JM FINANCIAL

Polycab India | BUY

1QFY26: A beat on all fronts; maintain BUY

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Polycab's 1Q performance was a beat on all fronts. While 33% YoY growth in the C&W business was a key highlight, the FMEG portfolio also reported steady growth and improved profitability (revenue +18% YoY, EBITDA margin at 4.2%, +250bps YoY). The C&W business benefitted from increased government expenditure and rising commodity prices, while the FMEG business maintained its growth momentum owing to demand from real estate. Another key highlight was the ramp-up in the high-margin export business, +24% YoY. While 1Q was a very strong quarter for Polycab, we await more clarity on the sustainability of this performance and the way forward. The concall is scheduled for 12PM tomorrow (click here to register). We maintain buy with PT of INR 7,900 set at 42x Jun'27E EPS.

- **1Q an overall beat, PAT +50% YoY:** 1Q revenue at INR 59bn, +26% YoY, was a 2% beat on our estimate and a 5% beat on consensus estimates. This was driven by strong growth in the cables and wires (C&W) and FMEG business. EBITDA rose 47% YoY to INR 8.6bn, (12/15% beat on our/consensus estimates) driven by strong revenue growth, lower operating expenses and an operating-leverage-led 210bps YoY expansion in margins (14.5%, +120bps higher vs. our and consensus estimate). In this quarter, project bought-out costs was lower at INR 1.8bn vs. INR 2.8bn YoY, which aided margins. PAT stood at INR 6bn, +50% YoY; 13% ahead of our estimate and a 16% beat on consensus expectations for the quarter.

- **Strong revenue growth in C&W and FMEG:** Polycab's strong 1Q performance was driven by strong growth in both the C&W and FMEG businesses. The 26% YoY revenue growth was the result of 33% YoY growth in the C&W business and 18% YoY growth in the FMEG business. The EPC vertical saw a YoY decline of 28%. This was driven by higher government expenditure for wires & cables and steady demand for FMEG products.

- **Domestic C&W strong, exports ramping up well:** Further splitting Polycab's 1Q segmental performance we note that, while the overall C&W business registered a 33% YoY growth, growth in the domestic C&W business stood at 34% YoY, coming off a decent base. This was aided by increased government expenditure and rising commodity prices. As far as C&W exports are concerned, this vertical registered 24% YoY growth, over a weak base wherein Polycab's US distribution rejig has impacted export performance. Polycab's 1Q C&W EBITDA margin also expanded by 210bps, one key driver of which, we believe, is the growth in exports.

- **FMEG momentum continues; profitability improves as well:** FMEG segment maintained its healthy growth momentum, rising 18% YoY, aided by steady demand from the real estate sector, which in turn aided growth in categories like lights, switchgears, switches, and conduit pipes and fittings. Owing to a weak summer, the fans segment witnessed a muted performance. However, this weakness was offset by the growth in solar products which emerged as the largest category within FMEG, growing >2x YoY. The FMEG EBITDA margin stood at 4.2% vs. 1.7% YoY.

Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	7,900
Upside/(Downside)	14.7%
Previous Price Target	7,900
Change	0.0%

Key Data – POLYCAB IN	
Current Market Price	INR6,886
Market cap (bn)	INR1,036.4/US$12.0
Free Float	34%
Shares in issue (mn)	150.2
Diluted share (mn)	150.2
3-mon avg daily val (mn)	INR2,307.4/US$26.8
52-week range	7,607/4,555
Sensex/Nifty	82,259/25,111
INR/US$	86.1

