

Evolving through excellence



Transforming with focus

Q3 FY2023 Presentation

19 January 2023




Q3 FY2023

Financial Performance




Key Highlights

 **Top-line (Revenue)**


Q3 FY23: 37,152 mn
⌆ 10% YoY
⌆ 11% QoQ

9M FY23: 97,841 mn
⌆ 19% YoY

 **Operating (EBITDA)**

Q3 FY23: 5,030 mn
⌆ 39% YoY
⌆ 18% QoQ

9M FY23: 12,397 mn
⌆ 58% YoY

 **Profitability (PAT)**

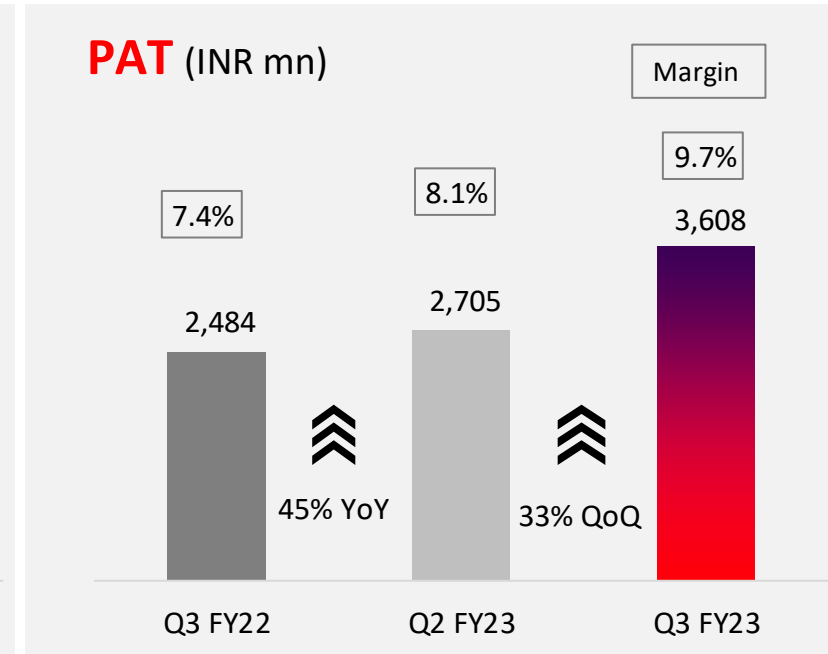
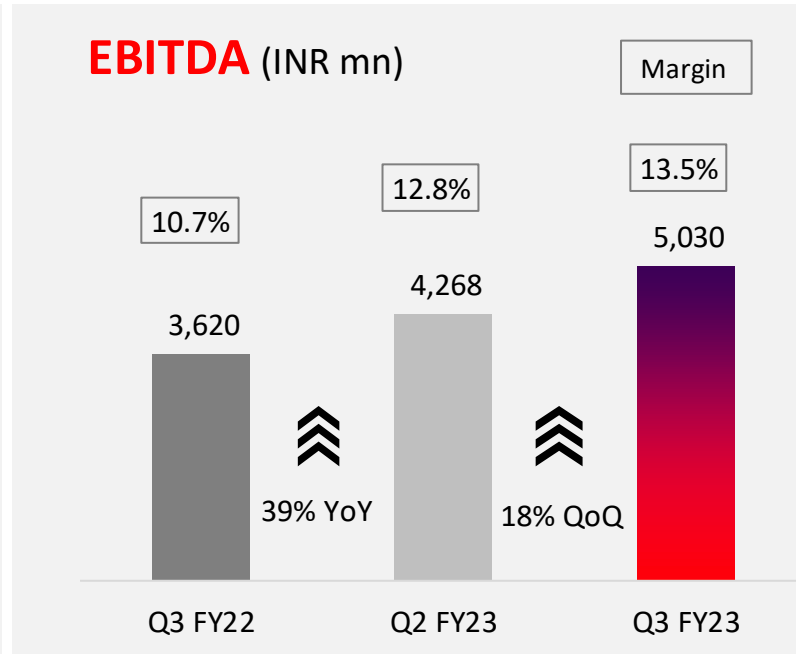
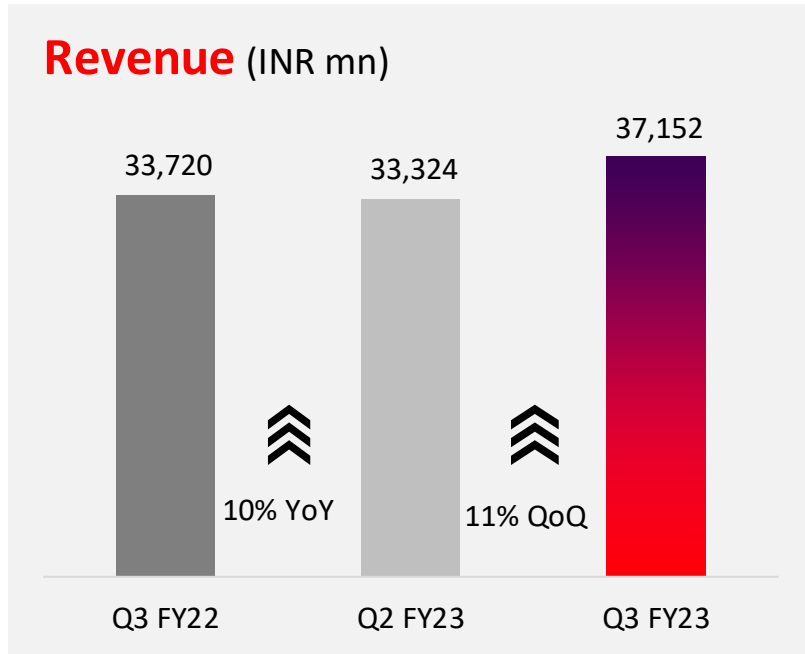
Q3 FY23: 3,608 mn
⌆ 45% YoY
⌆ 33% QoQ

