

POLYCAB

“Polycab India Limited
Q4 FY26 Earnings Conference Call”

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POLYCAB



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POLYCAB INDIA LIMITED**

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Moderator: 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. Niyant Maru, Chief Financial Officer, Polycab India Limited. Thank you, and over to you, sir.

Niyant Maru: Good afternoon, everyone and thank you for joining us. I hope all of you are staying healthy and safe. I'm Niyant 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, Strategy and Investor Relations, Mr. Shashank Yagnick. First of all, let me just say that despite the current macroeconomic environment, the company has delivered a strong performance, recording the highest annual and quarterly revenues in its history.

The demand sentiment to an extent was impacted by geopolitical developments in the Middle East, but our teams executed 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: Our 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 U.S., 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 concern.

This has led to renewed inflationary pressures 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 U.S. 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 2 rate hikes this year. The ECB maintained rates at 2% but revised its 2026 inflation projection sharply upward 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 the 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 6-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 to 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 seen gathered momentum during the year with rising capacity utilization and improving order pipelines signal 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 ex food and fuel remain stable, suggesting that underlying price pressures within the domestic economy remain well anchored. 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 favourable backdrop enabled the RBI to deliver a cumulative 125 basis points of rate cuts through the year, its most aggressive easing cycle in the recent year. 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 still 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 market, absorbing the significant FDI outflows and demonstrating the growing depth and maturity of India's capital markets.

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 INR 94.83 per USD 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 diesel consumption, manufacturing output and consumer sentiments have continued to hold up. Overall, India's structural foundation, a resilient domestic demand base, a maturing policy framework, a deepening financial system and an expanding manufacturing sector remains 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.

Shashank Yagnick:

Thank you, Niyant. 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 softer trade sentiment amid the ongoing Middle East escalation.

At the profit level, the company delivered its highest ever quarterly PAT of INR7.9 billion, reflecting a growth of 7% year-on-year. PAT margins for the quarter stood at 8.9%. Finance costs for the quarter were INR746 million, while other income stood at INR604 million. For a more detailed breakdown of these items, I would encourage you to refer to Slide number28 of the presentation.

We continue to maintain a strong balance sheet with a net cash position of INR 41.9 billion, our working capital cycle has improved to 25 days in Quarter 4, primarily due to temporary increase in payable days arising from use of letter 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 to 50 days.

Capital expenditure for the quarter stood at INR3.9 billion, taking the total capex for full financial year to approximately INR14.8 billion, and this is very much in line with the 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 INR 285 billion 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 INR 27 billion 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 combined market share gains -- continued market share gains even on a higher base.

Our domestic wires and cable organized market share has now increased to 30-31% up from 18-19% in financial year 2019. And this is an improvement of approximately 300 basis points to 400 basis points over FY25 levels of market share of 26-27%. 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. Even in 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 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 INR 14.5 billion, underscoring our long-term commitment to growth in line with Project Spring.

We remain on track to execute our planned capex program of INR 60 billion to INR 80 billion over the next 5 years, which will further enhance our capabilities, scale and innovation. We have also strengthened our balance sheet with net cash increasing to INR 41.9 billion, reflecting disciplined cash flow management.

In line with our capital allocation strategy, we have proposed a dividend of INR 47 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 financial year 2030. Now let's move to Slide number 9 for a quick update on the Wires & Cables business.

The Wires & Cables 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 temporary halts in construction activities across parts of 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 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 financial year 2019, reflecting our increasing global presence. Additionally, we have re-established our distribution network in the United States, which we believe will enhance our reach and further strengthen our export business over time.

EBIT margins for the Wires & Cables business stood at 13.1%. As mentioned earlier, margins were slightly impacted by a few factors. Firstly, 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 Quarter 4 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 the 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 revenues. In Lighting & 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 revenues 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 2-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 Q4FY25, has continued to deliver profitability, while we invest in talent, product development and brand building.

