



“Dynamic Cables Limited Q4 FY '25 Earnings Conference Call”

May 13, 2025



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LIMITED**

MODERATOR: **MS. NATASHA JAIN – PHILLIPCAPITAL (INDIA)
PRIVATE LIMITED**



Moderator: Ladies and gentlemen, good day, and welcome to the Dynamic Cables Limited Q4 FY '25 Earnings Conference Call hosted by PhillipCapital (India) Private Limited.

As a reminder, all participants' 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Natasha Jain from PhillipCapital (India) Private Limited. Thank you, and over to you, ma'am.

Natasha Jain: Thank you. Good afternoon, everyone. I, Natasha Jain, on behalf of PhillipCapital, welcome all of you to the 4th Quarter FY '25 Earnings Conference Call of Dynamic Cables Limited.

From the management today, we have Mr. Ashish Mangal – Managing Director, Mr. Murari Lal Poddar – Chief Financial Officer and Mr. Govind Saboo – IR Advisor.

I would request the Management to give their Opening Remarks, post which we shall open the floor for Q&A. Thank you, and over to you, sir.

Ashish Mangal: Good afternoon, everyone. I am Ashish Mangal, Managing Director of Dynamic Cables Limited, and it is my privilege to welcome you all to our Investor Conference Call for the Financial Year ended 31st March 2025. I extend my sincere appreciation to our shareholders, investors, analysts, partners and well-wishers for your continued trust and support.

FY '25 has been a milestone year in the journey of Dynamic Cables. I am pleased to share that we have crossed Rs. 1,000 crore in annual revenue, a remarkable achievement that signifies our evolution into a larger, stronger and more competitive organization. For the first time, our operating profit has exceeded Rs. 100 crores, underlining the strength of our execution capabilities and operational strategy.

These achievements have been driven by robust demand across sectors, our commitment to on-time delivery and disciplined financial management. Our order book, which currently stands at Rs. 726 crores, reflects stronger customer confidence and provides us with healthy revenue visibility for the upcoming quarters.

We also made meaningful progress on strengthening our balance sheet through effective working capital management and cash flow optimization. We generated Rs. 56 crores in cash from operations.

I am also pleased to report that we have reduced our debt levels. And our credit rating has been upgraded from CRISIL A- to CRISIL A. This upgrade is clear endorsement of our improving financial strength, operational resilience and governance practices.



Looking ahead, we remain highly optimistic about the structural growth drivers in the power infrastructure sector. The government's push for rural electrification, renewable electrification, renewable energy expansion and the shift towards high voltage and smart distribution networks will continue to drive sustained demand for our products.

In line with our long-term strategy, we are expanding our manufacturing capacity with a new facility expected to be operational by H2 of FY '26, diversifying our product portfolio, particularly in the high voltage and specialty cable segments, deepening our presence in export markets, especially in U.S. and Australia, driving operational efficiencies and digital transformation to improve margin resilience and delivery precision. These initiatives will further strengthen our market position and support sustainable revenue growth and long-term margin expansion.

At Dynamic Cables, we remain deeply committed to value creation for all stakeholders, ensuring that every step forward aligns with our mission of building world-class organizations known for quality, reliability and innovation.

With that, I would like to invite our CFO – Mr. Poddar to take you through the Detail Financial Performance of FY '25. Thank you.

Murari Lal Poddar:

Good afternoon, everyone. We are delighted to report our highest ever annual revenue and a record order book. In FY '25, sales grew by 34% over FY 24, with operating profit rising 36% to INR 105 crore, operating margin were at 10.3% in accordance with our long-term guidance, and PAT increased by 72% to INR 65 crore, reflecting our strong financial performance.

Customer-wise contribution in FY 25 was government sales 18%, private sales 73%, export 9%. Product wise contribution in FY '25 for HV cable 57%, LV cable 36%, conductors 7%. As of 31st March 2025, our order book stands INR 726 crore, providing a strong revenue visibility.

Thank you, and we are now open for questions.

Moderator:

Thank you, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question comes from the line of Piyush Sevaldasani from Sundaram Alternatives. Please go ahead.

Piyush Sevaldasani:

Hi, sir, thank you for the opportunity, and congrats for a great set of numbers. Sir, my first question is on the sharp revenue growth for the 4th Quarter. So, our previous understanding was that we have the capacity for Rs. 1,000 crores of top line, but 4th Quarter run rate is much higher. So, can you help me understand what has led to the sharp growth and also to provide how do you see growth in FY '26 and '27?

