“R R Kabel Limited

Q2 and H1 FY '27 Earnings Conference Call”

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.

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MODERATOR: **MR. CHIRAG BHATIYA – MUFG INTIME**

Moderator: Ladies and gentlemen, good day, and welcome to R R Kabel Limited Q2 and H1 FY '27 Earnings Conference Call hosted by MUFG. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Chirag Bhatiya from MUFG. Thank you, and over to you, Mr. Bhatiya.

Chirag Bhatiya: Thank you, Renju. Good afternoon, everyone, and a warm welcome to all the participants on the Q2 and H1 FY '27 Earnings Conference Call of R R Kabel Limited. Joining us today are Mr. Mahendrakumar Kabra, Managing Director; Mr. Rajesh Kabra, Joint Managing Director; Mr. Rajesh Jain, Chief Operating Officer; and Mr. Jigar Mehta, Chief Financial Officer.

Before we begin, I would like to give you a brief disclaimer. This call may contain forward-looking statements based on our current beliefs, opinion, and expectation as of today. These statements are not the guarantees of the future performance and are subject to risk and uncertainties that could cause actual outcome to differ materially. With this, I would like to now hand over the call to Mr. Mahendra Kabra Ji for his opening remark. Over to you, sir.

Mahendra Kabra: Good afternoon, everyone, and thank you for joining us for R R Kabel's quarter two FY '27 earnings calls. I have with me Mr. Rajesh Kabra, our Joint Managing Director, Mr. Rajesh Jain, our Chief Operating Officer, and Mr. Jigar Mehta, our Chief Financial Officer.

Let me begin with a very brief overview of the operating environment and our performance during the quarter. The broader economical environment continues to offer encouraging opportunities supported by India's sustained focus on infrastructure development, power and electrification, housing, and industrial investments. These structural drivers continue to support the long-term growth prospect of the wires and cable industry. While global uncertainties and evolving market dynamics remain factors to watch, we believe the industry's fundamentals remain strong, providing significant opportunity for organized players like R R Kabel.

Against this backdrop, I am pleased to share that R R Kabel has delivered its highest ever half yearly revenue, operating EBITDA, and profit after tax. I am also pleased to share that our board has declared an interim dividend of INR 6.50 per equity share. Further, the board has approved an investment of INR 200 crores towards land acquisition in Rajasthan to support our future expansion plan. This decision reflects our continued focus on rewarding shareholders while investing in the long-term growth of our business. I would also like to highlight an important development during the quarter.

On 25th September 2026, we entered into new business transfer agreement with UM Cables Limited, a wholly owned subsidiary of Usha Martin Limited. For the proposed acquisition of UM Cables business undertaking engaged in manufacturing and selling optical fibre and related cables.

The agreed consideration is approximately INR 77 crores, subject to post-closing adjustments. The transaction remains subject to fulfilment of the condition precedent and has not recognized

in our results as of September 2026and before I conclude, with Diwali just around the corner, I would like to extend my warm wishes to all of you and your families for a happy, healthy, and prosperous Diwali. With this, I would now invite Mr. Rajesh Kabra to share his perspective on our business performance and outlook. Over to you, Rajesh.

Rajesh Kabra: Thank you, Mahendra-Ji, for the opening remarks. For H1 FY '27, our consolidated revenue grew by 53% year-on-year. Operating EBITDA grew by 79%, and PAT increased by 87%. We also delivered an improvement in EBITDA and PAT margins supported by higher gross profits, operating leverage, and improved cost efficiencies. Our wires and cables business continued to lead the performance with revenue growth of approximately 53% in Q2 and 55% in the first half.

We saw strong revenue growth across domestic and international markets, with exports growing faster than domestic in Q2. Higher export growth reflects our strong competitive positioning in international markets, while domestic business remains a key pillar of our growth strategy. Our focus is clear to deepen market penetration, strengthen execution capabilities, and capitalize on opportunities across infrastructure, construction, and industrial segments to drive sustainable volume-led growth.

