

# Corporate Presentation

30 May 2020

# Content

- 01** Company Overview
- 02** Leadership in Wires & Cables
- 03** Fast growing FMEG Business
- 04** Strengthening Brand Recognition
- 05** Strong Manufacturing & R&D capabilities
- 06** Robust Financials



# Company Overview



# Polycab: A Snapshot

## #1 Manufacturer in India

Market leader in Wires and Cables<sup>1</sup>

12 - 13% Overall Market Share<sup>2</sup>



## PAN India Network



3,500+ Dealers & Distributors

1,25,000+ Retail Outlets

## Fast Growing FMEG Brand



5-year CAGR at ~47%

## Manufacturing Footprint



25 Facilities, 7 locations

Strong backward integration

## Strong Management Bandwidth



Blend of Entrepreneurial and highly experienced professional management

## Proven Track Record

5 year CAGR

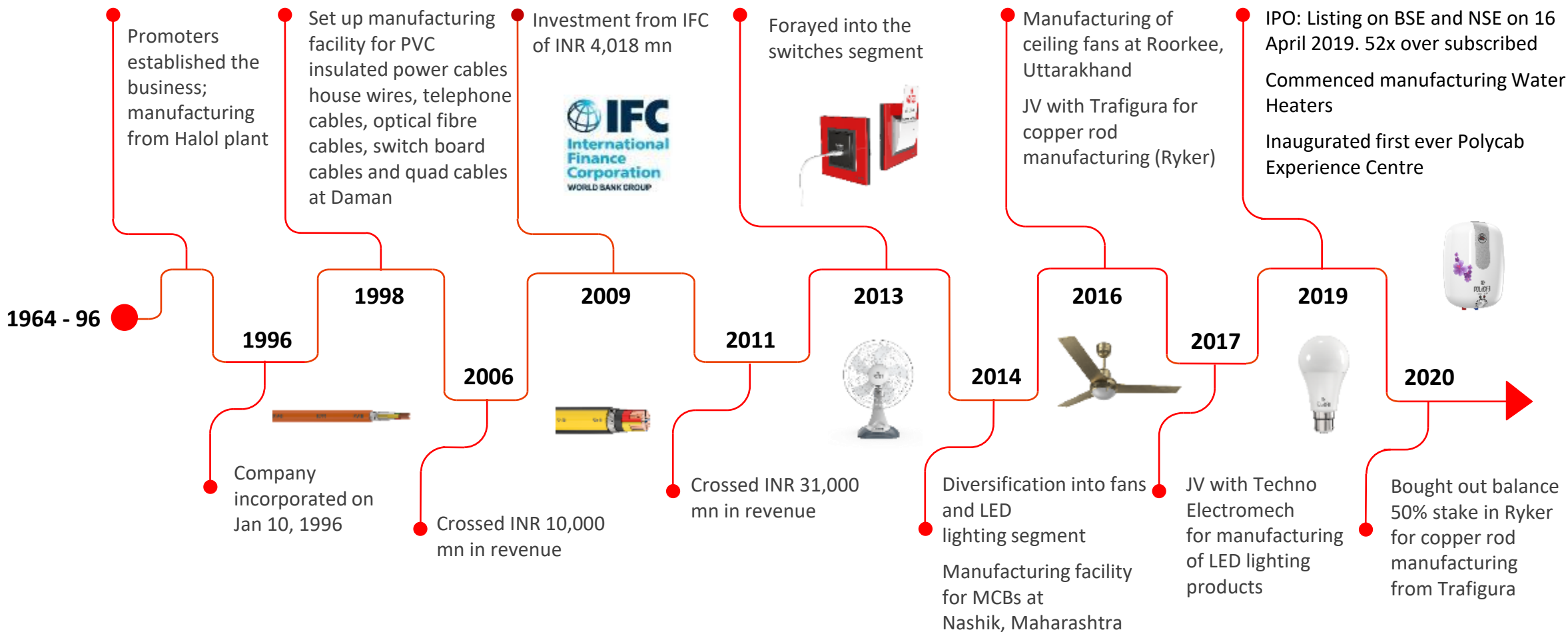
Revenue 13%

EBITDA<sup>4</sup> 21%, PAT<sup>5</sup> 37%



*Note: FMEG: Fast Moving Electrical Goods; (1) In India, In terms of segment revenue; (2) As of March 31, 2020; (3) EBITDA - Earnings before Interest, Tax, Depreciation & Amortization excludes other Income; (4) PAT – Profit after tax*

# Our Journey



# Our Segments: An Overview

% of Total Revenue

**85%**  
**Wires & Cables**



**FY 20 Total Revenue  
88,300 Mn**

**9%**  
**Fast Moving  
Electrical Goods**



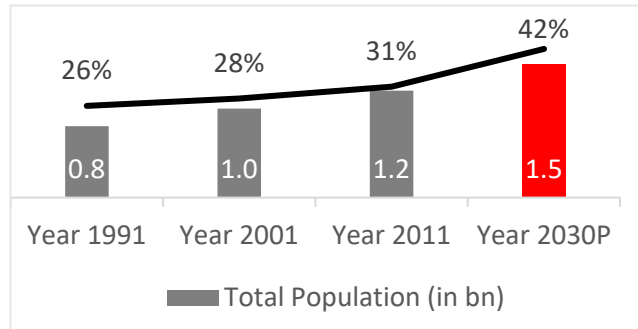
**6%**  
**Other (incl. EPC)**

*Notes: Consolidated Revenue in INR Mn*



# Increase in Consumer Spending, Infrastructure Growth and Industrial Investments to Drive Electricals Industry

## Consumer Spend



- **Metropolitan cities** in India to increase from 46 in 2011 to **68 in 2030<sup>1</sup>**
- **Working-age population** to grow **~1.2x times** in the period 2015-2030
- Increasing **propensity to Spend**, demand for **improved products** and preference of **Indian brands**
- **Per Capita Income CAGR of c.10%** over last 5 years
- **Developed Rural, Urbanization and Nuclearization of families**

