



*Federal-Mogul Goetze (India) Limited  
February 14, 2022*

**“Federal-Mogul Goetze (India) Limited Q3 FY-22  
Earnings Conference Call”**

**February 14, 2022**

**MANAGEMENT: MR. VINOD KUMAR HANS -- MANAGING DIRECTOR  
MR. MANISH CHADHA – CHIEF FINANCIAL OFFICER  
AND DIRECTOR, FINANCE  
DR. KHALID IQBAL KHAN – WHOLE-TIME DIRECTOR,  
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**Moderator (Melissa):** Ladies and gentlemen, good day and welcome to the Q3 FY22 Analysts Conference Call of Federal-Mogul Goetze (India) Limited. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing “\*” then “0” on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Ms. Mamta Samat. Thank you and over to you ma’am.

**Mamta Samat:** Thank you, Melissa. Good evening, everyone and thank you for joining us on Federal-Mogul Goetze (India) Limited Quarter Three FY22 Earnings Conference Call. Today we have with us the senior management represented by Mr. Vinod Kumar Hans, Managing Director, Mr. Manish Chadha, CFO and Finance Director and Dr. Khalid Khan, Director, Legal and Company Secretary.

Before we begin, I would like to add that some of the statements to be made in today’s discussion may be forward-looking in nature, we will begin the call with the opening remarks from the management followed by the presentation after which we will have the forum open for interactive Q&A session. I would now request Vinod Sir for the opening remarks. Over to you Sir.

**Vinod Kumar Hans:** Thanks Mamta. Welcome to all of you for on this investor call, I hope all of you are doing fine with respect to health.

Coming back to the quarter, from an overall industry perspective it was a very difficult quarter. Overall, mainly when we look at the core segments where we have an exposure clearly the light vehicle was flat with respect to the previous quarter, but still minus 12% from the previous year. And here it was mainly driven by the semiconductor shortages, but clearly the market demand is quite ahead of the supply capabilities. The information that 700,000 vehicles are waiting to be delivered. So, here the performance is basically restricted by semiconductors as overall. In the commercial vehicle was the only segment which performed well whether you compare the previous quarter or the last year quarter both close to 28% to 30% number on the either quarter side. And here the market demand and semiconductor availability is rightly balanced, I would say. And having said that, the commercial vehicle did grow. But the base is still very poor of the previous years or the previous quarter, commercial vehicle are still operating at 75% of their best time in 2018-19.

The other two segments, the two wheelers were really, I would say impacted massively, as compared to the previous year when they had a good number against the previous year quarter. The two-wheeler industry is down by 22%. From the previous quarter, it’s down by 12% actually. And here the larger issues are, #A, there’s a little bit stress of the rural market side. But #B, the issue of overall affordability of the vehicle and gasoline price is catching up. And it’s

really impacting the market and the electrification news, by several new players have further complicated the situation. And the users are delaying the decision. There's announcement of several electric vehicle but you don't see them on the dealership actually, that's an issue as conveyed by the two-wheeler side.

On the tractor side, again the market went down by 27% with respect to the previous year in this quarter and with respect to the previous quarter the number is 32% here, I would say the common factor the two-wheeler rural market under some stress but factor had also most of the South India and unseasonable rain and that really impacted from the factor side. So, overall these numbers which I'm sharing from the industry overall perspective, our number when we see that clearly much, much better than the market. So we'll discuss these numbers as we go into the details, but definitely in our exposure to domestic market, we really outperformed and our numbers were, in the single digit negative, whether you compare to previous year or the previous quarter, very closed. So, that we have really outperformed the domestic market, but we also got this quarter impacted by the global situation on the semiconductors. You might have heard that, while the Japanese and the Korean OEMs are recovering faster than the other market in terms of semiconductor availability and most of our exports are in Europe and America. So, we were really hit by the availability of semiconductor leading to ultimate demand to us. And another factor was also a little bit in terms of timing perspective, and situation is much better now by the way, it was on the new Omicron variant, and some of the infection rates in European market as well as the US market, were really hitting the peak and it really impacted the production. So, while the semiconductor availability was an issue, there was also an issue of availability of the manpower with our OEMs in Europe and America, even in our own plant, we had this constraint of manpower availability.

