BRUGG CABLES
Well connected.
KEI is under Technical Collaboration Agreement with BRUGG to manufacture EHV cables up to 400kV

KEI Industries Limited

Registered and Corporate Office: D-90, Okhla Industrial Area, Phase-1, New Delhi- 110020 **CIN:** L74899DL1992PLC051527
Tel.: +91-11-26818840/8642/0242, Email: info@kei-ind.com Website: www.kei-ind.com

KEI/BSE/2024-25 **Date: 09.05.2024**

The Manager,
BSE Limited
Listing Division,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400 001.

Sub: Transcript of Analysts/Investors Call pertaining to the Financial Results for the fourth quarter and year ended 31st March, 2024

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform the exchanges that the transcript of audio call recording of the Company's Analyst Call held on Friday, May 03, 2024 to discuss the Audited Financial Results (Standalone and Consolidated) for the fourth quarter and year ended 31st March, 2024 is attached herewith.

The transcript is also available on the website of the Company:

https://www.kei-ind.com/investor-relations/corporate-governance/conference-call-transcripts/

This is for your information and record.

Yours truly,
For KEI INDUSTRIES LIMITED

KISHORE KUNAL
Digitally signed by KISHORE KUNAL
Date: 2024.05.09 18:31:20 +05'30'

(KISHORE KUNAL)
VP (Corporate Finance) & Company Secretary

CC:

The National Stock Exchange of India Ltd. **Listing Division, Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051**	**The Calcutta Stock Exchange Ltd.** **The Senior Manager, Listing Division, 7, Lyons Range, Kolkata-700001**

"KEI Industries Limited
Q4 FY'24 Earnings Conference Call"
May 03, 2024

MANAGEMENT: **MR. ANIL GUPTA – CHAIRMAN AND MANAGING DIRECTOR – KEI INDUSTRIES LIMITED**
MR. RAJEEV GUPTA – CHIEF FINANCIAL OFFICER – KEI INDUSTRIES LIMITED

MODERATOR: **MR. RAHUL DANI – MONARCH NETWORTH CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to KEI Industries Q4 FY '24 Earnings Conference Call hosted by Monarch Networth Capital. 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

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

Anil Gupta: So thank you, Rahul. I'm Anil Gupta, CMD, KEI Industries Limited. I welcome all of you to this Investors Conference Call of KEI Industries Limited.

So first, I'll give you a brief of the results and outlook demand outlook of the industry and for the company. Net sales in quarter 4 of FY 23-24 is has been INR2,319.27 crores, with a growth in the net sales is 18.76%. EBITDA is INR259.72 crores, and the growth vis-a-vis last year is 24%. EBITDA net sales margin is 11.2%, it is 10.7% in the same period previous year. Profit after tax in this quarter is INR168.79 crores against INR138 crores.

Growth in the profit after tax is 22.2%. So the profit after tax/net sales margin is 7.28% versus 7.07% last year. The Domestic institutional sales of wires and cables is INR676 crores against INR692 crores last year, and the sales of extra high-voltage cable is INR220 crores in fourth quarter against INR99 crores in the previous year same period.

Export sales in this quarter is INR257 crores. The growth in the export sales is 57%. So the total cable institutional sales contribution is 45% as against 47% in the previous year. Sales through distribution network that is B2C was INR1,056 crores in fourth quarter against INR845 crores. So growth in this B2C sales is 25%.

The company has achieved a total B2C sale of 46% of the total sales in fourth quarter as against 43% last year. Sales from EPC department other than cable is INR192 crores as against INR135 crores, growth is approximately 42%. Out of the total sales of EPC, EHV EPC sale is INR50 crores as against INR65 crores in the same quarter last year. Stainless Steel Wire division has achieved a sale of INR56 crores against INR63 crores last year.