Improvement in operating profitability is another encouraging aspect of our performance. For H1, wires and cables segment profit grew by around 78%, with segment margin improving by approximately 124 basis points. This reflects disciplined commodity management, improved operating cost absorption, and operating leverage. Turning to FMEG, we continued to build business scale. The segment delivered revenue growth of approximately 42% in Q2 and 35% in H1.

Growth was seen across key categories, with appliances making a particularly strong contribution, including from new products. While FMEG segment reported a loss in the second quarter, the H1 segment loss margin narrowed to 2.2% from 4.5% in corresponding period last year. Our objective remains to achieve full year breakeven at segment profit level in FY '27. Building scale, improving cost absorption, and maintaining operating discipline remains central to this effort.

As we enter the second half, our focus is on building upon strong performance delivered in H1. In wires and cables, we aim to sustain our growth momentum, further strengthen our international presence, and capitalize on emerging opportunities in the domestic market. In FMEG, our priority is to translate the growth scale of operations into improved profitability.

Across both businesses, we remain committed to margin improvement, operational efficiencies, and stronger cash generations to drive sustainable growth. On that note, I would also like to wish everyone a joyous and prosperous festive season ahead. With this, I will now hand over the call to Rajesh Jain to take you through our financial and operational performance in greater detail. Over to you, Rajesh-Ji. Thank you.

Rajesh Jain: Thank you, Rajesh Ji, and good afternoon, everyone. Let me start with our consolidated performance for the second quarter. Revenue from operations stood at INR 3,284 crores, compared with INR 2,164 crores in Q2 FY '26, representing year-on-year growth of 52%.

Operating EBITDA stood at approximately INR 286 crores, compared with INR 176 crores last year, a growth of 63%. The EBITDA margins improved to 8.7% from 8.1% in the corresponding quarter, an expansion of approximately 60 basis points.

Profit before tax stood at approximately INR 242 crores, up 56% year-on-year. Profit after tax was approximately INR 181 crores, compared with INR 116 crores last year, a growth of 55%. PAT margin stood at 5.5%, compared with 5.4% a year ago. Coming to the first half performance, consolidated revenue increased to INR 6,452 crores from INR 4,222 crores in H1 FY 2026, representing growth of 53%.

Operating EBITDA grew by 79% of approximately INR 571 crores, compared with INR 319 crores last year. EBITDA margins expanded by around 130 basis points to 8.9% from 7.6%. Profit after tax increased to approximately INR386 crores compared with INR 206 crores last year, a growth of 87%. PAT margin improved to 6% from 4.9% in H1 FY '26. Now coming to segment performance. Let me first cover wire and cable.

During Q2, the segment recorded revenue of approximately INR 3,010 crores, compared with INR 1,971 crores in Q1 FY '26, representing growth of 53%. Segment profit before tax and interest was approximately INR 282 crores, compared with INR 180 crores last year, a growth of 57%. The segment profit margins improved to 9.4% from 9.2%. For H1, wire and cable revenue stood at approximately INR 5,890 crores, growing 55% year-on-year. Segment profit grew by 78% to around INR 568 crores, with segment margin expanding to 9.6% from 8.4% last year. Overall wire and cable volumes grew by high single -digit in Q2, and for H1, the volume growth stands at low teens. We remain focused on improving volumes, supported by disciplined pricing, execution, and cost management. Within wire and cable, the overall segment profit margins improvement was driven by higher gross profits, disciplined commodity management, and operating leverage.

As we move ahead, maintaining this balance between growth and profitability will remain a priority. Turning to FMEG, revenue stood at approximately INR 274 crores during Q2, compared with INR 193 crores last year, a growth of 42%. For H1, the business recorded revenue of approximately INR 562 crores, up 35% year-on-year. The growth was broad-based. During Q2, revenue growth was seen across categories, led by robust performance in appliances and contribution from new products. The segment reported a loss of approximately INR 12 crores in Q2, similar to the corresponding quarter last year. However, the segment loss margins have narrowed to 4.5% from 6.1% a year ago. For H1, the segment losses reduced to approximately INR 12 crores from approximately INR 19 crores last year. The H1 loss margins narrowed to 2.2% from 4.5%, supported by growth in scale and improved absorption of operating costs. We continue to focus on the full year objective of breakeven at the segment profit level. Our net working capital cycle improved to 46 days as of September '26, from 49 days in March and 50 days in June.

