PARAMOUNT
WIRES & CABLES

February 15, 2025

The Corporate Relationship Department
BSE Limited
Phiroze Jeejeebhoy Tower,
Dalal Street
Mumbai-400001

The General Manager-Listing
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra East
Mumbai-400051

Symbol/Scrip Code: (BSE)530555 /(NSE) PARACABLES

Subject: Transcript of Conference Call pertaining to the Financial Performance for the Third Quarter and Nine Months ended on December 31, 2024

Dear Sir / Madam,

In accordance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform the exchanges that the transcript of audio call recording of the Company's conference call held on Monday, 10th February, 2025 to discuss the financial performance for the Third Quarter and Nine Months ended December 31, 2024 is attached herewith.

The transcript is also available on the website of the Company:

Link to access Investors call recording:
https:// /paramountcables.com /wp-content /uploads /2025 /02 /Transcript-Q3-FY25-1.pdf.

You are requested to take the same on your record.

Thanking You

Yours Faithfully,
for **Paramount Communications Limited**

NITIN GUPTA Digitally signed by NITIN GUPTA Date: 2025.02.15 13:27:45 +05'30'

Nitin Gupta
Company Secretary and Compliance Officer
Encl: as above

"Paramount Communications Limited Q3 FY25 Earnings Conference Call"

February 10, 2025

MANAGEMENT: **MR. SANJAY AGGARWAL - CHAIRMAN & CHIEF EXECUTIVE OFFICER, PARAMOUNT COMMUNICATIONS LIMITED**
MR. S.K. AGARWAL – CHIEF FINANCIAL OFFICER, PARAMOUNT COMMUNICATIONS LIMITED
MR. PARTH AGGARWAL - PRESIDENT, MARKETING, PARAMOUNT COMMUNICATIONS LIMITED

MODERATOR: MR. SANJEEV SINGH - MOTILAL OSWAL FINANCIAL SERVICES

Moderator: Ladies and gentlemen, good day and welcome to Paramount Communications Limited Q3 FY25 Earnings Conference Call hosted by Motilal Oswal Financial Services Limited.

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

And now hand the conference over to Mr. Sanjeev Singh from Motilal Oswal Financial Services. Thank you and over to you, sir.

Sanjeev Singh: Good afternoon, everyone. We welcome you all on Q3 FY25 Con-Call of Paramount Communications.

We have with us today Mr. Sanjay Aggarwal – Chairman & CEO; Mr. S.K. Agarwal – CFO; and Mr. Parth Aggarwal – President, Marketing.

I now hand over the call to the Management for their opening remarks. Post that, we will open the floor for Q&A. Over to you, sir.

Sanjay Aggarwal: Thank you very much, Sanjeev and good afternoon to everyone. I am Sanjay Aggarwal, Chairman & CEO of Paramount Communications Limited. I welcome you all to this Earnings Call.

Let me first start with a very brief background of the Company.

Paramount was established in the year 1955. We manufacture a complete range of products for every segment of the market, which includes power cables, telecommunication cables, optical fiber cables, railway signaling cables, house wires, special cables, etc. Our Company has two state-of-the-art manufacturing plants at Khushkhera in Rajasthan and Dharuhera in Haryana with a strong in-house R&D team and focus on excellence in design and implementation.

Paramount has established a strong presence in the US market after an extensive approval process lasting over five years. We were the India's largest exporter for electric wires and cables up to 1,000 volts under HSN code 854449 to the United States in calendar year 2024. The FOB value of our exports to the US amounted to US $43 million in the year 2024 reflecting a growth of 36%. In August 2024, Paramount liquidated all its debt obligations and has since become a debt-free Company. The total equity infused by the promoters into the Company since the year 2010, last 15 years roughly is Rs. 128 crores which includes Rs. 45 crores infused during the past 2 years. Further, the promoters have not disposed of any part of their shareholding in the past more than 15 years.

Paramount raised approximately Rs.274 crores during the past two years from the investors by way of fresh equity. All the funds raised have been utilized towards debt repayment, working capital and CAPEX, which has helped the Company to achieve stellar growth during the past three years. Paramount has been allotted approximately 31 acres of industrial land in Narmadapuram industrial estate, Madhya Pradesh by the MPIDC. This land will be utilized by Paramount to establish a new green field manufacturing plant for wires and cables aligning with our growth targets which otherwise would have been very difficult to achieve considering the space constraints in our existing plants. The Company achieved revenue growth of 37% in FY23 and 34% in FY24. Paramount has already exceeded the standalone revenues of FY24 in the 9 months of FY25 and expects even higher annual growth in the revenues for FY25. The Company targets US exports, which is mainly through its distribution network in that country to constitute around 40% of its revenues in the coming years. Paramount has achieved its highest ever quarterly and nine-month revenues and profits in the current FY2025. Paramount is further targeted to grow its topline with a CAGR of minimum 30% over the next 5 years and exceed Rs. 5,000 crores in revenues by FY 2030.

