Polycab India

Operator: Ladies and gentlemen, good day and welcome to the Polycab India Limited Q4 FY26 earnings conference call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Neeranjan Maru, Chief Financial Officer, Polycab India Limited. Thank you and over to you, sir.

Management: Good afternoon everyone and thank you for joining us. I hope all of you are staying healthy and safe. I am Neeranjan Maru, CFO at Polycab India Limited. On this call, we shall discuss the Q4 FY26 results which were approved in the board meeting held earlier today. We will be referring to the earnings presentation, financial results, and financial statements which are available on the stock exchanges as well as on the investor relations page of our website. Joining me today from the management team will be Head of Strategy and Investor Relations, Mr. Shashank Jagani.

First of all, let me just say that despite the current macroeconomic environment, the company has delivered a strong performance recording the highest quarterly revenues in its history. The demand sentiment to an extent was impacted by geopolitical developments in the Middle East, but our team acted with agility and resilience enabling us to sustain an industry-leading performance. This outcome reflects the strength of our operating model and disciplined execution.

The Wires and Cables business delivered robust growth, supported by healthy demand and execution, while the FMEG segment continued to build momentum through improved product mix and expanded market reach. Across the organization, our focus remains on execution excellence, translating strategy into outcomes and strengthening the foundation for long-term growth. Our priorities remain very clear: sustaining growth momentum, strengthening our competitive positioning and continuing to invest in innovation, talent, and capabilities.

At the same time, we all know that the global macroeconomic landscape has undergone a dramatic transformation since our last earnings call. The outbreak of the conflict between the US, Israel, and Iran towards the end of February 2026 has been the single most consequential macro development of the quarter, sending shockwaves across the energy markets, currencies, equity indices, and central bank policy frameworks. Crude oil prices have risen very sharply with Brent now hovering around $100 per barrel, while disruptions in the Strait of Hormuz have intensified the supply concerns. This has led to renewed inflationary pressure and a sharp repricing in global bond yields.

Major central banks which had been on a cautious easing path through much of 2026 have now firmly pivoted towards caution and in several cases also towards tightening. The US Fed held rates at {? 3.5 to 3.75% ?} at its March meeting, revising the inflation projections upwards and flagging significant uncertainty. The Bank of England also held at 3.75% with markets now pricing two rate hikes this year. The ECB maintained rates at 2% but revised its 2026 inflation projections sharply upwards to 2.6% from 1.9% and also cutting the growth forecast. The Bank of Japan, which had hiked in December 2025, held in March but faces a 70% market implied probability of a further hike in April. The era of coordinated global easing has also come to an end.

India demonstrated strong underlying momentum through most of the year, though Q4 brought its own set of pressures. India's full year FY26 GDP growth is projected at approximately 7.6%, the fastest pace in recent years and the fourth consecutive year India holds the position of the world's fastest-growing major economy. The quarterly trajectory through the year has been impressive: Q1 at 7.8%, Q2 accelerating to 8.4% — a six-quarter high — while manufacturing and services both contributing strongly. Even Q3 held at a healthy 7.8%, underscoring the broad-based nature of the recovery.

High-frequency indicators through Q4, however, are beginning to signal some moderation. Air passenger traffic, port cargo volumes, and e-way bill generation have shown softness in the January to March period. However, on the opposite side, the consumption environment has been encouraging. Credit growth has sustained double-digit momentum with bank credit continuing to expand at healthy levels through March 2026. The government capital expenditure has largely remained on track, spending about 86% of the revised budget estimates till February 2026, providing a steady demand anchor for infrastructure and allied sectors. Investment activity has gathered momentum during the year with rising capacity utilization and improving order pipelines signaling that the private capex cycle is gradually broadening.

The real estate sector has maintained healthy momentum with launches and sales across major cities tracking well. Encouragingly, for most of FY26, this growth was accompanied by strikingly benign inflation. Headline CPI reached an all-time low in October 2025 supported by easing food prices and contained energy costs. March 2026 CPI has come at 3.4% year-on-year, still comfortably below the RBI's target rate of 4%. Core CPI, excluding food and fuel, remains stable suggesting that underlying price pressures within the domestic economy remain well in check. This rare combination of strong growth and soft inflation is a genuine macroeconomic achievement for India and reflects the maturity of its policy framework.