Volume increase in the Cable division on the basis of production and for the consumption of metals in Q4 of 23-24 as compared to previous year is 24%. Now I will touch a little bit on the full year results. The result summary of financial year 23-24, net sales in FY 23-24 is INR8,104 crores. So we have achieved a growth of 17.31% over a full year period. EBITDA growth is EBITDA achieved is INR886.55 crores with a growth of 20.81%. EBITDA/debt sales margin is 10.94% against 10.62% previous year. Profit after tax in financial year 23-24 is INR581.05 crores as against INR477.38 crores in the last year. The growth in PAT is 21.72%. PAT/net sales margin is 7.17% as against 6.91% in the full year. Overall, the growth in exports achieved is 58%. Extra high voltage cable is INR622 crores against INR336 crores previous year. The growth is approximately 85%.

Sales through dealer and distribution network is INR3,770 crores, growth is approximately 19%. The total active number working dealers of the company as on 31st March '24 was 1,990. The B2C sales has contributed 47% in FY 23-24 as against 46% in the previous year. EPC sales for the full year is INR4,062 crores as against INR405 crores last year, growth is approximately 38%. The pending orders booked as on 30th April is approximately INR3,531 crores, out of which, EPC INR771 crores, EHV cables INR374 crores, cable from the domestic market, INR1,865 crores and export orders pending are INR521 crores. So the total becomes INR3,531 crores.

India Ratings and Research has affirmed its long-term rating as AA with positive outlook, ICRA and CARE long-term rating is AA Stable. Short-term rating from India Ratings, ICRA and Care is A1+. The book value of the per equity share of the company is INR348.87 as on 31st March 24 as against INR287 as on March 31, 2023.

Now I will total borrowings of the company is INR134 crores against mainly for channel finance INR97 crores and cash and bank balances of INR700 crores as on 31st March '24. As against total borrowings of INR135 crores of channel finance and cash bank balances of INR537 crores as on 31st March '23.

Acceptances creditors as on 31st March '24 is INR506 crores as against INR219 crores previous year. During FY 23-24, finance cost was INR43.91 crores as against INR34.71 crores last year. Capacity utilized during financial year 23-24, 92% in the Cable division, 71% in the House Wire division, 90% in Stainless Steel Wire division. During the year, the company has incurred a total capital expenditure of approximately INR397 crores, in which, Chinchpada, Silvassa INR84 crores; Pathredi in Rajasthan INR51 crores; Sanand INR197 crores and lot of land at Kheda in Gujarat INR9 crores. And other plants existing plants INR58 crores INR56 crores.

Company is continuing its capital expenditure for brownfield CapEx at Chinchpada to further add capacity for wires and cables. In next 1 to 2 months, we will further spend INR65 crores. Another greenfield, brownfield expansion is going on at Pathredi with approximate cost of INR125 crores, which will increase the capacity for LT power cables approximately INR800 crores to INR900 crores per annum. It will be operational by end of June '24. We have already spent INR74 crores and balance will be spent within the next 3 to 4 months.

This brownfield CapEx will enable us to grow by 16% to 17% in the current financial year as well as the next financial year. Apart from the brownfield CapEx in FY '24-25, company has planned INR900 crores to INR1,000 crores CapEx on greenfield expansion for LTE, HT and extra high-voltage cables in Gujarat. Commercial production of which will commence, I think, by first quarter of 25-26. We have already started construction in FY 23-24. Further, we will be spending INR500 crores to INR600 crores in the next financial year to complete the project to maintain a CAGR of 15% to 16% per annum as in the coming next 3 to 4 years.

Demand outlook remains strong. We are very bullish on our demand in the markets in India as well as from our export customers. The major demand drivers from India are solar power projects, power distribution projects from this RDSS scheme and other reforms in the government power distribution utilities, a strong CapEx in the transmission and distribution as well as in the power generation sector. We have noted that a substantial investment will be is being done in the next 3 years on enhancing the thermal power generation capacities and also pump storage power projects coming up in various parts of the country.

And real estate demand continues to be strong and the demand from construction sector and other infra projects continues to remain strong. So thank you very much. And now you can ask any specific questions, and we'll be very glad to answer. Thank you.

