



CG Power and Industrial Solutions Limited Q2 FY24 Earnings Conference Call

October 20, 2023



MANAGEMENT: **MR. N. SRINIVASAN – MANAGING DIRECTOR**
MR. SUSHEEL TODI – CHIEF FINANCIAL OFFICER
MR. RAMESH KUMAR – PRESIDENT INDUSTRIAL
DIVISION
MR. MUKUL SRIVASTAVA – PRESIDENT SWITCHGEAR
DIVISION
MR. AJAY JAIN – VICE PRESIDENT, TRANSFORMER
DIVISION
MR. CHIDAMBARAM BALAKRISHNAN – VICE
PRESIDENT RAILWAY DIVISION

MODERATOR: **MS. MS. RENU BAID PUGALIA – IIFL SECURITIES**

Moderator: Ladies and Gentlemen, Good day and welcome to CG Power and Industrial Solutions Limited Q2 FY24 Earnings Conference Call hosted by IIFL Securities 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 any assistance during the conference call, please signal an operator by pressing ‘*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Renu Baid. Thank you and over to you, ma’am.

Renu Baid: Thank you. Good afternoon everybody. On behalf of IIFL Securities I would like to welcome you to the Q2 FY24 Earnings Call of CG Power and Industrial Solutions Limited.

From the management we have with us today, Mr. N. Srinivasan – Managing Director, Mr. Susheel Todi – Chief Financial Officer, Mr. Ramesh Kumar – President Industrial Division, Mr. Mukul Srivastava – President Switchgear Division, Mr. Ajay Jain – Vice President, Transformer Division and Mr. Chidambaram Balakrishnan – Vice President Railway Division.

So, all the business heads are here with us along with the senior management team. Without taking much time I would now like to hand over the call to Mr. N. Srinivasan for his opening comments after which we can open the session for Q&A. Thank you and over to you, Sir.

N. Srinivasan: So, thank you Renu. Good afternoon, ladies and gentlemen.

Let me first extend a warm welcome to you all for the Q2 FY24 Annual Earnings Call. I am Natarajan Srinivasan – Managing Director of the Company. My colleagues, Ramesh Kumar, Mukul Srivastava, Chidambaram Balakrishnan, Susheel Todi and Ajay Jain are all with me in person or over the call. They have already been introduced by Renu Baid.

I will straightaway move to company performance. Q2 FY2023-24 performances:

Sales grew year-on-year by 20% and profits before tax grew by 24%. Both the sales of INR 1,900 crores and profit before tax of INR 293 crores achieved during Q2 of FY24 is the highest ever for Q2 in recent times.

Order book as on hand as of 30th September 2023 aggregate to INR 5,229 crores. Standalone financial results aggregate sales for the quarter were higher at INR 1,900 crores recording a growth of 20% year-on-year and higher by 8% quarter-on-quarter. Profit before tax before exceptional items was at INR 293 crores a 15.4% of sales in Q2 of FY24 as against INR 237 crores 14.9% of sales in Q2 of FY23 and INR 256 crores 14.5% as sales in Q1 of FY24. Margins were higher year-on-year on account of execution of export orders with better margins and lower finance cost.

Our annualized ROCE for Q2 FY24 was at 44%, free cash flow generated during the quarter was INR 319 crores, order intake for Q2 FY24 was INR 2,232 crores as 22% growth year-on-

year and unexecuted order book as on 30th September 2023 was at INR 5,229 crores a growth of 44% on year-on-year.

Segment wise performance:

Industrial Systems aggregate sales for the quarter were higher at INR 1,283 crores recording a growth of 17% year-on-year and 2% quarter-on-quarter, profit before interest and tax was at INR 207 crores 16.1% of sales in Q2 of FY24 as against INR 195 crores 17.8% of sales in Q2 of FY23 and INR 197 crores 15.7% as sales in Q1 of FY24. Margins are in line with Q1 of FY24 margins. Order intake for Quarter 2 FY24 was at INR1,113 crores, a 4% growth year-on-year and unexecuted order book as on 30th September was at INR 1,866 crores, a 13% growth year-on-year.

The Power Systems aggregate sales for the quarter were higher at INR 619 crores recording a growth of 25% year-on-year and 21% quarter-on-quarter. PBIT was at INR 103 crores 16.6% of sales in Q2 of FY24 as against INR 55 crores 11.2% of sales in Q2 of FY23 and INR 63 crores 12.3% of sales in Q1 of FY24. Margins were significantly higher year-on-year on account of execution of export orders with better margins, improved pricing due to the demand environment and better operating leverage.

