

Q2 FY2022 Presentation

22 October 2021



Q2 FY2022

Financial Performance



Key Highlights

Top-line (Revenue)

Q2FY22: 31,288 mn
⌆ 48% YoY
⌆ 66% QoQ

1H FY22: 50,093 mn
⌆ 62% YoY

Operating (EBITDA)

Q2FY22: 3,025 mn
⌇ -3% YoY
⌆ 121% QoQ

1H FY22: 4,397 mn
⌆ 19% YoY

Profitability (PAT)

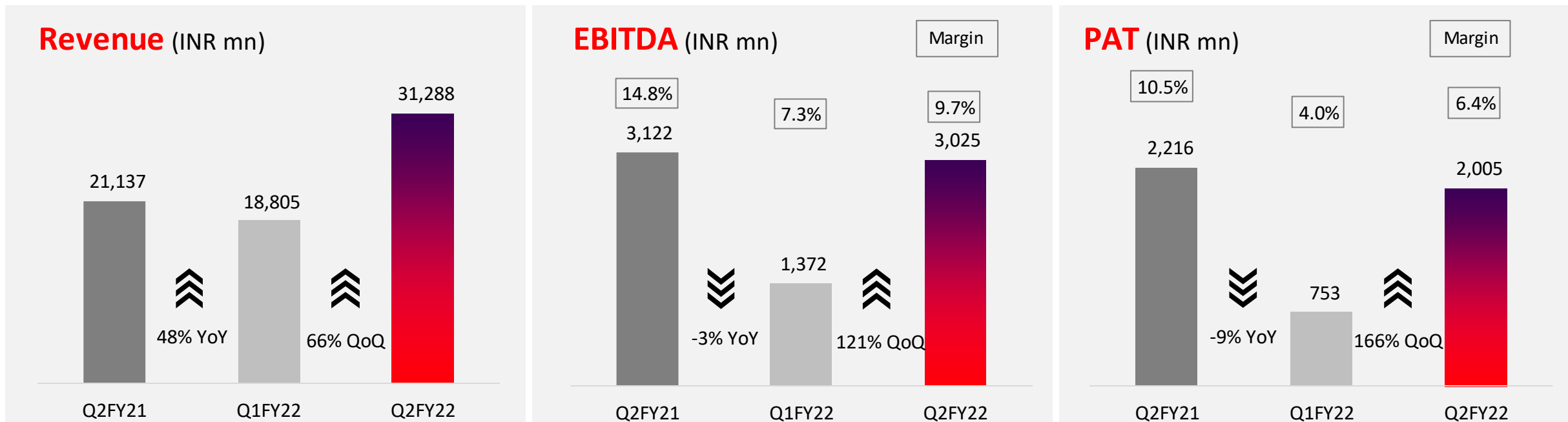
Q2FY22: 2,005 mn
⌇ -9% YoY
⌆ 166% QoQ

1H FY22: 2,758 mn
⌇ -19% YoY



Notes: (1) Numbers on consolidated basis (2) Revenue: Revenue from operations (3) EBITDA excludes other Income (4) PAT: Profit After Tax on reported basis and includes exceptional items as explained on slide 10

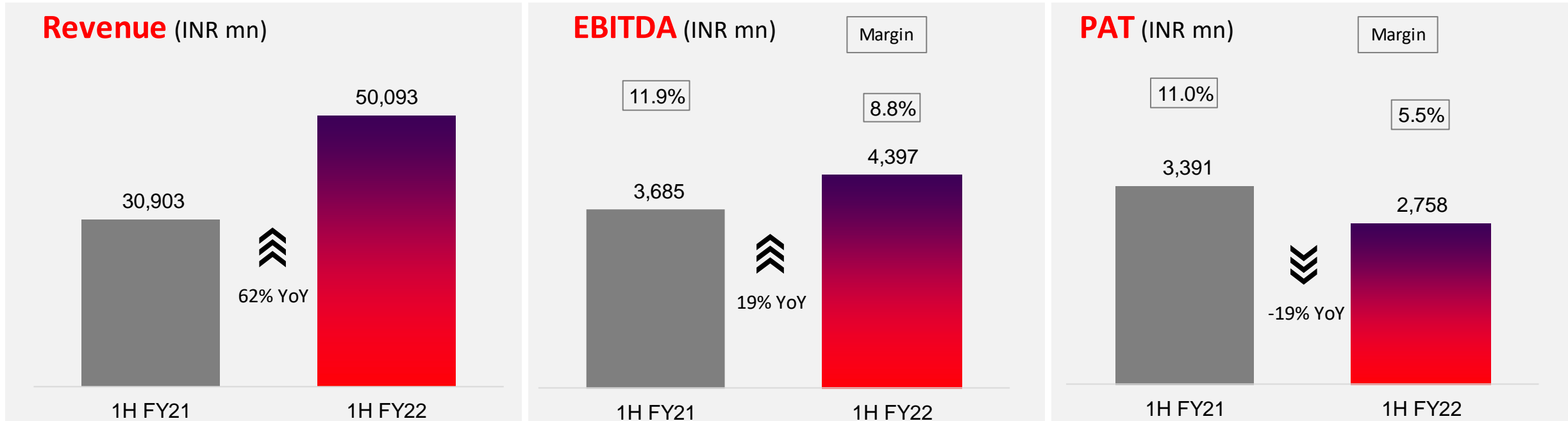
Q2 FY22: Improving growth momentum



- Revenue was up by 48% YoY with broad based growth across segments and markets. On a biennial basis revenue was up by 40%
- EBITDA margin improved by 237bps sequentially to 9.7% with favourable operating leverage partly offset by input cost pressures
- PAT margin at 6.4% improved by 241bps against previous quarter. PAT was down by 9% YoY
- Net Cash position increased to Rs 8.7bn as of September 2021 end

