



# SRF Limited

Q1 FY16 Results Presentation

August 2015

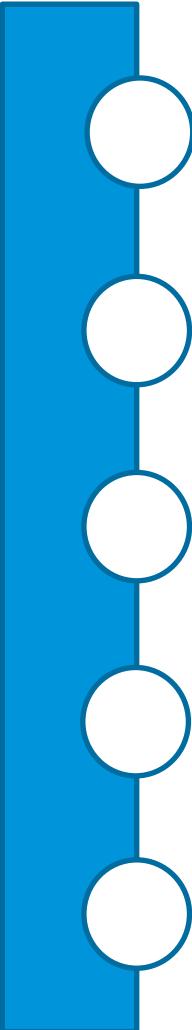
Diversity

Innovation

Performance



*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.*



**Health & Safety Record**

**Q1 FY16 Results Overview**

**Q1 FY16 Segmental Performance**

**Company Overview**

**Outlook**



## Health & Safety Record

## Chemical Plant at Bhiwadi

- **11.2 Million accident free hrs achieved as on Oct 2014**
- Current status of accident free Man-Hrs is 2 Million

## Chemical Complex at Dahej

- State-of-the-art Effluent Treatment Plant
- Highest achieved 'accident free' Man-Hrs: 4,13,7000 for the period 9 May'13 to 3 Jan'15

## Technical Textiles Business

- Behaviour Based Safety successfully implemented in Textile process of all TTB Indian units
- No Major incident in year 2014-15 across all TTB units

## Packaging Films Business

- Completed 78000 Man-Hrs without dangerous occurrence



## Q1 FY16 Results Overview



- **Strong results across all three business segments despite sluggish economic environment**
- **Board approved three separate capex proposals aggregating to Rs. 394 crore**
  - Establishing a new greenfield packaging film line in the Domestic Tariff Area at a new location near the Company's Indore plant in SEZ - **Rs. 356 crore**
  - Setting up a HFC 134a Pharma Grade Manufacturing and Filling facility meeting cGMP requirements at the existing Chemical Complex at Dahej - **Rs. 26 crore**
  - HFC 32 to be manufactured as well by modifying the Bhiwadi HFC 134a plant into a swing plant - **Rs. 12 crore**
- **Interim dividend at the rate of 50% amounting to Rs. 5 per share**

