



Q4 FY2023 Presentation

12 May 2023



Q4 & FY23

Financial Performance

Key Highlights

Top-line (Revenue)

Q4 FY23: 43,237 Mn
⌄ 9% YoY
⌄ 16% QoQ
FY23: 1,41,078 Mn
⌄ 16% YoY



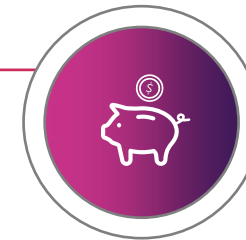
Operating (EBITDA)

Q4 FY23: 6,032 Mn
⌄ 27% YoY
⌄ 20% QoQ
FY23: 18,429 Mn
⌄ 46% YoY

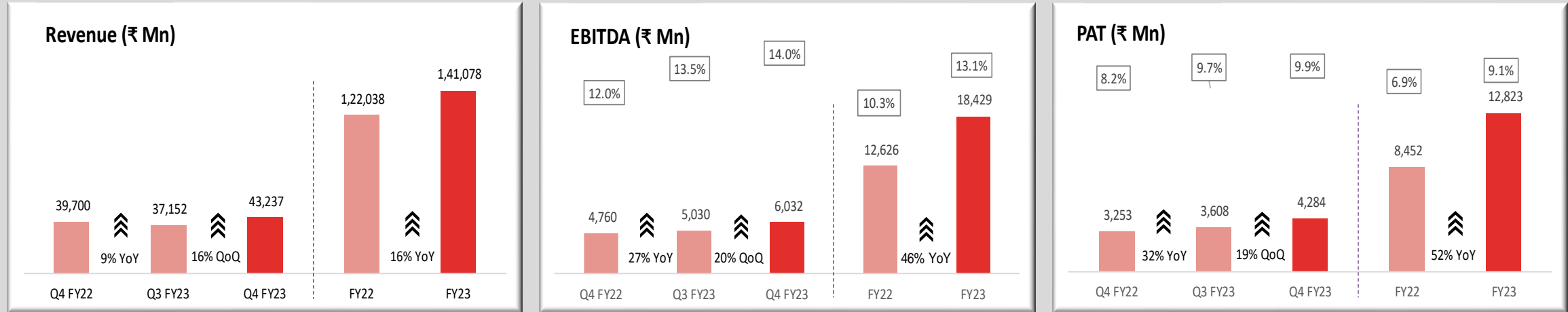


Profitability (PAT)