9M FY23: 8,538 mn
⌆ 64% YoY

Amounts in INR

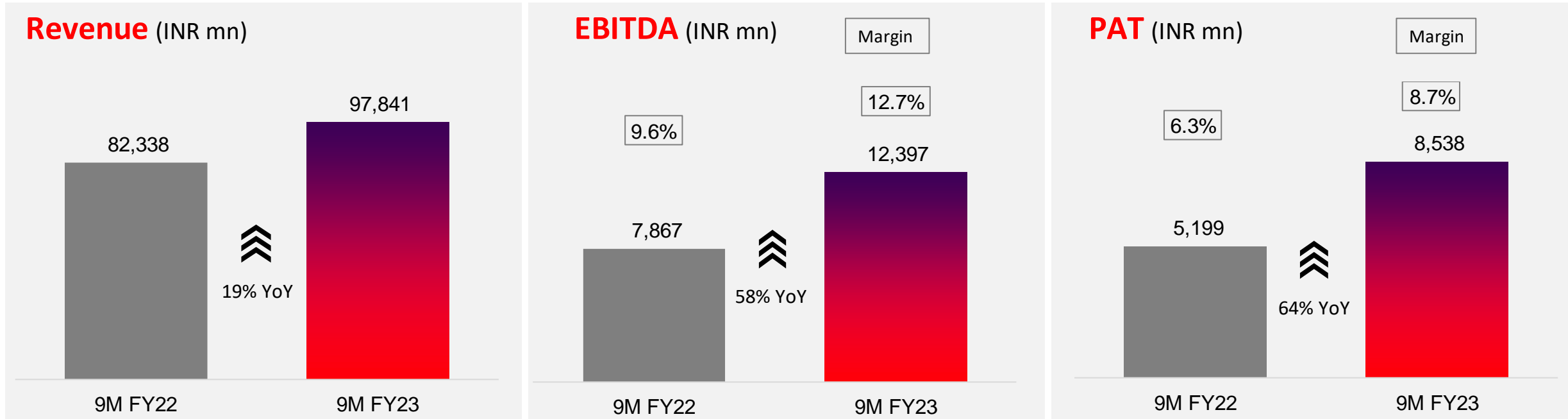


Q3 FY23: Highest Ever Quarterly EBITDA and PAT



- Revenue up 10% YoY in spite of high base, lower commodity prices and higher inflation on the back of healthy volume growth in Cables and Wires business
- EBITDA margin continued to improve sequentially by 73 bps to 13.5% due to better operating leverage despite input cost pressures and almost 4x increase in A&P spends
- PBT and PAT up by 48% YoY and 45% YoY respectively. PAT margin improved sequentially to 9.7%
- Net Cash position improved to Rs 18.7 bn as of December 2022 end as against Rs 6.7 bn as of December 2021 end

