



**“Finolex Cables Limited
Q4 FY '23 Analyst Conference Call”
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MODERATOR: MS. MAMTA SAMAT – PERFECT RELATIONS

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY '23 Analyst Conference Call of Finolex Cables Limited. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on a touchstone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Mamta Samat from Perfect Relations. Thank you, and over to you, ma'am.

Mamta Samat: Thank you, Lizann. Good evening, everyone, and thank you for joining us on Finolex Cables Limited Q4 FY '23 Analyst Conference Call. Today, we have with us the senior management represented by Mr. Deepak K. Chhabria, Executive Chairman; and Mr. Mahesh Viswanathan, Chief Financial Officer.

Before we begin, I would like to say that some of the statements that will be made in today's discussion may be forward-looking in nature. We will begin the call with the opening remarks from the management, after which we will have the forum open for the interactive Q&A session.

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

Mahesh Viswanathan: Good evening, and thank you all for joining us on this call today. I will start with some brief remarks to explain what we have achieved during the quarter, as well as the full year '22, '23, and then we'll open it up for questions.

So revenue for the quarter was INR1,224 crores, in comparison, corresponding quarter of the previous year was INR1,168 crores, so about 3% up. On a sequential basis, we were up by about 6%. This is on the value side. But on volume terms, electrical wires volume increased by about 7% compared to quarter 4 of the last year, and the communication cables growth was much larger. On an average, all product lines reported a growth of about 25% in volume terms.

For the full year, our turnover was INR4,481 crores, as against INR3,768 crores in the previous year, an improvement of about 19%. And here, the volume growth in electrical wires was 16% and in the communication cables segment, all product lines reported, like I said earlier, a growth of more than 25% in volumes, while the optic fibre cable product line reported a growth of more than 50%. So we grew double there.

The third segment, which is others, which is a combination of all the appliances there the growth was muted during the year. We had expected much more, but while headline inflation has come down, I think discretionary spends are still very sluggish. Sentiments are still not at the levels that we would expect them to be. And added to that was also the channel clearing stocks of fans when the changeover happened from the previous energy efficiency norms to the current ones.

So these 2, I think, kind of impacted the revenues there. We were expecting to cross the total -- combined total of about INR200 crores there. We came very close to it about INR195 crores. We still maintain our target that in the next 2 years to 3 years, we should hit a INR500 crores turnover there. We are almost halfway there. So it should not be too difficult to reach that target.

On profitability, margins stabilized. While in the first 3 quarters, there was a certain amount of volatility on commodity prices, which led us to take pricing actions at different points of time during the year. The margins in the fourth quarter were more or less stable. So on a comparable basis, margins were higher by about 2 percentage points. And for the full year, gross margins were at about 21%, again, comparable to the previous year.

But as we speak now, the volatility on commodity prices is showing up once more, commodity prices have softened. And in the last 2 months, we have taken 2 pricing actions to reduce the prices, keeping them in line with current LME trends. So going forward, as long as the volatility remains, you might see from quarter-to-quarter some changes in the margin profile. But as we have always been stating, our aim is to ensure that raw material costs are seen as a pass-through with probably a small lag in catching up on the margin side.

That said, the profit for the year -- for the quarter before taxes was INR173 crores compared to INR126 crores in the previous year. The improvement is primarily volume-led growth for the - - in all the major segments, as well as the pricing actions that we have taken. And for the full year, profit was INR646 crores before taxes, as against INR526 crores in the previous year. All these are standalone results that I'm talking about.

Okay. So with this brief background, I will now open it up for questions. I'm sure you must have seen our numbers posted on the BSE website, you must have also seen the presentation we have posted again on the BSE website. So we are open to questions now.

Moderator:

Thank you. The first question is from the line of Rahul Agarwal from InCred Capital.

Rahul Agarwal:

A few questions from my side. Firstly, need some help of yours on how to look at communication cable segment going into fiscal '24, both on top line and margins, what should we expect, what kind of growth and what kind of margins here?

Mahesh Viswanathan:

So we do see growth potential there. Business seems to be coming back online. And with more applications going towards 5G, I think the field opens up. We are fairly confident of the sector, which is why we have announced our capex program recently on the communication sector side, where we are going to put up a preform making facility. We will be spending approximately INR300 crores over the next 18 months to 20 months in setting up the plant here in Pune. Do you want to add anything there?

Deepak Chhabria:

No. We are also adding capacity on the cable side along with the preform, as well as on the tower side. So we'll have preform, the fibre drawing tower and the cabling side all getting expanded to take us to a capacity of about 8 million fibre kilometer per year.

Mahesh Viswanathan:

So margin, I think if you've seen the numbers, they have reversed positively. And I think over the next few quarters, we should get back to the usual 9% to 10% that we used to see in the past.

Rahul Agarwal:

Sir, on the top line growth, just to clarify, obviously, this capacity you spoke about will come after 18 months, so what should we expect in fiscal '24? The order book like supports what the growth we saw in fiscal '23 because that was a very high number, right?

- Mahesh Viswanathan:** No, we are coming off a low base. So to that extent, I think we've had a benefit. But I think double-digit growth is not ruled out.
- Rahul Agarwal:** Okay. I get it. And on the company level margins, obviously, gross margins have come up almost like 4%, 5% versus pre-COVID averages for the company and some previous quarters, you've explained why, there is some new channel discounts, which have come in. But any sustainable range would you like to guide us for over the next 2 years to 3 years? I'm not asking about short term, but where should the company settle down? Or is it a new reset at this number?
- Mahesh Viswanathan:** I think the EBITDA number -- see, because of changes in the reporting norms or before -- because our adoption of Ind AS standards, some of the lines got moved from an expense line to reduction from the sales line. So that impacted the percentages that were showing up. I think 13%, 14% at a company level should be something that is sustainable.
- Rahul Agarwal:** Got it, sir. And capex, just to clarify, obviously, you mentioned there's a cabling addition, there is a drawer -- drawing tower addition and there's a preform addition. This will need INR300 crores over the next 2 years. Over and above that, you have the EBM thing, which I think is going on for quite a long time now, and you have some other capex. So if you could just give me like a bit of clarification here, fiscal '24, how much do you spend and where and '25, how much do you spend and where?
- Mahesh Viswanathan:** Okay. Fiscal '24, I think we would be spending around INR250 crores, and fiscal '25 would be maybe another INR75 crores to INR100 crores. This would be on top of the normal standard replacement capex of about INR25 crores.
- Moderator:** The next question is from the line of Sonali Salgaonkar from Jefferies.
- Sonali Salgaonkar:** Sir, my first question is, could you quantify, what are the 2 pricing actions that you have taken over the past 2 months that you mentioned for keeping in tandem with the softening commodity prices?
- Mahesh Viswanathan:** Both the actions were taken in May. I think, we have dropped prices by overall.
- Deepak Chhabria:** 2% each time.
- Mahesh Viswanathan:** Yes, about 2% each time. So 4% is what we have dropped prices. Yes.
- Sonali Salgaonkar:** Understand. Sir, my second question is you mentioned electrical wires 16% volume growth for the entire year. Could you help us give the segmental breakup of both electrical cables and wires of yours, as well as communication cables in terms of end user segment?
- Mahesh Viswanathan:** For the fourth quarter?
- Sonali Salgaonkar:** Sir, for the fourth quarter, the full year.
- Mahesh Viswanathan:** Okay. So for the fourth quarter, broad numbers were electrical cables, our revenues were INR1,032 crores, which is about 9% higher than the immediately preceding quarter and more or less flat when you compare it with corresponding quarter of last year, but this is value that you're