## Abridged Statement of Profit & Loss

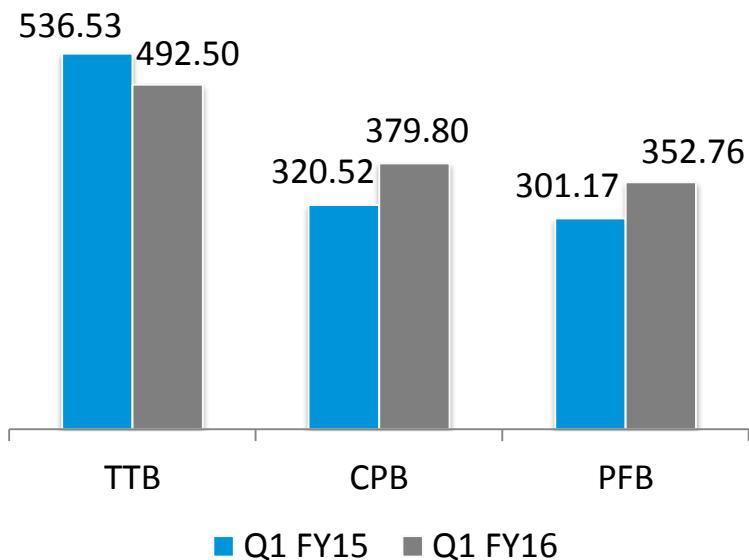
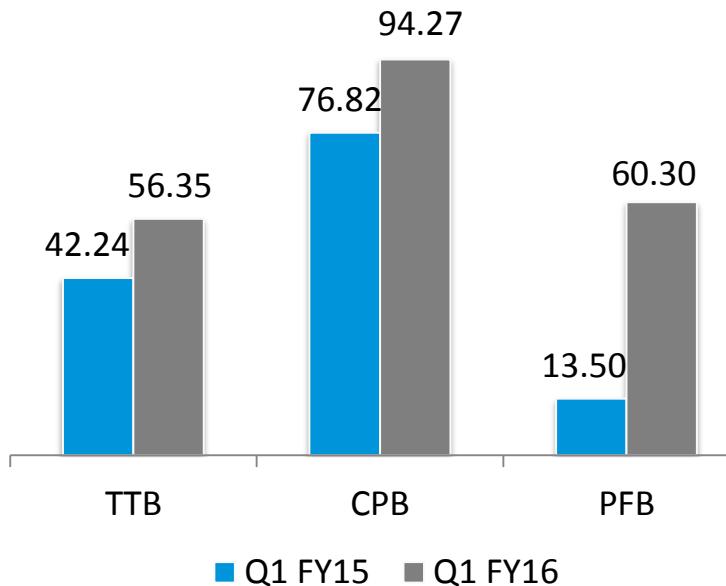
(Rs. crore)	Q1 FY16	Q1 FY15	% Y-o-Y Growth	FY15	FY14	% Y-o-Y Growth
<b>Net Operating Revenue</b>	<b>1,223.13</b>	<b>1,155.87</b>	<b>5.82</b>	<b>4,539.85</b>	<b>4,018.06</b>	<b>12.99</b>
<b>EBDITA</b>	<b>270.19</b>	<b>210.82</b>	<b>28.16</b>	<b>791.48</b>	<b>546.02</b>	<b>44.95</b>
EBDITA Margin (%)	22.09%	18.24%		17.43%	13.59%	
Depreciation	72.26	57.82	<b>24.97</b>	245.03	224.75	<b>9.02</b>
Interest	33.60	32.76	<b>2.56</b>	137.58	96.12	<b>43.13</b>
<b>Profit Before Tax</b>	<b>165.02</b>	<b>120.02</b>	<b>37.49</b>	<b>399.43</b>	<b>207.97</b>	<b>92.06</b>
<b>Profit After Tax</b>	<b>113.21</b>	<b>92.50</b>	<b>22.39</b>	<b>302.81</b>	<b>162.45</b>	<b>86.40</b>
Profit After Tax Margin (%)	9.26%	8.00%		6.67%	4.04%	
Diluted EPS (Rs.)	19.72	16.11		52.74	28.29	

*Consolidated figures*

## Key Financial Ratios

Particulars	FY13	FY14	FY15
EBITDA margin	17.59%	13.59%	17.43%
PAT Margin	6.69%	4.04%	6.67%
Net Debt to Equity	0.71	1.01	0.99
Net Debt to EBITDA	2.06	3.78	2.82
Return on Net Worth	23.07%	14.92%	23.69%
Return on Capital Employed	7.14%	3.88%	6.36%
Asset Turnover	0.82	0.73	0.76
Debtors Turnover	0.13	0.17	0.13

