



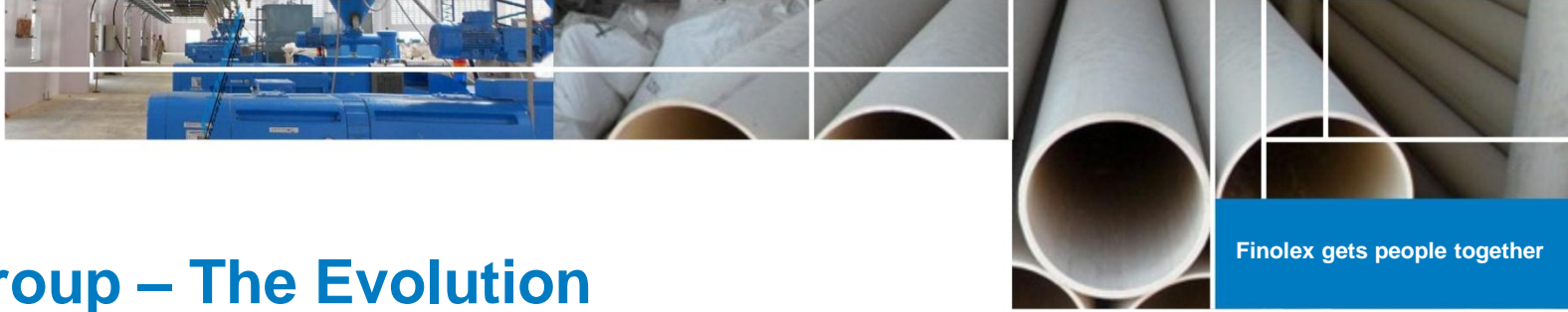
# **Finolex**

**Industries Limited**

**Finolex gets people together**

## **Corporate Presentation**

May 2013



## Finolex Group – The Evolution

- ❖ Finolex group was founded by Chhabria brothers in 1958.
- ❖ Current group turnover exceeds over Rs.50bn spread across its various entities
- ❖ Over the years Finolex has emerged as a very powerful brand synonymous with top quality products.
- ❖ Pan India distribution network makes its products reach across the country.
- ❖ Finolex group today has wide presence in PVC Pipes, PVC Resin, Drip Irrigation, Power, Power Cables, Telecom Cables, Electrical Wires & Switchboard Cables, .
- ❖ All the companies in the group are professionally managed.
- ❖ Quality & Customer satisfaction remains prime focus across all companies.
- ❖ CSR initiatives is focused in the areas of medicine & education.



