

RATING

BUSINESS	★★★★★
FINANCIALS	★★★★★
VALUATION	★★★★★
MANAGEMENT	★★★★★

Ranking 1 to 5, denoting 1 lowest and 5 highest



FIN2RESEARCH
Investment Advisor Pvt. Ltd.

POLYCAB

IDEAS. CONNECTED.

SECTOR - CABLES - ELECTRICALS

CMP : ₹6660.95

RATING -BUY

TARGET : ₹7950

UPSIDE: 19.25%

5th July, 2024

ABOUT

Polycab is a leading manufacturer of wires, cables, and fast-moving electrical goods (FMEG) under the 'POLYCAB' brand, including products like electric fans, LED lighting, switches and switchgear, solar products, and conduits and accessories. Established in 1996, the company leverages more than four decades of experience from its promoters. In addition to its core offerings, Polycab's business portfolio includes engineering, procurement, and construction (EPC) projects in power distribution and rural electrification, as well as a diverse range of specialty cables and FMEG products. Its Telecom Division manufactures optical fiber cables and provides networking solutions. Polycab operates 25 manufacturing facilities across India and utilizes advanced technology, such as automation and enterprise resource planning systems, to drive productivity and optimize capacity utilization. The company's research and development center in Halol supports customer-centric R&D efforts, ensuring high-quality products and innovative solutions.

KEY HIGHLIGHTS

The company's financial performance for the fourth quarter and full year ended March 31, 2024, reflected significant achievements. In FY24, revenue soared to ₹180,394 Mn, marking a robust 28% YoY increase, surpassing ₹180 Bn for the first time. EBITDA reached ₹24,918 Mn, demonstrating a notable 35% YoY growth, while PAT stood at ₹18,029 Mn, showing an impressive 41% YoY increase. In Q4 FY24 alone, revenue amounted to ₹55,919 Mn, up by 29% YoY, with EBITDA at ₹7,615 Mn, a 26% YoY increase, and PAT at ₹5,535 Mn, also rising by 29% YoY. These results represent the company's highest ever yearly and quarterly revenue and profitability figures.

The Indian economy displays resilience with notable surges in the chemical, metal, transport equipment, and construction materials sectors. Optimism prevails across industries, supported by robust demand for wires and cables, fueled by supply chain diversification, government initiatives, and product-linked incentives.

Expectations for capex and expansion hover at ₹800 – ₹900 Crores for the current financial year and ₹600 - ₹700 Crores for FY25. Transitioning to a distribution-backed model in the US and plans for capacity utilization and additional capex in cable segments are in progress. Future plans aim to provide a comprehensive overview of the impact of capex on both top-line and bottom-line performance.

Challenges persist, especially in the sustained weakness of consumer demand for the FMEG business. Action plans are being devised to rectify execution shortcomings, with stabilization expected over the next four quarters. Assessment of inorganic growth prospects for the FMEG business is ongoing, aiming to leverage strategic acquisitions and partnerships. Simultaneously, strategic adjustments in pricing and product mix are bolstering margins, fostering sustainable profitability.

KEY RISKS

The volatility observed in the prices of essential raw material commodities poses a significant risk to the company's operations. Among the critical materials utilized are copper and aluminum wires, PVC and rubber-based insulation coverings, and occasionally steel.

The company faces significant risks due to the cyclical demand for its products, all of which are either consumer discretionary goods or production components. Economic downturns pose challenges, exacerbating the impact of demand fluctuations. Additionally, the interdependence between segments like Wires & Cables and FMEG products increases vulnerability to portfolio concentration risks.

Given that the company derives a significant portion of its revenue and sources raw materials from international markets, fluctuations in foreign currencies represent a risk that requires hedging or mitigation measures. This is essential to circumvent challenges such as supply/demand constraints during economic upturns or downturns, particularly amidst unfolding uncertain geopolitical events.

Stock Info

Mkt Cap (in Cr)	100146.61
52-weeks high	7331.45
52-weeks low	3491
No. of eq shares (in Cr)	14.96
Face Value	10
Bse Code	532343
Nse Code	POLYCAB
Free Float Mcap (in Cr)	31064.33

Source- Nse/Bse

Investor Type Shareholding

Promoter & Promoter Group	65.24
Institutions Domestic	7.23
Central/ State Government	0.00
Institutions Foreign	11.95
Non Institutions	15.58
Total	100.00

Source- Nse/Bse

in ₹ Crores Except per share data

Particulars	Mar-23	Mar-22
P/E	34.04	39.01
P/S	3.05	2.89
P/CF	30.19	68.98
P/BV	6.46	6.34
EV/EBIT	25.12	32.21
EV/EBITDA	22.29	27.08
EPS - D	84.61	60.60
CMP	2880.05	2364.40
NAV/BV	445.66	373.07
MKT CAP	430946	352931

Source- Fin2research



COMPANY BOARD

**INDER T JAISINGHANI** (*Chairman and Managing Director*)

Since the inception of the Company, he has been an integral part of its journey, initially appointed as Chairman and Director on December 20, 1997. Later, on August 28, 2019, he was reappointed as Chairman and Managing Director. His contributions have been pivotal across various spheres including Strategy & Planning, Administration & Management, Sales & Marketing, Governance, Operations, Finance, and overall support services. Under his astute leadership and guidance, the Company has achieved over 25

**BHARAT A. JAISINGHANI** (*Executive Director*)

Bharat embarked on his professional journey with the company in 2012, subsequently ascending to the role of Executive Director in 2021. His academic background includes a Master's degree in Operations Management from the University of Manchester, complemented by executive education from esteemed institutions such as Harvard Business School's Programme for Leadership Development and Singularity University. With a seasoned career spanning various domains including sales, marketing, IT, production, and ancillary support services, Bharat currently focuses on spearheading growth initiatives within the organization.

**NIKHIL R. JAISINGHANI** (*Executive Director*)

Mr. Nikhil R. Jaisinghani commenced his tenure with the Company in 2012, and subsequently assumed the role of Executive Director in 2021. He is a graduate of the Kellogg School of Management at Northwestern University in Illinois, USA, holding a Master's degree in Business Administration (MBA). Throughout his career, he has garnered experience across diverse domains including sales, marketing, IT, production, and ancillary support services. Presently, he spearheads the wires & special cable business division while concurrently serving as a catalyst for organizational change within the Company.

**RAKESH TALATI** (*Executive Director*)

Mr. Rakesh Talati has been a valuable asset to the Company since 2014, following which he assumed the role of Executive Director. He holds accountability for the Wires and Cables division, alongside overseeing Administration, Industrial Relations (IR), and both Greenfield and Brownfield Projects domestically across all business segments. A graduate of Maharaja Sayajirao University of Baroda, he possesses a Diploma in Civil Engineering and has completed an Interior Design Course.

