NIRMAL BANG
a relationship beyond broking

Institutional Equities

Polycab India (POLYCAB)

Consumer Electricals | NBIE Conference Meet Update

HOLD

CMP: Rs7,661 | Target Price (TP): Rs7,790 | Upside: 2%

November 18, 2025

Riding the structural demand upswing

Key Points

- We hosted Mr. Chirayu Upadhyaya, Head of Investor Relations at Polycab India Limited. During the interaction, he mentioned that demand for wires and cables remains strong across multiple end-user industries with the power sector emerging as one of the key growth drivers. Looking ahead, the domestic cables and wires industry is projected to achieve 12–14% CAGR and Polycab aims to grow at 1.5x that of the industry.
- ***Wires & Cables (W&C)***: Polycab has seen a sharp pickup in demand over the last two to three years, largely fueled by higher government spending on infrastructure and stronger activity in real estate. Management believes the current surge in wire demand reflects real estate projects launched a few years back that are now coming into the consumption phase. Looking ahead, they expect this momentum to stay strong for the next three to four years.
- ***EHV expansion:*** Polycab's full backward integration and the new 550kV EHV cable plant should lift overall profitability, as EHV cables typically earn 15–16% margins, well above the 9–11% seen in standard cables.
- ***FMEG:*** In 1HFY26, Polycab outperformed the industry, largely driven by strong growth in the solar category, which has gained momentum following the government's rooftop solar initiative. The management reiterated its focus on profitability improvement, targeting EBIT margins of 8–10% by FY30, to be achieved through a gradual and sustainable expansion.
- We maintain HOLD with a TP of Rs7,790. This implies a P/E of 35x on Sep-27E EPS and is at a ~16% premium to the 5-year historical average P/E multiple, while being in line with its 3-year average. We believe that the multiple is fair and adequately captures: 1) ~22% EPS CAGR over FY25-FY28E, 2) post-tax RoCE of 21.3% in FY28E, and 3) correctly rewards the company for strong tailwinds in cables–which started only a couple of years back***. We continue to view the company's long-term outlook as healthy, supported by its strong business fundamentals. While the near-term setup does not call for aggressive buying, we think the stock remains a strong long-term story and could be added gradually on meaningful dips.***

W&C momentum remains strong: Polycab's core Wires and Cables (W&C) business, which drives over 70% of revenue continues to power ahead on the back of India's infrastructure and real estate boom. Demand has surged over the past few years supported by higher government spending and steady project execution. The company notes that current wire demand reflects real estate launches from two to three years ago, and with the construction cycle remaining active, growth should sustain for the next three to four years. Polycab is also expanding into the affordable housing segment through its Etira brand, offering value without compromising margins. Fully backward-integrated operations and an upcoming EHV cable facility (up to 550KV) are set to enhance efficiency and profitability with EHV margins typically stronger at 15–16% versus 9–11% for standard cables.

Est Change	No change
TP Change	No change
Rating Change	No change

Company Data and Valuation Summary

Reuters:	POLC.BO
Bloomberg:	POLYCAB IN
Mkt Cap (Rsbn/US$bn):	1,153.3 / 13.0
52 Wk H / L (Rs):	7,903 / 4,555
ADTV-3M (mn) (Rs/US$):	1,805.2 / 20.4
Stock performance (%) 1M/6M/1yr:	1.1 / 40.6 / 4.5
Nifty 50 performance (%) 1M/6M/1yr:	3.0 / 3.7 / 10.2

Shareholding	3QFY25	4QFY25	1QFY26
Promoters	63.1	63.0	63.0
DIIs	10.7	10.9	11.6
FIIs	12.8	11.1	11.5
Others	13.5	14.9	14.0
Pro pledge	0.0	0.0	0.0