Finolex gets people together

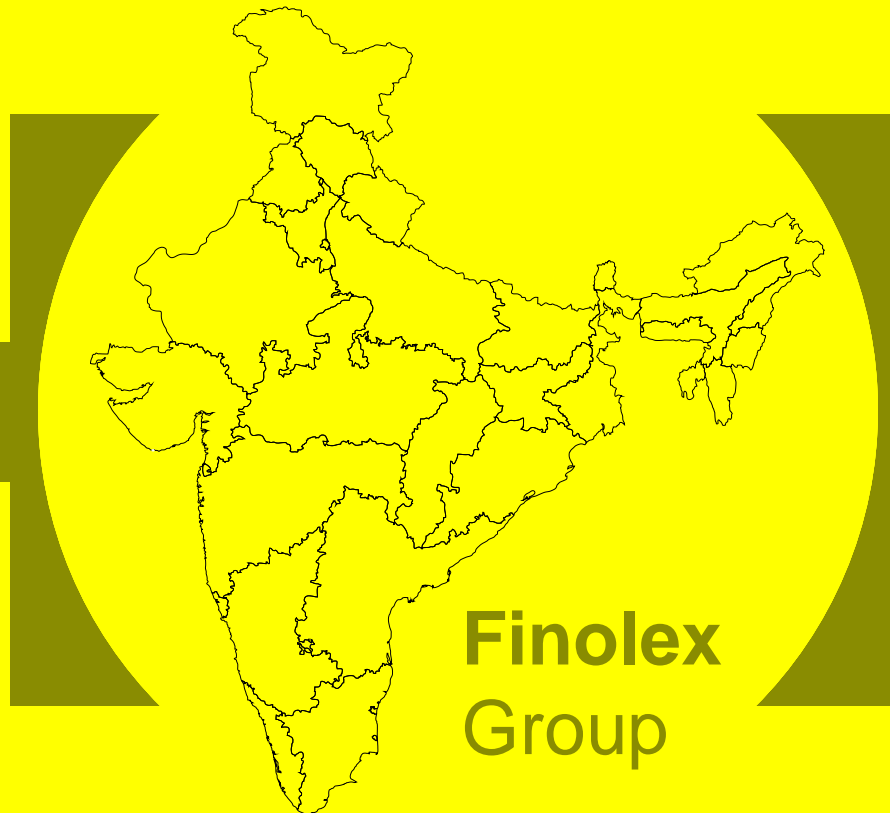
## Finolex Group

**Finolex**  
Industries  
Limited

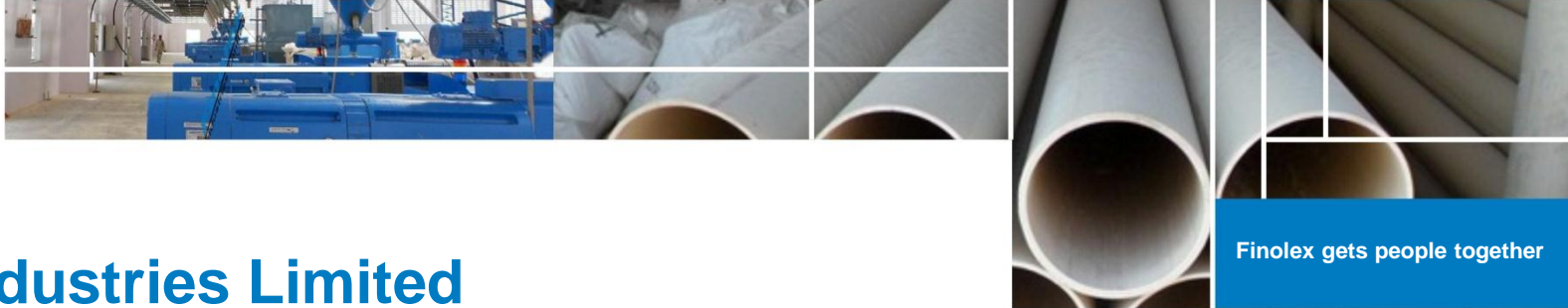
**Finolex**  
Cables Ltd

**Finolex**  
Plasson  
Industries  
Ltd.

**Finolex**  
J-Powers  
Systems  
Pvt. Ltd.



**Finolex**  
Group

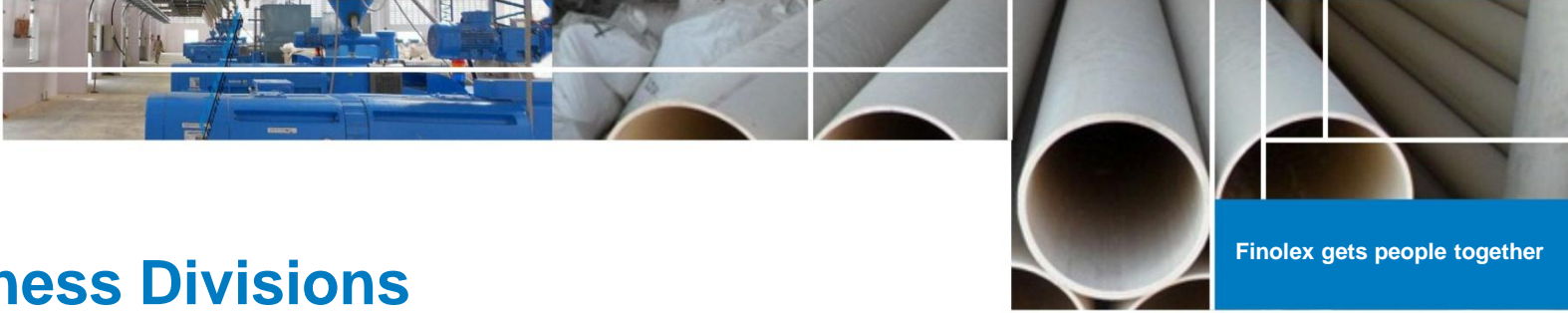


# Finolex Industries Limited

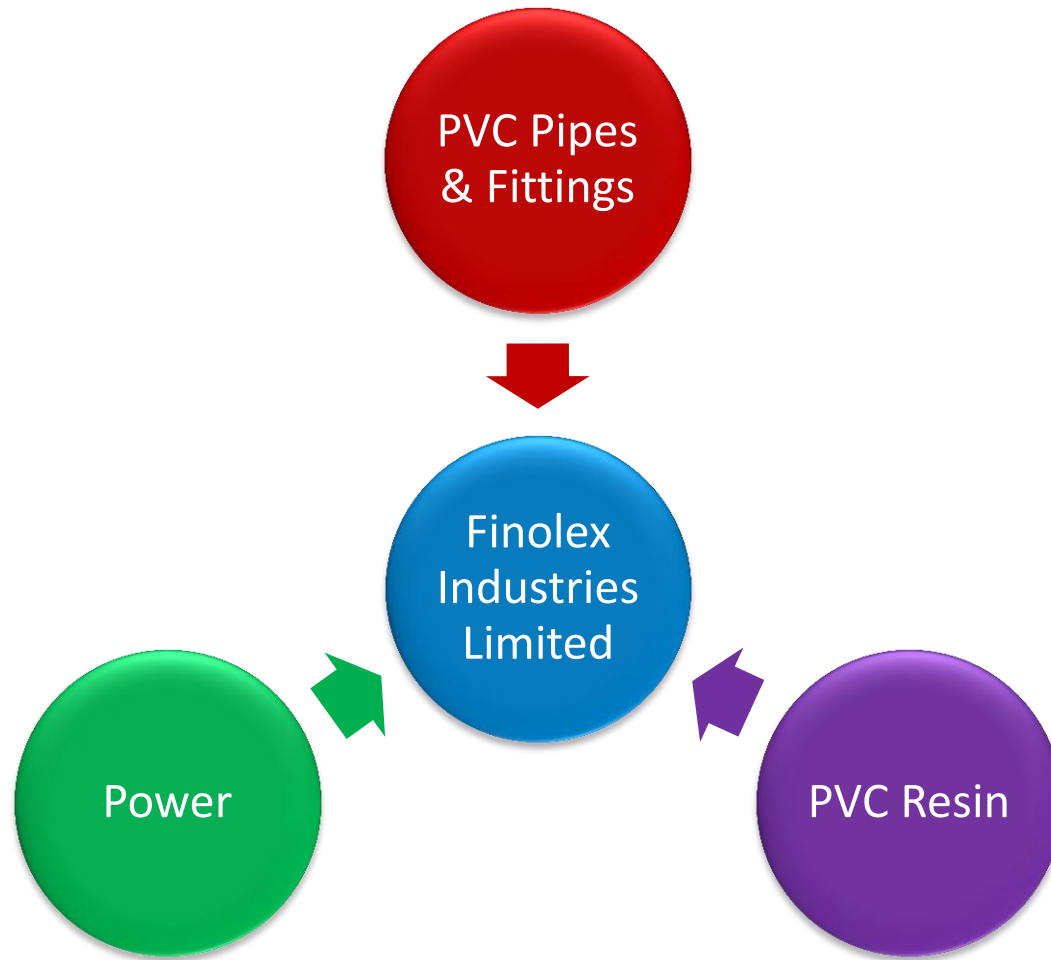
## SNAPSHOT

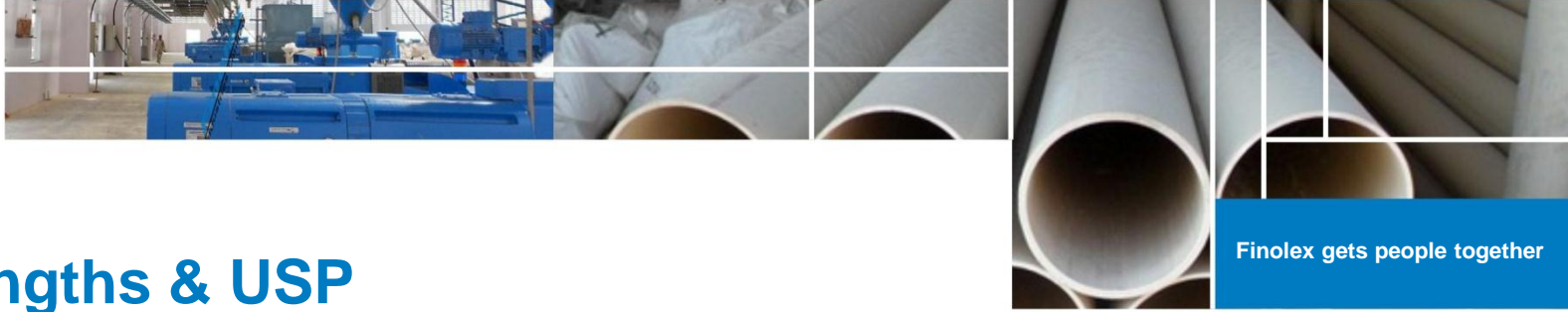
- ❖ Largest PVC pipe manufacturer in India
- ❖ Pipe processing capacity of more than 2 Lakh MT annually spread across multi locations.
- ❖ Market leader in most of its product categories
- ❖ Market presence for more than 3 decades since its inception in 1981.
- ❖ Pan India distribution network through its wide network of dealers, sub-dealers and retailers.
- ❖ Offers wide range of PVC pipes & fittings for diverse applications across sectors.
- ❖ Only PVC pipe Manufacturer with state of the art fully backward integrated PVC Resin Plant at Ratnagiri
- ❖ 2<sup>nd</sup> Largest manufacturer of PVC Resin in India – 2.70 Lakh MT capacity
- ❖ Technical collaboration with Uhde GmbH Germany with Hoechst technology
- ❖ FIL's strength is in its International level quality products
- ❖ Self reliant on all resources for pipe processing from raw material to finished goods.
- ❖ Strong cash generation helping in reduction of debt
- ❖ Strong employee loyalty - 60% of employees have been in the company for more than 15 years





## FIL - Business Divisions





## FIL – Strengths & USP

- ❖ Only PVC pipe manufacturer in India with a fully backward integrated plant
- ❖ Complete control on availability of consistent quality raw material
- ❖ Self sufficient on
  - Main raw material
  - Adequate land for any future expansion
  - Self sufficient on water.
  - Self sufficient on power - captive power plant of 43 MW
- ❖ Control on raw material – own cryogenic Jetty near plant
- ❖ Market leader across products with strong brand pull.
- ❖ Sales against 100% advance payment
- ❖ Pipes made up of highest quality
- ❖ One of the few manufacturers in India maintaining & matching global standards



