

May 7, 2025

## Q4FY25 Result Update

Change in Estimates | Target | Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	7,152		7,152	
Sales (Rs. m)	2,60,576	3,00,968	2,56,586	2,94,891
% Chng.	1.6	2.1		
EBITDA (Rs. m)	34,201	39,950	33,904	39,341
% Chng.	0.9	1.5		
EPS (Rs.)	154.8	178.5	154.3	178.6
% Chng.	0.4	-		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	1,80,394	2,24,082	2,60,576	3,00,968
EBITDA (Rs. m)	24,918	29,602	34,201	39,950
Margin (%)	13.8	13.2	13.1	13.3
PAT (Rs. m)	17,840	20,199	23,290	26,853
EPS (Rs.)	118.7	134.3	154.8	178.5
Gr. (%)	39.9	13.1	15.3	15.3
DPS (Rs.)	18.5	35.0	40.0	45.0
Yield (%)	0.3	0.6	0.7	0.8
RoE (%)	24.1	22.4	21.4	20.7
RoCE (%)	32.7	31.4	29.5	28.5
EV/Sales (x)	4.8	3.8	3.3	2.8
EV/EBITDA (x)	34.6	29.1	25.0	21.3
PE (x)	49.5	43.8	38.0	32.9
P/BV (x)	10.8	9.0	7.4	6.3

### Key Data POLC.BO | POLYCAB IN

52-W High / Low	Rs.7,607 / Rs.4,555
Sensex / Nifty	80,747 / 24,414
Market Cap	Rs.883bn/ \$ 10,409m
Shares Outstanding	150m
3M Avg. Daily Value	Rs.4411.56m

### Shareholding Pattern (%)

Promoter's	63.00
Foreign	2.00
Domestic Institution	20.00
Public & Others	15.00
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	19.0	(13.9)	1.1
Relative	7.7	(15.2)	(8.0)

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## W&C growth on track, FEMG turns EBIT Positive

### Quick Pointers:

- W&C business reported 22.1% revenue growth in Q4FY25
- EBITDA margin expanded by 110bps; W&C EBIT margin contracted 20bps YoY

**Polycab reported mid teen volume growth in its W&C segment. Domestic W&C business grew by 26.5% YoY, driven by mid-teen volume growth. Within this, domestic cables grew at a faster pace in the high teens, while wires registered high single-digit growth. Polycab holds 27% market share in domestic organized Wires & Cables industry. However, the company's international business declined by 23.6% YoY in Q4FY25 due to rollover of a large order into Q1FY26. contribution of exports to total revenue stood at 4.7%/6% in Q4FY25/FY25 and company aims to increase its export contribution to 10% by leveraging strong order book execution across the Middle East, Europe, and Australia. Its FMEG segment turned EBIT positive after ten successive quarters of strategic investment in talent, product innovation and brand building. Company has successfully surpassed its revenue guidance of Rs 200bn under project LEAP in FY25 a year ahead of schedule and now aims to achieve 1.5x sector growth in volume and target EBITDA margin at 11-13% over the next 5 years through its Project Spring, aiming for Rs400-500bn revenue during this period. We expect revenue/EBITDA/PAT CAGR of 15.9%/16.2%/15.3% over FY25-27E. We maintain 'BUY' rating, with TP of Rs7,152 (same as earlier) valuing at SOTP, implying PE of 40x FY27E.**

**W&C grew by 22.1% YoY, domestic business grew 26.5%:** W&C business reported revenue growth of 22.1% YoY in Q4FY25 and 17.6% FY25, cables growth outpaced wires business in this quarter. Emerging sectors like data centers, EVs, aerospace, defense, and exploration have collectively created substantial opportunities for the domestic W&C industry. The company remains a leader in the manufacturing of W&C in India with a market share of 27% in domestic organized W&C industry. In case of international business, the US, Europe, Australia, and the Middle East are the key contributors, while other regions continue to exhibit strong demand. The company now exports to 84 countries and plans to add more countries to expand revenue and minimize revenue concentration risk. International business revenue accounted for 4.7% of the consolidated revenue for the quarter and 6.0% for FY25.

