



SRF Limited

Q2 & H1 FY16 Results Presentation

November 2015

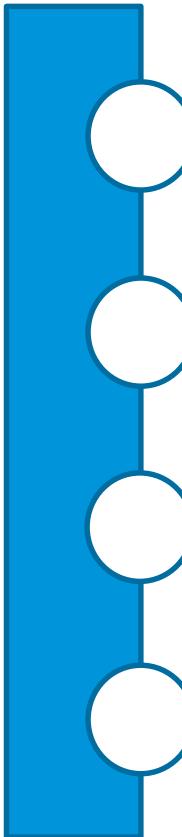
Diversity

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.



Q2 & H1 FY16 Results Overview

Q2 & H1 FY16 Segmental Performance

Company Overview

Outlook



Q2 & H1 FY16 Results Overview

Abridged Statement of Profit & Loss

| (Rs. crore) | Q2 FY16 | Q2 FY15 | % Y-o-Y Growth | H1 FY16 | H1 FY15 | % Y-o-Y Growth |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net Operating Revenue | 1,164.6 | 1,189.5 | -2.1 | 2,387.8 | 2,345.3 | 1.8 |
| EBDITA | 251.9 | 224.7 | 12.1 | 522.1 | 435.5 | 19.9 |
| EBDITA Margin (%) | 21.6% | 18.9% | | 21.9% | 18.6% | |
| Depreciation | 73.2 | 61.6 | 18.8 | 145.4 | 119.4 | 21.8 |
| Interest | 32.7 | 37.5 | -12.7 | 66.3 | 70.2 | -5.6 |
| Profit Before Tax | 135.5 | 120.0 | 13.0 | 300.6 | 240.0 | 25.2 |
| Profit After Tax | 100.3 | 78.5 | 27.7 | 213.5 | 171.0 | 24.8 |
| Profit After Tax Margin (%) | 8.6% | 6.6% | | 8.9% | 7.3% | |
| Diluted EPS (Rs.) | 17.5 | 13.7 | 27.7 | 37.2 | 29.8 | 24.8 |

Consolidated figures

Abridged Balance Sheet

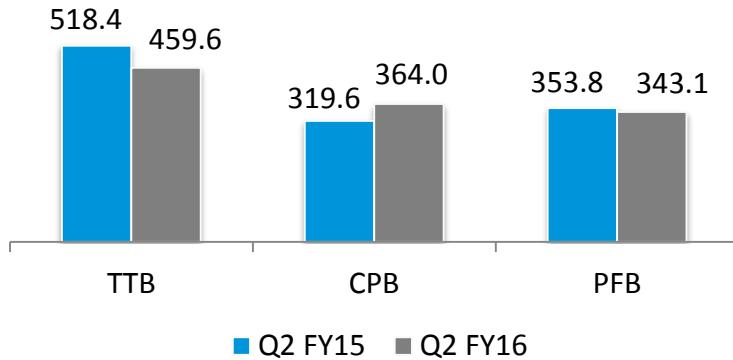
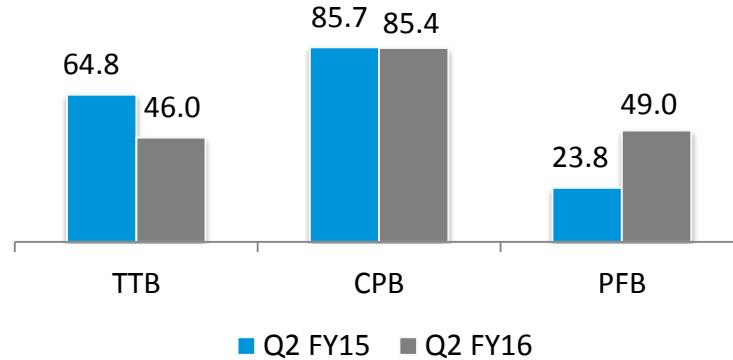
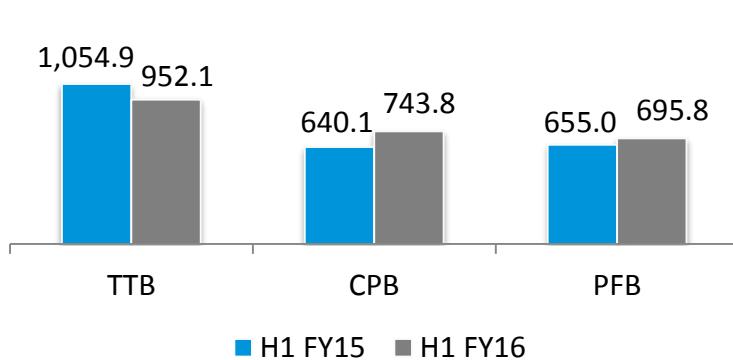
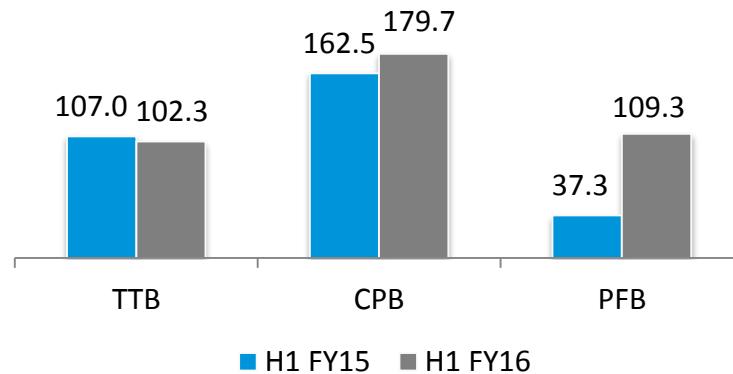
| (Rs. crore) | As on Sep 31, 2015 | As on Mar 31, 2015 | (Rs. crore) | As on Sep 31, 2015 | As on Mar 31, 2015 |
|-------------------------------|--------------------|--------------------|---------------------|--------------------|--------------------|
| Shareholders' funds | | | | | |
| Share Capital | 58.44 | 58.44 | | | |
| Reserves and surplus | 2412.01 | 2237.90 | | | |
| Non-current liabilities | 1968.47 | 2264.29 | Non-current assets | 4389.08 | 4237.64 |
| Current liabilities | 1871.01 | 1393.33 | Current assets | 1920.85 | 1716.32 |
| EQUITY AND LIABILITIES | 6309.93 | 5953.96 | TOTAL ASSETS | 6309.93 | 5953.96 |

