# Bharat Wire Ropes Limited
# Earnings Conference Call
# April 27, 2023

---

**Moderator:** Ladies and gentlemen, good day and welcome to the Bharat Wire Ropes Limited Q4 FY23 Earnings Conference Call.

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 phone.

I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you, Mr. Sonpal.

**Anuj Sonpal**: Thank you. Good afternoon everyone, a very warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the investor relations of Bharat Wire and Ropes Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the fourth quarter and financial year ending 2023.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Let me now introduce you to the management participating with us in today's earnings call and hand it over to them for opening remarks.

We have with us Mr. M.L. Mittal – Managing Director and Mr. Mayank Mittal – Joint Managing Director. Without any further delay I request Mr. Mayank Mittal to start with his opening remarks. Thank you and over to you, Sir.

**Mayank Mittal**: Thank you Anuj for hosting this call and a very good afternoon to everyone joining us today. It is my pleasure to welcome you all to our first ever earnings conference call for the fourth quarter and the financial year ending '23. Being that this is our first ever earnings call, let me first give you a brief about the company so that everyone is on the same page. Bharat Wire Ropes Limited was originally incorporated in the year 1986 and later in 2010 it was acquired by us. We are today one of the leading manufacturer of specialty wire rope slings and wire strands with over thousands of varieties of products and SKUs. Our products meet the functional needs of various industrial applications such as general engineering, aviation, fishing, elevator, cranes, material handling on and offshore oil exploration, ports, shipping and mining.

The Company has two manufacturing plants. One is in Atgaon Maharashtra which is 90 kilometers from Mumbai and it is the old plant that we acquired which has a capacity of 6,000 metric tons per annum and a new state of the art facility in Chalisgaon Maharashtra which has a capacity of 66,000 metric tons per annum and manufacturing facility at Chalisgaon is equipped with the latest technology, machines and infrastructure from the best companies across the globe. We have machines mainly from South Korea and Germany which helps us to compete with the global manufacturers. We are exporting our products to over 50 plus countries covering the 6 continents including Australia, Middle East, Nepal, New Zealand, UK, US, Singapore, South Africa, Vietnam and many more.

Alongside this, the company also caters to the government, semi government organization, private organization and multinational companies. There has been a significant transformation in the company's business and performance. Strategic efforts have been made to focus on improving marketing enhancing productivity and maximizing plant utilization by minimizing wastage, reducing material holding costs and focusing on sustainable operations.

Let me give you a brief on the fourth quarter and financial year 2023. For the fourth quarter under review on a consolidated basis we reported revenues of 162 crores, which was up by 21% on a year-on-year basis and 12.5% on a quarter-on-quarter basis. EBITDA margins for the quarter were reported at 28.16%, which represents a significant growth both on a yearly and quarterly basis. Net profits stood at 16 crores, which was up by 106% year on year, but down by 16% on quarter-on-quarter basis due to the additional deferred tax provision taken of 8.4 crores in this quarter.

For financial year 23 consolidated revenues stood at 589 crores reflecting a strong growth of 43% year-on-year basis. EBITDA for the quarter was reported at around 139 crores which represents a growth of over 100% on year with EBITDA margins at 23.56%. Net profit for the year was 62 crores which was up by 354% year-on-year basis. Please note that the company has made an additional tax provisions of 8.4 crores on account of change in tax structure. Without this item, the net profit would have been 70.6 crores in FY23. Now I request our Managing Director Mr. M. L. Mittal to give you some of the operational highlights. Thank you.

**M.L. Mittal**: Good afternoon ladies and gentlemen and thank you for joining us today on our first ever earning calls. I am happy to inform you that after many years of hard work our company has reported its highest ever quarterly and yearly revenues in Q3 FY23 and FY20. In FY23 our sales volume increased by 13% year-on-year and we are currently operating at 60% to 62% capacity utilization level. In FY23 there was improvement in our realizations by 30% on account of improvement in the profits, higher economic scale of operations and also improvement in our credibility due to good manufacturing track record and lastly also supported by increase in the steel prices. We have also seen an improvement in the profitability due to increase in sales realizations, cost optimizations and reduction of interest cost.

The company has turned around its operations and also a very strong and healthy balance sheet, our businesses is thriving in the strong demand outlooks, we are in ongoing order book position of 170 to 200 crores which is usually executed within a quarter. Our credibility with the customers is improving day by day resulting in repeated orders consistently coming to the company. We are also looking at sustainability initiative by switching to solar power which will not only reduce our carbon footprints, but also help us in saving energy costs almost 30% to 40% in the coming years. Our future plans looking to our past performance we are confident that consumability side will grow at least 15% to 20% in volume growth during next 3 to 5 years to achieve our rated capacity of 72,000 tons per annum by investing small amount in balance sheet equipments from our internal cash accruals.

Our major production is for the full export market. However, looking to Indian infrastructure development plans of Government of India we are confident that huge demand will be generated in the country which will also support our growth projections. Recently, Honorable Minister of Transport and Highways Mr. Nitin Gadkari has announced $15 billion investment in the roadway construction to be completed in next 5 years. This is the largest project in the world.

Apart from this projected demand ongoing infrastructure metro and construction activities also generating huge demand in the country and our company will able to get the benefits of these developments of the new demands. We shall ensure that our total days in the company should not be approximately equal to one year EBITDA and surplus money to be generated in future. We intend to invest in new product developments which will give us ROC of at least 25% to 30% business will be informed in next 2 quarters on finalization of the schemes which will be implemented in next 2 years. We have also issued CCPS to the bankers which will be compulsory converted into equity shares after 13 and half years to 20 years in 8 installment at that time travelling price as per SEBI formula. However, we are closely monitoring and working to address this issue much earlier without affecting existing shareholders interest because it is not the liabilities of the company as a debt.

We can now open the floor for the questions and answer session. Thank you very much. Over to Mr. Anuj.

**Moderator**: Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Jatin Damania with Kotak Securities. Please go ahead.

**Jatin Damania**: Sir, just to understand that since we have a 72,000 tons of capacity and we operated at 60%, 65% utilization. So, now given the ramp up that we had seen it seems like we will be operating at the rated capacity in FY24, so just wanted to understand the roadmap going ahead 2 to 3 years down the line what are we seeing in terms of the capital expenditure and in terms of the volume as you already highlighted that given the strong demand we will see a huge volume growth over the next 3 to 4 years?

**M.L. Mittal**: See as mentioned we will be going volume growth 15% to 20% consumability side last year we achieved around 39,000 tons production and if you take 15%, 20% growth the 72,000 tons production what we are expecting the rated capacity achievement next 2 to 3 years' time with this rate of 15%, 20% growth we are confident to achieve these numbers number one rated capacity. Second, the investment will be very small, negligible only for the balancing equipments wherever the shortfall is there in this case to achieve this capacity. So, they do not make a CAPEX plan to achieve this capacity in the next 2 to 3 years' time.