Now I will give a brief summary of the 3rd Quarter results for the financial performance of the Company during this financial year:

The revenue from operations in Q3 FY25 is Rs 392 crores as against Rs 284 crores in Q3 of last year showing a growth of 38%. EBITDA is Rs. 37.3 crore with a margin of 9.44% as against Rs. 25.7 crores in the same period previous year with a margin of 8.98%.

The EBITDA growth in rupees terms is 45.5%. Profit before tax in this quarter is Rs. 33.7 crores as against Rs. 24.5 crores in the same quarter of the previous year. Therefore, the growth in PBT is 38%. Profit after tax in this quarter is Rs 22.6 crores as against Rs 22 crores in the same quarter of the previous year. So, the growth in PAT is 2.6%. The PAT margin for this quarter is 5.7% versus 7.7% in the previous year. This decline in the PAT margin is due to the applicability of income tax in the current year as against the zero-tax liability that prevailed in the previous year. Domestic sales of wires and cables was Rs. 246 crores as against Rs. 223 crores for the past year with a growth of 10%.

Within domestic cable sales, power cable sales was Rs. 188 crores as against Rs. 127 crores for the last year with a growth of 48%. Power cable sales constituted 48% of the total Company sales in the quarter as against 45% for quarter 3 of the previous year. Export sales in this quarter is Rs. 146 crores as against Rs. 61 crores last year showing a growth of 138%. Export sales constituted 37% of our total sales vis-à-vis 22% in the previous year same quarter. The Company consumed 7,330 metric tons of metal, that is copper and aluminum during Q3 of FY25, as against 4,649 metric tons of copper and aluminum during the same period last year, showing a growth in production volume of 57%, which as you might notice, is higher than the growth in the revenues due to the lower metal cost during this current period.

Now, I will give a brief summary of the 9-month period ending 31st of December 2024, consolidated results for FY25. The revenue from operations in the first 9 months in this financial year is Rs. 1,069 crores as against Rs. 747 crores in the last year 9 months. The growth in revenue is 43%. EBITDA is Rs. 100.8 crores as against Rs. 67.4 crores in the previous period. Growth in EBITDA is 50% in rupee terms. EBITDA margin is 9.36% as against 8.96% in the same period of the previous year. Profit before tax for 9 months FY25 is Rs. 94.3 crores as against Rs. 62.9 crores last year showing a growth of 50%. Profit after tax in 9 months FY25 is Rs. 68.2 crores as against Rs.56.1 crores last year, showing growth of 21.7%. PAT margin in 9 months is 6.3% versus 7.4% last year due to the tax implication in the current financial year which has kicked in from Q2 onwards as against the zero-tax regime last year.

Domestic sales of wires and cables in 9 months for FY25 is Rs. 732 crores as against Rs. 534 crores in 9 months FY24 showing a growth of 37%. In domestic cable sales, power cable sales is Rs. 486 crores as against Rs. 298 crores last year, showing a growth of 63%. Power cable sales constituted 45% of the total Company sales in the 9 months as against 40% of the same period previous year. Export sales in 9 months is Rs. 337 crores as against Rs. 214 crores in the same period last year, showing a growth of 58%. Export sales constituted 32% of our total sales in the 9-month period versus 29% in the same period last year. Almost all our export sales were through our established and distributed network across the United States of America. The Company consumed 18,086 metric tons of metal with copper and aluminum during this 9-month period ended 31st December 24 as against 11,684 tons during the same period previous year showing a growth in production volume of 55%.

The pending order book as on 31st of December 24 is Rs. 620 crores consisting of domestic cable orders of Rs. 386 crores and export orders of Rs. 234 crores. The Company has incurred capital expenditure payments of Rs. 62 crores in FY24 and Rs. 43 crores in nine-months of FY25.

Now, looking ahead, there has been a spate of new tariff announcements by the government of the United States during the year 2025, and these are expected to play some part in the prospects of the Company as regards to exports to the US are concerned. So, let me take up these issues one by one.

Number one, 25% duty announced by the US government on all imports from Mexico and Canada. Once this duty is implemented, if at all it is implemented, it will make Indian products more cost competitive as these two countries are the largest exporters of our product range to the US. The USA imports over 50% of its raw aluminum from Canada and any increase in this cost due to the 25% tariffs will also affect the US manufacturers cost and benefit our competitiveness in the US. So, in summation 25% duty on Mexico and Canada whenever imposed shall be to the benefit of India and to Paramount. The proposed additional 10% duty on all Chinese products which has become effective from 3rd of February 2025 also help increase India's export competitiveness in the US. The 10% additional duty on all countries, which also has been proposed by the US government at some points of time recently, is unlikely to impact our competitiveness as it implies equally to all countries and therefore does not impact our competitiveness with the other conditions.

