



FCL:SEC:SE:24:83

16<sup>th</sup> August, 2024

Corporate Relations Department BSE Limited 1st Floor, New Trading Ring Rotunda Building, P J Towers Dalal Street, Fort Mumbai – 400 001	The Manager Listing Department National Stock Exchange of India Ltd 'Exchange Plaza', C-1, Block G, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051
Scrip Code: 500144	Scrip Code: FINCABLES

Sub: **Transcript of the Analysts/Investors Meet held on 14<sup>th</sup> August 2024 at 4.00 PM.**

Ref: **Regulation 30 read with Clause 15(a) of PART A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Dear Sir/Madam,

Pursuant to the above referred Regulation, please find attached the Transcript of the Analyst/Investor Meet held on 14<sup>th</sup> August 2024 at 4.00 pm (IST) to discuss financial results of the Company for the quarter ended on 30<sup>th</sup> June, 2024.

The transcript of recording can also be accessed on the Company's website at <https://www.finolex.com/View/Page/Analyst-meeting-transcript>.

Kindly take the same on record.

Thanking you,

Yours faithfully,

**For FINOLEX CABLES LIMITED**

**Gayatri Kulkarni**  
**Assistant Company Secretary**  
**& Compliance Officer**

Encl.: As above

**Registered Office:**

26-27, Mumbai-Pune Road, Pimpri, Pune – 411018. Tel: 020 27506200.  
Visit us at: [www.finolex.com](http://www.finolex.com) | Email: [sales@finolex.com](mailto:sales@finolex.com) | CIN: L31300MH1967PL016531

**XCEEDS  
EXPECTATIONS**



# “Finolex Cables Limited Q1 FY25 Earnings Conference Call”

**August 14, 2024**



**MANAGEMENT: MR. MAHESH VISWANATHAN – DEPUTY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER, FINOLEX CABLES LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Finolex Cables Limited Q1 FY '25 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing “\*” and then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Mamta Samat from Perfect Relations. Thank you, and over to you, ma'am.

**Mamta Samat:** Thank you, Dovin. Good evening, everyone, and thank you for joining us on Finolex Cables Limited Q1 FY '25 Earnings Conference Call.

Today we have with us Mr. Mahesh Viswanathan – Deputy CEO and Chief Financial Officer from Finolex Cables.

Before we begin, I would like to say that some of the statements that will be made in today's discussion may be forward-looking in nature. We will begin the call with the “Opening Remarks” from Mahesh sir, after which we will have the forum open for the interactive Q&A session.

I will now request Mahesh Viswanathan sir for opening remarks. Thank you, and over to you.

**Mahesh Viswanathan:** Thank you, Mamta. Good evening, participants. Thank you for joining us on this call today. So as usual, I will give a brief remark about the quarter that just went by.

So, there were three distinct features to this quarter:

- One was the elections. It was held in the background of the elections. So, the business sentiments were definitely impacted by the changes that were felt during the course of that three-month-long election period.
- The second was the extreme summer. So, while this helped in certain businesses, it was the opposite in certain other businesses.
- And lastly was the extreme volatility in the commodity markets. Copper, for instance, touched a high of \$10,857 on LME and also a low of \$8,809 on the LME in the same quarter. So, that's a difference of almost 20%. And so, these three major features impacted the business during this quarter. What started as an extremely promising quarter did not eventually pan out to be so.

Our revenues improved only by about 2% over the corresponding quarter of last year and were lower by 12% compared to the immediately preceding quarter. This was also reflected in the

electrical cables business where we ended up with a turnover of 1,031 crores against 1,011 crores. in the last year and compared to 1,200 crores in the previous quarter.

So, like I said, those three events or rather those three items significantly impacted the business during this quarter. As we speak now, copper prices are still yet to recover. Yesterday was about \$8,800. So, what this has meant is that there is a serious pressure on price reduction. To the extent that was possible without hurting margins too much, we have done so. But volumes are yet to recover.

Having said that, we had to revise prices downwards in the month of June and that impacted the overall margins as well. So, we closed the quarter with about 13% margin overall for the company and slightly over 11% for the electrical cable segment.

On the communication cable segment, the same metal impact was felt on the metal-based products. So, that would be coaxial cables, LAN cables and so on. While optic fiber volumes were better by about 10%, although realizations were lower because of the ongoing low prices on fiber across the globe. We expect the fiber prices to recover over the next 2-3 quarters. So, I think going forward it looks better. But for the quarter, the volume impact was overshadowed by the lower prices.

The silver lining was on the other segment which comprises of the new products that we have brought in. So that could be the fans, water heaters, appliances and the conduit pipes. All of them showed a very healthy growth both in volume as well as in value realization. Of course, on lights, while there was a very good volume impact, the price erosion continues. LED prices continue to fall across the globe.

With this background, the profit for the quarter after taxes was about 122 crores, lower than the corresponding quarter of last year, which was 132 crores, and of course lower than the immediately preceding quarter at 146.

