Polycab India: Five-Pillar Analysis

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Companion to the Polycab India investment report (73/100, Selective Positive). This piece grades the business against the five-pillar engine: Sunrise, Leadership, Moat, Iron Fortress, and Free Cash Flow.

Reference price: Rs 7,662 (NSE close, October 26, 2026). Moderate-to-good fit, 3 of 5 pass.

Grades at a glance

Pillar	Grade
Sunrise (electrification demand)	**PASS**
Leadership	**PASS**
Moat	**PARTIAL**
Iron Fortress (balance sheet)	**PASS**
Free Cash Flow	**PARTIAL**

Overall fit verdict: Moderate-to-good fit, 3 of 5 pass. Polycab clears the bar on sunrise, leadership and the balance sheet, while moat and free cash flow are partial: the product is specification-led and newly contested by UltraTech, and cash conversion is absorbed by working capital and the Project Spring capex cycle in fast-growth years. Full investment report score: **73/100, Selective Positive**.

Pillar 1: Sunrise, PASS

GRADE: PASS

The pillar tests the direction and speed of demand, and here both point the same way. India's wires and cables industry reached Rs 1.01 lakh crore in FY26 (directors' report) after growing at double digits for a decade, and demand growth is estimated at 1.5 to 2.0 times real GDP. Motilal Oswal's June 2026 sector work puts the industry on a 13 to 14 percent CAGR path to FY30, powered by transmission and distribution capex, renewable energy, data centres (management estimates about Rs 3.5 crore of cable demand per megawatt), railways, defence and housing.

The company's own intake confirms the weather: H1 FY27 revenue rose 46 percent, wires and cables grew 44 percent in the half, and Polycab has now printed eleven consecutive quarters of industry-leading growth on management's count. One honesty note is recorded inside the pass: a large slice of the current growth rate is the copper price (up from $9,652 a tonne in April 2025 to a $12,968 peak in February 2026), and underlying Q1 FY27 domestic volume growth was low-to-mid single digits. The sunrise is structural and measured in volumes over a cycle, not in one metal-inflated half. Demand direction, duration and breadth all clear the bar. PASS.

Pillar 2: Leadership, PASS

GRADE: PASS

Grade the record against what was promised, in public, with dates. Project LEAP, set in FY21, promised about Rs 20,000 crore of revenue by FY26; Polycab delivered Rs 28,884 crore, beating the target by 44 percent and crossing it a year early. Market share of the organised market rose from 18 to 19 percent in FY19 to 30 to 31 percent in FY26, with a 3 to 4 point gain in FY26 alone under Project Spring. The Spring capex guide (Rs 1,200 to 1,600 crore a year within a Rs 6,000 to 8,000 crore five-year plan) was met in FY26 at about Rs 1,480 crore. The dividend payout is walking up the promised path: 26.3 percent in FY25, 27.2 percent in FY26, guided above 30 percent by FY30.

Inder T. Jaisinghani, who took over a Lohar Chawl electrical shop at 15 and incorporated the manufacturing company in 1996, still chairs and runs the company, with the second generation in executive roles and a professional CFO in Gandharv Tongia. Deductions are recorded without breaking the grade: the export promise (10 percent of revenue by FY30) is behind pace at 5.4 percent in FY26 with a down quarter in Q1 FY27, and after the record Q2 FY27 the team chose not to raise guidance, which is honest but caps momentum. A team that beats its own five-year public target by 44 percent and then under-promises again is a pass. PASS.

Pillar 3: Moat, PARTIAL

GRADE: PARTIAL

The moat has three real layers, and each can be measured. Distribution: 3,900 plus authorised dealers and 1,90,000 plus retail outlets, the widest reach in Indian electricals, built over decades since the Sind Electric Stores trading days. Qualification: utility, railway, defence, metro and data centre buyers qualify cable vendors over years of testing, and Polycab sits on those lists across power, control, instrumentation and specialty cables. Scale and integration: 26 plants, in-house compounding and drawing, and the Ryker Base copper rod joint venture with Trafigura securing the main input. The outcome measure is share: 30 to 31 percent of the organised market, about three times KEI, the number two.

