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March 07, 2023

Ref: Sec/Sto/2023/03/03

Corporate Relationship Department
BSE Limited
Phiroze Jeejeebhoy Towers Dalal Street,
Mumbai – 400001

Subject: Transcripts for the Investors Meeting held on 2nd March 2023

Ref : Kennametal India Limited - [Scrip code: 505890]
Our Letters No. Sec/Sto/2023/03/01 dated March 02, 2023 and No. Sec/Sto/2023/02/07 dated February 28, 2023

Dear Sirs,

In further to our above letters, we enclose herewith a copy of the Transcripts of video recording of the meeting held with the following Investors on Thursday, March 2, 2023:

a) Mr. Yogesh Patil, Mr. Mahesh Bendre, Mr. Amit Sham Nadekar and Mr. Dikshit Mittal from LIC MF Large & Mid Cap Fund and LIC MF Infrastructure Fund;
b) Mr. Amber Singhania from Nippon India Multi Cap Fund; and
c) Mr. Sanjay Kumar Chandak from Investwell Agents Pvt. Ltd.

The said Transcripts is available on the Company's website at: https://www.kennametal.com/in/en/about-us/kil-financials/press-release---investor-calls.html

Kindly take the same on record.

Thanking You.

Yours faithfully,
For **Kennametal India Limited**
Naveen Chandra Prakash
Digitally signed by Naveen Chandra Prakash
Date: 2023.03.07 19:15:20 +05'30'

Naveen Chandra P
General Manager – Legal & Company Secretary

Encl.: As above

Management – Kennametal India Limited	Mr. Vijaykrishnan Venkatesan, Managing Director
	Mr. Suresh Reddy, Chief Financial Officer
	Mr. Naveen Chandra P, GM – Legal & Company Secretary
Investors -	
1. LIC MF Large & Mid Cap Fund and LIC MF Infrastructure Fund	Mr. Mahesh Bendre
	Mr. Yogesh Patil
	Mr. Dikshit Mittal
	Mr. Amit Sham Nadekar
2. Nippon India Multi Cap Fund	Mr. Amber Singhania
3. Investwell Agents Pvt. Ltd	Mr. Sanjay Kumar Chandak

NAVEEN CHANDRA:

Thanks for joining this call. At the request of the investors, Kennametal decided to call this investors meeting, at the very outsight I would like to read out the disclosure statement. All statements made in this particular meeting are not futuristic in nature. Anything that might be construed as futuristic, you know, may not necessarily be futuristic as such, all the facts, figures that will be discussed in this meeting are all historical. The investors are requested not to construe any of these historical facts as forward-looking statements by the company.

We have started recording the proceedings of this meeting with all of your permission. With that I hand it over to our Managing Director, Mr. Vijaykrishnan Venkatesan who's with us and also the CFO of the company, Mr. Suresh Reddy, who's with us.

SURESH REDDY:

Yeah. Good morning, everyone.

VIJAYKRISHNAN VENKATESAN:

Good morning.

MAHESH BENDRE:

Good morning, sir before that can I introduce my team shortly?

NAVEEN CHANDRA:

Sure.

MAHESH BENDRE:

So first of all, thank you so much for your time. We are joined by our CIO Yogesh Patil. Also, we are joined by our senior fund manager Amit Nadekar and Dikshit Mittal.

VIJAYKRISHNAN VENKATESAN:

You are pretty large team.

MAHESH BENDRE:

Yes, sir.

VIJAYKRISHNAN VENKATESAN:

But we're definitely happy to interact with all of you.

MAHESH BENDRE:

Thank you so much sir. So, without taking much time, I mean we are very short time with us. So, we have some specific questions and regarding the company’s performance and can we start with your permission for that sir.

VIJAYKRISHNAN VENKATESAN:

Yes, please go ahead.

MAHESH BENDRE:

Sir during this quarter in a press release, we have mentioned that our sales were impacted because of the slowdown in China, we export CNC machines to China, so what actually is the impact we have seen in the quarter?

VIJAYKRISHNAN VENKATESAN:

Ok, so I'll give you a little bit of context, first of all, we have most of our business if you look at our annual reports of last year, most of our 83 and 85% of our business is domestic and we have some amount of exports and exports are in 2 ranges. One tools which we make manufacturing in Bangalore and which we ship it to other locations within the company, just intercompany sale and the other one is the CNC machines, which we predominantly, when we went into APAC, we started a business with China for the CNC machines, now all of you know this is the known fact of impact which happened in China over the last six months. So, obviously there were no possibility of shipments or consumption itself, and China's whole manufacturing activity reduced. So, for that portion of the business, let's say that would be probably 5% of the top line we had a significant impact. The impact could be in the range of 75 to 80% for the quarter.

So, obviously it is associated with a, what I would define as it's not an ongoing impact as per me, but again all of you know any company which is having business in China were impacted for the last six months. So that's purely linked with the COVID impact.

MAHESH BENDRE:

So how is the situation now, sir? I mean, have we started supply or is it still will take some time to recover that?

VIJAYKRISHNAN VENKATESAN:

So, Chinese market as all of you know, I think market is opened up fully and we are starting to see manufacturing activity improve, still it is not, again you have more data than me, but I'll speak from our perspective, the manufacturing activity in China still not where pre COVID in China was. Let's say what it was nine months back to, if you see what could be in January, February, it's still subdued but is it doing a trend which is improving? The answer is yes. We are seeing an improving trend in China and what data shows? again, this is all publicly available data, which is, I'm sure you also are accessible to this data probably in three to four months, China's manufacturing activity should be back to normal in terms of full recovery right. So, that's why I said it's more a newer short-term problem than a structural or a long-term problem, what we are seeing.

MAHESH BENDRE:

Sure sir. Sir, in the press release, also we had mentioned that in the footnote in the result that during the quarter, one of the expenses was around ₹34 million, we incurred for the machinery movement within the premises. So, this amount is, I mean large compared to what in terms of our size. So, what was actually, we incurred for that?

VIJAYKRISHNAN VENKATESAN:

Thanks for asking the question. I did anticipate this question. So, if you look at the month of November, there was a press release which we made on a new master insert plant, which was an expansion site which we completed, right? That was a capital expenditure. It was a very large site to support our demand for the next, I would say 5 to 7 years. So, we had a significant expansion in footprint. Now that was more civil, right when you move the machines to that site, there is a lot of movement cost and reinstallation costs which are associated with it, which is a one-time cost. Because you have to have a lot of contractors because these are each machine ranges from, let's say 5 tons to 15 tons. So, you're moving machines even though it's within the campus, but you are involved in, it's like unplugging a machine and replunging the machine. That means you need to retest those machines. It's like recommissioning of let's say close to 140 machines. So, it involves engineers from those OEM suppliers. It involves pairs which if you are doing a moment, so it is all the cost associated with the movement of the machines to the new facility.