# Finolex Industries

## SENIOR MANAGEMENT TEAM

**Prakash P Chhabria**  
Executive Chairman

**S.S. Dhanorkar**  
Managing Director

**P. Subramaniam** – Asst.  
MD & CFO

**S. S. Math** – Director  
(Operations)



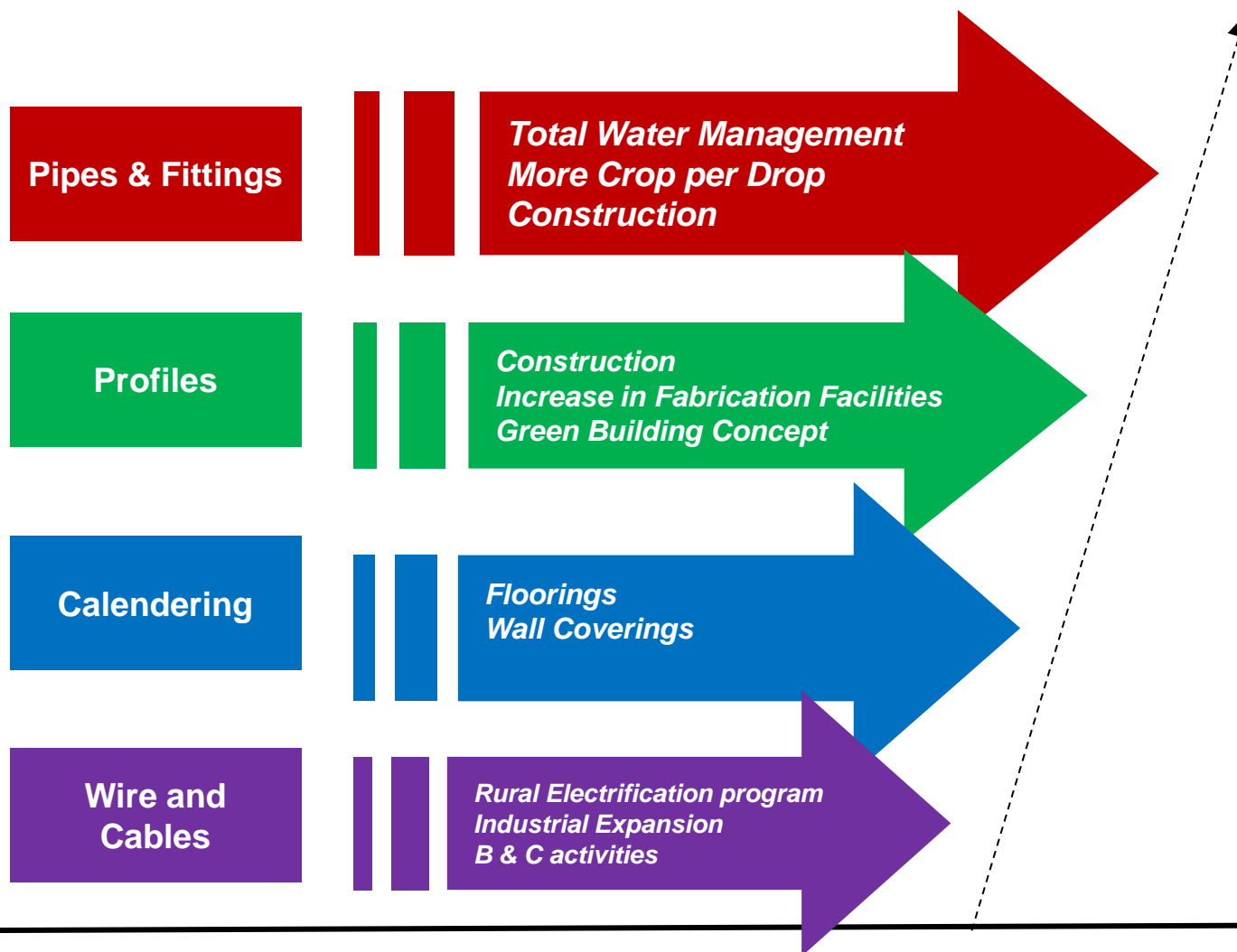
## Manufacturing Facility – Virtual Tour





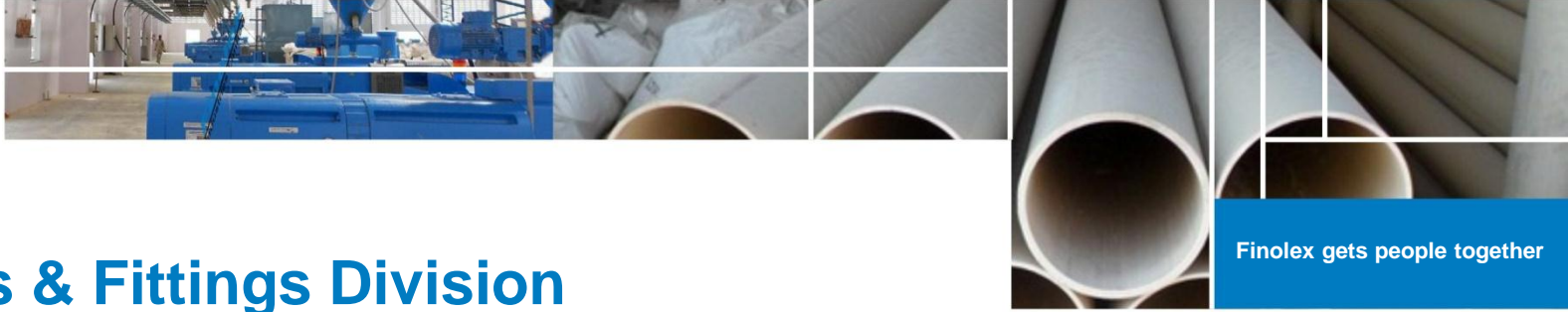


## PVC: Major Usage Areas Globally





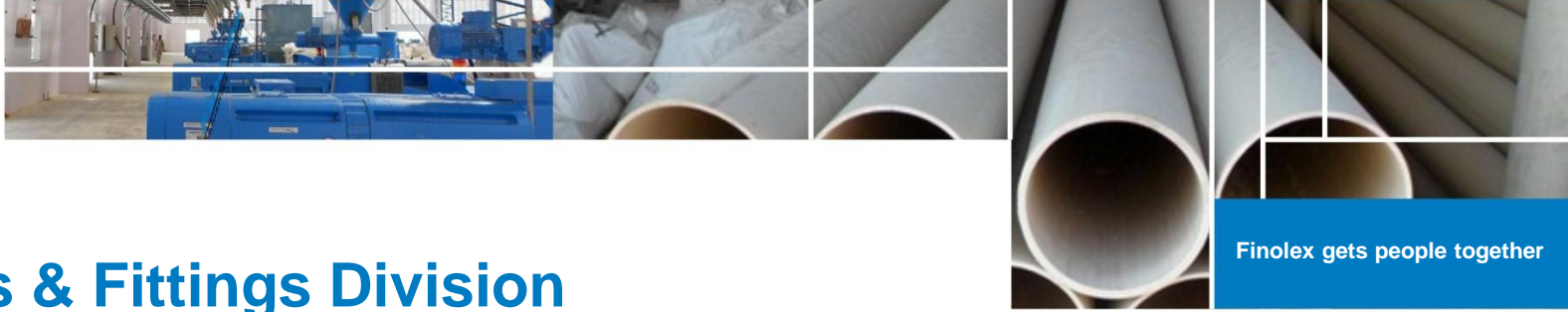
## PVC Pipes & Fittings Division



## PVC Pipes & Fittings Division

### HIGHLIGHTS

- ❖ The largest PVC pipe manufacturer in India
- ❖ It offers a wide range of PVC pipes & fittings, for diverse applications in –
  - Agriculture,
  - Housing,
  - Building & Construction,
  - Telecom Industry
- ❖ Pipe processing capacity exceeding 2 lakh MT p.a.
- ❖ Capacity spread over 3 ultra modern plants located at :
  - PVC pipe plant , Ratnagiri (Maharashtra) – 1 lakh MT p.a.
  - PVC pipe plant , Pune – 0.8 lakh MT p.a.
  - PVC pipe plant , Masar (Gujarat ) - 0.3 lakh MT p.a.



