



“Elgi Equipments Limited
Q3 FY2022 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY2022 Earnings Conference Call of Elgi Equipment hosted by Asian Market Securities Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involved risks and uncertainties that are difficult to predict. Actual results may differ from such expectations projections etc., whether expressed or employed. Participants are requested to exercise caution while referring to such statements and remarks. 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 “*” and then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Kamlesh Kotak from Asian Market Securities. Thank you and over to you Sir!

Kamlesh Kotak: Thanks Margaret. Good evening everyone on behalf of Asian Markets we welcome you all to the Q3 FY2022 earnings conference call of Elgi Equipments Limited. We have with us today Mr. Jairam Varadaraj, Managing Director representing the company. I request Mr. Jairam to take us through an overview of the quarterly and nine-month results and then we shall begin the Q&A session. Over to you Sir!

Jairam Varadaraj: Thank you very much Kamlesh. Good evening ladies and gentlemen thank you for taking the time to be with us this evening as is normal I will take you through the sales numbers as they happen across the world and then go to the profitability and a bit on the cash flow and then share with you our general impressions about the market and then open it up for questions and answers.

Sales as you have seen from the numbers has been a pretty robust performance for us compared to previous year Q3 we grew by almost 20% and we must keep in mind that last year's third quarter was quite a resurgence from the COVID first wave of April so it has been a good sales performance so starting from Australia which was one of the bad markets for us during this period.

Besides lockdown in a lot of the states of Australia we also had some challenges in some of our project business in Australia but things are coming back it was a temporary thing that we faced for two quarters. We are coming back slowly and with the opening up of the country we are quite confident that things will come back to normal in Australia just for you to remember during 2021 Australia really did well for us. In Southeast Asia again was quite a challenging period because of COVID in most of the country so it has been muted though

we grew in some of the key market in Southeast Asia overall it was nowhere near the performance compared to the rest of the world.

Moving into India, India had a pretty strong performance in Q3, we had a little bit of oxygen business but very, very little bulk of Q3 compared to Q2 has been the regular normal cadence of business other than the O2 business which was quite strong in especially the second quarter. All the verticals in India have done well so I cannot single one out and say it has been an exceptional. All of them have done pretty well.

Moving on to Middle East the challenge in Saudi Arabia because again COVID conditions but UAE where we have our own go-to-market direct sales and service organization, they have done well, they have grown well but overall as a geography middle East Africa was better than last year but nothing significant but it has been good.

Europe continues to do well for us we are ahead of our sales plan but presently made for Europe where we said we are going to expect in organic growth through losses for a period of time. Losses have been lower than planned and the sales has been higher than planned so it has been quite a positive performance in Europe continues to be there, north America also was strong profitability took a hick because of all kinds of chaos with freight and raw material price increases I will touch upon that in while talking about the profits of the business.

Brazil also did exceedingly well for us and our automotive equipment business which had a very tight first quarter has come back very strongly and it has done well in the third quarter so overall sales has been positive all around the world resulting in about 20% of number two last year's Q3.

Going into profitability assuming the good thing about the Q3 is we were able to move our contribution margin at material cost level we were able to move it back to prior year levels we had slipped in the earlier quarters by virtue of the fact that there was a volatile increase frequent increases in raw material and we just could not catch up with it but we took a very strong call in the middle of that we are going to push forward with prices which we did but it is coming in with a lag and in the Q3 we were able to catch up with Q3 of the previous year so if we had maintained that considering the increase in sales and the maintenance of our margin at material cost level as same as last year, our EBITDA should have been about 110 Crores but we did about 720 can bulk of the one big chunk of the reason is the mix there is a change in the mix of and because of which there has been changes in our variable cost.

Employee cost of course compared to the previous quarter has gone up because last year we went through without any increments for our people and this year there has been an increment. That is getting reflected in this quarter as well as it did in the prior quarter and some increases in fixed costs as business started.

Coming back to normal we have had some increases I think during the COVID period especially in the second third and fourth quarter of what I call the COVID year of 2021. I think we all got spoiled by virtue of the fact that fixed costs became very low and it set the benchmark for what of a very attractive P&L but I think that is a little illusionary because quite a bit of cost both and the customers were quite happy to do business without suppliers incurring those costs but now increasingly customers want us to be in front of them.

