



**Finolex**  
**Cables Limited**  
AN IS/ISO 9001 CERTIFIED COMPANY

FCL:SEC:SE:24:13

17<sup>th</sup> February 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	Mr Tom Schmit Luxembourg Stock Exchange PO Box 165 L-2011 Luxembourg Grand-Duchy of Luxembourg EUROPE
Scrip Code: 500144	Scrip Code: FINCABLES	

Dear Sir/Madam,

Sub: Transcript of the Analysts/Investors Meet held on 14<sup>th</sup> February 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,

In continuation of our letters dated 9<sup>th</sup> February 2024 and 14<sup>th</sup> February 2024 and pursuant to above referred Regulation, please find attached the Transcript of the Analyst/Investor Meet held on 14<sup>th</sup> February 2024, at 4.00 pm on Q3 FY 2023-24 Earnings of the Company.

The transcript of recording can also be accessed on the Company's website.

Kindly take the same on record.

Thanking you,

Yours faithfully,

**For FINOLEX CABLES LIMITED**

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

Encl: As above

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**XCEEDS**  
**XPECTATIONS**



“Finolex Cables Limited  
Q3 FY '24 Earnings Conference Call”

February 14, 2024



**MANAGEMENT: MR. MAHESH VISWANATHAN – CHIEF FINANCIAL OFFICER – FINOLEX CABLES LIMITED**

**MODERATOR: MS. MAMTA SAMAT – PERFECT RELATIONS**

**Moderator:** Ladies and gentlemen, good day, and welcome to Q3 FY '24 Earnings Conference Call of Finolex Cables Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero 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, Sagar. Good evening, everyone, and thank you for joining us on Finolex Cables Limited Q3 FY '24 Earnings Conference Call. Today, we have with us the senior management represented by Mr. Mahesh Viswanathan, Chief Financial Officer.

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 the management, after which we will have the forum open for the interactive Q&A session.

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

**Mahesh Viswanathan:** Thank you, Mamta. Good evening, everyone. Thank you all for participating in today's call. Some brief remarks from my side. I'm sure all of you have already seen the numbers and you probably have some questions. But to recapitulate the numbers, our revenues for the quarter was about INR1,222 crores, up from INR1,187 crores. That's about 3% higher than the immediately preceding quarter and up from INR1,150 crores, which was the revenue for the corresponding quarter of the last year. That's about 6% higher. On a 9-month basis, the revenue was INR3,613 crores, up from INR3,256 crores, which is about 11% growth. Overall, it's -- within the segments, volume growth in electrical cable was about 8%. And the communication cables, which is the second largest group that we have, where the volume growth in the metal-based products were kind of flat, whereas there was a decrease in the optic fiber-based products. The reason for that was simply that the tender, which was expected from -- on BharatNet has still not been floated as yet. That tender is expected to consume approximately 24 million to 25 (inadvertently said 2.5) million kilometers of fiber over the course of its duration.

But the tender is expected to be floated now sometime in the next -- within the next week is what we hear now. So if you add another couple of months before the awards are issued, then the expectation is that revenue flow will start from at the earliest quarter 1 next year, at the latest, probably quarter 2 next year. That is when the revenue stream will start to flow. On the private telecom side, the 2 larger players, both Reliance and Bharti did not invest so much on the cable assets during the last quarter.

My understanding is that Reliance is focusing more on operationalizing the 5G rollouts that it had done. Whereas in the case of Bharti, they normally conduct reverse auction and they started the reverse auction process only towards November. They went through four rounds

and the last round was concluded last week. While we have positions, the contract is yet to be closed. So both private players, larger players in terms of procurement did very little in the last quarter. So these two were the basic reasons for a very low revenue in the communication cable segment so that will turn around in the coming quarters.

The other comments that I wanted to make was, yes, there was a slight slippage in the margin on the electrical cable side. We had been averaging around 14% over the past 2, 3 quarters. It dropped to 12 in the last quarter, but that's primarily an issue of product mix rather than anything else. That should again change in the long term, and we should get back to the normal levels of 13.5%, 14% sooner than later. Beyond this, there is nothing really much to comment on.

So I'll close my brief opening remarks now and then open up for questions. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shivam Mittal from Purnartha Investment Advisors Private Limited.

