

UltraTech Cement banks on retail and B2B reach for new cables and wires biz

ONE-STOP SHOP. It helps distributors set up 4,432 outlets for building solutions, aimed at retail customers

Our Bureau
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UltraTech Cement, an Aditya Birla group company, is riding on its retail and B2B reach to make a splash in the cables and wires (C&W) market, which it plans to enter late next year.

The company has helped its distributors set up 4,432 UltraTech building solutions outlets with an eye to increase the share of customers' wallet to 60 per cent.

These outlets sell all products needed in the construction industry, including steel roofing and sheets, sanitary fittings, electricals, plywood and power tools and

PVC Pipes and water tanks. The company has launched 31 new products in water proofing and dry-mix solutions.

In a recent investor call, UltraTech said it targets achieving a revenue mix of 60 per cent from wires and 40 per cent cables through optimum utilisation level of its plant — to be set up near Bharuch, Gujarat — by FY31. It targets achieving over 20 per cent returns on capital employed and internal rate of return of 25 per cent.

The company plans no additional capex in C&W in the near future and maintained that the current capacity will suffice till FY31. Initially, the focus will be on wires but Ul-

◎ TARGET SET

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traTech ruled out a foray into the HT Cables/EHV segment. It also ruled out pricing/margin pressure in C&W following its entry.

ANALYSTS' VIEW

Analysts expect no material impact on existing C&W



capacity of less than 5 per cent of the total industry can be absorbed without big impact by FY31, it said.

Jefferies maintained that over FY25-27, Polycab will record a robust sales CAGR of 22 per cent and profit CAGR of 28 per cent, driven by new orders and improving performance in the Fast Moving Electrical Goods segment.

Centrum Broking said the investment in C&W will take at least two-three years before any financial impact is visible. The key uncertainty, it added, is whether UltraTech will continue to be the group's investment vehicle for future ventures, given its strong operating cash flow.

players till FY27. Nuvama Research said even post-FY28, the impact shall be relatively modest for incumbents given the strong growth prospects, strength in retail distribution and significant approvals in cables offerings. UltraTech's new