

ANANDRATHI

“KEI Industries Limited Q1 FY-16 Earnings
Conference Call”

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**MANAGEMENT: MR. ANIL GUPTA – CHAIRMAN & MANAGING
DIRECTOR, KEI INDUSTRIES LIMITED
MR. RAJEEV GUPTA – CHIEF FINANCIAL OFFICER,
KEI INDUSTRIES LIMITED**

**MODERATOR: MR. GIRISH SOLANKI – ANAND RATHI SHARE &
STOCK BROKERS**

Moderator: Ladies and gentlemen good day and welcome to the KEI Industries' Q1 FY16 Earnings Conference Call hosted by Anand Rathi Shares & Stock Brokers. As a reminder all participants' 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. I would now like to hand the conference over to Mr. Girish Solanki from Anand Rathi. Thank you and over to you, sir.

Girish Solanki: Welcome to the 1Q FY16 Results Conference Call of KEI Industries. Today we have with us Mr. Anil Gupta the Chairman & Managing Director of the company and Mr. Rajeev Gupta the CFO. I will request Mr. Anil Gupta to brief the participants on the results. Over to you, sir.

Anil Gupta: Good afternoon, I am Anil Gupta here. I would first brief you the performance of this June quarter. We have achieved net sales of Rs. 519 crores for the company which consists of cables and turnkey projects and also the stainless steel wire. In cables the total sales is Rs. 432 crores in which also includes some of the cables sold to our own EPC project. In EPC projects we have achieved Rs. 62.5 crores and in stainless steel wire it is Rs. 24 crores. We have achieved an EBITDA of 10.79% in this quarter as compared to the period has been rather encouraging and very good. Some of the sales in the EPC projects we could not take in the revenue because of the accounting practice because some of the projects where we have not crossed a 25% threshold of execution so we just kept it in the work in progress and we did not recognize it in the revenues. So otherwise the sale would have been more but that recognition will definitely come in the next second quarter.

Export sales during this period has been Rs. 44.68 crores as compared to Rs. 26.9 crores in June quarter last year. The retail sale to house wirings products which is basically the copper insulated wires has gone up to Rs. 96 crores as compared to Rs. 74 crores in the same period last year even in from March quarter it has increased from Rs. 90 crores to Rs. 96 crores in spite of the fact that the copper prices have gone down so volume terms we have grown by around 15% in this quarter compared to the last quarter especially in the retail house wire sales.

In general terms we expect a robust growth in this financial year in both cables, wires and our turnkey projects because there is a substantial demand we see in transmission and distribution sectors and lot of cables we are using in our own projects. Besides this normal cables we will be doing quite well in this financial year in extra high voltage cable segment we have seen a sale of around Rs. 32 crores in extra high voltage cable in the first quarter but going forward it will grow further because we have approximately in hand around Rs. 250 crores of extra high voltage cable contract from various utilities which are at the various stage of the execution so the execution will grow in the quarter after quarter. We also see a robust new order booking in extra high voltage cable segments because lot of bidding has been done in this area and we are

now qualifying in most of the tenders with our pre-qualification criteria set by the Indian transmission utilities.

We have also initiated steps to increase our production capacities of extra high voltage cables up to 220 KV in our existing plant and most of the machines has been ordered to increase the capacity to double in the next financial year. So the new investment and the new capacity should be operational by June or July 2016. And we are hopeful that we will be able to achieve that.

So with this background I will request you to come out with specific questions which I will be very glad to answer. Thank you very much.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Ankit Babel from Subhkam Ventures. Please go ahead.

Ankit Babel: Good afternoon sir, and congratulations for a great set of numbers. Sir my first question is on your interest cost. I believe that interest cost at Rs. 33 crores is at a higher level, has there been I mean can we expect this to continue going forward or will it because you had guided for around Rs. 130 crores of interest for the full year so?