On the outlook, our priorities remain to strengthen volume growth in wires and cables, maintain operating cost efficiencies, manage working capital closely, and continue progressing towards

profitability in FMEG. We remain attentive to commodity price movements and their impact on both realization and margins.

Overall, we are encouraged by our H1 performance while recognizing the importance of sustainable volumes, cash conversion, and discipline execution in the quarters ahead. With this, I would now request the moderator to open the floor for questions and answers. Thank you.

Moderator: Thank you. The first question comes from the line of Achal Lohade with Nuvama Institutional Equities.

Achal Lohade: Congratulations for the strong quarter yet again. Two questions. First, in terms of the volume growth, if you could split in terms of the wires and cables for the quarter. And also, if you could also give us some sense in terms of domestic volume growth and the exports volume growth, please.

Rajesh Jain: Yes. So our overall volume growth was like high single -digit. Sorry, can you come up again?

Achal Lohade: In terms of the volume growth, if you could split in cables and wires for 2Q. Also, in export and domestic fashion for 2Q.

Rajesh Jain: Yes. Our overall volume growth. It seems we are getting disturbance from background. Can you hear us better?

Moderator: Yes. Mr. Lohade, I think there is a disturbance from the background. Can you move to a place where there is no disturbance in the background?

Achal Lohade: Is this better?

Moderator: Yes, please go ahead.

Rajesh Jain: Our overall volume growth was in high single -digits, where wire outpacing cables. If we further see, our wires were growing in double digits, while cables, we have seen a single digit growth. And same in our exports. Exports growth was faster than domestic.

Achal Lohade: Got it. Is there any weakness in the cables volume growth, in your opinion, given we are adding capacities? So ideally, the cables should have grown faster than wires. So if you could help us understand, how do we see this?

Rajesh Jain: No. You see, in quarter -on -quarter, you may see some variation, like depending, last quarter was monsoon season also, and there are various factors. But fundamentally, nothing has been changed in growth drivers of this industry, and we are quite positive in whatever expansion we are doing in our cable capacity, which will help us to grow as per our growth plans.

Achal Lohade: And in terms of the growth expectation for the full year, how do we see for cable and wire segment, sir, in terms of volume or value?

Rajesh Jain: Yes, on yearly basis, we are expecting to achieve the growth of around 14%, 15%.

Achal Lohade: So, which means that we are looking at a high teens kind of a growth for second half. Is that a fair way of looking at it?

Rajesh Jain: I think already given the specific numbers, around 14%, 15%.

Achal Lohade: Okay. I am just curious to kind of figure out the expectations. But the second part, with respect to the margins, if you could help us understand, how do we see the margins playing out for FY '27 and '28, if there is any change?

Rajesh Jain: If you see our earlier guidance where we have guided for improvement of approximately 300 basis points in three years, which was FY '26, '27 and '28. As per those, we have targeted to achieve growth of 9.5% EBIT margins in our wire and cable segment, where even if you see on a half yearly basis, we are at 9.6%. So our margin guidance remains the same. To be specific, 9.5% for this year and approx. 10.5% for FY 2028.

Achal Lohade: Got it. Great, I will fall back in the queue for follow ups. Thank you so much Sir.

Moderator: Next question comes from the line of Praveen Sahay with PL Capital.

Praveen Sahay: Yes, many congratulations for a good set of numbers. Just on the volume side, as you had mentioned, 14%, 15% for a full year. That means a good volume growth in the H2. We believe, and we had seen in the last year, in the second half, your volume growth were very strong, like Q3 were very good, 30% of a growth, and then after also a double digit of a growth in the Q4. So even on the higher base, you are confident of delivering on the higher side of the mid-teens of a volume growth in the second half?

Rajesh Jain: Yes, Praveen. If you see normally H2 is always we have seen higher volumes year-on-year. I have experienced in over my experience of previous so many years. Still I think we will be able to achieve this, our growth plan, whatever we have done, even based on these higher volumes. We are quite confident to achieve that.