Order intake for Q2 of FY24 was INR 1,118 crores, 47% growth year-on-year and unexecuted order book as of 30th September 2023 was INR 3,363 crores, 71% growth year-on-year. Financial results consolidated, consolidated results include performance of operating subsidiaries at Sweden, Germany and Netherlands, CG Adhesive Products Limited and other non-operating and holding subsidiaries.

The Company has received the proceeds against sale of subsidiary, QEI in USA in this quarter. Aggregate sales for the quarter were higher at INR 2,002 crores recording a growth of 20% year-on-year and 7% quarter-on-quarter. Profit before tax was at INR 303 crores 15.1% of sales in Q2 of FY24 as against INR 237 crores 14.1% of sales in Q2 of FY23 and INR 263 crores 14% of sales in Q1 of FY24.

Unexecuted order book of drives and automation in Europe as at 30th September 2023 was INR 121 crores. So, key events, the Board of Directors today approved a proposal to expand the manufacturing capacity of switchgears at its plant in Nashik at INR 155 crores, power transformers Bhopal at INR 31 crores for addition of 10,000 MVA capacity and high-tension motors in Bhopal INR 35 crores.

In August of 2023, the company and JC Flower Asset Reconstruction Company (JCFARC) to which Yes Bank has assigned its stressed loans, have entered into a settlement agreement for the pending litigation on the company making a payment of INR 42 crores. JC FARC will unconditionally withdraw all the cases pending and initiated, and the Company will be fully discharged from all the obligations if any.

Unaudited financial results with detailed notes are available as part of the Stock Exchange filing, the company's website. Between myself and my colleagues we will be happy to answer any questions. Thank you.

Renu Baid: We can move to the Q&A session now.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question will be from the line of Ankur Sharma from HDFC Life. Please go ahead.

Ankur Sharma: So, first question was on the industrial system business while the top line PAT EBIT margins, of course, were very good. Just on the order inflows where we see a 4% growth for the quarter. So, if you could just help us understand where is this slowdown in orders coming from either is it because of channel destocking, is it because of some rail orders getting deferred or is there a slowdown in some other sector, just trying to understand this slowdown in orders this quarter on the industrial side?

N. Srinivasan: So, I think you answered the question yourself. So, in this year motors actually a large part of the sales take place through channel partners. Therefore, channel partners depending upon the external environment they decide to go slow or go fast or aggressive on the stocking currently because of the difficult environment both globally and also in India given the elections, etc., they would like to be a little cautious.

While we are not seeing any slowdown or big thing in the underlying demand, but channel partners actually have been very conservative in making the orders and stocking. I think this will continue for some more time.

Ankur Sharma: And anything to talk about on the rail side as well, I mean, is there any slowdown in terms of ordering from the rail side from ICF or any other thing you want to flag off?

N. Srinivasan: So, they have a system of tenders as per which the time-to-time they release tenders. The only the large orders like further Vande Bharat trains, etc., that I think that we don't know only as and when it is announced probably there whether it will come now or after the election's, etc., are not very clear, but normal procurement is going on as per schedule.

Ankur Sharma: So, the regular ones are still very much on and lastly sir on the Power T&D side clearly order inflows have been very, very strong so have been margins. So, if you could just help us understand where these orders are coming from because clearly Power Grid has been struggling for some time. So, is it more state orders, is it more private sector driven orders because on TBCB orders haven't really been a lot, right? So, where are these orders coming from, should it help us?

N. Srinivasan: We have been generally our preference to accept orders from EPC contractors, then private parties and some select utilities. I think the orders are from everyone are there.