Financial and Valuation Summary

Particulars (Rsmn)	FY25	FY26E	FY27E	FY28E
Net Sales	224,083	274,641	323,356	382,817
Growth YoY (%)	*24.2*	*22.6*	*17.7*	*18.4*
Gross Margin (%)	*24.9*	*26.5*	*26.5*	*28.3*
EBITDA	29,602	38,681	43,821	53,003
EBITDA Margin (%)	*13.2*	*14.1*	*13.6*	*13.8*
Adj. PAT	20,267	26,816	30,145	36,816
Growth YoY (%)	*13.6*	*32.3*	*12.4*	*22.1*
Adj. EPS (Rs)	134.7	178.3	200.4	244.8
RoCE (%)	*20.0*	*22.3*	*21.3*	*21.3*
ROE (%)	*20.6*	*23.1*	*21.8*	*22.4*
RoIC	*26.9*	*29.8*	*28.6*	*42.8*
P/E	56.9	43.0	38.2	31.3
EV/EBITDA	38.1	29.1	25.5	21.0
P/B	11.7	9.9	8.3	7.0

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Key Links – 2QFY26 Results | 2QFY26 Result Note

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Strong traction in FMEG as solar leads the charge: Polycab's FMEG business has started to gain meaningful traction, growing 16% YoY in the first half, thus outperforming industry trends. Growth was led by the solar category, which has surged since the government's rooftop solar initiative, making it the largest segment within FMEG, followed by fans. With 90% backward integration already achieved and margin improvement expected in switchgears and fans, the company is steadily building a stronger and more profitable consumer electricals portfolio. Meanwhile, its EPC segment continues to play a supportive strategic role, securing large government orders worth about Rs41.5bn under RDSS and BharatNet schemes. While contributing modestly to revenue, EPC enables deeper participation in national infrastructure programs and maintains high-single digit margins.

Investing to stay ahead of the curve: Looking forward, Polycab aims to sustain its leadership with industry-beating growth. The domestic W&C market is expected to grow 12–14%, while Polycab targets 15–20%, backed by rising investments in power transmission, distribution, and private capex. The company also sees exports as a significant growth frontier, tapping into a US$170bn global market. To support this expansion, Polycab plans to invest Rs60–80bn over the next five years—mostly toward cable capacity—fully funded through internal accruals. With capacity already three times larger than its nearest competitor, the management is confident that strong demand and disciplined execution will continue to drive sustainable, high-quality growth in the years ahead.

Key conference meet highlights:

Management commentary and overall outlook

- Polycab targets a growth rate of 15% to 20% in its domestic cables and wires business.
- The management aims to grow exports faster than domestic sales, seeing exports as a major opportunity in the US$170bn global cables and wires market, which offers higher margins.
- The management sees limited short-term risk from new entrants like Ultratech and Adani, citing strong brand loyalty, quality standards, and long product approval timelines in cables.

Segment-wise

Cables and Wires (C&W)

- Polycab aims to maintain EBITDA margins near 14% with stability supported by monthly pass-through of raw material price changes.
- The power sector remains the main growth driver for cables and is expected to lead demand for the next 5–10 years amid strong infrastructure investment.
- Private capex is expected to become the next major growth trigger for cables, likely accelerating from next year as private investment outpaces public spending.

Fast Moving Electrical Goods (FMEG)

- The company is positioned as a challenger in this segment, holding a market share of 2% to 5% across different product categories.
- The management highlighted that the FMEG business has turned profitable over the last three quarters and the long-term goal is to achieve 8% to 10% EBIT margins by FY30.
- Fan sales saw a slight decline in Q2 due to weak summer demand but are expected to recover in Q4.

Engineering, Procurement, and Construction (EPC)

- The management expects EPC to remain a single-digit revenue contributor with high-single digit margins.
- Polycab plans to participate in Bharat Net Phase 3, which has pending orders worth around Rs600bn.

