

# Polycab India

BSE SENSEX	S&P CNX
80,641	24,380

## Conference Call Details


**Date:** 07<sup>th</sup> May 2025

**Time:** 12:00 IST

**Dial-in details:**

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[Link for the call](#)

## Consol. Financials Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	224.1	255.8	295.1
EBITDA	29.6	33.6	40.0
Adj. PAT	20.2	22.1	26.1
EBITDA Margin (%)	13.2	13.1	13.5
Adj. EPS (INR)	134.3	146.9	173.8
EPS Gr. (%)	13.1	13.9	18.3
BV/Sh. (INR)	653.1	755.8	879.6
<b>Ratios</b>			
Net D:E	(0.1)	(0.1)	(0.1)
RoE (%)	20.6	19.4	19.8
RoCE (%)	21.5	20.8	21.1
Payout (%)	22.3	23.8	28.8
<b>Valuations</b>			
P/E (x)	44.0	40.2	34.0
P/BV (x)	9.0	7.8	6.7
EV/EBITDA(x)	29.8	26.3	22.0
Div. Yield (%)	0.6	0.7	0.8
FCF Yield (%)	0.9	0.9	1.3

**CMP: INR5,908**
**Buy**

## EBITDA above estimate, FMEG achieves breakeven in 4Q

- POLY CAB's 4QFY25 revenue grew 25% YoY to INR69.9b (in line). EBITDA rose ~35% YoY to INR10.3b (+7% vs. est.) and OPM surged 1.1pp YoY to 14.7% (+50bp vs. est.). PAT grew ~33% YoY to INR7.3b (+13% vs. our est., led by lower interest costs and higher other income than our estimate).
- The company's market share in the cables & wires (C&W) segment improved to 26-27% in FY25 from 25-26% in FY24. In C&W, the domestic business grew by 27% YoY, with cables growth being higher than wires. The international business declined 24% YoY due to the rollover of a large order into the next quarter. For FY25, exports contributed 6.0% to consolidated revenue. A strong rebound is expected in FY26 in exports, supported by a robust order book and a favorable demand environment across key markets.

## C&W revenue up 24% YoY and EBIT margin flat YoY at ~15%

- C&W revenue grew ~24% YoY to INR60.2b (in line), EBIT rose ~23% YoY to INR9.1b (~11% beat), and EBIT margin was flat YoY at 15.1% (est. 14.0%).
- ECD revenue increased ~33% YoY. It reported a segment profit of INR19m (vs. estimated loss of INR86m) vs. a loss of INR459m in 4QFY24.
- EPC business revenue increased ~33% YoY (15% beat) to INR4.9b. EBIT rose 52% YoY (down ~10% QoQ) to INR404m. EBIT margin expanded 1.0pp YoY to 8.2%.
- Overall gross margin stood at 25.5% vs. 25.3%/25.7% in 4QFY24/3QFY25. Ad spending was 0.4% of revenue vs. 0.7% in 4QFY24/3QFY25 (each). Depreciation and interest expenses increased 22%/33% YoY, while other income declined 11% YoY.
- In FY25, revenue/EBITDA/PAT grew 24%/19%/13% YoY. EBITDA margin dipped 60bp YoY to 13.2%. C&W revenue/EBIT grew 18%/ 7% YoY, while EBIT margin contracted 1.4pp YoY to 13.5%. FMEG revenue grew 30% YoY, while the segment's losses stood at INR389m vs. INR942m in FY24. OCF stood at INR18.1b vs. INR13b in FY24. Capex stood at INR9.7b vs. INR8.6b in FY24. FCF stood at INR8.4b vs. INR4.4b in FY24.

## Highlights from the management commentary

- C&W margins improved ~140bp QoQ to 15.1%, driven by operating leverage and a favourable product-mix, although this partially offset by the lower contribution from the international business.
- Distribution split in domestic market -- East: 20%, North: 32%, South: 27% and West: 21%. International business has spread to 84 countries from 79 in FY24.
- In the FMEG segment, all product categories recorded growth. Solar products' revenues grew 2.5x YoY and became the third-largest category within the FMEG portfolio. The segment achieved break-even in 4Q – its first profitable quarter after 10 successive quarters of strategic investments in talent, product innovation and brand building.