Moderator: The first question is from the line of Pulkit Patni from Goldman Sachs.

Pulkit Patni: My first question is, if you can talk about the export opportunity. I mean, the numbers that you are talking about in terms of order stability, very significant 50% growth. So if you could; a, talk about where exactly is this coming from? Second, how sustainable is this in the sense that why is it that you as a company or India as a country is getting these export orders on cables and wires, so some information related to this would be helpful? That would be the first question.

Anil Gupta: Pulkitji, first of all, world over, especially in the Western countries and other parts of the country, the demand in infra projects in solar, power transmission and distribution is as well as oil and gas sector is very bullish. And in Western countries, the new manufacturing capacity is not coming. In fact, even existing capacities, whatever there are, are also not fully utilized maybe because of the manpower or because of the high cost of inputs like power and other factors.

Secondly, these countries are definitely looking to add one more potential country in their supply chain other than China. And that also is and the kind of political relationship our country has built up with many all the Western countries, that is also helping make in India brand now to go in that direction.

Thirdly, in last several years, we have built a strong network of agents and marketing network to promote our products in many countries. Also country-specific certification in Europe and USA has been taken by our company, which includes UL underwriter celebratory approvals in USA and many construction protocol approvals in Europe, which are country specific. And specific type test on the cables required in several countries we have done from our plants, which is helping us to enter into those territories. It is a journey it has been a journey of several years. It is not that suddenly this demand has come up. We have been on this track, which I've been explaining in my several conference calls in earlier years to our investors.

Pulkit Patni: No, very, very encouraged to hear what you just said, sir. Sir, second thing, we've seen very, very significant increase in copper prices in a very short period of time. I mean, while they were inching up slowly gradually, the last sort of 2 weeks, the price increases are pretty significant. How should we look at that from the perspective of the near term, i.e., does it destroy demand a little bit? How do we handle that with the channel? If you could just talk about the significant increase in copper prices and its impact in the immediate term?

Anil Gupta: I mean demand, this is the essential sector of the economy. And projects which are being constructed or nobody can install it for the want of raw material for more than a month or so. So and we have not seen any stalling of demand even till today because all the projects are time-bound, government infra projects are time-bound. And it delays in execution, leads to penalties and LDs to the contractors. So maximum they can delay the purchase by 15 days, 20 days or a month, but not beyond that. So and we have seen a healthy order booking even in the month of April also.

So these fears are not right. Secondly, we are keeping adequate metal booking and stocks in our plants to take care of our existing orders booked. And all the raw material increases, we are passing on to the customers in the new tendering. Many of the orders in our order book are already having inbuilt price variation clause. So if you recall, this cycle had come in end of 2020 as well as '21. And we had not it has not impacted our margins even at that time.

Moderator: The next question is from the line of Bharat Shah from ASK Investment Managers.

Bharat Shah: Good morning, Just one question. Given the kind of macro scenario that exists as a backdrop in power projects, constant buildup of the new power projects in conventional renewable energy, real estate construction activity, and in general, almost rebuilding India's industrial and manufacturing kind of a setup. That is what kind of a picture we are undergoing. So given that backdrop, what is the picture you would visualize 4, 5 years ahead in terms of growth rate, for the overall industry opportunity and for KEI, in particular, both in the industrial as well as household and kind of improvement in capital efficiency or otherwise, laid by margins or otherwise, if you can draw up a picture as to how do you see the coming 5 years?

And secondly, would you describe the period ahead, probably as one of the most significant ones in the history of KEI or it is that I'm putting words in your mouth. So I want to hear whether you as one of the industry leaders, do you believe that the period end is probably the most defining one for this industry in the longest time or it is just my imagination?

