RR KĀBEL
WIRES & CABLES

1 February 2025

Corporate Relationship Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

Script Code: 543981

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C-1,
Block G, Bandra – Kurla Complex,
Bandra (East), Mumbai – 400 051

Symbol: RRKABEL

Sub.: Submission of Transcript of Earnings Conference Call held on 29 January 2025.

Dear Sir/Madam,

Pursuant to Regulations 30 and 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Earnings Conference Call held on 29 January 2025 in relation to the financial results of the Company for the quarter and nine months ended on 31 December 2024.

Kindly take the same on your record.

Thanking you,

Yours sincerely,

For R R KABEL LIMITED

Digitally signed by ANUP V C KHANNA
Date: 2025.02.01 17:28:15 +05'30'

Anup Vaibhav C. Khanna
Company Secretary and Compliance Officer
M. No. – F6786

"R R Kabel Limited
Q3 FY '25 Earnings Conference Call"
January 29, 2025

MANAGEMENT: **MR. SHREEGOPAL KABRA – MANAGING DIRECTOR – R R KABEL LIMITED**
MR. RAJESH JAIN – CHIEF FINANCIAL OFFICER – R R KABEL LIMITED

MODERATOR: **MR. RONAK JAIN – ORIENT CAPITAL INVESTOR RELATIONS**

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY '25 Earnings Conference Call of R R Kabel 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 touch-tone phone.

I now hand the conference over to Mr. Ronak Jain from Orient Capital, their investor Relations. Thank you, and over to you.

Ronak Jain: Thank you, Steve. Good afternoon, everyone. On behalf of R R Kabel Limited, I extend a very warm welcome to all participants on Q3 FY '25 earnings conference call of R R Kabel Limited. Today on this call, we have Mr. Shreegopal Kabra Sir, Managing Director; and Mr. Rajesh Jain, Chief Financial Officer.

Before we begin this call, I would like to give a short disclaimer. This call may contain some of the forward-looking statements, which are completely based upon our belief, opinions and expectations as of today. These statements are not guarantees for our future performance and involve unforeseen risks and uncertainties.

With this, I hand over the call to Shreegopal Kabra Sir. Over to you, sir. Thank you.

Shreegopal Kabra: Good afternoon. On behalf of R R Kabel Limited, I extend a warm welcome to all participants on our Q3 FY '25 financial results conference call. I am joined today along with our CFO, Mr. Rajesh Jain. Despite navigating through a challenging macroeconomic environment, characterized by slowdown in the economy, political transitions and volatile commodity prices, we are pleased to announce our highest ever revenue for the nine-month period FY '25. This achievement is a testament to the strength of our business model and our ability to adapt to dynamic market conditions.

Our cable and wire segment demonstrated moderate volume growth on a nine-month FY '25 basis, supported by steady demand fundamentals, especially in cables business. Additionally, our FMEG segment continued its impressive trajectory, delivering a robust revenue growth of approximately 25% during this period. This growth was driven by strong volume performance and improved product mix and leadership in key categories, such as fans, reinforcing our position as one of the fastest-growing players in this space. We remain committed to achieving breakeven in FMEG business by early FY '26.

Despite the uncertainties in the external environment, the demand for cables and wire remains resilient. To capitalize on this demand, we continue to undertake several strategic initiatives, including capacity expansion, the introduction of high-margin products, new launches and the ongoing expansions of our distribution network. These initiatives are progressing as planned and are aligned with our long-term strategy to enhance growth and profitability.

Looking ahead, we are focused on achieving double-digit EBITDA margins in the coming years. Our efforts remain centered on strengthening our operational efficiencies, enhancing our product portfolio and delivering sustainable value to all stakeholders.

With that, I would like to hand over the call to our CFO, Mr. Rajesh Jain, to take this discussion forward. Rajesh, over to you.

Rajesh Jain: Good afternoon, everyone. Thank you for joining us on this earnings call. As we reflect on Q3 FY '25, I would like to share some insights into the factors influencing our performance and our outlook for the remaining of the fiscal year.

India's GDP growth moderated in Q2 FY '25 compared to Q1, and this deceleration had varying impact across sectors. Moreover, the sector faced added pressure from copper price volatility, a key determinant of material costs.

On the export front, the environment remained challenging during nine months FY '25. Weak economic conditions, shipment delays and logistical disruption, exacerbated by geopolitical factors like the Red Sea crisis, adversely affected export demand during the period.