**Jatin Damania**: Given such of number that we reported in FY23 and since last quarter in this number, now with the volume increase of 15% to 20% is it safe to assume that the incremental volume that we will be doing will come with the higher margins?

**M.L. Mittal**: Yes, definitely margin will be improved because we mentioned that our operational efficiency improving, our production cost is getting reduced, product mix we are changing regularly, we are going for the higher sales price by offering the different products which will give the higher value like elevator ropes or compacted ropes all that different type of products for the same type of ropes. At the same time our cost of production is in control. We are reducing because of volume, we are buying the raw material, immediate payment, most of the raw material we are getting substantial discount on the purchase price also as compared to earlier years. So, all the factors will give additional top line as well as bottom line.

**Jatin Damania**: Last question if I am looking at the last year numbers definitely we had seen a sharp increase in our power and fuel cost, so are we moving into a renewable or any steps that we are taking to reduce the overall conversion cost?

**M.L. Mittal**: We mentioned that we are going for the solar we already started 5.5-megawatt solar energy and another 3.5 megawatts under installation that will be completed within the next 2 months' time. At same time as compared to last year if you remember last year the LNG price shoot up to Rs. 140 per kg. Now at present, the LNG price is Rs. 70 per kg. So, additional benefits we are going to get through energy cost as well as solar cost.

**Jatin Damania**: Sir it is better if you can quantify what will be the savings that we will be doing through solar and energy, is it possible?

**M.L. Mittal**: Around 30 to 40% the cost for the energy will be same as compared to last years.

**Moderator**: Thank you. Our next question is from the line of Amit Jeswani from Stallion. Please go ahead.

**Amit Jeswani**: Just trying to understand for margin volatility of the business this quarter we have reported closer to 28% EBITDA margin this year we have done 23% EBITDA margins, so these margins are now larger than the market leader in this industry like way higher than the market leader, are these margins are so high because of reduction of domestic steel prices and that is how you benefit or these are sustainable margins?

**M.L. Mittal**: Yeah, there are three, four components for the higher EBITDA margin and net margin. Number one, product mix we are continuously changing and upgrading our product mix we are getting a higher realization on the product mix side. Second, our sales price getting increased because of credibility in the market is improving day-by-day. We are nearly in export market almost 85%. Third, the productivity once we achieve certain threshold limit of the production than any incremental production giving the higher realization because other cost remains unchanged except that raw material and let us see small portion of power all other costs remains unchanged. So, all these factors is adding in the bottom line and EBITDA margin and we are confident that we can sustain this margins in the coming future also.

**Amit Jeswani**: So, you think 28% the margin that we reported this quarter is sustainable margin?

**M.L Mittal**: It is possible to sustain in the coming years also it is possible that is why we are committing that yes we are able to get this margin in future also.

**Amit Jeswani**: Sir, if steel price goes down except inventory losses you do not have any other impact?

**M.L. Mittal**: No, we don't have impact in fact we are hedging properly. Let us say we have suppose 10,000 tons orders in hand. Our total inventory and the systems is almost 10,000 tons. So, we are not exposed to the commodity prices the major fluctuation, a small fluctuation definitely we can observe because our contribution is very high, our gross contribution is almost Rs. 59,000 per ton which is the highest in the industries. So, a small fluctuation in steel price or zinc price definitely you can observe and we are confident that yes we can maintain this margin.

**Amit Jeswani**: Sir typically let us say elevator rope I am just trying to understand your business a little better like elevator ropes sir would it take let us say OTIS just I am just giving you an example I do not know if they are your clients or not, do they have some kind of permission approval timeline that goes through what is the most like in our business or it is like commodity that like whoever two, three vendors are there and whoever gives the lowest cost customer goes towards them how does it work?

**Mayank Mittal**: Actually, all these elevator manufacturers have a stringent approval process which can take years also and most of the multinationals have testing facilities abroad. So, they do their testing abroad, they have rigorous testing procedures and it can take years. It is a pretty stringent market to enter and it has entry barriers.

**Amit Jeswani**: Just trying to understand the bank conversion thing, so I was just going through your annual report and your annual report says that we will have to pay Rs. 328 crore to get the debt cleared how does that work sorry I might be very wrong here because that was the fair value quoted on the balance sheet?

**M.L. Mittal**: We have issued 382 crores CCPs is to the bankers 2 years back which has condition that after 13 and a half year this will convert into equity at that time prevailing market price as per SEBI formula and that also from 13 and a half to 20 years. So, average let us see 16 years, 17 years after they will convert into equity. At the same time management have put on call options and we can buy out this instrument at 9% deep discount anytime after 1st April 2023. The NPV value of those instruments if I want to buy out I can buy out at 105 crore, 115 crore, 120 crores. So, as such companies per say it is not the liabilities at all in the companies in future also it is equity instrument Compulsorily Convertible Equity Instrument and we are seriously working, we are monitoring closely at appropriate time we will come back to the investors and the shareholders everybody that this is our plans once we finalize otherwise almost 20 years is a long period for this type of instrument conversion to equity, 382 crores is not the liabilities it is a equity instrument.

**Moderator**: Thank you. Our next question is from the line of Alisha Mahawla from Envision Capital. Please go ahead.

**Alisha Mahawla**: Sir, firstly just wanted to know what is the amount of subsidy that we have received in this year and the corresponding over last year also has been in the extension or in April 23 this has to be ended?

**M.L. Mittal**: See, this is PSI scheme of government of Maharashtra. We are in backward area D zone. So, we are eligible to get subsidy to the extent of GST collected from the customers and 30 crores we received last year from Government of Maharashtra and our total eligibility is 435 crores and we have time up to October 25 afterwards we might get extension, but right now we have October 25.

**Alisha Mahawla**: Has it already got extended because last time you said this was still April 23?

**M.L. Mittal**: Last week October 23 now we got 2 years extension because of COVID October 25 is the final date we got the letter from Government of Maharashtra.

**Alisha Mahawla**: And this 30 crore is for FY23 right that we have received?

**M. L. Mittal**: FY23 we have just requested will be around 44 cores we will get over the period next 15 to 18 months' time.

**Alisha Mahawla**: But have you already accounted?

**M.L. Mittal**: 38 crores is accounted in March 23 and what we got that is pertaining 19-20 and 20-21.

**Moderator**: Thank you. Our next question is from the line of Pratik Banthia with Girik Capital. Please go ahead.

**Pratik Banthia**: I just wanted to ask what is the replacement life for the elevator cables that you provide and also what is the percentage of replacement revenue that you get every year?

