

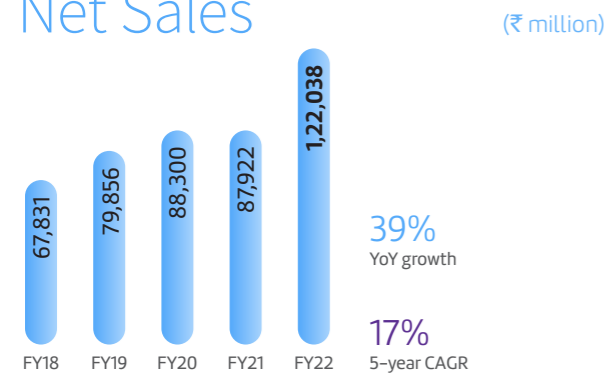
## Key performance indicators

# Numbers that tell our growth story

We reported strong performance with growth led by strong demand in cables and wires segment. Project leap remains on track. We expect to outpace industry growth in both cables & wires and FMEG segment by market share gain through setting up of right organisation enablers, augmenting GTM strategy, and product portfolio optimisation.

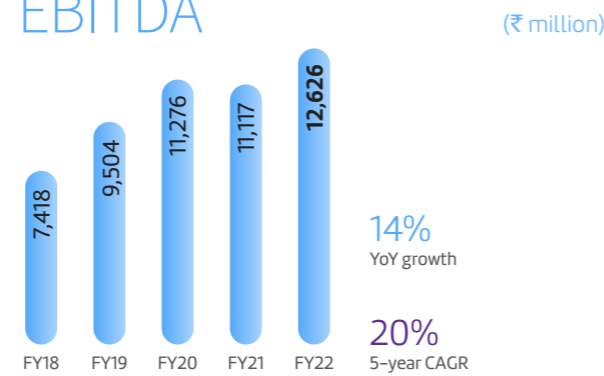
### Profit and Loss indicators

#### Net Sales



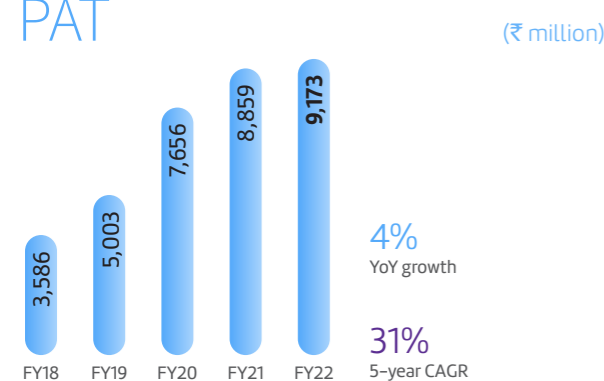
The top-line surpassed ₹120 billion milestone in FY22 clocking 17% CAGR in last 5 years. Revenue grew by 39% YoY despite the two waves of pandemic and unprecedented inflation.

#### EBITDA



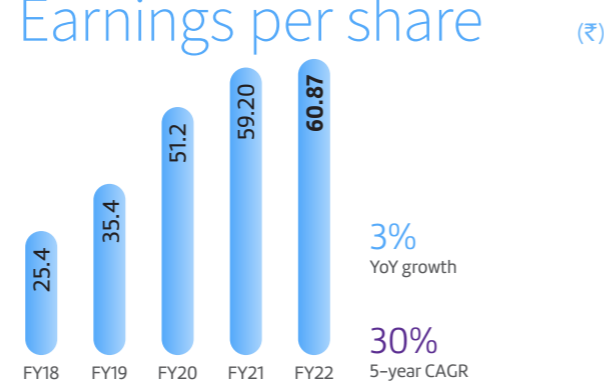
EBITDA grew 14% YoY with 10.3% margin combined with 20% CAGR in last 5 years. Cost inflation pressures were partly mitigated by price hikes, favourable operating leverage, and better mix.

#### PAT



PAT stood at ₹ 9,173 million in FY22 showing an increase of 4% YoY. Prior and current year numbers have been restated due to divestment of Ryker base in November 2021 on account of which a one-off exceptional item amounting to ₹721 million has been recorded. The adjusted PAT of ₹ 8,452 million registered 14% YoY growth in FY22.

