

Polycab India Limited

Q2 FY20 Earnings Presentation | 23 October 2019



Financial Performance Q2 FY2020



Q2FY20 Key Highlights



Healthy Revenue Growth

▲ 24% Y-o-Y

▲ 15% Q-o-Q

▲ 20% H-o-H



Strong Profitability

PAT : ▲ 117% Y-o-Y

▲ 43% Q-o-Q

▲ 98% H-o-H

PBT: ▲ 66% Y-o-Y

▲ 11% Q-o-Q

▲ 69% H-o-H



Consistent Returns

ROCE: 26.3%

26.3%

25.0%

▲ 222bp Y-o-Y

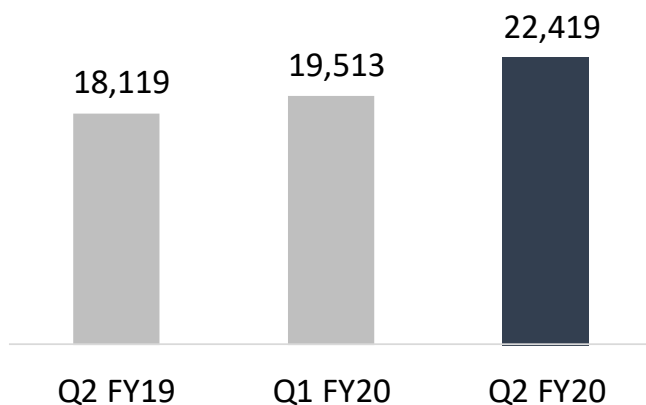
▲ 154bp Q-o-Q

▲ 212bp H-o-H

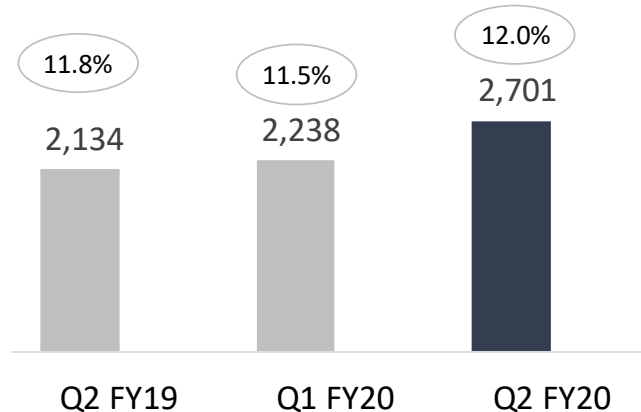
Notes: (1) Numbers on consolidated basis (2) Revenue: Revenue from operations (3) PBT: Profit Before Tax (4) PAT: Profit After Tax (5) ROCE (Return on Capital Employed): (Profit before tax plus finance cost) divided by closing value of (non-current borrowings plus current borrowings plus current maturities of non-current borrowings plus total equity including non-controlling interest)

