

BUY**TP: Rs 8,900 | ▲ 25%****POLYCARB INDIA**

| Consumer Durables

| 16 January 2026

Commodity tailwinds, margins disappoint

- Q3 revenue grew 46% YoY, led by robust performance across W&C (+54% YoY) and FMEG segments (+18% YoY)
- EBITDA margin contracted 110bps YoY to 12.7% on elevated input costs and the lag in passing cost inflation
- We roll forward our TP to Dec'26 and ascribe 44x (unchanged) to Dec 27EPS to arrive at revised TP of Rs 8,900. Maintain **BUY**

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Strong revenue growth (+46% YoY); margins contract on mix and lag in price hikes:

Polycab delivered a robust Q3FY26, with revenue/EBITDA up 46%/34% YoY, beating estimates by ~21%/4%, respectively. EBITDA margin moderated 110bps YoY to 12.7%, impacted by a high base, pricing discipline amid elevated input costs, and an institutional-heavy mix with lower export contribution. Adjusted PAT grew 36% YoY to Rs 6.2bn, broadly in line with estimates. For 9MFY26, revenue/EBITDA/PAT rose 30%/47%/46% YoY, reflecting sustained operating momentum. Cash generation remained strong, with operating cashflow of Rs 22.1bn (vs Rs 8.8bn in 9MFY25), supported by improved working capital (WC) efficiency, as closing WC days declined to 27 days in Q3FY26 (vs 33 days in Q2FY26).

Healthy volume-led growth in W&C: W&C delivered strong volume-led growth, with revenue up ~53% YoY (+20% QoQ) to Rs 67.4bn, driven by robust infrastructure execution, steady institutional demand, and commodity-led restocking by the channel. Domestic revenues rose ~59% YoY on while exports were muted (+5% YoY). However, margins contracted ~160bps YoY to ~12.1%, with EBIT down 4% QoQ.

FMEG sustains profitability; solar remains a key driver: FMEG revenue grew ~18% YoY to Rs 4.9bn in Q3FY26, while the segment remained profitable for the fourth consecutive quarter, with EBIT margin improving to ~2.9% (vs losses in Q3FY25). Profitability was supported by scale benefits and strong traction in solar solutions, which continued to be the largest and fastest-growing category, aided by sustained rooftop solar scheme demand across states.

Tweak estimates, maintain BUY: We tweak our earnings estimates for FY27/FY28, rolling forward our valuation, we now base TP on Dec-27E EPS, assigning an unchanged multiple of 44x to arrive at a revised Dec-26 TP of Rs 8,900. We maintain **BUY**.

Key changes

	Target	Rating
	▲	◀ ▶

Ticker/Price	POLYCARB IN/Rs 7,122
Market cap	US\$ 11.7bn
Free float	37%
3M ADV	US\$ 26.7mn
52wk high/low	Rs 7,948/Rs 4,555
Promoter/FPI/DII	63%/12%/8%

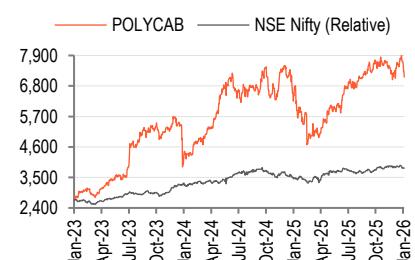
Source: NSE | Price as of 16 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	2,24,083	2,73,078	3,14,427
EBITDA (Rs mn)	29,603	37,455	41,583
Adj. net profit (Rs mn)	20,201	24,575	27,588
Adj. EPS (Rs)	134.6	163.7	183.8
Consensus EPS (Rs)	128.0	160.0	190.0
Adj. ROAE (%)	22.4	23.1	22.3
Adj. P/E (x)	52.9	43.5	38.7
EV/EBITDA (x)	36.0	28.4	25.6
Adj. EPS growth (%)	13.2	21.7	12.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly & 9MFY26 Financial Snapshot

(Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)	Q3FY26E	Var (%)
Revenue	76,361	52,261	46	64,722	18	2,00,143	1,54,225	30	63,322	21
EBITDA	9,661	7,199	34	10,157	(5)	28,394	19,349	47	9,282	4
EBITDA Margin (%)	12.7	13.8	(110bps)	15.7	(300)	14.2	12.5	160bps	14.7	(201bps)
Depreciation	1,056	786		968		2,881	2,177		990	7
Interest	687	498		484		1,684	1,364		505	36
Other Income	505	250		454		1,758	1,596		500	1
PBT	8,422	6,166	37	9,160	(8)	25,588	17,403	47	8,287	2
Tax	2,120	1,522		2,280		6,410	4,291		2,047	4
Adjusted PAT	6,217	4,576	36	6,805	(9)	18,943	12,933	46	6,240	0
Exceptional item	-	-		-		-	-		-	
Reported PAT	6,217	4,576	36	6,805	(9)	18,943	12,933	46	6,240	0
Adj. PAT Margin (%)	8.1	8.8	(60bps)	10.5	(240)	9.5	8.4	110bps	9.9	(171bps)
EPS (Rs)	41.9	31.0	35	45.7	(8)	127.4	87.6	45	41.5	1.0

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

(Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Segment revenue								
Wires & Cables	68,526	44,499	54	56,911	20	1,77,724	1,31,656	35
FMCG	4,998	4,232	18	4,522	11	14,062	12,062	17
Others / EPC	4,069	3918	4	4024	1	11,567	14,049	(18)
EBIT								
Wires & Cables	8,326	6,080	37	8,593	(3)	24,601	16,982	45
EBIT margin (%)	12.2	13.7	(150bps)	15.1	(290bps)	13.8	12.9	90bps
FMCG	139	(128)	NA	22	531.6	256	(408)	NA
EBIT margin (%)	2.8	(3.0)	NA	0	229bps	1.8	(3.4)	NA
Others / EPC	272	341	(20)	730	(63)	1269	1420	(11)
EBIT margin (%)	6.7	8.7	(200bps)	18	(1150bps)	11.0	10.1	90bps

Source: Company, BOBCAPS Research

Earning Call Highlights

Wires & Cables

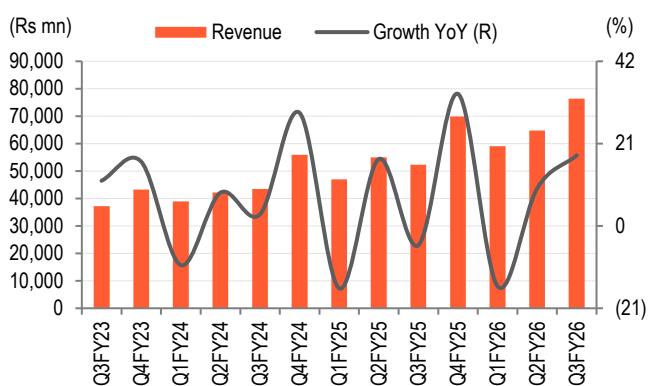
- Domestic cable & wire volumes rose ~40% YoY, driving ~59% YoY growth in domestic revenues, supported by strong demand from the government and private capex, real estate activity, sustained infrastructure spending, and improved channel reach.
- Exports grew ~5% YoY, contributing ~6% of consolidated revenue (vs ~8.3% in Q3FY25), with softness largely attributable to US tariff-related issues. Growth was driven by Middle East and Latin America, on the back of a healthy order book.
- Management noted that wires outperformed cables due to pre-stocking by channel partners amid sharp copper price inflation, and highlighted that within cables, institutional sales outpaced distribution. This led to a ~200 bps improvement in the institutional mix versus the normal ~90:10 distribution–institutional split, reflecting strong project-led demand.
- Management highlighted the unusually steep ~35% YoY increase in copper prices during Apr-Dec'25. However, during Q3, prices rose ~21% and ~11% in December alone. Management also explained that price pass-through was deliberately staggered to avoid demand disruption, with ~75–80% of the inflation passed on during the quarter and the balance to be absorbed gradually. Margins were further impacted by an unfavourable sales mix, including higher institutional sales and a lower share of exports (which typically carry ~15% margins).
- Demand remains broad-based across power & utilities, infrastructure, manufacturing, government capex and real estate, with power T&D contributing ~30% of cable demand and MV/LV cables forming the largest segment (40–45%), followed by control (15–20%) and flexible cables (10–15%). Notably, industry growth of ~15–16% in H1FY26 and >20% in Q3, implying continued market share gains for Polycab.

