



India

ADD (previously HOLD)

Consensus ratings*: Buy 29 Hold 7 Sell 1

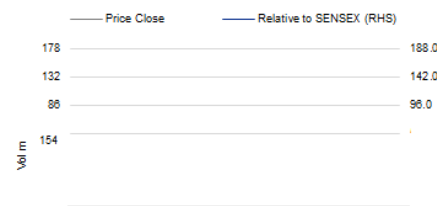
Current price: Rs8,335
 Target price: ▼ Rs9,800
 Previous target: Rs9,970
 Up/downside: 17.6%
 InCred Research / Consensus: -2.4%

Reuters: POLC.NS
 Bloomberg: POLYCAB IN
 Market cap: US\$13,201m
 Rs1,256,140m
 Average daily turnover: US\$38.3m
 Rs3640.6m
 Current shares o/s: 150.4m
 Free float: 38.5%

*Source: Bloomberg

Key changes in this note

- We revise our EBITDA estimates for FY28F/29F by +3%/-1.4%, respectively.
- We value the stock at 36x Sep 2028F EPS (vs. 39x earlier).



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1.1	(12.6)	9.6
Relative (%)	2.8	(7.3)	24.3

Major shareholders

	% held
Promoter	61.5
ICICI Pru	1.4
UTI AMC	0.9

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Polycab India**Momentum intact; upgrade to ADD**

- Consol. 2QFY27 revenue/EBITDA/PAT grew by 53%/39%/43% yoy (10%/16%/17% above our estimates), driven by all-round performance.
- Management reiterated confidence in sustaining 1.5x industry growth in C&W segment and 1.5-2x in FMEG, supported by industry tailwinds.
- We raise our FY27/FY28F EPS by ~11%/4% (largely on 2Q beat; positive outlook) & lower our FY29F EPS by ~2%; upgrade to ADD with TP of Rs9,800.

Broad-based growth; beat led by C&W and FMEG segments

Polycab India reported strong 2QFY27 results, with revenue/EBITDA/PAT growing by 53%/39%/43% yoy (10%/16%/17% above InCred estimates, respectively), driven by healthy cable & wire (C&W) execution and FMEG segment's growth. C&W revenue grew by 47% yoy to Rs83.8bn, with 14.2% EBIT margin (+89bp qoq). FMEG grew by 120% yoy to Rs9.9bn, with broad-based growth and a record 10.1% EBIT margin, while EPC revenue increased by 53% yoy to Rs6.2bn at 7.2% EBIT margin. EBITDA margin improved 53bp qoq to 14.4% aided by favourable mix and operating leverage. Exports grew by 17% yoy (+85% qoq), contributing ~5% to revenue. C&W volume growth was mid-to-high single digit on a high base, with wire outperforming cable.

Maintains guidance; new entrant impact yet to hit the industry

Management reiterated its target of growing C&W biz at 1.5x industry growth, with 11-13% EBITDA margin guidance through FY30F and comfort at the higher end. It expects healthy 2H FY27 demand, supported by power T&D, government capex, real estate, manufacturing and mobility segments, with data centres emerging as an additional opportunity. Export momentum is expected to improve, supported by a strong pipeline across 94 countries, despite geopolitical and shipping disruptions. FMEG remains on track to grow at 1.5-2x industry growth, while its 10.1% quarterly EBIT margin surpassed the FY30F EBITDA margin target of 8-10%. Despite new entrants, management has not observed market-wide pricing correction and Polycab India remains insulated amid UltraTech Cement's entry in the C&W space, with the wire segment currently forming a very small portion of its overall business. With Rs45.2bn net cash, ongoing capacity expansion and an EHV facility targeted for FY28F, Polycab India is positioned to capitalise on structural electrification and infrastructure-related demand.

Upgrade to ADD rating with a lower target price of Rs9,800

We like Polycab India's long-term growth prospects, supported by its leadership in the domestic C&W market, improving FMEG profitability, increased export opportunities and structural demand tailwinds. We had initiated coverage on the stock with a HOLD rating in Jul 2026 and since our initiation, the stock has corrected by ~15%. Given the strong resilient performance and favourable tailwinds for the company, we have upgraded our rating from HOLD to ADD and roll forward to Sep 2028F with lower TP of Rs9,800, valuing the stock at 36x Sep 2028F EPS. Downside risk: Slower-than-expected spending on infrastructure.

