

Polycab India

Estimate change



TP change



Rating change



| | |
|-----------------------|---------------|
| Bloomberg | POLYCAB IN |
| Equity Shares (m) | 151 |
| M.Cap.(INRb)/(USDb) | 1042.4 / 12.1 |
| 52-Week Range (INR) | 7607 / 4555 |
| 1, 6, 12 Rel. Per (%) | 15/-5/5 |
| 12M Avg Val (INR M) | 3051 |
| Free float (%) | 37.0 |

Financials & Valuations (INR b)

| Y/E MARCH | FY26E | FY27E | FY28E |
|----------------------|-------|-------|-------|
| Sales | 265.7 | 312.5 | 367.7 |
| EBITDA | 37.7 | 44.1 | 52.7 |
| Adj. PAT | 25.5 | 29.1 | 34.8 |
| EBITDA Margin (%) | 14.2 | 14.1 | 14.3 |
| Cons. Adj. EPS (INR) | 170 | 194 | 231 |
| EPS Gr. (%) | 26.3 | 14.1 | 19.4 |
| BV/Sh. (INR) | 788 | 931 | 1,113 |

Ratios

| | | | |
|------------|-------|-------|-------|
| Net D:E | (0.1) | (0.1) | (0.2) |
| RoE (%) | 21.5 | 20.8 | 20.8 |
| RoCE (%) | 22.6 | 22.2 | 22.2 |
| Payout (%) | 20.6 | 25.8 | 21.6 |

Valuations

| | | | |
|---------------|------|------|------|
| P/E (x) | 40.8 | 35.8 | 29.9 |
| P/BV (x) | 8.8 | 7.4 | 6.2 |
| EV/EBITDA (x) | 27.3 | 23.2 | 19.2 |
| Div Yield (%) | 0.6 | 0.7 | 0.7 |
| FCF Yield (%) | 1.0 | 1.3 | 1.8 |

Shareholding Pattern (%)

| As On | Mar-25 | Dec-24 | Mar-24 |
|----------|--------|--------|--------|
| Promoter | 63.0 | 63.1 | 65.2 |
| DII | 11.0 | 10.7 | 7.2 |
| FII | 11.1 | 12.8 | 12.0 |
| Others | 14.9 | 13.5 | 15.6 |

FII includes depository receipts

CMP: INR6,926

TP: INR8,130 (+17%)

Buy

Robust performance with strong volume growth

FMEG remains profitable despite seasonal headwinds

- Polycab India (POLYCAB)'s revenue jumped ~26% YoY to INR59.1b (~5% beat) in 1QFY26, led by robust volume growth in Cables and Wires (C&W). EBITDA rose ~47% YoY to INR8.6b (~16% beat), and OPM surged 2.1pp YoY to 14.5% (+1.4pp vs. our est.). PAT grew ~50% YoY to INR5.9b (~17% beat).
- Management indicated that C&W continues to deliver strong growth led by robust domestic demand and supportive commodity prices. It retains its long-term margin guidance of ~11-13%, considering geographical mix, volatility in commodity prices, capacity expansion, and expected rise in A&P spending. FMEG saw its second consecutive profitable quarter, led by premiumization, a better product mix, and operating leverage benefits. POLYCAB is confident of achieving its long-term targets of project Spring.
- We raise our EPS estimates by ~8%/3% for FY26/27 as we factor in higher revenue growth and margins. We also introduce FY28 estimates in this note. The stock is trading at 41x/36x FY26E/FY27E EPS. We value POLYCAB at 40x Jun'27E EPS to arrive at our TP of INR8,130. **Reiterate BUY.**

C&W/FMEG revenue up ~31%/18% YoY; OPM up 2.1pp YoY to 14.5%

- Consolidated revenue/EBITDA/PAT stood at INR59.1b/INR8.6b/INR5.9b (+26%/+47%/+50% YoY and +5%/+16%/+17% vs. our estimates). Gross margin surged 2.3pp YoY to 26.9%. OPM expanded 2.1pp YoY to 14.5%. Ad spending accounted for 0.3% of revenue vs. 0.5%/0.4% in 1QFY25/4QFY25.
- Segmental highlights: **C&W** revenue rose 31% YoY to INR52.3b (~11% beat), and EBIT grew ~50% YoY to INR7.7b (~26% beat). EBIT margin surged 1.9pp YoY at 14.7% (est. 13.0%). **FMEG** revenue grew ~18% YoY to INR4.5b (in line). It posted EBIT of INR95m (est. INR44m) vs. a loss of INR28m YoY. **The EPC** revenue declined ~19% YoY to INR3.5b, and EBIT declined ~31% YoY to INR268m. EBIT margin dipped 140bp YoY to 7.7%.
- OCF stood at INR10.7b in 1QFY26 vs. an operating cash outflow of INR2.2b in 1QFY25, led by higher profitability and a reduction in working capital. Capex stood at INR4.1b vs. INR2.7b in 1QFY25. FCF stood at INR6.2b vs. a net cash outflow of INR5.1b in 1QFY25.

