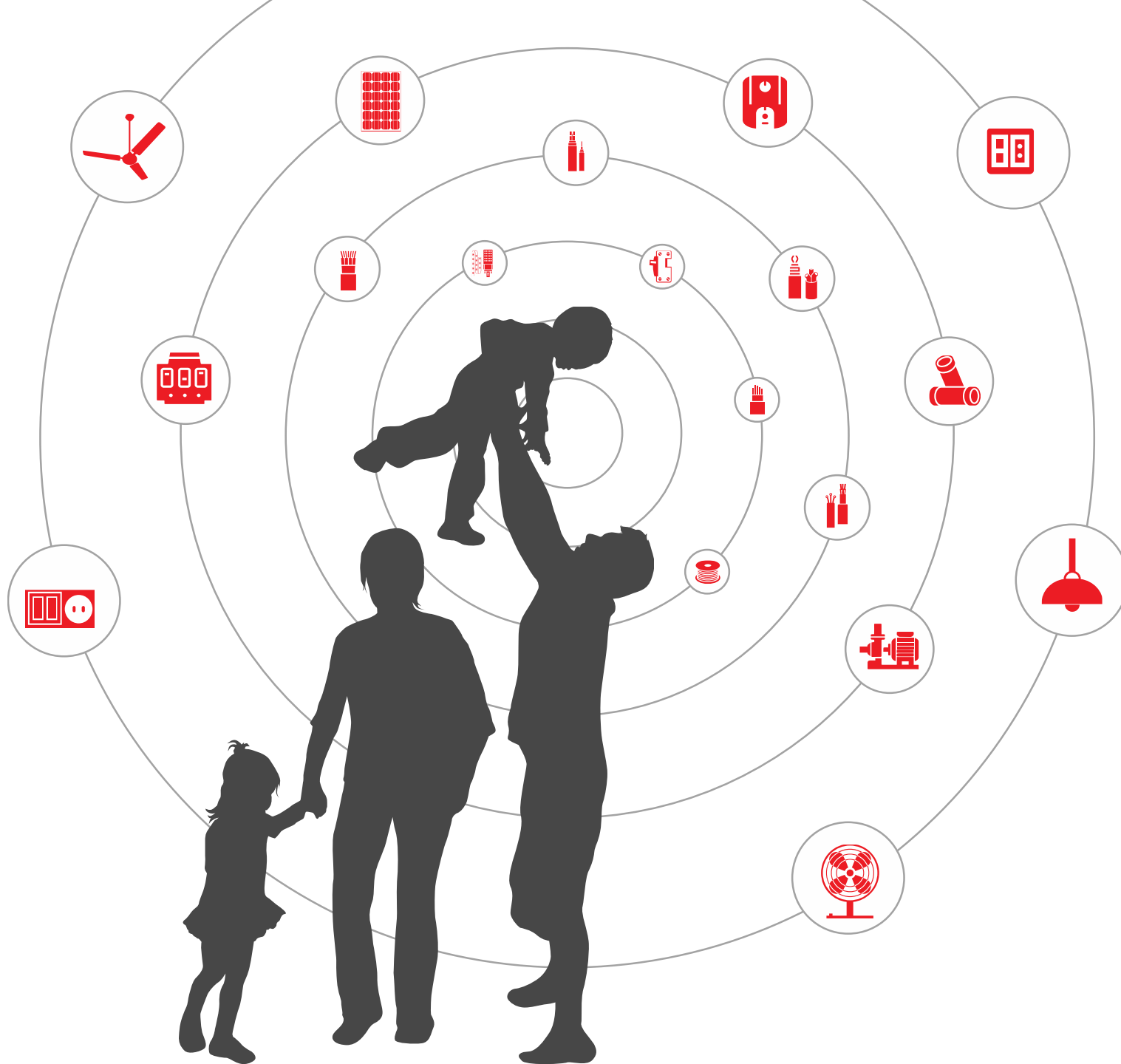


Connection Zindagi Ka



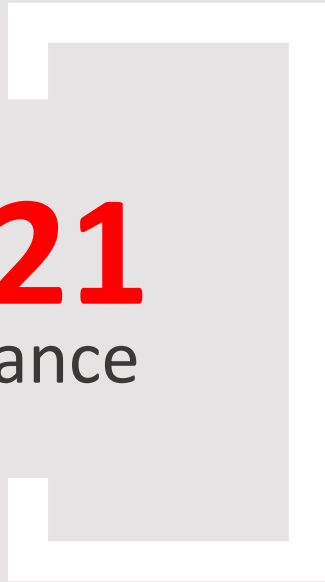
Q2 FY2021

Earnings Presentation

24 October 2020

Q2 FY2021

Financial Performance



Key Highlights



Top-line (Revenue)

Q2 FY21: 21,137 mn

≡ -6% Y-o-Y

⌘ 116% Q-o-Q

1H FY21: 30,903 mn

≡ -26% Y-o-Y



Operating (EBITDA)

Q2 FY21: 3,122 mn

⌘ 16% Y-o-Y

⌘ 454% Q-o-Q

1H FY21: 3,685 mn

≡ -25% Y-o-Y



Profitability (PAT)

