

Polycab India Ltd

SELL

Sector: Cables

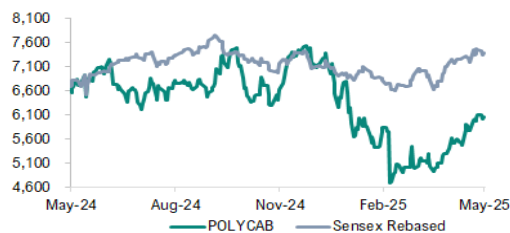
23rd May, 2025

Key Changes	Target ▲	Rating ●	Earnings ▼	Target	Rs. 5,094		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 5,882
Large Cap	POLYCAB:IN	81,721	POLYCAB	542652	12 Months	Return	-13%

Data as of: 23-May-2025

Company Data			
Market Cap (Rs.cr)	88481		
52 Week High — Low (Rs.)	7,607 - 4,557		
Enterprise Value (Rs. cr)	87,846		
Outstanding Shares (cr)	15.0		
Free Float (%)	33.4		
Dividend Yield (%)	0.5		
6m average volume (lacs)	5.9		
Beta	0.9		
Face value (Rs.)	10.0		
Shareholding (%)	Q2FY25	Q3FY25	Q4FY25
Promoters	63.1	63.1	63.0
FII's	13.5	12.8	11.1
MFs/Institutions	9.4	10.7	11.0
Public	12.9	12.4	13.5
Others	1.2	1.1	1.4
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	0.7%	-11.1%	-11.4%
Absolute Sensex	8.5%	3.3%	8.4%
Relative Return	-7.8%	-14.4%	-19.8%

*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	22,408	26,418	31,017
Growth (%)	24.2	17.9	17.4
EBITDA	2,960	3,516	4,172
EBITDA Margin (%)	13.2	13.3	13.5
PAT Adjusted	2,020	2,400	2,838
Growth (%)	13.2	18.8	18.2
Adjusted EPS	134.3	159.6	188.7
Growth (%)	13.1	18.8	18.2
P/E	43.8	36.9	31.2
P/B	9.0	7.6	6.5
EV/EBITDA	29.7	25.0	21.1
ROE (%)	20.8	20.9	21.0
D/E	0.0	0.0	0.0

Resilient Results; High Multiple

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

- In Q4FY25, revenue increased 24.9% YoY Rs. 6,986cr, led by growth across all segments.
- The wires and cables segment's revenue increased 22.1% YoY to Rs. 5,920cr, driven by sustained demand, increased government spending and improved project execution.
- The fast-moving electric goods (FMEG) sector's revenue grew 32.7% YoY to Rs. 469cr, contributed by strong volume and value growth in the lights and luminaires business along with healthy growth in switchgears, conduit pipes and fittings, and switches due to demand in the real estate sector.
- The EPC segment's revenue grew 46.7% YoY to Rs. 603cr due to effective execution of the RDSS order book.
- EBITDA rose 34.1% YoY to Rs. 1,025cr and EBITDA margin expanded 100bps to 14.7% owing to profits in the FMEG sector and strong margin in the EPC segment.
- PAT grew 32.7% YoY to Rs. 734cr due to growth in revenue and improved margin.

Outlook and Valuation

Polycab reported a resilient performance in Q4FY25, with growth across all its segments. The international wires and cables segment (~6% of consolidated revenue) is expected to rebound in FY26, led by increased demand in key markets and a healthy order book. Looking ahead, the FMEG segment is expected to continue its upward trajectory, aligned with its Project Spring goals of driving growth and improving profitability. However, the stock is currently trading at a high valuation, which poses a potential downside risk. Therefore, **we reiterate our SELL rating on the stock, with a rolled-forward target price of Rs. 5,094 based on 27x FY27E P/E.**

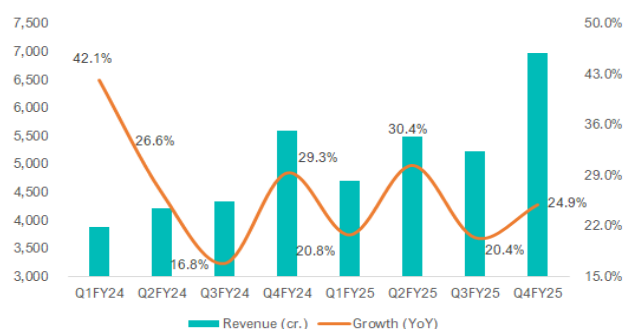
Quarterly Financials Consol.