Praveen Sahay: Secondly, on the contribution of the export. Because we have seen that export contribution over the last 4 years, 5 years increase from some 20%-23% to now 33%-35%. Where do you want to see this export contribution for your business going up in the couple of years? Also secondly, in the export, is it still skewed towards a higher wire export or you are transitioning towards a cable?

Rajesh Jain: So if you see our overall always export was very big in our revenue pie and it was always in the range of 25%-30% and now we are moving towards approx. 35% kind of range also. But at the same time, we have equal focus in our domestic wires and cable side also. At the same time, the growth in export, majority is coming from cable side where earlier we were having limited capacities, but now after installing new capacities, now we see enough growth and more growth opportunities also in cable side of the business. Even in export also and as well as domestic.

Praveen Sahay: Okay, so the mix towards cable is also improving in export.

Rajesh Jain: Yes.

Praveen Sahay: Sir, next question related to the balance sheet. One, on the working capital creditor days we have seen a jump up in the first half. Can you give some indication why it is increased and will it continue to be at that level?

Rajesh Jain: When you see the commodity prices are also on increasing trend and to have efficient control of available capitals, we have balanced more towards trade payable and trade. In that sense, our days have increased but overall net working capital is improving in a good trend and now we are in the range of 46 days, which was six months ago, it was around 49 days or 50 days. It will remain in that trajectory of 45 -50 days only.

Praveen Sahay: Okay. Lastly, on the capex, as you had given some indication last quarter call, that is around INR 600 crores -INR 650 crores of planned capex for FY '27 and as for the cash flow, you had already did INR 280 crores, and I believe INR 77 crores of UM Cables is also included in that. Are you still going on in the same pace, like of INR 600 crores, INR 650 crores for a full year of capex?

Rajesh Jain: First, let me clarify this. UM Cables amount is not included in this INR 281 crores. Yes, since payout is not still done. Secondly, yes, of course, whatever we have planned in the beginning of the year in the range of like INR 550 crores to INR 600 crores, it will be there. As our capex plan is on track and we are executing on time.

Praveen Sahay: Yes. And INR 200 crores of investment is over above this.

Rajesh Jain: Yes, that is different because. That is new capex, what we are working on that and this is INR200 crores land acquisition is first step towards our new capex plan.

Praveen Sahay: That will outflow this year only?

Rajesh Jain: Major, maybe few part in this year and some part maybe in first half of next year.

Praveen Sahay: Thank you sir, and all the best.

Moderator: Next question comes from the line of Sanjeev Kumar Singh with Motilal Oswal Financial Services Limited.

Sanjeev Kumar Singh: My first question is on UM Cables business. What is the revenue potential at current capacity? What kind of margin can we expect? Is there any potential to improve the cost structure and operating margin? Apart from that, also, if you highlight what kind of potential we see next three, four years from this business?

Rajesh Jain: So as a first step, now we have acquired this business and now we are working on detailed business plan. Of course, there are opportunities to grow that business. But it will be too early to have some detailed plan regarding next three, four years. But I think by next quarter we will come with detailed plan. And since this plant was having very low capacity utilization, so we will improve our capacity utilization and improve revenue as immediate effect also.

Sanjeev Kumar Singh: Okay. Secondly, on FMEG business, so we have again seen that the business has slipped into losses after breaking even in the previous quarter. So though you said that you want to, in the full year FY '27, you want to see it into break even, but which factors have led to profitability impact into 2Q FY '27?

Rajesh Jain: So first of all, even at the beginning of this year, we guided that on a yearly basis, we will achieve the EBIT margin breakeven. Though we achieved the breakeven in Q1 itself, but Q2 is always, since we have some seasonal effect also, and Q2 is always a little bit like demand is muted. So we could not achieve profitability in this quarter, but we are working as per our plan only, and we will achieve breakeven at yearly level by FY '27 levels.

Sanjeev Kumar Singh: Lastly, sir, in the previous question, there was a question on trade payables. So we have seen that trade acceptances had increased by around 3 x in FY '26, and currently also it seemed to be that it is increasing, which is also resulting in higher interest costs. So can you give us the figure for first half FY '27? I think FY '26 was closer to INR 1,100 crores.

