

**BUY**

TP: Rs 7,500 | ▲ 27%

**POLYCAB INDIA**

Consumer Durables

08 May 2025

## Beats estimates, optimism intact amid competition

- Q4 revenue grew 25% YoY, led by robust performance across segments; W&C /FMEG/ EPC revenue grew 25%/33%/20% YoY respectively
- EBITDA margin surprises positively, expands 110bps YoY; FMEG turns profitable after 10 consecutive quarters of losses
- Ascribe 44x to FY27EPS to arrive at Mar'26 TP of Rs 7,500; assume coverage with BUY

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**Robust performance; EBITDA margin surprises positively:** Polycab reported a strong Q4, with revenue and EBITDA beating our estimates by 5% and 25% respectively (5%/15% above consensus). Revenue grew 25% YoY / 34% QoQ, driven by broad-based growth — W&C grew 24% YoY / 35% QoQ, FMEG increased 33% YoY / 12% QoQ, and EPC grew 20% YoY / 54% QoQ. EBITDA margin expanded 110bps YoY / 90bps QoQ to 14.7%, supported by operating leverage and improved profitability in FMEG and EPC. Adjusted PAT increased 33% YoY to Rs 7.3bn. For FY25, revenue/EBITDA/adj. PAT grew 24%/19%/13% YoY, respectively.

**W&C revenue growth in line with industry peers:** W&C revenue grew 24% YoY and 35% QoQ, driven by stronger growth in cables vs wires. Cable volumes grew in mid-teens, while wire volumes were up in high single digits YoY. Domestic W&C business posted a robust 27% YoY growth, whereas exports declined 24% YoY on rollover of large order in Q1FY26. Performance was broadly in line with peers — Havells, KEI, and RR Kabel reported 21–34% YoY growth — supported by channel restocking and high single-digit price hikes amid a sharp rise in copper prices.

**FMEG turns profitable after 10 straight quarters of loss:** FMEG segment revenue grew 33% YoY to Rs 4.8bn and reported a profit of Rs 19mn vs a loss of Rs 459mn. This was largely on account of improved product mix; the business achieved break-even after 10 consecutive quarters of loss as the company was investing in product development and brand building. EPC business revenue grew 47% YoY driven by execution of RDSS order book, while margin expanded 50bps YoY to 9.4%.

**Assume coverage with BUY:** We believe Polycab is well-positioned to sustain its industry-leading performance in the W&C segment, supported by a robust capex plan of Rs 60–80bn over the next 3–4 years, aimed at expanding capacity, strengthening domestic footprint, and scaling up exports. We estimate revenue/EBITDA/PAT CAGR of 17%/13%/12% over FY25–27E. We assign a 44x FY27E EPS multiple to arrive at a Mar'26 TP of Rs 7,500 and initiate coverage with a BUY rating.

## Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	POLYCAB IN/Rs 5,887
Market cap	US\$ 10.4bn
Free float	37%
3M ADV	US\$ 52.9mn
52wk high/low	Rs 7,605/Rs 4,555
Promoter/FPI/DII	63%/12%/8%

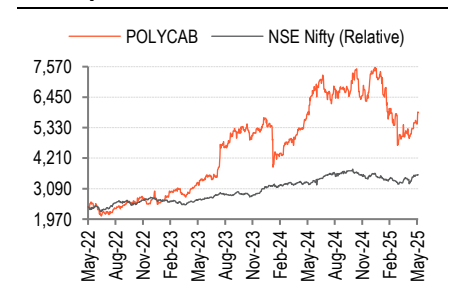
Source: NSE | Price as of 7 May 2025

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	2,24,083	2,61,961	3,08,522
EBITDA (Rs mn)	29,603	30,781	37,919
Adj. net profit (Rs mn)	20,201	20,691	25,548
Adj. EPS (Rs)	134.6	137.8	170.2
Consensus EPS (Rs)	128.0	160.0	190.0
Adj. ROAE (%)	22.4	19.8	21.5
Adj. P/E (x)	43.7	42.7	34.6
EV/EBITDA (x)	29.7	28.6	23.2
Adj. EPS growth (%)	13.2	2.4	23.5

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**Fig 1 – Quarterly Performance**

