

Polycab India Ltd.

Sector: Cables

30th July, 2025

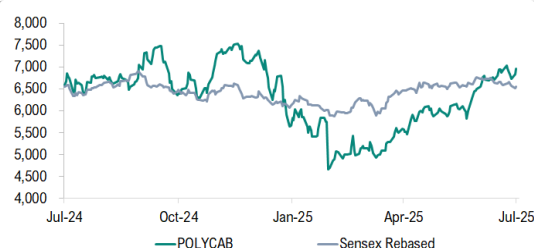
HOLD

Key Changes						Target	Rating	Earnings	Target	Rs. 7,577
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame				CMP	Rs. 6,963
Large Cap	POLYCAB:IN	81,338	POLYCAB	542652	12 Months				Return	+9%

Data as of: 29-July-2025

Company Data			
Market Cap (Rs.cr)			104,806
52 Week High — Low (Rs.)			7,607 - 4,557
Enterprise Value (Rs. cr)			104,196
Outstanding Shares (cr)			15.1
Free Float (%)			33.4
Dividend Yield (%)			0.5
6m average volume (lacs)			5.9
Beta			0.9
Face value (Rs.)			10.0
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	63.1	63.0	63.0
FII's	12.8	11.1	11.4
MFs/Institutions	10.7	11.0	11.6
Public	12.4	13.5	12.7
Others	1.1	1.4	1.2
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	25.0%	19.3%	5.8%
Absolute Sensex	1.3%	6.3%	0.0%
Relative Return	23.7%	13.1%	5.8%

*over or under performance to benchmark index



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	22,408	27,517	32,280
Growth (%)	24.2	22.8	17.3
EBITDA	2,960	3,715	4,390
EBITDA Margin (%)	13.2	13.5	13.6
PAT Adjusted	2,020	2,531	2,962
Growth (%)	13.2	25.3	17.0
Adjusted EPS	134.3	168.2	196.8
Growth (%)	13.1	25.2	17.0
P/E	38.3	41.4	35.4
P/B	7.9	9.0	7.5
EV/EBITDA	26.0	28.0	23.7
ROE (%)	20.8	21.9	21.6
D/E	0.0	0.0	0.0

Infra capex tailwinds to help growth

Polycab India Ltd is one of India's largest wire and cable manufacturers. It provides electrical solutions to households and industries.

- Polycab's consolidated revenue from operations grew 25.7% YoY to Rs. 5,906cr in Q1FY26, mainly due to the performance of the wires and cables (W&C) segment.
- The W&C segment's revenue rose 30.9% YoY to Rs. 5,229cr, supported by 25% volume growth during the quarter.
- The fast-moving electric goods (FMEG) segment's revenue rose 17.8% YoY to Rs. 454cr, primarily as the solar products' category grew 2x over the previous year.
- The engineering, procurement and construction (EPC) segment's revenue fell 18.8% YoY to Rs. 347cr. But the segment's order book remained strong as of June 2025, including orders worth Rs. 8,000cr from the BharatNet project.
- EBITDA surged 47.0% YoY to Rs. 858cr and EBITDA margin expanded 210bps to 14.5% owing to a combination of strategic pricing, operational efficiencies and a favorable business mix.
- Reported PAT rose 49.3% YoY to Rs. 600cr due to growth in revenue and margin.

Outlook & Valuation

Polycab delivered a robust financial performance in Q1FY26. The cable industry is expected to experience rapid growth, driven by the government's monthly expenditure of ~Rs. 1.26 trillion. This significant investment is anticipated to fuel demand for cables, leading to double-digit growth in the FMEG sector. Polycab's focus on improving operating efficiency and premiumization and the growing contribution from solar products are expected to contribute to its growth momentum. With a healthy order book, the company is well-positioned to grow. Although Polycab is trading at a high valuation, tailwinds from infrastructure spending and government capex should continue to support its long-term growth prospects. Hence, **we upgrade our rating on the stock to HOLD, with a revised target price of Rs. 7,577 based on 39x FY27E P/E.**

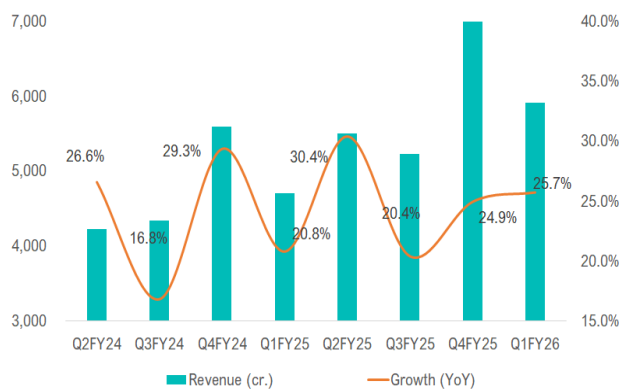
Quarterly Financials Consolidated

Rs.cr	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Sales	5,906	4,698	25.7	6,986	-15.5
EBITDA	858	583	47.0	1,025	-16.4
Margin (%)	14.5	12.4	210bps	14.7	-20bps
EBIT	772	516	49.5	945	-18.3
PBT	801	533	50.1	961	-16.7
Rep. PAT	600	402	49.3	734	-18.3
Adj PAT	592	396	49.5	727	-18.5
Adj. EPS (Rs)	39.4	26.4	49.4	48.3	-18.5