Anil Gupta: Yes, we have already guided Rs. 130 crores and in this quarter the interest cost is Rs. 33 crores as against the Rs. 32.6 crores in the last quarter in March. In this quarter, approximately Rs. 1.5 crores is for the additional because of the processing charges that is in the nature of one time nature. So that has been booked in this quarter.

Ankit Babel: Processing charges, but usually you have processing charges in your interest cost?

Anil Gupta: Yes, but in this quarter there is extra processing charges, which the bank has already sanctioned the limit so they have charged the processing charges. Otherwise, whole the interest cost will be close to Rs. 130 crores as a whole.

Ankit Babel: Sir, what is your debt level as of now, 30th June?

Anil Gupta: Our debt level is basically Rs. 489 crores.

Ankit Babel: And what was it in the March quarter?

Anil Gupta: March quarter it was Rs. 455 crores.

Ankit Babel: Okay so it is marginally increased but you expect?

Anil Gupta: Marginally increased because of the new product site has been opened.

- Ankit Babel:** But you expect for the year as a whole it will be below Rs. 500 crores?
- Anil Gupta:** It will be close to Rs. 500 crores.
- Rajeev Gupta:** It will be definitely below Rs. 500 crores.
- Ankit Babel:** And sir, I believe you are in the process of getting some power grid qualification in EHV segment, what is the status sir?
- Rajeev Gupta:** Yes, We are already qualified now we have bided and we are expecting good outcome of it.
- Ankit Babel:** So you have got the approval and you are now qualified for power grids also?
- Rajeev Gupta:** Yes.
- Ankit Babel:** So can you share the order pipeline in the EHV segment, I mean how many tenders are coming and what is the status?
- Rajeev Gupta:** We expect the order pipeline of close to Rs. 100 crores in EHV side in next three months, which is visible and I have a 95% assurance of achieving this, but until we receive the letter of award we cannot.
- Ankit Babel:** No, so this Rs. 100 crores is already bided?
- Rajeev Gupta:** Bidding is much more, this Rs. 100 crores is already which is where we are already L1.
- Ankit Babel:** No, I am asking for future tenders in next six to nine months, how many tenders will come up for bidding in the EHV segment?
- Rajeev Gupta:** Approximately close to Rs. 750 crores to Rs. 800 crores in next six months is going to be the bidding.
- Ankit Babel:** And this will be from power grid?
- Rajeev Gupta:** No, it will be from various utilities including power grid.
- Ankit Babel:** And how many players you expect to be there for bidding?
- Rajeev Gupta:** Normally in Indian manufacturing space there are three active players. But we also see that some EPC contractors are also bidding these projects and relying on the cable imports from other countries like Korea, etcetera. Some Korean players are active, but we are quite competitive in this market, even at a reasonable price so because any imports will in this

segment attract custom duty as well as you know disadvantage of heavy freight cost, because it's a bulky item.

Ankit Babel: Okay, so you feel there is a fair amount of chance of you getting the orders?

Rajeev Gupta: Oh yes.

Ankit Babel: And sir, what is the overall order book?

Rajeev Gupta: Overall order book is around Rs. 1,900 crores at the moment.

Ankit Babel: So it has increased from Rs. 1,700 crores from last quarter.

Moderator: Thank you. We have the next question from the line of Deepak Agarwal from Elara Securities. Please go ahead.

Deepak Agarwal: My first question is, can you give more color on the house wire segment like how was the growth and how many dealers that you have added during the first quarter and how the growth has been in volume and value terms and how do you see it forward for FY16?

Rajeev Gupta: In house wire segment, our growth compared to last year is almost close to 70% or 75% and we have increased in spite of the fact that you know, due to reduction in copper prices, in value terms the prices for the same material is less. But volume increase is substantial, so hence even in the value terms the increase is almost 75% and we have increased our dealer network to almost how much is there

Anil Gupta: 100 dealers added in this quarter.

Rajeev Gupta: 100 dealers are added across the country in last quarter and we have also opened new depots stocking points in various parts to ensure just-in-time delivery to the customers. We expect that this segment to grow further.

