Management Discussion

Balasubramanian A - Analyst, Arihant Capital Markets Ltd
Good afternoon, everyone. I'm Balar from Arihant Capital. Today is the fourth day of Bharat Grant Conference. I would like to welcome everyone for Bhadora Industries Limited session. From the management side, today we have Mr. Shashank Bhadora, the Managing Director of the company. Session has 2 parts, introduction and recent business updates by the management. Followed by Q&A session. Participants can raise their hands or drop in the Q&A chat box to ask questions.Now I hand over the session to the management. Okay, sir, please.

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Yeah, hi, good afternoon everyone. I am Shashank Bhadora, the Chairman and Managing Director of Bhadora Industries Limited. I will take a few minutes to briefly walk you through who we are, what we manufacture today, the expansion we are undertaking, and how we are positioning the company for the next phase of growth.Right, so Bhadora Industries has been in the cable manufacturing business for almost 4 decades now, and our market -- and we market our products under the brand name Vidyut Cables. Over the years, we have primarily built our presence in the power transmission and distribution ecosystem, working with DISCOMs, utilities, EPC companies, institutional customers across various parts of India. Over the years, we have primarily -- sorry, one of our key strengths we have built over the periods is our approval base, execution track record, and long-standing customer relations. In this industry, particularly when dealing with utilities and large EPC players, approvals and vendor registration takes a considerable amount of time. They involve technical qualification, testing, execution history, and consistency of supply.So the foundation of the company today has been built over several decades. Our current business is supported by this long operational track record, utility and EPC relations, quality systems, and manufacturing expertise. An important milestone in the company, company's journey came last year when Bhadora Industries came out with an IPO and got listed on the NSE MERS platform. The IPO was an important step for us because the capital raised was linked directly to the next stage of manufacturing expansion. The funds raised through the issue has been deployed in line with the object of the issue disclosed at the time of IPO, primarily towards expanding our manufacturing capabilities.So from our perspective, the IPO was not simply a capital market event It was a means to fund the next phase of the company's growth. The capital has now substantially translated into manufacturing infrastructure, with the new facility approaching commissioning. The company is moving from the investment phase into the operational -- operating and ramp-up of the new investment. So the, the coming to our products, we manufacture the complete range of LT cables as of today. That includes LT power cable, aerial bunch cable, service cable, control cables.Within this, we manufacture both PVC and XLT cables, including armored and unarmored products. So historically, Bhadora Industries has been largely focused on the LT power distribution segment. The new expansion changes that significantly. With the new facility, we are expanding our product portfolio from LT cables up to 30 -- from LT cables going up to 33 kV. VHT cables.The incremental product category will include LT power cable, 11 kV, 22 kV, 32 kV control cable, instrumentation cables, solar cables, and other specialized cables. So this expansion has 2 different dimensions. First is the higher manufacturing capacity, and second is a significant broader product portfolio.There are a number of projects and, projects and customers where historically we could not participate because we did not, did not manufacture the required voltage category or product type. With the new facility, our addressable market becomes sustainably wider. But, we are investing approximately INR70 to INR80 crores in the new