Q2 FY20: Consistent performance across the board; 2x PAT

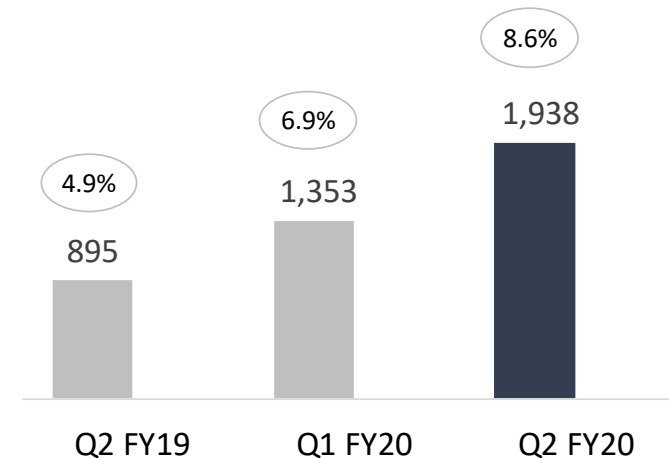
Revenue (INR mn) ▲ 24% YoY ▲ 15% QoQ



EBITDA (INR mn) Margin ▲ 27% YoY ▲ 21% QoQ



PAT (INR mn) Margin ▲ 117% YoY ▲ 43% QoQ

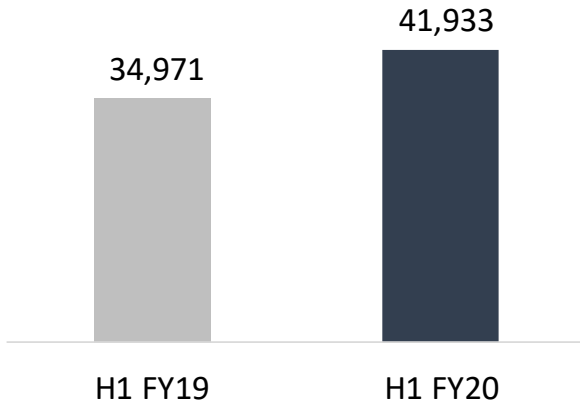


- Revenue growth of 24% y-o-y driven by strong growth across all segments
- EBITDA margins increased by c.27 bps y-o-y & 58 bps q-o-q driven by improvement in sales mix and better realisation
- PBT growth was robust at 66% y-o-y and 11% q-o-q helped by lower finance costs resulting from reduced borrowings
- PAT margin increased by c.370 bps y-o-y and c.171 bps q-o-q due to reduced income tax rates. Q2 FY20 income tax expense was lower by Rs243mn due to adjustment impact of earlier periods in Q2

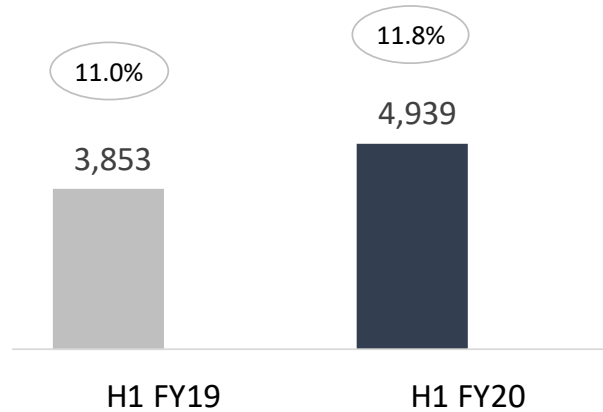
Notes: (1) Consolidated basis in INR mn (2) Revenue: Revenue from operations (3) EBITDA Margin: EBITDA divided by Revenue (4) EBITDA excludes other Income (5) PBT: Profit Before Tax (6) PAT Margin: Profit for the year divided by Revenue

