

Polycab India Ltd.

No. of shares (m)	149.42
Mkt cap (Rs crs/\$m)	35578/4757.7
Current price (Rs/\$)	2381/31.8
Price target (Rs/\$)	2698/36.1
52 W H/L (Rs.)	2772/1126
Book Value (Rs/\$)	349/4.7
Beta	0.8
Daily NSE volume (avg. monthly)	414920
P/BV (FY22e/23e)	6.7/5.8
EV/EBITDA(FY22e/23e)	26.7/22.2
P/E (FY22e/23e)	44.1/35.3
EPS growth (FY21/22e/23e)	14.8/-8.0/25.0
OPM (FY21/22e/23e)	13.1/10.2/11.3
ROE (FY21/22e/23e)	20.7/16.2/17.5
ROCE (FY21/22e/23e)	20.8/16.4/17.7
D/E ratio (FY21/22e/23e)	0.1/0.0/0.0
BSE Code	542652
NSE Code	POLYCAB
Bloomberg	POLYCAB IN
Reuters	POLC.NS

Shareholding pattern%

Promoters	68.2
MFs / Banks / FIs	8.7
Foreign Portfolio Investors	6.4
Govt. Holding	-
Total Public & Others	16.7
Total	100.0

As on December 31, 2021

Recommendation

ACCUMULATE

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Quarterly Highlights

- Driven by strong recovery in demand across segments, especially the institutional business, Polycab India reported a strong topline growth of 22.8%, highest ever, in Q3FY22 to Rs 3372.00 crs from Rs. 2746.34 crs in the same quarter a year ago; sequential growth was 12.2%. However, financials were somewhat impacted given the persistent volatility in price of key raw materials coupled with increased marketing expenditures as despite a year-over-year growth of 3.4% in operating profits, OPMs declined by 201 bps to 10.7%. Yet calibrated price hikes taken by the management coupled with favorable operating leverage lead to sequential margin improvement of 99 bps.
- The wires and cables business, comprising around 87% of the overall revenue mix, grew by a robust 24.6% year-over-year to Rs. 2998.76 crs with cables growing faster than wires largely due to institutional business that bounced back strongly led by uptick in private capex across industries. Wires business was slightly impacted due to high volatility in copper prices in early November that cascaded the inventory levels thus slowing cash cycle. Yet, blended price hikes improved sequential EBIT by 161 bps to 10.3%, though below Q3FY21 level of 12.5%. Exports, contributing 8.1% to consolidated revenues, witnesses a year-over-year decline of almost 8% over a high base, yet repeat purchase rate remains healthy across large customers globally.
- The FMEG business, on the other hand remains suppressed amidst weaker consumer sentiment. The segment clocked in revenues of Rs. 340.36 crs with a meagre EBIT margin of 1.8% (on account of higher advertising spends) compared to Rs. 305.51 crs in Q3FY21 at a margin of 5.9%. Its EPC business raked in some Rs. 75 crs in topline, a y-o-y growth of 21.3%.
- The stock currently trades at 44.1x FY22e EPS of Rs. 53.94 and 35.3x FY23e EPS of Rs. 67.44. Assessing the current trade sentiment, we expect economic impact of the current wave to be limited considering less severity of omicron virus. Given there could be some delays in execution, adjusted earnings are expected to decline by 7.8% this fiscal before advancing by 25.0% next fiscal backed by higher capacity utilization in W&C and improved product pricing for FMEG space. Weighing odds, we maintain 'ACCUMULATE' rating on the stock with revised target price of Rs. 2698 (previous target: Rs 1574) based on 40x FY23e EPS of Rs 67.44 over a period of 9-12 months.