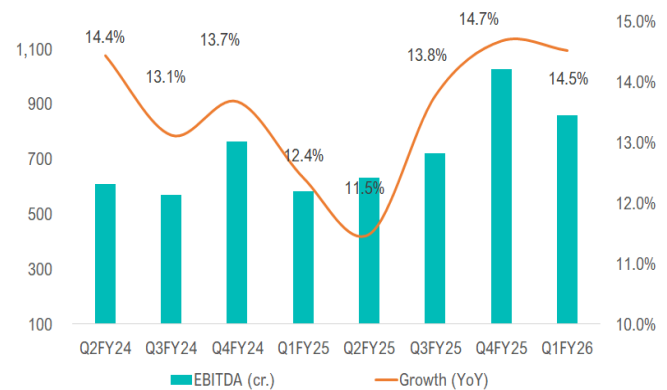
Key concall highlights

- The W&C segment continues to be the primary growth engine, fuelled by strong domestic demand and favourable trends in commodity prices. The domestic W&C business saw a significant 32% YoY surge in revenue, driven by higher government spending, enhanced project execution and the benefits of soaring commodity prices. Notably, cables exceeded wires in YoY growth this quarter.
- The FMEG business reported a profitable quarter for a second consecutive period, driven by sustained focus on premiumisation. Better product mix and operational efficiencies supported margin growth.
- The long-term prospects of the FMEG business are promising, which aims for growth that outpaces the industry by 1.5 to 2 times and enhances EBITDA margins to 8-10% by FY30.
- International business saw a significant expansion of 24% YoY, accounting for 5.2% of consolidated revenue. Despite near-term tariff uncertainties, India maintains a comparative tariff advantage when compared with other larger exporters to the US.
- Under Project Spring, a capital expenditure (capex) guidance of Rs. 6,000-8,000cr has been outlined over the next 5 years, translating to an annual spend of Rs. 1,200-1,600cr. The majority of the capex will be allocated to the C&W business, and the rest to backward integration and select initiatives within the FMEG business.
- The company has provided a long-term guidance of 11% to 13% for EBITA margin.

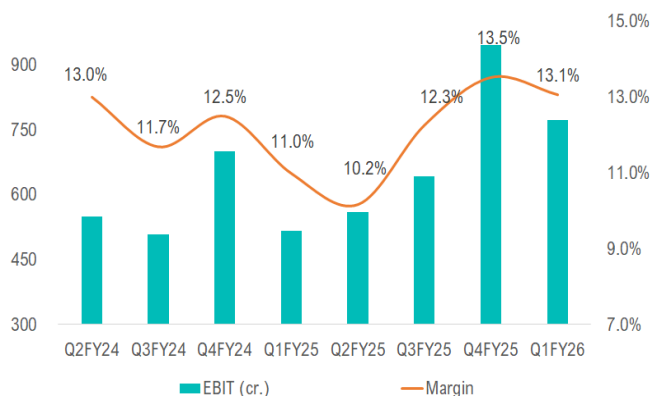
Revenue



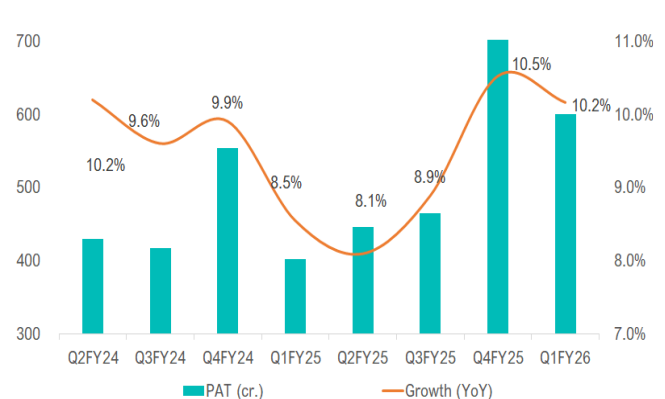
EBITDA



EBIT



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	26,418	31,017	27,517	32,280	4.2	4.1
EBITDA	3,516	4,172	3,715	4,390	5.6	5.2
Margins (%)	13.3	13.5	13.5	13.6	20bps	10bps
Adj. PAT	2,400	2,838	2,531	2,962	5.4	4.4
EPS	159.6	188.7	168.2	196.8	5.4	4.3