Financial Summary

	Mar-25A	Mar-26A	Mar-27F	Mar-28F	Mar-29F
Revenue (Rsm)	224,083	288,838	377,945	433,759	495,662
Operating EBITDA (Rsm)	29,602	40,057	51,401	58,124	65,427
Net Profit (Rsm)	20,200	26,720	34,750	38,642	43,334
Core EPS (Rs)	134.4	177.6	230.8	256.7	287.8
Core EPS Growth	13.0%	32.1%	30.0%	11.2%	12.1%
FD Core P/E (x)	62.03	46.94	36.11	32.47	28.96
DPS (Rs)	35.0	47.0	60.3	67.1	75.2
Dividend Yield	0.42%	0.56%	0.72%	0.80%	0.90%
EV/EBITDA (x)	41.54	30.31	23.63	20.69	18.09
P/FCFE (x)	212.93	127.41	105.57	49.02	37.93
Net Gearing	(24.3%)	(34.3%)	(28.1%)	(30.5%)	(34.8%)
P/BV (x)	12.76	10.45	8.61	7.20	6.08
ROE	22.4%	24.5%	26.1%	24.1%	22.8%
% Change In Core EPS Estimates				3.58%	(1.56%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Momentum intact; upgrade to ADD

Key takeaways from 2QFY27 conference-call ►

Cable & wire segment

- Revenue grew by 47% yoy, with domestic C&W revenue up 50% yoy, driven by healthy demand, strong channel execution and favourable commodity-linked realisation.
- Volume growth was mid-to-high-single-digit on a high base (2QFY26 volume growth was ~18%), with wire biz growing in early double digits and cable in mid-single digit. Wire biz outperformed cable, and channel sales grew faster than institutional sales.
- Geographically, the western region remained the largest contributor, followed by southern, northern and eastern regions.
- The EBIT margin stood at 14.2% (+89bp qoq), supported by operating leverage, favourable wire/cable and channel/institutional mix, and export growth. Management stated the mix will keep changing and did not give guidance on wire vs. cable growth in 2HFY27.
- Copper prices were up ~6% qoq and that of aluminium declined. The company passes on price changes monthly in the case of cables and fortnightly for wires and has not seen any meaningful channel restocking.
- The company anchors volume growth at 1.5x industry growth and cautioned against reading volumes sequentially, as the 3QFY26 base was high.
- On UltraTech Cement's entry into the wire and cable biz, management noted that wires comprised ~30% of the ~Rs1.1tr C&W market, of which 30-35% lies in the unorganised sector. Polycab India sees no real near-term competition, no pricing correction, and in fact has gained ~1-1.2% market share every year (3-4pp last year).

FMEG segment

- FMEG segment recorded the 11th consecutive quarter of outperformance versus industry and the seventh consecutive profitable quarter.
- Growth was broad-based, with all six categories (fans, lighting, switches, switchgear, pipes & conduits and solar) growing faster than their respective markets.
- Solar is the largest category and primary growth driver, with multi-fold yoy growth supported by PM Surya Ghar Yojana and state-level schemes. The company currently only sells solar inverters (largely a trading business) and does not manufacture panels or do rooftop installations.
- EBIT margin crossed double digits for the first time at 10.1% (vs. 8.0% in 1QFY27), aided by scale, operating leverage, premiumisation (premium products ~33% of fan sales and ~38% of lighting sales) and a regional, solution-led approach.
- Management maintained its 8-10% margin guidance for FY30F, with 10.1% already at the upper end.
- Management reiterated its ambition to sustain 1.5-2x industry growth, with continued investment in distribution, product innovation and brand building.

EPC segment

- EPC revenue grew by 53% yoy to Rs6.2bn, with EBIT margin at 7.2%.
- EBIT margin is expected to remain in the high-single digit range over the long term.
- The business is milestone-based, and the order book across BharatNet and RDSS remains at a similar profile of ~Rs90-100bn.