**Mayank Mittal**: So, basically for elevator ropes the replacement cycle is around 5 to 6 years again it all depends on the usage of the elevator ropes, but on an average what you have seen is around 5 to 6 years and elevator is I think so it is a major part of the general engineering business that we are doing and we are working with couple of big manufacturers like KONE elevators, Johnson is there, Fujitec is a new entrant. So, we are working with a lot of marquee client here.

**Dhawaal Shah**: I have a question what we notice is that in the elevator industry the number of average stocks which a elevator has that is going up like for a long time there were 8 stocks an elevator was having and now that 8 is going to 11, 12, 15 as more and more tall buildings are built in the country. Now with this how does you're the elevator rope business benefit in terms of strength or the more quality of ropes or anything or it remains the same?

**Mayank Mittal**: So, basically as the number of elevators is increasing, the footprint of it is increasing definitely there is an increased demand that we are seeing in our order book. On the follow up thing I did not get your question can you just.

**Dhawaal Shah**: So, my question is that if an earlier an elevator is made for a 8 story building now as the more and more higher as they are build, so then does the quality of growth you changes with the more taller building faster speed because now the global standard is like one second per floor for the tall buildings in India it is much less and once they are also moving towards that when we go to a 50, 70 tall building, so, how does that rope quality changes once you start supplying for the faster speed elevators?

**Mayank Mittal**: Actually, see the quality of the rope is again specified by the manufacturer and we give this rope according to that specification. So, these manufacturers work on the designs and they have huge R&D centers. So, as far as what we have seen is the specification what these people are giving us these ropes are good to go for a 30 story, 40 story buildings also until and unless they change the technology and they go on to something else, but for now what we have seen is our machines, our capability and manufacturing facilities good to go with all the manufacturers I mentioned.

**Pratik Banthia**: And my last question again on the elevator industry given ropes are such a critical part of the functioning of the elevator anywhere in the world do the OEMs make ropes themselves or everything is made by players like you?

**Mayank Mittal**: No, it is all made by rope manufacturers. The elevator manufacturer they are basically assembling all the different components. So, nowhere in the world they are manufacturing the ropes themselves.

**Moderator**: Thank you. Our next question is from the line of Falguni Dutta from Jet Age Securities Private Securities. Please go ahead.

**Falguni Dutta**: Sir, I have few questions one is on the subsidy is it a part of revenue from operations for us?

**M.L. Mittal**: Yes, it is part of revenue from the operation and we are accounting as revenue only.

**Falguni Dutta**: And since which year are we receiving the subsidy?

**M.L. Mittal**: We started receiving from 2019 onwards and this will go up to 2025 October.

**Falguni Dutta**: Meaning FY19 you mean to say?

**M.L. Mittal**: By 18-19.

**Falguni Dutta**: And it will go till 2025?

**M.L Mittal**: October 25-26.

**Falguni Dutta**: And sir the second question could you just tell us the production and sales volume for Q4 of FY23?

**M.L. Mittal**: 11,298 precisely is the production and 10,689 is the sales for the Q4.

**Falguni Dutta**: Sir, I missed you sorry could you just come again?

**M.L Mittal**: 11,298 metric tons is production and 10,689 is sales.

**Falguni Dutta**: And sir as you mentioned that you have a capacity of 72,000 tons, but the volume for last year were if I am not mistaken around 39,000 is what you said for FY39, so sir what stopped us from doing higher volumes I mean why is it that we have not been doing let us say closer to 60 odd?

**M.L. Mittal**: See as I mentioned in my speech also that we are gradually increasing every year 10% to 15% to 20% volume growth to achieve our 72,000 tons capacity. This is impossible to achieve optimum capacity in year 1. So, wherever we require balance equipment to achieve the total capacity. So, next 2 to 3 years' time definitely we are going to achieve the 72,000 ton capacity.

**Falguni Dutta**: Just to interrupt our 72,000 tons capacity is since when?

**M.L. Mittal**: This is installed capacity and the rope industries 100% of the installed capacity cannot be achieved. There are lot of if and buts are there for balance equipment, for the process, loading, unloading in time lot of things happens. It was installed capacity just like car is manufactured for the speed up to 240 kilometer per hour, but it is impossible to achieve immediately.

**Falguni Dutta**: I just wanted to ask you that since I have not followed the companies so closely earlier, so this 72,000 tons capacity that we have since which year?

**M.L. Mittal**: 2016-17 when we come out of the IPO that time we installed this capacity which design the entire plant for 66,000 Chalisgaon and 6000 for Atgaon. So, total 72,000 capacity we envisaged in our IPO future also.

**Falguni Dutta**: So, this 72,000 is since which year we are having this capacity is what is what I understand.

**M.L. Mittal**: 2016-17.

**Falguni Dutta**: Sir, one final question is on the order book I missed on the order book also.

**M.L. Mittal**: Around 170 crores to 200 crores is order book which will be serving within one quarter and this order we get daily basis. So, you know this is a continuous process and around quarter one quarter orders always in hand.

**Falguni Dutta**: Could you tell us the volume against this?

**M.L. Mittal**: Around 13,000 to 14,000 tons.

**Moderator**: Thank you. Our next question is from the line of Mr. Deepak Poddar from Sapphire Capital. Please go ahead.

**Deepak Poddar**: Sir, I just wanted to understand you mentioned 15%, 20% revenue growth we may look at over next 2 to 3 years CAGR?

**M.L. Mittal**: Volume growth we just say volume growth. This also depend upon the steel prices and other factors and this is also increasing because steel price is changing and our realization is increasing so that may affect further, but the volume growth is 15%, 20% is likely to be there.

**Deepak Poddar:** So, currently we did about 38,500 odd ton of that, so if you do 20% so in 3 years we would be close to about 68,000 tons of utilization as compared to rated capacity of so we will reach about 90%, 95% utilization level, so is that something which is possible in our industry to achieve 95% kind of utilization level?

**M.L. Mittal:** This industry is unlikely, but definitely by adding some balance equipment we are trying to achieve maximum possibility.

**Deepak Poddar:** And how do we see the ASPs I mean ASPs we have seen a very I mean sharp jump of 27%, 28%, so how do we look at I mean in terms of ASP?

**Mayank Mittal:** ASP is likely to improve since we are also working on the product mix wherein we are trying to add more sophisticated products where we are competing with the global giants. So, it is likely to improve further. Basically, we have a strong R&D department where we are working with new designs, new technology just to improve the ASP.

**Deepak Poddar:** So, even if the ASP improved by 5% to 10% at 20%, 25% CAGR in revenue would be reasonable to assume I mean going forward?

