BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 10,200 | ▲ 11%

POLYCAB INDIA | Consumer Durables | 16 July 2026

FMEG margin inflects; export mix weighs on W&C

- **Revenue/EBITDA/Adj. PAT grew 39%/32%/32% YoY; FMEG gains were offset by weak exports. EBITDA margin contracted 70bps YoY to 13.8%**
- **W&C growth was domestic led (+43% YoY); wires beat cables and dealer channel outpaced institutional sales, exports fell 13% YoY**
- **We raise estimates, assigning an unchanged 44x multiple to arrive at Jun-27 TP of Rs 10,200, maintain HOLD**

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Broad-based beat led by domestic execution and FMEG mix: POLYCAB reported Q1FY27 revenue of Rs 82.1bn (+39% YoY), 5% ahead of our estimates, led by domestic W&C (+43% YoY) and FMEG (+68% YoY); EPC declined 11% YoY on execution timing. EBITDA grew 32% YoY to Rs 11.4bn, 15% ahead of our estimates, but margin contracted 70bps YoY to 13.8%, as margin gains in FMEG (+590bps YoY) and EPC (+330bps YoY) were partly offset by a 140bps YoY contraction in W&C. Adj. PAT grew 32% YoY to Rs 7.8bn.

Retail-led mix aids sequential margin recovery in W&C: W&C revenue grew 38% YoY to Rs 71.6bn, powered by a 43% YoY rise in domestic sales; wires outgrew cables, and within cables, channel sales outpaced institutional offtake a reversal from the institution-heavy mix seen in Q4FY26. International revenue fell 13% YoY, moderating overall segment growth and keeping EBIT margin down 140bps YoY at 13.3%, even as margin recovered 20bps QoQ on the improved domestic mix.

FMEG already within FY30 target band; EPC backlog intact: FMEG revenue rose 68% YoY to Rs 7.6bn, its highest-ever quarterly print, with solar more than doubling YoY and remaining the largest category. EBIT margin expanded to 8.0%, from 2.1% in Q1FY26 and 4.1% in Q4FY26, placing the segment within its 8-10%. EPC revenue fell 11% YoY and 40% QoQ on execution timing, though EBIT margin improved ~330bps YoY on a healthy order backlog.

Revise estimates; maintain HOLD: We raise our FY27 Revenue/ EBITDA estimates by 8%/6%, reflecting faster-than-expected FMEG profitability, and revise FY27 PAT estimates by 8%. with domestic W&C and FMEG scale-up offsetting export and EPC cyclicality. We value the stock at 44x Jun-28E EPS, arriving at a TP of Rs 10,200, and maintain HOLD. **Key monitorables:** pace of international order conversion, sustainability of FMEG margins at scale, and EPC order execution.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	POLYCAB IN/Rs 9,215
Market cap	US$ 14.5bn
Free float	37%
3M ADV	US$ 38.7mn
52wk high/low	Rs 10,126/Rs 6,620
Promoter/FPI/DII	63%/12%/8%

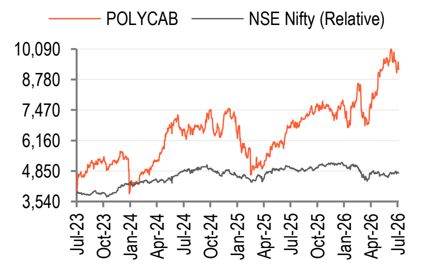
Source: NSE | Price as of 16 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	2,88,838	3,52,758	3,93,666
EBITDA (Rs mn)	40,057	46,365	51,784
Adj. net profit (Rs mn)	26,720	31,424	34,033
Adj. EPS (Rs)	177.5	209.4	226.7
Adj. ROAE (%)	24.5	24.0	22.1
Adj. P/E (x)	51.9	44.0	40.6
EV/EBITDA (x)	34.4	29.7	26.6
Adj. EPS growth (%)	31.9	18.0	8.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly financial snapshot