Growth drivers

- Management cited 1QFY27 GDP growth of 7.8%, government capex of Rs5.1tr during Apr-Aug 2026 (+18% yoy) and Goods and Services Tax (GST) collections growing by 15% yoy. A further Rs1.9tr outlay was approved for Green Corridor Phase III, including evacuation of 135GW of renewable energy and battery storage.
- Real estate demand remains healthy (launches up 4% yoy), along with manufacturing and mobility segment growth.
- Data centres: installed base is ~1.6-1.7GW, with reports suggesting 8-15GW over time. Polycab India already supplies conventional cables to data centres, and its R&D team is working on newer products.
- The EHV plant is now expected to be commissioned in FY28F (possibly Apr-May).
- Long-term guidance remains unchanged at 1.5x industry growth and 11-13% EBITDA margin under Project Spring. Capex stood at Rs6.1bn in 1HFY27.

Exports

- Exports grew by 17% yoy and 85% qoq, contributing ~5% to revenue (lower optically due to faster domestic growth).
- Geopolitical issues dented some bookings, and shipping lines moved ahead by 10-12 days. Management has a strong order book and is confident that exports will pick up from here on, while flagging US trade policy as a risk.
- Polycab India now serves 94 countries (~10 added last year), with Chile contributing this quarter and Oman and Saudi Arabia last quarter.
- Exports comprise conventional institutional cables including MV, with US demand linked to data centres/Artificial Intelligence or AI and energy transition, serviced through market representatives.
- Exports remain a high-margin business, and their contribution was ~7-8% a couple of years ago.

Others

- Consolidated PAT reached a record high of Rs9.9bn, with PAT margin at 10.0%.
- 1HFY27 revenue grew by 46% yoy to over Rs180bn, EBITDA grew by 36% (margin 14.1%) and PAT grew by 38% (margin 9.9%).
- Net cash position stood at Rs45.2bn vs. Rs29.4bn a year ago.
- Working capital cycle improved to ~11 days (15 days in 1QFY27) due to higher payable days from increased use of Letters of Credit. Management expects it to normalise toward 45-50 days.
- The ~Rs12bn line item in the cash flow statement is advance payment towards inventory procurement and is not one-off.
- **Asier Metals matter:** NCLAT has stayed the admission order for CIRP (a commercial dispute of Rs27.9m). The case was heard in full on 15 Oct 2026 and the order is reserved. Management does not expect any material impact on financials or operations.

Figure 1: 2QFY27- Quarterly financial performance (consolidated)

Particulars (Rs m)	2QFY27	2QFY27F	2QFY26	1QFY27	Change (%)		
					2QFY27F	yoy	qoq
Revenue	98,989	90,082	64,772	82,097	10%	53%	21%
Cost of raw materials	75,623	67,562	47,209	62,520			
Gross profit	23,366	22,521	17,563	19,577	4%	33%	19%
Gross margin	23.6%	25.0%	27.1%	23.8%	-140bp	-351bp	-24bp
Employee costs	2,657	2,946	2,305	2,615			
Other expenses	6,484	7,315	5,051	5,601			
EBITDA	14,225	12,260	10,207	11,362	16%	39%	25%
EBITDA margin	14.4%	13.6%	15.8%	13.8%	76bp	-139bp	53bp
Depreciation	1,110	1,142	968	1,029			
EBIT	13,115	11,118	9,240	10,333	18%	42%	27%
Other income	884	491	454	1,049			
Interest costs	936	542	484	800			
PBT	13,062	11,067	9,210	10,582	18%	42%	23%
Tax	3,162	2,722	2,280	2,616			
PAT	9,900	8,344	6,930	7,967			
Minority interest	-126	0	-76	-123			
Reported PAT	9,774	8,344	6,854	7,843	17%	43%	25%
EPS	64.9	55.4	45.5	52.1	17%	43%	25%

