June 3, 2024

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Script Code: 543981	**Symbol: RRKABEL**

Sub.: Submission of Transcript of Earnings Conference Call held on May 29, 2024

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of Earnings Conference Call held on May 29, 2024.

Kindly take the same on your record

Thanking you,

Yours sincerely,

For R R KABEL LIMITED

HIMANSHU NAVINCHANDRA PARMAR

Himanshu Navinchandra Parmar
Company Secretary and Compliance officer
M. No. – F10118

"R R Kabel Limited Q4 & FY24 Earnings Conference Call"

May 29, 2024

MANAGEMENT: MR. SHREEGOPAL KABRA – MANAGING DIRECTOR, R R KABEL LIMITED
MR. RAJESH JAIN - CFO, R R KABEL LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q4 & FY24 Earnings Conference Call of R R Kabel Limited.

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

A short disclaimer before we begin the call, this call may contain some of the forward-looking statements, which are completely based upon the Company's beliefs, opinions, and expectations as of today. These statements are not guarantee for the future performance and involve unforeseeable risk and uncertainties.

I now hand the conference over to Mr. Shreegopal Kabra – Managing Director of R R Kabel Limited. Thank you and over to you, sir.

Shreegopal Kabra: Thank you. Hello, everyone and good afternoon. On behalf of R R Kabel Limited, I extend a very warm welcome to all the participants on our Q4 & FY24 Financial Results Discussion Call. On this call, I have with me our CFO – Mr. Rajesh Jain.

We are pleased to announce that FY24 has been our most successful year yet, which record high in revenue operating EBITDA and PAT fueled by robust volume growth. Our strong performance across all metrics has solidified our position as the leading player in the consumer electrical market and propel us to become the 4th largest wire and cable Company in India up from 5th

Looking ahead, we see substantial opportunities for growth in wire and cable segment through capacity expansion, new product launches and optimized product mixes, which will drive further margin expansions.

Additionally, our strategic increase into the fast moving electrical goods, FMEG sectors leveraging both organic and inorganic growth had significantly expanded our FMEG portfolio, now contributing 12% to our revenue. We are confident that these initiatives will ensure a more favorable future for our Company.

With this, I would like to hand over the call to Mr. Rajesh Jain to take this call further.

Rajesh Jain: Thank you, Shreegopal Ji.

Today, the Indian real estate sector stands at the pivotal juncture as India progresses towards becoming a developed economy with its strong multiplier effect and robust demand for both housing and commercial space, this sector is poised to significantly boost GDP growth.

Consequently, this will greatly benefit the Indian electrical industry, which is expected to record growth double than that of the GDP.

At R R Kabel Limited, we have consistently delivered high quality product, given continuous product innovation and leveraged a strong electrician network along with effective digital and physical marketing efforts. These strategies have elevated our position from 5th to 4th in the market in FY24. Moreover, we have established ourselves as India's largest exporters of wire and cable, expanding our market share to approximately 10% in FY24. This growth is fueled by recurring B2C exports by sales to distributors and numerous global electrification projects.

Now let's discuss the Financial and Operational Highlights of Q4 & FY24:

The wire and cable segment remains the cornerstone of our business contributing significantly to our revenue. In FY24, an impressive 88% of our revenue from operations came from this segment. Concurrently, the FMEG sector has shown consistent growth with its contribution rising from 7% in FY19 to 12% currently. In Q4 of FY24, we achieved consolidated revenue of Rs. 1,754 crores, reflecting a growth of approx. 16% on a Y-o-Y basis.

Our EBITDA for the quarter stood at Rs. 116 crores, while the PAT was Rs. 79 crores showing increase of approx. 14% and 21% respectively. For FY24, we've posted record consolidated revenue of Rs. 6,595 crores, demonstrating a growth of approx. 18% on Y-o-Y basis.

Our operational EBITDA for the financial year reached to Rs. 463 crores, showcasing a remarkable growth of 43% Y-o-Y. Additionally, our PAT surged from Rs. 190 crores in FY23 to Rs. 298 crores, reflecting a notable growth of 57%. This increase in EBITDA and PAT is due to marginal increase in contribution margin and overall operational efficiency with EBITDA and PAT margin standing at 7% and 4.5% respectively.