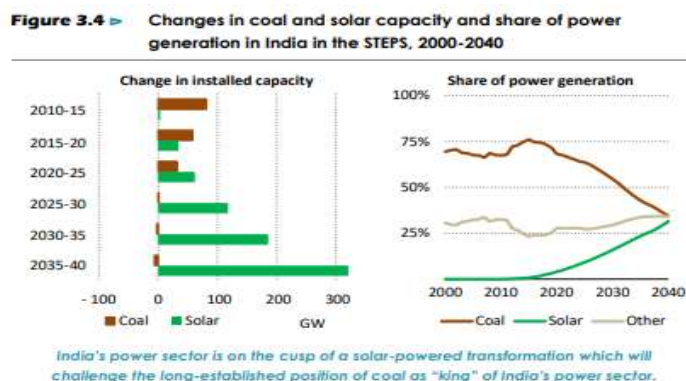
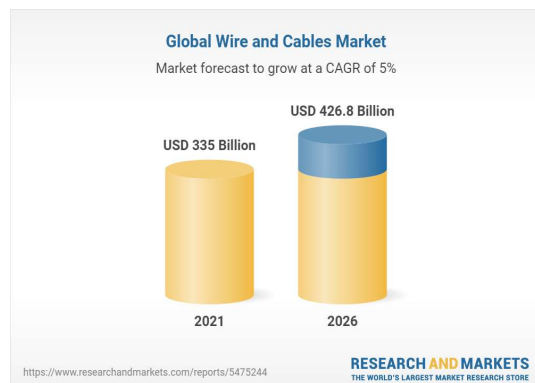
Consolidated (Rs crs)	FY19	FY20	FY21	FY22e	FY22e
Income from operations	7985.55	8829.96	8926.54	11880.96	13058.20
Other Income	63.78	92.79	137.92	185.11*	109.58
EBITDA (other income included)	1016.54	1227.82	1304.92	1397.26	1585.16
PAT after EO	498.31	760.05	873.91	805.91	1007.70
EPS(Rs)	35.29	51.05	58.61	53.94	67.44
EPS growth (%)	40.4	44.7	14.8	-8.0	25.0

*includes exceptional income of Rs. 81.72 crs on account of sale of Ryker Base

Outlook and Recommendation

Industry Analysis

The frequent waves of Covid-19 pandemic have significantly impacted the structural vista of wires and cables industry. Introduction of telehealth in the healthcare industry, WFH culture and rapid 5G progress in connections have considerably enhanced the utility of connectivity and communication technologies in the span of the pandemic. Consequently, a sharp uptick in prices of key raw materials such as copper, aluminium, steel and PVC, along with their availability and labour constraints have added a new layer of complexity to the business environment. As per ResearchAndMarkets, global market for wires and cables, valued at \$335 billion in 2021, is projected to reach \$426.8 billion by 2026 growing at a CAGR of 5% during the forecast period.



Source: ResearchAndMarkets

Source: IEA

Much of the growth this report pegs would be driven by variety of factors including infrastructure development, economic growth in developing countries, and increasing internet penetration. Increasing energy demands in the Asia Pacific, Middle East, and South America owing to growing population and industrialization is anticipated to fuel the market over the forecast period. In fact, power sector and telecommunications industry is the space where most of the demand is likely to come from. As per the ResearchAndMarkets report, global market for power cables and telecom cables (valued at \$244.5 billion and \$90.5 billion in 2021 respectively) is estimated to grow at a CAGR of 3.9% and 7.6% to reach \$296.3 billion and \$130.5 billion by 2026, respectively.

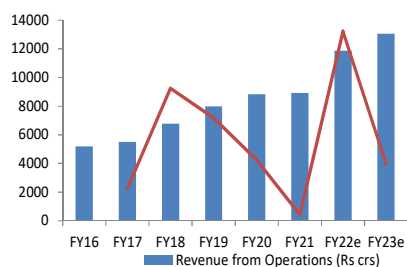
In India, demand is likely to recover gradually, driven by numerous government initiatives such as National Infrastructure Pipeline (NIP), production-linked incentive schemes, focus on indigenous manufacturing, higher budgetary allocation for capital expenditure, renewable energy push, digital infrastructure push, spurring private investments and liquidity infusion amongst others. In the Union Budget 2022-23, budgeted estimate for outlay in capital expenditure has stepped up sharply by 24.4% to Rs. 7.50 lakh crs from Rs. 6.03 lakh crs in 2021-22 RE. Besides, allocation of Rs 19,500 crore PLI for manufacturing of high-efficiency modules; sovereign green bonds for green infrastructure growth; 0.5% capping for power sector reforms in state borrowings are welcome announcements that will enable sectoral growth.

The Indian fast-moving electrical goods (FMEG) sector, characterized by stiff competition among the domestic players to grab market share, is witnessing a progressive evolution driven by changes in demography, consumer behaviour, technology and rising disposable incomes that have catapulted the growth of the organized FMEG space. Presently, by some media reports, the total worth of India's electrical equipment market is expected to grow at a CAGR of 12% by 2025. Revival in residential real estate, government's thrust on housing through schemes such as Housing for All, along with the other favorable macro trends, is likely to provide significant headroom for growth over the long-term.