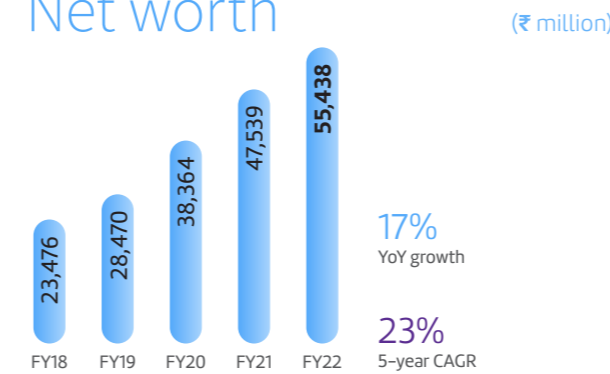
#### Earnings per share



YoY increase in net income coupled with strong financial position, led to significant rise in earnings per share from ₹ 25.4 in FY18 to ₹ 60.87 in FY22. EPS has increased by 3% YoY having an effect of one-off exceptional item amounting to ₹ 721 million in FY22 due to Ryker divestment in November 2021.

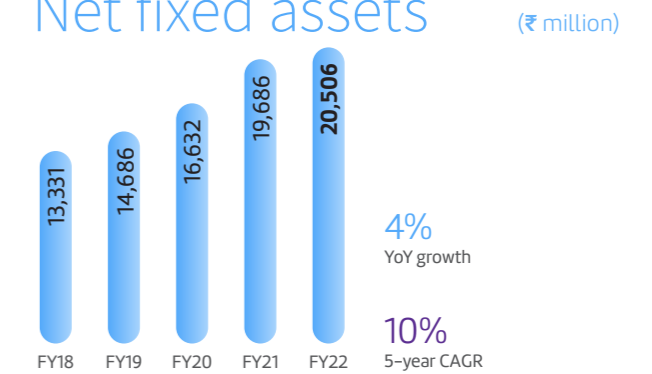
### Balance Sheet indicators

#### Net worth



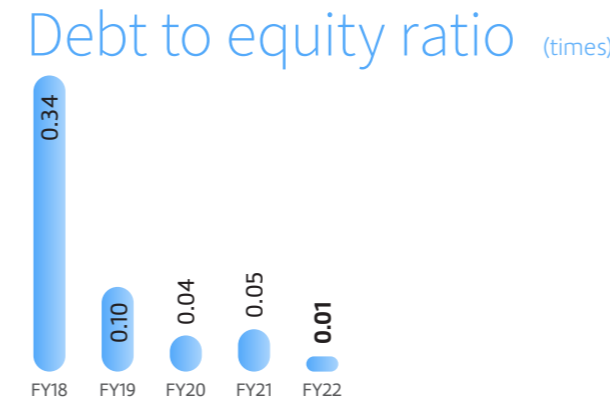
The YoY increase is clocked at 17% during FY22. It has increased from ₹ 47,539 million in FY21 to ₹ 55,438 million in FY22.

#### Net fixed assets



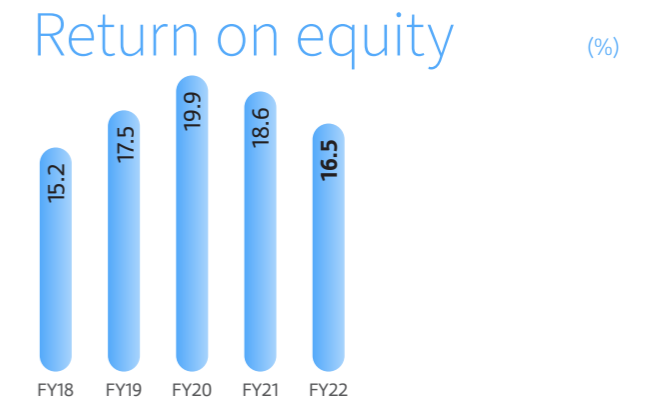
The additions to fixed assets in FY22 mainly include purchase of new office premises in Mumbai, building expansion at Halol, Silvan acquisition, plant and machinery expansion at Halol, Roorkee and Nashik locations for greenfield and brownfield projects.

#### Debt to equity ratio



Debt to equity ratio has significantly reduced to 0.01x as on 31 March 2022.