**Shivam Mittal:** Okay. Sir, in combination cable, like which product constitute what percentage of sales like how much optic fiber?

**Mahesh Viswanathan:** The optic fiber-based products would be around 2/3 of the total basket.

**Shivam Mittal:** How much, sir? Sorry?

**Mahesh Viswanathan:** 2/3.

**Shivam Mittal:** 2/3. All right. And what additional top line we expect like from buying capex? And by when we will be able to achieve those top lines?

**Mahesh Viswanathan:** That's what the capex that we have been -- we have talked about in the last couple of quarters, we expect demand to go up once the BharatNet are floated and announced. Secondly, as we've always been saying, the potential for demand in our country is far higher than what it currently is. And as and when 5G applications, more of use cases get rolled out, the need for fiber deployment will increase.

And so we are actually -- the deployment of capital that we are doing today is planning for the future. And we do believe that our country has a potential to consume upwards of 50 million kilometers of fiber every year. China today consumes approximately 400 million kilometers of the year. So there is definitely a need for fiber deployment. But as use cases develop and as fund availability improves, I think that should happen.

**Shivam Mittal:** Sir, considering, e-beam project and preform and fiber capacity, how much like additional top line we are targeting?

**Mahesh Viswanathan:** We have already made -- said those set those numbers in the earlier calls. So I can refer you to the previous minutes, that would be easier. I don't see -- as far as a need I don't think we have made any revisions to those numbers.

- Shivam Mittal:** All right. Sir, volume growth has been like 8%. First quarter rose 30%, second quarter 10% and now 8%. So sir, any particular reason for that?
- Mahesh Viswanathan:** I think there was a little bit of catch-up in -- the 30% fact probably was catching up from earlier loads. I think a 2-digit number should be sustainable, but not in their 20s and 30s. I think the mid-teens is what would be sustainable in the long run.
- Shivam Mittal:** All right. Sir, can you provide like region-wise volumes were like how much from East, North, which area contribute what percentage?
- Mahesh Viswanathan:** Typically are strength is largely -- there is the best in the South where close to 45% of our revenue comes from followed by the West, which is approximately 30%. North and East put together about the balance, 25%.
- Shivam Mittal:** Sir, in last call, like you mentioned, to remove our power cable revenue to compare our performance with peers. Like can you provide us about comparable revenue numbers because peers don't provide that.
- Mahesh Viswanathan:** I also have the same problem. I do know that they have -- some of them have extremely large power cable businesses. The power cable business, our estimate is approximately between INR23,000 crores, INR25,000 crores in a year. And our exposure to that is approximately INR150 crores, INR180 crores. So we are a very, very small player there. So the -- it would help if the numbers are segregated, but then that is not what everybody discloses, there is no statutory requirement to do so, so nobody disclosures, except I think one company. So it's kind of difficult to compare that. We can only make guestimates and I don't think that's the best way to do something.
- Shivam Mittal:** All right. Sir, what is the capacity utilization currently going on?
- Mahesh Viswanathan:** Around 2/3, 65%, 66%.
- Shivam Mittal:** All right. Sir, we had like a consultant to work upon like inventory levels to improve working capital efficiency. Any update on that?
- Mahesh Viswanathan:** That is -- it's an ongoing project, but then initial results have started to come in. So if you -- while the third quarter doesn't require the balance sheet numbers to be published, there have been promising results. Our inventory -- overall inventory from raw material all the way to finished goods is now at about 1.5 months used to be 1.8, 1.9 months earlier on. And obviously, the values have also declined in proportion.
- The control of receivables continues were 14 days now against 15, 16 days earlier. So the work that the consultants have done has definitely helped us, but it's been 6, 7 months since that project has gone live. I think more results will come in as we progress in time as the software revenues dive more self-learning. So it is able to adjust itself to situations on a dynamic basis. So as it learns more, it will be more efficient.
- Shivam Mittal:** Can you provide like a number of distributor account channel partners?