Capex

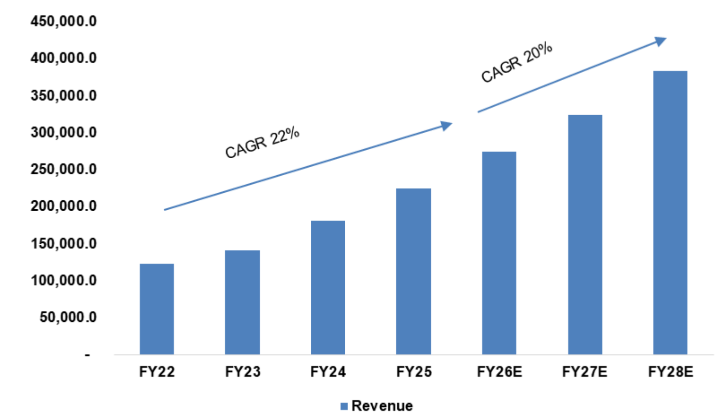
- The company plans a capex of Rs60–80bn over the next five years or about Rs12–16bn annually.
- Around 70%–75% of this will go toward cable capacity expansion with the rest for backward integration and FMEG.

Exhibit 1: Change in earnings estimates

Changes in Estimates						
Description	FY26E			FY27E		
(Rsmn)	Old	New	*Change (%)*	Old	New	*Change (%)*
Net Sales	274,641	274,641	-	323,356	323,356	-
EBITDA	38,681	38,681	-	43,821	43,821	-
EBITDA Margin (%)	***14.1***	***14.1***	***0 bps***	***13.6***	***13.6***	***0 bps***
Adj. PAT	26,816	26,816	-	30,145	30,145	-
Adj. EPS (Rs)	178.3	178.3	-	200.4	200.4	-

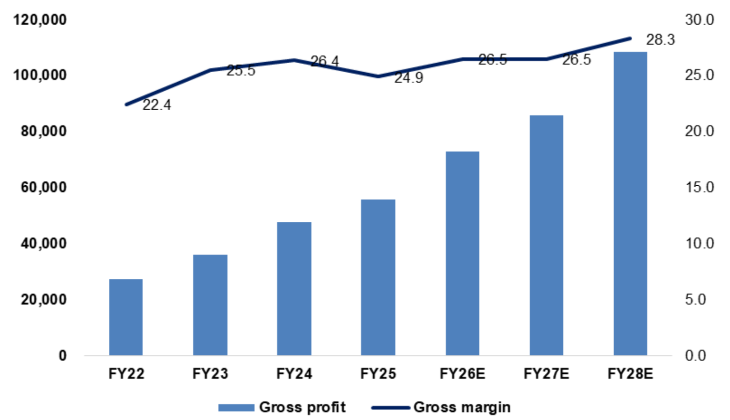
Source: Nirmal Bang Institutional Equities Research

Exhibit 2: We expect Polycab to deliver a revenue CAGR of ~20% by FY28E



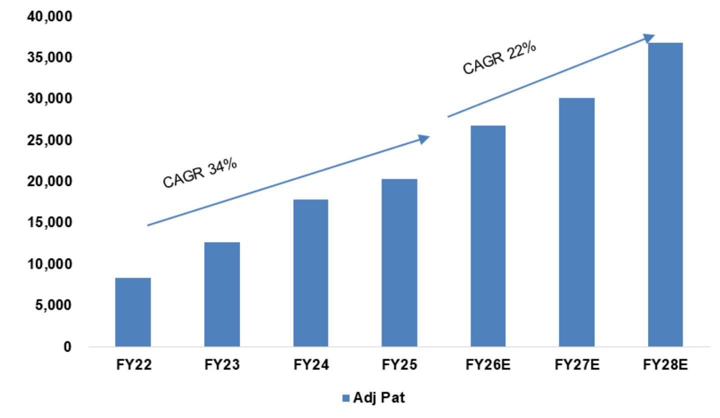
Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 3: Gross margin to expand by ~200bps by FY28E



