



# PG ELECTROPLAST LIMITED

Q2 FY20 UPDATE

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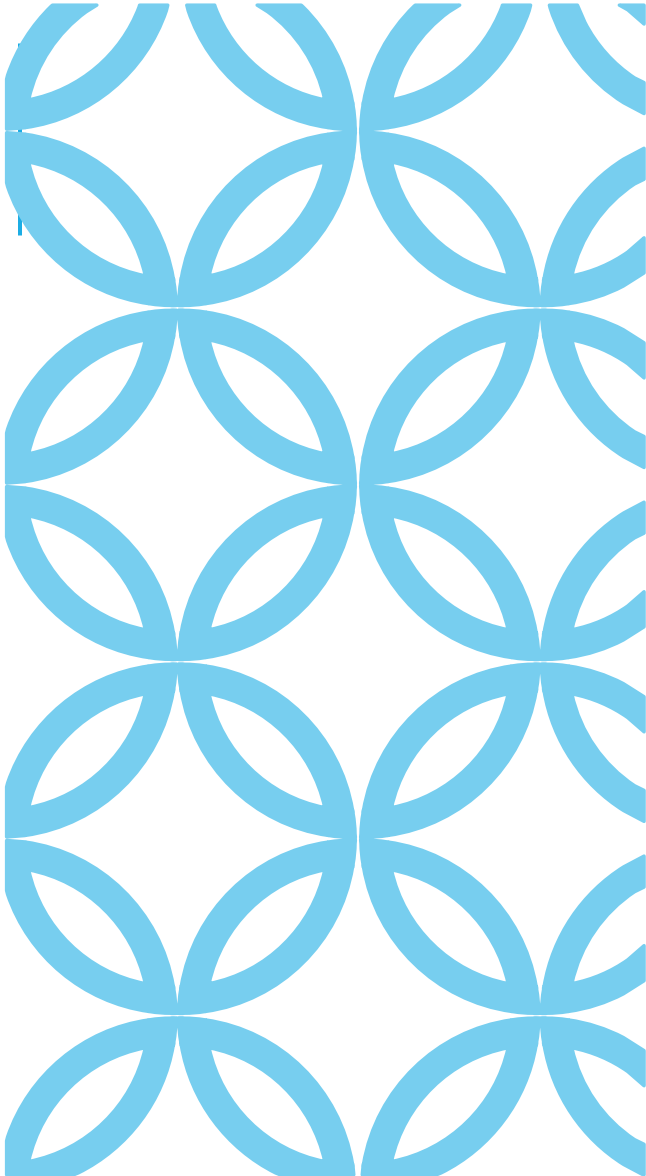
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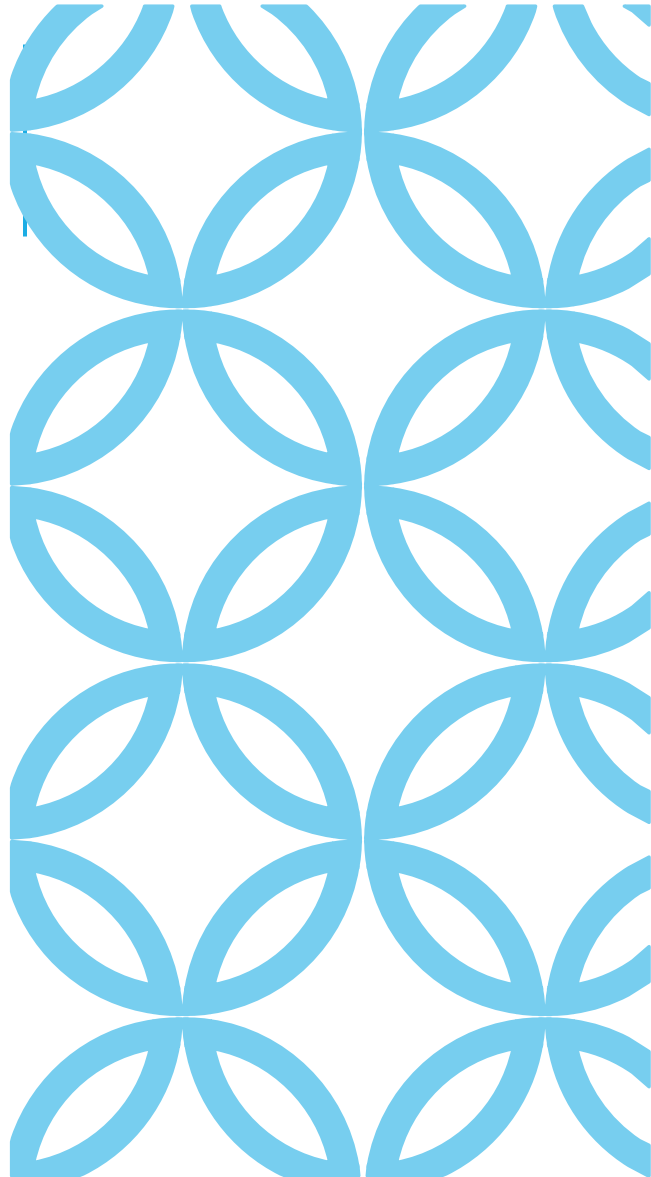
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## Introduction



