

BUY

TP: Rs 8,600 | ▲ 16%

POLYCAB INDIA

Consumer Durables

18 October 2025

Growth momentum continues, margins surprise positively

- Q2 revenue grew 18% YoY, led by robust performance across W&C (+21% YoY) and FMEG segments (+14% YoY)
- EBITDA margin surprises positively, expanding 420bps YoY on operating leverage and product mix; FMEG sustains profitability
- We roll forward our TP to Sept'26 and ascribe 44x to Sept 27EPS to arrive at revised TP of Rs 8,600; maintain BUY

Robust performance; strong beat on margins: Polycab delivered a robust quarter, with revenue/EBITDA up 18%/61% YoY, both ahead of estimates by 1%/14% respectively. EBITDA margin expanded 420bps YoY to 15.7%, driven by strong operating leverage, richer product mix, and steady commodity prices. Adjusted PAT rose 55% YoY to Rs 6.8bn. During H1FY26, the company generated net CFO of Rs 2.3bn (vs cash outflow of Rs 1.4bn), reflecting disciplined working capital (33 days vs 50-55-day average).

Healthy volume traction in W&C: The Wires & Cables (W&C) segment sustained its growth momentum, with revenue up 21% YoY (9% QoQ) to Rs 56.9bn. Growth was led by high-teen volume expansion, which was led by strong infrastructure execution and steady institutional and distribution demand. Cables accounted for ~73-74% of W&C revenue, with domestic business up 21% YoY and exports rising 25% YoY (6.5% of total revenue). EBIT margin expanded 280bps YoY to 15.1%, aided by operating leverage, better mix (premium wires, higher-value SKUs), and elevated copper prices.

FMEG sustains profitability; solar remains standout: FMEG revenue grew 14% YoY to Rs 4.5bn, maintaining positive EBIT for the third straight quarter. Segment margin improved to 0.5% (vs -6.4%), supported by premium lighting and switchgear products, as also a strong contribution from solar solutions, which remained the largest and fastest-growing category benefiting from rooftop solar scheme demand across key states. Fans were impacted by extended monsoon and elevated channel inventory, while lighting and switches saw steady festive-led traction.

Revise estimates upward, maintain BUY: We revise our earnings estimates upward by 5% for FY27/FY28, to reflect sustained margin improvement seen in Q2FY26. Rolling forward our valuation, we now base TP on Sep-27E EPS, assigning an unchanged multiple of 44x to arrive at a revised Sep-26 TP of Rs 8,600. We maintain BUY.

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Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	POLYCAB IN/Rs 7,440
Market cap	US\$ 12.7bn
Free float	37%
3M ADV	US\$ 22.2mn
52wk high/low	Rs 7,795/Rs 4,555
Promoter/FPI/DII	63%/12%/8%

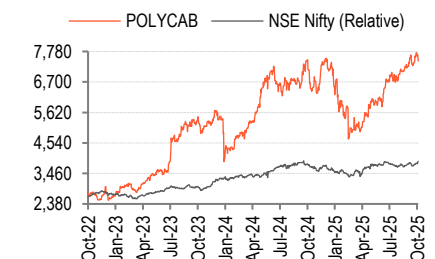
Source: NSE | Price as of 17 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	2,24,083	2,65,449	3,08,918
EBITDA (Rs mn)	29,603	37,262	40,528
Adj. net profit (Rs mn)	20,201	25,357	27,673
Adj. EPS (Rs)	134.6	168.9	184.4
Consensus EPS (Rs)	128.0	160.0	190.0
Adj. ROAE (%)	22.4	23.7	22.2
Adj. P/E (x)	55.3	44.0	40.4
EV/EBITDA (x)	37.6	29.9	27.5
Adj. EPS growth (%)	13.2	25.5	9.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly & H1FY26 financial snapshot