**M.L. Mittal:** See last year because the sharp increase in steel prices 30% growth is because steel prices increased and the productivity increase. So, there are many factors. Suppose tomorrow steel price is going to approve say 40% higher than definitely ASP will increase if you go down it will go down also. So, the two factors are important one is steel price, the other is volume growth. Being a commodity items of the steel it is difficult to project completely what is the ASP improvement in the coming 2 years, 3 years' time, but volume growth and our ASP is increasing because of the product mix is changing or credit is improving in global market and domestic markets. So, we are expecting the good jump in the ASP also in coming period.

**Deepak Poddar:** And my second question is on your solar I mean you mentioned 30% to 40% cost can be seen, so can you quantify the time I mean how much was the energy?

**M.L. Mittal**: My PPA is signed Rs. 4.40 paisa per unit whereas we are paying right now Rs. 9 10 paisa to the government. Second is we are outsourcing solar also which is around Rs. 4.50 paisa against the billing charge and other clinkers. So, around Rs. 3 we will be getting the direct benefit and in case of 3.5 megawatt we will be getting Rs. 5 benefits. So, the aggregate I will be getting 30% to 40% because peak time between 6:00 PM to night 10:00 PM government do not allow to use any other alternates energy source when there is a peak time they charge 110% of the normal tariff. So, excluding that period entire 24 hours we can use solar or other energy to reduce our power bill. So, gradually they are shifting to solar which is available easily and competitive and we are confident that 30% to 40% saving will be there in this year onwards.

**Deepak Poddar**: Can you just quantify what was the absolute in rupees growth per our energy cost in FY23?

**M.L. Mittal**: 51 crore 12 lakh was the energy cost in the last 22-23 as compared to 39 crores of 21-22 last year was a very, very different type of working because of the Russia-Ukraine war, the LNG price increased up to Rs. 140 because of petroleum shortage I think this is gone down now Rs. 70 approximately. So, if this year is likely to be around 25 crores total energy as compared to 51 crores of last years. Apart from solar LNG also giving the major benefits in the current again depend upon the international prices energy cost may fluctuate, it can go down, it can go up it is not in control of anybody in the country.

**Deepak Poddar**: So, this 25 crore savings is about 3%, 3.5% of EBITDA margin saving?

**M.L. Mittal**: Yeah it is possible throughout the year if energy price goes up we are anticipating this sharing, but depend upon again the LNG prices and we are consuming LNG substantially almost 200 tons per month we are assuming.

**Deepak Poddar**: And it will start hitting from first quarter itself?

**M.L. Mittal**: Last year COVID time it was Rs. 30 per kg, Rs. 30 become Rs. 140, Rs. 140 become Rs. 60 wide fluctuation in the energy cost. So, time will tell what is the actual savings, but we are expecting around 20 crore, 25 crore saving in the energy cost in the coming year.

Moderator: Thank you. Our next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.

**VP Rajesh**: Just one question regarding the customer concentration so if you can give us the revenue that comes from top 5 customers of top 10 customers?

**M.L. Mittal**: Sorry, please repeat I am not able to listen please.

**VP Rajesh**: I was asking about the customer concentration in our business, so for example top 5 customers or top 10 customers will account for how much of our top line?

**M.L. Mittal**: Top 10 customers if you see they account around 60% only. We have the wide range almost 200 customers globally and more than 100 customers in India. So, total customers base is spread in 52 countries and on Pan India we are supplying. So, there is a concentration of particular customers only.

**VP Rajesh**: And the second question is that how much are we earning from exports versus the domestic market?

**M.L. Mittal**: See, our products are being exported almost 85% products are used in the globally 52 countries plus and 15% we are supplying in the domestic market. So, revenue is around 85 to 50.

**VP Rajesh**: So, 85% of our revenues is coming from exports is it?

**M.L. Mittal**: Yeah.

**Moderator**: Thank you. The next question is from the line of Mr. Binod Modi from Sharekhan. Please go ahead.

**Binod Modi**: As you said you drive almost 85% of business from export, so I have question on export business only, can you explain a little bit about the modalities of export in terms of what proportion you get through I mean a dealer network, distributor network and what is the proposition under B to B direct and how do you manage this Forex things in under your export business?

**M.L. Mittal**: See we have distribution channels and those channel will take care of the entire FOREX everything coordination with the customers and most of the products are being distributed through the distributors overseas. We do not approach OEMs directly because this is a small quantity consumer items, so nobody is buying a bulk quantity. They are buying small quantities so a distributor network is necessary in these types of business unless we have own marketing office or sales office in the interest to market.

**Binod Modi**: So, what could have been the kind of FOREX gain or losses that you would have booked in your other income part in this year overall?

**M.L. Mittal**: No, we sales through distributors and we take the rupee account. We do not book it forward cover except sometimes few cases, but by and large we are not booking any FOREX we are just taking rupee date of dispatch is very important, what date we are dispatching that days we take the rupees. So, we are not exposed to FOREX distributors take care of everything.

**Binod Modi**: So, it happens 100% through distributors and you deal only in INR?

**M.L. Mittal**: Yes.

**Binod Modi**: And my last question sir if you can explain me about I mean realization right vis-a-vis your other peers countries like Korea and Europe as well as America market, so how do we vary in terms of realizing in this key export market as of now whether are we at par or are we offering our product at discount as of now and if it's how much?

**M.L. Mittal**: We price our products we do not sale on discount we price our products and every market have different pricing policies. Some markets we get good realization, some market we get low or medium sometime market is average. So, as I mentioned that our products are being used globally or more than 50 countries and various users. We are mainly directly competing with the Koreans and European markets because in India is better advantage for the transportation point of view cost of production and other benefits. So, Koreans and others are major competitors. So, we benchmark our product as compared to the Europeans and Koreans.

**Moderator**: Thank you. Our next question is from the line of Vivek Gautam from GS investment. Please go ahead.

**Vivek Gautam**: I had applied in the IPO in 2016 around when I come and then was tracking it and the company went through with some near debt experience and what was the reason for it and what have been the learning from it so that this sort of occurrence does not occur again in the future and how is the opportunity size and how sustainable is that recent growth and what is the expected CAGR growth rate we expect in 2 years, 3 years?

**M.L. Mittal**: The growth rate we already discussed that 15% to 20% volume growth is expected. So, far past is concerned we do not want to again go remember those bad days project started, but the working capital delay was in implementation, lot of issue was there. It was learning for so far past is concerned definitely and I do not see it is mistakenly experienced in my word language this is experience, good experience and the experience always stays in the life time. So, this is a lifetime experience I have forgotten the past which I was in ICU which doctors which medicines I use I do not want to remember, but very clear that now we have very healthy balance sheet. We are healthy working and that will continue I can assure you my all the investor community that this will be a healthy balance sheet healthy company.

