



“KEI Industries Limited
Q1 FY'25 Earnings Conference Call”
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MODERATOR: **MR. RAHUL DANI –MONARCH NETWORK CAPITAL
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to KEI Industries Q1 FY'25 Earnings Conference Call hosted by Monarch Network Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rahul Dani from Monarch Network Capital. Thank you, and over to you, sir.

Rahul Dani: Thank you, Manav. Good afternoon, everyone. On behalf of Monarch Network Capital, we are delighted to host the senior management of KEI Industries. We have with us Mr. Anil Gupta, Chairman and Managing Director of the company and Mr. Rajeev Gupta, CFO of the company. We will start the call with opening remarks from the management and then move to Q&A. Thank you, and over to you, sir.

Anil Gupta: Good morning, everyone. Welcome to this conference call. I'm Anil Gupta, Chairman and Managing Director, KEI Industries Limited. Along with me Mr. Rajeev Gupta is there who is the CFO of the company. I'll give a brief about this quarter results. So the net sales in Q1 of FY'24-'25 is INR 2,060.50 crores against INR 1,780.53 crores last year. So the growth in the net sales is 15.72%.

EBITDA in this quarter is INR 232.41 crores against INR 186.6 crores last year. Growth is 24.55%. EBITDA/net sales margin is 11.28% against 10.48% in the same period previous year. Profit after tax in this quarter is INR150.25 crores against same quarter in the previous year INR121.39 crores. Growth in the profit after tax is 23.77%. Profit after tax/net sales margin is 7.29% versus 6.82% previous year same period.

Domestic institutional cable sales, wires and cables is INR 574 crores in the first quarter against INR493 crores in the same period in the previous year. Growth is approximately 17%. Domestic Institutional cable sales for extra high voltage cable is INR 79 crores in the first quarter against INR49 crores in the previous year same period, the growth is approximately 62%. Export sale in this quarter is INR 233 crores against INR 307 crores previous year same period. There is a decline of 24% which will be made up substantially because some of the substantial amount of goods could not be dispatched due to logistic reasons.

Total cable institutional sale contribution is 39% against 44% in the previous year same period. Sales through distribution network that is B2C is INR 1,085 crores against previous year INR 842 crores. So the growth is approximately 29%. Distribution sale contributed 53% in the first quarter as against 47% previous year same period. Sales of EPC department other than cable is INR131 crores as against INR 111 crores. Growth in the EPC sale is 19%. Out of the total sale of EPC, EHV EPC sale is INR 45 crores as against INR 29 crores in the same quarter last year.

Stainless steel wire division sale is INR 53 crores against INR 58 crores in the same period last year. Volume increase in the cable division on the basis of production and for consumption of

metals in Q1 of FY'24, '25 as compared to previous year same period is approximately 18%. Total active working dealers for the company as on June 30, 2024, was approximately 2015 Nos.

We are in the process of strengthening dealer network by replacing some existing small dealers with the bigger distributors. Pending order as on date is INR3,590 crores. In the net sales EPC INR653 crores; extra high voltage cable INR333 crores; domestic cable from the institutional cable department INR2,052 crores and export orders of cables pending is INR552 crores. So the total is INR3,590 crores.

External ratings. India Ratings and Research Private Limited and CARE Ratings Limited have affirmed its long-term rating as AA with positive outlook. ICRA Limited long-term rating is AA Stable. Short-term rating from India Ratings, ICRA and CARE is A1 plus. Book value per equity share of the company is INR 365.77 as on June 30, 2024, as against INR 348.87 as on March 31, 2024. The total borrowings of the company is INR165 crores, out of which channel finance INR 98 crores, cash and bank balance is INR599 crores as on June 30 against total borrowing of INR134 crores last year so not last year against total borrowing of INR134 crores as on March 31, 2024.