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 (6) PAT Margin: Profit after Tax for the period divided by Revenue (7) Net Cash: Cash & equivalents + Investments + Non-current Deposits - Debt

1H FY22: Strong top-line performance



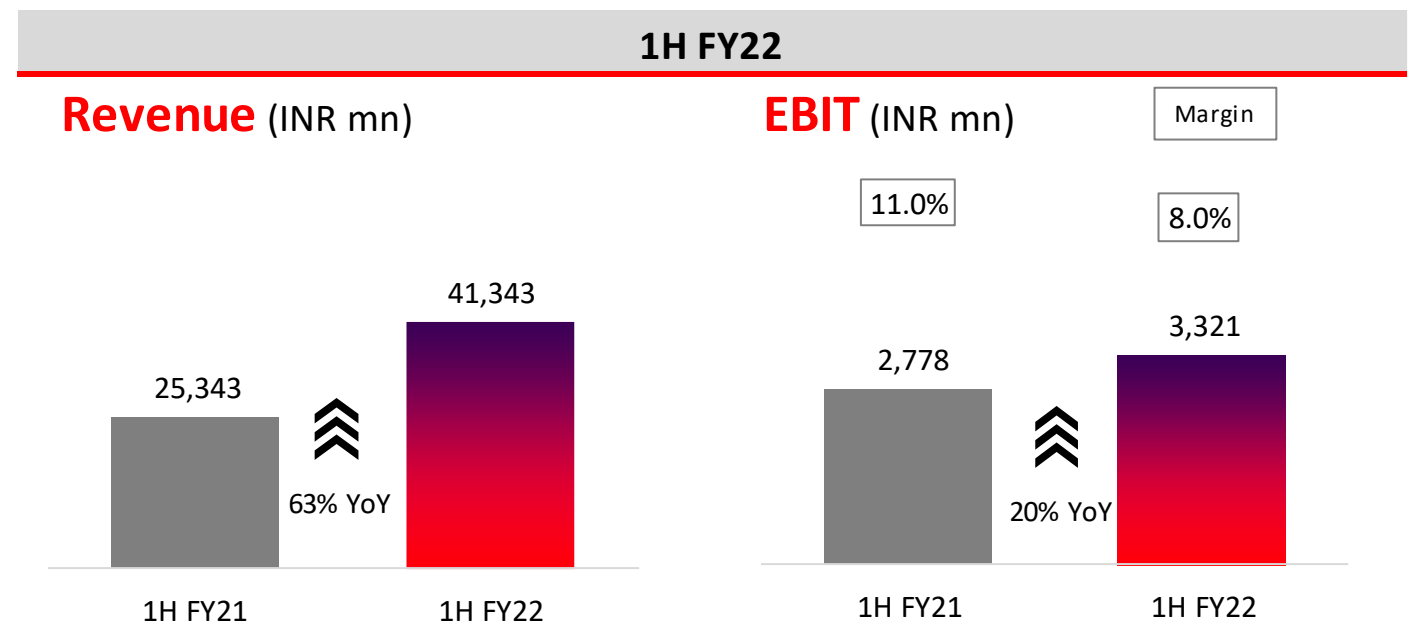
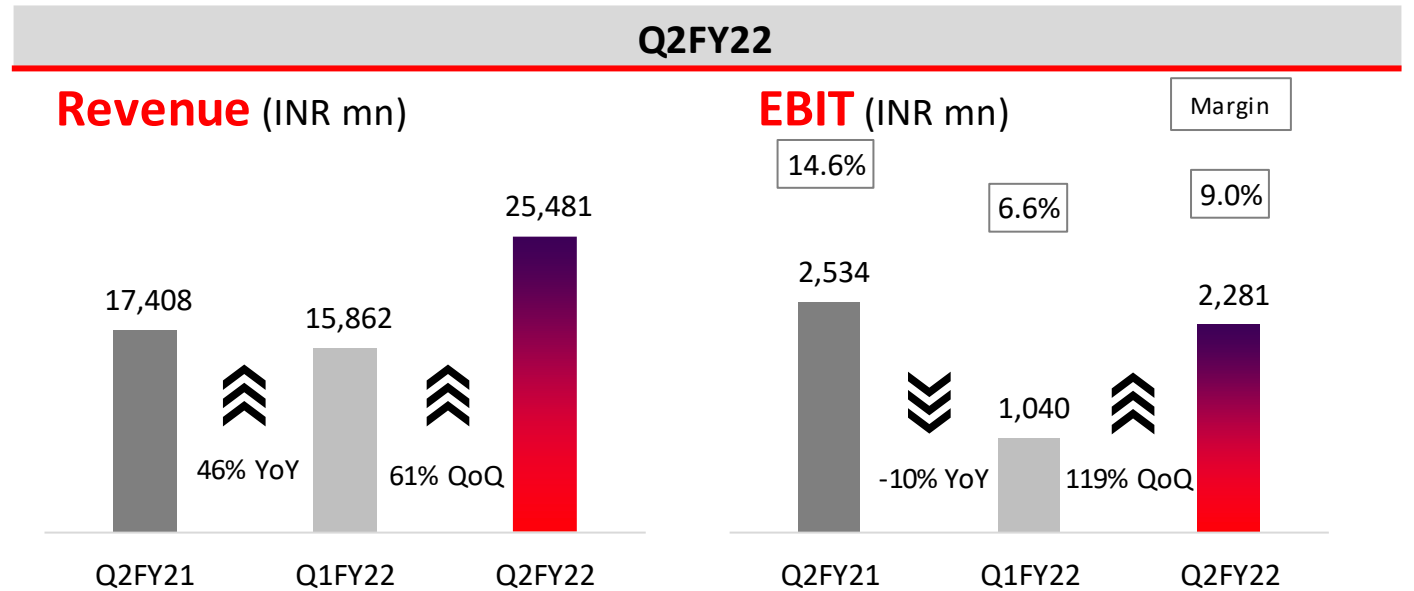
- Revenue grew by 62% YoY enduring the impact of second wave
- EBITDA grew 19% YoY despite adverse operating leverage seen in first quarter
- PBT stood at 3.6bn grew by 11% YoY with 7.3% margin. PAT was down 19% YoY due to few one off gains in base period. PAT margin stood at 5.5%

