



3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✗	✓	✗
+ Positive	= Neutral	- Negative	

What has changed in 3R MATRIX

	Old		New
RS	✗	↔	✗
RQ	✗	↔	✗
RV	✗	↔	✗

Company details

Market cap:	Rs. 1,04,897 cr
52-week high/low:	Rs. 7,607/4,557
NSE volume: (No of shares)	6.09 lakh
BSE code:	542652
NSE code:	POLYCAB
Free float: (No of shares)	5.5 cr

Shareholding (%)

Promoters	63.0
FII	11.1
DII	11.0
Others	14.9

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	15.6	30.8	3.8	4.5
Relative to Sensex	15.2	26.7	-2.3	3.2

Source: Mirae Asset Sharekhan Research, Bloomberg

Polycab India Ltd

Strong growth levers; Maintain Buy

Capital Goods	Sharekhan code: POLYCAB		
Reco/View: Buy	↔	CMP: Rs. 6,922	Price Target: Rs. 8,000 ↑
↑ Upgrade	↔ Maintain	↓ Downgrade	

Summary

- Revenues grew strongly by 26% y-o-y, beating our estimates of Rs 5,685 crore led by robust performance across segments such as C&W (33%), FMEG (18%) and was compensated by Others (-33%).
- OPM rose 210 bps as C&W segment's margins led by better operational efficiency and a favourable product mix. FMEG segment continued its profitability trend and clocked an OPM of 2.1%. Operating profit of Rs. 858 crore rose 47% y-o-y; PAT stood at Rs. 600 crore (49% up y-o-y).
- Exports sales grew 24% y-o-y on a low base and accounted for 5.2% of topline. The management targets to reach 10% of topline by 2030.
- Continued momentum in government and private capex with the real estate sector's growth augurs well for players like Polycab. We expect revenue/PAT to clock a CAGR of 24%/26%, respectively from FY25-27, with a good RoCE of 35%. Hence, we maintain a Buy rating with a revised PT of Rs 8,000.

Q1FY26 performance beat our estimates. Revenue growth of 26% was strongly backed by strong performance across segments. The cables & wires (C&W) clocked a strong 33% growth, volume growth remained at 25% and the remainder came from a rise in realizations. International and domestic businesses grew 24% and 32% respectively. FMEG business continued its strong growth and profitability trend consecutively over the last two quarters. FMEG registered a growth of 18% y-o-y although in the tough time as fans business was muted due to early rains in the summer season. All the other categories were resilient and had a strong growth with Solar products growing 2x y-o-y. Solar products have become the largest revenue contributing category to FMEG business. EPC business had a degrowth of 19% and carries an order book of Rs 8,000 crore in the Bharat net projects business. The operating profit margin of 14.5% (210 bps y-o-y) stands improved led by strategic pricing revisions, improved operational efficiency, and a favourable business mix in C&W and FMEG segments. Stable commodity prices has led to margins improvement. Operating profit grew by ~47% y-o-y to Rs 858 crore.

Key positives

- Volumes grew 25% across the C&W space.
- FMEG segment strongly grew amid the sector headwinds of early rains impacting the fans business. Management highlighted that FMEG is expected to maintain the growth momentum.
- Order book stood Rs 8000 crore and expects a few more orders under Bharat Net project.

Key negatives

- Fans suffered due to early rains in the summer season.

Management Commentary

- Management highlighted sustained demand for C&W across sectors. Increased government spending, improved project execution, continued strength in real estate and an inflationary trend in commodity prices were key contributors.
- Company commands a significant share in the organized market and holds around 30% market share in cables and 20% in wires business.
- The international business in the C&W segment has strongly grown by 24% y-o-y and almost 1/3rd of the exports are to US countries.
- Company in Q1 has incurred a capex of Rs 410 crore and intends a capex outlay of Rs 6000-8000 crore over next 5 years with an asset turn of 4-5x.