H1 FY20: Strong growth in Revenue & Profitability

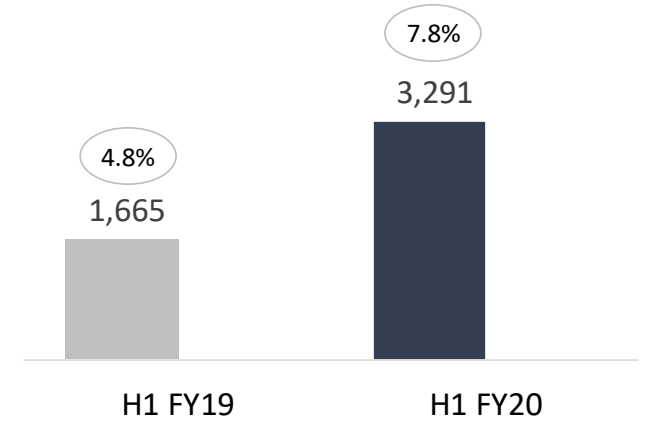
Revenue (INR mn) ▲ 20% YoY



EBITDA (INR mn) Margin ▲ 28% YoY



PAT (INR mn) Margin ▲ 98% YoY

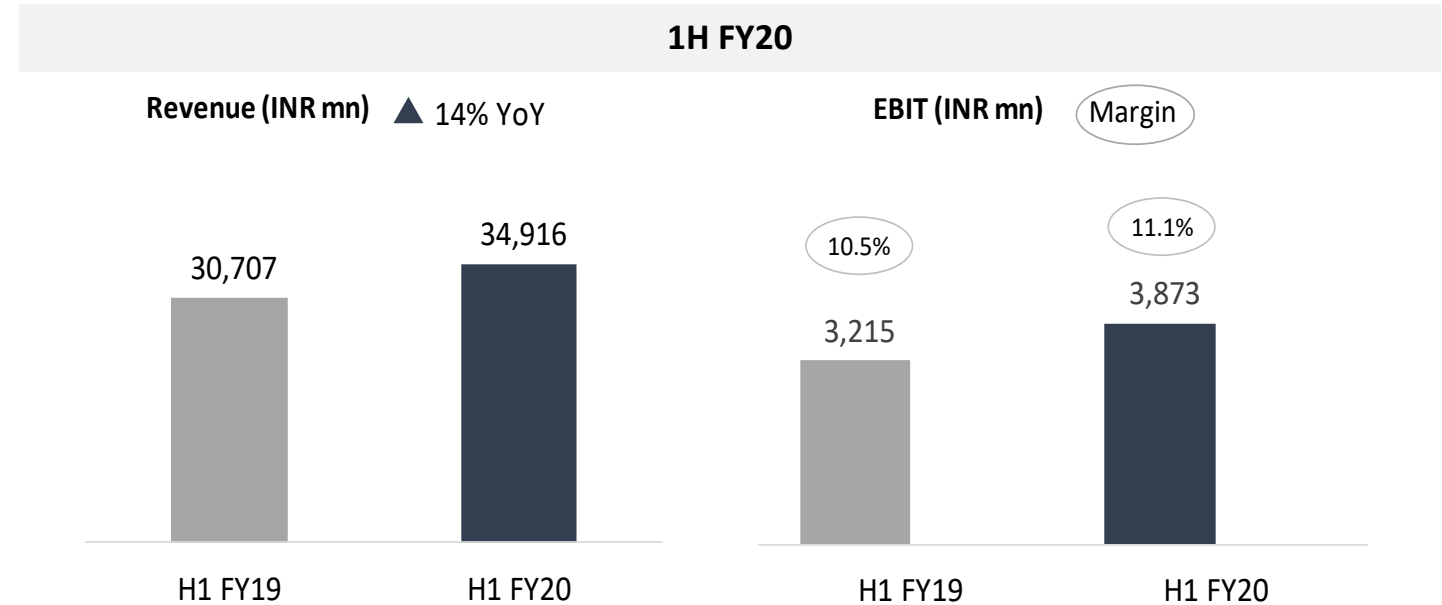
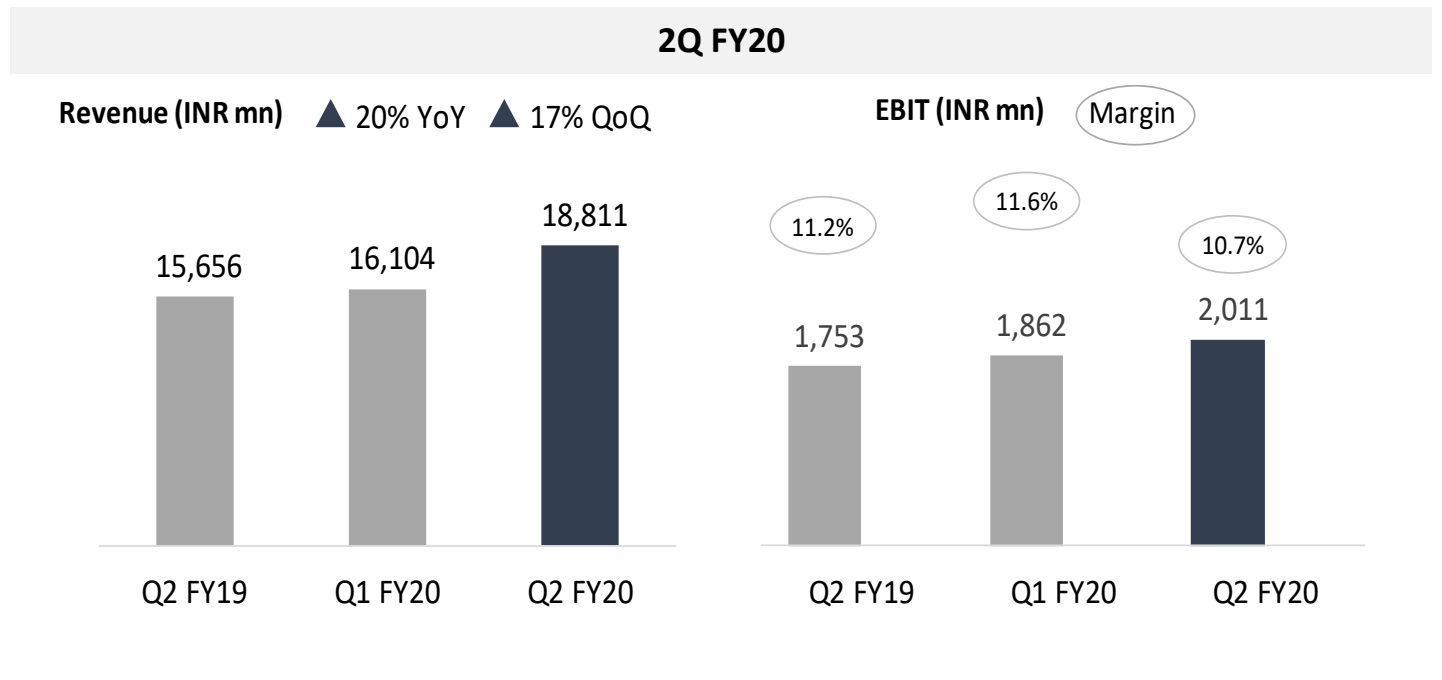


