



Management Discussion and Analysis



Economic Review

Global Economic Review

The fiscal year 2023-24 began on a challenging note marked by the lingering effects of the Russia-Ukraine war, high inflation, and elevated interest rates alongside a global economic slowdown. However, by the end of the year, signs of resilience and recovery emerged in various regions, coupled with fading supply chain pressures that facilitated a quicker-than-expected decline in inflation, indicating strong signals of a soft landing.

In several large developed and developing countries, economic growth exceeded expectations, with strong labour markets supporting consumer spending. Growth was particularly buoyant in the USA, helped by strong consumer spending, with households continuing to run down the excess savings accumulated since the beginning of the pandemic, and higher government spending. However, the rising momentum was not felt everywhere, with notably subdued growth in the Euro area, reflecting weak consumer sentiment, the lingering effects of high energy prices, and weakness in interest-rate-sensitive manufacturing and business investment. Germany, France and Italy, the bloc's largest economies, experienced minimal to negative growth. Also, Red Sea crisis, an escalation of the war between Israel and Hamas, sparked by attacks from Yemen's Houthi rebels on merchant ships in late 2023, resulted in disruption in maritime trade, particularly for routes between Asia and Europe. The crisis in the Red Sea, which accounts for 15% of global maritime trade volumes, has led to an increase in shipping time and freight costs. However, the Eurozone economy is expected to recover, thanks to an rising real incomes, as people benefit from falling inflation, growing nominal wages, and improving foreign demand.

The emerging market economies have continued to grow at a solid pace than Advanced economies, despite tighter financial conditions, reflecting the benefits of improved macroeconomic policy frameworks, strong investment in infrastructure in many countries and steady employment gains.

A gradual upturn in semiconductor and electronics production in Asia is helping to underpin merchandise trade, and services trade is being boosted with international air passenger traffic returning to pre-pandemic levels. However, China continues to struggle with real estate problems, with successive waves of policy stimulus aiming to offset the ongoing contraction of the property sector unable to garner the intended impact. Large reductions in key lending rates and reserve requirements have been undertaken to support

economic activity as low consumer confidence and inadequate social safety nets hinder the growth of private consumption. At the other end of the spectrum, in a major policy shift, the Bank of Japan (BoJ) ended its negative interest rate policy and moved away from the yield curve control.

Overall, fiscal year 2023-24 saw global resilience amid challenges, with buoyant growth and declining inflation. Despite concerns like Euro area stagnation and China's real estate issues, proactive policies and emerging market progress offer a cautiously optimistic outlook amidst geopolitical risks. Global growth, estimated at 3.2% in 2023, is projected to continue at the same pace in 2024 and 2025. Downside risks for the future may emanate from accelerating geopolitical tensions, potentially divergent central bank policies, and the lagged effects of higher rates yet to hit the global economy.

Global growth, estimated at 3.2% in 2023, is projected to continue at the same pace in 2024 and 2025.

Global Growth Projections (%)

Particulars	Estimate	Projections	
	FY23	FY24	FY25
World Output	3.2	3.2	3.2
Advanced Economies	1.6	1.7	1.8
United States	2.5	2.7	1.9
Euro Area	0.4	0.8	1.5
Japan	1.9	0.9	1.0
United Kingdom	0.1	0.5	1.5
Canada	1.1	1.2	2.3
Other Advanced Economies	1.8	2.0	2.4
Emerging Market & Developing Economies	4.3	4.2	4.2
China	5.2	4.6	4.1
India	7.8	6.8	6.5

Source: IMF World Economic Output Update, April 2024



Commodities

The volatility in commodity prices declined significantly compared to last year, yet the overarching trajectory manifested as a dynamic roller-coaster, characterised by an initial peak in the first half of the fiscal year followed by a subsequent decline to lows, and ultimately culminating in a steady recovery and significant upward momentum by fiscal year-end, mirroring the fluctuations in global economic activities. Various factors contributed to this volatile journey. Initially, tighter global financial conditions, sluggish global trade, a slowdown in growth in China, and geopolitical shocks all dampened global growth prospects. Nonetheless, commodities received support in the second half of the year from a more resilient global economy compared to earlier anticipated conditions. This was accompanied by cooling inflation, China's economic rebound following its reopening, and upward revisions in global forecasts by major institutions such as the IMF and World Bank. Throughout this period, individual commodities experienced diverse trends, influenced by variations in supply conditions and their reactions to changing demand dynamics.

Copper prices on the London Metal Exchange (LME) exhibited significant volatility, albeit with a notable decrease compared to the previous year. This volatility reflected the intricate interplay of global sentiments and their consequential impact on demand, coupled with disruptions in the supply chain stemming from major copper-producing nations in South America, such as Chile, Peru, and Panama. From April 2023 to October 2023, copper prices witnessed a substantial decline from approximately \$9,082 per metric tonne (MT) to \$7,812 per MT, before experiencing a resurgence to approximately \$8,700 per MT by March 2024.



A parallel trajectory was discernible in aluminium prices, which saw a descent from about \$2,410 per MT in April 2023 to approximately \$2,068 per MT in August 2023, followed by a rebound to approximately \$2,400 per MT by March 2024.

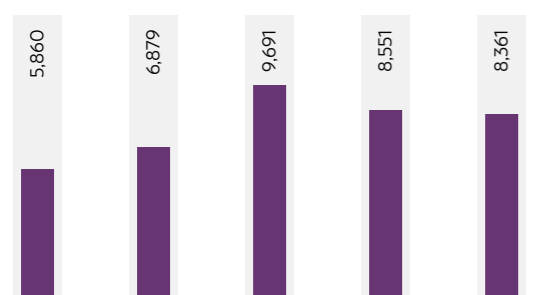
\$8,361 per MT

Average Copper prices in FY 2023-24

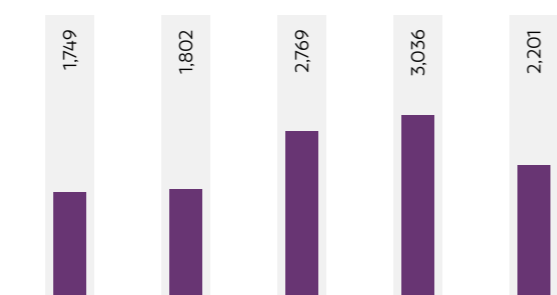
\$2,201 per MT

Average Aluminium prices in FY 2023-24

Average LME Copper (\$/MT)



Average LME Aluminium (\$/MT)



The global demand for copper and aluminium continues to rise sharply, underpinned by their indispensable roles in various key industries.

Copper is projected to see an increase in demand – expected to rise by 20% to 30 million tonnes per year by 2035.

This increase is largely driven by its extensive applications in electric vehicles, renewable energy sectors, and infrastructure development.

The aluminium market is also poised for growth, with demand forecasted to rise sharply due to its advantages of light weight and resistance to corrosion, making it indispensable in construction, automotive, and packaging industries.

By 2027, aluminium demand is expected to reach 108.2 million tonnes.

This increase is largely due to the metal's growing use in replacing heavier steel in vehicles and electricity grid infrastructures, which are increasingly preferred for their energy efficiency and lower environmental impact.

The price of PVC compound, utilised as insulation for wires and cables, showcased significant fluctuations over the past year, with an 18% increase from the yearly low in June to September 2023, followed by a 16% decrease, and ultimately a 6% rebound by the end of fiscal year 2023-24. In contrast, steel prices demonstrated relatively minimal volatility during the year, mostly trending downwards, with a correction of nearly 17% from the peak in March 2023. Meanwhile, the Indian rupee, benefitting from resilient domestic growth and a manageable trade deficit, depreciated significantly less compared to most of its Asian peers.