Price Performance			
%	1M	6M	12M
Absolute	14.0	1.6	3.9
Relative*	12.9	-5.4	2.7

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	180,394	224,083	261,016	305,106	357,409
Sales Growth (%)	27.9	24.2	16.5	16.9	17.1
EBITDA	24,918	29,602	32,771	38,937	46,212
EBITDA Margin (%)	13.8	13.2	12.6	12.8	12.9
Adjusted Net Profit	17,840	20,200	22,527	26,847	31,923
Diluted EPS (INR)	118.7	134.5	149.9	178.7	212.5
Diluted EPS Growth (%)	40.0	13.2	11.5	19.2	18.9
ROIC (%)	31.5	29.7	26.4	26.3	27.2
ROE (%)	24.1	22.4	21.2	21.5	21.7
P/E (x)	58.0	51.2	45.9	38.5	32.4
P/B (x)	12.6	10.5	9.0	7.7	6.5
EV/EBITDA (x)	40.6	34.1	30.9	25.8	21.6
Dividend Yield (%)	0.4	0.5	0.6	0.6	0.7

Source: Company data, JM Financial. Note: Valuations as of 17/Jul/2025

Exhibit 1. Polycab - 1QFY26 results review

(INR mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26	Q1FY26E
Net Revenue	**38,894**	**42,177**	**43,405**	**55,919**	**1,80,394**	**46,980**	**54,984**	**52,261**	**69,858**	**2,24,083**	**59,060**	**57,785**
YoY	**42%**	**27%**	**17%**	**29%**	**28%**	**21%**	**30%**	**20%**	**25%**	**24%**	**26%**	**23%**
Raw Material Costs	(28,292)	(30,339)	(30,578)	(38,851)	(1,28,060)	(32,569)	(38,953)	(36,074)	(48,136)	(1,55,731)	(41,423)	(39,814)
Gross Profit	**10,602**	**11,838**	**12,827**	**17,068**	**52,335**	**14,411**	**16,032**	**16,186**	**21,722**	**68,351**	**17,637**	**17,971**
Gross Profit margin %	**27.3%**	**28.1%**	**29.6%**	**30.5%**	**29.0%**	**30.7%**	**29.2%**	**31.0%**	**31.1%**	**30.5%**	**29.9%**	**31.1%**
Employee Cost	(1,349)	(1,557)	(1,494)	(1,696)	(6,095)	(1,539)	(1,803)	(1,989)	(2,036)	(7,367)	(2,189)	(1,935)
% of sales	3.5%	3.7%	3.4%	3.0%	3.4%	3.3%	3.3%	3.8%	2.9%	3.3%	3.7%	3.3%
Other expenses	(3,767)	(4,192)	(5,638)	(7,757)	(21,354)	(7,039)	(7,913)	(6,998)	(9,432)	(31,382)	(6,872)	(8,351)
% of sales	9.7%	9.9%	13.0%	13.9%	11.8%	15.0%	14.4%	13.4%	13.5%	14.0%	11.6%	14.5%
EBITDA	**5,486**	**6,089**	**5,695**	**7,615**	**24,885**	**5,834**	**6,316**	**7,199**	**10,254**	**29,602**	**8,576**	**7,685**
YoY	**76%**	**42%**	**13%**	**25%**	**34%**	**6%**	**4%**	**26%**	**35%**	**19%**	**47%**	**32%**
EBITDA margin%	**14.1%**	**14.4%**	**13.1%**	**13.6%**	**13.8%**	**12.4%**	**11.5%**	**13.8%**	**14.7%**	**13.2%**	**14.5%**	**13.3%**
Total D&A Expense	(571)	(603)	(619)	(657)	(2,450)	(671)	(721)	(786)	(804)	(2,981)	(857)	(800)
EBIT	**4,914**	**5,486**	**5,076**	**6,958**	**22,435**	**5,162**	**5,595**	**6,414**	**9,450**	**26,621**	**7,719**	**6,885**
YoY	**89%**	**46%**	**12%**	**25%**	**37%**	**5%**	**2%**	**26%**	**36%**	**19%**	**50%**	**33%**
EBIT margin%	**12.6%**	**13.0%**	**11.7%**	**12.4%**	**12.4%**	**11.0%**	**10.2%**	**12.3%**	**13.5%**	**11.9%**	**13.1%**	**11.9%**
Other Income	640	353	710	538	2,241	584	762	250	481	2,076	799	490
Finance Costs	(249)	(268)	(322)	(244)	(1,083)	(413)	(453)	(498)	(325)	(1,689)	(513)	(350)
PBT	**5,305**	**5,572**	**5,464**	**7,253**	**23,593**	**5,333**	**5,903**	**6,166**	**9,606**	**27,008**	**8,006**	**7,025**
YoY	**79%**	**55%**	**13%**	**25%**	**37%**	**1%**	**6%**	**13%**	**32%**	**14%**	**50%**	**32%**
Income Tax Expense	(1,277)	(1,274)	(1,299)	(1,718)	(5,567)	(1,317)	(1,451)	(1,522)	(2,262)	(6,553)	(2,009)	(1,705)
Rate %	24.1%	22.9%	23.8%	23.7%	23.6%	24.7%	24.6%	24.7%	23.5%	24.3%	25.1%	24.3%
Net Profit	**4,028**	**4,298**	**4,165**	**5,535**	**18,026**	**4,016**	**4,452**	**4,643**	**7,344**	**20,455**	**5,997**	**5,321**
Minority Interest	(35)	(42)	(37)	(75)	(189)	(57)	(54)	(68)	(77)	(255)	(76)	(83)
Net Profit to Shareholders	**3,993**	**4,256**	**4,128**	**5,460**	**17,837**	**3,959**	**4,398**	**4,576**	**7,267**	**20,200**	**5,921**	**5,238**
YoY	**81.7%**	**58.9%**	**15.4%**	**28.5%**	**40.5%**	**-0.8%**	**3.3%**	**10.8%**	**33.1%**	**13.2%**	**50%**	**32.3%**
Net Margin%	**10.3%**	**10.1%**	**9.5%**	**9.8%**	**9.9%**	**8.4%**	**8.0%**	**8.8%**	**10.4%**	**9.0%**	**10.0%**	**9.1%**