## PVC Pipes & Fittings Division

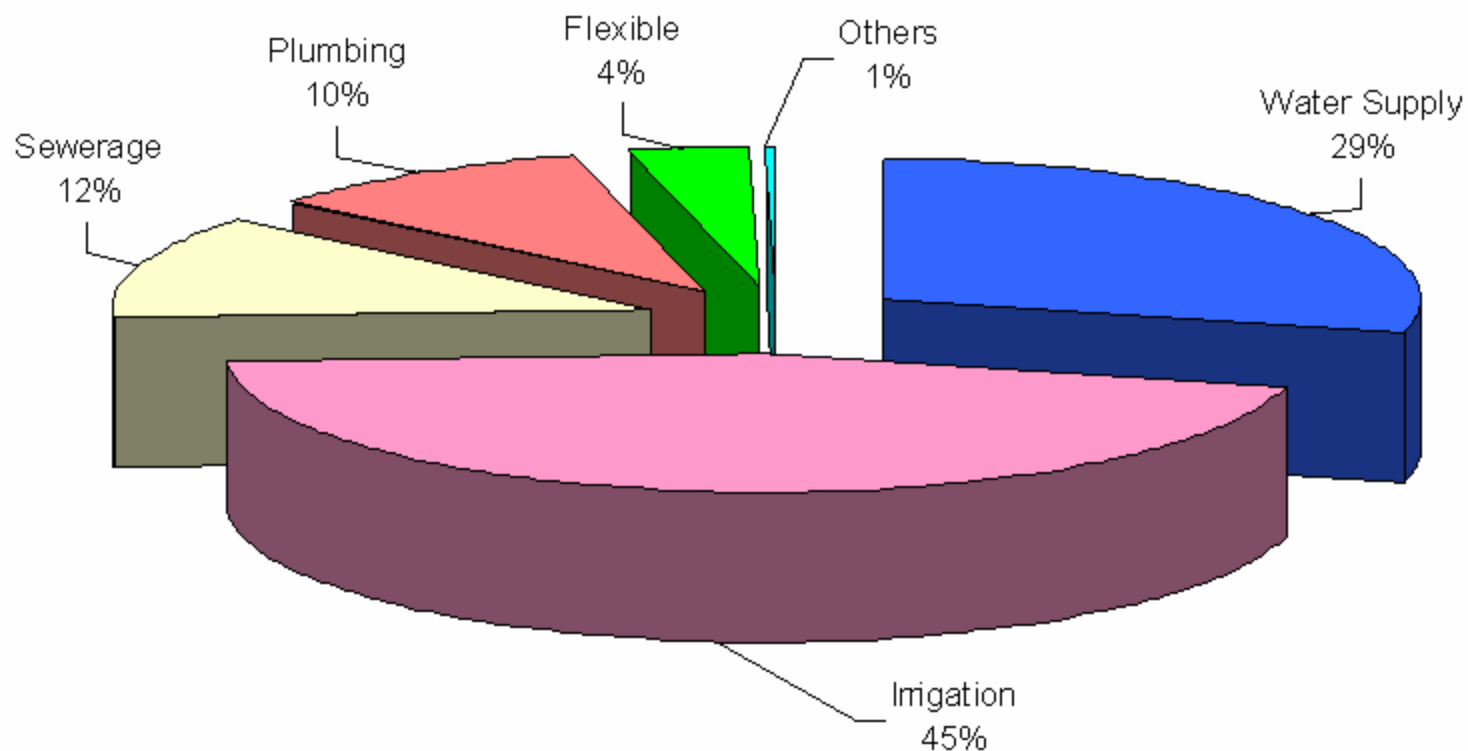
### HIGHLIGHTS

- ❖ Strong pan India distribution network ensures large number of satisfied customers
- ❖ First Indian pipe manufacturer to be awarded the IS/ISO 9001:2008
- ❖ Only pipe manufacturer in India with control on quality parameters from raw material to finished goods.
- ❖ Manufactures large range of pipes between 20mm to 400mm in diameter in different pressure classes.
- ❖ Strong brand presence
- ❖ Pioneered the concept of “Ringfit” pressure pipes in India
- ❖ Consistency of product quality across plants as all locations use same quality raw material





## PVC Pipes – Segmental usage in India





## PVC Pipes & Fittings – Our Reach

- ❖ Pan India distribution network & reach
- ❖ Strong sales & marketing team spread across various states
- ❖ Distribution base of more than 500 direct dealers
- ❖ More than 15000 reach points through its 1500 strong sub-dealers
- ❖ Strong brand loyalty
- ❖ Market leader in PVC pipes in India
- ❖ Market share of more than 25% in the organized market





Finolex gets people together

## PVC Pipes – Our Range

### ❖ Agriculture Segment

- Irrigation
- Drip irrigation
- Casing pipes

### ❖ Water Management Segment

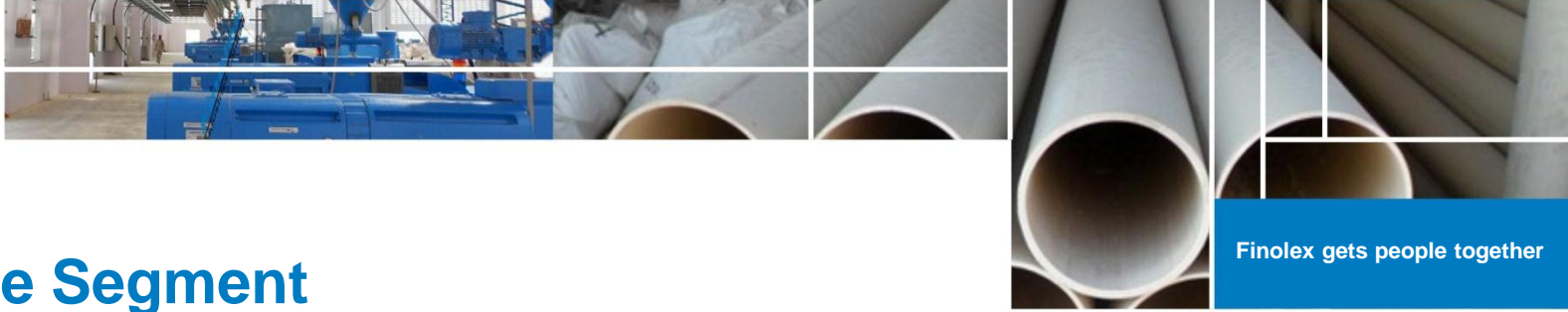
- Drinking water transportation pipes

### ❖ Construction Segment

- Sanitation & Sewage pipes
- Plumbing Pipes
- Borewell pipes

### ❖ Telecom Ducting Segment





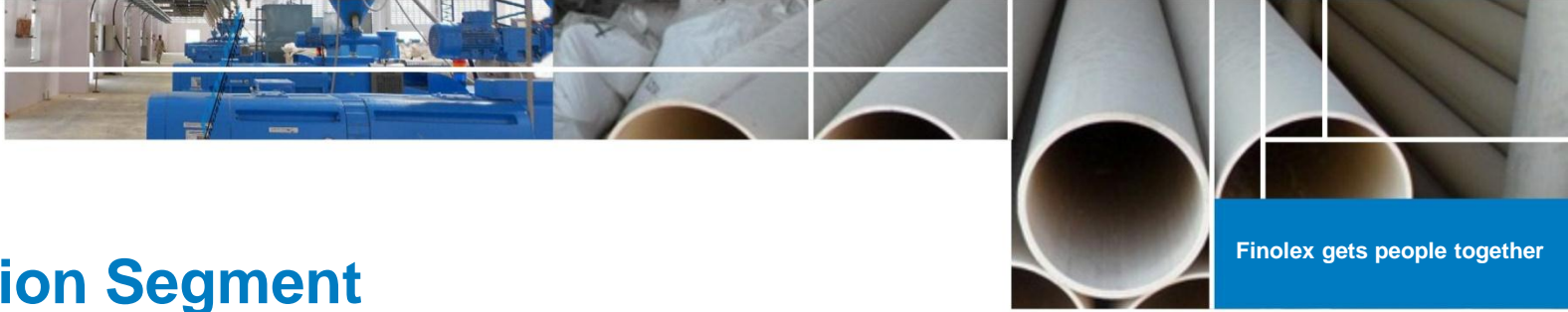
## Agriculture Segment

### GROWTH DRIVERS

- ❖ Government focus is on Rural water management
- ❖ Irrigation schemes of water to drive growth
- ❖ 12<sup>th</sup> Plan envisages investment of approx. Rs.2.3 trillion (USD 43bn) for water management
- ❖ Irrigation sector allocation to be approx. Rs.5 trillion (USD 92bn) in the 12<sup>th</sup> plan
- ❖ Focus of government to Increase land under irrigation to drive growth
- ❖ Government targeting 65mn hectares land under irrigation by 2020
- ❖ Depletion of water tables – leading to increasing bore well activities.

FIL to benefit from its leadership position in Agriculture segment





## Construction Segment

### ❖ Sewage Pipes

- Urbanisation driving demand for larger and cost effective sewage lines.
- Cast iron pipes being replaced by a cheaper and efficient option.
- Original & replacement demand fuelling growth

### ❖ Plumbing Pipes

- Galvanized pipes are being replaced by PVC plumbing pipes
- Urban & rural housing – both driving demand for pipes
- New construction driving demand

### ❖ Casing Pipes

- Semi-urban & rural areas demand for borewells to drive growth



## Building & Construction Sector

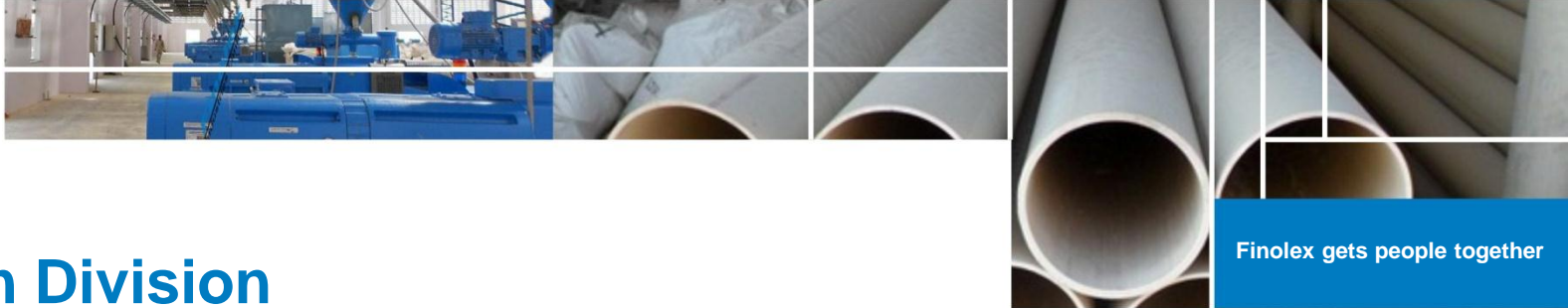
- ❖ Housing shortage in urban area is ~ 22 million units.
- ❖ Govt. is targeting to build ~ 2 million units /year
- ❖ One unit in urban area consumes ~ 200 Kg of PVC products like pipes, flooring, door & windows etc.
- ❖ Housing shortage in rural area is ~ 54 million units.
- ❖ Govt. is targeting to build ~ 4.5 million units /year
- ❖ One unit in rural area consumes ~ 75 Kg of PVC products like pipes, doors, roofing etc.