Management:

Yes, hi, Piyush. So, we did a capacity debottlenecking somewhere in October-November. And I think it was shared with everybody and investors in the last call also. So, with the current



setup, we estimate that we can do sales of around Rs. 1,150 crores to Rs. 1,200 crores annually. And that is our revenue capacity as of now from our plants.

In addition to the existing setup, we have also announced a Greenfield expansion project and that is also under implementation and should commence operation in H2 of the next financial year, FY '26. So, this is how we stand at the capacity level. Generally, Q4 is a heavy quarter for us as a business cycle. So, not only for us, in fact for all the cable manufacturers and our peers because lot of delivery off-takes does takes place or does accelerate in the last quarter of the financial year. And this is the main reason for a sharp uptake of the revenue in Q4.

Piyush Sevaldasani:

Sir, just on the demand side, do you see strong demand still continuing? And can we expect 20% CAGR over the next two years, '26, '27?

Management:

So on the demand side, I think you don't have to, the figures are simple. Order book has increased. So, I think in December we closed an order book of around Rs. 680 crores odd. And in 3 months we delivered around Rs. 330 crores of sales and still we are sitting at and we have increased the order book to Rs. 725 crores. So, this itself is a testimony of the traction of the demand scenario which is prevalent in the market.

Going forward, if you take a long-term view, last 5 years we have grown our sales by around 20% CAGR. And I feel that there is no reason, because we are in a structural cycle. We all know the macro dynamics behind that. I think, Piyush, this is all I can tell you about the growth traction or the demand scenario which is there in the market as of now.

Piyush Sevaldasani:

And sir, have you thought of any CAPEX beyond this Rs. 35 crore CAPEX which we are doing or that is still some time away?

Management:

So, we have not announced any other CAPEX other than the ongoing CAPEX which is there. And just on a factual basis, we have a land parcel near to our existing plant which is vacant and can be utilized for another set of expansion.

Piyush Sevaldasani:

And sir, there is the sharp decline in the working capital days. So now, is it sustainable going forward?

Management:

So, there are two reasons for actually sharp decline or whatever, the working capital optimization part. One is our government business. So, if you look at our contribution of government business, it was 23% last fiscal. And this year it has reduced to around 17%-18%. So, this has been a big contributor.

And secondly, the favorable tailwinds give us a better kind of terms of trade in the market.

And thirdly, as we have, I mean, in the last five years, we have moved to large corporate clients. So the customer base has improved a lot for us as a company, and that is ultimately getting resulted in all the working capital optimization which you are seeing in the numbers.



- Piyush Sevaldasani:** Sir, also the debt level has come down. So, does interest cost drop, which I think is Rs. 2 crore, so incrementally, should we expect a similar run rate going forward?
- Management:** So basically, on the debt side, we don't have much long-term debt. I mean, if you look at our balance sheet, you will not see much of a long-term debt. 95% plus of our debt is or 99%, 98% of our debt is working capital debt. And working capital debt keeps on fluctuating based on the working capital requirements of the company.
- A major portion of the reduction in cost of or the financial cost in our P&L is also attributable to our increasing credit score. So, as the external credit rating has improved, the internal credit rating of our banks have improved, so, automatically the cost of borrowing has maybe interest rates of the commissions which we have to pay out for LC & BG or the trade finance which we take on our factoring platforms, that has also played a vital role in the reduction of the finance cost.
- Piyush Sevaldasani:** Sir, in the staff cost and other expenses, I see a sharp increase for 4th Quarter. Is there any one-off which you want to highlight?
- Management:** Yes, so 4th Quarter typically kind of accounts for lot of incentives and bonuses, performance bonuses. And that is a reason for a sharp increase in the staff cost in Q4.
- Piyush Sevaldasani:** And sir, any updates on the U.S. business, that would be the last question from my side.
- Management:** On the U.S. side, the update is that we received one product approval last fiscal, which I think we updated also. Two more approvals are under the pipeline, which we are expecting in the next fiscal. We have kind of deployed the sales team for the U.S. market to start engaging with the customers.
- Only, I would say that the macro scenario around the tariff and all those things, we will have to kind of wait a little to get things cleared out before we go aggressive in the market. And also in the meantime, we are expecting the two approvals which are in pipeline. So, both of the things should go hand in hand.
- Piyush Sevaldasani:** That's it for me.
- Moderator:** The next question comes from the line of Madan Gopal from Sundaram. Please go ahead.
- Madan Gopal:** Hi, Mr. Ashish. Good afternoon.
- Management:** Good afternoon, sir. How are you?
- Madan Gopal:** I am fine. How are you, sir?
- Management:** I am good, sir. Thank you.