- Revenue in six months ended 30th September grew by 20% YoY
- EBITDA was up 28% YoY. EBITDA margin at 11.8% improved by c.76 bps against the same period last year
- PBT increased by 69% due to decline in finance costs
- PAT nearly doubled with margin improvement of c.309 bps partly led by lower income tax rates

Notes: (1) Consolidated basis in INR mn (2) Revenue: Revenue from operations (3) EBITDA Margin: EBITDA divided by Revenue (4) EBITDA excludes other Income (5) PBT: Profit Before Tax (6) PAT Margin: Profit for the year divided by Revenue

Wires & cables

- Total income growth of 20% y-o-y was led by healthy growth across categories as well as channels.
- Growth in cables was driven by institutional sales & exports. Exports grew strongly led by a large order for which supply started during the quarter. Higher optical fiber cable (OFC) sales vs previous year also contributed to growth
- Wires segment witnessed healthy double digit growth during the quarter.
- EBIT margins were lower due to unrealised mark to market foreign exchange loss and higher ad spends in Q2FY20.
- Total income growth of 14% YoY was led by growth in cables segment.
- EBIT margins increased by 62bps due to improvement in sales mix, better realisation leading to higher contribution margin



Notes: (1) Consolidated basis in INR mn (2) Numbers as per regulatory filings (3) Total income excludes finance income (4) EBIT (Earnings before Interest and Tax): includes other income and excludes finance income

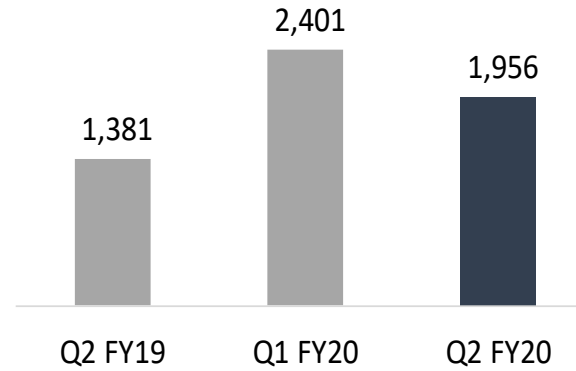
FMEG

- Total income growth of 42% YoY was primarily driven by fans and lighting & luminaries.
- EBIT margin stood at 3.3% in Q2FY20 vs loss in Q2FY19 led by better portfolio mix, higher contribution and scale benefits.
- Q-o-Q, total income was lower due to seasonality in Fans business.

