



The BSE Limited
BSE's Corporate Relationship
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Dalal Street, Fort,
Mumbai 400 001

National Stock Exchange of India Limited
"Exchange Plaza"
Bandra-Kurla Complex
Bandra (E)
Mumbai 400 051

SRF/SEC-D/16

10th November, 2017

Dear Sir,

Presentation- Earnings Call (Unaudited Financial Results for the quarter and half year ended 30.09.2017)

In continuation of our letter dated 7th November, 2017 informing about hosting of earning call to discuss unaudited financial results for quarter and half year ended 30th September, 2017, please find enclosed Investors presentation, of the same for your reference and record.

The same is also available on the Company's website i.e. www.srf.com

Thanking you,

Yours faithfully,

For SRF LIMITED


ANOOP K. JOSHI
(PRESIDENT, CFO & COMPANY SECRETARY)

Encl: As above



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SRF Limited

Q2 & H1 FY18 Results Presentation

November 09, 2017



Disclaimer



Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. SRF Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward looking statements to reflect subsequent events or circumstances.

Q2 & H1 FY18 Results Overview

04

Q2 & H1 FY18 Segmental Performance

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Company Overview

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Outlook

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Q2 & H1 FY18 RESULT OVERVIEW

Results Overview - Key Highlights



- Most business segments have performed reasonably given the tough market scenario
 - Green shoots in Specialty Chemicals Business visible, expect recovery in Q4FY18
- Capex announcements
 - Board approved setting up of an integrated facility to produce HFCs and AHF at an estimated cost of ₹356 crore. This cost includes an earlier announcement made with respect to the acquisition of HFC 125 assets and technical know-how from a global HFC player
 - The overall project entails acquisition, setting-up and the conversion of capacities of HFC 125, 32, AHF and 134a, with an aim of doubling existing capacities
 - Board approved a capacity expansion and modernization of Belting Fabric operations at TTB, Viralimalai site at an approximate cost of ₹16.9 crore

Results Overview - Financial Overview

Abridged Statement of Profit & Loss

(Rs. crore)	Q2 FY18	Q2 FY17	% Y-o-Y	H1 FY18	H1 FY17	% Y-o-Y
Gross Operating Revenue	1,286.4	1,215.4	5.8%	2,675.5	2,514.7	6.4%
EBIDTA	218.8	239.5	-8.6%	436.9	535.5	-18.4%
EBIDTA Margin (%)	17.0%	19.7%		16.3%	21.3%	
Depreciation	76.8	70.0	9.8%	152.6	139.6	9.3%
Interest & ECF	23.1	16.9	36.5%	38.7	38.6	0.3%
Profit Before Tax	118.9	152.6	-22.1%	245.5	357.3	-31.3%
Profit After Tax	102.8	122.8	-16.3%	206.6	277.4	-25.5%
Profit After Tax Margin (%)	8.0%	10.1%		7.7%	11.0%	
Diluted EPS (Rs.)	17.90	21.39		35.98	48.31	

Consolidated figures

Results Overview - Financial Overview

Key Financial Ratios

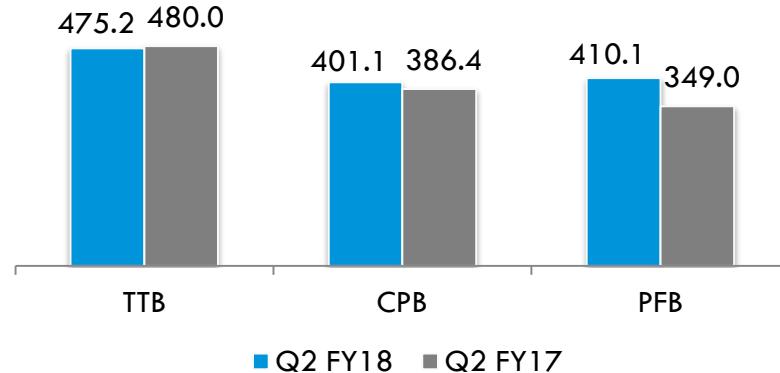
Particulars	FY13	FY14	FY15	FY16	FY17
EBITDA margin	17.59%	13.59%	20.43%	22.13%	21.42%
PAT Margin	6.69%	4.04%	8.78%	9.51%	10.87%
Net Debt to Equity	0.71	1.01	0.99	0.73	0.67
Net Debt to EBITDA	2.06	3.78	2.82	1.96	2.07
Asset Turnover	0.82	0.73	0.77	0.70	0.68
Debtors Turnover	0.13	0.17	0.13	0.11	0.14