Acceptance creditors as on June 30 is INR504 crores against INR506 crores as on March 31, 2024. So the net debt is INR70 crores as on June 30 as against net cash of INR60 crores on March 31, 2024. During Q1 of this year finance cost was INR14.16 crores against INR 8.94 crores in the same period last year, Rs. 16.51 crores in the March quarter. Interest income from bank deposits for others in Q1 is INR8.64 crores which is included in the other income. It was INR6 crores in the previous year same period.

Now I will tell you about the future outlook. Capacity utilized during Q1 FY'24-25 approximately 87% to 88% in cable division, 80% in house wire division and 90% in stainless steel wire division. During Q1, '24-'25 company has incurred a capital expenditure payment of INR145 crores in which the Sanand a new project coming up near Ahmadabad is INR76 crores; Chinchpada in Silvassa INR24 crores; Bhiwadi INR21 crores; Pathredi INR14 crores and other plant locations INR10 crores.

Company has done capital expenditures for Brownfield capex at Chinchpada to further add capacity for wires and houses wires and empty power cables. This will be completed in it is partially commissioned, but fully completed in Q2 of FY'24-25. Another Greenfield/Brownfield expansion going on at Pathredi in Bhiwadi area with approximate cost of INR125 crores which will increase the capacity of LT power cables by INR800 crores to INR900 crores per annum. It will be operational in Q2 of this financial year '24-'25 that means by August or September. This Brownfield capex will enable us to grow by 16% to 17% in this financial year.

Apart from the Brownfield capex in FY'24-'25 company has planned INR900 crores to INR1,000 crores capex on Greenfield expansion for LT, HT and EHV cables in Gujarat in Sanand, commercial production of which will commence by end of fourth quarter of FY '24-'25. We have already started construction in FY '23, '24. Further, we will spend another INR500 crores to INR600 crores in the next financial years to complete the project to maintain a CAGR of 15%

to 16% per annum in future years as against achieved CAGR of 14% to 15% during the last 15 years.

So, this is a brief commentary from the management side. You are requested to raise any query you may have. It will be our privilege to answer those. And I will also give you a little brief about the industry outlook. The industry outlook remains strong and with a good demand in domestic market as well as international markets we are progressing well on our aim to increase our footprints in the various destinations internationally and getting good traction from U.S. market and European markets.

And the moment our new factories start commercial production, we'll be able to see export volumes going up besides the domestic volumes. There's a good amount of capex coming up in India or abroad in solar power projects, wind power projects, transmission, and distribution projects and also in various industrial projects. So this is a brief commentary from our side. Thank you very much.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Praveen Sahay from Prabhudas Lilladhar Capital. Please go ahead.

Praveen Sahay: Thank you for taking my questions and many congratulations for a good set of numbers for Q1. So the first question, sir, is related to the export. What exactly happened in the export for a decline for the quarter?

Anil Gupta: We had around INR65 crores worth of cables lying for export, but the logistics was in the container placement was in customer's scope, and they delayed the placement of containers due to which a substantial amount of cables around INR65 crores could not be dispatched, which is now being dispatched in July. So we'll be able to make up the shortfall in the Q2. We have explained that there is a substantial order books in the export itself, more than INR550 crores at the moment.

Praveen Sahay: So container delay or availability has sorted as per you, now we will see in the Q3 Q2 those numbers?

Anil Gupta: The container placement was not in our scope. It was in the customer's scope, and they delayed the placement.

Praveen Sahay: Okay. Got it. Second thing is related to the dealer-distributor based revenue which has increased 29% and also leads to a 50% to 53% contribution of overall. So is that including the export number? And also, it includes the cable business of ours?

Rajeev Gupta: Yes, it's a dealer-distributor business, the wire and cable both.

Anil Gupta: And we are not exporting any cables through dealers, so it is all the dealer's business is all domestic. The export business, we are doing directly.

Praveen Sahay: Okay. Got it sir. And the second the third clarification is related to the housing wire and winding wire. From the last several quarters, observing that's a very good growth in this segment, you

are reporting. So if you can give some color of like, is it from the housing wire you are getting a growth or the winding wire, which has bring the growth in that segment?