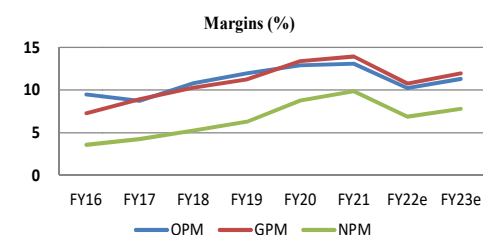


Financials & Valuation

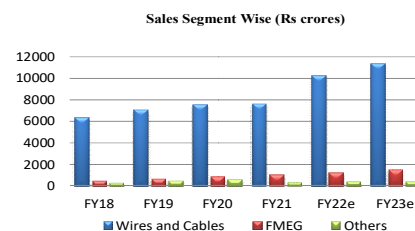
With Q3 being the second consecutive quarter of robust topline growth, consolidated revenue from operations for the nine-months ended 31st December, 2021 grew by a robust 40.8% to Rs. 8233.78 crs partially due to lower base and high inflationary environment. The topline started gaining traction from the second quarter when the management increased its pace to pass on input cost pressures. Relatively, operating profit growth was slightly subdued at 11.6% to Rs. 788.86 crs. Though delay in price hikes in the wire and cable segment has led to a decline of 250 bps in OPMs to 9.6% in 9MFY22. Logistic challenges related to unavailability of containers continued resulting in higher cost and execution delays. Yet other expenses - Rs. 766.86 crs (vs. Rs. 554.78 crs in 9MFY21) rose by more subtle 38.2%



Source: Polycab India, CD Euisearch

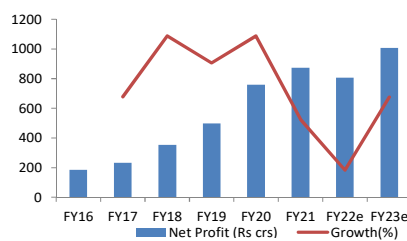


Source: Polycab India, CD Euisearch

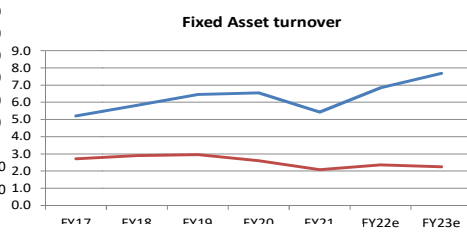


Source: Polycab India, CD Euisearch

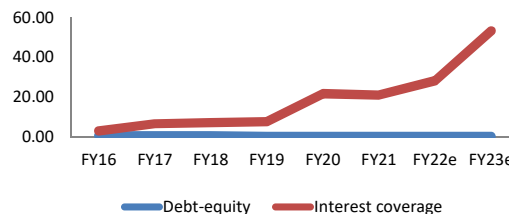
Despite the challenging market environment, blended wires and cables volumes in Q3 has grown on y-o-y basis and have also crossed the pre pandemic levels largely led by recovery in private capex, new launches and dealer additions. Revenues from the segment stood at Rs. 7253.78 crs in 9MFY22, a growth of 43.4% as compared to the same period last year. EBIT margins, whereas declined by 251 bps to 8.9%. However, given the recent inflation pressures that is currently plaguing the margins of almost all the manufacturing companies across industries, sequential margin improvement (Q3 vs. Q2) shows that Polycab commands a certain degree of pricing power from its customers in wire and cable business. FMEG business, on the other hand, clocked in overall revenues of Rs. 875.17 crs in 9MFY22 exhibiting a growth of 27.3%, yet margins were not insignificantly impacted due to closure of retail shops across large cities in the earlier part of the fiscal with seasonality also being in play. Accordingly, its EBIT fell down by 71.6%, yielding a margin of 1.04% (vs. 4.7% in 9MFY21). Fans business was largely subdued with few signs of relief in lights, pumps and conduit pipes business, though switchgears and solar business exhibited robust growth momentum.