Consolidated figures

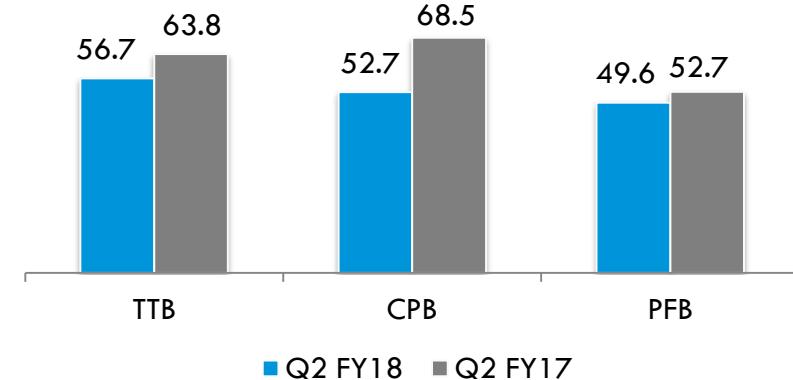
NOTE – FY16 & FY17 ratios are as per IndAS

Results Overview - Revenue & EBIT

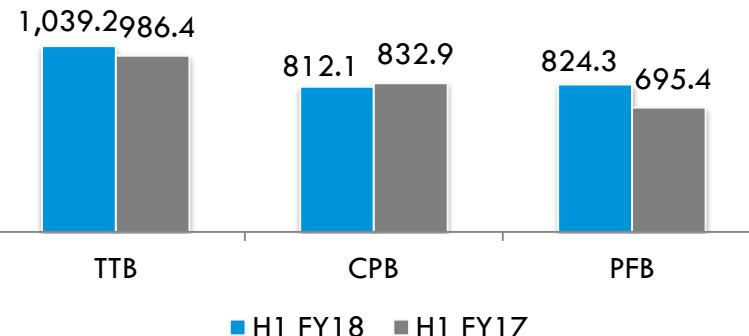
Revenues (Rs. crore)



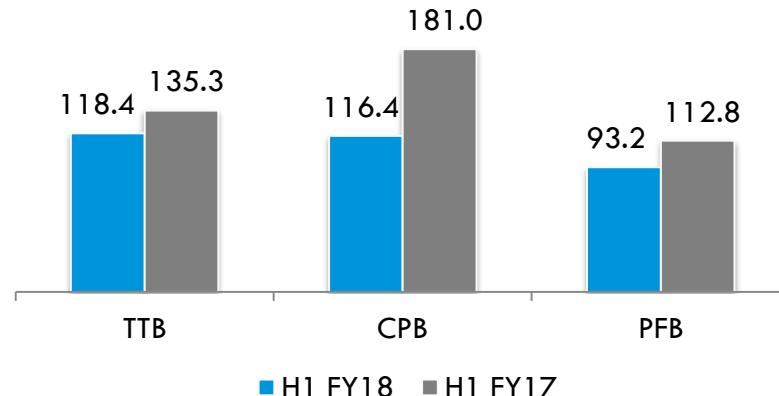
EBIT (Rs. crore)



Revenues (Rs. crore)