**Vivek Gautam**: And basically, how much of the subsidy helping us right now and which was still around 12 years I think so and CAPEX also there were some and how much has been helping us in getting very good margins and once it is over then what will be the impact on top and bottom lines?

**M.L. Mittal**: Subsidy is a small portion of the total overall performance, but at the same time as Mayank also explained that every time we are improving our product mix which will give higher value realizations. So, you know MRP or our average realizations getting improved, subsidies is getting additional benefits. So, we are not working only for subsidy over the period after one subsidy expired by that time our sales realization will increase more than 15% to 20% in the coming years in 2025-26 it is too early to project, but we are confident that without subsidy also the company will be doing well due to increased turnover volume number one. Number two our sales realization price is increasing. To subsidy what aspect we have sanctioned up to 435 crores eligible certificate and October 25 is XYZ. So, still we have 2.5-year time to use the subsidy. Later on we can just see how you can improve the performance of the company.

**Vivek Gautam**: Lastly on the deferred tax point is collected how much would have been our EPS that we have taken into account what was the need for it?

**M.L. Mittal**: Deferred tax is just accounting entries still we have something when hopefully another 2 years this will continue, we will now be taxpaying company we have around 290 crores scale for losses in the company income tax act. Book loss is only 30 crores, but income tax losses is still 285 crores is there. So, another maybe 2 years we can continue the deferred tax thereafter will come actual tax.

**Moderator**: Thank you. Our next question is from the line of Manan Shah from Moneybee Investment Advisor. Please go ahead.

**Manan Shah**: Sir I understand that the improvement in our realization and margins is also because of value added products. So, if you can just tell us whether there are further new valid products that we can add in our portfolio and what would be the current value-added mix in our overall revenue?

**Mayank Mittal**: So, we are constantly working on the value-added products adding a couple of products every quarter that is our target. So, we are continuously adding these products. In terms of realization again these things contribute and it helps us to compete with the global majors. So, as my father mentioned that we are competing with some European manufacturers. We are competing with some American manufacturers. So, this product mix will help us to compete with them more aggressively in the global market.

**Manan Shah**: So, are there still gaps in our portfolio that we can fill in the coming year.

**Mayank Mittal**: Yes, there are lot of gaps wherein we are working and having the same product line which anyone in the globe any major competitor or major player have. So, we are working to add those products in our product line.

**Manan Shah**: Another question was you mentioned about the order book of around 170, 200 odd crores, so over what time frame do we expect to execute this order book?

**Mayank Mittal**: So, this is around 3 months.

**Manan Shah**: So, within 3 months we should be able to execute this order book?

**Mayank Mittal**: Yeah.

**Moderator**: Thank you. Our next question is from the line of Mr. Ankur Kumar from Alpha Capital. Please go ahead.

**Ankur Kumar**: So, my first question is on the subsidy so have you received most of the subsidy in the fourth quarter have you accounted that and that is why margins are higher or is it like we are accounting this subsidy every quarter?

**M.L. Mittal**: Subsidy we are accounting every quarter that is very clear. The receipt for subsidy takes 15 to 18 months period. We received up to March 22 subsidy almost 75% and balance 25% we will be getting in next 3 months' time. So, this is the government of Maharashtra available cash flow they disburse money as and when the budget allocated. So, we are confident that up to 435 crores which is extension in upper limit and every year we are just putting the request for the disbursement once accounts are finalized. Last year this March 23 I mentioned that around

34 crores we accounted as income in the balance sheet and definitely we will get by within a year or 18 months period time.

**Ankur Kumar**: I am basically I am asking this 34 most of it is in Q4 or is it like equally distributed?

**M.L. Mittal**: Throughout the year all 4 quarters. Let me tell you other way out of 140 crores EBITDA the subsidy is only 30 crores, 35 crores not the major portion around 20% of the EBITDA.

**Ankur Kumar**: Sir, next question is on the order book so in the presentation you are saying one 170 crore order book now for next 3 months, but in the last presentation it was 200 crores, so basically there is 30 crore reduction in order books, so is it like seasonal business say Q1 and Q2 will be lesser than Q4 or how we should think about the seasonality of the business?

**M.L Mittal**: It is a continuous process, sometimes bunching of orders starts to take place like somewhere exporter we have to stand at a time 400 tons, 500 tons. So, 20 crore, 30 crores is immaterial because of seasonality not seasonality bunching of the orders in the export market and some tenders basis some tenders we are getting in what particular time so order position become you know quite high at same time the tender we have to execute in 6 to 8 months time. So, every time it is impossible to just quantify that this will continue depending on every dynamic issues.

**Ankur Kumar**: Sir I asked there is nothing like seasonality in this business?

**M.L. Mittal**: It is not seasonal business it is not like sugar or other thing.

**Moderator**: Thank you. Our next question is from the line of Kirtan Mehta from Bob Capital Markets. Please go ahead.

**Kirtan Mehta**: I had one question in terms of the induced market, so if we look at the sort of the end use industries how does the revenue get split across the different buckets another related question was also in terms of the geography if we want to just look at the bigger geography like Europe, Asia and others what would be the revenue split geography wise and I also want to understand in terms of we are sort of passing through the recession so what could be the impact or what is your outlook or change in outlook between the last half of the year in the next half of the year across different segments?

**Mayank Mittal**: I did not get your first question can you just repeat.

**Kirtan Mehta**: In terms of which are the primary end user industry which consumes our product, so is it primarily targeted construction or is it gets into some aspect of the manufacturing how does it get used as a consumables which are the industry which are consuming it?

**Mayank Mittal**: So, basically our major industries would be someone like elevator manufacturer, crane manufacturers, oil and offshore exploration, shipping, mining. So, construction also use a lot of ropes. So, it is primarily related to the lot of it is infrastructure related plus we also have a big replacement market. So, there is constant orders coming in once the rope is installed again it has different cycles depending on the durability. So, it can vary from 10 days to 25 years again depending on the application piling is again one good example of wire rope application. The second question is the distribution across the globe. So, around 30%, 35% comes from Europe, 20% comes from US and the South American market. The balance comes from the South Asian countries and Middle East. So, we are well spread across 52 plus countries almost all the parts of the world.

**Kirtan Mehta**: The third question was about in terms of basically the world we had seen some sort of the decline coming across in different markets, how are you seeing this change in outlook it is region level or it is some of the industry level if you can?

**Mayank Mittal**: So, I think we as a country and as an Indian manufacturer we have a big opportunity, especially when we look at the global landscape since our cost of production is very competitive. We have almost the same machines that German manufacturer can have and Input quality of rods is again at world stage. So, the kind of value proposition that we can give in is again one of the best in the world. So, I think that is what our focus is.