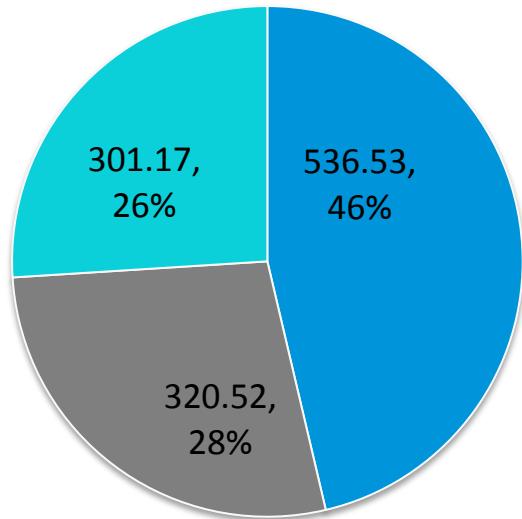
*Consolidated figures*

**Revenues (Rs. crore)****EBIT (Rs. crore)**

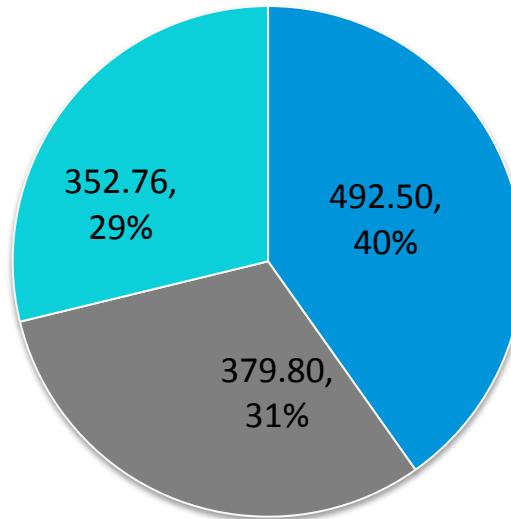
**TTB – Technical Textiles Business; CPB – Chemicals & Polymers Business; PFB - Packaging Films Business;**

*Consolidated figures*

Q1 FY15



Q1 FY16



- TTB
- CPB
- PFB

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

Consolidated figures



Technical Textiles

Chemicals & Polymers

Packaging Films



**Q1 FY16 Segmental Overview**

<b>(Rs. crore)</b>	<b>Segment Revenues</b>	<b>% contribution to Revenues</b>	<b>EBIT</b>	<b>% EBIT Margins</b>	<b>% contribution to EBIT</b>
<b>Q1 FY16</b>	<b>492.50</b>	<b>40.20</b>	<b>56.35</b>	<b>11.44</b>	<b>26.72</b>
Q1 FY15	536.53	46.32	42.24	7.87	31.86
<b>% Shift</b>	<b>-8.21</b>		<b>33.40</b>		

*Consolidated figures*

- **Technical Textiles Business delivered improved performance across most of its segments**
- **NTCF segment witnessed improved margins**
  - Positive trends witnessed in medium and heavy commercial vehicle segment
- **Belting Fabrics and Coated Fabrics delivered healthy performance on account of higher volumes and realisations leading to expanded market share**
- **Laminated Fabrics demand was adversely affected by seasonal changes and competition**
  - The Company continues to introduce innovative products to enhance market share
- **Improved economic activity and revival in Infrastructure & Mining sectors to aid better performance in the segment going forward**
- **Positive trends in Commercial Vehicle segment to counter radialisation in NTCF segment**
- **Free cash flow generating business with stable contribution to profitability**
- **No further major investments anticipated**



Technical Textiles

Chemicals & Polymers

Packaging Films



**Q1 FY16 Segmental Overview**

<b>(Rs. crore)</b>	<b>Segment Revenues</b>	<b>% contribution to Revenues</b>	<b>EBIT</b>	<b>% EBIT Margins</b>	<b>% contribution to EBIT</b>
<b>Q1 FY16</b>	<b>379.80</b>	<b>31.00</b>	<b>94.27</b>	<b>24.82</b>	<b>44.69</b>
Q1 FY15	320.52	27.67	76.82	23.97	57.95
<b>% Shift</b>	<b>18.49</b>		<b>22.72</b>		

*Consolidated figures*

- **The Chemicals and Polymers Business delivered strong performance**
- **HFC 134a achieved highest ever domestic sales - up by 36% as compared to Q1 FY15**
  - Increased market penetration through sale of cans
  - Added new export markets like Europe and Southeast Asia Market leading to 4 times increase in export sales as compared to Q1 last year
  - The Company has successfully integrated most of **Dymel** HFC 134a customers
- **Achieved highest ever sales of R22 in domestic market**
  - In Q1 FY16, AC market grew by 10% and replacement market grew by ~25%
- **Specialty Chemicals segment delivered healthy results**
  - Launched 2 new products in this segment during the quarter
  - Furthermore, 2 new pharma products to be included in pilot campaigns in Q2 FY16

- **Long-term outlook for Specialty Chemicals business remains robust**
  - More than 75 products in the funnel – 4 new products developed
  - Continued focus on expansion of pharmaceutical intermediates in product portfolio, in addition to agrochemical products in FY16
  - Strong emphasis on strengthening long term strategic relationship
- **Key focus on increasing HFC 134a sales in India and exports in FY16**



