



POLYCAB INDIA LTD (POLYCAB)

A Structural Play on India's Infrastructure Boom

CMP: 6,103 (Market Cap: 91,810 Cr)

Target: 7,310 (20% Upside)

About the company

Polycab India is not just a wires & cables manufacturer, it is a **market leader** capitalizing on India's infrastructure surge.

With **26–27% market share** in the organized wires & cables sector, **17% revenue CAGR over last 10 years**, and **stable EBITDA margins of 13–14%** (vs. peers at 10%), Polycab is positioned to compound returns as it executes its **Project SPRING** expansion plan.

Our Projection

At CMP, POLYCAB trades at 21x FY27E EV/EBITDA. Factoring in its dominant leadership in the wires & cables segment and turning EBITDA positive in the FMEG segment which is acting as a key growth catalyst, **We value POLYCAB at 25x FY27E EV/EBITDA**

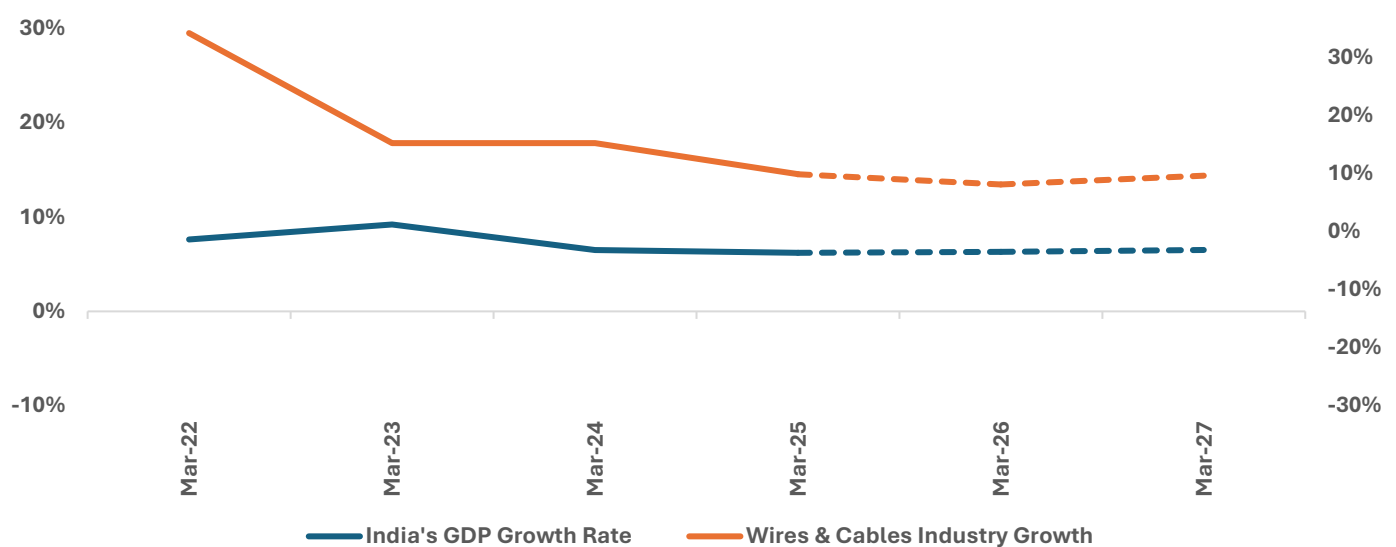


Wires and Cables Industry Not Showing Any Signs Slowing Down, Outpacing GDP growth

India's wires and cables industry has consistently **outpaced country's GDP growth**, proving resilient through economic slowdowns. Its ability to sustain momentum during challenges underscores its foundational role in development. **Historically, it has grown at multiples of the economy's average, a trend set to strengthen.**

As depicted below, we can clearly see a sharp offtake in Wires and Cables industry growth whenever it aligns with GDP growth. **With GDP growth rate projected at 6%/ 7% for FY26 /FY27, the industry is primed to accelerate further.**

