



# SRF Limited

Q4 & FY18 Results Presentation

May 17, 2018



# Disclaimer



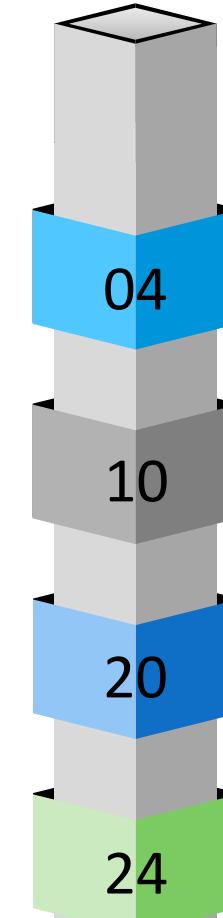
Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from 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.

Q4 & FY18 Results Overview

Q4 & FY18 Segmental Performance

Company Overview

Outlook





# Q4 & FY18 RESULT OVERVIEW

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# Results Overview - Financial Overview



## Abridged Statement of Profit & Loss

(Rs. crore)	Q4 FY18	Q4 FY17	% Y-o-Y	FY18	FY17	% Y-o-Y
<b>Gross Operating Revenue</b>	<b>1,612.3</b>	<b>1,416.4</b>	<b>13.8%</b>	<b>5,684.9</b>	<b>5,136.6</b>	<b>10.7%</b>
<b>EBIDTA</b>	<b>285.6</b>	<b>241.7</b>	<b>18.2%</b>	<b>975.0</b>	<b>1,014.9</b>	<b>-3.9%</b>
<i>EBIDTA Margin (%)</i>	17.7%	17.1%	-	17.2%	19.8%	-
Depreciation	86.1	73.0	18.0%	315.8	283.4	11.4%
Interest	42.5	22.8	86.4%	123.9	101.8	21.7%
ECF (Gain) / Loss	-6.4	-18.5	-	-46.3	-27.6	68.1%
<b>Profit Before Tax</b>	<b>163.4</b>	<b>164.4</b>	<b>-0.6%</b>	<b>581.7</b>	<b>657.2</b>	<b>-11.5%</b>
<b>Profit After Tax</b>	<b>123.9</b>	<b>129.2</b>	<b>-4.1%</b>	<b>461.7</b>	<b>515.0</b>	<b>-10.3%</b>
<i>Profit After Tax Margin (%)</i>	7.7%	9.1%	-	8.1%	10.0%	-
Diluted EPS (Rs.)	21.58	22.50	-	80.41	89.69	-

