



## HPL Electric & Power Limited

CIN : L74899DL1992PLC048945

Corporate Office : Windsor Business Park, B-1D, Sector-10,  
Noida - 201301 (U.P.) | Tel.: +91-120-4656300 | Fax. +91-120-4656333  
E-mail : hpl@hplindia.com | website: www.hplindia.com

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The Manager,  
Listing Department,  
**National Stock Exchange of India Ltd.**  
"Exchange Plaza", C-1, Block G,  
Bandra-Kurla Complex, Bandra (E),  
Mumbai - 400 051  
**Symbol: HPL**

**BSE Limited**  
25<sup>th</sup> Floor, New Trading Ring,  
Rotunda Building,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai - 400 001  
**Scrip Code: 540136**

### Subject: Transcript of Conference Call with the Investors/Analysts

Dear Sir

This is with reference to the intimation dated 8<sup>th</sup> February, 2018 made by the company about the Conference Call scheduled for Investors/Analysts on Wednesday, 14<sup>th</sup> February, 2018. A copy of Transcript of the conference call held with the Investors/Analysts is enclosed herewith and the same is also available on the Company's website i.e. [www.hplindia.com](http://www.hplindia.com).

Kindly take the same on record.

Thanking You

Yours Faithfully  
For HPL ELECTRIC & POWER LIMITED

Vivek Kumar  
Company Secretary



Encl: As above



**HPL Electric & Power Limited**  
Q3 and 9M FY2018 Earnings Conference Call

February 14, 2018



**Management:**      **Mr. Gautam Seth, Jt. Managing Director, HPL Electric**  
                             **Mr. V.R. Gupta, Director, HPL Electric**

**Analyst:**             **Mr. Harshit Kapadia, Elara Securities**



**Moderator:** Ladies and gentlemen good day and welcome to the HPL Electric and Power Limited Q3 FY2018 Earning Conference call hosted by Elara Securities Private 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 telephone. I would now like to hand the conference over to Mr. Harshit Kapadia from Elara Securities Private Limited. Over to you Sir!

**Harshit Kapadia:** On behalf Elara Securities we welcome you all for the Q3 FY2018 and nine month FY2018 conference call of HPL Electric and Power Limited. I take these opportunities to welcome the management of HPL Electric represented by Mr. Gautam Seth, Joint Managing Director and Mr. V.R. Gupta, Director. We will begin the call with a brief overview by the management followed by Q&A session. I will now hand over the call to Mr. Seth for his opening remarks. Over to you Sir!

**Gautam Seth:** Thank you Harshit. Good evening everyone, warm welcome to all of you to discuss our financial results for the third quarter, so we recorded robust financial performance during the third quarter marked by strong revenue growth and improved profitability. We are on track to deliver an improved performance in the second half of the financial year 2017-2018 in line with previous guidance. The net revenues at 276 Crores in the third quarter recorded a strong growth of over 23% both on year-on-year and quarter-on-quarter basis. The gross margin remained flat year-on-year despite the rise in the raw material price particularly that of the plastics procured for manufacturing electronic meters.

EBITDA increased on absolute terms by 17% quarter-on-quarter and 10% year-on-year to Rs.30.3 Crores. EBITDA margin remained flat at 11% compared to the last quarter and declined marginally in comparison to Q3 of the previous year. This year-on-year decline was mainly due to the increased marketing and advertisement expense.

We have increased our investments in the marketing and advertisement and its benefit will accrue in the near future. Net profit for this quarter was at Rs.8.8 Crores registering a substantial growth of 42% quarter-on-quarter and 10% year-on-year mainly driven by higher sales.



The PAT margin improved by 42 basis points quarter-on-quarter to 3.2% in the current quarter for the financial year 2018. There has been an increased traction across all our business segments leading to a healthy capacity utilization of all our manufacturing facilities. Our consolidated order book stands at Rs.372 Crores as on date. The metering order book remains comfortable at 307.5 Crores despite strong execution of orders in Q2 and Q3 of the current financial year. This provides good revenue visibility for the next two quarters. Currently there are additional tenders worth Rs.3500 to Rs.4000 Crores, which are under evaluation by various utilities. Further there is also a good opportunity in the smart prepaid meter as utilities are focusing on improved measurement and collection efficiencies.

