



“KEI Industries Limited
Q2 FY2019 Earnings Conference Call”

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Moderator: Ladies and gentlemen good day and welcome to the KEI Industries Q2 FY2019 Earnings Conference Call hosted by Edelweiss Securities Limited. 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 “*” then “0” on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Ms. Darshika Khemka from Edelweiss Securities Limited. Thank you and over to you Madam!

Darshika Khemka: Good morning. I welcome everyone to KEI Q2 FY2019 Earnings Conference Call. From the management we have Mr. Anil Gupta, Chairman & Managing Director and Mr. Rajeev Gupta, Executive Director, Finance. Without further ado, I shall pass the call to Mr. Anil Gupta for his opening remark post, which we will open, the floor for Q&A. Over to you Mr. Gupta!

Anil Gupta: Good afternoon to everyone. I am Anil Gupta, Chairman and Managing Director, KEI Industries Limited. Thank you for sparing your valuable time for this conference call. Subsequent to yesterday’s board meeting wherein we have declared the second quarter results, the brief is during the second quarter, the company’s net sales achieved Rs.996.79 Crores and against the same quarter in the previous year Rs.748.82 Crores net of excise duty which was adjusted. So the growth in net sales is around 33% over corresponding second quarter last year.

Operating profit during the quarter is grown by 32.24% having a figure around Rs.100 Crores. Profit after tax during this quarter is Rs.41.37% against same quarter in the previous year Rs.28.5 Crores hence the growth impact is approximately 45%. Profit after tax vis-à-vis net sales is 4.15%. Similarly the EBITDA over net sales is achieved this 10.18% as compared to 10.12% achieved in the same period last year. During this quarter, we have achieved the volume growth in cable division by approximately 23% as compared to previous year same period.

Now the first half results, the six month results of this FY2018-2019, net sales recorded is Rs.1880 Crores against same period last year Rs.1526.8 Crores so the growth in net sales over six months is 23%. Operating profit during six months is grown by 22.17% similarly the profit after tax has grown by 31.4% during first half as against last quarter of the same period. So the profit after tax margins has improved from 3.7% to 3.9% during this first half. Finance cost has been reduced to 3.14% compared to 3.75% same six months period in the last year.

Now the pending orders at the moment is around Rs.3941 Crores, which are pending with the company. Another highlights are the sales through the dealer and distribution network. Getting the second quarter of this financial year, our sales through dealer and distribution network are increased by 48%. So that is the significant improvement we have done. The total achieved working dealer of the company is approximately 10300. The company has carried out various major brand-building activities including electrician needs and other activities like dealer needs, which has resulted into good growth in the dealer distribution phase.

Company has also sponsored just logo for Rajasthan Royals during the IPL season 2018. On full year basis, company is expecting a growth of 35% for sales through dealer network. During the second quarter of 2018-2019, the revenue from EPC division achieved is Rs.149 Crores apart from the cable sales to our own products against this last year achievement was Rs.137 Crores. In first half in six months period, EPC is Rs.307 Crores. Company is expected to achieve a growth of approximately 18% to 20% in volume in cable division during the full FY2018-2019.

On the expansion plan for 3D, the first phase of LT Power Cables has already been completed and in certain case we are adding HT Power Cables as per 3D, which will be completed by February or March 2019. This HT cable expansion will cost approximately Rs.30 Crores to Rs.35 Crores, which will enhance the capacity of HT Power Cables by approximately Rs.200 Crores on a full year period.

In Silvassa, now we are operating house wire capacities almost at 100% level, so to grow the house wire markets, company has recently bought land and building in Silvassa at a cost of Rs.16 Crores and in the first phase, we will be investing around Rs.40 Crores in the plant and machinery and expansion of building on this land which will create a capacity of around Rs.300 Crores for a full year period and next year when we go for the second phase growth expansion in this land, the company will spend approximately another Rs.30 Crores, so which will add additional capacity of another Rs.300 Crores for house wire, so these are the two expansion plans, which are currently going underway.

Thank you very much and I would like you to ask particular questions if you have had we will be glad to answer. Thank you very much.

Moderator:

Thank you very much Sir. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Dhruv Agarwal of Crescita Investments. Please go ahead.