Q2 FY21: 2,216 mn

⌘ 14% Y-o-Y

⌘ 88% Q-o-Q

1H FY21: 3,391 mn

⌘ 3% Y-o-Y



Net Cash Position

Q2 FY21: 6,276 mn

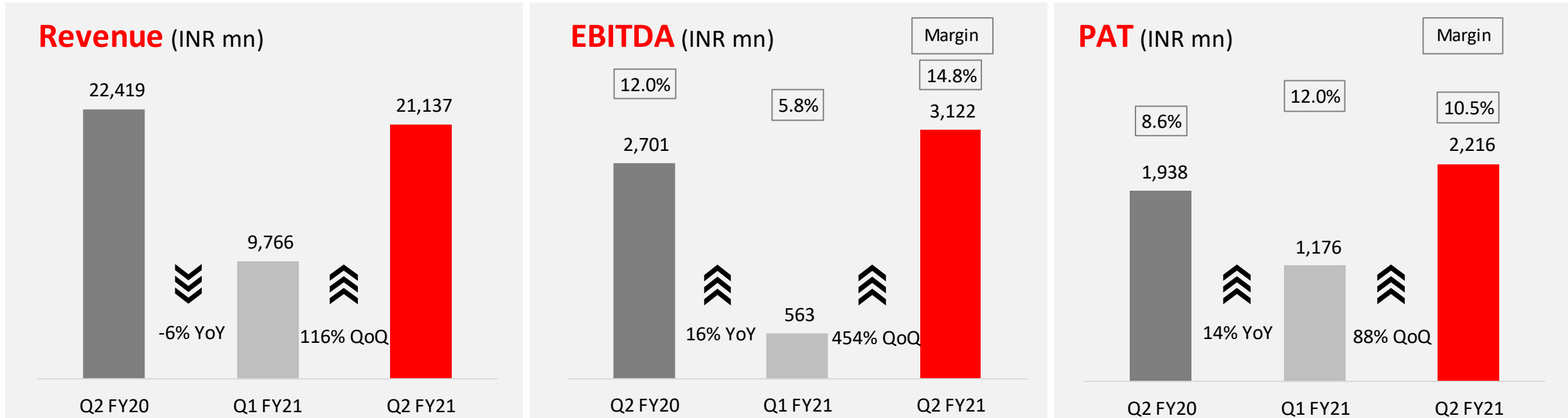
⌘ 82% Y-o-Y

⌘ 205% Q-o-Q



Notes: (1) Numbers on consolidated basis (2) Revenue: Revenue from operations (3) PAT: Profit After Tax on reported basis and includes exceptional items as explained on slide 11 (4) EBITDA excludes other Income

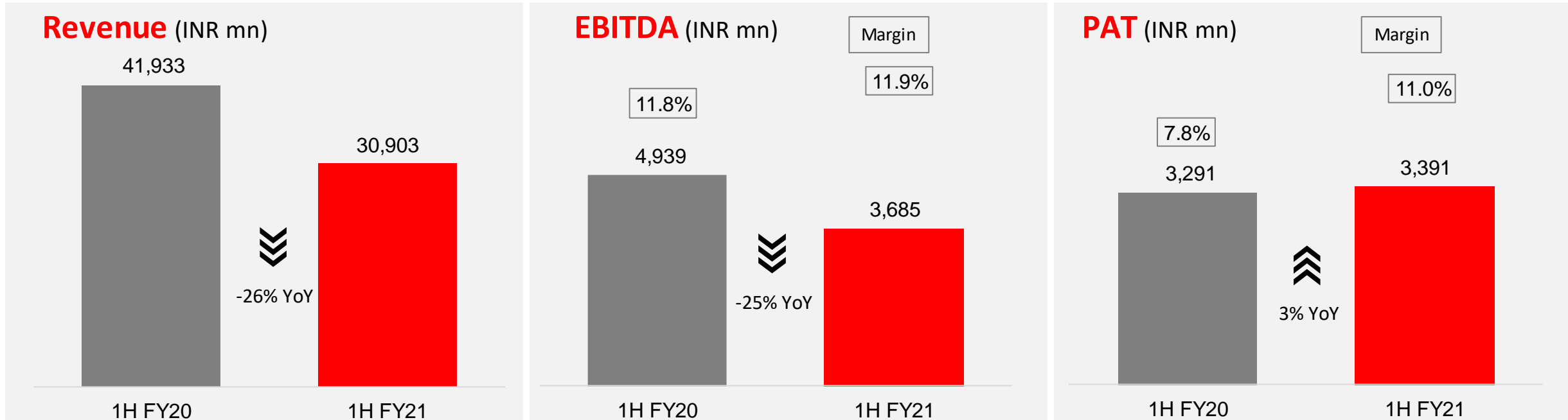
Q2 FY21: Rebounding business with improved profitability



- Improving overall business environment with staggered unlocking led to better performance sequentially. Revenue declined by 6% YoY in Q2 as against 50% YoY decline seen in Q1
- EBITDA increased by 16% YoY with 272bps YoY improvement in margin, despite steady A&P spends, on account of higher contribution and cost saving initiatives
- PBT and PAT was up 25% YoY and 14% YoY, respectively. PAT margin improved to 10.5%. Q2FY20 had a tax write back of Rs243mn due to reduction in statutory tax rate. Adjusting for that, PAT would have grown by 31% YoY in Q2 FY21 reflecting overall improved profitability.
- ROCE and Net cash position stood at 26.6% and nearly Rs 6.3bn, respectively.