This favorable backdrop enabled the RBI to deliver a cumulative 125 basis points of rate cuts through the year, its most aggressive easing cycle in recent years. Lower borrowing costs have meaningfully supported household consumption, retail credit, and investment demand. The transmission of these cuts into lending rates has progressively improved, providing tangible relief to both consumers and businesses. India's foreign exchange reserves, while moderating from their peak, remain robust at approximately $682 billion, equivalent to over 11 months of import cover, providing a substantial buffer against external volatility. Domestic Institutional Investors have played a critical stabilizing role in the equity markets, absorbing the significant FPI outflows and demonstrating the growing depth and maturity of India's capital market.

That said, Q4 has introduced headwinds that warrant careful monitoring. The sharp rise in crude oil prices and depreciation of the Indian Rupee, which hit a record low of {? 95 ?}, will exert upward pressure on inflation in the quarters ahead. CPI is also expected to edge higher and the RBI is likely to remain on an extended pause. High-frequency indicators through January to March 2026 reflect some moderation in the momentum, though rural consumption, manufacturing output, and consumer sentiment have continued to hold up. Overall, India's structural foundations, a resilient domestic demand base, a maturing policy framework, a deepening financial system, and an expanding manufacturing sector remain firmly intact.

The external environment is more challenging than it was a couple of years ago, but India's relative position in the global growth landscape is arguably stronger than ever. We remain confident in the medium-term trajectory of the Indian economy and the robust demand environment it continues to provide for our business. I would now like to hand over to Shashank to take you through the financial performance for the quarter and the financial year.

Management: Thanks, Neeranjan. For the quarter ended March 31, 2026, we are pleased to report a strong performance with consolidated revenue growing 27% year-on-year, driven by robust momentum in both cables and wires as well as FMEG segments. EBITDA for the quarter increased by 13% year-on-year with margins at 13.1% despite multiple industry headwinds and soft trade sentiment amid the ongoing Middle East escalation.

At the profit level, the company delivered its highest-ever quarterly PAT of 7.9 billion rupees, reflecting a growth of 17% year-on-year. PAT margins for the quarter stood at 8.9%. Finance costs for the quarter were 746 million rupees while other income stood at 604 million rupees. For a more detailed breakdown of these items, I would encourage you to refer to slide number 28 of the presentation.

We continue to maintain a strong balance sheet with a net cash position of 41.9 billion rupees. Our working capital cycle has improved to 25 days in Q4, primarily due to a temporary increase in payable days arising from use of letters of credit for raw material procurement. On a normalized basis, we expect the working capital cycle to revert to our steady-state range of 45-50 days. Capital expenditure for the quarter stood at 3.9 billion rupees, taking the total capex for the full financial year to approximately 14.8 billion rupees, and this is very much in line with our Project Spring guidance.

Turning to our full-year performance, FY26 has been a landmark year for the company with record high revenue, EBITDA, and PAT. Revenue crossed the 285 billion rupees milestone, growing 29% year-on-year. EBITDA grew faster than revenue, increasing by 35% year-on-year with margins expanding to 13.9%. PAT rose by 32% year-on-year, surpassing 27 billion rupees with PAT margins at 9.4%. This strong performance underscores our financial strength and reinforces our position as the most profitable company in the electrical industry for the fourth consecutive year. Additionally, we have retained our position as the largest company in the Indian electrical industry by revenue for the second consecutive year—an important milestone for the organization.

Moving on to slide number 5, we are pleased to report continued market share gains even on a higher base. Our domestic wires and cables organized market share has now increased to {? 30 to 31% ?}, up from 18-19% in FY19, and this is an improvement of approximately 300 to 400 basis points over FY25. This consistent gain in market share reflects the strength of our execution under Project Spring and validates our long-term strategy of investing in brand, distribution, and manufacturing scale.

Importantly, these gains are not cyclical but very much structural in nature, driven by a shift towards organized players, increasing preference for quality and compliance, and our ability to serve customers reliably across geographies. Our expanding distribution network, deeper channel engagement and continued focus on premiumization have enabled us to capture incremental demand across both channel and institutional segments. At the same time, our scale advantages and backward integration continue to support competitive positioning, allowing us to grow ahead of the industry. Given a relatively volatile demand environment, our ability to gain market share highlights the resilience of our business model and the trust we have built with our customers and the partners. More broadly, this momentum in market share is a key pillar of our growth strategy and gives us confidence in sustaining industry-leading growth over the near to medium term.

