

Finolex Cables

Operator: Ladies and gentlemen, good day and welcome to the Q1 FY27 earnings conference call of Finolex Cables Ltd. As a reminder, all participants' lines will be in listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during the conference, please signal the operator by pressing star followed by zero on your touchtone telephone. I now hand the conference over to Mr. Pranay Premkumar from the Dentsu One Investor Relations team. Thank you, and over to you, sir.

Pranay Premkumar – Dentsu One Investor Relations: 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 Vishwanathan, CEO of Finolex Cables Ltd. We will begin the call with the opening remarks from the management, after which we will open the forum 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 therefore be viewed in conjunction with the risks that the company faces. Please restrict your questions to the quarter's performance and strategic questions only. I would now request Mr. Vishwanathan to give the opening remarks. Thank you, and over to you, sir.

Mahesh Vishwanathan – CEO: Thank you, Pranay. Good afternoon, ladies and gentlemen. Welcome to the Q1 earnings call of Finolex Cables Ltd. Before I get into the explanation about the quarter, I would like to introduce Mr. Sachin Nayak, who has joined us as the CFO, effective June 1 this year. Welcome, Sachin.

Sachin Nayak – CFO: Good afternoon, everyone. I look forward to it.

Mahesh Vishwanathan – CEO: Very quickly, a recap of the quarter's performance. As you must have all seen, we posted fairly good numbers, both in terms of the rise in revenue and in terms of improvement in the bottom line. While Sachin will come back to you with the specific numbers, I thought I would give you a brief overview of what went well this quarter.

Overall, there were certain product lines that did extremely well in terms of volumes. On the electrical cables side, automotive cables, battery cables, flexible wires, solar applications, and agricultural applications all did extremely well, posting fairly high double-digit growth numbers. This was not just price growth; it was also volume-led growth. Building wire was more or less stable, with very small, low-single-digit volume growth.

All the products had been impacted by the commodity price changes that have been happening for quite some time now. Added to this was the fact that, after March, there were issues around the supply chain, whether related to the availability of fuel or the availability of PVC. We have been able to handle all of those changes, albeit at a higher cost. The good thing is that we have been able to pass on most of the costs to the end consumer.

At the end of the quarter, channel inventory, especially for building wires, was low. That was also reflected in the low-single-digit growth in volumes for building wire. We did see a reduction, or a de-stocking, of inventory in the channel.

Exports for this quarter have been one of the highlights. Our exports for the quarter were about 50 crores, which was almost the entire value that we achieved last year.

Report is AI-generated and may contain inaccuracies.

Finolex Cables

Communication cables were 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. To the extent that we had raw material from earlier periods, we were able to achieve a higher margin on the sales that took place during the quarter. This has happened with most of the competition as well. As this material gets consumed and new material, which will be at a higher cost, comes in, the margin levels will return to normal levels. They will still be in the double digits, but not as high as what you see today.

While the margins have expanded, I expect them to settle down in the coming quarters once the existing raw material gets consumed.

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

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. In the meantime, we have decided to go ahead with the complete expansion from 4 million to 8 million in one go, seeing that there is a shortage of fiber across the globe, and that shortage is likely to continue for some time.

Overall capex for the year will still be what I mentioned in the May call, approximately 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 24 crores last year. That trend continues in the current quarter. It generated revenue of about 87 crores, with a profit of about 7 crores.

That is the basic introduction from my side. Sachin, please take over with the numbers.

Sachin Nayak – CFO: 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 have had a strong start to the financial year, with healthy growth in both revenue and profitability. Our revenue from operations for Q1 FY27 stood at 2,013 crores, as compared to 1,396 crores in the corresponding quarter of last year. This represents revenue growth of approximately 44%.

Profit before tax stood at 277 crores, as against 171 crores in Q1 of last year, registering growth of approximately 62%. Profit after tax stood at 221 crores, compared to 139 crores in the corresponding quarter of last year, reflecting growth of approximately 59%.

As a result, the PBT margin improved from 11.8% in Q1 FY26 to 13.4% in the current quarter, while the PAT margin improved from 9.6% to 10.7% during the quarter.

Coming to segmental performance, electrical cables continue to be our largest business segment and reported revenue of 1,767 crores, compared to 1,206 crores in the corresponding quarter of last year. This represents growth of approximately 47%. As Mahesh explained, there has been a change in the mix, with segments such as auto cables, solar cables, and agricultural cables performing very

Report is AI-generated and may contain inaccuracies.

Finolex Cables

well.