- Dhruv Agarwal:** Good afternoon Sir and congratulations on a very good set of numbers. Sir, as I can see the segmental provided by you we basically have three business divisions. One is cable plus stainless steel wire and then the turnkey projects. So if you could give me a breakup of EBITDA margins for the individual segments that would be great Sir?
- Rajeev Gupta:** EBITDA margin in individual segment on a whole year basis generally, in institutional business we do EBITDA close to 9%, in retail segment we do the EBITDA margin close to 11%, in export also we do 11% EBITDA margin and in extra high voltage power cable whatever we sale is more than 15% and in EPC division it is 12% to 14% EBITDA margin on a whole year basis. Sometimes extra high voltage power cable sale low or high it will depend on that particular segment or sometimes in EPC supply position is higher then EBITDA will become less if the execution portion will be higher then EBITDA will be higher, but overall basis this will be the same.
- Dhruv Agarwal:** Okay and so if we see net overall full year basis EBITDA was around 10%, so that is what we hope to continue?
- Anil Gupta:** This year we are trying to cross 10%. Hopefully we will do because our retail is increasing and the balance six months our extra high voltage power cable sale will also increase substantially.
- Dhruv Agarwal:** For this FY2018 topline of Rs.3459 Crores, on a blended basis how much was the retail business, how much was the institutional business?
- Rajeev Gupta:** In full year 2018 business?
- Dhruv Agarwal:** Yes.
- Rajeev Gupta:** In full year 2018, the total retail business was Rs.1086 Crores. This has reached in the first half Rs.638 Crores in this financial year.
- Dhruv Agarwal:** Okay for the six months 2019.
- Rajeev Gupta:** Yes.
- Dhruv Agarwal:** Accordingly I can take out the institutional business and for this full year do you see also crossing Rs.4000 Crores of turnover for this whole year?
- Rajeev Gupta:** This will be Rs.4000 Crores plus turnover, because we are growing in a volume terms more than 18% to 20%. Our whole year vision is to grow by 20%, so we are on the target line and we are hopeful of achieving because the order book position is very strong and as far as

CMD Sir has just communicated the total order position is Rs.3900 Crores and in the cable segment from institutional side it is close to Rs.950 Crores and that side it is more than Rs.650 Crores and in extra high voltage power cable it is more than Rs.600 Crores order in size. From here onward, the order book position is very, very strong.

- Dhruv Agarwal:** Okay and Sir one last thing, exports, as a percentage of total revenue is how much?
- Rajeev Gupta:** Exports will also be close to up 13% to 14%.
- Dhruv Agarwal:** 13% to 14% of the total annual sales and that you expect?
- Rajeev Gupta:** Total annual sale.
- Dhruv Agarwal:** This percentage to be constant or will it increase to 15% to 16%?
- Rajeev Gupta:** So just may increase or decrease depending on the capacities and the billable positions of the particular order, but order we are having in hand, because always we have to utilize the full capacity, so sometime it is through retail, sometimes through institutional, sometimes to exports.
- Dhruv Agarwal:** Correct and one last thing you see this 15%, 20% annual growth going forward for the next two to three years?
- Anil Gupta:** Yes, every year we are increasing the capacity, so that we can grow more than 20%, so we are trying. Our CMD is committed that at CAGR, which has seen in the last three, four years, you will witness in the next three, four years also.
- Dhruv Agarwal:** That is very helpful. Thank you so much Sir.
- Moderator:** Thank you. The next question is from the line of Ashish Poddar of Anand Rathi. Please go ahead.
- Ashish Poddar:** Many congratulation Sir for a great set of numbers. My question is more on the balance sheet, so in the first half of this year, we have seen a significant improving in your working capital cycle largely driven by receivables and also the total borrowing levels have decreased though the finance cost for the quarter has increased a bit, so I just wanted to understand what kind of levels we will see towards the end of this year, is it one-off kind of phenomenon or the timing difference we are seeing these kind of situation which will normalize towards the end of the year or we will see this kind of trend continuing forward, so your comment on that?

Rajeev Gupta: As compared to March 2018, the total debt level on balance sheet to balance sheet it will not crossed that figure that it will be subdued figure, because once the sale increases some utilization is also increasing, but the debt will not increase even though we are in the capex, we are increasing the sales, but debt level will not increase from the markets in balance sheet.

Ashish Poddar: The kind of decrease we have seen in first half will normalize towards the end of this year this is what you are saying?

Rajeev Gupta: We are trying, it should not normalize, and we are trying to be at this level.

Ashish Poddar: Okay and what about the working capital cycle?

Rajeev Gupta: In the first half of this current financial year, our total working capital cycle has been further reduced by 0.22 months.