- Madan Gopal:** Really congratulations for the good set of numbers and observing for the last one year since we started investing in line with what you guided and most importantly balance sheet remains intact as we grow. That is very heartening to see. And congrats for that.
- One question that I had was, I think, if we look at last two quarters or so, domestic capital goods companies except power are seeing some moderation in the activity in terms of order inflows. When you look at your domestic numbers and sector-wise, if you have done some assessment, does any sector sort of worry you in terms of growth slowing down?
- Management:** I really don't see any slowdown for next 5 to 10 years, which we have explained in various meetings before also. And with the kind of infrastructure the country is witnessing and with the kind of EV mobility coming with a kind of renewable sources infrastructure spending is coming, we really don't think specially in cables we don't see any degrowth in terms of number in the demands anywhere in the cable.
- Madan Gopal:** Completely agree with you and other cable companies also have shown good numbers. But if I see the industrial side of the market, the industrial sector, like commodities, metals and cement and all, the growth momentum seems to be a little slowing down. Is it getting off balance because of the renewables and power side to such an extent that the overall slowdown is not being seen by the cable companies?
- Management:** Sir, maybe for this particular one or two quarters, I mean, the difference could be there. But on a long run, if I see, I don't see any kind of difference in demands, whether it is infrastructure, whether it is industrial side. In both sides, there is a huge demand coming up.
- Madan Gopal:** One question which Piyush asked, I just wanted to elaborate a bit more on that. We also see that given the global requirement for power and data centers driving growth of power demand, we are seeing some of the Indian companies which are exporting to these matured markets are seeing higher growth, despite their domestic numbers are slowing down. So, we are putting our effort, you think we need to little, as in our speed in approaching this market so that the opportunity doesn't get missed post the tariff or noise, is there opportunity that you sense?
- Management:** So, Madan, we are already exporting in some 36 countries, which are like some Asian countries and some African countries. So, from past 3-4 years, we have already started pitching in for some markets in U.S. as well in Australia. But the little difficult part is the approval process is a little slow, and it is a big, long process. So that all is already happening. It is in the pipeline. I don't think we will miss the bus anyway because there is a long-term infrastructure spending going to happen in these two countries apart from what we said about the semiconductor base and the data centers. These two will be the additional demands. Apart from that also these two countries, these two basically continents, America and Australia, they are replacing their whole grid. So, there is a huge demand coming up in next 20 years from these two places. So, we don't think we are late anywhere.



Madan Gopal: We will see some meaningful numbers coming through from, is it FY '26 will be too early, FY '27 will be probably a year in which we will see meaningful traction in exports?

Management: Sir, FY '27, we can see some numbers.

Madan Gopal: Great, sir. Wish you all the best.

Management: Thank you, Madan.

Moderator: The next question comes from the line of Aman Baheti from InCred Capital. Please go ahead.

Aman Baheti: Thank you for the opportunity, and congratulations on a good set of numbers. So, I have a few questions on our order book. So, can you give us a breakdown of your current order book?

Management: Yes, so, largely the breakdown is, we have the power utilities which is our major kind of business segment. Around 70% of the order book is concentrated around the power utilities. And out of those power utilities, out of that 70%, around 15% is export and 55% is domestic. Roughly I am giving you the break up. Balance is the solar portion, and the last portion is the government sector. So that is very less. Around 7%-8% is the government segment. But this is the broad breakup of our order books.

Aman Baheti: In government, we are only doing railway signaling, right?

Management: No, no, no. Not railway signaling. In government we are supplying to this government DISCOMs. Power and distribution companies.

Aman Baheti: So, I mean, apart from these segments, what's the outlook on our other segments?

Management: So, these are our major segments, largely. Renewables, power utilities and DISCOMs.

Aman Baheti: And sir, like you highlighted, that the terms of trade were good in this quarter, but despite that, the margins are flat. So, I mean, can we expect similar margins or if that our terms of trade are doing good, we can expect some expansion in margins going forward?

