



"Polycab India Limited Q1 FY26 Earnings Conference Call"

July 18, 2025

POLYCAB



**MANAGEMENT: MR. GANDHARV TONGIA – EXECUTIVE DIRECTOR AND
CHIEF FINANCIAL OFFICER – POLYCAB INDIA LIMITED**

**MR. CHIRAYU UPADHYAYA – HEAD OF INVESTOR
RELATIONS – POLYCAB INDIA LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Polycab India Limited Q1 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 call is being recorded.

With this, I now hand the conference over to Mr. Gandharv Tongia, Executive Director and Chief Financial Officer, Polycab India Limited. Thank you and over to you, sir.

Gandharv Tongia: Good afternoon, everyone and thank you for joining us. I hope all of you are staying healthy and safe. I'm Gandharv Tongia, Executive Director and CFO at Polycab India Limited. On this call, we shall discuss the Q1 FY26 results, which were approved in the Board meeting held yesterday.

We will be referring to the earnings presentation, financial results and condensed financial statements, which are available on the stock exchanges as well as on the Investor Relations page of our website. Joining me today from our team is our Head Investor Relations, Mr. Chirayu Upadhyaya.

Let us now move to the business performance.

I'm pleased to share that we have had a strong start to FY26. Our performance in the first quarter built on the solid trajectory we have maintained over the past 4 years, and marks our highest-ever Q1 revenue and profitability in the Company's history. This achievement reflects both the underlying strength and resilience of our business model, as well as relentless commitment of our teams across all businesses and functions.

The Wires and Cable business continued to be our primary growth engine, driven by robust domestic demand and supportive commodity price trends. On the FMEG side, we are beginning to see tangible outcomes from our strategic initiatives, with the business delivering its second consecutive profitable quarter, a positive step forward in our transformation journey.

Looking ahead, we see strong tailwinds from infrastructure spending, improving private sector investment, and momentum in the real estate sector. Guided by our long-term roadmap under Project Spring, we are executing with greater focus, agility, and ambition. We remain confident in our ability to sustain this momentum and create enduring value for all stakeholders in the quarters to come.

Moving on to the quarterly update, I will start with a high-level view of the macro environment and then we will delve deeper into business performance.

The past month witnessed heightened volatility in the global financial system, triggered by a sudden escalation in hostilities between Iran and Israel. The 12-day conflict had an immediate ripple effect across asset classes, pushing up oil prices and driving inflows into safe-haven assets. The brief but intense period of tension served as yet another reminder of the vulnerability of global trade and financial system to geopolitical shocks. Thankfully, a ceasefire was quickly brokered, restoring relative calm and stabilizing investor sentiments.

Meanwhile, global monetary policy remains a balancing act with countries navigating diverse inflation and growth trajectories. In India, a favourable inflation outlook prompted the Central Bank to frontload rate cuts, complemented by proactive liquidity measures and regulatory reforms. Together, these have supported the economy's steady expansion as evidenced by the strength in high-frequency indicators.

Early data for Q1 FY26 suggests a gradual improvement in consumption demand. This is reflected in rising steel consumption, a pickup in electronic imports, and higher central government revenue expenditure. Services activity is also gaining pace with encouraging trends in services PMI, vehicle registration, diesel consumption, e-way bills and state-level tax collections. Monsoon progress has been favorable as well, currently tracking 15% above the long period average, which bodes well for rural demand and agricultural output.

On-the-ground momentum is clearly visible. Digital payments continue to surge, capital goods output is improving, and auto sales are recovering. Manufacturing industrial output rose close to 3% YoY in May, while steel and cement production remained resilient, growing 7% and 9%, respectively. Headline CPI for June declined sharply to 2.1%, a 73-month low, with core inflation also remaining well-anchored at 4.4%.

The real estate sector remains buoyant, albeit with some signs of moderation. Government capex too has gathered pace with 19.7% of the FY26 budgeted outlay already spent by May 2025, marking the highest spends in 7 years.

While few challenges persist, India's economic foundation remains strong. With sound fundamentals, proactive policy support and demonstrated resilience, we are well positioned to navigate global uncertainty.

I would now hand over to Chirayu to take you through the financial performance for the quarter.

Chirayu Upadhyaya:

Thank you, Gandharv.

Let me now take you through Slide 4 of the earnings presentation.

For the quarter ended 30th June 2025, we are pleased to report that our consolidated revenue grew by a strong 26% YoY, led primarily by robust performance in our Wires and Cables business.

Our EBITDA for the quarter grew by 47% YoY, significantly outpacing revenue growth. This was on the back of a 210 basis point improvement in EBITDA margin, which stood at 14.5% for the quarter. The margin expansion was driven by a combination of strategic pricing actions, operational efficiencies and a favorable business mix.

At the PAT level, the Company delivered its highest-ever Q1 PAT, at ~₹ 6 billion, reflecting a 49% YoY growth. Our PAT margins improved by ~170 basis points, reaching 10.2% for the quarter.

Finance costs came in at ₹ 513 million, while other income stood at ₹ 799 million. A detailed breakdown of these line items is available on Slide 17 of the presentation.

We continue to maintain a strong balance sheet, closing the quarter with a net cash position of ₹ 31 billion. Our working capital cycle stood at 43 days in Q1 FY26, positively impacted by a temporary increase in payable days. We expect this to normalize and revert to a long-term steady range of 50 days to 55 days in the coming quarters.