Ashish Poddar: I did not get you, so you think that this will...

Rajeev Gupta: Working capital cycle, which was 2.89 months in the last financial year, it has been reduced to 2.67 months now because of the increasing sale in the retail market.

Ashish Poddar: What will be this number by the end of this year? This is what I want to understand? Will it continue this level?

Rajeev Gupta: 2.67 months may touch 2.55 or 2.6 it may further reduce in six months because our retail sale is increasing every quarter by quarter.

Ashish Poddar: My question is next year as you are expecting pickup in your EPC revenues can we expect that this level will increase in FY2020?

Rajeev Gupta: Next year, the total sales will be more than 20% from here and the EPC revenue is much, much lesser because the total revenues of EPC is hardly Rs.950 Crores in this financial year, so even if it increased by 10%, 12%, 15% it will not much impact on the balance sheet either from internal accruals from the EPC because of higher profits will be there in the balance sheet of the current financial year.

Ashish Poddar: Overall you are saying that even going forward the working capital cycle will be...

Rajeev Gupta: We will improve further.

Ashish Poddar: Thank you so much and all the very best.

- Moderator:** Thank you. The next question is from the line of Anupam Goswami from Stewart & Mackertich. Please go ahead.
- Anupam Goswami:** Sir, few questions. What is your advertisement expense that is in the other expense?
- Rajeev Gupta:** Repeat your question?
- Anupam Goswami:** Other expense, how much is the advertisement expense?
- Rajeev Gupta:** Advertisement expenses will be close to Rs.4 Crores or Rs.5 Crores because total year target is advertisement expenditure is Rs.16 Crores.
- Anupam Goswami:** So your other expense actually jumped quite a lot, so what was your reason of that which expenses like more contributed in that?
- Rajeev Gupta:** Depending on this year because all the other expenses means including the packing, forwarding, freight, food, travel, telephone, miscellaneous all expenses are there only.
- Anupam Goswami:** Okay and Sir, are you doing any businesses with railway electrification is going on?
- Anil Gupta:** Our company is approved with the railways for all the major products like electrical high tension cables and as well as the signaling cables and we are doing business with the railways on a selective basis depending on the capacities available with us, but our focus is more on the execution of orders in the metro rail projects, it is a mainstay in Railways, although we are approved and we have been executing, but there are capacity constraints.
- Anupam Goswami:** Sir, what is your guidance in the whole institutional sales, like how is it going to compete in the upcoming quarters?
- Anil Gupta:** Institutional sales you are talking?
- Anupam Goswami:** Yes.
- Anil Gupta:** Institutional sale is growing, because overall sale is growing this means institutional sale is growing, retail sale is growing, both the sales are growing. The total sale through institutional sale has grown by 33% in this quarter.
- Anupam Goswami:** Are you focusing more on retail than institutional because of the higher margins?
- Anil Gupta:** Our focus is in all the sales, whether it is sale or it is institutional because we have to grow, we have to grab the market. All the verticals are different.

- Anupam Goswami:** Thank you.
- Moderator:** Thank you. The next question is from the line of Kunal Sheth from B&K Securities. Please go ahead.
- Kunal Sheth:** Good afternoon Sir and congratulations on a great set of numbers. Two questions, one is that where do we see in a share of retail business three years down the line?
- Rajeev Gupta:** Retail business three years down the line as we have guided earlier, we will reach 40% odd plus turnover.
- Anil Gupta:** 40% of the total sales.
- Kunal Sheth:** 40% of the total sales, so this will be driven by largely improving distribution network on the B2C side?
- Anil Gupta:** Yes, both because of the improvement in distribution network, the number of dealers and growing the existing dealers and also we have substantial number of stocking point across the country, which is helping us to deliver the goods through the deliver in a few hours from their order punching, so it is working on the concept of just in time delivery or quick deliveries to the dealers.
- Kunal Sheth:** In terms of region, which are our stronger regions in B2C currently?
- Anil Gupta:** We are having strength across the width and breadth of the country. I think we are now present in entire country and we are growing everywhere, so I cannot define that which are our strongest basically we are strong everywhere now.
- Kunal Sheth:** Sir, we recently got our EHV approval, so can you give some sense of how large market is and what could be our potential there?
- Anil Gupta:** Our present order book position on Extra High Voltage cable is close to plus Rs.600 Crores and this market size at the moment is close to Rs.2000 Crores and it is growing very fast. We will be significant winner in this market because of our approvals can meet in the qualifying requirements of the utility.
- Kunal Sheth:** All the best for future quarter. Thank you.
- Moderator:** Thank you. The next question is from the line of Kashyap Jhaveri of Emkay Global. Please go ahead.