They are talking about visits so these costs are going up and that is half of the course and there has something to be concerned about so overall while EBITDA performed very well costs have come in which are normal and there is nothing abnormal to report the people cost increases part of it like I said explained to you was increment and if you look at it there has been even compared to Q2 there has been an increase in people cost that is because of the increase in certain cost of people in Europe which is well within our plan which we had deferred earlier waiting to see how business progress.

As it has progressed we are continuing to invest so you get these kind of lumpy increases as we complete our plan so if you come to the revenue mix in Q3 we are back to the almost 50-50 India and the rest of the world it in Q2 there was a shift by virtue of the business that came from oxygen but it is back to 50-50 and it is hovering around that in fact compared to last year it was actually skewed in favor of the rest of the world. We are growing consistently in India but we are also growing proportionately higher to keep cut ratio that mix constant.

As far as capital is concerned I have said that our investment would be in the range of 30 Crores to 35 Crores we have well within that, nothing significant to report. We have made certain investments as advances we have not yet got the equipment in our increasing some of our manufacturing capacity, but nothing else significant to report.

Now coming to net debt position in December was almost the same as in March we had a net debt position of around Rs.95 Crores it was about 93 Crores in March. I think this is a good performance considering that during this period we had to over invest in inventory because of all the supply chain challenges in spite of those increases in inventory we were able to compensate by better management of our receivables and as a consequence our debt levels remain relatively flat.

Going beyond Q3 into where we are right now there has been a further increase in that nothing of significance about 7 Crores-8 Crores but these are all temporary corrections that we are going through in our inventory so there is nothing to be worried about despite on the way to releasing quite a bit of cash across all our regions except for Europe which is consuming cash, all the other regions and businesses have actually generated cash during this ticket so it is a good situation as far as cash flow is concerned. So this is really what I wanted to summarize on the financials.

From a business point of view the enquiry levels the interest conversions seem to be still there so there is a bit of sluggishness in terms of time frame for conversion it used to be a lot faster we beginning to see maybe customers taking a little longer and the second pattern we are seeing maybe not so much in India but in some parts of the world is a certain sluggishness in payment.

Customers are delaying payments so we will have to wait and see and watch this very carefully and manage our cash flow has far as everywhere the enquiries are growth business is good but if somewhere to ask me why is this so I am not able to give a coherent answer it is a multiplicity of many things China plus one strategy in certain segments in India seem to be playing and they are playing consistently exercised as an example but that cannot explain the buoyancy in demand in India across all sectors.

I mean I cannot single out one sector which says that we are very strong across the board we are seeing activity so I am not able to the China plus one strategy does not seem to explain across the road while there is points in India and while government spending has been talked about it is still not in infrastructure projects it has happened in roads and dams and all that but we do not see that kind of a thing trickling into industrial we get to see the PLI teams have been announced we are very strongly engaged in the customers who have been registered for these programs but similarly in Europe and America itself business is still strong.

We will have to wait and see with the federal reserve cutting back on the stimulus as well as increasing the interest rates we will have to wait and see what happens to the business but like we have maintained always that our market share in all these markets is so small that our headroom for growth is so high that the turbulence at the surface of the water is not as relevant because we are so far at the bottom of the ocean so I think we will continue to grow.

I do not see a problem there so we continue to manage the business on such principles and I think as of now we are in a good picture so thank you very much. I will now wait for your question. Thank you.

Moderator: Thank you very much we will now begin the question-and-answer session. The first question is from the line of Ravi Swaminathan from Spark Capital. Please go ahead.

Ravi Swaminathan: Congrats on a good set of numbers. Sir my first question is with respect if you can give some more flavor on the kind of growth which is being seen across sectors in India I mean which are the two to three sectors which are growing above average which are growing below average you told textiles apart from that what about the big ticket projects like steel based, cement-based plants how the growth is from those kind of sectors if you can give that sense it will be great and what kind of volume growth that probably over the past nine months we might have seen in India and what kind of growth we can see over the next one to two years given the fact that demand scenario seems to be strong in India?