Indian Economic Review

The Indian economy continued outperforming its global peers, with Real GDP expanding 8.2% YoY in FY 2023-24. The robust growth propelled the Indian economy to \$3.5 trillion.

Supported by strong macroeconomic fundamentals, healthy financial institution balance sheets, moderating inflation, and improving external sector position, the Indian economy and financial system remained resilient.

Additionally, robust GST collections, increased auto sales, enhanced consumer confidence, and double-digit credit growth indicate the resilience of consumption demand. Concurrently, robust sales of petroleum products serve as a testament to the enduring demand and vigorous economic activity within the nation. On the supply side, expanding manufacturing and services Purchasing Managers' Indices (PMIs) provide compelling evidence of the nation's robust economic momentum. These indices not only mirror buoyant demand conditions but also signify increased investments in technology, enhanced efficiency, and favourable sales growth. The Composite PMI, which includes both manufacturing and services indices, soared to 61.8 in March 2024, marking its second-highest reading in over 13 years. Moreover, a surge in corporation tax collections underscores the vitality of the business sector.

Retail inflation stayed within the RBI upper tolerance band of 6% for 10 out of 12 months, ending March 2024 at 4.85%, the lowest in 10 months. With inflation relatively under control, the RBI did not alter the policy repo rate during the year. The government's proactive supply-side interventions have also played a pivotal role in preserving price stability. The central bank has forecasted inflation to reduce to 4.5% for FY 2024-25. In the latter part of the next fiscal year, the RBI is expected to cut down interest rates, following the interest rate trajectories of global central banks.

Overall, the Indian economy concluded the current financial year on a high note, buoyed by rapid growth, stable inflation, a balanced external account, promising employment prospects, improving consumer spending, and a slew of government-led initiatives centred on infrastructure augmentation. This resilience and progress amidst global headwinds showcase India's economic mettle and potential as a formidable force within the global economy. Moreover, the persistent growth in capital expenditure allocation highlights the government's commitment to nurturing productive assets, with infrastructure development at its core. With a confluence of factors supporting its growth trajectory, India is on its way to becoming the world's third-largest economy by 2027, and a \$7 trillion economy by 2030.

61.8

Composite PMI in March 2024

4.8%

Retail inflation in March 2024

US\$7 trillion

Expected size of the Indian economy by 2030



Industry Review

Indian Wires & Cables (W&C) industry

The Indian Wires and Cables (W&C) industry is estimated to have achieved low double-digit growth in FY 2022-23, reaching a size of ~₹ 800 billion and accounting for a significant 40-45% of the Indian electrical industry.

Looking ahead, the Indian W&C industry is well-positioned to capitalise on the continued emphasis on infrastructure development by the Indian government.

Reinforcing its dedication to investment-led growth, the government has augmented its capital expenditure (capex) outlay by over 17% YoY on FY 2023-24 RE to reach ₹11.11 trillion in FY 2024-25, constituting 3.4% of GDP.

Additionally, with Grants-in-Aid to states included, the central capex amounts to ₹ 15 trillion, equivalent to 4.6% of GDP. This substantial allocation in the FY 2024-25 Interim Budget, notably for ministries such as Road Transport & Highways and Railways, presents a promising opportunity for the industry. These allocations translate directly into heightened demand

for cables and wires utilised across various infrastructure endeavours, encompassing new highways, expansions of railway networks, smart city development, and public housing initiatives.

The investment uptick in power generation, transmission, and distribution is poised to drive the demand for power cables and control cables. In addition, with India's ambitious goals for renewable energy expansion, with plans to add 500 GW of renewable energy capacity by 2030, encompassing various renewable sources such as solar, wind, hydro, and others, the demand for cables and wires will experience a notable upsurge. Furthermore, India's commitment to attaining Zero Net Emissions by 2070 will necessitate substantial investments in renewable energy infrastructure, including transmission and distribution networks. Consequently, the demand for high-quality cables and wires will continue to escalate, driven by the imperative to facilitate the efficient and reliable transmission of renewable energy across the country.

Similarly, the persistent focus on digitalisation and the expansion of broadband connectivity is anticipated to bolster the demand for telecom cables, particularly optic fibre cables. The real estate and construction boom, encompassing both residential and commercial projects, continues to fuel the need for electrical wires. The industry is also witnessing a significant shift towards organised players, recognised for their superior quality and safety standards. These players currently hold a dominant 70% market share and are expected to gain further market share as consumers become increasingly aware of the importance of safe and reliable electrical products.

Beyond domestic needs, the Indian W&C industry is also becoming increasingly competitive in the global market. With its focus on innovation and a growing export potential, the industry is well-positioned for a bright future. In this landscape, Polycab remains at the forefront, maintaining its leadership position in the segment with a market share ranging between 25% and 26% of the domestic organised market.

500 GW

Targeted renewable energy capacity in India by 2030

70%

Market share held by organised players in the Indian Wires & Cables industry

Global Cables Market

In addition to the domestic market, Indian W&C manufacturers have significant opportunities to explore within the global market. The global cable industry is presently experiencing a notable surge, with projections indicating a substantial increase in market value from ~\$250 billion in FY 2022-23 to an estimated \$410 billion by FY 2029-30.

Developed economies, such as Europe and North America present lucrative opportunities for Indian manufacturers. The ongoing upgrades and modernisation of infrastructure in these regions, coupled with the transition towards renewable energy and digitalisation, create sustained demand for cables. Indian manufacturers, with their competitive pricing and ability to adapt to changing technological requirements, can position themselves as reliable suppliers to meet these demands. Moreover, as sustainability emerges as a worldwide concern, Indian manufacturers can capitalise on the growing preference for eco-friendly and energy-efficient cables. By investing in research and development to create greener alternatives and adhering to international environmental standards, Indian companies can distinguish themselves in the global market, attracting environmentally-conscious consumers and businesses.

Emerging markets in Asia, Africa, and Latin America are experiencing a surge in infrastructure investments. Rapid urbanisation, population growth, and economic development in these regions are driving investments in energy, telecommunications, and transportation infrastructure. Indian W&C manufacturers can tap into these growing markets by offering reliable and competitively priced products tailored to local requirements. In the Middle East, buoyed by rising oil prices, there's a notable surge in investments in the

\$410 billion

Projected market value of global cable industry by FY 2029-30

region's energy infrastructure countries. This has led to heightened demand for cables and wires to support the expansion and modernisation of oil refineries, petrochemical plants, and related facilities. Additionally, countries in the Middle East, such as the United Arab Emirates, Saudi Arabia, and Qatar, are embarking on ambitious initiatives to diversify their economies and reduce dependency on oil revenues. These encompass large-scale infrastructure projects, including smart cities, transportation networks, and renewable energy installations, further driving demand for cables and wires to support these developments.

Overall, Indian W&C manufacturers possess ample opportunities to thrive in the global market by leveraging their competitive pricing, technological adaptability, and commitment to sustainability, thereby meeting the diverse demands of both developed and emerging economies worldwide.

FMEG industry

Fast Moving Electrical Goods (FMEG) products represent the fundamental needs of consumers in modern society, including fans, lights, luminaires, switches, switchgear, conduits, amongst others.

Over the past decade, the Indian FMEG industry has undergone substantial growth, propelled by factors such as increasing disposable incomes, urbanisation, electrification efforts in rural areas, government initiatives promoting energy efficiency, and rising consumer awareness regarding quality and safety standards.