- Kashyap Jhaveri:** Just one question. I missed out on the order book breakup I understand extra high voltage is Rs.600 Crores besides that you give some other numbers also?
- Rajeev Gupta:** Order book is from EPC side, it is close to more than Rs.1500 Crores, from the extra high voltage side it is more than Rs.600 Crores and from the cable from institutional side it is more than Rs.900 Crores and some export it is more than Rs.600 Crores.
- Kashyap Jhaveri:** That is it from my side. Thank you.
- Moderator:** Thank you. We will take the next question from the line of Harshit Kapadia of Elara Capital. Please go ahead.
- Harshit Kapadia:** Congratulations for a strong set of result Sir. Just few questions from my side could you first give a breakup in terms of your product sales as you used to give before?
- Rajeev Gupta:** You can note down the breakup of the products. For both the quarter I should speak?
- Harshit Kapadia:** Yes Sir both Y-o-Y basis.
- Rajeev Gupta:** Y-o-Y basis Q2 of low tension power cable, this quarter is Rs.430 Crores, last year it was Rs.307 Crores, high tension power cable this quarter is Rs.152, last year it was Rs.116 Crores, extra high voltage power cable this quarter is Rs.7 Crores, last year it was Rs.19 Crores, house wire it is Rs.209 Crores this quarter and last year it was Rs.131 Crores, stainless steel wire this quarter Rs.36 Crores, last year it was Rs.30 Crores and EPC without cable is Rs.149 Crores, last year it was Rs.137 Crores and other miscellaneous, which include scraps and etc., that is Rs.14 Crores this quarter, last year it was Rs.9 Crores. So total Rs.997 Crores versus 749 Crores.
- Harshit Kapadia:** My second question is, the first half revenue growth has been close to around 22%, 23% and you have a very strong order book of close to Rs.4000 Crores odd, so do not we expect the revenue growth to be much higher than what you are guiding of 20%?
- Rajeev Gupta:** In this financial year, we are not growing EPC, so this means our cable will grow more than 23%, 24%. We are guiding more than 20% growth on a balance sheet basis.
- Harshit Kapadia:** We expect in EPC revenue to be flat right, is that?
- Rajeev Gupta:** EPC revenue in this financial will be flat.
- Harshit Kapadia:** Okay and the reason for this could be Sir?

- Rajeev Gupta:** Pardon.
- Harshit Kapadia:** What would be the reason for a flat growth in EPC business?
- Rajeev Gupta:** One year before also we have said that this year will be flat.
- Anil Gupta:** Actually the reason is that we had a strong order book on the ongoing products, so we wanted to first close a substantial number of projects before taking further intake, because it gives lot of stress to us on our manpower, EPC is the manpower driven business and we did not want to increase manpower disproportionately very quickly, so we wanted to grow this business is just six, seven years old for us. We wanted to grow it in a really steady manner, not disproportionately to make it risk free.
- Harshit Kapadia:** Okay, just comparing your results with peers results because of the volatility in the commodity prices, most of the companies have reported a very low on a Y-o-Y basis, but you have been able to maintain the margin, is it possible for you to explain this reason?
- Anil Gupta:** How can I comment on the other company's results?
- Harshit Kapadia:** You did not get the impact of volatility and commodity?
- Anil Gupta:** Volatility was there in the exchange rates, but what our imports we have at more than 50% is covered through our exports also, because we have similarly exports also, so due to that we are able to utilize that impact of exchange rate fluctuation to a very large extent.
- Rajeev Gupta:** We are able to increase our turnover by 30%, 33% so this means some extra profit is also there to absorb the extra cost.
- Harshit Kapadia:** The new capacity that you are adding in Silvassa, the press release mentions that it will be financed through internal accruals or debt, so then do you expect the net to increase?
- Anil Gupta:** No.
- Harshit Kapadia:** Why not financing completely with internal accruals is there some safety that you are carrying?
- Anil Gupta:** It is basically a safety. If we take the term loan, we reduce the working capital, because we have sufficient for internal accrual cash profit is there.
- Harshit Kapadia:** Just one last question on your payables, if you look at payable has increased were too considerably in this first half, so is there a particular reason?