Basically, these are the highlights of the quarter. So, now I will stop with my brief, and I can take questions from now on.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rahul Agarwal from IKIGAI Asset Management. Please go ahead.

**Rahul Agarwal:**

Three questions. Firstly, on the wire sales, could you just elaborate as in what's really happening post 1Q, like July-August, what is your experience? Copper, as you said, is still not, it's got down obviously, but how is the channel behaving there? And a bit of an outlook on overall demand for wires, both housing as well as on the automotive industry for the balance of the year.

**Mahesh Viswanathan:** So, like I mentioned, copper is still down. Yesterday's close was about 8,800, I think. So, it doesn't get back to, it is barely at March average levels at this point in time. As long as it maintains this number, I think things will pull up afterwards.

I remember talking about the high or rather the increasing copper values when we last spoke in the month of May. And there was a question somebody asked, how long do you think this will last? And nobody was clear at that point in time. I had explained the reasons why prices were going up at that point in time, but I had also said, not very sure how long this would last. And, well, within a couple of weeks after I said that the price has bottomed out. It has still not recovered to the extent that we would like to see it at.

In the meanwhile, quite a number of purchases had been made in the month of April and May by the channel. And there is still some of those stocks available in the channel. It is still not fully dried out.

I think demand will start to pick up maybe once there is stability at the price level. If people see that the prices remain at 8,800, 9,000 levels, probably demand will pick up immediately afterwards, or one might have to wait a little bit longer. At this moment, I am not really sure. We did expect sometime early July that the prices would recover, but it hasn't happened. It has actually dropped further since then.

Your second part was on the automobile pickup. Last quarter I think was not such a great quarter for the automobile companies within the country, and I think we had a reflection of that as well. But as the demand starts to pick up, festival season is upon us any time now and we expect those demands to pick up soon thereafter.

**Rahul Agarwal:** Any comments on the industrial and agri side, please?

**Mahesh Viswanathan:** I am sorry, I couldn't get that question. Any comments on the?

**Rahul Agarwal:** Industrial and agri cables?

**Mahesh Viswanathan:** Agri was good both April and May. In fact, we were unable to keep up with the demand between April and May. Now is the lean season. So, the next pick up on agri would happen somewhere around November time frame when in a pre-sowing, it starts up again. But the monsoon season is basically slack season for agricultural products. Industrials, the price change seems to have hurted a little bit. It is similar to what I said about construction wire.

**Rahul Agarwal:** Secondly, any update on the wire CAPEX and the Fiscal '25 cash outflow for the overall CAPEX for the full year?

**Mahesh Viswanathan:** On the CAPEX, happy to say that both the E-beam equipment have been installed, commissioned. From our side everything is go. We are just waiting for the final clearance from

AERB. They are supposed to come, inspect it and then give us a go ahead for consent to operate.

So, that's the thing that we are waiting for. We have invited them for the inspection. As soon as their schedule opens up, they will come and do that. So, we are hoping that by this quarter we should be able to offer products in the market. The trial lot productions have all performed at much, much better levels than what the standards demand. So, we are very happy with the products that have come out of the facility.

The auto cable expansion at Roorkee, the equipments are landing either today or tomorrow at Roorkee. So, we expect that by mid-October to mid-November, we should be ready to put them to use.

As far as the performance is concerned, the structure is ready. Currently the HVAC work is going on, and simultaneously contractors are designing the effluent treatment plants and the other necessary features. The equipment, the main machine is expected to be installed in the month of November, I mean October and November. So, we are hoping the trial productions can start by December or January at the latest. So, those are the major CAPEX programs in place.

Besides this, we are adding a compounding plant for Goa. Currently, the insulation compound is moved from Urse to Goa. Now Goa has reached a stage where it can sustain a compounding plant of its own. So, we are putting the plant there. The permissions to construct have been obtained from the local bodies. So, right now, a tendering process is on for finalizing the contractor. So, hopefully by May, June of next year, that facility should be operational. This is broadly the CAPEX plan. It is to say, it's going on as we have planned. There have not been any glitches so far.

**Rahul Agarwal:** And what is the cash outflow expected on CAPEX for Fiscal '25 full year?

**Mahesh Viswanathan:** It will be about the same that we talked about last quarter. There is no change in the outflow. Overall expenditure until next year would still be around 500 crores. Bulk of it would be spent this year.

**Rahul Agarwal:** Sir, I had one more question, if I may, please. On the consol margins, if you could elaborate a bit on a three-year range, right? Obviously, pre-COVID, the business was at 15%. Should we work around 13%, 14%? Is that the right number for the overall business to consolidate? This is inclusive of electric cables and communication cables. So, at EBITDA level, what comes out in the entity, what should be the long-term EBITDA margin range, please?

**Mahesh Viswanathan:** At the entity level, there is going to be a little bit of changes here and there, depending on the dividends one receives from the associate company. But if you exclude that, 13%, 13.5% is something that you should work on.

