



“Salzer Electronics Limited Q4 FY2018  
Earnings Conference Call”

May 25, 2018



**ANALYST: MR. HARSH VIJAY SHAH - EDELWEISS BROKING LIMITED**

**MANAGEMENT: MR. RAJESH DORAISWAMY - JOINT MANAGING DIRECTOR  
– SALZER ELECTRONICS LIMITED**

**MS. SAVLI MANGLE - BRIDGE INVESTOR RELATIONS  
PRIVATE LIMITED**

**MR. BASKARASUBRAMANIAN - DIRECTOR - CORPORATE  
AFFAIRS & COMPANY SECRETARY - SALZER ELECTRONICS**

**MR. MURUGESH - ASSISTANT COMPANY SECRETARY -  
SALZER ELECTRONICS**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Salzer Electronics Limited Q4 and FY2018 Earnings Conference Call, hosted by Edelweiss Broking 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 call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note this conference is being recorded. I now hand the conference over to Mr. Harsh Vijay Shah of Edelweiss Broking Limited. Thank you and over to you!

**Harsh Vijay Shah:** Thank you Vikram. Hello everyone. Welcome to the Q4 FY2018 post results conference call of Salzer Electronics Limited. We have with us from the management Mr. Rajesh Doraiswamy, Joint Managing Director, Mr. Baskarasubramanian, Director (Corporate Affairs) & Company Secretary and Mr. Murugesh, Assistant Company Secretary. Now I will hand over the call to Mr. Rajesh for his opening remarks. Over to you Sir!

**Rajesh Doraiswamy:** Good afternoon everyone and thank you all for joining our earnings call for the Q4 and full year ended March 31, 2018. I have with me here, Mr. Baskarasubramanian, our Director of Corporate Affairs & Company Secretary and Mr. Murugesh our Assistant Company Secretary and Ms. Savli Mangle from Bridge Investor Relations. We have shared our results update presentation and I hope you all must have received it.

Let me begin by giving you a very short introduction of the company. Salzer Electronics, we started our journey in 1985 in collaboration with German, Salzer Schaltgerate GMBH to manufacture CAM operated rotary switches. Since then, we have evolved from a single product company to offer total complete and customized electrical solutions to our customers. Over the years, we as a company have made sure that we are always in the forefront of any technological development by getting into technical associations with the reputed companies across the world.

Today, we have four state-of-the-art manufacturing facilities all located in Coimbatore. We also have our in-house R&D lab, which is recognized by Government of India. Through all these initiatives we are able to bring in high quality products of international standards and gain leadership position. Be it our association with Larsen & Toubro from 1993 to Plitron from Canada in 1995 or the Trafomodern from Austria in 2016 and also with C3Controls of USA in 2016.

We have always focused on getting into technologies, which are niche and of great value. Through this focus and sheer determination to come out with products of highest quality, we have been able to get preferred vendor status with global giants like GE and Schneider. All our products are internationally certified. Though we operate under electrical and electronics product group for the ease of analysis, we have classified our business into four different divisions, namely Industrial Switchgear Division, the Copper Division or the Wire and Cable Division, the Buildings Segment Division and the Energy Management Business.

Before going to financials, I would like to discuss about the latest news on L&T selling their Electrical Division to Schneider. Since L&T is one our largest customer, we have been asked by many investors about the impact of this sale. What will be the impact of this sale on our company. We believe that the impact of L&T electrical business sale to Schneider on us is not very significant, it is business as usual for us. The sales team in L&T is in place and is going to continue and there is no change in the business model as of now. On the longer term, we only see positive out of this sale as Schneider is already our customer and we are a preferred global supplier to Schneider for certain parts. This will only enhance our relationship with Schneider there by potentially increasing the business for us going forward.