Notes: (1) Consolidated basis in INR mn (2) Revenue: Revenue from operations (3) EBITDA Margin: EBITDA / Revenue (4) EBITDA excludes other Income (5) PAT: Profit After Tax on reported basis and includes exceptional items as explained on slide 11 (6) PAT Margin: Profit after Tax for the period divided by Revenue

1H FY21: Reflects the severe impact of pandemic on first quarter



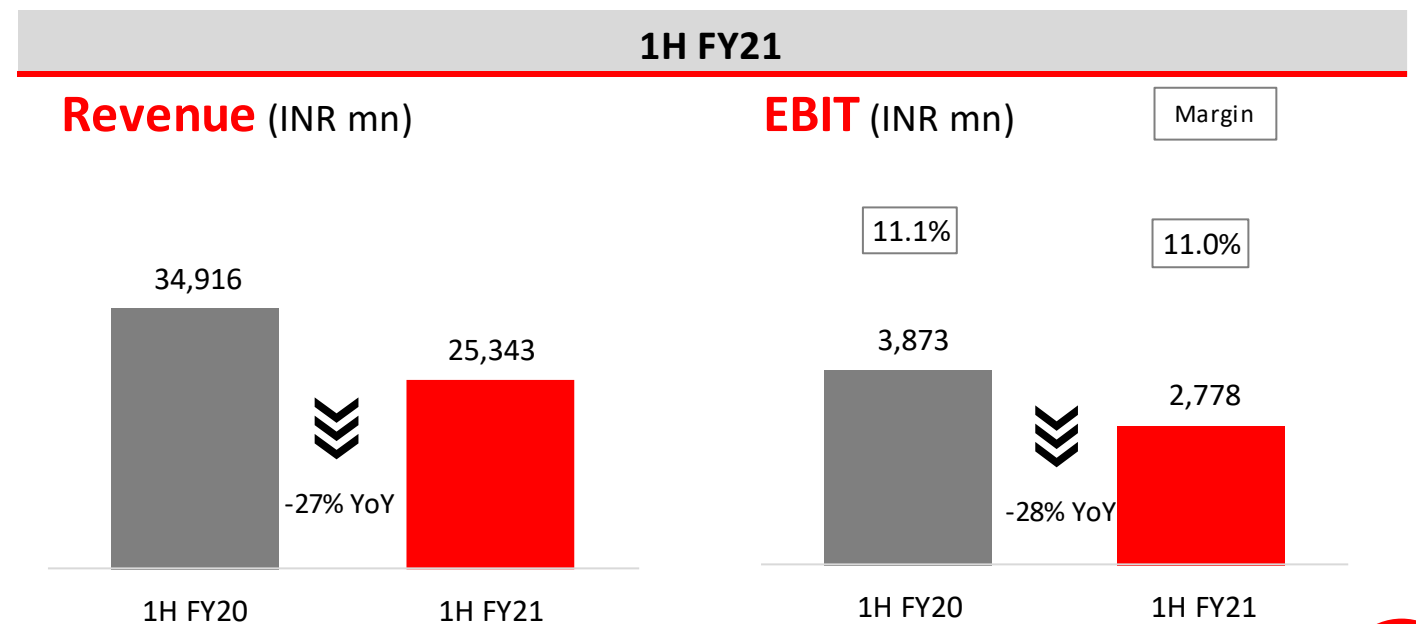
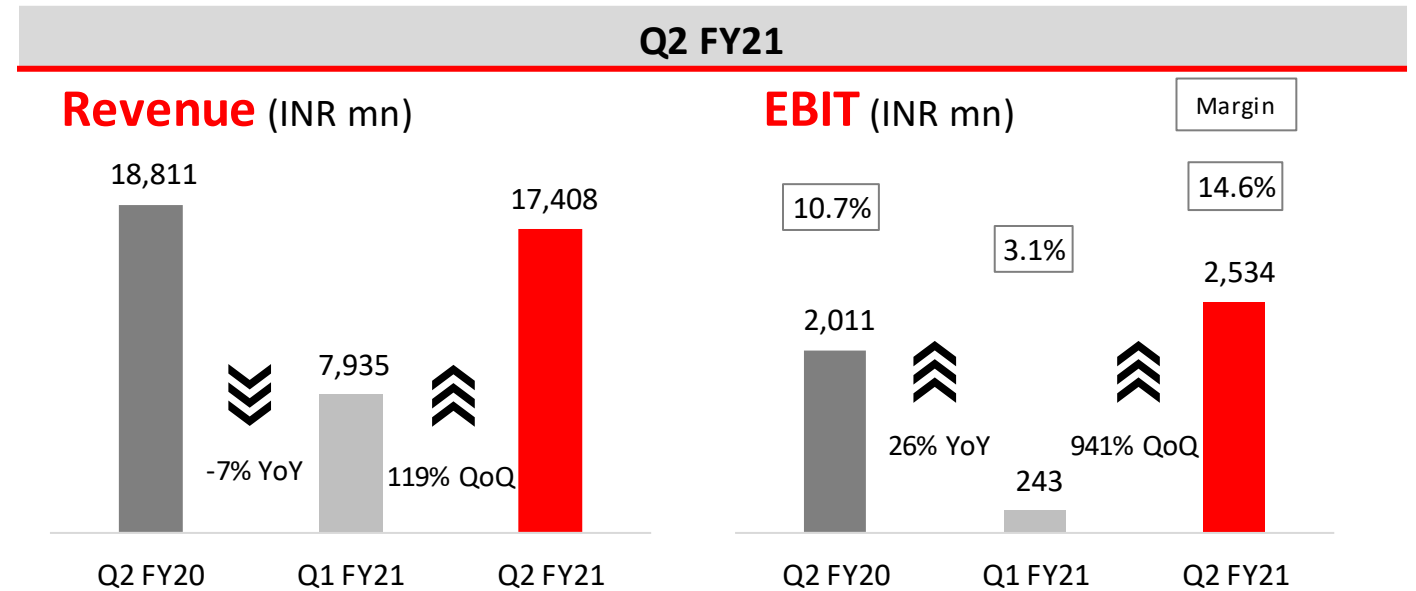
- Revenue declined by 26% YoY largely reflecting the severe impact of COVID-19 outbreak and subsequent lockdown in Q1.
- EBITDA margin improved 15bps YoY despite adverse operating leverage in Q1, aided by higher contribution and cost saving initiatives.
- PBT stood at 3,271mn with margin at 10.6%.
- PAT in 1H FY21 exceeded last year partly aided by few one off gains as highlighted on slide 11. PAT margin at 11% was up by 313bp YoY.

