



Business Review (Domestic)

W&C Business



The W&C business continues to capitalise on the advancements in infrastructure and energy sectors, driven by government and private capital expenditures and a buoyant real estate market. With the infrastructure and real-estate upcycle still in their early stages, Polycab is well-positioned to leverage its strengths and maximise this opportunity.

Strategic Priorities

We are steadfastly expanding our production capacity as well as increasing our investment in R&D to innovate and maintain technological leadership in our product offerings. Additionally, we aim to stabilise our distribution model in the USA, optimising our supply chain to enhance service delivery and competitiveness. This will involve refining our approach to distribution to ensure reliability and speed, thereby improving our competitive edge in the region.

Furthermore, we plan to capture market share from unorganised players in the retail wires sector by leveraging our superior product quality and strong brand reputation. This strategy will expand our market presence and reinforce our industry leadership, aligning with our goals to solidify and expand our market reach.

Market Perspective

The market landscape for the W&C business is currently shaped by significant government capital expenditure, which continues to drive demand across various sectors. Additionally, we are witnessing encouraging signs of recovery in private capital expenditures, which are expected to strengthen further over the years. This uptrend presents a favourable environment for growth. Moreover, the upcoming phase of the real estate sector upcycle is poised to boost the demand for wires and FMEG. This synergy between government initiatives and private sector investments, along with the housing market uptick, is expected to enhance sales and broaden market opportunities for our products.

FY 2023-24 Highlights

- Achieved the highest growth in sales revenue among industry peers, reflecting strong market demand and effective execution of business strategies
- Attained the highest EBITDA margins in the industry, showcasing operational excellence and effective cost management
- New product introductions in the wires segment contributed significantly to overall sales, underscoring the success of our innovation and market expansion efforts

FY 2024-25 Plans

- Expand production capacities to meet the rising market demand, ensuring our ability to supply high-quality products promptly and efficiently
- Identify and penetrate unexplored market segments to expand our market footprint and capitalise on new growth opportunities
- Enhance the efficiency and effectiveness of our existing distribution network to increase sales volume and optimise market coverage

FMEG Business



Our FMEG business thrives on innovation and responsiveness to consumer needs. We have invested heavily in enhancing our distribution capabilities and expanding our product offerings to reach a broader market. The business has seen improvements in gross margins and made significant strides in brand building.

Strategic Priorities

Our FMEG business is focused on implementing price laddering across all product categories to cater to a variety of consumer segments and budgets. We are also targeting premiumisation in our fans and lighting segments with advanced features and superior aesthetics, aiming to attract higher-end markets. Furthermore, our commitment to New Product Development (NPD) is stronger than ever, with a focus on creating distinct product-level differentiation.

Market Perspective

The FMEG business is poised for growth, driven by improving consumer sentiment as inflation remains controlled, enhancing purchasing power across markets. Additionally, favourable demographics are expected to drive an increase in consumption, with a growing middle class and rising urbanisation fuelling demand for electrical goods.

While the fans and lights segments remain highly competitive, the switches and switchgears segment faces relatively less competition. This dynamic, combined with our strong relationships with end customers through our wire offerings, presents a strategic advantage, making it comparatively easier to achieve market share gains in these categories.

FY 2023-24 Highlights

- Successfully restructured our distribution network to optimise reach and efficiency, enhancing our market penetration
- Achieved improved gross margins across all product categories through strategic pricing and enhanced operational efficiencies
- Increased advertising and promotional (A&P) spending to strengthen brand visibility and engagement, reinforcing our market presence and consumer loyalty
- Addressed portfolio gaps by introducing new product SKUs that cater to emerging consumer needs and market demands

FY 2024-25 Plans

- Implement new organisational structure to better align with strategic goals and improve functional efficiencies
- Address execution inefficiencies to improve overall business performance
- Expand distribution network and enhance influencer management program to increase market reach and drive sales growth

Business Review (International)

The global wire and cable market is booming, valued at approximately \$250 billion in 2023, and is expected to grow to around \$410 billion by 2030. This growth is backed by the rising demands in renewable energy, urbanisation, and technological infrastructure expansions.