The fiscal year 2023-24 posed challenges for the industry due to weak consumer sentiment amid higher inflationary pressure. Consequently, amidst softened demand, many industry players, including regional and local ones, turned to higher discounts, schemes, and incentives, intensifying competition and margin pressures across the board. Moreover, segment-specific performances varied depending on individual circumstances.

In the case of fans, the delayed monsoons in key regions facilitated the clearance of above-normal channel inventory built during the peak season of fiscal 2023-24, with inventory fully normalising in the second half of the year. The transition to energy ratings had cost implications, prompting most players to incrementally pass on price hikes to consumers throughout the year. As a result, branded players witnessed a slight erosion in market share to regional and local counterparts, particularly in the economy segment of semi-urban and rural areas, where down-trading and a preference for cheaper products became prevalent. However, the demand for premium fans with better aesthetics has been on the rise over the past 3-5 years, with increasing consumer preferences towards enhanced and appealing interiors.

On the lighting side, performance was mixed, with the B2B segment registering strong growth driven by large project deliveries, while the consumer side faced ongoing price corrections due to technological disruptions. Cost deflation also led to price erosion, impacting all industry players. Notably, the B2C lighting sector experienced significant price erosion over the past two fiscal years, with declines of 20%+ in FY 2022-23 and 30%+ in FY 2023-24.

Meanwhile, segments like switches and switchgears saw more modest growth compared to pre-pandemic levels.

Overall, the fiscal year 2023-24 witnessed significant challenges for the FMEG industry, marked by subdued consumer sentiment, inflationary pressures, and intense competition.

Nevertheless, the sector demonstrated resilience and adaptability in navigating through these various market dynamics. Strategies emphasising product differentiation, cost optimisation, distribution expansion and targeted marketing initiatives will be crucial for sustaining growth and profitability in the continually evolving landscape of the industry.

Detailed discussions on the macro-trends that will govern the future growth of W&C and FMEG industries can be found on page 40.

Performance Review

W&C Segment

The Wires & Cables (W&C) segment performed extremely well during the year, registering a growth of 27% YoY, to reach ₹159 billion, representing 88% of total sales. The notable increase was driven by strong domestic volume growth of 30%-40%. Demand was largely driven by government capex, ably supported by improving private capex and an uptick in the real estate sector. Sector-wise, infrastructure, power transmission and distribution, railways, real estate, cement, steel, and automobiles among others were the key demand drivers. Additionally, the increasing adoption of renewable energy sources also contributed to the heightened demand. From the Company's perspective, the domestic distribution-driven business sustained its strong growth momentum, while the institutional business exhibited remarkable acceleration. Geographically, growth was broad-based, with the highest growth coming from the North region, followed by the West, East, and South. In terms of revenue contribution, the West contributed the highest, followed by the South, North, and East. The segment's robust performance has translated into substantial market share gains for the Company, with its share of the organised market estimated to have increased by 2%-3% to stand at 25%-26%.

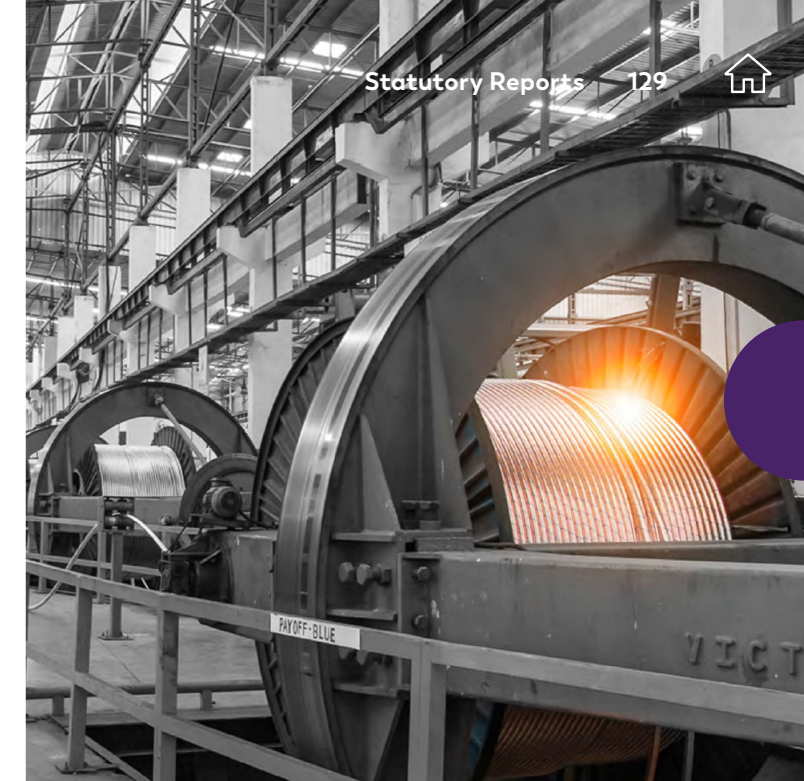
At the profitability level, the Company was able to improve its EBIT margins in the C&W business to 13.7% for the year. This was largely achieved through improvement in gross margins, on the back of strategic pricing revisions and favourable change in product mix, as well as better operational leverage.

₹159 billion
W&C revenue in FY 2023-24 (27% YoY)

The strong top-line growth and higher margins has enabled Polycab to strengthen its position as the most profitable Company in the Indian electrical industry.

Domestic Cables

The Company's domestic cables business exhibited robust double-digit growth, driven by various factors including increased government capex, heightened infrastructure activity, rising investments in renewable energy, and an upswing in private capex. The impressive growth underscores the efficacy of the Company's initiatives and execution capabilities, enabling the company to fully capitalise on the favourable demand landscape. Additionally, the Company also benefitted from its ample capacity, particularly when other industry players faced constraints. This advantageous position was a direct result of the Company's foresight



and proactive approach over the years to optimise its working capital cycle and efficiently utilise its cash flow to bolster its capacity well in advance.

Over and above the macro-led demand, the Company is reaping the fruits of various internal initiatives taken within Project LEAP, which are helping the Company generate industry-leading growth.

The merger of the HDC and LDC verticals continues to deliver cross-selling opportunities, enabling the Company to increase its wallet share of the end customer.

Focus on distribution expansion has helped the Company increase product availability in ~150 new cities during the year, aiding sales. Additionally, to enhance customer-centricity and gain deeper insights into end-users, the Company increased direct engagement with customers via increasing its on-ground sales team, resulting in increased orders for its distributors. Notably, the Company has also started making progress on its Key Account Management (KAM) approach, whereby, the Company is trying to cross-sell its comprehensive product portfolio to identified key builder accounts. Our sales strategies are now meticulously tailored, city-wise, to capitalise on respective market potentials, with performance outcomes intricately linked to the Key Performance Indicators (KPIs) of Regional Sales Managers (RSMs) and Area Sales Managers (ASMs). Across business verticals, the Company is also leveraging digitisation and analytics to capitalise on the current upcycle and outpace industry growth.

Cable Exports

During the year, the Company's international business stood at ₹14.4 billion, contributing to 8% of the overall revenue. The international business registered only a marginal growth compared to last year, on account of the softness in exports to the USA, Polycab's largest export geography, wherein the Company is in the midst of a transition to the distribution model of business. The business was further affected on account of the Israel-Hamas conflict in the second half of the year, which led to prolonged shipping times and escalated freight costs on the Red Sea trade route to Europe and the USA. While the business model transition in the USA is expected to stabilise over the course of the next 3-5 quarters, the Company anticipates strong growth from other regions.

