KEI Industries

04 August 2026

Operator: Good day and welcome to the KEI Industries Q1 FY27 earnings conference call, hosted by Nuvama Institutional Equities. As a reminder, all participant lines will remain in 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 the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded. I will now hand the conference over to Mr. Atul Lohaade from Nuvama Institutional Equities. Thank you, and over to you, sir.

Atul Lohaade – Nuvama Institutional Equities: Yes, thank you. Good afternoon, everyone. On behalf of Nuvama Institutional Equities, we are delighted to host the senior management of KEI Industries Limited to discuss the Q1 FY27 earnings. We have with us Mr. Anil Gupta, Chairman and Managing Director of the company, and Mr. Rajeev Gupta, Executive Director—Finance and CFO. We will start the call with the opening remarks from the management and then move to the Q&A session. Thank you, and over to you, sir.

Anil Gupta – CMD: Thank you, Atul. Good afternoon. I am Anil Gupta, CMD, KEI Industries Limited. I hope you have received the brief of our Q1 results. I will provide a brief overview. Net sales in Q1 FY27 were 3,185 crores against 2,590 crores last year. Growth in net sales was 22-23%. However, total wire and cable sales in Q1 grew by 24.4% compared with the previous year.

During Q1 FY27, the operating margin improved to 12.43%. The margin improved mainly because of the product mix and operational efficiencies. EBITDA in this quarter was 415 crores against 297 crores last year. Growth was around 39.5%. EBITDA/net sales margin was 13.04% compared with 11.49% in the same period of the previous year. Profit after tax in this quarter was 274 crores against 195 crores. Growth in PAT was 40%. PAT/net sales margin was 8.61% against 7.56% in the same period of the previous year.

Domestic wire and cable sales in this quarter were 2,784 crores. They registered growth of 29%. Export sales in this quarter were 341 crores against 375 crores in the previous year. Exports were impacted because of the non-dispatch and non-execution of several orders in the Middle East due to the war with Iran, and also because of the customs-duty issue in the United States. However, for the full-year guidance, exports will grow substantially and will be in line with the guidance we provided earlier.

Total sales of extra-high-voltage cable were 186 crores against 126 crores in the same period of the previous year. Growth in EHV sales was 47%. The contribution of sales through the distribution network, that is, B2C, was 59%. The total number of active working dealers of the company as of June 30 was 2,128. EPC sales were 43 crores against 61 crores last year. Out of the total EPC sales, EHV EPC execution sales were 18 crores. Sales of stainless-steel wire in Q1 were 53 crores against 51 crores in the same period of the previous year.

The pending order book was 4,292 crores, out of which EPC was 271 crores, extra-high-voltage cable was 793 crores, domestic cable was 2,400 crores, and pending export orders were 822 crores. The long-term rating from CARE India Rating and Research and ICRA is AA+, and the short-term rating is A1+. Book value as of June 30 was 725.94 against 697 as of March 31, 2026.

Cash and bank balances as of June 30 were 1,054 crores, which includes a QIP balance of 303 crores.

Interest income from bank deposits and other sources in Q1 was 14.59 crores, which is included in other income. It was 28.77 crores in the previous year. The company raised 2,000 crores through a QIP on November 28, 2024, out of which the company had utilized QIP funds of 1,785 crores up to June 30. The unutilized amount was 303 crores, which includes the interest on the FDR of the QIP amount.

Future outlook: During Q1, the company incurred a capital expenditure payment of 191 crores, out of which {? Sanand ?} capex was 180 crores. Total capex incurred in {? Sanand ?} up to June 30, 2026, was 1,722 crores. Another 300 crores will be spent in this financial year. The company is expected to incur capital expenditure of approximately 600-700 crores annually for the next 3-4 years.

Capacity utilization during Q1 was approximately 72% in the cable division, 61% in the house-wire division, 91% in the stainless-steel-wire division, and 45% in communication cable. {? Sanand ?} capacity addition is taking time to ramp up, and in the coming months, capacity utilization will increase month after month. We now have sufficient capacity to grow in the wire and flexible segments for the next 2-3 years.

Based on strong demand in the domestic and overseas markets, we are hopeful of growing by more than 20% in the next 2-3 years. There is good demand in data centers and the related energy segment, in the power transmission and distribution segment, in renewable energy such as solar and wind, electric vehicles, infrastructure, railway electrification, urban infrastructure, and manufacturing in the domestic as well as global markets. Wire demand is also strong in the housing sector and in commercial spaces.

This is the commentary from the management side, so we will now move to questions. We are very bullish about the market, and we hope that with a strong market outlook in the domestic as well as export markets, the company will outperform in the domestic as well as export markets and will continue growing year after year. Thank you.

Operator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use their handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We take the first question from the line of Natasha Jain from Philip Capital. Please go ahead.

Natasha Jain - Philip Capital: Thank you for the opportunity, sir. My first question is on the wires and cables margin. There has been a sequential sharp rise in wires and cables from 12.4% to 13.6%. If I look at the sequential opex numbers, they are fairly flat despite our having become aggressive on the retail side, which is a high-margin but high-spend channel. Even the full commissioning of the {? Sanand ?} plant should bring in some cost on the P&L. Could you shed some light on which line item has remained consistent, because ideally, opex should have grown faster?

Natasha Jain - Philip Capital: Even on a year-on-year run rate, this is the slowest that we have grown in terms of opex.