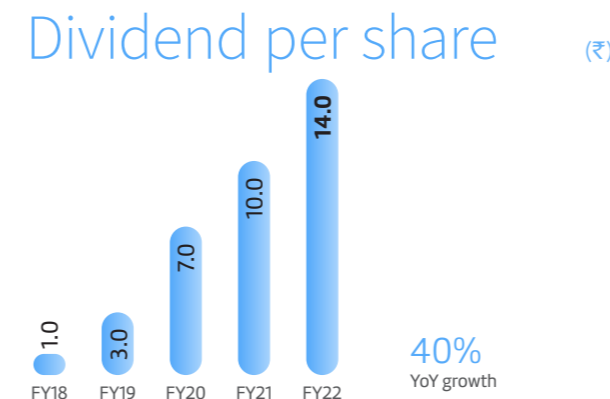
#### Return on equity



Return on equity achieved during FY22 is 16.5%.

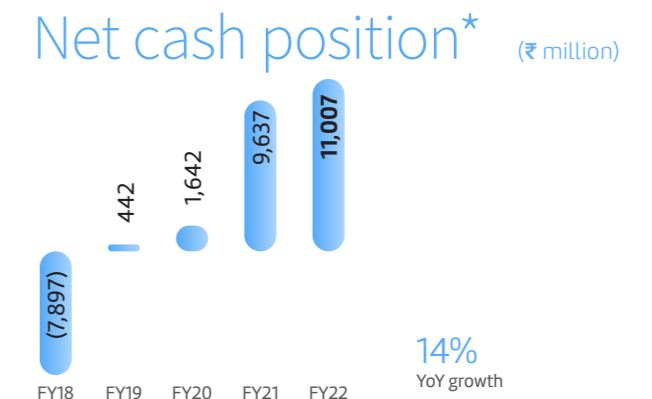
### Shareholder indicators

#### Dividend per share



The Company has proposed 140% dividend payout in FY22.

#### Net cash position\*



\* Net Cash Position: Cash + Bank balances + Investments – Debt

## Message from Chairman and Managing Director

# Remaining focused on delivering excellence



### Dear Shareholders,

We are witnessing change at an unprecedented speed and scale as well as complexity all around us. As the push towards a more connected world gets stronger, new opportunities for growth and innovation are opening up, and bringing in their wake new challenges. We remain committed to staying on top of the emerging scenario by the dint of its ability to anticipate and respond positively to the future.

As it did for many other organisations, the COVID-19 pandemic occasioned a rethink at Polycab. Realising the immense potential of our brand, we reaffirmed our commitment to unlock greater value for our stakeholders. This led to the formulation of our growth strategy, a multi-year transformation drive under Project Leap, which is aimed at building resilience and fuelling Polycab's growth. Walking on this set roadmap, we will not only strengthen our leadership in the B2B space, but also transition to a leading B2C player and secure our place among the top three players in the Fast Moving Electrical Goods (FMEG) segment in the country.

Under Project Leap, we aim to surpass ₹200 billion in sales by FY26. The target is underpinned by our concerted plan to advance our market position through initiatives that sharpen our organisational, digital and functional excellence.

### The year under review

During the year, we achieved the milestone of ₹120 billion top line despite challenges from various fronts. Our Wires & Cable business witnessed robust growth that resulted from our strong emphasis on execution and on reinforcing our core strengths by investing in expanding the distribution network, R&D and digitalisation.

**We have put in considerable effort over the past two years in product development, getting requisite regulatory approvals and penetrating new geographies.**

The year saw surging input costs and supply side constraints. But we mitigated the situation through regulated pricing actions, improved product mix and cost optimisation initiatives. Our efforts at widening our distribution network are bringing tangible gains. So are our measures to improve the brand architecture and augmenting the influencer management programme.

During the year, we launched a new sub brand 'Etira', which will enhance our competitiveness in the economy range and facilitate greater geographic penetration. Our FMEG business saw strong traction during the year, which saw us acquire the home automation solutions provider, Silvan Innovation Labs. This acquisition, coupled with our organic brand, Hohm, ensures for us an enviable presence in the smart home automation space.

### Winning with people at the core

At Polycab, it is our people who give us the winning edge. We are proud to create for them an empathetic workplace, which

empowers them through an environment of constant learning and emphasis on developing their capabilities in the personal and professional spheres. This is what makes us an employer of choice for both experienced professionals and fresh graduates. In a competitive talent market, we have continued to differentiate ourselves with a people-focused, purpose-driven culture and cutting-edge career development opportunities for employees.