Management: So, we are in a B2B business. And in a B2B business, we also have some competition which we have to face. And largely in this business, we are insulated by any commodity fluctuations because it's a price variation clause in all our contracts. And so we kind of trade in a margin range of 10% to 10.5%. And consistency of margins are there in our business segment.

Aman Baheti: And sir, I mean, with the current capacity, as you mentioned, we can do around Rs. 1,200 crores of revenue at 100% utilization. And we are adding some capacity in the second half of this fiscal year. So, how much revenue potential can that capacity add?

Management: So, that has a revenue potential of around Rs. 200 crores to Rs. 250 crores.



- Aman Baheti:** And are we expecting good utilization from this year itself?
- Management:** We hope for a good utilization. It's too early for us to say.
- Aman Baheti:** Thank you so much.
- Moderator:** The next question comes from the line of Vidit Trivedi from Asian Market Securities. Please go ahead.
- Vidit Trivedi:** Hi, sir. Thank you for the opportunity. Most of the questions have been answered. I just wanted to know if you could give us a mix of the margin mix between low voltage and medium voltage in conductors. And second, what are the sectors which are margin accretive?
- Management:** So margins are, I mean, again, as a follow up to the previous question, in our business there are margins depend on the demand and supply of particular product. It is not a segment wise margin which is kind of consistent. So, there may be some products in the HV segment also which give us good margin. In LV segment also there are a few products which give us good margins.
- So, basically, it is how many suppliers are approved for a particular product or how many suppliers have produced those kind of products, that is what determines our margin trajectory. So, in products which there are only two, three suppliers, we tend to get a higher margin. In products where there are more suppliers, our margin is more competitive in nature. Yes, this is how it is
- Vidit Trivedi:** Sorry to interrupt you. And what's the spread between domestic and exports margin?
- Management:** Again, it's almost a percentage here and there, order-on-order basis, but largely it remains consistent across.
- Vidit Trivedi:** And what are the sectors which are margin accretive for us?
- Management:** Again, what I am saying is that the niche products or the new products which we develop in the market, they are more margin accretive. As those products become more popular and the supplier increases, the margin kind of goes down. So, we have to kind of develop new products every year. I mean, it's a continuous process. On a continue, we are developing new products so that we are able to increase or maintain our contribution from the new products, which are margin accretive for us.
- Moderator:** The next question comes from the line of Raman KV from Sequent Investments. Please go ahead.



Raman KV: Hello, sir. Thank you for letting me ask you questions. Sir, my first question is with respect to the order book. You said 70% is from power utility. Can you give the split between export and domestic?

Management: So, export order book is roughly around Rs. 100 crores.

Raman KV: And sir, I want to understand the current capacity in terms of cables for the company. What is the current capacity?

Management: Capacity in terms of production capacity?

Raman KV: Yes, production capacity, yes.

Management: Yes, so with the current plant set up we can do a revenue of Rs. 1,150 crores to Rs. 1,200 crores.

Raman KV: No, no, no. I meant in terms of cable production capacity, like kilometers. How much kilometers can we produce?

Management: Not measurable, not measurable. Because we have customized production, we have a multi-utility machinery. So, it's not measurable in terms of any volume terms.

Raman KV: So, can we get the capacity utilization level of the existing plant?

Management: In terms of machine time, we can do, but again it will not make any considerable...

Raman KV: No, I mean in terms of percentage.

Management: Around 80%-85% on a directional basis.

Raman KV: And can we expect the existing plant to achieve 100% utilization in this year?

Management: We all hope for that.

Raman KV: And sir, you said, I have one last question with respect to the Greenfield expansion. The CAPEX for the Greenfield expansion is Rs. 35 CR and you said it can do about 5 to 6 asset turn. So, how long will it take for it to reach optimum utilization?

Management: We are trying to reach the optimum utilization as fast as possible. For that, we have already started the quality, the PQR requirements of our products in the current plant itself. So, we have taken the BIS license for the new products which are going to be manufactured in the new plant. Plus, we have also, on a small to medium scale, we have started producing those products and started getting approvals in place so that as soon as the new plant starts commissioning or starts production, we don't have to wait for that gestation period. So, our



PQRs are, I mean, we are trying to build our PQRs beforehand only so that we can accelerate faster than usual.

Raman KV: So, from what I understand is, with respect to the new plant, there won't be a gestation period, which means by probably this year end or the first half of second year of FY '27, the new plant as well as the existing plant will run at optimum capacity, about like 80, north of 80-85. So, are we going to have further expansion with respect to capacity?