Focusing on segment-wise performance, our wire and cable business recorded a revenue of Rs. 1,523 crores in Q4 of FY24 compared to Rs. 1,341 crores in Q4 of FY23 and Rs. 5,830 crores in FY24 compared to Rs. 4,959 crores in FY23, marking a significant growth of approx. 14% and 17% respectively. This growth is primarily attributed to increase in volume by 20% in Q4 and in FY24, driven by our focused approach to capturing demand from infrastructure development and emerging sector. The EBIT increased by 20% in Q4 FY24 and by 43% in FY24 reaching Rs. 132 crores and Rs. 504 crores respectively.

Due to cost reduction and operational efficiency, export played a pivotal role contributing significantly and accounting for 26% of our total revenue in FY24 further increasing our export revenue share by 3% compared to FY23.

In the FMEG business segment, we achieved revenue of Rs. 231 crores in Q4 FY24 and Rs. 765 crores in FY24, representing growth of approx. 31% in Q4 FY24 and approx. 19% in FY24. This growth was driven by expanding distribution and retail networks, significant e-commerce growth, successful new product launches and the brand transition from Luminous to RR Signature brand, which enhanced consumer confidence and brand awareness. Our gross margins grew in FY24 compared to FY23 due to a favorable product mix and the procurement efficiency. New product launches have contributed 18% to our topline and we are working efficiently to achieve breakeven in the near future.

During FY24, the Company maintained its working capital days at 64 days, ensuring the short-term financial obligations and expenses are met while contributing the longer-term business objectives. The Company remains committed to sound inventory management practices and has made improvement in receivable days. We are already undertaking capacity addition with the primary focus on power cable to improve margins as part of our comprehensive self-funded CAPEX plan of Rs. 500 crores, which will be completed by March 25. This plan includes doubling our power cable capacity, expanding copper wire production including e-beam facility and PVC component manufacturing facility.

The Company is already taking the initiative to deliver high quality products and ensure safety and environmental compliances. In FY24, we increased our international product certification from 35 to 38, which will help us to further strengthen our footprints globally. Additionally, our long-term growth drivers include resilient commercial real estate, rural electrification and increasing share of organizational sector and government initiatives. We are also focusing our R&D as emerging sectors, developing products such as EV Charging Cable, Smart Fans and Designer Lights.

With this, I would request to open the floor for questions and answers. Thank you so much.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shubham Aggarwal from Axis Capital. Please go ahead.

Shubham Aggarwal: Just a few questions from my side. First, I just wanted to check what lead to the yield improvement in wires, specifically the EBIT margin improvement in wires in Q4 of FY24 and what kind of margin expansion do you expect in FY25 and 26? That's the first one.

Rajesh Jain: Yes. So, if you see in FY24, our EBIT margins in wire and cable segment has improved by almost 140 bps and going forward also we are expecting to improve by another 120 bps in FY25.

Rajesh Jain: In FY24 it's around 140 bps.

Shubham Aggarwal: In over FY24 and FY25, you expect 120 bps?

Rajesh Jain: Yes, 100 to 120 bps in range of that.

Shubham Aggarwal: Actually, I'm saying the 120 bps expansion that you are expecting in FY25, what will drive this? Are you expecting to add new products, export margins are improving or are you increasing prices in the domestic market? What is leading to this margin expansion in FY25 and similarly, should we expect further margin expansion in FY26 also that's the question actually, I hope this is clear?

Rajesh Jain: Yes, now I got your question. So, this expansion margin will be driven by 2 to 3 factors. One is as you told higher value-added product in our export market; secondly, due to operational efficiency levels, whatever volume we will increase, so there will be a margin expansion also; and thirdly, even in domestic also there will be price movement to some extent in few of the products. Fourth is our power cable capacity will enhance that also will bring operational efficiency in power cable at rate front also and supply front also. Going forward also though it will be too early, but of course we have our plans to improve margins in FY26 and further or so.

Shubham Aggarwal: Got it. Sir, in exports, you said your operational margins will improve if your exports grow. My sense was that the wire margin in export business would be lower than the overall Company level margins, is that understanding correct and if not, then is it higher, I mean is the export margins higher than the average Company level margins?

Rajesh Jain: So, your understanding is correct. In wire, we have lesser margins compared to domestic, but now going forward what happens like in exports also, share of cable exports or high value-added products are increasing that's why there will be overall margin improvement in exports also.