Anil Gupta:

It's basically the wire and flexibles used in the real estate and the rental market etc.

Praveen Sahay:

So it's largely real estate based what the growth you are reporting?

Anil Gupta:

Yes, sir. Many real estate.

Praveen Sahay:

Okay. And lastly sir can you give some volume growth number for wire and cable, how you had a growth for the quarter?

Anil Gupta:

In volume terms we have done a growth of 18% on the basis of consumption of metal in the field.

Praveen Sahay:

Okay. And lastly, sir, on the EHV. Last quarter call, you had given that the EHV FY'25 would be flat on the Y-o-Y side. But this quarter also, you had given a very good growth. So is that the guidance for last quarter of a flat EHV for this...

Anil Gupta:

It is flat because the first quarter number last year was very low because of the non-clearances from the customers due to ROW issues. That is why we are seeing a growth compared to last year. But otherwise, on a quarterly capacity basis, it is flat.

Praveen Sahay:

Okay. So your guidance related to flat EHV stands it holds?

Rajeev Gupta:

Praveenji one thing is we have given the guidance of 16% - 17% growth for overall for all the products with all the segments for the full financial year. It is in the normal course, sometimes EHV sales goes up, sometimes goes down also. Sometimes export goes up, goes down also. Sometimes retail goes up, goes down. So it does not matter to us. What matter to us is how we are utilizing our capacity and ultimately, we are achieving the growth of 16% to 17%. It is not on individual segment or individual product.

Praveen Sahay:

Right sir. Got it. Thank you, sir and all the best.

Moderator:

Thank you, sir. We have our next question from the line of Natasha Jain from Nirmal Bang Equities. Please go ahead.

Natasha Jain:

Thank you for the opportunity, sir. My question is a follow-up on the previous question. So you said that there was container unavailability in the export market. Can you also just throw some light as to how the U.S. market performs for you? And is there an inherent slowdown in that market?

Anil Gupta:

Madam first of all there was this was not a problem of container's availability from our side. I said that container placement was in the scope of the customer, the overseas customer. And they delayed the placement of the container due to the reasons known to them. So we can't comment on it. But all that material is being dispatched in the month of July. Your second question was?

- Natasha Jain:** Sir in terms of the export market especially the U.S. market how does the outlook look like there in the short term?
- Anil Gupta:** Yes. The customers we are dealing with in the U.S the outlook is very good, and we are going to substantially grow business in U.S. in this financial year. Because the base was last year, very low, so we expect that a ballpark figure of INR 200 crores to INR 300 crores coming up from U.S. markets this year.
- Natasha Jain:** Understood sir. Sir, can you just give us some sense in terms of your geographical split in your export market?
- Anil Gupta:** Exact I cannot give, but our we have substantial exports in Australia and Middle East. Some countries in Africa and US and Europe have started only last year, but Australia is our very big market for last 10 years?
- Natasha Jain:** Understood. Sir and one last question can you just call out what kind of cables are we exporting in these markets?
- Anil Gupta:** We are exporting medium-voltage HT cables like up to 33 KV to 66 KV. And also cables for oil and gas industry in Middle East and U.S.
- Natasha Jain:** Understood. And lastly sir EHV that we manufacture is completely used in India?
- Anil Gupta:** EHV some EHV cables we are exporting to Australia also, but mostly we are selling in India. But we are working on developing exports of EHV cables which may start from next year.
- Natasha Jain:** Sure sir. Thank you.
- Moderator:** Thank you. We have our next question from the line of Venkatesh from Axis Capital. Please go ahead.
- Venkatesh:** Thank you for the opportunity. Just one very simple question I mean one of your most important competitors in India and who also exports a lot of cables outside India has been telling the broader market that they have been actually rejigging the distribution network. Just like you, they used to also sell all their cables directly to customers, now they are trying to sell it via distributors.
- Now but you do continue to sell through directly to the customers and you are not trying to set up a distribution network. So can you kind of tell us what are the pros and cons of each of them and why you are not attempting to do it? And why what you're trying to do is better for KEI, some kind of perspective.
- Anil Gupta:** Our export model is has always been direct business. We are not developing any distributor in overseas markets. And because we feel that access to the end user and the end customer and the contractor gives us better margin and better sustainability and regularity in the business as compared to distribution.