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 10 (6) PAT Margin: Profit after Tax for the period divided by Revenue

Wires and Cables

- Wires and Cables revenue grew by 46% on YoY basis and 35% on a biennial basis. Overall demand environment continued to stage a sequential recovery. While the growth was broadly uniform across cables and wires, cables continue witness higher competitive intensity due to slightly suboptimal demand environment.
- Domestic distribution driven business sustained its healthy growth momentum. Institutional business continues to remain subdued however green shoots were seen in the month of September. Improving investments in infra and construction projects will aid demand over the near to medium term.
- Exports business grew 12% YoY contributing 8% to overall revenue in Q2FY22. Excluding a large order in the base period, growth was healthy at ~50% YoY led by USA, Australia and Africa. Logistical challenges related to unavailability of containers continued resulting in higher costs and execution delays.
- Profitability improved on a sequential basis on account of better operating leverage.

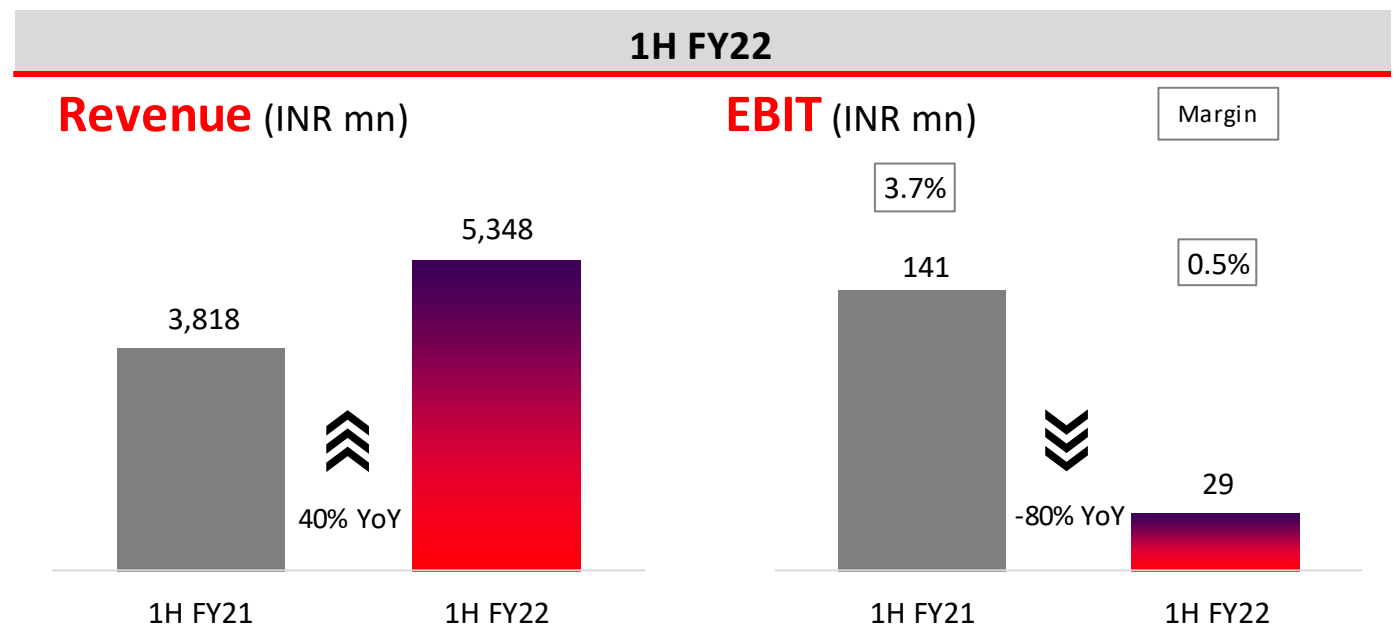
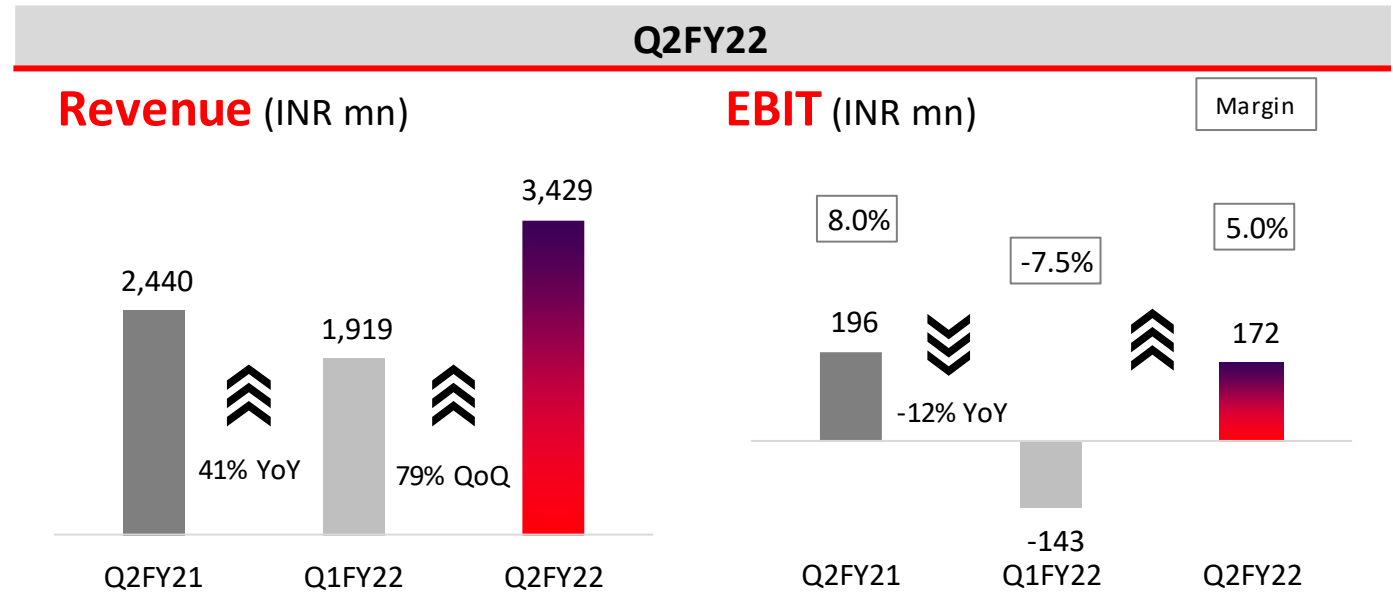
Notes: (1) Consolidated basis in INR mn (2) Revenue: Total income excluding finance income (3) EBIT (Earnings before Interest and Tax): includes other income and excludes finance income



