capacity and when it actually happens?

**Ashish Garg:** It takes around, minimum for the machining lines, 8 to 10 months. So, we are proactively ordering some more machines for next year and we will be kind of planning it. Some long lead machinery, we are planning to order for next year as well. So, the good part is, we have kind of received the much-awaited approvals for some of the critical projects where Company was working for the last two, three years. That was very important. And now we are in a Phase 2 ramp up.

**Nishit Jalan:** Critical projects, I mean, some new critical components?

**Ashish Garg:** Critical projects where Company was kind of working for the past two, three years, so we have received the approvals for the same to ramp up on the new capacities.

**Moderator:** Thank you. The next question is from the line of Amber Shukla from Motilal Oswal. Please go ahead.

**Amber Shukla:** I have a couple of questions. The first question is on, I mean, a demand outlook. So, firstly, the domestic CV side, which was weak in 1Q, so what kind of recovery are we expecting there? And secondly, what are your views on the exports market as well?

**Ashish Garg:** So, on the domestic side, as already discussed, that Q1 we have anticipated almost 5% to 6% production drop, whereas the consumption drop in terms of components was even more because the multi-axle vehicle production and the long haulage production of trucks was less, which normally requires more forging. So, if I see from that angle, the demand for components was almost 10% down in Q1 on the MHCV side. Whereas on the farm side, barring one or two customers, we have also seen downfall by almost 4%-5%.

Looking into decent monsoon and the low base, we expect farm equipment single-digit growth in the next three quarters. And even on the CV side, as CV players are mentioning about the single-digit growth, and if it is flattish in H1, then it should be a strong growth in H2. So, our endeavor will be to outperform the market. And we are working on more and more products with our existing clients as well.

With regards to exports, yes, the farm and wind sector right now in the European market is down by 30% -35%, which is a significant dip. But at the same time, we continue to explore and ramp up on our existing projects which were on board last year.

On the North American side, most of the programs are new for us, and these are replacement programs, so we anticipate good demand going forward on the North American projects as well.

**Amber Shukla:** And from new orders perspective, so the new orders win which we have talked about in the past with respect to CVs and tractors, how much of them has started coming into production?

**Ashish Garg:** It will be difficult to quantify, but the capacities that we are successfully adding, and there are certain customers on these capacities, like the PVs, if you can see, we have already ramped up in Q1, further also we are ramping up. Similarly, on the CV and farm, there were certain programs which the Company already adopted, where Company was working, will be ramping up in this process.

**Amber Shukla:** And just last question on the product mix. So, I mean, we have already reached a very healthy level, so machining-mix is over 85% and industrial, off-highway put together will be over 20% now, exports is around 18%, 20%. So, how do we see the revenue mix from here? And I am asking this from margin perspective.

**Ashish Garg:** So, this year probably you will see it will be range bound 85% to 90% in terms of the machining. And so, roughly, see most of the projects, almost the pipeline that we have, 90% of the order books are for fully machined components. So, more or less, it will be in line, the percentage will not vary too much.

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

**Jinesh Gandhi:** A couple of questions from my side. One is, you talked about some of the critical components which we were working on has got approval of customers. So, were these those genset crankshafts which we are working on? And by when do we expect commercial supplies of that to start?

**Ashish Garg:** So, some of the projects that we were working that already mentioned was on the PV side, which we have already executed, and we are kind of ramping up. The other ones are for the large engine manufacturer, where we have started ramping up.

And at the same time, this was on the farm side as well. So, in totality, these approvals that we have received are from the domestic clients towards the CV farm and industrial where Company were working on, and we are kind of ramping up for these clients now. On the genset side, we have already executed and already received the approvals, but the capacity and the ramp up will start from third quarter on that project.

**Jinesh Gandhi:** And in that context, how should we see the contribution of Industrial segment over the next two to three years, given that the opportunity is opening up in a big way?

**Ashish Garg:** So, even besides we are working towards industrial because last year, if you see, there was a big jump in the industrial. And there is kind of other programs which have started on the PV, CV as well as on the farm side, which we kind of ramp up. So, industrial probably for the next two quarters will be in a range of 18%, 20%. But we have a lot more development which is ongoing on the wind side, and which will kind of ramp up to almost 25%, 26% level in next year is what we are targeting. But there is a lot of development which is ongoing with our existing client base on the wind side as well.

**Jinesh Gandhi:** And lastly, with respect to our CAPEX, while we obviously are adding capacities on the machining side, do you think we will also need to, beyond what we have already ordered on the forging process, do we need to look at adding capacities for FY '27-'28?