Anil Gupta: I think you have asked a very significant question. First of all, I see a very strong and good future for our industry. It is mainly because the way economy is growing and the way government is pumping in CapEx in the economy and resulting into large amount of private CapEx, which is now coming up in the manufacturing plant like semiconductors, like many industries like steel, cement and miscellaneous packaging industries, everything will lead to more and more demand for wires and cables because for any manufacturing projects or infra projects, power is needed, and this power can be carried only by insulated cables.

And more and more houses are built, more and more buildings and factories are built, lighting drives the demand of wires. I think next 5 years will be very strong defining period for our manufacturing sector and will establish the country in becoming a huge manufacturing hub. We are all building up and also for our company, the kind of CapEx we have embarked upon, we have spent INR400 crores in 23-24 on CapEx and expected to spend around INR1,000 crores in this financial year, 24-25, and another INR500 crores to INR600 crores in next financial year in our existing greenfield project coming up at Sanand near Ahmedabad.

So this will enhance our capacities to take care of coming up demand from these sectors, infra, power, manufacturing and construction, including real estate. And we also wish to build up our huge customer base from overseas geographies, so that we are not we diversify want to diversify our geographies to insulate the demand and our company from any risk in the demand cycle in any particular geography. So this has been the idea. And I think that scalability is very high. We even until now, our India's manufacturing capacity for wire and cables is not more than 12% or 15% of China.

So I think we have a much bigger population, and we have much better approach towards international markets. So there will be a substantial opportunity in the next 5 to 10 years in India as well as for our industry for export markets.

Bharat Shah: And on capital efficiency, as you mentioned, that scale up would occur, opportunities to do so are already visible, you're preparing yourselves for it. You earlier mentioned about copper price that it really doesn't change anything on a longer term because it's a bit of a pass-through. Keeping in mind all of these, how do you see the capital efficiency improving or otherwise over time? Will it be margin-led? Will it be scale-led or both or any other factor?

Anil Gupta: No, it will be both. As the scale goes up, capital efficiency improves, the turnover improves and also at least leads to a little bit reduction in overheads also because we are allocating same overheads on a larger production. Capital efficiency, I think we have ROCE 27.4% is a return on capital employed and I think more than 20% on return on capital. So I think year-on-year, we are improving this capital efficiency and as our sales are going up.

Rajeev Gupta: As we have earlier guided, Bharatji, that after the implementation of the new projects and increase in the retail prices retail sales and exports, we will be adding another 1% to 1.5% EBITDA by financial year '27 and '28.

Moderator: The next question is from the line of Nidhi Shah from ICICI Securities.

Nidhi Shah: First of all, I would like to congratulate you a great set of numbers. Most of my questions are regarding market share of KEI and Industrial. And basically, what do you think of exports. So in terms of exports, what geographies are you mostly targeting? Where do you see maximum growth for cable, especially for industrial cable? And currently, what is the market size of industrial cable in our country? And how do you see that going over the next 5 to 7 years?

Anil Gupta: Our major export markets are Australia, and now we have started significant exports to United States as well as Europe. And already, we have been doing good amount of exports in Africa and Middle East. Middle East is our substantial market for last 15 years. We are very much entrenched in their oil and gas projects in especially in Abu Dhabi, Qatar, Kuwait and Oman where major oil is there. And also, we are doing exports in adjoining countries like Bangladesh, Nepal also. So what was your other question?

Rajeev Gupta: Market size of the company.

Anil Gupta: Market size. So market size at the moment is around wire and cable industry is around INR75,000 crores. And we think that it will keep on growing by 15% year after year, the market size.

Nidhi Shah: This is a combination of like household and industrial cable put together.

Anil Gupta: Correct.

Nidhi Shah: Would you have, say, a bifurcation in mind of where that could be in the years to come, like which one would outweigh?

Anil Gupta: I think both will grow equally, but I think, in my opinion, the cables will grow faster.

Moderator: The next question is from the line of Naman Parmar from Niveshaay Investment Advisors. The next question is from the line of Rishi Kothari from PI Square Investments.