Management: As we have highlighted earlier, as incremental sales increase, fixed expenditure does not increase in the same manner. Accordingly, the expenditure-to-sales percentage is lower, and it is also slightly lower because the product mix is changing. We have some export products with good margins, and all of this is reflected in the P&L. We have now crossed the hurdle that we faced earlier, when we were operating at an operating margin of {? less than 11% ?}. We have crossed that hurdle. We hope that we will operate in the range of 11-12% operating margin in the coming years as well.

Natasha Jain - Philip Capital: Sir, you mentioned that you have received some high-margin export orders. I remember that in many previous calls you had always highlighted that exports were a similar-margin business for you as the domestic business. Have we now received orders with better margins?

Management: When demand is strong, and demand in the global market is strong, margins increase slightly. As you also witnessed, our retail sales earlier contributed close to 51%, which has now increased to 59%. All of this is reflected in the P&L.

Natasha Jain - Philip Capital: Understood. On the wires and cables segment, my next question is that value growth has been 25%, but now, given that all the peer-set numbers have been released, I think the industry has grown by 33-35%. Given that pricing growth itself is not 28%, I know you do not provide a volume breakdown, but could you at least tell us qualitatively whether we are prioritizing EBIT or losing market share on the low-base side, or what is happening in the volume mix?

Management: It is not a case of losing market share because demand is very strong. Every sale requires capital. Whatever capital we have, we have earlier also aimed to achieve growth of close to 20% or more because we continuously have a CAGR growth target of more than 20%. Accordingly, we need to put more capital into capital expenditure as well.

Yesterday, we also announced our new capital expenditure at our Bhiwadi factory, Salarpur, where we will invest around another 700 crores to establish another factory over the next 2 years. It will go hand in hand. Whatever capital we have, we are allocating it simultaneously toward the growth of the company and the creation of capital expenditure capacity. Because of that, we are not comparing ourselves with anyone else or with whatever they are doing. We are growing at our own pace. Our target was more than 20%, and we are continuously focusing on that.

Natasha Jain - Philip Capital: Understood. Salarpur is 500 crores plus this additional 700 crores, which takes it to 1,200 crores, correct?

Management: No. As stated in the earlier commentary, our target every year is 700 crores per year. The total capex for Salarpur is 700 crores. In the current financial year, 300 crores will be the remaining capex for {? Pathanam ?}, and another 300-350 crores will be used in Salarpur. In the next year, we will incur the balance expenditure in Salarpur, and then we will use the additional capital expenditure on the new land, which may be in Vadodara or at some existing location.

Natasha Jain – Philip Capital: Understood. Just one quick final question. If I look at inventory on your balance sheet, it has also increased sharply. Could you also shed some light on what proportion would be exports that we could not execute and which are sitting in inventory, versus any inventory gains?

Management: The major increase in inventory is mainly because the {? Pathanam ?} capacity is ramping up. Once a factory is new, we need to create the full inventory there. The major increase is due only to {? Pathanam ?}. Another major component, around 60–100 crores, is in finished goods. Sometimes dispatch is delayed, or in the case of exports, even though the sale has occurred through billing, if the finished goods have not reached the customer, we need to reverse the sale under Ind AS. Because of that, inventory is appearing high and exports are appearing low. However, the sale has actually occurred.

Natasha Jain – Philip Capital: Understood, sir. Thank you so much. I have no further questions. I will get back in the queue. Thank you.

Management: Thank you. It was a pleasure.

Operator: Thank you. We take the next question from the line of Praveen Sahay from PL Capital. Please go ahead.

Praveen Sahay – PL Capital: Thank you for the opportunity. I would like further clarification on the margin side. In the P&L, we can see a change in inventory on the higher side, nearly around 600 crores. Did we also have an inventory gain during this quarter, Q1?

Management: Inventory gain or loss is part of every quarter-on-quarter and year-on-year period because prices go up and down. That is not the major factor behind the increase in inventory. The increase in inventory is, as I just explained, because of the new factory at {? Pathanam ?}, where raw materials, work-in-process, and finished goods are beginning to be held at that level of capacity. Second, when we make an export or institutional sale at the quarter-end, there is a reversal if the material has not reached the customer. Therefore, even though the sale has occurred, under Ind AS the sale has to be reversed. That is why inventory is appearing at this level.

Praveen Sahay – PL Capital: My second question is related to {? Pathanam ?}. How much was the contribution from {? Pathanam ?} in this quarter, and what are you expecting from it for FY27 in total?

Management: {? Pathanam ?} Phase One capacity has already reached 50% utilization as of today. In the coming months, it will ramp up further from there.

Praveen Sahay – PL Capital: Referring to your media interaction, you highlighted nearly 3,000 crores of additional revenue from {? Pathanam ?} for this financial year. Are you looking for 3,000 crores from {? Pathanam ?} this financial year, and how should we understand that?

Management: In the media interaction, I made a slight slip of the tongue. We expect around 1,500–2,000 crores of revenue from {? Pathanam ?} in this financial year, which will contribute to FY27. However, overall growth will be more than 20%. When there is a new factory, there are many challenges involving manpower, machinery, and other environmental factors. That is why it is taking time, and production is increasing month after month there.

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

Operator: Thank you. Participants who wish to ask a question, please press star and one. We take the next question from the line of Raman KV from Sequence Investment. Please go ahead.

