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Finolex Cables Limited
AN IS/ISO 9001 CERTIFIED COMPANY

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Corporate Relations Department BSE Limited 1st Floor, New Trading Ring Rotunda Building, P J Towers Dalal Street, Fort Mumbai – 400 001	The Manager Listing Department National Stock Exchange of India Ltd `Exchange Plaza', C-1, Block G, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051
Scrip Code: 500144	Scrip Code: FINCABLES

Sub: **Transcript of the Analysts/Investors Meet held on 13th August 2026 at 4.00 PM.**

Ref: **Regulation 30 read with Clause 15(a) of PART A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Dear Sir/Madam,

Pursuant to the above referred Regulation, please find attached the Transcript of the Analyst/Investor Meet held on 13th August 2026 at 4.00 pm (IST) to discuss financial results of the Company for the quarter ended on 30th June 2026.

The transcript of recording can also be accessed on the Company's website at https://www.finolex.com/View/Page/Analyst-meeting-transcript.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For FINOLEX CABLES LIMITED

NIRNOY SUR
Digitally signed by NIRNOY SUR
Date: 2026.08.18 15:11:45 +05'30'

Nirnoy Sur
Company Secretary
& General Manager (Legal)

Encl.: As above

"Finolex Cables Limited

Q1 FY27 Earnings Conference Call"

August 13, 2026

MANAGEMENT: **MR. MAHESH VISWANATHAN – CHIEF EXECUTIVE OFFICER – FINOLEX CABLES LIMITED**
MR. SACHIN NAIK – CHIEF FINANCIAL OFFICER – FINOLEX CABLES LIMITED

MODERATOR: **MR. PRANAY PREMKUMAR – DENTSU ONE, INVESTOR RELATIONS**

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY27 Earnings Conference Call of Finolex Cables Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during this conference, please signal for an operator by pressing star followed by zero on your touchtone telephones.

I now hand the conference over to Mr. Pranay Premkumar from Dentsu One, Investor Relations team. Thank you and over to you, sir.

Pranay Premkumar: Thank you, Farah. Good evening and thank you all for joining us on the Finolex Cables Q1 FY27 Earnings Conference Call. Today, we have with us Mr. Mahesh Viswanathan, CEO from Finolex Cables Limited. 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 must remind you that the discussion in today's earnings call may include certain forward-looking statements and must be viewed therefore in conjunction with the risk that the company faces. Please restrict your questions to the quarter performance and to strategic questions only.

I would now request Mr. Viswanathan for the opening remarks. Thank you and over to you, sir.

Mahesh Viswanathan: Thank you, Pranay. Good afternoon, ladies and gentlemen. Welcome to the first quarter earnings call of Finolex Cables Limited. Before I get into the explanation about the quarter, I would like to introduce Mr. Sachin Naik, who has joined us as the CFO effective 1st of June this year. Welcome, Sachin.

Sachin Naik: Good afternoon, everyone. Look forward.

Mahesh Viswanathan: Very quickly, recap on the quarter performance. As you must have all seen, we've posted pretty good numbers both in terms of revenue rise as well as in terms of the bottom-line improvements. While Sachin will come back to you with the specific numbers, I thought I would give you a brief on what has gone well this quarter.

Overall, there were certain product lines which did extremely well in terms of volumes. On the electrical cables side, automotive cables, battery cables, flexible wires, solar and agricultural applications, all of them did extremely well posting fairly high double-digit growth numbers and this is just not a price growth, it is also volume-led growth.

Building wire was more or less stable, very small low-digit volume growth. All the products had been impacted by the commodity price changes which have been happening for quite some time now.

Added to this was also the fact that post-March, there have been issues around supply chain, whether it relates to availability of fuel or it relates to availability of PVC. We've been able to handle all of those changes, albeit, at a higher cost. The good thing is we've been able to pass on mostly pass on the cost to the end consumer.

At the end of the quarter, channel inventory, especially on building wires was low, that has been reflected in the low single-digit growth in volumes for building wire and we did see a reduction, a destocking of the inventory at the channel.

Exports for this quarter has been one of the heroes. Our exports for the quarter was about INR 50 crores, almost the entire value that we did last year. Communication cables was one sector where the margin improvement was very visible.

I had mentioned in my earlier call at the end of the last financial year that fiber prices were hardening. And so, to the extent that we had raw material from earlier on, we were able to get a higher margin on the sales that happened during the quarter and this happened with most of the competition as well.

And this material gets consumed and new material which will be at a higher cost comes in, the margin levels will come back to normal levels. They would still be in the double-digits, but not as high as what you see today. Basically, while the margins have expanded, expect this to settle down in the coming quarters once the existing RM gets consumed.

On the expansion side, I had mentioned in the last call that the preform production has commenced. We are on the way to stability. Hopefully in the next couple of months that should happen.