manufacturing facility in Madhya Pradesh. The project is now in an advanced stage, and based on the current commissioning schedule, we are looking at commercial operational beginning by, you know, starting of November. Somewhere about start or mid of November.And compared with our existing setup, the new plant is significantly larger, more automated, and designed for a much wider product portfolio. It gives us higher production capabilities, improved operational efficiency, and better product flexibility, and a scalable infrastructure for future growth. The new facility is spread across approximately 15 acres and has been planned with automated machine manufacturing lines and wider production capabilities. The way I describe this expansion is that Bhadora Industries is moving from being a focused LT cable manufacturer into a wider range of power cable company. The manufacturing capability being created is several times larger than our existing setup.Depending on the utilization, product, product mix customer approvals, market condition, the new infrastructure has the potential to support somewhere in the vicinity of INR500 crores of revenue potential. But I would like to clarify that the emphasis is not on revenue guidance. It is simply an indication of the potential scale of the infrastructure being created.The next question naturally is, where do we see the demand coming from? So we see multiple opportunities developing at the same time. The first continues to be the power transmission and distribution segment where we already work in. India is investing significantly in strengthening and upgrading its power infrastructure, and the requirement for cable grows alongside that infrastructure. The second opportunity is renewable energy.Solar, wind, hybrid projects require substantial electrical infrastructure, and this creates an opportunity across power, power cables control cable and related products. The third is the industrial infrastructure, including large manufacturing projects and data centers. And the fourth area where we are increasingly focused on is exports. So the idea is not to depend on one particular segment. We want to build a diversified business across utilities, EPCs, renewable energy, industrial projects, data centers, and international markets.Our strategic roadmap also focuses on increasing the EPC customer base, strengthening international presence, and expanding our distribution and marketing capabilities. Of course, creating capacity is one part of the equation. The more important part is how efficiently we utilize that capacity, and this is where we have been working aggressively on our market development strategy. We have built a dedicated team focusing on different market segments. Our approach is to go deep -- deeper into the project cycle.We want to understand where the project is coming from, who has -- who has received the EPC contract, what cable requirements will emerge, when procurement is likely to happen, and at what stage we should engage with the customer. So instead of waiting for an inquiry to reach us, we are trying to present much earlier -- we are trying to be present much earlier in the project cycle. This makes our approach more project-led and market-led rather than simply inquiry-led. Another area where we are trying to differentiate ourselves is through the way we engage with our customers. Traditionally, cable sales can be very transactional.An inquiry comes, several manufacturer quotes, and the other order gets placed. We are trying to move beyond that with selected customers. Particularly large EPC players, we are exploring structures such as capacity booking, exclusive partnership, and long-term supply arrangements. For an EPC company, certainty of supply quality and delivery timelines can be very valuable. And for us, such agreements can create -- such arrangements can create better visibility and allow us to plan capacity more efficiently. So wherever possible, we want to move from simply being a vendor to become a long-term supply partner.There are a few structural advantages which we believe are important. First is our approval base. Utility and institutional approvals take years to build. A new manufacturing plant can be installed relatively quickly, but customer approvals, technical qualification, and

execution credibility require much more time. That creates an advantage for an established manufacturer.Second is our EPC relationships. Large infrastructure companies value not only price but also quality, consistency, and execution reliability. Those relationships are built over time. Third is our location. Our manufacturing presence is in Madhya Pradesh, gives us a strong geographical advantage.Cables are heavy products and freight forms an important part of the delivery cost. Being centrally located allows us to serve North, West, Central, and South India comparatively -- competitively from a balanced location. So when we look at our competitive positioning, we see our approvals, customer relationships, and location as an important strength. Another important point is that the expansion has been built on top of an existing operating business. For FY26, we reported approximately INR125 crores of revenue and around INR10 crores of PAT.Our existing manufacturing facility have been operating at high levels of utilization, which was one of the reasons we decided that the next phase of growth required both greater capacity and a broader product portfolio. So this is not completely new business being created, it's an expansion of an already established operating platform. If we had to summarize Bhadora today in few lines, I would say that company is at a very important transition point. For close to 4 decades, we have built the foundation -- manufacturing experience, approvals, customer relationships, quality systems, and market credibility. Last year, we assessed the capital market through our IPO.The funds raised have been deployed in line with the objects of the issue, and the capital has now substantially translated into a larger manufacturing platform. At the same time, we are expanding from being primarily an LT cable manufacturer into a broader power cable company with capabilities extending up to 33 kV, that is HT cables. So the next phase is not simply about building infrastructure, it is about utilizing this infrastructure efficiently. That means building deeper EPC relationships, entering newer segments such as renewable energy and industrial infrastructure, developing export market, expanding the product portfolio and progressively improving utilization of new facility. Our focus is to take the operating foundation built over the last 4 decades and use this new manufacturing platform to create a large, broader, and more scalable cable business.Thank you very much. I will be happy for the questions now.

