

Polycab India

BSE SENSEX 84,997 **S&P CNX** 26,054

POLY CAB

	POLY CAB IN
Equity Shares (m)	151
M.Cap.(INRb)/(USDb)	1164.4 / 13.2
52-Week Range (INR)	7795 / 4555
1, 6, 12 Rel. Per (%)	1/32/14
12M Avg Val (INR M)	2704
Free float (%)	38.5

Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	267.6	314.8	370.3
EBITDA	39.0	44.5	53.3
Adj. PAT	26.5	29.9	35.7
EBITDA Margin (%)	14.6	14.2	14.4
Cons. Adj. EPS (INR)	176	199	238
EPS Gr. (%)	31.2	12.9	19.4
BV/Sh. (INR)	794	943	1,130

Ratios

Net D:E	(0.1)	(0.1)	(0.2)
RoE (%)	22.2	21.1	21.0
RoCE (%)	23.2	22.1	22.0
Payout (%)	19.9	25.1	21.1

Valuations

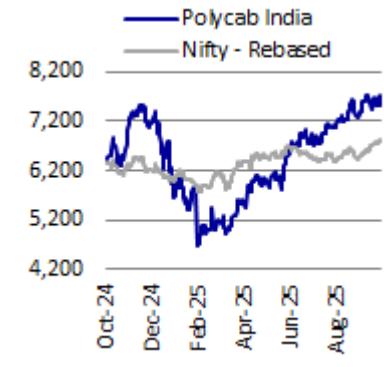
P/E (x)	43.9	38.9	32.6
P/BV (x)	9.7	8.2	6.8
EV/EBITDA (x)	29.5	25.7	21.3
Div Yield (%)	0.5	0.6	0.6
FCF Yield (%)	0.9	1.2	1.6

Shareholding Pattern (%)

As of	Sep-24	Jun-24	Sep-23
Promoter	63.1	65.0	65.9
DII	9.4	6.9	8.1
FII	13.5	13.6	12.4
Others	14.1	14.4	13.6

FII includes depository receipts

Stock Performance (one-year)



CMP: INR7,733

TP: INR9,110 (+18%)

Buy

Sustained growth momentum continues in C&W

We met with the management of Polycab India (POLY CAB) to get an update on business trends across Cables & Wires (C&W), FMEG, and EPC segments, RM price trends, and the company's key strategic initiatives.

- Management reiterated strong demand momentum in the C&W business, led by broad-based growth across power, infrastructure, real estate, and industrial capex, supported by rising opportunities in renewables and data centers. The company reiterated that India's C&W market will grow 2.0x of real GDP growth, with POLY CAB estimated to jump 1.5x of the industry growth. The company maintains a unique leadership position in C&W with a product portfolio, distribution network, and capacity base ~2-3x that of its nearest competitors. It reported strong growth in 2Q and expects momentum to continue in 3QFY26E.
- The company's FMEG segment contributes ~7-8% of total revenue with six major categories – fans, lights and luminaires, switches, switchgears, conduit pipes & fittings, and solar inverters. Solar inverters are the largest sub-segment. The company intends to maintain profitability in the FMEG segment with improvement YoY without the addition of a new product category.
- Under EPC, POLY CAB is executing two projects, RDSS and BharatNet. Under BharatNet, its order book stood at INR80b, of which INR45b is for C&W supplies (for the next 3-4 years) and the balance of INR35b is for maintenance (over the next 10 years). Since the company has excess capacity, it can easily accommodate such types of projects. Margin in this segment is in high single digits.

We are structurally positive on POLY CAB, given its leadership position in the C&W segment, positive sector outlook, robust balance sheet, and strong return ratios. We reiterate our BUY rating with a TP of INR9,110 (based on 40x Dec'27E EPS).