Notes: (1) Consolidated basis in INR mn (2) Revenue: Revenue from operations (3) EBITDA Margin: EBITDA / Revenue (4) EBITDA excludes other Income (5) PAT: Profit After Tax on reported basis and includes exceptional items as explained on slide 11 (6) PAT Margin: Profit after Tax for the period divided by Revenue

Wires and Cables

- Wires and Cables business saw improving momentum with resumption of economic activities. While total income in Q2 declined by 7% YoY, demand trends are encouraging and bodes well going ahead. B2C and exports sustained the strong traction.
- Domestic distribution channel sales performed better than institutional business with T1 & below towns posting YoY growth. Metros continue to remain affected by localised lockdowns.
- Within domestic distribution channel sales, housing wires business continued its momentum posting a double-digit growth in Q2.
- Overall exports revenue grew by 47% YoY and contributed 10.7% to overall top-line in Q2. Sales to Dangote amounted to Rs 440mn in Q2. Normalising it, exports grew strongly by about 400% YoY led by US, Australia, Asia, and Middle East.
- Profitability improved with higher contribution.

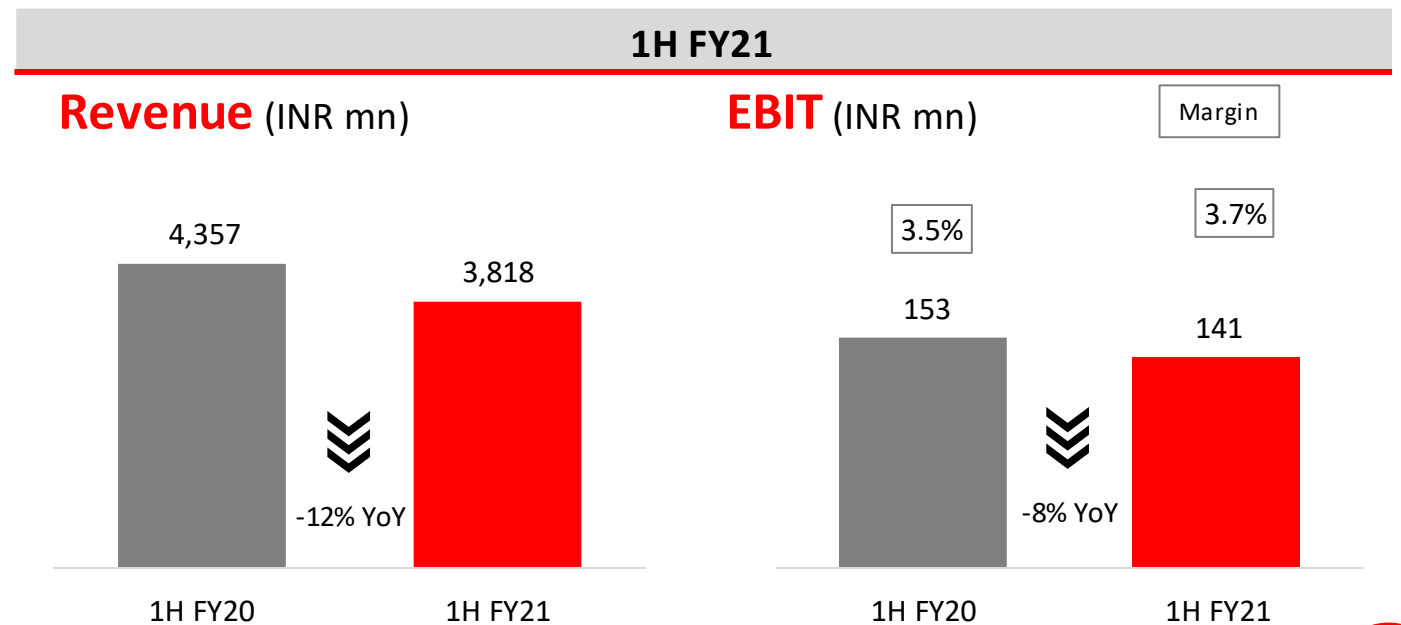
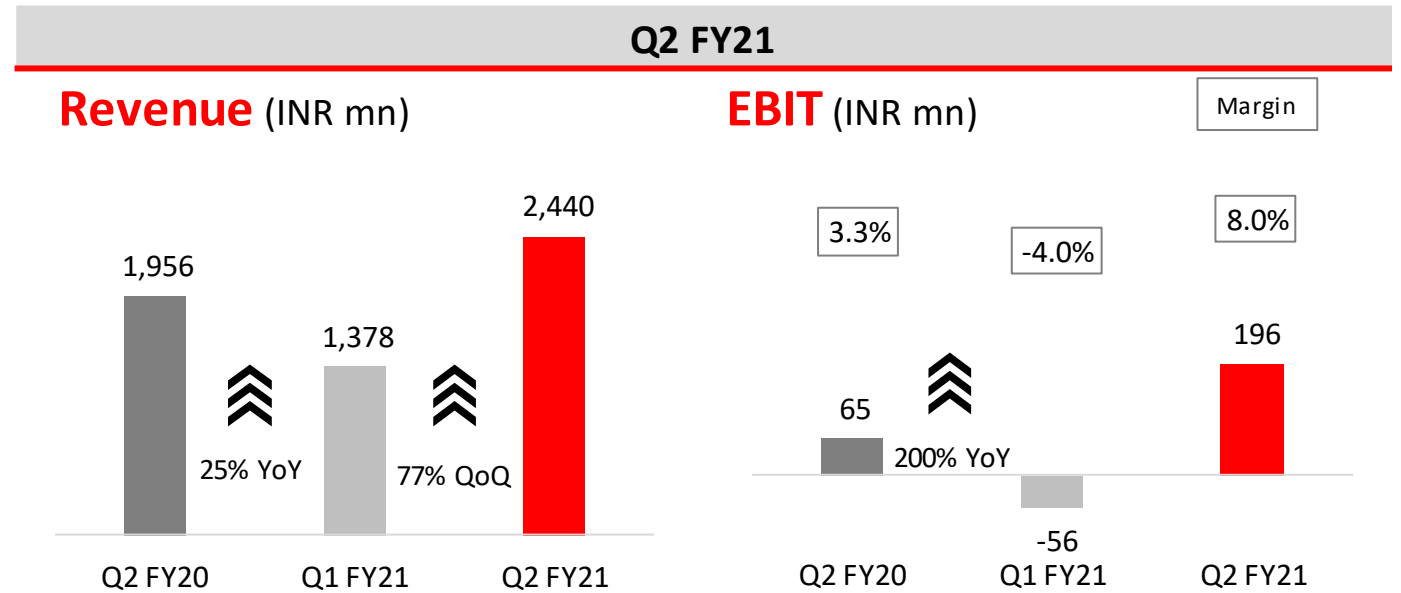
Notes: (1) Consolidated basis in INR mn (2) Total income excludes finance income (3) EBIT (Earnings before Interest and Tax): includes other income and excludes finance income