Communication cables delivered a particularly strong performance during the quarter, with revenue increasing from 109 crores to 176 crores, representing growth of approximately 62%, with margins close to 30%. The business has seen a significant improvement in profitability due to certain market factors. We will continue to evaluate the sustainability of these margins as the year progresses, and therefore we would refrain from annualizing the Q1 communication cables margin.

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

Overall, we are encouraged by the performance in Q1. 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 high level of financial discipline.

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

Operator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may enter star followed by two. Participants are requested to use only handsets while asking a question. We will wait for a moment while the question queue assembles.

Operator: The first question is from the line of Vidit Trivedi from Asian Market Securities. Please go ahead.

Vidit Trivedi – Asian Market Securities: Hi, sir. Thank you for the opportunity, and congratulations on a great set of numbers. I have two questions. The first is on the EBITDA front. The margins you have delivered are close to 12.5%, versus 10.5% last quarter and 9.2% in Q1 last year. I wanted to understand how we should think about the underlying sustainable margins from here and how much of the Q1 expansion is coming from operating leverage, product mix, and copper pass-through versus one-offs. Could you also speak a little more about the margin profile in exports and the products that we are exporting? That is my first question.

Management: I will take the export part first. This time, there were opportunities on the optical fiber side, and those provided a fairly large margin. Those opportunities may not happen every month or every quarter. In terms of sustainability, I would be a little conservative on that.

However, in terms of opportunities for exporting, we are now more aggressive than we have been in the past. Over the last 4–5 months, we have exported power cables, optical fiber cables, and also the traditional products that we used to export, such as submersible cables. That part is continuing, while the new opportunities in power cables and optical fiber cables are what we are exploring now. There are potential leads there. I do not want to put the cart before the horse, so let us see how things progress quarter by quarter.

On the domestic front, margins on the electrical cable side should be sustainable. We are at about 10.5%, I think, and those margins should be sustainable.

Report is AI-generated and may contain inaccuracies.

Finolex Cables

On the communication cable side, as I mentioned in my opening remarks, as long as the old raw material is available for use, the margins will be in the high double digits. 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, we should have a double-digit margin. It will probably be in the low double digits.

Vidit Trivedi – Asian Market Securities: Understood, sir. Thank you. Could you call out the volume growth during the quarter across the different product categories?

Management: All the items that we discussed, whether agriculture, automobile, or flexible wires, were in the high double digits. Wires were in the low single digits.

Vidit Trivedi – Asian Market Securities: Thank you, sir. My second question is on the communication cable segment. It has been an outperformer during the quarter. Could you speak a little more about the outlook and quantify the contribution from volume and value, including price pass-through?

Management: Volumes have also gone up. Volumes are up by about 30%. The opportunity here was that, if you refer to my call from last quarter, there has been an explosion in demand from data centers and usage driven by AI, which has resulted in huge demand for fiber cables. This is a global phenomenon. It is therefore creating opportunities for us not just domestically but also overseas.

Out of the 166 crores—or rather, 176 crores—that has been reported as revenue, I think about 40 crores, or 30–40 crores, is from exports. There were opportunities to sell, and we capitalized on them.

As time goes by, I see a similar explosion in demand around data centers in India as well. What we are seeing is a phenomenon where the fiber count is not just 144 or 288 fibers in a cable; it is expanding to thousands of fibers in a single cable. The opportunity size can therefore be substantial as large hyperscalers expand into India.

We see that trend, which is currently happening in the US and Europe, appearing in India as well.

Vidit Trivedi – Asian Market Securities: Understood, sir. Thank you, and all the best. As an incremental question on this, do you have any update on the BharatNet project?

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

Vidit Trivedi – Asian Market Securities: That is helpful, sir. Thank you, and all the best.

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

Sonali – Jefferies: Sir, thank you for the opportunity. Congratulations on a great set of numbers. My first question is on fiber prices. Is there any indication of what prices are globally right now versus December 2023, and what are your thoughts on where they will be heading from here?

Management: I am not able to predict where they will head from now on, but I can tell you where they are today.

Report is AI-generated and may contain inaccuracies.

Finolex Cables

The standard fiber, whose technical term is G.652.D, was somewhere around 5–6 dollars in December last year. It climbed to 17–18 dollars over the last 6–7 months. I think it is currently settling at between 12 and 13 dollars per kilometer. That is where it is today.

That is the standard fiber, but more premium fibers are selling at much higher rates. Some of them have even been sold at 50 dollars per kilometer. Some of the exports that we did were of the premium variety, when the prices were around 25 dollars per kilometer.