Now coming to our quarterly and full year performance, our financials for the current and the past quarters have been restated as per Ind-AS accounting guidelines. The net revenues from operations were at Rs. 127 Crores in this quarter. This is the year-on-year growth of 13% as compared to Q4 FY2017. Exports contributed to 15% of our total revenues in this quarter. I am happy to share that in this quarter we have demonstrated growth in our revenues, also our new products say three-phase dry-type transformers and wire harnesses has shown good traction and we have increased our sales for these products. The EBITDA for the quarter stood at Rs. 16 Crores as compared to Rs. 11 Crores in the corresponding previous quarter Q4 FY2017, a significant growth of 46%. The EBITDA margins have also significantly improved by over 285 basis points to 12.9% on a year-on-year basis.

The reason for this increase in EBITDA margins is due to the better product mix and increased sale of higher margin products. The profit after tax is nearly Rs. 5 Crores in Q4 FY2018 as against Rs. 4 Crores in the corresponding previous quarter. This is year-on-year growth of 13%. Now moving to the full year performance highlights, the net revenues from operations were at 443 Crores in FY2018, a year-on-year growth of 15% as compared to Rs. 385 Crores last year. Exports in this year contributed to around 17% of total revenues, our key business verticals industrial switchgear as well as wires and cable have been key contributors to this growth this year.

The EBITDA for FY2018 was at Rs. 53 Crores, a year-on-year increase of 21%. PAT increased by 15% to Rs. 20 Crores in FY2018. Now moving onto the breakup of revenues as per the business division, the industrial switchgear division contributed almost 44% of the total revenues in this quarter and 45% for the full year FY2018. We have received very good enquiries from large OEMs for our Switchgear products and also particularly our new products like wire harnesses and three-phase transformers.

Also, we have increased our supply for these new products to the OEMs. Going forward we are confident that because of our high standards of quality, this demand will significantly improve. We have also seen good traction in our newly added product three-phase dry type transformers with various large OEMs. The wire and cable division has been the contributor to our revenues this quarter. Within the wire and cable division our focus has been to do brand labeling for major brands. We started branding for L&T and today we brand for Crompton Greaves consumer products, Texmo, E-FAB and several other multinationals in India.

In the last two years, we have also started to focus on giving value-added products like elevator travelling cables, hoist cables, UL approved wires to our various customers. This division contributed 51% of the total revenues of the company during the quarter and 49% for the full year FY2018. Moving onto the building segment product division, this is the only segment where we operate on a B2C basis. Although the contribution of the total revenue remains small, we are confident of increasing the contribution from this division in the next two to three years to around 10% level as it has opened us new opportunities in some new sectors.

In the real estate, we have got some annual rate contracts with certain major builders in the south. The building segment product division contributed around 5% of our revenues for the quarter as well as for the full year. The fourth division, energy management division, during the full year FY2018, we have been able to book revenues of nearly Rs. 5 Crores, which is only about 1% of our total revenues as this an order book driven business. We have participated in a new tender with EESL in the last year and are expecting the results of this tender in the next two months.

Apart from that in the current year, we will able to book the first-year revenues of approximately Rs.10 Crores from the Tamil Nadu project that we have taken up two years back. Our focus continues to remain on achieving profitable growth by adding newer products, which are customized and value added in nature exploring newer geographies, which can yield better margins. We are also constantly on the lookout for any new opportunities for technical associations to strengthen the base of our product offerings.

We had announced the acquisition of Salzer Magnet Wires in Q3 FY2018. I am happy to share that we have successfully completed the acquisition on March 8, 2018 and the financial results that we just discussed for the quarter includes only 24 days of Salzer Magnet Wires financials. This acquisition has helped us to expand our customer base and also helped us increase our product portfolio. Going forward, this acquisition will also help us improve the topline and the bottomline.

We are happy to share that our product three-phase dry-type transformers has been very widely accepted and we are seeing good traction in this business. We have been able to add new customers from new industry verticals like Solar, UPS, recycling industry and railways. We are confident about the prospects of this product and we are confident that this will be one of the biggest contributors for us in the coming future. I would once again like to thank everyone for your time and attention. We can now take questions.