- Mahesh Viswanathan:** 700-plus numbers. Yes, that's 730 people I think.
- Shivam Mittal:** 730?
- Mahesh Viswanathan:** Yes.
- Shivam Mittal:** And the channel partners?
- Mahesh Viswanathan:** Channel partners, we have approximately 4,500 of them probably after that around 2,000 are active. When I say active, they buy every month, some of them buy multiple times every month. The others may not be buying in that periodicity.
- Shivam Mittal:** All right. Sir, any update on like pending litigation you want to use minority shareholders?
- Mahesh Viswanathan:** Well, I do not have any updates on that. Like I said in the previous call, the litigation is between two shareholders. As and when we get updates, we would, of course -- wherever we need to -- where the company is involved and needs to inform shareholders, we would put them in the public domain. But otherwise, I don't have any update at this point in time. All right.
- Shivam Mittal:** Sir, channel partner has not grown quite sort of long term 4,500, 5,000 kind of numbers we are seeing?
- Mahesh Viswanathan:** Yes, because what we said was while we will retain this channel partners we will grow into the retail market through a distribution channel, which is why we started investing on the distribution setup and appointment of distributors. So geographies where we were not present earlier or we were not reaching because the channel partner was servicing them out of a shop, we now have a distribution set up, which brings the material to the retailer's place. So the strategy was clearly to grow rapidly through a distribution set up.
- Moderator:** The next question is from the line of Sonali Salgaonkar from Jefferies.
- Sonali Salgaonkar:** First question is regarding the volume in the electrical cables. Could you throw some color as to the segment-wise as in the end user segment wise volume growth, in particular, is any segment decelerating that we have seen such deceleration in the volumes quarter- on-quarter?
- Mahesh Viswanathan:** No really. I mean the growth has been fairly even across the board, as things -- segments that have done much better than others have in the auto segment, not has grown considerably and also the agricultural piece. Those have grown higher than the others, but there has been growth in all the product offerings.
- Sonali Salgaonkar:** About the construction is the housing as construction going on as strong as we had seen in the earlier quarters.
- Mahesh Viswanathan:** Not as strong, there is a slight dip compared to the earlier quarters, but it is still more than positive.

**Sonali Salgaonkar:** Understood. The second question is on the margins. You did talk about the reason why the margins have come off a bit. But again, in the product mix, anything you would like to further detail out as to why the margin slipped quarter-on-quarter? And where should we or rather when should we expect normalization of margin?

**Mahesh Viswanathan:** Well, the proportion of auto cables to total has increased. So as you know, auto cable is a B2B product. And with so little margins. So if that proportion goes up, then it obviously impacts the overall numbers. As I mentioned, agricultural applications have also gone up but again, the margins are not as lucrative as the standard construction wires.

That's the second part and within construction wire, we had more of project-related sales where the -- while there is a volume, the prices are when we are trying to sell larger volumes to the building community, we do get higher discounts. So those are the 3 major issues.

**Sonali Salgaonkar:** Understand. Sir, are they structurally shifting more towards auto/agri? Or can this be just...

**Mahesh Viswanathan:** No, no, it is have a structural shift to anything. The demand from these sectors were higher, and therefore, that's a reflection in the margin.

**Sonali Salgaonkar:** Understood. Sir, thirdly, on your capex and capacity. So could you help us understand of your cables and wires, how much is cable how much is wire? And do we -- I know you did say that our utilization is about 65%, 70%. But are there any pockets where you are facing capacity from steels or are we well off its capacity as of now?

**Mahesh Viswanathan:** On the wire and cables, there is -- at the moment, there is no real issue on capacity. We will be able to service easily another 15% increase in volumes without -- there might be some balancing needs, but not in the initial 15% increase. But because we have been continuously over a period of time, adding wherever balancing requirements are needed. We have been adding every year. So these numbers do not get reported separately because these are less than in a plant maybe INR5 crores or INR6 crores of additional equipment that improves the output there.

And that has been something that we've been doing every year. So I don't see an immediate need for additional expenditure on the wire side, except as we mentioned in the earlier call, auto cables, we are increasing capacity at the tranche sale seeing that we do perceive a need for larger quantities up in and at from the vehicle manufacturers or the harness manufacturers. And so we did announce an expansion out there. The order is in place. And the equipment is expected sometime around July, August this year.