EBIT margins for the quarter stood at 4.1%, in line with our Project Spring trajectory of achieving 8% to 10% EBITDA margins by financial year 2030. 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 1.5x to 2x of industry growth while steadily improving our margins. Our continued investments 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 Quarter 4 FY26, EPC revenues marginally declined by 15% year-on-year, reaching INR 5,098 million, majorly due to project execution cycle. Segment profitability stood at INR 386 million, 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 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 FY2030 strategic objectives. Within the Wires & Cable segment, growth since the launch of this program has consistently exceeded our guidance, tracking at 1.5x to 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 stronger domestic growth, which has expanded the overall revenue base. We remain firm on track to achieve our target of greater than 10% contribution from exports by financial year 2030.

In FMEG, we are also progressing well consistently, outpacing industry growth in line with our target of growing at 1.5x to 2x of market rate, while maintaining a clear focus on margin expansion and progressing towards our EBITDA margin goal of 8% to 10% by FY2030. During FY26, we incurred capex of INR 14.8 billion, in line with our annual guidance of INR 12 billion to INR 16 billion 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 FY 2030. 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 commitments. 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 3 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 well-being, 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 your questions. Thank you.

Moderator: 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.

Sonali Salgaonkar: Congratulations on a great set of numbers despite the Middle East disruption. Sir, my first question is of the Cables & Wires sales growth of 30%, if we could break up on the approximate growth -- volume growth in Cables & Wires and also the price hikes that we have taken from Jan till now in different tranches?

Shashank Yagnick: So Sonali, thank you for this question. So firstly, on the growth. Revenue growth, like you rightly mentioned, has been 30% for the quarter. And if I speak of volumes, it's been combined volume growth of low single digit for both cable and wire put together. Cables has, of course, outpaced wires. In terms of price hikes, we've taken approximately 18% to 19% price hike cumulatively from Jan to March.

Sonali Salgaonkar: Understood. That's helpful. Sir, secondly, how is the demand situation now? As we understand, it was severely impacted in March. March is a key month for your quarter. But since then, there

has been some normalization of demand across sectors is what we understand. So how is the demand situation right now domestically?

Shashank Yagnick:

So I just want to also highlight that Q4 last year for us was very, very strong. So at the back of that base, we've been able to deliver some volume growth and of course, revenue growth of 30-odd percent. So we have definitely seen some moderation in demand, primarily due to so much of volatility amidst 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 has been around 55 gigawatts to 56 gigawatts, which is almost double of what happened in FY25, right? And this is going to continue. If you look at the Union Budget, which was announced in February, a very strong INR 12.2 lakh crores budget announced, which, again, if you add private capex to that, we see today around INR 36 lakh crores, INR 37 lakh crores to be invested in FY27.

Now 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 wire. Sectors like utilities, metals, semiconductors, oil and gas, manufacturing, logistics, all of this is going to convert into strong demand for Cable & Wire.

Also, there are new demand pockets which are yet to completely bloom, or we are yet to fully exploit the opportunity there, areas like defense, areas like data centers, which are yet to pick up in a big way. So I think one comforting thing is that in our industry, the demand doesn't extinguish. So it can only defer by 1 week, 2 weeks here and there. But if you look at 12-month period coming forward, I think not just the next 12 months, but I think 24-36 months are going to be very promising for our sector.

Sonali Salgaonkar:

Understood. Sir, and lastly, on exports, we do understand that on an absolute basis, it's been increasing. And we do understand that Middle East was a bit of a hiccup in the export story. But from here on, do you see exports resuming over the coming quarters? And which sectors would you be the most optimistic in exports?

Shashank Yagnick:

So Sonali, exports is actually going to be a big lever of our growth going forward. So Middle East, I would just like to call out the split. So in full year, last financial year, the Middle East contributed around 16% of our exports topline. Now of course, that would have been slightly more had we had the normal March, but it got impacted.

Going forward also and also in continuing the last few years of our export growth, the power sector will continue to drive the strong growth, right? If you look at EU, if you look at US, all of these regions have grid infrastructure, which is way beyond the average life. They are 50-55 years, 60 years old. So all of these need modification.