C&W: Core growth engine with multi-year visibility

- The C&W segment continues to witness strong demand tailwinds backed by robust demand from infrastructure, real estate, power transmission, and industrial capex. Over the last few years, the segment has clocked a ~12-14% CAGR, and industry growth is likely to be sustained at these levels over the medium to longer term, given strong underlying demand across key segments. The Indian C&W market stood at INR900b, out of which INR650b is from cables and INR250b is from wires.
- In cables, demand from power infrastructure is emerging as the largest growth driver, led by the government's acceleration of transmission project approvals and the massive scale-up in renewable capacity from 235GW to 500GW (this alone represents an INR500–550b opportunity for C&W over the next few years). The power sector has the largest consumption of cables, as ~15-20% of the project cost accounts for cables, followed by the data center, in which cables account for 8-10% of the project cost. However, in the rest of the sectors (rail, roads, infra, and real estate), cables account for 3.0-3.5% of the project cost. In data centers, the cable requirement per MW is ~INR30m. Going forward, the defense and electric vehicles are also expected to support overall demand growth.

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- The cables industry is highly organized at ~80%, while wires have ~55%–60% organized mix. POLY CAB, with its ~26% share in the organized market, remains the market leader, supported by a product portfolio and distribution network nearly 2x that of peers and a capacity base 3x larger than the nearest competitor. Cables are expected to grow faster than wires, with industry growth of ~15–16% in cables and ~9–10% in wires, translating into a combined ~12–14% CAGR over the next 5–10 years.
- In the wires segment, demand is predominantly led by real estate at ~70%, while industrial applications account for the balance of ~30%. The ongoing upcycle in residential and commercial construction, coupled with increasing penetration in Tier 3–5 cities, is likely to drive strong growth momentum. Management stated that it has actively targeted the semi-urban and rural market through its “Etira” brand, priced ~10% below its main brand (~5% premium to unorganized players' products), aimed at capturing share from unorganized players that dominate smaller cities. Wires are sold entirely through distributors, providing higher market reach and scale efficiency.
- The company's capacity utilization currently stands at ~70%–80%, providing adequate headroom for growth. To support rising demand, the company has outlined INR60b–80b of capex over the next five years, with INR14b–15b planned each year.
- Margins in the C&W segment remain healthy and stable. Domestic C&W margin is ~9–10%, while export (primarily cables) margins range between ~15% and 30% (based on geographies and product types), given a higher-value mix and institutional nature of orders. Within cables, Extra High Voltage (EHV) products command mid-teen margins, supported by strong demand-supply dynamics, while Low Voltage (LV) and Medium Voltage (MV) cables operate at ~9–10% margins. The company's strong technical capabilities and its extensive product certifications provide a distinct competitive advantage.
- Exports have steadily scaled up, contributing ~6% of the revenue in FY25, with a target to reach ~10% by FY30. The addressable export opportunity for the company is USD100b within the global C&W export market at USD170b. Export sales are well-diversified across geographies with the Middle East (40%), the US (16%), Europe (19%), South America (14%), and Australia (8%).
- On the domestic front, POLY CAB's distribution network of 4,300 partners contributes ~90% of total revenue, displaying the strength of its channel network. Distributors typically hold three weeks of inventory, with prices revised on a monthly basis to reflect fluctuations in copper and aluminum prices. Copper purity of ~99.97%, used by organized players, remains a key differentiator vs. unorganized players. The company does not expect a decline in copper prices over the medium term, ensuring stable pricing and margin trends.
- The company remained focused on innovation and R&D with 10,000 SKUs across C&W (vs. 7,000 for the nearest competitor), supported by a dedicated R&D team of 400 engineers and over 2,000 staff. The company continues to invest in product efficiency, design improvements, and certification-led quality standards, which are critical entry barriers in the organized cable market.
- Further, the management does not expect any major impact from new competitors, as the company has a strong brand, an established dealer network, large scale, and proven execution capabilities.

FMEG: gradual progress with margin expansion potential

- The FMEG segment contributes ~7%–8% of revenue, with six key categories being solar inverters, fans, lighting, switches, switchgear, and conduits. Solar inverters currently form the largest business, while fans and lighting remain key focus areas.
- The segment is not capital-intensive, though capex may increase over the next 2-3 years. It expects FMEG margins to rise from ~1–2% currently to ~7–8% over the next five years, supported by operating leverage and product mix improvement.
- Except for solar inverters, which are outsourced, all products are manufactured in-house. The fans division, though currently loss-making, has expanded capacity from 3.5m to 9.5m units, adding 6m units in FY25.
- The company intends to remain focused on its current six categories rather than expanding into new ones. Under Project Spring, it targets to grow its FMEG revenue at 1.5-2.0x the industry growth rate, while targeting an EBITDA margin of ~8-10%.