Consolidated figures

# Results Overview - Financial Overview

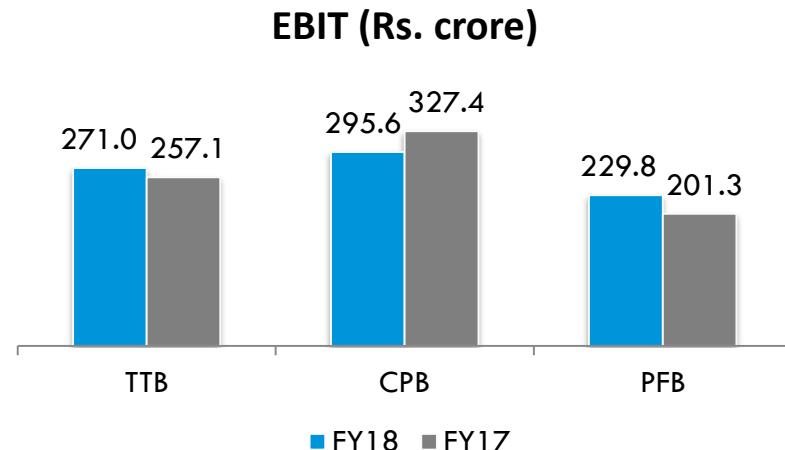
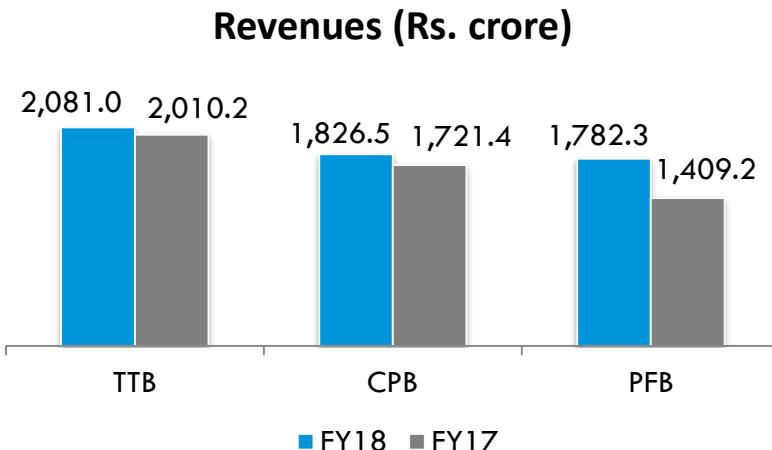
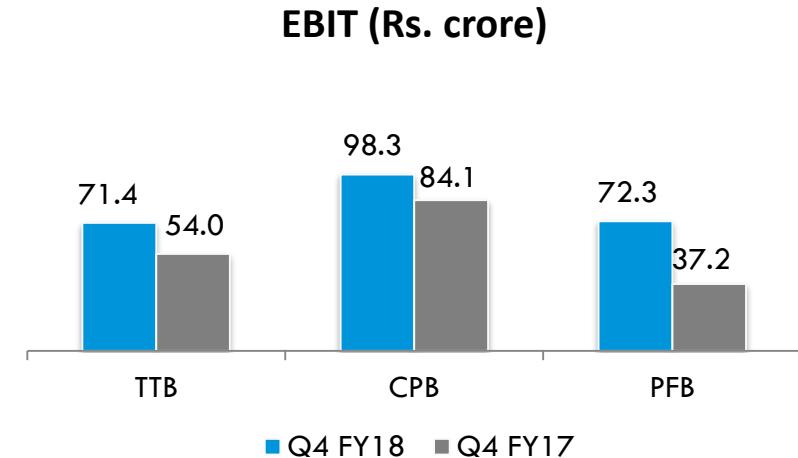
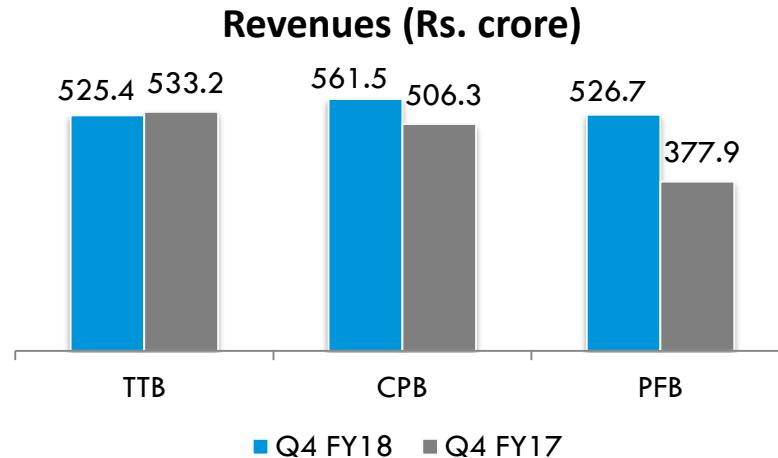
## Key Financial Ratios

Particulars	FY13	FY14	FY15	FY16	FY17	FY18
EBITDA margin	17.59%	13.59%	20.43%	22.13%	21.42%	17.69%
PAT Margin	6.69%	4.04%	8.78%	9.51%	10.87%	8.38%
Net Debt to Equity	0.71	1.01	0.99	0.73	0.67	0.82
Net Debt to EBITDA	2.06	3.78	2.82	1.96	2.07	3.00
Asset Turnover	0.82	0.73	0.77	0.70	0.68	0.66
Debtors Turnover	0.13	0.17	0.13	0.11	0.14	0.12