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Var (%)
Revenue	82,097	59,060	39	88,645	(7)	78,237	5
EBITDA	11,362	8,576	32	11,613	(2)	9,921	15
EBITDA Margin (%)	13.8	14.5	(70bps)	13.1	70	12.7	116bps
Depreciation	1,029	857		978		1,057	
Interest	800	513		746		620	
Other Income	1,049	799		604		650	
PBT	10,582	8,006	32	10,493	1	8,894	19
Tax	2,616	2,009		2,637		2,197	
Adjusted PAT	7,843	5,921	32	7,728	1	6,697	17
Exceptional item	-	-		-		-	
Reported PAT	7,843	5,921	32	7,728	1	6,697	17
Adj. PAT Margin (%)	9.6	10.0	(50bps)	8.7	80	8.6	99bps
EPS (Rs)	52.9	39.8	33	52.2	1	44.5	18.9

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Segment revenue					
Wires & Cables	72,018	52,286	38	77,620	(7)
FMEG	7,612	4,542	68	6,631	15
Others / EPC	3,077	3474	(11)	5098	(40)
EBIT					
Wires & Cables	9,594	7,683	25	10,180	(6)
EBIT margin (%)	13.3	14.7	(140bps)	13.1	20bps
FMEG	606	95	535	292	107
EBIT margin (%)	8.0	2.1	586bps	4	356bps
Others / EPC	338	268	26	386	(12)
EBIT margin (%)	11.0	7.7	330bps	8	340bps

Source: Company, BOBCAPS Research

Earning Call Highlights

Wires & Cables

- Domestic W&C volumes grew low-to-mid single digit, decelerating against a high base (combined Cable & Wire volume growth of ~26% YoY in Q1FY26, cables >25%, wires >20%); this quarter wires grew high single digit while cables grew low-to-mid single digit, meaning most of the 43% YoY domestic value growth came from commodity-linked realizations rather than volumes.
- Channel sales outpaced institutional sales, aided by the wires-over-cables mix; regionally the West remained the strongest contributor, followed by North, South and East.
- Channel stocking came in below the company's historical healthy range of ~20–25 days, as distributors deferred purchases amid sharp intra-quarter commodity declines; management indicated a 3-4% price correction was taken in the first fortnight of July, with volume translation to be watched into Q2.
- Exports declined 13% YoY, led by Middle East disruption linked to the Strait of Hormuz and renewed Iran-US tensions; the region still contributed 20-24% of Q1 export sales (Oman, Saudi, UAE), while North America contributed 45-50% and Europe 18-20% of export turnover. The US distribution/rep network is now fully built out, and management cited a healthy order book and inquiry pipeline supporting an expected sequential export recovery through the rest of FY27.
- Management reiterated its long-term W&C EBITDA margin guidance of 11-13% under Project Spring, attributing quarterly margin movement to four factors - export contribution, wires/cables mix, channel/institutional mix, and operating leverage with alignment across all four seen as the path to margins trending toward the upper end of the range.

FMEG business

- Margin expansion was driven by both operating leverage (on a low base) and a mix shift toward premium products; premium mix rose to ~25% of the overall portfolio, ~33% in fans and ~38% in lighting and luminaires.
- Category contribution within FMEG ranked solar > fans > pipes & conduits > lighting > switchgear > switches; solar stayed below 50% of segment revenue despite >2x YoY growth, continuing to be led by the PM Surya Ghar Yojana and state-level rooftop incentives.
- Management reiterated the FY30 FMEG EBITDA margin target of 8-10%, flagging that category-level seasonality (fans, lighting) will keep driving quarter-to-quarter volatility even as the full-year trajectory tracks ahead of plan; regulatory-linked product transitions (e.g., new BEE norms) can also cause temporary 4–5% pricing resets unrelated to underlying demand.

EPC segment

- EPC revenue softness was attributed to milestone-linked revenue recognition rather than order-book erosion; management cautioned against extrapolating either the quarter's revenue decline or its 11% EBIT margin, guiding sustainable margins in the high-single-digit range over the medium term.

- Of the Rs 80bn BharatNet order, Rs 45bn relates to new-infrastructure execution over three years (started March 2026); the company has already secured its full fibre requirement for the execution period, insulating profitability from the recent spike in fibre prices (material/fibre supply is ~30% of contract value).
- RDSS and BharatNet combined order book stood at ~Rs 109bn, with roughly Rs 8bn each expected to convert to revenue in FY27.