As part of our transformational journey, we are bolstering the organisation structure by retaining and recruiting best-in-class talent. We will champion our renewed purpose of innovating for a brighter living and be guided in our thoughts and actions by our 'i-POWER' values that will help us enrich the lives of everyone connected with Polycab.

### Winning with new products

We continue to map our portfolio against evolving customer needs and the dynamic market situation to craft a portfolio that acts as a lever to promote our growth ambitions. We have thus revised our product pipeline. We are governed by the New Product Development (NPD) council to ensure that innovation remains the fulcrum of our organisation's growth. Quality has always played an important role in our brand salience, and we will continue to strengthen this distinction.

### Winning in markets

We leverage our wide and deeply entrenched pan-India distribution network to drive growth in existing and new businesses. Our go-to-market initiatives have enabled us to establish direct presence in nearly twice as many towns as last year. The new Emerging India vertical will help us serve customers in semi-urban and rural areas where availability

of high-quality products is a challenge. We are also diversifying our channels with the shifting demand centres. Currently, over 600 Polycab products are available on major e-commerce portals. We took a bold structural step to merge Heavy Duty & Light Duty Cables verticals in order to unlock value through cross selling opportunities and operational proficiencies.

We also actively engage with influencers consisting of electricians, architects, interior designers and contractors. We scaled up our digital capabilities through the 'Experts' programme and increased direct coverage of tertiary sales. We aim to be the pioneers in the FMEG industry in building a deep connect with its key influencers, who will serve for us as a critical competitive barrier.

### Winning with technology

We have been at the forefront of technology adoption and intervention, which have helped us improve customer experience and convenience. The lockdowns tested the efficacy of our IT infrastructure as well as digital platforms. Digitalisation has been a core focus area for us and we recently successfully piloted the end-to-end digitalisation of front-end sales across businesses in key markets. Full-scale rollout of this measure is being currently executed on a war footing. Over the next few years, we intend to digitalise our entire distribution ecosystem which will help us reinvent our way of functioning.

The year also saw us implement Internet of Things, Artificial Intelligence-Machine Learning-led processes and advanced analytics to simplify and automate our processes. Our continued investments in building capacities, deploying state-of-the-art technologies, have supplemented our robust R&D and seamless backend integration, and strengthened our brand position, enabling us to stay ahead of the curve. We are striving to deliver on our brand promise of establishing a connect with the end consumer that lasts for generations, and technology is a powerful enabler in realising this vision.

### Outlook

Our concerted drive across several aspects, be it product innovation, supply chain integration, cost optimisation and others have strengthened our market position across businesses. Although the economic environment remains fraught, given the recent challenges caused by the pandemic, the long-term growth opportunities remain favourable for us. Rising incomes and changes in customer behaviour have resulted in growing customer preference for sustainable products and brands that guarantee quality. This has contributed to the expansion of organised players like us.

For us, growth has never been about numbers. As a responsible corporate leader, we have remained aware of our social responsibilities and have delivered on them by creating opportunities for the socially disadvantaged. We will continue to promote this social objective while endeavouring to deliver value to our other stakeholders by growing responsibly. A robust cash generation ability and a strong balance sheet have sustained us through the business cycles. I hope our growth strategy, encapsulated in Project Leap, will help us realise our long-term aspirations.

We continue to focus on Environment Social and Governance (ESG) priorities. The efficient use of water and energy from cleaner sources and zero tolerance for fatalities at our facilities continue to be our primary focus areas.

### Looking ahead

I would like to thank all our stakeholders, including customers, investors, business partners, and employees, for their continued trust and support. We look forward to another year of triumphant performance, supported by our unrelenting pursuit of excellence.

**Inder T. Jaisinghani**  
Chairman & Managing Director

₹120 billion  
Topline milestone achieved

600+  
Polycab products available on e-commerce portals



## Q&A with the CFO

# A tête-à-tête with Gandharv Tongia

We have an exhaustive medium-term road map which clearly defines our growth drivers, margin drivers, new product pipeline, geographic penetration plan etc.