- PG Group founded in Year 1977 for Electronics components manufacturing.
- In 1995, a TV manufacturing plant was setup in Noida, In 1997, started manufacturing Color TVs & Audio Products.
- In 1999, PG Group set up a PCB Assembly Line at Noida. In 2003, Started Plastic Injection Molding Plant.
- In 2008, got first tender from Tamilnadu Govt for supplying CTV & supplied 2 million CTV in 3 years.
- In 2015, installed Blow molding up to capacity of 80Ltr.
- In 2016, Installed new Tool room as a separate profit center.
- In 2016, Installed Mobile Phone manufacturing units in Pune.
- Today, more than 130 Horizontal and Vertical type Plastic Injection Molding Machines.
- Trusted Supplier for 4-Wheeler & 2 –Wheeler Automobile Plastic Parts (Tier – 2) from Yr 2011.

# Introduction – PG Group presence



Presence in  
Different Fields

PLASTIC MOLDING FOR CONSUMER DURABLES & AUTOMOTIVE PARTS



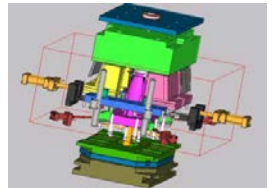
FINAL ASSEMBLY OF AIR COOLERS, WASHING MACHINE, IDUs, STBs