Key highlights from the management commentary

- In C&W, volume growth stood at 25%+ in 1QFY26. The cable contributed ~73-74% to the segment's revenues, while the balance was from wires. In the C&W organized market, the company's market share was ~26-27% in FY25, with cables having a bit higher share at ~30% while wires had ~20% share.
- Every product category of FMEG experienced gross margin expansion. In this segment, the target is to grow 1.5-2.0x of the industry growth rate and achieve an EBITDA margin of 8-10% by FY30.
- Working capital improved to 43 days in 1QFY26 due to a temporary increase in payable days. Management expects this to normalize and revert to a long-term range of 50 to 55 days in the coming quarters.

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- POLYCAB reported higher-than-estimated earnings, led by 1) higher-than-estimated volume growth in C&W and 2) margin beat in both C&W and FMEG segments. The management remains optimistic about strong demand in domestic C&W, led by improving infrastructure spending, private sector investment, and an uptick in the real estate sector. Further, given the favorable global tariffs/policies, it believes that domestic players have an edge over Chinese players in most of the geographies in global markets. In FMEG, despite weak consumer demand, a shift towards premiumization has helped improve margins. Further, management aims to grow 1.5-2.0x that of the industry and achieve an EBITDA margin of 8-10% by FY30.
- We estimate a CAGR of 18%/21%/20% in POLYCAB's revenue/EBITDA/PAT over FY25-28E. We estimate OPM to be at 14.2%/14.1%/14.3% in FY26/FY27/FY28 vs. 13.2% in FY25. Cumulative FCF over FY26-28E should be at INR42.4b, which will further improve its liquidity position (estimate net cash to improve to INR45.6b in FY28E vs. INR31.0b as of Jun'25). **We reiterate our BUY rating on POLYCAB with a TP of INR8,130 (based on 40x Jun'27E EPS).**

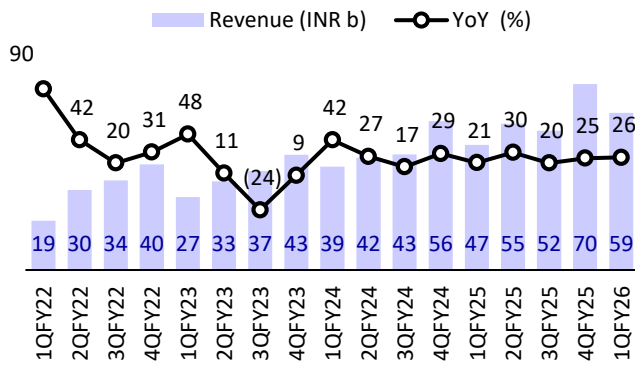
Quarterly performance

| | | | | | | | | | INR m | | | |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|---------------|--------------|
| | FY25 | | | | FY26 | | | | FY25 | FY26E | MOFSL | Var. |
| Y/E March | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | 1QE | |
| Sales | 46,980 | 54,984 | 52,261 | 69,858 | 59,060 | 63,931 | 59,881 | 82,828 | 2,24,083 | 2,65,699 | 56,364 | 4.8% |
| Change (%) | 20.8 | 30.4 | 20.4 | 24.9 | 25.7 | 16.3 | 14.6 | 18.6 | 24.2 | 18.6 | 20.0 | |
| EBITDA | 5,834 | 6,316 | 7,199 | 10,254 | 8,576 | 8,610 | 8,212 | 12,259 | 29,602 | 37,657 | 7,372 | 16.3% |
| Change (%) | 6.3 | 3.7 | 26.4 | 34.6 | 47.0 | 36.3 | 14.1 | 19.6 | 18.8 | 27.2 | 26.4 | |
| EBITDA Margin (%) | 12.4 | 11.5 | 13.8 | 14.7 | 14.5 | 13.5 | 13.7 | 14.8 | 13.2 | 14.2 | 13.1 | |
| Depreciation | 671 | 721 | 786 | 804 | 857 | 900 | 940 | 997 | 2,981 | 3,694 | 820 | 4.5% |
| Interest | 413 | 453 | 498 | 325 | 513 | 560 | 600 | 487 | 1,689 | 2,159 | 340 | 50.8% |
| Other Income | 584 | 762 | 250 | 481 | 799 | 580 | 550 | 562 | 2,076 | 2,492 | 580 | 37.8% |
| Share of JV's Loss | - | - | - | - | - | - | - | - | - | - | - | |
| PBT | 5,334 | 5,903 | 6,166 | 9,606 | 8,006 | 7,730 | 7,222 | 11,337 | 27,008 | 34,295 | 6,792 | 17.9% |
| Tax | 1,317 | 1,451 | 1,522 | 2,262 | 2,009 | 1,917 | 1,791 | 2,788 | 6,553 | 8,505 | 1,685 | |
| Effective Tax Rate (%) | 24.7 | 24.6 | 24.7 | 23.5 | 25.1 | 24.8 | 24.8 | 24.6 | 24.3 | 24.8 | 24.8 | |
| MI | 57 | 54 | 68 | 77 | 76 | 62 | 70 | 68 | 255 | 276 | 65 | |
| Exceptional | - | - | - | - | - | - | - | - | 0 | 0 | - | |
| Reported PAT | 3,960 | 4,398 | 4,576 | 7,267 | 5,921 | 5,751 | 5,361 | 8,481 | 20,200 | 25,514 | 5,043 | 17.4% |
| Change (%) | -0.9 | 3.3 | 10.8 | 33.1 | 49.5 | 30.8 | 17.2 | 16.7 | 13.2 | 26.3 | 27.4 | |
| Adj. PAT | 3,960 | 4,398 | 4,576 | 7,267 | 5,921 | 5,751 | 5,361 | 8,481 | 20,200 | 25,514 | 5,043 | 17.4% |
| Change (%) | -0.9 | 3.3 | 10.8 | 33.1 | 49.5 | 30.8 | 17.2 | 16.7 | 13.2 | 26.3 | 27.4 | |