## Infrastructure Development

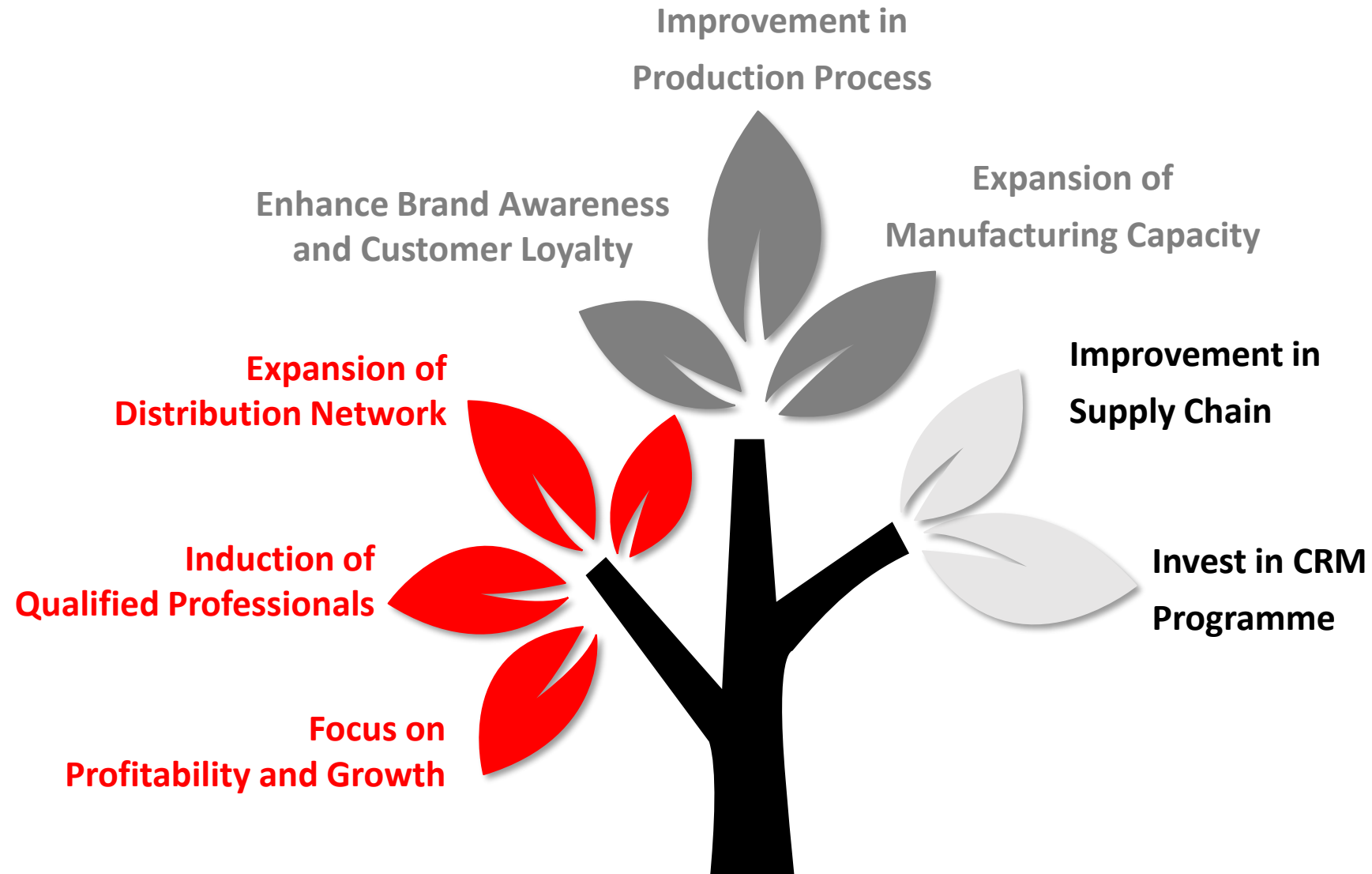
- Government announced expenditure of ~ **INR 111 lakh crore** in infrastructure sector over **next 5 years, as a part of National Infrastructure Pipeline (NIP)**,
  - Energy, railways, urban and infrastructure to comprise **~72%** of the expenditure
- Total Energy capacity expected to be **583 GW by 2025** from current 356 GW
- **Housing for All by 2022** targeting 31mn households in the urban and rural areas – PMAY
- **100% electrification** of existing railway network, mass **rapid transit system** and availability of **public charging infrastructure**
- **100% population** coverage for telecom and high-quality broadband services and **laying optical fiber cables** across the nation under **Bharat Net project**

## Industrial Growth

- **Indian Electrical Equipment Industry** plans to make India the “country of choice” for production of electrical equipment
- **Indigenous** manufacturing, self reliant India
- **Cut in corporate tax rate** to promote growth and investments
- Reforms and initiatives under **Aatmanirbhar Bharat Abhiyaan** to support Indian economy:
  - MSME funding, MGNREGS allocation, Agriculture reforms to boost income
  - Liquidity Injection to revive DISCOMs and overall economy. Power Tariff reforms
  - No foreign participation in < Rs 200cr Government tenders, Defence import ban.
  - Affordable housing push through Credit Linked Subsidy Scheme. Industrial infrastructure upgrade scheme

Sources: 1. National Infrastructure Pipeline Task Force Report 2020, 2. Pradhan Mantri Awas Yojana (Urban) Mission, 3. Announcements by Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman

# Key Management Initiatives to create value





# Leadership in Wires and Cables

# Market leader in Wires and Cables with a diverse suite of products

**Polycab is the largest Wires and Cables manufacturer in India, with a strong suite of products...**

**Power Cable**



**Control Cables**



**Other Cables**



**Optical Fiber Cable**



**Instrumentation Cables**



**Flexible Wires**



**Building Wires**



FR (Flame Retardant)



FRLS (Flame Retardant Low Smoke)



ZHFR (Zero Halogen Flame Retardant)

**Solar Cable**



**Wide Customer Base across Industries...**



**Power**



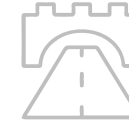
**Oil and Gas**



**Construction**



**IT Park**



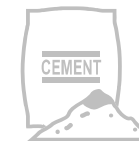
**Infrastructure**



**Metal**



**Non-Metal**



**Cement**



**Agriculture**



**Real Estate**



**Telecom**



**Railway**

# Polycab's dominant position in Wires and Cables industry to capture attractive market size

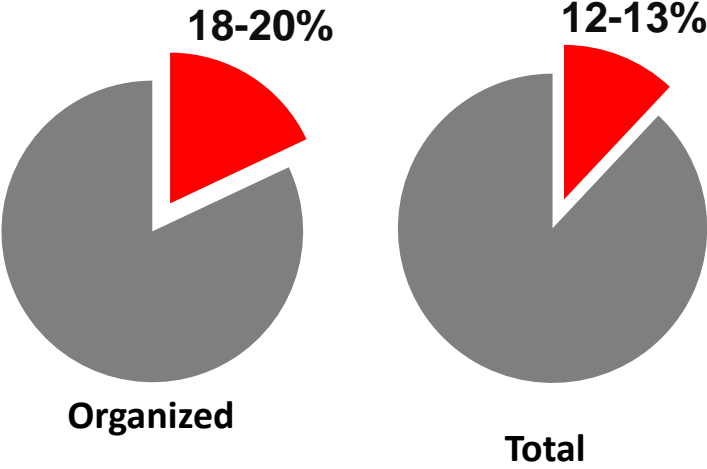
**Wires and Cables industry  
In FY20<sup>1</sup>:**