Questions & Answers

Balasubramanian A - Analyst, Arihant Capital Markets Ltd
Thank you, sir. We'll begin Q&A session. We'll take a first question from Preet Shah. Sir, you're unmuted.

Preet Shah - Analyst, Nextgen Clearing Ltd
Yeah. Good afternoon, sir.

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Good afternoon.

Preet Shah - Analyst, Nextgen Clearing Ltd
Thank you for giving me an opportunity, sir. First of all, thank you. [Foreign Speech] Sir my question was What's the guidance for FY27 and what's the guidance for FY28? As the new CapEx have come, so FY28.

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
I would not put specific numbers so on the table as of now. I mean, I don't think that is allowed here. But what I can tell you is that you, as I've already mentioned multiple times, that, you know, this

capacity will go live in another month or so. So we expect that, you know, approximately 30% to 40% utilization in the coming year. Because it's a much larger, you know, kind of the potential there. And, this year also I've already given the, you know, the, the, in the numbers in the past that we anticipate, you know, close to 70% to 60% to 70% of growth in this financial year as well from the previous year.

Preet Shah - Analyst, Nextgen Clearing Ltd
Yeah, so sir, the guidance which you gave in last con call of INR210 crores to INR225 crors revenue, you are maintaining, right?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Yeah, that will mean somewhere in the range of INR100 crores.

Preet Shah - Analyst, Nextgen Clearing Ltd
Yes, got it sir. And so, my question was, as you said in the call, there will be some margin expansion, so we should expect that?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Not margin. I did not say margin expansion. I said that, you know, we will see, in the last call I also clarified that, you know, we are entering into the newer segment. Yes. These segments are iteratively higher margin products, but when we are entering into the market as a new entrant, we will be passing that on to the customer to build our market. So we will be able to maintain a similar EBITDA which was there in the last year.

Preet Shah - Analyst, Nextgen Clearing Ltd
Got it. And so to get more clarity on seasonality, so what's the split between H1 and H2?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
I mean, traditionally H1, H2 has been -- H1 has been 35%, in the range of 35% to 40%, and H2 is generally 60% to 65%.

Preet Shah - Analyst, Nextgen Clearing Ltd
Okay, so as we can see in Q1, you have, you have done INR45 crores. So we can expect that we will easily achieve our guidance what we have given of INR200 crores and INR220 crores?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Yeah, that is expected. Yes.

Preet Shah - Analyst, Nextgen Clearing Ltd
Yeah, got it sir. Thank you very much.

Balasubramanian A - Analyst, Arihant Capital Markets Ltd
Thank you. Thank you sir. We'll take a next question from Ankita.

Ankita Rathi - Analyst, Diasorin
Hello. Hi. Am I audible?

Balasubramanian A - Analyst, Arihant Capital Markets Ltd
Yeah, Ankita, you're audible.

Ankita Rathi - Analyst, Diasorin
Yeah. Hi, Shashank. So thank you for the opportunity. So I would like to understand about the market of cables. So because every company in this sector is now in the CapEx phase So the supply -- is the supply going to be more than demand in the next 2 to 3 years? How it is going to be? Because, we are seeing that every company in this sector is going in CapEx phase. So how will it be going down the line?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
So I don't see an oversupply in the near future, frankly. The reason being, as I've mentioned even today in the presentation, there are multiple, you know, fields wherein the demand is coming from. So traditionally when we look at it, I mean, if For example, I'll talk about our own company, right? So we were traditionally dealing only in the distribution and transmission segment. That was just one part of it. Now we see a lot of demand coming in from infrastructure side, be it railways, be it metros, or be it industrial development. That is one big phase of growth. Another is the renewable segment -- solar, wind, and, you know, various hybrid models. So all of them are expanding much rapidly, right? Than it used to be, say, 3 years before. So there the demand is coming from. Another segment is, as I said, the data centers and the industrial segment. So again, there's a huge demand, and some of these demands are new. Say, a data center kind of a demand, did it -- it did not exist 5 years back, right?This is coming now. So these are all new demands. So I see that, you know, the, the increase in, say, the demand every year is still, you know, just gonna match the kind of capacity expansions which have been done. And see, we have a clear visibility from various departments, and they have projected their demands till 2035 as well, some of the states. So there is a clear, clear visibility that there is demand, and there's an increasing demand year on year.