- Rajeev Gupta:** Once we import the material, so it is five months credit basically.
- Harshit Kapadia:** Because of that it has increased.
- Rajeev Gupta:** Because of that increase.
- Harshit Kapadia:** Thank you.
- Moderator:** Thank you. The next question is from the line of Abhineet Anand of SBICAP Securities. Please go ahead.
- Abhineet Anand:** Thank you gentlemen. First I wanted to understand the supply of copper, which was a bit volatile in last quarter, has it stabilize totally?
- Rajeev Gupta:** Copper is always volatile like your share market.
- Abhineet Anand:** That I understand Sir, but still I am saying from supply perspective, it stabilizes right?
- Rajeev Gupta:** Sterlite is not there, but the import is there, so no problem of the copper supply worldwide, because the rate of the copper is same whether we buy from India or we buy it from abroad.
- Abhineet Anand:** Secondly there might be some loss at the EBITDA level right, because so what could that number be?
- Rajeev Gupta:** Net debt of the forex was close to Rs.8 Crores means the exchange loss is close to Rs.12 Crores, but some export incentive is close to Rs.4 Crores, so the net loss is Rs.8 Crores due to that.
- Abhineet Anand:** And this is the part of other expense right?
- Rajeev Gupta:** This is the part of other expense.
- Abhineet Anand:** Okay and my last question is in terms of retail we are having this target to spend higher and penetrate. Is there also an effort towards increasing the sales of the existing retailers or the dealers? For example, one part is obviously penetration of dealer's effort towards more growth through the existing dealers or making them large enough or what are the efforts for that?
- Anil Gupta:** We are working on both ways. The first is to grow by existing dealer and also add some new dealers in the under represented territories, so the overall growth is of number of

dealers may be 10% to 15% over a full year period because there are always many territories, which are under represented. So we need to open that in those territories.

Abhineet Anand: Lastly we see a lot of the cable companies that we see have dealer network in excess of more than 3000 I am talking about the top two, three, four, we are still at 1300, do you feel that the need to penetrate across the country, we will at least stay to go to 200 or something of that sort or we have already done that?

Anil Gupta: We are talking about for our direct dealers then there are many large distributors who have substantial number of retail dealers under them, which are not dealing directly with the company, but who takes material from our bigger distributors. We do not count them as our direct dealers and as you say that we have seen that some companies what you are talking about like Havells or Polycab they have much bigger sales through the distribution network and operating in that market for more than 25 years in the dealer network, so hence they have more number of dealers. We are also gradually growing our number of dealers and also sub-dealer network through our distributors.

Abhineet Anand: And what could be your markets in the retail segment now, any approximate number?

Anil Gupta: 35% should be our sales through the dealer network in FY2018-2019, but our aim is to go into 40% of our total sales in the next two to three year's period.

Abhineet Anand: Sorry, my question was a bit different, within the retail wire segment; we are in the top five, six players, so I am trying to understand what is the market share of KEI in the retail wire segment?

Anil Gupta: At the moment, I believe it should be around 8%, in the house wire segment 11% or 8%.

Abhineet Anand: Thank you.

Moderator: Thank you. The next question is from the line of Manish Agarwal from JM Financial. Please go ahead.

Manish Agarwal: You said 8% market share in the housing wire, so what is the total industry size we are looking at roughly over here and what do you feel is the industry growing at roughly?

Anil Gupta: I think the total size of the house wire segment is close to Rs.13000 Crores or Rs.14000 Crores it may be Rs.15000 Crores because exact numbers nobody can say and it is growing in volumes by around 10% to 12% or even 15% every year because lot of new schemes like affordable housing by the government and also ultimately today everybody wants to have a

house, so even the smaller cities you can see a lot of high rise apartment coming up, so this segment will definitely continue to go.

Manish Agarwal: So Rs.13000 Crores to Rs.14000 Crores I mean what is the total housing wire sales, which you are talking about?

Anil Gupta: This year we expect our housing wire sales on a full year period to touch close to Rs.800 Crores to Rs.850 Crores over a full 12 months period.

Manish Agarwal: Okay, so are we gaining market share?

Anil Gupta: Yes, definitely we are gaining market share, because our base has been low so we have to gain market share where we are under represented in the areas.

Manish Agarwal: Okay and this would be more from the unorganized segment or from other competitors only?

Anil Gupta: I think it should be both.