Switchgear segments order book stands at over Rs.26 Crores. The switchgear segment witnessed a strong revenue growth in the third quarter driven by renewed management focus and higher trade business. Lighting segment order book stands at Rs.24 Crores, both the switchgear and the lighting segments continue to be largely driven by robust sales in the trade segment. Wires and cable segment is expected to deliver strong performance over the coming three quarters as we are currently executing few high value speciality cable orders. The company expects benefit in the switchgear and wire segments due to the reduction in the GST rates. There is also a strong momentum halfway through Q4 with the backing of strong revenue growth in the Q3 and overall we expect to deliver significant improvement in our H2 performance over the H1 in the current year.

R&D team continues to focus on developing new products and incorporating the solar technology and making the existing product lines more flexible enough to cater to and accommodate various specifications of our end customers.

The newly launched Saubhagya scheme, which aims at electrifying various households, will create substantial demand for meters and switchgear solutions. HPL's cutting edge innovation, manufacturing and R&D progress should help us to capitalize on these growth opportunities in the near future. Our future strategy will be to leverage our capabilities and strong market position in the metering and switchgear space and to capitalize on the demand traction created by the various government measures. Further we will be consistently investing in strengthening the HPL brand and pan India presence and offer customers a one-stop solution in



the electrical equipment space. We have already increased our advertising and marketing efforts in this regard.

Our investment in advertisements has gone up to 2x in the first nine months of this current financial year in line with a strategy. We expect to realize the benefit of the brand building efforts going forward. With this now I would like to hand over the call for a Q&A session.

**Moderator:** Thank you very much. Ladies and gentlemen we will now begin with the question and answer session. We will take the first question from the line of Pankaj Sharma from Niveshay. Please go ahead.

**Pankaj Sharma:** Thank you for the opportunity. The question is regarding the capacity, can you tell me the product wise capacity at HPL holds like what will be the capacity of meters and what will be of switchgear etc.?

**Gautam Seth:** So you are talking about the capacity utilization?

**Pankaj Sharma:** The capacity and the capacity utilization?

**Gautam Seth:** If you see the capacity in terms of meters we talk about normally 90 lakh meters per annum and that is the kind of recorded capacity what we have, but in other things it is a little more variable, something more subjective to calculate, but I will give you a sense on how our capacity utilization have been and how they have moved over the last couple of one or two quarters. If you see in the last year our capacity utilization across the company have been around 50% to 60% and that has moved up now, so in terms of our metering today we are well over 80% on switchgears, much better it is really moved on, but though I would somewhere place it just about may be 60%, 65%. In terms of lighting again the capacity utilizations in the last quarter have been much healthier, so broadly if I have to put a figure the capacity utilizations are today around 70% to 75% across the various segments, so that we have seen certain better utilizations in the last quarter and I see that to continue even across this quarter as well and ever further to improve. You must also realize that when we talk on the capacity utilizations it is in someway a little flexible because as we are very well backward integrated some processes are recorded on single shift some maybe on one-and-a-half or two shifts, so still there is a scope when we talk on the capacity utilizations coming closer to



100 there is still a flexibility that can get enhanced without any major capex to happen.

**Pankaj Sharma:** When we claim that we can do 2500 Crores revenue that based on single shift?

**Gautam Seth:** I was coming to that only, but we kept a common base, so while from moving up on a capacity utilization that is against a common base, so that is our internal check just to see the way we are utilizing our capacities, but the moment we come closer, so when we say we can do nearly 2500 Crores of revenues on this capex that is actually possible because some of the processes we will need to run it to second shift maybe even some like the moulding machines and others going on three shift basis and that is how we can achieve it.

**Pankaj Sharma:** Sir my next question is regarding like what are the major geographies in which we are targeting our LED and modular switchboard and wire cables, the geographies like north market or south market?

**Gautam Seth:** We have a Pan India presence and so it is not that we are specifically, I will put it the other way that we are actually targeting all the geographies, we have offices in every state capital in most of the major town and cities, we have our own people, we have various rep officers over there, so in terms of our focus it largely remains on a Pan India basis when you talk on the Indian market, so similarly we have our network, our dealers, distributors spread across the country and the focus right now is to enhance the sales and to go more deeper in each of the area, so in terms of our reach we are almost there. The penetration now needs improvement what we are working on?

**Pankaj Sharma:** Sir any major geography, which has shown good response in this side?

**Gautam Seth:** Currently like if you see in the second quarter our sales of lighting had gone almost, we are almost doubled from the Q1 to Q2 and then thereafter on Q3 though it was after the Diwali Festival still the sales have been pretty good, so the drop has been very negligible after the festive season, so we have seen a very good traction on lighting on the trade sales especially in the north and the eastern part, so that has been something, which is growing, but it may vary from product-to-product, but generally we are now seeing past the Q2, which was quite much affected by the GST impact, now we are seeing the trade market to pickup and definitely I would say in the sense of the market reviving is seen from across the



county, so some pockets could be much more faster or some could be slower, but generally we are seeing a good traction across the regions.

