



May 26, 2022

Ref: Sec/Sto/2022/05/09

**Corporate Relationship Department
BSE Limited**

Phiroze Jeejeebhoy Towers Dalal Street,
Mumbai – 400001

Subject: Transcripts for the Institutional Investors Meeting held on 24th May 2022.

**Ref : Kennametal India Limited - [Scrip code: 505890]
Our Letters No. Sec/Sto/2022/05/08 dated May 24, 2022 and no. Sec/Sto/2022/05/06 dated
May 17, 2022**

Dear Sirs,

In further to our above letters, we enclose herewith a copy of the Transcripts of video recording of the meeting held with SBI Mutual Fund on Tuesday, May 24, 2022.

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**

A handwritten signature in blue ink that reads "Naveen Chandra P." with a stylized flourish at the end.

Naveen Chandra P
General Manager – Legal & Company Secretary

Encl.: As above

Management	Mr. Vijaykrishnan Venkatesan, Managing Director
	Mr. Suresh Reddy, Chief Financial Officer
	Mr. Naveen Chandra P, GM – Legal & Company Secretary
SBI Mutual Fund	Mr. Bhavin Vithlani, Senior Analyst
	Mr. Aniket Pradeep Mittal, Senior Manager

Naveen Chandra:

Good morning all of you. Thank you for coming in person Mr. Bhavin and Mr. Aniket Pradeep Mittal. Thanks Mr. Vijaykrishnan and Mr. Suresh. I am the Company Secretary of Kennametal India Limited and I have with me Mr. Suresh Reddy, Chief Financial Officer and Mr. Vijaykrishnan Venkatesan, Managing Director of Kennametal India Limited. With us we have Mr. Bhavin Vithlani, Senior Analyst from SBI Mutual Fund and Mr. Aniket, Senior Manager from SBI Mutual Fund.

Before we let this forum to the Investors and the management to answer the questions, I would like to read out the disclaimer to the investor meeting:

“We will not be making any forward-looking statements on this call and we would be restricting our talk to publicly available information only. Nothing stated during the call should be inferred or construed as forward looking or outlook statement from the Company. All details and data being talked will be strictly historical and market estimates based on publicly available reports. Any statements made during the call if construed as forward-looking statements might involve risks and uncertainties. Participants of the meeting are cautioned not to place undue reliance on these statements only as that speaks as of that dates. To that I handed over to Mr. Bhavin and Mr. Aniket. Thanks”

Vijaykrishnan Venkatesan:

Thanks Naveen. Just for the recording please you can just keep it very simple, request anyway, I’ll answer the old questions what you were asking.

Bhavin Vithlani:

So, when we look at the four quarters gone by, we have seen an exemplary performance from Kennametal, and this surprises us given the way auto as a segment has not done well. So, if you could just help us to understand what has helped drive this out performances, is it the expansion of the portfolio? Is it expansion of the geography? If you could just help us to understand what’s driven the outperformances over the last four quarters?

Vijaykrishnan Venkatesan:

Sure, see when you look at the performance, I think you are referring to entire P&L, top line margins and the EBIT. Now, we have been articulating in the last 2 AGM’s when I presented some of the approach what we looked at was new customers, new products and new geographies, right, and that was, consistently I have been telling that only way to grow when the markets are not growing, right,