Q4 FY23: 4,284 Mn
⌄ 32% YoY
⌄ 19% QoQ
FY23: 12,823 Mn
⌄ 52% YoY

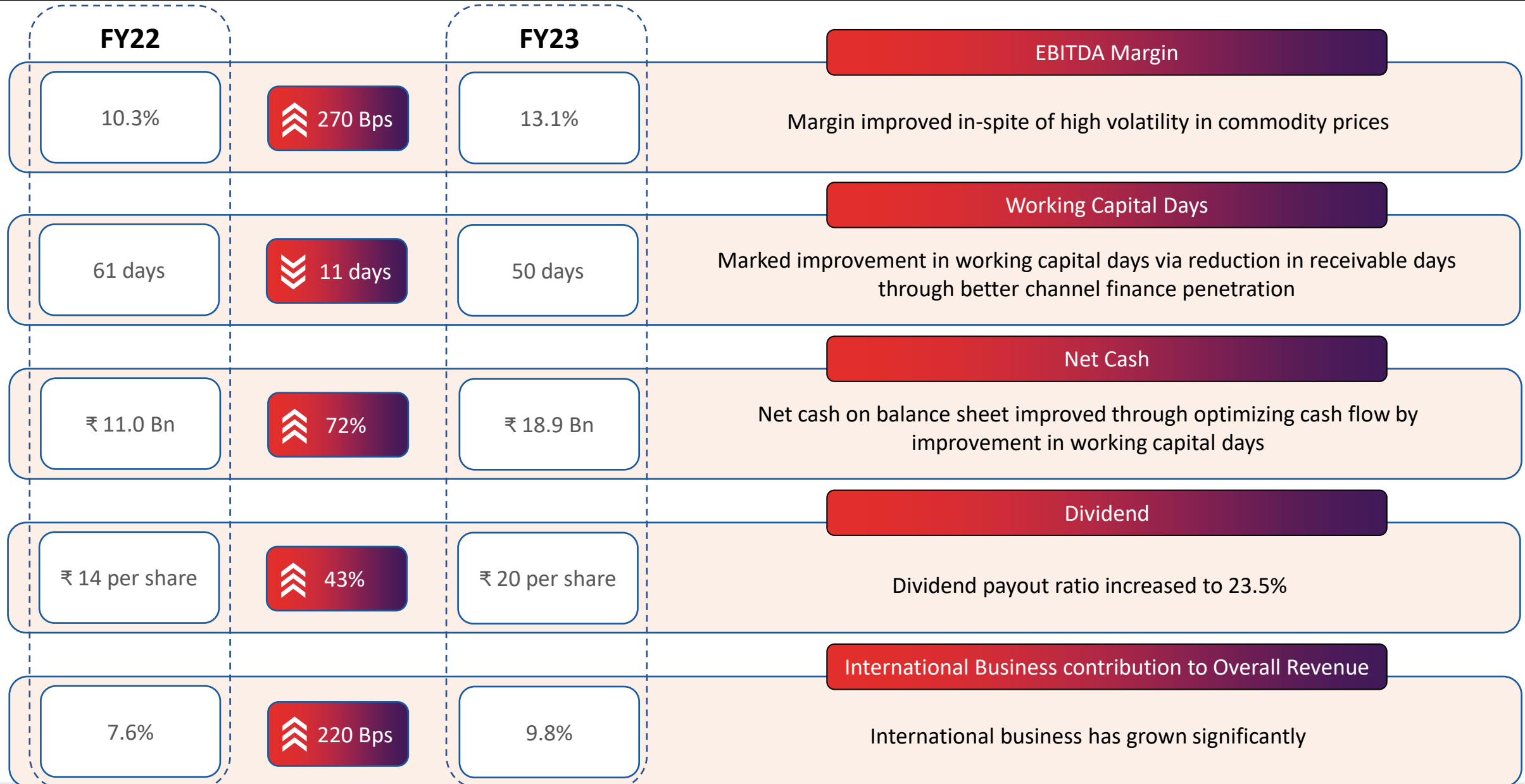


FY23: Surpassed ₹ 140 Bn in Revenues; Highest Ever PAT



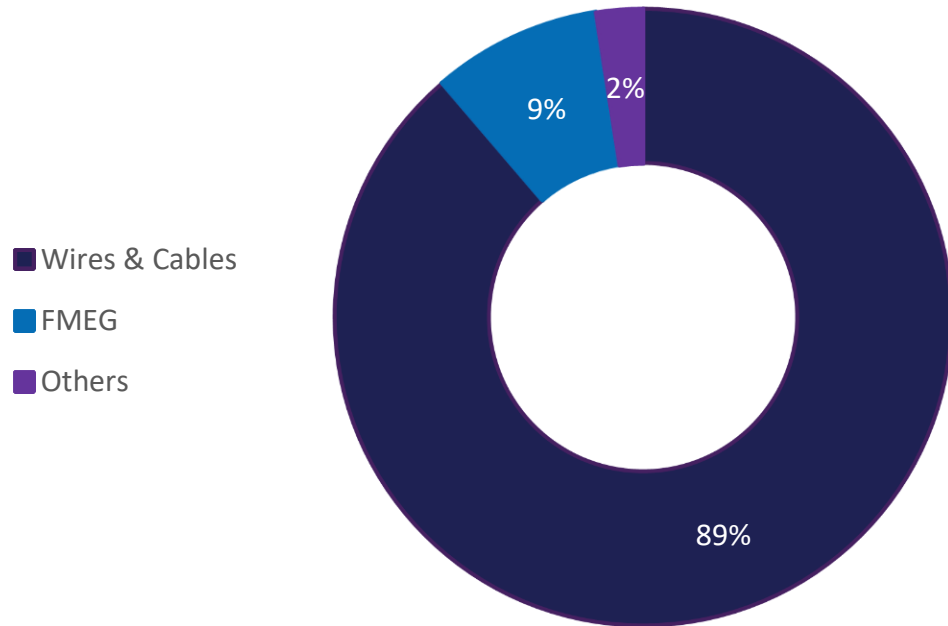
- Revenue grew by 16% YoY in FY23 and 9% YoY in Q4FY23 in spite of high base and lower commodity prices on the back of healthy volume growth in cables business. Yearly revenue surpassed the milestone of ₹ 140 Bn
- For FY23, EBITDA grew 46% YoY with margin improvement of ~270 bps. Judicious price revisions and favourable business mix contributed to margin improvement. In Q4FY23, EBITDA margin improved by ~200 bps YoY to 14.0%. Sequential margin improvement of ~40 bps was driven by better operating leverage and strong growth in international business
- PAT increased by 52% YoY in FY23, to post highest ever yearly PAT of ₹ 12,823 Mn. PAT margin improved by ~220 bps YoY. For Q4FY23, PAT up by 32% YoY with margin improvement of ~170 bps
- Net Cash position improved to ₹ 18.9 Bn as of March 2023 end as against ₹ 11.0 Bn as of March 2022 end