Rajesh Jain: Since we are working with LC utilization, our limits or utilization has increased. But still, if you see majority of our purchases in metal, now we are doing on LC-backed trade facility. So you have seen higher levels of our payables. But it is like normal course of business where we are using efficient use of available working capitals.

Sanjeev Kumar Singh: Any number for trade acceptances, sir?

Rajesh Jain: Let me check and I will come back to you. Just give me a minute. Yes. Yes, it is like if I see overall amount of LC back there is INR 1,290 crores or something like that.

Sanjeev Kumar Singh: Okay sir, Thanks a lot.

Moderator: Next question comes from the line of Sandesh Shetty with HSBC.

Sandesh Shetty: Yes. First of all, I wanted to ask on 100 basis points contraction in gross margin, sir. So is it because of mix or something else there?

Rajesh Jain: One, it is always…

Sandesh Shetty: Pick up gross margin, sir.

Rajesh Jain: Yes. One is, of course, product mix is there. Secondly, since we are working on very high raw material base prices, there will be some impact. If we see overall profitability, as per our business plan only, we are moving ahead.

Sandesh Shetty: Also, sir, on the finance cost, we are seeing some pickup there. Is it the new normal or it will normalize by the end of year?

Rajesh Jain: Yes. With such a high raw material prices, interest cost seems to a normal way of business.

Sandesh Shetty: Also, sir, one more question. On the competition, there has been talks of increased competition from September because of the intent of a new competition. If you can share your thoughts because our business has more of wires components, how do you see the new competition intensity and how you plan to mitigate the impact from it?

Rajesh Jain: I always believe competition was always there, and it will remain always because competition is part of business, though there may be players may change or their competition intensity can be changed, but it is part of business and we have our own growth plans, and we will keep growing as per our planning by doing efficient utilizations of our plant and as well as improving on our sales and marketing strategy.

Sandesh Shetty: Sure Sir, that was it from my side. Thank you

Moderator: Next question comes from the line of Yash Jain with Ambit Capital.

Yash Jain: Sir, a couple of questions. First, when we talk about competition increasing in the domestic market, what are we doing on the export side to offset some of the pain? Are we trying to enter any new geographies or getting any new approvals? Something on that line, if you could help with that.

Rajesh Jain: As earlier also I said that we have equal focus on our growth, be it domestic market or export market or wire side or cable side of the business. Of course, we have very high contribution from my export side of business also. But at the same time, we are equally focusing on our domestic market also. It is not that just because of competition, we will have more focus. It is normal way where we are focusing on each and every opportunity of growing in either all product category also and all geography also. It is normal way where we will keep focusing on our growth.

Yash Jain: Right. But also any new approvals that you are trying to get or are in the process of obtaining any new approvals that open more further TAM for us in the export market?

Rajesh Jain: So this is, again, also normal process, where we keep getting or adding new approvals of three to four international approvals each year. Right now, also we are in process to getting few approvals, and it is again looking to new markets, new product category. It is continuous process where you keep seeing new additions in our approvals quarter on quarter or year on year.

Yash Jain: And one last question, sir. We have reduced your volume guidance for FY '27. What is the visibility that we have right now for FY '28? Any color on that from a volume growth perspective?

Rajesh Jain: In such a volatile market, I would not like to have a very focused comment on this. But we will keep focusing on our growth plan in terms of volumes.

Yash Jain: Okay, Thank you sir. (31:55)

Moderator: Next question comes from the line of Natasha Jain with Phillip Capital.

Natasha Jain: Congratulations on a good set of numbers. My first question is on the existing plant. Apparently, some plant has shifted from one location to another. Could you just throw some light what is this and will it disrupt any production?

Rajesh Jain: Yes. No. In Roorkee, we are shifting our plant, but we have a plan in such a way that there will be no disturbance. But we will increase our capacity in FMEG also. But it is not disturbing any current production cycle like that.

Natasha Jain: Got it. And sir, the INR 200 crores acquisition of land, could you call out a little detail here as to what is the plan here? What kind of product will be manufactured of this land?