SURESH REDDY:

It's a new building step up as a master insert building from the existing building, it moves all the equipments would move into the new building. So, associated with that movement cost is this.

YOGESH PATIL:

This movement is done by any outside agency or is done by?

VIJAYKRISHNAN VENKATESAN:

It's a mix, Yogesh, it's a mix. So obviously the project management is us, right, our team, which is the one, which is in support of the expert teams from the global locations. But let's assume there is a particular kind of a press, right? We need the OEM person to be here as the press movement because you have to recommission all the machines to ensure that nothing goes wrong, right? So, this is all let's say, a crane which are required, the cost of cranes which are moving it.

YOGESH PATIL:

Ok.

VIJAYKRISHNAN VENKATESAN:

And you'll have cabling which is required. You would need, let's say if there are spares which has to be replaced because you also leverage this time to make sure the machines are running properly because you're moving into a new location, then all the labour, which is really required, all the contractual labour which are required to move, safety staff, all the EHS requirements which are required during the transition. So, all these costs, it's a revenue expense, right, it cannot be factored under capex and that is what you're seeing as the ₹34 million in the in our quarterly results as expenses.

YOGESH PATIL:

Ok, what is our total capacity after addition of new plant and normal?

VIJAYKRISHNAN VENKATESAN:

But this is something which I usually avoid because we are the only company which is listed in our competitors in India. So, fair to say without giving a number for inserts from the largest portion of the market and the largest portfolio for any company which operates in the tooling space or the hard metals space, right? So, what I can say is the physical infrastructure is capable of taking double the capacity.

YOGESH PATIL:

Ok.

VIJAYKRISHNAN VENKATESAN:

We believe in the India story.

YOGESH PATIL:

Correct, sir one more thing, in last five years, how much new products have been launched, grown and what is the total contribution today? That’s of percentage only.

VIJAYKRISHNAN VENKATESAN:

A percentage see, we track a new product introduction, and we measured 2 parameters. Products launched in the last three years and what is the revenue and products launched in the last five years. It will be safe to say we are consistently averaging between 20 and 25% of revenue of products coming from products which are launched in the last five years, right? All these products may not be designed and made in Bangalore, but products which are designed and made anywhere in the world.

YOGESH PATIL:

Ok.

VIJAYKRISHNAN VENKATESAN:

But that's a very important metric for the future.

YOGESH PATIL:

And sir, roughly correct me if I'm wrong. Hard metal industry size roughly two thousand five hundred and six hundred crores, right in India. But, which is total addressable market for us.

VIJAYKRISHNAN VENKATESAN:

Do you have any concrete source for that data?

YOGESH PATIL:

No, actually, I'm just like extrapolating a Sandvik revenue and our revenues and just combining it, we got a conclusion roughly we have market share or roughly around 25 to 26% market share.

VIJAYKRISHNAN VENKATESAN:

See there is no syndicated data on this Yogesh, but I feel the data what you gave is actually much lower than what the real market size is.

YOGESH PATIL:

Ok.

VIJAYKRISHNAN VENKATESAN:

And!

YOGESH PATIL:

Yeah, I'm ignoring ML Tool market, basically see.

VIJAYKRISHNAN VENKATESAN:

No, I'm not considering. I'm only taking tungsten, only addressable market. I'm not taking the total market only addressable market because when you talk about hard metals right, you have two categories in hard metals. One is, let me put it this way. Let's say there are three broad categories. You have the inserts which is the small which goes into holders and then goes into CNC machines.

YOGESH PATIL:

Yes!

VIJAYKRISHNAN VENKATESAN:

And then you have the round tools which has the drills, end mills, all that right? Again, I am talking only tungsten carbide not high-speed steel, not the taps and all that and then you have wear resistance solution, right? Which is the carbide coatings and all that. So, it is fair to say. Again, we don't have because it's an industry which is not tracked like an FMCG or something, but it would be fair to say the overall market would be probably 1.8 to 2X of what you just mentioned.

YOGESH PATIL:

Ok, sir is there any, roughly? Is there any product gap between Sandvik and our products or do you think any product we are just now trading, and we can manufacture in future?

VIJAYKRISHNAN VENKATESAN:

See, product they'll always be between competition, I say that if you take top five competitors globally, right? and there would be certain product lines, which one brand will have a very superior performance than the other.

YOGESH PATIL:

Hmm.

VIJAYKRISHNAN VENKATESAN:

And there are because of technology. However, in each company worked on the technology, there are pockets of excellence for all the companies, right? It's just not us or the other brand, what you mentioned it could be anybody, right? And they'll have pockets of excellence which are customer can pick for a particular application because they are the best and it always happens, right? So, there will be areas where Kennametal will have very good performance. But if you take the full category, I think the two of the largest or the three of the largest players in the world is INC group then we have Sandvik group and then Kennametal. So, what are those? I think all of us, I don't want to say that we are the best in everything, but I think there is an equal, very strong performance of high technology players. I'm just talking about the three high technology players and there are other good brands which also has niche markets where they play, but they are playing with a very high technology. So, it's always there, but the advantage with ourselves, we brand base because we play in every category.

YOGESH PATIL:

Hmm, ok.

VIJAYKRISHNAN VENKATESAN:

And we are reasonably on the higher end of the spectrum in terms of technology and what we deliver to the customer.

YOGESH PATIL:

Sir, in terms of, let's like if you want to gain the market share. So, what Kennametal India has to do either increase the product portfolio, reduce the pricing or improve the services or maybe do sales promotion via distributors because our 70% of the business coming from the distributors and dealers, if I'm correct. So, any kind of, how you gain the market share because considering the global parentage and capabilities, I think this number or revenues were what I'm seeing actually much lower than what your capabilities so. When we can reach full potential and gain the market share, what can happen? Because sorry for my poor knowledge, but what drives the market share game, basically?

VIJAYKRISHNAN VENKATESAN:

So, what drives the market share gain? See, I can say that market can be split into two types, right? which is highly technical, where customers are looking at cost per component productivity, difficult to determine machine components like in aerospace or new age material which are coming in automotive spaces or EVs, there the customers are looking at a highly technical solution. They want somebody to stand in the line, do the trials, prove the productivity, prove the cost per component and all that. Now this is where some of the top brands or let me talk about just Kennametal, where it is a full strength, right. We offer full solution, and we have the customers achieve what they want, right? And this is about purely productivity and cost per component driven where which is a big strength when it comes to top of the pyramid applications. I'm not talking top of the pyramid customers, top of pyramid applications. Then you have what we call the regular applications where it's like a plug and play, your products you know it works. It's a standard product. The application is very standard. It's not difficult. It's a customer, has been doing that for years. They buy the same product. Now when you look at these kinds of markets. All the way to gain and see, Kennametal is a technology company, we are a science-based company and discounting is not a way to grow the business. At least I don't believe in that because what you do is two things you erode the margins by doing it. While we can say that one can reduce costs, but if you reduce costs, that's to expand margins. You don't want to be reducing cost and then sacrificing those margins, right? So, the margin plays very important. So, our strategy has always been to deliver productivity to the customers thereby we become the preferred supplier to a customer and that's the best way to do share game.