Deepak Agarwal: So can you give some kind of abecause we were expecting about 30% to 35% growth for the full year, so that do you think that is a conservative estimate?

Rajeev Gupta: No, because last year we have achieved around Rs. 600 crores turnover through dealer distributor network that is the wire and cable and for this year we are targeting close to Rs. 800 crores plus turnover.

Deepak Agarwal: Okay. And my second question is on the EPC. How is the execution going on, on this five cities in UP, which you got the orders in Vrindavan, Chitrakoot and all?

- Rajeev Gupta:** Almost four cities are almost nearing completion, three cities are almost completed and closed, and one at Mathura is 80% complete and as per target should be completed by October or November and the last Bareilly which came lately six months back, that delivery period is still one year long and at the moment we have reached a stage of around 25% and we expect that by December, 80% of the execution should be over. So our internal target is we should close that project by March or April in 2016.
- Deepak Agarwal:** How much of the amount is still reflected in the order book?
- Rajeev Gupta:** The total order book at the moment is Rs. 1,900 crores and out of which around Rs. 900 crores is of EPC, Rs. 250 crores is extra high voltage cables, and balance is our cables.
- Deepak Agarwal:** My next question is, how has been the working capital movement during the quarter?
- Rajeev Gupta:** So working capital right we have briefed you about the total debt as on book as on date is an approximately Rs. 489 crores as compared to Rs. 455 crores in March 2015.
- Deepak Agarwal:** But receivables and all how is the position?
- Rajeev Gupta:** No the receivable is basically the average receivable is for three months, but in the retail segment the average receivable is close to 30 days.
- Deepak Agarwal:** And my last question is on this EHV tenders, do you see any change in the competition behavior especially due to this declining copper prices so do you see the margins getting squeezed in potential orders, because you were indicating a pipeline of about Rs. 750 crores to Rs. 800 crores, so how do you see the margin panning out in such kind of an orders both from an industry point of view and then from KEI point of view?
- Anil Gupta:** See so far as copper prices are concerned, I do not think it is straightaway correlates with the margin because as half of the tenders have price variation clause on copper. Second, these tenders are long term tenders where the execution takes place over a period of one year. So every company takes from this margin in the metal prices, because for a long term execution and long term delivery. As the copper prices declines, there will be a tendency to reflect some of the price reduction in the new bidding. So it is not that that we can keep on maintaining the same price in spite of the fact that the copper prices comes down. But you get definitely some benefit in that orders which are already in hand or which are already bided.
- Deepak Agarwal:** Can you, just also a couple of things on the quarterly numbers, how the other expenses have been quite high, so any specific reason one timerelated other expense?
- Anil Gupta:** No, once the turnover of EPC goes up because in they are the major expenditure is for the erection commissioning. The execution expenses get more.

- Rajeev Gupta:** So some expenses are booked but some revenues could not be recognized because of the --
- Deepak Agarwal:** Yes, so because of that 25% threshold you couldnot recognize the revenue or what?
- Anil Gupta:** The total expense which you are talking in the balance sheet terms.
- Deepak Agarwal:** No,I am talking of other expenses, Rs. 991 crores.
- Anil Gupta:** Theexpenses will go up when the EPC turnover goes up like in June 2014 the EPC turnover was less as compared to June 2015.Because in the EPC contract the major expenditure goes to the erection commissioning side.
- Deepak Agarwal:** Which forms a part of other expenses.
- Anil Gupta:** Part of the other expenses.
- Deepak Agarwal:** So how much was that amount during the quarter?
- Anil Gupta:** During the current quarter, the other expenses in EPC segment was Rs. 26 crores.And other than EPC Rs. 61 crores
- Moderator:** Thank you. The next question is from the line of Chetan Vaidya from JHB Securities.Please go ahead.
- Chetan Vaidya:** So what is the cost of debts right now?
- Rajeev Gupta:** Cost of debt is close to 12% to 13% in some banks it is 12% or 12.5% or certain banks 13%.
- Chetan Vaidya:** Okay and sir, can you just reiterate the revenue guidance that you may have given for FY16?
- Rajeev Gupta:** We expecting a revenue top line growth of around 22% to 23% in FY16 compared to last financial year.
- Chetan Vaidya:** And sir, what is the operating margin sir?
- Rajeev Gupta:** We expect operating margin to be around (+10%).
- Chetan Vaidya:** 10% plus okay and tax rate?
- Rajeev Gupta:** Tax rate will be close to 27% to 30%.
- Chetan Vaidya:** There has been a lot of noise about this smart cities they have been announced by the government in 100 odd cities in various states.So are you hopeful of getting some additional