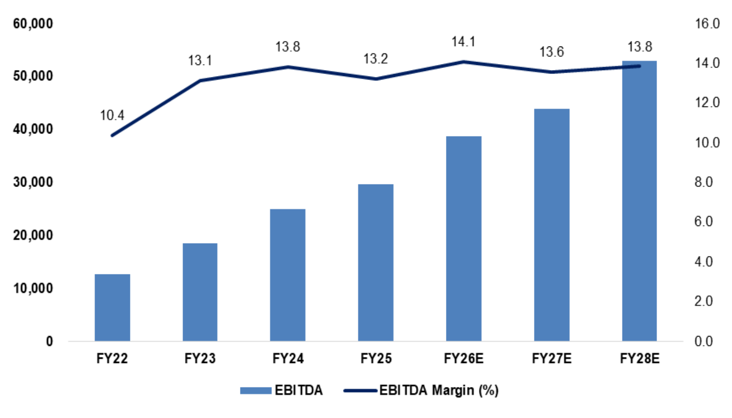
Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 4: We expect Polycab to deliver a PAT CAGR of ~22% by FY28E



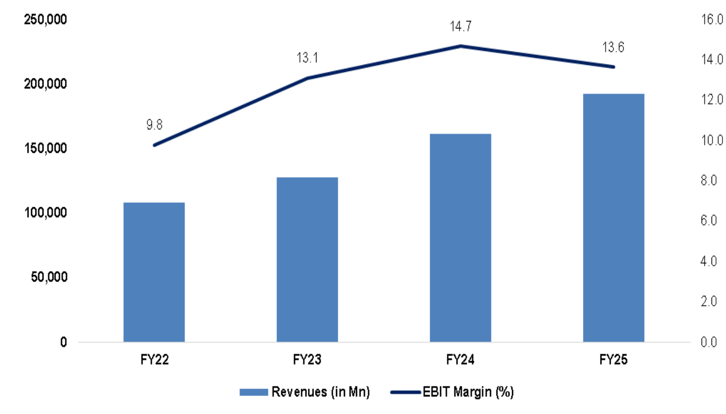
Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 5: EBITDA margin to be maintained at ~13.5%-14%



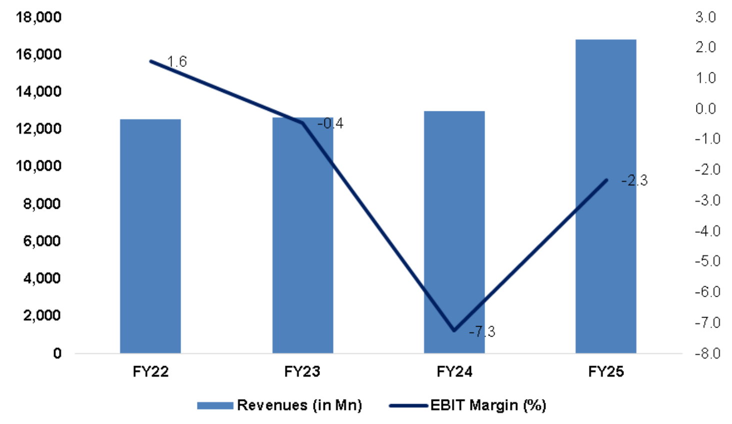
Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 6: W&C segment trend



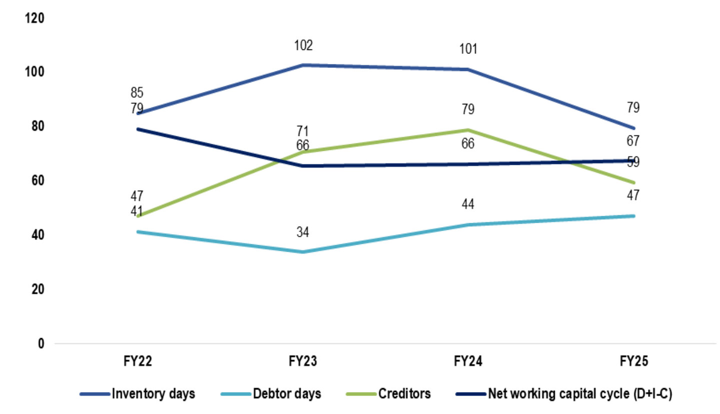
Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 7: FMEG segment trend