Once that happens, then I think the auto cable needs for the time being is satisfied. On the other capex, those would primarily be around the fiber business. So on preform production, on additional capacity on fiber draw and end cable production. So as we mentioned earlier, in Phase I, we are setting up a preform plant, which will produce approximately 100 tons of preforms in a year, which translates to somewhere around 4.5 million to 5 million kilometers of fiber.

We currently have 4 million kilometers of fiber draw capacity. We will expand back to 8 million over 2 years. And we have planned additional expansion of the cabling capacity to take care of the additional fiber as we come out. So these are the plans that are in place, of which if I talk about the preform part, the Phase 1 equipment will be arrived, the building construction should get over in the next month, 1.5 months, after which erection of the equipment would take less.

So we expect preform production to commence earliest around the end of second quarter next financial, latest in the beginning of third quarter next financial. The fiber draw powers, we expect that to be ready by the next financial year, that is '25-'26. And as when the BharatNet tender is rolled out and then once we have an idea of the volume that we are able to secure, the orders for the cabling equipment would be placed. The building is already ready, the cabling equipment awaiting all things. So that's the story on the fiber piece. On the other big part of capex is around e-beam and its connected components.

E-beam building is now ready, including the bunkers. The first set of equipment has left Korea last week. And we expect -- sorry, it is expected around the 16 to 17 of this month and then commissioning will start hopefully by end of February or earliest by early

March. We expect that to start production sometime in quarter 1 next year. That's the first piece of equipment. The second delivery of equipment is expected to arrive in May this year, followed by installation and commissioning maybe 2 months thereafter.

As we mentioned in the last call, the e-beam process will require different insulation compounds, and we're already working on setting up a compounding plant for making that insulation material. And that should be ready by end of this year. Until then, of course, we will buy out that compound from third sources. But once we have our own plant, then that will be value accretive. So that's on the e- beam piece. I already talked to you about the auto cable expansion in Roorkee.

The last piece is that for our Goa plant, we currently sent the insulation compound here from Pune. But as volumes have grown, we are now putting up a compounding plant in Goa to meet its own needs. The paperwork around getting permissions from the various authorities is underway. We expect those to be closed by -- before the end of this fiscal. Once that happens, then construction and equipment ordering commissioning should table for us. So that's the whole piece on capex for the moment.

**Sonali Salgaonkar:** Thank you for a very detailed answer. Very helpful. So your overall mix, how much is cable and how much is wires?

**Mahesh Viswanathan:** So like I said, our annual cable business is approximately INR150 crores, INR180 crores. So out of -- let's say, last year, we did INR3,700 crores of wires and cables, there was I think INR150 crores cables. I don't think that proportion has changed substantially in the current year.

**Sonali Salgaonkar:** More towards cables, you say?



- Mahesh Viswanathan:** No, less towards cables. I mean, about the same towards cables, more towards wires.
- Sonali Salgaonkar:** Got it. Sir, last question from my side. Any notable pricing actions we have seen in the last quarter going forward?
- Mahesh Viswanathan:** We had -- if you remember, copper prices during quarter 2 were averaging around \$8,400, \$8,500 a ton. October, they dropped \$7,200, \$7,300 levels also. So in October, we took a price drop of about 3%, 3.5%, I think and then again in December by -- the curve went back up to \$8,400, \$8,500. So we had to take another correction but this time upward correction in December of around 2.5% I think. So that's -- those are the 2 actions that we took on place.
- Sonali Salgaonkar:** Understand. Sir, optic pricing globally. Is that now stabilized?
- Mahesh Viswanathan:** I'm sorry?
- Sonali Salgaonkar:** Optic, optic fiber pricing globally.
- Mahesh Viswanathan:** Has been low, has continued to be low until about a month ago. I think over the last 1 month, we are seeing the basis of somewhere around INR270 per kilometer for the standard fiber to INR270 to INR275 has been the range. It's a substantial drop from INR350, which used to be there about 1 year, 1.5 years ago. But I think it's been stable there for some time.
- Moderator:** The next question is from the line of Praveen Sahay from Prabhudas Lilladher.
- Praveen Sahay:** So just to continue the last question, on the optical fiber. The prices, definitely on the Y-o-Y side, has been down by more than 20%. So is it fair to assume that especially in your communication cable where the revenue has been down by 11%. How much is the volume? Is it a positive volume you have?
- Mahesh Viswanathan:** No, there has been a volume drop. The volume drop has been almost 20%. Yes, I mentioned to you that there has been no government business, absolutely no government business during the 9 months except for one small tender of, I think 10,000 or 15,000 kilometers. There has been no tender from the government. And Reliance has been buying, but they have been buying small fiber count cables to complete their 5G rollouts.
- None of the large fiber in cables, so further convention has been low. And like I mentioned, Bharti, normally, they have a yearly contract and that process starts around September, August, September. This time it has been delayed, it started around October, still hasn't been finalized. We've gone through 4 rounds of reverse auctions, and we believe we have a position, but the contract is to be fined sharply. So not much of uptick from them as well. So deployment has been more around O&M maintenance. And very few large- scale rollouts.
- Praveen Sahay:** Okay. And any clarity from the government this project side that become come part of BharatNet project.