Raman KV – Sequence Investment: Hello, sir. Good evening.

Management: Yes, sir.

Raman KV – Sequence Investment: With respect to {? Pathanam ?}, we have already spent close to 1,700 crores on capex, and we will be spending another 300 crores. You initially guided that we could generate around 6,000 crores of revenue from the {? Pathanam ?} facility. Am I right?

Management: Yes, sir.

Raman KV – Sequence Investment: I want to understand what kind of products we are catering to at {? Pathanam ?}. In Phase Two, in which you will be spending an additional 300–350 crores this year, are we planning to add to the existing capacity, or are we planning to add new high-margin cable and wire capacity?

Management: The {? Pathanam ?} project is not yet complete. Phase One has been completed, and it is for low-voltage and medium-voltage power cable. We then added machinery there, which is operational now in the second quarter for electron-beam cable. We are now executing the extra-high-voltage power cable project, for which we are constructing a 152-meter-tall tower there. By March 2027, our extra-high-voltage power cable project will also be commissioned. Therefore, by next year, the full capacity will be available, and in the next financial year we will be in a position to utilize approximately 70–75% of the overall capacity.

Raman KV – Sequence Investment: So the entire 300 crores will be spent on extra-high-voltage cable?

Management: No, it is part of the project. The total cost of the project was 2,000 crores. We have already spent 1,722 crores, and the remaining balance will be spent in the coming 6 months.

Raman KV – Sequence Investment: Just a follow-up. You said that you would try to achieve 70–75% utilization next year. That closely translates to 4,000 crores of revenue. Is my calculation correct?

Management: Yes.

Raman KV – Sequence Investment: Understood. With respect to margins, in your earlier guidance you mentioned that there was a change in the product mix that led to margin expansion. Is it because there was a good amount of contribution from extra-high-voltage cable, or could you specify what kind of product led to the margin expansion?

Management: It is a combination of 3–4 factors. First, the contribution from extra-high-voltage power cable has increased. Second, the overall contribution from retail dealer distribution has increased. Third, because the top line is higher, the expenditure-to-sales ratio has declined. It is a combination of 3-4 factors.

Raman KV – Sequence Investment: As a follow-up, what would be the incremental margin, if you can provide a ballpark figure, when we produce and sell extra-high-voltage power cable compared with low- and medium-voltage power cables?

Management: Our operating margin for extra-high-voltage cable was close to 15%, compared with 10.5% on the institutional side for low- and medium-voltage cable, 11% on the retail side, and more than 11% for exports.

Raman KV – Sequence Investment: Out of the 6,000 crores of revenue expected from {? Pathanam ?}, can you provide a split of how much can come from extra-high-voltage cable? I just want to understand the—

Management: Capacity of 1,300 crores belongs to extra-high-voltage power cable, and the balance is low-voltage, medium-voltage, and electron-beam cable.

Raman KV – Sequence Investment: With respect to the 700 crores of capex every year that you want to undertake, will it be on the extra-high-voltage side? I want to understand the extra-high-voltage market.

Management: The new investment will be for low-voltage and medium-voltage cable, which we announced yesterday. We will expand extra-high-voltage power cable capacity further only at {? Pathanam ?}. Whenever required, we will add more lines there.

Raman KV – Sequence Investment: What is the total market opportunity for extra-high-voltage cable?

Management: As of now, it is more than 3,000 crores.

Raman KV – Sequence Investment: Are you the only player, or is there competition?

Management: Universal Cable is also present, and there are imports as well.

Raman KV – Sequence Investment: Understood, sir. Thank you very much.

Operator: Thank you. Participants who wish to ask a question, please press star and one. We take the next question from the line of Umang Mehta from Kotak Securities. Please go ahead.

Umang Mehta – Kotak Securities: Thank you for the opportunity, and congratulations on the strong margin trend. My first question is again on margins. You mentioned product mix and operational efficiencies. However, EHV moving from 5% to 6% would not move the needle significantly, correct? Secondly, in terms of operational efficiencies, could you share some more detail? Thirdly, have you changed anything in wire pricing? You were earlier looking to reduce the discount versus peers. Is that helping your margins?

Management: As I mentioned, Umang, 3-4 factors play a role. Pricing plays a role, and the overall growth of the company results in a lower expenditure-to-sales ratio. In each market, we are trying to position our products well because we are spending on advertising and promoting them through the IPL. Our brand is very popular, and that is why our dealer-distributor sales have also increased from 51% to 59%.

Our focus is to shift toward markets where working-capital requirements are lower and to improve margins, whether through retail or exports. Ultimately, this is resulting in a 1% increase. We are now on a trajectory where we will operate at an 11-12% operating margin in the future. Earlier, our hurdle was reaching close to 11% or more. We have now crossed that hurdle.

Umang Mehta - Kotak Securities: Understood, sir. My second question is on the growth-versus-margin trade-off. I understand your position: you do not want to grow, or from a working-capital perspective you want to restrict growth to a certain percentage. In areas where peers are growing faster, or where you might be letting go of some business, is it easy to win that business back when the situation changes? How do you think about that competition and the competitive landscape?

Management: We have been in this market for a very long time, and continuously for the last 15 years we have grown at 16-17%. Then we increased our growth rate to 17-18%, and subsequently to 19-20%. We are now targeting more than 20% because we are a debt-free company, and we are continuously allocating our capital in two parts: one for working capital and another for capex.