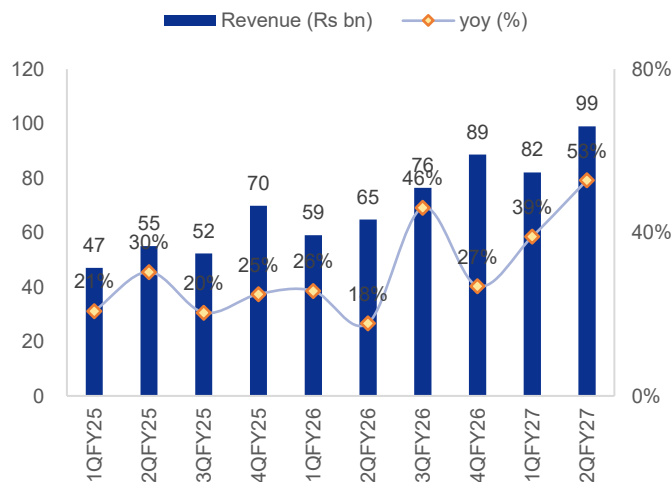
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: 2QFY27 - Segmental performance (consolidated)

Segment-wise	2QFY27	2QFY27F	2QFY26	1QFY27	Change (%)		
					2QFY27F	yoy	qoq
Revenue (Rs m)							
Wire and Cable	83,768	79,334	56,911	72,108	6%	47%	16%
FMEG	9,931	5,517	4,522	7,612	80%	120%	30%
EPC	6,171	5,231	4,024	3,077	18%	53%	101%
Inter-segment revenue	(764)	-	(667)	(465)	NA	15%	64%
Total	99,107	90,082	64,790	82,331	10%	53%	20%
EBIT (Rs m)							
Wire and Cable	11,887	10,229	8,593	9,594	16%	38%	24%
FMEG	1,006	445	22	606	126%	4483%	66%
EPC	444	367	730	338	21%	-39%	31%
Total	13,337	11,040	9,344	10,538	21%	43%	27%
EBIT margin (%)							
Wire and Cable	14.2%	12.9%	15.1%	13.3%	130 bp	-91 bp	89 bp
FMEG	10.1%	8.1%	0.5%	8.0%	207 bp	964 bp	216 bp
EPC	7.2%	7.0%	18.1%	11.0%	18 bp	-1094 bp	-380 bp
Total	13.5%	12.3%	14.4%	12.8%	120 bp	-96 bp	66 bp

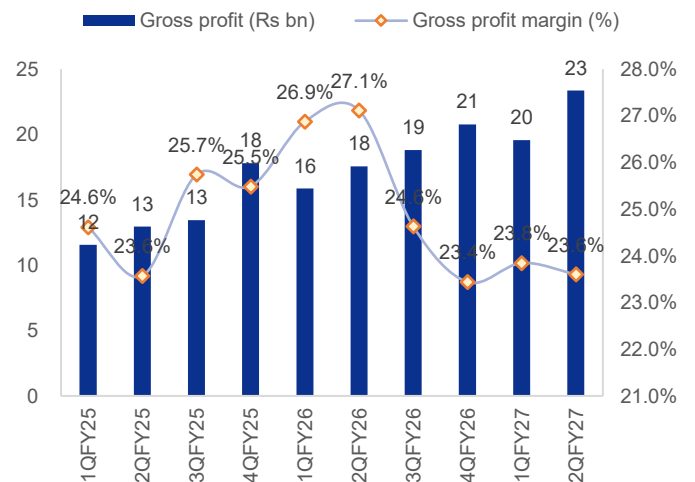
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Revenue grew by ~53% yoy led by all-round growth



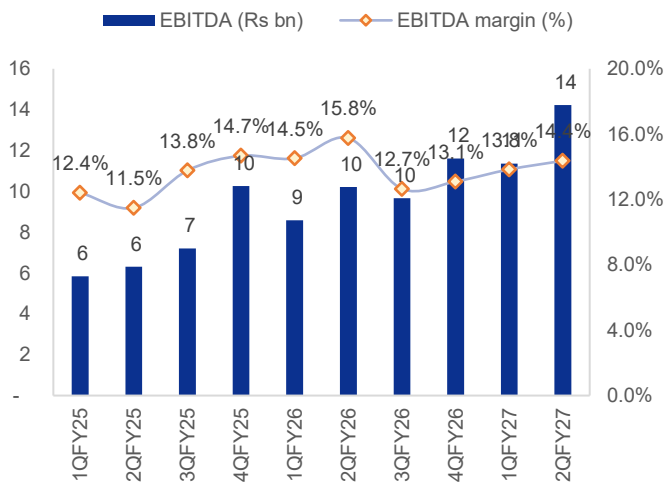
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Gross margin stood at ~23.6% for the quarter