**GANDHARV TONGIA** (*Executive Director and Chief Financial Officer*)

Mr. Gandharv Tongia, the Executive Director and Chief Financial Officer of Polycab India Limited since 2018, oversees all financial, strategic, legal, secretarial, investor relations, and IT functions. Previously, he worked with Ernst & Young and Deloitte Haskins and Sells, providing assurance and consultancy services to major corporations in India and abroad. A fellow member of the Institute of Chartered Accountants of India (ICAI), he has also completed the Professional Programme Examination conducted by the Institute of Company Secretaries of India.

**ASHISH D. JAIN** *Executive President & Chief Operating Officer (Telecom Vertical)*

As the Executive President & Chief Operating Officer (Telecom Vertical) of our company, he has been instrumental since joining on February 3, 2014. His responsibilities encompass managing our Telecom Business, which includes Optical Fiber Cable, FRP/ARP, IGFR, Smart City, and Telecom EPC segments. With a bachelor's degree in engineering from the University of Poona in 1994, he brings over 25 years of invaluable experience in the telecommunications industry. Prior to his tenure with us, he served as the Chief Operating Officer at Telecom Limited and held the position of Vice President at Vuppalamritha Magnetic Components Limited.

**ANIL HARIANI** *Director - Commodities (Non-board member)*

Anil being few of the non board director, heads the commodity division of teh company . He has had a richfull experience spanning diverse domains namely; Commodity Pricing, Forex, Purchase and Sales Support.

BUSINESS OVERVIEW

The company operates predominantly in three business segments, each complementing the others: Wires & Cables, FMEG Products, and Engineering Procurement & Construction (EPC). Wires & Cables constitute the primary revenue generator, with the company leading in this segment. Conversely, the FMEG segment faces stiff competition and struggles with brand recall. However, EPC, still in its early stages, presents opportunities for high-margin growth leveraging the company's manufacturing capabilities and management expertise.

In FY24, the Wires & Cables segment contributed 88% of the total external revenue, followed by FMEG Products at 7%, and 5% from other segments, including EPC. The FMEG business encompasses products such as electric fans, LED lighting, switches and switchgear, solar products, and conduits & accessories.

EPC is strategically positioned to capitalize on emerging opportunities in the power and digital infrastructure space, leveraging the company's wire & cables manufacturing prowess and enhancing its management and execution capabilities.

The company's Wires & Cables portfolio cater to diverse industries. Wires consist of single conductors, while cables comprise one or more conductors used for transmitting electricity, data, or signals. Control and instrumentation cables are utilized in electrical power systems and process control systems, while telecom cables facilitate voice and data transmission. Optical fibre cables offer high-speed data connections, while various other cable types find applications in consumer appliances, automotive, railways, and mining.

Power cables play a crucial role in transmitting and distributing electricity from power-generating plants to end-user segments, including residential, commercial, and industrial units. Noteworthy users include central, state, and private electricity utilities, as well as sectors such as petrochemicals, mining, steel, non-ferrous, shipbuilding, cement, railway, and defense. Building wires are utilized for electrical wiring in residential and commercial properties, categorized into Flame Retardant, Fire Retardant (FR), Flame Retardant Low Smoke (FRLS), and Halogen Free Flame Retardant (HFFR) variants.

Wires and cables are typically made using conductive materials like copper or aluminum for the conductor. The conductor is surrounded by insulation material, such as PVC (polyvinyl chloride), XLPE (cross-linked polyethylene), or EPR (ethylene propylene rubber), to provide electrical insulation and mechanical protection. The cable may also include additional layers for shielding against electromagnetic interference or armor for mechanical protection in harsh environments.

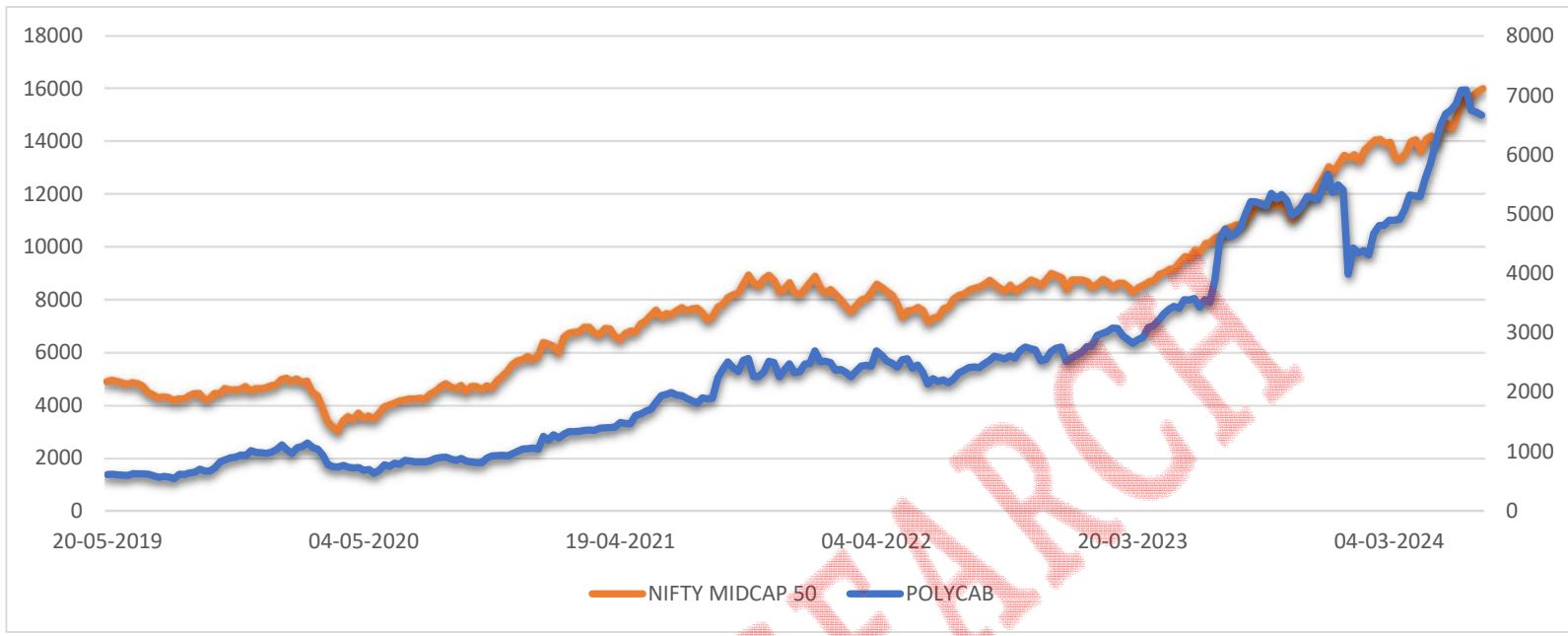
FMEG products encompass a wide range of electrical items designed for consumer and industrial use. Electric fans, for instance, are assembled using components such as motors, blades, and casings, while LED lighting fixtures comprise LEDs, drivers, and housing materials. Switches and switchgear are manufactured using conductive materials like copper or aluminum for electrical connections, along with plastic or metal enclosures for protection. Solar products typically consist of solar panels, inverters, and mounting hardware, while conduits & accessories include conduits made of PVC or metal, fittings, and connectors for electrical installations. Each FMEG product undergoes specific manufacturing processes and utilizes various materials tailored to its functionality and application.