Technical Textiles

Chemicals & Polymers

Packaging Films



**Q1 FY16 Segmental Overview**

(Rs. crore)	Segment Revenues	% contribution to Revenues	EBIT	% EBIT Margins	% contribution to EBIT
<b>Q1 FY16</b>	<b>352.76</b>	<b>28.80</b>	<b>60.30</b>	<b>17.09</b>	<b>28.59</b>
Q1 FY15	301.17	26.00	13.50	4.48	10.18
% Shift	17.13		346.67		

*Consolidated figures*

- **Packaging Films Business delivered healthy performance with improving revenues, efficiencies and higher margins leading to enhanced profitability**
  - All plants reported improved efficiencies: better production rate and lower conversion cost
  - Quarterly production increased by **14%**
  - Expected to **commission new production line** in Indore by **March 2017**
- **Margins in quarter partly improved due to unexpected events in raw material supplies, thus affecting the market sentiment regarding availability of films – this is expected to normalize in the ensuing quarters leading to higher supply in the international market**
- **Driven by FMCG growth & urbanisation, Indian market expected to grow by 10% y-o-y**
- **Facilities in Thailand and South Africa expected to further improve profitability in FY2016**
  - Domestic sales in South Africa likely to pick up due to festive season in H2FY16
  - Increasing supply from Chinese players could lead to higher competition



## Company Overview

## Technical Textiles

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

## Chemicals & Polymers

### Fluorochemicals

- Refrigerants
- Chlorinated solvents

### Specialty Chemicals

- Organic intermediates

### Engineering Plastics

- Polymer compounds

## Packaging Films

### Films for Flexible Packaging

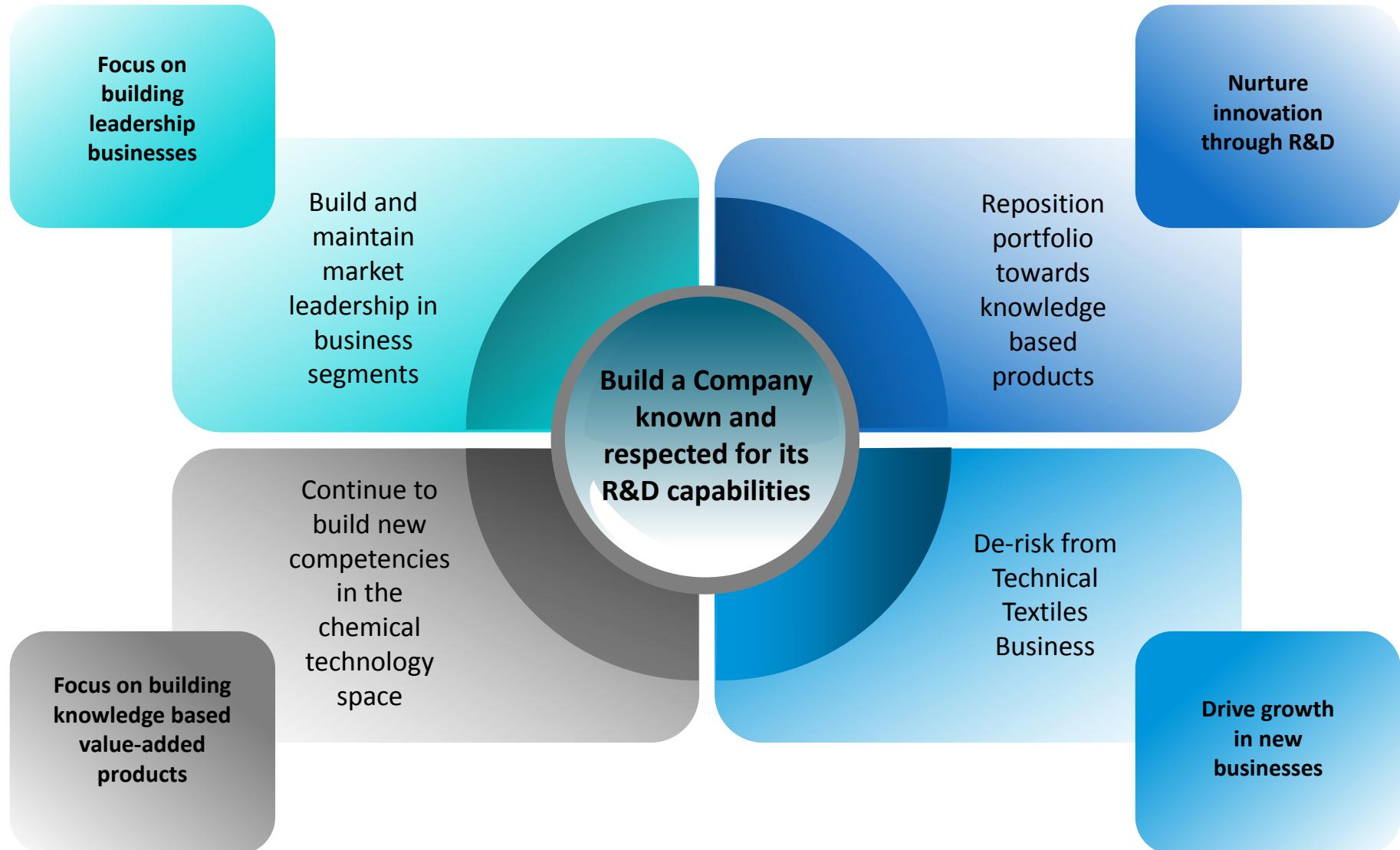
- Bi-axially Oriented Polyethylene Terephthalate (BOPET)
- Bi-axially Oriented Polypropylene (BOPP)