(Rs mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)	Q4FY25E	Variance (%)
Revenue	69,858	55,919	25	52,261	34	2,24,083	1,80,394	24	66,555	5
EBITDA	10,254	7,615	35	7,199	42	29,603	24,918	19	8,220	25
EBITDA Margin (%)	14.7	13.6	110bps	13.8	90	13.2	13.8	(60bps)	12.4	233bps
Depreciation	804	657		786		2,981	2,451		859	(6)
Interest	325	244		498		1,689	1,083		262	24
Other Income	481	538		250		526	998		679	(29)
PBT	9,606	7,253	32	6,166	56	27,009	23,593	14	7,779	23
Tax	2,262	1,718		1,522		6,553	5,564		1,929	17
Adjusted PAT	7,267	5,460	33	4,576	59	20,201	17,840	13	5,779	26
Exceptional item	-	-		-		-	-		-	
Reported PAT	7,267	5,460	33	4,576	59	20,201	17,840	13	5,779	26
Adj. PAT Margin (%)	10.4	9.8	60bps	8.8	160	9.0	9.9	(90bps)	8.7	172bps
EPS (Rs)	48.8	37.0	32	31.0	57	134.6	118.9	13	39.10	24.85

Source: Company, BOBCAPS Research

**Fig 2 – Segmental Performance**

(Rs mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
<b>Segment revenue</b>								
Wires & Cables	60,191	48,647	24	44,499	35	1,92,366	1,62,806	18
FMEG	4,760	3,581	33	4,232	12	16,822	12,988	30
Others / EPC	6028	5022	20	3918	54	19192	7888	143
<b>EBIT</b>								
Wires & Cables	9,090	7,363	23	6,080	50	26,203	24,078	9
EBIT margin (%)	15.1	15.1	0bps	13.7	140bps	13.6	14.8	(117bps)
FMEG	19	(459)	NA	(128)	NA	(389)	(942)	NA
EBIT margin (%)	0.4	(12.8)	NA	(3)	NA	(2.3)	(7.3)	NA
Others / EPC	564	446	27	341	65	1,806	632	186
EBIT margin (%)	9.4	8.9	50bps	0	70bps	9.4	8.0	140bps

Source: Company, BOBCAPS Research

## Earning Call Highlights

### Wires & Cables

- Management highlighted cables outpacing wires in YoY growth, whereas sequentially, wires outpacing cables. Cable volumes grew in mid-teens while wires in high single digits. For FY25, cable volume growth remained in the mid-teens, while wires maintained high single-digit growth.
- Management expects the wires & cables (W&C) industry to grow at 1.5x of real GDP and expressed confidence in outperforming this benchmark.
- Polycab's domestic organised market share has expanded to 26–27%, up from 18–19% in FY19.
- Exports saw a 23% YoY dip due to order roll-forwards, but remained optimistic about a strong rebound; targeting a rise in export contribution to 10% of total revenue (vs 6% in FY25).
- Management expects W&C EBITDA margins to remain in the 11–13% range, supported by favourable product mix and operating leverage. The company is expanding its global presence with robust orders from the Middle East, Europe, and Australia.
- As per management, the entry of new players into W&C reflects the sector's long-term growth potential. This competition will accelerate the shift toward organised players, benefiting market leaders like Polycab.

### FMEG Business

- Management commented that despite a delayed summer, the fans segment saw robust growth, supported by the launch of 100+ SKUs, presence in 350 new towns, and the addition of 8,000 retailers. Premium fans accounted for 18% of volumes and nearly 30% of value in FY25.
- In lighting and luminaires, growth continued despite pricing pressure, driven by both volume and value with premium products contributing 21% of volumes and 30% of value.
- Solar products business grew 2.5x YoY, becoming the third-largest FMEG category; though manufacturing remains outsourced. Other categories like switchgears, conduits, and switches also delivered healthy growth, aided by strong real estate momentum and deeper distribution reach.
- Under Project Spring, the FMEG segment is expected to grow at 1.5–2x the industry rate and achieve EBITDA margins of 8–10% by FY30.

