



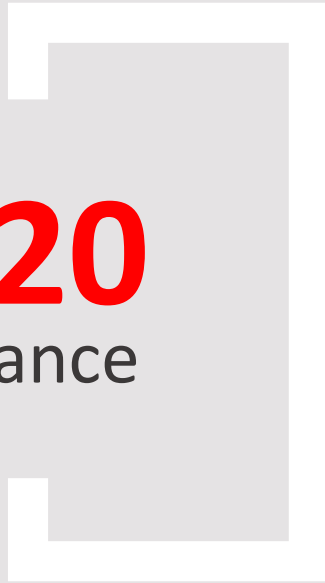
FY2020

Earnings Presentation

30 May 2020

Q4 & FY2020

Financial Performance



Key Highlights

Top-line (Revenue)

FY20: 88,300 mn
 ⚡ 11% Y-o-Y

Q4 FY20: 21,294 mn
 ⚡ -14% Y-o-Y

⚡ -15% Q-o-Q

Operating (EBITDA)

FY20: 11,276 mn
 ⚡ 19% Y-o-Y

Q4 FY20: 2,948 mn
 ⚡ 20% Y-o-Y

⚡ -13% Q-o-Q

Profitability (PAT)

FY20: 7,656 mn
 ⚡ 53% Y-o-Y

Q4 FY20: 2,151 mn
 ⚡ 53% Y-o-Y

⚡ -3% Q-o-Q

Returns (ROCE)

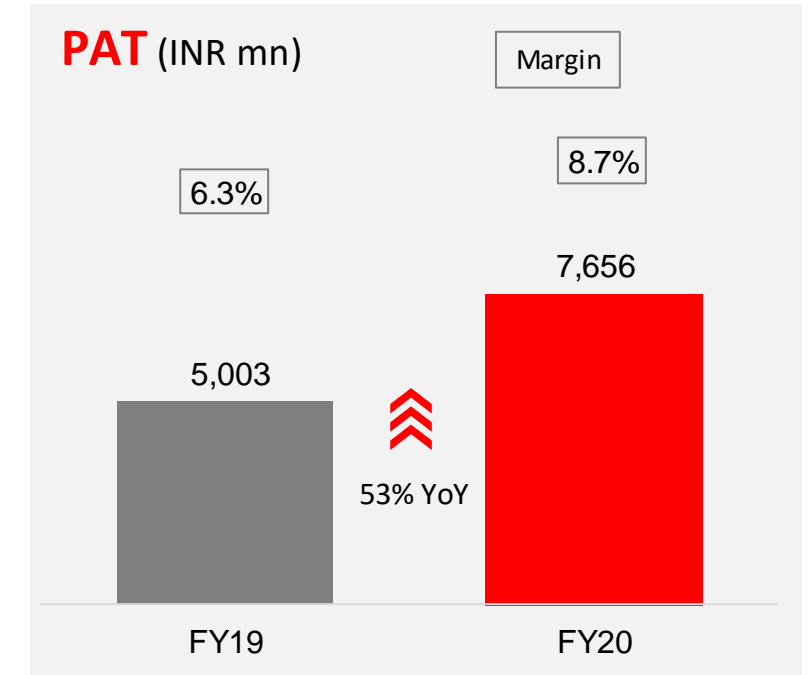
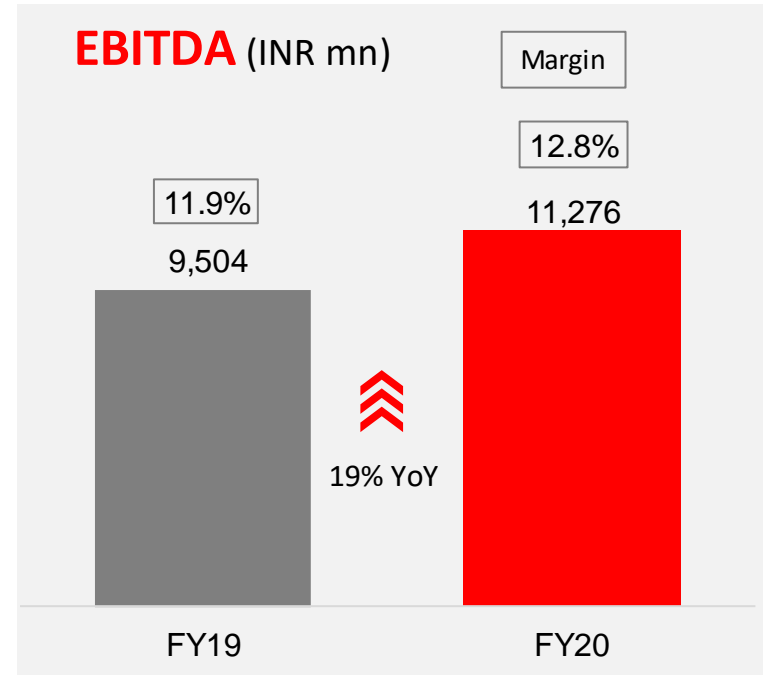
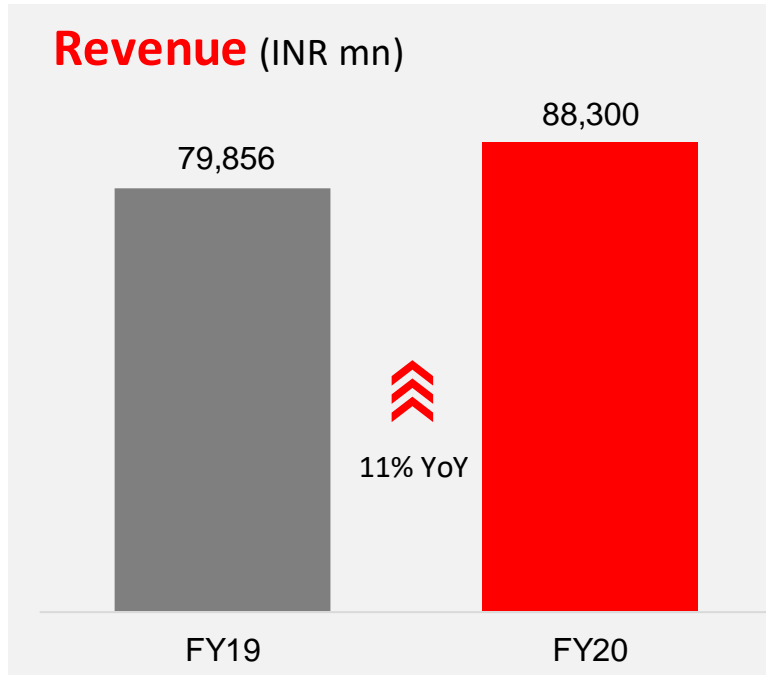
FY20: 26.4%

