

Date: January 29, 2025

To  
Department of Corporate Services  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai, MH - 400001

To  
Listing Department  
National Stock Exchange of India Limited  
C-1, G-Block, Bandra-Kurla Complex  
Bandra (E), Mumbai, MH - 400051

**Scrip Code: 542652 Scrip Symbol: Polycab**  
**ISIN: INE455K01017**

Dear Sir(s) / Madam(s)

**Subject: Submission of Transcript of Q3 FY 25 Earnings Conference Call held on January 23, 2025.**

In accordance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of Q3 FY 25 Earnings Conference Call held on January 23, 2025.

Kindly take the same on your record.

Thanking you

Yours Faithfully  
For **Polycab India Limited**

**Manita Carmen A. Gonsalves**

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# POLYCAB

IDEAS. CONNECTED.

“Polycab India Limited  
Q3 FY25 Earnings Conference Call”

January 23, 2025

## POLYCAB

IDEAS. CONNECTED.



**MANAGEMENT: MR. GANDHARV TONGIA – EXECUTIVE DIRECTOR AND  
CHIEF FINANCIAL OFFICER – POLYCAB INDIA  
LIMITED  
MR. INDER JAISINGHANI – CHAIRMAN AND MANAGING  
DIRECTOR – POLYCAB INDIA LIMITED  
MR. CHIRAYU UPADHYAYA – HEAD, INVESTOR  
RELATIONS – POLYCAB INDIA LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Polycab India Limited Q3 FY '25 Earnings Conference Call. As a reminder, all participant lines should 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 the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

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

**Gandharv Tongia:** Thank you, operator. Good afternoon, everyone, and thank you for joining us. Wish you all a very Happy New Year. I hope all of you are staying healthy and safe. As operator mentioned, my name is Gandharv Tongia. I'm Executive Director and CFO at Polycab India Limited. On this call, we shall discuss the Q3 FY '25 results, which were approved in the Board meeting held yesterday.

We will be referring to the earnings presentation, financial results and financial statements, which are available on the stock exchange website as well as on the Investor Relations page of our website. Joining me today from the management team, we have our Chairman and Managing Director, Mr. Inder Jaisinghani; and our Head, Investor Relations, Mr. Chirayu Upadhyaya.

Let me now hand over the call to Inder Bhai for his comments.

**Inder Jaisinghani:** Good afternoon, everyone. We concluded 2024 on a strong note, achieving our highest ever revenue for the third quarter and nine-month period, driven by the healthy performance across segments. This is a momentous occasion by us as we have achieved our first-ever 5-year guidance of reaching ₹ 200 billion top-line by FY26, ahead of the committed timeline. Our calendar year 2024 top-line stands at ₹ 210 billion, a 5% overachievement, that too over a year ahead of the targeted period.

We are now set to embark on the next 5-year journey, where after taking a leap in the last 3.5 years, we are set to spring ahead to our FY30 growth potential. With a strong demand outlook, favourable support from the government and our internal transformation initiatives, I'm confident that we are well positioned to create long-term value for all stakeholders.

With this, I would request Gandharv to give you a flavour of the macro environment.

**Gandharv Tongia:** Thank you, Inder bhai.

After a period of continuous outperformance, India experienced a slowdown in the last few months with real GDP growing at 5.4% YoY in Q2 FY25. The first advance estimate for FY25 GDP growth stands at 6.4% YoY, reflecting weaker activity. The NSO highlights that industrial growth has moderated to 6.2% YoY, significantly lower than the 9.5% YoY seen in FY24.

Despite this, India continues to demonstrate resilience as evident through several high-frequency indicators. Metrics such as digital payments, power demand, services PMI, air passenger traffic

and toll collection point to a sustained recovery. GST collections rose by 8.3% in Q3 FY25, maintaining a robust fiscal year-to-date (April- December) run rate of over ₹ 1.8 lakh crores. Notably, GST collections have exceeded the ₹ 1.5 lakh crores mark in 21 of the past 22 months, underscoring strong and sustained domestic demand.

Industrial production (IIP) posted robust growth of 5.2% in November 2024, improving from 3.7% in October 2024, driven by improvements across sectors. The manufacturing sector grew by 5.8%, with more than 15 subsectors registering stronger growth compared to the previous year. Both the mining and electricity sectors also recorded strong growth during November 2024. Within the use-based classification, capital goods, infrastructure goods and consumer durables saw healthy increases, supported by festival-driven demand. Additionally, the services and manufacturing PMIs have consistently remained above the 50-mark threshold for 41 and 42 months, respectively, indicating an expansionary phase. The composite PMI, which combines manufacturing and services indices rose to 59.2 in December 2024, up from 58.6 in November 2024.

On the inflation front, December's CPI reached a 4-month low of 5.2%, down from 5.5% in the previous month and 5.7% a year ago, driven by moderating food inflation. Headline inflation also eased to 3.7% from 3.8% in the previous month with a sequential decline of 5 basis points compared to the 20-basis point increase observed earlier.

The current slowdown is expected to be transient with a material pickup anticipated in the coming quarters. Government-led public capex is projected to accelerate further, supporting infrastructure growth and industrial demand. The real estate sector, benefiting from robust demand and ongoing project launches, continues to drive sustained growth. Additionally, the anticipated interest rate cuts by the RBI in 2025, along with improved private sector demand, are expected to provide a significant boost to economic momentum. We expect these positive developments to continue to generate strong demand for our product portfolio, enabling us to deliver strong growth consistently as we have done in the past.