**Sales grew 24.9%, PAT up 33.1%:** Sales grew 24.9% YoY to Rs69.9bn (PL: Rs66.7bn). W&C business grew 22.3% YoY to Rs60.2bn (PL: Rs56.8bn). Export revenue declined by 24% YoY and contributed 4.7% to total sales. Gross margins expanded by 20bps YoY to 25.5% (PL: 25.1%). EBITDA grew by 34.6% YoY to Rs10.3bn (PL: Rs9.3bn). EBITDA margin expanded by 110bps YoY to 14.7% (PL: 13.9%) due to FEMG segment which turned EBIT positive and better margins in EPC segment. PAT grew by 33.1% YoY to Rs7.3bn (PL: Rs6.5bn). W&C EBIT grew by 20.3% YoY to Rs8.9bn and margins contracted by 20bps YoY to 15.1%. FMEG revenue grew 32.7% YoY to Rs4.7bn, and reported positive EBIT of Rs23mn vs loss of Rs458mn in Q4FY24.



**Exhibit 1: Q4FY25 Result Overview (Rs mn)**

Y/e March	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
<b>Net Sales</b>	<b>69,858</b>	<b>55,919</b>	<b>24.9</b>	<b>52,261</b>	<b>33.7</b>	<b>224,083</b>	<b>180,394</b>	<b>24.2</b>
Gross Profit	17,805	14,127	26.0	13,453	32.3	55,783	47,591	17.2
% of NS	25.5	25.3	0.2	25.7	-0.26	24.9	26.4	-1.49
Other Expenses	7,551	6,512	16.0	6,254	20.7	26,180	22,673	15.5
% of NS	10.8	11.6	-0.8	12.0	-1.16	11.7	12.6	
<b>EBITDA</b>	<b>10,254</b>	<b>7,615</b>	<b>34.6</b>	<b>7,199</b>	<b>42.4</b>	<b>29,602</b>	<b>24,918</b>	<b>18.8</b>
Margins (%)	14.7	13.6	1.1	13.8	0.90	13.2	13.8	-0.60
Depreciation	804	657	22.3	786	2.3	2,981	2,450	21.7
Interest	325	244	33.3	498	(34.6)	1,689	1,083	55.9
Other Income	481	538	(10.7)	250	92.2	2,076	2,209	(6.0)
<b>PBT</b>	<b>9,606</b>	<b>7,253</b>	<b>32.4</b>	<b>6,166</b>	<b>55.8</b>	<b>27,008</b>	<b>23,593</b>	<b>14.5</b>
Tax	2,262	1,718	31.7	1,522	48.6	6,553	5,564	17.8
Tax rate (%)	23.5	23.7		24.7		24.3	23.6	
<b>Adjusted PAT</b>	<b>7,267</b>	<b>5,460</b>	<b>33.1</b>	<b>4,576</b>	<b>58.8</b>	<b>20,200</b>	<b>17,840</b>	<b>13.2</b>

Source: Company, PL

**Exhibit 2: Segmental Breakup (Rs mn)**

Y/e March	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
<b>Revenues</b>								
Wires & Cables	59,201	48,486	22.1	43,328	36.6	188,881	160,667	17.6
FMEG	4,692	3,536	32.7	4,169	12.5	16,535	12,828	28.9
Others	6,028	4,108	46.7	4,573	31.8	19,192	7,888	143.3
<b>Total</b>	<b>69,921</b>	<b>56,130</b>	<b>24.6</b>	<b>52,070</b>	<b>34.3</b>	<b>224,608</b>	<b>181,383</b>	<b>23.8</b>
<b>EBIT</b>								
Wires & Cables	8,926	7,419	20.3	5,831	53.1	25,722	23,772	8.2
EBIT margin (%)	15.1	15.3	-20bps	13.5		13.6	14.8	
FMEG	23	-458	-105.0	-126	-118.3	(382)	(939)	NA
EBIT margin (%)	0.5	-13.0	1340bps	-3.0		-2.3	-7.3	
Others	564	208	171.2	517	9.1	1,806	632	185.7
EBIT margin (%)	9.4	5.1	430bps	11.3		9.4	8.0	
<b>Total EBIT</b>	<b>9,513</b>	<b>7,169</b>	<b>32.7</b>	<b>6,222</b>	<b>52.9</b>	<b>27,146</b>	<b>23,465</b>	<b>15.7</b>
EBIT margin (%)	13.6	12.8	80bps	11.9		12.1	12.9	