**Mahesh Viswanathan:** Yes, okay. So there was -- there were meetings with multiple stakeholders. The community of telecom operators or the service providers and so on. We have seen a draft of the tender that is likely to be floated. We are hearing that the tender is likely to be floated anytime now. So even this morning, there was one reason news that I got, which said that we should see the tender being posted online either tonight or tomorrow.

A little later, somebody else came and said no, it may not be as early as today, tomorrow, but maybe within the next one week.

So all I can feel is that it is imminent. But knowing the normal process of submissions or even prior to submissions, people might have questions which they require clarifications on. And then the submission process, the evaluation process and finally the award, minimum of 2 to 3 months would go in that process.

So earliest I see awards being issued would be some time -- if all go quickly as the time line then towards the end of quarter 1 or mainly into quarter 2. And then it is a 3-year program, so.

**Praveen Sahay:** Yes. So that is a 3-year program, and that expectation is from Q1 or Q2 revenue to start flowing.

**Mahesh Viswanathan:** Yes. So if everything goes on time lines, then yes, from Q2 would be a better guesstimate.

**Praveen Sahay:** Okay. Okay. And any color on the quantum like how big?

**Mahesh Viswanathan:** I think from what numbers that we see, it's over 9 -- sorry, -- there are only 16 or 18 packages, I think divided into large and smaller packages. Total consumption -- total requirement is about 650,000 kilometers of cables of various sizes and the estimated fiber consumption on this project is likely to be around 25 (inadvertently said 2.5) million kilometers. Also add to this, you would have electronics, the EPCPs and the whole lot. So it's a fairly big tender.

**Praveen Sahay:** Okay. Sir, second question is related to the electrical side, electrical cable side. And you had also mentioned in the call that the slight dip in the construction activity. So how you are seeing the way forward? Like is that the construction activity started softening and especially the volume growth acceleration we will see in the downward trend the way forward, how you are seeing this segment to deliver?

**Mahesh Viswanathan:** I didn't say that construction has slowed down. I said that in proportion in this quarter, we have sold more of automobile wires and agricultural wires than construction wires. And I also said that in proportion to the first quarter number, the construction wire number is slightly lower. Those are the statements I made. Construction activity visibly has gone up. But then as you know, ours is a product which comes towards the tail end of a project's conclusion. So the structure gets finished first, while the internal gets finished later on.

So I do hope that the momentum continues and demand shows up in the coming quarters. That's one. Second piece that I also said that was that within construction wire, we have sold more to projects than to the retail. So that is an indicator that actually projects business is

continuing and doing fairly well. So I think that part it's just one of those quarters where there is a small dip, but I think it is not something to read as a sign.

**Praveen Sahay:** Okay. So just a continuation in this, definitely, you had done better in the project and the retail somewhere in the -- so is that something you are seeing that the retail softness is there? Or is it just on a quarter...

**Mahesh Viswanathan:** No, I don't believe there is time to be read as a major indicator. It could be one of the small glimpse. And one has to watch and see at least 2 quarters before 1 decides this is the way that is.

**Praveen Sahay:** Okay. Okay. And any differentiation in terms of the margin profile in the project and the retail? Is it the same?