As regards the proposal for 100% duty on all BRICS countries, this is unlikely to happen as there is no BRICS currency expected in the near future and this was the main reason given for the 100% duty that was being proposed. Just yesterday, the US government, the President of USA has announced a new tariff of 25% on all steel and aluminum products by the US government which if applied shall be applicable to all countries in the world and the net impact on India if any is expected to be minimal if this duty is finally imposed. Overall, there is every reason to be optimistic about the competitiveness of the Indian cables in the US market from all the changes that one is looking at currently on the US tariff scenario. And we are quite optimistic that there is every reason for our exports to the US to continue on a higher growth trajectory.

Now to the management guidance, our vision is to cross the revenues of Rs. 5,000 crores by FY 2030. For next five years, our targets are therefore to achieve above 30% CAGR in our total revenues, to achieve 40% of our revenues on a sustained basis from our exports mainly to the US and to improve our EBITDA margins by 100 basis points.

We remain steadfast in our commitment to manufacturing excellence, technological innovation and customer satisfaction, which continues to enhance our global brand presence. The US remains our largest export market and we are focused on replicating our domestic success in the international markets also.

Thank you very much. And now you can come up with any questions or queries that you may have and we will be very happy to answer those. Thank you so much.

Moderator: Thank you very much. We will now begin with the question and answer session. Anyone who wishes to ask a question may press * and 1 on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press * and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants, you may press * and 1 to ask a question.

The first question is from the line of Praveen Sahay from Prabhudas Lilladher. Please go ahead.

Praveen Sahay: Thank you for taking my question and congratulations on a very good set of numbers. First question is related to the volume growth. You had given a 57.7% of volume growth and revenue growth of a 37.8% that's lead to a contraction of 20% in the realization. But if I look at the copper and aluminum prices on the Y-o-Y side in the INR term, that is up in a quarter on the Y-o-Y side. So, around 14% for copper and 19% for aluminum. So, why your realization has gone down in a quarter?

Sanjay Aggarwal: What I would like to say is why we have given the metal volume consumption is that the volume consumption gives you an indication of the actual production capacity utilized in a cable factory.

And the rupees sometimes do not fully reflect the amount of production that has happened in a factory. Coming to the price differential. There could be various reasons for the realization and the price averages. Firstly, the monthly changes that happen are also, we also keep on booking our metal roughly for the coming three months basis. And that also has an impact on the metal cost that we incur. Also, of course, it has an impact on the selling price that we are realizing from our buyers.

The second reason is that the product mix is very dynamic. The product mix keeps changing and you know a lower metal consumption as a percentage of value in a cable sometimes can indicate many different things. For example, I could be getting larger orders for cables in which the metal content is a bit lower and I have more highly priced plastics. For example, I am using more of fire performance compounds in a product mix, which could be much costlier than the plastics that I am using for the other cables. So, all of these, these are a mix of reasons, one tries to give a fairer indication to the broader market in terms of where we are. So, that's why we prefer to talk both in terms of rupees of revenues and in terms of metal consumed because metal consumed gives you, in a way, an idea of the way the machine has been sweated in the plant.

Praveen Sahay: Okay, got it sir. Second question is related to the order book and order book of Rs. 234 crore of export. Is this largely from the US?

Sanjay Aggarwal: Yes, you see for the last three years we have been focusing on the US. In fact, we have shared most of our export markets in favor of US because we wanted fully to concentrate our capacities on the US which demands a very large percentage of our existing capacity. And during the past years, past three years especially, we have been constrained on capacity. So, it was a strategic decision for us to take on where to actually which direction to focus our capacity on. So, we have decided to focus the capacity on US.

Praveen Sahay: And also to tariff imposition by the US, if the tariff will overall imposed, and for us as well, additional 10%, for us it will not impact our margin profile, because export is a high-margin segment. So, will that impact margin?

Sanjay Aggarwal: You see, export is higher margin, not high margin in my parlance. I would say that we do realize 1%-1.5% better margins in exports overall. But what is really important is the strategic importance of the export market, a market like the US, where we actually have something like a B2C market in real sense of the word compared to where the price margins are steadier. And of course there has been turbulence in the market recently because of all these slew of tariff announcements. But end of the day, if you have a strong presence, a strong foothold in a market of that volume, and things are happening still, the market keeps on consuming, the market keeps on demanding material and we keep on supplying. As they stabilize, we have an optimistic outlook in any case on the, even on the tariff outlook considering all the announcements that have come till now. India till now at least does not seem to be a loser on any of the tariff proposals that have been floated till now, whether implemented as yet or not.

Praveen Sahay: So, what I understand that will not impact your margin profile what you are earning right now from the US?

Sanjay Aggarwal: Sure.

Praveen Sahay: And second question sir is on the interest expenses which has increased significantly. Is this because of a Forex loss?