EPC: strategic business with a healthy order book

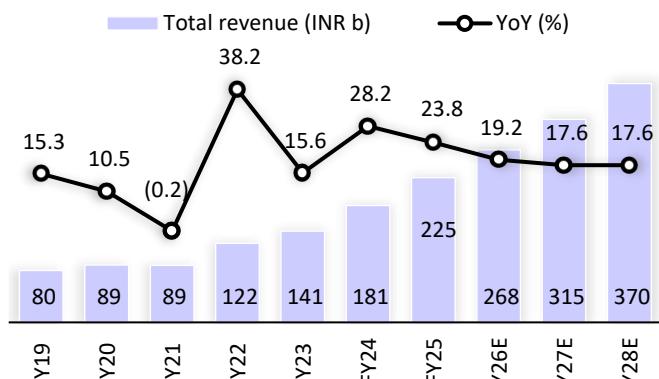
- In the EPC segment, the company has two main projects: the RDSS and BharatNet projects. The BharatNet project alone has an order book of INR80b, with INR45b to be executed over the next 3–4 years by way of C&W supplies, and the remaining INR35b is a 10-year maintenance contract. Margins are expected to remain in the high single digits.
- The EPC business is not working-capital intensive, with receivables at 60 days. Moreover, supply to EHV projects requires specific EPC supplier approvals, which the company has successfully obtained.
- While EPC's contribution is gradually declining, the business remains strategically relevant in strengthening POLY CAB's institutional relationships and enhancing the cable business's credibility in large-scale infrastructure projects.

Valuation and view

- We estimate a CAGR of 18%/22%/21% in revenue/EBITDA/EPS over FY25-28. POLY CAB has benefited from continuous capacity expansions and sustained a healthy margin (~13-15%) in the C&W segment. We project a stable margin of ~14% over FY26-28, given the company's operational strength, an increase in contribution from the EHV capacity (expected from FY27), and export growth.
- Cumulative FCF is expected to stand at INR43.4b during FY26-28, despite increased capex intensity. Net cash is likely to increase to INR48.3b by FY28 vs. INR29.4b as of Sep'25. We remain structurally positive on POLY CAB, given its leadership position in the C&W segment, positive sector outlook, robust balance sheet, and strong return ratios. We reiterate our BUY rating with a TP of INR9,110 (based on 40x Dec'27E EPS).