Fast Moving Electrical Goods

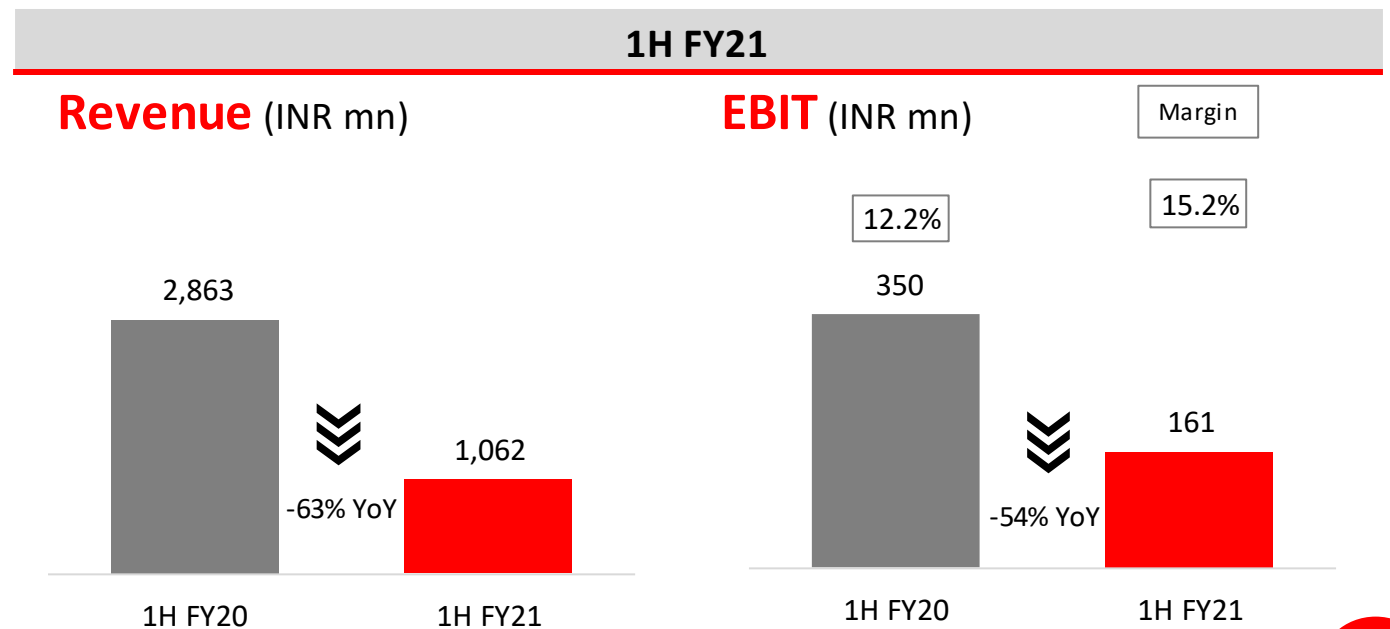
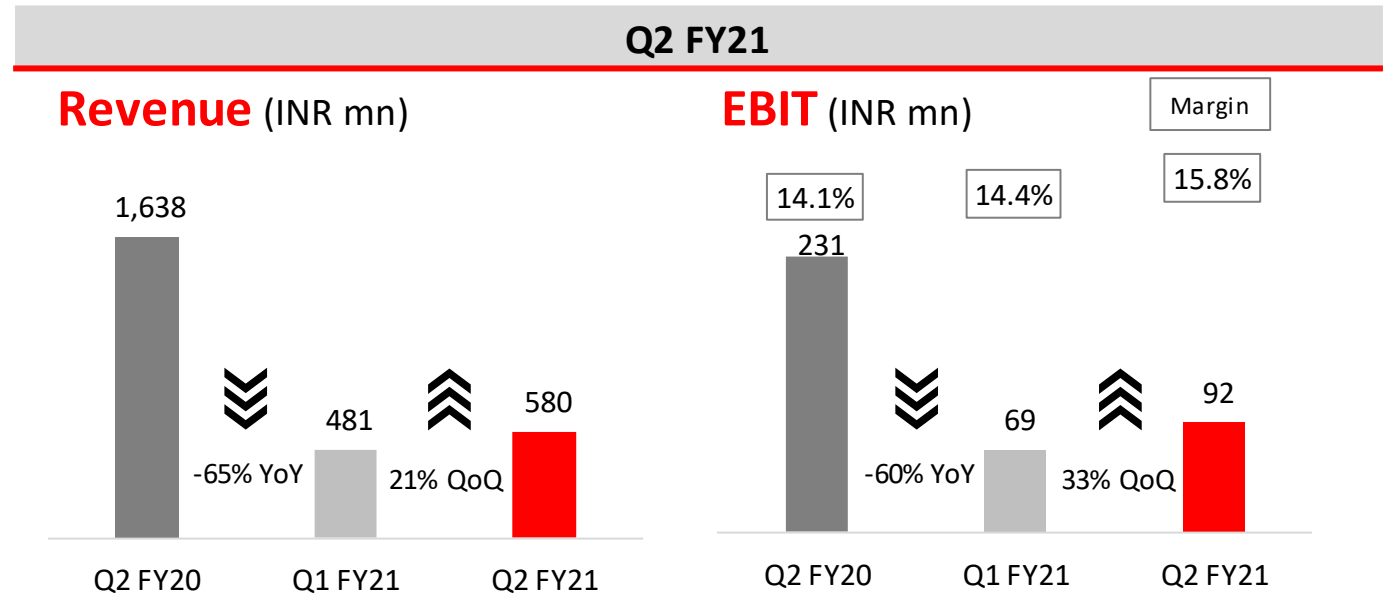
- FMEG saw a strong bounce back with total income growing by 25% YoY in Q2 led by pricing, better product mix, distribution augmentation and reviving consumer demand.
- Resilient growth across most categories and regions. FMEG contribution to overall sales increased 268bps YoY to 11.4%.
- Fans grew strongly despite higher competitive intensity. 14 new products and over 40 new SKUs were launched in past six months. Relatively stable price environment in Lighting business aided value growth.
- Pumps sales more than doubled on YoY basis. Switchgears saw a revival however switches remained muted due to operational issues.
- Profitability in Q2 improved sharply despite rising input costs on account of calibrated pricing actions, premiumisation and working capital interventions.
- Segment EBIT margin stood at 8% and 3.7% in in Q2 and 1H FY21, respectively.