As mentioned by Inder bhai in his opening remarks, we have already achieved our Project LEAP guidance of ₹ 200 billion top-line in calendar year 2024 itself, and therefore, are excited to announce the launch of Project Spring, our next 5-year guidance till FY30. The timing of Project Spring is very important, as unlike during the inception of Project LEAP, we are now fully aware and in between an infrastructure upcycle in the country. And in that sense, what we do within Project Spring over the next 5 years will set the foundation for the long-term growth of the Company as we work to set up the Company to achieve multi-decade growth, along with the government's Viksit Bharat 2047 vision. Within Project Spring, the Company will focus on six strategic pillars, namely:

1. Solidifying Market Leadership in the B2B business
2. Propelling Expansion of B2C business
3. Ramping up the International Business
4. Innovation and Automation - Led Holistic Development
5. Nurturing talent and capabilities
6. Growing ESG integration

We are confident that Project Spring will not only enhance our market position but also deliver long-term value for all our stakeholders.

I would now hand over to Chirayu to take you through the financial performance for the quarter and give you more detailed understanding of Project Spring.

**Chirayu Upadhyaya:**

Thank you, Gandharv.

I will first cover the quarterly numbers and then move to Project Spring.

I request everyone to refer to Slide 4 of the earnings presentation. For the quarter ended 31<sup>st</sup> December 2024, our consolidated revenue grew by 20% year-on-year, driven by healthy performances across all the business segments. EBITDA grew by 26% year-on-year, ahead of top line growth, with EBITDA margins improving by ~70 bps YoY and ~230 bps quarter-on-quarter to 13.8%. The improvement in EBITDA margins was on account of 2 reasons: 1) Normalization in wires and cables business margins, as margins in wires business reverted back to normal from lows of the last quarter, and as contribution from international business inched up to north of 8%, where it mostly was last year; 2) Secondly, losses in our FMEG business were arrested this quarter, on the back of expansion in contribution margins and as we started deriving benefit of scale with improving sales. This positive impact was partly offset by moderation in our EPC business margin.

At the PAT level, our Company achieved its highest ever third quarterly PAT of ₹ 4,643 million, with a PAT margin of 8.9%. Finance cost for the quarter stood at ₹ 498 million, while other income totalled ₹ 250 million. A detailed breakdown of finance costs and other income is provided on Slide 17 of our earnings presentation.

Further, our net cash position stood at ₹ 17.1 billion. In addition, our working capital cycle stood at 51 days, within our comfort range of 50 to 60 days. Furthermore, our capex for Q3 FY25 was at ₹ 2.5 billion, accumulating to ₹ 8.3 billion for nine months FY25, in line with our guidance of doing ₹ 10 billion to ₹ 12 billion of capex during this year.

On a nine-month basis, our 9M FY25 revenue, EBITDA and PAT are the highest ever in the history of the Company for a nine-month period. Our revenues have grown strongly by 24% year-on-year, surpassing ₹ 150 billion milestone. EBITDA was up by 12% YoY with EBITDA margins at 12.5%. And PAT grew by 5% YoY with PAT margins at 8.5%.

Moving on to Slide 6.

The Wires and Cables segment recorded a relatively moderate growth of 12% YoY during the quarter. The domestic cables business continued to deliver healthy growth. However, high channel inventory at the beginning of the quarter and declining trend of copper prices impacted wires offtake during the quarter. With channel inventory at normalized levels, copper in an inflationary trend and fundamental demand intact, we anticipate rebound in wires sales during Q4 FY25.

The international business registered a robust growth of 62% year-on-year and 29% quarter-on-quarter, resulting into improvement in its contribution to the Company's top-line to 8.3% in Q3 FY25 and 6.6% for nine months FY25. Our international business order book remains healthy, positioning us well to sustain this growth momentum in Q4 FY25. We continue to focus on expanding to new geographies, adding one new geography during this quarter, thereby expanding our geographical presence to 81 countries.

The EBIT margins for the Wires and Cables segment improved by ~120 bps on a sequential basis to stand at 13.5%.

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

The FMEG business registered an exceptional growth of 45% year-on-year during the quarter, on a lower base. Robust execution of our strategic initiatives, including channel expansion, product architecture enhancements and implementation of the influencer management program continue to drive revenue expansion across all product categories.

The fan segment continued its growth trajectory, registering both YoY and sequential growth. With the fan season commencing this quarter, we anticipate continued meaningful growth in our largest product category. The lights and luminaires segment registered strong volume and value growth after several quarters of decline despite the ongoing price erosion. In addition to the festival demand, the growth was supported by introduction of 130+ new SKUs, geographical expansion into more than 500 towns, addition of ~150 distributors in new geographies and ~7,000 retailers during the year.

The switchgears, conduit pipes & fittings and switches segments continued to register healthy growth, supported by strong real estate demand.

As mentioned in the opening remarks, the FMEG segment losses were curtailed during the quarter on the back of gross margin expansion and enhanced operating leverage.

With robust growth in the real estate sector and the sustained execution of our strategic initiatives, we expect demand for FMEG products to accelerate further in the coming years.

Moving on to Slide 10.

This slide provides an update on our other businesses, which primarily comprises of our strategic EPC business. We achieved revenues of ₹ 4,573 million in Q3 FY25, marking 111% year-on-year growth. Profitability increased by 37% year-on-year with segmental margins at 11.3%.

Looking ahead, we expect similar quarterly run rate over the next 2 years as we execute our EPC order book. The segment's contribution to the Company's consolidated top-line is expected to be in mid- to high single-digit range. The annual sustainable operating margin for this business is expected to be in high single digits over medium to long term.

Moving to Slide 12.

The next few slides provide an overview of our upcoming 5-year vision titled Project Spring.

Before I go into the details of the project, I would like to emphasize that certain statements made in the presentation are forward-looking statements. These forward-looking statements reflect the management's best judgment and analysis as of today. Actual results may differ materially from the current expectations based on the number of factors affecting the business. Please refer to the safe harbour disclosure at the end of the presentation.

Now going deeper into Project Spring.