Segmental performance

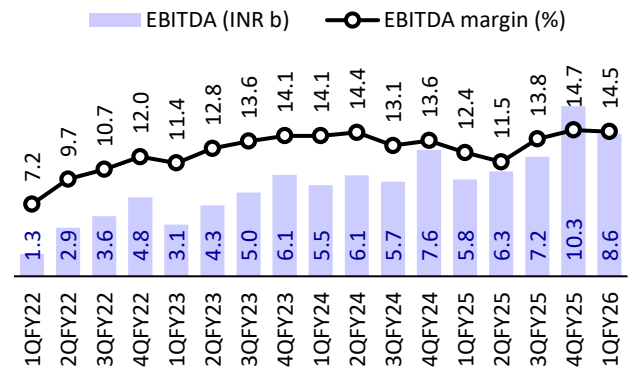
| | | | | | | | | | INR m | | | |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|----------|--------|--------|
| | FY25 | | | | FY26 | | | | FY25 | FY26E | MOFSL | Var. |
| Y/E March | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | 1QE | |
| Sales | | | | | | | | | | | | |
| Cable and Wires | 39,956 | 47,200 | 44,499 | 60,191 | 52,286 | 55,696 | 52,509 | 72,271 | 1,91,847 | 2,32,763 | 46,911 | 11.5% |
| ECDs | 3,855 | 3,975 | 4,232 | 4,760 | 4,542 | 4,571 | 4,867 | 5,701 | 16,822 | 19,681 | 4,433 | 2.5% |
| Others (incl. EPC) | 3,370 | 4,261 | 3,339 | 4,970 | 2,417 | 3,664 | 2,505 | 4,669 | 15,941 | 13,254 | 5,020 | -51.8% |
| Growth YoY (%) | | | | | | | | | | | | |
| Cable and Wires | 13.1 | 24.1 | 14.0 | 22.3 | 30.9 | 18.0 | 18.0 | 20.1 | 18.7 | 21.3 | 19.0 | |
| ECDs | 22.6 | 20.5 | 42.9 | 32.9 | 17.8 | 15.0 | 15.0 | 19.8 | 29.5 | 17.0 | 15.0 | |
| Others (incl. EPC) | 351.0 | 352.7 | 88.2 | 48.3 | (28.3) | (14.0) | (25.0) | (6.1) | 133.9 | -16.9 | 35.5 | |
| EBIT | | | | | | | | | | | | |
| Cable and Wires | 5,109 | 5,793 | 6,080 | 9,090 | 7,683 | 7,797 | 7,089 | 10,949 | 26,072 | 33,518 | 6,098 | 26.0% |
| ECDs | (28) | (252) | (128) | 19 | 95 | (160) | (97) | 63 | (389) | (98) | 44 | 115.4% |
| Others (incl. EPC) | 283 | 507 | 271 | 404 | 127 | 221 | 121 | 383 | 1,464 | 853 | 502 | -74.7% |
| EBIT Margin (%) | | | | | | | | | | | | |
| Cable and Wires | 12.8 | 12.3 | 13.7 | 15.1 | 14.7 | 14.0 | 13.5 | 15.1 | 13.6 | 14.4 | 13.0 | 169 |
| ECDs | (0.7) | (6.4) | (3.0) | 0.4 | 2.1 | (3.5) | (2.0) | 1.1 | (2.3) | (0.5) | 1.0 | 110 |
| Others (incl. EPC) | 8.4 | 11.9 | 8.1 | 8.1 | 5.3 | 6.0 | 4.8 | 8.2 | 9.2 | 6.4 | 10.0 | (474) |