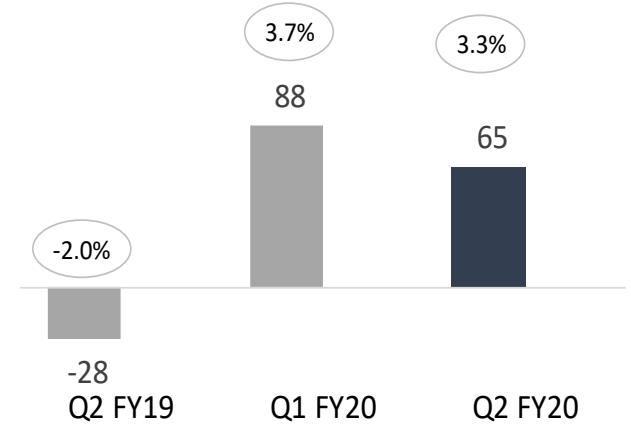
- Total income growth of 52% YoY was driven by portfolio augmentation and distribution expansion. Fans witnessed strong traction across geographies.
- EBIT grew by 44% YoY. Profitability was largely stable.

2Q FY20

Revenue (INR mn) ▲ 42% YoY ▼ -19% QoQ

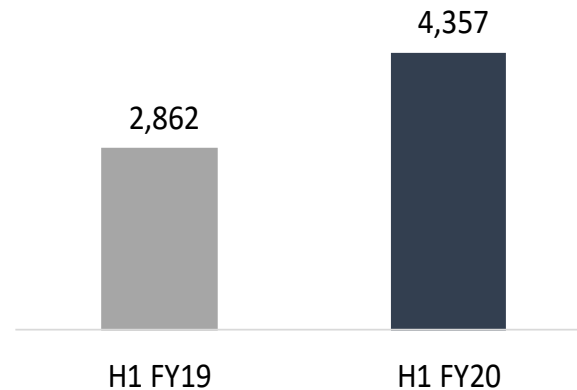


EBIT (INR mn) Margin

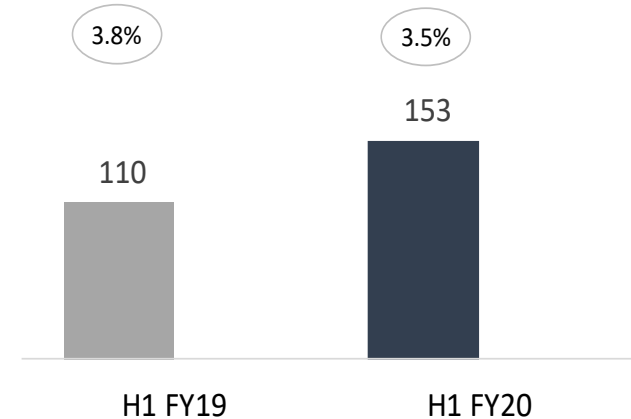


1H FY20

Revenue (INR mn) ▲ 52% YoY



EBIT (INR mn) Margin



Notes: (1) Consolidated basis in INR mn (2) Numbers as per regulatory filings (3) Total income excludes finance income (4) FMEG – Fast Moving Electrical Goods (5) EBIT (Earnings before Interest and Tax); includes other income and excludes finance income

Other

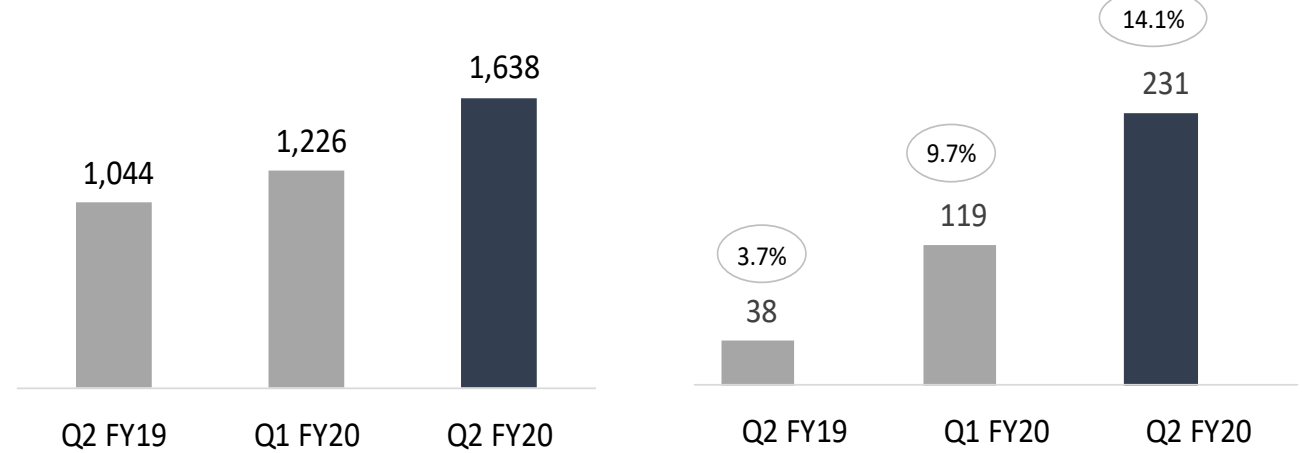
- Other segment which largely comprises of our EPC business witnessed healthy topline growth and margins led by execution of profitable projects