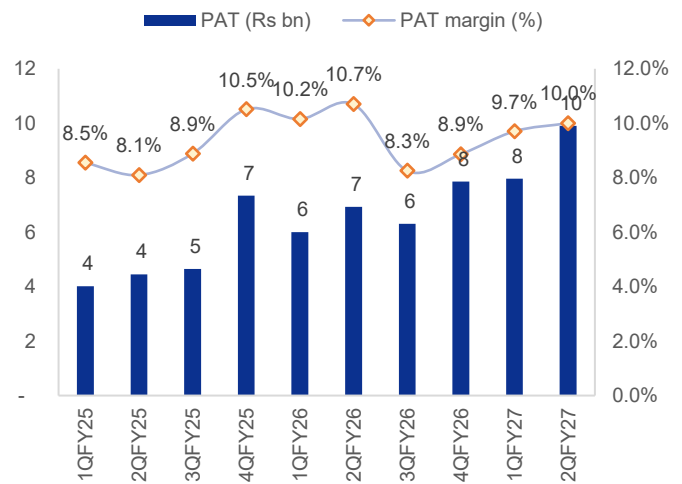
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: EBITDA margin for the quarter was ~14.4%



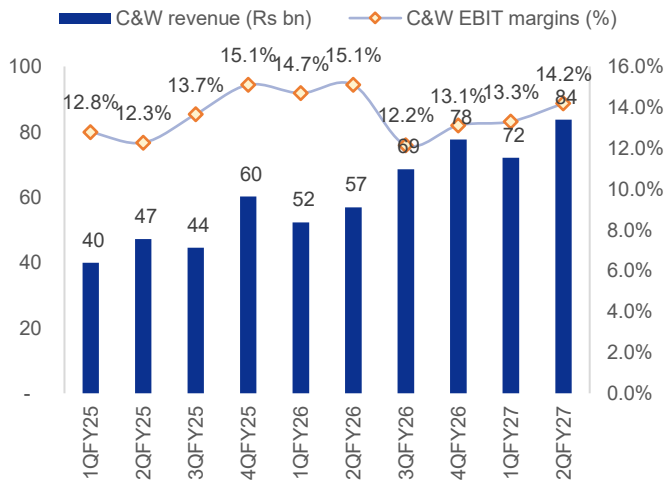
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: PAT grew by ~43% yoy, with ~10% PAT margin



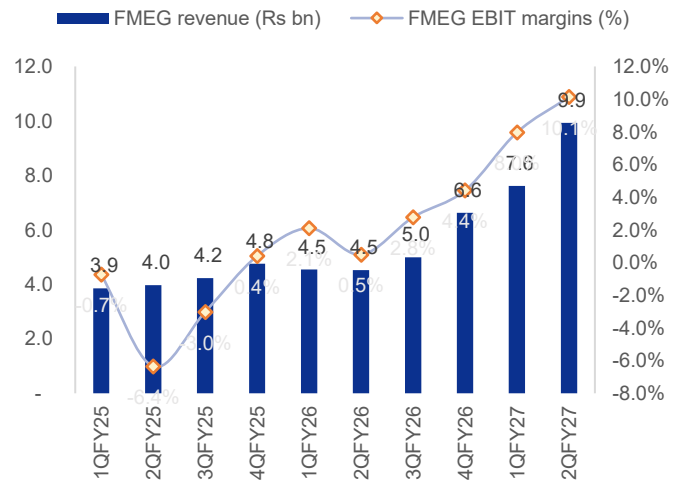
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: C&W revenue was up ~47% yoy, with ~14.2% margin