Why partial, then. The product under the brand is still, at its core, copper and PVC or XLPE built to a published specification, and rivals who meet the specification compete on price and availability. The moat is now being tested by entrants who bring their own distribution and their own metal: UltraTech started commercial production in September 2026 with a Rs 1,800 crore plan, an 11 lakh km Gujarat plant, the Ultravolt brand, Hindalco inside its group and India's largest building materials dealer network; the Adani group is entering through Kutch Copper's Praneetha Ecocables. Jefferies' defence, that 70 to 75 percent of Polycab's mix is cables while the entrants aim first at wires, protects the institutional core for now. A moat that is deep in cables and qualification, and newly contested in wires and retail distribution, is a partial. PARTIAL.

Pillar 4: Iron Fortress, PASS

GRADE: PASS

Net cash was Rs 4,190 crore at March 2026 and Rs 4,520 crore at September 30, 2026. Reported borrowings were about Rs 272 crore at September 2026 and debt to equity prints at about 0.02. Net worth was about Rs 12,006 crore at March 2026. The company is funding the largest capex programme in its history (Rs 1,480 crore in FY26 within a Rs 6,000 to 8,000 crore five-year plan) plus a Rs 47 a share dividend (about Rs 708 crore paid in June 2026) from internal accruals, with no equity dilution beyond small ESOP allotments (84,545 shares in Q1 FY27) and no promoter pledging reported. Promoters hold 61.44 percent.

The structural note is recorded, and it qualifies the character rather than the grade. This fortress is a working capital machine: current assets of Rs 14,661 crore against current liabilities of Rs 7,965 crore at March 2026, with inventory the largest block, so a sharp copper fall would write inventory values down through the P&L; even though no lender can call the company. The fortress cannot be forced; it can be marked. PASS, with the monitored metric named: net cash held above Rs 4,000 crore through the Spring capex peak, and inventory days through any metal downcycle.

Pillar 5: Free Cash Flow, PARTIAL

GRADE: PARTIAL

The five-year cash record is good and getting better, and it is not clean enough for a pass. Operating cash flow was Rs 461 crore in FY22, Rs 1,452 crore in FY23, Rs 1,292 crore in FY24, Rs 1,803 crore in FY25 and Rs 3,747 crore in FY26. Against PAT, conversion was poor in two of those years (FY22: Rs 461 crore of operating cash on Rs 917 crore of PAT; FY24: Rs 1,292 crore on Rs 1,803 crore), because in this business growth itself eats cash: copper inventory and institutional receivables expand with every point of share gained, and they expand faster when the metal price rises.

FY26 was the best year in the series on both counts: operating cash flow of Rs 3,747 crore covered PAT of Rs 2,708 crore and the record Rs 1,480 crore capex, leaving roughly Rs 2,270 crore of free cash flow on this arithmetic, while net cash still rose. The forward load is the deduction: Rs 6,000 to 8,000 crore of Project Spring capex over five years, working capital guided to normalise back up to 45 to 50 days, and an EPC tail that carries government receivables. Cash generation is real, rising and self-funding; its conversion ratio is hostage to growth and the metal price. PARTIAL, with the monitored metric named: operating cash flow conversion of PAT held above 100 percent over a full metal cycle, not one year.

Summary

- **Pillar 1. Sunrise:** PASS, a Rs 1.01 lakh crore industry growing at an estimated 13 to 14 percent CAGR to FY30 and 1.5 to 2.0 times real GDP, with transmission, renewables, data centres and housing as drivers; current prints are flattered by copper, and Q1 FY27 volume growth was low-to-mid single digits
- **Pillar 2. Leadership:** PASS, Project LEAP's Rs 20,000 crore FY26 revenue target beaten by 44 percent (Rs 28,884 crore delivered), share up from 18 to 19 percent in FY19 to 30 to 31 percent in FY26, Spring capex and the dividend payout path on schedule; the export leg (5.4 percent against a 10 percent FY30 target) is behind pace
- **Pillar 3. Moat:** PARTIAL, 3,900 plus dealers, 1,90,000 plus outlets, qualification lists and copper rod integration behind a 30 to 31 percent share, against a specification product now contested by UltraTech (production started September 2026, Rs 1,800 crore plan) and the Adani group
- **Pillar 4. Iron Fortress:** PASS, net cash of Rs 4,520 crore at September 2026, borrowings of about Rs 272 crore, debt to equity of about 0.02, capex and dividend funded internally, no pledging; the wall is working capital, so a copper fall marks it through the P&L;
- **Pillar 5. Free Cash Flow:** PARTIAL, operating cash flow up from Rs 461 crore in FY22 to Rs 3,747 crore in FY26 with roughly Rs 2,270 crore of free cash flow after record capex, against weak conversion in FY22 and FY24 and a five-year capex and working capital load ahead