- Moderator:** Thank you. The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.
- Mohit Kumar:** So, my first question is sir on the CAPEX which you announced on the Switch gear. Is it primarily meant for transmission? Is my understanding correct?
- Mukul Srivastava:** Actually, our expansion projects for switchgear is in all segments, both for transmission as well as distribution.
- Mohit Kumar:** My second question is on, of course, the order intake for industrial has been low, does it mean that the growth on industrial side will get impacted for next few quarters and you start pick up maybe post the election, is that a fair understanding?
- N. Srinivasan:** No, I think I answered this question earlier. Beyond this, I don't think your clarity is as much as our clarity.
- Mohit Kumar:** Is it possible to let us know sir the growth in low tension AC motors in H1 and large industrial motors separately?
- N. Srinivasan:** We don't give this data separately.
- Moderator:** Thank you. The next question is from the line of Ravi Swaminathan from Spark Capital. Please go ahead.
- Ravi Swaminathan:** My first question once again is in terms of the order inflow for the motors business. Yes, we understand that domestically there seems to be kind of a temporary pause in terms of growth. But in terms of exports of these motors, earlier in the calls you used to mention that exports is another revenue which we are kind of exploring, but given the domestic demand we are yet to cater to it. Now can that be a big growth driver incrementally, so is that something that can happen over the next few months or few quarters till elections get over?
- N. Srinivasan:** No, few quarters I don't know, but otherwise exports is something which you have to do lot of spawework the product has to suit local conditions, globally you must have some ability to service, you must appoint dealers. A lot of things are there. So, therefore over the few quarters it can happen. If you ask immediately, I'm not sure.
- Ravi Swaminathan:** And, if you can touch upon the other possible growth drivers like supply of motors to EVs and also the consumer durables piece, where are we, what is the kind of run rate that we are doing in terms of revenue if you can share that, it will be great?
- N. Srinivasan:** Supply of motors to EV will take some more time. Unfortunately, the time and again I am saying it is a long term project, it will take some more time. I'm not seeing this happening, at least in this financial year. Similarly, on the consumer goods actually you see industry is actually a little bit of a slowdown. It's nothing great to talk about.

- Ravi Swaminathan:** Would we have seen growth this quarter in the consumer durable piece, and what would have been the revenue run rate in that particular sub segment?
- N. Srinivasan:** Revenue, we cannot give separately, we are giving it as one segment only. So, very, very marginal growth I would say.
- Moderator:** Thank you. Next question is from the line of Nitin Arora from Axis Mutual Fund. Please go ahead.
- Nitin Arora:** When we look at your revenue growth for the first half is still 16%, you articulated even in the last quarter that you are facing little capacity challenge plus now the destocking which we are seeing...
- Moderator:** I believe we have lost the question. So, I see that we have the next question from the line of Charanjit Singh from DSP. Please go ahead.
- Charanjit Singh:** So, my first question is regarding the transformer market itself, if you can touch upon the overall demand supply scenario, how you are seeing from the overall demand perspective, this market growth in the next one to two years and the supply, how much gap you think is there in the transformer demand supply?
- N. Srinivasan:** So, I may not be able to tell you how much the gap will be there because gap will manifest in longer delivery time somebody, if you are not, you can say somebody if I get like a quote note today I will say I'm booked for next 10 months so I'll be able to give you after 11 months because of the huge investment that is happening in the power sector, demand for transformers has generally been growing. All the transformer manufacturers have got good orders. So, to answer your question next two years, definitely they'll have good orders.
- Charanjit Singh:** And sir on the realization front, are we able to take any kind of a price increase or the price remains very competitive on the transformers market?
- N. Srinivasan:** So, generally it depend on customer-to-customer it is all based on tenders. Therefore, you can take a call whether you want to accept the order or not. So, if it is utilities, they'll go strictly by tender. If it is EPC and private, there is some scope for negotiation. So, I would say, price we have been getting actually are quite reasonable.
- Charanjit Singh:** And last question from my side on railways specifically if you can give the number for the first half, what was the revenue run rate and any further specific applications for railways which you are working on and maybe within the traction transformers motors and power electronics how has that led currently for us for Indian Railways?
- N. Srinivasan:** No, railways generally we don't give a separate turnover. We give along with industrial, but generally we are continuing to grow continuing to perform as what we performed in the last year there is no issue. So, with respect to the other questions unless there is specific power electronics

is big thing, all of us are working on various initiatives, but nothing is there specifically I can answer otherwise very difficult for me to give an answer.

Moderator: Thank you. Next question is from the line of Nitin Arora from Axis Mutual Fund. Please go ahead.

Nitin Arora: Sir, my question was just as in the last quarter, you articulated that your little capacity constraint and not able to execute the full order and it's clearly reflecting in your first half revenue growth, which is 16% despite order growing much faster plus now the stocking thing which is happening also partly because of slowdown what we hear how one should track, this should be the revenue growth run rate one should maintain till the new capacity comes, at least, for the next 1 and half years.