**Moderator:** Thank you. The next question is from the line of Sonali Salgaonkar from Jefferies. Please go ahead.

**Sonali Salgaonkar:** So, my first question is, could you give the quantum of the price cuts in electrical wires that you talked about in June? And also, you said that impacted operating margins. So, should we consider this quarter sort of as a one-off and expect the core operating margin to regain, say, about 13% from the coming quarters?

**Mahesh Viswanathan:** Well, it depends on how long the commodity prices stay at the level they are. If I go back to April and May, we were unable to satisfy demand to the extent we would have liked. So, what probably has happened is there is a fairly large number of stocks in the channel and when the prices tumbled, there was just freezing of orders from the channel side. So, they probably are still sitting on some level of stocks which they have procured at an earlier price.

Now to expect us to cut down the prices to those levels may not work. So, I think there would still be a little bit of resistance for some time. But then if the commodity prices settle where they are without too much of volatility, then you might see demand coming back in again. It is a little bit of conjecture of course, but that's the best that I can offer at this point in time.

So, coming to margins then, if demand remains at a low level, then margins would also be similar. But if demand picks up, then I think we should be back on track.

**Sonali Salgaonkar:** And what was the quantum of your price cuts in June?

**Mahesh Viswanathan:** I think we took overall from then till now about 10%.

**Sonali Salgaonkar:** So, from 1st of June till now is about 10%.

**Mahesh Viswanathan:** Yes.

**Sonali Salgaonkar:** Sir, my second question is regarding the overarching opportunity for communication cables. I mean, without concentrating on just about the near term, like one or two quarters, you had earlier spoken about BharatNet opportunity and the tender floating, and generally the impending 5G rollout as well. And now with your new CAPEX coming in optic, could you help us understand about your broader path of the opportunity that you foresee for communication cables going forward?

**Sonali Salgaonkar:** So, the one opportunity that we talked about last time was on the BharatNet opportunity. We had to say that finally the tender, the bids were filled I think one week ago, last Tuesday or last, yes, last Tuesday finally. We have also participated in the tender through a consortium.

This, the technical bids have been opened, but I think there is evaluation going on. We expect the price bids to be open sometime in the next month, month and a half. This opportunity is

approximately, the total size is about between 15 to 17 million kilometers, but this covers only eight states. There are other states which still have to come up for their piece of the third phase, and we believe that opportunity is going to be as big, if not slightly bigger.

And then we talked about 5G rollouts. We also talked about how the towers are still to be connected by fiber and so on. So, the opportunity size is fairly large, and in that context, what we are doing is to ask the right thing to do. We are building capacity. At the same time, we are also adding capacity on the back end, which will give us better pricing, and better control over pricing, and flexibility as well, when we participate in such large tenders.

So, in that sense, I think we have done the right thing, and we believe that the opportunity over the next few years is fairly large, we are talking multiple, multiple opportunities there. I don't want to put a number to the size, because it's all finally going to depend on the financing ability, and the speed with which finance comes into the picture, but the numbers are fairly huge. We are still nowhere near where China is, or even where the Western countries are.

**Sonali Salgaonkar:** Sir, just to clarify, you mentioned that you have participated in the BharatNet opportunity, and by when can we expect to understand what part of this entire tender we have?

**Mahesh Viswanathan:** That's what I said. So, the technical bids have been opened, and the price bids are yet to be opened. We expect those price bids to be opened once the technical evaluations are completed. There are 21 or 22 bids which have come in. So, I guess they will need some time to go through each of the bids to make sure that everybody is qualified, and all the T's and I's are dotted and crossed. So, that will take some time. So, probably by the end of September is when one can really expect them to open the price bids. At that point in time, we will know whether we have win, how successful we have been.

**Sonali Salgaonkar:** Sir, my third question is regarding your FMEG business. Now this quarter, we have seen some very good growth over here. I do remember we had a target of breakeven. So, could you elaborate where we are into this achieving the breakeven from an annualized perspective, and what are our plans going forward for this segment?

**Mahesh Viswanathan:** If you recall my comments from the earlier conversations, I have always been saying that between 250, around 250 crores we should be breaking even and we are there at this point in time. 68 crores is what we have done in this quarter, times 4 is just over 250. And I think at this speed, we will be breaking even, barring any blips.

**Moderator:** Thank you. The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

**Saket Kapoor:** Sir, firstly, you were alluding to the fact of the fluctuations in copper prices, which resulted into lowering of prices in the wires and cables segment. And sir, do you think that there is also a shift that is happening in terms of the demand also moving towards aluminum being a better



metal of choice in the cable segment going ahead then because of the availability and the higher prices for copper?

**Mahesh Viswanathan:** Typically, aluminum, at least in our country, on the construction wire, people still use copper. On automobiles, people still use copper. On agricultural applications, it is still copper. Aluminum gets used more on the power cable side and definitely at some of the lower voltages, so 110, 132, there are many utilities which prefer aluminum.