business out of them and if yes, then by which quarter do you think there will be some activity on the ground?

Rajeev Gupta: We should think of actual activity coming on the ground only by the end of this financial year or next financial year, but in this financial year lot of new investments by the Central Government in transmission and distribution sector through this IPDS scheme, Integrated Power Development Scheme and Rural Electrification Program like earlier it used to be RGGY now it is Deen Dayal Upadhyay Gramini Karan Yojna, so these investments are already getting on the ground these tenders are already floated by the various state utilities and now on the verge of finalization. So this activity which we should start seeing from the third quarter in this year.

Chetan Vaidya: What's the quantum of spending by the government in these schemes for FY16?

Rajeev Gupta: In my opinion, it is close to around Rs. 40,000 crores or Rs. 50,000 crores in these schemes.

Moderator: Thank you. The next question is from the line of Priyank Chandra from Dolat Capital. Please go ahead. Thank you.

Priyank Chandra: Just want to understand that how has been the demand trajectory in the industrial cables in the last maybe six months?

Rajeev Gupta: I think the demand is quite robust. I mean most of the companies in this segment we have done exceedingly well and we are operating at more than full capacity and even you can check this data from industry associations like IEEMA, Indian Electrical and Electronics Manufacturers Association they also has shown a significant growth in the industrial cables in the last six months compared to earlier period.

Priyank Chandra: And sir, what is your CAPEX like for this year that you are planning to do in FY16?

Rajeev Gupta: The CAPEX will be approximately Rs. 70 crore.

Priyank Chandra: And sir, any capacity expansion you will be doing any CAPEX next year only is it right?

Rajeev Gupta: This CAPEX some results will start coming from October onwards but in extra high voltage side, the investment will start showing results in the next financial year because that machine installations takes time.

Priyank Chandra: And sir, is it possible for you to share us with a breakup of the debt level of Rs. 490 crores like in which is the long term loan, which is the working capital and

Rajeev Gupta: See our long term loan is Rs. 171 crores. And the bank CC limit is close to Rs. 312 crore. And unsecured loan and the hyper purchase is close to Rs. 6 crore.

- Priyank Chandra:** And just for the like expansion of this month's expansion the CAPEX of the Rs. 70 crores we do not need any additional funds beyond Rs. 500 crores including a working capital, is that right?
- Anil Gupta:** Yes.
- Moderator:** Thank you. The next question is from the line of Naveen Trivedi from Trust Group. Please go ahead.
- Naveen Trivedi:** Sir, my question is pertaining to the overall environment already you have defined to some extent for some areas that has been picked up in the last six months. But are you seeing that apart from your numbers, how has been the industry dynamics are changing, are you seeing the acceleration in the project pipeline kind of thing because at the ground level things have yet not picked up on a broader level perspective so any comment on that?
- Anil Gupta:** See in our observation especially in the electrical sector things have already picked up and doing quite well. You might be talking of a general environment like roads or even maybe ports or railways but in the electrical side even the project pipeline is strong across the country and I mean we are seeing a strong number in this electrical side even in the turnkey project as well.
- Naveen Trivedi:** Okay so this time we have like Rs. 900 crores kind of order book, the flows rate continue going ahead also?
- Anil Gupta:** Oh yes. Even most of the industry organizations like CII, etc., they are publishing this investment records, etc., and they are showing a significant positive sentiments in the electrical sectors.
- Naveen Trivedi:** So considering the kind of traction is happening at the ground and the way you have performed the quarter first do you think that the guidance that you are giving 21% to 23% is basically a slightly at the conservative side?
- Anil Gupta:** Maybe because we want to perform better than what we think.
- Naveen Trivedi:** Sir, my next question is on the gross margin that in the current quarter we have shown a margin expansion. How much it is led by the raw material and how much it is led by some other components?
- Rajeev Gupta:** The total operating margin in this quarter is 10.79% as compared to the corresponding quarter it was 9.8% and as compared to the March quarter it was 9.19%.
- Naveen Trivedi:** Rajeevji, I am talking about the gross margin which is like 31.7% this quarter?

