



Polycab India Limited

Issue Date: April 05 – April 09	Sector: Electrical
Price Range: Rs 533 - Rs 538	Location: Mumbai
Market Lot: 27	Inc Yr: 1996
Face Value: 10	Issue Size: Rs 1345 Crore

Incorporated in 1996, Mumbai based Polycab India Limited is engaged in the business of manufacturing, selling and distributing wires, cables and Fast Moving Electrical Goods (FMEG) products. Some of the FMEG products produced by the company are solar products, luminaires, LED lighting, electric fans, and switchgear. The company entered into an engineering, procurement and construction ("EPC") business and FMEG business in 2009 and 2014, respectively. As on 31st March 2018, it has more than 3,300 authorized dealers and distributors, 100,000 retail outlets, 24 manufacturing facilities and 29 warehouses in India. All the sales and marketing activities of the company are handled through corporate office, three regional offices and 20 local offices located across India.

For Fiscal 2018, the company has market shares of nearly 18% of the organized wires and cables industry and around 12% of the total wires and cables industry in the country based on manufacturers realization. In 2016, Polycab Wires Private Limited entered into a joint venture agreement with Trafigura to establish a manufacturing facility in Waghodia, India for producing copper wire rods. The plant is expected to start commercial operations by the end of Fiscal 2019 and produce around 258,620 MT of copper wire rods in a year. With full operational activities, the Ryker Plant will strengthen the backward integration and meet the demand of copper wire rods in future. The company has exported products to 40 countries outside India and contributed 5.14% in total revenue for Fiscal 2018. From Fiscals 2016 to 2018, total income less excise duty, EBITDA and profit for the year of the company grew at a CAGR of 14.31% and 23.80% and 41.69%, respectively.

The future strategies of the company are:

- Make market presence more prominent in wires and cables sector
- Enhance and expand FMEG business
- Increase reach by expanding the distribution network
- Improve operational efficiency by investing in technology
- Increase brand awareness

The competitive strengths of the company are:

- Market leader in the respective segment in India
- Diverse customer base

- A range of electrical products
- Established distribution network

Objects of the Issue:

The Net Proceeds from the Fresh Issue are proposed to be utilised towards the following objects:

1. Scheduled repayment of all or a portion of certain borrowings availed by the Company;
2. To fund incremental working capital requirements of the Company; and
3. General corporate purposes

Our Rating: 20 (Good)

Rating Procedure

	Criteria for giving points	Points	Out Off
Business Risk	Lesser risk higher points	3	5
Financial Risk	Lesser risk higher points	4	5
Market Risk	Lesser risk higher points	3	5
Objective of IPO	Growth & expansion gets more points	3	5
Price	Fair price will get more points	7	10
Total		20	30

A	21 & Above 21	Best to apply	D	11 to 14	Poor
B	18 to 20	Good	E	10 & Below 10	Very Poor
C	15 to 17	Average			

Note: The issue is attractively priced. Investors can subscribe the issue of Polycab India Limited.

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