Sanjay Aggarwal: No. Firstly on Forex, we have been gaining mostly and that is reflected in our other income figures. And we have been gaining basically because the dollar has been gaining against the rupee. And we do hedge a small percentage of our forex earnings, but it is a smaller percentage. And mostly we have been earning in terms of the dollar rupee side. As regards to interest is concerned, interest, firstly, we are a debt-free Company, so there is absolutely no interest charge on our balance sheet and the interest that we are incurring is mostly on account of discounting of our invoices that are happening both domestically and for exports. So, domestically, lots of our buyers, when we do business on LC basis for example, we are incurring the interest on LCs. Right? Similarly, when we are exporting, sometimes we are getting factoring done and again that charge comes reflected on our balance sheet as interest. So, that is the only interest amount that you are seeing on our balance sheet.

Praveen Sahay: Okay, got it. Last question is related to your expansion plan 30 acres of land, you got it. Can you give some color on the how much of the CAPEX you have done or doing in this?

Sanjay Aggarwal: You see, the land and the land has recently been allotted. We expect to get the land registered in very shortly in our but it is yet to be registered but the formalities are being completed right now and the CAPEX would start immediately thereafter. The total project cost excluding land that we are expecting currently is roughly Rs. 250 crores and this should happen over a period of 1.5 years-2 years. At the same time, I would like to stress that we expect our new plant to start giving us revenues within FY27 itself because this plan would start contributing to our 30% CAGR growth targets in FY27 itself. And this plant should effectively help Paramount to double its revenues because the maximum revenues that we expect from our existing two plants by the end of next year will not be able to exceed Rs. 2,000 crores and a similar capacity should be added in the new plant to be, you know. So, roughly the revenues capability of the Company should double.

Praveen Sahay: Okay, got it, sir. I have some more questions, I will come in the queue. Thank you.

Moderator: Thank you. Next question is from the line of Vineet Bansal from Pinnacle Securities. Please go ahead.

Vineet Bansal: Congratulations on a good set of numbers. I really wanted to discuss two questions. One is, when it is likely that you will turn cash flow positive? And my second question is on the tariffs because as you mentioned the recent discussion around tariffs on steel and aluminum you said it won't affect you, so I wanted an understanding on that, like why it won't affect you? Thanks.

Sanjay Aggarwal: Okay, your first question will be answered by my CFO, although I don't, I am a bit confused why we are not cash flow positive, so I think our CFO will tackle that. Coming to your second point, which is regarding the US tariffs. You see, firstly it is not clear as of now, whether the 25% tariff on steel and aluminum will be imposed only on the raw materials or on the products that contain these. Now, how to define a product which contains steel or aluminum is not an easy task by itself. Right? To my mind, specifically they would firstly be imposing these duties on the raw form of, basic form of aluminum and steel. In the second phase they would start looking at products in which they identify as products which have a high content of steel or aluminum. But whatever be the path that they take, these duties are announced to be universal across all countries in the world. So, point is what is the capacity that the US has compared to its total market size and what is the preferred products that the existing domestic manufacturers make and if at all there is going to be a change or very heavy increase in their capacities how long it is going to take. So, these are long term things which would have a long term implication but not even in the medium term in terms of capacities available within the US. So, to my mind if let us say it's only on aluminum and steel, so steel is not our subject, but aluminum, it should end up increasing the cost for local US manufacturers for aluminum cables. If they include somehow cables which have aluminum content also from across the world, again it should not have any impact majorly because any case very less of aluminum conductor cables are being manufactured in the US, they are being imported from across the world, and everybody will be equally impacted. So, all of these things taken together, we do not have any reason to be as of now concerned about the prospects of Indian cable going into the US.

Vineet Bansal: Thank you.

S.K. Agarwal: I believe you are talking about the deficit in the cash flow based on our 31st March 2024 audited numbers. Am I correct?

Vineet Bansal: Yes, I saw a lot of inventory has been registered as negative cash flow.

S.K. Agarwal: If you see the overall cash flow, you will find during the Financial Year 2023-24, the Company has received an Rs. 300 crores from the capital raising. And the purpose of that capital raising was to meet some working capital requirement because of the investment in the turnover and to repay some current debts that has to be paid to the ARC and others. If you overall just it's a matter of presentation only if you go from the operating income cycle you will certainly find the test flow is negative. But that is not the case. Cash flow was negative because our requirement towards working capital and others was very high. And we have gone for the investors and we arranged around Rs. 300 crores. So, overall, if you see the net cash flow, it is positive. But certainly, yes, the operational cash flow is negative because of the raising of the fund that is a long-term perspective, Rs. 300 crore, and using that for the purpose of working capital and others.

Vineet Bansal: Got it. It means that this year it will be certainly positive, both on the operating cash flow and maybe on the free cash flow?

S.K. Agarwal: Yes, absolutely correct.

Vineet Bansal: Thank you.

Moderator: Thank you. The next question is from the line of Souresh Pal from KRSP Capital. Please go ahead.

Souresh Pal: Thanks for the opportunity, sir. My question is what will be the effect of copper and aluminum price going up abruptly on our margins?