Source: Company, PL

## Conference Call Highlights

- **Consolidated revenue grew 24.9% YoY** with FY25 revenue up 24.2% to Rs224 bn surpassing its FY26 target under project LEAP a year early.
- The company targets 1.5x of industry growth in W&C business and 1.5x-2x in FMEG business in the next 5 years under Project Spring.
- Company has incurred a total CAPEX of Rs 1.3bn/Rs 9.6bn in Q4FY/25FY25 vs Rs 8.6bn in FY24.
- Company has declared final dividend of Rs 35 per share increasing its payout ratio to 26.3% and plans to increase its payout ratio to 30% by FY30.

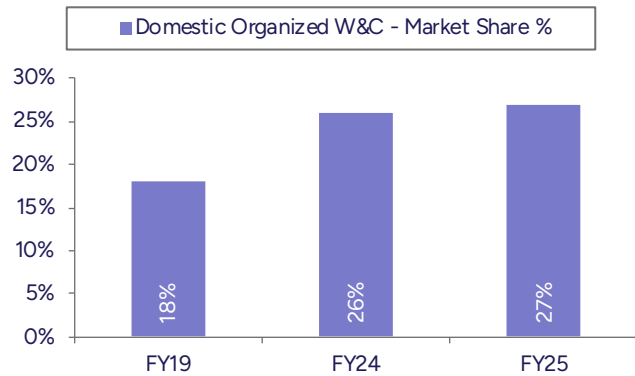
## W&C Segment

- Domestic business grew 27% YoY, while international business declined 24% YoY and contributed 4.7% of consolidated revenue.
- The company has guided EBIDTA margin at 11-13% for the next 5 years.
- Domestic Cables & Wires volume grew in the mid-teens YoY in Q4FY25, with cables growing in the high teens and wires in the high single digits.
- EBIT margin expanded QoQ due to better operating leverage and product mix, partly offset by lower international business contribution.
- EPC Order book as of Q4FY25 stood at Rs70bn. In which RDSS order book stands at Rs 40bn and BharatNet order book stands at Rs 30bn.
- Polycab's domestic Wires & Cables organized market share has risen to 26–27%, a strong jump from 18–19% in FY19 and a modest improvement over 25–26% in FY24.

## FMEG Segment

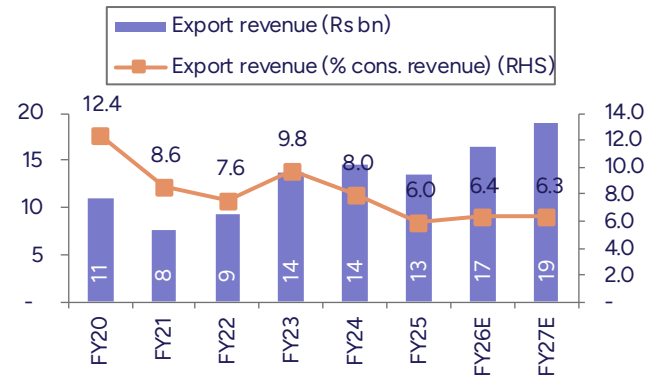
- FMEG segment turned EBIT positive after 10 ten successive quarters of strategic investment in talent, product innovation and brand building.
- Fans segment reported strong growth despite delayed summers, 100+ new SKU's, expanded its geography reach to over 350 new towns, added 280 channel partners and more than 8000 retailers.
- Premium fans accounts for ~18% of FY25 sales volume and ~30% of sales value of FMEG segment in Q4FY25.
- Lights and luminaires sustained its growth momentum despite ongoing price deflation supported by both value and volume expansion. 200+ new SKUs, expansion to 700+ towns, and the addition of 170 distributors and 11,500 retailers.
- Premium Lights & Luminaires portfolio contributed 21% of segment volume and 30% of value in Q4FY25.
- The solar products emerged as a strong outperformer, growing nearly 2.5x year-on-year.