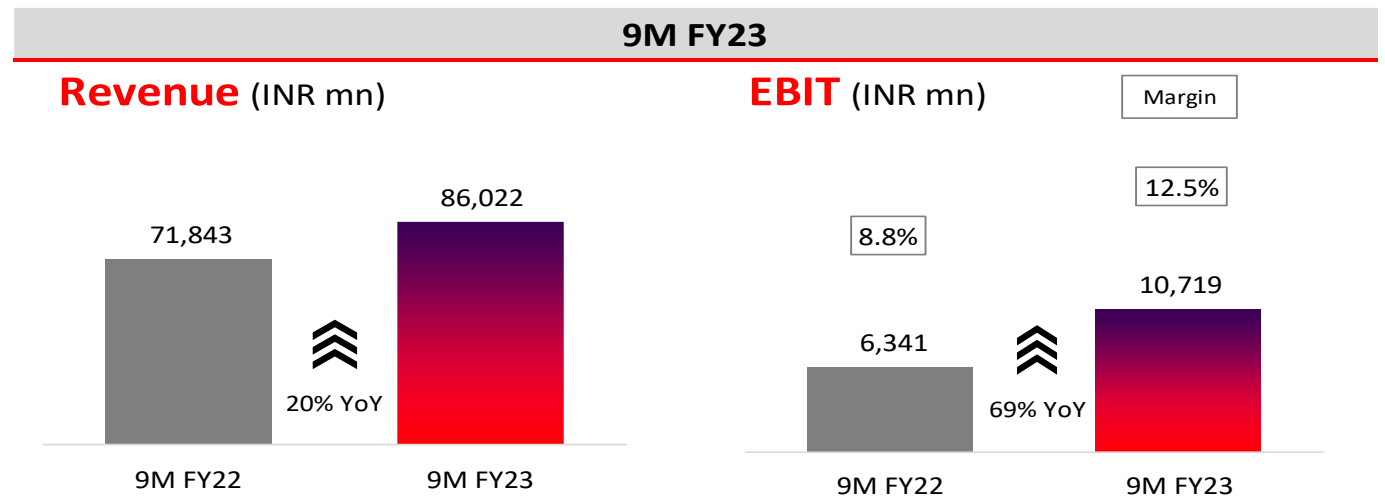
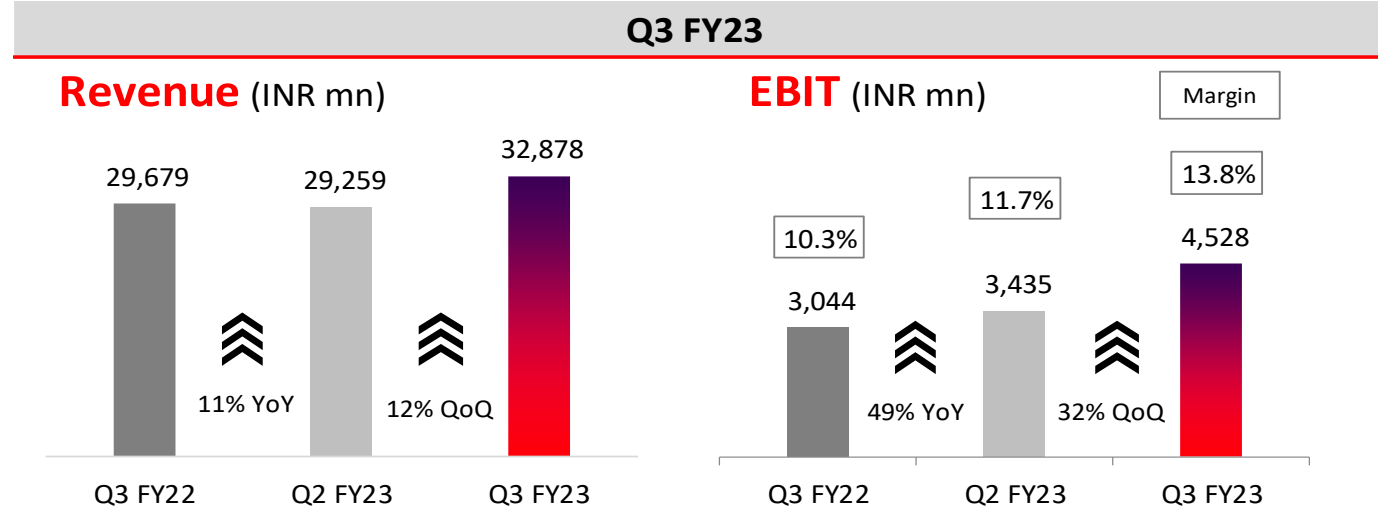
9M FY23: Highest Ever 9M Revenue, EBITDA and PAT



- Revenue grew by 19% YoY in spite of high base, lower commodity prices and higher inflation on the back of healthy volume growth in Cables and Wires business
- EBITDA grew 58% YoY with margin improvement of 312 bps. Lower commodity prices, better operating leverage and strong growth in exports contributed to margin improvement
- PAT increased by 64% YoY on account of weak base. PAT margins improved by 241 bps