Source: Company, JM Financial

Exhibit 2. Polycab – 1QFY26 segmental revenue mix

(INR mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26
C&W	**34,874**	**37,401**	**38,730**	**48,486**	**1,59,490**	**38,572**	**46,067**	**43,982**	**59,201**	**1,87,822**	**51,312**
C&W domestic	31,428	33,462	36,045	44,195	1,45,130	36,105	42,703	39,637	55,926	1,74,371	48,251
YoY	42%	35%	18%	30%	30%	15%	28%	10%	27%	20%	34%
C&W exports	3,445	3,939	2,685	4,291	14,360	2,467	3,364	4,345	3,275	13,452	3,061
YoY	88%	-11%	22%	-20%	4%	-28%	-15%	62%	-24%	-6%	24%
FMEG	**3,130**	**3,280**	**2,883**	**3,536**	**12,828**	**3,794**	**3,881**	**4,169**	**4,692**	**16,536**	**4,459**
EPC	**1,227**	**1,608**	**2,164**	**4,108**	**9,107**	**4,815**	**5,488**	**3,918**	**6,028**	**20,249**	**3,474**
YoY revenue growth											
C&W	46%	28%	18%	23%	27%	11%	23%	14%	22%	18%	33%
FMEG	3%	8%	-15%	17%	3%	21%	18%	45%	33%	29%	18%
EPC	63%	95%	118%	305%	154%	292%	241%	81%	47%	122%	-28%
Revenue share											
C&W	89%	88%	88%	86%	88%	82%	83%	84%	85%	84%	87%
FMEG	8%	8%	7%	6%	7%	8%	7%	8%	7%	7%	8%
EPC	3%	4%	5%	7%	5%	10%	10%	8%	9%	9%	6%

Source: Company, JM Financial

Exhibit 3. Polycab – 1QFY26 geographical revenue mix

(INR mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26
Exports	3,445	3,939	2,685	4,291	14,360	2,467	3,364	4,345	3,275	13,452	3,061
Domestic	35,449	38,238	40,720	51,628	1,66,035	44,513	51,620	47,916	66,583	2,10,631	55,999
YoY revenue growth											
Exports	88%	-11%	22%	-20%	4%	-28%	-15%	62%	-24%	-6%	24%
Domestic	39%	32%	17%	36%	30%	26%	35%	18%	29%	27%	26%
Revenue share											
Exports Revenue	8.9%	9.3%	6.2%	7.7%	8.0%	5.3%	6.1%	8.3%	4.7%	6.0%	5.2%
Domestic Revenue	91.1%	90.7%	93.8%	92.3%	92.0%	94.7%	93.9%	91.7%	95.3%	94.0%	94.8%