talking about. Here, you need to remember that March quarter of 2022, copper was running at about \$10,500 a ton. March quarter of '23, copper has been running at on an average about \$8,300, \$8,400 per ton. So that's a big difference, which is why the volume growth is not visible in this number. Like I mentioned, volume growth in electrical wires in quarter 4 was 7%.

Sonali Salgaonkar: Understand. Sir end user segmental split, if you could give for both electrical and communication?

Mahesh Viswanathan: I think we did very well in auto cables. We did fairly well in wires. We also did very well in flexible cables, all 3 sectors.

Sonali Salgaonkar: Sir and construction is about 60% of electrical cables, is that correct?

Mahesh Viswanathan: Construction wire would be at close to 60% of electrical wires. Yes.

Sonali Salgaonkar: Understand. Sir, thirdly, on the industry scenario right now, you did mentioned that consumer discretionary is looking a bit weaker, which as you know could be -- could lead to softer traction in your appliances. Sir, what about electrical and communication cables, as in how are you seeing the industry demand the channel inventory and also the order book?

Mahesh Viswanathan: Well, at the moment, channel inventory will be impacted by any softening in commodity prices. So if they see prices softening that the indication is that it is going to soften further. There may be a slight pullback in demand. That is possible now, which is why I said, volatility will impact the numbers shorter. But I think if you look at activity around real estate, activity around construction, there is visible proof that there is quite a bit of improvement in the activity levels. And as you know, our product comes towards the tail end of a project getting finished. So barring any unforeseen circumstances, I would still think that demand for wire in the medium and long term would be fairly good, leading to definitely double-digit growth numbers.

Sonali Salgaonkar: Sir, and also capex of INR300 crores capex for the optic fibre that you just mentioned, what could be the revenue potential and from which year can we start the revenue to accrue?

Mahesh Viswanathan: I think the second half of '25, '26 is when we are expecting the project to generate revenues. Now the preform plant, when it is set up, the initial customer will be ourselves. So instead of importing preforms from abroad, then we will get to use our own material, so which means margin accretion, and also the ability to compete deeper in certain projects if need be. It will also open up potential for us to sell fibre in the market, which currently is -- it is -- we do sell some, but it is not large quantities, but that will also open up. So these 2 opportunities will definitely present themselves at that point of time.

Sonali Salgaonkar: Understood. And just -- sorry, just a last clarification. You mentioned in Q4, your communication cables overall has grown by 25% volumes, right?

Mahesh Viswanathan: That's correct. So that, that includes LAN, that includes the other products there, as well as optic fibre.

Moderator: The next question is from the line of Reshabh Sisodia from Sameeksha Capital.

- Reshabh Sisodia:** Sir, first question is on the working capital. So if I look at, there is obviously been a significant improvement over the last 2 years and also significantly comparatively low given the past 5 years. So how do you see that going ahead? What are the steps that we have taken to keep our conversion at this low level right now?
- Mahesh Viswanathan:** Okay. We've been focusing on maintaining a strict vigil over inventory, also trying to see the cycles to the extent possible the cycles are kept close together. We are working on solutions around channel finance. But then our basic philosophy there has always been channel finance without any risk to the company. So it is any program that we work on is without any recourse to the company.
- And we are also working on a project, wherein we are aiming to improve the supply chain from end to end, which will bring about reductions in inventory at all levels, where -- from raw material stage all the way to finished goods, while at the same time, improving delivery and service to the customer. So we are working with a very well-known consultant. We are trying to automate most of those processes and bring in some amount of AI and tech there, which will hopefully help us achieve those objectives. The project has just started, but we expect that to give results over a 12 month to 18 month period.
- Reshabh Sisodia:** That is helpful. So what will be our institutional and retail mix from a overall revenue perspective?
- Mahesh Viswanathan:** Sorry, I didn't get you. Your voice is...
- Reshabh Sisodia:** Yes. On the overall revenue perspective, what would be our institutional mix.
- Deepak Chhabria:** Institution mix...
- Mahesh Viswanathan:** Institutional mix, you mean, government versus channel? Or how do you want it?
- Reshabh Sisodia:** Yes sir. Yes, the government versus channel?
- Mahesh Viswanathan:** Okay. Bulk of our sale -- revenue comes from products, which are distributed through our channel. So about 70%, 75% of the revenue comes from channel and the rest is a mix of both B2G, as well as B2B. So if you look at communication, especially OFC, it is largely B2B and B2G. If you look at auto cables, it is 90% B2G -- B2B. But all the other product lines would be substantially B2C.
- Reshabh Sisodia:** Sir, one last question from my end. So sir, given that our capex, if I'm not wrong, I heard, it could be commercializing by the second half of FY '25. Is that correct?
- Mahesh Viswanathan:** Yes. That's right.
- Reshabh Sisodia:** Yes. So till then, do we have sufficient capacity to fulfill our, let's say, double-digit growth target for FY '24?
- Mahesh Viswanathan:** Yes. We do. We do.

Moderator: The next question is from the line of Shivam Mittal from Purnartha Investment Advisers Private Limited. Please go ahead.

Shivam Mittal: Sir, what is the current capacity utilization?

Mahesh Viswanathan: What is the current capacity utilization?

Shivam Mittal: Yes.