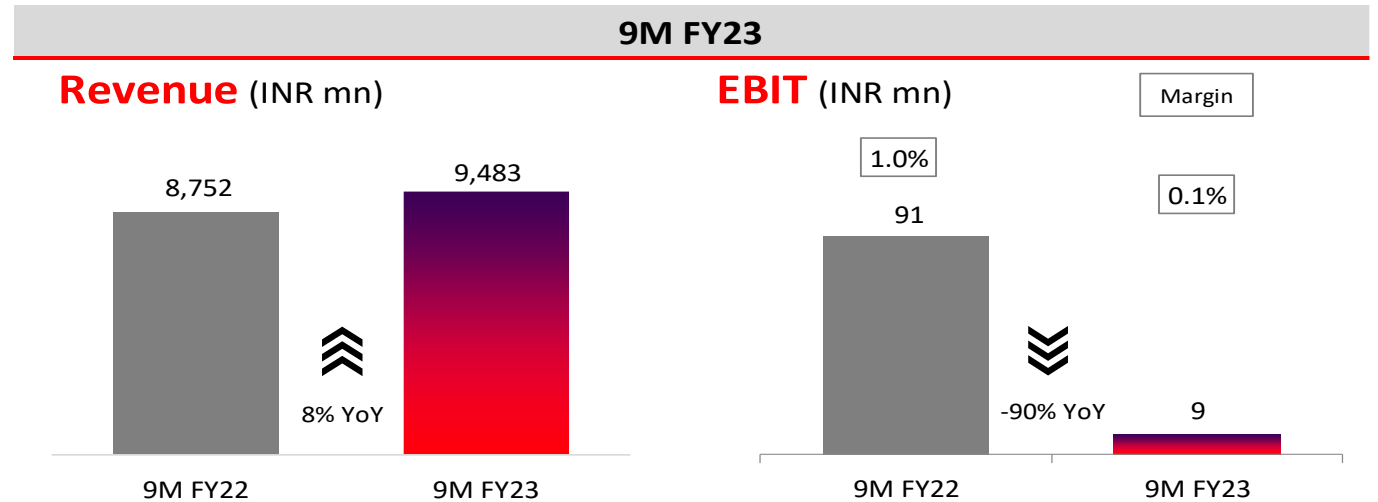
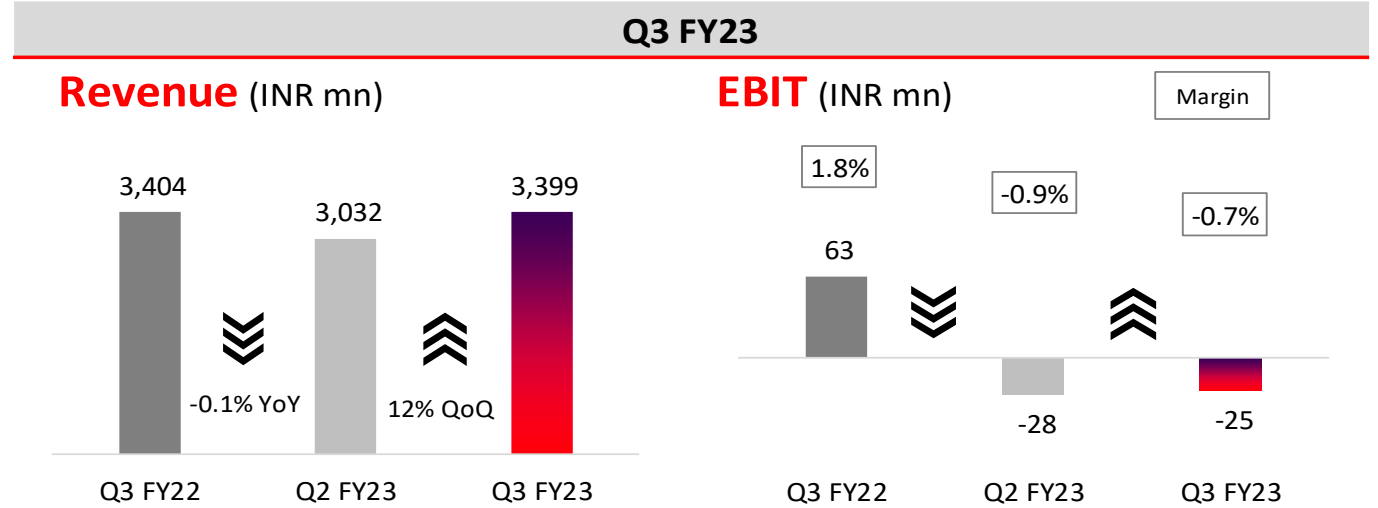
Wires and Cables: Highest Ever Production Volume

- Wires and Cables revenue for the quarter grew by 11% YoY. On a 9M basis, the revenue grew by 20% YoY. Demand environment continues to remain strong
- During 9MFY23, domestic distribution driven business grew by 25% YoY on the back of strong volume growth of over 26%. The outperformance was primarily on account of benefits realized through the merger of HDC and LDC verticals last year
- For 9MFY23, revenue from exports grew by 32% YoY. Overall, exports business contributed to 5.9% of consolidated revenue in Q3FY23 and 8.6% in 9MFY23. We expect exports to contribute ~8-10% to FY23 consolidated revenues
- Margins improved sequentially led by change in product-mix and judicious price revisions