Source: Company, JM Financial

Exhibit 4. Polycab – segmental EBITDA and margins

(INR mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26
Segment EBITDA											
C&W	5,714	6,008	5,958	7,963	25,643	5,429	6,269	6,677	9,699	28,074	**8,301**
FMEG	15	5	(279)	(355)	(614)	63	(159)	(30)	86	(40)	**189**
EPC	192	187	388	219	986	543	658	361	532	2,093	**273**
Segment EBITDA Margin											
C&W	16.4%	16.1%	15.4%	16.4%	16.1%	14.1%	13.6%	15.2%	16.4%	14.9%	**16.2%**
FMEG	0.5%	0.2%	-9.7%	-10.0%	-4.8%	1.7%	-4.1%	-0.7%	1.8%	-0.2%	**4.2%**
EPC	15.7%	11.6%	17.9%	5.3%	10.8%	11.3%	12.0%	9.2%	8.8%	10.3%	**7.9%**

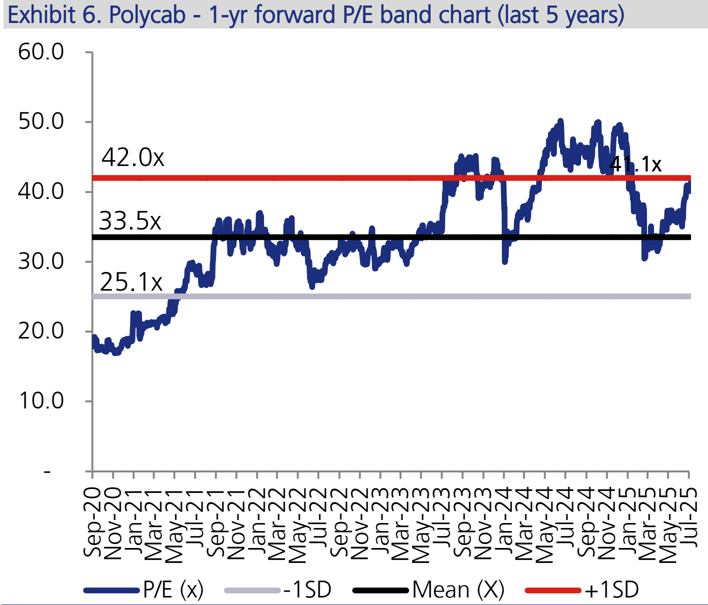
Source: Company, JM Financial

Exhibit 5. Polycab – working capital cycle trend

No. of Days	Q1FY24	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26
Receivable Days	30	29	31	33	33	38	39	41	34	34	40
Inventory Days	82	74	79	60	60	84	71	76	48	48	69
Payables Days	40	41	49	47	47	53	63	58	36	36	60
Working Capital cycle	73	62	62	47	47	69	46	60	46	46	49