Our Call

Valuation – Retain Buy with PT of Rs. 8,000: Polycab has successfully consolidated its leading position in the C&W industry by performing consistently. Going forward, a strong focus on government and private capex, a comprehensive product portfolio, turnaround in FMEG business, and EPC are key growth drivers. We envisage a 24%/26% revenue/PAT CAGR over FY2025-FY2027E, with a good RoCE of 35%. Hence, we maintain a Buy rating with a revised PT of Rs 8,000.

Key Risks

- 1) Fluctuating raw material prices
- 2) Increasing competition in the C&W and FMEG segment.
- 3) Continuing losses in FMEG segment.

Valuation (Consolidated)

Particulars	FY23	FY24	FY25	FY26E	Rs cr FY27E
Revenue	14,108	18,039	22,408	28,731	35,978
OPM (%)	13.1	13.8	13.2	13.9	14.3
Adj. Net Profit	1,282	1,803	2,045	2,844	3,749
Growth (Y-o-y) %	39.8	40.6	13.4	39.0	31.8
Adjusted EPS (Rs)	85.7	120.5	136.7	190.0	250.5
PER (x)	80.8	57.5	50.6	37.4	29.0
P/B (x)	15.7	12.7	10.6	8.5	6.7
EV/EBIDTA (x)	51.3	37.5	32.0	24.3	18.9
RoCE (%)	28.6	32.8	31.5	34.3	35.0
RoE (%)	21.1	24.3	22.7	25.2	25.8

Source: Company; Mirae Asset Sharekhan estimates

Q1FY2026 investor update and earnings concall highlights

- ♦ **Business outlook:** Polycab is optimistic about resilient domestic demand, supported by infrastructure development and real estate growth. Expect real estate demand to drive growth for wires as 70% of such demand is from the sector and growth in C&W would be driven by infrastructure spending.
- ♦ **C&W segment:** The segment grew strongly on sustained demand momentum across key sectors. The domestic business grew by 32% Y-o-y, with cables growth once again outpacing wires. Both channel and institutional business showed healthy traction. Exports also has grown by 24% on a smaller base. Margins improved ~200 bps q-o-q to 14.7% driven by operating leverage and a favorable product-mix
- ♦ **FMEG segment:** It grew 18% y-o-y, contributed by growth across product categories except for fans, which got impacted by early rains in the summer season. Solar products emerged as a standout performer, recording nearly 2x growth over the year and becoming the largest category within the FMEG portfolio. Switchgears, conduit pipes & fittings and switches too delivered healthy growth driven by sustained demand from real estate. FMEG continued its profitability trend with a margin of 2.1% was losses in Q1FY25.
- ♦ **Others:** The segment (including the EPC business) declined by 18% y-o-y, due to slow down in execution of RDSS order. Current order book stands at Rs 10, 000 crores of which orders worth Rs 8,000 crore is for Bharat net project. The company is further looking to bid for more such orders and have no working capital issues for such orders.
- ♦ **SPRING Project:** The company has picturized its next STRAP plan called as SPRING project and targets to grow 1.5-2x higher than industry growth (expected to be 1.5-2x of GDP growth), clocking a CAGR of 15-20% in 5 years. Export sales are seen at 10% of total sales. It guided for C&W margins of 11-13%, while FMEG are eyed at 8-10%. Capex guidance of Rs. 6000-8000 crore for an asset turn of 4-5x.

Results (Consolidated)

Particulars	Rs cr				
	Q1FY26	Q1FY25	Y-o-Y %	Q4FY25	QoQ %
Net Sales	5,906	4,698	25.7	6,986	-15.5
Operating profit	858	583	47.0	1,025	-16.4
Other Income	80	58	36.9	48	66.3
Interest	51	41	25.0	33	57.5
Depreciation	86	67	27.7	80	6.6
PBT	801	534	50.0	961	-16.7
Tax	201	132	52.4	226	-11.2
EO	-	-			
Reported PAT	600	402	49.2	734	-18.3
Adjusted PAT	594	396	49.9	734	-19.1
Adj. EPS (Rs.)	39.5	26.4	49.9	48.9	-19.1
Margin			BPS		BPS
GPM (%)	26.9	24.6	226	25.5	139
OPM (%)	14.5	12.4	210	14.7	-16
NPM (%)	10.1	8.4	162	10.5	-45
Tax rate (%)	25.1	24.7	40	23.5	154