when you mentioned that automotive the answer is true, right, automotive industry has not yet touch the 2018-19 levels and two wheeler industry is really really soft today, right, passenger vehicle industry is still below historical highs. So automotive industries has been soft that's the reality now. Kennametal top line growth as am again referring to the last four five quarters right, it's come from predominantly looking at segments beyond automotive, right, that is again a stated of approach, what we put in the AGM some of the questions came we are looking at general industries, we are looking at customers are working in energy segments, we're looking at aerospace and that is also planned right, when Bhavin you also asked this question last time that automotive what is the plan and we always communicate that our objective is to expand our business into end use segments which are non-automotive, right, and that's the end use segments and that means we've been gaining share alright, so hence, that's one thing which we are seeing; second is our new product launches which has been while it's not a multitude, right, but we have been able to successfully commercialize a lot of new products in the last four or five quarters especially in our tooling segment and also the machine tool segment both; third driver of top line is also the, you talked about geographies, right, we have to some extent, the machine tool business had been seeing some reasonable success in our foray into the Chinese market it's baby steps we are taking, but that's yielding very strong results for us, so that's on the top line. On the margins again, very efficient management of the manufacturing sector which has yielded obviously the manufacturing efficiency, overhead absorption which has helped us, because see we majority is manufactured in Bangalore so hence it's about how we run the operation so I think our focus on operational excellence when the markets are not growing as yielded results especially on the margin line and we have been a little prudent on expenses, if you look at our expense lying the last three quarters results, what we are published you'll see as a percentage we've been a little, I would say, cautious and not be overoptimistic on the expenses line, right, so I think the combination of these three is what you're seeing in the EBIT growth and the leverage what you've seen in the last four quarters. That's my answer.

Bhavin Vithlani:

Switching to segment and metal tool and cutting tool as an industry what our understanding is it's a roughly five and a half thousand crore industry and Kennametal is between 8 and 10% share in that industry, how are you seeing the growth in this industry and if you just take in a sector wide perspective what are the growth drivers in the segment?

Vijaykrishnan Venkatesan:

Sure, so first of all the 5,000 figure was 2019, it is it is definitely come down ok, the reason it's come down is obviously is there in your first question it's because automotive consumption has been pretty low, right, so obviously industry is shrunk a little bit especially during the pandemic now what we see again I'm talking about data what I'm seeing in the public space right as an industry if IPI is going to grow at let's say 4% right and IPI is constant of many other industries and industrial consumer, we should expect to grow between 1.3x to 1.5x of the IPI at and aggregate industry level right now that puts let's say between let's say anywhere between 5 to 7% so let's take a 6% now this is it's not published data right I'm just giving in terms of the data connections, what you have with the market now the market doesn't grow then you won't be able the industry won't grow, that's not metal cutting all the industrial consumables won't grow, now what are the drivers ? obviously you guys being in the role what you are in, you'll know all the drivers, but let me from our perspective what we are seeing-

India continues to expand the manufacturing footprint right the government has been very supportive to be at PLI or encouraging investments in the country so we continued to see the manufacturing sector growth in the country irrespective of which industry, I'm not referring to two wheel or four wheel or electric or semiconductor, it could be anything but manufacturing per se, we are seeing a growth, right, that's being driven by two reasons; One is confidence in the domestic consumption remains robust, right, in spite of the dip we saw during the pandemic in the in the medium term; and second is India continues to attract, while we are not as competitive as what China was I think some of the established players both were Indian MNC's and global MNC's probably looking at India as the other option well how much offer to the materialize I don't know but that's the other thing which is driving the manufacturing consumption in the country so I think those two alone is enough then you have the, let's say the sub or the tertiary reasons right which will be like investments in specific sector like aerospace park, somebody someone saying and then you get that growth which is coming in you can talk about semicon which is coming in so as investments keep growing in the country as the economy grows, one thing is it's not a market which is going to shrink.

Bhavin Vithlani:

So same question slightly different, how large is the metal cutting industry globally? And when we look at Kennametal globally what we understand that aerospace is a very is a significant user industry and this industry barely exists in India; So if you could just take us maybe from a slightly top down list like what are the size of the global industry; what are the key user industry or globally; and as you mentioned because this question has come together you mentioned that aerospace, semiconductor, electronics is an industry is coming into India, these industries never existed practically in India so does this mean that the growth that we have seen historically can actually be slightly faster over the next 4-5 years?