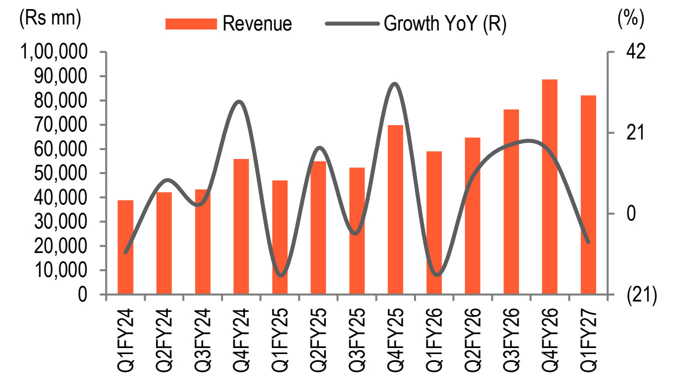
Working capital / capacity expansion

- Working capital cycle improved sharply to 15 days in Q1FY27, aided by increased use of letters of credit for raw-material procurement, which inflated payable days; receivable days remain structurally low at 20-30 days (including EPC) given ~90% channel-led sales financed through channel-finance arrangements. Management expects reversion toward the long-term 45-50-day range as the LC effect normalizes.
- Capex stood at Rs 3.2bn in Q1FY27, directed toward capacity expansion; net cash position stood at Rs 39.9bn at quarter-end.

Structural demand drivers

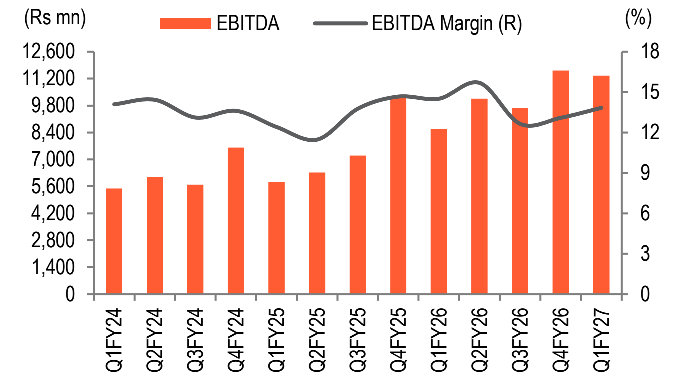
- Data-center cabling remains a nascent but large opportunity: installed capacity is ~1.6GW currently, with potential to scale to 8-18GW over 5-8 years; each incremental GW is estimated at ~Rs 35bn of cable and wire demand (50-60% conventional, balance optical fibre), implying a Rs 200–250bn addressable market over time. The company has already supplied cabling into existing data-center rollouts (cited Vodafone Idea sites in Mohali, Pune and South India).
- Management guided that annual transmission line capacity addition needs to rise to ~20,000–21,000 ckm over FY26-30 from a ~15,000ckm FY20-25 average (CEA guiding 17,000ckm for FY27 alone, with 2,000ckm already added in April–May); every Rs 100 of T&D spend is estimated to convert into ~15% cable demand, among the highest ratios across end-markets.