Management: So, the endeavor is, as you rightly said, and the intent of further capacity is also there. We already have a vacant land near our existing plant and a new plant. So, there is a scope of capacity expansion there as well. So, we will take up once this project is commissioned, we will kind of take a more objective view on this on the new expansion.

Raman KV: So, can you give us the vacant land size? Like how many acres of vacant land do we have?

Management: 15,000 square meters.

Moderator: The next question comes from the line of Naman Parmar from Niveshaay Investments. Please go ahead.

Naman Parmar: Yes, good afternoon, and congratulation to the whole Dynamic Cable team for a great set of execution. So, firstly I wanted to understand what has been any new product launch in the current quarter as we were going to launch our product in the wind side, right? Wind cable and anything like that has been launched in the current quarter.

Management: So, as I just was discussing with the earlier participant, we have started the solar cables in our existing plant itself. So, that is a new product in itself which we have launched. Apart from that, we have also launched a specialty conductor, a new specialty conductor, AL-59, in the market. So, BIS, we have taken some BIS approval of that product. We have got an order also for that product. So, yes, these are few developments on the new product development side.

Naman Parmar: And secondly on the new Greenfield CAPEX side, so we are going to be in the higher KV and above 6 KV. Any plans for that?

Management: No, no, no. This is not that CAPEX which will be taking care of EHV. We will very much be in HV and LV segment only. The only thing is that we are getting into solar cables and also this E-beam technology. So, these are the two developments which are new developments in the new plant.

Naman Parmar: So, only one last question. Only one last one. So, considering both new CAPEX and the current capacity, so you can do around revenue of Rs. 1,400 crores to Rs. 1,500 crores, right? Correct?

Management: Yes, approximately you are right.



- Naman Parmar:** That's it. Thank you so much.
- Moderator:** The next question comes from the line of Kaushal Sharma from Equinox Capital Ventures. Please go ahead.
- Kaushal Sharma:** Hi, sir, heartiest congratulations to good set of numbers. So, my question is on your margin side. As I can see that you are running a good margin around 9% to 10% on an average, considering the current expansion in our company, like a new Greenfield CAPEX and ongoing demand in the industry. So, are we expecting to improve our margin going forward? Or what is the sustainable margin in our industry?
- Management:** So, again, coming back to the same answer that our margin trajectory has remained consistent, stable for the last 10 years or so. And it has been in the range of 10% to 10.5% on operating profit margin level. And we believe that this will continue for us, given the competitive landscape which we are in, and the product segment and the nature of the business which we are into. This should continue.
- Kaushal Sharma:** And sir, currently we are having around 9% in our exports. So, are we expecting to improve our mix in the export market as well? Because in the U.S., I can see that there is a good demand and there is some tariff challenges as well. So, are we expecting the export will go right from here, like 9% to grow further?
- Management:** It should grow. We are directionally taking a lot of steps to improve our export sales. And especially in the U.S., which we had a detailed discussion with earlier participant also. But I think it will take a year or so to get into numbers.
- And the second important thing which I just want to highlight here is that while export remains a good growth potential for us in the longer term, there is a lot of domestic demand which is also kind of occupying us in terms of our plant capacity and management bandwidth. So, that is driving the growth a lot for us. And export has remained a kind of marginal growth area for us as of now.
- Kaushal Sharma:** And sir, if you could tell me, what is the export duty in case we export to the U.S. currently?
- Management:** Sorry, can you repeat the question?
- Kaushal Sharma:** Like what is the tariff which is currently imposed by the U.S. government on our products like we are exporting to the U.S.?
- Management:** So, we are not exporting to U.S. as of now. So, I think once we start exporting, you will get more details on the tariffs and other things from us.
- Kaushal Sharma:** Thank you for answering my questions.



Moderator: The next question comes from the line of Avnish Borman from Vaikarya Investment Management. Please go ahead. Avnish, please go ahead with your question and kindly unmute yourself in case if you are on mute. Avnish, are you there?

Management: Hi. I have a question regarding your future plans for U.S. export. Which kind of cable you got approval for and what are the tariffs which currently exist on these kind of products? And do you know like currently, let's say, India is around 10% tariff. I am not sure the same is applicable for your product. But who is bearing that tariff? Is it you have to bear it if you supply or there is enough pricing headroom where like who are you competing with, local manufacturers or other exporters in which case your tariff differential will be helpful to pass on that incremental tariff?