Vijaykrishnan Venkatesan:

Now let me explain a little bit aerospace, what you see in Kennametal again I'm talking about publicly available data because Kennametal does publish its focus on aerospace. See aerospace in US is a very large OEM driven market it's you have Boeing out there, right, you have all the big world's largest manufacturer other than Airbus sitting in US, right, so it's a, it's a much larger market and Kennametal as over the years invented products which are very good to machine materials, right, like titanium alloys, some of the new age materials which are coming in, so hence, aerospace the market may not be the largest, still transportation and general engineering will be by miles the biggest in the world, right, but the way Kennametal is positioned, the strength of the products and the relationship with those OEM's is what makes that very strong position, right, so it's over the years it has been built; now your question out of the three what you mentioned, two industries do use machines and the machine tools, right, aerospace a lot right and electronics now again electronic depends if it's manufacturing at assembly; assembly means the answer is no, if it's manufacturing then yes, semiconductor doesn't use because it's fab, fab doesn't use any metal cutting it's a foundry, right, so it's a very different process, so these two industries yes, if it hopefully if it picks up, it's going to get interesting.

Bhavin Vithlani:

So, within the electronics, which are the segments that will be the end user segments?

Vijaykrishnan Venkatesan:

It can be anything it can be mobiles, computers, anything. It's if you have a motherboard or some manufacturing here then it happens so, it is agnostic to the final product ok it's just a basic electronics manufacturing should start not just the assembly.

Bhavin Vithlani:

And how large is the global metal cutting tool market?

Vijaykrishnan Venkatesan:

See that's what I don't have the figure on top of my mind I know it's it could be definitely more than 10 billion, but I don't remember how it is it's pretty large, but I don't remember exactly the number, I don't know if Suresh knows it, I don't remember but it's something available by the way Bhavin, you can Google it and it's available.

Bhavin Vithlani:

Sure we'll do that.

Vijaykrishnan Venkatesan:

You just search for tungsten carbide tools you should be able to see the size.

Bhavin Vithlani:

When it comes to this the new products that you mentioned, slightly switching gears, if you could just help us understand what are the newer products that we have, because I was looking at your website so I think endmills is a product which is something which is new that I found it may be there, but pardon my ignorance, in that so endmills was one of is that and some of these products do find applications in like aerospace and also are these like products for export applications?

Vijaykrishnan Venkatesan:

See, when we talk about new products there are two businesses what we talk about, right, we talk about the machine tool business which is MSG and then we have the hard metal right now in let's say in the machine tool business MSG, right, we did expand our portfolio into the tool and cutter grinders and that's obviously you'll see that if you get to do a WIDMA website all the details are there we are we launched hob grind which is going for hob regrinding application which is again a new product which we launched this year, now there is a product upgrade plus new versions which are being

launched in the machine tool business so that's one set of new products which is being which is being launched, now you look at the hard metal site it's just not endmills, right, it's let's say some of the inserts which go into titanium alloy machining or some of the boring applications some of the difficult high hardness material applications which are coming up, right, these are all global launches not that we are we are inventing or making in Bangalore but this is global and which has been helping in terms of driving value at the customer, so it's both sides, it's just not just I won't even put endmill there by the way, there are much more than the endmills which we have launched in the last one because I don't think we launch any endmill / new product in India the last four quarters

Bhavin Vithlani:

Ok, so which would be the... so one is that the difficult, I mean in materials which are very hard so what would be the other new products we should have come from India?

Vijaykrishnan Venkatesan:

See from India, all the machines metal cutting tools so you're talking about let's say if it's a hard metals, right, it's just not the tools, for example steel mill rolls, right, is something which we have been progressing very nicely and that's I won't say it's a new product but we are it's localization right and again see these are all available if you go into a LinkedIn page we have been publishing all this, so it's available what we are doing and those are products which we localize I think it's benefiting our steel industry and steel industry is doing well.

Suresh Reddy:

I wanted to check actually if they have been ever seeing anything different in Kennametal LinkedIn.