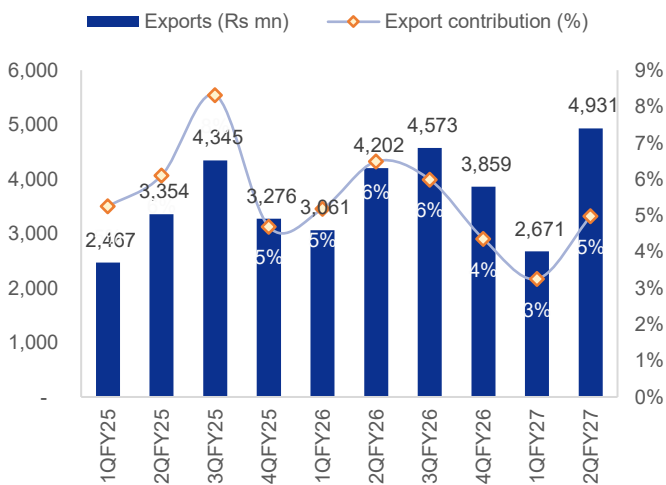
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: FMEG segment grew by ~120% yoy, with ~10% margin



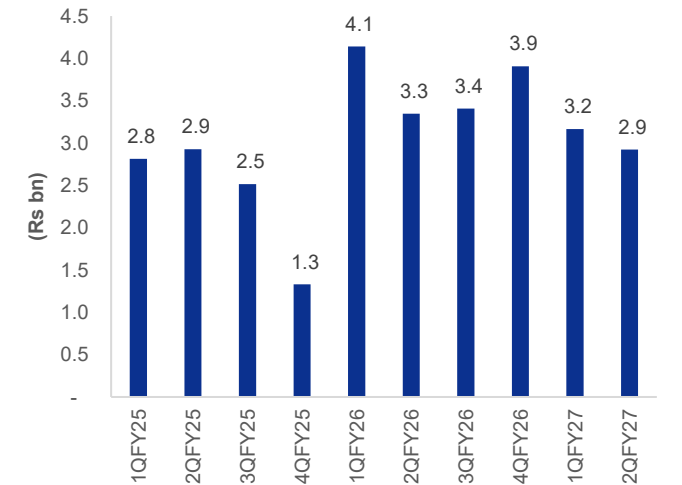
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Exports contributed ~5% to revenue in 2QFY27



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Capex during 2QFY27 was ~Rs2.9bn



SOURCE: INCRED RESEARCH, COMPANY REPORTS

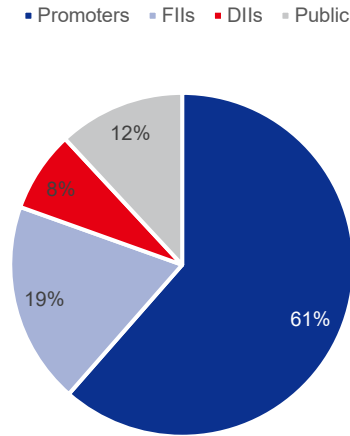
Key changes ➤

Figure 11: Our revised earnings estimates

	New Estimates			Old Estimates			Change (%)		
	FY27F	FY28F	FY29F	FY27F	FY28F	FY29F	FY27F	FY28F	FY29F
Revenue	3,77,945	4,33,759	4,95,662	3,54,361	4,18,208	4,87,858	6.7%	3.7%	1.6%
EBITDA	51,401	58,124	65,427	47,130	56,458	66,349	9.1%	3.0%	-1.4%
Adjusted PAT	34,750	38,642	43,334	31,341	37,305	44,018	10.9%	3.6%	-1.6%