And considering our scale, our approvals, our deep penetration in these geographies, we are at pole position to capture the growth. And even the tariff situation has more or less settled, or we can say it's now behind us. So I think now we are at much more competitive and well positioned to leverage this growth.

And to add to that, in U.S., we've started re-establishing our distribution network, which again is the largest market for export. So I think there, again, along with the tailwinds that we are seeing in the industry, I think all of this put together, we should have very sizeable business growth in exports. Plus the Middle East, which is currently severely impacted, we believe that it's a matter of time where that demand will come in a bigger way because a lot of reestablishment will need to be done there.

Sonali Salgaonkar: Sir, any outlook you would like to give at this point in time for FY '27 for the business as a whole?

Shashank Yagnick: So see, like I mentioned today, in this financial year, we are at 5.4% export contribution to overall top line. And we have to get to 10% by FY30. So 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.

But at the same time, I think now that the trade barriers seem to be much more favorable. And I think then we should continue to grow beyond 5% and 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.

Sonali Salgaonkar: Not just for exports, overall business, domestic as well?

Shashank Yagnick: So again, Sonali, if you refer the Project Spring guidance, which also I referred during my speech, is that we've committed in Cables & Wires, we will grow at 1.5x of market growth. So if market is growing, say, for example, 10-12%, we'll continue to deliver 1.5x of that growth. And that, I think we've consistently been delivering in the last few years as well. So we can definitely account for that kind of growth from us.

Moderator: The next question is from the line of Puneet Gulati from HSBC.

Puneet Gulati: 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?

Shashank Yagnick: See, we had low single-digit Cable & Wire volume growth. Typically, the Quarter 4 is highest, best for the industry, not just for Polycab. So obviously, looking at 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 3-5 days.

Their supplies, their inputs were completely rationed by government. That definitely impacted the demand from private sector. If you notice, our business model is such that 90% of our business happens through channel. Now the trade sentiment itself, with all the raw material prices going up, even if you look at PVC prices went up by 60% to 80% in the first fortnight of March.

So all of this going on plus the trade sentiment due to West Asia crisis, there was definitely some impact in terms of lifting from our distributors, which is our primary sale, primarily because the secondary sale was not moving at the pace at which we anticipate in the month of March. So broadly, that's the outlook, I think, and that's very reflective of the industry also. And I think it's very difficult to quantify that. But definitely, our volume growth aspirations were higher in March, typically in line with the industry. Typically, March is the best month and Q4 is the best quarter.

Puneet Gulati: Right. And even on the margin side, you said you had a higher share of institutional sales than usual. And today, you said it's about 90% of business happens through channel. What would that number have been for last quarter?

Shashank Yagnick: So in last quarter, Puneet, what happened was institutional sales were higher by about 2-3% compared to channel. And our margins usually in channel are 3-4% higher compared to institutional, which is you have to bid those tenders and win on L1. So our margins are better on channel. And if institutional mix grows, then it moderates our margins.

Puneet Gulati: Clearly, yes. Understood. And if you can also talk about what is the status on capacity utilization now?

Shashank Yagnick: So see, here is where exactly you'll see the same number every time. It's mid-70s, 75-76% utilization. And that is because we've continued to expand our capacity. As soon as we reach 70-75% utilization, considering our AOP, we invest far ahead of time. So if you look at this year, again, FY26, we've invested almost INR 1,500 crores, massive number.

So again, this capacity will get added when we discuss next time, we'll possibly again be sitting at somewhere around mid-70-80, right? So I think that's where we are. And we are continuing to expand, again, in line with our Project Spring guidance of INR 6,000 crores to INR 8,000 crores capex by financial year 2030.

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

Shashank Yagnick: See, practically, I think at times, we have reached early 90s, but the standard percentages always remain around 80-85%. You don't expect a plant to operate at 90-plus percent. So 70-75% is there. And we still have capacity and had there been demand, we would have possibly supplied more.