**Ashish Garg:** So, we will be adding. So, currently if we see, we have capacity on our 14,000-tonne press line where we are ramping up for some of the projects like front-axle beams and large crankshafts, which probably will happen in this year. Besides this, we are also adding a 6,300 tonne brand new press line, which will start from Q2 of this financial year, which is largely towards the farm equipment and passenger car requirements. So, that is what we are adding this year. And 10,000 tonne press line will get added in the next financial year, which is already ordered.

**Jinesh Gandhi:** Sorry, what I meant is beyond this 6,000 and 10,000 tonne, given that the press lines also take a little longer to come.

**Ashish Garg:** We are planning a 4,000-tonne press line, which the ordering of that probably we will finalize in this quarter, which will be towards the PV requirements of North America, largely to cater to that requirement. And the lead time for that line is around 8 to 10 months, which will largely come in the next financial year.

**Jinesh Gandhi:** And in that context, how should we budget for CAPEX for this year and next year?

**Pankaj Kumar Goyal:** Maybe in a range bound of almost Rs. 200 crores on average for this year and next year, Jinesh.

**Moderator:** Thank you. The next question is from the line of Deep Shah from YES Securities Limited. Please go ahead.

**Deep Shah:** So, basically a question on PV. So, obviously we have seen the ramp up in the overall contribution. And that is led by the wins in the OEM side, on the domestic side, and obviously the North American customer. Apart from that, have we booked any new customers, both from the domestic and export side? That's the first question.

**Ashish Garg:** So, on the EV side, yes, we have already developed. There was a large order win on the E-Axle program in the last two quarters that we have achieved from the North American client, where we are already working now and successfully developed the parts at our end. And now the parts are under testing, the ramp up for those will start from Q4 of this financial year. And it's a kind of a seven-year program. So, yes, these are all full-machined components saving, particularly steering knuckles.

**Deep Shah:** So, what I am asking is, can you share the number of PV OEMs that we supply to today in terms of, let's say, two or three?

**Ashish Garg:** These are three PV OEMs today that we are working with. And we are also working on some more programs with our existing clients.

**Deep Shah:** Sure. And just a clarification, CAPEX again, you have indicated Rs. 200 crore to Rs. 250 crores over the next couple of years each. So, out of which, PV would be how much? Since you are adding the new machining line and all that, so that would be like, if you can bifurcate.

**Ashish Garg:** You can bifurcate, it will be around 20% to 25% will be towards PVs, I can say.

**Deep Shah:** And that directionally should increase going forward for next two to three years, is that right understanding?

**Ashish Garg:** Yes. With more clarity of the businesses, the way we are quoting more businesses, yes, this will increase.

**Moderator:** Thank you. The next question is from the line of Siddhesh Pawar from Universal Sompo General Insurance. Please go ahead.

**Siddhesh Pawar:** Yes. So, my question was on the railway components side. And I see that you are not, I mean, the exposure to railway is quite less **(Inaudible) 27:32** railway component side. And could you give us some guidance on the same, like, any buildup of capacity?

**Ashish Garg:** Yes, you are right, we are currently very small on the railway side. So, currently if you see, we work on very specialized tenders which are Rs. 15 crores to Rs. 18 crores per annum and we are import substitutes, over there, the realization is almost Rs. 800 to Rs. 850 per kg. These are very specialized machined piston pins where we are import substitutes. But besides that, we are not in supplies of any other forged parts on the railway side.

But whereas, as a business case, we have started working towards defense as well as the aerospace. We will be working in next two years. We will be forming our team and probably we will have more clarity in next two or three quarters. So, we have started working on that side. But railway, as of now, yes, we are not catering much.

**Siddhesh Pawar:** So, are you envisaging any buildup of capacity for you in the coming next few years or so?

**Ashish Garg:** Not towards the railways as of now. We are not having currently clarity over it because we are not basically in the commodity-based components. We are in specialized components and it's where the machine contribution is very high. So, railways, as of now we have not identified products for our range.

**Moderator:** Thank you. The next question is from the line of Sahil Rohit Sanghvi from Monarch Networth Capital. Please go ahead.

**Sahil Rohit Sanghvi:** Congratulations on sustaining a decent set of numbers even in difficult times. Now, my first question is, while we have also somewhere reported in the annual report that we are targeting a 15%, 20% growth and don't really want to hold you to that number. But the way we have progressed in the first quarter, are we still targeting a 15% kind of growth in FY25? Any kind of direction in your mind?