And to answer your second part of the question, how do you look at local supply now there are products which we make here and supply to the Indian market. But if the product is made somewhere, that gives a best cost and speed of delivery to a customer, we continue to import and set it because there's no need to make everything in Bangalore. So, we mix and match. But single answer is we work with the customer and improve their productivity and their cost per component reduction, so that they benefit by working with us, right? And that's the way to gain share, not through channel promotions and all that because that's going to be a very short term burst for the industry where we are in.

YOGESH PATIL:

Ok. So, in India largely, I think.

VIJAYKRISHNAN VENKATESAN:

One second, Yogesh I think we can hold; I see a raise stand as Mr. Sanjay wants to ask something.

SANJAY KUMAR CHANDAK:

Yeah. Sir I connected late. I have a question on raw material part, that have risen by 10% and raw material cost risen by 28%. What was the reason behind that, sir?

VIJAYKRISHNAN VENKATESAN:

I have my CFO take that, Sanjay.

SANJAY KUMAR CHANDAK:

Yeah.

SURESH REDDY:

Ok, Sanjay. In terms of percentage, it gets slightly complicated in analysis. Primarily, the tungsten prices and all the key raw materials, you have a cobalt which are all strengthened. Only cobalt of fleet It has slightly reduced, but tungsten had strengthened over a couple of years. So, the raw material as a cost as gone up to a certain extent is of course we take mitigation plans of passing it on to the customer price increases. So, growth, some of it would come through the price increases, but that doesn't mean.

SANJAY KUMAR CHANDAK:

So ultimately, we fail to pass on the price increase.

SURESH REDDY:

No, we have recovered the price increase so, but you must understand as a percentage the raw material would still look as a percentage higher because in the top line it would be only to compensate the raw material increase that would have gained.

SANJAY KUMAR CHANDAK:

Alternately, hitted our PBT by 15 crore.

SURESH REDDY:

And that, that is not the only reason. So, there could be a mixed issue also, the type of products we sell. Ok, so and whatever earlier we were looking at as an explanation about the China business, if the China business is down, then you may have to look at domestic market for growth where your margins may be low. So, there are multiple factors which could lead to an ultimate effect of raw material percentage being higher in terms of percentage to sales versus the previous year.

SANJAY KUMAR CHANDAK:

Can we, can we treat as one off in this quarter?

SURESH REDDY:

That is something which I cannot say. It will be a one-off. It all depends upon the business what we see and the mix that we may get continuously for the next, at least for the next year.

SANJAY KUMAR CHANDAK:

No, Sir. Ultimately, from the track record of Kennametal, we find that Kennametal has the pricing power. So, we are always able to transfer the raw material cost to the customer.

VIJAYKRISHNAN VENKATESAN:

Sanjay, You're absolutely right. If you look at our input raw material cost, the price increases, yes, we did transfer that price increase because we are well positioned as a technology player in the market. Now when you look at your question emanated from the PBT, PBT had three impacts because there's a lot of audience, I'm sure everybody has the same question, but we explained earlier we had one time cost impact of 34 million on material of transitional machines. That was 1/2 is when you're export market is strong, your margins are also higher. So, there is a mix which has impacted in the near term because China was down due to COVID.

SANJAY KUMAR CHANDAK:

Sir your employees' cost has also risen by 3.4 crore in this quarter?

VIJAYKRISHNAN VENKATESAN:

Yes, that's purely because of the merits what we have to give, that's part of retention, right? You need to also have talent in the company.

SANJAY KUMAR CHANDAK:

Yeah, yeah.

VIJAYKRISHNAN VENKATESAN:

Right? So, that merit cycle is 1st of October. So that's why you will see a sequential increase in the employee cost.

SANJAY KUMAR CHANDAK:

Yeah. Thank you.

VIJAYKRISHNAN VENKATESAN:

I see one more hand up.

And I'll come back to you Yogesh. So just sorry.

YOGESH PATIL:

And yeah, and it is the continuation of the same answer, what do you said, sir, large part of the Indian market is basically single point cutting tool market especially lathe or shaper. So, when that, basically large part of the conversion can happen from tungsten's ballistic high-speed stream. So, how do you see that portion and what do the effort we are doing it again?

VIJAYKRISHNAN VENKATESAN:

Over the years, if you look at it, so when you talk about a lathe right now today, everybody is moving towards or I would say even last 15-20 years, people have been migrating to CNC machines, right? It's no longer a single point tool which is used, and the market which is a single point tool is actually coming down because a lot of people are going for automation. It is driven one by productivity, accuracy, quality of output and then labour, right? Because cost of Labour and availability of Labour is a challenge. So, most companies are moving into CNC, so we don't need to do anything. The whole industry itself is migrated right? and the next wave is more automated, more automated lines, more connected devices. And that's we already seeing happen. So, all this is an advantage of products, what we supply because we play at the mid to top end of the pyramid, we that's, I would say our product offerings are let's say, we don't operate properly at the bottom of the pyramid, but we straddle the 75% of the market. If I leave the bottom 25% in terms of product performance to price value and that 75% is we go right up to the top, we give the most advanced robotics machine which let's say machines are component for aerospace or let's say Boeing on an Airbus component and we are well positioned there. So, as this technology migrates in the country, more and more automation comes in, we are well positioned for those markets. So, it's an advantage for us.

YOGESH PATIL:

I thought the nominee, what happened either like paint companies, architecture or maybe electrician, normally companies do feed some input to how to usage, improve the usage and how to improve the customer experience. Something like that, those events are I see missing in from your company.

VIJAYKRISHNAN VENKATESAN:

Maybe it's not visible. We do have a lot of technique.

YOGESH PATIL:

Ok.

VIJAYKRISHNAN VENKATESAN:

We do conduct lot of trainings at the shop floor, or we have a knowledge center out here in our campus in Bangalore where we invite customers. We have a constant, there's a training team which constantly trains all these applications so. But since we are not like a paint company or medicine company, it's not out there in the market, right? We are more B2B.

YOGESH PATIL:

Yeah.

VIJAYKRISHNAN VENKATESAN:

I think, I've holding on one person, Mr. Amber.

AMBER SINGHANIA:

Yeah. hi sir, thanks for taking my question. Just a couple of questions from my side. One is on the export side, if you can share currently how the?

VIJAYKRISHNAN VENKATESAN:

Mr. Amber Singhania you are from?

AMBER SINGHANIA:

Sir, I'm from Nippon Mutual fund.