Sanjay Aggarwal: You see, by nature, copper and aluminum tend to fluctuate. And this is something that we have lived with throughout our existence as a cable maker, and that is applicable to every cable maker. Now, what are the policies that a Company follows to mitigate the risk and to play, to be in a safe territory? In our case, we are very sure that we do not take long term exposures, we do not take any long delivery orders on a firm price basis. If whatever long delivery orders that we accept, any order that is more than 3 months or 4 months of delivery period that we accept is mostly only on a variable price basis in which the price would be adjusted in accordance with the variation in the metal price. As far as the firm price business is concerned, we do not target accepting more than 3 months future orders. Sometimes it might go up to 4 months but mostly it is 3 months and the policy, the Company policy is to book the metal on the very next working day that an order is received from a buyer, from the customer. So, we do not take long term exposures because long term exposures there could be a very huge movement in the metal price which could expose us to various risks. Short term, three months is a more acceptable level and we are in any case as I said booking the metal on the very next day of the order being received so we are not usually exposed to metal fluctuations. Even our order book, if you might have noticed, we do not ever like to brag about a large, long order book because that is something that we think is not a safe position to hold in this volatile middle scenario. It's always better to book orders which one can have a 100% back-to-back clarity on the metal cost also. Right?

Souresh Pal: So, sir, as per my understanding, you try to keep your margin fixed, while if the metal price goes up or down, that might cause the topline to go up or down. But your margin, you try to keep it fixed. Right? Is that correct understanding, sir?

Sanjay Aggarwal: Yes, that's right.

Souresh Pal: Sir, my next question is, sir, when the new plant, when it is going to come live sir?

Sanjay Aggarwal: You see in cable industry the plant does not need to start as one single manufacturing unit. It's not a single process, it's a multi process with multiple product lines. So, we keep on adding machinery and we keep on adding product ranges. We expect to do at least Rs. 500 crores to Rs.

600 crores of revenues from the new plant in FY27 itself and that would keep on growing. So, gradually as we have already ordered some machinery without even the land having been actually finalized. And that machinery would keep on coming and we would try and keep start manufacturing whatever products that we need at different points of time. The final, full capacity of the plant should be available to us roughly by the end of FY28.

Souresh Pal: FY28 or FY27, sir?

Sanjay Aggarwal: FY28 should be fully available to us. But we will be adding things. It will take some time. We are talking of March 28. So, roughly by 3 years it should fully happen because all the products that we are looking at. But as I said, the target is that to buy FY28 to have doubled our production capability, revenue capability. And I am using the term revenue capability because when you talk of capacity, that can be slightly confusing. There could be lots of unutilized capacity because of certain product ranges which demand a certain minimum set of machinery that might not be utilized to any large percentage of the theoretical capacity. So, what we want to talk about is the revenue capacity or the sales that we are targeting. And as I said, we will be doubling our production capability or revenue capability from this plant. And by FY29 hopefully we should have doubled it, full year FY28.

Souresh Pal: Sir, in FY27 you are expecting to do Rs. 500 crores-Rs. 600 crores revenue from the new plant. Is that correct sir?

Sanjay Aggarwal: FY27, yes, that's right.

Souresh Pal: Thank you. That's all from my side.

Moderator: Thank you. The next question is from Tushar from Kamayakya Wealth Management. Please go ahead.

Tushar Raghatate: Good afternoon, sir. Thank you for the opportunity. So, I just wanted to know, like aluminum copper would be what percentage of your raw material basket and also the PVC?

Sanjay Aggarwal: What percentage of my raw material, okay. Just give me a moment. I will Just look into the numbers. We have them ready. For FY24, I have the numbers ready not for the current financial year. I think we can share this number. It's not ready with me off hand, but we will be happy to share this number. You want to know the metal as a percentage of my total raw material and as a percentage of my total sales, whatever, right?

Tushar Raghatate: Yes.

Sanjay Aggarwal: I found it. So, in last year in FY24, metal was 63% of my total raw material consumption.

Tushar Raghatate: Of that 63%, I am just asking like aluminum was what percentage, copper was what and PVC?

Sanjay Aggarwal: FY24 aluminum was 38% of my raw material.Total raw material, Copper was 25% of my total raw material. PVC was 9%. Polyethylene was 11%, so you can say plastics was 20%. Steel was 6% and other raw materials were 10%.

Tushar Raghatate: Got it.

Sanjay Aggarwal: This is for FY24.

Tushar Raghatate: Fair enough, sir. And in all the export which you do, it's in percentage term. How much is CIF and FOB?

Sanjay Aggarwal: Roughly I would say, very roughly, because freight charges keep fluctuating very wildly But I say roughly 15% would be the difference between CIF and FOB. Not CIF, the landed cost in the warehouse of the buyer that would be roughly 15% higher than my FOB.