Mahesh Viswanathan: I think slightly under 2/3 at this point in time.

Shivam Mittal: And how do we see like new capex will ramp up the capacity by FY '24, '25?

Mahesh Viswanathan: I'm sorry, I didn't get your question. How...

Moderator: Sorry to interrupt, Mr. Mittal, can you use the handset mode, while speaking and not the speaker phone.

Shivam Mittal: So I want to know how is the capacity ramp-up you know, like, once the capex started production.

Mahesh Viswanathan: How is the capacity ramp-up once...

Deepak Chhabria: See, the capacity utilization is different for different product lines. So Mahesh told you about an average for the entire company's number, but let's say, for house wiring, the capacity utilization is different, the fibre optic is different, in LAN cable, it's at 100%, in auto cable, it's at 100% at the moment. So it's different for each product line. And our internal growth or machinery ordering expansions are happening separately for each of these product lines.

But generally, the company likes to have a capacity utilization above 70%. And at that moment of time, we ordered the expansion equipment because it normally takes a year for the machines to come, so that you are normally at 80%, 85% before the new machines get installed. It's very rare you are at 100%. It's 80%, 85% average capacity utilization is very good for the company.

Shivam Mittal: Sir, I just want to know like we have a target of INR11,000 crores...

Moderator: Sorry to interrupt, Mr. Mittal, we are not able to hear you clearly. Sir, can you use the handset mode and not the speaker phone?

Shivam Mittal: So we have a target of like INR11,000 crores revenue by FY '28. So how do we see like that is achievable like double-digit growth of 20%, '24 to '28.

Deepak Chhabria: Yes. That is in each year, '28, I think. So it's 5 years from now.

Mahesh Viswanathan: Yes. So I think where we are today is almost close to INR5,000 crores, INR4,800 is what we've done. So getting to INR11,000 crores in 5 years at 12%, 15% growth on an annum is, I don't think, a major issue at this point in time. And where we sit today, we don't see that to be a major issue.

- Shivam Mittal:** Yes. It's around INR4,800 crores like INR11,000 crores, so 18% kind of top line growth. It is achievable. That's correct.
- Mahesh Viswanathan:** It is achievable. And we are adding new product lines. So what we're talking about is only the existing product line. So as we add more product lines, as we spend money on increasing capacity, as we spend money on any acquisitions that we are talking about, so this INR11,000 crores is not a very difficult figure to achieve.
- Shivam Mittal:** And how do we expect FMEG like other segment of margin because we are doing capex of -- so we have target of like INR200 crores revenue to INR2,500 crores from FY '23 to FY '28?
- Mahesh Viswanathan:** We couldn't hear your question clearly. Your voice is not very clear. We are not able to hear the full sentences clearly.
- Shivam Mittal:** Okay, sir. So the question was regarding the 2 subsegments over here, one is the FMEG segment, which currently is around INR200 crores of revenue, and if you see the mix, we are targeting a mix to reach it to 25% by in the next 5 years to around INR2,500 crores. Now traditionally, this segment is a low-margin segment compared to our core electrical wire segment. So how do we see a 18% to 19% top line CAGR translating to a similar in the bottom line or up to the EBITDA level?
- Mahesh Viswanathan:** So see, we had, I think mentioned once before on this topic that we have several product lines in this INR200 crores, which is lighting, which is fan, which is water heaters, which is...
- Deepak Chhabria:** Switches.
- Mahesh Viswanathan:** Switches.
- Deepak Chhabria:** Switch gear.
- Mahesh Viswanathan:** Switch gear, and then lately, we've even added irons.
- Shivam Mittal:** And these are largely outsourced, right?
- Mahesh Viswanathan:** These are all get -- not all are getting outsourced. Some switches are made in-house, the MCBs are made in-house. The other products are outsourced. Now as we go along and build each product line, and once each product line crosses INR100 crores of revenue, then it becomes viable to set up a plant and then try to grow the business.
- When you have your own plant, you are able to service the market better. Here, you're depending at the moment on many suppliers and the deliveries are not timely. But when you manufacture own product, you are going to be able to service the market better, and plus, you'll develop newer products on your own, and you will get value addition in the company and hence, even higher profitability what you asked about.
- So in the 5 years, we do expect this would happen and multiple plants would come up for these product lines. And that's why we have been trying to seed the market and get the brand acceptable in these new product lines because earlier we were known only as a wire and cable

company, we are trying to change that. And we do hope that we will be able to achieve that in the 5-year period.

Shivam Mittal: Okay, sir. And one last question regarding the gross block. So currently, if I look at 1-year forward revenues to gross block, which has a broad operating metric, currently, we are at a peak level. And the capacity addition, which is coming is largely into backward integration. So this 18% to 19% CAGR, how is it achievable for next say, '24, '25 on the top line revenue level? Because from a peak of gross GB -- revenue to GB, is there a certain potential to improve the capacity from say, currently 66%, 67% to 80%? Or will be requiring some gross block additional also?

Mahesh Viswanathan: No. We constantly evaluate for each product line, where we need capacity and incremental capacity keeps on getting ordered. So for example, in automobile, we have reached 100% and a new order of equipment has gone out. It will come and get installed and it keeps coming in smaller parts. If you look at LAN cable, for last 2 years, 3 years, we've been adding capacity about 20% to 25% every year, and so this year is getting added.

And we are close to 100% each time of capacity utilization, and we go on ordering equipment. So house wiring same thing, capacity is available, in fact, in this particular case. So we don't foresee capacity to be in the way of achieving the next year's target of double digit. There is capacity available in many product lines for growth.

Shivam Mittal: Still it's double digit, not 18% to 19% top line growth because I was trying to comparing it through the longer-term guide -- target to the short-term number.

Mahesh Viswanathan: Double digit can be from 10 all the way to 99. So yes, we are not giving exact numbers out here. But the trend is definitely that number is something that is not very difficult to achieve is what we're trying to say.

Moderator: The next question is from the line of Nirav Vasa from Anand Rathi.

Nirav Vasa: Sir, I have a question, which is pertaining to your copper rods business, sir, where the revenue was actually, I can say, nearly doubled in FY '23 and even if I look at historically, that business has not contributed much in terms of margins. So as I understand that we are -- we intend to reinvent our business and target really high aspirations. Do you think this business would be a part of your portfolio? And how can I look at it from near and medium term?