There is a mix of multiple types of fiber that have been used this quarter. The range has been between 11 and 13 dollars, depending on who has what available and what the demand is at that moment in time. That probably gives you a picture of what it is. I am not so sure what it will likely be. I am not able to predict that. However, as long as demand continues to be where it is today, I believe the price will remain in this range.

Sonali – Jefferies: Understood, sir. My second question is regarding your exports. You mentioned some numbers that I missed. Of your communication revenue, how much is contributed by exports, and which geographies have you exported to?

Management: Out of the communication cable revenue, about 35–40 crores was from exports. We have exported to the US and to Europe. These were the two main locations to which we exported.

Sonali – Jefferies: Understood. On the preform backward integration, you mentioned in your earlier call that you were expecting additional support to margins from the end of the 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?

Management: 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 – Jefferies: Understood. So, almost 100% captive. How much would be the margin improvement, as a ballpark? Your margin is already in the double digits this quarter.

Management: I do not see it improving from here. However, the current price levels of raw materials are fluid.

If you look at the inputs that go into it, helium, for instance, was selling at approximately 1,600 rupees per cubic meter. It had gone up to 5,000 rupees per cubic meter when the disturbances started in the Middle East. It is now around the 3,400–3,500 level.

There is a little bit of fluctuation, and stability has still not been achieved. I am just giving you one example. There are multiple inputs that go into it, and all of them have seen input costs fluctuating wildly.

Looking at the price today and making an estimation is probably not going to give you the right results. I would rather wait for some time before things stabilize and we have a period during which the situation in the Middle East stabilizes. Right now, it is a case of one day being good and the next two days being the opposite of good. I think we need to wait a little while before making a prediction.

Report is AI-generated and may contain inaccuracies.

Finolex Cables

13 August 2026

Sonali – Jefferies: Would it be fair to assume that, because of the preform, once it is completely functional, almost 100 bps of margin improvement can come from it? It is actually very good backward integration.

Management: The situation today is that demand has far outstripped supply. That has pushed up prices to certain levels, which may not be sustainable over time.

Data center requirements have boomed, and AI-driven requirements have boomed. At some point, they will reach, if not a saturation level, a steady-state period. When that will happen—whether in 6 months, 1 year, or 2 years—is anybody's guess.

At that point, selling prices will have to cool down. To say that I will get 100 bps over and above what I am doing today is stretching things a little too much.

Sonali – Jefferies: Sir, actually, it was not over and above. I was referring to the delta from a normalized margin to a margin with backward integration.

Management: Yes, maybe. That might be possible.

Sonali – Jefferies: Sir, one last question from my end—

Operator: I am sorry, ma'am, could you please return to the question queue? Yes, thank you very much.

Sonali – Jefferies: Thank you.

Operator: I request all participants to limit their questions to only two questions per participant. We have many participants awaiting their turn. The next question is from the line of Atul Lohade from Nuvama. Please go ahead.

Atul Lohade – Nuvama: Good evening, sir. Am I audible?

Management: Yes, very clearly.

Atul Lohade – Nuvama: Thank you for the opportunity, sir. My first question is on electrical cables. For FY26, could you help us with the mix in terms of wires and the various types of cables, in a broad sense?

Management: Typically, our numbers have been as follows. Approximately two-thirds are construction-related, and the balance has been more or less equally divided between automobile, agriculture, and industrial applications.

Last year, we introduced solar cables, so that has changed the profile a little. The split would probably now be 60% construction, while the older three categories would still have approximately 10%, 10%, and 12% each, with solar being a smaller portion at this point in time.

In this quarter, of course, auto cables have grown to more than 14%, but we will have to see this over a longer period. One quarter is probably not the right time period to define what the split would be. I still think that going forward, construction will remain at about 60%, and the other three

Report is AI-generated and may contain inaccuracies.

Finolex Cables

categories will be 12-14% each.

Atul Lohade – Nuvama: In terms of whether it is wires or cables, the bulk of this would effectively be wires, the low-voltage conductors, right?

Management: All of them are wires. All of them are wires. I have not included cables in this.

Atul Lohade – Nuvama: What about cables? How much would that be, say, LV cables?

Management: LV and HV put together would probably be another 7-8%.

Atul Lohade – Nuvama: Understood. My second question was with respect to OFC. Assuming the current price, could you help us understand the potential revenue at peak capacity of the preform plus drawing capacity?