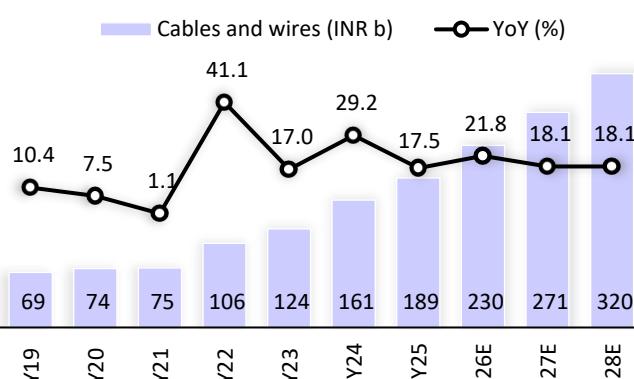
Story in charts

Exhibit 1: Estimate a revenue CAGR of 18% over FY25-28



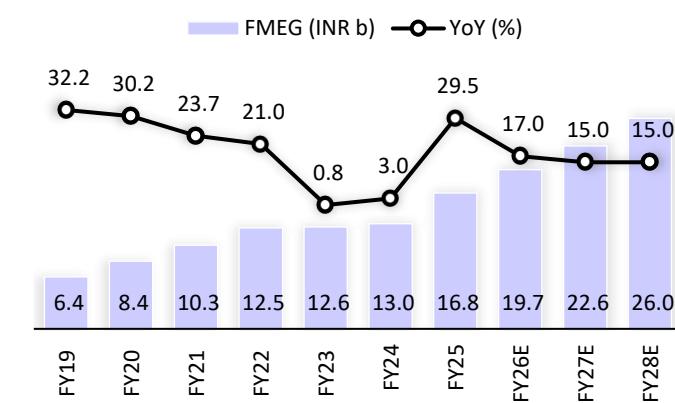
Source: MOFSL, Company

Exhibit 2: C&W to clock ~19% CAGR over FY25-28E



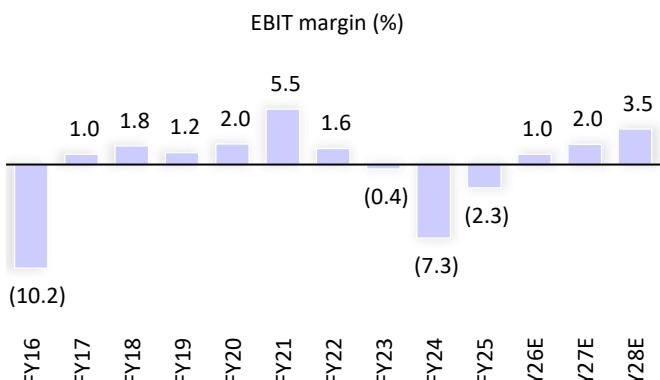
Source: MOFSL, Company

Exhibit 3: Estimate ~16% revenue CAGR in FMEG over FY25-28



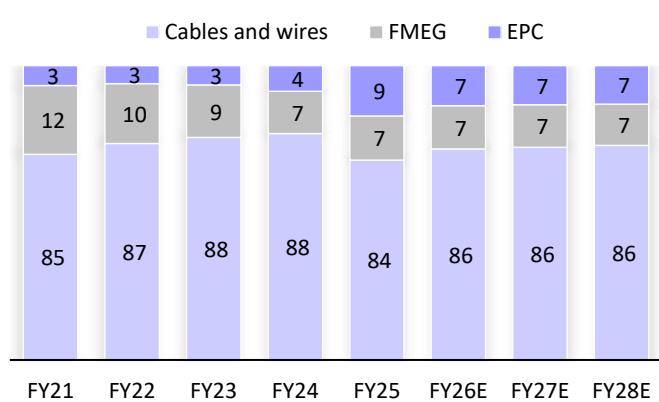
Source: MOFSL, Company

Exhibit 4: FMEG segment to break even in FY26



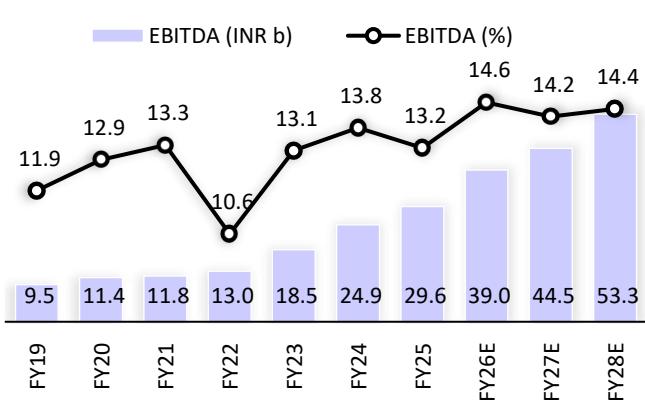
Source: MOFSL, Company

Exhibit 5: Revenue share from C&W to be over 85%