So, having said that, our presence in the medium voltage power cable segment is fairly small. I think I have said this earlier also. Out of a total market size of about 25,000, 28,000 crores, our presence is only about 200 crores. We have always been a little reticent about that. Payment patterns are, you are dealing with a lot of distribution utilities who are not the most well-funded companies and there are leakages along the way when you get the order, when you execute the order and when you have to collect the money for the order. So, we have been a little reticent about participating in that portion of the entire market.

So, I am not able to comment whether there has been a shift from copper to aluminum. It could be a factor because obviously aluminum prices are lower, but then to push the same quantity of power, you need more quantity of aluminum also to be used there. So, that's something there. So, I can't, with any firm conviction, say that it has happened, or it is happening.

**Saket Kapoor:** Sir, in the extra high voltage segment that is the EHB segment, what is our current order book and current out of the sales mix?

**Mahesh Viswanathan:** We have a fairly decent order book there. Our current order book is close to 300 odd crores. The challenges there are slightly different. It is more to do with between the time an order is secured and the time the order is completed. There are multiple challenges there. You need to get ROW permissions, which are a problem in our country. While you may get it from the civic authorities, as you go to execute it, a lot of people start popping up from the ground that managing them is a challenge.

And then, of course, there are, from the time you are declared L1 to the time that you sign the contract, also there is a long waiting period. The utilities have their own processes to go through before you get the contract signed and then production started. Those are challenges, which I think some of them can be overcome. We need to be better at that. I think that is where we are focusing on right now.

We have been fairly successful in getting orders. I think the next step for us is to ensure that our speed of execution is good and that the orders are converted quickly into sales and into profitable sales. So, it has been a learning curve. I hope that the learning curve doesn't go too long from now.

**Saket Kapoor:** Can you give me the revenue for the EHV segment for the last financial year?

- Mahesh Viswanathan:** Last year was about 130 crores.
- Saket Kapoor:** Last financial year.
- Mahesh Viswanathan:** Approximately 130 or 123 somewhere around that.
- Saket Kapoor:** And depending on a 300-crore order book, what should we envisage for this year?
- Mahesh Viswanathan:** Our target this year is 240.
- Saket Kapoor:** And sir, last point on EHV segment is that what is the current scenario? I think there is lot of trust in the states' DISCOM's financials now also improving and things like the renewable story all together getting a lot of traction and a network to be built for the same separately, how does this segment penciling-in and going ahead, what should be an ideal order book position for you, as you told that we are in the learning curve and that is the first process?
- Mahesh Viswanathan:** As far as the potential is concerned, the potential has never been in that. With so much infrastructure needing to be done and needing to be upgraded, the need for high voltage cables or extra high voltage cables is definitely there.
- Where our cables find use mostly are in the transmission sector where the overhead lines are getting replaced with underground lines, especially when they come into a metropolitan area or urban area. And there is quite an amount of work to be done.
- Secondly, even areas which were earlier serviced by 66 kV lines are now upgrading themselves to 220 or 132 and so on. So, that need definitely is there.
- The difficulty so far has been in the utilities being able to fund themselves, to be able to handle all these CAPEXs and that is where the project gets announced today. You expect it to be done in six months or one year, but then it pushes over to a couple of years because money flow is still not as smooth.
- If you look at the utilities, to some extent they have been able to get themselves funded either through REC or through Power Finance Corporation, but then not everybody is rated on the same scale and there are some where the projects go smoothly and there are some where it gets delayed for funding reasons. So, like I said, opportunity or potential is never in question. It is more the reality of funding the projects. That is true for most infrastructures projects in India.
- Your second point was on, sorry.
- Saket Kapoor:** Sir, it was on the EHV only. I think you have answered it.
- Mahesh Viswanathan:** As far as we are concerned, our present facility at constant prices can generate revenue of about 400 odd crores with this one vertical line. To increase it, we need to put additional lines.

But then the rest of the utilities you don't need to put in. So, the buildings, everything else is tailored for three lines, whereas the insulation line, we have populated it with only one at this point in time. Once utilization gets to 100%, or gets to 70%, 80%, then we can start thinking of putting another one there.

**Saket Kapoor:** Very small point, sir, and then I will join the queue. We are in the VCB lines?

**Mahesh Viswanathan:** Yes, on the vertical line, yes.

**Saket Kapoor:** And sir, for OFC, I have one question, if the moderator allows me. Sir, for the OFC segment, if you could give us some understanding on how post-June exit, what are the OF and the OFC prices? And I think major players are running suboptimal capacity in the current scenario, in the country, and also at globally also.

**Mahesh Viswanathan:** You are right, because no big rollout has happened. So, after the technical 5G rollouts by the telecom players a year ago, not much fiber has been consumed. BSNL has not bought anything in the last one year. Nothing of significance in any case. So, you are right in saying that most people are running suboptimal capacities. And therefore, that is reflected in the prices.