**Polycab 5-year C&W Revenue CAGR: ~11%**

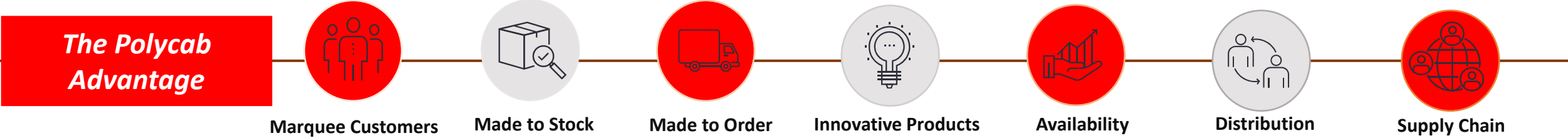
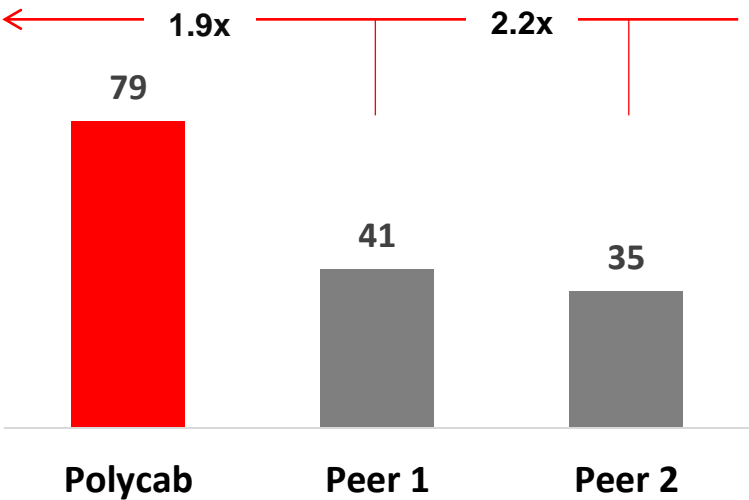
~ 500 – 550bn  
Market Size

40–45% of the electrical  
equipment industry

Market Share in FY20<sup>(1)</sup>



CY20 Wires and Cables Revenue<sup>(2)</sup>

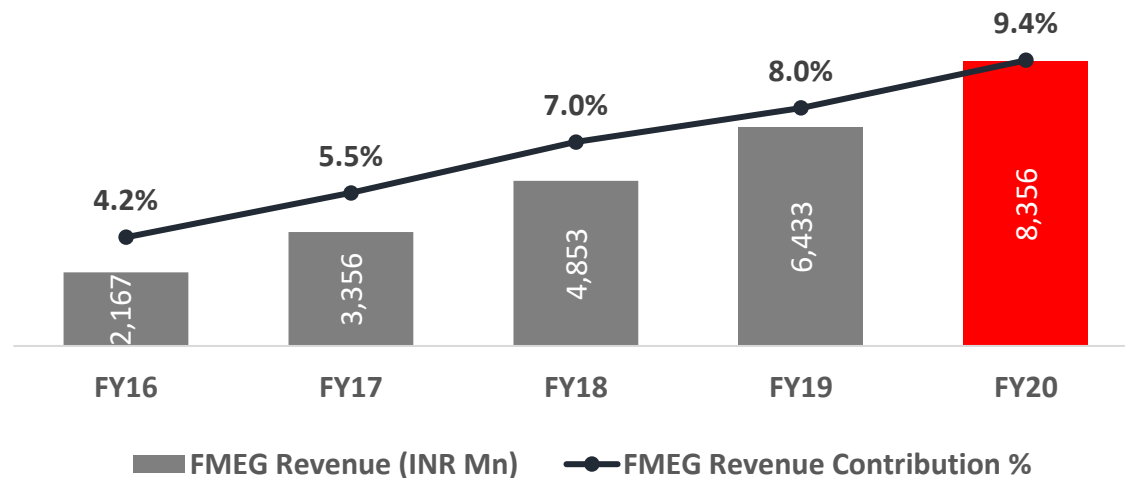


Note: (1) Industry estimates, Polycab estimates; (2) Revenue in INR billion; No adjustment for Inter segment revenue (3) CY = year ending december

# **Fast growing FMEG Business**

# FMEG : Expanding presence in 'Electricals' ecosystem

**FMEG continues to become a sizeable part of the business - growing at 47% CAGR in past 5 years**



## Forayed in FY14 ...

- Diversified portfolio with focus on the upcoming industry trends
- Inhouse Manufacturing
- Pan India Distribution
- Present in Fans, Lighting Luminaires, Switches, Switchgears, Water heaters, Pipes, Conduits, Agro pumps, Solar etc.

## Logical synergies ...

- Common raw materials - higher negotiating power
- Manufacturing know how
- Strong brand goodwill in electricals space
- Economies of scale - Cost-savings in transportation & distribution
- Cross-sell opportunities to a larger customer base

# High Growth Opportunity in the Indian FMEG Industry

Macro drivers include evolving consumer aspirations, increasing awareness, rising income, rural electrification, urbanisation, digital connectivity

## Fans



93Bn

- Preference for **energy efficient fans**
- **Value added products**
- Increasing demand for **premium and smart fans** with aesthetic appeal

## Switches



46Bn

- Customer preferences towards **modular switches**
- Demand for **safe and secure switches**
- Greater awareness towards **building automation and management**

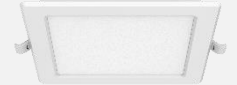
## Switchgear



210Bn

- **LV to outgrow MV / HV** segment
- **Modular devices and safe products** gaining preference
- Rising demand for various **electrical appliances**

## Lighting



223Bn

- Considerable **shift towards LED segment**
- Government efforts and consumer awareness towards **energy efficient technology**
- **Emerging technology trends** like Smart LED's

Notes: Industry estimates, Polycab estimates; Figures in INR

# Polycab Experience Centres: Expanding in 'Electricals' ecosystem

- Strategic showcase enabling consumers and trade constituents to experience and choose from a wide range of quality products
- At iconic electric markets hub which is also an important feeder market to western and southern India
- Deepens connect with direct customers in the FMEG market as well as retailers from upcountry
- Aiming to expand such experimental stores across key cities
- Currently in Mumbai, Pune and Kerala





# Strengthening Brand Recognition

# Strong Brand Recognition in the Electricals Industry..

## From B2B to B2C Our Brand Journey

‘Connection Zindagi Ka’ was a hit with customers- the impactful narrative with their minds and hearts



2013

Corporate Commercial,  
Elevated our brand  
amongst Top 3 in *house  
wires*



2014

Polycab became a  
household name with the  
target audience



2016- 2017

Indian Premier League



2018

R Madhavan, Actor



2019

Ayushmann Khurana, & Paresh Rawal (Actors)  
Indian Premier League (IPL)

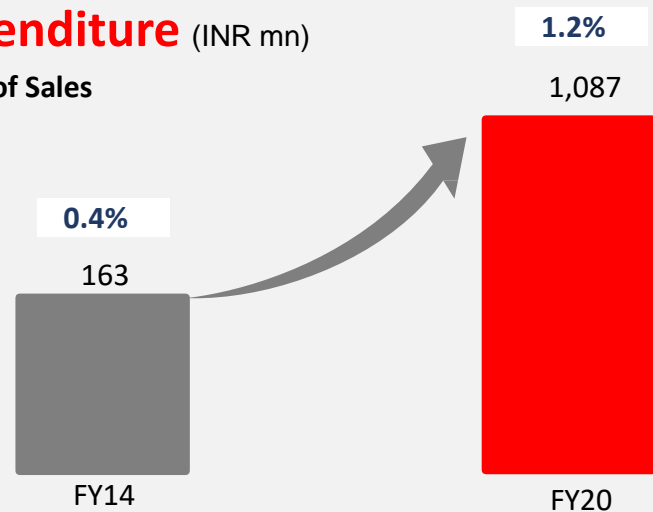


# ... and strengthening it further using multi pronged approach

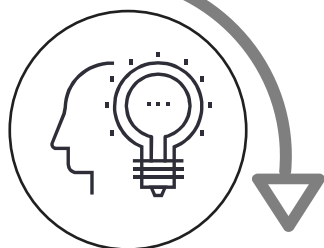


## Advertising and Sales Promotion Expenditure (INR mn)

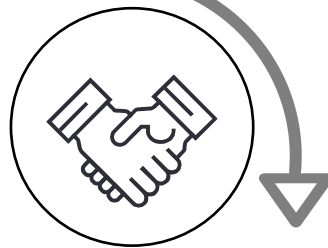
As % of Sales



Multi pronged approach  
to increase brand  
awareness



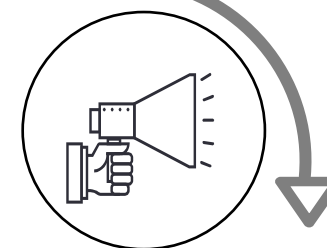
Actively engage Dealers  
and Distributors



