

Evolving through excellence



Transforming with focus

Q2 FY2023 Presentation

18 October 2022




Q2 FY2023

Financial Performance




Key Highlights

 **Top-line (Revenue)**


Q2FY23: 33,324 mn
⌆ 11% YoY
⌆ 22% QoQ

H1FY23: 60,689 mn
⌆ 25% YoY

 **Operating (EBITDA)**

Q2FY23: 4,268 mn
⌆ 46% YoY
⌆ 38% QoQ

H1FY23: 7,367 mn
⌆ 73% YoY

 **Profitability (PAT)**

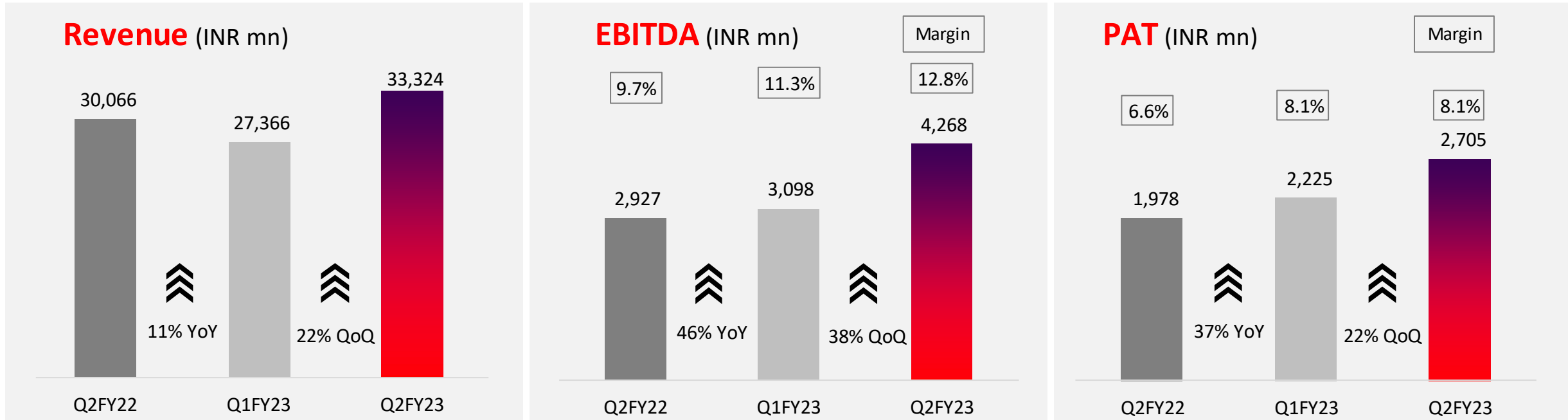
Q2FY23: 2,705 mn
⌆ 37% YoY
⌆ 22% QoQ

H1FY23: 4,930 mn
⌆ 82% YoY

Amounts in INR

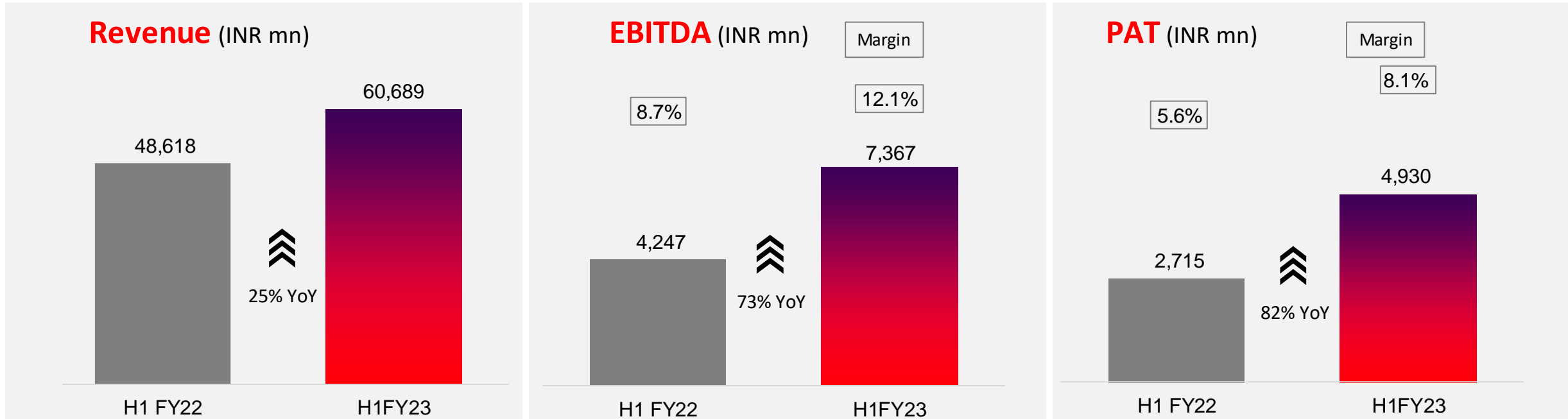


Q2 FY23: Improving Growth Momentum



- Revenue up 11% YoY in spite of high base, declining commodity prices and burgeoning inflation on the back of healthy volume growth in Cables and Wires business
- EBITDA margin improved by 149 bps sequentially to 12.8% on account of strong growth in exports and judicious price revisions
- PBT and PAT up by 36% YoY and 37% YoY respectively. PAT margin sequentially stable at 8.1%
- Net Cash position improved to Rs 16.7 bn as of September 2022 end as against Rs 8.7 bn as of September 2021 end