MARQUEE CUSTOMERS

Oil & Gas					
Metal					
Infrastructure					
Paints Chemicals					
Cement					
Power					

Multi Format Retail Approach: Polycab Galleria, Arena & Shoppee





PERFORMANCE RETURN - CAGR%

Particulars	0.5y	1.0y	2.0y	3y	5y
POLYCAB	63%	97%	64%	61%	62%
NIFTY MIDCAP 50	49%	57%	39%	27%	25%

SEGMENT BREAK UP

STANDALONE

Particulars	Wires & Cables	FMEG	Others	Eliminations	Total
External sales	123987.45	11879.75	3638.33	-	139505.53
Inter segment revenue	1559.04	-	-	-1559.04	-

Segment Results	Wires & Cables	FMEG	Others	Eliminations	Total
External	16052.88	2.68	421.01	-	16476.57
Inter segment results	202.72	-	-	-202.72	-

CONSOLIDATED

Particulars	Wires & Cables	FMEG	Others	Eliminations	Total
External sales	125368.92	12511.57	3584.34	-	141464.83
Inter segment revenue	2406.11	95.80	1062.74	-3564.65	-

Segment Results	Wires & Cables	FMEG	Others	Eliminations	Total
External	16446.66	-62.37	432.27	-	16816.55
Inter segment results	277.65	6.32	84.83	-368.80	-

CONSOLIDATED

STANDALONE

Particulars	2023	2022	Particulars	2023	2022
Within India	1,27,630	1,13,211	Within India	1,25,548.3	1,12,107.01
Outside India	13,835	9,229	Outside India	13,957.2	9,278.85
Total	1,41,465	1,22,440	Total	1,39,505.5	1,21,385.9

GROWTH CATALYSTS

In the fiscal year FY23, the Indian wires and cables (W&C) industry experienced growth in the low double digits, achieving a valuation ranging between H680-730 billion. This sector's substantial expansion accounted for 40-45% of the overall Indian electrical industry. Primary demand drivers include sectors such as Power, Railways, Infrastructure, Oil & Gas, Telecom, Real Estate, Renewables, Defence, and Automobiles. Notably, organized players maintain a dominant market position, commanding approximately 70% of the market share, while unorganized players prevail in rural regions. Polycab remains at the forefront of the market, boasting a market share ranging between 22% - 24% within the organized segment.

CATALYSTS DRIVING GROWTH IN THE WIRES & CABLE SEGMENTS

Government Infrastructure Focus

The government's prioritization of infrastructure development as a cornerstone of long-term economic growth is driving significant investment. Doubling capital expenditure (capex) support in Central Budgets over the past five years, with infrastructure capex rising from ~1.4% of GDP in FY18 to ~3.3% in FY23, has particularly benefited sectors like Railways, Roadways, Highways, Defence, and Housing. These sectors, being primary demand drivers for the W&C industry, are expected to accelerate industry growth. Initiatives such as the National Infrastructure Pipeline (NIP), Jawaharlal Nehru National Urban Renewal Mission (JNNURM), and Pradhan Mantri Awas Yojana (PMAY) are anticipated to further bolster demand.

Manufacturing Industry Expansion

Robust growth in the manufacturing sector, supported by increasing capacity utilization, the Production-Linked Incentive (PLI) scheme, and the 'Make in India' initiative, is creating additional business opportunities for W&C players.

Residential Real Estate Boom

The Indian residential real estate market has entered an upcycle following the first wave of COVID-19. Favorable factors such as historically low-interest rates, supportive government policies, and the need for larger homes due to the Work-From-Home culture have fueled pent-up demand. Long-term drivers like urbanization and government initiatives such as 'Housing for All' and 'Smart Cities' have further contributed to the sustained growth. With housing sales in the top 8 Indian cities reaching a 9-year high in CY 2023, the uptick in the residential real estate sector is expected to be a consistent long-term growth driver for the W&C industry.

Railways Sector Transformation

The railways sector serves as a major consumer of wires and cables (W&C), utilizing them extensively in signaling, control systems, power supply, and communication networks. Recent budget allocations underscore the government's commitment to modernizing Indian Railways, with a focus on nationwide connectivity enhancement. Initiatives such as the introduction of semi-high-speed trains like Vande Bharat and plans for high-speed bullet trains between Mumbai and Ahmedabad by 2026 signal significant investments. Efforts to reduce emissions and achieve 100% electrification of broad-gauge lines further contribute to demand for W&C, particularly in the context of the dedicated Freight Corridor project.

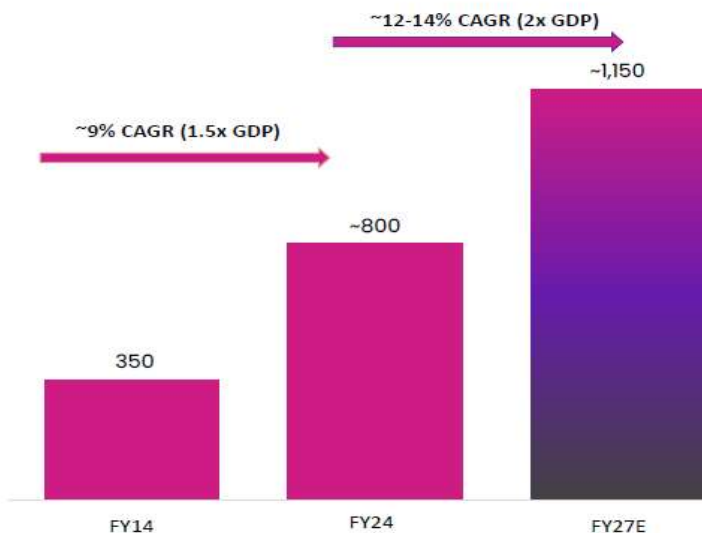
Renewable Energy Drive

The burgeoning demand for renewable energy presents substantial opportunities for the W&C industry. With ambitious targets set by the government to achieve 500 GW of installed renewable energy capacity by 2030, including solar and wind power, the sector is poised for significant growth. Initiatives such as 'Power for All' and various power development schemes signal a promising market potential for wires and cables, particularly in supporting renewable energy infrastructure development.