- Total income grew by 83% YoY and operating margin improved to 12.2% in 1HFY20

2Q FY20

Revenue (INR mn) ▲ 57% YoY ▲ 34% QoQ

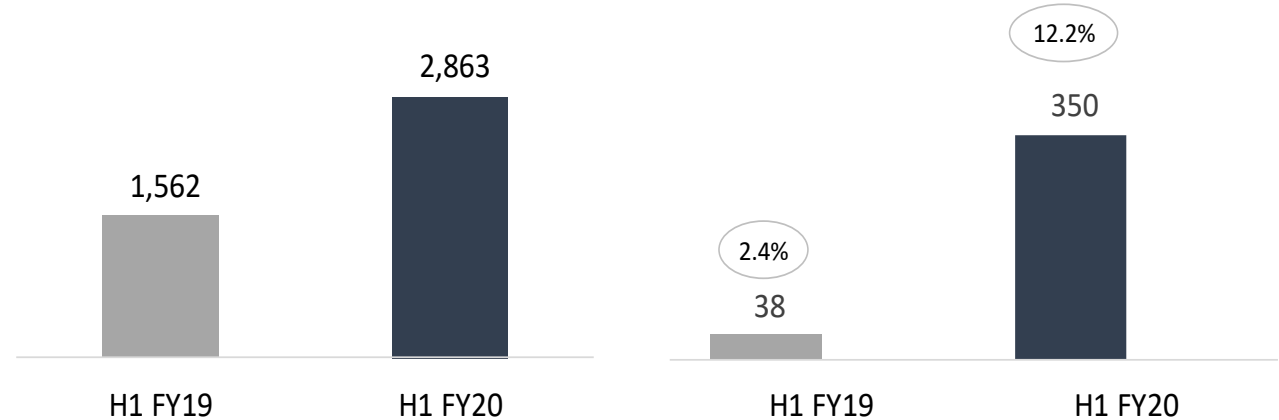
EBIT (INR mn) Margin



1H FY20

Revenue (INR mn) ▲ 83% YoY

EBIT (INR mn) Margin



Notes: (1) Consolidated basis in INR mn (2) Numbers as per regulatory filings (3) Total income excludes finance income (4) Others includes EPC and subsidiaries (5) EBIT (Earnings before Interest and Tax): includes other income and excludes finance income



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Consolidated Profit and Loss Statement

Particulars (INR mn)	Quarter Ended					
	Q2FY20	%	Q2FY19	%	Q1FY20	%
Revenue from Operation	22,419	100.0%	18,119	100.0%	19,513	100.0%
Cost of Goods sold	16,449	73.4%	13,565	74.9%	14,278	73.2%
Contribution (A)	5,970	26.6%	4,553	25.1%	5,235	26.8%
Employee cost	924	4.1%	781	4.3%	920	4.7%
Other Operating Expenses	2,329	10.4%	1,608	8.9%	2,079	10.7%
Total Operating Expenses (B)	3,253	14.5%	2,389	13.2%	2,999	15.4%
Share of profit/(loss) of joint ventures (Net of tax) (C)	-16	-0.1%	-30	-0.2%	2	0.0%
EBITDA (A)-(B)+(C)	2,701	12.0%	2,134	11.8%	2,238	11.5%
Other Income	124	0.6%	-23	-0.1%	336	1.7%
Depreciation	395	1.8%	364	2.0%	385	2.0%
Finance Cost	127	0.6%	362	2.0%	123	0.6%
PBT	2,303	10.3%	1,386	7.6%	2,066	10.6%
Income Tax	365	1.6%	491	2.7%	713	3.7%
PAT	1,938	8.6%	895	4.9%	1,353	6.9%