N. Srinivasan: One and half years I won't be able to say at least for the remaining part of the year, this is something which minimum we will be able to do.

Nitin Arora: And sir just on the destocking part, I understand because generally it also driven sentiment by sentiment itself though as you articulated that ground reality could be different. But generally, as far as inquiries are concerned on the industrial side specifically, can you throw some light, have the inquiries gone up in the last six months? What is happening at the ground level sector wise, which you normally talk about, just few lines on that?

Ramesh Kumar: Actually, from the industry side enquiries on the CAPEX coming it is not very much increased over last six months, but it is not gone down also. The finalization and the procurement is getting delayed a bit. So, that is how we are able to see degrowth in that. This generally happens just before the elections people will be very careful in expanding it.

Moderator: Thank you. The next question is from the line of Rahul Gajare from Haitong Securities. Please go ahead.

Rahul Gajare: I'm coming back to the order intake number of 4% in this particular quarter. I want to know if this has the lower copper prices and therefore, did you have to take price cuts in the industrial business which is getting reflected in the order intake. Is there a connection on that front?

Ramesh Kumar: See last time also I have told the same thing. See when sudden rise and sudden drop that definitely affects the sentiments of the people who are stocking it. So, we don't know where the bottom is for the copper. So, that is the way generally market also expects that the price will be cut, so that is the reason we are also being very, very careful in booking the orders especially from channel partners.

So, they are also very careful in stocking the material because of price fluctuation. So, that is how this little bit of low order input because we also don't want to take a long because our deliveries are 4 weeks to 6 weeks. So, we don't want to take a long commitment of orders into our system.

- Rahul Gajare:** But you're saying that you have not taken any price cut that's how one can interpret this?
- Ramesh Kumar:** Yes.
- Rahul Gajare:** Sir, now with respect to your export business, I know maybe a year, year and a half back like you were talking about it will take about 1.5 years to two years to set up branch network, service network in overseas market. So, I want to understand where are we on our export journey, given that we are ramping up capacity also. So, both on transformer side and motor side, where are we?
- N. Srinivasan:** It will take time. So, we are ramping up means we have only announced, we have only started implementing the capacity buildup will take two years' time. The transformer project will get completed in about 15 months from now and even then after that there are domestic demand are high I don't know whether we will immediately start exporting transformers, depends on how much order book we have. So, it is a little bit time away.
- Rahul Gajare:** Sir, if I have not mistaken your transformer capacity was hovering around 55% to 60%, is that right or that has materially changed now utilizations?
- N. Srinivasan:** I don't have the number with me. I will have to check. See, I think transformer some amount of transformer capacity will be having to be given for servicing, some of the requests from the customers. So, that will go some amount, some amount will be used for production, it may be close to about 70 or 70 plus.
- Moderator:** Thank you. The next question is from the line of Subhadip Mitra from Nuvama Institutional Equities. Please go ahead.
- Subhadip Mitra:** Sir, I wanted to understand that given that you are seeing capacities that are being added across transformers as well as switchgears, with the expanded capacity that you now have across both power and industrial, what level of revenue are you looking to reach, I mean, how much of revenue can this expanded capacity support?
- N. Srinivasan:** So, I think the transformer will give me about and when it is fully expanded and fully used for capacity utilization you have to assume at 90% or so. So, the transformer will give me about INR 1,500 crores and then the switchgear will give me about INR 600 crores.
- Subhadip Mitra:** And on the motor side your existing capacity would be able to support how much revenue?
- N. Srinivasan:** Existing capacity means we manufacture the different categories are there. We manufacture roughly about 1,00,000 motors per month.
- Subhadip Mitra:** So, is there any ballpark number of revenues that one can look at from motors based on existing capacity before you need to go for CAPEX?

N. Srinivasan: We have already announced the CAPEX to double the capacity. Motor we already announced the capacity to double the manufacturing capacity.

Subhadip Mitra: So, I was just trying to get an linking as to on that double capacity what is the max top line that one can look at let's say over the next two to three years?

N. Srinivasan: No, it will take as and when the project is completed and assuming 85% to 90% capacity utilization, you can say about INR 2,800 crores to INR 3,000 crores volume growth will be there.

Subhadip Mitra: My next question is actually with regard to the power segment margins. I think we've seen some very robust margins in this particular quarter. Is there any one off or any export-related order or anything of that sort of this can be the sustainable margin going ahead?