North America Exports

The North American wire and cable market was valued at ~\$34 billion in 2023 and is projected to grow at a CAGR of 6% from 2024 to 2032. This growth is largely driven by increasing investments in infrastructure and renewable energy projects.

Significant demand growth has been observed in states such as California, Texas, Nevada, and Arizona, which is primarily attributed to increased infrastructure spending and initiatives aimed at modernising the electrical grid.

Our Strategy and Performance

- We have expanded our offerings in the US with a focus on UL cables and cable management systems to capitalise on the growing demand. We have also enhanced direct customer relationships and partnerships with Manufacturers' Representatives (MRs)
- We are actively pursuing approvals for various cable types to ensure compliance with evolving safety regulations and standards in the US market

Highlights

A significant increase in demand for medium voltage cables and some photovoltaic (PV) wires has been noted.

Market Position

Polycab's focus on a comprehensive array of UL-approved products, exceptional customer service and punctual delivery sets us apart from competitors and contributes to continued success in the country.



Future Direction

We are actively continuing our product certification programmes and expanding the product portfolio to align with market demands. There is special focus on sectors that show strong growth potential, such as renewable energy, and on high utility items including overhead conductors and high voltage cables.

Additionally, we are in the midst of transitioning to the distribution model of operations.



Rest of the World (ROW)

The broad economic landscape is defined by several factors with significant implications for businesses across different geographies. There has been a surge in the inclination towards renewable energy sources like solar and wind, both onshore and offshore, creating a positive impact on the W&C market. Moreover, infrastructural expansion due to rapid urbanisation worldwide is contributing to market growth, along with the rising demand for residential and commercial construction projects. Furthermore, the adoption of EV and proliferation of data centres are projected to drive exponential growth in cable demand in the foreseeable future.

Asia-Pacific: This region is expected to experience the highest growth, driven by rapid urbanisation and government investments in infrastructure

Europe: Mature market with modest growth driven by renewables, data centre construction, and grid modernisation

Latin America: Expectations of low to moderate growth due to political instability, with Chile and Brazil potentially driving demand

Middle East and Africa (MEA): Anticipated growth due to infrastructure projects, particularly led by Saudi Arabia's massive infrastructure boom

Our Strategy and Performance

- Increase geographic and customer spread to enhance the base and provide sustainable business in the coming years. This will be done by identifying targets through detailed research, seizing new business opportunities, and securing approvals from the world's largest EPC contractors, renewable developers, oil and gas companies, and other utility providers
- Expand the distribution business globally and maintain feeder stock of fast-moving items locally
- Implement the Dealer Management Portal, CRM, and business intelligence tools, as a part of the digital strategy
- Focus on enhancing local presence by being closer to the customer for better engagement and improved service levels

Highlights

- Exporting to 78 countries (excluding North America) with a significant presence across all end-user industries
- Over 50% of business comes from repeat customers, indicating strong relationships and high levels of customer satisfaction
- Double-digit growth in targeted segments such as oil and gas, renewables, and infrastructure

Market Position

Polycab has demonstrated significant growth in market penetration, especially within developed economies, with a peak export order book driving sales. Our competitive pricing, high-quality products, and reliable delivery systems have been fundamental in securing and strengthening our market position.



Future Direction

We are committed to strategic initiatives that span from the short to the long term, particularly in the areas of sustainability, the development of specialty cables, and the integration of smart technologies. We have invested in R&D to discover innovative materials and improve the designs of our cables.

Additionally, we are working to expand our geographic footprint, specifically targeting high-growth regions such as Asia-Pacific, Middle East and Africa. With this, we will foray into emerging markets where rapid industrialisation and development present opportunities for growth.