During the year, Polycab continued to be one of the largest exporters of cables in India, exporting to 79 countries across the globe. Key sectors such as renewables, oil and gas and infrastructure were pivotal drivers of the business. Demand for cables from renewable projects has grown significantly over the last few years and is expected to see even higher growth in the coming years as nations vie to meet the net zero carbon emission targets. Polycab is supplying cable to some of the world's largest projects in solar, wind, oil and gas, green hydrogen, and other large-scale projects.

During the year, the Company has launched many certification programmes for Medium voltage cables and Overhead conductors, Diesel locomotive cables, along with Instrumentation cables. Additionally, the Company is also expanding UL approvals to encompass Harnesses and other offerings, aligning with the burgeoning demands of the renewable market.

In the mid-to-long term, the Company holds a strong positive outlook on the international business potential and is confident that it can significantly contribute to the Company's top-line.

₹14.4 billion
International Business revenue
in FY 2023-24

Special Purpose Cables

Special Purpose Cables (SPC) Business Unit specialises in providing e-Beam cross-linked cables tailored for the rigorous demands of the Railways, Defence, and Automotive sectors. These cables are engineered to excel in challenging environments, where they endure high voltage and temperature conditions. Our range of products finds application in various critical systems, including railway coaches, locomotives, battle ships, submarines, as well as both commercial vehicles (CV) and electric vehicles (EV).

During the year, the SPC business maintained strong momentum, achieving double-digit growth, driven mainly by the railway and defence segment. The primary growth drivers for SPC include product portfolio, strong customer engagement and enhanced operational focus.

The defence sector maintained its momentum through effective strategies aimed at seizing upon early procurement and planning trends. Throughout the year, the Company supplied cables to several prominent projects undertaken by various shipbuilding companies. The Company successfully secured an order for a Multipurpose Vessel for the Indian Navy.

The automotive business saw growth in the battery cable business. Both domestic automotive and electric vehicle enterprises are embarking on a localisation initiative as part of the Make in India campaign, which is anticipated to be advantageous for Polycab. To leverage the burgeoning electrical markets, Polycab is also in the process of developing DC charging cables.

During the year, the Company also incurred capex to set up a new dedicated SPC plant, which is poised to be operational in FY 2024-25. The dedicated plant will bolster the division's readiness for upcoming developments.

Polycab has also initiated work on new programmes from the Ministry of Defence, anticipated to yield substantial business in the forthcoming year.



Domestic Wires

The wires business demonstrated robust performance throughout the year, with double-digit volume growth, driven by the thriving real estate industry and strategic initiatives implemented by the Company. Record levels of residential property demand were observed in 2023, marked by a surge in launches and sales that surpassed figures from the past decade. Notably, the number of new launches exceeded new sales in CY2022 and CY2023, a trend that has begun contributing to the growing demand for wires.

Implementing a price laddering strategy and introducing new product ranges such as Etira, Primma and Maxima+ over the past two years have enabled the Company to cater to diverse customer needs.

These ranges collectively accounted for 30%+ of sales during the year. Additionally, we are strategically targeting weaker markets with bespoke Go-To-Market (GTM) strategies and region-specific product development initiatives.

In alignment with its customer-centric approach, the Company has concentrated on enhancing the secondary and tertiary visibility of retail wire sales. Establishing direct connections with retail outlets and offering personalised trade schemes based on individual retailer performance have yielded remarkable results. This initiative led to a notable increase of ~25% in monthly active retailers and ~20% in average monthly scans by retailers during FY 2023-24, highlighting the effectiveness of the strategy.

Recognising the significance of nurturing the electrician community, the Company has established and expanded its Influencer Management (IM) programme with a team of ~100 members present in 40 cities nationwide, including major metros, Tier 1, and Tier 2 cities. The team engages regularly with electricians, providing support and facilitating their utilisation of Polycab's products. Moreover, a specialised electrician programme is implemented to provide these professionals with targeted training and resources, enhancing their proficiency and familiarity with Polycab's products. This effort resulted in a significant increase of over 50% in monthly active electricians and ~20% in average monthly scans by electricians during FY 2023-24. Additionally, the team is dedicated to identifying and recruiting large electrical contractors, recognising their significance in large-scale projects and their influence within the industry. A tailored approach is employed, with each member of the IM team being assigned to a specific large electrician, ensuring personalised attention and support throughout the onboarding process. Key performance indicators (KPIs) are meticulously defined for influencer managers, aligning with the Company's objectives and customer satisfaction goals. These KPIs serve as benchmarks for measuring performance and effectiveness, with incentives tied to achieving or surpassing established targets.

Throughout these endeavours, the Company's commitment remains focused on delivering superior value to its customers. By prioritising their needs and preferences, the Company aims to exceed expectations and solidify its position as a market leader in the domestic wires segment. Through continuous innovation, personalised service, and strategic partnerships, Polycab strives to maintain its competitive edge and drive sustained growth in the industry.

~25%
Increase in monthly
active retailers

~50%
Increase in monthly
active electricians





W&C: Business Outlook

The Company remains optimistic about the growth prospects of the Wires & Cables (W&C) industry in the near to mid-term. The government's continued emphasis on infrastructure creation, coupled with an uptick in private corporate investment and buoyant business optimism, could nurture a sustained revival in the investment cycle, which augurs well for boosting W&C industry growth in the near future. Besides, the current upcycle in the real estate sector will further boost the W&C industry demand. The demand will also be supported by various other factors, including the expansion and modernisation of power transmission and distribution infrastructure, the upgradation and expansion of railway networks, increased investments in metro railroads, smart grid initiatives, and the development of smart cities. On the private side, investment activity has been selective, with notable interest directed towards sectors such as data centres, real estate, cement, metals and mining, industrial automation, and capex driven by PLI schemes.

Furthermore, the shift towards renewable energy in India is another exciting development. India's ambitious renewable energy goals are creating a lucrative market segment for specialised cables suitable for solar and wind power applications.

Also, the increasing adoption of 5G, cloud computing, and the Internet of Things (IoT) is propelling the need for high-speed and reliable data transmission cables.

The medium to long-term growth potential of the economy is rising, propelled by structural drivers like improving physical infrastructure; development of world-class digital technology; ease of doing business; enhanced labour force participation; and improved quality of fiscal spending, which eventually supports W&C industry directly and indirectly. Considering these opportunities, the Company believes that the domestic W&C industry is poised to grow by 12%-14% in the near to mid-term.

As the market leader, the Company is well-positioned to leverage these opportunities and reap the benefits of the expected expansion. The Company is working to better capture this opportunity by investing in R&D activities to develop and manufacture different types of cables and increase the product portfolio to cater to a larger market. The Company has also increased its capex plans, having spent ₹8.6 billion in FY 2023-24 and is planning to spend another ₹10-11 billion in the next three fiscal years each. Additionally, specific to wires, the Company is strategically targeting the unorganised market, predominantly present in Tier 3 to 5 cities of the Country.



The Company holds a strongly optimistic outlook regarding the potential for exports, driven by several key factors influencing demand. In the near term, continued investments in construction and infrastructure projects such as renewable energy, smart grids, and data centres are projected to fuel demand for cables and wires. Looking ahead to the medium term, the rise of automation and smart technologies is predicted to create demand for high-performance, data-carrying cables capable of handling large amounts of data transmission. There will also likely be a heightened focus on specialty cables tailored for specific applications like electric vehicle charging, fire safety, and harsh environments. In the long term, emerging technologies such as quantum computing and the Internet of Things (IoT) are expected to create new opportunities, necessitating cables with even higher data transmission speeds and improved durability.