Half Year Ended			
H1 FY20	%	H1 FY19	%
41,933	100.0%	34,971	100.0%
30,727	73.3%	26,211	74.9%
11,206	26.7%	8,760	25.1%
1,844	4.4%	1,493	4.3%
4,408	10.5%	3,349	9.6%
6,252	14.9%	4,842	13.8%
-14	0.0%	-65	-0.2%
4,939	11.8%	3,853	11.0%
460	1.1%	183	0.5%
780	1.9%	715	2.0%
250	0.6%	733	2.1%
4,369	10.4%	2,587	7.4%
1,078	2.6%	922	2.6%
3,291	7.8%	1,665	4.8%

Consolidated Balance Sheet

Particulars (INR mn)	Sep'19	Sep'18	Jun'19
Assets			
Non-current Assets			
Fixed Assets	15,871	13,915	15,562
Financial / Non-current Assets	2,595	2,006	2,536
Total Non-current Assets	18,467	15,921	18,097
Current Assets			
Inventories	18,943	17,378	18,469
Trade Receivables	11,360	10,193	11,420
Investments	990	-	4,062
Cash and Bank Balances	4,586	1,147	4,547
Others - Current Assets	2,869	2,447	3,213
Assets classified as held for disposal	-	-	-
Total Current Assets	38,748	31,165	41,712
Total Assets	57,214	47,086	59,809

Particulars (INR mn)	Sep'19	Sep'18	Jun'19
Equity and Liabilities			
Shareholder's Funds			
Share Capital	1,486	1,412	1,486
Reserves and Surplus	33,677	23,756	31,812
Total Shareholder's Funds	35,164	25,168	33,299
Minority Interest	112	55	92
Non-current Liabilities			
Borrowings	158	1,017	574
Others - Non-current Liabilities	886	850	942
Total Non-current Liabilities	1,043	1,867	1,517
Current Liabilities			
Short-term Borrowings	1,161	1,920	554
Trade Payables	13,230	13,647	14,706
Others - Current Liabilities	6,505	4,428	9,642
Total Current Liabilities	20,895	19,995	24,902
Total Equity and Liabilities	57,214	47,086	59,809

Consolidated Condensed Cash Flow Statement

Particulars (INR mn)	Quarter Ended			Half Year Ended	
	Q2 FY20	Q2 FY19	Q1 FY20	H1 FY20	H1 FY19
Net Cash Flow from Operating Activities	-1,280	5,266	3,663	2,383	7,433
Net cash flow from/(used in) investing activities	1,399	-683	-5,762	-4,363	-1,414
Net cash flow from/(used in) financing activities	-1,085	-3,570	2,801	1,716	-4,965
Net Increase / (Decrease in cash and cash equivalents)	-966	1,014	702	-264	1,054

Other financial metrics

Working Capital [TTM basis, in days]	Q2FY20	Q1FY20	FY19
Receivable Days	45	48	65
Inventory days	103	106	103
Payable Days	102	108	110
Net Working Capital	46	46	58

Finance Cost (INR mn)	Q2 FY20	Q2 FY19	Q1 FY20	H1 FY20	H1 FY19
Interest on Borrowings	11	70	26	37	140
Interest on Purchase / Sales / Discounting	49	60	54	103	139
Bank Charges	35	21	38	73	53
Foreign Exchange Gain/loss	32	211	5	37	402
Total	127	362	123	250	733

Other Income (INR mn)	Q2 FY20	Q2 FY19	Q1 FY20	H1 FY20	H1 FY19
Interest income	78	15	67	144	23
Gain/loss on Redemption of investment	60	0	52	112	0
Fair value of financial assets (MTM)	-2	-83	158	156	0
Exchange differences (net)	-44	33	44	0	118
Miscellaneous income	32	12	16	48	42
Total	124	-23	336	460	183

Notes: Net working capital days calculated using Average Receivables, Average Inventory and Average Payables on a trailing 12 months basis

Safe Harbour

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