FMEG business

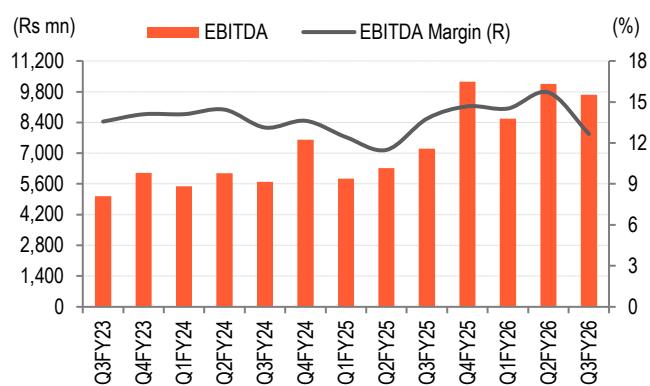
- The company noted that the solar business grew over 2x YoY, supported by strong traction under central and state rooftop solar schemes, and continues to be the largest FMEG category with high single-digit margins; lighting, switches and switchgears delivered steady performance, while the fans business remained soft due to elevated channel inventory and weak early-quarter offtake, with some pickup in December following the BEE norm transition.

Outlook & Guidance

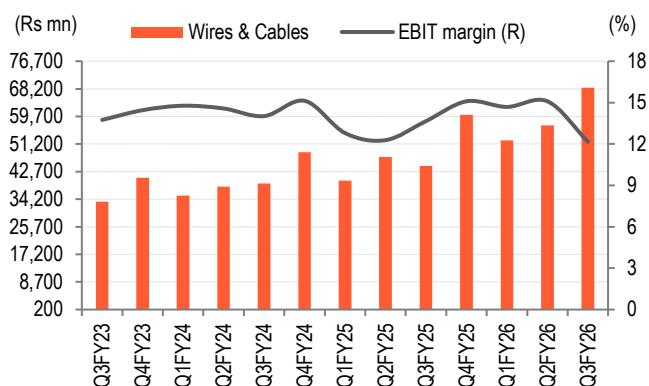
- Management guided that Q4FY26 is expected to be seasonally strong, supported by peak execution across government and private projects, with demand momentum remaining robust across end markets. The company reiterated its long-term guidance, with W&C EBITDA margins of 11-13%, near-term margins expected to improve sequentially on scale and operating leverage, and FMEG on track to deliver 1.5–2x industry growth with 8–10% EBITDA margins by FY30 under Project Spring.