- Rajeev Gupta:** No 31.7%?
- Naveen Trivedi:** Gross margin excluding the raw material?
- Rajeev Gupta:** Okay only excluding the raw material?
- Naveen Trivedi:** Yes, so we have like one of the highest gross margin in this quarter?
- Rajeev Gupta:** No, that gross margin because of the EPC you are showing because in EPC raw material is not there. So that is why the earlier question was asked that how the expenditure has gone up. So it has to be seen in the totality. That is why I was talking about the operating profit.
- Naveen Trivedi:** So going ahead also gross because if you see any actual segmental grow?
- Rajeev Gupta:** No, gross will be seen as separation portion for cable separate and EPC separate because in EPC the expenditure portion is higher in cable the raw material portion is higher.
- Naveen Trivedi:** So how much was the marketing spend in this quarter?
- Rajeev Gupta:** Marketing ad campaign is going on otherwise the normal expenditure is as comparable to the last year also. Only except this ad campaign which we have induct in this quarter Rs. 2 crores to Rs. 2.5 crores.
- Naveen Trivedi:** And how much was in the last quarter?
- Rajeev Gupta:** No, last quarter we have not spent any amount for the advertisement. In this quarter we have shown Rs. 0.4 crores in the advertisement.
- Naveen Trivedi:** So what is Rs. 2.5 crores?
- Rajeev Gupta:** It was going to be the next quarter also. The total spend will be in this current year will be Rs. 5 crores for the period.
- Naveen Trivedi:** Rs. 5 crores will be the total ad spent?
- Rajeev Gupta:** Yes, total Rs. 2.3 crores has been accounted for in this quarter.
- Naveen Trivedi:** Sir, in the export business this quarter was very strong quarter as compared to the last year. Any change in the perspective on export business?
- Rajeev Gupta:** Export also this year we will be crossing more than Rs. 200 crores.
- Naveen Trivedi:** And how has been the operating margin on export business?

- Rajeev Gupta:** They are similar in nature what we get in India; in Indian domestic business but payment terms are better because mostly payments come through letter of credit.
- Moderator:** Thank you. We have the next question from the line of Kamlesh Kotak from Asian markets. Please go ahead.
- Kamlesh Kotak:** Just I missed and could you just help me with the breakup of the cables revenue Rs. 432 crores how it has been between retail and extra high voltage?
- Anil Gupta:** The retail Rs. 32 crores figure was the extra high voltage power cable.
- Kamlesh Kotak:** And remaining is?
- Rajeev Gupta:** Remaining that Rs. 224 crores was the low tension power cable. Rs. 80 crores was the medium voltage power cable. Rs. 96 crores was the house flexible wire sales.
- Kamlesh Kotak:** And you said it has grown by 75% so what was that?
- Anil Gupta:** The sale of house wire compared to last financial year.
- Kamlesh Kotak:** That has gone Rs. 96 crores was how much last year one quarter?
- Rajeev Gupta:** Last year it was Rs. 74 crores house wire sales this year it is Rs. 96 crores.
- Kamlesh Kotak:** So it is got 25% growth?
- Anil Gupta:** No, more than that but it actually in volume terms it has grown much because...
- Kamlesh Kotak:** So what would be the volume growth, sir if you can just?
- Anil Gupta:** Around close to 50%.
- Kamlesh Kotak:** And sir, about the order book you said Rs. 1,900 crores over what period of time it will be executed?
- Rajeev Gupta:** The Rs. 900 crores order will be executed within two years like out of Rs. 500 crores will be this year and rest Rs. 400 crores will be in the next financial year.
- Kamlesh Kotak:** And other than that?
- Rajeev Gupta:** Others will be executed in the current year.
- Kamlesh Kotak:** And sir, about the exports which geographies you are exporting?