Vijaykrishnan Venkatesan:

We have upped the social media activation for the last six months and you should be seeing a lot of information now on what we're doing new product launches some of the customer testimonial some of the wins which are actually we are posting publicly.

Bhavin Vithlani:

That's a good thing actually, pardon me I've not been and now that you've mentioned that I will follow it.

Vijaykrishnan Venkatesan:

You can you check Kennametal, WIDIA one side and then WIDMA you've to search separately because we are driving that brand separately which is a machine business, that you will see a lot of activity because that's a lot of new products and activity which is being upped on that side. I think one good idea will be just send them the links for some of the references on also from the social media and just get the package from so she can send it to them.

Naveen:

Absolutely, I will just do that, sure Vijay.

Bhavin Vithlani:

So, on the exports front, how is being the growth and when we speak to some of the other capital goods companies like for example Schaeffler, in its earnings call they mentioned that making ball bearings in India is cheaper significantly than in China so they're now saying, ok India will become the hub for the ball bearings and they are shifting that manufacturing too?

Vijaykrishnan Venkatesan:

Does Schaeffler is five times of my size?

Bhavin Vithlani:

So I'm talking more directionally, because we have been, over the last two decades, we have been hearing that China is significantly cheaper than India, infrastructure, government support etc. so I have been incrementally hearing that India specifically in capital goods has become cheaper than China with the labor has become expensive and specifically when we comes to some of these capital goods where India has a large foundry and forging ecosystem in place a very large automotive industry in large automotive auto component export. So the ecosystem for the Capital goods is a lot of these are support ecosystems that kind of have come up pretty well and that is what we've been given to understand that is helping India in some of these capital goods company segments more competitive than China and consequently, we are seeing exports so every company that we talked to is now talking about acceleration in extension so are we so one how is India in terms of competitive next versus the China when you look at your own company and second are we seeing any increased traction on the exports so far?

Vijaykrishnan Venkatesan:

I need to ask my permission of the CFO whether I can confirm the traction but I'll answer the rest and then he will he will probably take it up. See, let me start with the industry I don't think it's a one line answer about why India is getting more competitive, right, it's, I won't attribute that to a labor cost as a single reason right because it was a labor cost then you'll be looking at Vietnam or Laos and all that now what India offers today in especially manufacturing sector for global MNC's so let me categorize the global MNC's which has footprint here is the competency right we have upped the I'm talking from in general the industry what and I've been in industrial business for a very long time, I think it's we're probably getting very close to a sweet spot in terms of lot of capabilities to design products, lot of capabilities to execute manufacturing plants capabilities to make sure the order the product meets global standards right because 20 years back or something, now the people who are in the system are 20 to 30 years of experience, so I think the whole industry has matured with experience, now all that adds up to your competitiveness index, right, now added to it is there is a labor arbitrage versus western world, yes I'm not still very sure about labor arbitrage versus China, I'm not very sure about it

ok there could be but will it be half of China not very sure ok that's one of the reason; Two is beyond a point economies of scale comes into picture, right, if you have a plan you have a domestic consumption which is large enough your plant absorbs the overheads so what happens is you're then you're talking about incremental variable cost, right, so that's why I said it cannot be just labor arbitrage it's it has multiple facets to why you could be a low cost manufacturing location, right, it's basically unit cost of a product, it's just not labour cost, lot of things go into I feel, it's more it's also the maturity of the whole industry right today we understand many things better see if you take 1993 liberalization most companies came towards late 90s early 2000, 20 to 25 years so leadership is 20 to 25 years of experience you know what is engineering so it's the industry itself is becoming very competitive so which is a good thing for the country right I may be we are not any different may be we are much older but I feel that if you ask me we seem to be in a better position than what we were in terms of competitive index, on the question on export, Suresh:

Suresh Reddy:

That's absolutely at least in our machining solutions business that is a machine making we are pretty much doing pretty well in exports so that's where our bulk because if you've seen 2019 and 2018-19 the bulk of the business was in the local domestic auto sector fixture business ok, that was the one time opportunity but now in the last year or so we have seen a steady export business supporting the machine business it is competitive of course coming in but the volumes also support like Vijay was mentioning with the additional volumes we could leverage on the existing infrastructure so there are challenges but those are some things which the team has built credibility over a period of time now.