India is currently in a "Golden Era" characterized by massive growth opportunities across various sectors. The vision of "Viksit Bharat 2047" by the government aims to transform India into a developed nation. As part of this vision, the government has increased its investment towards infrastructure growth in the country via the yearly budgets and is committed to supporting it further going ahead. With continued government investments, the private capital expenditure too is projected to rise from 14% of GDP currently to around 20% of GDP, levels last seen in 2008 during the previous infra upcycle. High manufacturing utilization levels of ~75% with expected interest rate cuts, which will boost consumption, lay support to the projection. The real estate market, which too is currently in a multiyear upcycle, is expected to grow to ₹ 1 trillion by 2030 and ₹ 1.5 trillion by 2034, driven by urbanization as well as the emergence of global capacity centers in Tier 2 and Tier 3 cities. Sectors like energy and mobility too are expected to see strong growth with growing demand as well as increasing investments earmarked for the sectors. Over and above this, niche upcoming sectors like data centers, electric vehicles, aerospace and defense, exploration, etc., are expected to witness exceptional growth going ahead.

These factors collectively create substantial opportunities for the domestic wires and cables industry, with the industry expected to grow at 1.5x to 2x of real GDP.

The global wires and cables market, too, is witnessing strong growth, fuelled by several transformative trends such as investments in renewable energy projects, adoption of EVs, expanding digitization, and hence the need to invest in data centers, urbanization trends - with smart city projects gaining traction globally, and many more. These factors are expected to propel the global wires and cables industry to grow at a CAGR of 7.5% and reach \$410 billion size by FY30. For Indian manufacturers, the *China+1* policy, underpinned by the need of supply chain diversification for large countries will be an additional growth driver.

Overall, we expect the demand for wires and cables to remain robust in the near to mid-term, both domestically and globally. Within Project Spring, our goal will be to grow our Wires and Cables business at ~1.5x the market growth with sustainable EBITDA margins of 11% to 13%. Let me reiterate this to avoid confusion: We will target to grow our Wires and Cables domestic business at ~1.5x the wires and cables industry growth, which is expected to grow at 1.5x to 2x of real GDP growth.

Our next target is to grow the share of international business to north of 10% of the overall Company's revenue. To be able to achieve this goal, the company will be investing ₹ 60 billion to ₹ 80 billion in capex over the next 5 years, most of which will be for the Wires and Cables business, and which will generate asset turns of 4x to 5x.

Now coming to FMEG, we expect the sector to register a growth of 8% to 10% in the near to mid-term, driven by factors like favourable demographics, urbanization, nuclearization, increasing per capita income, increasing brand consciousness, impact of infra and real estate upcycle and many more. Being a challenger player, we would target to grow this business ahead of the industry growth rate, about 1.5x to 2x of market growth, and thereby increase our market share, in-line with our goal of becoming a Top 3 player across product categories within this business. This growth will be a profitable one, with a goal to achieve EBITDA margins of 8% to 10% by FY30 within the segment.

We will continue with the existing product categories within this business and do not plan to add any new categories in the near future. A small part of the capex mentioned before will be used to expand capacities as and when required.

With the Wires and Cables business expected to generate healthy cash flows and the FMEG business turning profitable, adding to the Company's profitability, we expect to generate consistent cash flows going ahead. Major chunk of the cash flow will be utilized to do the enhanced capex. Further, we will continue to gradually increase our dividend payout ratio to greater than 30% by FY30 from the current 26.5%. Unutilized cash will then be utilized for any available inorganic growth opportunity.

To achieve the discussed targets, we have formulated a strategic roadmap, which rests on the 6 pillars mentioned by Gandharv. I will briefly touch upon the major work streams within the 6 pillars.

#### **1. Solidifying Market Leadership in B2B**

As I mentioned, the country is expected to see investments and growth across all sectors, generating robust growth for wires and cables. To ensure we capitalize on this opportunity and do not miss out on any, we are transitioning to a vertical focused structure, wherein we have segregated the industry into 5 different verticals, and we will be creating separate teams focusing on the opportunities within the specific verticals. The business development team as well as the sales team will have the vertical structure. This will help us to focus on all the opportunities existing across sectors without missing out on any.

Further, as part of our midterm strategy, akin to larger companies across the globe, we would want to transition from merely being a product supplier to electrical solution suppliers. This would entail handholding the customer in their entire journey from planning the project to supplying the products required in the project, allowing us to cater to the exhaustive needs of our customers.

Enhancing secondary sales to focused demand generation and crafting strategies for sunrise sectors like EVs and data centers will ensure we capitalize on the rapid domestic and global expansion of these sectors.



## **2. Propelling B2C Expansion**

The domestic market urbanization and premiumization trend offers immense potential for the wires and FMEG businesses. Institutionalizing a micro market strategy will allow us to address regional demand variations effectively, while scaling our influencer management program will strengthen consumer engagement.

By enhancing our brand positioning and focusing on premiumization, we will be aligned with the growing consumer preference for premium products and energy-efficient solutions. Cost optimization will further ensure sustained profitability as we tap into the expanding real estate and consumer markets.

## **3. Ramping up International Business**

The global macroeconomic environment marked by the China+1 policy and significant investments in renewable energy, EV infrastructure, data centers, etc., is expected to generate robust demand for wires and cable products.

Expanding into strategic niche markets with high growth potential, securing approvals from major EPCs, and offering tailored solutions to meet specific geographic and customer needs will drive our international growth, enabling us to increase export contribution to over 10% of the Company's revenue. Optimizing distribution and logistics will enhance efficiency, thereby aiding profitability. This approach positions us well to leverage the global market's 7.5% CAGR and tap into emerging opportunities.

## **4. Innovation and Automation-Led Holistic Development**

Technological advancements in renewable energy, smart cities and digital infrastructure necessitate continuous innovation. Elevating R&D investments will enable us to stay ahead of the market needs, while supply chain optimization will ensure resilience and agility.

Digitizing processes across stakeholders will enhance operational efficiency and automation-led manufacturing productivity will drive scalability. These efforts align with the domestic push for energy efficiency and the global demand for advanced and sustainable wires and cable solutions.

## **5. Nurturing Talent and Capability**

Through succession planning and leadership pipeline building, we aim to ensure continuity and adaptability in our operations. Embedding customer centricity into our core business processes and fostering a collaborative and inclusive culture will prepare us to address the evolving needs of our customers with complete support from a motivated team.