There needs to be discipline and capital allocation in the company so that we can achieve our long-term goals in a sustainable manner. That is how we are proceeding with the original plan that we provided in 2024 when we raised the QIP. We have maintained the same kind of growth plan and will continue to maintain it.

We will also maintain this kind of discipline. Those investors who have been dealing with us for the last 5 or even 10 years know that we are very conservative people. Whatever we say, we try to deliver more than that.

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

Management: Thank you, Manoj.

Operator: Thank you. We take the next question from the line of Disha from Trimesra Asset Managers. Please go ahead.

Disha - Trimesra Asset Managers: Good afternoon, sir. Most of my questions have already been answered. I have just a few questions. Could you please share the current utilization levels across cables and wires for this quarter? I hope I heard correctly that you said utilization would be 70-75% by this year, correct?

Management: First of all, at present, because of the increased capacity at Sanand, our utilization rate is 72%. Someone had asked how much capacity will be available at the next plant, the {? 600 crore ?} plant. I was explaining that we will utilize 70-75% by next year.

Disha - Trimesra Asset Managers: For next year. At what utilization threshold would the company require another major capex cycle beyond the ongoing expansion, given that demand is clearly increasing?

Management: To maintain a CAGR of more than 20%, we need to continue expanding capacity. Therefore, we have provided guidance of capital expenditure of 600–700 crores year after year, because we need to grow every year and add capacity every year.

Whenever we undertake greenfield capex, it takes us 2 years to complete the process. For example, yesterday we announced the Salarpur project, where we will invest around 700 crores. It will also take another 2 years for construction, plant and machinery installation, trial runs, and production.

In the current market, demand is strong because of electric vehicles, data centers, the infrastructure boom, and very strong global demand. Please go ahead; were you asking something?

Disha – Trimesra Asset Managers: Yes, sir. I was asking about the new capex plan that you announced. That would be for EHV cables, correct? You answered that question earlier.

Management: No. This is for low-voltage and medium-voltage power cable.

Disha – Trimesra Asset Managers: Understood, sir. On the EHV cable segment, could you please update us on how much of the customer approvals or order inflow is coming from EHV? At what point do you expect the EHV business to become a meaningful contributor to consolidated revenue and margins, and will it further increase the company's margins?

Management: Of whatever capacity we are adding for extra-high-voltage power cable, approximately 9–10% will be the contribution from EHV cable.

Disha – Trimesra Asset Managers: Understood, sir. That is all from my side. Thank you.

Operator: Thank you, ma'am. We take the next question from the line of Achal Lohade from Luma Institutional Equities. Please go ahead.

Achal Lohade – Luma Institutional Equities: Thank you for the opportunity, sir. First, regarding the global market, could you talk a little about how we are operating across regions, where we are in terms of scaling up, and what kind of mix we can expect over the next 2–3 years within the export segment across different geographies?

Management: In different markets, we are targeting different sectors. In the US, we are steadily working with the oil and gas sector and also with data-center projects. We are now also working on some distribution projects in the US.

In Australia, we are mostly working on solar and wind-energy projects, as well as some manufacturing factories and industrial projects. In the Middle East, our major customer base consists of oil and gas refineries and upstream facilities used for oil extraction. Therefore, oil and gas is the major market for us in the Middle East.

In Africa, we are working with distribution and transmission utilities, as well as oil refineries. These are the major focus areas in some of the countries where we are working in our export market.

Achal Lohade – Luma Institutional Equities: Could you comment on any possible mix in 3 years' time?

Management: It is very difficult to determine the product mix because it keeps varying. We have a very versatile product range and production facilities. Therefore, we are able to adapt our factories to any change in the type of products, according to market demand. However, how market demand will emerge is very difficult to predict.

Achal Lohade - Luma Institutional Equities: Understood. My second question is with respect to the Sanand plant. Given 2,000 crores of capex and the EHV and non-EHV mix, how should we look at the asset turn and the total revenue potential from this facility?

Management: Achal, we earlier said that the total 2,000 crores would give us production of 6,000 crores. However, based on our past experience, whenever we undertake a greenfield project, after commissioning the full project there is scope for balancing equipment. We are therefore investing another 100-200 crores in balancing equipment, which will provide another 1,000 crores or more of turnover.

The total capacity at Sanand will therefore reach around 7,000 crores within 2 years. This is how we have executed projects in the past as well. If you look at our Chinchpada plant, initially it was only for wire. We then added low-tension power cable capacity there, followed by some additional capacity. As of now, this plant is generating very substantial turnover. Approximately 225-250 crores of turnover per month is coming from the Sanand and Chinchpada plants. That is how balancing equipment works.

Achal Lohade - Luma Institutional Equities: Understood. You commented that demand is strong. If possible, could you provide some more detail on the domestic market, including how the different verticals within the demand drivers are performing?

Management: The major demand in India is mainly in the power-generation, transmission, and distribution sectors, as well as in the power end-user sector, which includes data centers, manufacturing plants, urban infrastructure, and railway infrastructure. There is also strong demand in housing and commercial spaces.

Even now, thermal power projects are in a strong construction phase, so that area will also bring substantial demand in India.