Exhibit 1: Total revenue grew 26% YoY in 1QFY26



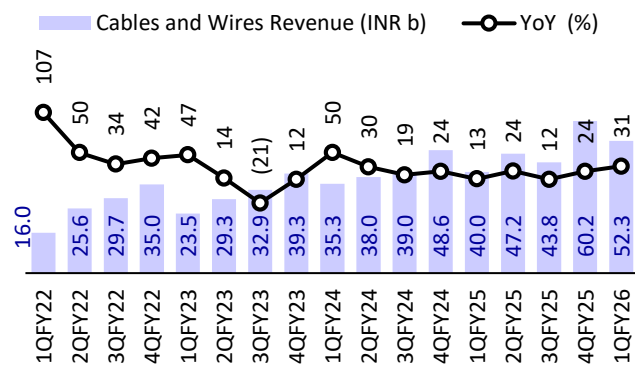
Source: MOFSL, Company

Exhibit 2: EBITDA rose 47% and OPM expanded 2.1pp YoY



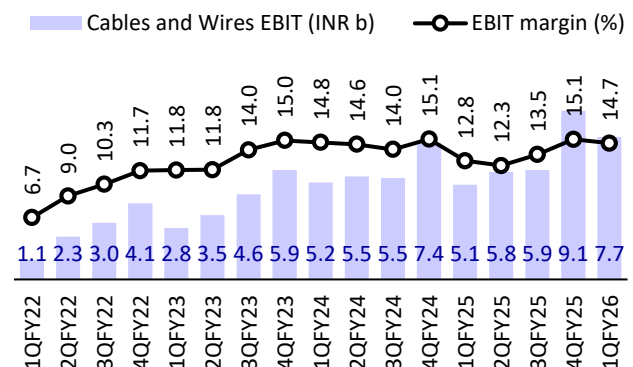
Source: MOFSL, Company

Exhibit 3: C&W revenue grew 31% YoY



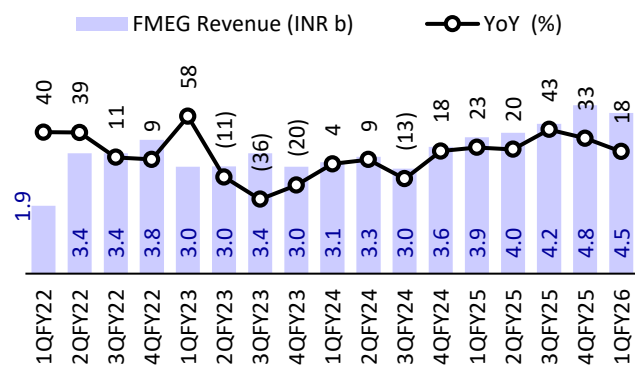
Source: MOFSL, Company

Exhibit 4: C&W EBIT margin was 14.7%



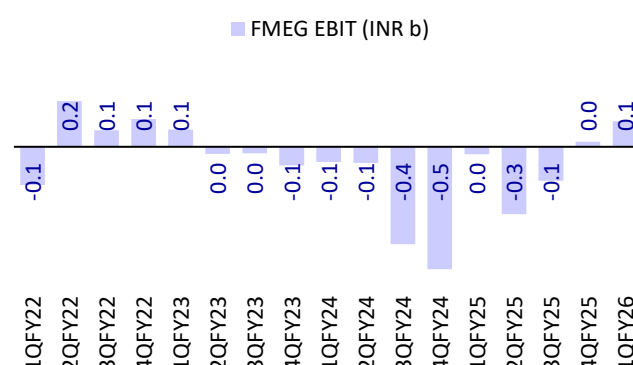
Source: MOFSL, Company

Exhibit 5: FMEG revenue rose ~18% YoY



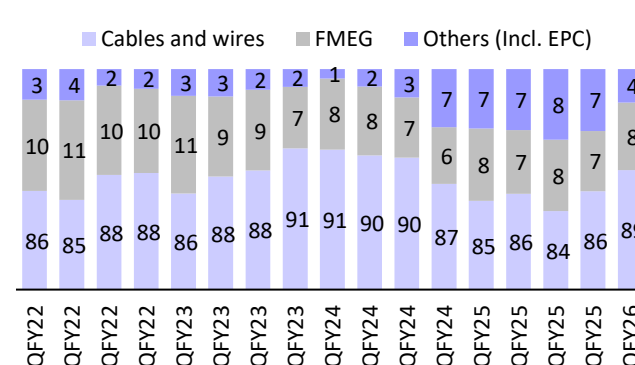
Source: MOFSL, Company

Exhibit 6: FMEG segment remained profitable



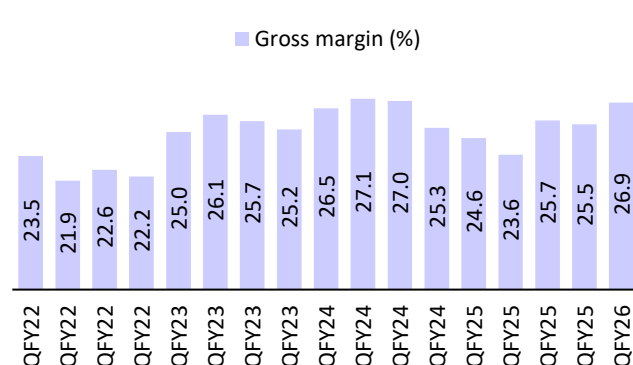
Source: MOFSL, Company

Exhibit 7: Revenue contribution from different segments



Source: MOFSL, Company

Exhibit 8: Gross margin improved 2.3pp YoY



Source: MOFSL, Company



Conference call highlights

C&W segment

- The C&W business continued to deliver strong growth driven by robust domestic demand and supportive commodity price trends. Going forward, it expects strong demand tailwinds from infrastructure spending, improving private sector investment, and momentum in the real estate sector.
- Volume growth stood at 25%+ during the quarter. Both distribution and institutional channels suggested healthy performance, indicating broad-based demand momentum. From a regional perspective, the South led the growth, followed by the North, East, and West. During this quarter, the cable mix was ~73-74% while, balance was wires.
- C&W's margin expansion was led by a combination of strategic pricing action, operational efficiencies, and a favorable business mix. Copper price volatility is not much during the quarter as compared to the previous 3-4 quarters. After only a few days of decline, prices moved up for the rest of the quarter, which supported the timely pass-through and allowed for the maximum benefits. Further, the increased scale of operation and improvement in business mix (higher contribution from C&W and lower EPC business) fueled better margins.
- The company has given a margin guidance of ~11-13% for a longer term considering various factors such as the geographic mix, volatility in commodity prices and new capacity expansion as capacity expansion have an impact in terms of lower operating margin in the near to mid-term. Further, the company continued to increase its ad spending due to its strong focus on B2C business, which also be considered in its long term margin guidance.
- International business grew 24% YoY and contributed 5.2% to the consolidated revenue.
- In exports, the US remains a key market, being one of the largest consumers of cables and a major contributor to the company's export sales, accounting for nearly one-third of exports this quarter. While current tariff-related uncertainties weigh on near-term visibility, the long-term potential remains significant. India so far enjoys a relatively favorable tariff position (10%) compared to other major exporters like China (55%), Mexico (30% effective August 1), South Korea (25%), and Vietnam and the Philippines (20% each). This gives India a competitive edge for now, though the situation is dynamic. Nevertheless, the US is expected to remain a major driver of long-term export growth.