Tushar Raghatate: Got it, sir. Sir, in the cash flow just wanted to know like in H1-to-H1 comparison there was a positive cash flow. So, I just wanted to know for FY25, do you see the inventory pain which you had in the earlier years that to get reduced going forward and cash flow to start coming up?

Sanjay Aggarwal: You see, inventory, of course, in terms of number of days is on the path to going down. We had certain pressures on inventory because of the continuous high growth that the Company was having and the pressure to be prepared for all eventualities. But in terms of the numbers, I think my CFO would like to answer your query.

S.K. Agarwal: Yes, if you are talking about March '24, certainly the number of days in case of inventory was higher. Because as you can say in the month of January-February-March alone, we have received more than Rs. 100 crore from the shareholders for the purpose of working capital and others. So, during that period, certainly our inventory level was a little bit high because of the availability of the liquidity. But in the coming times, your Company is taking maximum efforts, and we are reducing the level of inventory gradually. And in the coming times, you will see it will be at par with the other industries, and there will be no such extra inventory issues in the coming times.

Tushar Raghatate: Got it, sir. And you mentioned that you're getting some good chunk of orders from the US. Just wanted to know like…

Moderator: Tushar, sorry to interrupt. Can you speak through the handset please?

Tushar Raghatate: I wanted to know the type of cables you export to the US.

Sanjay Aggarwal: Okay. You see, we are exporting mainly electrical distribution cables to the US. And these cables are being sold into the US market through our distributor network. We started with two distributors initially in 2021 -- until 2020 rather, and for two years we had only two distributors, but now in the past two years we have gained the increase, the number of these distributors has gone up from two to eight. And this is because of the acceptance of the product quality of Paramount and of course the delivery and the commercial reliability of Paramount that the market has seen. The actual consumer is the one who has led the demand through the supply chain channels which has caused the distributors to approach us and now even this number is going to be growing. So, this tells you that it is the presence of Paramount as a respected manufacturer and producer of quality product in the US market which is giving us the strength. What I would like to say it looks a bit different from the traditional definition of B2C that we have in the Indian markets but this is I would say a classic B2C market in which the consumer is driving the demand for my product and it does not matter which channel I have to use to reach the consumer because the consumer sets up the demand and through the myriad channels in which our supply chain works, ultimately the supply does come up to the importers, the distributors of the product in the US who then approach us. So, as far as we are concerned, we have a classic B2C scenario in the US where we have a respected quality positioning there and we are adding both our volumes of the existing range and we are at the same time continuing to now working on adding the product range also. So, it's both a vertical and horizontal growth that we are working for in the US market.

Tushar Raghatate: Got it, sir. And sir you have added some good high numbers like 30% CAGR with 100 basis point margin increase. So, majorly you kind of manufacture power cables in domestic market and you also export good in terms of US market. So, just wanted to know like, is there any soft order booking to feed that growth or how do you see the demand because in order to feed that guidance and the margin improvement?

Sanjay Aggarwal: Okay, the first thing I would like to remark is that 30% for paramount in today's scenario is not a high growth prediction. We have done 34% and 37% in the past two years. We intend to be doing 30% and 30% we say 30% CAGR only because we do not wish to make any over aggressive projections. But we never made a projection for 34 %or 37% for the previous two years also. We are still talking of 30% CAGR. And this is something that we are very confident there is no reason not to achieve. The market strength of Paramount is that we have been around for more than six decades. We have been around. We are there to discuss business with every possible buyer in the country, for any cable that is needed, especially in the power sector. We are able to vary to swing our capacities to whichever market that gives us the demand at a particular point of time.

Our footprint, in fact, is something I would like to stress. Our footprint as a Company, as a product is much larger than our current size of revenues simply because Paramount has been there for so long. We have had positioning among the top premier cable companies in the country for so long. We have had admittedly a difficult stretch of many years which caused our size to remain restricted for a certain period of time. Now that we are out of those shackles we are on the growth path. And to give you an example, the percentages that usually people talk about are not really the ones that are applicable to Paramount. Let me give you an example. When we got our first export orders for the US, it was a very difficult breakthrough to have in the US market. Because US simply was not importing anything in terms of cables from India for a very long time. The first breakthrough that we got in FY20, of course, along with one or two others from the Indian market also, but we were all supplying different products. So, nobody was competing with anybody locally, at least within India. And once we did some million dollars each, 7.5 crores each in FY20 and 21, what was the export that we achieved in 22? FY22 this 7.5 crores straight away became hundred crores of export to the US now what is the percentage you can calculate. Next year FY23, this hundred crores to the US became 400 crores, what's the percentage? 400% again so not as big as the percentage jump from 7.5 crore to 100 crore but still big enough. Now this Rs. 400 crore of FY23, in FY24 this shrunk to Rs. 275 crores not because of the substantial reduction in my volume. I still shipped 483 containers in FY24 compared to 500 containers in FY23. But this volume did not reflect the value, my value had gone down by 30%. What happened? My revenues for FY24 should have gone down or should have been affected? No, they did not. My export value went down by 30%, my revenue overall went up still by 34%, my domestic sales went up from Rs. 400 crores to Rs. 800 crores. So, domestic revenues went up 100% straight away in that very year when my export volumes rather values suffered because A, the US was importing much lower than the earlier year because of that de-stocking which happened across the US economy. But it didn't happen. It didn't matter to Paramount. We are always struggling to supply the orders that we can get because we have as I said, no problem in selling. Our problem for the last three years has been to manufacture, to produce. So, we are increasing our capacity continuously. We are raising funds. We are adding to our machinery and we are supplying. So, that is what has happened and this is what will continue to happen. If there is a setback in a particular market, again we are very confident that we can more than make it up in the other market. The example is before you, Rs. 400 crores of domestic sales became Rs. 800 crores in FY24.

