



POLYCAB INDIA (POLYCAB)

Results In Line With Expectations -

Valuations Continue To Offer Upside Potential.

CMP: 7,626 (Market Cap: 1,14,390 Cr)

Targets: 8,752 (15% Upside)



Highest ever Q2 and H1 Revenue

The company reported its highest-ever Q2 revenue at ₹6,477 crore and H1 revenue at ₹12,383 crore, driven by an 18% YoY growth in Q2FY26 led by strong W&C and steady FMEG performance, partly offset by EPC weakness.

We continue to monitor the recent developments of inventory buildup and its impact on working capital in anticipation of strong demand by management.

Q2FY26 Highlights

- **Wires and Cables:** +21% YoY revenue, led by high-teens volume growth. The recent rise in copper prices is expected to reflect in October sales. Cable segment growth continues to outpace wires, partly due to a favourable base effect.
- **FMEG Segment:** +14% YoY revenue, with the solar category maintaining strong momentum and driving growth within the FMEG segment. However, the fans category continues to face headwinds due to prolonged monsoons and elevated channel inventory.
- **EPC:** Revenue declined 19% YoY, though improvement is expected in the second half driven by execution under the RDSS scheme. The quarter included a one-off



gain of ~₹30 crore from contract negotiations, with margins remaining in line with guidance excluding this impact.

- **EBITDA Growth:** +62% YoY, supported by a premium product mix and strong pricing discipline. Margins stood at 15.8%, supported by inventory buildup, with operating leverage alone contributing an improvement of around 40–50 bps.
- **Exports and Tariff:** The company primarily caters to institutional buyers in its export business, who typically do not advance purchases based on tariff changes or price movements. Hence, no pre-stocking is expected in response to the tariffs.

Valuation & View

At CMP, Polycab trades at **19x FY28E EV/EBITDA**, compared to our target multiple of **22x FY28E EV/EBITDA**. The company maintains its leadership in India's Wires & Cables market and continues to make solid headway in the FMEG segment.

We expect performance to improve in Q3 and Q4, supported by stronger demand and margin recovery. **While near-term upside may be moderate, we remain constructive on the long-term growth story.**

Capex Plans

Under its 'Project SPRING', the company has announced an annual capex plan of **₹1,200–1,600 crore through FY30**, which we believe can be comfortably funded through internal accruals.

It aims to achieve 4–5x asset turns on incremental investments, with the majority of the capex undertaken so far expected to come online post H2FY28.

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Exhibit 1: Project SPRING on track

	FY30 Guidance	FY25	H1 FY26
W&C Business	~1.5x of Market Growth in Core segments	~1.5x	1.5x-2x
	11 – 13% Wires & Cables EBITDA	Ahead of Guidance	Ahead of Guidance
	>10% Contribution from Exports	6%	5.9%
FMEG Business	1.5x – 2x of Market Growth in FMEG	~3x	1.5x – 2x
	8 – 10% FMEG EBITDA	-2.3%	In-line with Guidance
Cash Flow	₹ 12– 16 Bn Annual Capex	₹ 9.6 Bn	₹ 7.5 Bn
	>30% Dividend Payout	26.3% Increased from 25.5% in FY24	

Source: Company, Front Wave Research

We believe the company's strong internal accruals and consistent track record of outperforming its guidance position it well to comfortably execute its planned capex.

Revised Financial Summary (Amount in Cr)

Particulars	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	₹ 26,379	₹ 32,033	₹ 38,936	₹ 26,355	₹ 31,973	₹ 38,788	0.09%	0.19%	0.38%
EBITDA	₹ 3,680	₹ 4,671	₹ 5,932	₹ 3,678	₹ 4,664	₹ 5,916	0.06%	0.13%	0.27%
EBITDA Margins	13.95%	14.58%	15.24%	13.95%	14.59%	15.25%	0.00%	-0.01%	-0.02%

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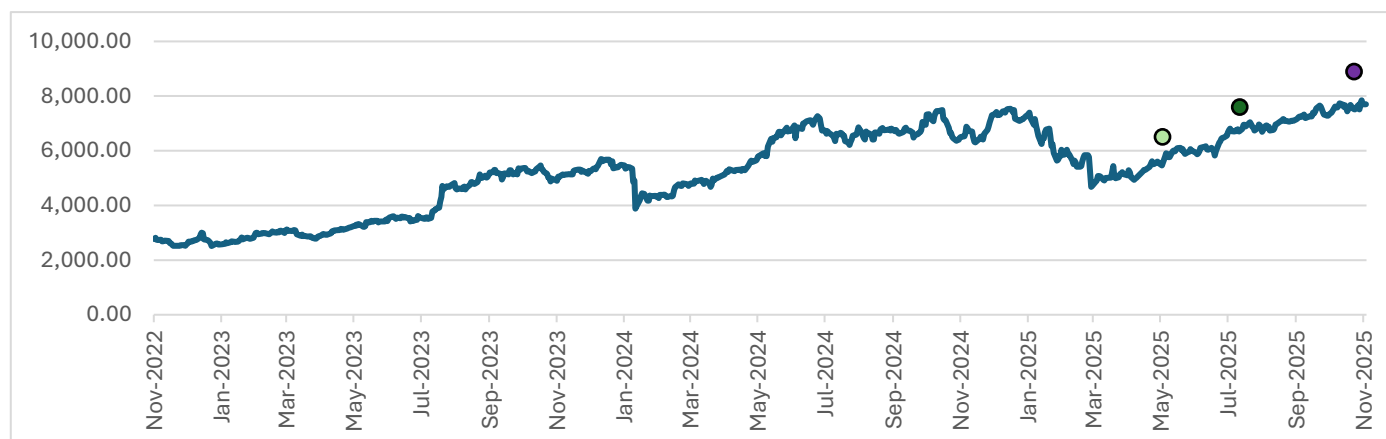
Financial Summary (Amount in Cr)

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	₹ 14,108	₹ 18,039	₹ 22,408	₹ 26,379	₹ 32,033	₹ 38,936
Revenue Growth		27.86%	24.22%	17.72%	21.43%	21.55%
EBITDA	₹ 1,843	₹ 2,492	₹ 2,964	₹ 3,680	₹ 4,671	₹ 5,932
EBITDA Margin	13.06%	13.81%	13.23%	13.95%	14.58%	15.24%
EBITDA Growth		35.21%	18.94%	24.15%	26.92%	27.01%
EV/EBITDA Multiple						22x
Enterprise Value						₹ 1,30,508
Less: Net Debt						(₹ 876)
Less: NCI						₹ 97
Value of Equity						₹ 1,31,287
No. of Shares (in Cr)						15
Share Price						₹ 8,752

Recommendation Summary

Date		Price	Target	% Upside
18-May-25	●	₹ 6,103	₹ 7,310	20%
22-Jul-25	●	₹ 6,960	↑ ₹ 7,816	12%
3-Nov-25	●	₹ 7,626	↑ ₹ 8,752	15%

Price Chart



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Annexures

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