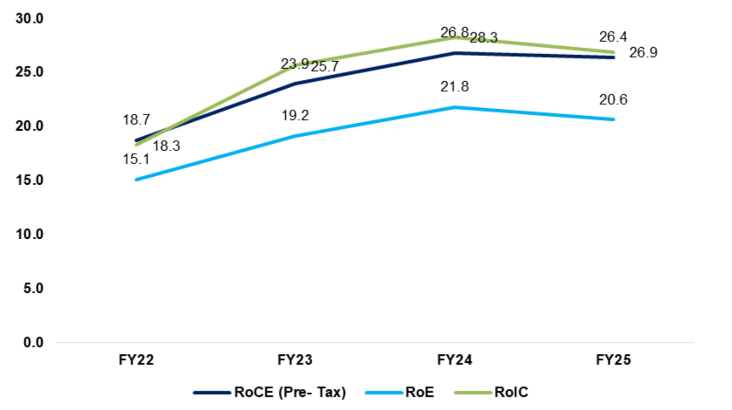
Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 8: NWC days steady at ~60



Source: Bloomberg, Nirmal Bang Institutional Equities Research

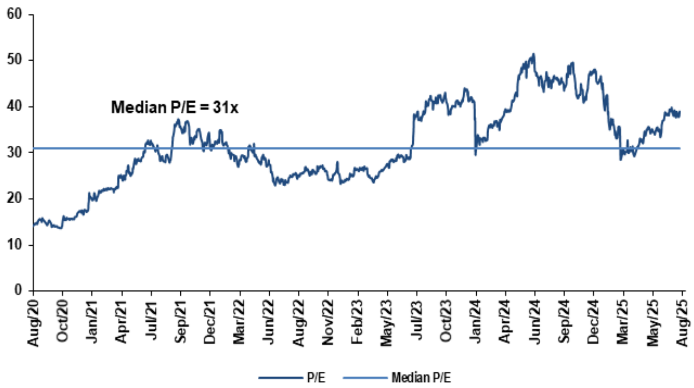
Exhibit 9: Return ratio trend



Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 10: 1-year forward P/E trend

Source: Bloomberg, Nirmal Bang Institutional Equities Research



Source: Bloomberg, Nirmal Bang Institutional Equities Research

Financials

Exhibit 11: Income Statement

Y/E March (Rsmn)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	**180,394**	**224,083**	**274,641**	**323,356**	**382,817**
% growth	*27.9*	*24.2*	*22.6*	*17.7*	*18.4*
Gross Profit	47,591	55,783	72,780	85,689	108,337
Gross Margin (%)	***26.4***	***24.9***	***26.5***	***26.5***	***28.3***
Staff cost	6,095	7,367	9,338	10,994	11,485
% of sales	*3.4*	*3.3*	*3.4*	*3.4*	*3.0*
Other expenses	16,578	18,813	24,762	30,874	43,849
% of sales	*9.2*	*8.4*	*9.0*	*9.5*	*11.5*
EBITDA	**24,918**	**29,602**	**38,681**	**43,821**	**53,003**
% growth	*34.5*	*18.8*	*30.7*	*13.3*	*21.0*
EBITDA margin (%)	***13.8***	***13.2***	***14.1***	***13.6***	***13.8***
Depreciation	2,450	2,981	3,346	4,062	5,586
EBIT	22,468	26,621	35,335	39,758	47,418
Interest	1,083	1,689	1,800	1,900	1,330
Other income	2,209	2,076	2,472	2,587	3,445
PBT (bei)	23,593	27,008	36,006	40,445	49,533
PBT	23,593	27,008	36,006	40,445	49,533
ETR	23.6	24.3	25.0	25.0	25.2
PAT	18,029	20,455	27,005	30,334	37,066
Adj PAT	**17,840**	**20,267**	**26,816**	**30,145**	**36,816**
% growth	*40.5*	*13.6*	*32.3*	*12.4*	*22.1*