Key Highlights for FY23

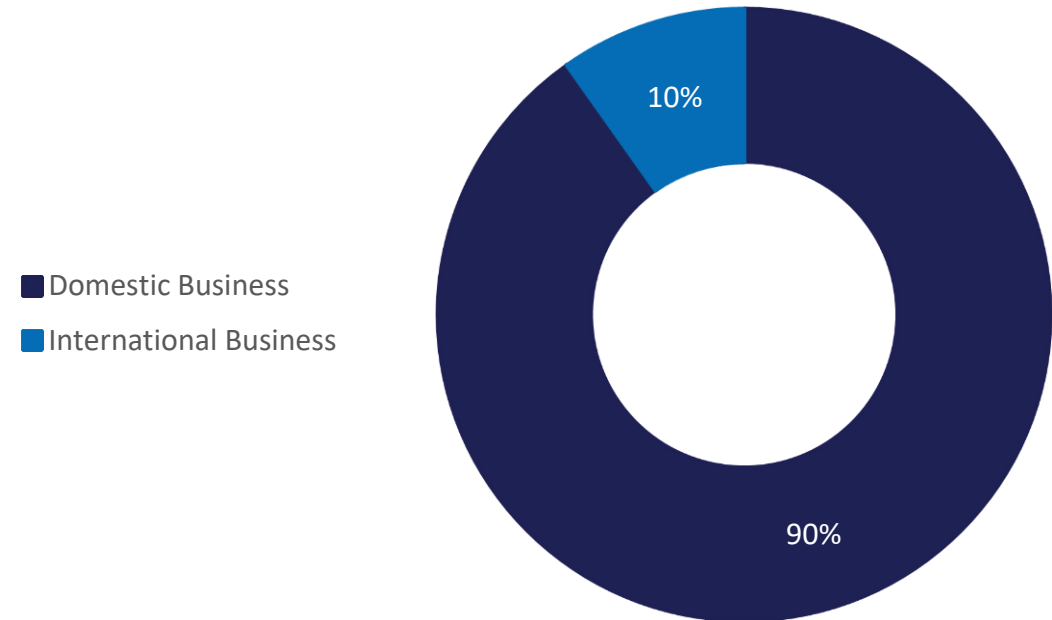


Business Mix

Product Mix

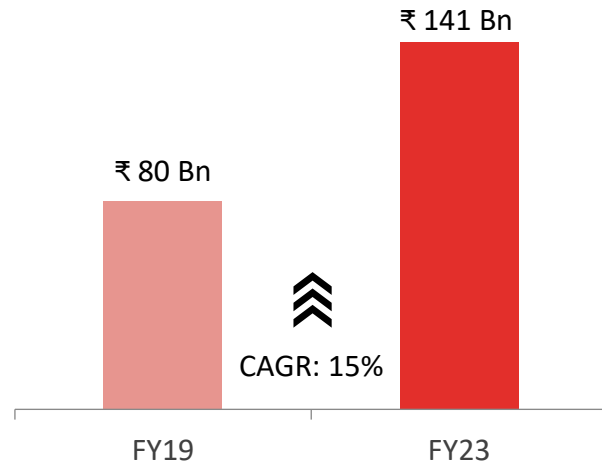


Mode of Sales

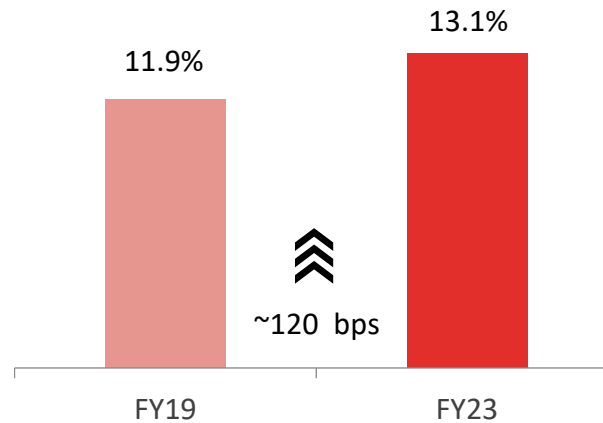


Growth Story Since Listing

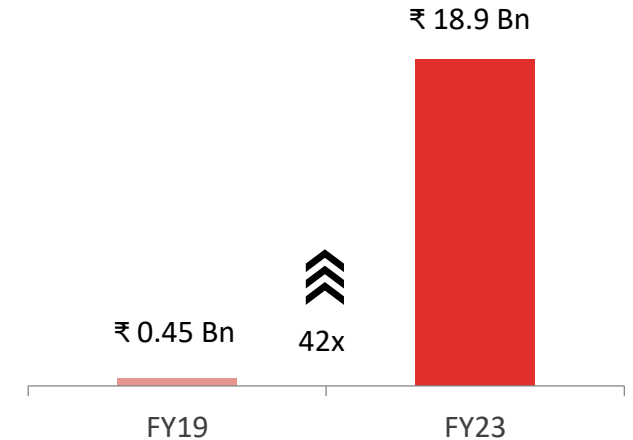
Revenue



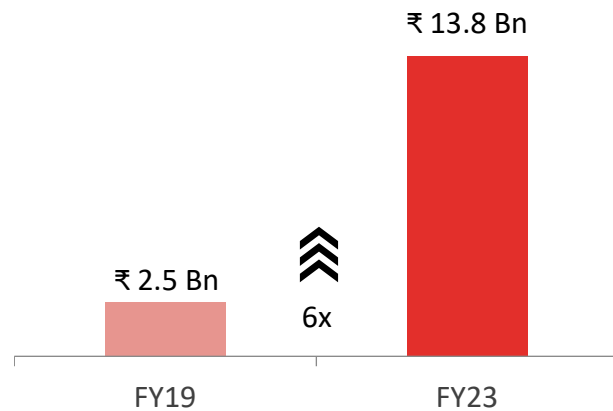
EBITDA Margin



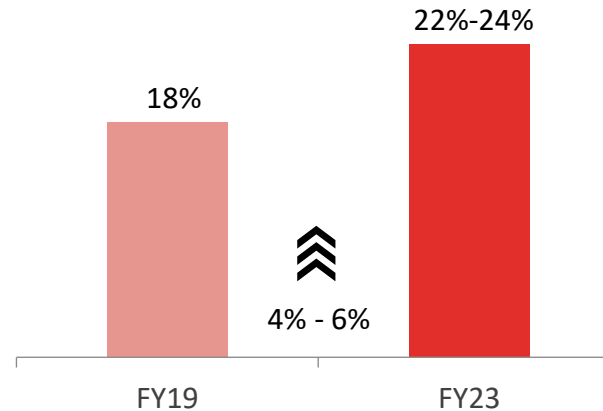
Net Cash



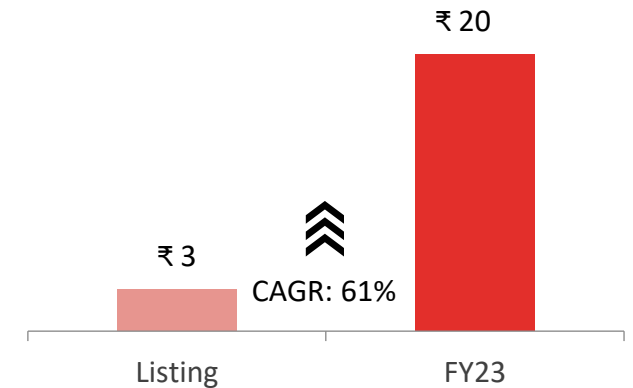
International Business



Market Share (Domestic Organized W&C)



Dividend



Structural Growth Drivers

Current opportunity landscape provides highly conducive environment for exponential business growth in the medium-to-long term

Consumption

- Urbanization
- Nuclearization of families
- Growth of rural India
- Evolving consumer behaviour
- Favourable demographic dividend
- Increasing per Capita Income
- Growing affluence leading to premiumization

Policy Reforms

- PLI scheme
- Make in India initiative
- Integrated Power Development Scheme
- Export subsidy schemes
- GST
- FDI & PE in real estate




Infrastructure

- National Infrastructure Pipeline
- Capex uptick in power, railways, defence & real estate
- Electrification
- Capex cycle uptick
- Urbanization, Smart cities, PMAY

Emerging

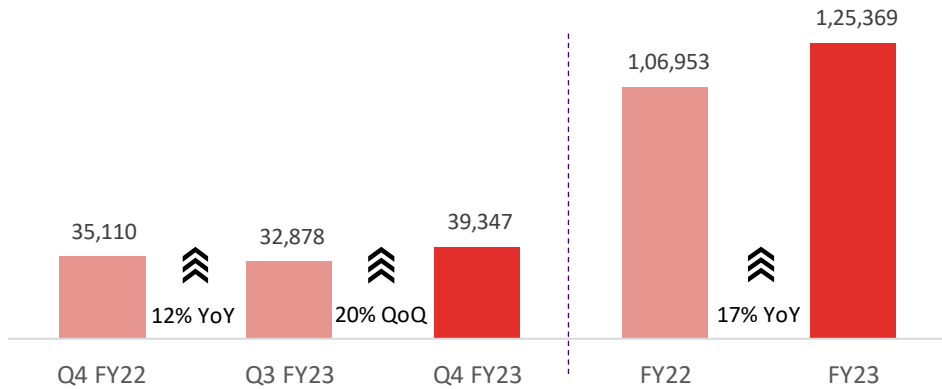
- Digital India, Bharatnet
- Renewable energy
- Defence
- Data Centres
- Electric Mobility
- IoT and Industry 4.0



Wires & Cables

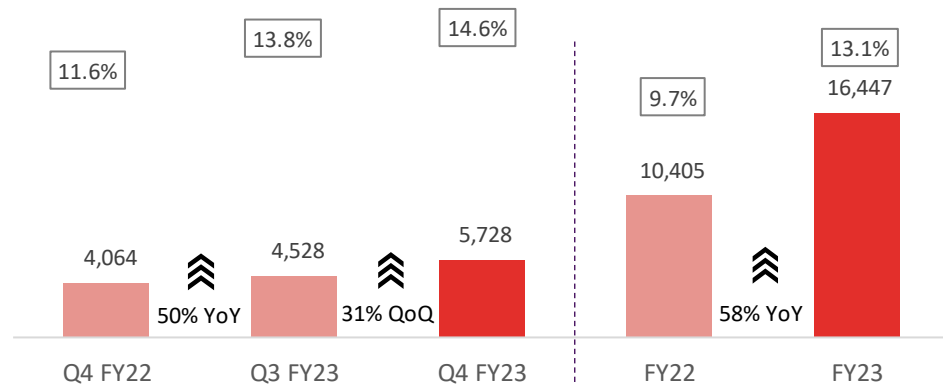
Pedal Firmly on Growth

Revenue (₹ Mn)



EBIT (₹ Mn)

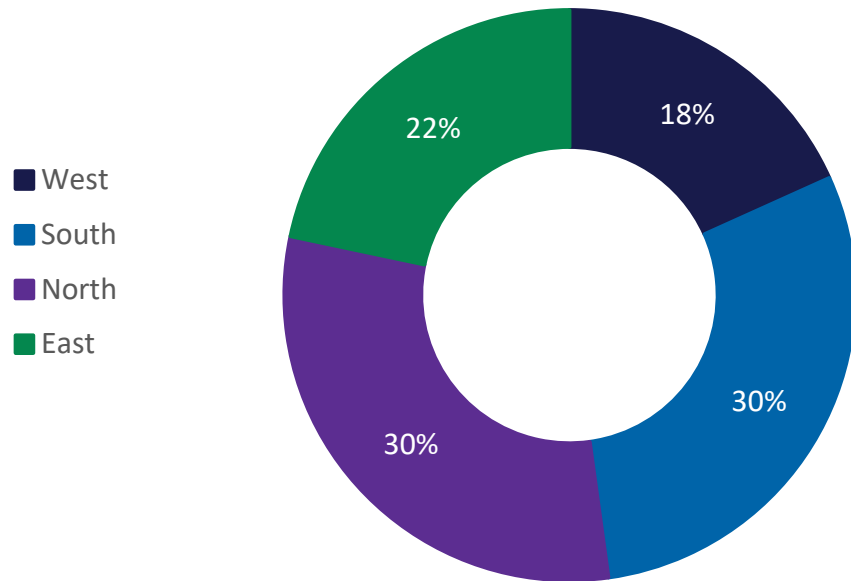
Margin



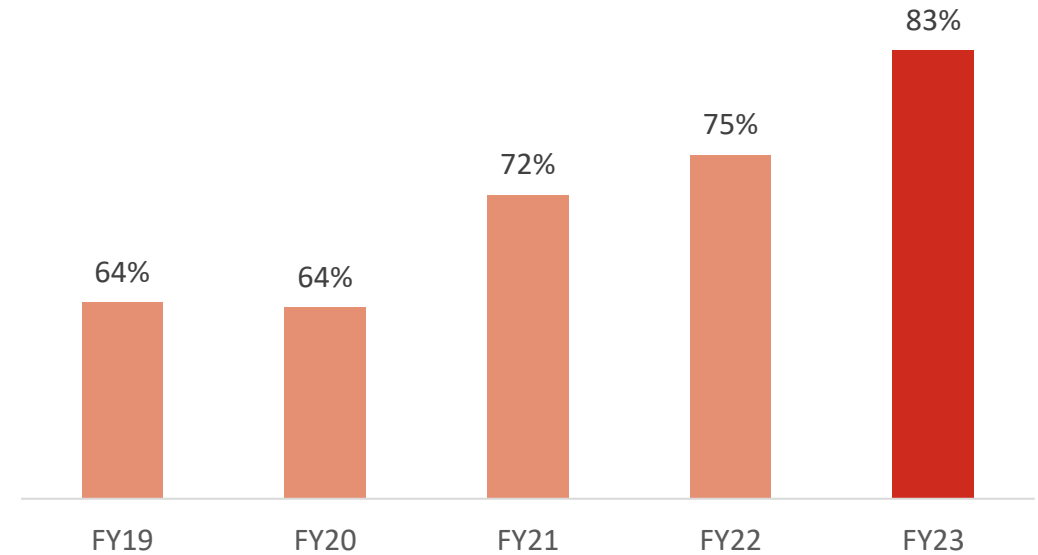
- Wires and Cables revenue for FY23 grew by 17% YoY despite healthy base and lower commodity prices on the back of healthy volume growth. For the quarter, revenues grew by 12% YoY with strong traction in international business. Demand environment continues to remain strong supported by government measures and revival in private capex
- During FY23, domestic distribution driven business grew by 17% YoY on the back of strong volume growth of 21%. The outperformance was primarily on account of benefits realized through the merger of HDC and LDC verticals last year. Within domestic distribution, cables grew faster than wires during the year. Special purpose cables business gained momentum with sales growing 1.7x over last year
- For FY23, revenue from international business grew by 50% YoY. Growth in Q4FY23 came in strong at 125% YoY, contributing to 12.5% of the consolidated revenue in Q4FY23. The Company expanded its global footprint to 70 countries
- Margins improved by ~340 bps during the year led by judicious price revisions and strong growth in international business