Capital expenditure for the quarter was ₹ 4.1 billion, in-line with our Project Spring guidance of investing ₹ 12 billion to ₹ 16 billion annually through FY30.

On the advertising front, spends were lower during the quarter, largely due to limited promotional activity in the fans business due to an early onset of monsoon, which impacted the seasonal campaign cycle. However, with the upcoming festive season, the advertising and promotion spends will start tracking towards our targeted range of 3% to 5% of B2C top-line.

Moving on to Slide 6.

The Wires and Cables business delivered a strong 31% YoY revenue growth, supported by over 25% volume growth during the quarter. Within this, our domestic W&C business recorded an impressive 32%YoY revenue growth, driven by higher government spending, improved project execution and the favorable impact of rising commodity prices.

Notably, cables outpaced wires in terms of YoY growth this quarter. Both our distribution and institutional channels registered healthy performance, indicating broad-based demand momentum. From a regional perspective, the South led the growth, followed by North, East and then West, reaffirming our strong pan-India footprint.

Our international business grew by 24%YoY, albeit on a low base and contributed 5.2% to the consolidated revenue.

On the profitability front, EBIT margins for the Wires and Cables segment stood at 14.7%, an improvement of 190 basis points YoY, supported by better operating leverage and strategic pricing actions.

Moving on to Slide 8 for an update on the FMEG business.

The FMEG segment continued its healthy trajectory in Q1 FY26, registering an 18% YoY growth despite seasonal headwinds from an early monsoon.

In the fans segment, while overall sales were muted due to shortened summer, we made further inroads in our premiumization strategy. Our premium fans portfolio contributed roughly 25% of the fan sales, underscoring growing consumer preference for feature-rich and aesthetically superior products. E-commerce is also gaining ground, now accounting for mid-teens share of total fans revenues, further supporting premium offerings through digital channels.

The impact of premiumization is even more evident in the lighting category, where premium products made up over 35% of the sales during the quarter. This deliberate portfolio shift is helping us improve gross margin realization in this business.

In switches, switchgears and conduit solutions, healthy demand from the real estate sector continued. Here too, our focus on value-added offerings is showing results, with Levana, our premium switch line now constituting almost 20% of the total switch sales. Similarly, in switchgears, the focus is on increasing the mix of RCCBs and multi-pole MCBs in sales.

The standout performance again this quarter was our solar product category, which recorded more than 2x growth over the same quarter previous year, now emerging as the largest contributor within the FMEG portfolio. We expect this momentum to continue backed by supportive government policies and rising adoption of renewable energy solutions.

The continued focus on premiumization helped the FMEG business achieve its second consecutive profitable quarter. Margin expansion was driven by a better product mix and operating leverage from scaling efficiencies.

We remain confident in the long-term potential of our FMEG business, continuing to align our efforts with Project Spring, targeting 1.5 to 2x of industry growth and improving EBITDA margins to 8% to 10% range by FY30.

Moving on to Slide 10, which provides an update on our EPC business.

During Q1 FY26, revenues in the EPC segment declined by 19% YoY to ₹ 3,474 million. Segment profitability stood at ₹ 268 million, translating to a margin of 7.7%. Our open order book remains healthy, offering strong visibility for future growth.

We expect the annual sustainable operating margin to be in high single digit over mid-to-long term in this business.

That was the update for the quarter. Thank you and we are now open for questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Shrenik Bachhawat from Mahindra MF. Please go ahead.

Shrenik B: Congratulations on the good set of numbers. My first question is, can you throw some light on the export scenario, particularly in the U.S. geography because of the tariff issue that is going on there? And my second question is, can you throw some light on the growth outlook across the FMEG categories that we are working on?

Chirayu Upadhyaya: Sure, Shrenik. So, starting with the exports opportunity, as you rightly mentioned, U.S. is one of the largest consumer of cables and hence, has been one of the larger contributor for our export sales. Definitely, the tariff situation over there is kind of an overhang, which kind of impacts the visibility in the near term. But in the longer term, it's a very, very big opportunity.

If you look at the exports that we did in this quarter, roughly 1/3rd of them went to the U.S. We had a good order book there, and that is what we are executing right now. Looking at the current situation in terms of tariffs, India stands to be in a beneficial position. The other larger exporters to the U.S., such as China, has almost 55% import duties on them. Mexico, another large exporter, will have 30% of import duties effective from 1st August 2025. The other geographies like South Korea has 25%, Vietnam has 20%, Philippines has 20% and India stands at 10% right now. So as of now, the situation favours India. But this is an evolving situation, and we won't be able to comment very clearly on how this will play out. But irrespective, in the longer term, I think exports will definitely be growing, and definitely, U.S will be one of the larger contributors in terms of the exports that we do.

Now, coming to FMEG. If you followed the Company's trajectory over the last few years, we have witnessed a period where the FMEG business had stabilized at roughly around ₹ 1,200 crores to ₹ 1,300 crores of top-line. However, since the last 5 to 6 quarters, that business has again started gaining traction.

We undertook various steps to ensure that we can become one of the top 3 players in that segment across various product categories. And these steps are now providing a positive trajectory for us. Within Project Spring, we are now targetting to grow this business at roughly 1.5 to 2x of the industry growth.

Currently, the industry growth rate is hovering at around 8% to 10%. We believe that the FMEG industry will see a pickup, largely from the real estate uptick that we have seen in the country over the last 3 to 4 years. Fans and lights, which are the largest category in the FMEG industry, typically see demand towards the end of a real estate construction phase. We expect that we'll see much better demand with a one-year lag from now.