*Consolidated figures*

**NOTE – FY16, FY17 & FY18 ratios are as per IndAS**

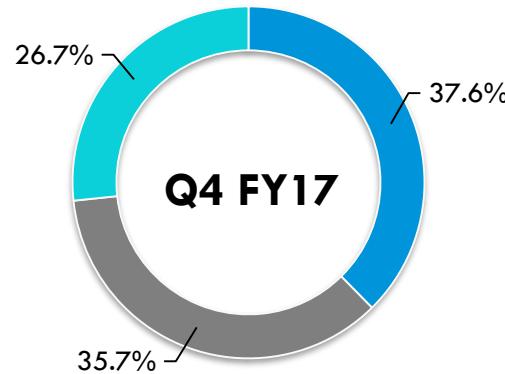
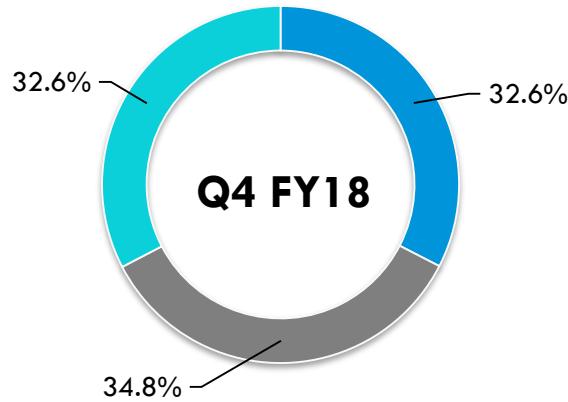
# Results Overview - Revenue & EBIT



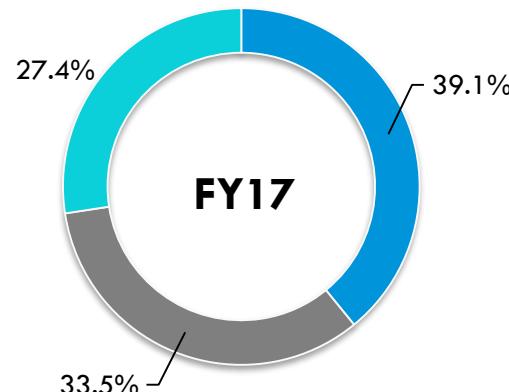
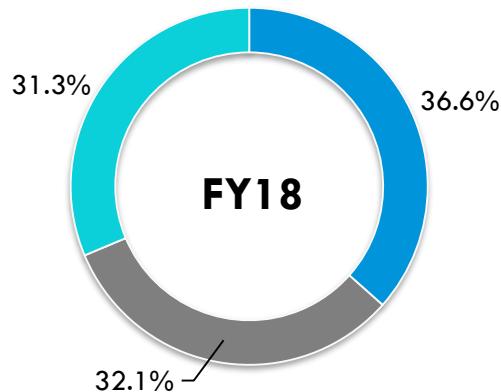
Consolidated figures

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

# Results Overview Revenue Share



● TTB  
● CPB  
● PFB



● TTB  
● CPB  
● PFB



# Q4 & FY18 SEGMENTAL OVERVIEW

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Chemicals &  
Polymers

| Packaging Films

| Technical Textiles

# Chemicals & Polymers



# Chemicals & Polymers - Results Update

(Rs. crore)	Segment	% contribution	EBIT	%	% contribution
	Revenues	to Revenues		EBIT Margins	to EBIT
<b>Q4 FY18</b>	<b>561.5</b>	<b>34.8%</b>	<b>98.3</b>	<b>17.5%</b>	<b>40.6%</b>
Q4 FY17	506.3	35.7%	84.1	16.6%	47.9%
% Shift	10.9%		16.9%		
<b>FY18</b>	<b>1,826.5</b>	<b>32.1%</b>	<b>295.6</b>	<b>16.2%</b>	<b>37.1%</b>
FY17	1,721.4	33.5%	327.4	19.0%	41.7%
% Shift	6.1%		-9.7%		