Rs.cr	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Sales	6,986	5,592	24.9	5,226	33.7	22,408	18,039	24.2
EBITDA	1,025	765	34.1	720	42.4	2,960	2,492	18.8
Margin (%)	14.7	13.7	100bps	13.8	90bps	13.2	13.8	-60bps
EBIT	945	699	35.2	641	47.3	2,662	2,247	18.5
PBT	961	725	32.4	617	55.8	2,701	2,359	14.5
Rep. PAT	734	553	32.7	464	58.1	2,046	1,803	13.5
Adj PAT	727	546	33.1	458	58.8	2,020	1,784	13.2
Adj. EPS (Rs)	48.3	36.3	32.9	30.4	58.8	134.3	118.7	13.2

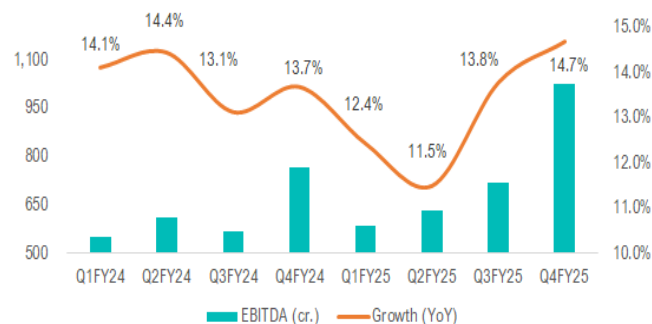
Key concall highlights

- In FY25, consolidated revenue grew 24.2% YoY to Rs. 22,408cr, EBITDA by 18.8% YoY to Rs. 2,960cr and PAT by 13.5% YoY to 2,046cr.
- Working capital cycle days decreased from 53 in Q3FY25 to 49 in Q4FY25, due to a temporary decrease in inventory days as some raw material purchases are in transit. In the long term, Polycab expects working capital cycle to be 50-55 days.
- Capital expenditure (capex) was Rs. 133cr in Q4FY25 vs Rs. 221cr in Q4FY24. At FY25-end, capex was Rs. 958cr vs Rs. 858cr in FY24.
- Solar products delivered 2.5x growth YoY, becoming the third-largest category in the FMEG segment. Government initiatives such as PM Surya Ghar Yojana is increasing the awareness on renewable energy and the company expects this category to grow in the future.
- In FY25, the company launched 100 new SKUs in the FMEG category, added 280 channel partners and 8,000 retailers. The geographical reach was extended to 350 new towns. Premium fans contribute 18% of the sales volume and 30% of the sales value.

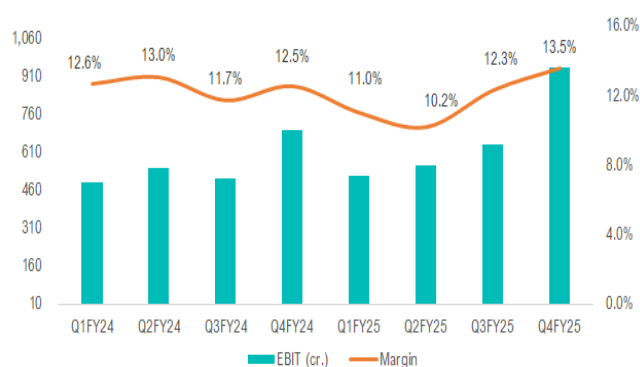
Revenue



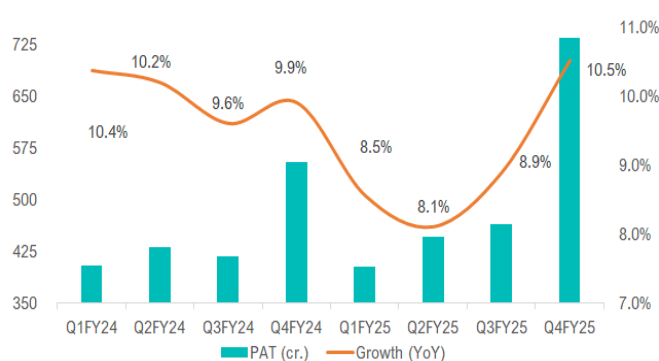
EBITDA



EBIT



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change -%	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	25,516	-	26,418	31,017	3.5	-
EBITDA	3,476	-	3,516	4,172	1.2	-
Margins (%)	13.6	-	13.3	13.5	-29bps	-
Adj. PAT	2,486	-	2,400	2,838	-3.4	-
EPS	164.9	-	159.6	188.7	-3.2	-