So, that was overall the quarter and another significant factor in the quarter was the commodity prices. Again, the commodity pricing hit peak somewhere in October, November and the last six weeks of the quarter, there was a little bit of softening, but then they have crawled back again in January onwards. So, this is one area where, we are watching it carefully. And another, I would say challenge was on the supply chain perspective. So, the issues of the containers and supply chain disruptions, wherever the import and export markets are concerned, they got really challenged in terms of lead times and availability of the materials and predicting either the shipment arrival times or departure times, both were impacted, because of the whole logistics chain actually. Having said that, now in this quarter on both these fronts, the situation is getting better as we talk. So, these six weeks in this quarter, which is January to March quarter are showing good, I would say sign of returns #A, on the COVID side nice progress into the European and US market, the people are back absenteeism is less and semiconductor availability is showing definite improvement, there is still a shortage but much more improvement over the last month also, that's attraction we definitely see in European and American market during this six weeks of the current quarter. So, with that high level, I would say overall view of the market



and how we are pitching into this market. I will hand over to Dr. Khalid Khan to run through the initial few slides.

**Dr. Khalid Khan:**

Thank you Vinod San and good evening one. Slide number #2 is Safe Harbor Slide that covers forward looking statements. Let's go to Slide #3, which gives an overview about the company. So we have around 5000 employees as on 31st December 2021. We continue to have three manufacturing sites, two sales offices, and 13 warehouses. We have more than more than 30 OD customers and as the company was established in 1954. And in terms of our replacement of our products, globally Tenneco has four business groups, namely Performance Solutions, Motor Parts, Cleaning and Powertrain, these products substantially fall under powertrain business group. So, the company is based out of Gurgaon, it manufactures supplies and distributes automotive components in India as well as internationally. So, mainly the company offers pistons, piston ring, piston pins, valve seat and valve guides. We cater to automotive, heavy-duty motorcycles, energy, industrial, power generation, railways, and defense industry. So, we have state of the art facilities located at Patiala- Punjab, Bengaluru in Karnataka, and Bhiwadi in Rajasthan. So now, the company is a subsidiary of Tenneco I NC, USA.

Let's go to Slide #4, which gives you the details of the shareholding pattern. Actually, there has not been any change in the shareholding pattern. Promoters continue to hold 74.98% And public shareholding is 25.02%. Let's go to Slide #5, which is about the Board of Directors. So, again there is no change in the Board of Directors. So we still have nine Directors, out of which three Directors are Independent. And out of the three Independent Directors we have one women Independent Director as well.

Coming to Slide #7, I'll pick up Slide #7 first, which covers the details about the manufacturing facilities. And this slide also gives the approximate area of our plants. So, if we come to Patiala in Punjab, we have about 60 acres they our plan to be spread and in Patiala as well as Bangalore, our products are mainly piston, piston rings and pins. And in terms of certification all the three plants are certified IATF 16949, ISO 14001, ISO 45001. So, if you come to Bangalore plant, Bangalore plant is spread over 50 acres of land. And if you go to the Bhiwadi, it has an area of 5.5 acres approximately in terms of products Bhiwadi plants, manufactures valve seat and valve guides.

Coming back to Slide #6, Slide #6 gives an overview about the company's competitive strengths. So, first is credit rating. So, in terms of long term, we have a rating of A+ and for the short term we have a rating of A1+. In terms of R&D centers, we have in-house technical centers at Bangalore as well as in Bhiwadi and of course, we have a global edge which ensures seamless technology transfer and we supply to own major OEMs. Our products are well diversified segments and in terms of liquidity, we have a very strong financial liquidity and we have a highly experienced and talented team. Now, I would hand it over to Mr. Vinod Hans for rest of the slides on the sales and other scenario. Over to you Mr. Hans. Thank you.