**Pankaj Sharma:** Have we seen any development on net metering front and prepaid meter front like orders something from somewhere?

**Gautam Seth:** Yes, if you see on the net meters, we have been supplying because the net meters has mainly come in with the onset of the solar applications coming in, so we have been supplying to the various users who are the rooftop applications and also to certain solar developer, so net meters is growing although it is not something what would go to the level of what the normal utility meters goes at because that is put in every home, so net meters are still used wherever the solar installations are there, but still we are supplying that and that is normally going through the private developers who are putting in the solar installations. As regard the prepaid meters, now prepaid meters have been around now for over I would say 5 to 7 years, in the last three to four years penetration of prepaid meters have gone up, but again that has gone up mainly with the builders who have been doing it for the societies and the condo developments and that is where the government also in many states have been insisting on single point billing to the society and the subsequent billing happens by the developer and the Resident Welfare Association, so that is how, so that is where the prepaid meters have been used, so we have been supplying on that the first time, now we have seen with EESL that they have come out with a large tender for prepaid meters, so this is the first time that a very large tender by the Government has been undertaken, otherwise normally it has been happening at more on a private level.

**Moderator:** Thank you. Next question is from the line of Digant Haria from Antique Stock Broking. Please go ahead.

**Digant Haria:** My first question is I want some data points in terms of what is the borrowing figure and what is your inventory and receivables figure for December 31 2017?

**Gautam Seth:** Our net debt is at 426 Crores and I can give you the figure for the net working capital that is around 680 Crores out of which the receivables are at 454 Crores.

**Digant Haria:** This net working capital number last quarter like September quarter was 654 Crores right, is it the same number?



**Gautam Seth:** 667. It is almost been stable at that end, although the sales have increased almost 23%, so even impact.

**Digant Haria:** This is 100 Crores more than what it was in the end of March 2017 and we were trying to do a lot of these channel financing and dealer financing things, so I just would want to know that these kind of working capital levels are extremely high, when you look at any industry in the world or in this country, 67% of your sales as working capital is very high, so is there a game plan to change this or as long as we remain a metering company we have to live with this number.

**Gautam Seth:** You are right on saying that when we see the net working capital figure is on a higher side, so this is mainly our utility debtors has been at a higher level and despite UDAY coming in we have not seen a much improvement happening from the utility debtors, although if you see the trade debtors they have come down by about 10 to 12 days in the last one or two quarters and even looking at September 2017 to December 2017 they have again come down and with the sales this I am talking in absolute terms they have come down with the sales growing up 23%, so although there is a marked improvement happening now on the trade debtors the utility debtors continue to be at a higher level, so that is bit and otherwise we are overall working, we are well aware of this and steps have been taken to stop the increase of this of this NWC and bringing it down.

**Digant Haria:** My second question is that if we have to think of three years from today what kind of revenue mix does the company see that that will metering as a percentage of revenue come down significantly because when you say that you are present in all, you have a Pan Indian presence in lighting, switches and wires you know what your sales number is still very, very small, so like is there a potential that next three years the metering grows at 10%, 12% and everything else grows at 25%, 30%, so that the proportion of metering is down?

**Gautam Seth:** Yes in fact historically if you go back to about 5 to 6 years back the metering has been in fact that time primarily the metering was also mainly the utilities and that was almost 60%, 62%, which has now other than this quarter, which has just got over, here the metering comes at 55%, but this is again a one half quarter because in the subsequent quarters as we go even to the next quarter we would see this coming back to almost may be 48% to 50%, but over the next three years if you ask me I would say the meters would continue to grow the way the industry is





growing, but the other segments, which are the trade driven segments would anyway outgrow and we would see the revenue mix change, the metering coming down and actually the utility part coming down below even 40% because out of metering almost 15% in some years it has even gone up to 20% that is the segment, which goes through the trade, so eventually the non-trade segment rather the non-utility segment on meters also have been increasing. So overall that is the way we see the revenue mix to change in the future.