Puneet Gulati: Understood. That's helpful. And lastly, if I may, you have a significant amount of cash. I know there is a nice capex plan, but you can fund it out of your own internal accrual as well. Is there any use of cash that you have in mind, acquisition or any new business that you want to enter?

Shashank Yagnick: See, currently, we are continuing to focus on these 2 things, which you rightly pointed out. One is pumping cash into our capex from internal accruals. Second is increasing the dividend payout, again, which is already laid out in Project Spring guidance. This year, again, we've increased it and reached payout ratio of 27.2%.

So these two remain the focus. Of course, we keep evaluating certain M&A proposals and opportunities inside India and outside of India. So if something really aligns with our strategy, definitely, we will like to invest in that. But so far, there is nothing that we can see in the near to mid term.

Moderator: We will take the next question from the line of Keyur Pandya from ICICI Prudential Life Insurance Company Limited.

Keyur Pandya: The question is on the EBIT segment margin for the cables or overall EBITDA margin. Basically, it is within the guided range, but in the backdrop of, say, lower export mix or primary, secondary sales and stocking, where do you see it settling, say, in next 2, 3 quarters? How should we think of it?

I think in last -- some of the interactions you have mentioned that channel stocking has happened. And since now copper prices are more or less where they are for last 3, 4 months, should we see some deceleration in stocking? So considering all this, how should we think of profitability as well as primary sales growth?

Shashank Yagnick: Keyur, on primary sales growth, I'll again refer you to the guidance we've given in Project Spring. And why I'm asking you to refer that again because that's very calibrated thought-through guidance. So if market grows, we will deliver 1.5x of that growth. If we are expecting 12% market growth, then we should deliver 18% and plus. So that will continue. In terms of price volatility, yes, we don't have any guidance on copper price. But whatever is the price, it is the pattern of the industry that we pass through that price to our customers and so far, that is how it has happened.

So again, that's a very calibrated guidance which we have given that over long term, we should expect 11% to 13% EBITDA margin. and in the near to mid term, we may expect 12% to 14% EBITDA. And we'll continue to deliver that kind of margins.

Keyur Pandya: But in the near term, are you seeing any challenge to primary demand or secondary demand?

Shashank Yagnick: No. I think like I mentioned earlier, in our industry, if a capex is decided and especially the stage at which India is, if you look at certain announcements by Indian government where they are pushing the pedal in terms of increasing renewable generation capacity, increasing the transmission and distribution sector, a lot of capex is being pumped. So the demand can only defer by 1 week, 2 weeks, 3 weeks. It cannot extinguish.

So if you look at full 12-month period coming ahead, I think the demand forecast is very robust and strong. And again, if you look at real estate sector, if you look at last 3 years, and we've seen some data of top 8 cities, we've seen around 3.5-3.6 lakhs units launched and sold. So we've seen in the first 3 months of this calendar year also, about 0.8-0.9 lakh units have been launched.

So I think it's continuing. The growth momentum is continuing. In fact, the consumer sentiment also is slightly on the improvement side. We believe that demand, not just for this year, but I think next 2 to 3 years should be very robust. And the prime driver will continue to be the power

sector. There are some new drivers which are yet to fully come to fruition, which is data centers, AI-driven demand, the defense, EV charging cable infrastructure, all of this is going to further open up.

Keyur Pandya: Understood. And just second question on the exports. So you have mentioned a target for FY '30. But with current disruptions in the Middle East, and opening of new geographies post probably, say, U.S. where tariffs have relatively normalized. So how do you see recovery of exports in FY27, I mean, increasing as a percentage of sales?

Shashank Yagnick: So difficult to give a number, but I will tell you the driver. So I think in the last 3 to 4 months, we've re-established our distribution network in the United States. United States forms around 15% to 20% of global export market. That's the most key market followed by EU, European Union.

So we've sown the seeds of good growth, which is about to come. U.S. market or North America contributed around 40% of our FY26 exports,. But there, if we have a distribution network, then, of course, we are there to target higher growth. So U.S. will continue to drive the growth.