## **6. Growing ESG Integration.**

The global emphasis on sustainability through initiatives like green energy transition underline the importance of ESG practices. By enhancing resource efficiency, adopting sustainable sourcing, promoting diversity and inclusion, and increasing transparency, we will align with these priorities. These measures will position us as a responsible industry leader capable of driving value while meeting the growing expectations of stakeholders worldwide.

Overall, through Project Spring, what we want to deliver to our stakeholders is:

- The largest company in the sector, growing above the industry growth rate, over 2x of India's real GDP and continuing to gain market share
- Two smaller segments of the Company, international business and FMEG, growing its contribution to the Company's top-line, providing diversification away from the India capex story, and adding to profitability
- A business continuing to deliver industry best margins and highest profitability
- A business increasing its focus on R&D and innovation to continue to deliver best-in-class products ahead of its peers and across sectors to supplement its future growth potential
- A business that will deliver an improvement in ROCE
- A business that will continue to reward its shareholders with increasing dividend payouts
- A business that is committed to sustainability
- A business with a history of overdelivering on targets
- And, a business, laying the groundwork over the next 5 years, to achieve its vision for 2047

This strategic project reflects our commitment to driving value creation, leveraging macroeconomic trends and delivering sustainable and inclusive growth to all our stakeholders in the long term.

Lastly, there is an update which I would like to share with you.

There has been some reorganization in the Board of Directors.

On the Executive Director side, Mr. Rakesh Talati has stepped down as an Executive Director, and Mr. Vijay Pandey has been elevated to the Board as an Executive Director, of course, subject to the approval of the members through a Postal Ballot.

On the Independent Directors' side, I'm very pleased to announce that Mr. Sumit Malhotra has joined the Board as an Independent Director effective from January 22, 2025. Mr. Sumit Malhotra comes with over 31 years of professional experience, heading many large companies.

So, now, the Board will comprise of 11 Directors, 6 Independent and 5 Executive Directors.

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

**Moderator:**

Thank you. The first question comes from the line of Ravi Swaminathan with Avendus Spark. Please go ahead.

**Ravi Swaminathan:**

Congrats on good set of numbers. My first question is with respect to the demand for cables. We know that over the past 4 years, there has been strong demand for cables driven by central government spend. But if you see the past 1, 2 quarters, there has been some amount of softness in terms of government spends and there's not much of clarity on whether that will go up significantly over the next few quarters. Given this kind of scenario, how do you see the overall industry growing? Do you see any signs of inquiries coming off? If you can give how it is likely to be over the next 6 to 12 months?

**Chirayu Upadhyaya:**

Sure. Thank you so much, Ravi. So on the demand environment, it continues to be healthy. You are right that over the past 2 to 3 quarters, at least on the government side, the capex has seen a bit of a slowdown. But that is something which had a reason. The general elections were on and that is where you normally see in an election year that the capex slows down. But we don't expect this to be a continuous phenomenon. We do believe that the current government, they are focused on the long-term growth of the country, and that is very much visible from their vision of making India an advanced nation by 2047.

So, while there might be some form of slowdown here and there for a quarter, we believe that the long-term growth avenues are there, and that is where we are also positioning ourselves to make sure that we make the maximum of this opportunity. As we have released within our guidance, we are gearing up to do capex of between ₹ 60 billion to ₹ 80 billion over the next 5 years. As you are aware, generally, we make an asset turn of 4x to 5x on the capex. So that will give you an idea in terms of what is the kind of demand that we believe will be coming over the next 5 years.

We have also said that we expect to grow over 1.5x of the market growth. While the Indian GDP has grown fantastically over the past 3 to 4 years, and going ahead is expected to grow anywhere between 6.5% to 7%, but given that and seeing the historical growth rate of the industry, we believe the industry will continue to grow at 1.5x to 2x of real GDP.

Just putting up a few numbers over here.

For example, let's say, the India GDP grows at 6.5%. That means the industry growth will be somewhere between 10% to 13%. We expect to grow at 1.5x of that growth. That means our growth will be somewhere between 15% to 20%. So that is in case of a 6.5% of real GDP growth.

If the GDP growth is at 7%, that means the industry growth is expected to be somewhere between 10.5% to 14%. And again, our growth is expected to be somewhere between 16% to 21%. So, that's the kind of demand environment we believe will exist over the next 5 years. And we are not very much concerned of what happens in between, in couple of quarters here and there.

**Ravi Swaminathan:**

Okay. And with respect to the wires business, so any commentary on how is the end market real estate led demand? So essentially, this quarter you have mentioned there has been a bit of destocking from dealer side, some inventory levels being high. But assuming that it normalizes, how the secondary sale demand is, from the dealers to the real estate ultimate consumer, how is that panning out? Any sense on that?

**Chirayu Upadhyaya:**

So Ravi, the fundamental demand is very strong. While the slowdown that we witnessed in this quarter was one-off, and we've tried to explain it in the presentation, what happened during the end of previous quarter was that there was a sharp up movement in commodity prices, which led to the distributors stocking up on product. As a result of which, the industry saw a huge growth in the previous quarter. We ourselves had witnessed almost 40% of top line growth for wires in the previous quarter. Now that translated into the channel having higher inventory at the beginning of this quarter.

Plus, if you look at the overall trend of copper during the quarter, it was continuously in a downward movement. And in fact, during November, in a period of about 4-5 days, it actually crashed by almost 9%. So as a result of this, both of this combined, the wires offtake by the distributors was slow. But again, as I mentioned, this was something which was led because of the commodity movement.

There is no change as far as the fundamental demand is concerned. In fact, if you look at the scenario of what has happened post that, the channel inventory is now back to normal. The commodity is in an inflationary trend, and we expect that this quarter should again be good for the wires demand.