Telecommunications Expansion

The telecommunications sector is experiencing a surge in demand, driven by the IT boom and digitalization trends. Optical fibre cables play a crucial role in high-speed broadband applications, fueled by increased mobile device adoption and the transition to 5G technology. The projected growth of the global fibre optics market, with the Indian market expected to reach \$1.66 billion by 2026, underscores the significance of this segment for the W&C industry. The proliferation of data centers further boosts demand, positioning telecommunications as a key driver of growth in the W&C market.

Indian Cable & Wire Market (₹ Bn):



Polycab is the largest Wires and Cables manufacturer in India, with a strong suite of products...

Power Cable



Control Cables



Other Cables



Optical Fiber Cable



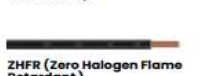
Instrumentation Cables



Flexible Wires



Building Wires



Solar Cable



Fast-Moving Electrical Goods (FMEG), comprising consumer electrical products like fans, lights, switches, etc., are sold through various retail outlets and e-commerce platforms. Due to high market penetration, the industry experiences moderate growth, prompting domestic FMEG industries to leverage efficient distribution channels like e-commerce. With stiff competition and short product life cycles, continuous innovation is essential, including investment in research, process improvement, and adaptation to market trends. Effective marketing and distribution strategies are crucial for profitability. Thus branding, advertising, and innovation in products and distribution channels remain the only avenues driving significant growth in this segment. The industry's rapid evolution, marked by increased involvement of organized players and a focus on branding, is driven by structural factors such as demographic shifts, evolving consumer behavior, technological advancements, and rising disposable incomes in India.

The FMEG segment for Polycab has experienced remarkable growth, achieving a staggering 30% Compound Annual Growth Rate (CAGR) from 2015-16 to 2022-23. This growth can be attributed to several catalysts:

Premiumisation

Rising urbanization has led to increased demand for residential real estate in urban areas, resulting in continued demand for household electrical appliances. Wage growth in India, averaging around 10% over the past decade, has increased disposable income and purchasing power. The expanding Indian middle class, with improved living standards, prefers safe, high-quality, aesthetically pleasing products, driving demand for premium FMEG categories.

Demographic Dividend:

India has entered a demographic dividend opportunity window, expected to continue until 2055-56. With a median population age of approximately 28.4 years and around 67% of the population aged between 15 to 64 years, India's working-age population is projected to reach its peak at 68.9% by 2030. This youthful demographic not only enhances India's competitive advantage in the services and manufacturing sectors but also stimulates discretionary spending.

Energy Efficiency

The Bureau of Energy Efficiency (BEE) has introduced voluntary and mandatory star labeling norms for various electrical product categories to promote energy-efficient products. This initiative has increased customer awareness of the long-term benefits of energy-efficient electrical products. Additionally, heightened awareness of issues like global warming and depletion of non-renewable energy sources has driven consumer preference towards environment-friendly, energy-efficient products, prompting industry innovation to meet evolving customer needs.

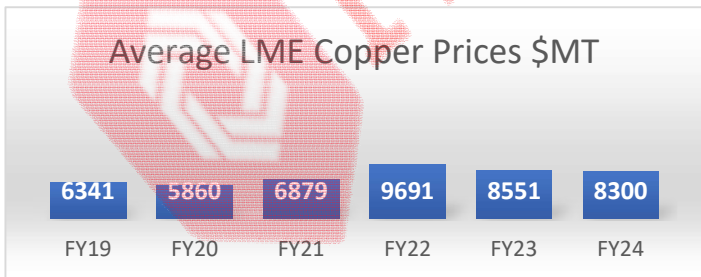
Rise of Smart Homes

The proliferation of IoT and connected devices has popularized the concept of smart homes in India. FMEG companies are developing connected home appliances, lighting systems, and security systems controllable via smartphone apps or voice assistants. This trend is expected to grow as more consumers seek the convenience offered by connected homes.

Government initiatives like PMAY and Smart Cities are driving demand for household electrical appliances and eco-friendly technologies. The Union Budget of 2023 proposes significant increases, such as a 66% enhancement of the PMAY Fund to ₹790,000 million and allocations of ₹100,000 million per year for urban infra-development. The introduction of a new tax regime aims to increase disposable income, further boosting demand for higher-quality electrical appliances. Moreover, the allocation of ₹160,000 million for **Smart Cities** initiatives is set to enhance the quality of life in multiple cities.

TREND OF COMMODITIES

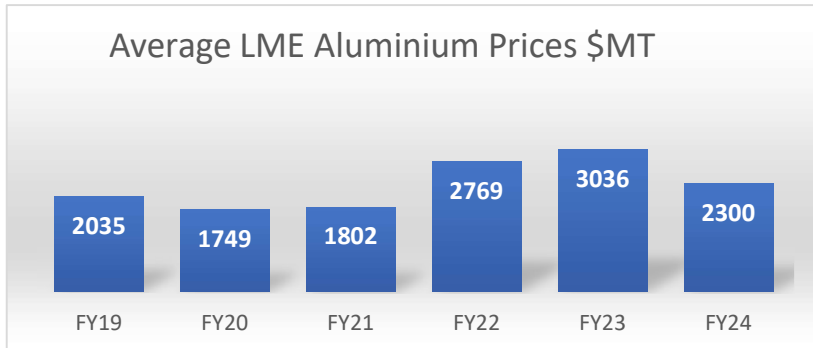
- In FY23, commodity prices generally declined from their peak due to reduced demand stemming from monetary tightening and high inflation. Global growth concerns and recession fears contributed to this trend, although different commodities experienced varied price movements due to differing supply conditions.



Source: LME

Similarly, aluminum prices fell from \$3,500/MT in April 2022 to \$2,100/MT in September 2022, then rebounding to close at \$2,650/MT in 2024 due to supply challenges. PVC compound prices for wires and cables tracked crude oil prices, seeing a 41% correction by mid-year and fluctuating amid geopolitical risks in the Middle East. Steel prices remained range-bound yet volatile, while the Indian rupee's depreciation during the year helped balance the impact of falling

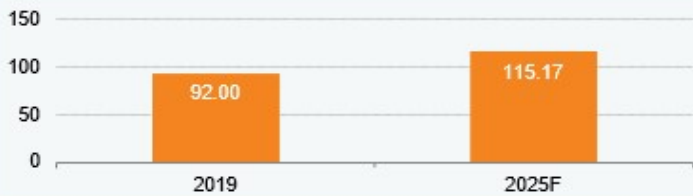
Copper prices on the London Metal Exchange (LME) showed high volatility throughout the year, influenced by global economic sentiments, supply disruptions from key copper-producing countries, and China's changing COVID-19 policies. Prices declined from \$10,250/MT in April 2022 to \$7,000/MT in July 2022, before recovering to close the year at around \$9,900/MT in 2024.