PRINTED CIRCUIT BOARD ASSEMBLIES

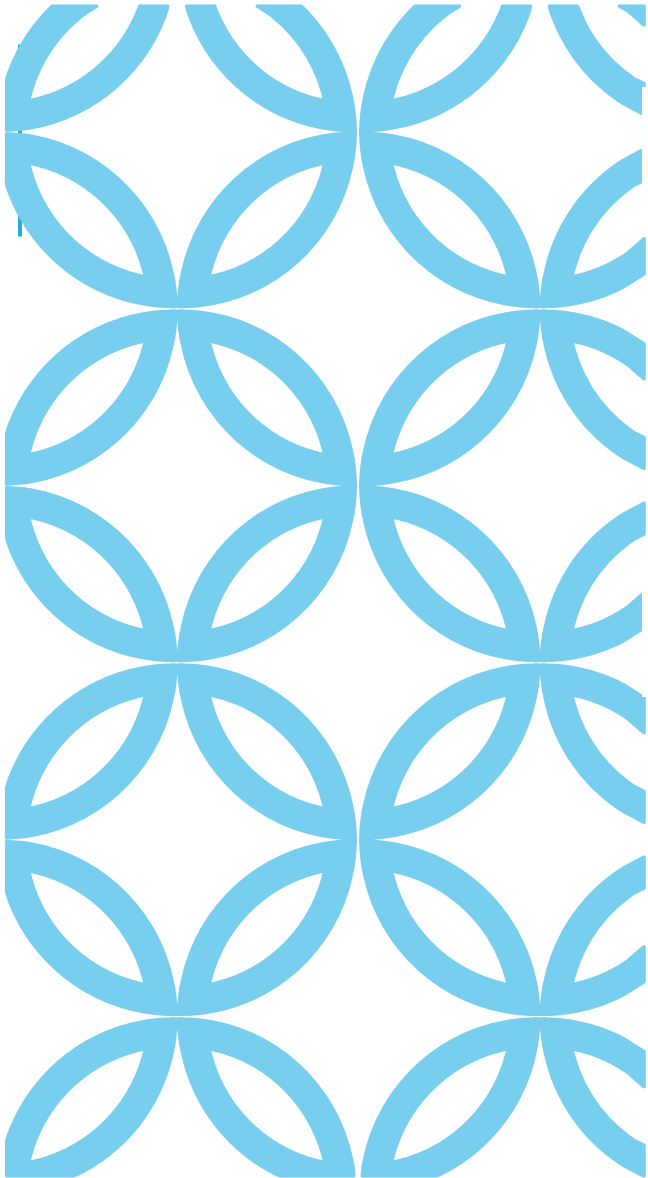


PLASTIC INJECTION TOOL DESIGNING AND MANUFACTURING



MOBILE PHONE ASSEMBLY





# Introduction - Customer list

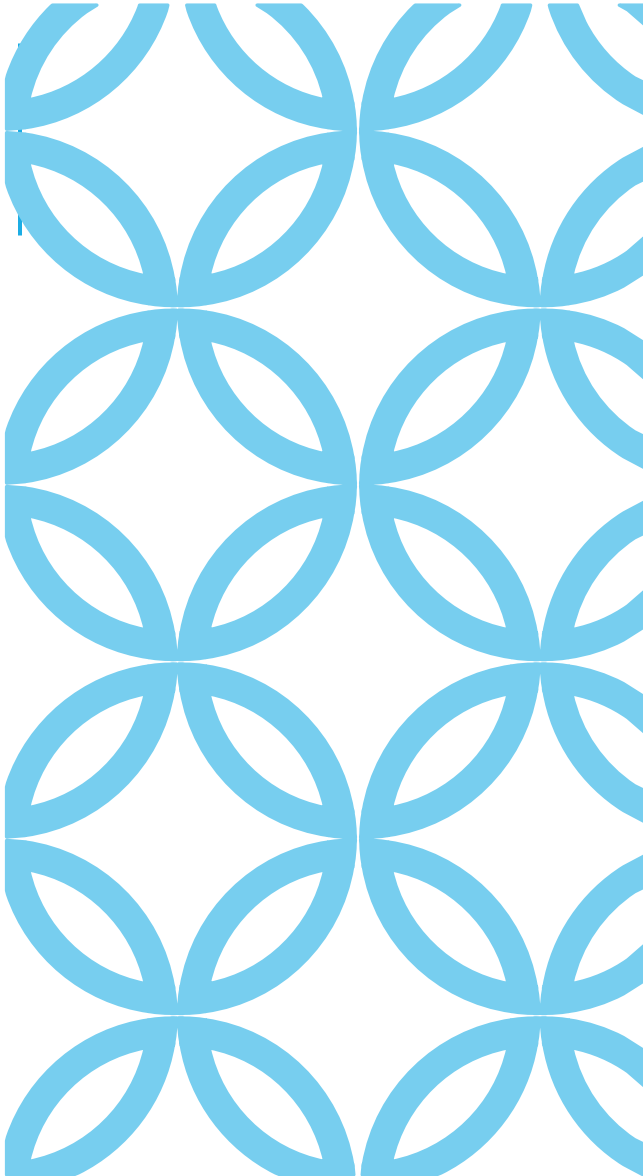


## 1H-2020 Profit & Loss Highlights

(₹ million)	Q2	Q1	Q2	Growth (%)		H1	H1	Growth (%) YoY
	FY2019	FY2020	FY2020	Q-o-Q	Y-o-Y	FY2019	FY2020	
Revenue	1162.8	1731.4	1447.5	-16.4%	24.5%	2331.8	3178.9	36.3%
EBITDA	69.7	112.6	87.7	-22.1%	25.9%	150.7	200.3	33.0%
Net Profit	11.8	41.7	7.5	-82.1%	-36.9%	39.4	49.2	24.9%
Diluted EPS (Rs.)	0.72	2.24	0.40	-82.1%	-44.4%	2.40	2.64	9.9%