On the draw tower side, our original plan was to go from 4 million to 6 million and then to 8 million in a phased manner. But in the meanwhile we have decided to go ahead with the complete expansion right from four to eight in one go, seeing that there is a shortage of fiber across the globe and that shortage is likely to continue for some time more.

Overall capex for the year will still be what I mentioned in the May call, approximately INR 300 crores for the year. The additional information that I would like to share with you is that I had mentioned that the JV was doing well and had posted a profit of INR 24 crores last year that trend continues in the current quarter. They generated a revenue of about INR 87 crores with a profit of about INR 7 crores.

That's the basic intro from my side. Sachin, you can take over with the numbers.

Sachin Naik: Thank you, Mahesh, and good afternoon, everyone. Thank you for joining us. I will briefly take you through the key financial highlights for the first quarter of FY27. We've had a strong start to the financial year with a healthy growth in both revenue and profitability.

Our revenue from operations for Q1 of FY27 stood at INR 2,013 crores, as compared to INR 1,396 crores in the corresponding quarter of last year. This represents a growth of approximately 44% in revenue.

Profit before tax stood at INR 277 crores as against INR 171 crores in Q1 of last year, registering a growth of approximately 62%. And profit after tax stood at INR 221 crores compared to INR

139 crores in the corresponding quarter of last year, reflecting growth of approximately 59%. And as a result, the PBT margin has improved from 11.8% in quarter one of FY26 to 13.4% in the current quarter, while the PAT margin has improved from 9.6% to 10.7% during the quarter.

Coming to segmental performance, electrical cables continues to be our largest business segment and we've reported a revenue of INR 1,767 crores compared to INR 1,206 crores in the corresponding quarter of last year. This represents a growth of approximately 47%. And as Mahesh explained, there has been a change in the mix where segments like auto cables, solar cables, the agricultural cables have done very well.

Communication Cables delivered a particularly strong performance during the quarter with a revenue increase from INR 109 crores to INR 176 crores, which is a growth of approximately 62% with margins close to 30%.

Now the business has seen a significant improvement in profitability due to certain market factors, which we will continue to evaluate the sustainability of these margins as the year progresses. And therefore, we would refrain from annualizing the quarter one communication cables margin.

Copper Rod reported a revenue of only INR 8 crores during the quarter, as compared to INR 403 crores in the corresponding quarter last year. Copper rods were impacted by a continued restriction on the LPG availability, resulting in the rod plant being shut during the quarter.

Overall, we are encouraged by the performance in quarter one. Our focus for the balance of the year will be on profitable growth in our key segments, building on the communication cables opportunity while maintaining a lot of financial discipline.

With this, I would request the moderator to open the floor for questions.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Vidit Trivedi from Asian Market Securities. Please go ahead.

Vidit Trivedi: Hi, sir. Thank you for the opportunity and congratulations on a great set of numbers. I have two questions. First is on the EBITDA front. The margins you have delivered are close to 12.5% versus 10.5% last quarter and 9.4% in Q1 last year.

I just wanted to know how should we think about the underlying sustainable margins from here? And how much of the Q1 expansion comes from operating leverage, product mix and copper pass-through versus one-off? And if you could speak a bit more on the margin profile on the exports front and the products that we are exporting. That's my first question sir.

Mahesh Viswanathan: Okay. I'll take the export part first. On the exports this time, there were opportunities on the optic fiber side so those provided a fairly large margin. Now those opportunities may not happen every month or every quarter so in terms of sustainability, I would be a little conservative on that.

But in terms of the opportunities for exporting, we are now more aggressive than we had been in the past. We've been exporting in the last four - five months, we've exported power cables, we've exported optic fiber cables, and also the traditional products that we used to export like the submersible cables and so on.

That part is continuing while the new opportunities around power cables and optic fiber cables are what we are exploring now. There are potential leads there, I don't want to run the cart before the horse so let's see as every quarter goes by.

On the other side, on the domestic front, the margins at electrical cable side should be sustainable. We are at about 10.5% I think, and those should be sustainable. On the communication cable side, as I mentioned in my opening remarks, so long as the old raw material is available for use, the margins will be high-double digits.

But as that stock gets depleted, you will see a correction in the margins. I still believe that at the end of the year provided the demand situation remains similar to what it is today, I still believe that you should have a double-digit margin number, it'll probably be in the low-double digit numbers.

Vidit Trivedi: Got it, sir. Thank you and sir, if you can call out the volume growth during the quarter across product, different categories?

Mahesh Viswanathan: All those items that we talked about, whether it is agriculture or automobile or flexibles, all of them were in the high-double digits. Wires were around in the low-single digit numbers.

Vidit Trivedi: Thanks a lot, sir. My second question is on the communication cable segment. You know, it has been an out performer during the quarter. Could you please speak a little bit more on the outlook and if you can quantify the contribution from volume and value price pass-through?