Exhibit 1: Wires and Cables Industry Leaping Past GDP Growth



Source: IMF, CMIE, Front Wave Research

Wires and cables are critical to progress, powering electricity distribution, solar energy, telecom, infrastructure, and manufacturing. As India pushes for electrification, digitalization, and urbanization, demand for efficient solutions will surge. This growth isn't linear; it's a springboard for exponential gains. **The sector isn't following the economy, it's racing ahead, driven by robust fundamentals.**

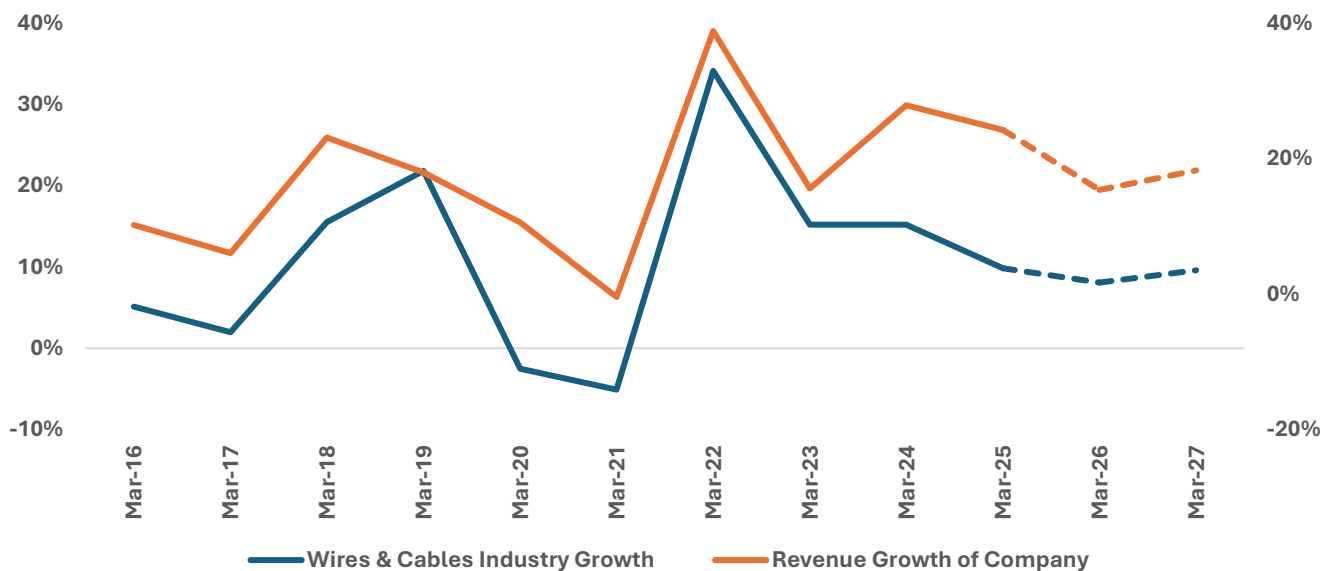


Why Polycab and Why Now?

1. Steady Revenue Growth Outpacing the Industry

Polycab has consistently grown **1.5–2x faster than the broader wires and cables industry**, reflecting its deepening market dominance. This outperformance has translated into a **~26–27% market share** in India's organized wires and cables sector, cementing its position as the undisputed leader.

Exhibit 2: Outperforming industry growth



Source: CMIE, Front Wave Research

As clearly shown in the chart above, Polycab's revenue growth has consistently outstripped the overall growth in wires and cables industry, growing at a much faster pace. While the industry itself has been outperforming India's GDP growth by a wide margin, Polycab has managed to leap even further ahead, setting a new benchmark for performance.

With the **Wires and Cables industry** poised for accelerated expansion, Polycab with its market leadership is positioned to capitalize on this momentum.

In short, as the industry rises, Polycab is primed to rise even faster.