Consolidated figures

## Fluorochemicals Business

**Delivered better performance in the segment on account of improving volumes and healthy realizations**

- SRF expanded its market share across all product categories and geographies
  - Continues to be the largest manufacturer of refrigerants in the country
  - Manufacturing of all three major HFC's provides a unique proposition of being able to manufacture HFC blends
- SRF first ever patent filed for a drop in substitute for F-22
- Newly commissioned Chloromethanes plant at Dahej achieved 100% capacity utilization during the quarter
- Successfully filed Drug Master File (DMF) for Dymel's HFC 134 A pharma
- Domestic Air Conditioning market grew at ~12% (estimated) in FY 18 – increasing shift towards HFC refrigerants, where SRF is a dominant player
- Passenger vehicle sales recorded growth of 8% in FY18 aiding volume growth

# Chemicals & Polymers - Key Highlights



## Specialty Chemicals Business

**Recovery in the agrochemicals sector is taking longer than expected - things to start looking up only towards the end of this calendar year**

- In FY18, contribution from Agro-Chemical segment remained subdued on account of lower demand
- Continue to focus on increasing penetration in geographies of U.S., Europe and Japan for higher performance
- Expanded the portfolio for both Agro and Pharma products while targeting new customers
- New plants of MPP3, P33, and others during this financial year

## Engineering Plastics

**Segment reported robust performance in the quarter under review**

- Launched a new grade of Polyamide 6 material, which assists fastening applications
- Demand from electrical industry has shown improvement as many real estate projects are reaching completion stage
- Improving growth trends in 2 wheeler and 4 wheeler passenger vehicle sales is a positive for the segment

# Packaging Films



# Packaging Films - Results Update



<b>Segment (Rs. crore)</b>	<b>Revenues</b>	<b>% contribution to Revenues</b>	<b>EBIT</b>	<b>% EBIT Margins</b>	<b>% contribution to EBIT</b>
<b>Q4 FY18</b>	<b>526.7</b>	<b>32.6%</b>	<b>72.3</b>	<b>13.7%</b>	<b>29.9%</b>
Q4 FY17	377.9	26.7%	37.2	9.9%	21.2%
<b>% Shift</b>	<b>39.4%</b>		<b>94.1%</b>		
<b>FY18</b>	<b>1,782.3</b>	<b>31.3%</b>	<b>229.8</b>	<b>12.9%</b>	<b>28.9%</b>
FY17	1,409.2	27.4%	201.3	14.3%	25.6%
<b>% Shift</b>	<b>26.5%</b>		<b>14.2%</b>		

Consolidated figures

## Packaging Films Business

**Segment delivered steady performance during the quarter**

- All facilities operated at full levels despite a challenging external environment
  - Focus on launching new products and enhance contribution from value added products
  - Newly commissioned BOPET and BOPP Film plants at Domestic Tariff Area (DTA), Indore are fully utilized and have significantly contributed to the overall performance
  - Despite volatile domestic market conditions in South Africa, the unit continues to increase its domestic share
  - Thailand plant performed very well and achieved targets despite facing high competition
- In 2018, the Board had approved setting up of a BOPET film line and a Metallizer in Hungary at an estimated cost of Euro 58 million
- Global supply demand situation improving in BOPET, but BOPP continues to go through a difficult phase

# Technical Textiles



# Technical Textiles - Results Update



(Rs. crore)	Segment Revenues	% contribution to Revenues	EBIT	% EBIT Margins	% contribution to EBIT
<b>Q4 FY18</b>	<b>525.4</b>	<b>32.6%</b>	<b>71.4</b>	<b>13.6%</b>	<b>29.5%</b>
Q4 FY17	533.2	37.6%	54.0	10.1%	30.8%
% Shift	-1.5%		32.1%		
<b>FY18</b>	<b>2,081.0</b>	<b>36.6%</b>	<b>271.0</b>	<b>13.0%</b>	<b>34.0%</b>
FY17	2,010.2	39.1%	257.1	12.8%	32.7%
% Shift	3.5%		5.4%		