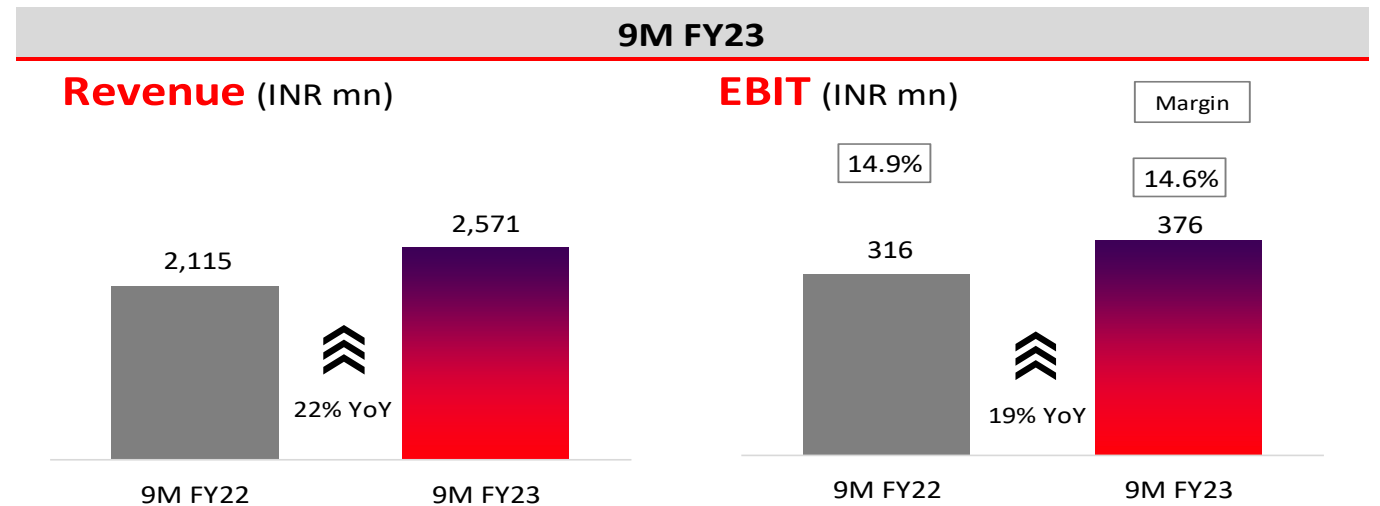
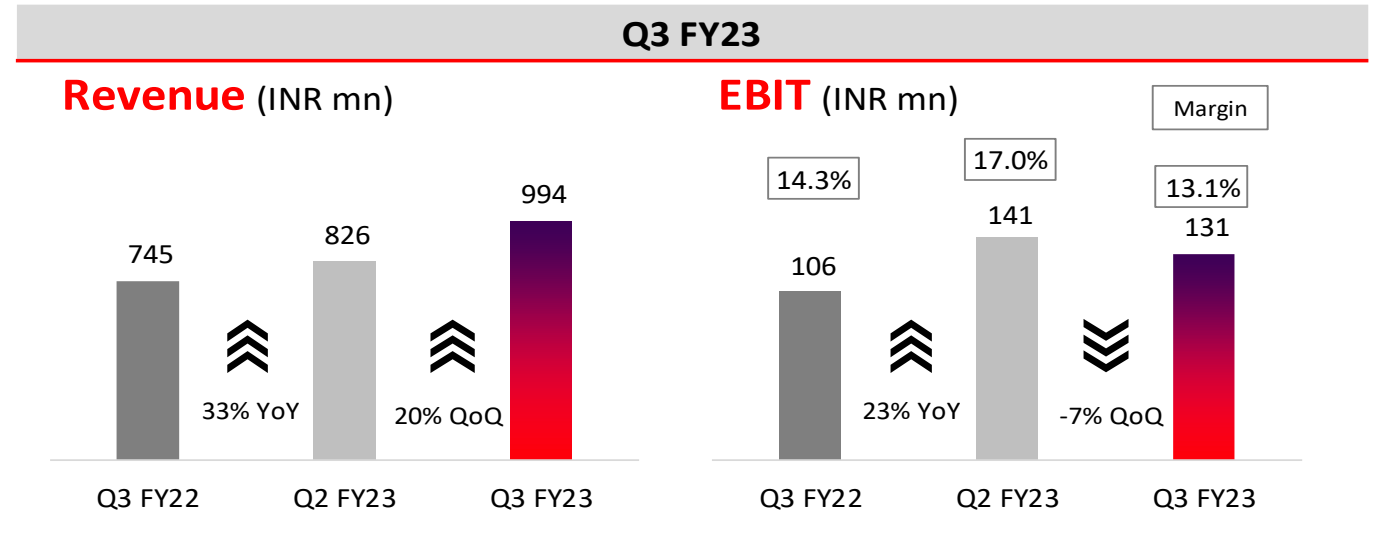
Fast Moving Electrical Goods: Showing Improved Sales Momentum

- FMEG business for Q3FY23 was almost flat YoY and grew 12% QoQ despite challenging business environment. On a 9M basis, the business grew by 8% YoY
- Fans business saw good growth as distributors started restocking ahead of transition to the new BEE norms. Switchgears business witnessed healthy growth driven by our influencer incentive program. Pipes & Fittings and Switches businesses too posted decent growth
- Profitability de-grew largely on account of higher A&P spends
- Work on realignment of distribution channel, brand building, new product development, premiumization of offerings and influencer management program are progressing well. These initiatives will help drive revenue growth and margin expansion for the FMEG business