**Exhibit 3: Polycab – Market share**



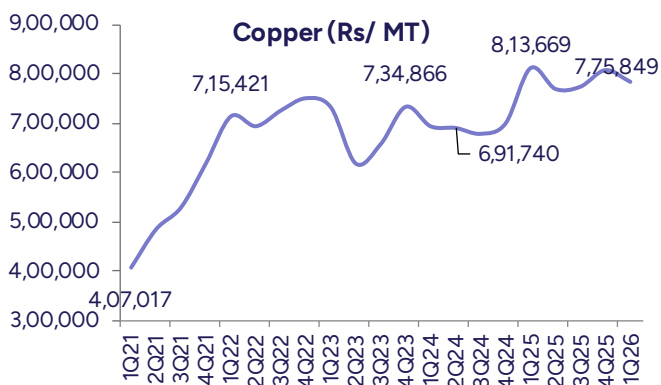
Source: Company, PL

**Exhibit 4: Export revenue to reach 6.3% of rev by FY27E**



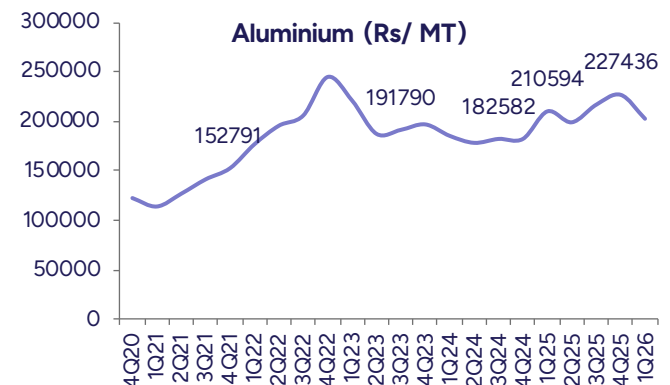
Source: Company, PL

**Exhibit 5: Copper price up 4.4% QoQ / up 15.5% YoY in Q4FY25**



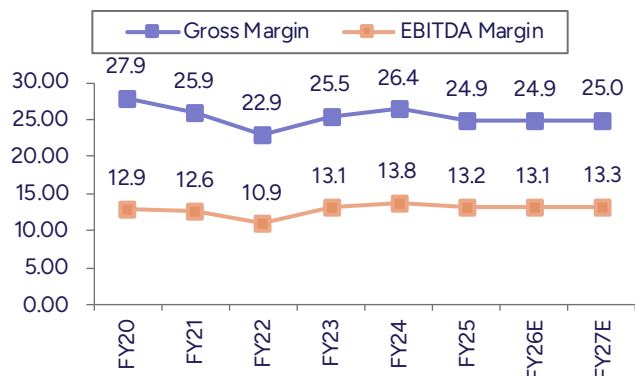
Source: Company, PL

**Exhibit 6: Aluminum price up 4.7% QoQ / 24.5% YoY in Q4FY25**



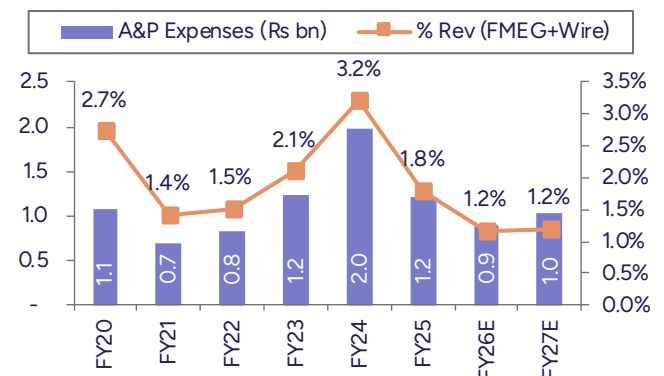
Source: Company, PL

**Exhibit 7: GM to improve with segment/prod mix**



Source: Company, PL

**Exhibit 8: A&P exp to increase, drive retail business**



Source: Company, PL



## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>1,80,394</b>	<b>2,24,082</b>	<b>2,60,576</b>	<b>3,00,968</b>
YoY gr. (%)	27.9	24.2	16.3	15.5
Cost of Goods Sold	1,32,803	1,68,300	1,95,822	2,25,741
Gross Profit	47,591	55,782	64,753	75,227
Margin (%)	26.4	24.9	24.9	25.0
Employee Cost	6,095	7,367	8,677	10,022
Other Expenses	7,030	9,058	9,785	11,302
<b>EBITDA</b>	<b>24,918</b>	<b>29,602</b>	<b>34,201</b>	<b>39,950</b>
YoY gr. (%)	34.5	18.8	15.5	16.8
Margin (%)	13.8	13.2	13.1	13.3
Depreciation and Amortization	2,450	2,981	4,112	5,164
<b>EBIT</b>	<b>22,467</b>	<b>26,621</b>	<b>30,089</b>	<b>34,786</b>
Margin (%)	12.5	11.9	11.5	11.6
Net Interest	1,083	1,689	1,277	1,509
Other Income	2,209	2,076	2,351	2,611
<b>Profit Before Tax</b>	<b>23,592</b>	<b>27,008</b>	<b>31,163</b>	<b>35,887</b>
Margin (%)	13.1	12.1	12.0	11.9
Total Tax	5,564	6,553	7,561	8,708
Effective tax rate (%)	23.6	24.3	24.3	24.3
<b>Profit after tax</b>	<b>18,029</b>	<b>20,455</b>	<b>23,601</b>	<b>27,180</b>
Minority interest	189	255	312	327