Fig 3 – Revenue grew 39% YoY, led by domestic business



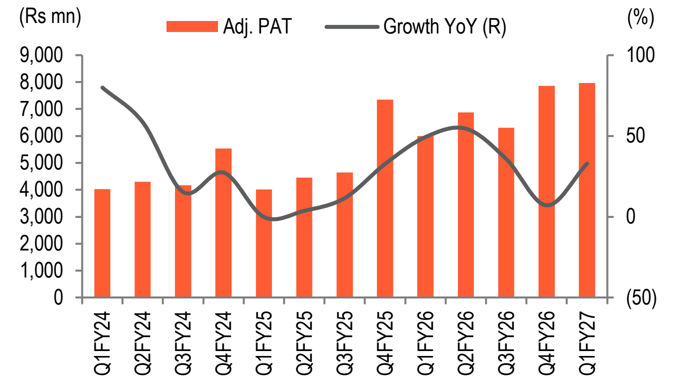
Source: Company, BOBCAPS Research

Fig 4 – EBITDA rises; margin below peak



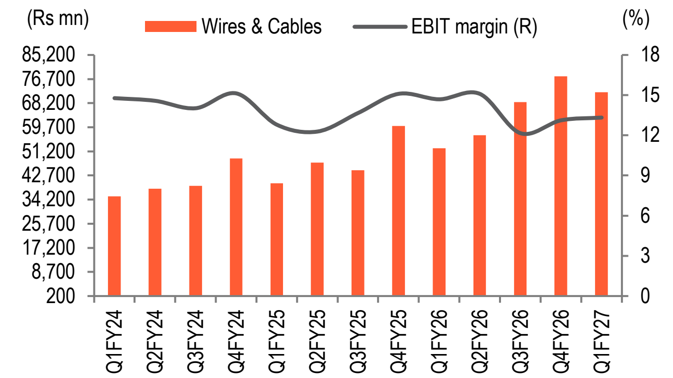
Source: Company, BOBCAPS Research

Fig 5 – PAT growth



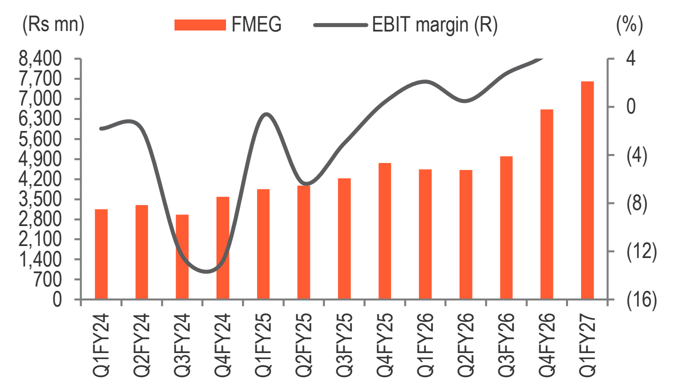
Source: Company, BOBCAPS Research

Fig 6 – Margins decline in W&C (-140bps YoY)