### EPC segment

- The company's EPC order book stood at Rs 70bn as of Mar'25, comprising Rs 40bn from the RDSS (revamped distribution sector scheme) project and Rs 30bn from the BharatNet project in Bihar, which the company signed in this quarter.
- Management explained that RDSS order will be executed over 2–3 years, with a stable quarterly revenue run rate of Rs 5bn; while the BharatNet order includes a

Rs 15bn capex component (to be executed over three years) and a long-term Opex component spread over 10 years.

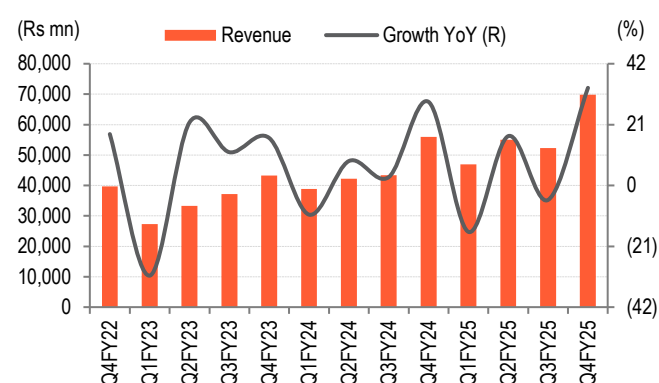
- Furthermore, Polycab has been declared the lowest bidder (L1) for a Rs 41bn project spanning Goa, Karnataka, and Puducherry, with formal execution expected soon. Management reiterated that the EPC segment is expected to deliver sustainable high-single-digit operating margins in the medium-to-long term.

#### **Ad spend / R&D expenditure**

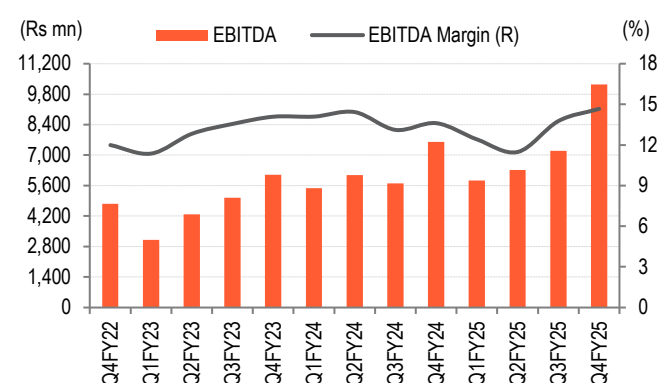
- Management stated that advertising expenses were lower in Q4FY25, due to a delayed summer, however, costs in Q1FY26 will rise. The company is also shifting its medium of ads from ground activity to a more digital presence.
- R&D investments are expected to increase under Project Spring, with a stronger focus on innovation.

#### **Working capital/ capacity expansion**

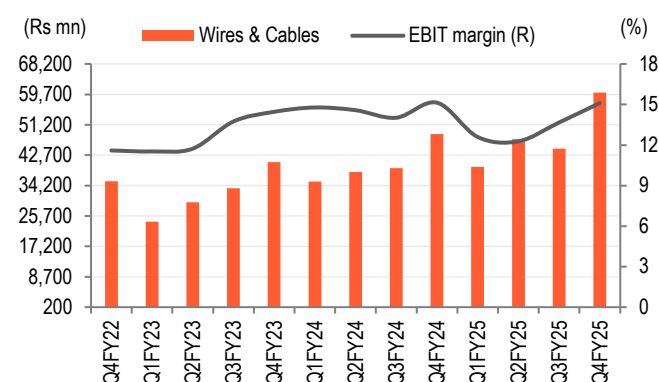
- Working capital cycle improved to 49 days in Q4FY25, mainly due to temporary inventory reduction. The company expects normalised working capital to revert to the 50–55 day range.
- Capacity utilisation stayed strong at 80% in Q4FY25 and averaged 70–80% for the full year.
- Management reaffirmed its capital expenditure roadmap, with Rs 9.6bn deployed in FY25 and a cumulative capex plan of Rs 60–80bn over the next five years to support capability building and innovation.