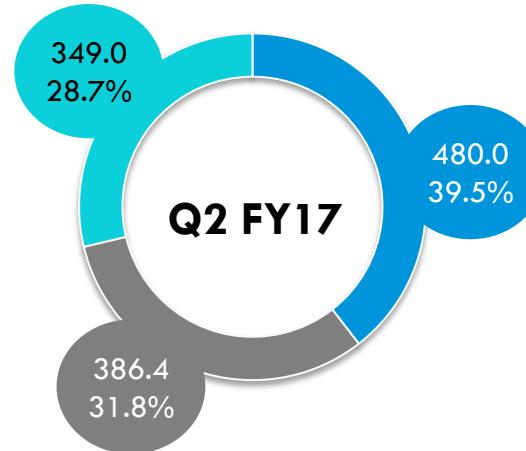
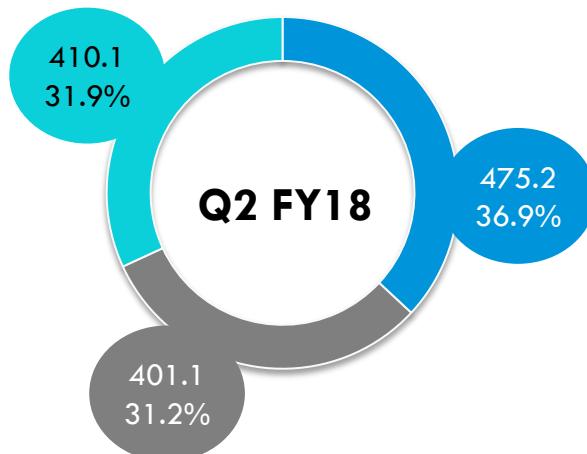
EBIT (Rs. crore)



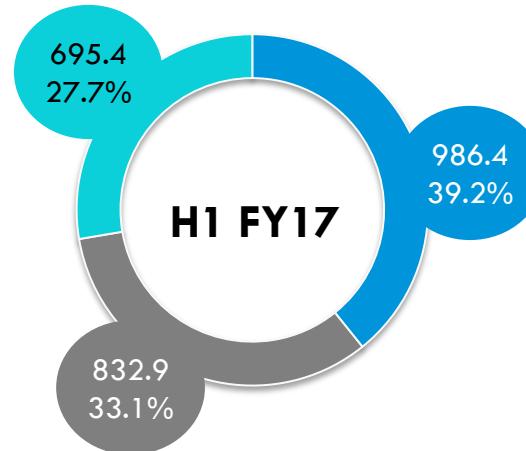
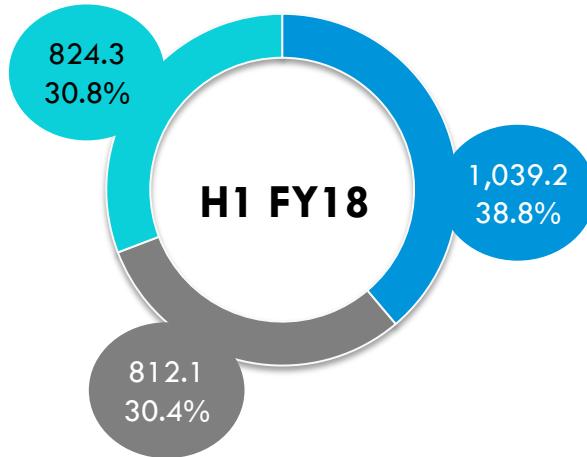
Consolidated figures

TTB – Technical Textiles Business; **CPB** – Chemicals & Polymers Business; **PFB** - Packaging Films Business;

Results Overview Revenue Share



- TTB
- CPB
- PFB



- TTB
- CPB
- PFB

Consolidated figures
(Rs. crore)



Q2 & H1 FY18 SEGMENTAL OVERVIEW

Chemicals &
Polymers

| Packaging Films

| Technical Textiles

Chemicals & Polymers



Chemicals & Polymers - Results Update

(Rs. crore)	Segment Revenues	% contribution to Revenues	EBIT	% EBIT Margins	% contribution to EBIT
Q2 FY18	401.1	31.2%	52.7	13.1%	33.1%
Q2 FY17	386.4	31.8%	68.5	17.7%	37.0%
% Shift	3.8%		-23.0%		
H1 FY18	812.1	30.4%	116.4	14.3%	35.5%
H1 FY17	832.9	33.1%	181.0	21.7%	42.2%
% Shift	-2.5%		-35.7%		

Consolidated figures

Chemicals & Polymers - Key Highlights

Specialty Chemicals Business

Sustained weak demand environment leading to inventory build-up – impacting financial performance during the period under review. The Company expects revival in demand by the end of this fiscal