Bhavin Vithlani:

On the metal cutting tools also ?

Suresh Reddy:

There our strategy is very simple globally, infrastructure investment is primarily for the market, where we have surplus capacities we would still support the global supply chain but globally if you have seen in the last COVID scenario various countries have been going and they're all slowly catching up the demands are not as what it was still in 2019, hopefully if they come that also will be an additional support but that we have to wait and watch so currently it is mostly domestic driven with a little pull coming in from the export other hard metal side.

Bhavin Vithlani:

One of the other observation that we had is like the emission levels of India now converging with the global levels and so is that also something that is helping because when it comes to development of products many of these global automotive OEM's are saying that we will focus on EV's in our home market and we will outsource the IC's to some of the developing markets, Is that a trend where there is increased manufacturing activity in India and similarly like when you look at some of these construction equipment OEM's also they have become very large like JCB.

Vijaykrishnan Venkatesan:

All of them are getting very larger

Bhavin Vithlani:

So how is this being while you may not be directly exporting but your clients are actually growing not just in India but going outside and how is this equation helping you?

Vijaykrishnan Venkatesan:

So, let's talk about because you picked an example but I I'm not probably maybe I'm a little ignorant on the first statement what you made or I've not come across that right in terms of emissions and IC engine automotive industry is very soft right I don't see even though volumes anywhere close to what we did in 2018-19, forget exports even domestic.

Bhavin Vithlani:

So, I was taking example of Cummins where Cummins is saying...

Vijaykrishnan Venkatesan:

Cummins engines yeah that that's different, I was referring to the finished car, right, Cummins engine is a different story, so let's come to your earthmoving equipment's right now we talked about some of the competitiveness, right, in terms of no any industry to attract that kind of growth first of all domestic consumption has to be very high right now what in construction equipment industry India's third largest but if you look at the size China is the world's largest followed US then third is India, but we are not third like 90% of China or US right we are like 15% but they expectation of the industry and is again published data by 2030 we're going to be very close to US size on construction equipment now once the domestic demand there's the same thing happens right you put a large plant you can make enough and there's domestic consumption there additional capacity is going to go for global right and backward integration is very good in India steel, casting, foundries that that forms the bulk engines, right, heavy duty engines are being made in India, right, so you have everything going here for that industry to answer your simple question does it support us ? yes there's a lot of machining in earthmoving equipment there's a lot of metal right I have and we are happy when that industry grows so it's a direct coalition.

Bhavin Vithlani:

There historically with the other driver is historically what we've observed so when it comes to the metal cutting tools, Sandvik has a much larger share because they have tie ups with the OEMs so whenever somebody buys the first machine so may be for the first change they may be using the same but when they get accustom is when they will start exploring others and that's when Kennametal gets an entry, I think DMG Mori is one where Kennametal has association so how are you seeing this equation changing are we also globally incrementally tying up with OEM so that and because the advantage that Kennametal India gives is not just the cost but in terms of offering

customized solution, your availability is a bigger advantage for the customer where you are available on tab, your service centers are there in all the customer hubs which are there, so in terms of acceleration like if you I'm just hypothetical to say if you have a journey target of say 10% or 15% market share would that be important in terms of incremental tie ups with OEMs so that that that the growth rate kind of accelerates?