Also, in the beginning of, or towards the end of, all through the last year, most of last year, there was a lot of cheap fiber coming from China. Then in February this year, the government came out with an AD, and to some extent that has stopped. But fiber prices still haven't gone back to where they were, let's say, two years ago. They are still sub \$4 at this point in time.

But I think with additional demand coming in from either the BSNL tender or what is expected to come subsequently from the other states, plus now that telecom companies have revised their tariffs upwards, they will have a little more cash to spend on CAPEX. We do expect more fiber to be utilized in connectivity over the next year, year and a half.

**Saket Kapoor:** So, sir, as you mentioned, firstly, about the BharatNet technical tender being open, and the financial one will take some time, and about the telco part of the story, also, the revival of Vodafone post their FPO. So, for the OFC in particular, optic fiber cable, what kind of demand can we see? Because as the prices are lower, the CAPEX cost should be lower for that telco. This is one of the best opportunities to put the CAPEX in front because the cost of OFC is trading at a multi-year low.

**Mahesh Viswanathan:** I don't deny that. But they haven't done so far. So, which is why I said, now that they have the cash to spend, if you see all the telecom players, whether it is Reliance or Bharti or now Vodafone, all of them have raised their prices towards the consumers. So, they will have more money coming into the kitty. And that they could utilize to buy, I mean, roll off either across wherever they needed to be.

**Saket Kapoor:** So, what could be the amount spent, especially only for the...

- Mahesh Viswanathan:** Last year? Last year, nothing much to talk about.
- Saket Kapoor:** This year what we can anticipate with technical bids, like you told, for BharatNet being open. So, there you are getting an understanding of what kind of money will be spent only particularly for OFC layout, laying out the cable?
- Mahesh Viswanathan:** BharatNet, the current tender spend is expected to be somewhere around between 50,000 and 55,000. I don't know who's quoted what, but between 50,000 to 55,000 crores. But then this includes a lot of electronics and other stuff as well. The cable portion there is, let's say, about 10%.
- Saket Kapoor:** And so, at current prices, what does it translate into the 5 kilometer, 5 kilometer?
- Mahesh Viswanathan:** It depends. It depends on the design. There are multiple designs. There is a 6-fiber design. There is a 24-fiber design. There is a 48-fiber design. There is armored, there is unarmored, all of it put together. So, I will not be able to give you an average. It's not as simple as that.
- Saket Kapoor:** And our utilization level, sir? At what capacity are we running?
- Mahesh Viswanathan:** Right now, our Goa factory is running full because we have orders from Bharti. So, we are supplying to them. Urse, there is still some capacity.
- Saket Kapoor:** And another which region, sir?
- Mahesh Viswanathan:** Urse.
- Saket Kapoor:** Come again?
- Mahesh Viswanathan:** Urse. That is in Pune.
- Saket Kapoor:** Urse. Okay. And total market share, what is our optic fiber cable market share?
- Mahesh Viswanathan:** We will be about between 13%-14%.
- Saket Kapoor:** So, sir, we will stay in this vicinity going at since now there is no point in improving or increasing the capacity or have we planned any CAPEX for the OFC segment?
- Mahesh Viswanathan:** That is what we talked about in the beginning. What we have done on the OFC fiber, everything is that we are putting up a preform plant. So, we gain control over the raw material that goes into the fiber. We are adding capacity on the fiber draw towers so that currently we have a 4 million draw capacity. We will take it up to 8 million over two stages, first from 4 to 6 and then 6 to 8. The preform capacity that we are putting in now will give us an equivalent of 4 million kilometers of fiber. The preform should be operational by December or January latest and the fiber draw tower from 4 to 6 should happen maybe 3-4 months down the line. So, that

will give us more control over the material prices because currently we are importing the preforms and we will have better pricing ability.

**Saket Kapoor:** But the end product cable...

**Mahesh Viswanathan:** Cable we have put, we have constructed a factory to house the machines, but right now, like I said, the Urse factory, still there is some capacity available. We will wait for the results from the BSNL tender to be known, and if at that time we believe that we need additional capacity, we will populate the place.

**Saket Kapoor:** And with this completion, what will be our margin accretion for the optic fiber segment? I think that now we are at a 1.5% or 2% margin.

**Mahesh Viswanathan:** Yes, if you went back a few years ago, we were close to double digits. We were about 9% or 10%. The aim is to reach there. We may not be able to reach there in one go. It might take two steps before we reach there. But definitely double of where we are today.

**Moderator:** Thank you. The next question is from the line of Sonali Salgaonkar from Jefferies. Please go ahead.

**Sonali Salgaonkar:** Sir, just two quick questions, and I will keep it brief. Sir, firstly, on the capacity utilization, could you let us know what is our present capacity utilization separately into electrical cables and communication cables?

**Mahesh Viswanathan:** Electrical, under 60% now. Around 60% now. Communication, like I mentioned, see, the Goa plant is running full, whereas Urse, there is still some spare capacity. So, we are probably around 70 overall.