Ankita Rathi - Analyst, Diasorin
Any impact? Yeah, yeah, I understood. Okay, but any impact from the UltraVolt coming into picture? Because they have announced a huge, you know, CapEx and, They are going live very soon.

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
We are not into the dealer distributor market, I mean, or the house buyer segment. That is not the segment which we work in. So their entry is in a completely different segment though. They, they are trying to leverage their existing product of cement and paints, and that's a different segment where they work on. So our, our, our business is mainly work with the approvals, with the kind of, you know, different PSUs and all those things. This is where our major business comes from, and their business is not focused here.

Ankita Rathi - Analyst, Diasorin
Okay, fine. So have we started exporting already, or are we planning?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
We have already started participating in a lot of tenders. Some of them we did not win, but I mean, we got an experience. And now we have started getting multiple inquiries every month. So the team is very hopeful that, you know, we should be able to crack at least 1 or 2 orders this financial year.

Ankita Rathi - Analyst, Diasorin
So which areas are we targeting in exports?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
I mean, most of the area is African countries, so African countries we're targeting.

Ankita Rathi - Analyst, Diasorin
Okay, fine. Thank you.

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Thank you.

Balasubramanian A - Analyst, Arihant Capital Markets Ltd
Thank you, madam. We'll take the next question from Raunak. Sir, you're unmuted.

Raunak - Analyst
Hello sir. Am I audible?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Yeah. Hi.

Raunak - Analyst
Hello, sir, thank you so much for the opportunity. So my first question was, according, with the new plant that we are commissioning, I think in the previous con call you mentioned that we'll start operations by somewhere in the range of October, but now I think it's been delayed and will start by November. So will that have any impact on our FY27 target?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Not really. I mean, we consider that it'll start by October, November. That was the initial guideline. But I know it won't have much -- it won't have any impact on the guidelines that we have given for this financial year.

Raunak - Analyst
Okay, so understood. And also, so I think previous year we did INR125 crores of revenue, but in the balance sheet, our receivables was somewhere around, I think, INR50 to INR55 crore. And also our debtor days have increased, which I understand since major of our customers were government. So any improvement on that, or is it --

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
I will clarify that. So I mean, see, a lot of business happens in the last quarter, and more importantly, March is the highest billing month, you know, for in this particular segment, because, this is how it, the whole thing works, right? So out of the INR125 crores, if I'm not wrong, around INR30 crores to INR32 crores billing, I mean, dispatches happened in the last month. So balance sheet only captures, you know, the, the 31st March kind of a data. So that, that did not really show the real picture. I mean, saying that INR55 crores were outstanding, out of which majority of the outstanding were, you know, 10 days, 15 days old. So that doesn't really count as a long-term outstanding. And I mean, if you will see the mid balance sheet, so that will, that will be shown as a much improved version from there. When we release the H2 numbers.

Raunak - Analyst
Okay. So under certain numbers. Thank you so much.

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Did you understand what I was saying?

Raunak - Analyst
Yeah, I totally understood. I totally understood your point. I thank you so much for clarifying that. So another question of mine was related to the data center that we're entering. I think as you also mentioned that there's a lot of demand in the market, so can you clarify, are we actually -- I understand that you can't say any kind of numbers or numeric But are we already in the bidding process? What's the pipeline, or how long can we add it?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
I mean, there are a lot of works in pipeline for data center as well. So we are engaged with, I mean, almost the top five EPCs who are working in this segment. We are continuously engaged with them. We are quoting for various orders, various tenders along with them, and also giving them inquiries on a continuous basis. So I can't reveal any number as such, what is in the pipeline, what is not. But again, we are hopeful that, you know, with the introduction of the new plant, within the first five to six months we should be able to crack a decently good amount of data center work as well.