Rajesh Jain: As of now, we have not come up with detailed capex plan. As earlier we said that after maybe one or two quarters, we will come up with detailed capex plan. But of course, it will be towards our capex in wire and cable growth original plan only. So, it will enhance our capacities in that product range.

Natasha Jain: Got it. Sir, one last question. Receivables have increased very sharply. Is there any stress in terms of payment from the channel or from the customer given there are liquidity constraints in the channel? Or is it just a normal course of business?

Natasha Jain: Understood, Sir. Thank you so much and all the very best.

Rajesh Jain: It is quite a normal course of business because if you see my number of days have improved from 34 days to 32 days. So, though volumes are high because my business is also growing. At the same time, in terms of number of days, we are improving quarter-on-quarter.

Moderator: Next question comes from the line of Pathanjali Srinivasan with Sundaram Mutual Fund.

Pathanjali Srinivasan: I have couple of questions. Firstly, I see that all the peers in the industry are reporting kind of low volumes. Given that there's so much capacity coming amongst all of you, how do you see the environment panning out with this kind of environment there?

Rajesh Jain: No, we are quite confident to achieve our growth plans and since we are putting more capex towards enhancing our capacities and we see good growth in domestic as well as export market. So overall it seems we will be able to achieve our growth plan in spite of whatever others are doing.

Pathanjali Srinivasan: Anything you could call out in particular as to segments where things are seeing some bit of slowdown or there was some bit of reason why the growth was weaker and you have also tapered down on your guidance. Can you give us some color as to why you feel you will be able to do a lower volume growth this year? What is causing this to happen?

Rajesh Jain: See, on quarterly basis there may be some fluctuation, but fundamentally, I have not seen any indication where I see that growth will be taper down or there will be slow growth. Since we are doing better than industry and we will keep performing in that side only.

Pathanjali Srinivasan: No, sir, I am just checking because I think it cut down your volume guidance by 2%. So I just wanted to know if there is any segment where you are seeing a slowdown or something like that, which is what is making you trim your view on growth for the current year.

Rajesh Jain: See we have corrected by just few basis point on this. There is not huge change in scenario. As you have seen always, volatility is part of business where quarter-on-quarter there are so many changes we have seen which affects demand in near term. But overall, I don't find any fundamental change in industry growth or our growth plans. So I haven't seen any specific factor which is decreasing growth for this industry.

Pathanjali Srinivasan: Got it sir, Thank you.

Moderator: Next question comes from the line of Vidit Trivedi with Asian Market Securities.

Vidit Trivedi: Congratulations on great set of numbers. My first question is with respect to the exports. Just wanted to check which geographies and product categories are driving this increase. Secondly, in continuation of this, earlier, I remember our exports mix was leaning heavily towards the wire side. Just wanted your comment on that. How are we seeing this over the next 12-18 months?

Rajesh Jain: So now, since we started our journey from wire, of course, the wire was more in our export, but now with enhanced capacity in cable side also, we are focusing more and expecting more increase in cable exports. This ratio is slightly changing in favor of cable now. At the same time, since we have presence in so many continents, and we have seen equal growth in all continents, like specifically in Europe and Middle East, which are the biggest contributor in my export pie.

Vidit Trivedi: Sir, can you please call out the exact mix for this quarter in the exports?

Rajesh Jain: Exactly, breakup is not available with me, but it is like cable side is improving.

Vidit Trivedi: Got it, sir. Sir, secondly, on the FMEG side, we reported a loss of almost INR 12.5 crores this quarter, but in the earlier quarter, we did break even, and the top line in the FMEG segment grew by almost 42%. Just wanted to check what exactly drove the sequential deterioration and which categories are profitable and how do you see, going forward, the overall segment performance?

Rajesh Jain: If you see my overall revenue breakup in FMEG, we are fan-heavy company in FMEG segment side, and since this fan is low season period for this Q2, the other segments like light and appliances contributed more, while we are expecting more profitability or more growth from fan side.

We always say that Q2 is always less in terms of profitability also and in terms of revenue also. We are expecting H2 at much higher levels with improvement in profitability, and that is the reason when we say that on yearly basis, we will achieve breakeven at EBIT level in spite of the cumulative losses of around INR 17 crores.