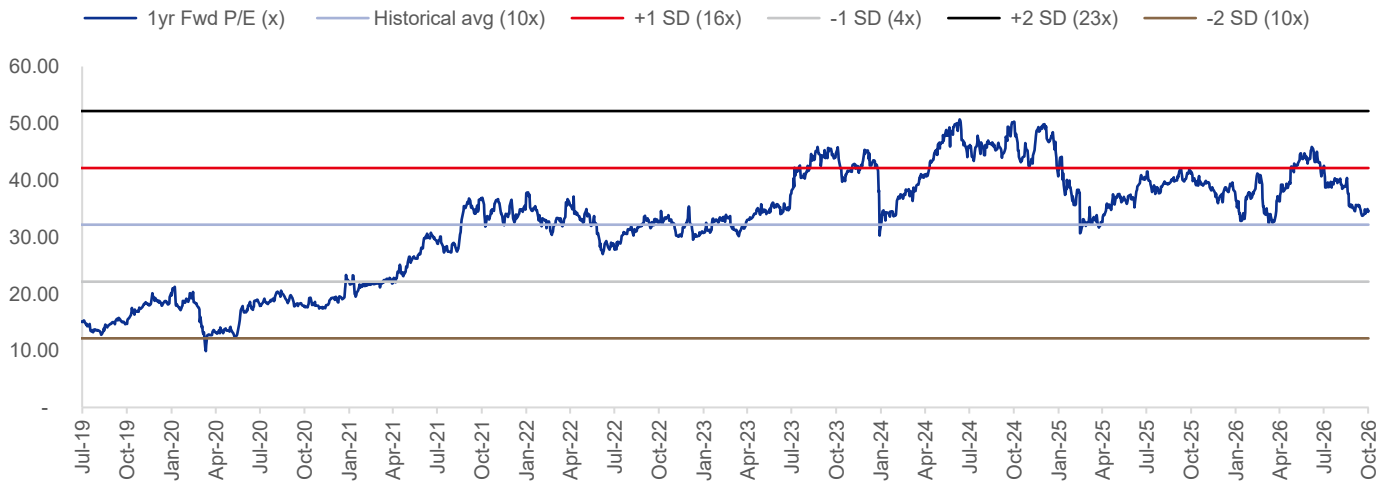
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 12: Shareholding pattern (2QFY27)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 13: Polycab India's one-year forward P/E trades below its +1 SD level



SOURCE: INCRED RESEARCH, BLOOMBERG

BY THE NUMBERS

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Profit & Loss

(Rs mn)	Mar-25A	Mar-26A	Mar-27F	Mar-28F	Mar-29F
Total Net Revenues	224,083	288,838	377,945	433,759	495,662
Gross Profit	55,783	73,022	89,951	104,102	118,959
Operating EBITDA	29,602	40,057	51,401	58,124	65,427
Depreciation And Amortisation	(2,981)	(3,859)	(4,731)	(6,201)	(7,443)
Operating EBIT	26,621	36,199	46,670	51,923	57,984
Financial Income/(Expense)	(1,689)	(2,430)	(3,159)	(3,349)	(3,282)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	2,076	2,363	3,071	3,225	3,386
Profit Before Tax (pre-EI)	27,008	36,131	46,582	51,799	58,088
Exceptional Items					
Pre-tax Profit	27,008	36,131	46,582	51,799	58,088
Taxation	(6,553)	(9,046)	(11,832)	(13,157)	(14,754)
Exceptional Income - post-tax					
Profit After Tax	20,455	27,084	34,750	38,642	43,334
Minority Interests	(255)	(364)			
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	20,200	26,720	34,750	38,642	43,334
Recurring Net Profit	20,200	26,720	34,750	38,642	43,334
Fully Diluted Recurring Net Profit	20,200	26,720	34,750	38,642	43,334