FY26 also marked an important inflection point in capital investment. For the first time in our history, annual capex exceeded 14.5 billion rupees, underscoring our long-term commitment to growth in line with Project Spring. We remain on track to execute our planned capex program of 60 billion to 80 billion rupees over the next five years, which will further enhance our capabilities, scale, and innovation. We have also strengthened our balance sheet with net cash increasing to 41.9 billion rupees, reflecting disciplined cash flow management. In line with our capital allocation strategy, we have proposed a dividend of 47 rupees per share, resulting in a payout ratio of 27.2%. This represents a step forward towards our Project Spring goal of achieving a 30% payout ratio by FY30.

Now let's move to slide number 9 for a quick update on the wires and cable business. The wires and cable segment delivered a strong 30% year-on-year growth during the quarter. Within this quarter, the domestic cables business recorded an impressive 30% year-on-year growth, supported by resilient execution despite a challenging operating environment. Volume growth for the quarter remained in the low single digits as the industry faced multiple headwinds, including a temporary halt in construction activities across parts of the West and North due to pollution related restrictions, as well as softer demand sentiment impacted by the ongoing Middle East escalation affecting both primary and secondary sales. Notably, cables outpaced wires in terms of growth for this quarter, while institutional sales grew faster than channel sales. From a regional standpoint, the West region led the performance followed by the South, North, and East, underscoring the strength and breadth of our pan-India presence.

As highlighted on slide 11, our products continue to play a critical role in nation building with strong participation across high-growth sectors such as renewable energy, metro rail, data centers, and manufacturing. These segments remain key structural drivers for sustained demand in the wires and cables business. Our international business delivered robust performance growing 18% year-on-year and contributing 4.4% of consolidated revenue, even amid the escalation in the Middle East that impacted sales during the quarter. We remain confident in the long-term outlook with a healthy order book and a supportive demand trend. We expect a strong recovery and a strong growth momentum going forward.

I would like to highlight that we have significantly expanded our global footprint to 94 countries, up from 48 countries in FY19, reflecting our increased global presence. Additionally, we have reestablished our distribution network in the United States, which we believe will enhance our reach and further strengthen our export business over time. EBITDA margin for the wires and cable business stood at 13.1%. As mentioned earlier, margins were slightly impacted by a few factors. First, there was an unfavorable mix in business with the international segment, a high margin accretive business, being affected by the Middle East situation. Secondly, the higher contribution from institutional sales compared to channel sales had a moderating impact on the margins. Lastly, softer trade sentiment in March, which is a key month for Q4 sales, impacted operating leverage for the quarter.

Moving to slide number 13 for an update on the FMEG business. The FMEG segment delivered an exceptional performance for this quarter, registering a strong 47% year-on-year growth, with broad-based contributions across all product categories. This marks the ninth consecutive quarter of outperformance versus industry benchmarks, reaffirming the strength of our strategy and execution in this high-potential segment.

Let me walk you through the key drivers of this growth, starting with fans. Despite a delayed summer onset in certain regions and temporary channel inventory adjustments following changes in BEE norms, the segment delivered growth. This performance was driven by our continued focus on premiumization, expanding our energy-efficient product range and strengthening channel execution. As a result, premium fans now contribute approximately 25% of FY26 segment revenue.

In lighting and luminaries, we sustained growth despite a deflationary pricing environment, supported by both volume and value expansion. The momentum was led by our growing premium portfolio which now accounts for 35% of segment revenue as energy-efficient and high-quality lighting solutions continue to see strong customer acceptance across markets. Our solar products business was a standout performer, delivering two-fold year-on-year growth and emerging as the largest category within the FMEG portfolio. This growth is underpinned by strong structural tailwinds, including government initiatives, state-level subsidy programs and rising consumer adoption of renewable energy solutions. Other categories including switchgears, conduit pipes and fittings, and switches also recorded healthy growth. This was driven by sustained momentum in the real estate and construction sectors, along with our continued focus on portfolio expansion and deeper market penetration.

Importantly, the FMEG business which turned profitable in Q4 of last year has continued to deliver profitability while we invest in talent, product development and brand building. EBITDA margins for the quarter stood at 4.1%, in line with our Project Spring trajectory of achieving 8-10% EBITDA margins by FY30. Looking ahead, we remain confident in the long-term growth potential of the FMEG segment. We are well aligned with our Project Spring objectives of delivering 1.5-2x of industry growth, while steadily improving our margins. Our continued investment in distribution expansion, product innovation and brand equity will be key enablers in unlocking sustained value in this business.