N. Srinivasan: Some export orders that we have given in the comments also export orders was definitely there as a mix product mix probably has contributed to this extra margin.

Subhadip Mitra: And do you see that this quantum of exports is something that will sustain going ahead or it will be sporadic?

N. Srinivasan: We cannot say it's not sustainable like I can't say every month or every quarter this will be there. I can't say that.

Subhadip Mitra: Lastly, would you be giving any guidance for how you see let's say top line growth or in margins over the next, let's say, 1 and half, 2 years, let's say over 24 and 25?

N. Srinivasan: 'We don't give guidance.

Moderator: Thank you. The next question is from the line of Ashish Golechha from Ajit Securities. Please go ahead.

Ashish Golechha: Sir, my two questions, the first question was as per the recent TV interview, there was a discussion that the company is in talks to acquire a listed or unlisted firm in the transformer sector. So, wanted to understand how close we are to that thing and would that acquisition the EPS accretive from day one. Second sir with respect to railways, are we planning to bid a consortium with any large partners if it is in line and with respect to the cash on the balance sheet as per the numbers declared what do we plan to make use of it. I see INR 149.34 crores as on the half yearly numbers.

N. Srinivasan: So, I think on the questions on acquisition and then bidding for consortium the answer is no, there is no such things that we can report on as of now. The third aspect is cash is there, but likewise we have got expenditure also we have to pay tax, we have to pay dividends and we have to finance all the CAPEX expenditure, so therefore the cash will be used for all this.

Ashish Golechha: But the acquisition is still in process, or it will take some time?

- N. Srinivasan:** Nothing is there that I can report.
- Moderator:** Thank you. The next question is from the line of Ms. Renu Baid from IIFL Securities. Please go ahead.
- Renu Baid:** My first question is to understand while you have articulated the power sector buoyancy in demand and supply constraints; price equation which has now turned in favor of the suppliers, do we perceive this situation to sustain for two to four quarters until the suppliers expand capacity? As a result, can we expect margins in the power segment at the EBIT level could be closer to these mid-teens for a few more quarters?
- N. Srinivasan:** So, I think we are working hard, that's all I can say. You know the price of copper moves or CRGO steel, we have no control over all that. So, with all that whatever best possible we are doing so. But generally, I think whatever prices we are getting, the demand supply whatever the equation currently is there is likely to continue. Therefore, I feel at least for a few quarters' things should be okay.
- Renu Baid:** And on a broad basis given capacity expansions are underway, we are also upgrading our portfolio of new applications in the industrial segment. Structurally, do we perceive that our business can sustain these margins for a longer-term perspective?
- N. Srinivasan:** It is very difficult question to answer. If longer term means in how many years I mean nobody has...
- Renu Baid:** Sir it's two to three years if not longer than near to medium term?
- N. Srinivasan:** You know the external geopolitical environment two days back when I was listening to the TV some analysts were saying that how steel prices are going to go up. So, like that we have in our industry the material cost is quite large, substantial portion of cost of manufacture. Nobody can predict to long term.
- Renu Baid:** On power capacity addition, while the 10,000 MVA expansion which you have announced today be largely for the domestic market? And any plans to add new capacity or a new facility for export of transformers?
- N. Srinivasan:** So, we have to digest this first totally from 17,000 now we are moving to 35,000. We have to implement this in full and get this commissioned and start manufacturing then only we will anything extra can be though through.
- Renu Baid:** One question for Ramesh sir, in terms of the industrial business, we did mention of good traction in the HT motor business for us. So, any updates in terms of how the market share gains have moved this was one segment where market share for CG had compressed a bit in the last 18 months, so how is the trajectory there?