### Valuation and view

- POLYCARB's 4Q operating performance was above our estimates, with higher revenue growth and margins in C&W segment and break-even in FMEG vs. an estimated segment loss.
- **We have a BUY rating on the stock.** However, we will review our estimates after the concall on 07<sup>th</sup> May'25 ([Concall Link](#)).

### Quarterly performance

Y/E March	FY24								FY25				MOSL 4QE	Var.	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sales	38,894	42,177	43,405	55,919	46,980	54,984	52,261	69,858	67,513	70.7	3.5%	24.9%	33.7%			
Change (%)	42.1	26.6	16.8	29.3	20.8	30.4	20.4	24.9								
EBITDA	5,486	6,089	5,695	7,615	5,834	6,316	7,199	10,254	9,611	26.2	6.7%	34.6%	42.4%			
Change (%)	76.3	42.4	13.0	24.9	6.3	3.7	26.4	34.6								
EBITDA margin (%)	14.1	14.4	13.1	13.6	12.4	11.5	13.8	14.7	14.2	44	106	90				
Depreciation	571	603	619	657	671	721	786	804	808	-0.6%	22.3%	2.3%				
Interest	249	268	322	244	413	453	498	325	537	-39.5%	33.3%	-34.6%				
Other Income	640	353	710	538	584	762	250	481	354	35.7%	-10.7%	92.2%				
Share of JV's loss	-	-	-	-	-	-	-	-	-	-	-	-				
<b>PBT</b>	<b>5,305</b>	<b>5,572</b>	<b>5,464</b>	<b>7,253</b>	<b>5,334</b>	<b>5,903</b>	<b>6,166</b>	<b>9,606</b>	<b>8,619</b>	<b>11.4%</b>	<b>32.4%</b>	<b>55.8%</b>				
Tax	1,273	1,274	1,299	1,718	1,317	1,451	1,522	2,262	2,162							
Effective Tax Rate (%)	24.0	22.9	23.8	23.7	24.7	24.6	24.7	23.5	25.1							
MI	35	42	37	75	57	54	68	77	10							
Exceptional	-	-	-	-	-	-	-	-	-	-	-	-				
<b>Reported PAT</b>	<b>3,996</b>	<b>4,256</b>	<b>4,129</b>	<b>5,460</b>	<b>3,960</b>	<b>4,398</b>	<b>4,576</b>	<b>7,267</b>	<b>6,447</b>	<b>12.7%</b>	<b>33.1%</b>	<b>58.8%</b>				
Change (%)	81.8	58.9	15.4	28.6	-0.9	3.3	10.8	33.1	18.1							
<b>Adj. PAT</b>	<b>3,996</b>	<b>4,256</b>	<b>4,129</b>	<b>5,460</b>	<b>3,960</b>	<b>4,398</b>	<b>4,576</b>	<b>7,267</b>	<b>6,447</b>	<b>12.7%</b>	<b>33.1%</b>	<b>58.8%</b>				
Change (%)	81.8	58.9	15.4	28.6	-0.9	3.3	10.8	33.1	18.1							

### Segmental Performance

Y/E March	FY24								FY25				MOSL 4QE	Var.	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Sales</b>																
Cable and wires	35,338	38,047	39,041	48,647	39,421	47,200	43,846	60,191	58,793	2.4%	23.7%	37.3%				
ECDs	3,145	3,300	2,962	3,581	3,855	3,975	4,232	4,760	4,433	7.4%	32.9%	12.5%				
Others (incl. EPC)	411	830	1,402	3,691	3,704	3,809	4,183	4,907	4,287	14.5%	33.0%	17.3%				
<b>EBIT</b>																
Cable and wires	5,223	5,547	5,474	7,363	4,967	5,793	5,904	9,090	8,224	10.5%	23.5%	54.0%				
ECDs	(57)	(60)	(366)	(459)	(28)	(252)	(128)	19	(86)	-122.2%	-104.2%	-115.0%				
Others (incl. EPC)	85	110	340	265	425	507	447	404	475	-15.1%	52.3%	-9.6%				
<b>EBIT Margin (%)</b>																
Cable and wires	14.8	14.6	14.0	15.1	12.6	12.3	13.5	15.1	14.0	111	(3)	164				
ECDs	(1.8)	(1.8)	(12.4)	(12.8)	(0.7)	(6.4)	(3.0)	0.4	(1.9)	235	1,322	342				
Others (incl. EPC)	20.6	13.3	24.3	7.2	11.5	13.3	10.7	8.2	11.1	(286)	104	(246)				

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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