- Potential of new product opportunities emerging in both Agro and Pharma segments
- SRF continues to work towards expanding presence in geographies of US, Europe and Japan to tap these markets and enhance growth opportunities
- Emphasis remains on commercial conversion of new products developed to keep the funnel full

Fluorochemicals Business

SRF delivered healthy performance during the quarter, despite disruption due to GST implementation

- SRF continues to be the largest manufacturer of refrigerants in the country – registered higher volumes on account of healthy auto demand
- Launched a new HFC blend, R407A (a drop-in substitute for R-22), which was exported to the U.S. in October 2017
- Sites at Bhiwadi and Dahej received permission to use Responsible Care logo from Indian Chemical Council
- Successfully filed Drug Master File (DMF) for HFC 134 A pharma during the quarter – transition of DuPont's Dymel customer expected over the next 12-15 months

Chemicals & Polymers - Key Highlights

SRF entered into a definitive agreement to acquire HFC-125 assets from a global major for ~ \$10 million – expands its refrigerants portfolio to service the AC industry

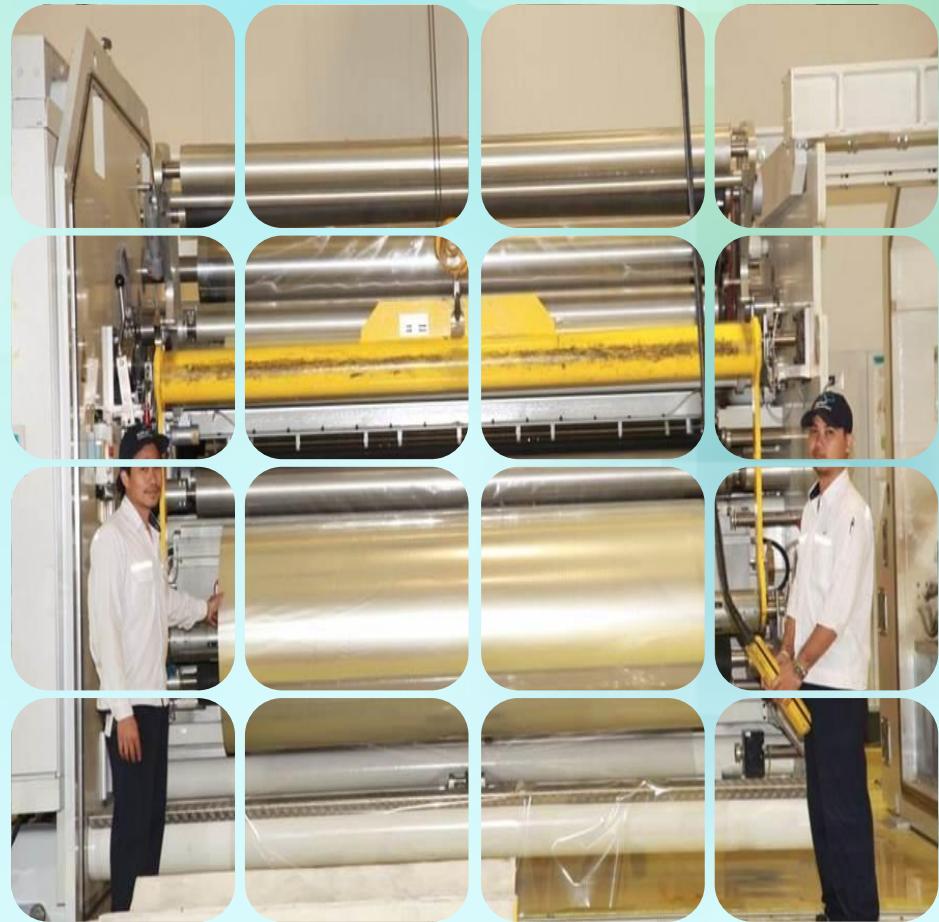
- Acquisition in-line with the strategic intent to further strengthen its position in the high growth refrigerants market
- With the acquisition, SRF has the unique advantage of manufacturing all three major HFCs, i.e. HFC 134a, 32 and 125 along with backward integration to key raw material , which will be marketed under the Company's FLORON® brand
- Also to aid greater efficiencies and provide a unique competitive advantage in the marketplace