Tushar Raghatate: Thank you for your detailed answers. Last question, like the CAPEX which you are doing, when are you seeing that CAPEX to go live in FY27? Is it H1 or H2?

Sanjay Aggarwal: You see, the CAPEX will start happening, of course, as I said, immediately as the land is registered in our favor. And by December 26, we hope to achieve the first commercial production. It could even be earlier.

Tushar Raghatate: That was really helpful.

Moderator: Thank you. Next question is from the line of Hardik Gandhi from HPMG Shares and Securities. Please go ahead.

Hardik Gandhi: Thank you for the question and congratulations on a good set of numbers. Just a few questions from my end. First, what is the execution period for the current order book?

Sanjay Aggarwal: As I said, we do not, as a Company policy, encourage an order book of more than three months on a firm price basis. And it is something, similar to that, because out of the Rs. 620 crores, some part would be the variable price orders, the firm price orders, we would typically target at being something in the region of 3 months-3.5 months capacity only, next 4 months.

Hardik Gandhi: And going forward, so we had this discussion where excluding the land, there will be a CAPEX of roughly Rs. 50 crores. Correct?

Sanjay Aggarwal: Rs. 40 crores to Rs. 50 crores.

Hardik Gandhi: So, wanted to know what about the land? Will they be...

Sanjay Aggarwal: So, the land has already been allotted by the MP government. It's at highly concessional prices, which is to the benefit of the Company, of course.

Hardik Gandhi: Okay, and how will we fund that Rs. 250 crore CAPEX?

Sanjay Aggarwal: You see, we are a debt-free Company on date.

Hardik Gandhi: Correct.

Sanjay Aggarwal: And we have all the options open to us. We are also looking at some fundraisers. We are looking at the ideal mix of equity and debt to be, all options are open to us. And...

Hardik Gandhi: Yes, but wouldn't that further reduce your promoter holding?

Sanjay Aggarwal: Yes, any infusion of equity does automatically reduce the promoters' holding to an extent and therefore we will be looking at what is the right balance to be looked at, at the point of time that we are taking the decision.

Hardik Gandhi: Understood, sir. And just one last question from my end. We discussed on the last con-call that we were working at a very high capacity utilization and there is not a lot of room for growth on that front but still on a quarterly basis, on a nine-month basis we are giving such good numbers. So, I just wanted to know where those numbers are coming from?

Sanjay Aggarwal: That's a very good question and I am very happy to answer it. I am very happy to answer this. We have been working nearly on 100% capacity of whatever products that we are getting orders for, for the past 2-3 years. And the reason is that we are getting these growth numbers only because we are doing CAPEX every quarter, every quarter, every month, every…, you come to our factories and you see a work in progress continuously, not in terms of just the product that we are making, but in terms of the factory itself. Machinery is being added every day. And you are producing and you are adding machinery, you are changing machinery, you are balancing equipment, you are doing everything at the same time. And that's been happening. We spent more than Rs. 60 crores last year on CAPEX. We have only spent Rs. 43 crores plus in the current financial year. And we intend to, but there is ultimately a limit to what the physical land, physical space, square feet available to us can give. And once we achieve that, we will be in any case ready with our new plant. So, that's where we are. We definitely have been working at the highest possible capacity. There are certain product ranges where the capacity is not utilized. So, that is immaterial. For example, optical fiber. We have a substantial optical fiber cable manufacturing facility. Now the order book on that has been very lax, and we have not been very particularly competitive there. So, when the market opportunity rises, for example, BharatNet, now very large contracts are being released. We get some good chunk out of that, but we don't put it in our projections on a regular basis. We take it as a chunky business when it comes. Now if you say that, okay, now add that to my capacity and then say, by your percentage, capacity utilization is low. Okay, it is fine. What I am talking about is my effective, utilizable capacity that we have been almost running at 100% almost for the past more than 8-9-10 quarters.

Hardik Gandhi: Understood, sir. Actually, one of the questions where, like we are doing CAPEX, so I just wanted to know the asset turn on that, like last year we did 62? This year for nine months we did Rs. 43 crores. So, at least that would help give some confidence in the incremental topline. And honestly, I did not expect for this quarter to be this exceptional given that we mentioned that you are running at 100% cut in the previous quarter.