Q4 FY20: 29.8%



Notes: (1) Numbers on consolidated basis (2) Revenue: Revenue from operations (3) PAT: Profit After Tax (4) 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), Annualised (5) EBITDA excludes other Income

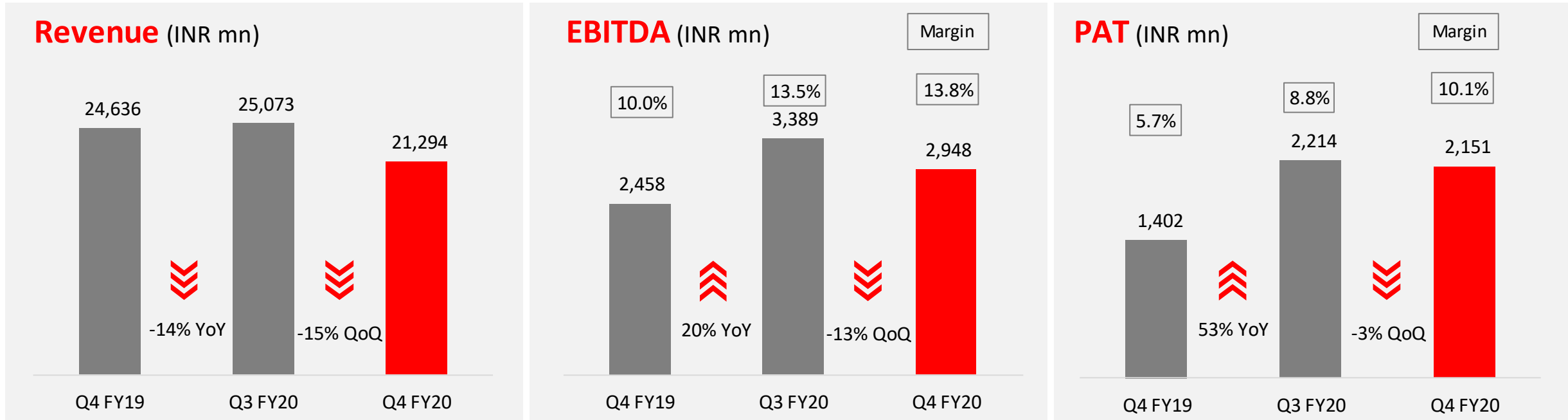
FY20: Healthy underlying performance



- Revenue in FY20 grew by 11% YoY. Headwinds from weak demand environment in end user industries and slower infrastructure spends were further exacerbated by nationwide lockdown leading to tapered annual growth
- Despite challenges, all segments posted decent growth in FY20
- EBITDA was up 19% YoY. EBITDA margin at 12.8% was 87bp higher vs FY19 led by improved sales mix and reduction in expenses
- PAT increased by 53% YoY with margin improvement of c.241bps led by lower finance costs and income tax