Shubham Aggarwal: Got it, very clear and now just coming down to the FMEG margins, we were earlier expecting breakeven in FY25. I think given the numbers that we see in Q4 FY24 also, is that still on the cards, breakeven in FY25 or what is the expectation for the margins of this business and growth in FY25 and 26?

Rajesh Jain: Like if you see in this year though we have grown in our revenue front also around 20%, which is higher than industry average, going forward also we are expecting a growth of 25% or approx. of Rs. 1,000 crores, but there also, we will try to breakeven, but it seems we may reach at breakeven in another 4 to 5 quarters.

Shubham Aggarwal: So, FY25 Q1 or Q2 will end up seeing a breakeven?

Rajesh Jain: Yes.

Shubham Aggarwal: That would be a sustainable breakeven.

Rajesh Jain: Q1, Q2 of FY26.

Shubham Aggarwal: Yes, FY26. Okay, got it and then that will be a sustainable breakeven and margins will expand Q-o-Q, okay. Now just the growth in the domestic as in cable business has been quite low at 4% Y-o-Y in Q4 and when we compare it to industry peers also it seems a bit low, what has actually transpired here and why aren't we able to grow in line with the peers?

Rajesh Jain: So, again, if I talk about volume level because in this quarter also at volume level, our wire has grown by 15% and cable at 30% giving consolidated growth of 20%. So, though wire is growing at lesser speed, but still, it is growing at 15%, which is good.

Shubham Aggarwal: So, is the copper price, YoY copper price?

Rajesh Jain: I want to say this is domestic versus export.

Shubham Aggarwal: Sir, I actually missed the answer to be true. I'm just saying domestic wire and cable growth was 4% Y-o-Y in Q4. When I compare it to the results of your peers, it seems low. So, my understanding is that what you answered is that your volume growth has been high, but your value growth has been low, is that right?

Rajesh Jain: Yes.

Shubham Aggarwal: Going forward, will your exports continue to grow higher than your domestic market in wires and cables?

Rajesh Jain: As of now, we are growing more in export and in near future also it's looking that export is growing at a bit higher speed, but overall, when we are achieving 20% growth, this will be mix of domestic as well as export. There may be some difference in growth between domestic and export, but more or less we are targeting on overall growth.

Shubham Aggarwal: Okay and despite the mix, the margins will improve.

Rajesh Jain: Yes, margins are what I already explained the improvement of 100 to 120 bps.

Moderator: Thank you. The next question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

Aniruddha Joshi: Two to 3 questions. We have seen definite increase in copper prices, it's a pretty high increase. So, how do you see the price hike that we and the industry would have taken in past 2 to 3 months, also if the metal cycle continues to remain on uptrend for sizable number of months, what has been the historical experience during a metal upturn whether the revenues as well as the profitability both goes up for the Company and the industry or how should we think about that on those line? And third, since copper is a really large raw material for us, what is the internal thought process like inflation in copper prices in next 3 months to 6 months to next 2 years? That's the question from my side.

Rajesh Jain: So, we have seen very high volatility in copper prices in last 2 to 3 months and like it has gone as high as $10,900 on LME and now again it came down to $10,200 or $10,300 also, but in longer horizon also as per various reports level, it seems that it will be in higher trend only. As much as our profitability is concerned, see this is mechanism of passing on the price to consumer. Since my raw material is directly linked with LME, so we will be able to pass on this prices to our consumers in a phased manner and at the same time, we also expect higher volumes because whenever there is high volume trend, we have seen growth in demand also. I hope this will answer your query.

Aniruddha Joshi: Sure, sir. Sir, again just clarifying whenever the commodity prices go up, do we look at maintaining percentage margins or do we look at maintaining profit per Kg or profit per ton per se**.** If we look at maintaining profit per ton, then eventually margin may reduce, overall profitability may increase in absolute terms, but the margins may reduce. So, do we take that approach or generally we try to maintain the margins?

Rajesh Jain: No, it will be like improvement on combined basis. So, though in percentage, absolute percentage will not be maintained, but at the same time even profit per Kg per metric ton will also improve. So, it will be a combination of both in between like if there is effect of direct price reduction by price increase by 10%, then it doesn't mean that my profit will reduce by 1%, but there may be some impact of say 0.5% or so, but anyway our absolute margin in terms of value per Kg also and overall margins will also increase.