Despite this, the export revenue saw an increase of 11% Y-o-Y in Q3. Additionally, we have been actively working on securing new certifications to strengthen our position in global markets and ensure readiness for future opportunities.

Domestically, despite slowdown in the economy, we have seen 6% growth Y-o-Y in Q3. Looking ahead, we anticipate a significant boost in infrastructure and housing activity driven by higher government spending, positioning us for a robust recovery in coming quarters.

Now talking on the financials and operating highlights of Q3 FY '25. In Q3 FY '25, revenue reached to INR 1,782 crores, reflecting a 9.1% year-on-year growth. This performance was supported by growth in both wires and cables and FMEG segment. On a nine-month FY '25 basis, revenue grew by approx. 12%, achieving our highest ever revenue of INR 5,400 crores compared to the same period last year.

Operating EBITDA for the quarter stood at INR 111 crores, while profit after tax amounted to INR 68.6 crores. The marginal reduction in EBITDA and PAT was primarily due to impact of volatile price -- commodity prices in the first half of FY '25. However, this was a temporary phenomenon, and sequential growth in margins indicated a stabilizing trend.

Segment-wise performance in the wire and cable business recorded a revenue of INR 1,543 crores in Q3 FY '25, up from INR 1,433 crores in Q3 FY '24, making a y-o-y growth of approx. 8%. On a nine-month FY '25 basis, the segment achieved a revenue of INR 4,732 crores, a growth of approx. 10% compared to INR 4,306 crores in nine months FY '24.

Revenue growth was driven by improved realization along with strong growth in cable business. The segment profit stood at 7%, although the same is lower y-o-y due to volatile metal prices.

Margins improved sequentially, reflecting our focus on cost management and operational efficiency.

In the export market, which contributed around 27% of our total revenue in Q3 FY '25, resilience was evident despite some headwinds. Efforts to enhance our global presence have positioned us well to capitalize on future opportunities. Domestically, strong demand, especially in cable and ongoing strategic initiatives continue to support growth, and we remain confident in achieving sustained progress as we move forward.

Guidance, if you see about wire and cable, given the high volatility in copper prices during the first half of FY '25 and the subsequent softening observed in recent months, we are gradually getting back on track. The improved stability in commodity prices have provided some relief, and we are optimistic about future margin improvements.

We continue to anticipate a volume growth of approx. 15% in the last quarter, which should help us to achieve an overall volume growth in the range of 10% to 12% for FY '25. In Q3 FY '25, our segment profit in the wire and cable showed sequential improvement, and we remain confident in achieving a margin in the range of approx. 8% in the last quarter.

For the nine-month FY '25 period, our margin stood at approximately 6.4%, reflecting the challenges earlier in the year. On the export front, looking to improvement in business scenario, we expect that our export growth will be on normal track, backed with additional certifications.

Further, with favourable changes in the product mix and additional capacity building, we are confident of growth and margin improvement. In the FMEG business segment, we achieved a robust revenue of approx. INR 240 crores in Q3 FY '25, continuing to deliver consistent growth in the range of 20% to 25% on quarterly basis.

For the nine months FY '25 period, we recorded a revenue growth of approx. 25% compared to nine months FY '24. This impressive performance was primarily driven by strong volume growth in fans, which remained the largest contributor of our segment revenue, followed by growth in appliances and switches.

On segment margin, we saw a remarkable improvement depicting reduction in losses significantly, both year-on-year and sequentially, supported by operational cost savings and a slight increase in contribution from an optimized product mix and volume growth. This accomplishment have solidified our standing as a key growth leader in the FMEG segment, and we remain dedicated to maintaining this momentum in the future.

Additionally, we have successfully maintained our working capital days broadly in the range of 60 to 65 days as of December 31, 2024, further underscoring our commitment to sound financial management and operational efficiency.

The current capex cycle continues to remain on track. Further, the company plans to incur approx. 1200 crores capex over the period of next three years. This will help the company to boost its top line by another INR 4,000 crores to INR 4,500 crores annually. Beyond capex, our strategic priorities continue to progress well in Q3 of FY '25.

Additionally, we are on track to increase our revenue contribution from the cable segment from 30% to 35%. This initiative positions us for sustained growth and enhanced market presence in the coming quarters.