Management: I think a similar question was asked last time as well. We will have a draw capacity of 8 million kilometers. At 8 million kilometers and assuming an average price of 11 dollars per kilometer of fiber, you are looking at about 88 million dollars of revenue if I sell only fiber and if I sell all of it.

Atul Lohade – Nuvama: If you sell only fiber, it is 88 million dollars. Is that right?

Management: That is correct. If I sell only fiber and sell all of it, it would be around 88 million dollars.

Atul Lohade – Nuvama: As you intend to use 100% captively, is this 100 metric tons sufficient for 8 million fiber kilometers?

Management: No, that is sufficient for about 4 million.

Atul Lohade – Nuvama: So you will still have to procure from outside.

Management: We will still have to buy it. If you recall our earlier calls, we said that in Phase 1 we were putting up a plant that could manufacture 100 tons. Depending on how the market was, we would expand that to double the capacity in the subsequent expansion. That is what we said 2 years ago.

At that point in time, the boom in data centers was not as visible. This has happened in the last 6 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 because we did not want to wait before committing 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 whether we should spend on the expansion now or at a later date.

Atul Lohade – Nuvama: Just to clarify, you said 88 million dollars if we sell fiber. What if we sell the entire cable?

Management: Then there will be value addition. The value addition will depend on the cable design and how complicated the cable is.

Report is AI-generated and may contain inaccuracies.

Finolex Cables

If I am only selling small-fiber-count cables, the value addition may not be very high. Whereas, if I am selling complicated designs where the fiber count is higher—96, 144, or 288 fibers—or data center applications where, as I said, it runs into thousands of fibers in one cable, then the numbers can be substantially different.

The value addition can be 20–30%. It depends on what kind of designs we create.

Atul Lohade – Nuvama: Understood. Thank you so much for your answer, sir. I will return to the queue. Thank you.

Management: Thank you.

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

Balasubramanyam – Arihant Capital: Good evening, sir. Thank you very much for the opportunity. I want to understand our capability in data centers. I think we have the capability to produce up to 1,728 fibers per cable. However, if we look at data center applications, they would start from 1,000 fibers, as you mentioned.

Some players are already producing cables with around 7,000 fibers and have started supplying to hyperscalers. They are also progressing toward producing cables with 14,000–16,000 fibers. I want to understand what our capability is as of now and whether we are undertaking any specific capex and R&D for data center cables.

You could also mention which products in our current portfolio are suitable for data centers and which products are in the pipeline.

Management: Some of these are in the developmental stage, so I would rather not comment about them. However, I understand the question you have asked, and all I can say in response is that, yes, we should be capable of making and supplying all those designs you mentioned, whether 1,700 fibers, 7,000 fibers, or even 14,000 fibers. Let me put it differently: we should be capable of supplying them in the not-too-distant future.

Balasubramanyam – Arihant Capital: Are we taking any steps in terms of R&D and capex, sir?

Management: Yes, to both.

Balasubramanyam – Arihant Capital: My second question is on margins. You mentioned approximately 30% for communication cables. I want to understand whether these margins are due to higher spot contracts, where realizations are higher.

Management: Let me give you an example. The inventory that I had at the beginning of the quarter was sourced sometime in November or December last year. That inventory would have been sourced at, let us say, X dollars. However, when I sell it, I sell it at an equivalent of the current market price.

To the extent that I had opening inventory, I benefited, and therefore my margins are where they are at this point in time. This is why we gave the cautionary statement that, although the margin was

Report is AI-generated and may contain inaccuracies.

Finolex Cables

30% this quarter, at some point it will normalize.

As and when I complete consumption of the existing inventory, my new cost will be whatever I am buying it at today. The difference there will definitely not support a 30% margin, but it would definitely be in the double digits. That is the example that I can give.

Balasubramanyam – Arihant Capital: What is the mix of spot and long-term contracts for communication cables? Could you also mention the products supplied for data centers and the in-house product portfolio?

Management: I am sorry, what was your first point?

Balasubramanyam – Arihant Capital: The long-term and spot market mix for communication cables, and the data center product portfolio.

Management: I think long-term contracts still account for 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 that have been supplied to customers.

Balasubramanyam – Arihant Capital: Thank you, sir.

Operator: Thank you. Participants, please limit your questions to only two questions each. The next question is from the line of Patanjali from Sundaram Mutual. Please go ahead.