Vijaykrishnan Venkatesan:

Ok let me give you a much broader picture, right, and then I'll come to your answer now when the we're talking about a machine tool industry first of all machines when the customer is buying the machine not that all machines the customers would ask for a tooled up machine ok actually the tooled up machine percentages in single digits ok customers buy bear machines because most of the customers let's say some other large OEMs let's say Hero let's say a Maruti they know the machines they know the tools they don't need a tool down right So what happens is they buy the bare machine OK now then percentage of tooled up machines I don't want to give you the exact percentage even though I have it take it a low single digit globally ok now the old relationship with OEM's it's a very complex subject right well selection of the tooling can be defined by the machine builder right - DMG it could be a BFW or Mazak or Makino and that is not 100% of the time the customer if they are let's say with one of the brands and they are comfortable using their brand they will say that I just need this brand in see finally the customer has the final say ok now coming back to your specific question Kennametal globally and in India works with all the machine OEM's which project specific customer specific and based on the machines what comes and the component what they're going to do could be Mazak it could be Makino it could be BFW we are brand agnostic so we work with all of them so does our competition but finally the addition is made on one productivity cost per component which tool can give finally that's what the customers looking for and the machine builders also agnostic to it if the customer can achieve the cost per component and the productivity and the finish what they want in particular brand of tool is able to achieve it when they go with it.

Suresh Reddy:

That's how they'll be able to switch, go to trials prove it out, and if we're able to give them much better productivity then they would switch in even if some machine comes with the recommended OEM.

Bhavin Vithlani:

Understood, so bulk of these are like co-created solutions with the customers?

Vijaykrishnan Venkatesan:

Customers and the machine builder it's about all the three are involved right the tools supplier, the machine builder and the customer because when machine proved happens, traditionally the proved, all the three teams have to be together yeah so that's how it happens.

Bhavin Vithlani:

Understand, so in this case the customer stickiness would be very significant because for them the cost of switching will be very high.

Suresh Reddy:

Cost of switching is not because the companies like us will go and do the trials ok and prove out so they will take care of that and once they give them a cost per component value, they will switch.

Vijaykrishnan Venkatesan:

To answer your question and much more, that comment is not generic to all the companies who play in this industry right. But they are taking the leading players yes, its sticks. But within the leading players they can switch if the productivity can be achieved.

Bhavin Vithlani:

Slightly not having the exact answer but for a customer what is the percentage cost of your product as a total cost of it's very small. Is it like less than 4 to 5%?

Vijaykrishnan Venkatesan:

It will be.

Bhavin Vithlani:

So that that actually that is a big deterrent for him.

Suresh Reddy:

That no but that is one place where they squeeze every vendor.

Vijaykrishnan Venkatesan:

Consumable, right, it's a consumer but what comes in the thing is nobody wants to when people look at costs but it's a longer process if the finish and the productivity is not there they won't try to switch unless between like when we go to a customer who's with somebody else right a competition and they're buying for 10 years why should they switch the only reason is we launched a new product productivity is extremely high hence by there by either they're able to make more components and or they reduce the cost per component it's not the price, Kennametal doesn't work on price, right, so what happens is it's going to be cost per component everywhere that means we're driving productivity that's the only reason big customers would switch otherwise they stay pretty much with the brands.

Bhavin Vithlani:

So how do we get the price into the customer in terms of ?

Vijaykrishnan Venkatesan:

See, its price let's say most of our customers buy from a distributor so prices price on the invoice but the customer doesn't see price they look at cost per component so if we supply and insert and can make 300 it can machine 300 parts, right, and somebody comes and gives it the same price 330 it's a 10% reduction, right, but price doesn't matter, it's about the cost per comment that's how they calculate.

Bhavin Vithlani:

So productivity plays a very critical role ?

Vijaykrishnan Venkatesan:

Very critical role without compromising the finish.

Bhavin Vithlani:

So in connection to this what is the kind of efforts that we are taking in terms of educating the customers because you will be constantly in an evolution and a new product introduction phase and you need to educate the customers so for example ESAB they kind of have a customer is like a training center like the welders continuously come and they explain and that kind of creates stickiness so for us how is that kind of an activity because that will be very important in terms of our customer relationship and customer building.