- Anil Gupta:** We are exporting to Middle East some oil and gas utilities in Abu Dhabi and Kuwait and in Africa. We are also exporting to countries like Singapore and Australia. And trying to develop some of the CIS countries now as a development activity. Because that result may come in the next financial year. Market development activity is on.
- Kamlesh Kotak:** And sir, what would be our current utilization across verticals if you can highlight?
- Rajeev Gupta:** May be 85%.
- Kamlesh Kotak:** And when you say this year you are targeting Rs. 800 crores for retails that includes the household wire, right?
- Anil Gupta:** Yes.
- Rajeev Gupta:** Rs. 800 crores out of which Rs. 400 crores will be house wire and Rs. 400 crores will be the cable.
- Kamlesh Kotak:** And how much that was last year, sir if you can share the same figure?
- Rajeev Gupta:** Rs. 600 crores; Rs. 300 crores for wires and Rs. 300 crores for cable.
- Moderator:** Thank you. The next question is from the line of Nidhi Agarwal from Sharekhan. Please go ahead.
- Nidhi Agarwal:** Sir, I want to understand how big is this opportunities from the railway sector and in particularly the metro where is the metro projects that are coming?
- Anil Gupta:** Our business in metros is close to Rs. 100 crores every year I mean last two years has shown significant business from Delhi Metro and metros from Hyderabad and Bangalore. This year we see a strong business coming up from Delhi Metro as well as Chennai Metro. And also from some business has started from Lucknow Metro as well.
- Nidhi Agarwal:** Any quantum is there that this much crores project is coming so we will get this much percentage share of the project and are we participating in bids with some partners how we go about this metro projects?
- Anil Gupta:** We have done one turnkey project with Delhi Metro for a 220 KV cable project around Rs. 60 crores which is now nearing completion. We have also bided some projects of GIS with some partners but that is still under evaluation stage. Rest is we are supplying cables to various EPC contractors for the turnkey projects they are taking in the metro projects.
- Nidhi Agarwal:** And how are the margins in this contract?

- Anil Gupta:** Margins are same around 9.5% to 10% in most of the cabling projects.
- Nidhi Agarwal:** And are you seeing any pricing pressure in this segment?
- Anil Gupta:** No.
- Moderator:** Thank you. The next question is from the line of Shreyans Mehta from Aditya Birla. Please go ahead.
- Shreyans Mehta:** Sir, few questions from my end. Sir, in this quarter non-operating income is abnormally high so any one-offs out there?
- Rajeev Gupta:** Which is the non-operating income?
- Shreyans Mehta:** Sir, Rs. 1.3 crores?
- Rajeev Gupta:** It is the exchange fluctuation.
- Shreyans Mehta:** And sir, the quantum would be?
- Rajeev Gupta:** Rs. 1.02 crores.
- Shreyans Mehta:** Sir, second question is sir, depreciation also it is de-growth so any reasons behind that?
- AnilGupta:** Because I think we did not do much CAPEX in the last financial year that may be the reason for decrease in the depreciation.
- Shreyans Mehta:** Sir, guidance of OPM we have given is 10% whereas this quarter we have already reported 10.6% so do you believe that I mean this is the highest we are seeing or we see in the moderation going forward?
- Rajeev Gupta:** Operating margins we assume that we will be achieving more than 10%. So it will be in the same range.
- Shreyans Mehta:** No, what I mean is see currently we are at 10.6% so going forward the guidance is 10% so are you expecting a drop down?
- AnilGupta:** No, it is not. We are not expecting the drop down but we will be maintaining the operating margin 10% to 10.5% as a whole year basis.
- Shreyans Mehta:** And sir, last question from my end. Sir, in some con call you have mentioned that there are three players in EHV segment sir, can you name them?