Rishi Kothari: Congratulations on the good numbers posted. So my question is related to the dealer and distribution that we generally operate in. So we have seen a good growth amount in the dealer and distribution market. So how exactly are we targeting the dealer and distribution? We know that more or less the market is fixated, but the only way to increase the market share is to take from the competition in a way more or less. So how exactly are we giving them US-themed outcomes that makes us a good dealer distributor compared to any of competitors?

Rajeev Gupta: Basically, for the dealer distributor market, we are targeting a growth of approximately 20% with respect to wire as well as the cable because more and more geographies, we are strengthening now and more and more new manpower, we are deploying in the southern part and the Eastern part of the country. That's how we are able to grow our dealer distributor business.

And we are strengthening our existing dealer strength also because we are appointing as well as we are exchanging from the weak hands to the stronger hands in the areas wherever it is. As Anilji has said, the industry is growing well because of all the factors in our favor, so that's why the growth is that's how we are taking the market also.

Rishi Kothari: But also what differentiates you from any other competitor by is there something in terms of margins that you provide them that makes you stick with that dealer or something?

Anil Gupta: Sir, it is the approvals with the various end users and also our brand strategy, the stocking of wires and cables in our depots, we are stocking at around 26 locations. And also, our strong sales team across the country, which are reaching out to the customers, and business development activity we carry out.

Rishi Kothari: Okay. So in terms of the footfall towards our customers in terms of dealers is quite strong compared to our competitors?

Anil Gupta: Yes.

Moderator: The next question is from the line of Sangeeta from Cogito Advisors.

Andrey Purushottam: This is Andrey Purushottam, her husband and partner. First of all, Guptaji, congratulations on a great set of results. You are making this a habit. One is that your PAT growth has been slightly slower than your EBITDA growth. So can I understand why that is happening? And how do we see this in the next year going forward?

Rajeev Gupta: Actually, year-on-year basis, our EBITDA percentage will also grow as well as our PAT percentage will also growth because this year also, the PAT has grown. it was 7.28% versus 7.087%. PAT is also growing. Sometimes the financial charges a little bit increases because of the bank guarantees we are providing on large orders. That expense is booked in the same quarter actually.

Andrey Purushottam: Okay. So it's just a minor variation here and there.

Rajeev Gupta: Yes, yes. So in future, as we earlier guided that we will now towards crossing the 11% EBITDA margin, PAT margin is more than 7%. So now we will be marching towards the 7.28% to 7.4% kind of thing percentage. So like on year-on-year basis, we will be improving in our EBITDA as well as in our PAT margin.

Andrey Purushottam: Right. My second question was, was this China Plus One play, which we referred to on your answer to another person who was on the call. Can you give me some flavor as to what is happening? Are you getting inquiries from companies which would never dealt with you before and dealt with Chinese suppliers before? Or is it happening that you are dealing and competing with Chinese suppliers and despite the fact that you are not the lowest cost, you're getting the orders? Can you give us a flavor of the kind of conversations that is happening and going a little bit behind the surface to understand the psyche of your buyers? And how is it that you are actually getting advantage of the China Plus One strategy?

Anil Gupta: See, especially 1 factor is that we have been working on this approvals from certification bodies in U.S.A. and Europe for the last several 3, 4 years. So that has come on board. Secondly, definitely, we are the customers are referring that they want to develop 1 country apart from China, whom they think is a significant one in their supply chain. You already know that the political relationship of China with many a bit U.S.A. and other many countries are not very good. So ultimately, that position is reflected in the large companies, which are procuring products from China, and they definitely want to secure their supply chain and don't want to risk themselves due to any political uncertainty.

Andrey Purushottam: So what is happening? Are you getting inquiries from people who didn't believe it before or are you having...

Anil Gupta: Yes, we are getting inquiries. But inquiries can be converted into orders only if we are having technical certifications in those countries and sales network in that country. So these 2 things are very important even if we are getting an inquiry vis-a-vis an existing supplier of that country.