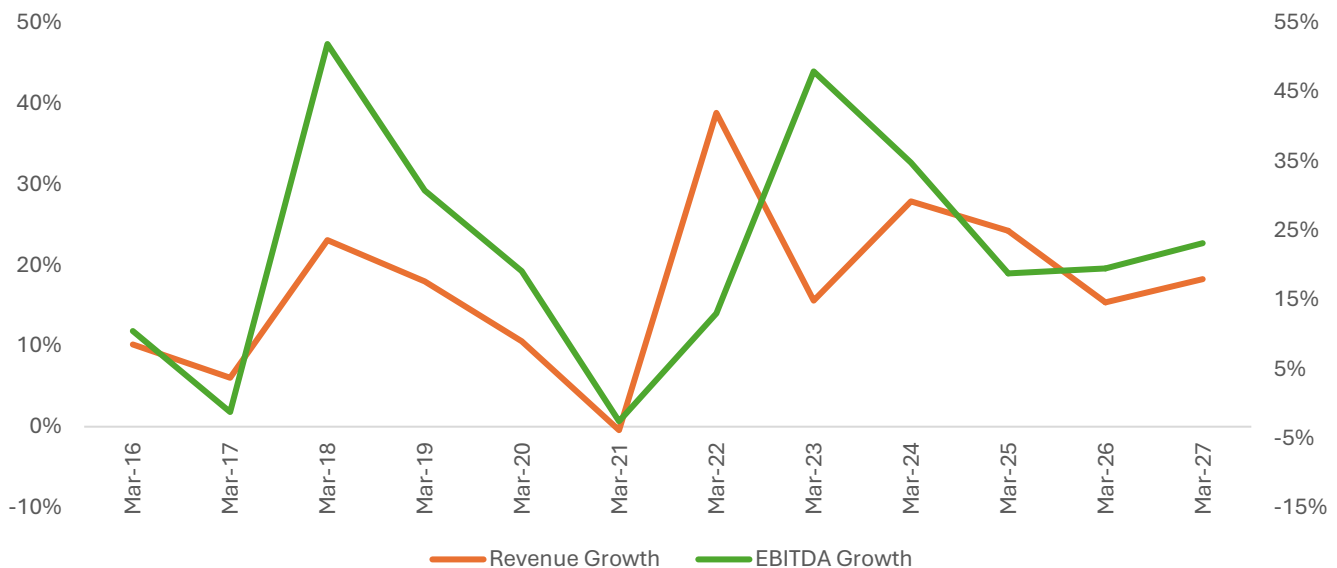


2. Unmatched EBITDA Margin Resilience

While peers like KEI Industries and RR Kabel grapple with ~10% **EBITDA margins**, Polycab has sustained **13%/14%/13% margins for FY23/FY24/FY25** through:

- **Premium Product Mix:** High-value offerings in solar, defence, and railways.
- **Operational Efficiency:** Scale benefits and optimized supply chains.
- **Market Leadership:** Pricing power in a consolidating industry.

Exhibit 3: EBITDA Growth over the years



Source: CMIE, Front Wave Research

As evident from the chart above, whenever Polycab's EBITDA growth aligns with its revenue growth, the company tends to experience a sharp jump in EBITDA performance. *This pattern suggests strong operating leverage at play.*

With revenue projected to grow at 15%/18% in FY26/FY27, we expect **EBITDA growth to outpace revenue growth significantly**, driven by improved margins, scale efficiencies, and a favourable product mix. In short, **as topline momentum builds, bottom-line performance is poised to accelerate even faster.**