**Mahesh Viswanathan:** There would be. Because it's a good -- you and I go buy a box of wire from the retail shop. Invariably, he's going to charge us MRP minus maybe a small discount for our safe. But -- when -- because we are going to buy one box or maybe at the most 2 boxes. But at the construction side, the builder is buying thousands of boxes. So he does command a better price part and the discounts are definitely higher out there.

And so if you have rate contracts with billers, then we ask is a little bit even more because then your business volume is kind of a known upfront. So you don't have to spend time for the money on other acquisitions. So that much money you save, but then you also your discount.

**Moderator:** The next question is from the line of Arkoprattim Pal from Sanjay Agarwal Broking.

**Arkoprattim Pal:** Okay. Most of my questions are already taken. So thank you for these details. One question I would like to ask that your operating margin is now around 12%, which is quite impressive. Could you please elaborate on any potential changes in OPM that might be anticipated for this current quarter?

**Mahesh Viswanathan:** Could I please explain on changes where?

**Arkoprattim Pal:** Changes in OPM, operating margin that might be anticipated for the current quarter?

**Mahesh Viswanathan:** I think we are a fairly tight ship. We have increased our ad expenditure over the last 2, 3 quarters. So that is something that would definitely be higher in this quarter than earlier quarters. But then the expectation also is that the volume increase and the consequent revenue increase would compensate for the changes in these expenditures. I do not expect any major changes to the profile.

**Arkoprattim Pal:** And one more thing I would like to ask that is, what is your expectation about the demand scenario of the current and coming quarters compared to the last quarter?

**Mahesh Viswanathan:** So we are largely -- if you look at our products sales profiles it is largely construction, real estate related. So as long as there are no sudden changes to the external environment, by external environment, I mean economic, political both as long as there are no sudden changes

to those, I think there should be a fairly decent momentum to continue on the growth path. That's about as specific as I can be at this point in time.

**Moderator:** The next question is from the line of Mustafa from Cycas Investment Advisors.

**Mustafa:** Some of the questions have already been answered. I just wanted to get some clarification on the demand environment, which is the sector mix in the company's revenue?

**Mahesh Viswanathan:** Which is a sector mix?

**Mustafa:** Yes. Sector mix in the company's revenue.

**Mahesh Viswanathan:** So if I look at electrical cables, a substantial portion of that will go into construction, about 60%, 65%. About 10% to 12% automobile, 10% to 12% agricultural applications. The remaining would go to industrial applications.

**Mustafa:** That's nice. And I have one more question. Can you comment on the competitive environment on the both segments like wire and cable hose and the FMEG segment?

**Mahesh Viswanathan:** Okay. Wire and cable, like I mentioned earlier both are fairly about the same size as far as market goes between INR20,000 crores INR23,000 crores, INR25,000 crores each. We are largely present in the wire side and less so on the cable side. Because the cable part of it, the exposure is mainly to distribution and utilities and knowing the current and also the past financial strength of most of the distribution in duties, we are being -- we've been staying away from that part of the business.

On the wire side, we are fairly strong. We are more or less well represented in almost all over the country. Of course, our strength lies in the West and the South, but we are also increasing our reach in the North and the East. In terms of competitiveness, there are a few large players in the market. Competition is fairly intense.

Some of them do report to price-based competition, but I think price-based competition in the long run is not something that is sustainable. We can gain a little bit of market share by dropping prices, but then you have to cover your costs at some point in time. So I think it's not a sustainable model to keep dropping prices to gather a larger market share.

But yes, the competition is fairly intense. Like I said, we are very strong in the South and the West, but there are other players who are stronger in the North or some of them in the rest as well. So what else do you want me to say, I'm running out of words here.

**Mustafa:** Yes. It's related to FMEG segment?

**Mahesh Viswanathan:** Okay. FMEG, we are a much smaller player. I think we have seen light volumes improving, we have seen volumes improving in switches and the switchgear business. But then there is fairly large price erosion in all these 3 segments.

Fans, we've had a tough time in the last 1, 2 quarters. I think we are improving our product profile there. And with the help of a better distribution now, I think we should start to see

better results going forward. That is the -- as much as you have wire manufacturers getting into appliances, we also have appliance manufacturers getting into wires.