Fast Moving Electrical Goods

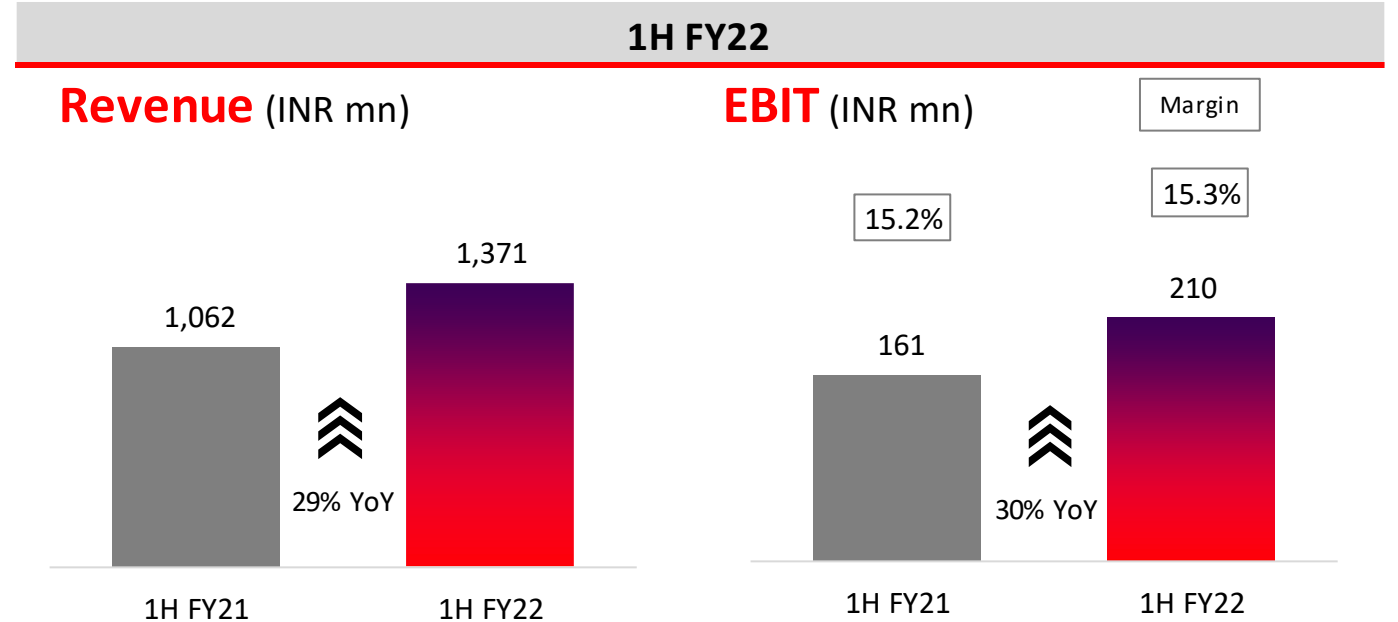
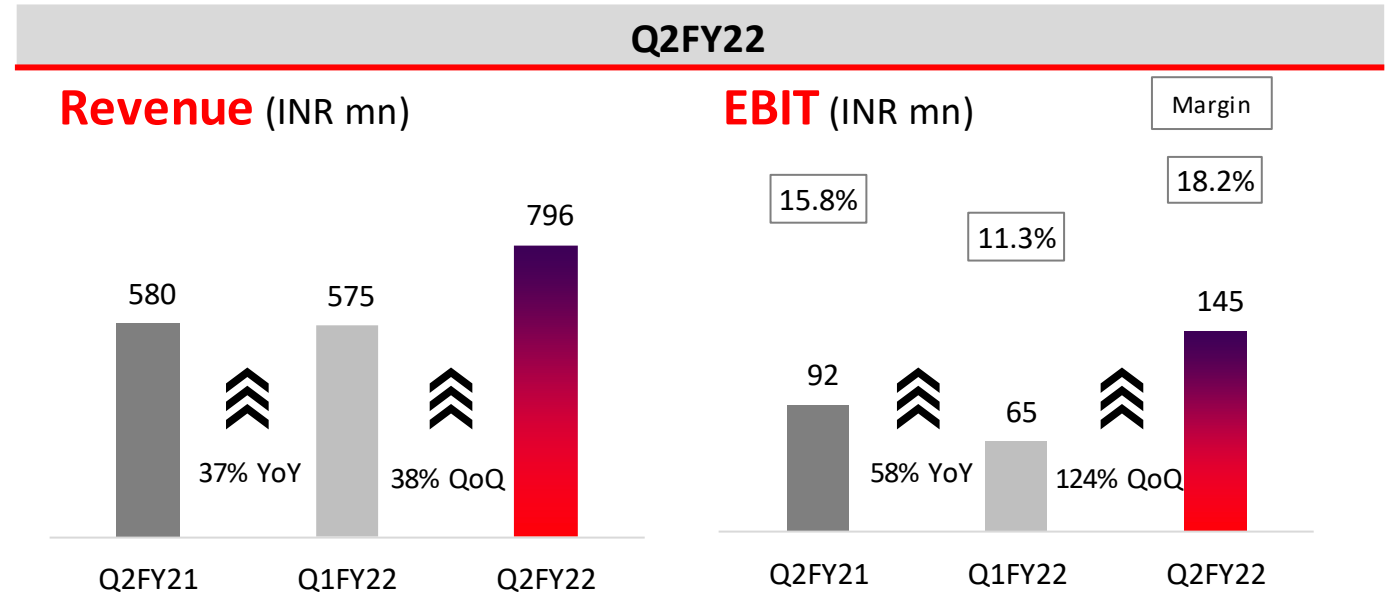
- FMEG business sustains strong growth of 41% YoY and 75% on biennial basis. Q2 performance was underpinned by strategic interventions, distribution expansion and improving demand environment.
- Fans business was affected during the quarter on account of seasonality; Lights, Switches, Conduit Pipes and Pumps business posted healthy growth while other businesses including Switchgears, Solar and Water heaters were about 2x on last years base.
- Customer centricity and proactively engaging with influencers remains an important focal point to drive long term saliency of Polycab brand. CRM tools are being augmented to increase GTM efficiency, improve data analytics capabilities and drive meaningful innovation in the market.
- Profitability has improved sequentially on account of improved operating leverage, pricing actions and premiumization, despite severe input cost inflation and higher A&P spends.

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



Other

- Other segment largely comprises of our EPC business
- Total income at Rs 796mn grew by 37% YoY and 38% QoQ with resumption in project activity.
- Segmental EBIT was up by 58% YoY. Margin stood at 18.2%.
- 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) Revenue: Total income excluding finance income (3) EBIT (Earnings before Interest and Tax): includes other income and excludes finance income