Achal Lohade - Luma Institutional Equities: Are any of these sectors doing particularly well, while any are relatively weak? Could you comment on that?

Management: I have no comment on that. Demand is always rotating. Sometimes demand comes from transmission, then from distribution, and then again from generation. It keeps moving. Sometimes there is demand for refinery products, and sometimes for fertilizer products. Demand is always rotating because every year capital expenditure moves from one sector to another.

Achal Lohade - Luma Institutional Equities: Fair point. Just one final question, again on Sanand. In terms of demand and supply, practically everyone is adding capacity. How do you see the demand-supply scenario? In your opinion, is there a risk of overcapacity over the next 1-2 years, or will the market remain tight for the next 2 years?

Management: Whenever capacity is added, it takes 2.5 years to establish a project. It then takes another year to ramp up the production facility. As you can see in our Sanand plant, we started in 2023. Almost 3 years have passed, but the project has only recently been commissioned and we are still ramping up, so it takes time.

You must therefore consider that although many projects are being announced, companies establishing these projects require 2.5-3 years for construction and another 3-4 years for capacity utilization. It is not the case that whatever capacity we establish will be utilized within only 1 year.

That is why we are again guiding for disciplined growth, and we will maintain a CAGR growth of more than 20%. We are never targeting growth of 35% or 40%. We are maintaining discipline, and accordingly, the market is available.

Achal Lohade - Luma Institutional Equities: Understood, sir. Thank you. I will fall back in the queue. Thank you.

Operator: Thank you. We take the next question from the line of Manoj Gori from Equirus Capital. Please go ahead.

Manoj Gori - Equirus Capital: Thank you for the opportunity, sir, and congratulations on the strong margin performance during the quarter. Finally, the barrier of 11% has been broken. My only question is that if we look at the end of Q4 FY24, we were discussing volume growth guidance of roughly 18%. In the morning media interview, we discussed approximately 25% value growth for the current year, and now we are discussing 20% value growth year-on-year.

Management: I am also confident that our growth in this financial year will be more than 25% in financial terms, or in revenue terms. However, in our interactions, we generally prefer to be conservative instead of providing overly bullish numbers.

Manoj, the point is that whenever we mention a percentage, you add another 2-3% to it. That makes things more difficult for us. That is why we want to remain conservative.

Manoj Gori - Equirus Capital: Sir, if you outperform, we also increase the numbers.

Management: That is fine, but now you have elicited 25% from me. Please limit yourself to 25%; if you go above that, we will not be able to achieve it, frankly speaking. I am saying this clearly today itself: we will not go above that. There is discipline involved.

To chase any value growth, capital is required. Demand is there, but it is not the case that we should allocate all our capital only toward growth. How will we maintain future growth if we do not invest in capacity? We need two types of capital. That is why we want to be slightly conservative, but you will still see the same kind of growth for the full year as you saw in Q1, because demand is there and we have the capacity.

However, our request to all of you is not to add to that expectation. That is my humble request to all of you.

Manoj Gori – Equirus Capital: The only reason I asked was that there have been prolonged issues in the Middle East, and the Red Sea situation would definitely be hurting exports to some extent. I wanted clarity because of the macroeconomic uncertainty. I understand that the domestic growth opportunity remains very strong and robust. That is why I asked the question.

Management: Manoj, we have explained in the past that we need to grow, whether that growth comes from exports, domestic institutions, or the retail network. Ultimately, a sale is a sale, regardless of the market. Our purpose is to focus on all markets so that if any market faces a problem, such as the current issue in the Middle East, we can compensate through another market.

That is the major focus area. We are trying to build our marketing across exports, domestic markets, and institutional markets.

Management: We need to focus on all these sectors. We cannot know in advance which sector will perform well and which sector will not. Therefore, it is our duty to focus on all these sectors, and that is what we have continuously done for many years.

It was earlier asked when we would cross the 11% hurdle. With all your support, we have crossed that hurdle, and in the future we are very hopeful of operating at an EBITDA margin of more than 11%.

Manoj Gori – Equirus Capital: Certainly, sir. Thank you, and I wish you all the best. I hope you cross many more hurdles like this. Thank you.

Management: Thank you, Manoj. Thank you very much.

Operator: Thank you. We take the next question from the line of Akshat Taparia from Fidelity International. Please go ahead.

Akshat Taparia – Fidelity International: Hi team, am I audible?

Management: Yes, Akshat.

Akshat Taparia – Fidelity International: Congratulations on a very strong margin performance. I have one clarification. In the past, when you guided for EBITDA margins, you included other income in the same. When you are now saying 11–12%, should we read this as EBITDA plus other income, or is this only pure operating EBITDA margin?

Management: I am referring only to the operating margin, because you always evaluate us only on operating margin. That is how we have achieved the operating margin.

Akshat Taparia – Fidelity International: So this does not include other income, correct?

Management: Yes, sir.

Akshat Taparia – Fidelity International: Great. My second question is on Sanand. As Rajiv was saying, it should generate 1,500–2,000 crores this year, even if it ramps up gradually. Exports should also pick up. I am trying to understand what the constraint to growth is. We discussed this a little in the past and again today. Could you help us understand it better? I think what is happening is that we are extrapolating the increase in metal prices and assuming that growth should be higher.

You are doing very well, and there are no complaints; you are in line with the guidance. However, I want to understand the constraints to growing faster than 20-25%. Why can it not be 35%?