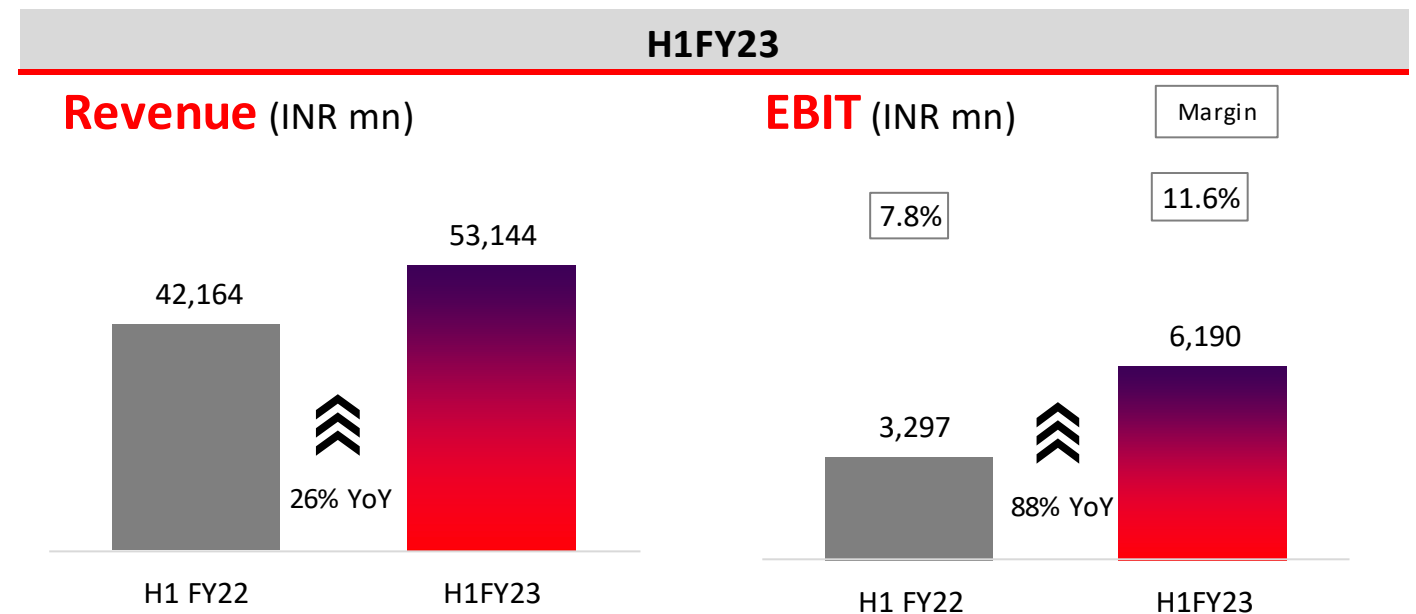
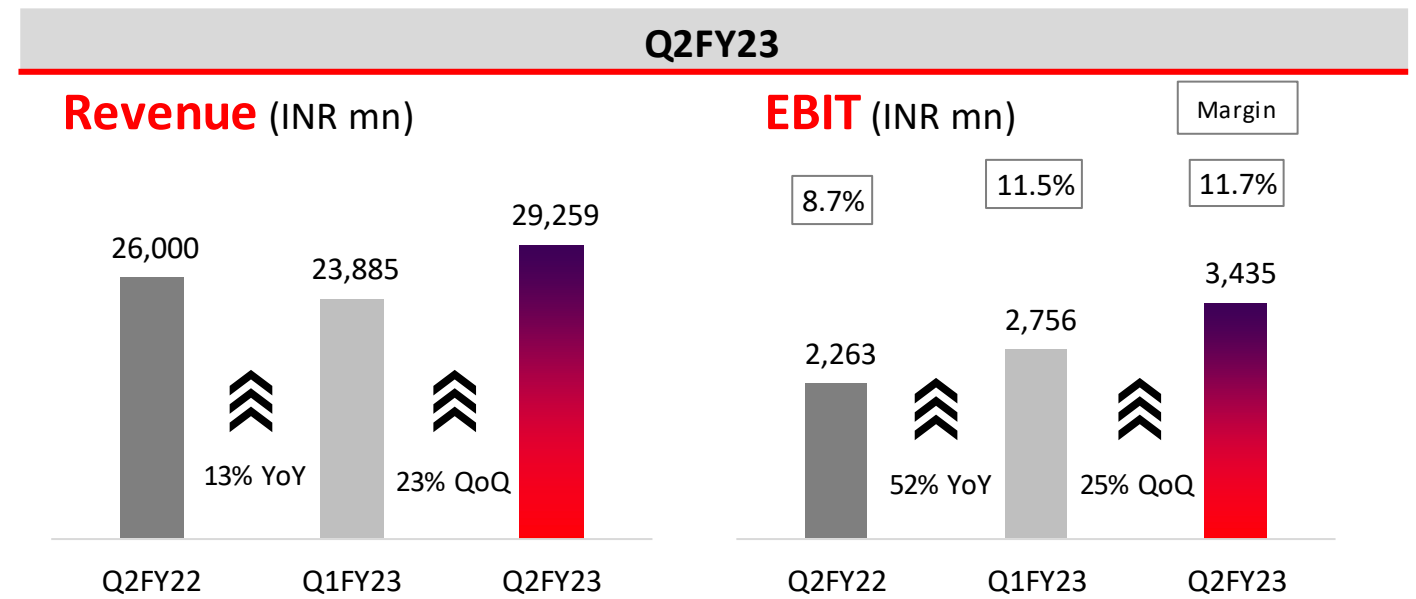
H1 FY23: Strong Top-line Performance