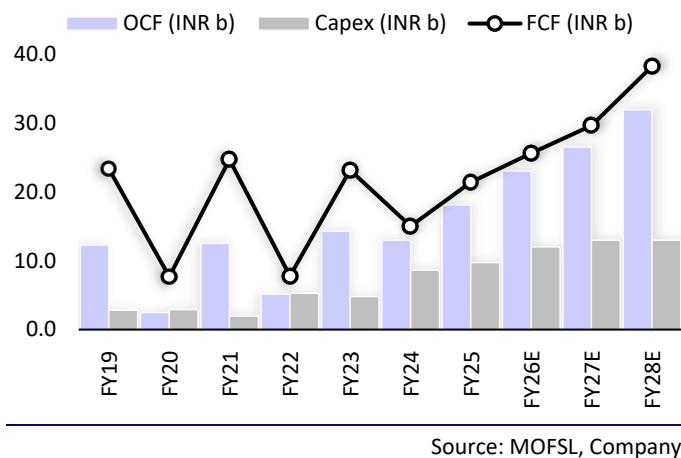


Source: MOFSL, Company

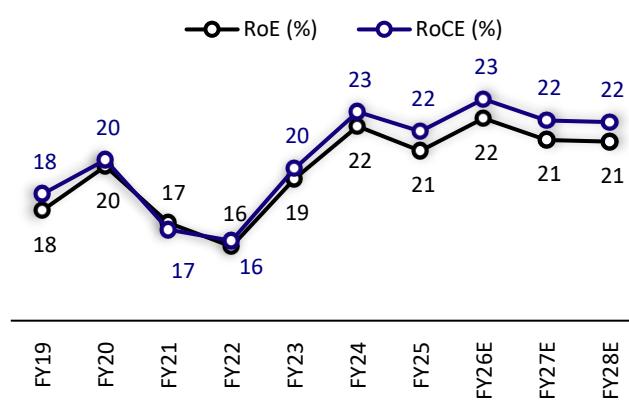
Exhibit 6: Estimate EBITDA CAGR of ~22% over FY25-28



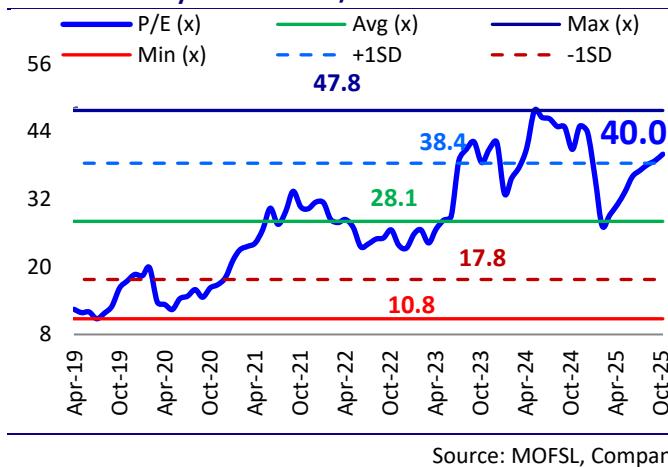
Source: MOFSL, Company

Exhibit 7: Higher OCF continues to support the capex plan


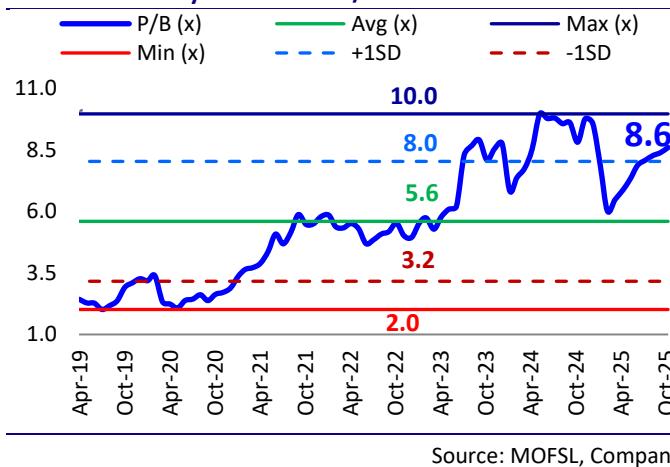
Source: MOFSL, Company

Exhibit 8: RoE/RoCE to be higher than the historical average


Source: MOFSL, Company

Exhibit 9: One-year forward P/E chart


Source: MOFSL, Company

Exhibit 10: One-year forward P/B chart


Source: MOFSL, Company

Financials and valuations (Consolidated)