We've done a sizable amount of business in South America, which has also comprised almost 20% of our sales in FY26. Middle East also contributed around 15-16%, but it looks like in the near term, we don't see Middle East contributing in a big way. But the big demand drivers, North America, followed by EU, South America, where we've again done significant amount of business. I think we are well poised to deliver higher growth in exports, and that should actually be at a more aggressive pace because we have to also reach 10% of our overall top line by FY30. And hopefully, we should get there sooner.

Moderator: We will take the next question from the line of Pathanjali from Sundaram Mutual Fund.

Pathanjali: Good set of numbers. 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 if that's not the case?

Shashank Yagnick: Pathanjali, thank you for asking that question. So I think in terms of capacity utilization, we were at full year basis, we were at 70-75% kind of utilization. There is room for growth here. Plus if you look at our capex guidance, we've already pumped in INR 1,500 crores in this financial year. So that will also add to our capacity.

And we are continuing to pump INR 1,200 crores to INR 1,600 crores every year, adding capacity. And this guidance that we've given under Project Spring is considering the demand outlook that we foresee in the next 4 to 5 years. So there will be no scenario where we'll be out of capacity.

Pathanjali: Got it. And just another question. I think one of your peers were saying that the demand is very strong on ground, but they had some capacity constraint, which is why they were not able to grow in terms of volumes. We, on the other hand, have had like a fairly surplus capacity. But why are we also facing challenges in terms of volume growth? Because even on a full year basis,

I think our volume growth may not be as high. If you can correct me with the number as to what our volume growth for full year was?

Shashank Yagnick:

Sure, Pathanjali. So see, we will not obviously follow or go by what others are saying. But if you look at our numbers and let me start with Q3. I think in Q3 maybe peers had capacity constraint, but we recorded, 40% volume growth in both Cable & Wire together.

So that is an indication of the capacity that we already have in hand. So I think today also, our volume growth for the full year is 18% which is again industry leading. If again, market has possibly grown at 11-12%, we've delivered 18% volume growth. And revenue growth, we've coined it at 30%.

So firstly, we are continuing to be there. And if you look at our base, our base is very, very high. I think the next biggest player is half our size. So at our base, we are able to meet those volumes, which we delivered last year and also gain some further volume growth over that. So I hope that answers you.

Pathanjali:

Just a related question to that. So I think your current quarter volume numbers were very less. So like you mentioned some of the reasons for it. But before going into this quarter, what would have been your volume target for this quarter so that I can understand like how much of it could be attributable to some external factors which are not within your control?

Shashank Yagnick:

So Pathanjali, firstly, at least from a business standpoint, I can speak that there's no volume target for quarter. If you can look at 12-month period, it's still understandable. Every day, you don't sell 1.5x or whatever is the volume target, right? So it's ultimately an institutional B2B kind of a business. It's not an FMCG business.

So if you look at full year basis, like we've always guided, we'll continue to deliver 1.5x of GDP growth. Now whatever happened in March, some bit of it, you can attribute it to some kind of a black swan event, which impacted our exports to a large extent in Middle East. In domestic market also, somewhat sentiments were disturbed. And hence, I think the industry also did not grow to that extent. So whatever we've delivered is again the best side of the industry growth.

Moderator:

We will take the next question from the line of Akshay Gattani from UBS.

Akshay Gattani:

Sir, if you can share the status update of your EHV capex, when do you see commissioning of this capacity? And how do you expect revenue pick up from this capacity?

Shashank Yagnick:

So Akshay, EHV is very much on track. Capacity is expected to come on stream by end of this calendar year. And in FY28 revenues, we can see some contribution from EHV capacity because it's a tender-based business, and we see a ready market because about 50% of domestic consumption today is coming from imports. So we believe that there's a ready market available. So as soon as we are on stream and we bid, I think we should be able to get revenue. So in FY28, you'll be able to see revenues from EHV.

Akshay Gattani: Got it. And for FY27 capex, what will be the focus areas? And a separate question on that is how much the solar business now accounts in FMEG revenue? I think earlier it was more than 50%. Has it moved up?