- Revenue grew by 25% YoY in spite of declining commodity prices and burgeoning inflation on the back of healthy volume growth in Cables and Wires business
- EBITDA grew 73% YoY with margin improvement of 340 bps. Strong growth in exports and judicious price revisions contributed to margin improvement
- PAT increased by 82% YoY with margin improvement of 254 bps on account of weak base

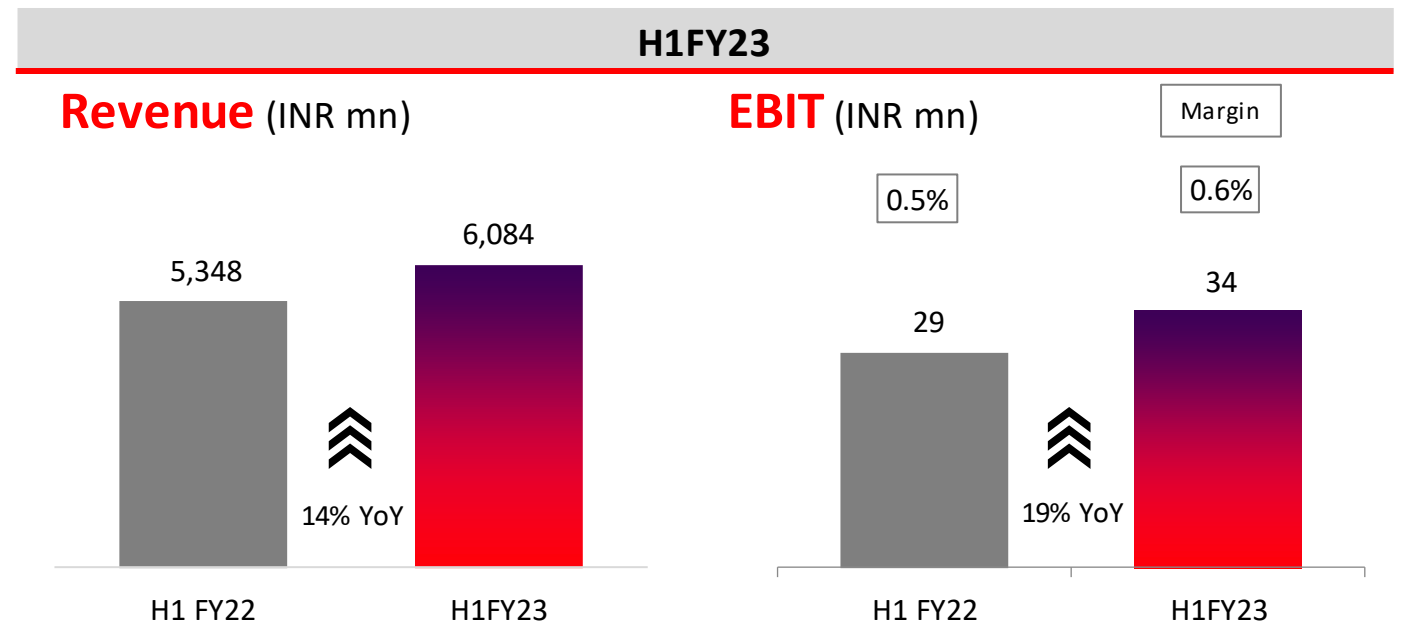
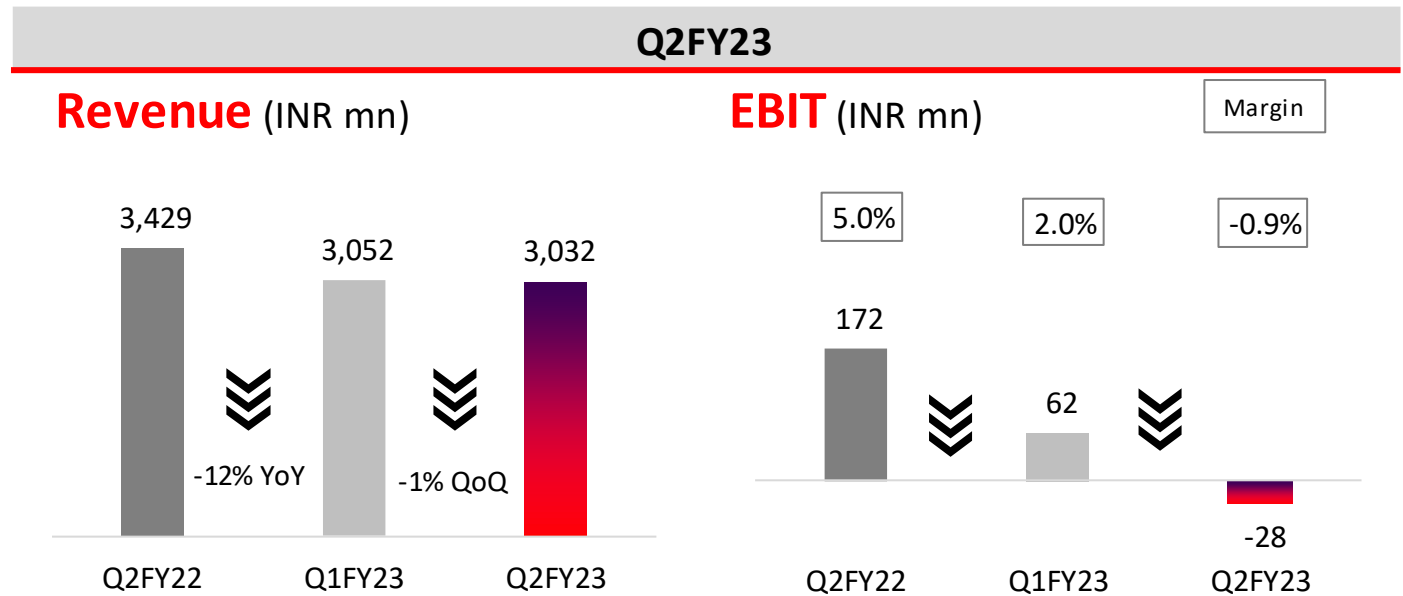
Wires and Cables

- Wires and Cables revenue grew by 13% on YoY basis, on account of a healthy base
- Domestic distribution driven business continued to see strong momentum. Institutional business too saw a healthy growth over the same quarter last year
- On geographical front, the growth was broad-based, with highest growth in west region, followed by north, south and east regions respectively
- Exports business exhibited strong growth of 75% YoY on a healthy base, led by USA, Europe and Asia. Demand from sectors like Oil & Gas, Renewables and Infrastructure remained strong globally. Overall, exports business contributed to 13% of consolidated revenue in Q2 FY23
- Margins improved sequentially led by strong growth in exports and judicious price revisions