Raunak - Analyst
Okay, sir, understood. And also, sir, according, to the 33 kV cables that we are going on, have we already received the type test and utility approvals? Or are they still in the process?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
We've already got the type test done. The BIS are in process for the new plant. If I think you understand BIS, right? So BIS is basically you need to get the license from the government body. It's the Bureau of Indian Standards. So those licenses are in process. Once we receive it in, in the coming month, we will start applying for the approvals of those in the discounts.

Raunak - Analyst
Okay, so understood. Also, in future, any plans for going mainboard? And in terms of CapEx, are you like planning to get debt or equity dilution in like, say, next four to five years? And also, seeing the demand and also the diversification that we are doing, which is obviously very great, so can I get like what kind of CAGR is the management hopeful for? Like, what is the aspiration till let's say FY30 or FY31?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
But we're talking about what we want to expand, or I mean, in, in what kind of terms. So I will give you a little broader view of where we are going. So as I said, the whole, plant which we are developing, right, the new facility, it has been designed to be done in three phases. The first phase is gonna go live by November, as I said. So that is covering up to 33 kV. Then in the second phase, within a year, year and a half, we plan to go up to 66 kV. That is the second phase. And then the third phase comes up to 220 kV. So these are all planned for the next -- within the next four to five years, all three phases are planned to go live. And with all those phases live, yes, I mean, you can expect, you know, much bigger revenue potential as well as actual delivery on those aspects.

Raunak - Analyst
Okay, sir, understood. That is it from my side. Thank you so much and all the best for the growth. It really sounds great.

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Thank you. Thank you so much.

Balasubramanian A - Analyst, Arihant Capital Markets Ltd
Thank you, sir. So we'll take the next question from Darshil.

Darshil - Analyst
Yeah, hi. Thank you. Am I audible sir?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Yeah.

Darshil - Analyst
Yeah. Thank you, Shashank ji, for giving a very detailed presentation. A lot of things got, you know, actually clear. And, I hope we can have a meet separately also once because here there are some time constraints, right? Sir, my questions are two to three questions that I have from, to ask. One is that, I read your, con call as well where we are talking about the margins. But sir, this industry is only working at 11% to 12% margins. How are we, you know, sustaining this EBITDA margins where, you know, industry is still struggling at 11% to 12%?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
We re doing 13% to 13.5%. We are not doing extraordinarily high still at this scale. 13% to 13.5% is also -- I mean, few of the things which I mentioned previously also in the call, how we had differentiated, maybe because of the two things. We are not doing any conductors. So most of the industries have at least some component of conductors being done. We are a completely cable-focused company, right? So once we enter into the conductor business, right, that is hardly a 2% to 3%, you know, net margin. If we combine even, say, 10%, if we dedicate even 10 to 15% of our capabilities towards conductors. The net margins or the EBITDA margins will go down substantially. Because here, when we are talking about, say, a 13% to 14% EBITDA margin product, and that is hardly a 4% to 5% EBITDA margin product. So when we combine cables and conductors, both of them together, then the, the balance sheet will look very similar to, you know, 10% to 11% of EBITDA.

Darshil - Analyst
Understood. And when are we planning into getting into conductors, and why should we get into conductors?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
See, we are not planning to get into conductors anytime soon. We are focused to increase the cable segment itself. As I said, that's a lower margin product. But yes, I mean, I wouldn't say completely no. Say when we have -- say if we have some idle capacity in the plant, then we, we might look to, you know, use that capacity for conductors as well. But that's not going to be the focus area for us. That's more like utilization of the capacity if we need to be.

Darshil - Analyst
Understood. So this Phase 1 CapEx was funded by IPO, I understand that. We got Phase 2 and Phase 3 also which we planned, and of course with our revenues increasing, we'll, we'll fund it through. But, as of now, sir, we don't see, you know, us generating any cash flows for the moment. So will we

be taking this Phase 2 through debt -- we have already taken a debt. I think the last call as well I said we have already taken approximately 40 crores of debt for Phase 1.