Domestic Business: Distribution-led Efficient Business

Zone-Wise Distributors Split

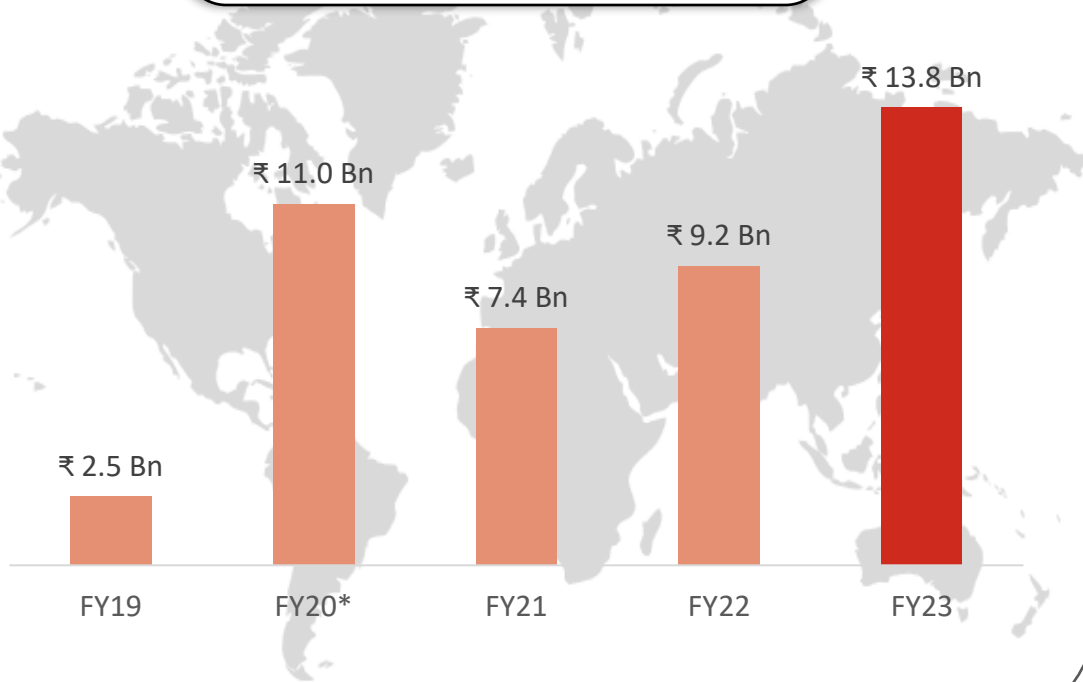


Channel Financing & Advances



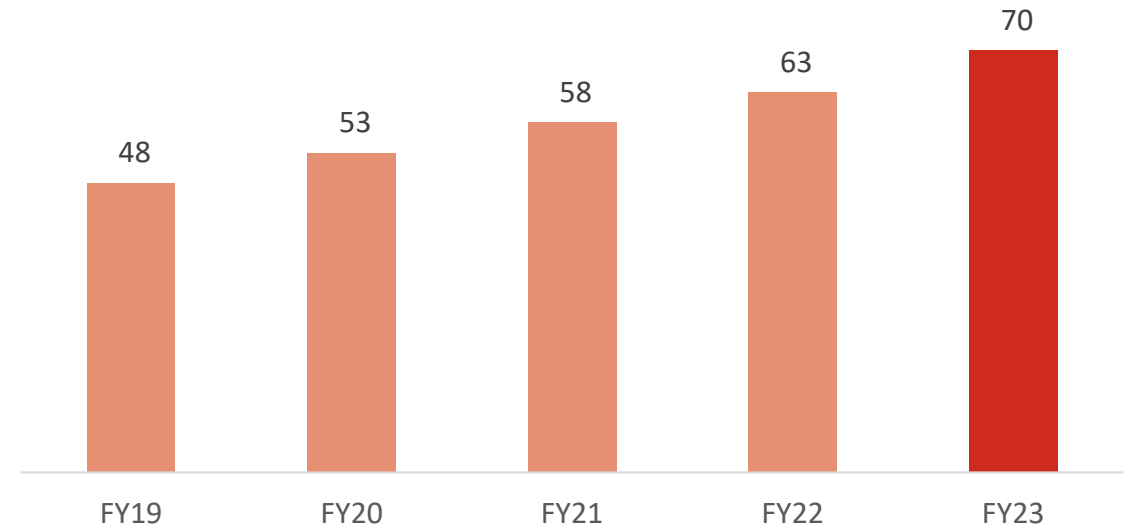
International Business: Expanding Global Footprint with Granular Order Book

International Business Sales



**Includes one-off large Institutional order*

International Business Spread

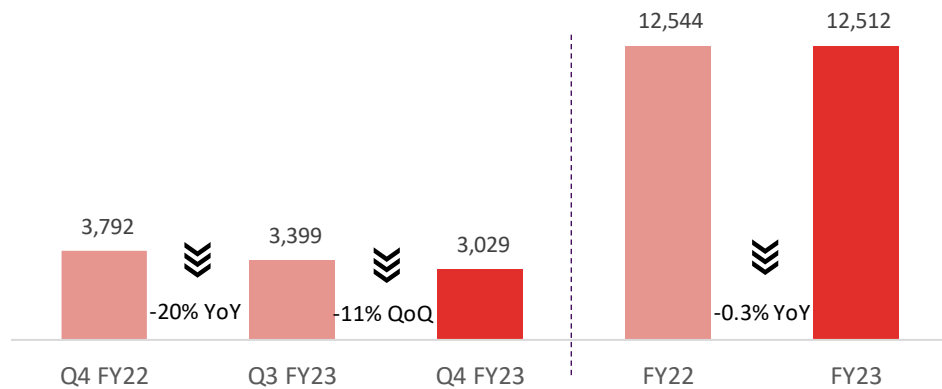


FMEG

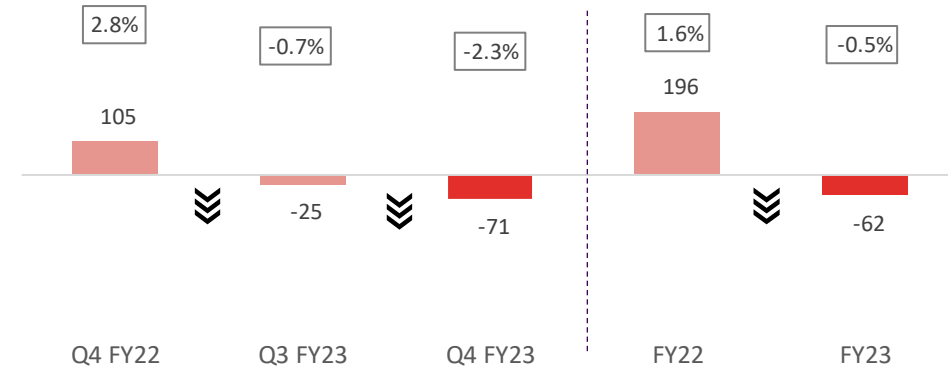


Base Set for Better than Industry Growth from FY24 Onwards

Revenue (₹ Mn)