**Sonali Salgaonkar:** Sir, it is good to know that we are not facing any constraints. Sir, second question is, of our cables and wires mix, is it fair understanding that about 65% to 70% is wires and the rest is cables?

**Mahesh Viswanathan:** Cables would be about 10% to 12%. The rest is all wires or various applications.

**Sonali Salgaonkar:** So, we are more into B2C centric wires vis-a-vis B2B centric cables. Is that right?

**Mahesh Viswanathan:** If I were to take 100, about 10 to 12 is cables. Some part of it is through the channel. Some part of it is direct. Then of the balance, let's say 85% to 88%, about 10% to 12% goes to automobiles. That is B2B. The balance is B2C.

**Sonali Salgaonkar:** I understand. So, that is about 65% to 70%.

**Mahesh Viswanathan:** That is about 70%, yes.

**Sonali Salgaonkar:** Sir, my third question is about EHV. Could you help us understand, say, approximately, of our overall electrical space, how much would be EHV currently?

**Mahesh Viswanathan:** EHV is done through the joint venture, right? So, that comes, and since it is a joint venture, we don't consolidate line by line. We are only consolidating at equity level there. But if I were to add that number, you add another 125 crores to the electrical piece. This is on an annual basis, and I am talking about last year's number.

**Sonali Salgaonkar:** Sir, my last question is regarding the margin of our communication cables. You did mention that we are targeting to achieve double digit or rather regain the double digit 9% to 11% that we used to do about three to four years back. We understand that is a two-step process. But with the current opportunity that you elaborately explained, would it be a fair assumption to expect those margins coming back, say, by FY '26 or '27?

**Mahesh Viswanathan:** Yes, if the numbers, if the volume comes in, then I don't see that as a major challenge.

**Moderator:** Thank you. We have the next question from the line of Drashti from Thinkwise. Please go ahead.

**Drashti:** Sir, I just wanted to know what are the prices of fiber optic cables globally now and what has been the price decline in the last one year?

**Mahesh Viswanathan:** Again, I cannot give a single price point there because it depends on the design. You have your products which have only 2 fibers in them. You got 4, 6, 24, 48, 96 and so on and so forth. So, depending on the design of the product, depending on whether it's armored, whether it's an aerial cable, whether it's going to go underground, the costing changes. And so, I can't give you a single price out there. All I can tell you is that the price of fiber, which is one of the major elements that goes into the cable, is around \$4 at the moment.

**Drashti:** And what has been the price decline in this?

**Mahesh Viswanathan:** It used to be 5.5 sometime ago.

**Moderator:** Thank you. The next question is from the line of Rahul Agarwal from IKIGAI Asset Management. Please go ahead.

**Rahul Agarwal:** Just wanted to dwell a bit more on this OFC tender. The way I understand the business, you do about 500-550 crores annually on communication cables. Let's say, whatever market share we have on the specific BharatNet tender, this revenue number on an annualized basis, what is the revenue potential we are talking about here? And what is going to be the working capital cycle? Because my sense is right now the balance sheet is pretty lean. As of March, it looks like we are running like a 30, 35 day kind of sale number there. Will that expand because of BharatNet? These are my two questions.

**Mahesh Viswanathan:** The way they have positioned it, you are right with the receivables will expand for sure, but it will not expand straight away by the value that is invoiced because they have factored in a system where they will give you an advance towards managing the working capital. It is then up to the efficiency of the organization to see how quickly they are able to rotate that number. So up to 10% of the tender value can be claimed as working capital advance once certain initial steps have been taken. So, that's one part.

But other than that, yes, there will be a slight increase in the receivables. They have also taken, I think, steps to say that they will make payments within 90 days or so. Now, these are government organizations saying 90 which means 90 can go up to 120, I think. So, to that extent, there could be an increase in the size of the balance sheet.

What does it mean for any individual company? Like I said, the total expected spend on this particular tender is anywhere between 50,000 to 55,000 crores. That is over 16 packages, and all these packages have different sizes. But then if you were to take an average, so 55 divided by 16 works out to about 3,500 per package. And no one company or one consortium can get more than 4 packages. That is the best that one can get. So, 4 times 3.5 is about 12,000-14,000 crores and that has to be done over 3 years. So, 14 divided by 3 comes to about 4,600 crores per year, and so 90 to 120 days out of that would be outstanding.

**Rahul Agarwal:** And then you have to apply the 10% for the cable portion of it also on this number, right?

**Mahesh Viswanathan:** Yes, so this is at the consortium level. So, if you apply a 10% number on this, so you are talking roughly about 450 crores of cable revenue.

**Rahul Agarwal:** And that is provided all the 4 packages comes to one consortium.

**Mahesh Viswanathan:** One, yes.

**Rahul Agarwal:** So, my sense is the hit rate could be like max, it could be like 50%. So, we are talking about one of 550 crores run rate today, so we are talking about 250 to 300 crores of additional revenue over a 3-year time frame, is that correct?