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>17,840</b>	<b>20,199</b>	<b>23,290</b>	<b>26,853</b>
YoY gr. (%)	40.4	13.2	15.3	15.3
Margin (%)	9.9	9.0	8.9	8.9
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>17,840</b>	<b>20,199</b>	<b>23,290</b>	<b>26,853</b>
YoY gr. (%)	40.4	13.2	15.3	15.3
Margin (%)	9.9	9.0	8.9	8.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	17,840	20,199	23,290	26,853
<b>Equity Shares O/s (m)</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>
<b>EPS (Rs)</b>	<b>118.7</b>	<b>134.3</b>	<b>154.8</b>	<b>178.5</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>37,394</b>	<b>46,830</b>	<b>61,050</b>	<b>75,863</b>
Tangibles	36,943	46,378	60,568	75,351
Intangibles	451	452	482	512
<b>Acc: Dep / Amortization</b>	<b>14,065</b>	<b>16,718</b>	<b>20,445</b>	<b>25,310</b>
Tangibles	13,775	16,365	20,027	24,822
Intangibles	291	353	418	487
<b>Net fixed assets</b>	<b>23,329</b>	<b>30,112</b>	<b>40,605</b>	<b>50,554</b>
Tangibles	23,169	30,013	40,541	50,529
Intangibles	160	98	64	25
Capital Work In Progress	5,784	7,081	7,081	7,081
Goodwill	46	-	-	-
Non-Current Investments	1,502	3,707	2,902	3,286
Net Deferred tax assets	(415)	(785)	(1,244)	(1,773)
Other Non-Current Assets	2,859	3,397	2,671	2,691
<b>Current Assets</b>				
Investments	18,224	17,490	17,490	22,490
Inventories	36,751	36,613	44,262	51,123
Trade receivables	20,471	25,963	29,984	34,632
Cash & Bank Balance	4,024	7,706	11,836	11,920
Other Current Assets	7,227	4,159	4,836	5,586
<b>Total Assets</b>	<b>1,20,789</b>	<b>1,37,727</b>	<b>1,63,355</b>	<b>1,91,260</b>
<b>Equity</b>				
Equity Share Capital	1,503	1,504	1,504	1,504