EBIT (₹ Mn) Margin



- FMEG business had a soft year on account of distribution channel rejig undertaken during the year, as part of Project LEAP, to enable improved pace of future business growth, as well as due to challenging business environment on account of continued high inflation. Revenue was flat in FY23 and de-grew 20% YoY in Q4FY23
- Fans business was subdued during the quarter due to heavy channel inventory stocking done ahead of the transition to the new BEE norms. The Company introduced ~40 new BEE-compliant SKUs during the quarter, with ~60% of them in the premium and super-premium categories, in-line with the Company's premiumization strategy. New fan manufacturing plant in Halol is now operational
- Switches business continued its healthy sales momentum during the quarter, benefiting from the in-house manufacturing, growing 1.5x YoY and 1.9x QoQ
- Segmental EBIT turned negative during the year largely on account of higher A&P, staff cost and input cost pressures. With the distribution realignment completed, the Company is confident of improving top-line and bottom-line from FY24 and is committed to achieving 10%-12% annualized EBITDA margin in this business by FY26

FMEG: Growth Engine

Distribution Expansion

Rejig of distribution channel to the super-distributor model for faster scale-up of business. Adopting alternate sales platforms like e-commerce, modern trade stores etc

Product Innovation

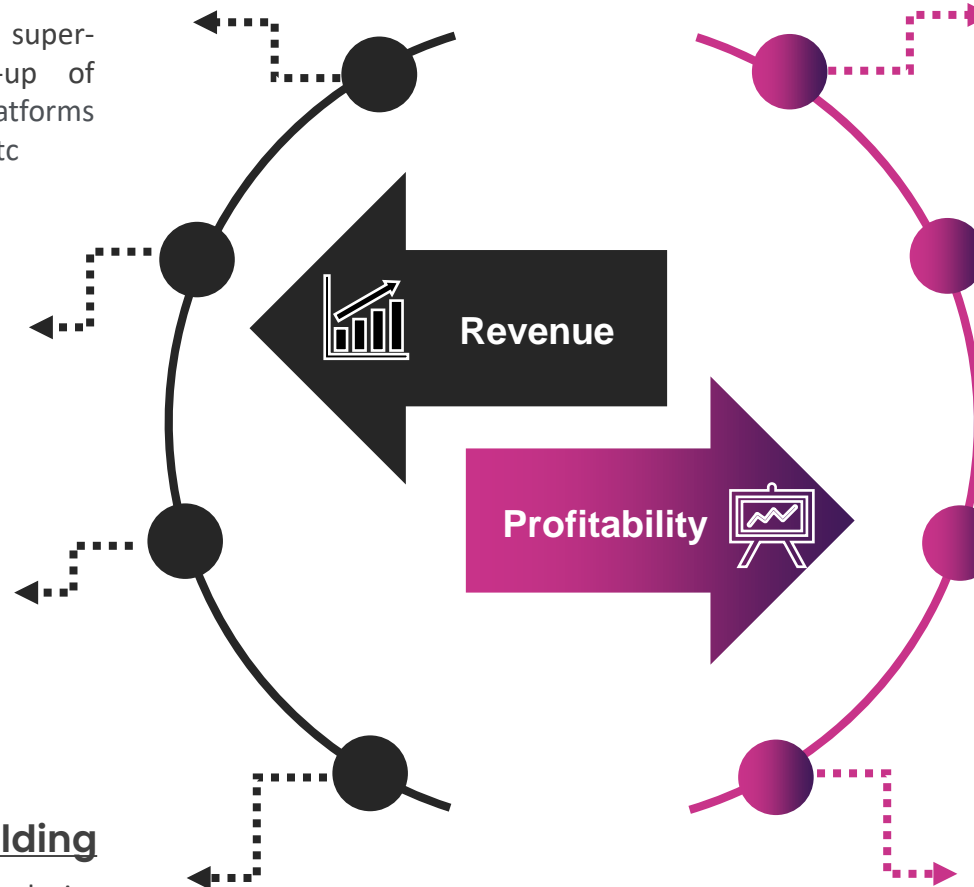
Silvan team engaged as R&D division for new product development and innovation. Introducing products across price points to plug gaps in product portfolio

Influencer Management

Scaling up structured influencer management program through frequent engagements, training programs, incentive programs and digital analytics

Brand Building

Enhanced brand equity building through tie-up with Ogilvy and higher A&P spends for both ATL & BTL activities



Premiumization

Leveraging product innovation and brand building activities to drive sales of premium products, which are margin accretive

Focus on Higher Margin Segments

More focus on less competitive, higher margin businesses of switches and switchgears

Economies of Scale

Large in-house manufacturing will start realizing economies of scale and hence better margins with growth in business volumes

Backward Integration

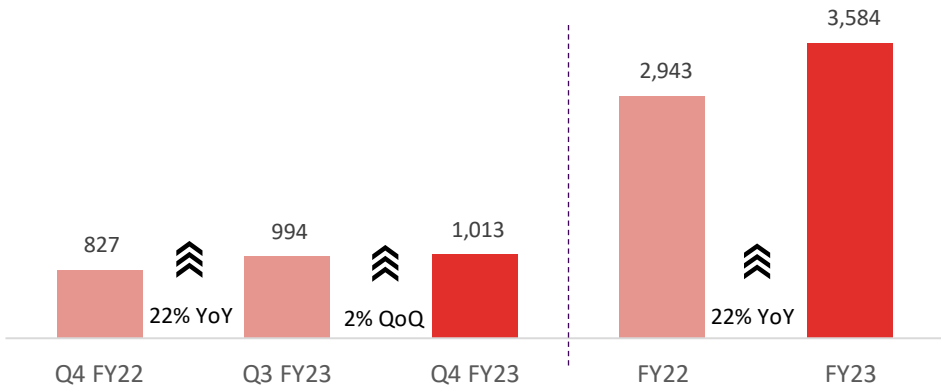
Strong backward integration to improve product quality, availability as well as reduce costs



Others

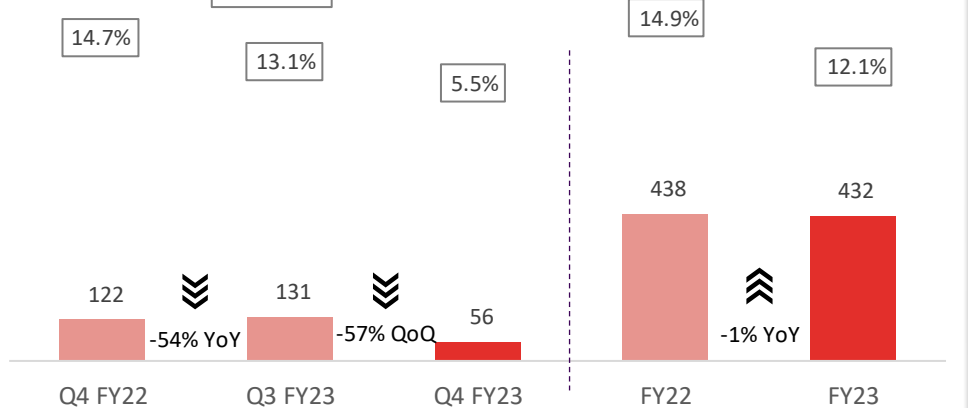
Other Segments

Revenue (₹ Mn)