Moving on to slide 15. This slide provides an update on our EPC business. During Q4 FY26, EPC revenues marginally declined by 15% year-on-year reaching 5,098 million rupees, majorly due to project execution cycles. Segment profitability stood at 386 million rupees, translating to a margin of 7.6%. Looking ahead, the annual sustainable operating margin is expected to remain in the mid-to-high single digits over the mid-to-long term.

Moving on to slide 17 which provides an update on our Project Spring. Under Spring, we continue to make steady progress in line with our FY30 strategic objectives. Within the wires and cable segment, growth since we launched this program has consistently exceeded our guidance, tracking at 1.5-2x of the industry growth with margins remaining far above the guided range. While export contribution appears lower on a relative basis, exports on an absolute basis have continued to grow during FY26. The relative contribution decline is largely due to a stronger domestic growth, which has expanded the overall revenue base. We remain firmly on track to achieve our target of greater than 10% contribution from exports by FY30.

In FMEG, we are also progressing well, consistently outpacing industry growth in line with our target of growing at 1.5-2x of market rate, while maintaining a clear focus on margin expansion and progressing towards our EBITDA margin goal of 8-10% by FY30. During FY26, we incurred capex of 14.8 billion rupees, in line with our annual guidance of 12 billion to 15 billion rupees per annum. We also increased our dividend payout to approximately 27.2%, up from 26.3% last year, as we move steadily towards our stated objective of exceeding 30% by FY30. Overall, we believe we have made a strong start to Project Spring and remain confident in our ability to deliver on our long-term strategic and financial goals.

Moving on to the next few slides which provide an update on the ESG commitment. During the year, we have taken several important steps to strengthen our ESG framework. These include conducting a climate risk assessment, undertaking a double materiality assessment and aligning our internal policies more closely with ESG metrics and global best practices. Last year we had outlined 10 measurable ESG goals across the three pillars of environment, social and governance. These goals span key areas such as carbon emissions, circular economy, waste management, product stewardship, water management, diversity and inclusion, employee wellbeing, community engagement, supply chain responsibility and corporate governance including ethics and integrity. We have made meaningful progress across these areas during the year, as detailed on slide 21. We recognize that this is a long-term journey; however, with the right intent, a strong foundation and a deeply embedded culture of responsibility, we are confident that Polycab will not only keep pace with evolving global expectations but also play a role in shaping them. Thank you for your continued support and confidence in our journey. That concludes our update for the quarter and we will now be open to take the questions. Thank you.

Operator: Thank you very much. We will now begin with the question and answer session. We will take the first question from the line of Sonali Salgaonkar from Jefferies. Please go ahead.

Sonali Salgaonkar - Jefferies: Thank you for the opportunity and congratulations on a great set of numbers despite the Middle East disruption. For the cables and wires sales growth of 30%, if you could break up the approximate volume growth in cables and wires and also the price hikes that we have taken from January till now in different tranches.

Management: Sonali, thank you for this question. Firstly on the growth, revenue growth, like you rightly mentioned, has been 30% for the quarter. If I speak on volumes, it has been a combined volume of low single digits for both cable and wire put together. Cables has, of course, outpaced wires. In terms of price hikes, we have taken approximately an 18-19% price hike cumulatively from January to March.

Sonali Salgaonkar - Jefferies: Understood, that is helpful. Secondly, how is the demand situation now? As we understand, it was severely impacted in March, which is a key month for your quarter, but since then there has been some normalization of demand across sectors. How is the demand situation right now domestically?

Management: Just want to also highlight that Q4 last year for us was very strong. At the back of that base, we have still been able to deliver some volume growth and revenue growth of 30 odd percent. We have definitely seen some moderation in demand primarily due to so much volatility and the Middle East escalation. But if you look structurally, the domestic demand is very robust. If you look at power capacity additions, in the last financial year itself it has been around 55-56 gigawatts, which is almost double of what happened in FY25. This is going to continue.

If you look at the Union budget which was announced in February, a very strong 12.2 lakh crore budget was announced. If you add private capex to that, we see today around 36-37 lakh crore to be invested in FY27. Majority of these investments, or rather 57% of these investments, are going into areas which are going to convert into strong demand for cable and wires. Sectors like utilities, metals, semiconductors, oil and gas, manufacturing, logistics; all of this is going to convert into strong demand for cable and wires.