Loyalty Points via Bandhan  
Star App



Increased Advertising on  
Social Media and Sales  
Promotion



# Pan India distribution network to support diverse customer base and product categories



By Product



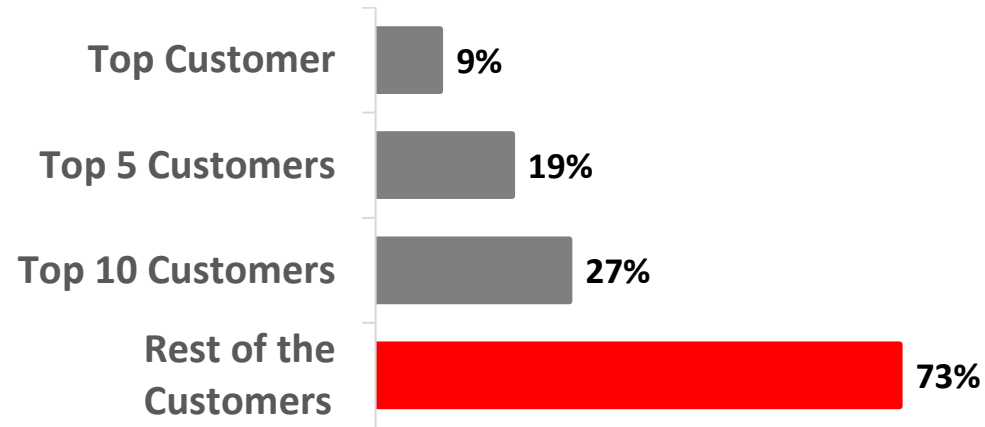
By Geography



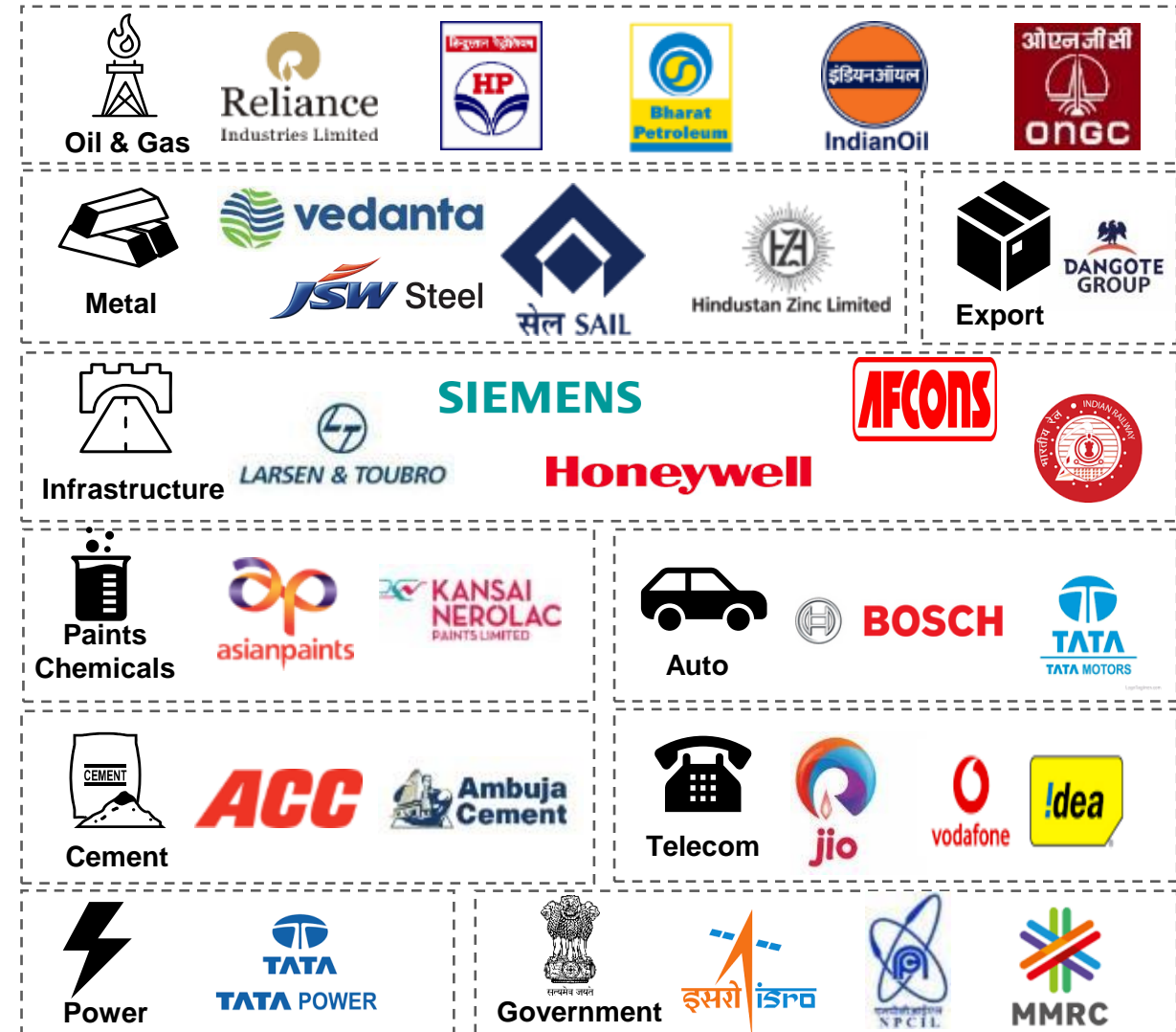
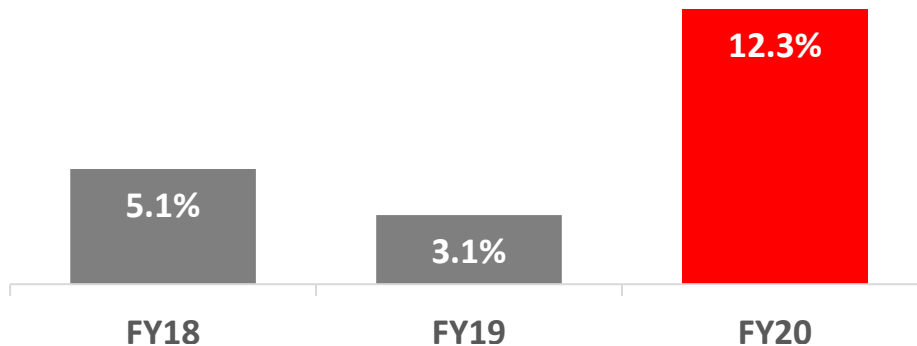
Notes: The charts represent split of authorised dealers and distributors