- 1HFY20 Revenue grew 36% lead by momentum in new initiatives
- EBITDA growth at 33% is impacted due to start-up costs of and fire incident that impacted the washing machine business
- PAT growth of 25% is impacted by higher interest, depreciation and Income Tax

# 1H-2020 Balance Sheet



<b>A. EQUITY AND LIABILITIES</b>	<b>As at 30.09.2019</b>	<b>As at 31.03.2019</b>	<b>B ASSETS</b>	<b>As at 30.09.2019</b>	<b>As at 31.03.2019</b>
(a) Share capital	186.5	186.5	(a) Fixed assets	2,400.6	2,256.0
(b) Reserves and surplus	1,548.1	1,503.7	(b) Capital work in progress	55.9	52.7
<b>Sub-Total - Shareholders' Funds</b>	<b>1,734.7</b>	<b>1,690.2</b>	(c) Other Financial Assets	20.8	23.4
(a) Long-term borrowings	590.7	501.3	(d) Other non-current assets	75.8	20.7
(b) Long-term provisions	51.9	39.8	<b>Sub-Total - Non-Current Assets</b>	<b>2,553.1</b>	<b>2,352.8</b>
<b>Sub-Total - Non-Current Liabilities</b>	<b>642.6</b>	<b>541.2</b>	(a) Inventories	595.0	682.5
(a) Short-term borrowings	832.0	681.3	(b) Trade receivables	777.7	847.1
(b) Trade payables	716.5	915.0	(c) Cash and cash equivalents	84.9	63.7
(c) Other current liabilities	397.1	286.4	(d) Short-term loans and advances	104.1	21.5
(d) Short-term provisions	8.2	14.90	(e) Other current assets	216.3	161.4
<b>Sub-Total - Current Liabilities</b>	<b>1,953.8</b>	<b>1,897.6</b>	<b>Sub-Total - Current Assets</b>	<b>1,778.0</b>	<b>1,776.2</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>4,331.1</b>	<b>4,129.0</b>	<b>TOTAL-ASSETS</b>	<b>4,331.1</b>	<b>4,129.0</b>

- Inventories and receivable are under control and working capital management improvement remains focus area for the Management
- However, due to new product lines ramping up the working capital keeps fluctuating and could be volatile this fiscal