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

Q4 FY20: Impacted by COVID-19 pandemic



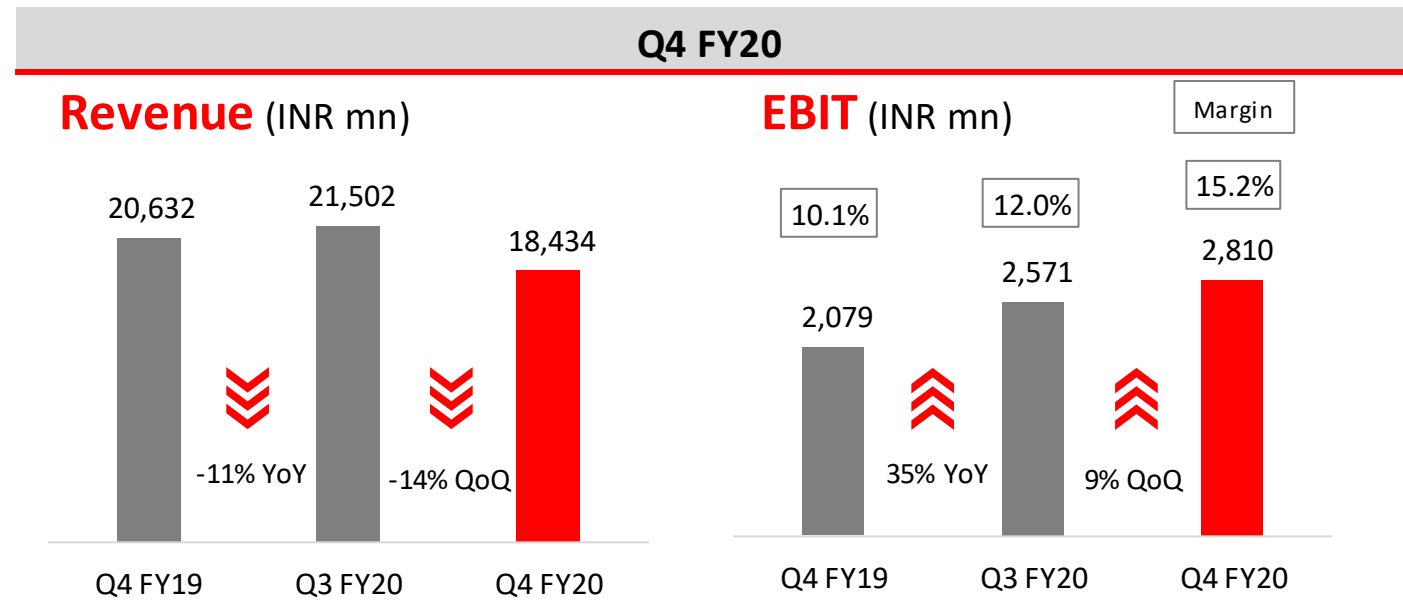
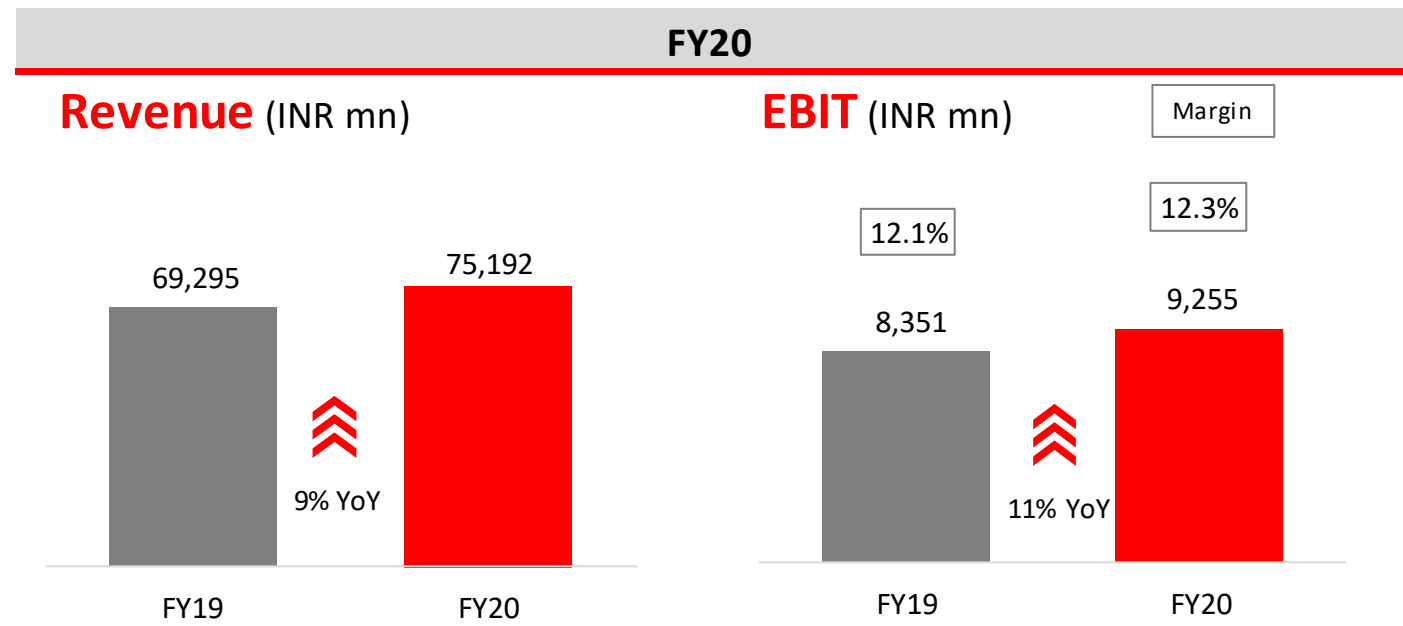
- Revenue declined by 14% YoY and 15% q-o-q severely impacted by COVID-19 outbreak and subsequent lockdown during prime sales period
- Excluding COVID-19 impact, sales could have been higher by approximately Rs 6.1bn implying a potential 11% YoY growth in Q4FY20
- EBITDA margins improved by 387bps YoY and 33bp QoQ driven by improved sales mix, realisation and reduction in expenses
- Historically our steady state EBITDA margin in Wires & Cables business, on an annualised basis, has ranged between 11-13%
- PAT margin at 10.1% improved by over 441bps YoY led by lower finance costs and income tax compared to previous year