# Catering to marquee customers

## Total Revenue Contribution in FY20

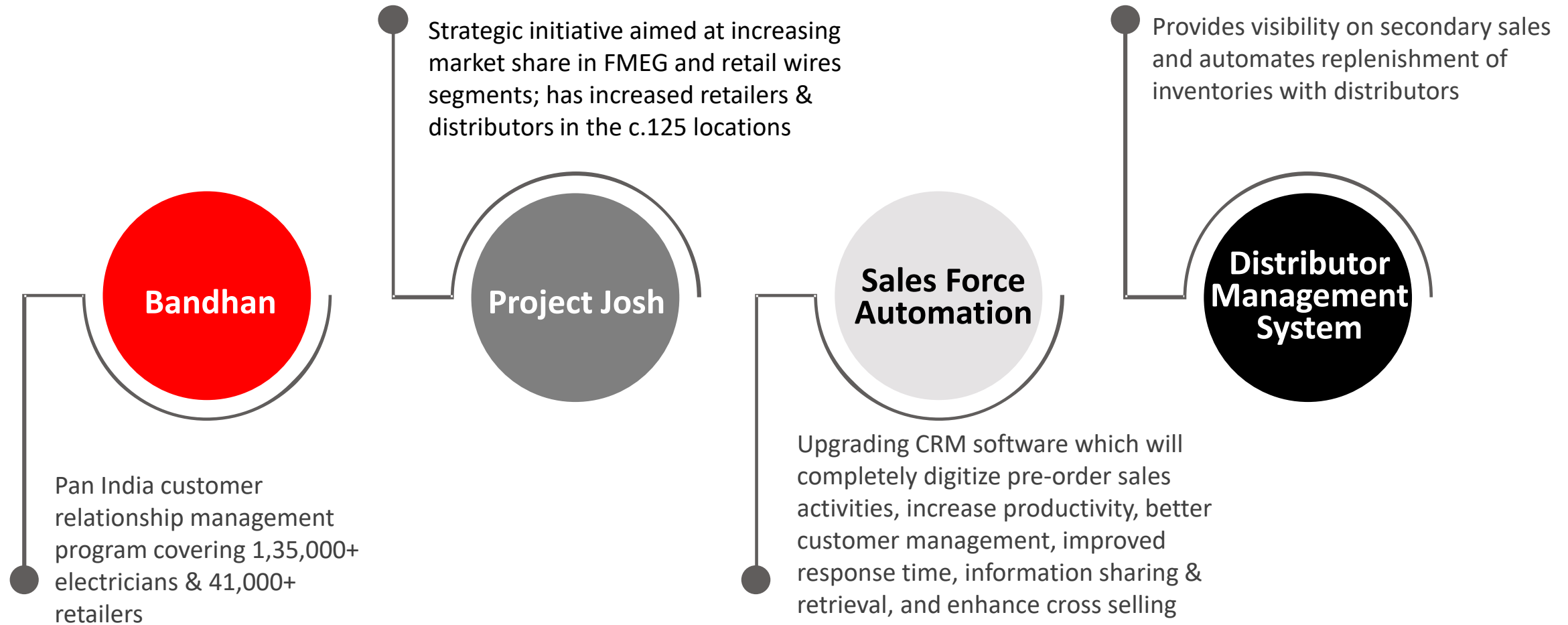


## Revenue from outside India (% of total revenue)



Note: Companies served in past and present, directly or indirectly through authorised dealer/ distributors

# Strategic initiatives to drive sustainable growth over long term



**Strong Manufacturing  
& R&D capabilities**



# Inhouse Manufacturing with a high degree of backward integration and Automation...

Multi-location manufacturing (Products<sup>1</sup>; Annual capacity)



Halol



Fan Manufacturing Unit



Braiding Machines



Cable CCV Line

1. Figures are absolute numbers where no units are indicated as of 31<sup>st</sup> March, 2020;

# ...Strong R&D and innovation capabilities with quality assurance

## Investments in in-house R&D capabilities with strong focus on backward integration...

- NABL ISO 17025 certified R&D centre to support own manufacturing
- Over 100 engineers and technicians
- Centre of excellence for R&D on polymers
- Bought out Ryker further strengthening backward integration of operations and improve quality of its key input i.e. Copper
- Ryker Plant copper analysis center for both incoming and out -going raw materials
- Existing facilities for key raw materials with continuously improving R&D capabilities to capitalize on industry trends
- Environmentally friendly power cables, rubber (elastomeric) cables and electron-beam irradiated cables



### Green Wire

#### Our ecological initiative

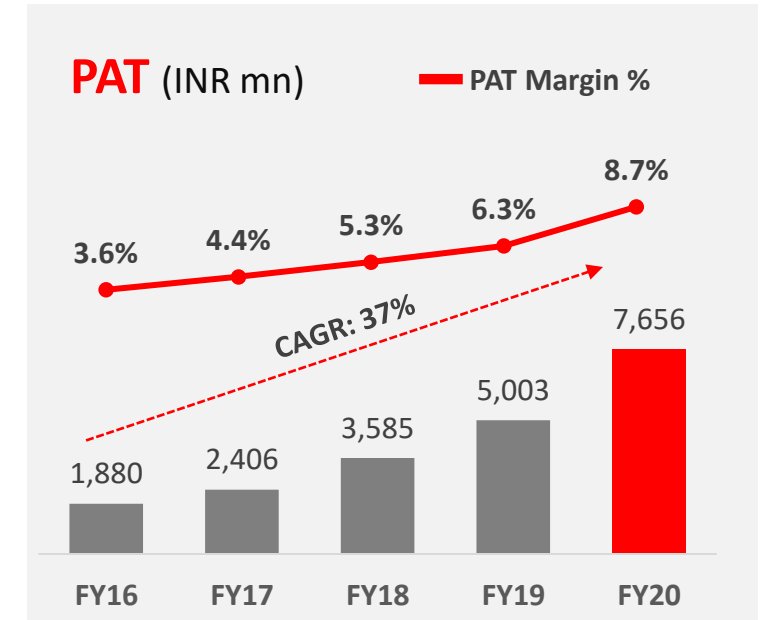
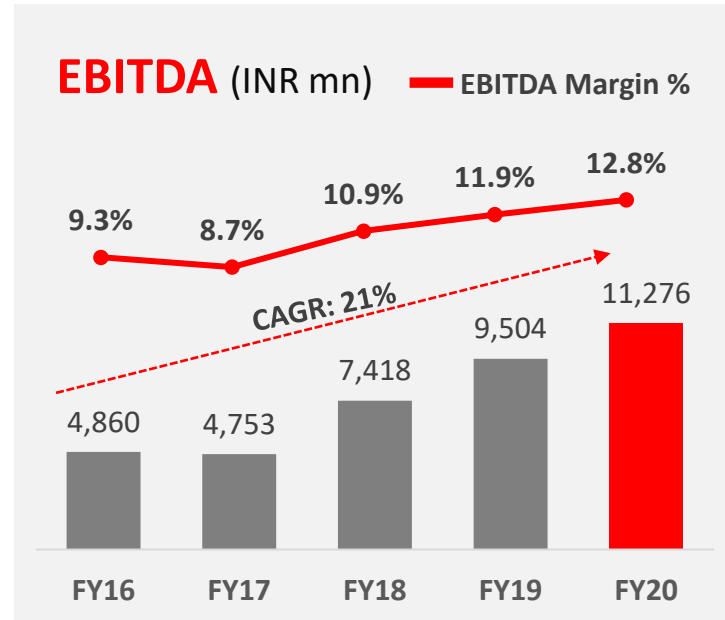
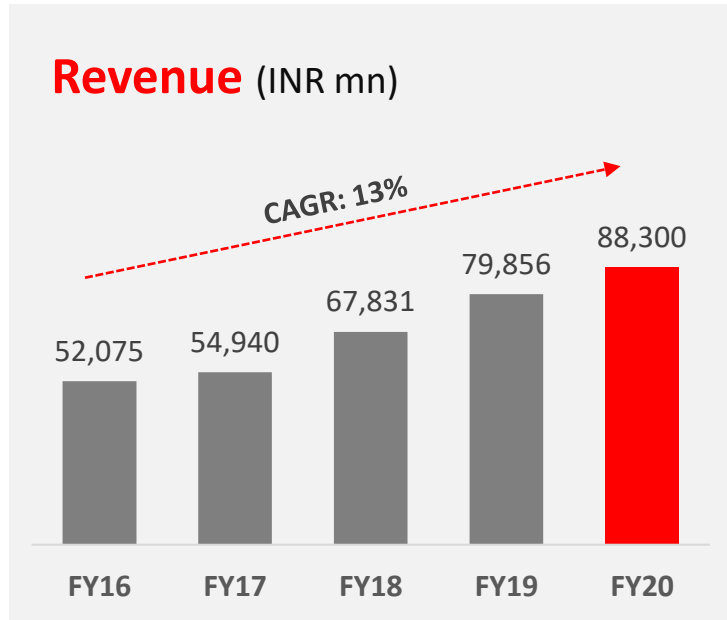
Launched Green Wire in 2017 an energy efficient and environment-friendly product that contributes to India's 'Go Green' mission