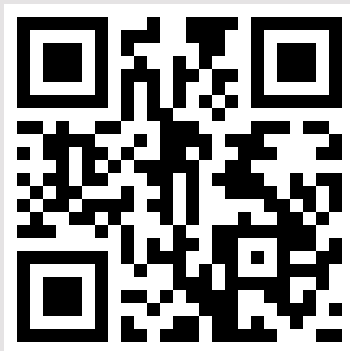
Financial Statements

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Consolidated Profit and Loss Statement

Particulars (INR mn)	Quarter						Year To Date			
	Q2FY22	%	Q1FY22	%	Q2FY21	%	1H FY22	%	1H FY21	%
Revenue from Operation	31,288	100.0%	18,805	100.0%	21,137	100.0%	50,093	100.0%	30,903	100.0%
Cost of Goods sold	24,554	78.5%	14,399	76.6%	15,128	71.6%	38,953	77.8%	22,225	71.9%
Contribution (A)	6,735	21.5%	4,406	23.4%	6,009	28.4%	11,141	22.2%	8,677	28.1%
Employee cost	1,071	3.4%	959	5.1%	897	4.2%	2,030	4.1%	1,710	5.5%
Other Operating Expenses	2,635	8.4%	2,054	10.9%	1,987	9.4%	4,689	9.4%	3,268	10.6%
Total Operating Expenses (B)	3,706	11.8%	3,013	16.0%	2,884	13.6%	6,719	13.4%	4,978	16.1%
Share of profit/(loss) of JVs (Net of tax) (C)	-3	0.0%	-21	-0.1%	-3	0.0%	-24	0.0%	-14	0.0%
EBITDA (A)-(B)+(C)	3,025	9.7%	1,372	7.3%	3,122	14.8%	4,397	8.8%	3,685	11.9%
Other Income	264	0.8%	253	1.3%	327	1.5%	517	1.0%	664	2.1%
Depreciation	538	1.7%	521	2.8%	456	2.2%	1,059	2.1%	899	2.9%
Finance Cost	88	0.3%	122	0.6%	114	0.5%	210	0.4%	277	0.9%
Exceptional items	0	0.0%	0	0.0%	0	0.0%	0	0.0%	97	0.3%
PBT	2,663	8.5%	982	5.2%	2,880	13.6%	3,645	7.3%	3,271	10.6%
Income Tax	658	2.1%	229	1.2%	664	3.1%	887	1.8%	-120	-0.4%
PAT	2,005	6.4%	753	4.0%	2,216	10.5%	2,758	5.5%	3,391	11.0%