Cash Flow

(Rs mn)	Mar-25A	Mar-26A	Mar-27F	Mar-28F	Mar-29F
EBITDA	29,602	40,057	51,401	58,124	65,427
Cash Flow from Invt. & Assoc.	818	1,182	1,182	1,182	1,182
Change In Working Capital	(6,226)	5,186	(15,514)	(6,933)	(5,375)
(Incr)/Decr in Total Provisions	126	864	191	147	179
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	1,785	2,078	5,049	5,392	5,486
Net Interest (Paid)/Received	(1,689)	(2,430)	(3,159)	(3,349)	(3,282)
Tax Paid	(6,331)	(8,830)	(11,832)	(13,157)	(14,754)
Cashflow From Operations	18,085	38,107	27,317	41,405	48,864
Capex	(10,514)	(15,307)	(15,298)	(15,451)	(15,604)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	(581)	(117)	(132)	(354)	(177)
Other Investing Cashflow	(1,298)	(13,073)	(100)	(100)	(100)
Cash Flow From Investing	(12,393)	(28,497)	(15,530)	(15,905)	(15,881)
Debt Raised/(repaid)	192	235	100	100	100
Proceeds From Issue Of Shares	73	53			
Shares Repurchased					
Dividends Paid	(4,511)	(5,473)	(9,079)	(10,095)	(11,321)
Preferred Dividends					
Other Financing Cashflow	(2,037)	(2,805)	(2,928)	(3,159)	(3,058)
Cash Flow From Financing	(6,283)	(7,990)	(11,906)	(13,155)	(14,279)
Total Cash Generated	(591)	1,619	(120)	12,345	18,704
Free Cashflow To Equity	5,885	9,844	11,887	25,600	33,083
Free Cashflow To Firm	7,381	12,040	14,946	28,849	36,265

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-25A	Mar-26A	Mar-27F	Mar-28F	Mar-29F
Total Cash And Equivalents	25,197	42,873	42,753	55,099	73,802
Total Debtors	25,963	37,585	41,576	46,347	51,603
Inventories	36,613	55,596	62,128	72,491	81,479
Total Other Current Assets	5,418	10,525	12,064	14,629	19,041
Total Current Assets	93,190	146,579	158,521	188,565	225,925
Fixed Assets	29,992	37,578	47,456	56,202	63,612
Total Investments	790	883	883	883	883
Intangible Assets					
Total Other Non-Current Assets	14,555	20,823	22,062	23,415	24,894
Total Non-current Assets	45,337	59,284	70,401	80,500	89,389
Short-term Debt	671	932	883	945	1,007
Current Portion of Long-Term Debt					
Total Creditors	27,358	60,644	60,057	68,926	80,121
Other Current Liabilities	6,219	16,507	13,833	15,876	18,142
Total Current Liabilities	34,248	78,084	74,774	85,748	99,270
Total Long-term Debt	419	393	541	579	617
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,925	2,588	2,629	2,672	2,716
Total Non-current Liabilities	2,345	2,980	3,170	3,251	3,334
Total Provisions	2,067	2,430	2,621	2,767	2,947
Total Liabilities	38,659	83,494	80,565	91,766	105,551
Shareholders Equity	98,281	120,086	145,757	174,304	206,316
Minority Interests	818	1,182	1,182	1,182	1,182
Total Equity	99,098	121,268	146,939	175,486	207,498

Key Ratios

	Mar-25A	Mar-26A	Mar-27F	Mar-28F	Mar-29F
Revenue Growth	24.2%	28.9%	30.9%	14.8%	14.3%
Operating EBITDA Growth	18.8%	35.3%	28.3%	13.1%	12.6%
Operating EBITDA Margin	13.2%	13.9%	13.6%	13.4%	13.2%
Net Cash Per Share (Rs)	160.26	275.97	274.51	355.85	479.42
BVPS (Rs)	653.35	797.64	968.16	1,157.77	1,370.41
Gross Interest Cover	15.76	14.89	14.77	15.50	17.67
Effective Tax Rate	24.3%	25.0%	25.4%	25.4%	25.4%
Net Dividend Payout Ratio	26.1%	26.5%	26.1%	26.1%	26.1%
Accounts Receivables Days	37.82	40.15	38.22	36.99	36.06
Inventory Days	79.55	77.97	74.60	74.53	74.59
Accounts Payables Days	26.36	27.30	25.83	27.74	29.03
ROIC (%)	33.7%	42.6%	41.9%	40.5%	40.7%
ROCE (%)	28.8%	32.3%	34.4%	31.9%	30.0%
Return On Average Assets	17.0%	17.1%	17.4%	16.9%	16.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Add The stock's total return is expected to exceed 10% over the next 12 months.

Hold The stock's total return is expected to be between 0% and positive 10% over the next 12 months.

Reduce The stock's total return is expected to fall below 0% or more over the next 12 months.

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Neutral A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.

Underweight An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Definition:

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Underweight An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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