Consolidated figures

Key Financial Ratios

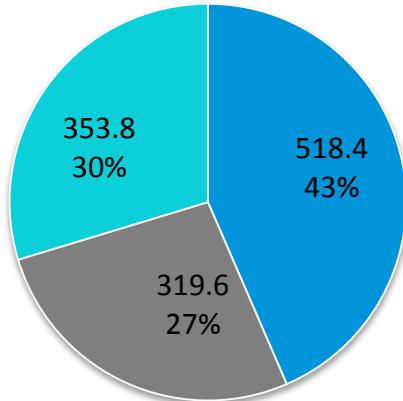
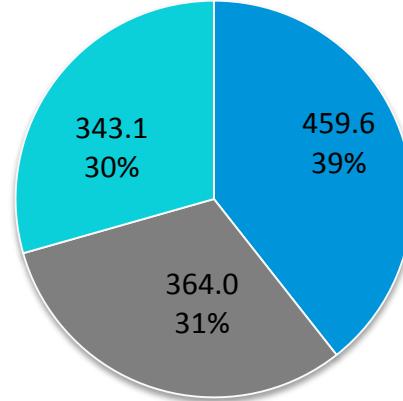
| Particulars | FY13 | FY14 | FY15 |
|----------------------------|--------|--------|--------|
| EBITDA margin | 17.59% | 13.59% | 17.43% |
| PAT Margin | 6.69% | 4.04% | 6.67% |
| Net Debt to Equity | 0.71 | 1.01 | 0.99 |
| Net Debt to EBITDA | 2.06 | 3.78 | 2.82 |
| Return on Net Worth | 23.07% | 14.92% | 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

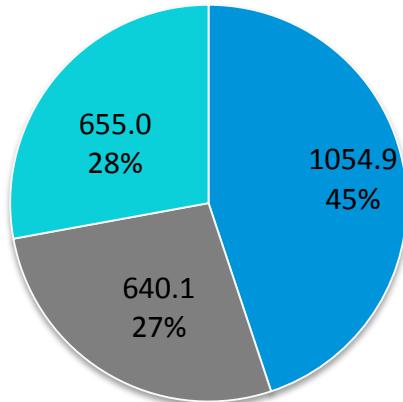
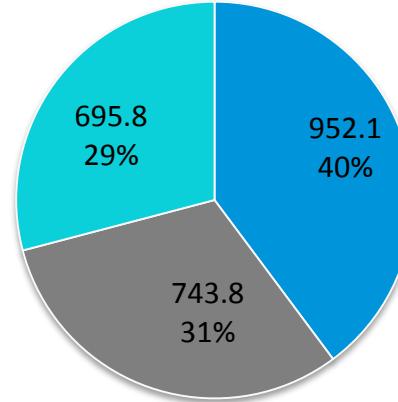
Revenues (Rs. crore)**EBIT (Rs. crore)****Revenues (Rs. crore)****EBIT (Rs. crore)**