## Supported by quality & reliability initiatives...



# **Robust Financials**

# Proven track record of financial performance

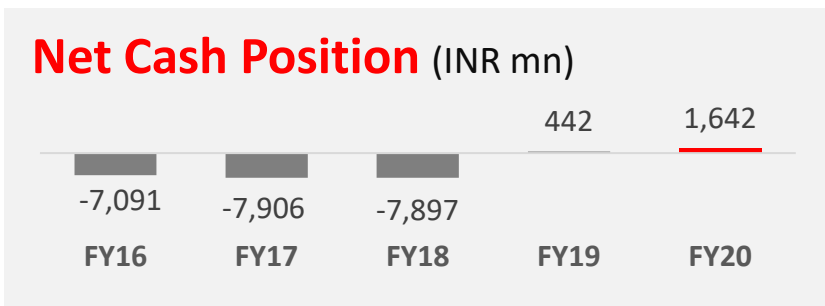
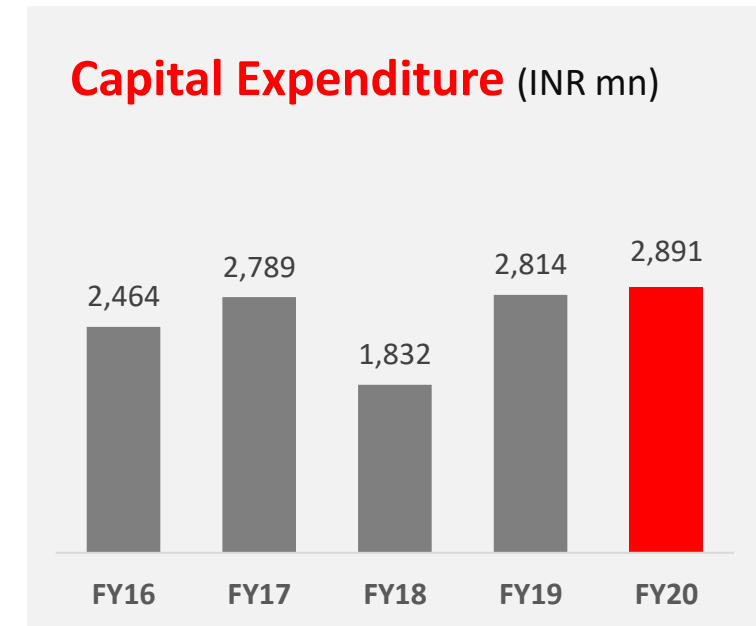
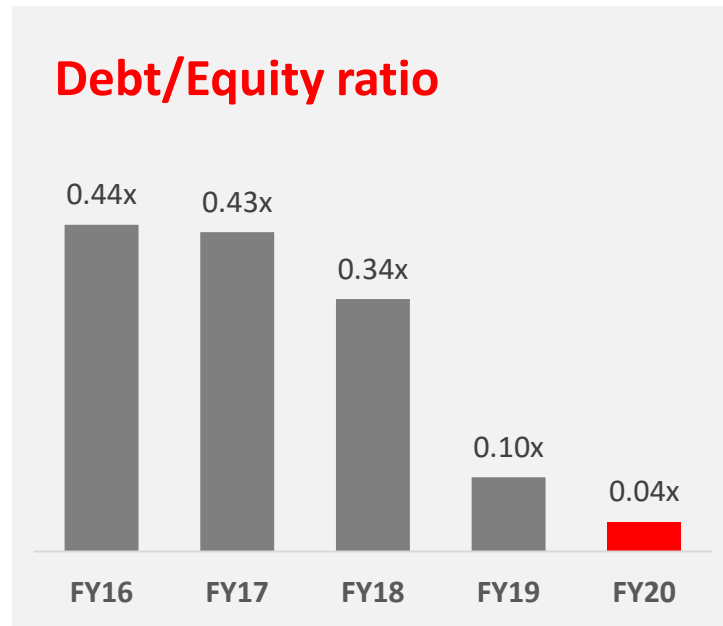
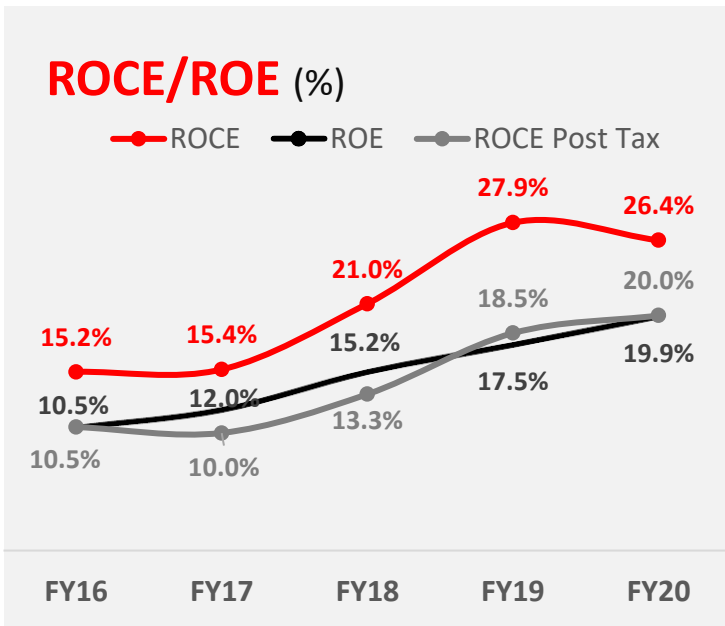