Also, there are new demand pockets which are yet to fully {? unfold ?} or we are yet to fully exploit the opportunity there. Areas like defense and data centers are yet to pick up in a big way. One important thing is that in our industry, the demand doesn't extinguish; it can only defer by one week or two weeks here and there. But if you look at a 12-month period going forward, I think not just the next 12 months, but the next 24-36 months are going to be very promising.

Sonali Salgaonkar - Jefferies: Understood. Lastly on exports, we do understand that on an absolute basis it has been increasing and the Middle East was a bit of a hiccup. From here on, do you see exports resuming over the coming quarters and which sectors would you be the most optimistic about in exports?

Management: Sonali, exports is actually going to be a big driver of our growth going forward. I would like to call out the split for the Middle East. In the full last financial year, the Middle East contributed around 16% of our exports top line. Of course, that would have been slightly more had we had a normal March, but it got impacted.

Going forward, and also in continuing the last few years of our export growth, the power sector will continue to drive the strong growth. If you look at the EU and the US, those regions have grid infrastructure which is way beyond the average life. They are 50, 55, or 60 years old. All of these need modification and considering our scale, our approvals, and our deep penetration in these geographies, we are in a prime position to capture the growth. Even the tariff situation has more or less settled.

I think now we are in a much more competitive position to leverage this growth. In the US, we have started our distribution network, which is the largest market for exports. Along with the tailwinds we are seeing in the industry, we should have very sizable business growth in exports. Regarding the Middle East, which is currently severely impacted, we believe it is a matter of time before that demand comes back in a bigger way because a lot of re-establishment will need to be done there.

Sonali Salgaonkar - Jefferies: Any outlook you would like to give at this point in time for FY27 for the business as a whole?

Management: In this financial year, we are somewhere around a 4.5% or 5% export contribution to the overall top line and we have to get to 10% by FY30. We are definitely inching towards that figure and of course we are not limiting our domestic growth, so domestic growth is also growing at a very fast pace. At the same time, now that the trade barriers seem to be much more favorable, we should continue to grow beyond 5%. It is difficult to give a firm number because these are more institutional sales in nature, but it will definitely be higher than where we are today.

Regarding the overall business, if you refer to the Project Spring guidance, we have committed in cables and wire that we will grow at 1.5x of market growth. If the market is growing, for example, 10–12%, we will continue to deliver 1.5x of that growth and we have consistently been delivering that in the last few years. You can definitely account for that type of growth from us.

Sonali Salgaonkar – Jefferies: All right. Thank you so much and all the best to the team.

Operator: Thank you. The next question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati – HSBC: Thank you so much and congratulations on good numbers. First, if you can quantify what sort of impact you had in March on account of these Middle East related disruptions.

Management: To quantify, we had low single-digit cable and wire volume growth. Typically, Q4 is the highest and best for the industry, not just for Polycab. Looking at the higher base of last year, we were able to still deliver some growth, but we were expecting much better growth. If you look at private manufacturing industries who use gas as a feedstock, they did not have visibility of supply beyond 3, 4, or 5 days. Their supplies and inputs were completely rationed by the government.

That definitely impacted the demand from the private sector. Our business model is such that 90% of our business happens through channels. The trade sentiment itself, with all the raw material prices going up — even PVC prices went up by 60% to 80% in the first fortnight of March — plus the sentiment from the West Asia conflict, there was definitely some impact in terms of lifting from our distributors. These are primary sales, and the primary reason was that secondary sales were not moving at the pace we anticipate in the month of March. Broadly, that is very reflective of the industry. It is difficult to quantify, but definitely our volume growth aspirations were higher in March, as Q4 is typically the best quarter.

Puneet Gulati – HSBC: Right. Even on the margin side you said you had a higher share of institutional sales than usual. What would that number have been for last quarter?

Management: In last quarter, Puneet, institutional sales were higher by about 2–3 percentage points compared to the channel. Our margins in the channel are usually 3–4 percentage points higher compared to institutional, where you have to bid those tenders and win on L1. Our margins are better on channel and if the institutional mix grows, then it moderates our margins.

Puneet Gulati – HSBC: Clearly. Understood. If you can also talk about what is the status of capacity utilization now?