Management: Hi, Avnish. So, right now we have UL 44, which is one of the prominent items which is being sold in U.S., highly competitive. And the other two licenses which are less competitive, which are in pipeline, which we hope to get in another five to six months. So, by then we will have a complete basket to offer a particular wholesaler or the reseller which we are planning to start the marketing in the next quarter. So, that's how the whole plan is there to come up with all the three UL licenses.

The second question about the duty structure, right now it is 10%. Right now it was 10%, I must say that. But there is no clarity yet whether that imposed additional duty is on aluminum or is on aluminum cables. So, there is no clarity yet. But whatever the duties are, they are uniformly on all the major countries worldwide where from the cables they are buying.

So, I don't think there will be a huge impact unless they built in their own capacities of making the cables within the country, which I don't think which can happen in next 4-5 years. So, I don't see much downside that side unless the clarity is there. So, this clarity needs to be done. Once the clarity is done, then the duties, whatever the duties are, they are uniformly applicable to all the exporters who are doing in U.S.

And your third question was the duty, so normally it is borne by the suppliers in the case from India. So, we call it DDP, duty delivered, duty paid and delivered at their side, which is on DDP terms, we are offering these type of cables in U.S. markets.

Avnish Borman: You are competing against the duty?

Management: So that differential duty is the burden of the buyer.

Avnish Borman: Okay. No, I meant to say, are you competing with the local manufacturers or Mexico guys? And is there an apprehension that Mexico is largely the Chinese transshipment or they have a local manufacturing which is genuine and which is supplying there?



- Management:** There are lot of manufacturers in Mexico and they are also facing the heat of this additional duty. I don't think any country which is making cables and supplying is not facing this heat. So, this is a very uniform duty which is applicable to most of them.
- Avnish Borman:** It's not a part of USMCA, you mean.
- Management:** Yes, I don't think so because as of now, we have not actually gone into the market. We are also starting the same. So, whatever the information we have, it is mostly being imported from outside.
- Avnish Borman:** Great. And these cables are like these high tension cables, right? High voltage ones. The ones you are supplying are low voltage one.
- Management:** Mostly right now are the low voltage ones, but the ones we are planning for next couple of years, that will be high voltage ones.
- Moderator:** The next question comes from the line of Tushar Gupta from Shagun Capital. Please go ahead.
- Tushar Gupta:** I want to say like all the big companies are doing CAPEX of thousands of crores, but we are not doing something big. How can we see the revenue for upcoming years and what will be the growth rate we can expect?
- Management:** Hi, Tushar. So, we are already doing a CAPEX, and the new project is under implementation. And as our policy has been, if you look at our type of work, we are always getting into incremental CAPEX planning. So, we try to set up or do some CAPEX, utilize it to the fullest and then move on to the next CAPEX. This is how we have been growing in terms of our revenue and all those things.
- If you take a 5-year track record or a 10-year track record, you will see that we have been growing our revenues by around 20% kind of CAGR. And that has been our track record for your reference of future growth as well. So, this is all I can tell you about it.
- Moderator:** The next question comes from the line of Ankur Kumar from Alpha Capital. Please go ahead.
- Ankur Kumar:** Hello, sir. Thank you for taking my question, and congrats for a very strong set of numbers. Sir, my first question is on this order book of Rs. 726 crore. Will this be executed and delivered in the first half?
- Management:** Not really. So, our order book is, I mean the average delivery time of our order is around 6 to 9 months kind of. So, depending upon the delivery schedules and all those things, this should be delivered. And as the QC happens, the production schedule comes based on by the customer, we have to produce, get the QC and get the products delivered at the site. So, this is the entire process which needs to be followed.