Consolidated figures

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

Q2 FY15**Q2 FY16**

- TTB
- CPB
- PFB

H1 FY15**H1 FY16**

Consolidated figures

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



Technical Textiles

Chemicals & Polymers

Packaging Films



Q2 & H1 Segmental Overview

| (Rs. crore) | Segment Revenues | % contribution to Revenues | EBIT | % EBIT Margins | % contribution to EBIT |
|----------------|------------------|----------------------------|---------------|----------------|------------------------|
| Q2 FY16 | 459.6 | 39.4 | 46.0 | 10.0 | 25.5 |
| Q2 FY15 | 518.4 | 43.5 | 64.8 | 12.5 | 37.2 |
| % Shift | (11.3) | | (29.0) | | |
| H1 FY16 | 952.1 | 39.8 | 102.3 | 10.7 | 26.1 |
| H1 FY15 | 1054.9 | 44.9 | 107.0 | 10.1 | 34.9 |
| % Shift | (9.7) | | (4.4) | | |

Consolidated figures

Note: Consolidated Q2 FY15 results included a one-time income of Rs. 21 crore from sale of land of the Dubai unit. Therefore, effectively EBIT in Q2 FY15 was Rs. 44 crore. Similarly, effectively EBIT in H1 FY15 was Rs. 86 crore.

- While decline in commodity prices impacts revenues in the Technical Textiles segment, operating performance remains stable
 - Excluding one-time income booked in the consolidated results in corresponding quarter last year, profitability in the segment remained stable
- NTCF segment witnesses sluggish demand
 - High competition from low priced Chinese radials seen to be impacting demand
 - Two wheeler vehicle segment witnesses healthy growth
- Various initiatives undertaken in Coated Fabrics division result in profitable operations
 - Working towards positioning SRF as a “*Solution Provider*” in this segment



Technical Textiles

Chemicals & Polymers

Packaging Films



Q2 & H1 Segmental Overview

| (Rs. crore) | Segment Revenues | % contribution to Revenues | EBIT | % EBIT Margins | % contribution to EBIT |
|----------------|------------------|----------------------------|--------------|----------------|------------------------|
| Q2 FY16 | 364.0 | 31.2 | 85.4 | 23.5 | 47.4 |
| Q2 FY15 | 319.6 | 26.8 | 85.7 | 26.8 | 49.2 |
| % Shift | 13.9 | | (0.4) | | |
| H1 FY16 | 743.8 | 31.1 | 179.7 | 24.2 | 45.9 |
| H1 FY15 | 640.1 | 27.2 | 162.5 | 25.4 | 53.0 |
| % Shift | 16.2 | | 10.6 | | |

Consolidated figures

- **HFC 134a registers healthy domestic sales – up by ~20% yoy as compared to 7% market growth**
 - Exports grow by 5 times – increased share in International markets by supplying to over 18 countries
 - On target to be one of the lowest cost producers in the world by achieving benchmark costs for 134a at Dahej – so improved capability to compete with Chinese peers in the global market
- **Depressed global conditions in the agricultural sector leading to a slowdown in the field of agrochemicals, besides others, one of the key customer segments for the specialty chemicals business**
 - Maintain focus on specialty chemicals for pharmaceutical use– efforts to diversify product portfolio to move up the value chain from building blocks to high value intermediates
 - Emphasis on keeping the funnel full – launched 3 new products during the quarter, with 5 more in the funnel for commercialization
 - A molecule for end pharmaceutical application witnesses demand



Technical Textiles

Chemicals & Polymers

Packaging Films



Q2 & H1 Segmental Overview

| (Rs. crore) | Segment Revenues | % contribution to Revenues | EBIT | % EBIT Margins | % contribution to EBIT |
|----------------|------------------|----------------------------|--------------|----------------|------------------------|
| Q2 FY16 | 343.1 | 29.4 | 49.0 | 14.3 | 27.2 |
| Q2 FY15 | 353.8 | 29.7 | 23.8 | 6.7 | 13.7 |
| % Shift | (3.0) | | 105.8 | | |
| H1 FY16 | 695.8 | 29.1 | 109.3 | 15.7 | 27.9 |
| H1 FY15 | 655.0 | 27.9 | 37.3 | 5.7 | 12.2 |
| % Shift | 6.2 | | 193.0 | | |

Consolidated figures

- **International operations contribute to segment performance**
 - South Africa and Thailand plants operate above 100% capacities
 - SRF acquires ~65% of the domestic market share in South Africa on obtaining prestigious approval's
- **Packaging Films Business delivered consistent performance inspite of oversupply scenario in the industry**
 - Continue to improve product mix – increase in sale of chemically coated, 8 micron, 10 micron and other value added products as compare to same period last year
 - Expected to commission new production line in Indore by March 2017