**Moderator**: Thank you. Our next question is from the line of Mr. Vignesh Iyer from Sequent Investments. Please go ahead.

**Vignesh Iyer**: Sir, just to understand I can understand the steel price is a major factor when it comes to sales and EBITDA, the inventory loss or inventory gain as it may. So, it is difficult to put a percentage margin to it, but sir can you quantify if EBITDA per ton would be a better way to calculate and if you have any number in mind I mean below which the company usually would operate so like if I take FY23 number it comes somewhere around 36,000, so can you just help me understand this?

**M.L. Mittal**: See the EBITDA margin is directly dependent upon the steel prices, productivities, sales realizations. See EBITDA margins last year let us say it was Rs. 59,000 per ton was the gross margin, EBITDA margin was Rs. 36,000 per ton and the PAT margin was Rs. 16,000 per ton and this margin we are personally I am confident yes we will able to maintain it in the coming period also subject to variation of the energy prices, steel prices, but by and large looking to the business plans and the order book position we are confident that to maintain the growth what we have achieved last year.

**Vignesh Iyer**: I mean on the power side of it you are quite confident of reducing the cost, so over and above that we are confident of making better EBITDA?

**M.L. Mittal**: See we are trying to mitigate the risk. See energy cost include two portion one is the power cost, second is LNG gas. LNG is not in control, powers it was like if you remember the government of Maharashtra increase power by Rs. 1.20 from 1st April 2023 recently two years back, how to address. So, to mitigate this type of increase we have decided to go to solar and partly already installed from 1st April partly under elections will take another two months time. So, we are trying to mitigate all the business risk is so far negative things are there we are trying to overcome those negative aspect in the business so far as cost is concerned and LNG I told you it is impossible anybody can predict that what will be the cost, but looking to the global scenario we expect this price should also go down by 15% to 20% based on the Indian oil and other companies we are talking, but again the global political situation if something goes wrong then it can go again very higher side or lower side and LNG I cannot predict, but solar we can predict that my domestic power cost will go down at least 30% to 40%.

**Vignesh Iyer**: So, final question on my side is can you tell me what is your regular CAPEX plus the CAPEX that has been spent for solar power?

**M.L. Mittal**: We do not expect major CAPEX, maybe 1% or 2% of our gross block will be CAPEX to just achieve our related capacity within 2 years, 3 years' time. It is very small numbers maybe Rs. 10 crore per year.

**Vignesh Iyer**: And the cost for solar power?

**M.L. Mittal**: Solar we are outsourcing we sign the PPA with some Swiss company and we are just paying the Rs. 4.40 paisa per unit and other which is outsourced which is we are paying Rs. 4 60 paisa there is no CAPEX at all. You have to use our entire cash flow for better utilization and the better returns. So, as mentioned that we expect any cash we are spending at least we should get 20% to 30% returns.

**Moderator**: Thank you. Our next question is from the line of Mr. Prateek Chaudhary from Saamarthya Capital. Please go ahead.

**Prateek Chaudhary**: Sir, could you specify what is the exact subsidy which has been booked in Q4?

**M.L. Mittal**: 10 crore 10 lakh we exactly booked in the last quarter Q4.

**Prateek Chaudhary**: How much sir could you repeat I could not hear?

**M.L. Mittal**: 10 crores 10 lakh I think 40 crores is EBITDA.

**Prateek Chaudhary**: How much subsidy do you expect for FY24?

**M.L. Mittal**: This is linked with the total turnover and it is too early, but definitely it should be around maybe 40 crores plus it is too early to give the complete break up once 2 quarter, 3 quarter over then definitely we can guess it what is the final numbers.

**Prateek Chaudhary**: We mentioned that 85% of our turnover is through exports, are these deemed exports or are we directly exporting?

**M.L. Mittal**: These are deemed exports.

**Moderator**: Thank you. Our next question is from the line of Mr. Dhiral from PhillipCapital PCG. Please go ahead.

**Dhiral**: So, what is the contribution of high margin product in our revenue?

**Mayank Mittal**: It would be around somewhere in the range of 8% to 10%.

**Dhiral**: And what was this figure last year FY22?

**Mayank Mittal**: FY22 would be around 5% to 6%.

**Dhiral**: How much sir 5% to 6%?

**Mayank Mittal**: Yeah you are talking about special products.

**Dhiral**: So, we are talking about value added products wherein we get higher realization and better margins?

**M.L. Mittal**: FY22 5% to 6% last year we did maybe around 15% to 20% depending on multiple range. There are basic products maybe 5 or 6 time of value-added products.

**Dhiral**: So, from 5% to 6% we have done almost 15% to 20% kind of a high value-added product mix?

**Mayank Mittal**: Yes.

**Moderator**: Thank you. Our next question is from the line of Payal Goenka from Tusk Investment. Please go ahead.

**Payal Goenka**: So, I want to know like FY23 right now you mentioned that 8% to 10% is from the high value-added product, in FY24 what do we expect this percentage to be?

**Mayank Mittal**: This is going to increase to approximately I think around 20% that is our projection, but it is too difficult to tell right now because a lot of these products are under trials and we have to see how it performs with the customers and what is the feedback, but this is our goal to achieve at least 20%.

**Payal Goenka**: And would has been an industry growth in the wire rope market in the last 2 years, 3 years and what is expected in the next 2 to 3 years?

**Mayank Mittal**: There is no visual figures about the growth, but as per again our estimate it would be in the range of 5% to 6% CAGR.

**Payal Goenka**: So, that is for the next 2 to 3 years we are talking about?

**Mayank Mittal**: Yes.

**Payal Goenka**: And so like in terms of volume growth you are talking about 15%, 20% right for next year. So, industry growth is 5% to 6%, so in that way are we very confident of taking the market share that way or something?

**M.L. Mittal**: See globally I mentioned that we are competing with the Koreans and Europeans. Definitely we are taking the market share of other international players and they are getting our footprints at same time replacement market is also increasing and I also mentioned that in India also infrastructure is going to be boom. Mr. Gadkari also announced a big project of $15 billion and metros and highways and bridges; lot of things is going in the country also. So, it is not the only industry growth, but overall, the replacement growth and shifting of the capacity like Europe the energy cost is very high, there are lot of companies are shutting down because of higher cost. So, we are getting the market share in those countries also. So, there are multiple regions why we are expecting between 20% growth in the power company.

**Payal Goenka**: Just last question if you can tell me so out of the total revenue of 160 crores how much would have been approximately the replacement or the order replacement revenue?

**Mayank Mittal**: It would be very difficult to quantify that because the majority of our business happens through distributor and that distributor again in turn gives it to the OEMs over the replacement market. So, we are not able to track that information as to what is the percentage in replacement market.