Mahesh Viswanathan: Volumes have also gone up. Volumes are up by about I think close to 30%. The opportunity here was that if you went through my call of last quarter, there has been an explosion of demand from data centers and usage which is riding on AI, which has resulted in a huge demand for fiber cables and this is a global phenomenon.

That is therefore throwing up opportunities for us not just domestically, but also overseas. Part of the out of the INR 176 crores that has been reported as revenue, I think about INR 30 crores to INR 40 crores is around exports. There were opportunities to sell which we cashed in on.

But I see as the time goes by, there will be a similar demand explosion around data centers in India as well and here what we are seeing, we are seeing a phenomenon where the fiber count is not just 144 fibers or 288 fibers in a cable that is expanding to thousands of fibers in a single cable. The opportunity size can be substantial as large hyperscalers expand into India. We see that trend which is currently happening in the U.S. and in Europe to show up in India as well.

Vidit Trivedi: Got it, sir. Thanks a lot and all the best. And sir, just you know incremental to this, any update on the BharatNet project?

Mahesh Viswanathan: No, not really. I think with the prices as high as they are, the winners are waiting and watching.

Moderator: Thank you. The next question is from the line of Sonali from Jefferies. Please go ahead.

Sonali: Sir, thank you for the opportunity, congratulations on a great set of numbers. Sir, my first question is on the fiber prices. Any indication as to what are the prices right now globally versus December 25 and your thoughts on where they will be heading from here on?

Mahesh Viswanathan: I'm not able to predict where they will head from now on, but I can tell you where they are today. The standard fiber, which is the technical term there is G.652.D, was somewhere around USD 5 to 6 back in December last year, had climbed up to USD 17 - 18 over the last six, seven months.

I think currently is settling at about between USD 12 and USD 13 per kilometer that's where it is today. That's the standard fiber. But more premium fibers are selling at much higher rates, some of them have even been sold at USD 50 a kilometer.

Some of the exports that we did were of the premium variety when the prices were around I think USD 25 a kilometer. There's a mix of multiple types of fiber that have been used this quarter and so that's where the range has been, I think it is now settling to around between USD 11 and USD 13 depending on who's got what available and what the demand is at that moment in time.

That probably gives you a picture of what it is. What it will likely to be, I am not so sure. I am not able to predict that but so long as the demand continues to be where it is today, I guess the price will remain in this range.

Sonali: Understood, sir. My second question is regarding your exports. You did mention some numbers which I missed out on. Of your communication revenue, how much is contributed from export and which geographies have you exported to?

Mahesh Viswanathan: Out of the communication cable revenue, about I think between INR 35 crores to INR 40 was exports. We've exported to the U.S. and Europe. These were the two main places where we exported.

Sonali: Understood. Sir, on the preform the backward integration you did mention in your earlier call that you are expecting the additional support to margins from the end of September quarter as the facility becomes fully functional. How much would be used captively and how much would likely be exported from this 100 metric ton facility?

Mahesh Viswanathan: The intention is to use all of it for making cables, our intention is not to sell the preform. Our intention is to draw fiber from that preform and cable that fiber.

Sonali: Understood, so almost 100% captive. And how much would the margin improvement be, any ballpark? Because right now this quarter your margin is already double digit, sir?

Mahesh Viswanathan: Yes, I don't see it improving from here. But also the current price levels of raw materials is kind of fluid. If you look at the inputs that go into it, let's say fuel, helium, for instance, was selling at approximately INR 1,600 per cubic meter. It had gone up to INR 5,000 per cubic meter when the disturbances started in the Middle East.

It is now around INR 3,400- INR 3,500 levels, so there is a little bit of fluctuation, stability is still not there, I'm just giving you one example. There are multiple inputs that go into it and all of them have seen the input costs fluctuating wildly.

Looking at the price today and make an estimation is probably not going to give you the right results. I would rather wait for some time before things stabilize, and you have a period of time where the Middle East stabilizes. Right now it is a case of one day nice and two days just the opposite of nice. I think we need to wait a little while before we predict those numbers.

Sonali: Got it, sir. Would it be fair to assume that because of the preform and once it's completely functional, almost 100 bps margin improvement can come from that because it's actually a very good backward integration?

Mahesh Viswanathan: It is, but then today, the situation is that demand has far outstripped supply and so that has pushed up the prices to certain levels, which may not sustain all along. Right now data center requirements have boomed, AI driven requirements have boomed. At some point in time they will reach, if not a saturation level, they will reach a steady state period.

Now when that will happen, whether that will happen in six months, one year, two years, is anybody's guess. At that point in time, then the selling prices will have to cool down. And so to say that I will get 100 bps over and above what I'm doing today, I think is stretching things a little too much.