**Moderator:** Thank you very much Sir. Ladies and gentlemen, we will now begin with the question and answer session. We have a first question from the line of Sudhir Bheda from Right Time Consultancy. Please go ahead.

**Sudhir Bheda:** Good morning Mr. Rajesh and congratulations for good set of numbers particularly Q4 and improvement in the margin. So, in view of acquisition and new products development and good traction in three-phase transformers, what kind of revenue growth and margin are you expecting in FY2019?

- Rajesh Doraiswamy:** FY2019, the acquisition itself will add us at least 10% of our revenue, so we should be growing at least by 15% minimum if everything goes normal, so overall we expect to clock at least Rs. 535 Crores for next year approximately.
- Sudhir Bheda:** And will there be any improvement in the margin in view of your increased contribution of switchgear business?
- Rajesh Doraiswamy:** I think that has been the constant focus of us to continue to improve our EBITDA and PAT margins.
- Sudhir Bheda:** Is the interest expenses likely to go up or it will remain the same?
- Rajesh Doraiswamy:** I think we have been able to maintain interest expense at the same level for the last three years now, I think we will continue to do that.
- Sudhir Bheda:** Thank you Sir and all the best.
- Moderator:** Thank you Sir. We have the next question from the line of Deepak Agarwal from Elara Capital. Please go ahead.
- Deepak Agarwal:** Good afternoon Rajesh. My first question is can you give more colour on this acquisition and how do you see the business from next two, three years' perspective because at the overall portfolio level this will increase the contribution from the wires business, so would it be margin decreative in that sense?
- Rajesh Doraiswamy:** It is very difficult for us to say which division is going to contribute how much because wire and cable is sometimes is a quarterly seasonal business. The fourth and the first quarter is always a high season business. So, in this quarter I think the contribution of wire and cable will always be higher, but our focus is always remained to grow profitable products. So, if you look at this year, I think there has been a severe increase in commodity price, which has also given a growth for the wire and cable though we have added volume growth also, but the business has overall compared to last year has grown by around 25% out of which 15% has come only because of the price increase than the rest of the volume growth whereas industrial switchgear business also has grown by around 17% compared to last year. Going forward we expect 45% revenues coming in from both industrial and wire and cable equally because we see the industrial switchgear business getting higher growth because of the new product additions like wire harness and three-phase transformers.
- Deepak Agarwal:** But with this magnet wires acquisition, the level of margin that you make in the magnet wires is it similar to kind that you made in cable and wire?
- Rajesh Doraiswamy:** Yes, similar to our wire and cable division.
- Deepak Agarwal:** And that plant also has its own manufacturing facility in Coimbatore?

- Rajesh Doraiswamy:** Yes.
- Deepak Agarwal:** My last question is on, how this...you mentioned something in your open remarks regarding the response of dry-type transformer, now how large this business opportunity can become if not in FY2019 but let us say FY2020, how large...?
- Rajesh Doraiswamy:** We are looking at clocking at least turnover between Rs. 90 to Rs. 100 Crores in two years' time.
- Deepak Agarwal:** Who are the main competitors in this segment for you?
- Rajesh Doraiswamy:** There are several companies in India, but all foreign companies, there is an Italian company called Eletromil, there is another German company called Schaffner. These are some of the foreign companies operating in India. Apart from that I think there are also one Chinese and one Indian company operating in India.
- Deepak Agarwal:** But any of these companies are having a manufacturing plant?
- Rajesh Doraiswamy:** Yes, we are all having manufacturing plants.
- Deepak Agarwal:** They are all having manufacturing plants?
- Rajesh Doraiswamy:** Yes, out of this five I think two of them are new, they have just come up along with us but the other three have been here for some time now.
- Deepak Agarwal:** Thanks a lot and all the best.
- Moderator:** Thank you very Sir. We have the next question from the line of Arun Kumar from India Capital. Please go ahead.
- Arun Kumar:** Mr. Rajesh, what is the valuation of this Salzer Magnet, how much was the topline of this something in the last three years on weighted average basis and how much EBITDA it was making. Secondly we were listening to your conference call for last three, four quarters, today also in your opening remarks, you have put a such a lucrative picture, but there is no risk factors in the industry or where you are standing apart from raw material prices, so what went wrong, you are still at the same market price where you were three years ago so why the market is not giving thing into you Sir?
- Rajesh Doraiswamy:** That is very difficult to answer for me because I will not be able to answer for the capital market, but if you look at us I think we have come through a very challenging business market situation in the last two years, only in the last six months the market we are seeing a little bit of traction and some growth, we are seeing in the local market in Indian market, but however as a company I think we have been able to grow at a 15% average CAGR for the last three years in this situation. Now, this year I think the starting of the year has not been very good because we have seen very steep increase in various raw material prices, plastics, commodities. There is also some shortage of raw materials, so because of such difficult scenario I think it is not easy to grow at 20% to