One off Items (INR mn)	Quarter						Year To Date			
	Q2FY22	%	Q1FY22	%	Q2FY21	%	1H FY22	%	1H FY21	%
(-) Income tax refund	-	-	-	-	-	-	-	0.0%	839	2.7%
(-) Interest on income tax refund (Other income)	-	-	-	-	-	-	-	0.0%	164	0.5%
(-) Gain on previously held equity interest in Ryker (Exceptional Items)	-	-	-	-	-	-	-	0.0%	97	0.3%
Adjusted PAT	2,005	6.4%	753	4.0%	2,216	10.5%	2,758	5.5%	2,291	7.4%

Consolidated Balance Sheet

Particulars (INR mn)	Sep-21	Jun-21	Sep-20
Assets			
<u>Non-current Assets</u>			
Fixed Assets	20,320	20,082	19,275
Non-current Deposits	2,090	580	23
Other Non-current Assets	2,335	2,357	2,197
Total Non-current Assets	24,746	23,019	21,494
<u>Current Assets</u>			
Inventories	21,559	26,026	20,416
Trade Receivables	10,908	9,292	10,827
Investments	6,619	5,888	5,611
Cash and Bank Balances	2,421	3,996	3,387
Others - Current Assets	3,801	3,334	2,806
Total Current Assets	45,310	48,536	43,046
Total Assets	70,055	71,555	64,540

Particulars (INR mn)	Sep-21	Jun-21	Sep-20
Equity and Liabilities			
<u>Shareholder's Funds</u>			
Share Capital	1,493	1,492	1,490
Reserves and Surplus	47,397	46,803	40,647
Total Shareholder's Funds	48,889	48,294	42,137
Minority Interest	227	201	160
<u>Non-current Liabilities</u>			
Borrowings	779	912	1,308
Others - Non-current Liabilities	1,286	1,290	1,344
Total Non-current Liabilities	2,065	2,202	2,653
<u>Current Liabilities</u>			
Short-term Borrowings	1,579	2,256	826
Trade Payables	13,125	14,578	13,277
Others - Current Liabilities	4,170	4,024	5,487
Total Current Liabilities	18,874	20,858	19,590
Total Equity and Liabilities	70,055	71,555	64,540

Consolidated Condensed Cash Flow Statement

Particulars (INR mn)	Quarter			Year To Date	
	Q2FY22	Q1FY22	Q2FY21	1H FY22	1H FY21
Net Cash Flow from Operating Activities	3,655	-1,584	4,708	2,071	7,750
Net cash flow from/(used in) investing activities	-1,024	-802	-2,876	-1,826	-6,040
Net cash flow from/(used in) financing activities	-2,409	748	-1,747	-1,661	-1,132
Net Increase / (Decrease) in cash and cash equivalents	222	-1,639	85	-1,416	578

Other key data points

Particulars (INR mn)	Quarter			Year To Date	
	Q2FY22	Q1FY22	Q2FY21	1H FY22	1H FY21
Advertisement and sales promotion expense	142	78	134	220	166
Capital expenditure	708	800	425	1,508	670
Net Cash Position*	8,773	7,296	6,886	8,773	6,886
Trade acceptances*	7,471	9,149	7,094	7,471	7,094
Goods in Transit*	430	1,972	4,290	430	4,290
Exports contribution (%)	8.1%	6.0%	10.7%	7.3%	10.6%

Notes: (1) * as at period end (2) Net Cash: Cash & equivalents + Investments + Non-current Deposits - Debt

Other financial metrics

Working Capital in days	Trailing twelve months				Closing			
	Q2FY22	Q1FY22	FY21	FY20	Q2FY22	Q1FY22	FY21	FY20
Receivable Days	37	40	59	57	37	35	59	59
Inventory days	93	114	108	112	95	129	110	110
Payable Days	77	87	102	122	75	91	102	105
Net Working Capital	52	67	65	48	57	73	67	64

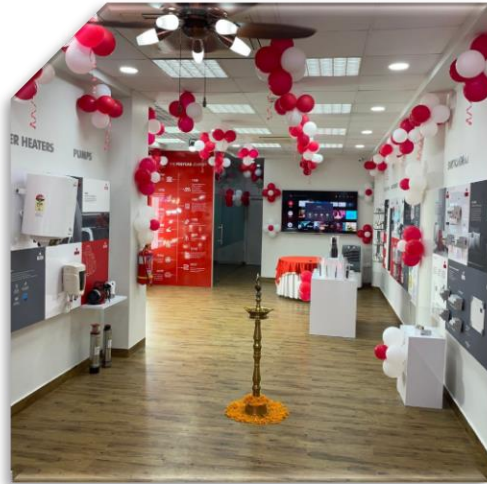
Other Income (INR mn)	Q2FY22	Q1FY22	Q2FY21	1H FY22	1H FY21
Interest income	51	72	52	124	251
Gain/loss on Redemption of investment	56	53	34	109	47
Fair value of financial assets (MTM)	2	0	0	2	0
Exchange differences (net)	131	116	225	246	329
Miscellaneous income	25	12	17	37	36
Total	264	253	327	517	664