Other

- Other segment largely comprises of our EPC business
- Total income at Rs 994 mn, grew by 33% YoY and 20% QoQ
- Segmental EBIT was up by 23% YoY. Margin stood at 13.1%
- Annual sustainable operating margin in this business is expected to be in high single digit over mid to long term



Financial Statements

Scan for Financial Results



[Download Link](#)

Scan for Condensed Financial Statements



[Download Link](#)



Consolidated Profit and Loss Statement

Particulars (INR mn)	Quarter						Year To Date			
	Q3 FY23	%	Q2 FY23	%	Q3 FY22	%	9M FY23	%	9M FY22	%
Revenue from Operations	37,152	100.0%	33,324	100.0%	33,720	100.0%	97,841	100.0%	82,338	100.0%
Cost of Goods sold	27,603	74.3%	24,625	73.9%	26,095	77.4%	72,752	74.4%	63,765	77.4%
Contribution (A)	9,548	25.7%	8,699	26.1%	7,625	22.6%	25,089	25.6%	18,573	22.6%
Employee cost	1,132	3.0%	1,148	3.4%	1,025	3.0%	3,381	3.5%	3,016	3.7%
Other Operating Expenses	3,378	9.1%	3,275	9.8%	2,983	8.8%	9,282	9.5%	7,669	9.3%
Total Operating Expenses (B)	4,510	12.1%	4,422	13.3%	4,008	11.9%	12,663	12.9%	10,685	13.0%
Share of profit/(loss) of JVs (Net of tax) (C)	-8	0.0%	-8	0.0%	3	0.0%	-29	0.0%	-22	0.0%
EBITDA (A)-(B)+(C)	5,030	13.5%	4,268	12.8%	3,620	10.7%	12,397	12.7%	7,867	9.6%
Other Income	397	1.1%	-22	-0.1%	216	0.6%	818	0.8%	731	0.9%
Depreciation	525	1.4%	523	1.6%	511	1.5%	1,557	1.6%	1,513	1.8%
Finance Cost	93	0.2%	139	0.4%	78	0.2%	316	0.3%	227	0.3%
PBT	4,810	12.9%	3,585	10.8%	3,247	9.6%	11,342	11.6%	6,858	8.3%
Income Tax	1,202	3.2%	880	2.6%	763	2.3%	2,804	2.9%	1,659	2.0%
Adjusted PAT	3,608	9.7%	2,705	8.1%	2,484	7.4%	8,538	8.7%	5,199	6.3%
Exceptional items / Discontinued ops.	-	0.0%	-	0.0%	678	2.0%	-	0.0%	721	0.9%
Reported PAT	3,608	9.7%	2,705	8.1%	3,162	9.4%	8,538	8.7%	5,919	7.2%

Exceptional items / Discontinued ops. (INR mn)	Quarter						Year To Date			
	Q3 FY23	%	Q2 FY23	%	Q3 FY22	%	9M FY23	%	9M FY22	%
Profit from Discontinued operations	-	-	-	-	678	-	-	0.0%	721	0.9%
Total	-	0.0%	-	0.0%	678	2.0%	-	0.0%	721	0.9%

Consolidated Balance Sheet

Particulars (INR mn)	Dec-22	Sep-22	Dec-21
Assets			
<u>Non-current Assets</u>			
Fixed Assets	21,951	21,151	18,032
Non-current Deposits	7	7	2,092
Other Non-current Assets	1,971	1,884	2,321
Total Non-current Assets	23,928	23,042	22,444
<u>Current Assets</u>			
Inventories	26,059	24,129	27,173
Trade Receivables	9,771	9,604	12,216
Investments	14,812	12,799	3,546
Cash and Bank Balances	5,342	4,878	1,895
Others - Current Assets	4,074	6,332	4,527
Total Current Assets	60,058	57,741	49,357
Total Assets	83,987	80,783	71,801

Particulars (INR mn)	Dec-22	Sep-22	Dec-21
Equity and Liabilities			
<u>Shareholder's Funds</u>			
Share Capital	1,497	1,497	1,494
Reserves and Surplus	60,601	56,835	50,667
Total Shareholder's Funds	62,098	58,332	52,160
Minority Interest	337	305	219
<u>Non-current Liabilities</u>			
Borrowings	48	28	37
Others - Non-current Liabilities	1,136	1,067	1,119
Total Non-current Liabilities	1,185	1,095	1,155
<u>Current Liabilities</u>			
Short-term Borrowings	1,379	1,004	756
Trade Payables	15,003	16,600	13,952
Others - Current Liabilities	3,985	3,447	3,559
Total Current Liabilities	20,367	21,051	18,267
Total Equity and Liabilities	83,987	80,783	71,801