VIJAYKRISHNAN VENKATESAN:

Ok. But we didn't know whether Nippon is joining or not. Ok, go ahead.

AMBER SINGHANIA:

So, basically sir on the export side, if you can give us a currently, how is the size apart from China, which are the other geographies where we are exporting and what is the scope there in the near to medium term as such and how do you see export as overall size of the company maybe three to five years down the line and is it purely CNC machine side or also we are seeing a healthy export growing on the tool side also?

VIJAYKRISHNAN VENKATESAN:

I will give a current scenario, rather than three to five years, it is too much of forward-looking. Let me split this into two sides. When you talk about tooling, we do only intercompany exports, right? Because we have certain products which are very specialized out here what we make. So, we ship it to US or Western Europe and obviously the, all of you know, it has been a little soft due to various political geopolitical situation or the economic activities in certain areas. So, that has been a little soft. When it comes to CNC machines because had I explained, I think I don't know whether you were there in the my last meeting with Nippon, I think we are detailed discussion on why China, China is the world's largest machine market and we were predominantly been an Indian we were I think for the last 35 years we are supporting machines to all the marquee brands. What I would say within the country, but when we looked at which market to enter, China was the most attractive, right? And within two years we had the 100th machine installation on a single category, which is reasonable for somebody who's making India and supplying it to China proved that we could win in China.

Now with COVID coming in, there has been a significant impact in manufacturing activity and Capex delay or postpone of Capex. Now that to some extent, but China remains world's largest market for machines. As it recovers, we continue to feel that our China would remain strong. The other countries, what we're looking at is obviously Southeast Asia. Which would be interesting again because of pockets which are going to be a fast-growing economy. Vietnam, Indonesia is very interesting as a manufacturing economy.

So that will be. So, these are the countries we are looking at this point in time and selectively over faces we might look into some select Eastern European countries, when I say select Eastern European countries, probably we will start with Middle East, so that would be the outlook what we're looking at.

AMBER SINGHANIA:

And what could be the size of export of overall company you guys look into this?

VIJAYKRISHNAN VENKATESAN:

Do you have the number for last year, 15%?

SURESH REDDY:

So, overall size around 18%.

VIJAYKRISHNAN VENKATESAN:

18% is exports.

AMBER SINGHANIA:

But this is growing much faster rate, right?

VIJAYKRISHNAN VENKATESAN:

Not, if you look at YTD results. Probably not because we had the impact of China, right because of COVID, all of you know, nothing happened in China.

AMBER SINGHANIA:

Sure. Definitely, sir. Secondly, on the market share side, last time you mentioned, I remember that you were focusing aggressively on the market share again with the capacities in place now. So, if you can just give some journey, how the market share has saved in the last couple of years and where do you see in future?

VIJAYKRISHNAN VENKATESAN:

So, I don't have specific data because I like I think Mr. Yogesh was asking this question and I was talking about in the market size to share. All I can say is because you are all smart, you're all unless you do the number crunching better than me. I think probably I would say that when you take the industry growth rate, we would be in the range of 1.5 to 1.6 growth rate which you're averaging for the last 24 months. So that should give you an indication of how we are tracking.

AMBER SINGHANIA:

Ok and sir, thirdly on, in terms of industries like I believe earlier automobile used to be the largest and I believe it is still the largest segment as such. But offline we are seeing a good traction coming in from defence, aerospace. If you can give some color in terms of opportunity which is opening up from these,

these will be requiring pretty high-end tools. So, the organize like us, we definitely have a larger player there. So, if you need some in terms of opportunity how we are placed to capture it and how do you see that upfronting.

VIJAYKRISHNAN VENKATESAN:

See some of the segments, what you just spoke, let's say I'll add one more in that. So, two more right where you talk about aerospace, you talk about EV's, you talk about energy. When I say energy, it could be energy which is traditional which is hydro or thermal but also wind and defence, all these are sectors where traditionally Kennametal has solutions, which are very good in terms of what the customers are looking at. These are all critical components, expensive components. So, the machining requirements and some of the parameters, what is required is very severe globally. When we look at our side, these are segments where traditionally Kennametal has been focusing for years. We innovate products which meet the new requirements of these industries, especially Aero and EV, and we continue to win businesses across the world and in India too. In these segments and is the focus segments and it is definitely all these four are very fast growing in the country. And yes, that would shift because we are seeing a significant volume increase in the built volume, we take about even aerospace. We are looking at Tier 1, Tier 2 & Tier 3 suppliers in the country whose volume is significantly growing which was probably not the case if it goes five years back right. So, which is all good for us, but obviously it's going to take time to mature. It's not that sequentially quarter on quarter we will see a significant, but if you look at year and year, these are segments which is going to outperform.

AMBER SINGHANIA:

Will it be fair to assume that with these new segments coming in, probably this 1.5 and 1.6 times, which we have seen in the past can definitely grow higher on the conversion rate?

VIJAYKRISHNAN VENKATESAN:

We hope so, Amber. That's the aspiration too.

AMBER SINGHANIA:

Yeah. Sir, thirdly, on the on the capacity side.

VIJAYKRISHNAN VENKATESAN:

Probably one more question, two other people who have their hands raised and just want to make sure that we give enough time.

AMBER SINGHANIA:

Definitely, on the capacity side, as you mentioned that you have almost doubled the capacity which will help you for five, seven years kind of demand as such. So, in terms of cost, we have definitely seen an increase in the employee cost and all in.

SURRESH REDDY:

Amber, just one clarification there. Our capacities are not doubled. We have a building infrastructure which can take the machinery to our increasing capacity to double ok, but we will add on new capex's including the machinery only as we need, capacity enhancement, various pockets as the bottleneck arises in the processes.

VIJAYKRISHNAN VENKATESAN:

What I would say is, we have the physical infrastructure ready because the machinery is only modular additions and the layout ready to keep adding the capacity. So that's what we have done in the last one year. And those are modular, smaller investments was easy to add modeler investments.

VIJAYKRISHNAN VENKATESAN:

Amber, we want you to hold on the next question because there are couple of people who have been in the race for quite some time Mr. Sanjay Kumar, I will come back to you I think, Amit Sham is been waiting quite some time. Yes Amit.

SURESH REDDY:

Amit you are on mute.

AMIT SHAM NADEKAR:

Can you hear me now? Hello.

VIJAYKRISHNAN VENKATESAN:

Yes, we can hear you.

AMIT SHAM NADEKAR:

Yeah, first question is on R&D capabilities or the new product developments, right? So, you know I think like you rightly said that you know we are material science company so how much of new product development actually happens at the parent level and then we get those products and you know also not only from the percentage of the new product which we'll launch at in Kennametal India, but even from the capability perspective you know how will you rate Kennametal India capabilities versus say, the parent.