Other Equity	80,369	96,745	1,17,746	1,38,581
<b>Total Network</b>	<b>81,872</b>	<b>98,249</b>	<b>1,19,250</b>	<b>1,40,086</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	226	419	419	419
Provisions	439	413	480	555
Other non current liabilities	423	886	423	423
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	1,140	896	1,041	1,203
Trade payables	28,633	27,358	30,237	34,857
Other current liabilities	6,168	6,849	7,943	9,154
<b>Total Equity &amp; Liabilities</b>	<b>1,20,789</b>	<b>1,37,727</b>	<b>1,63,355</b>	<b>1,91,260</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	23,592	27,008	31,163	35,887
Add. Depreciation	2,450	2,981	4,112	5,164
Add. Interest	1,083	1,689	1,277	1,509
Less Financial Other Income	2,209	2,076	2,351	2,611
Add. Other	(331)	(1,162)	244	(1)
Op. profit before WC changes	26,795	30,516	36,796	42,560
Net Changes-WC	(8,090)	(6,099)	(7,711)	(6,969)
Direct tax	(5,743)	(6,331)	(7,561)	(8,708)
<b>Net cash from Op. activities</b>	<b>12,962</b>	<b>18,085</b>	<b>21,524</b>	<b>26,883</b>
Capital expenditures	(8,530)	(9,696)	(14,605)	(15,113)
Interest / Dividend Income	447	224	630	680
Others	563	(2,921)	(3,529)	(4,785)
<b>Net Cash from Inv. activities</b>	<b>(7,519)</b>	<b>(12,393)</b>	<b>(17,504)</b>	<b>(19,218)</b>
Issue of share cap. / premium	194	73	-	-
Debt changes	(54)	(160)	146	161
Dividend paid	(2,997)	(4,511)	(5,265)	(6,017)
Interest paid	(1,017)	(1,685)	(1,277)	(1,509)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(3,874)</b>	<b>(6,283)</b>	<b>(6,396)</b>	<b>(7,365)</b>
<b>Net change in cash</b>	<b>1,570</b>	<b>(591)</b>	<b>(2,376)</b>	<b>300</b>
Free Cash Flow	4,433	8,389	6,919	11,769