Aniruddha Joshi: And the last question now in terms of the total capacity expansion, because FY24, while everybody has done well including us, there were a lot of capacity constraints also in the industry. Now Havells capacity is coming on stream and others are also including us expanding the capacity, so how do you see the capacity expansion in the industry level from FY24 to let's say 25 or 26? And do you see the similar demand means whether the capacity expansion will face, or do you see demand outpacing even the capacity expansion?

Rajesh Jain: So, we have seen very good demand in industry at overall level and good thing that Indian economy is doing good. Even from international markets also, there is a huge demand. So, even if we see from smaller to like medium or long term view also it is very good demand. Whatever capacity is coming in the industry, I think it will be sufficient scope to grow for everyone because at this time CAPEX we are going through a good CAPEX cycle and which is sustainable for another 5-10 years.

Aniruddha Joshi: No, sir. In terms of industry capacity, if you can indicate how much it would have gone up, let's say 20%, 30% in terms of overall installed capacity?

Rajesh Jain: So, I do not have that kind of data. But yes, I think all are going through a good major expansion, but still there is enough room like whatever CAPEX because this CAPEX time itself is 18 to 24 months and whatever CAPEX is coming in the industry, this will cater the demand of another 2 to 3 years.

Moderator: Thank you. The next question is from the line of Achal Lohade from JM Financial. Please go ahead.

Achal Lohade: The question I had in mind was if you could talk a little bit about your retail touch point. Where are we compared to what we were 2 years or 3 years back? What is the target? What we have in mind over next 2-3 years? And secondly, how much overlap is there with respect to the FMEG within these retail touch points?

Rajesh Jain: So, in retail touch points we have around 1,44,000 retailers around 7,900 dealers and distributors and in wire and cable, especially we have more than 4,50,000 electricians which is backbone of our industry especially in building wire segment because they are the biggest influencer in our sector. So, if you see a journey of our last 3 to 4 years, we have done very significant work to establish this network and making strong footprints in all over India. At the same time in FMEG also, these retailers are part of this 1,44,000, but specifically in FMEG also, we have increased our retailers by more than 10,000 in previous year FY24 itself. And this will help us to make base for our future growth.

Achal Lohade: And any particular target you have in mind like this has to grow at 20%, 10%, 5% or anything of that sort?

Rajesh Jain: Not exactly in numbers, especially in distributor and dealer network. Now we want to increase the depth of our network rather than numerical expansion. And later it will be natural growth in electricians and retailer network.

Achal Lohade: Understood. And just additional question to that. How much of the secondary billing from the dealer or distributor to the retailer is captured in our system. Is it fully available to us or we don't have access to that. And when you say increase the depth, any particular thought strategy you will not elaborate on that thing?

Rajesh Jain: So, Achal, when we say about secondary checking, we are the only Company who has 100% digitalized program to track our secondary sales and the majority of our secondary sales and electricians influencer, we are capturing our program and we have very good amount of data about distribution or distribution pattern or new market development which is helping us to grow and also it will be a very good base for future to plan our sales and marketing strategy.

Achal Lohade: Just a clarification with respect to the FMEG overlap with wires and cables, would you be able to quantify how much of the channel partners are also FMEG channel partners for us?

Rajesh Jain: So, distributor and dealer network, there is hardly any overlap, maybe 5% overlap maybe there. At retailer level, we do not have exact data right now for both older but still both channels are quite different.

Achal Lohade: Understood. And just to check on the CAPEX, you want to quantify what is the CAPEX one should work with for FY25 and 26?

Rajesh Jain: So, like earlier, our working was for FY24 and 25 combined, which was Rs. 500 crore. Now we are working on future CAPEX of FY26 to 28 and we will work out and inform that at later stage.

Achal Lohade: FY24-25, Rs. 500 crores stays.

Rajesh Jain: Yes. So, out of that major part already run and this will be completed by March 25. Like almost, we'll get the new capacity issue in September 24 and additional capacities by April 25.

Achal Lohade: Understood. Just last question if I may, sir. Would you be able to quantify in terms of our raw material mix, how much would be copper, how much would be aluminum? Would that be like 80%-90% copper and 5%-10% aluminum or could be different?

Rajesh Jain: No. So, from quantity point of view, I can say like almost 70% is copper and 30% is aluminum approx.

Moderator: Thank you. The next question is from the line of Praveen Sahay from PL Capital. Please go ahead.