Andrey Purushottam: My last question was your B2C component of sales has been increasing, but now it is increasing at a slower rate. So should we assume that it will saturate somewhere around 50%, 55%? Or do you think it can go more than that?

Anil Gupta: We I think our aim is to reach it to 50% of the total sales. And beyond that, we also would like to maintain our direct sales to the customers as well. So our company believes in maintaining large customers to be dealt directly.

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

Manoj Gori: Sir, my question is with regards to your B2C business. So if you look at probably over the last few quarters or probably last 6 to 7 quarters, we were seeing industry we're seeing largely some pressure from the real estate led demand. Are we seeing any signs of revival? One of the players who have already reported the numbers, they indicated over the call that we are seeing some signs of revival with the real estate led demand. Any insights over there?

Anil Gupta: Revival, I think we our numbers are very clear that we are having good sales to the real estate sector. So I don't know I mean, what revival comes there was a dullness.

Manoj Gori: So sir, my question was more specifically on the industry side because obviously, KEI has been doing extremely well and probably this is not limited to a year or 2. I've been looking after this big company for the last 8, 9 years. But just wanted a sense on the industry front probably. How we are looking at this?

Rajeev Gupta: You see the real estate sector is growing. And as we are hearing and we are witnessing that all the metro cities, wherever earlier that 2 years before the real estate demand was not there. So now these demands are there and new projects are coming in these metro cities, and they are being sold out also. So this kind of demand is already there in the on the ground.

Manoj Gori: Sir, my second question would be on the capacity. So probably last year or few quarters, we did see some capacity constraints. So for this year, given the visibility that KEI is having on the demand front. We have ample capacity or probably, we don't see any coming over there?

Rajeev Gupta: Manoj, we have added the capacity last year, which will be resulted last year also. And in the current year also, we are still adding and we are going ahead with the new. If you go by the volume number, we have grown by more than 22% in the last financial year in terms of volume because prices may go up, prices may go down. .

That's why whenever we guided you about the top line, we are for the conservative number so that we have guided earlier 16%, 17%. But finally, we have grown by 17%, 18%. In the current year also, the growth rate will be close to 17%. And that can and by that time, for the next financial year, about the new capacity of the final project will be available. So our overall target to grow year-on-year, this is 17%, 18%. That's how we are increasing the capacity.

Manoj Gori: And this 17%, 18% would be in value terms, right?

Rajeev Gupta: Yes, yes, in value terms. Definitely.

Manoj Gori: So how does the market...

Rajeev Gupta: You see the volume may go up, volume may go down, prices may go up, prices may go down. So we have to discount for that actually.

Manoj Gori: Right. And sir, how do we see the margin versus FY '24 level?

Rajeev Gupta: Yes, margin is close to 11%, and we will be maintaining close to 11% margin in this year also.

Moderator: The next question is from the line of Gaurav from IIFL Securities.

Gaurav: Specifically question on the EHV cable side. So what sort of demand we are seeing on the domestic and international side? And what sort of inflows we can expect in next 2 to 3 years, specifically on the EHV side?

Anil Gupta: See our present capacities are close to INR600 crores per year of the cable EHV cables. And we are, I think, we have fully utilized it last year, yes. So this year also, it will remain the same. We are not we have because the new capacity is coming up only at Sanand. And it will take close to 24 months to from now. By end of FY '25. '26 that new capacity will come up. So it will we will be able to grow this only after 2 years because this is a heavy project, and it takes time to bring that capacity. The construction has already started.

Gaurav: Sir, specifically, if you could talk about the demand, like is it more likely driven by the domestic or the international side?

Anil Gupta: I think we have seen the growth in both the sites, of course, because the export base was low. So the percentage growth in exports last year has been 58%. And this year also, it looks to be strong. But domestic also grew by 19%. So I think that and it is it more depends on where we are allocating our capacity. Demand is there at both fronts.

Gaurav: And you mentioned about folding into U.S. market with these cables and wires. So are we in any progress with like do we have a tie-up with local EPC player where we can actually supply? Is there any development on that side?