**Vinod Kumar Hans:**

Thank you Dr. Khalid. So on Slide #8 on the customers just add that we are showing now three customers got added PSA, Mitsubishi and Yanmar most of these three customers are our, I would say most of our products are oriented toward exports, Mitsubishi will be 100% export, PSA would be a combination of domestic supplies and export and also Yanmar will be combination of domestic as well as export. On slide #9, our overall last year split of domestic to export was 86% Domestic and export 14%. However, as I mentioned in the opening comment, and more will be discussed by Manish Chadha in the follow up explanation of the financial. This particular quarter, because of the issues I discussed, our export were close to 10% actually because of the limitations. So, one of the, I would say in terms of export contribution in total percentage was lowest this month, but overall for the year we are at 14%. In terms of revenue split, there was a feedback to give a little bit more insight into our revenue particularly with respect to the exposure on the electrification of our business. So, on slide #9 our 12% of the two-wheeler OE business, our 12% revenue is exposed to two, three-wheeler OE business and then 28% is towards OE passenger vehicle. So, clearly two-wheeler, three-wheeler is exposed to the electrification threat and 28%, I would say medium terms passenger vehicle again medium to long term again expose, we have 27% of our business catering to the spares, whether in our independent aftermarket or spare to our customers. So, that is a good I would say 27% and then 33% of our business is towards the commercial trucks commercial, small rural vehicle pickup trucks, off highway equipment's, suppliers, industrial and other like defense, and railways. So, the message out of this slide is, close to 60% of our business is not impacted by electrification in long term perspective. The 40% business which is impacted from a medium to long term planning perspective.

Our positioning in the market remains the same we are number two overall in pistons, number one in diesel piston, number one in rings and number one in valve seat and guide. On the next slide, slide #11 again same slide the basic driver for technology to have a better fuel economy, low emission, durability life, working to our advantage. One of the change we mentioned is last I would say particularly couple of quarters government is now formalizing this flex fuel policy. So, we are I would say a little ahead of curve in this area, we have I would say our alloys for the CNG market pretty well established and appreciated by customers. Our ethanol is coming up in nicely and we have a good I would say knowledge base from the Brazilian market and we are using to our advantage. So, we are working very closely with some of our customer on this flexibility or the fuse with the Government of India is pushing very heavily.

And then on Slide #12 our focus to reduce operational cost whether in terms of fixed costs reduction, operational efficiencies, and then in terms of lower capital intensity combination of machining lines, whether we can transfer some of our global locations to suit our requirement or a mix of auto lines and semi-automatic suiting to Indian requirements. So, basically the driver point is to bring a lower capital intensity into the system and on the growth opportunity, mentioned before the stringent emission norms, increasing popularity of PGI engines and then this mild hybrid and flex fuel vehicle are really growth opportunities for us. Major focus, while

continuing on this slide, as I mentioned before is on the commodity inflation recovery. Our recoveries on the commercial contract with customers is now stabilized our say so, the cycle is somehow complete. However, during this quarter and the previous quarter, we also added more backlog on the increased commodity rates which will be recoverable in the coming quarters.

On slide #13, on the electrification there was the feedback to understand this slide from our business perspective. So, I'll make a clear statement that the yellow portion on this is clearly the current IC engine and then in the hybrid, micro mild or full hybrid even in the plug-in hybrid, our component stays and with higher value content. So, the key method is that except for pure battery electric vehicle, our content is relevant. On rest of the other segments, we have to qualify that most of the hybrid vehicles into our definition which for us, we welcome them because it's a higher content value for us, are being clubbed as pure electric vehicle actually, for us the pure electric vehicle is, battery driven vehicles. Next slide, we are happy to inform you that we have a good set of awards from Mahindra and Mahindra, General Motors, and Daimler. With that, I'll hand over to Manish to run through the financials. Manish over to you.