If you look at the macro numbers, which are also coming out, I was referring to a very recent report which came out from a property consultant. It mentioned that in Q3 and in the calendar year 24, we actually crossed the launches and sales of the past 12 years. It was the highest ever. Now all of this will definitely translate into demand for wires going ahead.

So, in general, again, I mean, this was something which was a very one-off in this quarter. If you look at the 9-month growth for us, we have grown the wires portfolio in mid to high teens. So again, that is something which is very good in terms of demand. And we expect that this level of momentum will continue in the next few years. So, again, both cables and wires domestically, we are very positive in terms of the demand outlook.

**Ravi Swaminathan:** Understood. And last question with respect to the capex over the next 5 years, we expect roughly around ₹ 6,000 crores to ₹ 8,000 crores. How much is the breakup between cables, wires, FMEG?

**Chirayu Upadhyaya:** So, Ravi, you can assume that most of it, a large part of it will be for the Cables and Wires business. For the FMEG business, we very recently expanded or set up in-house manufacturing capacity. So as of now, the utilization rates over there are anyways low. As and when required, over the course of next 5 years, we will be expanding those capacities.

But you'll also need to keep one thing in mind that FMEG business is not very capex intensive. The asset turns over there are higher compared to Cables and Wires. So, if you are modelling future next 5 years, then you can assume that most of the ₹ 6,000 crores to ₹ 8,000 crores that we will be putting up over the next 5 years will be for the Cables and Wires business.

**Ravi Swaminathan:** Okay. And between Cables and Wires, it will be like in line with the proportion of the turnover that will be there between Cables and Wires?

**Chirayu Upadhyaya:** See, again, there is no specific breakup over there. As of now, for us, the utilization rates are somewhere between 75% to 80%, more for Cables, a bit lower on the Wires. As and when required, we can obviously put up capacities of both. And what we can also do is utilize the capacities which are there for cables manufacturing to manufacture wires. So in that sense, there is a bit of a fungibility over there as well. So that is where it is where I would like to put the capex at.

**Moderator:** Next question comes from the line of Pulkit Patni with Goldman Sachs.

**Pulkit Patni:**

So before my question, I definitely want to compliment you for an ambitious but a very realistic 5-year plan. I mean the last thing we all wanted was you give a revenue number at a time when copper prices nobody knows about. So something to do with volume growth is something we definitely appreciate as a guidance.

Sir, my question is on export. In U.S., you had rejigged your distribution. Not sure if that is something that's working, not working? Are you going ahead with it? Are you pulling back? Can you give a sense of what our U.S. distribution strategy has led to? And what is our plan given that you are talking about more than 10% of your contribution coming from export?

**Chirayu Upadhyaya:**

Sure, Pulkit. So as far as exports to U.S. are concerned, we've actually seen an improvement happening. As far as which model we will continue with, we are still in the midst of taking that decision. On the distribution side, we've seen some scale-up happening, but the institutional model is also something which has worked very well for us. So probably by the end of this quarter or post the end of this quarter, we'll come back to you with a specific answer on which model we are continuing with.

But as far as our sales to U.S. are concerned, we are very bullish on the entire opportunity over there. We definitely believe that going ahead, let's say, over the next 5 years, U.S. will be one of the top 3 geographies where we will be exporting our products to. The model is something that we'll take a call on over the course of next 3 to 4 months.

To give you more flavour on how it is playing out right now, in this quarter, almost 1/3<sup>rd</sup> of the export that we've done is to the U.S. geography (North American geography). So in that sense, there is a good amount of traction even from that geography.

**Moderator:**

Next question comes from the line of Mr. Achal Lohade with Nuvama Institutional Equities.

**Achal Lohade:**

Just a qualitative reading. If you read last quarter, you said the demand is robust. This quarter, we have said demand is healthy. Are you seeing any sign of weakness in any of the segments/ demand centers according to you, or where exceptionally high growth in any particular segment which is kind of slowing down?

**Chirayu Upadhyaya:**

So, Achal, definitely, as of now or till now, as far as the Cables demand is concerned, we haven't seen an impact from the slowdown of public capex, which had been there in the first 3, 4 months of this year. But you are correct in your assessment that if something doesn't really pick up or the public capex doesn't pick up materially going ahead, I mean, that can obviously lead to some form of impact for this industry in the next Q1 or Q2. That risk is something that obviously the industry runs at. But we are quite hopeful that going ahead in 3 months of this financial year as well as going ahead, the government will continue to pump in money as far as the capex or infrastructure growth is concerned. And in that sense, probably that will balance out the growth potential for Q1 and Q2 of next year. So it's something that is to be looked at, but nothing which is worrying for us as far as the longer term is concerned.

**Achal Lohade:**

Understood. The second question I had is on the capacity addition by several players in the industry in cables and wires. If you could throw some light in terms of your understanding about

what kind of capex you're seeing industry-wide? And do you see a risk of overcapacity or just capacity being matching with the demand over the next 3, 4 years?

**Chirayu Upadhyaya:**

So, Achal, as far as the demand is concerned, as we've mentioned in our commentary, there are multiple sectors which are expected to do very well over the course of next 5-10 years to come. And that is where we believe the industry growth rate will continue to be quite good, similar to what we have seen over the past 3 to 4 years. In that sense, and if you look at the kind of players that exist in this business, there are 4 or 5 very large players, which have almost 60%-70% dominant market share, and then there are very small players.

The larger players are the ones who have the capacity to invest in the business and probably continue to deliver on the kind of demand which is expected going ahead. Probably, the smaller players will not be able to add as much of capacity to cater to that demand. So in that sense, we do expect that since there is going to be continuous or very robust demand expected going ahead, at least the larger players, with the ammunition to add capacity, they'll continue to add capacity.

But we don't expect to come in a scenario where all of us or the top 4, 5 of us are fighting for demand, because the demand is expected to be ahead of where the capacity is coming up right now. Over and above that, for all of us, exports is one big opportunity where there can be a very good growth. And obviously, all of this capacity which is coming up will obviously be utilized for that as well.