So the competition is intense. But eventually, in the longer period, service levels, product quality and, of course, product availability and pricing will all matter will decide who matters at the end. And there, I think the brand of the company will keep us ahead in the future.

**Moderator:** The next question is from the line of Mukesh Patil, who is an individual investor.

**Mukesh Patil:** Just want to know what kind of margins you are making on cable business and wire business?

**Mahesh Viswanathan:** So cable and wire, the blended margin is about 12%. That is what -- that we are in the segment results. As I mentioned, cable, we are a very small player. So we are extremely selective out there. And although the total, let's say, last year, we sold INR3,700 crores worth of cables and wires, out of which cable was INR150 crores. So a higher number there or a lower number there doesn't really impact the overall vision of the business.

But typically, we have been average is around 13.5% to 14% in the segment. And if you look back in the history, higher margins have always been one of the highest in the business -- in the industry. And our aim is to keep it there.

**Moderator:** The next question is from the line of Manoj Gori from Equirus Securities.

**Manoj Gori:** Sir, like sometime back you already mentioned about the construction activity looks promising. So what we get is from the ground check is like probably in FY '25 somewhere around first quarter, second quarter, we might see many projects nearing the completion stage. And it should lead to strong volumes for wires especially, which has relatively underperformed versus cables, and we have relatively wire-heavy business.

So how do you see probably from FY '25 point of view not on the guidance side, but at least on the industry side, probably mid-teens or even higher than that volume can be anticipated for the year, given that this year, the base also for the industry would be relatively on the lower side.

**Mahesh Viswanathan:** I think that is what I mentioned a few minutes ago when one of the other participants asked the question. What would be the volume increase, you are at 8% or 9% now. So how do you look at it? I think the mid-teens -- mid-teens is something that is possible to achieve and would be a sustainable number, I think. Provided, of course, there are no drastic changes in the economic or political scenarios going forward.

**Manoj Gori:** But depending on the current visibility, probably for FY '25, we are confident of industry doing this 15% kind of growth in wire segment.

**Mahesh Viswanathan:** I think so. I think so because all the components, whether it is construction or automotive or industrial growth. All of them are headed for a growth scenario. I think we should also -- we should also plan for similar numbers.

- Manoj Gori:** Great, sir. Secondly, if we look at the current quarter performance for probably for the last couple of quarters, when we look at the other listed players, especially the commentary on the wires growth somewhere we do see that Finolex Cables is underperforming. So what are the reasons that you would attribute and have you seen any significant market share losses into South and West market?
- Mahesh Viswanathan:** There have been occasions when well, then price has played a part. But like I said, this is not something that is going to be sustainable in the long run. So how much do you drop price, you have to recover your cost at some point in time and gaining top line for the sake of gaining top line is not going to add enough.
- So yes, there have been some instances and we have seen that. But I think largely, our share has been in the ballpark of 23%, 24% within the wires space. Yes, it is lower than what it used to be 20 years ago, but that is expected given that more players have come into the market.
- Manoj Gori:** Right, sir. Sir, lastly, if you look at -- I just wanted to get some clarity. So from the promoter side, today, if you look at who is probably looking after the day to day operations, can you throw some light over there?
- Mahesh Viswanathan:** I mean at the moment, there is nobody.
- Manoj Gori:** Okay. Okay. So currently, if you look at both the promoters, probably nobody has any active role in the -- probably on the business side. Is that correct?
- Mahesh Viswanathan:** Yes, that's correct.
- Moderator:** Our next question is from the line of Shivam Mittal from Purnartha Investment Advisors Private Limited.
- Shivam Mittal:** Sir, what is the advertisement spend we are currently for 2025?
- Mahesh Viswanathan:** All told, you know, ad plus additional support to marketing all told will be somewhere on INR50 crores to INR70 crores.
- Shivam Mittal:** INR50 crores to INR70 crores?
- Mahesh Viswanathan:** Yes. I think we will be somewhere around INR50 crores.
- Shivam Mittal:** INR50 crores?
- Mahesh Viswanathan:** Yes.
- Moderator:** The next question is from the line of Mukesh Patil, who is an individual investor.
- Mukesh Patil:** Just one for clarity. Sir, as you have said, in global market, the prices of OFCs are coming down, and still, we are increasing our capacity in optical fibers. So how do we going about this business? And what kind of margins we can expect from this business in medium to long term?