Engineering Plastics

Segment reported notable growth this quarter with the highest ever sales recorded in September 2017

- Saw positive growth from the Auto sector – in addition, received higher approvals and volumes from newer segments like tractors, home appliances etc
- Manali plant achieved its highest ever compounding production in the month of September
- SRF introduced a new polymer and pilot supplies are in progress

Packaging Films



Packaging Films - Results Update

(Rs. crore)	Segment Revenues	% contribution to Revenues	EBIT	% EBIT Margins	% contribution to EBIT
Q2 FY18	410.1	31.9%	49.6	12.1%	31.2%
Q2 FY17	349.0	28.7%	52.7	15.1%	28.5%
% Shift	17.5%		-6%		
H1 FY18	824.3	30.8%	93.2	11.3%	28.4%
H1 FY17	695.4	27.7%	112.8	16.2%	26.3%
% Shift	18.5%		-17.4%		

Consolidated figures

Packaging Films - Key Highlights



Packaging Films Business

Segment registered subdued performance during the quarter – oversupply scenario continued to impact profitability in both BOPET and BOPP divisions

- Despite tough operating environment, all domestic facilities operated at full capacity
- Due to excess capacity, margins of flexible films remained under pressure
- Focus continues to be on optimum utilization of raw material and manpower and enhancing product mix towards innovative value added products
 - SRF commercialized both side coated polyester films during the quarter
 - Achieved highest ever production at Resin plant in Q2FY18
- Certain operational challenges in the DTA line lead to some volume loss

Technical Textiles



Technical Textiles - Results Update

(Rs. crore)	Segment Revenues	% contribution to Revenues	EBIT	% EBIT Margins	% contribution to EBIT
Q2 FY18	475.2	36.9%	56.7	11.9%	35.7%
Q2 FY17	480.0	39.5%	63.8	13.3%	34.5%
% Shift	-1.0%		-11.1%		
H1 FY18	1039.2	38.8%	118.4	11.4%	36.1%
H1 FY17	986.4	39.2%	135.3	13.7%	31.5%
% Shift	5.4%		-12.5%		

Consolidated figures

Technical Textiles - Key Highlights

Nylon Tyre Cord Fabric (NTCF)

NTCF segment continued to maintain market leadership

- Ministry of Finance imposed anti-dumping duty on import of truck and bus radial tyres from China – a positive for the industry as competition from lower priced Chinese truck and bus radials were adversely impacting domestic volumes
- Custom Duty was increased from 10% to 20% on Nylon Fabric as well in October 2017
- Volatility in Caprolactam prices led to some margin loss in the short term

Laminated Fabrics

- Continues to be a leader in supplying quality products in the market
- Maintained price leadership and only supplier maintaining 100% advance payment terms
- GST implementation adversely impacted market. Witnessing slow recovery since September '17

Belting Fabrics

- Delivered robust performance in the quarter – healthy visibility on the back of a strong order book position
- Manufacturing facility operating at full capacity



COMPANY OVERVIEW

Overview - Business Profile

Chemicals & Polymers

Fluorochemicals

- Refrigerants
- Chlorinated solvents

Specialty Chemicals

- Organic intermediates

Engineering Plastics

- Polymer compounds

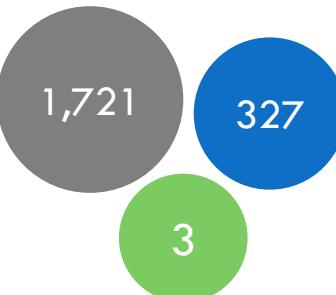
Packaging Films

Films for Flexible Packaging

- Bi-axially Oriented Polyethylene Terephthalate (BOPET)
- Bi-axially Oriented Polypropylene (BOPP)

Technical Textiles

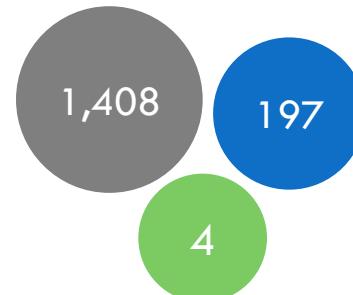
- Tyre cord fabrics (nylon & polyester)
- Belting fabrics
- Coated fabrics
- Laminated fabrics
- Industrial yarns