Patanjali – Sundaram Mutual: Hello, sir. Thank you for the opportunity. Congratulations on a very good set of numbers. I am following up on the capacity that you mentioned in the previous quarter. I think you mentioned that the additional expansion of our 8 million capacity would come by Q2. However, you also mentioned today that we are planning to go from 4 million to 8 million directly instead of from 4 million to 6 million and then 6 million to 8 million. Is this for the entire 8 million? Is that the correct way to understand it?

Management: Yes, the entire 8 million will be ready by the end of Q2. Earlier, I said that we would first complete the expansion from 4 million to 6 million, which would happen by Q2, and then wait and see how the market reacted before going to the next level.

However, seeing the current market conditions, we thought it was ideal to invest in the additional draw capacity right away.

Patanjali – Sundaram Mutual: Understood, sir. You mentioned that there would be some repricing in terms of customers and so on. Is this happening at the beginning of Q2, or is the benefit happening—

Management: Are you talking about the long-term contracts? That has already happened. I think it happened in June.

Patanjali – Sundaram Mutual: So, is it included in this quarter's revenue? That is what I am trying to understand.

Management: Some of it is. Whatever was sold in June is included.

Report is AI-generated and may contain inaccuracies.

Finolex Cables

Patanjali – Sundaram Mutual: Understood, sir. My last related question is that your revenue should be much higher, given that fiber prices are at full levels, right? If that is correct, for this quarter we are reporting revenue on 4 million, and I think we have done around 1,000—sorry, 176 crores. Theoretically, should it be closer to 300 crores per quarter?

Management: Again, to take you back to the earlier question that somebody else asked, if I were to sell only fiber at 11 dollars per kilometer, my annual sale of this product could be 88 million dollars per year. That would be 22 million dollars per quarter.

If it were only fiber, 22 million times 100 would be around 220 crores, or 250–260 crores, if it were only fiber. Then you add the cable value addition. If I am selling everything that I have, 300 crores is not a difficult number.

Patanjali – Sundaram Mutual: We also have some other cables apart from fiber in our communication segment, right? Should this segment not be much bigger? That is the part—

Management: There are other metal-based cables as well. However, many of the applications for metal-based cables are transitioning from metal to fiber. Coaxial cables, which were used in dish TV applications, are all transitioning to fiber.

Patanjali – Sundaram Mutual: Okay.

Management: While this will grow, something else will decline.

Patanjali – Sundaram Mutual: Okay, sir. Thank you.

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

Vidit Trivedi – Asian Market Securities: Hi, sir. Thank you for taking the follow-up question. My next question is on the FMEG segment. It has continued to be a weak link. I remember you had previously mentioned that we had set a target of 5 billion in FMEG revenue by FY28. Given the current trajectory, is this target still realistic? What needs to change over the next 12–18 months to achieve it?

I am curious to understand why this business is holding us back. Is it a lag in distribution, the product portfolio, pricing, or competition? Where are we lacking in this segment, sir?

Management: This particular quarter, we had a different issue. I do not know if you have seen this with other companies, but fuel was an issue this quarter for many manufacturers.

Commercial LPG was simply not available, and therefore many device manufacturers, especially fan manufacturers, were not able to supply the quantities that were required. We had a very hot summer, but there was an issue in terms of being able to supply the market. I think that was the reason why you do not see much growth in that sector.

The second part of that group is conduit pipes, where the availability of PVC and the price of the available PVC were also hindrances. Those factors are changing now. Unfortunately, the situation for fans is changing now, but the season is more or less over. We will have to see how to catch up

Report is AI-generated and may contain inaccuracies.

Finolex Cables

on those numbers.

However, the target of 5 billion by FY28 still remains, and we are confident that we can get there.

Vidit Trivedi – Asian Market Securities: Understood, sir. Lastly, on the copper front, copper is again at around 14,000. How is the current inventory, and was there any pricing action during the quarter?

Management: During the quarter, we changed prices once. We revised them upward once. That was, I think, in May. We increased prices by about 3% or so.

However, as I mentioned in my opening remarks, closing inventory at the channel was lower than opening inventory. There has been an amount of re-stocking, which should allow the channel to re-stock over a period of time now.

Copper levels are high. I am not sure whether you will see levels of 8,000 dollars anymore.

Vidit Trivedi – Asian Market Securities: Understood, sir. Thank you, and all the best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Vineet from Investec. Please go ahead. Vineet, your line is unmuted. Please go ahead and ask your question.

Vineet – Investec: Am I audible now?

Management: Yes.

Vineet – Investec: Thank you so much, sir. I wanted to understand the demand side as far as communication cables are concerned. From an outlook perspective, I understand it is quite healthy, given all the demand across data centers and AI-related products.