Source: Polycab India, CD Euisearch



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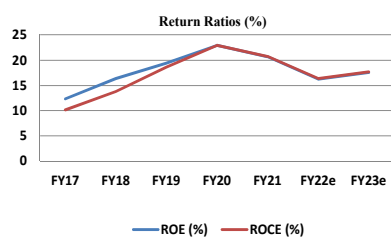
Given that the company has no significant debt obligations, it provides Polycab with sufficient room to incur capex and do acquisitions. The management has guided the capex to be around Rs. 300 crs per annum, of which a part is like to go into setting new factories for fans, pipes and TPW and partly into cable and wire facilities including slight maintenance costs. Polycab has incurred some Rs. 240 crs as of 9MFY22 and could incur in the range of Rs. 60-100 crs in the current quarter. Also, in June, the company acquired Silvan Innovation Labs, a tech company focused on providing cutting edge automation offerings for homes, offices, retail outlets, hotels and other spaces, at cost of Rs. 10.20 crs. This acquisition would augment its R&D and innovation capabilities, enable it to better address evolving consumer needs.



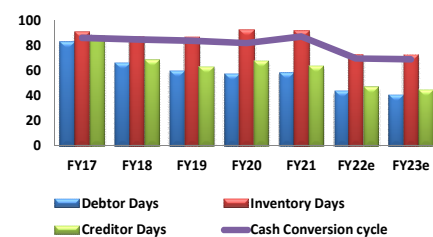
Moreover, in November, Polycab divested its 100% stake in Ryker Base at a consideration of Rs. 177.89 crs to a subsidiary of Hindalco Industries Ltd. Ryker played a strategic role in providing the company with copper rods which are an input for manufacturing of wires and cables. However, given its under-utilization of capacity and management's limited experience and interest in metal business, the company found it prudent to divest keeping in mind its focus on optimal capital allocation. Also, Polycab has simultaneously executed a multi-year tolling arrangement with Hindalco which would ensure that operations and supply chain dynamics remain intact.

Project Leap: It is a multiyear program, introduced around mid of May last year, that includes a range of strategic initiatives focused on growth, profitability and long term capability building for the company across B2B and B2C businesses with a goal of achieving greater than Rs.20,000 crs sales by FY2026. The company has partnered with global management consulting firm BCG who will help them drive this transformation. The project will work towards realigning organization structure, optimizing product portfolio, augmenting digitalization along with expanding nationwide reach and distribution.

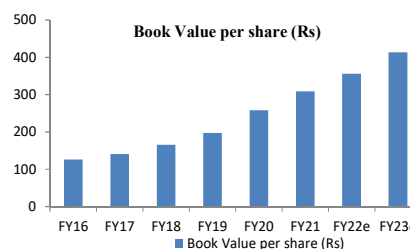
Given that, if the management exhibits continued diligence in managing costs and navigating the volatile demand environment, Polycab could rake in overall topline of Rs. 11880.96 crs in FY22 that could grow by almost 9.9% to Rs. 13058.20 crs in FY23. Successful revitalization of demand generation capabilities and go-to-market strategy with greater emphasis on emerging India clusters and new age channels could improve its asset utilization levels with fixed asset turnover climbing to 6.8 this fiscal and 7.7 in FY23 from 5.4 in FY21. Consequently, better earnings visibility and falling debt could improve interest coverage to 28.1 this fiscal and 53.1 in FY23 (vs. 20.9 in FY21), while working capital is likely to be a mixed bag. Though, ROE is also expected to see a decline to 16.2% in FY22 from 20.7% in FY21 before improving to 17.5% in FY23.



Source: Polycab India, CD Euisearch



Source: Polycab India, CD Euisearch



Source: Polycab India, CD Euisearch

The stock currently trades at 44.1x FY22e EPS of Rs. 53.94 and 35.3x FY23e EPS of Rs. 67.44. The revival in government expenditure and pick-up in real estate and infra activities is expected to improve the demand environment for wires and cables given its diverse use. The growth of Polycab is likely to go hand in hand with the economic growth given the strong economic moats like its robust distribution network and wide range of product offerings that it has built over years. In fact, its large in-house manufacturing capability, backward integration and executing bulk channel financing provides it with no small competitive edge in its go to market strategy. However, sharp fluctuations in raw-material prices pose a key challenge for the management and any extended lag in passing the same could be detrimental for company's profitability. Moreover, the various projects Polycab has been working on for cost optimization, working capital intervention etc. are yet awaited to yield tangible benefits. Balancing odds, we maintain 'ACCUMULATE' rating on the stock with revised target price of Rs. 2698 (previous target: Rs 1574) based on 40x FY23e EPS of Rs 67.44 over a period of 9-12 months. For more information, refer to our February 2021 report.