Income Statement									(INR m)
Y/E March	2021	2022	2023	2024	2025	2026E	2027E	2028E	
Net Sales	88,585	1,22,398	1,41,078	1,80,394	2,24,083	2,67,623	3,14,807	3,70,335	
Change (%)	0.3	38.2	15.3	27.9	24.2	19.4	17.6	17.6	
Raw Materials	65,171	94,657	1,05,109	1,32,803	1,68,300	1,95,632	2,31,635	2,71,382	
Staff Cost	3,537	4,066	4,568	6,095	7,367	8,841	10,609	12,731	
Other Expenses	8,102	10,663	12,880	16,578	18,813	24,148	28,018	32,960	
EBITDA	11,774	13,012	18,521	24,918	29,602	39,001	44,545	53,263	
% of Net Sales	13.3	10.6	13.1	13.8	13.2	14.6	14.2	14.4	
Depreciation	1,762	2,015	2,092	2,450	2,981	3,827	4,727	5,663	
Interest	427	352	598	1,083	1,689	2,170	2,364	2,761	
Other Income	1,193	899	1,333	2,209	2,076	2,492	2,741	3,097	
Profit of share of associates/JVs	6	(26)	(93)	-	-	-	-	-	
PBT	10,784	11,519	17,073	23,593	27,008	35,496	40,195	47,937	
Tax	2,703	2,706	4,242	5,564	6,553	8,803	9,968	11,888	
Rate (%)	25.1	23.5	24.8	23.6	24.3	24.8	24.8	24.8	
MI	38	87	123	189	255	276	298	322	
Extra-ordinary Inc.(net)	(1,000)	-	-	-	-	(330)	-	-	
Reported PAT	7,042	8,725	12,708	17,841	20,200	26,747	29,929	35,726	
Change (%)	(7.2)	23.9	45.6	40.4	13.2	32.4	11.9	19.4	
Adjusted PAT	8,042	8,725	12,708	17,841	20,200	26,502	29,929	35,726	
Change (%)	5.9	8.5	45.6	40.4	13.2	31.2	12.9	19.4	

Balance Sheet (Consolidated)									(INR m)
Y/E March	2021	2022	2023	2024	2025	2026E	2027E	2028E	
Share Capital	1,491	1,494	1,498	1,502	1,504	1,504	1,504	1,504	
Reserves	46,048	53,943	64,874	80,369	96,746	1,17,898	1,40,306	1,68,511	
Net Worth	47,539	55,437	66,372	81,871	98,250	1,19,403	1,41,810	1,70,015	
Loans	2,487	831	730	898	1,090	990	890	790	
Deffered Tax Liability	418	272	409	415	785	785	785	785	
Minority Interest	188	251	374	562	818	1,094	1,392	1,713	
Capital Employed	50,633	56,791	67,885	83,746	1,00,943	1,22,271	1,44,877	1,73,304	
Gross Fixed Assets	26,989	27,059	33,069	37,462	47,153	59,153	72,153	85,153	
Less: Depreciation	8,293	10,308	12,400	14,850	17,831	21,658	26,385	32,048	
Net Fixed Assets	18,696	16,751	20,669	22,612	29,321	37,494	45,767	53,104	
Capital WIP	991	3,755	2,508	6,547	7,872	7,872	7,872	7,872	
Investments	6,349	7,733	13,505	18,224	17,490	17,490	17,490	17,490	
Curr. Assets	44,111	45,880	57,559	73,276	82,804	1,03,381	1,25,465	1,55,678	
Inventory	19,879	21,996	29,514	36,751	36,613	43,727	51,436	60,509	
Debtors	15,641	13,763	12,992	21,662	28,957	34,583	40,681	47,856	
Cash & Bank Balance	5,313	4,071	6,952	4,024	7,706	13,692	19,964	31,567	
Loans & Advances	123	127	103	106	111	133	156	183	
Other Current Assets	3,155	5,922	7,997	10,733	9,416	11,246	13,228	15,562	
Current Liab. & Prov.	19,514	17,328	26,356	36,914	36,544	43,966	51,718	60,841	
Creditors	13,480	12,175	20,326	28,633	27,358	32,995	38,812	45,658	
Other Liabilities	5,547	4,634	5,312	7,365	8,145	9,727	11,442	13,460	
Provisions	487	518	717	916	1,042	1,245	1,464	1,722	
Net Current Assets	24,597	28,552	31,203	36,362	46,259	59,415	73,747	94,837	
Application of Funds	50,633	56,791	67,885	83,746	1,00,943	1,22,271	1,44,877	1,73,303	