EBIT (₹ Mn)

Margin



- Other segment largely comprises of our EPC business
- Total income for FY23 at ₹ 3.58 Bn grew by 22% YoY. Quarterly revenue was up 22% YoY and 2% on a sequential basis in Q4FY23
- Segmental EBIT for FY23 de-grew marginally by 1% YoY. Margin stood at 12.1%
- Annual sustainable operating margin in this business is expected to be in high single digit over mid to long term

Project LEAP

2021

2023

2026

Project LEAP: Progressing Well Towards Achieving FY26 Goals



Customer Centricity

- Direct quotes from Polycab more than doubled in FY23, indicating a strong shift towards control over pricing, market dynamics and direct dealing with customers
- Merger of HDC and LDC verticals made meaningful progress in unlocking value across salesforce, supply chain and operations
- Fans vertical merged with Lights & Luminaries vertical and Retail wires vertical merged with Switches and Switchgear vertical
- Integrated and structured approach for key account managers across real estate, OEMs, data centers and special cables



Go-To-Market Excellence

- Enhanced reach and distribution in B2C business and increasing presence in white spaces for B2B business
- Identification of distributors with opportunity to cross-sell
- Activation of large distributors with low-growth rate or de-growth
- Strengthening presence in Modern trade and E-commerce channels



Winning with New Products

- Launched Etira brand for retail wires and switches. Relaunched Green Wires in premium category
- Revamped fans portfolio
- New category launch in switchgears
- Robust product pipeline across segments supporting future prospects
- Continued push on premiumization of portfolio in B2C businesses



Setup of Organization Enablers

- Structured distribution addition planning & monitoring
- FMEG business: program management on key cost levers to drive profitability
- Digital capability build - B2C & B2B roadmap finalized & digital council setup
- Upgraded ERP technology to latest version of Oracle

Project Leap: Key Themes & Priorities for the Coming Year

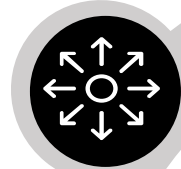
B2B Business

Focus on reach expansion, demand generation, CRM digitalization & and increased use of analytics



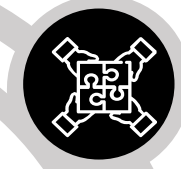
Organization Structure & Hiring

Strengthening the planning and support function of key B2C business by adding new functions like sales analytics, channel development and product management



Strengthen Core Power Business (Wires)

Distribution expansion, new product launches, strengthening retail execution and channel excellence, and improving sales force effectiveness



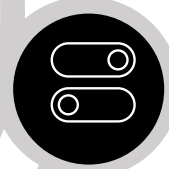
Digital Excellence

Build field marketing platform, loyalty platform and dashboards



Enhanced Focus on Higher Margin B2C Businesses

Scale up switches and switchgear business



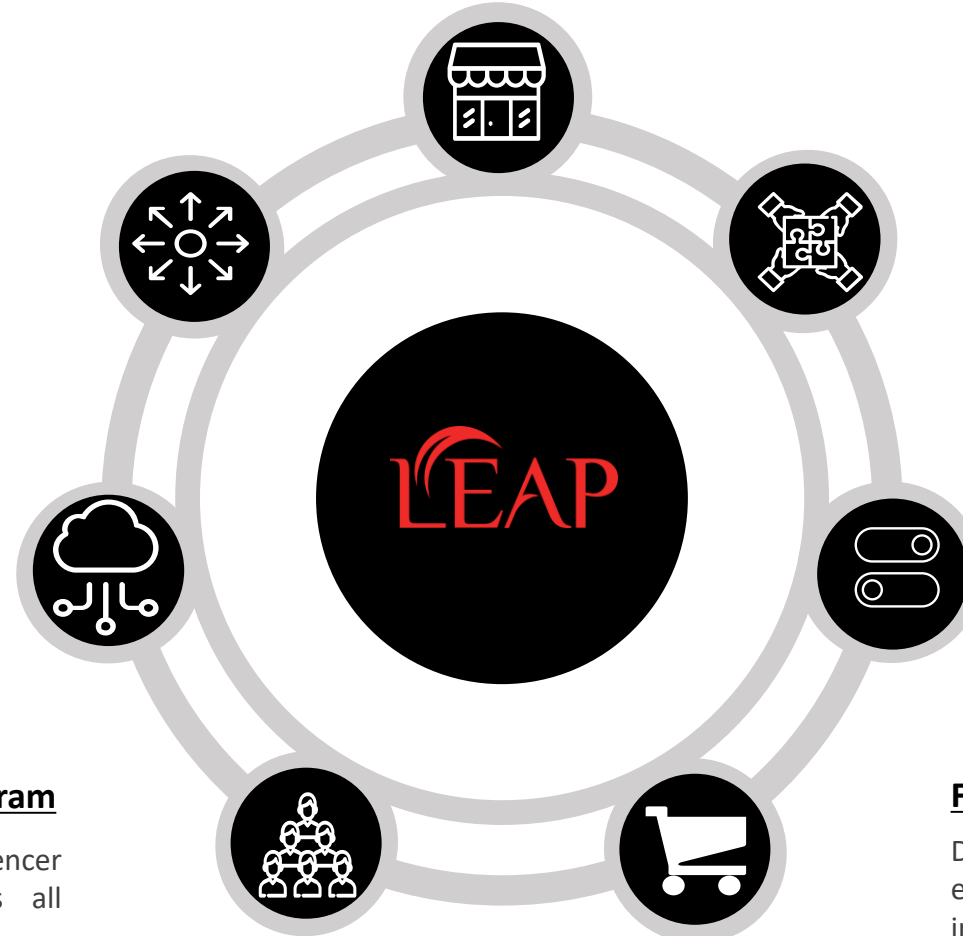
Influencer Program

Design and roll-out influencer management program across all dimensions of influencers



FMEG Business

Distribution expansion, strengthening retail execution & channel excellence and improving sales force effectiveness



Awards & Recognition

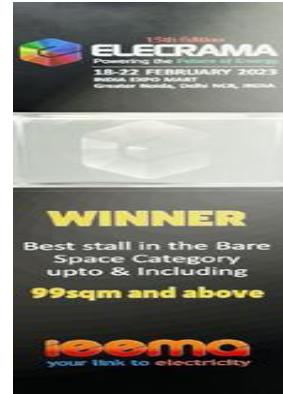
Inex Excellence Awards

Electric Solutions Television Campaign Popular Brand



ELECRAMA 2023

Best Stall Award



CSR Works

Asia's Best Community Impact Reporting, Silver



ASSOCHAM

Best CFO of the Year



CII

Leading CFO of the year



ET Best Brands 2022



Manufacturing Excellence Award by Kaizen Hansei

Operational Excellence

SMART Manufacturing

SAFE Factory



IDC Future Enterprise Awards





ESG

Polycab's ESG Strategy



Polycab's Purpose - "We innovate for a brighter living".

- Our innovative, safe and energy efficient products and solutions delight our customers
- Our vibrant and inclusive culture leads to deep connections, value creation and growth for our People, Partners and Stakeholders
- Our focus on sustainable development reflects our commitment to be a caring and responsible enterprise

ESG strategy is pivotal for Polycab in 'Evolving through excellence ...

ESG Objectives

Governing and overseeing ESG initiatives from the Board of Directors and line of business management levels

Minimizing Polycab's operational impacts on climate and **accelerating low-carbon transition**

Innovating products with new groundbreaking modern designs, **energy efficient** and **low environmental footprint**

Implementing **targets** to **assess** and **manage** climate related risks, and **supporting** value chain partners in **transitioning** to a lower carbon environment

Communicating our ESG Performance to **stakeholders** is critical. Polycab measures and discloses **non-financial performance** transparently.