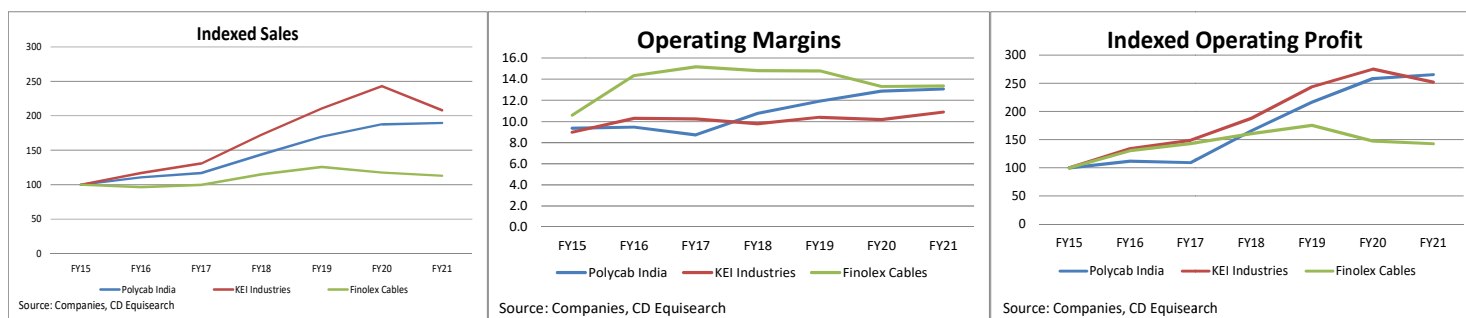
Cross Sectional Analysis

Company	Equity*	CMP	MCAP*	Sales*	Profit*	OPM (%)	NPM (%)	IntCov	ROE (%)	Mcap/Sales	P/BV	P/E
Polycab India	149	2381	35578	11311	808	11.0	7.2	24.7	16.7	3.1	6.8	44.0
KEI Industries	18	996	8975	5181	346	10.7	6.7	11.8	18.5	1.7	4.4	25.9
Finolex Cables	31	457	6995	3503	542	12.7	8.0	758.9	15.6	2.0	1.9	12.9

*figures in crores; standalone/consolidated data as applicable; calculations on ttm basis.

Revenues for the quarter ended 31st December 2021 were Rs. 1563.85 crs as against Rs. 1152.94 crs for the corresponding period in FY21, representing a 35.6% growth overall. This growth was primarily driven by the domestic institutional wire and cable sales that grew by 39.8% to Rs. 480 crs against Rs. 343 crs in the previous year. Institutional cables exports also increased by a pleasing 39.4% on a y-o-y basis. Sales through dealer-distribution market increased by 54.66% y-o-y in Q3 contributing almost 41% to overall cables and wires sales. Operating profits grew by a pleasing 26.8% to Rs. 156.81 crs from Rs. 123.70 crs in Q3FY21 declining OPMs to 10.0%. Total pending orders stood at approximately Rs. 2,944 crs as on 31.12.2021.

Despite a promising start to the quarter, continued volatility in the commodity prices and the fear of a third wave muted overall business sentiments resulting in volumes not gathering momentum as was expected. Subsequently, consolidated sales for Q3FY22 grew by 17.2% year-over-year to Rs. 972.95 crs. Electrical cables & wires showed a growth of 19%, while structural issues in the industry, especially falling fiber prices, continued to adversely impact communication cables business. Optic Fiber Cable volumes, on the other hand, grew by over 80% during the quarter. Operating Profits grew by 8.6% to Rs. 118.51 crs as against Rs. 109.14 crs in the corresponding period in the previous year, yet OPMs declined by 97 bps to 12.2%.



Note: Graphs on standalone/consolidated data as applicable.