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY25	QoQ (%)	H1FY26	H1FY25	YoY (%)	Q2FY26E	Var (%)
Revenue	64,722	54,984	18	59,060	10	1,23,782	1,01,965	21	64,363	1
EBITDA	10,157	6,316	61	8,576	18	18,734	12,149	54	8,928	14
EBITDA Margin (%)	15.7	11.5	420bps	14.5	120	15.1	11.9	320bps	13.9	182bps
Depreciation	968	721		857		1,825	1,392		875	11
Interest	484	453		513		997	866		505	(4)
Other Income	454	762		799		1,254	1,346		520	(13)
PBT	9,160	5,903	55	8,006	14	17,166	11,237	53	8,068	14
Tax	2,280	1,451		2,009		4,289	2,769		1,993	14
Adjusted PAT	6,805	4,398	55	5,921	15	12,726	8,358	52	6,076	12
Exceptional item	-	-		-		-	-		-	
Reported PAT	6,805	4,398	55	5,921	15	12,726	8,358	52	6,076	12
Adj. PAT Margin (%)	10.5	8.0	250bps	10.0	50	10.3	8.2	210bps	9.4	107bps
EPS (Rs)	45.7	29.8	54	39.8	15	85.5	56.6	51	40.4	13.2

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY25	QoQ (%)	H1FY26	H1FY25	YoY (%)
Segment revenue								
Wires & Cables	56,911	47,200	21	52,286	9	109,198	87,156	25
FMEG	4,522	3,975	14	4,542	0	9,064	7,830	16
Others / EPC	4,024	5,852	(31)	3,474	16	7,498	10,131	(26)
EBIT								
Wires & Cables	8,593	5,793	48	7,683	12	16,275	10,902	49
EBIT margin (%)	15.1	12.3	280bps	14.7	40bps	14.9	12.5	240bps
FMEG	22	(252)	NA	95	(77.0)	117	(281)	NA
EBIT margin (%)	0.5	(6.4)	NA	2	(162bps)	1.3	(3.6)	NA
Others / EPC	730	691	6	268	173	997	1079	(8)
EBIT margin (%)	18.1	11.8	630bps	8	1040bps	13.3	10.6	270bps

Source: Company, BOBCAPS Research

Earning Call Highlights

Wires & Cables

- W&C revenue grew 21% YoY, supported by high-teen volume expansion, broad-based demand, and higher government/project execution. Domestic business rose ~21% YoY despite a high base (28% YoY in Q2FY25), indicating continued market share gains.
- Exports grew ~25% YoY, contributing 6.5% to consolidated revenue. Growth was broad-based across the US (~20% of exports), Europe, Middle East, and Australia. Management remains confident of sustaining export momentum despite the tariff-related uncertainty in the US.
- Both distribution and institutional segments witnessed healthy traction; North led growth, followed by West, South, and East, reaffirming strong pan-India presence.
- Management reaffirmed long-term EBITDA margin guidance of 11-13%, though near-term margins may remain at the higher end given soft input inflation and scale benefits.
- Capacity utilisation stood at mid-70s. Capex remains focused on cables (HV/MV/EHV lines), with fungible capacity between wires and cables. Management expects 4-5x asset turns on new investments over 1-2 years.
- The EHV cable plant remains on schedule for commissioning by the end of CY26, with commercial sales expected from FY28. No delays reported in technician availability.
- Currently a low single-digit contributor, serving defence, railways, and EV applications; poised to be among the fastest-growing verticals, supported by increasing government and EV capex.

FMEG business

- Fans saw muted performance amid prolonged monsoon and elevated channel inventory; premium models continue to gain share.
- Lighting recorded strong festive-led growth, while switchgear and conduit solutions sustained steady momentum on the back of robust real-estate demand across key markets.
- The solar products category was once again the standout performer, driven by robust demand under central and state solar rooftop incentive scheme. With continued policy support and encouraging demand visibility, we expect this demand to continue.
- Management cited quality control, cost optimisation (shared raw materials like copper/plastic), and brand consistency as key benefits. Under Project Spring, management aims for 1.5-2x industry growth and 8-10% EBITDA margins by FY30, driven by premiumisation, higher-margin switchgear mix, and improved fan utilisation.