**Moderator**: Thank you. Our next question is from the line of Mr. Sudan individual investor. Please go ahead.

**Sudan**: I have a couple of questions so basically the CGST subsidy which we are getting it is on an actual basis or on a accrual basis, so can you just explain this part?

**M.L. Mittal**: See this is subsidiary we are getting on accrual paid basis what we are paying to government of Maharashtra and that also that we are getting after the completion of year we have to file the returns and then we get it 15 to 18 months' time. So, this is the process we are not exemption, we are paying and getting back from the government of Maharashtra.

**Sudan**: And regarding the realization sir, so we are like 85% we are exporting so what is the gap in the realization versus the export and in the domestic market?

**M.L. Mittal**: First volumes we are getting at same time the payment security is good as compared to domestic market. Realization we expect that export markets were getting better realization that is why our major focus is export market. However, we are not ignoring the domestic market also, we are increasing in current year of domestic market presence also.

**Moderator**: Thank you. Our next question is from the line of Mr. Arpit Shah from Stallion Asset. Please go ahead.

**Arpit Shah**: I had a couple of questions just wanted to understand the fund infusion with the promoter group has done around 42 crores, what would be the utilization of that money?

**Mayank Mittal**: Utilized for the repayment of ICD.

**Arpit Shah**: And how much would that reduce the debt by 42 crores straight?

**M.L. Mittal**: Yes.

**Arpit Shah**: And can you help me with the volume numbers for FY19, 20 and 21?

**M.L Mittal**: You are talking of production or sales side.

**Arpit Shah**: Sales volume.

**M.L. Mittal**: Sales by 22-23 38,536.

**Arpit Shah**: Then 2021, 19-20?

**M.L. Mittal**: No, I do not have readily available you can send request to the Valorem we can submit later on.

**Arpit Shah**: The power sales which you were speaking about earlier where you are looking around 30%, 40% market?

**M.L. Mittal**: In the current year in April '23 onwards it has started from 1st April.

**Arpit Shah**: What would be the adjusted EBITDA currently for you?

**M.L. Mittal**: Last quarter which is around 28% EBITDA.

**Arpit Shah**: So, what will be the biggest risk to that number?

**M.L. Mittal**: And for the full year this was three, four months 65%.

**Arpit Shah**: So, what would be the biggest risk to that number let us say 36,000 per ton what will be the biggest risk to that number?

**M.L. Mittal**: As I mentioned EBITDA 33,000 per ton gross contribution 59 crore per ton and PAT is 16,000 per ton.

**Arpit Shah**: Can you help me with the walk through from FY22 to 23, how it moved from 18,000 to 36,000 what were the drivers of the EBITDA per ton from 18,000 to 36,000?

**M.L. Mittal**: There are 3, 4 drivers. Number one is the volume increase by almost 13% number 2 our realization increased by 30% because of the steel size increase and our production cost is reduced. At same time for around 5% to 10% there is a value-added product also we inducted in the market. So, there are 3 or 4 factors which has increased our EBITDA quarter-to-quarter every quarter there is improvement in the EBITDA.

**Arpit Shah**: So, can you quantify that let us say for the full year how much let us say Rs. 5,000 came from a steel price realization you would say around to Rs. 2,000, Rs. 3000 would come from power savings anything of that sort you can quantify?

**M.L. Mittal**: Number crunching we can give later on. You can give to Mr. Anuj, we don't have right now.

**Arpit Shah**: Is there a way that you have tracked are we the lowest production people globally for our products, have you tracked it, what kind of production cost we have against our peers?

**M.L. Mittal**: Actually, we do not have any data about the peer group or competitors. So, it would be very difficult to quantify we are the lowest cost manufacturers, but our focus is constantly to improve our production cost, to reduce our production cost and increase our productivity so that is the constant endeavor.

**Arpit Shah**: And let us say the subsidy receivable is around 435 crores for our project and we are getting around 35 to 40 crores every year and this scheme is supposed to end by FY25-26, so would there be a bulking up of subsidy in the latter part of the scheme?

**M.L. Mittal**: Depend upon the total volume of the things and we may request government of Maharashtra to extend also, but right now we have October 25 only and let us say maybe 60%, 70% we were able to utilize if government does not give extension. This is too early to predict whether the government give extension or not last time they gave for 2 years.

**Arpit Shah**: So, how do we calculate, how is incentives calculated, is it on production value, is it on sales value or how is it done?

**M.L Mittal**: This is based on IGST especially state government GST what we are paying to Government of Maharashtra.

**Arpit Shah**: As you ramp up sales and that is how the whole IGST…..

**M.L. Mittal**: See 9% is IGST, 9% is GST. So, put together 18% tax applicable on the wire rope.

**Arpit Shah**: Higher the sales they generate higher the incentive they are able to receive for that particular year?

**Mayank Mittal**: And there is a formula we have to reduce the import GST out of that there is some formulas given by government.

**Moderator**: Thank you. Our next question is from the line of Mr. Pratik Banthia from Girik Capital. Please go ahead.

**Pratik Banthia**: Since we are new to the company and this is the first time we are holding the call, we just wanted to understand how did the gross margin expand from 37% to 44% because historically they have always been around 37%, so what led to this jump in gross margin suddenly this year?

**Mayank Mittal**: Basically, again the three factors would be the product mix, the value-added products, increased productivity. So, again, production has increased and the third is we are catering to newer geographies. So, our sales realization is also improving. So, these are the three main factors that has resulted in the increase and so the steel price has reduced. So, again all these factors have contributed.

**Pratik Banthia**: So, sir there is a 12% volume growth now if I am looking at the history and comparing FY23 over 22 in the 12% volume growth was there a very significant change in the product mix which expanded our GP, if you could quantify what was that big change in the product mix, any new large customer acquisition plus new geography or any sort of inventory gains also because there in this year we saw steel going up, steel coming down, so if you could help us understand because this the only the word product mix does not explain this sudden 7% jump in the GP?

**M.L. Mittal**: See, apart from this volume as compared to 21-22 and 22-23 US market we have just captured last year that is the basic contribution earlier it was only Europe and other countries. Now last one year or 15 months we were working in US and we are getting good support from US market so far price is concerned and certain products we have launched in the US market which have successfully given the higher returns.

**Pratik Banthia**: So, would that mean that the EBITDA per ton in the newly captured market would be upwards of say Rs. 50,000 to Rs. 60,000 a ton?

**M.L. Mittal**: Not much this is 50,000 is probably too high if we get 10% or 15% that is more than enough in these type of industries 15% is too high.