Fig 3 – Revenue trend

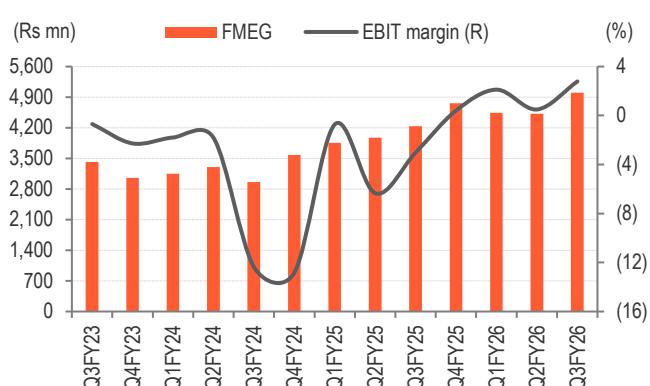
Source: Company, BOBCAPS Research

Fig 4 – EBITDA trend

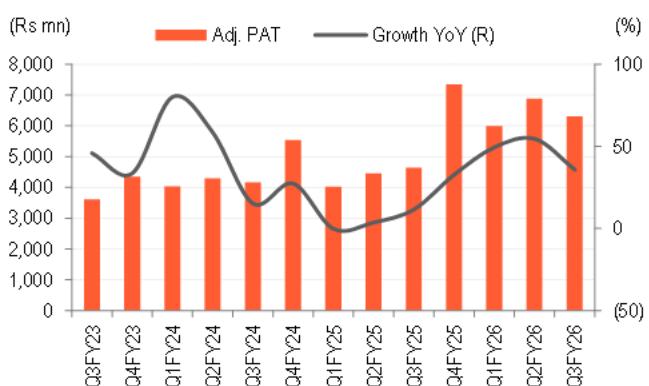
Source: Company, BOBCAPS Research

Fig 5 – Margins decline in W&C (-150bps YoY)