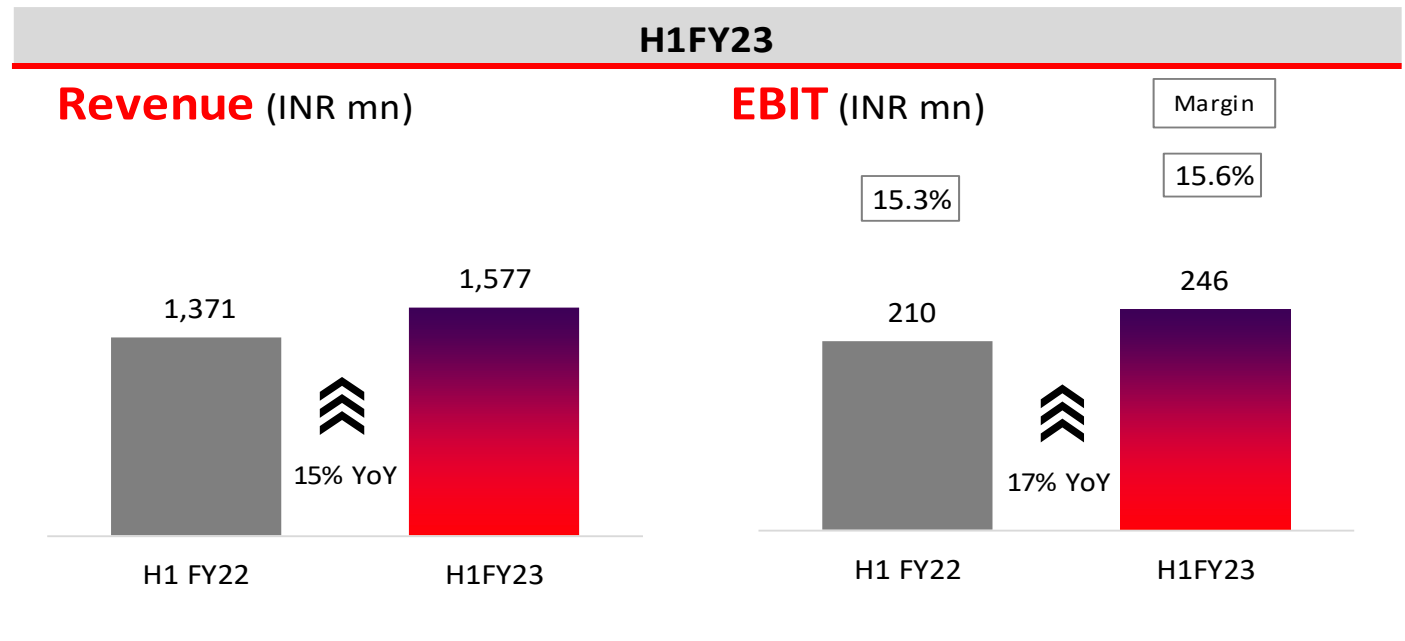
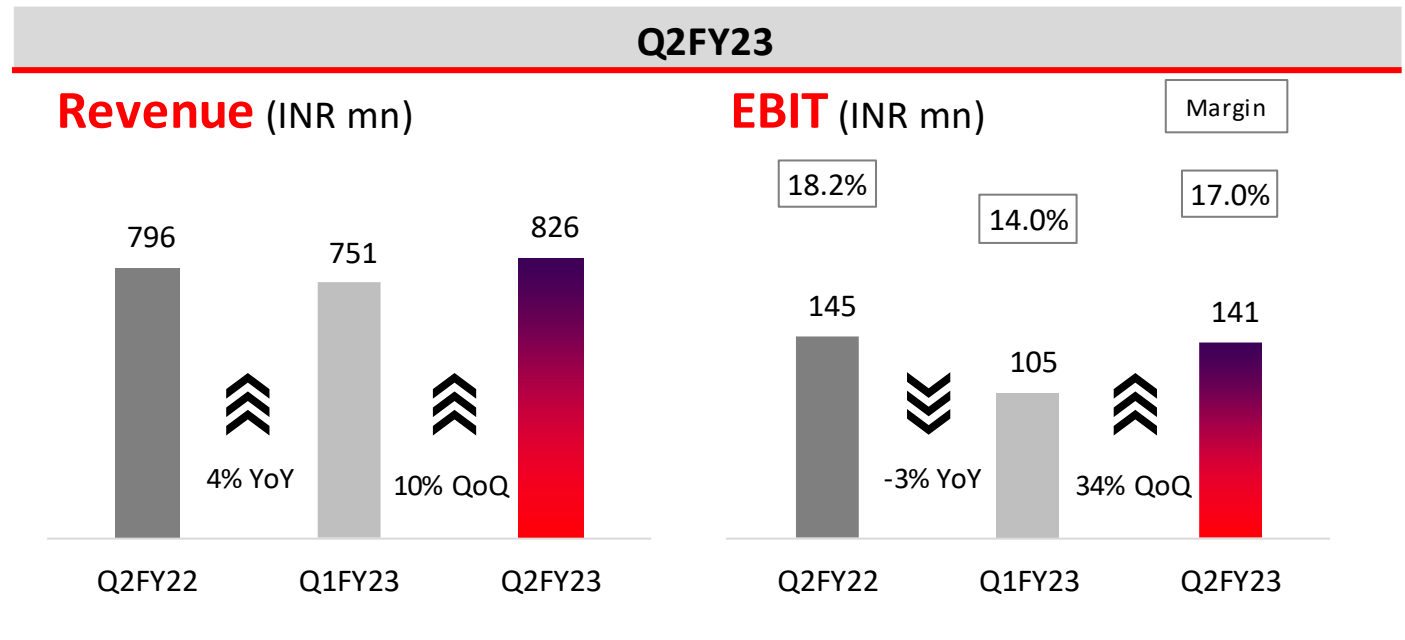
Fast Moving Electrical Goods