- Venkatesh:** Now while you are at current levels, let's say, 2 to 3 years down the line when your size is significantly bigger on the export side. Will the fact that you're only going directly impact your reach to how many customers you can reach? So any particular thought on that?
- Anil Gupta:** I think we will definitely review that strategy maybe in the next 6 months to 1 year. At the moment, we are not working on that strategy of developing distributors, but we may review it.
- Venkatesh:** Okay. And one last question from my side. When we actually see the exports of cables and wires from India to the U.S., we are actually seeing that one is calendar year for calendar year '23. Because the data is available on a calendar year rather than on a financial year, there is a deceleration in terms of exports from India to U.S., in terms of exports of wire. What was 30% to 35% for the past 2 years, in calendar year '23, the growth is only 6% for the full year, exports of wires from India,
- And especially in the U.S we are seeing last two to three quarters exports have started declining. Now what I'm trying to drive is this something related to there is some issue with the end market? Or it is just that amongst the people supplying, one of your key competitors is a large exporter and they themselves are having a problem that is why these numbers are showing to be weak or is there a problem with the end market?
- Anil Gupta:** I don't think there is a problem with the end market. Maybe the problem with their individual company exporting from India. Secondly, our export to US was very small last year because we just started last year. And we are only selling cables. We are not selling conductors or any other materials. So we will be comparing our exports compared to very small numbers of last year. But our export into US should be substantial this year as per the order availability with us.
- Rajeev Gupta:** We are not exporting wire to any country.
- Anil Gupta:** We are only exporting cables that for power cables and for oil and gas industry.
- Venkatesh:** Understood. Thanks a lot. All the very best.
- Moderator:** Thank you, sir. We have our next question from the line of Amit Mahawar from UBS. Please go ahead.
- Amit Mahawar:** Anil ji and Rajeev ji congratulations on a very stable growth and profitability. Sir you have multiple expansions. By 2027 most of the capacity that you're planning will be normalized and available for full year, right, first full year, so roughly around by that time, if you do INR13,500 crores turnover, your exports should be mostly around INR2,000 crores by then. Is that a right assessment?
- Anil Gupta:** Yes, maybe more than that.
- Amit Mahawar:** Okay. And broadly on the branded house wire turnover what is that you have in mind in say by '27, sir?

- Rajeev Gupta:** Amit ji house wire business in our company is growing close to 20% plus year after year because our base is also low. But still we are focusing to grow at 20% to 22%. Because in all the aspect, we are adopting a disciplined approach so that overall growth of the company should be 16%, 17% plus. Accordingly, we are creating the capacity either for wire or for cable. And continuously, we are increasing the capacity in our existing factories for the wire also. That's how we are growing in a disciplined manner.
- Amit Mahawar:** Great sir. Thank you so much. One last question, so in the next 2-3 years, the kind of growth we have, your cash flow will still be maybe much better than what you had in the last 3-4 years. So Anil-ji, beyond the current capacity, and I am more talking about the next progression in business beyond just cables, how should we think about the next 4 to 5 years on this company in terms of more B2C businesses if you have in mind around adjacent segments?
- Anil Gupta:** At the moment we have no plan to add any new products in the B2C business. If something comes up in our mind, we will definitely let you know in advance. At the moment there is no plans.
- Amit Mahawar:** Okay. Thank you sir and good luck.
- Rajeev Gupta:** Thank you, Amit ji.
- Moderator:** Thank you, sir. We have our next question from the line of Manoj Gori from Equirus Capital. Please go ahead.
- Manoj Gori:** Thanks for the opportunity and sir congratulations on a good set of numbers. So my question here if you look at if we go back in FY'24 and then we see that we grew by roughly around 17% on top line front. So can you bifurcate like probably what was growth from government related orders or probably private orders and probably how you are expecting this to shape up in the coming years? Any qualitative answer over there that would be helpful?
- Anil Gupta:** Sir private orders are mainly coming from solar power developers and industrial projects in the domain of cement, steel and other miscellaneous industrial projects like pharma or any type of industry which is coming up. So far as government orders are even a lot of transmission and distribution project orders are now coming from private discoms.
- A lot of private distribution companies a lot of distribution companies in various parts in India are privatized and like CESC like Torrent Power and like that. So a lot of orders are from such companies also. At the moment we don't have any quantification of and dealers when they buy, I mean we have to collate that whether they are selling to a private sector or to a they may be selling to a contractor whose end customer is may be government, but we don't have available data at the moment.
- Rajeev Gupta:** Most of the government contracts are taken by the EPC contractor, so we supply to EPC contractors.