**Both urban & rural housing would drive growth for PVC pipes in coming years**



## PVC Resin Division



## PVC Resin Division

### HIGHLIGHTS

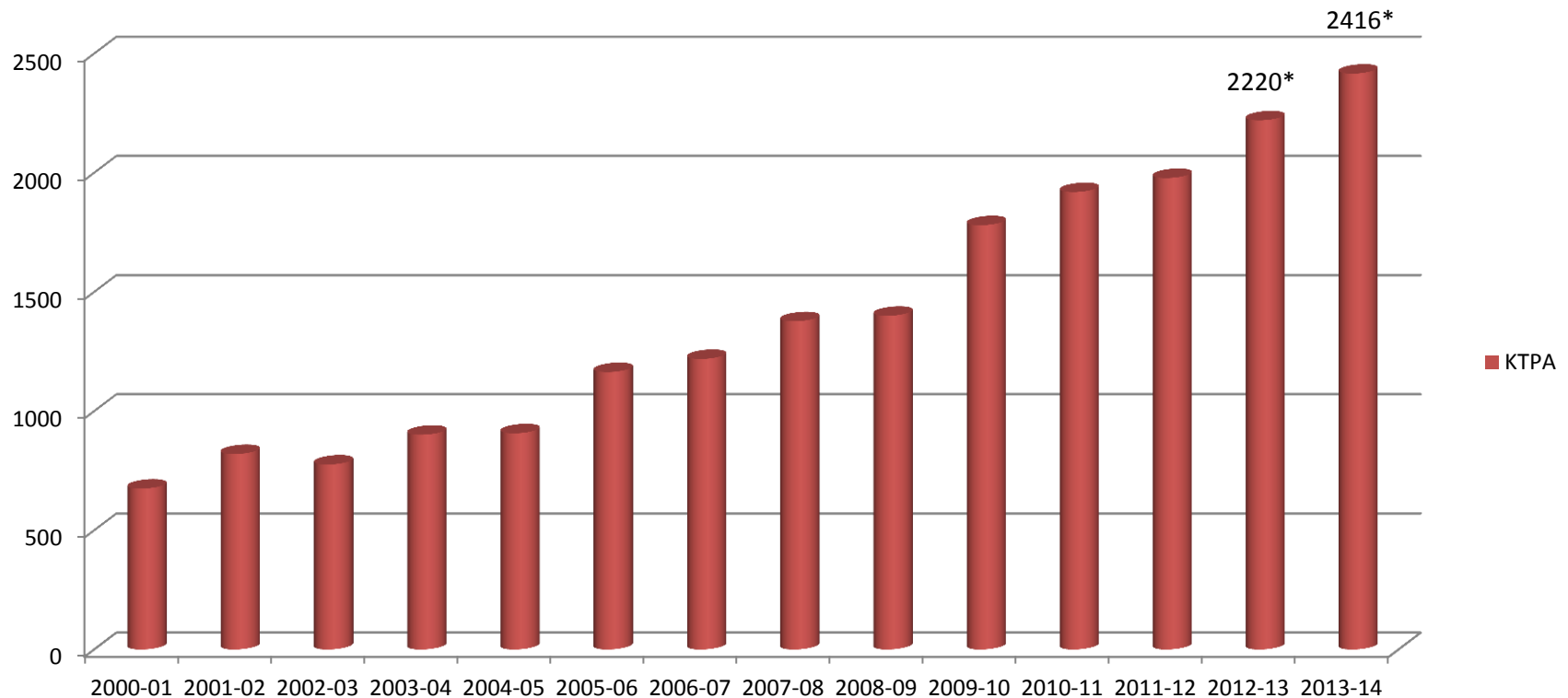
- ❖ State of the art PVC Resin plant was set up near Ratnagiri on the west coast of Maharashtra in 1994
- ❖ Today FIL is the 2<sup>nd</sup> largest producer of PVC resin in India
- ❖ Strategic location - supported by strong Infrastructure with captive power plant & own cryogenic jetty
- ❖ Manufacturing Capacity - 2.70 lakh MT of PVC Resin
  - Suspension grade PVC capacity – 2.50 lakh MT
  - Emulsion/paste grade PVC capacity - 0.20 lakh MT
- ❖ PVC plant was set up in technical collaboration with Uhde GmbH of Germany under technology license from Hoechst AG.
- ❖ Self sufficient in water with 2 large water reservoirs.
- ❖ 400 strong technical team help in running the resin plant at Ratnagiri.





## India PVC Consumption: through the decade

**PVC Consumption in India**



**Demand growing at double digit rate as compared to global scenario**



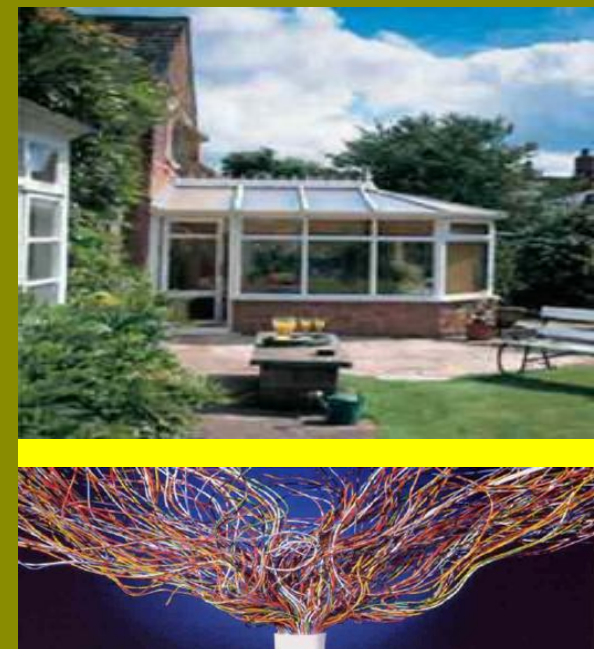
## PVC highlights 2012-13

### ❖ Global

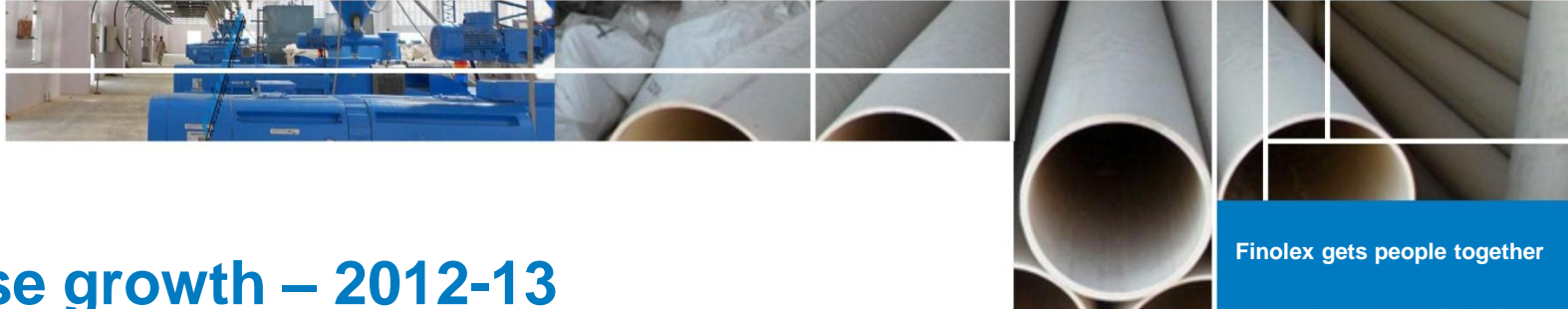
- Capacity 53.9 MMT ↑ 6 %
- Addition 3.0 MMT (80% in China)
- Demand 37.5 MMT ↑ 1.9%

### ❖ Domestic Industry

- Capacity 1.3 MMT
- Industry Growth 12 %
- Consumption 2.22 MMT
- Imports 1 MMT ↑ (0.2 MMT)