**Manish Chadha:**

Thanks Vinod san. And good evening to everyone, we can go to the financial slide, where you can see the total revenue is INR 3253 million, which is lower than the previous year as well as previous quarter it is lower 8.6% from the previous year corresponding quarter from the previous quarter is down by almost 4.6%. Some of the reason Vinod already explained the market, OE market for the quarter October to December was down due to the Omicron and the chips but at the same time, Vinod was explaining about the export market. This was the one of the lowest quarter we have from the export perspective where export content and the total revenue is almost 5% down from the previous year same quarter, remember last year in the same quarter, revenue has started picking up we were just coming out from the second wave of the COVID and somehow we were filling the pipeline on to the export customer. So, this quarter, we have highly impacted because of exports which has impacted the revenue as well as the margin. So, top line is heavily impacted because of chips as well as on the Omicron and at the same time the working, I would say the activity level was low from OEM were shut down and at the same time through a company perspective, we are driving the cash reserve as we are preserving cash. Now considering the uncertainty into the business due to the COVID and semiconductor. So, we have a clear focus on preserving the cash and we are continuing to that and activity and at the same time, wherever we can flex the cost because of those lower activity, we're doing that. So, for financial performance 10.5% operational profit as against the previous quarter 12% and last year 17.8% in the previous corresponding quarter. So, the main drivers are activity level in the current year in the current quarter. MCS, Vinod touched about and it is up from the previous year double digits and Vinod already mentioned that we are catching the backlogs and there is clear focus on MCS recovery. So, this is the driver for the current quarter financials.

On the next slide. You can see the pie chart where revenue is going down obviously it is impact of semiconductor and Omicron and all EBITDA as well as the EPS is going down in the same

proportion. Same with PBT and PAT, on the financial high point we did mention that quarter is impacted by the export, its total revenue is 5% lower from the previous quarter. EBITDA 341 million, INR million as against 634. Now, with just 10.5 and 17.8 from the previous year quarter. Company reported a net profit after tax of 196 million the cash as I mentioned is, cash equivalent is 172 crores as you can see we started in somewhere around in 130 crores. So, still 40, 50 crore where we have continuously focus on working capital reduction as well as cash generation and we are spending the CAPEX, we are making investment and Vinod touched about Slide #12 on improved CAPEX and revenue ratios.

So, we are looking into those, we are investing into those, even in this uncertain times, because we don't want to miss any opportunity from growth perspective. With this, I will hand it over to Dr. Khalid Khan for CSR initiatives and activities.

**Dr. Khalid Khan:**

Thank you Manish san. So, with regard to the CSR initiatives, we have installed medical oxygen concentration plant at a government hospital in Bhiwadi which involves an amount of Rs.15.38 lakhs approximately. So this was reported in the press as well. In Patiala school we have distributed winter uniforms for deaf and blind school at Patiala which involves an amount of Rs.3.52 lakhs approximately. Similarly, we would be distributing summer uniforms also to the kids studying in these schools, which will involve approximately an amount of Rs.3 lakh. So, we won Platinum Award in excellence in COVID management from PNGI Forum, which is a Professional Network Group of India Bhiwadi, and this was reported in the press as well. So, that's it as far as the presentation is concerned. I would hand it over to Ashish. Ashish, over to you.

**Ashish Samal:**

We can start Q&A session.

**Moderator:**

Ok, Sure. Thank you. ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may enter "\*" and "1" on your touchtone telephone. If your questions have been answered and you wish to withdraw yourself from the queue, you may enter "\*" and "2". Participants are requested to use handsets while asking the questions. Ladies and gentlemen, wait for a moment while question queue assembles.

To ask a question you may enter "\*" and "1". Participant, if you wish to ask a request, you may enter "\*" & "1". We have the first question from the line of Saket Kapoor from Kapoor and Company. Please go ahead.