Management: The constraint is basically capital. Whatever capital—

Management: Akshat, I will explain. In a greenfield project, production ramp-up takes time in terms of manpower checks and machinery stabilization. Therefore, as I said, the production at our new facility is ramping up month after month. If it is a brownfield expansion, it is easier to stabilize, but a greenfield expansion takes time. That is why production at the new facility is ramping up month after month.

Capital allocation is definitely a discipline, as Rajiv discussed. What I am saying is that we will grow more than what we are stating, but we do not want to provide very high guidance numbers.

Akshat Taparia – Fidelity International: I understand. I think that philosophy is very well understood. I would simply like to see a little more aggression on growth. On margins, you delivered what you promised, and margins have improved. We are very happy, and all the best to the team for the upcoming year.

Management: Thank you very much, sir.

Operator: Thank you. We take the next question from the line of Rahul Maheshwari from Ambit Investment Advisors Private Limited. Please go ahead.

Rahul Maheshwari – Ambit Investment Advisors Private Limited: Good afternoon, sir. Excellent execution. I have two questions. First, on wires, can you elaborate on the kind of growth we are witnessing and how much more scope there is now that dealer contribution has increased to 59%? Second, can you highlight how we are positioned to execute large government order projects such as those being executed by the leader in BharatNet?

Management: BharatNet is mainly for optical-fiber-cable supply and execution. We are not involved in manufacturing optical fiber cable, so that is outside our product range. Regarding wires—

Management: I was referring to large-ticket-size products, and growth is already above that level because the focus is on the country. Overall, the domestic wire and cable business is very strong.

Rahul Maheshwari – Ambit Investment Advisors Private Limited: And BharatNet—

Management: Yes, please go ahead.

Rahul Maheshwari – Ambit Investment Advisors Private Limited: Please continue, sir.

Management: No, please. I have already answered the BharatNet question: we are not involved in producing optical fiber cable. We do not produce cables for BharatNet.

Rahul Maheshwari – Ambit Investment Advisors Private Limited: One more point. As you have highlighted many times, capital is required and it takes time to ramp up capacity. If the industry growth rate over the next 2 years is around 30%, is it fair to say that you will raise your guidance, or will you maintain the conservative guidance of more than 20%?

Management: We will grow more than what we are guiding, and we will—

Rahul Maheshwari – Ambit Investment Advisors Private Limited: Thank you, sir, and best wishes.

Operator: Thank you. We take the next question from the line of Patanjali Srinivasan from Sundaram Mutual Fund. Please go ahead.

Patanjali Srinivasan – Sundaram Mutual Fund: Hello, sir. Thank you for the opportunity. I have a couple of questions. First, our gross margin is at approximately a 4-5-year high. I think we were at a 25% gross margin in FY22. Can you tell me whether the gross margin level we are at today is sustainable? We have seen a very sharp improvement in gross margin over the last 2-3 quarters.

Management: Earlier, the EPC portion was higher. Now the EPC portion is not there; only the pure copper cable and wire portion is there. This is due to the product mix, exports, and the retail market.

If you look at the continuous performance over the last 4 quarters—from June, September, December, and March of last year through this first quarter—we have reached the margin range of 11-12% that we had planned for the next year. As I explained, whenever a company's margin increases, there are 3-4 levers. One lever is the product mix, the second is the market mix, and the third is the expenditure-to-sales ratio. All 3 are contributing to the profit and loss. It is not only one factor that has caused the margin to increase.

Patanjali Srinivasan – Sundaram Mutual Fund: That part is understood, sir. Can we expect gross margin to remain in this range? I understand what you are saying. Sir, and—

Management: Gross margin will remain in this range. However, sometimes you see volatility in the market due to pricing or the demand scenario. The margin always fluctuates by a quarter to half a percent on a quarter-to-quarter basis, as you will also see in our past results. For the full year, it always averages out. We are now on a trajectory where we will operate at an 11-12% EBITDA margin on the operating side.

Patanjali Srinivasan – Sundaram Mutual Fund: Understood, sir. I have 2 more questions. One of the things you mentioned was that export share of revenue would recover. You mentioned that it was weak this quarter. What is our full-year target? What percentage of overall revenue would we like exports to represent?

Management: Ultimately, as Rajiv has said, the growth rate will be close to 24-25%. That will be the first target figure. Sometimes exports will grow more, sometimes retail will grow more, and sometimes domestic institutions will grow more. This will vary from sector to sector.

Our target is to bring exports to at least 17-18% of revenue in the current financial year. In the last financial year, exports were 16%, so we will reach that level.

Patanjali Srinivasan – Sundaram Mutual Fund: Sir, one final question. I wanted to confirm something you mentioned. For the 2,000 crores of capex that you have completed or are undertaking, how much revenue-generating capacity did you mention? I think I heard 7,000 crores, but I wanted to confirm.

Management: Sanand revenue was originally expected to be 6,000 crores. In the future, when the project is completed, we will add some balancing equipment, as we always increase production capacity there. That is how capacity will increase to 7,000 crores within 2 years, as I indicated.

Patanjali Srinivasan – Sundaram Mutual Fund: You are saying that EP and EHV together will take 2,000 crores to approximately 6,000–7,000 crores?

Management: What Rajiv wanted to say is that instead of asset turns of 3, it can go up to 4 times. That would mean 10,000 crores.