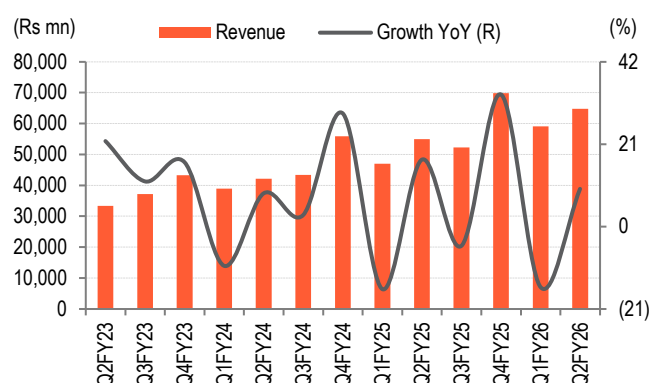
EPC segment

- EPC segment is expected to contribute 5-10% of revenues, H2FY26 to see stronger contribution as BharatNet and RDSS cable-supply phases ramp up. EPC order book remains robust, comprising Rs 33.5 bn under RDSS and Rs 8.0 bn (ex-GST) under BharatNet, with execution of the latter commencing in Q3FY26; both the projects are slated for completion over the next 3-4 years, with revenue recognition expected to vary across execution phases.

Working capital/ capacity expansion

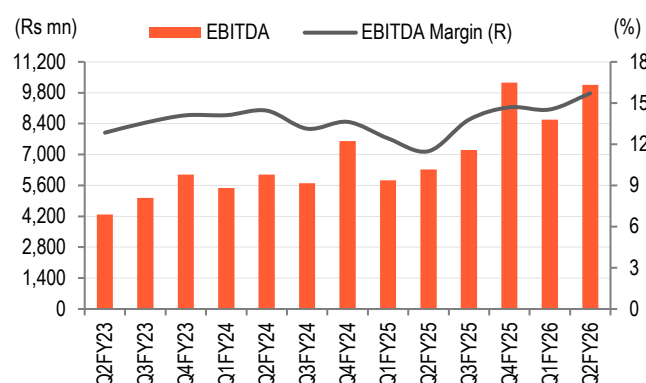
- The working capital (WC) cycle stood at 33 days at end-Q2FY26 (vs the long-term average of 50–55 days), aided by higher payables from LC-based raw-material procurement and expected to get normalised over the coming quarters.
- Capex amounted to Rs 3.3 bn in Q2 (Rs 7.5 bn in H1), in line with Project Spring's annual investment target of Rs 12-16 bn, with cumulative FY26-30 guidance of Rs 60–80 bn, largely directed toward W&C capacity expansion and selective FMEG backward-integration initiatives. The company maintained a net cash position of Rs 29.4 bn, while the dividend payout for FY25 was raised to 26.3% (vs 25.5%), reaffirming its goal of crossing 30% by FY30.