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

Wires and Cables: Performance

- Total income in FY20 was up 9% YoY. Domestic sales were impacted by challenging economic environment and benign commodity prices. COVID-19 pandemic and nationwide lockdown severely dented demand during prime sales period
- Domestic distribution channel sales posted a slight decline in FY20 while institution business was stable helped by OFC. OFC sales for the year was over Rs1.8bn.
- Exports posted a strong year. Its contribution to overall consolidated sales grew to 12.3% in FY20 vs 3.1% in FY19 led by partial execution of a large export order and increasing traction seen in few developed geographies. Dangote sales amounted to about Rs7.5bn in FY20.
- Wires business saw muted demand in Q4 due to lower realisations and closure of retail channel led by virus outbreak. As a result, FY20 sales ended flattish vs FY19.
- Q4FY20 was severely impacted due to virus outbreak. Profitability improved on the back of higher contribution

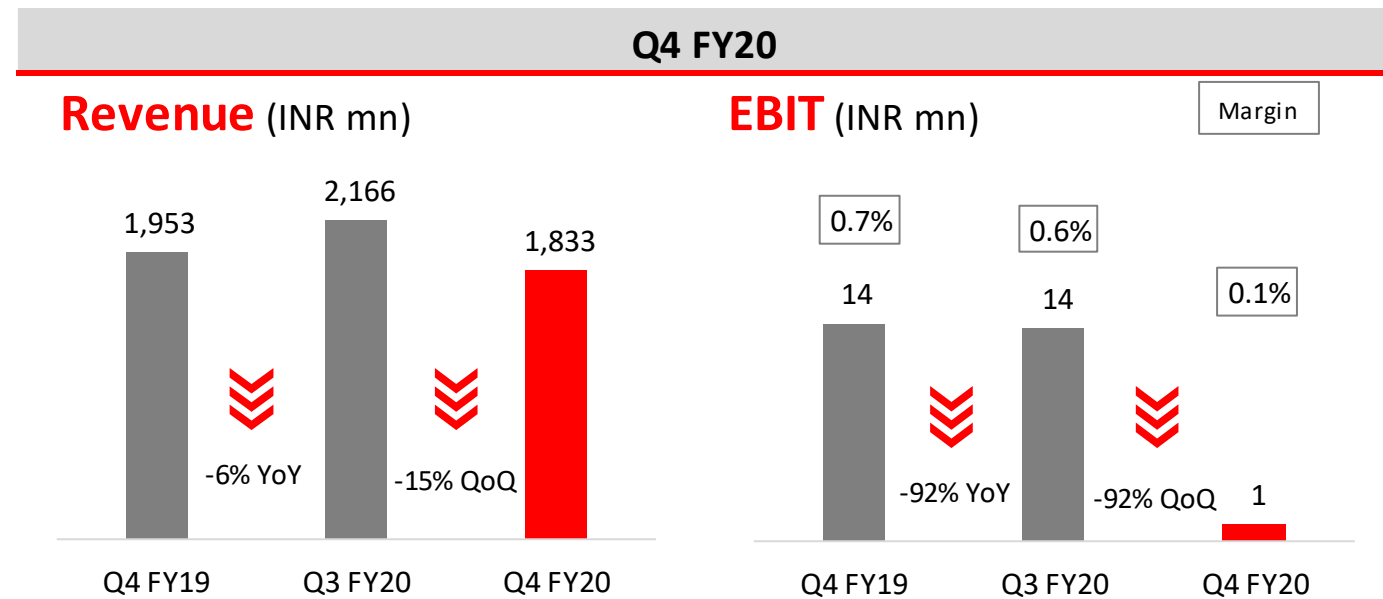
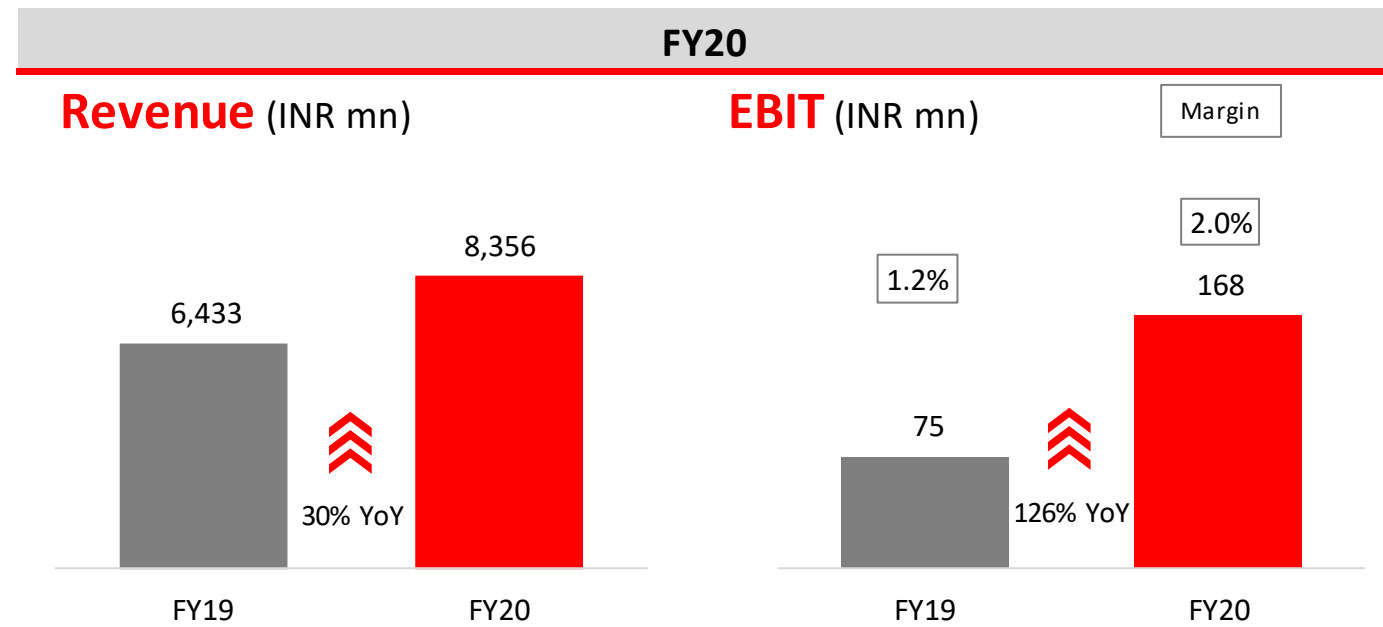
Notes: (1) Consolidated basis in INR mn (2) Total income excludes finance income (3) EBIT (Earnings before Interest and Tax): includes other income and excludes finance income