VIJAYKRISHNAN VENKATESAN:

Some of the most of the yeah, we treat see the R&D is a global R&D right? and R&D is driven by the global or the corporate, right? and because R&D is not split into geographies because this is something which I explained in one of the questions earlier. I'm not sure it's for you or it came in the AGM. Now when I talk about the reason why R&D is global, the applications and the technology which let's say a machine is being built by a machine builder or a particular process, process is consistent across the globe. So, the innovation which just happened is consistent for a particular process and particular type of machine which is built, it could be built in Germany, it could be built in Switzerland, it could be built in Japan, right? It could. The machine could be built in any country, but the process defines the application and the component which the customer wants to machine. Now fundamental R&D is sitting out of US for us and that's where bulk of our research happens with teams supported from different locations. And India also has a team which supports. But to answer your question, most of the R&D works happens at a global level, not specific. We do have product modifications and certain, what I would say, product modifications kind of thing which we do for the local market, but fundamental R&D is at the parent.

AMIT SHAM NADEKAR:

Ok. So, is it a reasonable to assume that let's say when we launch a new product, right? Generally, you know, it would have been developed at the parent level and we would then acquire that technology or then we will launch it here.

VIJAYKRISHNAN VENKATESAN:

No, the global launch is at the same time, so we don't need to acquire technology because we are part of the same company. So, we don't have to acquire a technology. It is part of the global launch and India is always together with the global launch. So, there is no time delay, or we need to wait for nothing of that sort.

SURRESH REDDY:

Yeah, the only when you say technology transfer happens only when you have to manufacture locally, and in terms of a trading it is available globally at the same time. If we have a sizable market and we want to manufacture locally only, then the technology transfer has to happen.

AMIT SHAM NADEKAR:

Ok. Second question is on, you know the sourcing and know how much of, let's say in the in the raw material is domestically sourced and how much will be the imports, how's the supply chain for it? And. Generally, what are the, you know the ways we are trying to kind of know, improvise on that.

VIJAYKRISHNAN VENKATESAN:

See the critical raw material, Amit, when you look at our hard metals is tungsten, Kennametal India does not have a tungsten carbide mine, so it's impossible to source locally. So, 100% of it is important, right? That's the 100% of it is imported that's, that will be the case for everybody because India does not have a tungsten carbide mine.

AMIT SHAM NADEKAR:

And is it that like we source it independently or you know the parents it happens at the parent level and then we take advantage of that scale.

SURESH REDDY:

We have a direct third-party supplier who be source at the basic powder stage, but there are certain grades of powders for products transferred from our parent company where we may have to use that, as it is being manufactured at a global location. So, we have to import it from our group entities as well sudden grade up powders but the grade up powder, which is developed internally here in Kennametal India, we source the basic materials from outside third party and process it here. So, we also have a powder manufacturing facility here.

VIJAYKRISHNAN VENKATESAN:

And we do leverage to answer that while it's direct, we also leverage the parents in the sense let’s say it's a global negotiation, right. So, you know that, in that way it's an advantage.

AMIT SHAM NADEKAR:

So, do we have to carry, you know, relatively higher inventory just to ensure that there are no disruptions on the production side?

SURESH REDDY:

Yes.

AMIT SHAM NADEKAR:

Ok. And during COVID, you know, how did we kind of, you know navigate these challenges and are we today carrying a relatively high inventory because it was still it's not completely out of woods?

SURESH REDDY:

Vijay, shall I take that?

VIJAYKRISHNAN VENKATESAN:

Yes, you can take that.

SURESH REDDY:

Amit, to a certain extent, not because of COVID, COVID also for the primary raw materials that is the powders, but the finished goods due to the just what we discussed about the new facility movement of machinery. We have built up some inventory to ensure that there is no disruption in the supplies to the end customers. So, there is some amount of higher inventory with us right now just to make sure the transition is smooth for us into the new building with all the machinery movements.

AMIT SHAM NADEKAR:

So, why am I asking you this? You know, not directly on the, let's say, the production at mine level itself. But you know the ports, and everything was you know log jammed right? and the freights were also extremely high. So, you know, did that kind of hurt us? And therefore we, you know, still carrying a relatively higher inventory or now it's normalized?

VIJAYKRISHNAN VENKATESAN:

Amit, obviously there was a global disruption, but we did not have an impact during the time because we increased the safe inventory levels.

AMIT SHAM NADEKAR:

Ok.

VIJAYKRISHNAN VENKATESAN:

Because we had to ensure that container movements and all that it was, it was a huge crisis. So, we increased the safe inventory levels to ensure that nothing happens to the plant or our customers in terms of supply, we did. Probably we are in a stage where we are a little more comfortable today in terms of what we are tracking in terms of supply chain consistency. And that's probably we would shave off a little bit of that safe inventory and come back to a pre COVID levels that will take probably six months. So, we will not be rushing into it.

AMIT SHAM NADEKAR:

So, it's actually, you know what, I'm also driving at, you know, how are we kind of, you know are managing it? And secondly, you know, is there any kind of, you know scope for improvement of the gross margin, you know going ahead, because probably you know the raw material would be in a higher earlier?

VIJAYKRISHNAN VENKATESAN:

The raw material price per se is still a little high. It's not splattered out because this is an APT prices.

SURESH REDDY:

Yeah, the international markets are all more or less stable right now. But where we will have some impact would be on the exchange rates, the extra dollar versus rupee still is a risk for us.

AMIT SHAM NADEKAR:

Ok, Ok, great. So, I'll assume that you know if things normalize, there will be still some improvement in the gross margins, which can happen. Is it reasonable to assume?

SURESH REDDY:

Again, it just goes with the international market trades of the material, raw materials.

VIJAYKRISHNAN VENKATESAN:

Because if something changes, we can't predict it, Amit.

SURESH REDDY:

Yeah, because only a few countries have the materials. So very, very difficult.

VIJAYKRISHNAN VENKATESAN:

So, Amit if you hold, I'll come back to Yogesh because you raised later. Sanjay Kumar has been waiting for a while. I'll just take his questions and then circle back to you. Yes, Sanjay.

SANJAY KUMAR CHANDAK:

Yeah. Sir at FY11 was a dream we have, we addressed 500 crore turnovers in that year with ROC of 43% and a EBITDA margin of 27%. After then, 11 years passed, and we reach just double the turnover. What kind of ROC and EBITDA margin we can achieve? After this.

SURESH REDDY:

So, I mean that will be very, very forward-looking if I say something like this, of course our endeavor will be!

SANJAY KUMAR CHANDAK:

Sir, actually, in the last 10 years, nothing was happening in the country and there was no manufacturing, no Capex. Now with manufacturing coming in a big way and Kennametal is all about manufacturing. So, what kind of ROC we can achieve on our investment made?

SURESH REDDY:

Directionally if you see, we would like to make sure that at least, last year we had done a very good performance, FY22 and we would like to make sure that should be something that we should look forward our endeavor would be, to make sure that we beat that.