Jairam Varadaraj: Well there is a large project based sectors like cement and steel have been muted but it does not mean that there are no enquiries there is still a lot of activity but it is just taking a little longer cement was very point last year if you remember even during the COVID quarter, first quarter it was very, very strong unprecedented it continued on and then it kind of softened but I think with real estate coming back I think we will start seeing a strong thing but it just took a temporary step back and they are expecting it to grow so once that happens I think you will start seeing create more finalization in these sectors but other than these large like infrastructure related sectors I cannot say that there is one that is disproportionate high all of them have grown there has been growth across all of the sectors so I cannot say that these are the top three it will be very difficult as far as volume growth unfortunately I did not prepare the numbers for this quarter because bulk of our price increases we did last quarter and therefore I had projected and I have given a number how much was volume and how much was price I will come back to you we can take it offline. As far as growth is concerned like I explained to you I am not able to give a coherent answer for why there is growth now in our business because we are in the capital goods business that means we contribute to capacity and we are what I would call small capex because we come at the end of a project we are not the big capex and we are continuing to see people investing in our type of capex not able to ascertain why in some sectors like I said textiles there is an explanation but many sectors it there seems to be a buoyancy there is a demand like why is copper growing like that is there is no tomorrow like it is going out of fashion I mean there is not enough copper in the world, there is not enough electricity in the world so there is that volume so there are some inexplicable things that are happening maybe somebody has got an explanation but it is not visible to me so I am under these circumstances it will be very difficult to predict what our growth is going to be but we had declared our strategic business plan where we said we are going to be on a trajectory of more than \$60 million I think we are quite comfortably along that trajectory probably I am more comfortable than we were before so that is the best I can say.

Ravi Swaminathan: Got it Sir and in terms of profitability in terms of gross margins etc., we are kind of fairly stable it looks like so we would have passed on much of the price increase that would input cost increase will pass it down to end customers so do we need further any price increases going forward and can we maintain the same 11% consolidated margins going forward or can it go down so easily and given the fact that inflationary pressure across the board is high so that is why I am asking?

Jairam Varadaraj: As far as price realization is concerned I do not think Q3 reflects or takes in all of it so we will continue to see marginal improvement in price realization in the fourth quarter that is my expectation right so there is always a lag as far as will we have to increase prices again if commodity prices continue to behave the way they are and are again indications that they are going to go up then we have to react I mean there is no other choice, the mistake we made the first time around was waiting we thought this was an aberration and we waited too long and by the time we reacted our reaction was inadequate because the frequency of change was very high and then we reacted again and again and again multiple times and so every time you react there is always a time lag by which realize the game, this time around we are trying to increase our agility by which we respond to these kinds of changes. It is clear in our mind that if there are commodity price related price changes we are going to pass it on because it is not a matter of a competitive inability because it is something that affects all the players in the market so we will pass it on so there may be a lag of a few weeks or maybe a month in terms of realizing it but it is clear to us as a team that we will pass it on if these violent changes happen now as far as you are talking about EBITDA at 11% now I see a possibility there is a obviously that there is a volume based growth there is a leverage that we will get certainly that will come to the bottom line that we are very confident in addition I had talked about I think in the Q3 thing about a very comprehensive variable cost reduction program that project is going along nicely we are quite confident that we will hit our target so those things should come in and but I expect that the full extent of that project's value will be more towards the third quarter of next year.

Ravi Swaminathan: Thanks.

Moderator: Thank you. The next question is from the line of Renjith Sivaram from Mahindra Manulife Mutual Fund. Please go ahead.

Renjith Sivaram: Sir one thing which I wanted to check with you the integration of Gardner Denver with Ingersoll almost done and we hear from the market at least that their activities have increased in terms of dealers and in terms of aggression so are you also seeing such kind of pressure in terms of market share from and also we also hear that Kirloskar Pneumatics is

also getting more aggressive in the screw compressor segment where they were previously not that big so given these two scenarios what will be your strategy?

Jairam Varadaraj:

Well certainly Ingersoll Rand within the new incarnation of Ingersoll Rand, they are more lively and they are more energized of course I mean then and we see that in the market and we also see not only Kirloskar but quite a few players who are trying to get a share of the market now all this is when the market is great everybody looks like a hero, the real challenge comes when the market starts slowing down and then we need to see who are the ones that are standing now because of the growth in the market and because of our own certain initiatives in the market we have done well right in terms of even growth we have done well I believe with respect to peers because but I cannot make any comments because I do not have the numbers from the peers but these are all here stay in the market so that is we can never aspire to have 100% then it is not possible and it is not healthy either so we have our own segment, we have our own customers like everybody does and we will play to our spend the goal is to improve the value of your sales rather than trying to just do a topline so right now everyone's having a good time we love to wait and see when markets slow down who are the ones who really do well.