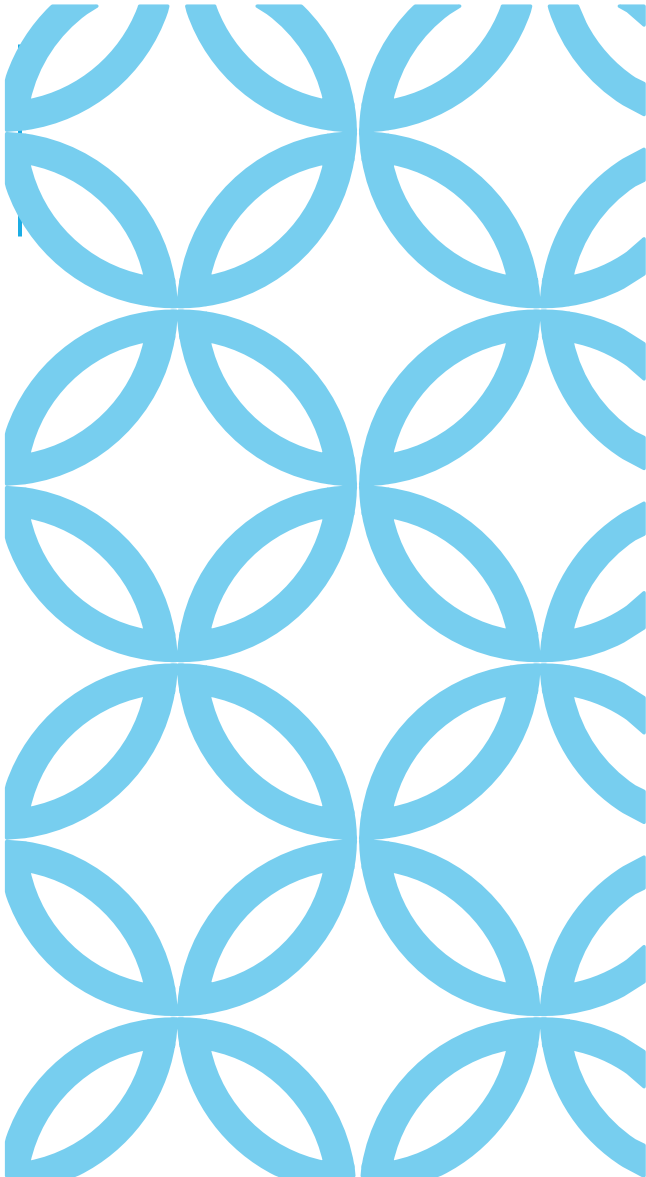
## Financial Metrics

Key Ratios	Q2 FY2019	Q1 FY2020	Q2 FY2020	1H 2019	1H 2020	FY19
EBITDA Margin (%)	6.0%	6.5%	6.1%	6.5%	6.3%	6.6%
Effective Tax Rate (%)	0.0%	0.0%	52.1%	0.0%	14.2%	2.1%
Net Profit Margin (%)	1.0%	2.4%	0.5%	1.7%	1.5%	1.9%
ROCE (%)	4.6%	13.4%	7.8%	4.6%	7.8%	9.4%
DSO (Days)	53	50	48	53	48	60

- Start-up costs of new initiatives and fire incident related costs impacted EBITDA margins in 1H2019
- Return ratios are impacted due to lower profitability in 2QFY20
- However 2HFY20 is likely to see improvement as cost related to ramp up stabilise and scale benefits start accruing