Our FMEG segment is progressing well with continuous initiatives, including new product launches, premiumization and expanding geographical reach. These measures are designed to bring us closer to breakeven in the near future. While we are navigating through some short-term challenges, we remain confident that these strategic actions will foster long-term growth and profitability.

With this overview, I would now like to open the floor for questions. Thank you for your attention and continued support.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Praveen Sahay from PL Capital.

Praveen Sahay: The first question is related to the guidance you had given 15% of a volume growth for Q4 and so as for a year 10% to 12%. So how is the volume growth in the 9 months? Is it in the single digit? So 10% to 12% for the entire year is achievable with a 15% growth in the fourth quarter?

Rajesh Jain: Yes. So if you see on a 9-month basis, our volume growth is around 6%. And if we achieve this, our volume growth of 15% in Q4,we would be in that range.

Praveen Sahay: Okay. And in this related to that 15% of volume growth, are you seeing any kind of a traction, especially in your majority segment, which is the wire?

Rajesh Jain: Yes. So off late, at the end of Q3 and even at the beginning of Q4, we have seen good demand in wire. So earlier in Q3, like channel was also not taking so much stock, so channel was very light at that time. And now inventory is building up and we are getting good demand in Q4 also. So we seems other than cable where already we have very good demand, even wire segment will also see good growth in Q4.

Praveen Sahay: Okay. And can you give the capex number for 9 months and then this '25 and '26 expected?

Rajesh Jain: So, if you see overall capex plan, which was planned till FY '25, which was INR 500 crores spread in the last 2 years, so it is on track like some of the capacity were added in Q3 also, especially in power cable. And now going ahead also, the majority of the capex will get completed by March '25 and a few like capacity will be added out of this capex by September '25 also.

Praveen Sahay: So our contribution of cable has increased, because of this capacity expansion?

Rajesh Jain: We will get only part of this year only, this added capacity was available for partly in this year only. But if you see on a quarterly basis, of course, our contribution from cable is increasing. And as you have already seen that our cable growth is like almost 20%.

Praveen Sahay: 20% for this quarter or 9-month, how is that?

Rajesh Jain: On nine-month basis, our volume growth is almost 20% in cable.

Praveen Sahay: Okay. And on the export, as you had mentioned, shipment delay and Red Sea crisis, all led to the impact in the export. How you are seeing in the export business right now? Is that, it started picking up and these prices has somewhere subside?

Rajesh Jain: Yes. So already now, like prices have come down, logistic prices also. And even from demand point of view, like now at the end of Q3, we have seen a good demand in export segment also. So now it will be on normal track sequentially in Q4 and onwards.

Praveen Sahay: Okay. How is the Q3 for export?

Rajesh Jain: So Q3, again, since our major part of exports go to Europe and normally due to this December end leaves in Europe, so there was less shipment. And traditionally also, it is always less shipment in the October and November months. So now export has picked up in the month of December onwards.

Moderator: The next question is from the line of Rahul Agarwal from IKIGAI Asset Management.

Rahul Agarwal: Congratulations for recovery in margins. Sir, one question was, I just wanted to hear your thoughts on what is really happening on wire, both in India and exports. So you explained a bit in the earlier question, but just wanted to be more specific, what should we expect in terms of revenue run rates for exports and in India for wires over the next three to six months? Could you just help us understand that, please?

Rajesh Jain: Thanks, Rahul. So as you have seen that though there were challenges and situation was different, but our growth in terms of revenue and volume were almost similar in both the markets, export and domestic as well. Now going forward, as I explained now like, our channel is also picking up the demand and looking to the positive momentum in copper prices also. We are seeing good growth at least at the end of Q3 and at the beginning of Q4 as well.

So it seems now like whatever there was a degrowth in the first half of the year or even in export also due to other challenges, now it will be on the track and we will -- what like, planning we have made up for 15% volume growth is achievable by focusing or by having growth from both the segments, be it domestic or export.

Rahul Agarwal: And export specifically, could you help us understand more as in apart from Europe, what else are we doing? What should be the quarterly run rate?

Rajesh Jain: So in export, the good part is that we have gained some of very good orders in the cable segment and in the future also, like our focus is more on exports of cable where we have comparatively higher margins. And whatever like developments we have made in this first 9 months also and now also, we are in the process of getting a few certifications from Europe as well as U.S. also, which will give this additional growth.

Moderator: The next question is from the line of Achal Lohade from Nuvama Institutional Equities.

Achal Lohade: Sir, if you could just give specific a sense about the volume growth for the nine months in terms of domestic cable growth and domestic wires growth, please -- volume growth?