As part of our growth strategy in the International business, the Company is focused on increasing its geographic and customer spread to increase the base and generate sustainable business in the coming years. The Company will also focus on enhancing local presence by being closer to the customer for better engagement and improving service levels. In the distribution model, the Company will look to forge partnerships with increasing number of distributors as well as Manufacturers Reps (MRs) to improve distribution. Polycab's commitment extends beyond product innovation to building robust partnerships, engaging with end customers directly, and delivering exceptional service. With a proactive approach to meeting evolving market demands and continuous expansion of its certified product portfolio, the Company is well-positioned to leverage the favourable market conditions.

12%-14%

Projected growth in the W&C industry in the near to mid-term

Fast-Moving Electrical Goods (FMEG)

FMEG revenues grew marginally to ₹12.8 billion during the year, contributing 7% to the Company's total revenue. This growth was achieved despite challenges posed by weakened consumer sentiment amid increased inflationary pressure. Sales performance was further impacted by heightened competition in certain product segments.

During the year, the Company actively pursued strategic initiatives aimed at laying the groundwork for the FMEG segment to seize future growth opportunities. Efforts included expanding the distribution network into previously untapped markets to enhance market penetration and accessibility. Additionally, there was a concerted focus on new product development to ensure the availability of a diverse range of offerings across various price segments, thus maximising opportunities within the industry. Brand building efforts were intensified through increased advertising and promotions, including sponsorship of ICC events, TV commercials, distributor and retailer meets, and digital marketing initiatives. These endeavours aimed to enhance brand visibility, consumer engagement, and loyalty, consolidating the Company's market position and driving sustained growth. In line, with the evolving electrical solutions landscape, the Company underwent a strategic brand refresh, to communicate its renewed vision, aspiration and commitment to change and innovation. The A&P spends of the Company increased by ~60% during the year, to be within its guided range of 3%-5% of B2C top-line.

The Company underwent a comprehensive overhaul of its reward system for channel partners, implementing enhancements to incentives and benefits. This strategic initiative was undertaken with the objective of nurturing stronger partnerships characterised by mutual success and collaborative growth.

Meanwhile, acknowledging recent shortcomings in FMEG business execution, the Company has devised a comprehensive plan of action to address these issues. A key aspect involves creating separate product-level verticals to enhance focus, streamline processes, and optimise performance. This strategic move aims to better align resources, facilitate targeted decision-making, and ultimately drive growth within each product category. As these measures are implemented, it is anticipated that the business will stabilise over the next few quarters and resume its growth trajectory.

₹12.8 billion

FMEG revenue in FY 2023-24

Fans

The fans industry experienced a growth of ~8% YoY to reach ₹155 billion in size, propelled by the successful transition to BEE (Bureau of Energy Efficiency) norms and increased sales of newer BEE compliant fans.

For Polycab, despite a slow start to the year due to excess channel inventory of non-BEE compliant fans, the fan segment rebounded by year's end, with a particular focus on premiumisation of its offerings. The Company made significant strides in the premium category by launching majority of its 90+ new SKUs launched during the year exclusively in the premium and BLDC ceiling fan range. The well-received Silencio series further bolstered Polycab's premium offerings. The Company now has a wider product portfolio encompassing the Zoomer in the Economy category, Vital in the Mid-premium category, and Silencio in the Premium category to cater to diverse customer segments. As consumer awareness regarding energy-efficient alternatives grows, particularly in the premium fan segment such as BLDC, market share is poised to increase – a trend catalysed by rising disposable incomes and a discerning inclination towards quality and reliability. By leveraging robust R&D capabilities and in-house manufacturing, Polycab remains committed to consistently delivering superior quality products to meet evolving consumer demands.

Lighting and Luminaires (L&L)

The Lighting and Luminaires (L&L) industry is estimated to have grown in low single digits to reach ₹260 billion in size.

The Lighting business, in FY 2023-24, faced challenges stemming from pricing erosion and subdued consumer demand in the B2C segment where the Company operates. A significant pricing correction of 30%+ compounded the impact of the 20%+ correction observed in the previous year. Additionally, festival-related demand did not meet initial expectations. Despite these hurdles, the Company maintains optimism about the segment's prospects. Operationally, efforts are directed towards enhancing the contribution of premium offerings such as ceiling lights, cob lights, cove lights, and downlights, which are increasingly preferred by customers. Innovation initiatives in batten, ceiling, and lamps are also underway, informed by insights specific to the Indian market.

₹155 billion

Size of the fans industry in FY 2023-24

To capitalise on the robust demand momentum driven by government-led infrastructure initiatives, a separate B2B vertical for the lighting business is being established.

While facing temporary challenges, the Company remains steadfast in its belief in the vast potential for growth and enduring market resilience for the lighting business in India. Despite the current setbacks, the Company is confident that by prioritising innovation and premiumisation, it will overcome these obstacles and illuminate a brighter future for the Lighting business.

₹260 billion

Size of the lights and luminaries industry in FY 2023-24

Switches & Switchgears

In FY 2023-24, the switches and the low-voltage switchgears industry is expected to have grown by ~9% and ~14% respectively to reach ₹90 billion and ₹25 billion in size, respectively.

For the Company, the switches and switchgears segments demonstrated notable performance, primarily propelled by sustained momentum in the real estate sector. Aligned with our objective of enhancing the contribution of switches and switchgears to the FMEG top-line, we have intensified our efforts in both categories through strategic initiatives.

Within switches, our commitment to enhancing in-house manufacturing capabilities has notably bolstered product availability, resulting in an impressive sales growth of over 2x compared to FY 2022-23.

The introduction of the Etira series, catering to the demand for cost-effective solutions, played a pivotal role in driving sales during the year. Additionally, the Levanna series, positioned as a premium offering, made good contribution to our sales figures.

Looking ahead, the Company aims to broaden its product range to the mid-premium segment to cater to diverse consumer preferences and price points. We have also strengthened our sales efforts by establishing an exclusive sales team for the switches business and implementing special schemes to enhance secondary sales.

Similarly, our switchgears business witnessed growth, driven by our strategic approach of leveraging cross-selling opportunities through wire distributors, yielding positive results. To ensure the highest quality standards, all sheet metal and plastic components are manufactured in-house, ensuring the utilisation of premium raw materials and impeccable accuracy in components.

During the year, the Company addressed a gap in its product offering by introducing the 6kA, which notably contributed to sales volume.

Additionally, the packaging of the 10kA switchgear was refreshed and a 7-year warranty provided, further enhancing customer satisfaction and brand loyalty. Furthermore, the successful completion of CB and KEMA certification for the MCB 10kA and MCB 6kA series is poised to bolster our foothold in the international market.

With a firm belief in our potential, we aspire to emerge as key players in these product categories. Increasing the share of these products within our FMEG portfolio is anticipated to improve our FMEG margins as well.