FMEG: Performance

- Total income in FY20 grew 30% YoY driven by portfolio augmentation, better product mix and overall distribution expansion. COVID-19 outbreak significantly tapered overall growth in FY20. FMEG contribution to overall sales increased 140bp YoY to 9.4% in FY20
- Fans continued to see great traction across portfolio. Improved sales mix and pricing actions led to better profitability. Foraying into adjacent categories and premium price points to reach more counters and fulfil different product needs of customers.
- Lighting continued to grow at a reasonable pace on the back of evolving product mix despite challenging market conditions. Strong growth in volume was counterbalanced by price erosion.
- EBIT margin improved c.86bp YoY in FY20 led by better mix and pricing actions but was partly offset by adverse operating leverage
- In 4Q, sales declined by 6% YoY hurt by pandemic outbreak and operational deleverage impacted profitability

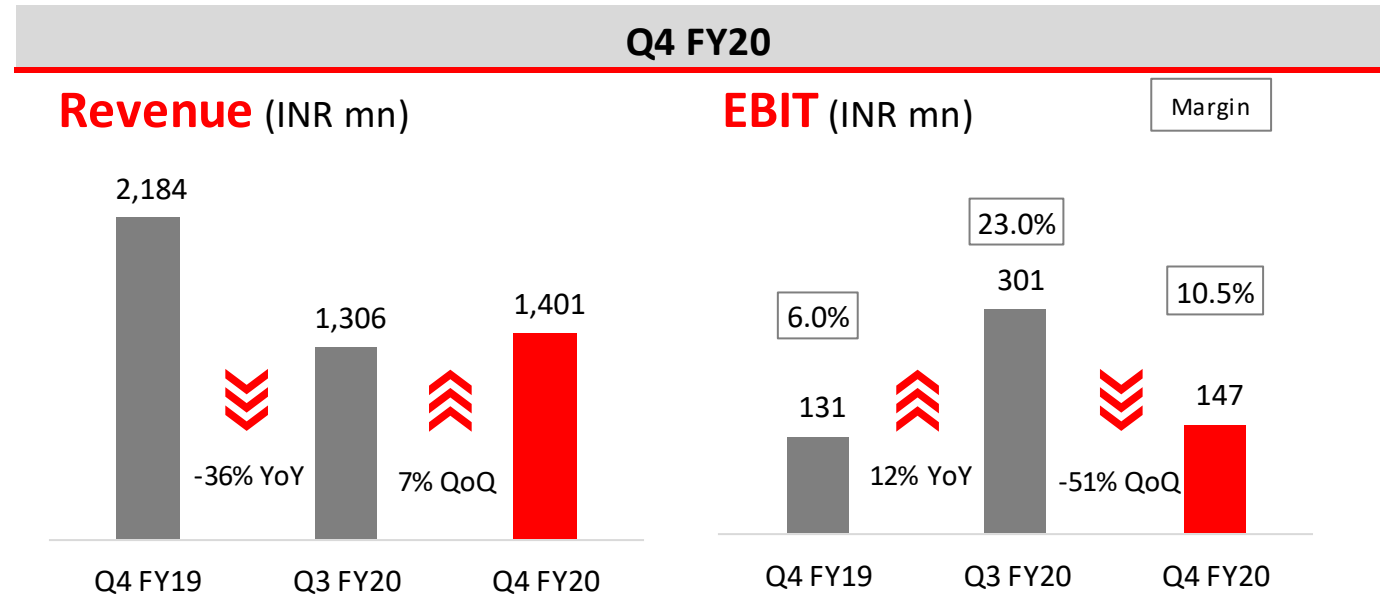
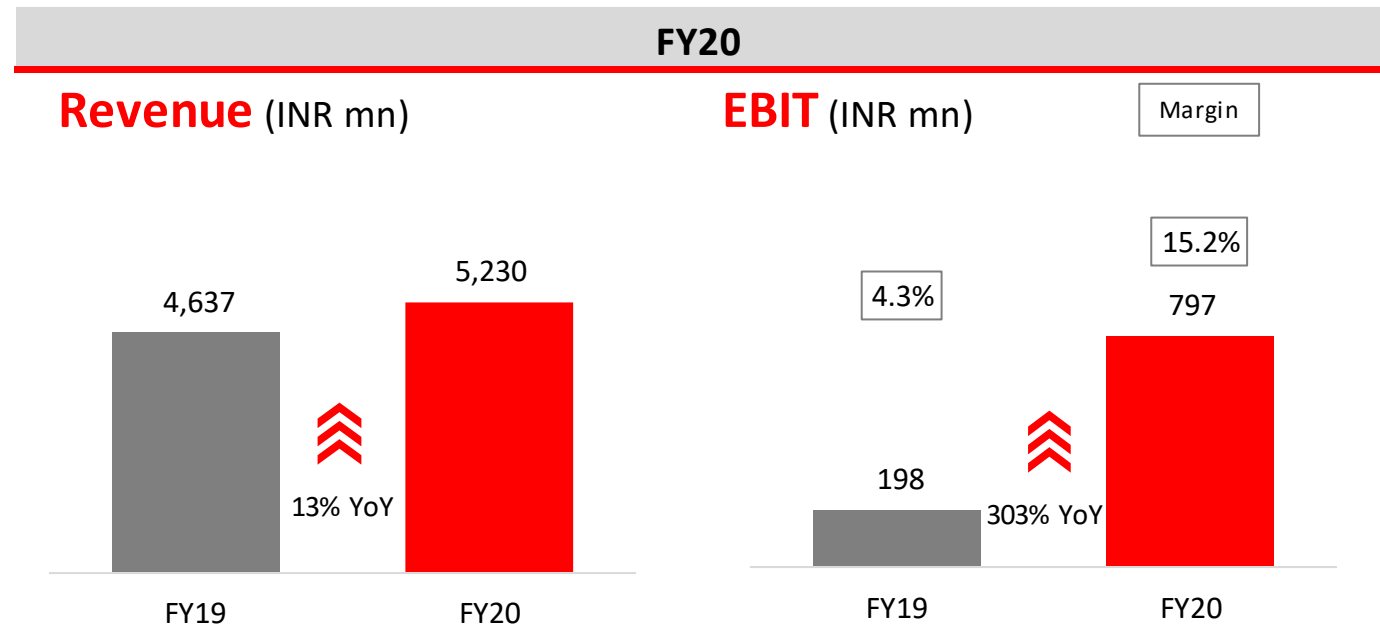
Notes: (1) Consolidated basis in INR mn (2) Total income excludes finance income (3) EBIT (Earnings before Interest and Tax): includes other income and excludes finance income



Others: Performance

- Other segment which largely comprises of our EPC business witnessed healthy topline growth and margins led by execution of profitable projects
- Revenue in FY20 grew by 13% YoY with higher operating profitability
- Annual sustainable operating margin in this business is expected to be in high single digit over mid to long term
- During the year, Company with its consortium partners undertook projects under BharatNet Phase II in states of Gujarat and Bihar to connect over 4,700 Gram Panchayats with OFC in period of 10 months
- Q4 was impacted by delayed execution on account of restriction in movement

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



Initiatives to help the community during COVID-19



Monetary and Resource contribution

- Monetary contribution to various government, trade bodies, NGOs and other welfare institutions
- Distributing food packets and essentials on a daily basis to hundreds of families around factory locations in Gujarat
- Provided ventilators and personal protective equipment to government hospitals and collaborating to setup quarantine centres in Mumbai
- Employee contribution of one day salary to PM CARES fund
- Contributed to several orphanages in-order to enable them to continue their services



Health and Safety Measure

- Proactive deployment of business continuity plan before the mandatory lockdown and transitioning office based employees to work from home environment
- Revamped standard operating procedures across facilities with stringent hygiene and distancing protocols



COVID-19 implications (1/2)

Impact on Business

Business was significantly impacted in second half of Mar'20 given it is generally a prime sales period for wires and cables business. Until then, Q4 was panning out broadly in line with company expectations. Estimated consolidated sales shortfall is about Rs 6.1bn. Currently majority of our authorised dealers and distributors, and retail channel is operational. However larger dealers in metros are struggling due to restriction of movement. B2C business is recovering at a better pace. Many infrastructure and construction projects across the nation where Polycab is a supplier have started resuming their operations or planning to do it immediately.