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
We have already taken a debt. I think the last call as well I said we have already taken approximately INR40 crores of debt for Phase 1. So we are in advanced talks, I would say, because I mean the whole work requires close to eight to nine months to 12 months for the whole phase to be completed. So we are in advanced talks and we might start working towards it within a month or so. As soon as this facility, the Phase 1, is live, we'll start working towards Phase 2.

Darshil - Analyst
And this last question, sir, sir, our working capital, as the earlier gentleman just, told, our cash conversion has been stretched where only the debtor days have increased dramatically. Sir, can this come back to the 2024 to 2025 levels, or this will be at this level only?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
It is actually at a similar level, as I said. I mean, it's just a wrong, what do you say, understanding of the balance sheet. I mean, because when you look at just the 31st March numbers, right, when you will see this year balance sheet as well, it will be a very similar -- you might see a very similar story right there. But when you will maybe look at the business, it, it doesn't have that much of a debtor days.

Darshil - Analyst
Okay, so probably in September, do we -- or right now, if you can just share what is the current working capital days that we've Is it 30 to 35 days or not?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
30 to 35 days, it will be below 60 days, I think, for this particular -- I won't be able to give out any numbers because really I don't have the data as of now with me for this, this quarter. So really sorry for that, but I mean, they will, they will look very similar to the past records.

Darshil - Analyst
Understood. All right, sir, we'll get back into the queue and thank you so much for answering my question.

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Yeah, thank you.

Balasubramanian A - Analyst, Arihant Capital Markets Ltd
Thank you sir. We'll take a next question from Rishita.

Rishita - Analyst
Yes, hello. So I just wanted to understand, you mentioned that in FY27 we can do revenue of up to INR210 crores to INR220 crores. That's like 68% growth YoY. So I wanted to understand where is this growth coming from, because you did mention that our existing facility, we are already at higher utilization levels.

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
It's a mix of maybe job, job works being done at different places,

Rishita - Analyst
Right? So from this 60% growth, how much can we expect to come from the new capacity? Like, what will new capacity contribute to this growth?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Out of this, you can easily say maybe 30, I mean, 50% of that growth will be contributed, of that additional growth will be contributed to the new capacity.

Rishita - Analyst
Right. Okay. And though you mentioned that as soon as we start the commercialization of Phase 1, we'll start the CapEx for Phase 2. So what will be the total CapEx required for Phase 2 and how are we going to fund that?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
That's still under you know, work, work in progress kind of a thing. So we are still finalizing the whole project report for the second phase.

Rishita - Analyst
And EBITDA margins in FY27, we can expect to -- expect them to be in the range of 15%, right?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Not 15%, I mean similar to last year, if I'm not wrong, 13% to 14%. Yeah.

Rishita - Analyst
Okay. So why was the last year margins, like comparatively lower than FY25?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
It is more to do with the product mix mainly, because I mean, even currently we are doing say four different categories of product. So I think last to last year we were more focused, we did a lot of revenue from AB cable if I'm not wrong, and last year we did a lot of revenue from power cables. So it is more about the product mix. So you can't define each and every product, I mean EBITDA margin each of them, but the major -- the minor difference of 1% to 1.5% which came out, it is due to the product mix.

Rishita - Analyst
Right? Okay. And my last question would be, from Phase 1, what is the, like revenue potential at peak utilization?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Phase 1, approximately INR500 crores of additional revenue can be generated.

Rishita - Analyst
And we can do 32% to 40% utilization in FY28.

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Yeah, that is what we are targeting.

Rishita - Analyst
Okay, perfect. Thank you so much.

Balasubramanian A - Analyst, Arihant Capital Markets Ltd
Thank you, madam. We'll take the next question from Siddhant. Sir, you are unmuted. There is no response, We'll take a next question from, Viraj Shah. Sir, you're unmuted.