Over and above that, the wires demand is also picking up, right, and expected to grow over the course of next 3 to 4 years. So the capacity can be utilized for that as well. So certainly, as of now, we are not thinking that we are in a position where there is overcapacity or even capacity matching the demand. As of now, the thought process is that the demand will exceed the capacity.

And probably we'll have to wait out and see what the other players or the industry does going ahead as far as the capacity additions are concerned. As far as we are concerned, we've laid out our road map for the next 5 years. We are very bullish on the demand, and we are going to do capex of ₹ 6,000 crores to ₹ 8,000 crores, something which we did over the past 10 years. It is something now we will replicate over the next 5 years. So that's the kind of demand momentum we are expecting and gearing up for achieving as much as possible from the opportunity.

**Achal Lohade:**

That's very helpful, Chirayu. Just last question, if I may, with respect to the exports. Just to get a sense, in terms of the approvals, what is needed for U.S.? Of the total, let's say, the categories or the most relevant large categories there, do we have the approvals already in place? Or by when do you think or let me ask in another fashion, of the total addressable market in export from U.S., how much we already have the approval for?

**Chirayu Upadhyaya:**

See, Achal, I'll answer this in 2 ways. One is if you are looking at the total addressable market, the addressable market is a very large, and there are thousands of different types of SKUs of cables that can be exported. For us, exports is a strategic business, wherein the goal for us is to improve on our margin. So probably we won't be catering to all the thousands of SKUs which can be exported.

As far as the SKUs, which are the ones we are targeting, and if we are specifically talking about U.S., we have almost all the approvals for all the type of SKUs that we want to export over there. So while obviously, we'll continue to work on whatever remaining approvals are left, but largely, we have that addressable market that we wanted to cater to in U.S. already covered up.

**Achal Lohade:** And what would be the size of that addressable market of the total market? Would that be 60%, 70%? Or would that be 20%, 30%?

**Chirayu Upadhyaya:** Very difficult to put down that number as of now. Probably we can work that out and get back to you in terms of the addressable market for the U.S.

**Moderator:** Next question comes from the line of Akshay Gattani with UBS.

**Akshay Gattani:** So my question is what are the all ongoing expansion projects which you are undertaking? And when do you expect them to come online? And in addition to this, if you can give some more light on the EHV cable expansion project which we are undertaking?

**Chirayu Upadhyaya:** So, Akshay, as we have been mentioning over the past 2 to 3 calls, the expansion that we are doing are across all the product categories, all types of cables, low tension cables, high-tension cables, cables which are used for exports. Optical fiber cables expansion is something that we've done. We are putting up a plant for special purpose cables. So all types of cables as well as wires. These capacities are largely fungible in nature. So, of course, we can utilize it for any type of cables, whichever cable is driving whatever higher demand at a particular point of time.

As far as the EHV cables capex is concerned, as we've been mentioning, the capex outlay for that plant is roughly ₹ 6 billion to ₹ 7 billion. The capex is going on as per plan, and we estimate that the plant will be commissioned by the end of FY26 and can potentially start contributing to the Company's top-line from FY27 onwards.

**Akshay Gattani:** Got it. And this EHV cable with ₹ 6-7 billion of outlay, what will be the revenue potential?

**Chirayu Upadhyaya:** So generally, I think the asset turns that we expect are close to about 4x over there. And obviously, the ramp-up will be gradual in nature. It won't be from the first year itself.

**Moderator:** The next question comes from the line of Shrinidhi Karlekar with HSBC.

**Shrinidhi Karlekar:** Sir, are you seeing tailwinds from the rising rooftop solar system adoption in India because of this government's Surya Ghar Yojana?

**Chirayu Upadhyaya:** Yes, Shrinidhi, definitely, that is one of the areas wherein we are seeing a lot of traction, especially over the past 1 year. We definitely have products through which we cater to that industry. We have solar cables which are supplied as well as we have solar inverters and panels which are obviously supplied for the same. And over the past 2 to 3 quarters, we've seen that business doing very well for us, continuously increasing its contribution as far as the FMEG segment is concerned. So that is something which we believe will continue to be a driver of growth for the FMEG segment going ahead as well. And we are, at our end also, trying to add

as many products or SKUs over there as far as our offering is concerned, so that we can obviously capitalize on this upcoming opportunity.

**Shrinidhi Karlekar:** Right. And relatedly, are you also getting -- is there a cable intensive demand apart from FMEG products? Is it cable intensive or it's more wire intensive?

**Chirayu Upadhyaya:** It requires cables, but the requirement of cables is not very materially different as far as the percentage is concerned. Consequently, the requirement of switchgears is also there in adjacency to the requirement for the solar panels, inverters and cables. So it's a thing which drives demand for multiple products from our portfolio.

**Shrinidhi Karlekar:** And second one, Chirayu, is related to this exchange difference related costs that are there in the other income line, ₹ 31 crores expense versus ₹ 40 crore income. Would it be possible to elaborate that? What exactly is that? And one should consider that as an operating line or it's more of a treasury function?

**Chirayu Upadhyaya:** So Shrinidhi, it is linked to the MTM on foreign exchange. We had a loss this quarter of about ₹ 31-odd crores. This was linked to the rapid or sharp depreciation of rupee that we witnessed in the previous quarter. As far as its accounting is concerned, if you look at the segmental EBIT margins that we publish below the P&L, it is already apportioned to the specific segments. So when you look at the EBIT margins, the negative impact of it is already there within the EBIT margin.

**Shrinidhi Karlekar:** Right. So yes, you consider it more like operating that way.

**Chirayu Upadhyaya:** Yes. Yes, Shrinidhi.

**Shrinidhi Karlekar:** Yes. And lastly, on exports, the very strong growth rate that you saw in this quarter and your commentary of sustaining this growth momentum. Is it driven by U.S. as of now or it's driven more by non-U.S.?