25% per year, which is what we want to do. So, having said that I think going forward we see good business because we have invested quite a lot in the new businesses and which we are seeing good traction particularly the wire harness, we have doubled the business last year from Rs. 9 Crores to Rs. 18 Crores. We expect to double that again this year and three-phase transformer we clocked the business of around Rs. 13.5 Crores last year and again we are trying to double that or even more in this year. So, these are some of the businesses that we have added, which is keeping us confident that we will be able to grow going forward. In terms of the magnet wires, you asked I think that is we did a business of around Rs. 70 Crores with 9% EBITDA for last year and while acquiring, I think there will be some intercompany sale that will get knocked off, so we will be adding maybe around Rs. 45 Crores of business on the topline.

**Arun Kumar:** We have taken it at our pricing of Rs. 5 lakhs share that 197 if I am correct plus Rs. 20 Crores cash?

**Rajesh Doraiswamy:** No, overall it is 10 lakh shares at 197.

**Arun Kumar:** 10 lakhs shares at 197?

**Rajesh Doraiswamy:** yes, no cash.

**Arun Kumar:** Okay Sir. Thanks a lot.

**Moderator:** Thank you Sir. We have a next question from the line of Devesh Mehta from Futuristic Investment. Please go ahead.

**Devesh Mehta:** Good afternoon Mr. Rajesh. You have acquired this magnetic wire, in future do you see a huge potential for electrical vehicles being applied in that?

**Rajesh Doraiswamy:** No, electrical vehicles as far as our products are concerned we will only be supplying to part manufacturers of electrical vehicles. We will not be able to supply anything directly to electrical vehicles. We can be a tier 2 vendor using our wire harness business; I think that is why we are growing our wire harness business, which can see good potential in the automotive. As far as the magnetic wire is concerned the product is used in motors.

**Devesh Mehta:** Okay. You can supply to the vendors of the electrical vehicles, you can supply to that?

**Rajesh Doraiswamy:** Yes, the magnet wires can be supplied.

**Devesh Mehta:** How much big opportunity you see in that segment?

**Rajesh Doraiswamy:** The EV business is still in a very nascent stage, so the potential can be very high. We will not be able to estimate it now; I have no figures right now.