Viraj Shah - Analyst, PGIM India Mutual Fund
Am I audible? Hello?

Balasubramanian A - Analyst, Arihant Capital Markets Ltd
Yeah.

Viraj Shah - Analyst, PGIM India Mutual Fund
So I just wanted to know that, what is the current order book that you have and share of government versus private, you know, in that order book?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
I'm sorry, I don't have the current order book. We have order book of in the range of INR100 crores as of now.

Viraj Shah - Analyst, PGIM India Mutual Fund
Okay. And of private versus government?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
I mean, government is hardly 15% of it and rest 85% is private.

Viraj Shah - Analyst, PGIM India Mutual Fund
Great. And what could the share be in terms of the copper and aluminum that you use in your, in your cables? And will the copper prices fluctuation affect your margins going ahead? Any comments on that, these two things?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
I mean, so when we talk about aluminum cables, the aluminum constitutes to around 65% to 70% of the cost, while copper constitutes to about 70% to 75% of the cost when we talk about copper cables. So depending on the sizes and specifications, so this is the kind of range. We are primarily -- I mean, currently 100% of our orders on a price variation method, and price variation method, so we are passing on the, you know, the benefits of decrease in the price or increase in the price directly to the customer, and we plan to keep it like So we will try to minimize our risk when, when it comes to the fluctuation by having the price variation clause. And in cases wherein it is not possible, we will try to hedge it out.

Viraj Shah - Analyst, PGIM India Mutual Fund
Understood. And, so one thing that I didn't, I wanted to ask is what would be the -- let's say, let's say you make 100 cables, right? So aluminum use and copper use.

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Currently it was very low because our plant was mainly aluminum focused. So maybe 95% was aluminum, 5% was copper. But going further, we anticipate to gradually increase the copper segment. So give you the -- I'll give you a perspective. So currently our plant has a capacity of around 200 metric tons of aluminum consumption per month, the current unit, and approximately 20 metric tons of copper. Going further, the capacities of this new plant will be 600 to 700 tons of

aluminum per month and 200 tons of copper. So that is almost a 10x jump in the copper production capabilities.

Viraj Shah - Analyst, PGIM India Mutual Fund
Understood. Great, fantastic. And last question is that what would be the share of, you know, sales or top line going ahead in FY27 and FY28 in terms of HD versus LD?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
That's not easy to predict. I mean, again, to answer it very, very frankly, so, the whole capacity is interchangeable. So even if I'm not producing any HT cable, it can all be converted into LT cables, right? So that is there. But yes, I mean, in the first year we expect maybe 25% to 30% of our revenue coming in through HT in the next financial year.

Viraj Shah - Analyst, PGIM India Mutual Fund
Okay, that's it from my side. Thank you. And all the best. Thank

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
you.

Balasubramanian A - Analyst, Arihant Capital Markets Ltd
Thank you. Sir, due to time limitations, we'll take a final question from Sitan Singh. Sir, you're unmuted.

Siddhanth Singh - Analyst, Rabbit and Tortoise Technology Solutions
Am I audible?

Balasubramanian A - Analyst, Arihant Capital Markets Ltd
Yes.

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Yeah.

Siddhanth Singh - Analyst, Rabbit and Tortoise Technology Solutions
Yeah. Sir, it's two things. First, what is the margin of HTL? What is the margin of LT cable?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
I mean, it's a very broad segment. That's not the right question, I would say, because I mean, I could tell you that, you know, maybe HT cables will have a slightly higher, maybe a 2% higher beta than LT cables. General, it's a general answer, I mean, but it depends really on the, on the kind of cables which we are manufacturing. There is a broad category of LT and HT, both kinds of cables.

Siddhanth Singh - Analyst, Rabbit and Tortoise Technology Solutions
Got it. And so from the exports perspective, what is the kind of conversation which you are having with your African customers?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
So we've already started participating in a lot of direct tenders from the, from the electricity boards in those countries, and we have already started making agents in various countries. So we have a representation, representative agents in almost four to five countries now. So they are approaching the EPCs, various EPCs who are working there, and, in some of the cases we have reached maybe

the final negotiation stages in some of the -- with some of the clients, but for a small quantum.