SANJAY KUMAR CHANDAK:

Globally, Kennametal Inc is commanding 18% margin EBITDA margin. So, what is our goal to reach what kind of an EBITDA margins? Sir?

SURESH REDDY:

If you see Last year itself, we were on the same lines Sanjay but one more thing you must.

SANJAY KUMAR CHANDAK:

Yeah. But India is a growth market, Sir. Globally, it's there is no growth. But India is a growth market.

SURESH REDDY:

Yeah. Yeah, correct. See, that's what so you must also factor in one thing. There will be a global transfer pricing regulation, which will apply especially when you are trading, ok, where the value addition is done in a different manufacturing location, you cannot, though the domestic market maybe India, but there will be still some margins required to be left in the country of manufacturing. So, only where we manufacture in India, you may have a better margin but to the extent of trading there will be a limited distributor margin for that kind of activity. So, we must balance that.

VIJAYKRISHNAN VENKATESAN:

Yes, Yogesh coming to you.

YOGESH PATIL:

Yeah. Sir in last 4-5 years, we've seen a drastic improvement in our margins basically. So how much approximately efficiency improvement is practically possible, not in terms of percentage margin, it's basically a bit of per piece or per kg because of internal metrics. I'm not asking any number, but here, is there any headroom, is headroom is possible because anyway the productivity gain is always continuous process. But do you think the large part of the low hanging fruit you are taken or? Is still possible in next coming years? don't not consider operating leverage also. In terms of internal cost, efficiency, productivity.

VIJAYKRISHNAN VENKATESAN:

We should be able to maintain the historical. It's a very different question. So, I'm also thinking what is the exact answer for your question, right? So, the productivity improvements are several layers, right? You're talking more from a financial metric productivity because we don't track EBITDA by kg or something because it's not how we would measure because that's not how we, it's not a kind of business because we have two different businesses, right in terms of hard metals and machines. So, it's difficult to do that.

YOGESH PATIL:

The raw material prices keep moving up and down and we have maintaining certain spreads. So that's spread can be an absolute number, not in basically percentage because percentage number keep varying depending on the raw material.

VIJAYKRISHNAN VENKATESAN:

So, see first is like, I think Mr. Sanjay was saying, it's a growth market, right? And we have to be careful also that we make sure that we are growing like what I said initially 1.4 to 1.6 the market growth, right. That's one thing which in a growth market is very important. We cannot be coming to an area where we are talking about flat growth, but productivity increased to show a higher EBITDA right? So, for if we are able to achieve 1X means either EBITDA growth in line with the top line growth or multiples or because we also have to invest in a growing country. So that is what we look at because there a lot of other elements which comes into you have a large capex's you have expansion plans. So what happens is that efficiency question comes when we are looking at, but as a plant obviously there's a lot of yield improvement which is obviously we have, we drive operational excellence in the plant sourcing benefits are a lot of things which will be driven every year to make sure that the yield or productivity improvement runs higher every year and there's never a year where you can say that all low hanging fruits have been done and it's more difficult. There's always something to work on, right? And that's a target for the internal teams to do so. There's never a year where I say that, ok, all the low hanging fruits are done and there's only the tough ones. It will never be the case.

SURESH REDDY:

Productivity improvement plans are almost like a constant requirement to offset the internal inflation in cost there, wage increases. There has to be a production improvement plans coming in to offset that. Otherwise, you'll never be able to at least maintain the decent margins that we look forward to.

YOGESH PATIL:

Sir, last question from my side. What percentage of sales approximately directly and indirectly coming from specifically varying industries?

VIJAYKRISHNAN VENKATESAN:

It's not, see we are very broad based, Yogesh, in terms of market this thing bearing it's a very small percentage for us. I know you might be asking because bearing industry is doing extremely well.

YOGESH PATIL:

Yeah, But in terms of Capex?

VIJAYKRISHNAN VENKATESAN:

Right and in terms of Capex, but it's not a where we would have a significant large play, maybe the tiers of players, but not directly into them, it's not a significant industry for us unlike if you say, if it's an aerospace component manufacturing or let's say somebody who's making a Tier 1 supplier who supplies to a passenger vehicle those are very large opportunities for us bearing AX but it's not a segment where we would track separately. It comes for us!!!

YOGESH PATIL:

Yeah, I got it.

VIJAYKRISHNAN VENKATESAN:

Yes ok. I'll come to Mahesh and then Mr. Sanjay will come back to you again Mahesh.

AMIT SHAM NADEKAR:

Yeah, this is you know, Amit here again. Sir, you know, I have two, three questions past. You know, we have put up now insert capacity at Bangalore campus, right? So, if you can share some more light on it you know that would be great.

VIJAYKRISHNAN VENKATESAN:

So, it was part of, I think we had a press release done on this in November. So, this is part of the global modernization initiatives where some of the plans we had looked at modernizing the old processes and the capacity expansion. Now obviously there was a disruption during COVID we had to stop work and then we had to, after COVID we completed work, so it is more first the civil infrastructure, it was a completely new, it's in the same site, but it's a very new building. It's not like modification, it is a completely new fresh site in terms of physical infrastructure, which is very modern.

And we have been adding equipment to proceeding toward in terms of modernization of our own capabilities, so that we make products which are more quality consistent and better ease, right. So, a lot of equipments are modern, which you have been investing parallelly and then all that has been moved into the new facility now like what we mentioned earlier, this is the insert plant and inserts is one of the largest product lines for anybody who's in this business and while the physical infrastructure doubles our capacity, we will add machines in the due course as the country's growth as well, the manufacturing sector, will be adding in a modular fashion.

AMIT SHAM NADEKAR:

Sir just to rephrase it like you know, does it and by what percentage enhances our capacity per se in or does it kind of make our product equity and post in a way which gives us in a competitive advantage in the market if you said quality consistency right? So, can we, you know take this as you know input from various sites, you know gives us better capacity, you have a better you know pricing power, better quality, ultimately you know better volumes to market share, you know gains, right? Is it fair to assume that or it's not that straight?

VIJAYKRISHNAN VENKATESAN:

There's no straight answer to it. See yes, it improves quality. It improves consistency because we are bottling is the facility. So, you have more, let's say, automated machines. We have more, there are certain areas where it's robotized where it has to be more quality inspection area so what it does is, let's say human intervention when I say lesser human intervention, I don't want it to be read as reducing manpower. No, it's not the case. But as you add capacity, you are also making sure that it is automated so that your intervention is lower so that the quality of the product is highly consistent.