Financials

Consolidated Quarterly Results

	Figures in Rs crs					
	Q3FY22	Q3FY21	% chg	9MFY22	9MFY21	% chg
Income From Operations (net of tax)	3372.00	2746.34	22.8	8233.78	5849.49	40.8
Other Income	103.37 ^a	32.50	218.0	154.82 ^a	105.87	46.2
Total Income	3475.37	2778.84	25.1	8388.60	5955.36	40.9
Total Expenditure	3010.30	2396.42	25.6	7444.92	5142.39	44.8
EBITDA (other income included)	465.07	382.42	21.6	943.68	812.96	16.1
Interest	7.82	6.54	19.6	22.68	29.48	-23.1
Depreciation	51.11	44.96	13.7	151.26	130.10	16.3
PBT	406.14	330.92	22.7	769.74	653.38	17.8
PBT from discontinued operations [#]	10.23	22.69	-54.9	13.60	27.92	-51.3
Total PBT	416.37	353.62	17.7	783.35	681.30	15.0
Tax	100.48	90.49	11.0	189.22	78.44	141.2
PAT	315.89	263.13	20.1	594.13	602.85	-1.4
Minority Interest	1.65	1.12	47.7	5.52	2.07	166.9
Share of Associate	0.26	0.49	-46.3	-2.18	-0.13	-
PAT after MI and Associate	314.51	262.50	19.8	586.42	600.65	-2.4
Extraordinary Item	60.19	0.26	-	59.92	8.39	-
Adjusted Net Profit	254.32	262.25	-3.0	526.51	592.27	-11.1
EPS(Rs)	17.02	17.59	-3.2	35.24	39.73	-11.3

^a includes gain of Rs 81.72 crs on disposal of Ryker

Segment Results

	Figures in Rs crs					
	Q3FY22	Q3FY21	% chg	9MFY22	9MFY21	% chg
Segment Revenue						
Wires and Cables	2998.76	2407.25	24.6	7253.78	5059.31	43.4
FMEG	340.36	305.51	11.4	875.17	687.27	27.3
Others	98.95	79.50	24.5	265.74	203.81	30.4
Inter segmental elimination	55.34	23.04	140.2	123.67	45.37	172.6
Total Income[*]	3382.72	2769.22	22.2	8271.02	5905.00	40.1
Segment EBIT						
Wires and Cables	308.92	301.62	2.4	643.92	576.28	11.7
FMEG	6.27	18.16	-65.5	9.14	32.23	-71.6
Others	12.62	9.78	29.1	36.00	26.97	33.5
Inter segmental elimination	6.51	1.73	277.4	14.22	2.97	378.8
Total	321.31	327.84	-2.0	674.83	632.51	6.7
Finance Income	10.93	9.62	13.6	35.86	40.64	-11.8
Finance Cost	7.82	6.54	19.6	22.68	29.48	-23.1
Gain on sale of discontinued operations	81.72	0.00	-	81.72	9.72	-
PBT	406.14	330.92	22.7	769.74	653.38	17.8
PBT from discontinued operations [#]	10.23	22.69	-54.9	13.60	27.92	-51.3
Total PBT	416.37	353.62	17.7	783.35	681.30	15.0

^{*}excludes finance income; [#] includes Ryker Base profits from 01.04.2022 to 17.11.2022



Consolidated Income Statement

Figures in Rs crs

	FY19	FY20	FY21	FY22e	FY23e
Income From Operations	7985.55	8829.96	8926.54	11880.96	13058.20
Growth (%)	17.9	10.6	1.1	33.1	9.9
Other Income	63.78	92.79	137.92	185.11 ^a	109.58
Total Income	8049.33	8922.75	9064.46	12066.08	13167.78
Total Expenditure	7032.79	7694.93	7759.54	10668.82	11582.62
EBITDA (other income included)	1016.54	1227.82	1304.92	1397.26	1585.16
Interest	116.71	49.54	53.15	39.57	25.75
Depreciation	141.45	160.89	186.57	203.83	219.02
PBT[#]	758.39	1017.40	1065.20	1153.86	1340.40
Tax	255.76	244.37	179.05	277.77	321.70
PAT	502.63	773.03	886.14	876.09	1018.70
Minority Interest	0.60	6.56	3.82	7.36	8.00
Share of Associate	-2.33	-7.41	-0.23	-2.90	-3.00
PAT after MI and Associates	499.70	759.06	882.09	865.83	1007.70
Extraordinary Item	1.39	-0.99	8.18	59.92	0.00
Net Profit	498.31	760.05	873.91	805.91	1007.70
EPS (Rs)	35.29	51.05	58.61	53.94	67.44