Mahesh Viswanathan: See, copper casting will be part of our business for sure because it allows us to control quality of material that goes into our wires. So it will definitely be a part of our business. Having said that, our plant at Goa has been underutilized for the past few years. So whenever an opportunity presents itself and there is opening for better utilization, we do that.

So now with GST having come in and set and the entire process having settled in, we do think that there is scope for improving the utilization there. And at the same time, while the utilization improves, your fixed cost per ton obviously will drop, and that gives us some scope to sell certain volumes in the market as well, and then we become competitive as compared to earlier. So that's

what we are trying out. So it may not be something that will help us reach that INR11,000 crores. But whenever we do see an opportunity to increase the volumes there, we will do so.

Nirav Vasa: Sir, revenue in this business -- this vertical had shown -- have shown sharp increase in FY '23. Any color that you can give for '24?

Mahesh Viswanathan: One second. So it's -- that is basically if you look at the revenue number and also look at the intersegment revenue consumption, so it is mostly for home consumption.

Nirav Vasa: Get your point, sir. Sir, my other question is -- get your point. Sir, now I wanted to understand what is the EBIT margin differential that we are earning by selling our cables and wires to institutional customers, whether it's government or non-government that versus channel partners. And how can the margin trajectory expansion can happen, as we intend to expand the base of channel partners going forward?

Mahesh Viswanathan: Okay. Our wires are largely sold through the channel. There is very minimal sales to institutional customers there. Yes, we do sell to large contractors or to large construction companies, builders, which would be at a discount when compared to what is there in the market. That is for sure. But the difference may not be more a very substantial difference there. So government exposure are very bare prices kind of sale may not be very much there.

Where do we have exposure to institutional sales is primarily on communication cables because the customers are institutional, so you have the likes of Bharti, you've got the likes of Jio, you've got the likes of Tata's and so on. So those would be tender driven. Those would be reverse auction driven, where the pricing is going to be fine, but that will guarantee steady and consistent volumes and large volumes. So it is -- that's the way that business model works.

Automobile cables is again largely institutional, very fine pricing, but you get access to volumes, and you also get access to technology. So that is something that we will continue to do so. So that [inaudible 0:34:38] questions.

Nirav Vasa: Partially. Sir, as we are targeting around INR11,000 crores of -- let me reframe it, as we are targeting INR11,000 crores of revenue in the next 5 years, what contribution are you seeing of the revenue to come from channel driven business for this industrial? Maybe in next 4 years, 5 years, as we are working with a consultant, do we have plan to gradually start increasing our revenue from channel-based make systematic efforts towards that? And how can the margin expansion along with net working capital reduction can happen, if we do that?

Mahesh Viswanathan: Today, our channel-driven business is approximately 80% of total revenue. So if I talk wire, then that 65% of the business, then some parts of communication also is channel-driven, and so is the new products. So those are all channel-driven. So unless, we say, we completely exit the non-channel driven business, I think the channel-driven business would be around the 75%, 80% mark going forward as well. I don't see it going to 100%. That would mean that we exit certain businesses, which is not in the plan.

Having said that, as we expand capacity, as we utilize more of our existing capacity, our ability and as we go backward into integrating some of the raw material that goes into our products, our

margin expansion, some of it would come from there because we would have access to -- we would not have to depend on other sources. We would be making it ourselves, and we would bring those value addition into the company.

Nirav Vasa: Sir, my final question is pertaining to other income. Sir, in FY '23, that number was close to INR118 crores versus INR71.4 crores in FY '22. Did it include any one-offs or it was purely treasure income?

Mahesh Viswanathan: Sorry, just one second there. FY '23 was INR198 crores versus INR151 crores of the previous year, correct?

Nirav Vasa: Sir, I'm referring to other income of around INR117 crores?

Mahesh Viswanathan: In which schedule do you get it from?

Nirav Vasa: Sir, one minute, I think it's the other income, which is given in the after revenue from operations?

Mahesh Viswanathan: Yes. So that is what I'm saying, that's INR198 crores, right?

Nirav Vasa: Yes, sorry, my bad, it's INR198 crores. Yes.

Mahesh Viswanathan: Okay. So INR198 crores and INR151 crores. So out of this INR198 crores, approximately INR80-odd crores was dividend from our associate company, Finolex Industries, which in the previous year was slightly lower. What will come in '24, '25 and future years will depend on how they issue dividends out. The rest of the INR198 crores, so -- about INR100 crores was from treasury income. It was interest on deposits. We do hold, if you see we've got approximately INR2,300 crores of money sitting in liquid funds, so which we use for day-to-day cash operations, as and when money is required. So as we buy or sell, there have been profits that have been booked on that as well. So that's the income that you see there.

Moderator: The next question is from the line of Abhishek Ghosh from DSP.

Abhishek Ghosh: Sir, few questions. In the presentation, you have mentioned that the auto cables and the industrial application cable has seen good improvement. If you can just help us the contribution of volume from these 2 segments?

Mahesh Viswanathan: I think auto cables, we were close to INR400 crores this year, and the flexibles was about INR300-odd crores.

Abhishek Ghosh: Sir, flexibles typically would go into which user industry just...

Mahesh Viswanathan: It will go into panels, it will go into internal wiring of equipment, it will go into connecting wires.

Abhishek Ghosh: Got it. And sir, just in terms of the communication cable, you've done about close to INR570 crores, INR580 crores of top line this year and the future capacity of about INR300 crores of capex that you're incurring will come in about the next 2 years. So with all of this, how should

one look at the peak revenues that you can do in the communication cables given the capacity addition that you're doing?

Mahesh Viswanathan: Like I mentioned, one part of the capex that we are doing will be towards backward integration and that will result in largely value addition getting created within the company. So that while a certain capacity from that addition would also be available for sale in the external market. At the moment, I think, I'm still not ready to share those numbers in a public forum. I think it is a little too early to share those numbers out.

Abhishek Ghosh: But sir, is it fair to assume that the current capacity that you have in communication, and I think, you mentioned it largely, but just reconfirming that you can grow at 15% to 20% for the next two years even with the current gross block of communication cable, is that the right assumption?

Mahesh Viswanathan: That is true. Because actions on the cabling side have already been taken and some expanded capacity will become available very soon.

Abhishek Ghosh: Sir, you also have added certain capacities at -- in last two years to three years in Urse and other places and also discussion about the amount of solar cables and cables related to Ebeam getting added as a part of portfolio. Any update, any progress around that will be helpful?