- Anil Gupta:** It is Universal Cables and in very few tenders some companies Cable Corporation of India is there but that we are a very, very small player or KEC International. So majority it is Universal and KEC.
- Shreyans Mehta:** And you have qualified for PGCIL order?
- Rajeev Gupta:** We and Universal qualified but KEC not.
- Moderator:** Thank you. The next question is from the line of Ankit Babel from Subhkam Ventures. Please go ahead.
- Ankit Babel:** Sir, just a follow up. How is the competitive scenario in the industry sir, I mean has pricing situation improved or still players are under cutting?
- Anil Gupta:** No, pricing situation has improved.
- Ankit Babel:** So whatever new tenders you are quoting you are witnessing an improved pricing which in turn could lead to high margins going forward may not be in 2016 but may be 2017?
- Anil Gupta:** Yes, it is on the improvement side and people who are quoting have been quoting thought they have understood that market survival is not they continue to cut prices or margins.
- Ankit Babel:** And sir, what was your order inflow in this quarter?
- Anil Gupta:** Order inflow in this quarter is around Rs. 750 crores.
- Ankit Babel:** Versus what was it last year?
- Anil Gupta:** Last year that is you are talking of full year?
- Ankit Babel:** Last year first quarter?
- Anil Gupta:** I do not remember that.
- Rajeev Gupta:** I will inform you later, Ankit.
- Moderator:** Thank you. The next question is from the line of Deepak Agarwal from Elara Securities. Please go ahead.
- Deepak Agrawal:** I just have one follow up. How would you see your EPC business and your house wire business and the exports growing from a slightly long term perspective let us say FY17-18. So how do you see the growth panning out and where would you like it to be?

- Anil Gupta:** We expect a good growth in this segment and the growth will be commensurating with the growth of the economy but we have always tried to do better than the normal industry standard. We expect that and we aim that we continue to grow by 22% to 25% every year at least for next 3 to 4 years. And the way we have planned ourselves and we will definitely be reviewing our strategies every year how to remain in the high growth path. But I am very bullish about our industry because it is connected to the entire economy. So whether it is industry infrastructure or real estate or any or electrical sectors we are connected with everything even the transport whether it is railways or metro or the industries like oil and gas. So we are having our marketing set up and our foot prints in every sector of the economy including even in the smart cities. So we will definitely see a good potential to come up in the times to come.
- Deepak Agrawal:** And what is the debt repayment tenure for this long term debt of about Rs. 220 crores?
- Rajeev Gupta:** Within 2 years.
- Deepak Agrawal:** Rs. 170 crores?
- Rajeev Gupta:** Two to three years the debt will be repaid.
- Moderator:** Thank you. The next question is from the line of Navin Trivedi from Trust Group. Please go ahead.
- Navin Trivedi:** Yes, just one question. Are we still maintaining our profit guidance of like Rs. 65 crores to Rs. 70 crores for the year or are increasing the guidelines?
- Rajeev Gupta:** No, we are still maintaining that same.
- Navin Trivedi:** Rs. 65 crores to Rs. 70 crores?
- Rajeev Gupta:** Yes.
- Moderator:** Thank you. As there are no further questions from the participants I would now like to handover the floor back to Mr. Girish Solanki for his closing remarks. Over to you, sir.
- Girish Solanki:** I would like to thank the management for taking their time out and allowing me to host this con call. I would like to handover the call now to the management for closing comments.
- Anil Gupta:** Thank you very much to all our colleagues and participants in this con-call for taking out your time and we are available for any further questions through e-mail or by phone if it arises. Thank you so much. And thank you everyone for supporting our company.

Moderator: Thank you very much, sir.Ladies and gentlemen, with this we conclude today's conference call. Thank you for joining us and you may now disconnect your lines.