Anil Gupta: First of all, let me tell, we are only selling cables over there. We are not selling any wires. And it's not a tie up. We these are the customers which we have developed who are placing their orders on us. So I mean, I don't think they I don't know what do you how do I define tie-up?

Rajeev Gupta: Actually, we are serving directly customer in our export market all over the world.

Anil Gupta: And they are mainly EPC contractors or direct users.

Gaurav: Sir, lastly, 1 or 2 bookkeeping question. I missed the order book bifurcation, if you can just please highlight the same.

Rajeev Gupta: So we have order book is the EPC division is in INR771 crores. Extra high-voltage power cable order is INR374 crores. And our domestic market cable order book is INR1,865 crores. And our export cable order is INR521. So overall order book is INR3,531 crores.

Gaurav: Okay. Okay, sir. And sir, if you could just highlight the A&P spends during the year like what was the percentage and what trajectory we are expecting going forward?

Rajeev Gupta: Every year, we are spending around INR50 crores, INR60 crores. So last year, we spent around INR49 crores. Again, this year, we will be increasing a little bit for INR4 crores, INR5 crores extra. So year-on-year basis, a little bit, we are increasing depending on the sales, which we are increasing. .

Moderator: The next question is from the line of Harshit Kapadia from Elara Capital.

Harshit Kapadia: Many congratulations for a set of numbers. Sir, few questions. Just to understand on the demand per se, are you seeing any sector additions, which has been something new sector, which you can highlight, which you have started supplying your cables to, is there anything new in that, that will be helpful?

Anil Gupta: We are covering all the sectors even for many years now. So oil and gas, industry, steel, cement, power generation, transmission and distribution. At the moment, I'm not able to make out if any specific sector addition we have.

Rajeev Gupta: But these sectors are already there because whether you talk of infrastructure, capex or real estate sector or the other power sector, it is already there actually.

Harshit Kapadia: I was referring from the point that there could be new things like EV charging cables.

Anil Gupta: You're right. I forgot. We have added EV charging cables in our portfolio, and this is a factor addition in the last financial year. We have already started production and commercial sales of EV charging cables.

Harshit Kapadia: Okay. Okay. And there was also a plan that you want to get diversified into other consumer electrical segment. And given with the current demand scenario, both on domestic and export side, do you think you would want to continue at this point in time? Or you may want to relook at it probably...

Rajeev Gupta: As of now, because we are doing the heavy capital expenditure, so we are not planning any diversification rather than we are stick to our product range, but we are adding the markets over there, new geographies over there. And whatever addition of the product in the cable, that will remain the same, but that we will be continuing.

Harshit Kapadia: Understood. And sir, last question is on the EPC side. We have seen earlier, there was an EPC cycle boom and then we had refrained from getting into EPC projects. Now again, power demand is rising. We are seeing a lot of cancellation, substation and orders being coming out. Do you think you want to again reenter that particular...

Rajeev Gupta: EPC project, we have already reduced to the level of 5%, 6% of our total business, that we will be maintaining actually.

Harshit Kapadia: That you will be maintaining.

Anil Gupta: Whatever new orders are coming in on EPC side, we will be gained by supplying our cables to those EPC contractors.

Harshit Kapadia: Right, right. But you won't enter into as an EPC player, right?

Anil Gupta: No. Not in a significant.

Moderator: The next question is from the line of Praveen Sahay from P L India.

Praveen Sahay: Many congratulation on a good set of numbers. So sir, my question is for the full year last year, if I look at your housing wire and vending wire segment, has deliver a very strong number? And also, if I look at incremental revenue you had generated a maximum out of that actually. So as compared of your the LT, SG cables actually. So on the way forward, do you believe this 100 of incremental sales to continue because this is largely in the cable versus the wiring. So where you will see in 25-26 incremental sales?