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	14,108	18,039	22,408	26,418	31,017
% change	15.6	27.9	24.2	17.9	17.4
EBITDA	1,843	2,492	2,960	3,516	4,172
% change	45.1	35.2	18.8	18.8	18.6
Depreciation	209	245	298	364	447
EBIT	1,634	2,247	2,662	3,152	3,725
Interest	60	108	169	172	176
Other Income	133	221	208	260	280
PBT	1,707	2,359	2,701	3,239	3,830
% change	53.0	38.2	14.5	19.9	18.2
Tax	424	556	655	810	957
Tax Rate (%)	24.8	23.6	24.3	25.0	25.0
Reported PAT	1,283	1,803	2,046	2,430	2,872
PAT att. to common shareholders	1,271	1,784	2,020	2,400	2,838
Adj.*	-	-	-	-	-
Adj. PAT	1,271	1,784	2,020	2,400	2,838
% change	39.9	40.4	13.2	18.8	18.2
No. of shares (cr)	15.0	15.0	15.0	15.0	15.0
Adj EPS (Rs.)	84.9	118.7	134.3	159.6	188.7
% change	39.4	39.9	13.1	18.8	18.2
DPS (Rs.)	20.0	30.0	35.0	41.6	49.2

Cashflow

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Deprn.	1,492	2,048	2,344	2,794	3,319
Non-cash adj.	-196	47	290	364	295
Other adjustments	-	-	-	-	-
Changes in W.C	131	-798	-825	-670	-529
C.F. Operation	1,428	1,297	1,809	2,488	3,085
Capital exp.	-458	-858	-956	-1,189	-1,365
Change in inv.	-767	62	-306	-437	-765
Other invest.CF	22	44	22	20	21
C.F - Investment	-1,203	-752	-1,239	-1,606	-2,109
Issue of equity	13	19	7	-	-
Issue/repay debt	33	19	50	5	4
Dividends paid	-209	-300	-451	-626	-740
Other finance.CF	-64	-127	-234	-172	-176
C.F - Finance	-227	-387	-628	-793	-912
Chg. in cash	-2	157	-59	89	64
Closing Cash	695	402	771	860	924

Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	695	402	771	860	924
Accts. Receivable	1,247	2,047	2,596	3,038	3,551
Inventories	2,951	3,675	3,661	4,469	5,208
Other Cur. Assets	2,016	2,589	2,291	2,574	3,263
Investments	-	76	79	79	79
Gross Fixed Assets	3,202	3,618	4,574	5,763	7,127
Net Fixed Assets	2,047	2,241	3,081	3,933	4,878
CWIP	251	578	550	522	496
Intangible Assets	20	21	10	10	10
Def. Tax -Net	1	13	24	30	35
Other Assets	198	436	710	725	740
Total Assets	9,425	12,079	13,773	16,240	19,184
Current Liabilities	2,470	3,511	3,443	4,077	4,862
Provisions	45	60	41	41	41
Debt Funds	155	90	109	114	118
Other Liabilities	81	175	273	297	320
Equity Capital	150	150	150	150	150
Res. & Surplus	6,487	8,037	9,675	11,449	13,548
Shareholder Funds	6,637	8,187	9,825	11,600	13,698
Minority Interest	37	56	82	111	145
Total Liabilities	9,425	12,079	13,773	16,240	19,184
BVPS	443	545	653	771	911

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	13.1	13.8	13.2	13.3	13.5
EBIT margin (%)	11.6	12.5	11.9	11.9	12.0
Net profit mgn.(%)	9.0	9.9	9.0	9.1	9.1
ROE (%)	19.3	22.0	20.8	20.9	21.0
ROCE (%)	23.9	27.0	26.6	26.7	26.7
W.C & Liquidity					
Receivables (days)	32.3	41.4	42.3	42.0	41.8
Inventory (days)	102.5	101.0	79.4	82.1	81.4
Payables (days)	70.6	78.7	59.3	60.9	63.1
Current ratio (x)	2.6	2.4	2.7	2.6	2.6
Quick ratio (x)	1.3	1.2	1.5	1.5	1.5
Turnover & Leverage					
Gross asset T.O (x)	4.8	5.3	5.5	5.1	4.8
Total asset T.O (x)	1.7	1.7	1.7	1.8	1.8
Int. covge. ratio (x)	27.3	20.7	15.8	18.3	21.2
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	3.0	4.2	3.9	3.3	2.8
EV/EBITDA (x)	23.1	30.4	29.7	25.0	21.1
P/E (x)	33.9	42.7	43.8	36.9	31.2
P/BV (x)	6.5	9.3	9.0	7.6	6.5



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

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: Accrue 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.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

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

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