Could you quantify or give us some sense of the order book that we may have? Should we assume that we should be able to ramp up to 60%, 70%, or 80% utilization levels once the new capacity is also operational? How should we think about demand over the next 1-2 years on the communication cable side?

Management: Demand in our country is going to be driven by several factors. Telecom is still going to be a significant player because many telecom companies will still have to complete their 5G full rollouts and expansions.

AI and data centers, especially hyperscalers as they come into India and set up their operations, have all announced large investments. Nobody is talking about less than 5-6 billion dollars. That kind of investment will require infrastructure support in the form of both communication cables and power cables.

How long will they take to set up their basic infrastructure? I think the demand should be fairly robust for at least 2 years.

Report is AI-generated and may contain inaccuracies.

Finolex Cables

After that, we will have to see what kind of use cases AI creates and how one is able to capitalize on them.

Am I able to give you a number? Not really. However, I will refer you back to the comments from earlier calls. Our consumption of fiber per capita is still quite low. Our overall consumption in the country is still around 25 million kilometers per year. Compare that with China at more than 400 million kilometers, or even higher than that. There is still a long way to go.

I am not saying that we will reach 400 million kilometers, but given the size of our two geographies, a factor of 20 is something we should aspire to. I think our consumption of 25 million kilometers can easily rise to 50–60 million kilometers.

Vineet – Investec: Understood. If I may put this slightly differently, is it a case where, over the next 2 years, the bulk of the growth would be driven by our consumer distribution and telecom businesses, while domestic data centers would contribute from FY29 onwards?

Management: It depends on how quickly those hyperscalers are able to set up their infrastructure. Some of them are nearing completion.

We are in Pune, and I know that Microsoft is establishing a data center nearby. I think it is not very far from completion. Therefore, some demand should emerge in the next 6–8 months. How we are able to capitalize on that is what we need to work on.

Vineet – Investec: Understood. To understand how utilization levels could develop in consumer communication cables, would exports be an equal opportunity or an equal focus area, at least in the near term until data centers come in on a much larger scale, similar to what we saw in Q1?

I understand it may not be every quarter, but could exports start contributing significantly more to communication cable revenue and consequently to utilization levels?

Management: We are hoping they will.

Vineet – Investec: Understood. Do you have any visibility on this wherein [inaudible]

Operator: Raman, sorry, please rejoin the queue. Vineet, sir, please rejoin the queue. Thank you. The next question is from the line of Raman from Sequent Investment. Please go ahead.

Raman – Sequent Investment: Hello, sir. Can you hear me?

Management: Yes, we can. Please proceed.

Raman – Sequent Investment: Thank you for allowing me to ask the question. I have two questions. First, regarding the availability of Germanium, which is a raw material for fiber cables, are we facing any issues with respect to it?

Management: Germanium tetrachloride is required for manufacturing preform. Yes, there are some issues in terms of the easy availability of that item. It is a restricted item, so the lead time is quite long.

Report is AI-generated and may contain inaccuracies.

Finolex Cables

While the usage is not in extremely large quantities, nevertheless, it is a restricted item, so it has to pass through several stages before it reaches your location. It is therefore a kind of hand-to-mouth situation. However, at this point in time, we have enough to take us through the calendar year, and more is on the way.

It requires careful planning and fairly close follow-up, almost on a daily basis, to ensure that you have the material that you need.

Raman – Sequent Investment: As a follow-up, do we have any long-term contracts or partnerships with the players that manufacture and sell these products, or is it on a year-to-year basis?

Management: Nobody signs up for multi-year contracts in this line. We are working on the longest contracts that we can get.

Raman – Sequent Investment: Understood. As a clarification, you earlier mentioned that you can generate around 3,000 crores of revenue from fiber cable. Is my understanding correct?

Management: Sorry, when did I say 3,000 crores?

Raman – Sequent Investment: Earlier, you were explaining some unit economics to one of the participants with respect to fiber cable, and you said that, with the capacity coming online, around 3,000 crores of revenue could be generated. Was that in today's call?

Management: In today's call, I said that if I were to sell only fiber and sell the entire capacity at the current price of 11 dollars per kilometer, I would be able to generate revenue of 88 million dollars.

Raman – Sequent Investment: That is the peak revenue from our fiber cable division, right?

Management: No, that is only fiber. If I only sell fiber, that is the figure. If I cable it and sell it, the number will go up depending on the design of the cable that I sell.