Siddhanth Singh - Analyst, Rabbit and Tortoise Technology Solutions
Okay, so apart from tender-based business, do we also do direct business in a broad region anywhere apart from Africa, or anywhere in Africa as well?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
I mean, again, we are approaching people everywhere. So how we are approaching exports is basically through, through making, you know, agents or representatives in various countries, right, wherein there's a large quantum of work. Now they on our behalf are presenting the company to the customers there. And apart from, say Africa, yes, we are also focusing on Nepal and we are also focusing a little bit on UAE.

Siddhanth Singh - Analyst, Rabbit and Tortoise Technology Solutions
So when can we start export share of revenue to show in your financials?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Can't be 100% sure, but we are very, very hopeful that this year also we should be able to see a certain percentage coming in from exports.

Siddhanth Singh - Analyst, Rabbit and Tortoise Technology Solutions
Got it. But it would be a higher margin business as compared to Indian business, right?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Again depends on the product. I mean, what product we are exporting. I mean, if it's HT cable, maybe power cable, aerial bunch cable. But yeah, I mean, in a general answer, yes. I mean, little higher margin than supplying the same cable to Indian player. Yes.

Siddhanth Singh - Analyst, Rabbit and Tortoise Technology Solutions
Okay. And the last question, sir, is on the perspective of your execution. Sir, what you have been doing a great CapEx on this front, Phase 1, Phase 2, Phase 3, all are planned, right? I just wanted to understand what are the factors which could make everything delay, anything delay, like order execution, CapEx delay, or what are the problems which you could face in, in going forward because you are a small company right now. In becoming a bigger company, what kind of execution challenges could you face?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Challenges obviously come, say suppose if we take, when we go for bigger, bigger orders, right? So there is a chance of not getting all the orders on price variation, right? So there could be some fixed price orders as well which we'll have to execute. So there is always a risk of price escalation there. As we are seeing, there's a huge fluctuation in the metal prices in the past one or two years.

Siddhanth Singh - Analyst, Rabbit and Tortoise Technology Solutions
So this is the number one factor. Number two would be?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Number two would be, yes, I mean, if you are not able to say delay in the project timelines and all can affect the, the kind of the cash flow which you have. That, that is one challenge which could come out.

Siddhanth Singh - Analyst, Rabbit and Tortoise Technology Solutions
And for for Phase 1 peak utilization of INR500 crores, have we internally calculated how will we funding the working capital usage?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Yeah, I mean, not completely for INR500 crores, yes, but for the coming year, year and a half, we have already planned and already got the sanctions for the working capital.

Siddhanth Singh - Analyst, Rabbit and Tortoise Technology Solutions
So what about INR350 crores of revenue? We are sorted. Afterwards we have to look forward. Yes, thank you, sir. Nice. All the best.

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Thank you.

Balasubramanian A - Analyst, Arihant Capital Markets Ltd
Thank you, sir. So due to time limitations, this would be the last question. I would like to thank, Bhadora Industries Limited management and participants for participating Bharat Connect conference. Sir, any final closing remarks from your side?

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Yeah, As I said, I mean, initially as well, so the, the CAPEX is almost live now, the first phase. So I mean, also, I mean, if any one of you would like to, we will, we will be shortly sharing the invites for the new plant once, once it is going live. So people will be -- because that has been the question which has been asked by me from a lot of people who was -- who were investors who wanted to come. So they wanted to see the facility. So yes, you will be most welcome to you know, visit our facility once we'll share the invite for that as well, right?

Balasubramanian A - Analyst, Arihant Capital Markets Ltd
Yes sir.

Shashank Bhadora - Chairman and Managing Director, Bhadora Industries Limited
Yeah. Thank you so much guys. Thank you everyone.

Balasubramanian A - Analyst, Arihant Capital Markets Ltd
Thank you sir. Thank you everyone. We are closing the session.