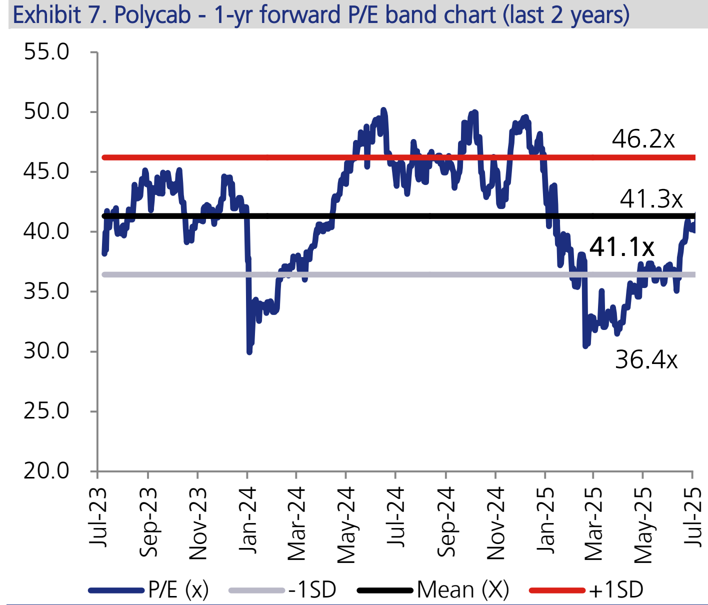
Source: Company, JM Financial

Exhibit 6. Polycab - 1-yr forward P/E band chart (last 5 years)



Source: Bloomberg, JM Financial

Exhibit 7. Polycab - 1-yr forward P/E band chart (last 2 years)



Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	180,394	224,083	261,016	305,106	357,409
Sales Growth	27.9%	24.2%	16.5%	16.9%	17.1%
Other Operating Income	0	0	0	0	0
Total Revenue	**180,394**	**224,083**	**261,016**	**305,106**	**357,409**
Cost of Goods Sold/Op. Exp	128,060	155,731	181,399	212,040	248,389
Personnel Cost	6,095	7,367	8,288	9,324	10,490
Other Expenses	21,321	31,382	38,558	44,805	52,318
EBITDA	**24,918**	**29,602**	**32,771**	**38,937**	**46,212**
EBITDA Margin	13.8%	13.2%	12.6%	12.8%	12.9%
EBITDA Growth	34.5%	18.8%	10.7%	18.8%	18.7%
Depn. & Amort.	2,450	2,981	3,606	4,409	5,248
EBIT	22,468	26,621	29,166	34,528	40,964
Other Income	2,209	2,076	2,224	2,374	2,500
Finance Cost	1,083	1,689	1,340	1,090	881
PBT before Excep. & Forex	23,593	27,008	30,050	35,813	42,583
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	23,593	27,008	30,050	35,813	42,583
Taxes	5,564	6,553	7,272	8,667	10,305
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	189	255	251	299	355
Reported Net Profit	17,840	20,200	22,527	26,847	31,923
Adjusted Net Profit	**17,840**	**20,200**	**22,527**	**26,847**	**31,923**
Net Margin	9.9%	9.0%	8.6%	8.8%	8.9%
Diluted Share Cap. (mn)	150.2	150.2	150.2	150.2	150.2
Diluted EPS (INR)	**118.7**	**134.5**	**149.9**	**178.7**	**212.5**
Diluted EPS Growth	40.0%	13.2%	11.5%	19.2%	18.9%
Total Dividend + Tax	4,500	5,258	6,310	6,610	6,911
Dividend Per Share (INR)	30.0	35.0	42.0	44.0	46.0

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	81,871	98,250	114,467	134,704	159,716
Share Capital	1,502	1,504	1,504	1,504	1,504
Reserves & Surplus	80,369	96,746	112,963	133,200	158,212
Preference Share Capital	0	0	0	0	0
Minority Interest	562	818	1,068	1,367	1,722
Total Loans	1,611	1,724	1,429	1,134	939
Def. Tax Liab. / Assets (-)	415	785	785	785	785
Total - Equity & Liab.	**84,459**	**101,577**	**117,750**	**137,990**	**163,162**
Net Fixed Assets	27,622	35,093	41,487	47,079	52,830
Gross Fixed Assets	35,152	43,894	54,894	65,894	77,894
Intangible Assets	160	98	98	98	98
Less: Depn. & Amort.	13,474	15,980	19,586	23,995	29,243
Capital WIP	5,784	7,081	6,081	5,081	4,081
Investments	18,987	18,281	18,281	18,281	18,281
Current Assets	74,051	84,113	97,155	116,894	142,397
Inventories	36,751	36,613	46,482	54,334	63,648
Sundry Debtors	20,471	25,963	30,242	35,350	41,410
Cash & Bank Balances	4,024	7,706	6,124	12,402	22,006
Loans & Advances	3,060	0	0	0	0
Other Current Assets	9,745	13,831	14,308	14,808	15,333
Current Liab. & Prov.	36,201	35,910	39,173	44,262	50,346
Current Liabilities	30,195	29,062	32,454	37,648	43,810
Provisions & Others	6,006	6,848	6,719	6,614	6,536
Net Current Assets	37,850	48,203	57,982	72,631	92,051
Total – Assets	**84,459**	**101,577**	**117,750**	**137,990**	**163,162**