**Digant Haria:** Do we will maintain the EBITDA margin guidance of 11% to 13% on a consolidated level?

**Gautam Seth:** Yes for the near future yes that is how it would continue to be. In fact if you see since we talked on the EBIT margins even the metering has come down since the last quarter mainly because of the polycarbonate and industrial plastics going up and if you aware of the industrial plastics cost they have gone up even right from 50% to 60% and that does form a substantial part of the raw material, so that has resulted in the EBIT coming down about 1% to 1.5% on that, but generally we see that situation should get sorted out by may be end of the first quarter and the EBIT margins for meters have been around normally 16% to 18%. Switchgears have been much better. We have done about 18% in the last quarter, so that should remain. Overall with the mix, but if you see in this last quarter we as a company do feel that our switchgears are something, which really needs to now come up. So we have given it renewed focus within the company and since that has a higher EBIT margin so if we are able to even take it up to overall as a share even up to 20% to 25%, the overall mix can change, so currently maybe at 11% to 11.5% of EBITDA maybe we can drive it up by another 1% up as we go forward.

**Digant Haria:** Thank you. I will come back.

**Moderator:** Thank you. The next question is from the line of Harsh Shah from Dimensional Securities. Please go ahead.

**Harsh Shah:** Good evening Sir. Sir just a followup on the previous question Sir you mentioned that the prices of industrial plastics have gone up by 50% to 60%, so is that the reason that we are seeing higher growth in revenue? What would be our volume growth for this quarter?



**Gautam Seth:** The increase in the industrial plastic actually does not have bearing on the revenue front because as you are aware because this polycarbonate is used mainly in the metering segment and there are prices are firm with the utilities, so any increase or decrease in the cost affect is directly absorbed by us, so it gets into either it adds to the margin or depletes the margin. So we have been seeing this trend. It is a global trend not specific to India that the polycarbonate has really gone up and so right now we are absorbing that cost. So it has no relevance on the revenue front. The growth what we have seen in the last quarter and we have been guiding accordingly also that our H2 would have a very good growth on the metering front and we are seeing that. Our capacity utilizations are today well over 80% maybe even 85% on that and right now on meters we are still sitting with an order book of over Rs.300 Crores, so which again gives us a good visibility going forward.

**Harsh Shah:** Sir in your current order book of Rs.300 Crores, so does it include revised pricing? You said the prices of plastics have gone up, so the orders, which you already have in hand will you be able to pass on that?

**Gautam Seth:** Now these Rs.300 Crores orders some of the recently tendered ones in fact currently if you see there are almost Rs.3 Crores meters. I am talking in number of meters, which are under at a tender stage, so many of them the tenders are due, which we are waiting to submit. Some we have already submitted, which are waiting to be finalized. Obviously the impact because this impact has been happening since the last almost from August 2017 onwards the prices has started going up. I guess the newer prices what we have quoted are all having the increase taken into consideration. Any orders, which are probably pending from the earlier times and if probably the last schedules would be going on they are the ones, which are on the older price.

**Harsh Shah:** Sir coming to the Rs.3 Crores meter, which you said are at tender stage Sir I would like to know, which technology these meters would be? Would it be RS Mesh network or these would be GPRS base network?

**Gautam Seth:** No these are mainly because we have seen only smart meter tender, which was finalized by the EESL, which had the GSM and the GPRS technology, but out of these Rs.3 Crores roughly about 2 Crores meters are all form the state utilities, which are normal single phase and three phase meters and there is a tender from EESL, which is on the prepaid meters and that is for a 1 Crore quantity, so that is



how it is. So right now we are talking about either a prepaid meter and which is a prepaid based meter and the others are normal meters, which have been quite regular being used by the various utilities.

**Harsh Shah:** Of the Rs.3 Crores you mean to say that Rs.2 Crores are the normal meters and only 1 Crore are the smart meters?

**Gautam Seth:** Yes they are the prepaid meters.

**Harsh Shah:** Sir prepaid meters, which it is used?

**Gautam Seth:** I would say they are like a regular meter, but they are normal a prepaid meter, so they are on a keypad technology and so there is a separate the BIS. There is a separate standard for that. That is not with a two-way communication the particular tender that has come out.

**Harsh Shah:** What is the status of smart meters on the ground?

**Gautam Seth:** I am not so much aware, but I think the orders were given out, but currently I do not think the supplies have been made. So I think you will need to check it up EESL how it is progressing, but I do not think have been made right now.

**Harsh Shah:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Harshit Kapadia from Elara Securities Private Limited. Please go ahead.

**Harshit Kapadia:** Sir I just few questions from my end. Sir first is on continuing on with the meter side of it what is the status of the prepaid with your tender? What is the status at this point in time?