Renjith Sivaram:

Okay and one more thing I wanted to check that there is a lot of capex which is expected to happen in the mobile electronic front where they require oil free compressors so in that Ingersoll Rand has some advantage because we still do not have that completely oil free compressor we do not have the kind of presence or kind of nodes that they have so if the capex in those kind of segments will happen more in the future will we be tempted to look at some of those segments or it is better to leave that for those? Are we looking at these kind of things that is happening in the market because we are seeing a lot of capex happening in such kind of areas where you require a lot more of oil free compressors.

Jairam Varadaraj:

I do not know where you got this information that we do not have, we have as good a range as any of the manufacturers in the oil free segment and oil free has been a strategic priority in our company over the last five years and we have done with some very smart increases in our share of the market in India not just in India but all over the world and to give you an example in electronics we have got some very significant orders from some of the leading semiconductor manufacturers in Southeast Asia so we are well placed and in PLI there is quite a bit of emphasis given to electronics and semiconductor and we are watching that very carefully. We are already in touch with many other companies who have got that schemes approved and we are well placed. We have a full rank. I do not know where you have got information that we do not.

Renjith Sivaram:

Our oil free is one of the filter, it is not completely oil free we use that filter?

- Jairam Varadaraj:** Absolutely not. It is completely oil free.
- Renjith Sivaram:** Okay as good as what those companies offer?
- Jairam Varadaraj:** Absolutely ISO rated as class 0 just like everybody else. No oil in the compression chamber.
- Renjith Sivaram:** One more area which I wanted to check is that because of this textile and also in future steel going to come there will be a requirement of large centrifugal air compressors so in that market in the whole is kind of currently?
- Jairam Varadaraj:** There are quite strong in that market, market is not big yet right and we do have a product that we are selling, it is Korean product a good product we have got some reasonable share of the market so we have some plans which at the appropriate time we will make them public.
- Renjith Sivaram:** Because we are seeing a lot more capex in the steel and textiles so where large textile and steel would require such kind of solution so that is why I thought I will check that with you and we will be completely out of gas though whatever lucrative measures government of India comes we would not even look at that segment?
- Jairam Varadaraj:** Which one gas?
- Renjith Sivaram:** Yes city gas distribution and all these segments.
- Jairam Varadaraj:** No. Oil and gas is not a segment that we would be interested in.
- Renjith Sivaram:** Okay and lastly like you also mentioned this expected increase in interest rate in US so patents how did they perform and are they completely out of the woods or you see some risk with this risk of this slowdown in U.S. or you feel that we are so small player to be impacted with anything of this kind of a slowdown?
- Jairam Varadaraj:** Overall North America we have such a small player that it is a lot of headroom for us to grow so I do not think that we can provide that as a reason for any dislocated performance or whatever in the future so that is not an acceptable thing we need to come up with strategies to overcome them as far as patents is concerned, they are in the five Southeastern states the market opportunity there is significant, we are working reorganizing we have got a new leader at patterns, we are building a new strategy so things look only positive for patterns in the future.

Renjith Sivaram: Okay and our Europe strategy is that going as per what we have planned or you see some is there something positive or negative whatever you can share in the Europe?

Jairam Varadaraj: Like I said during my narration we our losses in Europe are lower than our planned losses and our revenue in Europe is higher than our plan revenue so we are doing far better than what we had planned so we are in the third year of a five-year plan so we plan to make losses in four or five years and we are doing less loss than what we have done.

Renjith Sivaram: Okay Sir all the best and I will catch up later. Thanks.

Moderator: Thank you. The next question is from the line of Harshit Patel from Equirus Securities. Please go ahead.

Harshit Patel: Hi Sir thank you very much for the opportunity. Sir my first question is on our distribution footprint overseas you have explained in the previous calls that in North America I mean we are the distributors or we have 50-50 JV I mean we own the distribution channel on the other hand in Europe we have a different strategy wherein we appoint multi-brand distributors so what I wanted to understand was that what was our distribution footprint in both of this market five years ago versus what it is today so for example in Europe how many distributors did we have probably four or five years ago and now where we are right now similar with North American market?