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: Balance Sheet

Y/E March (Rsmn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	1,502	1,504	1,504	1,504	1,504
Reserves	80,369	96,746	114,700	136,571	162,857
Net worth	**81,871**	**98,250**	**116,204**	**138,076**	164,361
Short-term Loans	672	671	421	171	(79)
Long-term Loans	226	419	419	419	419
Total Loans	**898**	**1,090**	**840**	**590**	**340**
Net Debt	**(3,126)**	**(6,616)**	**(10,583)**	**(17,014)**	**(36,928)**
Other non-current liabilities	415	785	785	785	785
Total Equity & Liabilities	**83,746**	**100,943**	**118,646**	**140,268**	**166,304**
Gross Block	36,259	45,476	57,476	69,476	79,476
Depreciation	14,582	17,563	20,909	24,971	30,557
Net Block	**22,612**	**29,321**	**37,975**	**45,913**	**50,327**
CWIP	5,784	7,081	5,500	5,500	5,500
Investments	18,987	18,281	18,281	18,281	18,281
Trade receivables	21,662	28,957	27,840	32,779	36,708
Inventories	36,751	36,613	52,539	58,603	61,664
Cash & Cash Equivalents	4,024	7,706	11,423	17,605	37,268
Other Current assets	10,840	9,527	15,655	18,431	22,203
Total Current assets	**73,276**	**82,804**	**107,457**	**127,417**	**157,844**
Trade payables	28,633	27,358	38,160	42,324	45,120
Other current liabilities	8,281	9,187	12,407	14,519	20,528
Total current liabilities	**36,914**	**36,544**	**50,567**	**56,843**	**65,648**
Total Assets	**83,746**	**100,943**	**118,646**	**140,268**	**166,304**

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Cash Flow

Y/E March (Rsmn)	FY24	FY25	FY26E	FY27E	FY28E
PBT	**23,593**	**27,008**	**36,006**	**40,445**	**49,533**
Depreciation	2,450	2,981	3,346	4,062	5,586
Interest	(1,083)	(1,689)	(1,800)	(1,900)	(1,330)
Other adjustments	(189)	(189)	(189)	(189)	(250)
Change in Working capital	(7,327)	(6,214)	(6,915)	(7,502)	(1,958)
Tax paid	(5,558)	(6,183)	(9,002)	(10,111)	(12,467)
Operating cash flow	**14,053**	**19,092**	**25,047**	**28,605**	**41,773**
Capital expenditure (-)	(7,670)	(10,987)	(10,419)	(12,000)	(10,000)
Free cash flow	**6,383**	**8,105**	**14,629**	**16,605**	**31,773**
Other investing activities	-	-	-	-	-
Investing cash flow	**(7,670)**	**(10,987)**	**(10,419)**	**(12,000)**	**(10,000)**
Issuance of share capital	5	2	-	-	-
Movement of Debt	(654)	192	(250)	(250)	(250)
Dividend paid (incl DDT)	(4,507)	(4,513)	(6,017)	(8,273)	(10,530)
Other financing activities	(6,377)	(727)	(1,800)	(1,900)	(1,330)
Financing cash flow	**(11,533)**	**(5,046)**	**(8,067)**	**(10,423)**	**(12,110)**
Net change in cash flow	**(2,929)**	**3,683**	**3,717**	**6,182**	**19,663**
Opening cash	6,952	4,024	7,706	11,423	17,605
Closing cash	4,024	7,706	11,423	17,605	37,268