*Interest income includes one-off item explained on slide 10

Finance Cost (INR mn)	Q2FY22	Q1FY22	Q2FY21	1H FY22	1H FY21
Interest on Bank Borrowings	24	25	29	49	50
Interest on LC, VBD and Leases	20	34	40	54	125
Other borrowing costs	31	62	53	92	76
Foreign Exchange Gain/loss	13	1	-8	14	25
Total	88	122	114	210	277

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.

Multi pronged marketing approach to improve consumer connect



CHANDIGARH & MADURAI



Polycab India launches new campaign
MUMBAI, Sept 2 (PTI) - INDIA'S leading electrical goods company, Polycab India Limited (PIL) has come up with a unique first-of-its-kind 'Love @ first light' campaign themed around a love story of two characters - Roshan and Roshani. Polycab India offers versatile Led Light bulbs, Led batter...

पोलीकेब इंडिया ने अपने एलईडी बिजनेस पर केन्द्रित लव एट फर्स्टलाइट कैंपेन शुरू किया
मुंबई, २ सितंबर (पीआईएन) - भारत की अग्रणी निर्माण कर्त्रीय इलेक्ट्रिकल्स कंपनी (पीआईएल) ने विश्व स्तर पर पहला 'लव एट फर्स्टलाइट' कैंपेन शुरू किया है। यह कैंपेन दो पात्रों के बीच एक प्रेम कहानी पर केंद्रित है - रोशन और रोशनी। पोलीकेब इंडिया ने अपने एलईडी बिजनेस पर केन्द्रित लव एट फर्स्टलाइट कैंपेन शुरू किया है।

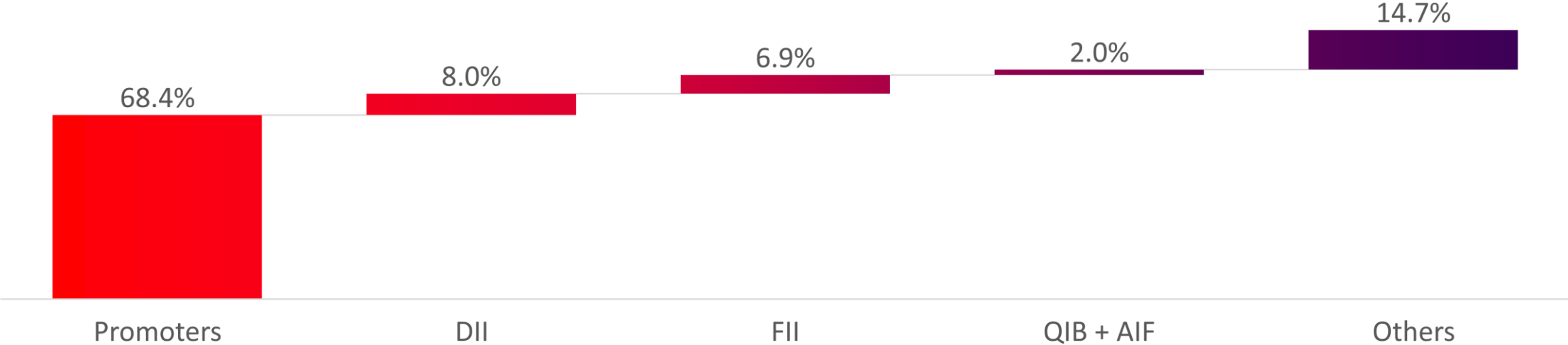
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Shareholding Pattern



Note: As on 30th September 2021. 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"



Project Leap

A multi year transformation journey



Energize B2B | Strengthen leadership

- Recalibrate business model
- Refine value proposition
- Micro market analytics
- Business development



Breakout growth in B2C | Position to win

- Create a winning variant ladder
- Redefine brand architecture
- “Digital-first” led execution
- Exploring adjacencies