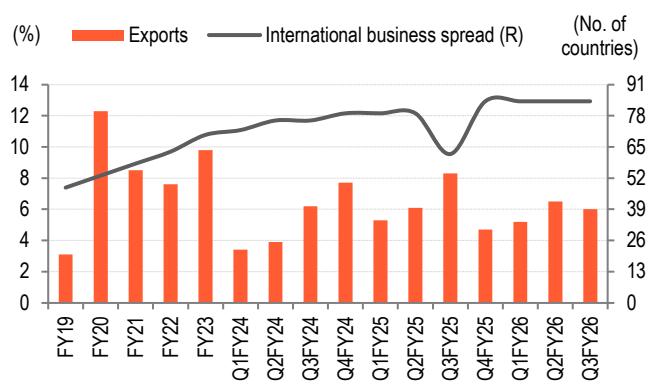
Source: Company, BOBCAPS Research

Fig 6 – FMEG margin at 2.8% vs -3.0% YoY

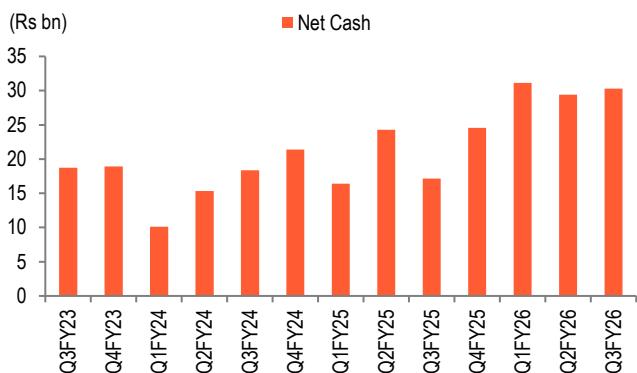
Source: Company, BOBCAPS Research

Fig 7 – PAT growth

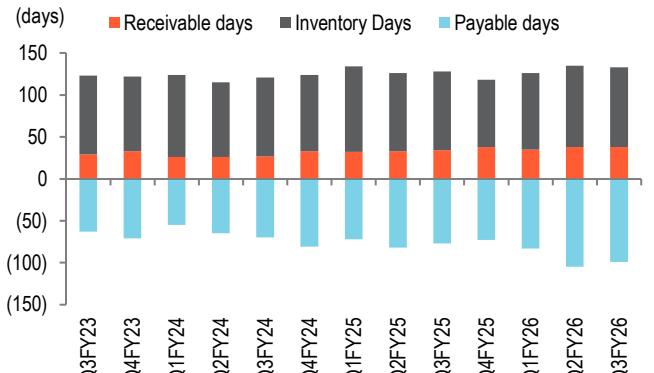
Source: Company, BOBCAPS Research

Fig 8 – Export trend

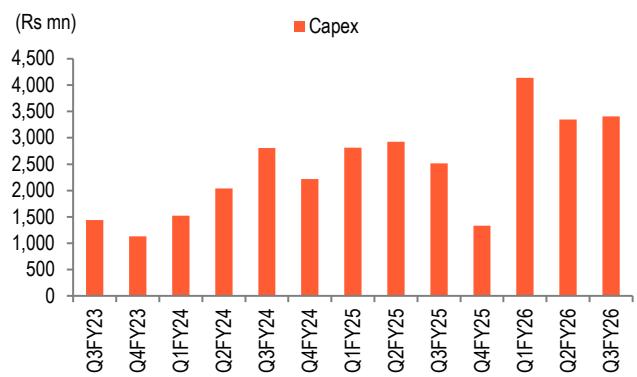
Source: Company, BOBCAPS Research

Fig 9 – Net cash position improves in 3Q to Rs 30bn

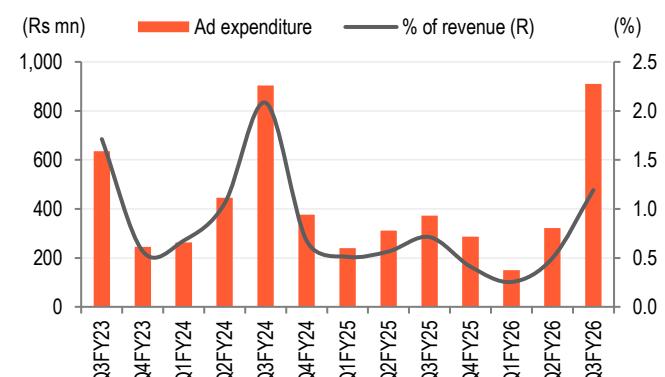
Source: Company, BOBCAPS Research

Fig 10 – Higher payables led to lower WCD

Source: Company, BOBCAPS Research

Fig 11 – Capex trend

Source: Company, BOBCAPS Research

Fig 12 – Festive season led to higher ad spends

Source: Company, BOBCAPS Research

Valuation methodology

We tweak our earnings estimates for FY27/FY28, rolling forward our valuation. We now base TP on Dec-27E EPS, assigning an unchanged multiple of 44x to arrive at a revised Dec-26 TP of Rs 8,900. We maintain BUY.

Fig 13 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	2,73,078	3,14,427	3,53,371	2,65,449	3,08,918	3,56,834	3.0	2.0	(1.0)
EBITDA	37,455	41,583	47,037	37,262	40,528	45,373	1.0	3.0	4.0
EBITDA margin (%)	13.7	13.2	13.3	14.0	13.1	12.7	(32bps)	11bps	60bps
PAT	24,575	27,588	31,082	25,357	27,673	30,830	(3)	0.0	1.0

Source: BOBCAPS Research

Fig 14 – Polycab 1YF PE band chart



Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	1,80,394	2,24,083	2,73,078	3,14,427	3,53,371
EBITDA	24,918	29,603	37,455	41,583	47,037
Depreciation	2,451	2,981	3,980	4,228	4,941
EBIT	22,468	26,622	33,475	37,355	42,096
Net interest inc./exp.)	(1,083)	(1,689)	(2,400)	(2,520)	(2,646)
Other inc./exp.)	2,209	2,076	2,180	2,267	2,358
Exceptional items	0	0	0	0	0
EBT	23,593	27,009	33,255	37,102	41,808
Income taxes	5,564	6,553	8,380	9,164	10,327
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	17,840	20,201	24,575	27,588	31,082
Adjustments	0	0	0	0	0
Adjusted net profit	17,840	20,201	24,575	27,588	31,082

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	28,633	27,358	41,149	47,379	53,248
Other current liabilities	6,474	7,073	8,620	9,925	11,154
Provisions	0	0	0	0	0
Debt funds	898	1,090	986	1,060	1,127
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	1,13,365	1,31,572	1,53,272
Shareholders' fund	81,871	98,250	1,14,870	1,33,076	1,54,777
Total liab. and equities	1,20,789	1,37,727	1,69,707	1,96,122	2,24,987
Cash and cash eq.	4,024	7,706	17,635	15,720	24,788
Accounts receivables	20,471	25,963	29,926	37,042	41,630
Inventories	36,751	36,613	52,371	64,608	72,610
Other current assets	7,670	5,418	6,602	7,602	8,543
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	1,69,707	1,96,122	2,24,987

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	12,963	18,086	22,986	18,999	29,588
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)	(103)	74	67
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)	(8,059)	(9,307)	(9,315)
Chg in cash & cash eq.	1,570	(590)	9,929	(1,915)	9,068
Closing cash & cash eq.	4,024	7,706	17,635	15,720	24,788