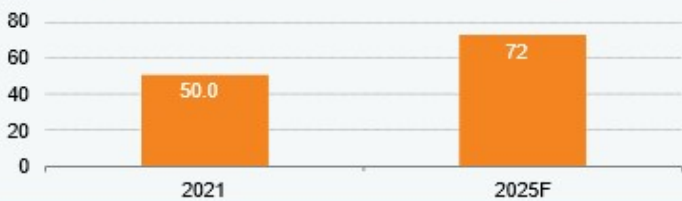
Source: LME

ENGINEERING AND CAPITAL GOODS

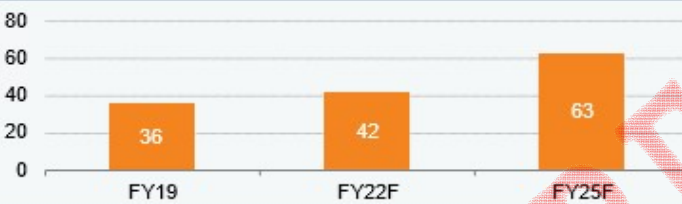
Capital goods turnover (US\$ billion)



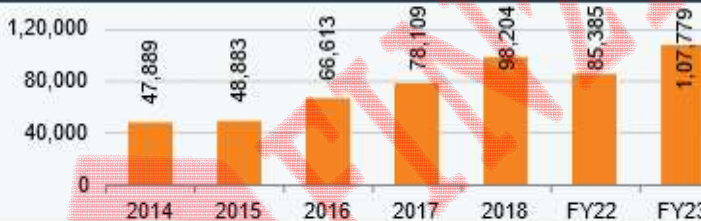
Electrical equipment market (US\$ billion)



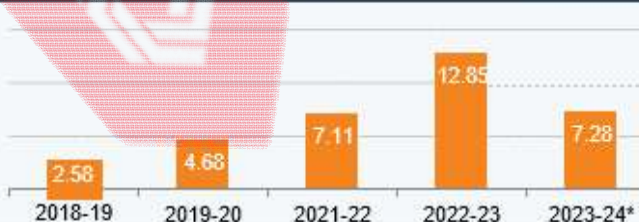
Engineering R&D Revenue (US\$ billion)



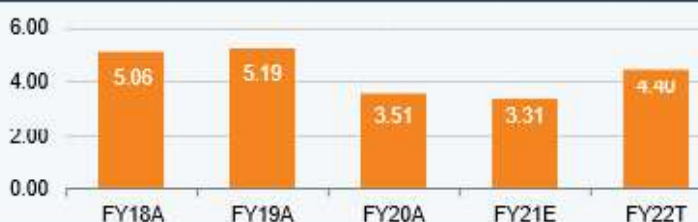
Construction equipment sales volume (in units)



Telecom instrument exports (US\$ billion)



Production by CPSEs under DHI (US\$ billion)



Demand in the engineering industry segment is driven by investments and capacity creation in core sectors like power, infrastructure developments, mining, oil, and other sectors such as general manufacturing, automotive, process industries, and consumer goods.

India's Capital Goods manufacturing industry serves as a robust foundation for its involvement across sectors like Engineering, Construction, Infrastructure, and Consumer goods, among others. Constituting 27% of total factories in the industrial sector and representing 63% of overall foreign collaborations, it contributes significantly to India's manufacturing output and GDP. In FY22, the industry was valued at US\$ 43.2 billion, with the electrical equipment sub-sector leading the pack, followed by Plant equipment & Earth moving/mining machinery.

Infrastructure development is a key demand driver for machinery. The 2023-24 budget allocated the Ministry of Railways Rs. 2.4 lakh crore (US\$ 28.9 billion), about nine times the allocation in 2013-14. The Ministry of Road Transport and Highways received a 36% budget increase to Rs. 2.7 lakh crore (US\$ 32.5 billion). Growth opportunities in the engineering sector are likely to be driven by increasing investments in critical industries such as defence, auto components, civil nuclear, power transmission and distribution, machine tools, and material handling equipment.

Rising demand for electrical equipment is notable, with the sector contributing about 8% to the manufacturing sector's value and 1.5% to overall GDP. The Indian electrical equipment industry is divided into two broad segments: generation equipment (boilers, turbines, generators) and transmission and distribution (T&D) equipment (transformers, cables, transmission lines). The electrical equipment market in India is expected to grow by US\$ 33.74 billion from 2021 to 2025 at a CAGR of 9%, with the domestic market projected to grow annually by 12% to reach US\$ 72 billion by 2025.

The construction equipment industry in India, aspiring to become the world's second-largest by 2030, recorded a 26% year-on-year growth in FY23, driven by road construction and railway projects, with sales exceeding 100,000 units. The market size is expected to grow from US\$ 5.2 billion in 2022 to US\$ 8.7 billion by 2028, at a CAGR of over 8%, supported by the anticipated growth in the construction industry, increased foreign investments, and rising smart city projects. The Ministry of Road Transport & Highways aims to construct 18,000 km of national highways in FY22-23 at a pace of 50 km per day, expanding the network to 200,000 km by 2025.

The Index of Industrial Production (IIP) is forecasted to rise to 141.6 in September 2023, signaling positive momentum. The government's 'Vision Plan 2030' aims to establish India as a manufacturing and export hub for construction equipment, propelling the development of world-class infrastructure.

Exports of engineering goods totaled US\$ 107.04 billion in FY23, showcasing the industry's global competitiveness. Additionally, the Indian Construction Equipment Market is poised for growth, with projections reaching US\$ 8.7 billion by 2028 and an estimated sale of 165,097 units.

Electronics goods exports saw significant growth, reaching US\$ 11.11 billion in April-December 2021, a 49% increase compared to FY20. The PLI scheme introduced in February 2021 further incentivizes manufacturing in the telecom and networking equipment sector, with an outlay of Rs 12,195 crore (US\$ 1.4 billion) over five years.

CASHFLOW STATEMENT

Particulars	in ₹ Crores		
	Mar-23	Mar-22	Mar-21
Operating Activity			
Profit before tax	17,072.6	12,111.8	10,649.7
CFO before WC	19,037.0	13,429.8	12,333.2
Changes in WC	-1,057.6	-4,974.1	2,599.8
Income Tax paid	-3,704.3	-3,339.6	-2,408.8
CFO	14,275.2	5,116.1	12,524.2
Investing Activity			
Net Purchase of FA	-4,564.1	-5,198.3	-1,846.1
Net Purchase of NC Inv	-20.1	1,463.2	-368.6
Net Purchase of Current	-7,642.1	-649.4	-8,087.5
Income from Inv	199.8	232.2	181.3
CFI	-12,026.5	-4,269.5	-10,120.9
Financing Activity			
Proceeds Issue of Equity	127.7	132.9	84.1
Net NC Borrowings Repa	2.6	-141.1	-832.8
Net Current Borrowings I	329.1	-27.1	-384.4
Repayment of lease	-126.8	-137.7	-151.6
Interest paid	-508.7	-342.4	-463.0
Dividend paid	-2,094.5	-1,491.6	-
CFF	-2,398.4	-2,006.9	-1,747.7
Net Change	-149.6	-1,160.3	655.6