Rajesh Jain: Sure. So our -- like on nine months versus nine months, our total growth is around 5%, where cable is 20% and wire is negative in the range of 3%. But when we see in terms of export and domestic, then like wire in domestic and export, both were impacted by almost negative 9%, while cable have grown in domestic, it is 18% and in export, it is 7%.

Achal Lohade: Sorry, in wire, the export is minus 9%. Is that, sir, y-o-y for nine months volume?

Rajesh Jain: Yes.

Achal Lohade: Okay. And domestic, how much did you say, sir? I didn't follow that.

Rajesh Jain: It is minus 1.9%.

Achal Lohade: Minus 1.9%. Yes, yes. And domestic also similar number, domestic would be more?

Rajesh Jain: Domestic is almost 10%.

Achal Lohade: Minus 10%. Is that sir? Okay. So is that the industry trend according to you? Or is there any specific reason for us to have a lower domestic wires volume growth?

Rajesh Jain: No. So as I explained earlier, in domestic, of course, when we are comparing on nine months versus nine months, the major impact was in the first half of this year only.

Achal Lohade: Right. Fair point. So you think basically, the industry would be flattish, would have also seen a decline or would have seen some growth? I'm just trying to figure that out in your estimate?

Rajesh Jain: Sorry, can you just come back again?

Achal Lohade: For the industry, for the wires industry, the volumes will be flat, would have seen some growth or would have seen also a decline for nine months?

Rajesh Jain: For nine months, like it seems industry had also pressure in the wire growth and cable was doing good, though we do not have exact breakup from peers also as publicly figures are not available. But still what we understand based on our input and channel, say, that it seems wire was like almost having less growth in compared to cable.

Achal Lohade: Understood. And help us understand in terms of the cables, the capacity, where are we in terms of addition? You said there will be some capacity which will come by March and some will come by September. So what is the potential revenue of cables out of these two and existing capacities put together?

Rajesh Jain: So, what happened like this capex, what we have done like have potential to have a further growth of around INR 2,500 crores. But since this will be like on -- like, sequential growth will be there. So this capex will help us to meet the additional growth demand of FY '26 and '27.

Achal Lohade: Understood. And the next round of capex, I was a bit confused. You said INR 1,200 crores over next 3 years. Is that so?

Rajesh Jain: Yes.

Achal Lohade: Which these 3 years, sir? Sir, is it '26, '27, '28 or '25 '26, '27?

Rajesh Jain: '26, '27, 28, because see, what capex already we have done, it will be get completed by March '25. So, what capex I'm narrating is INR 1,200 crores is for next three years, it is starting from April '25 onwards.

Achal Lohade: Understood. And can you be a little bit more specific, sir, on this INR 1,200 crores? Where is it going to spend in terms of location and in terms of which category?

Rajesh Jain: So this will be like brownfield project in the existing facility at Waghodia, which is near Vadodara. And majority of this export will be in cable only, because since still our share in cable is very less and we have a high potential growth area also. So -- and it will be like balanced with wire, growth in wire as well to have sequential growth over year-on-year. So majority of my capex will be focused on cable only.

Achal Lohade: So is it fair to say like 70%, 80% of this...

Rajesh Jain: Almost 80% will go in the cable.

Achal Lohade: So almost INR1,000 crores, and that would give what, incremental INR 5,000 crores of revenue?

Rajesh Jain: No, no. On a consolidated basis, it will be in the range of INR 4,000 crores to INR 4,500 crores, because majority of the cable wire as per thumb rule, you can expect a return of capex of 3x to 3.5x only.

Achal Lohade: 3x to 3.5x. Understood.

Rajesh Jain: For cable.

Achal Lohade: Understood.

Rajesh Jain: Just I would like to clarify on volumes, because I mentioned the figures on Y-o-Y basis. So like -- just to clarify the volume growth on nine-month versus nine-month basis, my domestic wire was almost flat, while cable grew by 21%. And export wire was like negative by 5.6%, while cable was 18.5%.

Achal Lohade: Understood. Sir, last question, if I may, with respect to the exports. Can you help us understand in terms of particularly to U.S., how large is for us U.S. market out of the total export? And in terms of the SKUs, whatever U.S. imports do we have all the capability, certifications, what percentage of their imports we are entitled for or eligible for?