Source: Company; Mirae Asset Sharekhan Research

Segment-wise revenue break-up (Consolidated)

Particulars	Q1FY26	Q1FY25	Y-o-Y %	Q4FY25	Rs cr QoQ %
Net sales					
Wires & Cables (W&C)	5,229	3,942	32.6	6,019	-13.1
FMEG	454	386	17.8	476	-4.6
Others	347	519	-33.1	603	-42.4
PBIT					
Wires & Cables (W&C)	768	497	54.7	909	-15.5
FMEG	10	-3	NA	0	NA
Others	27	57	-53.2	56	-52.6
PBIT Margin (%)			BPS		BPS
Wires & Cables (W&C)	14.7	12.6	209	15.1	-41
FMEG	2.1	-0.7	283	0.0	206
Others	7.7	11.0	-331	9.4	-166

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Ample scope for growth

The C&W industry contributes 40-45% of India's electrical equipment industry. The Indian C&W market is projected to grow to Rs. 90,000-95,000 crore by FY2026 from Rs. 68,000 crore in FY23. Sectors such as power, Railways, infrastructure, oil & gas, telecom, real estate, renewables, defence, and automobiles are the largest demand drivers for the industry. Organised players command a lion's share of the market, at roughly 70%, while unorganised players largely dominate the rural geographies. The government has envisaged Rs. 111 lakh crore capital expenditure in infrastructure sectors in India during FY2020 to FY2025. The continued thrust of the government on infrastructure investment is expected to improve demand for the C&W industry. The Indian FMEG industry has many growth opportunities, led by macro drivers such as evolving consumer aspirations, increasing awareness, rising income, rural electrification, urbanisation, and digital connectivity. Products such as energy-efficient fans, modular switches, building and home automation, and LED lights are riding an ever-increasing wave of consumer demand. There is also a rising demand for various electrical appliances.

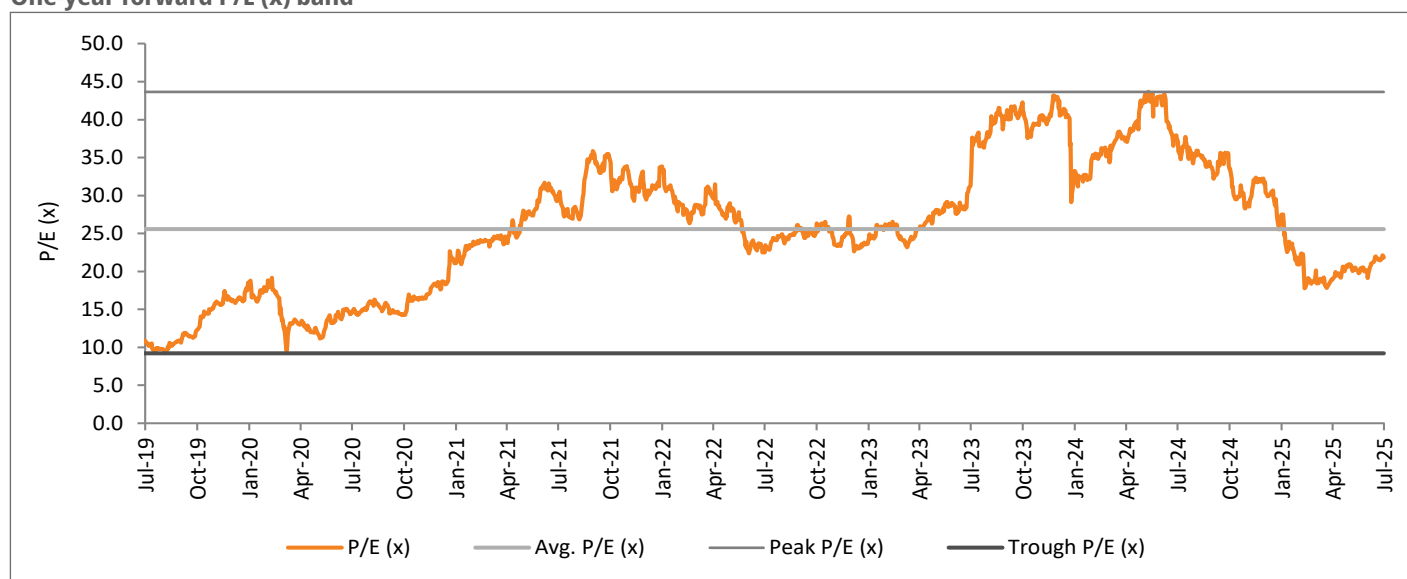
■ Company Outlook – Growth prospects bright