**Fig 3 – Revenue growth**

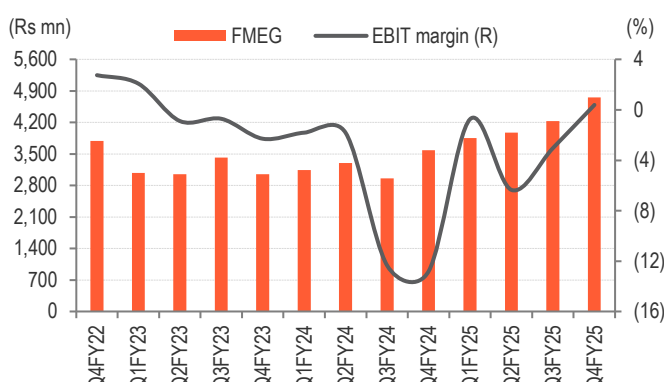
Source: Company, BOBCAPS Research

**Fig 4 – EBITDA growth**

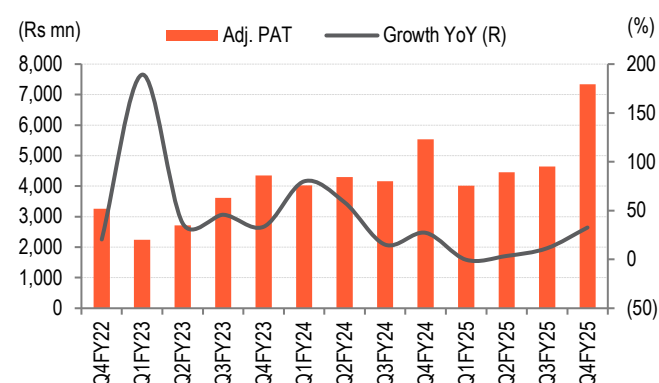
Source: Company, BOBCAPS Research

**Fig 5 – Segment performance – W&C**

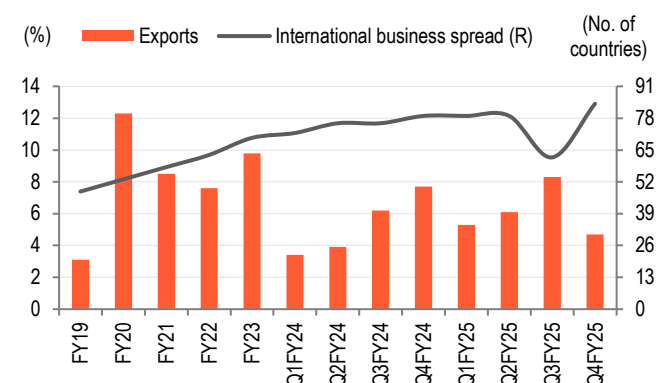
Source: Company, BOBCAPS Research

**Fig 6 – Segment Performance - FMEG**

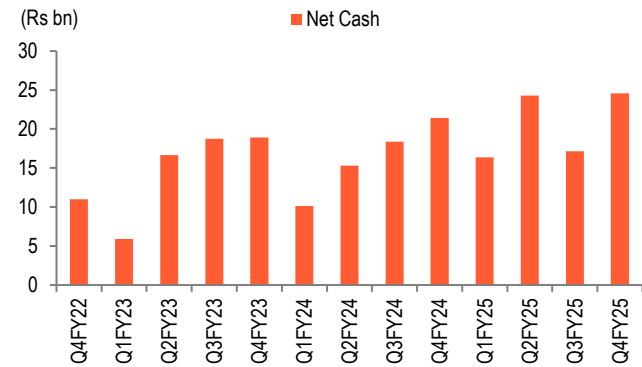
Source: Company, BOBCAPS Research

**Fig 7 – PAT growth**

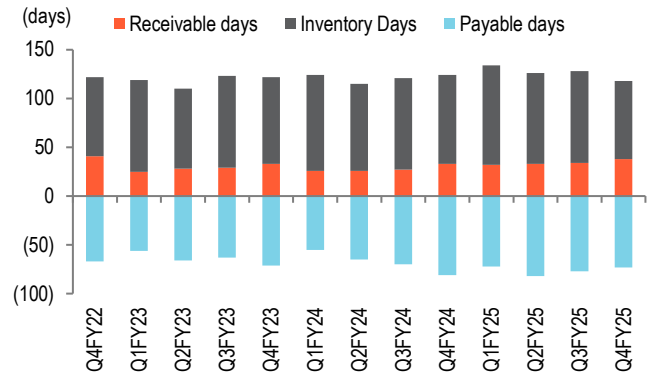
Source: Company, BOBCAPS Research

**Fig 8 – Export trend**

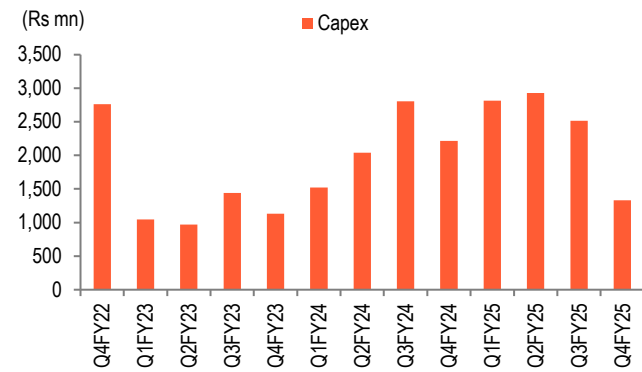
Source: Company, BOBCAPS Research

**Fig 9 – Net cash position**

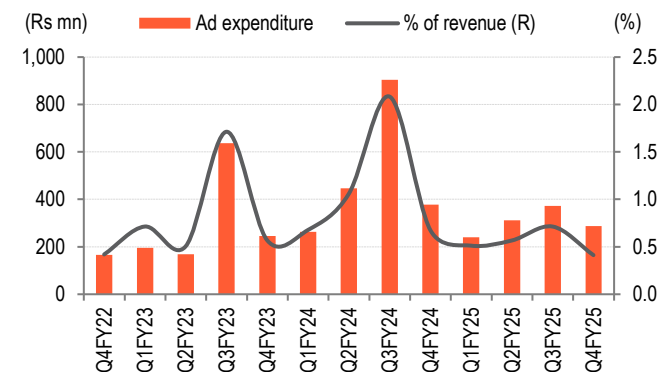
Source: Company, BOBCAPS Research

**Fig 10 – Working capital management**

Source: Company, BOBCAPS Research