Fig 3 – Revenue grew 18% YoY, led by domestic business



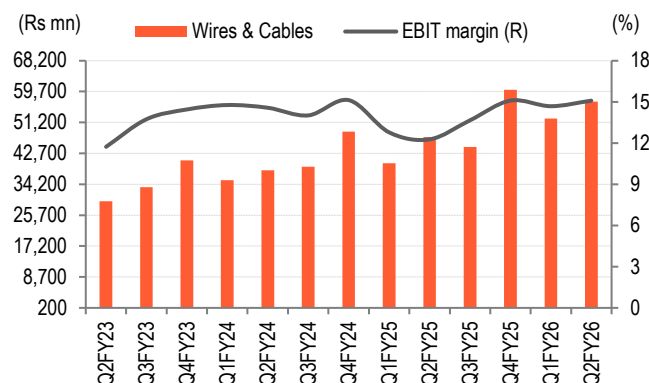
Source: Company, BOBCAPS Research

Fig 4 – Product mix + operating leverage



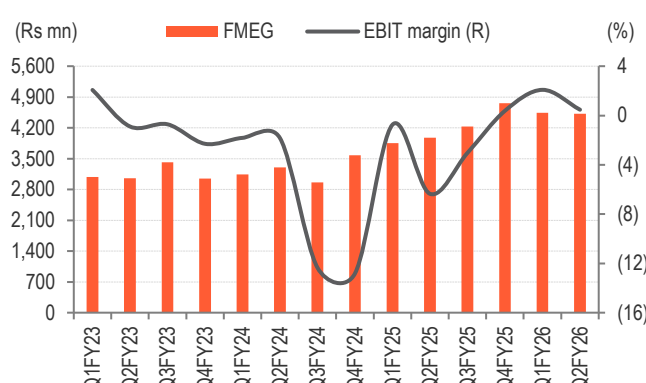
Source: Company, BOBCAPS Research

Fig 5 – Margin widens in W&C (+280bps YoY)

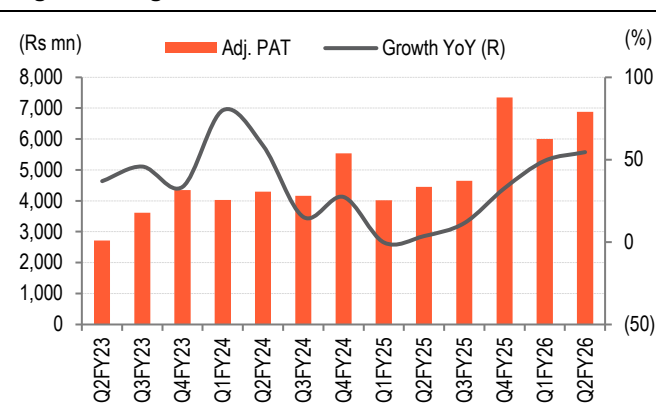


Source: Company, BOBCAPS Research

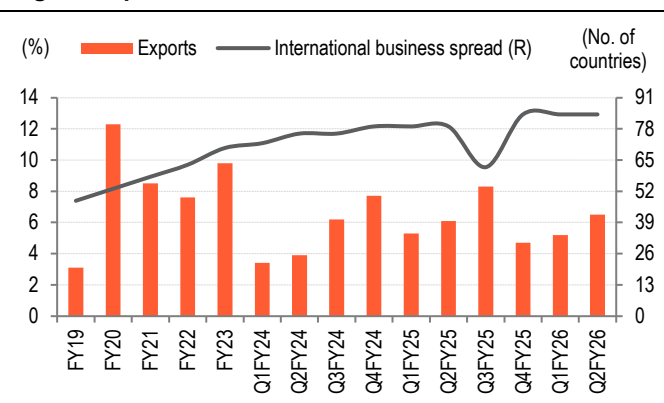
Fig 6 – FMEG margin at 0.5% vs. -6.4% YoY