**Saket Kapoor:**

Namaskar Sir firstly on the utilization level if you could give some color how utilization levels for this quarter?

**Manish Chadha:**

Hi, Sanket this is Manish. So, as I mentioned this quarter the activity was low. So if you ask me from the different value stream, it is between 70% to 90% in the different value stream but average if you ask me it is somewhere around 70%, 75% capacity utilization.

**Saket Kapoor:** Okay. And taking into what the near future looks like depending upon the chip availability being, the problem being mitigated and depending upon our order book, what can we expect going forward sir, in terms of utilization ramp up sir?

**Manish Chadha:** So, Vinod touched base initially in the statements that now we can see visibility on good orders from export or from the chips. But still we have to see another three to six months from overall chips perspective. But answering your question quarter one, quarter four Jan to March looks better than quarter three of October to December, Vinod you want to add anything over to you.

**Vinod Kumar Hans:** So, it will be difficult to put a number Mr. Kapoor here but say as Manish mentioned 70% to 90% between the different value stream so, obviously our tractor stream were operating at 70, the two-wheeler was operating at again 70%, 75% number of our commercial vehicle and passenger vehicle were operating little better. Again, it is driven by the market, this quarter the ramp up I already mentioned is looking good, it is I would say about 10% better overall, as of now, so you can imagine that we'll be operating somewhere around 85% kind of a number and depending upon and assuming that this COVID is we don't have any other next complications on the COVID side and semiconductor improvement happens the way the OEMs are giving us the visibility. So, we can expect a little more traction in coming quarters. Having said that, there is also a caution but at least in the passenger vehicle, the demand will still be outpacing the supplies, the concern of chips for the rest of the year actually, which is only 22 that's the larger visibility we have, it's only up the last quarter of this year, which means October to December where we see some kind of a balance between demand and availability as far as passenger vehicle are concerned.

**Saket Kapoor:** Sir, out of the total portfolio, how much is contributed from the passenger vehicle?

**Vinod Kumar Hans:** So, I shared this in the slide. So, we have about 28% which is pure passenger vehicle and then there are from similar engine which are going into the pickup and the light commercial. So, when you combine these two together, the number would be at a 40% actually which are impacted by this chip availability.

**Saket Kapoor:** So, sir this 40% would be normalized only post the Q3 of next financial year because what you're understanding as of now, today?

**Vinod Kumar Hans:** No, we are talking two different things. You asked, what I understand from your question was you wanted to ask how much is our revenue is exposed to this segment which is impacted.