Income Statement in ₹ Crores

Particulars	Mar-23	Mar-22	Mar-21
Revenue	1,41,078	1,22,038	87,922.3
COGS	1,05,109	94,657	65,171.4
GROSS PROFIT	35,968.8	27,380.9	22,750.9
Employee expense	4,567.7	4,066.3	3,537.3
Other expenses	12,880.0	10,662.6	8,102.2
EBITDA	18,521.1	12,652.0	11,111.5
D&A	2,091.6	2,015.2	1,761.7
EBIT	16,429.5	10,636.8	9,349.8
Interest	597.6	351.9	426.9
Other Income	1,333.3	899.2	1,192.8
Profit from J.V	-92.6	-25.6	-
Exceptional Items	-	-	-
PBT	17,165.2	11,184.1	10,115.8
Tax	4,250.0	2,706.3	1,703.4
PAT	12,822.5	9,172.8	8,859.1

Source: Annual Report

BALANCE SHEET

Particulars	in ₹ Crores		
	Mar-23	Mar-22	Mar-21
Assets			
PPE	20,104.28	16,170.25	18,261.2
CWIP	2,507.67	3,754.50	990.50
Investments	-	92.63	118.18
Goodwill	46.22	46.22	22.58
Other Intangible Assets	518.90	534.76	412.25
Financial Assets	70.40	166.52	615.18
Other NC Assets	1,393.43	1,143.51	717.22
Current Assets			
Inventories	29,513.8	21,996.5	19,879.1
Investments	13,505.0	7,640.5	6,231.3
Trade Recievables	12,466.0	12,963.9	14,357.7
Cash and Cash Equivalents	6,952.4	4,071.2	5,313.2
Financial Assets	103.5	126.8	122.7
Other FA	295.9	409.5	259.4
Other CA	6,250.9	4,203.0	1,563.2
Total Assets	94,254.8	74,119.1	70,147.1
Equity & Liabilities			
Equity	66,311.4	55,437.4	47,539.4
NI	373.8	250.7	188.3
Total Equity	66,685.1	55,688.1	47,727.7
Non Current Liabilities			
Borrowings-I	42.1	29.7	1,036.8
Lease-I	224.3	244.8	226.3
Other Financial Liabilities	-	-	-
NC Tax Liabilities	422.7	271.8	418.1
Other NC Liabilities	614.9	471.3	592.4
Total	1,304.0	1,017.7	2,273.6
Current Liabilities			
Borrowings-II	1,509.4	801.6	1,450.1
Lease-II	139.0	105.4	111.8
Trade Payables	20,326.4	12,175.3	13,480.3
Other FL	856.7	686.1	1,306.9
Provisions	267.6	253.8	235.3
Current Tax Liabilities	348.9	159.5	283.4
Other CL	2,817.8	3,231.6	3,277.9
Total	26,265.6	17,413.3	20,145.8
Total liabilities	27,569.6	18,431.0	22,419.4
Total Equity & Liabilities	94,254.8	74,119.1	70,147.1

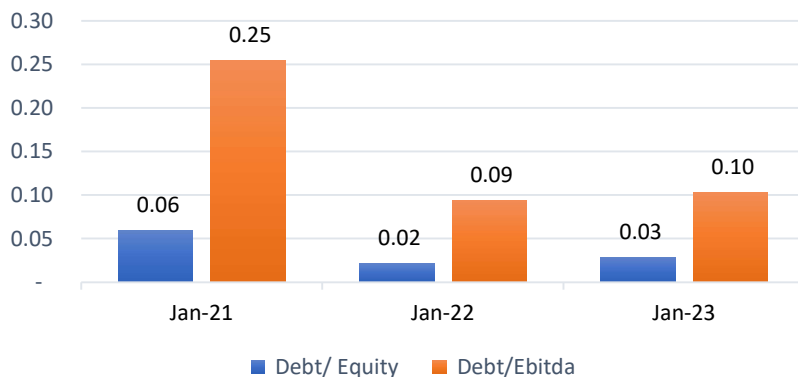
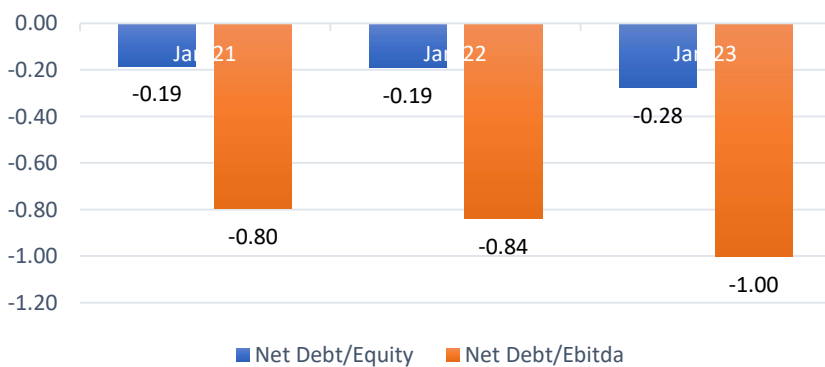
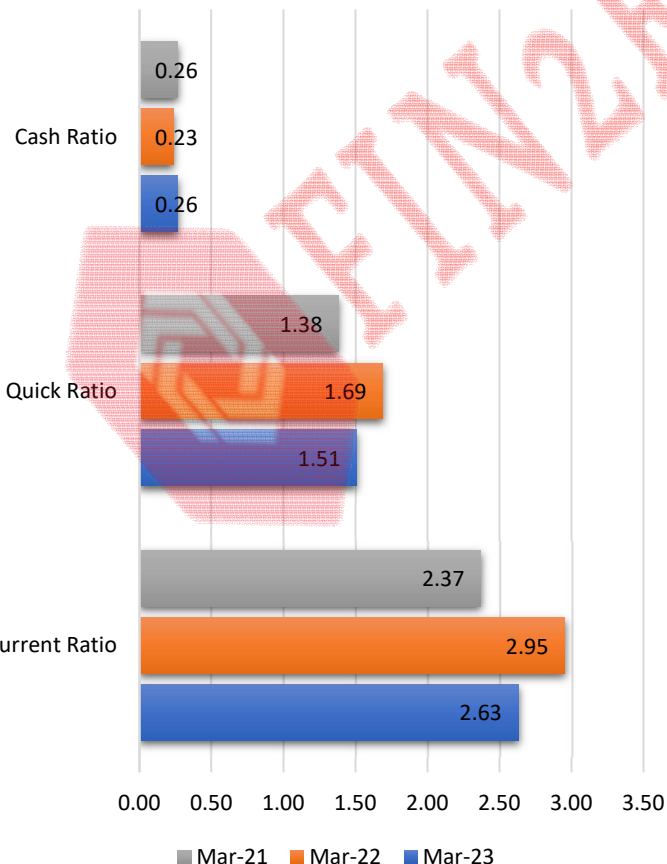
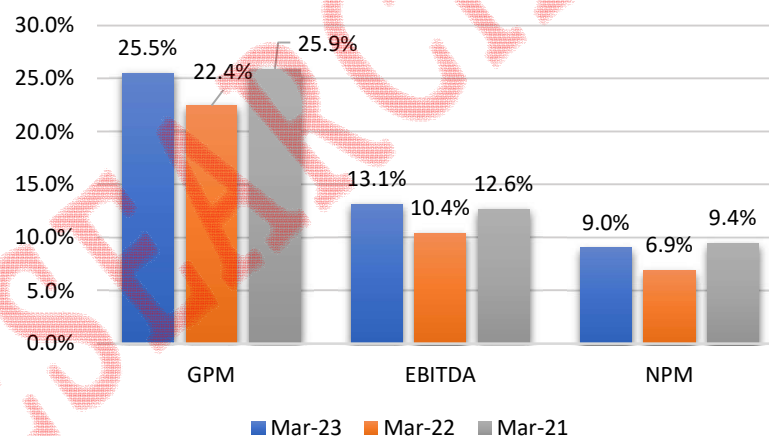
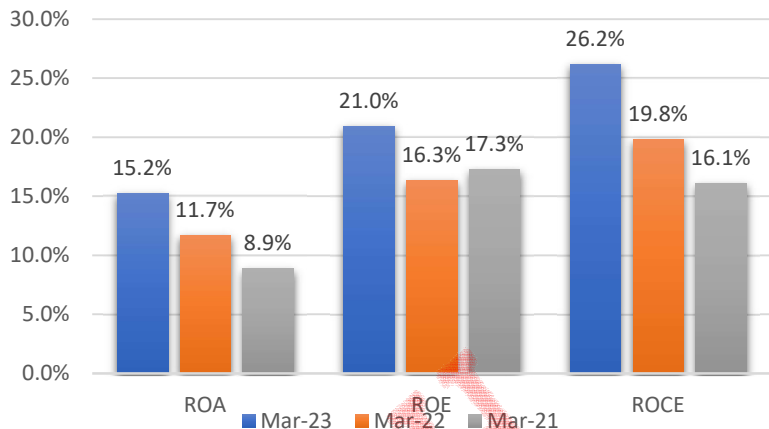
Source: Annual Report