Management: You will see a similar number every time, around mid-70s or 75–76% utilization. This is because we continue to expand our capacity. As soon as we reach 70–75% utilization, considering our AOP, we invest far ahead of time. In FY26, we invested almost 1,500 crore. This capacity will be added by the time we discuss results next time and we will possibly sit at somewhere around mid-70–80% again. We are continuing to expand in line with our Project Spring guidance of 6,000 to 8,000 crore capex by FY30.

Puneet Gulati – HSBC: And what is the peak utilization you can actually reach?

Management: Practically, we have at times reached early 90s, but the standard percentages always remain around 80-85%. You don't expect a plant to operate at 90% plus. So 70-75% is where we are and we still have capacity to have supplied more had there been demand.

Puneet Gulati – HSBC: Understood. Lastly, you have a significant amount of cash and a nice capex plan, but you can fund it out of your own internal accruals. Is there any use of cash that you have in mind such as an acquisition or new business?

Management: Currently, we are focusing on two things. One is pumping cash into our capex from internal accruals, and second is increasing the dividend payout, which is already laid out in Project Spring guidance. This year we have increased it to a payout ratio of 27.2%. These two remain the focus. Of course, we keep evaluating certain M&A proposals and opportunities, both inside and outside of India. If something really aligns with our strategy, we would like to invest in that, but so far there is nothing in the near to midterm.

Puneet Gulati – HSBC: Understood. Thank you so much and all the best.

Operator: Thank you. We will take the next question from the line of Keyur Pandya from ICICI Prudential Life Insurance Company Limited. Please go ahead.

Keyur Pandya – ICICI Prudential Life Insurance Company Limited: Thank you. My question is on the EBITDA segment margins for the cables or overall EBITDA margin. Visibility is within the guided range, but considering lower export mix and primary-secondary sales, where do you see it settling in the next two to three quarters? You mentioned channel stocking has happened and since copper prices are more or less where they have been for the last three to four months, should we see some deceleration in stocking? How should we think of profitability and primary sales growth?

Management: On primary sales growth, I will refer you to the guidance given in Project Spring because that's very calibrated, thought-through guidance. If the market grows, we will deliver 1.5x of that growth. With that, you should expect that if we are expecting 12% market growth, then we should deliver 18% and plus. That will continue.

In terms of price volatility, we don't have guidance on copper price, but the pattern of the industry is that we pass through that price to our customer and so far that is how it has happened. Again, that is calibrated guidance where we expect 11-13% EBITDA margins over the long term and in the near to midterm we may expect 12-14% EBITDA margins. We will continue to deliver those kinds of margins.

Keyur Pandya – ICICI Prudential Life Insurance Company Limited: But in the near term are you seeing any challenge to primary demand or secondary demand?

Management: No, I think as I mentioned earlier, if capex is decided, especially with the pace at which India is moving — looking at the government pushing the pedal on increasing renewable generation capacity and the transmission and distribution sector — a lot of capex is being pumped.

Demand can only defer by one, two, or three weeks; it cannot extinguish.

If you look at the full 12-month period ahead, the demand forecast is very robust. In the real estate sector, looking at data from the top eight cities over the last three years, we have seen around 3.3-3.6 lakh units launched and sold. In the first three months of this calendar year, about 0.8-0.9 lakh units have been launched. The growth momentum is continuing and consumer sentiment is slightly on the improvement side. We believe demand should be very robust for the next two to three years and the prime driver will continue to be the power sector. New drivers like data centers, AI-driven demand, defense, and EV charging cable infrastructure are yet to fully come to fruition.

Keyur Pandya - ICICI Prudential Life Insurance Company Limited: Understood. Regarding exports, you mentioned the target for FY30, but with current disruptions in the Middle East and opening of new geographies like the US where tariffs have normalized, how do you see the recovery of exports in FY27?

Management: It is difficult to give a number, but I will tell you the drivers. In the last three to four months, we have re-established our distribution network in the United States. The US forms around 15-20% of the global exports market and is the most key market, followed by the EU. We have sown the seeds of good growth. North America contributed around 40% of our FY26 export numbers. By having a distribution network there, we are positioned to target higher growth.

The US will continue to drive the growth. We have done a sizable amount of business in South America, which comprised almost 20% of our sales in FY26. The Middle East also contributed around 15-20%, but it looks like in the near term that area will not contribute in a big way. With major drivers like North America, the EU, and South America, we are well-poised to deliver higher growth in exports. We have to reach 10% of our overall top line by FY30 and hopefully we will get there sooner.