So, quality is a primary motive of why we modernized the facility so that our customers experienced a high-quality product. Yes, that delivers performance which is a subset of holding a market share or gaining market share because that's why you do all. Two is cost, I'm not so sure because we discussed this at length because, if the input raw material like APT prices are going to increase, it has been stable the last few months. But if you look at last year, it was like skyrocketing. The commodity price increase, so that has a big bearing, but our focus is to make a product which is highly consistent, higher quality and capable to make newer products, right? Because when technology transfers one of your questions earlier was technology transfer. You should be ready to make the new age product, so that's also a reason why we are doing this now and in terms of physical infrastructure that is in percentage, we can double the capacity on the physical infrastructure. That's what I was saying.

AMIT SHAM NADEKAR:

Sir, you know more than a decade long we always talked about diversifying our revenue mix and not being, you know concentrated on any update on this story, right? So multiple questions on these lines, right, so today you know, defence, railways are one of the sectors where there is the highest Capex happening in the country, right?

So, two things, two parts here to the question. One, if you can help us understand, you know industry wise or you know various segment wise how is our market dominance or positioning, right, some of the sectors we might have a higher market share, some of the sectors we might be you know trailing to, some of the competition, right? So, if you can just give some color on that side. And secondly, how will we are prepared to, you know, kind of, take advantage of, you know, defence, aerospace and railways capex which is happening in the country.

VIJAYKRISHNAN VENKATESAN:

Thanks, Amit. So, the answer is I can't give you a percentage share because it sometimes it's competitive intelligence. So, we will not give you segment break and then something which you have been to all through the AGM and other communication. But if you look at our positioning, we are well positioned anything which is related to automotive. We are very well positioned in aerospace. We are very well positioned in energy, especially wind if we're making a wind turbine gear, we are extremely well positioned in EV which is an emerging sector. We are well positioned in railways. Railways has been a strength for us for probably I would say 3 to 4 decades. So, we are very happy to look at the capex, honestly, right? So, because it's a very strong area for us. Defence, yes, again is a sector where we are very well positioned in the country, so most of the segments what you spoke?

AMIT SHAM NADEKAR:

So, sir, without getting into specific number and just to get a sense, so let's say aerospace or defence or railways individually would be what low single digit in our revenue or mid-single digit, high single digit, what would be?

VIJAYKRISHNAN VENKATESAN:

But if you look at, let me answer it very differently and you will get the answer that way, right? What is the share of aerospace, railways to our IIP when you compare to automotive, right, automotive is still in terms of gross manufacturing output is significantly higher, when the percentage growth of the other sectors is significantly higher double digits. So, over the years, what's going to happen is that percentage of share of output from these sectors is increasing, right? Railways is increasing, defence is going to increase in terms of volume thereby the demand for tooling those sectors is also going to be grow at a higher pace than the traditional segments.

AMIT SHAM NADEKAR:

Right.

VIJAYKRISHNAN VENKATESAN:

Thereby the demand mix itself is changing near me by sales mix, demand mix is changing and as a company, Kennametal is well positioned in the growing sectors.

AMIT SHAM NADEKAR:

Yes.

VIJAYKRISHNAN VENKATESAN:

So which plays to our advantage? We need to see how the growth happens over the next 2-3 years in terms of demand, right? Definitely, capex is there like what you said, but that has to translate into execution. Once it happens, we should see the demand grow.

AMIT SHAM NADEKAR:

Sure. Just you know again, same question.

VIJAYKRISHNAN VENKATESAN:

Again, Amit last question, because Mr. Sanjay is waiting for quite some time.

AMIT SHAM NADEKAR:

Yeah, just same question you know, just to get because we are not speaking numbers. So, you know it's difficult to get, you know a proper sense. So is it reasonable to assume that, you know, given the nascency of aerospace, right? it would be growing at the opportunity will grow at a multiple times of, let's say the more mature automotive market for us and the value would also be very significant there because you know, the high, you know value or you know very complex or very critical work will go there right, so the product which we will be selling to aerospace will also be enough premium, right? Relatively margins should be much better off there.

VIJAYKRISHNAN VENKATESAN:

Yes, your assumption is right, it is highly technical product, its differentiated product and its very specific application, but the growth rate in aerospace will be multiples in terms of percentage but let’s all should not forget that it’s going to be on a small base it’s going to grow but it’s going to take some time but yes, it'll be very fast growing. It is premium products which go into that sector. And because of the application demand, it is more than anything else application demands it.

AMIT SHAM NADEKAR:

Application demands it, right? and to some degree if not 100%, will it not be true for railways and defence also, the growth could be much higher there maybe the value could be a little less, but yeah.

VIJAYKRISHNAN VENKATESAN:

Yes. Yes. Definitely, yes, definitely yes.

AMIT SHAM NADEKAR:

Can you give some sense in terms of how the mix in these segments is for parent company globally and it would be very different for us and then but just?

VIJAYKRISHNAN VENKATESAN:

It will be very different because aerospace is a much larger play for the parent company.

AMIT SHAM NADEKAR:

Yes, yes.

VIJAYKRISHNAN VENKATESAN:

That's what I'm saying, that these are the segments where we are very strong, right?

AMIT SHAM NADEKAR:

But any sense? What is there if it is discussed?

VIJAYKRISHNAN VENKATESAN:

No, I didn't, honestly. I also don't have a percentage. What is their?

AMIT SHAM NADEKAR:

Ok. Thanks.

VIJAYKRISHNAN VENKATESAN:

I'll get back, I hold on because Mr. Sanjay has been waiting for a long time. I don't.

AMIT SHAM NADEKAR:

Yeah, sure, sure. Thank you so much.

VIJAYKRISHNAN VENKATESAN:

Yes, Sanjay

SANJAY KUMAR CHANDAK:

Sir, as far as my understanding, Kennametal India has become fourth largest manufacturing base in the Kennametal Inc universe, and it's regarded as fourth headquarter across the globe for Kennametal. What kind of significance we can leverage in this situation for export from India.

VIJAYKRISHNAN VENKATESAN:

The exports there are two sides, Mr. Sanjay. One is what like for the machines, we just opened out in the APAC, right. That's only last two years. We have gone beyond India.

SANJAY KUMAR CHANDAK:

Yeah, machine is totally from India, it is the headquarter from machine. But what about the tools?

VIJAYKRISHNAN VENKATESAN:

Tools is, it's actually we have answered this many times. The tooling is not something which we supply directly to customers in other countries. So based on what is the capacity allocation, what we have globally and some of the products which are very specific which sells in a particular market which is made in Bangalore and the global companies see the supply chain, global supply chain, team designs where the source of supply should be right and that's something I would say we have limited, I can't forecast out will come because it's based on capacity utilization, best cost position and that is how it is designed, so I won't be able to forecast what it is. But yes, India is a focused country and that's why we are, you know in the global charts you will see that there are four headquarters for the 4 regionals.

SANJAY KUMAR CHANDAK:

Yeah, India is one of them among those.

VIJAYKRISHNAN VENKATESAN:

For four regions, America is one region, Europe as a region, Asia as a region outside of Indian, India is a region.