Shashank Yagnick: So you had 2 sets of questions. So let me address the solar one first. So primarily, we don't give breakup of the intersegment contribution in FMEG. But solar, of course, continues to be the strong driver, delivering 2x of growth over last year. And that will continue because of central and state government schemes on rooftop solar. Besides that, other FMEG segments have also delivered stellar performance and far ahead of industry growth in each of the respective segments. What's the other question?

Akshay Gattani: Got it. Other was capex -- focus area for capex in FY27?

Shashank Yagnick: So again, as per our Project Spring guidance, we've said that whatever we will pump, around 90% of that will go into Cable & Wire capacity expansion alone. And some 5% will go into backward integration and another 3-4% may go into FMEG expansion. So I think we are very much aligned with that. And 90% will continue to go into Cable & Wire expansion. And largely, these are all fungible capacities. Other than EHV, if you look at it, Cable & Wire are largely fungible capacity. So we'll continue to expand our capacity there itself.

Moderator: We will take the next question from the line of Umang Mehta from Kotak Securities.

Umang Mehta: Congrats on a strong year. You mentioned volume growth was around 18% for the full year. Can you split it as how much was the volume growth in wires and how much was it in cables? And in cables, what were the key sectors which kind of contributed to this? Two quarters back, you had mentioned that on an annual basis, you would have a better picture on demand markets. So that would be helpful?

Shashank Yagnick: So Umang, overall, if you see in the full financial year also, the cables growth was slightly better than wires. And overall, like I mentioned, 18% volume growth, which has resulted in a market share gain of around 3% to 4% in this financial year alone. And secondly, on split of demand side you're asking in terms of our supply.

So I think that largely, if you look at 12-month basis, it will always continue to be more or less same. So where power sector alone consumes around 40% to 45% of cables. Manufacturing and private industries consume around 35% to 40% of cables. Mobility, which is railways, roadways, highways, seaports, airports, consume around 10% to 12% of the cables. And energy exploration, which is again, oil and gas, coal, mining and all of that, they consume around 5-6%. Balance is a niche space, which is defense, EV charging infrastructure and all of that.

Umang Mehta: Got it, Shashank. Sir, just a follow-up on this is that you also mentioned that capacity of generation in India doubled last year. And in terms of solar capacities, while I understand that investments will continue, the growth on a Y-o-Y basis may not be as strong as what we've seen last year, right? Even in DISCOMs, the RDSS execution possibly was a big driver. But going ahead on a Y-o-Y basis may kind of moderate on a high base. So in that context, how do you think industry growth will kind of shape up?

Shashank Yagnick: So see, I look at this power, especially T&D industry, from a relative scale. If you look at period from 2016 to 2020, the intensity or the pace at which the actual execution is happening today is far, far better. If we look at that period of 2015 to 2020 or 2020 to 2025, we see the transmission line execution on ground was somewhere around 15,000 circuit kilometers average.

Today, going forward, the anticipation is that it should go to 21,000 - 22,000 circuit kilometers per year. Now so much of renewable capacity is getting added. All of this has also to connect with the transmission and distribution space. One more point is that in power sector alone if INR100 is spent on transmission and distribution, the translation to cable requirement is around 15% to 20%, which basically indicates that any amount invested in power sector will translate into heavy demand for cable and wire. So we believe that this is definitely going to continue even if it moderates, the intensity will be still far higher than how it has been in the past.

Moderator: We will take the next question from the line of Achal Lohade from Nuvama Institutional Equities.

Achal Lohade: Congratulations for a good set of numbers. The first question I have, in the third quarter call, you did mention about delay in passing on the price inflation. So that kind of had some impact on the margin. Was there any such thing in the fourth quarter? And -- or on the other hand, was there any inventory benefit, inventory gain during the quarter, which you could have realized?

Shashank Yagnick: Achal, so in the very first fortnight of January alone, we were able to pass on everything. So we were completely in tandem with the raw material price throughout the quarter. So first question answered that there is nothing that we are withholding. We are completely in tandem with the raw material prices. Achal, can you repeat your second question?