Praveen Sahay: Just a clarification on what you have given about the volume growth of 15% and 30% that is of a segment wire and cable or a domestic and export?

Rajesh Jain: That is on wire and cable.

Praveen Sahay: For Q4?

Rajesh Jain: No, on yearly.

Praveen Sahay: And how is the domestic and the export volume numbers?

Rajesh Jain: It's around 12% and 38%.

Praveen Sahay: And on export side, your yearly contribution is nearly 26% and I heard in the media that you are talking about 30% to 35% of our contribution in the years to come and also the wire contribution is on the higher side in the export, is that impact your margin on overall basis way forward?

Rajesh Jain: First, I would like to clarify that 20% export share is at Company basis. So, when I see it only wire then it is almost at 29% to 30% and this may go up to 35%. And secondly, whatever increase we are making in exports, it is in cable side plus high value added products. This will improve my margins in overall business segment.

Praveen Sahay: So, whatever the incremental will come, it's come from the cable side of exports?

Rajesh Jain: Cable or high value-added wires also and there are few products where we have good value addition even in wire segment also.

Praveen Sahay: Second, if you can give FY24, the segment contribution, wire how much contributed and cable, how much contributed to your volume and value?

Rajesh Jain: So, it's by value it is 70:30, 70% comes from wire and 30% from cable.

Praveen Sahay: Value mix?

Rajesh Jain: Yes, value mix.

Praveen Sahay: On the FMEG side, fourth quarter as well as for a year, you had given a very strong growth if I look at the industry, can you please give some more color on these growth from where you are getting in, how much is the contributions right now for your different segments like a fan light, it will be more helpful sir.

Rajesh Jain: So, in year FY24, we have seen growth of almost 20% at overall level, fan being the biggest contributor in our overall revenue. It is contributing 45% in our revenue, while 40% contribution comes from lighting and 15% comes from switch gear and appliances and in lighting, since we have seen very sharp drop in prices. So, in volume though we have grown by more than 20%, but in value terms we have grown by 8% and in fan, our revenue has grown by more than 16%.

Praveen Sahay: 16% in the value terms of fan.

Rajesh Jain: Yes. And contributing 45% in our overall revenue of FMEG.

Praveen Sahy: And the way forward also guidance of the 20% plus of guidance, 25% of growth guidance in this segment, you are expecting your contribution to maintain at this level, or you are expecting the switches segment to grow faster and contribution to change in coming years?

Rajesh Jain: So, in FMEG segment itself, there may be some like variation against overall growth of 20% to 25%, but that will hardly though because like switch is very small segment that is expected to grow at much higher speed, but base is low. So, overall, it will not contribute that much.

Moderator: Thank you. The next question is from the line of Shrinidhi Karlekar from HSBC. Please go ahead.

Shrinidhi Karlekar: A couple of questions on the cable business. Would it be possible to share how much has been the value and the volume growth in the cable business of full year 24?

Rajesh Jain: In cable business, it's like more than 20%, 30% in cable and 12% in the wire approximately, but these are approx figures because I do not have exact breakup, but cable is of course it is like increasing at much higher speed than wire.

Shrinidhi Karlekar: And this is value growth, sir, right?

Rajesh Jain: Value because see in cable again we have both copper and aluminum, and since aluminum is low value material aluminum. So, there may be some impact. Overall, in volume like 12%, our wire and cable has gone in domestic and export by 38%.

Shrinidhi Karlekar: Right. And sir, you said 30% of your cable and wire business comes from cables. Would it be possible to share how much of the cable business come from domestic market and how much is come from exports market?

Rajesh Jain: So, currently it is coming more from the domestic market. Export is slowly and gradually it is improving.

Shrinidhi Karlekar: But would it be like more of 90-95 domestic still?

Rajesh Jain: No, if I talk only about power cable, then it's like almost 85% from domestic and 15% from export as of now.

Shrinidhi Karlekar: Yes. And so just want to confirm the guidance on the cable and wire business. You're guiding for a 20% volume growth for the Financial Year'25, is that correct? And even despite the copper inflation, you are reasonably confident that 100 to 120 basis points margin improvement should be possible, is that correct?

Rajesh Jain: So, this is based on general assumption. If there is 5% to 10% variation in prices then we can achieve this kind of growth. If anything, very abnormal say 30%-40% of downturn, of course there will be changes. But by just basis assumption of 10% plus or minus in raw material prices, still will be able to have this range of 100 to 126 improvement in margins.