- FMEG business de-grew 12% YoY mainly due to subdued demand environment, exacerbated by realignment in distribution strategy undertaken under Project LEAP to improve long-term business growth. Demand from rural segment was especially muted
- Fans business was affected on account of seasonality, inflationary environment and transition to the new BEE regulations. Switch business recovered from the lows of Q1FY23, posting 123% QoQ growth
- Merged Fans vertical with Lights & Luminaries and Retail Wires vertical with Switches & Switchgears to unlock latent value through cross-selling opportunities and operational efficiencies

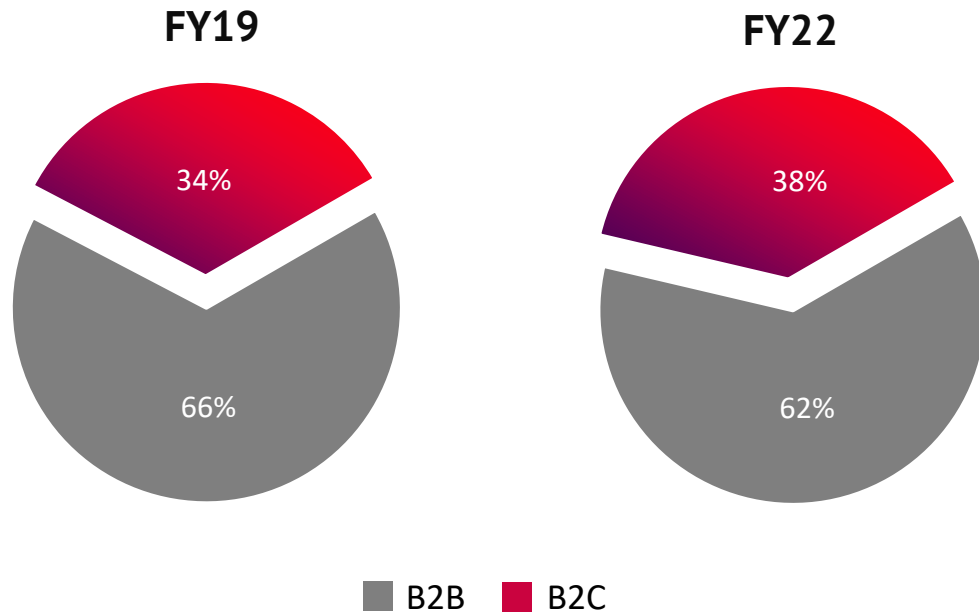


Other

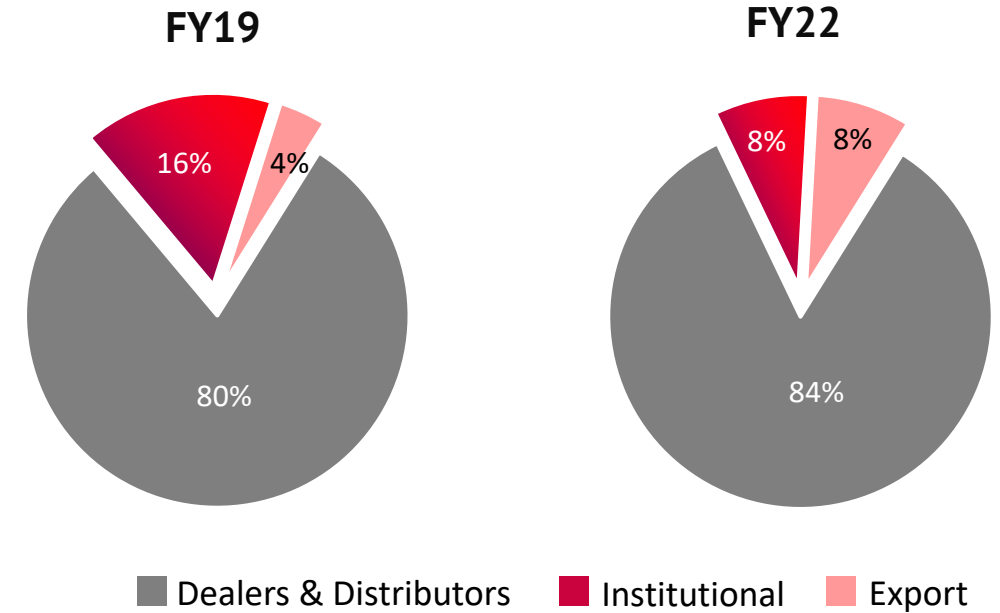
- Other segment largely comprises of our EPC business
- Total income at Rs 826 mn grew by 4% YoY and 10% QoQ
- Segmental EBIT was down by 3% YoY. Margin stood at 17.0%.
- Annual sustainable operating margin in this business is expected to be in high single digit over mid to long term



Business Contribution from B2B and B2C segments



Business Contribution from Dealers & Distributors, Institutional and Export Sales



Financial Statements

Scan for Financial Results



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Scan for Condensed Financial Statements