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	118.9	134.6	163.7	183.8	207.1
Adjusted EPS	118.9	134.6	163.7	183.8	207.1
Dividend per share	30.0	35.0	53.0	62.5	62.5
Book value per share	545.4	654.6	765.3	886.6	1,031.2

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	5.9	4.8	3.9	3.4	3.0
EV/EBITDA	42.8	36.0	28.4	25.6	22.7
Adjusted P/E	59.9	52.9	43.5	38.7	34.4
P/BV	13.1	10.9	9.3	8.0	6.9

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	75.6	74.8	73.9	74.4	74.3
Interest burden (PBT/EBIT)	105.0	101.5	99.3	99.3	99.3
EBIT margin (EBIT/Revenue)	12.5	11.9	12.3	11.9	11.9
Asset turnover (Rev./Avg TA)	8.3	8.0	8.0	7.7	7.5
Leverage (Avg TA/Avg Equity)	0.3	0.3	0.3	0.3	0.3
Adjusted ROAE	24.1	22.4	23.1	22.3	21.6

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	27.9	24.2	21.9	15.1	12.4
EBITDA	34.5	18.8	26.5	11.0	13.1
Adjusted EPS	40.5	13.2	21.7	12.3	12.7
Profitability & Return ratios (%)					
EBITDA margin	13.8	13.2	13.7	13.2	13.3
EBIT margin	12.5	11.9	12.3	11.9	11.9
Adjusted profit margin	9.9	9.0	9.0	8.8	8.8
Adjusted ROAE	24.1	22.4	23.1	22.3	21.6
ROCE	26.6	25.0	25.2	23.4	22.7
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	5.5	5.2	4.9
Current ratio	2.4	2.7	2.5	2.4	2.5
Net interest coverage ratio	20.7	15.8	13.9	14.8	15.9
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%

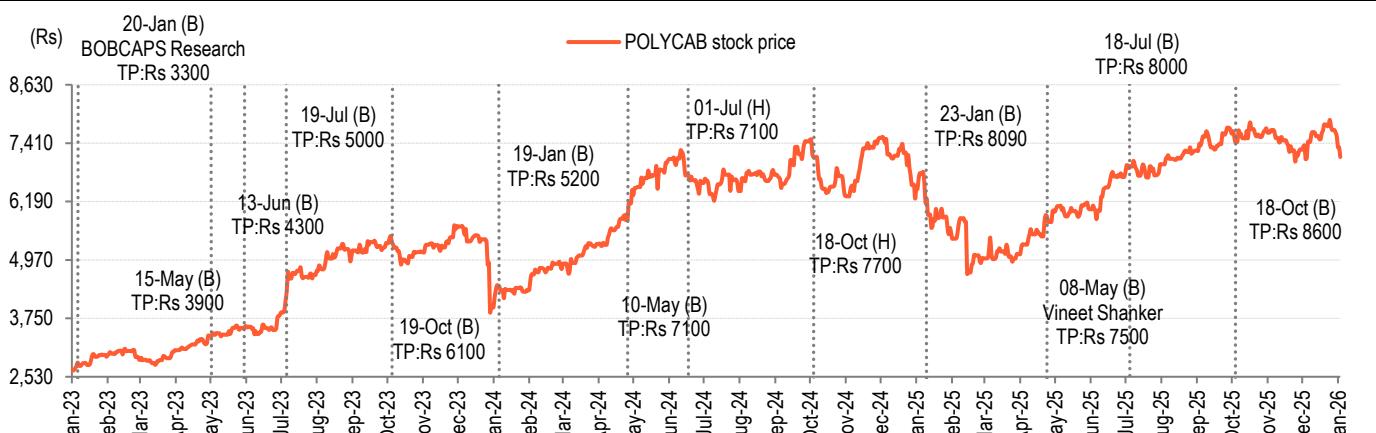
HOLD – Expected return from -6% to +15%

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): POLYCARB INDIA (POLYCARB IN)



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

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