Shrinidhi Karlekar: Like for in a hypothetical situation like copper remains where it is. You think that 100-120 basis points is possible?

Rajesh Jain: Yes, 100 is possible, right?

Shrinidhi Karlekar: And similarly, FMEG is guiding Rs. 1,000 crore full year 25 revenue, is it?

Rajesh Jain: Rs. 1,000 crore, FMEG 25.

Shrinidhi Karlekar: Right, so here's a lot of acceleration that you are expecting in growth rate. Would it be possible to share what is really driving this optimism?

Rajesh Jain: So, if you see like we have introduced this new products in fan category also in switch gear, we are coming with new range, we are expanding our product range and at the same time whatever investment we are doing in establishing our brand, RR signature. So, we are hopeful to achieve this figure of Rs. 1,000 crores in FY25.

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

Manoj Gori: So, as per our calculations, domestic growth during the quarter on Y-o-Y sales seem to be on the lower side. If our calculations are correct, can you share some thoughts over there?

Rajesh Jain: So, I think we have given volume growth in overall basis in our presentation also. If you refer slide 21, where in volume terms in Q4 on Y-o-Y basis, we have gone by 20%.

Manoj Gori: So, I'm just referring to the domestic business because if I do the calculation based on the export contribution and if I do the subtraction, so probably on net basis, I was just referring.

Rajesh Jain: So, in net base also in volume, our domestic growth is around 12% and export is around 40%.

Manoj Gori: Even during the current quarter?

Rajesh Jain: Yes, in compared to Y-o-Y basis.

Manoj Gori: Right. And so, when we are talking about 20% volume growth during FY25 and so are we seeing any disruption because of the elections or probably businesses as normal. And so if you look at probably the volume growth again seemed to be at 20%. So, what gives you the confidence that probably we would be able to achieve that and whether it would be largely your real estate led demand or probably cables would be the major growth driver over here?

Rajesh Jain: So, see, when we talk about 20% volume growth, this is based on our previous growth or with previous experience and particularly now this time, industry is going through a very positive phase and demand is in domestic as well as export market also. Secondly, when we see the growth, what we have achieved in during previous year and now since we are doing major expansion in our cable, so growth in cable will be higher than wire industry, but overall it will be like 20%.

Manoj Gori: Right, sir. So, lastly, can you throw some light like probably when you talk about breakeven FMEG, so what would be the major triggers? And lastly, how has the transition been or probably how the progress has been from Luminous to RR brand?

Rajesh Jain: That, I think figure itself can show that we have grown by more than 3 to 3.5x of industry growth like industry has hardly grown by 4% to 5% and we have achieved the growth and this was due to the smooth transition of brand also and now since we are focusing to make our brand RR signature in key brand for premium product. So, going forward one, we are quite confident to achieve this revenue topline growth of Rs. 1,000 crore. At the same time, due to consolidation of expenses due to gross margin improvement, we are expecting this breakeven in the another 4 to 5 quarters.

Moderator: Thank you. The next question is from the line of Ankur from HDFC Life Insurance. Please go ahead.

Ankur: First from the FMEG business, clearly topline growth has been fairly strong close to 30%,but losses are actually gone up to about 8.5%. While I would have expected that with higher volumes and increase in topline, losses actually start coming down. I don't know is it higher ad spends? Is it more discounting? Just trying to understand what's going on, why the losses have actually gone up?

Rajesh Jain: Ankur, if you see even in this period when we have grown at more than 20% when lighting prices were down by almost 25% in last year, still we have seen improvement in our gross margins by almost 190 bps low at EBIT level, it has improved by only 190 bps only and the reason that since we are going through transition phase. So, we are consolidating our distribution network. We are having higher spending on our advertising. So, the impact is not that visible. But the same things will work in our next year. So, we will see significant improvement in our margin particularly in percentage terms.

Ankur: Sure. And that drives your expectations about breakeven in the next 3 to 4 quarters, is that right?

Rajesh Jain: 4 to 5 quarters, yes.

Ankur: And sir just I missed this, but of the total wire and cable sales, how much was exports FY24, did you say 29%?

Rajesh Jain: Yes, 29% within that wire and cable segment.

Ankur: So, clearly exports have grown much faster than domestic for you, right? In 24, I think about 30% growth on value terms and domestic has been about 12%, right, if I get my numbers right?