- Ankur Kumar:** And sir, you said our 5-year sales CAGR is around 20%. But if I look at last year, it's like 34% growth, and our order book has grown 40% almost this year. So, what are the reasons for this accelerating growth and can we expect similar kind of growth this year like last year?
- Management:** So, there are two large reasons if I have to classify in terms of our growth this year. One was that the renewable segment which we started this year gave that additional growth to us. So, I think last March, our order book in renewable segment was very, very marginal, while this year we have almost Rs. 100 crores of order in hand from the renewable sector. So, from almost 0 to 100 is the kind of acceleration which we have got in this new segment.
- And secondly, there was a very, very favorable demand from the power utilities. So, all our customers, especially the corporate EPC guys, they had a lot of demand traction, which played out in our favor. So, these were the two major reasons for a high growth number this year.
- Ankur Kumar:** And sir, both these sectors are continuing, right, if I look at your order book?
- Management:** Of course, of course, of course. As I told you, around 70% of our order book is from power DISCOMs and 15% of our order book approximately is from renewable.
- Moderator:** Does that answer your question, Ankur?
- Ankur Kumar:** Yes, just wanted to clarify on the full-year guidance for this year.
- Management:** We generally don't give yearly guidance as a policy. So, you can kind of, I mean, the order book is there, so you can just have a assessment based on that.
- Ankur Kumar:** Sure. Thank you, and all the best, sir.
- Moderator:** The next question comes from the line of Jainis Chheda from Kemfin Family Office. Please go ahead.
- Jainis Chheda:** Good afternoon, sir. Sir, I just wanted to add a couple of questions. One is in terms of your current revenue growth, can you break it up in terms of volume growth and the realization increase?
- Management:** Just a second. Sir, it is around 33%.
- Jainis Chheda:** 33% is the volume closed. And secondly, as the previous participants also asked, can you break it up in terms of how much is the high margin business and the low margin business, if that is possible?
- Management:** It varies. It's not objective for us also and for you also to kind of get into this. But on a blended basis, what we have kind of always maintained, you can see our track record for last 5 years,



10 years. The margin ranges between 10% to 10.5% on a blended basis. And that's what we intend to continue in the future also.

Jainis Chheda: And one last question. In terms of realization, do you expect these realizations to be maintained, or they can take off a bit in the near future?

Management: Realization?

Jainis Chheda: I mean, 33% is volume growth and roughly 4% would be our realization increase.

Management: Right. It should continue. I mean, there are two factors to it. One is the commodity price factor, which is not in our control. So, it is just pass-through. Whatever is the commodity price variation, it gets passed on to our customers. So, that is not in our hands, and it's difficult to kind of quantify that or estimate that.

The second important factor is the value-added products which we kind of try to, high-value products which we try to develop and market for ourselves. So, yes, 3%-4% is a reasonable assumption.

Jainis Chheda: So, that is where I was coming to. The value-added products' share is expected to go up.

Management: I think it should be consistent. 1% or 2%, 3%, 5% here and there, it can vary quarter-on-quarter basis, but yes, on a blended basis, it should remain consistent, because the base is also increasing. And so the cycle is in such a way that it should remain stable quarter-on-quarter.

Jainis Chheda: Thank you so much. I will join the queue.

Moderator: The next question comes from the line of Vidit Trivedi from Asian Market Securities. Please go ahead.

Vidit Trivedi: Hi, sir, thanks for the follow-up question. Just wanted to understand, you have just mentioned that you will be exporting to the U.S. and Australia. Which are the sectors showing good traction?

Management: So most of the, it is almost the same sectors what we are already serving, which is the power and distribution, and the other one is renewables. So, these are the main sectors which we will be serving in whatever export countries we are doing.

Moderator: The next question comes from the line of Avnish Borman from Vaikarya Investment Management. Please go ahead.

Avnish Borman: I have a follow up. One comment you made that the contracts are DDP, if you were to in future export to US. Any duty differential would be on buyer. What does it mean duty differential on the buyer?



- Management:** What happens at the time of order finalization, suppose the duty is 10%. So, we give the price on the basis of that 10%. And if there is any duty change, whether it is positive or negative side, it is on the account of the buyer at the time when the goods are being cleared in the respective country.
- Avnish Borman:** Okay, so this is the standard practice in most of the export orders.
- Management:** Yes, so only in U.S. this kind of deal happens. In all the other cases, we are doing the CIF shipments, which is up to the port. We are not bearing any duty or internal freight. It is only in the case of U.S. this kind of business is happening.
- Avnish Borman:** Sir, you input the duty rate which is prevalent at that point of time and in the future if that changes, buyer will take care of the differential duty.
- Management:** Exactly, exactly, exactly.
- Avnish Borman:** And basically the proposition for you is that if you are competing against other exporting countries like Mexico and others, you think you will be at an equal if not better position in terms of tax structures.
- Management:** Exactly.
- Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to the management for the closing remarks.
- Management:** Thank you all the investors for active participation. And in case of any further queries or questions, you can reach out to us by email, and we will respond to you as and when we receive any queries. Thank you so much.
- Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of PhillipCapital (India) Private Limited, that concludes this conference. You may now disconnect your lines.