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Consolidated Profit and Loss Statement

Particulars (INR mn)	Quarter						Year To Date			
	Q2FY23	%	Q1FY23	%	Q2FY22	%	H1FY23	%	H1 FY22	%
Revenue from Operations	33,324	100.0%	27,366	100.0%	30,066	100.0%	60,689	100.0%	48,618	100.0%
Cost of Goods sold	24,625	73.9%	20,524	75.0%	23,474	78.1%	45,148	74.4%	37,670	77.5%
Contribution (A)	8,699	26.1%	6,842	25.0%	6,592	21.9%	15,541	25.6%	10,948	22.5%
Employee cost	1,148	3.4%	1,101	4.0%	1,052	3.5%	2,249	3.7%	1,991	4.1%
Other Operating Expenses	3,275	9.8%	2,630	9.6%	2,611	8.7%	5,904	9.7%	4,686	9.6%
Total Operating Expenses (B)	4,422	13.3%	3,731	13.6%	3,662	12.2%	8,153	13.4%	6,677	13.7%
Share of profit/(loss) of JVs (Net of tax) (C)	-8	0.0%	-13	0.0%	-3	0.0%	-21	0.0%	-24	-0.1%
EBITDA (A)-(B)+(C)	4,268	12.8%	3,098	11.3%	2,927	9.7%	7,367	12.1%	4,247	8.7%
Other Income	-22	-0.1%	443	1.6%	275	0.9%	421	0.7%	515	1.1%
Depreciation	523	1.6%	510	1.9%	509	1.7%	1,033	1.7%	1,002	2.1%
Finance Cost	139	0.4%	84	0.3%	51	0.2%	223	0.4%	149	0.3%
PBT	3,585	10.8%	2,947	10.8%	2,642	8.8%	6,532	10.8%	3,612	7.4%
Income Tax	880	2.6%	722	2.6%	664	2.2%	1,602	2.6%	896	1.8%
Adjusted PAT	2,705	8.1%	2,225	8.1%	1,978	6.6%	4,930	8.1%	2,715	5.6%
Exceptional items / Discontinued ops.	0	0.0%	0	0.0%	27	0.1%	0	0.0%	43	0.1%
Reported PAT	2,705	8.1%	2,225	8.1%	2,005	6.7%	4,930	8.1%	2,758	5.7%

Exceptional items / Discontinued ops. (INR mn)	Quarter						Year To Date			
	Q2FY23	%	Q1FY23	%	Q2FY22	%	H1FY23	%	H1 FY22	%
Profit from Discontinued operations	-	-	-	-	27	-	-	0.0%	43	0.1%
Total	0	0.0%	0	0.0%	27	0.1%	0	0.0%	43	0.1%

Consolidated Balance Sheet

Particulars (INR mn)	Sep-22	Jun-22	Sep-21
Assets			
<u>Non-current Assets</u>			
Fixed Assets	21,151	20,716	20,320
Non-current Deposits	7	7	2,090
Other Non-current Assets	1,884	2,020	2,335
Total Non-current Assets	23,042	22,743	24,746
<u>Current Assets</u>			
Inventories	24,129	25,770	21,559
Trade Receivables	9,604	8,822	10,908
Investments	12,799	3,567	6,619
Cash and Bank Balances	4,878	3,170	2,421
Others - Current Assets	6,332	6,291	3,801
Total Current Assets	57,741	47,620	45,310
Total Assets	80,783	70,363	70,055

Particulars (INR mn)	Sep-22	Jun-22	Sep-21
Equity and Liabilities			
<u>Shareholder's Funds</u>			
Share Capital	1,497	1,496	1,493
Reserves and Surplus	56,835	54,053	47,397
Total Shareholder's Funds	58,332	55,549	48,889
Minority Interest	305	279	227
<u>Non-current Liabilities</u>			
Borrowings	28	34	779
Others - Non-current Liabilities	1,067	966	1,286
Total Non-current Liabilities	1,095	1,000	2,065
<u>Current Liabilities</u>			
Short-term Borrowings	1,004	806	1,579
Trade Payables	16,600	8,545	13,125
Others - Current Liabilities	3,447	4,184	4,170
Total Current Liabilities	21,051	13,536	18,874
Total Equity and Liabilities	80,783	70,363	70,055

Consolidated Condensed Cash Flow Statement

Particulars (INR mn)	Quarter			Year To Date	
	Q2FY23	Q1FY23	Q2FY22	H1FY23	H1 FY22
Net Cash Flow from Operating Activities	11,628	-2,053	3,655	9,576	2,071
Net cash flow from/(used in) investing activities	-11,265	3,541	-1,024	-7,723	-1,826
Net cash flow from/(used in) financing activities	-36	-2,095	-2,409	-2,131	-1,661
Net Increase / (Decrease) in cash and cash equivalents	328	-607	222	-279	-1,416