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	14,108	18,039	22,408	27,517	32,280
% change	15.6	27.9	24.2	22.8	17.3
EBITDA	1,843	2,492	2,960	3,715	4,390
% change	45.1	35.2	18.8	25.5	18.2
Depreciation	209	245	298	364	460
EBIT	1,634	2,247	2,662	3,351	3,930
Interest	60	108	169	194	214
Other Income	133	221	208	260	280
PBT	1,707	2,359	2,701	3,416	3,997
% change	53.0	38.2	14.5	26.5	17.0
Tax	424	556	655	854	999
Tax Rate (%)	24.8	23.6	24.3	25.0	25.0
Reported PAT	1,283	1,803	2,046	2,562	2,998
PAT att. to common shareholders	1,271	1,784	2,020	2,531	2,962
Adj.*	-	-	-	-	-
Adj. PAT	1,271	1,784	2,020	2,531	2,962
% change	39.9	40.4	13.2	25.3	17.0
No. of shares (cr)	15.0	15.0	15.0	15.1	15.1
Adj EPS (Rs.)	84.9	118.7	134.3	168.2	196.8
% change	39.4	39.9	13.1	25.2	17.0
DPS (Rs.)	20.0	30.0	35.0	43.8	51.3

Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	1,492	2,048	2,344	2,926	3,457
Non-cash adj.	-196	47	290	-189	158
Other adjustments	-	-	-	-	-
Changes in W.C	131	-798	-825	-199	-1,069
C.F. Operation	1,428	1,297	1,809	2,538	2,546
Capital exp.	-458	-858	-956	-1,319	-1,420
Change in inv.	-767	62	-306	-337	-63
Other invest.CF	22	44	22	20	21
C.F - Investment	-1,203	-752	-1,239	-1,636	-1,462
Issue of equity	13	19	7	-	-
Issue/repay debt	33	19	50	5	4
Dividends paid	-209	-300	-451	-659	-772
Other finance.CF	-64	-127	-234	-189	-214
C.F - Finance	-227	-387	-628	-843	-982
Chg. in cash	-2	157	-59	59	102
Closing Cash	695	402	771	829	931

Balance Sheet

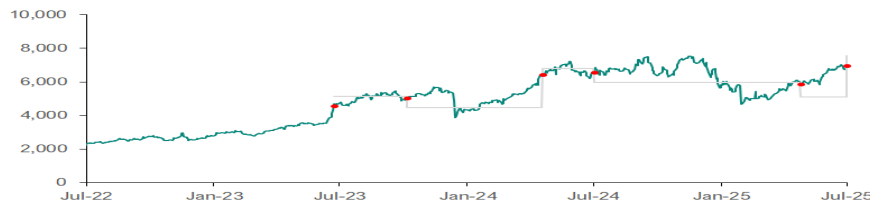
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	695	402	771	829	931
Accts. Receivable	1,247	2,047	2,596	3,174	3,696
Inventories	2,951	3,675	3,661	4,643	5,424
Other Cur. Assets	2,016	2,589	2,291	2,819	2,973
Investments	-	76	79	79	79
Gross Fixed As-sets	3,202	3,618	4,559	5,878	7,298
Net Fixed Assets	2,047	2,241	2,922	3,914	4,909
CWIP	251	578	708	673	639
Intangible Assets	20	21	10	8	8
Def. Tax -Net	1	13	24	21	25
Other Assets	198	436	710	1,164	1,189
Total Assets	9,425	12,079	13,773	17,325	19,874
Current Liabilities	2,470	3,511	3,443	5,051	5,350
Provisions	45	60	41	51	51
Debt Funds	155	90	109	114	118
Other Liabilities	81	175	273	300	320
Equity Capital	150	150	150	150	150
Res. & Surplus	6,487	8,037	9,675	11,546	13,737
Shareholder Funds	6,637	8,187	9,825	11,697	13,887
Minority Interest	37	56	82	113	148
Total Liabilities	9,425	12,079	13,773	17,325	19,874
BVPS	443	545	653	777	923

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	13.1	13.8	13.2	13.5	13.6
EBIT margin (%)	11.6	12.5	11.9	12.2	12.2
Net profit mgn.(%)	9.0	9.9	9.0	9.2	9.2
ROE (%)	19.3	22.0	20.8	21.9	21.6
ROCE (%)	23.9	27.0	26.6	28.1	27.8
W.C & Liquidity					
Receivables (days)	32.3	41.4	42.3	42.1	41.8
Inventory (days)	102.5	101.0	79.4	82.1	81.6
Payables (days)	70.6	78.7	59.3	72.5	65.2
Current ratio (x)	2.6	2.4	2.7	2.2	2.4
Quick ratio (x)	1.3	1.2	1.5	1.2	1.2
Turnover & Leverage					
Gross asset T.O (x)	4.8	5.3	5.5	5.3	4.9
Total asset T.O (x)	1.7	1.7	1.7	1.8	1.7
Int. covge. ratio (x)	27.3	20.7	15.8	17.2	18.4
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	3.0	4.2	3.4	3.8	3.2
EV/EBITDA (x)	23.1	30.4	26.0	28.0	23.7
P/E (x)	33.9	42.7	38.3	41.4	35.4
P/BV (x)	6.5	9.3	7.9	9.0	7.5



Recommendation Summary - (last 3 years)






Dates	Rating	Target
21-Jul-23	ACCUMULATE	5,147
03-Nov-23	SELL	4,473
16-May-24	HOLD	6,804
29-Jul-24	SELL	5,955
23-May-25	SELL	5,094
30-Jul-25	HOLD	7,577

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:  Upgrade  No Change  Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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