**Gautam Seth:** Currently I think by end of the month may be it is due on the February 27, 2018 that is how I remember that and there have been a couple of interactions and other things and I think it has been postponed also for some time. Now I think it is due for the end of February.

**Harshit Kapadia:** End of February and Sir second part is you had highlighted on the expense of the company could you give the Q3 number and the nine month number and secondly



you are also looking to expand the brand image as well, so can we expect a similar kind of ad spend to continue in FY2019 as well?

**Gautam Seth:**

Yes if you see the ad spend we have about Rs.11 Crores what we have spent in the current nine months and that is up from almost Rs.5.38 Crores in the last year, so it is almost at a double figure to the last year, so right now if you see the strategy what we have put in for the brand because you must realize that the June and July months were very weak and even trade was affected by GST, so we focused a lot on the BTL marketing, which was below the line marketing, more on the point of sale visibility. So there we have really worked in a way to really enhance our brand, so that is what we are doing because that is what we believe it has got a much more quicker ROI because we do things on the ground level and the immediate affect can be seen on the sales. That is what we are doing it, but as now we see the market overall pickup, which is evident in the Q3 and hopefully even in the Q4 should have such kind of a thing. Then we are looking at now coming in a bigger way, but generally I would say going forward we are committed to building up the brand in a bigger way. Right now we have not finalized, but my senses that our ad expense would minimum go up by maybe 25% to 30% in the coming year and looking at the way the market is reacting we are ready to put in even more expense on that. Already we are working with a couple of agencies now to look what should be the long term strategy for the next year with respect to HPL brand on what new media we can look to focus to ourselves. In a way one to optimize the cost and second thing to put in a much more better strategy so that to have a more visibility on the same money spent. That kind of a strategy we are working on.

**Harshit Kapadia:**

Sir another question is you had mentioned at the start of the call that in cables and wires we have received some specialty cables some contracts or some orders are there could you highlight to which industry this is and what value would this be and this margin lucrative for you?

**Gautam Seth:**

If you see our focus as a product line has been mostly on the domestic and the flexible cable. Now if you look at the flexible cable segment, we have a lot of specialty cables. Solar is one segment where we are already seeing certain good movements happening. There are also certain elevator cables, CCTV, and even certain specialty cables for telecom. Right now there have been a couple of orders, which are going in more for the telecom infrastructure and that has again helped



us. We do see a good revenue visibility on the wire and cable going forward at least for the next two quarters we do see a good revenue visibility for the wires and cables. Although the efforts on the domestic wiring to build up the trade channel is also on there and that is also, so our focus largely remains in that segment. We are not into the LT or the HT power cables. This is our focus and now we are really pushing this forwards. Just to add one thing in terms of the margin, I would say although this gives us a better capacity utilization, there could be some savings coming in more from the larger volumes what are coming in, but by far the margins in the business currently what we are doing are quite similar to our existing margins, but only we expect to have certain savings more on the cost side and more on the overheads as we do a better capacity utilization.

**Harshit Kapadia:** Sir final question from my side since your capacity utilization has increased from 50% to 60% to 70% to 75%, but you think how much more margin expansion room we have if it reaches around 90% odd across the segment Sir?

**Gautam Seth:** What we see is as our capacity utilizations go up the fixed overheads they will get allocated to the larger revenue and that is what will come down. In fact if you see that is already starting to happen in some bit, but here our advertisement costs have gone up. The cost of plastics polycarbonate, which forms quite a substantial part on the metering that has gone, but these are again certain things, but as the capacity utilizations go up I am sure we will see a better absorption of our fixed overheads, so that is definitely going to give us a positive result and we are also working on to even better our product mix because I would believe both equally play a very important role. The product mix and the capacity utilization to actually get a good margin and that is how we see ourselves to do in the future.

**Harshit Kapadia:** Any broad number that you can also suggest with this?

**Gautam Seth:** Not immediately, but I think the number what we feel right now what will help us is because already our order book has been on the metering part. We see the trade part to be much more better now post the GST. Definitely the immediate if we are to give some guidance on the revenue part, we definitely see a much better Q4 to happen even vis-à-vis the Q3. That itself will help us to do that, but I am sure as we go forward we should be able to update you more on that.

**Harshit Kapadia:** Sure and all the best Sir.



**Moderator:** Thank you. The next question is from the line of Pankaj Sharma from Niveshay. Please go ahead.

**Pankaj Sharma:** Thank you for the opportunity. Sir what are our prices of the meter like single-phase meter or smart meter?