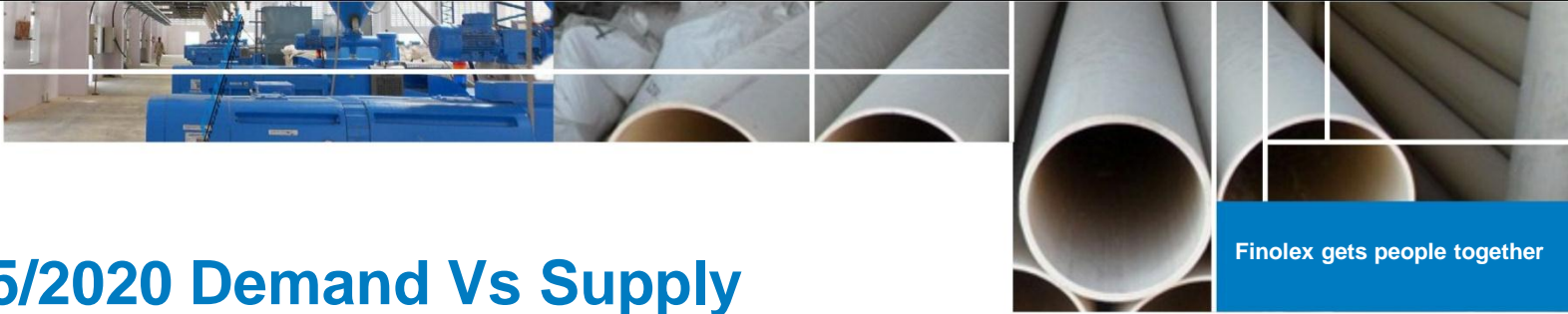
**Imports Domination to Continue.**



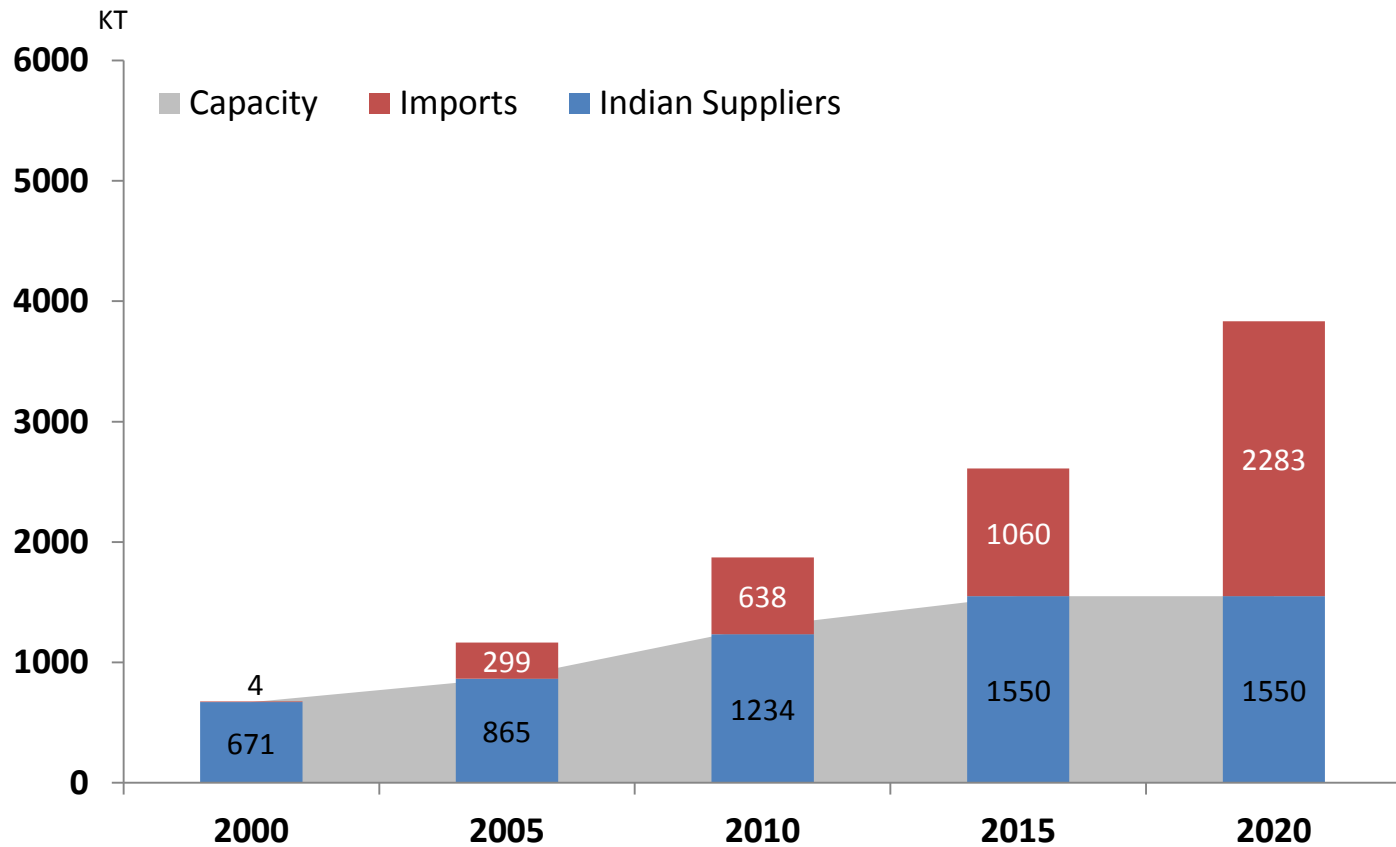
## Sector wise growth – 2012-13

Sectors	Volume in KTA	Growth % over 2011-12	Sector Share
Pipes & Fittings	1640	14%	74%
Calendars	190	13%	9%
Films & Sheets	120	10%	5%
Wire & Cable	120	6%	5%
Profiles	75	25%	3%
Others	75	5%	3%
<b>Total</b>	<b>2220</b>	<b>12%</b>	<b>100%</b>

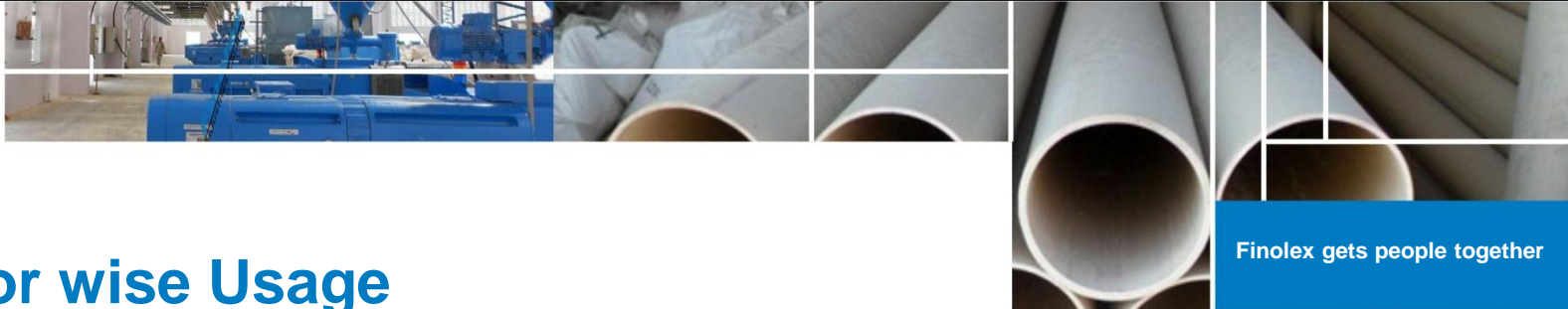
**Pipes continue to dominate the sector**