The other categories of switches, switchgears, conduits, and wires are witnessing very good demand momentum. So, we definitely believe that FMEG industry will start seeing at least double-digit growth from next year and we should be targeting at least 2x of the industry growth rate.

Simultaneously, while we grow, we will also target to improve our margins within this business. Last couple of quarters is when we have become profitable again. Going forward, we expect to see our profitability improve each year, reaching the targeted EBITDA margins of 8% to 10% by FY30.

Shrenik B: Can you also please throw some light on the capex plans for the next 2 years, FY26 and FY27?

Chirayu Upadhyaya: So again, within Project Spring, we have given a guidance of spending roughly ₹ 6,000 crores to ₹ 8,000 crores over the next 5 years. That is roughly ₹ 1,200 crores to ₹ 1,600 crores on an annual basis. In the first quarter of this year, we've spent roughly ₹ 410 crores. So, we are in line with our guided range and will continue with that guidance.

A large part of the capex that we will do will be for the Cables and Wires business and remaining for backward integration and a small part for the FMEG business.

Shrenik B: Great, sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Saumil Mehta from Kotak Mutual Fund. Please go ahead.

Saumil Mehta: Thanks for the opportunity and congrats on a great set of numbers. Two questions from my side. First, on exports. Now obviously, we believe in U.S., the Chinese and some of the other players will have some sort of issues given the higher tariffs. But outside of U.S., maybe in some other markets like Middle East, Australia and various other markets, are we seeing some sort of pricing aggression by Chinese players?

And to that extent, are the incremental orders coming at pricing, which is much lower than what we've seen in the past quarters?

Chirayu Upadhyaya: Sure, Saumil. So, let's go geography by geography. Starting with Europe, very akin to U.S., it is not very pro-China and they are looking at alternatives to Chinese products. So over there, even though Chinese suppliers offer a lower price compared to other suppliers, the

end customers are still willing to pay a premium for non-Chinese alternatives. So, we are not seeing any dumping behavior at least in Europe.

Moving to the Middle East, again, it has huge demand of cables due to the significant investments happening on the infrastructure side. This makes the market open to various suppliers. Depending on what tariff situation is there in different countries, you are able to secure a lot of orders. For instance, we are doing a lot of supply to Saudi Arabia, where India enjoys a better tariff. Hence, we are not seeing as much of a competition coming in from the Chinese players.

Coming to Australia, Australia is where China likely has a competitive edge. They have worked a zero tariff treaty with Australia, which has resulted in most of Australia's imports coming from China and that trend continues to be the case. Probably that is a geography where we will have to compete effectively on pricing terms or on other service terms and so on and gain a bit of market share through that. But in other geographies, I don't anticipate any dumping effect coming from China that would hamper our exports.

Saumil Mehta:

Sure. My second and last question is, obviously, this quarter would have some benefits from the slowdown of spending in the previous wave due to election. But going forward, are we seeing some sort of a slowdown given at least some of the broader macro indicators in India seem to have slowed down marginally.

So, are we seeing some sort of impact in terms of ordering activity from the government or business seems as strong as usual? That's it from my side.

Chirayu Upadhyaya:

If you look at the current situation, we are not actually witnessing any form of slowdown. If you consider the kind of spends that the government has been doing since December of last year, they have continuously spent almost ₹ 1.26 trillion on a monthly basis on an average. If you compare that with the April '24 to November '24 data, it was roughly only ₹ 0.64 trillion per month. So, we have definitely seen a lot of pick-up in terms of investment from the government side, and that is translating into demand for cables. Of course, this effect is not immediate, it comes with a lag. Hence, this sector is continuing to see a very good growth.

Looking at the annual target that the government has taken for this year and considering whatever they have spent so far, they still have to invest roughly around ₹ 1 trillion per month in terms of infrastructure growth. This will continue to translate into very good demand for cables.

On the wire side, the residential housing piece definitely is continuing to do well. Obviously, we've heard a lot of commentary recently about a bit of a slowdown that we are witnessing in the top cities. But in the parallel, what we are also seeing is that in Tier 3 to 5 cities, where affordable housing was a bit slow till now, that is seeing a bit of a pickup, and

that is translating into improved demand for wires. At our end, we are focusing on both those opportunities. For Tier 3 to 5 cities, we have Etira brand, which is doing very well and is increasing its contribution to our wire sales. On metro Tier 1, Tier 2 cities, we have the Class 2 wires wherein we are focusing on and that is also where we are seeing very good traction from our ranges of Maxima and Suprema, which we've launched.

So, as of now, we don't believe that there will be any form of slowdown, at least in the cables and wires business. We believe that this year, we should continue to see very good momentum even in the remaining three quarters of the year.

Saumil Mehta: Great. Thank you and all the best for subsequent quarters.

Moderator: Thank you. The next question is from the line of Pulkit Patni from GS. Please go ahead.

Pulkit Patni: Sir, thank you for taking my question. My first question is on margins. You said there are certain strategic initiatives. Is it possible to give some detail on what exactly does that mean?

Chirayu Upadhyaya: So, on the cables and wires side, we mentioned that there are strategic pricing actions. By that, I meant that if you compare this year or this quarter versus the previous 3 to 4 quarters, you would have noticed that the copper price volatility is not as much as it was in the past, and the movement of price was in a particular direction.