a includes gain of Rs 81.72 crs on disposal of Ryker

Segment Results

Figures in Rs crs

	FY19	FY20	FY21	FY22e	FY23e
Segment Revenue					
Wires and Cables	7064.31	7589.84	7603.49	10267.28	11396.00
FMEG	643.29	835.58	1034.11	1239.71	1486.20
Others	463.74	596.49	299.76	365.74	400.00
Other Adjustments ^b	-134.80	-144.07	66.48	127.96	-195.00
Total Income*	8036.54	8877.84	9003.84	12000.68	13087.20
Segment EBIT					
Wires and Cables	835.06	930.89	918.73	969.38	1196.58
FMEG	7.45	16.83	56.60	17.53	44.59
Others	19.79	90.31	45.63	49.00	60.00
Other Adjustments [#]	0.00	-15.99	36.77	10.42	-15.60
Total	862.31	1022.03	1057.73	1046.32	1285.57
Finance Income	12.79	44.91	50.90	65.38	80.58
Finance Cost	116.71	49.54	53.15	39.57	25.75
Gain on sale of discontinued operations	0.00	0.00	9.72	81.72	0.00
PBT	758.39	1017.40	1065.20	1153.86	1340.40

*excludes finance income; # includes Ryker Base profits from 01.04.2022 to 17.11.2022

b includes copper segment adjusted for intersegmental eliminations

Balance Sheet

Figures in Rs crs

	FY19	FY20	FY21	FY22e	FY23e
Sources of Funds					
Share Capital	141.21	148.88	149.12	149.42	149.42
Reserves	2705.75	3687.54	4604.82	5321.49	6179.78
Total Shareholders' Funds	2846.96	3836.42	4753.94	5470.91	6329.19
Minority Interest	8.43	15.00	18.83	23.71	31.71
Long Term Debt	88.93	10.66	103.68	5.00	10.00
Total Liabilities	2944.31	3862.07	4876.45	5499.62	6370.90
Application of Funds					
Gross Block	1785.90	2066.38	2698.88	2640.84	3053.84
Less: Accumulated Depreciation	510.32	644.36	829.28	1033.11	1252.13
Net Block	1275.58	1422.01	1869.60	1607.73	1801.71
Capital Work in Progress	193.00	241.18	99.05	170.75	57.75
Investments	29.39	65.48	634.95	365.00	402.50
Current Assets, Loans & Advances					
Inventory	1995.79	1924.95	1987.91	2257.38	2350.48
Trade Receivables	1334.32	1433.64	1435.77	1425.72	1501.69
Cash and Bank	316.65	281.31	531.32	861.79	1513.69
Short term loans	20.74	24.44	12.27	13.80	16.56
Other Assets	256.69	345.58	182.26	387.88	432.40
Total CA & LA	3924.18	4009.92	4149.52	4946.56	5814.82
Current Liabilities	2598.07	1985.31	1991.05	1885.62	2030.05
Provisions-Short term	20.87	23.78	23.53	25.50	29.50
Total Current Liabilities	2618.94	2009.09	2014.58	1911.12	2059.55
Net Current Assets	1305.24	2000.83	2134.94	3035.45	3755.27
Net Deferred Tax	-23.10	-16.48	-41.80	-35.18	-37.79
Net long term assets	164.20	149.06	179.72	355.88	391.46
Total Assets	2944.31	3862.07	4876.45	5499.62	6370.90