<b>Revenue</b>	<b>2,032</b>
<b>Operating Profit</b>	<b>196</b>
<b>Number of Plant Locations</b>	<b>7</b>

<b>Revenue</b>	<b>1,263</b>
<b>Operating Profit</b>	<b>298</b>
<b>Number of Plant Locations</b>	<b>4</b>

<b>Revenue</b>	<b>1,245</b>
<b>Operating Profit</b>	<b>64</b>
<b>Number of Plant Locations</b>	<b>4</b>

Consolidated, FY15 figures in Rs. Crore



- **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 15 process patents during FY2015 taking the tally to 54 patents filed till date, out of which 4 have been granted**





## Outlook

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- NTCF is expected to remain a key business in the segment and a generator of steady cash flow
- Demand for NTCF to mirror Indian GDP growth as it is closely linked to the transportation sector
- Improving macroeconomic environment to have a positive impact on coated and belting fabric segments going forward





- Future potential and prospects of the **Specialty Chemicals Business** remain robust
- Focus on expanding range of specialty products and moving towards higher value-added products in the agrochemical and pharmaceutical sectors
- Ongoing investments in R&D leading to a healthy pipeline of new products

- Driven by the robust FMCG growth and fast urbanisation, domestic market in India is expected to grow by 10% year-on-year
- Focus on having efficient cost structures, enhanced capabilities and incorporating more value-added products in the portfolio
- International operations to report improved profitability in FY16



# About Us



Established in 1970, SRF as a group has today grown into a global entity with operations in 3 countries. Apart from Technical Textiles Business, in which it enjoys a global leadership position, SRF is a domestic leader in Refrigerants, Engineering Plastics and Industrial Yarns as well.

The Company also enjoys a significant presence among the key domestic manufacturers of Polyester Films and Specialty Chemicals. Building on its in-house R&D facilities for Chemicals Business and Technical Textiles Business, the company strives to stay ahead in business through innovations in operations and product development. 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 the TQM as its management way.

## For further information please contact

### **Mukund Trivedy**

Head of Corporate Communications  
SRF Limited  
Mobile: +919871709177  
Email: [mukund.trivedy@srf.com](mailto:mukund.trivedy@srf.com)

### **Anoop Poojari / Karl Kolah**

CDR India  
Tel: +91 22 6645 1211 / 1220  
Email: [anoop@cdr-india.com](mailto:anoop@cdr-india.com); [karl@cdr-india.com](mailto:karl@cdr-india.com)



Thank you

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