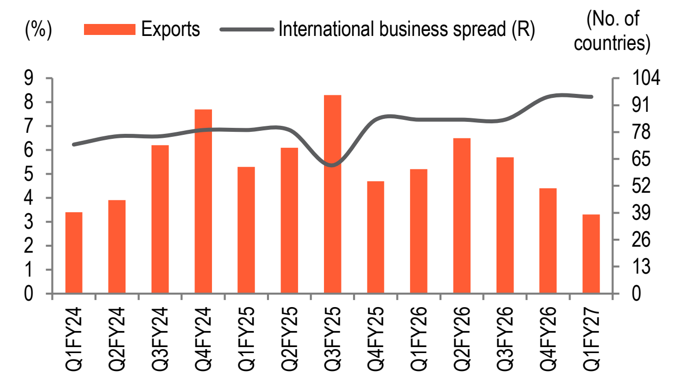
Source: Company, BOBCAPS Research

Fig 7 – FMEG margin surges to 8.0% vs 2.1% YoY



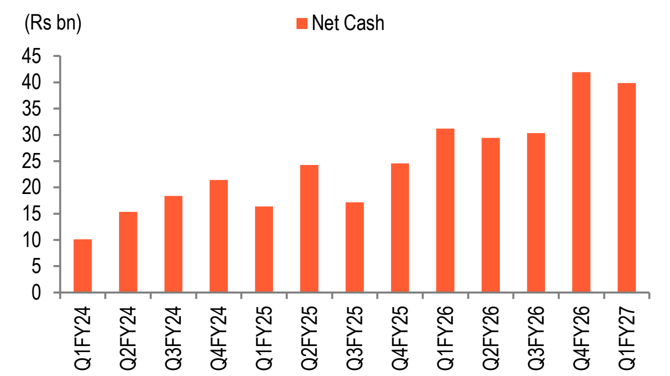
Source: Company, BOBCAPS Research

Fig 8 – Export trend



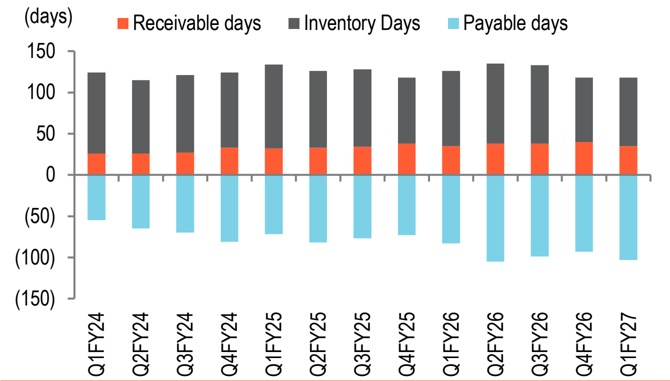
Source: Company, BOBCAPS Research

Fig 9 – Net cash position declines in 1Q to Rs 40bn



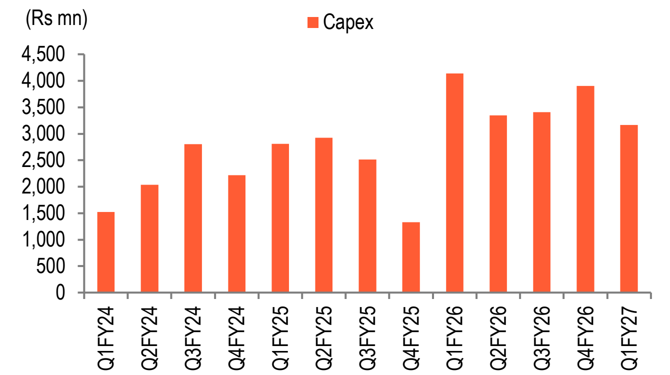
Source: Company, BOBCAPS Research

Fig 10 – Working capital improves on higher payables



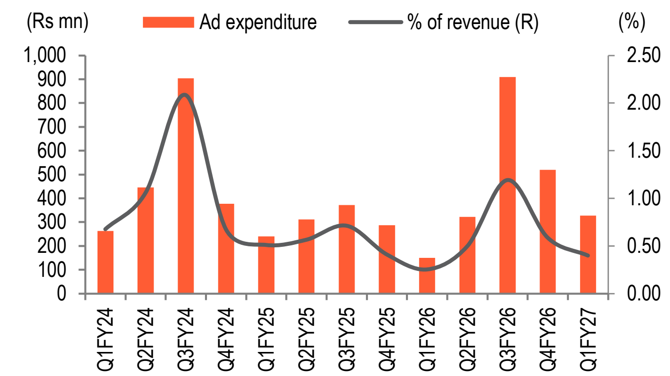
Source: Company, BOBCAPS Research

Fig 11 – Capex spends moderate in Q1FY27



Source: Company, BOBCAPS Research

Fig 12 – Ad spends rise YoY; intensity eases QoQ



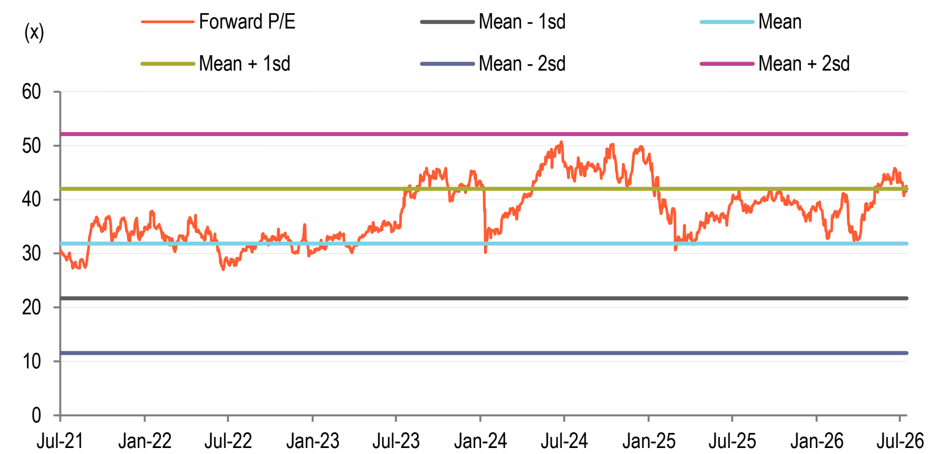
Source: Company, BOBCAPS Research

Valuation methodology

We raise our FY27 Revenue/ EBITDA/PAT estimates by 8%/6%/8%, driven by a Q1FY27 margin beat and faster-than-expected FMEG profitability, and now model revenue/EBITDA/PAT CAGR of ~14%/13%/12% over FY26-29E. Our valuation remains underpinned by Polycab's dominant W&C franchise, accelerating FMEG margin ramp-up, reinvestment-led growth funded by internal accruals, strong net cash, robust FCF and healthy dividend payout, even as we factor in rising competition, copper price volatility.