Manish Agarwal: Just one more clarification, the EPC EBITDA margin, which you mentioned for the whole year, was roughly?

Anil Gupta: 12% to 14%.

Manish Agarwal: Thank you so much.

Moderator: Thank you. We will take the next question from the line of Dhruv Bhatia of BOI AXA. Please go ahead.

Dhruv Bhatia: Sir, first question was on the EHP business, you have done almost around Rs.46 Crores of revenue in the first half and you were guiding from the last call of doubling revenues from Rs.170 Crores odd to Rs.340 Crores, so are you still on track to achieve that number?

Anil Gupta: Yes, we are definitely on the track. The second quarter has been low because of the monsoon seasons and there were the lot of orders, which could not get the clearance on the end customers due to pending approvals issues of the documents and the rope that we commissioned.

Dhruv Bhatia: Have you taken any price hike in the housing wire division?

Anil Gupta: Pardon.

- Dhruv Bhatia:** Have you taken any price hike in the housing wire division?
- Anil Gupta:** Prices are regularly revised with respect to the prevailing copper prices.
- Dhruv Bhatia:** Could you just help us with FY2019-FY2020 capex?
- Rajeev Gupta:** FY2019 we just guided there at Silvassa, we will spend around Rs.40 Crores more apart from this land building we bought and the existing HT power plant, which is in Pathredi, Bhiwadi is going on, it will cost around close to Rs.30 Crores, Rs.35 Crores. The next FY2019-2020 again we will double our capacity for house wires, which will add another Rs.30 Crores and add the capacity close to Rs.300 Crores in next financial year. Right now these are the capex plan.
- Dhruv Bhatia:** For the full year FY2019 it will be roughly around Rs.9000 Crores capex across all products?
- Rajeev Gupta:** Close to Rs.90 Crores.
- Dhruv Bhatia:** And in FY2020, it will be roughly around Rs.50 Crores odd.
- Rajeev Gupta:** Rs.50 Crores.
- Dhruv Bhatia:** Could you just help us with how does product this capacity ramp up because you mentioned, it has been adding Rs.300 Crores of revenue from the Silvassa plant as well as Rs.200 Crores from the HT power cables. How do you see this ramping up even within next two years, do you see achieving full revenue?
- Rajeev Gupta:** HT power cable plant will start by February or March and house wire business of Silvassa we are also trying to build by March or at the mid April.
- Dhruv Bhatia:** In the sense of ramp up will it be this Rs.500 Crores revenue can be achieved in the next couple or two years?
- Rajeev Gupta:** Yes, because we have to grow by 20% every year CAGR, so this much capacity we have to be in place.
- Moderator:** Thank you. We will take the next question from the line of Aman Bordia from Moneyore Investment Advisors. Please go ahead.
- Aman Bordia:** Very good afternoon. Most of my questions have already been answered. I just wanted to know Sir, what is the maintenance capex that we will be having over the next few years?

- Rajeev Gupta:** Maintenance capex every year is close to Rs.8 Crores to Rs.10 Crores.
- Aman Bordia:** Sir I missed out couple of numbers on the EBITDA margin, could you please repeat the EBITDA margins?
- Rajeev Gupta:** EBITDA margins in the branded and institutional sales are close to 9% plus while we are selling to retail and exports, the EBITDA margin is 11%.
- Aman Bordia:** I have other number Sir. Thanks a lot for that. Also I just wanted to confirm one thing I think in the last concall we mentioned that around Rs.50 Crores of order was non-delivered in the export side?
- Rajeev Gupta:** So this was in this quarter is all delivered because each and every quarter some material will be lying as finished goods and some will be sold, so this is the almost in every quarter end or every year end is happening, regular production, regular order and regular selling.
- Aman Bordia:** Thank you.
- Moderator:** Thank you. We will take the next question from the line of Navin Tekumani an Individual Investor. Please go ahead. We will take the next question from Kashyap Jhaveri of Emkay Global. Please go ahead.
- Kashyap Jhaveri:** I had just one question of the expansion or capital that you mentioned how much was there in the first half, out of the total capex that you mentioned for FY2019, how much have you already spent in H1?
- Rajeev Gupta:** H1 will be close to Rs.40 Crores, Rs.50 Crores we have already spent.
- Kashyap Jhaveri:** Rs.40 Crores you mentioned.
- Rajeev Gupta:** Yes.
- Kashyap Jhaveri:** That is it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Pooja Doshi of Motilal Oswal Securities. Please go ahead.
- Pooja Doshi:** Could you please give me breakup of NC, EPC, retail and export or division segment wise revenue basis?