- Manoj Gori:** Correct sir. Got it. So secondly if you the sectors that you just mentioned, anything you see in the coming years probably you're getting incrementally positive demand drivers from these sectors or probably in some of the sectors you are seeing some headwinds. Any read over there?
- Anil Gupta:** I think if we talk of any individual sector at the moment, I think solar has as an individual sector has substantial demand in this year, but otherwise all sectors are doing well. And we hope that from next year, a good demand should come from the newly started extensions in thermal power projects and even pump storage projects for generating power.
- Manoj Gori:** Correct, sir. Sir, lastly, on the margin side, obviously, you have been very kind in highlighting the top line guidance. Can you throw some light like where we see ourselves at the end of FY'25 on the margin trajectory?
- Rajeev Gupta:** Close to 11%. We have earlier also guided the same thing and growth of 16% -17%.
- Manoj Gori:** Yes. And sir, what would be the price hike at the end of June month versus, let's say, February of FY '24?
- Anil Gupta:** Price hike?
- Manoj Gori:** Yes.
- Anil Gupta:** Depends on the copper movement. See if we say as compared to February and June, average price hike might be 7.5% to 8%, but we keep on adjusting our prices depending on the input cost and the metal prices like copper and aluminium.
- Manoj Gori:** Correct sir, thank you and wish you all the best.
- Anil Gupta:** Thank you, Manoj ji.
- Moderator:** Thank you. We have our next question from the line of Ananya Purushottam from Cogito Advisors. Please go ahead.
- Andrey Purushottam:** This is Andrey Purushottam. Anil ji and Rajeev ji congratulations once again for giving such consistent and great numbers. I just heard you say about the margin guidance for FY '27. If you look at the various years, you've delivered between 10% and 11% consistently. Is there a possibility and the promise of upping this margin aspiration from 11% to 12% or somewhere between 11% to 12%. Is it possible? Is it aspirational?
- Rajeev Gupta:** See earlier also commented on this topic. As our capacity get in place, then because of economy of scale, we will be achieving higher margins. That is possible. Next 3 to 4 years, we will be adding into the margin at least by 1% plus mainly because of economy of scale.
- Andrey Purushottam:** In the 3-4 years' time period you are saying?
- Rajeev Gupta:** Pardon?
- Andrey Purushottam:** And what time frame are you saying, sir, Rajeevji?