Financial Ratios

Annual

PARTICULARS	Mar-23	Mar-22	Mar-21
ROA	15.2%	11.7%	8.9%
ROE	21.0%	16.3%	17.3%
ROCE	26.2%	19.8%	16.1%
GPM	25.5%	22.4%	25.9%
EBITDA	13.1%	10.4%	12.6%
NPM	9.0%	6.9%	9.4%
Debt/ Equity	0.03	0.02	0.06
Net Debt/Equity	-0.28	-0.19	-0.19
Debt/Ebitda	0.10	0.09	0.25
Net Debt/Ebitda	-1.00	-0.84	-0.80
ICR-Ebitda	30.99	35.95	26.03
Current Ratio	2.63	2.95	2.37
Quick Ratio	1.51	1.69	1.38
Cash Ratio	0.26	0.23	0.26
Debtor Days	34.61	43.97	35.49
Payable Days	56.43	49.46	46.67
Inventory Days	89.44	80.74	59.00
Cash Conversion Cycle	67.62	75.25	47.81
Cfo / Revenue Ops	0.10	0.04	0.14
Cfo / Ebitda	0.77	0.40	1.13
Cfo/Short term debt	339.24	172.03	12.08
Cfo/Interest	23.89	14.54	29.34

Source: Annual Report




QUARTERLY UPDATE

Standalone (India)

(in Rs. Crores unless stated otherwise)


Source: Annual Report

Particulars	4QFY24	3QFY24	4QFY23	YOY%	Q-O-Q%	Source: Annual Report
Revenue	54,847.1	45,838.6	43,321.9	27%	20%	
COGS	41,538.3	33,057.0	32,177.8	29%	26%	
Gross Profit	13,308.8	12,781.5	11,144.1	19%	4%	
Employee exp	1,621.4	1,433.4	1,156.7	40%	13%	
D&A	634.7	595.2	525.4	21%	7%	
Interest	225.9	301.9	265.3	-15%	-25%	
Advertisement exp	372.5	901.6	241.3	54%	-59%	
Freight & forwarding exp	925.3	839.4	858.9	8%	10%	
Other expenses	3,500.5	2,685.1	2,436.2	44%	30%	
PBT	6,028.6	6,024.9	5,660.4	7%	0%	
Tax	1,447.5	1,432.1	1,428.3	1%	1%	
PAT	4,581.1	4,592.8	4,232.1	8%	0%	

Consolidated (India)

(in Rs. Crores unless stated otherwise)

