kotak Securities

Dated: 19 Jan 2026

Polycab (POLYCAB) - SELL

Result Update

Current Market Price (CMP)	Fair Value
Rs.7122	Rs.6400

Rationale:

- Q3FY26: Robust growth but with a negative margin surprise in W&C.
- Margins: It is to be seen if this is just a blip or a reset, considering the rally in commodity prices.
- Management expects margins to recover in a quarter or two.
- We raise FY27-28E revenue by 12-13% (as we factor in the rally in commodities) and cut EBITDA margin forecasts by 90 bps, leading to a 4-6% increase in EPS.
- We expect EPS (earnings per share) growth of 24.2% in FY27E and 7.6% in FY28E.
- Our DCF-based FV is Rs6,400, implying 26x December 2027E PE (unchanged).

Positives:

- Revenue grew 46% yoy (~11.6% beat); W&C revenue grew by 54% yoy (14.1% beat).
- FMEG revenues grew 18.1% yoy (our estimate: +5.4%), led by 2x growth in solar.
- FMEG EBIT margin expanded 580/230 bps yoy/qoq to 2.8% (our estimate: (-) 2%).

Negatives:

- EBITDA margin contracted by 110 bps yoy to 12.7% and adj. EBITDA margin was 13%.
- W&C EBIT margin contracted by 150/300 bps yoy/qoq to 12.2%.

(EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; DCF: Discounted Cash Flow; W&C: Wire and Cable; EBIT: Earnings Before Interest and Tax; FMEG: Fast Moving Electrical Goods)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY – We expect the stock to deliver more than 15% returns over the next 12 months

ADD – We expect the stock to deliver 5% - 15% returns over the next 12 months

REDUCE – We expect the stock to deliver -5% - +5% returns over the next 12 months

SELL – We expect the stock to deliver < -5% returns over the next 12 months

NR – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.

SUBSCRIBE – We advise investor to subscribe to the IPO.

RS – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

NA – **Not Available or Not Applicable.** The information is not available for display or is not applicable

NM – **Not Meaningful.** The information is not meaningful and is therefore excluded.

NOTE – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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