**Saket Kapoor:** Yes, sir.

**Vinod Kumar Hans:** So, our current pie which is at the moment it is coming at?

**Manish Chadha:** 40%.



- Vinod Kumar Hans:** So, naturally tomorrow if the availability becomes higher this 40% will increase to 45%.
- Saket Kapoor:** I didn't get you sir, this 40% is our total portfolio the business pie which we are getting to 40% is towards the 28 is passenger vehicle and remaining is again attributable to the passenger but it belongs to the HB segment this is what you just articulated sir?
- Vinod Kumar Hans:** No, I repeat 28% is pure passenger vehicle but then there are few pickup trucks and light which is one tonner kind of small application they are using the common engine and they are also impacted by the same I would say set of inputs from the semiconductors. But then the commercial vehicle is very different, commercial truck is different then.
- Saket Kapoor:** Sir my next point was regarding the raw material price increase have we taken the price increases commensurate to the increase in the raw material prices, has the pass on happen?
- Vinod Kumar Hans:** As, I said that most of our raw material escalator, formula and implementation with customers are complete. The issue is that, in this quarter we got the recovery of previous six to nine months. So there's a lag of six to nine months. So, you have to see in this perspective yes we have covered our if you talk about the previous quarter yes we have covered our exposure which happened till March. So, after that the six months exposure which we'll be covering from this quarter onwards, so there will be a lag. So you have to understand that during the six or nine months. There is a still net increase on the commodity, so, although we are recovering the previous commodities nicely, but during the last six months also there were add on on the material loading, which we are looking into our P&L and this recovery will be in the coming quarters. I hope I explained it.
- Saket Kapoor:** Still the full pass on will happen over a period of time, but still the trend is upward only.
- Vinod Kumar Hans:** So, there is a lag, so answer your question, imagine a scenario that there is a stability in the commodity price for next nine months, our cycle of recovery will be complete in those nine months, but if during these nine months again the raw material prices go up. So, that much delta recovery will happen in the next cycle only.
- Saket Kapoor:** Right. And sir now coming to the point of shareholder value, what are the deliberations from the management end. Now, for the dividend distribution policy, shareholder value creation ideas, what is the thought process currently sir if you could throw some light?
- Manish Chadha:** Thanks Vinod, thanks Saket for the question. So Saket in our previous calls also we did mention that we are looking this dividend on a very positive notes, but at the same time, if you see, we talked about that we are preserving cash, we are generating cash and preserving and at the same time we are investing also. And this time the scenario due to COVID and chips is very uncertain and at the same time we are investing say 70, Rs.80 crore year-on-year looking into the investment and even in the next year, we have even more than this year 10% to 20% more investment plan, because the global consolidation is happening for automobile in India. So, we

are looking into that scenario. So, as we mentioned, we are looking into the positive note we just want to come out from this uncertain scenario because of chips and COVID and we will come back on that. Maybe, Vinod or Khalid you want to add anything into this, please feel free.

**Vinod Kumar Hans:** No, you covered it rightly Manish thanks.

**Saket Kapoor:** So, you can give any documented policy because of this uncertainty and.

**Manish Chadha:** Saket policy is already there.

**Saket Kapoor:** What is the payout ratio for us?

**Manish Chadha:** Khalid policy is there?

**Saket Kapoor:** Have you defined the payout ratio for us?

**Dr. Khalid Khan:** I don't think so that payout ratio is defined, it will depend upon the requirement of funds and how much surplus is available, then it will be a decision of the Board of Directors and the shareholders. But we need to come out of this uncertain timing, uncertainty in terms of the chip shortage and other things.

**Saket Kapoor:** Sir, there should be more interactions to increase also your investor base and the awareness, we being an MNC there should be more presence of the company in other various forums, various investor conference calls, sectorial calls are being held and sir to be very blunt on it, we are hosting four concalls post every quarter and other than that none of the medium we are present sir. So, sir try to improve our reach also between investors. Since you are now for the long haul it is my understanding is, so kindly look into the creation of more presence. Your participation would increase investor base and investor interest in this sector. And I'll come in the queue for my follow up sir. Thank you, once again.

**Vinod Kumar Hans:** Sure Mr. Saket suggestion well taken and you see that we have increased our participation with Acma, with SIAM, and for example Manish started participating in some of the industry forums on budget and all maybe it did not catch your attention but maybe we need to evaluate it more as you suggested, and we'll come back. Thank you.

**Saket Kapoor:** This can be uploaded on your website also, Manish sir exposure to the industry. This can be, I requested for the website revamp also I have not looked at it. Have we worked on it or not, at the AGM if you people remember, I did articulated the point about our website also being relooked?



**Vinod Kumar Hans:** So, we are looking into that and there are some linkages with global which are being corrected and so will make it more, I would say in terms of ease of access to different global linkages, we'll do that.

**Saket Kapoor:** Yes, sir the interface should be correct.

**Moderator:** Thank you.

**Ashish Samal:** Melissa, if we don't have any other question, maybe we can continue with Mr. Saket, or we can close the discussion now and we can take other questions offline.