- Rajeev Gupta:** Maybe '26, '27 because by '26, our capacity will be in place of extra high voltage.
- Andrey Purushottam:** Right. Okay. And one more clarification I had. You have shown this amount of channel financing that you are doing has reduced. That actually means that the amount of channel financing availed by dealers have been...
- Rajeev Gupta:** Channel financing is reduced mainly because of the basically, the FLDG amount increased by the bank. Earlier it was used to be 50%. Now all the banks have reduced to the level of 15% to 25% FLDG. So the recourse has basically reduced.
- Andrey Purushottam:** Sorry what is the FLDG?
- Rajeev Gupta:** It's basically First Loss Default Guarantee. We need to give to the bank. It's basically a recourse. So the recourse percentage has decreased.
- Anil Gupta:** So our risk for channel financing has reduced by 50%.
- Andrey Purushottam:** So therefore, the amount of channel financing by the availed by the dealer has increased. Am I right?
- Rajeev Gupta:** Yes, that has increased.
- Anil Gupta:** It has increased.
- Rajeev Gupta:** That is increasing because our sale is also increasing.
- Andrey Purushottam:** Right. Also the proportion of dealers who are availing for channel financing how much is it in today's date?
- Rajeev Gupta:** Close to more close to 550-plus dealers are under channel financing and close to 70% of our total dealer distributor sales are covered under the channel financing scheme.
- Andrey Purushottam:** Okay. And can that move further or since you have...
- Rajeev Gupta:** It is improving further because as the dealer is getting old by 7 to 8 months, we are covering under channel financing because we are making a new dealer distributor also.
- Andrey Purushottam:** Okay. And just one comment...
- Rajeev Gupta:** And apart from the channel finance or the recourse reduction, we have taken the receivable insurance for all the receivables, whether it's an export receivable or it's a domestic receivable or it's a retail distributor receivables.
- Andrey Purushottam:** Okay. And just one comment I wanted to make that Anil-ji just now clarified that you have no intention of getting into B2C enterprises at this point of time. That actually is very reassuring to us because it means that you are sticking to your core strength and businesses, and that is reassuring to investors?

- Rajeev Gupta:** Yes, Purushottamji we are focusing in our strength, and we are focusing in our product domain where we are having the specialized.
- Andrey Purushottam:** Okay. Thank you very much sir.
- Rajeev Gupta:** Thank you, Purushottam ji.
- Moderator:** Thank you. We have our next question from the line of Keyur Pandya from ICICI Prudential Life. Please go ahead.
- Keyur Pandya:** Thank you. Sir a couple of questions. So first, on the capacity side. Just to get clarified so Silvassa INR100 crores of capex and Bhiwadi INR110 crores of capex for LT cable, these two are the capex which would be available for FY '25? And am I missing any other capex which got commissioned or is about to commission in near term?
- Rajeev Gupta:** In FY '25, a little bit capex will go into the Silvassa plant because that plant since last 2 years, we are adding the capacity because we are adding the capacity of cable, we are adding the capacity now into the wire also. So now even every inch of land is completing by second quarters. So nothing will be available for us to further expand in those places.
- Only now expansion will go on for the new Greenfield projects of the Sanand which is Ahmedabad. So as Anil-ji said that in the current year INR900 crores to INR1,000 crores and next year INR 500 crores to INR600 crores will go into the same place for all the Greenfield expansion completion.
- Keyur Pandya:** No sir, what I was asking is, I mean, we were supposed to start Silvassa expansion around INR100 crores in March '24 and Bhiwadi expansion for LT power cable for exports from June '24, which you mentioned that which will start in July, August. So these 2 are the additional capacities available for 2Q in FY '25? Or is there anything else also or rest of the capacities are fully utilized?
- Rajeev Gupta:** It will be available for capacity addition and that's how we are growing in the current financial year 16% to 17% kind of things.
- Keyur Pandya:** Okay. One follow-up is on the EHV side. Now EHV is fully utilized and the next EHV expansion would come in Gujarat Greenfield. So till that time, saying, including FY'26, the EHV would remain more or less flattish, is that a correct understanding?
- Rajeev Gupta:** Yes, sir but Product wise it sometimes grows up or sometimes goes down also, but the capacity utilized not only for EHV's, capacity utilized for the basically medium voltage power cable also, the same capacity.
- Keyur Pandya:** Okay. Understood. And just last question. You mentioned about some rejig in the user distribution network replacing smaller one with larger dealer distributors. Now do you see any impact in near term on the dealer-based sales in our revenue?