Rajesh Jain: Yes, that was right.

Ankur: And so, you just help us on your export market, some more sense. How are they doing some of your key markets, Middle East? Maybe some of these markets, how are they doing, how the inquiry or the order book there and any impact of the Red Sea crisis here?

Rajesh Jain: Here we are seeing very good demand from all over the export markets, particularly from Europe and Middle East, which are the biggest market for us as well now also. At the same time, we have also seen good demand for cable, particularly cable, and new high value-added product. So, it is growing at more higher pace than domestic.

Ankur: And just one last in terms of the mix between your domestic business, between wire and cable, would that remain in that 70:30 ratio or do you believe that could change given even cable demand has been extremely strong when we talk to some of your peers, how do you see that over the next couple of years?

Rajesh Jain: So, this will come down from 70:30. It may come down to maybe after 2 years it can come around to maybe 60:40 or 62:38, something like that because we are having more expansion in cable and demand is also more.

Ankur: And margins would also be better in cable, or would that be almost the same in both wire and cable?

Rajesh Jain: So, margins, if you talk currently in cable, there are lower margins, but the reason being we are at lower efficiency level or lower capacity also. So, once we have the scale, then margins will also improve in cable as well.

Moderator: Thank you. The next question is from the line of Sanidhya from Unicorn Assets. Please go ahead.

Sanidhya: So, my question is very specific to EBITDA margin. So, if we compare to over peer like Polycab, which is the largest player in the market, it's EBITDA margin this quarter was somewhere between this year we can say somewhere between 14% to 15% EBITDA level on wires and cables. Maybe the mix is different. While ours were somewhere 8.5%-8.6%. So, how do you see road down the line? Is it due to the operational OpEx that we are not getting due to capacity expansion which the larger capacity versus the lower capacity or is it the pricing power that we have like Polycab has a more pricing power in the domestic market because it is more towards the B2B and all these sites, how do you see that?

Rajesh Jain: No, it's not exactly to deal with pricing power. Of course, volume plays a role, but still if you see the thing that like we have improved our margins by 140 bps in this year or another 140 bps improvement. So, this is continuous journey like earlier also I have explained why our margins are lower but now going forward, we are expecting to reach at 10.5% to 11% kind of EBITDA margins in another next 2 to 3 years.

Sanidhya: But that's right. I mean, but from 10.5% or 11% to 14%-15%, how do you see that so much of a gap, right? Something is definitely missing that Polycab is doing, we are not doing that.

Rajesh Jain: No, but see, based on our experience in this industry, the range of 10.5% to 11% is quite sustainable and achieve your growth. But other figures, I cannot comment right now, but 10.5% to 11% with the sustainable growth and continuous growth with high value standard is quite good achievement, I think.

Sanidhya: And secondly, on the copper prices, so we have seen a surge from $8,100-$8,300 to almost $10,000 plus of LME copper. So, does it really impact our margins in the last 2 months or in the coming quarter, will it affect our margin?

Rajesh Jain: No, I will not say it will impact us, but there will be like impact or there will be like some lag impact on our profitability, but let's see because it will take some time to settle decided because this surge is like on both side, we have seen like increased by 30%, then 6 or 8% downside also.

So, we have to see on overall average basis, still on overall basis, copper prices have increased by almost 15% only. So, that is not that much extraordinary.

Moderator: Thank you. The last question is from the line of Harsh Mulchandani from KRIIS PMS. Please go ahead.

Harsh Mulchandani: Wanted to understand that our peers have guided for CAPEX for next 2 to 3 years. So, do we have plans for CAPEX beyond FY25 and would we see a larger quantum of CAPEX going forward since even you iterated on the call that we are seeing a good CAPEX cycle for next 5 to 10 years?

Rajesh Jain: So, it is like already what CAPEX we have announced 2 years back, we are like just to complete that by March 25 and which can meet my 2 years growth plan and now by next quarter we are planning or working on the another CAPEX cycle of next 3 years which can meet the demand of another 5-6 years. So, we are continuously working on CAPEX plan. Historically also if you see like we were always in expansion mode so it will continue.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Shreegopal Kabra for closing comments.

Shreegopal Kabra: I would like to thank each and every one on behalf of R R Kabel Limited. Thank you very much.

Moderator: On behalf of R R Kabel Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.