For example, in the first 5 days of the quarter, while the copper was going down, but since then, we have seen it continuously moving in one direction. Now that is something wherein the pricing transfer for us becomes relatively much simple, and that is where we can maximize the benefit from any movement in commodity prices. So that was what we were mentioning in terms of strategic pricing actions.

The other benefit that we had is obviously from scale as well as the mix. At a Company level, if you compare with Q1 of last year, we had higher contribution coming in from the EPC business. But this time around, EPC has a lower contribution and Cables and Wires, which has relatively better margins, have a higher contribution and hence, that helped at a Company level in terms of margin profile.

The other thing is on the FMEG business, where as you are aware and as we have mentioned, across all the product categories within the FMEG business, we have seen gross margin expansion. And that is what has helped the improvement in the FMEG profitability and that indirectly contributes to the overall Company's profitability improvement as well.

Pulkit Patni: Sure. This is clear. One connected question. I mean, we have been giving a guidance for margin, which is much lower than what we have been clocking and we've been clocking it

consistently. Now given the fact that exports should increase from here on, given the fact that you yourself said FMEG, your target is for margins to go up.

I just want to understand what is holding the Company back from actually resetting your margin guidance higher? Or in a way, you're acknowledging that these margins are actually fairly higher, not sustainable. Just wanted to get your thought, delivering 14.7%, but still the guidance remains at 11% to 13%. What's the reason for that?

Chirayu Upadhyaya:

So Pulkit, as you're aware, we don't give near-term or yearly guidance. Our guidance is for the longer term. It is more like 5-year guidance, and that is where we've given an 11% to 13% of EBITDA margins in the cables and wires business as our guidance. When you look at the longer term, there are multiple variables that you have to look at and which will impact your profitability.

While obviously, the cables and wires mix, if it goes in favor of wires, that can help your profitability. As the exports mix increases, that also helps the profitability. But parallelly, when you are investing a lot in terms of capacity expansion, that is bound to have an impact in terms of lower operating margins in the near to midterm. So that will take a bit of a sheen off of the improvement in profitability that we might see because of the other two parameters.

Over and above that, for the B2C business, which includes the wires as well, we are going to be improving or increasing our spends on A&P continuously every year. And that will also impact the profitability of the segment. So, keeping all those four variables into mind, our long-term guidance is 11% to 13%.

Having said that, internally, we'll obviously try to optimize on that. And whatever quarters we can improve on that, the practice will be to improve on that. But otherwise, the longer-term guidance will continue to be the 11% to 13% EBITDA margins.

Pulkit Patni:

Thank you. That's clear and you guys have done very well on that. Thank you.

Moderator:

Thank you. The next question is from the line of Renu Baid from IIFL Capital. Please go ahead.

Renu Baid:

Thank you and congratulations team for the strong performance. My first question is on the FMEG. Within the FMEG bucket, solar now which is the largest category for you, can you elaborate more with respect to how is the manufacturing product mix here with respect to in-house and outsourced product mix?

And any capacity expansion or localization plans from solar inverters? Also aligned with this, any insights that you can share on the market share for Polycab in this segment?

- Chirayu Upadhyaya:** Thanks, Renu. Regarding the mix and the domestic or in-house manufacturing is concerned, as of now, solar is the largest category in the FMEG business this quarter, as we've mentioned. The other categories have contributed relatively equally.
- In terms of in-house manufacturing, except solar inverters, everything is currently being manufactured in-house. We don't plan to make changes in this regard. Hence, as of now, solar inverters will continue to be outsourced in terms of manufacturing, and it will be status quo as of now. Sorry, the last question was in terms of the growth opportunities in FMEG, is it?
- Renu Baid:** Yes. And the market share for Polycab in solar inverters category for us?
- Chirayu Upadhyaya:** So very difficult to as of now pinpoint the market share. We are relatively a smaller player over there. Probably once we are of a significant size, then we will start giving out market size numbers. But other than that, in other product categories of fans, lights, switch and switchgears, our market share will hover anywhere between 2% to 5%.
- Renu Baid:** Got it. Secondly, within the Cables and Wires, what was the approximate mix of cables in the revenue mix for the quarter?
- Chirayu Upadhyaya:** So, cables will be close to around 73% - 74% and remaining will be wires.
- Renu Baid:** Got it. And lastly, if you can share just a bookkeeping number on what was the order book in the projects business. And do we expect a bit more projects in pipeline, the order book to improve further as the year goes by?
- Chirayu Upadhyaya:** By projects business, do you mean the institutional part of the cables or the EPC business?
- Renu Baid:** The EPC business.
- Chirayu Upadhyaya:** So, in the EPC business, as at end of March, we had an open order book of roughly ₹ 70 billion. Post that, we won an order on the BharatNet project over there. So, both BharatNet projects put together, roughly, the capex part that we have to do and the overall outstanding is around ₹ 80 billion. This excludes the GST part.
- The exchange notifications that we had done included the GST. But if you look at whatever accrual we will get, that is roughly around ₹ 80 billion from BharatNet, and that will be accrued over the period of next 3 years.
- Renu Baid:** Got it. Thank you and best wishes team. Thank you.
- Moderator:** Thank you. The next question is from the line of Charanjit Singh from DSP Mutual Fund. Please go ahead.