**Mahesh Viswanathan:** Per year.

**Rahul Agarwal:** Is that correct?

**Mahesh Viswanathan:** Yes, you are right, but it is per year I would say.

**Rahul Agarwal:** Yes, per year, absolutely. And if we do that, so let's say if we do at a, if we run at a 700-800 crore annual revenue starting next year, at that point of time we should hit 8% to 9% of EBIT margins is what you mentioned. Is that correct?

- Mahesh Viswanathan:** Correct.
- Rahul Agarwal:** And secondly, similarly on the E-beam side just to clarify, I mean, the total assets turn on this asset is how much? Like what's CAPEX and what's the sales potential here?
- Mahesh Viswanathan:** The CAPEX is slightly under 100 crores.
- Rahul Agarwal:** And what's the asset turn you are expecting?
- Mahesh Viswanathan:** Initially we are, let's say, about 2. Going 2-4.
- Rahul Agarwal:** Sorry, 2 to how much?
- Mahesh Viswanathan:** Initially, you have 2 going to 4 to 5. And typically, how much time will this take to achieve full utilization?
- Mahesh Viswanathan:** The application-wise, solar would be the first application that we are looking at. Additionally, we are working on designs for railways. So, those would take a little bit of time before the approvals are in place. And then you have applications around instrumentation and automobiles. So, the quickest, I think, would be solar and automobiles, followed by railways and instrumentation.
- Rahul Agarwal:** So, we are looking, we are talking about incremental full year revenue of 200 crores, maybe starting Fiscal '26. Is that fair to say?
- Mahesh Viswanathan:** Yes.
- Rahul Agarwal:** And what could be the EBITDA margins here?
- Mahesh Viswanathan:** I think it's still something that we are working on here.
- Moderator:** Thank you. The next question is from the line of Praveen Sahay from Prabhudas Lilladher. Please go ahead.
- Praveen Sahay:** So, the first question is related to your CAPEX. So, all those CAPEX, post that how much the capacity is going to increase from existing? So, if you can give the color on how much electrical from here the capacity is going to increase and the other segments.
- Mahesh Viswanathan:** So, the bulk of the spend is going on the fiber and fiber-related assets. So, there, we are setting up a preform facility, which will deliver about 100 tons of preform, which is equivalent to 4 million kilometers of fiber.



Secondly, our fiber, currently, we have a draw capacity of 4 million. In stage 1, we take up that 4 million to 6 million. And in stage 2, we take it up to 8 million. This is where the bulk of the spend is going to happen between this year and next year.

Finally, we have cabling capacity on the optic fiber side of about 8 million kilometers of fiber. Depending on the outcome of the BharatNet tender and additional opportunities that will come, we may take it up to 10 million kilometers of fiber. So, that is still something that we are keeping it open. We have not placed any orders on anybody for that part as yet. But the rest of it, we have placed orders.

So, this is how the capacity will increase. So today, preform, we have zero capacity. That will go to 100 tons. Fiber, we have 4 million kilometers. That will go up to 8 million kilometers over two stages.

On the electrical side, we are increasing capacity on the automobile cables at Roorkee by half. So, it again depends on various designs there. So, I am not able to give you a specific volume number. And on the E-beam side, we are putting up a new facility, which has two equipments, both of which have now been installed.

**Praveen Sahay:** And especially in the extra high voltage, the CAPEX has been done, what you are saying?

**Mahesh Viswanathan:** I am sorry.

**Praveen Sahay:** In the EHV side, you had done...

**Mahesh Viswanathan:** Yes, EHV side is done through a joint venture. It is not within this entity. It is in a joint venture where Finolex Cables participates together with Sumitomo.

**Praveen Sahay:** So, there the CAPEX has been done or you are still in the process?

**Mahesh Viswanathan:** We have not done, the factory is functional, but that particular business has a very long gestation period of getting yourself certified and so on and so forth. So, we are now in a position where we are able to compete in tenders most of the time and most of the utilities have, we have qualified there. So, there are still a few utilities where qualification is an issue, but otherwise, we have qualified for a substantial portion of utilities, and we are able to participate in, let's say, about 7 out of 10 tenders floated, we are able to participate. And currently, we have an order book which is in excess of 300 crores. And what else is there to mention? At about 230, 240, we should breakeven there.

**Moderator:** Thank you. The next question is from the line of Sushil Choksey from, I am sorry, is an individual investor. Please go ahead.

**Sushil Choksey:** Thank you for taking my call, but you answered all my questions from the previous two, three questions.

**Moderator:** Thank you. The next question comes from the line of Saket Kapoor from Kapoor Company. Please go ahead.

**Saket Kapoor:** Sir, for the E-beam facility, electron beam, solar cable, what is the size of, we are going to set up and currently when will this be on stream and the CAPEX been done and also are we catering to the railways also in terms of their rolling stock and cable requirements?

**Mahesh Viswanathan:** So, E-beam, we have got two accelerators. One accelerator works at 1 MeV and the other one works at 1.5 MeV. Both the machines have been installed and commissioned as far as the manufacturers go. Trial production has happened. Quality from the trial production far exceeds the standard requirements. So, we are very happy about the equipment itself.