Vijaykrishnan Venkatesan:

So see, what Kennametal does right we are just not a product supplier we call ourselves we are, our mindset right as a company is problem solving, now the teams out there is just not there not sales team, is not about looking at how do you build a product right they are about supporting the customer in there shopfloor so and we have a very large application engineering team on the ground so what they do is they work with customers very closely in terms of or we do shopfloor training, we do classroom training in the customer place, we also have a knowledge center in the campus called KKC, we have, where in the sense we have not done physical training for at least twenty months, right, we shifted to virtual and we had just conducted the first face to face after 24 months now, we invite shopfloor people to come so that we can train them on products and it has both forms it's we do free there is some paid training certification courses we do also for all the channel sales reps So what we are looking at is value added. Kennametal is there because we want to help our customers solve their problem in machine and that is the focus for us it's not telling so we spend a lot of time upgrading our customers and sometimes we learn from customers it's two way they're also experts so it's two way but I think that's the focus of what we did so it's a very similar model to what you just spoke about ESAB but that's a very different product line.

Naveen Chandra:

Team just a quick time check

Vijaykrishnan Venkatesan:

How much we have ?

Naveen Chandra:

We were scheduled for 45 minutes.

Vijaykrishnan Venkatesan:

Yeah I didn't realize its already 45 minutes.

Naveen Chandra:

So I'll leave it to you.

Bhavin Vithlani:

So, if you can just help us understand what's the kind of capex and the investments that we have planned for next two three years?

Suresh Reddy:

I don't want to project too much into the future forward looking but we will continue to invest where we see demand in the similar lines of what we have invested in the past but a couple of years back we have done a lot of modernization those initiatives would not be there we already have invested in our new master insert facility which should go live by Q1 of our financial year next year.

Vijaykrishnan Venkatesan:

Q1 for us is July to August.

Bhavin Vithlani:

which facility?

Suresh Reddy:

Insert Facility. That's the major investment that which we have done that should go live but it's only a structure so the capacity is there for future expansion the investments will for machinery will be only on need basis as we move so typically you can use the last average 4-5 years investments 75% of that is what we should look at for further investments for the future needs it will not be in buildings but it will be more in equipment's going forward

Bhavin Vithlani:

Ok sure, and in terms of margins and supply chain given the way the world is, are we able to cope up with that and how are we protecting the margin?

Suresh Reddy:

So, right now two things which impact more than the freight itself, is the raw material prices for us which is steadily increasing, tungsten if you have seen consistently it's been increasing since last year more cobalt has increased tremendously ok, more than 100% then tungsten also has been consistently increasing so that is a major cost for us ok freight of course will be there but it's not very significant compared to the raw material increases that we have seen so we do have some price actions which we have taken last year and it will be continuously reviewed and appropriate actions taken in the market place to be more competitive in the marketplace plus also to protect our margins.

Bhavin Vithlani:

So, the past growth is it like 3/4th pricing 1/4th volume?

Suresh Reddy:

It depends on again different type of products where we could leverage but I cannot exactly point out because we have a mix of machines then we have a mix of infrastructure products, and we have a mix of the real cutting tools products but broadly you can say around 3 to 4% you can say would be the price impact.

Bhavin Vithlani:

Ok, sure, yeah. Thank You.

Vijaykrishnan Venkatesan:

We're up on time ?

Naveen Chandra:

Thank you very much Bhavin and thank you Aniket for making it, thank you Vijay and Suresh.

Bhavin Vithlani:

Thank you so much for giving us the opportunity and meeting us really appreciate.

Naveen Chandra:

Sure, pleasure is always ours, thank you.

Vijaykrishnan Venkatesan:

Thank you

Suresh Reddy:

Thank you.