Charanjit Singh: My question is regarding the market share in the cables and wires space, and I think you have talked about the market share gains. So, just wanted to understand that is it just our capacity availability, product or distribution reach, what is driving this consistent market share gains in the cables and wires space?

And are we gaining this more from the unorganized or there is also some gains from the organized space, which we are seeing in the cables and wires? That's my first question?

Chirayu Upadhyaya: Sure, Charanjit. So I think there will be a mix of both the things that you mentioned, definitely having capacity, having the largest set of approvals, the largest set of bouquet of SKUs in Cables and Wires, those are the parameters which has continuously worked for us in the past, and that too continues to work for us currently as well.

Over and above that, the movement in market share from organized to unorganized, that has also picked up pace in the recent few quarters. So, both of them would have contributed in our market share continuously improving over the last few years and including this quarter.

Charanjit Singh: So, what will be our current market share in the cables and the wire space?

Chirayu Upadhyaya: I would probably be able to guide you on our market share up to the end of FY25 because for this quarter, we are yet to have results from the other larger companies. But if you look at FY25, our market share in C&W put together was roughly about 26% to 27%. This is the organized market share. We would have it a bit higher as far as cables is concerned, more closer to 30%, whereas in wires, we will probably be in early 20s.

Charanjit Singh: Okay. And just coming on to the BharatNet projects in terms of the opportunity pipeline, the margin profile of these projects and the working capital requirements, if you can give more details? And how has been the competitive intensity in the BharatNet projects in terms of L1, L2 tendering? What has been the differential? If you can give some of those details?

Chirayu Upadhyaya: So Charanjit, I'll probably stick to whatever information is available in the public domain right now. We have won two orders out of the 16 tenders which had opened. There are a few more tenders which will be opened up, which is the part 2 of phase 3. And whenever that opens up, we'll try and participate as possible. But as of now, this is the information available.

As far as the profitability is concerned, we expect to accrue almost 12% to 14% of margins in that order book as well, which is pretty much in line with what we currently are making. Regarding the working capital cycle, we have seen the receivable days in our historical orders that we have executed to be in time. We have never seen late payments over there. Overall, I think it should be a pretty good business as far as overall working capital cycle is

concerned because of the fact that over here, there is an upfront payment of almost 10% of the order book. So, you can utilize that money and then continue to use that for your future expenses and turn it around. So, I think in that way, I think it's a pretty good business, good margins, less working capital cycle business.

Charanjit Singh:

Okay. So that's all from my side. I will circle back in the queue. Thank you.

Moderator:

Thank you. The next question is from the line of Natasha Jain from Phillip Capital. Please go ahead.

Natasha Jain:

Congratulations team on a very good set of numbers. I have two questions on Wires and Cables, predominantly on the export side. In fourth quarter, I remember the commentary was that there was a decline in your export business by 24%, wherein you mentioned that there would be a large rollover of an order to 1Q.

Now 1Q, the growth numbers matched to 24%. I just want to know whether the growth is because of that order which came through or is it an organic growth? First question is that?

Chirayu Upadhyaya:

Sure, Natasha. So, the order which was rolled over, that has not been executed at one go. That will be executed over a period of the entire year. And hence, it was not the single contributor of the exports growth that we have seen. It is an organic growth, and it is seen through the execution of multiple orders that we had across geographies.

Nattasha Jain:

Understood. So, there is a chance that we will see that order executing in the remaining part of the year, correct?

Chirayu Upadhyaya:

Yes, that's right.

Nattasha Jain:

Okay. My second question is more a broader-based question in terms of cable export. Now understanding the 'big beautiful bill', there is an absolute cut on the renewable side in terms of U.S. Now if I see larger players like Prysmian, Nexans, Southwire, LS, if I read any of their commentary, predominantly, they were setting up capacities to be exported to the U.S.

Now that U.S. has kind of shut markets for renewables for the time being, do you think these capacities because they are fungible, they would dump into other geographies, which kind of gives competition in other geographies barring U.S. or it may not happen. So, can you please clear on that?

Chirayu Upadhyaya:

Sure. We'll have to go product-wise and business-wise. When you are thinking of renewable energy investments, you're setting up renewable plants and then you are evacuating that energy to different geographies. So, you are utilizing your normal low voltage power cables, medium voltage power cables as well as the EHV cables.

But the larger part over there is through the evacuation where you require EHV cables and probably in the next part where you require higher set of medium voltage cables. Now if you look at the product portfolio of Prysmian, Nexans and the other larger companies, they are more predominantly present on the higher voltage side. That is where their expertise lies, and they focus on that category so as to get a margin bump in their overall business profile. So that is the capacities that they were developing.

When we export to U.S., we are exporting largely low voltage and a bit of a medium voltage cables. So largely, we were not competing more actively with Prysmian, Nexans. We were more aggressively competing with the Chinese players who are also into low voltage and medium voltage cables. The change in the outlook of investment towards renewable, I don't think it will have any material impact in that way in the kind of export that we were doing.

Over and above that, what you also have to keep in mind are two other opportunities. One is the kind of investments which will be required on the data center side because of all the investments towards AI, which are being done by the large corporations across geographies, that will require a huge set of power cables as well as optical fiber cables, and that will continue to be there.

Over and above that, the power infrastructure in U.S. and even other larger geographies like Europe, they are now almost 60 - 70 years old, and they are required to be upgraded irrespective of whether it comes from renewable or traditional sources. So that too will generate good demand for cables.