Moderate-to-good fit, 3 of 5 pass. The engine's read: Polycab passes every pillar that describes demand, delivery and the balance sheet: the sunrise is structural, the leadership team beat its own public five-year target by 44 percent, and the company funds a record capex cycle from a net cash position. The two partial pillars describe the contest and the cash physics: the moat is distribution and qualification wrapped around a specification product, now attacked by two of India's largest industrial groups, and free cash flow is real but leaks into inventory and receivables in exactly the years growth is fastest. That matches the investment report's 73/100 Selective Positive: the franchise grades in the low 80s, and at Rs 7,662, about 36 times trailing earnings, the constraint is the price paid for a metal-flattered growth print.

What changes the grade: Moat upgrades to pass if Polycab holds 30 percent plus organised share through FY28 with wires and cables EBITDA margin inside the 11 to 13 percent guide while UltraTech scales, and downgrades to fail if share or margin breaks below the guide for two consecutive years. Free Cash Flow upgrades to pass if operating cash conversion of PAT holds above 100 percent across the next metal downcycle. Iron Fortress is re-graded if net cash turns to net debt to fund Spring. Leadership is re-graded on the export checkpoint (10 percent of revenue by FY30) and on any change to the no-raise guidance pattern.

Sources

- Company results releases, FY26, Q1 FY27 and Q2 FY27 (cms.polycab.com and summaries): FY26 revenue Rs 28,884 crore, PAT Rs 2,708 crore, net cash Rs 4,190 crore, market share 30 to 31 percent, Project Spring capex of Rs 6,000 to 8,000 crore, dividend Rs 47 a share at a 27.2 percent payout; Q1 FY27 revenue Rs 8,210 crore, PAT Rs 797 crore; Q2 FY27 revenue Rs 9,899 crore, PAT Rs 990 crore, net cash Rs 4,520 crore at September 30, 2026
- Screener.in consolidated series via public mirrors (Getaka, ET Money, Motilal Oswal, Torus): operating cash flow Rs 461 crore (FY22) to Rs 3,747 crore (FY26), PAT Rs 917 crore to Rs 2,708 crore, reserves Rs 11,856 crore, current assets Rs 14,661 crore and current liabilities Rs 7,965 crore at March 2026, borrowings of about Rs 272 crore at September 2026, debt to equity of about 0.02
- Directors' report FY26 and Motilal Oswal sector update, June 17, 2026: industry size Rs 1.01 lakh crore in FY26, demand growth at 1.5 to 2.0 times real GDP, industry CAGR of 13 to 14 percent to FY30, copper from $9,652 to a $12,968 peak inside FY26
- UltraTech and Adani entry coverage (EquityPandit, September 1, 2026; Upstox; CNBC-TV18 summaries): UltraTech commercial production started September 2026, Rs 1,800 crore committed with Rs 888 crore spent by June 2026, capacity about 11 lakh km, Jefferies estimate of 5 to 6 percent industry share by FY30 and the 70 to 75 percent cables mix defence for Polycab
- India Infoline market and shareholding data, October 26, 2026: price Rs 7,662, promoter holding 61.44 percent, institutions 25.96 percent, public 12.60 percent; Q1 FY27 call summaries (GuruFocus, BigGo Finance): volume growth low-to-mid single digits, data centre demand of about Rs 3.5 crore a megawatt, working capital to normalise to 45 to 50 days

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