Vidit Trivedi: Great, sir. Sir, I just wanted to squeeze one more. Referring to Rajesh Ji's today's morning TV interview, I just wanted to check what led us to revisit our volume growth guidance for this particular year.

Rajesh Jain: Earlier, we were expecting around 16%-18%, and we have just fine-tuned around 15% and looking to the various factors, what we have seen volatility also in terms of so many factors which impact. This is just little bit fine-tuning. I will not say that we have done so much or very big change. We still like to remain frontrunner in this, and we would like to grow it faster in the industry, even for H2 also.

Vidit Trivedi: Got it sir, that's helpful. Thank you and all the best.

Moderator: Next question comes from the line of Rahul Agarwal with IKIGAI Asset.

Rahul Agarwal: Sir, few clarifications. Firstly, the capex of INR 600 crores, does that include the Rajasthan land partial payment or it is excluded?

Rajesh Jain: No, it is apart from that. Rajasthan, that land is new capex than what we have now. We have started to execute.

Rahul Agarwal: Right. So we should budget another INR 100 crores for second half for Rajasthan land capex?

Rajesh Jain: Yes, you can.

Rahul Agarwal: Okay. Does that include the UM Cables payout or that is also separate?

Rajesh Jain: That will also be separate part of it.

Rahul Agarwal: Okay. Anything on relocation of Roorkee, have you spent or you will be spending?

Rajesh Jain: That is like we are taking on lease, so there will be not huge capex there.

Rahul Agarwal: Okay. Got it, sir. Just in terms of overall balance sheet and cash flow, what I am seeing is that the capex is going to be higher because there is another INR 180 crores of spending which will happen upwards of INR 600 crores, plus working capital will increase because of higher raw material pricing, number of days is better.

Then we are also increasing dividends, and we are also seeing increase in debt. Overall, sir, just to understand if from a free cash flow perspective, is the debt expected to further go up from here? We are already seeing about INR 500 crores on the balance sheet. Should we budget for another INR 200 crores, INR 250 crores to fund this capex?

Rajesh Jain: Yes, there will be some increase in debt. See, first of all, if you see even my debt leverage is quite favourable. It is like we are not over-debt company, and quite efficiently we are working. It is around 0.55%, which is quite healthy for any growing company. In value terms, always you will see increase in debt, but it is part of, again, a normal business where on such a high raw material prices, there will be increase in debt or working capital requirement also.

At the same time, very efficiently, we are doing working capital management. If you see number of days reduced in my receivables or even payables will increase by better utilization of LC

facilities. I will say nothing abnormal we are doing, but it is part of our original growth plan. Working capital utilization is under control. I hope this will answer your question.

Rahul Agarwal: Right. Next year, capex, we should budget for INR 300 crores, right? Is that a fair number?

Rajesh Jain: Seems okay. There may be some plus minus, but as of now it seems okay, INR 300 crores.

Rahul Agarwal: Okay, got it. Secondly, sir, on exports, could you just confirm the absolute INR crores revenue for this quarter? Is it about INR 1,000 crores?

Rajesh Jain: No, I will not give any exact figures for this, but you can have your own estimates.

Rahul Agarwal: Yes, sir. It was 32% of total sales. I am just trying to confirm that number.

Rajesh Jain: Yes.

Rahul Agarwal: Exports.

Rajesh Jain: Yes.

Rahul Agarwal: Total is about…

Rajesh Jain: Yes. Yes. Approximately, that range only.

Rahul Agarwal: Okay. Got it. In terms of growth rate, obviously it has been very high versus domestic. Anything you would call out for next year, like on a steady state basis, we should look at export growth a bit higher than domestic, right? That is how we should look at it.

Rajesh Jain: No. There also, Rahul, I said that we have equal focus on domestic as well as export, and always you can find some variation on quarter on quarter basis among product category also or among geography also. But at the same time, we will be like exports and domestic may grow at the same speed or similar speeds only.