We are yet to receive consent to operate from AERB. That is the Atomic Energy Board. They are the regulatory agency involved in this, and we have called them for an inspection. Once they complete the inspection, we believe that we should have the consent to operate and put the products out into the market. We are starting first with the solar cables. We are also working on designs for automotive industry. We are in talks with a few of the OEMs there.

As far as the railway is concerned, we are working on designs, which we need to get approved by RDSO before we are able to supply to them. The other opportunity there is on the instrumentation side, which will be probably the last of the products to come on stream. So, that's broadly the answer here.

How much have we spent on this? Slightly less than 100 crores. That's the total spend. That includes equipment, building. I have not added the cost of land to this because the land is something that we have reused our existing piece.

**Saket Kapoor:** Sir, in the railway part of the story, we have been hearing about this anti-collision part or the Kavach scheme. Therein also, I think the requirement of cables and other equipment will be there. Does the demand for the railway cables coincide or come along this Kavach project only where we will be supplying the same or are these two different aspects also there?

**Mahesh Viswanathan:** Honestly, I do not know. I should not say something about what I don't know. So, I can get back to you.

**Saket Kapoor:** But last, the point which you were mentioning about the railway part, that I missed in terms of supplying cables to the railways.

**Mahesh Viswanathan:** What I understand is they do need cables which are E-beam cured. But then those designs have to be approved by RDSO. Anything that you supply to railways has to be approved finally by

the Railways Design Organization, which is RDSO. I mean, we are working on samples under those designs. We will have to get them approved before we are able to supply to them.

**Saket Kapoor:** What was the cable category you mentioned, sir? I missed it again.

**Mahesh Viswanathan:** No, they do require certain cables which are E-beam cured.

**Saket Kapoor:** E-beam?

**Mahesh Viswanathan:** Yes.

**Saket Kapoor:** Electron irradiated...

**Mahesh Viswanathan:** Yes, those cables are irradiated cables.

**Saket Kapoor:** Irradiated cables. And for the Kavach part of the story, you need to come back.

**Mahesh Viswanathan:** I need to come back to you. I do not honestly know.

**Saket Kapoor:** And sir, in the solar cable part, what is the current installed capacity in the country? Who are the major players? And what kind of annual demand for solar cables do you envisage, sir?

**Mahesh Viswanathan:** The number is huge. We are talking of what, 50 Gigawatts of solar energy through non-conventional sources. And you are talking of huge solar parks that are coming in. And all of them require, the panels require to be connected by cables to the inverter and so on. So, there is a very large requirement out there. The cables can be supplied either through a chemical process or this irradiation process. The chemical process obviously is not that environment-friendly. And in the long run, this is a better process to use. So, the requirement is growing, continues to grow. There are other suppliers today. I think a few of our competitors already have a line which is not similar to ours. It is made by different manufacturers. So, Polycab has got a line. I think APAR has got a line. And I am not sure about the others yet.

**Saket Kapoor:** Universal Cables and Vindhya Tele have also reported in their annual report about the solar cable and the E-beam part. So, we are competing with them also.

**Mahesh Viswanathan:** Yes, if they are in this line, then we would be competing with them.

**Saket Kapoor:** And your market share in this solar cable?

**Mahesh Viswanathan:** Sir, we have not released anything so far.

**Saket Kapoor:** Sir, come again.

**Mahesh Viswanathan:** We have not released our product as yet.

- Saket Kapoor:** No, taking into account the capacity which you are going to set up and depending upon the total capacity in the country, what would be your contribution?
- Mahesh Viswanathan:** You mean my wish part?
- Saket Kapoor:** Currently, sir, what capacity you are putting, if that capacity would have been there, what would your market share become?
- Mahesh Viswanathan:** That's what. So, you are saying if this were to convert into 100% sales, what would it be? That is what you are asking, right?
- Saket Kapoor:** Yes, sir.
- Mahesh Viswanathan:** I think we would like to get to somewhere around between 15% to 20%.
- Saket Kapoor:** And sir, lastly point sir, as railway part, definitely later on you will mention, but there are also signaling cables, quad cables. Do we cater to those segment also?
- Mahesh Viswanathan:** At the moment, no. So that is what I said when I meant railways, they have a lot of requirement of E-beam quad cables, both for their rolling stock operations as well as for their instrumentation operations. So, these are products which we will be able to supply by using our accelerators.
- Saket Kapoor:** Thank you once again, sir, for answering all our questions and very elaborate call. Hope to hear more, sir. And next time, sir, please do get the data for the Kavach part of the story also.
- Mahesh Viswanathan:** I will do that.
- Saket Kapoor:** And all the best to you, sir, to the team also.
- Mahesh Viswanathan:** Thank you.
- Saket Kapoor:** Hope to interact further.
- Moderator:** Thank you. This brings us to the end of the question-and-answer session. On behalf of Finolex Cables Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.