Consolidated Condensed Cash Flow Statement

Particulars (INR mn)	Quarter			Year To Date	
	Q3 FY23	Q2 FY23	Q3 FY22	9M FY23	9M FY22
Net Cash Flow from Operating Activities	3,500	11,628	-3,981	13,076	-1,910
Net cash flow from/(used in) investing activities	-3,357	-11,265	3,996	-11,081	2,171
Net cash flow from/(used in) financing activities	-58	-36	-223	-2,189	-1,884
Net Increase / (Decrease) in cash and cash equivalents	85	328	-208	-194	-1,624

Other Key Data Points

Particulars (INR mn)	Quarter			Year To Date	
	Q3 FY23	Q2 FY23	Q3 FY22	9M FY23	9M FY22
Advertisement and sales promotion expense	636	168	436	999	656
Capital expenditure	1,441	967	930	3,452	2,438
Net Cash Position*	18,734	16,652	6,740	18,734	6,740
Trade acceptances*	7,870	10,776	6,936	7,870	6,936
Goods in Transit*	826	582	805	826	805
Exports contribution (%)	5.9%	13.2%	8.1%	8.6%	7.7%

Notes: * as at period end

Other Financial Metrics

Working Capital in days	Average				Closing			
	Q3 FY23	Q2 FY23	FY22	FY21	Q3 FY23	Q2 FY23	FY22	FY21
Receivable Days	29	28	41	59	26	26	39	59
Inventory days	94	82	81	108	92	86	85	110
Payable Days	63	66	67	102	66	71	63	102
Net Working Capital	59	44	54	65	52	42	61	67

Other Income (INR mn)	Q3 FY23	Q2 FY23	Q3 FY22	9M FY23	9M FY22
Interest income	78	61	62	198	202
Gain/loss on Redemption of investment	200	123	48	386	157
Fair value of financial assets (MTM)	1	-182	25	73	26
Exchange differences (net)	-	-45	74	-	303
Miscellaneous income	119	21	8	161	43
Total	397	-22	216	818	731

Finance Cost (INR mn)	Q3 FY23	Q2 FY23	Q3 FY22	9M FY23	9M FY22
Interest on Bank Borrowings	3	10	2	17	8
Interest on LC, VBD and Leases	66	86	28	184	74
Other borrowing costs	24	43	48	115	145
Foreign Exchange Gain/loss	-	-	-	-	-
Total	93	139	78	316	227

Effective Oversight: Strong, Independent and Diverse Board

**In-line with globally following best-in-class corporate governance practices:
50% of the Board is Independent; 20% of the Board is represented by women directors**

- Board of Directors expanded with a view to strengthening the Board and bringing in diversity
- After this strategic move, the Board of Directors will comprise of 10 Directors, including two women directors (representing 20% of the Board)
- Board comprises of pre-eminent directors with rich experience in their respective fields and diverse set of skills for effective oversight over the Company's overall operations, strategic initiatives, systems and processes and governance practices to achieve the growth-mission of the Company