There are certain cables where you carry only two fibers, and the value addition from fiber to cable is hardly anything. However, there are other designs where the number of fibers inside can go up to 288 as a standard. With data center applications, that number can even run into the thousands. Those will have much higher value addition.

What I said was that you can add, on average, between 25% and 30% on top of the fiber price.

Raman – Sequent Investment: When I extrapolate the unit economics that you stated earlier of approximately 88 million dollars—

Operator: I am sorry to interrupt, but could you please return to the question queue?

Raman – Sequent Investment: It is just a follow-up. Hello?

Operator: Please return to the question queue, sir, and you can follow up with that question. Thank you. The next question is from the line of Tejas Patel from Never Shore. Please go ahead.

Tejas Patel – Never Shore: Hello. Am I audible, sir?

Report is AI-generated and may contain inaccuracies.

Finolex Cables

13 August 2026

Management: Yes, go ahead.

Tejas Patel – Never Shore: Perfect. Thank you very much for the opportunity. I have a couple of questions. When is the expanded fiber capacity of 8 million—or 6 million, which is the expansion—sorry, the 6 million that is being added to the fiber capacity—expected to come online? Has it already come online in June or July?

Management: We are going up to 8 million. That will happen by August.

Tejas Patel – Never Shore: For the first quarter, it was only 4 million, right?

Management: It will happen by September, not August.

Tejas Patel – Never Shore: Great. On cable, our current capacity is 8 million.

Management: Cabling capacity is 8 million.

Tejas Patel – Never Shore: Are we expanding capacity there as well?

Management: Yes, we will go up to 10 million.

Tejas Patel – Never Shore: Will this also be completed by September?

Management: No, that will take a little longer.

Tejas Patel – Never Shore: When you said that you had exported for data centers in the US and Europe, was it only fiber or cables as well?

Management: We have exported both. We have exported fiber and cables as well.

Tejas Patel – Never Shore: If you have exported cable, you would probably have an IBR cable, right?

Management: They also require other designs.

Tejas Patel – Never Shore: Understood. Is it correct to say that, of our current 4 million fiber capacity, almost 60–70% would be utilized?

Management: Are you asking about the current period or Q1? Regarding the Q1 number, we used all the preforms that we had.

There were difficulties in obtaining preforms because the market is very tight at this point in time. To the extent that we had material, we used everything.

Tejas Patel – Never Shore: How much would utilization be in cabling?

Management: Cabling utilization is such that I think one plant is full and the other plant is three-fourths full.

Tejas Patel – Never Shore: Is it possible for you to split the revenue between cable and fiber?

Management: It is definitely possible, but I do not have the numbers with me right now.

Report is AI-generated and may contain inaccuracies.

Finolex Cables

Tejas Patel – Never Shore: Not a problem. What margins might we have earned in the domestic business? You showed that almost 30–40% of the business came from exports. On the remaining 60%, what EBIT would we be making?

Management: It would be slightly less than that 30% number. There were some contracts entered into last year that continued until June. Therefore, the incremental margin came only from the export business.

Tejas Patel – Never Shore: Understood. In terms of preform sourcing, have we entered into a contract with someone, or are we buying it on the spot market? How do the contractual terms for preform work?

As a follow-up to the same question, if Germanium is an issue right now and we foresee the issue continuing for a couple of quarters, do we expect that, even once our preform facility comes online, we will continue sourcing preform from outside until our own preform capacity becomes operational?

Management: Until our preform facility stabilizes—it has gone live, but it has to stabilize. A new plant always takes a little while to stabilize.

No, but then there is a Germanium problem, right? So will you still be sourcing preform until the Germanium problem goes away?

The Germanium problem exists. It is not just an issue for me; it is an issue for everybody across the country. There are two of us who are making it, and the issue applies to both of us. However, that does not stop us from making preform because we have some Germanium.

What I said was that we have what we need, but we need to follow up almost daily to ensure that production does not stop at any point in time. There is therefore a lot more effort required to make sure that we obtain that material.

The second point is that the preform capacity that I have is equivalent to 4 million kilometers of fiber. To that extent, I will consume my own preform, and for the balance, if I have to draw 8 million kilometers of fiber, I will have to buy preforms from somewhere else.

Ideally, it would be good to have a long-term contract, but nobody globally signs a contract for longer than 1 year.

Tejas Patel – Never Shore: So, your current preform contract would be for 1 year, and that contract would have been entered into at the start of this calendar year, right?