- In Europe, customers are willing to pay a premium to diversify suppliers, so it is not seeing price dumping from Chinese players there. Also, the Middle East has robust cable demand due to large-scale infrastructure investments, and it is seeing good traction in markets like Saudi Arabia, where favorable tariff treatment gives the company an edge over Chinese competitors. However, Australia remains challenging, as China enjoys zero-duty access under a bilateral trade agreement, making it a price-sensitive market for the company. In effect, except Australia, it doesn't see a dumping effect from Chinese suppliers, and hurting export opportunities.

FMEG segment

- The FMEG segment continued its healthy trajectory, registering ~18% YoY growth despite seasonal headwinds from an early monsoon. In the fan segment, while overall sales were muted due to a shortened summer, the premiumization strategy has helped with the premium fans portfolio contributing ~25% of the fan sales, underscoring growing consumer preference for feature and aesthetically superior products. E-commerce is also gaining and accounting for a mid-teens share of total fans' revenue, further supporting premium offerings to digital channels.
- In the lighting, the impact of premiumization is even more evident where premium products contributes over 35% of the sales during the quarter. This portfolio shift is helping it to improve gross margin realization in this business.
- In switches and switchgears, conduit solutions show healthy demand from the real estate sector. Here also, focus on value-added offerings is showing results with premium switch line now constituting ~20% of the total switch sales. Similarly, in switchgears, the focus is on increasing the mix of RCCBs and multiple MCBs in sales.
- The solar products category, which recorded more than 2x growth YoY, is now emerging as the largest contributor within the FMEG portfolio. It expects this momentum to continue, backed by supportive government policies (rooftop solar) and rising adoption of renewable energy solutions.
- Solar demand has been primarily driven by the government's rooftop solar scheme. In addition, several states have introduced their incentive programs, further boosting adoption. As a result, it is seeing strong traction in the solar inverter segment, particularly in states like Maharashtra, Gujarat, Rajasthan, Madhya Pradesh, Telangana, Tamil Nadu, and Uttar Pradesh.
- The FMEG segment saw its second consecutive profitable quarter, led by premiumization, better product mix, and operating leverage from scaling efficiency. Every product category of FMEG saw gross margin expansion. In this segment, the target is to grow 1.5-2x of the industry growth rate and achieve an EBITDA margin of 8-10% by FY30.

EPC Segment

- EPC business as at end of Mar'25, it had an open order book of ~INR70b. Post that it won an order on the Bharatnet project, put together roughly the Capex part that have to do and the overall is outstanding is around INR80b (excludes the GST), that will be accrued over the period of next three years.
- The company currently have a strong EPC order book that will be executed over the next two to three years. The quarterly performance may fluctuate depending on the project execution phase. In some quarters, when material is being supplied, margins tend to be stronger; in others, during on-ground execution, margins may soften. These variations are part of the normal project cycle. However, on an annual basis, it expects to deliver margins broadly in line with guidance. Over the near to mid-term, the contribution from the EPC business is expected to remain in the 5–10% range.