At the current market price, the stock trades at 40x June'28E EPS. We assign an unchanged multiple of 44x June'28E EPS, to arrive at a revised TP of Rs 10,200. We maintain HOLD, supported by Polycab's dominant market position, improving profitability in the FMEG segment, reinvestment-led growth funded by internal accruals, strong free cash flow generation, and a healthy dividend payout.

Fig 13 – Polycab 1YF PE band chart



Source: Company, BOBCAPS Research

Fig 14 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	3,52,758	3,93,666	4,27,670	3,27,092	3,69,590	4,13,582	8	7	3
EBITDA	46,365	51,784	57,327	43,666	48,927	55,652	6	6	3
EBITDA margin (%)	13.1	13.2	13.4	13.3	13.2	13.5	(21bps)	(8bps)	(5bps)
PAT	31,424	34,033	37,458	29,059	31,785	36,100	8	7	4

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**2,24,083**	**2,88,838**	**3,52,758**	**3,93,666**	**4,27,670**
EBITDA	29,603	40,057	46,365	51,784	57,327
Depreciation	2,981	3,859	4,202	6,061	7,024
EBIT	26,622	36,199	42,163	45,723	50,303
Net interest inc./(exp.)	(1,689)	(2,430)	(3,038)	(3,190)	(3,349)
Other inc./(exp.)	2,076	2,363	3,071	3,194	3,322
Exceptional items	0	0	0	0	0
EBT	27,009	36,131	42,196	45,727	50,276
Income taxes	6,553	9,046	10,422	11,295	12,418
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**20,201**	**26,720**	**31,424**	**34,033**	**37,458**
Adjustments	0	0	0	0	0
Adjusted net profit	**20,201**	**26,720**	**31,424**	**34,033**	**37,458**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	27,358	17,988	57,988	53,927	58,585
Other current liabilities	7,073	60,732	74,172	82,774	89,923
Provisions	0	0	0	0	0
Debt funds	1,090	1,325	1,481	1,563	1,623
Other liabilities	3,957	4,631	4,631	4,631	4,631
Equity capital	1,504	1,506	1,506	1,506	1,506
Reserves & surplus	96,746	1,18,580	1,40,248	1,64,524	1,92,225
Shareholders' fund	98,250	1,20,086	1,41,753	1,66,029	1,93,730
Total liab. and equities	**1,37,727**	**2,04,762**	**2,80,025**	**3,08,924**	**3,48,493**
Cash and cash eq.	7,706	8,825	46,226	53,869	75,723
Accounts receivables	25,963	37,585	46,390	51,770	56,242
Inventories	36,613	55,596	72,485	80,890	87,877
Other current assets	5,418	10,525	12,854	14,345	15,584
Investments	17,490	34,048	34,048	34,048	34,048
Net fixed assets	27,913	35,051	44,890	50,870	55,887
CWIP	7,081	11,393	11,393	11,393	11,393
Intangible assets	98	41	41	41	41
Deferred tax assets, net	0	0	0	0	0
Other assets	9,444	11,699	11,699	11,699	11,699
Total assets	**1,37,727**	**2,04,762**	**2,80,025**	**3,08,924**	**3,48,493**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**18,086**	**38,107**	**61,043**	**29,358**	**43,591**
Capital expenditures	(9,583)	(14,799)	(14,041)	(12,041)	(12,041)
Change in investments	1,956	(14,342)	0	0	0
Other investing cash flows	(4,766)	644	0	0	0
Cash flow from investing	**(12,393)**	**(28,497)**	**(14,041)**	**(12,041)**	**(12,041)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(1,845)	(2,570)	156	82	60
Interest expenses	0	0	0	0	0
Dividends paid	(4,438)	(5,420)	(9,756)	(9,756)	(9,756)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**(6,283)**	**(7,990)**	**(9,600)**	**(9,674)**	**(9,697)**
Chg in cash & cash eq.	**(590)**	**1,619**	**37,402**	**7,642**	**21,854**
Closing cash & cash eq.	**7,706**	**8,825**	**46,226**	**53,869**	**75,723**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	134.6	177.5	209.4	226.7	249.6
Adjusted EPS	134.6	177.5	209.4	226.7	249.6
Dividend per share	35.0	47.0	65.0	65.0	65.0
Book value per share	654.6	797.6	944.4	1,106.1	1,290.7