3. Robust Defence Against Raw Material Volatility

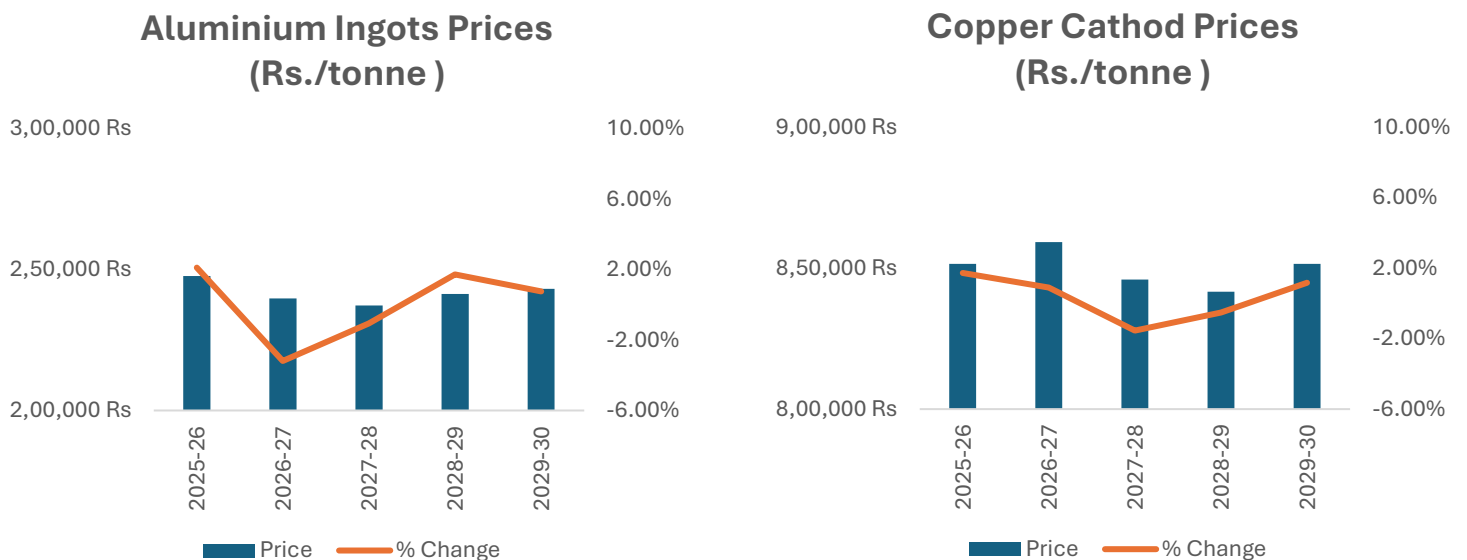
Polycab's margins have remained remarkably resilient despite exposure to copper and aluminium price volatility.

In FY22, despite a 45% spike in copper and aluminium prices, Polycab's EBITDA margin dipped only from 13% to 10%, rebounding to 13% the following year.

This limited impact highlights the company's strong pricing power, operational efficiency, and ability to manage input cost fluctuations effectively.

In short, raw material price swings have had minimal impact on Polycab's profitability, reinforcing the robustness of its business model.

Exhibit 4: Expectations of Stable Raw Material Prices



Source: CMIE, Front Wave Research

As highlighted in the chart above, projected raw material prices show only modest changes, approximately a 3% variation in aluminium and 2% in copper. With input cost pressures expected to stay in check, and operating efficiencies in place, margin stability appears well-supported in the near term.

This further strengthens our view that Polycab's EBITDA margins are likely to remain stable, if not expand moderately.



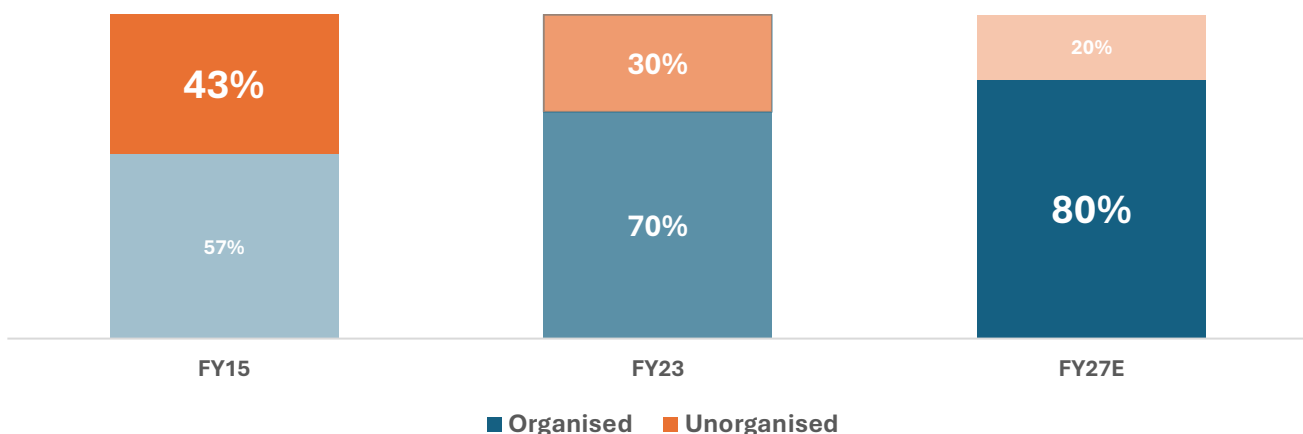
Key Growth Drivers

1. Industry Formalization: Branded Players Take Charge

The wires & cables and FMEG sectors are rapidly consolidating around trusted brands:

- **Organized Share Surge:** Branded products now account for 76% of the market (vs. 60% in FY15), driven by quality consciousness and safety norms.
- **Polycab's Advantage:** With a 26–27% market share in wires & cables and a pan-India distribution network (~2,900 dealers), the company is primed to capture this shift.

Exhibit 5: Rising Share of Organised Players



The organized sector is on track to rise from 57% in FY15 to a projected 80% by FY27, firmly overtaking unorganized players.

Source: R R Kabel DRHP, Front Wave Research

2. Macro Tailwinds: Infrastructure Boom & Global Shifts

Polycab is uniquely positioned to capitalize on two transformative trends:

- **India's Infrastructure Surge:** Backed by ₹11.11 trillion in government spending, rising demand for wires & cables is accelerating across roads, railways, and smart cities.



- “China+1” Strategy: Global supply chain diversification is driving export opportunities, with Polycab targeting 10% export contribution by FY30 through premium, globally compliant products.

3. Competitive Moat: Leadership Amid New Entrants

Despite **rising competition from conglomerates like Adani Group (JV with Praneetha Ventures) and Ultratech Cement**, Polycab’s dominance remains unchallenged due to:

- Established Brand Equity: Decades of trust in quality and reliability, underpinning its 26–27% market share of domestic wires and cables industry
- Distribution Edge: A pan-India network of ~2,900 dealers vs. Ultratech’s cement-centric channels, which lack synergy with wires & cables.
- Time Advantage: Ultratech’s greenfield cable capacity (operational only by 2026) gives Polycab a 2–3-year head start to deepen customer relationships and innovation.

Exhibit 6: Mutual Funds Continue to buy Polycab despite Ultratech’s Entry

Polycab India Ltd.



Stock Name: **Polycab India Ltd.** (As on 30-Apr-25)

Sector	No. of Funds	No. of Shares			
		Apr-25	Mar-25	Feb-25	Jan-25
Capital Goods	156	1,29,26,158 ▲	1,24,74,618 ▲	1,21,87,797 ▲	1,21,50,117

▲ ▼ indicates an increase or decrease in shareholding as compared to last month

Note: Shareholding has NOT been adjusted for outstanding derivative positions, if any.

Source: Stocks held by Mutual Funds Rupeevest Screener, Front Wave Research



UltraTech Cement Limited proposes to extend its presence in the construction value chain

Mumbai, 25th February, 2025: UltraTech Cement Limited, an Aditya Birla Group company (the Company), proposes to extend its footprint in the construction value chain, through wires and cables segment with a nominal capital expenditure of ~ INR 1,800 crore over the next 2 years.

We have observed that **since the announcement made by Ultratech, the Institutional Investors have been accumulating Polycab**, thus further strengthening our belief that competition will not have any material impact on Polycab’s revenue or margins.

Front Wave Research LLP (SEBI Regd. INH000018407)