Patanjali Srinivasan – Sundaram Mutual Fund: Understood, sir. Thank you, and congratulations on a very good set of numbers.

Management: Thank you, sir.

Operator: Thank you. We take the next question from the line of Pulkit Patni from Goldman Sachs. Please go ahead.

Pulkit Patni – Goldman Sachs: Thank you for taking my question. This has been 2 quarters in which not you, but most of the industry, has not spoken much about volume growth. Revenue growth has been phenomenal. I am trying to understand this because your commentary, as well as that of some of your peers, has been extremely positive on demand and the outlook.

As analysts, are we not looking at the right thing? With volume growth not being discussed, has the nature of the product changed? Are you doing more high-value products, and is that how the business is going to develop? I am trying to understand the disconnect between volume growth, value growth, and the positive commentary coming from you and some of your peers. Please help us understand that better.

Management: Pulkit, first of all, why are we talking about value growth? Government expenditure budgets are maintained only in value terms. If the government has allocated 11 lakh crores in the budget, will the budgeted capital expenditure change if prices go up or down? I do not think it will change.

The same applies to state governments and to power generation, transmission, and distribution. Everything is based on budget allocation. That is why value remains the relevant measure.

I also explained in the context of my interview why we are reluctant to provide value-growth guidance. Even if you go back to 2018–19, 2019–20, or 2017–18, copper prices were continuously declining, but all cable companies were growing. The main rationale was that capital expenditure allocation in the budget was in value terms.

Therefore, we derive demand from infrastructure, government projects, bridges, railways, transmission, distribution, and generation. Everything is related to value. That is my submission.

Pulkit Patni – Goldman Sachs: Fair point, sir. Your commentary reflects the strong outlook. I was trying to understand whether your view is that, in a scenario where copper prices decline, volume will do the heavy lifting so that the revenue number comes close to what we are expecting.

Management: If the government budget is 11 lakh crores and the state-government budget is 6 lakh crores, those budgets will remain as they are, regardless of whether copper, aluminum, or steel prices go up or down. Ultimately, governments spend in value terms, not volume terms.

Everyone prepares their balance sheet in value terms, not volume terms. If capital is available in value terms, it will also flow into the order book.

Pulkit Patni – Goldman Sachs: Fair point. That was very useful, sir. Thank you very much.

Management: Thank you, Pulkit.

Operator: Thank you. We take the next question from the line of Shriram Kapoor from Jefferies. Please go ahead.

Shriram Kapoor – Jefferies: Thank you for the opportunity. I wanted to ask about exports. You gave a target range of approximately 17-18% of sales for exports this year. Based on FY26 numbers, that would imply approximately 30-40% growth in exports in FY27. In the first quarter, we actually saw a decline of approximately 7-8%. Does that mean you expect—

Shriram Kapoor – Jefferies: My first question is about export growth. We are expecting exports to grow by more than 50% in the remaining 9 months, especially given that the remaining 9 months of last year also saw more than 50% growth in exports. What gives you confidence that exports will grow by 50% during this period?

Anil Gupta – Chairman & Managing Director: I think you are right. We could not dispatch a lot of goods in the first quarter because of the Middle East crisis, and shipments were not available. Shipments have now started, although at a high shipping cost. Similarly, the US market has also opened up after being stalled. The markets are positive, and we will be able to achieve what we have stated.

Rajesh Gupta – Whole-time Director: I have one more humble request to all of you. Sometimes, as happened last year when export growth was higher, some analysts started saying that domestic demand must be weak. If we need to grow by 24-25%, whether we grow through exports, retail, or the institutional market, the total growth will still be 24-25%.

Shriram Kapoor – Jefferies: Thank you. My second question is that in previous quarters, your presentation normally provided a breakdown of sales across house wires, low-tension cables, and high-tension cables. That breakdown was missing this time. Could you share the house-wire—

Rajesh Gupta – Whole-time Director: We cannot provide that figure because competitors were using those numbers. Therefore, we have decided not to provide individual product-wise numbers.

Shriram Kapoor – Jefferies: Understood. Lastly, on retail sales, which rose to 59% this quarter, is that a level you see being sustainable going forward? Given the 40% growth in the first quarter, is this growth sustainable, or do we—

Rajesh Gupta – Whole-time Director: As I said, we are focusing more on retail mainly because of the lower working-capital requirement. However, when export orders are higher, we also need to book and sell to the export market. This mix can change internally, but the overall growth rate will remain.

Shriram Kapoor – Jefferies: Understood. Lastly, on other income, could you explain the decline in other income from approximately 40 crores to—

Rajesh Gupta – Whole-time Director: Last year, other income was mainly due to interest income on the QIP funds. The QIP money was held in FDRs, so interest income was very high.

Shriram Kapoor – Jefferies: So the other income we saw in FY26 is unlikely to be sustained in FY27. Understood. Thank you very much.

Rajesh Gupta – Whole-time Director: Thank you very much, sir.

Operator: Thank you. We take the next question from the line of Bhavani from Axis Capital. Please go ahead.

Bhavani – Axis Capital: Hi, sir. Congratulations on a good set of numbers. I wanted one clarification: what kind of price increase did we take in Q1?

Rajesh Gupta – Whole-time Director: The price increase is not a percentage. It depends on how much the copper content increases or decreases. Accordingly, there is a formula. It is not a base-case price; it depends directly on price fluctuations.