**Chirayu Upadhyaya:** So Shrinidhi, it's across. As I mentioned, there are 3 or 4 geographies which contribute majorly to our top-line. U.S. is definitely one of them. Middle East is something wherein we are seeing a lot of demand for cables. Europe, Australia are other large contributor. We are trying to also enter as many geographies or countries as possible in Asia. But as of now, its contribution is lower. But the other 4 geographies, all of them are generating very robust demand, and all of them are increasingly contributing to the order book that we have on the exports business.

**Moderator:** Next question comes from the line of Amit Mahawar with UBS.

**Amit Mahawar:** Particularly on exports, maybe our market share in exports is largely around our market share in the domestic market. And please correct me if I'm wrong. As a country, we have less than 2% market share of global exports on cable from India. Do you think in the guidance that we've given of more than 10% contribution from exports, it is more close to 18%, 20% than 10%. Can you clarify? And second question is, can you specify how much will be EHV scale within the guidance of the next 4, 5-year guidance that you've given?



**Chirayu Upadhyaya:**

Sure, Amit. So first, referring to the exports question. See exports demand is something which is obviously very large. We are putting up a specific plant just to cater to the export demand. We obviously already have capacities to be able to cater to that demand. So going ahead, we definitely expect the exports growth rate to be faster than domestic growth rate. But one also needs to keep this in mind that even the domestic cables and wires portfolio is expected to grow at a very good pace.

In the example, as I had mentioned, depending on the real GDP growth, it can be anywhere between, let's say, 15% to 20%. So that is a big base and is going to be growing at a very fast pace. Over and above that, the FMEG portfolio, there too, we are targeting to grow almost 2x of the industry growth, right?

So that will also increase as far as the base is concerned. Other than that, even EPC, we have a very good order book currently and probably some more will come up from two other opportunities linked to BharatNet as well as from the EHV. So the base itself is expected to grow at a very good pace.

And hence, while exports growth will definitely be faster than domestic growth, the percentage contribution increase can't be at a very rapid pace. And that is where we've left it as saying that it will be greater than 10%. As far as capacity is concerned or opportunity is concerned, we have the ability to take it even closer to 20%, but we'll have to see what are the other variables and how they play out.

Coming to the EHV part, we have obviously taken a contribution from the EHV to the overall top-line. But again, it is not something which is going to be very material as far as the overall cables and wires top-line is concerned for FY30. It will be possible for us to give you more clarity on that much closer to when the plant is about to be commissioned and then we ourselves have more clarity in terms of the demand momentum as well as the order book over there. So probably we can come back to that closer to the date of commissioning of the plant.

**Moderator:**

Next question comes from the line of Niket with MOAMC.

**Niket:**

I had just one question. One is, if the duty or the tariffs are being imposed on Mexico or Canada by United States, and given the fact that Mexico is such a large exporter of wires and cables to U.S., do you think this will open a significant amount of opportunity for you? And how are you guys looking at it?

**Chirayu Upadhyaya:**

So Niket, that is definitely something which we are also looking out at as far as the opportunity is concerned. As far as import duty on cables is concerned, import duty on Indian cables by U.S. is in the range of 3% to 5%, whereas Mexico enjoys 0% import duty as far as cables export to U.S. is concerned. So as per what the American President is saying, and if he actually goes on implementing 25% import duty on Mexico, then the pricing differential between the cables that we are able to supply versus what Mexicans can supply, obviously, the pricing goes in favour of India. And that can definitely lead to market share gains for players from India like us.

So obviously, that is something which can be a big needle mover, and we are looking at that as and when that happens. But obviously, we'll also have to see whether similar import duties are

levied on India or not. I mean, in that sense, it's something which is quite an open area. We can get more clarity on that over the course of next 1 to 2 months as and when things move ahead in that direction.

**Niket:**

Got it. Last question is, how are we embracing this e-beam technology of manufacturing? Do you think that's likely to be a large moat? Is it higher margin versus the traditional one? Or is it the export market would love to have more e-beam technology made wires and cables versus the traditional one? How does it work? If you can just give me some understanding, that would be great?

**Chirayu Upadhyaya:**

Sure, Niket. So e-beam as a technology is something that we've been utilizing for over 2 decades now. Probably, we were the pioneers of utilizing that technology in India. We've been utilizing it for cables for a while now. Specifically, if you look at the special purpose cables that we manufacture for niche industries, we utilize the e-beam technology over there. Recently, over the past couple of years, we have seen that, that technology has also started being used for manufacturing of wires.

While the market for that type of wires was obviously quite small, but it is growing at a good pace, because obviously, the end customer, they know that this quality wires are obviously superior to the normal wires, and that is where the larger players, developers, etc., they are looking to embrace this technology wires.

At our end as well, we are gearing up to supply those. We already have a product which are manufactured through e-beam technology. It has already been launched in the southern part of the country and incrementally being launched across the other 3 zones. We will also have one more product at a different price point, again, with the e-beam technology, which will be launched in the near future. So definitely something which can be additional generator as far as the growth is concerned on the wires side going ahead.

**Niket:**

Got it. And one final one, if I may squeeze in, is when you highlighted your export share will likely to improve to closer to 15% to 20% over a period of time, why is the margin assumption still at 11% to 13%? Shouldn't it be 13% to 15% range?

**Chirayu Upadhyaya:**

So Niket, we have always been saying that in the long term, 11% to 13% of EBITDA margins is something which are sustainable in this business. In the near term, maybe in the midterm, depending on what is the product composition or the business composition, there are obviously possibilities that we will continue to operate at the high range that we are operating right now.

But at this point of time, I wouldn't want to commit that 5 years down the line, similar scenarios will exist. So if it exists, obviously, we will try and our endeavour will be to continue to overdeliver on that guidance. But as of now, the guidance will be to deliver 11% to 13% of EBITDA margins in the long term.

**Moderator:**

Next question comes from the line of Praveen Sahay with Prabhudas Lilladher.