So just because there will be relatively lesser investment on renewables in the near term, that doesn't take away the cables opportunity that is there in the U.S. There are other types of cables, which will be required, and we will continue to export those cables over there.

Nattasha Jain: Got it. That's helpful. Just one more question related to that. EHV capacity is fungible, right? We can use it for low, medium and high voltage, if we do not manufacture EHV?

Chirayu Upadhyaya: That's true.

Nattasha Jain: Understood. Got it. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Sujit Jain from Bajaj Allianz Life Insurance Company Limited. Please go ahead.

Sujit Jain: Congratulations on a good set of numbers. You explained strategic pricing decisions that help you get those margins and very superior margins. So that means that you kind of were benefited from the lower procurement prices. Is the understanding correct?

- Chirayu Upadhyaya:** The pricing will be pretty much similar for everybody because it is linked to LME. Obviously, to a certain extent, at what point of time during the quarter you place the order that also plays a part. Probably that can also benefit to a particular player in a particular quarter. But on an overall yearly basis, then it averages out.
- What I was meaning in terms of strategic pricing revision is what I explained to Pulkit - it is because the trend of copper prices was in one specific direction during the quarter and the volatility was not very high, we were able to swiftly pass on without having to take any impact on our profitability.
- Sujit Jain:** And so, the earlier complete hedging policy you used to follow, it did not apply for this quarter. Is that the understanding correct?
- Chirayu Upadhyaya:** Not really. I mean we continue to follow hedging policy. If you are aware, almost 90% of our sales are through distributors and 10% is institutional. When you are supplying to a distributor and you don't have an order book in place, you can't not have hedging in place. If you do that, you are exposed to the commodity price risk.
- So, we don't do that. We hedge our entire copper procurement that we do, and that is what is meant for selling to distributors. On the institutional part, it is back-to-back pricing. So, it doesn't really have any meaningful impact, the changes in prices. But on distribution, we do hedge the prices.
- Sujit Jain:** So, if not this, but good margins are sustainable because of the other things that you spoke about, sales mix and as well as operating leverage. So therefore, C&W margins can be maintained broadly?
- Chirayu Upadhyaya:** Sujit we have a long-term guidance in place. And again, I'll take you back to the FY30 guidance that we have. In the longer term, 11% to 13% of EBITDA margins is what we will be able to generate irrespective of what happens on what type of business or procurement or commodity prices irrespective of that.
- In the near term, we will obviously try to maximize as far as whatever variables are presented in front of us. And hopefully, we should be able to maintain our margin profile.
- Sujit Jain:** And one last question about your cables capacity being ahead of the industry in the sense people didn't have capacity you had. That situation still persists or now capacities are catching up?
- Chirayu Upadhyaya:** These capacities have started coming up since the beginning of last year, and yet we continue to grow ahead of the market. As I was mentioning previously, what is the most important part over here is while you might have capacities, what is the portfolio that you

have? What are the number of SKUs and what are your approvals? That is the biggest play and obviously, the distribution needs.

Now those are the variables which we have worked on over the period of decades and that advantage continues to be there with us. So, while capacity will come up for the industry, that advantage will help us. Over and above that, the kind of investments and growth that we are witnessing from various end sectors, that also helps in absorbing the new capacities which are coming up from other peers. So, both of them will continue to help us in terms of our outperformance over the industry.

Sujit Jain: Thank you and all the best.

Moderator: Thank you. The next question is from the line of Dhruv Jain from Ambit Capital. Please go ahead.

Dhruv Jain: My first question, Chirayu, you highlighted that cables has outpaced wires this quarter. So just wanted some color which are the categories of cables that have done well for you? Is it mainly low voltage or it's the higher voltage sizes that had done well? And what is your expectation for this full year in the -- which subcategory could do well for you guys? That's my first question?

Chirayu Upadhyaya: Dhruv, you are well aware that we have presence in low voltage, medium voltage and high voltage. We don't have presence in extra high voltage. As far as the overall industry size is concerned, obviously, low voltage and medium voltage are of the largest quantum. Since we have the maximum presence over there, both of those categories have helped us in terms of this growth.

And even at an industry level, those are the two particular segment of cables, which have done very well. The other types of cables, which are, let's say, control cables, instrumentation cables, optical fiber cables or high-voltage cables, their requirement is relatively much smaller. So whatever growth the larger players will be able to generate will be because of the growth in the low voltage and medium voltage cables.

I don't see that changing very materially in the near to midterm. Maybe in the longer term, when in India, the demand for high voltage or extra high voltage cables is pretty high, probably at that point of time, the other type of cables can help in terms of our performance. But otherwise, in the near to midterm, I think your low voltage and medium voltage cables will be the primary driver of growth for the industry as well as for the larger players.

Dhruv Jain: And just one clarification, we see a declining revenue in the EPC segment. So just wanted to understand what's happening there?

Chirayu Upadhyaya: Dhruv, we have an order book in place for our EPC business, and that is something that we have to execute over the course of next 2 to 3 years. During those 2 to 3 years, on a quarterly basis, there might be variation. There are different phases of execution of a project. In certain period of time, you are supplying material, in other phases of time, you are executing the project. Whenever you are supplying, in those quarters, the margin profile will be relatively better. Whenever you are executing, it will be a bit softer. So that variation will exist during the different quarters in a year. But if you look at more of a yearly number, we'll be able to generate pretty much in line with what we have guided in the last year.