Mahesh Viswanathan: On the Ebeam?

Abhishek Ghosh: Sorry?

Deepak Chhabria: Yes. You are asking, Ebeam.

Mahesh Viswanathan: Okay.

Deepak Chhabria: On the Ebeam project, you are aware we have mentioned earlier that we had ordered some machines from China and with the problem with the Doklam crisis and all that, there was no visas being given to the Chinese nationals to come into India. And hence, that project was kind of stalled without which you couldn't complete the bunker and the building, where these equipment have to be housed.

So we waited a lot of time for this resolution between the two countries, which hasn't happened. So we've cancelled those orders, and we've ordered now equipment on Korean companies, and we expect they will come in two phases, which is about six months to seven months from now, the first machine and another four months to five months, the second machine. So now the work on the building is getting completed, and this project is -- it will go live in this time frame, as the machines come.

Abhishek Ghosh: So in '25, sometime in end of '25, we should expect this project to get commissioned, sir.

Mahesh Viswanathan: No, end of '24, it tells you we should expect.

Deepak Chhabria: One machine should be live and operational end of this fiscal and the second mention should be in operational next year.

- Abhishek Ghosh:** Okay. And what can be the sir, peak, and what is the capex that will go into this and the potential revenue from these capex?
- Mahesh Viswanathan:** The capex on this is about INR60 crores, I think, which was included as part of the INR200 crores that we talked about earlier. So that's the capex there. And the potential here is across multiple applications. It is on power cable side, it could be on auto cables. It could be on...
- Deepak Chhabria:** The majority will be on solar cables. But the way the machines are designed, they have two different sizes, the bigger machine can handle some low-voltage power cables as well. Then we intend to develop cables for railways, instrumentation cable, which require these kind of products. That will take some time to get approval process and all that, but that's the target also. So you will see the turnover ramping up over a two-year period once the machine gets installed.
- Abhishek Ghosh:** Got it. And sir, just one more thing. You had reversed some of the discounts and other things for your dealers or through the crisis in order to give support to them, now I think everything has kind of normalized. So any attempt or efforts have been made to reverse that and to improve your overall gross margin profile? Any update on that, sir?
- Mahesh Viswanathan:** Those schemes are back from this financial year. So earlier on, we were giving -- until March quarter, we were giving most of the monies, as part of the invoice itself. From April, we have restarted some of the schemes. So depending on the performance and the achievement levels, then the payouts will happen. Now how this will impact, whether it will really add to the margin will depend on what the achievement levels will be.
- Abhishek Ghosh:** Okay. But at least action on the ground have been taken by you.
- Mahesh Viswanathan:** Yes, yes.
- Abhishek Ghosh:** Okay. And just one last question for my side. Sir, we have seen a lot of traction that is going on in the industrial application side, and if you look at your -- broadly, I just that calculate about 20% is your auto and industrial cables today, given the overall traction, do you think that this mix can shift from about 80% of wire and 20% of auto and industrial to more like 70%, 30% next two years to three years. Are you seeing that kind of demand in flexi cables and other things, just to get?
- Mahesh Viswanathan:** No. What you are trying to ask is that how many -- the percentage mix between auto and house wiring more or less is what you're trying to ask.
- Abhishek Ghosh:** Correct. Sir, what I'm trying to understand is the growth there much faster because you're seeing lot of industries coming up, lot of cable and wire going to, so I'm just trying to understand from that perspective?
- Mahesh Viswanathan:** So I believe that the housing sector is going to grow quite rapidly. And we, from our side, as a company, has been putting efforts in the market to expand our distribution network. We've gone into a two-tier system of a distributor come retailer, which earlier used to be a single tier system of only a channel partner. So now we still maintain business relations with the channel partners. But in a two-tier system, we are able to penetrate smaller cities, smaller retailers being taken

care by distributors. And we put software into place, and we are doing a lot more other things on the back end to grow that network to have schemes directly with the retailer and make the product available in more and more counters.

So I think the way the brand is positioned itself, we will continue to see high growth in the housing part, while the market grows and our distribution network grows. We've also used -- last year, we started using Bollywood stars for promotion, and that activity is giving us some results, and we will continue with that activity. So I think house wiring will grow. Automobile is growing. The industry is growing, and we are expanding on our project lines, but the margins are better in house wiring. We try to grow on both sides. We don't want to lose out on the opportunity on the automobile. But I think the ratio may remain the same, while both will grow. It's not that automobile will overtake or take some of the pie away from house wiring.

Abhishek Ghosh: Got that. And sir, just lastly, anything on J-Power and any export opportunity?

Mahesh Viswanathan: Okay. J-Power, very happy to report order book is growing, as we speak. We are sitting on an order book of about INR270 crores, INR280 crores. And also fourth quarter was a profitable quarter. So I think the key there is speed of execution and adhering to those time lines on project completion. There is a certain part of it, which is beyond our control, meaning we win an order, we win a tender. But by the time the approvals come through from the customer with the design confirmations and so on, there is a certain amount of time that goes into it.

If it is possible to crash that by a factor, then that would also help us. But that is something that is outside of our control. What is in our control is, how quickly do we execute and complete and hand over the project to the customer. So that's something that we are working on that we are focusing on. Otherwise, profitability is what they have managed to secure in quarter 4, then that becomes a risk. So the focus is on ensuring that the execution -- speed of execution remains at the current levels.

Abhishek Ghosh: And any export opportunities are you seeing across any segments?

Mahesh Viswanathan: Export, we have to focus assets on that area. As of now, the export contribution to total revenue is about 1%. And we really need to look at it from a different perspective to see any large number as well.

Moderator: Thank you. The next question is from the line of Keshav Bharadia from PhillipCapital. Please go ahead.

Keshav Bharadia: Sir, if you can help us with the update on the distribution network and how the active touch points have improved in Q4, if I remember, we were at 70,000 in Q3. So if you could give some sense on this?

Mahesh Viswanathan: Yes. It is closer to 95 now, I think, and the -- our number of distributors is just short of 700, 690 something. So yes, progress is continuing on that. But as you reached a higher level, then one needs to start looking at, do you need one distributor per district, or is the potential from the district good enough to -- large enough to make one distributor or have somebody from a nearby district cover that place. So yes, we are almost at 700 at this point in time. And the number of

active retailers in quarter 4 had crossed 95,000 in my recollection, which was about 78 in the previous quarter.

Keshav Bharadia: Right, sir. And sir, how is the revenue share of this new distribution now?