Financials and valuations (Consolidated)

Ratios

Y/E March	2021	2022	2023	2024	2025	2026E	2027E	2028E
Basic (INR)								
Adjusted EPS	53.9	58.4	84.9	118.8	134.3	176.2	199.0	237.5
Growth (%)	5.8	8.3	45.3	40.0	13.1	31.2	12.9	19.4
Cash EPS	65.7	71.9	98.8	135.1	154.1	201.6	230.4	275.1
Book Value	318.8	371.0	443.2	545.0	653.1	793.8	942.7	1,130.2
DPS	10.0	14.0	20.0	30.0	35.0	40.0	50.0	50.0
Payout (incl. Div. Tax.)	18.5	24.0	23.6	16.8	22.3	19.9	25.1	21.1
Valuation (x)								
P/Sales	13.0	9.4	8.2	6.4	5.2	4.3	3.7	3.1
P/E	143.4	132.4	91.1	65.1	57.6	43.9	38.9	32.6
Cash P/E	117.6	107.6	78.3	57.3	50.2	38.4	33.6	28.1
EV/EBITDA	97.7	88.6	62.2	46.5	39.1	29.5	25.7	21.3
EV/Sales	13.0	9.4	8.2	6.4	5.2	4.3	3.6	3.1
Price/Book Value	24.3	20.8	17.4	14.2	11.8	9.7	8.2	6.8
Dividend Yield (%)	0.1	0.2	0.3	0.4	0.5	0.5	0.6	0.6
Profitability Ratios (%)								
RoE	16.9	15.7	19.1	21.8	20.6	22.2	21.1	21.0
RoCE	16.6	16.0	19.7	22.5	21.5	23.2	22.1	22.0
RoIC	19.3	18.7	26.0	27.9	26.6	29.0	27.9	28.8
Turnover Ratios								
Debtors (Days)	64	41	34	44	47	47	47	47
Inventory (Days)	82	66	76	74	60	60	60	60
Creditors. (Days)	56	36	53	58	45	45	45	45
Asset Turnover (x)	1.7	2.2	2.1	2.2	2.2	2.2	2.2	2.1
Leverage Ratio								
Debt/Equity (x)	(0.1)	(0.1)	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)	(0.2)

Cash Flow Statement

Y/E March	2021	2022	2023	2024	2025	2026E	2027E	2028E
PBT before EO Items								
Add : Depreciation	1,866	2,088	2,092	2,450	2,981	3,827	4,727	5,663
Interest	531	352	598	1,083	1,689	2,170	2,364	2,761
Less : Direct Taxes Paid	2,409	3,340	3,704	5,743	6,331	8,803	9,968	11,888
(Inc)/Dec in WC	(2,600)	4,974	1,058	8,090	6,099	7,169	8,061	9,487
Others	(325)	(529)	(725)	(331)	(1,162)	(2,492)	(2,741)	(3,097)
CF from Operations								
(Inc)/Dec in FA	(1,935)	(5,267)	(4,795)	(8,585)	(9,706)	(12,000)	(13,000)	(13,000)
Free Cash Flow	10,450	(151)	9,481	4,377	8,379	11,029	13,516	18,888
(Pur)/Sale of Investments	(5,664)	997	(7,232)	1,066	(2,687)	2,492	2,741	3,097
Others								
CF from Investments								
(Inc)/Dec in Net Worth	-	-	-	-	-	-	-	-
(Inc)/Dec in Debt	(1,217)	(168)	332	194	498	(100)	(100)	(100)
Less : Interest Paid	463	309	476	1,017	1,685	2,170	2,364	2,761
Dividend Paid	-	1,492	2,094	2,997	4,511	5,265	7,521	7,521
Others	(68)	(38)	(32)	(54)	(585)	-	-	-
CF from Fin. Activity								
Inc/Dec of Cash	3,038	(1,160)	(22)	1,570	(591)	5,986	6,271	11,603
Add: Beginning Balance	4,658	5,231	6,974	2,454	8,297	7,706	13,692	19,964
Closing Balance	7,696	4,071	6,952	4,024	7,706	13,692	19,964	31,567

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NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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