Rajesh Jain: So as of now, almost 10% of my revenue is coming from U.S. And in this quarter, like we have in the process, almost we have received the certification of one and two products. But to get that streamlined, I think by next quarter, we will start another new products in U.S. market. So there -- in this quarter, we may not see a huge growth in U.S. exports, but from next year onwards, we can see good improvement in our export basis.

Achal Lohade: Understood. Just to drill on this. Who do we compete here, which country? And what advantage or disadvantage we are against the other exporters in terms of percentage of the value?

Rajesh Jain: So, every market has different competition like, in Europe, we have competition from Turkey, while in U.S., still China is the largest supplier of cable, though now the tax and import duties are not favourable to them also. But right now, it seems, India still have a lot of export potential, and we are at very small contributor in overall exports at the international level. So we have good scope to improve, particularly in U.S. and Europe.

Achal Lohade: Got it. And just to clarify, 10% of export revenue is from U.S. or 10% of total revenue is from U.S.?

Rajesh Jain: Total export only.

Achal Lohade: Okay. Europe is the largest. Got it.

Rajesh Jain: Europe is like more than 50%.

Moderator: The next question is from the line of Natasha Jain from PhillipCapital.

Natasha Jain: Sir, my first question is on the export mix. So out of the 20% -- 27% of your exports, how much is wires and how much is cables currently?

Rajesh Jain: So it's like 70:30 ratio of 27%. So what happens like at an overall basis also, our wire and cable ratio is 70:30, now which is moving towards like improvement in cable, which is moving by 1% or 2% every quarter. And in export also, we are almost maintaining the same ratio.

Natasha Jain: Understood, sir. So when you say 1% or 2% every quarter, next year -- next financial year, when your cable capacities come up, can we expect this shift to move to at least 60-40 in terms of exports?

Rajesh Jain: That maybe 35:65.

Natasha Jain: All right. So your 35 of your export would be your cable exports?

Rajesh Jain: Yes. And similar, we are expecting in domestic as well. So I'm saying even at company level, we try to improve our cable sales ratio, and it may now -- by next year end, it may be in the range of 65:35.

Natasha Jain: Got it. Sir, and a question on wires again. So wires, what I understand is, at least at an Indian industry level, there is overcapacity for wires. Now I want to understand, is this market a very brand-conscious market? Because otherwise, scaling up of capacities is very easy for wires. So having said that, do you see any near-term risk for wires as a product category?

Rajesh Jain: So good part about Indian wire market that, is that, this is like, now it is directly B2C category product where people care about brand, quality and it is like B2C category. And like day by day, the organized sector is getting more market share. Of course, competition will always be there, and -- but it is more about how you build your brand, how you generate or get full factor in market. So it is all about marketing efforts as well as focus on your quality.

And even when we see like of late, we have seen that after this GST or demonetization, we have seen that day-by-day organized share is increasing. So it's all about the big brands or all the top peers, how they achieve or how they improve their market share.

Natasha Jain: Got it, sir. And sir, you mentioned in your opening comments about the governmental capex slowdown, which is obviously there. So I want to understand, can that pose a near-term risk for us or in fact, for the industry? Because a lot of cables capacity will come live in calendar '25. So any slowdown in governmental capex and then a slowdown in power distribution and then a slowdown in cables, do you see that as a risk in, in say, the next one-year time frame?

Rajesh Jain: So what I consider that, is that, decrease in government spending was temporary. Because if India has to focus on growth or if we have to build infrastructure, then government has to focus on spending and they have to increase the spending. We may wait for sometimes how government declaring budget also.

But as fundamentally, I believe that there will always be a good scope of improvement in infrastructure investment and therefore, wire and cable demand will always be there. And even whatever additional capacity we see it is in the building, still there will be more demand in terms of export market as well as India is spending on infrastructure building.

Natasha Jain: So it's safe to say that the capacities that are coming live will still be short in terms of what the demand for cables is?

Rajesh Jain: At least for next three-four years, it seems like there will be short of supply only.

Natasha Jain: Got it. And sir, last question, if I may. You mentioned about the Red Sea crisis, which affected your exports. So has that kind of eased down now? And what about the freight charges? Has that also softened?

Rajesh Jain: So freight charge, of course, they have softened, and we have seen like a reduction in freight to Europe as well as USA also. Yes, the Red Sea crisis also, to some extent, it has eased up, and there are some delays, but now it is not extraordinary delays and things -- or people have also adjusted the delays in their shipping requirements.