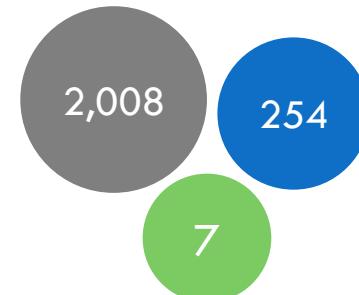
Revenue

EBIT

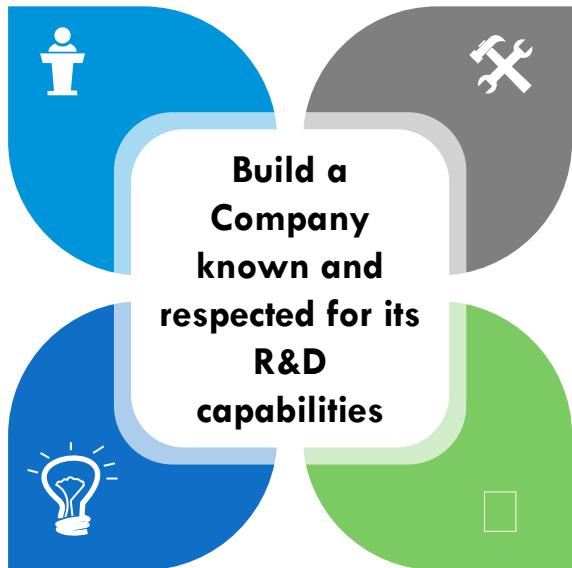
Number of Plant Locations



Consolidated figures in Rs. Crore



Overview Growth Levers



Focus on building leadership businesses

Build and maintain market leadership in business segments



Nurture innovation through R&D

Reposition portfolio towards knowledge based products



Drive growth in new businesses

De-risk from Technical Textiles Business



Focus on building knowledge based value-added products

Continue to build new competencies in the chemical technology space



The Chemicals Technology Group (CTG) is actively engaged in the development of new process technologies

- Key focus on the niche area of fluorinated molecules

Strong internal competencies and capabilities

- Equipped with state-of-the-art R&D facilities and an ingenious team of scientists and engineers

2 R&D centres in India

Filed 10 process patents in Q2FY18 taking the tally to 122 patents filed to date and 9 have been granted



OUTLOOK

Outlook Chemicals & Polymers Business



Focus on expanding to new markets / geographies for refrigerants and solvents

Integrated capacities to produce a range of current & future HFC's to cater to customer needs



Focus on moving up the value chain through accelerating qualifications for new molecules and active ingredients in both Agro and Pharmaceutical sectors

Increased capex is being undertaken to ensure we have capacities in place to meet the expected rebound

Outlook Packaging Films Business



Focus on increasing pace of R&D efforts, efficient cost structures, enhanced capabilities and value-added products in the portfolio



New DTA line at Indore is on schedule for BOPP

Supply overhang for BOPET in India and pressure on BOPP margins likely to continue

Outlook Technical Textiles



NTCF is expected to remain a key business in the segment and a generator of steady cash flow



Other sub segments of Technical Textiles started to contribute to its performance

Improving macroeconomic environment to have a positive impact on coated and belting fabric segments going forward

About Us



Established in 1970, SRF Limited with an annual turnover of ₹5100 crore (US\$ 790 million) is a chemical based multi-business entity engaged in the manufacturing of industrial and specialty intermediates. The company's diversified business portfolio covers Technical Textiles, Fluorochemicals, Specialty Chemicals, Packaging Films and Engineering Plastics. Anchored by a strong workforce of close to 6500 employees from different nationalities working across 10 manufacturing locations in India, 2 in Thailand and 2 in South Africa, the company exports to more than 75 countries. Equipped with State-of-the-Art R&D facilities, SRF has filed 114 patents for R&D and technology so far, of which nine have been granted. A winner of the prestigious Deming Prize for two of its businesses namely Tyre Cord and Chemicals, SRF continues to redefine its work and corporate culture with TQM as its management way.

For further information please contact

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Thank You