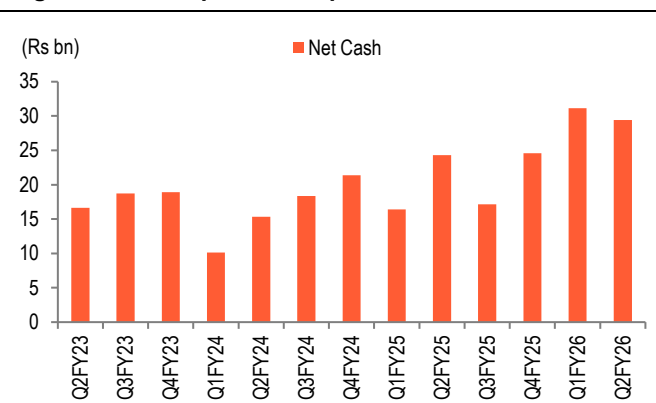
Source: Company, BOBCAPS Research

Fig 7 – PAT growth

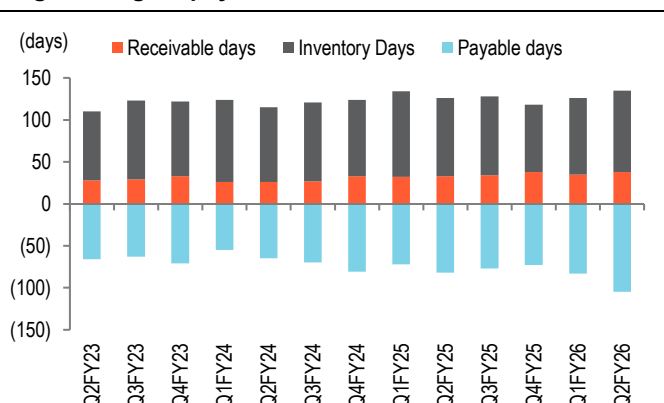
Source: Company, BOBCAPS Research

Fig 8 – Export trend

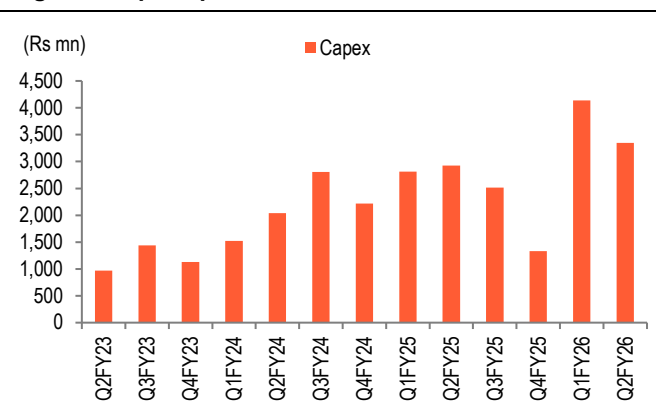
Source: Company, BOBCAPS Research

Fig 9 – Net cash position improves YoY to Rs 29bn

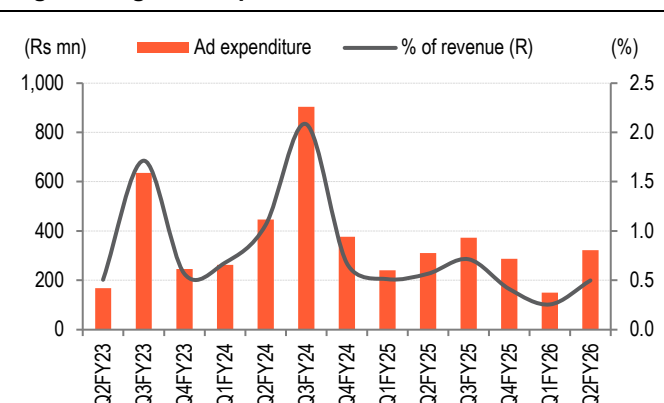
Source: Company, BOBCAPS Research

Fig 10 – Higher payables led to lower WCD

Source: Company, BOBCAPS Research

Fig 11 – Capex spends

Source: Company, BOBCAPS Research

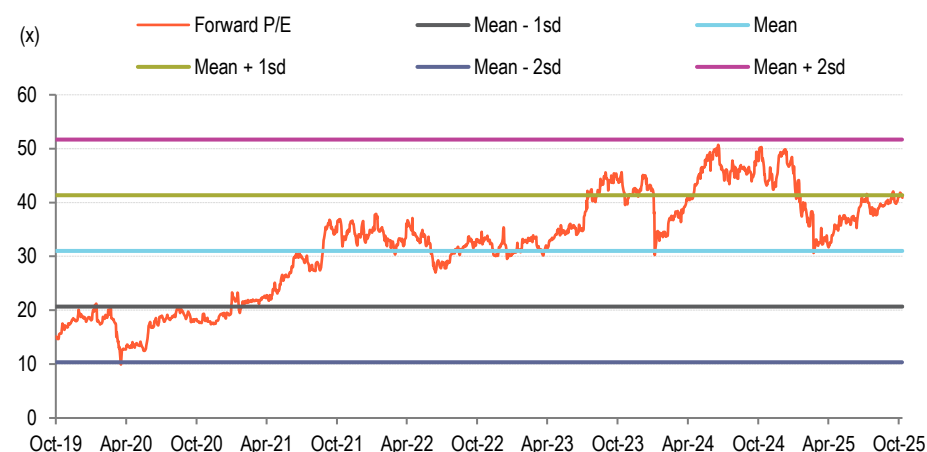
Fig 12 – Higher ad spends in Q2FY26

Source: Company, BOBCAPS Research

Valuation methodology

We revise our earnings estimates upward by 5% for FY27/FY28, to reflect sustained margin improvement in Q2FY26 (+420bps YoY). We estimate revenue/EBITDA/PAT to grow at a CAGR of 17%/15%/15% over FY25–28E, led by a 17% CAGR in the W&C segment. At the current market price, the stock trades at 38x Sep'27E EPS. We roll forward our valuation to Sep'26, assigning an unchanged multiple of 44x Sep'27E EPS, to arrive at a revised TP of Rs 8,600. We maintain BUY.

Fig 13 – Polycab 1YF PE band chart



Source: Company, BOBCAPS Research

Fig 14 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	2,65,449	3,08,918	3,56,834	2,62,020	3,05,791	3,50,922	1.0	1.0	2.0
EBITDA	37,262	40,528	45,373	34,892	39,256	43,696	7.0	3.0	4.0
EBITDA margin (%)	14.0	13.1	12.7	13.3	12.8	12.5	72bps	28bps	26bps
PAT	25,357	27,673	30,830	23,701	26,462	29,259	7.0	5.0	5.0

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	1,80,394	2,24,083	2,65,449	3,08,918	3,56,834
EBITDA	24,918	29,603	37,262	40,528	45,373
Depreciation	2,451	2,981	3,980	4,228	4,941
EBIT	22,468	26,622	33,282	36,300	40,432
Net interest inc./(exp.)	(1,083)	(1,689)	(1,700)	(1,743)	(1,786)
Other inc./(exp.)	2,209	2,076	2,492	2,591	2,695
Exceptional items	0	0	0	0	0
EBT	23,593	27,009	34,073	37,149	41,341