- Rajeev Gupta:** No, he was saying that it's a continuous process to add more strength in dealers and to increase the geography also to reach increase. So just a continuing process actually. It is not a one time I would say continuing process.
- Keyur Pandya:** Okay noted. I have a couple of questions. We will get back in the queue. Thank you and all the best.
- Moderator:** Thank you, sir. We have our next question from the line of Achal Lohade from Nuvama Institutional Equities. Please go ahead.
- Achal Lohade:** Good afternoon, sir. Thank you for the opportunity. Just wanted to check in terms of our categories in cables and wires, is it possible to get what kind of market share? And is there any wide space, is there any particular SKU which we can still look at adding over medium term?
- Rajeev Gupta:** We have already covered, I think.
- Anil Gupta:** I think we have already covered market share. I mean, close to 12% in the cable. And what do you mean by wide space you mean to say that where the capacities are demand is more and capacities are less. That is what do you mean by wide space?
- Achal Lohade:** No, I mean like you mentioned about the oil and gas industry the exports for the oil and gas industry sector something on those lines whether it is railways, whether it is solar, wind, etc.
- Anil Gupta:** Yes, we are mostly exporting cables for solar projects, wind projects, oil and gas projects and transmission and distribution projects. These are the main and, in some areas, we are even exporting to some industrial projects as well.
- Achal Lohade:** Got it. And just to clarify, you said the metal consumption growth is 18% Y-o-Y for the quarter. Have I understood right, sir?
- Anil Gupta:** Yes.
- Rajeev Gupta:** Actually, this 18% for the production. So we have produced more, actually. Like Anil-ji explained some of the export materials which we'll be selling to in this financial year in the second quarter, it is like this only.
- Achal Lohade:** Understood. Apart from exports, is there any increase in the inventory days, in terms of finished goods?
- Rajeev Gupta:** No, inventory because almost our 50% sale is to the institution and close to 50% to the retail. So in that 50% institutional sale, it is a normal figure. Sometimes material get delayed because of the inspection or something else. But overall, ultimately, the growth rate will be 16% to 17% for full year basis.
- Achal Lohade:** Absolutely. Understood, sir. And just to clarify you said 11% margin for the current year FY '25 and for the margin expansion of 100 basis points in FY '26-27? Have I understood right with operating leverage?

- Anil Gupta:** Yes.
- Achal Lohade:** Got it. Understood sir. Thank you and wish you all the best.
- Moderator:** Thank you. We have our next question from the line of Arshia Khosla from BOB Capital Markets. Please go ahead.
- Arshia Khosla:** Thank you for taking a question, Sir can I just get the order book bifurcation?
- Rajeev Gupta:** Order book costs close to EPC in the EPC side, the order book is INR 653 crores. Extra high voltage power cables, INR 333 crores. Institutional order for the cable and domestic market, this is INR2,052 crores and export market order is INR 552 crores, total is INR 3,590 crores.
- Arshia Khosla:** Okay Thank you Rajeev sir and also, I just wanted to understand the advertisement expenses for quarter and what will be the trajectory going forward?
- Rajeev Gupta:** It is close to in the range of INR 10 crores and the same kind of expenditure will be on a quarterly basis.
- Arshia Khosla:** Sure sir. Thank you.
- Moderator:** Thank you. We have our next question from the line of Praveen Sahay from Prabhudas Lilladher Capital. Please go ahead.
- Praveen Sahay:** Thank you for a follow up question, It's related to the increase in the debt and reduction in the cash as well. So these are because of expansion so around INR100 crores cash has been reduced, if I look at March...
- Rajeev Gupta:** Yes, for the capex, it will go on increase because we are taking the term loan of close to INR300 crores to INR400 crores for the new project wherein we will be investing around INR1,700 crores to INR1,800 crores of the total cost of the project. Close to as per the need maybe INR300 crores to INR500 crores we will avail term loan and balance we will be from the internal accruals. As of now working capital utilization is not there because we are having the cash. But for the term loan, we will start availing.
- Praveen Sahay:** Okay. Great. And the second question sir related to the branded housing wire. As you have mentioned that the growth has been very good and the way forward also around 15% of the growth you are expecting. So can you give some geographical presence where you are largely present and how much of the market share you are holding in this segment?
- Rajeev Gupta:** Our sales close to 36% plus from the Northern region and close to 27% to 30% on the Western region. And 17% to 19%, we are in the Southern region and balance is from the Eastern region. That is for our geographical breakup of the dealer distributor.
- Praveen Sahay:** Okay. And one clarification. On the solar, as you had mentioned that demand is huge, how much is your contribution right now in your wire and cable right now?