Jairam Varadaraj: So to answer your first question distributors own the relationship with customers not just in Europe but also in North America so our strategy in both these countries has been to get into being considered by some of the strong distributors in both geography now our acquisition of patents and Michigan air were strategic in the sense that when we do not we are not able to get a distributor for organic growth or we are not able to incubate a distributor like we have done in five locations in the US then we look at an acquisition and that to if it is in the top market geographical market some regions of the country that we have looked at so the strategy is the same but since we have deployed so much funding to Europe we will not be looking at acquisition till such time we recover whatever we have invested into Europe so the plan is consistently the same between Europe and America is not different. I do not have the numbers of the actual numbers of distributors and Europe as numbers obviously available, it is not readily available with me and it is also not a number that I would like to share in a public forum because competitors that get to listen to work with what I am saying as well but I can tell you it is in Europe five years ago to now probably the distribution growth is 100x if you look at North America it is probably 30x so that is the kind of scale that we have done in terms of distributor development.

Harshit Patel: Understood Sir my second question would be on our services business so could you explain how we conduct that business in different markets I mean what are the markets where we would directly do that business what are the markets where we would go through our dealers and distribution and what kind of margins do we earn when we do it ourselves versus when we will have to route it through our distribution channel so if you could explain this bits it will be very helpful Sir?

Jairam Varadaraj: So our aftermarket business is predominantly step up the only country where we do direct service is in India of course wherever we own distributors like patterns of Michigan air force that service is a big chunk of fair business but in the larger scheme of the consolidated size of the picture very small so bulk of our service is rendered for our customers by our distributors. Our aftermarket business is primarily.

Harshit Patel: Sure as a percentage of overall our sales I mean usually the globally the benchmark is that almost at last, they earn almost one-third of their revenues from this aftermarket both services must pass so where have we reached in this journey how many years it might take us to reach that one-third of the sales that milestone so could you give some flavor on that and what would be our share of aftermarket both in India as well as an overseas geography so I understand in the global markets I think it would be very less because of I would say lower installed base vis-à-vis what it is in India so would it be possible for you to throw some light on that that would be my last question?

Jairam Varadaraj: I do not want to give specific percentages but as far as India is concerned. Our aftermarket business as a percentage of our total India business is very comparable to the benchmarks that you talked about as far as International like you have pointed out we need to increase our install base so internationally our aftermarket is probably around 12%-13% so that is really where we need to grow now what is the timing of this growth is a function of how quickly we are able to increase our installment so it is very difficult for me to give you a mathematical kind of a trajectory.

Harshit Patel: Sure Sir appreciated. Thank you very much for answering my questions.

Moderator: Thank you. The next question is from the line of Manish Goel from Enam Holdings. Please go ahead.

Manish Goel: Thank you so much and very good evening Sir. Sir couple of things one is on the comment you made that the full benefit of price hike realization would also be felt in Q4 so as we have already seen that sequentially material cost as like gross margins have been improved so going forward can we expect further improvement in gross margin and then probably reflecting that at the EBITDA level Sir?

Jairam Varadaraj: Absolutely it may not be as significant as we have done from what we have done in Q2 to Q3 or Q3 of last year to Q3 of this year the kind of corrections that we have done which may not jump at that same level but a percentage and a half is definitely what I expect will there be an improvement in fourth quarter.

Manish Goel: At gross margin level or at EBITDA?

Jairam Varadaraj: Well I expect at a state level which means hopefully we would not eat it up already go to the bottom line.

Manish Goel: Okay and also like in last call you had mentioned that we had taken price hike probably a little late in the international market and towards the end of Q2 so did we see benefit of that in Q3 or so when you met that we see improvement in Q4 it will be largely driven by this international price hike?

Jairam Varadaraj: No at multiple levels, there were prices in India that were on rate contract that could not be realized quickly, there were some oxygen supplies that were on old prices that will come that were not corrected, international takes a lag there is always lag and distributors have a backlog of orders and because of logistics issues we had a backlog and therefore deliveries had to be different so which means all those deliveries had to happen at the old crisis so multiplicity of factors that caused a gap between a price correction on paper and a price realization of in reality.

Manish Goel: Sure and on challenges related to supply chain you did alluded to that in for at least the U.S market the challenges for the supply chain so just want to get your perspective going forward what is like in terms of still are there challenges on supply chain, are you facing any challenges on semiconductor shortages related to which may impact our business and material ability and things like that?