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

- Other segment which largely comprises of our EPC business was down on account of a stronger base.
- Total income and segmental EBIT in Q2FY21 declined by 65% YoY and 60% YoY, respectively.
- Annual sustainable operating margin in this business is expected to be in high single digit over mid to long term



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



BLDC Energy Saver Fans



Financial Statements

Scan for Financial Results



[Download Link](#)

Scan for Interim Financial Statements



[Download Link](#)



Consolidated Profit and Loss Statement

Particulars (INR mn)	Quarter					
	Q2FY21	%	Q1FY21	%	Q2FY20	%
Revenue from Operation	21,137	100.0%	9,766	100.0%	22,419	100.0%
Cost of Goods sold	15,128	71.6%	7,097	72.7%	16,449	73.4%
Contribution (A)	6,009	28.4%	2,669	27.3%	5,970	26.6%
Employee cost	897	4.2%	812	8.3%	924	4.1%
Other Operating Expenses	1,987	9.4%	1,282	13.1%	2,329	10.4%
Total Operating Expenses (B)	2,884	13.6%	2,094	21.4%	3,253	14.5%
Share of profit/(loss) of JVs (Net of tax) (C)	-3	0.0%	-12	-0.1%	-16	-0.1%
EBITDA (A)-(B)+(C)	3,122	14.8%	563	5.8%	2,701	12.0%
Other Income	327	1.5%	336	3.4%	124	0.6%
Depreciation	456	2.2%	443	4.5%	395	1.8%
Finance Cost	114	0.5%	163	1.7%	127	0.6%
Exceptional items	0	0.0%	97	1.0%	0	0.0%
PBT	2,880	13.6%	391	4.0%	2,303	10.3%
Income Tax	664	3.1%	-785	-8.0%	365	1.6%
PAT	2,216	10.5%	1,176	12.0%	1,938	8.6%

Particulars (INR mn)	Half Year			
	1H FY21	%	1H FY20	%
Revenue from Operation	30,903	100.0%	41,933	100.0%
Cost of Goods sold	22,225	71.9%	30,727	73.3%
Contribution (A)	8,677	28.1%	11,206	26.7%
Employee cost	1,710	5.5%	1,844	4.4%
Other Operating Expenses	3,268	10.6%	4,408	10.5%
Total Operating Expenses (B)	4,978	16.1%	6,252	14.9%
Share of profit/(loss) of JVs (Net of tax) (C)	-14	0.0%	-14	0.0%
EBITDA (A)-(B)+(C)	3,685	11.9%	4,939	11.8%
Other Income	664	2.1%	460	1.1%
Depreciation	899	2.9%	780	1.9%
Finance Cost	277	0.9%	250	0.6%
Exceptional items	97	0.3%	0	0.0%
PBT	3,271	10.6%	4,369	10.4%
Income Tax	-120	-0.4%	1,078	2.6%
PAT	3,391	11.0%	3,291	7.8%

One off Items (INR mn)	Quarter					
	Q2FY21	%	Q1FY21	%	Q2FY20	%
(-) Income tax refund	-	-	839	8.6%	-	-
(-) Interest on income tax refund (Other income)	-	-	164	1.7%	-	-
(-) Gain on previously held equity interest in Ryker (Exceptional Items)	-	-	97	1.0%	-	-
(-) Tax writeback for prior period	-	-	-	-	243	1.1%
Adjusted PAT	2,216	10.5%	75	0.8%	1,695	7.6%

One off Items (INR mn)	Half Year			
	1H FY21	%	1H FY20	%
(-) Income tax refund	839	2.7%	-	-
(-) Interest on income tax refund (Other income)	164	0.5%	-	-
(-) Gain on previously held equity interest in Ryker (Exceptional Items)	97	0.3%	-	-
(-) Tax writeback for prior period	-	-	-	-
Adjusted PAT	2,291	7.4%	3,291	7.8%

Consolidated Balance Sheet

Particulars (INR mn)	Sep'20	Jun'20	Sep'19
Assets			
<u>Non-current Assets</u>			
Fixed Assets	19,275	19,160	15,871
Other Non-current Assets	2,219	2,458	2,595
Total Non-current Assets	21,494	21,618	18,467
<u>Current Assets</u>			
Inventories	20,416	19,928	18,943
Trade Receivables	10,827	12,044	11,360
Investments	5,611	3,093	990
Cash and Bank Balances	3,387	3,288	4,586
Others - Current Assets	2,806	2,317	2,869
Total Current Assets	43,046	40,671	38,748
Total Assets	64,540	62,289	57,214