Income taxes	5,564	6,553	8,416	9,176	10,211
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	17,840	20,201	25,357	27,673	30,830
Adjustments	0	0	0	0	0
Adjusted net profit	17,840	20,201	25,357	27,673	30,830

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	28,633	27,358	39,999	46,549	53,769
Other current liabilities	6,474	7,073	8,379	9,751	11,264
Provisions	0	0	0	0	0
Debt funds	898	1,090	963	1,044	1,137
Other liabilities	2,913	3,957	4,083	4,682	4,682
Equity capital	1,502	1,504	1,504	1,504	1,504
Reserves & surplus	80,369	96,746	1,14,148	1,32,440	1,53,888
Shareholders' fund	81,871	98,250	1,15,652	1,33,944	1,55,392
Total liab. and equities	1,20,789	1,37,727	1,69,077	1,95,970	2,26,244
Cash and cash eq.	4,024	7,706	19,488	17,482	24,842
Accounts receivables	20,471	25,963	29,090	36,393	42,038
Inventories	36,751	36,613	50,908	63,476	73,322
Other current assets	7,670	5,418	6,418	7,468	8,627
Investments	18,224	17,490	17,490	17,490	17,490
Net fixed assets	21,678	27,913	34,032	41,009	47,274
CWIP	5,784	7,081	2,000	3,000	3,000
Intangible assets	206	98	206	206	206
Deferred tax assets, net	0	0	0	0	0
Other assets	5,981	9,444	9,444	9,444	9,444
Total assets	1,20,789	1,37,727	1,69,077	1,95,970	2,26,244

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	12,963	18,086	24,862	18,902	27,854
Capital expenditures	(8,580)	(9,583)	(10,206)	(11,206)	(11,206)
Change in investments	(3,839)	1,956	0	0	0
Other investing cash flows	4,900	(4,766)	5,208	(401)	0
Cash flow from investing	(7,519)	(12,393)	(4,998)	(11,607)	(11,206)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(1,071)	(1,845)	(126)	80	93
Interest expenses	0	0	0	0	0
Dividends paid	(2,803)	(4,438)	(7,955)	(9,381)	(9,381)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(3,874)	(6,283)	(8,081)	(9,301)	(9,288)
Chg in cash & cash eq.	1,570	(590)	11,782	(2,007)	7,361
Closing cash & cash eq.	4,024	7,706	19,488	17,482	24,842