SANJAY KUMAR CHANDAK:

Yeah.

VIJAYKRISHNAN VENKATESAN:

The four regions for the company, yes.

SURRESH REDDY:

Sanjay, primary driver would be we invest for the market. So, we invest in our capex only for what domestic market requires. If at all we have some surplus capacities, we support to that extent to the intercompany requirements.

SANJAY KUMAR CHANDAK:

Yes, sir. Thank you.

VIJAYKRISHNAN VENKATESAN:

Probably your last five minutes we already exceeded, but I know Amber still has a question, so we'll just take last five minutes, please. So yes, Amber Singhania.

AMBER SINGHANIA:

Yeah, thanks for taking my question again. So just one thing on the overall you're positioning in terms of marketing, sales team reach and also in terms of approvals for their sectors like defence, aerospace which are, which has a very stringent entry barriers as such. So, do you think there is, there any gaps which are yet to be fairly in terms of the manpower engagement side or be it in terms of product approval side? Which are yet to be filled.

VIJAYKRISHNAN VENKATESAN:

No, Amber, we have sufficiently staffed, because India is a growth country and I think that is one thing which is not a constraint at this point in time and we have specialists who work in the segments who are trained by global teams, who focus specifically on these customers and applications and it's a specialized team which focuses on this. It's not the regular, let's say, like Mr. Yogesh, it's channeled. So, there are a set of teams which focus on channel, but they're also specialist team, work on segments which are very different like Aero.

AMBER SINGHANIA:

And similar thing on export side sir, now as we're entering into news is also with these products as such. So how are we planning to go there on leveraging our group strength or our own Channel, we establishing there, how are you planning to go there as well?

VIJAYKRISHNAN VENKATESAN:

It would be, it would be expansion. See other countries are buying pattern is different, unlike in domestic markets. So, it traditionally there is a channel partner who's both seller and the commissioning and servicing agent, right? because it's all machine. So usually, normal practice globally is there is a commissioning and servicing agent who's also a channel partner. So that person takes care of all the. So that is the approach that we would be taking.

AMBER SINGHANIA:

Ok. And lastly for myself on sir, you mentioned that export do have a higher margin as such if you can use some color, what could be the differential just in terms of indication as such compared to our domestic margins visible export as such.

SURRESH REDDY:

Amber, this is something which is a quite confidential. We do not want to discuss. It all depends on customer profiles.

VIJAYKRISHNAN VENKATESAN:

You're getting too specific, Amber.

AMBER SINGHANIA:

Sure. No problem. Thank you. Thank you very much.

VIJAYKRISHNAN VENKATESAN:

I'll take the last question, Amber because we already 10 minutes overtime with from Sanjay that will be the last question for today and if we need to meet again probably next quarter or sometime, you can reach out to Naveen Chandra, this time has been a, first of all more number of participants, there are more questions also. Yes Mr. Sanjay I'll probably take your last question.

SANJAY KUMAR CHANDAK:

Yes, Sir, after every quarterly result why don't we give investor presentations to clarify all the nitty-gritty of the business.

VIJAYKRISHNAN VENKATESAN:

That's a practice we have not been following, but I'll take that as a suggestion, Mr. Sanjay, and let me talk to my..

SANJAY KUMAR CHANDAK:

But as Kennametal Inc provides, gives a con call and give investor presentation all the time. So, you must follow the goal practice.

VIJAYKRISHNAN VENKATESAN:

Ok, so we'll need to check with our parent company, but I remember I think you have written to us, So, we will get back to you on this, Ok.

SANJAY KUMAR CHANDAK:

Yeah. Thank you, sir.

VIJAYKRISHNAN VENKATESAN:

Ok. Naveen

AMIT SHAM NADEKAR:

Sir, can I take a quick one?

VIJAYKRISHNAN VENKATESAN:

Amit you still have questions?

AMIT SHAM NADEKAR:

But I had it many which are unanswered, because earlier we thought it's a one-on-one call anyway so just a quick question.

VIJAYKRISHNAN VENKATESAN:

Well, anyway you can ask. Maybe next quarter you can reach out to Naveen Chandra, maybe one last question Amit, because already locked.

AMIT SHAM NADEKAR:

Yeah. So, what you know, in one sentence, if I look at, you know, the criticality of our business key drivers, it's a business of I would say technology reach and scale, right? If you can agree with me on that. Is it right?

VIJAYKRISHNAN VENKATESAN:

It's technology right, reach yes, When I say reach, it's about customer reach because you need to make sure that you are absolutely there. And what is the third thing you mentioned?

AMIT SHAM NADEKAR:

Scale I said, scale.

VIJAYKRISHNAN VENKATESAN:

Scale, I think we are already there, because scale is something, because we are a globally a large player in this uh, within this industry we have we have been one of the pioneers and we have been large. So, I think scale.

AMIT SHAM NADEKAR:

From the Kennametal India perspective and I think it technology were sorted like you said, you know it done at a global level. We are up there, you know. On customer reach, where are we and you know, are there any?

VIJAYKRISHNAN VENKATESAN:

We would be positioned well, Amit, because we have been in the in the country for a very long time, right, earlier we were Widia India and then we became Kennametal acquired Widia. Then it was Kennametal. I think we're very well established, large channel network we have one of the largest sales team in the country compared to any other I think so I don't have exact numbers, but we do have a very large field team out there works with the customers. So, I think that infrastructure is something which is well in place, is what I would say.

AMIT SHAM NADEKAR:

Ok. We don't see any great improvement on the distribution side.

VIJAYKRISHNAN VENKATESAN:

Not required. I think we have adequate coverage in terms of channel partners even in the remotest of the industry locations. We would have channel partners available today, so that is an infrastructure we are well geared up.

AMIT SHAM NADEKAR:

And in terms of strengthening our relationship with OEM's or, you know, gaining more share of valid with each of the OEM's, is that a key priority area?

VIJAYKRISHNAN VENKATESAN:

Yes, it is a very, very key priority and when you say there are two OEMs, one is a machine builder itself, which is an OEMs for us that's OEMs off, let's say our customers, let's say a car manufacturer, bike manufacturer. So, I think I've answered probably 70 - 80 questions in the last 45 minutes. So, we'll probably be up to stop and always they'll next opportunity for us to interact. So, thanks for all your time

AMIT SHAM NADEKAR:

Sure, thank you so much.

YOGESH PATIL:

Thank you, our pleasure.

VIJAYKRISHNAN VENKATESAN:

It was, it was good question. So thanks a lot for raising all the questions.

AMBER SINGHANIA:

Thank you. Thank you very much.

AMIT SHAM NADEKAR:

Hopefully we will meet again. Thank you.

VIJAYKRISHNAN VENKATESAN:

Thank you.

YOGESH PATIL:

Thanks.

MAHESH BENDRE:

Thank you so much.

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