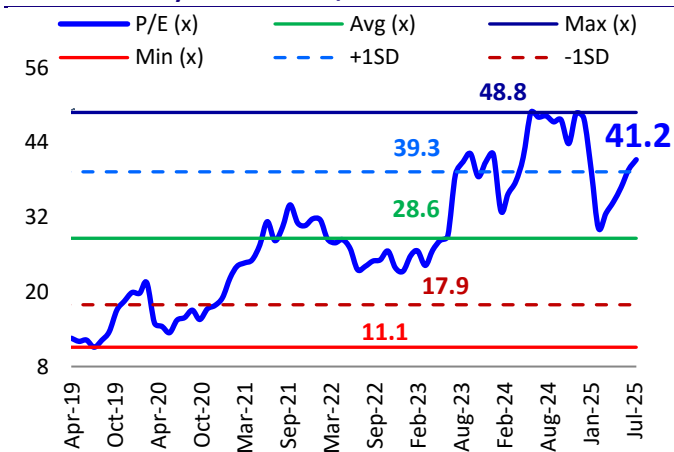
Capex and working capital

- Working capital improved to 43 days in 1QFY26, due to a temporary increase in payable days. It expects this to normalize and back to a long-term range of 50 to 55 days in the coming quarters.
- Capex in 1QFY26 was INR4.1b in line with its project spring guidance of INR12-16b annually through FY30. Currently, the capex is largely towards the C&W business and some part for backward integration and the FMEG segment.

Other highlights

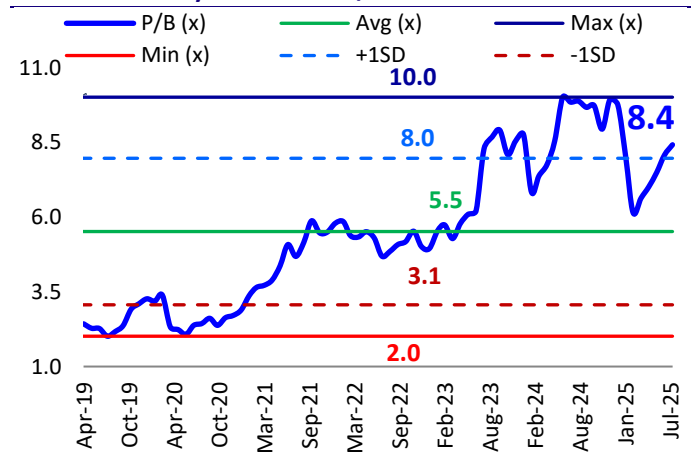
- Advertisement spending was lower in 1QFY26 largely due to limited promotional activity in the fans business due to an early onset of monsoon, which impacted the seasonal campaign cycle. However, with the upcoming festive season, the advertising and promotion spend will increase and it targeted should be ~3%-5% of B2C segment revenue.
- In the C&W organized market, the company's share stood at ~26-27% in FY25, with cables a bit higher at ~30% while in wires were at ~20%.

Exhibit 9: One-year forward P/E chart



Source: MOFSL, Company

Exhibit 10: One-year forward P/B chart



Source: MOFSL, Company

Financials and valuations (Consolidated)

| Income Statement | | | | | | (INR M) | | |
|-----------------------------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| Net Sales | 88,585 | 1,22,398 | 1,41,078 | 1,80,394 | 2,24,083 | 2,65,699 | 3,12,537 | 3,67,657 |
| Change (%) | 0.3 | 38.2 | 15.3 | 27.9 | 24.2 | 18.6 | 17.6 | 17.6 |
| Raw Materials | 65,171 | 94,657 | 1,05,109 | 1,32,803 | 1,68,300 | 1,95,554 | 2,30,027 | 2,69,493 |
| Staff Cost | 3,537 | 4,066 | 4,568 | 6,095 | 7,367 | 8,841 | 10,609 | 12,731 |
| Other Expenses | 8,102 | 10,663 | 12,880 | 16,578 | 18,813 | 23,647 | 27,816 | 32,721 |
| EBITDA | 11,774 | 13,012 | 18,521 | 24,918 | 29,602 | 37,657 | 44,085 | 52,712 |
| % of Net Sales | 13.3 | 10.6 | 13.1 | 13.8 | 13.2 | 14.2 | 14.1 | 14.3 |
| Depreciation | 1,762 | 2,015 | 2,092 | 2,450 | 2,981 | 3,694 | 4,563 | 5,466 |
| Interest | 427 | 352 | 598 | 1,083 | 1,689 | 2,159 | 3,141 | 3,668 |
| Other Income | 1,193 | 899 | 1,333 | 2,209 | 2,076 | 2,492 | 2,741 | 3,097 |
| Profit of Share of Associates/JVs | 6 | (26) | (93) | - | - | - | - | - |
| PBT | 10,784 | 11,519 | 17,073 | 23,593 | 27,008 | 34,295 | 39,123 | 46,675 |
| Tax | 2,703 | 2,706 | 4,242 | 5,564 | 6,553 | 8,505 | 9,702 | 11,576 |
| Rate (%) | 25.1 | 23.5 | 24.8 | 23.6 | 24.3 | 24.8 | 24.8 | 24.8 |
| MI | 38 | 87 | 123 | 189 | 255 | 276 | 298 | 322 |
| Extraordinary Inc. (net) | (1,000) | - | - | - | - | - | - | - |
| Reported PAT | 7,042 | 8,725 | 12,708 | 17,841 | 20,200 | 25,514 | 29,122 | 34,778 |
| Change (%) | (7.2) | 23.9 | 45.6 | 40.4 | 13.2 | 26.3 | 14.1 | 19.4 |
| Adjusted PAT | 8,042 | 8,725 | 12,708 | 17,841 | 20,200 | 25,514 | 29,122 | 34,778 |
| Change (%) | 5.9 | 8.5 | 45.6 | 40.4 | 13.2 | 26.3 | 14.1 | 19.4 |