>Rs 200 bn

sales by FY 2026



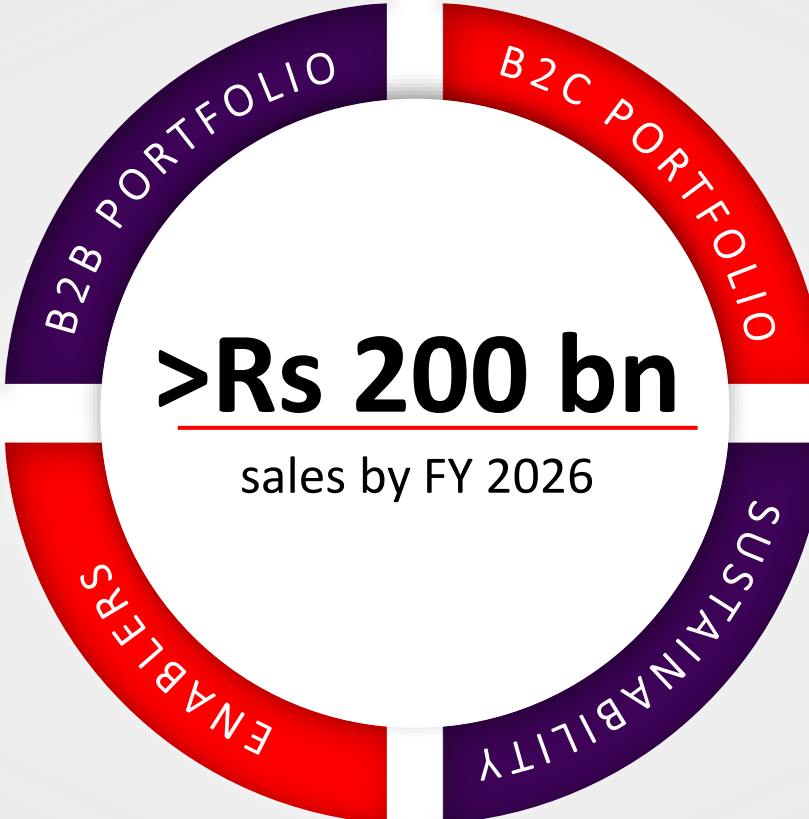
Future proof success | Organization excellence

- Operating Model
- Talent and Capability
- Digital & Analytics



Accelerate Sustainability Agenda

- Renewable Energy
- Waster & Water Recycling
- Inclusive Growth
- CSR spends

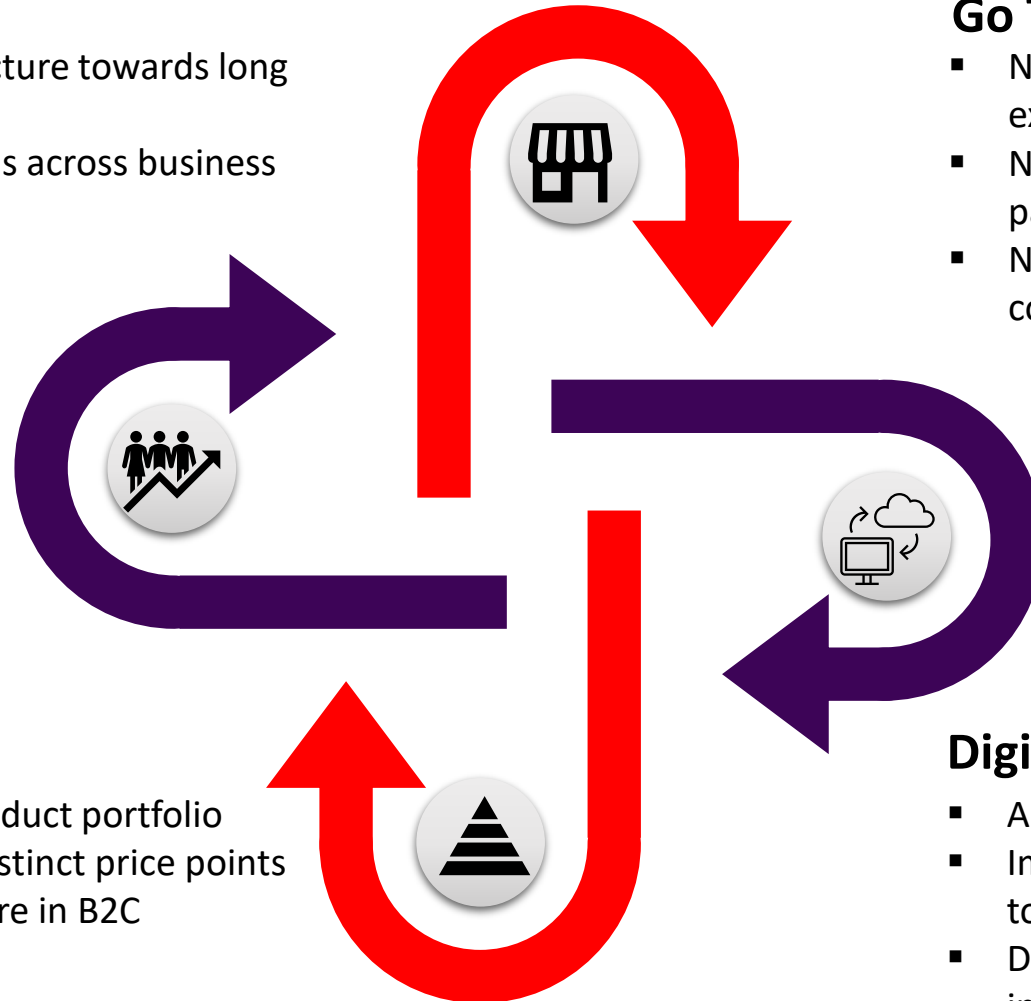


Project Leap

We have commenced our journey in this multi-year transformation project

Organization Structure

- Re-aligning organization structure towards long term goals
- Senior level talent acquisitions across business and functions



Go To Market

- Nationwide reach analysis and distribution expansion
- New process framework to identify right partnerships and optimise ROI
- New function verticals to increase end user connect

Portfolio Optimisation

- Identified white spaces in product portfolio
- Launching new products at distinct price points
- Augmenting brand architecture in B2C

Digitalisation

- Augmenting the CRM architecture
- Improving data capturing process in B2B business to enable deeper analytics
- Delayering IT infrastructure for seamless integration for primary and secondary sales

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