Rahul Agarwal: Okay. Got it. And sir, lastly, on optic fibre, you said your capacity utilization will increase after you take over the asset. Just on the existing potential of the plant, right, even how much should we budget in terms of overall top line which can get added from UM Cables? Let us say second half, should it be like on a INR 80 crores run rate, should it be like INR 50 crores, INR 60 crores what we should budget every quarter?

Rajesh Jain: No, but first of all, we have yet to achieve the controls of that business, and after that only we will start working on those revenues. So, I will not suggest to consider any bigger revenue or any bigger pie in my overall revenue, at least for this year. And for next year, of course, we will come with detailed guidelines, maybe next quarter.

Rahul Agarwal: Okay, got it Sir, I will get back in the queue. Thank you so much and all the best.

Moderator: Next question comes from the line of Umang Mehta with Kotak Securities.

Umang Mehta: Just a clarification, the single-digit volume growth in cables and double-digit in wires, this is at an overall level, right? Not in the domestic market. Is that the correct understanding?

Rajesh Jain: Yes.

Umang Mehta: And if that is the case, you mentioned that exports cables did better than wires. Is it that in domestic market, cables actually declined in volume terms? Would that be fair assessment?

Rajesh Jain: Not declined. I will not say declined, but yes, growth was less when I compare with wires growth.

Umang Mehta: Got it. And sir, in exports, this 80% odd growth, did it have anything episodic or do you think that the strength should continue for the rest of the year? I mean, on a full year basis, how much growth do you all anticipate in exports?

Rajesh Jain: So, like normally when we say, though due to change in product mix, the value growth may seem different quarter-on-quarter basis, even in domestic versus exports also. But overall, when we say that export share will remain in the range of 30%-35% for the remaining half also.

Umang Mehta: Understood. Just one last question. Other expenses grew by 35%, despite volume growth being slightly on the lower side versus last quarter. Any specific reason behind this? Was there any one-off costs in this quarter?

Rajesh Jain: No. Nothing like one-off kind of thing, but it is like normal course of business, where we have mix of variable and fixed cost. I have not seen any abnormal or anything in this increase in other expenses. It is normal course of business.

Umang Mehta: Understood sir, Thank you so much and all the best.

Moderator: Next question comes from the line of Rabindra Nath Nayak with Nirmal Bang.

Rabindra Nath Nayak: Sir, my question regarding this UM Cables. You acquired this company at one time sales, at a time when the optical fibre prices are in an all-time high. So what is the objective there? Whether we will keep it 80,000 fibre kilometre per year capacity as it is, and also go into your competitors, like Polycab is doing the EPC work or it is we want to go beyond the normal telecom cable to manufacture other high-end cable like data centre cables. Your thoughts, sir.

Rajesh Jain: So first of all, this is very small capex, what we have entered. But, since we have a focused growth area in this business also, we will come up with detailed business plan maybe after one quarter. As of now, I do not have a very detailed plan for this, but of course, we will focus on growth in that segment also.

Rabindra Nath Nayak: Okay. Any capex plan, you do not have any plan right now, sir?

Rajesh Jain: Not as of now.

Rabindra Nath Nayak: Okay Sir, Thank you very much

Moderator: Next question comes from the line of Tushar with Shanghvi Family Office.

Tushar Dhonde: Most of my questions are answered. I just wanted to check on the increase in the long-term borrowings that we are seeing, I guess around INR 200 odd crores of increase from the FY '26 level. Just wanted to understand, is it for the land acquisition that we are going to do at Rajasthan or other purpose?

Rajesh Jain: No, this is for current capex, what we are executing. Since we have capex of around INR 600 crores in this year on this, so it is towards that only, and it was planned in the beginning of the year.

Tushar Dhonde: Okay, that helps. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I now hand the conference over to Mr. Rajesh Jain for closing comments.

Rajesh Jain: Yes. Thank you everyone for taking the time to participate in today's call and for your continued interest in R R Kabel. We appreciate your questions and feedback, and remain committed to building on our strong first half performance. For any further queries, please feel free to reach out to us. As we conclude, I would also like to wish everyone a wonderful festive season ahead. Thank you once again, and we look forward to interacting with you soon.

Moderator: Thank you. On behalf of R R Kabel Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.