Management: You are jumping ahead of me. What I said was that nobody globally enters into a contract for more than 1 year. We have certain relationships with certain manufacturers, and they are able to support us to the extent that we need that support.

Tejas Patel – Never Shore: Understood. The reason I ask this question is that I was trying to understand whether, once our preform contracts are revised, our raw material prices would increase significantly because preform prices are also increasing. We might currently be getting

Report is AI-generated and may contain inaccuracies.

Finolex Cables

preform at lower levels under our older contracts. I was trying to understand this and see whether you could provide some clarity.

Management: To some extent, that is true. However, there are also people who have changed their contract pricing. Some suppliers have broken their contracts midway and changed the prices.

Tejas Patel – Never Shore: Understood. My last question, and then I will return to the queue. You are probably not commenting on orders or long-term contracts, but I would like to understand what the export mix could be going forward over the coming quarters. Once our fiber capacity comes online, do we expect to exit Q4 at full utilization?

Management: If demand is as robust as it is today, then yes, it would be our objective to exit at full utilization. However, we will have to see how demand holds up.

Tejas Patel – Never Shore: For exports, could the mix continue at 30–40% in the upcoming quarters as well?

Management: Export business involves somewhat longer negotiations. It is not possible to say. Sometimes negotiations are concluded in one quarter and the supply takes place a little later. It is therefore very difficult to predict how that will develop.

Tejas Patel – Never Shore: Are we looking to enter into {? IBR ?}? That would require a completely different amount of capex because {? IBR ?} requires different machinery. Are we producing {? IBR ?} now, or are we planning to produce {? IBR ?} cables?

Management: Whatever design the data center is looking for, we should be able to produce it, if not today, then in the not-too-distant future.

Tejas Patel – Never Shore: Are we currently engaging with any data center customers for a long-term contract? By long term, I mean something more—

Management: Those are matters that I would not like to comment on right now.

Tejas Patel – Never Shore: Understood. Do we contemplate expanding beyond 8 million as well if demand remains robust by the end of this year?

Management: That is what I said. We will take a holistic view of all of that, including whether we move to doubling our preform capacity, at what point in time, and what else we do. All of this will be discussed and decided. It is not for me to discuss on the call right now.

Tejas Patel – Never Shore: No problem. Thank you very much, and all the best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Tushar Jhondhale from Sangvi Family Office. Please go ahead.

Tushar Jhondhale – Sangvi Family Office: Hi, am I audible?

Finolex Cables

Management: Very clearly.

Tushar Jhondhale – Sangvi Family Office: Most of my questions have already been answered. My question was on the export side. In the opening remarks, you mentioned that you would be conservative based on the quarterly orders that we might receive. I want to understand the nature of the exports made in this particular quarter. Were they add-on requirements from our customers that we were able to supply? How are we thinking about building long-term engagement so that we can create sustainable export visibility?

Management: One of the remarks I made was that we are more aggressive than before on the export front. This means that we now have a revamped team focused only on exports. They are exploring multiple geographies to see what relationships we can build and develop on a long-term basis.

There were immediate opportunities from the US and Europe that we capitalized on, but that does not mean those are the only two opportunities that we are pursuing. We are working on finalizing relationships in multiple geographies.

This is not a one-off trade where we saw one opportunity and then went and closed it. Beyond that, the approach is more systematic and more focused, and there are people working on those relationships as we speak.

Tushar Jhondhale – Sangvi Family Office: My second question was on the margins for the communication cable business. You mentioned that there would be some normalization of margins. I presume they would still be significantly higher than the margins we make in the electrical cables division.

In the last call, you mentioned that there would be some repricing of the long-term contracts in the second half of the year. However, in response to one of the participants' questions, you mentioned that this happened after the June quarter itself. Am I correct?

Management: That change happened toward the end of June, so it is already factored in.

When I said there would be some normalization, I meant that I do not think 30% is sustainable over the long term. That is what I meant; it should come down to something more reasonable.

Whether it will be higher or lower than the electrical cable margins will again depend on the product profile. If it is a complicated design, the margins should be much better. However, if it is a simple design, such as an FTTH cable or a drop cable, the margins will not be very high because the value addition is not very high.

It ultimately depends on what the end user wants and, therefore, how complicated the product is to make.

Tushar Jhondhale – Sangvi Family Office: That would be all from my side. All the best for your future.

Management: Thank you.

Report is AI-generated and may contain inaccuracies.

Finolex Cables

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

Management: Thank you. That was quite an intense session. Thank you for following us, and we hope to keep in touch. Thank you, everyone.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.