- Rajeev Gupta:** Yes, you can note down for this quarter. The EPC division is Rs.149 Crores, the dealer business is Rs.340 Crores and export business is Rs.121 Crores and rest is the institutional capacity.
- Pooja Doshi:** Okay and how much is there imports content in raw material?
- Rajeev Gupta:** Import was around 60% right now.
- Pooja Doshi:** Sir, could you repeat that again please, how much was it?
- Rajeev Gupta:** 60% import content right now because of the copper.
- Pooja Doshi:** Do you expect this to continue because I think you had localization plans to do you see this is improving?
- Rajeev Gupta:** If Vedanta starts then it will reduce otherwise it will be maintained at this level.
- Pooja Doshi:** That is all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Varun Basur of AQF Advisors. Please go ahead.
- Varun Basur:** Good afternoon Sir. Thanks for taking my question. If I look at the press release, the order book for HT cable is something Rs.630 Crores, what is this execution timeline?
- Anil Gupta:** Around 18 to 24 months. It is mostly 18 months.
- Varun Basur:** Okay and whereas EHV market you had said somewhere around Rs.2000 Crores is there that is domestic market correct?
- Anil Gupta:** Correct.
- Varun Basur:** Who are the other players in this?
- Anil Gupta:** Other players are Universal Cable or KEC.
- Varun Basur:** Okay, what was the cash flow from operations in the first half of year?
- Rajeev Gupta:** It was close to Rs.250 Crores plus.

Varun Basur: Okay and just one more thing, in the result you have written some 49% JV has been incorporated in South Africa, just what is the outlook of this?

Anil Gupta: The purpose of this JV in South Africa is to gain market share in South Africa. We have been exporting to South Africa for last three, four years now. We are having approvals from all the utilities over there and also their standard organization which is called SABS, South Africa Bureau of Standards; it is online of Bureau of Indian Standards similarly over there. Now the constraint in increasing our sales was that we did not have a local company and when we dispatched the goods from India, it takes 45 or 60 days to reach there and then custom clearance and all that. So the buyers over there, they wanted to buy from a local company and also when we sell within the utility, there are preferences given to some black empowerment companies so that is why for black empowerment we have to make a trading company where some local has taken away shareholder in trading activities, so that we get that benefit so that is the purpose of incorporating this subsidiary company in South Africa. I hope I am able to clarify?

Varun Basur: Thank you.

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

Lavina Quadros: Just wanted to understand on the debt side if you could tell me how much of the debt is classified in current liabilities?

Rajeev Gupta: Earlier there was Rs.130 Crores odd is a buyer credit, which was shown in the debt side, so which has now because of buyer credit is no more now as per RBI regulation, so it has come into the creditors.

Lavina Quadros: Sir current maturities of long-term borrowing, how much would that number is?

Rajeev Gupta: The total debt figures I will just give you. Term loan outstanding is Rs.230 Crores, working capital loan total is Rs.226 Crores and bill discounting and others borrowing is close to Rs.236 Crores or Rs.240 Crores, the term loan outstanding is Rs.247 Crores, working capital is Rs.255 Crores and bill discount is Rs.103 Crores and others Rs.288 Crores, so total is Rs.633 Crores is the borrowing.

Lavina Quadros: This Rs.633 Crores is a comparable number for Rs.840 Crores right which shows your last year gross number?

Rajeev Gupta: Comparable number is Rs.704 Crores; buyer credit of Rs.137 Crores is now no more so we have paid off all buyer credit.

- Lavina Quadros:** Okay Sir, it is gone in your creditors basically?
- Rajeev Gupta:** Balance sheet to balance sheet, it is Rs.840 Crores again Rs.833 Crores.
- Lavina Quadros:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen that was the last question. I now hand the floor back to Mr. Darshika Khemka for closing comments. Over to you Madam!
- Darshika Khemka:** I thank Mr. Gupta for your time and hand over the call to him for any closing remarks. Thank you everybody.
- Anil Gupta:** Thank you very much to all our investors and participants in this conference call for taking out your valuable time and also putting questions to guide us for the future. Thank you so much for joining us. Thank you.
- Rajeev Gupta:** Thank you very much.
- Moderator:** Ladies and gentlemen on behalf of Edelweiss Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.