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

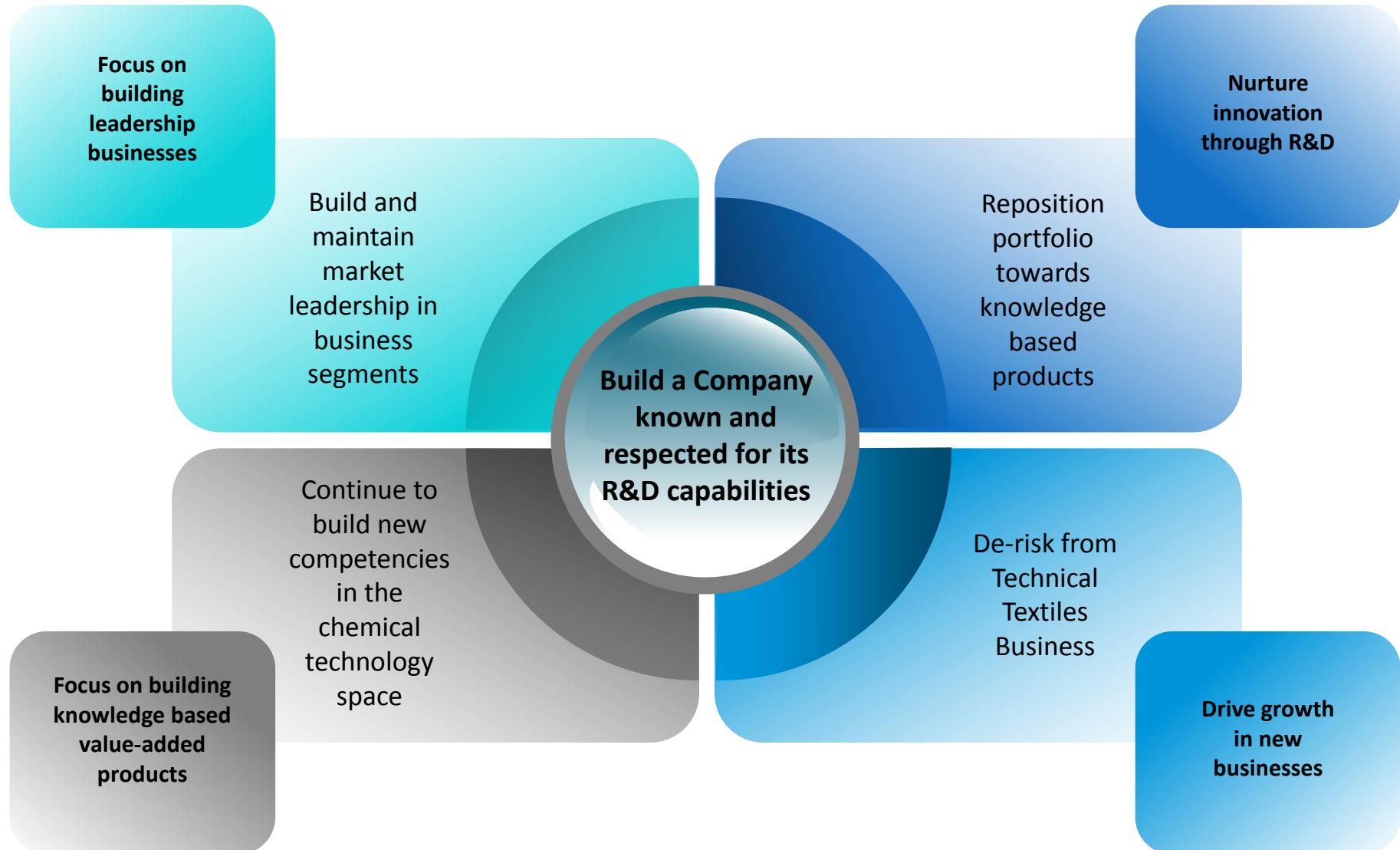
- Bi-axially Oriented Polyethylene Terephthalate (BOPET)
- Bi-axially Oriented Polypropylene (BOPP)

| | |
|----------------------------------|--------------|
| Revenue | 2,032 |
| Operating Profit | 196 |
| Number of Plant Locations | 7 |

| | |
|----------------------------------|--------------|
| Revenue | 1,263 |
| Operating Profit | 298 |
| Number of Plant Locations | 4 |

| | |
|----------------------------------|--------------|
| Revenue | 1,245 |
| Operating Profit | 64 |
| Number of Plant Locations | 4 |

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 more than 60 process patents so far, out of which 4 have been granted**





Outlook

- 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



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.

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Thank you