Sonali: Sir, actually it was not over and above, maybe the delta which I was expecting from a normalized margin to a backward integrated margin.

Mahesh Viswanathan: Yes, That might be possible.

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

Achal Lohade: Thank you for the opportunity, sir. My first question is in the electrical cables, if you could, probably for FY26, if you could help us with the mix in terms of the wires and the various types of cables, if you could help us with that mix, a broad sense?

Mahesh Viswanathan: Typically, our numbers have been like this. Approximately two-thirds is construction related and the balance has more or less been equal between automobile, agriculture, and industrials. Last year we introduced solar cables so that changed the profile a little bit. And so the split would probably now be 60% construction, and the balance will be the older three would still have about 10% -12% each, while solar would be a smaller number at this moment in time.

In this quarter of course auto cables has grown to more than 14%. But then we'll have to see it over a longer period of time. One quarter is probably not the right time period to define how the split would be but I still think that going forward construction wire would still constitute a major portion of our revenue, followed by these four applications.

Achal Lohade: And in terms of whether it is wires or cables, the bulk of this will be effectively wires, right? The lowest voltage conductor?

Mahesh Viswanathan: All of them are wires. I have not included cables inside.

Achal Lohade: Okay. And what about cables? How much would that be, the LV cables?

Mahesh Viswanathan: LV, HV put together will probably be around 7% to 8%.

Achal Lohade: Got it. My second question was with respect to the OFC. You know, if you could help us with, assuming the current price, what would be the potential revenue at peak capacity of the preform plus drawing capacity, sir?

Mahesh Viswanathan: I think similar question was asked last time around as well. We will have a draw capacity of 8 million kilometers, so at 8 million kilometers and assuming an average price of USD 11 per kilometer of fiber, then you're looking at about USD 88 million of revenue if I only sell fiber. And if I sell all of it.

Achal Lohade: Sorry, if you sell only fiber, it is USD 88 million. Is that right?

Mahesh Viswanathan: Yes, and if I sell only fiber and if I sell all of it, it'll be around USD 88 million.

Achal Lohade: Right. And if you were to use 100% and is this 100 metric ton sufficient for 8 million fiber kilometer?

Mahesh Viswanathan: No, that's about 4 million.

Achal Lohade: Okay, so you will still have to procure from outside.

Mahesh Viswanathan: Still have to buy. Yes, so if you recall our earlier calls, we said that in Phase 1 we are putting up a plant which can manufacture 100 tons and depending on how the market is, we would expand that, we would double that in the subsequent expansion that is what we had said two years ago. At that point in time, the boom in data center was not visible, so this has happened over the last six months.

We will go back to our drawing boards to see what we need to do in terms of Phase 2. We have taken one action on the fiber side that we didn't want to wait for some time before we came up with that expenditure. We are doing it together. As far as Phase 2 of the preform is concerned, we will study the situation and then as required decide on whether we should spend for the expansion now or at a little later date.

Achal Lohade: Got it. Just to clarify, sir, you said USD 88 million if you sell fiber, but what if we sell entirely the cable?

Mahesh Viswanathan: Then there'll be a value addition which will depend upon the cable design. How complicated the cable is, I mean if I'm only selling small count fiber cables, then the value addition may not be very high.

Whereas, if I'm selling complicated designs where the fiber count is higher, 96, 144, 288 or for data center applications where, like I said, it runs into thousands of fibers in one cable, then the numbers can be substantially different. Then the value addition can easily go up by 20% - 30%. It depends on what kind of designs we hit.

Moderator: Thank you. The next question is from the line of Balasubramanian from Arihant Capital. Please go ahead.

Balasubramanian: Good evening, sir. Thank you so much for the opportunity. Sir, I want to understand about our capability in data centers. I think we have a capability up to 1,728 fibers per cable. But if you look at data center applications, it would start from thousands of fibers, as you mentioned. But if you look at some of the players are into like 7,000 range kind of fibers, they already achieved and they already started supplying to hyperscalers and they are in the progress of making 14,000 to 16,000 range.

So I just want to understand what is our capability as of now, and whether we are doing any specific capex and R&D for data center cable side? Also if you could mention, what are the current product portfolio which is suitable for data centers and what are the products are under pipeline?

Mahesh Viswanathan: Some of these are in developmental stage. I would rather not comment about them. But I understand the question that you'd asked and all I can say in return is, yes, all those designs like you mentioned whether it is 1,700 fibers or 7,000 fibers or even 14,000 fibers. We should be capable of making those and supplying those, let me say it differently, we should be capable of supplying those in the not too distant future.

Balasubramanian: Are we making any steps for in terms of R&D and capex, sir?

Mahesh Viswanathan: Yes to both.

Balasubramanian: Okay, sir. Sir, my second question, the margin side mentioned about 30% for communication cables. But I just want to understand, this kind of margins, it's because of higher spot contracts where the realizations are higher?