Other key data points

Particulars (INR mn)	Quarter			Year To Date	
	Q2FY23	Q1FY23	Q2FY22	H1FY23	H1 FY22
Advertisement and sales promotion expense	168	195	142	363	220
Capital expenditure	967	1,044	708	2,011	1,508
Net Cash Position*	16,652	5,904	8,773	16,652	8,773
Trade acceptances*	10,776	2,920	7,471	10,776	7,471
Goods in Transit*	582	2,065	430	582	430
Exports contribution (%)	13.2%	6.7%	8.4%	10.3%	7.5%

Notes: * as at period end

Other financial metrics

Working Capital in days	Average				Closing			
	Q2FY23	Q1FY23	FY22	FY21	Q2FY23	Q1FY23	FY22	FY21
Receivable Days	28	25	41	59	26	25	39	59
Inventory days	82	94	81	108	86	93	85	110
Payable Days	66	56	67	102	71	45	63	102
Net Working Capital	44	63	54	65	42	73	61	67

Other Income (INR mn)	Q2FY23	Q1FY23	Q2FY22	H1FY23	H1 FY22
Interest income	61	59	60	120	140
Gain/loss on Redemption of investment	123	63	56	186	109
Fair value of financial assets (MTM)	-182	254	19	73	2
Exchange differences (net)	-45	45	113	0	229
Miscellaneous income	21	22	27	42	35
Total	-22	443	275	421	515

Finance Cost (INR mn)	Q2FY23	Q1FY23	Q2FY22	H1FY23	H1 FY22
Interest on Bank Borrowings	10	4	8	14	35
Interest on LC, VBD and Leases	86	33	8	118	16
Other borrowing costs	43	48	0	91	0
Foreign Exchange Gain/loss	0	0	35	0	97
Total	139	84	51	223	149

Project Leap

Progressing well on strategic agenda to achieve break-out growth



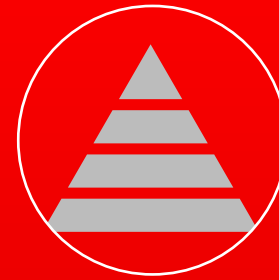
Customer centricity

- Defined customer centric operating model resulting in increase in secondary sales
- Undertook pilot projects focused on deepening reach and engagement with Individual Home Builders and allied influencers



Go-To-Market Excellence

- B2B Cables & Wires reach expanded to 120 new districts
- 115 new distributors added in Retail Wire business and 193 new distributors added in FMEG business



Winning with new products

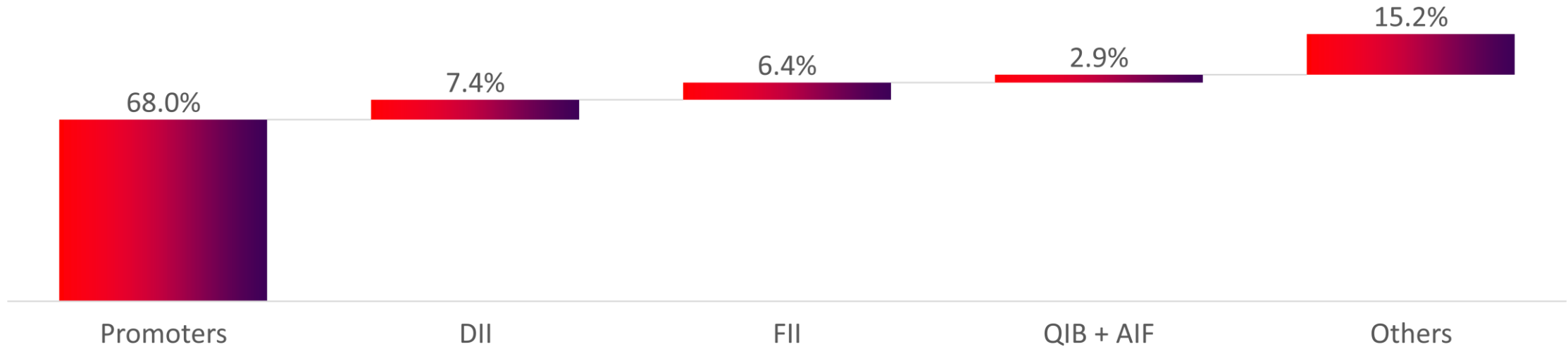
- Product portfolio roadmap built across large B2C businesses
- Continued push on premiumization of portfolio in B2C businesses
- New business launched under 'Etira' brand contributing meaningfully to Retail Wire top-line



Setup of organization and digital enablers

- SFDC strengthened for C&W businesses with live performance dashboards and one customer view

Shareholding Pattern



Note: As on 30th September 2022. 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"



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.

Notes and general definitions



1. Numbers on consolidated basis in INR 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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