₹90 billion

Size of the switches industry in FY 2023-24

₹25 billion

Size of the low-voltage switchgears industry in FY 2023-24

Conduits and Fittings

Conduits and fittings business registered low double-digit growth, leveraging the sustained strong momentum in the real estate sector. Conduits and fittings play a crucial role in routing and safeguarding electrical wiring, manufactured from premium-grade waterproof and fire-resistant polymers to ensure enhanced safety for electrical circuits. Typically installed within walls, these products are categorised as low-ticket items, often resulting in relatively lower customer awareness regarding quality standards. Additionally, the market for conduits and fittings is characterised by low barriers to entry, leading to a highly fragmented landscape, with approximately 30%-40% of the market being unorganised. As of FY 2023-24, the market size for conduits and fittings stood at ₹75 billion. Recognising the vast potential within this market segment, the Company is strategically focused on its growth trajectory. Key strategies include cross-selling initiatives, expanding direct-to-consumer (D2C) distribution networks, and conducting quality awareness campaigns.

₹75 billion

Market size for conduits and fittings in FY 2023-24

Other FMEG Categories

Our other FMEG business primarily comprises solar products.

FMEG: Business Outlook

FY 2023-24 proved to be a tumultuous journey for the FMEG industry, commencing with subdued conditions attributed to high inflation and weak consumer demand, yet concluding with hopeful signs of recovery, including declining inflation, and a resurgence in consumer confidence. The management believes the FMEG industry is poised to accelerate its growth in the FY 2024-25, driven by steady urban consumption and improved prospects for rural demand.

Acknowledging the shortcomings in the Company's FMEG business execution, Polycab is embarking on a transition journey by establishing distinct product-focused units to enhance performance and drive growth. While this may lead to temporary stagnation in the segment's performance during FY 2024-25, the proactive measures under Project LEAP are poised to yield substantial long-term benefits. Over the past year, the Company has undertaken various initiatives to fortify its market position.

These initiatives include implementing a price laddering strategy to cater to diverse consumer segments, bolstering its distribution network, expanding into new territories, and continually upgrading its product portfolio to meet evolving market needs.



Furthermore, the Company is making significant investments in brand building and influencer management programmes to enhance its market presence. The dynamic landscape of India presents vast opportunities for the FMEG sector, driven by factors such as rising disposable incomes, urbanisation trends, and a growing emphasis on home improvement and automation, ensuring a robust long-term outlook. Government initiatives aimed at improving power availability are further propelling electrification efforts in semi-urban and rural regions, consequently driving demand for electrical products. India's youthful population, with a median age of 28 and 67% in the working age group of 15-64 years, will also contribute to this trend. The current upcycle in real estate too is expected to start generating demand for FMEG products over the course of next year and which, based on historical real estate cycles in India, should last for the next 6-8 years.

Overall, despite the short-term challenges, the Company remains optimistic about the future prospects of its FMEG business. With its strategic realignment and relentless focus on innovation, customer satisfaction, and market expansion, the Company is well-positioned to capitalise on the burgeoning opportunities in the Indian market. Polycab's commitment to operational excellence and agility will continue to be the cornerstone of its success as it navigates through this transition period and emerge stronger, driving sustainable growth and value creation for its stakeholders.

Other Categories

The Other segment, which largely represents the Company's Engineering Procurement & Construction (EPC) business and subsidiaries, clocked ₹9.6 billion in revenue, growing by 169% YoY. Largely, the growth was on account of the projects we have won under the RDSS scheme of the government, wherein we now have a healthy order book, to be executed over the next 3-4 years. Segment EBIT stood at ₹1.1 billion with EBIT margins at 11.5%. The segment accounted for 5% of total sales for the year under review.

₹9.6 billion

Other segment revenue in FY 2023-24



Other: Outlook

The Company remains committed to strategically capitalising on EPC opportunities, employing a selective approach to drive growth within its W&C business segment. Emphasis will be placed on prioritising project selection to optimise the supply component of W&C, while concurrently striving to achieve favourable capital returns and mitigate risk to minimal levels. Looking ahead, we expect this business to continue to contribute in single digit to the consolidated Company top-line with the mid-to-long term sustainable operating margin anticipated to hover around the high single digits.

Internal Control Systems and Adequacy

The Company maintains a robust framework of internal controls that are in accordance with the nature and size of the business. The framework addresses the evolving risk complexities and underpins the Company's strong corporate culture and good governance. The Internal Audit plan is approved by Audit Committee at the beginning of every year. The purpose of an internal audit is to examine and evaluate the internal controls and risks associated with the Company's operations. It covers factories, warehouses, and centrally controlled businesses and functions.

While these controls comply with the terms of the Companies Act, 2013, and the globally accepted framework issued by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission, they are also regularly tested by statutory and internal auditors for their effectiveness. The framework is a combination of entity-level controls that include enterprise risk management, legal compliance framework, internal audit and anti-fraud mechanisms such as the Ethics Framework, Code of Conduct, Vigil Mechanism and Whistle-Blower Policy, and process-level controls, IT-based controls, period-end financial reporting and closing controls. The Company has clearly defined the policies, SOPs, Financial & Operation RAPID (Delegation of Authority), and organisational structure to ensure smooth conduct of its business. Technologies are leveraged in process standardisation, automation, and their controls.

The extensive risk-based process of internal audits and management reviews provides assurance to the Board with respect to the adequacy and efficacy of internal controls. Internal audit reports are reviewed by the Audit Committee every quarter. Furthermore, the Committee also monitors the management actions implemented as a result of the internal audit reviews. Polycab is mindful of the fact that all internal control frameworks have limitations. Therefore, it conducts regular audits and review processes to ensure that the systems are continuously strengthened to improve effectiveness. The management has evaluated the operative effectiveness of these controls and noted no significant deficiencies or material weaknesses that might impact the financial statements as of 31 March 2024.



Human Resources

Polycab firmly believes that employees are the lifeblood of the Company, serving as its most valuable asset and driving force behind its success. Their dedication, creativity, and passion fuel innovation, drive productivity, and foster customer satisfaction. Moreover, employees embody the Company's values and mission, serving as ambassadors both within the organisation and in the broader community. Recognising the significance of employees, Polycab prioritises their well-being, growth and engagement.

Areas of focus for the Human Resources Department include:

Diversity & Inclusion: Embracing diversity and fostering an inclusive workplace culture is paramount to the Company's values. By respecting and valuing differences in perspectives, backgrounds, and experiences, the Company enriches its work environment and promotes innovation and creativity.

Learning & Development: The Company prioritises investing in its employees' development through various training programmes, workshops, and continuous learning opportunities. By empowering employees to enhance their skills and knowledge, the Company fosters a culture of growth where individuals can thrive and reach their full potential. Recognising this, the Company introduced learning and development initiatives aimed at upskilling and reskilling its workforce.

Rewards & Recognition: Acknowledging and appreciating employees' contributions is integral to fostering a culture of excellence. The Company implements robust recognition and reward systems to celebrate achievements and encourage high performance. This not only motivates employees but also reinforces a sense of pride and ownership in their work.

Employee Engagement: Continuous employee engagement and feedback play a pivotal role in fostering a thriving organisational culture and driving sustained success. By actively involving employees in the decision-making process, soliciting their feedback, and valuing their perspectives, the Company demonstrates its commitment to employee empowerment and development. This engagement not only enhances employee morale and satisfaction but also cultivates a sense of ownership and accountability among team members. Moreover, regular feedback loops enable the Company to identify areas for improvement, address concerns, and adapt strategies to meet evolving needs and challenges. Ultimately, by prioritising continuous employee engagement and feedback, the Company fosters a culture of transparency, trust, and collaboration, which in turn leads to higher levels of innovation, productivity, and employee retention.

Transparent Communication: Building trust within the organisation starts with transparent communication. The Company ensures open channels of communication at all levels, where employees feel heard, valued, and informed about important decisions and developments. This transparency cultivates trust and fosters a collaborative environment where everyone feels empowered to contribute.