Ms. Manju Agarwal inducted as Independent Director

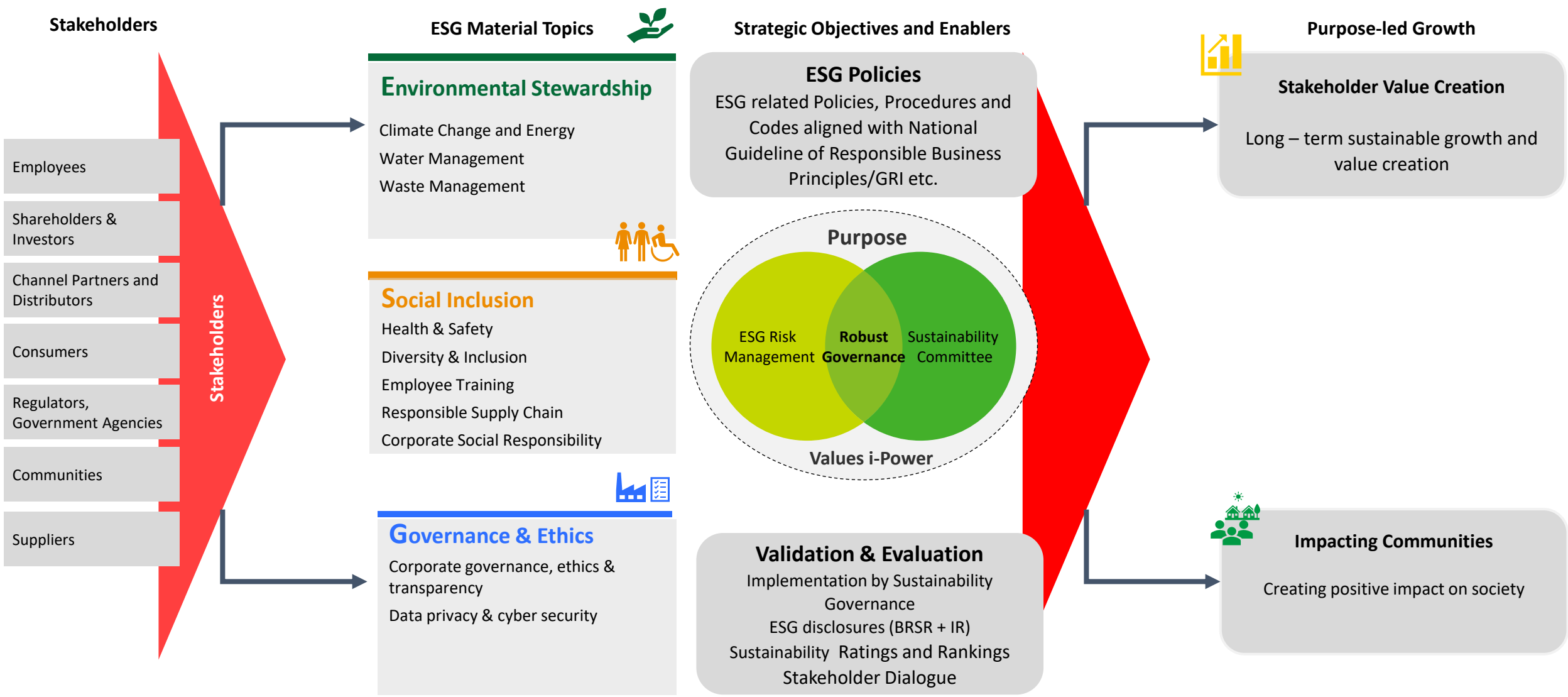
- Ms. Agarwal has been a career banker with 34 years of experience in India's largest Bank, State Bank of India, in leadership positions where she was responsible for Policy, Strategy, Business and Operations. Her core expertise include Retail Banking, Financial Inclusion and Digital initiatives. She headed SBI's Debit Card Strategy, Merchant Acquiring business, Government business and Transaction Banking Business



Mr. Gandharv Tongia inducted as Executive Director

- Mr. Tongia is the Chief Financial Officer of Polycab India Limited and has been associated with the company since 2018. In his current role as the CFO, he is responsible for all aspects of the company's financial as well as information technology functions. In addition, Mr. Tongia has been delivering in various other areas including strategic planning, operations, devising systems processes & policies, digitization, mergers and acquisitions, compliance and sustainability. He has played a pivotal role in getting the company listed in 2019 and is instrumental in spearheading the Company in its ongoing transformational journey under Project LEAP

ESG Framework: Progress Made in FY23



Awards & Recognition

ET Best Brands 2022



Manufacturing Excellence Award by Kaizen Hansei

Operational Excellence



SMART Manufacturing



SAFE Factory



Branding Activities

Green Wire TVC



3-in-1 LED TVC



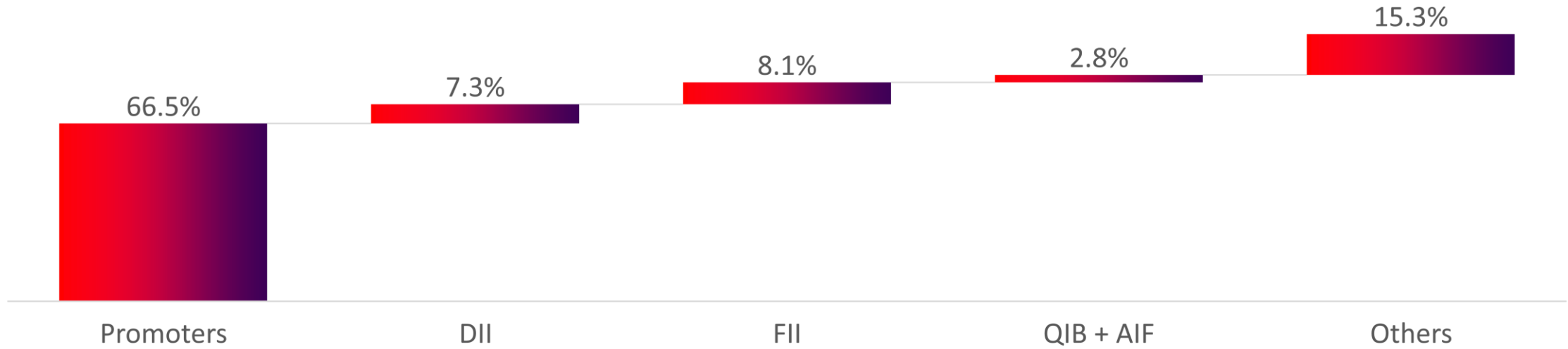
Print Commercials



Polycab Arena, HOHM Showroom, Mumbai, Ahmedabad



Shareholding Pattern



Note: As on 31st December 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

Polycab India Limited

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