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	6.2	4.8	3.9	3.5	3.2
EV/EBITDA	46.6	34.4	29.7	26.6	24.0
Adjusted P/E	68.5	51.9	44.0	40.6	36.9
P/BV	14.1	11.6	9.8	8.3	7.1

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	74.8	74.0	74.5	74.4	74.5
Interest burden (PBT/EBIT)	101.5	99.8	100.1	100.0	99.9
EBIT margin (EBIT/Revenue)	11.9	12.5	12.0	11.6	11.8
Asset turnover (Rev./Avg TA)	8.0	8.2	7.9	7.7	7.7
Leverage (Avg TA/Avg Equity)	0.3	0.3	0.3	0.3	0.3
Adjusted ROAE	22.4	24.5	24.0	22.1	20.8

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	24.2	28.9	22.1	11.6	8.6
EBITDA	18.8	35.3	15.7	11.7	10.7
Adjusted EPS	13.2	31.9	18.0	8.3	10.1
Profitability & Return ratios (%)					
EBITDA margin	13.2	13.9	13.1	13.2	13.4
EBIT margin	11.9	12.5	12.0	11.6	11.8
Adjusted profit margin	9.0	9.3	8.9	8.6	8.8
Adjusted ROAE	22.4	24.5	24.0	22.1	20.8
ROCE	25.0	27.7	26.1	23.3	21.9
Working capital days (days)					
Receivables	42	47	48	48	48
Inventory	60	70	75	75	75
Payables	45	23	60	50	50
Ratios (x)					
Gross asset turnover	5.6	5.8	5.6	5.2	4.9
Current ratio	2.7	1.8	1.6	1.7	1.8
Net interest coverage ratio	15.8	14.9	13.9	14.3	15.0
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

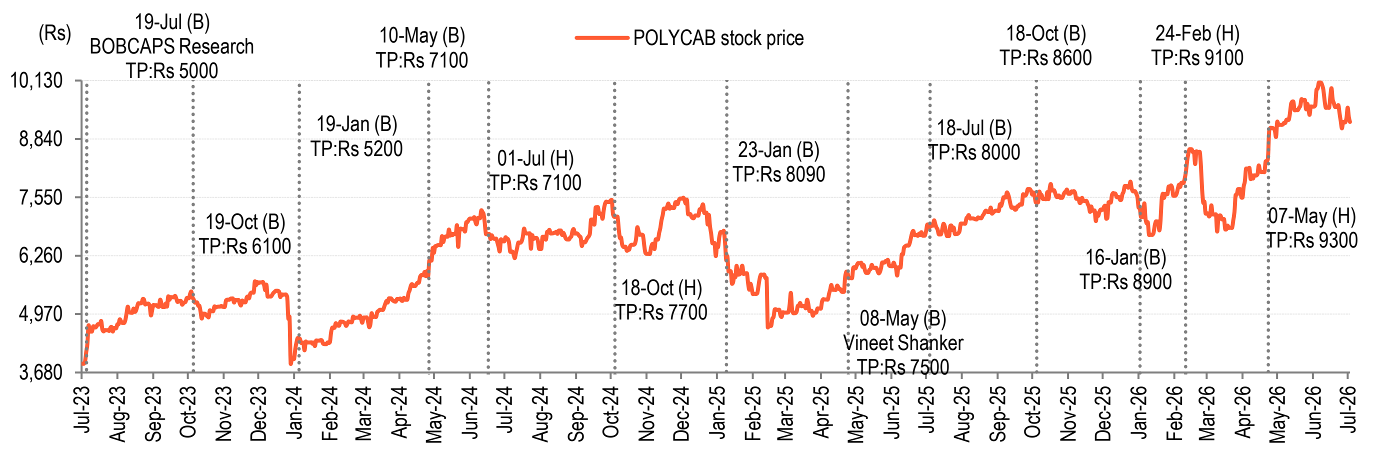
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): POLYCAB INDIA (POLYCAB IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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