Mahesh Viswanathan: I think through the distributors, the sales have crossed INR1,500 crores.

Keshav Bharadia: Got it, sir. And sir, if I could also ask one more question, sir, what is the share of silver wire in our electrical mix? And how has it improved versus last year?

Mahesh Viswanathan: I'm sorry, what is the share of...

Keshav Bharadia: Silver wire sir, in electrical mix.

Mahesh Viswanathan: Silver wire, okay. I think it is 50% now.

Keshav Bharadia: Got it, sir. And sir, just one more last question from my side. Sir, what is the revenue mix from the -- for the old channel and the new channel now if compared to last year?

Mahesh Viswanathan: So like I said, distributor-led sales has been around INR1,500-plus crores, and the total electrical wires and -- is about 3,700-plus 200 of the others, so about 4,000. So the rest is either the existing -- the previous partner, yes

Moderator: The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor: Sir, for the -- on the communication cable front, what is our current OFC and preform capacity and post the expansion, what are we anxious?

Mahesh Viswanathan: Today, we do not make preforms. We import the preforms. We draw fibre though. The fibre drawing capacity is...

Deepak Chhabria: Let me answer that. We have a capacity of close to 8 million fibre kilometers on the cabling side. Now 8 million depends upon a product mix. So if you have large fibre count, you could go to 8 million, if you have orders running in smaller fibre count because of the line, smaller cable running on the line, it could drop down even to 6 million. So it's a variable number depending on the product mix. We are expanding a little bit on the cabling side at the moment. The building is ready. The machines will come in six months, and we will increase close to 2 million in fibre kilometer capacity on the cable side.

When you go backward on the fibre draw towers, at present, we are drawing about 3 million fibre kilometers. We have increased speeds by changing some line speeds under take up, putting some UV lamps, which can allow the speed to increase, and we expect that to stabilize at 4 million in a short time. So this is happening on the existing towers. In the expansion, we are going to have preform making capacity in two phases, which will be 4 million and 4 million to take it to 8 million, and the tower will also be added for additional 4 million. So eventually, in two years' time, we'll have a balanced capacity of 8 million fibre kilometers in all the three areas.

- Moderator:** We'll move on to the next question, that is from the line of Manoj Gori from Equirus Securities. Please go ahead.
- Manoj Gori:** Sir, my question is if you look at the electrical cable business, so on a sequential business -- on a sequential basis, revenues have grown by roughly around 10%-odd. On the margin front, when we look at with copper prices being very stable, we have seen roughly around 110 basis points of margin contraction for standalone revenues of ECF. Can you highlight like what actually triggered this margin contraction on a sequential basis?
- Mahesh Viswanathan:** On a sequential basis? Primarily the price differential in -- on copper between quarter 3 and quarter 4.
- Manoj Gori:** Okay. Right. So, sir, we were not able to take the requisite price hike? This is what you mean?
- Mahesh Viswanathan:** We did. We did. There is -- see, when you change the prices, you don't change it frequently and immediately after you see something on LME. There is -- while the price movement is downwards, the pressure from the market is to reduce it immediately, while the price movement is upwards, again, the pressure from the market is to wait and watch. So there is always a lag before you take those actions and so that was what contributed. So we took one price hike actually in February, but that was after a lag from January.
- Manoj Gori:** Okay. So that should normalize going forward?
- Mahesh Viswanathan:** As long as the prices remain stable, that would normalize going forward. But like I mentioned in the beginning of the call, as we speak now, copper prices have again softened. And current price as we speak today it is somewhere around \$7,800. So we have taken two price reductions in the month of May itself. So like I said, when the movement is downwards, the pressure from the market is for -- they expect a price reduction immediately. And so you are left with some stocks, which are at an early -- which are at an earlier price, so the average cost is slightly higher. So you might see in certain quarters, slight variation. I think one should look at the margins on a longer period, so on an yearly basis rather than quarter-to-quarter.
- Manoj Gori:** Right. So when you say about 13%, 14% sustainable margins at EBITDA, so do you believe like probably this should be achieved during FY '24 or by FY '25?
- Mahesh Viswanathan:** I think it is doable. If you look at quarter 3, we were almost at 14%. So it's not something that is not possible to achieve. We had achieved them in the past as well. If you look at our numbers in the past, you would always find that our margins were around the 14% number. And again, if you compare us with our peers, you will always find that we are top of the heap there. Our numbers would be much higher than the others.
- Manoj Gori:** Right, sir. Sir, one question on depreciation. So obviously, in this quarter, when we look at the depreciation or even on sequential and Y-o-Y basis, depreciation in absolute terms has gone up materially. Any specific reason for that or probably this is what we should model in coming quarters?

- Mahesh Viswanathan:** No, this is primarily relating to the accounting policy around lease and leasehold assets. So those corrections were made in this quarter that we should have done it on a quarterly basis. We took it on a yearly basis. That's the only change. So going forward, you will see -- you will not see this change in a specific -- at the end of the year, you would rather see it every quarter.
- Manoj Gori:** Okay. Sir, lastly, while providing this medium to long-term outlook, we are definitely indicating about healthy double-digit growth into across product categories. So what gives us confidence probably that we will be -- we are likely to grow faster than the industry, especially in a scenario, where many of the formal players are getting very aggressive in wires, as a category...
- Moderator:** Ladies and gentlemen, thank you for patiently holding. We now have the line for the management reconnected. Over to you, sir.
- Manoj Gori:** Yes, sir. Sir, was my question like did you get my question?
- Mahesh Viswanathan:** No, I think we lost it, sorry.
- Manoj Gori:** Yes, sir. So sir, my point was like, if we look at from a medium to long-term outlook, we have been indicating somewhere around healthy double-digit growth across product categories. And when we look at from an electrical cable segment point of view, obviously, somewhere we believe from a medium to long term, it indicates about faster than the industry growth, especially in an environment, where you're -- where some of the other formal players are getting very aggressive. So probably, despite many players getting aggressive, we are still somewhere indicating like we would be gaining market share. What gives you that confidence? And what are the measures that we would be taking structurally to deliver that consistent outperformance?
- Mahesh Viswanathan:** Okay. Let me answer it in a slightly different way. Are you convinced that our economy will continue to grow at about 6.5%, 7% per year. And if you are, what would be the major drivers that would go into this. I think real estate, there's still some -- still an area, which is underserved, which will see substantial growth in the coming years. That's number one.
- Number two, manufacturing as an activity will have to grow at a much faster pace than it is today, else, an economy, we are going to have a serious problem, with so many people coming -- be coming off employable age. So when you look at these two together and then say the economy's growth is likely to be around 7%, 7.5% per year in the next few years, then I think for an organization like ours to expect to grow at 2x the GDP growth is not something that is out of the ordinary.
- Manoj Gori:** Okay. So normally, in the past, like given the track record, probably one can assume 2x the growth of GDP, at least in volume terms, right?
- Mahesh Viswanathan:** Right, right. In volumes terms. I mean, value-wise, one can never predict because we are commodity-led. So today, copper is at 7,600, tomorrow, it becomes 11,000, or day after, it becomes 4,000. Those numbers would keep changing. But volume-wise, yes.
- Manoj Gori:** Right, right, right, right. So there is a fair bit of visibility...