And overall, if you take near to midterm, the contribution from EPC business will continue to be in 5% to 10% range, which is where we are hovering right now.

Dhruv Jain: Thank you and all the best.

Moderator: Thank you. The next question is from the line of Achal Lohade from Nuvama Institutional Equities. Please go ahead.

Achal Lohade: Good afternoon team. Thank you for the opportunity. Couple of questions. One is in terms of the EPC, you said 5% to 10% range. But with BharatNet, do you see that percentage going up for next 3 years or you think that is already built in this number?

Chirayu Upadhyaya: EPC execution on BharatNet will begin from the second half of this year. That is when the revenue accrual will start happening. But again, over there, looking at the kind of demand which is there in our cables and wires business as well as the FMEG growth that now we are witnessing, I don't see the contribution of EPC going materially above 10%.

On a quarterly basis, as I was mentioning, probably when you are supplying or when the execution is a bit high, probably in a particular quarter, you might see the contribution go up a bit. But overall, on a yearly basis, I don't expect it to go above 10% in the longer term.

Achal Lohade: Understood. But the margin should improve, right? Because this has a higher margin, as you said, 12% to 14% margin for the BharatNet orders, right?

Chirayu Upadhyaya: That is true. We will be able to generate 12% to 14% of EBITDA margins from the BharatNet piece. From the RDSS order book that we have, we'll be able to generate high single digit of margin profile.

Achal Lohade: And what is the progress on the RDSS? Are we seeing further orders or they have slowed down? Any update on the same?

Chirayu Upadhyaya: So, there are new orders, new tenders which have opened up and which we have bid for. During the course of this year, obviously, we will be able to know the results of that. But the RDSS scheme is up till the end of FY26. So, there are still a few more tenders which are

yet to be opened up, and we'll probably try and participate wherever we are comfortable with. So, the traction continues even in RDSS.

Achal Lohade: Got it. Just another question at the industry level. In terms of capacity expansion at the industry level, what is the extent of expansion in your estimate? Is it like 40%, 50%? Is it like 20% over next 3 years, whatever known numbers or known players basis that, what is your assessment?

Chirayu Upadhyaya: So Achal, I guess there are only 3 or 4 large listed players who give out those numbers, and that is the limited visibility that even we have. But what is more important is not just looking at what supply is coming in, but also in what phases they are coming in and against that, what is the demand which is upcoming.

Over there, we are very comfortable that the demand which we foresee in the near to midterm that will absorb the capacity, which is about to come from all the announcements that we've heard till date in the next 3 to 4 years. And that is where we sit pretty confident that there shouldn't be any impact in terms of industry growth or the growth rate for the larger players in the near to mid-term.

Achal Lohade: Perfect. And just last question, if I may. What is the volume mix in terms of the copper stock, aluminum for the quarter? Any ballpark mix?

Chirayu Upadhyaya: It's largely same. There is no material change over there.

Achal Lohade: Understood. Thank you so much.

Moderator: Thank you. The next question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

Aniruddha Joshi: Thanks for the opportunity. So, you spoke about Etira brand. So, what will be the, let's say, revenue share of Etira as a percent of total sales as well as the other premium brand, which we had introduced Hohm. So, if you can indicate both the revenue shares? That is question one. And secondly, as far as solar products is concerned, now that is a business which is going extremely well. So, what are the products that the Company is looking to enter, for example, solar pumps or, let's say, a rooftop solar or what are the overall aspirations in this solar business? That's it from my side.

Chirayu Upadhyaya: So, Aniruddha, on the wires side, wherein we introduced Etira, Hohm is not a brand that we introduced in wires, that was in a different category, which was in Home solutions. Etira was specifically introduced for Tier 3 to 5 cities and the contribution from Etira would now be in high teens of the overall retail wire sales that we do.

The other ranges that we introduced in wires on the premium side were Maxima and Suprema. Both of them, again, are in double digits, close to around 20% in terms of their contribution to the wires sales.

As far as the solar-related question is concerned, as of now, we are primarily into solar inverters, and we are not looking to expand it to any other product categories.

Of course, along with solar inverters, you are also able to sell solar cables and switchgears. So that is something which we kind of try to club and cross-sell. But other than that, we are not looking at expanding into any other categories right now.

Aniruddha Joshi: Okay. Surely. Thank you.

Moderator: Thank you. The next question is from the line of Arshia Khosla from Nirmal Bang. Please go ahead.

Arshia Khosla: So, my first question would be on the FMEG part of the business. So, I mean, the solar has done very well for us. It's a 2x growth for us. Can you just specify your geography from wherein the demand is coming in from?

Chirayu Upadhyaya: Sure, Arshia. So as far as solar is concerned, largely the demand driver has been because of the government's rooftop solar scheme. Over and above that, there are certain states where they have also introduced their own rooftop solar incentivization scheme. So largely, the demand that we are seeing are from those states.

To name a few, I think Maharashtra, Gujarat, Rajasthan, MP, Telangana, Tamil Nadu and UP are few of the states where we have seen very good traction coming in for the solar inverters business.

Arshia Khosla: That's helpful. And secondly, on the capex part, you've already done a ₹ 4.1 billion capex in quarter 1. So can you just specify which segment was this capex allocated to?

Chirayu Upadhyaya: So, it's largely on the cables and wires business. As we had mentioned, most of the capex that we are going to do over the next 5 years is for the cables and wires business. As of now, there is no immediate requirement for any incremental capex for the FMEG business. Probably it will be towards the end or the mid- to end part of the next 5 years.