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

Manoj Gori: Sir, since over the last one-one and a half years, we have been targeting to scale up our presence into weaker or probably into newer geographies. And we believe like this should have resulted into better than industry growth rate, especially in the wires. wires, we do understand that there have been underlying demand challenges.

But ideally, we should have outperformed the industry and probably the geographical strength that we were looking to build, that's not visible in the numbers. So can you throw some light like where are we lagging probably, what's actually offsetting this growth? That's my first question, sir.

Rajesh Jain: Yes, I can understand. Of course, there is like we have grown lesser than industry pace also, and there were challenges. It doesn't mean that we were not having efforts towards that. But like the copper price volatility has affected more in compared to other industry players in the first half of this year, and that's why we have seen lesser growth.

But on the basis of fundamentals where we are working, first, we are like best in quality in terms of like we are the only company in REACH and RoHS compliance. Same way, even our loyalty managed program is the largest in the industry. So there are some short-term impact, but as a fundamentally, still we are confident that we'll do better than industry average.

Manoj Gori: Sir, I will ask it a bit differently. So probably last one and a half years, can you throw some light like which are the new geographies that you have ventured into and how things are progressing over there?

Rajesh Jain: So if you see our current strength, like we are very strong in West and North part of the country, but still like we have to weigh our path of growth or increasing our market share in Southern part of the country and Eastern part of the country. So we -- now we have like a good network of dealer and distributor, but still we were not able to get the quantum what we were looking for.

And it seems now -- since we have already made the best, so now it is time how high it is that efforts and how we get the result of our investment, what we have done in previous year or even current year nine months in this new geography. But it will be like more from Southern and Eastern part of the country.

Manoj Gori: Okay. And sir, lastly, if I may, how do you read the overall underlying demand environment? We know it's challenging, but probably -- see, long-term macros obviously will continue to remain intact. But probably from a six-month or to nine-month period, like overall, if you look at underlying demand for the last couple of years for wires as a category has been under pressure. So if you can throw some light, like how do you read the situation for the industry in specific?

Rajesh Jain: So even when we see at GDP level, we have seen some like downward trend in GDP even what figure -- publicly figure available for first half of this year. So there was some pressure and still there are some pressure in wire -- especially in wires. But overall, if you see and if you see at micro level, there are good demand, at least in cable. And there are so many reasons, like first and the biggest is like this wind and solar.

So moving towards this non-traditional power generation, there are a lot of opportunities are there. Same way infrastructure work is like low, pace was slow in the first half, but now it seems it will be on track. So fundamentally, it seems even in short term or a little bit longer term also wire may have some challenges, but cable, of course, has very good growth and wire also sequentially, it has to grow.

Moderator: The next question is from the line of Shrinidhi Karlekar from HSBC.

Shrinidhi Karlekar: Congratulations on good improvement in margin. Sir, a couple of questions, just one clarification. On guidance for Q4, are you saying cable and wire EBIT margin can go to 8% from 7% in Q3?

Rajesh Jain: Yes, yes. So what we have seen like 8% even last year, our overall like margins were in the range of 8.4%. And looking to the trend of last quarter also and current trend, it seems we will be able to achieve 8% kind of EBIT margin for Q4.

Shrinidhi Karlekar: Right. And sir, second question is, in the quarter gone by, did you face capacity constraint in the cable business?

Rajesh Jain: Cable, always we are getting that challenges, particularly in HV cable, where we have very limited capacity and still like -- though we have added some capacity in Q3 also, but I think more -- we can have some relax in terms of capacity constraint in Q4. And later on next year onwards, we will have some capacity.

Shrinidhi Karlekar: And sir, last one, when you say you aspire to -- you have a long-term vision of reaching double-digit EBITDA margins, here, are we specifically talking about the cable and wire business? Or we are talking about at the company level? And in what timeframe you try to achieve there?

Rajesh Jain: So like for both, of course, we have to achieve this. I mean, like, company level also, we are trying to get double-digit margins, but first, we will get in wire and cable. And it is expected that by FY '28 we can expect double-digit margins in both at company level also.

Moderator: The next question is from the line of Naushad Choudhari from Aditya Birla Mutual Funds.

Naushad Choudhari: Two clarifications, sir. Firstly, I was just curious to understand, in terms of what specific calculation you have and what is the math you have that makes you believe that there will not be a supply -- there will not be a capacity step-up issue in the industry, especially in cable business? Why there should be a continued supply shortage for next two-three years? What is the calculation you have that makes you believe this?