Overall, the outlook remains positive given growth prospects in the infrastructure and real estate sector and through various initiatives taken by the company such as Project Udaan and Project Leap. Polycab has gained share in the organised market (25-26% from 18% in FY2020), auguring well for growth. Polycab has outlined its new initiative Project Leap through which it intends to achieve Rs. 20,000 crore in revenue by FY2026E on superior growth versus the industry in B2C segments (2x in FMEG and 1.5x in retail wires) and stronger position in B2B segments.

■ Valuation – Retain Buy with PT of Rs. 8,000

Polycab has successfully consolidated its leading position in the C&W industry by performing consistently. Going forward, a strong focus on government and private capex, a comprehensive product portfolio, turnaround in FMEG business, and EPC are key growth drivers. We envisage a 24%/26% revenue/PAT CAGR over FY2025-FY2027E, with a good RoCE of 35%. Hence, we maintain a Buy rating with a revised PT of Rs. 8,000.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

Polycab manufactures and sells wires and cables and FMEGs besides executing a few EPC projects. Company is at the forefront of providing innovative, safe and energy efficient products to a diverse set of customers via a strong distribution network of 3,800+ authorized dealers and 205,000+ retail outlets. Polycab's business operations span across India through 28 manufacturing facilities, 13 offices and 29 warehouses. It has also served customers in 79 countries globally. Company has 4800+ employees.

Investment theme

Polycab is the market leader in the wires and cables space with an extensive product portfolio and distribution reach coupled with accelerated growth in the FMEG space, which augurs well for growth visibility. The company's market position and success are driven by its robust distribution network, wide range of product offerings, efficient supply chain management, and strong brand image. Polycab's five-year roadmap to achieve Rs. 20,000 crore in FY2026E with more focus towards brand positioning, operations, and business growth along with strong emphasis on governance and sustainability outpacing the industry's growth provide healthy visibility ahead. Revenue from the wires and cable segment has seen a decent 16.8% CAGR during FY2018-FY2024 and FMEG posted a ~17.8% CAGR during the same period. Further, increasing market share of organised players, which grew from 61% in FY2014 to 66% in FY2018, has touched 70% in FY2023, which bodes well for industry leaders.

Key Risks

- ♦ **Fluctuations in raw-material prices pose a key challenge:** Any sharp increase or decrease in the prices of key raw material (copper and aluminium) could impact margins.
- ♦ **Increasing competition:** The C&W segment and FMEG industry are highly competitive. C&W industry is witnessing increasing capacity addition from other players.
- ♦ **Continuing losses in FMEG:** Not being able to increase revenue materially in the segment will drag the overall profitability.

Additional Data

Key management personnel

Name	Designation
Inder T. Jaisinghani	Chairman and Managing Director
Bharat A. Jaisinghani	Executive Director
Nikhil R. Jaisinghani	Executive Director
Manoj Verma	Executive President and Chief Operating Officer (CE)
Gandharv Tongia	Chief Financial Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Motilal Oswal Asset Management Co	3.66
2	Vanguard Group Inc/The	1.39
3	Blackrock Inc	1.25
4	Kotak Mahindra Asset Management Co	1.05
5	UTI Asset Management Co Ltd	1.05
6	Norges Bank	0.76
7	DSP Investment Managers Pvt Ltd	0.68
8	ICICI Prudential Asset Management	0.55
9	HDFC Life Insurance Co Ltd	0.38
10	Tata Asset Management Pvt Ltd	0.31

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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