**Ashish Garg:** So, our endeavor is to keep outperforming the underlying industries. So, keeping aside the freight cost and the steel price, the Quarter 1 growth for us was around 12% where the underlying industry was going through a tough phase and also on lack of capacities in terms of machining, because most of our projects are fully machined. There was kind of a delay of almost one quarter because of Red Sea. Whereas the capacity addition is in place, we have received the requisite approval. So, we will be ramping up on these capacities. So, our endeavor will always be to outperform the market. And if we are seeing a kind of double-digit growth coming in CVs and in farm as well in H2, that will kind of add up to our growth levels. But as of now, we are working towards our new projects and all the approvals and the ramp-up is in place.

**Sahil Rohit Sanghvi:** My second question is, how do you see these heavy weight forged products building up in the next one, two years? I mean, the ones which are up to 250 kgs, I mean, we will have that 10,000-tonne press machine also coming up next year. So, any bit of more understanding you can provide us? I mean, what are you seeing? What kind of traction new products are you seeing on the heavy weight forging side?

**Ashish Garg:** So, on the heavy weight product side, we are already working on certain programs on front-axle beams and also large crankshafts, which will kind of come on 14,000 tonne line, as well as some of the industrial products related to wind sector, which will go on these lines. So, we are already working on up to the range of 200 kg to 250 kg. But at the same time, we are exploring new demand from 250 kg plus requirement, which currently we cannot do but there is a requirement from 250 kg to 1 tonne sector as well. But on the heavy side, we are already working towards a lot of projects we have quoted in the last three, four months, and it's kind of in discussions because of the issues which are ongoing in North American market, as there is a slowdown as well as in European market. There is a lot of opportunity that we are seeing on the agri side as well for large parts, because currently in the domestic side, we are seeing 70 HP farm equipment tractors, but on the global side we see 350 HP, 400 HP as well, which requires bigger forging on these lines.

**Moderator:** Thank you. The next question is from the line of Vivek Kumar from JM Financial. Please go ahead.

**Vivek Kumar:** Sir, this is pertaining to the defense segment. If you could please elaborate on the product type capabilities required, lead times and the opportunity. Thanks.

**Ashish Garg:** So, we have just started working on the defense side like almost two months back where we have kind of formed our team and we are just working towards it. So, probably we will have more clarity on this going forward in the next two or three quarters, because we are kind of exploring what all tenders we can put from our existing lines, and what all CAPEX probably we will be requiring going forward if we try to enter into this sector. But largely, we can see that there is a huge requirement right now which is coming out of 155-millimeter shells and other artillery requirements which is there. So, we will have probably more clarity over it going forward. We have just started.

**Moderator:** Thank you. The next question is from the line of Manan Vandur from Wallfort PMS. Please go ahead.

**Manan Vandur:** Congrats on the numbers. I have one question. Even as we talked about the Rs. 200 crores CAPEX for this FY and the next FY, are we going to look into debt or raising equity, diluting equity, or like internal accruals? Could you please give some color on that?

**Ashish Garg:** So, for this CAPEX, we don't need to rely on equity, our cash accruals are good enough to actually take care of this. So, normally, if you see a track record, 70%, 75%, we will be able to, whatever cash we are accruing, we will be able to deploy in terms of CAPEX. So, the CAPEX that we have planned, there is no need to borrow any funds for this CAPEX.

**Manan Vandur:** For both the years?

**Ashish Garg:** Yes, for both years. And just one more thing, yes, we are working on one solar project as well, which will require a CAPEX of over Rs. 100 crores. If that is executed, if we receive the feasibility clearance from the Punjab Government, we will go in for some funding of that project.

**Manan Vandur:** And that might be debt?

**Ashish Garg:** That will be debt of almost Rs. 70 crore, Rs. 80 crores.

**Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, we have reached the end of our question-and-answer session. I would now like to hand the conference over to Mr. Ashish Garg, Managing Director, for closing comments.

**Ashish Garg:** Thank you. At Happy Forgings, our growth is an outcome of proactive and strategic investments in assets and their optimal utilization. This has helped us expand our customer base and consistently innovate our business model to maintain a leading position within the market. What distinguishes us in our focused strategy aimed at enhancing the value proposition of our product offerings while consistently aligning with industry trends.

With this, I would like to thank everyone for joining on the call. I hope we have been able to address all your queries. For any further information, kindly get in touch with me or Strategic Growth Advisors, our Investor Relations advisors. Thank you.

**Moderator:** Thank you. On behalf of JM Financial, that concludes this conference. Thank you for joining us. You may now disconnect your lines.