Bhavani – Axis Capital: Understood. Most of the price increase has been passed on, correct? Cost inflation has been passed on?

Rajesh Gupta – Whole-time Director: Yes.

Bhavani – Axis Capital: Understood, sir. Thank you very much.

Operator: Thank you, Bhavani. We take the next question from the line of Bharat Shah from ASK Investment Managers. Please go ahead.

Bharat Shah – ASK Investment Managers: Greetings, Anil. Greetings, Rajesh.

Anil Gupta – Chairman & Managing Director: Greetings, Bharat.

Bharat Shah – ASK Investment Managers: Now that most things are in place, we have better production capacity available, with a good runway ahead to capitalize on growth. The export situation is also shaping up well, unless Mr. Trump comes up with something unusual again. Apart from that, the overall situation looks very healthy.

Given our greater business in value-added products, the increasing retailization of our wires business, and the fact that the size of the opportunity continues to expand rapidly, it is easy in a scenario like this to become overconfident and worry less about challenges that may be emerging. In your opinion, what could be potential trouble spots? What could really spoil the situation, or at least dampen it if any issues arise that concern you?

Anil Gupta – Chairman & Managing Director: Bharat, the point is that the kind of business we have created, with such a widespread customer base in India and across different geographies, is intended to insulate us from possible impacts and risks arising from any particular geography or territory.

We have seen blockades from the US and wars in the Middle East that led to shipments being stopped, but we have still been able to grow through the regions where our customer base is present. Risk factors will always exist; nobody knows what geopolitics will do in today's environment.

Our aim is to remain risk-free in terms of our financial and marketing goals by being spread across many countries, so that we can make up our sales from one region or another. Similarly, we are now a debt-free company. To that extent, we are insulated from the risk of a dent in any particular market or from lower sales in a particular market.

You can never have zero risk. The question is how we mitigate the risk, and that is what we have been doing.

Bharat Shah – ASK Investment Managers: Absolutely. All those points are very much evident in the prudence with which we have managed our balance sheet and conducted our business, while continuing to grow in a very calibrated manner.

I understand that external threats or challenges could materialize over which we have no real control. Internally, are you seeing any constraints or issues that we need to be mindful of or resolve?

Rajesh Gupta – Whole-time Director: Internally, as we have discussed over the past few years, we had earlier highlighted risks relating to sustainability and capital allocation. We have fully addressed those risks, and we are now a debt-free company, so the debt risk has also been fully addressed.

Whatever risks any investor had highlighted to us, or that we had internally envisaged, we tried to mitigate those risks. Accordingly, we have disciplined ourselves. Even though during this one-hour call everyone has been asking why we cannot grow by 30% or 35% when the market is available and debt can be arranged easily, we are still reluctant to say that we will grow beyond our stated level. This is only because of discipline and our proper capital-allocation policy.

That is what we have learned over time, and it has served us well. We will keep in mind good capital allocation, proper risk mitigation, and a sustainable long-term business plan of at least 5 years. We are already providing this guidance to you and to the entire market, and we are proceeding accordingly.

Bharat Shah – ASK Investment Managers: That is very good. Our ROCE is also going to remain in the high twenties, isn't it? Rajesh, when will we again cross or touch 30% or higher return on capital employed? Will it be in 2027-28?

Rajesh Gupta – Whole-time Director: No, sir. Because capital expenditure is ongoing, we are currently at 23-24%. The second point is that our creditors are very low because of the company's good financial health, and we are purchasing metal on a cash basis.

If we purchase metal against an LC, ROCE would be at least 28% even as of now, because creditors that earlier used to be 3.5 months are now less than 1.5 months.

Bharat Shah – ASK Investment Managers: I was asking whether it should reach 30% in 2027-28, correct?

Rajesh Gupta – Whole-time Director: No, sir, not in 2027-28, because we have kept creditor levels low to save interest costs. If we increase creditor levels, it will immediately reach that level.

Bharat Shah – ASK Investment Managers: Understood. One last question: in 2027-28, is it possible to consider turnover of 20,000 crores, or would that be too ambitious?

Rajesh Gupta – Whole-time Director: We are providing guidance accordingly, and our capacity has not been created for only 1 year. It will be created for another 2 years as well, because the next plant that we announced yesterday will take another 2 years. We need to utilize the capacity year after year.

Bharat Shah – ASK Investment Managers: So the approximately 20,000-crore milestone we are considering should be achieved in FY29?

Rajesh Gupta – Whole-time Director: We have given you a target of 25,000 crores for FY29-30, and we will deliver that to you.

Bharat Shah – ASK Investment Managers: Alright. Thank you, Rajesh. Thank you, Anil, and all the very best.

Anil Gupta – Chairman & Managing Director: Thank you, Bharat.

Rajesh Gupta – Whole-time Director: Thank you very much, sir, for your support.

Operator: Ladies and gentlemen, with that we conclude the question-and-answer session. I now hand the conference over to the management for their closing comments.

Rajesh Gupta – Whole-time Director: Thank you very much for joining this conference call. We are always available to answer any other questions or queries you may have. Thank you so much for joining. Thank you very much, sir.

Operator: Thank you, sir. On behalf of Nuvama Institutional Equities, that concludes this conference call. Thank you for joining us, and you may now disconnect your line.

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