Delivering steady growth + profitability



Notes: (1) Numbers on consolidated basis (2) Financials for FY16-FY20 have been prepared using IND AS (3) Revenue: Revenue from operations (4) EBITDA excludes Other Income (5) CAGR - five years

# Proven track record of financial performance



Improving returns and surplus cash to fuel future growth

Growth Funded by Internal Accruals



Invested in technology and built capacities for future

Notes: (1) Financials for FY16-FY20 have been prepared using IND AS (2) ROCE (Return on Capital Employed) is (Profit before tax plus finance cost) divided by closing value of (non-current borrowings plus current borrowings plus current maturities of non-current borrowings plus total equity including non-controlling interest), ROCE post tax uses effective tax rate (3) ROE (Return on Equity) is Profit for the year divided by closing value of equity including non-controlling interests (4) Debt / Equity: Total debt / equity including non-controlling interests (5) Net Cash Position: Cash + Bank balances + Investments - Debt

# Consolidated Profit and Loss Statement

Particulars (INR mn)	FY 2020	%	FY 2019	%	FY 2018	%
Revenue from Operation	88,300	100.0%	79,856	100.0%	67,831	100.0%
Cost of Goods sold	63,686	72.1%	59,660	74.7%	52,053	76.7%
<b>Contribution (A)</b>	<b>24,613</b>	<b>27.9%</b>	<b>20,196</b>	<b>25.3%</b>	<b>15,778</b>	<b>23.3%</b>
Employee cost	3,657	4.1%	3,002	3.8%	2,593	3.8%
Other Operating Expenses	9,606	10.9%	7,666	9.6%	5,768	8.5%
<b>Total Operating Expenses (B)</b>	<b>13,263</b>	<b>15.0%</b>	<b>10,668</b>	<b>13.4%</b>	<b>8,361</b>	<b>12.3%</b>
Share of profit/(loss) of JVs (Net of tax) (C)	-74	-0.1%	-23	0.0%	1	0.0%
<b>EBITDA (A) - (B) + (C)</b>	<b>11,276</b>	<b>12.8%</b>	<b>9,504</b>	<b>11.9%</b>	<b>7,418</b>	<b>10.9%</b>
Other Income	928	1.1%	638	0.8%	516	0.8%
Depreciation	1,609	1.8%	1,414	1.8%	1,330	2.0%
Finance Cost	495	0.6%	1,167	1.5%	937	1.4%
<b>PBT</b>	<b>10,100</b>	<b>11.4%</b>	<b>7,561</b>	<b>9.5%</b>	<b>5,667</b>	<b>8.4%</b>
Income Tax	2,444	2.8%	2,558	3.2%	2,082	3.1%
<b>PAT</b>	<b>7,656</b>	<b>8.7%</b>	<b>5,003</b>	<b>6.3%</b>	<b>3,585</b>	<b>5.3%</b>

# Consolidated Balance Sheet

Particulars (INR mn)	FY 2020	FY 2019	FY 2018
<b><u>Assets</u></b>			
<b><u>Non-Current Assets</u></b>			
Fixed Assets	16,632	14,686	13,331
Other Non-current Assets	2,485	2,355	1,891
<b>Total Non-current Assets</b>	<b>19,117</b>	<b>17,041</b>	<b>15,222</b>
<b><u>Current Assets</u></b>			
Inventories	19,250	19,958	13,657
Investments	400	0	0
Trade Receivables	14,336	13,343	12,908
Cash and Bank Balances	2813	3166	106
Others - Current Assets	3,700	2,774	2,588
<b>Total Current Assets</b>	<b>40,499</b>	<b>39,242</b>	<b>29,259</b>
<b>Total Assets</b>	<b>59,616</b>	<b>56,283</b>	<b>44,481</b>

Particulars (INR mn)	FY 2020	FY 2019	FY 2018
<b><u>Equity &amp; Liabilities</u></b>			
Shareholder's Funds			
Share Capital	1,489	1,412	1,412
Reserves and Surplus	36,875	27,057	22,064
<b>Total Shareholder's Funds</b>	<b>38,364</b>	<b>28,470</b>	<b>23,476</b>
Minority Interest	150	84	40
<b><u>Non-current Liabilities</u></b>			
Borrowings	107	889	1,589
Others - Non-current Liabilities	904	650	831
<b>Total Non-current Liabilities</b>	<b>1,011</b>	<b>1,540</b>	<b>2,420</b>
<b><u>Current Liabilities</u></b>			
Short-term Borrowings	1,115	1,031	5,687
Trade Payables	13,537	15,202	9,221
Others - Current Liabilities	5,440	9,957	3,636
<b>Total Current Liabilities</b>	<b>20,091</b>	<b>26,189</b>	<b>18,544</b>
<b>Total Equity and Liabilities</b>	<b>59,616</b>	<b>56,283</b>	<b>44,481</b>



# Consolidated Annual Cash Flow Statement

Particulars (INR mn)	FY 2020	FY 2019	FY 2018
Net Cash Flow from Operating Activities	2,446	12,300	3,624
Net cash flow from/(used in) investing activities	-2,622	-4,077	-1,878
Net cash flow from/(used in) financing activities	107	-6,514	-1,898
<b>Net Increase / (Decrease in cash and cash equivalents)</b>	<b>-69</b>	<b>1,708</b>	<b>-152</b>

# Q4FY20 Key Highlights



## Top-line (Revenue)

**FY20: 88,300 mn**

⬆️ 11% Y-o-Y

**Q4 FY20: 21,294 mn**

⬆️ -14% Y-o-Y

⬆️ -15% Q-o-Q



## Operating (EBITDA)

**FY20: 11,276 mn**

⬆️ 19% Y-o-Y

**Q4 FY20: 2,948 mn**

⬆️ 20% Y-o-Y

⬆️ -13% Q-o-Q



## Profitability (PAT)

**FY20: 7,656 mn**

⬆️ 53% Y-o-Y

**Q4 FY20: 2,151 mn**

⬆️ 53% Y-o-Y

⬆️ -3% Q-o-Q



## Returns (ROCE)

**FY20: 26.4%**

**Q4 FY20: 29.8%**



Notes: (1) Numbers on consolidated basis (2) Revenue: Revenue from operations (3) PAT: Profit After Tax (4) ROCE (Return on Capital Employed): (Profit before tax plus finance cost) divided by closing value of (non-current borrowings plus current borrowings plus current maturities of non-current borrowings plus total equity including non-controlling interest), Annualised (5) EBITDA excludes other Income

# Shareholding Pattern



Notes: As on March 31st 2020



# Leadership Team - Board of Directors



**Inder T Jaisinghani**  
Chairman and Managing Director



**Ajay T Jaisinghani**  
Whole-Time Director



**Ramesh T Jaisinghani**  
Whole-Time Director



**SL Bajaj\***  
CFO & Whole-Time Director

Qualified Chartered Accountant & has previously served major leadership role in Vedanta Ltd, Hindustan Zinc Ltd.