Strategic Pillars

... and transforming with focus'



Governance supported with robust policies and process helps Polycab to act responsibly and ethically



Ensuring Environmental Sustainability across all operations



Product Innovation for brighter and greener future



People Sustainability is about putting employees, community, vendors customers at centerstage of everything we do

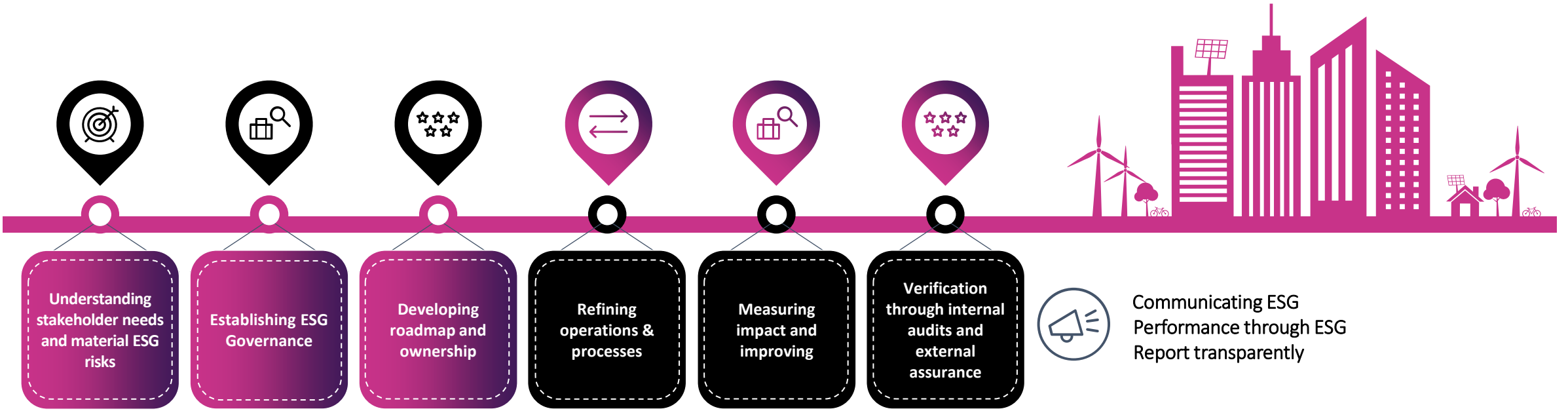


Our ESG strategy is built in accordance with Guiding Principles of GRI, UN SDGs, <IR> framework and NGRBC

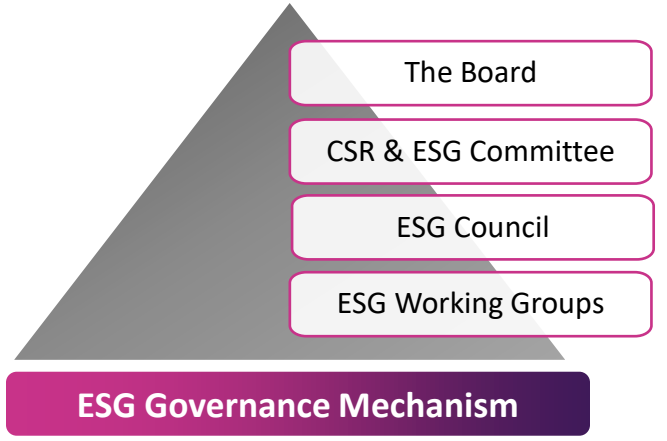


Polycab reports on ESG disclosures verified by external assurance agency in annual Integrated report and BSR

Polycab's ESG Approach



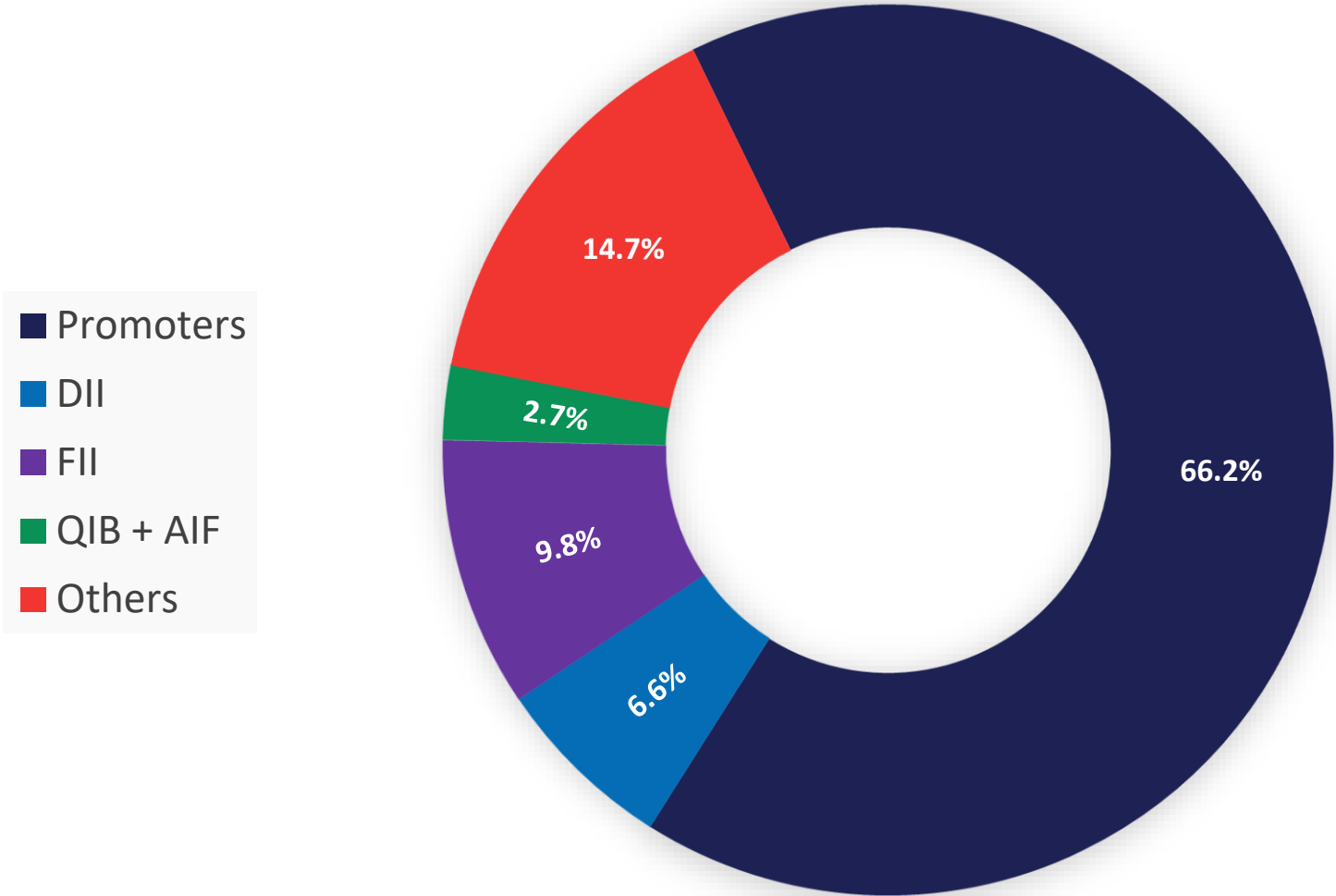
- ### ESG Material Topics
- Climate Change and Energy
 - Water Management
 - Waste Management
 - Product Stewardship
 - Innovation
 - Safety and Working Conditions
 - Responsible Supply Chain
 - Labor Management
 - Employee Training and Development
 - Corporate Social Responsibility
 - Corporate Governance, Ethic and Integrity
 - Data Security and Privacy





Shareholding Pattern

Shareholding Pattern



Note: As on 31st March 2023. DII (Domestic Institutional Investors) includes "Mutual Funds". FII (Foreign Institutional Investors) includes "Foreign Portfolio - Corp" and "Foreign Corporate Bodies". QIB/ AIF stands for "Qualified Institutional Buyer"/ "Alternative Investment Fund"

A white circular graphic with a thin white border, containing the text "Financial Statements" in a bold, dark blue font. The background of the slide features a purple-to-pink gradient with a network of white dots and lines, overlaid with semi-transparent financial charts and data points. In the foreground, there are stacks of gold coins and a blue calculator.