- Ramesh Kumar:** See Quarter 2 results have not been announced, but Quarter 1 we have 300 bps increase in market share for large industrial machine. That's as per IEEMA data.
- Moderator:** Thank you. The next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.
- Aditya Mongia:** My first question was more on the margins in the industrial Systems segment given the recent weakness in incremental growth, is there a case for margin slipping below 15% in the segment or can they hold steady at the numbers that are currently coming in?
- N. Srinivasan:** It depends on the input cost. If input costs go then the margin will take a hit otherwise we can manage that.
- Aditya Mongia:** Second question was on the new capacity expansions that are being talked about right now, which are primarily focused on the power systems division, I wanted to get a sense of that as is going to be the case in industrial systems, wherein it is going to be return accretive or hugely return accretive. Will these capacity expansions also be of a similar nature for the power systems business?
- N. Srinivasan:** I don't get your question, what did you say?
- Aditya Mongia:** What I am trying to ascertain is that at least our thought process is that an industrial system the capacity expansion announced will meaningfully improve the cost structure and the business returns for the entire industrial systems segment. The expansion that has been announced for power systems, are they also Brownfield in nature, can meaningfully improve the cost structure cash returns for the segment?
- N. Srinivasan:** If not, otherwise we will not take it up. The board will not clear, investment committee will not clear. These projects are per se more than viable. They have decent IRR plus payback otherwise we will not touch it.
- Aditya Mongia:** The last question was more on the export portfolio and it's a more forward-looking question. You expect exports to become a bigger number next three years, let's say three years from now in the mix of exports what will be the largest component, would it be motors followed by power transformers or can railways be a meaningful portion as well inside?
- N. Srinivasan:** Difficult to say because all of them have got potential transformers also has got good potential and as you know CG has been in the forefront for export of transformers. So, supposing good orders come, and value will be higher. One order of transformer will be quite higher than large motors we will have to sell lot of motors, it will be difficult to say.
- Aditya Mongia:** Put differently at a global level is your cost structure on a relative basis in motors is much better than that in transformers or is it as in both parties can win really big overtime given the cost structure that you have?

N. Srinivasan: I don't have the cost data to answer your question scientifically, I don't want to say what I feel, but I don't have the cost data. So, the transformer, etc., is tender therefore, if my team has accepted, then I think that is generally good and I don't quote a price which is not acceptable to me. Motors is a different cup of tea. We'll have to produce and then go and stock and then sell. So, and then depending upon what is the exchange rate, etc., we'll get the money. So, I don't have this is very difficult to answer.

Moderator: Thank you. The next question is from the line of Rajesh Vora from Jainmay Venture. Please go ahead.

Rajesh Vora: First question is on is there a capacity constraint that could have led to any sacrifice in revenue sir in this first half for this year, second quarter?

N. Srinivasan: No, nothing of that sort.

Rajesh Vora: For the first-time power system division, EBIT margins have crossed 16% and higher than industrial system division margin. So, could you explain the reason while industrial has seen a decline YoY, one quarter is, of course, not to really read too much into, but just to understand the dynamics and can power system division sustain this level of 16% EBIT margin on a medium term basis?

N. Srinivasan: I think we answered this question earlier. So, the power system consists of switchgear transformers there are number of orders, each order will be different there. Each margin for each order will be different, export will have different model, different margin and then you know the type of transformer each one will be different. Therefore, we will not be able to clearly say it's not like a one set pattern that will emerge all the time. This quarter everything has been quite favorable. Therefore, the margins are higher, but I cannot say that we will be able to maintain this. Margins will be decent, I would say, should not be very low or we don't see the situation. This will be going as a general trend that is prevailing and our own order book, etc. I think margins will be decent.

Rajesh Vora: No, I think the congratulation to the whole team, I think in the last 2 years, 3 years and tremendous turnaround in margins and even at a company level now PBT margins are 15% in this quarter which is record high and we used to have EBITDA margin at that level. So, it's great work done.

One last point on the export side, what small exports are we doing that you mentioned in this press release, what are the products?

N. Srinivasan: So, exports actually transformers, switchgear, motors, all the three are exporting also in a very small level. So, the idea is to scale it up maybe in about the next year or year after gradually we want to scale it up.

- Rajesh Vora:** So, what sort of if you can give a little bit of idea about how are we, what is the sales model out there are we going through distribution channel, are we putting it in our own brand how does it work?
- N. Srinivasan:** Motor we do through distribution channels. The others will be responding to inquiry transformer and switchgear will be responding to inquiry.
- Moderator:** Thank you so much. As there are no further questions from the participants, I now hand the conference over to Ms. Renu Baid for closing comments.
- Renu Baid:** Thank you, everyone. On behalf of IIFL Securities, I would like to thank the management for giving us the opportunity to host the call and audience for being patient. NS sir any closing comments from your side?
- N. Srinivasan:** No, nothing special actually. I want to just thank everyone for the interest on the Company, that's it..
- Renu Baid:** Thank you and we can close this call at this moment.
- Moderator:** Thank you. On behalf of IIFL Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.