So, all of the capex largely that we do right now is either for the cables and wires business or maybe some for backward integration.

Arshia Khosla: Thank you. Thanks for that.

Moderator: Thank you. The next question is from the line of Praveen Sahay from PL Capital. Please go ahead.

- Praveen Sahay:** Thank you for opportunity and many congratulations for a good set of numbers. First question is related to FMEG only. So that's a clarification like this quarter, especially the contribution of a solar product has increased. Otherwise, the overall fan and light contribution on the YoY basis, if I look at, that is on the higher contribution to your portfolio in the FMEG?
- Chirayu Upadhyaya:** That's true, Praveen. In this quarter, solar was the largest contributor. If you look at last year, fans and lights were the largest contributor, solar was the third largest contributor to the FMEG top-line.
- Praveen Sahay:** So, is it a solar inverter is quite related to the government solar rooftop, the scheme projects? Is it treated as a one-off kind or do you believe this to continue in the coming quarters as well?
- Chirayu Upadhyaya:** We believe the demand is going to be very sacrosanct at least in the near to midterm. The government scheme is there, and yet, I think only 20% of that has taken off. And over and above that, as I mentioned, there are various state-level schemes which have been introduced. Until those schemes continue, at least next few years, we are expecting continuous demand for solar inverters. So that's the near to midterm visibility that we have over there.
- Praveen Sahay:** Okay. And the second clarification related to the EPC, as you had mentioned ₹ 80 billion order book, that include your ₹ 56 billion of BharatNet order book?
- Chirayu Upadhyaya:** The BharatNet order book is the ₹ 80 billion that I mentioned. Over and above that, there is an RDSS order book, which is roughly around ₹ 38 billion to ₹ 40 billion.
- Praveen Sahay:** Okay. And these are executable over how many years, time frame?
- Chirayu Upadhyaya:** Next 3 to 4 years. All of it has to be executed over the course of next 3 to 4 years.
- Praveen Sahay:** Okay. And the last question related to the wire and cable. As you had already mentioned that the extra high voltage, you don't have a much business for that. But the way forward, can we expect that by FY27, we will see some contribution from the extra high voltage to come in for you?
- Chirayu Upadhyaya:** So extra high voltage, as you'll be aware, is a tender-based business. So once the plant is up and commissioned, you'll have to go and bid for the tender. And if you win, that is when you start executing and when you start accruing revenues. So probably any form of meaningful revenue accrual will only happen in FY28.
- Praveen Sahay:** Okay. Thank you and all the best.

- Moderator:** Thank you. The next question is from the line of Vidit Trivedi from Asian Market Securities. Please go ahead.
- Vidit Trivedi:** Congratulations on a great set of numbers. Most of the questions have been answered. Just wanted to know on the solar products. You have mentioned that this is now the largest category in FMEG. What's the scale of this opportunity? And how is the product portfolio evolving?
- Chirayu Upadhyaya:** So, Vidit, we have the sole product category, as I mentioned, solar inverters. Obviously, there are requirement of various ancillary products as well if you look at the overall solar rooftop opportunity, but we are not in that right now. We obviously are into solar inverters and wherever solar cables and switchgears can be a part of that order, we try to cross-sell that.
- As far as the opportunity size is concerned, I think we can just sum up the outlay that various schemes of the central government as well as state government have and probably that is almost 1/3rd of the overall cost of the outlay that happens on solar rooftop. So, that sum multiplied by 3, is the overall opportunity size for solar rooftop.
- Vidit Trivedi:** Got it. And what's the margin contribution of solar products in the overall FMEG basket?
- Chirayu Upadhyaya:** It will vary across product categories. As I was mentioning, solar cables is what will have contribution in the wires and cables category. Solar inverters has now a large contribution in the FMEG category, so it will vary. And obviously, I mean, it'll keep on changing over the next many quarters.
- Vidit Trivedi:** Got it. Thanks a lot. All the best.
- Moderator:** Thank you. The next question is from the line of Manish Poddar from Invesco AMC. Please go ahead.
- Manish Poddar:** Congrats on the numbers. Just one question. So, would you plan to set up a plant, let's say, internationally in the next 18 - 24 months? What are your thoughts on this?
- Chirayu Upadhyaya:** Manish, thanks for the question. Very good question. In the longer term, yes. See, if you look at the other larger global players like Prysmian, Nexans, etc., the way that they have looked at the growing globally is setting up manufacturing plants at multiple locations. But as of now, we are not at that scale. In the near to midterm, we don't have any plans of setting up manufacturing plants outside India.
- The benefit that we have when we are exporting our cables is because of the low-cost manufacturing, which is available in India. And that is where we'll continue to invest in setting up or expanding our capacities in the country itself. If you are thinking of more

longer term, maybe next decade or a couple of decades, probably that is where we'll definitely have to think about going outside India, but not required in the near to midterm.

Manish Poddar: Okay. Got it. Thanks.

Moderator: Ladies and gentlemen, we'll take this as the last question for today. I would now like to hand the conference over to Mr. Gandharv Tongia for closing comments.

Gandharv Tongia: Thank you so much for taking out time and joining us for this call. We deeply appreciate and value your support over the period. In case there are any unanswered questions or you want to share any feedback to us, please feel free to reach out to me or Chirayu. You can also write to investor.relations@polycab.com. Thank you. Have a great day ahead. Bye-bye.

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