**Moderator:** Sure sir. Mr. Kapoor, do you have any more questions that you would like to ask?

**Saket Kapoor:** Other than that, what I've spoken just a brief further on the outlook part if we could get, where are we in the growth journey exactly with product profile also, what steps are we taking therefore addition of products if me and how is the trajectory looking for us three, five years down the line, we investors look for visibility and predictability of earnings. So, if that is the question from investor community, how are you going to answer that on the predictability and the probability of growth in business and the profitability?

**Vinod Kumar Hans:** So, Mr. Saket, I will leave it to Manish to give you a little detailed answer, it is difficult to give you a specific numbers, but maybe the numbers of investment and these change on turbo engine and all, will give you sufficient direction. So overall, if you see take for example, say two wheelers, it's going down, but within the two-wheeler, our market share in the two-wheeler industry is going up. And that is because some of these two wheelers, companies are now have export ambitions and all and for those product lines, they want to use suppliers like us, actually. So that's one way to look at that. So, while the pie in some segment is shrinking, our market share still is expanding. So in three to four years term since you asked that question, we are still looking at kind of a double digit, close to double digit actually, if not, single high digit to double digit that's the kind of number and just to give you a perspective and Manish you can discuss more. Our investment even in this time, we are not slowing down and our investment in this year will be still higher than the previous year. And that is where we are very confident that the kind of engine and the kind of portfolios, the shift in the market is happening, because of the these drivers which we presented into our presentation is really helping us on that direction. So, Manish, if you want to add.

**Manish Chadha:** Thanks Vinod and thanks Saket again for your question. So, if you see in my discussion, I did mention that we are not stopping the investment, we are preserving cash wherever we can do maybe on working capital in this uncertain scenario, but at the same time we keep investing, and at the same time globally people are looking India as a base and wherever we see any opportunities, to serve this global customer from here, whether as a direct export or deemed export, we are investing and even we are casting line from our parent company. So all those

activities are on, we are making investment that's where we and at the same time global customer also want to see your financial viability. So that's the reason if you see we understand, dividend discussion most of the time, but at the same time, we are in a situation where we are still investing and we don't want to get into any such situation. And Vinod did mention if everything goes well, we are looking into those growth numbers which Vinod did already just mentioned. So, CAPEX for this year is more than previous year and even the next year 2022-23. We are having CAPEX plan even more than the year which we have already spent. Maybe, so if everything goes well we will be touching high single digit or double-digit number next year also. So that's all Vinod from my side.

**Saket Kapoor:**

Manish sir then how this lower profit Q-on-Q can be explained from September to December, we see our top line decreasing definitely by from 335 crore to 320 and the bottom line going down from 19 to 13 even our employee cost has reduced on Q-on-Q basis by around nine crores.

**Manish Chadha:**

Saket, in the previous, first of all you already explained the volumes are down though be flexed over costs, but flexing is not 100% that is one thing and at the same time it's not only a top line if you see our working capital and finished goods also going down last quarter July to September our working capital finished goods down by 1 crore 51 lakh whereas, this current quarter along with our top line it's 11 crore 20 lakh WIP finish drop, so the delta is not only 15 crore is in the top line actually another 10 crore on the activity level where we have decrease of working capital and finished goods. So, I think you have to see from that perspective that there is a inventory absorption cost which has impacted and at the same time export we are kind of getting good margins. If you see Vinod did mention that we have done good in commercial vehicle in the initial slides. But at the same time we are down, commercial vehicles we have a good margin but at the same time we are down in tractors. So, which balanced commercial and tractor but we are down in export we're in some of the American market we are in good margins from the export revenue. So, actually if you compared to the previous quarter you compare from the total activity level not only in the top line. I hope my explained because there is also decrease in WIP and finished goods as compared to the previous quarter.

**Moderator:**

As there are no further questions, we will now close the question queue.

Ladies and gentlemen on behalf of Federal-Mogul Goetze (India) Limited that concludes this conference. Thank you for joining us. And you may now disconnect your line.