Moderator: Sorry to interrupt. Mr. Gori, may we request if you return to the question queue. There are participants waiting for their turn. The next question is from the line of Saket Kapoor from Kapoor Company.

Saket Kapoor: Yes, sir. My line was dropped. My question was regarding -- post the capex into the preform and the OF, we will be having 8 million capacity for each of the verticals, this is what you conveyed, sir?

Mahesh Viswanathan: Yes, yes.

Saket Kapoor: Okay. And the ratio for -- from preform to OF is 1:1, the conversion, sir.

Mahesh Viswanathan: When -- and the preforms are formally talked in number of tons, but I gave you a number of -- equivalent to that in terms of fibre, because it's a balance capacity, which we are trying to build and keep.

Saket Kapoor: Right, sir. And sir, you mentioned about preforms to be sold to some buyer sir, you named the buyers, could you repeat it? I know, you said...

Mahesh Viswanathan: See, we said preform will be consumed internally. We could sell the fibre. There could be customers for fibre, like the cablers or if we are getting full cabling order, we would use it for our own consumption and self-finish cable by adding value.

Saket Kapoor: Consolidated results, sir, we find that share of...

Moderator: Sorry to interrupt, Mr. Kapoor, may we request that you return to the question queue. There are participants...

Saket Kapoor: Ma'am, I will do that.

Moderator: The next question is from the line of Rahul Agarwal from InCred Capital. Please go ahead.

Rahul Agarwal: Thanks for the follow-up. Just one question on this capacity expansion done earlier. As you said, and Deepak also explained in terms of how it happens on a piecemeal basis, once the subsegment reaches full capacity. But when I look at the cash flow statement for the last three years, if I add all the capex there, it's about INR150 crores. My understanding is INR25 crores is maintenance every year. So three years is INR75 crores.

Mahesh Viswanathan: It is maintenance and replacement. So that also includes...

Rahul Agarwal: So that include replacement. Okay. So the balance INR75 crores is basically pure invested into new capacity expansion across product lines over the last three years, is this correct?

Mahesh Viswanathan: Yes. Mostly, the expansion has been around the cabling side, so whether it is automobile or whether it is electrical wires, the initial processes are all the same.

Rahul Agarwal: Okay, okay. Because the intensity of capex then ahead, if we just exclude the preform thing, which is a new thing for us, should be similar across other product lines, right? I mean that

should continue with like INR35 crores, INR40 crores across all other products apart from what you're doing right now on preforms and cabling capacity, which is INR300 crores. Is that correct?

Mahesh Viswanathan: Correct.

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

Achal Lohade: Good evening, sir. Thank you for the opportunity. So pardon me, if I'm asking the same question again. If you could help us with the mix within the electric cables in terms of the wires and flexible cables for FY '22 and FY '23?

Mahesh Viswanathan: Okay. Our typical mix has been approximately 65% construction wire and the balance is spread more or less equally between agricultural applications, industrial applications and automobile applications.

Achal Lohade: Understood. And how would that be in terms of the growth, if you can help us for FY '23? How was the growth in each of these four verticals?

Mahesh Viswanathan: There was better growth on automobile and industrial applications, while there was -- while the agricultural part was flat.

Achal Lohade: Okay. Would you be able to quantify how much on the wire growth? Just a clarification on that, ma'am. Agri sorry, the wire growth, sir?

Mahesh Viswanathan: Automobile cables, I think, went up by about half.

Achal Lohade: Wire, sir, the construction wire, sorry.

Mahesh Viswanathan: Construction wire, construction wires, overall, for the full year, the entire segment grew about 16%. So, once again, I don't have the figure right in front of me. I can get back to you separately, Achal.

Moderator: The next question is from the line of Sriram, an Individual Investor. Please go ahead.

Sriram R: Yes. I have two questions, sir. You mentioned 65% is construction wires, so the balance of the -- how much would be LT power cable?

Mahesh Viswanathan: I'm only talking about wires. So this particular part does not include cables at all. Our overall, in the revenue contribution, cables is about INR150 crores, INR180 crores. So it's a very small portion of the total revenue.

Sriram R: Okay. And sir, your revenue for J-Power and whether you're planning to increase stake for entity. Can you give some outlook for that entity?

Mahesh Viswanathan: So like I said, this year, J-Power ended with a turnover of around INR125 crores. Quarter 4, they made a small profit. So this has been the first quarter when they have turned in a profit. They have an order book of about INR280 crores. The orders are coming in, in multiple voltage grades.

So they have orders in 130 kV to 220 kV and also 400 kV voltage grades. There is also a small quantity of 66 kV that they have. Typically, the larger voltage grade, the better the profitability is. The issues that I was explaining earlier was speed of execution is something that is key in this business because the longer you take to execute something, the more time you spend on an order, the erosion happens -- starts happening from your profitability. So that is something that we would need to focus on.

Where are the opportunities? There is still quite a large opportunity possible in the country. More-and-more utilities are -- especially the transmission utilities are converting into 220 kV voltage grades. And of late, we are also seeing tenders being floated for 400 kV voltage grades. There are -- there is competition, but there is, I think, space for quality producers there.