Sanjay Aggarwal: In fact, you should have expected the opposite. You should have expected since we are running neck-to-neck we will be adding capacity every quarter and we will be adding to the revenues and that is exactly what is happening, right?

Hardik Gandhi: Correct. In the asset turns, I can look at the numbers?

Sanjay Aggarwal: Yes, I can share the numbers with you for asset turns. The net asset turn is 6.3 for FY24. And let's see how it turns out for this financial year because all these aspects, they depend on a number of things happening. How much money has come into the Company; how much turnover you have, what machinery have you been able to utilize in a particular year, end of the day, what really matters is, do we keep on our growth path? Do we keep bettering our reserves? Do we keep on doing better on our revenues, on our EBITDAs, on our PBTs? And that is something that you are seeing on a continuous basis. You can look at the last 8-10-12 quarters, and that is what actually ROCE.

Hardik Gandhi: Absolutely. So, just like on that front, so we already did Rs. 43 crores for this year. So, on that, just that CAPEX, ignore the one on which you are doing for the whole new project and everything. On just the internal CAPEX which you are doing in the existing facilities, what is the CAPEX we are planning to do on just that front going forward?

Sanjay Agarwal: You see this financial year out of this, as I said we have done 43, our target is to be roughly spending around Rs. 70 crores within this financial year. So, that should be happening. And next year of course most of our CAPEX would be happening on the new site. Some of it might still happen on the existing two factories, but mostly it will be on the new site.

Hardik Gandhi: Understood. Yes, that's it from my end. All the best, sir. Thank you for the explanation.

Sanjay Aggarwal: Thank you so much.

Moderator: Thank you. The next question is from the line of Kaushal Sharma from Equinox Capital. Please go ahead.

Kaushal Sharma: Hi, sir. Very good afternoon. And congratulations to the amazing numbers. My question is relating to your fund raise. So, do we have any plan to fund our existing targets or are we trying for QIP?

Sanjay Aggarwal: You see, QIP is of course one of the options on the table and it's a mix of market factors and various options that are available to a Company from time-to-time. So, it is definitely one of the options available to us. Debt is also to an extent an option available to us being totally debt free as of date. So, we are looking at the ideal mix that the Company could avail of.

Moderator: Thank you. Next question is from the line of Kautuk Yemdey from Axanoun Investment Management LLP. Please go ahead.

Kautuk Yemdey: Thank you for the opportunity, sir. And congratulations for the good set of numbers. My first question was on the shareholding pattern side. So, correct me if I am wrong, but the enforcement directorate has a 1.7% stake in the Company as of the 3rd Quarter of this fiscal. So, any comments on that?

Sanjay Agarwal: You see, it seems that one of our shareholders had some issues, some legal issues, and that particular investor shares have been attached by the Enforcement Directorate. And therefore, the shareholder now appears as Enforcement Directorate Government of India instead of that particular shareholder in our records.

Kautuk Yemdey: Okay, thank you, sir. I just wanted that clarification and one more question if I may. So, since one of our competitors are emerging into new products such as the semiconductor industry or the datacenters industry, so do we have any plans on going into that sector as well?

Sanjay Agarwal: You see semiconductors or data centers as a target market which could be user of our product is definitely there on the table. We target every possible use of our products everywhere. So, data centers is definitely a very large market segment that is opening up. It is across the world with the push on artificial intelligence. There is huge computing capacities that are needed. And of course, the data center would be a good user of cables. And definitely, yes. In addition to renewable space, data centers is also a very promising space. And we are working continuously on all market where there are opportunities.

Kautuk Yemdey: Okay, thank you sir. And just talking about the product mix, what I have observed is that the product mix is not consistent. So, for example, the share of pipes and others in FY 22 was 22%, then it rose to around 50% in FY 23, and then it rose to 26%.

Sanjay Agarwal: Share of what?

Kautuk Yemdey: Share of pipes.

Sanjay Agarwal: Pipes are a very small percentage of our revenues. Pipes come out of our 100% subsidiary Valens Technologies and we did some roughly Rs. 20 odd crores in FY24 in that product line and this year it has gone down because the major demand for that product was from the telecom sector, the telecom demand was lax. And this year it will be better but in any case out of a Rs. 1,000 crore revenue, something like Rs. 20 crores is just one of the products and a very small product in that.

Kautuk Yemdey: Okay sir, thank you. That answers all my questions.

Moderator: Thank you. Next question is from Vineet Bansal from Pinnacle Securities. Please go ahead.

Vineet Bansal: All my questions are answered. Thank you.

Sanjay Aggarwal: Okay, thank you.

S.K. Agarwal: Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will take that as a last question. On behalf of the management and on behalf of Motilal Oswal Financial Services Limited that conclude this conference. Thank you for joining us and you may now disconnect your lines. Thank you.