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	118.7	134.3	154.8	178.5
CEPS	135.0	154.1	182.2	212.8
BVPS	544.9	653.1	792.8	931.3
FCF	29.5	55.8	46.0	78.2
DPS	18.5	35.0	40.0	45.0
<b>Return Ratio(%)</b>				
RoCE	32.7	31.4	29.5	28.5
ROIC	32.2	30.5	28.2	27.2
RoE	24.1	22.4	21.4	20.7
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.3)	(0.2)	(0.2)	(0.2)
Net Working Capital (Days)	37	43	48	48
<b>Valuation(x)</b>				
PER	49.5	43.8	38.0	32.9
P/B	10.8	9.0	7.4	6.3
P/CEPS	43.5	38.2	32.3	27.6
EV/EBITDA	34.6	29.1	25.0	21.3
EV/Sales	4.8	3.8	3.3	2.8
Dividend Yield (%)	0.3	0.6	0.7	0.8

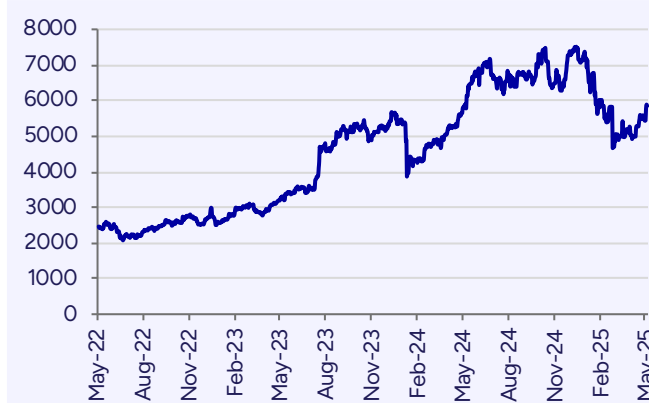
Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
<b>Net Revenue</b>	<b>46,980</b>	<b>54,984</b>	<b>52,261</b>	<b>69,858</b>
YoY gr. (%)	20.8	30.4	20.4	24.9
Raw Material Expenses	35,415	42,025	38,807	52,053
Gross Profit	11,565	12,960	13,453	17,805
Margin (%)	24.6	23.6	25.7	25.5
<b>EBITDA</b>	<b>5,834</b>	<b>6,316</b>	<b>7,199</b>	<b>10,254</b>
YoY gr. (%)	6.3	3.7	26.4	34.6
Margin (%)	12.4	11.5	13.8	14.7
Depreciation / Depletion	671	721	786	804
<b>EBIT</b>	<b>5,163</b>	<b>5,595</b>	<b>6,414</b>	<b>9,450</b>
Margin (%)	11.0	10.2	12.3	13.5
Net Interest	413	453	498	325
Other Income	584	762	250	481
<b>Profit before Tax</b>	<b>5,334</b>	<b>5,903</b>	<b>6,166</b>	<b>9,606</b>
Margin (%)	11.4	10.7	11.8	13.8
Total Tax	1,317	1,451	1,522	2,262
Effective tax rate (%)	24.7	24.6	24.7	23.5
<b>Profit after Tax</b>	<b>4,016</b>	<b>4,452</b>	<b>4,643</b>	<b>7,344</b>
Minority interest	57	54	68	77
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>3,960</b>	<b>4,398</b>	<b>4,576</b>	<b>7,267</b>
YoY gr. (%)	(0.9)	3.3	10.8	33.1
Margin (%)	8.4	8.0	8.8	10.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>3,960</b>	<b>4,398</b>	<b>4,576</b>	<b>7,267</b>
YoY gr. (%)	(0.9)	3.3	10.8	33.1
Margin (%)	8.4	8.0	8.8	10.4
Other Comprehensive Income	(92)	(9)	-	36
<b>Total Comprehensive Income</b>	<b>3,868</b>	<b>4,389</b>	<b>4,576</b>	<b>7,303</b>
Avg. Shares O/s (m)	149	149	150	150
<b>EPS (Rs)</b>	<b>26.5</b>	<b>29.5</b>	<b>30.4</b>	<b>48.3</b>

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	03-Apr-25	BUY	7,152	5,286
2	05-Mar-25	BUY	7,152	4,875
3	23-Jan-25	BUY	8,233	6,251
4	08-Jan-25	BUY	8,741	7,163
5	13-Dec-24	BUY	8,741	7,486
6	21-Oct-24	BUY	8,741	7,120
7	08-Oct-24	BUY	8,741	7,263
8	19-Jul-24	BUY	7,788	6,336
9	05-Jul-24	BUY	7,788	6,661
10	13-May-24	BUY	7,086	6,156

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	BUY	1,532	1,288
2	Avalon Technologies	Accumulate	900	807
3	Bajaj Electricals	Hold	552	551
4	Cello World	BUY	770	545
5	Century Plyboard (I)	BUY	806	668
6	Cera Sanitaryware	BUY	7,456	5,398
7	Crompton Greaves Consumer Electricals	BUY	440	339
8	Cyient DLM	Accumulate	546	494
9	Finolex Industries	Accumulate	202	176
10	Greenpanel Industries	BUY	330	233
11	Havells India	Hold	1,717	1,665
12	Kajaria Ceramics	Accumulate	878	800
13	Kaynes Technology India	Accumulate	5,528	4,956
14	KEI Industries	BUY	4,278	2,880
15	Polycab India	BUY	7,152	5,286
16	R R Kabel	BUY	1,292	1,024
17	Supreme Industries	Accumulate	3,803	3,512
18	Syrma SGS Technology	BUY	629	469
19	Voltas	BUY	1,593	1,345

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly



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