Consolidated figures

# Technical Textiles - Key Highlights

## Nylon Tyre Cord Fabric (NTCF)

### SRF maintains market share despite tough operating environment

- Segment reported improved performance owing to better volumes and cost improvement measures
- Plant in Rayong, Thailand awarded the 'GREEN STAR' award for the 3rd consecutive year by the Government of Thailand
  - The award is a recognition of the sustainable efforts towards safety, protection of the environment and care for the community

## Belting Fabrics

- Performance improved on account of higher volumes and increased contribution from value added products
- SRF's focus on Research and Development aiding superior products

# Technical Textiles - Key Highlights



## Laminated Fabrics & Coated Fabrics

- In Laminated Fabrics, the Company added new customers and maintained sales performance despite tough operating environment
- In Coated Fabrics, SRF continues to maintain domestic market leadership



# COMPANY OVERVIEW

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# Overview - Business Profile

## Chemicals & Polymers

### Fluorochemicals

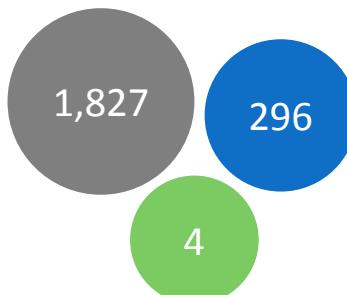
- Refrigerants
- Chlorinated solvents
- Industrial chemicals

### Specialty Chemicals

- Organic intermediates

### Engineering Plastics

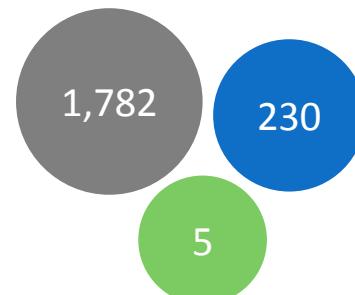
- Polymer compounds



## Packaging Films

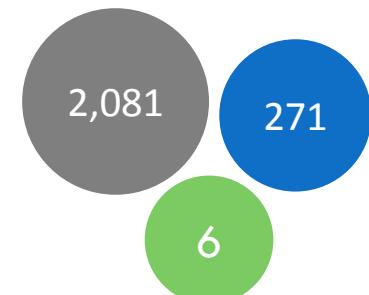
### Films for Flexible Packaging

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



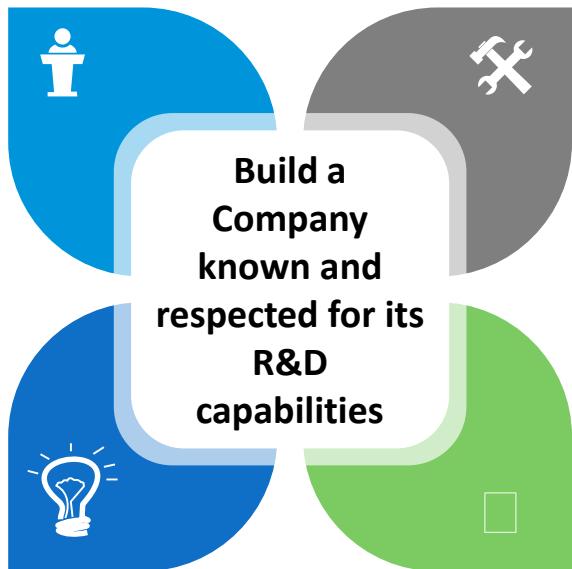
## Technical Textiles

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



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

# Overview Driving Innovation through R&D



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 24 process patents in FY18 taking the tally to 135 patents filed to date and 12 have been granted globally**



# OUTLOOK

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# 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



**Revival in demand for BOPET**

**Supply overhang likely to continue in the BOPP segment**

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



# 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 ₹5,600 crore (US\$ 860 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 more than 6,300 employees from different nationalities working across twelve manufacturing plants in India, two in Thailand and one in South Africa, the company exports to more than 75 countries. Equipped with State-of-the-Art R&D facilities, SRF has filed 135 patents for R&D and technology so far, of which twelve 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

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