Particulars (INR mn)	Sep'20	Jun'20	Sep'19
Equity and Liabilities			
<u>Shareholder's Funds</u>			
Share Capital	1,490	1,489	1,486
Reserves and Surplus	40,647	38,320	33,688
Total Shareholder's Funds	42,137	39,810	35,175
Minority Interest	160	150	112
<u>Non-current Liabilities</u>			
Borrowings	1,308	1,464	158
Others - Non-current Liabilities	1,344	1,214	886
Total Non-current Liabilities	2,653	2,679	1,043
<u>Current Liabilities</u>			
Short-term Borrowings	826	2,263	1,161
Trade Payables	13,277	11,709	13,230
Others - Current Liabilities	5,487	5,679	6,493
Total Current Liabilities	19,590	19,651	20,884
Total Equity and Liabilities	64,540	62,289	57,214

Consolidated Condensed Cash Flow Statement

Particulars (INR mn)	Quarter			Half Year	
	Q2FY21	Q1FY21	Q2FY20	1H FY21	1H FY20
Net Cash Flow from Operating Activities	4,708	3,042	-1,278	7,750	2,385
Net cash flow from/(used in) investing activities	-2,876	-3,165	1,469	-6,040	-4,294
Net cash flow from/(used in) financing activities	-1,747	615	-1,156	-1,132	1,645
Net Increase / (Decrease) in cash and cash equivalents	85	492	-966	578	-264

Other key data points

Particulars (INR mn)	Quarter			Half Year	
	Q2FY21	Q1FY21	Q2FY20	1H FY21	1H FY20
Advertisement and sales promotion expense	134	32	140	166	526
Capital expenditure	425	245	735	670	1,813
Net Cash Position*	6,276	2,057	3,452	6,276	3,452
Trade acceptances*	7,094	6,970	8,752	7,094	8,752
Goods in Transit*	4,290	3,530	1,543	4,290	1,543

Notes: * as at period end

Other financial metrics

Working Capital in days	Trailing twelve months			Closing		
	Q2FY21	Q1FY21	FY20	Q2FY21	Q1FY21	FY20
Receivable Days	52	55	57	51	56	59
Inventory days	130	124	112	135	129	110
Payable Days	123	129	122	119	107	105
Net Working Capital	60	50	48	68	78	64

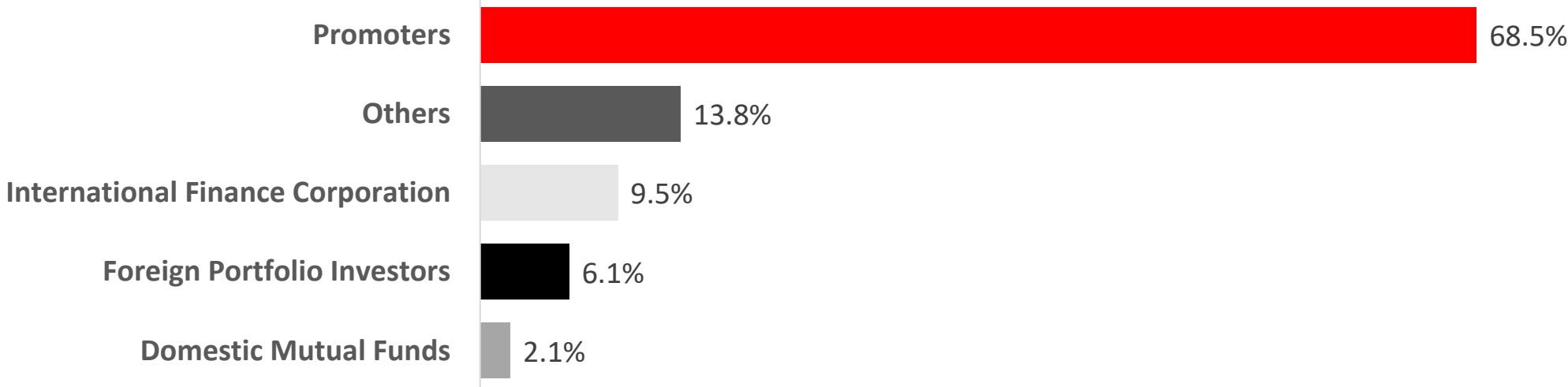
Other Income (INR mn)	Q2FY21	Q1FY21	Q2FY20	1H FY21	1H FY20
Interest income *	52	199	78	251	144
Gain/loss on Redemption of investment	34	14	61	47	112
Fair value of financial assets (MTM)	0	0	1	0	156
Exchange differences (net)	225	104	-44	329	0
Miscellaneous income	17	19	30	36	47
Total	327	336	124	664	460

*Interest income includes one-off item explained on slide 11

Finance Cost (INR mn)	Q2FY21	Q1FY21	Q2FY20	1H FY21	1H FY20
Interest on Borrowings	62	102	53	165	126
Interest on Purchase / Sales / Discounting	23	6	26	30	35
Bank Charges	36	21	36	57	74
Foreign Exchange Gain/loss	-8	33	12	25	15
Total	114	163	127	277	250

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 30 September 2020. Promoter holding dilution in % terms is on account of issuance of new shares under ESOP scheme.



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

Polycab India Limited

CIN: L31300GJ1996PLC114183

Contact us

For investor relations: investor.relations@polycab.com

For queries on shares & investor grievance: shares@polycab.com

Website: www.polycab.com