support@frontwaveresearch.com || www.frontwaveresearch.com || +91 9136990471

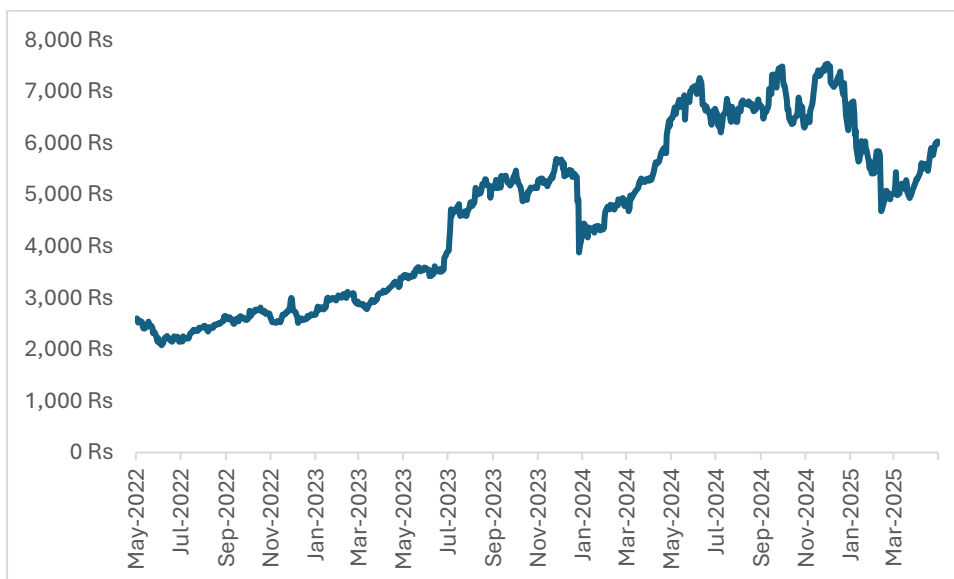
Registered Office: 214/215, Sagar Avenue, Lallubhai Park Road, Above ICICI Bank, Andheri West, Mumbai – 400058.



Financial Summary (Amount in Cr)

Particulars	FY23	FY24	FY25	FY26E	FY27E
Revenue	₹ 14,108	₹ 18,039	₹ 22,408	₹ 25,852	₹ 30,569
Revenue Growth		28%	24%	15%	18%
EBITDA	₹ 1,849	₹ 2,492	₹ 2,960	₹ 3,537	₹ 4,367
EBITDA Margin	13%	14%	13%	14%	14%
EBITDA Growth		35%	19%	19%	23%
EV/EBITDA Multiple					25x
Enterprise Value					₹ 1,09,165
Less: Net Debt					(₹ 569)
Less: NCI					₹ 82
Value of Equity					₹ 1,09,652
No. of Shares					15
Share Price					₹ 7,310

Price Chart



Front Wave Research LLP (SEBI Regd. INH000018407)

support@frontwaveresearch.com || www.frontwaveresearch.com || +91 9136990471

Registered Office: 214/215, Sagar Avenue, Lallubhai Park Road, Above ICICI Bank, Andheri West, Mumbai – 400058.



Join Our **Whatsapp Community** By Clicking Below:

Click Here

Disclosure Statement: This research report is issued by Front Wave Research LLP, a SEBI-registered Research Analyst entity (Registration No: INH000018407). The disclosures mentioned below are in compliance with SEBI (Research Analysts) Regulations, 2014, to ensure transparency and integrity. Investors must perform their own due diligence before acting on any recommendations.

There are no outstanding litigations or disciplinary actions against Front Wave Research LLP as of the date of this report. Neither Front Wave Research LLP nor its associates or relatives hold any financial interest in the subject companies discussed in this report unless explicitly mentioned. Front Wave Research LLP or its associates do not own 1% or more of the securities of the subject companies as of the end of the month immediately preceding the publication of this report. Front Wave Research LLP, its associates, or relatives do not have any material conflicts of interest with the subject companies at the time of publication unless explicitly disclosed. Neither Front Wave Research LLP nor its associates have received compensation from the subject companies in the past 12 months for investment banking, merchant banking, or brokerage services. Front Wave Research LLP has not managed or co-managed public offerings of securities for any subject company in the past 12 months.

Front Wave Research LLP has not received any compensation or other benefits from any third party in connection with this research report unless specifically disclosed.

The research analyst(s) involved in the preparation of this report have not served as an officer, director, or employee of the subject companies.

Front Wave Research LLP has not been engaged in any market-making activities for the subject companies. Investments in the securities market are subject to market risks. This research report is not an offer to sell or a solicitation to buy any securities. Past performance is not indicative of future results. Investors are encouraged to seek independent financial advice and read all relevant offer documents before making investment decisions.

Front Wave Research LLP (SEBI Regd. INH000018407)

support@frontwaveresearch.com || www.frontwaveresearch.com || +91 9136990471

Registered Office: 214/215, Sagar Avenue, Lallubhai Park Road, Above ICICI Bank, Andheri West, Mumbai – 400058.