- Sriram R:** Are you planning to increase stake in this entity?
- Mahesh Viswanathan:** No. We are -- it's almost 50-50 entity, 49% with us and 51% with Sumitomo. At this point in time, there is no conversation around either of us changing our proportions. They provide technology. They are the -- one of the acknowledged global leaders in this particular space. So at this moment, like I said, there is no conversation around changing any of our percentages.
- Moderator:** The next question is from the line of Sushil Choksey from Indus Equity Advisors. Please go ahead.
- Sushil Choksey:** You've answered most of my questions. The only thing is your aspirational turnover is INR11,000 crores in the next five years. What kind of total capex you would like to do to get to that target?
- Mahesh Viswanathan:** Okay. Our plans are still being firmed up, but I think somewhere in the region of INR2,000-odd crores.
- Sushil Choksey:** INR2,000-odd crores. And the current turnover product mix will remain same or you're likely to add many more consumer products, which our rival competitors have got aggressive in the marketplace over the last few years?
- Mahesh Viswanathan:** There will be additions to the portfolio, especially on the appliance side, but we are working on a few of them. I'm not able to talk about it much at this point in time because we have not made any public announcements. So as and when those projects are ready, we will come out with those announcements. But yes, there will be more appliances on the list. We're also looking actively to see what -- and what players, if at all, we can acquire, who are already in this space, so that would give us a head start in the move towards INR11,000 crores.
- Sushil Choksey:** And what kind of current product would be the contribution at INR10,000 crores, INR11,000 crores? And what is the impact of 5G on our current business?
- Mahesh Viswanathan:** 5G will have continuing impact on us for a few years going forward because it all depends on what applications go live on 5G, and therefore, what kind of connectivity it needs and what kind of fibre connectivity that requires. Today, we have -- and many of the players have said that technically, they have gone live on 5G, but that is limited to specific areas or specific cell sites.

If you want to go regionally or city wise even or nationally, then the fibre deployment across the ground has to be substantially much higher, and so that will lead to substantially increased demand. But then, it's not all going to happen in one day or two days. It's over a period of a few years. What was your other question?

Sushil Choksey: In terms of your futuristic outlook for the top line of INR10,000 crores, INR11,000 crores, the current business -- operative business, that is what we are operating, as manufacturing capacities, would that contribute 70%, 80% or majority of the turnover?

Mahesh Viswanathan: I think that would still be a large proportion of our turnover, may not be 80%, 85%, as it is today, but closer to maybe 70%.

Sushil Choksey: So and the growth aspiration, current businesses can double in next five years?

Mahesh Viswanathan: I think so.

Moderator: The next question is from the line of Suhrid Deorah from Paladin Capital. Please go ahead.

Suhrid Deorah: I just wanted to clarify, you mentioned on the margin for communication cables, they will go up to 9% to 10%, is that correct?

Mahesh Viswanathan: That's right.

Suhrid Deorah: Okay. And what margins one to expect from the FMEG business in the two years' time?

Mahesh Viswanathan: Okay. Right now, the margins are pretty low because we are spending a lot on the advertisement and brand promotion areas. So as the volumes grow, then the profitability numbers would improve. So today, if you see segment-wise, the profitability is just about...

Moderator: Ladies and gentlemen, thank you for patiently holding. We now have the line for the management reconnected. Over to you, sir. Mr. Deorah, may you repeat your question for the benefit of the management team.

Suhrid Deorah: Yes. Yes. I was just asking what the margin trajectory could look like on the FMEG side of the business. You're giving your answer for that.

Mahesh Viswanathan: Okay. So like I said, currently, there is about 1%, but that is because most of the production costs have been charged to are being incurred at this point in time, and that's being charged on a lower revenue base. So as it improves, then I think we -- over a period of time, the margins should be in the early teens, is what I said.

Suhrid Deorah: Early teens?

Mahesh Viswanathan: Yes.

Suhrid Deorah: Okay. And sorry, on the cabling business, you said 9% to 10% margin, will that come once the backward integration is complete in two years' time?

Mahesh Viswanathan: You're talking about the optic fiber cables?

Suhrid Deorah: Yes.

Mahesh Viswanathan: Yes. That's it.

Moderator: We will move on to the next question, that is from the line of Shivam Mittal from Purnartha Investment Advisors Private Limited. Please go ahead. There seems to be no response from the current participant. We'll move on to the next question, that is from the line of Saket Kapoor from Kapoor Company. Please go ahead.

Saket Kapoor: Sir, if you look at your consolidated results, we find share of profit from JV and associates at some INR170 crores for last year, and this time, the contribution is on the lower side, if you could explain the reason for the same, sir?

Mahesh Viswanathan: Okay. Basically, I think the...

Saket Kapoor: In fact, last year, it was INR327 crores, sir, and this year, it is only INR70 crores, yes.

Mahesh Viswanathan: Last year, Finolex Industries, which is an associate of ours had a profit of close to INR1,200 crores, if I am not wrong. And so we have approximately a 32% share in that company, so that got consolidated with us. Whereas this year, the profits have dropped. And if I recall correctly, the profits for the current year is about INR280 crores or INR270 crores. So 32% of that we've got consolidated with us. So that's the case in any way.

Saket Kapoor: Is the non-cash items -- sir, when we look at your -- yes. Yes, sir, I got your point. Sir, when we look at your expanded capacity in the communication cable, we will be only catering to the OFC market and what should be our likely market share at that time. And sir, currently, we are only selling to the telcos, or are we participating in EPC -- we are selling also to the EPC contractors?

Mahesh Viswanathan: We are also selling to the EPC contractors. We are also doing EPC on our own, but the bulk of the revenue on the OFC side comes from telcos. So we also have our product branded and marketed in the -- through the distribution channel also, but those are smaller volumes. The large part of the volume comes from telcos.

Saket Kapoor: Sir, for the pricing, sir, can you guide us what was the OF and the OFC cycles? And how have they moved for the last financial year?

Mahesh Viswanathan: You're asking about prices of fiber.

Saket Kapoor: Yes, sir, fiber and fiber cables. What have been our realization?

Mahesh Viswanathan: Fiber cable, the price would depend upon the design of the cable, whether the cable contains a smaller lot of fibres or large count of fibres. But the fiber price itself has -- I think right now, it's about \$6 if I'm not wrong, somewhere around that. It has also wobbled a little bit, but currently, it's about \$6.

- Moderator:** Thank you. Ladies and gentlemen, that's the last question. I now hand the conference over to the management for their closing comments.
- Mahesh Viswanathan:** Ladies and gentlemen, thank you. Thanks for bearing with us. We've had a couple of interruptions, but thank you so much for bearing with us. And I hope we've been able to respond to your queries. Thank you.
- Moderator:** Thank you, members of the management team. Ladies and gentlemen, on behalf of Finolex Cables Limited, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.