Further details on the initiatives taken by the Company under the above heads are presented on pages 70 to 77 of the Integrated Annual Report.

At the end of FY 2023-24, the Company had 15,739 employees and workers, on-rolls and contractual, working at its various offices, manufacturing plants and warehouses.

Financial review: FY 2023-24 vs FY 2022-23

Consolidated balance sheet

1 Property, Plant, and Equipment (PPE) and Intangible Assets

- (a) Total additions to PPE and Intangibles were ₹4,602 million mainly on account of
- Capitalisation of Building of ₹1,064 million, which largely includes ~₹782 million for factory building in Halol, and remaining for other capex projects of the Company.
 - Capitalisation of Plant & Machinery of ₹2,567 million, attributable ~80% to wires & cables (W&C) and ~20% to Fast Moving Electrical Goods (FMEG).
 - Other major additions include Freehold land, Electrical installation, furniture, office equipments, Computer software and vehicles (~₹93 million, ~₹514 million, ~₹69 million, ~₹234 million, ~₹56 million and 5 million respectively).
- (b) Capital Work in Progress (CWIP) stood at ₹5,784 million as on 31 March 2024 largely attributed to the expansion of W&C and FMEG manufacturing capacities.
- (c) Investment Property under Construction: Company's investment properties consist of vacant land (including incidental vacant building on it) in Mumbai.
- (d) Right of Use assets: Addition during the year was ₹573 million, mainly on account of leased property in Valsad. Under Ind AS 116, the Group capitalises the operating leases with corresponding lease liability, which is then depreciated over the lease term.



(e) The Company has provided adequate depreciation and amortisation in accordance with the useful lives of the assets determined in compliance with the requirements of the Companies Act, 2013. In a certain class of assets, the group uses different useful life than those prescribed in schedule II of the Companies Act, 2013, as detailed under the accounting policy section of the financial statements.

2 Investment in Joint Venture

Techno Electromech Private Limited

In 2017, the Company signed a 50:50 strategic joint venture with Techno Electromech Private Limited (TEPL), a manufacturer based in Vadodara, Gujarat, for manufacturing LED lighting and luminaires. The joint venture has accumulated losses as at 31 March 2024. The Group has recognised its share of losses upto the aggregate of its investments in shares in the joint venture in previous year and discontinued recognising its share of further losses in absence of any legal or constructive obligations towards the joint venture.

3 Other Financial Assets

As of 31 March 2024, total other financial assets (both non-current and current) increased by ₹281 million, reaching ₹647 million. This increase is primarily due to ₹254 million rise in premium receivables on EPC contracts, ₹16 million increase in investments in fixed deposits with remaining maturities over 12 months, ₹110 million increase in security and other deposits, and ₹15 million rise in the fair value of embedded derivatives. These gains were partially offset by ₹117 million decrease in interest accrued on bank deposits.

4 Other Assets:

As of 31 March 2024, total other assets (non-current and current) increased by ₹2,410 million, reaching ₹9,790 million. This increase is mainly attributed to ₹1,435 million rise in capital advances, ₹542 million increase in balances with government authorities, ₹187 million increase in prepaid expenses, and ₹230 million increase in contract assets.

5 Inventories

As of 31 March 2024, the inventory stood at ₹36,751 million, up from ₹29,514 million as of 31 March 2023, marking an increase of ₹7,237 million. This rise is primarily due to an increase in finished goods by ₹3,289 million, work in progress by 1,269 million and raw materials by ₹2,099 million. The Company maintained higher inventory levels in anticipation of better business opportunities in the near future. Our inventory days, as derived from consolidated financial statements, were 101 days in FY 2023-24, compared to 102 days in FY 2022-23.

6 Trade Receivables

Trade receivables (non-current and current) as of 31 March 2024 stood at ₹21,662 million against the ₹12,992 million on 31 March 2023, a increase of ₹8,670 million.

(i) Non-current Trade Receivables

As of 31 March 2024, non-current trade receivables stood at ₹1,191 million, an increase of ₹664 million compared to ₹526 million as of 31 March 2023. These receivables primarily consist of retention money held by government customers for ongoing EPC projects.

(ii) Current Trade Receivables

As of 31 March 2024, current trade receivables increased by ₹8,005 million to ₹20,471 million. Our receivable days, based on consolidated financial statements, were 41 days in FY 2023-24, compared to 32 days in FY 2022-23. The increase was partly on account of higher institutional sales during the year, wherein, the Company extends a credit period to the end-customers.

7 Cash Position (includes Cash and cash equivalent, other bank balances and current investments)

Cash position as at 31 March 2024 was ₹22,248 million as compared to ₹20,457 million as at 31 March 2023.

8 Share Capital

The paid-up share capital as at 31 March 2024 was ₹1,502 million (31 March 2023: ₹1,498 million) comprising 15,02,36,395 Equity shares of face value ₹10 each. During the year, the Company further issued 4,71,117 shares to employees under ESOP schemes.

9 Other Equity

Other equity, comprising of reserves and surplus as well as other comprehensive income, increased by ₹15,495 million in FY 2023-24 and stood at ₹80,369 million.

Reserves and surplus included in the other equity includes retained earnings, securities premium, general reserve, and other reserves - comprising ESOP outstanding account, share application money pending allotment, and foreign currency translation reserve.

- (i) The Securities premium balance increased by ₹364 million due to fresh issue of equity shares to employees under ESOP scheme.
- (ii) The general reserve balance increased by ₹2 million on account of ESOP's not exercised.

(iii) ESOP outstanding increased by ₹381 million due to recording of ₹564 million stock-based compensation in relation to its ESOP plans and the reduction of ₹181 million on account of exercise of stock options and ₹2 million of transfer to general reserve.

(iv) Retained earnings balance increased by ₹14,776 million due to Profit for the year of ₹17,773 million, offset by dividend payout of ₹2,997 million.

(v) Foreign currency translation reserve decreased by ₹35 million on account of conversion of foreign subsidiary financials from their functional currency to reporting currency of the Company.

10 Borrowings

(₹ million)							
	Non-Current	Non-Current	Current	Current	Total	Total	%
	As on	As on	As on	As on	As on	As on	Change
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	
Borrowing	226	42	672	688	898	730	23%

Borrowings (non-current and current) increased by ₹168 million mainly on account of Term Loan facility availed by a subsidiary.

11 Other Financial Liability

As of 31 March 2024, other financial liabilities (non-current and current) increased by ₹1,281 million, reaching ₹2,959 million. The rise is primarily due to an increase in security deposits by ₹646 million, an increase in creditors for capital expenditure by ₹275 million, an increase in liability for guarantees given by ₹211 million, and an increase in derivative liabilities for commodity contracts by ₹448 million. These increases were partially offset by a decrease in channel financing liabilities by ₹313 million.

12 Other Liability

As of 31 March 2024, Other liability (non-current and current) increased by ₹585 million, reaching ₹3,568 million. This rise is primarily on account of below:

- (i) Increase in deferred government grant by ₹267 million on account of pending export obligation.
- (ii) Increase in contract liability by ₹119 million on account of recognition of contract revenue.
- (iii) Increase in statutory dues by ₹233 million.
- (iv) Increase in deferred and refund liability by ₹67 million.
- (v) Decrease in advance received from customers by ₹101 million.