Jairam Varadaraj: Well semiconductor unfortunately for us we are not a big consumer but so we had to we had to overstock in relation to these challenges each of them add up so supply chain in terms of availability and certain types of past continue to be there supply chain in terms of freight delay, freight uncertainties and freight pricing continue to be there right so the uncertainty has while it has reduced has not gone away.

Manish Goel: In Q2 call you had like were expecting that probably Q3 might see some sequential declining revenue but somehow we have more or less maintained our revenue so what could have changed and how do we see going forward Sir?

Jairam Varadaraj: So like I said Manish I am not able to decide this demand certain segmental demand I can decipher but general buoyancy in the market I am unable to decipher different people have different theories towards it not all of them add to it there are 100 blind men touching the elephant and explaining it and so there are different explanations that are coming so one when you do not understand something you have to be cautious even if the results are positive so that is where we are not being conservative, we are being very aggressive in terms of making use of all the market opportunities but at the same time we are cautious when it comes to deploying cash, we are cautious in terms of saying any big moves that we need to move we are all watching them.

Manish Goel: Sir on capacity like in past you have always been maintained that we would not require significantly large capex going forward but looking at the growth momentum do you expect that we should probably look for some capacity announcement and entails a fair bit of capex going forward?

Jairam Varadaraj: We are continuing to invest in increasing our capacity wherever it is relevant so whether it is machine tools, we keep investing like I have explained in the past we are not a process industry where there is a linear link to capacity and investment. We are like a step function we keep in we have multiplicity of machines with multiplicity of capacities not all of them are finely balanced it is not possible so in some time we will over invest in one machine because that is the size of the machine so that machine will be carrying a lot of capacity and another machine may not have so we will invest it so that is all those investments are all part of these 35 Crores that we keep doing every year now the next big investment is going to come when we move our city factory to our new campus that will involve investing in building and which we will probably do that over the next couple of years, we have to do it because we are running our space in the city so those are what I call as non-return investment because the investment is building and those kinds of investments will be like I said like if you look at our MDNA I have said that those kinds of investments which are not based on specific return will be done with equity and our own cash rather than that so that is the way we are going to do this.

Manish Goel: Okay thank you so much.

Moderator: Thank you. The next question is from the line of Renjith Sivaram from Mahindra Manulife Mutual Fund. Please go ahead.

Renjith Sivaram: I just wanted to check with you like how much will be textile as a percentage of compressors because that segment we are at least being next two to three years in a high growth phase so will that become a substantial portion of our revenue?

- Jairam Varadaraj:** I do not want to talk about specific percentages of each factor that is too competitive and information. We are a very strong player in textiles we will continue to be a strong player and we will grow from strength to strength because we are positive new products that are coming which are existing which will help our as a value proposition to the textile industry so we are quite confident on that.
- Renjith Sivaram:** Which compressor more relevant to consumer take place or more relevant to the garmenting and all, other portions?
- Jairam Varadaraj:** In terms of garmenting as the least requirement the maximum would be in an air jet weaving facility and spinning of course with 25000 spindles, maybe we will need about 30 horsepower or a 50-horsepower machine. The highest is in air jet cleaning.
- Renjith Sivaram:** There are certain requirement air jet fully machines also.
- Jairam Varadaraj:** Air Jet spinning is not a big percentage of the yarn industry.
- Renjith Sivaram:** (Inaudible) 49:32 in terms of semiconductors, in terms of mobile, in terms of consumer durables that also requires a lot of compressed air in terms of cleaning and other operations?
- Jairam Varadaraj:** Sure.
- Renjith Sivaram:** Okay so just wanted to get some idea on the future growth potential thanks.
- Moderator:** Thank you. As there are no further questions in the participants I now hand the conference over to the management for closing comments.
- Jairam Varadaraj:** Thank you very much. Ladies and gentlemen for joining us I do not have anything specific to add I think the questions pretty much covered some of the points that I did not cover in my monologue at the beginning so again things are looking positive we will have to wait and see to get a coherent explanation for what is happening in the economies around the world. We are pushing ahead taking advantage of every opportunity without any lending so I think the fourth quarter as far as the topline is concerned would be roughly similar to the third quarter and profitability we are hoping will be marginally better.
- Kamlesh Kotak:** Thanks Jai. On behalf of Asian Markets a special thank you Mr. Jai for providing the insights about the company's call and thank you everyone for joining for the call with that we conclude the call. Thank you and have a good day.



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Moderator: Thank you. On behalf of Asian Market Securities Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.