Financial Statements

Consolidated Profit and Loss Statement

Particulars (₹ Mn)	Quarter						Year To Date			
	Q4 FY23	%	Q3 FY23	%	Q4 FY22	%	FY23	%	FY22	%
Revenue from Operations	43,237	100.0%	37,152	100.0%	39,700	100.0%	1,41,078	100.0%	1,22,038	100.0%
Cost of Goods sold	32,357	74.8%	27,603	74.3%	30,892	77.8%	1,05,109	74.5%	94,657	77.6%
Contribution (A)	10,880	25.2%	9,548	25.7%	8,808	22.2%	35,969	25.5%	27,381	22.4%
Employee cost	1,187	2.7%	1,132	3.0%	1,050	2.6%	4,568	3.2%	4,066	3.3%
Other Operating Expenses	3,598	8.3%	3,378	9.1%	2,994	7.5%	12,880	9.1%	10,663	8.7%
Total Operating Expenses (B)	4,784	11.1%	4,510	12.1%	4,044	10.2%	17,448	12.4%	14,729	12.1%
Share of profit/(loss) of JVs (Net of tax) (C)	-64	-0.1%	-8	0.0%	-4	0.0%	-93	-0.1%	-26	0.0%
EBITDA (A)-(B)+(C)	6,032	14.0%	5,030	13.5%	4,760	12.0%	18,429	13.1%	12,626	10.3%
Other Income	515	1.2%	397	1.1%	168	0.4%	1,333	0.9%	899	0.7%
Depreciation	535	1.2%	525	1.4%	503	1.3%	2,092	1.5%	2,015	1.7%
Finance Cost	282	0.7%	93	0.2%	125	0.3%	598	0.4%	352	0.3%
PBT	5,731	13.3%	4,810	12.9%	4,300	10.8%	17,073	12.1%	11,159	9.1%
Income Tax	1,446	3.3%	1,202	3.2%	1,047	2.6%	4,250	3.0%	2,706	2.2%
Adjusted PAT	4,284	9.9%	3,608	9.7%	3,253	8.2%	12,823	9.1%	8,452	6.9%
Exceptional items / Discontinued ops.	-	0.0%	-	0.0%	-	0.0%	-	0.0%	721	0.6%
Reported PAT	4,284	9.9%	3,608	9.7%	3,253	8.2%	12,823	9.1%	9,173	7.5%

Exceptional items / Discontinued ops. (₹ Mn)	Quarter						Year To Date			
	Q4 FY23	%	Q3 FY23	%	Q4 FY22	%	FY23	%	FY22	%
Profit from Discontinued operations	-	-	-	-	-	-	-	0.0%	721	0.6%
Total	-	0.0%	-	0.0%	-	0.0%	-	0.0%	721	0.6%

Consolidated Balance Sheet

Particulars (₹ Mn)	Mar-23	Dec-22	Mar-22
Assets			
<u>Non-current Assets</u>			
Fixed Assets	23,177	21,951	20,506
Non-current Deposits	6	7	126
Other Non-current Assets	1,984	1,971	2,076
Total Non-current Assets	25,167	23,928	22,708
<u>Current Assets</u>			
Inventories	29,514	26,059	21,996
Trade Receivables	12,466	9,771	12,964
Investments	13,505	14,812	7,641
Cash and Bank Balances	6,952	5,342	4,071
Others - Current Assets	6,650	4,074	4,739
Total Current Assets	69,087	60,058	51,411
Total Assets	94,255	83,987	74,119

Particulars (₹ Mn)	Mar-23	Dec-22	Mar-22
Equity and Liabilities			
<u>Shareholder's Funds</u>			
Share Capital	1,498	1,497	1,494
Reserves and Surplus	64,814	60,601	53,943
Total Shareholder's Funds	66,311	62,097	55,437
Minority Interest	374	337	251
<u>Non-current Liabilities</u>			
Borrowings	42	48	30
Others - Non-current Liabilities	1,262	1,136	988
Total Non-current Liabilities	1,304	1,185	1,018
<u>Current Liabilities</u>			
Short-term Borrowings	1,509	1,379	802
Trade Payables	20,326	15,003	12,175
Others - Current Liabilities	4,430	3,985	4,436
Total Current Liabilities	26,266	20,367	17,413
Total Equity and Liabilities	94,255	83,986	74,119

Consolidated Cash Flow Statement

Particulars (₹ Mn)	Quarter			Year To Date	
	Q4 FY23	Q3 FY23	Q4 FY22	FY23	FY22
Net Cash Flow from Operating Activities	1,199	3,500	7,027	14,275	5,116
Net cash flow from/(used in) investing activities	-946	-3,357	-6,440	-12,026	-4,270
Net cash flow from/(used in) financing activities	-81	-58	-123	-2,271	-2,007
Net Increase / (Decrease) in cash and cash equivalents	172	85	464	-22	-1,160

Other Key Data Points

Particulars (₹ Mn)	Quarter			Year To Date	
	Q4 FY23	Q3 FY23	Q4 FY22	FY23	FY22
Advertisement and sales promotion expense	245	636	166	1,244	823
Capital expenditure	1,132	1,441	2,762	4,584	5,200
Net Cash Position*	18,912	18,734	11,007	18,912	11,007
Trade acceptances*	12,258	7,870	6,365	12,258	6,365
Goods in Transit*	1,063	826	317	1,063	317
Exports contribution (%)	12.5%	5.9%	6.0%	9.8%	7.6%

* as at period end

Other Financial Metrics

Working Capital Days	Average			Closing		
	FY23	FY22	FY21	FY23	FY22	FY21
Receivable Days	33	41	59	32	39	59
Inventory Days	89	81	108	102	85	110
Payable Days	71	67	102	85	63	102
Net Working Capital	51	54	65	50	61	67

Other Income (₹ Mn)	Q4 FY23	Q3 FY23	Q4 FY22	FY23	FY22
Interest income	97	78	67	295	269
Gain/loss on Redemption of investment	265	200	71	651	228
Fair value of financial assets (MTM)	-43	1	-26	30	-
Exchange differences (net)	184	-	14	184	317
Miscellaneous income	11	119	42	172	85
Total	515	397	168	1,333	899

Finance Cost (₹ Mn)	Q4 FY23	Q3 FY23	Q4 FY22	FY23	FY22
Interest on Bank Borrowings	19	3	3	36	11
Interest on LC, VBD and Leases	221	66	76	405	151
Other borrowing costs	41	24	46	156	190
Foreign Exchange Gain/loss	-	-	-	-	-
Total	282	93	125	598	352

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.

1. Numbers on consolidated basis in ₹ million
2. Revenue: Revenue from operations
3. Segment Revenue: Total income (external sales) excluding finance income
4. EBITDA: Excludes other income
5. EBITDA Margin: EBITDA / Revenue
6. Segment EBIT: Includes other income and excludes finance income
7. Segment EBIT margin: Segment EBIT divided by Segment Revenue
8. PAT: Profit After Tax on reported basis excluding exceptional items and discontinued operations
9. PAT Margin: PAT for the period divided by Revenue
10. Net Cash: Cash & equivalents + Investments + Non-current Deposits – Debt
11. Working Capital: Working capital days on Average 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
12. P&L and Segment numbers in current and prior comparable periods are restated due to divestment of Ryker Base.

THANK YOU

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