Financial Ratios

	FY19	FY20	FY21	FY22e	FY23e
Growth Ratios (%)					
Revenue	17.9	10.6	1.1	33.1	9.9
EBITDA	28.7	21.2	5.4	1.6	20.5
Net Profit	40.4	52.5	15.0	-7.8	25.0
EPS	40.4	44.7	14.8	-8.0	25.0
Margins (%)					
Operating Profit Margin	11.9	12.9	13.1	10.2	11.3
Gross profit Margin	11.2	13.4	13.9	10.7	11.9
Net Profit Margin	6.3	8.8	9.8	6.9	7.8
Return (%)					
ROCE	18.6	22.9	20.8	16.4	17.7
ROE	19.4	22.9	20.7	16.2	17.5
Valuations					
Market Cap/ Sales	-	1.3	2.3	3.0	2.7
EV/EBITDA	-	8.9	15.2	26.7	22.2
P/E	-	14.5	23.5	44.1	35.3
P/BV	-	2.9	4.5	6.7	5.8
Other Ratios					
Interest Coverage	7.5	21.6	20.9	28.1	53.1
Debt Equity	0.1	0.0	0.1	0.0	0.0
Current Ratio	1.5	1.9	2.2	2.6	2.8
Turnover Ratios					
Fixed Asset Turnover	6.5	6.5	5.4	6.8	7.7
Total Asset Turnover	3.0	2.6	2.1	2.4	2.3
Debtors Turnover	6.1	6.4	6.2	8.3	8.9
Inventory Turnover	4.2	3.9	4.0	5.0	5.0
Creditor Turnover	5.8	5.4	5.7	7.8	8.2
WC Ratios					
Debtor Days	60.0	57.2	58.7	44.0	40.9
Inventory Days	87.2	93.0	92.0	72.6	72.6
Creditor Days	63.4	68.2	63.5	46.8	44.5
Cash Conversion Cycle	83.8	82.0	87.1	69.7	69.0

Cumulative Financial Data

Figures in Rs crs

Rs crs	FY18-20	FY21-23e
Income from operations	23586	33866
Operating profit	2818	3855
EBIT	2597	3587
PBT	2337	3468
PAT after MI & AP	1613	2688
OPM (%)	11.9	11.4
NPM (%)	6.9	8.0
Interest coverage	10.0	30.3
Debt-equity*	0.0	0.0
ROE (%)	18.4	17.9
ROCE (%)	17.5	18.1
Fixed asset turnover	6.2	7.0
Debtors turnover	6.0	7.7
Creditors turnover	5.1	7.2
Inventory turnover	4.0	4.7
Debtor days	60.5	47.5
Inventory days	90.8	78.0
Creditor days	71.4	50.9
Cash Conversion	79.9	74.6

FY 18-20 implies three year period ending fiscal 20;*as on terminal year;

Presumably driven by the inflationary trend in raw material prices, cumulative income from operations would grow by an impressive 43.6% for the three-year period ending FY23 to Rs. 33866 crs, thereby accentuating the rise in cumulative operating profits by 36.8% over the given period. The price hikes taken by the management in wires and cables would provide some respite to its operating margins, yet deteriorating margins in the FMEG space could lead to a decline of 56 bps in overall margins of Polycab to 11.4% on the back of prevalent input cost pressures in raw material sourcing. Combined effect of higher EBIT (from Rs 2597crs in FY18-20 to Rs 3587 crs in FY21 -23e) and lower cumulative interest expense would help boost interest coverage ratio to 30.3 in the cumulative three year period (vs. 10.0 in FY18-20). Successive lower debtor and inventory days would circumvent much of the fall in creditor days lead to some fall in cash conversion cycle (see table).

Financial Summary- US dollar denominated

million \$	FY19	FY20	FY21	FY22e	FY23e
Equity capital	20.4	19.7	20.3	20.0	20.0
Shareholders' funds	403.8	508.9	626.2	711.0	825.8
Total debt	39.4	20.8	33.8	12.7	16.0
Net fixed assets (inc CWIP)	212.3	220.6	267.5	237.2	248.0
Investments	4.2	8.7	86.4	48.8	53.8
Net current assets	180.9	265.4	270.2	385.9	482.2
Total assets	417.9	512.3	642.8	714.8	831.4
Revenues	1142.6	1245.8	1203.0	1588.8	1746.2
EBITDA	145.2	173.4	174.5	176.0	212.0
PBDT	128.5	166.4	167.4	170.7	208.5
PBT	108.2	143.7	142.2	143.4	179.2
Profit after MI & EO	71.3	107.2	117.8	107.8	134.8
EPS (\$)	0.50	0.72	0.79	0.72	0.90
Book Value (\$)	2.86	3.42	4.20	4.76	5.53

Income statement figures translated at average rates; balance sheet at year end rates; projections at current rates (Rs74.78/\$). All dollar denominated figures are adjusted for extraordinary items.



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Exchange Rates Used- Indicative

Rs/\$	FY18	FY19	FY20	FY21
Average	64.45	69.89	70.88	74.20
Year end	65.04	69.17	75.39	73.50

All \$ values mentioned in the write-up translated at the average rate of the respective quarter/ year as applicable. Projections converted at current exchange rate. Cumulative dollar figure is the sum of respective yearly dollar value.