Achal Lohade: All 3 companies have indicated in the recent con calls that there has been some benefit on the inventory realization front during the quarter. Was that the case for us as well? And if you could quantify?

Shashank Yagnick: So Achal, I mean, we have explained in the past also, the way we procure our raw materials, there are never any inventory gains. We don't buy on spot, right? So we have a hedging mechanism in place. So we don't have any inventory gain unlike peers. Possibly, they might buy in spot market and sell.

So when prices go up, they have some kind of an advantage possibly. But we are always at a position where we are able to manage within a band, and thanks to the mechanism that we have built over the years, where we hedge our raw material prices. So hence, there is no inventory gain or loss, never in our case.

Achal Lohade: And when you say we hedge, it's for both aluminium and copper because I presume aluminium is more domestic sourcing than copper. Copper is 100% imports, right?

Shashank Yagnick: So yes, first answer is yes, for both copper and aluminium, we hedge. And second is, yes, largely copper is imported.

- Achal Lohade:** Understood. Just a related question on that. You did mention the PVC prices actually kind of doubled in the first fortnight. So I wanted to check these insulation materials, in terms of the price inflation or cost inflation on account of that, has that been passed on? Is there a challenge in passing that? And, in terms of the availability, particularly materials like XLPE, etc? If you could talk a little bit on that?
- Shashank Yagnick:** So Achal, first thing, we completely pass on all the raw material price, be it aluminum, copper or be it PVC. So there has been no challenge with respect to passing on the price. Second is on the availability of XLPE and other compounds. So thanks to the backward integration that we have, we typically purchase only the raw resins, and we do compounding in-house.
- So thanks to our heavy inventory, we are comfortable for possibly in the first quarter of coming year as well. But beyond that then it depends, and then there'll be far bigger issues to worry than production of cable and wire. But I think we are very much comfortable. We have a good amount of diversified base of vendors for compounds and resins. So we are not at all concerned about raw material security.
- Achal Lohade:** Perfect. Just a bookkeeping question in terms of the institutional mix, if you could quantify for the fourth quarter as well as FY26?
- Shashank Yagnick:** So see, overall, I think for a full year basis, if you see, I think a couple of percentage points higher in institutional for the quarter, maybe 3 to 4 percentage points higher in institutional.
- Achal Lohade:** No, I was keen to know if you could quantify exactly how much would be institutional for us out of the total Cable & Wire business?
- Shashank Yagnick:** So Achal, the other way to look at it is and the way we always recite this is our channel to institutional contribution has always been 90% to 10%. 90% is channel, 10% is institutional. So when we say a couple of percentage points higher in institutional, you can add a couple of percentage points to maybe make 10% to 12%, 12% of overall top line. And if I say 3% to 4%, you can make it 13% to 14% for the quarter.
- Achal Lohade:** Understood. And the second, if you could give us EBITDA number because the guidance is on EBITDA, if you could disclose what is the EBITDA margin for Cable & Wire segment for the fourth quarter and the full year FY26?
- Shashank Yagnick:** See, for the fourth quarter it was higher. So definitely around 14%, 14-plus percent. And FMEG, of course, was also mid-single-digit EBITDA margin.
- Achal Lohade:** And for the full year, Shashank, if you could quantify?
- Shashank Yagnick:** See, full year also, we were very, very robust. Overall full year EBITDA at company level is 13.9% and Cable & Wire was definitely above that. And FMEG, of course, continues to be mid-single digit.

Moderator: We will take that as the last question. I would now like to hand the conference over to Mr. Niyant Maru for closing comments.

Niyant Maru: Thank you, everybody. It was nice to have you all on the call. Maybe I think I just wanted to add one last comment. I think many times when we look at the quantitative part, the larger part, which we get sometimes unnoticed is that as a company, in the industry, we have been gaining market share.

And we continue to do so in the quarter 4. I think once the numbers are announced for everybody, then we will have a better idea of what is the real increase in the market share, but we do believe that we have continued to gain market share in Q4. Thank you, everybody.

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