| Balance Sheet | | | | | | (INR M) | | |
|----------------------------------|---------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| Share Capital | 1,491 | 1,494 | 1,498 | 1,502 | 1,504 | 1,504 | 1,504 | 1,504 |
| Reserves | 46,048 | 53,943 | 64,874 | 80,369 | 96,746 | 1,16,995 | 1,38,596 | 1,65,852 |
| Net Worth | 47,539 | 55,437 | 66,372 | 81,871 | 98,250 | 1,18,499 | 1,40,100 | 1,67,357 |
| Loans | 2,487 | 831 | 730 | 898 | 1,090 | 990 | 890 | 790 |
| Deferred Tax Liability | 418 | 272 | 409 | 415 | 785 | 785 | 785 | 785 |
| Minority Interest | 188 | 251 | 374 | 562 | 818 | 1,094 | 1,392 | 1,713 |
| Capital Employed | 50,633 | 56,791 | 67,885 | 83,746 | 1,00,943 | 1,21,367 | 1,43,166 | 1,70,645 |
| Gross Fixed Assets | 26,989 | 27,059 | 33,069 | 37,462 | 47,153 | 59,153 | 72,153 | 85,153 |
| Less: Depreciation | 8,293 | 10,308 | 12,400 | 14,850 | 17,831 | 21,525 | 26,088 | 31,554 |
| Net Fixed Assets | 18,696 | 16,751 | 20,669 | 22,612 | 29,321 | 37,627 | 46,064 | 53,598 |
| Capital WIP | 991 | 3,755 | 2,508 | 6,547 | 7,872 | 7,872 | 7,872 | 7,872 |
| Investments | 6,349 | 7,733 | 13,505 | 18,224 | 17,490 | 17,490 | 17,490 | 17,490 |
| Current Assets | 44,111 | 45,880 | 57,559 | 73,276 | 82,804 | 1,02,028 | 1,23,085 | 1,52,085 |
| Inventory | 19,879 | 21,996 | 29,514 | 36,751 | 36,613 | 43,413 | 51,065 | 60,072 |
| Debtors | 15,641 | 13,763 | 12,992 | 21,662 | 28,957 | 34,335 | 40,387 | 47,510 |
| Cash & Bank Balance | 5,313 | 4,071 | 6,952 | 4,024 | 7,706 | 12,984 | 18,344 | 28,872 |
| Loans & Advances | 123 | 127 | 103 | 106 | 111 | 132 | 155 | 182 |
| Other Current Assets | 3,155 | 5,922 | 7,997 | 10,733 | 9,416 | 11,165 | 13,133 | 15,449 |
| Current Liab. & Prov. | 19,514 | 17,328 | 26,356 | 36,914 | 36,544 | 43,650 | 51,345 | 60,400 |
| Creditors | 13,480 | 12,175 | 20,326 | 28,633 | 27,358 | 32,757 | 38,532 | 45,328 |
| Other Liabilities | 5,547 | 4,634 | 5,312 | 7,365 | 8,145 | 9,657 | 11,360 | 13,363 |
| Provisions | 487 | 518 | 717 | 916 | 1,042 | 1,236 | 1,453 | 1,710 |
| Net Current Assets | 24,597 | 28,552 | 31,203 | 36,362 | 46,259 | 58,378 | 71,740 | 91,685 |
| Application of Funds | 50,633 | 56,791 | 67,885 | 83,746 | 1,00,943 | 1,21,367 | 1,43,166 | 1,70,645 |

Financials and valuations (Consolidated)