**Project Leap – a programme to not just unlock our latent growth potential but also reinforce organisational capabilities by leveraging data and technology, strengthening relationships with trade partners and influencers, and creating a tangible positive difference for communities and the environment among other things.**



**What are your key learnings from the last two years of disruption due to the pandemic?**

One key learning from our experiences in the recent past is that it is not enough to be agile and resilient if a corporate has to gain significant competitive advantage. These are now a given for any organisation trying to navigate its way through the dynamic and complex business environment of today. In fact, these attributes must be deeply etched in the corporate culture to enable it to be nimble and intuitive

in its functioning. What is increasingly becoming evident in a world marked by disruptions is that organisations have to maintain a fine balance of self-reliance and dependence across its value chain. Another key learning is that organisations have to self-disrupt and make themselves future ready. This consideration of being proactive towards change is what made us design Project Leap – a programme to not just unlock our latent growth potential but also reinforce organisational capabilities by leveraging data and technology, strengthening relationships with trade partners and influencers, and creating a tangible positive difference for communities and the environment among other things. We have partnered with global management consulting firm Boston Consulting Group (BCG) who will help us to drive this Project. At Polycab, the pandemic has also prompted a rethink on how to create a winning work environment which prioritises work-life balance while fostering creativity and innovation.

**How is the business recovery shaping up post the third wave?**

I think the vaccination drive, along with the government’s calibrated approach to contain the spread of infection, has been successful in creating a positive economic environment. Despite the sharp rise in cases during the third wave, there was limited impact on business activity. Barring a few pockets like Institutional business, we saw steady, broad-based recovery across our businesses. The fact that volumes were up in all four quarters despite inflationary pressures suggested that the demand environment was healthy. The government’s policy support and reforms have helped. Policy reforms targeting infra development, if implemented correctly, can kickstart a virtuous Capex cycle, which bodes well for our business. However, rising inflation can have ramifications on consumer demand. Hence it imperative for us to innovate, to have the right products at right price points. Regardless of the near-term challenges, our central focus remains on being a part of India’s long-term growth story and riding its robust consumption narrative to achieve industry leading growth.

**Some M&A activity was visible during the year. Can you provide some rationale for it and how are you looking at it going forward?**

We executed two transactions during the year. In June 2021, we acquired 100% stake in Bengaluru-based Silvan Innovation Labs Private Limited (Silvan). Silvan’s IoT based automation products and solutions portfolio, coupled with our robust go-to-market capabilities, show great synergy. Furthermore, the two brands – Silvan and our organic smart home automation brand, Hohm – put

**We initiated a project to create our long-term ESG framework, which will be aligned with international ESG protocols and guidelines.**

together, give us a strong foothold in the IoT space. We have leveraged Silvan’s technology to upgrade our existing FMEG portfolio with new features. Now, with most of the integration done, we are in the process of consolidating this subsidiary into Polycab.

In November 2021, we executed one of the largest deals in Polycab’s recent past by divesting 100% stake in Ryker Base Pvt. Ltd. (Ryker) for an enterprise value of about ₹3,230 million. Ryker played a strategic role by manufacturing and supplying copper wire rods, and thus providing a key input for the manufacture of wires and cables. However, considering the suboptimal utilisation of capacities and focus on our core business, we decided to exit this venture. Having said that, we simultaneously executed a multi-year tolling arrangement with Hindalco, which is also the buyer parent, by which Ryker will continue to process and supply high quality copper rods to us at mutually beneficial commercials. This ensure that our strategic agenda of having a robust visibility over a key input remains protected. The divestment was also a decisive step towards disciplined and optimal capital allocation.

As far as inorganic growth strategy is concerned, we still don’t see any multinational or large acquisitions in the near term as Project Leap leaves us with enough organic growth opportunities to explore. However, we are keen on

exploring partnerships or deals with technology driven and B2C companies which can help augment our portfolio.

**How do you look at ESG and what are the steps the Company is taking in this direction?**

As I mentioned earlier, creating a tangible positive difference for our communities and the environment is one of our key priorities. While we have been passionately working on several sustainability initiatives, we realised that if we structure our initiatives effectively, we will not just improve the efficacy of our efforts but also push ourselves to do more. Accordingly, we have made ESG one of the four pillars of Project Leap. Subsequently, around December 2021, we initiated a project to create our long-term ESG framework, which will be aligned with international ESG protocols and guidelines. This framework will provide us a sustainable outlook towards the environment and society alongside our business goals. We have partnered with a reputed management consultant who is helping us assess the materiality of various factors, evaluate gaps, develop long-term targets, and integrate ESG-linked KRAs into the business strategy. While we have a long way to go, we are clear that we want to champion this cause and also achieve industry-leading ESG scores as a testament to it.

## Q&A with the CFO

### We have created a strong centralised governance system which will ensure timely execution of all initiatives and the overall plan.