**Mahesh Viswanathan:** Okay. And there are cycles which happen in every business and so there is an investment cycle when people are investing and then it stabilizes and then at that point in time, probably the demand cater down a little bit. Today's price situation is more to do with -- more to do with the economic cycle slowing down a little bit in China and investments coming down a little bit in China.

But I don't think that is something that we will expect to continue for years together in the future. They have shown year-on-year growth for the past 15 years, at least from a consumption level of about 90 million kilometers to currently 400 million kilometers every year. But then over a period of time, they have also grew capacities and when they cancel out a couple of tenders in that material becomes available globally and results in a drop in price.

These would be hopefully temporary phenomena. At the same time, like I mentioned earlier, our consumption -- India's consumption today of fiber is in the 20 million kilometers range. Our revenue consumption is much, much, much higher. We should be at least 50 million, 60 million kilometers at this point in time. But for certain issues around funding those projects.

So I think that will happen sooner than later. And whenever that happens, then needs to be prepared with the capacity to be able to handle it because these are time-consuming projects. It's not easy to put up a preform project in quick time. It requires a year, 1.5 years to materialize. So we are getting ready ahead of the curve. That's for sure. But at the same time, we also have some visibility to the kind of projects which the governments want to bring to the country. So one is the BharatNet connectivity.

There are other proposals in hand to deploy fiber on large-scale for multiple purposes. And I think all that will result in demand growing to higher than 35 million, 40 million and eventually to the 50 million range. So I think, yes, the time lines may not be -- may not sometimes exactly coincide with our plans. But eventually, that need is definitely there.

**Mukesh Patil:** And some margins, what kind of margins we can generate from?

**Mahesh Viswanathan:** Okay. So since we are trying to backward integrate as well, today, what we are doing is we do not make reforms. We have to buy them from the market. And therefore, we are dependent on certain suppliers for that product. So if we gain more control at the back end of the process, we believe that it will add to the margins. So when the plant is operating at, let's say, 70%, 75% of capacity, all from start to end, the margin should be in the double digits.

**Mukesh Patil:** Okay. And imported cables from China, specifically OFCs compared to domestic mix. What is the price difference? Is it positive or negative?

**Mahesh Viswanathan:** No, sorry, I didn't get your question. Imported what?

**Mukesh Patil:** Imported optical fiber cables from China vis-a-vis the domestic make optical fiber cables, the price difference, how much it is?

**Mahesh Viswanathan:** So see, today, cables are not imported from China, but fiber is imported from China. And there is -- after a lot of representation, the government has brought in antidumping duties. But then

the effective landing price has dropped to somewhere around INR270 per kilometer. So that's why the prices have dropped to at this point in time. And this is for the standard fiber, there are multiple configurations of fiber where the properties are different and those would be higher, much higher than that.

**Moderator:** The last question is from the line of Hitesh Advani, an individual investor.

**Hitesh Advani:** So I just wanted to ask what is, say, your guidance over the growth of different segments that our company is working on like FMEG or electrical housing wires like the demand is -- like a few of our competitors are saying that the demand is around -- the growth is around 20% to 25% in electrical wire cables. So what is your view on that?

**Mahesh Viswanathan:** I think we spoke about it a little bit in this call as well, we are more skewed to the wire portion of the business rather than the cable portion. And in the last one year, cables have done very, very well. Probably an indication of how much infra is getting developers in the country. On the wires side, yes, there is growth, but I -- like an earlier caller asked I think we would see higher levels of growth when the current investment in construction nears its end of completion.

So wires come on the tail end of the construction part. So the growth visibility would be more towards the end of their cycles. And somebody asked the question, would I see a higher volume growth in FY '25 and I said yes. So that's probably how I would see it.

**Moderator:** Ladies and gentlemen, thank you for joining Q3 and FY '24 Earnings Conference Call of Finolex Cables Limited. We conclude today's conference call. Thank you for joining us, and you may now disconnect your lines.

**Mahesh Viswanathan:** Thank you so much.