**Devesh Mehta:** And this magnetic wire can be used in the charging stations also?

- Rajesh Doraiswamy:** No. magnetic wire is not used in charging, it is only used for motors and transformers.
- Devesh Mehta:** so, it can use in the parts of electrical vehicles?
- Rajesh Doraiswamy:** Yes, our wire harness is a product that can be used in charging stations as well as electrical vehicles.
- Devesh Mehta:** And, which are the other companies, which are operating in this segment in India at present of charging stations though harness wires, which you are manufacturing?
- Rajesh Doraiswamy:** There are many manufacturers of automotive wire harnesses in India; I think Motherson Sumi is the largest today.
- Devesh Mehta:** What is the potential you are envisaging in that segment?
- Rajesh Doraiswamy:** I think right now we are not into automotive wire harnessing. We have started this wire harnessing business one year ago. We are only into industrial wire harnessing, so from here I think we have to get to the automotive wire harnessing the product, the technology everything is same, I think we have to get to that customer base. Right now, our focus is on the industrial wire harnessing where we see a potential of at least 100 Crores in this business in the next year.
- Devesh Mehta:** But do you see any potential next two, three years this could be a big market on automotive wire harnessing?
- Rajesh Doraiswamy:** Automotive wire harnessing yes, can be very big basket if the cars can change to electric vehicle quickly, I think the electrical wire harnessing business will actually increase for actual.
- Devesh Mehta:** It can increase dramatically?
- Rajesh Doraiswamy:** Yes.
- Devesh Mehta:** Thank you very much.
- Moderator:** Thank you. We have a next question from the line of Kirti Jain from Sundaram Mutual Fund. Please go ahead.
- Kuthy Jain:** Sir, congratulations for excellent set of numbers. Sir, first I wish to know, just a bookkeeping question, the other income has been in loss, and why this quarter it happened like that?
- Rajesh Doraiswamy:** I think in the Ind-AS accounting has been done in the first few quarters, which is getting reversed now. It is not the negative; I think some reversal of entries from that.
- Kuthy Jain:** Okay Sir. Then the building products trajectory you are almost mentioning that it may triple in the next two to three year, so what are the building products for that?



- Rajesh Doraiswamy:** In building products business is that we were only manufacturing modular switch, and household wall switches that was the business that we started a few years ago and we have established a good network in almost seven states in country today. We are also doing some OEM business in that switches. The last year what we have done is we have added more products into that segment into our network like MCBs, distribution boards, and we have also added our own wires into that network. So by doing all these, we expect the business to double this year, so if we double I think it should be a 7% or 8% of our revenues going forward. Year after that I think we want to double that again. That is the plan that we have today. At the same time, we also have some OEM business going on there, which is also seeing good demand and increase in business.
- Kuthy Jain:** Sir, in this wires and cable, if my numbers are right, you have grown by 12% for the quarter, right Sir?
- Rajesh Doraiswamy:** For the quarter yes.
- Kuthy Jain:** For the quarter 12%, if we see the copper wires itself is up very significantly so there would have been a value growth also, so the growth looks very less in copper, is it a deliberate attempt honest to keep only the profitable business or the market was sluggish on the copper side?
- Rajesh Doraiswamy:** This quarter actually the market was sluggish. This quarter growth has been mainly because of the price, but on a year-on-year basis I think we had a volume growth of around 15%.
- Kuthy Jain:** For full year right, Sir?
- Rajesh Doraiswamy:** Yes, full year. For the full year, the total growth has been 27% on wire and cable and 17% on switchgear division.
- Kuthy Jain:** The inventory had increased on the balance sheet closing date?
- Rajesh Doraiswamy:** That is mainly because of the acquisition that we did, I think we had a Rs. 22 Crore inventory that got added because of the acquisitions.
- Kuthy Jain:** So, the debt and everything is included now, that is harder...?
- Rajesh Doraiswamy:** Even debt also I think around Rs. 18 Crores of debt has been included that is the reason that you see a jump in the debt and the inventory.
- Kuthy Jain:** Thanks and wishing you great for the next year.
- Moderator:** Thank you. We have a next question from the line of Mukesh Chawla from MM Chawla Consultancy. Please go ahead
- Mulaji:** Good morning Mr Rajesh, this is Mulaji from Mumbai. Congratulations on good set of numbers. I am just trying to address to one of the question raised by the previous investor about the rating given by the market probably is it not a better way to show our transformer business, wiring

harness business, etc., separately rather than merging it into the industrial switchgear business or may be the wire and cable because probably the industrial switchgear business may not attract good multiple whereas transformer business, wiring harness business may attract a good valuation.

**Rajesh Doraiswamy:** That is good suggestion. Definitely we will think over this point and then we will take a decision on this.