Mahesh Viswanathan: Let me give you an example. The inventory that I had at the beginning of the quarter, were all sourced sometime in November, December last year s those would have been sourced at, let us say, X dollars but when I am selling it, I am selling it at an equivalent of the current market price.

To the extent that I have an opening inventory, I am benefited. And therefore, my margins are where they are at this point in time. Which is why we gave that cautionary statement to say, this quarter was 30, but at some point it'll normalize as and when I complete consumption of the existing inventory.

My new cost will be what I'm buying it at today, whatever is my cost today, so the delta there will definitely not be 30, but it would definitely be in the double digits. That's the example that I can give.

Balasubramanian: Okay, sir. So a follow-up on that, what is the mix of spot and long-term contracts for communication cables? And also you can mention about the product supplied for data centers in our product portfolio.

Mahesh Viswanathan: Sorry, what was your first point?

Balasubramanian: The long-term and spot market mix for communication cables and the product portfolio for data centers.

Mahesh Viswanathan: I think long-term still would be more than half the revenue. As far as data center products are concerned, technically, I am not able to share that with you, but there are cable designs which have been supplied to people.

Moderator: Thank you. The next question is from the line of Pathanjali from Sundaram Mutual. Please go ahead.

Pathanjali: Hello, sir. Thank you for the opportunity. Congrats on a very good set of numbers. Just following up on a couple of things you mentioned in the previous quarter, I think you mentioned that our 8 million capacity of the additional expansion will come by Q2. You also mentioned today that we are planning to go from 4 to 8 directly instead of 4 to 6 and then 6 to 8. So is this for the entire 8 million? Is that the correct way to understand it?

Mahesh Viswanathan: Yes, the entire 8 will be ready by end of Q2. Earlier on, what I said was, we would first complete the 4 to 6, and that would happen by Q2, and then we would wait and see how the market reacts before we go to the next level. But seeing the current market conditions, we thought it was ideal for us to invest in the additional draw capacity right away.

Pathanjali: Got it, sir. Sir, and just one more thing, sir. You mentioned that there will be a bit of repricing in terms of customers and all, right? Is this happening in Q2 beginning, or when is this happening?

Mahesh Viswanathan: You are talking about the long-term one? That has happened already. I think it happened in June.

Pathanjali: Is it there in this quarter's numbers in terms of revenue, sir? That is what I am trying to arrive at.

Mahesh Viswanathan: Some of it is. Whatever was sold in the month of June is.

Pathanjali: Okay. Got it, sir. Just last related question is that your revenue should be much higher given that fiber prices are double, right? Is that correct? Because whatever you are doing as revenue this quarter is on 4 million, and I think you have done around INR 176 crores. So theoretically, should it be closer to INR 300 crores per quarter?

Mahesh Viswanathan: Yes, so again, to take you back to the earlier question that somebody else had, if I was to sell only fiber and at USD 11 a kilometer, my annual sale of this product would be USD 88 million per year so that would be USD 22 millionm so USD 22 million times 100, if it was only fiber, would be around INR 250 crores to INR 260 crores, if it was only fiber. Then you add the cable value addition. If I am selling out everything that I have, INR 300 crores is not a difficult number.

Pathanjali: And we also have some other cables, right, in this other than fiber in our communication, right. Shouldn't the segment be much bigger? That's the part…

Mahesh Viswanathan: No. There are other metal-based cables there, but if you see, many of the metal-based cables are transitioning. Many of those applications are transitioning from metal to fiber. Whether it is co-axial cables, which was used in your Dish TV applications, those are all transitioning to fiber, while this would grow, something else would go down.

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

Vidit Trivedi: Hi, sir. My next question is on the FMEG segment. It has continued to be a weak link. I remember you previously mentioned that we have set a target of INR 5 billion, FMEG revenues by FY28. Given the current trajectory, I just wanted to check, is this target still realistic and what needs to change over the period of 12 to 18 months to achieve it?

I am just curious to know why this business is holding us back. Is it some lack in the distribution phase or maybe the product portfolio pricing or competition? Where are we lacking in this segment, sir?

Mahesh Viswanathan: Okay. This particular quarter, we had a different issue. I do not know if you have seen this from other competitors. Fuel was an issue this quarter for many of the manufacturers. Commercial LPG was just not available, and therefore a lot of the device manufacturers, especially fans, they were not able to supply the kind of quantities that were required. We had quite a hot summer, but in terms of being able to supply to the market, there was an issue.

I think that was a reason why you do not see too much of growth in that sector. The second part of that group is also the conduit pipes, where again, availability of PVC and the price of PVC that was available was a hindrance there, those are changing now. Unfortunately, fans, it has changed now, but then the season is more or less gone. We will have to see how to catch up on those numbers. But the target of INR 5 billion by 2028 still remains and we are sure that we can get over there.