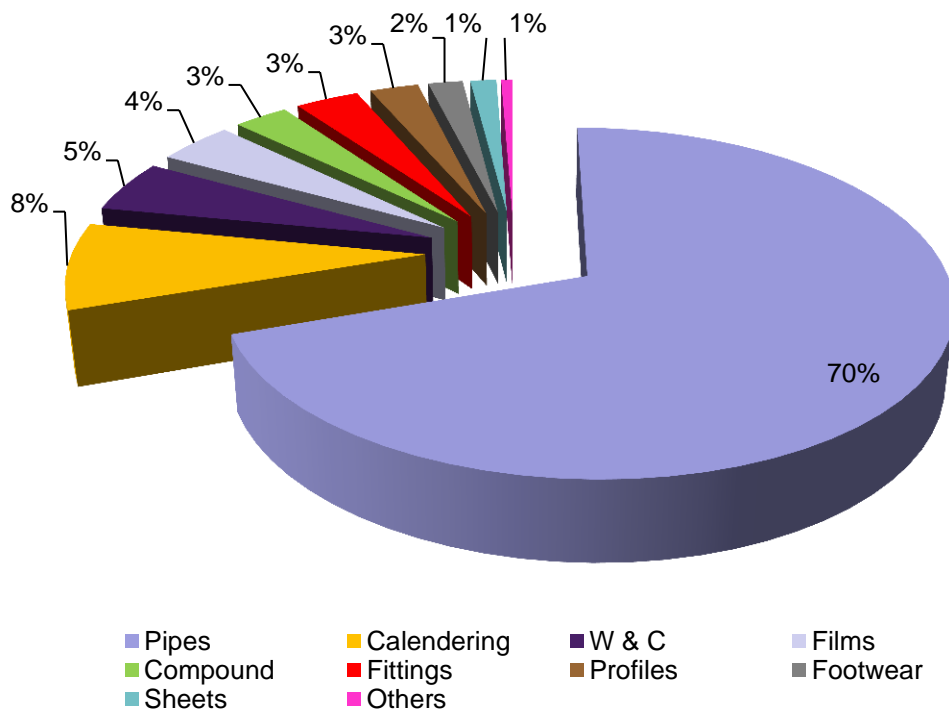
## India: 2015/2020 Demand Vs Supply



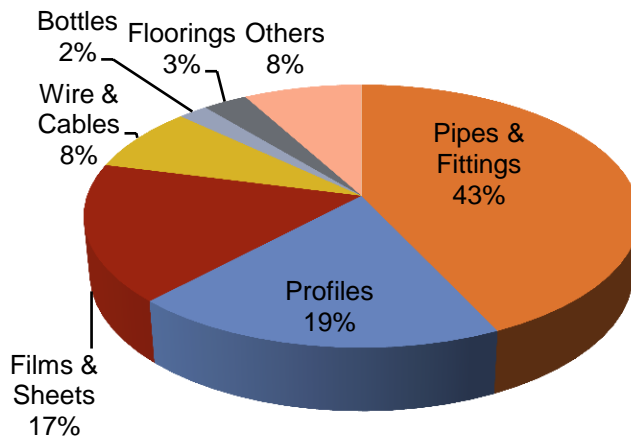




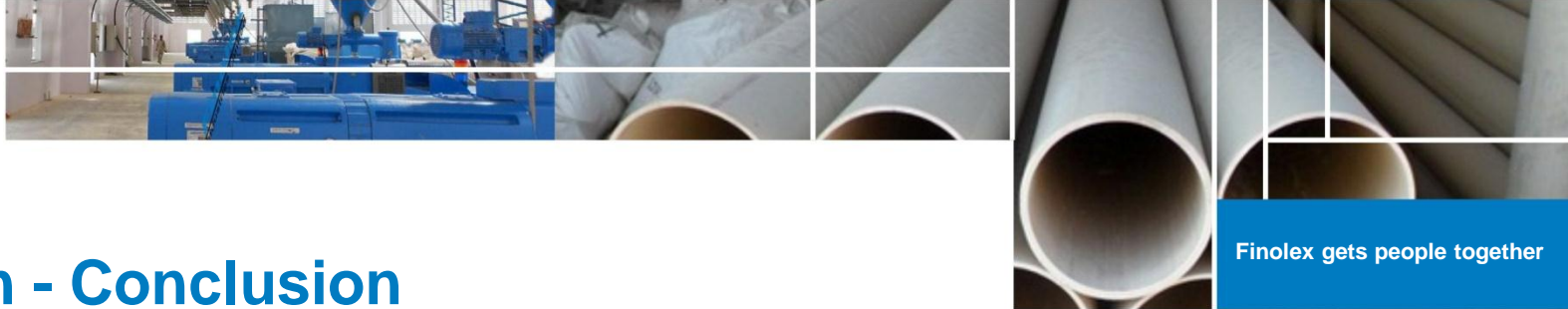
## PVC Sector wise Usage



**Indian Scenario**



**Global Scenario**

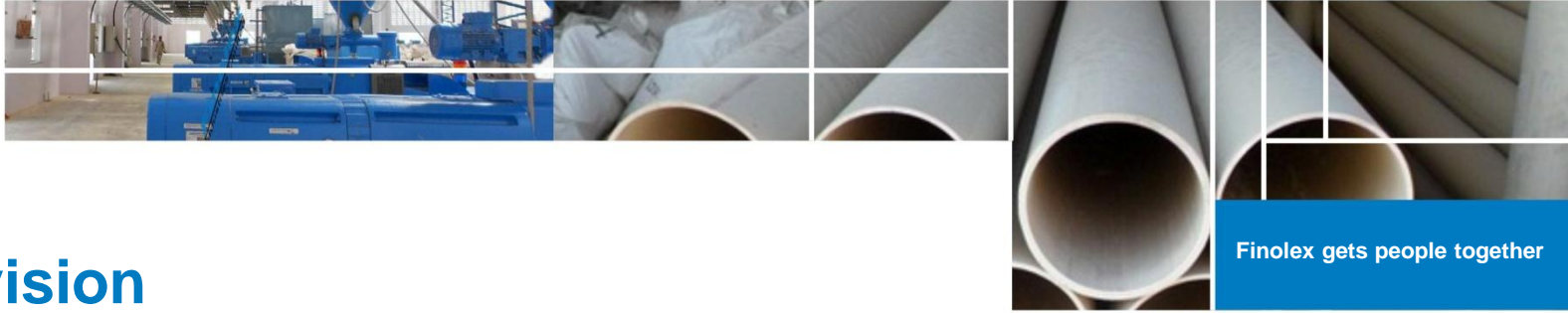


## PVC Resin - Conclusion

- ❖ India continue to remain deficient in PVC resin
- ❖ Demand for PVC to grow at double digit
- ❖ No visible new capacities in the near future in India
- ❖ Most of the incremental PVC demand to be met by Imports
- ❖ Feedstock surplus globally to stabilise raw material price volatility
- ❖ Players with consistent quality to benefit



## Power Division



## Power Division

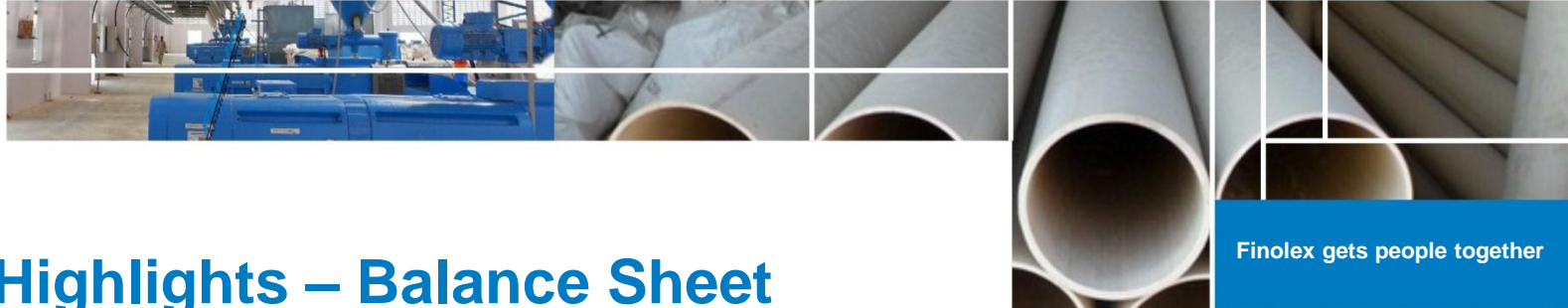
### HIGHLIGHTS

- ❖ Operational thermal power plant – fully commissioned since May 2010
- ❖ Located at Ratnagiri, Maharashtra
- ❖ Total generation capacity - 43 MW
- ❖ Plant based on imported coal – coal transported through conveyer to plant straight from its own coal jetty
- ❖ Captive consumption of power - 27 MW
- ❖ Single turbine of BHEL & 2 Boilers of Cethar limited
- ❖ PPA agreement done with Maharashtra state



## Financial Overview





## Financial Highlights – Balance Sheet

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Share Capital</b>	1239.9	1240.0	1240.1	1240.1	1240.4	1240.9	1240.9
<b>Reserves &amp; Surplus</b>	4046.7	4300.0	3759.5	4636.7	4962.7	5380.2	5970.8
<b>Net Worth</b>	5286.6	5540.0	4999.6	5876.8	6203.1	6621.1	7211.6
<b>Long Term Loan</b>	1734.4	1477.6	2430.0	1845.2	1954.4	1895.6	1397.1
<b>Short Term Loan</b>	3054.5	5439.8	5694.0	6489.8	5391.4	8228.8	5709.2
<b>Total Debt</b>	4788.9	6917.5	8124.0	8335.1	7345.8	10124.4	7106.3
<b>Gross Block</b>	10909.8	11391.1	12058.7	15333.5	15637.3	16255.4	17710.0
<b>Depreciation</b>	5255.0	5821.0	6398.5	6977.1	7712.5	8427.2	8914.7
<b>Net Block (including CWIP)</b>	6597.2	7664.9	8651.5	9020.2	8646.5	8693.7	9301.3
<b>Investments</b>	2456.3	2521.4	2645.9	3263.8	2079.9	4932.1	3596.1