#### How is Project Leap progressing?

FY22 was an exciting year and we made significant progress on Project Leap. While there was a multitude of initiatives implemented across businesses and functions, broadly it revolved around four key areas – setting up the right organisation enablers, improving customer centricity, augmenting go-to-market and re-energising the product portfolio. Details on each of these areas will be mentioned in another section of this report. Essentially, we have created a robust platform by putting the building blocks in place. For instance, we now have the right team structure and operating model for most businesses. We have an exhaustive medium-term road map which clearly defines our growth drivers, margin drivers, new product pipeline, geographic penetration plan etc. We have also acquired and deployed state-of-the-art technology and digital tools. Furthermore, we have created a strong centralised governance system which will ensure timely execution of all initiatives and the overall plan. Internally, we are seeing rapid changes in the way we think and operate, and I am sure the business will continue to deliver market-leading performance over the medium term.

#### What are your Capex targets for the next few years?

We believe our annual business capex will likely continue to be in the vicinity of ₹3 billion-4 billion for the next few years. This will include maintenance as well as green and brownfield projects. Most of these investments are likely to go either into developing new products to expand our portfolio or expanding capacities wherever needed. A lot of our focus is on sweating our existing assets. All capital spends above a defined minimum threshold, are monitored and controlled

to ensure they are value accretive to the Company. I believe this will encourage an efficient, scientific capital allocation which will result in higher asset turns as well as return ratios.

I would also like to highlight that towards the end of the year, we made a large one-off investment for buying office space in Mumbai. As we move forward, our teams are expanding, and the current Head Office building does not have the space to accommodate the growing team. At the same time, we are mindful of one other important element – the need to have adequate open spaces for cross-functional collaboration. Hence we have invested about ₹2 billion to acquire over 55,000 sq ft. of office space. A part of this cost will be compensated by monetisation of existing land and building. We are quite excited to move to our new Head Office, hopefully, by Q3 of the next fiscal.



### In the backdrop of unprecedented inflation, how do you see your margin trajectory?

Inflationary pressures which began building up in FY21 have largely persisted through FY22. Prices of our key inputs such as copper and aluminium have touched all-time highs while displaying significant volatility in the interim. While most of the inflation was passed on to the end-user, we took a tactical call to face the inflation in select categories within the cables segment in order to increase our competitiveness and capture market share aggressively. This is largely reflected in the 230 bps dip in the operating margin during the year. However, I believe the worst is behind us. We saw a healthy sequential improvement in margins through the last three quarters. And we are working towards better profitability in FY23 with a favourable operating leverage, premiumisation and calibrated pricing hikes.

### What are your views on Corporate Governance practices at Polycab?

We have come a long way in building a robust corporate governance framework upon our cherished foundation principles



Our credit rating was upgraded by Crisil as well as India Ratings in the past year and is just a notch below top now.



of integrity, transparency, reliability and proactiveness. We have a well-defined risk management structure supported by detailed SOPs and policies. We have moved away from legacy controls by leveraging technology and implementing numerous automation initiatives. Our in-house designed compliance tool tracks over 4,400 activities, ensuring adherence to the highest industry standards in areas such as HR, manufacturing, taxation, secretarial and accounting etc. Our Board, comprising renowned Independent Directors, along with the executive management, is actively engaged in developing an effective business strategy and guiding the Company towards its vision. Project Leap is the result of this consistent drive. During the year, our technology efforts of implementation of several inhouse IT tools focused on strengthening governance, improving decision accountability and tracking business progress were acknowledged by Confederation of Indian Industry (CII) under CFO Excellence Award.

At Polycab, executive compensation is meticulously linked to individual and corporate goals through a robust

performance management system. We are amongst the few companies globally which disclose condensed financial statements every quarter. We have won the prestigious ICAI Award for Excellence in Financial Reporting for FY21. Our credit rating was upgraded by Crisil as well as India Ratings in the past year and is just a notch below top now. All this recognition exemplifies our efforts to build our stakeholders' trust. I think given our relatively short history since listing, the general awareness about our activities are a bit low. But it is a journey, and we will continue to reinforce our values and stick to our principles.

### Any parting message for readers?

We are on a mission to bring a positive change to communities, the environment, economy and everyone connected to Polycab. For that, we count on your unending trust and support. I would like to thank our Board, senior leadership, team members, trade partners and customers for their faith in our ability to create sustainable value.