Vidit Trivedi: Got it, sir. Just lastly, on the copper front, copper is again at INR 14,000-odd levels. I just wanted to check with you, how is the channel inventory and any pricing action during the quarter?

Mahesh Viswanathan: During the quarter, we changed prices once. We revised it upwards once, that was I think in May, we took it up by about 3% or so. But, like I mentioned in my opening remarks, the closing inventory at the channel was lower than the opening inventory, so there has been a certain amount of destocking, which should allow them to restock over a period of time now. But the copper levels are high. I'm not sure if you will be able to see the likes of USD 8,000 anymore.

Moderator: Thank you. The next question is from the line of Vineet from Investec. Please go ahead.

Vineet: Sir, just wanted to understand on the demand side as far as communication cable is concerned, I understand from an outlook, it is quite healthy given all the demand across data center, AI-related products. But if you can quantify or maybe give us some sense around the order book which we may have or should we assume that we should be able to ramp up to 60%, 70%, 80% sort of utilization levels once the new capacity is also operational? How should we think about next 1 to 2-year demand on the communication cable side?

Mahesh Viswanathan: The demand in our country is going to be basically what it is. Telecom is still going to be a significant player because they will have to complete their 5G full rollouts and expansions. AI and data centers especially the hyperscalers as they come into India and set up their shops, they all announced large numbers,nobody is talking less than USD 5 billion, USD 6 billion.

That kind of investment will require infra support in the form of both communication cables as well as power cables. But how long would they take to set up their basic infra I think maybe two years for sure, the demand should be fairly robust.

Post then, we'll have to see what kind of use cases AI throws up and how one is able to capitalize on that. Am I able to give you a number? Not really. But again I will refer you back to the comments from earlier calls. Our consumption of fiber per capita is still pretty low.

Our overall consumption in the country is still around 25 million kilometers per year compare that with China at 400 million plus or even higher than that, so there is still a long way to go. I'm not saying that we will reach 400 million, but given the size of both our geographies, a factor of 20 million is not something that we should aspire for, I think our 25 million consumptions can easily go up to 50 million-60 million.

Vineet: Understood. Sir, if I may, if I put this question slightly differently. Then is it, is it a case wherein in the next two years, maybe bulk of the growth will be driven by our consumer distribution plus telecom business. And domestic data centers will come in, start contributing maybe by FY29 onwards?

Mahesh Viswanathan: It depends on the speed of how quickly those hyperscalers are able to set up their infra. Some of them are getting nearing completion. We are in Pune and I know that Microsoft is coming up here close by with their data center. I think it is not very far away from being completed, so you would have some demand coming up in the next six, eight months for sure. How we are able to capitalize on that is what we need to work on.

Vineet: Understood, understood. And just to understand how the utilization levels could be in consumer communication cables, would export be an equal opportunity or equal focus area at least in the near term till the time data center comes in a real big way? Just similar to what we had it in Q1, I understand it may not be every quarter, but could it start contributing a lot more to communication cables revenues and consequently utilization levels?

Mahesh Viswanathan: We are hoping it would.

Moderator Thank you. The next question is from the line of Raman from Sequent Investments. Please go ahead.

Raman: I have two questions. One on the availability of Germania, which is basically raw material to fiber cables. Are we facing any issues with respect to it?

Mahesh Viswanathan: Germanium tetrachloride is required for manufacturing preform. Yes, there are some issues in terms of easy availability of that item, it is a restricted item. The lead time is pretty long. While the usage is not in extremely large quantities, nevertheless, it's a restricted item, so it has to pass through several hoops before it lands up in your place.

It is a kind of a hand to mouth situation, but I think at this point in time, we have enough to take us through the calendar year and more is on the way, so yes, it needs careful planning, it needs fairly tight follow-up almost on a daily basis to ensure that you have the material that you need.

Raman: Yes, just to follow up on this, do we have any long-term contracts or partnership with the players which manufacture and sell these or is it like on a year-to-year basis?

Mahesh Viswanathan: No, nobody signs up for multiple year contracts in this line, soYes, we're working on the longest contracts that we can get.

Raman: Understood. And sir, just a clarification. Earlier you mentioned that you can do around INR 3,000 crores of revenue from fiber cable. Is my understanding right?

Mahesh Viswanathan: Sorry, when did I say INR 3,000 crores?

Raman: Sir, earlier you were explaining some unit economics to one of the participants with respect to fiber cable, and you said with the capacity coming online, around INR 3,000 crores of revenue can be done.

Mahesh Viswanathan: No. I said, if I were to sell only fiber, then the entire capacity I sell at the current price of USD 11 a kilometer, I will be able to generate a revenue of USD 88 million.