13 Trade Payables (including Acceptances)

As of 31 March 2024, the total balance was ₹28,633 million, compared to ₹20,326 million on 31 March 2023, reflecting an increase of ₹8,307 million. This rise was due to an increase in acceptances by ₹6,362 million and an increase in creditors by ₹1,945 million. Our trade payable days, as derived from the consolidated financial statements, were 79 days in FY 2023-24, compared to 71 days in FY 2022-23.

14 Provisions

As of 31 March 2024, the total balance was ₹916 million, compared to ₹717 million as of 31 March 2023, an increase of ₹198 million. This increase was mainly due to ₹33 million rise in compensated absences, ₹145 million increase in gratuity provision, and ₹21 million increase in other provisions.

The parent Company in India provides gratuity benefits for its employees wherein the plan is funded with the fund balance kept with Life Insurance Corporation of India. The liability for gratuity and compensated absences is based on the valuation from the independent actuary.

15 Deferred tax liability

As of 31 March 2024, the total balance was ₹544 million, compared to ₹423 million as of 31 March 2023, an increase of ₹121 million on account of tax impact on temporary differences.

16 Tax Asset/Liability

(₹ in million)			
	31 March 2024	31 March 2023	Movement
Non-current tax assets (net of provision for taxation)	297	252	45
Current tax liabilities (net of advance tax)	(125)	(288)	163
Net tax asset/(liability) at the end of the year	172	(36)	208

The net tax asset as on 31 March 2024 was ₹172 million, an increase of ₹208 million primarily due to advance tax payment of ₹5,743 million, partially offset by tax provision of ₹5,519 million.



Consolidated Results (P&L)

1. Revenue from Operations

Revenue from operations increased by 28% to ₹180,394 million in FY 2023-24 from ₹141,078 million in FY 2022-23. Our segment-wise growth is as below:

	Revenue		YoY growth
	31 March 2024	31 March 2023	
Wires and cables	157,255	123,203	28%
FMEG	12,749	12,404	3%
Revenue from Construction Contracts	7,811	3,636	115%
Others	1,729	1,490	16%
Export incentive and government grant	851	345	147%
Total	180,394	141,078	28%

2. Other Income:

Other income primarily comprising interest income, income from investment in mutual funds, fair valuation of financial instruments, exchange difference, and others. Other income increased by ₹875 million to ₹2,209 million mainly attributed due to:

- Increase in gain on mutual fund investment by ₹229 million
- Decrease in gain on sale of property, plant and equipment by ₹96 million
- Decrease in fair valuation of financial instruments by ₹30 million
- Increase in interest income by ₹36 million
- Increase in exchange gain by ₹594 million
- Increase in Miscellaneous income by ₹146 million.

3. Raw Material Cost of Goods Sold

Raw materials' Costs of Goods Sold (COGS) including packing material, consists of the following line items in the financials:

- Cost of materials consumed
- Purchases of traded goods
- Changes in inventories of finished goods, traded goods, and work-in-progress
- Project bought outs and other costs

Raw materials' costs of goods sold as a percentage of sales decreased by 0.9% to ₹132,803 million in FY 2023-24 mainly due to change in sales mix and judicious price revisions.

4. Employee Benefit Expenses

Employment expenses rose by ₹1,528 million to ₹6,095 million in FY 2023-24, marking a 33% increase primarily attributed to annual increments, new hiring and ESOP charge. As a percentage of revenue, employee costs amounted to 3.38% in FY 2023-24, compared to 3.24% in FY 2022-23.

The compensation cost recognised for ESOP schemes was ₹564 million for FY 2023-24 and ₹108 million for FY 2022-23 which was included in the employee benefit expenses.

5. Finance Cost

Finance cost largely includes interest cost, bank charges, and foreign exchange gains/(losses) on borrowings. Our finance costs rose by ₹486 million to ₹1,083 million in FY 2023-24 primarily due to increase in acceptances and hike in interest rate.

6. Depreciation and Amortisation Expense

Depreciation and amortisation expense increased to ₹2,450 million in FY 2023-24 from ₹2,092 million in FY 2022-23, an increase of ₹359 million, largely due to addition in PPE.

7. Other Expenses

Other expenses increased by ₹3,698 million to ₹16,578 million in FY 2023-24 from ₹12,880 million in FY 2022-23. As a % of revenue, other expenses were 9.19% in FY 2023-24 as compared to 9.13% in FY 2022-23.

Increase/Decrease was largely on account of:

- Increase in advertising and sales promotion spends by ₹745 million, mainly due to spends on major campaigns like sponsorship for ICC Cricket World Cup, Green Wire TV commercial, brand refresh expenses etc.
- Increase in fair value loss on derivatives by ₹146 million.
- Increase in impairment allowance for doubtful debts by ₹345 million.
- Following expenses are in line with an increase in revenue:
 - Increase in sub-contracting expenses by ₹1,060 million
 - Increase in power and fuel by ₹344 million;
 - Increase in consumption of stores and spares by ₹424 million
 - Increase in freight and forwarding expense by ₹352 million
 - Increase in travel expenses by ₹62 million

Consolidated Cash Flow

	FY 2023-24	FY 2022-23	Change
Net cash inflow from operations	12,962	14,275	(1,313)
Net cash used in investing activities	(7,519)	(12,026)	4,508
Net cash used in financing activities	(3,874)	(2,271)	(1,603)
Net increase/decrease in cash and cash equivalents	1,570	(22)	1,592

(1) Net Cash inflow from operations:

Decrease in net cash inflow from operations by ₹1,313 million is mainly on account of:

Major cash outflows:

- Increase in taxes paid by ₹2,039 million
- Increase in trade receivables by ₹9,736 million
- Increase in financial assets by ₹646 million

Major cash inflows:

- Increase in cash operating profit by ₹7,899 million
- Increase in trade payables and acceptances by ₹159 million
- Increase in financial liabilities and provisions by ₹893 million
- Decrease in inventories by ₹280 million
- Decrease in other assets by ₹1,244 million
- Increase in other liabilities by ₹634 million

(2) Net Cash used in investing activities:

Net cash used in investing activities in FY 2023-24 was ₹7,519 million mainly due to:

- Net proceeds from mutual funds and fixed deposits of ₹616 million
- Purchase of property, plant and equipment (including CWIP) of ₹8,580 million

(3) Net cash used in financing activities:

Net cash used in financing activities in FY 2023-24 was ₹3,874 million, mainly on account of:

- Payment of dividend of ₹2,997 million.
- Interest paid of ₹1,017 million.
- Amount received on exercise of stock options of ₹194 million.
- Net proceeds from borrowings of ₹194 million.

Details of significant changes in key financial ratios:

	As on 31 March 2024	As on 31 March 2023	Change	Remark
Debtors' turnover ratio (Times)	10.57	11.10	-4.8%	Decrease due to rise in institutional sales
Inventory turnover ratio (Times)	4.01	4.08	-1.8%	Higher inventory maintained contemplating better near-term business opportunities led to decline in inventory turnover ratio
Interest coverage ratio (Times)	20.74	27.34	-6.60%	Lower due to increase in interest cost on letter of credit
Current ratio (Times)	2.44	2.64	-7.6%	Decrease largely on account of increase in usage of Letter of Credit partly offset by increase in inventory
Debt equity ratio (Times)	0.01	0.01	-0.4%	No material change from last year
Operating margin (EBITDA/Net sales)	13.81%	13.06%	0.8%	Improvement due to change in sales mix and judicious price revisions
Net profit margin (PAT/Net sales)	9.99%	9.09%	0.9%	Improvement due to change in sales mix and judicious price revisions
Return on equity	24.17%	20.96%	3.2%	Improved due to higher profitability during the current year