**Fig 11 – Capex spends**

Source: Company, BOBCAPS Research

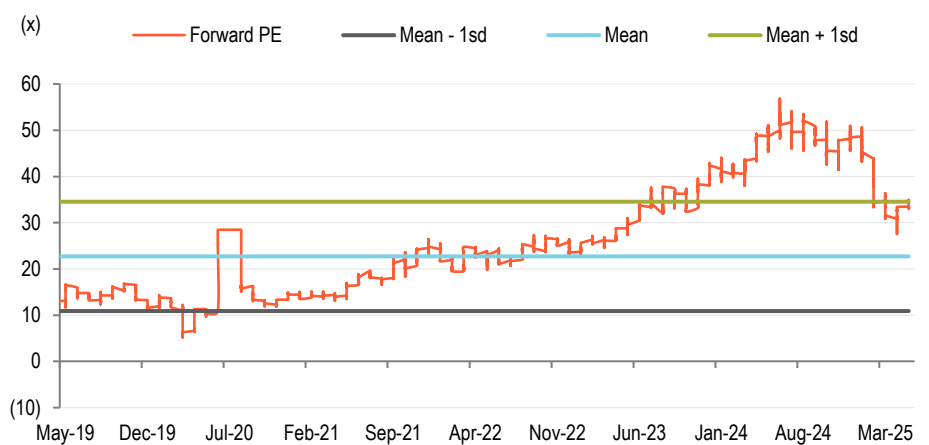
**Fig 12 – Ad spends**

Source: Company, BOBCAPS Research

## Valuation Methodology

We believe Polycab is well-positioned to sustain leadership in the W&C segment, supported by a Rs 60–80bn capex plan over the next 3–4 years to expand capacity, deepen domestic penetration, and scale up exports. Hence, we estimate revenue/EBITDA/PAT CAGR of 17%/13%/12% over FY25–27E. At the current market price, the stock trades at 35x FY27E EPS. We assign a higher multiple of 44x to reflect its dominant 27% market share, improving profitability in the loss-making FMEG segment, and a strong reinvestment cycle funded by internal accruals, with continued free cashflow generation and a healthy dividend payout (30%). This yields a Mar'26 TP of Rs 7,500; we assume coverage with a BUY rating.