Raman: Okay. That's the only unique revenue from our fiber cable division, right?

Mahesh Viswanathan: No, that's only fiber. If I only sell fiber. If I cable it and sell it, that number will go up depending upon the design of cable that I sell it. There are certain cables where you carry only two fibers, where the value addition between fiber to cable is hardly anything, but there are other designs where the number of fibers inside can go up to, standard is anywhere up to 288. But now with the data center application, those can even go up in thousands. Those will have a much higher value add.

Raman: Understood.

Mahesh Viswanathan: What I said was, you can add on an average between 25% to 30% on top of the fiber price.

Moderator: Thank you. The next question is from the line of Tej Patel from Niveshaay. Please go ahead.

Tej Patel: Thank you so much for the opportunity. A couple of questions, sir. When is our expanded capacity of 8 million is expected to, sir. The 6 million, which is on fiber, expected to come online or has it already come online in June, July?

Mahesh Viswanathan: No. We are going up to 8 million, and it will happen by September.

Tej Patel: Okay. Perfect. So, for the first quarter, it was only 4 million, right?

Mahesh Viswanathan: Yes. It will happen by September.

Tej Patel: Great. On cable right now, our current capacity is of 8 million.

Mahesh Viswanathan: Cabling capacity is 8 million.

Tej Patel: Got it. Great. Are we expanding capacity there as well?

Mahesh Viswanathan: Yes. We will go up to 10 million.

Tej Patel: And this would be also by September?

Mahesh Viswanathan: No, that would take a little more time. That would take a little longer.

Tej Patel: Great. Sir, when you say you have probably exported for data center in U.S. and Europe, is it just fibers or cables as well?

Mahesh Viswanathan: We have exported both.

Tej Patel: Okay.

Mahesh Viswanathan: We have exported fiber, we have exported cable also.

Tej Patel: But then the reason, if you exported cable, you probably would have an IBR. It would be an IBR cable, right?

Mahesh Viswanathan: No, they also require other designs.

Tej Patel: Okay. Got it. Is it right to say that your current 4 million fiber capacity, almost 60% to 70% would be utilized?

Mahesh Viswanathan: Currently?

Tej Patel: For Q1, I mean, on the Q1 number?

Mahesh Viswanathan: Yes. We have, in fact, Yes, we have used up all the preforms that we had. There were difficulties in getting preforms, because you know how tight the market is at this point in time. To the extent that we had material, we used up everything.

Tej Patel: Got it. And cabling, sir, utilization would be how much?

Mahesh Viswanathan: Cabling utilization, I think one plant is full. The other plant is three-fourth.

Tej Patel: Got it. Sir, is it possible to split the revenue on cable versus fiber?

Mahesh Viswanathan: It is possible, definitely, but I do not have the numbers with me.

Tej Patel: Okay. Not a problem. Sir, what will be the margins we would have made in the domestic business? You showed almost 30% to 40% of the business came from exports. On 60%, what would be the EBIT we would be making?

Mahesh Viswanathan: Not that 30% number, it will be slightly less.

Tej Patel: It would be?

Mahesh Viswanathan: It will be slightly less because there were some contracts which were entered into last year, which continued on until June.

Tej Patel: The incremental margin only came from the export business?

Mahesh Viswanathan: Correct.

Tej Patel: Got it. Interesting. Sir, just in terms of preform sourcing, have we entered into a contract with someone or are we buying it on spot from someone? How does the contractual terms in preform work?

Just a follow-up on the same question is, let's say if germanium is an issue right now, we probably foresee the issue to remain, let's say, in a couple of quarters. Do we expect, let's say, even if our preform comes live, we will probably keep sourcing preform from outside unless and until that capacity of our own preform goes live.

Mahesh Viswanathan: See, until our preform facility stabilizes, it has gone live. It has got to stabilize.

Tej Patel: Yes.

Mahesh Viswanathan: The new plant, it takes a little while to stabilize.

Tej Patel: No. But then there's a germanium problem, right? We will be still sourcing preform unless and until the germanium problem goes off?

Mahesh Viswanathan: Okay. The germanium problem is there. It is not just for me, it is for everybody across the country. There are two of us who are making it is for both of us. But that has not stopped us from making preform because we have some so, what I said was we are having what we need.

We need to follow-up on almost a daily basis to ensure that it does not stop at any point in time. There is a lot more effort to make sure that you get that material. The second part is the preform capacity that I have is equivalent of 4 million kilometers of fiber.

Tej Patel: Yes.

Mahesh Viswanathan: To that extent, I will consume my own. The balance, If I have to draw 8 million kilometers of fiber, I will have to buy preform from somewhere else.

Tej Patel: Great.

Mahesh Viswanathan: Yes, ideally, it would be nice to have a long-term contract, but nobody globally signs a contract for longer than a year.