**Pratik Banthia**: No, Rs. 50,000?

**M.L. Mittal:** Rs. 50,000 is too high because nowadays everybody knows the markets what is steel price in India, what is in China, what is it at Europe. We cannot expect IT companies we can expect such Rs. 50,000 per ton is too high 10% to 15% we get higher realization that is bonus for us.

**Moderator**: Thank you. Our next question is from the line of Mr. Vivek Gautam from GS investment. Please go ahead.

**Vivek Gautam**: And sir basically I just wanted to know how are we placed in the world market amongst the different companies organizing in the same area and in India specifically only one competition is there Usha Martin, how are we placed to them and second thing is sir is about basically due to geopolitical tensions and other things exports performance of Indian companies which have been focusing on exports is not doing that well and India focused business is doing quite well, but we are saying that 85% is our exports only, so any plan of looking to Indian market also with great vigor and focus and margins also in India versus exports?

**M.L. Mittal**: Mayank also mentioned that we performed well in difficult situation. So, globally if there is a problem then definitely people or consumers prefer to have better quality at the right price. So, value proposition wise we are at the right strategy, we at the right location, we can offer good quality product at the right price as compared to the European market that is number one. We do not compare with anybody in the India so far the **(Inaudible)** 1:26:05 company is concerned, we have our own market strategy globally and our major competitor is from the Koreans and Europeans market and in any adverse situation Europe or any other territory we are comfortable because market gets shifted, the production capacity those countries being going down and we are getting better realization, better order position.

**Vivek Gautam:** Geopolitical tension impacting other engineering companies which were focusing on exports, how have we been exception and the margins for exports?

**M.L. Mittal:** We can say regarding wire rope we are in better position globally because there are very few industries globally which can produce good quality ropes at right price and this is replacement market if other engineering companies they might be consumer we are not focusing, but ours replacement market is quite big market at same time we are getting benefits if the global there is a problem with energy cost or other cost is going higher. Europe and other things are salary, wage is going higher we are at a very competitive position.

**Vivek Gautam:** What about India Focus and opportunities size in India?

**M.L. Mittal:** Excellent.

**Mayank Mittal:** We are looking to expand our footprint in the domestic market and I think with the current government and their entire focus on infrastructure growth we are seeing a lot of traction in domestic market also. So, definitely we are going to improve our domestic footprint.

**Moderator**: Thank you. Our next question is from the line of Mr. Devesh S from DS Investment. Please go ahead.

**Devesh S**: I just had one question on the exports because that that makes the most of our revenue you called out that most of it happens through distributor, do we have any plans to set up our own channel here in any country to start with, the reason I am asking is that ultimately relationship with the customer currently is owned by a distributor how do we see that angle moving forward?

**M.L. Mittal**: See right now we do not have any plan once we finalize we will definitely inform to everyone stakeholders. At present we do not have plans to set up any distribution in the Europe or other countries.

**Devesh S**: And connected to that then in terms of distributor who sort of deal with the end customer, how do we get demand visibility, does distributors sort of shares orders with us every few months or how does that work because direct customer you will have a better demand visibility?

**Mayank Mittal**: Yeah, distributors actually have the bulks of the market and they do share with us what is the traction they foresee for few quarters or few months. They might have annual rate contracts with some of the OEMs. So, they do have a very good visibility of the cause of that market of that geography.

**Devesh S**: And these distributors do we have any exclusivity of relationship or we can work with anybody?

**Mayank Mittal**: Most of our distributors keep multi brands so yeah we do not have any exclusive distributor person.

**Moderator**: Thank you. Our next question is from the line of Alisha Mahawla from Envision Capital. Please go ahead.

**Alisha Mahawla**: Sir, just wanted to understand what is the capacity of 72,000 that we have right now, what is the peak utilization that we can reach?

**M.L. Mittal**: Sorry, can you just repeat?

**Alisha Mahawla**: So, what is the capacity that we have right now is 72,000?

**M.L. Mittal**: 60% to 62% we utilize last year to March 23 and we are planning to increase by 10% to 15%, 20% in the coming years increase the utilization. So, maybe within 3 years' time we will able to achieve the optimum level maybe 90%, 95%.

**Alisha Mahawla**: Considering the fact that we have 1000 plus SKUs we can still go to 90%, 95% utilization?

**Mayank Mittal**: I think it is going to be around 80%, 85% capacity utilization max that we can go, but yes we would be adding more balancing equipment. So, definitely this number can increase.

**Alisha Mahawla**: And if and when we do the cycle increase our capacity is there a scope at our current location at Chalisgaon for the Brownfield.

**Mayank Mittal**: Yes, there is a capacity I mean there is space for additional capacities.

**Moderator**: Thank you. Our next question is from the line of Mr. Arpit Shah from Stallion Asset. Please go ahead.

**Arpit Shah**: I just had one more question we had sign an MoU with a group called Bridon Group, so what percentage of the revenues comes from the Bridon Group because they are the larger players in the wire rope globally?

**Mayank Mittal**: That MoU was signed 4 years back around 5% to 6% we are supplying to Bridon Group.

**Arpit Shah**: Do we have any tax losses in our books or everything is cleared off?

**M.L. Mittal**: We have around 280 cross cash losses and as per the balance sheet is around 30 crores is the losses going forward.

**Arpit Shah**: And what kind of working capital are we looking at, what kind of receivable inventory and payable what kind of working capital we are looking out for the next?

**M.L. Mittal**: Working capital side we are quite comfortable. We have around 3 months total working capital in the company and greater side realization is around 30 to 45 days. So, we are comfortable with the current cycle of 3 to 4 months maximum.

**Arpit Shah**: 3 to 4 months so of that payable will be 45 days inventory would be how much?

**M.L. Mittal**: Receivable is around 45 days payable we take hardly 10 days if we take it at your numbers. Cable steel is on the cash basis or zinc in cash basis other material we take around let us say 30 days, 35 days credit. So, overall creditors will be maybe around 10 days of the total purchase, but debtor side yes around 45 days' time it takes time to get the money back and around 2 months we get the inventory for the WIP, finished goods and raw material.

**Arpit Shah**: Any scope to reduce it further or this is the optimum that you have right now?

**M.L. Mittal**: You can go optimization we can go depend upon situation because sometimes you have to give the inventory also. So, there may be 5 days or 10 days plus minus.

**Moderator**: Thank you. That was the end of our question-and-answer session. I now hand the conference over to the management from Bharat Wire Ropes Limited for closing comments.

**M.L. Mittal**: Thank you for all the participant in attending this earning calls. I hope we are able to answer all questions satisfactory. If you have any further questions or would like to know more about the company please reach out to our IR managers Valorem Advisors. Thank you sir.

**Moderator**: Thank you. On behalf of Bharat Wire Ropes Limited call that concludes this conference. Thank you for joining us and you may now disconnect your lines.