**RS Sharma**  
Independent Director

Holds a degree from ICWA  
Previously served as Chairman and MD at ONGC Limited



**TP Ostwal**  
Independent Director

Practicing Chartered Accountant and is a senior partner with T.P Ostwal and Associates LLP



**Pradeep Poddar**  
Independent Director

IIM-Ahemdabad Alumni  
Currently on the Boards of Monsanto India Limited, Welspun India Limited, and Uflex Limited.



**Hiroo Mirchandani**  
Independent Director

Business career of 30+ years. A Chevening Gurukul Scholar from the London School of Economics. Held leadership roles at Dabur, World Gold Council & BPL Telecom

Notes: \* SL Bajaj resigned as Chief Financial Officer (CFO) w.e.f. 30 May 2020. Gandharv Tongia appointed as the new CFO from 31 May 2020

# Leadership Team - Key Management

- Blend of Entrepreneurial and Professional Management
- Professionals with Prior Experience in Vedanta, Tata Group, Unilever, Havells, Bajaj, SRBC & Co, Crompton, etc.
- Vision to Execute Strategies in a Dynamic Environment
- Extensive Relationships and Deep Business Understanding



**R Ramakrishnan**  
Chief Executive



**Bharat A Jaisinghani**  
Director – FMEG Business (Non-board member)



**Nikhil R Jaisinghani**  
Director – LDC Business (Non-board member)



**Anil Hariani**  
Director – Commodities (Non-board member)



**Manoj Verma**  
Executive President & Chief Operating Officer (CE)



**Anil Shipley**  
Executive President and Chief Supply Chain Officer



**Gandharv Tongia\***  
Deputy Chief Financial Officer



**Sanjeev Chhabra**  
President (Treasury)



**Anurag Agarwal**  
President (Strategic Initiatives & New Businesses)



**Shashi Amin**  
President (Cables)



**Suresh Kumar**  
President (Strategy & Human Resources)



**Sandeep Bhargava**  
President (Procurement)



**Diwaker Bharadwaj**  
President (Packaging)



**Vijay Narayanan**  
**Ananthanarayanan**  
President (Strategic Marketing)



**Vivek Khanna**  
President (Accounts and Information Technology)



**Kunal I Jaisinghani**  
Head – Agri Products



**Sai Subramaniam Narayana**  
Company Secretary and Compliance Officer

Notes: \* SL Bajaj resigned as Chief Financial Officer (CFO) w.e.f. 30 May 2020. Gandharv Tongia appointed as the new CFO from 31 May 2020



# Our Social Responsibility – A Philosophy of Empathetic Care

## Community



Promoting **efficient farming** through sessions on soil testing & model farms

**Women oriented skill training** & creation of self help groups

**Deeping of water reservoirs** under Gujarat Government initiated “Sujalam Sufalam” programme in villages of Asoj, Bodidra & Waghodia were deepened

## Infrastructure



Construction of **toilets and providing clean drinking water** in Gadhmahuda, Chachariya & Govindpuri village

**Improvements in school infrastructure** in Chachariya & Baska villages

## Education



**Leadership Enrichment for Adolescence through Assessment & Development (LEAAD)** programme organised, students exposed to leadership building qualities

**Study Science, Technology, Engineering & Mathematics (STEM)** Laboratory set up for students to learn practical aspects of education

## Health



**Mobile Medical Unit** offering services like OPD, medicines, health talks, camps & counselling in interiors. On an average 90 to 100 patients/day take advantages of these services

Jointly conducted **breast tumour detection camp** with Shree Halol Stree Samaj

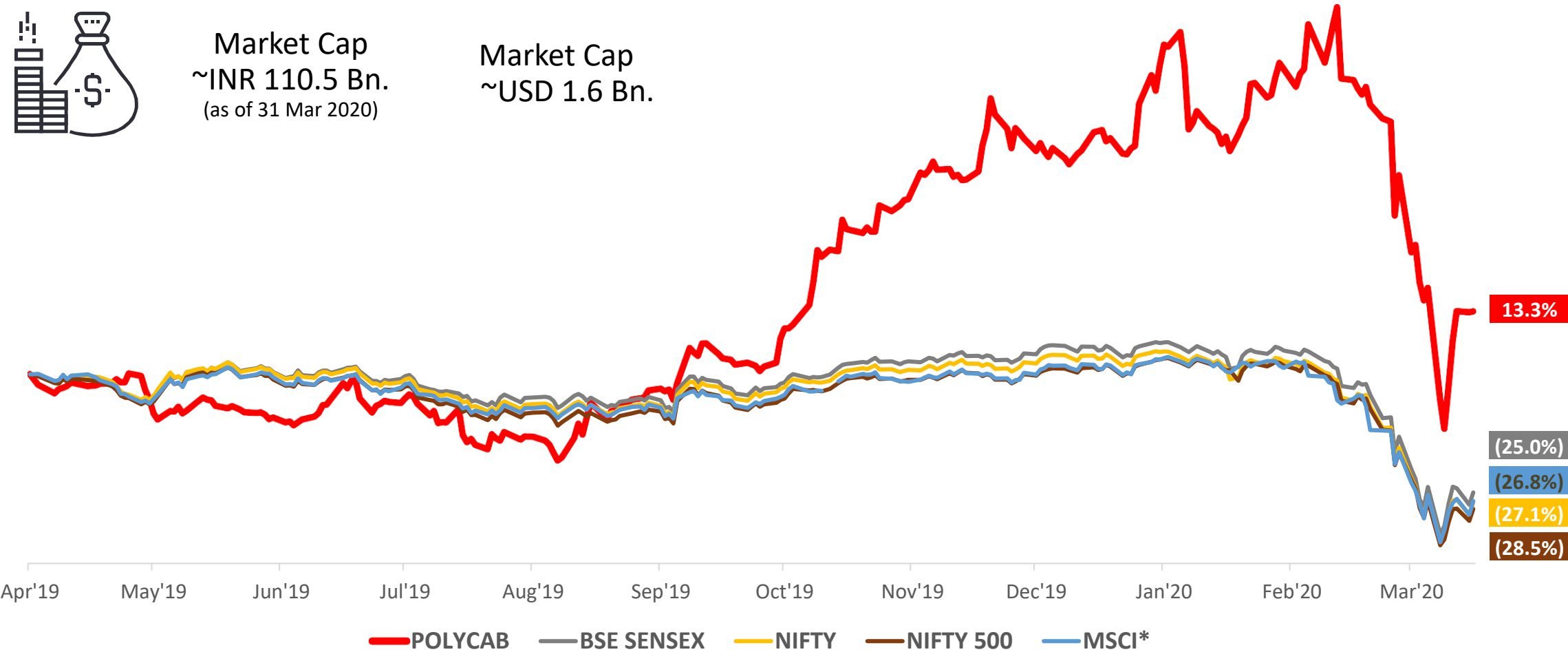
**Health camps** in Mota Sandhiya, and Jalariya villages

# Enhancing shareholder value



Market Cap  
~INR 110.5 Bn.  
(as of 31 Mar 2020)

Market Cap  
~USD 1.6 Bn.



MSCI\* - MSCI India Price Index . USD INR average spot rate FY20



# Safe Harbour

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# Thank you

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