Tej Patel: Okay. Your contract for preform right now would be of a year, and that contract would have been entered at the start of this calendar year, right?

Mahesh Viswanathan: You are jumping ahead of me. What I said was, nobody globally enters into a contract for more than a year. Yes, we have certain relationships with certain manufacturers, and they are able to support us to the extent that we need that support.

Tej Patel: Understood. So sir, I will just the reason I ask this question, I was just trying to understand, once our preform contracts get revised, right? Probably our raw material prices will go significantly up because the preform prices are also upwards. Which probably right now we might be getting preform at lower level, given you know our older contracts. So I was just trying to understand that if you can give us clarity on this?

Mahesh Viswanathan: Yes, to some extent that is true. But then there are also people who have changed their contract pricing also.

Tej Patel: Okay.

Mahesh Viswanathan: Some suppliers have broken their contracts midway through and have changed it.

Tej Patel: Got it. And sir, last question and then I will join back in the queue. So, of course you probably not commenting on the order or long-term contract, but if we want to understand what would be the export mix going forward in the quarters, and one more question into this is, once our fiber capacity comes live, do we expect to, exit at full utilization in Q4?

Mahesh Viswanathan: Okay. If demand is as robust as it is today, then yes, that would be our effort to exit at full utilization but we will have to see how demand keeps up there.

Tej Patel: Great, and for exports, what would be the mix, does the mix continue towards 30%, 40% in the upcoming quarters as well?

Mahesh Viswanathan: See, export is a little longer negotiation involved. You can't really say that, sometimes you conclude negotiations this quarter and then the supply happens a little later, so very difficult to predict how that is going to be.

Tej Patel: And sir, are we looking to, enter into IBR, so I mean, there will be completely different some amount of capex going there as well, right, because that is a different machinery requirement for IBR. So, are we doing IBR right now? Are we planning to do IBR for cables?

Mahesh Viswanathan: Whatever the designs the data center is looking for, we should be able to produce them if not today then in the not too distant future.

Tej Patel: Got it. And sir, are we engaging with any customers as of today in data center for a long-term contract?

Mahesh Viswanathan: Those are things which I would not like to comment upon right now.

Tej Patel: Okay, Got it. And sir, do we contemplate you know expanding maybe Beyond 8 also if the demand stays robust by the end of this year maybe?

Mahesh Viswanathan: That is what I said, we will take a holistic view on all of that. Whether we move to doubling our preform capacity at what point in time, what else do we do? All this will be discussed and decided.

Moderator: Thank you. The next question is from the line of Tushar Dhonde from Shanghvi Family Office. Please go ahead.

Tushar Dhonde: Yes. Most of my questions are already answered. My question is on the export side. Sir, in the opening comments you did mention that you would be conservative basis the quarterly orders that we might be getting.

I just want to understand the export that we made in this particular quarter, what was the nature of those exports? Were those kind of ad hoc requirements by our customer and we were able to supply to them. And how are we thinking about building a long-term engagements over here, so we can build a sustainable export visibility over here?

Mahesh Viswanathan: Okay. One of the remarks that I made was that, we are more aggressive than before on the export front which means that we have a revamped team now which is focused only on exports. They're exploring multiple geographies to see what kind of relationships we can build and build on a long-term basis.

There were immediate opportunities which came up from US and Europe which we encashed upon, but that doesn't mean that those are the only two opportunities that we are following up there. We are working with finalizing relationships in multiple geographies.

I hope that answers your question. It is not just a one-off kind of a trade that we've done. One opportunity you saw and then you went and closed it. Beyond that it is more systematic, it is more focused. There are people working on those relationships as we speak.

Tushar Dhonde: Okay, and my second question is on the margins for the communication cable business. You did mention that there would be some normalization of the margins. I am presuming it would be still higher than the margins that we make in the electrical cables division.

And in the last call, you had mentioned that there would be some repricing of the long-term contracts which will happen in the 2H of the year. But I guess answering to one of the participants' question, you mentioned that that has happened post the June quarter itself. Am I correct over here?

Mahesh Viswanathan: Yes, so those changes happened towards the end of June which is already factored in. And what I meant when I said there will be some normalization was that, I think 30 is not a number that is sustainable in the long period. That's what I meant, so it should come down to something more reasonable.

And whether it will be higher or lower than the electrical cable margins, will again depend on what the product profile is, if it is a complicated design then the margins should be much better. But if it is let's say a simple design like an FTTH cable or a drop cable, then the margins are not going to be very high. The value-add is not very high. It depends finally on what the end user wants and therefore how complicated the product is to make.

Moderator: Thank you. We will take that as the last question. I now hand the floor over to the management for closing comments.

Mahesh Viswanathan: Thank you. That was quite an intense session. Thank you for following us. And we hope to keep in touch with you.

Sachin Naik: Thank you, everyone.

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