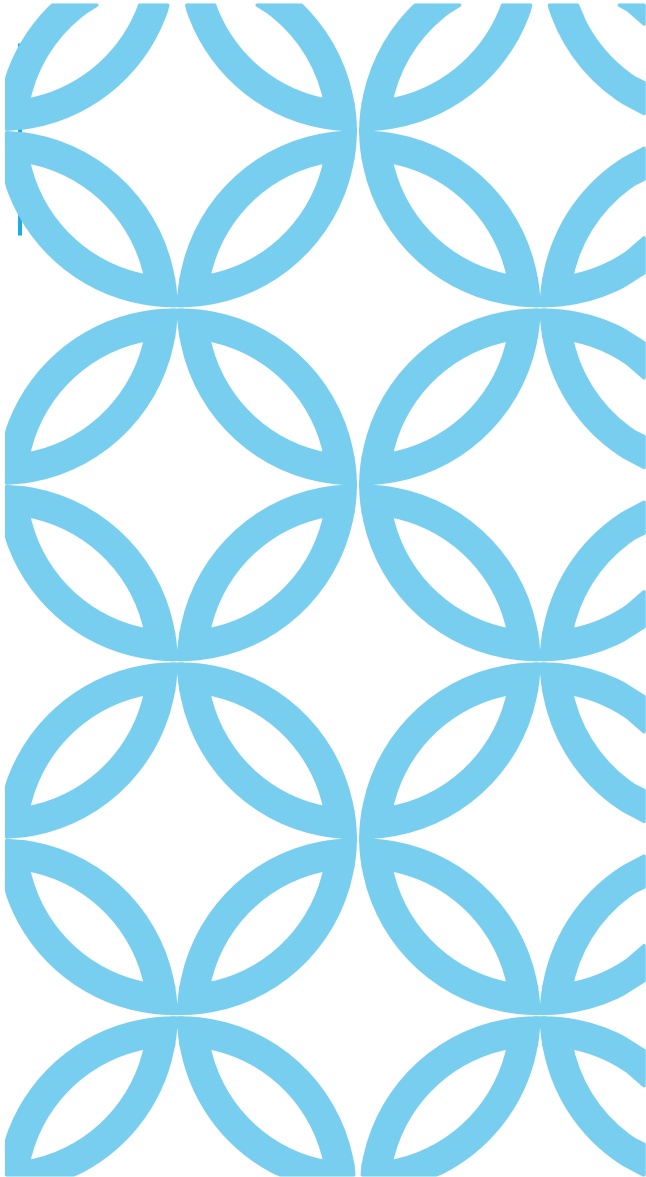
## Major Highlights of 1H2020

- Company's washing machine platforms under ODM model had a good season in 1H2020 despite fire incident impacting the production ramp-up. During the quarter, several marquee OEM clients have been added for the exiting platforms.
- Company continues to invest in the ODM business model and is planning development of more models in washing machines. Also a new factory in Roorkee is being planned for Washing machine production for next fiscal.
- The new expansion for Room AC IDU business is almost complete and trial production is underway. Company expects to see commercial production of the same in coming months.
- Overall 1H2020 has panned out satisfactorily as despite fire incident, company has been able to see a good sales and EBITDA growth.

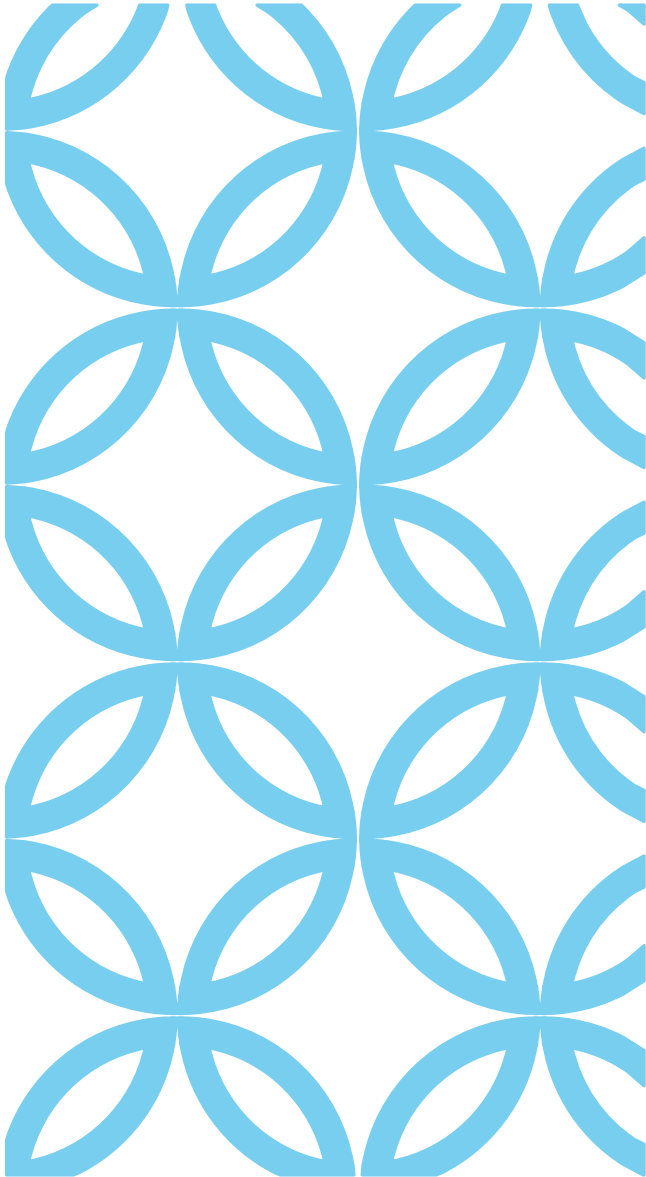


## Industry Outlook

- Government reforms such as Digital India, Make in India, Jan Dhan-Aadhar-Mobile Trinity and Power for all are providing fresh impetus to the Consumer appliance and durable Industry
- The Rapid rate of urbanisation, growth of young population with rising income levels is leading to large emerging middle class in India. Implying huge potential demand for the consumer appliance and durable market in coming years.
- Low penetration levels, falling prices of durables and electronics and changing life style of the Indian consumer are expected to remain big demand drivers for the consumer durable and electronics Industry in India in near future.
- Further the Government's initiatives of promoting the electronic manufacturing and treating the industry as one of the key pillars of the Digital India Programme, opens new and exciting opportunities for the Industry
- **In Managements opinion, overall Industry opportunity remains large and substantial. The management sees high and exciting growth rates for the Industry.**