Keyur Pandya - ICICI Prudential Life Insurance Company Limited: Thanks a lot. All the best.

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

Patanjali - Sundaram Mutual Fund: Hi, thank you for the opportunity. Just a few questions. Firstly, in terms of capacity utilization, I think you mentioned we were around 70 odd percent. Do we have any capacity coming in anytime soon in FY27 and is there a possibility that we may run out of capacity?

Management: Patanjali, thank you for asking that question. In terms of capacity utilization, on a full-year basis, we were at mid-70s, around 75%. There is room for growth there, plus we are adding capacity. Looking at our capex guidance, we have already pumped 1,500 crore in this financial year, which will add to our capacity. We are continuing to pump 1,200 to 1,600 crore every year to add capacity. This guidance under Project Spring considers the demand outlook we foresee in the next four to five years, so there will be no scenario where we will be out of capacity.

Patanjali - Sundaram Mutual Fund: Got it. Another question: one of your peers mentioned that demand is very strong on the ground but they had capacity constraints, which is why they were not able to grow in terms of volumes. We have had fairly surplus capacity, but why are we also facing challenges in terms of volume growth? Even on a full-year basis, I think our volume growth may not be as high. Could you correct me with the number for our full-year volume growth?

Management: We will not go by what others are saying. If you look at our numbers, starting with Q3, we recorded 40% volume growth in cable and wire combined. That is an indication of the capacity we have in hand. Our volume growth for the full year is 18%, which is industry leading. If the market has possibly grown at 11-12%, we have delivered 18% volume growth alone, while revenue growth is at 30%. We are continuing to be there and our base is very high. The next biggest player is half our size. At our base, we are able to meet those volumes delivered last year and gain further volume growth.

Patanjali - Sundaram Mutual Fund: Regarding current quarter volume numbers, they were very low. What would have been your volume target for this quarter so that I can understand how much is attributable to external factors?

Management: Firstly, from a business standpoint, there is no volume target for a quarter. If you look at a 12-month period, it is understandable. We don't sell 1.5x of our volume target every day. It is ultimately an institutional B2B business, not an FMCG institutional business. On a full-year basis, like we have always guided, we will continue to deliver 1.5x of growth. Whatever happened in March, some bit can be attributed to a Black Swan event which impacted our exports to a large extent in the Middle East. In the domestic market, sentiments were disturbed and the industry did not grow to that extent. Whatever we have delivered is again on the best side of industry growth.

Patanjali - Sundaram Mutual Fund: Thanks Shashank, that was very helpful.

Operator: Thank you. We will take the next question from the line of Akshay Dadani from UBS. Please go ahead.

Akshay Dadani - UBS: Hi, thank you for the opportunity. Can you share a status update on your EHV capex? When do you see commissioning of this capacity and how do you expect revenue pickup?

Management: EHV is very much on track. Capacity is expected to come on stream by the end of this calendar year. In FY28, we can see some addition in revenue from EHV because it is a tender-based business and we see a ready market. About 50% of domestic consumption today is coming from imports. We believe there is a ready market available, so as soon as we are on stream and we bid, we should be able to get revenue.

Akshay Dadani - UBS: Got it, thank you. For FY27 capex, what will be the focus areas, and how much does the solar business now account for in FMEG revenue? Earlier it was more than 50%; has it moved up?

Management: We don't give a breakup of inter-segment contribution in FMEG, but solar continues to be a strong driver, delivering two times growth over last year. That will continue because of central and state government solar schemes. Despite that, other FMEG segments have also delivered stellar performance far ahead of industry growth.

Regarding capex focus areas in FY27, per Project Spring guidance, around 90% will go into cable and wire capacity expansion alone. About 5% will go into backward integration and another 3-4% may go into FMEG expansion. We are aligned with that and 90% will continue to go into cable and wire. Other than EHV, these are largely fungible capacities, so we will continue to expand there.

Operator: Thank you. We will take the next question from the line of Umang Mehta from Kotak Securities. Please go ahead.

Umang Mehta – Kotak Securities: Hi, thanks for the opportunity. You mentioned volume growth was around 18% for the full year. Can you split that between wire and cable? Also, in cables, what were the key sectors that contributed to this?