- Rajeev Gupta:** Because we are selling to EPC contractors, in our books, the customer is EPC contractor actually. So that's the EPC contractor is buying for the other projects also, not only for solar, but the other projects also.
- Praveen Sahay:** Okay. Got it sir. Thank you, all the best.
- Rajeev Gupta:** Thank you, Praveen ji.
- Moderator:** Thank you. We have a follow-up question from the line of Keyur Pandya from ICICI Prudential Life Insurance. Please go ahead.
- Keyur Pandya:** Thank you for the opportunity again. Sir, just one question. So we have seen strong house wire, winding wire sales. I mean just if you can give some idea on how the end industry, or our industry is growing and probably we're growing faster than that. So just color on how industry is growing the end demand and the primary sales also, I mean, we have seen with other players that they have seen some impact of destocking on their primary sales. So at the industry level has the destocking because of the copper prices decelerated. So some color on the industry in the house wire?
- Rajeev Gupta:** First of all, these are the normal things because every time copper will go copper will increase, copper will decrease. Depending on the behaviour of copper increase, the distributor also wait and some time they buy extra. So these are the normal picture related to this industry, actually.
- Industry directly belongs to the consumer side for the individual houses and on bungalows. And for all the larger cities, industries belongs to the real estate projects, which are the multi-storey buildings are coming up. So these things are continuing going up. But the nature of the industry will remain as it is actually because of the copper.
- Keyur Pandya:** So but what has been the growth in the end-user demand that is secondary or tertiary sales? Are we seeing any pickup based on real estate deliveries in larger cities? So any color on the end industry demand at the secondary level?
- Anil Gupta:** I think end industry demand is growing. It's only that sometimes due to fluctuations in the copper prices, dealers delays the lifting of material for maybe 15 days, 20 days. But beyond that they don't they cannot delay. Ultimately, there the end user is requiring the material. So I think that any offtake due to the copper may be temporary.
- Rajeev Gupta:** It is part of the nature of the industry. It's going on every time.
- Keyur Pandya:** No sir, I basically just wanted to understand that the industry will the consumer demand is growing into the single digit or high double digit I mean, any idea on growth rate of I mean, we have seen that cables are growing faster than house wires?
- Rajeev Gupta:** It is basically higher double demand higher double digit because lots of individual bungalows are being made in all over the country. And the real estate projects which was not which was earlier not there in the larger city since last 1.5-2 years, these projects getting announced and they had started the projects. So this demand they are coming up now.

- Keyur Pandya:** Noted. Thanks a lot and all the best.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference back to the management for closing comments.
- Anil Gupta:** So thank you very much for an interacting with us on this conference call. And we assure you that company is on the right path and will be growing as per the guidance. And if you still have any further questions, you may reach out to us. Thank you very much.
- Rajeev Gupta:** Thank you everyone.
- Rahul Dani:** Thank you very much.
- Moderator:** Thank you so much, On behalf of Monarch Network Capital, that concludes this conference. Thank you for joining us and you may now disconnect your lines.