Ratios

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|---------------------------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Basic (INR) | | | | | | | | |
| Adjusted EPS | 53.9 | 58.4 | 84.9 | 118.8 | 134.3 | 169.6 | 193.6 | 231.2 |
| Growth (%) | 5.8 | 8.3 | 45.3 | 40.0 | 13.1 | 26.3 | 14.1 | 19.4 |
| Cash EPS | 65.7 | 71.9 | 98.8 | 135.1 | 154.1 | 194.2 | 223.9 | 267.5 |
| Book Value | 318.8 | 371.0 | 443.2 | 545.0 | 653.1 | 787.8 | 931.4 | 1,112.6 |
| DPS | 10.0 | 14.0 | 20.0 | 30.0 | 35.0 | 40.0 | 50.0 | 50.0 |
| Payout (incl. Div. Tax.) | 18.5 | 24.0 | 23.6 | 16.8 | 22.3 | 20.6 | 25.8 | 21.6 |
| Valuation (x) | | | | | | | | |
| P/Sales | 11.8 | 8.5 | 7.4 | 5.8 | 4.7 | 4.0 | 3.4 | 2.9 |
| P/E | 129.8 | 119.9 | 82.5 | 59.0 | 52.1 | 41.3 | 36.2 | 30.3 |
| Cash P/E | 106.5 | 97.4 | 70.8 | 51.8 | 45.4 | 36.1 | 31.3 | 26.2 |
| EV/EBITDA | 88.4 | 80.2 | 56.3 | 42.1 | 35.4 | 27.6 | 23.5 | 19.4 |
| EV/Sales | 11.8 | 8.5 | 7.4 | 5.8 | 4.7 | 3.9 | 3.3 | 2.8 |
| Price/Book Value | 22.0 | 18.9 | 15.8 | 12.8 | 10.7 | 8.9 | 7.5 | 6.3 |
| Dividend Yield (%) | 0.1 | 0.2 | 0.3 | 0.4 | 0.5 | 0.6 | 0.7 | 0.7 |
| Profitability Ratios (%) | | | | | | | | |
| RoE | 16.9 | 15.7 | 19.1 | 21.8 | 20.6 | 21.5 | 20.8 | 20.8 |
| RoCE | 16.6 | 16.0 | 19.7 | 22.5 | 21.5 | 22.6 | 22.2 | 22.2 |
| RoIC | 19.3 | 18.7 | 26.0 | 27.9 | 26.6 | 28.1 | 27.7 | 28.6 |
| Turnover Ratios | | | | | | | | |
| Debtors (Days) | 64 | 41 | 34 | 44 | 47 | 47 | 47 | 47 |
| Inventory (Days) | 82 | 66 | 76 | 74 | 60 | 60 | 60 | 60 |
| Creditors. (Days) | 56 | 36 | 53 | 58 | 45 | 45 | 45 | 45 |
| Asset Turnover (x) | 1.7 | 2.2 | 2.1 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 |
| Leverage Ratio | | | | | | | | |
| Debt/Equity (x) | (0.1) | (0.1) | (0.1) | (0.0) | (0.1) | (0.1) | (0.1) | (0.2) |

Cash Flow Statement

(INR M)

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|------------------------------|----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|-----------------|
| PBT Before EO Items | 10,122 | 11,519 | 17,073 | 23,593 | 27,008 | 34,295 | 39,123 | 46,675 |
| Add: Depreciation | 1,866 | 2,088 | 2,092 | 2,450 | 2,981 | 3,694 | 4,563 | 5,466 |
| Interest | 531 | 352 | 598 | 1,083 | 1,689 | 2,159 | 3,141 | 3,668 |
| Less: Direct Taxes Paid | 2,409 | 3,340 | 3,704 | 5,743 | 6,331 | 8,505 | 9,702 | 11,576 |
| (Inc)/Dec in WC | (2,600) | 4,974 | 1,058 | 8,090 | 6,099 | 6,841 | 8,002 | 9,417 |
| Others | (325) | (529) | (725) | (331) | (1,162) | (2,492) | (2,741) | (3,097) |
| CF from Operations | 12,385 | 5,116 | 14,275 | 12,962 | 18,085 | 22,311 | 26,381 | 31,720 |
| (Inc)/Dec in FA | (1,935) | (5,267) | (4,795) | (8,585) | (9,706) | (12,000) | (13,000) | (13,000) |
| Free Cash Flow | 10,450 | (151) | 9,481 | 4,377 | 8,379 | 10,311 | 13,381 | 18,720 |
| (Pur)/Sale of Investments | (5,664) | 997 | (7,232) | 1,066 | (2,687) | 2,492 | 2,741 | 3,097 |
| Others | | | | | | | | |
| CF from Investments | (7,599) | (4,270) | (12,026) | (7,519) | (12,393) | (9,508) | (10,259) | (9,903) |
| (Inc)/Dec in Net Worth | - | - | - | - | - | - | - | - |
| (Inc)/Dec in Debt | (1,217) | (168) | 332 | 194 | 498 | (100) | (100) | (100) |
| Less: Interest Paid | 463 | 309 | 476 | 1,017 | 1,685 | 2,159 | 3,141 | 3,668 |
| Dividend Paid | - | 1,492 | 2,094 | 2,997 | 4,511 | 5,265 | 7,521 | 7,521 |
| Others | (68) | (38) | (32) | (54) | (585) | - | - | - |
| CF from Fin. Activity | (1,748) | (2,007) | (2,271) | (3,874) | (6,283) | (7,524) | (10,762) | (11,289) |
| Inc/Dec of Cash | 3,038 | (1,160) | (22) | 1,570 | (591) | 5,278 | 5,360 | 10,528 |
| Add: Beginning Balance | 4,658 | 5,231 | 6,974 | 2,454 | 8,297 | 7,706 | 12,984 | 18,344 |
| Closing Balance | 7,696 | 4,071 | 6,952 | 4,024 | 7,706 | 12,984 | 18,344 | 28,872 |

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| 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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