**Fig 13 – Polycab 1YF PE band chart**



Source: Company, BOBCAPS Research

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Total revenue</b>	<b>1,41,078</b>	<b>1,80,394</b>	<b>2,24,083</b>	<b>2,61,961</b>	<b>3,08,522</b>
EBITDA	18,521	24,918	29,603	30,781	37,919
Depreciation	2,092	2,451	2,981	3,479	4,214
EBIT	16,430	22,468	26,622	27,301	33,705
Net interest inc./(exp.)	(598)	(1,083)	(1,689)	(1,605)	(1,645)
Other inc./(exp.)	1,333	2,209	2,076	2,180	2,267
Exceptional items	0	0	0	0	0
EBT	17,165	23,593	27,009	27,877	34,327
Income taxes	4,250	5,564	6,553	6,886	8,479
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(93)	0	0	0	0
<b>Reported net profit</b>	<b>12,700</b>	<b>17,840</b>	<b>20,201</b>	<b>20,691</b>	<b>25,548</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>12,700</b>	<b>17,840</b>	<b>20,201</b>	<b>20,691</b>	<b>25,548</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Accounts payables	20,326	28,633	27,358	39,474	46,490
Other current liabilities	4,430	6,474	7,073	8,269	9,739
Provisions	0	0	0	0	0
Debt funds	1,551	898	1,090	953	1,042
Other liabilities	1,636	2,913	3,957	4,083	4,682
Equity capital	1,498	1,502	1,504	1,504	1,504
Reserves & surplus	64,814	80,369	96,746	1,09,482	1,25,649
Shareholders' fund	66,311	81,871	98,250	1,10,986	1,27,153
<b>Total liab. and equities</b>	<b>94,255</b>	<b>1,20,789</b>	<b>1,37,727</b>	<b>1,63,764</b>	<b>1,89,106</b>
Cash and cash eq.	6,952	4,024	7,706	9,168	10,545
Accounts receivables	12,466	20,471	25,963	30,861	36,346
Inventories	29,514	36,751	36,613	53,828	63,395
Other current assets	6,650	7,670	5,418	6,333	7,459
Investments	13,505	18,224	17,490	17,490	17,490
Net fixed assets	20,104	21,678	27,913	34,434	41,220
CWIP	2,508	5,784	7,081	2,000	3,000
Intangible assets	203	206	98	206	206
Deferred tax assets, net	0	0	0	0	0
Other assets	2,352	5,981	9,444	9,444	9,444
<b>Total assets</b>	<b>94,255</b>	<b>1,20,789</b>	<b>1,37,727</b>	<b>1,63,764</b>	<b>1,89,106</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Cash flow from operations</b>	<b>14,275</b>	<b>12,963</b>	<b>18,086</b>	<b>14,453</b>	<b>22,070</b>
Capital expenditures	(4,584)	(8,580)	(9,583)	(10,108)	(11,000)
Change in investments	(5,213)	(3,839)	1,956	0	0
Other investing cash flows	(2,229)	4,900	(4,766)	5,208	(401)
<b>Cash flow from investing</b>	<b>(12,026)</b>	<b>(7,519)</b>	<b>(12,393)</b>	<b>(4,900)</b>	<b>(11,401)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	332	(1,071)	(1,845)	(137)	89
Interest expenses	0	0	0	0	0
Dividends paid	(2,570)	(2,803)	(4,438)	(7,955)	(9,381)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(2,238)</b>	<b>(3,874)</b>	<b>(6,283)</b>	<b>(8,092)</b>	<b>(9,292)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>11</b>	<b>1,570</b>	<b>(590)</b>	<b>1,461</b>	<b>1,377</b>
<b>Closing cash &amp; cash eq.</b>	<b>6,952</b>	<b>4,024</b>	<b>7,706</b>	<b>9,168</b>	<b>10,545</b>

### Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25A	FY26E	FY27E
Reported EPS	84.6	118.9	134.6	137.8	170.2
Adjusted EPS	84.6	118.9	134.6	137.8	170.2
Dividend per share	20.0	30.0	35.0	53.0	62.5
Book value per share	441.8	545.4	654.6	739.4	847.1

### Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25A	FY26E	FY27E
EV/Sales	6.2	4.9	3.9	3.4	2.9
EV/EBITDA	47.5	35.3	29.7	28.6	23.2
Adjusted P/E	69.6	49.5	43.7	42.7	34.6
P/BV	13.3	10.8	9.0	8.0	6.9

### DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25A	FY26E	FY27E
Tax burden (Net profit/PBT)	74.0	75.6	74.8	74.2	74.4
Interest burden (PBT/EBIT)	104.5	105.0	101.5	102.1	101.8
EBIT margin (EBIT/Revenue)	11.6	12.5	11.9	10.4	10.9
Asset turnover (Rev./Avg TA)	7.0	8.3	8.0	7.6	7.5
Leverage (Avg TA/Avg Equity)	0.3	0.3	0.3	0.3	0.3
<b>Adjusted ROAE</b>	<b>20.9</b>	<b>24.1</b>	<b>22.4</b>	<b>19.8</b>	<b>21.5</b>

### Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25A	FY26E	FY27E
<b>YoY growth (%)</b>					
Revenue	15.6	27.9	24.2	16.9	17.8
EBITDA	46.4	34.5	18.8	4.0	23.2
Adjusted EPS	51.3	40.5	13.2	2.4	23.5
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	13.1	13.8	13.2	11.8	12.3
EBIT margin	11.6	12.5	11.9	10.4	10.9
Adjusted profit margin	9.0	9.9	9.0	7.9	8.3
Adjusted ROAE	20.9	24.1	22.4	19.8	21.5
ROCE	23.1	26.6	25.0	21.3	22.2

### Working capital days (days)

Receivables	32	41	42	43	43
Inventory	76	74	60	75	75
Payables	53	58	45	55	55

### Ratios (x)

Gross asset turnover	4.9	5.4	5.6	5.3	5.1
Current ratio	2.6	2.4	2.7	2.4	2.4
Net interest coverage ratio	27.5	20.7	15.8	17.0	20.5
<b>Adjusted debt/equity</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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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**BUY** – Expected return >+15%

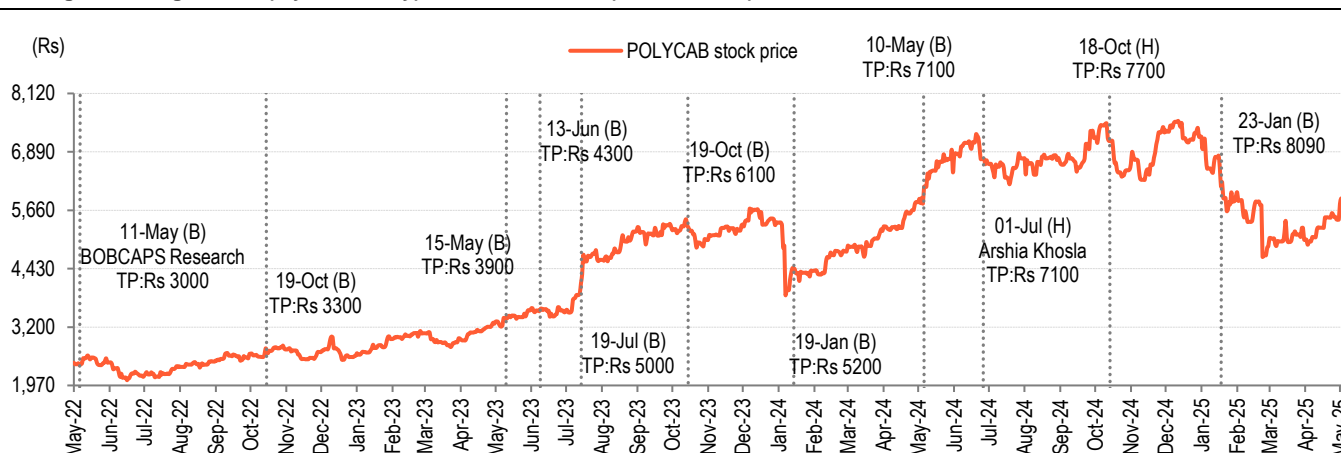
**HOLD** – Expected return from -6% to +15%

**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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