All values in Rs.Mn

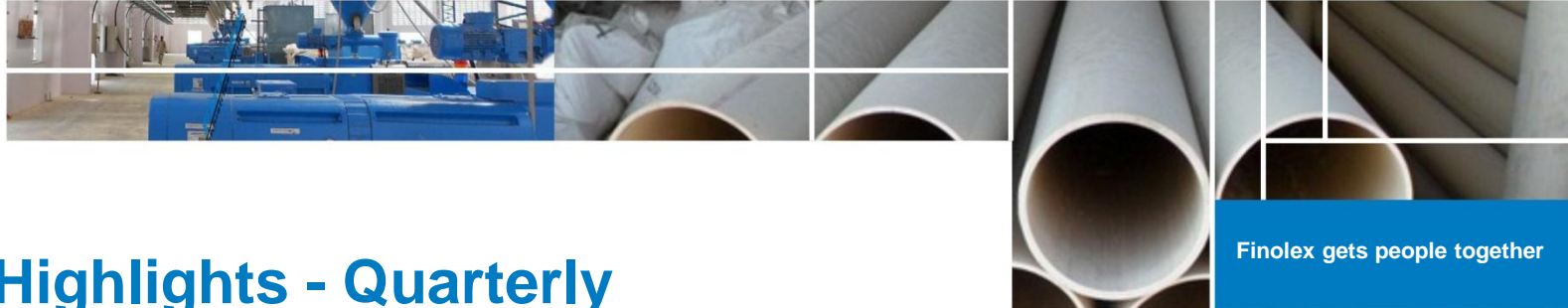


## Financial Highlights – Income Statement

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Total Operational Income</b>	10271.3	13948.5	14929.2	14549.3	19777.3	20997.8	21448.2
<b>Total Expenses (Excl.Finance Cost)</b>	901.5	1245.8	14829.7	12306.6	17580.4	18830.2	19365.9
<b>Other Income</b>	444.2	404.9	362.1	194.5	293.6	304.6	333.7
<b>Total Income</b>	10715.5	14353.3	15291.3	14743.8	20070.9	21302.4	21781.9
<b>Depreciation</b>	546.1	574.6	583.2	616.7	744.3	755.1	544.2
<b>PBIDTA</b>	1700.6	1895.5	461.6	2822.5	2490.4	2472.2	2960.2
<b>PBIT</b>	1154.5	1320.9	-121.6	2205.7	1746.2	1717.0	2416.0
<b>Interest</b>	137.3	303.2	468.3	466.1	596.6	749.6	514.5
<b>PBT</b>	1017.2	1017.7	-589.9	1739.7	1149.5	967.4	1901.5
<b>PAT</b>	698.8	711.9	-378.9	1323.2	761.7	751.5	1361.4
<b>EPS</b>	5.63	5.74	-3.06	10.67	6.14	6.06	10.97

All values in Rs.Mn

EPS in Rs.



## Financial Highlights - Quarterly

	Q4		Q3		Q2		Q1	
Particulars (All values in Rs.mn)	31/03/2013	31/03/2012	31/12/2012	31/12/2011	30/09/2012	30/09/2011	30/06/2012	30/06/2011
Total Operational Income	6295.9	5930.1	6144.5	5687.0	3809.3	4317.2	5198.5	5609.5
Total Expenses (excl. finance costs)	5018.8	4986.4	5571.9	5375.7	3170.6	3977.4	5060.4	5036.8
Other Income	42.6	159.3	113.1	38.7	156.8	91.1	21.2	15.5
Total Income	6338.5	6089.4	6257.6	5725.7	3966.1	4408.4	5219.8	5625.0
Depreciation	131.6	181.3	134.8	196.4	137.1	193.1	140.7	184.3
PBIDTA	1319.7	1103.0	685.7	350.0	795.5	430.9	159.4	588.2
PBIT	1188.1	921.7	550.9	153.6	658.4	237.8	18.7	403.9
Finance costs	81.8	193.7	129.6	188.6	142.5	195.4	160.6	171.9
Profit/(Loss) before tax	1106.3	728.0	421.3	-35.0	515.9	42.4	-141.9	232.0
Profit/(Loss) after tax	793.5	561.9	306.1	-17.6	399.2	40.2	-137.4	167.0
EPS	6.39	4.53	2.47	-	3.22	0.32	-	1.35

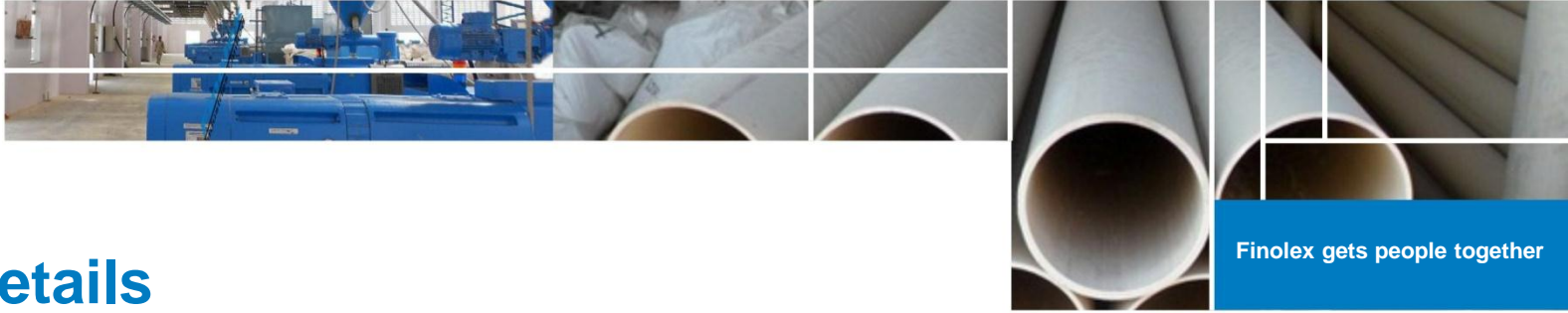
EPS in Rs.



## Financial Highlights – Segment wise

Particulars	Q4		Q3		Q2		Q1	
Segment Revenues	31/03/2013	31/03/2012	31/12/2012	31/12/2011	30/09/2012	30/09/2011	30/06/2012	30/06/2011
<b>Total Revenues</b>	<b>9243.2</b>	<b>7882.4</b>	<b>8580.2</b>	<b>7858.4</b>	<b>6238.1</b>	<b>6191.3</b>	<b>7425.2</b>	<b>6808.1</b>
PVC	4555.1	3970.4	4406.0	4315.2	2779.5	2948.6	3896.3	3676.2
PVC PIPES & FITTINGS	4142.0	3446.9	3557.9	3061.5	2944.7	2811.2	3134.4	2754.7
POWER	546.1	465.2	616.4	481.7	514.0	431.5	394.5	377.2
<b>Segment Result</b>	<b>1085.8</b>	<b>743.6</b>	<b>990.3</b>	<b>410.9</b>	<b>642.6</b>	<b>332.8</b>	<b>821.0</b>	<b>439.8</b>
PVC	604.6	527.2	658.4	235.1	504.0	174.6	574.8	233.6
PVC PIPES & FITTINGS	315.0	176.9	123.0	115.1	79.7	105.9	198.9	181.5
POWER	166.2	39.5	209.0	60.7	58.8	52.3	47.3	24.7
<b>Capital Employed</b>	<b>13731.6</b>	<b>12701.6</b>	<b>12763.6</b>	<b>12887.9</b>	<b>12309.6</b>	<b>11851.7</b>	<b>13092.9</b>	<b>13106.9</b>
PVC	7461.6	6758.1	6994.0	6725.2	6129.3	5993.9	7209.3	7715.3
PVC PIPES & FITTINGS	3119.3	2084.7	2102.0	2366.6	2694.8	2914.5	1980.2	2082.4
POWER	3150.6	3858.8	3667.6	3796.1	3485.5	2943.3	3903.5	3309.2

All values in Rs.Mn



## Contact Details

### Corporate Office

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**Thank You**