Impact on Operations

Business continuity plan was implemented on 16th March with gradual transition to work from home for all office-based employees over the next few days ensuring smooth functioning of operations. Offices across India were shut from 20th March and factories from 23rd March. Currently, all factories have resumed operation with limited manpower and capacity. Production will be ramped up depending on ground environment, demand and liquidation of inventory. Warehouses, regional and local offices in non containment zone are open. Corporate office continues to work from home. Supply chain was disrupted due to restriction of movement but recovered gradually with easing of lockdown. Supplies from national and international vendors remain unaffected currently.

Financial Position

Liquidity position of the Company continues to remain healthy. The Company also has significant amount of unutilised credit lines and enjoys CRISIL AA/Positive long-term rating and CRISIL A1+ short term rating. The Company will continue to full fill all its debt obligations on timely basis. Costs have been judiciously managed and all noncritical spends have been deferred. Risk mitigating processes are in place and the Company does not see any risk to recoverability of assets including investments, receivables, inventories, etc. Internal financial controls remain unaffected supported by the Company's robust Information Technology (IT) infrastructure.

COVID-19 implications (2/2)

Company Initiatives

The Company is proactively taking various initiatives to help communities in many locations across India, as highlighted in an earlier slide. Standard operating procedures for factories have been redesigned with stringent levels of hygiene and distancing protocols. Deep sanitisation is undertaken for workplaces as well as incoming and outgoing goods. Dealers and distributors are being supported with additional credit as may be required.

Outlook

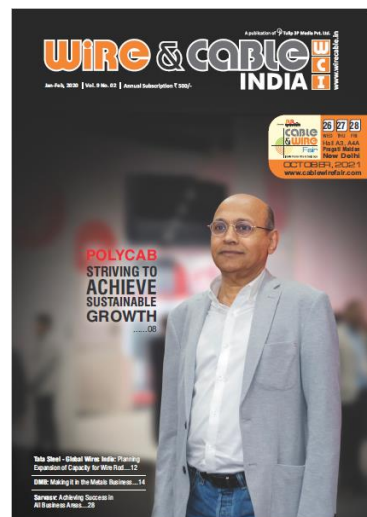
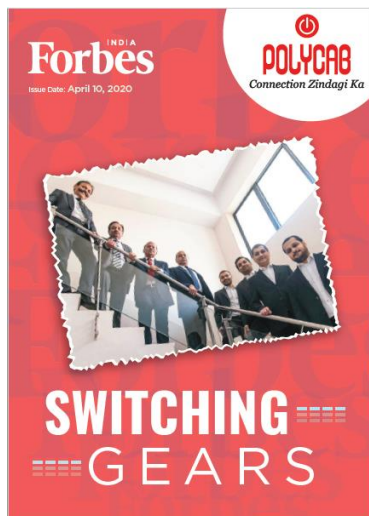
Q1FY21 is likely to be significantly impacted as the sales in first 40 days were insignificant. While the assessment of the future impact on demand is still premature and depends on several external factors, current trends and best estimates suggest it will take at least a quarter or two for demand to normalize. Therefore, FY21 could be weaker than FY20 in terms of sales and profitability. The Company is capable of fulfilling all obligations of existing contracts/ agreements and does not anticipate any significant impact on the business from non-fulfilment of the obligations by counterparties. The Company's brand and fundamentals are well positioned to navigate through such extraordinary times. Management will continue to operate with a high level of agility and responsiveness. Government stimulus, front loading of various spends, structural reforms and favorable regulations will certainly help the broader economy and consumers in the near term. The Company remains focused on achieving sustainable and profitable growth.

Financial Statements

Scan for Financial Results



Scan for Audited Financial Statements



Consolidated Profit and Loss Statement

Particulars (INR mn)	Quarter						Full Year			
	Q4FY20	%	Q3FY20	%	Q4FY19	%	FY20	%	FY19	%
Revenue from Operation	21,294	100.0%	25,073	100.0%	24,636	100.0%	88,300	100.0%	79,856	100.0%
Cost of Goods sold	14,769	69.4%	18,190	72.5%	19,017	77.2%	63,686	72.1%	59,660	74.7%
Contribution (A)	6,525	30.6%	6,883	27.5%	5,619	22.8%	24,613	27.9%	20,196	25.3%
Employee cost	899	4.2%	915	3.6%	644	2.6%	3,657	4.1%	3,002	3.8%
Other Operating Expenses	2,620	12.3%	2,577	10.3%	2,540	10.3%	9,606	10.9%	7,666	9.6%
Total Operating Expenses (B)	3,519	16.5%	3,492	13.9%	3,184	12.9%	13,263	15.0%	10,668	13.4%
Share of profit/(loss) of JVs (Net of tax) (C)	-58	-0.3%	-2	0.0%	23	0.1%	-74	-0.1%	-23	0.0%
EBITDA (A)-(B)+(C)	2,948	13.8%	3,389	13.5%	2,458	10.0%	11,276	12.8%	9,504	11.9%
Other Income	465	2.2%	3	0.0%	217	0.9%	928	1.1%	638	0.8%
Depreciation	422	2.0%	407	1.6%	343	1.4%	1,609	1.8%	1,414	1.8%
Finance Cost	159	0.7%	86	0.3%	262	1.1%	495	0.6%	1,167	1.5%
PBT	2,831	13.3%	2,900	11.6%	2,070	8.4%	10,100	11.4%	7,561	9.5%
Income Tax	680	3.2%	686	2.7%	668	2.7%	2,444	2.8%	2,558	3.2%
PAT	2,151	10.1%	2,214	8.8%	1,402	5.7%	7,656	8.7%	5,003	6.3%

