

# POLYCAB INDIA LTD.

Sector:

Electrical Components & Equipments  
30/5/2023

Recommendation  
**BUY**

₹

Buy Price Range  
₹3,350 - 3,420



Target Price  
₹4,100-4,200

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%

Expected Return  
20-25%



Holding Period  
1-1.5 Years



Market Capitalization  
₹51,391 Cr (Mid-Cap)



# WHY TO INVEST?

**Market Demand** Strongly supported by government measures and revival in private capex. Company is the beneficiary of the government's plans to invest Rs. 10 Lakh Cr. towards infrastructure like power, railway, defence & real estate.

**Market Leader** A dominant market leader in the Indian wires and cables industry, the largest exporter of wires and cables and one of the fastest-growing FMEG players.

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**Operational Excellence** Improved EBITDA Margins for FY23 along with optimization of working capital cycle by successfully reducing it to 50 days with higher 'Channel Financing' penetration.

**Competitive Advantage** A strong brand reputation, diverse product portfolio, extensive distribution network, technological expertise, robust manufacturing capabilities, sustainability focus, and customer-centric approach.

**Geographical Expansion** Polycab's international business grew 6x in 4 years, expanding to 70 countries in FY23, contributing 10% to topline. While domestically the company's market share grew from 18% in FY19 to 24% in FY24.

**Capital Expenditure** Around ₹ 600 crores to ₹ 700 crores for CY23 (Jan'23 to Dec'23).

**New Product Launches** Polycab introduced 40 BEE-compliant SKUs, focused on premium categories. New operational fan plant in Halol to drive FY24 FMEG growth.

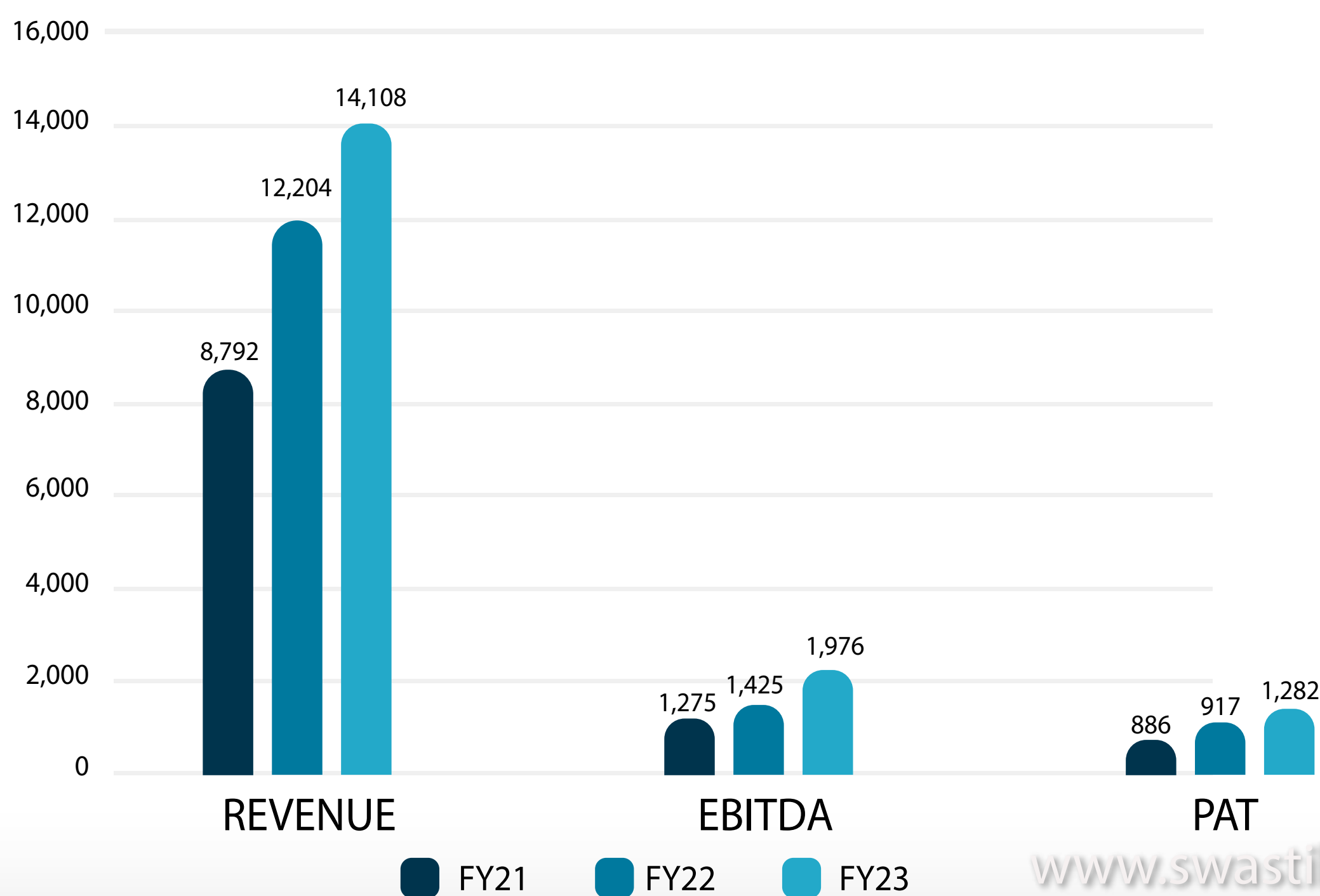
**Growth Strategy** Polycab has strategized growth around expanding distribution, innovating products, leveraging influencers, investing in brand building, premiumization, margin optimization, integration, and achieving economies of scale.

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**Management Revenue Growth Guidance** The management reaffirmed its long-term goal of reaching Rs. 20,000 Cr. in revenue by FY26, driven by enhanced volume growth under 'Project Leap'

# FINANCIAL HIGHLIGHTS

(All figures are in INR Mn.)



## FY23 KEY FINANCIALS

- ▶ High ROCE **28.4%**
- ▶ EBITDA Margin **13.1%**
- ▶ PAT Margin **9.1%**
- ▶ Debt/Equity Ratio **0.03x**
- ▶ Revenue Growth **15.6%**
- ▶ EBITDA Growth **38.7%**
- ▶ PAT Growth **39.8%**
- ▶ Sales Growth 5 Years **16%**
- ▶ PAT Growth 5 Years **29%**
- ▶ Interest Coverage Ratio **29.6x**
- ▶ Dividend Payout **23.6%**
- ▶ Promoter Holding **66.2%**

# QUARTER 4-FY23 & FY23 FINANCIAL HIGHLIGHTS

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	Q4FY23	Q3FY23	QoQ Growth	FY23	FY22	YoY Growth
Revenue	4,324	3,715	<b>16.4%</b>	14,108	12,204	<b>15.6%</b>
EBITDA	655	543	<b>19.9%</b>	1,976	1,425	<b>38.7%</b>
PAT	428	361	<b>18.7%</b>	1,282	917	<b>39.8%</b>

All Figures are in INR CR.

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# RESEARCHED BY



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