Rajesh Jain: So, Naushad, if you see the capex plan of all the big players of -- like peers of particularly cable manufacturer and Indian cable growth is growing. So normally, like it seems by looking to the plan of government or development in infrastructure or development in wind, solar power generation or even the opportunity in export market. So even if this industry, particularly in cable, is it grow by, say, 20%, then the sum of this industry average may not suffice to supply this, this all capex.

Because now these days, even the capex cycle is almost 24 to 30 months to get whatever capacity you are building. Like even in our case, what capex we started in FY '24, now it is getting completed. So in that way, it seems India has more growth opportunities than the -- what capacity it is getting built up. And already, we have seen that even last year or in this year also, there was a huge supply shortage at least in power cable.

Naushad Choudhari: Yes, sir. But historically, if we look at the industry capex average, if you look at last 3 years, 5 years, so broadly, it has been in the range of between 700, 800 or max 1,000. Last year was a peak in terms of capacity addition from a capex point of view. And next two-three years, it is going up substantially, and we have seen the peak of demand for '24. And on that base, we have to grow. And with this kind of capacity, at least we should have some very strong visibility at least in one or two piece of end user industry where we are confident that this should be able to help to absorb all these capacities.

Don't you think the kind of run rate, which used to be INR 1,000 crores has gone up to INR 4,000 crores annual gross block addition in the industry started from FY '24 should be a problem in '25, '26, at least for short term? We understand the growth point of view, but because this is B2B. Everybody's capacity would come together, at least for short-term period, everybody would fight to absorb this capacity, in short term. Do you think you might have the -- have to compromise on the margin side? And long term, I believe, it take, okay, five years, this capacity would be absorbed. But short term, one has to compromise on the margin to fill the capacity?

Rajesh Jain: So first, regarding if you demand, I may clarify that you have to see -- even if you see the way government has planned the growth in solar power generation, like what we have done till now, five times or more government is planning in next four-five years. So even if it happens not in four years, but in six-seven years, you can assume the quantum of solar cable will be required. Same way, like the infrastructure, though this year, we have seen some slow growth in first six months, but still see, if India has to grow, then we have to invest in infrastructure growth.

Thirdly, even in export opportunity, we have seen a very good demand. Earlier, like there was hardly an export of wire and cable. And now we have seen a good demand from Europe or

U.S.A. also. So that is giving us the confidence that in long term, there will be a good demand. Even at our level, when we are very small player in cable and our capacity is very limited, we know there is huge potential of expansion and growth. And that is also without compromising on price. So we are confident to have a higher growth in cable segment in coming years.

Naushad Choudhari: Okay. And second, on the margin side, can you share the specific levers which you have, which makes you believe that your 6% should go to double digit? What should drive it?

Rajesh Jain: Yes. So two or three reasons are there we are working. First, this -- like last year, we were in the range of 7%. So though this year, we have seen this degrowth. But even if we take the improvement of 100 to 120 bps year-on-year, then we can be -- by FY '28, we can be in the double digit. And this will be backed by my first change in product mix where we are improving our margins. We are having high-margin products like export of cables or solar cable or specialized cables. So -- and plus we will get the benefit of scale also. So this will give improvement in our margins.

Naushad Choudhari: So your first lever is change in product mix, export of power cable, solar cable, would it come at the cost of the overall business economics in terms of do you have to compromise on the working capital or have to deploy some more money to get this 1% margin?

Rajesh Jain: No. The working capital cycle is only 60 days, which is like almost at the best of the industry average. So -- and export doesn't mean that I will need higher inventory or higher working capital. So this is factoring all the factors, we are saying that our margins will improve. One thing, if my scale will improve, so I'll get a cost benefit advantage also.

Moderator: The next question is from the line of Rohan Vora from Envision Capital.

Rohan Vora: So sir, to one of the previous questions that you answered, you said that volatility in...

Moderator: Sorry to interrupt. Mr. Rohan, your volume is coming very low.

Rohan Vora: Is it better now?

Moderator: Yes.

Rohan Vora: So, one of the previous answers, you mentioned that volatility in copper impacted us more than the other industry players. So just a little bit more color on how that was the case and what we've done so that this is not repeated going forward, because that resulted in us losing market shares in wires. So that is why -- so this is my question one.