Consolidated Balance Sheet

Particulars (INR mn)	Mar'20	Mar'19	Dec'19
<u>Assets</u>			
<u>Non-current Assets</u>			
Fixed Assets	16,632	14,686	15,947
Other Non-current Assets	2,485	2,355	2,835
Total Non-current Assets	19,117	17,041	18,782
<u>Current Assets</u>			
Inventories	19,250	19,958	16,461
Trade Receivables	14,336	13,343	12,004
Investments	400	0	4,036
Cash and Bank Balances	2,813	3,166	3,631
Others - Current Assets	3,700	2,774	3,049
Total Current Assets	40,499	39,242	39,180
Total Assets	59,616	56,283	57,962

Particulars (INR mn)	Mar'20	Mar'19	Dec'19
<u>Equity and Liabilities</u>			
<u>Shareholder's Funds</u>			
Share Capital	1,489	1,412	1,488
Reserves and Surplus	36,875	27,057	36,083
Total Shareholder's Funds	38,364	28,470	37,571
Minority Interest	150	84	138
<u>Non-current Liabilities</u>			
Borrowings	107	889	131
Others - Non-current Liabilities	904	650	907
Total Non-current Liabilities	1,011	1,540	1,039
<u>Current Liabilities</u>			
Short-term Borrowings	1,115	1,031	801
Trade Payables	13,537	15,202	12,179
Others - Current Liabilities	5,440	9,957	6,235
Total Current Liabilities	20,091	26,189	19,214
Total Equity and Liabilities	59,616	56,283	57,962

Consolidated Cash Flow Statement

Particulars (INR mn)	Quarter			Full year	
	Q4FY20	Q3FY20	Q4FY19	FY20	FY19
Net Cash Flow from Operating Activities	-2,980	3,043	7,083	2,446	12,300
Net cash flow from/(used in) investing activities	5,333	-3,593	-1,522	-2,622	-4,077
Net cash flow from/(used in) financing activities	-1,195	-414	-3,846	107	-6,514
Net Increase / (Decrease) in cash and cash equivalents	1,158	-964	1,715	-69	1,708

Other data points

Particulars (INR mn)	Quarter			Full year	
	Q4FY20	Q3FY20	Q4FY19	FY20	FY19
Advertisement and sales promotion expense	185	376	356	1,087	966
Capital expenditure	512	566	763	2,891	2,814
Trade acceptances*	8,136	6,367	8,033	8,136	8,033
Goods in Transit*	3,060	653	4,540	3,060	4,540

Notes: * as at period end

Other financial metrics

Working Capital in days	Trailing twelve months		Closing	
	FY20	FY19	FY20	FY19
Receivable Days	57	60	59	61
Inventory days	112	103	110	122
Payable Days	122	110	105	148
Net Working Capital	48	53	64	35

Other Income (INR mn)	Q4FY20	Q3FY20	Q4FY19	FY20	FY19
Interest income	54	72	84	270	128
Gain/loss on Redemption of investment	37	30	0	179	0
Fair value of financial assets (MTM)	342	-105	-60	393	0
Exchange differences (net)	0	0	163	0	385
Miscellaneous income	32	7	30	86	125
Total	465	3	217	928	638

Finance Cost (INR mn)	Q4FY20	Q3FY20	Q4FY19	FY20	FY19
Interest on Borrowings	63	9	111	116	312
Interest on Purchase / Sales / Discounting	25	33	72	155	274
Bank Charges	46	34	52	154	112
Foreign Exchange Gain/loss	25	9	27	70	470
Total	159	86	262	495	1167

Notes: Working capital days on TTM basis is calculated using average of balance sheet number and sum of trailing 12 months P&L number. Closing basis uses period close balance sheet number and sum of trailing 12 months P&L number.

Shareholding Pattern



Notes: As on March 31st 2020



Safe Harbour

This Release / Communication, except for the historical information, may contain statements, including the words or phrases such as 'expects, anticipates, intends, will, would, undertakes, aims, estimates, contemplates, seeks to, objective, goal, projects, should' and similar expressions or variations of these expressions or negatives of these terms indicating future performance or results, financial or otherwise, which are forward looking statements. These forward looking statements are based on certain expectations, assumptions, anticipated developments and other factors which are not limited to, risk and uncertainties regarding fluctuations in earnings, market growth, intense competition and the pricing environment in the market, consumption level, ability to maintain and manage key customer relationship and supply chain sources and those factors which may affect our ability to implement business strategies successfully, namely changes in regulatory environments, political instability, change in international copper, aluminum, oil prices and input costs and new or changed priorities of the trade. The Company, therefore, cannot guarantee that the forward-looking statements made herein shall be realized. The Company, based on changes as stated above, may alter, amend, modify or make necessary corrective changes in any manner to any such forward looking statement contained herein or make written or oral forward-looking statements as may be required from time to time based on subsequent developments and events. The Company does not undertake any obligation to update forward looking statements that may be made from time to time by or on behalf of the Company to reflect the events or circumstances after the date hereof.



Thank you

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