Source: Annual Report

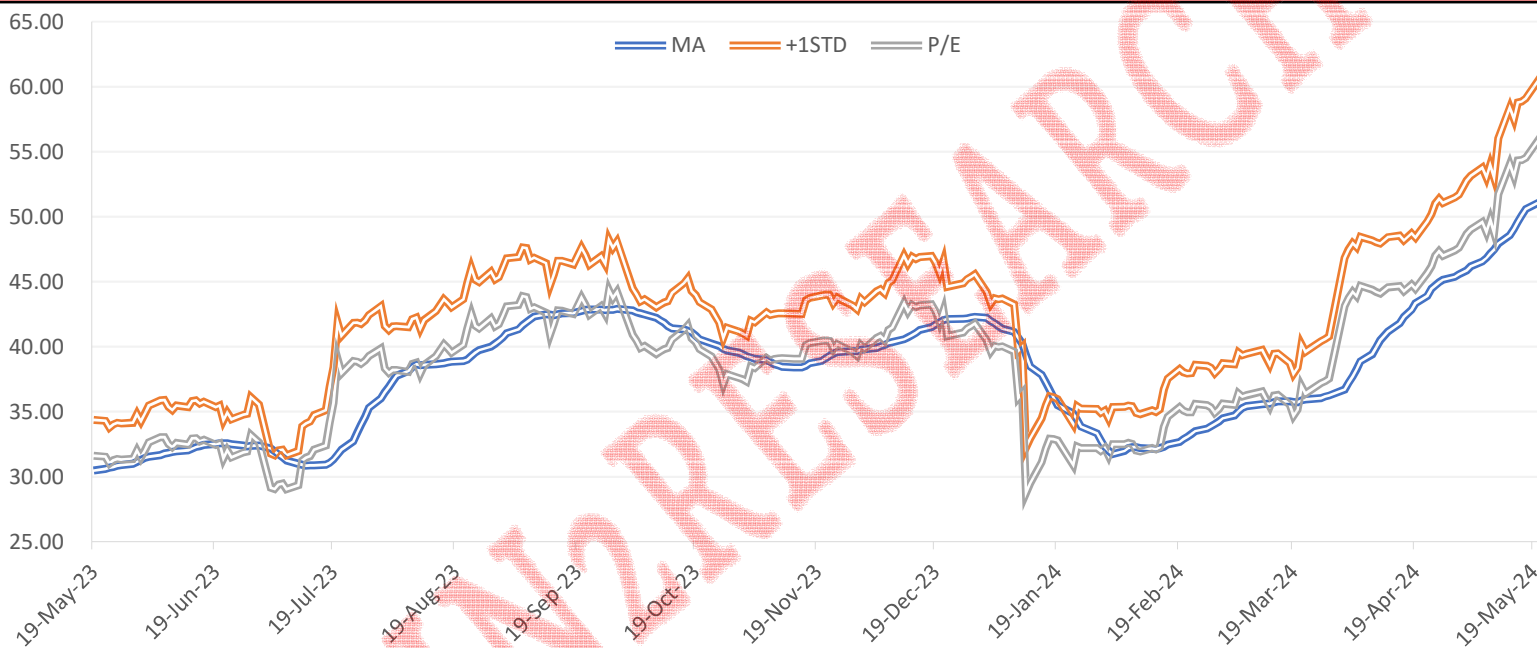
Particulars	4QFY24	3QFY24	4QFY23	YOY%	Q-O-Q%	Source: Annual Report
Revenue	56,457.3	44,114.6	43,752.0	29%	28%	
COGS	41,792.0	31,691.9	32,357.1	29%	32%	
Gross Profit	14,665.3	12,422.7	11,394.9	29%	18%	
Employee exp	1,695.8	1,493.6	1,186.6	43%	14%	
D&A	657.2	618.8	534.6	23%	6%	
Other expenses	3,474.1	2,744.7	2,473.4	40%	27%	
Interest	244.0	322.3	281.6	-13%	-24%	
Advertisement exp	377.0	903.6	245.3	54%	-58%	
Freight & forwarding exp	964.6	875.8	879.1	10%	10%	
Loss from Associates	-	-	-63.7	-	-	
PBT	7,252.6	5,464.0	5,730.6	27%	33%	
Tax	1,717.8	1,298.8	1,443.6	19%	32%	
PAT	5,534.8	4,165.1	4,287.0	29%	33%	

QUARTERLY HIGHLIGHTS

- In Q4 FY24, the company achieved record-breaking revenues, surpassing ₹180 billion. This growth, driven by a 29% YoY increase, was mainly attributed to strong volume growth in the wires & cables (W&C) business, which saw a 22% YoY revenue increase. This growth was supported by robust public and private capital expenditure, an uptick in real estate, and effective execution of internal strategic initiatives. Domestically, the distribution business maintained its growth momentum, while the institutional business saw accelerated traction. Revenue from international operations also rebounded, contributing 7.7% to consolidated revenue with a 60% sequential growth. EBIT margins improved by 110 bps sequentially, standing at 15.1%.
- The FMEG business grew by 17% YoY, capitalizing on strong seasonal demand. The fans segment particularly saw impressive growth, driven by a positive market response to new BLDC and premium fans. While the Switches & Switchgears segments maintained strong growth momentum, the Lights segment showed sequential growth. However, a one-time impact from impairment of investment in joint-venture Techno Electromech and provisioning on aged inventory, coupled with the lack of economies of scale, resulted in accelerated decline in bottom-line. Nonetheless, progress on improving execution of the strategic roadmap is on track.
- EBITDA margin improved by ~50 bps QoQ to 13.6%, attributed to better operating leverage and lower A&P spends. Quarterly profitability exceeded ₹5,000 million for the first time ever, with a PAT of ₹5,535 million, representing a 29% YoY growth, and a PAT margin of 9.9%. As of March 31, 2024, the net cash position improved to ₹21.4 billion, up from ₹18.4 billion in the previous quarter.
- In FY24, revenue surged by 28% YoY to reach ₹180,394 Mn, compared to ₹141,078 Mn in FY23. Within the W&C business, revenue increased by 27% YoY to ₹158,922 Mn, driven by robust growth in both distribution and institutional segments. This growth bolstered the company's position as the leading manufacturer of W&C in India, capturing significant market share. Revenue from international operations contributed 8.0% to the consolidated revenue, with the company extending its global presence to 79 countries.

- The FMEG business experienced a marginal 3% YoY growth, reaching ₹12,828 Mn in FY24 from ₹12,512 Mn in FY23. Notable growth was observed in segments such as switches, switchgears, and conduits pipes & fittings.
- EBITDA increased by 35% YoY to ₹24,918 Mn in FY24 from ₹18,429 Mn in FY23, with margins improving by approximately 70 bps to 13.8%. This improvement was attributed to enhanced gross margins through strategic pricing revisions and product-mix changes.
- PAT for FY24 witnessed a remarkable 41% YoY increase, reaching ₹18,029 Mn, with the PAT margin improving by around 90 bps YoY to 10.0%.

VALUATION



Source- Fin2research

FUNDAMENTAL RATIONALE:

- In the foreseeable future, the growth trajectory of Polycab Industries appears promising, driven by a confluence of factors. These include the ongoing electrification initiatives targeting rural areas and households, alongside substantial investments in upgrading transmission and distribution networks to enhance efficiency. Furthermore, the escalating demand stemming from the burgeoning renewable energy sector, notably solar and wind power, will further bolster Polycab's growth prospects.
- Government-led infrastructure projects such as the Smart Cities Mission and the expansion of mass transit systems are anticipated to fuel demand for Polycab's offerings. Additionally, lifestyle shifts and increased consumer spending are expected to contribute positively to the company's growth trajectory.
- The demand for wires and cables, integral to Polycab's portfolio, is buoyed by investments in public infrastructure, private sector capital expenditure, and residential real estate ventures. With a sharpened focus on infrastructure development and robust activity in the real estate sector, coupled with the ongoing electrification drive in rural areas and the rise of nuclear families, Polycab stands to benefit significantly.
- Moreover, as the industry witnesses a transition from unorganized players to organized market leaders, Polycab, with its widespread presence and recognized brand, is well-positioned to capitalize on this shift. With the share of unorganized players steadily decreasing,
- Polycab is expected to further consolidate its position, potentially reaching around a 25% market share by FY23/FY24. Additionally, the AI and automation boom across the economy is expected to enhance the power load and demand, further propelling the demand scenario for power infrastructure.

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- BUY – We expect the stock to deliver more than 10%-20% returns over the next 9 months.
- ACCUMULATE – We expect the stock to deliver 5% - 12% returns over the next 9 months.
- REDUCE – We expect the stock to deliver 0% - 5% returns over the next 9 months.
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