



Polycab India Ltd IPO Note

About the Company:

Polycab India Ltd is the largest manufacturer in the wires and cables industry in India, in terms of revenue from the wires and cables segment and provide one of the most extensive range of wires and cables in India. Company is engaged in the business of manufacturing and selling wires and cables and fast moving electrical goods (“FMEG”) under the “POLYCAB” brand. Company manufactures and sells diverse range of wires and cables. Key products in the wires and cables segment are power cables, control cables, instrumentation cables, solar cables, building wires, and others including welding cables, submersible flat and round cables, railway signalling cables, specialty cables and green wires.

Company Promoters:

Promoters of the company are Inder T Jaisinghani, Ajay T Jaisinghani, Ramesh T Jaisinghani, Girdhari T Jaisinghani respectively.

Polycab India Ltd IPO Details:

Open Date:	5th April 2019
Close Date:	9th April 2019
Total Shares:	2,50,16,944
Face Value:	₹ 10 Per Equity Share
Issue Size:	Rs. 1346 cr
Lot Size:	27 Shares
Issue Price:	Rs.533 – 538
Retail Discount:	Nil
Listing At:	NSE,BSE

Manufacturing Facilities:

Company has 24 manufacturing facilities, including two joint ventures with Techno Electromech Pvt Ltd. (“Techno”) and Trafigura Pte Ltd (“Trafigura”), located across the states of Gujarat, Maharashtra and Uttarakhand and the union territory of Daman and Diu. Three of these 24 manufacturing facilities are for the production of FMEG, including a 50:50 joint venture with Techno, a Gujarat-based manufacturer of LED products. In 2016, company entered into a 50:50 joint venture with Trafigura, a commodity trading company, to set up a manufacturing facility in Waghodia, India to produce copper wire rods (the “Ryker Plant”). Company expects the Ryker Plant to commence commercial operations by the end of Fiscal 2019, with an estimated annual capacity of 258,620 MT of copper wire rods once it is fully operational. The Ryker Plant will strengthen the backward integration of their manufacturing process as they expect that it will meet a substantial part of their demand for copper wire rods for the manufacturing of wires and cables and FMEG.

Distribution Network:

Polycab has an established supply chain comprising a network of authorized dealers, distributors and retailers. This network supplies the products across India. Company’s distribution network in India comprise over 3,300 authorized dealers and distributors and 29 warehouses as on March 31, 2018. Company supplies its products directly to their authorized dealers and distributors who in turn supply the products to over 100,000 retail outlets in India. Company manages its sales and marketing activities through their corporate office, three regional offices and 20 local offices in various parts of India. Company exports their products to over 40 countries. Company works closely with major power utilities, oil and gas, IT parks, metro rail, infrastructure, metal and non-metal, cement and EPC companies that operate in India and abroad. Company’s major customers include institutional clients such as L&T Construction and government clients such as Konkan Railway Corporation Ltd.

Polycab India Ltd key financials:

Financials (Consolidated)	March 2015	March 2016	March 2017	March 2018
Total Revenue (Rs in crores)	4712.4	5747.3	6122.2	6985.9
Profit After Tax (Rs in crores)	164.3	184.70	232.74	370.8
Profit Margin (%)	3.00	3.00	3.80	5.00

Key strengths of Polycab India Ltd:

Well diversified business verticals.
Consistent financial performance.
Pan India distribution network.
Experienced managerial personnel.

Risk factors to be considered by investors:

Fluctuations in raw material can impact margins.
Foreign exchange fluctuations can impact export and import.
Competition from other established peers.
Ability of the company in nurturing its distribution network.

Reasons to invest in Polycab India Ltd IPO:

Strong brand equity.
Consistent financial performance.
Diverse product portfolio.
Company enjoys a niche place among FMEG segment.

Investment rationale:

Polycab India Ltd is an established player which is in the business of manufacturing and selling wires and cables and fast moving electrical goods ("FMEG"), a business that is considered to growing steadily on back of demand and order inflow from varied retail and industrial consumers. The company enjoys a niche place among leading players in the segment. Investors may subscribe to the issue.

Information sources:

Information gathered in this document are from company's draft red herring prospectus filed by the company with SEBI and from other freely available web sources/ contents.

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