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	118.9	134.6	168.9	184.4	205.4
Adjusted EPS	118.9	134.6	168.9	184.4	205.4
Dividend per share	30.0	35.0	53.0	62.5	62.5
Book value per share	545.4	654.6	770.5	892.4	1,035.3

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	6.2	5.0	4.2	3.6	3.1
EV/EBITDA	44.7	37.6	29.9	27.5	24.5
Adjusted P/E	62.6	55.3	44.0	40.4	36.2
P/BV	13.6	11.4	9.7	8.3	7.2

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	75.6	74.8	74.4	74.5	74.6
Interest burden (PBT/EBIT)	105.0	101.5	102.4	102.3	102.2
EBIT margin (EBIT/Revenue)	12.5	11.9	12.5	11.8	11.3
Asset turnover (Rev./Avg TA)	8.3	8.0	7.8	7.5	7.5
Leverage (Avg TA/Avg Equity)	0.3	0.3	0.3	0.3	0.3
Adjusted ROAE	24.1	22.4	23.7	22.2	21.3

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	27.9	24.2	18.5	16.4	15.5
EBITDA	34.5	18.8	25.9	8.8	12.0
Adjusted EPS	40.5	13.2	25.5	9.1	11.4

Profitability & Return ratios (%)

EBITDA margin	13.8	13.2	14.0	13.1	12.7
EBIT margin	12.5	11.9	12.5	11.8	11.3
Adjusted profit margin	9.9	9.0	9.6	9.0	8.6
Adjusted ROAE	24.1	22.4	23.7	22.2	21.3
ROCE	26.6	25.0	25.4	22.9	22.0

Working capital days (days)

Receivables	41	42	40	43	43
Inventory	74	60	70	75	75
Payables	58	45	55	55	55

Ratios (x)

Gross asset turnover	5.4	5.6	5.3	5.1	5.0
Current ratio	2.4	2.7	2.5	2.5	2.5
Net interest coverage ratio	20.7	15.8	19.6	20.8	22.6
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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SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**



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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

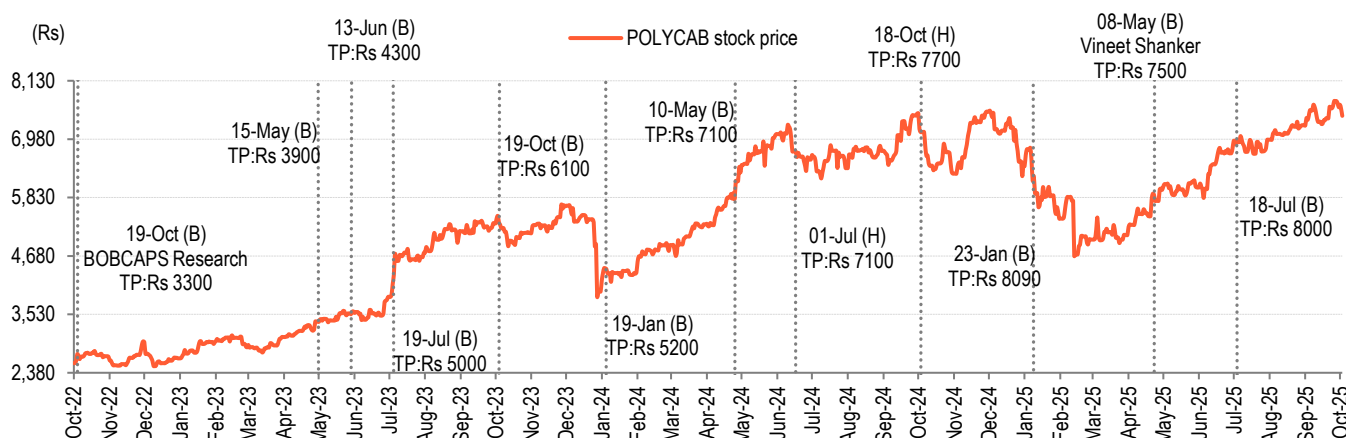
HOLD – Expected return from -6% to +15%

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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