Rajesh Jain: Yes. So Rohan, what I mean to say by, like more impact on -- of volatility in my margins, because see, we are like having highest revenue coming from wire, which is B2C product. And what happens, always there will be like time lag between passing on the prices of like whatever raw material prices has been changed.

The only extraordinary things happened in first half of this year was that there was like a sudden rise in the copper prices. And by the time we could pass on that prices rise of impact to our consumer, the copper prices again came down very sharply.

So if there is too much volatility within a very small span of time, then, of course, we may have some impact in our profitability. But overall, it will be like always passing on the effect of copper prices to consumers. So this was like a kind of onetime only effect.

Rohan Vora: Okay. Understood. And sir, so second question was -- sorry, if it is a repetitive one. The capacity that is coming in, in the coming quarter. So how much volume growth would that enable us to do? And what is the color on FY '26 volume growth that you're looking at?

Rajesh Jain: So, this overall capex is like have a probability or possibility of adding top line of INR 2,500 crores. But like looking to our historical growth and even our current expansion plan, like for this Q4, we are planning having volume growth of 15%. And for coming years, we are making detailed plans and we'll give guidelines by end of Q4.

Moderator: The next question is from the line of Praveen Sahay from PL Capital.

Praveen Sahay: My question related to the FMEG business. There, you had mentioned that there is a very strong volume growth in the fan. So if you can give some color on this in the nine-month, the growth you had achieved, how much is from the -- which segment and also volume value mix, if you can give how much is like a 23% of growth comes from the volume and how much is the value? And related to that, by when you are expecting to achieve a breakeven in this segment?

Rajesh Jain: In FMEG, like we have seen a very good growth in fan, particularly in fan. And like earlier, our -- like almost 40% revenue was coming from fan. Now it has increased to 45%. In lights also, we have seen a very good growth, but due to that price rationalization and negative pricing in lighting, the growth is flat at value level.

But at the same time, we have seen like a very good growth in appliances also. So by top like broader product mix in my FMEG, like 45% of revenue is coming from fan, 32% is coming from light and rest 23% is coming from appliances and switches. And when we talk about breakeven, like as I mentioned earlier also, we are expecting that Q1 of next FY '26, that is like June '25 quarter, we will be able to come into green at the EBITDA level.

Praveen Sahay: Right. And volume growth, can you give color on that out of a 23% of growth, how much is from the volume?

Rajesh Jain: So like approx. -- though I do not have exact breakup of this, but 55% growth came in Fan segment. And like 20% of our sale in fan came from new products, which we introduced in this year. And we are getting almost 23% to 25% revenue in fan from premium category. So this is a very broad breakup of our FMEG sales.

Praveen Sahay: Right, sir. And how much of the capex is planned in this segment? And at what level of utilization of your capacity currently in?

Rajesh Jain: So in FMEG, we have not made any big capex plan. It will be very small, like in the range of INR 20 crores, INR 25 crores only. Because still like majority of our FMEG, we are sourcing through third party only. So almost wo-third of my revenue is coming from on trading basis and only one-third is coming through manufacturing.

Moderator: The next question is from the line of Shivam Kadhi from 3A Financial Service.

Shivam Kadhi: Hello, am I audible?

Moderator: Yes, please.

Shivam Kadhi: So, I just wanted to know the capacity utilization over the segment.

Rajesh Jain: Yes. So in -- particularly in wire, we are at 65% to 70%, while in cable, we are already at 90% to 95% capacity utilization.

Shivam Kadhi: 90% to 95% in cable, right? Okay. And sir, what about the order book, the current order book and the targeted order book as well over the next couple of years?

Rajesh Jain: So here, since we are more into B2C category also. So like it is an ongoing project, and we do not have very long order book where we have orders of two years or three years or one year since majority of the sales in B2C category. So it is continuous process.

Shivam Kadhi: And any revenue guidance as a business as a whole, like where do we see ourselves in the next four years or something by 2030 or something like that with the data centres and everything coming up?

Rajesh Jain: So we are making our detailed vision statement and growth plan, which we'll give by next quarter.

Moderator: Ladies and gentlemen, that was the last question for today's conference call. I now like to hand the conference over to the management for the closing comments.

Shreegopal Kabra: Thank you, everyone, for joining this call. We appreciate your participation. If you have any questions or queries, please feel free to reach out to us directly or contact Orient Capital. We look forward to connecting with you again next quarter. Thank you.

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