**Mulaj:** I think you are also trying to double these businesses over two, three years, every year you are trying to double that business, so I am sure we can get better valuation for that.

**Rajesh Doraiswamy:** I agree I will definitely think on this Sir.

**Mulaj:** One more thing about dry transformer what is the traction and how do you look at that business going forward?

**Rajesh Doraiswamy:** Sir, as I mentioned we have done a Rs. 13.5 Crore business last year. We are looking at doing at least Rs. 30 Crores this coming year and the next two years we want to do at least Rs. 90 Crores of business in this. We have got some very good orders from BHEL, a company called Delta. We are working with GE locomotives for their locomotives for transformers. There are very large OEMs that we are working on this product.

**Mulaj:** All the very best. Thank you so much for taking my questions.

**Moderator** Thank you. We have a next question from the line of Megha Hariramani from Pi Square Investments. Please go ahead.

**Megha Hariramani:** Thank you so much. My question is on the margin side since you laid out lot of guidance on different verticals that we are looking to expand or double our revenues from, how would the margin profile look like in FY2019 and FY2020 based on our estimate?

**Rajesh Doraiswamy:** We definitely see a constant improvement on the EBITDA margin; I think if you look at year-on-year basis, I think we have almost increased by around 2% almost. We would constantly try to increase the EBITDA by at least 1% going forward in the next one year, 0.5% to 1% is what we expect this EBITDA to increase.

**Megha Hariramani:** And the product mix, how would that look like then?

**Rajesh Doraiswamy:** Product mix we are definitely trying to keep it at what we are today 45% on switchgear and 45% on wires and cable, I think that is our focus and target. If there is a possibility then we will try and increase the switchgear revenues in the overall share, which can only increase the EBITDA margin, but right now we see that both these divisions going at around 45% each, contributing 45% each.

**Megha Hariramani:** And the growth would be faster than the wire and cable overall?

- Rajesh Doraiswamy:** Yes.
- Megha Hariramani:** In the upwards of 12%, 13% or even higher than that?
- Rajesh Doraiswamy:** I think between 15% and 20% is what we see.
- Megha Hariramani:** And industrial will continue at 10%, 11% or it will?
- Rajesh Doraiswamy:** No, I am talking about Industrial will continue to grow at 15% to 20%.
- Megha Hariramani:** And what about wire and cable then?
- Rajesh Doraiswamy:** Wire and Cable should be around 15% on a volume growth, but wire and cable also depends lot on the pricing, the copper price is not in our hand, so that can change significantly if the market change, but on a volume growth we see 15% growth in volumes.
- Megha Hariramani:** Alright. That is it from my side. Thank you.
- Moderator:** Thank you. We have the next question from the line of Ayush Batada from Equitas Investments. Please go ahead.
- Ayush:** Sir, so what were our revenues from three-phase transformer this year versus last year?
- Rajesh Doraiswamy:** Last year was almost nothing because we just started only in January 2017. This full year we have done around Rs. 13.5 Crores.
- Ayush:** Rs. 13.5 Crores, this year we are expecting how much?
- Rajesh Doraiswamy:** Close to 30.
- Ayush:** Close to Rs. 30 Crores and same for wire harness, what were our revenues this year versus last year?
- Rajesh Doraiswamy:** This year was 18, last year was 9.
- Ayush:** Last year was 9, and this we are expecting to go to?
- Rajesh Doraiswamy:** Around Rs. 33 Crores, Rs. 32 Crores.
- Ayush:** And also about this DC load breaks, which is the product that we have started I guess this year onwards?
- Rajesh Doraiswamy:** Yes, I think that is just an expansion of our existing product portfolio, we already had AC load break and we added DC load breaks photovoltaic switches, so business is continuing, business is going on.