Anil Gupta: See, we have delivered higher numbers in wire because first, we had the capacity. Secondly, our base numbers are lower than compared to our immediate big industry peer group. Thirdly, we have tapped into a lot of newer areas in the country where our dealers were not present by expanding our dealer base. And fourthly, because there was a capacity constraint in the cable in the LT and SG side. So the chances of higher growth was limited because of the capacity I think these were the major reasons that we have seen higher growth in our wire segment.

Praveen Sahay: So just to clarify further to that. your capacity, especially in the cable is coming in for '25 and '26. So would you be able to maintain your buyer contribution of a 30 percentage around in your total pie? Or it will be...

Rajeev Gupta: It is not like this. It is basically whatever capacity we are adding and we are having, we will be utilizing that capacity, whether in buyer or in cable. And accordingly, put together all, we will grow 17%, 18%. You see sometimes the buyer grow more, sometimes HP grow more, sometimes export grow more, sometimes domestic grow more. So it is always the allocation of the capacity depending on the order, which we are having.

Praveen Sahay: Okay. And the next question, for your guidance related to the export to grow at 50%, and overall growth of 17%, 18%. That's to see a lower growth at the domestic number, actually. So as the domestic industry also, you had said a 15% growth rate. So would you match this 14% or 15% of industry growth or would be lower?

Rajeev Gupta: No, no, we are not talking of the we are talking of the industry, but we are also talking of the company also because whatever capacity we have created or we are in the creation of capacity only to that extent, we will be growing. So whatever we are growing our future growth target is growth to at least 17% CAGR for next 5 to 10 years because in the last 15 years, we have grown at a pace of 14%. And our peer group also has grown to the level of 14%, 15%. So we are talking about the longer-term horizon, not for 1 year or 2 years.

Praveen Sahay: Okay. Got it. And that is a mix of export and domestic business long term?

Rajeev Gupta: See, for us, whether sales comes from domestic, sales comes from export, sales comes from the retail. It is not the matter. The matter is how we are utilizing the capacity, and we are improving our working capital cycle. So that is the main thing for us.

Moderator: The next question is from the line of Koundinya Nimmagadda from Jefferies.

Koundinya Nimmagadda: I just want to reconcile the CapEx numbers. You spoke about Chinchpada and Pathredi, you had about INR50-odd crores for FY '25. What is the expected CapEx for Sanad and total CapEx, sir, under...

Rajeev Gupta: Close to INR900 crores plus CapEx will be for the Sanand project in the current year because we need to complete the Phase 1 for that project.

Koundinya Nimmagadda: And the project will be commissioned by FY '25 or FY '26 first quarter or last quarter?

Rajeev Gupta: In the 1st April so basically, the first quarter of the '25.

Koundinya Nimmagadda: Okay. So next year, it will be spending close to INR1,000 crores of CapEx.

Rajeev Gupta: No. Current year, we will be spending around INR900 crores to INR1,000. Next year will be a remaining portion of INR500 crores to INR600 crores only.

Koundinya Nimmagadda: Okay. Understood, sir. And sir, sorry, my line got disconnected. Can you repeat the capacity utilization numbers, please?

Rajeev Gupta: Capacity utilization was 92% in our cable division and close to 70%, 75% in the wire division.

Moderator: The next question is from the line of Naman Parmar from Niveshaay Investment Advisors.

The line from Mr. Naman is not appropriate. The next question is from the line of Sandesh from HSBC Mutual Fund.

Sandesh: Sir, I wanted to ask how has been the volume growth for the quarter and the full year. Can the entire growth be attributed to volume? Or there has been some price hikes also in this?

Rajeev Gupta: Actually, price was less. So the volume growth in the Q4 was 24%, but volume growth for the full year was 22%.

Moderator: That will be the last question for today. I would now like to hand the conference over to management for closing comments.

Anil Gupta: So I thank you very much to all our investors for participating in this conference call. And if you have any further questions, you may reach out to us. Thank you very much.

Rajeev Gupta: Yes. Thank you very much to all.

Moderator: On behalf of Monarch Networth Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.