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 14: Key Ratios

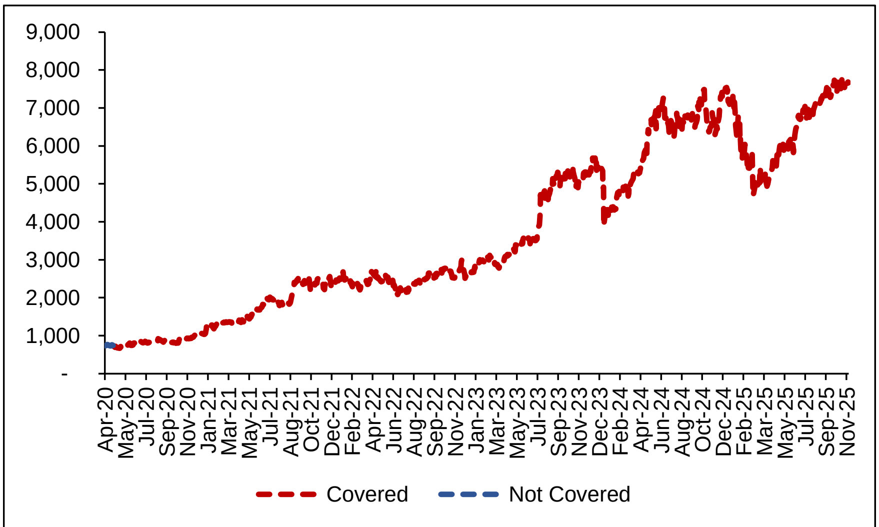
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Per Share (Rs)					
EPS	118.6	134.7	178.3	200.4	244.8
Book value	544.3	653.2	772.5	917.9	1,092.7
DPS	30.0	30.0	40.0	55.0	70.0
Valuation (x)					
P/Sales	6.39	5.14	4.20	3.56	3.01
EV/EBITDA	45.38	38.11	29.07	25.51	21.04
P/E	64.6	56.9	43.0	38.2	31.3
P/BV	14.1	11.7	9.9	8.3	7.0
Return ratio (%)					
RoCE	20.5	20.0	22.3	21.3	21.3
RoCE (Pre- Tax)	26.8	26.4	29.8	28.3	28.5
RoE	21.8	20.6	23.1	21.8	22.4
RoIC	28.3	26.9	29.8	28.6	42.8
Profitability ratio (%)					
Gross Margin	26.4	24.9	26.5	26.5	28.3
EBITDA margin	13.8	13.2	14.1	13.6	13.8
PAT margin	9.9	9.0	9.8	9.3	9.6
Liquidity ratios (%)					
Current ratio	2.0	2.3	2.1	2.2	2.4
Quick ratio	1.0	1.3	1.1	1.2	1.5
Solvency ratio (x)					
Net Debt-equity	(0.04)	(0.07)	(0.09)	(0.12)	(0.22)
Turnover ratio					
Fixed Asset turnover ratio (x)	5.0	4.9	4.8	4.7	4.8
Debtor days	44	47	37	37	35
Inventory days	101	79	95	90	82
Creditors days	79	59	69	65	60
Net Working capital days	66	67	63	62	57

Source: Company, Nirmal Bang Institutional Equities Research

Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
24 April 2021	Hold	1,479	1,620
24 May2021	Hold	1,677	1,700
23 July 2021	Hold	1,910	1,865
26 September 2021	Hold	2,413	2,500
25 October 2021	Hold	2,348	2,600
22 January 2022	Hold	2,511	2,600
21 February 2022	Hold	2,380	2,650
12 May 2022	Hold	2,428	2,625
20 July 2022	Buy	2,199	2,625
1 September 2022	Hold	2,485	2,625
19 September 2022	Hold	2,645	2,845
19 October 2022	Hold	2,707	2,775
5 December 2022	Hold	2,528	2,775
22 January 2023	Hold	2,761	3,015
22 March 2023	Hold	2,864	3,065
15 May 2023	Hold	3,381	3,415
7 June 2023	Hold	3,538	3,415
20 July 2023	Buy	4,308	5,335
4 September 2023	Hold	5,208	5,335
19 October 2023	Hold	5,297	5,625
24 November 2023	Hold	5,226	5,625
19 January 2024	Buy	4,423	5,255
19 February 2024	Hold	4,769	5,255
10 May 2024	Hold	6,156	5,905
5 June 2024	Hold	6,456	6,150
19 July 2024	Hold	6,312	6,165
20 October 2024	Hold	7,120	7,320
26 December 2024	Hold	7,144	7,625
24 January 2025	Hold	6,251	6,765
28 February 2025	Buy	4,674	6,228
7 May 2025	Hold	5,886	6,555
18 July 2025	Hold	6,952	7,326
19 August 2025	Hold	7,087	7,326
18 November 2025	Hold	7,661	7,790

Rating Track Graph



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Stock Ratings Absolute Returns

BUY > 15%

HOLD -5% to14%

SELL < -5%

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