- Ayush:** So what was the contribution from this product?
- Rajesh Doraiswamy:** DC load break switch product alone I do not have the figure, but approximately I think we should have done Rs. 4 to Rs. 5 Crores last year.
- Ayush:** You have mentioned in your presentation that you have a very good potential for the spread in the Australia region?
- Rajesh Doraiswamy:** Yes, I think we launched in Australia, I think the first year was very good. We did around Rs. 8 Crore business, naturally the second year will be a little bit dropping because it was mostly the channel stocking was happening, so now we will see the normal business going on.
- Ayush:** And what about GE transportation 10 year contract, what is the total contract value?
- Rajesh Doraiswamy:** As I had mentioned in my last call itself the GE transportation contract was for contactors the product called contactors for 10 years. The value of the contract is not very high, I think for 10 years it is around Rs. 10 to Rs. 11 Crores, so it is Rs. 1 Crores per year that is the value of the contract for that particular product, but the potential of getting an association with GE locomotive is that we have now submitted our transformers for their approval and we have started looking at exporting the contactors to their global requirement, so these are the potentials that we look at, but right now the contracts that we have is only for Rs. 11 Crores for 10 years.
- Ayush:** And one last thing, so what would your major raw material cost?
- Rajesh Doraiswamy:** Right now our major raw material is copper and also lot of plastics that we use.
- Ayush:** Copper and Plastics.
- Rajesh Doraiswamy:** PVC. Yes.
- Ayush:** Thank you. That is it from my side.
- Moderator:** Thank you Sir. We have a next question from the line of Harsh Vijay Shah from Edelweiss. Please go ahead.
- Harsh Vijay Shah:** Looking at the recent volatility in the copper prices, what is the outlook for the copper prices going ahead in the near term?
- Rajesh Doraiswamy:** It is very difficult to predict copper prices, but looking at various reports we see that this is going to go up by at least 5% to 7% in this year that is what the various reports says on an average, but short-term fluctuation actually does not affect us because we buy on an average and sell on an average.
- Harsh Vijay Shah:** And just one holistic question on the futures of the cables business of the company, the growth potential that you are seeing for cables business, so are you also eyeing on some additional

regions from where the growth can come, are there any demands in the regions, which you have not tapped in or are they the same region, but the demand is increasing in that regions?

**Rajesh Doraiswamy:** Talking about the exports or?

**Harsh Vijay Shah:** Exports.

**Rajesh Doraiswamy:** Exports, we think we are only exporting our industrial switchgear products right now. Our wire and cable exports are very minimal today, so majority of our exports happens from our industrial switchgear division and we are almost exporting to more than countries today out of which 30 are very active and the 10 countries or 10 distributors in 10 different countries are now once a year kind of regions. We are trying to add more regions. This year we have added Egypt, we have added Kenya, Australia we added last year, and we have also added Philippines last year. So these are some of the new regions that we have added, so what we constantly do is we sell through distributors, so we try to put all our products to all distributors sometimes some distributors take all products, sometimes they do not, so we try to push all products to all distributors and at the same time, we also expand the region.

**Hersh Vijay Shah:** So, which are the key regions that you are seeing the growth currently?

**Rajesh Doraiswamy:** Right now, US is growing at a very fast pace for us, UK has been doing well; UK is part of Europe for us. We are also exporting to Germany. Germany has been good for us. In the last six to eight months, I think the Middle East also has been better, but we see growth coming from US and Europe.

**Hersh Vijay Shah:** US and Europe will be the main growth driver going forward?

**Rajesh Doraiswamy:** Yes.

**Hersh Vijay Shah:** Okay. That is from my side. Thank you.

**Moderator:** Thank you very much Sir. Ladies and gentlemen, that was the last question. I will now hand the conference over to the management for his closing comments. Over to you Sir!

**Rajesh Doraiswamy:** Once again I would like to thank everyone for joining this annual quarterly conference call. Thank you all.

**Moderator:** Thank you very much Sir. Ladies and gentlemen on behalf of Edelweiss that concludes this conference call. Thank you all for joining with us. You may now disconnect your lines.