**Gautam Seth:** Broadly if you see the average meter price if you see on an annual sales basis comes to about Rs.950 to Rs.1000 a meter and the smart meter if you go by the tender is about I think somewhere around Rs.2500, but again what you must realize is that each of these meters have a very different specification, so even if you see a single phase meter and the specifications in India differ from one utility to another. We have single-phase meters, which are even priced around Rs.500 and they even go up to even Rs.1200 to Rs.1300. The three phase meter may again start from may be Rs.900 even going up to Rs.2500. Smart meters depending on the specifications and what kind of things you load on that can even go up to Rs.3000 even up to Rs.5000. The prices are pretty variable if you see based on the technology and the kind of specifications and also on the volumes. Some of these also are directly dependant on the volumes of the tenders what are coming out, but broadly if you see our own performance Rs.1000 a meter on an annualized basis is something what we take also as an average per meter.

**Pankaj Sharma:** Sir what would be the price of prepaid meters the coming tenders, which you are talking about any expectations?

**Gautam Seth:** If you could wait for the end of the month. I am sure we all will wait for some price discovery to happen. I will not be able to tell you that, but generally they are at the higher side, but again this depends the 1 Crores meters is a very high quantity. There is no doubt in that, but again it depends upon the specifications. It depends on so many things and you also have to realize that one needs to take into consideration the warranty period, the payment terms, and everything all that goes into it when we see the price, so I think for this you will need to wait probably for the end of the month to just discover the price.

**Pankaj Sharma:** Sir regarding lighting segment are we doing any development in front of the EESL or are we just focusing on the retail market like LED business?

**Gautam Seth:** In the past, we have done a considerable amount of business with EESL, but that time what we believed the prices were much better and there was a good amount



of margin what was there. Subsequently when the prices really went down that is when we started focusing more on the domestic segment. In fact that has really helped us because if you see our LED business in the last even 18 months we have been really growing at a high double-digit figure on the LEDs. Unfortunately, when you see the overall financials of our lighting business there is also a significant drop of CFL sales happening. Optically when you see the overall business you will see that the growth is very minimal or something, but actually the CFLs are going down the LEDs are really going up. That is how one needs to see that. This is how we are focusing on the trade market. If you see on the EESL time and again if there are certain tenders, which are having better technology generally we find in that the competition is much less. We have been doing some business with them and that is how, but now if you see the scenario in the LED business is changing quite a lot that the prices are now quite stable if you see in the last nine months. Now the prices have stabilized quite a lot that is better much more healthy environment to actually do business. We are anyway open to looking at if there are any good tenders where we find the terms are good or the margins are better, we are fully capable to participate and our focus otherwise continues on the trade market as ever.

**Pankaj Sharma:** Sir we have seen a substantial rise in the prices of copper and oil, so do we see any pressures on the margins going forward like for coming year in the coming two to three years like both the cycles have turned up?

**Gautam Seth:** If you see the wires and cables have the maximum use of copper and I think in the last five to six months we have almost had four price revisions. Three of them have been upwards and I think there has been a downward correction in one of them. Normally as per the movement of copper we have seen the prices are moved up and down and they are passed on to the consumer with just a lag of may be one week 10 days. Whatever is happening is in a way getting passed on. That is keeping our margins quite stable. Oil though directly does not impact, but the oil does have an impact on the polycarbonate and the plastics what we use.

**Pankaj Sharma:** Yes I was talking about that only?

**Gautam Seth:** That is what like earlier in the call I was talking about the polycarbonate going up and that has gone up substantially also because of certain global events happening including certain larger plants getting shut down for maintenances for even one to



two months. That is again a phenomenon, which I would believe would ease out somewhere by the end of the first quarter for next year, so till then yes those pressures are there.

**Pankaj Sharma:** That is all from my side. Thank you very much Sir.

**Moderator:** Thank you. Well that seems to be the last question. I now hand the floor back to the management for their closing comments. Please go ahead.

**Gautam Seth:** I would like to thank everyone for coming here and just before we close just a word that as we see things are now getting much better on the ground with the GST and the demonetization effects going off, we definitely see a much better business environment and even with the government initiatives like the Saubhagya and the affordable housing, which are two factors, which we really believe will drive a lot of demand for the switchgear and the meters. There are a lot of these types of positive things in the market and our company is really working to grab those opportunities. Again I would like to thank all of you for giving us good attention. Thank you.

**Moderator:** Thank you very much. Ladies and gentlemen, on behalf of Elara Securities Private Limited that concludes this conference. Thank you all for joining us. You may now disconnect your lines now. Thank you.