## Opportunities and Challenges

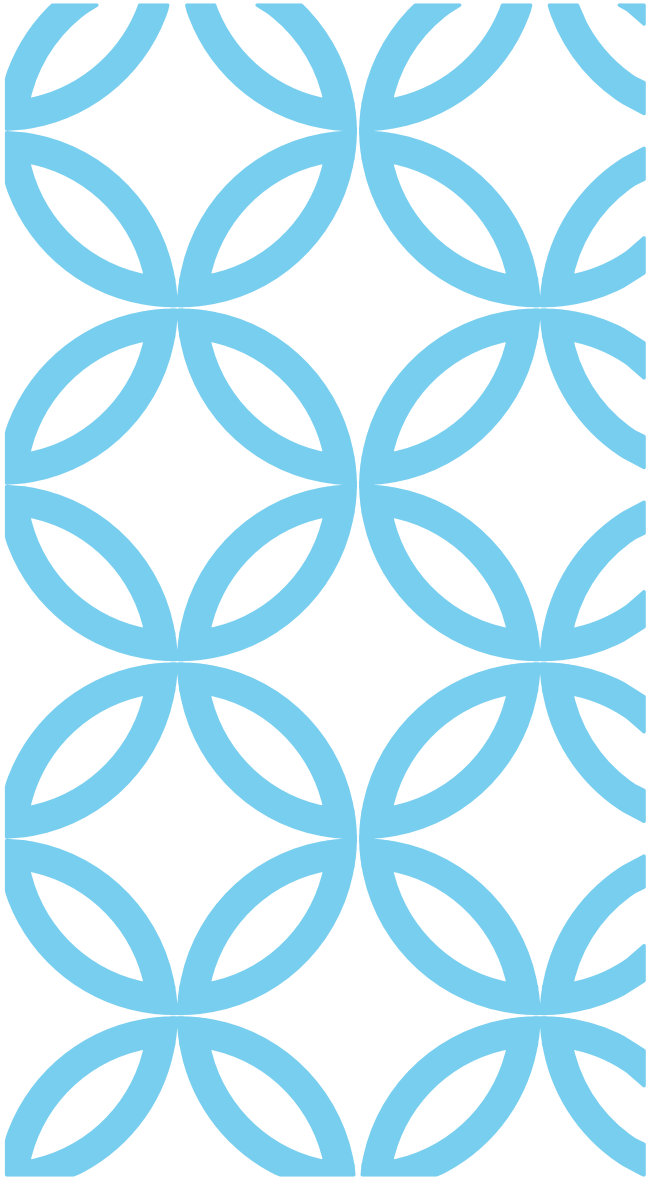


- PG Electronics has been a pioneer in the consumer durables Industry and is seeing large opportunities in plastic moulding in following product categories
  - Washing machines
  - Air conditioner
  - Refrigerators
  - Ceiling Fans
  - Sanitary ware products
- In addition to the above company sees opportunities in ODM space in Air conditioners, Air coolers and Washing machines.
- Tough market conditions led to financial constrains in the past few years and this has led to limited Investment for growth.
- However, now with growing opportunities, improving operational efficiencies and lower financial cost is leading to better profitability and cash flows and consequently company is back in Investment mode and is judiciously and strategically investing in capacities and capabilities to reap the benefits of huge opportunity in coming years.

## Future Outlook

Management sees increased opportunities in the existing and new clients and based on the current business environment. With new capacities and newly installed PU paint and tooling capabilities and new model in washing machine, company is uniquely positioned in the consumer durable & automotive plastics space in India. In coming quarters , company aspires

- To have Industry leading growth in the Revenues
- Gradual improvement in margins due to operational efficiencies and operating leverage
- Better capital efficiency due to improving cash flows and balance sheet optimisation



**THANK YOU**

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