**Praveen Sahay:** So my first question is related to the EPC business. In the last 4 quarters, we had seen a good run rate going on. So if you can give some more colour on how is the order book, especially in this segment? And also on the margin profile guidance going forward in this segment?

**Chirayu Upadhyaya:** So, Praveen, as I had mentioned, we have a robust order book over there. As at end of December, about ₹ 48 billion is the open order book that we have to execute over the course of next 2 to 3 years. So roughly, from that order book, you will see a similar run rate that we've been generating over the past 2 to 3 quarters, consistently coming up over the next 2 to 3 years.

Over and above that, possibly, as and when we start executing the BharatNet order, that will start contributing a bit on the EPC top line. Probably from FY27 onwards, when we have an EHV order and we are executing those orders as well, that will also contribute to the EPC. But as far as its contribution is concerned, we don't expect the EPC to be a very large contributor to the overall Company's top-line.

It will continue to be in maybe high single digits. And as far as the margin guidance is concerned, as of now, while we are operating at, let's say, 10%, 11% of margins, the long-term sustainable margin range for that business is somewhere in the mid- to high-single digits. So that is where probably our business will converge to in the longer term.

**Praveen Sahay:** Okay. And the next question is related to the FMEG, because in the FMEG this quarter, you had grown and given the reason for that as well. So especially in the lightings, which you had seen the value growth, is that also sustainable? Or is there some element of a seasonality also there in this quarter, which in the proceeding quarters, we'll not be able to see that? Or you are seeing this to be the normal run rate for a quarter?

**Chirayu Upadhyaya:** So Praveen, on the lightings side, definitely, Q3 had a positive impact in terms of the Diwali festival that we had during the beginning of the quarter and which obviously contributed in terms of enhanced sales. But over and above it, I don't think that is the only factor. A lot of initiatives that we have taken in that business in terms of expansion to different geographies, tying up with more and more distributors, retailers, having incentive schemes for them, all of them are actually working out very well in our favour. And we do expect that this business will continue to do good going ahead as well.

As far as growth percentage is concerned, of course, I mean, it will be very difficult to predict whether it will continue to deliver very healthy volume growth or value growth continuously, because pricing erosion is something which is still ongoing. While obviously the pace has lowered, but it's still continuing. Probably, going ahead, on the premium side of -- premium SKUs of those products also is where the pricing erosion might take place. So in that sense, there will be some form of impact because of that. But as far as the demand generation avenues are concerned, our initiatives are actually working out, and we are quite hopeful that, that business will continue to do well for us going ahead as well and continue to contribute to the overall FMEG growth for us.

**Moderator:** Next question comes from the line of Renu Pugalia with IIFL Securities.

**Renu Pugalia:** Most of my questions are done. Just some bookkeeping, if you can help. How was the broad mix of Cables and Wires in 3Q given that Wires had seen significant weakness? And for YTD, what was the volume growth across Cables and Wires?

**Chirayu Upadhyaya:** So as far as the mix is concerned, I believe the mix of Cables have obviously gone up, and it is north of 75% between Cables and Wires now. As far as the volume growth for the year is concerned, the volume growth in Cables is in double digits and for Wires is in single digits. Overall, the Cables and Wires volume growth for the year-to-date is in double digits.

**Moderator:** The last question comes from the line of Aniruddha Joshi with ICICI Securities.

**Aniruddha Joshi:** Most of the questions are answered. But just 2 things. Can you indicate the likely market share that we are targeting in FMEG segment, considering we are planning to grow at almost double the market rate? And also in terms of the region-wise strategy, East, West, North, South, which are the regions where we are looking at higher growth rates or possibility of more market share gains? And lastly, in terms of quick commerce, we don't see much of presence of Polycab in quick commerce channels. So any outlook that you would like to indicate regarding these channels? Yes, that's it from my side.

**Chirayu Upadhyaya:** Sure, Aniruddha. So as far as FMEG business is concerned, as we've mentioned that we would target to grow ahead of the industry growth rate. Somewhere between 1.5x to 2x of industry growth rate is something that we are targeting to grow at. Obviously, that will help us gain on market share. But of course, it will be different for different products. And that is where it is very difficult to say what percentage market share we will gain as far as the FMEG segment is concerned.

Between the different product categories, we've already laid out which are the categories which we believe we should be targeting to grow its contribution because of better profitability and all. In general, across all the product categories, we'll continue to expand as far as the capacity is concerned, as far as the distribution is concerned, and so on and so forth. Ultimately, as we've been mentioning, the ultimate goal for us is to be among the top 3 players across the product categories. So as far as the growth or market share is concerned, we'll have to work in all the product categories consistently across the years. Sorry, your second question was on...

**Aniruddha Joshi:** Quick commerce...

**Chirayu Upadhyaya:** As far as regions are concerned, see, as of now, the Western region is where we have the most presence. But of course, we are working on gaining prominence in other regions as well. All the other regions, North, South, East probably is where we are doing a lot of initiatives in terms of distribution expansion or making our products available across more number of retail outlets, enhancing our product availability or different types of products catering to specific price points as well.

And over and above that, the different type of GTM strategies are also being employed, so as to make sure that for a particular geography, if there is a particular type of GTM which works best, we employ those GTM strategies. So that is something which is in works, and we are trying to improve the contribution of other geographies to the FMEG top-line as well.

As far as the e-commerce or quick commerce is concerned, that is also a part of the GTM strategy which I was mentioning. As and where in whatever geographies those GTM strategies are working well, we will obviously try to work and employ those strategies as well. Probably going ahead, maybe over the course of next few quarters, years, you'll see our availability becoming or improving much better across all the different types of GTMs. I hope I have answered the questions?

**Aniruddha Joshi:**

Yes, sure.

**Moderator:**

Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to Mr. Gandharv Tongia: for closing comments.

**Gandharv Tongia:**

Thank you for your support in our previous transformation project, the Project LEAP. We are now counting on your support for our next ambitious project, the Project Spring. Thank you for joining us today, and wish you a great day ahead. Thank you. Bye-bye.

**Moderator:**

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