Management: Overall in the full financial year, cables growth was slightly better than wires. Our 18% volume growth resulted in a market share gain of around 3-4% in this financial year alone. On the demand side, on a 12-month basis, the power sector consumes around 40-45% of cables, manufacturing and private industries consume around 35-40%, and mobility — which is railways, roadways, highways, seaports, and airports — consumes around 10-12%. Energy exploration — which is oil and gas and coal mining — consumes around 5-6%. The balance is the niche space including defense and EV charging infrastructure.

Umang Mehta – Kotak Securities: Just a follow-up: you mentioned capacity generation in India doubled last year. While solar investment will continue, growth on a year-on-year basis may not be as strong as what we saw last year. Even in DISCOMs, the RDSS execution was a big driver, but that may moderate. In that context, how do you think industry growth will shape up?

Management: I look at the T&D industry from a relative scale. From 2016 to 2020, the intensity and pace of actual execution was much lower than today. Between 2015 and 2025, transmission line execution was around 15,000 circuit kilometers on average. Going forward, the anticipation is that it should go to 21,000-22,000 circuit kilometers every year.

So much renewable capacity is getting added and all of this has to connect with the transmission and distribution space. In the power sector alone, if 100 rupees is spent on transmission and distribution, the transition to cable requirement is around 15-20%, which indicates that any amount invested in the power sector will translate into heavy demand for cable and wire. We believe this is definitely going to continue even if it moderates, as the intensity will still be far higher than in the past.

Operator: Thank you. We will take the next question from the line of Achal Lohadi from Nuvama Institutional Equities. Please go ahead.

Achal Lohadi – Nuvama: In the Q3 call, you mentioned a delay in passing on price inflation which impacted the margin. Was there any such thing in Q4, or on the other hand, was there any inventory gain realized during the quarter?

Management: In the very first fortnight of January, we were able to pass on everything, so we were completely in tandem with the raw material price throughout the quarter. There is nothing we are withholding; we have completely passed it on. Regarding inventory gains, we have explained in the past that the way we procure our raw materials means there are never any inventory gains. We don't buy on spot. We have a hedging mechanism in place, so we don't have inventory gains unlike peers who might buy in the spot market and sell when prices go up. We are always in a position where we manage within a band thanks to the way we hedge our raw material prices. Essentially, there is no inventory gain or loss in our case.

Achal Lohadi – Nuvama: And when you say we hedge, is it for both aluminum and copper?

Management: Yes, for both copper and aluminum we hedge. Copper is largely imported as well.

Achal Lohadi – Nuvama: regarding insulation material, has cost inflation been passed on, and is availability a challenge for materials like XLPE?

Management: We completely pass on all raw material prices, be it aluminum, copper, or PVC. There has been no challenge. Regarding the availability of XLPE and other compounds, thanks to our backward integration, we typically purchase only raw resins and do compounding in-house. Due to our inventory, we are comfortable for the first quarter of the coming year as well. We have a good diversified base of vendors for resins, so we are not concerned about raw material security.

Achal Lohadi – Nuvama: A bookkeeping question: could you quantify exactly how much institutional sales would be for us out of the total cable and wire business for Q4 and FY26?

Management: Overall on a full-year basis, it should be a couple of percentage points higher in institutional. For the quarter, it may be 3-4 percentage points higher. Our channel to institutional contribution has always been 90% to 10%. When we say a couple of percentage points higher in institutional, you can make it 12% of the overall top line. If I say 3-4 percentage points higher, it would be 13-14% for the quarter.

Achal Lohadi – Nuvama: Finally, if you could disclose the EBITDA margin for the cable and wire segment for Q4 and full year FY26?

Management: It was higher, around 14% or 14% plus, and FMEG was also a mid-single digit EBITDA margin. For the full year, we were very robust. The overall full year EBITDA at the company level is 13.9%; cable and wire was definitely above that and FMEG continues to be mid-single digit.

Operator: Thank you very much. We will take that as our last question. I would now like to hand the conference over to Mr. Nilesh Maru for closing comments.

Nilesh Maru: Thank you everybody. It was nice to have you all on the call. I just wanted to add one last comment. Sometimes when we look at the quarterly results, it goes unnoticed that as a company, we have been gaining market share in the industry and we continued to do so in Q4. Once the numbers are announced for everyone, we will have a better idea of the real increase in market share, but we believe we have continued to gain market share in Q4. Thank you everybody.

Operator: Thank you members of the management. On behalf of Polycab India Limited, that concludes this conference. Thank you all for joining us today and you may now disconnect your lines. Thank you.