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	12,277	13,647	15,255	18,181	21,618
Depn. & Amort.	2,450	2,981	3,606	4,409	5,248
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	6,240	3,535	11,156	8,156	9,589
Others	-6,916	-516	-15,039	-7,645	-8,874
Taxes Paid	6	370	0	0	0
Operating Cash Flow	**14,057**	**20,016**	**14,977**	**23,100**	**27,581**
Capex	-7,670	-11,033	-10,000	-10,000	-11,000
Free Cash Flow	6,387	8,983	4,977	13,100	16,581
Inc (-) / Dec in Investments	-5,482	707	0	0	0
Others	-1,437	-2,555	-205	-216	-227
Investing Cash Flow	**-14,589**	**-12,881**	**-10,205**	**-10,216**	**-11,227**
Inc / Dec (-) in Capital	5	2	0	0	0
Dividend + Tax thereon	-4,500	-5,258	-6,310	-6,610	-6,911
Inc / Dec (-) in Loans	-304	113	-295	-295	-195
Others	2,403	1,691	251	299	355
Financing Cash Flow	**-2,396**	**-3,452**	**-6,354**	**-6,607**	**-6,751**
Inc / Dec (-) in Cash	**-2,929**	**3,683**	**-1,583**	**6,278**	**9,604**
Opening Cash Balance	6,952	4,024	7,706	6,124	12,402
Closing Cash Balance	4,024	7,706	6,124	12,402	22,006

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	9.9%	9.0%	8.6%	8.8%	8.9%
Asset Turnover (x)	2.3	2.4	2.3	2.4	2.3
Leverage Factor (x)	1.1	1.1	1.0	1.0	1.0
RoE	24.1%	22.4%	21.2%	21.5%	21.7%

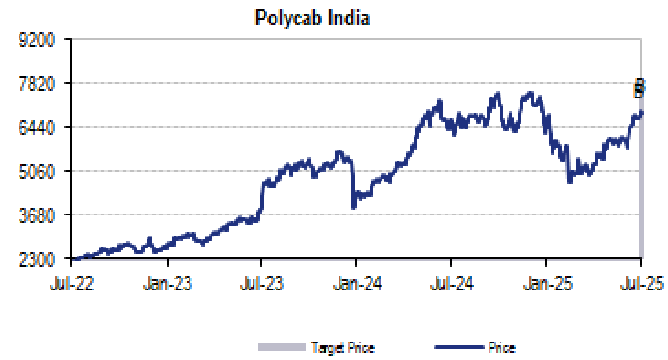
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	545.0	654.0	761.9	896.6	1,063.1
ROIC	31.5%	29.7%	26.4%	26.3%	27.2%
ROE	24.1%	22.4%	21.2%	21.5%	21.7%
Net Debt/Equity (x)	-0.3	-0.2	-0.2	-0.2	-0.2
P/E (x)	58.0	51.2	45.9	38.5	32.4
P/B (x)	12.6	10.5	9.0	7.7	6.5
EV/EBITDA (x)	40.6	34.1	30.9	25.8	21.6
EV/Sales (x)	5.6	4.5	3.9	3.3	2.8
Debtor days	41	42	42	42	42
Inventory days	74	60	65	65	65
Creditor days	67	51	49	49	49

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
12-Jul-25	Buy	7,900	
17-Jul-25	Buy	7,900	0.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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* REITs refers to Real Estate Investment Trusts.

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